

GOLD Pan Am MINE ECONOMICS - One New Project per Year

The following pro forma supplemental financial information is presented for informational purposes only, as an aid to conceptualizing the enterprise's potential operating results under certain, limited circumstances. This pro forma information is not prepared in accordance with generally accepted accounting principles and should not be considered a substitute for the historical financial information presented in accordance with GAAP. The pro forma measures used by the company may be different from pro forma measures used by other companies.

Variables	Factor	5-Year Totals	2011	2012	2013	2014	2015	2016
Production								
Daily output (tons) Increasing/year	141%		85	120	169	239	338	477
Operating Days per Year	86%		312	312	312	312	312	312
Annual Output (tons)		445,404	26,520	37,437	52,849	74,605	105,318	148,674
Grade - Au equivalent, oz per ton			0.350	0.350	0.350	0.350	0.350	0.350
Recovery rate			87%	87%	87%	87%	87%	87%
Ounces		135,625	8,075	11,400	16,093	22,717	32,069	45,271
Price / oz* \$1,033	4.00%	appreciation/yr	\$1,074	\$1,117	\$1,162	\$1,208	\$1,257	\$1,307
Revenues								
Gross Revenue		\$ 167,042,221	8,675,499	12,736,790	18,699,305	27,453,074	40,304,773	59,172,780
Royalties to Current Owner	1%	\$ (1,670,422)	(86,755)	(127,368)	(186,993)	(274,531)	(403,048)	(591,728)
Net Revenue		\$ 165,371,798	8,588,744	12,609,422	18,512,312	27,178,543	39,901,725	58,581,052
Operating Cost (per ton)								
Mining	\$97.50	\$ 43,426,845	2,585,700	3,650,147	5,152,790	7,274,022	10,268,495	14,495,691
Milling & Refining	\$45.00	\$ 20,043,159	1,193,400	1,684,683	2,378,211	3,357,241	4,739,305	6,690,319
Reclamation & Environmental	\$10.00	\$ 4,454,035	265,200	374,374	528,491	746,054	1,053,179	1,486,738
Ongoing Exploration & Devel	\$15.00	\$ 6,681,053	397,800	561,561	792,737	1,119,080	1,579,768	2,230,106
G & A (salaries, overhead)	\$25.00	\$ 11,135,088	663,000	935,935	1,321,228	1,865,134	2,632,947	3,716,844
Mgt Team (6 salaries, overhead) changing	-90%	\$ 508,500	450,000	45,000	4,500	3,000	3,000	3,000
Operating Cost Total		\$ 86,248,680	5,555,100	7,251,700	10,177,957	14,364,531	20,276,694	28,622,698
Computed cost/oz:	\$636							
Operating Revenue		\$ 79,123,118	3,033,644	5,357,722	8,334,355	12,814,012	19,625,031	29,958,354
Capital Expenditures								
Property Acquisition - Increase/year	128%	\$ 18,355,844	1,500,000	1,925,000	2,470,417	3,170,368	4,068,639	5,221,420
Mine Equipment & Devel	10%	\$ 1,835,584	150,000	192,500	247,042	317,037	406,864	522,142
Exploration & Development	10%	\$ 1,835,584	150,000	192,500	247,042	317,037	406,864	522,142
Total Capital Required		\$ 22,027,013	1,800,000	2,310,000	2,964,500	3,804,442	4,882,367	6,265,704
Operating Cash Flow		\$ 57,096,105	1,233,644	3,047,722	5,369,855	9,009,570	14,742,664	23,692,650
<i>Cumulative Cash Flow (for info only)</i>			1,233,644	4,281,367	9,651,221	18,660,792	33,403,456	57,096,105
Investment Capital** @ Minimum Reserves (K)	\$500	\$ 1,800,000	1,800,000	-	-	-	-	-
Cost of Capital	5%	\$ (90,000)	(90,000)	-	-	-	-	-
Net Cash Flow***		\$ 58,806,105	\$ 2,943,644	3,047,722	5,369,855	9,009,570	14,742,664	23,692,650
<i>Cumulative Net Cash Flow (for info only)</i>			\$2,943,644	5,991,367	11,361,221	20,370,792	35,113,456	58,806,105
Operating Cash Flow Distributed****	85%	\$ 53,394,287	38,598	2,040,029	4,156,431	7,365,363	12,460,232	27,333,636
<i>Cumulative Distribution</i>			38,598	2,078,626	6,235,057	13,600,420	26,060,652	53,394,287
Members	3%	\$1,601,829	\$1,158	\$61,201	\$124,693	\$220,961	\$373,807	\$820,009
Board	0.5%	\$266,971	\$193	\$10,200	\$20,782	\$36,827	\$62,301	\$136,668
Cash Reserve (Net Cash less Distribution)			\$2,905,047	\$3,912,740	\$5,126,165	\$6,770,372	\$9,052,804	\$5,411,818
<i>Cash Reserve (Less Capital for next year)</i>			\$595,047	\$948,240	\$1,321,723	\$1,888,005	\$2,787,100	\$5,411,818
* Price per ounce based on three-year floating average from GoldPrice.org live chart as of November 1, 2010 with minimal appreciation per year								
** Minimum: Capital Requirement, rounded to nearest 100K								
*** Only includes gold yields - silver and other precious metals will likely increase the Net Cash Flow								
**** To Partners and Investors; optionally paid in gold; taxed directly. (Distributed Net Cash Flow less Next Mine Cost less minimum Reserve is positive.)								
IRR @ 29%	75%	(1,800,000)	11,193	591,608	1,205,365	2,135,955	3,613,467	26,673,353
		Total Investor Income	\$32,430,942		Sale Value @	250%	Final Cash Flow + Reserves	91,977,078