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ORE RESERVE ESTIMATION
PAMPALO GOLD PROJECT

For

Endomines Oy

SG Gemell
29 April 2009

Introduction

Endomines Oy (“Endomines”) instructed Gemell Mining Engineers to prepare an ore reserve estimate relating to the Pampalo Gold Project in eastern Finland. This estimate was to be based on information available at the time, and was not to await the completion of a mine planning exercise underway at the time of instruction.

This report has been compiled without the benefit of a site visit.

Project

The Pampalo deposit comprises a number of gold-bearing lenses which dip at approximately between 45 degrees and vertically with a pronounced plunge to the north, at about 40 degrees to the horizontal. Although the orebodies are grouped descriptively as the Northern, Central and Southern Zones, each zone comprises a number of pods. The pods in the Northern and Central Zones are often arranged in a stacked en-echelon pattern.

In the late 1990’s, Outokumpu Oy conducted limited mining activities at the site, extracting ore from an open pit and from trial stopes underground. The company developed a decline well below the trial mining elevation, which facilitated extensive underground drilling.

Endomines proposes to develop this deposit in conjunction with several other satellite orebodies. Current planning provides for the delivery of mill feed from each of these sources to a gravity/flotation plant located near the Pampalo orebody.

Data

Endomines has provided the following data:

Clark, J & Payne, P: Mineral Resource Estimate, Pampalo Gold Deposit, Finland (Runge Limited, February 2009)

Daffern, T et al: Final Report, Pampalo Mine Feasibility Study (Wardell Armstrong International Limited, July 2008, Ref: 61-0375)

Liikanen, J: correspondence with S G Gemell providing input for cut-off grade calculation, 19 April 2009

Outokumpu Mining Oy: Pampalo Gold Project, Annual Report 1999

Vehviläinen, J: correspondence with S G Gemell providing input for cut-off grade calculation, 22 April 2009

Gemell Mining Engineers has not conducted an audit of this data. In particular, significant reliance has been placed upon the Runge Limited (“Runge”) resource estimate.

Methodology

In the absence of a formal mine plan, and as the Runge resource estimate supersedes the Wardell Armstrong International Limited (“Wardell Armstrong”) estimate, the following procedure was implemented.

- 1) The Runge resource estimate based upon a cut-off grade of 2 g/t Au and dated February 2009 (finalised on 20 April 2009) was adopted as the base model.
- 2) The resource model has been divided into blocks of approximate stope strike length, and between 1x and 2x approximate stope height.
- 3) Each block has been supplemented with a dilution envelope, covering both hanging wall and footwall.
- 4) Each block has been supplemented with a backfill dilution allowance, appropriate for a Modified Avoca stoping method.
- 5) A stoping cut-off grade was estimated for each of two different gold prices, and in separate models (one for each gold price) each diluted block has either been accepted or rejected for stoping.
- 6) Mining recovery has been approximately estimated. As no pillar locations are yet planned in detail, mining losses have been allocated proportionally to each block.

For the purpose of this exercise, no particular account of development in ore has been taken. This is because the diluted stope block widths are generally expected to exceed ore drive width. The model may therefore be slightly conservative, in that segments of ore drive with grades which do not support overhead stoping have been excluded from the ore reserve. In detailed planning, these segments may be included if they are required to access payable stopes further along strike.

Similarly, stoping blocks have not been confirmed to have sufficient grade and tonnage to support the waste development required to access them.

The Resource Model

This ore reserve estimate is based upon a mineral resource estimate prepared by Runge. The preparation of the mineral resource estimate is detailed in the report authored by Clark and Payne (February 2009).

The Runge estimate, declared by Mr Payne as having been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”), provides as follows:

Measured Resource:	308,000 tonnes at 7.0 g/t Au
Indicated Resource:	591,000 tonnes at 5.1 g/t Au
Inferred Resource:	257,000 tonnes at 4.7 g/t Au
Total Resource:	1,157,000 tonnes at 5.5 g/t Au

at a cut-off grade of 2 g/t Au.

Although no audit has been conducted, Gemell Mining Engineers has no reason to believe that this report has been prepared in other than a competent and professional manner. In particular, the wire-framing of the ore pods and the selected block and sub-block sizes appear appropriate for this style of mineralisation and for the anticipated mining method.

Beyond provision of the original mineral resource estimate upon which this ore reserve estimation is based, Runge had no involvement in the exercise. Sole responsibility for the derivation lodges with Gemell Mining Engineers.

Wall Dilution

Wall dilution quantification is strongly impacted by the following influences:

- a) ground conditions;
- b) accuracy of drilling;
- c) planar regularity of the ore/waste boundary; and
- d) blasthole diameter, powder factor and explosives characteristics

The first two of these are, in turn, strongly influenced by the height and dip of the stope.

At this stage, Endomines has not undertaken a geotechnical assessment of anticipated dilution based on expected stope dimensions and mining method. Accordingly, in the absence of a site visit and expert advice, Gemell Mining Engineers has had to rely upon its subjective experience of ground conditions similar to those described in the reports listed.

Fill Dilution

The Modified Avoca stoping method involves loading broken ore from an uneven broken rock platform. A fill dilution allowance equivalent to 5% of the undiluted resource has been added in order to avoid ore losses.

Stoping Cut-Off Grade

In estimating appropriate cut-off grades, the following key assumptions were applied:

- 1) In accordance with Endomines' instructions, gold prices of US\$850 and US\$720 per ounce were separately adopted. A corresponding exchange rate of US\$1.30 per Euro was applied.
- 2) Physical processing parameters and estimated operating costs used in the stoping cut-off grade determination have been provided by Endomines.

Mining Recovery

As no detailed stope plan is available, it has been assumed that sill pillars will be required above every sixth development level. These pillars are expected to be extracted towards the end of the mine life.

Mining recovery factors applied are:

Stope Development:	100%
Stoping:	95%
Sill Pillar:	60%

Legal, Environmental, Social and Governmental Factors

Endomines has advised that the company is not aware of any legal, environmental, social or governmental factors that would affect the input or outcome of this estimate.

Ore Reserve Estimate

The ore reserves estimated in this exercise are:

1) Assuming a gold price of US\$850 per ounce and an exchange rate of US\$1.30 per Euro:

<i>Proved Reserves:</i>	<i>312,000 tonnes at 5.35 g/t Au</i>
<i>Probable Reserves:</i>	<i>671,000 tonnes at 3.72 g/t Au</i>
<i>Total Ore Reserves:</i>	<i>983,000 tonnes at 4.24 g/t Au</i>

at a cut-off grade (based on stoping only) of 2.1 g/t Au

2) Assuming a gold price of US\$720 per ounce and an exchange rate of US\$1.30 per Euro:

<i>Proved Reserves:</i>	<i>285,000 tonnes at 5.63 g/t Au</i>
<i>Probable Reserves:</i>	<i>541,000 tonnes at 4.06 g/t Au</i>
<i>Total Ore Reserves:</i>	<i>826,000 tonnes at 4.61 g/t Au</i>

at a cut-off grade (based on stoping only) of 2.5 g/t Au

No provision has been made for:

- a) potential extensions to the existing open pit excavation; or
- b) stockpiles of ore remaining from past mining operations.

Previous Ore Reserve Estimates

Insofar as Gemell Mining Engineers is aware, the most recent ore reserve estimate prior to this exercise was prepared by Wardell Armstrong. In its report, dated July 2008, the declared mineral resource was:

Measured Resource:	233,000 tonnes at 7.6 g/t Au
Indicated Resource:	702,000 tonnes at 4.4 g/t Au
Inferred Resource:	160,000 tonnes at 7.1 g/t Au
Total Resource:	1,095,000 tonnes at 5.5 g/t Au

at a cut-off grade of 1.0 g/t Au.

The corresponding ore reserve was estimated as:

Proved Reserves:	180,000 tonnes at 6.63 g/t Au
Probable Reserves:	544,000 tonnes at 3.39 g/t Au
Total Ore Reserves:	724,000 tonnes at 4.65 g/t Au

at a cut-off grade of 2.45 g/t Au. Dilution factors of 8%, 11% and 17% together with losses of 3% were applied to Northern, Central and Southern Zones respectively.

Runge estimates gold content in the measured and indicated resources to be 9% higher than the older Wardell Armstrong estimate. If the Wardell Armstrong cut-off grade were to be adopted for the Runge/Gemell model, the corresponding Gemell ore reserves gold content estimate would be 15% higher than the Wardell Armstrong estimate.

Qualifications and Declaration

Gemell Mining Engineers is a multi-disciplined consulting group providing advisory services to the minerals industry and financial institutions.

Stephen Geoffrey Gemell, Principal of Gemell Mining Engineers, is the responsible author of this report. He is a professional mining engineer with more than 30 years experience in exploration and mining in Australia and overseas, such experience including mineral property valuations and cost studies. He has been granted Chartered Practising Status by and is a Fellow of the Australasian Institute of Mining and Metallurgy. He is also a Member of the American Institute of Mining, Metallurgical and Petroleum Engineers and a Member of the Mineral Industry Consultants Association.

The author has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", for the purpose of this ore reserves report. In accepting this responsibility, he has relied on the declared conformance with the JORC Code of the mineral resource report entitled "Mineral Resource Estimate, Pampalo Gold Deposit, Finland" published by Runge Limited in April 2009.



S G Gemell
Principal

29 April, 2009