

To our shareholders,

*Exploration at the Svetloye gold project in Russia advanced significantly during the year. Highlights include work at the Amy target where the mineralized zone was expanded significantly and a new NI 43-101 compliant resource estimate expanded the zone to 5.975 million tonnes averaging 2.43 g/t gold, containing 467,000 ounces of gold. This represents a 230% increase in contained gold at Amy. The total resource estimate, including Elena, Amy and Tamara now contains 1.428 million ounces of gold, which is a 29.5 % increase over the previous total. In addition, the Company increased its interest in Svetloye to 100% by acquiring Freeport-McMoran's 49% interest.*

The Company acquired an initial 51% interest in Svetloye Gold Corporation ("SGC") in 2005 from Freeport-McMoran Exploration Corporation ("Freeport"). In May 2008, the Company acquired the remaining 49% interest in SGC from Freeport. In consideration, the Company paid US \$8,000,000 in cash and issued four million shares to Freeport. A 1% net smelter return royalty is payable to an independent third party.

The Svetloye project, which is located in the Russian Far East, is a high sulphidation gold system. It comprises nine key targets of alteration and gold mineralization that underlie a total area of about 17 square kilometres. The alteration areas form a northwesterly trending belt across the property that is about 8 km long by up to 4 km wide. Work during 2008 was focused primarily on three of the targets, Elena, Tamara and Amy.

In March of 2008, the Company completed its first resource estimate on the Svetloye gold project based upon drill data compiled up to September 30, 2007. Resources were estimated for three of nine mineralized zones, Elena, Amy and Tamara. This first time disclosure of Mineral Resources under National Instrument 43-101 ("NI 43-101") contained a total inferred resource from the three zones of 16,233,000 tonnes grading 2.11 g/t gold and containing 1.1 million ounces of gold.

In April 2009 an updated resource estimate was completed on the Amy target based on the Company's successful step-out diamond drill program conducted at Amy during the 2008 field season. The updated Amy resource estimate was based upon an additional twenty core holes totaling over 3,300 meters of drilling from 2008. The modeling procedures, grade estimation parameters, and resulting mineral resource estimate and classification were based upon three-meter run length drill composites that were capped at a grade of 10 g/t based on a statistical analysis of the data base. At a cutoff grade of 1.0 g/t the Amy target contains an inferred resource of 5.975 million tonnes grading 2.432 g/t gold and containing 467,112 ounces of gold. This represents an increase in contained gold of 230% from the March estimate. The total resource is now 20.1 million tonnes grading 2.22 g/t gold, which is a 29.5% increase over the initial estimate. The resource model was completed by independent consulting geologist Dean D. Turner, P.Geol., and the Company's Chief Geologist, James C. Ashleman, P.Geol., both Qualified Persons as defined by National Instrument 43-101. The Amy resource estimate complies with NI 43-101 and Canadian Institute of Mining guidelines for reporting mineral resources.

Mineral Resource Estimate for the Svetloye Project					
Deposit	Category	Cut-off grade	Tonnage	Grade (g/t Au)	Oz (troy) Au
Elena	Inferred	0.5	12,199,000	2.10	823,735
Amy	Inferred	1.0	5,975,000	2.43	467,112
Tamara	Inferred	0.5	1,929,000	2.22	137,421
<b>Total</b>			<b>20,103,000</b>	<b>2.22</b>	<b>1,428,268</b>

Significant 2008 results from Amy include drill hole PDSC-236, which intersected 111.2 meters (from 0 to 111.2 meters) grading 3.33 g/t gold, cut (reducing assays in excess of 30 g/t down to 30 g/t) and 74.1 meters (from 118.9 to 193.0 meters) grading 1.51 g/t gold. Additional significant diamond drill results include drill hole PDSC-234, which intersected 117.5 meters (from 0 to 117.5 meters) grading 1.99 g/t gold and 33.5 meters (from 124.4 to 157.9 meters) grading 1.25 g/t gold. Trench and geophysical results indicate mineralization at Amy extends to the south and remains open to the east, south, and west.

Also of interest in 2008 was the discovery of additional gold mineralization outside and to the southwest of the previously identified limits of the Elena target, which was the first zone identified at Svetloye. A highlight of this new discovery is Hole PDSC-199, which intercepted 4.83 g/t gold over 15.6 metres.

Much of the upcoming 2009 drill program will be focused on the Amy target. Mobilization to site was completed on time and under budget. A total of 1,100 tonnes of fuel and supplies were shipped via the 310-kilometre-long winter road. The Company has budgeted for approximately 8,000 metres of drilling and 1.5 kilometers of trenching this year.

The Company is very pleased with the continued advancement of the Svetloye project. The grades are encouraging, the mineralization is near surface and all indications show ample room for expansion. The gold at Svetloye is associated with extensive zones of vuggy silica, quartz-alunite and quartz-dickite-kaolinite alteration. This style of mineralization is common to Pierina, Veladero and other high-sulphidation epithermal deposits.

Despite 2008 ending as a very challenging year in the financial markets, during the year, the Company successfully raised over \$23 million to fund its various programs. Its key project, Svetloye, was significantly advanced in 2008 and this project is showing potential to become a sizeable gold deposit. Known gold resources to date now stand at over 1.4 million ounces and significant potential remains.

The Company looks forward to continued success at Svetloye in 2009 and more exciting news from this outstanding project.

On Behalf of the Board,

Lukas H. Lundin  
President and CEO

April 24, 2009