

MEMORANDUM

Date: 13th April 2014
Company: Drillex International
Attention: Richard Rose
Copy:
From: Julian Barnes
Subject: **Reference for Drillex International (International Drilling Services)**

To whom it may concern

The primary purpose of this short memorandum is to provide a reference for Drillex International (International Drilling Services).

I have known Richard (Richie) Rose, the Managing Director of International Drilling Services (IDS) for over 25 years. I first worked with Richie in 1988 on a drilling program in Kookynie in Western Australia which was being managed by my consulting company Resource Service Group, in 1988. At the time Richie was a driller with Sanderson Drilling, a well-known West Australian drilling company. Over the decade from 1988, Richie worked all over West Australia and we kept in contact, both professionally and on various projects.

In 1998, at the Penjom gold mine in Malaysia, I met Richie again as the co-owner of his own drilling company. I visited Penjom on a bank financing due diligence assessment, which entailed, in part, reviewing the current drilling programme and the drilling contractors. I was very impressed with the quality of drilling that Richie's company was carrying out. In particular Richie and his partner had clearly recognised the importance of a well set up and professionally run drilling operation. The client company gave an equally positive opinion of Richie's drilling operation.

In 2002, Richie had relocated to Bulgaria, where I had the opportunity to see his new company, Drilling Services Bulgaria, in operation, initially in Southern Bulgaria with Hereward Ventures and then subsequently with Dundee Precious Metals (DPM) at Krumovgrad and Chelopech.

At DPM, from 2004, I was Executive Vice President and was responsible for all aspects of exploration and project development. IDS became our key exploration drilling contractor. IDS had progressed to the stage where they were having both the drill rigs and ancillary equipment custom made to IDS' own designs. The drill rigs and equipment could justifiably be considered to be 'state of the art'. DPM developed an extremely thorough series of drilling procedures covering all aspects of both reverse circulation (RC) and diamond (DDH) drilling and sampling.

It is outside the scope of this memorandum to detail the level of procedures that DPM required to be carried out at each drill site and while the hole was being drilled, however, it can be clearly stated that IDS more than complied with DPM's requirements. We developed a close working relationship with IDS, built on extremely rigorous 24/7 appraisal of IDS' drilling performance. IDS have constantly improved and upgraded their drilling equipment and techniques, both at the client's request and also on their own initiative, with the clear aim of being the best possible drilling company. For example, with RC drilling, DPM required 'blow-backs' to be completed for each metre of drill advance with holes being kept 'dry' during all drilling and sample collection, and IDS developed automated equipment to ensure that each metre of RC cuttings were clearly evacuated from the drill column into the sample

bag before moving ahead to the next metre. The company developed staged ancillary boosters and on-board compressors with enough 'air' to drill +400m 5 ¼ inch RC holes completely dry. We weighed all drill cuttings as they were collected in order to monitor RC drill recovery in 'real time' and we surveyed all RC holes on completion, inside the drill strings as a matter of course. With diamond drilling IDS were more than willing to agree to contracts where a high minimum overall hole recovery is required, otherwise the hole would be re-drilled at IDS' expense. We never had to invoke the clause.

From 2003 to 2013, in Bulgaria and Serbia, both with DPM and with the subsequent 'offshoot' companies Avala Resources and Dunav Resources, we have drilled in excess of 200 kilometres of drilling consisting of everything from detailed grade control RC drilling (6m spaced angled RC holes) through to ultra-deep RC (+400m) and shallow to deep diamond drilling, through a wide range of target metals, including gold, silver, porphyry copper, base metals, and molybdenum, each of which has its particular set of complexities.

We have worked with IDS as they developed several series of custom multi-purpose drill rigs and support equipment. The vast majority of drill holes were completed on time and in an extremely professional manner, including, importantly, all aspects of environmental management and safety procedures. Both within DPM and with Avala and Dunav Resources we have also monitored all aspects of safety of the drilling contractor as well as our own staff as part of an internationally recognised series of safety and performance benchmarking. I have been consistently impressed for over 15 years with IDS' commitment to full PPE procedures for all its staff at all times.

IDS have maintained an extensive suite of custom drill rigs and specialised custom support equipment, which has been steadily upgraded and expanded. I recently witnessed IDS being the first Eastern European based drilling contractor to successfully complete +2km diamond drill holes south of Bor in Eastern Serbia on their first attempt. Several other drilling companies had unsuccessfully tried to reach the target depth over almost one year.

Past employees of both RSG, RSG Global, DPM and Avala have worked with IDS in other parts of the world, including South America on both gold and manganese development drilling programmes.

I have no hesitation whatsoever in strongly recommending International Drilling Services (Drillex International) for any drilling programme. For over 15 years I have been consistently impressed with the service and attitude of IDS, in particular their commitment to quality, environment and safety, which in my opinion for an essential part of any modern exploration or development drilling programme.



Dr Julian F. H. Barnes
MAusIMM, MAIG