TECHNICAL REPORT ON THE SHARGA PROJECT, GOVI-ALTAY AIMAG, MONGOLIA

SHARGA SOUM, WESTERN MONGOLIA
(Centered near: 95º 47’ 35’’ East and 46º 29’ 24’’ North)

National Instrument 43-101 Technical Report

Prepared for:

ARANJIN RESOURCES Ltd.

Qualified Person:
Lamzav Khurelbaatar, Exploration Manager (AIPG)

Date: 31 July, 2021
Effective date: 20 June 2021

Client	
Aranjin Resources Ltd.	
Contractor	
Lamzav Khurelbaatar (Independent Competent Person)	
Name of the report	**Date**
Technical Report on the Sharga project, Govi-Altay aimag, Mongolia	July 31, 2021
Type of the report	**Number**
Technical report on exploration work	

Report done by			
Name	**Position**	**Sign**	**Date**
Lamzav Khurelbaatar	Independent Qualified Person	[Signed]	31 July, 2021

IMPORTANT INFORMATION ABOUT THIS DOCUMENT

1. Client

This report has been produced by Lamzav Khurelbaatar (Contractor) solely for Aranjin Resource Ltd. (the “Client”).

2. Client Use

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3. Notice to Third Parties

Contractor prepared this report for the Client only.

4. Inputs, subsequent changes and no duty to update

Contractor has created this report using data and information provided by the Client. Unless specifically stated otherwise, Contractor has independently verified that data and information.

The conclusions and opinions contained in this report apply as of the date of the report. Events (including changes to any of the data and information that Contractor used in preparing the report) may have occurred since that date which may impact on those conclusions and opinions and make them unreliable. The Contractor is under no duty to update the report upon the occurrence of any such event, though it reserves the right to do so.

Lamzav Khurelbaatar
Suite 906, Centrum building, Olympic Street 7/3, 1st khoroo, SBD,
Ulaanbaatar, Mongolia 14240
Phone: +976 99114165; klamzav@yahoo.com

I, Lamzav Khurelbaatar, am working as an Exploration Manager for Erdenyn Erel LLC, suite 906, Centrum building, Olympic Street 7/3, 1st khoroo, SBD, Ulaanbaatar, Mongolia 14240.
This certificate applies to the Technical Report on the Sharga Project, Govi-Altay Aimag, Western Mongolia, prepared for Aranjin Resources Ltd., effective date 20 June, 2021 (the "Technical Report"), do hereby certify that:

1. I am a registered member of the American Institute of Professional Geologists ("AIPG" CPG-#12001).
2. I am a graduate of the Polytechnical Institute in Ulaanbaatar and hold a Bachelor's degree in Geology, which was awarded in 1988. In addition, I am holding MSc degree from Mongolian Technical University of Ulaanbaatar which was awarded in 1998.
3. Since graduating from university, I have been continually and actively involved in the assessment, development, and operation of mineral projects. I have 33 years of expertise, which includes 10 years of geological mapping, 13 years of prospecting and advanced exploration work, primarily in gold, copper, and base metal projects, and 5 years of consultancy. I was a part of a project to estimate Mineral Resources and Reserves.
4. I have read the definition of "qualified person" set out in the National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a qualified person for the purposes of NI 43-101.
5. I conducted a site inspection from 15-17 June and 30-31 July 2021 totally 5 days.
6. I am responsible for each Item in the Technical Report.
7. I am independent of the issuer, Aranjin Resources Ltd.
8. I am independent of the vendor, Silk Road Mining Trade LLC.
9. I am independent and have had no prior involvement with the property that are the subject of the Technical Report.
10. Aranjin Resources Ltd. Owns 100% shares of the Aranjin Resources LLC, the entity registered in Mongolia.
11. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
12. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading as of the effective date of the report, 20th June, 2021.
13. I consent to the filing of the Technical Report with any stock exchange or any other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their website and accessible by the public, of the Technical Report.

Dated at Ulaanbaatar, 31st July, 2021.

"Lamzav Khurelbaatar" (signed)

"Lamzav Khurelbaatar" (QP)

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1. SUMMARY

1.1. Introduction

Lamzav Khurelbaatar (“Contractor”), was requested by Aranjin Resources Ltd. (“Aranjin”, the “Company” or the “Client”) to complete a Technical Report on Exploration work (“TR” or the “Report””) of the Sharga Project (“Project”) for the purpose of the Report’s filing on SEDAR in accordance with the requirements of ‘Canadian National Instrument 43-101’ (“NI 43-101”) of the Canadian Securities Administrators and the Company’s reporting obligations as a Reporting Issuer in Canada.

The Sharga Project is contained within the Exploration license XV-021127 (name of E.L. is Sharga) located on territory of Sharga soum (local name for sub-province) in Gobi-Altay aimag (local name for province), Western Mongolia. Aranjin Resources Ltd. (Aranjin) holds a 100% interest in the Sharga project through its subsidiary, Mongolian registered Aranjin Resources LLC. Aranjin Resources LLC holds 100% shares of Silk Road Mining Trade LLC, the title holder of the exploration license.

On May 18, 2021 Aranjin Resources and Silk Road Mining Trade LLC signed Share sale and purchase Agreement to acquire 100% common shares together with information on primary exploration materials and reports in the exploration license XV-021127 by spending MNT 4’275’000’000 (four billion two hundred seventy-five million). On same date Aranjin Resources LLC (a wholly owned subsidiary of Aranjin Resources Ltd.) and Silk Road Mining Trade LLC also signed an Assignment Agreement CAC-01.

1.2. Regional Geology and Tectonic settings

The Lake Island arc terrane consists of dismembered ophiolite, melanges, Precambrian metamorphic rocks, Ordovician–Silurian greenschist facies metamorphosed sandstone, argillite, chert, volcanoclastic rocks, Upper Silurian–Lower Devonian radiolarian chert, tholeiitic pillow basalts, andesite tuff, Middle Devonian–Mississippian volcanoclastic rocks, cherts containing Frasnian conodonts, and minor olistostrome with coral limestone clasts. Plutonic and volcanic-plutonic complexes in the terrane are Devonian, Carboniferous, Permian and early Mesozoic in age with a variable composition of calc-alkaline to ultrapotassic rocks.

The western Mongolia is built by three main lithotectonic regions (terranes) of different lithological, geochronological and structural features: Zavkhan and Baidrag microcontinents in the east, Lake Zone in the centre, and Hovd and Altai domains in the west. These units display westward younging trend and form NW–SE elongated belts bounded by the sutures and/or by strike-slip fault zones.

The Lake Zone is dominated by metavolcanic and metasedimentary rocks with relicts of Neoproterozoic ophiolites intruded by Cambrian–Ordovician arc-related magmatic rocks. This tectonic collage is interpreted as a Neoproterozoic accretionary wedge or passive continental margin hosting the Early Palaeozoic arc-system associated with the formation and closure of the Paleo-Asian Ocean.

The Hovd and Altai domains are mainly composed of Lower Palaeozoic sedimentary and volcano-sedimentary sequences together with low- to high-grade metamorphic complexes

intruded by Devonian–Permian granitic bodies. These domains have been mostly interpreted as a large Cambrian–Silurian accretionary wedge associated with the Lake Zone arc-system.
Exploration Licence XV-021127 is located within the Lake Island Arc Terrane of the Western Mongolian Palaeozoic belt. The dominantly calc-alkaline belt comprises a thick succession of Ordovician to Carboniferous intermediate volcanics intercalated with minor sedimentary units. This volcanic succession was intruded by several large Devonian and Permian intrusions mostly of granite and granodiorite. These Palaeozoic rocks are overlain by Jurassic and Cretaceous continental sedimentary rocks, composed of sandstone, conglomerate and terrestrial volcanics.

1.3. **Local Geology**

Metasedimentary Proterozoic rock is composed of two distinct metamorphic rock suites: (i) dominant Riphean (Mesoproterozoic) formations of metasedimentary and metavolcanics rocks exposed on 80% of the project area developed in Island arc (the Lake zone) environment (ii) subordinate lower Proterozoic siliceous marble, gneiss and amphibolites of the cratonal (Zavkhan craton) terrain observed in northern part of the license area.
Two terrains have tectonic boundary welded by Khantaishir ophiolitic formation.
Mesoproterozoic rocks are overlain by various younger formations from Devonian to Jurassic age.
Mesoproterozoic (below described as Riphean formations) classified into several formations.
Mesoproterozoic rocks consists epidote-chlorite-quartzite orthoschist (formed from andesite-basalt), quartz-chlorite-sericite and chlorite-sericite orthoschist (formed from dacite, andesite-dacite and andesite), chlorite-quartz-plagioclase, quartz-chlorite and epidote-chlorite orthoschists (formed from felsic lava-breccia), and variety of schistose volcanic rocks such as rhyolite, dacite, rhyodacite, andesite-dacite and andesite-basalt.
Paleozoic formations represented by middle Devonian Tsagaanshoroot formation's red, brownish, pinkish, white colored argillite, aleuvrolite, sandstone, limestone, conglomerate, basalt and andesite and Jurassic Jargalant formation's grey, yellowish, brownish colored conglomerate, gravelite, sandstone, aleuvrolite, carbonaceous shale, coal layers.
Intrusive rocks of lower Devonian Numrug complex consist two phases and in project area seen rocks only from second phase – biotite, biotite-hornblende granites.

1.4. **Previous Work**

During 1:200000 scale regional geological mapping in 1988-1991 was discovered Maikhan Ulaan Uul gold-copper occurrence located outside of the license area within mining license MV-019681. Mineralization extends into the Sharga project area toward east and west.
At Maikhan Ulaan Uul gold-copper occurrence were conducted geological mapping program at scale of 1:25,000, drilling (256 m in three boreholes) and 167 m3 trenches. In addition, 50x100 m grid geochemical survey covered entire occurrence. The gold-copper occurrence is related to quartz vein zone hosted in schistose felsic volcanic rocks of Mesoproterozoic (Lower Riphean) age. The thickness of the quartz veins ranges from 1.0 m to 12.0 m and is traceable up to 500 m along strike. Drilling was unsuccessful mainly due to the hard-geological condition. Assay results were returned as Cu 1%, Pb 0.01%, Zn 0.05%, and Ag 5.0g/t.

Between 2007 - 2014 entire project area was covered by exploration license #10910X owned by Force Construction LLC. No exploration data available for this timeframe.

In 2018 was issued new exploration license to the Gobi Exploration LLC.

In 2019 Gobi Exploration LLC conducted diamond drilling (5 drillholes, 300m) on eastern and western extends of Maikhan Ulaan uul deposit, exploration on placer gold project (127 pits, 594 m), rockchip and heavy concentrate sampling, ground magnetic survey and TEM survey.

1.5. Geophysics

Ground magnetic data clearly delineated regional west-northwest trending faults and lineaments. Clearly reflected the contrasting magnetic responses between the sediments and intrusive units. A fixed-loop TEM survey was designed to investigate of the Maikhan Undur Uul deposit's structural trend extension to West and East. Oxide and sulphide orebodies are understood to be relatively electrically conductive and produced enough contrast to the resistive host rock in electromagnetic field.

1.6. Mineralisation and Alteration

There are few occurrences and mineralized points on the project area discovered by historic study and license owners such as Cu-Au VMS type mineralization, copper-hematite mineralization in felsic volcanic rock, brown coal in Jurassic sediments, aluvial gold and other smaller.

1.7. Recommendations

Recommended to conduct further field-work (mapping and trenching) before drilling. Further exploration success on the licences will require the testing of combined geophysical targets under the Devonian cover.

Suggested exploration works separated into two phases and include the following.

As a first phase works its recommended:

- TEM geophysical survey to determine the shape and geophysical features of the mineralized massive sulphide zones.
- Detailed mapping
- Rockchip sampling
- Structural mapping. Previous explorers mapped and reported monoclinal folding system only but Bing satellite imagery and ground magnetic imagery shows that region have very complex structural settings. VMS type mineralization located in intensive folded structures. Recommended to conduct structural mapping to reveal major movement directions and structural controls of the mineralization.

In case of positive results its recommended to start second phase includes diamond drilling program.

- 2nd phase – diamond drilling.

2. INTRODUCTION AND TERMS OF REFERENCE

Lamzav Khurelbaatar (“Contractor”), was requested by Aranjin Resources Ldt. (“Aranjin”, the “Company” or the “Client”) to complete a Technical Report on Exploration work (“TR” or the “Report””) on the Sharga Project (“Project”) for the purpose of the Report’s filing on SEDAR in accordance with the requirements of ‘Canadian National Instrument 43-101’ (“NI 43-101”) of the Canadian Securities Administrators and the Company’s reporting obligations as a Reporting Issuer in Canada. The report also being filed with the Exchange in connection with this Transaction. Another term of reference of this report is suggests an exploration program and approximate budget proposal.

The Sharga Project is contained within the Exploration license XV-021127 (name of E.L. is Sharga) located on territory of Sharga soum (sub-province) in Govi-Altay aimag (province), Western Mongolia.

Aranjin Resources Ltd. (Aranjin) holds a 100% interest in the Sharga project through its subsidiary, Aranjin Resources LLC. Aranjin Resources LLC holds 100% shares of Silk Road Mining Trade LLC, the title holder of the exploration license.

QP visited the Sharga project site from 15-17 June and 30-31 July 2021 and spent totally 5 days with additional time reviewing both historic and Aranjin exploration data.

During the site visit, the Qualified Person found and recorded all reported drillhole collars (totally 5). Two of them were drilled in south central part of the project and three of them in western edge of the exploration license. QP took photographs of collars and geographic coordinates. The measured coordinates were compared with those reported in the provided database and difference was in acceptable limits.

QP visited Aguit, North and East prospects where rockchip samples were taken, and checked some outcrops against sampling logs. Most of them were reported correctly. On sample points QP observed visible malachite and azurite mineralization and decided not take any rockchip samples.

Discussions were held with the various employees and the assay contractor (SGS-IMME Mongolia Lab Manager).

2.1. Source of Information

The primary source document for this report was:

- Kh. Chinzorig. 2018 exploration work report on the Sharga project located in Sharga soum of Govi-Altay aimag. Exploration license: XV-021127. Commodity: Gold and copper. Stage: Exploration. Ulaanbaatar 2019.
- G. Niislelkhuu, Kh. Chinzorig. 2019 exploration report on the Sharga project located in Sharga soum of Govi-Altay aimag. Exploration license: XV-021127. Commodity: Gold and copper. Stage: Exploration. Ulaanbaatar 2020.
- Kh. Chinzorig. 2020 exploration report on the Sharga project located in Sharga soum of Govi-Altay aimag. Exploration license: XV-021127. Commodity: Gold and copper. Stage: Exploration. Ulaanbaatar 2021.

- Digital data (2.43GB) included drillhole, geophysics, pit, sampling and presentation folders.
- Exploration license scanned copy with 2 attachments.
- SGS-IMME Mongolia lab assay report certificates (5 files in pdf and csv format).
- Scans of drillhole logging sheets 9 pages.
- Legal Opinion on corporate status. August 02, 2021. N 3/412
- Legal Opinion on verification of title and legal status of mining license. August 02, 2021. N 3/413.
- Share Sale and Purchase Agreement PCS-01. 18 May, 2021. Ulaanbaatar.
- Assignment Agreement CAC-01. 18 May, 2021. Ulaanbaatar.

2.2. **Units and Currency**

In this report currency amounts are stated in US dollars (US$) and Mongolian Tugrugs (MNT). Quantities are generally stated in Système International d'Unités (SI) metric units, the standard Canadian and international practice, including metric tons (tons, t) and kilograms (kg) for weight, kilometers (km) or metres (m) for distance, hectares (ha) for area, grams (g) and parts per million (ppm), parts per billion (ppb) and milligram per cubic meter for precious metal grades.
Units of measure and abbreviations used are provided in Table 1.

Table 1. List of Abbreviations

Term	Abbreviation
Atomic absorption spectrometry	AAS
Canadian National Instrument 43-101	NI 43-101
Cubic meter(s)	m^3
Degree(s)	o
Degrees Celsius	^oC
Fire assay	FA
Global positioning system	GPS
Gram(s)	g
Grams per cubic centimetre	g/cm^3
Grams per tonne of gold	g/t Au
Greater than	>
Gold	Au
Hectare(s)	ha
Induced polarization	IP
Inductively coupled plasma atomic emission spectrometry	ICP-AES
Kilogram(s)	kg
Kilograms per cubic metre	kg/m^3
Kilometre(s)	km

Lead	Pb
Less than	<
Meter(s)	m
Metres above sea level	masl
Metres per second	m/s
Millimetres per year	mm/y
Milligram per cubic meter	Mg/m^3
Mineral Resources and Petroleum Authority of Mongolia (government regulatory agency)	MRPAM
Minute(s)	min
Mongolian Tugrug (national currency)	MNT
Parts per billion	ppb
Parts per million	ppm
Quality assurance	QA
Quality assurance/quality control	QA/QC
Quality control	QC
Second	s
Square metre(s)	m2
Square kilometre(s)	km^2
Standard deviation	Std Dev
Sulphur	S
Three dimensional	3D
Transient Electromagnetic	TEM
Tonne(s)	t
Tonnes per cubic metre	t/m^3
United States dollars	US$
Weight	Wt.

3. **RELIANCE ON OTHER EXPERTS**

QP has relied on Aranjin's legal counsel information about legal matters; the author assumes no responsibility for the accuracy of this data.

Data provided by Aranjin and QP relied on it described in paragraph 2.1. Source of Information.

4. PROPERTY DESCRIPTION AND LOCATION

4.1. Location of Property

The Sharga gold-copper project is located within the Govi-Altai aimag (province) of southern Mongolia, approximately 1030 km west of capital city of Ulaanbaatar (Figure 1). The country is bordered by Russia in the north and China in the south. Mongolia contains several major mineral deposits including Erdenet Cu-Mo porphyry deposit in north, giant Oyu Tolgoi porphyry copper-gold mine in south, also few undeveloped porphyry deposits such as Tsagaan Suvarga, Kharmagtai and etc. In south Gobi located world class coking coal deposit named Tavan Tolgoi. Western Mongolia relatively poorly studied.

Figure 1. Location and Infrastructure map of the Sharga project.

4.2. Mineral Tenure

The Property is covered by Exploration License XV-021127 (name of E.L. is Sharga) as shown in Figure 2.
Title to the Property is held by Silk Road Mining Trade LLC, a Mongolian registered company. Initially the license was granted in 25 October 2018 by Cadastral Division of the Mineral Resource Authority of Mongolia (MRPAM) to the Gobi Exploration LLC. In 17 may 2021 the license was transferred to the Silk Road Mining Trade LLC and the transfer recorded on Appendices #1 of the License.

On May 18th, 2021 Aranjin Resources LLC (100% owned subsidiary of Aranjin Resources Ltd.) signed a Share Sale and Purchase Agreement PCS-01 with Silk Road Mining Trade LLC to

acquire 100% common shares together with information on primary exploration materials and reports in the exploration license XV-021127 by spending MNT 4'275'000'000 (four billion two hundred seventy-five million).

Payment conditions included:

1. Advance payment of MNT 2'850'000'000 (two billion eight hundred fifty million) within three business days upon signing the Agreement; and
2. The remaining amount of MNT 1'425'000'000 (one billion four hundred twenty-five million) within August 30, 2021.
3. The Purchaser shall be responsible for the applicable tax to be imposed on this transaction.

Aranjin Resources LLC (a wholly owned subsidiary of Aranjin Resources Ltd.) and Silk Road Mining Trade LLC also signed an Assignment Agreement CAC-01 on May 18th, 2021. The following are some of the stipulations of the Agreement:

1. Upon the Share Sale and Purchase Agreement was signed by the Parties, the Assignor (Silk Road Mining Trade LLC) hereby assigns obligations, responsibilities, duties, rights, title, interest and benefit in with respect to the Transferred Shares to the Assignee (Aranjin Resources LLC).
2. The Assignee hereby accepts the assignment of the Assignor's obligations, responsibilities, duties, rights, title, interest and benefit in with respect to the Transferred Shares.

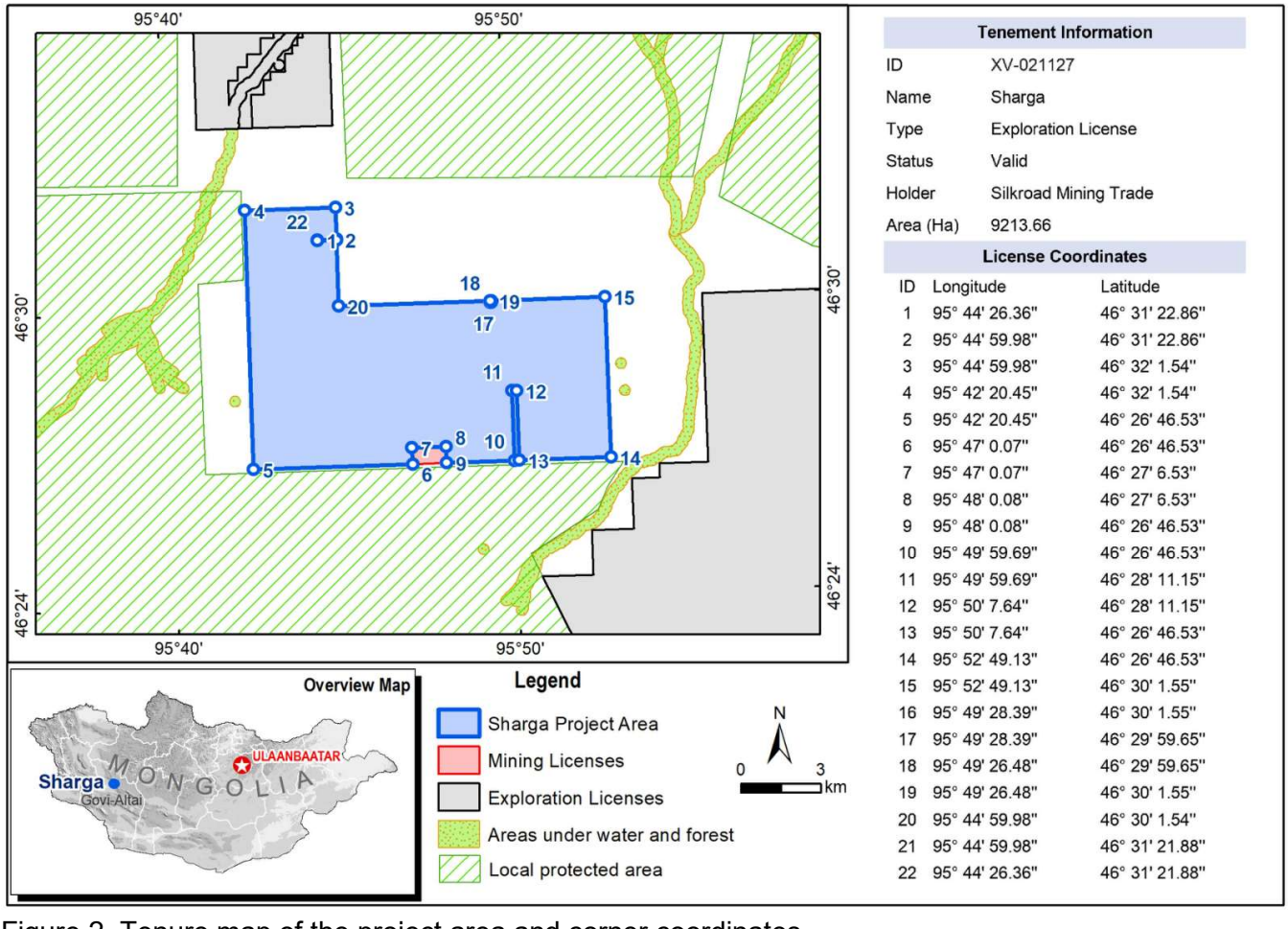
Aranjin obtained legal opinion on corporate status and on verification of title and legal status of the license. The legal opinions were conducted by Snow Hill Consultancy law firm and both dated as 02 August 2021.

1. Legal opinion on corporate status confirmed: based on the acquired records, Snow Hill Consultancy confirmed that the Company is validity existing and in good standing under laws of Mongolia. No circumstances or events come out to their attention by which they believe the Company is in breach of any valid registration requirements of a legal entity.
2. Legal opinion on verification of title and legal status of mining license confirmed:
    i. The Company is holding the License validly and legally and is allowed to explore minerals in accordance with the terms and conditions specified by the relevant law as of the date of this Legal Opinion.
    ii. The License is effective and in full force as of the date of this Legal Opinion.
    iii. Exploration work plans and reports for the License have been duly submitted and the minimum cost for geological exploration work has been verified.
    iv. No reserve information has been released or confirmed on the License as of the date of this Legal Opinion.
    v. No pledge or security obligation exists over the License at the bank or non-banking financial organization as of the date of this Legal Opinion.

vi. No restrictions on the Company's ability to transfer it to others is identified by reasonable means of research and no third party rights to acquire mineral rights over the License been identified by us as of the date of this Legal Opinion.

The license expires in 25 October 2021, but the owner can extend it 3 more times each for three years. According to the Mineral Law of Mongolia the license will be canceled if: a) not paid annual fee; b) if obligations for annual exploration work are not fulfilled.
To the extent known, there are no other significant factors and risks besides noted in the report, that may affect access, title, or the right or ability to perform work on the property.

The exploration license #XV-021127 is centered at 95º 47' 35'' East and 46º 29' 24'' North or, 714347E/5152284N, UTM46N. The property lies on 1:100 000 scale topographic sheet L-46-060. The license area is 9213.66 ha.



Tenement Information

ID	XV-021127
Name	Sharga
Type	Exploration License
Status	Valid
Holder	Silkroad Mining Trade
Area (Ha)	9213.66

License Coordinates

ID	Longitude	Latitude
1	95° 44' 26.36"	46° 31' 22.86"
2	95° 44' 59.98"	46° 31' 22.86"
3	95° 44' 59.98"	46° 32' 1.54"
4	95° 42' 20.45"	46° 32' 1.54"
5	95° 42' 20.45"	46° 26' 46.53"
6	95° 47' 0.07"	46° 26' 46.53"
7	95° 47' 0.07"	46° 27' 6.53"
8	95° 48' 0.08"	46° 27' 6.53"
9	95° 48' 0.08"	46° 26' 46.53"
10	95° 49' 59.69"	46° 26' 46.53"
11	95° 49' 59.69"	46° 28' 11.15"
12	95° 50' 7.64"	46° 28' 11.15"
13	95° 50' 7.64"	46° 26' 46.53"
14	95° 52' 49.13"	46° 26' 46.53"
15	95° 52' 49.13"	46° 30' 1.55"
16	95° 49' 28.39"	46° 30' 1.55"
17	95° 49' 28.39"	46° 29' 59.65"
18	95° 49' 26.48"	46° 29' 59.65"
19	95° 49' 26.48"	46° 30' 1.55"
20	95° 44' 59.98"	46° 30' 1.54"
21	95° 44' 59.98"	46° 31' 21.88"
22	95° 44' 26.36"	46° 31' 21.88"

Figure 2. Tenure map of the project area and corner coordinates.

4.3. Property Rights and Obligations

Rights and obligations for mineral tenure are governed by the Minerals Law of Mongolia introduced in 2006. Several amendments to the Law have been subsequently enacted, including some key changes in 2014, 2015, 2017, 2018 and 2019. Exploration licenses are granted for a

period of 3 years, extendable three times, for 3 years each time. An exploration license holder has the right to conduct exploration activities throughout the license area and to construct temporary facilities within the license area that are related to its activities. However, there are some risks to ability to perform the planned works due to local community resistance. The issue usually solves by doing community relationship work with locals before any exploration activity. Upon the expiration of an exploration license in case if it is not upgraded into a mining license, the license and the rights under such license revert to the Government of Mongolia.
Exploration license holder must pay square annual fee (MNT/ha):

- First year -145
- Second year -290
- Third year -435
- 4-6 years – 1450
- 7-9 years – 2175
- 10-12 – 7250

This year is must pay MNT 13'359'807 or **USD4689.06** (Mongol bank 27th July 2021 rate as 2849,14 MNT = 1 USD) as the annual fee.
According chapter 33 of Mineral Law of Mongolia the exploration license holder each year must do exploration work on license and minimum exploration expenditure each year differs as follow.

- First year must spend minimum – USD 0.5/ha
- 4-6 years must spend minimum – USD 1.0/ha
- 7-9 years must spend minimum – USD 1.5/ha
- 10-12 years must spend minimum – USD 10.0/ha

In 2021 the Aranjin must spend on exploration work more than **USD9213.66**.

By Mineral Law of Mongolia each year the license holder must submit following documents:

1. Exploration Plan for current year (before April 15th). Must be approved by MRPAM officer and Professional Inspection Agency officer.
2. Environmental management plan (generally before exploration works starts). Must be approved by local authorities – local governor and Environmental Inspection officer.
3. Annual Exploration Report (before 15th February of next year).

4.4. Royalties, Agreements and Encumbrances

Article 47 of Mineral law of Mongolia regulates royalty taxes for commodities that are exported or sold, shipped for sale, or used internally. Most commodity imposes a 5% royalty on all minerals other than coal. Last time Mineral Law was updated in November 22, 2019. The royalty amount varies depending on the mineral, its market price and the degree of processing. Under the two-tier system, an incremental surtax royalty is imposed on the total sales value of 20 minerals in addition to the standard flat rate.

4.5. Environmental Liabilities

To the extent known by Qualified Person, there are no known environmental liabilities on the Property expect of make annual Environmental Management plan and submit to local governor for approval. After field work, the plan should be reviewed by the local administration and, if the obligations under the plan are fulfilled, it is approved.

5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1. Access

Access to the project is by paved road #A0301 and #A0302, about 1030 km to west from Ulaanbaatar to the Altay city (10.5 hours) via Arvaikheer and Bayankhongor (capital cities of Uvurkhangay and Bayankhongor provinces) and then some 30 km to west using A#0304 road then by dirt road about 14 km (0.5 hours). Access by land available mostly all year around (Figure 3). Another way to get the project is use airline service. Regular air service between Ulaanbaatar and Altay is available and provided by Hunnu Air (two times per week on Tuesday and Saturday). Then travel from Altay to the project about 40км (0.5 hours).

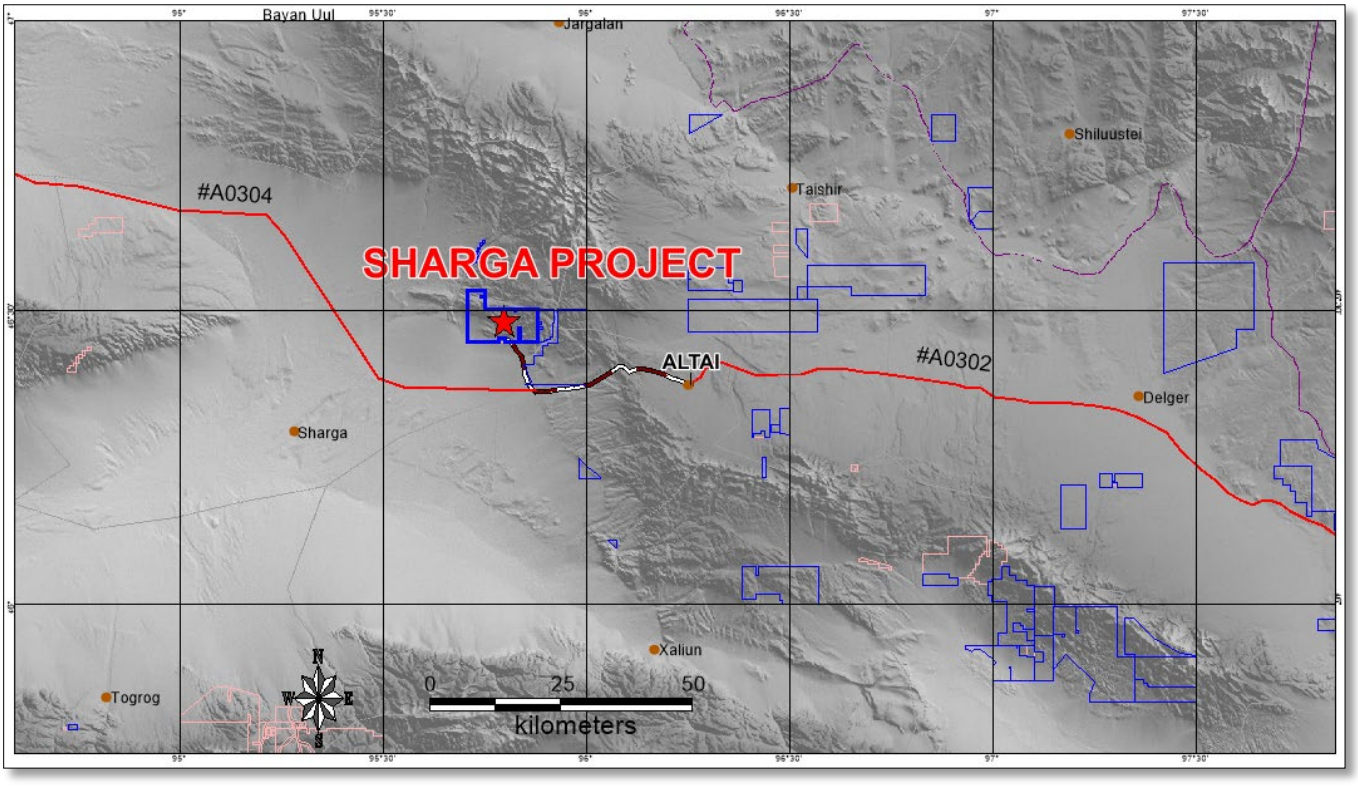


Figure 3. Access map to the Sharga property from Altai city.

5.2. Climate

The climate in the western Mongolia is harsh continental and the temperature variations of day and night and summer and winter are high. Temperatures range from lows of -40°C in winter to highs of +35°C in summer. Average annual precipitation is approximately 150 mm, occurring primarily during the period of June to September. East and South-East directed winds are dominant with an average speed of 1.0-2.5 m/s. Most windy periods are spring and fall seasons. Spring and fall dust storms are far more frequent, and these can continue through June and July. Very high winds are accompanied by sand storms that often severely reduce visibility for several hours at a time. Most windy months are April-May, with average speed of wind 6-15 m/s.
The vegetation is sparse throughout the area, where low scrub and grass patches are predominant.

5.3. Local resources and infrastructure

The Property lies 43 km west of the Govi-Altay aimag capital, Altay city. Govi-Altay aimag with 57674 people by May 2021 (*National Statistical office of Mongolia, Population annual report)* is one of biggest province in Mongolia by occupying area. A paved highway #A0301, #A0302 connects Altay with Ulaanbaatar.
There are a number of communities in the region. The most prominent is Altay city (*ca.18747* people by May 2021), which is the centre of the Govi-Altay aimag and located 40 km east of Sharga property. Facilities at Altay includes hospital, technical college, hotels, restaurants, airport, coal-fired heating stations, administrative buildings and schools.
Sharga is nearest sub province or soum to the project. Population of soum is 1957 (residents).
Access to the local towns available by all sort of automotive transport whole year round.
Exploration and fieldwork are usually could be accomplished between March and November. drilling can be conducted year-round with proper equipment and well-established camp.
The local towns can provide the most basic mining and exploration needs for the early stages of exploration and project development (including basic labour requirements, food and other supplies), the majority of mining-related equipment and services for more advanced projects must be obtained from Ulaanbaatar or other locations in Asia. The region is economically weakly developed. Significant infrastructure projects in the vicinity of the Property include:
1. A hydropower station on the Zavkhan river that supplies by electricity of nearest towns.
2. Iron ore mine in Tseel soum.

In the area is available G-mobile cellphone operator's coverage.

5.4. Physiography

The project area terrain consists of a medium to high mountain areas in the north (Figure 4) and lowland of Sharga depression in the south. The elevation ranges from 963 m to 2450 m above sea level (masl). Within the project area, the highest point with elevation of 2450 m asl located in NE corner of the project within NW trending mountain ridge - Buurlyn Nuruu (Figure 5). However, several high mountains lie outside of property. These mountains are intensively cut by

long ephemeral streams, which are mostly dry year-round, but filled with water after heavy rains. South and south west of the property located big depression named Shargyn Gobi Desert (Figure 6).

Figure 4. Buurlyn Nuruu mountain range in central and northern part of the project. Russian van for scale.

Figure 5. Shargyn Gobi Desert lies south of the project.

6. **HISTORY**

First recorded prospecting work was conducted by researchers of the Russian Geographic Society in late 19th century.

In 20th century geological survey became more systematic. During the 1960's and 1990's Russian and Mongolian geologists conducted various scale geological, geophysical and geochemical surveys across the region.

In 1962 Poland geologists M. Banas conducted 1:200000 scale geological mapping covered 20 000 m2 area. Were conducted various type of sampling, trenching, mapping, drilling, pitting, geophysics survey.

Between 2007-2014 entire project area was covered by exploration license #10910X owned by Force Construction LLC. The most likely reason for the license cancelation is expiration of the license. No exploration data is available for this timeframe.
In 2018 was issued new exploration license to the Gobi Exploration LLC.
In 2019 Gobi Exploration LLC carried out exploration program included geophysics survey – ground magnetic and Transient Electromagnetic surveys, mapping, sampling, pitting on placer gold and diamond drilling. More details described in the Paragraph 9. Exploration.

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1. Regional Geology and Tectonic settings

Mongolia is at the core of the Central Asian Orogenic Belt and is typically divided into the northern domain of Precambrian and lower Paleozoic rocks and the southern domain of predominantly lower to upper Paleozoic rocks (Badarch, 2002). These domains are separated by the Main Mongolian Lineament (Badarch, 2002). The project lies in the northern domain which is characterized by east northwest-trending terranes. Badarch et al states these terranes consist of arc-related volcanoclastic and volcanic rocks with minor ophiolites and serpentinite melanges, the northern margin has Silurian and Devonian reef limestones and in the south-east are Permian turbidites and limestones. The Lake terrane consists of dismembered ophiolite, melanges, Ordovician–Silurian greenschist facies metamorphosed sandstone, argillite, chert, volcanoclastic rocks, Upper Silurian–Lower Devonian radiolarian chert, tholeiitic pillow basalts, andesite tuff, Middle Devonian–Mississippian volcanoclastic rocks, cherts containing Frasnian conodonts, and minor olistostrome with coral limestone clasts. Plutonic and volcanic-plutonic complexes in the terrane are Devonian, Carboniferous, Permian, and early Mesozoic in age with a variable composition of calc-alkaline to ultrapotassic rocks. Some of these volcano-plutonic complexes formed porphyry copper deposits such as Oyu Tolgoi and Tsagaan Suvarga in southern Mongolia.

Western Mongolia is built by three main lithotectonic regions (terranes) of different lithological, geochronological, and structural features: Zavkhan and Baidrag microcontinents in the east, Lake Zone in the center, and Hovd and Altai domains in the west (Figure 6). These units display a westward younging trend and form NW–SE elongated belts bounded by the sutures and/or by strike-slip fault zones.

The Zavkhan and Baidrag blocks belong to a belt of microcontinental segments mostly with Precambrian basement, the so-called Tuva–Mongolian continental ribbon.

The Lake Zone is dominated by metavolcanic and metasedimentary rocks with relicts of Neoproterozoic ophiolites intruded by Cambrian–Ordovician arc-related magmatic rocks. This tectonic collage is interpreted as a Neoproterozoic accretionary wedge or passive continental margin hosting the Early Paleozoic arc-system associated with the formation and closure of the Paleo-Asian Ocean.

The Hovd and Altai domains are mainly composed of Lower Paleozoic sedimentary and volcano-sedimentary sequences together with low- to high-grade metamorphic complexes intruded by Devonian–Permian granitic bodies. These domains have been mostly interpreted as a large Cambrian–Silurian accretionary wedge associated with the Lake Zone arc-system.

The Early Paleozoic accretionary evolution of the Mongolian part of the CAOB was characterized by thrusting of Neoproterozoic passive margin and ophiolites over the Precambrian continental segments. Convergence between the Siberian Craton and Paleo-Asian oceanic plate resulted in long-lasting subduction and development of the associated magmatic arc. The Late Paleozoic final amalgamation was followed by a magmatic and deformational evolution until the Early Mesozoic.

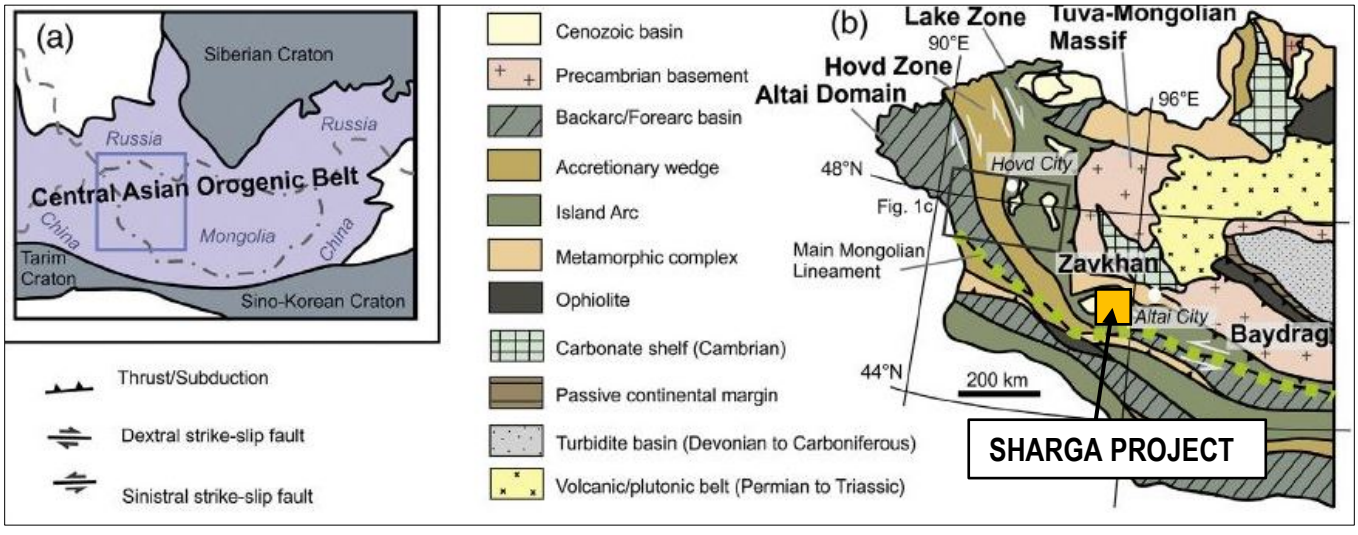


Figure 6. (a) Schematic tectonic map of the Central Asian Orogenic Belt, (b) Overview geological map showing main lithotectonic domains and sutures of the western Mongolia (after Soejono I., et al., 2017).

7.2. Local geological settings

Metasedimentary Proterozoic rock is composed of two distinct metamorphic rock suites: (i) dominant Riphean (Mesoproterozoic) formations metasedimentary and metavolcanics rocks exposed on 80% of the project area developed in Island arc (the Lake zone) environment (ii) subordinate lower Proterozoic siliceous marble, gneiss and amphibolites of the cratonal (Zavkhan craton) terrain observed in northern part of the license area (Figure 7).

Two terrains have tectonic boundary welded by Khantaishir ophiolitic formation.

Mesoproterozoic rocks are overlain by various younger formations from Devonian to Jurassic age.

7.2.1. Stratigraphy

Mesoproterozoic (below described as Riphean formations) classified into several formations. Mesoproterozoic rocks consists epidote-chlorite-quartzite orthoschist (formed from andesite-basalt), quartz-chlorite-sericite and chlorite-sericite orthoschist (formed from dacite, andesite-dacite and andesite), chlorite-quartz-plagioclase, quartz-chlorite and epidote-chlorite orthoschists (formed from felsic lava-breccia), and variety of schistose volcanic rocks such as rhyolite, dacite, rhyodacite, andesite-dacite and andesite-basalt.

7.2.1.1. Precambrian formation

Represented by lower Proterozoic Khatavchbulag formation formed in cratonal terrain environment and numerous Mesoproterozoic formations described below as a Riphean age. **Khatavchbulag formation (PR1hb).** Exposes in northern part of the license area mostly in eroded creek walls forming 2-3 m high cliffs. The formation consists grey, dark gray, small to medium grained gneissic rocks of biotite, biotite-amphibole, muscovite-biotite and garnet-biotite composition. In upper part observed rare layers of marble. Total thickness of the formation estimated as a 1000 m.

Khar Tolgoi formation (R1-2 ht). Widely exposes in central and eastern part the project. Consists of metamorphic sedimentary rocks of greenschist phases such us metagravelite, schists, aleuvrolite and metasandstone. In places where the rocks cut by granitic and gabbroic (920 ma) small intrusive bodies metamorphic degree increases to gneiss.

Ulaanbulag formation (R1-2 ub). Exposed in central part of the area as narrow belt between Khar Tolgoi and Shandyn nuruu formations. Composed of grey, bluish, yellowish colored schist and marbled limestone interlayers. The rocks forms 20-80 m tall cliffs. The formation ‘s total thickness is about 800 m.

Shandyn Nuruu formation (R2 sn). The formation consists schistose volcanic rocks of felsic, intermediate and mafic composition, tuffs, lava and interlayering limestone and aleuvrolite widespread in central part of the license. Rocks forms monoclinal folds dipping to NE by 60-70 angle.

Yargait formation (R 2 jr). The formation consists limestone, basalt, argillite, aleuvrolite, meta sandstone all metamorphosed in green schist phases. In upper part dominants sedimentary rocks. The formation is overlying volcanic rocks of Shandyn Nuruu formation and cut by middle Riphean gabbrodiorite and granite.

7.2.1.2. Devonian system

Tsagaanshoroot formation (D2 cs). Red, brownish, pinkish, white colored argillite, aleuvrolite, sandstone, limestone, conglomerate, basalt and andesite exposed in the limited area around Maikhan uul deposit in south-central part of the license. Total thickness of the formation estimated as 400-800 m. Age of the formation determined based of fossil age determination by numerous researchers.

7.2.1.3. Jurassic system

Jargalant formation (J1-2 zr). Grey, yellowish, brownish colored conglomerate, gravelite, sandstone, aleuvrolite, carbonaceous shale, coal layers observed in western part of the license. Middle Jurassic rocks divided into three sub formations – bottom, consisted mainly by basal conglomerates total thickness is 150 m, middle, mainly consisted coal bearing shale and sandstone with total thickness 100-110 m, and, upper represented by sandstone with thickness 40-50 m.

Dariv formation (J3 dr). Observed in western part of the license. Exposed in creeks walls. The formation consists lake sediments represented by red colored clay, sand and marls, lake-river sand, gravel and conglomerates. Thickness is about 80-150 m.

7.2.1.4. Quaternary

Unconsolidated sand, clay, gravel lies on the older rock and has deluvium, proluvium and aluvium origin.

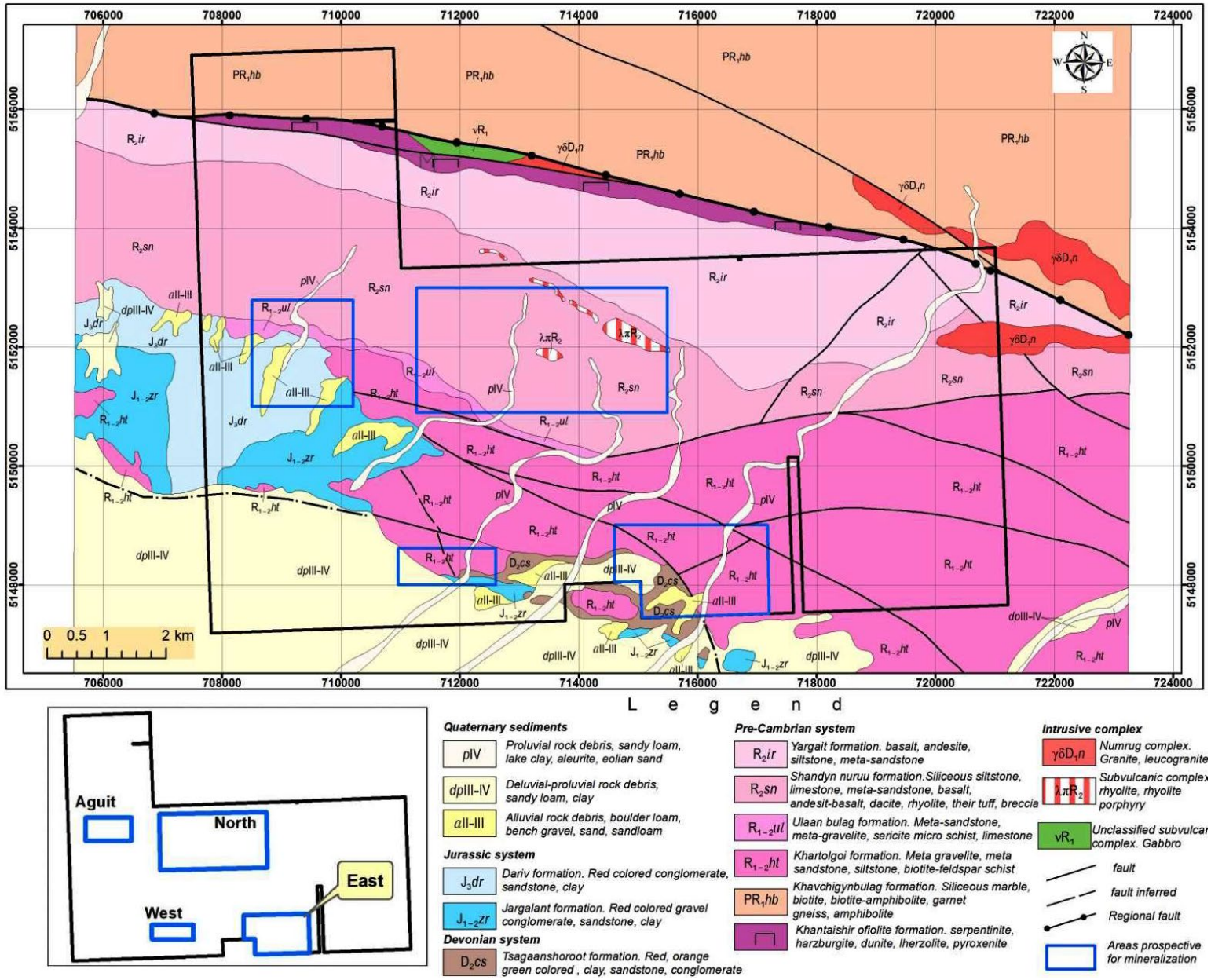


Figure 7. Geological map of the project area. Modified after Kh. Chinzorig, 2020.

7.2.2. Subvolcanic complex (IR2).

Cuts middle Riphean volcanic rock of Shandyn Nuruu formation. Size of subvolcanic bodies varies and biggest has 150-500 m thick and 2000 m in length. Lithology of formation mostly is schistose rhyolite porphyry.

7.2.3. Intrusive rocks

Lower Devonian Numrug complex (gdD1 n). Observed in small area in eastern edge of the license. Consists two phases. In project area seen rocks only from second phase – biotite, biotite-hornblende granites of pinkish color and various grain size. The granites intruded into middle Riphean gneiss, gabbro and gabbrodiorite.

7.3. Mineralization

There are few occurrences and mineralized points were discovered on the project area by historic study and license owners. Were studied Cu-Au VMS type mineralization, coal, aluvial gold and other. All data presented in the report refers to the Gobi Exploration LLC 2019 annual exploration report (Chinzorig, 2019). Analytical works for grab, rockchip and core samples completed in SGS-IMME Mongolia Lab, for aluvial gold sample weighting and separation work completed in the Central Geological laboratory in Ulaanbaatar. There no information in the report about coal assay.

7.3.1. Coal

Coordinate: 709860E, 5150400N, UTM46N.

Discovered during pitting work on aluvial gold ASH-1 prospect Initial coal layer was intersected in bottom of the pit #SH-10-6 in green colored Jurassic argillite was intersected 20-30 cm thick, black, shiny coal seam. The seam is dipping to west by 20-30 angle. The coal seam was intersected in all pits along the line 10. Also, the coal seam exposes on creek bank outside of license boundary.

Figure 8. Coal seam exposed in the bottom of the pit. Figure taken from 2019 annual report of Gobi Exploration LLC.

Coal seam forms shallow dipping syncline fold with traced size 4 x 1 km. Central part of the fold is located within the license boundary. There are no information in the report about quality of coal and assay result.

7.3.2. Iron

7.3.2.1. Mineralized point /XVIII-60-Г-12/

Coordinates: 712526E, 5148238N, UTM46N.

0.5 m x 1-2 m three copper-hematite bodies hosted in Riphean felsic volcanic rock. Assay result Zn 0.03%.

7.3.2.2. Mineralized point /XVIII-60-Г-14/

Coordinates: 716169E, 5148108N, UTM46N.
0.5-1.0 m x 2-5 m hematite mineralization hosted in secondary quartzite altered Riphean schist. Assay result: Pb 0.01%, Cu 0.01%.

7.3.3. Copper

7.3.3.1. Aguit occurrence /XVIII-60-3/

Coordinates: 709870E, 5155354N, UTM46N.

Was discovered in 1988 during state geological mapping. Mineralization is located in the quart-epidote vein hosted in Neoproterozoic intermediate volcanic rock. The vein striking by 280 to NW. The width is about 0.5 – 20 m. Host rocks are schisted. Mineralization occurs as impregnations of chalcopyrite, pyrite, malachite, and chalcocite or as a malachite stain on the fracture wall. Assay returned Cu 0.3-0.7%, Pb 0.001%, Zn 0.01-0.03%, Ag 100-200 ppm, Au 0.5-1 ppm.

Host rock around the vein is silica-pyrite altered and also consists of copper mineralization. Silica-pyrite altered zone is traced up to 100-150 m along the strike and width is mostly 8-9, sometimes 30 m. Mineralization is weaker than in vein. Assay results are: Cu 0.2-1%, Pb 0.001-0.002%, Zn 0.015-0.05%, Ag 100-300 ppm, Au 0.5 ppm.

7.3.3.2. Mineralized point /XVIII-60-A-9/

Coordinates: 707915E, 5155717N, UTM46N.
Mineralization occurs in 1.5 m wide hematite altered zone hosted in Riphean green schist. Alteration has structural control. Malachite occurs as stain on fracture wall. Rockchip sample assay returned as Cu 0.05-1%, Pb 0.02%, Zn 0.15-0.3%, Ba 1%, Yb 0.001% and Ag 15 ppm.

7.3.3.3. Mineralized point /XVIII-60-A-11/

Coordinates: 709011E, 5155300N, UTM46N.
Mineralization occurs in quartz vein hosted in the 1 x 30-40 m fault zone in Riphean green schist. Quartz vein consists chalcopyrite, malachite and pyrite mineralization. Spectral analyses revealed Cu 1%, Ag 2 ppm.

7.3.3.4. Mineralized point /XVIII-60-A-17/

Coordinates: 709163E, 5153408N, UTM46N.
In fractures wall of Riphean basalt malachite stains. Assay results: Cu 0.15%, Zn 0.015%, Sn 0.0002%, Sc 0.001%, Mn 0.07%, Ag 11 ppm.

7.3.3.5. Mineralized point /XVIII-60-Г-1/

Coordinates: 711646E, 5152955N, UTM46N.
Mineralization occurs in fracture wall as copper oxide stains. Assay result is Cu 1%, Ag 10 ppm. This point is seeming to be located in same zone as Mineralized points XVIII-60-A-1 and 9. Exposes on 3 x 15 m square area.

7.3.4. Amphibole asbestos

7.3.4.1. Occurrence /XVIII-60-B-1 and 9/

Coordinates: 709160E, 5152868N and 713831E, 5150528N, UTM46N.
The distance between occurrences is 5.3 km. mineralization located in quartz – epidote veins hosted in Riphean schisted and epidote altered andesite basalt. Asbestos occurs in 0.2-0.5 x 2 m area as needle aggregates. Colour is bluish green, size of individual crystals reaches 10 cm. Due to small size the occurrence has no practical interest.

7.3.5. Gold

7.3.5.1. Hard rock gold

West Sharga, East Sharga, and North Sharga are three promising areas with VMS type mineralization (Figure 7).
Gobi Exploration LLC conducted the drilling, geophysics, and sampling program in 2019 at Sharga project. At West and East Sharga prospects were drilled two diamond holes, one on each prospect.
Gold and copper mineralization occurs in silica-hematite-sericite altered rhyolite containing 3-15 percent pyrite. Rocks have a distinct reddish, yellowish-brown colour on the surface. The mineralization is located between two NW-trending fault zones.
East Sharga covers an area of 20 x 150 m^2. Hosting rhyolite is silica-sericite altered and is intensively cut by quartz veins (around 10%). The amount of pyrite in rock is roughly 15%. (Figure 9 A, B).
West Sharga covers an area of 200–300 x 5–10 m and hosted in strongly altered rhyolite. Eleven rockchip samples were taken. Copper was found in two samples with a grade of more than 1%, and in six samples with a grade of 0.1 to 0.2 percent. Au 0.16-1.44 ppm was found in seven samples, while Ag 2-11 ppm was found in five. Geochemistry reveals a correlation between Au, As, and Ag (Figure 10 A, B).
The distance between the East and West Sharga projects is around 3 km, and the Maikhan Ulaan Uul Au-Cu deposit is located between them, implying that the mineralization length could reach at least 3000 m.

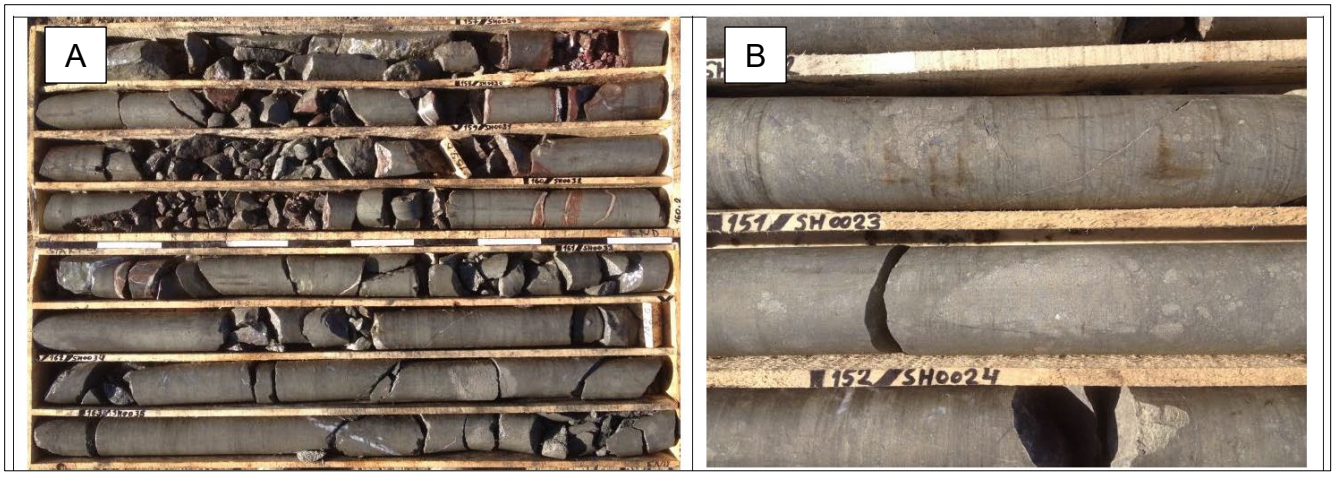


Figure 9. A). Example of core from mineralized interval 153-163 m in drillhole SHD001. Pyrite content 90%, chalcopyrite 1-6%. Assay result Cu 1.03%, Au 1.79 ppm, Ag 7.55 ppm. B). Massive and breccia texture in VMS type mineralization. Image after Gobi Exploration LLC Annual Exploration report 2019, p.72.

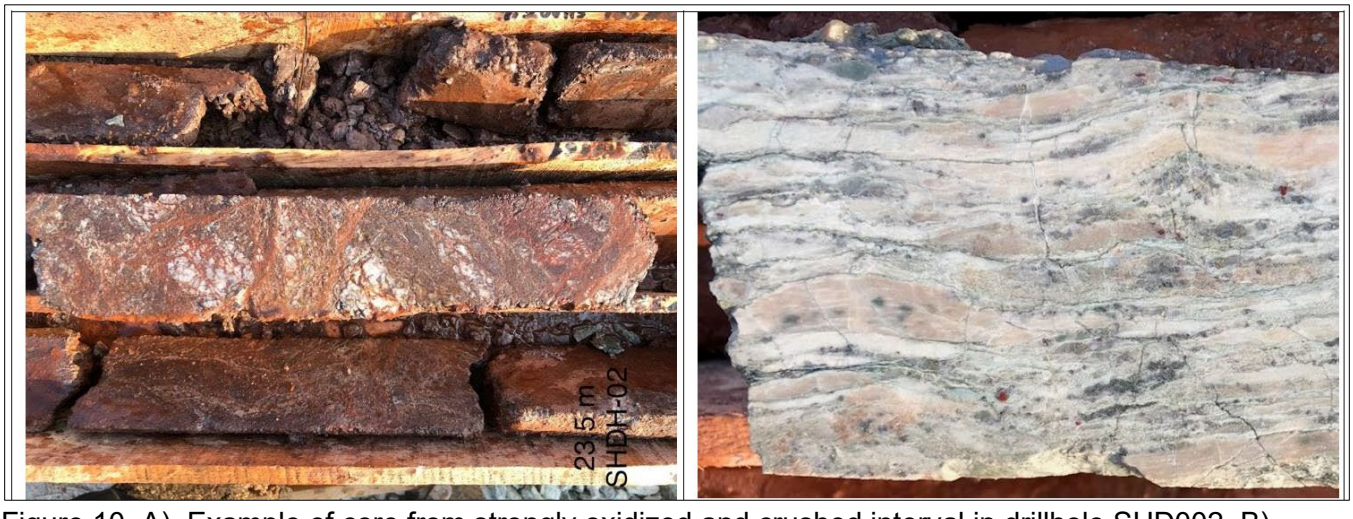


Figure 10. A). Example of core from strongly oxidized and crushed interval in drillhole SHD002. B). Weak sericite and strong silica altered rhyolite between 27.5-40 m interval. Pyrite content 1-3%, chalcopyrite 0.5%. Assay result Cu 0.15%, Au 0.12 ppm. Image after Gobi Exploration LLC Annual Exploration report 2019, p.74.

North Sharga. The occurrence is centred near 712780E/5152533N, UTM46N. Mineralization hosted in gneiss, chlorite altered basalt, sericite altered rhyolite and green schist and has two mineralized zones.

Mineralized zone of northern part striking by az.210, width 10-100 m, discontinuous length is over 1000 m (Figure 11). The zone is weakly silicified, strongly sericite and limonite altered. The zone consists about 5-15% oxidized pyrite, cut by quartz vein and veinlets that composed about 1-3% area. Alteration zone bounded by two faults. Pyrite grains predominantly of 1-5 mm size, shape is rounded.

Quartz veins of mesothermal origin. Biggest mapped vein has 15 cm x 2-3 m size. Western part of the zone altered more intensively. Totally tested by eleven rockchips samples and only in one assay results showed Cu 0.18% and in six samples Au 0.01-0.06 ppm.
Southern part of North Sharga mineralized zone has 5-50 x 300 m size and strikes by az. 200 (Figure 12). Malachite, azurite, chalcopyrite mineralization (1%) hosted in chlorite altered basalt and minor some malachite observed in quartz veins hosted in rhyolite. The mineralization forms 1000 m long geochem anomaly with copper grade 90 ppm.

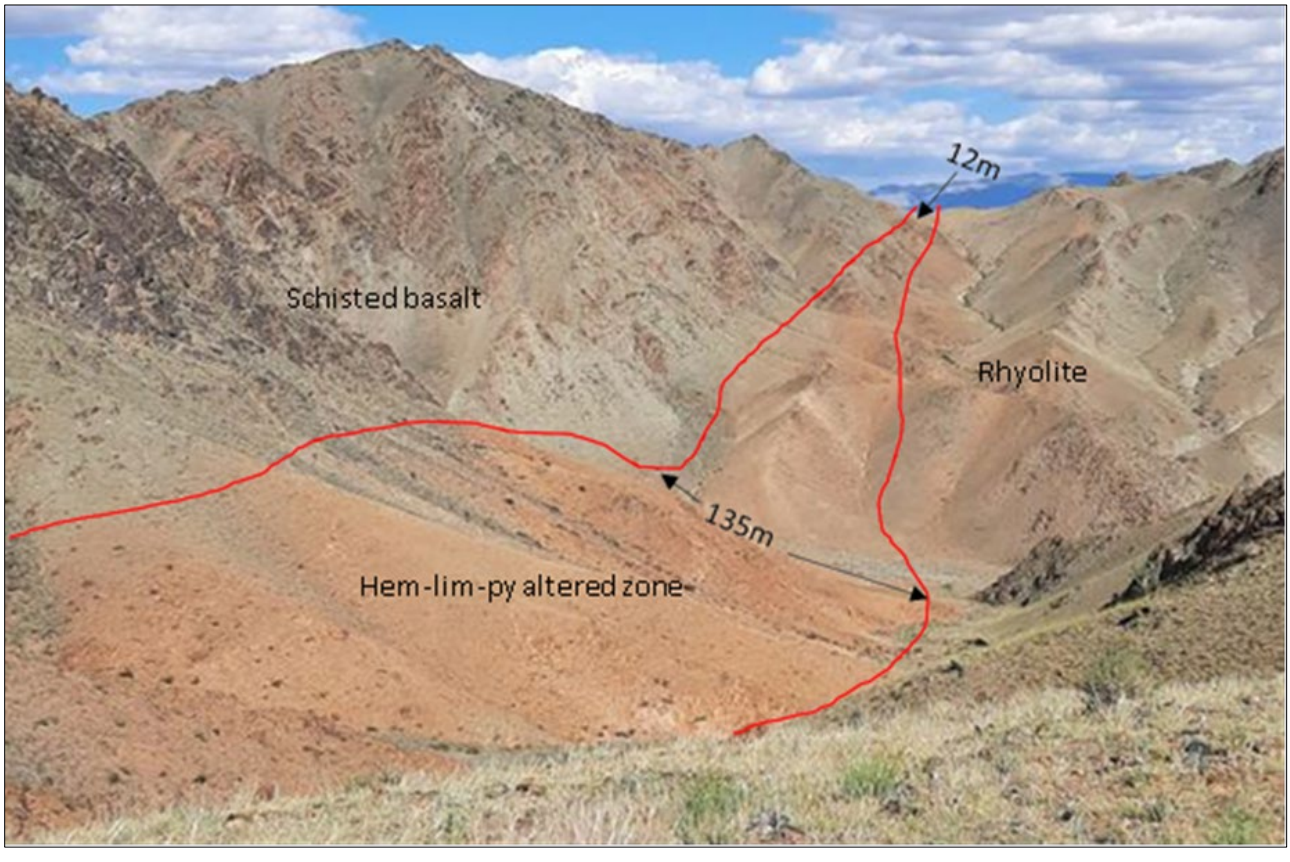


Figure 11. North Sharga, view of the northern mineralized zone. The picture was taken by the report author during the site visit in June 2021.

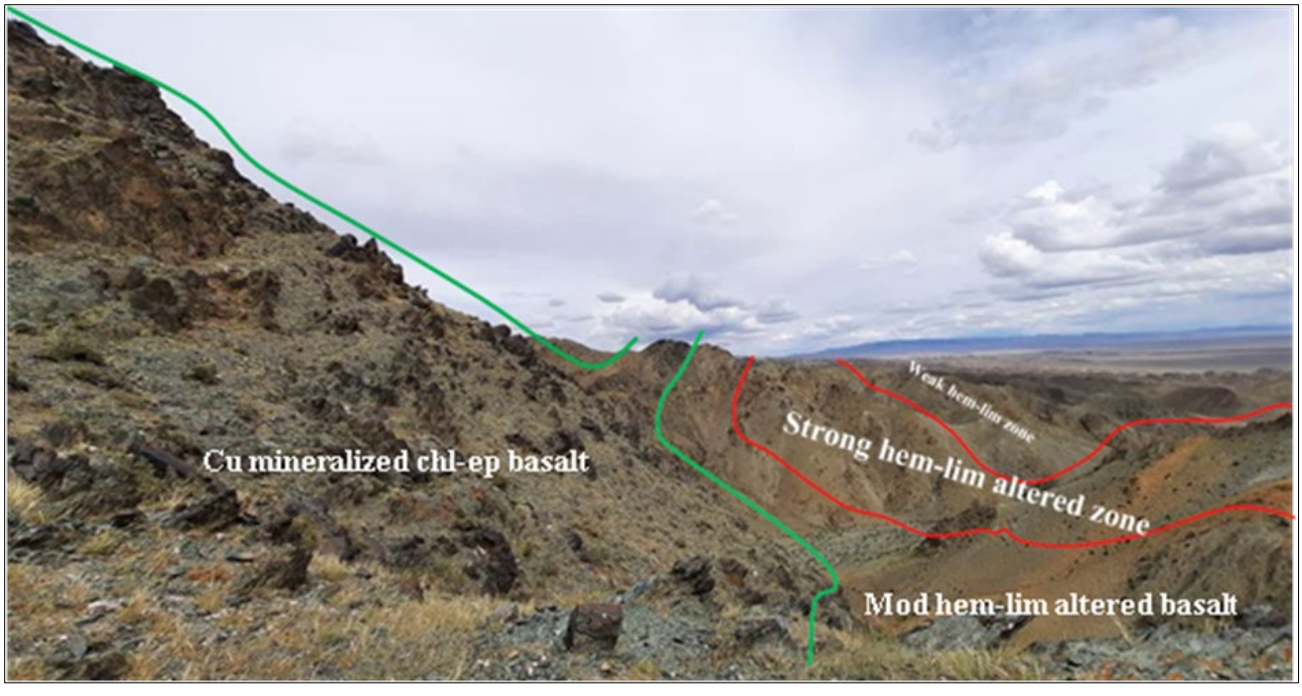


Figure 12. North zone. View of the southern part. The picture taken by the report author during the site visit in June 2021.

7.3.5.2. Aluvial gold

Aluvial gold mineralization was discovered and partially mined by local illegal miners in early 2000.

In 2019 Gobi Exploration LLC conducted exploration program on two potential areas named ASH-1 and ASH-2 to delineate aluvial mineralization and estimate resource if find.

ASH-1 occurrence.

Exploration works were completed using backhoe excavator. Pitting works were conducted in the valley with 60 m width and more than 1000 m long.

Were dug 9 lines with 200 m spacing. Distance between pits were 10-20 m. Cover sediments in upper part of valley is thicker, average was 1-4 m. Gold bearing layer typically 0.2-1 m thick with 77-1549 mg/m^3 grade of gold. Gold grains usually rounded, very small in size. In the pit basement is usually exposes Jurassic argillite, conglomerate and sandstone. Preliminary resources estimated as 3 kg of gold with 270 mg/m^3 grade in 1400 x 20 m polygon.

ASH-2 occurrence.

Located west from ASH-1 near western border of the license. Here, Gobi Exploration LLC not conducted systematic works. Pits were dug on an irregular basis, mostly near old illegal miner's pits. Typical section of sediment as follows: on top 1.4 m thick loose sediments, then 0.6 m gold bearing layer, 1 - 2.5 m thick red coloured clay (Neogene age), 1-2 m red-yellowish clay, pebbles. Layers contains 1-2 small pieces of gold nuggets. Source of gold still unclear.

8. **DEPOSIT TYPES**

The composition of metamorphosed sediment and bimodal metavolcanics rock would indicate an island arc type system (Badarch, 2002). Main alteration and sulphide assemblages in the project indicate possible deposition of volcanic hosted massive sulphide type of Cu-Zn (Au, Ag) mineralization of Kuroko type in the Maikhan Ulaan Uul deposit and West, East and North Sharga prospects.

Brown coal sedimented during Jurassic period and seems has not economic potential due to very limited thickness of Jurassic sediments.

Riphean metabasalt contains copper mineralization of exotic origin on fracture walls. Source of this mineralization could be VMS type of mineralization same as at Maikhan Ulaan Uul deposit.

9. **EXPLORATION**

Qualified Person have been provided with exploration data related to the period of Gobi Exploration LLC work in 2018-2020.
Prior of Gobi Exploration LLC the area was covered by exploration license #10910X issued to Force Construction LLC. Probably during that time were conducted some trenching and drilling. QP observed drillhole collars and some trenches related to this timeframe. Some groups of trenches were dug during state founded geological mapping. Many of them haven't been rehabilitated. Aranjin haven't data for this period of exploration activity.
Gobi Exploration LLC acquired new exploration license in 2018.
In 2019 Gobi Exploration carried out exploration program consisted diamond drilling, sampling and geophysics survey (Figure 13).
Aranjin, since acquisition of the license in May 2021, haven't conducted yet any exploration work on the project.

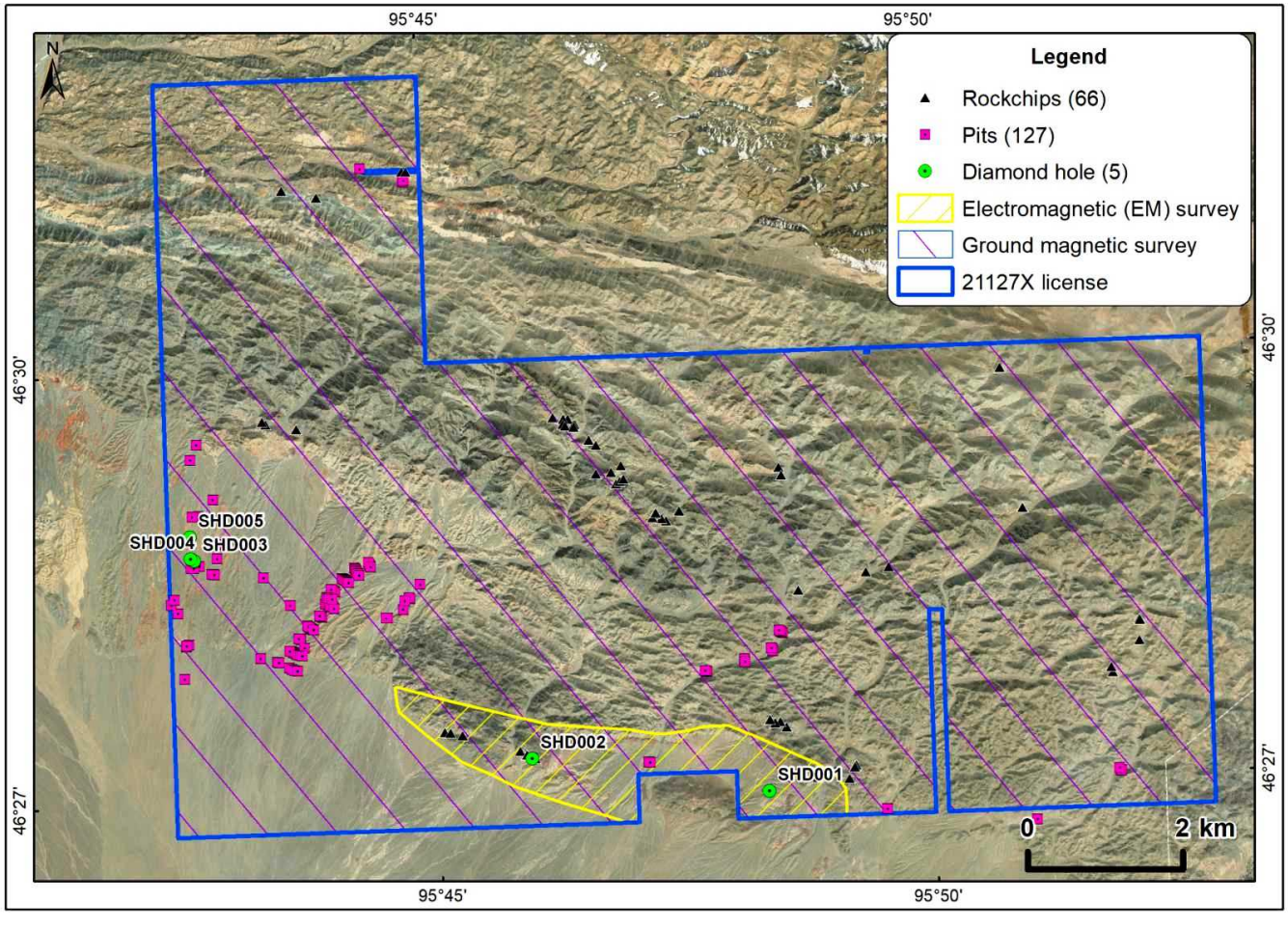


Figure 13. Map of works conducted by Gobi Exploration LLC at the project area during 2018-2020.

9.1. **Rockchip sampling**

The main purpose of the sampling program was to examine mineralized occurrences, quartz veins, test geophysical anomalies, alteration zones and geological formations. Samples were collected into plastic bags, numbered and zipped. Average weight of samples 3-5 kg. Sample description were recorded in field sample book.

Rockchip (outcrop) samples were collected from across the Sharga license as part of the geological mapping and prospecting in 2019. No systematic grid-based rockchip sampling program was conducted to date. A total of 74 rockchip from the outcrop and sub-crops were collected, mostly from quartz veins and mineralized metasedimentary rocks within multiple mineralized areas.

All rock samples were located by hand-held GPS units with approximate 3m accuracy. All samples were submitted to SGS-IMME Lab in Ulaanbaatar and analyzed for Au, Ag, Cu, Pb, Zn, As, Mo and other trace elements.

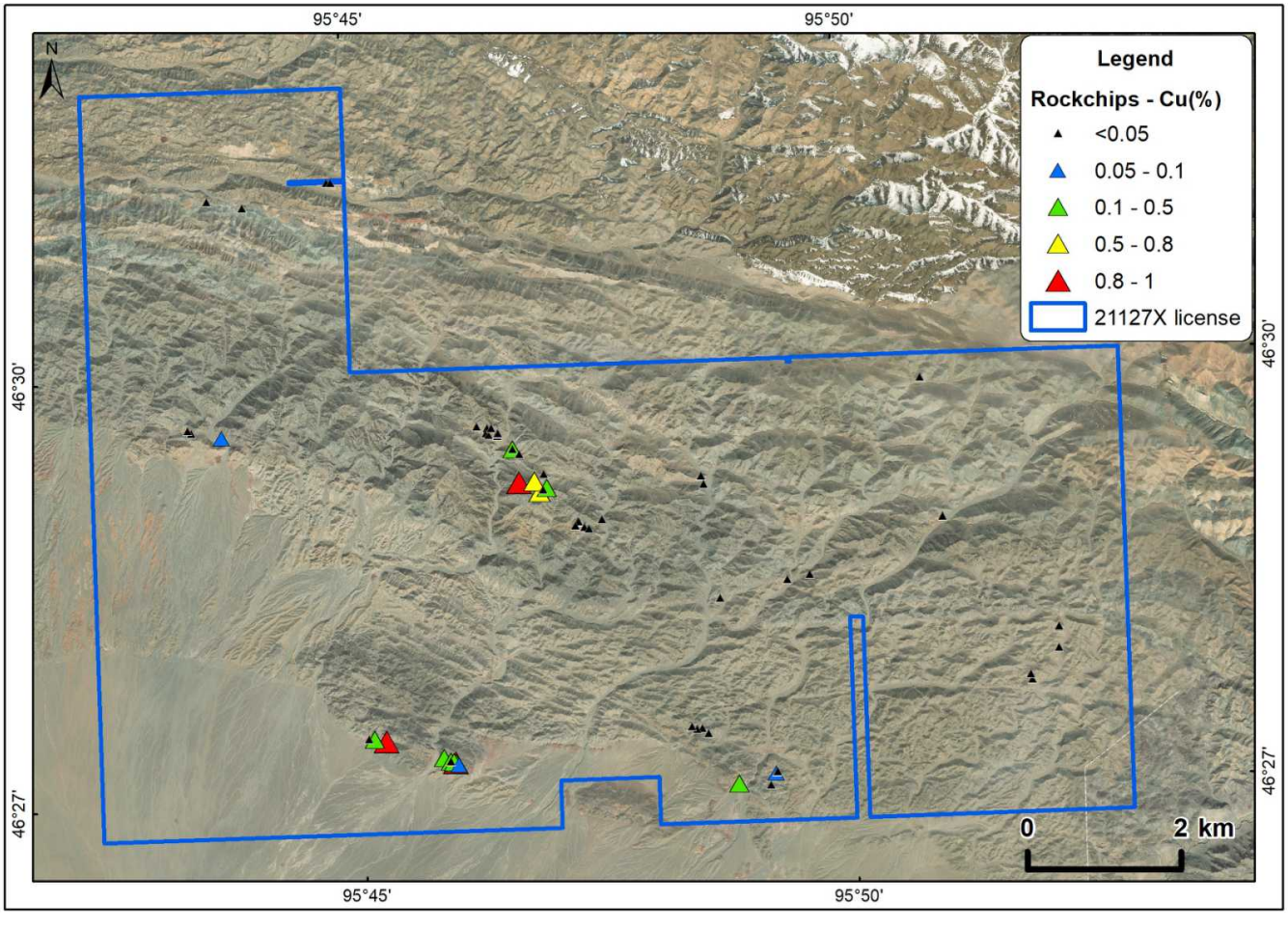


Figure 14. Results of rockchip sampling for copper. Background is RTP magnetic on Bing Imagery map.

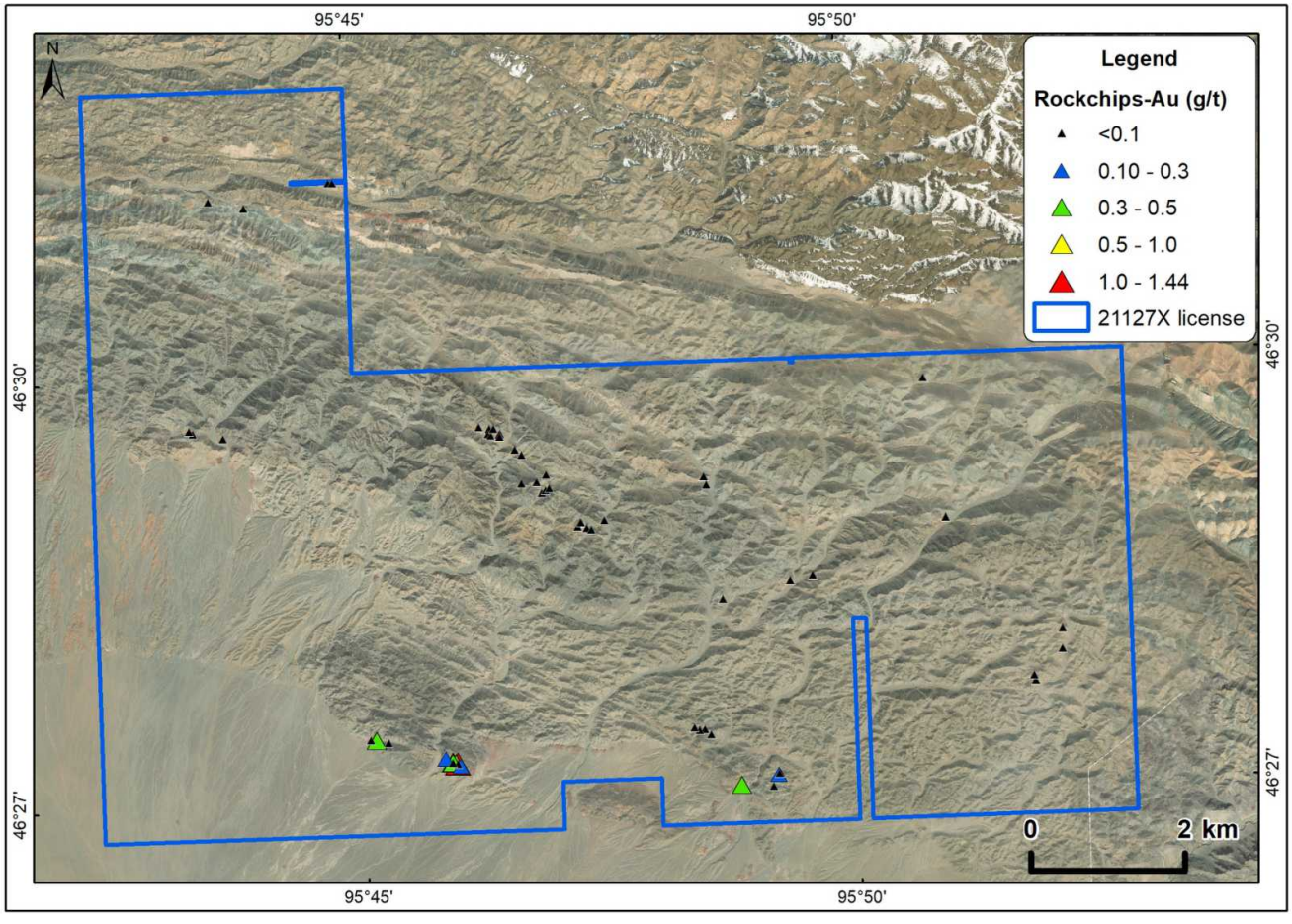


Figure 15. Results of rockchip sampling for gold. Background is RTP magnetic on Bing Imagery map.

9.2. Heavy concentrate sampling

Considering presence of aluvial gold on the project area with aim to find source of gold were conducted heavy concentrate sampling program. Totally were taken 371 samples from, creeks, big valleys. General distance between samples varies about 500 m. Average weight of samples were 20-25 kg. Samples taken from 'C' horizon if inactive stream and from 20-40 cm below surface if active. Report doesn't mention about results of the work.

9.3. Placer gold exploration

To find placer gold were carried out pit digging program using backhoe excavator. On ASH-1 prospect were dug grid-based pits all in total 9 lines with 400 - 1200 m spacing and 10-20 m between pits. On ASH-2 prospect and other areas pits were dug on irregular basis. Total number of pits 127, total depth 594 m (Figure 13).
Size of collar of pit was 1 x 3 m. The deepest pit was 4.2 m and average depth of pits was 3.3 m.
Samples were taken from pit wall with interval 0.2 – 0.4 m. Total number of samples is 658. Samples then were washed using gold pan.

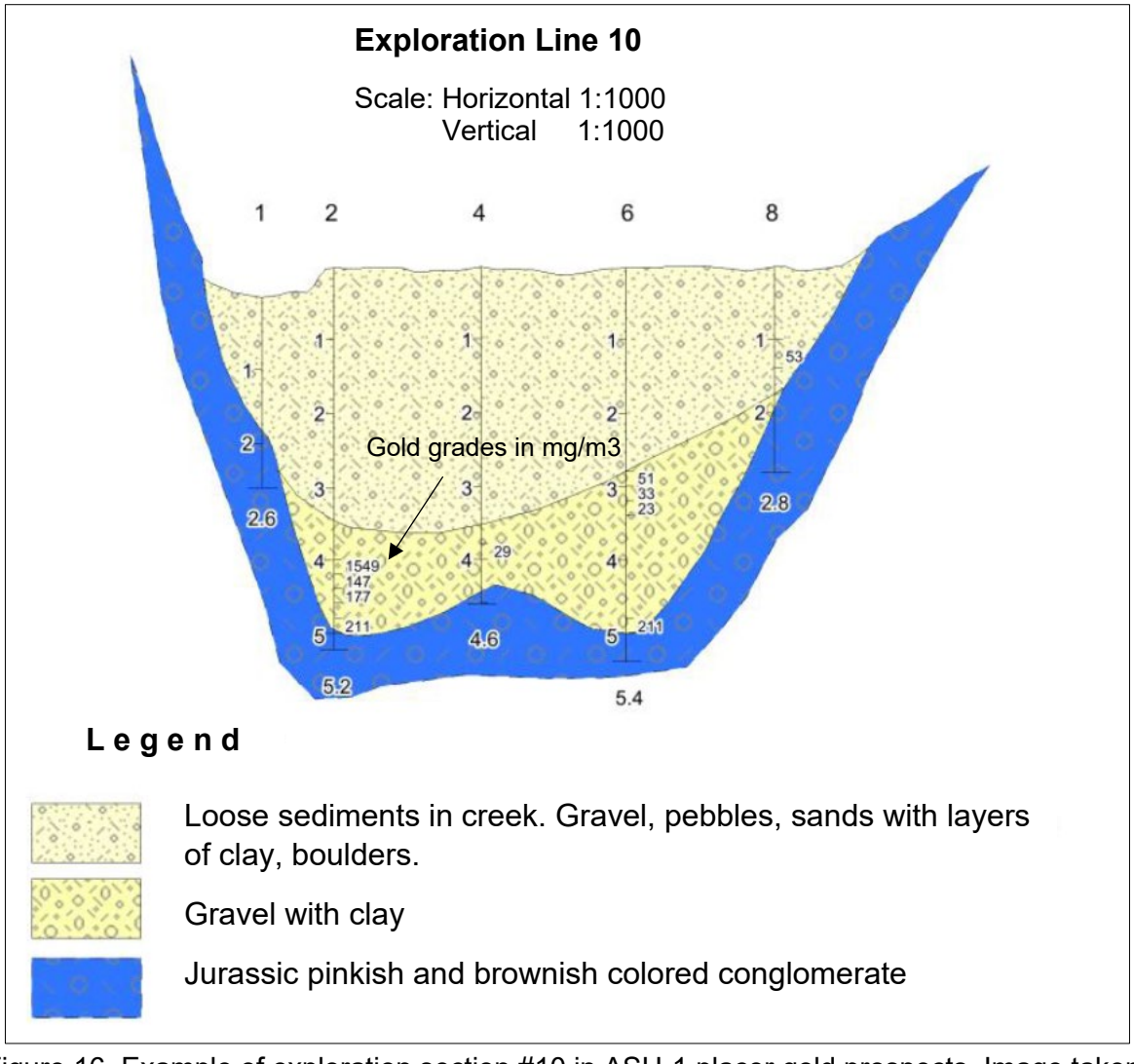


Figure 16. Example of exploration section #10 in ASH-1 placer gold prospects. Image taken from 2019 exploration report of Gobi Exploration LLC.

Gold bearing layer typically 0.2-1 m thick with 77-1549 mg/m^3 grade of gold. Gold grains usually rounded, very small in size. In the pit basement is usually exposes Jurassic argillite, conglomerate and sandstone. Preliminary resources estimated as 3 kg of gold with 270 mg/m^3 grade in 1400 x 20 m polygon.

At ASH-2 occurrence pits were dug on a sporadic basis, mostly near old illegal miner's pits. Typical section of sediment as follows: on top 1.4 m thick loose sediments, then 0.6 m gold bearing layer, 1 - 2.5 m thick red coloured clay (Neogene age), 1-2 m red-yellowish clay, pebbles. Layers contains 1-2 small pieces of gold nuggets.

Source of aluvial gold is still unclear.

9.4. Ground Magnetic Survey

In 2019 surveyed 912 line kilometers with 100 m spacing between lines and covered entire project area (Figure 13). The ground magnetic survey clearly delineated a series of sub-parallel north-northwest trending faults across the Sharga license area.

9.4.1. Equipment

One GEM GSM19 Overhauser magnetometers (for base station)
One GEM GSM19W Overhauser magnetometers (for field measurement)
A Garmin handheld GPS unit was used for navigation within the area

9.4.2. Software

GEMLink 3.0 software for downloading data and for diurnal correction
For data processing used Geosoft Oasis Montaj 5.0 software.

9.4.3. Survey Methodology

One magnetometer was used for measuring a diurnal variation of Magnetic field. The measuring cycle for base station was set to every 30 seconds.
The field magnetometer was used in Walkmag mode means that it continually measures every two seconds while the operator walks along the survey lines using GPS equipped in magnetometer. At the start and at the end of the survey day, on three control points that located near base stations were taken three readings at every control point by walk magnetometer. The purpose of the control measurements is for controlling the survey quality and consistency of measurement.

9.4.4. Data processing

- Using software GEMLink 3.0 download data from base and field magnetometers.
- Inspect base data to ascertain the diurnal field to be free from large rapid variation such as magnetic storm or cultural artefacts moving in close proximity to base station.
- Correct data for diurnal correction using GEMLINK 3.0, the reference value (datum) for the correction has used 59400 ntl
- The corrected data was imported into Oasis Montaj (Geosoft) for final processing.
- Inspected data quality, griddling and mapping.

In the end of survey, magnetic gridded data would then be reduced to the pole, filtered and exported to MapInfo format for geologists to use.

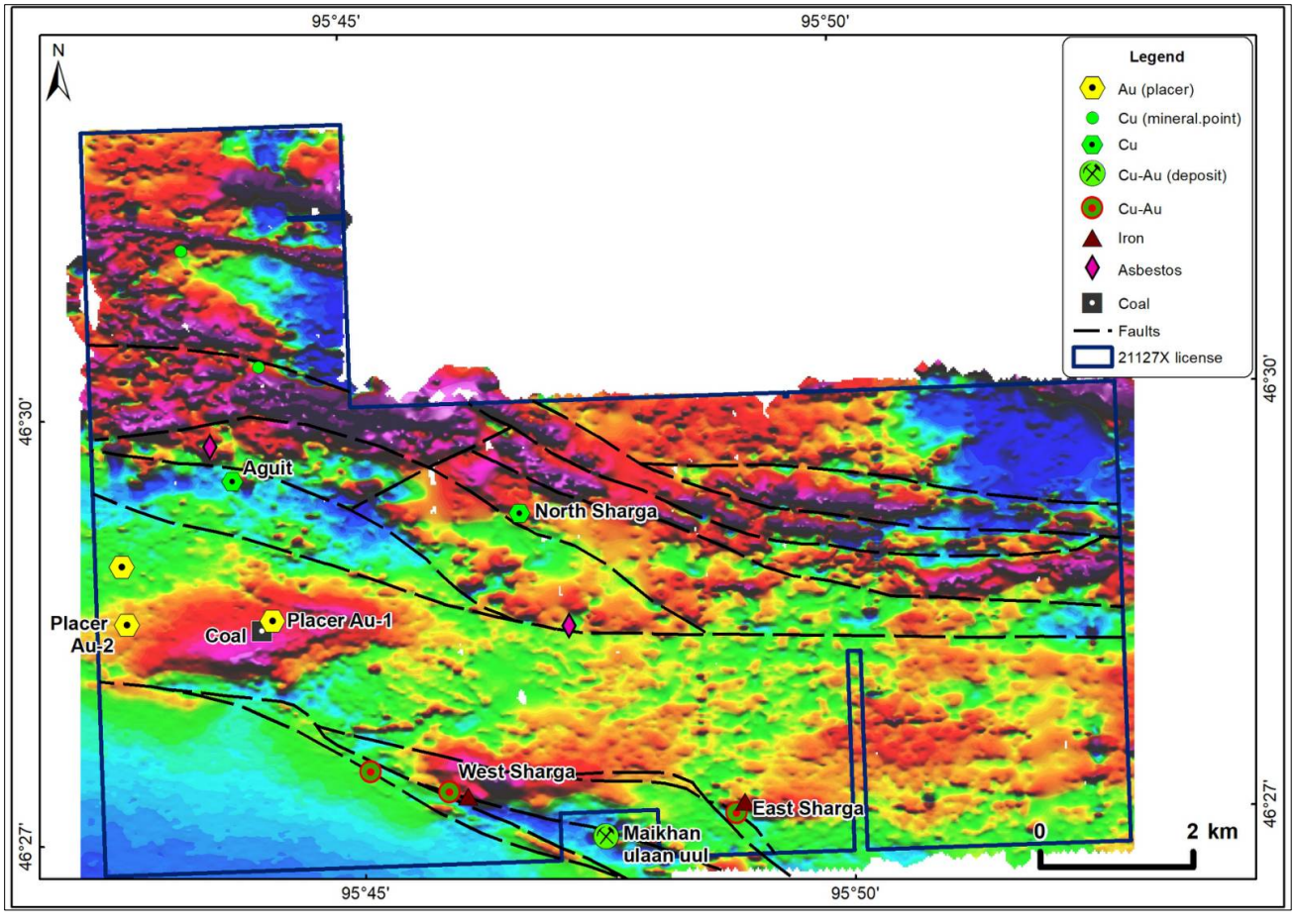


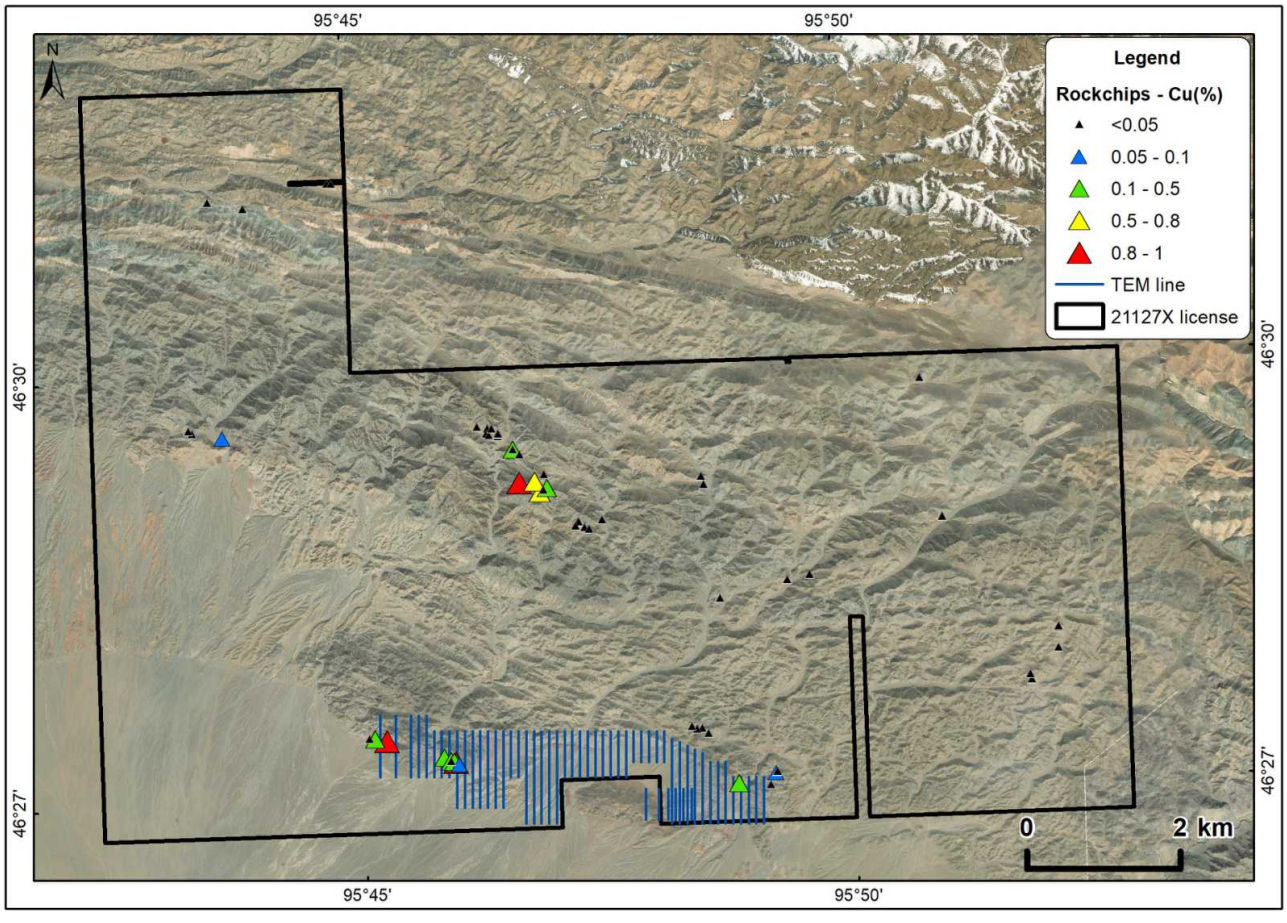
Figure 17. Interpreted lineaments, major occurrences and Maikhan Ulaan Uul deposit on RTP imagery.

9.5. **TEM (Transient Electro Magnetic) survey**

A fixed-loop TEM survey was designed to investigate of the Maikhan Undur Uul deposit's structural trend extension to West and East (Figure 18). A total work amount is 40 line kilometers. Oxide and sulphide orebodies are understood to be relatively electrically conductive and could produce enough contrast to the resistive host rock in electromagnetic field. Survey specifications were the same for all loops and properties as follows:

Table 2. Fixed-loop TEM survey specifications

Loop side	0.5 by 0.5km and 0.8 by 0.8 km
Line azimuth	North
Line spacing	100m
Station increment	50m
Components	Hx and Hz
Receiver type	Zonge GDP-32 multi-purpose receiver
Receiver antenna type	Zonge TEM-3 induction coil
Transmitter type	Zonge GGT series
Base frequency	4Hz
# of stacks	128
# of time windows	31 (Zonge standard)



In

Figure 18. Location of TEM survey lines (blue)

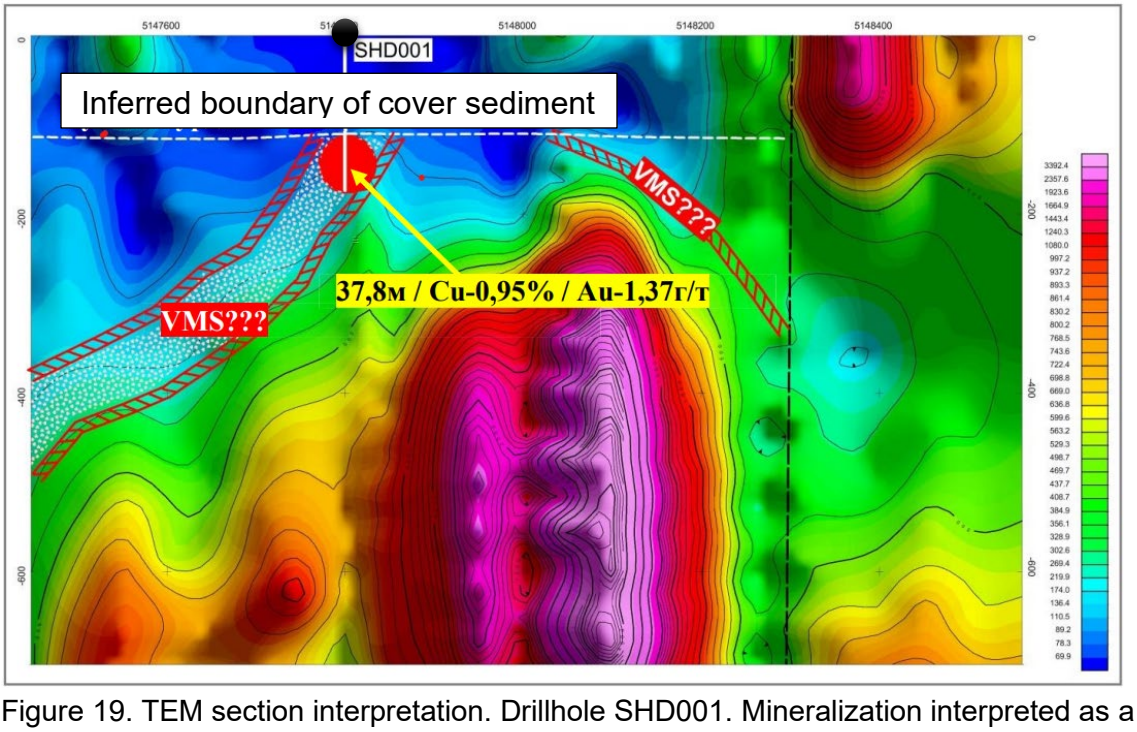


Figure 19. TEM section interpretation. Drillhole SHD001. Mineralization interpreted as a “Saddle Hill” type of orebody. Image from Gobi Exploration LLC report, 2019.

10. DRILLING

The 2019 drilling program conducted by consisted of five holes totaling 300 metres drilled in two areas of the property. Two of them were drilled with aim to intersect hard rock mineralization on a VMS type target, while three shallow holes were drilled to penetrate thick Neogene red clay on an aluvial gold prospect.
Gobi Exploration LLC used a Hanjin Power 9000SD crawler-mounted drill rig.
All drillholes were designed to drill as vertical except SHD002 which was drilled inclined (azimuth 020, dip angle 55). Downhole Survey readings of azimuth and dip, and Downhole Core orientation weren't reported.

Table 3. Drill holes coordinate data

Drill hole	East UTM N46	North UTM N46	East Long	North Lat	RL	Depth
SHD001	715450	5147779	95 48 19	46 26 57	1711	172
SHD002	712382	5148196	95 45 56	46 27 14	1710	50
SHD003	708022	5150764	95 42 36	46 28 42	1590	21
SHD004	707978	5150794	95 42 34	46 28 43	1597	27
SHD005	707969	5151071	95 42 34	46 28 52	1602	30
TOTAL						**300**

10.1. Drill rig specifications

For drilling were used Korean made crawler-mounted POWER 9000SD rotary rig, make is HANJIN.

10.2. Drilling method

All drillholes were rotary drilled using diamond drill bits and freshwater-based drilling fluids. Core samples were collected approximately every three meters throughout rotary drilling using wire-line coring barrel.

10.3. Drillhole and Casing sizes

Drillholes SHD001 and SHD002 were drilled with start size PQ (122.6 mm) until 10-20 m and finished with HQ (63.5 mm) size.
No information provided about casing installation due to unstable overburden.

10.4. Drilling condition

No information provided in the report.

10.5. Core Processing

10.5.1. Core handling

All diamond drill cores were processed outdoor. Core photography and geological logging data are collected prior sampling and assaying. Logging data are entered into the database via a laptop computer. At the completion of drill core logging, the geologist defined which intervals of a drill hole are to be cut for analysis. Core trays marked with drillhole number, interval represents, sample number and number of box (Figure 20).

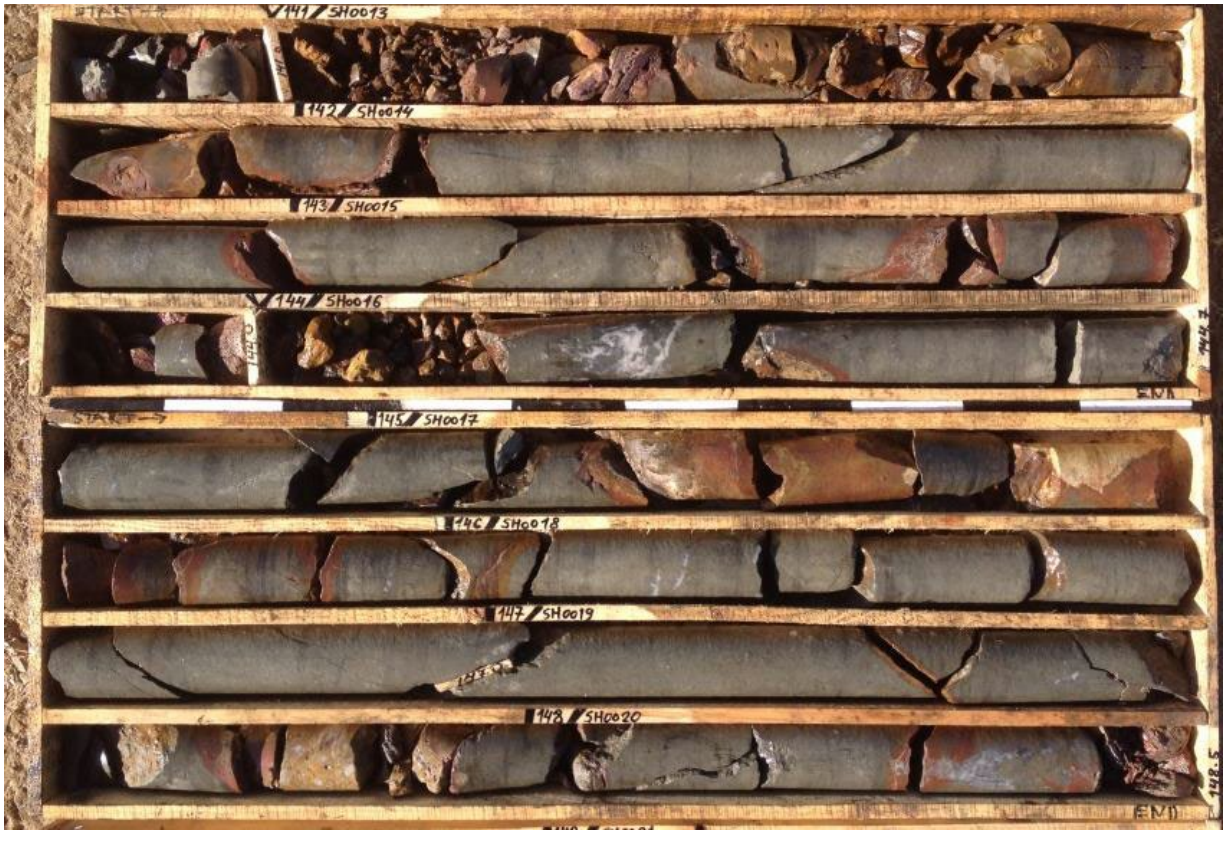


Figure 20. Drillhole core tray labelling example. Depth interval and sample number are both marked.

10.5.2. Core Marking

In the report mentioned only about core cut line.

10.5.3. Core Logging

Following the marking of the depth interval on the core, core logging was carried out, which included the following:

- Geological logging: brief lithology, alteration and mineralization.
    - *Core recovery (%)* = length of core recovered / total length of core run;
- Mark core cut line on sampling intervals.

10.5.4. Core Photography

Core photographing have been performed outside of coreshed during the full sunlight. Core tray was paired and core was dampened with water. Shown depth interval, core block and sample ID if was sampled.

10.5.5. Core cutting

On 2019 annual Exploration report was mentioned about core cutting but not been provided any details.

10.5.6. Core sampling

After core logging, a cut-line is drawn on the core and the core been photographed. Intact and competent drill core was cut in half along the cut-line using a diamond saw.

The standard sampling interval was 1 m for mineralized and altered, and 2 m for weakly mineralized or unmineralized intervals. The one half of the core is placed in a plastic bag marked with the appropriate sample number and sent to the laboratory for sample preparation and assaying. A total of 77 core samples were taken. The remaining half core is stored in the original trays on pallets.

10.5.7. Core storage

Sampled and not sampled core trays stored in the company storage (Figure 21).

Figure 21. Core storage in Ulaanbaatar. Cores laid out for inspection.

10.5.8. Result of diamond drilling

Based on geophysics survey data were drilled two holes on West and East Sharga.

On East Sharga, the vertical drillhole SHD001 (172.5 m) intersected massive sulphide mineralization at 132.6 m under Devonian sedimentary layer (Figure 22, A). The mineralized interval included 60-90 % of sulphide, mostly pyrite and some chalcopyrite and assay revealed Cu 0.95 %, Au 1.37 ppm, and Ag 6.8 ppm. The upper 7 m of the mineralized interval is oxidized.

The report not provides information about dip angle of the mineralized zone and we can't calculate true thickness.

Mapping and rockchip sampling at the West Sharga revealed 300 m long, strongly altered, Cu-Au mineralized zone. The zone was tested by inclined drillhole SHD002 (az.022, dip angle 55). Between 4.5-27.5 m was intersected very strongly oxidised, crushed rhyolite. Between 27.5-40 m was intersected weakly sericite, strong silica altered rhyolite with 1-3% pyrite and 0.5% chalcopyrite content (Figure 22, B). Mineralized interval (11 m) consists Cu 0.15% and Au 0.12 ppm. The report not provides information about true thickness of the mineralized zone, but we can calculate true thickness by using data in Figure 22 b. Approximate true thickness of the mineralized zone is 6.3 m.

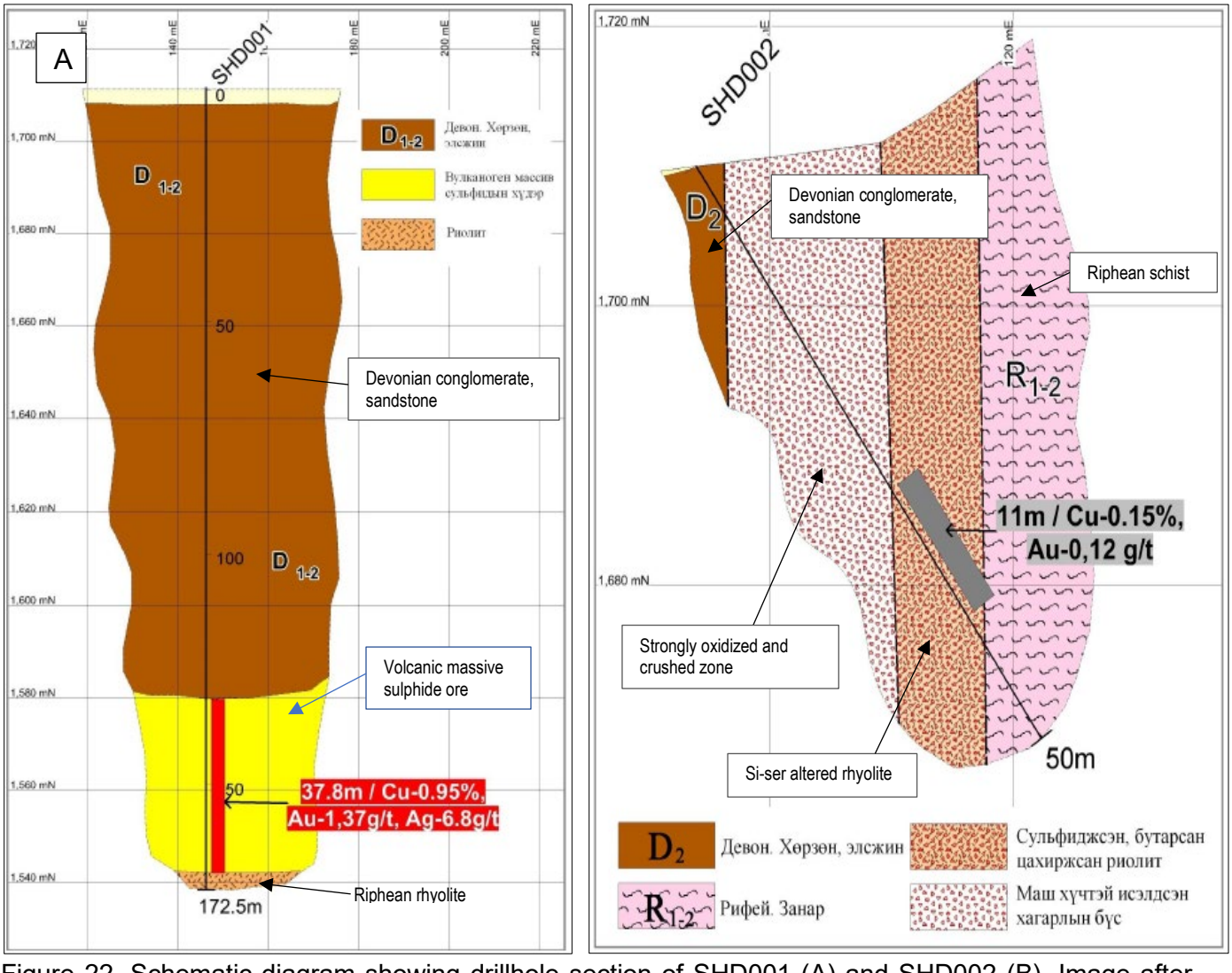


Figure 22. Schematic diagram showing drillhole section of SHD001 (A) and SHD002 (B). Image after Gobi Exploration LLC Annual Exploration report 2019, p.73, 75.

10.6. Sampling Method and Approach

Due to the irregular distribution of sulphide mineralization and quartz veining zones drill hole was selectively sampled at 1 m in intervals with high concentration of sulphides and quartz veins. In

other part of drillholes regardless of lithological and mineralogical variations were sampled at 2 m interval. No composite samples were taken.
Samples were put in numbered plastic bags and then dispatched to the SGS-IMME Mongolia lab in Ulaanbaatar.

11. SAMPLE PREPARATION, ANALYSES AND SECURITY

Aranjin didn't take any samples and in this section describes information related to the vendor. The vendor's annual exploration reports not provides any data about Sample preparation, Analyses and Security (QA-QC). Only known information is that analyses were done at SGS-IMME Mongolia laboratory.
SGS-IMME Mongolia's certificate of accreditation (ISO/IEC 17025:2017, expiry date is 16 December 2024) was provided by Ankhbayar, Manager of SGS-IMME Mongolia.
SGS-IMME Mongolia is the inspection, verification, testing and certification laboratory part of SGS Global, accredited in many countries worldwide. Laboratory address in Ulaanbaatar: Uildveriin Toirgiin 101 toot, Bayangol Duureg, 20th khoroo, Ulaanbaatar, 17060, Mongolia.

The sample preparation and analysis procedure for rockchip and core samples were taken from sample Analytical report and it includes:

- CRU21 - Sample crush < 3 kg, various mesh sizes
- CRU24 - Sample crush > 3 kg, various mesh sizes
- PUL46 - Pulverize, Cr steel, 75 μm , <500 g.
- SCR34 – Wet screening 75 μm, Evaluation of prep
- SPL 27 - Rotary splitting, per kg
- WGH79 – Sample weight
- FAA505 – Au, FAS, AAS, 50g
- ICP40B – ICP-OES after 4 acid Digest DIG40B.

12. DATA VERIFICATION

QP visited the Sharga project site from 15-17 June and 30-31 July 2021, totally 5 days.
During the site visit, the Qualified Person observed a number of drillhole collars and old trenches, took their photographs and geographic coordinates. The measured coordinates were compared with those reported in the provided database. The difference between the measured and reported coordinates were within the acceptable limits. Some drillhole collars has cemented and marked box.
QP visited Aguit, North, East and West prospects and sites where rockchip samples were taken, and checked sampling logs. Lithology logs and mineralization were described correctly. QP observed malachite and sometimes azurite mineralization in reported outcrops and decided not take any rockchip samples.
QP visited coreshed in Ulaanbaatar to check core samples. Were inspected 64 core boxes for marking of drillhole numbers, core sample and core meterage. The condition of the core trays is typically not bad, however some of them need to be changed. Some core trays were missing their marked drillhole numbers, sampled intervals and some wooden blocks with intervals.
QP have seen marked core trays for SHD001, SHD002 and SHD004.
QP checked SGS-IMME Mongolia Lab certificates for core and rockchips samples against data presented in the report. Assay data were reported correctly.
QP asked SGS-IMME Mongolia Lab manager Ankhbayar for Certificate of Accreditation and received scanned copy. The Lab has MNS ISO/IEC 17025:2018 Certificate of Accreditation with expiry date of 16th December 2024.
QP received all requested data from Aranjin and Laboratory, inspected and checked all necessary planned things.
Inspected and checked data were in good agreement with presented data except:

1. No sample preparation, analyses and security data presented in the exploration reports.
2. No technical person from Gobi Exploration LLC were available to explain the issue.

23 ADJACENT PROPERTIES

The nearest project with mining success on the same metallogenic belt is Maikhan Ulaan Uul deposit, where Best Resources LLC has been carrying out the exploration since 2010.
QP obtained information on this deposit from MRPAM public report #4861 (Report on geological mapping at scale 1:200000. D. Togtokh, 1988).
Most significant work was 1:200000 scale regional geological mapping conducted by Mongolian geological expedition in 1988-1991 lead by D. Togtokh. The work included geological mapping, soil, heavy concentrate, rockchip sampling, trenching and drilling.
Maikhan Ulaan Uul is the project located outside of the license area within mining license MV-019681. Orebody extends into the Sharga project area toward east and west.

Maikhan uul gold-copper occurrence (XVIII-60-Г-13).

The occurrence is 12 kilometers south-east of the settlement Ulaantug in the Sharga soum of the Gobi-Altai aimag, and it is located on the northern half of the Maikhan Ulaan Uul hill, which stands at an absolute height of 1764.0 meters.
Geographic coordinate is: $46^0$27’00” N, $95^0$47’20” E.
The occurrence was discovered during 1:200K geological mapping in 1988. Were completed exploration program included trenching 167 m^3, diamond drilling 256 m (three drill holes), geological mapping at scale 1:25000, geochem soil sampling by 50x100 m grid, trench sampling, rockchip sampling, and taken thin section and polished section specimens.
The occurrence is related to secondary quartzite bodies within the schistosed felsic volcanic rock of the lower-middle Riphean Khartolgoi formation. These secondary quartzites are whitish yellow in hue, iron-rich, and pyrite-rich. Six quartzite bodies, 1-12 m wide and 400-500 m long, are found within the occurrence. Host rocks altered to epidote and pyrite.
Secondary quartzite contains disseminated turquoise, chalcopyrite, pyrite, hematite, magnetite, and native copper. The mineralization is mostly found in three bodies on the northern side of the Maikhan Ulaan hill. Quartzite and host rock dipping nearly vertical, 85-degree south or north. Orebodies striking along latitude in E-W direction, and their width is unsustainable. There is a 100-meter distance between secondary quartzite layers, and unmineralized quartzite has 25 meters width. Copper mineralization occurs in two lens shaped zones. The zones length are 300 m along strike and width is less than 75 m. The central zone of the occurrence has quartz veins with abundant copper mineralization. Veins range in width from 0.4 to 3.0 meters. Some veins are milky white in hue and can be found along the host rock's bedding. In host rock with significant copper mineralization, there are little traces of previous mining. However, no digging remnants have been found within secondary quartzite with a high copper-gold content.
Chalcopyrite, native copper, pyrite, chalcocite, and covellite, as well as iron hydro-oxide and turquoise in the oxidized zone, are described by mineragraphy.
Three diamond drill holes were unsuccessful due to drilling condition, vertical dipping of the rock and geological setting.
Cu 0.01-1.0 %, Pb 0.005-0.01 %, Zn 0.01-0.05 %, Ag up to 5 ppm, and Au up to 0.3 ppm were assayed by spectral analysis.

According to rockchip geochemical sampling results the secondary quartzite body shows the strongest mineralization, with Cu 0.02-0.5 %, Zn 0.02 %, and Pb 0.01 %.

The occurrence classified as a volcanogenic-hydrothermal gold-copper massive sulphide type mineralization.

Researchers recommended further detailed exploration works on the project.

QP has been unable to verify the information and provided information is not necessarily indicative of the mineralization on the Property.

24. OTHER RELEVANT DATA AND INFORMATION

No additional information or explanation is necessary to make this Technical Report.

25. INTERPRETATION AND CONCLUSIONS

QP concluded:

- The Sharga exploration license contains a variety of mineralization types, the most prominent of which is Volcanic Hosted Massive Sulphide type. Coal in Jurassic sediments, placer gold, and asbestos are minor types that don't appear to have economic potential due to size and grade constraints.
- The size of mineralized zones with the VMS type is large; to yet, it has been traced up to 3000 m by drill holes, including the orebody of the Maikhan Ulaan Uul deposit.
- Exotic copper mineralization exposed in basalt and rhyolite in Aguit, North, West and East Sharga prospects appears to have a deeper source nearby.

26. RECOMMENDATIONS

In the Sharga project, it is required to conduct further field-works detailed geological mapping, geophysics survey and trenching (as Phase-1) before drilling (Phase-2).

Suggested exploration works in Phase-1 could include the following:

- 20 m ground magnetic survey to determine the shape, geological and structural features of the mineralized massive sulphide and quartz veining zones.
- TEM survey on the Aguit, North, West and East Sharga to determine sulphide ores distribution in depth.
- Structural mapping of Mesoproterozoic rocks to reveal ore controlling structures.
- Rockchip sampling of new mineralized zones revealed during mapping.

Depending on results of Phase-1 works could start Phase-2 works which include:

- Diamond drilling (3000m in 15 holes).

Exploration Budget

Table 4 below shows the proposed budget.

Table 4. Budget for the proposed exploration works at the Sharga project (USD).

Recommended exploration works	Total cost, USD
PHASE 1	
TEM survey, 80 km	96,000
Ground magnetic survey, 750 km	22,500
Rockchip sampling 100 samples	500
Lab assay 100 samples	2,500
Field camp expense	20,000
Administration and support	5,000
PHASE 1 TOTAL	**146,500**
PHASE 2	
Diamond drilling, 3000 m	300,000
Lab assay 600 samples	15,500
Field camp expense	
Administration and support	
PHASE 2 TOTAL	**315,500**
TOTAL	**462,000**

27. REFERENCES

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2. Chinzorig Kh. 2018 exploration work report on the Sharga project located in Sharga soum of Govi-Altay aimag. Exploration license: XV-021127. Commodity: Gold and copper. Stage: Exploration. Ulaanbaatar 2019.
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