

**THE AGREEMENT ON THE AMENDMENTS TO THE STABILITY AGREEMENT
BETWEEN THE GOVERNMENT OF MONGOLIA AND BOROO GOLD COMPANY
LIMITED OF JULY 6, 1998 AND THE AGREEMENT TO AMEND STABILITY
AGREEMENT OF MAY 9, 2000**

This Agreement on the Amendments to the Stability Agreement is entered into, by and between the Government of Mongolia represented by the Minister of Finance and Boroo Gold Company Limited.

Whereby it is agreed as follows:

1. to amend the text in Article 2.2 of the Stability Agreement, which states that: "...The Company will be exempted from the income tax for the first three (3) years from the commencing date of its production and be entitled to fifty (50) percent tax relief for the following three (3) years period. For the following years, the Company will pay fifteen (15) percent tax for the annual taxable income of up to 100,000,000 togrogs, plus forty (40) percent for the amount which exceeds 100,000,000 togrogs...", to read as follows: **"Effective January 1, 2007, the Company will pay 10 percent corporate income tax for the annual taxable income of up to 3.0 billion togrogs. If its annual taxable income exceeds 3.0 billion togrogs, the tax shall be 300.0 million togrogs plus 25 percent of its income exceeding 3.0 billion togrogs"**.
2. to amend Article 2.4 of the Stability Agreement, which states that: "The royalty to be paid by the Company shall be set at the rate specified in the Law regulating the minerals relations effective at the date of this Agreement" and Article 7 in the Amending Agreement dated May 9, 2000, which states that: "being 2.5% of the sales value of minerals", to read as follows: **"Effective August 3, 2007, royalties to be paid by the Company shall be five (5.0) percent of the sales value of the products extracted from the Boroo mining claim that are sold, shipped for sale, or used"**;

This Agreement shall form an integral part of the Stability Agreement signed by the Government of Mongolia and Boroo Gold Company Limited on July 6, 1998 and the Agreement to Amend Stability Agreement dated May 9, 2000.

This Agreement is done in duplicate in Ulaanbaatar, the Capital of Mongolia, on August 3, 2007, in the Mongolian and English languages, both texts being equally authentic.

This Agreement shall become effective on the date of signing being August 3, 2007.

ON BEHALF OF
BOROO GOLD
COMPANY LIMITED


PAUL A. KORPI
PRESIDENT AND
EXECUTIVE DIRECTOR



ON BEHALF OF THE
GOVERNMENT OF MONGOLIA


N. BAYARTSAIKHAN
MINISTER OF FINANCE



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