A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, except Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

This prospectus has been filed under procedures in each of the provinces of Canada, except Québec, that permit certain information about these securities to be determined after the prospectus has become final and that permit the omission of that information from this prospectus. The procedures require the delivery to purchasers of a supplemented PREP prospectus containing the omitted information within a specified period of time after agreeing to purchase any of these securities. All of the information contained in the supplemented PREP prospectus that is not contained in this base PREP prospectus will be incorporated by reference into this base PREP prospectus as of the date of the supplemented PREP prospectus.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold within the United States except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

PRELIMINARY BASE PREP PROSPECTUS

Initial Public Offering May 14, 2012

INTERGEO

INTERGEO MMC LTD

Cdn$[●]

[●] Common Shares

This prospectus qualifies the distribution of **[●]** Common Shares (each, an "**Offered Share**") of Intergeo MMC Ltd ("**Intergeo**" or the "**Company**") at a price of Cdn$**[●]** (the "**Offering Price**") per Offered Share (the "**Offering**"). The Offering Price of the Offered Shares was determined by negotiation among the Company and Morgan Stanley Canada Limited and BMO Nesbitt Burns Inc. (collectively, the "**Underwriters**").

There is no market through which the Offered Shares may be sold and investors may not be able to resell Offered Shares purchased under this prospectus. This may affect the pricing of the Offered Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Shares, and the extent of issuer regulation. See "*Risk Factors*".

Price: Cdn$[●] per Offered Share

	Price to the Public(2)	Underwriters' Fee(1)(2)	Net Proceeds to the Company(2)(3)
Per Offered Share	Cdn$ **[●]**	Cdn$ **[●]**	Cdn$ **[●]**
Total	Cdn$ **[●]**	Cdn$ **[●]**	Cdn$ **[●]**

Notes:

(1) Pursuant to the terms of the Underwriting Agreement referred to under the heading "*Plan of Distribution*", the Company has agreed to pay to the Underwriters a fee equal to **[●]**% of the gross proceeds of the Offering, being $**[●]** per Offered Share (the "**Underwriters' Fee**"). See "*Plan of Distribution*".

(2) The Company has agreed to grant to the Underwriters an over-allotment option (the "**Over-Allotment Option**") exercisable at the Underwriters' discretion, to purchase from the Company up to an additional number of Offered Shares that is equal to 15% of the number of Offered Shares sold under the Offering at a price equal to the Offering Price, to cover over-allocations, if any, and for market stabilization purposes. The Over-Allotment Option is exercisable, in whole or in part, at any time during the 30-day period immediately following the Closing Date (as defined below). If the Underwriters exercise the Over-Allotment Option in full, the total price to the public, Underwriters' Fee and net proceeds to the Company (before deducting the expenses of the Offering) will be Cdn$**[●]**, Cdn$**[●]** and Cdn$**[●]**, respectively. This prospectus qualifies under applicable securities laws of the Qualifying Jurisdictions (as defined under the heading "*Glossary of Terms*") the distribution of any Offered Shares issued or sold pursuant to the exercise of the Over-Allotment Option. An investor who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

(continued on next page)

(continued from cover)

(3) Before deducting expenses of the Offering, estimated to be approximately Cdn$[●], which will, together with the Underwriters' Fee, be paid by the Company from the gross proceeds of the Offering.

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to **[●]** Offered Shares	Exercisable during the 30-day period immediately following the Closing Date	Cdn$**[●]** per Offered Share

Unless otherwise indicated, all information in this prospectus is presented without giving effect to the exercise of the Over-Allotment Option.

On the Closing Date, the certificates representing the Offered Shares will be issued in book-entry only form and registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited with CDS. Holders of Offered Shares will, instead of receiving certificates registered in their names, receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in such securities is acquired. Offered Shares purchased by "qualified institutional buyers" in the United States pursuant to Rule 144A under the U.S. Securities Act will be represented by a separate book-entry only certificate issued in registered form to CDS or its nominee that bears a separate "restricted" CUSIP number. See "*Plan of Distribution*".

The Underwriters, as principals, conditionally offer a total of **[●]** Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under the heading "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Norton Rose Canada LLP, as to Canadian legal matters, and Dorsey & Whitney LLP, as to U.S. legal matters, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP, as to Canadian legal matters, and Skadden, Arps, Slate, Meagher & Flom LLP, as to U.S. legal matters.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about **[●]**, 2012, or such other date as the Company and the Underwriters may agree in writing, but in any event not later than **[●]**, 2012 (the "**Closing Date**"). See "*Plan of Distribution*".

The Underwriters may offer the Offered Shares at a lower price than that stated above. Subject to applicable laws, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the securities at levels above that which would otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

An investment in the Offered Shares is speculative and involves a significant degree of risk. Investors should carefully review the risk factors outlined in this prospectus before purchasing the Offered Shares. See "*Risk Factors*".

The Company is incorporated in the British Virgin Islands and some of its directors and officers reside outside of Canada. Although such directors and officers and the Company have appointed Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario Canada M5J 2Z4, as its agent for service of process in the Province of Ontario, it may not be possible for investors to enforce judgments obtained in Canada against the Company or its directors and officers referred to above.

TABLE OF CONTENTS

NOTICE TO INVESTORS

About this Prospectus

Investors should rely only on the information contained in this prospectus and are not entitled to rely on parts of the information contained in this prospectus to the exclusion of others. The Company and the Underwriters have not authorized anyone to provide investors with additional or different information. The Company is not, and the Underwriters are not, offering to sell the Offered Shares in any jurisdictions where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Offered Shares. Intergeo's business, financial condition and/or results of operations may have changed since the date of this prospectus.

Interpretation

Unless the context otherwise requires, all references in this prospectus to the "Company" or "Intergeo" refer to Intergeo MMC Ltd and all of its subsidiaries.

Unless otherwise indicated, references to "management" in this prospectus mean the executive officers of Intergeo MMC Ltd. Any statements in this prospectus made by or on behalf of management are made in such persons' capacities as executive officers of the Company and not in their personal capacities.

Unless otherwise indicated, the information in this prospectus assumes that the Underwriters do not exercise the Over-Allotment Option.

References in this prospectus to "$" are to United States dollars. The financial statements included herein are reported in United States dollars. References in this prospectus to "Cdn$" and "RUB" are to Canadian dollars and Russian roubles, respectively.

Certain capitalized terms used in this prospectus are defined under the heading "*Glossary of Terms*".

Exchange Rate Data

Russian Rouble Exchange Rate

The following table sets forth certain exchange rates based on the Bank of Canada noon exchange rate (the "**noon exchange rate**") for one Russian rouble, expressed in Canadian dollars.

	Year Ended December 31,			Three Months Ended March 31,
	2011	2010	2009	2012
	Cdn$	Cdn$	Cdn$	Cdn$
Highest rate during the period	0.03525	0.03557	0.04117	0.03441
Lowest rate during the period	0.03161	0.03216	0.03358	0.03183
Average noon spot rate for the period	0.03369	0.03392	0.03595	0.03325
Rate at the end of the period	0.03161	0.03258	0.03453	0.03400

On May 11, 2012, the noon exchange rate for conversion of Russian roubles into Canadian dollars was RUB1.00 equals Cdn$0.03305.

The following table sets forth certain exchange rates based on the noon exchange rate for one Russian rouble, expressed in United States dollars.

	Year Ended December 31,			Three Months Ended March 31,
	2011	2010	2009	2012
	$	$	$	$
Highest rate during the period	0.03664	0.03455	0.03489	0.03452
Lowest rate during the period	0.03055	0.03145	0.02751	0.03123
Average noon spot rate for the period	0.03410	0.03295	0.03160	0.03323
Rate at the end of the period	0.03108	0.03276	0.03299	0.03403

On May 11, 2012, the noon exchange rate for conversion of Russian roubles into United States dollars was RUB1.00 equals $0.03316.

U.S. Dollar Exchange Rate

The following table sets forth certain exchange rates based on the noon exchange rate for one United States dollar, expressed in Canadian dollars.

	Year Ended December 31,			Three Months Ended March 31,
	2011	2010	2009	2012
	Cdn$	Cdn$	Cdn$	Cdn$
Highest rate during the period	1.0604	1.0778	1.3000	1.0272
Lowest rate during the period	0.9449	0.9946	1.0292	0.9849
Average noon spot rate for the period	0.9891	1.0299	1.1420	1.0011
Rate at the end of the period	1.0170	0.9946	1.0466	0.9991

On May 11, 2012, the noon exchange rate for conversion of United States dollars into Canadian dollars was $1.00 equals Cdn$0.9968.

Cautionary Note Regarding Forward-Looking Information

Certain information contained in this prospectus constitutes forward-looking information or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking information**"). The forward-looking information may relate to future events or Intergeo's future performance. All information other than information of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward-looking information. This forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated. No assurance can be given that these expectations will prove to be correct and such forward-looking information included in this prospectus should not be unduly relied upon. This information speaks only as of the date of this prospectus.

Without limitation, this prospectus contains forward-looking information pertaining to the following:

- the resource potential of Intergeo's assets;
- the Company's objectives with respect to increasing its mineral resource base and becoming a premier base metals producer;
- anticipated capital expenditures, operating costs, cash costs, cash flow estimates, production estimates and similar statements relating to the Company's preliminary economic assessment of the economic viability of the Ak-Sug Project and the Kingash Project;
- Intergeo's growth strategy and opportunities;

- the growth potential of the Ak-Sug Project and of the Kingash Project;
- the development of the Ak-Sug Project and of the Kingash Project, including plans for future site construction at each project, the methodologies that will be used for development at each project and the cost of development of each project;
- the potential to expand the Ak-Sug Project;
- anticipated timelines for the development of the Company's principal projects;
- the expected or anticipated economic returns from the Company's principal projects;
- the timeframe in which additional financing will be required;
- the suitability of existing infrastructure near the Ak-Sug Project and the Kingash Project, and any governmental cost sharing in respect of the construction of future infrastructure;
- the application, renewal, extension, termination or amendment of the Company's licences and the timeframe thereof;
- the Company's expected future drilling plans, including estimated depth and cost;
- the Company's ability to remedy the 2011 shortfall and its ability to satisfy the 2012 drilling requirements under the Upper Kingash/Kuyo Licence;
- the anticipated demand for copper and nickel in emerging economies;
- the intended use of the net proceeds of the Offering;
- the Company's expectations regarding costs and commodity prices;
- the anticipated challenges relating to Intergeo's projects, including potential for disruption and constraints;
- Intergeo's plans for, and results of, exploration activities; and
- Intergeo's treatment under governmental regulatory regimes and tax laws.

With respect to forward-looking information contained in this prospectus, assumptions have been made regarding, among other things:

- future development plans for Intergeo's assets proceeding substantially as currently envisioned;
- future capital expenditures to be made by Intergeo;
- future cash flows from production meeting the expectations stated herein;
- operating costs;
- the continued support of the federal, regional and local governmental authorities in Russia;
- future commodity prices;
- Intergeo's ability to obtain and retain qualified personnel, and necessary equipment, permits and governmental authorizations in a timely and cost efficient manner;
- Intergeo's future debt levels;
- the geography of the areas in which Intergeo is exploring;
- the impact of increasing competition on Intergeo; and
- the Company being able to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in forward-looking information as a result of, among other reasons, the risk factors set forth in this prospectus under the heading "*Risk Factors*", including: insufficient capital resources; a lack of operating revenues; the preliminary nature of the PEAs; volatility in metal prices; risks inherent in Intergeo's international operations, including legal, security and emerging market risks in Russia; inadequate infrastructure, which could increase costs or result in losses and disrupt normal business activities; Russian strategic investment law and anti-monopoly law limiting the Company's ability to effect a change of control or enter into other business transactions; Russian subsoil legislation being internally inconsistent and vague, which reduces certainty and may result in inconsistent and selective governmental claims or actions; the Company's controlling shareholder's significant interest in the Company affecting the market price and liquidity of the Common Shares; and management's discretion to use the net proceeds from the Offering.

The forward-looking information included in this prospectus is expressly qualified by this cautionary statement and is made as of the date of this prospectus. The Company does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws. Investors should read this entire prospectus and consult their own professional advisors to assess the income tax consequences, risk factors, and other aspects of their investment in the Offered Shares.

Market and Industry Data

This prospectus contains certain statistical, market and industry data obtained from government or other industry publications and reports or based on estimates derived from the same, including the reports entitled "Metals Market Services — Long Term Outlook — Copper" and "Metals Market Services — Long Term Outlook — Nickel" each published by Brook Hunt and each dated March 2012, and management's knowledge of, and experience in, the markets in which Intergeo operates. Government and industry publications and reports generally indicate that information has been obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. None of the authors of such publications and reports has provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Offering. Further, certain of these organizations are participants in, or advisors to participants in, the mining industry, and they may present information in a manner that is more favourable to the industry than would be presented by an independent source. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Neither the Company nor the Underwriters have independently verified any of the data from third party sources referred to in this prospectus or ascertained the underlying assumptions relied upon by such sources. In addition, the Underwriters have not independently verified any of the industry data prepared by management.

Non-IFRS Financial Measures

This prospectus includes references to financial measures commonly used in the mining industry. These financial measures are not defined by IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. Although such non-IFRS measures are calculated according to accepted industry practice, the Company's disclosed non-IFRS measures may not be directly comparable to those of other base metal producers. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Readers are cautioned that these non-IFRS measures are not alternatives to measures determined in accordance with IFRS and should not, on their own, be construed as indicators of Intergeo's future performance or profitability. Where a non-IFRS measure is used in this prospectus, the Company has defined the measure and explained its relevance.

GLOSSARY OF TERMS

In this prospectus, the abbreviations set forth below have the following meanings:

"**°C**" means degrees Celsius

"**$M**" means million dollars

"**Ag**" means silver

"**Au**" means gold

"**cm**" means centimetre

"**cm^3**" means cubic centimetre

"**Co**" means cobalt

"**Cu**" means copper

"**EM**" means electromagnetic

"**Fe**" means iron

"**g**" means gram

"**g/cm^3**" means grams per cubic centimetre

"**g/t**" means grams per metric tonne

"**IP**" means induced polarization

"**kg**" means kilogram

"**km**" means kilometre

"**km^2**" means square kilometre

"**koz**" means thousand ounces

"**kt**" means thousand tonnes

"**lb**" means pounds

"**m**" means metre

"**M**" means million

"**Mlb**" means million pounds

"**mm**" means millimetre

"**Mo**" means molybdenum

"**Moz**" means million ounces

"**Mt**" means million metric tonnes

"**Ni**" means nickel

"**oz**" means ounce

"**Pd**" means palladium

"**PGM**" means platinum group metals

"**Pt**" means platinum

"**Re**" means rhenium

"**S**" means sulphur

"**SP**" means self-potential gradient

"**t**" means metric tonnes

In this prospectus, the terms set forth below have the following meanings, except as otherwise indicated:

"**Administrator**" has the meaning given under the heading "*Compensation of Directors and Officers — Incentive Plans*";

"**Ak-Sug**" or "**Ak-Sug Project**" has the meaning given under the heading "*Prospectus Summary — Intergeo*";

"**Ak-Sug Licence**" has the meaning given under the heading "*Properties — Ak-Sug Project — Project Description and Location*";

"**Ak-Sug PEA**" means the preliminary economic assessment contained in the Ak-Sug Technical Report;

"**Ak-Sug Technical Report**" means the report entitled "Preliminary Economic Assessment Ak-Sug Copper-Molybdenum Project Todja Kozhuun District, Tyva Republic, Russian Federation" dated March 31, 2012 prepared for the Company and Golevskaya by SRK in accordance with NI 43-101;

"**allowable capital loss**" has the meaning given under the heading *"Certain Canadian Federal Income Tax Considerations — Residents of Canada — Taxation of Capital Gains and Capital Losses"*;

"**Amendment Date**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**Arbinsk**" has the meaning given under the heading "*Prospectus Summary — Intergeo*";

"**AS Employment Agreement**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**AS Service Agreement**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**AS SVP Agreements**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**AS Service Amount**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**Board**" means the board of directors of the Company, as constituted from time to time;

"**Bolshoy Seyim**" means the Company's non-core titanium deposit located in the Tindinskiy district of Amur Oblast, Russia;

"**Brook Hunt**" means Brook Hunt & Associates Ltd., a Wood Mackenzie company, which provides analysis and advice on mining and metal markets;

"**CAGR**" means compound annual growth rate;

"**cash cost**" means the C1 cost determined based on the methodology established by Brook Hunt, being the direct cash costs for mining, milling and concentrating, leaching, solution pumping, solvent extraction and electrowinning, on-site administration and general expenses, any off-site services which are essential to the operation, smelting (including toll smelting charges if applicable), refining (including toll refining charges if applicable), concentrate freight costs, marketing costs, and property and severance taxes paid to state/federal agencies that are not profit related, net of by-product credits;

"**capex**" means capital expenditures;

"**CDS**" has the meaning given on the face page of this prospectus;

"**CEO Employment Agreement**" has the meaning given under the heading *"Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements"*;

"**CEO Service Amount**" has the meaning given under the heading *"Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements"*;

"**CFO Employment Agreement**" has the meaning given under the heading *"Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements"*;

"**CFO Service Amount**" has the meaning given under the heading *"Compensation of Directors and Officers-Termination and Change of Control — Employment Agreements"*;

"**Chairman**" means the Chairman of the Board;

"**CIM**" means the Canadian Institute of Mining;

"**Closing**" means the completion of the issue and sale of Offered Shares pursuant to the Offering;

"**Closing Date**" has the meaning given on the face page of this prospectus;

"**Common Shares**" means shares in the capital of the Company;

"**Company**" or "**Intergeo**" has the meaning given on the face page and page 1 of this prospectus;

"**Competition Law**" has the meaning given under the heading "*Background Information on Russian Legal Framework — Anti-monopoly Legislation*";

"**conversion payment**" has the meaning given under the heading "*Risk Factors — Risks Relating to Intergeo's Business and Industry — Intergeo's licences, in particular those relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company*";

"**CRA**" has the meaning given under the heading *"Certain Canadian Federal Income Tax Considerations"*;

"**CRMs**" means certified reference materials;

"**Daselina**" means Daselina Investments Ltd., a private company incorporated in the British Virgin Islands and beneficially owned by Mikhail Prokhorov;

"**Daselina Group**" means Daselina and its affiliates and associates;

"**deferred annual amount**" has the meaning given under the heading "*Compensation of Directors and Officers — Incentive Plans — Deferred Share Units*";

"**Directors' Plan**" has the meaning given under the heading "*Compensation of Directors and Officers — Incentive Plans*";

“**DSU**” has the meaning given under the heading “*Compensation of Directors and Officers — Incentive Plans — Deferred Share Units*”;

“**East Sayan**” has the meaning given under the heading “*Prospectus Summary — Intergeo*”;

“**Employees’ Plan**” has the meaning given under the heading “*Compensation of Directors and Officers — Incentive Plans*”;

“**Equator Principles**” means the credit risk management framework for determining, assessing and managing environmental and social risks in project finance transactions as set out by the Equator Principles Association;

“**exploration and mining licence**” means a Russian subsoil licence for detailed exploration and mining of minerals;

“**Ethics Code**” has the meaning given under the heading “*Corporate Governance — Board of Directors — Ethical Business Conduct*”;

“**FAS**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Entities*”;

“**FASU**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Subsoil Licencing Regime in Russia*”;

“**Finance**” has the meaning given under the heading *“Certain Canadian Federal Income Tax Considerations”*;

“**Foreign Investors**” means (i) international organizations, or non-Russian individuals, entities or governments, (ii) Russian companies under the direct or indirect control of any person referred to in item (i), or (iii) a group (within the meaning of Russian law) that includes any person referred to in item (i);

“**Forestry Code**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Subsoil Licencing Regime in Russia*”;

“**FSETNS**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Mining Allotments*”;

“**FSSNRU**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Mining Allotments*”;

“**Gipronikel**” means LLC Institut Gipronikel (St. Petersburg);

“**GKZ**” means the Russian State Reserve Committee;

“**Golevskaya**” means LLC Golevskaya GRK;

“**GP Employment Agreement**” has the meaning given under the heading “*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*”;

“**GP Service Agreemen**t” has the meaning given under the heading “*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*”;

“**GP SVP Agreemen**t” has the meaning given under the heading “*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*”;

“**GP Service Amount**” has the meaning given under the heading “*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*”;

“**Greater Ak-Sug**” has the meaning given under the heading “*Prospectus Summary — Intergeo*”;

“**Greater Ak-Sug Licence**” has the meaning given under the heading “*Properties — Ak-Sug Project — Project Description and Location*”;

“**HARD**” means Half Absolute Relative Difference;

“**Hatch**” means Hatch Engineering and Consulting LLC;

“**HPAL**” means high pressure acid leaching;

"**Holder**" has the meaning given under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Hugessen**" means Hugessen Consulting Inc., an independent executive compensation consulting firm;

"**IFRS**" means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time;

"**Initial Options**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*";

"**Initial Option Shares**" has the meaning given under the heading "*Principal Securityholders — Option Agreement*";

"**Intergeo Canada**" means Intergeo Canada Management Services Inc.;

"**Intergeo Cyprus**" means Intergeo Management Limited;

"**Intergeo Russia**" means LLC Intergeo Managing Company;

"**Investment Assets**" has the meaning given under the heading *"Certain Canadian Federal Income Tax Considerations — Residents of Canada — Offshore Investment Fund Property Rules"*;

"**IRC**" means IRC Limited, a mining company listed on the Hong Kong Stock Exchange;

"**IRR**" means internal rate of return;

"**ISO 14001:2004**" means the environmental management systems guidelines developed and published by the International Organization for Standardization;

"**Kingash**" or the "**Kingash Project**" has the meaning given under the heading "*Prospectus Summary — Intergeo*";

"**Kingash Licence**" has the meaning given under the heading "*Properties — Kingash Project — History — Ownership*";

"**Kingash LLC**" means Kingashskaya mining company LLC;

"**Kingash PEA**" means the preliminary economic assessment contained in the Kingash Technical Report;

"**Kingash Technical Report**" means the report entitled "Technical Report Mineral Resources of the Kingashsky, Verkhnekingashsky and Kuyovsky Nickel-Copper Deposits and Results of the Preliminary Economic Assessment, Krasnoyarsk Krai, Russian Federation" with an effective date of December 1, 2011 and signed by Micon on April 14, 2012 prepared for the Company by Micon in accordance with NI 43-101;

"**Kirkland**" means Kirkland Intertrade Corp., a private company incorporated in the British Virgin Islands and wholly-owned by Maxim Finskiy;

"**Kirkland Group**" means Kirkland and its affiliates and associates;

"**Kirkland Option**" has the meaning given under the heading "*Principal Securityholders — Option Agreement*";

"**Kuyo**" has the meaning given under the heading "*Properties — Kingash Project — Project Description and Location*";

"**Land Code**" has the meaning given under the heading "*Background Information on Russian Legal Framework — Subsoil Licencing Regime in Russia*";

"**LME**" means the London Metal Exchange;

"**LOM**" means life-of-mine;

"**M&As**" has the meaning given under the heading "*The Company — Corporate Structure*";

"**Micon**" means Micon International Co Limited, the author of the Kingash Technical Report;

"**mining licence**" means a Russian subsoil licence for mining of minerals;

"**MNRE**" has the meaning given under the heading "*Background Information on Russian Legal Framework — Environmental Regulation*";

"**NEOs**" means, collectively, John Lill, Robert Wickham, Corey Copeland, Grigory Potapov and Andrey Shchetinin, and "**NEO**" means any of them;

"**NF VSEGEI**" means the Norilsk Branch of the St. Petersburg All Russian Geological Institute;

"**NHDR**" means the National Human Development Report for the Russian Federation;

"**NI 43-101**" means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 — *Audit Committees* of the Canadian Securities Administrators;

"**noon exchange rate**" has the meaning given under the heading "*Notice to Investors — Exchange Rate Data";*

"**Non-Resident Holder**" has the meaning given under the heading "*Certain Canadian Federal Income Tax Considerations — Shareholders Not Resident in Canada*";

"**Norilsk Nickel**" means OJSC MMC Norilsk Nickel;

"**NPI**" means nickel pig iron;

"**NPV**" means net present value determined using a discount rate of 8%;

"**OECD**" has the meaning given under the heading "*Background Information on Russian Legal Framework — Russian Tax System — Corporate Profits Tax*";

"**Offered Share**" has the meaning given on the face page of this prospectus;

"**Offering**" has the meaning given on the face page of this prospectus;

"**Offering Price**" has the meaning given on the face page of this prospectus;

"**OHSAS 18001:2007**" means the international occupational health and safety management system specifications written and published by the Occupational Health & Safety Group;

"**OIF Rules**" has the meaning given under the heading *"Certain Canadian Federal Income Tax Considerations — Residents of Canada — Offshore Investment Fund Property Rules"*;

"**ONEXIM Group**" means the private investment fund established and beneficially owned by Mikhail Prokhorov;

"**Option Agreement**" means the option agreement dated as of March 21, 2012 entered into between Daselina and Kirkland and acknowledged by the Company;

"**Options**" means the options to purchase Common Shares issuable pursuant to the Plans;

"**Order**" has the meaning given under the heading "*Directors, Executive Officers and Management — Cease Trade Orders, Bankruptcies, Penalties or Sanctions — Cease Trade Order*";

"**Orekitkan**" means the Company's non-core molybdenum deposit located in the Buryatia Republic, Russia;

"**ounce**" means one troy ounce;

"**Over-Allotment Option**" has the meaning given on the face page of this prospectus;

"**PEAs**" means, collectively, the Ak-Sug PEA and the Kingash PEA;

"**Plans**" has the meaning given under the heading "*Compensation of Directors and Officers — Incentive Plans*";

"**Proposed Amendments**" has the meaning given under "*Certain Canadian Federal Income Tax Considerations*";

"**prospecting and appraisal licence**" means a Russian subsoil licence for prospecting and appraisal of a subsoil plot;

"**prospecting, appraisal, exploration and mining licence**" means a Russian subsoil licence for prospecting, appraisal, detailed exploration and mining of minerals;

“**QAQC**” means quality assurance and quality control;

“**Qualifying Jurisdictions**” means, collectively, each of the provinces of Canada, other than Québec;

“**Reorganization**” means the corporate restructuring completed by the Company on February 9, 2012, as described under the heading “*The Company — General Development of the Business — Reorganization*”;

“**Resident Holder**” has the meaning given under the heading “*Certain Canadian Federal Income Tax Considerations — Residents of Canada*”;

“**Resulting Person**” has the meaning given under the heading “*Compensation of Directors and Officers — Termination and Change of Control — Change of Control*”;

“**RRSP**” means registered retirement savings plan;

“**RSU**” has the meaning under the heading “*Compensation of Directors and Officers — Incentive Plans — Restricted Share Units*”;

“**Rule 144A**” has the meaning given under the heading “*Plan of Distribution — The Offering*”;

“**Russia**” means the Russian Federation;

“**Russian Government Commission**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Entities*”;

“**Russian LLC Law**” means Russian Federal Law No.14-FZ dated February 8, 1998 “On Limited Liability Companies”, as amended;

“**Russian Tax Code**” has the meaning given under the heading *“Background Information on Russian Legal Framework — Russian Tax System”*;

“**Shareholders’ Rights Agreement**” means the shareholders’ rights agreement dated as of **[•]**, 2012 entered into among Daselina, Kirkland, Intergeo MMC Ltd and Intergeo Cyprus;

“**SRK**” means SRK Consulting (Russia) Ltd, the author of the Ak-Sug Technical Report;

“**strategic approval**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Entities*”;

“**Strategic Entities**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Entities*”;

“**Strategic Investment Law**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Entities*”;

“**Strategic Plots**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Strategic Plots*”;

“**Subsoil Law**” has the meaning given under the heading “*Background Information on Russian Legal Framework — Subsoil Licencing Regime in Russia*”;

“**SVP Employment Agreement**” has the meaning given under the heading *“Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements”*;

“**SVP Service Amount**” has the meaning given under the heading *“Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements”*;

“**SX-EW**” means solvent extraction and electrowinning;

“**taxable capital gain**” has the meaning given under the heading *“Certain Canadian Federal Income Tax Considerations — Residents of Canada — Taxation of Capital Gains and Capital Losses”*;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“**Technical Reports**” means, collectively, the Ak-Sug Technical Report and the Kingash Technical Report;

"**TEO**" means Russian technical-economic characterization reports;

"**Travallation**" has the meaning given under the heading "*Interest of Management and Others in Material Transactions*";

"**TSX**" means the Toronto Stock Exchange;

"**Underwriters**" has the meaning given on the face page of this prospectus;

"**Underwriters' Fee**" has the meaning given on the face page of this prospectus;

"**Underwriting Agreement**" means the underwriting agreement, dated **[●]**, 2012, with respect to the Offering among the Company and the Underwriters, as more particularly described under the heading "*Plan of Distribution*";

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Colombia;

"**Upper Kingash**" has the meaning given under the heading "*Properties — Kingash Project — Project Description and Location*";

"**Upper Kingash/Kuyo Licence**" has the meaning given under the heading "*Properties — Kingash Project — History — Ownership*";

"**Uralmining**" means Uralmining, Ltd.;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;

"**VAT**" has the meaning given under the heading *"Background Information on Russian Legal Framework — Russian Tax System — Value Added Tax"*; and

"**Window Period**" has the meaning given under the heading "*Compensation of Directors and Officers — Termination and Change of Control — Employment Agreements*".

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. This prospectus contains forward-looking information concerning the Company's plans, capital costs, operating costs and production estimates and other statements, which are subject to a variety of known and unknown risks, uncertainties and other factors that could cause the Company's results to differ from those expressed or implied by the forward-looking information. See "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors".

Intergeo

Intergeo is a diversified mineral resource company primarily focused on developing, exploring and acquiring base metal properties in Russia. The Company's objective is to become a premier base metals producer. The Company's current portfolio includes licences covering two development and three exploration properties containing various polymetallic elements and spanning a total area of more than 12,000 square kilometres. Intergeo has a 99.5% indirect interest in these mineral assets, with the remaining indirect interest being held by Mikhail Prokhorov, the Company's controlling shareholder. Management believes these properties provide the Company with a significant pipeline to grow its resource base and develop globally competitive mines. Since 2007, the Company has invested over $200 million in various properties. Intergeo's shareholders and management team have a track record of successfully identifying, developing, financing and operating mineral assets in Russia and a number of other countries.

The Company's immediate focus is on developing its two key open pit projects: the Ak-Sug copper porphyry deposit ("**Ak-Sug**" or the "**Ak-Sug Project**") and the Kingash nickel sulphide property which contains the Kingash, Upper Kingash and Kuyo deposits (collectively, "**Kingash**" or the "**Kingash Project**"). Both of these projects are strategically located in southern Siberia in close proximity to major end markets in Asia. The Company considers Ak-Sug and Kingash to be attractive, near-term development projects with significant scale and robust economic potential based on the Ak-Sug PEA and the Kingash PEA, respectively. Intergeo aims to develop both of these long life, low cost projects in the near-term.

The Company's diverse pipeline of earlier stage exploration assets includes the Greater Ak-Sug copper porphyry property ("**Greater Ak-Sug**") and the East Sayan nickel property ("**East Sayan**"), both of which are located in southern Siberia. The Company also holds a licence covering the Arbinsk copper deposit ("**Arbinsk**"), which is located in the Far East Federal District of Russia. Management believes these regions to be among the world's most highly prospective mineral districts.

Diversified Asset Portfolio

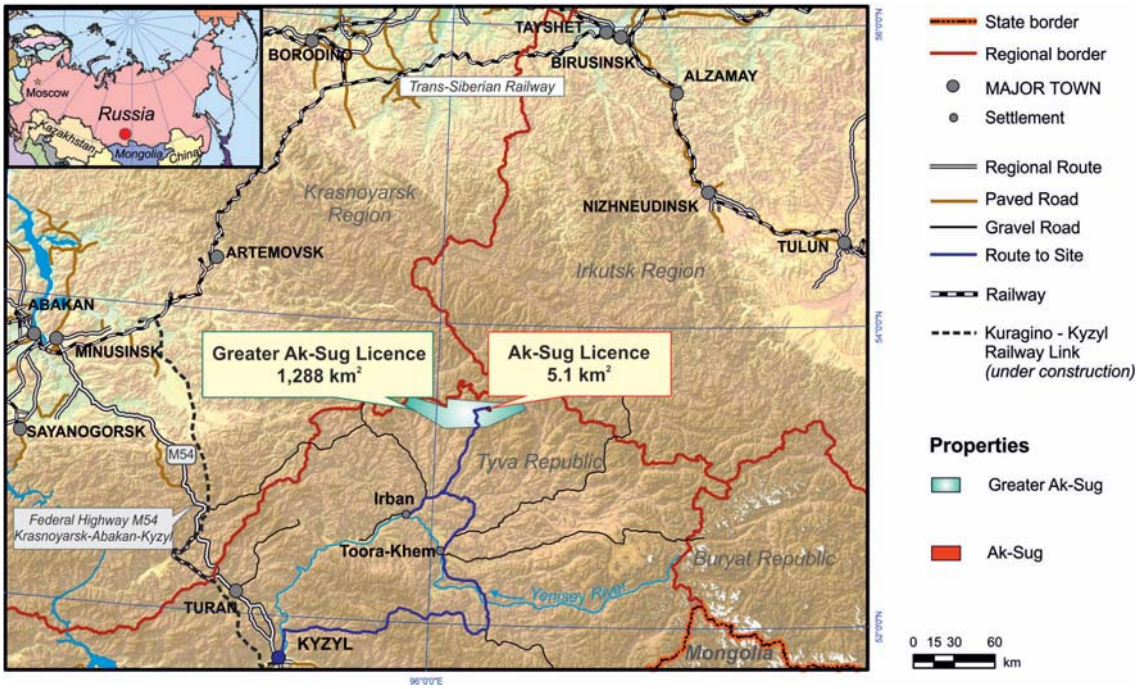
Summary of Core Properties

Project	Primary Metal	Other Metals	Stage	Term and Type of Licence
Ak-Sug	Copper	Mo, Au, Re	Development (preliminary economic assessment)	2007-2027, exploration and mining licence
Kingash	Nickel	Cu, Co, Au, Pt, Pd	Development (preliminary economic assessment)	Kingash deposit: 2007-2027, exploration and mining licence Upper Kingash and Kuyo deposits: 2006-2012, prospecting and appraisal licence (conversion to exploration and mining licence pending). See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".
Greater Ak-Sug	Copper	Mo, Au	Exploration	2009-2034, prospecting, appraisal, exploration and mining licence
East Sayan	Nickel	Cu, Au, Pt, Pd	Exploration	2008-2033, prospecting, appraisal, exploration and mining licence
Arbinsk	Copper	Au, Ag, Mo, Re	Exploration	2006-2013, prospecting and appraisal licence

Ak-Sug Project

The Ak-Sug Project and the surrounding Greater Ak-Sug area are located approximately 220 kilometres from the city of Kyzyl in Russia's Tyva Republic, which is the geographic centre of Asia. Tyva Republic borders Mongolia to the south, an emerging mining district that is home to a number of large scale mining projects. These two regions contain copper deposits which share many similarities in geological setting. Tyva Republic is host to a developing mining industry with existing road and power infrastructure. The government has advised the Company that it is receptive to developing additional large scale power and transportation infrastructure to support Ak-Sug.

Location



The Ak-Sug Technical Report estimates that the Ak-Sug Project's deposits contain the following resources[(1)]:

Resource Category	Tonnage (Mt)	Grade			Metal		
		Cu (%)	Au (g/t)	Mo (%)	Cu (kt)	Au (Moz)	Mo (kt)
Indicated	236	0.67	0.18	0.019	1,582	1.5	45
Inferred	486	0.37	0.07	0.008	1,797	1.2	39

Note:

(1) Mineral resources are reported in relation to a conceptual pit shell. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate. Open pit mineral resources are reported at a cut-off grade of 0.18% Cu. Cut-off grades are based on a price of $3.40 per pound of copper, and copper recoveries of 90%. The Ak-Sug PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them and cannot be categorized as mineral reserves, and there is no certainty that the Ak-Sug PEA will be realized.

The Company has conducted over 55,000 metres of diamond drilling to date at the Ak-Sug Project.

Based on the Ak-Sug Technical Report, the deposit will be mined using conventional truck and shovel open-pit mining methods. The average mining rate over the first 18 years is expected to be approximately 24 million tonnes per annum. The estimated project life is approximately 25 years, which includes six years of production from processing of stockpiled materials. The planned preliminary mining sequence is based on six push-backs, each containing 80 to 120 million tonnes of ore (or three to five years' life), assuming three or four of the cut-backs are developed at a time. The open-pit schedule was designed to enable higher grade materials to be recovered first by stockpiling low-grade ore. After completion of mining, the accumulated low-grade stockpile will be processed to recover copper, gold and other by-products.

The Ak-Sug Technical Report contemplates that the processing plant at the Ak-Sug Project will be based on a conventional flowsheet for treating copper-molybdenum ore and is expected to have annual throughput capacity of approximately 24 million tonnes. It will be located adjacent to the mine and waste dumps and tailings storage facilities. The ore will be ground prior to flotation to produce a bulk sulphide concentrate containing both copper and molybdenum, followed by differential floatation to separate the copper and molybdenum. Preliminary targets are for copper recovery of 90%, and a copper concentrate grade of 27%, as well as a molybdenum recovery of 60% to produce a molybdenum concentrate grading at least 50% molybdenum and less than 3% copper. Further test work will be required to verify that these targets can be achieved. Copper and molybdenum concentrate will be transported in bulk in trucks from the plant to the rail head, located approximately 240 kilometres from the plant. From the rail head, the copper and molybdenum concentrates will be transported to market in railcars by the regional rail operator.

Based on cash cost figures compiled by Brook Hunt, management believes that Ak-Sug's estimated LOM cash cost of $1.16 per pound would rank in the second quartile of the projected 2016 global copper industry cash cost curve. The Ak-Sug Technical Report estimates that the project's copper equivalent grade will average approximately 0.87% during its high-grade early years of production (years one to seven) and 0.58% on a LOM basis. As outlined in the Ak-Sug Technical Report, the base case LOM production, financial and resource estimates for the project are as follows:

LOM		**25 years**	
Grade	**Years 1-7**	**Years 1-18**	**Total LOM**
Copper (%)	0.75	0.58	0.47
Gold (g/t)	0.16	0.14	0.14
Molybdenum (%)	0.016	0.014	0.014
Rhenium (g/t)	0.28	0.25	0.25
Copper equivalent(1) (%)	0.87	0.68	0.58
Average Annual Payable Metal	**Years 1-7**	**Years 1-18**	**Total LOM**
Copper (Mlb)	332	256	211
Gold (koz)	54	48	47
Molybdenum (Mlb)	5	4	4
Rhenium (koz)	141	129	126
Copper equivalent (Mlb)	393	310	264
LOM Cash Cost ($/lb Cu)		$1.16	
Initial Capex(2) ($M)		$1,935	
NPV ($M)		$802	
IRR (%)		14.9%	

Notes:

(1) Calculation based on the Ak-Sug PEA parameters. Assumes $2.75/lb copper, $1,100/oz gold, $16/lb molybdenum and $7/g rhenium.

(2) Includes net capital expenditures through the end of the second year of commercial production, and assumes government cost sharing for certain required infrastructure, absent which, the Company would be required to contribute up to an additional estimated $200 million. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The infrastructure in Russia is inadequate, which could increase costs or result in losses and disrupt normal business activities.*" Excludes the estimated costs of preparing a pre-feasibility study (including drilling and test-work) and a feasibility study. See "*Properties — Ak-Sug Project — Capital and Operating Costs.*"

Sensitivity of NPV and IRR to Changes in Copper Price

Copper Price ($/lb)	NPV	IRR
$2.00	−$432M	3.7%
$2.25	−$11M	7.9%
$2.50	$399M	11.6%
Base Case $2.75	**$802M**	**14.9%**
$3.00	$1,202M	18.1%
$3.25	$1,602M	21.0%
$3.50	$2,003M	23.8%

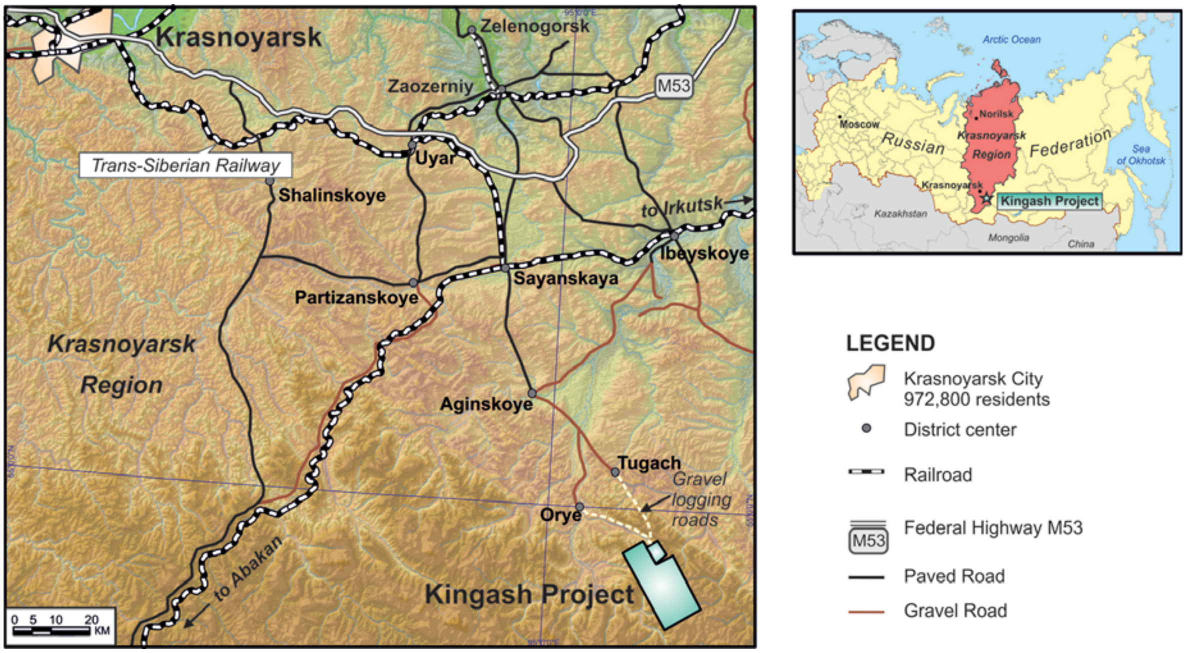
On May 11, 2012, the spot price of copper on the LME was $3.68 per pound. The average spot price for copper on the LME for the last five years is $3.29 per pound.

The Ak-Sug PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development, including government cost sharing for infrastructure, must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Ak-Sug Technical Report has not estimated any mineral reserves for the Ak-Sug Project. The Ak-Sug PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Ak-Sug PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

Kingash Project

The Kingash Project is located in the Krasnoyarsk region, one of Russia's most prolific mining districts. The Krasnoyarsk region serves as a major metal processing centre with abundant hydroelectric power and excellent infrastructure including rail and road transportation. The region accounts for a major proportion of base metal mining in Russia.

Location



The Kingash Technical Report estimates that the Kingash Project's deposits contain the following resources[1]:

Resource Category	Tonnage (Mt)	Grade						Metal					
		Ni (%)	Cu (%)	Co (%)	Au (g/t)	Pt (g/t)	Pd (g/t)	Ni (kt)	Cu (kt)	Co (kt)	Au (koz)	Pt (koz)	Pd (koz)
Measured & Indicated[2]	492	0.42	0.20	0.016	0.09	0.23	0.23	2,060	984	80	1,385	3,688	3,667
Inferred	101	0.31	0.11	0.015	0.05	0.12	0.10	310	115	15	154	401	337

Notes:

(1) The Kingash PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Kingash PEA will be realized.

(2) See "*Properties — Kingash Project — Mineral Resource Estimate*" for the tonnage and grade of each resource category. The cut-off grade applied was 0.2% nickel.

Based on the Kingash Technical Report, the Company plans to develop the Kingash Project as a series of three open-pit mines at the Kingash, Upper Kingash and Kuyo deposits, with annual capacities of 9.5 million tonnes, 5.5 million tonnes, and 3.5 million tonnes, respectively. The mines are expected to reach design capacity in year five of the production schedule, yielding combined tonnage of 17.3 million tonnes per year over an estimated 25-year LOM.

The Company intends to build one conventional beneficiation plant for the Kingash Project to take advantage of the similar metallurgical properties at the Kingash, Upper Kingash and Kuyo deposits. The Kingash Technical Report states that the plant is expected to have a capacity of approximately 18.5 million tonnes per annum and be located roughly equidistant (approximately two to three kilometres) from the three deposits. Targeted recoveries are approximately 63% for nickel and 52% for copper, with an expected concentrate grade of approximately 10% nickel and 3% copper. In addition, the Company plans to construct a metallurgical complex, including a smelter and refinery, in Zelenogorsk, approximately 150 kilometres from the mine site.

Based on cash cost figures compiled by Brook Hunt, management believes that Kingash's estimated LOM cash cost of $2.32 per pound would rank in the first quartile of the projected 2016 global nickel industry cash cost curve.

As outlined in the Kingash Technical Report, the base case LOM production, financial and resource estimates for the Kingash Project are as follows:

LOM	**25 years**
Grade	**LOM**
Nickel (%)	0.42
Copper (%)	0.20
Cobalt (%)	0.02
Platinum (g/t)	0.24
Palladium (g/t)	0.24
Gold (g/t)	0.09
Average Annual Payable Metal	**Total LOM**
Nickel (Mlb)	91
Copper (Mlb)	37
Cobalt (Mlb)	2
Platinum (koz)	68
Palladium (koz)	59
Gold (koz)	23
LOM Cash Cost ($/lb Ni)	$ 2.32
Initial Capex(1) ($M)	$2,747
NPV ($M)	$1,393
IRR (%)	13.4%

Note:

(1) Includes estimated capital expenditures in pre-commercial production years, net of VAT refund.

Sensitivity of NPV and IRR to Changes in Nickel Price

Nickel Price ($/lb)	NPV	IRR
$6.65	−$52M	7.9%
$7.60	$415M	9.9%
$8.55	$965M	11.9%
Base Case $9.50	**$1,393M**	**13.4%**
$10.45	$1,943M	15.2%
$11.40	$2,493M	16.9%
$12.35	$3,043M	18.5%

On May 11, 2012, the spot price of nickel on the LME was $7.78 per pound. The average spot price for nickel on the LME for the last five years is $9.84 per pound.

The Kingash PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Kingash PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

Intergeo's Strengths

Two world class, long-life, near-term development projects

The Ak-Sug Project and the Kingash Project have large resource bases and attractive grades that, based on the PEAs, are projected to result in robust economics.

Ak-Sug is one of the few development stage, open pit copper projects in the world with substantial scale that is not controlled by a major multi-national mining company (including those assets controlled by Chinese entities and Japanese trading companies). According to Brook Hunt, only seven greenfield development projects of similar scale (defined as projects with estimated LOM annual production exceeding 220 million pounds of copper) are expected to commence production over the next five years. Management believes that the mineralization and estimated cash costs of Ak-Sug compare favourably to projects of similar size, and that significant potential exists to increase the resource base and further improve the project's economics.

Kingash is one of the few undeveloped large scale, low cost, open pit nickel sulphide projects in the world. Its estimated first quartile position on the global nickel cash cost curve is highly competitive, and management believes that there is significant potential to further improve the project's economics by optimizing its metallurgical processing techniques. Once developed, Kingash is expected to be one of the largest conventional nickel sulphide mines in operation.

Significant growth potential

The Ak-Sug deposit extends below the bottom of the current conceptual open pit and remains open in all directions. Intergeo's 2012 drilling program (which has commenced) includes approximately 30,000 metres of new infill and step out drilling and is focused on expanding the deposit laterally and at depth. Management believes this has the potential to significantly expand the resource base and increase mine life and annual production estimates. The Ak-Sug Technical Report further notes the potential to extend operations by approximately four years through underground mining at the end of the open pit mine life, which management believes could be accomplished through low-cost block caving.

The Kingash PEA's current resource estimate covers approximately 2.2 square kilometres of an overall licenced area of over 275 square kilometres. Geophysical analyses have been completed for the entire area and two additional targets have been selected for drill testing in 2012. In addition, the Kingash Technical Report notes the potential to reduce energy costs and improve recoveries and concentrate grades for both nickel and copper by adding a sulphidisation stage to the metallurgical flowsheet, which has the potential to improve the project's base case NPV by $370 million and IRR to 14.7% with minimal additional capital expenditure.

Intergeo plans to design its facilities at both Ak-Sug and Kingash to facilitate efficient future expansions. The Company currently plans to drill approximately 40,000 metres and spend approximately $20 million on exploration at these properties in 2012.

Strategically located development projects

The Ak-Sug Project and the Kingash Project are located approximately 320 kilometres and 125 kilometres, respectively, from the Trans-Siberian railway, a key transportation route to China, one of the largest emerging markets driving global base metals demand. Management expects copper production from the two projects to be attractive to smelters looking to secure long-term supplies of copper concentrates, and nickel production from Kingash to be attractive to stainless steel producers looking to secure long-term supplies of nickel.

The respective regional governments support development of the projects and, jointly with the Russian federal government, are considering plans for new or improved rail and/or road connections to the Trans-Siberian railway that would benefit both projects. Management believes existing infrastructure near Ak-Sug and Kingash provide Intergeo with an advantage of accessing existing port and rail capacity to transport Intergeo's products to market.

The Ak-Sug and Kingash projects are located in scarcely populated areas with no permanent dwellings or communities in the immediate vicinity. The Company does not expect that project development will require relocation of any indigenous peoples or other residents.

Diverse portfolio of exploration assets

Intergeo has exploration assets that management believes are highly prospective, with the two most notable being Greater Ak-Sug and East Sayan.

Greater Ak-Sug is a copper porphyry property encompassing approximately 1,288 square kilometres surrounding the Ak-Sug Project. Following comprehensive airborne surveys in 2010, the Company is conducting further geophysical analyses on five target zones. The Company has commenced drilling and expects to drill approximately 17,000 metres in the Greater Ak-Sug Licence area in 2012.

East Sayan, situated in the Irkutsk region, includes approximately 9,600 square kilometres that management considers prospective for nickel sulphide mineralization. The property is located in a greenstone belt similar in geology and age to nickel belts in Russia's Kola peninsula and Canada's Voisey's Bay and Sudbury areas, both of which are large nickel producing regions. Geophysical surveys undertaken by the Company to date have identified 37 exploration targets. The Company has commenced drilling and plans to drill up to 27,000 metres at eight target zones in 2012.

The Company's portfolio also includes the Arbinsk property, which potentially contains copper, gold, silver, molybdenum, and rhenium mineralization. The Company has commenced drilling and plans to drill up to 7,000 metres at Arbinsk in 2012.

Highly experienced management team and shareholders

Intergeo's shareholders and management team have a track record of successfully identifying, developing, financing and operating mineral assets in Russia and other countries. In addition, Intergeo's management team has in-depth knowledge of public company management, and local and national government infrastructure and development practices in Russia. All Russian members of the management team are fluent in English.

The seasoned management team is comprised of:

- *John Lill (Chief Executive Officer and a Director)*, former President and Chief Executive Officer of FNX Mining Company Inc., Executive Vice-President and Chief Operating Officer of Dynatech Corporation, President and Chief Operating Officer of BHP Billiton Base Metals, and Vice-President Mining of Rio Algom Limited. Mr. Lill has extensive project development experience, including Barrick's Goldstrike project in Nevada (as Senior Vice-President U.S. Operations), the Antamina copper-zinc project in Peru (as Executive Chairman of the owners' management committee) and the Ambatovy nickel project in Madagascar (as Executive Chairman and Project Director from inception to project financing).

- *Grigory Potapov (Senior Vice-President and General Director, Russia)*, former Deputy General Director for Capital Investments of Norilsk Nickel, where he managed development of a Siberian copper and molybdenum project, including creation of transport infrastructure in the southeastern Chita region of Russia.

- *Robert Wickham (Senior Vice-President, Finance and Chief Financial Officer)*, former Vice-President, Finance and Chief Financial Officer of Barrick Gold Corporation, and President and Director of Trizec Canada Inc. Mr. Wickham has extensive experience in project finance and construction finance of large mining and real estate projects, and in corporate finance in public capital markets.

- *Corey Copeland (Senior Vice-President, Investor Relations and Strategic Development)*, former Senior Vice-President, Investor and Corporate Relations of Alcan Inc., Vice-President, Strategic Planning of Billiton Base Metals and Vice-President, Corporate Affairs of Rio Algom Limited.
- *Andrey Shchetinin (Senior Vice-President, Corporate Affairs)*, former Head of Projects and Business Development of Norilsk Nickel.

Mikhail Prokhorov and Maxim Finskiy, the Company's beneficial shareholders, have long and successful records of developing and operating large nickel and gold mining operations. As at the date of this prospectus, Messrs. Prokhorov and Finskiy beneficially own approximately 98.9% and 1.1% of the issued and outstanding Common Shares, respectively, and will beneficially own [●]% and [●]% of the issued and outstanding Common Shares, respectively, upon completion of the Offering ([●]% and [●]% of the issued and outstanding Common Shares, respectively, if the Over-Allotment Option is exercised in full). Mr. Prokhorov was Chairman of the Management Board of Norilsk Nickel from 2001 to 2007, a member of the Board of Directors of OJSC Polyus Gold from 2006 to 2011 (which included serving as Chairman of the Board of Directors from 2006 to June 2007 and from October 2007 to 2010), General Director of both OJSC Polyus Gold and CJSC Polyus from 2010 to 2011. He has developed and led a number of major companies and is also the principal owner of the Brooklyn Nets of the National Basketball Association. Mr. Prokhorov participated as a candidate in the elections for presidency of Russia in March 2012. Mr. Finskiy is the Executive Chairman of White Tiger Gold Ltd., a former member of the board of directors of OJSC Polyus Gold, and the former Deputy General Director and Deputy Chairman of the management board of Norilsk Nickel, where he was responsible for the formation of OJSC Polyus Gold. Each of Messrs. Prokhorov and Finskiy have long-standing relationships with major Russian resource companies, local communities and regional governments.

Intergeo's Business Strategy

Creating the world's next premier base metals producer

Intergeo's portfolio of assets, highlighted by its near-term development projects, Ak-Sug and Kingash, will provide investors with substantial exposure to copper and nickel, two base metals with attractive, long-term fundamentals driven by demand growth in some of the largest and fastest growing emerging economies. Following production ramp-up at Ak-Sug and Kingash, Intergeo expects to produce a combined annual average of approximately 248 million pounds (112,000 tonnes) of copper and approximately 91 million pounds (41,000 tonnes) of nickel based on the PEAs. Copper production during Ak-Sug's high grade early years is expected to be considerably higher, exceeding 330 million pounds (approximately 150,000 tonnes) annually. Achieving these targets would establish Intergeo as a leading intermediate base metals company. The Company's exploration projects provide a development pipeline with the potential for increased resources and, ultimately, mineral production. See "*Properties — Ak-Sug Project — Mineral Resource Estimate*" and "*Properties — Kingash Project — Mineral Resource Estimate*" for the tonnage and grade estimates for each resource category.

Focusing on bringing Ak-Sug and Kingash into production

Intergeo is dedicated to advancing its two key open pit projects to production on schedule and within budget. The Company intends to use the net proceeds from the Offering to complete pre-feasibility studies, establish mineral reserves and commence feasibility studies. Intergeo believes that it has identified opportunities to optimize the mining and processing scenarios currently reflected in the Technical Reports by modifying mine plans and improving flowsheets, which the Company intends to incorporate into the pre-feasibility and feasibility studies. Upon reaching full production capacity, the PEAs anticipate that Ak-Sug will produce on average approximately 256 million pounds (116,000 tonnes) of copper, 48,000 ounces of gold and 4 million pounds (2,000 tonnes) of molybdenum annually over the years 1-18 of the 25-year LOM, and that Kingash will produce on average approximately 91 million pounds (41,000 tonnes) of nickel, 37 million pounds (17,000 tonnes) of copper and 127,000 ounces of platinum and palladium annually over the LOM.

Key Milestone Targets(1)

2013	2014	2016/17 & Beyond
• **Complete pre-feasibility studies for Ak-Sug and Kingash** • **Establish mineral reserves for Ak-Sug and Kingash**	• **Complete feasibility studies for Ak-Sug and Kingash** • **Start construction**	• **Commissioning ramp up and production**

Note:

(1) Based on technical work recently completed, including the Technical Reports, management believes these targeted milestones are reasonable and achievable. It is important to note, however, that the PEAs are preliminary in nature. Many factors outside the Company's control could affect anticipated timelines. The Company may also determine to proceed on timelines different than those contemplated in the Technical Reports or may determine to advance one project faster than the other project following the completion of the pre-feasibility studies or feasibility studies. See "*Use of Proceeds*" and "*Risk Factors*".

Achieving competitive cash operating costs by using conventional extraction technologies and processes

The PEAs confirm that the metallurgical properties of both deposits are well understood, and planned production for both deposits will be through conventional methodologies and processes used at existing third party operations. The PEAs' cash cost estimates for each of these projects place them in the first or second quartile on their respective 2016 projected Brook Hunt cash cost curves. The Ak-Sug PEA and the Kingash PEA, respectively, forecast the cash cost of production at Ak-Sug to be $1.16 per pound of copper (compared to the spot price of copper of $3.68 per pound on the LME as at May 11, 2012) and the cash cost of production at Kingash to be $2.32 per pound of nickel (compared to the spot price of nickel of $7.78 per pound on the LME as at May 11, 2012). Intergeo believes it has identified opportunities to increase efficiencies at both projects.

Exploring and developing Intergeo's diverse portfolio of properties

Intergeo intends to continue with its exploration drilling programs at Ak-Sug and Kingash with the goal of expanding the existing resource base and identifying additional resource potential at both properties. In 2011, the Company spent $15.5 million on exploration of these projects. Both infill and step out drilling are continuing at Ak-Sug and two additional target zones have been identified for further drilling at Kingash. The Company currently plans to drill approximately 40,000 metres and spend approximately $20 million in the aggregate on exploration at both properties in 2012.

The Company also intends to prioritize its exploration activities at Greater Ak-Sug and East Sayan as initial geological analysis has proved promising. Intergeo has commenced drilling at such projects and plans to drill up to 44,000 metres in total at both properties in 2012. In addition, Intergeo has commenced drilling and plans to conduct additional exploration drilling of up to 7,000 metres at Arbinsk.

Partnering with regional governments to foster development and jointly investing in mutually beneficial infrastructure

Each of Krasnoyarsk region and Tyva Republic is considered a stable, mining-friendly jurisdiction. The Krasnoyarsk region has a long history and culture of natural resource extraction, and the Tyva Republic has expressed a clear intent to pursue mining as a central part of its industrial development strategy. Intergeo is in negotiations with both regional governments respecting construction of the infrastructure necessary for developing Ak-Sug and Kingash. The powerlines for both the Ak-Sug Project and the Kingash Project have been included in the Regional Development Programs by the Russian government, and it is anticipated that such powerlines will be financed through the Russian federal budget. Intergeo is developing proposals to attract financial support from the Russian federal and/or regional governments for the construction of access roads to each of the Ak-Sug Project and the Kingash Project.

Intergeo is in turn committed to the development of the communities where it operates and believes the Company's projects will deliver significant economic benefits to the regions. Intergeo believes that it has a responsibility to ensure that all stakeholders understand the purposes of the projects and gain benefits from their implementation, thus creating a positive business environment. The development of Ak-Sug and Kingash are expected to create high quality employment opportunities, training and access to medical assistance, and improve the regional infrastructure and economy.

Commitment to excellence in safety and environmental stewardship

Intergeo intends to establish operations that will conform to the Equator Principles and Russian environmental standards, complying with whichever is more stringent. The Company also intends that its projects will adhere to existing health and safety regulations in all operations, implementing resource industry best practices and employing sound environmental management techniques. The Company's current practices are based on Russian legislation as well as terms and conditions set out in the applicable licence agreements. Environmental baseline studies and monitoring have been initiated for both Ak-Sug and Kingash and will continue apace as each project develops.

Industry Overview

Copper, which is principally used in construction, electric and electronic products, industrial machinery, transportation and consumer products, is expected to experience meaningful growth in demand. Demand growth is expected to be led by economic and industrial growth in emerging economies such as China. Brook Hunt forecasts global copper consumption to grow at a compound annual growth rate of 3.5% between 2011 and 2025. On the supply side, the mining industry has experienced challenges in attempting to bring additional copper production on-line, despite strong copper prices and higher margins. Constraints in supply have been driven by grade declines, cost pressures, more stringent permitting requirements, long equipment lead times, and labour issues. According to Brook Hunt, mine production capacity is forecasted to decline by 0.6% per annum between 2011 and 2025, with production from new operations needed to meet growing demand. Brook Hunt is forecasting a potential metal market surplus in both 2013 and 2014 of approximately 2.6% as a proportion of consumption in each year. However, until a more reliable long-term supply environment develops, copper prices are expected to remain high. Several factors, including grade declines, labour issues, and cost pressures, may continue to constrain supply going forward, and strong Chinese copper consumption growth is expected to continue and to support global demand growth.

Nickel is primarily used in stainless steel production due to its corrosion resistance and high-temperature strength. Similar to copper, nickel consumption growth is expected to remain robust and to be led by China. Brook Hunt forecasts that global nickel consumption will grow at a compound annual growth rate of 3.5% per annum between 2011 and 2025, driven by continued expansion in the Chinese stainless steel industry. Increased future demand is expected to be met by production expansion through the development of laterite projects using HPAL technology and production of NPI, as few known, world class, undeveloped sulphide deposits remain. There is significant uncertainty surrounding future supply from projects utilizing HPAL technology because they have long ramp up times, a poor track record of meeting production, are more sensitive to grade, and require a higher nickel price environment due to their higher capital costs. At the same time, cost of NPI production is generally at the high end of the cash cost curve, primarily due to high energy requirements. Anticipated supply from new projects has put downward pressure on prices recently, but nickel prices have historically exceeded the 90th percentile of nickel industry cash costs, and as the majority of new production will likely be increasingly sourced from higher cost laterite operations, production costs are expected to provide longer-term support for nickel prices.

Corporate Structure

Intergeo MMC Ltd was incorporated under the laws of the British Virgin Islands on June 9, 2011. The Company is controlled by Mikhail Prokhorov through Daselina, which is beneficially owned by him. The Company holds its property interests through its principal subsidiaries. See "*The Company — Corporate Structure*".

Summary of the Offering

Issuer:	Intergeo MMC Ltd
Offering Size:	[●] Common Shares
Common Shares Outstanding Upon Completion of the Offering:	[●] Common Shares
Offering Price:	Cdn$[●] per Offered Share
Gross Proceeds:	Cdn$[●]
Over-Allotment Option:	The Company has agreed to grant to the Underwriters the Over-Allotment Option exercisable at the Underwriters' discretion, to purchase from the Company up to an additional number of Offered Shares that is equal to 15% of the number of Offered Shares sold under the Offering at a price equal to the Offering Price. The Over-Allotment Option is exercisable, in whole or in part, at any time during the 30-day period immediately following the Closing Date. See "*Plan of Distribution*".
Use of Proceeds:	The Company expects to receive net proceeds from the Offering of approximately $[●] (Cdn$[●]) (after deduction of the Underwriters' Fee and the expenses of the Offering, estimated to be approximately $[●] (Cdn$[●]). The Company anticipates that the aggregate net proceeds from the Offering will be used to advance the Ak-Sug Project and the Kingash Project, for general and administrative expenses and for general corporate purposes. See "*Use of Proceeds*".
Principal Securityholders:	Upon completion of the Offering, Mikhail Prokhorov will beneficially own approximately [●]% of the issued and outstanding Common Shares ([●]% if the Over-Allotment Option is exercised in full), indirectly through Daselina. The Company's Executive Chairman, Maxim Finskiy, indirectly through Kirkland, will beneficially own approximately [●]% of the issued and outstanding Common Shares upon completion of the Offering, and has an option to purchase [●] Common Shares from Daselina that, if exercised, would increase Mr. Finskiy's interest to approximately [●]% of the issued and outstanding Common Shares ([●]% if the Over-Allotment Option is exercised in full).

Selected Pro Forma Financial Information

The following sets out selected consolidated financial information of Intergeo MMC Ltd for the year ended December 31, 2011 on a pro forma basis giving effect to the Reorganization. This selected pro forma financial information has been derived from the Company's unaudited pro forma condensed consolidated financial statements included elsewhere in this prospectus.

	Pro Forma as at December 31, 2011 to give effect to the Reorganization (in $000's)
Cash and cash equivalents	$18,868
Exploration and evaluation assets	$170,507
Borrowings(1)	$6,032

Note:

(1) Represents debt payable by Uralmining to IRC. Upon completion of the sale of Bolshoy Seyim, such debt will no longer be outstanding. See "*The Company — General Development of the Business — Summary*".

See "*Management's Discussion and Analysis of Intergeo Russia for the Three Years Ended December 31, 2011*" and "*Intergeo MMC Ltd Pro Forma Condensed Consolidated Financial Statements*".

In addition to the pro forma financial statements, investors should also read the following financial statements and notes thereto included in this prospectus:

- the audited consolidated financial statements for Intergeo Russia for the years ended December 31, 2011, 2010 and 2009;
- the audited consolidated financial statements for Kingash LLC for the years ended December 31, 2010 and 2009;
- the audited financial statements for Intergeo Cyprus for the years ended December 31, 2010 and 2009;
- the unaudited consolidated financial statements for Kingash LLC for the period from January 1 to July 11, 2011;
- the unaudited financial statements for Intergeo Cyprus for the period from January 1 to July 18, 2011; and
- the audited consolidated financial statements for Intergeo MMC Ltd for the year ended December 31, 2011.

Risk Factors

An investment in the Offered Shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development and should only be considered by investors who can afford the total loss of their investment. An investment in the Offered Shares is subject to a number of risks, including risk related to:

- the Company's limited operating history and lack of operating revenue;
- obtaining funds to develop mineral properties;
- the absence of proven or probable reserves;
- actual costs exceeding anticipated costs;
- failure to meet anticipated timelines for milestones;
- volatility of metal and mineral prices;
- shortage of qualified skilled workers in the Russian labour market;
- difficulty in attracting and retaining qualified personnel;
- difficulties in predicting mineral production;

- obtaining permits and licences in Russia;
- internally inconsistent Russian subsoil legislation;
- licencing authorities refusing to extend or convert a licence or terminating a licence;
- loss of or failure to maintain licences;
- the failure to obtain a necessary amendment or extension to a licence;
- Russian law limiting changes of control or other business transactions involving Intergeo;
- challenges to Intergeo's acquisitions of, or title to, entities or properties;
- the failure to obtain or maintain land access rights;
- inadequate Russian infrastructure;
- the remote location of Intergeo's mineral properties;
- operating hazards and risks;
- legal consequences of potential past violations of Russian corporate and anti-monopoly laws;
- significant governmental regulation;
- interests of the Company's controlling shareholder differing from those of other shareholders;
- adverse events with respect to the Company's beneficial shareholders;
- the consequences of shortages in equipment, personnel and the various commodities upon which operations of Intergeo are dependent;
- dependence on skilled contractors;
- the consequences of failure to comply with applicable health and safety laws;
- potential dilution of shareholders;
- the enforceability of foreign judgments and arbitral awards;
- regulatory and legal restrictions limiting the Company's ability to transfer funds or other assets to its subsidiaries freely;
- incomplete, unreliable or inaccurate official data and statistics;
- the speculative nature of exploration and development of mineral resources;
- the substitution of primary nickel and copper with other materials in current applications;
- competition;
- adverse fluctuations in currency exchange rates;
- risks inherent in acquisitions of new properties;
- land reclamation requirements;
- international concern over global climate change;
- litigation risks;
- regulations granting Russia a pre-emptive right to purchase certain metals;
- the Company's hedging activities or lack thereof;
- conflicts of interest arising as a result of the Company's officers and/or directors being associated with other mineral resource companies;

- Russia being an emerging market;
- weaknesses in the Russian legal system;
- permits, licences and other approvals required for operating in Russia;
- selective or arbitrary governmental action;
- political instability in Russia;
- undeveloped Russian tax legislation;
- strict environmental laws and regulations;
- crime and corruption;
- social and labour unrest in Russia;
- forced liquidation due to formal non-compliance with certain requirements of Russian law;
- Intergeo's assets being nationalized or expropriated;
- economic instability in Russia;
- fluctuations in the global economy;
- there being no market for the Company's securities;
- share price volatility;
- the Company's controlling shareholders' ownership interests affecting the price of the Common Shares;
- management's discretion to use the net proceeds from the Offering;
- the Company's not intending to pay dividends in the near future affecting investors' ability to achieve a return on their investment; and
- future sales by the Company's controlling shareholders following the expiry of the lock-up agreements.

See "*Risk Factors*" and other information included in this prospectus for a discussion of certain risks that an investor should carefully consider before deciding to purchase Offered Shares.

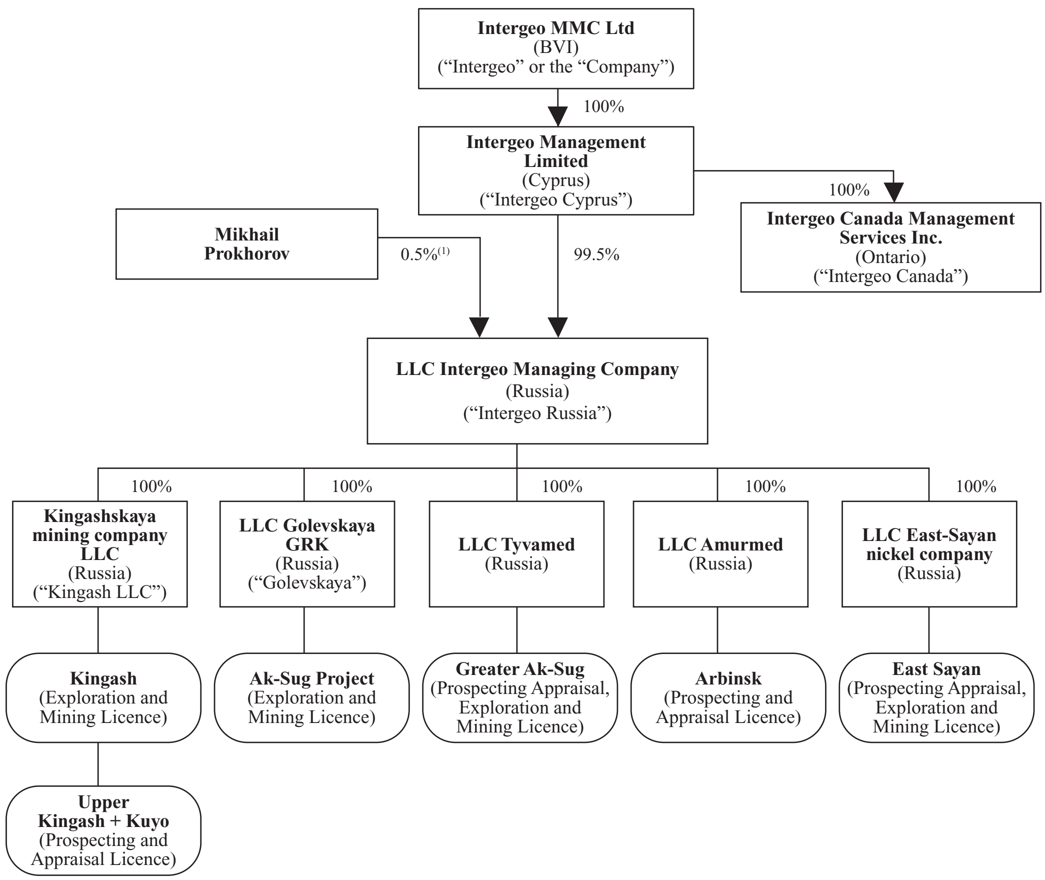
THE COMPANY

Corporate Structure

The Company was incorporated under the *BVI Business Companies Act, 2004* (British Virgin Islands) on June 9, 2011 as "Intergeo Group Ltd". The Company changed its name to "Intergeo MMC Ltd" on July 6, 2011. The Company amended and restated its memorandum and articles of association ("**M&As**") on [●], 2012 to, among other things, reflect certain governance arrangements that have been established among the Company, Daselina and Kirkland as set out in the Shareholders' Rights Agreement. See "*Governance Arrangements with Principal Shareholders*".

The registered and head office of the Company is located at 197 Main Street, Road Town, Tortola, British Virgin Islands c/o Totalserve Trust Company Limited, Trust Offices.

The following diagram illustrates the Company's principal subsidiaries, together with their respective jurisdictions of incorporation and property interests (if any):



Note:

(1) See "*Principal Securityholders*".

Description of the Business

Intergeo is a diversified mineral resource company primarily focused on developing, exploring and acquiring base metal properties in Russia. The Company defines its operations as a single operating segment. The Company's objective is to become a premier base metals producer. The Company's current portfolio includes licences covering two development and three exploration properties containing various polymetallic elements and spanning a total area of more than 12,000 square kilometres. Intergeo has a 99.5% indirect interest in these mineral assets, with the remaining indirect interest being held by Mikhail Prokhorov, the Company's controlling shareholder. Management believes these properties provide the Company with a significant pipeline to grow its resource base and develop globally competitive mines. Since 2007, the Company has invested over $200 million in various properties. Intergeo's shareholders and management team have a track record of successfully identifying, developing, financing and operating mineral assets in Russia and a number of other countries.

The Company's immediate focus is on developing its two key open pit projects: the Ak-Sug Project and the Kingash Project. Both of these projects are strategically located in southern Siberia in close proximity to major end markets in Asia. The Company considers Ak-Sug and Kingash to be attractive, near-term development projects with significant scale and robust economic potential based on the Ak-Sug PEA and the Kingash PEA, respectively. Intergeo aims to develop both of these long life, low cost projects in the near-term.

The Company's diverse pipeline of earlier stage exploration assets includes the Greater Ak-Sug property and the East Sayan property, both of which are located in southern Siberia. The Company also holds a licence covering the Arbinsk property, which is located in the Far East Federal District of Russia. Management believes these regions to be among the world's most highly prospective mineral districts.

Ak-Sug Project

The Ak-Sug Project and the surrounding Greater Ak-Sug area are located approximately 220 kilometres from the city of Kyzyl in Russia's Tyva Republic, which is the geographic centre of Asia. Tyva Republic borders Mongolia to the south, an emerging mining district that is home to a number of large scale mining projects. These two regions contain copper deposits which share many similarities in geological setting. Tyva Republic is host to a developing mining industry with existing road and power infrastructure. The government has advised the Company that it is receptive to developing additional large scale power and transportation infrastructure to support Ak-Sug.

The Company has conducted over 55,000 metres of diamond drilling to date at the Ak-Sug Project. Since the effective date of the mineral resource estimates contained in the Ak-Sug Technical Report, the Company has conducted further drilling at Ak-Sug. The results from such drilling are not viewed by management as materially different from the previous drilling results and are not expected to have a material effect on the mineral resource estimates contained in the Ak-Sug Technical Report.

Based on the Ak-Sug Technical Report, the deposit will be mined using conventional truck and shovel open-pit mining methods. The average mining rate over the first 18 years is expected to be approximately 24 million tonnes per annum. The estimated project life is approximately 25 years, which includes six years of production from processing of stockpiled materials. The planned preliminary mining sequence is based on six push-backs, each containing 80 to 120 million tonnes of ore (or three to five years' life), assuming three or four of the cut-backs are developed at a time. The open-pit schedule was designed to enable higher grade materials to be recovered first by stockpiling low-grade ore. After completion of mining, the accumulated low-grade stockpile will be processed to recover copper, gold and other by-products.

The Ak-Sug Technical Report contemplates that the processing plant at the Ak-Sug Project will be based on a conventional flowsheet for treating copper-molybdenum ore and is expected to have annual throughput capacity of approximately 24 million tonnes. It will be located adjacent to the mine and waste dumps and tailings storage facilities. The ore will be ground prior to flotation to produce a bulk sulphide concentrate containing both copper and molybdenum, followed by differential floatation to separate the copper and molybdenum. Preliminary targets are for copper recovery of 90%, and a copper concentrate grade of 27%, as well as a molybdenum recovery of 60% to produce a molybdenum concentrate grading at least 50% molybdenum and less than 3% copper. Further test work will be required to verify that these targets can be achieved. Copper and molybdenum concentrate will be transported in bulk in trucks from the plant to the rail head, located approximately 240 kilometres from the plant. From the rail head, the copper and molybdenum concentrates will be transported to market in railcars by the regional rail operator.

Based on cash cost figures compiled by Brook Hunt, management believes that Ak-Sug's estimated LOM cash cost of $1.16 per pound would rank in the second quartile of the projected 2016 global copper industry cash cost curve. The Ak-Sug Technical Report estimates that the project's copper equivalent grade will average approximately 0.87% during its high-grade early years of production (years one to seven) and 0.58% on a LOM basis. As outlined in the Ak-Sug Technical Report, the base case LOM production, financial and resource estimates for the project are as follows:

LOM	**25 years**		
Grade	**Years 1-7**	**Years 1-18**	**Total LOM**
Copper (%)	0.75	0.58	0.47
Gold (g/t)	0.16	0.14	0.14
Molybdenum (%)	0.016	0.014	0.014
Rhenium (g/t)	0.28	0.25	0.25
Copper equivalent[(1)] (%)	0.87	0.68	0.58
Average Annual Payable Metal	**Years 1-7**	**Years 1-18**	**Total LOM**
Copper (Mlb)	332	256	211
Gold (koz)	54	48	47
Molybdenum (Mlb)	5	4	4
Rhenium (koz)	141	129	126
Copper equivalent (Mlb)	393	310	264
LOM Cash Cost ($/lb Cu)		$ 1.16	
Initial Capex[(2)] ($M)		$1,935	
NPV ($M)		$ 802	
IRR (%)		14.9%	

Notes:

(1) Calculation based on the Ak-Sug PEA parameters. Assumes $2.75/lb copper, $1,100/oz gold, $16/lb molybdenum and $7/g rhenium.

(2) Includes net capital expenditures through the end of the second year of commercial production, and assumes government cost sharing for certain required infrastructure, absent which, the Company would be required to contribute up to an additional estimated $200 million. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The infrastructure in Russia is inadequate, which could increase costs or result in losses and disrupt normal business activities.*" Excludes the estimated costs of preparing a pre-feasibility study (including drilling and test-work) and a feasibility study. See "*Properties — Ak-Sug Project — Capital and Operating Costs.*"

Sensitivity of NPV and IRR to Changes in Copper Price

Copper Price ($/lb)	NPV	IRR
$2.00	−$432M	3.7%
$2.25	−$11M	7.9%
$2.50	$399M	11.6%
Base Case $2.75	**$802M**	**14.9%**
$3.00	$1,202M	18.1%
$3.25	$1,602M	21.0%
$3.50	$2,003M	23.8%

On May 11, 2012, the spot price of copper on the LME was $3.68 per pound. The average spot price for copper on the LME for the last five years is $3.29 per pound.

The Ak-Sug PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development, including government cost sharing for infrastructure, must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Ak-Sug Technical Report has not estimated any mineral reserves for the Ak-Sug Project. The Ak-Sug PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Ak-Sug PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

Kingash Project

The Kingash Project is located in the Krasnoyarsk region, one of Russia's most prolific mining districts. The Krasnoyarsk region serves as a major metal processing centre with abundant hydroelectric power and excellent infrastructure including rail and road transportation. The region accounts for a major proportion of base metal mining in Russia.

Based on the Kingash Technical Report, the Company plans to develop the Kingash Project as a series of three open-pit mines at the Kingash, Upper Kingash and Kuyo deposits, with annual capacities of 9.5 million tonnes, 5.5 million tonnes, and 3.5 million tonnes, respectively. The mines are expected to reach design capacity in year five of the production schedule, yielding combined tonnage of 17.3 million tonnes per year over an estimated 25-year LOM.

The Company intends to build one conventional beneficiation plant for the Kingash Project to take advantage of the similar metallurgical properties at the Kingash, Upper Kingash and Kuyo deposits. The Kingash Technical Report states that the plant is expected to have a capacity of approximately 18.5 million tonnes per annum and be located roughly equidistant (approximately two to three kilometres) from the three deposits. Targeted recoveries are approximately 63% for nickel and 52% for copper, with an expected concentrate grade of approximately 10% nickel and 3% copper. In addition, the Company plans to construct a metallurgical complex, including a smelter and refinery, in Zelenogorsk, approximately 150 kilometres from the mine site.

Based on cash cost figures compiled by Brook Hunt, management believes that Kingash's estimated LOM cash cost of $2.32 per pound would rank in the first quartile of the projected 2016 global nickel industry cash cost curve.

As outlined in the Kingash Technical Report, the base case LOM production, financial and resource estimates for the Kingash Project are as follows:

LOM	**25 years**
Grade	**LOM**
Nickel (%)	0.42
Copper (%)	0.20
Cobalt (%)	0.02
Platinum (g/t)	0.24
Palladium (g/t)	0.24
Gold (g/t)	0.09
Average Annual Payable Metal	**Total LOM**
Nickel (Mlb)	91
Copper (Mlb)	37
Cobalt (Mlb)	2
Platinum (koz)	68
Palladium (koz)	59
Gold (koz)	23
LOM Cash Cost ($/lb Ni)	$ 2.32
Initial Capex(1) ($M)	$2,747
NPV ($M)	$1,393
IRR (%)	13.4%

Note:

(1) Includes estimated capital expenditures in pre-commercial production years, net of VAT refund.

Sensitivity of NPV and IRR to Changes in Nickel Price

Nickel Price ($/lb)	NPV	IRR
$6.65	−$52M	7.9%
$7.60	$415M	9.9%
$8.55	$965M	11.9%
Base Case $9.50	**$1,393M**	**13.4%**
$10.45	$1,943M	15.2%
$11.40	$2,493M	16.9%
$12.35	$3,043M	18.5%

On May 11, 2012, the spot price of nickel on the LME was $7.78 per pound. The average spot price for nickel on the LME for the last five years is $9.84 per pound.

The Kingash PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Kingash PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

Intergeo's Strengths

Two world class, long-life, near-term development projects

The Ak-Sug Project and the Kingash Project have large resource bases and attractive grades that, based on the PEAs, are projected to result in robust economics.

Ak-Sug is one of the few development stage, open pit copper projects in the world with substantial scale that is not controlled by a major multi-national mining company (including those assets controlled by Chinese entities and Japanese trading companies). According to Brook Hunt, only seven greenfield development projects of similar scale (defined as projects with estimated LOM annual production exceeding 220 million pounds of copper) are expected to commence production over the next five years. Management believes that the mineralization and estimated cash costs of Ak-Sug compare favourably to projects of similar size, and that significant potential exists to increase the resource base and further improve the project's economics.

Kingash is one of the few undeveloped large scale, low cost, open pit nickel sulphide projects in the world. Its estimated first quartile position on the global nickel cash cost curve is highly competitive, and management believes that there is significant potential to further improve the project's economics by optimizing its metallurgical processing techniques. Once developed, Kingash is expected to be one of the largest conventional nickel sulphide mines in operation.

Significant growth potential

The Ak-Sug deposit extends below the bottom of the current conceptual open pit and remains open in all directions. Intergeo's 2012 drilling program (which has commenced) includes approximately 30,000 metres of new infill and step out drilling and is focused on expanding the deposit laterally and at depth. Management believes this has the potential to significantly expand the resource base and increase mine life and annual production estimates. The Ak-Sug Technical Report further notes the potential to extend operations by approximately four years through underground mining at the end of the open pit mine life, which management believes could be accomplished through low-cost sub-level caving.

The Kingash PEA's current resource estimate covers approximately 2.2 square kilometres of an overall licenced area of over 275 square kilometres. Geophysical analyses have been completed for the entire area and two additional targets have been selected for drill testing in 2012. In addition, the Kingash Technical Report notes the potential to reduce energy costs and improve recoveries and concentrate grades for both nickel and copper by adding a sulphidisation stage to the metallurgical flowsheet, which has the potential to improve the project's base case NPV by $370 million and IRR to 14.7% with minimal additional capital expenditure.

Intergeo plans to design its facilities at both Ak-Sug and Kingash to facilitate efficient future expansions. The Company currently plans to drill approximately 40,000 metres and spend approximately $20 million on exploration at these properties in 2012.

Strategically located development projects

The Ak-Sug Project and the Kingash Project are located approximately 320 kilometres and 125 kilometres, respectively, from the Trans-Siberian railway, a key transportation route to China, one of the largest emerging markets driving global base metals demand. Management expects copper production from the two projects to be attractive to smelters looking to secure long-term supplies of copper concentrates, and nickel production from Kingash to be attractive to stainless steel producers looking to secure long-term supplies of nickel.

The respective regional governments support development of the projects and, jointly with the Russian federal government, are considering plans for new or improved rail and/or road connections to the Trans-Siberian railway that would benefit both projects. Management believes existing infrastructure near Ak-Sug and Kingash provide Intergeo with an advantage of accessing existing port and rail capacity to transport Intergeo's products to market.

The Ak-Sug and Kingash projects are located in scarcely populated areas with no permanent dwellings or communities in the immediate vicinity. The Company does not expect that project development will require relocation of any indigenous peoples or other residents.

Diverse portfolio of exploration assets

Intergeo has exploration assets that management believes are highly prospective, with the two most notable being Greater Ak-Sug and East Sayan.

Greater Ak-Sug is a copper porphyry property encompassing approximately 1,288 square kilometres surrounding the Ak-Sug Project. Following comprehensive airborne surveys in 2010, the Company is conducting further geophysical analyses on five target zones. The Company has commenced drilling and expects to drill approximately 17,000 metres in the Greater Ak-Sug Licence area in 2012.

East Sayan, situated in the Irkutsk region, includes approximately 9,600 square kilometres that management considers prospective for nickel sulphide mineralization. The property is located in a greenstone belt similar in geology and age to nickel belts in Russia's Kola peninsula and Canada's Voisey's Bay and Sudbury areas, both of which are large nickel producing regions. Geophysical surveys undertaken by the Company to date have identified 37 exploration targets. The Company has commenced drilling and plans to drill up to 27,000 metres at eight target zones in 2012.

The Company's portfolio also includes the Arbinsk property, which potentially contains copper, gold, silver, molybdenum, and rhenium mineralization. The Company has commenced drilling and plans to drill up to 7,000 metres at Arbinsk in 2012.

Highly experienced management team and shareholders

Intergeo's shareholders and management team have a track record of successfully identifying, developing, financing and operating mineral assets in Russia and other countries. In addition, Intergeo's management team has in-depth knowledge of public company management, and local and national government infrastructure and development practices in Russia. All Russian members of the management team are fluent in English. See "*Directors, Executive Officers and Management*".

Mikhail Prokhorov and Maxim Finskiy, the Company's beneficial shareholders, have long and successful records of developing and operating large nickel and gold mining operations. As at the date of this prospectus, Messrs. Prokhorov and Finskiy beneficially own approximately 98.9% and 1.1% of the issued and outstanding Common Shares, respectively, and will beneficially own **[●]**% and **[●]**% of the issued and outstanding Common Shares, respectively, upon completion of the Offering (**[●]**% and **[●]**% of the issued and outstanding Common Shares, respectively, if the Over-Allotment Option is exercised in full). Mr. Prokhorov was Chairman of the Management Board of Norilsk Nickel from 2001 to 2007, a member of the Board of Directors of OJSC Polyus Gold from 2006 to 2011 (which included serving as Chairman of the Board of Directors from 2006 to June 2007 and from October 2007 to 2010), General Director of both OJSC Polyus Gold and CJSC Polyus from 2010 to 2011. He has developed and led a number of major companies and is also the principal owner of the Brooklyn Nets of the National Basketball Association. Mr. Prokhorov participated as a candidate in the elections for presidency of Russia in March 2012. Mr. Finskiy is the Executive Chairman of White Tiger Gold Ltd., a former member of the board of directors of OJSC Polyus Gold, and the former Deputy General Director and Deputy Chairman of the management board of Norilsk Nickel, where he was responsible for the formation of OJSC Polyus Gold. Each of Messrs. Prokhorov and Finskiy have long-standing relationships with major Russian resource companies, local communities and regional governments.

Intergeo's Business Strategy

Creating the world's next premier base metals producer

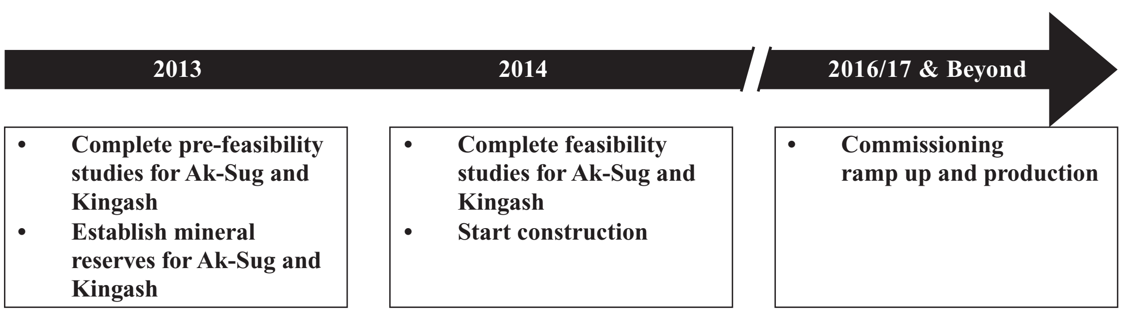
Intergeo's portfolio of assets, highlighted by its near-term development projects, Ak-Sug and Kingash, will provide investors with substantial exposure to copper and nickel, two base metals with attractive, long-term fundamentals driven by demand growth in some of the largest and fastest growing emerging economies. Following production ramp-up at Ak-Sug and Kingash, Intergeo expects to produce a combined annual average of approximately 248 million pounds (112,000 tonnes) of copper and approximately 91 million pounds (41,000 tonnes) of nickel based on the PEAs. Copper production during Ak-Sug's high grade early years is expected to be considerably higher, exceeding 330 million pounds (approximately 150,000 tonnes) annually. Achieving these targets would establish Intergeo as a leading intermediate base metals company. The Company's exploration projects provide a development pipeline with the potential for increased resources and, ultimately, mineral production. See "*Properties — Ak-Sug Project — Mineral Resource Estimate*" and "*Properties — Kingash Project — Mineral Resource Estimate*" for the tonnage and grade estimates for each resource category.

Focusing on bringing Ak-Sug and Kingash into production

Intergeo is dedicated to advancing its two key open pit projects to production on schedule and within budget. The Company intends to use the net proceeds from the Offering to complete pre-feasibility studies, establish mineral reserves and commence feasibility studies. Intergeo believes that it has identified opportunities to optimize the mining and processing scenarios currently reflected in the Technical Reports by modifying mine plans and improving flowsheets, which the Company intends to incorporate into the pre-feasibility and feasibility studies. Upon reaching full production capacity, the PEAs anticipate that Ak-Sug will produce on average approximately 256 million pounds (116,000 tonnes) of copper, 48,000 ounces of gold and 4 million pounds (2,000 tonnes) of molybdenum annually over the years 1-18 of the 25-year LOM, and that Kingash will produce on average approximately 91 million pounds (41,000 tonnes) of nickel, 37 million pounds (17,000 tonnes) of copper and 127,000 ounces of platinum and palladium annually over the LOM.

The key milestones set forth below are based on technical work recently completed, including the Technical Reports. Management believes these targeted milestones are reasonable and achievable. However, the PEAs are preliminary in nature and the Company will require additional financing in 2013 to complete the feasibility studies for the Ak-Sug Project and the Kingash Project. Many factors outside the Company's control could affect anticipated timelines. The Company may also determine to proceed on timelines different than those contemplated in the Technical Reports and/or may determine to advance one project faster than the other project following the completion of the pre-feasibility studies or feasibility studies. See "*Use of Proceeds*" and "*Risk Factors*".

Key Milestone Targets



Achieving competitive cash operating costs by using conventional extraction technologies and processes

The PEAs confirm that the metallurgical properties of both deposits are well understood, and planned production for both deposits will be through conventional methodologies and processes used at existing third party operations. The PEAs' cash cost estimates for each of these projects place them in the first or second quartile on their respective 2016 projected Brook Hunt cash cost curves. The Ak-Sug PEA and the Kingash PEA, respectively, forecast the cash cost of production at Ak-Sug to be $1.16 per pound of copper (compared to the spot price of copper of $3.68 per pound on the LME as at May 11, 2012) and the cash cost of production at Kingash to be $2.32 per pound of nickel (compared to the spot price of nickel of $7.78 per pound on the LME as at May 11, 2012). Intergeo believes it has identified opportunities to increase efficiencies at both projects.

Exploring and developing Intergeo's diverse portfolio of properties

Intergeo intends to continue with its exploration drilling programs at Ak-Sug and Kingash with the goal of expanding the existing resource base and identifying additional resource potential at both properties. In 2011, the Company spent $15.5 million on exploration of these projects. Both infill and step out drilling are continuing at Ak-Sug and two additional target zones have been identified for further drilling at Kingash. The Company currently plans to drill approximately 40,000 metres and spend approximately $20 million in the aggregate on exploration at both properties in 2012.

The Company also intends to prioritize its exploration activities at Greater Ak-Sug and East Sayan as initial geological analysis has proved promising. Intergeo has commenced drilling at such projects and plans to drill up to 44,000 metres in total at both properties in 2012. In addition, Intergeo has commenced drilling and plans to conduct additional exploration drilling of up to 7,000 metres at Arbinsk.

Partnering with regional governments to foster development and jointly investing in mutually beneficial infrastructure

Each of Krasnoyarsk region and Tyva Republic is considered a stable, mining-friendly jurisdiction. The Krasnoyarsk region has a long history and culture of natural resource extraction, and the Tyva Republic has expressed a clear intent to pursue mining as a central part of its industrial development strategy. Intergeo is in negotiations with both regional governments respecting construction of the infrastructure necessary for developing Ak-Sug and Kingash. The powerlines for both the Ak-Sug Project and the Kingash Project have been included in the Regional Development Programs by the Russian government, and it is anticipated that such powerlines will be financed through the Russian federal budget. Intergeo is developing proposals to attract financial support from the Russian federal and/or regional governments for the construction of access roads to each of the Ak-Sug Project and the Kingash Project.

Intergeo is in turn committed to the development of the communities where it operates and believes the Company's projects will deliver significant economic benefits to the regions. Intergeo believes that it has a responsibility to ensure that all stakeholders understand the purposes of the projects and gain benefits from their implementation, thus creating a positive business environment. The development of Ak-Sug and Kingash are expected to create high quality employment opportunities, training and access to medical assistance, and improve the regional infrastructure and economy.

Commitment to excellence in safety and environmental stewardship

Intergeo intends to establish operations that will conform to the Equator Principles and Russian environmental standards, complying with whichever is more stringent. The Company also intends that its projects will adhere to existing health and safety regulations in all operations, implementing resource industry best practices and employing sound environmental management techniques. The Company's current practices are based on Russian legislation as well as terms and conditions set out in the applicable licence agreements. Environmental baseline studies and monitoring have been initiated for both Ak-Sug and Kingash and will continue apace as each project develops.

Summary of Core Properties

The following table contains information about the Company's core properties:

Project	Primary Metal	Other Metals	Stage	Term and Type of Licence
Ak-Sug	Copper	Mo, Au, Re	Development (preliminary economic assessment)	2007-2027, exploration and mining licence
Kingash	Nickel	Cu, Co, Au, Pt, Pd	Development (preliminary economic assessment)	Kingash deposit: 2007-2027, exploration and mining licence Upper Kingash and Kuyo deposits: 2006-2012, prospecting and appraisal licence (conversion to exploration and mining licence pending). See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".
Greater Ak-Sug	Copper	Mo, Au	Exploration	2009-2034, prospecting, appraisal, exploration and mining licence
East Sayan	Nickel	Cu, Au, Pt, Pd	Exploration	2008-2033, prospecting, appraisal, exploration and mining licence
Arbinsk	Copper	Au, Ag, Mo, Re	Exploration	2006-2013, prospecting and appraisal licence

Competitive Conditions

The mining business is intensely competitive in all of its phases. Intergeo competes with other companies, including competitors with greater financial, technical and other resources. There is no assurance that Intergeo will compete successfully. See "*Risk Factors*".

Environmental and Worker Protection and Social Responsibility

Intergeo's exploration and development activities are subject to various Russian laws and regulations regarding the protection of the environment. If required, Intergeo will make expenditures to ensure compliance with applicable laws and regulations. New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementation of existing laws and regulations could have a material adverse effect on the Company's business, cash flows, earnings, results of operations, financial condition and prospects, by potentially increasing capital and/or operating costs and/or delaying or preventing the exploration and/or development of mineral properties.

The Company intends to control and mitigate environmental impacts arising from the exploration and construction of its projects and their future operation. Intergeo is also committed to respecting the interests and rights of indigenous people and national minorities, particularly with respect to their traditional ways of life and habitat, and is fully aware of its responsibility for the health and safety of its employees, contractors, and suppliers and the communities where its future operations will be located. The Company considers these obligations to be an integral part of its business activity and will strive to ensure strict compliance with the environmental, health and safety legislation of Russia, as well as with the applicable requirements of the Equator Principles. It is committed to communicating openly and transparently with regulatory authorities, the public and other stakeholders, including by active engagement with community representatives and responsible third parties. To implement these policies the Company intends to establish an integrated health, safety and environment management system in accordance with international standards OHSAS 18001:2007 and ISO 14001:2004. It also intends to employ the services of internationally recognized firms to audit and advise on its environmental, health, safety and social performance.

Specialized Skill and Knowledge

Intergeo believes its success will be largely dependent on the performance of its management and key employees, many of whom have specialized skills and knowledge relating to mining operations. Intergeo believes that it has sufficient personnel with the specialized skills and knowledge to successfully carry out the present level of its business and operations. In order for Intergeo to conduct its business effectively, specialized personnel are required, including geoscientists, engineers, legal advisors, financial experts, and investor relations personnel, supervisory, operational and maintenance personnel. Intergeo employs or retains personnel with many of these skills, as appropriate. In addition, Intergeo procures the services of consultants and contractors to complement the skills of its employees wherever necessary.

Foreign Operations

All of Intergeo's projects are located in Russia. Consequently, Intergeo is subject to certain risks related to operating in Russia, including currency fluctuations and possible political or economic instability. See "*Risk Factors — Risks Relating to Russia*" for a further description of the risk factors affecting Intergeo's operations.

Employees

As at May 14, 2012, Intergeo employed approximately 135 employees. In addition, Intergeo engages contractors and consultants from time to time to work on specific properties and for administrative, legal and other services as required. The Company does not have any unionized employees.

General Development of the Business

Background

Intergeo MMC Ltd was incorporated under the laws of the British Virgin Islands on June 9, 2011. Intergeo is beneficially owned by Mr. Prokhorov, through Daselina, and by Mr. Finskiy, through Kirkland. Intergeo holds its mining assets through its subsidiaries. Intergeo Russia was formed in February 2007 by Mr. Finskiy and

Sergey Lyamin for the purpose of organizing investments in exploration and mining properties. Mr. Finskiy led Intergeo Russia's creation with a view to gradually accumulating an attractive portfolio of greenfield projects for subsequent development. Intergeo Russia established control over its existing exploration and development assets through a series of acquisitions between 2007 and 2011. In March 2008, Onexim Holdings Limited (Cyprus) together with three private companies, acquired 100% of Intergeo Russia. Subsequently the ownership was fully consolidated by Mr. Prokhorov as described below.

Reorganization

Prior to the Reorganization, (i) the Company was beneficially owned by Mr. Prokhorov, through Daselina, (ii) the Company owned 100% of Intergeo Cyprus, and (iii) a 99.9995% interest in Intergeo Russia was directly owned by Mr. Prokhorov with the remaining 0.0005% interest being indirectly owned through Intergeo Cyprus. In February 2012, the Reorganization was completed for the purposes of (i) eliminating the existing intra-group indebtedness owed by Intergeo Russia and Intergeo Cyprus to members of the ONEXIM Group by debt to equity conversion and (ii) establishing the ownership structure whereby Intergeo has a 99.5% indirect interest in Intergeo Russia, the owner of the Company's Russian subsidiaries. The Reorganization was completed as follows:

- loans and promissory notes (including accrued interest) owed by Intergeo Russia and Intergeo Cyprus to ONEXIM Group and Daselina (approximately $208.2 million) were assigned to Daselina. Such loans and promissory notes (including accrued interest) and cash of approximately $7.3 million were then transferred by Daselina to the Company in exchange for 100,000,000 Common Shares, with the result that the Company continued to be wholly-owned by Daselina, which is 100% beneficially owned by Mr. Prokhorov; and
- the Company subscribed for an additional 10,000 new shares in Intergeo Cyprus in consideration of (i) the assignment by the Company to Intergeo Cyprus of all promissory notes (including accrued interest) owed by Intergeo Russia to the Company, (ii) the set off of all loans and a promissory note owed by Intergeo Cyprus to the Company, and (iii) cash of approximately $6.8 million.

Intergeo Cyprus further contributed cash of approximately $7.0 million and all the promissory notes (including accrued interest) owed by Intergeo Russia (approximately $203.1 million) to it to the charter capital of Intergeo Russia, thus setting off Intergeo Russia's indebtedness, increasing Intergeo Cyprus's participatory interest in Intergeo Russia to 99.5% and diluting Mr. Prokhorov's direct equity interest in Intergeo Russia to 0.5%.

Summary

The table below summarizes the history of Intergeo.

Date	Event
February 2007	• Intergeo Russia is formed. • Golevskaya acquires the Ak-Sug Licence through an auction process in February 2007.
March 2007	• Intergeo Russia acquires a 100% interest in LLC Amurmed from an arm's length Russian individual. LLC Amurmed had acquired the prospecting and appraisal licence for the Arbinsk property in September 2006 from the Russian government. • Intergeo Russia acquires a 100% interest in Golevskaya from an arm's-length Russian individual.
April 2007	• Intergeo Russia incorporates LLC East-Sayan nickel company. • Intergeo Russia acquires LLC Orekitkanskaya GRK from an arm's-length Russian individual. • Kingash LLC acquires the Kingash Licence. Kingash LLC had held the Upper Kingash/Kuyo Licence since October 2006.
May 2007	• Intergeo Russia acquires a 100% interest in LLC Tyvamed from an arm's-length Russian individual. • LLC Orekitkanskaya GRK acquires the mining licence for Orekitkan through an auction process. • Intergeo Russia incorporates LLC Zabaikalpolymetal.
October 2007	• LLC Zabaikalpolymetal acquires the prospecting and appraisal licence for the Uronay area, the Company's non-core copper–gold skarn deposit located in the Mogoytuyskiy District of Zabaykalskiy Krai, Russia, from the Russian government.
March 2008	• Onexim Holdings Limited, part of the ONEXIM Group, together with three private companies, acquires a 100% interest in Intergeo Russia. • LLC East-Sayan nickel company acquires the prospecting and appraisal licence to the Isakov area from the Russian government.
April 2008	• Intergeo Russia acquires a 51% interest in Uralmining from an arm's-length Russian individual. The remaining 49% interest is held by IRC. Uralmining had acquired the exploration and mining licence for the Bolshoy Seyim property through an auction process in November 2005.
May 2008	• LLC East-Sayan nickel company acquires the prospecting, appraisal, exploration and mining licence to the East Sayan area through an auction process.

Date	Event
January 2009	• LLC Tyvamed acquires the Greater Ak-Sug Licence through an auction process.
February 2011	• Maxim Finskiy acquires Intergeo Cyprus. See "*Promoters*".
April 2011	• 99.9995% of the interests in Intergeo Russia are sold to Mikhail Prokhorov and 0.0005% of the interests are sold to Intergeo Cyprus.
July 2011	• Intergeo MMC Ltd acquires a 100% interest in Intergeo Cyprus from Maxim Finskiy. • Intergeo Russia acquires a 100% interest in Kingash LLC for approximately $70 million. See "*Interest of Management and Others in Material Transactions*".
February 2012	• The Reorganization is completed.
April 2012	• Mr. Finskiy acquires approximately a 1.1% interest in Intergeo MMC Ltd from Daselina. See "*Principal Securityholders — Option Agreement*". • Intergeo Cyprus agrees to sell its indirect interest in Bolshoy Seyim.(1)

Note:

(1) On April 9, 2012, Intergeo Cyprus entered into an agreement with IRC whereby Intergeo Cyprus agreed to cause Intergeo Russia to sell its 51% interest in Uralmining to IRC in consideration for 74,681,400 shares of IRC having a market value of $11.5 million (as at April 9, 2012). Uralmining, a company incorporated and existing in accordance with the laws of Russia, holds a Russian subsoil licence for the Bolshoy Seyim deposit in the Amur Region of Russia. Completion of the sale of Uralmining is subject to certain terms, conditions and approvals, and it is anticipated that such sale will be completed by May 31, 2012.

PROPERTIES

Ak-Sug Project

The information that follows relating to the Ak-Sug Project and Greater Ak-Sug is derived from, and in some instances is an extract from, the Ak-Sug Technical Report authored by Alexander Peretyatko, M.AIG, Len Holland, FIMMM, FMES, CEng, and David Pearce, FAusIMM (CP) of SRK. Each of Messrs. Peretyatko, Holland and Pearce is independent of the Company and is a "qualified person" as that term is defined in NI 43-101.

Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the full text of the Ak-Sug Technical Report which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's profile on SEDAR at www.sedar.com. The Ak-Sug Technical Report has an effective date of March 31, 2012.

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Ak-Sug Technical Report has not estimated any mineral reserves for the Ak-Sug Project. The Ak-Sug PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Ak-Sug PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

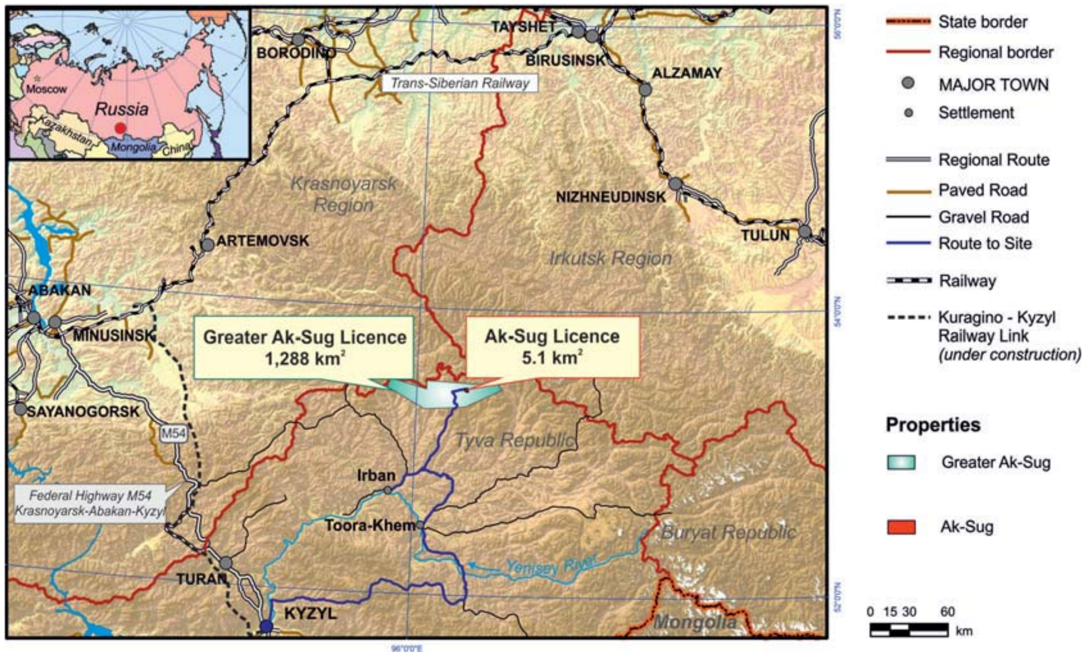
Project Description and Location

The Ak-Sug Project is located in the northern part of the Tyva Republic in southern Siberia, Russia. Golevskaya, a 100% owned subsidiary of Intergeo Russia, is the owner of exploration and mining licence KZL 13960 TE (the "**Ak-Sug Licence**") in respect of the exploration and mining of copper, molybdenum and associated minerals on the Ak-Sug Project. Following an auction, the Ak-Sug Licence was issued by the FASU on February 21, 2007 and expires on February 1, 2027. The Ak-Sug Licence covers 5.1 square kilometres and the mineral resources for the Ak-Sug Project are located within the licence boundaries. Mining is permitted from surface to a maximum depth of 1,000 metres.

A prospecting, appraisal, exploration and mining licence KZL 00397 TR (the "**Greater Ak-Sug Licence**") was issued to LLC Tyvamed, a 100% owned subsidiary of Intergeo Russia, covering an area of 1,288 square kilometres.

The Ak-Sug Licence and the Greater Ak-Sug Licence cover the deposit, one covering the Ak-Sug Project and the other the Greater Ak-Sug area which surrounds the Ak-Sug Project and are valid until 2027 and 2034, respectively.

The Ak-Sug Project is not located near a national park or other area designated as being environmentally sensitive. Therefore, SRK considers that the key environmental considerations are the typical issues associated with developing an open pit mine and associated infrastructure.



Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Ak-Sug Project and Greater Ak-Sug area are located approximately 220 kilometres northeast from the town of Kyzyl, Russia, the capital of the Tyva Republic with a population of 110,000 (based on a 2010 census). It is presently accessed either by helicopter from Kyzyl or by four-wheel drive vehicles on a poorly maintained dirt road. Ice roads along the Ak-Sug and Yenisey rivers are not used.

Local Resources and Infrastructure

The site is remote and an exploration camp has been established. There are no nearby villages although the area is frequented by local herders who graze their animals in the valleys.

The nearest existing railway line is approximately 320 kilometres from the site at Kuragino although a railway spur to the Elegest coking coal deposit is being evaluated by the government which would reduce the distance to the nearest point for a siding to 240 kilometres from the site. The nearest connection to the national electricity grid is approximately 220 kilometres from the site.

The processing plant will be located adjacent to the mine and waste dumps and tailings storage facilities will be placed in valleys surrounding the mine.

Climate

Climate characteristics of the area are based on two sources: long-term analysis of data from the Verkhnyaya Gutara weather station and the Alygdzher weather station located 90 kilometres – 110 kilometres to the northeast from the Ak-Sug Project and observations of exploration teams that worked at the Ak-Sug Project in 1966 - 1980.

The climate is classified as "extreme continental" with warm summers (average July temperature +13 °C with a maximum of +26°C) and cold winters (average January temperature: −28 °C with a minimum temperature of −43 °C). The annual average temperature is −6 °C. Average annual precipitation is approximately 737 millimetres with maximum precipitation in the summer. The typical depth of snow cover reaches 1.5 metres – 2 metres in the valleys and 0.5 metres – 0.7 metres on the slopes.

The proposed mine is intended to be operated all year and an all-weather access road constructed. There may be short interruptions to production if the temperature drops below −40°C or during blizzards but these are not expected to be material.

Physiography

The site area is mountainous with the Ak-Sug Project located between 1,360 metres and 1,600 metres above sea level.

The Ak-Sug river is likely to be intersected by the open pit and would therefore need to be diverted. During the spring flood, which lasts approximately 14 days each year, the river is approximately 10 metres – 12 metres wide, approximately 0.8 metres deep with flow rates of up to 5.9 cubic metres per second which SRK considers can be managed with an open diversion channel. Outside of the spring flood the flow rate drops to approximately 0.4 cubic metres per second. The river freezes from the end of October until late April.

Some permafrost exists but is not extensive. The Ak-Sug Project is largely covered by unconsolidated sediments 3 metres – 8 metres thick. The site is covered by larch, spruce and cedar forests.

The area is classified as being seismic although no major events have been recorded in the region.

Manpower

The Ak-Sug Project site is remote and therefore manpower will need to be recruited from across Russia and the Commonwealth of Independent States. There are no large-scale mines within a radius of several hundred kilometres. Accommodations will need to be constructed on site.

History

Exploration History

The Ak-Sug Project was discovered by an exploration team working for the Russian authorities in the 1950's. Systematic exploration has been conducted by Russian authorities exploration teams including soil sampling, geophysics, geochemistry, trenching, drilling and test pits. In the early 1980's eight metallurgical bulk samples were taken and evaluated by Russian technical institutes (initially Kuzbass Polytechnical Institute and then Siberian non-ferrous metallurgy design institute). In 1985, a technical study estimated mineral resources in line with the Russian resource reporting code as category C1+C2 (non-CIM code compliant). However, due to relatively low metal recoveries and the remote location, the Ak-Sug Project was not approved for commercial development.

Between 2007 and 2010, Golevskaya conducted additional geological drilling and metallurgical studies. A revised resource estimate was submitted to the GKZ in 2010 and was approved.

For the Greater Ak-Sug Licence, airborne geophysical data has been collected and analysed and areas of interest have been identified.

The Ak-Sug Technical Report is the first CIM code compliant mineral resource estimate to be published for the Ak-Sug Project since Golevskaya acquired the Ak-Sug Licence. Non-CIM code compliant mineral resource estimates had been published as part of the tender process when Golevskaya acquired the Ak-Sug Licence. The mineral resources set out in the Ak-Sug Technical Report have been estimated from first principles and do not relate to these previous estimates.

Ownership History

The Ak-Sug Licence and Greater Ak-Sug Licence were acquired from the Russian authorities. There were no previous private owners of the Ak-Sug Project and Greater Ak-Sug area.

Licences

The minimum conditions of the Ak-Sug Licence are summarized below:

Year 1 (May 2008 - May 2009): Drilling not less than 1,000 metres

Year 2 (2009): Drilling not less than 1,000 metres

Year 3 (2010): Drilling not less than 1,000 metres

Year 4 (2011): Drilling not less than 4,000 metres

Year 5 (2012): Drilling not less than 2,000 metres

Golevskaya actually achieved:

- in 2007: 930 metres
- in 2008: 24,008 metres
- in 2009: 0 metres
- in 2010: 0 metres
- in 2011: 31,199 metres.

Golevskaya is required to prepare a development plan by August 1, 2013, to start infrastructure construction by February 1, 2014, to start mining by August 1, 2014 and achieve design capacity by February 1, 2015.

SRK considers that Golevskaya is in compliance with the Ak-Sug Licence requirements for drilling although the required schedule to start mining may need to be delayed. SRK notes that such delays are permitted if Golevskaya can demonstrate that it has committed funds and effort to evaluating the Ak-Sug Project and have a plan to develop the Ak-Sug Project. SRK does not expect the delay to be a material risk to the licence. However, investors should understand such risks. See "*Risk Factor — Risks Relating to Intergeo's Business and Industry — Intergeo's licences, in particular those relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company*".

Due to the remote location of the Ak-Sug Project and Greater Ak-Sug area and the lack of local communities, there are no surface right issues since the surface rights in remote areas are held by the Russian authorities. Golevskaya has received the necessary permits for this stage of the project evaluation from the local administrative authorities to use the land for exploration and metal production, and permits from the relevant Russian federal authorities for exploration and mining activities. Further permits must be acquired when approval is given for the project's development.

SRK notes that Golevskaya has implemented an exploration program and intends to embark on a pre-feasibility study and Russian technical study during 2012. SRK considers that Golevskaya will complete the technical studies within 2 years. This will provide additional time for getting approval, detailed design, procurement and commissioning as the two years permitted for construction and commissioning is about one year too short for a project of the size proposed.

The right to exploit a deposit in Russia requires the licence holder to have exploration and/or mining rights, which are not granted under a prospecting and appraisal licence, to have the mineral resources/ reserves approved and placed on the State Balance by the GKZ, and to have submitted a detailed design report for approval to the Russian authorities. The State Balance is a record of the resources, which have been estimated according to the Russian resource reporting code and approved following a review by relevant experts appointed by the Russian authorities. The information on the State Balance is updated either following further evaluations or through depletion if the deposit is in operation. An exploration and mining licence is typically valid for 25 years, with 5 years allocated for completing exploration and technical studies and 20 years allocated for operations.

Geological Setting

Regional Geology

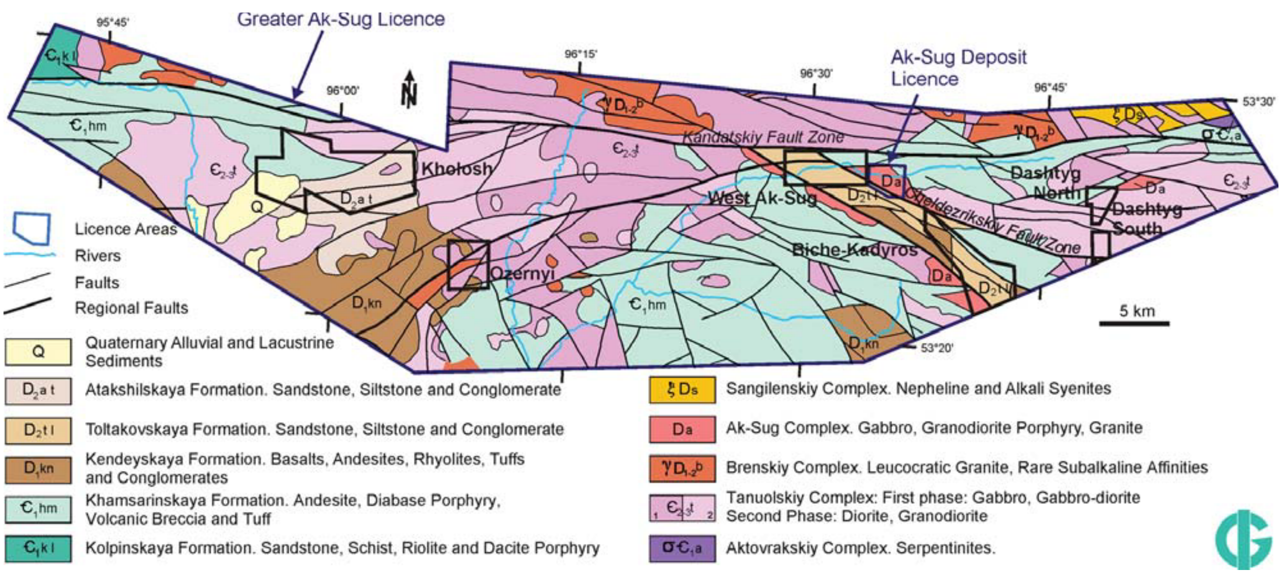
The Ak-Sug Project area is located in the Sayan Platform, which is situated along the southwest margin of the Siberian Craton. Northward migration of the North China Craton resulted in the development of the Sayan accretionary complex accompanied by the first magmatic event in the middle Cambrian. Continued northward migration of the China and Southeast Asia micro-continents created a collage of sub-parallel accretionary belts.

The sedimentary and volcanic units extend from the Upper Proterozoic to the Late Devonian in age.

The Palaeozoic stratigraphy comprises interbedded intermediate volcanics and pyroclastics with coarse clastics including red beds. The magmatic units are widespread and were emplaced during two time periods: the Cambrian and Devonian. The Ak-Sug copper mineralization is associated with a Devonian diorite.

The generalised geology of the Greater Ak-Sug Licence is illustrated in the figure below.

Generalised geology of the Greater Ak-Sug Licence (Source: Golevskaya, 2011)

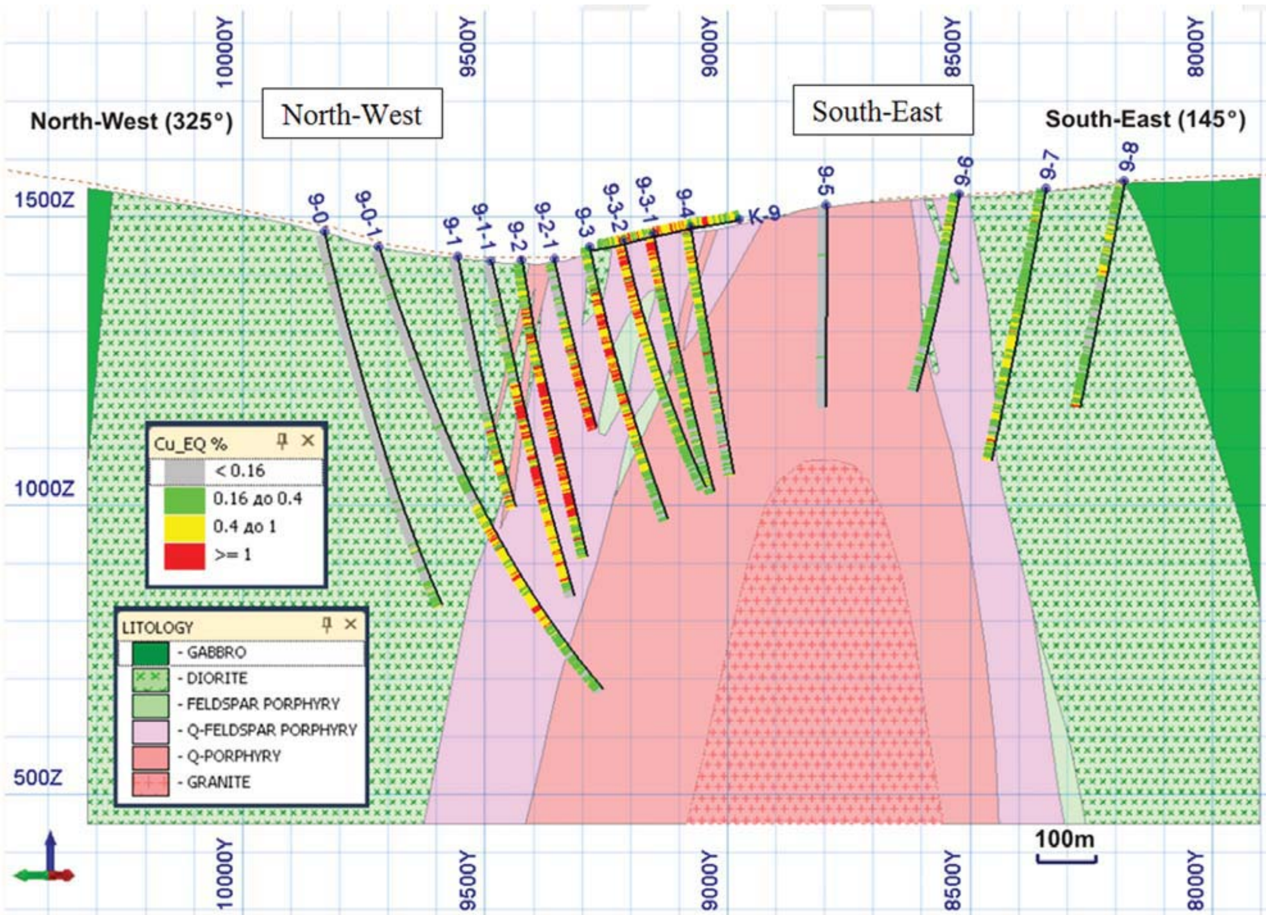


Property Geology

The Ak-Sug complex comprises a triangular shaped batholith which is 5 kilometres in width and 8 kilometres in length and is fault bounded on three sides. The majority of the complex consists of sodic, calc-alkaline gabbro, diorite and quartz-diorite exposed in the east and southeast parts of the complex. The early intrusive phases have been intruded by a later series stocks and dykes of quartz diorite, tonalite and granodiorite porphyries of the Ak-Sug intrusion, which are located in the central part of the Ak-Sug batholith.

The Ak-Sug intrusion is an asymmetric dome-like shape with contacts steeply dipping outward at 60º – 80º. As illustrated in the following figure, the broad architecture of the Ak-Sug Project consists of an outer diorite, an intermediate zone of porphyritic tonalite and central core of porphyritic tonalite to granodiorite. The diorites are weakly mineralized, however, the degree of mineralization increases towards the porphyry stock. Tonalite forms the northern and northwestern part of the complex and occurs as a horseshoe body around the porphyry stock from the east. These strata are broken by dykes of andesite and diorite porphyrites containing impregnation and veinlets of copper sulphide. The thickness of the dykes range from 0.5 metres – 3.0 metres, with lengths of up to several tens of metres.

Cross-section 9 through the Ak-Sug Intrusive (Source: SRK, 2011)



The Kandatskiy fault represents a reactivated basement structure and is thought to represent the main conduit for the Ak-Sug mineralization. The fault zone ranges up to 10 kilometres in width and consists of a series of sub-parallel faults with intervening zones of mylonitisation. The fault zone comprises steep dipping normal faults with displacements of 2 kilometres – 3 kilometres. Splays branch off of the Kandatskiy fault trending northeast and northwest with vertical displacement of several hundred metres.

The Ak-Sug intrusive massif is located near the junction of the Ak-Sugsky and Cheldezriksky regional faults. The Ak-Sugsky fault is the northern boundary of the deposit, has near latitudinal strike and is a branch of the deeper Kandatsky fault. The rocks within the Ak-Sugsky fault zone demonstrate intensive fracturing and displacement (up to several hundred metres).

The Cheldezriksky fault dips to the northwest, along the side of the Dashtygoysky trench fault. The Cheldezriksky fault has been defined using surface mapping and geophysics and little is known about its structure at depth. It is probably sharply dipping in the northern direction and has branches of sublatitudinal and submeridional orientations. Like the Ak-Sugsky fault, the Cheldezriksky fault is a large regional structure. It limits diorites of the Ak-Sug massif from the south, and may have had a role in bounding the placement of the Ak-Sug type intrusions.

The Ak-Sug river valley follows the Ak-Sugsky faults while the Dashtyg-Oy river valley follows the Cheldezriksky fault.

Quaternary sediments are well developed in the valleys of the Ak-Sug and Dashtyg-Oy rivers, which flow through the Ak-Sug Project and on flat slopes and watersheds of mountains.

More than 95% of the mineralized material is localized in porphyries, porphyritic plagiogranite and tonalite, which were mostly modified into quartz-sericite metasomatite.

Mineralization is not controlled by lithology. There is no coincidence of the most altered strata and higher grade material. Precise geological boundaries of the primary intrusive strata that would limit the mineralized stockwork have also not been determined. Consequently, the stockwork outline was determined based on core sampling results.

Exploration

Geological and Geomorphological Surveys

This section focuses on the exploration conducted since 2005 as this is the data that has been used primarily to define the mineral resource estimate. Historical exploration was used to help define the outline of the Ak-Sug Project, and to guide the more recent exploration.

A series of surveys were conducted since 2005, which were aimed at mapping quaternary formations, determining features of geological and geomorphological structures, specifying drilling locations, studies and mapping of outcrops of pre-Quaternary strata. In total, 30 kilometres of geological routes were covered.

The surveys were performed across valleys (partially covering slopes) every 100 metres with compulsory observations along the designed drill lines. Part of the routes (10% of the total) were planned to study pre-Quaternary formations, hydrothermally altered and mineralized rocks, and also to track geological boundaries along strike. Geology, elements of valley and slope geomorphology, loose sedimentary formations and pre-Quaternary rocks in outcrops on the valley sides were logged on the routes. Particular attention was given to hydrothermally altered rocks and mineralization. The routes were planned according to the topographic network, using a topographic base at a scale of 1:25,000. Distance between observation points was measured by footsteps (or by surveyor's stakes), azimuth reference was made using a compass, geomorphological elements were determined using elevation meter and a ruler, if required.

Geophysical Surveys

Ground and airborne geophysical surveys have been completed over the Ak-Sug Licence area and Greater Ak-Sug Licence area. The surveys were carried out using the modern geophysical methods applied to the properties since the late 1980's, and represent the first stage in the exploration of the project by Golevskaya. Data and results from the surveys have been used to assist with the planning of the ongoing exploration and development of the Ak-Sug and Greater Ak-Sug tenements.

Based on results of the 2010 airborne survey, areas of interest for the 2011 ground geophysical and geochemical soil surveys were delineated. The areas of interest are:

1 — Dashtyg (North and South), 5.9 square kilometres;

2 — Kholosh, 43.7 square kilometres;

3 — Biche-Kadyros, 17.4 square kilometres; and

4 — Ozyornyi, 10 square kilometres.

During 2011, a ground gravity survey was conducted over the Ak-Sug Project and a 9 kilometres extension to the west. In conjunction with the geophysical studies, soil sampling was conducted at 50 metres intervals along the geophysical profiles (except for the gravity survey area).

Ground Surveys

In 2008, ground magnetic, gammaspectrometry and IP/resistivity surveys were undertaken over the Ak-Sug Project and adjacent areas along the same profiles. Line spacing within the known mineralization was 50 metres, and 100 metres outside of the Ak-Sug Project. Sampling distance varied from 20 metres to 40 metres for different surveys. A Schlumberger array with A100m40n100B was used in the frequency IP/Resistivity profiling. Theoretical depth of investigation for this type of array is 150 metres – 200 metres. Proton magnetometers

"MINIMAG" were used for the magnetic survey and recording the earth magnetic field variations. Proprietary — multichannel receiver "MARY-24" and transmitter "ASTRA-100" developed in Russia by the Nord-West Ltd. (Moscow State University) — equipment was used for the IP/Resistivity and radiometric surveys.

Geophysical interpretation of new data allowed defining in greater detail of the geometry and shape of the mineralization zones, and recommends further test drilling of the Ak-Sug Project and Greater Ak-Sug.

Airborne Surveys

Helicopter airborne magnetic, electromagnetic and radiometric surveys at a scale of 1:25,000 (250 metres line spacing) were flown by the NF VSEGEI in June and July 2010. The magnetic and radiometric survey covered an area of 1,300 square kilometres and was flown at an average height of 70 metres over the terrain. The EM survey was flown along the same lines over two separate blocks selected on results of previous exploration data. The total distance of the magnetic-radiometric surveys is 5,642 linear kilometres, and the EM survey size is 1,249 linear kilometres. Brief survey equipment/specifications are as follows:

magnetics: cesium magnetometer CS-3 (15,000 – 105,000 nT range), recording on four independent channels with 1 sec – 0.05 sec sampling rate.

gammaspectrometry: gammaspectrometer GSA with six NaI(Tl) crystal blocks of 37.8 litres in total, 512 recording channels, measured energy range 0.1 – 3.0 MeV, sampling rate 0.25 sec – 4 sec.

electromagnetics: Russia's newly developed time-domain electromagnetic system EQUATOR — first system, using advantages of both time-domain and frequency technologies.

The surveyor, NF VSEGEI, integrated and compiled the data from all airborne surveys, preparing a set of interpretive and prognosis maps. A number of target areas of different priorities were recommended for the ground follow-up in the future.

Geophysical Studies in Drillholes

The studies were performed by the geophysical logging department of the Southern Geophysical Exploration Company (a branch of JSC "Krasnoyarskgeologiya").

The objectives of the geophysical studies were:

- defining lithological boundaries by petrologic and physical rock properties;
- domaining of perspective mineralization in the cross-sections, with sulphide and magnetic mineralization, determination of thicknesses, internal structure and bedding depths;
- domaining and outlining intervals with higher natural radioactivity of rocks; and
- control over technical condition of walls and location of end of the hole.

This was achieved using a range of geophysical methods, including:

- gamma-logging for differentiation of rocks by natural radioactivity (as best linked with petrographic compound of rocks), domain of zones with changing radioactivity under influence of hydrothermal metasomatosis. Coverage — 98.9%;
- electric resistivity logging for petrographic breakdown of cross-section, domaining of perspective mineralization intervals, study of specific electric resistivity of rocks. Coverage — 88.7%;
- magnetic susceptivity logging for finding of intervals with magnetite impregnation and determination of magnetite grade in skarns. Coverage — 94%;
- spontaneous potential logging characterizing natural electric fields appearing in drillholes due to oxidation-reduction processes, diffusion and filtration. Coverage — 87.5%;
- IP logging to determine sulphide mineralization zones. Coverage — 69.2%;

- electrode potential logging to determine sulphide mineralization zones. Coverage — 94.2%;
- deviation survey to determine spatial location of the drillhole. Coverage — 99.6%; and
- caliper logging to measure actual drillhole diameter. Coverage — 92.7%.

Some drillholes could not be logged due to the drillholes collapsing, especially in structurally weakened areas, after flushing of the holes prior to lifting drill rods and logging.

There has been an extensive program of geophysical and geochemistry surveys across the Ak-Sug Licence, both historically and more recently using state-of-the-art techniques and equipment. This indicates the potential for extensions of the existing Ak-Sug Project. SRK considers that there is potential for extensions of the existing Ak-Sug Project and discovering new deposits within the Greater Ak-Sug Licence. SRK considers that the program proposed for 2012 and 2013 will determine if the targets contain attractive mineralization.

Golevskaya's exploration program over 2012 and 2013 will evaluate the areas to the east and west of the Ak-Sug Project as well as two of the key target areas: Kholosh, and Dashtyg. It is intended that the program will comprise drilling 24 holes (17,000 metres) in 2012 and a further 10 holes in 2013 (7,000 metres) plus in-fill drilling at one target (13,000 metres) as justified by the results of the 2012 program. In addition to the drilling program, 15,000 cubic metres of trenching, 12 square kilometres of soil sampling and 159 square kilometres of ground geophysics is planned to be carried out, primarily in the Kholosh and Dashtyg prospect areas in 2012 and a further 5,000 cubic metres of trenching and 77 square kilometres of ground geophysics is planned in 2013. A total expenditure of approximately $12.3 million is planned for 2012 and approximately $11.8 million is planned for 2013.

Mineralization

The mineralization at Ak-Sug is generally divided into four components, the northern, southern and western mineralized zones and the quartz core. The early Cu-Mo-Au mineralization is restricted to the northern and southern mineralized zones while a later porphyry Mo-Cu system is restricted to the quartz core. In places the molybdenum system overprints the early copper system, resulting in higher molybdenum grades.

The deposit is some 900 metres long along the principal SW-NE axis, 1,400 metres wide and has been defined to a depth of 1,200 metres. The mineralization is open at depth. The mineralization dips at approximately 60° – 80° in the northwest zone and has a shallower dip of around 50° – 65° in the southeast.

The sulphide mineralization is generally fine grained with predominately disseminated and vein-disseminated structure with a number of small veins. Chalcopyrite and pyrite are the main sulphide minerals though bornite occurs in the northern zones. Other copper minerals in order of significance are: in the northern and western zones, tennantite, a copper-arsenic mineral; in the western zone — native copper, and lesser chalcocite, covellite and enargite. Though there is limited oxidation due to weathering, some copper oxide minerals occur, principally as malachite and azurite, with minor supergene cuprite, digenite and chalcocite.

Molybdenite occurs as lamella aggregates, sheet formations, sulphide inter-growths and fine disseminations in quartz. Rhenium is associated with higher molybdenum grades.

Gold and silver occur in all zones as fine disseminations, as thin vein-like inclusions in quartz and on sulphide contacts.

Other non-metallic minerals are sericite and chlorite (50%), quartz (20% – 35%), and carbonates, ankerite and calcite (5% – 10%).

Drilling

<u>Drilling</u>

From 1977 to 1985, 72 holes were completed for a total of 24,545 metres by Krasnoyarsk Geological State Enterprise within the Ak-Sug Licence area. Due to the practice of using single barrel tubing, core recovery was low with, only 14,864 samples out of 22,783 collected used in the estimation of the 2009 GKZ resource estimate.

From 2007 until the end of March 31st, 2012, 133 holes totalling 56,474 metres were drilled using tracked rigs mounted with wire-line Boart Longyear drills. This total includes a further 12 holes totalling 1,903 metres drilled to collect hydrogeological data. Core recovery was high: 99.6% in mineralization, 98.9% in barren intervals. The core is of good quality although in the more fractured areas the core is highly fragmented with pieces not larger than 5 centimetres. All core is photographed before it is sent for assaying.

Drilling operations are carried out by LLC "Prikladnaya Geologia" (Applied Geology) on Golevskaya's instructions.

The majority of holes drilled historically and since 2007 were drilled to a depth of 500 metres (150 metres below the pit shell according to preliminary design of 1977 – 1983).

After the holes were completed, geophysical measurements were undertaken in them, including down-hole deviation survey (which were collected at 10 metres intervals).

The spacing between drillholes was defined using Russian resource reporting criteria using the historical drillholes to guide the hole length. As a rule, each cross-section contains at least 3 holes intersecting the mineralization and 2 holes outside the mineralization, one at each end of the section, to define the limits. The spacing between cross-sections is 100 metres. Exploration density is from 50 – 75 × 100 metres to 200 × 100 – 200 metres. Infill drilling was started in 2011 at a spacing of 50 × 50 metres to improve confidence of the resource estimate.

The orientation and location of exploration lines was based on historical results with new lines drilled between the exploration lines. Hole inclinations were selected to ensure full intersection of mineralization.

The highest density of drillhole intersections is in the western part of the northwest zone. This part of the deposit has the highest grades to date.

Trenching

Four deep trenches (up to 5 metres) were excavated within the Ak-Sug Licence area to collect channel samples, to map the lithology and to collect samples for pilot plant processing tests. The trenches were developed along exploration lines (profiles). Three trenches crossed the northern mineralization on profiles 7, 9 and 10, approximately 200 metres apart, and the fourth trench crossed the western mineralization along profile 6. A total of 904 metres was excavated. The trenches were excavated parallel to historical trenches developed in 1982 – 1985.

Trenches were excavated by drilling, blasting and dozing the blasted rock to one side using a 200 kilowatt bulldozer. The trenches were excavated through the full thickness of loose eluvial-deluvial sediments and moraines (average thickness 4.4 metres according to drilling) and oxidation zone to expose strata not affected by oxidation. The trenches are approximately 10 metres wide at surface to provide an average width of trench bed of 5 metres. After bulldozing, the bed of the trench was cleaned manually. The average depth of manual development was 0.6 metres. The trenches were logged and sampled after manual cleaning.

Channel sampling of trenches was performed along all trenches to characterize mineralization and determine boundaries on surface. Samples were taken manually. The standard dimensions of the channels were 10 centimetres wide by 3 centimetres deep, with the sample interval typically being 2 metres in length unless it intersected a geological boundary.

SRK considers that the drilling program since 2008 has been well-planned and is of a high standard. SRK is satisfied with the core recovery achieved during this period and has identified no potential factors that could materially impact the accuracy or reliability of the results. The trenches were partially filled at the time of SRK's visit but SRK considers that the approach is reasonable for noting geological detail and collecting bulk samples for metallurgical tests. While SRK does not consider that the bulk samples are representative of the deposit due to oxidation and the fact that the trenches are located in the northwest zone only, SRK considers that the bulk samples are useful in providing indicative metallurgical results.

Sampling, Analysis and Security of Samples

Trench Sampling

Channel sampling of trenches was performed along all trenches to characterize mineralization and determine geological boundaries on surface. Samples were taken manually using hand-held tools. The standard dimensions of the channels were 10 centimetres wide by 3 centimetres deep. The length of the channels was 2 metres or was limited to geological boundaries. Trench samples were continuous without spaces, through the full mineralization thickness and 10 metres – 20 metres outside mineralization. The samples weighed 13.3 kilograms – 17.9 kilograms (and averaged 15.4 kilograms). In total, 904 metres of trenches were sampled.

SRK did not observe the trench sampling as this was completed in 2008 and the trenches were subsequently partially filled with debris at the time of the visit. While this information was used in the resource estimation, SRK considers its influence to be limited. SRK considers that its principal benefit is to provide detail to help understand the geology.

Drill Core Sampling

Samples collected by drilling are the principal source of information used for the resource estimation.

Core samples were taken continuously along the full length of hole, with the typical sample length of 2 metres, except where the sample was limited to the geological boundaries.

The core was split along its axis with one-half forming the sample and the other stored in the core shed. Fines generated during core splitting were divided into halves, one-half joining the sample and the other to the duplicate.

The core sample weight varied from 1.2 kilograms to 10.1 kilograms (4.5 kilograms – 4.6 kilograms on average) depending on hole diameter, sample length, core recovery and specific gravity of the rock. SRK noted that the core sample weights did not deviate from theoretical estimates by more than 20%.

Sample Preparation Procedure

All drill core and trench samples were prepared by Golevskaya staff on site.

The samples were dried and weighed, and then crushed to 3 millimetres particle size, the sample was then screened and divided into two equal parts using a Jones sample divider. One part was stored as geological duplicate, and the other was crushed in a roll crusher to 1 millimetre size, screened, mixed and split into two parts with a sample divider, the parts being between 400 grams – 600 grams depending on the initial sample weight. The first part was stored as a coarse duplicate and the second served as the laboratory sample. The laboratory sample was then milled to 0.074 millimetres size, thoroughly mixed and divided into four parts using a sample divider, resulting in an analytical sample (200 grams – 300 grams) and pulp duplicate (200 grams – 300 grams). The 200 grams – 330 grams analytical sample was then sent for analyses and the duplicate stored for future reference.

After each cycle of sample preparation, the equipment was cleaned with high-pressure air and quartz material.

Specific Gravity Data

The specific gravities of mineralized and barren rock were measured by the Krasstroy Testing Centre of JSC "Krasnoyarsk PromstroyNIIProekt". The methodology conforms to the Russian standard GOST standard 30629-99 "Materials and lining products made of rocks. Test methods". This involved drying the sample by storing the sample above sulphuric acid or salt to absorb any moisture and crushing it to below 5 millimetres. The sample is then weighed before some of the sample is poured into a measuring cylinder filled with water until the water level rises to the nearest measuring point. The mass of the remaining sample is measured. The specific gravity is therefore taken as the ratio of the mass added to the measuring cylinder to the volume of water displaced. The result used is the arithmetic mean of five tests. A total of 423 samples were analyzed and the results are shown in the table below.

SRK considers that the methodology is suitable for the estimation of mineral resources.

Specific gravities of mineralized material of Ak-Sug deposit

#	Rocks	SG, g/cm^3		
		From	To	Average
4	Quartz diorite	2.73	2.78	2.76
5	Tonalite	2.68	2.83	2.76
6	Tonalite with small porphyritic content	2.38	2.82	2.74
7	Porphyritic tonalite	2.69	2.72	2.70
8	Tonalite-porphyry	2.49	2.83	2.72
9	Plagiogranite-porphyry	1.96	2.79	2.68
10	Metasomatite on quartz diorite	2.65	2.72	2.70
11	Metasomatite on porphyritic tonalite	2.64	2.71	2.69
12	Mudstone porphyrite	2.69	2.79	2.72
13	Quartz-sericite metasomatite	2.61	2.78	2.70
	Total	1.96	2.83	2.71

Quality Assurance and Quality Control Programs

A robust QAQC program has been put in place by Golevskaya for the current exploration activities, with quality assurance managed through detailed protocol documents describing activities to be followed and quality control through inclusion of duplicate samples, CRMs, and blanks, as well as investigation into sample splitting.

The samples were assayed by the independent LLC Alex Stewart Group Geo Analytics Ltd (Moscow) laboratory for the main (Cu, Mo) and associated (Au, Ag) components and contaminants (As, P, Sb) in all group and ordinary samples. The laboratory is certified in Russia and complies with ISO/IEC 17025:2005. All of the samples used for the resource estimation were assayed by LLC Alex Stewart Group Geo Analytics Ltd (Moscow) using the same methodology.

External assay control of these analyses was performed in the independent regional analytical centre of CJSC "Mekhanobr Engineering Analit" (St. Petersburg). The laboratory is certified in Russia. The Mekhanobr laboratory also performed analysis for Re content in group samples, which was not tested at the LLC Alex Stewart Group Geo Analytics Ltd (Moscow) laboratory.

Golevskaya applied the following criteria to ensure that the assaying was of an acceptable standard:

- If two or more (depending on batch size) consecutive reference material assays are greater than two standard deviations limit on the same side of the mean then the batch of samples is failed.
- If two or more (depending on batch size) consecutive reference material assays are greater than the Round Robin three standard deviations limit, independent of the character (plus or minus) of the deviation from the certified value then the batch of samples is failed.

The laboratory is immediately informed about any problems. If no explanation is provided (e.g. a sample transcription error is found) the laboratory is asked to re-assay the sample interval between the failed reference materials (out-of-control samples) together with some neighbouring samples. This is aimed to determine if the odd CRM value resulted from a random or a systematic error. Only in the latter case is the repetition of the entire batch requested.

For blanks, the rejection threshold is the method detection limit multiplied by 5 for copper, and multiplied by 10 for gold. But, as coarse blanks are used mainly to monitor sample preparation, the analysis of results for blanks is always carried out along with analysis of CRM results, in order to divide the errors introduced during assay from those introduced during sample preparation.

Results for duplicates alone are not used as batch rejection criteria. The statistics are accumulated and used to monitor precision and to help analyze the batch assay results together with other quality control samples.

Blanks

Blanks are inserted at fixed sample number positions at the rate of 2 blanks per 100, to ensure that there is one blank in each assay batch.

The results show good quality of analysis except for two extreme values, which Golevskaya considers is a transcription error. SRK deem these results as acceptable.

Standards

Seven groups of certified reference materials (CRMs or standards) were inserted into the sample stream, chosen to reflect the range of copper grades seen throughout the Ak-Sug Project. The CRMs chosen reflect the following grades associated to the deposit:

– low-grade values (~0.3% Cu);

– a grade close to the average grade of the deposit (~0.7% Cu);

– high grade values (~1% Cu); and,

– 'extra' high grade values (~3% Cu).

The CRM used are from GEOSTATS and CANMET, and contain copper, molybdenum, gold and silver grades. Standards are inserted at the rate of 3 - 4 per 100 to ensure that there is one standard in each assay batch. A total of 264 standard samples were used.

SRK has analyzed the data received from Golevskaya. The majority of results lie within the 10% deviation, however, three samples from AS_c9-1-1 batch show significant deviations. SRK has been advised that these are transcription errors. SRK considers that the results demonstrate that the assays are appropriate for estimating mineral resources.

Pulp Duplicates

These duplicates consist of a split taken from the pulp prepared at the end of the sample preparation procedure. The pulp duplicates were analyzed by the same laboratory as the original samples under different sample numbers, in the same sample batch, but under a different sample number, so that assaying follows a similar procedure in order to ensure repeatability. The pulp duplicates are indicators of the analytical precision, which may be also affected by the quality of pulverization and homogenization. Duplicates are inserted at fixed sample number positions at the rate of 3 – 4 per 100.

Copper

The diagram of original data versus control data shows good correlation between the original results and internal control results.

The HARD plot confirms this statement demonstrating good reproducibility of assay results; 99% of data have deviation of less than 10%.

Molybdenum

The diagram of original data versus control data shows good correlation between the original results and internal control results.

The HARD plot confirms this statement demonstrating good reproducibility of assay results; where 97% of data have deviation of less than 10%.

Gold

The diagram of original data versus control data for gold shows good correlation between the original results and internal control results.

The HARD plot confirms this statement demonstrating good reproducibility of assay results; 89% of data have deviation of less than 10%.

Rhenium

No comparison of duplicates was presented to SRK. It is understood by SRK that Intergeo plans to implement a system of independent checks for Rhenium assays in order for the results to comply with Russian and international standards.

Coarse Duplicates

Coarse duplicates are taken immediately after the crushing and splitting step. In order to test the repeatability of results, both the original and the coarse duplicate samples were submitted to the LLC Alex Stewart Group Geo Analytics Ltd (Moscow) laboratory, in the same sample batch, and under a different sample number, so that they followed similar pulverization and assaying procedures.

Copper

The HARD plot demonstrated that the assay results for copper shows a high degree of reproducibility, where 100% of the data for the coarse rejects have a deviation of no more than 10%.

Molybdenum

The HARD plot demonstrated that the assay results for molybdenum show a high degree of reproducibility, where 98% of the data for coarse rejects have a deviation of less than 10%.

Twin Duplicates

Twin Duplicates were prepared by cutting a fillet or slice, which is kept as backup, and cutting the remaining core piece in half, one portion representing the original sample, and the remaining portion representing the twin sample.

Copper

The HARD plot for duplicates shows a reasonable level of convergence for copper, where almost 75% of samples have deviation less than 10%.

Molybdenum

The HARD plot for duplicates shows a poor level of convergence for molybdenum; where almost 40% of samples have deviation more than 10%.

SRK believes that the reason for the large deviation is due to nugget effect caused by the molybdenum is located in lamella sheets.

SRK Comments

In the opinion of SRK, the sampling preparation, security and analytical procedures used by Golevskaya are consistent with generally accepted industry best practices and are therefore appropriate for the estimation of mineral resources.

Similarly, SRK reviewed the sample preparation methodology, results and methodology of external and internal control and considers that the reproducibility of component determination results in external and internal control is satisfactory.

Data Verification

SRK did not collect any samples for independent verification although SRK did observe the process of handling the drill core and preparing the samples for assaying. SRK also reviewed the distribution of the sample data, conducted geostatistical analysis and checked the external control of sampling results. SRK did not identify any issues and considers that the data is appropriate for the estimation of mineral resources.

Mineral Resource Estimates

The mineral resource statement presented in the Ak-Sug Technical Report represents the first mineral resource evaluation prepared for the Ak-Sug Project in accordance with NI 43-101.

The mineral resource model prepared by SRK includes 130 core boreholes drilled during the period of 1985 to 2011. The resource estimation work was completed by Alexander Peretyatko, M.AIG, an appropriate independent "qualified person" as this term is defined in NI 43-101. The effective date of the resource statement is July 15, 2011 since this was the date SRK received the final geological data used to prepare the geological model. Since that date, a further 17,474 metres of drilling in 27 holes has been completed, but the data from such drilling had not been reviewed by SRK nor is it included in the Ak-Sug Technical Report.

This section describes the resource estimation methodology and summarizes the key assumptions considered by SRK. In the opinion of SRK, the resource evaluation reported in the Ak-Sug Technical Report is a reasonable representation of the global mineral resources found in the Ak-Sug Project at the current level of sampling. The mineral resources have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with NI 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The database used to estimate the Ak-Sug Project mineral resources was audited by SRK. SRK is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries for copper-molybdenum-gold mineralization and that the assay data are sufficiently reliable to support mineral resource estimation.

The geological modelling software Micromine Version 2010 was used to construct the geological solids, prepare assay data for geostatistical analysis, construct the geological block model, estimate metal grades and tabulate mineral resources.

Resource Estimation Procedures

The resource evaluation methodology involved the following procedures:

- Database compilation and verification;
- Construction of wireframe models for the boundaries of the copper equivalent mineralization;
- Definition of resource domains;
- Data conditioning (compositing and capping) for geostatistical analysis and variography;
- Block modelling and grade interpolation;
- Resource classification and validation;
- Assessment of "reasonable prospects for economic extraction" and selection of appropriate cut-off grades; and
- Preparation of the mineral resource statement.

Resource Database

The database was provided by Golevskaya in a ".dat" format file containing collars, down-hole survey data, sampling and lithology. The database includes exploration drilling performed in 1977 - 1985 and in 2008 - 2011.

The project database was provided by Golevskaya and includes data on 225 holes and 4 trenches. The database contains 40,876 entries. Standard checks (missing intervals, missing holes, overlapping intervals) did not reveal any mistakes in the database. SRK also checked the database by comparing with the original drillhole data, initial plans and cross-sections. No mistakes were found.

Solid Body Modelling

SRK has delineated the main mineralization zones of the Ak-Sug Project based on the existing geological interpretation taken from cross-sections and plans provided by Golevskaya.

Golevskaya provided a geological model of the Ak-Sug Project, which was used to determine the lower margin of the mineralized zone adjacent to the non-mineralized quartz core.

The Ak-Sug Project may be split into two deposit areas, the northwest Ak-Sug 'main' deposit and southeast deposit, which are separated by the 'empty' quartz core.

Each zone has been assigned a unique code according to their location (NW or SE from quartz core).

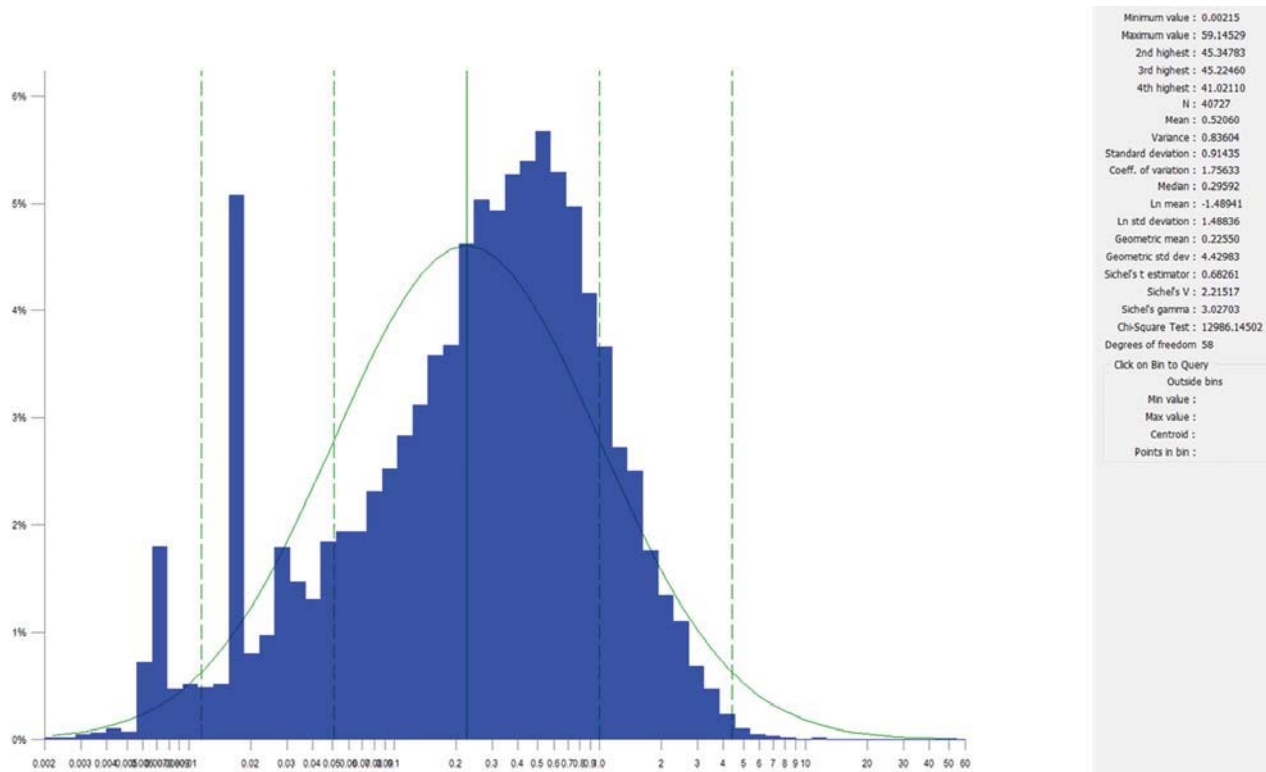
SRK has estimated Cu equivalent grades based on the following parameters (see the table below). The equivalent copper grade is determined by adding the total of the copper grade and the grade of the individual elements multiplied by the factors.

Parameters for copper grade estimation

	Cu	Au	Ag	Mo	Re
Recovery	%	g/t	g/t	%	g/t
from in-situ mineralization	95.0%	95.0%	95.0%	95.0%	95.0%
into concentrate	86.4%	52.6%	57.0%	61.2%	77.5%
into metal	95.0%	96.8%	94.6%	99.0%	94.0%
Revenue per unit (% or gram per ton)	$70	$37.9	$0.69	$397.35	$10.0
Factors		0.34	0.01	4.19	0.14

SRK determined the wireframe boundaries based on a combination of a grade of 0.16% Cu equivalent and a minimum width of 15 metres of mineralization. The figure below is a histogram of the copper equivalent grades.

Histogram of copper equivalent grades (Source: SRK, 2011)



Compositing

SRK has performed statistical analysis of sample lengths distribution inside the mineralized zone. 95% of samples were 2 metres in length, it was therefore decided that it was not necessary to composite the samples.

Evaluation of Outliers

Analysis of probability graphs and histograms has shown the requirement to cap outliers with regard to several of the elements studied. The capping study was separated into the two domains so that the northwestern part of the Ak-Sug Project was analyzed separately from the southeastern part.

In both the northwestern domain and the southeastern domain the copper histograms show a strong correlation to a normal distribution without any high grade outliers. It was therefore deemed that it was not necessary to apply capping to the copper data for each of the domains.

Statistical Analysis and Variography

The statistical study has been undertaken using the Micromine 2010 software package. The statistical study is based upon the data provided as described above, after capping.

Geostatistical analysis was performed in Micromine 2010 software.

The following types of analysis were undertaken on the resulting variograms:

- estimation of main directions of strike and dip and comparison of the data with directions obtained from variography.
- estimation of variograms down the hole by composites to determine nugget effect.
- generation of experimental variograms in the directions of maximum continuity to determine directed variograms along dip, strike and across strike of mineralization (using Gaussian transformation).

The variograms were generated in three main directions: along dip and strike and across strike. Separate variograms were generated for the non-oxidized mineralization and for the weathering crust.

Because the distance between exploration lines was considered too great to permit reliable variographic analysis in the southeastern part of the Ak-Sug Project, SRK decided to use the data in the northwestern part for variography for the whole deposit, changing the azimuth for the southeast region in line with the change in dip.

Variography was performed on one element (Cu).

Block Model and Grade Estimation

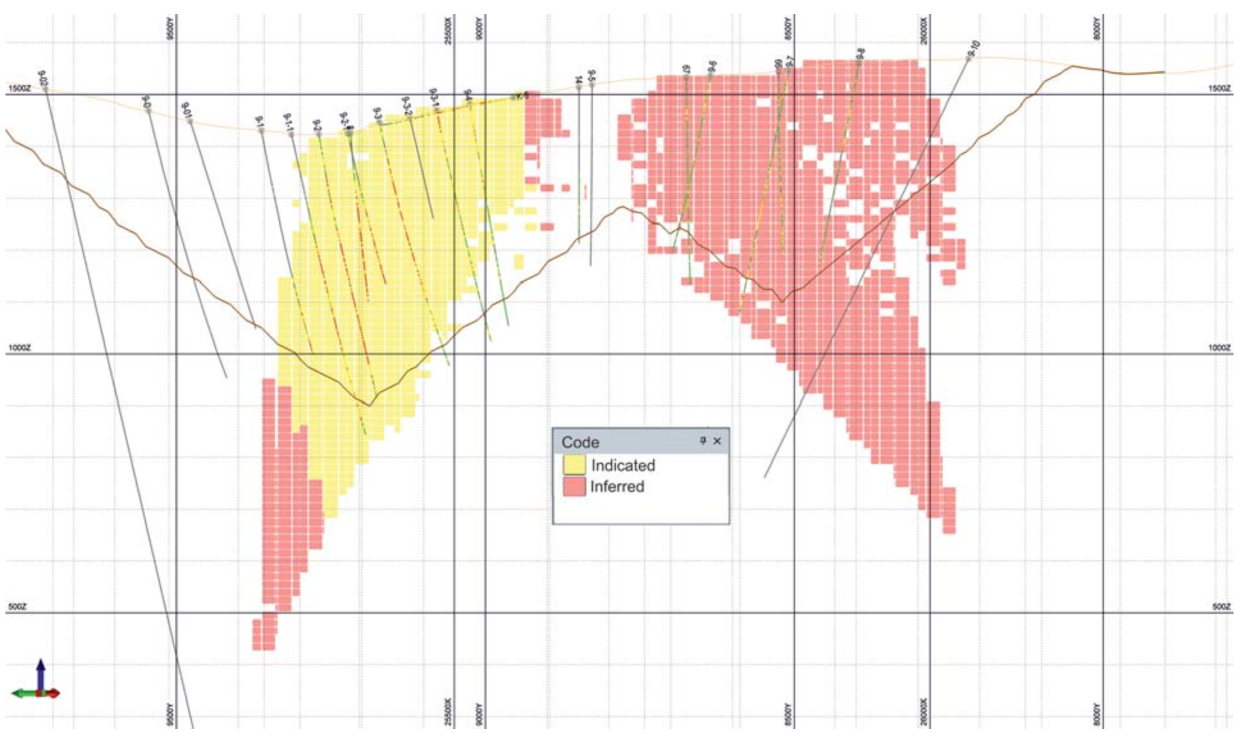
The block model covers a larger area than the Ak-Sug Project in order to perform optimization in Whittle software. The block model was not rotated. Parent block size (25 metres (X) by 25 metres (Y) by 15 metres (Z)) was selected based on approximately one-third of the drillhole spacing.

Sub-blocking was not applied. The amount of ore, waste rock and air in a block was used to classify the blocks as mineralized, hosting or blank, respectively. Each attribute was assigned with a factor depending on the percentage of block within the wireframe. Sum of the three attributes would be equal to one. For preparation of the resource report, the resulting volume on each block was multiplied by the corresponding factor.

Grades (Cu, Au, Mo, Re, As, S) were interpolated into the block model using ordinary kriging. Different ellipses were used for the northwestern and for southeastern parts.

The surface is located at approximately 1,500 metres and the deepest borehole is approximately 1000 metres. The difference in grades in the block model between elevations 150 metres to 600 metres is primarily due to extrapolation of grades below the drilling. The maximum depth of the mineral resources is approximately 600 metres (see the figure below) and is therefore within the region of reasonable correlation of block model and sample grades.

Classification of resources (section 9) (Source: SRK, 2011)



Mineral Resource Classification

Block model quantities and grade estimates for the Ak-Sug Project were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010) by Alexander Peretyatko, M.AIG, an appropriate independent "qualified person" for the purpose of NI 43-101.

Mineral resource classification is typically a subjective concept. Industry best practices suggest that the resource classification should consider both the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating both concepts to delineate regular areas at similar resource classification.

SRK is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. The sampling information was acquired primarily by core drilling on sections spaced at 50 metres - 100 metres.

Generally, for mineralization exhibiting good geological continuity investigated at an adequate spacing with reliable sampling information accurately located, SRK considers that blocks estimated during the estimation run considering full variogram ranges (second pass of interpolation) can be classified in the indicated resource category within the meaning of the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010). For those blocks, SRK considers that the level of confidence is sufficient to allow appropriate application of technical and economic parameters to support mine planning and to allow evaluation of the economic viability of the deposit.

Conversely, blocks estimated during the second pass considering search neighbourhoods set at twice the variogram ranges should be appropriately classified in the inferred resource category because the confidence in the estimate is insufficient to allow for the meaningful application of technical and economic parameters or to enable an evaluation of economic viability.

SRK then created wireframes to encompass areas which were predominately classified as either indicated or inferred. This resulted in the upper levels of the northwest zone is classified as indicated and the southeast zone is classified as inferred. This is due to the data points being too far apart and insufficient data to enable a local geostatistical analysis to be performed.

Mineral Resource Statement

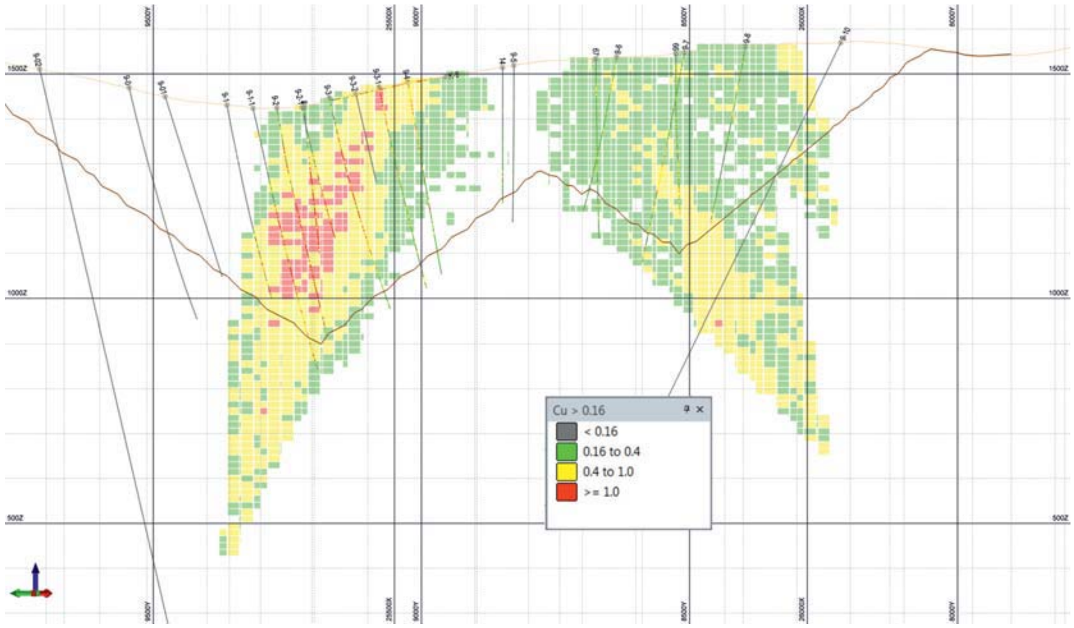
CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010) defines a mineral resource as:

"a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge".

The "reasonable prospects for eventual economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. In order to meet this requirement, SRK considers that major portions of the Ak-Sug Project are amenable for open pit extraction.

In order to determine the quantities of material offering "reasonable prospects for economic extraction" by an open pit, SRK used a pit optimizer and reasonable mining assumptions to evaluate the proportions of the block model (indicated and inferred blocks) that could be "reasonably expected" to be mined from an open pit (see figure below) defined by metal prices 30% above the long term price forecast.

Cross-section showing location of pit limit used to define mineral resources, drilling and grade distribution (Section 9) (Source: SRK, 2011)



The reader is cautioned that the results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves as the confidence in the metallurgical and geotechnical information is insufficient. There are no mineral reserves for the Ak-Sug Project. The results are used as a guide to assist in the preparation of a mineral resource statement and to select an appropriate resource reporting criteria.

SRK considers that the blocks located within the conceptual pit envelope show "reasonable prospects for economic extraction" and can be reported as a mineral resource.

Mineral Resource Statement(1), Ak-Sug Project, Russia, SRK Consulting (Russia), July 15, 2011.

Category	Quantity	Grade	Metal						
		Cu	Au	Mo	Re	Cu	Au	Mo	Re
	Mt	%	g/t	%	g/t	000't	t	000't	t
Indicated	236	0.67	0.18	0.019	0.29	1,582	43	45	68
Inferred	486	0.37	0.07	0.008	0.16	1,797	34	39	78

Note:

(1) Mineral resources are reported in relation to a conceptual pit shell. Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate. Open pit mineral resources are reported at a cut-off grade of 0.18% Cu. Cut-off grades are based on a price of $3.40 per pound of copper, and copper recoveries of 90%. The Ak-Sug PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them and cannot be categorized as mineral reserves, and there is no certainty that the Ak-Sug PEA will be realized.

Grade Sensitivity Analysis

The mineral resources of the Ak-Sug Project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the block model quantities and grade estimates within the conceptual pit used to constrain the aggregated indicated and inferred mineral resources are presented in the tables and figure below. The reader is cautioned that the figures presented in the table below should not be misconstrued as a mineral resource statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

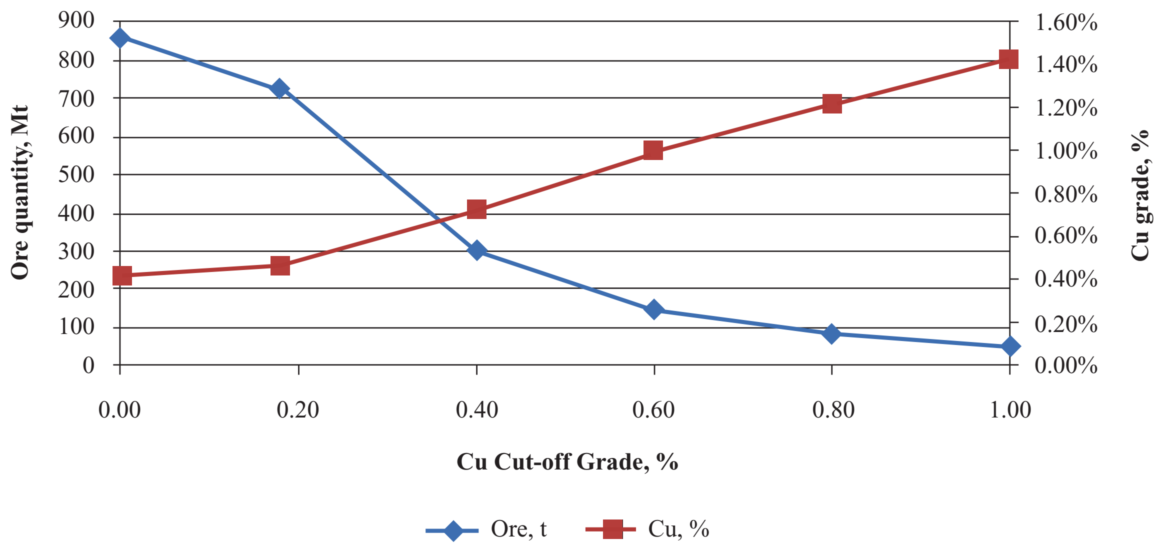
Global Block Model Quantities and Grade Estimates[1], Ak-Sug Project at Various cut-off Grades Indicated and Inferred resources combined

Cut-off Grade	Quantity	Grade	Metal Content
Cu (%)	(Mt)	Cu (%)	(Mt)
0.00	853	0.42%	3.54
0.18	722	0.47%	3.36
0.40	298	0.73%	2.17
0.60	143	1.00%	1.43
0.80	83	1.22%	1.02
1.00	51	1.43%	0.72

Note:

(1) The figures in this table should not be misconstrued as a mineral resource statement. The figures are only presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

Grade Tonnage Curves for Ak-Sug (Source: SRK, 2011)



<u>Recommendations for Conversion of the Ak-Sug Project's Mineral Resources into Mineral Reserves</u>

The principal tasks required to convert the mineral resources into a mineral reserve is to complete a pre-feasibility study. Key elements of the study include:

- collection of representative metallurgical samples;
- new metallurgical laboratory scale test-work to assess how to produce a higher grade concentrate (to reduce freight costs) while maintaining a high processing recovery and suppressing contamination (arsenic in the copper concentrate; copper in the molybdenum concentrate);
- a more detailed analysis of the geotechnical domains to determine whether the slope angles can be steepened and to demonstrate safe slope angles which comply with Russian pit design standards;
- a more detailed analysis of hydrogeological and hydrological factors and the impact on dewatering and the design of water management systems;
- more detailed analysis of the costs; and
- determining whether the cost of developing the infrastructure can be shared with the regional authorities.

Additional exploration drilling is also required to upgrade the inferred resources, mainly in the south eastern part of the pit, to indicated resources. SRK estimates approximately 15,000 metres to 20,000 metres of drilling is needed to create an indicated resource of 450 million tonnes - 500 million tonnes.

Mining Operations

Mining Methods

SRK evaluated the potential to mine the deposit using open pit mining methods. SRK reviewed the available geotechnical and hydro-geological information to determine a suitable slope angle. SRK then used commercial pit optimization software to determine potential open pit boundaries, scheduled production and estimated the mining costs. Several iterations of the schedule were evaluated using operational cut-off grades to stockpile low grade material to maximise the feed grade in the early years.

Most of the geotechnical data was collected in the 2007 - 2009 drilling campaign though a new program started in June 2011. One of SRK's geotechnical engineers visited the site to observe the geotechnical drilling and logging of core. The rock mass properties classified according to Russian standards are between Medium Strong and Very Strong. SRK considers that the joints and faults will be the principal determinator of slope angle. SRK selected an overall slope angle of 40 degrees for the pit design but considers that it should be possible to steepen the slopes around the perimeter following further geotechnical analysis with possibly flatter slopes near the centre of the pit at depth where the rock mass is more affected by the Ak-Sug fault zone. The area is classified as being moderately seismic and this will need to be taken into account when defining the final pit slopes.

The Ak-Sug Project is located in the watershed of the Sorugsky ridge between two streams Ak-Sug and Dashtyg-Oy, which are the main watercourses within the vicinity of the deposit. Both streams are intersected by the final pit limits. As waste dumps will be placed in each valley the diversion will need to be cut into the hill-side to by-pass the dumps. The dumps will also form dams which can attenuate the water flows. Besides the surface water, there are also fracture zone aquifers within the Ak-Sug complex and granitoids of the Devonian igneous-sedimentary rocks. Previous assessments by the Tyva expedition estimated water inflows of 172 cubic metres per hour to 375 cubic metres per hour to the 1,400 metres level and up to 1,170 cubic metres per hour at a depth of 500 metres. These flows are significant but can be controlled through a combination of dewatering and managing the recharge of the aquifer.

SRK used the Whittle 4X pit optimization software to determine the potential mineable resource. Technical and economic parameters were applied to the block model to create a net value block model which can then be evaluated using pit optimization software. For the optimization, all indicated and inferred mineral resources were evaluated. No allowance for mining loss or dilution was applied as the geological modelling process includes any internal dilution and the width of mineralization (more than 300 metres) means that any external loss and dilution will be negligible. SRK selected as the optimum pit a pit shell below the undiscounted peak cash flow to reflect the impact of discounting and the cost of capital for the mining fleet.

The table below shows the life of mine schedule for the economically mineable portion of the indicated and inferred resources using a declining operational cut-off grade, while the last table below shows a summary of the results split into three phases of the mine life.

Life of Mine schedule — Declining cut-off grade scenario

Parameter	Units	Total	Year -1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Years 19-24	Year 25
RoM to Plant	Mt	327	—	18	24	24	24	24	24	24	24	21	24	20	10	12	12	10	16	13	3	—	—
Cu%		0.64	0	0.56	0.85	0.83	0.81	0.79	0.80	0.59	0.54	0.58	0.47	0.67	0.54	0.66	0.44	0.42	0.34	0.45	0.68	0.56	0.59
Au (g/t)		0.14	0	0.13	0.16	0.18	0.18	0.17	0.17	0.12	0.09	0.13	0.08	0.15	0.14	0.15	0.08	0.06	0.09	0.12	0.28	0.13	0.12
Mo (%)		0.014	0	0.015	0.015	0.015	0.017	0.017	0.019	0.014	0.010	0.012	0.009	0.015	0.012	0.015	0.008	0.007	0.011	0.012	0.017	0.015	0.014
Re (g/t)		0.25	0	0.23	0.28	0.31	0.28	0.29	0.31	0.23	0.15	0.18	0.21	0.29	0.30	0.23	0.12	0.14	0.31	0.29	0.26	0.23	0.23
To Low Grade S/P	Mt	254	—	—	23	19	32	23	28	23	19	19	18	8	10	10	16	7	—	0	—	—	—
Waste	Mt	702	15	20	53	64	42	57	52	49	48	40	38	58	44	43	28	26	15	10	0	—	—
Total mined	Mt	1,283	15	38	100	107	98	104	104	96	91	80	80	86	64	65	56	43	31	24	3	—	—
RoM rehandled	Mt	65	—	4	5	5	5	5	5	5	5	4	5	4	2	2	2	2	3	3	1	—	—
Strip Ratio		1.2		2.1	4.2	4.5	4.1	4.3	4.3	4.0	3.8	3.9	3.4	4.2	6.2	5.4	4.8	4.3	1.9	1.8	1.0	—	—
LG S/P to Plant	Mt	254	0	—	0	0	0	0	0	0	0	3	0	4	14	12	12	14	8	11	21	24	10
Cu%		0.27		—	—	—	0.40	—	—	—	—	0.40	—	0.40	0.39	0.33	0.33	0.33	0.33	0.29	0.29	0.22	0.22
Au (g/t)		0.14		—	—	—	0.17	—	—	—	—	0.16	—	0.15	0.15	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.14
Mo (%)		0.014		—	—	—	0.016	—	—	—	—	0.016	—	0.015	0.015	0.015	0.015	0.014	0.014	0.014	0.014	0.014	0.014
Re (g/t)		0.24		—	—	—	0.29	—	—	—	—	0.27	—	0.25	0.26	0.26	0.26	0.25	0.24	0.24	0.24	0.24	0.24
Mill Feed	Mt	580	0	18	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	10.3
Cu%		0.47	0	0.56	0.85	0.83	0.80	0.79	0.80	0.58	0.54	0.56	0.47	0.63	0.45	0.50	0.38	0.37	0.34	0.38	0.34	0.22	0.22
Au (g/t)		0.14	0	0.13	0.16	0.18	0.18	0.17	0.17	0.12	0.09	0.14	0.08	0.15	0.15	0.15	0.11	0.11	0.11	0.13	0.16	0.14	0.14
Mo (%)		0.014	0	0.015	0.015	0.015	0.017	0.017	0.019	0.014	0.010	0.012	0.009	0.015	0.014	0.015	0.011	0.011	0.012	0.013	0.014	0.014	0.014
Re (g/t)		0.25	0	0.23	0.28	0.31	0.28	0.29	0.31	0.23	0.15	0.20	0.21	0.28	0.28	0.24	0.19	0.20	0.29	0.27	0.24	0.24	0.24
Payable metal																							
Cu	kt	2,387	0.0	86.8	176.7	171.7	167.3	164.7	166.0	121.7	112.8	115.9	98.2	131.3	94.6	103.8	79.5	76.7	69.8	79.6	71.0	46.9	19.9
Au	koz	1,176	0	33	56	64	64	60	59	41	31	48	30	53	51	52	40	39	38	45	55	49	21
Mo	t	48,202	0	1,588	2,162	2,198	2,447	2,465	2,737	2,057	1,394	1,763	1,365	2,158	1,961	2,118	1,630	1,604	1,761	1,888	2,050	2,000	858
Re	koz	3,138	0	91	146	164	146	154	163	122	77	103	112	148	144	127	99	106	152	141	128	127	54

Summary of Life of Mine Schedule — Declining Cut-off grade scenario

Period	Units	Yr − 1-7	Yr 8-18	Yr 19-25	Total
RoM to Plant	Mt	161	162	3	327
Cu	%	0.75	0.52		0.64
Au	g/t	0.16	0.11		0.14
Mo	%	0.016	0.011		0.014
Re	g/t	0.28	0.22		0.25
RoM to S/P	Mt	147	106	0	254
Waste	Mt	352	351	0	702
Total mined	Mt	660	619	3	1283
RoM rehandled	Mt	32	33	1	65
Strip Ratio		3.1	1.6		1.2
Stockpile to Plant	Mt	1	78	175	254
Cu	%	0.40	0.34	0.23	0.27
Au	g/t	0.17	0.15	0.14	0.14
Mo	%	0.016	0.014	0.014	0.014
Re	g/t	0.29	0.25	0.24	0.24
Mill Feed	Mt	162	240	178	580
Cu	%	0.75	0.46	0.24	0.47
Au	g/t	0.16	0.12	0.14	0.14
Mo	%	0.016	0.012	0.014	0.014
Re	g/t	0.28	0.23	0.24	0.25

The table above includes the mineable portion of indicated and inferred mineral resources.

Recovery Methods

The processing plant design is based on a conventional flowsheet for treating copper-molybdenum ore, including grinding prior to flotation to produce a bulk sulphide concentrate containing both copper and molybdenum, followed by differential flotation to separate the copper and molybdenum. Gold and silver report to the copper concentrate, while rhenium reports to the molybdenum concentrate. Regrinding of the rougher concentrate and middlings is included in the bulk flotation circuit to improve liberation of valuable minerals and thus improve grade and recovery.

Concentrate is planned to be transported by truck to the railhead, a journey time of approximately nine hours round trip to the likely railhead on the new railway line to Elegest.

Tailings will be stored in one of the many valleys. The tailings containment dam will be built from mine waste rock and locally available materials. Two options for storing the tailings were evaluated with tailings placed behind either an engineered tailings dam or a large rock dump with geo-textile fabric placed on the shaped upstream face to reduce seepage. Due to the proximity of several valleys suitable for storing tailings to the open pit, the option for placing tailings behind a large rock dump was determined to be the most economic.

The fresh water pond will provide potable water and process make-up water. The fresh water pond will be located in one of the valleys and will store run-off.

Project Infrastructure

Access

The existing road needs to be upgraded to allow for transport of materials and equipment to site for the construction phase, and continuous maintenance to facilitate safe and efficient transport of personnel, supplies and concentrate. This will involve the construction of bridges and widening the road to allow safe passage of two way traffic, taking into account the fact that trucks will be transporting concentrate on such road.

Transporting Concentrates

An earlier trade-off study by others concluded that transport of concentrate from the plant to the railhead some 240 kilometres away by road is the most economical option. Consequently, the Ak-Sug Technical Report assumed that the transport of concentrate to the railhead will be carried out by a contractor at a cost of $34 per tonne concentrate. This equates to $0.14/t-km which SRK considers is relatively conservative with other projects achieving costs of between $0.06 and $0.10/t-km for similar haul lengths.

A transfer facility will therefore need to be built at the railhead where concentrate will be stored temporarily prior to being loaded into rail cars for shipping to market. In addition, bulk supplies will in general be delivered to this facility by rail, where they will be off-loaded and transported by the owner to the mine site by road. The Ak-Sug Technical Report assumed that rail shipping will be carried out by the regional or national rail operator.

Electricity

The Ak-Sug Technical Report assumed that power will be provided from the electricity authority power grid at 110 kilovolts at the location of the process plant main substation. At present no power line exists to site, but Intergeo consider that it is likely that the regional electricity supplier would construct the power line. The typical process in Russia is that when the construction of the line is included into the State Grid Development Program approved by the Department of Energy of Russia, the construction is financed by the Russian authorities or from Federal Grid Company sources. The current budget for infrastructure includes an allowance to co-fund the construction of the power line.

See "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The infrastructure in Russia is inadequate, which could increase costs or result in losses and disrupt normal business activities*."

Market Studies and Contracts

Golevskaya proposes to sell the concentrates to Russian or Asian smelters. There are copper smelters at Chelyabinsk, in the southern Urals, and a molybdenum smelter at Skopin, south of Moscow. The concentrates could also be exported to Asia though freight costs will be higher. SRK based the freight cost estimates on the costs to Russian smelters. It is not clear whether the Russian smelters will pay either a premium or discount for Russian feed. SRK has assumed that normal international commercial rates will be charged. No specific market studies have been commissioned at this stage. No contracts for construction, land acquisition or other material expenditures associated with project development have been committed.

Environmental Studies, Permitting and Social Impacts

As part of the TEO Konditsii of Temporary Conditions (a technical study which reports the preliminary estimate of the mineral resources according to Russian reporting requirements) prepared by Giprosvetmet in 2009, Golevskaya collected preliminary baseline information and established an environmental monitoring program. This highlighted that there are no fish in the Ak-Sug stream, and therefore presumably any tributary such as the Dashtyg-Oy stream, due to the fact that the stream has a natural waterfall barrier for fish and the altitude. Some natural background contamination of copper and zinc exists, which needs to be understood and some of the flora and fauna are in the Red Book of Russian Federation for rare species though it was not clear whether these species occur at the site or just in the region. The site is remote and the most likely sources of social impact will be felt in the wider region through the employment opportunities as well as construction and operation of the site access roads.

No studies have been conducted to determine the potential for acid rock drainage. Given that the deposit contains sulphide mineralization, SRK considers that the risk for acid rock drainage exists and this will need further study in the future.

Overall, SRK did not identify any social or environmental issues which would prevent the project from being developed. Further studies will need to be conducted.

Key mitigation measures required for the project include: (i) managing water discharges from the open pit, waste dumps and tailings dams to comply with Russian and international requirements, (ii) selective placement and capping of material with acid rock drainage potential, and (iii) developing the access road to minimise the impact of the transportation of concentrates on local communities.

Capital and Operating Costs

SRK estimated the mining capital and operating costs, and the costs for constructing the waste dump tailings dam, and SNC Lavalin Incorporated estimated the capital and operating costs for the processing plant, the engineered tailings dam and site infrastructure including transfer station at the railway. Intergeo estimated the cost of off-site infrastructure.

SRK estimated the truck requirements by estimating the cycle times from the pit depth and typical haul distances to the crusher, waste dump and low grade stockpile. For the rest of the mining equipment SRK estimated the number of units required from the productivity and assuming 5,800 operating hours per year. SRK included allowances for other mining equipment (graders, dozers, etc.) and minor support equipment (lubrication trucks, fuel trucks, etc.). SRK allowed 5% of the initial capital cost for mining fleet for spares and 10% contingency. Equipment was replaced typically every 8 years (45,000 hours).

The estimates for future studies required to take the Ak-Sug Project through to the preparation of a feasibility study and approval by the Russian authorities include further in-fill drilling (approximately $6 million for 13,170 metres), field and metallurgical tests (approximately $13 million) and engineering studies required to comply with Russian approval requirements as well as the pre-feasibility study and feasibility study (approximately $65 million).

SRK recommends that a program of step-out drilling be conducted to explore for additional resources around the Ak-Sug Project of 20,000 metres at a cost of approximately $10 million. This is scheduled to be completed in 2012.

The estimated initial capital costs are summarized in the table below.

Description	Total Cost ($M)
The intended level of accuracy of estimates in this table is ±35%	
INFRASTRUCTURE	**250**
MINING	**320**
TAILINGS	**126**
PROCESSING	
DIRECTS	
Process Plant Site	543
Transfer Site	47
Sub-Total Directs	**590**
INDIRECTS	
EPCM	103
Construction Indirects	148
Freight	51
Spares	17
Owner Costs	45
Contingency	286
Sub-Total — Indirects	**649**
TOTAL PROCESSING	**1,239**
STUDIES	
Pre-feasibility Study including drilling and test-work	52
Feasibility Study	42
Sub-total — Studies	**94**
PROJECT TOTAL INCLUDING STUDIES	**2,029**

Sustaining and replacement capital for the processing plant is mainly for additional pumps and pipelines as the tailings dam rises and replacing mobile equipment. Sustaining and replacement capital for the mining operation was estimated to reflect the additional equipment required as the pit depths increased and changes in strip ratio, as well as replacing mining equipment every 8 years for the major equipment.

SRK estimated the mining operating costs from the Whittle report i.e. $1.83/t mined plus $0.03 per 10 metres, which gave an average mining cost of $2.10 per tonne mined. In addition SRK allowed $0.65 per tonne for mill feed rehandled at the RoM crusher (20% of total feed) and $1.00 per tonne to load and haul the low grade mill feed from the low grade stockpile to the crusher.

SNC Lavalin Incorporated estimated the operating cost for processing with an intended level of accuracy of ±35% based on the design of the plant and facilities as described in the Ak-Sug Technical Report. The cost estimate was prepared following SNC Lavalin Incorporated's methodology and procedures and exercising due care consistent with the intended level of accuracy using professional judgement. The reader should not infer an intended accuracy greater than that stated.

The average LOM operating cost was estimated at $6.49/t of mill feed at an annual throughput of 24 million tonnes. Electricity, at $0.06 per kilowatt-hours, makes up 25% of the total treatment costs at $1.67 per tonne of mill feed. The largest consumers of electricity are the grinding circuits, at a cost of $1.19 per tonne, and adding the cost of grinding media at $2.52 per tonne to this gives a cost for grinding excluding maintenance of $3.71 per tonne, or 56% of total treatment costs. Maintenance materials were estimated at $0.93 per tonne, or 3% of installed mechanical equipment capital cost.

Concentrate shipping is estimated at $34 per tonne from the mine site to the railhead and $35.5 per tonne from the railhead to the copper smelters and $49 per tonne to the molybdenum smelter.

General and administration costs (marketing, procurement, accounting, management, security, etc.) are estimated at $0.75 per tonne mill feed or $18 million per year.

Preliminary Economic Analysis

The Ak-Sug PEA was determined using a discounted cash flow evaluation of the estimated annual revenue and operating costs, taking into account the initial, sustaining and replacement capital required. The estimated production schedules and capital operating costs estimates are described above and below. The cost of the pre-feasibility study and feasibility study and time taken for such studies are not included in the Ak-Sug PEA as these are considered to be sunk costs at the time that the investment decision will be taken. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Ak-Sug Technical Report has not estimated any mineral reserves for the Ak-Sug Project. The Ak-Sug PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Ak-Sug PEA will be realized.

The long term prices used in the analysis are summarized in the table below. These prices were provided by Intergeo based on third-party research reports published in January 2012. SRK reviewed the price forecast and found the prices comparable to consensus market forecasts.

Metal Prices

Metal	Unit	Unit price ($)	% payable / net of discount
Cu	$/lb Cu	2.75	96.3%
Au	$/oz	1,100	91%
Mo	$/kg MoO_3	35	93%
Re	$/kg	7,000	95%

Property tax was calculated at a rate of 2.2% of the capital invested net of amortisation. Profit tax is calculated at a rate of 20% based on the annual profit net of amortisation. There is no allowance for accelerated capital depreciation in Russia. Mining equipment was amortised at 12.5% per year (i.e. life of 8 years) while the fixed plant was amortised at 6% per year (i.e. life of 15 years).

A discount factor of 8% (real terms) was used based on research provided by Golevskaya for international mining projects over the past 24 months.

The estimated key economic results of the preliminary economic analysis of the mineable portion of the indicated and inferred mineral resources are presented in the table below.

Summary of key economic parameters — declining operational cut-off grade scenario at different copper prices

Copper Price ($/lb Cu)	NPV	IRR
$2.00	−$432M	3.7%
$2.25	−$11M	7.9%
$2.50	$399M	11.6%
Base Case $2.75	**$802M**	**14.9%**
$3.00	$1,202M	18.1%
$3.25	$1,602M	21.0%
$3.50	$2,003M	23.8%

The sensitivity of the project NPV to changes in price, capital costs, and operating costs are shown in the following tables.

Sensitivity of NPV to revenue and discount rate — declining operational cut-off grade scenario

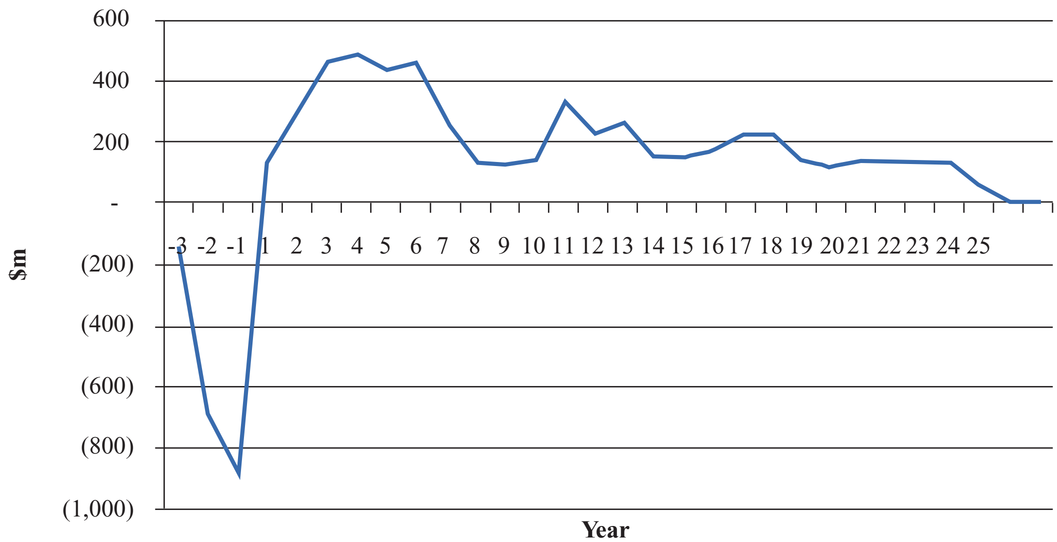
NPV ($M)		Revenue				
		-20%	**-10%**	**0%**	**10%**	**20%**
Discount rate	**3%**	376	1,293	2,188	3,074	3,960
	4%	202	1,018	1,815	2,603	3,392
	5%	57	786	1,498	2,203	2,908
	6%	-65	589	1,229	1,862	2,496
	7%	-167	422	999	1,570	2,141
	8%	-253	280	**802**	1,319	1,836
	9%	-326	158	632	1,102	1,572
	10%	-387	53	485	914	1,342
	11%	-439	-36	359	750	1,142
	12%	-483	-114	248	608	967
	13%	-520	-181	152	483	814

Sensitivity of NPV to operating and capital costs — declining operational cut-off grade scenario

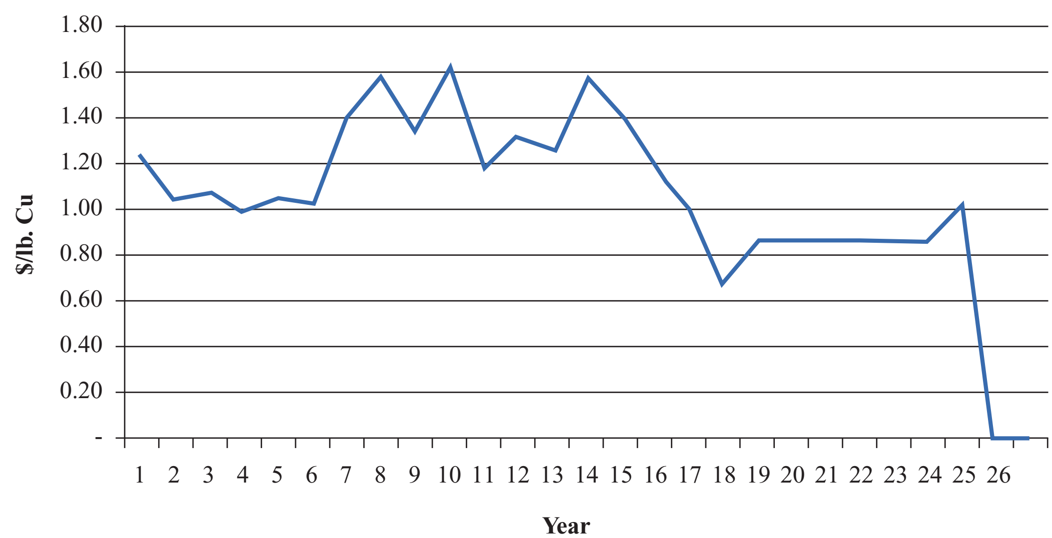
NPV ($M)		Operational cost				
		-10%	**-5%**	**0%**	**5%**	**10%**
Capital Expenditures	**-10%**	1,285	1,130	974	819	661
	-5%	1,199	1,044	888	732	575
	0%	1,113	957	**802**	646	488
	5%	1,026	871	715	560	402
	10%	940	785	629	473	316

The estimated annual free undiscounted cash flow and cash costs (mine site costs plus freight and smelter charges less the value of by-product credits) divided by the saleable copper are shown in the figures below.

Free cash flow — declining operational cut-off grade scenario



Cash Cost — declining operational cut-off grade scenario

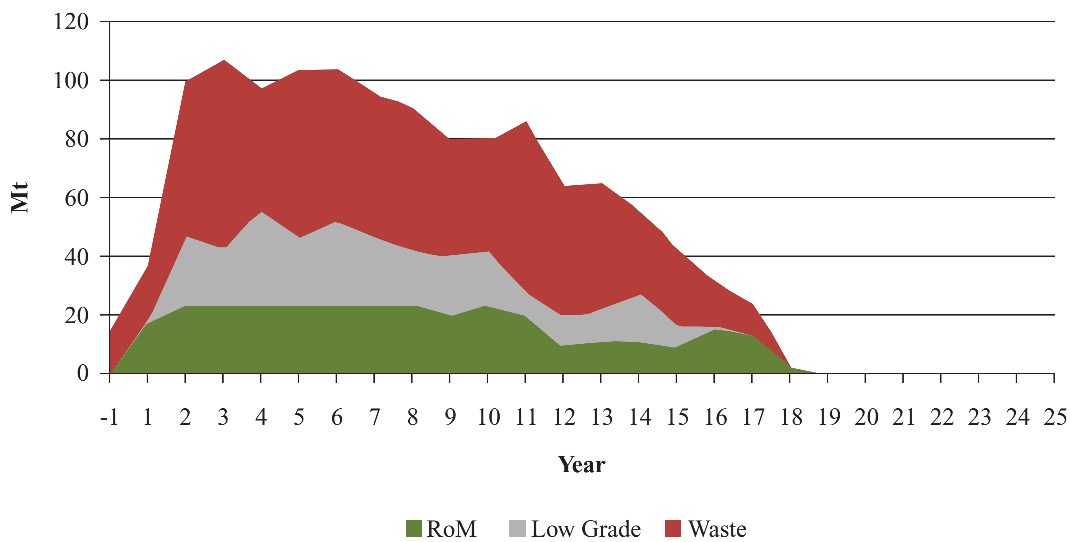


The average estimated cash cost is $1.16 per pound.

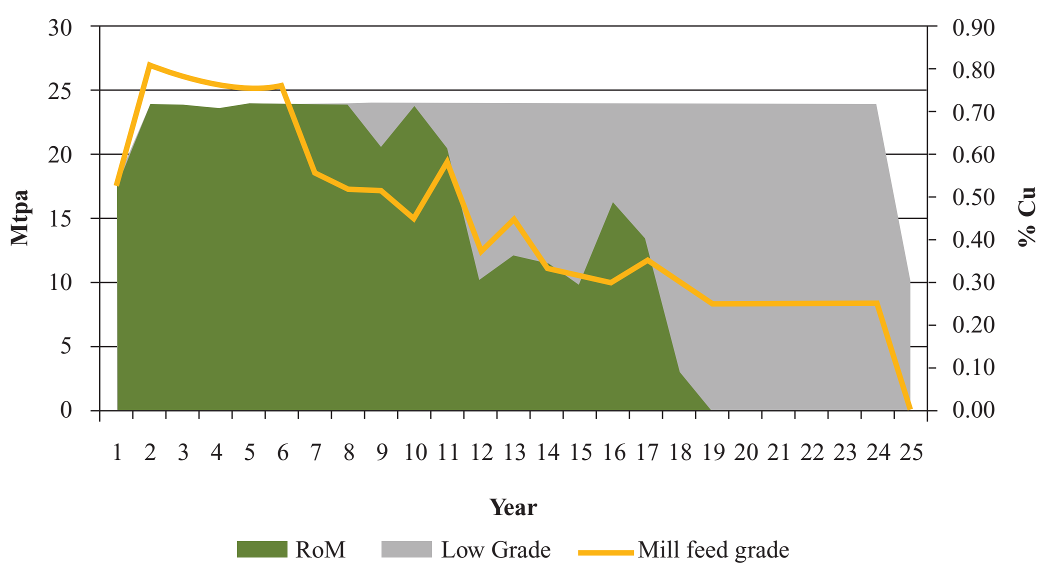
The decline in cash flow over the years is due to a combination of declining grades, deeper operations and higher strip ratios.

Production schedules were developed using Whittle software based on six cut-backs. Several schedules were evaluated and the optimum schedule selected as the base case used an initial operating cut-off grade of 0.4% copper for five years then declining to 0.3% copper until Year 16 after which all economic material was processed. The low grade material was stockpiled for processing during the final years of the mine life and once the open pit closed. SRK has assumed that the low grade material does not oxidise materially and can still be recovered at high recovery rates using flotation. The results are shown in the following figures.

Material mined — declining operational cut-off grade scenario



Mill feed — declining operational cut-off grade scenario



Exploration and Development

SRK considers that the project has been extensively explored to a high standard and that the PEA is based on some relatively detailed processing test-work and process design studies.

The Ak-Sug PEA indicates that the Ak-Sug Project is potentially economic with a relatively low cash cost of $1.16 per pound of copper due to the presence of by-product credits. It is therefore SRK's opinion that Golevskaya should progress to develop the pre-feasibility study and to collect additional data needed to firm up the engineering analysis.

The project is sensitive to the initial capital investment and metal prices. Therefore further studies should identify possible solutions to minimise the capital investment. One of the key opportunities is to verify the feasibility of storing tailings behind a waste dump to avoid the additional engineering costs associated with an engineered tailings dam. This work should be scheduled to be part of the pre-feasibility study.

The Greater Ak-Sug Licence area has identified additional target areas which if proved up could be developed at a much lower cost after Ak-Sug with the necessary infrastructure in place. SRK noted that Golevskaya has a plan for extensive exploration in 2012 including drilling.

If the pre-feasibility study results are positive, Golevskaya intends to go straight into the feasibility study in order to comply with the project development requirements. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The Company may be unable to obtain, maintain or comply with the terms of required permits and licences*."

Recommendations

SRK considers that the next phases of work for the pre-feasibility study should include:

- Some additional exploration drilling to upgrade the inferred resources within potential open pit limits to indicated resources. It is recommended that Golevskaya drill 11,170 metres of in-fill drilling to upgrade resources for the pre-feasibility study in 2012, a further 2,000 metres for the feasibility study in 2013 and 20,000 metres of step-out drilling in 2012 to define the limits of the deposit and to determine the potential for additional mineralization which may have been dislocated from the main orebody due to faults.
- Determining the slope stability through evaluating the orientation of joints and the joint strength through focused studies. It is recommended that Golevskaya drill nine boreholes in 2012, totalling 2,900 metres, to collect oriented core.
- Additional metallurgical tests using drillhole samples to determine the potential to improve processing efficiencies and to understand the variability of recoveries with grade and location. It is recommended that Golevskaya plan to collect material for further flotation tests in 2012 from fresh core and from pulp samples collected within the past two years for further tests. The location of each sample should be selected based on specific criteria provided by SNC Lavalin Incorporated and located by SRK. If tests indicate that the pulp samples are too oxidized then samples from fresh drill-holes will be used. Where possible, samples for the semi-autogenous grinding tests will be taken from core collected from the hydrogeological holes.
- Evaluating ways to reduce or defer the initial capital costs. It is recommended that this be part of the scope of the pre-feasibility study.
- Evaluating ways to divert water around the waste dumps, open pit and tailings dam, and to have the water drop to the valley floor without causing erosion. It is recommended that this be part of the scope of the pre-feasibility study.
- Site investigations for the tailings dam sites. It is recommended that this be part of the scope of the pre-feasibility study.
- Hydrogeological investigation for the open pit. It is recommended that Golevskaya drill five 63.5 millimetre core diameter hydrogeological boreholes in 2012 in which the water pressures and flow rates will be measured.
- Additional environmental baseline data, seismicity study and hydrological studies. It is recommended that this be part of the scope of the pre-feasibility study.

SRK has estimated the cost of the pre-feasibility study at $52 million and the feasibility study at $42 million, including additional drilling and test-work costs and the cost of submitting equivalent Russian studies, which are similar to the pre-feasibility study and feasibility study but must follow a specific format and are required for approval by the Russian authorities.

SRK also recommends that Golevskaya drill the targets identified by the geophysical and geochemical surveys within the Greater Ak-Sug Licence area to determine whether there is potential for another deposit which could share the Ak-Sug infrastructure.

SRK considers the principal risks to be:

- The project economics assume some improvements in processing efficiency following further test-work. Further test-work may result in higher or lower parameters.
- If a significant proportion of potentially acid generating material is identified then this could require selective placement of the material, which may change the mining schedule and/or require longer hauls, and possibly lining of the tailings dam.
- If placing the tailings behind a large waste dump is not accepted by the Russian authorities then a more expensive engineered tailings dam may be required.
- If the low-grade material oxidizes while on the stockpile and the resultant flotation recovery is reduced significantly then it may be necessary to process this material earlier, which would reduce the material mined and mining capital, but also reduce the NPV as revenue is deferred.
- At present a constant metallurgical recovery is used for all material irrespective of grade or mineralogy.

Kingash Project

The information that follows relating to the Kingash Project is derived from, and in some instances is an extract from, the Kingash Technical Report authored by Stanley C. Bartlett, M.Sc., P.Geo. of Micon. Mr. Bartlett is independent of the Company and is a "qualified person" as that term is defined in NI 43-101.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Kingash Technical Report which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's profile on SEDAR at www.sedar.com. The Kingash Technical Report has an effective date of December 31, 2011.

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the Kingash PEA will be realized. See "*Risk Factors — Risks Relating to Intergeo's Business and Industry*".

In this section, unless the context requires otherwise, the term "Kingash" or "Kingash Project" refer to the Kingashsky deposit.

Project Description and Location

As illustrated in the map below, the Kingash deposit, Verkhnekingashsky ("**Upper Kingash**") deposit, and Kuyovsky ("**Kuyo**") deposit are located in the Sayansky District of Krasnoyarsk Krai, Russia. The project area is situated approximately 220 kilometres southeast of the city of Krasnoyarsk, the regional capital. The infrastructure of the area is relatively undeveloped and access to the project area is via gravel logging roads from the village of Tugach (population 3,000). The roads are passable during most seasons by four-wheel drive vehicles. From the south, the Kingash Project is connected to Tugach by a 55 kilometres long gravel road. An improved gravel road for a distance of 35 kilometres connects Tugach to Aginskoye (the administrative centre) of Sayansky District (population 9,000). An asphalt highway connects Aginskoye to the railway station at Sayanskaya. The three deposits are covered by two licences. The total surface area of the Kingash tenement is 16.3 square kilometres. Upper Kingash/Kuyo Licence covers the area of 260 square kilometres and the licence is valid until December 31, 2012. Application for an extension of the licence will be made in mid-2012. Micon is not aware of any reason why the extension may not be received.

The Kingash Technical Report states that, based on Micon's review, there are no foreseeable reasons relating to licencing and permitting why Intergeo will not acquire sufficient surface rights to conduct mining and processing operations, or that development will not proceed. However, investors should be aware of certain risks. See "*Risk Factor — Risks Relating to Intergeo's Business and Industry — Intergeo's licences, in particular those* *relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company.*"

Location Kingash Licence Areas Krasnoyarsk Region

Accessibility, Climate, Local Resources, Infrastructure and Physiography

<u>Property Access</u>

The closest settlements to the three deposits in question are Tugach and Orye. Tugach is situated on the west bank of the Kan River, 45 kilometres north of the Kingash Project. Access from Tugach to the mineral deposits is via a dirt road, which is only suitable for four-wheel drive vehicles. Orye is situated on the east bank of the Kan River 26 kilometres from the Kingash Project. The district centre, Aginskoye, is 35 kilometres to 45 kilometres from Orye. A highway of 220 kilometres connects Aginskoye to Krasnoyarsk, the regional capital. The nearest railway station can be found in Sayanskaya, which is 90 kilometres northwest of the Kingash Project.

Physiography

The Kingash deposits are located in the northwest part of the East Sayan mountain range, on the western slope of the Idarskoye Belogorie ridge. The Kingash and Pryamoye Kuyovsky river basins form the upper tributaries of the Kan River.

The terrain of the area is rugged and the mountains are covered with black taiga, spruce, larch, pine and limited birch and aspen trees. The mountain summits are dome-shaped and watershed areas are relatively narrow with elevations ranging from 650 metres to 1,300 metres. The top soil of the slopes is represented by 0.2 metres to 3.0 metres thick scree/loamy deposits. The slopes are steep ranging up to 30°. Overburden and soil cover is thin and ranges in thickness up to 3 metres.

Upper parts of the Kingash and Pryamoye Kuyovsky River valleys are narrow and V-shaped with elevations of 50 metres to 300 metres from the river to the ridges. The rivers frequently dry up in the summer, freeze in late October and are ice-free by the end of April.

Climate

The climate in the area is continental, Köppen climate classification Dfc (subarctic climate) with temperatures ranging from −50°C in the winter to 34°C in the summer with an average annual temperature of −1.5°C. There are up to 85 days per year with the temperature lower than −30°C. The annual precipitation levels are 550 millimetres to 650 millimetres with most of the precipitation (70%) falling within the period May to October. Snow fall begins in September and accumulation commences in early October. During late May through the first half of June snow melts and unsealed roads turn to mud. The prevailing wind direction throughout the year is from the southwest.

There is some potential for the winter climate to adversely affect mining operations due to extremely low temperatures or unusually high levels of snowfall. However, the operation will be designed to minimise the potential for the climate to adversely impact production activities.

Local Resources, Infrastructure and Population

Local economy and road infrastructure are poorly developed in the Kingash Project area. Agriculture, small scale logging and hunting are the predominant occupations in local communities. Tugach has a local population of 3,000 while Aginskoye has a population of 9,000. The nearest 110 kilovolts power line is 40 kilometres northwest of the Kingash Project at Aginskoye. The nearest coal mine is situated at Pereyaslavski approximately 106 kilometres to the northwest of the Kingash district.

The Sayansky District is self-sufficient with respect to construction minerals including clay, sand, limestone and timber. Several small placer gold deposits occur near Kingash but the resources are nearly exhausted. Process water can be sourced from the Kingash River and its tributaries. The future work force for the mine will be sourced from the villages of Tugach, Oryo, Kan-Okler, Gladkovo and Aginskoye.

History

Ownership

The right to use the subsurface resources in the Kingash, Upper Kingash and Kuyo deposits was granted to Kingash LLC under two licences issued by the FASU.

1. exploration and mining licence KRR Nº 14012 TE (the "**Kingash Licence**") for cobalt-copper-nickel ore and associated minerals exploration and production for the Kingash Project was registered with the FASU on April 9, 2007. The Kingash Licence is valid until April 1, 2027 and covers a total area 16.3 square kilometres.

2. prospecting and appraisal licence KRR Nº 13780 TP (the "**Upper Kingash/Kuyo Licence**") for prospecting and appraisal of the Upper Kingash and Kuyo nickel-copper-PGM ore deposits was registered with the FASU on October 11, 2006. According to Exhibit 3 of the Upper Kingash/Kuyo Licence, the licence covers a total area of 260 square kilometres and is valid until December 31, 2012.

Exploration History

Nickel-copper mineralization was first discovered at Kingash during a geological survey (at a scale of 1:200,000) carried out by the Russian authorities from 1957 to 1960. The mining potential of the district was first recognised during the field investigation of Idar ultramafic rocks in 1964. The field program identified 300 small, serpentinised, intrusive bodies, of which 47 were explored for nickel. Copper-nickel mineralization was identified in the largest of the massifs at Kingash. The mineralization was represented by disseminated pentlandite, chalcopyrite, valleriite and violarite.

By 1983, a geological survey of the area was completed at a scale of 1:50,000. The survey data confirmed Dubinin's earlier conclusions that the Kingash massif contained copper-nickel mineralization and should be further explored through drilling a series of 150 metres to 200 metres prospecting holes.

Several overlapping airborne geophysical surveys have been conducted in the Kingash area. The earliest took place in 1961 at a scale of 1:50,000. Airborne magnetics and gamma spectrometry were used to assess the area. A second more detailed survey using the same techniques was conducted at a scale of 1:25,000 using aerial photographic navigation in 1971. A gravity survey at a scale of 1:200,000 was also undertaken in the area from 1978 to 1980. A 1:500,000 gravity map was compiled from the reinterpretation of the 1:200,000 survey data.

From 1990 to 1994, prospecting and mapping were carried out over 15 square kilometres in the Kingash massif at a scale of 1:10,000 and reported by Tarasov in 1994. The prospecting program involved lithogeochemical surveying over primary and secondary anomalies at a station spacing of 200 metres by 40 metres and 100 metres by 20 metres. Ground IP survey, two-dimensional magnetic, pitting and trenching and core drilling were completed over a 54 square kilometres area at a scale of 1:25,000. A number of outstanding nickel anomalies were identified associated with mafic and ultramafic intrusive rocks located in the Idar Block.

The first mineral discoveries were made in the Upper Kingash and Kuyo deposits during the prospecting campaigns which took place from 1991 to 1996. Prospecting activities to the south and west of the Kingash deposit focused on the Bolshekuzinsky massif, Upper Kingash and Kuyo massifs. Mineralized ultramafic rocks were identified in Kuyo with grades ranging from 0.4% to 0.8% Ni, 0.3% to 1.2% Cu and 0.020% to 0.038% Co. In the Upper Kingash area, the mineralized ultramafic rocks carried grades ranging from 0.30% to 0.45%, Ni, 0.2% to 0.3% Cu and 0.020% to 0.03% Co mostly confined to the northeastern part of the massif. In 1993, two holes were drilled in the Upper Kingash area. The first hole was barren and the second intersected 55 metres of mineralization starting from the surface with an average grade of 0.30% Ni, 0.09% Cu, 140 ppm Co and 0.31% S.

By 1996, the geophysical Central Arctic Exploration Team had completed an integrated helicopter geophysical survey at a scale of 1:25,000 over 261 square kilometres area including the Kingash deposits. The survey utilised the 5-channel geophysical tool STK-03 consisting of a proton precession magnetometer and a gamma-spectrometer. The interpretation defined 50 anomalies, 17 of which potentially hosted nickel mineralization in ultramafic rocks.

From 1995 to 1997, work carried out on the Kingash deposits was limited because of a lack of funds. Exploration work included geological, geochemical and geophysical surveying and 3,562 metres of drilling in ten holes. Mill feed processing characteristics were studied and a preliminary flowsheet was developed for beneficiation using a modified bulk flotation process.

From 1999 to 2002, an evaluation program was carried out in the Kingash deposit area resulting in a revised Russian resource estimate non-compliant with NI 43-101. The new estimates were submitted to the Territorial Committee for Reserves on January 1, 2003.

From 2003 to 2004, the Norilsk branch of the VSEGEI R&D Institute completed two comprehensive airborne geophysical surveys at a scale of 1:25,000 over Kingash and the adjacent areas to the southeast covering an area of 1,000 square kilometres and 850 square kilometres, respectively. The survey data was interpreted in combination with the gravity, geomorphological and Landsat data. The program delineated 21 prospective Ni-Pt-Cu anomalies and ten additional areas which were considered prospective for lode gold.

From 2004 to 2005, detailed exploration was conducted over the first priority prospects in the Kingash area. This included Upper Kingash, Kuyo, Kuskanak, Goreloye Kuyovsky, Idar, Sredny and Pryamoye Kuyovsky. The exploration program included soil geochemical at a scale of 1:25,000, ground geophysical surveying (1:10,000 scale magnetic, EM and two-dimensional gravity), trenching and exploration drilling. Metallurgical test work was undertaken on the disseminated mineralization from Upper Kingash and Kuyo using three laboratory-sized samples collected from the drill core. These were evaluated by Gipronikel.

From 2006 to 2007, a follow up exploration program was implemented in the Upper Kingash and Kuyo deposits, including ground geophysical surveys (magnetic and EM surveys, two-dimensional gravity survey), trenching and additional exploration drilling.

From 2007 to 2009, a resource drilling program was undertaken on the Kingash, Upper Kingash and Kuyo deposits to a variable depth ranging from 300 metres to 800 metres. Additional exploration drilling was undertaken along the margins of the Kuyo deposit to evaluate high grade mineralization to a depth of 600 metres to 800 metres. The parameters for a feasibility assessment were prepared, including an economic evaluation and the best case scenario for the development of the mine infrastructure and concentrator.

In July 2011, Intergeo Russia acquired Kingash LLC thereby acquiring the Kingash Licence and Upper Kingash/Kuyo Licence.

Kingash LLC was incorporated on May 2, 2006 as a wholly-owned subsidiary of Norilsk Nickel. On November 15, 2010, Norilsk Nickel sold its entire participatory interest in Kingash LLC to the following investors: LLC Regiomax (Russia) (30.5%), LLC Technoexim (Russia) (30%), LLC Kvarto (Russia) (30%) and Travallation Holdings Ltd. (Cyprus) (9.5%), a company which, at the time, was wholly-owned by Mr. Prokhorov.

On March 28, 2011, LLC Technoexim sold 30% in the company to LLC "Sport complex named after E.A. Streltsov" (Russia).

On July 12, 2011, Intergeo Russia acquired 100% in Kingash LLC from LLC Regiomax, LLC "Sport complex named after E.A. Streltsov", LLC Kvarto and Travallation Holdings Ltd.

Licences

The licence holder for the Kingash Project is Kingash LLC. The three deposits are covered by two licences issued in the name of the Kingash LLC.

The Kingash Licence allows Kingash LLC to explore and mine cobalt-copper-nickel and associated minerals from the Kingash deposit. The Kingash Licence was purchased through an auction held on February 15, 2007 in Krasnoyarsk, was registered with the FASU on April 9, 2007 and is valid until April 1, 2027. The total surface area of the tenement is 16.3 square kilometres and the Kingash Licence permits mining to a maximum depth of 1,000 metres. The use of the land acreages was preliminarily sanctioned by the Sayansky District Administration (Resolution Nº 87-p dated March 22, 2005).

The terms and conditions of the Kingash Licence include the following obligations:

1. Prepare a development plan and obtain required approvals according to established procedures;
2. Receive a positive production opinion from the relevant expert panels by April 1, 2014;
3. Commence construction of mine infrastructure by December 15, 2014;
4. Commence commercial production of the nickel-copper-PGM ores by April 1, 2017; and
5. Advance production to a capacity of not less than 1 Mt/a of ore by October 1, 2017.

The Upper Kingash/Kuyo Licence allows Kingash LLC to carry out prospecting and evaluation of the Upper Kingash and Kuyo deposits. The Upper Kingash/Kuyo Licence area was obtained through the process of reissuance of licence KRR 11303 TP pursuant to Article 17.1 of the Subsoil Law.

The Article permitted the licence holder to establish a new legal entity for continuing its activities in the licence area owned by the licence holder. Originally, the Upper Kingash/Kuyo Licence was granted to Norilsk Nickel pursuant to an ordinance by the Russian Federation Ministry for Natural Resources and, in coordination with the Krasnoyarsk Krai Administration, on August 7, 2002 (date of state registration was October 2, 2002).

The Upper Kingash/Kuyo Licence was registered by the FASU on October 11, 2002. According to Exhibit 3 of the Upper Kingash/Kuyo Licence, the licence is valid until December 31, 2012 and covers a total surface area of 260 square kilometres and does not have any depth restrictions with respect to prospecting and appraisal. The Sayansky District Administration has granted its general preliminary consent for the land use for the purpose of prospecting and appraisal of the Upper Kingash and Kuyo deposits (Resolution N^{o} 359, dated October 7, 2002).

It is assumed that after approvals are obtained, a new licence will be issued for the exploration and production of the Upper Kingash and Kuyo resources based on the discovery of a deposit prior to the expiry of the Upper Kingash/Kuyo Licence term without any tender or auction. Kingash LLC's obligations pursuant to the Upper Kingash/Kuyo Licence are as follows: (a) prepare a reserves and resources estimation report stating estimated values of Russian C_2, P_1 and P_2 categories and submit the same for approval to the Krasnoyarsk Krai Federal Agency for Subsoil Use, by no later than December 1, 2012, and (b) the completion of 6,000 metres of drilling in 2011 and an additional 4,000 metres in 2012. See "*Risk Factors*".

The exploration activities required to be completed in the Upper Kingash/Kuyo Licence area are listed in Exhibit 3 of the Upper Kingash/Kuyo Licence.

Royalties

In accordance with Russian practice, the value of platinum group metals was assumed to be subject to a 6% royalty based on the revenue generated. Further royalties for nickel, copper and cobalt were calculated based on 8% of the total mining costs. It was assumed that 4% dilution and 4% loss of ore will occur during the mining process.

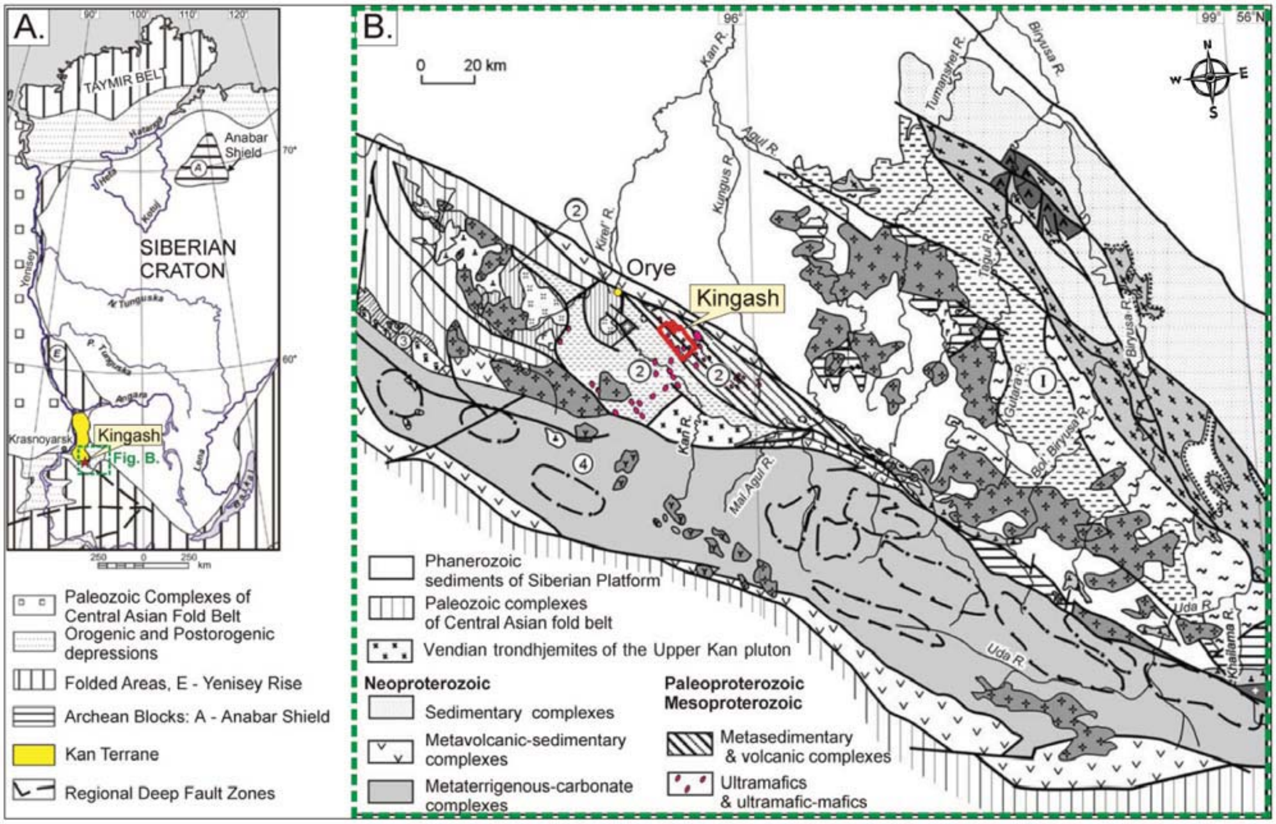
Geological Setting

Regional Geology

The Siberian Craton evolved during the Paleoproterozoic age, between 1.95 and 1.90 gigannum. It developed through collisions with several other Archaean and Palaeoproterozoic protoliths. The Neoproterozoic (southwestern margin) and Phanerozoic sutures located along the margins of the Siberian Craton developed during the formation of Pangaea. Figure A below, shows the location of the Kingash Project in relation to the Siberian Craton. As depicted in the map, the Kingash Project is located in the Paleoproterozoic Kan Terrane, an allochthonous unit of the Yenisei Ridge fold-nappe belt that extends 700 kilometres to the north and developed on the western margin of the Siberian platform. Three areas of basement rocks are exposed within and along the margins of the Siberian Craton and these include the Aldan Shield (located south of Lake Baikal), the Anabar Shield and the Yenisey uplift.

As illustrated by the figure below, to the east and northeast of the Kingash Project, the Kan Terrane is bordered by the Kan-Oklerskaya Structural Zone which is comprised of a series of steep northeast dipping faults. This zone separates the Kan Terrane from the Agulskiy Basin to the east, which is dominated by Devonian age terrigenous sediments and Ordovician age volcanogenic rocks.

Regional Geology Kingash District Krasnoyarsk Region



The Kan Terrane is comprised of five tectonic blocks including Idar, Kingash, Central, Karagan, and Upper Kan. The Idar complex is comprised of two mafic tectonic blocks separated by a gneiss complex. The Kingash block is predominantly mafic in composition and contains numerous amphibolite and ultramafic intrusions. The Central block consists of gneiss in the northwest part and mafic rocks in southeast. The Karagan block is similar to the Kingash block and is dominated by mafic gneiss that includes amphibolite and gabbro. The Upper Kan block comprises highly deformed and granitic gneiss.

The Kingash Project area exhibits a complex faulting pattern including an early series of belt parallel northwest strike-slip faults and shears cross-cut by later series of northeast disjunctive faults with second order north trending riedel faults. The important nickel-copper mineralization is solely confined to the Kingash block and associated with ultramafic intrusions, which have been emplaced along the early series of structures and offset by the later northeast trending fault system.

Property Geology

Underlying the majority of the Kingash area is the Karagan block, which comprises a northwest trending sequence of biotite, hornblende-biotite and amphibole gneiss. The gneiss often contains garnet and intercalated lenses of amphibolite, quartzite and graphitic schist. The Palaeozoic age Kuvai and Okler Formations are thrust over the Karagan block. The footwall of the thrust zone comprises tectonised slate and mélange is observed in the northeastern part of the licence area.

The Karagan Series is dominated by numerous mafic to ultramafic intrusive units which are related to the Kingash and Idar Complexes. The Kingash Project comprises gabbro, wehrlite, peridotite, and dunite while the Idar Complex contains dunite, harzburgite and gabbro. Copper-nickel mineralization is genetically associated with the intrusions of the Kingash complex.

Faulting plays a significant role, controlling the location of mafic-ultramafic intrusive bodies and associated mineralization. The Kingash fault represents a northwest trending branch of the Idar fault. The Kingash tectonic zone is complex and poorly exposed averaging 2 kilometres to 3 kilometres in width. It appears to have had a fundamental influence on the location of the mineralized ultramafic stocks, which host the Kingash, Upper Kingash and Kuyo deposits. The Upper Kingash deposit is cut by a northwest trending shear zone which is associated with recumbent folding. The recumbent folding has overturned the intrusive bodies with the gabbro situated in the footwall and the sulphide mineralization restricted to the hangingwall.

Local Geology

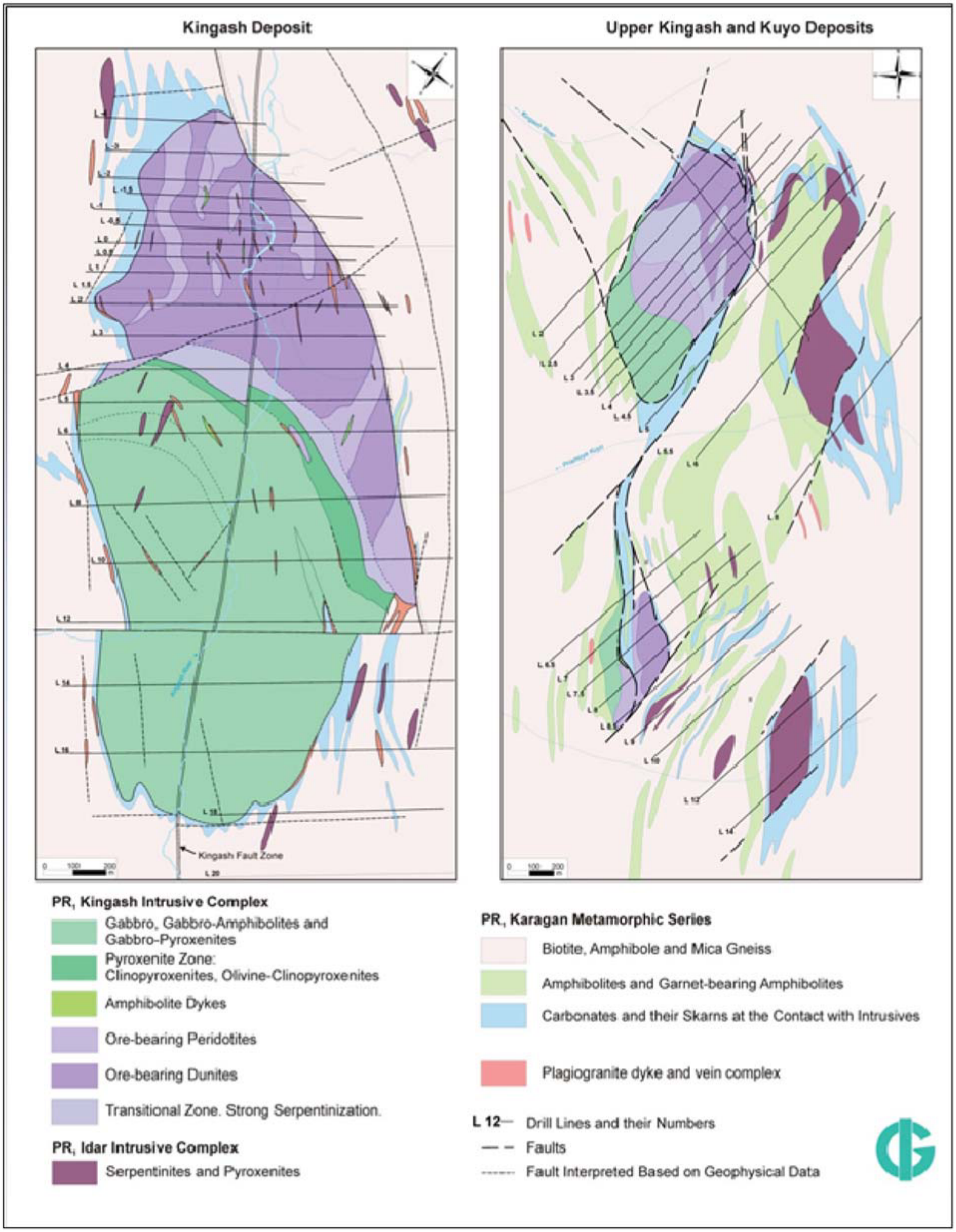
Mafic to ultramafic intrusive units studied in the Kingash project area can be divided into two groups; mineralized Kingash Complex and non-mineralized Idar Complex. The Kingash Complex includes three mafic-ultramafic intrusive stocks termed the Kingash, Upper Kingash and Kuyo massifs. The massifs are similarly composed of dunite, peridotite, pyroxenite, olivine clinopyroxenite, wehrlite and gabbro. The dunite and peridotite are difficult to distinguish from a petrographic and chemical perspective. The primary magnesium bearing mineral is olivine which is often replaced with serpentine, magnetite and accessory minerals that include pyroxene, cummingtonite and phlogopite. Serpentine alteration has pervasively altered all the dunite-peridotite intrusive units. Wehrlite replaces dunite-peridotite in the upper part of the massifs and displays a spotted texture. Gabbro is abundant in all the massifs and is characterised by a high calcium oxide content.

The massif was intersected by drilling to a depth of over 700 metres. The contact between the Karagan gneiss and the massif is steep from 60° to 75° and exhibits a step-like pattern due to faulting. The Karagan series comprises biotite and amphibole-biotite gneiss with intercalated lenses of amphibolite and carbonaceous rocks. Carbonaceous rocks occur near the contact of the massif and may represent carbonaceous shears. The massif is transected by numerous shear zones that are accompanied by metasomatic alteration. In the gabbro, the alteration assemblage comprises tremolite-clinozoisite-actinolite-epidote. In the ultramafic rocks, the assemblage consists of serpentine-tremolite-actinolite-talc-chlorite with variable amounts of carbonaceous material.

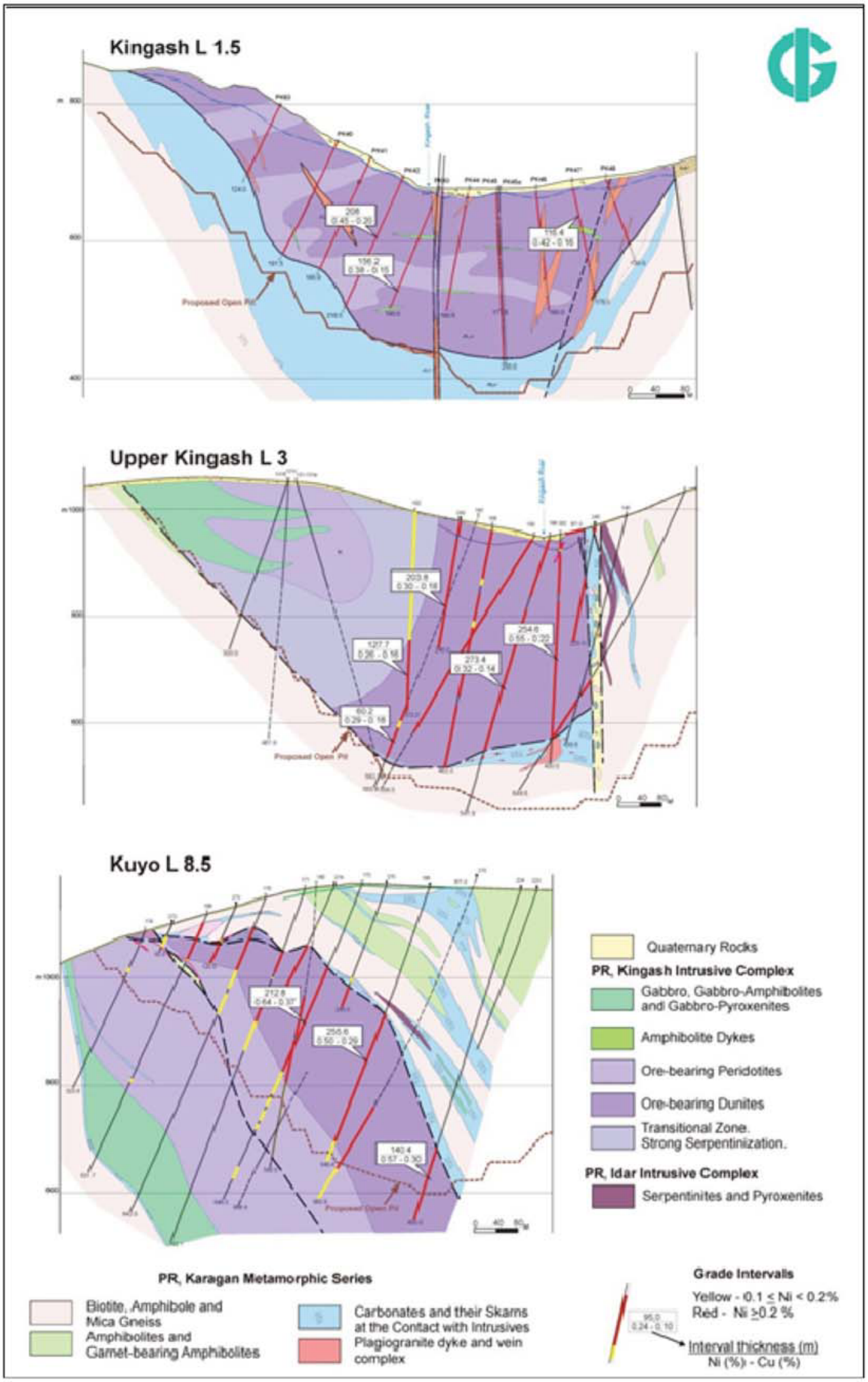
Sulphides occur as disseminations and veins in strongly serpentinised dunite and peridotite. Sulphide content is 3% to 5% on average but can exceed 20% over narrow intervals. The highest nickel-copper-PGM grades are located in the northeast part of the massif and are associated with intrusive dykes and metasomatic alteration. In this location sulphide mineralization is also developed in the Karagan gneiss and along the margins of the intrusive dykes.

With reference to the figures below, the Kuyo massif is located 900 metres to the south of the Upper Kingash massif and forms a tear-shaped body that is 500 metres in length and up to 250 metres in width. The boudinaged shape of the Kuyo massif is probably the result of post-magmatic shearing between two sub-parallel northeast trending faults. Drilling has traced the Kuyo massif to a minimum depth of 650 metres. The country rocks comprise graphitic amphibolite-gneiss with intercalated migmatites of the Karagan series. The northeastern contact of the Kuyo massif dips to the northeast at 45° to 60°, while the western contact dips in the same direction by at 60° to 80°.

Property Geology and Structural Map Kingash Licence Area



Cross-Sections



As depicted in the figures above, the Kingash massif is oval-shaped and measures 2,250 metres by 1,000 metres. The axis of the Kingash massif is orientated in a northwest direction and the contacts with the surrounding gneiss are semi-concordant. In cross section, the Kingash massif exhibits an asymmetrical, lopolith-shape with steeply dipping thrust faulted contacts. The Kingash massif is in contact with a thin discontinuous marble unit. In the northwest part of the Kingash massif, the marble is replaced by a garnet tremolite-albite skarn.

Five distinct, intrusive units from the base of the Kingash massif are identified and described below. All rock types are cut by later gabbro, plagiogranite and ortho-amphibolite dykes, including:

1. Contact zone between the Kingash massif and the marble or gneiss ranges in thickness from 10 metres to 20 metres and is strongly sheared, brecciated and altered by serpentine.

2. Dunite and peridotite are strongly altered by serpentine throughout the Kingash massif. In the central and southeastern parts the ultramafic is underlain by gabbro, which pinches out to the south and southeast directions. The mineralized ultramafic unit ranges in thickness from 40 metres at the north end of the Kingash massif to 430 metres in the southeast portion of the Kingash massif near Line 10.

3. The transition zone developed between mineralized zone and the overlying pyroxenite ranges in thickness from 10 metres to 75 metres and is strongly serpentinised and cut by ortho-amphibolite and plagiogranite dykes.

4. The pyroxenite unit includes clinopyroxenite, olivine-clinopyroxenite and wehrlite and ranges in thickness from 80 metres to 240 metres.

5. The gabbro unit includes gabbro-amphibolite, olivine-gabbro and gabbroic-pyroxenite and comprises the southern half of the Kingash massif. The contact between the gabbro and pyroxenite units is strongly metasomatised and altered to epidote-clinozoisite-amphibole. The gabbro unit is up to 310 metres thick in the central part of the Kingash massif and pinches out to the south and north.

The northeast part of the massif is comprised of serpentinised dunite and peridotite. The disseminated sulphides are associated with lizardite, antigorite, sometimes chrysotile. The mineralization weakens and attenuates to the southwest. The Upper Kingash massif exhibits a similar compositional layering as observed in the Kingash massif but the percentage of amphibolite dykes is reduced.

The figures above show that the Upper Kingash massif is rhomboid in shape and measures 1,100 metres by 600 metres. The Upper Kingash massif has been transposed into a series of boudinaged lenses by a series of sub-parallel northeast trending shears. The shears represent branch faults of the main Kingash shear zone, which is located to the east of the Upper Kingash massif.

Sulphide Mineralogy

The mineralogy of the disseminated sulphide mineralization is dominated by pentlandite with lesser quantities of pyrrhotite and chalcopyrite. Pentlandite often contains fine flame-like exsolutions of mackinawite (FeNiS), which might comprise up to 20% to 30% of a pentlandite grain.

Platinum group minerals include sperrilite $PtAs_2$ (95% of all PGM), sobolevskite Pd(Bi,Sb), michenerite PdBiTe, merenskite $(Pt,Pd)(Te,Bi)_2$, and erlichmanite OsS_2. Sperrilite forms euhedral grains (0.020 millimetres to 0.053 millimetres), and usually occurs as a separate phase within pyrrhotitepentlandite grains. Palladium minerals (0.04 millimetres by 0.06 millimetres) tend to cluster on the contacts of chalcopyrite and cubanite grains and in some cases palladium minerals are integrated with tellurides.

Exploration

The copper-nickel-cobalt mineralization at Kingash was discovered in 1964 and was subsequently explored until 1993. In 1993, the first significant nickel intersection was encountered at the Upper Kingash deposit. A single hole returned 55 metres at an average grade of 0.30% Ni, 0.09% Cu, 140 ppm Co and 0.31% S.

The majority of the Russian reserves and resources (non-CIM compliant) for the Kingash, Upper Kingash and Kuyo deposits were defined during an intensive drilling program carried out between 2007 to 2009. The general contractor responsible for the evaluation program was LLC Geocomp whose primary responsibilities included: undertaking the diamond drilling programs, down-hole geological logging, core sampling and core logging. It also carried out on-site X-ray-fluorescent analysis and completed the hydrogeological, topographic and environmental surveys on the licence areas. LLC Geocomp also completed the selection bulk test samples and petrographic analysis of rocks and mineralization in thin and polished sections.

LLC Geocomp subcontracted the geotechnical, analytical, geophysical and metallurgical work to a number of government approved companies. The list of the subcontractors and their function is summarized as follows:

1. LLC Mining and Engineering Company for adit excavation Kingash, Upper Kingash and Kuyo deposits;
2. State Company Krasnoyarsk Aerogeodetic Organisation for topographic and geodetic surveys;
3. State Company Siberian R&D Institute of Geology, Geophysics and Minerals (SNIIGGiMS) for mis-a-la-masse survey;
4. Test centre under AO KrasnoyarskGeologia for semi-quantitative spectral analysis (SQSA) for 25 components and, chemical composition tests for nickel, copper, cobalt, sulphur, PGM and gold and testing the geo-ecological and water samples;
5. LLC GeoServis for geophysical surveys (two-dimensional magnetic survey, IP and natural field EM surveys, lithochemical sampling along geophysical lines);
6. LLC Mining and Engineering Company for mine excavations (adit 1);
7. LLC Stewart Geochemical and Assay for fire assay (commencing with the ICP-AES method) for PGM and gold; third-party (arbitration) control of data on nickel, copper, cobalt and sulphur grades;
8. Gipronikel laboratory for laboratory-scale tests and pilot processing of bulk samples, preparation of scoping report for the standing quality parameters; external audit of test data on base and precious metal grades;
9. Test laboratory under KNIIGiMS R&D Centre, Krasnoyarsk, for rhodium, silver, ruthenium and iridium analyses (ICP-MS method); petrography on thin and polished sections of mineralization and host rocks;
10. Regional Analytical Centre ZAO Mechanobr Engineering Analit for third-party (arbitration) verification of silver, rhodium, iridium and ruthenium assays; and
11. Krasstroy test centre under OAO Krasnoyarsk Promstroy NI project for geotechnical work on rock mechanics.

Geological Mapping and Trenching

The Kingash district has been extensively studied and explored since work was initiated in the district in 1956. Geological mapping and geochemical surveying at scales of 1:200,000 and 1:50,000 were undertaken by the Russian authorities in four campaigns in the 1960's and 1970's. By the early 1990's, exploration had delineated 21 nickel-copper targets and 10 lode gold prospect. The majority of these were trenched and sampled but the assay data is not presented in the TEO reports.

Geochemistry

Geochemical exploration work within the Kingash and Upper Kingash/Kuyo Licence area were initially carried out as an integral part of the ground geophysical programs. From 2005 to 2008, a total of 6,885 samples were collected and assayed over different target areas including the Kingash, Upper Kingash and Kuyo deposits on behalf of Norilsk Nickel and Kingash LLC. Random shallow trench and prospecting shaft samples were also excavated and assayed during the same period.

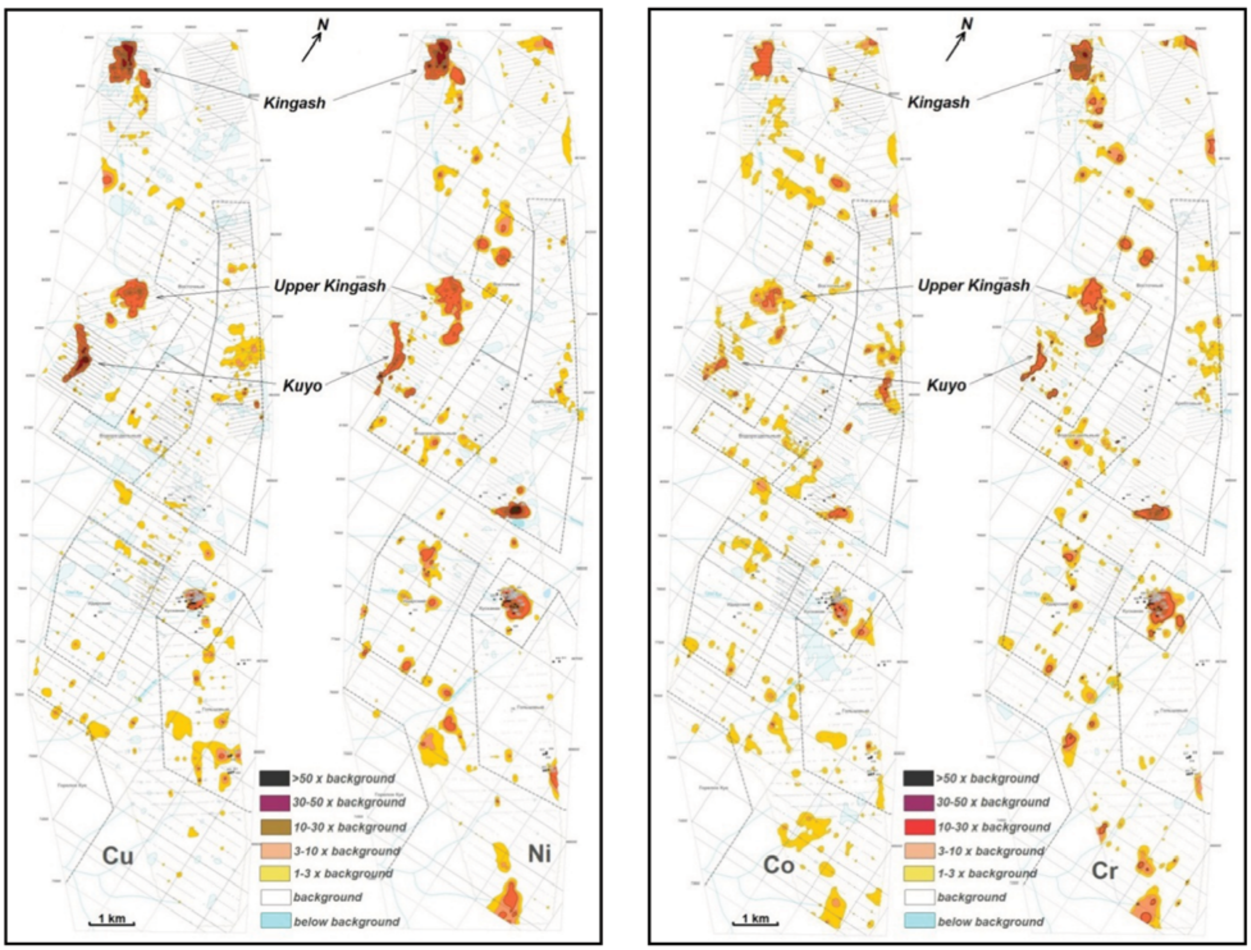
Usually the geochemical soil samples were taken from shallow pits ranging from 20 centimetres to 60 centimetres in depth along the ground geophysical profiles over 100/200 by 20/40 metre grid. Sieved and packed samples were sent to Stewart Geochemical laboratory in Moscow for drying and pulverising to 0.071 millimetres, and subsequent ICP-AR/ES analyses (atomic-emission spectrometry with inductively coupled plasma) for 25 elements: silver, aluminum, arsenic, barium, boron, calcium, cobalt, chromium, copper, iron, potassium, magnesium, manganese, molybdenum, sodium, nickel, phosphorus, lead, antimony, tin, strontium, titanium, vanadium, zinc and zirconium.

The following conclusions can be drawn:

- For most elements, the assays are well above their detection limits, and are, therefore, representative and can be effectively used as an exploration tool; and
- Antimony and arsenic in all samples are below the detection limit of analysis and should be excluded from further considerations.

The results of the statistical analysis of geochemical assays were used to compile maps of the secondary dispersion halos of major ore-indicative elements (see figure below). The maps indicate that within the Kingash deposit magnetic feature elements such as cobalt, nickel and especially copper form complex anomalies, representing zones of serpentinisation of the ultramafic intrusion. Within the mineralized parts of the deposit the highest concentrations of chromium, nickel, copper and cobalt are observed in wehrlites. Previous studies indicate that the potential for complexes (grades of nickel sulphides and copper, and associated platinum group elements and gold) is directly associated with the content of sulphur in mineralized rocks. Within the Upper Kingash and Kuyo deposits secondary dispersion halos of copper, nickel and cobalt form a single anomalous zone associated with mineralized host rocks. The geochemical and magnetic anomalies are spatially coincident. The main body of the Upper Kingash deposit is enriched by copper, nickel, and cobalt, with copper being dominant. An anomalous zone strikes northwesterly, consistent with the regional tectonic trend and is complicated by transverse tectonic faults.

Ni, Cu, Co and Cr Contour Soil Geochemistry



Future exploration within the Kingash Project area will focus on the secondary geochemical anomalies, which overlap with favourable geophysical (magnetic and gravity) features. Initially they will be covered by IP/Resistivity surveys and first priority targets will then be drilled.

Geophysics

Geophysical investigation of the region began in the early 1950's. An airborne magnetic survey was conducted in 1961 and a gravity survey in 1980. Ground radiometric surveys were also conducted in 1983. The complex magnetic-electrical survey of 1989 was the largest operation undertaken after the discovery of the Kingash deposit.

Since the mid-1980's both ground and airborne geophysical surveys have been completed over the Kingash Licence area and Upper Kingash/Kuyo Licence area. The surveys were carried out using modern geophysical methods, which had been applied to the area since the late 1980's. Data from the surveys has mainly been used to plan the on-going exploration and development of the Upper Kingash tenement. Although some detailed brownfield works were conducted within the Kingash deposit, the last ground geophysical program was executed in 2009 on behalf of Kingash LLC.

Ground Surveys

The majority of the most recent ground geophysical surveys carried out over the Kingash and Upper Kingash prospects are compound, and usually include magnetics, IP/Resistivity, SP and radiometrics (U, K, Th). All surveys were conducted along the same grid lines. Geochemical soil samples were normally collected along the same profiles.

Due to the secret status of gravity data in Russia, gravity surveys were always conducted separately. From 2004 to 2006, three surveys totalling 110 line kilometres were carried out by different contractors within the Upper Kingash area along individual profiles. Mafic and ultramafic massifs with potential for Ni-Cu mineralization showed good correlation with gravity anomalies above 1.5 m Gal to 2 m Gal. Also complex interpretation of the gravimetric surveys results with magnetic and electrical datasets allowed improvement in local geological mapping (especially structural-tectonic setting), and in selecting drill targets.

In 2005 ground magnetic, IP/Resistivity, SP and time-domain electromagnetic (moving loop) surveys were undertaken by LLC SibirGeophysica over five target areas of the Upper Kingash/Kuyo Licence area on behalf of Norilsk Nickel. The interpretation and analysis of the data collected and subsequent target drilling led to the accurate definition of mineralization zones and the increase in Russian reserve at the Upper Kingash and Kuyo deposits. Magnetic readings were taken over 100 metres by 20 metres (Upper Kingash and Kuyo) and 250 metres by 20 metres grids with total length of profiles 188 line kilometres. A time-domain electromagnetic survey with moving loop 100 metres by 100 metres was conducted over the Upper Kingash area only (eight line kilometres). Gradient array IP/resistivity survey profiles totalled 106 line kilometres, SP totalled — 180 line kilometres.

Ground geophysical surveys between 2006 and 2008 were carried out by LLC "GeoService". The main objectives of the survey were detailed prospecting of the known deposits (Kingash, Upper Kingash and Kuyo) and ground evaluation of the airborne target areas. Line spacing within the known mineralization was 50 metres to 100 metres, and usually 250 metres within new target areas. Sampling distance varied for different programs and changed from 5 metres to 50 metres. The Schlumberger array with A100m40n100B electrode setting was used in IP/resistivity profiling. Theoretical depth of investigation for this type of array in local conditions is 150 metres to 200 metres. MINIMAG proton magnetometers were used for the magnetic surveys and recording the earth magnetic field variations. Proprietary equipment was used for the IP/resistivity survey.

Combining knowledge of the previous survey data with geological information enabled a more comprehensive understanding of the geophysical characteristics of Kingash.

Kingash has a very distinctive geophysical signature manifested as a strong dipole magnetic anomaly. Kingash also exhibits a strong IP signature which is to be expected because of the disseminated nature of the sulphide mineralization. Mineralized sections of the gabbro massifs are characterised by intensive high-gradient positive anomalies which are flanked by negative ones. Positive anomalies are up to 6,000 nT for Kingash and 6,800 nT for Upper Kingash/Kuyo, negative anomalies are −2,500 nT for Kingash and −3,500 nT for Upper Kingash /Kuyo.

Gravity data differs for the Kingash and Upper Kingash/Kuyo sites. At the Kingash deposit, the most altered mineralized zones are associated with negative anomalies which generally coincide with positive magnetic features. Barren rocks are distinguished more often by a combination of positive values of the gravity field with relatively low values of the magnetic field. Comparatively, the Upper Kingash and Kuyo mineralized rocks correlate spatially with an anomalous positive gravity and a northerly orientation. In this case, a lateral relationship between positive gravimetric anomaly and dipole magnetic anomalies may be observed.

The Upper Kingash and Kuyo deposits are confined to high gradient gravity zones that have a strong, positive magnetic signature. Results of the ground IP/resistivity and self-potential surveys exhibit values of the electrical properties typical for rocks with sulphide mineralization. Apparent resistivity varies from 10 Ohm/m to 50 Ohm/m to 25 Ohm/m to 500 Ohm/m, negative values of IP phase shift changes from $-3°$ to $-5°$, natural potentials range from -100 to -400 million volts. Radiometric data show a sharp decline in concentrations of the major radioactive elements (uranium to a lesser extent) and total count values within mineralization zones.

Airborne Surveys

The first airborne magnetic and radiometric survey was conducted at a scale of 1:25,000 from June to July 2006. A helicopter was flown over the licenced Kingash area using line spacing of 250 metres. The survey was undertaken by NF VSEGEI. The magnetic field exhibited a number of strong dipole-shaped anomalies that coincided with Ni-Cu occurrences sites defined by historic regional exploration and mapping programs in the Kingash district.

In 1997, some selected targets were drill-tested that led to the discovery of the Kingash deposit. A subsequent ground geophysical program undertaken in the Upper Kingash and Kuyo area resulted in the discovery of the deposits.

From 2003 to 2004, the same contractor conducted a large scale, complex airborne survey of the Upper Kingash/Kuyo Licence and adjacent area. In total, 1,850 square kilometres (8,220 line kilometres) were covered by magnetic, infrared and radiometric survey at a scale of 1:25,000 (250 metre line spacing). As a result of the interpretation of new data, the following conclusions were made regarding the prospective Ni-Cu mineralization of the area:

- It is located in a highly intensive structural-tectonic environment with structural control of spatial location of potentially ore-bearing mafic-ultramafic massifs;
- Areas display moderate gradient with a relative increase of the gravitational field intensity;
- The areas show slightly negative gradient of magnetic field; and
- Localisation within zones of overall increase in the level of fracturing.

Based on the geophysical interpretation, first and second priority targets were selected for ground follow up. The ground geophysical program was carried out between 2005 and 2007.

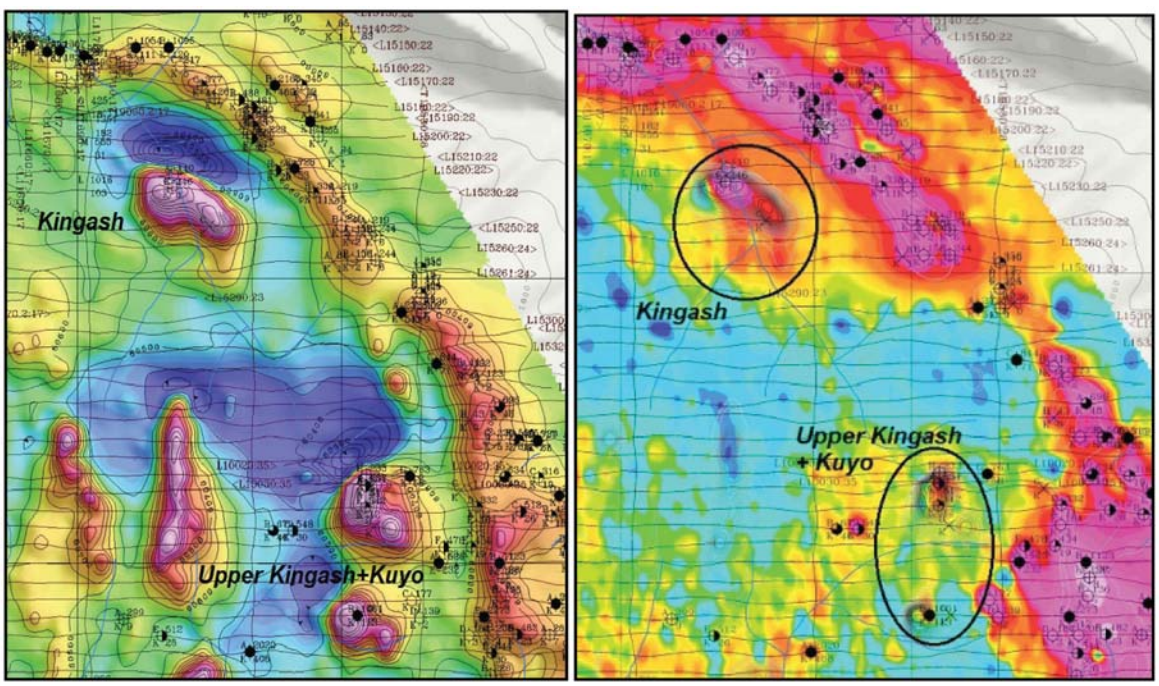
In 2007, the first large scale magnetic and EM survey was flown over the northwest Upper Kingash/Kuyo Licence area. Time-domain electromagnetic system AeroTEM IV was developed by the Canadian company AeroQuest Ltd. in 1999 to 2005. Airborne time-domain EM system is a concentric-loop time-domain electromagnetic system designed for mineral exploration and geologic mapping. The high dipole moment of the transmitter in combination with the unique superimposed dipole coil geometry allows the system to achieve a depth of exploration similar to fixed-wing systems, but with the resolution and target response symmetry that is typical of conventional helicopter-borne EM systems.

Airborne time-domain EM system is capable of achieving the depth penetration of fixed-wing airborne EM systems, and with the spatial resolution and conductance discrimination of the helicopter EM systems. This is made possible by using a rigid platform and measuring during the transmitter on-time with accurate primary field removal. The concentric-coil geometry produces simple and diagnostic conductor responses that are independent of the flight line direction. This makes it possible to proceed directly to a drilling program without the requirement for ground geophysics. Maximum conductance discrimination is 500 S with the current base frequency of 150 Hz, which is greater than off-time systems operating at 30 Hz. A new system is under development having a transmitter moment of 120,000 Am^2. This system will have an exploration depth in excess of 300 metres.

Analysis and interpretation of the airborne magnetic and EM data defines two groups of EM anomalies. The first group comprises very intense and elongated linear EM anomalies, which correlate with the main regional structural-tectonic elements and represent most likely barren mineralization zones (pyrite-pyrrhotite sulphides and graphite), and highly conductive overburden. The second group of the EM anomalies is associated with the known Ni-Cu deposits. The most promising EM anomalies are isolated conductive anomalies, coinciding with magnetic ones. However, the possibility of combination of productive and non-productive mineralization is possible. A total of 18 (11 $\times$ first priority, 7 $\times$ second priority) targets were selected from the interpreted magnetic and EM data and proposed for further testing. A number of the selected EM anomalies were modelled with the Maxwell (EMIT, Australia) software package.

The magnetic and radiometric survey covered an area of 1,300 square kilometres and was flown at an average height of 70 metres over the terrain. The EM survey was flown along the same lines over two separate blocks selected on results of previous exploration data. The total length of the magnetic-radiometric surveys was 5,642 line kilometres, the EM survey size was 1,249 line kilometres. Some results of the airborne surveys are shown on the figure below.

2003 to 2004 Airborne Magnetic, Infrared and Gamma-Spectrometry



Metallurgical Test Work

An extensive amount of metallurgical test work was undertaken from 1996 to 2003 by Russian authorities and Norilsk Nickel and from 2007 to 2009 by Kingash LLC. A total of six different metallurgical processes were evaluated and are summarized in the following table. Ultimately, Kingash LLC decided that the most cost effective process was flotation, which was tested in the laboratory by Gipronikel using a 15.5 tonne bulk sample. The material base for the test work was collected from core and bulk samples taken from adits on the Kingash, Upper Kingash and Kuyo deposits.

Summary Metallurgical Test Work Completed Kingash Deposits

Process	Samples Selected			Company	Ni, Cu Grade (%)	Recovery
	No.	Wt.	Location			
Kingash Deposit						
Flotation	32 Core	50-100 kg	Adit 1	"Gipronikel Institute", "Tekhnopark-Apatity"	Ni, 0.26-0.59% Cu, 0.08-0.34%	Ni, 65.7% Cu, 74.8%
X-Ray Radiometric Separation	2 bulk samples	5 t 3 t	Adit 1	LLC "Rados", Krasnoyarsk	Ni, 0.45% Cu, 0.17% Ni, 0.28% Cu, 0.077%	Ni, 54.65% Cu, 60.36% Ni, 41.2% Cu, 48.4%
Staged Flowsheet	1	100 kg	Adit 1	Siberian Federal University Dept. Beneficiation		Ni, 72.7% Cu, 26.1%
Bioleaching	2	200 kg	Adit 1	LLC "Center-ESTgeo"	Ni, 0.50% Ni, 0.26%	Agitation Leaching: Ni, 80% Cu, 99% Heap bioleaching: Ni, 92% Cu, 97%
Hydromet 1)Fe Dissolution 2)Chlorination	2	100 kg 20.3 kg	Adit 1 DH 87	Institute of Chemistry Krasnoyarsk	Ni, 0.59% Cu, 0.27%	1)Ni, 60% Cu, 70% 2)Ni, 70% Cu, 80%
Upper Kingash and Kuyo Deposits						
Flotation	21 Core	100 kg	Upper Kingash Kuyo	"Gipronikel Institute", "Tekhnopark-Apatity",	Ni, 0.45-1.02% Cu, 0.20-0.44%	Ni, 51-79% Cu, 18-88%
	2 bulk samples		Upper Kingash Kuyo	"Gipronikel Institute"	Ni, 0.54% Cu, 0.20% Ni, 0.55% Cu, 0.33%	Ni, 62.5% Cu, 33.4% Ni, 68.6% Cu, 17.6%
X-ray Radiometric Separation	2 bulk samples	5 t 3 t		LLC "Rados", Krasnoyarsk	Ni, 0.45% Cu, 0.17% Ni, 0.28% Cu, 0.077%	
Staged Flowsheet	1 sample	200 kg		Siberian Federal University Dept. Beneficiation	Ni, 0.57% Cu, 0.254%	Ni, 72.7% Cu, 26.1%
Bioleaching	2 samples	200 kg	Adit 1, 109 m to 113 m		Ni, 0.50% Cu 0.165% Ni, 0.26% Cu, 0.11%	Heap bioleaching: Ni, 92% Cu, 97%

Kingash LLC intended to treat the mill feed from the three deposits as a blended feed, which would be processed at a central concentrator equidistant from the three mines. The beneficiation process applied for the Kingash, Upper Kingash and Kuyo mineralization includes a flotation circuit producing a bulk copper-nickel concentrate containing PGMs. The process flow sheet used for the test-work was originally developed by Kingash LLC based on existing processes used for similar disseminated nickel-copper-PGM ores located in Zapoliarny, Murmansk Region in the Kola Operating Division of Norilsk Nickel. The Kingash Project deposits appear to share lithological and mineralogical characteristics with the Zapoliarny deposit and this has been used to guide the development of processing options.

The test work that took place on the mineralogy and processing properties helped to clarify the main physical and chemical parameters that will impact the concentration process. It was determined that the degree of sulphide replacement with magnetite and silicate alteration (serpentine and chlorite), as well as the presence of the laminar copper mineral, valleriite, significantly affects the nickel and copper concentration process. The test results showed that metal recovery is highly dependent on the ore composition and recoveries showed the following ranges: nickel 51% to 79%; copper 18% to 88% and precious metals 37% to 86%. A large bulk sample remains on site for the three deposits and a second sample representing the unused portion of the Kingash metallurgical bulk sample is being stored in wooden boxes in Krasnoyarsk.

In May 2011, Intergeo commissioned Hatch to conduct a scoping study level review of the Kingash Project to examine concentrating, smelting and refining options for the project. The scoping study by Hatch included: beneficiation options, bulk concentrate hydrometallurgical treatment options, bulk concentrate smelting and off-gas handling and converted matte refinery options based on information contained in the TEO of Ore Quality Requirements Report of Platinum — Copper — Nickel Reserves of Kingash and Upper Kingash Deposits developed by Gipronickel in 2009. As part of the Hatch's scoping study a number of options for the beneficiation of ore, smelting and converting (including off gas handling) of concentrate, and base metal refining of either converter matte or direct refining of concentrate to produce final products of Ni and Cu cathode and by products was considered.

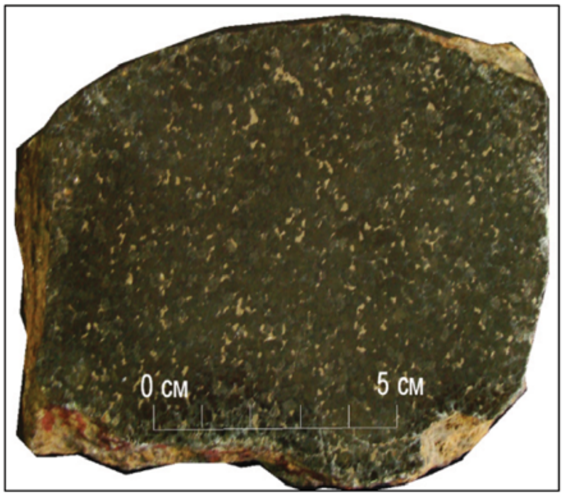
Mineralization

Two broad types of mineralization have been identified within the Kingash, Upper Kingash and Kuyo deposits: low to medium-grade disseminated nickel mineralization (95% to 97% of total mineralization), and the secondary vein, breccia and stringer mineralization (0.3%). Lateritic silicate nickel mineralization is also present, forming thin weathered rinds over the ultramafic rocks (3% of mineralization). The oxidation zone is variable and extends to a depth ranging from 3 metres at Kuyo to a maximum of 20 metres at Kingash.

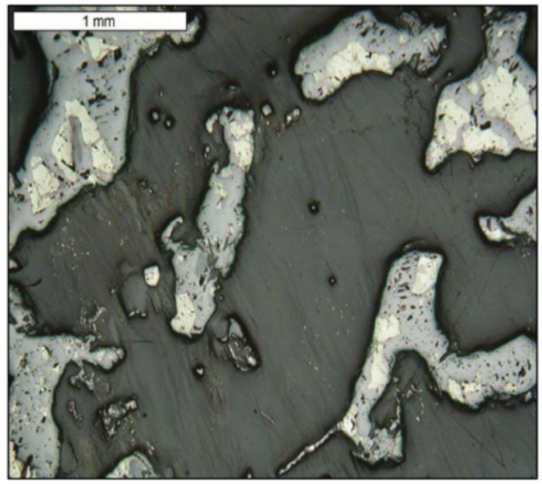
<u>Primary Disseminated Sulphide Mineralization</u>

Primary disseminated sulphide mineralization is hosted by serpentinised dunite, peridotite and their pervasively amphibole-chlorite-serpentine altered varieties. The sulphide content varies from 1% to 20%, with the average of 2.6%. The mineralization is fine grained (0.1 millimetres to 3 millimetres) and evenly dispersed within the host rock occurring as interstitial to cumulus minerals. Fine-grained pentlandite-pyrrhotite-chalcopyrite occurs as lobate, isolated aggregates at triple-point junctions in the olivine crystals as shown on the figures below.

Disseminated Sulphides (A) Interstitial Sulphides (B), Kingash



A.



B.

Native metals have also been detected including native copper, native silver, gold-silver alloy, arsenides, tellurides, and selenides. Native gold forms fine grains (0.006 millimetres to 0.003 millimetres) within chalcopyrite and in close proximity to sphalerite. Iron-bearing oxide minerals comprise magnetite, Cr-spinel, rare ilmenite grains. Other sulphides present include valleriite, cubanite, bornite, chalcocite, covellite, sphalerite, galena, millerite and molybdenite.

Sulphide Chemistry

The chemistry of the Kingash sulphide mineralization has been studied as part of the metallurgical testing program. The chemical composition of the main sulphide minerals was analysed using a scanning electron microscope and the results are summarized in the table below.

Average Chemical Composition of Main Sulphide Minerals

Sulphide Mineral	Element, % wt.					
	Ni	Co	Cu	Fe	S	Total
Pentlandite	29.9	1.0	—	37.3	32.6	100.8
Hexagonal Pyrrhotite	0.3	—	—	61.1	38.5	99.9
Chalcopyrite	—	—	34.1	31.8	34.1	100.0
Valleriite	—	—	16.8	31.0	20.9	96.1

Non-ore minerals mainly consist of olivine, serpentine and chlorite and the proportion of each mineral is dependent on the intensity of the alteration. Average composition of olivine from Upper Kingash and Kuyo comprises: 45.8% MgO, 0.4% Al_2O_3, 40% SiO_2, 14% FeO and 0.2% MnO. The bulk chemical composition of disseminated mineralization is given in the table below.

Chemical Composition of Kingash, Upper Kingash and Kuyo Mineralization

Mineral	Kingash	Upper Kingash	Kuyo
Ni total (%)	0.41	0.57	0.62
Ni sulphide (%)	0.34	0.51	0.56
Ni silicate (%)	0.068	0.06	0.06
Cu (%)	0.163	0.30	0.35
MgO (%)	32.5	31.1	28.3
Pt (ppm)	0.19	0.59	0.41
Pd (ppm)	0.219	0.62	0.40
Pt: Pd	0.9	0.9	1.1

Epigenic Sulphide Mineralization

Later stage overprinting mineralization is associated with zones of intense chlorite and silicification alteration developed at the contact between the country rock and the intrusive bodies or within the ultramafic stock. The mineralization comprises stringer type and less abundant breccia and vein types. Epigenic processes are responsible for locally increasing the grades of the low grade mineralization in these zones of intense alteration.

Stringer-Type Mineralization

Stringer sulphide veinlets are irregular and exhibit boudinaged textures. The sulphides are principally hosted by calcite and quartz veinlets. The sulphide content ranges between 1% and 5% but can range as high as 50% in intensively serpentinised peridotite or along the margins of the plagiogranite dykes and the basement gneiss.

Stringer sulphide mineralogy is dominated by chalcopyrite and cubanite and secondary re-crystallised pyrrhotite-pentlandite which is developed in selvages. The veinlets are often monomineralic, filled with pentlandite or chalcopyrite. Sulphides are extensively replaced by magnetite and silicates. At contacts with the plagiogranite, the sulphides occur in tensional fractures and consist of pyrrhotite with lesser chalcopyrite, sphalerite, mackinawite and molybdenite flakes.

Vein and Breccia Mineralization

Vein and breccia mineralization displays various textures ranging from massive to stringer-disseminated to banded.

Smaller scale textures are even more variable with minerals forming xenomorphic grains, re-crystallised euhedral grains, hypidiomorphic, solid solution textures (chalcopyrite-cubanite, pyrrhotite-troilite), replacement (valleriite, magnetite) and cataclastic (Cr-spinel) textures. Vein mineralization is dominated by pyrrhotite, pentlandite and chalcopyrite (90% of all sulphide minerals), with lesser mackinawite, Cr-spinel, ilmenite, sphalerite, rutile.

Sulphide Alteration

Primary sulphide assemblages are replaced by secondary sulphides, magnetite, as well as secondary silicate minerals. Overprinting sulphide assemblages include valleriite, cubanite, bornite, chalcocite, covellite, galena, sphalerite, millerite, and molybdenite. Magnetite replacement of sulphides is most abundant at the Kingash deposit, where up to 38% of disseminated sulphide aggregates are replaced by magnetite. At Kuyo, up to 28% of interstitial sulphides are replaced by magnetite. At Upper Kingash, magnetite replacement is not as dominant and affects only 18% of sulphides. The level of magnetite replacement may correspond to the degree of serpentinisation of rocks which directly influences the amount of magnetite that is released from serpentinised olivine and locally mobilised.

Sulphide replacement by secondary silicates (antigorite and chlorite) is less prominent than magnetite replacement.

Drilling

Kuyo and Upper Kingash Drilling Campaigns

Between 2006 and 2009, a total of 28,843.3 metres of drilling was executed on the Kuyo and Upper Kingash deposits on behalf of Kingash LLC. In total, 172 diamond drillholes intersected the two deposits, with 78 holes drilled (28.868.9.9 metres) at the Kuyo deposit and 94 holes (39,562.2 metres) at Upper Kingash. In addition to these initial campaigns, two further drillholes (1,133.0 metres) were completed in 1993 at the Upper Kingash deposit on behalf of the Russian authorities.

In the Upper Kingash area, drilling was carried out on a 50 metres by 50 metres grid between Lines 3 and 4. At Kuyo, 50 metres by 50 metres drilling was undertaken between Lines 7.5 and 8.5. Wider-spaced drilling — 100 metres by 100 metres centres — was used for the upper parts of the mineralized zones and a 100 metre by 200 metre grid was used for the lower mineralized zones. The hole depths varied between 40 metres and 850 metres and were mostly inclined at approximately −70°.

The drilling process required two types of rig; Russian-made SKB-4 and SKB-5 and Christensen CS-14. The core diameter for the drilling was 76 millimetres and 93 millimetres, or NQ and HQ size. Two adits were constructed at a −20° decline for 40.4 metres in the Kuyo deposit and 51.3 metres in the Upper Kingash deposit. A total of 84 bulk samples were collected from these adits for metallurgical test work. Nine hydrogeological holes were drilled for 3,030.6 metres including 28 pumping tests to evaluate water flow and discharge parameters.

After extraction from the core barrel, the drill core was geologically analysed and logged, with particular attention paid to mineralization, sulphide content and composition, alteration and rock type. Geotechnical logging was also carried out by measuring rock-quality designation, core loss and fracture patterns.

Core recovery from the drillholes was in the region of 92% to 100%.

Sampling intervals were identified visually by sulphide content and then a hand-held XRF analyser NITON XL3 was used to discern key minerals. The average length of the core samples was 2.0 metres, and ranged from 0.6 metres to 3.2 metres. The core was sawn in half along the axis and one-half was placed into a sample bag and sent to the sample preparation facility. The other half of the sample was kept and sent to a core storage facility in case further reference is needed.

After the completion of each hole, a series of down-hole geophysical surveys was completed at 10 metre intervals. The surveys included the following: natural gamma logging (GL), resistivity logging (RL), SP, magnetic susceptibility logging (MS), IP potential, electrode potential logging (EP) and inclinometry.

Kingash Drilling Campaigns

The drilling program undertaken on the Kingash deposit was completed in two campaigns. The first took place between 1994 and 2002 and was undertaken by the Russian authorities and Norilsk Nickel and the second was undertaken from 2007 to 2009 by Kingash LLC. In total 165 diamond drillholes were completed for 35,454.8 metres. Closely-spaced drilling between Lines −2 and +2 was executed on a 50 metre by 50 metre grid. Holes were drilled on a grid of 100 metre by 100 metre between Lines +2 and +4 and their depth varied between 24.3 metres and 616 metres. The average inclination of the holes was −78°. The drilling process required two types of rig: Russian-made SKB-4 and SKB-5 and Christensen CS-14. The core diameter for the drilling was 76 millimetres or NQ size.

A 228 metres adit was excavated along Line 0 and was designed for the collection of 137 bulk samples to be used for the metallurgical test work. A total of 15 hydrogeological holes were drilled for 2,009 metres and 25 pumping tests were conducted to evaluate water flow and discharge parameters.

A similar methodology was employed when preparing the Kingash drill cores. The average length of the samples was 2.05 metres. After the completion of each hole down-hole geophysical surveys were completed at 10 metres intervals.

A summary of the holes drilled on the Kingash, Upper Kingash and Kuyo deposits is given in the table below.

Drilling Program Summary — Kingash Project (1993 to 2009)

	Kuyo		Upper Kingash		Kingash		All Deposits	
Campaigns	**No. of Holes**	**Metres**	**No. of Holes**	**Metres**	**No. of Holes**	**Metres**	**No. of Holes**	**Metres**
Prospecting 1993(1)			2	1,133.0			2	1,133.0
Exploration 1994-2002(1)					17	5,078.4	17	5,078.4
Exploration 2006-2007(2)	38	17,100.5	60	25,776.3			98	42,876.8
Prospecting/Exploration 2007-2009(2)	40	11,768.4	34	13,785.9	148	30,376.4	222	55,930.7
Hydrogeological Holes(2)	5		4		15	2,009.0	24	5,039.6
Adit(2)	1	40.4	1	51.3	1	228	3	319.7

Notes:

(1) Drilling performed by the Russian authorities.

(2) Drilling performed by Kingash LLC.

Micon considers that the exploration work completed to the date of the Kingash Technical Report has been performed to a high standard and in a systematic manner using modern techniques and equipment.

Sampling, Analysis and Security of Samples

Sampling and Sample Preparation

Trench logging and sampling were carried out at the Kingash, Upper Kingash and Kuyo deposits following Russian industry standard regulations. For each trench, the surface and one of the walls was documented for lithology, structure and alteration. The logging also included photo-documentation and the location, length and number of channel samples. The cut-channel sample sizes were generally 2 centimetres by 5 centimetres and 2 metres long. They were collected manually with the aid of a hammer and chisel. The average sample weight was 6 kilograms.

At the Kingash deposit, channel samples were collected from adit number one using a pneumatic saw. Channel length was 1.96 centimetres on the average and weighed 6.4 kilograms. A total of 114 samples were taken from the southeastern wall of the adit and 23 samples were collected from the adit floor. A total of 280 channel samples were collected at Upper Kingash and 189 samples from Kuyo.

The handling, logging, and sampling of the diamond drill core were conducted according to Russian industry standard regulations. The drill core was removed from the core barrel by the drill crew and placed into wooden core boxes with the drill core interval documented by water-proof marker on the edges of the box. The drill core was transported by truck to the core logging facility where it was washed to remove any drilling fluids and mud. Geologists then logged the core, determined core recovery, documented lithology, alteration, and structural features. Visually detectable mineralized sections and wider host rock intervals were continuously scanned by portable X-ray fluorescence spectrometer NITON XL3. Digital, colour photographs of the core were taken using natural light, and the images were uploaded daily to the on-site computer. The results of the core logging were later coded and transformed into digital geological data for three-dimensional modelling.

The sample intervals were marked by the geologist based on significant features noted during the logging procedure and the results of the XRF. The length of the core sampling interval was approximately 2 metres. Most of the samples used were extracted from drillholes that were 76 millimetres in diameter, and their weight was usually less than 10 kilograms. Sample numbers and intervals were written on wooden blocks and secured at the end of sample interval in the core box. The samples were then cut into two equal sized samples along the core axis. Extremely low-grade samples (<0.01% nickel based on XRF analysis) located outside the mineralized zones were not sent for assaying.

During the core sampling program at Kingash, no sampling errors were encountered that would bias the assay results. Core recovery was high at 97% due to the competent nature of ultramafic rock. Based on statistical analysis, no relationship was found between nickel and copper grade and core recovery, which would suggest that no significant contamination occurred through the selective grinding of the core sample.

The preparation of the samples was conducted at the project site.

Sample Analysis

Single interval samples were analysed at the independent AO KrasnoyarskGeologia laboratory in Krasnoyarsk. Ni, Cu, Co and S were analysed using atomic absorption with acid digestion; Pt, Pd and Au were fire assayed with atomic absorption finish.

Composite samples were analysed at the independent LLC Stewart Geochemical and Assay in Moscow. External duplicate assays were completed at the facilities of Gipronikel.

The Kuyo deposit database contains a total of 12,681 core samples, which were analysed for nickel, copper and cobalt. This includes 5,165 core samples analysed for sulphur and 3,265 core samples analysed for platinum, palladium and gold.

The Upper Kingash deposit database contains a total of 17,872 core samples, which were analysed for nickel, copper and cobalt. This includes 8,936 core samples analysed for sulphur and 6,361 core samples analysed for platinum, palladium and gold.

The Kingash deposit database contains a total of 18,190 core samples, which were analysed for nickel, copper and cobalt. This includes 14,042 core samples analysed for sulphur and 11,864 core samples analysed for platinum, palladium and gold. A total of 445 composite samples were tested for platinum, silver, gold, rhodium, ruthenium and iridium.

Specific Gravity, Bulk Density and Moisture Determinations

The specific gravity and other geotechnical characteristics of the mineralization and host rocks were calculated at the Krasgeo laboratory. The geotechnical and engineering characteristics of the deposit are based on core logging data and the results of laboratory tests.

The average moisture for Kingash rocks determined from 30 samples was exceptionally low at 0.06%. At Upper Kingash and Kuyo, water absorption was estimated based on 72 sample measurements and was found to be low at 0.12%, which is normal for crystalline rocks.

At the Kingash deposit, 128 chip samples were collected from core, outcrops and adits to determine the physical properties of the rock. Density and moisture were determined for 102 rock chip samples from Upper Kingash and 154 from the Kuyo core as well as from adits used for metallurgical bulk sample collection.

Specific gravity for the intrusive rocks of the Kuyo deposit averaged at 2.94, 2.90 for the Upper Kingash deposit and 2.83 for the Kingash deposit.

Specific gravities of the host rocks at Kuyo and Upper Kingash and at Kingash are summarized in the table below.

Specific Gravities of Host Rocks at Kuyo, Upper Kingash and Kingash

Deposit	Rock Type	Specific Gravity
Kuyo and Upper Kingash	Caliciphyre	2.81
	Gabbro	3.1
	Gneiss	2.82
	Pyroxenite	2.89
	Serpentinite	2.79
Kingash	Caliciphyre	2.78
	Gabbro	2.75
	Gneiss	2.65
	Serpentinite	2.83
	Quaternary	2.00

Quality Assurance and Quality Control

In order to maintain and insure quality control, prescribed Russian procedures were adhered to while assaying the samples. Sample pulps were assayed twice at the original laboratory to ensure consistent results. An external laboratory, Gipronikel Laboratory in Saint Petersburg, also assayed the sample pulps twice in order to confirm that the original laboratory was reliable.

The Russian protocol did not include use of blind certified standard and blank samples as part of each batch of samples sent for assay (although this had been recommended by Micon following its site visit in 2007).

Internal Duplicates

A portion of the sample pulps were re-submitted to the original laboratory for duplicate analysis. Micon has used the internal duplicate assay data to generate a series of scatter plots. Overall, the results are considered reasonable.

External Duplicates

Pulp samples were sent to the Gipronikel laboratory for quality control analysis. The results are considered reasonable.

Notwithstanding the lack of blind certified standard and blank samples as part of each batch of samples sent for assay under Russian protocols, it is the opinion of Micon, that the sample preparation, analysis and security procedures were to a standard which is acceptable for assays used in mineral resource estimation.

Data Verification

During the 2007 site visit Micon inspected drilling sites and drill core and reviewed all aspects of geological mapping, core logging and sampling. A hand-held, Nitron XRF analyser was used to compare drill core Ni and Cu assays with remaining split cores that were stored at the Upper Kingash and Kuyo sites. Micon also visited the primary assay laboratory in Krasnoyarsk to inspect the sample preparation and analytical facilities and discuss assay methodologies. Micon concluded that all aspects of the exploration activities and data collection were to a high standard with the exception of the lack of use of certified reference materials for assay standards. This issue remains a problem and Micon has recommended a program of re-assaying using blind standard samples.

Micon obtained the Kingash geological interpretation and assay database in digital format from Kingashskaya. All geologic and mineralized zone wireframes were inspected for reasonableness and where

Micon identified incongruities between the drillhole data and the geologic interpretation the wireframes were amended.

The assay database was subject to validation methods using tools within Surpac mining software to ensure that no false sample intervals were included in the database. Summary assay statistics were prepared to examine the range of all assays contained within the database and to identify assay outliers, which are potentially sampling errors.

All available assay laboratory quality control data was analysed by Micon to identify biases and errors. The data comprised a set of duplicate assays that had been re-analysed at the original laboratory (internal quality control) and a set of assay duplicates; one derived from the original laboratory and one derived from an independent secondary laboratory (external quality control). Correlation diagrams and error plots were generated to assess the quality of the available assay data.

Micon concluded that the assay database was reliable and appropriate for mineral resource modelling. Micon recommends that standard certified reference materials be routinely submitted during the analytical program.

Mineral Resource Estimates

At the request of Intergeo, Micon constructed mineral resource models for the Kuyo, Upper Kingash and Kingash deposits using geologic and assay information derived from drillhole core samples. Primary assay data for nickel, copper, cobalt, platinum, palladium, gold and sulphur were compiled and validated. Assay data were then composited and the basic statistical and geostatistical parameters of the data were determined. The parameters developed have been used to create the mineral resource block models. Surpac mining software was used for mineral resource modelling.

The mineral resource estimate was derived from the models and prepared following the CIM standards on Mineral Resources and Reserves, Definitions and Guidelines adopted by CIM Council on 27 November, 2010. The effective date of the mineral resource estimate is December 1, 2011.

Database

The database used to estimate the mineral resources of the Kuyo deposit contains 80 boreholes and the Upper Kingash database contains 95 boreholes. The database used to estimate the mineral resources of the Kingash deposit contains 170 boreholes, including 165 exploration holes (35,454.8 metres), four hydrogeological holes (843 metres), and one adit (228 metres).

A series of systematic checks were performed on the databases to ensure that the data met specific validation requirements and that no overlapping intervals or down-hole survey errors were present in the data. No errors were found during the checks.

Specific gravity for the intrusive rocks of the Kuyo deposit averaged 2.94 grams per cubic centimetre, 2.90 grams per cubic centimetre for the Upper Kingash deposit and 2.83 grams per cubic centimetre for the Kingash deposit.

Geology and Mineralization Model

The mineralization at Kingash consists of disseminated sulphides (with minor amounts of breccia-textured mineralization) comprised mainly of pentlandite, chalcopyrite, pyrrhotite and pyrite that are developed more or less throughout the entire volume of the dunite and peridotite host rocks.

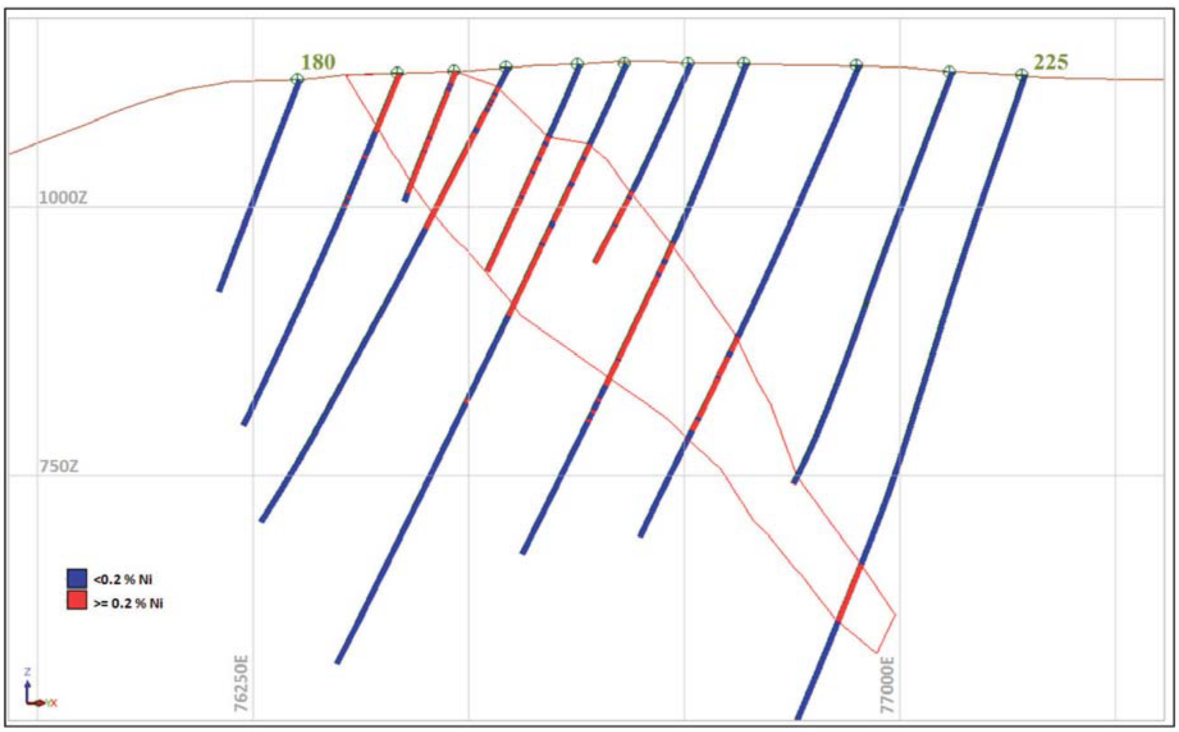
A small amount of epigenetic mineralization can be found as sulphide stringers that are present within the host rocks near the contacts with the country rocks. These epigenetic zones can vary in width from millimetre-scale stringers/veinlets to more than 20 metres, but represent only a small proportion of the total nickel-copper mineralization.

The deposits are unusual in that the amount of pentlandite present is greater than pyrrhotite. Although relatively fine grained, sulphides form interstitial masses amongst euhedral silicate minerals. The form and habit of the pentlandite and chalcopyrite mineralization appears to render it favourable for mineral particle liberation and metallurgical processing.

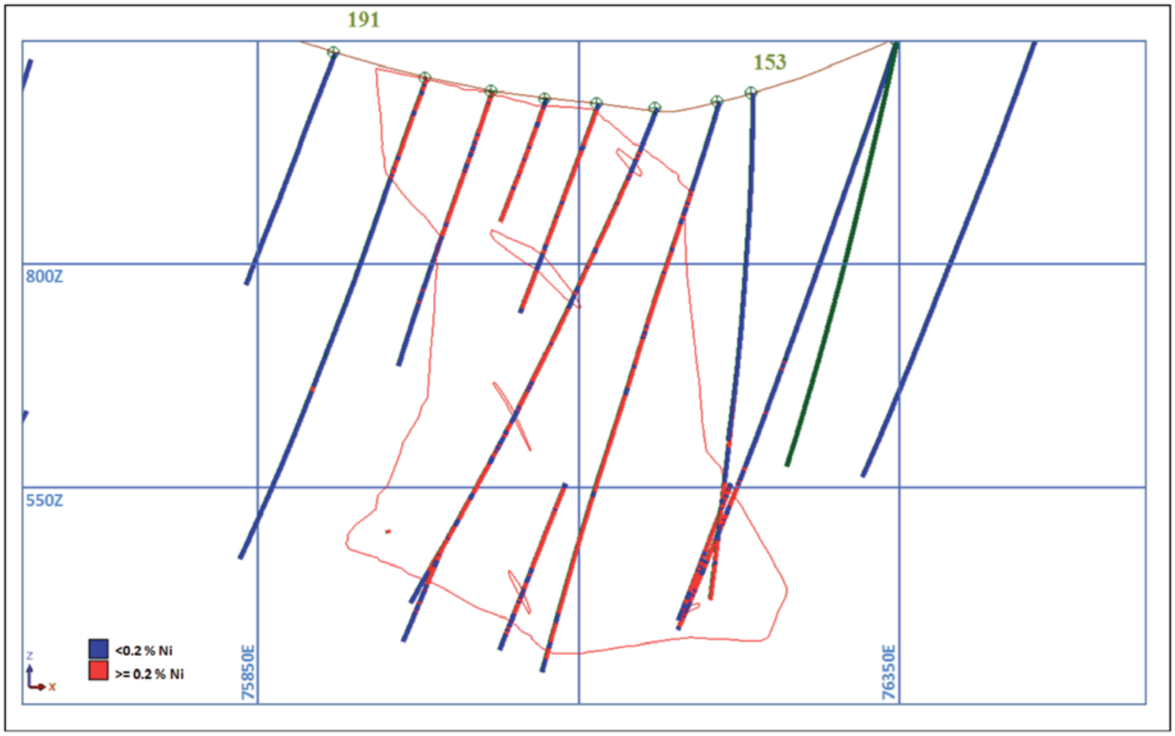
Drilling data was projected on to vertical sections oriented on the azimuths of the drilling sections. Nickel mineralization was outlined on each section using a 0.2% Ni cut-off grade and was linked to form three-dimensional wireframes. The following criteria were applied when constructing the wireframes: a minimum mineralized length of 10 metres for Kuyo and Upper Kingash and of 5 metres for Kingash, and a maximum consecutive waste length of 10 metres for the three deposits. The three-dimensional wireframes used to generate the mineral resource model were supplied to Micon by Kingash LLC.

Micon inspected these and was satisfied that the cut-off criteria had been applied correctly. Typical vertical sections through the wireframes are presented in the figure immediately below for Kuyo, in the middle figure for Upper Kingash and in the last figure for Kingash. The mineralization wireframes are displayed in red and the topography in brown. Grade variation was addressed in the estimation protocol so that block model grades represent drillhole grades, and the grade variation inherent in the deposit.

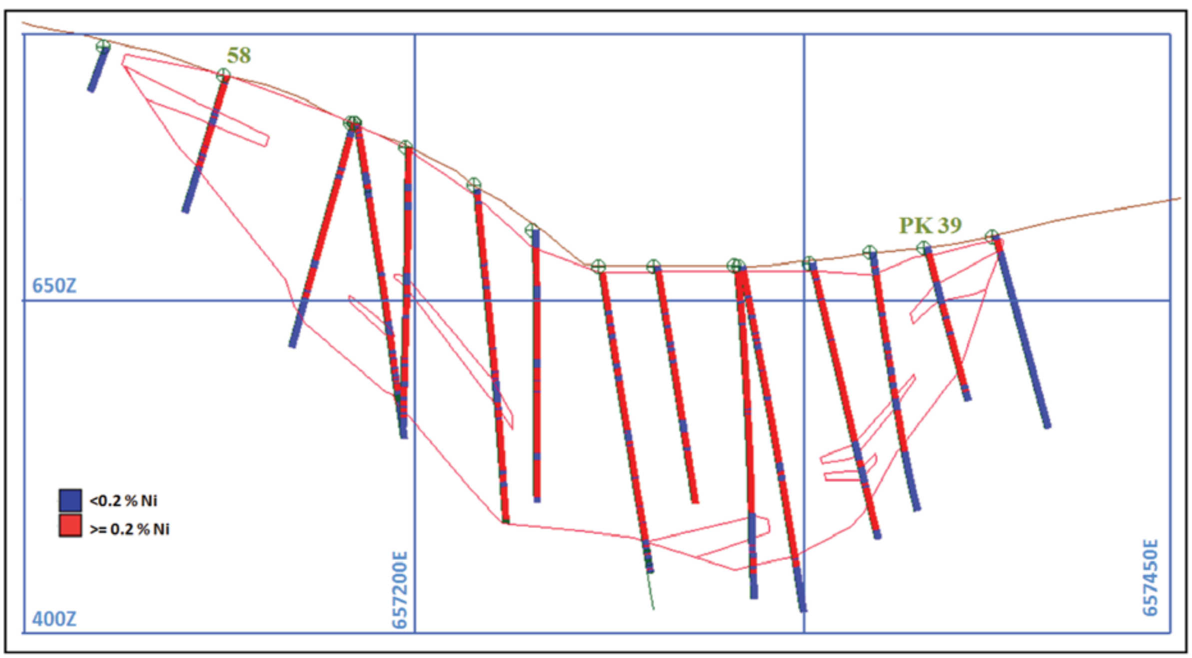
Vertical Section of the Mineralized Zone Wireframe for Kuyo Line 7.5



Vertical Section of the Mineralized Zone Wireframe for Upper Kingash Line 3.5



Vertical Section of the Mineralized Zone Wireframe for Kingash Line 1



Kingash LLC also constructed geological wireframes outlining the various rock types. These wireframes were used to attribute densities to the blocks of the block-model.

Basic Statistical Analysis

The sample data within the wireframes was flagged in the drillhole databases. Basic statistical parameters were calculated for nickel, copper, cobalt, platinum, palladium, gold and sulphur and these are provided in the tables below.

Basic Statistics — Kuyo Deposit

Parameter	Ni	Cu	Co	S	Pt	Pd	Au
Number of Samples	3,668	3,668	3,149	3,636	2,909	2,881	2,610
Minimum	0.003%	0.001%	0.000%	0.001%	0.005g/t	0.005g/t	0.003g/t
Maximum	6.842%	2.592%	0.111%	14.910%	2.600g/t	3.000g/t	1.280g/t
Mean	0.531%	0.324%	0.019%	1.435%	0.298g/t	0.285g/t	0.127g/t
Median	0.514%	0.299%	0.019%	1.390%	0.240g/t	0.210g/t	0.100g/t
Standard Deviation	0.281	0.187	0.006	0.878	0.249	0.232	0.111
COV	0.53	0.58	0.33	0.61	0.84	0.81	0.88

Basic Statistics — Upper Kingash Deposit

Parameter	Ni	Cu	Co	S	Pt	Pd	Au
Number of Samples	6,135	6,135	6,138	6,067	5,103	5,050	4,543
Minimum	0.002%	0.001%	0.000%	0.001%	0.003g/t	0.003g/t	0.003g/t
Maximum	2.465%	4.470%	0.065%	9.830%	61.950g/t	5.320g/t	2.290g/t
Mean	0.388%	0.187%	0.015%	0.795%	0.287g/t	0.285g/t	0.087g/t
Median	0.350%	0.150%	0.015%	0.642%	0.170g/t	0.151g/t	0.054g/t
Standard Deviation	0.251	0.164	0.006	0.742	0.922	0.361	0.103
COV	0.65	0.88	0.39	0.93	3.21	1.27	1.18

Basic Statistics — Kingash Deposit

Parameter	Ni	Cu	Co	S	Pt	Pd	Au
Number of Samples	11,563	11,564	11,559	11,196	10,269	10,261	9,332
Minimum	0.00005%	0.00010%	0.00005%	0.00045%	0.00250g/t	0.00150g/t	0.00125g/t
Maximum	10.020%	5.000%	0.238%	42.830%	17.050g/t	6.230g/t	12.310g/t
Mean	0.402%	0.168%	0.016%	0.743%	0.239g/t	0.260g/t	0.096g/t
Median	0.380%	0.140%	0.016%	0.600%	0.150g/t	0.160g/t	0.070g/t
Standard Deviation	0.313	0.152	0.008	1.030	0.360	0.331	0.167
COV	0.78	0.90	0.49	1.39	1.50	1.27	1.74

Top-Cutting of Outliers

The nickel, copper, cobalt, platinum, palladium, gold and sulphur distributions were examined to identify the possible presence of extreme high-grade outlier populations. Outlier values may result from sampling errors and can cause errors during block grade interpolation. Log-probability plots of the distribution of nickel, copper, cobalt, platinum, palladium, gold and sulphur sample values were generated.

There are no outliers identified by Micon for nickel, copper, cobalt and sulphur. This is confirmed by the low coefficients of variation calculated for the elements. Based on the plots and the above analyses, Micon identified samples above 3.1 grams per tonne platinum (three samples), above 2.5 grams per tonne palladium (four samples) and above 1 gram per tonne gold (two samples) for Upper Kingash and above 7 grams per tonne platinum (six samples) and above 2 grams per tonne gold (five samples) for Kingash, as outliers. Those grades were reduced to the respective top-cutting value in the assay database. Basic statistical parameters were calculated after reducing the grades.

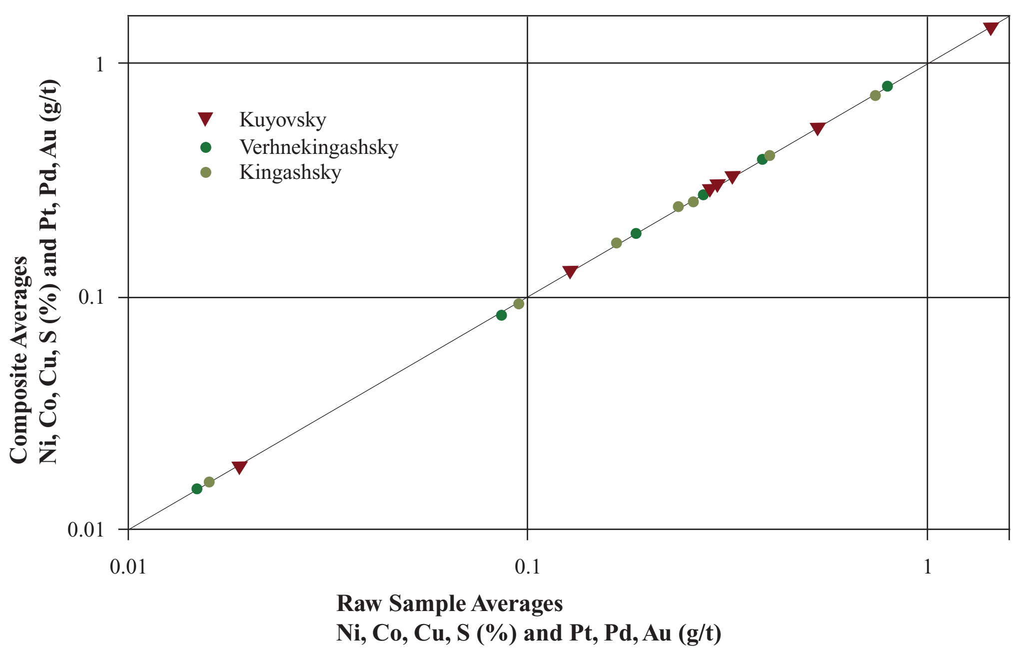
Compositing

Within the wireframes, the sample length is variable with a minimum of 0.1 metres and a maximum of 15.9 metres. Considering the distribution of the sample length, Micon decided to composite all samples to 2 metres.

The composites were made using a best-fit algorithm that allowed the composite length to be varied within a given tolerance of 0.2 metres, in order to minimise the loss of data but maintain a consistent composite length.

The average grade of the samples and of the composites for each element are the same or very close, as shown in the figure below, which confirms that there is no significant change in average grade due to compositing.

Comparison of the Average Grade of Raw Assays and Composites



Variography

Assay composites were compiled in order to analyse variography. The uniformity of grades for all the elements as seen in the basic statistical analysis for the deposits prompted downhole variogram analysis in order to determine the nugget effect and the deposit uniformity. Variography was conducted for all the seven elements for the three deposits. The results of the variogram models for the Kuyo deposit show a low relative nugget effect, confirming the uniformity of the deposit. This effect prompted Micon to select inverse distance as a method of grade interpolation for this deposit.

A similar set of variograms was made for the Upper Kingash deposit and the Kingash deposit for each of the elements. The relative nugget effect at Upper Kingash is greater than Kuyo but still quite low. As a result the inverse distance method of grade interpolation was also selected for Upper Kingash. At Kingash deposit, the relative nugget effect is generally low, so the inverse distance method of grade interpolation was also selected for Kingash.

Search Ellipse and Selection of Number of Samples

The basic statistical analysis, combined with the variography and assay composites analysis, indicates the appropriate method and parameters for block grade estimation. Multiple pass estimation procedures were used in order to preserve the local variation of grades. The last passes were adjusted to the number of composites for certain elements.

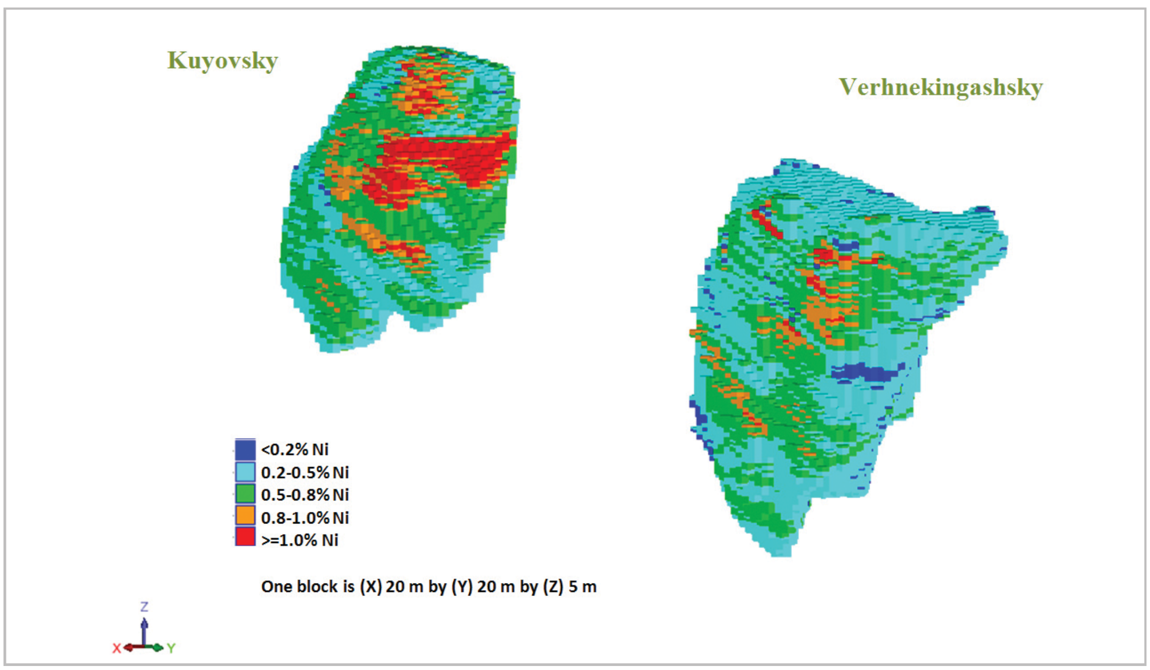
Block-Model

The Kuyo and Upper Kingash deposits were block modelled together, while a second, separate model was completed for the Kingash deposit. For both models, regular-shaped blocks measuring (X) 20 metres by (Y) 20 metres by (Z) 5 metres have been used. This size was deemed most appropriate considering the morphology of the mineralization and the distribution of sample information. To better estimate the volume within the mineralization, a partial percentage within the wireframe was calculated for each block.

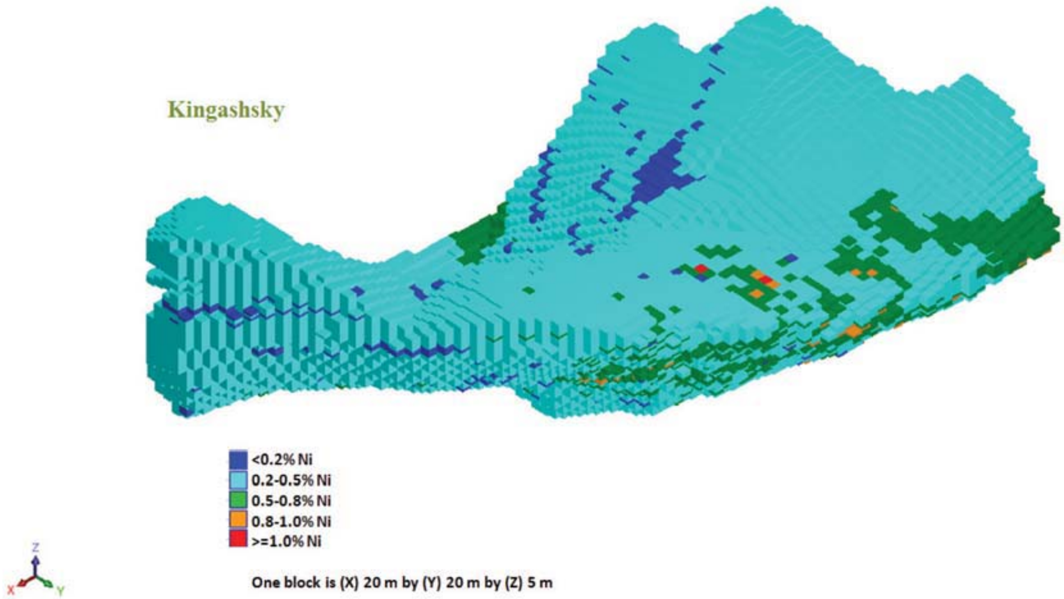
Grade Interpolation

Grade interpolation was performed using inverse distance squared for all the elements. Images of the block models with nickel grade values are presented in the figures below.

Three-Dimensional View of the Kuyo and Upper Kingash Block Models Showing Nickel Grades
(View from the Northeast)



Three-Dimensional View of the Kingash Block Model Showing Nickel Grades
(View from the Northeast)



Block-Model Validation

The resource model was validated using the following methods:

(i) A series of visual examinations: the visual examination involved the comparison of block model grade values with drillhole data. This was performed to check for misallocation of grade on a global scale. The comparison shows that the drilling data is more variable than the resulting block model, which is a function of the block size. There is generally a good correlation between the drillhole data and the block model.

(ii) Declustering of the drillhole composites: for all elements, the composite file was declustered to the block size of (X) 20 metres by (Y) 20 metres by (Z) 5 metres and the declustered grade for each element was then plotted against the estimated grade from the block model. The declustering shows no significant bias for any of the elements. The declustering analysis provides a comparison of local block grade estimates and the composites that occur within the block. The figures indicate that the local grade estimates compare well with local composite data.

(iii) Comparison of composite data and block average grade by sections: Micon compared the composites and the estimated block average grades inside sections orientated parallel to the drilling sections. This method is used to validate the efficiency of the block model over larger sectors of the model.

The plots generally show good correlation between estimated and composite average grades in sections.

No validation errors were discovered upon analysing the block models and Micon concluded that they are accurate.

Resource Classification

Mineral resources were classified following the guidelines of CIM as adopted by CIM Council on November 27, 2010.

Measured mineral resources were defined as those portions of the mineralized zone above the cut-off grade that were defined by drilling at a spacing of 50 metres by 50 metres.

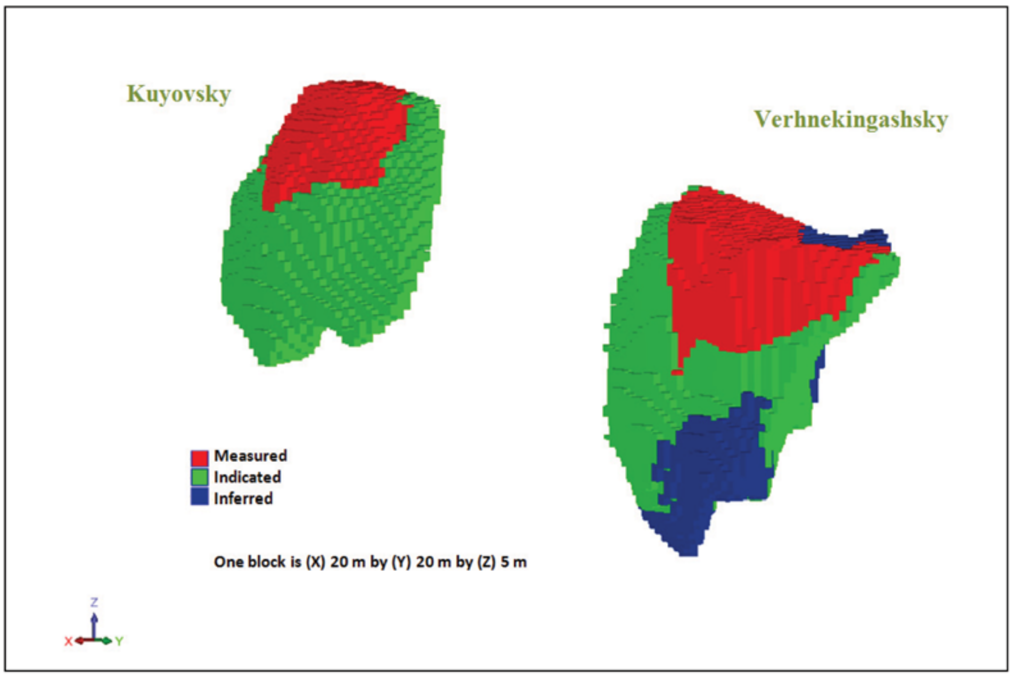
Indicated mineral resources were defined as those portions of the mineralized zone above the cut-off grade that were defined by drilling at a spacing of 100 metres by 100 metres.

Inferred mineral resources were defined as those portions of the mineralized zone above the cut-off grade, which were defined by more widely spaced drilling, and where mineralization was projected with confidence of the geological continuity.

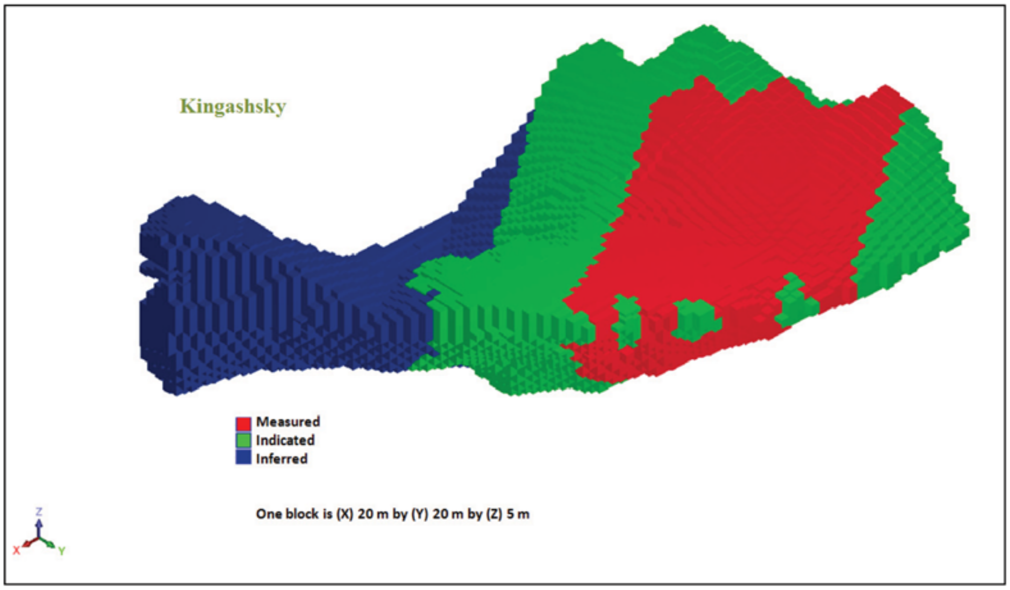
The figures below show the classification applied to the block models.

The Kingash PEA is an early stage study. Further studies that demonstrate the economic viability of the project must be completed, necessary permits must be obtained, a production decision must be made and financing for construction and development must be arranged. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the results presented in Kingash PEA will be realized.

Resource Classification — Kuyo and Upper Kingash Isometric View from the North-East



Resource Classification — Kingash Isometric View from the North-East



Mineral Resource Estimate

Mineral resources were reported based on their potential for economic extraction. An economic cut-off grade of 0.2% nickel was used to define the in-situ geological mineral resources for the Kuyo, Upper Kingash and Kingash deposits.

The Micon mineral resource estimates for the Kuyo and Upper Kingash deposits with a cut-off grade of 0.2% nickel are reported in the table immediately below. The metal content of both deposits are reported in the middle table below and the sulphur grades in the last table below.

Kuyo and Upper Kingash Mineral Resource Estimate as at December 1, 2011
Cut-Off Grade 0.2% Nickel

Deposit	Category	Tonnage (Mt)	Grade					
			Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)
Kuyo	Measured	50.99	0.558	0.339	0.019	0.302	0.288	0.140
	Indicated	40.08	0.508	0.293	0.019	0.283	0.255	0.123
Upper Kingash	Measured	66.15	0.404	0.191	0.015	0.289	0.300	0.094
	Indicated	106.86	0.388	0.182	0.015	0.208	0.202	0.064
	Inferred	17.61	0.340	0.161	0.014	0.204	0.206	0.059

For the Kuyo deposit, measured mineral resources are estimated at 50.99 million tonnes at 0.558% nickel, and indicated mineral resources at 40.08 million tonnes at 0.508% nickel. For the Upper Kingash deposit, measured mineral resources are estimated at 66.15 million tonnes at 0.404% nickel, indicated mineral resources at 106.86 million tonnes at 0.388% nickel and inferred mineral resources at 17.61 million tonnes at 0.340% nickel.

Kuyo and Upper Kingash Metal Content as at December 1, 2011
Cut-Off Grade 0.2% Nickel

Deposit	Category	Metal					
		Ni (t)	Cu (t)	Co (t)	Pt (oz)	Pd (oz)	Au (oz)
Kuyo	Measured	284,506	172,845	9,687	495,057	472,108	229,497
	Indicated	203,628	117,447	7,616	364,714	328,629	158,515
Upper Kingash	Measured	267,244	126,345	9,922	614,632	638,026	199,915
	Indicated	414,598	194,476	16,028	714,578	693,965	219,870
	Inferred	59,881	28,355	2,466	115,513	116,645	33,408

Kuyo and Upper Kingash Sulphur Grades as at December 1, 2011
Cut-Off 0.2% Nickel

Deposit	Category	Tonnage (Mt)	Grade S (%)
Kuyo	Measured	50.99	1.479
	Indicated	40.08	1.332
Upper Kingash	Measured	66.15	0.767
	Indicated	106.86	0.827
	Inferred	17.61	0.726

The Micon mineral resource estimates for the Kingash deposit with a cut-off grade of 0.2% nickel are reported in the table immediately below. The metal contents of the deposits are reported in the middle table below, and the sulphur grades in the last table below.

Kingash Mineral Resource Estimate as at December 1, 2011
Cut-Off Grade 0.2% Nickel

Category	Tonnage (Mt)	Grade					
		Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)
Measured	100.92	0.443	0.190	0.016	0.299	0.325	0.109
Indicated	126.59	0.350	0.143	0.016	0.130	0.118	0.055
Inferred	83.69	0.299	0.104	0.015	0.106	0.082	0.045

For the Kingash deposit, measured mineral resources are estimated at 100.92 million tonnes at 0.443% nickel, indicated mineral resources at 126.59 million tonnes at 0.350% nickel and inferred mineral resources at 83.69 million tonnes at 0.299% nickel.

Kingash Metal Content as at December 1, 2011
Cut-Off Grade 0.2% Nickel

Category	Metal					
	Ni (t)	Cu (t)	Co (t)	Pt (oz)	Pd (oz)	Au (oz)
Measured	447,057	191,740	16,147	970,112	1,054,469	353,653
Indicated	443,082	181,031	20,255	529,116	480,274	223,857
Inferred	250,225	87,035	12,553	285,204	220,630	121,077

Kingash Sulphur Grades as at December 1, 2011
Cut-Off 0.2% Nickel

Category	Tonnage (Mt)	Grade S (%)
Measured	100.92	0.791
Indicated	126.59	0.628
Inferred	83.69	0.729

Mineral resources are not mineral reserves as they do not have demonstrated economic viability.

Micon believes that no environmental, permitting, legal, title, taxation, socio-economic, marketing or political or other relevant factors exist that could materially affect the mineral resource estimate for the Kuyo, Upper Kingash and Kingash deposits at the time of compiling the Kingash Technical Report. The effective date of the mineral resource estimate is December 1, 2011.

Exploration and Development

Kingash LLC plans to conduct a preliminary feasibility study during 2012. It is planned that 3,000 metres of drilling will be undertaken in the area located between the Kuyo and Upper Kingash deposits in order to test geological targets. Based on recommendations from the Kingash Technical Report and the preliminary feasibility study, drilling will also be required to sterilize the proposed plant site and to collect more material for a second round of metallurgical testing.

Mining Operations

Mining Methods

It is proposed that the Kingash mine be developed as a series of three open pits on the Kingash, Upper Kingash and Kuyo deposits, respectively. When the operation reaches full capacity in Year 5 of the production schedule the mines are estimated to yield a combined annual tonnage of 18.5 million tonnes. The capacity of each mine is planned as follows:

- Kingash 9.5 Mt/a
- Upper Kingash 5.5 Mt/a
- Kuyo 3.5 Mt/a

The maximum mining rate is planned to be 125 Mt/a.

The Kingash, Upper Kingash and Kuyo pits will be developed simultaneously and are expected to achieve full production in Years 4, 3 and 3, respectively.

The mines will utilise large-scale mining equipment to achieve economies of scale. Excavators such as the Terex RH-170 (400 t) with a bucket capacity of 21 cubic metres and RH-90 (170 t) with a bucket capacity of 10 cubic metres are planned. Mill feed and waste will be hauled using trucks such as CAT 789 D trucks (180 t).

Auxiliary support equipment will include equipment such as CAT D10 bulldozers (78 t), Atlas Copco (DM-M3 and ROC L8) blasthole drill rigs. The operating fleet will include a selection of bucket loaders, graders, compactors, water carts, maintenance and explosives vehicles.

The majority of the rock will be blasted using ammonium nitrate-fuel oil explosive. In saturated areas of the mine emulsion-based explosives will be used.

Waste mining will be conducted on 10 metres benches and ore mining on 5 metres benches. Grade control will utilise assay data derived from samples of production blasthole cuttings.

A preliminary analysis of the production schedule was conducted to estimate the mining fleet required to achieve the planned production. Haul profiles for material types from each mine to the various destinations were estimated and cycle times were estimated based on manufacturers' recommendations and operating experience. The number of shovels and trucks required to yield the target production was estimated. Auxiliary fleet components were estimated based on the primary fleet size and level of production.

Recovery Methods

As part of the Hatch scoping study carried out in 2011, a number of options for the beneficiation of ore, smelting and converting (handling of including off gases) of concentrate, and base metal refining of either converter matte or direct refining of concentrate to produce final products on nickel and copper cathode and by products was considered.

Review of the three beneficiation options, three smelting conversion options and two base metal refining options chosen resulted in the identification of eight potential combinations of the options (scenarios) for further study. Flow sheets for treating material delivered from the three mining operations through to final metal products were developed and analyzed.

The eight scenarios were evaluated based on the mass and energy balances (developed through modelling) as well as estimates of capital and operating cost for the various options incorporated in each scenario. Please see the Kingash Technical Report for more information.

Project Infrastructure

The Kingash, Upper Kingash and Kuyo deposits are located in the Sayansky District of Kransnoyarsk region of Russia. The deposits have been discovered on the slopes of the Idarskoye Ridge in the East Sayan, in the upper valley of the Kingash and Pryamoye Kuyo Rivers.

The regional centre, Aginskoye (9,000 inhabitants) is located 50 kilometres northwest of the mine site. The nearest railway station, Sayanskaya, on the Abakan-Tayshet line is 90 kilometres from the deposit in a straight line and 120 kilometres by road. The nearest settlements in the area are Tugach (45 kilometres away) and Orye (26 kilometres away). Unpaved forestry roads connect Tugach with the plant site, but the connection with Orye is only possible via a winter road along the Kingash valley. All settlements are connected to Aginskoye by gravel roads. The connection from Aginskoye to Krasnoyarsk City (some 220 kilometres away) is by paved highway.

The concentrator processing the copper-nickel mill feed excavated from the Kingash, Upper Kingash and Kuyo deposits will be located on the same site as the mining operations, thus forming an ore mining and beneficiation integrated works, also referred to as the GOK.

The off-site metallurgical production plant is designed to process concentrate from the beneficiation plant, which is located on the Kingash project site.

See "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The infrastructure in Russia is inadequate, which could increase costs or result in losses and disrupt normal business activities*."

Market Studies and Contracts

Only limited marketing studies have been conducted to date by Intergeo, commensurate with the level of development of the project. The Company anticipates achieving LME certification for its metal products and selling approximately 75% of nickel and copper production through the LME. There are no other material contracts applicable to the project at this stage in its development.

Environmental And Social Considerations

In order to assess the environmental impact of the Kingash Project, six basic studies were conducted by LLC Eco-supervisor Krasnoyarsk from 2007 to 2008. The findings were collated and presented in a report entitled "Environmental Monitoring Program Kingash Ore Field". In addition a review of environmental matters was prepared by ERM of Moscow and presented in "Scoping Report, Kingash and Upper-Kingash Deposits Ore Mining and Processing Production Complex, ERM, August 2011". The objective of the six studies was two-fold: to ascertain how, if at all, the work executed at Kingash affected local environment; and secondly, to collect data for future environmental monitoring programs. The methodology for the surveys varied slightly for each deposit area, but was similar for the most part.

Analysis of the survey data revealed that the concentration levels of soil, water and silts did not exceed maximum baseline levels for the three classes of hazardous elements. Elements that included Titanium, Vanadium, Manganese, Gallium, Zirconium and Yttrium were slightly higher than the natural maximum levels in the soils and the silts, but no hazardous radiation was detected in the areas of the three deposits. Surface and underground water quality was exceptionally high and free of hazardous levels of toxic metals. Atmospheric samples were collected to evaluate the quality of the air in the buffer zone between the mine and the housing facilities and the results met Russian standards.

Although exploration activities have had minor environmental impacts on the Kingash area, no long term or significant damage has been done. It is possible, however, that the construction of the mine itself may have adverse environmental impacts on the surrounding ecosystem. The Kingashsky TEO of Permanent Conditions recommends a number of environmental measures be implemented over the life of the mine at a cost of RUB589 million.

Economic Analysis

The forecast initial and LOM capital costs are summarized by area in the following table.

Base Case Capital Costs

	Capital Cost ($,000)		
Area	**Initial**	**LOM**	**Total**
Feasibility Studies	52,839	—	52,839
Owner	20,167	—	20,167
Mine Equipment/Infrastructure	89,599	198,434	288,033
Process Plant/TMF/Infrastructure	605,274	290,532	895,806
Smelter/Acid Plant/Base Metal/Refinery/Infrastructure	700,786	336,377	1,037,163
Project Indirects + Contingency (30%)	1,226,109	—	1,226,109
Working Capital	52,680	−52,680	0
Closure	—	—	—
Total	2,747,454	772,663	3,520,117

Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The Kingash Technical Report has not estimated any mineral reserves for the Kingash Project. The Kingash PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the results presented in the Kingash PEA will be realized.

The capital costs are considered to be appropriate for the 4th Quarter of 2011 and assumed to be accurate to ±40% based on the scoping study-level of engineering. The cost estimates include appropriate allowances for scale, location and 30% contingency and exclude Russian VAT at 18%. It is assumed that VAT on initial capital is recovered in the first two years of operation and on sustaining capital in the year of expenditure. The cost of a preliminary feasibility is assumed to be 0.5% of the total initial direct and indirect capital costs and the cost of the feasibility study is assumed to be 1.5% of total initial direct and indirect capital costs.

Indirect costs include contractor mobilisation and demobilisation, freight, spare parts, owner and vendor commissioning costs, first fills, temporary facilities, camp, duties and taxes, project design, an allocation for winter weather losses, labour transport, construction risk, insurance, start-up costs and EPCM.

Sustaining capital for mine mobile equipment is based on replacement of 20% of the fleet every five years from Year 6, including additional mining equipment that is added during the mine life to achieve mine production targets. Mine infrastructure sustaining capital is based on 2% of initial mine infrastructure capital per year from Year 4. Sustaining capital for processing and smelting equipment is estimated at 2% per year from the second year of operation. Change in working capital is estimated as the sum of 25% of total operating cost, 10% of production cost for production stores and 30% of production cost VAT.

Operating Costs

The forecast base case LOM mine and beneficiation plant unit operating costs are presented in the following table.

Base Case Life of Mine Unit Operating Costs

Area	Unit Cost ($/t ore)
Mining	10.82
Processing	7.19
Concentrate Transport	0.43
General and Administration	1.64
Royalty	3.78
Total Operating Cost	23.86

The forecast base case LOM smelter unit operating costs are presented in the following table.

Base Case Life of Mine Smelter Unit Operating Costs

Area	Unit Cost ($/t concentrate)
Smelter	105.72
Acid Plant	7.60
Matte Transport	0.04
Base Metal Refinery	238.85
Total Operating Cost	352.21

The mine operating costs are derived from the Verkhnekingashsky Project TEO of Permanent Conditions, 2009 and Kingashsky Project TEO of Permanent Conditions, 2008 inflated to 4th Quarter 2011 and with some adjustments from in house data. The concentrator, smelter, base metal refinery operating costs and the general and administration costs were developed by Hatch as part of the work for the scoping study and reviewed by Micon. The operating costs assume full refund of VAT but Micon has provided for some VAT repayment delay in the working capital provision.

The NPV and IRR of the Kingash Project net cash flow have been determined after profit tax and on a 100% equity basis. The cash flow is in constant United States dollars (i.e. not inflated), with costs in RUB as at 4th Quarter 2011, an exchange rate of RUB30 to the $, and discounted at a real rate of 8%. Although sufficient in-pit resources are present to sustain production for approximately 29 years, the project cash flow model was limited to 25 years of mining production and 24 years of mineral processing and metal production.

The revenue and operating and capital cost inputs to the financial model are based on the production schedule, technical and operating criteria and cost estimates developed in the Kingash PEA.

The base case LOM project production and financial highlights are summarized in the tables below.

Base Case Life of Mine Production Highlights

Criterion	Value
Production Life (years)	25
Waste (Mt)	1,788.9
Mill feed (Mt)	432.2
Stripping Ratio (including Pre-Strip)	4.1
Mill feed Grade (% Ni)	0.42
Mill feed Grade (% Cu)	0.20
Mill feed Grade (% Co)	0.02
Mill feed Grade (g/t Pd)	0.24
Mill feed Grade (g/t Pt)	0.24
Mill feed Grade (g/t Au)	0.09
Flotation Concentrate Produced (kt)	10,999.8
Flotation Concentrate Contained Ni (kt)	1,129.7
Flotation Concentrate Contained Cu (kt)	441.8
Flotation Concentrate Contained Co (kt)	37.5
Flotation Concentrate Contained Pt (t)	56.7
Flotation Concentrate Contained Pd (t)	65.2
Flotation Concentrate Contained Au (t)	21.8
Matte Produced (kt)	1,903.9
Matte Contained Ni (kt)	1,093.1
Matte Contained Cu (kt)	431.9
Matte Contained Co (kt)	36.7
Matte Contained Pt (t)	64.4
Matte Contained Pd (t)	56.0
Matte Contained Au (t)	21.5
Ni Metal Sold (kt)	1,033.9
Cu Metal Sold (kt)	422.9
Co Sold (kt)	26.7
Pt Sold (t)	52.8
Pd Sold (t)	45.9
Au Sold (t)	17.6
Ni Equivalent Metal Sold (Mlb)	3,080(1)

Note:

(1) Nickel equivalent metal is calculated from all metals sold and the metal prices shown in the table below.

Base Case Capital Costs

Area	Capital Cost ($ 000's)		
	Initial	LOM	Total
Feasibility Studies	52,839	—	52,839
Owner	20,167	—	20,167
Mine Equipment/Infrastructure	89,599	198,434	288,033
Process Plant/TMF/Infrastructure	605,274	290,532	895,806
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Project Indirects + Contingency (30%)	1,226,109	—	1,226,109
Working Capital	52,680	−52,680	0
Closure	—	—	—
Total	**2,747,454**	**772,663**	**3,520,117**

The estimated NPV of the projected Kingash cash flow discounted at a rate of 8% is $1,392.6 million and the estimated IRR is 13.4%. The capital payback period is projected to be 7.21 years. The average estimated cash cost is $2.32 per pound. The Kingash PEA is preliminary in nature and includes inferred mineral resources. There is no certainty that the results of the PEA will be realized.

The estimated base case gross revenue is calculated using the metal prices presented in the following table.

Base Case Metal Prices

Metal	Price ($)
Nickel ($/lb)	9.50
Copper ($/lb)	2.75
Cobalt ($/lb)	16.00
Palladium ($/oz)	500
Platinum ($/oz)	1,600
Gold ($/oz)	1,100
Silver ($/oz)	16
Rhodium ($/oz)	1,875
Ruthenium ($/oz)	175
Iridium ($/oz)	1,050
Sulphuric Acid ($/t)	40
Sodium Sulphate ($/t)	85

Net revenue is calculated using transport costs for concentrate, base metal and PGM refinery recoveries and costs from the scoping study work, and sales costs of 1.5% for nickel and copper. Cobalt and PGM revenues are reduced by 20% and 30%, depending on the recovery process. The overall net smelter return (net revenue/value of metal contained in concentrate) is 89.7%.

Profit tax is calculated at 20% of cash income after deduction for asset depreciation. Straight-line depreciation of capital costs over 12 years is used.

A VAT rate of 18% is used for calculation of initial capital and change in working capital.

The Kingash operation will be primarily a base metal producer. Russian metal production royalties are based on 8% of mine operating costs plus mine capital depreciation. Property tax is calculated as 2.2% of net book value of assets.

Sensitivity Analysis

The sensitivities of NPV and IRR to variations in nickel price and to variations in net revenue, total operating cost and total capital cost are summarized in the table immediately below and the last table below, respectively and in the figures that follow.

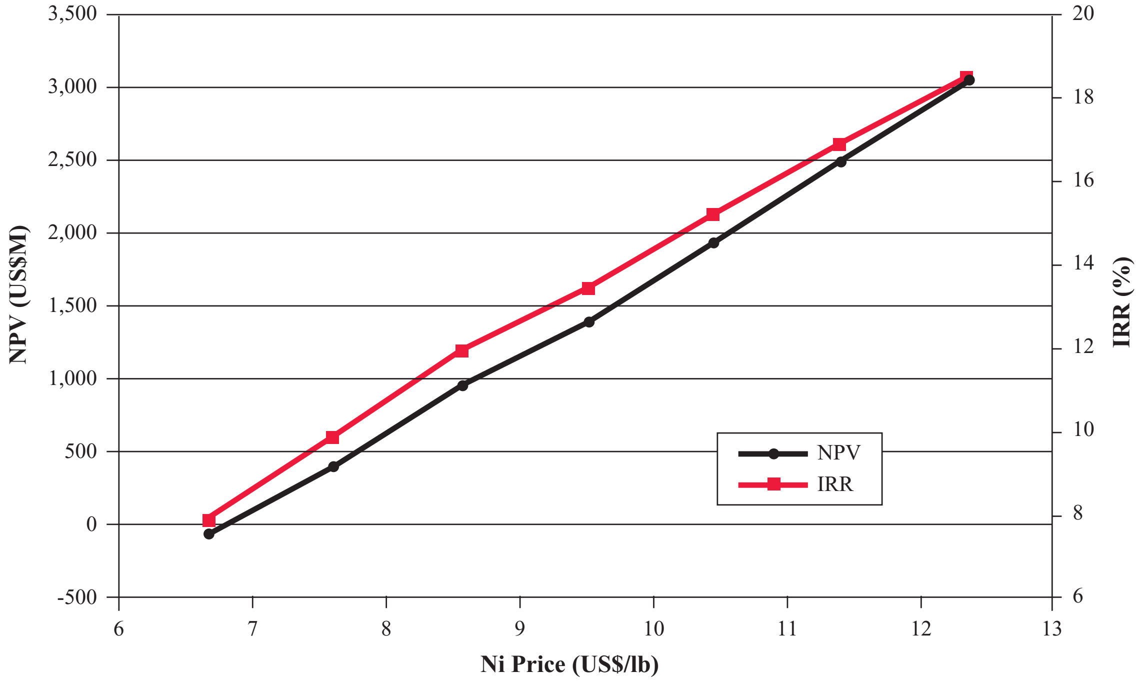
NPV and IRR Sensitivity to Nickel Price

Ni Price ($/lb)	NPV ($M)	IRR (%)
6.65	−52	7.9
7.60	415	9.9
8.55	965	11.9
9.50 (Base Case)	**1,393**	**13.4**
10.45	1,943	15.2
11.40	2,493	16.9
12.35	3,043	18.5

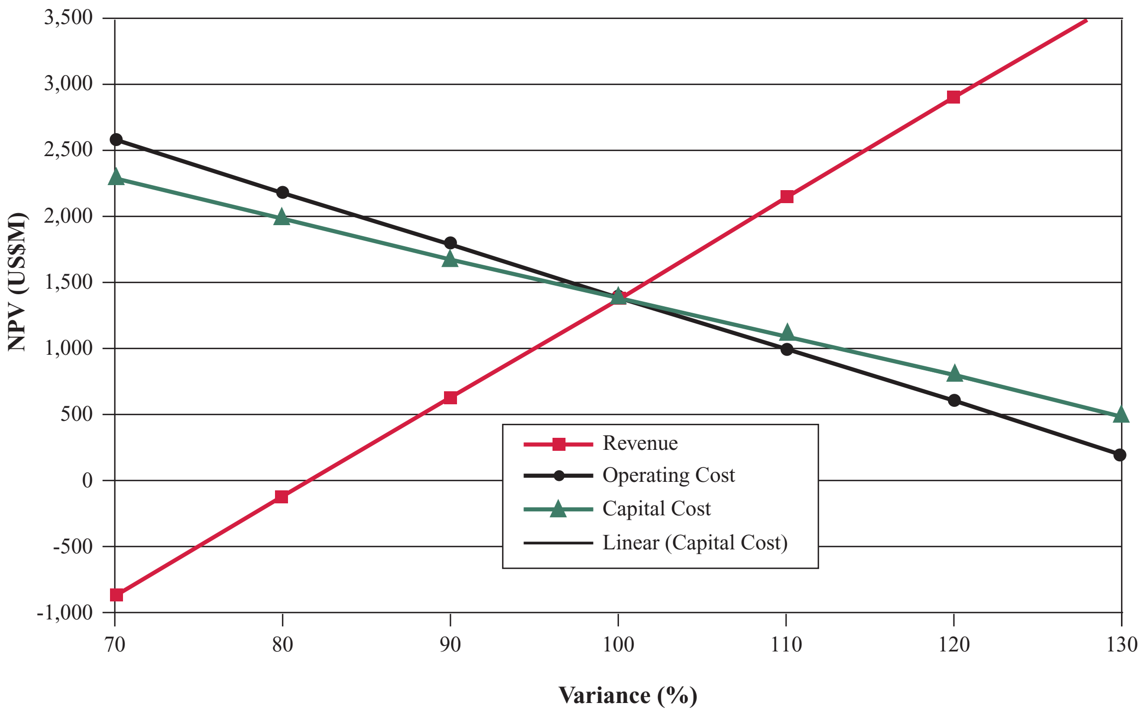
NPV and IRR Sensitivity to Revenue, Operating Cost and Capital Cost

Variable	Revenue		Operating Cost		Capital Cost	
Variance (%)	NPV ($ M)	IRR (%)	NPV ($ M)	IRR (%)	NPV ($ M)	IRR (%)
70	−878	3.8	2,572	17.4	2,287	19.5
80	−121	7.6	2,179	16.1	1,989	17.1
90	636	10.7	1,786	14.8	1,691	15.1
100 (Base Case)	**1,393**	**13.4**	**1,393**	**13.4**	**1,393**	**13.4**
110	2,149	15.9	1,000	12.0	1,094	12.0
120	2,906	18.1	606	10.6	796	10.8
130	3,663	20.3	213	9.0	498	9.7

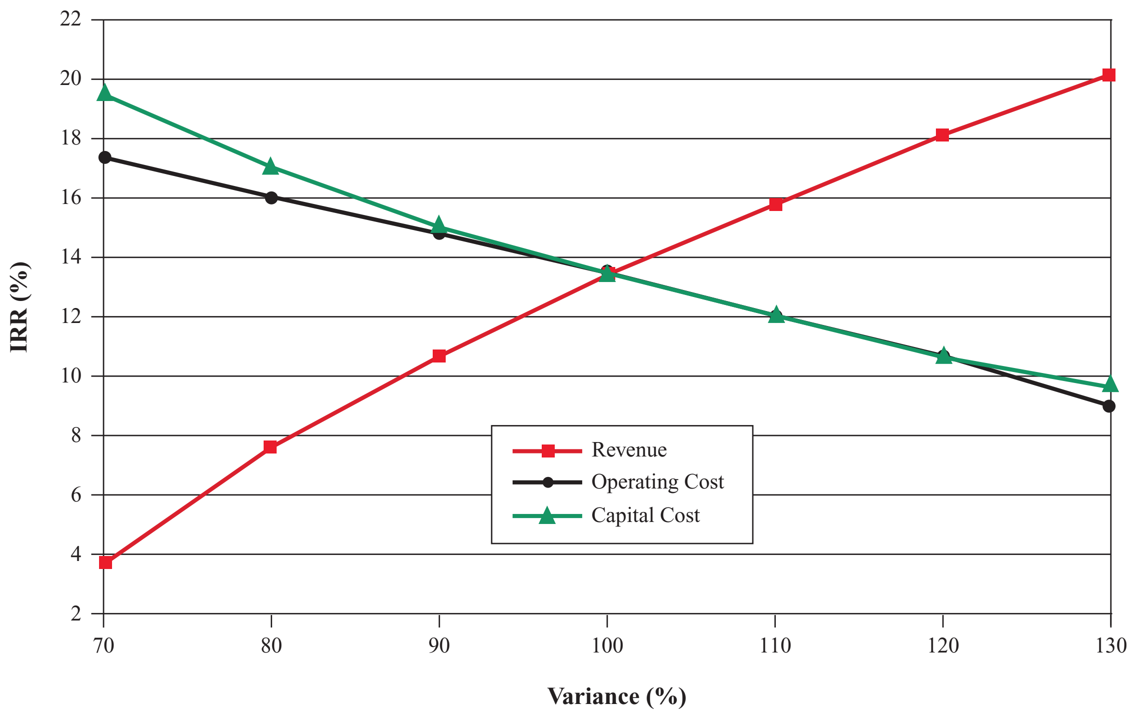
NPV and IRR Sensitivity to Nickel Price



NPV Sensitivity to Revenue, Operating Cost and Capital Cost



IRR Sensitivity to Revenue, Operating Cost and Capital Cost



As would be expected, at the base case metal prices the NPV and IRR are particularly sensitive to variations in net revenue. They are less sensitive to a range of variance of the operating and capital costs, up to the accuracy of estimation, although the capital cost variance is greater than would usually be expected. Similarly, the project economics are more sensitive to variations in nickel price, as the major contributor to revenue.

A large portion of the mineral processing and metallurgical work completed on Kingash and reported upon in the Kingash Technical Report is based in part upon the Kingashskaya Mining Company LLC Kingash Scoping Study Project Report produced by Hatch dated November 23, 2011.

The scoping study prepared by Hatch is based on the basic engineering content of the following studies:

- *Kingashsky Project TEO of Permanent Conditions, Gipronikel, 2008;* and
- *Verkhnekingashsky Project TEO of Permanent Conditions, Gipronikel, 2009.*

These feasibility studies examined the main options for exploiting the Kingash, Upper Kingash and Kuyo deposits and include mining method and sequence, development methods, and the ore processing and metallurgical process.

The Hatch analysis focused on developing the Gipronikel recommendations by taking the engineering conclusions on deposit resources, stripping, extraction, ore processing, smelting and refining and modifying them to achieve a production rate of 18.5 Mt/a of ore.

A total of eight potential flow sheets were assessed by Hatch but in Micon's economic analysis only the Hatch Scenario 3 was considered.

When considering the economic analysis presented in the Kingash Technical Report, the accuracy level of (±50%) for both capital and operating costs should be taken into account. Variations towards the upper or lower accuracy limit will have a significant effect on the projected NPV and IRR.

Two of the process options assessed incorporate technology that has only been proven at laboratory level. The removal of these from the prospective options is seen as prudent.

As no one process option stands out above the rest, hasty or inflexible decisions based on the current scoping study are seen as a major risk at this stage of the project's development. To completely mitigate this risk the planned preliminary feasibility study should be scoped to encompass a further review and evaluation of the more attractive options before a preferred process route is adopted and developed to a feasibility study level of accuracy.

At this stage of the project development, none of the identified risks is deemed to be a fatal flaw to advancement of the project and, all are considered to be commensurate with a project in the early stages of development.

As further study work is completed it is anticipated a significant reduction in the level of the identified risk will be achieved.

Recommendations

Micon recommends the following work to advance the development of the Kingash Project and for the improvement of the mineral resources with respect to compliance with the CIM:

1. Review of the assay quality control protocol. The benefit of the use of standard certified reference materials is widely recognized. Standard samples for all economically significant elements should be submitted with each initial batch of drill core sample pulps. Since standard samples were not submitted with the original core samples a program of re-assay, including standard samples should be conducted to validate the assay database. The scale of the program should encompass approximately 100 million tonnes of mineral resources that represents the "first five years" of a conceptual mine plan derived from the open pit optimization study recommended in point three below.

2. Geotechnical studies are required to optimise pit slope designs. Local hydrological conditions need to be assessed in order to understand the impact of water on the pit slope design.

3. Open pit optimization studies are recommended to identify the most economical development sequence for the project. The principal question is whether two or three mines should be developed at the onset of production. The Phase 1 pits should contain a combined total of approximately 100 million tonnes of ore. The Phase 1 pits will identify portions of the deposits that should be the focus of detailed definition drilling. Approximately five to ten years of productions should be drilled in detail in advance of the commencement of commercial mineral processing operations.

4. Additional metallurgical test work is required to refine metallurgical recoveries and optimise the recovery method. Further definition of PGM concentrates and treatment is required to fully investigate operating costs and metallurgical recoveries.

5. A preliminary feasibility study is recommended to further consider the various options identified by Hatch and to prioritise the most economical and most feasible development scenarios.

6. Additional diamond drilling is recommended with the objective of upgrading inferred mineral resources to the indicated category so that these can be used to develop probable mineral reserves. The total amount of drilling proposed is:

Kingash	14,400 m in 36 holes
Upper Kingash	2,400 m in 6 holes

The budget for the work items recommended above is shown below:

Activity	Phase 1 2012-2013 $ Million	Phase 2 Post 2013 $ Million	Total $ Million
Field Studies, Engineering Surveys (incl. Geotechnical Work, Data Collection, Permitting)	14.54	—	14.54
Metallurgical Sample Collection	1.06	—	1.06
Metallurgical Test-work, Pilot Plant Tests (Ore Preparation, Beneficiation)	2.50	—	2.50
Metallurgical Test-work, Pilot Plant Tests (Smelting, Base Metal Refinery)	2.13	—	2.13
Development of Basic Engineering	—	19.00	19.00
Development Drilling (incl. Assay QC)	5.09	—	5.09
Preliminary Feasibility Study (incl. Optimization Studies)	6.00	—	6.00
Feasibility Study	—	40.00	40.00
Total	**31.32**	**59.00**	**90.32**

Contingent on the successful outcome of Phase 1, work in Phase 2 will be directed towards preparation of a feasibility study for the Kingash Project. This will include $19 million to be spent on basic engineering studies required in Russia to support permitting requirements. Micon has reviewed the proposed budget and recommends that Intergeo implement such budget.

Based on the selected technologies, Hatch investigated a number of scenarios for beneficiation, smelting, converting, off-gas handling and base metal refining. The base case scenario for the Kingash PEA was Scenario 3.

Micon investigated Hatch's Scenario 5 to assess its upside potential. The valleriite sulphidisation process, used in Scenario 5, has the potential to yield an improved concentrate grade (10.95% versus 10.27% Ni) and this, combined with improved recoveries, would lead to lower unit costs. The most significant advantages of Scenario 5 over Scenario 3 are improved copper, nickel and cobalt recovery, improved nickel concentrate grade with consequent improved copper and cobalt grade, and higher sodium sulphate recovery. Due to higher revenue from nickel, copper and cobalt, Scenario 5 demonstrates a potential improvement in NPV of 26.8%. A comparison of the NPV and IRR between Scenario 3 and Scenario 5 is provided in the table below. It is emphasised that there is only limited industrial application of the valleriite sulphidisation process and that there is no known operating plant presently using this process. The technical and financial results for Scenario 5, as summarised in the table below, must be regarded as conceptual in nature, pending the results of further test-work.

Element	Scenario 3	Scenario 5	Variance (%)
Ore Processed (kt)	432,238	432,238	0.0
Ni Sold (kt)	1,033.9	1,102.4	6.6
Cu Sold (kt)	422.9	483.8	14.4
Co in Concentrate Sold (kt)	26.7	28.4	6.4
Pt Sold (t)	52.8	52.8	0.0
Pd Sold (t)	45.9	45.9	0.0
Au Sold (t)	17.6	17.6	0.0
Ag Sold (t)	9.1	9.1	0.0
Rh Sold (t)	0.4	0.4	0.0
Ru Sold (t)	1.5	1.5	0.0
Ir Sold (t)	0.2	0.2	0.0
Net Revenue ($'000)	29,323.9	31,175.9	6.3
Total Operating Cost, incl Royalty ($'000)	14,592.3	15,004.6	2.8
Net Cash Income ($'000)	12,864.6	14,013.3	8.9
Initial Capital Cost incl VAT ($'000)	3,230.7	3,221.7	−0.3
LOM Capital Cost ($'000)	4,054.1	4,043.3	−0.3
Total Net Cash Flow ($'000)	8,810.5	9,970.0	13.2
NPV ($'000)	1,392.6	1,765.8	26.8
IRR	13.4	14.7	9.2
Initial Capital Payback (years)	7.2	6.8	−5.6

Exploration Properties

Intergeo has exploration assets that management believes are highly prospective, with the two most notable being Greater Ak-Sug and East Sayan.

Greater Ak-Sug is a copper porphyry property encompassing approximately 1,288 square kilometres surrounding the Ak-Sug Project. Following comprehensive airborne surveys in 2010, the Company is conducting further geophysical analyses on five target zones which management believes are highly prospective. The Company has commenced drilling and expects to drill approximately 17,000 metres in the Greater Ak-Sug Licence area in 2012.

East Sayan, situated in the Irkutsk region, includes approximately 9,600 square kilometres that management considers prospective for nickel sulphide mineralization. The property is located in a greenstone belt similar in geology and age to nickel belts in Russia's Kola peninsula and Canada's Voisey's Bay and Sudbury areas, all of which are large nickel producing regions. Geophysical surveys undertaken by the Company to date have identified 37 prospective exploration targets covering approximately 67 square kilometres. The Company has commenced drilling and plans to drill up to 27,000 metres at eight target zones in 2012.

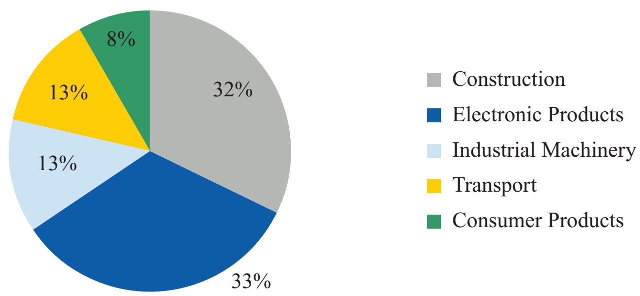
The Company's portfolio also includes Arbinsk, which potentially contains copper, gold, silver, molybdenum, and rhenium. The Company has commenced drilling and plans to drill up to 7,000 metres at Arbinsk in 2012.

THE COPPER INDUSTRY

Uses of Copper

Copper has a number of different applications; its most common use is in wiring and cable products, such as power cables, building wiring and transformer windings. Copper is the ideal material for these products because it is the best non-precious metal electric conductor, making it both functional and affordable. Copper is used across many industries, principally construction, electric and electronic products, industrial machinery, transportation and consumer products. Outside of wire and cable products, the next largest use of copper is in copper tubing. Copper tubing has a number of different applications, which include plumbing, heating systems and air conditioners / refrigeration units. Copper is also vital to the transportation industry. The International Copper Study Group estimated that, in 2010, the average mid-sized automobile contained about 22.5 kilograms of copper, while electric and hybrid vehicles contain even more copper.

2010 Copper Consumption by Market Sector

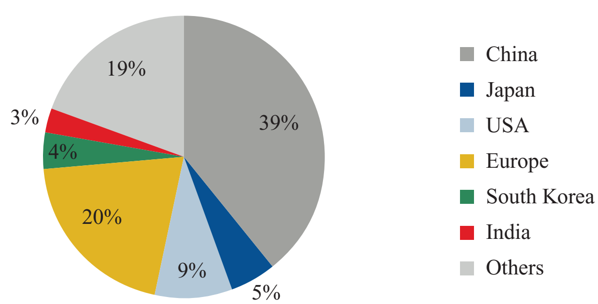


Source: Brook Hunt

Demand

According to Brook Hunt, copper consumption has increased 34% from 2001 to 2011, implying a 3.0% CAGR. Increases in demand have largely been due to the strong growth in demand from China, which now dominates global copper consumption on the back of rapid economic growth.

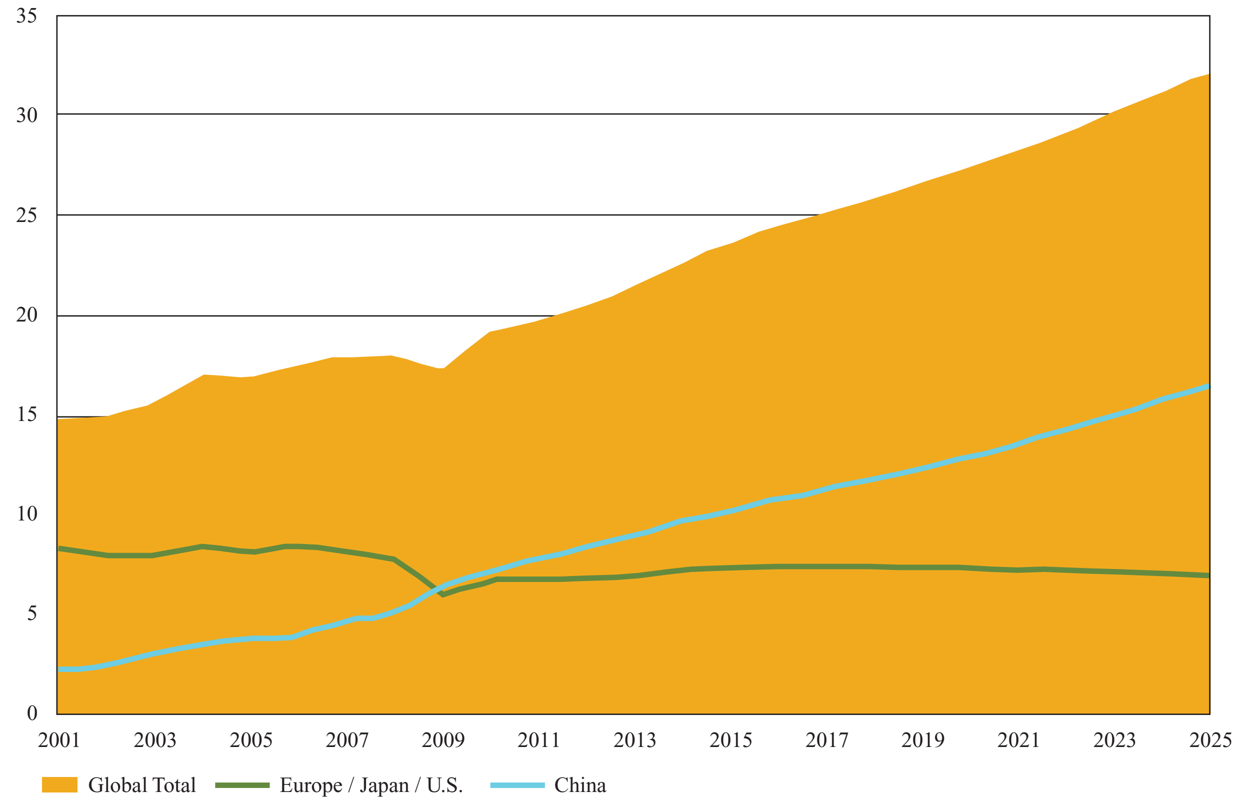
2011 Refined Copper Consumption by Country



Source: Brook Hunt

The growth of the Chinese economy has seen China's share of global refined copper consumption more than double between 2001 and 2011, from 15% to 39%, based on information provided by Brook Hunt. This trend is expected to continue given the projected growth of the Chinese economy. India's forecasted industrial growth is also expected to lead to strong copper demand growth as the country continues to develop. Despite a weaker outlook for developed economies, global copper consumption on the whole is expected to increase, led by strong demand growth from China and India. Brook Hunt forecasts global copper consumption to grow at a 3.5% CAGR between 2011 and 2025.

Global Refined Copper Consumption
Historical and Projected
Millions of tonnes

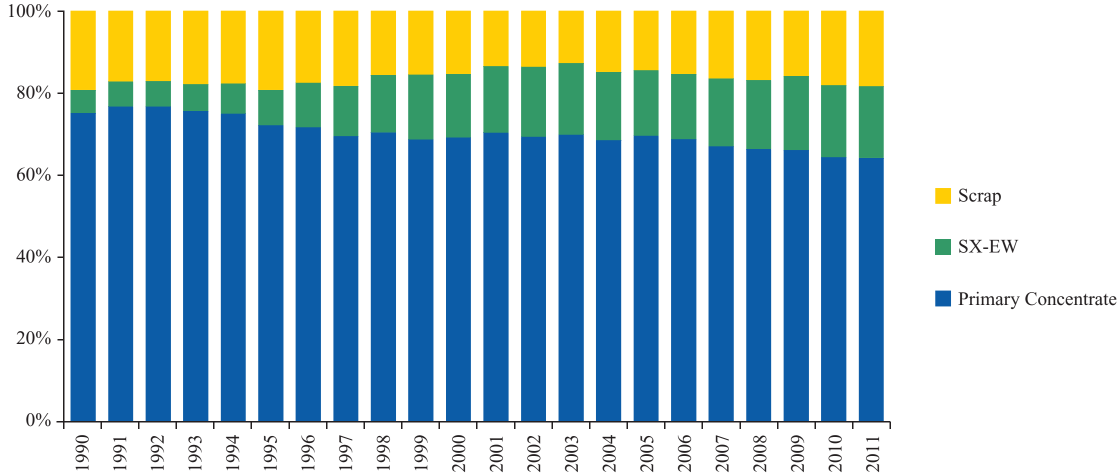


Source: Brook Hunt

Supply

Copper production comes from two sources: mine (or primary) production and copper scrap (or secondary) production. Primary production is the largest source of copper. Copper scrap, on the other hand, accounted for 35% of consumption in 2011 (including direct melt). Primary production is sourced from either copper concentrates or SX-EW. SX-EW can only be used to process copper oxide ores and is generally used on large, low grade, near surface deposits. Deposits with other characteristics generally process ore into a concentrate (both sulphide ores and oxide ores can be processed this way). Copper concentrates have historically dominated production, with SX-EW gaining importance in the 1990's. While SX-EW production accounted for 6% of refined production in 1990, this grew to 16% by 1999 and has remained at approximately that level since. Over the past decade, the usage of copper scrap in refined copper production has increased and copper scrap has gained more importance as the mining industry has experienced challenges in trying to bring additional copper production on-line, despite strong copper prices and high margins. Constraints in supply have been driven by grade declines, cost pressures, more stringent permitting requirements, long equipment lead times, and labour issues. Brook Hunt forecasts mine production capacity to decline by 0.6% per annum between 2011 and 2025.

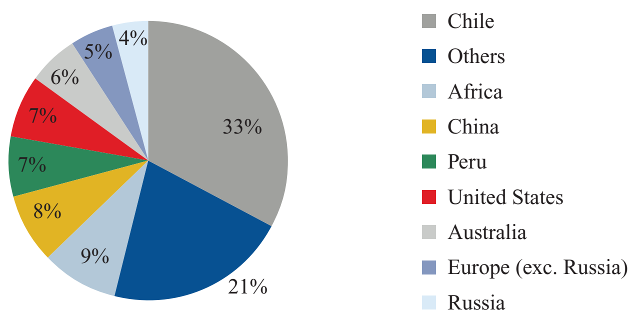
Historical Refined Copper Production Breakdown



Source: Brook Hunt

Chile is by far the largest primary producer of copper. Over the last decade, Chile has significantly increased copper mine production and has defined itself as the leading copper producing country. Peru and the United States have historically been the second and third largest primary producers of copper, respectively. However, Chinese mine production surpassed that of both of these countries in 2011. Russian copper mine production accounted for approximately 4% of global copper mine production in 2011.

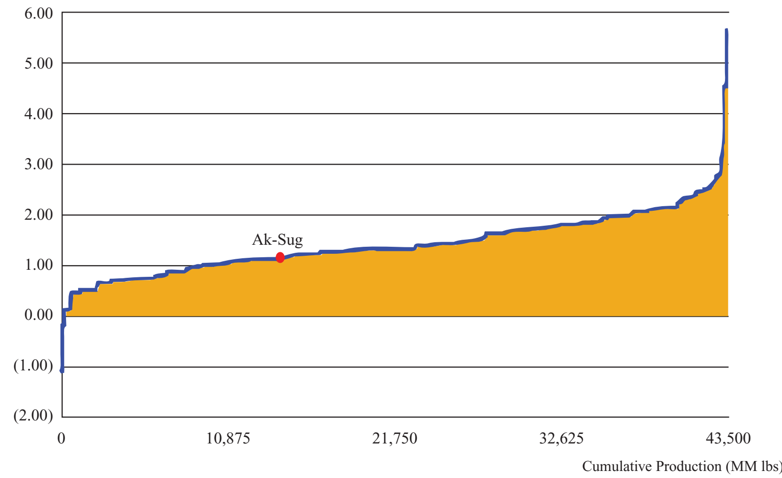
Global 2011 Mine Production



Source: Brook Hunt

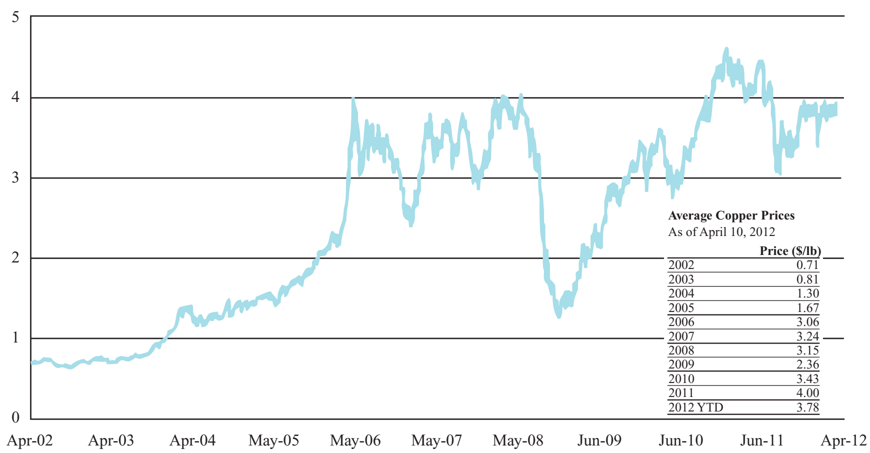
According to Brook Hunt, industry cash costs have increased 210% between 2000 and 2010, while copper prices have risen 415% over the same period. The diagram below shows the projected 2016 copper industry cash cost curve:

Copper Mine 2016 Cash Cost Curve
Projected
Cash Cost ($/lb)



Source: Brook Hunt

Historical Copper Prices
Last 10 Years
$/lb



	Price ($/lb)
2002	0.71
2003	0.81
2004	1.30
2005	1.67
2006	3.06
2007	3.24
2008	3.15
2009	2.36
2010	3.43
2011	4.00
2012 YTD	3.78

Source: Bloomberg

Outlook

Strong Chinese copper consumption growth over the past decade is expected to continue and to support global demand growth. Refined copper prices have generally traded substantially above marginal cost since 2003, suggesting long term structural supply issues could exist in the industry. While Brook Hunt forecasts a potential as a proportion of consumption in metal market surplus in both 2013 and 2014 of approximately 2.6%, copper prices are expected to remain high until a more reliable supply environment emerges. Several factors, including labour issues, grade declines and cost pressures may continue to constrain supply going forward. Brook Hunt estimates copper prices to average approximately $3.00 per pound (in 2011 dollars) from 2016 to 2025.

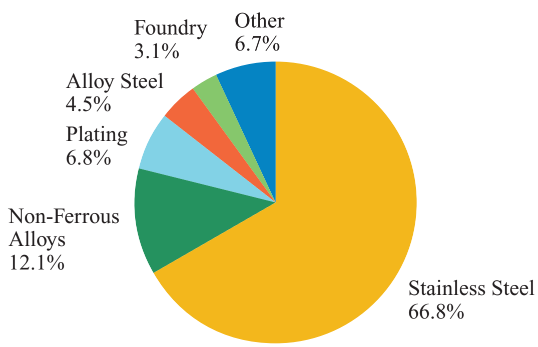
THE NICKEL INDUSTRY

Uses of Nickel

The primary use of nickel is in the manufacture of stainless steel due to its corrosion resistance and high-temperature strength. According to Brook Hunt, stainless steel accounted for approximately 66.8% of global nickel consumption in 2011. There are several grades of stainless steel, each with slightly different properties and alloy contents.

In addition to the production of stainless steels, nickel is used in a diverse range of applications, from alloys, to plating, to catalysts. Alloys of nickel and copper have high corrosion resistance to salts, acids, and alkalis, and are particularly useful in marine environment, processing equipment, and chemical industry applications. Nickel is used to plate various types of steel, where the application of nickel and chromium significantly increases corrosion resistance. Further, nickel is used as a catalyst, in carbides and hard-facing materials, in ceramics, and in batteries.

2011 Global Nickel Consumption by First Use
2011 = 1.63 million tonnes



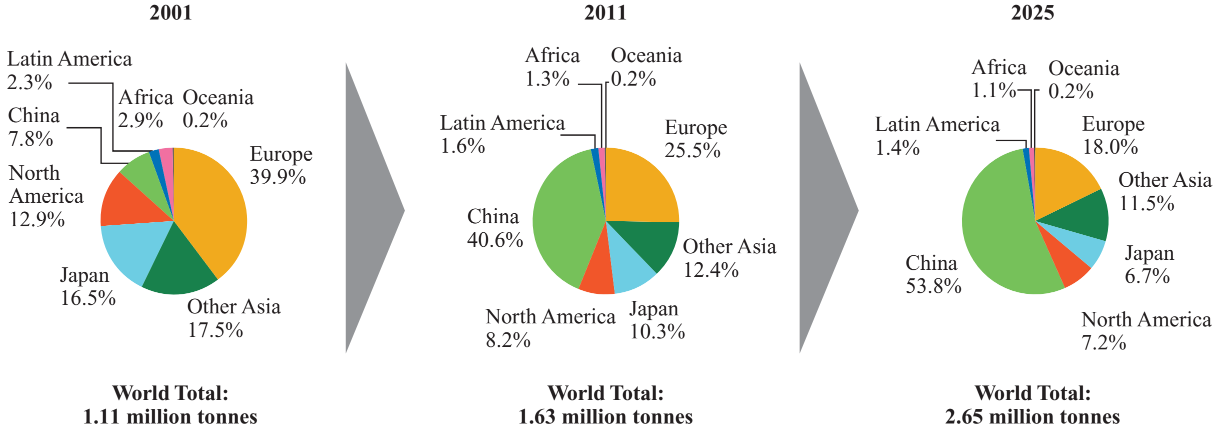
Source: Brook Hunt

Demand

According to Brook Hunt, between 2001 and 2011, global nickel consumption increased from 1.1 million tonnes to 1.6 million tonnes at a CAGR of 3.9%, led by strong Chinese demand growth. Chinese nickel consumption increased by 22.4% per annum from 2001 to 2011. China's share of global nickel consumption increased from 7.8% to 40.6%, and China now dominates global nickel consumption. While Europe and Japan historically have been the first and second largest consumers of nickel, respectively, their aggregate consumption has declined by approximately 0.8% per annum from 2001 to 2011.

Brook Hunt expects nickel demand to grow by approximately 62.8% to 2.7 million tonnes of consumption from 2011 to 2025, at a CAGR of 3.5%. Near-term to long-term growth in nickel demand is projected to be largely driven by China, where the recent expansion of the stainless steel industry is expected to continue unabated as new capacity ramps up. Chinese nickel consumption is estimated to grow at approximately 5.7% per annum between 2011 and 2025. At the same time, China's share of global nickel consumption is forecasted to increase from 40.6% in 2011 to 53.8% by 2025.

Nickel Consumption by Geography
Historical and Projected

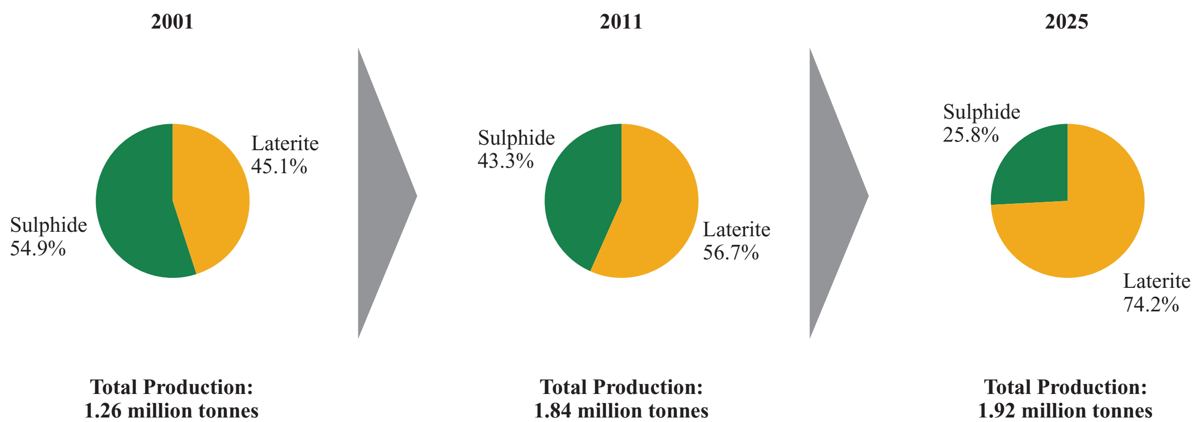


Source: Brook Hunt

Supply

Nickel ore primarily occurs in two forms: sulphide and laterite. The majority of the world's known nickel resources are hosted in laterite ores. However, historically, a majority of the world's nickel production has come from sulphide deposits, as sulphide ores are generally less complex and cheaper to process. Nickel mined from laterite ores have commonly faced technical issues during processing, which has also led to higher production costs. According to Brook Hunt, in 2001, 54.9% of global nickel mine production was from sulphide ores and 45.1% was from laterite ores. More recently, though, the majority of new mine production has been sourced from laterite ores. In 2011, 43.3% of nickel mine production was sourced from sulphide operations, while 56.7% was from laterite operations. This trend towards nickel production from laterite ores is expected to continue, as there are only a limited number of undeveloped sulphide projects left in the world, and existing sulphide operations are expected to be depleted over time.

Nickel Mine Production by Ore Type
Historical and Projected



Source: Brook Hunt

According to Brook Hunt, from 2001 to 2011, global nickel mine supply increased from 1.3 million tonnes to 1.8 million tonnes at a CAGR of 3.9%. Indonesia and the Philippines accounted for an increase in global mine production of 408,000 tonnes, at an annual growth rate of approximately 14.3% over the same period. Refined nickel production increased by 467,000 tonnes at an annual growth rate of 3.4% from 2001 to 2011 and was largely driven by Chinese production. Chinese refined nickel production increased from 54,000 tonnes in 2001 to 434,000 tonnes in 2011. According to Brook Hunt, a significant percentage of the refined nickel production growth was attributable to NPI, which increased by 193,000 tonnes from 2001 to 2011.

NPI emerged as a new source of nickel production in China in 2005 as a response to high nickel prices and to meet increased nickel demand. NPI is only used in the production of stainless steel. Initially, NPI was only used in 200 series stainless steel. However, with improvements in technology, primarily the use of electric arc furnaces, and the importation of higher grade ores, mainly from Indonesia, a proportion of production is now more akin to a true ferrous nickel product and is used in 300 series stainless production. NPI production relies on importing ores mainly from the Philippines and Indonesia. The production costs for NPI producers lie at the top end of the cost curve, due to high energy intensity of processing and the low grade ore used. The estimated cash cost for NPI is approximately $6.00 to $7.00 per pound, based on information provided by Brook Hunt. Due to pressures from increasing Chinese power costs, increasing coking coal prices and greater government regulation, the breakeven price of NPI is expected to increase, and supply should be highly sensitive to nickel prices.

Several large scale nickel projects, such as Goro, Ambatovy and Koniambo, are expected to ramp-up to full production capacity during the next few years, accounting for the majority of the growth in global nickel production in the near-term, according to Brook Hunt. Supply-demand dynamics are expected to shift in favor of nickel producers starting in 2016, due to the small number of large scale, low-cost nickel projects scheduled to come on-line to meet growing demand.

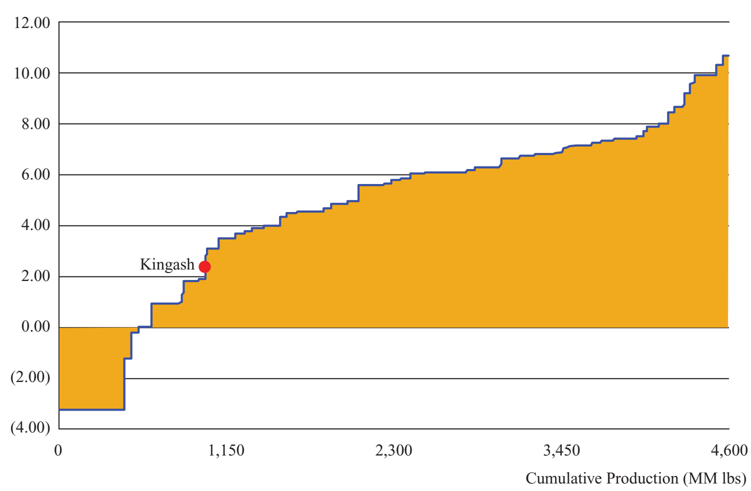
According to Brook Hunt, expansion of production to meet increased demand is forecasted to be met primarily from laterite ore based projects although in order to maintain output at existing sulphide smelters, further sulphide mine development will also be necessary. Historically, sulphide ore processing has been the most cost effective due to significant by-products credit revenues. Processing technologies for laterite ores, such as ferro-nickel smelting, autoclave leaching (including HPAL and ammonia leaching), and NPI smelting have had higher cost structures, primarily due to high energy requirements and lower by-product revenues. There is significant uncertainty surrounding future supply from HPAL projects as they have long ramp up times, a poor track record of meeting production targets, are more sensitive to grade, and require a higher nickel price environment due to their higher capital costs. Some prominent nickel laterite projects have already seen major delays.

The diagram below shows the projected 2016 nickel industry cash cost curve.

Nickel Industry 2016 Cash Cost Curve

Projected

Cash Cost ($/lb)



Source: Brook Hunt

Historical Nickel Prices
Last 10 Years
$/lb

Source: Bloomberg

Outlook

Anticipated supply from new projects has put downward pressure on prices recently due to a projected market surplus. It may be reasonable to expect that other factors will come into play and prevent a scenario of extended period of over-supply. For example, the evolving situation regarding Indonesia's proposed ban on ore exports may have a significant impact on Chinese NPI production, which accounts for 12% of global refined nickel production, based on information provided by Brook Hunt.

Nickel prices have historically exceeded the 90th percentile of nickel industry cash costs. As the majority of new production has been and will likely continue to be increasingly sourced from laterite operations, production costs in the nickel industry have and can be expected to continue to increase meaningfully. This should provide longer-term support for nickel prices. Brook Hunt estimates nickel prices to average approximately $13.60 per pound (in 2011 dollars) from 2016 to 2025.

BACKGROUND INFORMATION ON RUSSIAN LEGAL FRAMEWORK

The Russian legal framework for prospecting, appraisal, exploration and mining companies includes subsoil use regulations, prospecting, appraisal, exploration and mining related taxes, environmental protection requirements and a high degree of scrutiny from governments at all levels. This provides a tightly regulated environment for companies to explore, develop, operate and generate returns from their assets.

The use of mineral resources in Russia is based on three main principles:

(a) state ownership of subsoil;

(b) state or private ownership of the extracted minerals; and

(c) payment for subsoil use.

State licences to explore and mine minerals are available to any business enterprise (including non-Russian enterprises, except for licences with respect to Strategic Plots (as defined below), which may be acquired only by legal entities established in Russia) through an open tender, auction or other method permitted by applicable Russian legislation. The licence holder is entitled to conduct prospecting, appraisal, exploration and/or mining (depending on the type of subsoil licence) within a certain time period indicated in the licence. The Russian government has the right to impose additional specific restrictions on acquisition of rights with respect to Strategic Plots by Russian entities that are under direct or indirect control of a non-Russian investor or that have a non-Russian shareholder. See " — *Strategic Plots*".

Subsoil Licencing Regime in Russia

Prospecting, appraisal, exploration and mining of minerals in Russia is primarily governed by (i) Federal Law No. 2395-1 dated February 21, 1992 "On Subsoil", as amended (the "**Subsoil Law**"), (ii) "Regulations on the Procedure of Subsoil Licencing" approved by Decree of the Supreme Soviet of the Russian Federation No. 3314-1 dated July 15, 1992, as amended, (iii) the Land Code of the Russian Federation No. 136-FZ dated October 25, 2001, as amended (the "**Land Code**"), (iv) the Water Code of the Russian Federation No. 74-FZ dated June 3, 2006, as amended, (v) the Forestry Code of the Russian Federation No. 200-FZ dated December 4, 2006, as amended (the "**Forestry Code**"), and (vi) Federal Law No. 7-FZ dated January 10, 2002 "On Environmental Protection", as amended, as well as other legislation. The regulatory environment has been fully formed only recently and the legislation has been subject to various interpretations and inconsistent application by regulatory bodies.

The Subsoil Law provides that subsoil is considered the property of Russia. Accordingly, prospecting, appraisal, exploration and mining companies can only obtain the right to use subsoil (including a right to develop mineral deposits), rather than to own it, in the form of a licence for subsoil use which includes a licence agreement describing all of the main terms and conditions of the subsoil plot use. Extracted minerals generally belong to the licence holder, but the applicable licence may provide for the contrary and grant the Russian government ownership rights in the extracted minerals. All of Intergeo's licences (other than prospecting and appraisal licences) grant the Company ownership rights in the extracted minerals.

The rights to prospect, appraise, explore for and mine minerals are granted by the Federal Agency for Subsoil Use ("**FASU**") or its territorial bodies by issuing prospecting and appraisal licences, mining licences, exploration and mining licences and/or prospecting, appraisal, exploration and mining licences. Generally, subsoil licences are granted by virtue of a FASU decision or a decision of its territorial bodies. However, a decision of the federal government of Russia is required in order to obtain a licence for a Strategic Plot (which is subject to additional requirements as described below) and in certain other cases. See " — *Strategic Plots*".

There are a number of methods to obtain subsoil licences, including but not limited to:

(a) by way of an auction/tendering procedure (under which a mining licence, an exploration and mining licence or a prospecting, appraisal, exploration and mining licence may be obtained);

(b) by filing an application to obtain a prospecting and appraisal licence to conduct works at the licence holder's own cost (i.e., works not financed by the Russian government);

(c) by "conversion" of prospecting and appraisal rights into mining rights or exploration and mining rights and issuance of a mining licence or exploration and mining licence where deposits are discovered as a result of the prospecting and appraisal work conducted under a prospecting and appraisal licence at the licence holder's own cost; and

(d) by entering into a production sharing arrangement with the Russian government.

The licence sets out, among other things, the term of the licence, mineral rights granted thereunder, required work programs, amounts of certain taxes and fees payable by the licence holder, ownership of geological data and abandonment obligations. The holder of the licence may, subject to certain conditions, apply for amendments to certain provisions of the licence. The decision whether to grant such amendments is at the discretion of FASU or its territorial bodies.

Under the Subsoil Law, subsoil licences are granted for a limited period of time, and such period is stipulated in the licence. A prospecting and appraisal licence is usually granted for up to five years, while a mining licence, an exploration and mining licence or a prospecting, appraisal, exploration and mining licence is usually granted for the useful life of the mineral reserve deposit, calculated on the basis of a feasibility study that ensures the rational use and protection of the subsoil. In practice, mining licences and exploration and mining licences are usually issued for a 20-year period and prospecting, appraisal, exploration and mining licences are usually issued for a 25-year period. The term of the subsoil licence may be extended by the relevant authorities at the request of the licence holder if such extension is necessary to complete the development of the deposit, provided that the licence holder has not violated the terms of the respective licence. To date, Russian prospecting, appraisal, exploration and mining companies have generally not experienced issues with being granted extensions of their licences. Upon expiration of a licence, a licence holder must, at its own expense, reclaim the land and return it to a condition adequate for future use. Government authorities undertake periodic reviews to ensure compliance by subsoil licence users with the terms of their licences and applicable legislation. A licence holder can be fined for failing to comply with the terms of its subsoil licence and/or applicable legislation and that licence can be revoked, suspended or limited in certain circumstances.

Under the Subsoil Law, a subsoil licence terminates when:

(a) its term expires;

(b) a specific termination condition (typically referred to as an "automatic termination provision") in the licence agreement has been triggered;

(c) the licence is re-issued, but the re-issuance procedures set out in the Subsoil Law were not complied with; or

(d) in other instances stipulated by applicable law.

A subsoil licence may be revoked, suspended or limited by the licencing authorities in certain circumstances, including when:

(a) there is a direct threat to the life and health of people working or living in the area affected by the subsoil use;

(b) the licence holder has breached a material condition of the licence;

(c) the licence holder systematically violates the subsoil use requirements;

(d) there is an emergency situation such as natural disaster or military action;

(e) the licence holder does not commence operations as required by the licence;

(f) the licence holder has failed to file reports in accordance with the subsoil laws; or

(g) other instances stipulated by the Subsoil Law occur.

Typically, a licence can provide that certain conditions (such as requirements of technical and technological documentation, existence of insurance coverage or fulfilment of various commitments for regional development) are material conditions of the licence, and any failure to comply with these conditions by the licence holder either automatically result or may result in termination of the licence by the licencing authorities. All of Intergeo's licences provide the customary broad grounds for licence termination. In practice, termination of subsoil licences is uncommon and such licences are usually terminated for significant violations, such as failure to start operations at a specified time, constant underproduction, clear violations of a material condition of the licence for a significant period of time or failure to pay subsoil-related payments and taxes.

Licences cannot be transferred to another entity except in limited circumstances contemplated by, and subject to conditions specified in, the Subsoil Law. For example, a subsoil licence may be transferred if the transferee acquires assets of a bankrupt licence holder, or in the event of a spin-off, merger, consolidation, split-up or transfer of subsoil use rights to a parent company, subsidiary or a 'sister' company. Notwithstanding the foregoing, the Subsoil Law prohibits direct transfers of licences for Strategic Plots to Russian companies in which a Foreign Investor has an equity interest if such equity interest of the Foreign Investor enables it to, among other things, dispose of more than 10% of the voting shares in the transferee, appoint the transferee's chief executive officer and/or determine the transferee's decisions. This restriction limits the ability of such Russian companies to complete internal restructurings of strategic assets (such as direct transfers of licences for Strategic Plots).

Russian legislation also provides for the basic framework of payments applicable to licence holders, which includes: (i) one-time payments specified in the licence, (ii) regular payments for the subsoil use (such as rent paid for the right to conduct prospecting, appraisal and exploration work), (iii) mineral extraction tax, and (iv) fees for the right to participate in auctions/tenders.

Mining Allotments

Pursuant to the Subsoil Law, the subsoil area is provided to a licence holder under a subsoil licence as a "mining allotment" or "geological allotment" (i.e. a geometrized block of subsoil). The prospecting and appraisal licence sets out the final boundaries of the geological allotment. Prospecting, appraisal, exploration and mining licences may also provide for boundaries of geological allotments for the prospecting and appraisal stage. Preliminary mining allotment boundaries are determined at the time a mining licence, an exploration and mining licence or a prospecting, appraisal, exploration and mining licence is issued. Final mining allotment boundaries are set following preparation of technical project documentation and the approval thereof by the state expert commission formed by the FASU (comprised of representatives of the Ministry of Natural Resources and Environment, FASU, the Federal Service for Supervision of Natural Resources Usage ("**FSSNRU**") and the Federal Service for Environmental, Technological and Nuclear Supervision ("**FSETNS**")). No final mining allotment boundaries for Intergeo's deposits have yet been established.

Land Use Permits

In addition to a subsoil licence, a licence holder requires land use rights to the licenced area in order to conduct prospecting, appraisal, exploration and/or mining. Russian legislation prohibits any commercial activity, including mining activities, on a land plot without appropriate land use rights.

Pursuant to the Subsoil Law, the land plots for performance of prospecting, appraisal, exploration and mining work are granted to licence holders upon approval of the project documentation for such work in accordance with a simplified procedure set out in the Land Code and the Forestry Code for the purposes of prospecting, appraisal and exploration of subsoil resources and mining. Most land in Russia is owned by federal, regional or municipal authorities, which can sell, lease or grant other use rights to land plots through public auctions or tenders or negotiations. However, the Land Code and the Forestry Code provide for a streamlined procedure to lease land plots to a subsoil licence holder without holding an auction. The Forestry Code also permits one to perform prospecting and appraisal on forest land without executed lease agreements or any other documented rights to land.

Land lease rights are typically granted for a certain part of the licence area upon the submission of standardised reports, technical studies, pre-feasibility studies, budgets and impact statements to the respective state, regional or municipal authority. Pursuant to a resolution on granting a land lease right, the subsoil licence holder and the state or municipal authority enter into a lease agreement for a land or forest plot. The subsoil licence holder undertakes to pay the land rent throughout the lease term and, upon the expiry of the lease term, must return the land plot to the landlord in a condition suitable for its future use.

All land currently used by Intergeo is state-owned land and is used under leases or on other grounds contemplated by Russian law.

Environmental Regulation

Russian environmental legislation provides for a "pay-to-pollute" regime administered by the Ministry of Natural Resources and Ecology ("**MNRE**"), FSSNRU and FSETNS and regional authorities. MNRE establishes lists of harmful substances and physical impacts on the atmosphere as well as procedures for calculation and approval of limits for permissible emissions of polluting substances and waste disposal. FSSNRU approves such limits and issues permits for emissions of polluting substances and waste disposal. FSETNS exercises control and surveillance functions in respect of activities associated with hazardous industrial facilities. Fees are low for pollution within the prescribed limits and increase for pollution in excess of the prescribed limits to the highest for pollution in the absence of any permits. Payments of such fees do not relieve a company from its responsibility to take environmental protection measures and undertake restoration and clean-up activities.

Natural resources development issues are subject to periodic environmental evaluation. While in the past these evaluations have not generally resulted in substantial limitations on natural resources prospecting, appraisal, exploration and development activities, they are expected to become increasingly strict in the future. Currently, if the operations of a company do not comply with environmental requirements or cause harm to the environment, or an individual or legal entity, the environmental authorities may suspend these operations or a court action may be brought to limit or ban these operations. The company will be required to remedy the effects of the violations. Any company or employee that fails to comply with environmental regulations may be subject to administrative and/or civil liability and individuals (including managers of legal entities) may be held criminally liable. Courts may also impose clean-up obligations on violators in lieu of or in addition to imposing fines. The limitation period for claims for damage compensation caused by pollution is generally 20 years.

Project documentation relating to construction of mining and production facilities requires a prior favourable expert review by the competent public authorities. The purpose of such evaluation is to verify, among other things, that the project provides for the protection of the environment and rational use and restoration of natural resources.

Subsoil licences are granted on the condition that the licence holder undertakes to comply with Russian environmental standards and norms (relating to matters such as air, water and soil pollution limits, waste management requirements, animal protection and human health) and performs certain environmental commitments. All of Intergeo's licences contain obligations to comply with such standards and norms. There are clean-up requirements and penalties for failing to comply, the amount of which generally does not exceed $35,000. Once a subsoil licence is issued, FSSNRU monitors the licence holder's compliance with licencing requirements, as well as compliance with environmental legislation. State authorities are entitled to take legal actions to suspend or terminate activities performed by a licence holder in breach of environment-related licence conditions or terminate the licence for breach of environment-related licence conditions.

Strategic Plots

There are certain restrictions on the ability of Foreign Investors to acquire control over Russian companies developing subsoil plots of federal significance ("**Strategic Plots**") or to operate such plots. The legal regime of Strategic Plots is established by the Subsoil Law and the Strategic Investment Law (as defined below), which regulate the control and operation of such plots from two perspectives. First, there are certain restrictions on transfers and acquisitions of subsoil rights to Strategic Plots. Second, legal restrictions apply to direct or indirect acquisitions of corporate control over the Strategic Plots through corporate transactions involving direct or indirect transfers of control over companies holding subsoil rights to Strategic Plots. The restrictions established by the Subsoil Law with respect to transfers and acquisitions of subsoil rights (that is, restrictions of a company's rights to Strategic Plots) are generally stricter than and, to a certain extent, inconsistent with the restrictions in relation to transfers of corporate control established by the Strategic Investment Law.

Under the Subsoil Law, Russian hard rock Strategic Plots include:

- subsoil plots containing deposits and showings of uranium, diamonds, high-purity quartz, the yttrium group of rare earths, nickel, cobalt, tantalum, niobium, beryllium, lithium, and/or the platinum group of metals (irrespective of the size of the deposits and amount of the above minerals);
- subsoil plots containing the following reserves (as determined in accordance with applicable Russian standards): hard-rock gold reserves in excess of 50 tonnes and/or copper reserves in excess of 500,000 tonnes;
- subsoil plots that can only be developed using land used for defense and security; and/or
- subsoil plots included in the list of Strategic Plots.

The list of Strategic Plots has been prepared and published and is regularly updated by FASU. Once a subsoil plot has been included in this list it will retain its status as a Strategic Plot, notwithstanding any changes resulting from amendments of the above criteria. The list is not exhaustive and any subsoil plot which meets the above criteria may be deemed strategic irrespective of whether it is included in the list. The Ak-Sug Project, the Kingash Project and the East Sayan property are on the list of Strategic Plots. The Arbinsk property and the Greater Ak-Sug property may also be considered Strategic Plots.

Strategic Plots may be licenced only to legal entities established in Russia. However, the Russian government, in its own discretion, may impose restrictions on the ability of a Russian entity that is under direct or indirect control of a non-Russian investor or that has a non-Russian shareholder to participate in an auction or tender for a subsoil licence to use a Strategic Plot. Intergeo's Russian subsidiaries may be subject to such restrictions and, if a decision is made by the Russian government to introduce such restrictions for a particular "Strategic Plot" auction or a tender, Intergeo's Russian subsidiaries may be unable to participate in such auction or tender.

As discussed above, the Subsoil Law prohibits direct transfers of licences for Strategic Plots to Russian companies in which a Foreign Investor has an equity interest if such equity interest of the Foreign Investor entitles it to, among other things, dispose of more than 10% of the voting shares in such transferee, appoint such transferee's chief executive officer and/or determine the transferee's decisions. While licence transfers outside the Intergeo corporate structure are not contemplated, this restriction does effectively prohibit any intra-group transfer of Intergeo's strategic licences for reorganization purposes or for any other reasons.

An additional restriction applies to the commencement of exploration and/or mining operations at Strategic Plots for holders of prospecting, appraisal, exploration and mining licences. Under a prospecting, appraisal, exploration and mining licence, exploration and mining operations on a Strategic Plot may only commence after prospecting and appraisal of the entire subsoil plot are fully completed, and if such commencement of exploration and mining on the Strategic Plot is authorized by a Russian government decision. This is different from the general rule (applicable to non-strategic plots) where exploration and mining under a prospecting, appraisal, exploration and mining licence may be conducted simultaneously with prospecting and appraisal of a subsoil plot and mining can commence without any further authorization of the Russian government. As a result, Intergeo is obliged to complete its prospecting and appraisal of the Greater Ak-Sug property (assuming that it is a Strategic Plot) and the East Sayan property before it can apply for authorization from the Russian government to commence exploration and mining at these plots. As Ak-Sug and the Kingash deposit each have an exploration and mining licence, this restriction does not apply to such deposits.

If in the course of prospecting and appraisal a discovery is made under a prospecting and appraisal licence and the discovered deposit meets the Strategic Plot criteria, the Russian government may veto the issuance of a mining licence or an exploration and mining licence to the discoverer if (i) the discoverer is under direct or indirect control of a non-Russian investor or has a non-Russian shareholder and (ii) the Russian government determines that there is a threat to the national defence and security of Russia. If the relevant discovery is made under a prospecting, appraisal, exploration and mining licence and the discoverer is under direct or indirect control of a non-Russian investor or has a non-Russian shareholder, the Russian government has the right to prematurely terminate the prospecting, appraisal, exploration and mining licence if it determines that there is a threat to the national defence and security of Russia. There are no established criteria for determining whether a threat to national defence or security exists. Accordingly, the previously discovered Upper Kingash and Kuyo deposits and all new Strategic Plots that may be discovered by Intergeo under its prospecting and appraisal licences (including the licence for the Arbinsk property) will be subject to the aforementioned provisions of the Subsoil Law. In addition, the prospecting, appraisal, exploration and mining licences of Intergeo under which Strategic Plots may be discovered including under the licence for East Sayan and the Greater Ak-Sug Licence will be subject to these restrictions as well.

If the issuance of a mining licence or an exploration and mining licence is denied, or a prospecting, appraisal, exploration and mining licence is terminated, the affected subsoil licence holder is entitled to be reimbursed for the costs it incurred during the prospecting and appraisal of the discovered deposit (in the case of termination of a prospecting, appraisal, exploration and mining licence, such costs include the one-time payment made under the terms of such licence), and is entitled to an additional payment. Such reimbursement and payment are payable from the Russian federal budget pursuant to a procedure established by the Russian government. See "*Risk Factor — Risks Relating to Intergeo's Business and Industry — Intergeo's licences, in particular those relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company.*"

Strategic Entities

Federal Law No. 57-FZ dated April 29, 2008 "On the Procedure for Making Foreign Investments in Business Entities of Strategic Significance for the National Defence and Security of the Russian Federation", as amended (the "**Strategic Investment Law**"), introduces certain restrictions on the ability of Foreign Investors acquiring control over Russian limited liability companies and joint stock companies that conduct any of the 42 strategic activities referred to in the Strategic Investment Law, including operating Strategic Plots ("**Strategic Entities**").

The Strategic Investment Law requires a Foreign Investor to obtain approval ("**strategic approval**") from the Commission of the Russian government on Control over Foreign Investments chaired by the Russian Prime-Minister (the "**Russian Government Commission**") prior to acquiring control over a Strategic Entity. Control is defined by the Strategic Investment Law through controlled transactions that include:

- the acquisition by a Foreign Investor of the right to: (i) directly or indirectly dispose of 25% or more of the aggregate number of voting shares in the Strategic Entity; and/or (ii) appoint a sole person executive body of the Strategic Entity and/or 25% or more of the members of the collegial executive body, and/or unconditionally elect 25% or more of the members of the board of directors (supervisory board) or another collegial management body of such Strategic Entity;
- the acquisition by a Foreign Investor of participating interests (shares) in the charter capital of a Strategic Entity in the event such Foreign Investor already has a right to directly or indirectly dispose of 25% or more of the aggregate number of voting shares comprising such Strategic Entity's charter capital (except for the acquisition by such Foreign Investor of participating interests (shares) in the Strategic Entity when the Foreign Investor's existing shareholding percentage does not increase);
- the acquisition by a Foreign Investor of the right to fulfil the functions of the manager (management company) in relation to the Strategic Entity; and
- other transactions aimed at the acquisition by a Foreign Investor of a right to determine the decisions of the management bodies of the Strategic Entity, including the right to establish the terms of conducting commercial activities by the Strategic Entity.

Foreign Investors that are non-Russian states, international organizations and organizations under their control are subject to stricter rules and are prohibited from acquiring control (as defined by the Strategic Investment Law) over Strategic Entities, including those operating Strategic Plots. In addition, certain transactions of such Foreign Investors (except for international financial organizations included in a special list of international financial organizations maintained by the Russian government) which do not result in the acquisition of control over Strategic Entities require strategic approval. For example, strategic approval is required for an acquisition by a Foreign Investor of the right to, directly or indirectly, dispose of more than 5% of the aggregate number of voting shares in a Strategic Entity that operates a Strategic Plot. It is unclear how the restrictions established by the Strategic Investment Law would apply to acquisitions of shares in a public company indirectly owning Strategic Entities. The Russian Federal Anti-monopoly Service ("**FAS**"), which is the Russian governmental entity in charge of implementing and administering the Strategic Investment Law, currently takes a de-facto position that such acquisitions, to the extent that they do not lead to a change of de facto control of the public company, do not trigger the strategic approval requirements. However, it is still possible that these restrictions could be interpreted as requiring Foreign Investors to obtain prior strategic approval. As a result, a Foreign Investor that is a non-Russian state, international organization (except for the international financial organizations mentioned above) or an organization under their control may be viewed to be required to obtain prior strategic approval to acquire more than 5% of the Common Shares. Moreover, such a Foreign Investor may also be viewed to be prohibited from acquiring 25% or more of the Common Shares. A Foreign Investor of any other type may be viewed as being required to obtain prior strategic approval to acquire 25% or more of the Common Shares. The restrictions established by the Strategic Investment Law will apply to the acquisition of Common Shares by one such Foreign Investor rather than to acquisitions made by several independent and non-affiliated Foreign Investors. Accordingly, independent and non-affiliated Foreign Investors may acquire more Common Shares than specified above without the need to obtain prior strategic approval to the extent that neither of them individually (or jointly with their affiliates) acquires Common Shares in excess of the respective thresholds.

The Strategic Investment Law does not apply to the following types of transactions:

- transactions between companies under "Russian control" (that is, where the seller and the acquirer are both under "Russian control"). Specifically, the term "Russian control" under the Strategic Investment

Law means de facto control or control over a majority of votes at either the shareholder or board level by (i) Russia or (ii) Russian citizens who are Russian tax residents (other than Russian citizens with dual citizenship); and

- transactions done with the participation of international financial organizations which have been created in accordance with international treaties of Russia, and/or with which Russia has international treaties, and which are included in the list of such organizations maintained by the Russian government.

Since Intergeo is currently under the ultimate control of Mr. Prokhorov, who is a Russian citizen and a Russian tax resident, the restrictions established by the Strategic Investment Law with respect to acquisition of control over Strategic Entities that are also under "Russian control" do not currently apply to Intergeo, nor do they currently apply to internal intra-group reorganizations of Intergeo. However, Intergeo will not be able to rely on this exemption if it ceases to be under "Russian control", including in the event that Mr. Prokhorov loses his status as a Russian tax resident, ceases to be a Russian citizen or becomes a citizen of any other country, or loses de facto control over Intergeo, including as a result of a transfer of his interest in Daselina to an individual who does not satisfy the "Russian control" criteria.

Anti-monopoly Legislation

The anti-monopoly legislation of Russia is based on Federal Law No. 135-FZ dated July 26, 2006 "On the Protection of Competition", as amended (the "**Competition Law**") and other federal laws and regulations governing anti-monopoly issues.

The anti-monopoly legislation of Russia is aimed at the prevention and termination of monopolistic activity and control over economic concentration and governs relations which involve, among others, Russian legal entities, non-Russian legal entities, state agencies of Russia and local government authorities. Anti-monopoly restrictions include prohibitions on the conclusion of anti-competitive agreements, the exercise of anti-competitive coordinated actions, acts resulting in unfair competition, and the abuse of a dominant position. The Company currently does not consider itself to be a monopoly or part of a monopoly.

Anti-monopoly legislation also imposes certain restrictions and approval requirements with respect to economic concentration, including, for example, acquisitions of significant stakes in, or control over, Russian companies or mergers involving Russian companies. Therefore, certain future transactions (including acquisitions) by Intergeo or its subsidiaries, as well an internal reorganization of Intergeo may require a prior anti-monopoly consent of the FAS.

Russian Tax System

The Russian tax system includes federal, regional and local taxes. The comments below are of a general nature based on applicable Russian tax laws as of the date of this prospectus, which are subject to change, possibly with retroactive effect. However, in accordance with the Tax Code of the Russian Federation (Part One) Law of the Russian Federation, No. 146-FZ, dated July 31, 1998 (as amended) and the Tax Code of the Russian Federation (Part Two) Law of the Russian Federation, No. 117-FZ, dated August 5, 2000, as amended (the "**Russian Tax Code**"), legislative acts on taxes and duties which adversely affect taxpayers cannot be retroactively imposed. Laws related to taxes in Russia have been in force for a shorter period of time relative to tax laws in more developed market economies with limited guidance and fewer court precedents with respect to the interpretation of these laws.

Corporate Profits Tax

Russia imposes a single corporate profits tax with payments split between the federal and regional budgets at a 20% tax rate (2% payable to the federal budget and 18% payable to regional budgets). The tax is imposed on Russian companies based on worldwide income and non-Russian companies with respect to Russian source income. The Profits Tax Chapter of the Russian Tax Code provides for the following important elements of the profits tax regime:

- Taxable profit calculation is based on the accrual method;

- Generally, expenses including prospecting and appraisal costs and unsuccessful exploration and development costs are deductible for tax purposes if they are "economically justified and properly documented"; however, certain business expenses are subject to specific limitations and other specific guidelines which need to be observed;
- Fixed assets can be depreciated on a straight-line or a declining balance method (increasing depreciation in the early years) using the statutory life of the assets. The taxpayer is allowed a lump-sum deduction of 10% (30% for assets with statutory life from 3 to 20 years) of the book value of newly acquired/constructed fixed assets;
- Loss carry-forwards are permitted for ten years;
- New transfer pricing rules which came into effect as of January 1, 2012 impose stricter transfer pricing requirements than those in effect prior to January 1, 2012 and are largely based on the Organization for Economic Co-operation and Development ("**OECD**") guidelines, but also apply to certain categories of cross-border transactions even with unrelated parties and introduce new documentation requirements; and
- A new tax consolidation regime, which is currently available only for major Russian groups, whose total amount of value added tax, excise tax, profits tax and mineral extraction tax is not less than RUB10 billion, combined turnover is not less than RUB100 billion and combined book value of assets is not less than RUB300 billion.

Regional legislative bodies may decrease the profits tax rate payable to the regional budget from 18% down to 13.5% for certain categories of taxpayers. Thus, the overall profit tax rate can range from 20% to 15.5%.

Dividends paid by one Russian company to another Russian company are subject to a 9% withholding tax. However, where the Russian company receiving the dividends holds not less than a 50% interest in the charter capital of the Russian company paying the dividends and has held such interest for not less than 365 calendar days the withholding rate on the dividends is zero.

Where a Russian company pays dividends to a non-Russian company, the withholding tax rate on such dividends is 15% unless reduced by an applicable tax treaty. In the case of the tax treaty between Russia and Cyprus such dividend withholding rate may be reduced to 5% if the direct investments by the Cypriot shareholder in the Russian company exceeded the equivalent of $100,000 (the threshold will be changed from $100,000 to Euro 100,000 according to the Protocol signed between Cyprus and Russia, which is expected to become effective January 1, 2013), otherwise the rate of withholding tax is reduced to 10%.

Value Added Tax

Value-added tax ("**VAT**") of 18% is imposed on domestic sales of goods, certain types of work and services and on the importation of goods into Russia. Import VAT is imposed on the customs value of imported goods inclusive of customs duties. Exports of goods from Russia, including exports of ferrous and non-ferrous metals are subject to a 0% VAT (which effectively means no VAT imposed on the export sale with an ability to claim input VAT), although a specific procedure is required to claim the 0% rate on exports.

A number of goods, types of work, and services are exempt from VAT. An exemption from VAT applies to certain goods imported into Russia, e.g. technological equipment, its components and spare parts which do not have analogues produced in Russia according to the list approved by the Russian government.

Mineral Extraction Tax

The Mineral Extraction Tax for ferrous and non-ferrous metals is calculated by multiplying the value of the extracted mineral resources that first meet applicable quality standards by the applicable tax rate. The value is determined based on the taxpayer's sales prices for natural resources (without subsidies) for the relevant month less VAT, excise taxes and transportation costs or as a calculated price based on costs. For precious metals, the tax is applied to the share of the chemically pure metal contained in the extracted minerals multiplied by its value calculated as the taxpayer's sales price (without VAT) less refining and transportation costs. The rules on calculating the Mineral Extraction Tax are complex and may depend on the particular technological processes involved and are often subject to contradictory clarifications and court practice. The Russian Tax Code currently imposes the following tax rates for extracted metals:

Type of mineral resources	Mineral Extraction Tax Rate
Commercial grade ferrous metal ores, such as iron	4.8%
Concentrates and other intermediate products containing gold	6.0%
Concentrates and other intermediate products containing precious metals (other than gold)	6.5%
Commercial grade non-ferrous metal ores and multi-component complex ores, as well as useful components of complex ores (except for precious metals), such as copper, nickel, titanium, molybdenum, rhenium and vanadium	8%

Property Tax

Property tax is imposed with respect to a taxpayer's property (except for land). Property tax is calculated by multiplying the average annual value of plant and equipment in the taxpayer's books by the tax rate imposed by regional authorities, which cannot exceed 2.2%.

Export Customs Duties on Nickel

Export of nickel matte, agglomerate of nickel oxide and some other intermediary nickel products is subject to a 5% export customs duty. Export of unprocessed unalloyed nickel is subject to a specific export customs duties calculated by the Russian government based on several special formulas based on the average price for nickel on the LME. Starting June 5, 2012, the export duty is $1,447.60 per tonne.

Russia's World Trade Organization commitments do not contain any obligations to reduce the amount of customs duty imposed on the exportation of nickel and nickel containing goods.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF INTERGEO RUSSIA FOR THE THREE YEARS ENDED DECEMBER 31, 2011

Certain terms used in this management's discussion and analysis ("**MD&A**") are defined in this MD&A. In addition to this MD&A, investors should read the pro forma financial statements of Intergeo MMC Ltd. and the financial statements and MD&A for each of Kingash LLC, Intergeo Cyprus and Intergeo MMC Ltd. See "*Index of Financial Statements and Management's Discussion and Analysis*" on page F-1 of this prospectus.

The following MD&A of the operating results and financial condition of LLC Intergeo Managing Company (in this MD&A "**Intergeo**" or the "**Company**") for the years ended December 31, 2011, 2010 and 2009 should be read in conjunction with the audited consolidated financial statements of the Company and the accompanying notes thereto, which are included elsewhere in this prospectus and which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Unless otherwise indicated, all dollar amounts in this MD&A are stated in thousands of United States dollars. The following additional abbreviations have also been used in this MD&A: International Accounting Standards Board ("**IASB**"); International Accounting Standards ("**IAS**"); and International Financial Reporting Interpretations Committee ("**IFRIC**").

The Company's accounting policies and estimates used in the preparation of its financial statements are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process. This analysis contains forward-looking information about the Company's business and future prospects that involve certain risks and uncertainties. The Company provides no assurances that actual results will meet management's expectations. See "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

The information in this MD&A is provided as of May **[●]**, 2012.

Formation of the Company

The Company was established on February 19, 2007 as a limited liability company under the laws of the Russian Federation as "LLC Intergeo Managing Company".

Prior to the acquisition of Kingashskaya mining company LLC ("**Kingash**"), most of Intergeo's principal subsidiaries that hold its properties were acquired during 2007 and 2008. The mining and explorations rights were primarily obtained through auction processes. On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash. As of this date, Kingash became a wholly-owned subsidiary of Intergeo. As at December 31, 2011, the Company held ten Russian limited liability companies.

Since April 2011, and as at December 31, 2011, Intergeo was 99.9995% owned by Mikhail Prokhorov.

On February 9, 2012, the Company, Intergeo Management Limited and Intergeo MMC Ltd completed a series of corporate restructuring transactions. The transactions had the effect of converting approximately $195.2 million (including accrued interest) of the Company's borrowings to charter capital of the Company. In addition, as a result of these transactions the Company became an indirect 99.5% subsidiary of Intergeo MMC Ltd (a company incorporated under the laws of the British Virgin Islands). Mr. Prokhorov remained the ultimate beneficial owner of the Company. (See "*Subsequent Events*").

OVERALL PERFORMANCE

Intergeo is a diversified mineral resource company primarily focused on developing, exploring and acquiring base metal properties in Russia, with immediate focus on developing its two key open pit projects: the Ak-Sug copper porphyry deposit and the Kingash nickel sulphide property. The Company has no operating properties and therefore no revenue and negative cashflow from operations.

The Company defines its operations as a single operating segment.

Historically the Company has relied on its shareholders for funding of its expenditures through borrowings from the shareholder and related entities. As at December 31, 2011, these borrowings totalled $195,171 (including accrued interest of $721), however, as a result of the corporate restructuring that was completed in February 2012, all shareholder and related party borrowings were converted to equity (See "*Subsequent Events*"). It is expected that future funding of the Company will include further shareholder advances, short term bridge financing, and the proceeds from a planned public offering of shares of the Company's ultimate parent, Intergeo MMC Ltd.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets out selected financial information for the Company as at and for the years ended December 31, 2011, 2010 and 2009:

For the year ended December 31,	2011	2010	2009
(in US$ 000's)	$	$	$
Loss for the year	(39,649)	(18,963)	(10,022)
Total comprehensive loss for the year	(36,226)	(19,039)	(9,712)
Net cash used in operating activities	(15,234)	(6,517)	(4,575)
Net cash used in investing activities	(87,919)	(18,183)	(6,431)
Net cash from financing activities	105,942	27,870	10,422
Effect of foreign exchange rate changes on cash and cash equivalents	(653)	(38)	(179)

As at December 31,	2011	2010	2009
(in US$ 000's)	$	$	$
Assets			
Current assets	15,704	11,265	8,052
Exploration and evaluation assets	170,507	114,326	107,735
Total assets	191,779	127,425	118,733
Liabilities			
Current liabilities	204,930	109,396	93,571
Total non-current financial liabilities	13,083	15,089	8,602
Total liabilities	218,013	124,485	102,173
Current assets less current liabilities	(189,226)	(98,131)	(85,519)
Equity (Deficit)			
Charter capital	7	7	7
Additional paid-in capital	46,766	40,315	34,897
Deficit	(76,880)	(37,438)	(18,308)
Foreign currency translation reserve	2,653	(633)	(990)
Equity (deficit) attributable to owners of the company	(27,454)	2,251	15,606
Non-controlling interest	1,220	689	954
Total equity (deficit)	(26,234)	2,940	16,560

The Company is in the mineral exploration and development business and has not commenced mining operations or generated operating revenues to date. There is, therefore, no expectation of revenues from development and production until development of any of the Company's properties is completed.

Net cash used in operating activities and in investing activities increased significantly in each of 2010 and 2011 as the Company's exploration activities increased and exploration properties were acquired, in particular, the acquisition of Kingash, which took place in July 2011.

Results of Operations

The Company has no history of production and no operating revenues and may not generate operating revenues from its mineral properties or ever achieve profitable operations. There are a number of risks or uncertainties that could materially affect the Company's future performance which include, but are not limited to: the Company's limited operating history and lack of operating revenue; obtaining funds to develop mineral properties; the absence of proven or probable reserves; actual costs exceeding anticipated costs; volatility of metal and mineral prices; obtaining permits and licences in Russia and the loss or failure to maintain such licences; the remote location of the Company's mineral properties; operating in Russia; significant governmental regulation and weaknesses in the Russian legal system; and generally, the speculative nature of exploration and development of mineral resources.

Results for the years ended December 31, 2011 and 2010

The Company recorded a loss for the year ended December 31, 2011 of $39,649, an increase of $20,686 from the $18,963 loss recorded for the year ended December 31, 2010. The increased loss is primarily due to an increase in general and administrative expenses on a year-over-year basis and the impairment losses taken in 2011 relating to exploration and evaluation assets.

General and administrative expense

General and administrative expense for the year ended December 31, 2011 was $12,538, an increase of $4,000 from $8,538 for the year ended December 31, 2010. The increase in the general and administrative expense in 2011 over the prior year relates primarily to higher payroll amounts due to an increase in project development costs, higher professional services fees as a result of an increase in the number of contracted personnel in support of expanding exploration work and higher office rent costs in Moscow.

Impairment of exploration and evaluation assets

The impairment losses relating to exploration and evaluation assets for the year ended December 31, 2011 amounted to $25,770, an increase of $14,432 from the impairment loss of $11,338 recognized during the year ended December 31, 2010.

During the year ended December 31, 2011, management decided to indefinitely suspend exploration and evaluation activities at Orekitkan as a result of management's assessment of the current economics of this project. Accordingly, an impairment loss in the amount of $25,171 was recognized. Additional impairment losses were also recognized during the year ended December 31, 2011 with respect to the East Sayan property in the amount of $445 and Arbinsk property in the amount of $154. These impairment losses were the result of management's decision to reduce the size of the respective properties under exploration licences.

During the year ended December 31, 2010, the Company ceased work and planned no future work on the Uronay property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $11,338.

Income tax expense

Income tax expense for the year ended December 31, 2011 was $207, an increase of $153 from the expense of $54 for the year ended December 31, 2010. This change is primarily the result of an increase in impairment losses on exploration and evaluation assets and the related tax losses, which were not recognized in the financial statements as it is not probable that the related tax benefit can be realized through future taxable profits.

Results for the years ended December 31, 2010 and 2009

The Company recorded a loss for the year ended December 31, 2010 of $18,963, an increase of $8,941 from the $10,022 loss recorded for the year ended December 31, 2009. The increased loss is primarily due to an increase in general and administrative expenses on a year-over-year basis and the impairment losses taken in 2010 relating to exploration and evaluation assets and is partially offset by a reduction in income tax expense for the period.

General and administrative expense

General and administrative expense for the year ended December 31, 2010 was $8,538, an increase of $2,084 from $6,454 for the year ended December 31, 2009. The increase in the general and administrative expense in 2010 over the prior year relates primarily to higher payroll amounts due to an increase in project development costs and higher professional services fees as a result of an increase in the number of contracted personnel in support of expanding exploration work.

Impairment of exploration and evaluation assets

The impairment loss relating to exploration and evaluation assets for the year ended December 31, 2010 amounted to $11,338, an increase of $10,304 from the loss of $1,034 recognized during the year ended December 31, 2009.

During the year ended December 31, 2010, the Company ceased work and planned no future work on the Uronay property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $11,338.

During the year ended December 31, 2009, the Company ceased work and planned no future work on the Isakov property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2009 totalling $1,034.

Income tax expense

Income tax expense for the year ended December 31, 2010 was $54, a decrease of $3,445 from the $3,499 expense recognized for the year ended December 31, 2009. This decrease in expense is primarily the result of an increase in impairment charges on exploration and evaluation assets and the related tax losses, which were not recognized in the financial statements as it is not probable that the related tax benefit can be realized through future taxable profits.

Financial position

Cash and cash equivalents

At December 31, 2011, cash and cash equivalents of $9,792 include cash deposits of $4,294 and short-term interest bearing deposits of $5,498. This compares with cash and cash equivalents at December 31, 2010 of $7,656 (cash deposits of $1,422 and short-term interest bearing deposits of $6,234) and cash and cash equivalents at December 31, 2009 of $4,524 (cash deposits of $1,349 and short-term interest bearing deposits of $3,175). The increase in cash and cash equivalents balances from $4,524 at December 31, 2009 to $7,656 and $9,792 at December 31, 2010 and 2011, respectively, reflects the overall increase in the Company's exploration activities and general and administrative costs, which has been financed by increased borrowings from related parties over the same period.

The Company's cash and cash equivalents at December 31, 2011, 2010 and 2009 are denominated in Russian Roubles.

Other receivables

At December 31, 2011, other receivables totalled $3,853 (December 31, 2010 — $2,099; 2009 — $3,418) and are primarily Value Added Tax ("**VAT**") recoverables of $3,231 (December 31, 2010 — $1,833; 2009 — $2,958).

Exploration and evaluation assets

Exploration and evaluation assets represent the acquisition costs and deferred exploration and evaluation costs pertaining to the Company's exploration and evaluation activities carried out in the Russian Federation. The capitalized expenditures include the cost of acquiring the legal rights to explore and costs that are directly attributable to exploration and evaluation activities such as exploratory drilling, trenching and analysis. Borrowing costs arising on financing directly attributable to these activities are also recognized as part of the cost of such assets. Capitalized borrowing costs amounted to $7,822 for the year ended December 31, 2011 (year ended December 31, 2010 — $9,303; 2009 — $5,550).

Exploration and evaluation assets by project are as follows:

Project	**December 31, 2011**	**December 31, 2010**	**December 31, 2009**
(in US$ 000's)	$	$	$
Ak-Sug	30,878	21,051	17,894
Kingash	64,572	—	—
Greater Ak-Sug	4,680	2,556	455
East Sayan	41,234	39,015	32,847
Arbinsk	12,656	12,842	11,874
Bolshoy Seyim	16,487	16,658	14,230
Orekitkan	—	22,204	19,601
Uronay	—	—	10,834
	170,507	114,326	107,735

Ak-Sug is a copper porphyry deposit in the early development stage and has a completed preliminary economic assessment prepared in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects ("NI 43-101"). Further studies to demonstrate the economic viability of the project are planned.

Kingash was acquired by the Company in July 2011. Kingash is a nickel sulphide property consisting of three identified deposits. A preliminary economic assessment prepared in accordance with NI 43-101 has been completed on the project and further studies to demonstrate the economic viability of the project are planned.

If economic viability of these projects is determined, a production decision for each will be made, followed, if applicable, by financing, construction and mine development in order to place each project into production.

In addition, the Company's earlier stage exploration assets include the Greater Ak-Sug copper porphyry property ("**Greater Ak-Sug**") and East Sayan nickel property ("**East Sayan**"), both of which are located in southern Siberia. The Company also holds a licence covering the Arbinsk copper deposit ("**Arbinsk**"), which is located in the Far East Federal District of Russia. Management believes these regions to be among the world's most highly prospective mineral districts.

Subsequent to the year ended December 31, 2011, the Company became party to an agreement to dispose of its Bolshoy Seyim property, which it holds through its 51% interest in Uralmining, Ltd. (See "*Subsequent Events*").

Property, plant and equipment

At December 31, 2011, the carrying amount of property, plant and equipment was $5,280, an increase of $3,895 from $1,385 at December 31, 2010. This increase is primarily the result of the acquisition of Kingash, which resulted in the addition of $4,393 in property, plant and equipment and other additions amounting to $1,303, partially offset by depreciation charged during the year.

At December 31, 2010, the carrying amount of property, plant and equipment was $1,385, a decrease of $65 from $1,450 at December 31, 2009. This decrease is primarily the result of the depreciation charged during the year, partially offset by the acquisition of property, plant and equipment during the same period.

Borrowings

At December 31, 2011 the carrying value of total current and non-current borrowings of $200,482 was comprised of $194,450 in promissory notes issued to related parties and $6,032 in loans to the Bolshoy Seyim project from unrelated parties. See "*Transactions with Related Parties*". This represents a net increase in total borrowings of $88,586 from $111,896 at December 31, 2010. As at December 31, 2010 the Company had $5,072 in non-current loans from unrelated parties, $6,225 in current loans and promissory notes from unrelated parties and $100,599 in current loans and promissory notes from related parties. The net increase in borrowings during 2011 was primarily used to finance the acquisition of Kingash, fund exploration and evaluation activities related to the projects and to provide funds for general and administrative purposes.

At December 31, 2010 the carrying value of total borrowings was $111,896 as detailed above. This represented a net increase of $20,388 from $91,508 in current and non-current borrowings at December 31, 2009. As at December 31, 2009 the Company had $5,794 in current loans from unrelated parties and $85,714 in current loans and promissory notes from related parties. The net increase in borrowings during 2010 was primarily used to fund exploration and evaluation activities related to the Company's projects and to provide funds for general and administrative purposes.

Additional paid-in capital

The increase in additional paid-in capital during the year ended December 31, 2011 was caused by the effects of discounting at market interest rates related party loans and receivables in the amount of $6,451, net of applicable tax of $1,543 (December 31, 2010 — $5,418 net of applicable tax of $1,354; December 31, 2009 — $3,094 net of applicable tax of $776).

On March 3, 2009 cash totalling $16,897 was contributed to the Company by participants and recorded as additional paid-in capital.

Charter capital

Charter capital is fully paid in cash. Voting rights are allocated to participants based on the proportion of their contributions in the total charter capital of the Company. Charter capital as at December 31, 2011 amounted to $7 (December 31, 2010 — $7; 2009 — $7). There were no movements in the charter capital of the Company in the years ended December 31, 2011 or 2010. During the year ended December 31, 2009 $3 in cash was contributed to the Company and recorded as charter capital.

SUMMARY OF QUARTERLY RESULTS

For the year ended December 31, 2011 (unaudited)	December 31, Qtr 4	September 30, Qtr 3	June 30, Qtr 2	March 31, Qtr 1
(in US$ 000's)	$	$	$	$
Loss for the period	(4,474)	(4,786)	(27,497)	(2,892)
Total comprehensive loss for the period	(4,091)	(1,925)	(27,078)	(3,132)
Net cash from (used in) operating activities	1,405	(11,415)	(3,455)	(1,769)
Net cash used in investing activities	(6,563)	(75,875)	(4,482)	(999)
Net cash from financing activities	15,320	75,745	14,877	—

For the year ended December 31, 2010 (unaudited)	December 31, Qtr 4	September 30, Qtr 3	June 30, Qtr 2	March 31, Qtr 1
(in US$ 000's)	$	$	$	$
Loss for the period	(12,279)	(2,687)	(1,519)	(2,478)
Total comprehensive loss for the period	(12,273)	(2,310)	(2,388)	(2,068)
Net cash used in operating activities	(2,068)	(1,489)	(969)	(1,991)
Net cash used in investing activities	(12,048)	(1,980)	(2,078)	(2,077)
Net cash from financing activities	9,352	4,146	6,379	7,993

The most significant items that have affected the Company's losses for the eight quarters ended December 31, 2011 were impairment charges relating to exploration and evaluation assets.

During the three months ended September 30, 2011 the Company used cash in the amount of $68,119 to purchase LLC Kingashskaya mining company.

During the three month period ended June 30, 2011 the Company's loss for the period was impacted as a result of an impairment charge related to its Orekitkan project in the amount of $25,171.

During the three months ended December 31, 2010 the Company's loss for the period was increased as a result of an impairment charge related to Uronay in the amount of $11,338.

Since April 2011, and as at December 31, 2011, Intergeo was 99.9995% owned by Mikhail Prokhorov. Mr. Prokhorov remained the ultimate beneficial owner of the Company upon completion of the restructuring transactions which were completed in February 2012.

Contractual obligations (in US$000's)	Payments Due by Period				
	Total $	Less than 1 year $	1 – 3 years $	4 – 5 years $	After 5 years $
Debt	200,482	200,482	—	—	—
Finance lease obligations	—	—	—	—	—
Operating leases	557	41	98	66	352
Purchase obligations(i)	2,497	2,497	—	—	—
Other obligations(ii)	4,448	4,448	—	—	—
Total contractual obligations	207,984	207,468	98	66	352

Notes:

(i) "Purchase obligations" means an agreement to purchase goods or services that is enforceable and legally binding on your company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

(ii) "Other obligations" means other financial liabilities reflected on your company's statement of financial position.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on a going concern basis, which assumes that it will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

The Company is at the exploration and evaluation stage of its activities and has not generated revenue or cash flow from its exploration projects. The attainment of profitable operations is dependent upon future events, including the successful exploration and development of the Company's projects. To date, the Company has been reliant on borrowings and equity provided by related parties. See "*Transactions with Related Parties*". To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful equity or debt financings. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, the Company received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet the Company's liabilities during the period of one year subsequent to the date of signing of the financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, provided the letter of support because effective April 28, 2011, Mikhail Prokhorov also became the owner of 99.9995% of Intergeo.

On February 9, 2012 the Company, Intergeo Management Limited and Intergeo MMC Ltd completed a series of corporate restructuring transactions. The transactions had the effect of converting approximately $195.2 million of the Company's current borrowings to charter capital of the Company. In addition, as a result of the transactions the Company became an indirect 99.5% subsidiary of Intergeo MMC Ltd (a company incorporated under the laws of the British Virgin Islands). Mr. Prokhorov remained the ultimate beneficial owner of the Company.

During the year ended December 31, 2011, the Company received proceeds from borrowings totalling $194,824 (year ended December 31, 2010 — $34,943; 2009 — $3,618) and repaid borrowings during the year ended December 31, 2011 of $89,483 and (year ended December 31, 2010 — $7,073; 2009 — $10,096).

During the year ended December 31, 2009, the Company received additional capital contributions from shareholders totalling $16,897 (years ended December 31, 2011 and 2010 — $nil).

The Company had a working capital deficiency (current assets of $15,704 less current liabilities of $204,930) of $189,226 as at December 31, 2011, which represents an increase of $91,095 from $98,131 at December 31, 2010. The increase in the working capital deficiency as at December 31, 2011 compared with December 31, 2010 is primarily a result of the net increase in current borrowings of $93,658 that was used to finance the acquisition of Kingash, exploration and evaluation activities, and general and administrative expenses during the year.

As at December 31, 2010, the Company had a working capital deficiency of $98,131, (current assets of $11,265 less current liabilities of $109,396) which represents an increase of $12,612 from $85,519 at December 31, 2009. The increase in working capital deficiency at December 31, 2010 compared with December 31, 2009 is primarily a result of the net increase in current borrowings of $15,316 that was used to finance exploration and evaluation activities and general and administrative expenses during the year offset by an increase in cash and cash equivalents of $3,132.

Subsequent to 2011, the Company completed a corporate restructuring in February 2012 which converted all shareholder and related entity borrowings to equity, thereby eliminating the working capital deficiency. (See "*Subsequent Events*"). As the Company's projects are all in the exploration or economic assessment stage, no funds from operations are expected to be generated prior to the commencement of production. The Company intends to rely on further shareholder funding, short term bridge financing, and the proceeds from a planned public issuance of its parent company's shares to fund activities for the next 18 months.

Contingencies and commitments

Tax legislation

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

The Russian tax authorities may take a more assertive approach in their interpretation of the legislation and tax examinations. This approach includes following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. However, there are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since incorporation of the Company, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated as at December 31, 2011.

Capital commitments

At December 31, 2011 the Company has contractual capital expenditure commitments in respect of exploration and evaluation assets in the amount of $2,497 (December 31, 2010 — $78; 2009 — $2,340).

Additional expenditures are planned in 2012 in order to advance exploration activities on the properties and progress economic studies required for the Ak-Sug and Kingash projects. The amount of these additional expenditures will be dependent upon funding sources available to the Company during the year. Contractual capital commitments will be funded through cash reserves.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

Operating leases

The Company leases land under non-cancellable operating lease agreements. The leases are for a specified period, and the majority of lease agreements are renewable at the end of the lease period. The expected amount of lease rentals payable is shown below as at December 31, 2011, 2010 and 2009:

As at December 31,	**2011**	**2010**	**2009**
(in US$ 000's)	$	$	$
Less than one year	41	42	35
Between one and five years	164	169	140
More than five years	352	415	421
	557	626	596

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to Intergeo and its subsidiaries include:

Related Party	Relationship	Period Related
Onexim Holdings Limited	Shareholder	From March 2008 to April 2011
LLC Kvarto	Shareholder	From March 2008 to April 2011
LLC Sports Complex named after E.A. Streltsov	Shareholder	From March 2008 to April 2011
Mr. Mikhail D. Prokhorov	Shareholder	From April 2011
Onexim Group Management Limited	Other related party(ii)	See below
Coverico Holdings Co. Limited	Other related party(i)	See below
North Financial Overseas Corp.	Other related party(i)	See below
Daselina Investments Ltd.	Other related party(ii)	See below
LLC Chernogorskaya GRK	Other related party(iii)	From March 2008 to April 2011
LLC Kamenskaya GRK	Other related party(iii)	From March 2008 to October 2011
Travallation Holdings Ltd	Other related party(ii)	See below
Kingashskaya mining company LLC	Other related party(iv)	From November 2010 to July 2011

Notes:

(i) Subsidiary of Onexim Holdings Limited (Mr. Mikhail Prokhorov ultimate beneficial owner)

(ii) Mr. Mikhail Prokhorov ultimate beneficial owner

(iii) Subsidiary of Kvarto LLC

(iv) See "*Acquisition of Kingashskaya mining company LLC*"

Unless otherwise noted the parties were related during the entire period covered by the financial statements.

Balances and transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in the following tables.

Borrowings from related parties

All borrowings from related parties are unsecured.

The majority of the promissory notes were issued with a discount to the nominal value of the notes. The promissory notes can be transferred by the holder to another party without notification to the issuer of the promissory notes.

The loans received by the Company bear fixed interest rates.

The nominal interest rates attached to loans and promissory notes from related parties were below market rates. The promissory notes and loans were discounted at market rates prevailing at the dates of issue for the maturity period of the debt. The effect of discounting of debt payable to related parties was credited to additional paid-in capital as it was considered to be a contribution to capital.

Promissory notes issued to related parties include interest-free notes issued to North Financial Overseas Corp., which mature in 2012. Notes issued to Onexim Group Management Limited and to other related parties bear interest at 5.5% and nil % per annum, respectively. These notes are payable upon demand.

As at December 31,	2011	2010	2009
(in US$ 000's)	$	$	$
Principal			
Onexim Holdings Limited	188,226	346	58,844
Daselina Investments Ltd.	6,224	—	—
Onexim Group Management Limited	—	38,096	26,741
Coverico Holdings Co. Limited	—	56,981	—
LLC Kvarto	—	5,059	—
LLC Kamenskaya GRK	—	117	129
	194,450	100,599	85,714
Interest payable			
Coverico Holdings Co. Limited	—	525	—
LLC Kvarto	—	215	—
Onexim Holdings Limited	721	—	986
LLC Kamenskaya GRK	—	17	9
	721	757	995
	195,171	101,356	86,709

Proceeds from borrowings

For the years ended	2011	2010	2009
(in US$ 000's)	$	$	$
Principal			
Onexim Holdings Limited	104,533	—	2,749
Onexim Group Management Limited	13,564	17,319	—
Coverico Holdings Co. Limited	—	1,930	—
LLC Kvarto	—	5,076	—
North Financial Overseas Corp.	69,909	—	—
Daselina Investments Ltd.	6,818	—	—
LLC Kamenskaya GRK	—	15	126
LLC Chernogorskaya GRK	—	1,324	—
	194,824	25,664	2,875
Interest accrued			
Onexim Holdings Limited	676	173	514
Coverico Holdings Co. Limited	15	705	—
LLC Kvarto	302	216	—
LLC Kamenskaya GRK	6	—	9
LLC Chernogorskaya GRK	—	28	—
	999	1,122	523
	195,823	26,786	3,416

Borrowings repaid

For the years ended (in US$ 000's)	2011 $	2010 $	2009 $
Principal			
Onexim Holdings Limited	56,500	4,846	2,364
Onexim Group Management Limited	32,857	—	—
LLC Kamenskaya GRK	126	—	—
LLC Chernogorskaya GRK	—	1,333	—
	89,483	6,179	2,364
Accrued interest			
Onexim Holdings Limited	225	355	203
Coverico Holdings Co. Limited	643	—	—
LLC Kamenskaya GRK	24	—	—
LLC Chernogorskaya GRK	—	18	—
	892	373	203
	90,375	6,552	2,585

Cash in bank

As at December 31, (in US$ 000's)	2011 $	2010 $	2009 $
OJSC AKB International Finance Club	1	—	—

Key management remuneration

Key management of Intergeo consists of general directors and deputies of the Company and its subsidiaries. Key management received the following remuneration during the periods, which was included in general and administrative expenses.

For the year ended December 31, (in US$ 000's)	2011 $	2010 $	2009 $
Salaries and bonuses	3,015	2,105	1,992
Unified social tax	324	146	192
	3,339	2,251	2,184

*Acquisition of Kingashskaya mining company LLC ("**Kingash**")*

On November 15, 2010, four companies purchased all of the charter capital of Kingash from Norilsk Nickel ("**Norilsk**") in an arm's length transaction for a total price of approximately $58,102. The purchasers and interest purchased were Travallation Holdings Ltd. — 9.5% ("**Travallation**", a Cyprus company); LLC Regiomax — 30.5% ("**Regiomax**", a Russian company); LLC Kvarto — 30.0% ("**Kvarto**", a Russian company and at November 15, 2010 a 33.25% shareholder in Intergeo); and LLC Technoexim — 30.0% ("**Technoexim**", a Russian company).

On December 27, 2010, Mr. Grigory Potapov and Mr. Sergey Lyamin (both officers of Intergeo and members of its Board of Directors) were appointed members of the Board of Directors of Kingash.

On March 28, 2011, Technoexim sold its 30.0% interest in Kingash to LLC Sports Complex named after E.A. Streltsov ("**Sportscomplex**", a Russian company and a 33.25% shareholder in Intergeo).

On April 28, 2011, Mr. Mikhail Prokhorov acquired a 99.9995% interest in Intergeo.

On May 23, 2011, Kingash issued a promissory note to Onexim Holdings Limited ("**Onexim Holdings**", a Cyprus company) in the amount of $1,890. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Onexim

Holdings, LLC Onexim Group ("**Onexim Group**", a Russian company) Travallation and Technoexim (since April, 2011).

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash from Travallation, Regiomax, Kvarto and Sportscomplex for cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The purchase price does not represent fair value as the transaction was between related parties.

The two shareholders of Kvarto are both senior officers of Onexim Group and one of these individuals (a 30% shareholder of Kvarto) is also the sole shareholder of Sportscomplex.

FOURTH QUARTER

The following compares the operating results for the Company on a year-over-year basis for the three months ended December 31, 2011 and 2010.

For the three months ended December 31,	2011	2010
(in US$ 000's)	$	$
General and administrative expenses	(3,452)	(2,866)
Impairment of exploration and evaluation assets	(445)	(11,338)
Other income	4	—
Other expenses	386	36
Finance income	86	744
Finance costs	(226)	(56)
Changes in fair value of derivative financial instruments	8	8
Loss before income taxes	(3,639)	(13,472)
Income tax benefit (expense)	(835)	1,193
Loss for the period	(4,474)	(12,279)
Foreign currency translation adjustments	383	6
Total comprehensive loss for the period	(4,091)	(12,273)
Net cash from (used in) operating activities	1,405	(2,068)
Net cash used in investing activities	(6,563)	(12,048)
Net cash from financing activities	15,320	9,352

Results for the three months ended December 31, 2011 and 2010

The Company recorded a loss for the three months ended December 31, 2011 of $4,474, a reduction of $7,805 from the $12,279 loss recognized for the three months ended December 31, 2010. The decrease in loss is primarily due to impairment losses taken in the fourth quarter of 2010 totalling $11,338 relating to exploration and evaluation assets at the Uronay property partially offset by an increase in general and administrative expenses of $586 on a year-over-year basis.

General and administrative expense

General and administrative expense for the three months ended December 31, 2011 was $3,452, an increase of $586 from $2,866 for the three months year ended December 31, 2010. The increase in the general and administrative expense in 2011 over the prior year relates primarily to higher payroll amounts due to increase in project development, higher professional services fees due to an increase in the number of contracted personnel in support of expanding exploration work and higher office rent costs in Moscow.

Impairment of exploration and evaluation assets

The impairment losses relating to exploration and evaluation assets for the three months ended December 31, 2011 amounted to $445, a decrease of $10,893 from the loss of $11,338 recognized during the three months ended December 31, 2010.

During the three months ended December 31, 2011 the Company recognized an impairment loss with respect to the East Sayan property in the amount of $445. This impairment loss was the result of management's decision to reduce the size of the property under the exploration licence.

During the three months ended December 31, 2010, the Company ceased work and plans no future work on the Uronay property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss during the three months ended December 31, 2010 totalling $11,338.

Income tax benefit (expense)

Income tax expense for the three months ended December 31, 2011 was $835, a change of $2,028 from the income tax benefit of $1,193 for the three months ended December 31, 2010. This change is primarily the result of a decrease in impairment charges on exploration and evaluation assets and the related tax losses, which were not recognized in the financial statements as estimates of future taxable income are not sufficiently reliable to allow a deferred tax amount to be recognized.

SUBSEQUENT EVENTS

Dollar amounts in this Subsequent Events section are stated in millions of United States dollars.

Reorganization transaction

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription Agreement

On April 9, 2012, the Company's parent company (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. As discussions surrounding the sale of the interest in Uralmining, Ltd. commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a "held for sale" asset until the first quarter of 2012. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 4 of the Consolidated Financial Statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage, which permits a reasonable assessment of the existence of reserves. The determination of reserves is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

(b) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

*(c) Investment in LLC ALS Chita-Laboratoria (''**ALS Chita**'')*

During the year ended December 31, 2008 the Company sold a 75% interest in ALS Chita, an entity involved in ore testing activities, to an unrelated party. Judgement was applied in determining that as a result of the sale the Company did not have significant influence, with its remaining 25% interest, and consequently should not account for its remaining investment under the equity method of accounting.

*(d) Acquisition of Kingashskaya mining company LLC (''**Kingash**'')*

During 2011 the Company acquired a 100% interest in Kingash from related parties. Judgement was applied in determining that this transaction should be accounted for as an asset acquisition. Management concluded that the transaction does not qualify as a business combination under IFRS 3R Business Combinations, as the significant inputs and processes that constitute a business were not identified. Therefore the transaction was treated as an asset acquisition. The purchase consideration has been allocated to the fair value of the assets acquired and liabilities assumed based upon management's best estimate and available information at the time of acquisition.

(e) Uralmining, Ltd. (Bolshoy Seyim)

On April 9, 2012, the Company's parent company (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

Judgement was applied in determining that the Company's investment in Uralmining should not be classified as a ''held for sale'' asset at December 31, 2011. Management concluded that as discussions surrounding the sale of the interest in Uralmining, Ltd. only commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a ''held for sale'' asset at year end. In addition, judgement was applied in the determination of the appropriate carrying amount for the exploration and evaluation assets of Bolshoy Seyim. Management determined the carrying value at December 31, 2011 using expected sale proceeds of $11.5 million in its estimate of recoverable amount. Based upon this estimated recoverable amount, management did not record an impairment loss related to Bolshoy Seyim's exploration and evaluation assets for the year ended December 31, 2011.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(b) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Impairment of tangible and intangible assets other than goodwill

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash-generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

(d) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. As the Company's operations are at the exploration and evaluation stage, management concluded that estimates of future taxable income are not sufficiently reliable to allow a deferred tax asset to be recognized.

(e) Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

(f) Site rehabilitation provision

The Company assesses its site rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new and revised IFRSs that were first effective for the years ended December 31, 2011, 2010 and 2009. For the purpose of preparing these consolidated financial statements, the Company has adopted all these new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after December 31, 2011.

(a) Standards effective for annual periods beginning on or after January 1, 2011.

The application of the following new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years:

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009).
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (revised January 2008; effective for annual periods beginning on or after July 1, 2009).
- IFRS 3 "Business Combinations" (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).
- Group Cash-settled Share-based Payment Transactions — Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2010).
- Eligible Hedged Items — Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective with retrospective application for annual periods beginning on or after July 1, 2009).
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after July 1, 2009).
- Additional Exemptions for First-time Adopters — Amendments to IFRS 1 "First-time Adoption of IFRS" (effective for annual periods beginning on or after January 1, 2010).
- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after January 1, 2010).

(b) Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2012 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analyzed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.

- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRIC 20 — Stripping Costs* in the Production Phase of a Surface Mine is effective for annual periods beginning on or after January 1, 2013 and provides guidance for entities with post-development phase surface mining activities. Under the interpretation, production stripping costs that provide access to ore to be mined in the future are capitalized as non-current assets if the component of the ore body for which access has been improved can be identified, future benefits arising from the improved access are probable and the costs related to the stripping activity associated with the component of the ore body are reliably measurable. The interpretation also addresses how capitalized stripping costs should be depreciated and how capitalized amounts should be allocated between inventory and the stripping activity asset. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are comprised of financial liabilities and financial assets. The Company's principal financial liabilities comprise accounts payable and short and long-term borrowings. The Company's principal financial assets are cash and cash equivalents and loans and other receivables.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This section presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposures to credit risk at the reporting dates were:

As at December 31,	**2011**	**2010**	**2009**
(in US$ 000's)	$	$	$
Cash and cash equivalents	9,792	7,656	4,524
VAT recoverable	3,231	1,833	2,958
Other receivables	150	111	193
Loans receivable	1,102	1,141	1,079
Interest receivable	253	186	89
	14,528	10,927	8,843

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
(in US$ 000's)	$	$	$	$	$
December 31, 2011					
Borrowings	200,482	204,709	138,211	66,498	
Other payables and accrued liabilities	4,448	3,519	3,102	417	—
	204,930	208,228	141,313	66,915	—

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
(in US$ 000's)	$	$	$	$	$
December 31, 2010					
Borrowings	111,896	115,849	77,500	32,595	5,754
Other payables and accrued liabilities	2,572	2,735	1,875	859	
	114,468	118,584	79,375	33,454	5,754

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
(in US$ 000's)	$	$	$	$	$
December 31, 2009					
Borrowings	91,508	95,973	75,509	20,464	
Other payables and accrued liabilities	2,063	2,462	1,863	599	—
	93,571	98,435	77,372	21,063	—

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

As at December 31,	2011	2010	2009
(in US$ 000's)	$	$	$
Fixed rate instruments			
Financial assets	1,102	1,141	1,079
Financial liabilities	(200,482)	(111,896)	(91,508)
	(199,380)	(110,755)	(90,429)

Currency risk

The Company has a derivative financial asset and certain loans issued to related parties, which are denominated in US$.

At December 31, 2011, if the Russian rouble had weakened/strengthened by 10 percent against the U.S. dollar with all other variables held constant, after-tax loss for the year would have changed by $140 (December 31, 2010 — $143; December 31, 2009 — $141).

Fair values versus carrying amounts

The following compares the carrying value with fair value for certain assets and liabilities:

As at December 31,	2011		2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
(in US$ 000's)	$	$	$	$	$	$
Assets						
Cash and cash equivalents	9,792	9,792	7,656	7,656	4,524	4,524
VAT recoverable	3,231	3,231	1,833	1,833	2,958	2,958
Other receivables	150	150	111	111	193	193
Loans receivable	1,102	1,102	1,141	1,141	1,079	1,079
Interest receivable	253	253	186	186	89	89
	14,528	14,528	10,927	10,927	8,843	8,843
Liabilities						
Borrowings	200,482	200,482	111,896	112,520	91,508	92,549
Other payables and accrued liabilities	4,448	4,448	2,572	2,572	2,063	2,063
	204,930	204,930	114,468	115,092	93,571	94,612

(a) Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurement are:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

OTHER

For a further discussion of risk factors that could materially affect the Company's future operating results and financial position see "Risk Factors" contained elsewhere in this prospectus.

Outstanding Share Data

As at December 31, 2011, the Company was a limited liability company established under the laws of the Russian Federation. A limited liability Company does not issue shares but owners contribute to the charter capital and equity. Participation of the owners is determined by their capital contribution. The Company's charter capital amounted to $7 at December 31, 2011 (December 31, 2010 — $7; and 2009 — $7). The charter capital is fully paid in cash and voting rights are allocated to participants based on the proportion of their contributions in the total capital of the Company.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting, and disclosure controls and procedures. Management is currently reviewing both of these areas and is establishing a work plan in order to meet the requirements for Intergeo MMC Ltd's future reporting periods once it is a reporting issuer.

The Intergeo MMC Ltd's Audit Committee Mandate will require the Audit Committee to oversee management's review of the adequacy of internal controls and to oversee management's disclosure controls and procedures.

CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's capitalization as at December 31, 2011 on (i) an actual basis, (ii) a pro forma basis to give effect to the Reorganization, and (iii) a pro forma as adjusted basis to give effect to the Reorganization and the Offering. The table should be read with the financial statements and accompanying notes and the related management's discussion and analysis, which appear elsewhere in this prospectus.

	As at December 31, 2011 (in thousands)		
	Actual(1)	Pro forma to give effect to the Reorganization	Pro forma as adjusted to give effect to the Reorganization and the Offering(2)
Cash and cash equivalents	$ 9,792	$ 18,868	[●]
Borrowings	$200,482	$ 6,032(3)	[●]
Total Shareholders' (deficit) equity	(26,234)	178,153	[●]
Total capitalization	$174,248	$184,185	[●]

Notes:

(1) Reflects the capitalization of Intergeo Russia only as at December 31, 2011.

(2) The Canadian dollar proceeds of the Offering have been converted to United States dollars based on an exchange rate of $1.00 equals Cdn$[●], which was the noon exchange rate for conversion of United States dollars into Canadian dollars on [●], 2012. Before giving effect to the Over-Allotment Option and based on the issuance of [●] Offered Shares pursuant to the Offering for gross proceeds of Cdn$[●], less the Underwriters' Fee of Cdn$[●] and other expenses of the Offering estimated to be Cdn$[●]. If the Over-Allotment Option is exercised in full, there will be an aggregate of [●] Common Shares outstanding upon completion of the Offering and the issue and sale of Offered Shares pursuant to the exercise of the Over-Allotment Option.

(3) Represents debt payable by Uralmining to IRC. Upon completion of the sale of Bolshoy Seyim, such debt will no longer be outstanding. See "*The Company — General Development of the Business — Summary*".

OPTIONS TO PURCHASE SECURITIES

As at the date of this prospectus, no Options, RSUs or DSUs have been granted under the Plans. Any future grant of Options, RSUs or DSUs will be made pursuant to the terms of the Plans. See *"Compensation of Directors and Officers — Incentive Plans"*. On March 21, 2012, Daselina and Kirkland entered into the Option Agreement whereby Daselina granted Kirkland the right to acquire Common Shares from Daselina. See *"Principal Securityholders — Option Agreement"*.

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Common Shares, without par value, of which as at the date hereof, 100,010,000 Common Shares are issued and outstanding. Upon completion of the Offering, **[●]** Common Shares will be issued and outstanding (assuming no Offered Shares are issued on the exercise of the Over-Allotment Option).

Each Common Share entitles the holder thereof to (i) one vote at all meetings of shareholders of the Company or on any resolution of shareholders of the Company, (ii) an equal share in any dividend paid by the Company, and (iii) an equal share in the distribution of the surplus assets of the Company on its liquidation.

USE OF PROCEEDS

The Company expects to receive net proceeds from the Offering of approximately $**[●]** (Cdn$**[●]**) (after deduction of the Underwriters' Fee and the expenses of the Offering, estimated to be approximately $**[●]** (Cdn$**[●]**). If the Over-Allotment Option is exercised in full, the Company expects to receive net proceeds from the Offering of approximately $**[●]** (Cdn$**[●]**) (after deduction of the Underwriters' Fee and the expenses of the Offering, estimated to be approximately $**[●]** (Cdn$**[●]**).

The Company anticipates that the aggregate net proceeds from the Offering will be allocated as follows:

	Proposed application of aggregate net proceeds from the Offering (if the Over-Allotment Option is not exercised) (Cdn$ 000's)[(1)]	**Proposed application of aggregate net proceeds from the Offering (if the Over-Allotment Option is exercised in full) (Cdn$ 000's)[(1)]**
Development Projects		
Ak-Sug Project including pre-feasibility study	**[●]**	**[●]**
Kingash Project including pre-feasibility study	**[●]**	**[●]**
Exploration Projects		
Greater Ak-Sug exploration program	**[●]**	**[●]**
East Sayan exploration program	**[●]**	**[●]**
Arbinsk exploration program	**[●]**	**[●]**
General and Administrative expenses	**[●]**	**[●]**
General corporate purposes	**[●]**	**[●]**
TOTAL	**Cdn$ [●]**	**Cdn$ [●]**

Note:

(1) Calculated based on an exchange rate of $1.00 equals Cdn$**[●]**.

As the Company is in the exploration and development phase, it has received no revenue to date from the activities on its properties and has not generated any positive cash flow. Consequently, the proceeds of the Offering will be used to fund the proposed expenditures set out above as well as for general working capital with the expectation that revenues and positive cash flows will not commence until such time as project construction is complete and mineral production begins.

The Company's primary objectives in applying the net proceeds of the Offering are to advance the Ak-Sug Project and the Kingash Project as set out in this prospectus. The Company expects that the net proceeds of the Offering will be used to:

- complete the work program recommended in each of the Ak-Sug Technical Report and Kingash Technical Report and for which it has budgeted $**[●]** and $**[●]**, respectively. See "*Properties — Ak-Sug Project — Recommendations*" and "*Properties — Kingash Project — Recommendations*";
- complete pre-feasibility studies for each of the Ak-Sug Project and Kingash Project, both of which the Company anticipates commencing in 2012 and completing in 2013, and for which it has budgeted $**[●]** and $**[●]**, respectively; and

- commence preparation of a feasibility study for each of the Ak-Sug Project and the Kingash Project, both of which studies the Company anticipates commencing in 2013, and for which it has budgeted $[●] and $[●], respectively. The funds will not be sufficient to complete the feasibility studies, which the Company anticipates completing in 2014.

The amount and timing of the use of the net proceeds will depend on various factors, including the prices of commodities (such as diesel fuel, electricity, steel, concrete and reagents) upon which Intergeo may be dependent and the results of the recommended work programs. See "*Risk Factors*". While management currently intends that the aggregate net proceeds of the Offering will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations. Future results from ongoing exploration activities and/or development or other business reasons may make it desirable for the Company to re-allocate some or all of the proceeds of the Offering. See "*Risk Factors — Risks Relating to the Offering — Management has broad discretion to use the net proceeds of the Offering*". Pending utilization of the net proceeds derived from the Offering, the Company intends to invest funds in short term, interest-bearing instruments.

GOVERNANCE ARRANGEMENTS WITH PRINCIPAL SHAREHOLDERS

In this section, the term the "Group" means Intergeo MMC Ltd and its subsidiaries and the term "Group Company" refers to any one of Intergeo MMC Ltd or its subsidiaries.

On [●], 2012, Daselina, Kirkland, Intergeo and Intergeo Cyprus entered into the Shareholders' Rights Agreement. The following is a summary of the principal terms of such agreement. Intergeo's M&As include provisions to give effect to the applicable terms of the Shareholders' Rights Agreement.

Board of Directors of Intergeo

The Board will be comprised of seven directors. For any Intergeo shareholders' meeting at which directors are to be elected, the nominees proposed for election in the management information circular for such meeting will include the following nominees of Daselina and/or Kirkland:

- for so long as the Daselina Group and the Kirkland Group collectively hold at least 30% of the outstanding Common Shares, two nominees of Daselina and one nominee of Kirkland;
- for so long as the Daselina Group and the Kirkland Group collectively hold less than 30% and at least 20% of the outstanding Common Shares, two nominees of Daselina and/or Kirkland in the aggregate as determined in accordance with the Shareholders' Rights Agreement; and
- for so long as the Daselina Group and the Kirkland Group collectively hold less than 20% and at least 10% of the outstanding Common Shares, one nominee of Daselina or Kirkland, whomever has more Common Shares.

Daselina's two nominees immediately following Closing will be Mr. Finskiy and Dmitry Razumov. Kirkland's nominee immediately following Closing will be Mr. Lill.

The quorum required for meetings of the Board will be a majority of directors, and must include those directors that are nominees of Daselina, if any.

A director may be removed by a resolution of the shareholders of the Company.

Chairman and Chief Executive Officer of Intergeo

Until the earlier of (i) February 1, 2015, and (ii) the date on which the Daselina Group and the Kirkland Group cease to collectively hold at least 50% of the outstanding Common Shares:

- the approval of Kirkland shall be required for the appointment by the Board of each of the Chairman and the Chief Executive Officer; and
- the Chairman may be removed from his position at any time (i) by a resolution of the Board, or (ii) by written notice to the Board from a member of the Board who is the nominee of Kirkland (if any).

Reserved Matters

For so long as the Daselina Group and the Kirkland Group collectively hold at least 33% of the outstanding Common Shares, the Company will be required to provide five business days' notice and to obtain the prior written consent of Daselina for any of the following matters:

(a) any alteration of the memorandum and articles of association (or equivalent constitutional or constating documents) of any Group Company;

(b) any change of business by any Group Company, including involvement in any activity other than the business (including any business related, ancillary or complementary to it) currently carried on, namely, the exploration, development and production of natural resources;

(c) any:

  (i) increase, decrease, division, consolidation or changes in the issued or unissued share or charter capital of any Group Company (including any changes in the number of classes or series of shares that Group Company is authorized to issue);

  (ii) issue or distribution of any shares of any Group Company; or

  (iii) issue of any options of Intergeo in respect of any Common Shares;

(d) any transfer or series of related transfers by any Group Company of any shares (or rights to shares) in any person or acquisition of shares of any person (including approval of the valuation of any property contributed to the capital of a person as payment for shares and/or any arrangement setting-off any payment for shares against any other obligation) where the value in question exceeds $10,000,000;

(e) any declaration of bankruptcy or insolvency, the liquidation, administration, dissolution reconstruction, consolidation, reorganization, restructuring or winding up of any Group Company (or the commencement of any such proceedings), the appointment of a liquidation commission and the approval of a final liquidation balance sheet or analogous document;

(f) any sale, transfer, leasing or other disposal of, or the creation or issue of any encumbrance over, any asset of any Group Company having an aggregate book value exceeding 10% of the total book value (determined in accordance with IFRS) of the such Group Company (whether by a single transaction or in a series of related transactions);

(g) any loan or advance or other credit, together with any existing loans or advances exceeding $10,000,000, provided by the Group Companies (individually or collectively) to any person and/or its affiliates (individually or collectively) in any one transaction or series of related transactions (other than any loans, advances or other credits provided by the Company and/or any wholly-owned Group Company to the Company and/or any wholly-owned Group Company);

(h) any borrowing by the Group Companies (individually or collectively) of any sums, or obtaining any credit (including the issuance of promissory notes and/or debt obligations by the Group Companies), which together with all other existing indebtedness incurred in the same financial year, exceeds $10,000,000 in any financial year (other than any borrowings by the Company and/or any wholly-owned Group Company to the Company and/or any wholly-owned Group Company);

(i) any guarantees, bonds or indemnities in respect of or to secure the liabilities or obligations of any person and/or its affiliates granted by the Group Companies (individually or collectively) where the aggregate liabilities pursuant to any such guarantees, bonds or indemnities is in excess of $10,000,000 in any one transaction or series of related transactions;

(j) any settlement by any Group Company of any litigation, regulatory proceedings or arbitration having a value in excess of $10,000,000; and

(k) the entering by the Group Companies (individually or collectively) into any contract, commitment or other arrangement having an aggregate value or liability exceeding, either alone or as part of a series of related transactions, $10,000,000.

Termination

The Shareholders' Rights Agreement shall terminate upon the occurrence of any of the following events:

(i) the insolvency, bankruptcy or receivership of Intergeo, or the issue of a certificate of dissolution or any similar provisions enacted in substitution therefor;

(ii) if at any time following the date upon which the number of Common Shares held by Kirkland exceeds 10% of the total number of outstanding Common Shares for the first time, either Daselina or Kirkland comes to hold 90% or more of the Common Shares;

(iii) the Daselina Group and the Kirkland Group cease to collectively hold at least 10% of the outstanding Common Shares; or

(iv) a written agreement of termination executed by Daselina and Kirkland.

DIRECTORS, EXECUTIVE OFFICERS AND MANAGEMENT

Summary Information

The following table provides the names and jurisdictions of residence of those persons who will be directors and executive officers of the Company upon completion of the Offering and their respective positions and offices with the Company; the date of their appointment to the Board; and their principal occupations during the past five years.

Name and Jurisdiction of Residence	Positions and Offices	Principal Occupation During the Past Five Years
RICHARD EVANS . . . . . San Francisco, California, United States	Director	Chairman, AbitibiBowater Inc. (a pulp and paper manufacturer) since February 2009; Executive Director, Rio Tinto PLC and Rio Tinto Ltd. (each a mining company) from October 2007 to April 2009; President and Chief Executive Officer, Alcan Inc. (a mining company) from March 2006 until October 2007; Executive Vice-President, Alcan Inc. from April 2001 to March 2006.
MAXIM FINSKIY(1) . . . . Moscow, Russia	Executive Chairman and Director	Private investor since August 2008; Deputy General Director and Deputy Chairman of the Management Board, Norilsk Nickel (a mining company) from October 2001 to August 2008.
PATRICK GARVER . . . . Toronto, Ontario, Canada	Director	Independent consultant since August 2010; Executive Vice-President and General Counsel, Barrick Gold Corporation (a mining company) from 1993 to August 2010.
JOHN LILL(2) . . . . Toronto, Ontario, Canada	Chief Executive Officer and Director	Chief Executive Officer of the Company since April 2011; Director, Centerra Gold Inc. (a mining company) since December 2009; President and Chief Executive Officer, FNX Mining Company Inc. (a mining company) from September 2007 to August 2008; Executive Vice-President and Chief Operating Officer, Dynatec Corporation (a mining company) from October 2003 to August 2007.
WALTER MURRAY(3) . . Bracebridge, Ontario, Canada	Director	Director, Hydro One Inc. (supplier of electric power) since November 2005.
DMITRY RAZUMOV(4) . Moscow, Russia	Director	Chief Executive Officer, ONEXIM Group (a private investment fund) since June 2007.
MIKE SALAMON . . . . . Wonersh, Surrey, United Kingdom	Director	Chairman, New World Resources Plc. (a mining company) since August 2007; Executive Director, BHP Billiton plc (a mining company) from February 2003 to August 2006.

Name and Jurisdiction of Residence	Positions and Offices	Principal Occupation During the Past Five Years
COREY COPELAND . . . Toronto, Ontario, Canada	Senior Vice-President, Investor Relations and Strategic Development	Senior Vice-President, Investor Relations and Strategic Development of the Company since May 2011; Independent Consultant from May 2009 to May 2011; Senior Vice-President, External Affairs, Rio Tinto Alcan (a mining company) from December 2007 to May 2009; Senior Vice-President, Investor and Corporate Relations, Alcan Inc. (a mining company) from March 2007 to December 2007.
GRIGORY POTAPOV . . . Moscow, Russia	Senior Vice-President and General Director, Russia	General Director, Intergeo Russia since February 2010; First Deputy General Director, Intergeo Russia from September 2008 to February 2010; Vice-President, Norilsk Nickel from March 2007 to August 2008.
ANDREY SHCHETININ . Moscow, Russia	Senior Vice-President, Corporate Affairs	Deputy General Director, Corporate and Business Development, Intergeo Russia since September 2008; Corporate Secretary, White Tiger Gold Ltd. (a mining company) since December 2010; Head of Projects and Business Development, Norilsk Nickel from August 2000 to August 2008.
ROBERT WICKHAM . . . Oakville, Ontario, Canada	Senior Vice-President, Finance and Chief Financial Officer	Senior Vice-President, Finance and Chief Financial Officer of the Company since August 2011; Independent Consultant from July 2009 to August 2011; Executive Vice-President, Finance and Corporate Development and Chief Financial Officer, Ivernia Inc. (a mining company) from September 2008 to June 2009; Independent Consultant from October 2006 to September 2008.

Notes:

(1) Mr. Finskiy beneficially owns, controls or directs, directly or indirectly, 1,118,259 Common Shares, representing approximately 1.1% of the currently issued and outstanding Common Shares. Pursuant to the Option Agreement, Mr. Finskiy may acquire beneficial ownership of up to an additional 17,883,641 Common Shares. See "*Principal Securityholder — Option Agreement*". Mr. Finskiy has been a director since April 19, 2012.

(2) Mr. Lill has been a director since April 19, 2012.

(3) Proposed member of the Audit Committee, of which Mr. Murray is proposed to be the Chairman.

(4) Mr. Razumov has been a director since April 19, 2012.

Messrs. Evans, Garver, Murray and Salamon will be appointed as directors following Closing, and the Company believes that, accordingly, they will not have liability under this prospectus.

The Company's directors will hold office for a term expiring at the conclusion of the next annual meeting of shareholders of the Company, or until their death, resignation or removal, if earlier. The Company's officers are appointed by, and serve at the discretion of, the Board.

Biographies

The following are brief profiles of those persons who will be the directors and executive officers of the Company upon completion of the Offering.

Richard Evans, Director

Following Closing, Mr. Evans will be a director of the Company. Mr. Evans has been the Chairman of the board of AbitibiBowater Inc. (now doing business as Resolute Forest Products) since February 2009 and a member of such board since 2007. He was President and Chief Executive Officer of Alcan Inc. from March 2006 until its merger with Rio Tinto Aluminum in October 2007. He then served as executive director of Rio Tinto PLC and Rio Tinto Ltd. from October 2007 through April 2009. From April 2001 to March 2006, Mr. Evans was the Executive Vice-President of Alcan Inc. and from 1997 to October 2005, he held several other executive positions with that company, including Executive Vice-President for aluminum fabrication, Europe, Executive Vice-President for fabricated products, North America and President of Alcan Aluminum Corporation. Mr. Evans is the former Chairman of the International Aluminum Institute. He also serves on the board of CGI Group Inc., a full-service information technology services provider listed on the New York Stock Exchange and Noranda Aluminum Holding Corporation, a company listed on the New York Stock Exchange and the largest foil producer in North America. Mr. Evans holds a B.S. from Oregon State University, Corvallis, Oregon, United States and a M.S. from Stanford University, Palo Alto, California, United States.

Maxim Finskiy, Executive Chairman and Director

Mr. Finskiy is the Executive Chairman and a director of the Company. Mr. Finskiy has been the President of Intergeo Russia since February 2010. Since December 2010, Mr. Finskiy has been the Executive Chairman and a director of White Tiger Gold Ltd. He was the General Director of Intergeo Russia from August 2008 to January 2010. From October 2001 to August 2008, Mr. Finskiy was Deputy General Director and Deputy Chairman of the Management Board of Norilsk Nickel. From May 2009 to December 2011, Mr. Finskiy was a Director of OJSC Polyus Gold, a subsidiary of Polyus Gold International Limited. Since July 2011, Mr. Finskiy has also been a Director of Red Tiger Mining Inc. (formerly Zaruma Resources Inc.). Mr. Finskiy was instrumental in the formation of OJSC Polyus Gold. Mr. Finskiy holds a Ph.D. in Law from Saint Petersburg University of the Ministry of Internal Affairs of Russia, Saint Petersburg, Russia and was trained in Economics at the Moscow Finance Institute, Moscow, Russia.

Patrick Garver, Director

Following Closing, Mr. Garver will be a director of the Company. Mr. Garver is a lawyer with extensive experience in the global natural resources sector. From 1993 to August 2010, he was Executive Vice-President and General Counsel of Barrick Gold Corporation. Prior to joining Barrick Gold Corporation, Mr. Garver practiced law with the law firm of Parsons Behle & Latimer, where for several years he served on the firm's Board of Directors and managed its Natural Resources Practice Group. He is currently engaged as a Senior Advisor to the Good Governance Group, an international strategic advisory company, and also serves as an international commercial arbitrator. In 2006, he was named by the National Post as Canada's General Counsel of the Year. Mr. Garver holds a J.D. from the University of Utah College of Law, Salt Lake City, Utah, United States and a Bachelor of Science from Western Michigan University, Kalamazoo, Michigan, United States.

John Lill, Chief Executive Officer and Director

Mr. Lill is the Chief Executive Officer and a director of the Company. Mr. Lill was President and Chief Executive Officer of FNX Mining Company Inc. from September 2007 to August 2008. Mr. Lill was also Executive Vice-President and Chief Operating Officer for Dynatec Corporation from October 2003 to August 2007 as well as President and Chief Operating Officer of BHP Billiton Base Metals from 2001 to 2003, and Vice-President and Chief Operating Officer, Copper, Billiton Plc from March 2001 to June 2001. Mr. Lill was the Vice-President Operations for Rio Algom Limited from 1998 to 2001 and President of Barrick Chile from 1994 to 1997. Mr. Lill has extensive experience in project development including Barrick Gold Corporation's Goldstrike project in Nevada (as Senior Vice-President US Operations), the Antamina copper-zinc project in Peru (as Executive Chairman of the owners' management committee) and the Ambatovy nickel project in Madagascar (as Executive Chairman and Project Director from inception to project financing). Since December 2009, Mr. Lill has been a director of Centerra Gold Inc. He has also been a director of several other public companies, including Rio Algom Limited, Western Oil Sands Inc., Dynatec Corporation and FNX Mining Company Inc. Mr. Lill is a professional engineer and has a BSc from Queens University, Kingston, Ontario, Canada.

Walter Murray, Director

Following Closing, Mr. Murray will be a director of the Company. Mr. Murray was formerly Vice-Chairman and a member of the Executive Committee of RBC Capital Markets, an international corporate and investment bank. Mr. Murray retired from RBC Royal Bank in April 2005 after a 38-year career, which career included holding several executive positions such as Senior Executive Investment Banking where he was responsible for overseeing and directing all financial and advisory activity with a portfolio of major Canadian and international accounts, Executive head of Corporate Banking activities across Canada, and Regional Executive for RBC's Midwestern USA Corporate Banking operations. Mr. Murray has been a director of Hydro One Inc. since November 2005 and was a director of Ivernia Inc. from 2000 until 2009. Mr. Murray received a B.Comm degree (winner of Commerce Medal) from Concordia University, Montreal, Quebec, Canada and is also a graduate of the Executive Development Program at the Tuck School of Business, Dartmouth College, New Hampshire, United States.

Dmitry Razumov, Director

Mr. Razumov is a director of the Company. Mr. Razumov has been the Chief Executive Officer of ONEXIM Group since June 2007 and in this capacity represents ONEXIM Group as a member of the board of directors of many of its portfolio companies, including: Renaissance Capital Investments Limited since 2012, LLC Yo-Auto since 2011, where Mr. Razumov serves as Chairman, Polyus Gold International Limited since 2011, Renaissance Financial Holdings Limited since 2009, United Company Rusal Plc since 2008, Nor-Med Limited since 2008, Intergeo Russia since 2008, OPEN Investments since 2008, where Mr. Razumov serves as Chairman and Soglasie Insurance Company since 2008, where Mr. Razumov serves as Chairman. In addition, from 2009 to 2010, Mr. Razumov served as Chairman of the board of directors of Joint Stock Commercial Bank International Financial Club and was also a Director of Norilsk Nickel. From 2001 to 2005, Mr. Razumov served as Deputy Chief Executive Officer for Strategy and M&A at Norilsk Nickel. Mr. Razumov has a Master's degree in International Trade Law from the International Law Department of the Moscow State Institute of International Relations, Moscow, Russia.

Mike Salamon, Director

Following Closing, Mr. Salamon will be a director of the Company. Mr. Salamon has served as a director and executive Chairman of the board of directors of New World Resources Plc. since August 2007. Mr. Salamon also serves as a non-executive member of the board of directors of OKD, a.s., Central Rand Gold, Gem Diamonds Limited, Ferrexpo plc and Minera Las Cenizas. He has extensive knowledge of the international mining and extractive industries. From August 2007 until January 2012, Mr. Salamon was Managing Director of AMCI Capital. His career spans more than 30 years, the latter part of which was spent with BHP Billiton, the world's largest diversified natural resources company. Between February 2003 and August 2006, Mr. Salamon served as an executive director of BHP Billiton plc and from 2001 to 2006, he also chaired BHP Billiton's operating committee. In 2001, Mr. Salamon oversaw the merger and integration of Billiton plc and BHP Limited. He was a co-founding director of Billiton plc in 1997, and oversaw its listing on the London Stock Exchange in 1997. Between 1985 and 1997, Mr. Salamon held several positions with Gencor Limited, including managing director of Gencor Limited's coal business. Mr. Salamon has also served on the board of several other companies, including as executive chairman of Samancor Ltd. and chairman of Columbus Stainless Steel. Mr. Salamon graduated from The University of the Witwatersrand, Johannesburg, South Africa with a degree in Mining Engineering (Cum Laude) and obtained an MBA from the London Business School, University of London, London, United Kingdom.

Corey Copeland, Senior Vice-President, Investor Relations and Strategic Development

Mr. Copeland is the Senior Vice-President, Investor Relations and Strategic Development of the Company. Mr. Copeland was an independent consultant from May 2009 to May 2011. From December 2007 to May 2009, Mr. Copeland was Senior Vice-President, External Affairs of Rio Tinto Alcan. From March 2007 to December 2007, Mr. Copeland was Senior Vice-President, Investor and Corporate Relations of Alcan Inc. and from December 2002 to February 2007, he was Vice-President, Investor Relations of Alcan Inc. From 2000 to 2001, Mr. Copeland was Vice-President, Strategic Planning of Billiton Base Metals and from 1997 to 2000 he was Vice-President, Corporate Affairs for Rio Algom Limited. Mr. Copeland holds an M.P.A. from Harvard University, Cambridge, Massachusetts, United States and a B.A. from the University of Toronto, Toronto, Ontario, Canada.

Grigory Potapov, Senior Vice-President and General Director, Russia

Mr. Potapov is the Senior Vice-President and General Director, Russia of the Company. Since February 2010, Mr. Potapov has been the General Director of Intergeo Russia. He was the First Deputy General Director of Intergeo Russia from September 2008 to January 2010. From March 2002 to September 2008, Mr. Potapov held various senior positions with Norilsk Nickel including Vice-President, Director, Investment Department and Deputy General Director for Capital Investments. As part of his work with Norilsk Nickel, Mr. Potapov managed the development of a cluster of greenfield copper/molybdenum/iron ore projects in the Chita Region in Russia, a "public-private partnership" with the Investment Fund of the Russian Federation. He organized extensive exploration and pre-engineering works by Norilsk Nickel on the project sites, and jointly with the Investment Fund of the Russian Federation, he organized construction of a 320 kilometres railroad connecting new mining sites with existing transportation infrastructure. Prior to that, he worked in several Russian investment banks and focused mostly on corporate finance. Mr. Potapov holds a Master's degree (with honours) in Economics from the Lomonosov Moscow State University, Moscow, Russia.

Andrey Shchetinin, Senior Vice-President, Corporate Affairs

Mr. Shchetinin is the Senior Vice-President, Corporate Affairs of the Company. Since September 2008, Mr. Shchetinin has been the Deputy General Director, Corporate and Business Development of Intergeo Russia. Since December 2010, Mr. Shchetinin has been the Corporate Secretary of White Tiger Gold Ltd. From August 2000 to August 2008, Mr. Shchetinin was the Head of Business and Project Development for Norilsk Nickel. His areas of responsibility included developing corporate strategy and managing various aspects of Russian and international merger and acquisition transactions. He was also involved in the creation and management of joint ventures/alliances with Rio Tinto and BHP Billiton. He has more than 10 years of strategy, corporate and business development experience in the natural resources industry. Mr. Shchetinin holds a degree (cum laude) in international economics from the State Finance Academy, Moscow, Russia.

Robert Wickham, Senior Vice-President, Finance and Chief Financial Officer

Mr. Wickham is the Senior Vice-President, Finance and Chief Financial Officer of the Company. Mr. Wickham was an independent consultant from July 2009 to August 2011. Mr. Wickham was Executive Vice-President, Finance and Corporate Development and Chief Financial Officer of Ivernia Inc. from September 2008 to June 2009, and an independent consultant from October 2006 to September 2008. From September 2002 to October 2006, Mr. Wickham was President and a director of Trizec Canada Inc., and with its predecessor, TrizecHahn Corporation, a commercial real estate company, from 1996 to 2002. From 1983 to 1994, Mr. Wickham held various senior executive positions at Barrick Gold Corporation, including Vice-President, Finance and Chief Financial Officer. Mr. Wickham has extensive experience managing and financing mid to large cap public companies. Mr. Wickham also serves as a Director of Oakville Hydro Corporation. Mr. Wickham holds a B.Comm degree from McMaster University, Hamilton, Ontario, Canada, and is a Chartered Accountant, Certified Management Accountant, and a Chartered Director.

Committees of the Board

Following Closing, the Board intends to establish an Audit Committee, a Health, Safety, Environmental and Corporate Social Responsibility Committee, a Human Resources and Compensation Committee, and a Corporate Governance and Nominating Committee. See "*Corporate Governance*" for a description of the proposed roles and responsibilities of each committee of the Board.

Share Ownership by Directors and Officers

As a group, the Company's current directors and executive officers beneficially own or exercise control or direction over, directly or indirectly, 1,118,259 Common Shares representing approximately 1.1% of the issued and outstanding Common Shares (on an undiluted basis), and no shares of the Company's subsidiaries, prior to giving effect to the Offering. Upon completion of the Offering, the Company's officers and directors as a group will beneficially own or exercise control or direction over, directly or indirectly, **[●]** Common Shares, representing approximately **[●]**% of the issued and outstanding Common Shares (on an undiluted basis). See "*Principal Securityholders — Option Agreement*".

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Except as disclosed below, to the knowledge of the Company, no existing or proposed director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Murray was a director of Ivernia Inc. in 2003 when a management cease trade order was issued against the directors and officers of Ivernia Inc. The management cease trade order resulted from a delay in filing Ivernia Inc.'s 2002 audited annual consolidated financial statements and certain other disclosure documents within the periods required by Canadian securities legislation. Each of the directors and officers of Ivernia Inc. voluntarily consented to the issuance by the Ontario Securities Commission on May 22, 2003 of a management cease trade order. The order prohibited such persons and certain other insiders from trading in securities of Ivernia Inc. until the company completed all its required disclosure filings, which were delayed as a result of continuing negotiations with respect to certain transactions. Following the completion of the transactions, Ivernia Inc. completed all outstanding disclosure filings and the temporary cease trade order was allowed to lapse on July 23, 2003.

Corporate Bankruptcies

Except as disclosed below, to the knowledge of the Company, no existing or proposed director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Evans has been a director of AbitibiBowater Inc. since 2007. In April 2009, AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and sought creditor protection under the *Companies' Creditors Arrangement Act* (Canada) with the Superior Court of Québec in Canada. On September 14, 2010, AbitibiBowater Inc. announced that it had received approval for its plan of reorganization from unsecured creditors under the *Companies' Creditors Arrangement Act* (Canada) in Canada. On September 21, 2010, AbitibiBowater Inc. announced it had received the necessary creditor approval for its plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code. On December 9, 2010, AbitibiBowater Inc. announced that it had successfully completed its reorganization and emerged from creditor protection under the *Companies' Creditors Arrangement Act* (Canada) in Canada and Chapter 11 of the U.S. Bankruptcy Code.

Penalties or Sanctions

To the knowledge of the Company, no existing or proposed director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential material conflicts of interest between Intergeo or a subsidiary of Intergeo and a director or officer of Intergeo or of a subsidiary of Intergeo, except that Mr. Finskiy, the Company's Executive Chairman, is Executive Chairman of White Tiger Gold Ltd.; Mr. Lill, the Chief Executive Officer and a director of the Company, is a director of Centerra Gold Inc.; Mr. Salamon, who will be a director of the Company, is a director of a number of other mineral resource companies; and Mr. Shchetinin, the Senior Vice-President, Corporate Affairs of the Company, is the Corporate Secretary of White Tiger Gold Ltd. Therefore, it is possible that a conflict may arise between their duties to Intergeo and their duties as directors or officers of such other companies. In the event of any conflicts of interest, such conflicts must be disclosed to the Company and dealt with in accordance with the M&As, which will require a conflicted director to abstain from voting as a director for the approval of any such transaction, the Ethics Code and the provisions of the *BVI Business Companies Act, 2004* (British Virgin Islands), which generally requires that a director, forthwith after becoming aware of the conflict, fully disclose his interest to each member of the Board, except where the transaction or proposed transaction (a) is between the director and the Company and (b) is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions. See "*Governance Arrangements with Principal Securityholders*".

In addition, Mr. Prokhorov holds a 0.5% equity interest in Intergeo Russia. See "*Principal Securityholders*".

COMPENSATION OF DIRECTORS AND OFFICERS

Compensation Discussion and Analysis

The following discussion describes the significant elements that are expected to comprise the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to the NEOs. The Company's NEOs who are the focus of this Compensation Discussion and Analysis and who appear in the compensation tables of this prospectus are: John Lill, Chief Executive Officer; Robert Wickham, Senior Vice-President, Finance and Chief Financial Officer; Corey Copeland, Senior Vice-President, Investor Relations and Strategic Development; Grigory Potapov, Senior Vice-President and General Director, Russia; and Andrey Shchetinin, Senior Vice-President, Corporate Affairs.

Compensation Objectives

The Company's executive compensation program will be designed to retain its executive officers and motivate and reward them for their performance and contribution to the Company's long-term success. The Company will seek to reward executive officers for the achievement of corporate and individual performance objectives, and to align executive officers' incentives with the creation of shareholder value. Compensation will consist primarily of three elements: base salary, annual bonus and long-term equity incentives.

Historically, the compensation of the Company's executive officers was determined on an individual basis based on arm's-length negotiations between the Company and the executive officer taking into account a number of factors, including the Company's financial condition and available resources, the executive officer's qualifications, experience and the compensation levels of the Company's other executive officers. In September 2011, Hugessen was engaged to review compensation of a comparator group of companies to ensure that Intergeo would be competitive with the compensation characteristics of the comparator group. The comparator group of companies were Inmet Mining Corporation, Katanga Mining Ltd., Sherritt International Corporation, Lundin Mining Corporation, Quadra FNX Mining Ltd., HudBay Minerals, Inc., and Thompson Creek Metals Company Inc. The comparator group was selected based on a number of criteria including that each of the companies be a diversified metals and mining company listed on the TSX with a total enterprise value between Cdn$1 billion and Cdn$4 billion. After reviewing and considering Hugessen's recommendations, the Company established the compensation payable to the NEOs, which is designed to be competitive with Intergeo's comparator group. Benefit and perquisite arrangements are also designed to be competitive with Intergeo's comparator group. These arrangements are expected to be reviewed periodically to ensure they remain competitive. The description contained herein represents the expectations of management with respect to the Company's executive compensation program following Closing. It is anticipated that following Closing, the Human Resources and Compensation Committee of the Board will meet with management to review the Company's executive compensation program and, if deemed appropriate, will make further recommendations to the Board regarding changes to the program, and will continue to review the Company's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company or encourage a NEO to take any inappropriate or excessive risks. The Human Resources and Compensation Committee of the Board will consider and assesses, as necessary, risks relating to compensation prior to entering into or amending employment with NEOs and when setting the compensation of directors. The compensation policies and practices are expected to be appropriate for the Company's industry and stage of business and such policies and practices are not expected to have associated with them any risks that are reasonably likely to have a material adverse effect on the Company or which would encourage an NEO to take any inappropriate or excessive risks. It is not expected that the Company will permit purchases by NEOs or directors of financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a NEO or director. Compensation decisions made by the Company are the responsibility of the Company and may reflect factors and considerations in addition to the information and recommendations from Hugessen.

Base Salary

Base salaries are expected to be reviewed annually and may be increased for merit reasons. The base salaries for executive officers have been established based on the scope of their responsibilities and their prior relevant experience, taking into account compensation paid by other companies in the industry for similar positions and market demand for such executives. An executive officer's base salary was determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with the Company's overall compensation philosophy.

Annual Bonus

The Company's compensation program will include eligibility for an annual incentive cash bonus. The cash bonuses are intended to reward the Company's executive officers for achieving short-term goals while making progress towards the Company's longer-term objectives. The amount of the cash bonus is expected to depend on the level of achievement of individual performance goals, with a target bonus generally to be set as a percentage of base salary.

Long-Term Equity Incentives

The Company believes that equity-based awards will allow it to reward executive officers for their sustained contributions to the Company and that equity-based awards provide management with a strong link to long-term corporate performance and the creation of shareholder value. Rather than basing equity-based awards on a prescribed formula or target, it is anticipated that the grant of equity-based awards will be determined by taking into account a number of factors including the individual's position, scope of responsibility, the individual's historic and recent performance and the value of the awards in relation to other elements of the individual's total compensation.

Executive Compensation: Tables and Narrative

Summary Compensation Table

The following table reflects compensation that is expected to be paid to the NEOs for the fiscal year ending December 31, 2012.

Name and Principal Position	Year	Salary (Cdn$)	Share-Based Awards[(1)] (Cdn$)	Option-Based Awards[(2)] (Cdn$)	Non-Equity Incentive Plan Compensation (Cdn$)		Pension Value (Cdn$)	All Other Compen-sation (Cdn$)	Total Compen-sation (Cdn$)
					Annual Incentive Plans	Long-Term Incentive Plans			
John Lill, CEO[(4)]	2012	500,000	—	—	222,000[(3)]	—	—	274,691	996,691
Robert Wickham, SVP Finance and CFO[(5)]	2012	400,000	—	—	67,000[(3)]	—	—	54,032	521,032
Corey Copeland, SVP, IR and Strategic Development[(6)]	2012	375,000	—	—	94,000[(3)]	—	—	53,189	522,189
Grigory Potapov, SVP and General Director, Russia[(7)]	2012	646,000	—	—	215,000[(8)]	—	—	—	861,000
Andrey Shchetinin, SVP, Corporate Affairs[(7)]	2012	296,000	—	—	—	—	—	—	296,000

Notes:

(1) The number of RSUs and DSUs to be granted to the NEOs will be determined following Closing.

(2) The number of Options to be granted to the NEOs will be determined following Closing.

(3) The bonus was paid to NEOs in April 2012 for services rendered to the Company during the Company's 2011 financial year.

(4) The amount reported for Mr. Lill under the column "All Other Compensation" includes perquisites and benefits to be received by Mr. Lill including an amount for group insurance benefits (Cdn$7,517), life insurance (Cdn$9,042), long-term disability insurance (Cdn$18,324), the Company's contribution to the RRSP (Cdn$39,808) and a living allowance (Cdn$200,000).

(5) The amount reported for Mr. Wickham under the column "All Other Compensation" includes perquisites and benefits to be received by Mr. Wickham including an amount for group insurance benefits (Cdn$7,517), a parking allowance (Cdn$5,232), life insurance (Cdn$4,428), long-term disability insurance (Cdn$9,060) and the Company's contribution to the RRSP (Cdn$27,795).

(6) The amount reported for Mr. Copeland under the column "All Other Compensation" includes perquisites and benefits to be received by Mr. Copeland including an amount for group insurance benefits (Cdn$7,517), life insurance (Cdn$4,452), long-term disability insurance (Cdn$11,508) and the Company's contribution to the RRSP (Cdn$29,712).

(7) It is anticipated that Messrs. Potapov and Shchetinin will receive perquisites and benefits similar in type and amount to those received by the other NEOs.

(8) Pursuant to the GP Employment Agreement, Mr. Potapov is eligible to receive a discretionary bonus in the amount of $53,750 for each of the quarters in 2012.

Incentive Plan Awards

No options-based awards or share-based awards were outstanding at the end of the most recently completed financial year. Following Closing, it is anticipated that Mr. Lill will be granted Options to acquire that number of Common Shares, representing approximately 0.5% of the number of Common Shares then issued and outstanding. Following Closing, it is anticipated that each of Messrs. Wickham, Copeland, Potapov and Shchetinin will be granted Options to acquire that number of Common Shares, representing approximately 0.15% of the number of Common Shares then issued and outstanding. These Options are expected to have an exercise price equal to the Offering Price and a term not exceeding 10 years. See *"— Termination and Change of Control — Employment Agreements"*.

Incentive Plan Awards — Value Vested or Earned During the Year

No options-based awards or share-based awards vested during the most recently completed financial year. As at the date of this prospectus, the Company has not yet adopted the Plans, and no Options, RSUs or DSUs have been granted under the Plans. Any future grant of Options, RSUs or DSUs will be made pursuant to the terms of the Plans. See *"— Incentive Plans".*

The bonuses for Messrs. Lill, Wickham and Copeland set forth in the Summary Compensation Table above were paid in April 2012 for services rendered to the Company during the Company's 2011 financial year. Pursuant to the GP Employment Agreement, Mr. Potapov is eligible to receive a discretionary bonus payable in each of the quarters in 2012. See "*Executive Compensation: Tables and Narrative — Summary Compensation Table*".

Termination and Change of Control

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments in the event of the resignation, retirement or other termination of the NEO's employment with the Company, change of control of the Company or a change in the NEO's responsibilities following a change in control.

Employment Agreements

The Company has entered into employment agreements with each of the NEOs, as further described below.

John Lill, Chief Executive Officer

Mr. John Lill entered into an employment agreement with Intergeo Cyprus on April 4, 2011. Effective October 1, 2011, Intergeo Cyprus assigned its rights and obligations under such employment agreement to Intergeo Canada in connection with an amended and restated employment agreement (the "**CEO Employment Agreement**") dated [●], 2012. Under the CEO Employment Agreement, Mr. Lill is employed as Chief Executive Officer of the Company at an annual salary of Cdn$500,000. Mr. Lill is also entitled to term life insurance, the reimbursement of annual medical insurance and disability insurance, retirement benefits and a discretionary cash bonus between 50% and 100% of his salary for the relevant year.

If the CEO Employment Agreement is terminated by Intergeo Canada for any reason outside the [●]-month period beginning on the first day after a change of control (the "**Window Period**") (other than just cause or incapacity) or by Mr. Lill for good reason outside the Window Period, Mr. Lill will be entitled to receive a lump sum payment equal to (i) 12 months salary plus an additional one month of salary for each completed year of employment following the initial year of employment up to a maximum of six additional months of salary (the "**CEO Service Amount**"), plus (ii) an amount equivalent to 65% of the CEO Service Amount (being in lieu of any bonus that may have been earned by Mr. Lill during such 12 to 18-month period), less any statutorily required deductions and amounts owing by Mr. Lill. In addition, Mr. Lill will cease to receive the benefits under the CEO Employment Agreement as at the termination date or such later date as may be required by applicable laws.

If Mr. Lill is terminated (other than for just cause, incapacity or death) during the Window Period, or if Mr. Lill terminates his employment during the Window Period for good reason: (a) he will receive a lump sum cash payment equal to: (i) two times the amount that is the greater of his salary in effect (x) on the day immediately before the change of control, and (y) on the termination date; plus (ii) two times the amount that is the greater of (x) the annual bonus that he earned in the year immediately before the change of control occurs, and (y) the maximum annual bonus that he would be entitled to receive in the year in which the termination occurs; minus (iii) any deductions required by law and amounts owing by Mr. Lill; and (b) he will continue to receive benefits from the termination date until the earlier of (i) Mr. Lill obtaining new employment and comparable benefits, or (ii) the expiry of the notice period under applicable law.

If Mr. Lill is terminated during the Window Period (other than for just cause, incapacity or death), or if he terminates his employment during the Window Period for good reason, Mr. Lill will not be obligated to seek alternate employment or other sources of income or benefits, or to mitigate his damages.

All NEOs will be granted initial options under the Employee's Plan (collectively, the "**Initial Options**"). Pursuant to the CEO Employment Agreement, following Closing, Mr. Lill will be granted Initial Options to acquire approximately 0.5% of the Common Shares issued and outstanding immediately following the Closing. Mr. Lill's Initial Options will vest immediately on the date of the grant. It is anticipated that the Initial Options will have an exercise price equal to the Offering Price and will have a term not exceeding 10 years.

All Initial Options issued to Mr. Lill pursuant to the Employees' Plan will terminate in accordance with the terms of the option agreement and/or the Employees' Plan, except: (a) if Mr. Lill terminates his employment by providing six months' prior notice, all Initial Options issued to Mr. Lill will terminate immediately upon the expiry of such notice period; and (b) if Mr. Lill is terminated (other than for just cause, incapacity or death) during the Window Period or Mr. Lill terminates his employment for good reason during the Window Period, all Initial Options shall vest as at the termination date. In the event Mr. Lill's employment is terminated for any reason outside the Window Period (other than just cause, incapacity or death), all Initial Options issued to Mr. Lill will expire on the 90th day following the termination date.

In the event of a change of control, all unexercised Options, RSUs, DSUs or other awards held by Mr. Lill under the Employees' Plan shall vest and be exercisable or settled as of the date of termination of employment without regard as to whether such awards have vested.

The CEO Employment Agreement contains confidentiality provisions whereby Mr. Lill is prohibited from, among other things, disclosing any confidential information regarding Intergeo Canada, its affiliates or their respective customers or clients to any person during and subsequent to the term of the CEO Employment Agreement. The CEO Employment Agreement also contains non-solicitation provisions whereby Mr. Lill is prohibited from contacting or soliciting any designated customers or clients of Intergeo Canada or any of its affiliates or employing or retaining as an independent contractor any employee of Intergeo Canada or any of its affiliates (or inducing or soliciting or attempting to induce any such person to leave that person's employment) during the term of the CEO Employment Agreement and for a period of 12 months thereafter.

Robert Wickham, Senior Vice-President, Finance and Chief Financial Officer

Mr. Robert Wickham entered into an employment agreement with Intergeo Cyprus on August 1, 2011. Effective October 1, 2011, Intergeo Cyprus assigned its rights and obligations under such employment agreement to Intergeo Canada in connection with an amended and restated employment agreement (the "**CFO Employment Agreement**") dated [●], 2012. Under the CFO Employment Agreement, Mr. Wickham is employed as Senior Vice-President, Finance and Chief Financial Officer of the Company at an annual salary of Cdn$400,000. Mr. Wickham is also entitled to term life insurance, the reimbursement of annual medical insurance and disability insurance, retirement benefits and a discretionary cash bonus of up to 50% of his salary for the relevant year.

If the CFO Employment Agreement is terminated by Intergeo Canada for any reason outside the Window Period (other than just cause or incapacity), or by Mr. Wickham for good reason outside the Window Period, Mr. Wickham will be entitled to receive a lump sum payment equal to (i) 12 months salary plus an additional one month of salary for each completed year of employment following the initial year of employment up to a maximum of six additional months of salary (the "**CFO Service Amount**"), plus (ii) an amount equivalent to 40% of the CFO Service Amount (being in lieu of any bonus that may have been earned by Mr. Wickham during such 12 to 18-month period), less (iii) any statutorily required deductions and amounts owing by Mr. Wickham. If the CFO Employment Agreement is terminated by Intergeo Canada for any reason outside the Window Period (other than just cause or incapacity), or by Mr. Wickham for good reason outside the Window Period, Mr. Wickham will also be entitled to the continuation of the benefits under the CFO Employment Agreement from the termination date until the earlier of (i) Mr. Wickham obtaining new employment and comparable benefits, or (ii) the expiry of the notice period under applicable law.

If Mr. Wickham is terminated (other than for just cause, incapacity or death) during the Window Period, or if Mr. Wickham terminates his employment during the Window Period for good reason: (a) he will receive a lump sum cash payment equal to: (i) two times the amount that is the greater of his salary in effect (x) on the day immediately before the change of control, and (y) on the termination date; plus (ii) two times the amount that is the greater of (x) the annual bonus that he earned in the year immediately before the change of control occurs, and (y) the maximum annual bonus that he would be entitled to receive in the year in which the termination occurs; minus (iii) any deductions required by law and amounts owing by him; and (b) he will continue to receive benefits from the termination date until the earlier of (i) obtaining new employment and comparable benefits, or (ii) the expiry of the notice period under applicable law.

If Mr. Wickham is terminated during the Window Period (other than for just cause, incapacity or death), or if he terminates his employment during the Window Period for good reason, Mr. Wickham will not be obligated to seek alternate employment or other sources of income or benefits, or to mitigate his damages.

Pursuant to the CFO Employment Agreement, following Closing, Mr. Wickham will be granted Initial Options under the Employees' Plan to acquire approximately 0.15% of the Common Shares issued and outstanding immediately following Closing. For Mr. Wickham, one-third of his Initial Options will vest immediately on the date of the grant, one-third of his Initial Options will vest on the first anniversary of the grant and the final one-third of the Initial Options will vest on the second anniversary of the grant. It is anticipated that the Initial Options will have an exercise price equal to the Offering Price and will have a term not exceeding 10 years.

All Initial Options issued to Mr. Wickham pursuant to the Employees' Plan will terminate in accordance with the terms of the option agreement and/or the Employees' Plan except: (a) if Mr. Wickham terminates his employment by providing three months' prior notice, all Initial Options issued to Mr. Wickham will terminate immediately upon the expiry of the applicable notice period; and (b) if Mr. Wickham is terminated (other than for just cause, incapacity or death) during the Window Period or Mr. Wickham terminates his employment for good reason during the Window Period, all Initial Options issued to Mr. Wickham shall vest as at the termination date. In the event Mr. Wickham's employment is terminated for any reason outside the Window Period (other than just cause, incapacity or death), all Initial Options issued to Mr. Wickham will expire on the 90^{th} day following the termination date.

In the event of a change of control, all unexercised Options, RSUs, DSUs or other awards held by the Mr. Wickham under the Employees' Plan shall vest and be exercisable or settled as of the date of termination of employment without regard as to whether such awards have vested.

The CFO Employment Agreement contains confidentiality provisions whereby Mr. Wickham is prohibited from, among other things, disclosing any confidential information regarding Intergeo Canada, its affiliates or their respective customers or clients to any person during and subsequent to the term of the CFO Employment Agreement. The CFO Employment Agreement also contains non-solicitation provisions whereby Mr. Wickham is prohibited from contacting or soliciting any designated customers or clients of Intergeo Canada or any of its affiliates or from employing or retaining as an independent contractor any employee of Intergeo Canada or any of its affiliates (or inducing or soliciting or attempting to induce any such person to leave that person's employment) during the term of the CFO Employment Agreement and for a period of 12 months thereafter.

Corey Copeland, Senior Vice-President, Investor Relations and Strategic Development

Mr. Corey Copeland entered into an employment agreement with Intergeo Cyprus on May 16, 2011. Effective October 1, 2011, Intergeo Cyprus assigned its rights and obligations under such employment agreement to Intergeo Canada in connection with an amended and restated employment agreement (the "**SVP Employment Agreement**") dated [●], 2012. Under the SVP Employment Agreement, Mr. Copeland is employed as Senior Vice-President, Investor Relations and Strategic Development of the Company at an annual salary of Cdn$375,000. Mr. Copeland is also entitled to term life insurance, the reimbursement of annual medical insurance and disability insurance, reimbursement of his relocation expenses, retirement benefits and a discretionary cash bonus of up to 50% of his salary for the relevant year.

If the SVP Employment Agreement is terminated by Intergeo Canada for any reason outside the Window Period (other than just cause or incapacity), or by Mr. Copeland for good reason outside the Window Period, Mr. Copeland will be entitled to receive a lump sum payment equal to (i) 12 months salary plus an additional one month of salary for each completed year of employment following the initial year of employment up to a maximum of six additional months of salary (the "**SVP Service Amount**"), plus (ii) an amount equivalent to 40% of the SVP Service Amount (being in lieu of any bonus that may have been earned by Mr. Copeland during such

12 to 18-month period), less (iii) any statutorily required deductions and amounts owing by Mr. Copeland. If the SVP Employment Agreement is terminated by Intergeo Canada for any reason outside the Window Period (other than just cause or incapacity) or by Mr. Copeland for good reason outside the Window Period, Mr. Copeland will also be entitled to the continuation of the benefits under the SVP Employment Agreement from the termination date until the earlier of (i) Mr. Copeland obtaining new employment and comparable to the benefits, or (ii) the expiry of the notice period under applicable law.

If Mr. Copeland is terminated (other than for just cause, incapacity or death) during the Window Period, or he terminates his employment during the Window Period for good reason: (a) he will receive a lump sum cash payment equal to: (i) two times the amount that is the greater of his salary in effect (x) on the day immediately before the change of control, and (y) on the termination date; plus (ii) two times the amount that is the greater of (x) the annual bonus that he earned in the year immediately before the change of control occurs, and (y) the maximum annual bonus that he would be entitled to receive in the year in which the termination occurs; minus (iii) any deductions required by law and amounts owing by him; and (b) he will continue to receive benefits from the termination date until the earlier of (i) obtaining new employment and comparable benefits, or (ii) the expiry of the notice period under applicable law.

If Mr. Copeland is terminated during the Window Period (other than for just cause, incapacity or death), or if he terminates his employment during the Window Period for good reason, Mr. Copeland will not be obligated to seek alternate employment or other sources of income or benefits, or to mitigate his damages.

Pursuant to the SVP Employment Agreement, following Closing, Mr. Copeland will be granted Initial Options under the Employees' Plan to acquire approximately 0.15% of the Common Shares issued and outstanding immediately following Closing. For Mr. Copeland, one-third of his Initial Options will vest immediately on the date of the grant, one-third of his Initial Options will vest on the first anniversary of the grant and the final one-third of the Initial Options will vest on the second anniversary of the grant. It is anticipated that the Initial Options will have an exercise price equal to the Offering Price and will have a term not exceeding 10 years.

All Initial Options issued to Mr. Copeland pursuant to the Employees' Plan will terminate in accordance with the terms of the option agreement and/or the Employees' Plan except: (a) if Mr. Copeland terminates his employment by providing three months' prior notice, all Initial Options issued to Mr. Copeland will terminate immediately upon the expiry of the applicable notice period; and (b) if Mr. Copeland is terminated (other than for just cause, incapacity or death) during the Window Period or Mr. Copeland terminates his employment for good reason during the Window Period, all Initial Options issued to Mr. Copeland shall vest as at the termination date. In the event Mr. Copeland's employment is terminated for any reason outside the Window Period (other than just cause, incapacity or death), all Initial Options issued to Mr. Copeland will expire on the 90th day following the termination date.

In the event of a change of control, the vesting and expiry of all unexercised Options, RSUs, DSUs or other awards held by Mr. Copeland under the Employees' Plan shall vest and be exercisable or settled as of the date of termination of employment without regard as to whether such awards have vested.

The SVP Employment Agreement contains confidentiality provisions whereby Mr. Copeland is prohibited from, among other things, disclosing any confidential information regarding Intergeo Canada, its affiliates or their respective customers or clients to any person during and subsequent to the term of the SVP Employment Agreement. The SVP Employment Agreement also contains non-solicitation provisions whereby Mr. Copeland is prohibited from contacting or soliciting any designated customers or clients of Intergeo Canada or any of its affiliates or from employing or retaining as an independent contractor any employee of Intergeo Canada or any of its affiliates (or inducing or soliciting or attempting to induce any such person to leave that person's employment) during the term of the SVP Employment Agreement and for a period of 12 months thereafter.

Grigory Potapov, Senior Vice-President and General Director, Russia

Mr. Grigory Potapov is engaged under two sets of agreements, namely (i) an employment agreement with Intergeo Russia dated September 1, 2008, as amended from time to time (the "**GP Employment Agreement**") and (ii) a service agreement entered into by a service company wholly owned by Mr. Potapov and Intergeo

MMC Ltd dated May [●], 2012 (the "**GP Service Agreement**") (together with the GP Employment Agreement, the "**GP SVP Agreements**"). Under the GP Service Agreement, Mr. Potapov is engaged as Senior Vice President and General Director, Russia of Intergeo MMC Ltd. Under the GP Employment Agreement until the later of January 1, 2013 and Closing (the "**Amendment Date**"), Mr. Potapov (i) receives an annual salary of $[●], and (ii) is eligible to receive a discretionary bonus in the amount of $53,750 for each of the quarters in 2012. Following the Amendment Date, Mr. Potapov will receive a salary of $[●] and will be entitled to a discretionary cash bonus of up to 50% of his salary for the relevant year. Under the GP Employment Agreement, Mr. Potapov is entitled to term life insurance, disability insurance and medical insurance.

If the GP Service Agreement is terminated by Intergeo MMC Ltd for any reason outside the Window Period (other than just cause or incapacity), or by Mr. Potapov's service company for good reason outside the Window Period, Mr. Potapov's service company will be entitled to receive a lump sum payment equal to (i) 12 months salary under the GP Employment Agreement plus an additional one month of salary for each completed year of employment following January 1, 2012 up to a maximum of six additional months of salary under the GP Employment Agreement, (provided that if such termination is on or prior to December 31, 2012, reference to salary shall be to the salary that Mr. Potapov is entitled to after the Amendment Date) (the "**GP Service Amount**"), plus (ii) an amount equivalent to 40% of the GP Service Amount, less (iii) any statutorily required deductions and amounts owing by Mr. Potapov and his service company.

If the GP Service Agreement is terminated (other than for just cause, incapacity or death) during the Window Period, or if Mr. Potapov's service company terminates during the Window Period for good reason: (a) such service company will receive a lump sum cash payment equal to: (i) two times the amount that is the greater of his salary under the GP Employment Agreement in effect (x) on the day immediately before the change of control, and (y) on the termination date (provided that if such termination is on or prior to December 31, 2012, reference to salary shall be to the salary that Mr. Potapov is entitled to after the Amendment Date) plus (ii) either (A) two times the amount that is the greater of (x) the annual bonus that he earned in the year immediately before the change of control occurs, and (y) the target annual bonus that he would be entitled to receive in the year in which the termination occurs or (B) if such termination occurs on or prior to December 31, 2012, $450,000; minus (iii) any deductions required by law and amounts owing by Mr. Potapov and his service company; and (b) if terminated concurrently with Mr. Potapov's employment under the GP Employment Agreement, Mr. Potapov will continue to receive benefits from the termination date until the earlier of (i) obtaining new employment and comparable benefits, or (ii) a week for every completed year of employment thereunder since January 1, 2012, up to a maximum of eight weeks.

Pursuant to the GP Service Agreement, following Closing, Mr. Potapov's service company will be granted Initial Options under the Employees' Plan to acquire approximately 0.15% of the Common Shares issued and outstanding immediately following Closing. One-third of such Initial Options will vest immediately on the date of the grant, one-third of such Initial Options will vest on the first anniversary of the grant and the final one-third of such Initial Options will vest on the second anniversary of the grant. It is anticipated that the Initial Options will have an exercise price equal to the Offering Price and will have a term not exceeding 10 years.

All Initial Options issued to Mr. Potapov's service company pursuant to the Employees' Plan will terminate in accordance with the terms of the option agreement and/or the Employees' Plan except: (a) if Mr. Potapov's service company terminates by providing three months' prior notice, all Initial Options issued to his service company will terminate immediately upon the expiry of the applicable notice period; and (b) if the GP Service Agreement is terminated (other than for just cause, incapacity or death) during the Window Period or Mr. Potapov's service company terminates for good reason during the Window Period, all Initial Options issued shall vest as at the termination date. In the event that the GP Service Agreement is terminated for any reason outside of the Window Period (other than just cause, incapacity or death), all Initial Options issued to Mr. Potapov's service company will expire on the 90th day following the termination date.

In the event of a change of control, all unexercised Options, RSUs, DSUs or other awards held by Mr. Potapov's service company under the Employees' Plan shall vest and be exercisable or settled as of the date of termination of employment without regard as to whether such awards have vested.

The GP SVP Agreements contain confidentiality provisions whereby Mr. Potapov is prohibited from, among other things, disclosing any confidential information regarding Intergeo MMC Ltd, its affiliates or their respective customers or clients to any person during and subsequent to the term of the GP SVP Agreements. The GP SVP Agreements also contain non-solicitation provisions whereby Mr. Potapov is prohibited from contacting or soliciting any designated customers or clients of Intergeo MMC Ltd or any of its affiliates or from employing or retaining as an independent contractor any employee of Intergeo MMC Ltd or any of its affiliates (or inducing or soliciting or attempting to induce any such person to leave that person's employment) during the term of the GP Service Agreement and for a period of 12 months thereafter.

Andrey Shchetinin, Senior Vice-President, Corporate Affairs

Mr. Andrey Shchetinin is engaged under two sets of agreements, namely (i) an employment agreement with Intergeo Russia dated September 1, 2008, as amended from time to time (the "**AS Employment Agreement**") and (ii) a service agreement entered into by a service company wholly owned by Mr. Shchetinin and Intergeo MMC Ltd dated May **[●]**, 2012 (the "**AS Service Agreement**") (together with the AS Employment Agreement, the "**AS SVP Agreements**"). Under the AS Service Agreement, Mr. Shchetinin is engaged as Senior Vice President, Corporate Affairs of Intergeo MMC Ltd. Under the AS Employment Agreement, Mr. Shchetinin receives an annual salary of $**[●]**, and a discretionary cash bonus of up to 50% of his salary for the relevant year.

If the AS Service Agreement is terminated by Intergeo MMC Ltd for any reason outside the Window Period (other than just cause or incapacity), or by Mr. Shchetinin's service company for good reason outside the Window Period, Mr. Shchetinin's service company will be entitled to receive a lump sum payment equal to (i) 12 months salary under the AS Employment Agreement plus an additional one month of salary for each completed year of employment following January 1, 2012 up to a maximum of six additional months of salary under the AS Employment Agreement, (the "**AS Service Amount**"), plus (ii) an amount equivalent to 40% of the AS Service Amount, less (iii) any statutorily required deductions and amounts owing by Mr. Shchetinin and his service company.

If the AS Service Agreement is terminated (other than for just cause, incapacity or death) during the Window Period, or if Mr. Shchetinin's service company terminates during the Window Period for good reason: (a) such service company will receive a lump sum cash payment equal to: (i) two times the amount that is the greater of his salary under the AS Employment Agreement in effect (x) on the day immediately before the change of control, and (y) on the termination date, plus (ii) two times the amount that is the greater of (x) the annual bonus that he earned in the year immediately before the change of control occurs, and (y) the target annual bonus that he would be entitled to receive in the year in which the termination occurs; minus (iii) any deductions required by law and amounts owing by Mr. Shchetinin and his service company; and (b) Mr. Shchetinin will continue to receive benefits from the termination date until the earlier of (i) obtaining new employment and comparable benefits, or (ii) a week for every completed year of employment under the AS Employment Agreement since January 1, 2012, up to a maximum of eight weeks.

Pursuant to the AS Service Agreement, following Closing, Mr. Shchetinin's service company will be granted Initial Options under the Employees' Plan to acquire approximately 0.1% of the Common Shares issued and outstanding immediately following Closing. One-third of such Initial Options will vest immediately on the date of the grant, one-third of such Initial Options will vest on the first anniversary of the grant and the final one-third of such Initial Options will vest on the second anniversary of the grant. It is anticipated that the Initial Options will have an exercise price equal to the Offering Price and will have a term not exceeding 10 years.

All Initial Options issued to Mr. Shchetinin's service company pursuant to the Employees' Plan will terminate in accordance with the terms of the option agreement and/or the Employees' Plan except: (a) if Mr. Shchetinin's service company terminates by providing three months' prior notice, all Initial Options issued to his service company will terminate immediately upon the expiry of the applicable notice period; and (b) if the AS Service Agreement is terminated (other than for just cause, incapacity or death) during the Window Period or Mr. Shchetinin's service company terminates for good reason during the Window Period, all Initial Options issued shall vest as at the termination date. In the event that the AS Service Agreement is terminated for any reason outside of the Window Period (other than just cause, incapacity or death), all Initial Options issued to Mr. Shchetinin's service company will expire on the 90th day following the termination date.

In the event of a change of control, all unexercised Options, RSUs, DSUs or other awards held by Mr. Shchetinin's service company under the Employees' Plan shall vest and be exercisable or settled as of the date of termination of employment without regard as to whether such awards have vested.

The AS SVP Agreements contain confidentiality provisions whereby Mr. Shchetinin is prohibited from, among other things, disclosing any confidential information regarding Intergeo MMC Ltd, its affiliates or their respective customers or clients to any person during and subsequent to the term of the AS Service Agreement. The AS SVP Agreements also contain non-solicitation provisions whereby Mr. Shchetinin is prohibited from contacting or soliciting any designated customers or clients of Intergeo MMC Ltd or any of its affiliates or from employing or retaining as an independent contractor any employee of Intergeo MMC Ltd or any of its affiliates (or inducing or soliciting or attempting to induce any such person to leave that person's employment) during the term of the AS Service Agreement and for a period of 12 months thereafter.

The following table sets out the estimated payments in the event of termination of employment outside the Window Period and termination following a change of control for each of the NEOs, assuming that the event giving rise to the payment occurred on the last business day of 2012.

	Amount Payable (Cdn$)	
NEO	**Change of Control(1)**	**Other than Change of Control**
John Lill, CEO	$2,000,000	$ 893,751
Robert Wickham, SVP Finance and CFO	$1,200,000	$ 606,666
Corey Copeland, SVP, IR and Strategic Development	$1,125,000	$ 568,750
Grigory Potapov, SVP and General Director, Russia	$1,332,000	$ 673,400
Andrey Shchetinin, SVP, Corporate Affairs	$ 888,000	$ 448,934

Note:

(1) Upon termination following a change of control, the Options issued to each of the NEOs will automatically vest. No value can be assigned to the Options as at the date of this prospectus.

Director Compensation

As at the date of this prospectus, the Company has not paid any compensation to any of its directors for serving in such capacity. It is expected that the Human Resources and Compensation Committee will be delegated responsibility for determining director compensation. Directors may receive equity-based awards grants as determined by the Administrator pursuant to the Directors' Plan. The terms of any compensation payable and/or any Options, RSUs and/or DSUs issuable to Messrs. Finskiy and Razumov, if any, will be determined after Closing; such compensation, Options, RSUs and/or DSUs not to exceed the amount of compensation payable and/or Options, RSUs and/or DSUs issuable to the other directors.

In September 2011, Hugessen was engaged to provide independent advice on compensation for the directors of Intergeo. Hugessen reviewed compensation paid by a comparator group of companies and made recommendations regarding compensation to ensure that Intergeo would be competitive with the compensation characteristics of the comparator group. The comparator group of companies were Inmet Mining Corporation, Katanga Mining Ltd., Sherritt International Corporation, Lundin Mining Corporation, Quadra FNX Mining Ltd., HudBay Minerals, Inc. and Thompson Creek Metals Company Inc. The comparator group was selected based on a number of criteria including that each of the companies be a diversified metals and mining company listed on the TSX with a total enterprise value between Cdn$1 billion and Cdn$4 billion. Hugessen recommended the proposed directors' compensation set forth in the table below. The Company will continue to review directors' compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary. Compensation decisions made by the Company are the responsibility of the Company and may reflect factors and considerations in addition to the information and recommendations from Hugessen.

Component	Fee ($)
Annual Retainer	120,000
Board Meeting Fees	1,500 per meeting
Committee Chair Retainer (Audit Committee)	25,000
Committee Chair Retainer (non-Audit Committee)	10,000
Committee Member Retainer (Audit Committee)	10,000
Committee Member Retainer (non-Audit Committee)	Nil
Committee Meeting Fee	1,500 per meeting

Incentive Plan Awards

No options-based awards or share-based awards were outstanding at the end of the most recently completed financial year.

Following Closing, it is anticipated that each non-executive director will be granted Options under the Directors' Plan to acquire that number of Common Shares representing approximately 0.15% of the number of Common Shares then issued and outstanding. These Options are expected to have a term not exceeding 10 years and are expected to have an exercise price equal to the Offering Price.

Incentive Plan Awards — Value Vested or Earned During the Year

No options-based awards or share-based awards vested during the most recently completed financial year. As at the date of this prospectus, the Company has not yet adopted the Plans, and no Options, RSUs or DSUs have been granted under the Plans. Any future grant of Options, RSUs or DSUs will be made pursuant to the terms of the Plans. See *"— Incentive Plans".*

Incentive Plans

The Company expects to have two long-term incentive plans, one for the directors of the Company (the "**Directors' Plan**") and one for officers, employees and consultants of the Company and its affiliates (the "**Employees' Plan**"). The Directors' Plan and the Employees' Plan are collectively referred to as the "**Plans**". It is expected that the Plans will be approved by the Board following Closing. The Plans will have substantially similar terms, except as otherwise noted. The Company currently anticipates that the Plans will be the Company's only security-based compensation arrangements.

The Plans will be designed to promote the growth and development of the Company by attracting and retaining directors, officers, employees and consultants of outstanding ability, to motivate such individuals to achieve the long-term growth and financial success of the Company by rewarding them with share-based compensation, and to align the interests of such individuals with those of the Company's shareholders.

The Plans will be administered by the Board or, if the Board determines, by the Human Resources and Compensation Committee of the Board or such other committee of the Board comprised of not less than three directors of the Company as the Board shall determine from time to time (the "**Administrator**"). It is currently contemplated that the Administrator will be the Human Resources and Compensation Committee.

All directors of the Company will be eligible to receive awards under the Directors' Plan, unless the director is also an officer, employee or consultant of the Company or an affiliate of the Company, in which case the director is eligible to receive awards under the Employees' Plan. Officers, employees or consultants of the Company or affiliates of the Company will be eligible to receive awards under the Employees' Plan.

Subject to the provisions of the Plans, the Administrator will have the authority to, among other matters, decide when awards should be granted (subject to the requirements of applicable securities laws and regulatory requirements), designate which eligible persons should be granted awards, grant awards, determine the number of awards to be awarded and determine the term of awards and the vesting criteria applicable to awards (including performance vesting, if applicable). If the Administrator is the Human Resources and Compensation Committee (or another committee of the Board), all grants of awards will be subject to the approval of the Board.

The aggregate number of Common Shares which may be issued under the Plans, when combined with all other security-based compensation arrangements of the Company, may not exceed 7% of the aggregate number of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time. Any Common Shares subject to an award under the Plans which has not been exercised or which has not vested prior to forfeiture and cancellation shall again be available for future awards under the Plans, effectively resulting in a re-loading of the number of Common Shares available for future awards under the Plan.

The following types of awards are expected to be available for grant under each Plan:

Stock Options

Each Option granted to a participant will represent the right to acquire one Common Share at an exercise price per Common Share which shall not be lower than the closing market price of the Common Shares on the TSX on the trading day immediately preceding the grant date. The Option period will be as determined by the Administrator, but in no event may exceed 10 years. Options will vest in accordance with the vesting schedule determined by the Administrator. Unless otherwise specified, each Option will vest and become exercisable in three approximately equal instalments on the first three anniversaries of the grant date.

Restricted Share Units

Each restricted share unit (an "**RSU**") granted to a participant will represent one notional Common Share, the value of which will be equal to the closing market price of the Common Shares on the TSX on the trading day immediately preceding the date on which market value is to be determined. RSUs will vest in accordance with the vesting schedule determined by the Administrator, which may include criteria such as performance vesting. Unless otherwise determined by the Administrator, each RSU will vest in three approximately equal instalments on the first three anniversaries of the grant date. If the participant is a Canadian taxpayer, the vesting date cannot be later than December 1 of the third year following the year in which the grant date occurs.

At vesting, each RSU will have a value equal to the then current market value of one Common Share on the date of settlement, which market value shall be equal to the closing market price of the Common Shares on the TSX on the trading day immediately preceding the date of settlement. Additional RSUs may be credited to reflect dividends paid on Common Shares and are subject to the same vesting provisions as the underlying RSUs that were granted. Settlement may be in cash, Common Shares or any combination of cash and Common Shares, as determined by the Administrator.

Deferred Share Units

Each deferred share unit (a "**DSU**") granted to a participant represents one notional Common Share, the value of which is equal to the closing market price of the Common Shares on the TSX on the trading day immediately preceding the date on which market value is to be determined. There are two types of DSUs which may be granted under each Plan:

Freestanding DSUs. Freestanding DSUs may be granted to participants at such time or times as shall be determined by the Administrator.

Elective DSUs. On fixed dates established by the Administrator and subject to such terms and conditions as the Administrator shall determine, the Administrator may require or permit a participant to elect to defer receipt of all or a portion of his annual retainer (in the case of the Directors' Plan) or permit a participant to elect to defer receipt of all or a portion of his annual compensation and/or annual incentive bonus (in the case of the Employees' Plan) (such amount being the "**deferred annual amount**") payable by the Company or an affiliate of the Company and receive in lieu thereof an award of elective DSUs equal to the greatest whole number which may be obtained by dividing (i) the amount of the deferred annual amount, by (ii) the market value of one Common Share on the date of payment of such deferred annual amount, which market value shall be equal to the closing market price of the Common Shares on the TSX on the trading day immediately preceding the date of payment.

Freestanding DSUs will vest in accordance with the vesting schedule determined by the Administrator, which may include criteria such as performance vesting. Elective DSUs will vest at the time DSUs are credited to the participant. At vesting, each DSU will have a value equal to the then current market value of one Common Share on the date of settlement, which market value shall be equal to the closing market price of the Common Shares on the TSX on the trading day immediately preceding the date of settlement. Additional DSUs may be credited to reflect dividends paid on Common Shares and are subject to the same vesting provisions as the underlying DSUs that were granted. Settlement may be in cash, Common Shares or any combination of cash and Common Shares, as determined by the Administrator. For participants who are Canadian taxpayers, settlement of DSUs must take place later than December 31 of the first calendar year commencing after the year in which the participant ceases to be a director of the Company or an affiliate of the Company (in the case of the Directors' Plan) or an officer, employee or consultant of the Company or an affiliate of the Company (in the case of the Employees' Plan) for any reason.

In the event of a change of control, the Administrator shall have the right, but not the obligation, and without the consent of any participant, to permit each participant, within a specified period of time prior to the completion of the change of control, to exercise all of the participant's outstanding Options and to settle all of the participant's outstanding RSUs and DSUs (to the extent then vested and exercisable, including by reason of acceleration by the Administrator or in accordance with any specified arrangements between the Company and/or an affiliate of the Company and a participant), subject to and conditional upon the completion of the change of control. In the event of a change of control, the Administrator may also, in its discretion, accelerate vesting, without regard to whether such awards have otherwise vested in accordance with their terms.

The Administrator may amend the Plans or awards at any time, provided that no amendment may materially and adversely affect any award previously granted to a participant without the consent of the participant, except to the extent required by applicable law (including TSX requirements). Notwithstanding the foregoing, no amendment in respect of a RSU or DSU awarded to a Canadian taxpayer shall be made without the consent of the Canadian taxpayer if the result of such amendment would be to cause the RSU or DSU to be a "salary deferral arrangement" under the Tax Act.

Notwithstanding the foregoing, no amendments to the Plans or to awards may be made to:

(a) reduce the Option price, or cancel and reissue any Options so as to in effect reduce the Option price, for the benefit of insiders;

(b) extend the date on which an award would otherwise expire without having been exercised or on which it would be forfeited or terminated for the benefit of insiders, other than in circumstances involving black-out periods in accordance with the Plans;

(c) increase the maximum number of Common Shares reserved for issuance under the Plans (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares); or

(d) revise the amending provisions set forth in the Plans,

without obtaining the prior approval of the shareholders of the Company in accordance with the requirements of the TSX.

Awards will generally be non-transferable by a participant.

In addition, notwithstanding the foregoing, special restrictions will apply to U.S. taxpayers who participate in the Plans.

Advice on Compensation

In connection with its review of the NEOs compensation and its recommendation of the directors' compensation, Hugessen was paid a fee of Cdn$92,055. Hugessen did not provide any non-compensation related services.

CORPORATE GOVERNANCE

The Company believes that good corporate governance is an essential element of a well-managed company. The following is a description of the Company's proposed corporate governance practices.

Board of Directors

Following Closing, the Board will be composed of seven directors, four of whom will be considered independent directors. The independent directors will be Messrs. Evans, Garver, Murray and Salamon. The quorum required for meetings of the Board will be a majority of directors, and must include those directors that are nominees of Daselina, if any. In addition, for so long as the Daselina Group and the Kirkland Group collectively hold at least 33% of the outstanding Common Shares, the prior written consent of Daselina will be required for certain corporate actions. See "*Governance Arrangements with Principal Securityholders*" and "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The Company's controlling shareholder's interests may differ from those of its other shareholders, and adverse events with respect to the Company's beneficial shareholders may adversely affect the Company*".

Messrs. Finskiy and Lill are not independent members of the Board since Mr. Finskiy is the Executive Chairman of the Company and Mr. Lill is the Chief Executive Officer of the Company. Following Closing, a lead director of the Board, who will be independent, will be identified and appointed and will enable the Board to function independently of management in fulfilling its mandate.

Mandate of the Board

The Board will adopt a written mandate in which it assumes responsibility for the stewardship of the Company. The mandate will provide for: (i) the composition of the Board, (ii) the time, place and manner of Board meetings, (iii) the duties and responsibilities of the Board, including creating and maintaining work plans, establishing Board committees, reviewing all material transactions and agreements, and risk management, (iv) the appointment and responsibilities of the Chairman/Executive Chairman and lead director, (v) stakeholder access to independent directors, and (vi) other organizational matters.

Directorships

The following current and proposed directors of the Company are also presently directors of other reporting issuers (or the equivalent) as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Maxim Finskiy	White Tiger Gold Ltd.	TSX
	Red Tiger Mining Inc.	TSX Venture Exchange
John Lill	Centerra Gold Inc.	TSX
Dmitry Razumov	United Company Rusal Plc	HKEX, EURONEXT, MICEX, RTS
	OJSC Open Investments	RTS, MICEX
	Polyus Gold International Limited	LSE, FRA, LUX
Richard Evans	AbitibiBowater Inc.	TSX
Mike Salamon	New World Resources plc	LSE
	Central Rand Gold	LSE, JSE
	Gem Diamonds Limited	LSE
	Ferrexpo plc	LSE

Position Descriptions

It is expected that the Board will develop and implement written position descriptions for the Chairman/Executive Chairman of the Board, the chairman of each committee of the Board and the lead director. In addition, the Board and the Chief Executive Officer are expected to collectively develop and implement a written position description for the Chief Executive Officer.

Orientation and Continuing Education

The Board will encourage the directors to take relevant training programs offered by different regulatory bodies and will give them the opportunity to expand their knowledge about the nature and operations of the Company. Following Closing, it is expected that the Company will put in place an orientation program for new directors under which a new director will meet separately with members of the executive team. A new director will have the opportunity to meet with the other members of the Board in addition to management to obtain insight into the Company's business and the role of the Board and its committees. It is expected that the Corporate Governance and Nominating Committee of the Board will be responsible for evaluating and making recommendations to the Board as appropriate with respect to the orientation and continuing education of directors.

Ethical Business Conduct

In exercising their powers and discharging their duties, the directors of the Company will be required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board will adopt a written code of ethics (the "**Ethics Code**"), which is expected to apply to all of the Company's directors, officers and employees, and all consultants to the Company to the extent they conduct activities at or for the Company. The purpose of the Ethics Code will be to promote compliance with applicable law, provide standards of conduct within the Company, promote fair and honest dealings with those with whom the Company does business, promote an orderly and tolerant workplace, promote the Company's commitment to the environment and to the health and safety of its workplace, and to do its work in a socially responsible manner, and promote a culture of honesty and accountability. It is anticipated that the Audit Committee will be responsible for compliance issues relating to the Ethics Code. A copy of the Ethics Code will be available under the Company's profile on the SEDAR at www.sedar.com.

Assessments

It is expected that the Corporate Governance and Nominating Committee will, on an annual basis, evaluate and make recommendations to the Board with respect to the size, composition and effectiveness of the Board, the contribution of individual directors to the Board and Board committees, and the effectiveness of the Board and Board committees.

Audit Committee

Audit Committee Mandate

The Board will establish an Audit Committee. The Board is expected to adopt a written mandate for the Audit Committee, which will set out the Audit Committee's responsibilities, which will include, among other things, approving the Company's quarterly financial statements and related management discussion and analysis, reviewing and recommending to the Board for approval the Company's annual financial statements and related management discussion and analysis; reviewing and approving, if appropriate, major changes to the Company's accounting principles and practices; and pre-approving all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditors. A copy of the proposed Charter of the Audit Committee is attached to this prospectus as Appendix "A".

Composition of the Audit Committee and Relevant Education and Experience

It is expected that the Audit Committee will consist of three directors and it is anticipated that Mr. Murray will be chairman of the Audit Committee. Each member of the Audit Committee will be "financially literate" within the meaning of NI 52-110 and "independent" within the meaning of NI 52-110.

The Company anticipates that each of the members of the Audit Committee will possess: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

Pre-Approval Polices and Procedures for the Engagement of Non-Audit Services

The Audit Committee is expected to adopt specific policies and procedures for the engagement of non-audit services, as described in the proposed Charter of the Audit Committee attached hereto as Appendix "A".

External Audit Service Fees

The following table summarizes the fees billed by the auditors to the Company, Deloitte & Touche LLP, for external audit and other services provided to the Company as at May 4, 2012.

	Audit Fees	Audit Related Fees(1)	Tax Fees	All Other Fees(2)
2011	$318,799	$195,093	N/A	$15,000
January 1, 2012-May 4, 2012	$246,838	$ 42,500	N/A	$45,000

Notes:

(1) Fees billed by the auditors in connection with the auditors' review of its financial statements for the nine months ended September 30, 2011 and services provided in respect of the acquisition of Kingash LLC.

(2) Fees billed by the auditors in connection with services provided in connection with the Offering and related matters.

Nomination of Directors — Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee will be responsible for identifying possible nominees to the Board (and who are likely to meet the criteria of the competencies and skills the Company needs as a whole) and recommending to the Board appropriate qualified individuals as members of the Board, the appointment of directors to Board committees and the selection of chairs of Board committees. The nomination of individuals for election as directors will be subject to the nomination rights of Daselina and Kirkland discussed under the heading "*Governance Arrangements with Principal Shareholders*". The Corporate Governance and Nominating Committee will be comprised of at least two directors, a majority of whom will be independent.

Compensation — Human Resources and Compensation Committee

The Human Resources and Compensation Committee will be responsible for establishing and recommending to the Board the Company's compensation philosophy and overseeing the on-going development and implementation of the Company's compensation philosophy. It is anticipated that the Human Resources and Compensation Committee will, among other things, also recommend to the Board the Company's key compensation objectives and strategies taking into account the Company's strategic business plan; oversee and recommend to the Board the design of the Company's key compensation program and the elements of such program, and oversee the administration of such compensation program by management. The Human

Resources and Compensation Committee will be comprised of at least two directors, a majority of whom will be independent.

Health, Safety, Environmental and Corporate Social Responsibility Committee

Following the Closing, the Board expects to establish a Health, Safety, Environmental and Corporate Social Responsibility Committee. It is anticipated that the Health, Safety, Environmental and Corporate Social Responsibility Committee will be responsible for, among other things, reviewing the Company's health, safety and environmental management programs, and recommending significant programs to the Board for approval; reviewing the Company's corporate social responsibility program; and overseeing management's compliance with laws, rules and regulations with respect to health, safety and environmental matters and corporate social responsibility.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

The Company is not aware of any individuals who are either current or former executive officers, directors or employees of the Company or any of its subsidiaries and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Company or otherwise) that is owing to (i) the Company or its subsidiaries, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Intergeo or any of its subsidiaries.

Except for (i) indebtedness that has been entirely repaid on or before the date of this prospectus, and (ii) "routine indebtedness" (as defined in Form 51-102F5 of the Canadian Securities Administrators), the Company is not aware of any individuals who are, or who at any time since incorporation of the Company were, a director or executive officer of the Company, or an associate of any of those directors or executive officers, who are, or have been at any time since incorporation of the Company, indebted to the Company or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since incorporation of the Company has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Intergeo or any of its subsidiaries.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and executive officers of the Company, other than as set forth below, no person beneficially owns or controls or directs, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

Shareholder Name	Class of Securities	Number and Percentage of Common Shares Owned, Controlled or Directed prior to giving effect to the Offering	Number and Percentage of Common Shares Owned, Controlled or Directed after giving effect to the Offering(2)
Mikhail Prokhorov(1)	Common Shares	98,891,741/98.9%	**[●]/[●]%**

Notes:

(1) Mr. Prokhorov beneficially owns the Common Shares through Daselina. See "— *Option Agreement*".

(2) If the Over-Allotment Option is exercised in full, Mr. Prokhorov will beneficially own [●] Common Shares representing approximately [●]% of the issued and outstanding Common Shares.

Mr. Prokhorov holds a 0.5% equity interest in Intergeo Russia. There are no agreements or other arrangements between Mr. Prokhorov and Intergeo concerning the future equity or debt financing of Intergeo Russia, as a result of which Mr. Prokhorov has no obligation to finance Intergeo Russia. Furthermore, Intergeo Russia may be unable to undertake any equity financings without the approval of both of its shareholders. If Mr. Prokhorov does not approve an equity financing, the only internal source of future funding for Intergeo Russia will be intra-group loans. In addition, pursuant to the Shareholders' Rights Agreement, the approval of Daselina is required with respect to any equity financings of Intergeo Russia. As a result, if Mr. Prokhorov and/or Daselina fail to approve any such equity financing, Intergeo Russia will not be entitled to undertake such financing and Mr. Prokhorov's interest in Intergeo Russia will not be diluted. This structure could effectively give Mr. Prokhorov a "carried interest" in Intergeo Russia (i.e. the ability to maintain his 0.5% equity interest without providing any ongoing equity and/or debt funding to Intergeo Russia and without any liability to Intergeo Russia). Mr. Prokhorov and Daselina, a company beneficially owned Mr. Prokhorov, have advised the Company that they intend to act in unison in making these decisions. Management expects that Intergeo Russia will be funded by way of intra-group loans if such equity financings are not approved. Certain decisions of Intergeo Russia require unanimity of its participants under Russian LLC Law. As a result, Mr. Prokhorov's approval will be required (irrespective of the size of his interest in Intergeo Russia) for certain matters including with respect to a reorganization of Intergeo Russia, amendments of certain provisions of its charter and increase of its charter capital in certain ways (such as by way of conversion of debt to equity).

See "*Governance Arrangements with Principal Securityholders*", "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The Company does not have sufficient funds to develop its mineral properties and will require additional financing in the future*" and "*Risk Factors — Risks Relating to Intergeo's Business and Industry — The Company's controlling shareholder's interests may differ from those of its other shareholders, and adverse events with respect to the Company's beneficial shareholders may adversely affect the Company*".

Option Agreement

On March 21, 2012, the Option Agreement was entered into by Daselina and Kirkland and acknowledged by Intergeo, at which time Daselina owned all of the issued share capital of Intergeo, consisting of 100,010,000 Common Shares. Under the Option Agreement, Daselina granted to Kirkland the right to acquire the following Common Shares from Daselina:

- 1,118,259 Common Shares, which were transferred to Kirkland on April 18, 2012; and
- 17,883,641 Common Shares (the "**Initial Option Shares**"), on exercise by Kirkland of an option (the "**Kirkland Option**") from Daselina for an exercise price determined in accordance with the Option Agreement. The Kirkland Option is exercisable in whole or in part once per calendar quarter until February 1, 2015, subject to earlier termination, unless the exercise period is extended in accordance with the Option Agreement or by agreement of Daselina and Kirkland.

If all of the Initial Option Shares are acquired by Kirkland from Daselina, after giving effect to the Offering, Mr. Prokhorov will beneficially own [●]% of the issued and outstanding Common Shares and Mr. Finskiy will beneficially own [●]% of the issued and outstanding Common Shares ([●]% and [●]%, respectively, if the Over-Allotment Option is exercised in full).

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Canada LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires Common Shares pursuant to the Offering, and who, for the purposes of the Tax Act and at all relevant times, holds such Common Shares as capital property and deals at arm's length with, and is not affiliated with, the Company (a "**Holder**"). Common Shares will generally be considered to be capital property to a Holder unless the Holder holds such Common Shares in the course of carrying on a business of buying and selling securities or has acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) with respect to whom the Company is or will be a "foreign affiliate" within the meaning of the Tax Act, (ii) that is a "financial institution" for the purposes of the mark-to-market rules under the Tax Act, (iii) an interest in which is a "tax shelter" or a "tax shelter investment" as defined in the Tax Act, (iv) that is a "specified financial institution" as defined in the Tax Act, or (v) who has made a "functional currency" election under section 261 of the Tax Act. Any such Holder should consult its own tax advisor.

This summary is based on the current provisions of the Tax Act and an understanding of the published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") released prior to the date hereof. This summary takes into account all proposed amendments to the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) ("**Finance**") prior to the date hereof (the "**Proposed Amendments**") and assumes that such Proposed Amendments will be enacted in the form proposed, although no assurance can be given that the Proposed Amendments will be enacted in their current form or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any other changes in law or any changes in the CRA's administrative policies and assessing practices, whether by judicial, governmental or legislative action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of securities (including dividends, adjusted cost base and proceeds of disposition) must generally be expressed in Canadian dollars. Amounts denominated in foreign currencies must be converted into Canadian dollars generally based on the exchange rate quoted by the Bank of Canada for noon on the date such amounts arise or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax considerations applicable to any particular Holder are made. Accordingly, prospective Holders are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Common Shares.

Residents of Canada

The following discussion applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident in Canada (a "**Resident Holder**").

Dividends on Common Shares

A Resident Holder will be required to include in computing such Holder's income for a taxation year the amount of dividends, if any, received on Common Shares. Dividends received on Common Shares by a Resident Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. A Resident Holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income.

Disposition of Common Shares

A disposition or deemed disposition of Common Shares by a Resident Holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of the disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Common Shares immediately before the disposition. See "— *Taxation of Capital Gains and Capital Losses*" below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder will be included in the Resident Holder's income for the year of disposition. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year is required to be deducted by the Holder against taxable capital gains in that year (subject to, and in accordance with, the provisions of the Tax Act). Any excess of allowable capital losses over taxable capital gains of a Resident Holder realized in a taxation year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains realized in such years, to the extent and under the circumstances provided in the Tax Act.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax under the Tax Act.

Offshore Investment Fund Property Rules

The Tax Act, including certain Proposed Amendments, contains provisions (the "**OIF Rules**") which, in certain circumstances, may require a Resident Holder to include an amount in income in each taxation year in respect of the acquisition and holding of Common Shares if (1) the value of such Common Shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, "**Investment Assets**"); and (2) it may reasonably be concluded that one of the main reasons for the Resident Holder acquiring, holding or having the Common Shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Holder.

In making this determination, the OIF Rules provide that regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity, including the Company, and the form of, and the terms and conditions governing, the Resident Holder's interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any such non-resident entity, including the Company, are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Resident Holder, and (iii) the extent to which any income, profits and gains of any such non-resident entity, including the Company, for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable, the OIF Rules can result in a Resident Holder being required to include in its income for each taxation year in which such Resident Holder owns the Common Shares the amount, if any, by which (i) an imputed return based on the Resident Holder's "designated cost" (as defined in the Tax Act) of the Common Shares exceeds (ii) any dividends or other amounts included in computing such Holder's income for the year (other than a capital gain) in respect of the Common Shares determined without reference to the OIF Rules. Any amount required to be included in computing a Resident Holder's income under these provisions will be added to the adjusted cost base of the Common Shares.

The OIF Rules are complex and their application will potentially depend, in part, on the reasons for a Resident Holder acquiring or holding Common Shares. Resident Holders are urged to consult their own tax advisors regarding the application and consequences of the OIF Rules in their own particular circumstances.

Foreign Property Information Reporting

A Resident Holder that is a "specified Canadian entity" for a taxation year or a fiscal period and whose total cost amount of "specified foreign property" (as such terms are defined in the Tax Act), including Common Shares, at any time in the year or fiscal period exceeds Cdn$100,000 will be required to file an information return with the CRA for the year or period disclosing prescribed information in respect of such property. Substantial penalties may apply where a Resident Holder fails to file the required information return in respect of its specified foreign property on a timely basis in accordance with the Tax Act. In the March 4, 2010 federal Budget, Finance proposed that the existing reporting requirements with respect to "specified foreign property" be expanded so that more detailed information be available for audit use by the CRA. Revised legislation reflecting such Proposed Amendments has not yet been released.

The reporting rules in the Tax Act are complex and this summary does not purport to address all circumstances in which reporting may be required by a Holder. Holders should consult their tax advisors regarding the reporting rules contained in the Tax Act.

Additional Refundable Tax

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% of its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains realized, or dividends received or deemed to be received by the Resident Holder (other than certain dividends or deemed dividends that are deductible in computing taxable income).

Shareholders Not Resident in Canada

The following portion of this summary is applicable to a Holder who: (i) has not been, is not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act or any applicable tax treaty; and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Common Shares in connection with, or in the course of, carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Dividends on Common Shares

Dividends paid in respect of Common Shares to a Non-Resident Holder will not be subject to Canadian withholding tax or other income tax under the Tax Act.

Disposition of Common Shares

A Non-Resident Holder who disposes or is deemed to dispose of Common Shares that were acquired under the Offering will not be subject to Canadian income tax in respect of any capital gain realized on the disposition unless such Common Shares constitute "taxable Canadian property" for the purposes of the Tax Act and no exemption is available under an applicable income tax convention between Canada and the jurisdiction in which the Non-Resident Holder is resident.

Generally, Common Shares will not be taxable Canadian property at a particular time to a Non-Resident Holder provided that the Common Shares are listed on a designated stock exchange (which includes the TSX) at that time, unless at any time during the sixty month period immediately preceding the disposition of the Common Shares by such Non-Resident Holder, the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, or the Non-Resident Holder together with all such persons, owned not less than 25% of the issued shares of any class or series of the capital stock of the Company and at that time more than 50% of the value of such shares was attributable to resource properties or real properties situated in Canada; or the Non-Resident Holder's Common Shares were acquired during such sixty month period in certain types of tax deferred exchanges in consideration for property that was itself taxable Canadian property. The Company has advised that based on the historical and contemplated assets of the Company, the Common Shares should not be taxable Canadian property to a Non-Resident Holder.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Canada LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, on the Closing Date, provided that the Common Shares are listed on a designated stock exchange (which includes the TSX), the Common Shares will on that date be a qualified investment under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax free savings accounts, all as defined in the Tax Act.

Notwithstanding the foregoing, the holder of a tax-free savings account or the annuitant under a registered retirement savings plan or registered retirement income fund that governs a trust which holds any of the Common Shares will be subject to a penalty tax if the holder or annuitant, as applicable (i) does not deal at arm's length with the Company for the purposes of the Tax Act; or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Company or in a person or partnership that does not deal at arm's length with the Company for the purposes of the Tax Act.

PLAN OF DISTRIBUTION

This prospectus qualifies the distribution under Canadian securities laws of the Offered Shares, including the Offered Shares to be distributed upon the exercise of the Over-Allotment Option, if any.

The Offering

The Company is offering the Offered Shares through the Underwriters pursuant to an underwriting agreement entered into among the Company and the Underwriters dated **[●]**, 2012 (the "**Underwriting Agreement**"). Subject to the terms and conditions of the Underwriting Agreement, each of the Underwriters has severally agreed to purchase **[●]** Offered Shares offered hereby on or about **[●]**, 2012 or such later date as the Company and the Underwriters may agree, but in any event not later than **[●]**, 2012, for gross proceeds of Cdn$**[●]** at a price per Offered Share equal to the Offering Price to be payable in cash to the Company against delivery. There is currently no market through which the Offered Shares may be sold and purchasers may not be able to resell Offered Shares purchased under this prospectus. The Offering Price was determined by negotiation among the Company and the Underwriters in the context of prevailing market conditions.

The obligations of the Underwriters are several and neither joint, nor joint and several, and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriting Agreement provides that the Underwriters must buy all of the Offered Shares if they buy any of them. However, the Underwriters are not required to take or pay for the Offered Shares covered by the Over-Allotment Option described below. The Offered Shares are offered subject to a number of conditions, including compliance by the Company with industry standard closing conditions and the compliance with all applicable legal requirements.

The Offering is being made in each of the Qualifying Jurisdictions. The Offered Shares will be offered in each of the Qualifying Jurisdictions through the Underwriters or their affiliates who are registered to offer the Offered Shares for sale in such Qualifying Jurisdictions and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer the Offered Shares outside of Canada.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered, sold or delivered within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, they (or such U.S. affiliate of one or more of the Underwriters which conducts U.S. offers and sales) will not offer or sell the Offered Shares within the United States. The Underwriting Agreement permits the Underwriters, through certain of their U.S. broker-dealer affiliates to offer and resell Offered Shares purchased from the Company to "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**"), in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offered Shares in the United States. The Underwriting Agreement also provides that the Underwriters may offer and sell the Offered Shares outside the United States only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

Subscriptions for Offered Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. The Closing is expected to occur on or about **[●]**, 2012, or such other date as the Company and the Underwriters may agree in writing, but in any event not later than **[●]**, 2012.

The Company has agreed to indemnify the Underwriters and their affiliates and their respective directors, officers, employees, partners and agents against certain liabilities.

Prior to the Offering, there was no public market for the Common Shares. The sale of a substantial number of the Common Shares in the public market after the Offering, or the perception that such sales may occur, could adversely affect the prevailing market price of the Common Shares. Furthermore, because some of the Common Shares will not be available for sale after the Offering due to the contractual and legal restrictions on resale described under the heading "*Plan of Distribution — Restrictions on Sales of Securities of the Company*" below, the sale of a substantial number of Common Shares in the public market after these restrictions lapse could adversely affect the prevailing market price of the Common Shares and the Company's ability to raise equity capital in the future. See "*Risk Factors*".

The Offered Shares will be issued in book-entry only form and registered in the name of CDS or its nominee and deposited with CDS. No certificates representing the Offered Shares are expected to be issued to investors in connection with the Offering, and registration will be made through the depository services of CDS. Such holders of Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through whom a beneficial interest in such securities is acquired. Offered Shares purchased by "qualified institutional buyers" in the United States pursuant to Rule 144A under the U.S. Securities Act will be represented by a separate book-entry only certificate issued in registered form to CDS or its nominee that bears a separate "restricted" CUSIP number.

The global certificate representing any Offered Shares that are sold in the United States will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act and applicable state securities laws and may only be offered, sold, pledged, transferred or otherwise disposed of, directly or indirectly, pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws.

The Over-Allotment Option

The Company has granted to the Underwriters the Over-Allotment Option, exercisable at the Underwriters' sole discretion, in whole or in part, at the Closing or at any time during the 30-day period following the Closing, to purchase up to an additional number of Offered Shares as is equal to 15% of the number of Offered Shares sold hereunder, on the same terms as set forth above, for the purpose of covering over-allotments, if any. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Offered Shares to be delivered upon the exercise of the Over-Allotment Option.

An investor who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Price Stabilization

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize, maintain or otherwise affect the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Offered Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Fees

The Offering Price is payable in Canadian dollars. The Company will pay the Underwriters a fee of [●]%, being equal to Cdn$[●] per Offered Share for each Offered Share sold pursuant to the Offering (including any Offered Shares distributed on the exercise of the Over-Allotment Option), for a total of Cdn$[●] to be paid to the Underwriters (Cdn$[●] if the Over-Allotment is exercised in full). All fees payable to the Underwriters will be paid on account of services rendered in connection with the Offering and will be paid from the gross proceeds of the Offering. In connection with the Offering, Intergeo will pay an advisory fee to Moelis & Company LLC equal to Cdn$[●] (Cdn$[●] if the Over-Allotment is exercised in full) for certain services provided and to be provided to Intergeo, including undertaking a business and financial analysis of the Company and advising the Company in structuring the Offering. The Underwriters will rebate to Intergeo an amount equal to Cdn$[●] for certain of its expenses in connection with the Offering.

Expenses Related to the Offering

It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately Cdn$[●], which will be paid by the Company.

Restrictions on Sales of Securities of the Company

Restrictions on the Company

Under the Underwriting Agreement, without the prior written consent of Morgan Stanley Canada Limited and BMO Nesbitt Burns Inc. for a period ending 180 days after the Closing Date, the Company has agreed not to, directly or indirectly, authorize, sell or issue or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any Common Shares or enter into any agreement or arrangement under which the Company acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, or agree to become bound to do so, or disclose to the public any intention to do so, other than pursuant to the Offering or the Plans.

Restrictions on Daselina and Kirkland

Each of Daselina and Kirkland, which together currently hold all of the issued and outstanding Common Shares, have agreed not to sell, agree or offer to sell, grant any option for the sale of, transfer, assign, pledge or otherwise dispose of any Common Shares or securities convertible or exchangeable into Common Shares owned, directly or indirectly, by such person for a period of 180 days following the Closing Date, other than pursuant to the Option Agreement, without the prior written consent of Morgan Stanley Canada Limited and BMO Nesbitt Burns Inc.

PRIOR SALES

The following table provides details regarding Common Shares issued by Intergeo during the 12-month period prior to the date of this prospectus.

Date	Number of Securities	Issue Price Per Common Share
June 9, 2011	10,000 Common Shares	$1.00
January 19, 2012	100,000,000 Common Shares	$2.16

RISK FACTORS

An investment in Offered Shares is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of exploration and development Intergeo's mineral properties. Investors should carefully consider the following risk factors in addition to reviewing the other information contained in this prospectus, including the Company's consolidated financial statements and notes thereto, before purchasing Offered Shares. Any of the following risks, individually or together, as well as risks not currently known to the Company, or which the Company currently considers immaterial, could adversely affect the Company's business, financial condition and prospects, in which case the trading price of the Offered Shares could decline and investors could lose all or part of their investment.

Risks Relating to Intergeo's Business and Industry

The Company has no history of production and no operating revenues and may not generate operating revenues from its mineral properties or ever achieve profitable operations.

Intergeo has not commenced commercial production on any of its mineral properties, has no revenues from operations and anticipates that it will have no operating revenues until it places one or more of its mineral properties into production. If the Company is unable to generate significant revenues from its mineral properties, it will not be able to earn profits or continue operations. There can be no assurance that the Company will be successful in ever developing a commercially viable mine at any of its mineral properties or ever achieving profitable operations. The Company has a limited operating history from which its business and prospects can be evaluated, and forecasts of any potential growth of the business of the Company are difficult to evaluate. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by comparable companies in the early stages of development, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

The Company does not have sufficient funds to develop its mineral properties and will require additional financing in the future.

The Company has limited financial resources and expects to incur losses for the foreseeable future. As at April 30, 2012, the Company's cash position was approximately $7 million. Management currently expects that the proceeds from the Offering will provide enough capital to fund the stated purposes under the heading "*Use of Proceeds*". Additional financing will be required in 2013 to fund each of the feasibility studies for Ak-Sug and Kingash, and the Company's other planned activities. The Company's continued operations will be dependent upon its ability to obtain additional financing and ultimately to generate operating revenues. There can be no assurance, however, that financing can be obtained on acceptable terms to the Company, or at all, or that such financing or any operating revenues will be sufficient to fund continued operations. The failure to obtain sufficient additional financing on a timely basis, or at all, may result in the delay or indefinite postponement of further prospecting, appraisal, exploration and future development, the ability to take advantage of other opportunities, the forfeiture of rights in some or all of Intergeo's properties or the ability to otherwise continue operations and may result in the Company selling one or more of its properties. Any unexpected costs, problems or delays could severely impact the Company's ability to achieve its milestones within the anticipated timeline or continue its prospecting, appraisal, exploration and development activities. If additional financing is raised by the issuance of Common Shares, shareholders, including Mr. Prokhorov, may suffer additional dilution and, as a result, control of the Company may change. If Mr. Prokhorov ceases to have de facto control of Intergeo,

Intergeo may cease to be under "Russian control" and, among other things, the exemptions established by the Strategic Investment Law for companies under "Russian control" will not be available to Intergeo. In addition, such further equity financings may require strategic approval. See *"Background Information on Russian Legal Framework — Strategic Entities"*.

In addition, the failure to meet certain prospecting, appraisal, exploration or development targets, or to achieve minimum levels of expenditures and mining over certain time periods, may constitute a violation of Intergeo's licences. See "*— Intergeo's licences, in particular those relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company*."

The Company has not defined any proven or probable reserves, and none of its mineral properties are under construction or in production.

The Company is an exploration and development company and all of its mineral properties are in the exploration or early development stage. The Company has not defined or delineated any proven or probable reserves on any of its properties for the purposes of NI 43-101. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There can be no assurance that the Company's mineral exploration programs at either the Ak-Sug Project or the Kingash Project, or at any other mineral property, will establish the presence of any proven or probable mineral reserves for the purposes of NI 43-101. The failure to establish proven or probable reserves at any mineral property would severely restrict the Company's ability to implement its strategies for long-term growth. In addition, the costs, timing and complexities of upgrading the mineralized material at the Ak-Sug Project and Kingash Project to proven or probable reserves, and ultimately to develop those reserves, may be greater than the Company anticipates.

Actual capital costs, operating costs, production and economic returns may differ significantly from those the Company has anticipated.

The PEAs are early stage studies that are preliminary in nature. The capital costs to take Intergeo's mineral properties into production may be significantly higher than anticipated by the PEAs. None of the Company's mineral properties have an operating history upon which the Company can base estimates of future operating costs. Decisions about the development of these and other mineral properties will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Capital costs, operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company may differ significantly from those anticipated by the Company's current studies and estimates, and there can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated, or that its production and economic returns will not be lower than currently anticipated.

The anticipated timeline for milestones relating to Intergeo's projects is subject to many uncertainties and may prove to be inaccurate.

The anticipated timelines for the Company's milestones may prove to be inaccurate. The timelines are based on management's current expectations and may be affected by a number of factors, including the progress of ongoing prospecting, appraisal, exploration and development, the results of consultants' analyses and recommendations, the rate at which expenditures are incurred, unexpected costs, delays in construction schedules, availability of major equipment and personnel and the Company's ability to obtain requisite funding, permits and licences and the Company's ability to execute agreements with strategic partners, some of which are beyond the Company's control, and which could cause the timelines to not be realized. It is common for mining projects to experience unexpected costs, problems and delays. A change in any of these factors could affect management's anticipated timelines.

The concurrent development of the Ak-Sug Project and Kingash Project would subject the Company to certain additional risks, including:

- the availability and terms of funds to finance concurrent development and construction activities at both projects and the potential diversion of available funds from the exploration or development of other Intergeo properties;
- the availability and cost of adequate qualified personnel, skilled labour and mining and processing equipment sufficient to support concurrent development, especially during mine construction and production ramp-up at both projects, which may require a significant increase in employees and contractors during a relatively short time period;
- the availability and cost of securing adequate fuel, power, water, materials and other supplies in quantities sufficient to meet the needs of both projects;
- management's ability to adequately supervise and develop both projects simultaneously and the potential diversion of management's attention from other matters, including the exploration or development of other Intergeo properties; and
- the ability to secure all necessary permits and licences for both projects concurrently.

Metal and mineral prices are highly volatile, and changes to the market price of metals could adversely affect the financial condition of the Company.

The mining industry is heavily dependent upon the market price of the metals or minerals being mined. Metal prices have fluctuated widely, particularly in recent years, and may be affected by numerous factors beyond the Company's control including interest rates; exchange rates; expectations of inflation; global and regional supply of, and demand for these metals; global or regional consumption patterns; the availability and cost of metal substitutes; speculative activities; by-product production levels from base-metal mines; and political and economic conditions. The effect of these factors, individually or in the aggregate, on metal and mineral prices cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision or ability to proceed with further exploration or development of its mineral properties, which would have a material adverse effect on its business, financial condition and prospects. There can be no assurance that a profitable market may exist or continue to exist.

There is a shortage of qualified skilled workers in the Russian labour market.

Currently the Russian labour market suffers from a general shortage of skilled and trained workers including professional engineers, and the Company competes with other companies operating in Russia to hire and retain such workers. In Russia, the working age population has declined due to a relatively low birth rate at the end of the 1980s and through the early 1990s. According to the NHDR produced by the United Nations Development Program in 2008, it was estimated that Russia's working age population will decline by 14 million between 2009 and 2025. According to the NHDR, the biggest decline of working-age population will be between 2011 and 2017, when the average annual loss will exceed one million and labour will be one of the most deficient resources in Russia in the near future. A shortage of skilled Russian labour combined with restrictive immigration policies could materially adversely affect the Company's business, financial condition and prospects.

The Company may have difficulty attracting and retaining qualified senior management, directors and certain highly skilled personnel, which could materially adversely affect it.

The Company is dependent on the services of its directors, key executives and certain other highly skilled and experienced individuals. The Company is also dependent on management's mining knowledge and expertise, business and governmental connections and their ability to secure the necessary financing to fund the exploration, development and production of the Company's mineral properties. Competition in Russia and internationally for personnel with relevant expertise is intense due to the relatively small number of qualified individuals. There can be no assurance that the Company will have the ability to retain existing senior management and attract additional qualified senior management to sufficiently staff its development and operating teams, the failure of which could have a material adverse effect on the Company's business, financial condition or prospects.

Actual mineral production is difficult to predict and may differ significantly from the resource estimates contained in this prospectus.

The estimates concerning Intergeo's mineral resources contained in Technical Reports and this prospectus are subject to considerable uncertainties. These estimates are based on interpretations by geologists of geological data obtained from sampling techniques and projected rates of production in the future. Until mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only, and no assurances can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any of its projects to development, the Company must rely upon estimated calculations as to mineral resources and grades of mineralization on its properties. In addition, it may take many years from the initial phase of drilling before production is possible. During that time, the economic feasibility of exploiting a discovery may change as a result of, among other things, changes in the market price of metals, or changes in the market prices of supplies or materials needed for such exploitation.

The estimation of mineral resources is a subjective process that relies on the judgment of the persons preparing the estimates. These persons rely on the quantity and quality of available data and the estimation process is based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. There can be no assurances that actual results will meet the estimates contained in studies. Further studies are required as well.

Estimated mineral resources may have to be recalculated based on changes in metal prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. The extent to which mineral resources may ultimately be reclassified as mineral reserves is dependent upon the demonstration of their profitable recovery. Any material changes in mineral resource estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. There can be no assurance that mineralization can be mined or processed profitably.

The PEAs rely significantly on the use of resources, including resources in the inferred category. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. Neither of the Technical Reports has estimated any mineral reserves for the respective project. There can be no assurance that any resource estimates for the Company's mineral properties will ultimately be reclassified as mineral reserves. The failure to establish proven and probable mineral reserves could restrict the Company's ability to successfully implement its strategies for long-term growth and could have a material adverse effect on the Company's business, financial condition and prospects.

The Company may be unable to obtain, maintain or comply with the terms of required permits and licences.

Generally, prospecting, appraisal, exploration and mining activities will require a company to obtain permits issued by governmental agencies, both to implement new developments or projects or on the basis of periodic renewal or review for ongoing activities or operations. Intergeo's business depends on the continuing validity of its subsoil licences and the issuance of new and extension of existing subsoil licences and its compliance with the terms thereof. Intergeo's subsoil licences are granted for a defined period as specified in the terms of the relevant licence. Currently, the applicable legislation in Russia does not provide for an automatic extension of a subsoil licence or the conversion of a prospecting and appraisal licence to a mining licence or exploration and mining licence to its current holder. However, it allows the holder to apply to the respective licencing authority for the extension of the existing licence or conversion of the prospecting and appraisal licence to a mining licence or exploration and mining licence, provided that the holder has complied with the terms and conditions of the licence. Regulatory authorities exercise considerable discretion in the timing of licence issuance, extension of licences and monitoring licencees' compliance with licence terms. Subsoil licences and related agreements typically contain certain environmental, safety and production commitments. If automatic termination and/or other "significant" or "material" terms and conditions of the licences are not met or regulatory authorities consider them not to be met, Intergeo's subsoil licences may be suspended, restricted or terminated. No assurances can be given that Intergeo's licences will be extended or converted. Intergeo would be adversely affected if any extension, conversion or extension applied for is not granted and any such event may cause the prospecting, appraisal, exploration, development or mining operations of the Company to be discontinued. Further, any imposition of additional compliance conditions may cause the Company to incur additional costs, any of which could have a material adverse effect on the Company's business, financial condition and prospects.

The Company may not be able to, or may voluntarily decide not to, comply, or may not have complied in all respects, with the licence requirements for some or all of its licences. If the Company fails to fulfill the specific terms of any of its licences or if a subsidiary operates in licence areas in a manner that violates Russian law, regulators may impose fines. Regulators may also suspend, restrict operations under, withdraw or refuse to extend licences, any of which could have a material adverse effect on the Company's business, financial condition and prospects.

Russian subsoil rights are in some cases internally inconsistent and vague which reduces certainty and may result in inconsistent and selective governmental claims or actions.

Russian legislation on subsoil rights is internally inconsistent and vague, and the regulators' acts and instructions are often arguably inconsistent. Subsoil licence holders often face the situation where both failing to comply with the regulator's acts and instructions and choosing to comply with them places them at risk of being subject to selective or arbitrary governmental claims and actions, whether by the regulator or the Russian Federation General Prosecutors' Office. Thus, it is possible that licences applied for and/or issued in reliance on the Russian Ministry of Natural Resources' acts and instructions could be challenged by the Russian Federation General Prosecutors' Office as being invalid. The licencing process may also be influenced by outside commentary, political pressure and other extra-legal factors. In the case of subsoil licences, unsuccessful applicants may bring direct claims against the issuing authorities that the subsoil licence was issued in violation of applicable law or regulation, such as the failure of a licence to properly reflect auction terms or the absence of a competitive auction, if appropriate. A competitor may also demand termination of the licence or challenge extension based on non-compliance. If successful, such proceedings and claims may result in the revocation or invalidation of the licences. Accordingly, licences that Intergeo requires may be revoked, invalidated or may not be extended or converted. Licences that are issued, extended or converted may not be issued, extended or converted in a timely fashion and may involve conditions that restrict the Company's ability to conduct its operations or to do so profitably.

In addition, there can be no assurance that new local, regional or federal licence requirements will not be introduced nor can Intergeo be certain that it will be able to obtain, extend or convert, in a timely fashion, or at all, the necessary licences.

Licencing authorities may refuse to convert a licence or may terminate an existing mining licence if the subsoil plot is a Strategic Plot, and the ability to enter into transactions relating to such Strategic Plots may be limited.

Pursuant to the Subsoil Law, certain subsoil plots are considered to be Strategic Plots. Among these are subsoil plots or deposits containing, among other things, any amount of nickel, cobalt, or platinum group metals, or hard-rock gold reserves or copper reserves (in accordance with Russian standards) in excess of certain quantities. The Ak-Sug Project, the Kingash Project and the East Sayan property are on the list of Strategic Plots, and the Greater Ak-Sug property and Arbinsk property may be considered Strategic Plots. Pursuant to the Strategic Investment Law, licencees or operators of Strategic Plots are considered Strategic Entities and are subject to various restrictions. Due to their status as licencees of the foregoing Strategic Plots, Golevskaya, Kingash LLC and LLC East-Sayan nickel company are Strategic Entities, and LLC Amurmed and LLC Tyvamed may be considered Strategic Entities.

Based on the Subsoil Law, the holder of a prospecting, appraisal, exploration and mining licence to a Strategic Plot must finish prospecting and appraisal of the whole licenced plot before the commencement of exploration and mining operations at the Strategic Plot. The law further requires the preliminary consent of the Russian government, issued under an established procedure, before conducting such exploration and mining at a Strategic Plot.

If in the course of prospecting and appraisal under a prospecting and appraisal licence a discovery is made and the discovered deposit meets the Strategic Plot criteria, the Russian government may veto the issuance of a mining licence or exploration and mining licence to the discoverer if (i) the discoverer is under direct or indirect control of a non-Russian investor or has a non-Russian shareholder and (ii) the Russian government determines that there is a threat to the national defence and security of Russia. If the relevant discovery is made under a prospecting, appraisal, exploration and mining licence and the discoverer is under direct or indirect control of a non-Russian investor or has a non-Russian shareholder, the Russian government has the right to prematurely terminate the licence if it determines that there is a threat to the national defence and security of Russia. The Company's Russian subsidiary, Kingash LLC, is currently in the process of seeking to convert its prospecting and appraisal licence relating to the Upper Kingash and Kuyo deposits of the Kingash Project, which expires in December 2012, to an exploration and mining licence. However, because a Strategic Plot has been discovered by Kingash LLC, which may be viewed for the purposes of the Subsoil Law as being controlled by a non-Russian investor, there can be no assurances that such an exploration and mining licence will be granted. The previously discovered Upper Kingash and Kuyo deposits and all new Strategic Plots that may be discovered by Intergeo under its prospecting and appraisal licences (including the licence for the Arbinsk property) and its prospecting, appraisal, exploration and mining licences (including under the licence for East Sayan and the Greater Ak-Sug Licence) will be subject to the aforementioned provisions of the Subsoil Law.

Intergeo's licences, in particular those relating to the Ak-Sug Project and Kingash Project, are important for the Company's prospects, and the loss or failure to maintain, or the failure on expiry to extend, Intergeo's licences and other authorizations could materially adversely affect the Company.

The Company's business significantly depends on the continuing validity, extension and compliance with Intergeo's licences, permits, certificates and other authorizations. Intergeo's exploration and mining licences are granted for defined periods as specified in the terms of the relevant licence. In particular, Intergeo holds an exploration and mining licence relating to the Ak-Sug Project that was granted in February 2007 and expires in February 2027, an exploration and mining licence relating to the Kingash deposit of the Kingash Project that was granted in April 2007 and expires in April 2027, and a prospecting and appraisal licence relating to the Upper Kingash and Kuyo deposits of the Kingash Project that was granted in October 2006 and expires in December 2012.

Intergeo's licences, together with the relevant parts of applicable Russian legislation, contain various requirements that must be complied with in order to keep the licences valid. Intergeo, for example, is required under its various licences to comply with certain environmental, safety, work-program, prospecting, appraisal, exploration and production commitments, maintain all appropriate filings and, upon request, submit appropriate information to the licencing authorities, which may result in higher costs for the Company. Furthermore, as part of the licence conditions, Intergeo is required to complete certain milestones by specified dates. For example, with respect to the Ak-Sug Licence, Intergeo is required to start mining by August 1, 2014. As the Company does not expect to meet this deadline, it will be required to obtain an amendment to such licence.

A subsoil licence may be suspended, restricted or terminated if the procedure for the grant of a licence was not complied with (including by the authorities) or the licencee does not comply with the "significant" or "material" terms of the licence. However, the MNRE has not issued any interpretive guidance on the meaning of "significant" or "material" terms of licences. The law is silent as to what terms and conditions of the licence should be deemed to be "material". Court decisions on the meaning of these terms have been inconsistent and, under Russia's civil law system, do not have significant value as precedents for future judicial proceedings. These deficiencies result in the regulatory authorities, prosecutors and courts having significant discretion over enforcement and interpretation of the law, which may be used arbitrarily to challenge the rights to licences. The Company is currently in breach of its drilling and trenching obligations under the Greater Ak-Sug Licence and drilling obligations under the Upper Kingash/Kuyo Licence which are viewed as "significant" or "material" terms of the licence. The Company is working to rectify these violations and anticipates that the violations will be rectified in 2012. However, if the Company fails to rectify these violations within three months after notice from the authorities or the authorities determine that Intergeo has violated other "significant" or "material" terms of its licences, or that the procedure for the grant of licences to Intergeo was not complied with, it could lead to the suspension, restriction or termination of its subsoil licences, and to administrative and civil liability and such non-compliance could also result in rejection of a licence extension. Any requirements imposed on Intergeo by the authorities may be costly and time consuming to fulfill and may result in delays in the commencement or continuation of exploration activities.

Intergeo's subsoil licences also contain certain automatic termination provisions that terminate the affected licence upon breach of a listed obligation, with no notice from governmental authorities. Intergeo is currently in breach of certain of these automatic termination provisions under the licence for the East Sayan property and has, in the past, breached some of these automatic termination provisions under the Ak-Sug Licence and the Upper Kingash/Kuyo Licence. The Company is working to rectify the breaches under the licence for the East Sayan property. Although the foregoing breaches are of automatic termination provisions, in practice, in such cases the licencing authorities normally adopt special resolutions terminating mineral rights if a licence is to be terminated and until such resolution is adopted treat the respective licence as valid. Intergeo is not aware of any such resolution being adopted with respect to the licences of Intergeo. Moreover, the authorities have at times in the past confirmed that they treat the Upper Kingash/Kuyo Licence, the licence for the East Sayan property and the Ak-Sug Licence as valid. In particular, the authorities provided such confirmation by (i) granting amendments to these licences after the occurrence of respective automatic termination events (that is, after a licence may have been viewed as terminated); and (ii) issuing comfort letters in August 2011, evidencing that the Ak-Sug Licence and the Upper Kingash/Kuyo Licence are still effective. Therefore, the Company views such licences as effective. However, there can be no assurance that the licencing authorities will not treat such licences as terminated or declare them terminated at any moment in the future on the basis of past or current breaches of automatic termination provisions, nor can there be any assurance that Intergeo will be able to avoid future breaches of automatic termination provisions or other "significant" or "material" provisions of its licences.

Russian legislation does not currently provide for an automatic extension of a subsoil licence or for an automatic conversion of a prospecting and appraisal licence to a mining licence or exploration and mining licence for its current holder. It permits the current holder to apply to the licencing authority for such an extension of an existing licence so long as the holder has complied with the terms and conditions of such licence and for such a conversion of a prospecting and appraisal licence to a mining or exploration and mining licence, if a deposit was discovered under such prospecting and appraisal licence and the respective works were not financed by Russia. However, regulatory authorities exercise considerable discretion in the granting and the timing of such extensions and the issuances of mining or exploration and mining licences as well as the monitoring of licencees' compliance with licence terms. Therefore, there can be no assurance that if the licence extension is required Intergeo will receive such extensions at or prior to the relevant expiration dates, or at all.

The Company is currently in the process of seeking such a conversion of the Upper Kingash/Kuyo Licence of the Kingash Project, which expires in December 2012. As part of the conversion procedure, the Company will be required to make a payment (the "**conversion payment**") to be calculated by the authorities based on statistical information with respect to the market prices of complex copper-nickel ores, which statistical information must be provided by the Russian Ministry of Economic Development. The initial application to convert the prospecting and appraisal licence relating to the Upper Kingash and Kuyo deposits began in December 2008, and in accordance with the existing procedure, the application for the conversion should have been considered by the authorities and submitted to the Russian government for review and final decision in 2009. However, the conversion application has not yet been reviewed by the Russian government due to a gap in the regulatory regime in Russia. Specifically, the conversion payment cannot be calculated by the authorities because there is no market for complex copper-nickel ores and the Russian Ministry of Economic Development cannot obtain the required statistical information with respect to the market prices of such ores. If the existing

Upper Kingash/Kuyo Licence expires, the area covered by this licence, including the Upper Kingash and Kuyo deposits, will be viewed as "unlicenced" or otherwise "unallotted" subsoil plots and may be put out to tender or auction by the authorities or exploration rights to the deposits may be granted by the authorities without tender or auction to third parties. If the conversion is not obtained prior to the expiration of the licence, Intergeo anticipates making an application to extend its existing licence. If the Company is unable to convert the Upper Kingash/Kuyo Licence or is unable to extend such licence, the scope of the Kingash Project will have to be reassessed. There can be no assurance that the Company will be able to convert the Upper Kingash/Kuyo Licence into a mining or exploration and mining licence, or that an extension to its existing licence will be granted, at or prior to the expiration of the exploration licence in December 2012, or at all, nor can there be any assurance that such mining or exploration and mining licence or extension will be free of newly introduced material restrictions.

In addition, the licencing authorities also have the ability to terminate a prospecting, appraisal, exploration and mining licence in the event a Strategic Plot is discovered and (i) the discoverer is under direct or indirect control of a non-Russian investor or has a non-Russian shareholder and (ii) and the Russian government determines that there is a threat to the national defence and security of Russia. The previously discovered Upper Kingash and Kuyo deposits and all new Strategic Plots that may be discovered by Intergeo under its prospecting and appraisal licences (including the licence for the Arbinsk property and the Upper Kingash/Kuyo Licence) will be subject to the aforementioned provisions of the Subsoil Law. In addition, the prospecting, appraisal, exploration and mining licences of Intergeo under which Strategic Plots may be discovered (including the licence for East Sayan and the Greater Ak-Sug Licence) will be subject to these restrictions as well.

If the conversion of a prospecting and appraisal licence (issuance of an exploration and mining licence) is denied, or a prospecting, appraisal, exploration and mining licence is terminated as a threat to the national defence and security of Russia, the affected subsoil licence holder is entitled to be reimbursed for the costs (which in case of termination of prospecting, appraisal, exploration and mining licence include the one-time payment made under the terms of such licence) it incurred during the prospecting and appraisal of the discovered deposit, and is entitled to an additional payment. Such reimbursement and payment is payable from the Russian federal budget pursuant to a procedure established by the Russian government. However, such payment is not based on the market value of the discovered property but rather represents a percentage of incurred costs and expenses. Furthermore, the reimbursement procedure has not yet been tested in practice, and there is no guarantee that the compensation and the payment will actually be paid or that all of the prospecting and appraisal costs will be compensated. Consequently, there can be no assurance that Intergeo will be compensated in case of refusal in conversion of its prospecting and appraisal licences or termination of its prospecting, appraisal, exploration and mining licences by the Russian government on the above grounds or that such compensation will be adequate.

The failure to obtain a necessary amendment to a subsoil licence could have a material adverse effect on Intergeo's business, financial condition and prospects.

Applicable Russian law expressly allows amendments to subsoil licences at the request of the licence holder only in case of a significant change in the circumstances under which the licence was issued, or a significant change in consumption of the relevant mined minerals for reasons beyond the control of the licence holder, which may result in a licence work-program obligation becoming onerous and no longer commercially feasible. In the past, for example, Intergeo has successfully obtained amendments to seven of its licences permitting, among other things, the modification or extension of certain work-program obligations. In the event that the terms and conditions of the licences of Intergeo become onerous and no longer feasible, Intergeo may need to have the terms of the relevant licence amended to update the licences and prevent potential non-compliance.

Even if the Company is able to justify required amendments, there can be no assurance that the licencing authorities would grant such amendments on a timely basis, or at all. Refusal by the authorities to grant necessary amendments to a licence may result in a licence violation, which may, in turn, lead to restriction, suspension or premature termination of the affected licence. Any restriction, suspension or premature termination of subsoil licences held by Intergeo could have a material adverse effect on the Company's business, financial condition and prospects.

Applicable Russian law may limit the Company's ability to effect a change of control or enter into other business transactions.

Under the Strategic Investment Law, a number of transactions of Foreign Investors (the Company and its Russian subsidiaries may be viewed as Foreign Investors for the purposes of the Strategic Investment Law) with respect to Russian Strategic Entities require prior approval or, in certain circumstances, post-transaction approval of the Russian Government Commission. Such transactions, with respect to Strategic Entities that operate Strategic Plots, include:

- the acquisition of the right to: (i) directly or indirectly dispose of 25% or more of the aggregate number of votes in the Strategic Entity; and/or (ii) appoint its sole person executive body and/or 25% or more of the members of the collegial executive body, and/or unconditionally elect 25% or more of the members of the board of directors (supervisory board) or another collegial management body of such Strategic Entity;
- the acquisition of participating interests (shares) in the charter capital of a Strategic Entity in the event such Foreign Investor already has a right to directly or indirectly dispose of 25% or more of the aggregate number of votes in such Strategic Entity, except where such acquisition does not lead to an increase of overall shareholding level of such Foreign Investor;
- the acquisition of the right to fulfil the functions of the manager (management company) in relation to the Strategic Entity; and
- other transactions aimed at the acquisition of a right to determine the decisions of the management bodies of the Strategic Entity, including the right to establish the terms of conducting commercial activities by the Strategic Entity.

There are some exemptions from these general rules that are described in more detail under the heading *"Background Information on Russian Legal Framework — Strategic Entities"*. While Intergeo is currently under the ultimate control of Mr. Prokhorov, who is a Russian citizen and a Russian tax resident, there can be no assurance that Mr. Prokhorov will not lose his status as a Russian tax resident, cease to be a Russian citizen, becomes a citizen of any other country, or lose de facto control over Intergeo.

Such approval is subject to the determination by the Russian authorities that the acquisition of control does not threaten the national defence or security of the state. Additionally, the approval may be subject to the fulfillment of certain conditions including, processing of mined minerals in Russia and securing the employment of a certain number of personnel. As a result, the Company's ability to transfer or dispose of, or enter into business combinations or reorganizations involving its subsidiaries that are Strategic Entities or their assets may be limited without strategic approval.

In addition, applicable Russian foreign investment legislation requires that any direct or indirect acquisition by a Foreign Investor that is a non-Russian state, an international organization (except for international financial organizations included in a special list of international financial organizations maintained by the Russian government) or an organization under its control of more than 25% of the votes in any Russian company or acquisition of veto rights with respect to matters falling within the competence of a company's governing bodies and requiring a special majority of votes is subject to strategic approval by the Russian Government Commission. Similar approval is also required for the direct or indirect acquisition by any such organizations of 5% or more of the votes in Strategic Entities operating Strategic Plots. These restrictions will apply to the acquisition of Common Shares by one such Foreign Investor rather than to acquisitions by several independent and non-affiliated Foreign Investors (as described above). Accordingly, several independent and non-affiliated Foreign Investors (as described above) may acquire more Common Shares than specified above without the need to obtain strategic approval to the extent that neither of them individually (or jointly with their affiliates) acquires Common Shares in excess of the respective thresholds.

Moreover, it is possible that this requirement could be interpreted as requiring Foreign Investors that are non-Russian states, certain international organizations and organizations under their control to obtain prior strategic approval to acquire more than 5% of the Common Shares and as prohibiting them from acquiring 25% or more of the Common Shares. While FAS currently takes a de-facto position that such indirect acquisitions, to the extent that they do not lead to a change of de facto control at the holding company level, do not trigger the strategic approval requirements, there can be no assurance that FAS will not take a different position if a 5% or larger interest in the Company is acquired by a non-Russian state or an international organization (other than international financial organizations included in a special list of international financial organizations maintained by the Russian government) or a 25% or more interest is acquired by Foreign Investors of another type. Accordingly, this may limit the ability of Foreign Investors to acquire Common Shares and such acquisitions may potentially require Russian strategic approval under the Strategic Investment Law. In addition, the Strategic Investment Law and the Subsoil Law may have the effect of hindering the ability of investors to transfer Common Shares and the Company's ability to issue new Common Shares, whether in a subsequent financing or in connection with a merger or other business reorganization, partnership or joint venture, and thus potentially impede a change of control or other transaction of the Company, even if such change of control or other transaction would be advantageous to the Company's shareholders. Violation of the above restrictions may result in invalidity of the transaction as a matter of Russian law, as well as other adverse consequences for the Company.

Intergeo's acquisitions of, or title to, entities or properties in which it has a material interest may be challenged on the basis of formal non-compliance with applicable law or undetected title defects.

Intergeo, or its predecessors-in-interest at different times, has taken a variety of actions relating to the organization or incorporation of entities, participation or share issuances, share disposals and acquisitions, acquisitions of property and other corporate matters that have been subject to various Russian legal requirements. In some cases, certain technical requirements, such as the requirement to fund initial capital of a company by a certain date, have not been complied with, which could create a risk of liquidation of the respective subsidiary and/or invalidity of transactions with its participatory interests. If the Company's subsidiaries are liquidated or transactions are successfully challenged on the basis of formal non-compliance with applicable legal requirements by competent state authorities, counterparties in such transactions or shareholders of Intergeo or its predecessors-in-interest and/or third parties, such actions, transactions and corporate decisions could be invalidated and the respective subsidiary liquidated. In the event that there is a claim for liquidation of Intergeo's subsidiary or Intergeo's past acquisitions are challenged and Intergeo is unable to defeat such claims, Intergeo may lose its subsidiary and/or ownership interest in the relevant entity or assets or become subject to significant liabilities.

In addition, under applicable Russian law, transactions in participation interests may be invalidated on many grounds, including a sale of participation interests by a person without the right to dispose of such participation interests, breach of interested party or major transaction rules or the terms of transaction approvals issued by government authorities, a failure to obtain such approval in instances where the authorities could view it as necessary or the failure to duly register the participation transfer. As a result, defects in earlier transactions with participation interests of the Company's subsidiaries (especially where such participation interests were acquired by the Company from unrelated third parties) may cause the Company's title to such participation interests to be subject to challenge.

There can be no assurance that a third party or governmental authority will not seek to review or challenge any of the past or future corporate actions or transactions of the Company's Russian subsidiaries. Defending against these challenges may require significant expenses and the diversion of management's time from managing the Company's business activities. Any of the foregoing challenges could have a material adverse effect on the Company's business, financial condition and prospects.

The failure to obtain or maintain land access rights in respect of lands relating to subsoil licence areas may prevent Intergeo from being able to explore or mine deposits for which it has a valid subsoil licence.

Intergeo has entered into various land leases with the applicable governmental authorities in order to obtain land access rights to certain areas covered by its subsoil licences; however, these leases do not cover all of the licenced areas, nor do they cover all of the lands Intergeo anticipates being required to enter into use. In accordance with applicable Russian legislation and terms commonly included in subsoil licence agreements, including Intergeo's existing subsoil licence agreements, a licence holder is obliged to obtain land access rights to the part of the licenced area where respective prospecting, appraisal, exploration or mining work is carried out. This requires the licence holder in certain cases to obtain lease agreements in respect of those areas to ensure it has all of the required land access rights. Long-term lease agreements must also be registered with the Russian real estate rights registration authorities in order to be enforceable. If the proper land rights are not obtained, or lost (including based on some defects), licence holders may be unable to conduct prospecting, appraisal, exploration or mining activities within those licence areas with respect to which the land rights were not properly obtained. If such activities are nonetheless conducted, it may constitute a breach of the respective licence and lead to suspension, restriction or termination of the licence, as well as fines imposed on the licence holders. If Intergeo is unable to obtain, or maintain, any such land access rights, it could have a material adverse effect on the Company's business, financial condition and prospects.

The infrastructure in Russia is inadequate, which could increase costs or result in losses and disrupt normal business activities.

Infrastructure in Russia has not been adequately funded or maintained over past years. Particularly affected are the rail and road networks, power generation and transmission systems, communication systems and building stock. As a result, infrastructure is not always dependable and may fail temporarily or completely at any time. Further deterioration of Russia's physical infrastructure may harm the national economy, disrupt the transportation of goods and supplies and add costs to doing business in Russia and interrupt business operations. Any of these could have a material adverse effect on the Company's business, financial condition and prospects.

Adequate infrastructure is not in place for the implementation by Intergeo of its projects in the Krasnoyarsk region and Tyva Republic where the Ak-Sug Project and Kingash Project are located. While Intergeo is in discussions and negotiations with regional governments with respect to construction of infrastructure necessary for developing the Ak-Sug Project and the Kingash Project, and while Intergeo anticipates that the regional governments will share in the costs of some of the key components, there can be no assurance that the infrastructure will be completed on a timely basis, if at all, or that the required government financial support or costs will be as anticipated by Intergeo. In particular, Intergeo anticipates, and the Ak-Sug Technical Report assumed, that Intergeo would contribute approximately $250 million to the cost of the necessary road infrastructure, with the government funding the balance of such costs. If Intergeo is unable to obtain such financial support from the government or the financial support is less than that anticipated, Intergeo may need to fund a majority, or all, of the road construction, which would require the Company to contribute up to an additional estimated $200 million. Any increase in such anticipated and assumed capital expenditure by Intergeo may have a material adverse effect on the economic assessment of the Ak-Sug Project and/or on the Company's business, financial condition and prospects.

Intergeo plans to ship a portion of its mined minerals through the Russian railway network. Accordingly, its ability to transport minerals by rail will depend on the cost and availability of railway cars, which are typically provided by OAO Russian Railways, a state controlled monopoly, or private rolling stock operators, as well as on the capacity of the railway network. There is no assurance that Intergeo will be able to obtain access to a sufficient number of railway cars in the future or that the price of leasing such cars and/or rail tariffs will be satisfactory for the Company or that the railway network will have the required capacity to transport the Company's mined minerals.

The remote location of Intergeo's mineral properties and the weather conditions associated with these locations may materially adversely affect the ability to explore and develop these properties.

Intergeo's mineral properties are located in relatively remote areas of southern Siberia and the Russian Far East and are subject to severe weather conditions. Given the remote location of the Company's mineral properties, the costs, timing and complexities of exploration and future development at these mineral properties may increase. In addition, the Ak-Sug Project will be operated as a drive-in/drive-out camp operation, which may impact Intergeo's ability to attract and retain personnel or contractors. Successful development of Intergeo's mineral properties will require the development of the necessary infrastructure including road and rail access, as well as electricity interconnection. There can be no assurance that any such infrastructure will be built, that it will be built in a timely manner, that the cost will be reasonable or that such infrastructure will satisfy the requirements of Intergeo's various projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that:

- the development of Intergeo's mineral properties will be commenced or completed on a timely basis, if at all;
- the resulting operations will achieve the anticipated production volume; or
- the construction costs and operating costs associated with the development of Intergeo's mineral properties will not be higher than anticipated.

Moreover, severe weather conditions and natural disasters (including earthquakes and floods) at Intergeo's projects may disrupt or halt its operations as well as deliveries of raw materials and Intergeo's products, if any. Disruptions or suspensions of Intergeo's operations, including due to the shortage of raw materials as a result of adverse weather conditions and natural disasters (including earthquakes and floods), may result in decreases in the Company's revenues and profits, if any. In addition, the Company's capital expenditure projects may be subject to delays in operations, disruptions in delivery of supplies, equipment and fuel, and cost overruns due to adverse weather conditions. Any of these risks, alone or in combination, could have a material adverse effect on the Company's business, financial condition and prospects.

The Ak-Sug Project and the Kingash Project are located in remote areas, which lack certain basic infrastructure, including roads and powerlines. In order to develop any of its projects the Company will need to establish the facilities and material necessary to support operations in the remote locations in which they are situated. The Company is currently in discussions with the regional governments with respect to their support in the construction of the necessary infrastructure.

Mineral exploration, development and production entails significant operating hazards and risks beyond the Company's control.

Mineral exploration, development and production, if any, involves significant risks. Intergeo's operations will be subject to all of the hazards and risks normally incidental to the exploration, development and production of minerals, including:

- environmental and inclement weather hazards and related interruptions;
- power outages and inadequate water supply;
- metallurgical and other processing problems;
- unusual or unexpected geological formations;
- unanticipated variations in grade;
- personal injury, death, natural disasters, flooding, fire, explosions, cave-ins, landslides and rock-bursts;
- mechanical equipment failure;
- the inability to obtain suitable or adequate machinery, equipment, utilities, materials or labour;
- metal losses;
- industrial accidents;
- fluctuations in exploration, development and production costs; and
- labour disputes.

Many of these risks may not be insurable at economically feasible premiums, or at all, and may result in liabilities that exceed any applicable insurance policy limits. Insurance against certain environmental risks, including potential liability for pollution and other hazards associated with mineral exploration and production, is not generally available to companies within the mining industry. Certain insurance products, such as business interruption insurance, are not available in Russia on economically reasonable terms or at all. The Company may decide not to take out insurance against certain risks. Further, the Company does not maintain a separate fund or otherwise set aside reserves for these types of events.

The occurrence of any of these hazards could result in work stoppages, delayed mineral extraction, increased production costs, injury to, or death of, Intergeo's employees, contractors or other persons, damage to mineral properties, production facilities or other properties, environmental destruction, reputational harm, governmental fines or penalties, legal liabilities and other liability to the Company. There can be no assurance that any of these accidents and hazards will not have a material adverse effect on the Company's business, financial condition and prospects.

Intergeo may face negative legal consequences as a result of past violations of Russian corporate and anti-monopoly laws or regulations.

The Company could face negative legal consequences if it is determined that certain actions in the past violated Russian corporate and anti-monopoly laws or regulations, including the Strategic Investment Law. Depending on the nature of such violations, Intergeo could face various negative legal consequences, including invalidation of transactions with participatory interests, invalidation of corporate resolutions, inability to increase charter capital, and/or requests for mandatory winding-up proceedings. To date, the Company's Russian subsidiaries have not received any notice of violation from any third-party or governmental authority seeking to review or challenge any of the corporate actions/transactions of the Company's Russian subsidiaries, however, there can be no assurance that this will not occur. A successful challenge of certain corporate actions/transaction could materially adversely affect the Company's business, financial condition and prospects.

The Company is subject to significant governmental regulation.

The Company's activities are subject to extensive federal, regional and local laws and regulations governing various matters, including:

- environmental protection;
- the management and use of toxic substances and explosives;
- the management of natural resources;
- the prospecting, appraisal, exploration and development of mineral properties, including reclamation;
- exports;
- taxation;
- labour standards and occupational health and safety, including mine safety;
- anti-monopoly;
- corporate; and
- investments in Strategic Plots or companies holding licences for Strategic Plots.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining, curtailing or closing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in significant expenditures. The Company may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause the Company to incur additional expense or capital expenditure restrictions, suspensions or closing of the Company's activities and delays in the prospecting, appraisal, exploration and development of the Company's properties.

The Company's controlling shareholder's interests may differ from those of its other shareholders, and adverse events with respect to the Company's beneficial shareholders may adversely affect the Company.

Mr. Prokhorov beneficially owns approximately 98.9% of the issued and outstanding Common Shares ([●]% upon completion of the Offering and [●]% if the Over-Allotment Option is exercised in full), indirectly through Daselina. The Company's Executive Chairman, Mr. Finskiy, indirectly through Kirkland, beneficially owns approximately 1.1% of the issued and outstanding Common Shares, with an option to purchase Common Shares currently held by Daselina that would increase Mr. Finskiy's interest to approximately 19% of the issued and outstanding Common Shares ([●]% upon completion of the Offering and [●]% if the Over-Allotment Option is exercised in full). See "*Principal Securityholders — Option Agreement*". The Company's M&As provide that resolutions at a shareholders' meeting are adopted by the affirmative vote of a majority of the votes of the Common Shares entitled to vote that are present and were voted at a shareholders' meeting. In addition, pursuant to the Shareholders' Rights Agreement and the M&As, Daselina and Kirkland will have the power to control the outcome of certain corporate actions. In addition, Mr. Prokhorov, as the Company's beneficial controlling shareholder, will have the power to control the outcome of most matters to be decided at a meeting of the Company's shareholders. The effect of such influence may impact the trading price of the Common Shares. See "*Governance Arrangements with Principal Shareholders".*

The Company anticipates relying upon the personal and business connections of Mr. Prokhorov and Mr. Finskiy to assist it in executing its business plan; however, each of Messrs. Prokhorov's and Finskiy's other business activities may subject them to conflicts of interest. For example, Mr. Finskiy is the Executive Chairman of White Tiger Gold Ltd., which holds other mineral properties in Russia. See "*Conflicts of Interest.*" Any adverse personal, business or political developments with respect to either of Mr. Prokhorov or Mr. Finskiy could have an adverse effect on the Company.

Mr. Prokhorov holds a 0.5% equity interest in Intergeo Russia. There are no agreements or other arrangements between Mr. Prokhorov and Intergeo concerning the future equity or debt financing of Intergeo Russia, as a result of which Mr. Prokhorov has no obligation to finance Intergeo Russia. Furthermore, Intergeo Russia may be unable to undertake any equity financings without the approval of both of its shareholders. If Mr. Prokhorov does not approve an equity financing, the only internal source of future funding for Intergeo Russia will be intra-group loans. In addition, pursuant to the Shareholders' Rights Agreement, the approval of Daselina is required with respect to any equity financings of Intergeo Russia. As a result, if Mr. Prokhorov and/or Daselina fail to approve any such equity financing, Intergeo Russia will not be entitled to undertake such financing and Mr. Prokhorov's interest in Intergeo Russia will not be diluted. This structure could effectively give Mr. Prokhorov a "carried interest" in Intergeo Russia (i.e. the ability to maintain his 0.5% equity interest without providing any ongoing equity and/or debt funding to Intergeo Russia and without any liability to Intergeo Russia). Mr. Prokhorov and Daselina, a company beneficially owned Mr. Prokhorov, have advised the Company that they intend to act in unison in making these decisions. Management expects that Intergeo Russia will be funded by way of intra-group loans if such equity financings are not approved. Certain decisions of Intergeo Russia require unanimity of its participants under Russian LLC Law. As a result, Mr. Prokhorov's approval will be required (irrespective of the size of his interest in Intergeo Russia) for certain matters, including with respect to a reorganization of Intergeo Russia, amendments of certain provisions of its charter and increase of its charter capital in certain ways (such as by way of conversion of debt to equity).

Shortages and increases in the cost of commodities and necessary equipment could have a material adverse effect on Intergeo's ability to conduct its operations.

Intergeo is dependent on various commodities (such as diesel fuel, electricity, steel, concrete and reagents) and equipment to conduct its mining operations. A shortage of such commodities, equipment and parts or a significant increase in their cost could have a material adverse effect on Intergeo's ability to carry out its operations and therefore limit or increase the cost of exploration. An increase in the cost, or decrease in the availability, of input commodities, equipment or parts may affect the timely conduct and cost of Intergeo's operations and future development projects. Market prices of commodities can be subject to volatile price movements which can be material, occur over short periods of time and are affected by factors beyond the control of Intergeo. If the costs of certain commodities consumed or otherwise used in connection with

Intergeo's operations and future development projects were to increase significantly, and remain at such levels for a substantial period, the Company may determine that it is not economically feasible to continue commercial production at some or all of its operations or the future development of some or all of its current projects, which could have a material adverse effect on the Company's business, financial condition or prospects.

Intergeo depends on skilled contractors that participate in, or are responsible for, its exploration and mining operations.

The Company's success may be dependent on the efforts and expertise of third parties with whom Intergeo has contracted. Intergeo has limited operation personnel and has relied principally on third-party contractors to conduct drilling and exploration work on its properties. If it is not possible to find appropriately qualified contractors within a given deadline, or if the contractors engaged by Intergeo are not reliable or improperly perform their contractual obligations, or do not complete such obligations in a timely fashion, there is a risk of suspending works or incurring additional costs of exploration and mining operations. Such circumstances could have a material adverse effect on the Company's business, financial condition and prospects.

Intergeo's operations could be adversely affected if it fails to comply with applicable health and safety laws, regulations, rules or instructions from the relevant health and safety authorities.

Certain of Intergeo's operations will be carried out under potentially hazardous conditions and Intergeo remains susceptible to the possibility that liabilities might arise as a result of accidents, fatalities or other workforce-related misfortunes, some of which may be beyond Intergeo's control. The occurrence of any accidents could delay prospecting, appraisal, exploration and mining, increase costs relating thereto and/or result in liability for Intergeo. Moreover, violations of health and safety laws, regulations or rules, or failures to comply with the instructions of the relevant health and safety authorities, could lead to, among other things, a court order or order from the relevant regulatory authorities to shut down part of, or all of, the operations at an Intergeo facility. Any such shutdown could have a material adverse effect on the Company's business, financial condition or prospects.

The issuance of additional equity securities in the future may decrease the value of existing Common Shares, dilute the Company's existing shareholders and reduce earnings per share.

The Company will require additional funds to continue its planned operations and may seek to raise such funds through sales of additional Common Shares or securities convertible into, or exercisable for, Common Shares. Any such increase in the number of outstanding Common Shares will cause dilution for the Company's existing shareholders. In addition, any sales, or the possibility of sales, by the Company or its controlling shareholder, Mr. Prokhorov, of a substantial number of Common Shares in the public markets following the Offering could have an adverse effect on the trading price of the Common Shares or could affect the Company's ability to obtain further capital through an offering of its securities. Any shares of the Company issued in such a future offering may also have rights, preferences or privileges senior to those of the Common Shares.

Foreign judgment and arbitral awards may not be enforceable against Intergeo.

Intergeo's presence outside of Canada and the United States may limit the legal recourse that holders of Common Shares have against the Company and its subsidiaries, directors, officers, employees and other affiliates. The Company is incorporated under the laws of the British Virgin Islands, its subsidiaries are organized under the laws of Russia and Cyprus, and the majority of Intergeo's assets are located in Russia. In addition, certain of the directors and officers of the Company, and certain of the experts named in this prospectus, reside outside of Canada and the United States. As a result, holders of Common Shares may not be able to effect service of process within Canada or the United States upon the Company and its subsidiaries, directors, officers and other affiliates and such experts, or to enforce Canadian or American court judgments obtained against the Company or its subsidiaries, directors, officers and other affiliates or such experts in jurisdictions outside of Canada or the United States, including those predicated upon the civil liability provisions of applicable Canadian or American securities laws. Furthermore, it may be difficult for the holders of Common

Shares to enforce, in original actions brought in courts in jurisdictions outside of Canada or the United States, liabilities predicated upon Canadian or American securities laws.

Russia is also not a party to any multilateral or bilateral treaties with most Western jurisdictions, including Canada and the United States, providing for reciprocal recognition and enforcement of non-Russian court judgments in civil and commercial matters. Consequently, should a judgment be obtained from a court in any such jurisdiction, it is highly unlikely to be given direct effect in Russian courts.

Regulatory and other legal restrictions may limit the Company's ability to transfer funds or other assets freely.

Regulatory and other legal restrictions may limit the Company's ability to transfer funds or other assets freely, either to or from its subsidiaries. Transfers of funds may be constrained by the following factors: (i) the cash flows generated by operations, investment activities and financing activities; (ii) the level of taxation, particularly corporate profits and withholding taxes in the jurisdiction in which the Company's subsidiaries operate; and (iii) the introduction of exchange controls and repatriation restrictions or the availability of hard currency to be repatriated. These laws, regulations and rules may hinder the Company's ability to access funds that it may need to make payments on its obligations. Any such limitations, or the perception that such limitations may exist in the future, could have a material adverse effect on the Company's business, financial condition and prospects.

Moreover, applicable Russian law provides that the shareholders in a Russian company are not liable for the obligations of the company and bear only the risk of loss of their investment. This may not be the case, however, when one company (the parent) is capable of determining decisions made by another company (the subsidiary). The entity capable of determining such decisions is deemed an "effective parent". An entity whose decisions are capable of being so determined is deemed an "effective subsidiary." Under Russian law, such an effective parent bears joint and several responsibility for transactions concluded by the effective subsidiary in accordance with mandatory instructions of an effective parent if such effective parent has the right to give such instructions under a contract with the subsidiary or otherwise.

In addition, an effective parent is secondarily liable for an effective subsidiary's debts if an effective subsidiary becomes insolvent or bankrupt resulting from the wilful action or inaction of an effective parent. This is the case no matter how the effective parent's ability to determine decisions of the effective subsidiary arises. For example, this liability could arise through ownership of voting securities or by contract. Accordingly, the Company could be liable in some cases for the debts of its subsidiaries. This liability, which is secondary in the case of the subsidiary's insolvency or bankruptcy and several with the liability of the subsidiary in the case of responsibility for transactions concluded by the subsidiary in accordance with the Company's mandatory instructions, could have a material adverse effect on the Company's business, financial condition and results of operations.

Incomplete, unreliable or inaccurate official data and statistics could create uncertainty.

The Company and the Underwriters have sourced certain information contained in this prospectus from independent third parties, including private companies, government agencies and other publicly available sources. The Company and the Underwriters believe these sources of information are reliable and that the information fairly and reasonably characterizes the industry where Intergeo operates. However, although the Company and the Underwriters take responsibility for compiling and extracting the data, neither the Company nor the Underwriters have independently verified this information.

In addition, official statistics and other data published by Russian federal, regional and local governments, and federal agencies are substantially less complete or reliable than those of Western countries, and there can be no assurance that the official sources from which certain of the information described herein has been drawn are reliable or complete. Official statistics may also be produced on different bases than those used in Western countries. Any discussion of matters relating to Russia herein may therefore be subject to uncertainty due to concerns about the completeness or reliability of the available official and public information.

The exploration and development of mineral resources is highly speculative.

Resource exploration and development is a highly speculative and risky business and few properties that are explored are ultimately developed into producing mines. The Company has no history of commercially producing metals from any of its mineral properties. Advancing properties from exploration into the development and production stages requires significant capital and time, and successful commercial production from a property, if any, will be subject to completing feasibility studies, permitting and construction of the mine, processing plants, roads and other related works and infrastructure, including road and rail access. As a result, Intergeo is subject to all of the risks associated with developing and establishing new mining operations, including:

- the completion of feasibility studies to verify reserves and commercial viability, including the ability to find sufficient quantities and qualities of mineralization to support a commercial mining operation;
- the timing and cost, which can be considerable, of further exploration, preparing feasibility studies, permitting and construction of infrastructure, mining and processing facilities;
- the availability and cost of drill equipment, exploration personnel, skilled labour and mining and processing equipment, if required;
- the availability and cost of appropriate smelting and/or refining arrangements, if required, and securing a commercially viable sales outlet for Intergeo's products;
- compliance with environmental and other governmental approval and permit requirements, including the timing of the receipt of those approvals and permits;
- the availability and terms of funds to finance exploration, development and construction activities;
- potential increases in exploration, construction and operating costs due to changes in the cost or availability of fuel, power, water, materials and supplies;
- potential opposition from non-governmental organizations, environmental groups or local groups, which may delay or prevent development activities;
- potential shortages in mineral-processing, construction and other facilities-related supplies; and
- market fluctuations.

The costs, timing and complexities of exploration, development and mine construction activities may be increased by the remote location of Intergeo's properties and demand by other mineral exploration and mining companies. Cost estimates may increase significantly as more detailed engineering work and studies are completed on a mineral property. It is common in new mining operations to experience unexpected costs, problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, no assurance can be given that minerals will be discovered in sufficient quantity or quality to justify commercial operations or that Intergeo's activities will result in profitable mining operations.

The increased availability of alternative metal sources may adversely affect demand for Intergeo's products.

Demand for Intergeo's products, including primary nickel, copper and other metals may be negatively affected by the direct substitution of primary nickel and copper with other materials in current applications. In response to high metal prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high metal content to stainless steels with either lower nickel content or no nickel content, which would adversely affect demand for nickel thereby putting downward pressure on nickel prices, which could have a material adverse effect on the Company and its prospects. Nickel, copper and PGM demand has been strongly linked to emerging economies, particularly China. If the Chinese economy or other emerging economies were to slow or go into recession this could materially affect demand, resulting in surplus nickel, copper and PGM supplies that would put downward pressure on pricing, this could also have a material adverse effect on the Company and its prospects.

The Company faces intense competition in the exploration and development of minerals.

The mining industry is increasingly competitive in all its phases. Competition in the mining industry is primarily for mineral rich properties that can be developed and operated economically. Businesses compete for the technical expertise to find, develop and operate mineral properties, for the skilled labour to explore, develop and operate the properties and for capital for the purpose of financing development of such properties. The Company will compete with a number of companies, inside and outside Russia that may have greater financial resources, operational experience and technical capabilities, greater diversification, greater control over, or access to, low cost raw material bases, greater access to low cost credit, closer access to major suppliers or consumers, stronger market reputations and long standing relationships with global market participants or are further advanced in their development of mineral properties. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion or efficiency of their operations. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current or new competitors may emerge to the Company's detriment. Such competition could adversely affect Intergeo's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees, find strategic partners or acquire the capital necessary to fund its operations and develop its properties and as such could have a material adverse effect on the Company's business, financial condition and prospects.

Adverse fluctuations in currency exchange rates could materially adversely affect the Company's financial position and results of operations.

The Company intends to maintain most of its working capital in United States dollars and most of its operating and capital costs will be incurred in Russian roubles, United States dollars and Canadian dollars. Accordingly, the Company will be subject to the fluctuations and volatility in the rates of currency exchange between the Canadian dollar, United States dollar and the Russian rouble, and these fluctuations could materially adversely affect the Company's financial position and results of operations, as costs of goods and services may be higher than anticipated due to changes in the value of the Canadian dollar, the United States dollar, or the Russian rouble. Consequently, exploration, development and operation of Intergeo's properties could become more costly than the Company initially anticipates. There can be no assurance that foreign exchange fluctuations will not have a material adverse effect on the Company's financial position or results of operations.

There are risks inherent in acquisitions of new properties.

The Company may actively pursue the acquisition of prospecting, appraisal, exploration, development and production assets consistent with the Company's acquisition and growth strategy. From time to time, the Company may also acquire securities of, or other interests in, companies with respect to which the Company may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition;
- decline in the value of acquired properties, companies or securities;

- assimilating the operations of an acquired business or property in a timely and efficient manner;
- maintaining the Company's financial and strategic focus while integrating the acquired business or property;
- implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and
- to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on the Company's cash flow if such acquisitions involve a cash consideration. The integration of the Company's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company's management team, which may detract attention from the Company's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Company's Common Shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on the Company. There can be no assurance that any future acquisitions will be successfully integrated into the Company's existing operations.

In addition, the Company is viewed as a Foreign Investor under the Strategic Investment Law which may limit its ability to acquire Strategic Entities, including those operating Strategic Plots. See "*Background Information on Russian Legal Framework — Strategic Entities*".

Any one or more of the above factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on the Company's business, financial condition and prospects.

Land reclamation requirements for the Company's exploration and mining properties may be burdensome.

Land reclamation requirements are generally imposed on mineral exploration and mining companies in order to minimize the long term effects of land disturbance. In order to carry out the reclamation obligations imposed on the Company in connection with exploration, potential development and production activities, the Company must allocate financial resources that might otherwise be spent on further exploration and development programs. In addition, regulatory changes could increase the Company's obligations to perform reclamation and mine closing activities. If the Company is required to carry out unanticipated reclamation work, the Company's financial position could be adversely affected.

Global climate change is an international concern, and could impact the Company's ability to conduct future operations.

Global climate change is an international issue and receives an enormous amount of publicity. The imposition of international treaties or applicable laws or regulations pertaining to mandatory reductions in energy consumption or emissions of greenhouse gasses could affect the feasibility of the Company's mining projects and increase its operating costs.

Intergeo's prospecting, appraisal, exploration and mining activities could subject it to litigation risks.

While the Company and its subsidiaries currently have no material outstanding litigation, there can be no guarantee that their past, current or future actions will not result in litigation, arbitration or governmental or regulatory proceedings. Furthermore, due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal, regulatory or other proceedings will not have a material adverse effect, either individually or in the aggregate, on the Company's business, financial condition and prospects.

Sales of gold, silver, platinum and other precious metals are subject to certain regulations granting Russia a pre-emptive right to purchase such metals.

The sales of gold, silver, platinum, and other precious metals are governed by Russian Federal Law No. 41-FZ dated March 26, 1998 "On Precious Metals and Gemstones", as amended, and certain regulations. Russia has the pre-emptive right to purchase precious metals from licencees and producers, and may exercise its right at the federal or regional level. The right is subject to the prior conclusion of a sale and purchase agreement and advance payment of the purchase price (based on prices on the world market and market fluctuations on the purchase date). If Russia does not exercise its rights to purchase, the licencee or producer of such metals can sell them to third parties. If the Company produces precious metals at its properties, the sales of such metals will be subject to this pre-emptive right.

The Company's hedging activities, or decision not to hedge with respect to its expenses, could expose the Company to losses.

The Company may use physical and financial instruments to hedge its exposure to fluctuations in metal prices, commodity prices, exchange rates and interest rates. The Company may seek to enter into hedging arrangements to hedge some of its input costs, interest rates and its currency exposure with respect to the portion of its costs and expenses incurred in Canadian dollars or Russian rouble. The Company, currently, however, has not entered into any such hedging arrangements, or made a decision to do so, and there can be no assurance that it will be able to do so on acceptable terms, or at all.

If the Company seeks and is able to enter into hedging contracts, there can be no assurance that such hedging program will be effective, and any hedging program would also prevent the Company from benefitting fully from changes in applicable costs or rates. To the extent that hedging strategies are employed, risks associated with such activities, including among other things, settlement risk, basis risk, liquidity risk and market risk, could impact or negate such activities. Any future commodity hedging arrangements may also cause the Company to suffer financial loss if it is unable to produce sufficient quantities of the relevant commodity to fulfill its obligations, it is required to fulfill a margin call on a hedge contract or if it is required to pay royalties based on a market or reference price that is higher than Intergeo's fixed ceiling price. In addition, the Company may experience losses if a counterparty fails to perform under its hedge arrangement, which may have a material adverse effect on the Company's business, financial condition and prospects.

Conflicts of interest may arise as a result of the Company's officers and/or directors being associated with other mineral resource companies.

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other mineral resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time, including as a result of such directors or officers becoming aware of business opportunities that would be of interest to the Company and also of interest to other companies of which they are directors or officers or with which they are associated. The directors are required by law, however, to act honestly and in good faith with a view to the best interest of the Company and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company. Such conflicts may have a material adverse effect on the Company's business, financial condition and prospects.

Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Risks Relating to Russia

In addition to the risk factors relating to Russia discussed above, investors should carefully consider the following risk factors.

Emerging markets such as Russia are generally subject to greater risks than more developed markets.

Intergeo is subject to the risks of operating in Russia. The Russian economy continues to display some characteristics of an emerging market. The prospects for future economic stability in Russia are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments. Russia's economy continues to improve as the government continues to foster and promote political stability. However, Russian laws and licencing requirements have been in a state of change and the impact of new laws, or the enforcement thereof, may be detrimental to Intergeo and its projects, and new laws may be given retroactive effect. Further, ambiguity exists in regard to the interpretation of licences and permits and the application of rules and regulations in regard to prospecting, appraisal, exploration and mining in Russia. This ambiguity could negatively impact or in certain instances lead to possible suspension, restriction or revocation of subsoil licences or the levying of substantial fines or penalties could have a material adverse effect on Intergeo's production, prospecting, appraisal, exploration or development activities in Russia, and on the Company's business, financial condition and prospects.

Weaknesses relating to the Russian legal system create an uncertain environment for investment and business activity.

Russia is still developing the legal framework required to support a market economy. Risks of the Russian legal system include:

- inconsistencies, contradictions and discrepancies between and among the Constitution, federal laws, presidential decrees and governmental, ministerial and local orders, decisions, resolutions and other acts;
- limited availability of regulations at the regional and local levels which may not be updated or catalogued;
- limited judicial and administrative guidance on interpreting Russian legislation;
- a high degree of discretion on the part of governmental authorities in interpretation, application and enforcement of laws;
- diverse interpretations of the Russian laws by various state bodies (e.g. the MNRE and the Russian Federation General Prosecutors' Office) resulting in damages for which no Russian government body may in practice be held liable to cover the damages;
- lack of independence in the judicial system;
- judicial precedents not having binding effect on subsequent decisions;
- the relative inexperience of certain judges in interpreting new Russian legislation, particularly business and corporate law;
- inadequacy of bankruptcy procedures;
- disproportions of the breaches of Russian law and penalties and consequences which may include severe penalties and company liquidation;
- gaps in the regulatory structure due to delay in passing legislation or the absence of implementing legislation;
- relatively frequent alterations to Russian legislation that make it difficult to operate and conduct business;
- recent and expected significant amendments to the Russian system of civil legislation and the relative inexperience of certain judges in interpreting such legislation; and
- use of court claims for political aims.

All of these risks could affect Intergeo's ability to protect its rights in its Russian subsidiaries and under its licences and contracts, or to defend itself against claims by others. There can be no assurances that regulators, judicial authorities or third parties will not challenge Intergeo's compliance with applicable laws, decrees and regulations.

Russian legislation relating to property rights is relatively new and, by and large, has not yet been tested in courts. Many Russian laws are structured in a way that provides for significant administrative discretion in interpretation, application and enforcement. Reliable texts of laws and regulations at the regional and local levels may not be available, and are not usually updated or catalogued. Due to these factors, efforts to comply with the laws may not always result in full compliance. Moreover, breaches of Russian law may involve severe penalties and consequences that could be considered as disproportionate to the violation committed. The above risks could affect the ability of Intergeo to ascertain its specific rights or to seek or obtain effective redress in Russian courts.

In addition to the above, significant amendments to Russian civil legislation are currently being expected in Russia. It is not clear at this stage what impact they may have on the rights and obligations of Intergeo. Potentially, such amendments may have a significant impact on the Company's rights, business, financial condition and prospects.

Operating in Russia requires permits, licences and other approvals from various governmental authorities, which exercise considerable discretion in issuing such permits and monitoring their compliance.

Intergeo's operations, including future development activities and any commencement of production on its properties, require permits from various federal, regional and local governmental authorities, and such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, work programs, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance, however, that all permits that Intergeo may require for its operations and prospecting, appraisal and exploration activities will be obtainable on reasonable terms or on a timely basis, or at all, or that such laws and regulations will not have an adverse effect on any mining project which Intergeo might undertake.

Government authorities in Russia exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and extension of licences, permits, approvals and authorizations, and in monitoring licencees' compliance with the terms thereof, which may result in unexpected audits, criminal prosecutions, civil actions and expropriation of property. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including the suspension, amendment or termination of its licences, permits, approvals and authorizations or orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse effect on the Company and could cause increases in capital expenditures or prospecting, appraisal and exploration costs, require abandonment or delays in development of properties or, if applicable, require a reduction in levels of production at then-producing properties.

Selective or arbitrary governmental action may have a material adverse effect on the Company.

Intergeo operates in uncertain regulatory environments. Russian authorities have a high degree of discretion and at times appear to act selectively or arbitrarily, without hearing or prior notice, and in a manner that is contrary to law or influenced by political or commercial considerations.

Moreover, the Russian government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included denial or withdrawal of licences or permits, sudden, unexpected and repeated tax audits, criminal prosecutions and civil actions and the expropriation of property.

Intergeo's competitors may receive preferential treatment from the Russian government, potentially giving them a competitive advantage. Unlawful, selective or arbitrary government action, if directed at the Company's operations or the Company's major shareholders, could have a material adverse effect on the Company's business, financial condition and prospects.

Political instability in Russia may materially adversely affect the Company.

Russia has been undergoing a substantial political transformation from a centrally planned economy under communist rule to a pluralist, market-oriented democracy. A significant number of changes have occurred during recent years, but there can be no assurance that the political and economic reforms necessary to complete such a transformation will continue. In its current relatively nascent stage, the Russian political system is vulnerable to the population's dissatisfaction with reforms, social and ethnic unrest and changes in governmental policies. Shifts in governmental policy and regulation in Russia are less predictable than in many Western democracies and could disrupt or reverse political, economic and regulatory reforms. Current and future changes in the Russian government, major policy shifts or lack of consensus among the President of Russia, the Prime Minister of Russia, the Russian government, Russia's parliament and/or powerful economic groups could lead to political instability, which could have a material adverse effect on the Company's business, financial condition and prospects.

Russian tax legislation is relatively undeveloped, and Russian tax authorities' approach to tax law enforcement and interpretation of legislation may be unpredictable and selective.

Russian companies are subject to a range of taxes and other compulsory payments imposed at the federal, regional and local levels, including, but not limited to, the profits tax, export duties, VAT, mineral extraction tax, property tax and social contributions. Tax laws, such as the Russian Tax Code have been in force for a short period relative to tax laws in more developed market economies and there are few precedents regarding same. The implementation of these tax laws is often unclear or inconsistent. Historically, the system of tax collection has been relatively ineffective, resulting in continual changes to the interpretation of existing laws. Furthermore, the tax environment in Russia has been complicated by the fact that various authorities have often interpreted tax legislation inconsistently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities. The Russian tax authorities may take a more assertive approach in their interpretation of the legislation and tax examinations, which may include following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. This fact, combined with a possible increase in tax collection efforts to respond to budget pressures, may lead to an increase in the level and frequency of scrutiny by the tax authorities. Although the quality of Russian tax legislation has generally improved with the introduction of the Russian Tax Code, the possibility exists that Russia may impose arbitrary or onerous taxes and penalties in the future, which could adversely affect Intergeo's business, financial condition and prospects. A large number of changes have been made to various chapters of the Russian Tax Code since their introduction.

Since Russian laws relating to federal, regional and local taxes are subject to frequent change and some of the sections of the Russian Tax Code are comparatively new, interpretation of these laws is often unclear or non-existent. Taxpayers and the Russian tax authorities often interpret tax laws differently. In some instances, Russian tax authorities and the courts have applied new interpretations of tax laws retroactively. Differing interpretations of tax laws exist both among and within Russian government ministries and organizations at the federal, regional and local levels, creating uncertainties and inconsistent enforcement. Furthermore, in the absence of binding precedent, court rulings on tax or other related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

These circumstances create tax risks in Russia that may be substantially more significant than typically found in countries with more developed tax systems.

Russian transfer pricing legislation is unclear with substantially new rules that came into effect January 1, 2012. The new rules which are largely based on the OECD transfer pricing guidelines can apply to a wider number of transactions beyond just related parties and can apply to domestic transactions. This can be expected to result in a greater enforcement of transfer pricing rules, new reporting and documentation requirements and penalties.

Currently the new transfer pricing rules contain many ambiguous rules, which may be subject to arbitrary interpretation by the Russian tax authorities. There are neither official clarifications nor established administrative and court practice of applying the new transfer pricing rules. Adoption of the new transfer pricing rules may expose Intergeo and its Russian affiliates to significant fines and penalties and enforcement measures, and could have a material adverse effect on Intergeo's business, financial condition and prospects, and the trading price of the Common Shares.

Effective January 1, 2012, Russia introduced new tax consolidation rules. Under these rules, a Russian company holding directly or indirectly 90% of the shares of its Russian subsidiaries may consolidate for Russian profits tax purposes if the group meets certain requirements: (1) the joint accrued amount of federal taxes (except for taxes paid in connection with cross-border transfers) for the previous year exceeds RUB10 billion (approximately $330 million); (2) combined turnover according to the financial statements of the companies for the previous year exceeds RUB100 billion (approximately $3.3 billion); and (3) combined assets on the first day of the year of consolidation according to the financial statement exceed RUB300 billion (approximately $9.8 billion). Currently, Intergeo does not meet the required thresholds. Consequently, tax losses of any Russian legal entity in the Intergeo group may not be used to reduce the tax liability of any other Russian legal entity of such group.

The development of the beneficial ownership concept and various anti-offshore rules in Russia may negatively affect the tax position of Intergeo. The Russian tax authorities may take a more aggressive interpretation of the "beneficial ownership" concept and may deny the application of tax exemptions or reduced withholding tax rates under double tax treaties concluded with Russia for certain business structures. The Russian Ministry of Finance has issued a letter stating that non-Russian special purpose vehicles in Eurobond issuances did not determine the "economic destiny" of interest income and, consequently, should not be recognized as "beneficial owners" of income and should be denied tax treaty benefits, which may negatively impact other business structures using foreign special purpose vehicles.

Due to an uncertainty in the interpretation of the "beneficial ownership" concept in Russia, a risk exists that Intergeo Cyprus may not be recognised as the "beneficial owner" of income and may be denied benefits under the respective Cyprus-Russia Tax Treaty, which may significantly increase Intergeo's tax burden and adversely affect its results of operations and financial condition.

Russian courts have recently used a "conduit company" concept in the context of the Russian thin-capitalization rules. Accordingly, a risk exists that the Russian tax authorities may seek to assert that Intergeo Cyprus should be considered to be a "conduit company" and be denied benefits under the Cyprus-Russia Tax Treaty resulting in 15% Russian withholding tax. Recognition of Intergeo Cyprus as a "conduit company" may significantly increase the Issuer's tax burden and adversely affect the Company's results of operations and financial condition.

There can be no assurance that the Russian Tax Code will not be changed in the future in a manner adverse to the stability and predictability of the tax system. These factors, together with the potential for state budget deficits, raise the risk of the imposition of additional taxes on Intergeo. There can be no assurance that Intergeo would not be required to make substantially larger tax payments in the future, which may adversely affect its financial results. In addition to creating a substantial tax burden, these risks and uncertainties complicate Intergeo's tax planning and related business decisions, potentially exposing it and its Russian affiliates to significant fines and penalties and enforcement measures, and could have a material adverse effect on the Company's business, financial condition and prospects and the trading price of the Common Shares.

Stricter environmental laws and regulations or stricter enforcement of such existing laws and regulations in Russia may materially adversely affect Intergeo.

Intergeo's operations may be subject to environmental regulations promulgated by applicable government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation, including proposals relating to climate change, is evolving in a manner that means standards are stricter, and enforcement fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Generally, there is a greater awareness in Russia of damage caused to the environment by the mining industry than existed during the Soviet Union era, and recent Russian government initiatives indicate that Russia may introduce new water, air and soil quality standards and increase its monitoring and fines for non-compliance with environmental rules. The Company's Russian subsidiary operating companies may be subject to investigations by FSSNRU, Russia's environmental protection agency, which may make announcements relating to such investigations when they are at a very preliminary stage and in advance of any findings, which could have a material adverse effect on the Company's business, financial condition and prospects. There can be no assurance that Intergeo will be in full compliance with environmental regulations, and it may be required to pay certain fines levied by regulatory authorities in connection with any infractions.

Crime, corruption and social instability could disrupt Intergeo's ability to conduct business and could materially adversely affect the Company.

The recent political and economic changes in Russia have resulted in increased levels of social unrest. Both the Russian and international press continue to report high levels of official corruption in Russia, including bribery of officials for the purpose of initiating investigations by state agencies. External perceptions of Russia and media coverage of matters of crime and corruption could affect the Company's ability to raise financing in the longer term and otherwise affect its business.

Social and labour unrest in Russia could lead to increased support for renewed centralized authority or violence or could restrict Intergeo's ability to conduct its business effectively.

There is a growing polarization of wealth in Russian society which could lead to increased support for renewed centralized authority and a rise in nationalism or violence. Social and labour unrest has arisen in the past and may arise in the future. These factors may contribute to other political, social and economic consequences, such as re-nationalization or expropriation of property, or further restrictions on foreign involvement in the economy of Russia. Any of these could restrict Intergeo's operations and could have a material adverse effect on the Company's business, financial condition and prospects.

In addition, ethnic, religious, historical and other divisions have on occasion given rise to tensions and, in certain cases, military conflict and terrorist attacks in certain regions of Russia. Any spread of violence or terrorism, or political measures taken to counter them (including the imposition of a state of emergency in some parts of, or throughout all of, Russia), could hinder the operation and the expansion of Intergeo's business. Various recent developments in Russia, including the tightening of state control over the economy, have caused some concern in relation to the investment climate in the country and no assurances can be given that various steps taken or being debated in the Russian government will not affect foreign investment into Russia.

Russian legal entities may be forced into liquidation on the basis of formal non-compliance with certain requirements of Russian law.

Certain provisions of applicable Russian legislation may allow a court to order the liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements in the course of its formation, reorganization or operation. There have been cases in the past in which formal deficiencies in the establishment process of a Russian legal entity or formal non-compliance with provisions of Russian law have been used by Russian courts as a basis for liquidation of a legal entity. For example, under Russian corporate law, if a company has a net asset value below the applicable statutory minimum charter capital, including negative net assets calculated on the basis of Russian accounting standards as of the end of the second or any subsequent financial year, a court could order the liquidation of the company upon a claim by governmental authorities. Although none of the Company's Russian subsidiaries, other than Uralmining which is being sold by the Company, currently has a net asset value below the applicable statutory minimum charter capital or negative net assets, other subsidiaries have had a net asset value below the statutory minimum charter capital and/or experienced negative net assets in the past. Should any of the Company's Russian subsidiaries fail to maintain a net asset value equal to, or greater than, the statutory minimum charter capital in the future (or, given the uncertainty under Russian law whether a historical violation of these requirements may be retroactively cured, if a governmental authority were to bring a challenge on the basis of alleged prior non-compliance), it may result in such subsidiary's involuntary liquidation and termination of, among other things, any subsoil licences held by such subsidiary, which may have a material adverse effect on the Company's business, results of operations, financial condition and prospects. An additional risk exists in respect of Russian subsidiaries that are not wholly-owned by the Company in the event any such subsidiary has a net asset value below the applicable statutory minimum charter capital or negative net assets, since there can be no assurance that the partners or other shareholders in such entity will take the same steps as the Company to remedy the deficiency, in which case their share may need to be funded by the Company.

Intergeo's assets may be nationalized or expropriated.

As a consequence of the international financial crisis an increased intervention of the Russian government has been observed in the private sector. The Russian government has (through its relevant governmental bodies or state-owned enterprises) acquired, directly or indirectly, controlling interests in various companies experiencing financial difficulties or facing insolvency. The scope and scale of Russia's further intervention in the private sector may not be predicted with certainty.

In the event that Intergeo's property is expropriated or nationalized, applicable legislation provides for fair compensation to be paid to Intergeo. However, there can be no certainty that such protections will be enforced. This uncertainty is due to several factors, including the lack of an independent judicial system, insufficient mechanisms to enforce judgments and corruption among Russian authority officials.

However, the concept of property rights is not well developed in Russia and there is a lack of experience in enforcing legislation enacted to protect private property against nationalization and expropriation. As a result, Intergeo may not be able to obtain proper redress in the courts and may not receive adequate compensation if, in the future, the Russian government decides to nationalize or expropriate some or all of Intergeo's assets. The expropriation or nationalization of any of Intergeo's assets without fair compensation could have a material adverse effect on the Company's business, financial condition and prospects.

Economic instability in Russia could materially adversely affect the Company.

Russia is still developing from a centrally planned to a market-driven economy. While this process of change is establishing a business environment in Russia that is influenced by the Western-style business environment, there are still substantial differences between the Russian economy and the Western economies. These differences include the development in Russia of a model often described as "state capitalism", business sentiments referred to as "Russian nationalism", a lack of transparency and the apparent use of state power in relation to commercial businesses and relations between such businesses.

Since the dissolution of the Soviet Union the economic environment in Russia has been subject to abrupt downturns. The Russian economy has experienced, at various times:

- significant declines in gross domestic product;
- hyperinflation;
- an unstable currency;

- high state debt relative to gross domestic product;
- a weak banking system providing limited liquidity to Russian enterprises;
- a large number of loss-making enterprises that continued to operate due to the lack of effective bankruptcy proceedings;
- widespread tax evasion;
- high levels of capital flight; and
- significant increases in unemployment and underemployment.

In 1998, Russia defaulted on its Russian rouble denominated securities and imposed a temporary moratorium on certain hard currency payments. These actions resulted in the immediate and severe devaluation of the Russian rouble and a sharp increase in the rate of inflation; a dramatic decline in the prices of Russian debt and equity securities; and inability of Russian groups to raise funds in the international capital markets. In 2004, several Russian banks experienced a sharp reduction in liquidity and the licences of several midsized banks were withdrawn. Throughout the second half of 2008, the Russian financial markets were characterized by extreme volatility in both the debt and equity segments and reductions in foreign investment. Furthermore, the first half of 2009 saw a substantial decrease in gross domestic product as the real sector of the Russian economy experienced a sharp decline in production levels. Due to these developments, international rating agencies downgraded Russia's sovereign credit rating, which reflected an assessment by such agencies that there was an increased credit risk that the government may default on its obligations. Although the Russian stock markets have improved since the 2008/2009 recession, there can be no assurance that this trend will continue in the future or that it will have a positive impact on the Russian economy in the long-term.

Fluctuations in the global economy may have an adverse effect on Russia's economy and thus on Intergeo.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Furthermore, as Russia produces and exports large quantities of crude oil, gas and other commodities, the Russian economy is particularly vulnerable to fluctuations in the prices of such commodities on the world market.

In addition, the Russian economy and Russian banks have been adversely affected by the global financial crisis. Throughout 2008 and 2009, the Russian government implemented various emergency financial assistance measures in order to ease taxes, refinance foreign debt and encourage lending. Although the gross domestic product of Russia has improved in 2010 and 2011, there can be no assurance that these or other measures will result in a full-scale recovery of the Russian economy and will not be abruptly reversed. Any further disruption of the Russian economy could have a material adverse effect on the Company's business, financial condition and prospects. These recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede Intergeo's access to capital or increase its cost of capital. The failure to raise capital when needed or on reasonable terms could have a material adverse effect on the Company's business, financial condition and prospects.

Risks Relating to the Offering

There is currently no market for the Common Shares and any market that does develop may not continue or may not be liquid.

There is currently no public market through which any of the Common Shares may be sold and there is no assurance that the Common Shares will be listed for trading on a stock exchange, or if listed, that there will be a liquid market for such securities. Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop, or if developed, that such a market will be sustained after completion of the Offering. The Offering Price will be determined by negotiation between the Company and the Underwriters and will be based upon several factors, and may bear no relationship to the price that will prevail in the public market following the Offering. Consequently, investors may not be able to sell the Common Shares at prices equal to or greater than the Offering Price. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

The trading price of the Common Shares may be highly volatile, which could result in substantial losses for purchasers.

Following the completion of the Offering, the Offering Price may vary from the market price of the Common Shares. Some factors that could influence the volatility in the trading price of the Common Shares, include: failure to achieve production at the Company's properties; actual or anticipated changes in metal prices; fluctuations in quarter and annual financial results; changes in earnings estimates or recommendations by research analysts; a sale of Common Shares by the Company's major shareholders; the success or failure of competitor mining companies; changes in the Company's capital structure; announcements by the Company or its competitors of significant developments, contracts or acquisitions; changes in the regulatory requirements and the political climate in Canada, and Russia or the United States; additions or departures of key personnel; litigation involving the Company; accidents at mining properties; natural disasters; and changes in the economic, industry and market conditions.

In addition, if the market for stocks in the mining industry, or the stock market in general, experience a loss of investor confidence, the trading price of the Common Shares could decline for reasons unrelated to the Company's business, financial condition or results of operations. If any of the foregoing occurs, it could cause the Company's share price to fall and may expose the Company to lawsuits that, even if unsuccessful, could be both costly and a distraction to management.

Mr. Prokhorov's significant interest in the Company may affect the market price and liquidity of the Common Shares, among other things.

The concentration of beneficial ownership of the Common Shares by Mr. Prokhorov may:

- delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company);
- deprive shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of the Company;
- affect the market price and liquidity of the Common Shares.

If Mr. Prokhorov sells a substantial number of Common Shares in the public market, the market price of the Common Shares could fall. The perception among the public that these sales will occur could also contribute to a decline in the market price of the Common Shares.

Mr. Prokhorov, as the Company's beneficial controlling shareholder, will have the power to control the outcome of most matters to be decided at a meeting of the Company's shareholders. In addition, under the Shareholders' Rights Agreement and the M&As, for so long as the Daselina Group and the Kirkland Group collectively hold at least 33% of the outstanding Common Shares, the prior written consent of Daselina will be required for certain corporate actions. Accordingly, Mr. Prokhorov will have the power to control the outcome of certain decisions to be made by the Board. Moreover, for so long as the Daselina Group and the Kirkland Group collectively hold at least 30% of the outstanding Common Shares, Mr. Prokhorov, through Daselina, has the right to nominate two directors to the Board. See "*Governance Arrangements with Principal Shareholders*".

Management has broad discretion to use the net proceeds from the Offering.

Management will have broad discretion concerning the use of the net proceeds of the Offering, as well as the timing of their expenditure. As a result, investors will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that investors may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the results of the Company's business and operations may suffer. See "*Use of Proceeds*".

The Company currently does not intend to pay cash dividends on its Common Shares.

The Company has not declared or paid any cash dividends on the Common Shares to date. The payment of dividends in the future, if any, is dependent on the Company's earnings, financial condition, capital requirements, business conditions, corporate law requirements and on such other factors as the Board considers appropriate. Unless and until the Company pays dividends, shareholders' ability to achieve a return on their investment will depend upon an appreciation in the price of the Common Shares. See *"Dividend Policy"*.

Future sales of the Common Shares after the lock-up period has expired, or the perception that such sales may occur, could depress the price of the Common Shares.

Daselina and Kirkland have entered into lock-up agreements with the Underwriters, pursuant to which they are prohibited from selling, agreeing or offering to sell, granting any option for the sale of, transferring, assigning, pledging or otherwise disposing of any Common Shares or securities convertible or exchangeable into Common Shares owned, directly or indirectly, by them for a period of 180 days following the Closing Date, other than pursuant to the Option Agreement, without the prior written consent of Morgan Stanley Canada Limited and BMO Nesbitt Burns Inc. The Underwriters may, in their sole discretion and without notice, release all or any portion of the Common Shares subject to lock-up agreements. There are no agreements, understandings or intentions, tacit or explicit, to release any of the Common Shares subject to lock-up agreements prior to the expiration of the lock-up period. In the aggregate, the lock-up agreements place restrictions on [●] Common Shares that will represent approximately [●]% of the issued and outstanding Common Shares upon completion of the Offering ([●]% assuming exercise of the Over-Allotment Option in full).

As restrictions on resale end, the market price of the Common Shares could fall if Messrs. Prokhorov and/or Finskiy sell a significant portion of their Common Shares or are perceived by the market as intending to sell them. These declines in the price of the Common Shares could occur even if the business of the Company is otherwise doing well. Further, these factors could also make it more difficult for the Company to raise additional funds through future offerings of Common Shares or other securities.

DIVIDEND POLICY

The Company has not declared or paid any dividends on the Common Shares to date. The Company's current intention is to reinvest future earnings in order to finance the growth and development of its business, and as such does not intend to pay dividends in the foreseeable future. The payment of dividends in the future is at the discretion of the Board and will depend on the Corporation's financial condition, results of operation, capital requirements and such other factors as the Board deems relevant. In addition, the payment of dividends is subject to the terms of the Shareholders' Rights Agreement. See "*Governance Arrangements with Principal Shareholders*".

PROMOTERS

Daselina and Kirkland may each be considered a promoter of the Company pursuant to applicable securities law. Daselina is the registered holder of 98,891,741 Common Shares, representing approximately 98.9% of the issued and outstanding Common Shares, as of the date hereof. Kirkland is the registered holder of 1,118,259 Common Shares, representing approximately 1.1% of the issued and outstanding Common Shares, as of the date hereof. Pursuant to the Option Agreement, Kirkland also has an option to acquire up to an additional 17,883,641 Common Shares from Daselina until February 1, 2015. See "*Principal Securityholders — Option Agreement*".

No promoter of the Company has received or will receive anything of value, including money, property, contracts, options or rights of any kind from the Company in respect of acting as a promoter of Company, except as otherwise disclosed below.

On July 19, 2011, Intergeo MMC Ltd acquired a 100% interest in Intergeo Cyprus, a company which, at that time, was wholly-owned by Mr. Finskiy, for approximately $2,810 (Euro 2,000). Intergeo MMC Ltd and Mr. Finskiy jointly agreed on the transaction price, which was equal to the face value of the charter capital of Intergeo Cyprus. Mr. Finskiy acquired Intergeo Cyprus in February 2011 for approximately $2,709 (Euro 2,000). Prior to Mr. Finskiy acquiring Intergeo Cyprus, Intergeo Cyprus did not carry on business. Intergeo Cyprus was acquired by Mr. Finskiy to hold Intergeo MMC Ltd's interest in Intergeo Russia. The operations of Intergeo Cyprus were funded by North Financial Overseas Corp., a company beneficially owned by Mr. Prokhorov. On the date the Company acquired Intergeo Cyprus, Intergeo Cyprus owed an aggregate of approximately $504,000 to the foregoing lender. See "*Interest of Management and Others in Material Transactions*".

In December 2011, Intergeo Cyprus issued a promissory note to Daselina in the principal amount of approximately $2.4 million in consideration of $2.3 million and Intergeo Russia issued a series of promissory notes to Daselina in the aggregate principal amount of $6.2 million (RUB200.4 million). See "*Interest of Management and others in Material Transactions*". In addition, Daselina was a party to the Reorganization. See "*The Company — General Development of the Business — Reorganization*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since incorporation of the Company, that were or are material to the Company, and there are no such material legal proceedings that the Company knows to be contemplated.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this prospectus; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that the Company believes must be disclosed for this prospectus to contain full, true and plain disclosure of all material facts relating to the Offered Shares; or (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this prospectus.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, in any transaction within the last three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company, except as otherwise disclosed in this prospectus.

From April 2009 to May 2010, certain former shareholders of Intergeo Russia (or their affiliates) provided financing to Intergeo Russia and its subsidiaries in the aggregate amount of approximately $6.6 million by way of loans and promissory notes which bore interest rates ranging from 5.5% to 9.6% per annum. All such loans and promissory notes were repaid in full between 2009 and 2011 and as a result, no amounts remain outstanding.

From January 2009 to November 2011, Onexim Holdings Limited, a company beneficially owned by Mr. Prokhorov, and its affiliates provided financing to Intergeo Russia and its subsidiaries in the aggregate amount of approximately $210.0 million by way of loans and promissory notes which bore interest rates ranging from 0.0% to 1.5% per annum.

As of December 31, 2011, Onexim Holdings Limited accumulated certain promissory notes owed by Intergeo Russia to Onexim Holdings Limited and its affiliates with an aggregate carrying amount of approximately $188.2 million (aggregate face value of RUB6,200.5 million).

From April 2011 to November 2011, North Financial Overseas Corp. made a number of additional loans to Intergeo Cyprus in the aggregate principal amount of approximately $2.8 million. Each of the loans bore interest at 3% per annum and had a term of one year from the date the loan was made. These loans were part of the Reorganization and are no longer outstanding. See "*The Company — General Development of the Business — Reorganization*".

On July 12, 2011, Intergeo Russia acquired a 100% interest in Kingash LLC. Intergeo acquired Kingash LLC from four private investors for aggregate cash consideration of approximately $70 million (RUB1,965.7 million), approximately $6.1 million (RUB172 million) of which was paid to Travallation Holdings Ltd. ("**Travallation**"), a company which at that time was beneficially owned by Mr. Prokhorov, for its 9.5% interest in Kingash LLC. Intergeo Russia funded the acquisition of Kingash LLC through a loan provided by North Financial Overseas Corp., a company beneficially owned by Mr. Prokhorov. No independent valuation was prepared in respect of this acquisition. Kingash LLC had been acquired by Travallation and three other private investors on November 15, 2010 for a total price of approximately $58.1 million (RUB1,800 million), of which approximately $5.5 million (RUB171 million) was paid by Travallation. Kingash LLC was primarily involved in the exploration and evaluation of copper, nickel and cobalt mineral resources in Russia. Kingash LLC had held the exploration and mining licence for the Kingash Project since April 2007 and the prospecting and appraisal licence for the Upper Kingash and Kuyo deposits since October 2006. The Kingash Project is one of Intergeo's two principal development projects. The Company plans to develop the Kingash Project as a series of three open-pit mines at the Kingash, Upper Kingash and Kuyo deposits.

In December 2011, Intergeo Cyprus issued an interest-free promissory note to Daselina in the principal amount of approximately $2.4 million in consideration of $2.3 million, which promissory note was payable on demand any time on or after December 13, 2012. This promissory note was part of the Reorganization and is no longer outstanding. See "*The Company — General Development of the Business — Reorganization*".

As of December 31, 2011, Daselina held a series of interest-free promissory notes issued by Intergeo Russia with an aggregate principal amount of approximately $6.2 million (RUB200.4 million), which promissory notes were payable on demand. These promissory notes were part of the Reorganization and are no longer outstanding. See "*The Company — General Development of the Business — Reorganization*".

As of January 19, 2012, Daselina accumulated all loans and promissory notes owed by Intergeo Russia and Intergeo Cyprus with an aggregate carrying amount of $199.6 million. These loans and promissory notes were assigned to Intergeo MMC Ltd and then converted into Common Shares as part of the Reorganization and as a result, such amount is no longer outstanding. See "*The Company — General Development of the Business — Reorganization*".

In February 2012, the Company completed the Reorganization. No independent valuation was prepared in respect of the Reorganization. See "*The Company — General Development of the Business — Reorganization*".

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company or any of its subsidiaries has entered into since incorporation of the Company or to which the Company or any of its subsidiaries will become a party on or prior to Closing:

1. the Shareholders' Rights Agreement; and
2. the Underwriting Agreement referred to under the heading "*Plan of Distribution — The Offering*".

Copies of the foregoing and the M&As may be inspected during ordinary office business hours at the offices of Norton Rose Canada LLP, counsel for Intergeo, located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario Canada M5J 2Z4, during the period of the distribution of the Offered Shares or may be viewed at the SEDAR website at www.sedar.com.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon on behalf of the Company by Norton Rose Canada LLP, as to Canadian legal matters, and Dorsey & Whitney LLP, as to U.S. legal matters, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP, as to Canadian legal matters, and Skadden, Arps, Slate, Meagher & Flom LLP, as to U.S. legal matters.

As at the date hereof, neither the partners and associates of Norton Rose Canada LLP, as a group, nor the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, any of the outstanding Common Shares.

EXPERTS

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this prospectus as having prepared or certified a part of this prospectus, or a report, valuation, statement or opinion described in this prospectus, has received or shall receive a direct or indirect interest in any securities or other property of the Company or any associate or affiliate of the Company.

Information relating to the Ak-Sug Project in this prospectus is derived from the Ak-Sug Technical Report jointly prepared by Alexander Peretyatko, M.AIG, Len Holland, FIMMM, FMES, CEng, and David Pearce, FAusIMM (CP) of SRK. Each of Messrs. Peretyatko, Holland and Pearce is a "qualified person" for the purposes of NI 43-101, and none of Mr. Peretyatko, Mr. Holland, Mr. Pearce nor SRK beneficially owns, directly or indirectly, any of the outstanding Common Shares prior to the completion of the Offering.

Information relating to the Kingash Project in this prospectus is derived from the Kingash Technical Report prepared by Stanley C. Bartlett, M.Sc., P.Geo. of Micon. Mr. Bartlett is a "qualified person" for the purposes of NI 43-101, and neither Mr. Bartlett nor Micon beneficially owns, directly or indirectly, any of the outstanding Common Shares prior to the completion of the Offering.

Deloitte & Touche LLP is independent in accordance in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Deloitte & Touche LLP, Chartered Accountants, at its offices located at 5140 Yonge Street, Suite 1700, Toronto, ON M2N 6L7.

The Company's transfer agent and registrar is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

INDEPENDENT AUDITORS' CONSENT

We have read the prospectus of Intergeo MMC Ltd dated May 14, 2012 relating to the initial public issue and sale of Common Shares of Intergeo MMC Ltd. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of Intergeo MMC Ltd on the statement of financial position of the Intergeo MMC Ltd as at December 31, 2011, and the statement of comprehensive loss, changes in shareholder's deficiency and cash flows for the period from June 9, 2011 (the date of incorporation) to December 31, 2011. Our report is dated May **[●]**, 2012.

We also consent to the use in the above-mentioned prospectus of our report to the directors of LLC Intergeo Managing Company on the consolidated statements of financial position of LLC Intergeo Managing Company as at December 31, 2011, December 31, 2010 and December 31, 2009, and the consolidated statements of comprehensive loss, changes in equity (deficit) and cash flows for the years ended December 31, 2011, December 31, 2010 and December 31, 2009. Our report is dated May **[●]**, 2012.

We also consent to the use in the above-mentioned prospectus of our report to the directors of Kingashskaya mining company LLC on the consolidated statements of financial position of Kingashskaya mining company LLC as at December 31, 2010 and December 31, 2009, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2010 and December 31, 2009. Our report is dated May **[●]**, 2012.

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario, Canada
May **[●]**, 2012

INDEX TO FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Statements

Management Discussion and Analysis

See also "*Management's Discussion and Analysis of Intergeo Russia for the Three Years Ended December 31, 2011*" on page 134 of this prospectus.

INTERGEO MMC LTD

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2011
(unaudited)

INTERGEO MMC LTD

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)
(in US$ 000s)

As at December 31, 2011	Intergeo MMC Ltd.	LLC Intergeo Managing Company	Note	Pro forma adjustments	Pro forma Intergeo MMC Ltd.
	$	$		$	$
Assets					
Current assets					
Cash and cash equivalents	1,814	9,792	3(a)	7,262	18,868
Other receivables	24	3,853		—	3,877
Other financial assets	—	1,760		—	1,760
Other assets	118	—		—	118
Inventories	—	299		—	299
	1,956	15,704		7,262	24,922
Non-current assets					
Exploration and evaluation assets	—	170,507		—	170,507
Property, plant and equipment	—	5,280		—	5,280
Other receivables	—	223		—	223
Other	—	65		—	65
	—	176,075		—	176,075
Total assets	1,956	191,779		7,262	200,997
Liabilities					
Current liabilities					
Borrowings	5,109	200,482	3(a)	(199,559)	6,032
Other payables and accrued liabilities	773	4,448	3(a)	(721)	4,500
	5,882	204,930		(200,280)	10,532
Non-current liabilities					
Deferred tax liabilities	—	12,828	3(a)	(771)	12,057
Provisions	—	255		—	255
	—	13,083		(771)	12,312
Total liabilities	5,882	218,013		(201,051)	22,844
(Deficit) Equity					
Share capital	10	—	3(a)	215,508	215,518
Charter capital	—	7	3(b)	(7)	—
Additional paid-in capital	—	46,766	3(a)(b)	(7,188)	39,578
Deficit	(3,936)	(76,880)	3(c)	(883)	(81,699)
Foreign currency translation reserve	—	2,653		—	2,653
(Deficit) equity attributable to owners of the Company	(3,926)	(27,454)		207,430	176,050
Non-controlling interest	—	1,220	3(c)	883	2,103
Total (deficit) equity	(3,926)	(26,234)		208,313	178,153
Total liabilities and (deficit) equity	1,956	191,779		7,262	200,997

INTERGEO MMC LTD

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF LOSS

For the year ended December 31, 2011
(unaudited)
(in US$ 000s except per share amounts)

	Intergeo MMC Ltd.	LLC Intergeo Managing Company	Note	Pro forma adjustments	Pro forma Intergeo MMC Ltd.
	$	$		$	$
General and administrative expenses	(3,368)	(12,538)		—	(15,906)
Impairment of exploration and evaluation assets	—	(25,770)		—	(25,770)
Other income	34	153		—	187
Other expenses	—	(413)		—	(413)
Finance income	—	309		—	309
Finance costs	(112)	(1,216)		—	(1,328)
Change in fair value of derivative financial instruments	—	33		—	33
Loss on acquisition of Intergeo Management Limited	(490)	—		—	(490)
Loss before income tax	(3,936)	(39,442)		—	(43,378)
Income tax expense	—	(207)		—	(207)
Loss for the year	(3,936)	(39,649)		—	(43,585)
Loss attributable to:					
Owners of the Company	(3,936)	(39,442)		—	(43,378)
Non-controlling interest	—	(207)		—	(207)
	(3,936)	(39,649)		—	(43,585)
Pro forma loss per share — Basic and Diluted					
Owners of the Company					$ (0.43)
Non-controlling interest					$ (0.00)
Pro forma weighted average number of shares outstanding					
Basic					100,010,000
Diluted					100,010,000

INTERGEO MMC LTD

NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED STATEMENTS

As at December 31, 2011
(unaudited)
(in US$ 000s)

1. BASIS OF PRESENTATION

The unaudited pro forma condensed consolidated financial statements have been prepared in connection with the proposed reorganization transaction by Intergeo MMC Ltd. The unaudited pro forma consolidated statement of financial position as at December 31, 2011 is prepared for illustrative purposes only and gives effect to the reorganization transactions as if they had occurred on December 31, 2011. The unaudited pro forma condensed consolidated statement of loss for the year ended December 31, 2011 gives effect to the transaction as if it was completed on January 1, 2011.

The pro forma condensed consolidated financial statements are not necessarily indicative of the operating results or financial condition that would have been achieved if the transaction had been completed on the dates or for the period presented, nor do they purport to project the financial performance or financial position of the consolidated entities for any future period as of any future date. The pro forma condensed consolidated financial statements do not reflect any special items such as integration costs or operating synergies that may be incurred as a result of the transaction.

These pro forma condensed consolidated statements of financial statements have been compiled from, and include:

(a) A pro forma condensed consolidated statement of financial position reflecting:

   a. The audited consolidated statement of financial position of Intergeo MMC Ltd as at December 31, 2011; and

   b. The audited consolidated statement of financial position of LLC Intergeo Managing Company as at December 31, 2011.

(b) A pro forma consolidated statement of loss for the year ended December 31, 2011 reflecting:

   a. The audited consolidated statement of loss of Intergeo MMC Ltd for the period from incorporation (June 9, 2011) to December 31, 2011; and

   b. The audited consolidated statement of loss of LLC Intergeo Managing Company for the year ended December 31, 2011.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Intergeo MMC Ltd for the period from incorporation, (June 9, 2011) to December 31, 2011 and the audited consolidated financial statements of LLC Intergeo Managing Company for the years ended December 31, 2011, 2010 and 2009.

The accounting policies used in preparing the pro forma condensed consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and are set out in Intergeo MMC Ltd's audited consolidated financial statements for the period from incorporation (June 9, 2011) to December 31, 2011.

In preparing the unaudited pro forma condensed consolidated financial statements, a review was undertaken by management to identify accounting policy differences between Intergeo MMC Ltd and LLC Intergeo Managing Company, which could have a material impact. No significant differences have been identified at this time.

2. REORGANIZATION TRANSACTION

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% beneficially owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

2. REORGANIZATION TRANSACTION (Continued)

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

(in US$ 000s)

3. PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed consolidated financial statements incorporate the following adjustments to the pro forma condensed consolidated statement of financial position.

	Adjustment (a)	Adjustment (b)	Adjustment (c)	Total Adjustments
	$			$
Increase in cash and cash equivalents	7,262	—	—	7,262
(Decrease) in borrowings	(199,559)	—	—	(199,559)
(Decrease) in other payable and accrued liabilities (accrued interest payable on related party borrowings)	(721)	—	—	(721)
(Decrease) in additional paid-in capital (related to fair value of related party borrowings)	(7,195)	7	—	(7,188)
(Decrease) in deferred income tax liabilities	(771)	—	—	(771)
Increase (decrease) in share capital	215,508	—	—	215,508
(Decrease)in charter capital	—	(7)	—	(7)
(Increase) in deficit	—	—	(883)	(883)
Increase in non-controlling interest	—	—	883	883

(a) Issue of 100,000,000 common shares by Intergeo MMC Ltd

This adjustment reflects the issue of 100,000,000 common shares of Intergeo MMC Ltd on January 19, 2011 for total consideration of $215,508. The consideration for the issue of the common shares was comprised of cash in the amount of $7,262 and related party loans and promissory notes (including accrued interest and additional paid-in capital) owed by Intergeo Management Limited and LLC Intergeo Managing Company aggregating $208,246.

The loans and promissory notes payable (including accrued interest of $721 included in other payables and accrued liabilities) by Intergeo Management Limited and LLC Intergeo Managing Company were initially recognized at fair value determined by reference to estimated market interest rates. The effect of discounting the loans and promissory notes from related parties was credited to additional paid-in capital, net of deferred income tax of $771, as it was considered to be a capital contribution. Subsequent to initial recognition, borrowings were measured at amortized cost using the effective interest rate method.

(b) Charter capital of LLC Intergeo Managing Company

This adjustment reflects the elimination of LLC Intergeo Managing Company's charter capital to additional paid-in capital.

(c) Non-controlling interest related to LLC Intergeo Managing Company

This adjustment relates to the incremental non-controlling interest in LLC Intergeo Managing Company of 0.5% held by Mr. Mikhail Prokhorov, post Reorganization Transaction in the amount of $883.

4. PRO FORMA ISSUED SHARE CAPITAL

As at December 31, 2011, the pro forma common shares outstanding are as follows:

As at December 31, 2011	Number of outstanding common shares of Intergeo MMC Ltd.	$ Amount
Number of common shares outstanding as at December 31, 2011	10,000	10
Common shares issued as a result of the Reorganization Transaction on January 19, 2012	100,000,000	215,508
Pro forma number of common shares outstanding	100,010,000	215,518
Pro forma weighted average number of shares outstanding		
Basic		100,010,000
Diluted		100,010,000

INTERGEO MMC LTD

CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation (June 9, 2011) to
December 31, 2011

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Intergeo MMC Ltd

We have audited the accompanying consolidated financial statements of Intergeo MMC Ltd, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of comprehensive loss, consolidated statement of changes in shareholder's deficiency and the consolidated statement of cash flows for the period from June 9, 2011 (the date of incorporation) to December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Intergeo MMC Ltd as at December 31, 2011, and its financial performance and its cash flows for the period from June 9, 2011 (the date of incorporation) to December 31, 2011, in accordance with International Financial Reporting Standards.

Chartered Accountants
Licensed Public Accountants
[Date of the auditor's report]
Toronto, Ontario, Canada

INTERGEO MMC LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in US$)

	Note	December 31, 2011
		$
Assets		
Current assets		
Cash		**1,813,614**
Receivables	6, 16	**24,180**
Other assets	7	**118,209**
		1,956,003
Non-current assets		
Investment in LLC Intergeo Managing Company	8	**100**
Total assets		**1,956,103**
Liabilities		
Current Liabilities		
Borrowings	10, 16	**5,109,104**
Accounts payable and accrued liabilities	11	**773,007**
Total liabilities		**5,882,111**
Shareholder's deficiency		
Share capital	13	**10,000**
Deficit		**(3,935,866)**
Foreign currency translation reserve		**(142)**
Total shareholder's deficiency		**(3,926,008)**
Total liabilities and shareholder's deficiency		**1,956,103**

APPROVED ON BEHALF OF THE BOARD ON MAY ● , 2012:

(Signed) ●
Director

(Signed) ●
Director

The accompanying notes form an integral part of these consolidated financial statements.

INTERGEO MMC LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(in US$)

	Note	For the period from incorporation (June 9, 2011) to December 31, 2011
		$
Other income	16	**33,767**
General and administrative expenses	14	**(3,367,448)**
Finance costs	15, 16	**(112,011)**
Loss on acquisition of Intergeo Management Limited	5(b), 9	**(490,174)**
Loss before income tax		**(3,935,866)**
Income tax expense	12	**—**
Loss for the period		**(3,935,866)**
Other comprehensive loss		
Foreign currency translation adjustments		**(142)**
Total comprehensive loss for the period		**(3,936,008)**

The accompanying notes form an integral part of these consolidated financial statements.

INTERGEO MMC LTD

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S DEFICIENCY

(in US$)

	Note	Share capital	Deficit	Foreign currency translation reserve	Shareholder's deficiency
		$	$	$	$
Balance, June 9, 2011		—	—	—	—
Loss for the period		—	(3,935,866)	—	(3,935,866)
Foreign currency translation adjustments		—	—	(142)	(142)
Total comprehensive loss for the period		—	(3,935,866)	(142)	(3,936,008)
Issue of share capital	13	10,000	—	—	10,000
Balance, December 31, 2011		10,000	(3,935,866)	(142)	(3,926,008)

The accompanying notes form an integral part of these consolidated financial statements.

INTERGEO MMC LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

(in US$)

	Note	For the period from incorporation (June 9, 2011) to December 31, 2011
		$
Operating activities		
Loss for the period		**(3,935,866)**
Adjustments for:		
Finance costs		**55,899**
Loss on acquisition of Intergeo Management Limited	5(b), 9	**490,174**
		(3,389,793)
Movements in working capital		
Increase in receivables		**(24,180)**
Increase in other assets		**(116,095)**
Increase in accounts payables and accrued liabilities		**704,339**
Cash flows from operations		**(2,825,729)**
Investing activities		
Acquisition of Intergeo Management Limited	5(b), 9	**79,343**
		79,343
Financing activities		
Proceeds from issue of share capital	13	**10,000**
Proceeds from borrowings		**4,550,000**
		4,560,000
Net increase in cash		**1,813,614**
Cash, beginning of period		**—**
Cash, end of period		**1,813,614**

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Intergeo MMC Ltd ("Intergeo MMC" or the "Company") was incorporated under the laws of the British Virgin Islands ("BVI") on June 9, 2011 as Intergeo Group Ltd. On July 6, 2011, the Company changed its name to Intergeo MMC Ltd.

The Company's registered and head office is located at 197 Main Street, Road Town, Tortola, British Virgin Islands. The Company defines its operations as a single operating segment.

The Company has the following controlled entities at December 31, 2011:

Subsidiary	Jurisdiction of Incorporation	Date of incorporation	Ownership as at December 31, 2011
Intergeo Management Limited	Cyprus	April 18, 2008	100%
Intergeo Canada Management Services Inc.	Ontario	August 26, 2011	100%

The Company is a wholly-owned subsidiary of Daselina Investments Ltd. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Daselina Investments Ltd.

Intergeo Canada Management Services Inc. is a wholly-owned subsidiary of Intergeo Management Limited.

The principal activity of the Company is the acquisition and holding of mineral exploration companies located in Russia (See Note 19 — Subsequent Events).

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2011. For the purpose of preparing these consolidated financial statements, the Company has adopted all these new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after December 31, 2011.

(a) *Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.*

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2012 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analysed

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.

- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

(b) Functional and presentation currency

The United States dollar is the functional and presentation currency of the Company. These consolidated financial statements are presented in United States dollars, except as otherwise stated herein. Unless otherwise indicated, references to "US$" and "$" are to United States dollars.

The translation of the financial statements of Intergeo Canada Management Services Inc. from its functional currency (Canadian dollars) to the presentation currency is performed as follows:

- all assets, liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;
- all income and expenses in each statement of comprehensive loss are translated at the average exchange rates for the years presented, except for significant transactions that are translated at rates on the date of such transactions;
- resulting exchange differences are included in equity and presented as foreign currency translation differences within the foreign currency translation reserve; and
- in the statement of cash flows, cash balances at beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the years presented, except for significant transactions that are translated at rates on the date of transaction.

The Company has used the following United States dollar to Canadian dollar exchange rates in the preparation of the consolidated financial statements: closing US$/C$ exchange rate as at December 31, 2011 — $0.9833; and for the average exchange rate for the period ended December 31, 2011 — $0.9775.

3. BASIS OF PREPARATION (Continued)

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

To date, the Company has been reliant on borrowings and equity provided by related parties. To continue its planned activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, the Company received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet the Company's liabilities during the period of one year subsequent to the date of signing of the financial statements. Onexim Holdings Limited has provided the letter of support because the Company is wholly-owned by Mr. Mikhail Prokhorov, who also controls and is the ultimate beneficial shareholder of Onexim Holdings Limited.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these consolidated financial statements, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are deconsolidated from the date that control ceases.

Intercompany transactions, balances, revenues and expenses are eliminated. The Company and all of its subsidiaries use uniform accounting policies consistent with the Company's policies and in accordance with IFRS.

(b) Financial instruments

Financial assets and financial liabilities are recognized when a Company's entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable the acquisition or issue of financial assets or financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

Cash and cash equivalents

Cash and cash equivalents are designated as loans and receivables and are measured at cost, which approximates fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Receivables and deposits are classified as loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as loans and receivables; held-to-maturity investments; or financial assets at fair value through profit or loss. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive loss and presented within equity in a fair value reserve. When an investment is derecognized or impaired, the cumulative gain or loss in other comprehensive loss is transferred to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities

On initial recognition, the fair value of borrowings is determined by reference to estimated market interest rates. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method. The effect of discounting borrowings from related parties is credited to additional paid-in capital, as it is considered to be a capital contribution. The effect of discounting borrowings from third parties is charged to profit or loss for the period.

Borrowings and accounts payable and accrued liabilities are classified as other financial liabilities.

(iii) Derivative financial instruments

Derivatives are recognized initially at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(c) Employee benefits

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(d) Finance income

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the dividend is declared.

(e) Finance costs

Finance costs comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

(f) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Intergeo MMC is incorporated in the British Virgin Islands where the corporate income tax rate is set at zero.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Impairment

(i) Financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income, and presented in equity, is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

(h) Other income

Other income includes management fees from related parties and is recognized when the Company's right to receive payment has been established.

(i) General and administrative expenses

General and administrative expenses include such expenses as payroll and other expenses of administrative personnel and taxes related, rent of head office and of office equipment. General and administrative expenses are included in profit or loss when incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements

(a) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

(b) Acquisition of Intergeo Management Limited

On July 19, 2011, the Company acquired all of the outstanding shares of Intergeo Management Limited from Mr. Maxim Finskiy. The transaction did not meet the definition of a business combination. Consequently, the acquisition of Intergeo Management Limited has been accounted for as an assumption of liabilities. The transaction resulted in a net cash inflow of $79,343 on acquisition of Intergeo Management Limited, comprised of cash acquired of $82,153 less the purchase consideration of $2,810 cash. The Company also recorded a loss on acquisition of Intergeo Management Limited of $490,174, which represents the excess of the net liabilities assumed of $487,364 over the purchase price $2,810.

The Company applied judgement in its determination that the transaction should be accounted for as an assumption of liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(d) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. Management has concluded that estimates of future taxable income are not sufficiently probable to recognize a deferred tax asset.

6. RECEIVABLES

	December 31, 2011
	$
Receivables due from related parties (Note 16)	**5,165**
HST recoverable	**16,017**
VAT refundable	**2,417**
Other	**581**
	24,180

7. OTHER ASSETS

	December 31, 2011
	$
Prepaid expenses	**40,606**
Deposits	**77,603**
	118,209

8. INVESTMENT IN LLC INTERGEO MANAGING COMPANY

On April 28, 2011, the Company's subsidiary Intergeo Management Limited acquired a 0.0005% interest in the charter capital of LLC Intergeo Managing Company, a company incorporated in the Russian Federation.

The Company's Investment in LLC Intergeo Managing Company has been designated as an available-for-sale financial asset.

On January 22, 2012, the Company, through its subsidiary Intergeo Management Limited, increased its investment in LLC Intergeo Managing Company through a series of transactions (Note 19) increasing its ownership from 0.0005% to 99.5%.

9. ACQUISITION OF INTERGEO MANAGEMENT LIMITED

On July 19, 2011, the Company purchased all the outstanding shares of Intergeo Management Limited for total consideration of $2,810 (Euro 2,000) cash. The shares of Intergeo Management Limited were purchased from Mr. Maxim Finskiy. Intergeo MMC and Mr. Finskiy jointly agreed on the transaction price, which was approximately equal to the carrying value of the share capital of Intergeo Management. Mr. Finskiy had acquired Intergeo Management Limited on February 16, 2011 for $2,709 (Euro 2,000). Prior to

9. ACQUISITION OF INTERGEO MANAGEMENT LIMITED (Continued)

Mr. Finskiy acquiring Intergeo Management Limited, Intergeo Management Limited did not carry on business. Intergeo Management Limited was acquired by Mr. Finskiy to facilitate Intergeo MMC's restructuring (Note 19). The operations of Intergeo Management Limited were funded by North Financial Overseas Corp., a company beneficially owned by Mr. Prokhorov.

The transaction did not meet the definition of a business combination. Consequently, the acquisition of Intergeo Management Limited has been accounted for as an assumption of liabilities.

The purchase price was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration on the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value. Assets acquired include cash and receivables and an investment in LLC Intergeo Managing Company. Liabilities acquired include trade and other payables and a loans and borrowings due to North Financial Overseas Corp. bearing an annual interest of 3% repayable on April 12, 2012, subsequently converted to equity in the Restructuring (Note 19).

The transaction resulted in a net cash inflow of $79,343 on acquisition of Intergeo Management Limited, comprised of cash acquired of $82,153 net of the purchase consideration of $2,810 cash. The Company also recorded a loss on acquisition of Intergeo Management Limited of $490,174, which represents the excess of the net liabilities assumed of $487,364 over the purchase price of $2,810.
The net cash inflow of $79,343 has been allocated as follows:

Liabilities assumed	Amount
	$
Assets	
Current assets	
Cash	**82,153**
Receivables	**2,114**
	84,267
Non-current assets	
Investment in LLC Intergeo Managing Company	**100**
	84,367
Liabilities	
Current liabilities	
Trade and other payables	**68,526**
Loans	**503,205**
	571,731
Net liabilities assumed	**487,364**
Cash	**82,153**
Net liabilities assumed (net of cash)	**569,517**
Loss recognized on acquisition of Intergeo Management Limited	**490,174**
Net cash inflow on acquisition of Intergeo Management Limited	**79,343**
Net liabilities assumed (net of cash)	**569,517**

10. BORROWINGS

	December 31, 2011
	$
Loans from related party	**2,775,537**
Promissory note issued to related party	**2,333,567**
	5,109,104

Loans

The Company has received a series of loans from North Financial Overseas Corp. (a related party — Note 16). The loans are unsecured, bear interest at a rate of 3% and are for a term of one year, however in January 2012, the loans were assigned to the Company's shareholder and were converted from debt to equity through a restructuring transaction described in Note 19. No interest was paid in connection with these loans during the period from June 9, 2011 to December 31, 2011.

Loan payable to / interest rate /date of loan	Due date	December 31, 2011
		$
North Financial Overseas Corp. — 3% loan — April 13, 2011	April 12, 2012	**500,000**
North Financial Overseas Corp. — 3% loan — July 25, 2011	July 24, 2012	**150,000**
North Financial Overseas Corp. — 3% loan — August 29, 2011	August 28, 2012	**300,000**
North Financial Overseas Corp. — 3% loan — September 12, 2011	September 11, 2012	**300,000**
North Financial Overseas Corp. — 3% loan — October 17, 2011	October 16, 2012	**300,000**
North Financial Overseas Corp. — 3% loan — October 24 2011	October 23, 2012	**500,000**
North Financial Overseas Corp. — 3% loan — November 17, 2011	November 16, 2012	**700,000**
		2,750,000
Accrued interest		**25,537**
		2,775,537

Promissory note

On December 13, 2011 Intergeo Management Limited issued a promissory note with a face value of $2,369,000 to Daselina Investments Ltd. (a related party). The promissory note was issued at a discount to its face value and the Company received cash proceeds of $2,300,000. The promissory note is due not earlier than December 13, 2012, however in January 2012, the promissory note was assigned to the Company's shareholder and converted from debt to equity through a restructuring transaction described in Note 19. The promissory note is unsecured and can be transferred by the holder to another party without notification to the issuer of the promissory note. Interest expense totalling $33,567 has been recognized in connection with these notes during the period from June 9, 2011 to December 31, 2011. No interest was paid in connection with this note during the period from June 9, 2011 to December 31, 2011.

No borrowings from related parties were repaid during the period from June 9, 2011 to December 31, 2011.

11. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	December 31, 2011
	$
Accrued professional services	**692,376**
Accrued vacation pay	**60,384**
Accrued travel expense	**20,247**
	773,007

12. RECONCILIATION OF EFFECTIVE TAX RATE

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Loss before taxes	(3,935,866)
Income tax at statutory rates (0%)	—
Impact of foreign tax rates	(348,159)
Tax losses and other tax attributes not recognized	348,159
Income tax benefit (expense)	—

(a) Unrecognized tax losses

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2011
	$
Unrecognized tax losses	3,438,471

Deferred tax assets have not been recognized for tax loss carry-forwards as it is not probable that the related tax benefit can be realized through future taxable profits.

As at December 31, 2011, the Company has tax loss carry-forwards available in Cyprus of $3,415,162 that expire during the years ending December 31, 2016 through 2021. The Company also has Canadian tax credits of $23,309 as at December 31, 2011 that expire after 20 years.

13. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value. A summary of common share transactions for the period is as follows:

	Number of shares	$
Balance as at June 9, 2011	—	—
Issued on incorporation	10,000	10,000
Balance as at December 31, 2011	**10,000**	**10,000**

14. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Salaries	935,798
Professional services	1,917,042
Rent	84,627
Travel	393,814
Information, printing, communication	10,940
Office	25,227
	3,367,448

15. FINANCE COSTS

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Net foreign exchange transaction losses	49,642
Interest expense	55,899
Other finance expenses	6,470
	112,011

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to Intergeo MMC and its subsidiaries include:

Related Party	Relationship	Period Related
Mr. Mikhail D. Prokhorov	Ultimate beneficial owner	From June 29, 2011
Lambros Soterious	Shareholder	June 9, to June 29, 2011
Onexim Holdings Limited	Shareholder	From June 29, to November 15, 2011
Daselina Investments Ltd.	Shareholder	From November 15, 2011
Onexim Group Management Limited	Other related party	From June 29, 2011
North Financial Overseas Corp.	Other related party	From June 29, 2011
Daselina Investments Ltd.	Other related party	From June 29, 2011
LLC Golevskaya GRK	Other related party	From June 29, 2011
LLC Tyvamed	Other related party	From June 29, 2011

The shares of Intergeo MMC were held by a nominee shareholder from incorporation June 9, to June 29, 2011, at which time they were transferred to Onexim Holdings Limited.

The other related parties described in the above table were companies beneficially owned by Mr. Mikhail Prokhorov.

There were no changes in the related parties during the year ended December 31, 2011 other than those described above.

16. RELATED PARTY TRANSACTIONS (Continued)

Borrowings

Borrowings from related parties

	December 31, 2011
	$
Principal	
North Financial Overseas Corp.	**2,750,000**
Daselina Investments Ltd.	**2,300,000**
	5,050,000
Interest payable	
North Financial Overseas Corp.	**25,537**
Daselina Investments Ltd.	**33,567**
	59,104
	5,109,104

Proceeds from borrowings

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Principal	
North Financial Overseas Corp.	**2,250,000**
Daselina Investments Ltd.	**2,300,000**
	4,550,000
Interest payable	
North Financial Overseas Corp.	**22,332**
Daselina Investments Ltd.	**33,567**
	55,899
	4,605,899

Loans of $500,000 and accrued interest of $3,205 totalling $503,205 were assumed by the Company on acquisition of Intergeo Management Limited (Note 5 and 9).

No borrowings from related parties were repaid during the period from June 9, 2011 to December 31, 2011.

Other income

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Management fees	
LLC Golevskaya GRK	**18,572**
LLC Tyvamed	**15,195**
	33,767

16. RELATED PARTY TRANSACTIONS (Continued)

Receivables **(Note 6)**

	December 31, 2011
	$
LLC Golevskaya GRK	**2,840**
LLC Tyvamed	**2,325**
	5,165

(a) Key management remuneration

Key management of Intergeo MMC consists of officers of the Company's subsidiary Intergeo Management Limited. Key management received remuneration totalling $904,613, during the period. This amount was included in general and administrative expenses (Note 14).

17. CONTINGENCIES AND COMMITMENTS

(a) Legal proceedings

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have material adverse effect on the consolidated financial position or future results of the Company.

(b) Operating leases

The Company leases office space under a non-cancellable operating lease agreement. The office space lease term extends to June 2014. The expected amount of lease payments as at December 31, 2011, under the terms of the lease are:

	December 31, 2011
	$
2012	**118,380**
2013	**123,737**
2014	**62,112**
	304,229

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2011
	$
Cash	**1,813,614**
Receivables	**24,180**
	1,837,794

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
	$	$	$	$	$
December 31, 2011					
Borrowings	**5,109,104**	**5,201,500**	**515,000**	**4,686,500**	**—**
Accounts payables and accrued liabilities	**773,007**	**773,007**	**773,007**	**—**	**—**
	5,882,111	**5,974,507**	**1,288,007**	**4,686,500**	**—**

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	December 31, 2011
	$
Fixed rate instruments	
Financial assets	**—**
Financial liabilities	**5,109,104**
	5,109,104

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Based upon the Company's borrowings at December 31, 2011, a one percent change in interest rates would result in a $50,500 change in the loss for a year before income taxes.

Currency risk

At December 31, 2011, had the United States dollar strengthened/weakened by 5 percent against the Canadian dollar the shareholder's deficiency would have been $1,167 higher/lower.

(a) Fair values versus carrying amounts

	Carrying amount	Fair value
	$	$
Assets		
Cash	**1,813,614**	**1,813,614**
Receivables	**24,180**	**24,180**
	1,837,794	**1,837,794**
Liabilities		
Borrowings	**5,109,104**	**5,109,104**
Accounts payables and accrued liabilities	**773,007**	**773,007**
	5,882,111	**5,882,111**

(b) Fair value hierarchy

The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at fair value as at December 31, 2011.

(c) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

19. SUBSEQUENT EVENTS

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

19. SUBSEQUENT EVENTS (Continued)

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription agreement

On April 9, 2012, the Company's subsidiary (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. As discussions surrounding the sale of the interest in Uralmining, Ltd. commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a "held for sale" asset until the first quarter of 2012. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

INTERGEO MANAGEMENT LIMITED

FINANCIAL STATEMENTS

For the years ended December 31, 2010 and December 31, 2009

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Intergeo Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Intergeo Management Limited (the "Company") on pages F-33 to F-42, which comprise the statement of financial position as at December 31, 2010 and December 31, 2009, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Intergeo Management Limited as at December 31, 2010 and December 31, 2009, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the IASB.

Other matter

The Company has previously issued a set of financial statements for the years ended December 31, 2010, and December 31, 2009 which was addressed to the Members of the Company to comply with its statutory obligations in Cyprus.

Certified Public Accountants and Registered Auditors
Nicosia, Cyprus
[date of auditors report]

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AUDITORS REPORT IN RESPECT OF COMPATIBILITY WITH CANADIAN GAAS

To the Board of Directors of
Intergeo Management Limited

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing.

We conducted our audits as of December 31, 2010 and 2009 and for the years then ended in accordance with the International Standards on Auditing. There are no material differences in the form or content of our report (except as noted below) as compared to an auditor's report prepared in accordance with Canadian GAAS and if this report was prepared in accordance with Canadian GAAS it would contain an unmodified opinion.

In Canada, reporting standards for auditors require that an auditor's opinion states that the financial statements of the company present fairly, in all material respects, the financial position of the entity and its results of operations and cash flows. International Standards on Auditing require that an auditor's opinion state that the financial statements give a true and fair view of the financial position of the entity and of its financial performance and its cash flows.

In all other respects, there are no material differences in the form and content of the above noted auditor's report.

Certified Public Accountants and Registered Auditors
[date of auditor's report]
Nicosia, Cyprus

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31, 2010 and December 31, 2009

	Note	2010	2009
		US$	US$
Administration expenses	5	**(2,362)**	(2,555)
Operating loss		**(2,362)**	(2,555)
Finance income	6	**169**	—
Finance costs	6	**—**	(361)
Loss before tax		**(2,193)**	(2,916)
Tax	7	**(29)**	(29)
Net loss for the year		**(2,222)**	(2,945)
Other comprehensive income		**—**	—
Total comprehensive loss for the year		**(2,222)**	(2,945)

The accompanying notes form an integral part of these financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2010 and December 31, 2009

	Note	2010	2009
		US$	US$
ASSETS			
Current assets			
Receivables	8	**2,650**	2,866
		2,650	2,866
Total assets		**2,650**	2,866
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	9	**3,185**	3,185
Accumulated deficit		**(7,708)**	(5,486)
Total equity		**(4,523)**	(2,301)
Current liabilities			
Trade and other payables	10	**7,087**	5,109
Current tax liabilities	11	**86**	58
		7,173	5,167
Total equity and liabilities		**2,650**	2,866

On May 14, 2012 the Board of Directors of Intergeo Management Limited authorised these financial statements for issue.

(Signed) •
Inter Jura Cy (Directors) Limited
Director

(Signed) •
Inter Jura Cy (Management) Limited
Director

The accompanying notes form an integral part of these financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2010 and December 31, 2009

	Share capital	Accumulated deficit	Total equity
	US$	US$	US$
Balance at January 1, 2009	**3,185**	**(2,541)**	**644**
Net loss and total comprehensive loss for the year	—	(2,945)	(2,945)
Balance at December 31, 2009/ January 1, 2010	**3,185**	**(5,486)**	**(2,301)**
Net loss and total comprehensive loss for the year	—	(2,222)	(2,222)
Balance at December 31, 2010	**3,185**	**(7,708)**	**(4,523)**

The accompanying notes form an integral part of these financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2010 and December 31, 2009

	2010	2009
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(2,193)**	(2,916)
Cash flows used in operations before working capital changes	**(2,193)**	(2,916)
Decrease in receivables	**216**	319
Increase in trade and other payables	**1,977**	2,597
Net cash flows from operating activities	**—**	—
CASH FLOWS FROM INVESTING ACTIVITIES	**—**	—
CASH FLOWS FROM FINANCING ACTIVITIES	**—**	—
Net increase in cash and cash equivalents	**—**	—
Cash and cash equivalents:		
At beginning of the year	**—**	—
At end of the year	**—**	—

The accompanying notes form an integral part of these financial statements.

INTERGEO MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2010 and December 31, 2009

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Country of incorporation

Intergeo Management Limited (the "Company") was incorporated in Cyprus on April 18, 2008 as a private company with limited liability by shares under the Cyprus Companies Law, Cap. 113. Its registered office is at 1, Lampousas Street, 1095 Nicosia, Cyprus.

Principal activity

The principal activity of the Company is the acquisition and holding of interest in the share and loan capital of any companies of any nature. However, during the year the Company remained dormant.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Going concern basis

The Company incurred a loss of US$2,222 for the year ended December 31, 2010, and, as of that date the Company's current liabilities exceeded its current assets by US$4,523. The Company is dependent upon the continuing financial support of its parent company.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on January 1, 2010. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

2. ACCOUNTING POLICIES (Continued)

Share capital

Ordinary shares are classified as equity.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk due to the nature of its activities.

3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro for the year ended December 31, 2010. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. ADMINISTRATION EXPENSES

	2010	**2009**
	US$	US$
Auditors' remuneration	**1,829**	1,978
Accounting fees	**533**	577
	2,362	2,555

6. FINANCE INCOME / COST

	2010	2009
	US$	US$
Net foreign exchange transaction gains	**169**	—
Finance income	**169**	—
Net foreign exchange transaction losses	**—**	361
Finance costs	**—**	361
Net finance income / (cost)	**169**	(361)

7. TAX

7.1 Tax recognised in profit or loss

	2010	2009
	US$	US$
Cyprus tax — Defence contribution — current year	**29**	29
Charge for the year	**29**	29

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2010	2009
	US$	US$
Loss before tax	**(2,193)**	(2,916)
Tax calculated at the applicable tax rates	**(219)**	(292)
Tax effect of expenses not deductible for tax purposes	**—**	36
Tax effect of tax loss for the year	**219**	256
Defence contribution current year	**29**	29
Tax charge	**29**	29

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% up to August 31, 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% (15% up to August 31, 2011).

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years.

8. RECEIVABLES

	2010	2009
	US$	US$
Shareholders' current accounts (Note 12)	**2,650**	2,866
	2,650	2,866

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

9. SHARE CAPITAL

	2010 Number of shares	2010 US$	2009 Number of shares	2009 US$
Authorised				
Ordinary shares of €1 each	**2,000**	**3,185**	2,000	3,185
Issued but unpaid				
Balance at January 1	**2,000**	**3,185**	2,000	3,185
Balance at December 31	**2,000**	**3,185**	2,000	3,185

10. TRADE AND OTHER PAYABLES

	2010	2009
	US$	US$
Accruals	**7,087**	5,109
	7,087	5,109

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

11. CURRENT TAX LIABILITIES

	2010	2009
	US$	US$
Cyprus taxes	**86**	58
	86	58

12. RELATED PARTY TRANSACTIONS

As at December 31, 2010, the shareholder of the Company was Suffolk Nominees Limited, a company incorporated in Cyprus, who owned 100% of the share capital of the Company. On February 16, 2011 all the shares of the Company were transferred to Mr. Maxim Finskiy. On July 19, 2011, all the shares of the Company were transferred to Intergeo MMC Ltd, a company incorporated in the British Virgin Islands. The ultimate beneficial owner of Intergeo MMC Ltd is Mr. Mikhail D. Prokhorov.

The following transactions were carried out with related parties:

12.1 Shareholders' current accounts (Note 8)

	2010	2009
	US$	US$
Receivable from shareholder	**2,650**	2,866
	2,650	2,866

The shareholders' current accounts are interest free, and have no specified repayment date.

13. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at December 31, 2010.

14. COMMITMENTS

The Company had no capital or other commitments as at 31 December 2010.

15. EVENTS AFTER THE REPORTING PERIOD

On February 16, 2011 all of the shares of the Company were transferred to Mr. Maxim Finskiy. On July 19, 2011 the shareholder of the Company changed to Intergeo MMC Ltd (Note 15). On August 26, 2011 the Company established a whole owned subsidiary Intergeo Canada Management Services Inc., incorporated under the law of the province of Ontario Canada, and subscribed for 100 shares of CAD1 each.

On April 13, 2011, North Financial Overseas Corp., incorporated in the British Virgin Islands, granted a loan facility of US$500,000 to the Company. The loan bears an interest rate of 3% annually and the repayment date is April 12, 2012. On July 25, 2011 and August 29, 2011 North Financial Overseas Corp., granted two additional loan facilities of US$150,000 and US$300,000 respectively to the Company. Both loans bear an interest rate of 3% annually and are repayable within one year. On September 12, 2011 and October 24, 2011 North Financial Overseas Corp., granted another two additional loan facilities of US$300,000 and US$500,000 respectively to the Company. Both loans bear an interest rate of 3% annually and are repayable within one year. On October 17, 2011 and November 17, 2011 North Financial Overseas Corp., granted two additional loan facilities of US$300,000 and US$700,000 respectively. Both loans bear an interest rate of 3% annually and are repayable within one year. In December 2011 the Company issued a promissory note with a face value of US$2,369,000 for a consideration of US$2,300,000.

Reorganization transaction

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

15. EVENTS AFTER THE REPORTING PERIOD (Continued)

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription agreement

On April 9, 2012, the Company (as a result of the restructuring described above), entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining Ltd. This agreement contemplates the Company receiving IRC Limited shares, valued at US$11.5 million, in exchange for the Company's 51% interest in Uralmining Ltd (held through LLC Intergeo Managing Company). IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

INTERGEO MANAGEMENT LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

Period from January 1, 2011 to July 18, 2011

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF COMPREHENSIVE LOSS

Period from January 1, 2011 to July 18, 2011
(unaudited)

	Note	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
		US$	US$
Administration expenses	6	**(478,056)**	(1,181)
Operating loss		**(478,056)**	(1,181)
Finance income	7	**344**	—
Finance costs	7	**(4,754)**	—
Loss before tax		**(482,466)**	(1,181)
Tax	8	**—**	—
Net loss for the period		**(482,466)**	(1,181)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(482,466)**	(1,181)

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF FINANCIAL POSITION

As at July 18, 2011
(unaudited)

	Note	July 18, 2011	December 31, 2010
		US$	US$
ASSETS			
Available-for-sale financial assets	9	**100**	—
		100	—
Current assets			
Receivables	10	**2,114**	2,650
Cash at bank		**82,153**	—
		84,267	2,650
Total assets		**84,367**	2,650
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**3,185**	3,185
Accumulated deficit		**(490,174)**	(7,708)
Total equity		**(486,989)**	(4,523)
Non-current liabilities			
Borrowings	12	**503,205**	—
		503,205	—
Current liabilities			
Trade and other payables	13	**68,065**	7,087
Current tax liabilities	14	**86**	86
		68,151	7,173
Total liabilities		**571,356**	7,173
Total equity and liabilities		**84,367**	2,650

On May 14, 2012 the Board of Directors of Intergeo Management Limited authorised these financial statements for issue.

(Signed) ●
Inter Jura Cy (Directors) Limited
Director

(Signed) ●
Inter Jura Cy (Management) Limited
Director

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF CHANGES IN EQUITY

Period from January 1, 2011 to July 18, 2011
(unaudited)

	Share capital	Accumulated deficit	Total
	US$	US$	US$
Balance at January 1, 2010	**3,185**	**(5,486)**	**(2,301)**
Net loss and total comprehensive loss for the period to June 30, 2010	—	(1,181)	(1,181)
Balance at June 30, 2010	**3,185**	**(6,667)**	**(3,482)**
Balance at December 31, 2010	**3,185**	**(7,708)**	**(4,523)**
Net loss and total comprehensive loss for the period	—	(482,466)	(482,466)
Balance at July 18, 2011	**3,185**	**(490,174)**	**(486,989)**

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

INTERGEO MANAGEMENT LIMITED

STATEMENTS OF CASH FLOWS

Period from January 1, 2011 to July 18, 2011
(unaudited)

	Note	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(482,466)**	(1,181)
Adjustments for:			
Interest expense	7	**3,205**	—
Cash flows used in operations before working capital changes		**(479,261)**	(1,181)
Decrease in receivables		**536**	—
Increase in trade and other payables		**60,978**	1,181
Net cash flows used in operating activities		**(417,747)**	—
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		**(100)**	—
Net cash flows used in investing activities		**(100)**	—
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**500,000**	—
Net cash flows from financing activities		**500,000**	—
Net increase in cash and cash equivalents		**82,153**	—
Cash and cash equivalents:			
At beginning of the period		**—**	—
At end of the period		**82,153**	—

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

INTERGEO MANAGEMENT LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
Period from January 1, 2011 to July 18, 2011 (unaudited)

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Country of incorporation

Intergeo Management Limited (the "Company") was incorporated in Cyprus on April 18, 2008 as a private company with limited liability by shares under the Cyprus Companies Law, Cap. 113. Its registered office is at 1, Lampousas Street, 1095 Nicosia, Cyprus.

2. UNAUDITED FINANCIAL STATEMENTS

The interim financial statements for the period ended on July 18, 2011, have not been audited by the external auditors of the Company. The finanicial statements have been prepared to July 18, 2011 as this was the date before the shareholder of the Company changed (Note 15). The comparatives are for the six months to June 30, 2010.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the acquisition and holding of interest in the share and loan capital of any companies of any nature.

3. ACCOUNTING POLICIES

The interim financial statements, which are presented in United States Dollars, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and do not include all the information required for full financial statements. The accounting policies used in the preparation of the interim financial statements are in accordance with those used in the annual financial statements for the year ended December 31, 2010. Corporation tax is calculated based on the expected tax rates for the whole financial year. These interim financial statements must be read in conjunction with the annual financial statements for the year ended December 31, 2010.

Going concern basis

The Company incurred a loss of US$482,466 for the period from January 1, 2011 to July 18, 2011, and, as at that date its total liabilities exceeded its total assets by US$486,989. The Company is dependent upon the continuing financial support of its parent company. The parent company has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due (Note 18).

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

3. ACCOUNTING POLICIES (Continued)

(i) Financial assets

The Company recognizes all financial assets at fair value and classifies them into one of the following four categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" ("AFS") financial assets and "loans and receivables". Financial assets held to maturity and loans and receivable are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income or loss for the period.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as loans and receivables; held-to-maturity investments; or financial assets at fair value through profit or loss. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive loss and presented within equity in a fair value reserve. When an investment is derecognized or impaired, the cumulative gain or loss in other comprehensive loss is transferred to profit or loss.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as effective as a hedging instruments.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

3. ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in other gains or losses line item in the consolidated statement of comprehensive income.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities

On initial recognition, the fair value of borrowings is determined by reference to estimated market interest rates. The effect of discounting borrowings from related parties is credited to additional paid-in capital, as it is considered to be a capital contribution. The effect of discounting borrowings from third parties is charged to profit or loss for the period. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

4.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

4.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

4.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar to Euro and the Canadian Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

  Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

- **Impairment of available-for-sale financial assets**

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

6. ADMINISTRATION EXPENSES

	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
	US$	US$
Directors' remuneration	180,757	—
Staff salaries	48,601	—
Auditors' remuneration	—	914
Accounting fees	1,290	267
Legal fees	1,428	—
Directors' fees	2,978	—
Secretarial fees	1,117	—
Registered office fees	1,117	—
Travelling and accomodation expenses	61,110	—
Irrecoverable VAT	(225)	—
Professional services	174,497	—
Consulting services	1,945	—
Commission fees	168	—
Internet Hosting and support fees	3,273	—
	478,056	1,181

7. FINANCE INCOME/COST

	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
	US$	US$
Foreign exchange transaction gains	344	—
Finance income	344	—
Foreign exchange transaction losses	(430)	—
Interest expense	(3,205)	—
Other finance expenses	(1,119)	—
Finance costs	(4,754)	—
Net finance costs	(4,410)	—

8. TAX

8.1 Tax recognised in profit or loss

	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
	US$	US$
Charge for the period	—	—

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
	US$	US$
Loss before tax	(482,466)	(1,181)
Tax calculated at the applicable tax rates	(48,247)	(118)
Tax effect of tax loss for the period/ expenses not deductible	48,247	118
Tax charge	—	—

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to August 30, 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	July 18, 2011	June 30, 2010
	US$	US$
Balance at January 1	—	—
Additions	100	—
Balance at July 18/June 30	100	—

On April 28, 2011, the Company acquired a 0.0005% interest in LLC Intergeo Managing Company incorporated in the Russian Federation. The Company has accounted for the investment at cost.

10. RECEIVABLES

	July 18, 2011	June 30, 2010
	US$	US$
Shareholders' current accounts (Note 15)	—	2,650
Deposits and prepayments	867	—
Refundable VAT	1,247	—
	2,114	2,650

11. SHARE CAPITAL

	July 18, 2011 Number of shares	July 18, 2011 US$	June 30, 2010 Number of shares	June 30, 2010 US$
Authorised				
Ordinary shares of €1 each	**2,000**	**3,185**	2,000	3,185
Issued but unpaid				
Balance at January 1	**2,000**	**3,185**	2,000	3,185
Balance at July 18/June 30	**2,000**	**3,185**	2,000	3,185

12. BORROWINGS

	July 18, 2011 US$	June 30, 2010 US$
Balance at January 1	**—**	—
Additions	**503,205**	—
Balance at July 18/June 30	**503,205**	—

	July 18, 2011 US$	June 30, 2010 US$
Non current borrowings		
Loans from related companies (Note 15)	**503,205**	—
Maturity of non-current borrowings:		
Between two and five years	**503,205**	—

The weighted average effective interest rates at the reporting date were as follows:

	July 18, 2011	June 30, 2010
Other loans	**3%**	N/A

Loans Payable can be analysed as follows:

On April 13, 2011, North Financial Overseas Corp., incorporated in the British Virgin Islands, granted a loan facility of US$500,000 to the Company. The loan bears an interest rate of 3% annually and the repayment date is April 12, 2012.

13. TRADE AND OTHER PAYABLES

	July 18, 2011 US$	June 30, 2010 US$
Accruals	**8,604**	7,087
Other creditors	**59,461**	—
	68,065	7,087

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

14. CURRENT TAX LIABILITIES

	July 18, 2011	June 30, 2010
	US$	US$
Cyprus tax liabilities	**86**	86
	86	86

15. RELATED PARTY TRANSACTIONS

As at December 31, 2010, the shareholder of the Company was Suffolk Nominees Limited, a company incorporated in Cyprus, who owned 100% of the share capital of the Company. On February 16, 2011 all the shares of the Company were transferred to Mr. Maxim Finskiy. On July 19, 2011, all the shares of the Company were transferred to Intergeo MMC Ltd, a company incorporated in the British Virgin Islands. The ultimate beneficial owner of Intergeo MMC Ltd is Mr. Mikhail D. Prokhorov.

The following transactions were carried out with related parties:

15.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	From January 1, 2011 to July 18, 2011	From January 1, 2010 to June 30, 2010
	US$	US$
Directors' fees	**2,978**	—
Directors' remuneration	**180,757**	—
	183,735	—

15.2 Loans from related companies (Note 12)

	July 18, 2011	June 30, 2010
	US$	US$
North Financial Overseas Corp.	**503,205**	—
	503,205	—

15.3 Shareholders' current accounts — debit balances (Note 10)

	July 18, 2011	June 30, 2010
	US$	US$
Amount due from shareholders	**—**	2,650
	—	2,650

The shareholders' current accounts are interest free, and have no specified repayment date.

16. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at July 18, 2011.

17. COMMITMENTS

The Company had no capital or other commitments as at 18 July 2011.

18. EVENTS AFTER THE REPORTING PERIOD

On July 19, 2011 the shareholder of the Company changed to Intergeo MMC Ltd (Note 15).

On August 26, 2011 the Company established a whole owned subsidiary Intergeo Canada Management Services Inc., incorporated under the law of the province of Ontario Canada, and subscribed for 100 shares of CAD1 each.

On July 25, 2011 and August 29, 2011 North Financial Overseas Corp., granted two additional loan facilities of US$150,000 and US$300,000 respectively to the Company. Both loans bear an interest rate of 3% annually and are repayable within one year.

On September 12, 2011 and October 24, 2011 North Financial Overseas Corp., granted another two additional loan facilities of US$300,000 and US$500,000 respectively to the Company. Both loans bear an interest rate of 3% annually and are repayable within one year.

On October 17, 2011 and November 17, 2011 North Financial Overseas Corp., granted two additional loan facilities of US$300,000 and US$700,000 respectively. Both loans bear an interest rate of 3% annually and are repayable within one year.

In December 2011 the Company issued a promissory note with a face value of US$2,369,000 for a consideration of US$2,300,000.

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and

18. EVENTS AFTER THE REPORTING PERIOD (Continued)

additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription agreement

On April 9, 2012, the Company (as a result of the restructuring described above), entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining Ltd. This agreement contemplates the Company receiving IRC Limited shares, valued at US$11.5 million, in exchange for the Company's 51% interest in Uralmining Ltd (held through LLC Intergeo Managing Company). IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

LLC INTERGEO MANAGING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011, 2010 and 2009

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LLC Intergeo Managing Company

We have audited the accompanying consolidated financial statements of LLC Intergeo Managing Company, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and December 31, 2009, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity (deficit) and consolidated statements of cash flows for the years ended December 31, 2011, December 31, 2010 and December 31, 2009, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of LLC Intergeo Managing Company as at December 31, 2011, December 31, 2010 and December 31, 2009, and its financial performance and its cash flows for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 in accordance with International Financial Reporting Standards.

Chartered Accountants
Licensed Public Accountants
[Date of the auditor's report]
Toronto, Ontario, Canada

LLC INTERGEO MANAGING COMPANY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in US$ 000's)

As at December 31,	Note	2011	2010	2009
		$	$	$
Assets				
Current assets				
Cash and cash equivalents	6	**9,792**	7,656	4,524
Other receivables	7	**3,853**	2,099	3,418
Other financial assets	8	**1,760**	1,327	106
Inventories		**299**	183	4
		15,704	11,265	8,052
Non-current assets				
Exploration and evaluation assets	9	**170,507**	114,326	107,735
Property, plant and equipment	10	**5,280**	1,385	1,450
Other financial assets	8	**—**	396	1,423
Other receivables		**223**	—	—
Other		**65**	53	73
		176,075	116,160	110,681
Total assets		**191,779**	127,425	118,733
Liabilities				
Current Liabilities				
Borrowings	11	**200,482**	106,824	91,508
Other payables and accrued liabilities	12	**4,448**	2,567	2,056
Current income tax payable		**—**	5	7
		204,930	109,396	93,571
Non-current liabilities				
Borrowings	11	**—**	5,072	—
Deferred tax liabilities	13	**12,828**	9,888	8,570
Provisions	14	**255**	129	32
		13,083	15,089	8,602
Total liabilities		**218,013**	124,485	102,173
Equity (Deficit)				
Charter capital	15	**7**	7	7
Additional paid-in capital	16	**46,766**	40,315	34,897
Deficit		**(76,880)**	(37,438)	(18,308)
Foreign currency translation reserve		**2,653**	(633)	(990)
Equity (deficit) attributable to owners of the Company		**(27,454)**	2,251	15,606
Non-controlling interest		**1,220**	689	954
Total equity (deficit)		**(26,234)**	2,940	16,560
Total liabilities and equity (deficit)		**191,779**	127,425	118,733

APPROVED ON BEHALF OF MANAGEMENT ON MAY ● , 2012:

(Signed) ●
General Director

(Signed) ●
Finance Director

The accompanying notes form an integral part of these consolidated financial statements.

LLC INTERGEO MANAGING COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in US$ 000's)

For the years ended December 31,	Note	2011	2010	2009
		$	$	$
General and administrative expenses	17	**(12,538)**	(8,538)	(6,454)
Impairment of exploration and evaluation assets	9	**(25,770)**	(11,338)	(1,034)
Other income	18	**153**	—	
Other expenses	18	**(413)**	(36)	(154)
Finance income	19	**309**	1,589	1,762
Finance costs	19	**(1,216)**	(624)	(685)
Change in fair value of derivative financial instruments		**33**	38	396
Impairment loss on available-for-sale investment		**—**	—	(354)
Loss before income tax		**(39,442)**	(18,909)	(6,523)
Income tax expense	13	**(207)**	(54)	(3,499)
Loss for the year		**(39,649)**	(18,963)	(10,022)
Other comprehensive income (loss)				
Foreign currency translation adjustments		**3,423**	(76)	310
Total comprehensive loss for the year		**(36,226)**	(19,039)	(9,712)
(Loss) income attributable to:				
Owners of the Company		**(39,442)**	(19,131)	(10,472)
Non-controlling interest		**(207)**	168	450
		(39,649)	(18,963)	(10,022)
Total comprehensive (loss) income attributable to:				
Owners of the Company		**(36,156)**	(18,774)	(10,382)
Non-controlling interest		**(70)**	(265)	670
		(36,226)	(19,039)	(9,712)

The accompanying notes form an integral part of these consolidated financial statements.

LLC INTERGEO MANAGING COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(in US$ 000's)

	Note	Charter capital	Additional paid-in capital	Deficit	Foreign currency translation reserve	Total equity (deficit) attributable to owners of the Company	Non-controlling interest	Total Equity (Deficit)
			$	$	$	$	$	$
Balance, January 1, 2009		4	14,906	(7,836)	(1,079)	5,995	272	6,267
(Loss) profit for the year		—	—	(10,472)	—	(10,472)	450	(10,022)
Foreign currency translation adjustments		—	—	—	89	89	221	310
Total comprehensive (loss) income for the year		—	—	(10,472)	89	(10,383)	671	(9,712)
Increase in charter capital		3	—	—	—	3	—	3
Additional paid-in capital	16	—	16,897	—	—	16,897	—	16,897
Fair value adjustment of related parties loans and receivables on issue, (net of tax of $776)	16	—	3,094	—	—	3,094	11	3,105
Balance, December 31, 2009		7	34,897	(18,308)	(990)	15,606	954	16,560
(Loss) profit for the year		—	—	(19,131)		(19,131)	168	(18,963)
Foreign currency translation adjustments		—	—		357	357	(433)	(76)
Total comprehensive (loss) income for the year		—	—	(19,131)	357	(18,774)	(265)	(19,039)
Fair value adjustment of related parties loans and receivables on issue, (net of tax of $1,356)	16	—	5,418	1	—	5,419	—	5,419
Balance, December 31, 2010		7	40,315	(37,438)	(633)	2,251	689	2,940
(Loss) profit for the year		—	—	(39,442)	—	(39,442)	(207)	(39,649)
Foreign currency translation adjustments		—	—	—	3,286	3,286	137	3,423
Total comprehensive (loss) income for the year		—	—	(39,442)	3,286	(36,156)	(70)	(36,226)
Fair value adjustment of related parties loans and receivables on issue, (net of tax of $1,543)	16	—	6,451	—	—	6,451	—	6,451
Contribution of charter capital by non-controlling interests		—	—	—	—	—	601	601
Balance, December 31, 2011		**7**	**46,766**	**(76,880)**	**2,653**	**(27,454)**	**1,220**	**(26,234)**

The accompanying notes form an integral part of these consolidated financial statements.

LLC INTERGEO MANAGING COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in US$ 000's)

For the years ended December 31,	Note	2011	2010	2009
		$	$	$
Operating activities				
Loss for the year		**(39,649)**	(18,963)	(10,022)
Adjustments for:				
Income tax expense	13	**207**	54	3,499
Finance income	19	**(309)**	(1,589)	(1,762)
Finance costs	19	**1,216**	624	685
Change in fair value of derivative financial instruments		**(33)**	(38)	(396)
Loss on impairment of exploration and evaluation assets	9	**25,770**	11,338	1,034
Impairment loss on available-for-sale investment		**—**	—	354
Depreciation		**221**	100	78
Other		**41**	—	—
		(12,536)	(8,474)	(6,530)
Movements in working capital				
(Increase) decrease in other receivables		**(2,247)**	1,298	2,956
(Increase) decrease in inventories		**(138)**	(179)	12
Increase (decrease) in other payables and accrued liabilities		**555**	1,123	(997)
Increase (decrease) in provisions		**39**	97	(2)
Cash flows from operations before income taxes and interest paid		**(14,327)**	(6,135)	(4,561)
Interest paid		**(892)**	(382)	(14)
Income tax paid		**(15)**	—	—
		(15,234)	(6,517)	(4,575)
Investing activities				
Loans provided		**—**	(333)	(719)
Interest received		**87**	166	221
Proceeds from disposal of investment		**3**	—	242
Acquisition of property, plant and equipment		**(1,303)**	(278)	(115)
Acquisition of exploration and evaluation assets		**(18,587)**	(17,738)	(6,060)
Acquisition of LLC Kingashskaya mining company	20	**(68,119)**	—	—
		(87,919)	(18,183)	(6,431)
Financing activities				
Contribution of charter capital by non-controlling interests		**601**	—	—
Proceeds from issue of charter capital		**—**	—	3
Additional paid-in capital	16	**—**	—	16,897
Proceeds from borrowings		**194,824**	34,943	3,618
Repayments of borrowings		**(89,483)**	(7,073)	(10,096)
		105,942	27,870	10,422
Effect of foreign exchange rate changes on cash and cash equivalents		**(653)**	(38)	(179)
Net increase (decrease) in cash and cash equivalents		**2,136**	3,132	(763)
Cash and cash equivalents, beginning of year		**7,656**	4,524	5,287
Cash and cash equivalents, end of year		**9,792**	7,656	4,524

The accompanying notes form an integral part of these consolidated financial statements.

(in US$ 000's)

1. GENERAL INFORMATION

LLC Intergeo Managing Company ("Intergeo" or the "Company") was established on February 19, 2007 as a limited liability company under the laws of the Russian Federation.

The Company's registered office is Tverskaya str. 22, Moscow, 125009, Russia. The Company has the following controlled entities, all of which were incorporated in the Russian Federation:

		Ownership		
Subsidiary	**Project**	**December 31, 2011**	**December 31, 2010**	**December 31, 2009**
LLC Asiatskaya Mednaya Company	—	100%	100%	100%
LLC Zabaikalpolymetal	Uronays	100%	100%	100%
LLC Amurmed	Arbinsk	100%	100%	100%
LLC Orekitkanskaya GRK	Orekitkan	100%	100%	100%
LLC Ingeovostok	—	—	100%	100%
LLC East-Sayan nickel company	East Sayan	100%	100%	100%
Uralmining, Ltd.	Bolshoy Seyim	51%	51%	51%
LLC Tyvamed	Greater Ak-Sug	100%	100%	100%
LLC Golevskaya GRK	Ak-Sug	100%	100%	100%
Kingashskaya mining company LLC	Kingash	100%	—	—

Intergeo is a mineral resource company with immediate focus on developing its two key open pit projects located in Russia: the Ak-Sug copper porphyry deposit and the Kingash nickel sulphide property. The Company defines its operations as a single operating segment. At December 31, 2011 the Company held exploration and mining licences covering two development and three exploration properties. The Company's current projects are located in Siberia and the Far East regions of the Russian Federation.

Although the Company has taken steps to verify title to properties in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to, among other things, a failure to obtain governmental approvals in instances where the authorities could view it as necessary.

The Company is also subject to certain additional restrictions regarding properties designated by the Russian authorities as "Strategic Plots". These restrictions include certain restrictions on transfers and acquisitions of subsoil rights to Strategic Plots. In addition, certain legal restrictions apply to direct and indirect acquisitions of corporate control over the Strategic Plots through corporate transactions involving direct or indirect transfers of control over companies holding subsoil rights to Strategic Plots. The list of Strategic Plots has been prepared and published and is regularly updated. The list of Strategic Plots is not exhaustive and any properties which meet the criteria may be deemed strategic irrespective of whether it is included in the list. The Ak-Sug Project, the Kingash Project and the East Sayan property are on the list of Strategic Plots. The Arbinsk area and the Greater Ak-Sug property may also be considered Strategic Plots.

During the years ended December 31, 2010 and 2009, the Company was owned by four entities: Onexim Holding Limited and Benise Investments Limited (both incorporated in the Republic of Cyprus) and LLC Sports Complex named after E.A. Streltsov and LLC "Kvarto" (both incorporated in the Russian Federation). On April 28, 2011, ownership of 99.9995% of the Company was transferred to Mr. Mikhail Prokhorov.

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2011, 2010 and 2009. For the purpose of preparing these consolidated financial statements, the Company has adopted all new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for the accounting periods beginning after December 31, 2011.

(a) Standards effective for annual periods beginning on or after January 1, 2011.

The application of the following new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009).

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (revised January 2008; effective for annual periods beginning on or after July 1, 2009).
- IFRS 3 "Business Combinations" (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).
- Group Cash-settled Share-based Payment Transactions — Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2010).
- Eligible Hedged Items — Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective with retrospective application for annual periods beginning on or after July 1, 2009).
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after July 1, 2009).
- Additional Exemptions for First-time Adopters — Amendments to IFRS 1 "First-time Adoption of IFRS" (effective for annual periods beginning on or after January 1, 2010).
- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after January 1, 2010).

(b) *Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.*

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2012 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analyzed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.
- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRIC 20 — Stripping Costs* in the Production Phase of a Surface Mine is effective for annual periods beginning on or after January 1, 2013 and provides guidance for entities with post-development phase surface mining activities. Under the interpretation, production stripping costs that provide access to ore to be mined in the future are capitalized as non-current assets if the component of the ore body for which access has been improved can be identified, future benefits arising from the improved access are probable and the costs related to the stripping activity associated with the component of the ore body are reliably measurable. The interpretation also addresses how capitalized stripping costs should be depreciated and how capitalized amounts should be allocated between inventory and the stripping activity asset. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the functional currency of the Company and its subsidiaries. These consolidated financial statements are presented in United States dollars and have been rounded to the nearest thousand, except as otherwise stated herein. Unless otherwise indicated, references to "US$" and "$" are to United States dollars.

The Company has chosen to present its consolidated financial statements in the US$, as management believes it is a more convenient presentation currency for international users of the consolidated financial statements of the Company as it is a common presentation currency in the mining industry. The translation of the financial statements of the Company's entities from their functional currency to the presentation currency is performed as follows:

- all assets, liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;

- all income and expenses in each reporting period end date are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of such transactions;

- resulting exchange differences are included in equity and presented as foreign currency translation differences within the foreign currency translation reserve; and

- in the statement of cash flows, cash balances at beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the years presented, except for significant transactions that are translated at rates on the date of transaction.

(in US$ 000's)

3. BASIS OF PREPARATION (Continued)

Exchange rates used in the preparation of the consolidated financial statements were as follows:

RUB/US$	As at December 31,	Average for the year ended December 31,
2009	0.03299	0.03160
2010	0.03276	0.03295
2011	0.03108	0.03410

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

The Company is at the exploration and evaluation stage of its activities. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral licenses. To date, the Company has been reliant on borrowings and equity provided by related parties. To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012 the Company received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet the Company's (including its subsidiaries) liabilities during the period for one year subsequent to the date of signing of these financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support. Effective April 28, 2011, Mr. Mikhail Prokhorov also became the owner of 99.9995% of Intergeo.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are deconsolidated from the date that control ceases.

Intercompany transactions, balances and revenues and expenses between the Company and its subsidiaries are eliminated. The Company and all of its subsidiaries use uniform accounting policies consistent with the Company's policies and in accordance with IFRS.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the owners of the parent. Non-controlling interests form a separate component of the Company's equity of the consolidated statement of financial position.

(b) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditures are capitalized as exploration and evaluation assets when it is expected the expenditure related to an area of interest will be recouped by future exploitation and/or sale, or at the reporting date the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

The capitalized expenditure includes the cost of acquiring the legal rights to explore and costs that are directly attributable to exploration and evaluation activities such as exploratory drilling, trenching and analysis. Borrowing costs related to exploration and evaluation assets are recognized as part of the cost of such assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized exploration and evaluation expenditures are stated at cost less impairment losses. As the asset is not available for use, it is not depreciated. Capitalized exploration and evaluation expenditure are monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but require major capital expenditures before production can begin are evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalized expenditures are not expected to be recovered, costs are charged to profit or loss.

Exploration and evaluation assets are transferred to mine properties once the work completed supports the future development of the property and such development receives appropriate approvals. In addition, capitalized exploration and evaluation costs are assessed for impairment at the point the assets are reclassified in the financial statements.

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

The Company recognizes all financial assets at fair value and classifies them into one of the following four categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" financial assets and "loans and receivables". Financial assets held-to-maturity and loans and receivables are subsequently measured at amortized cost. Available-for-sale instruments are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income or loss for the period.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as loans and receivables; held-to-maturity investments; or financial assets at FVTPL. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive loss and presented within equity in a fair value reserve. When an investment is derecognized or impaired, the cumulative gain or loss in other comprehensive loss is transferred to profit or loss.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as effective as a hedging instruments.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in other gains or losses line item in the consolidated statement of comprehensive income.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities

On initial recognition, the fair value of borrowings is determined by reference to estimated market interest rates. The effect of discounting borrowings from related parties is credited to additional paid-in capital, as it is considered to be a capital contribution. The effect of discounting borrowings from third parties is charged to profit or loss for the period. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments

Derivatives are recognized initially at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVTPL. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss as incurred.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant, machinery and equipment	3-10 years
Other	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end, with the effect of any changes in estimates accounted for on a prospective basis. Construction in progress is not depreciated.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Employee benefits

(i) Remuneration

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) State pension fund

The Company makes contributions for the benefit of employees to Russia's state pension fund. The contributions are expensed as incurred. The Company does not provide any additional pension, post-retirement health care or insurance benefit to its current or former employees.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. The Company's operations to date are limited to exploration and evaluation activities.

Under its license agreements, the Company is not responsible for any material restoration, rehabilitation and environmental expenditures that may be incurred subsequent to the cessation of exploration and evaluation operations at each land site, apart from the obligation to perform re-cultivation of certain disturbed lands and tailing pits in the areas of its operating activity.

Costs arising from the site restoration work, discounted using a risk-free rate to their estimated present value, are provided for and capitalized within exploration and evaluation assets. These provisions do not include any additional obligations, which are expected to arise from future damage and are estimated on the basis of a closure plan. These costs are charged against income over the life of the operation, through the depreciation of the asset as an operating cost and the unwinding of the discount on the provision as a finance cost.

Changes in the measurement of a liability relating to the site restoration work that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period.

(h) Finance income

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at FVTPL, and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the dividend is declared.

(i) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, foreign exchange losses and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognized in profit or loss.

(j) Accounting for borrowing costs on qualifying assets

In respect of borrowing costs relating to qualifying assets, the Company capitalizes borrowing costs directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset.

Borrowing costs incurred on loans and borrowings obtained by the Company to finance exploration and evaluation activities are capitalized to the cost of exploration and evaluation assets.

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Impairment

(i) Financial assets

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income, and presented in equity, is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation asset may exceed the recoverable amounts. The factors that are considered include:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- the receipt of information after the reporting period indicating that an asset was impaired at the end of the reporting period, or that the amount of a previously recognized impairment loss for that asset needs to be adjusted.

Exploration and evaluation assets are also assessed for impairment at the point the assets are reclassified to mine properties in the financial statements.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

(m) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale are recognized in profit and loss. Gains for any subsequent increase in fair value less costs to sell are recognized, but not in excess of any cumulative impairment loss, as the reversal of impairment.

(n) General and administrative expenses

General and administrative expenses are defined as supporting main activities and not linked to exploration and evaluation assets directly. Such expenses include payroll and other expenses of administrative personnel and taxes related, rent of head office, depreciation of office equipment. General and administrative expenses are included in profit or loss when incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage, which permits a reasonable assessment of the existence of reserves. The determination of reserves is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available

(b) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

(c) Investment in LLC ALS Chita-Laboratoria ("ALS Chita")

During the year ended December 31, 2008 the Company sold a 75% interest in ALS Chita, an entity involved in ore testing activities, to an unrelated party. Judgement was applied in determining that as a result of the sale the Company did not have significant influence, with its remaining 25% interest, and consequently should not account for its remaining investment under the equity method of accounting.

(d) Acquisition of Kingashskaya mining company LLC ("Kingash")

During the current year the Company acquired a 100% interest in Kingash from related parties. Judgement was applied in determining that this transaction should be accounted for as an asset acquisition. Management concluded that the transaction does not qualify as a business combination under IFRS 3R Business Combinations, as the significant inputs and processes that constitute a business were not identified. Therefore the transaction was treated as an asset acquisition. The purchase consideration has been allocated to the fair value of the assets acquired and liabilities assumed based upon management's best estimate and available information at the time of acquisition.

(e) Uralmining, Ltd. (Bolshoy Seyim)

On April 9, 2012, the Company's parent company (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

Judgement was applied in determining that the Company's investment in Uralmining should not be classified as a "held for sale" asset at December 31, 2011. Management concluded that as discussions surrounding the sale of the interest in Uralmining, Ltd. only commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a "held for sale" asset at year end. In addition, judgement was applied in the determination of the appropriate carrying amount for the exploration and evaluation assets of Bolshoy Seyim. Management determined the carrying value at December 31, 2011 using expected sale proceeds of $11.5 million in its estimate of recoverable

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

amount. Based upon this estimated recoverable amount, management did not record an impairment loss related to Bolshoy Seyim's exploration and evaluation assets for the year ended December 31, 2011.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(b) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Impairment of tangible and intangible assets other than goodwill

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash-generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

(d) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. As the Company's operations are at the exploration and evaluation stage, management concluded that estimates of future taxable income are not sufficiently reliable to allow a deferred tax asset to be recognized.

(e) Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are

(in US$ 000's)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

(f) Site rehabilitation provision

The Company assesses its site rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

6. CASH AND CASH EQUIVALENTS

As at December 31,	2011	2010	2009
	$	$	$
Cash in bank	**4,294**	1,422	1,349
Deposits with original maturities of 3 months or less	**5,498**	6,234	3,175
	9,792	7,656	4,524

7. OTHER RECEIVABLES

As at December 31,	2011	2010	2009
	$	$	$
VAT recoverable	**3,231**	1,833	2,958
Prepayments	**472**	155	267
Other receivables	**150**	111	193
	3,853	2,099	3,418

8. OTHER FINANCIAL ASSETS

As at December 31,	2011	2010	2009
	$	$	$
Current assets			
Loans receivable(i)(ii)	**1,102**	1,092	—
Loans receivable — related party	**—**	49	106
Derivative financial asset(iii)	**405**	—	—
Interest receivable	**253**	186	—
	1,760	1,327	106
Non-current assets			
Loans receivable(ii)	**—**	—	973
Derivative financial asset(iii)	**—**	396	361
Interest receivable	**—**	—	85
Interest receivable — related party	**—**	—	4
	—	396	1,423

(i) Current loans receivable with a related party are denominated in RUB. The major portion of the loans matured in July and November 2011 and bore interest at rates in the range of 6% to 11.5% per annum. Although the interest rates are below market rates for similar investments, the Company's management believes the effect of discounting of these loans would be immaterial and therefore the investments are carried at their nominal amounts.

(in US$ 000's)

8. OTHER FINANCIAL ASSETS (Continued)

(ii) Non-current loans receivable are denominated in US$. The loan agreements were signed and loans were issued when the counterparty was a related party. The counterparty ceased to be a related party in December 2008. The major portion, of these loans matured in November and, December 2011 and bore interest of 9.6% per annum. Upon initial recognition, the loans were discounted using a market interest rate of 16% to arrive at their fair value. The effect of discounting was debited directly to additional paid-in capital in equity in the amount of $141, net of tax, at the dates when the loans were issued in 2008. As at December 31, 2010 the loans were reclassified to current assets. The loans and accrued interest were collected in February of 2012.

(iii) *LLC ALS Chita-Laboratoria*

As at December 31, 2011, 2010 and 2009 the Company had a 25 percent interest in LLC ALS Chita-Laboratoria, an entity involved in ore testing activities.

The Company completed the sale (to an unrelated party) of a 75 percent interest in LLC ALS Chita-Laboratoria on November 27, 2008. The carrying value of the Company's remaining 25% interest in this entity at December 31, 2008 was $382. As a result of the sale of the 75% interest, the Company determined it did not have significant influence (because the 75% interest was held by one investor who had obtained control over the company) and consequently should not account for its remaining investment in LLC ALS Chita-Laboratoria under the equity method of accounting.

The Company classified the residual 25 percent interest in LLC ALS Chita-Laboratoria as an available-for-sale investment and determined its fair value at December 31, 2008 based on the then financial position and expected operating performance of the investee.

During the year ended December 31, 2009 management concluded that the carrying value of its remaining 25% investment was impaired and the Company recorded a loss of $354 that reduced the carrying value of its investment to $nil. The Company's carrying value of its investment in LLC ALS Chita-Laboratoria as at December 31, 2011 was $nil (December 31, 2010 — $nil; 2009 — $nil).

Derivative financial asset

In connection with the 2008 sale of the 75% interest in LLC ALS Chita-Laboratoria, the Company entered into put and call option agreements with the buyer. According to the put option agreement, the Company may put the remaining 25% interest it owns in LLC ALS Chita-Laboratoria (the "Option Interest") during the two years following November 28, 2011 at a price equal to the higher of $416 and the net asset value of the Option Interest calculated on the basis of financial statements prepared in accordance with IFRS. According to the call option agreement, the buyer may purchase the remaining 25 percent interest in LLC ALS Chita-Laboratoria for the same price as under the put option agreement.

The put and call options are derivative financial instruments. The Company determined the fair value of the derivatives as at the date of the transaction in the amount of $1 (being the contract price) and at the reporting dates using an option-pricing model (Black-Scholes). Management determined that the fair value of the call option held by the buyer was immaterial and, accordingly, a derivative financial liability was not recognized. For the put option, a derivative financial asset was recognized. The fair value of this derivative as at December 31, 2011 amounted to $405 (December 31, 2010 — $396; 2009 — $361). The main input to the option-pricing model is management estimation of market value of the underlying asset, which was assessed by the Company at December 31, 2011, 2010 and 2009 as $nil and its expected volatility, which was estimated by the Company at the level of 36 percent as at December 31, 2011 (December 31, 2010 — 24 percent; 2009 — 48 percent) using historical data for comparable companies.

The following table presents the movement in fair value of derivative instruments:

For the years ended December 31,	2011	2010	2009
	$	$	$
Opening balance at the beginning of the reporting period	**396**	361	—
Net gain from change in fair value of derivative instruments	**33**	38	396
Foreign currency translation differences	**(24)**	(3)	(35)
Closing Balance at the end of the reporting period	**405**	396	361
Risk free rate (US$ denominated Russian Eurobonds)	**1.5%**	1.7%	3.7%

(in US$ 000's)

9. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation assets	Site restoration assets (Note 14)	Total
	$	$	$
Balance at January 1, 2009	99,257	34	99,291
Additions	11,785	—	11,785
Impairment of exploration and evaluation assets	(1,034)	—	(1,034)
Change in estimate	—	(9)	(9)
Foreign currency translation	(2,296)	(2)	(2,298)
Balance at December 31, 2009	107,712	23	107,735
Additions	18,680	—	18,680
Impairment of exploration and evaluation assets	(11,338)	—	(11,338)
Change in estimate	—	89	89
Foreign currency translation	(840)	—	(840)
Balance as at December 31, 2010	114,214	112	114,326
Additions	27,560	—	27,560
Acquisition of Kingash (Note 20)	68,068	49	68,117
Reclassifications from property, plant and equipment	241	—	241
Impairment of exploration and evaluation assets	(25,770)	—	(25,770)
Change in estimate	—	45	45
Foreign currency translation	(13,996)	(16)	(14,012)
Balance at December 31, 2011	**170,317**	**190**	**170,507**

The balance of exploration and evaluation assets at December 31, 2011, 2010 and 2009 represents capitalized costs in relation to exploration and evaluation activities carried out by the Company in the Russian Federation. Additions to exploration and evaluation assets include capitalized borrowing costs arising on financing directly attributable to these activities amounting to $7,822 for the year ended December 31, 2011 (year ended December 31, 2010 — $9,303; 2009 — $5,550). The capitalization rate, based upon market interest rates was 13% (year ended December 31, 2010 — 13%; 2009 — 13%).

During the year ended December 31, 2011, management decided to indefinitely suspend exploration and evaluation activities at the Orekitkanskaya field resulting in the Company recognizing an impairment loss totalling $25,171. Additional impairment losses were also recognized during the year ended December 31, 2011 with respect to the East Sayan ($445) and Arbinsk properties ($154). These impairment losses were the result of management's decision to reduce the size of the respective properties under exploration licences.

During the year ended December 31, 2010, the Company ceased work and planned no future work on the Uronays property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $11,338, which adjusted the carrying value of the related exploration and evaluation asset to $nil as at December 31, 2010.

During the year ended December 31, 2009, the Company ceased work and planned no future work on the Isakov property. Management determined that the property's potential mineral resources were not commercially viable at that time. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2009 totalling $1,034, which adjusted the carrying value of the related exploration and evaluation asset to $nil as at December 31, 2009.

(in US$ 000's)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

Acquisition of Kingash (Note 20)

On July 12, 2011 in a related party transaction, the Company acquired a 100% interest in Kingashskaya mining company LLC ("Kingash") for net cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The acquisition of Kingash has been accounted for as an asset acquisition. The purchase price of $69,993 has been allocated as follows:

Asset acquired/Liabilities assumed	Amount
	$
Assets	
Exploration and evaluation assets	68,117
Property, plant and equipment	4,393
Cash	1,874
Other receivables	62
	74,446
Liabilities	
Deferred income taxes	2,161
Loans and borrowings	1,882
Other payables	344
Provisions	66
	4,453
Net assets acquired	69,993
Net cash outflow on acquisition	68,119

(in US$ 000's)

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant, machinery and equipment	Other	Construction in progress	Total
		$	$	$	$
Cost					
January 1, 2009	—	1,506	251	14	1,771
Additions	—	9	100	6	115
Foreign currency translation	—	(43)	(3)	—	(46)
December 31, 2009	—	1,472	348	20	1,840
Additions	—	21	71	214	306
Disposals	—	—	(29)	—	(29)
Foreign currency translation	—	(10)	(2)	(1)	(13)
December 31, 2010	—	1,483	388	233	2,104
Additions	714	259	171	159	1,303
Acquisition of Kingash (Note 9 and 20)	2,880	1,492	21	—	4,393
Reclassifications to exploration and evaluation assets	—	—	—	(241)	(241)
Disposals	—	—	(6)	—	(6)
Foreign currency translation	(431)	(293)	(38)	(5)	(767)
December 31, 2011	3,163	2,941	536	146	6,786
Accumulated depreciation					
January 1, 2009	—	(117)	(17)	—	(134)
Depreciation charge	—	(172)	(78)	—	(250)
Foreign currency translation	—	(3)	(3)	—	(6)
December 31, 2009	—	(292)	(98)	—	(390)
Depreciation charge	—	(235)	(97)	—	(332)
Disposals	—	—	1	—	1
Foreign currency translation	—	2	—	—	2
December 31, 2010	—	(525)	(194)	—	(719)
Depreciation charge	(299)	(499)	(112)	—	(910)
Disposals	—	—	5	—	5
Foreign currency translation	26	72	20	—	118
December 31, 2011	(273)	(952)	(281)	—	(1,506)
Carrying amounts					
December 31, 2009	**—**	**1,180**	**250**	**20**	**1,450**
December 31, 2010	**—**	**958**	**194**	**233**	**1,385**
December 31, 2011	**2,890**	**1,989**	**255**	**146**	**5,280**

(in US$ 000's)

11. BORROWINGS

	Currency	Maturity	Nominal interest rate	Effective interest rate	December 31, 2011	December 31, 2010	December 31, 2009
					$	$	$
Current borrowings							
Loans from:							
unrelated parties	RUB	2011-2012	6.5% – 8.8%	13%, 20%	**6,032**	991	5,794
related parties	RUB	2011	0.0%	13%	**—**	117	4,707
					6,032	1,108	10,501
Promissory notes issued to:							
unrelated parties	RUB	2011	1.5%	13%	**—**	5,234	—
related parties(i)	RUB	2011-2012	0.0 - 5.5%	13%	**194,450**	100,482	81,007
					194,450	105,716	81,007
					200,482	106,824	91,508
Non-current borrowings							
Loans from unrelated parties	RUB	2012	6.5%-8.8%	13%	**—**	5,072	—
Total borrowings					**200,482**	111,896	91,508

Total Borrowings

All borrowings are unsecured.

The majority of the promissory notes were issued with a discount to the nominal value of the notes. The promissory notes can be transferred by the holder to another party without notification to the issuer of the promissory notes.

The loans received by the Company bear fixed interest rates.

The nominal interest rates attached to loans and promissory notes from related parties were below market rates. The promissory notes and loans were discounted at market rates prevailing at the dates of issue for the maturity period of the debt. The effect of discounting of debt payable to related parties was credited to additional paid-in capital as it was considered to be a contribution to capital.

(i) Promissory notes issued to related parties include interest-free notes issued to North Financial Overseas Corp., which mature in 2012. Notes issued to Onexim Group Management Limited and to other related parties bear interest at 5.5% and nil % per annum, respectively. These notes are payable upon demand.

12. OTHER PAYABLES AND ACCRUED LIABILITIES

As at December 31,	2011	2010	2009
	$	$	$
Interest payable	**2,137**	1,793	1,660
Accrued professional services	**940**	328	—
Accrued vacation pay	**484**	329	138
Taxes payable	**85**	35	53
Accrued payroll	**105**	—	45
Other payables	**697**	82	160
	4,448	2,567	2,056

The fair value of trade and other payables at December 31, 2011, 2010 and 2009 approximates their carrying value.

(in US$ 000's)

13. INCOME TAX

(a) *Income tax benefit (expense)*

Income tax benefit (expense) recorded in the statement of comprehensive loss is as follows:

For the years ended December 31,	2011	2010	2009
	$	$	$
Current income taxes	**(12)**	(22)	(28)
Deferred income taxes	**(195)**	(32)	(3,471)
Income tax expense	**(207)**	(54)	(3,499)

(b) *Reconciliation of effective tax rate*

The statutory income tax rate is 20% for 2011, 2010 and 2009.

For the years ended December 31,	2011	2010	2009
	$	$	$
Loss before income taxes	**(39,442)**	(18,909)	(6,523)
Income tax benefit at statutory rates	**7,888**	3,782	1,305
Tax effect of items which are not deductible for taxation purposes:	**(409)**	(675)	(946)
Tax losses not recognized	**(7,686)**	(3,161)	(3,858)
Income tax expense	**(207)**	(54)	(3,499)

(c) *Recognized deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	2011		
As at December 31,	Assets	Liabilities	Net
	$	$	$
Property, plant and equipment	257	(39)	218
Exploration and evaluation assets	44	(12,582)	(12,538)
Other receivables	33	—	33
Other payables and accrued liabilities	409	—	409
Other financial assets	—	(46)	(46)
Borrowings	2	(906)	(904)
Net assets/(liabilities)	745	(13,573)	(12,828)

	2010		
As at December 31,	Assets	Liabilities	Net
	$	$	$
Exploration and evaluation assets	2,020	(11,238)	(9,218)
Other payables and accrued liabilities	153	—	153
Other financial assets	66	(87)	(21)
Borrowings	—	(802)	(802)
Net assets/(liabilities)	2,239	(12,127)	(9,888)

(in US$ 000's)

13. INCOME TAX (Continued)

	2009		
As at December 31,	**Assets**	**Liabilities**	**Net**
	$	$	$
Property, plant and equipment	1	(2)	(1)
Exploration and evaluation assets	6	(7,702)	(7,696)
Other payables and accrued liabilities	26	—	26
Other financial assets	82	(72)	10
Borrowings	13	(922)	(909)
Net assets/(liabilities)	128	(8,698)	(8,570)

(d) Movement in temporary differences during the year

Differences between IFRS and statutory taxation regulations in Russia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the statutory rate.

	January 1, 2011	Recognized in profit or loss	Acquired on Kingash acquisition	Recognized directly in equity	Recognized in other comprehensive income (loss)	December 31, 2011
	$	$	$	$	$	$
Property, plant and equipment	—	(58)	309	—	(33)	218
Exploration and evaluation assets	(9,218)	(1,736)	(2,526)	—	942	(12,538)
Other receivables	—	36	—	—	(3)	33
Other payables and accrued liabilities	153	207	56	—	(7)	409
Other financial assets	(21)	(29)	—	—	4	(46)
Borrowings	(802)	1,385	—	(1,543)	56	(904)
	(9,888)	(195)	(2,161)	(1,543)	959	(12,828)

	January 1, 2010	Recognized in profit or loss	Recognized directly in equity	Recognized in other comprehensive income (loss)	December 31, 2010
	$	$	$	$	$
Property, plant and equipment	(1)	2	—	(1)	—
Exploration and evaluation assets	(7,696)	(1,590)	—	68	(9,218)
Other payables and accrued liabilities	26	128	—	(1)	153
Other financial assets	10	(29)	—	(2)	(21)
Borrowings	(909)	1,457	(1,356)	6	(802)
	(8,570)	(32)	(1,356)	70	(9,888)

(in US$ 000's)

13. INCOME TAX (Continued)

	January 1, 2009	Recognized in profit or loss	Recognized directly in equity	Recognized in other comprehensive income (loss)	December 31, 2009
	$	$	$	$	$
Property, plant and equipment	29	(30)	—	—	(1)
Exploration and evaluation assets	(3,368)	(4,216)	—	(112)	(7,696)
Other payables and accrued liabilities	23	4	—	(1)	26
Other financial assets	31	(20)	—	(1)	10
Borrowings	(950)	791	(776)	26	(909)
	(4,235)	(3,471)	(776)	(88)	(8,570)

(e) Unrecognized tax losses

Deferred tax assets have not been recognized in respect of the following items:

As at December 31,	2011	2010	2009
	$	$	$
Unrecognized tax losses	**18,080**	9,431	6,641

Deferred tax assets have not been recognized for tax loss carry-forwards as it is not probable that the related tax benefit can be realized through future taxable profits.

Tax loss carry-forwards at December 31, 2011 expire during the years ending December 31, 2016 through 2021 (December 31, 2010 — years ending December 31, 2016 through 2020; 2009 — years ending December 31, 2016 through 2019).

14. PROVISIONS

(a) Site restoration

Under its licence agreements, the Company is not responsible for any significant restoration, rehabilitation and environmental expenditures that may be incurred subsequent to the cessation of exploration and evaluation operations at each land site, apart from the obligation to perform re-cultivation of certain disturbed lands and tailing pits in the areas of its operating activity. The amount of the restoration obligation is determined using the nominal prices effective at the reporting dates by applying the forecasted rate of inflation for the expected period of the life of the mines and discounted at the risk free rate. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives and the level of risk free and inflation rates.

No actual expenses were incurred for the reporting periods ended December 31, 2011, 2010 and 2009.

The timing of decommissioning activity is subject to reassessment at the same time as the revision of the Company's proved and probable reserves. Movements in provisions are as follows:

For the years ended December 31,	2011	2010	2009
	$	$	$
Carrying amount at January 1	**129**	32	35
Change in estimate	**35**	89	(9)
Acquisition of Kingash (Notes 9 and 20)	**66**	—	—
Unwinding of the discount	**27**	8	7
Foreign currency translation	**(2)**	—	(1)
Carrying amount at December 31	**255**	129	32

(in US$ 000's)

14. PROVISIONS (Continued)

Principal assumptions made in calculations of the provision are presented below:

As at December 31,	2011	2010	2009
Expected year in which costs will be incurred (average)	**2029**	2029	2029
Discount rate	**15.67%**	16.74%	23.37%
Inflation rate	**4.54%**	4.67%	4.87%

The asset recognized corresponding to the site restoration provision is recorded as a component of exploration and evaluation assets and amounted to $190 at December 31, 2011 (December 31, 2010 — $112; 2009 — $23).

15. CHARTER CAPITAL

Charter capital is fully paid in cash. Voting rights are allocated to participants based on the proportion of their contributions in total charter capital of the Company. Charter capital as at December 31, 2011 amounted to $7 (December 31, 2010 — $7; 2009 — $7). There were no movements in the charter capital of the Company in the current or prior reporting period.

16. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital results from the effects of discounting at market interest rates loans receivable and payable with related parties in the amount of $6,451, net of applicable income tax of $1,567 (December 31, 2010 — $5,418 net of applicable income tax of $1,354; December 31, 2009 — $3,094 net of applicable income tax of $776) (Notes 3 and 20).

On March 3, 2009 cash totalling $16,897 was contributed to the Company by participants and recorded as additional paid-in capital.

17. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,	2011	2010	2009
	$	$	$
Salaries	**5,761**	4,084	3,620
Rent	**2,018**	1,102	951
Professional services	**1,909**	1,337	553
Repairs and maintenance	**590**	406	211
Unified social tax	**560**	191	270
Travel	**522**	374	276
Information, printing, communication	**293**	222	135
Depreciation	**221**	100	78
Taxes and duties	**90**	331	71
Other	**574**	391	289
	12,538	8,538	6,454

(in US$ 000's)

18. OTHER INCOME AND OTHER EXPENSES

For the years ended December 31,	2011	2010	2009
	$	$	$
Other income			
Gain on write-off of loan payable	**83**	—	—
Other	**70**	—	—
	153	—	—
Other expenses			
Taxes	**154**	26	30
Other	**259**	10	124
	413	36	154

19. FINANCE INCOME AND FINANCE COSTS

For the years ended December 31,	2011	2010	2009
	$	$	$
Finance income			
Interest received/receivable	**218**	1,572	1,764
Foreign exchange gain	**91**	17	(2)
	309	1,589	1,762
Finance costs			
Interest paid/payable	**9,011**	9,919	6,228
Less capitalized interest (Note 9)	**(7,822)**	(9,303)	(5,550)
	1,189	616	678
Unwinding of discount (Note 14)	**27**	8	7
	1,216	624	685

20. RELATED PARTY TRANSACTIONS

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

(in US$ 000's)

20. RELATED PARTY TRANSACTIONS (Continued)

Related parties to Intergeo and its subsidiaries include:

Related Party	Relationship	Period Related
Onexim Holdings Limited	Shareholder	From March 2008 to April 2011
LLC Kvarto	Shareholder	From March 2008 to April 2011
LLC Sports Complex named after E.A. Streltsov	Shareholder	From March 2008 to April 2011
Mr. Mikhail D. Prokhorov	Shareholder	From April 2011
Onexim Group Management Limited	Other related party(ii)	See below
Coverico Holdings Co. Limited	Other related party(i)	See below
North Financial Overseas Corp.	Other related party(i)	See below
Daselina Investments Ltd.	Other related party(ii)	See below
LLC Chernogorskaya GRK	Other related party(iii)	From March 2008 to April 2011
LLC Kamenskaya GRK	Other related party(iii)	From March 2008 to October 2011
Travallation Holdings Ltd	Other related party(ii)	See below
Kingashskaya mining company LLC	Other related party(iv)	From November 2010 to July 2011

(i) Subsidiary of ONEXIM Holdings Limited (Mr. Mikhail Prokhorov ultimate beneficial owner)

(ii) Mr. Mikhail Prokhorov ultimate beneficial owner

(iii) Subsidiary of Kvarto LLC

(iv) See "Acquisition of Kingashskaya mining company LLC"

Unless otherwise noted the parties were related during the entire period covered by the financial statements.

Balances and transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note.

Borrowings

Borrowings from related parties

As at December 31,	2011	2010	2009
	$	$	$
Principal			
Onexim Holdings Limited	**188,226**	346	58,844
Daselina Investments Ltd.	**6,224**	—	—
Onexim Group Management Limited	**—**	38,096	26,741
Coverico Holdings Co. Limited	**—**	56,981	—
LLC Kvarto	**—**	5,059	—
LLC Kamenskaya GRK	**—**	117	129
	194,450	100,599	85,714
Interest payable			
Coverico Holdings Co. Limited	**—**	525	—
LLC Kvarto	**—**	215	—
Onexim Holdings Limited	**721**	—	986
LLC Kamenskaya GRK	**—**	17	9
	721	757	995
	195,171	101,356	86,709

(in US$ 000's)

20. RELATED PARTY TRANSACTIONS (Continued)

Proceeds from borrowings

For the years ended December 31,	2011	2010	2009
	$	$	$
Principal			
Onexim Holdings Limited	**104,533**	—	2,749
Onexim Group Management Limited	**13,564**	17,319	—
Coverico Holdings Co. Limited	**—**	1,930	—
LLC Kvarto	**—**	5,076	—
LLC Kamenskaya GRK	**—**	15	126
North Financial Overseas Corp.	**69,909**	—	—
Daselina Investments Ltd.	**6,818**	—	—
LLC Chernogorskaya GRK	**—**	1,324	—
	194,824	25,664	2,875
Interest accrued			
Onexim Holdings Limited	**676**	173	514
Coverico Holdings Co. Limited	**15**	705	—
LLC Kvarto	**302**	216	—
LLC Kamenskaya GRK	**6**	—	9
LLC Chernogorskaya GRK	**—**	28	—
	999	1,122	523
	195,823	26,786	3,416

Borrowings repaid

For the years ended December 31,	2011	2010	2009
	$	$	$
Principal			
Onexim Holdings Limited	**56,500**	4,846	2,364
Onexim Group Management Limited	**32,857**	—	—
LLC Kamenskaya GRK	**126**	—	—
LLC Chernogorskaya GRK	**—**	1,333	—
	89,483	6,179	2,364
Interest			
Onexim Holdings Limited	**225**	355	203
LLC Kamenskaya GRK	**24**	—	—
Coverico Holdings Co. Limited	**643**	—	—
LLC Chernogorskaya GRK	**—**	18	—
	892	373	203
	90,375	6,552	2,567

(a) Cash in bank

As at December 31,	2011	2010	2009
	$	$	$
OJSC AKB International Finance Club	**1**	—	—

(in US$ 000's)

20. RELATED PARTY TRANSACTIONS (Continued)

(b) Key management remuneration

Key management of Intergeo consists of general directors and deputies of the Company and its subsidiaries. Key management received the following remuneration during the periods, which was included in general and administrative expenses (Note 17).

For the years ended December 31,	2011	2010	2009
	$	$	$
Salaries and bonuses	**3,015**	2,105	1,992
Unified social tax	**324**	146	192
	3,339	2,251	2,184

(c) Acquisition of Kingashskaya mining company LLC ("Kingash")

On November 15, 2010, four companies purchased all of the charter capital of Kingash from Norilsk Nickel ("Norilsk") in an arm's length transaction for a total price of approximately $58,102. The purchasers and interest purchased were Travallation Holdings Ltd. — 9.5% ("Travallation", a Cyprus company); LLC Regiomax — 30.5% ("Regiomax", a Russian company); LLC Kvarto — 30.0% ("Kvarto", a Russian company and at November 15, 2010 a 33.25% shareholder in Intergeo); and LLC Technoexim — 30.0% ("Technoexim", a Russian company).

On December 27, 2010, Mr. Grigory Potapov and Mr. Sergey Lyamin (both officers of Intergeo and members of its Board of Directors) were appointed members of the Board of Directors of Kingash.

On March 28, 2011, Technoexim sold its 30.0% interest in Kingash to LLC Sports Complex named after E.A. Streltsov ("Sportscomplex", a Russian company and a 33.25% shareholder in Intergeo).

On April 28, 2011, Mr. Mikhail Prokhorov acquired a 99.9995% interest in Intergeo.

On May 23, 2011, Kingash issued a promissory note to Onexim Holdings Limited ("Onexim Holdings", a Cyprus company) in the amount of $1,890. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Onexim Holdings, LLC Onexim Group ("Onexim Group", a Russian company) Travallation and Technoexim (since April, 2011).

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash from Travallation, Regiomax, Kvarto and Sportscomplex for net cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The purchase price does not represent fair value as the transaction was between related parties.

The two shareholders of Kvarto are both senior officers of Onexim Group and one of these individuals (a 30% shareholder of Kvarto) is also the sole shareholder of Sportscomplex.

(d) Ownership of the Company

On April 28, 2011, ownership of the Company was transferred to Mr. Mikhail Prokhorov.

21. CONTINGENCIES AND COMMITMENTS

(a) Tax legislation

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

The Russian tax authorities take a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This approach includes following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

(in US$ 000's)

21. CONTINGENCIES AND COMMITMENTS (Continued)

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

(b) Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material adverse effect on the results of operations or financial position of the Company as at December 31, 2011.

(c) Capital commitments

At December 31, 2011, the Company has contractual capital expenditure commitments in respect of exploration and evaluation assets in amount of $2,497 (December 31, 2010 — $78; 2009 — $2,340).

(d) Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

(e) Operating leases

The Company leases land under non-cancellable operating lease agreements. The lease terms are between 10 and 17 years, and the majority of lease agreements are renewable at the end of the lease period. The expected amount of lease rentals payable is shown below as at December 31, 2011 and 2010:

As at December 31,	2011	2010	2009
	$	$	$
Less than one year	**41**	42	35
Between one and five years	**164**	169	140
More than five years	**352**	415	421
	557	626	596

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(in US$ 000's)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at December 31,	2011	2010	2009
	$	$	$
Cash and cash equivalents	**9,792**	7,656	4,524
VAT recoverable	**3,231**	1,833	2,958
Other receivables	**150**	111	193
Loans receivable	**1,102**	1,141	1,079
Interest receivable	**253**	186	89
	14,528	10,927	8,843

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties (Note 20).

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
	$	$	$	$	$
December 31, 2011					
Borrowings	**200,482**	**204,709**	**138,211**	**66,498**	**—**
Other payables and accrued liabilities	**4,448**	**3,519**	**3,102**	**417**	**—**
	204,930	**208,228**	**141,313**	**66,915**	**—**
December 31, 2010					
Borrowings	111,896	115,849	77,500	32,595	5,754
Other payables and accrued liabilities	2,572	2,735	1,875	859	—
	114,468	118,584	79,375	33,454	5,754
December 31, 2009					
Borrowings	91,508	95,973	75,509	20,464	—
Other payables and accrued liabilities	2,063	2,462	1,863	599	—
	93,571	98,435	77,372	21,063	—

(in US$ 000's)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties (Note 20).

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

As at December 31,	2011	2010	2009
	$	$	$
Fixed rate instruments			
Financial assets	**1,102**	1,141	1,079
Financial liabilities	**(200,482)**	(111,896)	(91,508)
	(199,380)	(110,755)	(90,429)

Currency risk

The Company has a derivative financial asset (Note 9) and certain loans issued to related parties (Note 22), which are denominated in US$.

At December 31, 2011, if the RUB had weakened/strengthened by 10 percent against the US$ with all other variables held constant, after-tax loss for the year would have changed by $140 (December 31, 2010 — $143; December 31, 2009 — $141).

(a) Fair values versus carrying amounts

	2011		2010		2009	
As at December 31,	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$	$	$
Assets						
Cash and cash equivalents	**9,792**	**9,792**	7,656	7,656	4,524	4,524
VAT recoverable	**3,231**	**3,231**	1,833	1,833	2,958	2,958
Other receivables	**150**	**150**	111	111	193	193
Loans receivable	**1,102**	**1,102**	1,141	1,141	1,079	1,079
Interest receivable	**253**	**253**	186	186	89	89
	14,528	**14,528**	10,927	10,927	8,843	8,843
Liabilities						
Borrowings	**200,482**	**200,482**	111,896	112,520	91,508	92,549
Other payables and accrued liabilities	**4,448**	**4,448**	2,572	2,572	2,063	2,063
	204,930	**204,930**	114,468	115,092	93,571	94,612

(b) Fair value hierarchy

The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Other financial assets consist of a put option that is a derivative financial instrument and has a carrying value of $405 at December 31, 2011. The derivative has been classified within level 3 of the fair value hierarchy. A movement of plus or minus 10% would have no material effect on its fair value.

(c) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents), charter capital and additional paid-in capital of the Company.

The Company is not subject to any externally imposed capital requirements.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

23. SUBSEQUENT EVENTS

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

23. SUBSEQUENT EVENTS (Continued)

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription agreement

On April 9, 2012, the Company's parent company (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. As discussions surrounding the sale of the interest in Uralmining, Ltd. commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a "held for sale" asset until the first quarter of 2012. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

KINGASHSKAYA MINING COMPANY LLC

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

Deloitte & Touche LLP
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Canada

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kingashskaya mining company LLC

We have audited the accompanying consolidated financial statements of Kingashskaya mining company LLC, which comprise the consolidated statements of financial position as at December 31, 2010 and December 31, 2009, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2010 and December 31, 2009, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kingashskaya mining company LLC as at December 31, 2010 and December 31, 2009, and its financial performance and its cash flows for the years ended December 31, 2010 and December 31, 2009 in accordance with International Financial Reporting Standards.

Chartered Accountants
Licensed Public Accountants
[Date of the auditor's report]
Toronto, Ontario, Canada

KINGASHSKAYA MINING COMPANY LLC

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in US$ 000's)

As at December 31,	Note	2010	2009
		$	$
Assets			
Current assets			
Cash		**478**	354
Other receivables	6	**65**	420
		543	774
Non-current assets			
Exploration and evaluation assets	7	**48,566**	61,267
Property, plant and equipment	8	**4,497**	5,441
		53,063	66,708
Total assets		**53,606**	67,482
Liabilities			
Current Liabilities			
Borrowings	9	**—**	7,344
Other payables and accrued liabilities	10	**307**	580
		307	7,924
Non-current liabilities			
Deferred tax liabilities	11	**2,038**	2,390
Provisions	12	**56**	18
		2,094	2,408
Total liabilities		**2,401**	10,332
Equity			
Charter capital	13	**54,729**	—
Additional paid-in capital	14	**9,249**	63,275
Deficit		**(10,689)**	(4,418)
Foreign currency translation reserve		**(2,084)**	(1,702)
Equity attributable to owners of the Company		**51,205**	57,155
Non-controlling interest		**—**	(5)
Total equity		**51,205**	57,150
Total liabilities and equity		**53,606**	67,482

APPROVED ON BEHALF OF MANAGEMENT ON MAY ● , 2012:

(Signed) ●
General Director

(Signed) ●
Finance Director

The accompanying notes form an integral part of these consolidated financial statements.

KINGASHSKAYA MINING COMPANY LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in US$ 000's)

For the years ended December 31,	Note	2010	2009
		$	$
General and administrative expenses	15	**(1,098)**	(818)
Impairment of exploration and evaluation assets	7	**(4,854)**	—
Other expenses		**(713)**	(181)
Finance income	17	**11**	19
Finance costs	17	**(848)**	(1,462)
Loss before income tax		**(7,502)**	(2,442)
Income tax benefit (expense)	11	**246**	(340)
Loss for the year		**(7,256)**	(2,782)
Other comprehensive loss			
Foreign currency translation adjustments		**(382)**	(1,146)
Total comprehensive loss for the year		**(7,638)**	(3,928)
Loss attributable to:			
Owners of the Company		**(7,248)**	(2,772)
Non-controlling interest		**(8)**	(10)
		(7,256)	(2,782)
Total comprehensive loss attributable to:			
Owners of the Company		**(7,630)**	(3,918)
Non-controlling interest		**(8)**	(10)
		(7,638)	(3,928)

The accompanying notes form an integral part of these consolidated financial statements.

KINGASHSKAYA MINING COMPANY LLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in US$ 000's)

	Note	Charter capital	Additional paid-in capital	Deficit	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interest	Total
		$	$	$	$	$	$	$
Balance, January 1, 2009		—	5,509	(1,646)	(556)	3,307	1	3,308
Loss for the year		—	—	(2,772)	—	(2,772)	(10)	(2,782)
Foreign currency translation adjustments		—	—	—	(1,146)	(1,146)	—	(1,146)
Total comprehensive loss for the year		—	—	(2,772)	(1,146)	(3,918)	(10)	(3,928)
Transactions with owners recorded directly in equity								
Prepayment for charter capital	14	—	54,266	—	—	54,266	—	54,266
Fair value adjustment of related parties loans and receivables on issue (net of tax of $332 thousand)	14	—	1,320	—	—	1,320	4	1,324
Contributions by owners		—	2,180	—	—	2,180	—	2,180
Total transactions with owners		—	57,766	—	—	57,766	4	57,770
Balance, December 31, 2009		—	63,275	(4,418)	(1,702)	57,155	(5)	57,150
Loss for the year		—	—	(7,248)	—	(7,248)	(8)	(7,256)
Foreign currency translation adjustments		—	—	—	(382)	(382)	—	(382)
Total comprehensive loss for the year		—	—	(7,248)	(382)	(7,630)	(8)	(7,638)
Transactions with owners recorded directly in equity								
Additional paid-in capital	14	54,729	(54,266)	—	—	463	—	463
Disposal of subsidiary	16	—	—	977	—	977	10	987
Fair value adjustment of related parties loans and receivables on issue (net of tax of $61 thousand)	14	—	240	—	—	240	3	243
Total transactions with owners		54,729	(54,026)	977	—	1,680	13	1,693
Balance, December 31, 2010		54,729	9,249	(10,689)	(2,084)	51,205	—	51,205

The accompanying notes form an integral part of these consolidated financial statements.

KINGASHSKAYA MINING COMPANY LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in US$ 000's)

For the years ended December 31,	Note	2010	2009
		$	$
Operating activities			
Loss for the year		**(7,256)**	(2,782)
Adjustments for:			
Income tax expense (benefit)	11	**(246)**	340
Finance income	17	**(11)**	(19)
Finance costs	17	**848**	1,462
Loss on impairment of exploration and evaluation assets	7	**4,854**	—
Depreciation	15	**733**	631
Other		**520**	—
		(558)	(368)
Movements in working capital			
Decrease in other receivables		**542**	2,040
Increase (decrease) in other payables and accrued liabilities		**175**	(1,218)
Cash flows from operations before income taxes and interest paid		**159**	454
Interest paid		**—**	(7,440)
		159	(6,986)
Investing activities			
Interest received		**11**	19
Net cash outflow on disposal of subsidiary	16	**(3)**	—
Acquisition of exploration and evaluation assets		**(558)**	(1,639)
		(550)	(1,620)
Financing activities			
Proceeds from issue of charter capital		**463**	—
Prepayment received for charter capital	14	**—**	54,266
Contributions by owners		**—**	2,180
Proceeds from borrowings	18	**49**	5,047
Repayments of borrowings	18	**—**	(49,585)
		512	11,908
Effect of foreign exchange rate changes on cash		**3**	(3,599)
Net increase (decrease) in cash		**124**	(297)
Cash, beginning of year		**354**	651
Cash, end of year		**478**	354

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Kingashskaya mining company LLC ("Kingash" or the "Company") was established on May 2, 2006 as a limited liability company under the laws of the Russian Federation. During the reporting periods, the Company held a 99% interest in LLC Tungusskaya. On November 13, 2010, the Company sold its interest in the subsidiary to OJSC MMC Norilsk Nickel ("Norilsk Nickel") (Note 16).

The Company's registered office is 48 Karl Marks str., Krasnoyarsk, Krasnoyarskiy region, Russia.

Until November 15, 2010 the Company was wholly owned by Norilsk Nickel. Since that date, the Company was wholly-owned by four entities: LLC Regiomax — 30.5%, LLC Kvatro and LLC Technoexim — 30% each, Travallation Holdings Limited — 9.5% (referred to as "Shareholders").

On July 12, 2011, LLC Intergeo Managing Company ("Intergeo") completed the purchase of all of the charter capital of Kingash (Note 21).

The Company is primarily involved in the exploration and evaluation of the following mineral resources in Russia: nickel, copper and cobalt. The Company holds two licences. The Kingash Licence allows the Company to explore and mine nickel-copper-cobalt and associated minerals from the Kingash deposits. The Upper Kingash/Kuyo Licence allows the Company to carry out prospecting and evaluation of the Upper Kingash and Kuyo deposits. The Company's current projects are located in the Krasnoyarskiy region of the Russian Federation.

Although the Company has taken steps to verify title to properties in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to, among other things, a failure to obtain governmental approvals in instances where the authorities could view it as necessary.

The Company is also subject to certain additional restrictions regarding properties designated by the Russian authorities as "Strategic Plots". These restrictions include certain restrictions on transfers and acquisitions of subsoil rights to Strategic Plots. In addition, certain legal restrictions apply to direct and indirect acquisitions of corporate control over the Strategic Plots through corporate transactions involving direct or indirect transfers or control over companies holding subsoil rights to Strategic Plots. The list of Strategic Plots has been prepared and published and is regularly updated. The list of Strategic Plots is not exhaustive and any properties which meet the criteria may be deemed strategic irrespective of whether it is included in the list. The Kingash Project is on the list of Strategic Plots.

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2010 and 2009. For the purpose of preparing these consolidated financial statements, the Company has adopted all new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after December 31, 2010.

(a) Standards effective for annual periods beginning on or after January 1, 2010.

The application of the following new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009).
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (revised January 2008; effective for annual periods beginning on or after July 1, 2009).
- IFRS 3 "Business Combinations" (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).
- Group Cash-settled Share-based Payment Transactions — Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2010).
- Eligible Hedged Items — Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective with retrospective application for annual periods beginning on or after July 1, 2009).
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after July 1, 2009).

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

- Additional Exemptions for First-time Adopters — Amendments to IFRS 1 "First-time Adoption of IFRS" (effective for annual periods beginning on or after January 1, 2010).
- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after January 1, 2010).

(b) Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2011 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.
- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair

(in US$ 000's)

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRIC 20 — Stripping Costs* in the Production Phase of a Surface Mine is effective for annual periods beginning on or after January 1, 2013 and provides guidance for entities with post-development phase surface mining activities. Under the interpretation, production stripping costs that provide access to ore to be mined in the future are capitalized as non-current assets if the component of the ore body for which access has been improved can be identified, future benefits arising from the improved access are probable and the costs related to the stripping activity associated with the component of the ore body are reliably measurable. The interpretation also addresses how capitalized stripping costs should be depreciated and how capitalized amounts should be allocated between inventory and the stripping activity asset. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the functional currency of the Company and its subsidiaries. These consolidated financial statements are presented in United States dollars and have been rounded to the nearest thousand, except as otherwise stated herein. Unless otherwise indicated, references to "US$" and "$" are to United States dollars.

The Company has chosen to present its consolidated financial statements in the US$, as management believes it is a more convenient presentation currency for international users of the consolidated financial statements of the Company as it is a common presentation currency in the mining industry. The translation of the financial statements of the Company's entities from their functional currency to the presentation currency is performed as follows:

- all assets, liabilities, both monetary and non-monetary, are translated at closing exchange rates at each reporting period end date;
- all income and expenses in each reporting period end are translated at the average exchange rates for the years presented, except for significant transactions that are translated at rates on the date of such transactions;
- resulting exchange differences are included in equity and presented as foreign currency translation differences within the foreign currency translation reserve; and
- in the statement of cash flows, cash balances at beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the years presented, except for significant transactions that are translated at rates on the date of transaction.

Exchange rates used in the preparation of the consolidated financial statements were as follows:

RUB/US$	As at December 31,	Average for the year ended December 31,
2009	0.03299	0.03160
2010	0.03276	0.03295

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

3. BASIS OF PREPARATION (Continued)

The Company is at the exploration and evaluation stage of its activities. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral licenses. To date, the Company has been reliant on borrowings and equity provided by related parties. To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, Intergeo received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet Intergeo's (including its subsidiaries) liabilities during the period for one year subsequent to the signing of these financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support. Effective April 28, 2011, Mr. Mikhail Prokhorov also became the beneficial owner of 99.9995% of Intergeo. On July 12, 2011, Intergeo became the parent company of Kingash.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are deconsolidated from the date that control ceases.

Intercompany transactions, balances and revenues and expenses between the Company and its subsidiaries are eliminated. The Company and all of its subsidiaries use uniform accounting policies consistent with the Company's policies and in accordance with IFRSs.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the owners of the parent. Non-controlling interests form a separate component of the Company's equity of the consolidated statement of financial position.

(b) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditures are capitalized as exploration and evaluation assets when it is expected the expenditure related to an area of interest will be recouped by future exploitation and/or sale, or at the reporting date the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

The capitalized expenditure includes the cost of acquiring the legal rights to explore and costs that are directly attributable to exploration and evaluation activities such as exploratory drilling, trenching and analysis. Borrowing costs related to exploration and evaluation assets are recognized as part of the cost of such assets.

Capitalized exploration and evaluation expenditures are stated at cost less impairment losses. As the asset is not available for use, it is not depreciated. Capitalized exploration and evaluation expenditure are monitored for indications of impairment. Where there are indicators of potential impairment, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but require major capital expenditures before production can begin are evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway or planned. To the extent that capitalized expenditures are not expected to be recovered, costs are charged to profit or loss.

Exploration and evaluation assets are transferred to mine properties once the work completed supports the future development of the property and such development receives appropriate approvals. In addition, capitalized exploration and evaluation costs are assessed for impairment at the point the assets are reclassified in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

The Company recognizes all financial assets at fair value and classifies them into one of the following four categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" financial assets and "loans and receivables". Financial assets held-to-maturity and loans and receivables are subsequently measured at amortized cost. Available-for-sale instruments are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income or loss for the period.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, cash and cash equivalents) are measured at amortized cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as loans and receivables; held-to-maturity investments; or financial assets at FVTPL. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive loss and presented within equity in a fair value reserve. When an investment is derecognized or impaired, the cumulative gain or loss in other comprehensive loss is transferred to profit or loss.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated as effective as a hedging instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in other gains or losses line item in the consolidated statement of comprehensive income.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities

On initial recognition, the fair value of borrowings is determined by reference to estimated market interest rates. The effect of discounting borrowings from related parties is credited to additional paid — in capital, as it is considered to be a capital contribution. The effect of discounting borrowings from third parties is charged to profit or loss for the period. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments

Derivatives are recognized initially at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVTPL. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant, machinery, motor vehicles and equipment	3-10 years
Other	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis. Construction in progress is not depreciated.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Employee benefits

(i) Remuneration

Salaries, annual bonuses, paid annual leave and cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) State pension fund

The Company makes contributions for the benefit of employees to Russia's state pension fund. The contributions are expensed as incurred. The Company does not provide any additional pension, post-retirement health care or insurance benefit to its current or former employees.

(g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. The Company's operations to date are limited to exploration and evaluation activities.

Under its license agreements, the Company is not responsible for any material restoration, rehabilitation and environmental expenditures that may be incurred subsequent to the cessation of exploration and evaluation operations at each land site, apart from the obligation to perform re-cultivation of certain disturbed lands and tailing pits in the areas of its operating activity.

Costs arising from the site restoration work, discounted using a risk-free rate to their estimated present value, are provided for and capitalized within exploration and evaluation assets. These provisions do not include any additional obligations, which are expected to arise from future damage and are estimated on the basis of a closure plan. These costs are charged against income over the life of the operation, through the depreciation of the asset as an operating cost and the unwinding of the discount on the provision as a finance cost.

Changes in the measurement of a liability relating to the site restoration work that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period.

(h) Finance income

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at FVTPL, and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the dividend is declared.

(i) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, foreign exchange losses and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognized in profit or loss.

(j) Accounting for borrowing costs on qualifying assets

In respect of borrowing costs relating to qualifying assets, the Company capitalizes borrowing costs directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset.

Borrowing costs incurred on loans and borrowings obtained by the Company to finance exploration and evaluation activities are capitalized to the cost of exploration and evaluation assets.

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities,

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Impairment

(i) Financial assets

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income, and presented in equity, is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation asset may exceed the recoverable amounts. The factors that are considered include:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Exploration and evaluation assets are also assessed for impairment at the point the assets are reclassified to mine properties in the financial statements.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an impairment loss is recognized.

(m) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale are recognized in profit and loss. Gains for any subsequent increase in fair value less costs to sell are recognized, but not in excess of any cumulative impairment loss, as the reversal of impairment.

(n) General and administrative expenses

General and administrative expenses are defined as supporting main activities and not linked to exploration and evaluation assets directly. Such expenses include payroll and other expenses of administrative personnel and related taxes, rent of head office, and depreciation of office equipment. General and administrative expenses are included in profit and loss when incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires Judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available

(b) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(b) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Impairment of tangible and intangible assets other than goodwill

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash-generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

(d) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. As the Company's operations are at the exploration and evaluation stage, management concluded that estimates of future taxable income are not sufficiently reliable to allow a deferred tax asset to be recognized.

(in US$ 000's)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(e) Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

(f) Site rehabilitation provision

The Company assesses its site rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for rehabilitation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

6. OTHER RECEIVABLES

As at December 31,	2010	2009
	$	$
VAT recoverable	**44**	106
Other receivables	**17**	301
Prepayments	**4**	3
Other taxes receivables	**—**	10
	65	420

7. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation assets	Site restoration assets	Total
	$	$	$
Balance at January 1, 2009	55,764	17	55,781
Additions	6,753	—	6,753
Change in estimate	—	(5)	(5)
Foreign currency translation	(1,262)	—	(1,262)
Balance at December 31, 2009	61,255	12	61,267
Additions	613	—	613
Disposal of subsidiary, LLC Tungusskaya (Note 16)	(8,068)	—	(8,068)
Impairment of exploration and evaluation assets	(4,854)	—	(4,854)
Change in estimate	—	34	34
Foreign currency translation	(425)	(1)	(426)
Balance as at December 31, 2010	48,521	45	48,566

The balance of exploration and evaluation assets at December 31, 2010 and 2009 represents capitalized costs in relation to exploration and evaluation activities carried out by the Company in the Russian Federation. Additions to exploration and evaluation assets include capitalized borrowing costs arising on financing directly attributable to these activities amounting to $nil for the year ended

(in US$ 000's)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

December 31, 2010 (year ended December 31, 2009 — $4,942). The capitalization rate, based upon market interest rates was 13.9% for the year ended December 31, 2009.

During the year ended December 31, 2010, the Company ceased work and abandoned a specific area of the Kingash property that is not part of the Kingash project going forward. Management determined that this particular component of the property's potential mineral resources were not commercially viable and this area is not required if the Kingash project becomes economically viable. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $4,854.

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant, machinery and equipment	Motor vehicles	Other	Total
	$	$	$	$	$
Cost					
January 1, 2009	4,061	2,510	639	76	7,286
Foreign currency translation	(116)	(72)	(18)	(2)	(208)
December 31, 2009	3,945	2,438	621	74	7,078
Foreign currency translation	(30)	(19)	(5)	—	(54)
December 31, 2010	3,915	2,419	616	74	7,024
Accumulated depreciation					
January 1, 2009	(143)	(361)	(161)	(20)	(685)
Depreciation charge	(448)	(360)	(99)	(18)	(925)
Foreign currency translation	(19)	(7)	(1)	—	(27)
December 31, 2009	(610)	(728)	(261)	(38)	(1,637)
Depreciation charge	(436)	(360)	(98)	(11)	(905)
Foreign currency translation	6	7	2	—	15
December 31, 2010	(1,040)	(1,081)	(357)	(49)	(2,527)
Carrying amounts					
December 31, 2009	**3,335**	**1,710**	**360**	**36**	**5,441**
December 31, 2010	**2,875**	**1,338**	**259**	**25**	**4,497**

There were no additions or disposals of property, plant and equipment during the years ended December 31, 2010 and 2009.

9. BORROWINGS

As at December 31,	2010	2009
	$	$
Current borrowings		
Loans from related parties (Note 18)	—	7,344

All of the Company's borrowings are short-term, denominated in RUBs, payable on demand and were provided by Norilsk Nickel. The average nominal contractual interest rate was 7.0% per annum in 2010 (2009 — 8.5%).

On initial recognition, the fair values of these related party borrowings were determined by reference to estimated market interest rates. The estimated market interest rate for the period from January 1, 2010 and thereafter was determined to be 13% (period from January 1, 2009 to December 31, 2009 — 20%).

The effects of discounting were credited to additional paid-in capital as they were considered to be contributions to capital (Note 14).

(in US$ 000's)

10. OTHER PAYABLES AND ACCRUED LIABILITIES

As at December 31,	2010	2009
	$	$
Interest payable to related parties	**—**	507
Accrued vacation pay	**29**	20
Trade payables	**278**	53
	307	580

The fair value of trade and other payables at December 31, 2010 and 2009 approximates their carrying value.

11. INCOME TAX

(a) *Income tax benefit (expense)*

Income tax expense recorded in the statement of comprehensive loss is as follows:

For the years ended December 31,	2010	2009
	$	$
Current income taxes	**—**	—
Deferred income taxes	**246**	(340)
Income tax benefit (expense)	**246**	(340)

(b) *Reconciliation of effective tax rate*

The statutory income tax rate is 20% for 2010 and 2009.

For the years ended December 31,	2010	2009
	$	$
Loss before income tax	**(7,502)**	(2,442)
Income tax benefit at statutory rates	**1,500**	488
Tax effect of items which are not deductible for taxation purposes:	**26**	—
Tax losses not recognized	**(1,150)**	(828)
Tax effect on disposal of subsidiary	**(130)**	—
Income tax benefit (expense)	**246**	(340)

(c) *Recognized deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	2010		
As at December 31,	Assets	Liabilities	Net
	$	$	$
Property, plant and equipment	273	—	273
Exploration and evaluation assets	—	(2,349)	(2,349)
Other payables and accrued liabilities	31	—	31
Other	7	—	7
Net assets/(liabilities)	311	(2,349)	(2,038)

(in US$ 000's)

11. INCOME TAX (Continued)

As at December 31,	2009 Assets	2009 Liabilities	2009 Net
	$	$	$
Property, plant and equipment	129	—	129
Exploration and evaluation assets	—	(2,515)	(2,515)
Other payables and accrued liabilities	4	(1)	3
Other	1	—	1
Borrowings	—	(8)	(8)
Net assets/(liabilities)	134	(2,524)	(2,390)

(d) Movement in temporary differences during the year

Differences between IFRS and statutory taxation regulations in Russia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the statutory rate.

	January 1, 2010	Recognized in profit or loss	Disposal of subsidiary	Recognized directly in equity	Recognized in other comprehensive income (loss)	December 31, 2010
	$	$	$	$	$	$
Property, plant and equipment	129	145	—	—	(1)	273
Exploration and evaluation assets	(2,515)	5	143	—	18	(2,349)
Other payables and accrued liabilities	3	27	1	—	—	31
Other	1	6		—	—	7
Borrowings	(8)	63	5	(61)	1	—
	(2,390)	246	149	(61)	18	(2,038)

	January 1, 2009	Recognized in profit or loss	Disposal of subsidiary	Recognized directly in equity	Recognized in other comprehensive income (loss)	December 31, 2009
	$	$	$	$	$	$
Property, plant and equipment	—	123	—	—	6	129
Exploration and evaluation assets	(1,534)	(976)	—	—	(5)	(2,515)
Other payables and accrued liabilities	(18)	18	—	—	3	3
Other	1	1	—	—	(1)	1
Borrowings	(184)	494	—	(332)	14	(8)
	(1,735)	(340)	—	(332)	17	(2,390)

(e) Unrecognized tax losses

Deferred tax assets have not been recognized in respect of the following items:

As at December 31,	2010	2009
	$	$
Unrecognized tax losses	**2,738**	1,823

Deferred tax assets have not been recognized for tax loss carry-forwards as it is not probable that the related tax benefit can be realized through future taxable profits.

(in US$ 000's)

11. INCOME TAX (Continued)

Tax loss carry-forwards at December 31, 2010 expire during the years ending December 31, 2016 through 2020 (December 31, 2009 — years ending December 31, 2016 through 2019)

12. PROVISIONS

(a) Site restoration

Under its licence agreements, the Company is not responsible for any significant restoration, rehabilitation and environmental expenditures that may be incurred subsequent to the cessation of exploration and evaluation operations at each land site, apart from the obligation to perform re-cultivation of certain disturbed lands and tailing pits in the areas of its operating activity. The amount of the restoration obligation is determined using the nominal prices effective at the reporting dates by applying the forecasted rate of inflation for the expected period of the life of the mines and discounted at the risk free rate. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives and the level of risk free and inflation rates.

No actual expenses were incurred for the reporting periods ended December 31, 2010 and 2009.

The timing of decommissioning activity is subject to reassessment at the same time as the revision of the Company's proved and probable reserves. Movements in provisions are as follows:

For the years ended December 31,	2010	2009
	$	$
Carrying amount at January 1	**18**	20
Change in estimate	**34**	(5)
Unwinding of the discount	**4**	4
Foreign currency translation	**—**	(1)
Carrying amount at December 31	**56**	18

Principal assumptions made in calculations of the provision are presented below:

As at December 31,	2010	2009
Expected year in which costs will be incurred (average)	**2029**	2029
Discount rate	**16.74%**	23.37%
Inflation rate	**4.67%**	4.87%

The asset recognized corresponding to the site restoration provision is recorded as a component of exploration and evaluation assets and amounted to $45 at December 31, 2010 (December 31, 2009 — $12).

13. CHARTER CAPITAL

Charter capital is fully paid in cash. Voting rights are allocated to participants based on the proportion of their contributions in total charter capital of the Company. Charter capital as at December 31, 2010 amounted to $54,729 (December 31, 2009 — $nil).

14. ADDITIONAL PAID-IN CAPITAL

At December 31, 2009, the prepayment received for charter capital prior to legal registration amounted to $54,266 and was recognized as additional paid-in capital.

The effect of discounting at market interest rates borrowings from Norilsk Nickel, net of applicable income tax (refer to Notes 9 and 18), is recorded as additional paid-in capital.

(in US$ 000's)

15. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,	2010	2009
	$	$
Salaries	**137**	115
Professional services	**161**	5
Rent	**19**	19
Depreciation	**733**	631
Social taxes	**23**	18
Other general and administrative expenses	**25**	30
	1,098	818

16. DISPOSAL OF SUBSIDIARY

On November 13, 2010, Tungusskaya was sold to Norilsk Nickel. The sale was accounted for as a transaction under common control, as the Company was a wholly-owned subsidiary of Norilsk Nickel at the date of the sale. The gain on sale in the amount of $987 was recorded as a direct charge to equity.

17. FINANCE INCOME AND FINANCE COSTS

For the years ended December 31,	2010	2009
	$	$
Finance income		
Interest received/receivable	**11**	19
Finance costs		
Interest paid/payable	**(844)**	(6,383)
Less capitalized interest (Note 7)	**—**	4,942
	(844)	(1,441)
Unwinding of discount (Note 12)	**(4)**	(4)
Foreign exchange loss	**—**	(17)
	(848)	(1,462)

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to Kingash and its subsidiaries include:

Related Party	Relationship	Period Related
Norilsk Nickel	Shareholder	From June 2006 to November 2010
LLC Regiomax	Shareholder	From November 2010 to July 2011
LLC Kvarto	Shareholder	From November 2010 to July 2011
Travallation Holdings Limited	Shareholder	From November 2010 to July 2011
LLC Technoexim	Shareholder	From November 2010 to March 2011
LLC Sports Complex named after E.A. Streltsov	Shareholder	From March 2011 to July 2011
LLC Intergeo Managing Company	Shareholder	From July 2011
LLC Intergeo Managing Company	Other related party	From November 2010

Unless otherwise noted the parties were related during the entire period covered by the financial statements.

(in US$ 000's)

18. RELATED PARTY TRANSACTIONS (Continued)

Balances and transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note.

(a) ***Borrowings from related party***

As at December 31,	2010	2009
	$	$
Norilsk Nickel		
Principal (Note 9)	—	7,344
Interest payable (Note 10)	—	507
	—	7,851

Proceeds from borrowings

For the years ended December 31,	2010	2009
	$	$
Norilsk Nickel		
Principal	—	5,047
Interest payable	**843**	4,457
	843	9,504

Borrowings repaid

For the years ended December 31,	2010	2009
	$	$
Norilsk Nickel		
Principal	—	(49,585)
Interest payable	—	(7,440)
	—	(57,025)

(b) ***Services provided***

As at December 31,	2010	2009
	$	$
Norilsk Nickel		
Advances given	—	66
Accounts receivable (Note 6)	—	301

For the years ended December 31,	2010	2009
	$	$
Norilsk Nickel		
Rental income	**185**	432
Services received	**565**	2,102

(c) Key management remuneration

Key management of Intergeo consists of general directors and deputies of the Company and its subsidiaries. Key management received the following remuneration during the periods, which was included in general and administrative expenses (Note 15).

18. RELATED PARTY TRANSACTIONS (Continued)

Key management received short-term benefits for the year ended December 31, 2010 totalling $50 (for the year ended December 31, 2009 — $44), which consisted of salary and social taxes. Key management received no long-term benefits from the Company during the years ended December 31, 2010 and 2009.

19. CONTINGENCIES AND COMMITMENTS

(a) Tax legislation

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

The Russian tax authorities take a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This approach includes following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

(b) Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material adverse effect on the results of operations or financial position of the Company as at December 31, 2010.

(c) Capital commitments

At December 31, 2010 and 2009 the Company had no contractual capital expenditure commitments in respect of exploration and evaluation assets and property, plant and equipment.

(d) Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

• credit risk

• liquidity risk

• market risk

• currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed

(in US$ 000's)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at December 31,	2010	2009
	$	$
Cash	**478**	354
VAT recoverable	**44**	106
Other receivables	**17**	301
Other taxes receivable	**—**	10
	539	771

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties (Note 18).

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months
	$	$	$	$
December 31, 2010				
Borrowings (Note 9)	**—**	**—**	**—**	**—**
Other payables and accrued liabilities (Note 10)	**307**	**307**	**307**	**—**
	307	**307**	**307**	**—**
December 31, 2009				
Borrowings (Note 9)	7,344	7,383	5,294	2,089
Other payables and accrued liabilities (Note 10)	580	714	443	271
	7,924	8,097	5,737	2,360

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties (Note 18).

(in US$ 000's)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

As at December 31,	2010	2009
	$	$
Fixed rate instruments		
Borrowings (Note 9)	—	7,344

Currency risk

The Company does not have any financial instruments that are not denominated in the functional currency. A 10% change in the exchange rate between the RUB and the US$ would result in a change of approximately $667 to the carrying amount of the Company's borrowings at December 31, 2009.

Fair values versus carrying amounts

	2010			2009
As at December 31,	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Assets				
Cash	**478**	**478**	354	354
VAT recoverable	**44**	**44**	106	106
Other receivables	**17**	**17**	301	301
Other taxes receivable	**—**	**—**	10	10
	539	**539**	771	771
Liabilities				
Borrowings	**—**	**—**	7,344	7,357
Other payables and accrued liabilities	**307**	**307**	580	580
	307	**307**	7,924	7,937

(a) *Fair value hierarchy*

The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at fair value as at December 31, 2010 and 2009.

(b) *Capital risk management*

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents), charter capital and additional paid-in capital of the Company.

The Company is not subject to any externally imposed capital requirements.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

21. SUBSEQUENT EVENTS

Acquisition of Kingashskaya mining company LLC ("Kingash")

On November 15, 2010, four companies purchased all of the charter capital of Kingash from Norilsk Nickel ("Norilsk") in an arm's length transaction for a total price of approximately $58,102. The purchasers and interest purchased were Travallation Holdings Ltd. — 9.5% ("Travallation", a Cyprus company); LLC Regiomax — 30.5% ("Regiomax", a Russian company); LLC Kvarto — 30.0% ("Kvarto", a Russian company and at November 15, 2010 a 33.25% shareholder in Intergeo); and LLC Technoexim — 30.0% ("Technoexim", a Russian company).

On December 27, 2010, Mr. Grigory Potapov and Mr. Sergey Lyamin (both officers of Intergeo and members of its Board of Directors) were appointed members of the Board of Directors of Kingash.

On March 28, 2011, Technoexim sold its 30.0% interest in Kingash to LLC Sports Complex named after E.A. Streltsov ("Sportscomplex", a Russian company and a 33.25% shareholder in Intergeo).

On April 28, 2011, Mr. Mikhail Prokhorov acquired a 99.9995% interest in Intergeo.

On May 23, 2011, Kingash issued a promissory note to Onexim Holdings Limited ("Onexim Holdings", a Cyprus company) in the amount of $1,890. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Onexim Holdings, LLC Onexim Group ("Onexim Group", a Russian company) Travallation and Technoexim (since April, 2011).

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash from Travallation, Regiomax, Kvarto and Sportscomplex for net cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The purchase price does not represent fair value as the transaction was between related parties.

The two shareholders of Kvarto are both senior officers of Onexim Group and one of these individuals (a 30% shareholder of Kvarto) is also the sole shareholder of Sportscomplex.

Reorganization transaction

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

21. SUBSEQUENT EVENTS (Continued)

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

KINGASHSKAYA MINING COMPANY LLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from January 1, to July 11, 2011
(with comparative figures for the six months ended June 30, 2010)

(Unaudited)

KINGASHSKAYA MINING COMPANY LLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(in US$ 000's)

As at	Note	July 11, 2011	December 31, 2010
		$	$
Assets			
Current assets			
Cash		**1,874**	478
Other receivables		**62**	65
		1,936	543
Non-current assets			
Exploration and evaluation assets	4	**53,438**	48,566
Property, plant and equipment	5	**4,393**	4,497
		57,831	53,063
		59,767	53,606
Liabilities			
Current Liabilities			
Borrowings	6	**1,882**	—
Other payables and accrued liabilities		**344**	307
		2,226	307
Non-current liabilities			
Deferred tax liabilities		**2,161**	2,038
Provisions		**66**	56
		2,227	2,094
		4,453	2,401
Equity			
Charter capital	8	**54,729**	54,729
Additional paid-in capital		**9,249**	9,249
Deficit		**(10,960)**	(10,689)
Foreign currency translation reserve		**2,296**	(2,084)
		55,314	51,205
		59,767	53,606

APPROVED ON BEHALF OF MANAGEMENT ON MAY ● , 2012:

(Signed) ●
General Director

(Signed) ●
Finance Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

KINGASHSKAYA MINING COMPANY LLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(in US$ 000's)

	Note	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
		$	$	$	$
General and administrative expenses	9	**(188)**	(236)	**(260)**	(483)
Other expenses		**(34)**	(50)	**(70)**	(100)
Finance income	11	**8**	3	**12**	6
Finance costs	11	**(2)**	(210)	**(5)**	(424)
Loss before income tax		**(216)**	(493)	**(323)**	(1,001)
Income tax benefit	12	**40**	51	**52**	102
Loss for the period		**(176)**	(442)	**(271)**	(899)
Other comprehensive income (loss)					
Foreign currency translation adjustments		**694**	(3,437)	**4,380**	(1,725)
Total comprehensive income (loss) for the period		**518**	(3,879)	**4,109**	(2,624)
Loss attributable to:					
Owners of the Company		**(176)**	(440)	**(271)**	(895)
Non-controlling interest		**—**	(2)	**—**	(4)
		(176)	(442)	**(271)**	(899)
Total comprehensive income (loss) attributable to:					
Owners of the Company		**518**	(3,877)	**4,109**	(2,620)
Non-controlling interest		**—**	(2)	**—**	(4)
		518	(3,879)	**4,109**	(2,624)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

KINGASHSKAYA MINING COMPANY LLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)
(in US$ 000's)

	Charter capital	Additional paid-in capital	Deficit	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interest	Total
	$	$	$	$	$	$	$
Balance, January 1, 2010	—	63,275	(4,418)	(1,702)	57,155	(5)	57,150
Loss for the period	—	—	(895)	—	(895)	(4)	(899)
Foreign currency translation adjustments	—	—	—	(1,725)	(1,725)	—	(1,725)
Total comprehensive loss for the period	—	—	(895)	(1,725)	(2,620)	(4)	(2,624)
Transactions with owners recorded directly in equity							
Prepayment for charter capital	—	463	—	—	463	—	463
Fair value adjustment of related parties loans and receivables on issue (net of tax of $49)	—	243	—	—	243	3	246
Total transactions with owners	—	706	—	—	706	3	709
Balance, June 30, 2010	—	63,981	(5,313)	(3,427)	55,241	(6)	55,235
Balance, January 1, 2010	54,729	9,249	(10,689)	(2,084)	51,205	—	51,205
Loss for the period	—	—	(271)	—	(271)	—	(271)
Foreign currency translation adjustments	—	—	—	4,380	4,380	—	4,380
Total comprehensive income (loss) for the period	—	—	(271)	4,380	4,109	—	4,109
Balance, July 11, 2011	54,729	9,249	(10,960)	2,296	55,314	—	55,314

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

KINGASHSKAYA MINING COMPANY LLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)
(in US$ 000's)

	Note	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
		$	$
Operating activities			
Loss for the period		**(271)**	(899)
Adjustments for			
Income tax benefit	**12**	**(52)**	(102)
Finance costs	**11**	**5**	424
Finance income	**11**	**(12)**	(6)
Depreciation		**4**	374
		(326)	(209)
Movements in working capital			
Decrease in other receivables		**8**	6
Increase in trade and other payables		**13**	21
		(305)	(182)
Investing activities			
Interest received		**12**	6
Acquisition of exploration and evaluation assets		**(226)**	(194)
		(214)	(188)
Financing activities			
Proceeds from borrowings		**1,864**	—
Prepayment received for charter capital		**—**	463
		1,864	463
Effect of foreign exchange rate changes on cash		**51**	(5)
Net increase in cash		**1,396**	88
Cash, beginning of period		**478**	354
Cash, end of period		**1,874**	442

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Kingashskaya mining company LLC (the "Company" or "Kingash") was established on May 2, 2006 as a limited liability company under the laws of the Russian Federation. During the reporting periods, the Company held a 99% interest in LLC "Tungusskaya". On November 13, 2010, the Company sold its interest in the subsidiary to OJSC MMC Norilsk Nickel ("Norilsk Nickel") (Note 10).

The Company's registered office is 48 Karl Marks str., Krasnoyarsk, Krasnoyarskiy region, Russia.

These condensed consolidated interim financial statements present the results of operations for the period from January 1, to July 11, 2011 and the financial position of the Company immediately prior to its acquisition by LLC Intergeo Managing Company ("Intergeo") on July 12, 2011. The Company has presented comparative figures for the three and six months ended June 30, 2010.

Until November 15, 2010 the Company was wholly-owned by Norilsk Nickel. On that date, the Company's charter capital was purchased by four entities: LLC Regiomax — 30.5%, LLC Kvatro and LLC Technoexim — 30% each, Travallation Holdings Limited — 9.5%. On March 28, 2011 Technoexim sold its 30% interest to LLC Sports Complex named after E.A. Streltsov ("Sportscomplex"). On July 12, 2011 Intergeo purchased all of the charter capital of the Company from its four shareholders.

The Company is primarily involved in the exploration and evaluation of the following mineral resources in Russia: nickel, copper and cobalt. The Company holds two licences. The Kingash Licence allows the Company to explore and mine nickel-copper-cobalt and associated minerals from the Kingash deposits. The Upper Kingash/Kuyo Licence allows the Company to carry out prospecting and evaluation of the Upper Kingash and Kuyo deposits. The Company's current projects are located in the Krasnoyarskiy region of the Russian Federation.

Although the Company has taken steps to verify title to properties in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to, among other things, a failure to obtain governmental approvals in instances where the authorities could view it as necessary.

The Company is also subject to certain additional restrictions regarding properties designated by the Russian authorities as "Strategic Plots". These restrictions include certain restrictions on transfers and acquisitions of subsoil rights to Strategic Plots. In addition, certain legal restrictions apply to direct and indirect acquisitions of corporate control over the Strategic Plots through corporate transactions involving direct or indirect transfers or control over companies holding subsoil rights to Strategic Plots. The list of Strategic Plots has been prepared and published and is regularly updated. The list of Strategic Plots is not exhaustive and any properties which meet the criteria may be deemed strategic irrespective of whether it is included in the list. The Kingash Project is on the list of Strategic Plots.

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2011 and 2010. For the purpose of preparing these condensed consolidated interim financial statements, the Company has adopted all new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after July 12, 2011.

(a) *Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.*

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after July 12, 2011 or later and which the Group has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate

2. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (Continued)

financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.

- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRIC 20 — Stripping Costs* in the Production Phase of a Surface Mine is effective for annual periods beginning on or after January 1, 2013 and provides guidance for entities with post-development phase surface mining activities. Under the interpretation, production stripping costs that provide access to ore to be mined in the future are capitalized as non-current assets if the component of the ore body for which access has been improved can be identified, future benefits arising from the improved access are probable and the costs related to the stripping activity associated with the component of the ore body are reliably measurable. The interpretation also addresses how capitalized stripping costs should be depreciated and how capitalized amounts should be allocated between inventory and the stripping activity asset. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the IASB.

(in US$ 000's)

3. BASIS OF PREPARATION (Continued)

These condensed interim financial statements do not include all of the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2010, which have been prepared in accordance with IFRS.

The same accounting policies, presentation and methods of computation have been followed in these interim consolidated financial statements as were applied in the Company's consolidated financial statements for the year ended December 31, 2010.

(b) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the functional currency of all of Intergeo's subsidiary companies. These interim consolidated financial statements are presented in United States dollars and have been rounded to the nearest thousand, except as otherwise stated herein. Unless otherwise indicated, references to "US$" and "$" are to United States dollars.

Exchange rates used in the preparation of the condensed consolidated interim financial statements were as follows:

RUB/US$	As at June 30,	As at July 11,	For the period from April 1, to July 11,	For the three months ended June 30,	For the period from January 1, to July 11,	For the six months ended June 30,	As at December 31,
2010	0.03289	—	—	0.03307	—	0.03306	0.03276
2011	—	0.03137	0.03415	—	0.03476	—	—

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activities for the foreseeable future and that all its obligations will be settled in the due course of business.

The Company is at the exploration and evaluation stage of its activities. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral licences. To date, the Company has been reliant on borrowings provided by its shareholders and other related parties. To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, Intergeo received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet Intergeo's (including its subsidiaries) liabilities during the period for one year subsequent to the date of signing of the financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support. Effective April 28, 2011, Mr. Mikhail Prokhorov also became the owner of 99.9995% of Intergeo. On July 12, 2011 Intergeo became the parent company of Kingash.

(in US$ 000's)

4. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation assets	Site restoration assets	Total
	$	$	$
January 1, 2010	61,255	12	61,267
Additions	613	—	613
Disposal of subsidiary	(8,068)	—	(8,068)
Impairment of exploration and evaluation assets	(4,854)	—	(4,854)
Change in estimate	—	34	34
Foreign currency translation	(425)	(1)	(426)
December 31, 2010	48,521	45	48,566
Additions	721	—	721
Foreign currency translation	4,147	4	4,151
July 11, 2011	53,389	49	53,438

The balance of exploration and evaluation assets at July 11, 2011 and December 31, 2010 represents capitalized costs in relation to exploration and evaluation activities carried out by the Company in the Russian Federation.

Additions to exploration and evaluation assets include capitalized borrowing costs arising on financing directly attributable to these activities amounting to $nil for the period from January 1, to July 11, 2011 (six months ended June 30, 2010 — $nil).

During the year ended December 31, 2010, the Company ceased work and abandoned a specific area of the Kingash property that is not part of the Kingash project going forward. Management determined that this particular component of the property's potential mineral resources were not commercially viable and this area is not required if the Kingash project becomes economically viable. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $4,854.

(in US$ 000's)

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant, machinery and equipment	Motor vehicles	Other	Total
	$	$	$	$	$
Cost					
January 1, 2010	3,945	2,438	621	74	7,078
Foreign currency translation	(30)	(19)	(5)	—	(54)
December 31, 2010	3,915	2,419	616	74	7,024
Foreign currency translation	335	208	52	5	600
July 11, 2011	4,250	2,627	668	79	7,624
Accumulated depreciation					
January 1, 2010	(610)	(728)	(261)	(38)	(1,637)
Depreciation charge	(436)	(360)	(98)	(11)	(905)
Foreign currency translation	6	7	2	—	15
December 31, 2010	(1,040)	(1,081)	(357)	(49)	(2,527)
Depreciation charge	(239)	(193)	(52)	(6)	(490)
Foreign currency translation	(91)	(91)	(29)	(3)	(214)
July 11, 2011	(1,370)	(1,365)	(438)	(58)	(3,231)
Net Book Value					
December 31, 2010	2,875	1,338	259	25	4,497
July 11, 2011	2,880	1,262	230	21	4,393

6. BORROWINGS

As at	July 11, 2011	December 31, 2010
	$	$
Current borrowings		
Loans from related parties	**1,882**	—

(i) Borrowings represent RUB denominated promissory notes issued to Onexim Holdings Limited, which are interest free and payable on demand.

7. RELATED PARTY TRANSACTIONS

(a) Borrowings from related parties

As at	July 11, 2011	December 31, 2010
	$	$
Principal		
Onexim Holdings Limited	**1,882**	—

(in US$ 000's)

7. RELATED PARTY TRANSACTIONS (Continued)

Proceeds from borrowings

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Principal				
Onexim Holdings Limited	**1,882**	—	**1,882**	—

(b) Services provided

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Norilsk Nickel				
Rental income	—	51	—	108
Services rendered	—	127	—	287
	—	178	—	395

(c) Key management remuneration

Key management of Kingash consists of general directors and deputies of the Company and its subsidiaries. Key management received the following remuneration during the periods, which was included in general and administrative expenses (Note 9).

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Salaries and bonuses	**11**	11	**19**	23
Unified social tax	**5**	3	**8**	5
	16	14	**27**	28

8. CHARTER CAPITAL

Charter capital as at July 11, 2011 and December 31, 2010 amounted to $54,729. There were no movements in the charter capital of the Company in the current or prior interim reporting periods.

(in US$ 000's)

9. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Salaries	**35**	37	**75**	70
Professional services	**122**	—	**125**	5
Rent	**6**	5	**12**	9
Depreciation	**2**	182	**4**	374
Social taxes	**9**	7	**23**	16
Other	**14**	5	**21**	9
	188	236	**260**	483

10. DISPOSAL OF SUBSIDIARY

On November 13, 2010 LLC Tungusskaya, a wholly-owned subsidiary of the Company was sold to Norilsk Nickel. The sale was accounted for as a transaction under common control, as the Company was a wholly-owned subsidiary of Norilsk Nickel at the date of the sale. The gain on sale in the amount of $987 was recorded as a direct charge to equity.

11. FINANCE INCOME AND FINANCE COSTS

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Finance income				
Interest received/receivable	**8**	3	**12**	6
Finance costs				
Interest paid/payable	**—**	(209)	**—**	(422)
Unwinding of discount	**(2)**	(1)	**(5)**	(2)
	(2)	(210)	**(5)**	(424)

12. INCOME TAX

(a) Income tax benefit

Income tax benefit recorded in the statement of comprehensive loss is as follows:

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the six months ended June 30, 2010
	$	$	$	$
Deferred income taxes	**40**	51	**52**	102
Income tax benefit	**40**	51	**52**	102

13. CONTINGENCIES AND COMMITMENTS

Tax legislation

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

The Russian tax authorities take a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. This approach includes following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material adverse effect on the results of operations or financial position of the Company as at July 11, 2011.

Capital commitments

At July 11, 2011 the Company has contractual capital expenditure commitments in respect of exploration and evaluation assets in amount of $124 (December 31, 2010 — $nil).

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(in US$ 000's)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	July 11, 2011	December 31, 2010
	$	$
Cash	**1,874**	478
VAT recoverable	**49**	44
Other receivables	**3**	17
	1,926	539

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties (Note 6).

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months
	$	$	$	$
July 11, 2011				
Borrowings	1,882	1,882	1,882	—
Other payables and accrued liabilities	344	344	344	—
	2,226	2,226	2,226	—
December 31, 2010				
Borrowings	—	—	—	—
Other payables and accrued liabilities	307	307	307	—
	307	307	307	—

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties (Note 6).

(in US$ 000's)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	July 11, 2011	December 31, 2010
	$	$
Fixed rate instruments		
Borrowings	**1,882**	—

Currency risk

The Company does not have any financial instruments that are not denominated in the functional currency. A 10% change in the exchange rate between the RUB and the US$ would result in a change of approximately $171 to the carrying amount of the Company's borrowings at July 11, 2011.

(a) Fair values versus carrying amounts

	As at July 11, 2011		As at December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Assets				
Cash	1,874	1,874	478	478
VAT recoverable	49	49	44	44
Other receivables	3	3	17	17
	1,926	1,926	539	539
Liabilities				
Borrowings	1,882	1,882	—	—
Interest payable	—	—	—	—
Other payables and accrued liabilities	344	344	307	307
	2,226	2,226	307	307

(b) Fair value hierarchy

The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at fair value as at July 11, 2011 and December 31, 2010.

(c) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

15. SUBSEQUENT EVENTS

(a) Purchase of Kingash by Intergeo

On November 15, 2010, four companies purchased all of the charter capital of Kingash from Norilsk Nickel in an arm's length transaction for a total price of approximately $58,102. The purchasers and interest purchased were Travallation Holdings Ltd. — 9.5% ("Travallation", a Cyprus company); LLC Regiomax — 30.5% ("Regiomax", a Russian company); LLC Kvarto — 30.0% ("Kvarto", a Russian company and at November 15, 2010 a 33.25% shareholder in Intergeo); and LLC Technoexim — 30.0% ("Technoexim", a Russian company).

On December 27, 2010, Mr. Grigory Potapov and Mr. Sergey Lyamin (both officers of Intergeo and members of its Board of Directors) were appointed members of the Board of Directors of Kingash.

On March 28, 2011 Technoexim sold its 30.0% interest in Kingash to Sportscomplex, a 33.25% shareholder in Intergeo).

On April 28, 2011, Mr. Mikhail Prokhorov acquired a 99.9995% interest in Intergeo.

On May 23, 2011, Kingash issued a promissory note to Onexim Holdings Limited ("Onexim Holdings", a Cyprus company) in the amount of $1,890. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Onexim Holdings, LLC Onexim Group ("Onexim Group", a Russian company) Travallation and Technoexim (since April, 2011).

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash from Travallation, Regiomax, Kvarto and Sportscomplex for net cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The purchase price does not represent fair value as the transaction was between related parties.

The two shareholders of Kvarto are both senior officers of Onexim Group and one of these individuals (a 30% shareholder of Kvarto) is also the sole shareholder of Sportscomplex.

(b) Corporate restructuring

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

15. SUBSEQUENT EVENTS (Continued)

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

INTERGEO MMC LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period from incorporation (June 9, 2011)
to December 31, 2011

INTERGEO MMC LTD

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period from incorporation (June 9, 2011) to December 31, 2011

Certain terms used in this management's discussion and analysis ("MD&A") are defined in this MD&A. The following MD&A of the operating results and financial condition of Intergeo MMC Ltd (in this MD&A "Intergeo MMC" or the "Company") for the period from incorporation (June 9, 2011) to December 31, 2011, should be read in conjunction with the audited consolidated financial statements of the Company and the accompanying notes thereto, which are included elsewhere in this prospectus and which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). Unless otherwise indicated, all dollar amounts in this MD&A are stated in United States dollars. The following additional abbreviations have also been used in this MD&A: International Accounting Standards Board ("IASB"); International Accounting Standards ("IAS"); and International Financial Reporting Interpretations Committee ("IFRIC").

The Company's accounting policies and estimates used in the preparation of its financial statements are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process. This analysis contains forward-looking information about the Company's business and future prospects that involve certain risks and uncertainties. The Company provides no assurances that actual results will meet management's expectations. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" elsewhere in this prospectus.

The information in this MD&A is provided as of May ● , 2012.

Formation of the Company

Intergeo MMC was incorporated under the laws of the British Virgin Islands ("BVI") on June 9, 2011 as Intergeo Group Ltd. On July 6, 2011, the Company changed its name to Intergeo MMC Ltd.

The Company's registered and head office is located at 197 Main Street, Road Town, Tortola, British Virgin Islands.

The Company had the following controlled entities at December 31, 2011:

Subsidiary	Jurisdiction of Incorporation	Date of incorporation	Ownership as at December 31, 2011
Intergeo Management Limited	Cyprus	April 18, 2008	100%
Intergeo Canada Management Services Inc.	Ontario	August 26, 2011	100%

The Company is a wholly-owned subsidiary of Daselina Investments Ltd. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Daselina Investments Ltd.

Intergeo Management Limited was acquired by the Company on July 19, 2011.

Intergeo Canada Management Services Inc. is a wholly-owned subsidiary of Intergeo Management Limited.

The principal activity of the Company is the acquisition and holding of mineral exploration companies located in Russia. The Company defines its operations as a single operating segment.

On February 9, 2012, the Company, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate restructuring transactions for the purposes of (i) eliminating the existing related party borrowings by a debt to equity conversion and (ii) achieving the ownership structure whereby Intergeo MMC has a 99.5% indirect interest in LLC Intergeo Managing Company, the owner of Russian exploration and mining licences. (See "Subsequent Events").

OVERALL PERFORMANCE

Subsequent to the reorganization transaction (See "Subsequent Events"), the Company is a diversified mineral resource company primarily focused on developing, exploring and acquiring base metal properties in

Russia, with immediate focus on developing its two key open pit projects: the Ak-Sug copper porphyry deposit and the Kingash nickel sulphide property. The Company has no operating properties and therefore no revenue and negative cashflow from operations.

Historically the Company has relied on its shareholders for funding of its expenditures through borrowings from the shareholder and related entities. As at December 31, 2011, these borrowings totalled $5,109,104 (including accrued interest), however as a result of the corporate restructuring that was completed in February 2012, all related party borrowings were converted to equity. It is expected that future funding of the Company will include further shareholder advances, short-term bridge financing, and the proceeds from a planned public offering of the Company's shares.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets out selected financial information for the Company as at December 31, 2011:

	As at December 31, 2011
	$
Current assets	
Cash	**1,813,614**
Receivables	**24,180**
Other assets	**118,209**
Non-current assets — Investment in LLC Intergeo Managing Company	**100**
Total assets	**1,956,103**
Current liabilities	
Borrowings	**5,109,104**
Accounts payable and accrued liabilities	**773,007**
Total liabilities	**5,882,111**
Share capital	**10,000**
Deficit	**(3,935,866)**
Foreign currency translation reserve	**(142)**
Total shareholder's deficiency	**(3,926,008)**

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Other income	**33,767**
General and administrative expenses	**(3,367,448)**
Finance costs	**(112,011)**
Loss on acquisition of Intergeo Management Limited	**(490,174)**
Loss for the period	**(3,935,866)**
Cash flows from operating activities	**(2,825,729)**
Cash flows from investing activities	**79,343**
Cash flows from financing activities	**4,560,000**

Subsequent to the reorganization transaction (See "Subsequent Events"), the Company and its subsidiaries are in the mineral exploration and development business and have not commenced mining operations or generated operating revenues to date. There is, therefore, no expectation of revenues from development and production until development of any of the Company's properties is completed.

Results of Operations

Intergeo MMC was incorporated for the purpose of holding a 99.5% interest in LLC Intergeo Managing Company, a mineral resource company primarily focused on developing, exploring and acquiring base metal properties in Russia. During the period from Intergeo MMC's incorporation (June 9, 2011) to December 31, 2011 the Company's operations were focused on preparing for this purpose. The acquisition of LLC Intergeo Managing Company was accomplished by a series of corporate reorganization steps entered in January and February 2012 that resulted in Intergeo MMC's indirect participatory interest in LLC Intergeo Managing Company increasing from 0.0005% to 99.5%. It is the Company's intention to advance the development and exploration work on the base metal properties in Russia through a planned public offering of shares.

Results for the period from incorporation (June 9, 2011) to December 31, 2011

The Company has no history of production and no operating revenues and may not generate operating revenues from its mineral properties or ever achieve profitable operations. There are a number of risks or uncertainties that could materially affect the Company's future performance which include, but are not limited to: the Company's limited operating history and lack of operating revenue; obtaining funds to develop mineral properties; the absence of proven or probable reserves; actual costs exceeding anticipated costs; volatility of metal and mineral prices; obtaining permits and licences in Russia and the loss or failure to maintain such licences; the remote location of the Company's mineral properties; operating in Russia; significant governmental regulation and weaknesses in the Russian legal system; and generally, the speculative nature of exploration and development of mineral resources.

The Company recorded a loss of $3,935,866 for the period from incorporation to December 31, 2011. The main components of the loss for the period were general and administrative expenses totalling $3,367,448 and a loss on the acquisition of Intergeo Management Limited, the Company's Cyprus subsidiary in the amount of $490,174.

These costs were incurred during the period leading up to the corporate reorganization as part of the process of preparing for these arrangements.

General and administrative expenses

General and administrative expenses for the period ended December 31, 2011 were $3,367,448 and are primarily comprised of professional fees in the amount of $1,917,042, salaries in the amount of $935,798 and travel expenses in the amount of $393,814. The professional fees are primarily comprised of legal, mineral industry consultants, audit and other financial consultants fees incurred during the period relating to the Russian mineral properties. The salaries are primarily comprised of amounts paid to key management of Intergeo MMC during the period. Travel expenses of $393,814 primarily relate to travel costs for key management and other groups of consultants to the Company in North America, Russia and Europe.

Income tax expense

Intergeo MMC is incorporated under the laws of the British Virgin Islands which has a zero income tax rate. The Company's two subsidiaries are incorporated in Cyprus and Canada. During the period ended December 31, 2011 the companies incurred losses for income tax purposes. Deferred tax assets have not been recognized in the financial statements for tax loss carry-forwards as it is not probable that the related tax benefit can be realized through future taxable profits.

Other income

Other income totalling $33,767 for the period from incorporation to December 31, 2011 relates to management fees charged to two subsidiaries of LLC Managing Company (See "Transactions with Related Parties").

Finance Costs

During the period from incorporation to December 31, 2011 the Company incurred finance costs totalling $112,011. The major component of these costs was interest expense aggregating $55,899 on related party borrowings. Related party borrowings increased to $5,109,104 (including $503,205 of related party borrowings assumed on acquisition of Intergeo Management Limited) at December 31, 2011. The interest rate on all loans was 3% per annum.

Acquisition of Intergeo Management Limited

On July 19, 2011, the Company purchased all the outstanding shares of Intergeo Management Limited for total consideration of $2,810 (Euro 2,000). The shares of Intergeo Management Limited were purchased from Mr. Maxim Finskiy. Intergeo MMC and Mr. Finskiy jointly agreed on the transaction price, which was approximately equal to the carrying value of the share capital of Intergeo Management. Mr. Finskiy had acquired Intergeo Management Limited on February 16, 2011 for $2,709 (Euro 2,000). Prior to Mr. Finskiy acquiring Intergeo Management Limited, Intergeo Management Limited did not carry on business. Intergeo Management Limited was acquired by Mr. Finskiy to facilitate the Company's restructuring. The operations of Intergeo Management Limited were funded by North Financial Overseas Corp., a company beneficially owned by Mr. Prokhorov.

The transaction did not meet the definition of a business combination. Consequently, the acquisition of Intergeo Management Limited has been accounted for as an assumption of liabilities.

The purchase price was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration on the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value. Assets acquired include cash and receivables and an investment in LLC Intergeo Managing Company. Liabilities acquired include trade and other payables and a loans and borrowings due to North Financial Overseas Corp. bearing an annual interest of 3% repayable on April 12, 2012, Subsequently converted to equity in the Restructuring (See "Subsequent Events").

The transaction resulted in a net cash inflow of $79,343 on acquisition of Intergeo Management Limited, comprised of cash acquired of $82,153 net of the purchase consideration of $2,810 cash. The Company also recorded a loss on acquisition of Intergeo Management Limited of $490,174, which represents the excess of the net liabilities assumed of $487,364 over the purchase price of $2,810.

The net cash inflow of $79,343 has been allocated as follows:

Liabilities assumed	Amount
	$
Assets	
Current assets	
Cash	**82,153**
Receivables	**2,114**
	84,267
Non-current assets	
Investment in LLC Intergeo Managing Company	**100**
	84,367
Liabilities	
Current liabilities	
Trade and other payables	**68,526**
Loans	**503,205**
	571,731
Net liabilities assumed	**487,364**
Cash	**82,153**
Net liabilities assumed (net of cash)	**569,517**
Loss recognized on acquisition of Intergeo Management Limited	**490,174**
Net cash inflow on acquisition of Intergeo Management Limited	**79,343**
Net liabilities assumed (net of cash)	**569,517**

Financial Position as at December 31, 2011

Cash

As at December 31, 2011, the Company had cash totalling $1,813,614. The Company's cash balance includes $1,635,494 denominated in United States dollars, $175,582 denominated in Canadian dollars and $2,538 denominated in Euros.

Receivables

Receivables totalling $24,180 at December 31, 2011 were primarily comprised of HST recoverable in Canada of $16,017, VAT recoverable in Cyprus of $2,417 and receivables due from related parties relating to management fees totalling $5,165.

Other assets

Other assets of $118,209 at December 31, 2011 included a deposit for office space totalling $77,603.

Investment in LLC Intergeo Managing Company

As at December 31, 2011, the Company had a 0.0005% interest in the charter capital of LLC Intergeo Managing Company. On January 22, 2012, the Company, through its subsidiary Intergeo Management Limited, increased its investment in LLC Intergeo Managing Company through a series of transactions (See "Subsequent Events") increasing its ownership from 0.0005% to 99.5%.

Borrowings

As at December 31, 2011, the Company had related party borrowings totalling $5,109,104. These were comprised of a series of loans from North Financial Overseas Corp. (a related party) and a promissory note issued to Daselina Investments Ltd. (a related party).

The Company's series of loans from North Financial Overseas Corp. are unsecured, bear interest at a rate of 3% and are for a term of one year, however in January 2012, the loans were assigned to the Company's shareholder and were converted from debt to equity through a restructuring transaction (See "Subsequent Events"). No interest was paid in connection with these loans during the period from June 9, 2011 to December 31, 2011.

On December 12, 2011, Intergeo Management Limited issued a promissory note with a face value of $2,369,000 to Daselina Investments Ltd. (a related party). The promissory note was issued at a discount to its face value and Intergeo Management Limited received cash proceeds of $2,300,000. The promissory note is due not earlier than December 13, 2012, however in January 2012, the promissory note was assigned to the Company's shareholder and converted from debt to equity through a restructuring transaction (See "Subsequent Events"). The promissory note can be transferred by the holder to another party without notification to the issuer of the promissory note. Interest expense totalling $33,567 has been recognized in connection with these notes during the period from June 9, 2011 to December 31, 2011. No interest was paid in connection with this note during the period from June 9, 2011 to December 31, 2011.

No borrowings from related parties were repaid during the period from June 9, 2011 to December 31, 2011.

Accounts payable and accrued liabilities

As at December 31, 2011, the Company had accounts payable and accrued liabilities totalling $773,007. Included in this amount was $692,376 of accrued professional services. The accrued professional services are comprised of fees for legal, audit and mineral industry consultants' services.

Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. Upon incorporation the Company issued 10,000 common shares for cash consideration of $10,000.

Subsequent to the year end the Company issued a further 100,000,000 common shares for consideration aggregating $215,008,000 (See "Subsequent Events"). The consideration for the issue of the common shares was comprised of cash of approximately $6,762,000 and related party promissory notes and loans receivable of approximately $208,246,000. Amongst other results, the transaction had the effect of eliminating Intergeo MMC's existing related borrowings and increasing the Company's ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5%.

SUMMARY OF QUARTERLY RESULTS

The Company has not prepared quarterly financial statements for the current year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on a going concern basis, which assumes that it will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

Subsequent to the reorganization transactions described in "Subsequent Events" the Company is at the exploration and evaluation stage of its activities and has not generated revenue or cash flow from its exploration projects. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral licenses. To date, the Company has been reliant on borrowings and equity provided by related parties. (See "Transactions with Related Parties"). To continue its planned exploration and development activities through its subsidiaries, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, Intergeo MMC received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet Intergeo's (including its subsidiaries) liabilities during the period of one year subsequent to the date of signing of the financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support because effective April 28, 2011, Mikhail Prokhorov also became the owner of 99.9995% of Intergeo.

On February 9, 2012, Intergeo MMC, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate restructuring transactions. The transactions had the effect of converting all of the Company's related party borrowings to equity of Intergeo MMC. In addition, as a result of the transactions Intergeo MMC increased its ownership in LLC Intergeo Managing Company from 0.0005% to 99.5%. Mr. Prokhorov remained the ultimate beneficial owner of the Company.

During the period from incorporation to December 31, 2011, the Company received proceeds from related party borrowings totalling $4,550,000.

Upon incorporation, the Company issued 10,000 commons shares for cash consideration of $10,000.

Subsequent to the year end the Company issued a further 100,000,000 for consideration aggregating $215,008,000 (See "Subsequent Events"). The consideration for the issue of the common shares was comprised of cash of approximately $6,762,000 and related party promissory notes and loans receivable of approximately $208,246,000.

Subsequent to December 31, 2011, Intergeo MMC completed a corporate restructuring on February 9, 2012 which converted all shareholder and related entity borrowings to equity. As the Company's projects being undertaken by its subsidiaries are in the exploration or economic assessment stage, no funds from operations are expected to be generated prior to the commencement of production. The Company will rely on further shareholder funding, short-term bridge financing, and the proceeds from a planned public issuance of its shares to fund activities in the next 18 months.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

Contingencies and commitments

Certain contractual obligations of the Company as at December 31, 2011 are noted in the table below:

Contractual obligations US$	Payments Due by Period				
	Total $	Less than 1 year $	1 - 3 years $	4 - 5 years $	After 5 years $
Debt	5,109,104	5,109,104	—	—	—
Finance lease obligations	—	—	—	—	—
Operating leases	304,229	118,380	185,849	—	—
Purchase obligations	—	—	—	—	—
Other obligations	773,007	773,007	—	—	—
Total contractual obligations	6,186,340	6,000,491	185,849	—	—

Legal proceedings

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have material adverse effect on the consolidated financial position or future results of the Company.

Operating leases

The Company leases office space under a non-cancellable operating lease agreement. The office space lease term extends to June 2014. The expected amount of lease payments as at December 31, 2011, under the terms of the lease are:

	December 31, 2011 $
2012	**118,380**
2013	**123,737**
2014	**62,112**
	304,229

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to Intergeo MMC and its subsidiaries include:

Related Party	Relationship	Period Related
Mr. Mikhail D. Prokhorov	Ultimate beneficial owner	From June 29, 2011
Lambros Soterious	Shareholder	June 9, to June 29, 2011
Onexim Holdings Limited	Shareholder	From June 29, to November 15, 2011
Daselina Investments Ltd.	Shareholder	From November 15, 2011
Onexim Group Management Limited	Other related party(ii)	From June 29, 2011
North Financial Overseas Corp.	Other related party(i)	From June 29, 2011
Daselina Investments Ltd.	Other related party(ii)	From June 29, 2011
LLC Golevskaya GRK	Other related party(ii)	From June 29, 2011
LLC Tyvamed	Other related party(ii)	From June 29, 2011

(i) Subsidiary of Onexim Holdings Limited (Mr. Mikhail Prokhorov ultimate beneficial owner)

(ii) Mr. Mikhail Prokhorov ultimate beneficial owner

The other related parties described in the above table were companies beneficially owned by Mr. Mikhail Prokhorov.

The shares of Intergeo MMC were held by a nominee shareholder from incorporation June 9, to June 29, 2011, at which time they were transferred to Onexim Holdings Limited.

There were no changes in the related parties during the year ended December 31, 2011 other than those described above.

Borrowings from related parties

The borrowings from North Financial Overseas Corp. and Daselina Investments are unsecured and the proceeds were used to fund general and administrative expenses of the Company during the period.

	December 31, 2011
	$
Principal	
North Financial Overseas Corp.	**2,750,000**
Daselina Investments Ltd.	**2,300,000**
	5,050,000
Interest payable	
North Financial Overseas Corp.	**25,537**
Daselina Investments Ltd.	**33,567**
	59,104
	5,109,104

Proceeds from borrowings

	For the period from incorporation (June 9, 2011) to December 31, 2011
	$
Principal	
North Financial Overseas Corp.	**2,250,000**
Daselina Investments Ltd.	**2,300,000**
	4,550,000
Interest payable	
North Financial Overseas Corp.	**22,332**
Daselina Investments Ltd.	**33,567**
	55,899
	4,605,899

Loans of $500,000 and accrued interest of $3,205 totalling $503,205 were assumed by the Company on acquisition of Intergeo Management.

No borrowings from related parties were repaid during the period from June 9, 2011 to December 31, 2011.

Key management remuneration

Key management of Intergeo MMC consists of officers of subsidiaries of the Company. Key management received remuneration totalling $904,613, during the period. This amount was included in general and administrative expenses.

FOURTH QUARTER

The Company has not prepared quarterly financial statements for the current year.

SUBSEQUENT EVENTS

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Subscription agreement

On April 9, 2012, the Company's subsidiary (as a result of the restructuring described above), Intergeo Management Limited, entered into a Subscription Agreement with IRC Limited, who is the owner of 49% of the Bolshoy Seyim property through its 49% interest in Uralmining, Ltd. This agreement contemplates Intergeo Management Limited receiving IRC Limited shares, valued at $11.5 million, in exchange for the Company's 51% interest in Uralmining, Ltd. IRC Limited shares are publicly-traded on the Hong Kong Stock Exchange. As discussions surrounding the sale of the interest in Uralmining, Ltd. commenced in the first quarter of 2012, the sale was not highly probable as at December 31, 2011 and therefore the Company did not classify its interest in Uralmining, Ltd. as a "held for sale" asset until the first quarter of 2012. There are a number of conditions and approvals that are required to be fulfilled prior to closing of the transaction, which is expected to take place by May 31, 2012.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4 of the Consolidated Financial Statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements

(a) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

(b) Acquisition of Intergeo Management Limited

On July 19, 2011, the Company acquired all of the outstanding shares of Intergeo Management Limited from Mr. Maxim Finskiy. The transaction did not meet the definition of a business combination. Consequently, the acquisition of Intergeo Management Limited has been accounted for as an assumption of liabilities. The transaction resulted in a net cash inflow of $79,343 on acquisition of Intergeo Management Limited, comprised of cash acquired of $82,153 less the purchase consideration of $2,810 cash. The Company also recorded a loss on acquisition of Intergeo Management Limited of $490,174, which represents the excess of the net liabilities assumed of $487,364 over the purchase price of $2,810.

The Company applied judgement in its determination that the transaction should be accounted for as an assumption of liabilities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(b) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. As the Company's operations are at the exploration and evaluation stage, management concluded that estimates of future taxable income are not sufficiently reliable to allow a deferred tax asset to be recognized.

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2011. For the purpose of preparing these consolidated financial statements, the Company has adopted all these new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after December 31, 2011.

(a) *Standards effective for annual periods beginning on or after January 1, 2011.*

The application of the following new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009).
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (revised January 2008; effective for annual periods beginning on or after July 1, 2009).
- IFRS 3 "Business Combinations" (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).
- Group Cash-settled Share-based Payment Transactions — Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2010).
- Eligible Hedged Items — Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective with retrospective application for annual periods beginning on or after July 1, 2009).
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after July 1, 2009).
- Additional Exemptions for First-time Adopters — Amendments to IFRS 1 "First-time Adoption of IFRS" (effective for annual periods beginning on or after January 1, 2010).
- Improvements to IFRSs (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after January 1, 2010).

(b) *Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.*

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2012 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analyzed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.
- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may be the current period.
- Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value,

establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2011
	$
Cash	**1,813,614**
Receivables	**24,180**
	1,837,794

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

The following table shows the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months	Over 1 year
	$	$	$	$	$
December 31, 2011					
Borrowings	**5,109,104**	**5,201,500**	**515,000**	**4,686,500**	**—**
Other payables and accrued liabilities	**773,007**	**773,007**	**773,007**	**—**	**—**
	5,882,111	**5,974,507**	**1,288,007**	**4,686,500**	**—**

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	December 31, 2011
	$
Fixed rate instruments	
Financial assets	**—**
Financial liabilities	**5,109,104**
	5,109,104

Based upon the Company's borrowing at December 31, 2011, a one percent change in interest rates would result in a $50,500 change in the loss for a year before income taxes.

Currency risk

At December 31, 2011, had the United States dollar strengthened/weakened by 5 percent against the Canadian dollar the shareholder's deficiency would have been $1,167 higher/lower.

(a) Fair values versus carrying amounts

	Carrying amount	Fair value
	$	$
Assets		
Cash	**1,813,614**	**1,813,614**
Receivables	**24,180**	**24,180**
	1,837,794	**1,837,794**
Liabilities		
Borrowings	**5,109,104**	**5,109,104**
Accounts payables and accrued liabilities	**773,007**	**773,007**
	5,882,111	**5,882,111**

(b) Fair value hierarchy

The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at fair value as at December 31, 2010 and 2009.

(c) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

OTHER

For a further discussion of risk factors that could materially affect the Company's future operating results and financial position see "Risk Factors" contained elsewhere in this prospectus.

Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. A summary of common share transactions for the period is as follows:

	Number of shares	$
Balance as at June 9, 2011	—	—
Issued on incorporation	10,000	10,000
Balance as at December 31, 2011	**10,000**	**10,000**
Issued as a result of the Reorganization Transaction on January 19, 2012	100,000,000	215,508,000
Balance as at May 14, 2012	**100,010,000**	**215,518,000**

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting, and disclosure controls and procedures. Management is currently reviewing both of these areas and is establishing a work plan in order to meet the requirements for Intergeo MMC's future reporting periods once it is a reporting issuer.

The Intergeo MMC's Audit Committee Mandate will require the Audit Committee to oversee management's review of the adequacy of internal controls and to oversee management's disclosure controls and procedures.

INTERGEO MANAGEMENT LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2010 and 2009
and
For the period from January 1, to July 18, 2011

INTERGEO MANAGEMENT LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2010 and 2009 and for the period from January 1, to July 18, 2011

Certain terms used in this management's discussion and analysis ("MD&A") are defined in this MD&A. The following MD&A of the operating results and financial condition of Intergeo Management Limited (in this MD&A "Intergeo Management" or the "Company") for the years ended December 31, 2010 and 2009 and the period from January 1 to July 18, 2011, should be read in conjunction with the audited and unaudited financial statements of the Company and the accompanying notes thereto, which are included elsewhere in this prospectus and which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). Unless otherwise indicated, all dollar amounts in this MD&A are stated in United States dollars. The following additional abbreviations have also been used in this MD&A: International Accounting Standards Board ("IASB"); International Accounting Standards ("IAS"); and International Financial Reporting Interpretations Committee ("IFRIC").

January 1, to July 18, 2011 is the reporting period immediately preceding the acquisition of Intergeo Management on July 19, 2011 by Intergeo MMC Ltd ("Intergeo MMC").

The Company's accounting policies and estimates used in the preparation of its financial statements are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process. This analysis contains forward-looking information about the Company's business and future prospects that involve certain risks and uncertainties. The Company provides no assurances that actual results will meet management's expectations. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" elsewhere in this prospectus.

The information in this MD&A is provided as of May ● , 2012.

Formation of the Company

Intergeo Management was incorporated in Cyprus on April 18, 2008 as a private company with limited liability shares under the Cyprus Companies Law, Cap. 113.

The Company's registered office is 1, Lampousas Street, 1095 Nicosia, Cyprus.

The principal activity of the Company is the acquisition and holding of interests in the share and loan capital of companies of any nature. The Company defines its operations as a single operating segment.

The condensed consolidated interim financial statements present the results of operations for the period from January 1 to July 18, 2011 and the financial position of the Company immediately prior to its acquisition by Intergeo MMC on July 19, 2011.

As a result of the transaction on July 19, 2011, Intergeo Management became a 100% owned subsidiary of Intergeo MMC.

On August 26, 2011, Intergeo Canada Services Inc. was incorporated under the laws of the province of Ontario, Canada and Intergeo Management subscribed for 100 common shares. Intergeo Canada Services Inc. became a 100% owned subsidiary of Intergeo Management.

On February 9, 2012, Intergeo Management and Intergeo MMC completed a series of corporate restructuring transactions. The transactions had the effect of converting approximately $203.1 million of LLC Intergeo Managing Company's borrowings to equity of LLC Intergeo Managing Company. In addition, as a result of these transactions Intergeo Management increased its ownership in LLC Intergeo Managing Company to 99.5% from 0.0005%. Mr. Prokhorov remained the ultimate beneficial owner of the Company. (See "Subsequent Events").

OVERALL PERFORMANCE

Subsequent to the reorganization transaction (See "Subsequent Events"), the Company is a diversified mineral resource company primarily focused on developing, exploring and acquiring base metal properties in

Russia, with immediate focus on developing its two key open pit projects: the Ak-Sug copper porphyry deposit and the Kingash nickel sulphide property. The Company has no operating properties and therefore no revenue and negative cashflow from operations.

Historically the Company has relied on its shareholders for funding of its expenditures through borrowings from the shareholder and related entities. As at July 18, 2011, these borrowings totalled $503,205 however subsequent to its acquisition by Intergeo MMC and as a result of the corporate restructuring that was completed in February 2012, all shareholder and related party borrowings were converted to equity. It is expected that future funding of the Company will include further shareholder advances funded by a short term bridge financing, and the proceeds from a planned public offering of shares of Intergeo's ultimate parent, Intergeo MMC.

SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the Company for the period from January 1, 2011 to July 18, 2011 and for the 6 months ended June 30, 2010 and for the years ended December 31, 2010 and 2009:

	For the period from January 1, to July 18, 2011	For the 6 months ended June 30, 2010	Year ended December 31, 2010	Year ended December 31, 2009
	(unaudited)	(unaudited)		
(in US$'s)	$	$	$	$
Loss for the period	(482,466)	(1,181)	(2,222)	(2,945)
Total comprehensive (loss) for the period	(482,466)	(1,181)	(2,222)	(2,945)
Net cash used in operating activities	417,747	—	—	—
Net cash used in investing activities	100	—	—	—
Net cash from financing activities	500,000	—	—	—

As at	July 18, 2011	December 31, 2010	December 31, 2009
	(unaudited)		
(in US$'s)	$	$	$
Assets			
Cash	82,153	—	—
Receivables	2,114	2,650	2,866
Investment in LLC Intergeo Managing Company	100	—	—
Total assets	84,367	2,650	2,866
Liabilities			
Borrowings — current	503,205	—	—
Current liabilities	68,151	7,173	5,167
Total liabilities	571,356	7,173	5,167
Equity			
Share capital	3,185	3,185	3,185
Deficit	(490,174)	(7,708)	(5,486)
Total equity	486,989	(4,523)	(2,301)

Subsequent to the reorganization transaction (See "Subsequent Events"), the Company and its subsidiaries are in the mineral exploration and development business and have not commenced mining operations or generated operating revenues to date. There is, therefore, no expectation of revenues from development and production until development of any of the Company's properties is completed.

Results of Operations

Intergeo Management was incorporated for the purpose of holding a 99.5% interest in LLC Intergeo Managing Company, a mineral resource company primarily focused on developing, exploring and acquiring base metal properties in Russia. During the period from January 1, 2011 to December 31, 2011 the Company's operations were focused on preparing for this purpose. The acquisition of the Company by Intergeo MMC and the acquisition of LLC Intergeo Managing Company was accomplished by a series of corporate reorganization steps entered in January and February 2012 that resulted in Intergeo MMC's indirect participatory interest in LLC Intergeo Managing Company increasing from 0.0005% to 99.5%. It is the Company's intention to advance the development and exploration of base metal properties in Russia through a planned public offering of Intergeo MMC shares.

Results from the period from January 1, to July 18, 2011 and the six months ended June 30, 2010

Loss for the period

The Company recorded a loss for the period from January 1, to July 18, 2011 of $482,466, a change of $481,285 from the loss of $1,181 recorded for the six months ended June 30, 2010. The increase in the loss was due to an increase in administrative expenses and finance costs on a year-over-year basis.

Administrative expenses

Administrative expenses for the period from January 1, to July 18, 2011 were $478,056, an increase of $476,875 from $1,181 for the six months ended June 30, 2010. The Company was inactive during the six months ended June 30, 2010.

Finance costs

Finance costs for the period from January 1, to July 18, 2011 were $4,754, an increase of $4,754 from the six months ended June 30, 2010. The Company was inactive during the six months ended June 30, 2010.

Results for the year ended December 31, 2010 and 2009

The Company recorded a loss for the year ended December 31, 2010 of $2,222, a change of $723 from the loss of $2,945 recorded for the six months ended June 30, 2010. The decrease in the loss on a year-over-year basis was due to a decrease in administrative expenses and finance costs on a year-over-year basis.

Administrative expenses

Administrative expenses for the year ended December 31, 2010 were $2,362, a decrease of $193 from $2,555 for the year ended December 31, 2009. The Company was inactive during the years ended December 31, 2010 and 2009.

Finance costs

Finance costs for the year ended December 31, 2010 were $nil, a decrease of $361 from the amount for the year ended December 31, 2009. The Company was inactive during the years ended December 31, 2010 and 2009.

Financial position as at July 18, 2011, December 31, 2010 and 2009

Available-for-sale financial assets

As at July 18, 2011, the Company held a 0.0005% participatory interest in the charter capital of LLC Managing Company. The Company acquired this investment on April 28, 2011. On February 9, 2012 the Company increased its direct participatory interest in LLC Managing Company from 0.0005% to 99.5%.

The Company did not hold an investment in LLC Managing Company at December 31, 2010 and 2009.

Cash at bank

As at July 18, 2011, the Company had cash amounting to $82,153. This compares to December 31, 2010 and 2009 when the Company had a $nil cash balance. The Company was inactive during the years ended December 31, 2010 and 2009. The Company's cash balances at July 18, 2011 include $79,355 denominated in United States dollars and $2,798 denominated in Euros.

Borrowings

As at July 18, 2011, the Company had borrowings amounting to $503,205. This compares to December 31, 2010 and 2009 when the Company had no borrowings.

On April 13, 2011, the Company was granted a loan facility of $500,000 by North Financial Overseas Corp. The loan bore interest at 3% per annum and was due on April 12, 2012.

Trade and other payables

As at July 18, 2011, the Company had trade and other payables totalling $68,065. This compares to $7,087 at December 31, 2010 and $5,109 at December 31, 2009.

The increase in trade and other payables at July 18, 2011 as compared with December 31, 2010 and 2009 reflects the focus of the Company on its intended corporate reorganization.

SUMMARY OF QUARTERLY RESULTS

The Company has not prepared quarterly financial statements in prior years. However, the Company has prepared (unaudited) condensed consolidated interim financial statements for the period from January 1, to July 18, 2011 (immediately prior to its acquisition by Intergeo MMC on July 19, 2011).

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared on a going concern basis, which assumes that it will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

Subsequent to the reorganization transaction (See "Subsequent Events"), the Company and its subsidiaries are at the exploration and evaluation stage of its activities and has not generated revenue or cash flow from its exploration projects. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral licenses. To date, the Company has been reliant on borrowings and equity provided by related parties. (See "Transactions with Related Parties"). To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, the Company's parent company, Intergeo MMC received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet Intergeo MMC's (including its subsidiaries) liabilities during the period of one year subsequent to the date of signing of the financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support because effective April 28, 2011, Mikhail Prokhorov also became the owner of 99.9995% of LLC Intergeo Managing Company.

On February 9, 2012, Intergeo Management, Intergeo MMC and LLC Intergeo Managing Company completed a series of corporate restructuring transactions. The transactions had the effect of converting all of Intergeo Management's and LLC Intergeo Managing Company's related party borrowings to equity. In addition, as a result of the transactions the total increase in LLC Intergeo Managing Company's charter capital and additional paid-in capital was $210.1 million (including additional cash of $7.0 million) and LLC Intergeo Managing Company became an indirect 99.5% owned subsidiary of Intergeo MMC). Mr. Prokhorov remained the ultimate beneficial owner of the Company.

On April 13, 2011, the Company was granted a loan facility from North Financial Overseas Corp. in the amount of $500,000. The loan bore interest at 3% per annum and was due on April 12, 2012.

Subsequent to December 31, 2011, Intergeo completed a corporate restructuring on February 9, 2012 which converted all shareholder and related entity borrowings to equity, thereby eliminating the working capital deficiency. As the Company's project is in the exploration or economic assessment stage, no funds from operations are expected to be generated prior to the commencement of production. The Company intends to rely on further shareholder funding, short term bridge financing, and the proceeds from a planned public issuance of its parent company's shares to fund activities for the next 18 months.

Contingencies and commitments

Certain contractual obligations of the Company as at July 18, 2011 are noted in the table below:

Contractual obligations (in US$)	Payments Due by Period				
	Total $	Less than 1 year $	1 - 3 years $	4 - 5 years $	After 5 years $
Debt	503,205	503,205	—	—	—
Finance lease obligations	—	—	—	—	—
Operating leases	—	—	—	—	—
Purchase obligations	—	—	—	—	—
Other obligations	68,151	68,151	—	—	—
Total contractual obligations	571,356	571,356	—	—	—

Contingent liabilities

The Company had no contingent liabilities as at July 18, 2011 and December 31, 2010 and 2009.

Capital commitments

At July 18, 2011, and December 31, 2010 and 2009, the Company had no capital commitments.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to the Company and its subsidiaries include:

Related Party	Relationship	Period Related
Hillstine Nominees Limited	Shareholder	November 28, 2008 to April 12, 2009
Suffolk Nominees Limited	Shareholder	April 12, 2009 to February 16, 2011
Mr. Maxim Finskiy	Shareholder	February 16, 2011 to July 19, 2011
North Financial Overseas Corp.	Other related party	

Mr. Mikhail Prokorov is the ultimate beneficial owner of North Financial Overseas Corp.

Unless otherwise noted the parties were related during the entire period covered by the financial statements.

(a) Borrowings from related party

	July 18, 2011	December 31, 2010	December 31, 2009
	(unaudited)		
(in US$'s)	$	$	$
North Financial Overseas Corp.	503,205	—	—

Proceeds from borrowings

	For the period from January 1, to July 18, 2011	For the 6 months ended June 30, 2010	Year ended December 31, 2010	Year ended December 31, 2009
	(unaudited)			
(in US$'s)	$	$	$	$
North Financial Overseas Corp.				
Principal	500,000	—	—	—
Interest payable	3,205	—	—	—
	503,205	—	—	—

(b) Key management remuneration

Key management of Intergeo Management consists of officers of the Company. Key management received remuneration aggregating $180,757 for the period from January 1, 2011 to July 18, 2011 during the periods, which was included in general and administrative expenses. No remuneration was paid during the years ended December 31, 2010 and 2009.

FOURTH QUARTER

The Company did not prepare quarterly financial statements in prior years. However, the Company has prepared (unaudited) condensed consolidated interim financial statements for the period from January 1, to July 18, 2011 (immediately prior to its acquisition by Intergeo MMC on July 18, 2011).

SUBSEQUENT EVENTS

Reorganization transaction

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are comprised of financial liabilities and financial assets. The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk due to the nature of its activities.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro for the year ended December 31, 2010. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The majority of the Company's capital had been sourced from debt and equity provided by related parties.

Outstanding Share Data

The share capital of the Company is comprised of ordinary shares.

	Number of shares outstanding	$ Amount
Balance, January 1, 2009, December 31, 2009 and 2010 and July 18, 2011	2,000	3,185
Issued as a result of the Reorganization Transaction	10,000	215,008,000
Balance as at May 14, 2012	12,000	215,011,185

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting, and disclosure controls and procedures. Management is currently reviewing both of these areas and is establishing a work plan in order to meet the requirements for Intergeo MMC's future reporting periods once it is a reporting issuer.

The Intergeo MMC's Audit Committee Mandate will require the Audit Committee to oversee management's review of the adequacy of internal controls and to oversee management's disclosure controls and procedures.

KINGASHSKAYA MINING COMPANY LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2010 and 2009
and
For the period from January 1, to July 11, 2011

KINGASHSKAYA MINING COMPANY LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2010 and 2009 and for the period from January 1, to July 11, 2011

Certain terms used in this management's discussion and analysis ("MD&A") are defined in this MD&A. The following MD&A of the operating results and financial condition of Kingashskaya mining company LLC (in this MD&A "Kingash" or the "Company") for the years ended December 31, 2010 and 2009 and for the period from January 1 to July 11, 2011, should be read in conjunction with the audited and unaudited consolidated financial statements of the Company and the accompanying notes thereto, which are included elsewhere in this prospectus and which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). Unless otherwise indicated, all dollar amounts in this MD&A are stated in United States dollars. The following additional abbreviations have also been used in this MD&A: International Accounting Standards Board ("IASB"); International Accounting Standards ("IAS"); and International Financial Reporting Interpretations Committee ("IFRIC").

January 1, to July 11, 2011 is the reporting period immediately preceding the acquisition of the Company on July 12, 2011 by LLC Intergeo Managing Company ("Intergeo").

The Company's accounting policies and estimates used in the preparation of its financial statements are considered appropriate in the circumstances, but are subject to judgements and uncertainties inherent in the financial reporting process. This analysis contains forward-looking information about the Company's business and future prospects that involve certain risks and uncertainties. The Company provides no assurances that actual results will meet management's expectations. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" elsewhere in this prospectus.

The information in this MD&A is provided as of May ● , 2012.

Formation of the Company

Kingash was established on May 2, 2006 as a limited liability company under the laws of the Russian Federation as "Kingashskaya mining company LLC".

The Company's registered office is 48 Karl Marks str., Krasnoyarsk, Krasnoyarskiy region, Russia.

Prior to November 15, 2010, the Company was wholly owned by Norilsk Nickel. On November 15, 2010, the Company was acquired and wholly-owned by four entities: LLC Regiomax — 30.5%, LLC Kvatro and LLC Technoexim — 30% each, Travallation Holdings Limited — 9.5% (referred to as "Shareholders").

On March 28, 2011, Technoexim sold its 30% interest in Kingash to LLC Sports Complex named after E.A. Streltsov.

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash (See "Subsequent Events"). The condensed consolidated interim financial statements present the results of operations for the period from January 1 to July 11, 2011 and the financial position of the Company immediately prior to its acquisition by Intergeo on July 12, 2011. Since April 2011, and as at December 31, 2011, Intergeo was 99.9995% owned by Mikhail Prokhorov.

On February 9, 2012, Intergeo, Intergeo MMC Ltd and Intergeo Management Limited completed a series of corporate restructuring transactions. The transactions had the effect of converting all of Intergeo's related party borrowings to equity of Intergeo. The total increase in Intergeo's charter capital and additional paid-in capital was $210.1 million (including additional cash of $7.0 million). In addition, as a result of the transactions Kingash and its parent company, Intergeo became indirect wholly-owned subsidiaries of Intergeo MMC Ltd (a company incorporated under the laws of the British Virgin Islands). Mr. Prokhorov remained the ultimate beneficial owner of the Company. (See "Subsequent Events").

The Company is involved in the exploration and evaluation of primarily nickel in Russia. The Company holds two licences. The Kingash Licence allows the Company to explore and mine nickel, copper and associated minerals from the Kingash deposits. The Upper Kingash/Kuyo Licence allows the Company to carry out prospecting and evaluation of the Upper Kingash and Kuyo deposits. The Company's current project is located in the Krasnoyarskiy Krai region of the Russian Federation.

OVERALL PERFORMANCE

Kingash is a mineral resource company with immediate focus on developing its nickel sulphide property. The Company has no operating properties and therefore no revenue and negative cashflow from operations.

The Company defines its operations as a single operating segment.

Historically the Company has relied on its shareholders for funding of its expenditures through borrowings from the shareholder and related entities. As at July 11, 2011, these borrowings totalled $1,882, however subsequent to its acquisition by Intergeo and as a result of the corporate restructuring that was completed in February 2012, all shareholder and related party borrowings were converted to equity. It is expected that future funding of the Company will include further shareholder advances funded by a short term bridge financing, and the proceeds from a planned public offering of Intergeo MMC Ltd's shares.

SELECTED FINANCIAL INFORMATION

The following table sets out selected financial information for the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at, and for the period from April 1, 2011 to July 11, 2011 and January 1, 2011 to July 11, 2011 and the audited consolidated financial statements as at, and for the years ended December 31, 2010 and 2009:

	For the period from April 1, to July 11, 2011	For the three months ended June 30, 2010	For the period from January 1, to July 11, 2011	For the 6 months ended June 30, 2010	Year ended December 31, 2010	Year ended December 31, 2009
	(Unaudited)	(Unaudited)	(Unaudited)			
(in US$ 000's)	$	$	$	$	$	$
Loss for the period	(176)	(442)	(271)	(899)	(7,256)	(2,782)
Total comprehensive income (loss) for the year	518	(3,879)	4,109	(2,624)	(7,638)	(3,928)
Net cash used in operating activities			(305)	(182)	159	(6,986)
Net cash used in investing activities			(214)	(188)	(550)	(1,620)
Net cash from financing activities			1,864	463	512	11,908
Effect of foreign exchange rate changes on cash			51	(5)	3	(3,599)

As at	July 11, 2011	December 31, 2010	December 31, 2009
(in US$ 000's)	$	$	$
Assets			
Current assets	1,936	543	774
Exploration and evaluation assets	53,438	48,566	61,267
Total assets	59,767	53,606	67,482
Liabilities			
Borrowings — current	1,882	—	7,344
Current liabilities	2,226	307	7,924
Total liabilities	4,453	2,401	10,332
Current assets less current liabilities	(290)	236	(7,150)
Equity			
Charter capital	54,729	54,729	—
Additional paid-in capital	9,249	9,249	63,275
Deficit	(10,960)	(10,689)	(4,418)
Foreign currency translation reserve	2,296	(2,084)	(1,702)
Equity attributable to owners of the company	55,314	51,205	57,155
Non-controlling interest	—	—	(5)
Total equity	55,314	51,205	57,150

The Company is in the mineral exploration and development business and has not commenced mining operations or generated operating revenues to date. There is, therefore, no expectation of revenues from development and production until development of the property is completed.

Beginning in 2010 and through to July 11, 2011, mineral exploration and development activity at the property was modest. The minimal amount of net cash used in operating activities during this period reflects the minimal activity.

Results of Operations

The Company has no history of production and no operating revenues and may not generate operating revenues from its mineral properties or ever achieve profitable operations. There are a number of risks or uncertainties that could materially affect the Company's future performance which include, but are not limited to: the Company's limited operating history and lack of operating revenue; obtaining funds to develop mineral properties; the absence of proven or probable reserves; actual costs exceeding anticipated costs; volatility of metal and mineral prices; obtaining permits and licences in Russia and the loss or failure to maintain such licences; the remote location of the Company's mineral properties; operating in Russia; significant governmental regulation and weaknesses in the Russian legal system; and generally, the speculative nature of exploration and development of mineral resources.

Results from the period from April 1, to July 11, 2011 and the three months ended June 30, 2010

Loss for the period

The Company recorded a loss for the period from April 1, to July 11, 2011 of $176, a change of $266 from the loss of $442 recorded for the three months ended June 30, 2010. The decrease in loss was primarily due to a reduction in general and administrative expenses and finance costs on a year-over-year basis.

General and administrative expenses

General and administrative expenses for the period from April 1, to July 11, 2011 were $188, a decrease of $48 from $236 for the three months ended June 30, 2010. The Company was inactive and was only incurring costs associated with maintaining its licences in good standing.

Results from the period from January 1, to July 11, 2011 and the six months ended June 30, 2010

Loss for the period

The Company recorded a loss for the period from January 1, to July 11, 2011 of $271, a change of $628 from the loss of $899 recorded for the six months ended June 30, 2010. The decrease in the loss was primarily due to a reduction in general and administrative expenses and finance cash.

General and administrative expenses

General and administrative expenses for the period from January 1, to July 11, 2011 were $260, a decrease of $223 from the $483 for the six months ended June 30, 2010. The Company was inactive and was only incurring costs associated with maintaining its licences in good standing.

Results for the years ended December 31, 2010 and 2009

The Company recorded a loss for the year ended December 31, 2010 of $7,256, an increase of $4,474 from the $2,782 loss recorded for the year ended December 31, 2009. The increased loss is primarily due to an impairment loss taken in 2010, relating to exploration and evaluation assets.

General and administrative expenses

General and administrative expenses for the year ended December 31, 2010 were $1,098, an increase of $280 from $818 for the year ended December 31, 2010. The increase in the general and administrative expenses in 2010 over the prior year relates primarily to an increase of $156 on a year-over-year basis in professional fees, primarily an increase in audit fees of $125.

Impairment of exploration and evaluation assets

The impairment losses relating to exploration and evaluation assets for the year ended December 31, 2010 amounted to $4,854. No impairment loss was recognized during the year ended December 31, 2009.

During the year ended December 31, 2010, the Company ceased work and abandoned a specific area of the Kingash property that is not part of the Kingash project going forward. Management determined that this particular component of the property's potential mineral resources was not commercially viable and this area is not required if the Kingash project becomes economically viable. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $4,854.

Other expenses

Other expenses for the year ended December 31, 2010 were $713, an increase of $532 from $181 for the year ended December 31, 2009.

Income tax benefit (expense)

Income tax benefit for the year ended December 31, 2010 was $246, a change of $586 from the expense of $340 for the year ended December 31, 2009. This change is primarily the result of an impairment loss in 2010 on exploration and evaluation assets and the related tax losses, which were not recognized in the financial statements as it is not probable that the related tax benefit can be realized through future taxable profits.

Financial position as at July 11, 2011 and December 31, 2010

Exploration and evaluation assets

The balance of exploration and evaluation assets at July 11, 2011 and December 31, 2010 represents capitalized costs in relation to exploration and evaluation activities carried out by the Company in the Russian Federation. Additions to exploration and evaluation assets include capitalized borrowing costs arising on financing directly attributable to these activities amounting to $nil for the period from January 1, to July 11, 2011 (six months ended June 30, 2010 — $nil).

Kingash was acquired by Intergeo in July of 2011. Kingash is a nickel sulphide property consisting of three identified deposits. A preliminary economic assessment prepared in accordance with NI 43-101 has been completed on the project and further studies planned for 2012 and 2013/2014 to demonstrate the economic viability of the project are planned.

If economic viability of this project is determined, a production decision will be made, followed, if applicable, by financing, construction and mine development in order to place the project into production.

During the six months ended December 31, 2010, the Company ceased work and abandoned a specific area of the Kingash property that is not part of the Kingash project going forward. Management determined that this particular component of the property's potential mineral resources were not commercially viable and this area is not required if the Kingash project becomes economically viable. As a result of this determination, the Company recorded an impairment loss for the year ended December 31, 2010 totalling $4,854.

Borrowings

Borrowings at July 11, 2011 in the amount of $1,882, represent RUB denominated promissory notes issued to Onexim Holdings Limited. The promissory notes are interest free and payable on demand.

Financial position as at December 31, 2010 and 2009

Cash

At December 31, 2010, cash totalled $478 compared with cash at December 31, 2009 of $354. The Company's cash at December 31, 2010 and 2009 was denominated in Russian Roubles.

Other receivables

At December 31, 2010, other receivables totalled $65 (December 31, 2009 — $420) and are primarily Value Added Tax ("VAT") recoverables of $44 (December 31, 2009 — $106).

Exploration and evaluation assets

Exploration and evaluation assets represent the acquisition costs and deferred exploration and evaluation costs pertaining to the Company's exploration and evaluation activities carried out in the Russian Federation. The capitalized expenditures include the cost of acquiring the legal rights to explore and costs that are directly attributable to exploration and evaluation activities such as exploratory drilling, trenching and analysis. Borrowing costs arising on financing directly attributable to these activities are also recognized as part of the cost of such assets. Capitalized borrowing costs amounted to $nil for the year ended December 31, 2010 (year ended December 31, 2009 — $4,942).

Kingash was acquired by Intergeo in July of 2011. Kingash is a nickel sulphide property consisting of three identified deposits. A preliminary economic assessment prepared in accordance with NI 43-101 has been completed on the project and further studies planned for 2012 and 2013/2014 to demonstrate the economic viability of the project are planned.

If economic viability of this project is determined, a production decision will be made, followed, if applicable, by financing, construction and mine development in order to place the project into production.

Property plant and equipment

At December 31, 2010, the carrying amount of property, plant and equipment was $4,497, a decrease of $944 from $5,441 at December 31, 2009.

The decrease during the year is primarily the result of depreciation charged during the year. There were no additions or disposals of property, plant and equipment during the years ended December 31, 2010 and 2009.

Borrowings

At December 31, 2010, there were no current or non-current borrowings. This represents a decrease in borrowings from $7,344 at December 31, 2009. At December 31, 2009 all of the Company's borrowings were short-term, denominated in RUBs, payable on demand and were provided by the Company's former shareholder Norilsk Nickel. The average nominal contractual interest rate was 7.0% per annum in 2010 (2009 — 8.5%).

On initial recognition, the fair values of these related party borrowings were determined by reference to estimated market interest rates. The estimated market interest rate for the period from January 1, 2010 and thereafter was determined to be 13% (period from January 1, 2009 to December 31, 2009 — 20%).

The effects of discounting were credited to additional paid-in capital as they were considered to be contributions to capital.

Charter capital and additional paid-in capital

Charter capital is fully paid in cash. Voting rights are allocated to participants based on the proportion of their contributions in the total charter capital of the Company. Charter capital as at December 31, 2010 amounted to $54,729 (December 31, 2009 — $nil).

At December 31, 2009, the prepayment received for charter capital prior to legal registration amounted to $54,266 and was recognized as additional paid-in capital.

The effect of discounting at market interest rates borrowings from Norilsk Nickel, net of applicable income tax was recorded as additional paid-in capital.

SUMMARY OF QUARTERLY RESULTS

The Company has not prepared quarterly financial statements in prior years. However, the Company has prepared (unaudited) condensed consolidated interim financial statements for the period from January 1, to July 11, 2011 (immediately prior to its acquisition by Intergeo on July 12, 2011).

Since July 12, 2011, Kingash has been a wholly-owned subsidiary of Intergeo that is 99.9995% owned by Mikhail Prokhorov. Mr. Prokhorov remains the ultimate beneficial owner of the Company upon the completion of restructuring transactions in February 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on a going concern basis, which assumes that it will continue its activities for the foreseeable future and that all its obligations will be settled in the normal course of business.

The Company is at the exploration and evaluation stage of its activities and has not generated revenue or cash flow from its exploration projects. The attainment of profitable operations is dependent upon future events, including the successful development and exploitation of the Company's mineral properties. To date, the Company has been reliant on borrowings and equity provided by related parties. (See "Transactions with Related Parties"). To continue its planned exploration and development activities, the Company will continue to be reliant on funding provided by related parties and/or successful raising of alternative sources of equity or debt finance. In the absence of a letter of financial support, there would be significant uncertainty regarding the Company's ability to continue as a going concern.

On April 5, 2012, the Company's parent company, Intergeo received a letter of financial support from Onexim Holdings Limited under which an undertaking has been given to provide sufficient funding to meet Intergeo's (including its subsidiaries) liabilities during the period of one year subsequent to the date of signing of Intergeo's financial statements. Onexim Holdings Limited, whose ultimate beneficial owner is Mr. Mikhail Prokhorov, has provided the letter of support because effective April 28, 2011, Mikhail Prokhorov also became the owner of 99.9995% of Intergeo.

On February 9, 2012, Intergeo, Intergeo MMC Ltd and Intergeo Management Limited completed a series of corporate restructuring transactions. The transactions had the effect of converting all of Intergeo's related party borrowings to equity of Intergeo. In addition, as a result of the transactions the total increase in Intergeo's charter capital and additional paid-in capital was $210.1 million (including additional cash of $7.0 million) and the Company became an indirect wholly-owned subsidiary of Intergeo MMC Ltd (a company incorporated under the laws of the British Virgin Islands). Mr. Prokhorov remained the ultimate beneficial owner of the Company.

During the year ended December 31, 2010, the Company received proceeds from borrowings totalling $49 (year ended December 31, 2009 — $5,047) and repaid borrowings during the year ended December 31, 2010 of $nil (year ended December 31, 2009 — $49,585).

During the year ended December 31, 2010, the Company received additional capital contributions from shareholders totalling $463 (year ended December 31, 2009 — $54,266).

The Company had a working capital (current assets of $543 less current liabilities of $307) of $236 as at December 31, 2010, which represents a change of $7,390 from the working capital deficiency of $7,150 (current assets of $774 less current liabilities of $7,924) at December 31, 2009. The change is primarily as a result of the disposal of the Company's subsidiary, Tungusskaya to Norilsk Nickel.

Subsequent to December 31, 2011, Intergeo completed a corporate restructuring on February 9, 2012 which converted all shareholder and related entity borrowings to equity, thereby eliminating the working capital deficiency. As the Company's project is in the exploration or economic assessment stage, no funds from operations are expected to be generated prior to the commencement of production. The Company will rely on further shareholder funding, short term bridge financing, and the proceeds from a planned public issuance of the shares of Intergeo MMC Ltd to fund activities in the next 18 months.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

Contingencies and commitments

Certain contractual obligations of the Company as at July 11, 2011 are noted in the table below:

Contractual obligations (in US$ 000's)	Payments Due by Period				
	Total $	Less than 1 year $	1 - 3 years $	4 - 5 years $	After 5 years $
Debt	1,882	1,882	—	—	—
Finance lease obligations	—	—	—	—	—
Operating leases	—	—	—	—	—
Purchase obligations	—	—	—	—	—
Other obligations	344	344	—	—	—
Total contractual obligations	2,226	2,226	—	—	—

Tax legislation

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

The Russian tax authorities may take a more assertive approach in their interpretation of the legislation and tax examinations. This approach includes following guidance from the Supreme Arbitration Court for anti-avoidance claims based on reviewing the substance and business purpose of transactions. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. However, there are no legal proceedings that the Company is or was a party to, or that any of the Company's property is or was the subject of, since incorporation of the Company, that were or are material to the Company, and the Company does not know of any contemplated material legal proceedings as at December 31, 2011.

Capital commitments

At July 11, 2011 and December 31, 2010 and 2009, Kingash had no contractual capital expenditure commitments in respect of exploration and evaluation assets and property, plant and equipment.

Additional expenditures are planned in 2012 in order to progress economic studies required for the Kingash project. The amount of these additional expenditures will be dependent upon funding sources available to the Company during the year. Any future contractual capital commitments will be funded through cash reserves.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties to Kingash and its subsidiaries include:

Related Party	Relationship	Period Related
Norilsk Nickel	Shareholder	From June 2006 to November 2010
LLC Regiomax	Shareholder	From November 2010 to July 2011
LLC Kvarto	Shareholder	From November 2010 to July 2011
Travallation Holdings Limited	Shareholder	From November 2010 to July 2011
LLC Technoexim	Shareholder	From November 2010 to March 2011
LLC Sports Complex named after E.A. Streltsov	Shareholder	From March 2011 to July 2011
LLC Intergeo Managing Company	Shareholder	From July 2011
LLC Intergeo Managing Company	Other related party	From November 2010 to July 2011

Balances and transactions between the Company and its parent company, which are related parties have been eliminated on consolidation and are not disclosed.

(a) Borrowings from related party

The borrowings from Onexim Holdings Limited are unsecured and the proceeds were used to fund general and administrative expenses of the Company during the period.

	July 11, 2011	December 31, 2010	December 31, 2009
	(unaudited)		
(in US$ 000's)	$	$	$
Onexim Holdings Limited	1,882	—	—
Norilsk Nickel			
Principal	—	—	7,344
Interest payable	—	—	507
	1,882	—	7,851

Proceeds from borrowings

(in US$ 000's)	For the period from April 1, to July 11, 2011 (unaudited) $	For the three months ended June 30, 2010 (unaudited) $	For the period from January 1, to July 11, 2011 (unaudited) $	For the 6 months ended June 30, 2010 $	Year ended December 31, 2010 $	Year ended December 31, 2009 $
Onexim Holdings Limited	1,882	—	1,882	—		
Norilsk Nickel						
Principal	—	—	—	—	—	5,047
Interest payable	—	—	—	—	843	4,457
	1,882	—	1,882	—	843	9,504

Borrowings repaid

(in US$ 000's)	For the period from April 1, to July 11, 2011 (unaudited) $	For the three months ended June 30, 2010 (unaudited) $	For the period from January 1, to July 11, 2011 (unaudited) $	For the 6 months ended June 30, 2010 $	Year ended December 31, 2010 $	Year ended December 31, 2009 $
Norilsk Nickel						
Principal	—	—	—	—	—	(49,585)
Interest payable	—	—	—	—	—	(7,440)
	—	—	—	—	—	(57,025)

(b) Services provided

(in US$ 000's)	July 11, 2011 (unaudited) $	December 31, 2010 $	December 31, 2009 $
Norilsk Nickel			
Advances given	—	—	66
Accounts receivable	—	—	301

(in US$ 000's)	For the period from April 1, to July 11, 2011 (unaudited) $	For the three months ended June 30, 2010 (unaudited) $	For the period from January 1, to July 11, 2011 (unaudited) $	For the 6 months ended June 30, 2010 $	Year ended December 31, 2010 $	Year ended December 31, 2009 $
Norilsk Nickel						
Rental income	—	51	—	108	185	432
Services received	—	127	—	287	565	2,102

(c) Key management remuneration

Key management of Kingash consists of general directors and deputies of the Company. Key management received the following remuneration during the periods, which was included in general and administrative expenses.

Key management received short term benefits for the period from April 1, to July 11, 2011 of $16 (three months ended June 30, 2010 — $14) and for the period from January 1, to July 11, 2011 of $27 (six months ended June 30, 2010 — $28), which consisted of salaries and social taxes. Key management received no long-term benefits from the Company during the period from January 1, to July 11, 2011.

Key management received short-term benefits for the year ended December 31, 2010 totalling $50 (for the year ended December 31, 2009 — $44), which consisted of salary and social taxes. Key management received no long-term benefits from the Company during the years ended December 31, 2010 and 2009.

Acquisition of Kingashskaya mining company LLC ("Kingash")

On November 15, 2010, four companies purchased all of the charter capital of Kingash from Norilsk Nickel ("Norilsk") in an arm's length transaction for a total price of approximately $58,102. The purchasers and interest purchased were Travallation Holdings Ltd. — 9.5% ("Travallation", a Cyprus company); LLC Regiomax — 30.5% ("Regiomax", a Russian company); LLC Kvarto — 30.0% ("Kvarto", a Russian company and at November 15, 2010 a 33.25% shareholder in Intergeo); and LLC Technoexim — 30.0% ("Technoexim", a Russian company).

On December 27, 2010, Mr. Grigory Potapov and Mr. Sergey Lyamin (both officers of Intergeo and members of its Board of Directors) were appointed members of the Board of Directors of Kingash.

On March 28, 2011, Technoexim sold its 30.0% interest in Kingash to LLC Sports Complex named after E.A. Streltsov ("Sportscomplex", a Russian company and a 33.25% shareholder in Intergeo).

On April 28, 2011, Mr. Mikhail Prokhorov acquired a 99.9995% interest in Intergeo.

On May 23, 2011, Kingash issued a promissory note to Onexim Holdings Limited ("Onexim Holdings", a Cyprus company) in the amount of $1,890. Mr. Mikhail Prokhorov is the ultimate beneficial owner of Onexim Holdings, LLC Onexim Group ("Onexim Group", a Russian company) Travallation and Technoexim (since April, 2011).

On July 12, 2011, Intergeo completed the purchase of all of the charter capital of Kingash from Travallation, Regiomax, Kvarto and Sportscomplex for cash consideration of approximately $68,119, net of cash acquired of approximately $1,874. The purchase price does not represent fair value as the transaction was between related parties.

The two shareholders of Kvarto are both senior officers of Onexim Group and one of these individuals (a 30% shareholder of Kvarto) is also the sole shareholder of Sportscomplex.

FOURTH QUARTER

The Company has not prepared quarterly financial statements in prior years. However, the Company has prepared (unaudited) condensed consolidated interim financial statements for the period from January 1, to July 11, 2011 (immediately prior to its acquisition by Intergeo on July 12, 2011).

SUBSEQUENT EVENTS

During the period from January 19 to February 9, 2012, Intergeo MMC Ltd, Intergeo Management Limited and LLC Intergeo Managing Company completed a series of corporate reorganization transactions (the "Reorganization Transaction") for the purposes of:

(i) eliminating the existing related party borrowings owed by LLC Intergeo Managing Company and Intergeo Management Limited by a debt to equity conversion; and

(ii) establishing the ownership structure whereby Intergeo MMC Ltd has a 99.5% indirect interest in LLC Intergeo Managing Company through Intergeo Management Limited.

Prior to the date of the Reorganization Transaction and at December 31, 2011:

(i) Intergeo MMC Ltd was 100% owned by Mr. Mikhail Prokhorov through Daselina Investments Ltd.;

(ii) Intergeo MMC Ltd owned 100% of Intergeo Management Limited; and

(iii) Mr. Mikhail Prokhorov owned a 99.9995% interest in LLC Intergeo Managing Company with the remaining 0.0005% interest being indirectly owned by Intergeo MMC Ltd through Intergeo Management Limited.

The Reorganization Transaction was completed through the following steps:

On January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were assigned to Daselina Investments Ltd. The loans and promissory notes payable had an aggregate carrying amount of $199.6 million in the consolidated financial statements of Intergeo MMC Ltd and LLC Intergeo Managing Company, with an additional $7.2 million recognized in additional paid-in capital of LLC Intergeo Managing Company. The loans and promissory notes receivable aggregating $208.2 million and cash of $7.3 million were transferred by Daselina Investments Ltd. to Intergeo MMC Ltd in exchange for 100,000,000 common shares of Intergeo MMC Ltd. As a result of this step Intergeo MMC Ltd continued to be 100% owned by Daselina Investments Ltd., which is 100% owned by Mr. Mikhail Prokhorov.

Immediately following the above step, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) and Intergeo Management Limited ($5.1 million) were owed to Intergeo MMC Ltd.

On January 19, 2012, the loans and promissory notes receivable (including accrued interest) aggregating $208.2 million and cash of $6.8 million were transferred by Intergeo MMC Ltd to Intergeo Management Limited in exchange for 10,000 common shares of Intergeo Management Limited. Loans and promissory notes receivable (including accrued interest) in the amount of $5.1 million were eliminated against existing loans and promissory notes of Intergeo Management Limited. As a result of this step Intergeo Management Limited continued to be 100% owned by Intergeo MMC Ltd.

Immediately following the above step on January 19, 2012, all related party borrowings in the form of loans and promissory notes (including accrued interest) owed by LLC Intergeo Managing Company ($203.1 million) were owed to Intergeo Management Limited.

On February 9, 2012, promissory notes receivable (including accrued interest) aggregating $203.1 million and cash of $7.0 million were transferred by Intergeo Management Limited to LLC Intergeo Managing Company in exchange for additional charter capital and additional paid-in capital of LLC Intergeo Managing Company. The $203.1 million in promissory notes (including accrued interest) were eliminated against existing promissory notes of LLC Intergeo Managing Company.

As a result of this Reorganization Transaction and the related adjustment to net assets of LLC Intergeo Managing Company, Intergeo MMC Ltd increased its indirect ownership interest in LLC Intergeo Managing Company from 0.0005% to 99.5% and diluted Mr. Mikhail Prokhorov's direct ownership interest in LLC Intergeo Managing Company from 99.9995% to 0.5%. Mr. Prokhorov continued to beneficially own Intergeo MMC Ltd through Daselina Investments Ltd.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4 of the Consolidated Financial Statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage, which permits a reasonable assessment of the existence of reserves. The determination of reserves is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

(b) Initial recognition of related party receivables and borrowings

In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if such transactions are conducted at market or non-market interest rates. The basis for judgement includes pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortization charges.

(b) Fair value determination

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the use of financial models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Impairment of tangible and intangible assets other than goodwill

The Company assesses each cash-generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash-generating units as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

(d) Tax losses carried forward

Tax losses are recognized as a deferred tax asset to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. As the Company's operations are at the exploration and evaluation stage, management concluded that estimates of future taxable income are not sufficiently reliable to allow a deferred tax asset to be recognized.

(e) Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

(f) Site rehabilitation provision

The Company assesses its site rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") that were first effective for the years ended December 31, 2010 and 2009. For the purpose of preparing these consolidated financial statements, the Company has adopted all new and revised IFRSs where relevant. The Company has not applied any new standards or interpretations that are effective for accounting period beginning after December 31, 2010.

(a) *Standards effective for annual periods beginning on or after January 1, 2010.*

The application of the following new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009).
- IFRIC 18 "Transfers of Assets from Customers" (effective for annual periods beginning on or after July 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (revised January 2008; effective for annual periods beginning on or after July 1, 2009).
- IFRS 3 "Business Combinations" (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009).
- Group Cash-settled Share-based Payment Transactions — Amendments to IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2010).
- Eligible Hedged Items — Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective with retrospective application for annual periods beginning on or after July 1, 2009).
- IFRS 1 "First-time Adoption of International Financial Reporting Standards" (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after July 1, 2009).
- Additional Exemptions for First-time Adopters — Amendments to IFRS 1 "First-time Adoption of IFRS" (effective for annual periods beginning on or after January 1, 2010).

- Improvements to IFRSs (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after January 1, 2010).

(b) *Standards, amendments and interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Company.*

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2011 or later and which the Company has not early adopted.

- *IFRS 7 — Financial Instruments: Disclosures* will be effective for periods beginning on or after July 1, 2011, with earlier application permitted. The amendments increase the disclosure requirement for transactions involving transfers of financial assets. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 12 — Income Taxes* will be effective for annual accounting periods beginning on or after January 1, 2012, with earlier application permitted. The amendments provide a solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IAS 27 (2011) — Separate Financial Statements* will become effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The amended standard will become effective for annual periods beginning on or after January 1, 2013. Early adoption of IAS 27 (2011) is permitted provided the entity also early-adopts IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRS 9 — Financial Instruments* will be effective for annual periods beginning on or after January 1, 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognizes that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on the Company's consolidated financial statements. The impact of these changes will be analyzed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.
- *IFRS 10 — Consolidated Financial Statements* will be effective for annual periods beginning on or after January 1, 2013. The new standard supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities. IFRS 10 introduces a single control model which includes entities that are currently within the scope of SIC-12 Consolidation — Special Purpose Entities. Under the new three-step control model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and returns. Consolidation procedures are carried forward from IAS 27 (2008). When the adoption of IFRS 10 does not result in a change in the previous consolidation or non-consolidation of an investee, no adjustments to accounting are required on initial application. When the adoption results in a change in the consolidation or non-consolidation of an investee, the new standard may be adopted with either full retrospective application from date that control was obtained or lost or, if not practicable, with limited retrospective application from the beginning of the earliest period for which the application is practicable, which may

be the current period. Early adoption of IFRS 10 is permitted provided an entity also early-adopts IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

- *IFRS 13 — Fair Value Measurement* will be effective for annual periods beginning on or after January 1, 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.
- *IFRIC 20 — Stripping Costs* in the Production Phase of a Surface Mine is effective for annual periods beginning on or after January 1, 2013 and provides guidance for entities with post-development phase surface mining activities. Under the interpretation, production stripping costs that provide access to ore to be mined in the future are capitalized as non-current assets if the component of the ore body for which access has been improved can be identified, future benefits arising from the improved access are probable and the costs related to the stripping activity associated with the component of the ore body are reliably measurable. The interpretation also addresses how capitalized stripping costs should be depreciated and how capitalized amounts should be allocated between inventory and the stripping activity asset. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are comprised of financial liabilities and financial assets. The Company's principal financial liabilities comprise accounts payable and short and long-term borrowings. The Company's principal financial assets are cash and cash equivalents and loans and other receivables.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The credit risk on liquid funds is limited because the Company does not hold significant cash balances and its counterparties are banks with acceptable credit ratings. The credit risk on accounts receivable is primarily concentrated on loans receivable, which are due from both related and unrelated parties. The Company's exposure to these counterparties is continually monitored.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposures to credit risk at the reporting dates were:

	As at July 11, 2011	As at December 31, 2010	As at December 31, 2009
	(unaudited)		
	$	$	$
Cash	1,874	478	354
VAT recoverable	49	44	106
Other receivables	3	17	301
Other taxes receivable	—	—	10
	1,926	539	771

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. To date, the major part of the Company's funding has been provided by its related parties.

The following tables show the remaining contractual maturities as of the reporting dates of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates).

Financial liabilities	Carrying amount	Contractual cash flows	0-6 months	6-12 months
July 11, 2011 (unaudited)	$	$	$	$
Borrowings	1,882	1,882	1,882	—
Other payables and accrued liabilities	344	344	344	—
	2,226	2,226	2,226	—
December 31, 2010				
Borrowings	—	—	—	—
Other payables and accrued liabilities	307	307	307	—
	307	307	307	—
December 31, 2009				
Borrowings	7,344	7,383	5,294	2,089
Other payables and accrued liabilities	580	714	443	271
	7,924	8,097	5,737	2,360

Market risk

The Company's operations expose it primarily to the financial risks of changes in interest rates. To date the majority of borrowings have been at fixed rates from related parties.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	July 11, 2011	December 31, 2010	December 31, 2009
	$	$	$
Fixed rate instruments			
Borrowings	**1,882**	—	7,344

Currency risk

The Company does not have any financial instruments that are not denominated in the functional currency. A 10% change in the exchange rate between the Russian rouble and the United States dollar would result in a change of approximately $667 to the carrying amount of the Company's borrowings at December 31, 2009.

(a) Fair values versus carrying amounts

The following compares the carrying value with fair value for certain assets and liabilities:

	As at July 11, 2011		As at December 31, 2010		As at December 31, 2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$	$	$
Assets						
Cash	**1,874**	**1,874**	478	478	354	354
VAT recoverable	**49**	**49**	44	44	106	106
Other receivables	**3**	**3**	17	17	301	301
Other taxes receivable	**—**	**—**	—	—	10	10
	1,926	**1,926**	539	539	771	771
Liabilities						
Borrowings	**1,882**	**1,882**	—	—	7,344	7,357
Other payables and accrued liabilities	**344**	**344**	307	307	580	580
	2,226	**2,226**	307	307	7,924	7,937

(b) Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurement are:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Capital risk management

The Company manages its capital to ensure that it will continue as a going concern in order to complete its planned exploration and evaluation activities.

To date, the majority of the Company's capital has been sourced from debt and equity provided by related parties.

OTHER

For a further discussion of risk factors that could materially affect the Company's future operating results and financial position see "Risk Factors" contained elsewhere in this prospectus.

Outstanding Share Data

As at July 11, 2011 and December 31, 2010, the Company was a limited liability company established under the laws of the Russian Federation. A limited liability company does not issue shares but owners contribute to the charter capital and equity. Participation of the owners is determined by their capital contribution. The Company's charter capital amounted to $54,729 at July 11, 2011 and December 31, 2010 (December 31, 2009 — $nil). The charter capital is fully paid in cash and voting rights are allocated to participants based on the proportion of their contributions in the total capital of the Company.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting, and disclosure controls and procedures. Management is currently reviewing both of these areas and is establishing a work plan in order to meet the requirements for Intergeo MMC Ltd's future reporting periods once it is a reporting issuer.

The Intergeo MMC Ltd's Audit Committee Mandate will require the Audit Committee to oversee management's review of the adequacy of internal controls and to oversee management's disclosure controls and procedures.

APPENDIX "A"
PROPOSED CHARTER OF THE AUDIT COMMITTEE

INTERGEO MMC LTD.
(THE "COMPANY")

MANDATE OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

(Approved by the Board of Directors on [●], 2012)

1. PURPOSE

The Audit Committee (the "**Audit Committee**" or the "**Committee**") is a committee of the board of directors (the "**Board of Directors**" or the "**Board**") of the Company. Its primary function is to assist the Board in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board as appropriate with respect to:

- financial reporting;
- the external auditors, including performance, qualifications, independence, and their audit of the Company's financial statements;
- the performance of the Company's internal audit function,
- internal controls and disclosure controls;
- financial risk management;
- estimating and disclosing the Company's mineral reserves;
- the Company's Code of Business Conduct and Ethics; and
- related party transactions.

The Audit Committee will also have authority to review and, in its discretion, approve certain matters, in accordance with and within the limitations prescribed by this Mandate.

The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Company's management which is responsible for preparing the Company's financial statements and it is the Company's external auditors who are responsible for auditing those financial statements.

2. COMPOSITION AND MEMBER QUALIFICATION

The Committee shall be comprised of at least three directors, all of whom shall be independent (as defined below). Pursuant to *National Instrument 58-101 — Disclosure of Corporate Governance Practices* (as implemented by the Canadian Securities Administrators and as amended from time to time), a director is considered to be "**independent**" if he or she has no direct or indirect "**material relationship**" with the Company which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Notwithstanding the foregoing, a director shall be considered to have a "material relationship" with the Company if he or she falls in one of the categories listed in Schedule A attached hereto.

All members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" within the meaning of National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). NI 52-110 provides that a director will be considered "**financially literate**" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Each member will have, to the satisfaction of the Board, sufficient skills and/or experience as are relevant and will be of contribution to the carrying out of the mandate of the Committee.

3. APPOINTMENT AND TERM OF OFFICE

Each member of the Committee and the Chair of the Committee shall be appointed by the Board of Directors, on the recommendation of the Corporate Governance and Nominating Committee, at the time of each annual meeting of the shareholders of the Company, and shall hold office until the next annual meeting.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director.

The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

4. MEETINGS

The Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to filing the quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

The Audit Committee will meet periodically with management, the internal auditor and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. The Audit Committee shall meet with the external auditors in a separate session at each regularly scheduled meeting of the Committee at which the external auditors are present.

A quorum for the transaction of business at any meeting of the Committee is the presence in person or via tele- or video-conference of a simple majority of the total number of members of the Committee. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chair of the Committee may determine, within or outside the British Virgin Islands, upon not less than 48 hours' prior notice to each of the members. Meetings of the Committee may be held without 48 hours' prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Committee or the Board Chair shall be entitled to request that the Chair of the Committee call a meeting. A notice of a meeting of the Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Committee will require the vote of a majority of its members present at a meeting at which a quorum is present. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

The Committee shall meet in camera, without management, at each meeting of the Committee, and otherwise as considered appropriate by the members of the Committee. Any member of the Committee may move the Committee in camera at any time during the course of a meeting, and a record of any decisions made in camera shall be maintained by the Chair of the Committee.

5. DUTIES AND RESPONSIBILITIES

To fulfill its duties and responsibilities, the Audit Committee shall evaluate and make recommendations to the Board, or approve, as appropriate, with respect to the following matters:

5.1 General Responsibilities

(a) Create and maintain a work plan for the year.

(b) Review and assess this Mandate at least annually, prepare revisions to its provisions as conditions dictate, and refer its assessment and any proposed revisions to the Corporate Governance and Nominating Committee or the Board.

(c) Report and make recommendations periodically to the Board on the matters covered by this Mandate.

(d) Perform any other activities consistent with this Mandate, the Company's Memorandum and Articles of Association and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

5.2 Financial Reporting

(a) Recommend to the Board for approval:

(i) the Company's quarterly and annual financial statements and related MD&A;

(ii) all other financial statements that require approval by the Board, including financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities;

(iii) financial information for use in press releases, including earnings releases;

prior to their publication and/or filing with any governmental body and/or release.

(b) Before the release of financial statements and related disclosures to the public, obtain confirmation from the CEO and CFO as to the matters addressed in the certifications required by the securities regulatory authorities.

(c) Review any litigation, claim or other contingency that could have a material effect on the financial statements.

(d) Review the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting.

(e) Review the status of significant accounting estimates and judgments (e.g., reserves) and special issues (e.g., major transactions, changes in the selection or application of accounting policies, off-balance sheet items, effect of regulatory and financial initiatives).

(f) Review and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the external auditors.

5.3 External Auditor

(a) Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors.

(b) Require, in accordance with applicable law, that the external auditors report directly to the Audit Committee.

(c) Pre-approve all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditors.

(d) Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.

(e) Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors.

(f) Discuss with the external auditor any (i) difference of opinion with management on material auditing or accounting issues, and (ii) any audit problems or difficulties experienced by the external audit in performing the audit. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

(g) Periodically consult with the external auditors without management present about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

(h) Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company to determine their independence.

(i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

(j) Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the auditor's report to the Audit Committee (and management's response thereto).

5.4 Monitoring Financial Matters, Internal Controls, Management Systems and Disclosure Controls

(a) Oversee management's review of the adequacy of the Company's accounting and financial reporting systems, including with respect to the integrity and quality of the Company's financial statements and other financial information.

(b) Oversee management's review of the adequacy of the Company's internal controls and management systems to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records.

(c) In consultation with the Corporate Governance and Nominating Committee, oversee management's disclosure controls and procedures regarding the Company's financial information to confirm that the Company's financial information that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(d) Review any special audit steps adopted in light of material control deficiencies.

5.5 Risk Management

(a) Review management's assessment and management of financial risk, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Company and how effectively such risks are being managed or controlled.

5.6 Mineral Reserves

(a) Oversee policies and processes for estimating and disclosing the Company's mineral reserves.

5.7 Code of Business Conduct and Ethics

(a) Recommend to the Board any significant changes to the Company's Code of Business Conduct and Ethics, monitor compliance with the Code and ensure that management has established a system to enforce the Code. Review appropriateness of actions taken to ensure compliance with the Code and review the results of confirmations and violations thereof.

(b) Oversee procedures in the Code of Conduct and Ethics for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(c) Approve any waiver from compliance with the Code of Business Conduct and Ethics for directors and executive officers, promptly report any such waiver to the Board, and ensure appropriate disclosure of any such waiver.

5.8 Policy on Procedures to Handle Complaints Regarding Accounting and Auditing Matters

(a) Recommend to the Board any significant changes to the Company's Policy on Procedures to Handle Complaints Regarding Accounting and Auditing Matters. Review appropriateness of actions taken with respect to complaints received under such Policy and review the results of violations thereof.

5.9 Related Party Transactions

(a) Review and pre-approve all proposed related party transactions and situations involving a potential or actual conflict of interest involving a director, member of executive management, or affiliate, that are not required to be dealt with by an "independent committee" pursuant to securities laws, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice.

5.10 Financial Legal Compliance

(a) Review management's monitoring of the Company's systems in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

(b) Review with legal counsel any legal matters that could have a significant effect on the Company's financial statements.

(c) Review with legal counsel the Company's compliance with applicable law and inquiries received from regulators and governmental agencies to the extent they may have a material impact on the financial position of the Company.

5.11 Expense Accounts and Management Perquisites

(a) Recommend to the Board policies and procedures with respect to directors' and executive management's expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors.

5.12 Succession Planning

(a) Consult with the Human Resources and Compensation Committee on succession planning for the CFO.

5.13 Disclosure of Audit Committee Function

(a) Oversee the preparation of, and recommend to the Board, the disclosure of the Audit Committee's composition and responsibilities and how they were discharged required to be published annually in the Company's management information circular or annual information form pursuant to applicable law (including NI 52-110).

(b) Approve any other significant information relating to matters within this Mandate contained in the Company's disclosure documents.

5.14 Legal Compliance

(a) Oversee management's compliance with laws with respect to the audit function, and recommend to the Board any changes to the Company's practices in these areas.

(b) Satisfy itself that management monitors significant trends in the area of financial reporting, and evaluates their impact on the Company.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

6. RESPONSIBILITIES OF COMMITTEE CHAIR

The primary responsibility of the Chair of the Audit Committee is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling this Mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's duties and responsibilities shall include:

(a) Working with the Board Chair, the CEO and the Corporate Secretary to establish the frequency of Committee meetings and the agendas for such meetings.

(b) Providing leadership to the Committee and presiding over Committee meetings.

(c) Facilitating the flow of information to and from the Committee and fostering an environment in which the Committee members may ask questions and express their viewpoints.

(d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations made by the Committee.

(e) Taking such other steps as are reasonably required to ensure that the Committee carries out this Mandate.

7. OTHER ORGANIZATIONAL MATTERS

7.1 The members and the Chair of the Committee shall be entitled to receive remuneration for acting in such capacity as the Board may from time to time determine.

7.2 The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

(a) select, retain, terminate, set and approve the fees and other retention terms of special or independent counsel, accountants or other experts, as it deems appropriate; and

(b) obtain appropriate funding to pay, or approve the payment of, such approved fees; at the expense of the Company.

7.3 The Committee shall have full access to books, records, facilities, and personnel of the Company, as it deems necessary to carry out its duties.

7.4 The Committee's performance shall be evaluated annually, in accordance with a process developed by the Corporate Governance and Nominating Committee and approved by the Board, and results of that evaluation shall be reported to the Corporate Governance and Nominating Committee and to the Board.

Last Updated: [●], 2012.

Schedule A — Independence Requirement of National Instrument 52-110

Independence Requirement of National Instrument 52-110 for Audit Committee Members

National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") provides that a member of the Audit Committee is "**independent**" if that member has no direct or indirect "**material relationship**"(1) with the Company which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of such member's independent judgment.

*Section 1.4 of NI 52-110 provides that the following individuals are considered to have a "**material relationship**" with the Company and, as such, would not be considered independent:*

(a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

(c) an individual who:

  (i) is a partner of a firm that is the Company's internal or external auditor,

  (ii) is an employee of that firm, or

  (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time,

  except that for the purposes of this paragraph (c), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor of the Company is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

  (i) is a partner of a firm that is the Company's internal or external auditor,

  (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

  (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time,

  except that for the purposes of this paragraph (d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor of the Company is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than $75,000 in direct compensation from the Company during

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(1) See Companion Policy 52-110C P — To National Instrument 52-110 — *Audit Committees*, Section 3.1:

"Although shareholding alone may not interfere with the exercise of a director's independent judgement, we believe that other relationships between an issuer and a shareholder may constitute material relationships with the issuer, and should be considered by the board when determining a director's independence. However, only those relationships which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement should be considered material relationships."

any 12 month period within the last three years, except that for the purposes of this paragraph (f), direct compensation does not include:

(i) remuneration for acting as a member of the board of directors or of any board committee of the Company, and

(ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.

Despite paragraphs (a) to (f) above, an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member:

(i) has previously acted as an interim chief executive officer of the Company, or

(ii) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Company on a part-time basis.

Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-1.

1. An individual who:

   (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her own capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

   (b) is an affiliated entity of the Company or any of its subsidiary entities,

is considered to have a material relationship with the Company.

2. For the purposes of subsection 1, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:

   (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

   (b) an entity in which such individual is a partner, member, an officer such as a managing directory occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

3. For the purposes of subsection 1, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

For purposes of determining whether or not a member has a material relationship with the Company, the terms set out below shall have the following meanings:

"**affiliated entity**" **—** a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

"**company**" means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

"**control**" means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise, except that an individual will not be considered to control a company if the individual owns, directly or indirectly, ten per cent or less of any class of voting securities of such company and is not an executive officer of such company;

"**executive officer**" of an entity means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

"**immediate family member**" means an individual's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home;

"**person**" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

"**subsidiary entity**" **—** a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

CERTIFICATE OF THE COMPANY AND THE PROMOTER

Dated: May 14, 2012

This prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute, full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces Canada, except Québec.

INTERGEO MMC LTD

(Signed) "*John Lill*"
John Lill
Chief Executive Officer

(Signed) "*Robert Wickham*"
Robert Wickham
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "*John Lill*"
John Lill
Director

(Signed) "*Maxim Finskiy*"
Maxim Finskiy
Director

PROMOTERS

DASELINA INVESTMENTS LTD.

(Signed) "*Anna Grigorieva*"
Anna Grigorieva
Director

KIRKLAND INTERTRADE CORP.

(Signed) "*Maxim Finskiy*"
Maxim Finskiy
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 14, 2012

To the best of our knowledge, information and belief, this prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces of Canada, except Québec.

MORGAN STANLEY CANADA LIMITED	BMO NESBITT BURNS INC.
(Signed) "*Matthew Hind*" Matthew Hind Executive Director	(Signed) "*Egizio Bianchini*" Egizio Bianchini Vice-Chair, Global Co-Head

INTERGEO