

## **DECLARATION OF TRUST**

THIS DECLARATION OF TRUST is made the 25th day of October 2011 **BY** Goknet Mining Company Limited of 10 Quarcoo Lane, Roman Ridge, Accra, acting by its managing director Douglas R. MacQuarrie, hereinafter called "the Declarant";

### **WHEREAS**

1. The Declarant is the holder of a Mining Right granted under section 34 of the Minerals and Mining Act 2006 (Act 703) as a Prospecting Licence for the Fahiakoba Concession in the Amansie East District of the Ashanti Region, and hence the recorded and beneficial owner of an undivided 100% interest in the said property, as more particularly described in Schedule "A";

2. By an agreement dated the 15th day of June 2011 and made between the Declarant and Asante Gold Corporation, of 595 Howe Street, Vancouver, B.C., V6C 2T5, hereinafter called the Purchaser, (and which agreement is incorporated by reference herein), the said right and beneficial interest of the declarant were to be sold for a consideration which included cash consideration of CDN \$50,630 and a 3% Net Smelter Return Royalty, and US \$200,000 per annum exploration expenditure payments for five (5) years; and

3. The Declarant desires that, as from the date of the payment of the CDN \$50,630 by the Purchaser to the Declarant in satisfaction of the Declarant's acquisition and related costs of the Prospecting Licence in accordance with the provisions of Clause 3.1(a) of the said Agreement incorporated by reference herein, the said property shall be held in trust on behalf of the Purchaser.

**NOW IT IS HEREBY DECLARED** that if and when the Purchaser incorporates a wholly owned subsidiary and obtains the required approvals from the appropriate regulatory authorities in the Republic of Ghana, the Declarant shall forthwith, at the request of and at the sole cost of the Purchaser, transfer, subject to the 3% Net Smelter Return Royalty, all of its interest in and to the said Prospecting Licence to the Purchaser's subsidiary company.

IN WITNESS whereof the said Declarant has hereunto set his hand and seal the day and year first above written.

BY THE DECLARANT

(signed) *"Douglas R. MacQuarrie"*

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Douglas R. MacQuarrie, Managing Director  
Goknet Mining Company Limited

**SCHEDULE "A"**

**FAHIAKOBIA PROSPECTING LICENCE**



2. RIGHTS OF THE COMPANY:

- a. The Company shall have the right to conduct such geological and geophysical investigations in the Licensed Area, as it considers necessary to determine an adequate quantity of geologically proven and mineable reserve of gold.
- b. The Company may exercise all or any of the rights and powers granted hereunder through agents, independent contractors or sub-contractors.
- c. The Company shall not conduct any operations in a sacred area and shall not without the prior consent of the Minister conduct any operations:
  - i. within twenty metres of any building, installations, reservoir, dam, public road, railway or area appropriated for a railway; or
  - ii. in an area occupied by a market, burial ground, cemetery or within a town or village or an area set apart for, used, appropriated or dedicated to a public purpose.
- d. Nothing contained in this Agreement shall be deemed to permit the Company to dispense with the necessity of applying for and obtaining any permit or authority, which the Company may be required by law or regulation to obtain in respect of any works and/or activities to be carried out hereunder.

3. RIGHTS OF THIRD PARTIES:

- a. The Government reserves the right to grant licences to third parties for prospecting or to enter into Agreements for the production of minerals other than gold in the Licensed Area, provided that any such activity shall not unreasonably interfere with the rights granted to the Company hereunder.

- b. The Company shall not hinder or prevent members of the local population from exercising the following customary rights and privileges in or over the Licensed Area:
  - i. to hunt game
  - ii. to gather firewood for domestic purposes
  - iii. to collect snails
  - iv. to till and cultivate farms
  - v. to observe rites in respect of groves and other areas held to be sacred.

Provided always that where the exercise of these customary rights and privileges unduly interferes with or obstructs the operations of the Company hereunder, the Company shall make arrangements with members of the said local population for the limitation or waiver of such rights and privileges, such arrangements to include the payment of compensation where necessary. The Government shall furnish such assistance as is reasonably required in the making of such arrangements.

4. CONDUCT OF OPERATIONS:

- a. The Company shall conduct all of its operations hereunder with due diligence, efficiency and economy to the maximum extent possible consistent with good mining industry practice and in a proper workmanlike manner observing sound technical and engineering principles and practices, using appropriate modern and effective equipment, machinery, materials and methods and to pay particular regard to the protection of the environment.
- b. The Company shall maintain all equipment in good repair and all pits and trenches and all excavated areas in safe and good condition and take all practicable steps:-
  - i. to prevent damage to adjoining farms and villages;

ii. to avoid damage to trees, crops, building, structures and other property in the Licensed Area to the extent however, that any such damage is unavoidable the Company shall pay fair and reasonable compensation.

The Company shall provide and maintain in good repair and condition proper roads, gates, stiles and fences for the convenient occupation of the surface of the Licensed Area.

c. The Company shall use its best efforts to exercise its rights and powers granted by this Agreement in such manner as not to cause interference with or avoidable obstruction or interruption to the felling of timber by the licensed timber operators within the Licensed Area and the Government shall furnish assistance to the Company to make appropriate arrangements with such operators to permit the prospecting programme to proceed without interference or delay.

5. WORKING OBLIGATIONS:

- a. The Company shall with due diligence and by means of modern geological, geophysical and other methods normally associated with mineral prospecting and within three months of the date of this Agreement or at such other time as the Minister may specify, commence prospecting operations with a view to establishing the existence of gold in economic quantities.
- b. The Company, having prior to the commencement of this Agreement submitted its programme of work to the Government, shall carry out its operations in accordance with the programme and the Chief Executive of the Minerals Commission, Head of the Inspectorate Division of the Minerals Commission or any other officer authorized by the Government shall from time to time inspect the operations to ensure that the Company does so.

- c. The Company shall diligently continue to carry out its operations hereunder and shall spend as actual direct prospecting expenditure not less than the minimum amounts specified in its work programme.
  - d. If on the termination or expiration of this Agreement for any reason other than force majeure the Company shall not have spent the amounts specified in the work programme, the difference between the amount actually expended and the stipulated minimum for the year in which termination or expiration takes place shall be paid to the Government within thirty days after the date of such termination or expiration provided that if the termination shall be occasioned by force majeure or upon adequate proof, by the Company that gold mineralization does not exist in sufficient quantities in the area to warrant completion of the work programme, the Company shall not be liable to pay to the Government any difference on the stipulated minimum expenditure.
6. NOTIFICATION OF DISCOVERY OF OTHER MINERALS:  
The Company shall report forthwith to the Minister, the Head of the Inspectorate Division of the Minerals Commission, the Director of Geological Survey and the Chief Executive of the Minerals Commission the discovery in the Licensed Area of any other minerals and the Company shall be given the first option to prospect further and to work the said minerals subject to satisfactory arrangements between the Government and the Company.
7. SAMPLES:
- a. The Company shall not during the currency of this Agreement destroy, except in analyses, any cores or samples obtained from the Licensed Area without the prior written consent of the Director of Ghana Geological Survey.

- b. The Company shall provide the Director of Ghana Geological Survey and the Head of the Inspectorate Division of the Minerals Commission with such samples from the Licensed Area as they may from time to time reasonably request.
- c. All cores and samples obtained from the Licensed Area shall be delivered to the Director of Ghana Geological Survey on the termination of this Agreement and in the event of the Company not obtaining a mining lease.

8. RECORDS:

- a. The Company shall maintain at its registered office copies of the following:-
  - i. full and complete records and books of account relating to the prospecting programme.
  - ii. the detailed results and analysis of all surveys, boring, pitting, investigations and other testing conducted pursuant to the provisions of this Agreement.
- b. The records referred to in the foregoing paragraph shall include copies of all geological, geophysical, geochemical, drilling and pitting reports relating to the Licensed Area and all maps, drawings and diagrams pertaining to these reports.
- c. The said records, with the exception of proprietary technical information, shall be made available for inspection at reasonable times without delaying work on the prospecting programme, by the Head of the Inspectorate Division of the Minerals Commission and the Chief Executive of the Minerals Commission or their representatives, upon request, and shall be retained in Ghana, unless removed with Government's consent.
- d. Failure to keep such records and to produce them for inspection upon receipt of reasonable notice shall constitute just cause for the cancellation of this Licence.



- e. Copies of the aforementioned records shall be delivered to the Chief Executive of the Minerals Commission and the Head of the Inspectorate Division of the Minerals Commission on the termination of this Agreement and in the event of the Company not obtaining a mining lease in respect of the Licensed Area.

9. REPORTS:

- a. The Company shall furnish to the Head of the Inspectorate Division of the Minerals Commission, the Director of Ghana Geological Survey and the Chief Executive of the Minerals Commission, not later than the 15<sup>th</sup> of each third month, a report giving a general description of the work done by the Company in the preceding quarter and containing a description accompanied by a sketch plan of the areas where gold or any other minerals were found, particulars of the type of minerals found and the number and weight of samples taken, if any.
- b. The Company shall furnish to the Head of the Inspectorate Division of the Minerals Commission, Chief Executive of the Minerals Commission and the Director of Ghana Geological Survey not later than sixty days after the end of each calendar year, an Annual Report in such form as may be prescribed.
- c. All records, reports, plans and information which the Company is required to supply to the Government and its agents pursuant to the provisions of this Agreement shall be supplied at the expense of the Company.
- d. Any information or material supplied by the Company to the Government pursuant to the provisions of this Agreement shall be treated by the Government, its officers and agents as confidential and shall not be revealed to third parties except with the consent of the Company (which consent shall not be unreasonably withheld) for a period of 12 months with respect to technical information and

36 months with respect to financial information from the date of submission of such information. The Government and persons authorized by the Government may nevertheless use any such information received from the Company for the purpose of preparing and publishing general reports on minerals in Ghana.

10. FINANCIAL OBLIGATION:

- a. The Company shall pay to the Government:
  - i. in consideration of the grant of the right of prospecting for gold in the Licensed Area an amount of GH¢1,000.00 (one thousand Ghana cedis) within 30 days from the date of this Agreement.
  - ii. a yearly rent of GH¢5.00 (five Ghana cedis).
- b. Payment of the rent specified in the foregoing paragraph shall be made yearly in advance, the first year's payment having been made before the execution of this Agreement.

11. ASSIGNMENT, MORTGAGE, ETC:

- a. The Company shall not assign, mortgage, sublet or otherwise transfer any interest in the Licensed Area without the prior written consent of the Government.
- b. The Government may impose such conditions on the giving of such consent as it thinks fit.

12. SURRENDER OF PART OF LICENSED AREA:

- a. The Company may surrender at any time and from time to time by giving not less than three months' notice to the Head of the Inspectorate Division of the Minerals Commission and the Chief Executive of the Minerals Commission, all its rights hereunder in respect of any part or parts of the Licensed Area. The Company shall be relieved of all obligations in respect of the part or parts of the Licensed Area so surrendered except those obligations, which accrued prior to the effective date of surrender.

- b. The Company shall leave the part of the Licensed Area surrendered and everything thereon in a safe condition. The Company shall take all reasonable measures to restore the surface of such part of the Licensed Area surrendered and all structures thereon not the property of the Company to their original condition. In the event that the Company fails to do so, the Head of the Inspectorate Division of the Minerals Commission shall make such part and everything thereon safe and in good condition at the expense of the Company.

13. EXTENSION OF LICENCE:

- a. If the Company applies in writing to the Minister not less than three months before the expiration of this Agreement for an extension of the licence hereof and if the Company shall not be in default at that time in the performance of any of its obligations hereunder the Company may, subject to the provisions of the Act, be granted an extension for a period not exceeding three years upon such terms and conditions as the parties may agree.
- b. The Company shall, prior to the or at the expiration of the initial term, surrender not less than half the number of blocks of the prospecting area so long as a minimum of one hundred blocks remain subject to the licence and the blocks form not more than three discrete areas each consisting of a single block, or a number of blocks each having a side in common with at least one other block in that area.

14. RE-ENTRY BY GOVERNMENT:

If the operations and activities of the Company in accordance with the prospecting programme shall cease in the Licensed Area before the same have been completed and if such cessation shall be due entirely to the fault of the Company, the Government may, upon giving the notice and following the procedure required in paragraph 15 below, re-enter the

Licensed Area and take possession of all buildings, erections, plants and materials thereon without compensation to the Company (such right of entry not to prejudice any additional remedy of the Government), and thereupon the Agreement shall terminate.

15. TERMINATION BY THE GOVERNMENT:

- a. The Government may, subject to the provisions of this paragraph, terminate this Agreement if any of the following events shall occur:
  - i. the Company shall fail to make any of the payments described in this Agreement on the payment date; or
  - ii. the Company shall contravene or fail to comply with any other condition of this Agreement; or
  - iii. the Company shall become insolvent or commit any act of bankruptcy or enter into any agreement or composition with its creditors or take advantage of any law for the benefit of debtors or go into liquidation, whether compulsory or voluntary, except for the purposes of reconstruction or amalgamation; or
  - iv. the Company knowingly submits any false statement to the Government in connection with this Agreement.
- b. If and whenever the Government decides to terminate this Agreement pursuant to clauses (i) and (ii) of the preceding sub-paragraph, the Government shall give the Company notice specifying the particular contravention or failure and permit the Company to remedy the same within sixty days of such notice.
- c. If the Company shall fail to remedy an event specified in clauses (i) and (ii) of sub-paragraph (a) of this paragraph within the stated period, or an event specified in clauses (iii) and (iv) of the said sub-paragraph shall occur, the Government may by notice to the Company terminate this Agreement.

- d. Upon termination of this Agreement by the Government every right of the Company hereunder shall cease (save as specifically otherwise provided hereunder) but subject nevertheless and without prejudice to any obligation or liability imposed or incurred under this Agreement or applicable law prior to the effective date of termination.
- e. No delay or omission or course of dealing by the Government shall impair any of its rights hereunder or be construed to be a waiver of an event specified in sub-paragraph (a) of this paragraph or acquiescence therein.

16. ASSETS ON TERMINATION OR EXPIRATION:

- (a) The Company may within six months of the termination of the Mining Lease or a further period allowed by the Minister, remove the mining plant if the mining plant is removed solely for the purpose of use by the Company or a person deriving title through the Company, in another relevant mining activity in the Country.
- (b) A mining plant not removed by the Company within two months after the Minister gives notice to the Company at anytime after expiration of the period referred to in subsection (a), shall vest in the Republic on the expiration of the two-month notice period.
- (c) Nothing in this Agreement removes or diminishes an obligation that the Company may have under the Minerals and Mining Act, 2006, (Act 703), another enactment or a condition of this Agreement to remove a mining plant and rehabilitate the land.
- (d) Notwithstanding the foregoing, the Minister, may by notice to the Company require the removal or destruction of any assets of the Company in the Leased Area, and if the Company does not remove or destroy such assets within a period of thirty (30) days from the date of the Minister's notice to that effect, the Minister shall cause such removal or destruction at the expense of the Company.

- (e) The Company shall take all reasonable measures to ensure that all of the assets to be offered for sale to the Government or transferred to the Government in accordance with this paragraph shall be maintained in substantially the same condition in which they were at the date of the termination or the date on which the Company reasonably knew that such termination would occur and any such assets shall not be disposed of, dismantled or destroyed except as specifically provided for in this paragraph.
- (f) Upon the termination or expiration of this Agreement, the Company shall leave the Lease Area and everything thereon in good condition, having regard to the ecology, drainage, reclamation, environmental protection, health and safety; provided however that the Company shall have no obligation in respect of areas where the Company has not undertaken any work or which have not been affected by the Company's operations. In this connection, unless the Head of the Inspectorate Division of the Minerals Commission otherwise directs, the Company shall, in accordance with good mining practices, fill up or fence and make safe all holes and excavations to the reasonable satisfaction of the Head of the Inspectorate Division of the Minerals Commission. In addition the Company shall take all reasonable measures to leave the surface of the Lease Area in usable condition and to restore all structures thereon not the property of the Company to their original condition. In the event that the Company fails to do so, the Minister shall restore and make safe the Lease Area and everything thereon at the expense of the Company.
- (g) The Company shall have the right to enter upon the Lease Area for the aforesaid purposes, subject to the rights of surface owners or others, for a period of six (6) months from the effective date of the termination or such longer period as the Minister may decide.

- (h) On the termination of this Agreement, the Company shall deliver to the Minister the records which the Company is obliged to maintain under the Minerals and Mining Act, 2006, (Act 703); the plans and maps of the area covered by the mining lease prepared by the Company; and other documents, including in electronic format, if available that relate to the mineral right.

17. FORCE MAJEURE:

- a. Failure on the part of the Company to comply with any of the terms and conditions hereof (except the obligations to make payment of monies to the Government) shall not be grounds for cancellation or give the Government any claim for damages in so far as such failure arises from force majeure, the Company having taken all appropriate precautions, due care and reasonable alternative measures with the objective of avoiding such failure and of carrying out its obligations hereunder. The Company shall take all reasonable measures to remove such inability to fulfil the obligations hereunder with the minimum of delay.
- b. For purposes of this paragraph force majeure includes acts of God, war, insurrection, earthquake, storm, flood or other adverse weather condition but shall not include any event caused by the failure to observe good mining industry practice or by the negligence of the Company or any of its employees or contractors.
- c. The Company shall notify the Minister within twenty-four hours of an event of force majeure affecting its ability to fulfil the terms and conditions hereof.
- d. The period of this Agreement shall be extended for a period of time equal to the period or periods during which the company was affected by any of the conditions set forth in sub-paragraph (b) of this paragraph, but not to exceed six months in the aggregate.

18. FOREIGN EXCHANGE:

- a. Subject to sub-paragraph (b) of this paragraph the Company shall, during the term of this Agreement and so long as it does not derive any revenue from its operations hereunder, finance such operations in the following manner:
  - i. by converting to Ghana currency through authorized dealers such amounts of foreign currency as will be sufficient to cover the Company's operating expenses required to be paid in Ghana currency including any payments to the Government and third parties provided that the terms of any loans obtained abroad shall be in conformity with currency international commercial and monetary conditions and that prior notice of such loans and advances shall be furnished to the Bank of Ghana.
  - ii. By directly purchasing and/or hiring abroad as is necessary for conducting the prospecting programme with its foreign currency funds and importing to and/or using in Ghana freely and without restrictions such machinery, equipment, materials and services of any nature whatsoever as will be required by the Company for its operations hereunder.
- b. The Company may be required to pay all its rentals and other licensing fees to the Government in dollars or other freely convertible currency, or such currencies as shall be specified by the Bank of Ghana.
- c. All conversions of currency shall be made at the prevailing official rates of exchange.

19. PRODUCTION AGREEMENT:

If upon the expiration of this Agreement the Company shall have carried out its obligations hereunder to the satisfaction of the Government and shall have successfully established to the Government that the development of a mine from ore reserves established within the Licensed



Area is economically and financially feasible, then the Government shall grant to the Company the first option to (i) acquire a lease for the purposes of mining in the Licensed Area, and (ii) participate in a mining project in the Licensed Area subject to negotiation with the Government of satisfactory terms for such licence and participation

20. NOTICE:

Any application, notice, consent, approval, direction, or instruction hereunder shall be in writing and shall be served by hand or by registered mail. Delivery by hand shall be deemed to be effective when made, and delivery by registered mail shall be deemed to be effective at such time as it would in the ordinary course of registered mail be delivered to the addressee. Until changed by appropriate notice, the Company's address in Ghana is its registered office as set forth above and the addresses of the Government officials are as follows:

- i. The Hon. Minister, Ministry of Lands, Forestry and Mines, P.O. Box M.212, Accra.
- ii. The Head of the Inspectorate Division of the Minerals Commission, Mines Department, P.O. Box 3634, Accra
- iii. The Director, Ghana Geological Survey, P.O. Box M.80, Accra
- iv. The Chief Executive, Minerals Commission, P.O. Box M.248, Accra
- v. The Director, Survey Department, P.O. Box 191, Accra
- vi. The Governor, Bank of Ghana, P.O. Box 2674, Accra.

21. ARBITRATION:

Subject to the provisions hereof, if any time during the continuance of this Agreement or after its termination any question or dispute shall arise regarding the rights, powers, duties and liabilities of the parties hereto such question or dispute shall be referred to arbitration in accordance with the Arbitration Act 1961 (Act 38). In such event, there shall be two arbitrators, one to be appointed by each party.

22. GOVERNING LAW:

WORK PROGRAMME FOR AN APPLICATION FOR GOLD  
PROSPECTING LICENCE ON CONCESSION

SITUATED AT FAHIAKOBA IN THE  
AMANSIE EAST DISTRICT OF THE ASHANTI REGION

PREPARED FOR

GOKNET MINING COMPANY (GH) LIMITED

NO.1 SWITCHBACK CRESCENT  
P.O. Box CT876 CANTONMENTS  
Accra – Ghana  
Tel: 021 77 40 61

APRIL 2007

Prepared by:  
A.Y. BLANKSON  
Geologist  
GhIG Registration No. 389



PMB MD/127  
Madina – Accra  
Tel: 0244 216 778

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## 1.0 GENERAL INFORMATION

### 1.1 Introduction

Goknet Mining Company Limited is applying for a prospecting licence over a concession located on filed sheet 0602C3 with the aim of undertaking exploration work for gold.

This report forms part of the requirement for application for prospecting licence for the duration of 2 years.

### 1.2 Location

The proposed Gold concession is situated at Fahiakoba in the Amansie East District of the Ashanti Region. The concession area forms part of field sheet number 0602C3 and covers an area of 16.4 square kilometers. The property lies within the following latitudes 6° 00' 15"N and 6° 02' 26"N and longitudes 1° 51' 21"W and 1° 48' 35"W.

### 1.3 Accessibility to the Areas

The concession area is located 10km northeast of Dunkwa-on-Ofin. The area is accessible through Dunkwa-on-Ofin Mine Compound, Abesewa and Ehwenyame on a laterite road constructed by Dunkwa Continental Goldfield to their various dredge sites south of the River Ofin. The northern part of the concession area can be accessed by crossing the Ofin after Ehwenyame to Ayamebkyere, then by footpaths and trails.

### 1.4 Geographical Settings

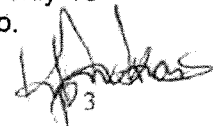
The concession area topographically is low lying with relief ranging 122m (400 ft) to 183m (600 ft) above mean sea level. River Ofin and its tributaries drain the concession area.

The relative humidity is usually high. Two rainy seasons are experienced in the area – that is a major one from April to July, then a minor one from September to October. The annual rainfall is in the range of 1500 – 2000mm. The minimum and maximum temperatures are about 22°C and 36°C, respectively, with the average annual temperature being about 29°C.

The vegetation is mainly of the tropical rain forest type, but has been disturbed by farming and logging activities of the people. This has given way to less densely wooded secondary forest type of vegetation. The concession area support large cocoa farms, palm plantations as well food and cash crops such as plantain, maize, cassava, banana and cocoyam.

### 1.5 Infrastructure

There are no communities within the concession area however those very close to the concession are Ehwenyame and Akrofuom in the south and Nyamebkyere and Fahiakoba in the north. Dunkwa-on-Ofin, the Upper Denkyira District Capital is only 10 kilometers away and has all basic amenities hence will be used as the field camp.

  
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## 2.0 GEOLOGICAL ENVIRONMENT

The concession area is located at the western contact of the Ashanti Gold Belt and the Kumasi Basin. Geologically it lies more in the Basin made up of Paleoproterozoic rocks of the Birimian Supergroup, dominantly metasediments and volcanoclastics comprising phyllites, greywacke, siltstones and tuffaceous equivalents. These rocks are intruded locally by late stage granitoids (including the Bongo granite) and intermediate to felsic granitoids, undifferentiated (Cape Coast and Winneba granites). A recent layer of pebbly, sandy and clayey alluvial material locally overlies the Birimian bedrock.

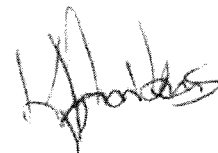
The metasediments sometimes carry disseminated sulphides and carbonates. Pyrite, the most prevalent sulphide, is most often oxidized to limonite or leached out leaving cubic casts. Carbonates, phyllites, graphitic schists and volcanoclastics constitute the major components of the supra crustal rocks. They have well developed schistosity that parallel bedding striking northeast usually between 40° - 50° and often dip steeply to either northwest or southeast.

The Basin has northeast - southwest trending major faults and lineaments and almost north - south trending mafic intrusives (mainly dolerite dykes) running through it that may be associated with gold mineralization in the area.

Mineralisation style is stockworks at the contact between intrusive/dykes and metasediments and alterations at the contact of foliated and sheared granitic bodies and metasediments.

Dunkwa Continental Goldfields had carried out extensive alluvial mining activities in the concession area.

Goknet Mining Company is hopeful of defining underground mineable resources within the prospect.



### 3.0 PROPOSED PROSPECTING WORK PROGRAMME

This proposed work programme has been designed to help identify and determine the deep deposit potential of the property. It is designed to cover a 2-year exploration period. Details of the programme are outlined below.

#### 3.1 Data Review and Social Visits (6 months)

This stage would be a careful examination, tabulation and interpretation of available information and a time of logistics acquisition. This stage is expected to take a period of 6 months.

Extensive work for alluvial mining has already been done in this area. Data will be acquired checked and assimilated. All data will be compiled and a thorough analysis and interpretation will be made to assist in the planning of the work.

Reconnaissance visits will be made to the concession to check accessibility of areas where work is proposed and to determine availability of work force. Accommodation will be secured for the geologist and senior technicians. Courtesy calls will be made to all the Chiefs of the towns and villages within the concession area with the aim of informing the chiefs and elders of the Company's intention. Visits will for the same reason be made to the District Chief Executive and the Member of Parliament of the areas. Prospecting trips will be made to the concession to verify results from the data compiled.

Crews will be selected from the towns and villages within the concession areas from the labour force of known personnel to the chiefs, capable of performing the work in a professional manner. Consultation with the Environmental Protection Agency will be made and the necessary permits acquired.

#### 3.2 Field Work (14 months)

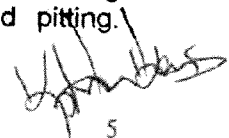
The work is designed to identify geophysical anomalies, in areas that the Company deem necessary after the data review. Stream sediment and soil geochemistry would not be appropriate on this concession since most of the concession area is alluvial flats and have undergone some form of alluvial mining ("galamsey").

##### 3.2.1 Ground Geophysics (4 months)

Induced Polarization/Resistivity and/or local station VLF methods of ground geophysical survey will be carried out over areas demarcated from the desk study. A programme of deeper sensing Induced Polarization survey will be carried out to confirm the presence of sulphide rich sources by means of a high power time domain equipment, to read spreads from n=1 to n=6 or 8 for greater depths investigation.

##### 3.2.2 Deep Geochemistry (8 months)

Fences of banka or auger drilling to a 30 meter depth and/or Rotary Air Blast drilling (RAB) to approximately a depth of 50m could be carried out in structurally interesting areas delineated from the ground geophysics instead of trenching and pitting.



Trenching and pitting probably may be found to be inappropriate techniques or too dangerous even with cribbing through the probably thick layer of alluvial/colluvials.

The methods mentioned above are the cheapest and least penetrative type of drilling, however they are reliable sampling tools that would effectively delineate gold mineralization in the underlying bedrock/saprolite. The drilling spacing and total meterage to be drilled would be determined during the desk study. For now a proposed 3000m of either banka, auger or RAB drilling is estimated.

### 3.2.3 Drilling (3 months)

Based on shallow drilling results, a proposed 2000 meters of Reverse Circulation (RC) drilling may be carried out. It will be to an average depth of 100 meters per drill hole. Drilled samples will be logged and areas of interest sampled for analysis. All drill logs will be completed on site.

Access roads will be constructed where necessary with minimum destruction of crops, vegetation and top soil. Drill collars and holes will be properly surveyed. Drill data including assays will be captured statistically, analyzed and drill sections and plans produced. If the drilling programme is successfully in defining anomalous areas that warrant further work, a stage of infill drilling will be undertaken.

### 3.3 Data Compilation and Report Writing (3 months)

Data from this stage of work will be correlated and areas of interest followed-up. A technical report of work done during the prospecting licence period will be prepared with accompanying maps, tables, logs, figures and appendices for the necessary government organizations. In this report, the expenditure account for the period will be outlined.

Applications for all the necessary permits and permission for this next phase of work will be made and acquired.

### 4.0 CONCLUSION

The concession area is very interesting geologically and it is hoped that a hard rock deep mineable resource will be found by Goknet Mining Co. Ltd. in this area. A summary of the proposed cost estimate for the work programme has been attached.

PREPARED BY  
A.Y. Blankson



Geologist  
GhIG Registration No. 389

**5.0 TIME SCHEDULE FOR THE PROSPECTING WORK PROGRAMME**

Description of Work	Time Broken Down in One Month Segments																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Data Review	←————→																							
1st Quarterly Report				←→																				
2nd Quarterly Report					←→																			
Ground Geophysics						←————→																		
3rd Quarterly Report									←→															
Deep Geochemistry										←————→														
4th Quarterly Report											←→													
5th Quarterly Report																←→								
Drilling																			←————→					
6th Quarterly Report																		←→						
7th Quarterly Report																						←→		
Data compilation & Report Writing																						←————→		



6.0 ESTIMATED BUDGET FOR THE PROSPECTING WORK PROGRAMME

ITEM NO.	DESCRIPTION	AMOUNT IN USD (\$)	AMOUNT IN CEDIS (¢)
1	Data acquisition, compilation and review		5,000,000.00
2	Visits to site to assist in planning for work.		5,000,000.00
3	Acquisition of the necessary permits		20,000,000.00
4	Casual Labour, 4 field crews for 14 months – i.e line cutting, soil sampling and drilling		56,000,000.00
5.	Ghanaian Contract geologist for 14 months and a field technician for 14 months for line cutting, soil sampling and drilling	42,000.00	
6	Vehicles (4X4), maintenance	14,000.00	
7	Field Accommodation for 12 months		4,800,000.00
8	Field Expenses - feeding for 12 months		3,600,000.00
9	In-house ground geophysical survey all up – USD 150/km for 15km	2,250.00	
10	Deep soil geochemistry = all up USD 20/m for 3000m	60,000.00	
11	Assay Costs, 1500 samples @ US\$7.02/sample	10,530.00	
12	Access roads rehabilitation and drill sites construction	3,000.00	
13	RC drill programme, 1000m @ \$50/m all up	50,000.00	
14	Compensation to farmers		30,000,000.00
15	Assays for 500 samples@US\$7.02/sample	3,510.00	
16	Data compilation		6,500,000.00
17	Report Writing and Maps Preparation		5,000,000.00
18	Administration Staff - Overheads		10,000,000.00
19	<b>Total</b>	<b>185,290.00</b>	<b>145,900,000.00</b>

## 7.0 STAFF REQUIREMENTS

Estimated staff requirement based on the proposed work programme and period is outlined below.

Staff	Position	Total Number	Qualification
Technical Staff	Chief Geologist	1	i) B.Sc. (Hons.) in geology, long service and highly experienced ii) M.Sc or M.Phil in geology
	Geologist	1	B.Sc. (Hons) in geology with more than 3 years working experience.
	Technician	1	Diploma in geology with more than 3 years working experience.
	Field Crew	4	Should be capable of performing the exploration work in professional manner.
Administration Staff	Secretary	1	HND in secretaryship and management
<b>Total</b>		<b>8</b>	

PREPARED FOR GOKNET MINING COMPANY LIMITED BY

A.Y. Blankson  
Geologist

Signature: 

Date: 23/04/2007

GhIG Registration No. 389

ADDRESS: PMB MD 127,  
Madina - Accra

Telephone: 0244 216778

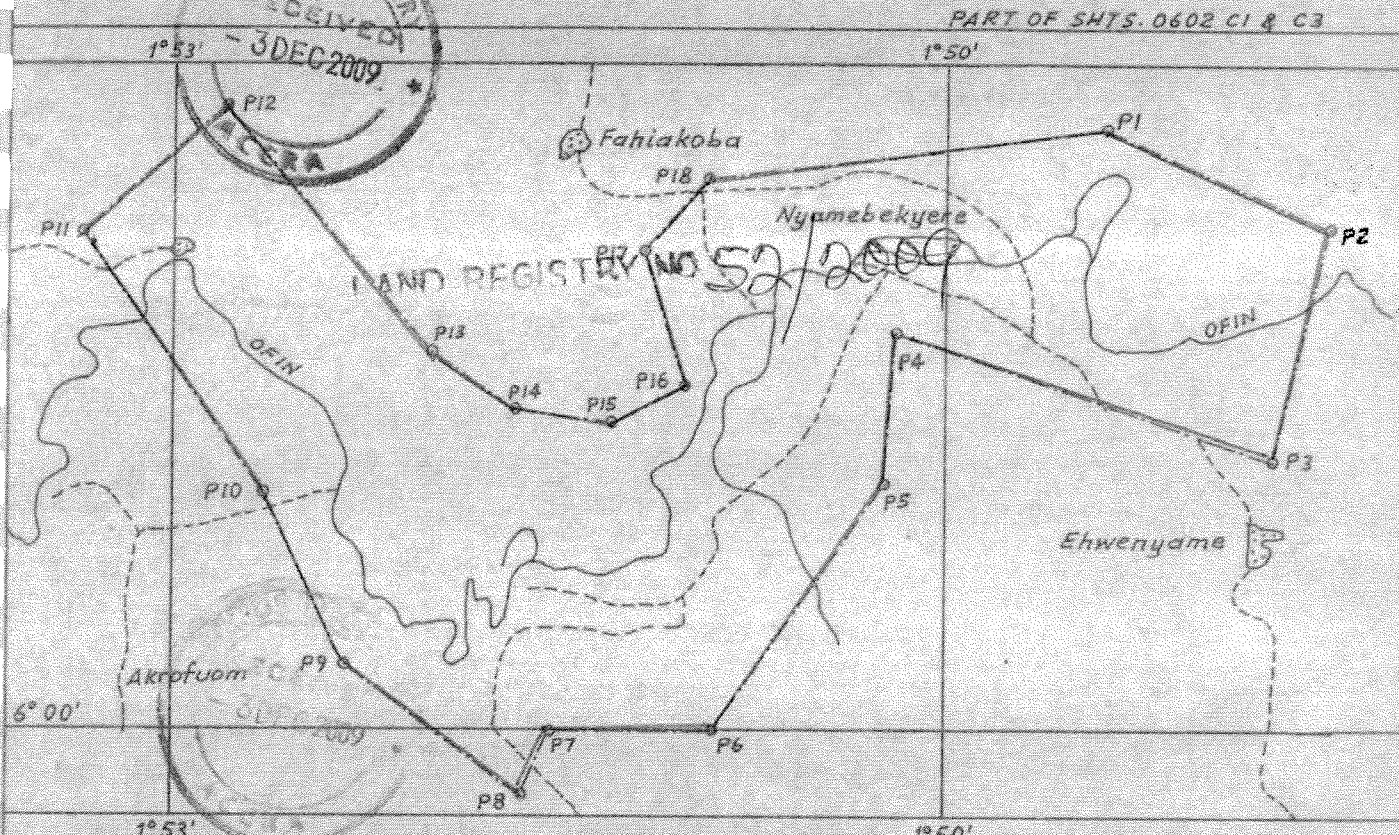
PROPOSED GOLD CONCESSION  
FOR GOKNET MINING CO. LIMITED  
SITUATED AT FAHIAKOBA

SHEWN EDGED PINK

AREA = 22.07 SQ. KM.

SCALE = 1:50,000

PART OF SHTS. 0602 C1 & C3

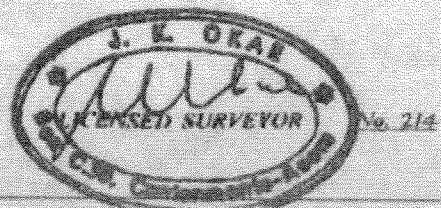


COORD. OF THE PILLARS

	<u>LAT</u>	<u>LONG</u>
P1.	6° 02' 21"	1° 49' 22"
P2.	6° 01' 58"	1° 48' 31"
P3.	6° 01' 03"	1° 48' 44"
P4.	6° 01' 33"	1° 50' 11"
P5.	6° 00' 57"	1° 50' 14"
P6.	6° 00' 00"	1° 50' 53"
P7.	6° 00' 00"	1° 51' 31"
P8.	5° 59' 45"	1° 51' 37"
P9.	6° 00' 15"	1° 52' 19"
P10.	6° 00' 55"	1° 52' 39"
P11.	6° 01' 57"	1° 53' 21"
P12.	6° 02' 26"	1° 52' 47"

COORD. OF THE PILLARS

	<u>LAT.</u>	<u>LONG.</u>
P13.	6° 01' 30"	1° 52' 00"
P14.	6° 01' 15"	1° 51' 40"
P15.	6° 01' 12"	1° 51' 17"
P16.	6° 01' 21"	1° 51' 01"
P17.	6° 01' 53"	1° 51' 09"
P18.	6° 02' 10"	1° 50' 55"



This Agreement shall be governed by, construed and interpreted in accordance with the laws of Ghana.

23. HEADINGS:

The headings given to paragraphs in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.



**THE SCHEDULE ABOVE REFERRED TO:**

All that piece or parcel of land containing an approximate total area of 22.07 square kilometres lying to the North of Latitudes  $6^{\circ} 01' 03''$ ,  $6^{\circ} 01' 33''$ ,  $6^{\circ} 00' 00''$ ,  $5^{\circ} 59' 45''$  and  $6^{\circ} 00' 05''$ ; South of Latitudes  $6^{\circ} 02' 26''$ ,  $6^{\circ} 01' 30''$ ,  $6^{\circ} 01' 15''$ ,  $6^{\circ} 01' 12''$ ,  $6^{\circ} 01' 21''$ ,  $6^{\circ} 02' 10''$ ,  $6^{\circ} 02' 21''$  and  $6^{\circ} 01' 58''$ ; East of Longitudes  $-1^{\circ} 52' 47''$ ,  $-1^{\circ} 53' 21''$  and  $-1^{\circ} 52' 47''$ ; West of Longitudes  $-1^{\circ} 48' 31''$ ,  $-1^{\circ} 48' 44''$ ,  $-1^{\circ} 50' 11''$  and  $-1^{\circ} 50' 14''$  in the Amansie East District of the Ashanti Region of the Republic of Ghana which piece or parcel of land is more particularly delineated on the plan annexed hereto for the purposes of identification and not of limitation

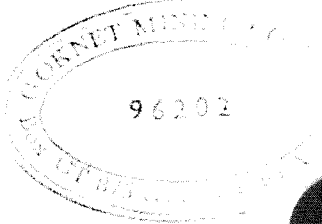
IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.


SIGNED AND SEALED with the SEAL of ]  
the Ministry of Lands, Forestry and ]  
Mines and DELIVERED by the said ]  
**ESTHER OBENG DAPPAH** ]  
Minister of Lands, Forestry and Mines for ]  
and on behalf of the Government of the ]  
Republic of Ghana in the presence: ]


  
.....  
HON. MINISTER  
MIN. OF LANDS, FORESTRY  
& MINES  
P. O. BOX 18 212, ACCRA

  
  
.....  
CHIEF DIRECTOR  
MINISTRY OF LANDS, FORESTRY & MINES

The COMMON SEAL/STAMP of the said ]  
**GOKNET MINING COMPANY LIMITED** ]  
was affixed to these presents and the ]  
same were DELIVERED in the ]  
presence of: ]

  
.....

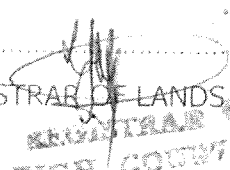


  
.....  
**THOMAS ENNISON**  
.....  
DIRECTOR/SECRETARY

  
.....  
**GODFRED O. KESSE**  
.....  
MANAGING DIRECTOR


OATH OF PROOF

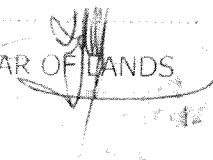

I George Banful of Minerals Commission  
MAKE OATH and SAY that on the 3rd day of October 2008  
I was present and saw **ESTHER OBENG DAPPAH**, the Minister of Lands,  
Forestry and Mines duly execute the Instrument now produced to me and  
Marked "A" and that the said **ESTHER OBENG DAPPAH** can read and write.  
Sworn at Accra this 28th day of July 2008

Before Me.

  
REGISTRAR OF LANDS  
  
DEPONENT 

This is the Instrument marked "A" Referred to in the Oath of George Banful  
SWORN before me this 28th day of July 2008

  
REGISTRAR OF LANDS  
On the 28th day of July 2008 at 12-00 O'clock  
in the after noon this Instrument was proved before me by the Oath  
of the within-named George Banful to have been duly  
executed by the within-named **ESTHER OBENG DAPPAH**

  
REGISTRAR OF LANDS  


Dated this 3rd day of October 2008

GOVERNMENT OF THE REPUBLIC OF GHANA

AND

GOKNET MINING COMPANY LIMITED

Registered

52/2009

Registrar of Lands

PROSPECTING LICENCE

SOLICITOR OF THE  
SUPREME COURT

TERM: TWO (2) YEARS (RENEWABLE)

COMMENCEMENT: 3/10/2008

EXPIRY DATE: 2/10/2010

FILE NO.: PL.6/308


3.00  
NOON TEND

3rd DAY OF October 2008

Registrar of Lands

IN ACCORDANCE WITH SECTION 10 OF THE STAMP ACT 2005 I CERTIFY THAT IN MY OPINION THIS INSTRUMENT IS CHARGEABLE WITH A DUTY OF ACCRA 2009 28 88

2008 (11) 214  
Ghana  
Commissioner of Income Tax



NATURE OF FEES	PAID	RECEIPT No.	DATE
PRESENTATION FEE	Yes	588200	03/10/08