Montana Tunnels - U.S.A

Mining Operations: Montana Tunnels mine is located 5 miles west of Jefferson City, Montana. It is a 50/50 joint venture with Elkhorn Tunnels LLC and Apollo is the operator. The mine is an open pit poly metallics operation. Production includes gold and silver dore, lead-gold and zinc-gold concentrates. The mill is expected to operate at an average rate of 14,000 tons per day. Mining is performed by two shovels, twelve 150 ton and two 85 ton haul trucks in addition to ancillary equipment.The mine operates two 10 hour shifts, 7 days per week. The plant uses a conventional flotation process to produce lead and zinc concentrates. Gold and silver is also recovered using a gravity circuit and refined at the plant to produce a precious metal dore.The 2008 mine production estimates are: 45,000 oz's gold; 350,000 oz's silver; 14,000,000 lbs lead and 36,000,000 lbs zinc. Apollo's share of production is 50%.

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Production and Reserves: Since the mine entered production in 1987 it has produced over 1,500,000 ounces of gold, 28,000,000 ounces of silver, 390 million pounds of lead and over 1 billion pounds of zinc. As of Decemeber 31, 2007 the reserves at Montana Tunnels indicate over 550,000 ounces of gold and over 400 million pounds of zinc in reserves.

Proven and Probable Ore Reserves:

Ore Reserves	Tons	Au Oz/ton	Au Total Oz	Ag oz/ton	Pb%	Zn%
Montana Tunnels Mine	41,955,563	0.0135	567,328	0.208	0.173	0.504

Processing: The ore is processed at a rate of 14,000 tons per day using a semi-autogenous (SAG) and a conventional flotation process to produce lead and zinc concentrates. Approximately 10 to 15 percent of annual gold production is recovered by gravity in the form of dore (a mixture of gold and silver). The concentrator recovers all other metals by flotation into two concentrate products, a lead and a zinc concentrate. The concentrate is currently shipped to the Trail smelter in British Columbia, Canada. During 2008 the mine is expected to produce, Gold 45,000 oz's, Silver 350,000 oz's, Lead 14,000,000 lbs and Zinc 35,000,000 lbs.

Both concentrates contain recoverable gold, silver, lead, and zinc and are marketed to smelters under annual contracts. These are attractive to world wide customers who appreciate the relatively high content of precious metals, particularly gold, in contrast to most other purchased concentrates. After processing and freight charges Apollo's share of production is paid for at prevailing market prices and the contractual payment schedule. The dore when refined is sold directly to the gold market.

Geology: The Montana Tunnels deposit is hosted in the central part of the Montana Tunnels diatreme which is the throat of a now cooled and extinct volcano approximately 30 million years old. The mineralized zone, called the Core Zone, consists of a matrix of tuffaceous quartz latite, which contains subangular to rounded fragments of earlier volcanic rock into which the diatreme was implaced.

The Core Zone is 200 to 1000 ft in width and 1400 to 2000 ft in length. The ore, while influenced by fault structures, remains as a pipe-like mineralized zone striking N 30 E and dipping steeply to the northwest. The mining involves removal of most of the central Core plus some of the surrounding older volcanic rocks. The ore zone extends to at least 2000 ft in depth. Deeper holes, as much as 800 ft below the bottom of the pit, illustrate the core zone mineralization continues at depth with similar mineralization, metal grades and dimensions. The grade of ore mined has been relatively consistent through the life of the mine.

The ore minerals are sulfides and native gold and occur as disseminated grains or in veinlets up to one inch wide in the matrix of the hosting volcanic rock. The principal sulfide ore minerals are sphalerite (zinc sulfide) and galena (lead sulfide). The gold occurs as disseminated native metal or as inclusions in the ore sulfides and pyrite. The simple mineralogy of the ore lends to straightforward separation into a lead or zinc concentrate by flotation, and gold as a gravity concentrate. The principal guides to mining are delineation by reverse circulation drilling, diamond drilling, sampling of blast holes and visual inspection by geologists.

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