



Riddarhyttan Resources AB

QUARTERLY REPORT SEPTEMBER 30th 2002

- Riddarhyttan receives environmental permit for mining and processing at Suurikuusikko
- Accelerated program to investigate financing alternatives based upon successful exploration and improved gold price
- Significant international institutional shareholder base -a strong vote of confidence in Riddarhyttan
- **New positive exploration results from several zones:**
 - *The Western B-zone (5.5 m core section containing 9.8 grams of gold per ton)*
 - *The Western B-zone (12.7 m core section containing 5.4 grams of gold per ton)*
 - *The Kukkelä zone (12.3 m core section containing 8.6 grams of gold per ton)*
 - *The Etelä zone (10.4 m core section containing 8.0 grams of gold per ton)*
 - *Central Rouravaara (4.2 m core section containing 8.7 grams of gold per ton)*
- **The gold-bearing shear zone, hosting the Suurikuusikko gold deposits, can now be traced in a continuous manner over a total distance of 4.1 km.**
- **The Group loss after financial items for the three first quarter of 2002 amounted to SEK – 8.4 M (- 8.5 M)**

RESULT AND FINANCIAL POSITION

The Group losses as of September 30th 2002 were SEK – 8.4 M (- 8.5 M). Financial items amounted to SEK 0.4 M (0.8 M). Exploration costs for the first 6 months of the year were SEK 26.4 M (25.8 M) including capitalised costs of SEK 16.0 M (16.4 M) for exploration within the Suurikuusikko area. The liquidity amounted to SEK 48.0 M (10.5 M).

ENVIRONMENTAL PERMIT FOR MINING AND PROCESSING

On the 1st of November the Northern Finland Environmental Authorities announced that Riddarhyttan was granted environmental permit for mining (open pit and underground) and for ore processing (flotation-biooxidation-leaching) at Suurikuusikko. The permit gives Riddarhyttan the right to immediately start mine development and construction work on the project.

Riddarhyttan still has to be granted a mining permit to be able to start the mine. The company regards this final permit as a routine initiative and expects receipt of the permits by year-end.

ACCELERATED PROGRAM TO ASSESS FINANCIAL ALTERNATIVES

In October of this year, the Board of Directors announce a program to accelerate assessment and financing alternatives for the Suurikuusikko gold deposit. Three key developments have made this acceleration possible.

- The first development has been the success of the company's exploration programs. Our exploration efforts to date have consistently expanded the resource base and maintained the upside potential for further expansions.
- Secondly, there is growing confidence that the increase in gold price will be sustainable in the long-term. Strong investment demand, declining gold production and reduced producer hedging have helped create a positive gold price environment. In turn, the higher price has had a positive impact upon the value of the Suurikuusikko deposit.
- Thirdly, the company and its prime asset have enjoyed the benefit of a much strengthened shareholder base through the addition of institutional share holders in this past summer's successful private placement financing. Over the past few months North American and Asian institutions have accumulated more than a 17% ownership in the company.

Based upon these developments, three initiatives are underway:

- First is the exploration program. Management is confident that more resource ounces will be added with continued exploration programs. The gold-bearing zone has so far been continuously followed a distance of 4.1 kilometres in more than 300 drill holes. The gold-bearing system is consequently of a considerable size, which make it likely that the resources can be significantly increased by further exploration. Furthermore the known high-grade zones remain open to depth with no signs of pinching out.
- The second initiative involves the further study of development options for Suurikuusikko.
- The third initiative includes the formal assessment of financing options for an accelerated mine development decision.

Management believes that these initiatives will help maximise shareholder value at this stage of the project.

"I am pleased that, one-by-one, the company is fulfilling the objectives communicated during our annual shareholder's meeting this past spring. Receipt of the environmental permits for Suurikuusikko was an essential milestone for the company, paving the way for us to successfully secure project financing", comments chairman of the board Jaan Kaber.

EXPLORATION RESULTS

(see appendix for detailed information about all drill holes)

During the 3rd Qtr, 2002, exploration within the Suurikuusikko Trend was primarily targeted at drill testing deeper sections of the Main Zones and on shallow sections of the of the gold-bearing shear zone between the N. Rouravaara and S. Rouravaara zones ("Central Rouravaara"). In addition, less extensive drilling was completed in the southern part of the Suurikuusikko shear zone (Ketola and Etelä) and along the southern strike extension of the SE. Zone.

Deeper sections of the Main Zones

Deeper exploration of the Main Zones was focused on their expected northerly plunge and strike extension (successively deeper towards the north). Drilling undertaken during the 3rd Qtr 2002 has resulted in expansions of the previously known zones at depth.

The extension of the Western B-zone was tested at depth in two drill holes:

- The mineralised zone was targeted at a depth of approximately 230 metres producing a 5.5 meters mineralised intercept grading 9.8 g/t of gold. The result was a positive surprise in that the anticipated width of the B-zone in the given section and depth was thought to be thinner.
- In another profile the western B-zone was intersected at a depth of 320 meters by a drill hole returning a value of 5.4 g/t of gold over 12.7 meters. If a larger mineralised envelope of low-grade mineralisation is included in this section, this intercept reports an average grade of 3.5 g/t of gold over 23.2 meters.

The northern extension of the Main Zone (the "Kuukkeli Zone") was tested at depth in four drill holes completed in the 3rd Qtr of this year. One of these intersected the central wide part of the zone while the other three intersected the upper respectively lower parts of the zone.

- The central part of the mineralised zone was intersected at a depth of 220 meters by a drill hole reporting an intercept grading 5.6 g/t of gold over 21.1 meters. This section hosts a higher-grade part grading 8.6 g/t over 12.3 meters.

The Etelä Zone

Three holes were drilled during the 3rd quarter 2002 in order to test the strike and depth extensions of the Etelä Zone.

- One of the holes hole targeted the zone at a depth of 100 meters and successfully intersected the gold-bearing horizon at its expected location, reporting an interval grading 8.0 g/t over 10.4 meters. When lower grade adjacent portions of mineralisation are included, the core-section measures 12.9 meters, grading 6.7 g/t.

To date, this is the most impressive drill intercept encountered from the Etelä-area exploration. This intercept serves to further highlight the fact that near surface narrow and low-grade zones can grow wider and higher in grade at depth (in the dominantly northern plunge direction).

The Ketola Zones

During the 3rd Qtr, 2002, only one hole was completed along the extensions of the Ketola zone. It intersects two mineralised zones (A and B) at a depth of 140 meters. The first mineralised intercept belonging to the A-zone, reported a 3.3 metre wide interval grading 6.8 g/t. Given the close spatial relationship between the A and B zones in this setting, a larger lower grade intercept encompassing both zones is calculated to be 3.3 g/t over 8.5 meters.

Central Rouravaara

The northern strike extension of the gold-bearing shear zone situated between S. Rouravaara and N. Rouravaara was tested in a series of eight shallow drill holes completed on 50 meters centres. The goal of this drill program was to highlight the possibility of new near surface gold mineralisation in the area, which is also slated to be the future mill site location (and possibly necessitating an alternate location).

All of the drill holes successfully intersected several mineralised horizons, which in general are narrow and low in grade. However, two of the holes intersect promising gold grades.

- At a vertical depth of 60 meters, one of the holes intersected a highly prospective gold-bearing zone reporting an average grade of 3.1 g/t over 15.8 metres. Included within this intercept is a higher-grade interval assaying 5.1 g/t over 5.6 meters.
- A hole, drilled 100 meters north of the previous, also provided some promising results, yielding an intersection at a depth of 50 meters averaging 8.7 g/t over a width of 4.2 meters.

In conclusion it can now be stated that the gold-bearing shear zone hosting the Suurikuusikko gold deposits can be traced in a continuous manner from the southernmost drill hole at Ketola to an area north of N. Rouravaara, covering a total distance of 4.1 km. As such, the gold-bearing structure has now shown itself to be of such a considerable size as to make it highly probable that further gold resources will be discovered and delineated through continuous systematic exploration.

Trenching

Given the successes of the Central Rouravaara drill program, it is highly likely that an alternate mill site will need to be chosen for the future development of Suurikuusikko. In response to these results, two trenches (each 400 metres long) were excavated with the exposed bedrock carefully mapped and sampled. As a result, only traces of gold were noted in a select number of very narrow zones.

Lars-Göran Ohlsson, who is registered as a "qualified person" by the Swedish Mining Association, compiled the technical foundation for this report. All analyses have been performed by GTK's laboratory (accreditation code T025).

The company's auditor has not audited this report.

Gothenburg November 7th 2002
The Board of Directors
Riddarhyttan Resources AB

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Riddarhyttan Resources AB is an exploration company concentrating on deposits of precious metals in the Scandinavian countries. The company's primary business concept is to acquire, either by means of exploration or acquisition, new mineral deposits that, through detailed exploration, can be enhanced into minable ore. At the Suurikuusikko deposit (Finland), which is Riddarhyttan's most advanced project, the tonnage (59% "indicated" and 41% "inferred resources") amounts to 8.3 million tons, with 6.1 grams of gold per ton (approx. 1.6 million ounces of gold). Tonnage calculations made by Micon Int Ltd. in March 2001.

Group

| INCOME STATEMENT IN SUMMARY (SEK '000) | 0207-0209 3 month | 0107-0109 3 month | 0201-0209 9 month | 0101-0109 9 month | 0101-0112 12 month |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Net Revenue | 129 | 6 | 1 562 | 126 | 2 446 |
| Operating Costs | - 1 582 | - 1 939 | -7 500 | - 6 498 | - 11 389 |
| Personnel Costs | - 701 | - 975 | - 2 826 | - 2 784 | - 3 978 |
| Depreciation of Fixed Assets | - 32 | - 42 | - 96 | - 112 | - 149 |
| Operating Profit/Loss | - 2 186 | - 2 950 | - 8 860 | - 9 268 | - 13 070 |
| Net Financial Items | - 632 | 125 | 416 | 766 | 790 |
| Profit/Loss after Financial Items | - 2 818 | - 2 825 | - 8 444 | - 8 502 | - 12 280 |
| Taxes | - | - | - | - | - |
| Net Profit/Loss for the Period | - 2 818 | - 2 825 | - 8 444 | - 8 502 | - 12 280 |
| Earning per share (<i>Italics, converted after the new issue of shares</i>) | - 0.03 | - 0.03 | - 0.09 | - 0.09 | - 0.14 |

| CASH FLOW ANALYSIS IN SUMMARY (SEK '000) | 0207-0209 3 month | 0107-0109 3 month | 0201-0209 9 month | 0101-0109 9 month | 0101-0112 12 month |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Current Operations | - 2 764 | - 7 400 | - 10 771 | - 6 988 | - 11 999 |
| Investment Activities | - 5 433 | - 1 141 | - 16 021 | - 21 435 | - 24 312 |
| Financing Activities, new issue of shares | 33 333 | 10 000 | 33 993 | 33 074 | 70 964 |
| The Years' Cash Flow | 25 136 | 1 459 | 7 201 | 4 561 | 34 653 |
| Available Funds at beginning of Period | 22 815 | 9 007 | 40 750 | 5 815 | 6 097 |
| Available Funds at end of Period | 47 951 | 10 466 | 47 951 | 10 466 | 40 750 |

Available funds = bank + short-term investment – loans against shares

| BALANCE SHEET IN SUMMARY (SEK '000) | 020930 | 010930 | 011231 |
|--|----------------|---------------|----------------|
| Immaterial Fixed Assets | 89 443 | 70 628 | 73 474 |
| Other Fixed Assets | 1 792 | 1 882 | 1 836 |
| <i>Total Fixed Assets</i> | <i>91 235</i> | <i>72 510</i> | <i>75 310</i> |
| Short-term Receivables | 3 627 | 1 324 | 2 033 |
| Bank and Short-term Investments | 60 086 | 10 466 | 44 290 |
| <i>Total Current Assets</i> | <i>63 713</i> | <i>11 790</i> | <i>46 323</i> |
| Total Assets | 154 948 | 84 300 | 121 633 |
| Equity ¹⁾ | 139 601 | 70 187 | 114 190 |
| Short-term liabilities | 15 347 | 14 113 | 7 443 |
| Total Equity and Liabilities | 154 948 | 84 300 | 121 633 |

| ¹⁾ Changes of Equity in the Group | 0207-0209 3 month | 0107-0109 3 month | 0201-0209 9 month | 0101-0109 9 month | 0101-0112 12 month |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|
| At the beginning of the Year | 109 086 | 72 924 | 114 190 | 57 997 | 57 997 |
| Conversion Differences | - | 88 | -138 | 123 | 14 |
| New Issue | 33 333 ⁴⁾ | - | 33 993 ³⁺⁴⁾ | 23 074 ¹⁾ | 70 964 ¹⁺²⁾ |
| Dividend | - | - | - | - 2 505 | - 2 505 |
| Profit/loss for the Period | - 2 818 | - 2 825 | - 8 444 | - 8 502 | - 12 280 |
| At the end of the Period | 139 601 | 70 187 | 139 601 | 70 187 | 114 190 |

1) rights issue 1, 2001-02 of 8 million shares

3) option program 2002-05 of 2,2 million options

2) rights issue 1 + rights issue 2001-10 of 40 million shares

4) private placement 2002-07 of 10 million shares

| KEY RATIOS | 0207-0209 | 0107-0109 | 0201-0209 | 0101-0109 | 0101-0112 |
|---|------------------|-------------------------|------------------|-------------------------|-------------------------|
| | 3 month | 3 month | 9 month | 9 month | 12 month |
| Net Revenue, SEK '000 | 129 | 6 | 1 562 | 126 | 2 446 |
| Profit/Loss after Financial Items, SEK '000 | - 2 818 | - 2 825 | - 8 444 | - 8 502 | - 12 280 |
| Total Assets, SEK '000 | 154 948 | 84 300 | 154 948 | 84 300 | 121 633 |
| Equity to Assets Ratio, % | 90 | 83 | 90 | 83 | 93.8 |
| Profit Margin % | Neg | Neg | Neg | Neg | Neg |
| Debt to Equity Ratio % | 0 | 11 | 0 | 11 | 0 |
| Return on Equity, % | - 2.2 | <i>- 1.94</i> | - 6.7 | <i>- 5.85</i> | <i>- 10.28</i> |
| Return on Capital Employed, % | - 1.4 | <i>- 1.82</i> | - 5.5 | <i>- 5.46</i> | <i>- 9.55</i> |
| Earnings per Share, SEK | - 0.03 | <i>- 0.03</i> | - 0.09 | <i>- 0.09</i> | <i>- 0.14</i> |
| Equity, SEK M | 139 | 70.2 | 139 | 70.2 | 114 |
| Equity per Share, SEK | 1.55 | <i>1.33</i> | 1.55 | <i>1.33</i> | <i>1.32</i> |
| Material Value per Share, SEK | 1.55 | <i>1.33</i> | 1.55 | <i>1.33</i> | <i>1.32</i> |
| Cash Flow per share, SEK | - 0.09 | <i>- 0.09</i> | - 0.29 | <i>- 0.32</i> | <i>- 0.40</i> |
| Investments | 5 433 | 1 141 | 16 021 | 21 435 | 19 307 |
| Average Number of Shares, per thousand <i>(Number of shares after new issue 2001)</i> | 90 000 | 40 000 <i>90 000</i> | 90 000 | 40 000 <i>90 000</i> | 80 000 <i>90 000</i> |
| Share Price at the end of the Fiscal Year, SEK <i>(Converted after new issue of shares)</i> | 3.05 | 4.1 <i>2.75</i> | 3.05 | 4.1 <i>2.75</i> | 2.35 <i>2.46</i> |
| Number of Employees | 3 | 3 | 3 | 3 | 3 |

(Italics, converted after the new issue of shares)



Riddarhyttan Resources

AB

APPENDIX TO QUARTERLY REPORT SEPTEMBER 30th 2000

EXPLORATION RESULTS

During the 3rd Qtr, 2002, exploration within the Suurikuusikko Trend was primarily targeted at drill testing deeper sections of the Main Zones and on shallow sections of the gold-bearing shear zone between the N. Rouravaara and S. Rouravaara zones ("Central Rouravaara"). In addition, less extensive drilling was completed in the southern part of the Suurikuusikko shear zone (Ketola and Etelä) and along the southern strike extension of the SE. Zone.

Deeper sections of the Main Zones

Deeper exploration of the Main Zones was focused on their expected northerly plunge and strike extension (successively deeper towards the north). Drilling undertaken during the 3rd Qtr 2002 has resulted in expansions of the previously known zones at depth.

The extension of the Western B-zone was tested at depth in two drill holes:

- The Western B-zone was targeted at a depth of approximately 230 meters producing a 5.5 meters mineralised intercept grading 9.8 g/t of gold (drill hole 02026 in section 7536225). The result was a positive surprise in that the anticipated width of the B-zone in the given section and depth was thought to be somewhat thinner. The drill hole also intersected the Central zone at a depth of 340 metres. The mineralised core section (5.3 meters) grading 2.6 g/t of gold (table 1).
- The western B-zone, targeted in section 7536425, was intersected at a depth of 320 meters by a drill hole (02030) returning a value of 5.4 g/t of gold over 12.7 meters (table 1). If a larger mineralised envelope of low-grade mineralisation is included in this section, this intercept reports an average grade of 3.5 g/t of gold over 23.2 meters. Also the Central zone was intersected at a depth of 410 metres by the drill hole. The mineralised core section (6.2 metres) contains an average of 1.6 grams of gold per ton.

The northern extension of the Main Zone (the "Kuukkeli" zone) was tested at depth in four drill holes completed in the 3rd Qtr of this year.

- Drill hole 02029 (section 7536865) intersected the mineralised zone at a depth of 220 meters, reporting an intercept grading 5.6 g/t over 21.1 meters (table 1). This section hosted a higher-grade section grading 8.6 g/t over 12.3 meters.
- Two holes (02027 and 02036) were drilled in section 7536945. Drill hole 02027, which intersects the upper part of the "Kuukkeli" zone, shows it to be thinning in its up-dip direction. The drill hole intersects the zone at a depth of approximately 250 metres where it consists of several relatively

narrow sub-zones, the widest of which reported a grade of 4.6 g/t over 5.9 meters (table 1). By all appearances the zone appears to be thickening at depth, evidenced by the previously reported drill hole (02019), which intersected the mineralised zone at a depth of 340 metres and reported a grade of 4.2 g/t over a 45.6 meters wide section. Drill hole 02036 deviates strongly and intersects the mineralised zone south of profile 7536945. As a consequence, the expected thinning out of the zone is beginning to tell already at a depth of 460 meters (the high grade zone plunges approximately 50 degrees towards north). In conformity with the upper thinning out of the mineralised zone it also splits up into several narrow low-grade sub-zones towards the depth (3.3 and 2.5 meters along the core with 3.9 respectively 2.1 grams of gold per ton).

- Drill hole 02028 (section 7537040) also intersected the thinner upper regions of the “Kuukkeli” zone at a depth of 290 metres, reporting an assay interval grading 4.2 g/t of gold over 7.4 meters (table 1).

Table 1.
Mineralised core sections from the Main Zone in the Suurikuusikko Field. *

| Drill hole | Co-ordinates | Dip (degrees) | Azimuth (degrees) | Mineralisation from... to... (m) | Mineralised section (m) | Au grade (g/t) |
|--------------|--------------|---------------|-------------------|----------------------------------|-------------------------|----------------|
| 02026 | 7536225 | 57 | 90 | 279.9-283.4 | 3.5 | 14.7 |
| Main zones | 2558400 | | | (279.9-285.4) | (5.5) | (9.8) |
| W. zone B | | | | 367.6-370.3 | 2.7 | 2.6 |
| Central zone | | | | 415.2-420.5 | 5.3 | 2.6 |
| 02030 | 7536425 | 57 | 90 | 376.0-381.1 | 5.1 | 0.3 |
| Main zones | 2558360 | | | 381.1-383.1 | 2.0 | 0.9 |
| Central zone | | | | 383.1-395.8 | 12.7 | 5.4 |
| W. zone B | | | | 395.8-404.3 | 8.5 | 1.2 |
| | | | | (381.1-404.3) | (23.2) | (3.5) |
| | | | | 450.5-452.6 | 2.1 | 1.7 |
| | | | | 510.2-511.2 | 1.0 | 1.4 |
| | | | | 512.2-518.4 | 6.2 | 1.6 |
| 02029 | 7536865 | 60 | 270 | 264.9-270.3 | 5.4 | 1.4 |
| Main zones | 2558855 | | | 270.3-272.7 | 2.4 | 2.2 |
| Central zone | | | | 272.7-285.0 | 12.3 | 8.6 |
| (Kuukkeli) | | | | (264.9-286.0) | (21.1) | (5.6) |
| W. zone E | | | | 300.1-302.1 | 2.0 | 1.5 |
| 02027** | 7536945 | 58 | 270 | 305.0-306.3 | 1.3 | 4.3 |
| Main zones | 2558880 | | | (305.0-312.1) | (7.1) | (1.7) |
| Central zone | | | | 312.1-318.0 | 5.9 | 4.6 |
| (Kuukkeli) | | | | 318.0-322.0 | 4.0 | 1.5 |
| W. zone E | | | | 322.0-330.5 | 8.5 | 0.7 |
| | | | | 333.6-334.5 | 0.9 | 1.9 |
| | | | | 340.0-341.0 | 1.0 | 1.5 |
| | | | | 344.0-345.0 | 1.0 | 1.1 |
| 02036 | 7536945 | 67 | 90 | 508.2-511.5 | 3.3 | 3.9 |
| Main zones | 2558480 | | | 517.2-519.7 | 2.5 | 2.1 |
| Central zone | | | | | | |
| (Kuukkeli) | | | | | | |
| 02028 | 7537040 | 60 | 270 | 345.2-350.9 | 5.7 | 5.2 |
| Main zones | 2558900 | | | 345.2-352.6) | (7.4) | (4.2) |
| Central zone | | | | (356.9-360.0 | 3.1 | 1.3 |
| (Kuukkeli) | | | | 366.9-369.5 | 2.6 | 2.4 |
| W. zone E | | | | 391.8-393.2 | 1.4 | 1.0 |
| | | | | 395.8-396.4 | 0.6 | 1.4 |

** Partly reported earlier.

The Etelä Zone

Three holes were drilled during the 3rd quarter 2002 in order to test the strike and depth extensions of the Etelä Zone.

- Drill hole 02035 (section 7535575) intersected the upper part of the northerly plunging mineralised zone at a depth of 80 metres reporting a 5.9 metre wide intercept averaging 3.3 g/t of gold (table 2).

- Drill hole 02033 (section 7535510) intersected the targeted Etelä zone at a depth of 100 m. reporting a somewhat more narrow intercept of 1.4 g/t over 2.7 meters (table 2).
- The results of these two drill holes, in combination with the knowledge gained with respect to the general plunge of the high-grade zones in the field, led to the completion of an additional hole (02039) at Etelä situated in section 7535535 between the two recently drilled sections. This latest hole targeted the zone at a depth of 100 meters and successfully intersected the gold-bearing horizon at its expected location, reporting an interval grading 8.0 g/t over 10.4 meters. When lower grade adjacent portions of mineralisation are included, the zone measures 12.9 meters wide, grading 6.7 g/t of gold (table 2).

To date this is the most impressive drill intercept encountered from the Etelä-area exploration. This intercept serves to further highlight the fact that near surface narrow and low-grade zones often grow wider and higher in grade at depth (in the dominantly northern plunge direction).

Table 2.
Mineralised core sections from the Etelä Zone in the Suurikuusikko Field. *

| Drill hole | Co-ordinates | Dip (degrees) | Azimuth (degrees) | Mineralisation from... to... (m) | Mineralised section (m) | Au grade (g/t) |
|------------|--------------|---------------|-------------------|----------------------------------|-------------------------|----------------|
| 02033 | 7535510 | 50 | 270 | 53.2-55.0 | 1.8 | 0.4 |
| Etelä zone | 2558580 | | | 128.3-131.0 | 2.7 | 1.4 |
| 02039 | 7535535 | 59 | 270 | 102.8-105.3 | 2.5 | 1.3 |
| Etelä zone | 2558550 | | | 105.3-115.7 (102.8-115.7) | 10.4 (12.9) | 8.0 (6.7) |
| 02035 | 7535575 | 50 | 270 | 107.6-113.5 | 5.9 | 3.3 |
| Etelä zone | 2558560 | | | | | |

The Ketola Zones

During the 3rd Qtr. 2002, only one hole (02120) was completed along the extensions of the Ketola zone. The lone hole, situated on section 7535130, intersects two mineralised zones (A and B) at a depth of 140 metres. The first mineralised intercept belonging to the A-zone reported a 3.3 metres wide interval grading 6.8 g/t of gold. Given the close spatial relationship between the A and B zones in this setting, a larger lower grade intercept encompassing both zones is calculated to be 3.3 g/t over 8.5 meters (table 3).

Table 3.
Mineralised core sections from the Ketola Zone in the Suurikuusikko Field. *

| Drill hole | Co-ordinates | Dip (degrees) | Azimuth (degrees) | Mineralisation from... to... (m) | Mineralised section (m) | Au grade (g/t) |
|-------------|--------------|---------------|-------------------|----------------------------------|-------------------------|----------------|
| 02120 | 7535130 | 59 | 90 | 48.7-50.3 | 1.6 | 2.4 |
| Ketola zone | 2558270 | | | 166.7-170.0 | 3.3 | 6.8 |
| | | | | 170.0-175.2 | 5.2 | 1.1 |
| | | | | (166.7-175.2) | (8.5) | (3.3) |

Southeastern Zones

Two holes were completed with the goal of exploring the SE Zones southern strike extension.

- The northernmost of these holes (02031 on section 7535850) intersected the B-zone at a depth of 80 meters reporting a grade of 2.8 g/t of gold over a 3.0 meters core section.
- Drill hole 02041 (section 7535800) was completed 50 metres south of the previous section and intersected the B-zone at a depth of 100 metres. Assays from this zone averaged 5.4 g/t and 10.2 g/t over widths of 2.5 meters and 1.0 meters respectively. When lower grade material is included, the gross intercept reported a weighted average grade of 3.7 g/t over 6.8 metres.

The higher grades encountered in the southernmost hole may indicate that certain sections of the B-zone situated towards south may contain interesting gold grades that require follow-up drilling.

Table 4.
Mineralised core sections from the Southeastern Zone in the Suurikuusikko Field. *

| Drill hole | Co-ordinates | Dip (degrees) | Azimuth (degrees) | Mineralisation from... to... (m) | Mineralised section (m) | Au grade (g/t) |
|-------------------|--------------------|---------------|-------------------|----------------------------------|-------------------------|----------------|
| 02031 SE- zone | 7535850 2558690 | 50 | 270 | 104.0-107.0 | 3.0 | 2.8 |
| | | | | 111.9-112.9 | 1.0 | 1.0 |
| | | | | 127.9-128.9 | 1.0 | 1.2 |
| | | | | 132.8-133.8 | 1.0 | 1.2 |
| 02041 SE- zone | 7535800 2558700 | 51 | 270 | 124.7-127.2 | 2.5 | 5.4 |
| | | | | 130.5-131.5 | 1.0 | 10.2 |
| | | | | (124.7-131.5) | (6.8) | (3.7) |
| | | | | 177.1-177.7 | 0.6 | 1.8 |

Central Rouravaara

The northern strike extension of the gold-bearing shear zone situated between S. Rouravaara and N. Rouravaara was tested in a series of eight shallow drill holes (02032, 02037, 02038, 02040, 02042, 02043, 02045 and 02046) completed on 50 m centres. The goal of this drill program was to highlight the possibility of new near surface gold mineralisation in the area, which is also slated to be the future mill site location (and possibly necessitating an alternate location).

- Drill hole 02032 (section 7537350) intersected three narrow (1-2 metres along the core) gold bearing zones at depths between 10 and 60 metres. The gold grades in these zones are between 2 and 4 grams per ton (table 5).
- Three holes were drilled in the next profile towards north (7537400). At a vertical depth of 60 meters, drill hole 02038 intersected a highly prospective gold-bearing zone reporting an average grade of 3.1 g/t over 15.8 metres. Included within this intercept is a higher-grade interval assaying 5.6 g/t over 5.1 meters. The drill holes 02040 and 02045 intersected the mineralised zone closer to the surface where it is narrow and low in gold (table 5).
- In section 7537450 two holes (02037 and 02042) were drilled. Both intersect a number of narrow gold-bearing zones. The most notable core section is 3.9 meters grading 4.5 grams of gold per ton.
- Drilling on section 7537500 provided some promising results, yielding an intersection averaging 8.7 g/t over a width of 4.2 meters (drill hole 02043). Also another mineralised zone was intersected by the drill hole (5.1 metres along the core grading 2.8 grams of gold).
- Drill hole 02046 (section 7537550) intersects a number of narrow (0.5 to 4.0 metres core sections) zones containing gold grades in the order of 2 grams per tone.

In conclusion it can now be stated that the gold-bearing shear zone hosting the Suurikuusikko gold deposits can be traced in a continuous manner from the southernmost drill hole at Ketola (section 7534700) to an area north of N. Rouravaara (section 753880), covering a total distance of 4.1 km. As such, the gold-bearing structure has now shown itself to be of such a considerable size as to make it highly probable that further gold resources will be discovered and delineated through continuous systematic exploration.

Table 5.
Mineralised core sections from the Central Rouravaara area in the Suurikuusikko Field. *

| Drill hole | Co-ordinates | Dip (degrees) | Azimuth (degrees) | Mineralisation from... to... (m) | Mineralised section (m) | Au grade (g/t) |
|-----------------------------|--------------------|---------------|-------------------|----------------------------------|-------------------------|----------------|
| 02032 Central Rouravaara | 7537350 2558720 | 46 | 270 | 37.9-39.0 | 1.1 | 4.3 |
| | | | | 56.7-58.7 | 2.0 | 2.0 |
| | | | | 65.5-66.4 | 0.9 | 2.4 |
| 02038 Central Rouravaara | 7537400 2558720 | 45 | 270 | 78.8-83.9 | 5.1 | 5.6 |
| | | | | 83.9-94.6 | 10.7 | 1.9 |
| | | | | (78.8-94.6) | (15.8) | (3.1) |
| 02040 Central Rouravaara | 7537400 2558640 | 43 | 270 | 13.6-14.6 | 1.0 | 0.7 |

| | | | | | | |
|-----------------------------|--------------------|----|-----|---|---|---|
| 02045 Central Rouravaara | 7537400 2558680 | 44 | 270 | 44.6-47.5 | 2.9 | 2.2 |
| 02042 Central Rouravaara | 7537450 2558815 | 45 | 270 | 111.2-115.3 137.7-138.7 152.6-153.5 176.9-179.0 211.8-213.3 | 4.1 1.0 0.9 2.1 1.5 | 1.4 2.5 1.7 1.9 1.1 |
| 02037 Central Rouravaara | 7537450 2558730 | 46 | 270 | 53.7-56.7 92.0-97.3 110.8-114.7 120.1-124.3 | 3.0 5.3 3.9 4.2 | 0.4 0.9 4.5 0.5 |
| 02043 Central Rouravaara | 7537500 2558730 | 45 | 270 | 39.5-40.1 41.8-42.8 43.5-48.6 76.4-80.6 | 0.6 1.0 5.1 4.2 | 1.2 2.6 2.8 8.7 |
| 02046 Central Rouravaara | 7537550 2558730 | 45 | 270 | 37.8-38.6 45.3-49.4 52.7-53.8 67.3-67.8 72.8-74.2 83.6-84.1 88.6-89.1 | 0.8 4.1 1.1 0.5 1.4 0.5 0.5 | 4.3 1.3 1.1 5.1 1.6 2.9 1.5 |

Trenching

Given the successes of the Central Rouravaara drill program, it is highly likely that an alternate mill site will need to be chosen for the future development of Suurikuusikko. Therefore two trenches (each 400 metres long) were excavated further east of the Central Rouravaara zone and the exposed bedrock was carefully mapped and sampled. As a result, only traces of gold were noted in a select number of very narrow zones.

Lars-Göran Ohlsson, who is registered as a "qualified person" by the Swedish Mining Association, compiled the technical foundation for this report. All analyses have been performed by GTK's laboratory (accreditation code T025).