

This Management Discussion and Analysis ("MD&A") of Asante Gold Corporation, ("Asante" or the "Company") is prepared as at December 21, 2012 and provides an analysis of the Company's performance and financial condition for the three and nine month period ended October 31, 2012. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee.

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the period ended October 31, 2012, including the related note disclosure. The Company's unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in the functional currency of Canadian dollars unless otherwise specified. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or the Company's website at www.asantegold.com.

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information should be read in conjunction with the Company's unaudited financial statements for the period ended October 31, 2012 and related notes thereto. The unaudited financial statements were prepared in accordance with International Financial Reporting Standards. All currency amounts are expressed in Canadian dollars.

Overall Performance

Asante Gold Corporation is a mineral exploration company involved in the acquisition and assessment of mineral properties in the Republic of Ghana. The Company's objective is to undertake mineral exploration on properties assessed to be of merit and to define mineral resources. Metals being targeted are precious metals with a focus on gold.

On June 15, 2011, the Company entered into a Purchase Agreement with Goknet Mining Co. Ltd. of Accra to acquire the Fahiakoba Concession, in the Ashanti and Central Regions in the Republic of Ghana. The Company acquired a 100% interest in the Fahiakoba Concession by paying Goknet the sum of US\$51,976 (C\$50,630) and by agreeing to expend US\$1,000,000 over a five year period. The Company has applied to have the concession title transferred to ASG Mining Ltd., the Company's 100% owned Ghana subsidiary. In the event that the Company sells its interest in the Fahiakoba Concession within two years from June 15, 2011, it must pay Goknet a sum, in cash, equal to 10% of the sale price. The Company also granted Goknet a 3% net smelter return royalty on production from the Fahiakoba Concession.

Between May 4, 2011 and January 31, 2012, the Company raised gross proceeds of \$23,250 through the issuance of 2,325,000 Common Shares at a price of \$0.01 per Common Share, \$391,750 through the issuance of 7,835,000 Units at a price of \$0.05 per Unit, and \$1,450,250 through the issuance of 5,801,000 Common Shares at a price of \$0.25 per Common Share.

On February 28, 2012 the Company completed an initial public offering of 4,000,000 Units at \$0.50 for cumulative gross proceeds of \$2,000,000. The Agent received at closing, a cash commission of 7.5% of the gross proceeds; and that number of Agent Warrants that is equal to 7.5% of the number of Offered Securities sold in the Offering. In addition, the Company issued to the Agent 150,000 Corporate Finance Shares.

The Company has no operational revenue, and exploration activity is subject to the availability of funds raised through financings. Global financial and commodity markets have been volatile, and the Company is thus impacted by these generic industry factors which are beyond its control. The Company anticipates obtaining additional financing in the future primarily through further equity financing.

The Company has completed its initial exploration program on the Fahiakoba Concession, consisting of 4,987.5 metres of diamond drilling, ground VLF-EM geophysics and 1,200 auger drill holes. Initial drill results of 289.5 g/t Au over 0.5 metre sample width, 11.10 g/t Au over 0.65 metre and 7.34 g/t Au over 1.0 metre were previously reported. These results are considered encouraging and indicate that the targeted structures locally contain significant gold values.

The second phase of this drilling program commenced at the end of August 2012. A total of 2,550.5 metres of drilling in 17 holes were completed. Sampling and logging has been completed with final assays expected in January 2013.

Selected Quarterly Information

The following table summarizes quarterly results for all quarters to date. The information contained in this table should be read in conjunction with the Company's financial statements.

| Period ending: | Revenue | Gain/(Loss) before other items | Currency translation adjustment | Comprehensive Loss | Net loss per share |
|------------------|---------|--------------------------------------|---------------------------------------|-----------------------|-----------------------|
| October 31, 2012 | Nil | (227,355) | (2,908) | (230,263) | 0.01 |
| July 31, 2012 | Nil | (197,528) | 9,783 | (187,745) | 0.01 |
| April 30, 2012 | Nil | (447,724) | - | (447,724) | 0.02 |
| January 31, 2012 | Nil | (334,319) | - | (334,319) | - |
| October 31, 2011 | Nil | (700,679) | - | (700,679) | 0.09 |
| July 31, 2011 | Nil | (206,158) | - | (206,158) | 0.01 |

The October 2011 quarter reflected a charge of \$557,000 for stock based compensation. Other quarterly variations arise mainly from costs associated with start-up and the IPO.

Results of Operations

The Company's comprehensive loss for the three month period ended October 31, 2012 was \$230,263 or \$0.011 per Common Share. The Company's loss from operations included general and administrative expenses. Among these administrative expenses were fees for professional services of \$55,688 and key personnel costs comprising management fees of \$45,000 charged by the Company's Chief Executive Officer at a rate of \$15,000 per month, and a director at a rate of \$7,500 per month. Stock based compensation decreased by \$48,000 as there was no expense during the three months ended October 31, 2012.

The prior year bears little comparison with the current period, as in 2011 the Company was in its infancy, incurring costs associated with start-up.

The Company capitalizes all mineral property acquisition and exploration costs until the properties to which the costs are related are placed into production, sold or abandoned. The decision to abandon a property is largely determined by exploration results and the amount and timing of the Company's write-offs of capitalized mineral property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance.

During the three month period ended October 31, 2012, mineral property acquisition and exploration costs totalling \$536,949 were capitalized to mineral properties. Exploration costs consisted of acquisition, aerial survey, auger drilling, drilling, assaying, geology and geophysics, associated field costs and general and administrative costs.

Liquidity and Capital Resources

At October 31, 2012, the Company had working capital of \$283,325 available to fund its operations and exploration programs.

In terms of the acquisition of its interest in the Fahiakoba Concession, the Company is committed to expenditure of \$1,000,000 over a five year period. Expenditures to date exceed this commitment.

Cash invested in exploration activities for the three month period ended October 31, 2012 was \$536,949.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover general and administrative expenses, the Company raises money through equity issues. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

There were no financing activities for the three month period ended October 31, 2012.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Additional Disclosure for Venture Companies without Significant Revenue

Exploration expenditures for the nine months ended October 31, 2012:

| | October 31, 2012 |
|---|---------------------|
| Capitalized acquisition and exploration costs for: | |
| a) Fahiakoba Concession | |
| Acquisition | Nil |
| Assays | \$ 45,992 |
| Drilling | \$ 1,116,125 |
| Geology and geophysics | \$ 169,564 |
| General, Administrative | \$ 148,462 |
| Total | \$ 1,480,144 |

Outstanding Securities Data

As at December 21, 2012 there are 20,111,000 Common Shares issued and outstanding. There are 10,045,600 Warrants outstanding, comprised of 7,745,600 exercisable at \$0.25 per Common Share (7,435,000 exercisable up to June 10, 2013; 294,600 exercisable up to February 28, 2013; and 16,000 exercisable up to March 14, 2013); 300,000 at \$0.50 per Common Share (exercisable up to February 27,

2012); and 2,000,000 exercisable at \$0.70 per Common Share (exercisable up to February 27, 2014). There are also a total of 1,350,000 incentive options granted to directors, officers and consultants of the Company, all exercisable at \$0.75 per Common Share, up to October 24, 2016 and 200,000 options granted to directors of the Company, exercisable at \$0.75 per Common Share up to April 3, 2017.

Risks and Uncertainties

See “Risk Factors” below.

Transactions with Related Parties

Related Party transactions include transactions with key management personnel and their related parties who hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Transactions with Key Management Personnel

The aggregate value of transactions with key management personnel, being directors and senior management comprising the Chief Executive Officer and Chief Financial Officer were as follows:

| Compensation, for the nine month period ended | Oct 31, 2012 |
|---|---------------------|
| Management fees paid to companies controlled by Directors or Officers | \$ 202,500 |
| Share-based compensation | Nil |
| Total | \$ 202,500 |

Transactions with other Related Parties

The aggregate value of transactions and outstanding balances with related parties were as follows:

| Transactions, for the nine month period ended | Oct 31, 2012 |
|--|---------------------|
| Consulting fees for business development paid to a company controlled by a Director or Officer | \$ 67,500 |
| Total for services rendered | \$67,500 |

| Related party balances payable, as at | Oct 31, 2012 |
|---|---------------------|
| Amount payable to Directors or Officers at period end | Nil |

Significant Accounting Policies

(a) *Statement of Compliance*

These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements were authorized for issue by the Board of Directors on December 19, 2012.

(b) *Basis of Preparation*

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss, and available-for-sale which are stated at their fair value. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below are consistent with the policies applied in the most recent annual financial statements for the year ending January 31, 2012.

(c) *Mineral Exploration and Evaluation Expenditures*

Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transfer to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been

determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(d) *Share-based Payment Transactions*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except

to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(e) *Restoration, Rehabilitation, and Environmental Obligations*

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance from the Company's operations to date is insignificant.

(f) *Significant Accounting Estimates and Judgments*

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Asante Gold Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are

believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

i) Rehabilitation Provisions

No rehabilitation provisions have been created based on Asante Gold Corporation's activity to date. Ongoing assumptions, based on the current economic environment, will be made on a basis which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs, if any, will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

ii) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iv) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company has used the Black-Scholes model for estimating fair value, which requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and related assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8 to the financial statements.

New accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The following new standards, amendments and interpretations, which have not been early adopted in these financial statements, are not expected to have an effect on the Company's future results and financial position:

- IFRS 7 Financial Instruments: Disclosures, amendments regarding Disclosures - Transfers of Financial Assets
- IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9)
- IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12)
- IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13)
- IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31)
- IFRS13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs)
- IAS 1 Presentation of Financial Statements, amendments regarding Presentation of Items of Other Comprehensive Income
- IAS 12 Income Taxes, amendments regarding deferred Tax: Recovery of Underlying Assets
- IAS 19 Employee Benefits (Amended in 2011)
- IAS 27 Separate Financial Statements (Amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (Amended in 2011)
- IAS 32 Financial Instruments Presentation
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New)

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument

fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, amounts receivable and balances receivable from related parties. The Company limits the exposure to credit risk by only investing its cash and cash equivalents with high-credit quality financial institutions in business and saving accounts, guaranteed investment certificates, and in government treasury bills which are available on demand by the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand. The Company has announced that it intends to raise further funding through a private placement.

Foreign Exchange Risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates.

Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's policy is to invest cash at fixed rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when the cash and cash equivalents mature impact interest income earned. The Company is not exposed to significant interest rate risk.

Commodity Price Risk

While the value of the Company's only mineral resource property, Fahiakoba Concession, is related to the price of gold, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Gold prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

Subsequent Events

The Company announced on November 12, 2012 that it has reached agreement with Goknet Mining Company Limited, of Accra, Ghana, ("Goknet") to purchase a 1% NSR royalty Goknet holds on PMI Gold Corporation's Obotan Gold Project in Ghana (the "Royalty").

The Royalty is being purchased for a deemed consideration of \$22.5 million consisting of the issuance of 45 million shares in the capital stock of the Company at a deemed value of \$0.50 per share.

Closing of the Royalty purchase by the Company will be subject to receipt of all requisite regulatory, required third party, and shareholder approvals. Shares of the Company to be issued as consideration for the purchase of the Royalty will be subject to a four month plus one day hold period, unless they are traded pursuant to an exemption to the resale restrictions. Goknet has voluntarily agreed that 10% of the shares of the Company will not be subject to any resale restrictions beyond the four month and a day hold period. The remaining 90% of the shares will be released from resale restrictions as to 15% every three months after the four month and a day period has expired.

Preparations for the finalization of the royalty purchase are in an advanced stage, and the Company is pursuing its plans to raise funds through a private placement as announced in its press release. Further information regarding the transaction is available in the press release dated November 12, 2012 which may be found on www.Sedar.com.

On November 22, 2012 a total of 400,000 warrants were exercised at a price of \$0.25 per warrant for total proceeds of \$100,000.00.