

## Road and Compressor Arrive at the Mine Las Palmeras License #4395

November 30<sup>th</sup> 2010

November 26 2010 was a milestone for the company. Our long awaited road has been completed in its primary stage. More touch up work will be needed after the first big rain storm to see any wash outs in the road. The major work has been completed in less than two years

### Road Completed



### Compressor Arrival

The arrival of the compressor at the mine site was a second milestone for the company to reach profitable production goals. The company can now do two burns a day and begin to work two directions. The compressor picture below is sitting at the entrance to the mine. Congratulations to all our staff in Colombia and our investors whom made this possible. The road you see just doubled the value of the mining license.



## Overview of Mine Site with Road, Compressor Installed and Drainage Work Completed



### Mine Operations

- A.) The " Guia" will be extended another 30 meters to the back of the license. This is our main horizontal tunnel we have recently built out. The rails will be installed and then the air rock drills we bought in China will be used to perforate the hard rock.

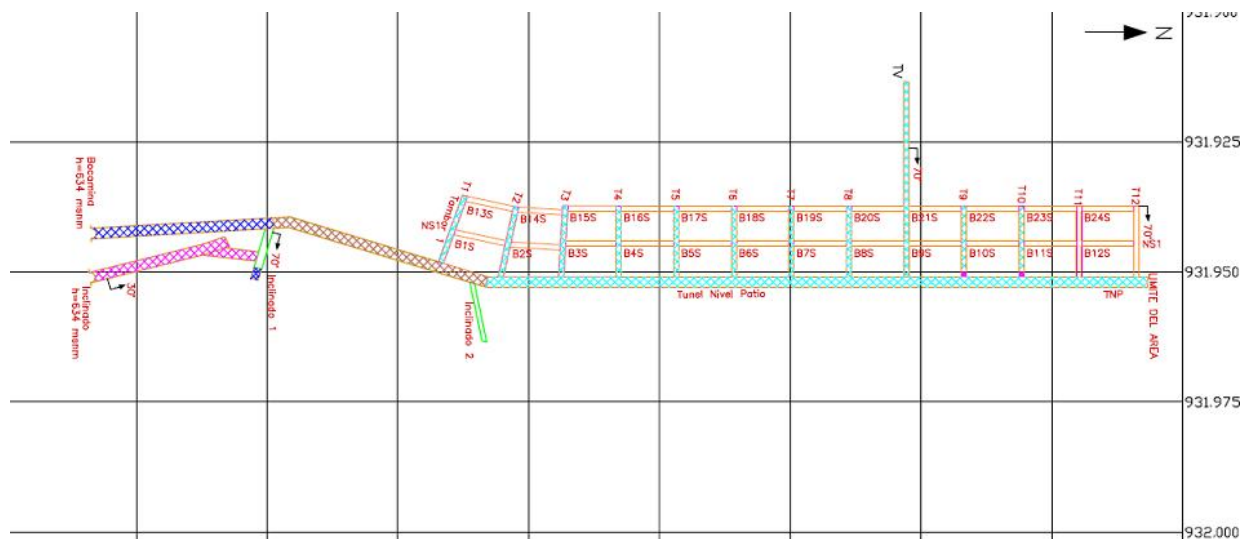


Diagram Eng. Jaime Pinilla

- B.) A second "Tambor" or vertical drum will be blasted up the vein in the picture of Claes and Jaime standing next to the vein. As they work it up the miners will be pulling down all ore.
- C.) After the first "tambor a second vertical drum will be blasted up at the next interval where the vein is the thickest. The vein will then be worked across the top to the second vertical drum and each one of these blocks can be expected to yield 250 tons of ore or 3500 bags of ore.
- D.) Two blasts a day will be initiated shortly when all the workers are trained on the compressor and usage of rock drills. Water hoses are needed to to run from the second shaft to the rock drills.

### **Jaw Crusher**

Next on the major expenditure list is the Jaw Crusher. The jaw crusher will allow the company to make all its bags of ore uniform and eliminate the ability of miners or third parties to take out larger pieces of ore where the metal is prevalent to the eye. The Company's volume diminishes and when the ore is tested by a third party it is all uniform. This crusher shown below is American made by Continental. Asking over \$5300 USD before transportation costs. Warranties are being sought of one year minimum. A second crusher has been offered for around 4500 USD placed at the mine. Final decision will be made once all estimates are in and warranties are guaranteed in writing.



### **Mining Cart**

The 1 ton cart for the rails is in the ordering and bidding stages. Our Mining Engineer Jaime Pinilla is looking for the most cost effective unit for the company. We are looking at older larger used models from Zipaquira coal mines and one custom built in Segovia. Once the rails have been installed the company will use the existing cart in the Inclined tunnel for the short term as it can pull out 300kgs per trip. Rail installation begins next week as special nails and connectors had to be ordered. Eng. Pinilla had to buy some couplings for the compressor hoses to allow the company to connect 2 in hose to 1 inch hose. At present the company has 200 meters of hose and may have to add another 100 meters in the future.



### **The Road**

If the road is well built this allows the company to take ore out by truck to processing plants. It is an essential life line but must be maintained to be useful or at least have traffic over it. The road also allows the company to lower a major expense which was mule teams to take out ore or to bring in equipment without major expense and logistics.

## **Those Responsible for the Road**

This writer wishes to thank the President of Mona Minas S.A. Panama with her selfless dedication to getting this road built and the compressor to the mine site. The retro excavator owner Julio went to school with her and was essential to finishing the road. Without the local support of your company's president by the people in Segovia the road would still be a dream and plan in progress. She organized with other mine and land owners in the area to get signatures and easement rights through their property. Even though the company appreciated their lands and mining claims the people are poor in the area and repairs to property were made along the way.

The company is now at the tail end of this mine build out although we still have two major projects to finish. The mine will need capital for expansion of workers shifts. The goal is to add a second shift and then a third shift eventually. Once the top part of the mine is mapped out and the miners have gone west to the other veins on horizontal levels the company will have to built shafts down with hoists and elevators. This will come down the road but will allow the mine to go deeper and produce higher grade ore. The goal for now is to keep the mine as cost effective as possible by reducing unnecessary labor needs.

## **Inclined Tunnel**

The inclined tunnel has a good store of fresh water that will be needed for the compressor and the expansion of the mine with Jaw crushers and tables. This tunnel will be used primarily as a water source short term, till the upper levels are done and the company expands downward along the veins at a 60 degree inclined. The second tunnel on an incline will also allow an escape route that can easily be accessed from below to above if there is ever a cave in. The water is needed if we are to build the processing plant at the mine site.

## **Processing Plant**

The processing plant is the last but not least part of the equation. If the company can process the ore and be paid correctly on Gold and Silver values by Zandor Capital and Gran Colombian Gold then this is the best alternative till the company can fund its own plant. The basics such as grinders and shaking tables are budgeted and needed shortly. Management will continue to build out the plant as funds come in but our primary focus is to increase production to a maximum and that means a bigger payroll and burn rate till done.

## **Expansion of the Mine Licenses**

Having water and a hub from which to work Mona Minas S.A. is almost in the position to start expansion of license acquisitions. The company should concentrate on La Senora and the license directly north of our license. These two make the most sense as we can access them both underground and have a road at our mine entrance. Level tunnels are the easiest to maintain and we are at the low point of the area. If the miners can expand the mine on the west and to the north the company now becomes even more viable to be acquired. Most companies are looking for bigger parcels but Mona Minas S.A. goal was to get in production with a **MODEL MINE** for locals in the area. Once the company shows steady revenues the sky is the limit.