

## Musoma-Bunda (Exploration Strategy)

During the reporting period ending September 2011, exploration work within this project has largely been focused on the Kinyambwiga and Suguti licenses.

### Kinyambwiga PL4653/2007

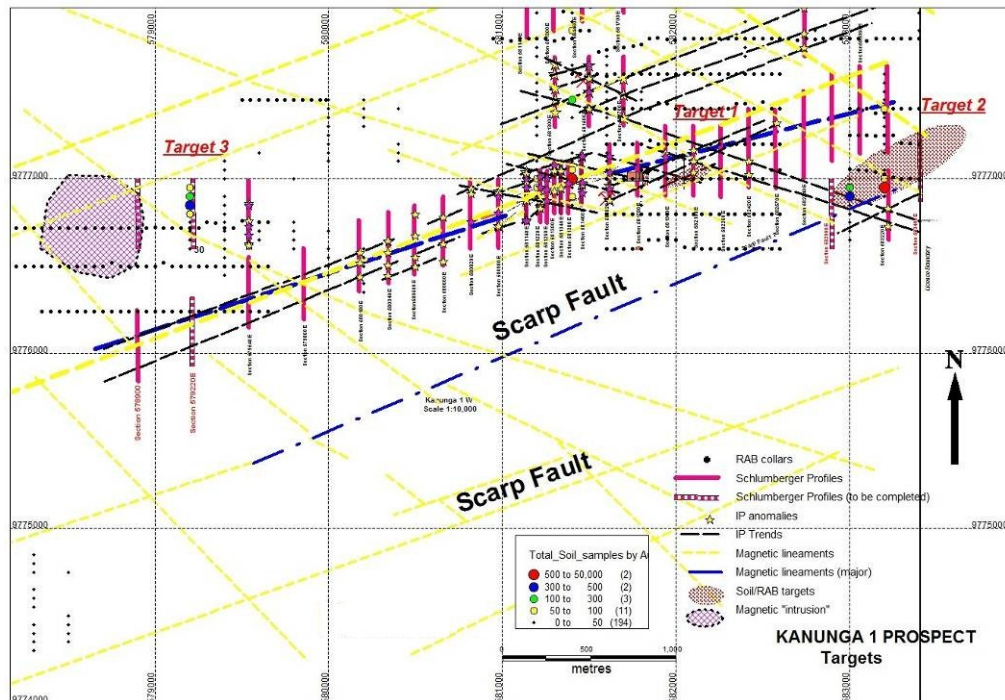
Exploration has been focused around Kanunga 1 Prospect. A total of 17 Schlumberger N-S profiles, covering 7.50 line-kilometres have been undertaken to the east and west of Kanunga 1 in an attempt to trace the strike of the mineralized ENE-WSW quartz vein (**Table 1**). Results of the survey have identified at least 2 distinct chargeability anomalies that appear consistent with the strike of the known structure (**Map 1**). However, subdued to poor resistivity anomalies are noted across each of the profiles.

**Table 1: Summary of Schlumberger VES profiles completed across Kanunga 1 Prospect**

Target	Section	From	To	Length
		Easting	Northing	
Kanunga East	581940E	582900	9776900	300
Kanunga East		582900	9777200	
Kanunga East	582100E	582900	9776900	400
Kanunga East		582900	9777300	
Kanunga East	582260E	582900	9776900	400
Kanunga East		582900	9777300	
Kanunga East	582420E	582420	9776950	400
Kanunga East		582420	9777350	
Kanunga East	582580E	582580	9776950	400
Kanunga East		582580	9777350	
Kanunga East	582740E	582740	9777700	400
Kanunga East		582740	9778100	
Kanunga East	583220E	583220	9777150	400
Kanunga East		583220	9777550	
Kanunga East	583220E	583220	9776650	400
Kanunga East		583220	9777050	
Kanunga West	580820E	580820	9776600	400
Kanunga West		580820	9777000	
Kanunga West	580660E	580660	9776500	400
Kanunga West		580660	9776900	
Kanunga West	580500E	580500	9776450	400
Kanunga West		580500	9776850	
Kanunga West	580340E	580340	9776400	400
Kanunga West		580340	9776800	
Kanunga West	580180E	580180	9776350	400
Kanunga West		580180	9776750	
Kanunga West	579860E	579860	9776200	400
Kanunga West		579860	9776600	
Kanunga West	579540E	579540	9776600	400
Kanunga West		579540	9777000	

Kanunga West	578900E	578900	9775840	400
Kanunga West		578900	9776240	
Kanunga West	578900E	578900	9776600	400
Kanunga West		578900	9777000	
Kanunga East	583400E	583400	9776320	400
Kanunga East		583400	9776920	
Kanunga West	579170E	579220	9776600	400
Kanunga West		579220	9777000	

**Map 1: Plan showing the location of the Schlumberger IP profiles across the interpolated mineralized structure of Kanunga 1.**



Follow-up investigation of the coincident chargeability/resistivity highs west of Kanunga 1, was undertaken by pitting and soil sampling beneath the mbuga cover. Soil sampling was undertaken on 10 meter sample intervals along the N-S Schlumberger VES traverse lines across the underlying coincident chargeability/resistivity anomalies (Table 2). All samples were sieved and submitted to SGS Laboratory Mwanza for gold analysis by Aqua Regia. Results are summarized in Table 3.

**Table 2: Trench Results**

Infill Soil samples	Prospect	Target	Easting		Northing		Length	Total samples	Anomaly	Sample Interval	Comments
			From	To	From	To					
	Kanunga 1 E	1	582050	9777020	9777150	130	14	Soil	10 m spacing		
	Kanunga 1 E	1	582050	9776936	9776996	60	7	Soil	10 m spacing		

Kanunga 1 E	2	582900	9776800	9777000	200	9	Soil	25 m spacing	Unsampled
Kanunga 1 E	2	582800	9776800	9777000	200	9	Soil	25 m spacing	
Kanunga 1 E	2	583100	9776875	9777100	225	10	Soil	25 m spacing	
Kanunga 1 E	2	583200	9777025	9777175	150	7	Soil	25 m spacing	
Kanunga 1 E	2	583300	9776950	9777225	275	12	Soil	25 m spacing	
Kanunga 1 E	2	583400	9776975	9777275	300	13	Soil	25 m spacing	
Kanunga 1 W	3	579200	9776750	9776975	225	10	Soil	25 m spacing	Unsampled
Kanunga 1 W	3	579100	9776750	9776975	225	10	Soil	25 m spacing	
Kanunga 1 W	3	579300	9776800	9777000	200	9	Soil	25 m spacing	
Kanunga 1 W	3	583220	9776720	9776740	20	3	IP	10m spacing	Unsampled
Kanunga 1 W	3	583220	9776810	9776840	30	4	IP	10m spacing	Unsampled
Kanunga 1 W	3	583740	9777960	9778000	40	5	IP	10m spacing	Unsampled
Kanunga 1 W	3	583740	9778060	9778100	40	5	IP	10m spacing	Unsampled
Kanunga 1 W	3	579540	9776610	9776640	30	4	IP	10m spacing	
Kanunga 1 W	3	579540	9776740	9776780	40	5	IP	10m spacing	
Kanunga 1 W	3	579540	9776840	9776880	40	5	IP	10m spacing	Unsampled
Kanunga 1 W	3	582100	9777030	9777120	90	10	IP	10m spacing	
Kanunga 1 W	3	581940	9777130	9777170	40	5	IP	10m spacing	
Kanunga 1 W	3	580820	9776940	9776980	40	5	IP	10m spacing	
Kanunga 1 W	3	580500	9776540	9776580	40	5	IP	10m spacing	
Kanunga 1 W	3	580500	9776660	9776700	40	5	IP	10m spacing	
Kanunga 1 W	3	580340	9776460	9776520	60	7	IP	10m spacing	
Kanunga 1 W	3	580340	9776560	9776570	10	2	IP	10m spacing	
Kanunga 1 W	3	580340	9776620	9776660	40	5	IP	10m spacing	
Total Soil samples (50gm Aqua Regia)						144			

Note: Although 144 samples were planned, a total of 135 samples were collected.

**Table 3: Summary of soil sample results across Schlumberger VES anomalies**

Schlumberger Profile	Range (ppb Au)	No of samples
579540E	2-4	4
580340E	1-10	14
580500E	2-14	7
580820E	3-5	5

Follow-up investigation into a number of soil anomalies ranging from 80 ppb to 1,260 ppb gold that occur in the eastern part of the license, east of Kanunga 1 was undertaken. These anomalies were found to lie within the boundary of Kanunga School and unfortunately permission to re-sample these positions was denied by the school authorities. However, soil sampling on 25 meters centers along 100 meter spaced N-S traverses on either side of the school did reveal a slight increase in anomalous soil values from 30 to 200 ppb Au (**Map 1**).

Similarly, follow-up investigations of the soil anomalies to the west of Kanunga 1 were also completed at Target 3. These soil anomalies lie approximately 300 meters east from a circular magnetic structure, interpolated to represent

an intrusive body. No outcrop is present but the topography is noted to be slightly raised above the surrounding plains. Sampling was undertaken along 100 meter spaced N-S traverses with a sample spacing of 25 metres. Results returned low gold-in-soil anomalies ranging between 18 to 30 ppb Au across all three traverse lines. Repeat sampling taken at the sample position that returned 400 ppb Au (2009) returned 25 ppb Au.

The results of the 135 soil samples from all target areas are shown in **Map 1** and summarized in **Table 4**.

**Table 4: Summary of assay results from soil sampling undertaken in the second quarter**

Range (ppm Au)	Quantity	%
0-10	64	47.41
10-25	55	40.74
25-50	12	8.89
50-100	3	2.22
>100	1	0.74
Total samples	135	100.00

A Pitting and trenching program was undertaken east of Kanunga 1 and close to the eastern boundary of the PL, to validate the anomalous Rotary Air Blast (RAB) intercepts reported in 2009 (**Table 5**)

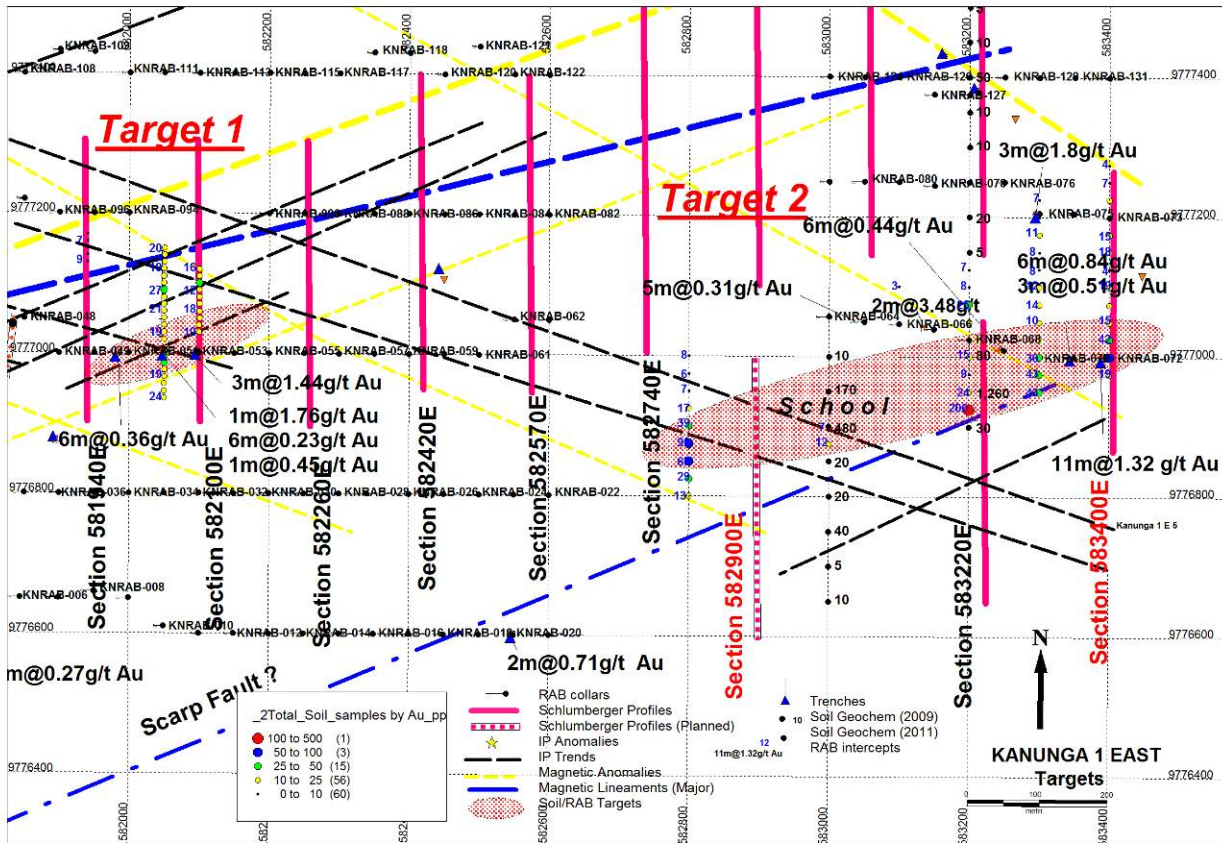
**Table 5: Trench program to the east of Kanunga 1.**

TRID	Target	Phase 1		Phase 2	Inter	Sample	Sample No.		Mbuga Depth		Reference	Intersections	Comments
		From	To				From	To	Expected	Actual			
KANUNGA 1 EAST		Orientation pit		Trench				(m)	(m)				
		Easting	Northings	Northings									
KNT52	1	581980	9776994	9777000	6	3	A28532	A28534	5	1	KNRAB-051	6m@0.36g/t Au	
KNT53	1	582047	9776996	9777010	14	7	A28525	A28531	2	1	KNRAB-052	1m@1.76g/t Au	
KNT54	1	582094	9776998	9777006	8	4	A28521	A28524	5	0.5	KNRAB-053	3m@1.44g/t Au	
KNT55	2	583136	9777036	9777046	10				4		KNRAB-067	2m@3.48g/t Au	Not dug-School
KNT56	2	583240	9777006	9777014	8				4		KNRAB-069	3m@0.64g/t Au	Not dug-School
KNT57	2	583344	9776996	9777002	6	3	A28507	A28510	3	0.5	KNRAB-071	6m@0.84g/t Au	
KNT58	2	583388	9776994	9777006	12	7	A28501	A28506	5	1.2	KNRAB-072	11m@1.32g/t Au	Stone layer #28538
KNT59	2	583294	9777200	9777210	10	6	A28511	A28515	3	0.4	KNRAB-075	3m@1.80g/t Au	Laterite #28539
KNT60	2	582546	9776596	9776606	10	5	A28516	A28520	4	1.4	KNRAB-020	2m@0.71g/t Au	
KNT61	2	581784	9776594	9776604	6	3	A28535	A28537	1	1	KNRAB-005	27m@0.27g/t Au	
Total Trench metres					94								
Total						38							

Orientation pits were first dug to establish the depth of the “mbuga” cover over the position of the mineralized intersection. In all cases the “mbuga” cover was found to be less than 3 meters thick allowing for a number of short N-S trenches to be excavated across the anomaly. A total of 94 meters of trenches and 47 channel samples were planned. However, due to the presence of the school only 76 meters of trench was excavated and 30 channel samples collected.

Granite was encountered in all trenches underlying a narrow stone layer and +1 meter thick “mbuga” clay top soil . One trench did intersect a non-magnetic diabase dyke. Channel samples collected on 2 meter intervals, were analysed by 50 gm Fire Assay at SGS Laboratory Mwanza, but returned no anomalous values. However, a sample of the transported quartz “stone layer” lying above the basement granite did return a value of 2.28g/t Au. It appears that the anomalous RAB intercepts may be the result of contamination from the stone layer and therefore does not represent an in situ anomaly.

**Map 2: Kanunga 1 East showing soil anomaly over school and mini-trenches across anomalous RAB intercepts.**



*Suguti (PL3966/2006)*

Exploration work has commenced on the Suguti PL. Gradient IP surveys have been partly completed across the PL. Mapping and soil sampling programs have been completed over “non-mbuga” covered area in the northern and southern parts of the Suguti License. Soil sampling has been conducted on a 400 meter x 50 meter grid in which a total of 544 samples, including 26 blank samples, have been collected and analyzed by SGS Laboratory, Mwanza using Aqua Regia (Table 4).

A total of 544 samples have been collected from the Suguti project of which includes 26 blank samples.

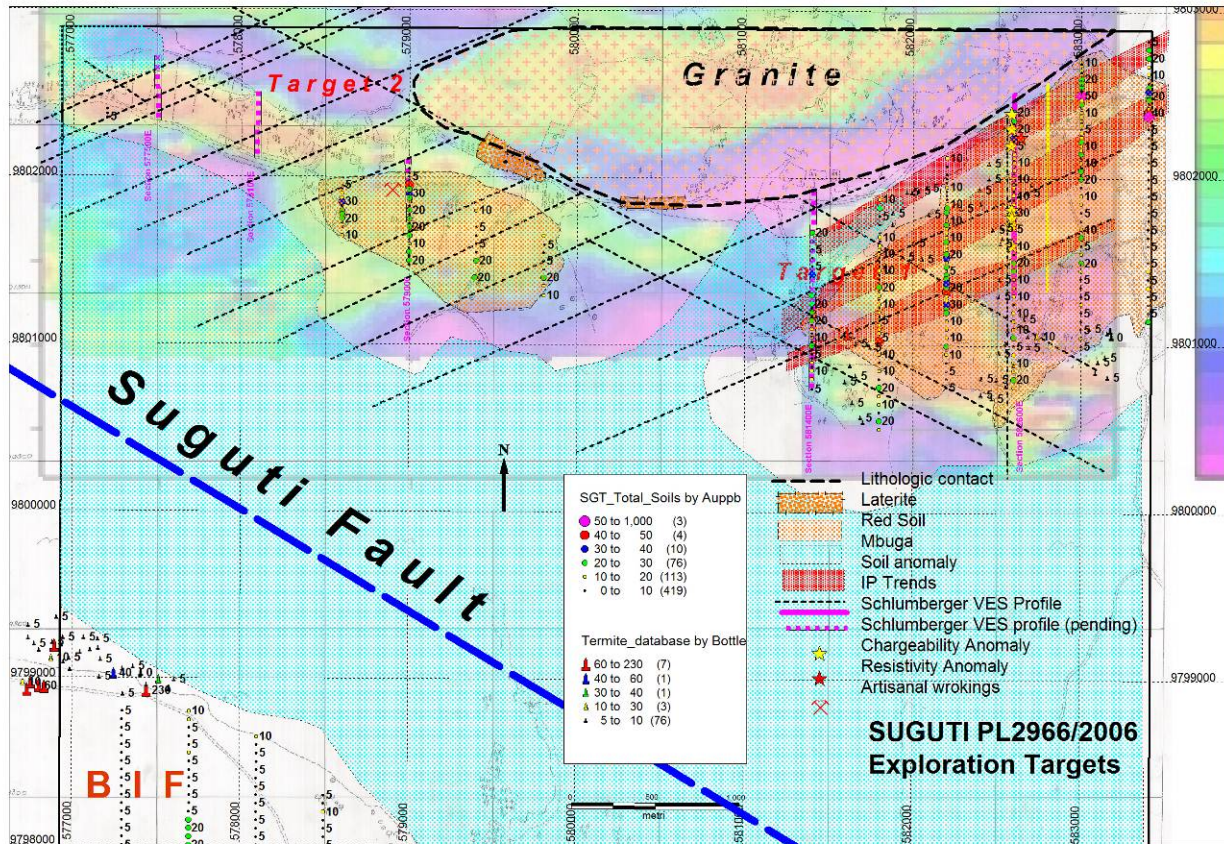
**Table 4: Statistical summary of soil sample results collected at Suguti PL**

Range (ppb Au)	Samples	Blanks	Outstanding assays
<10	354	21	
10-20	83	4	
20-30	53	1	
30-40	5		
40-50	2		
>50	1		
Total	498	26	20

Over 71% of the soil results returned <10ppb gold with the remainder falling between 10 to 50ppb gold. A single, maximum soil value of 160ppb Au was reported and has yet to be verified in the field.

Regolith mapping has been completed across the entire Suguti license. The license is transected by the major NW-SE trending Suguti Fault which has formed a topographic depression that has subsequently been infilled by a thick deposit of “mbuga” that covers an area of some 25 square kilometers and constitutes 34% of the license. The area becomes totally waterlogged during the wet season and is used for growing rice. Exposure is limited to minor rock out crops on the northern side of the Suguti Fault. Granite, containing magnetite, occurs as a hill in the northern part of the license. The granite/greenstone contact is masked by coarse textured laterite consisting of laterised basaltic and quartz fragments. The underlying greenstone rocks have been intensely sheared and iron stained along to the NW-SE trending granite contact. Brick-red soils make up the NE part of the license before being masked by the overlying “mbuga” further south. A number of low order threshold soil anomalies, attaining a maximum of 50 ppb gold, appear to form at least three NE trending parallel zones of up to 2.5 kilometers strike length (Target 1). A coincident IP anomaly underlies the soil anomaly (Map 3).

**Map 3: Residual Gradient IP map of the Suguti North Prospect showing main lithologic contacts, soil anomalies, termitaria and Schlumberger VES surveys across Targets 1 and 2.**



A reconnaissance examination has been made on the north-western side of the license at Target 2. A single artisanal pit is present on a NW-SE trending narrow quartz vein within felsite rocks. A number of low order threshold soil anomalies occur in the vicinity and these anomalies may reflected an intersection of two NE and NW trending lineaments.

Exploration work has been limited to infill soil sampling, pitting and termite sampling over targets 1 and 2 as well as a single Schlumberger VES N-S profile across Target 1 during the quarter.

#### 1. Infill Soil Sampling

Infill soil sampling on 25 meter centers along the existing soil sample traverses, in order to better define the soil anomalies both at Target 1 and 2, was completed during the previous quarter, (Table 5). A total of 106 samples were submitted to SGS Laboratory Mwanza for Aqua Regia analysis of gold, the results of which are summarized in Table 5. Additional sampling along 200 metre spaced N-S infill lines is planned (Table 9).

**Table 5: Infill soil sampling program across Target 1 and 2**

SUGUTIN	Target	Section	From	To	Interval (m)	Planned Sample	Collect Sample	Reference	Comments
Suguti NE	1	583400	9802850	9802350	500	10	10	Soil*	25m spacing

	1	583000	9802650	9802000	650	13	14	Soil*	25m spacing
	1	582600	9802350	9801800	550	11	12	Soil*	25m spacing
	1	582200	9802150	9801200	950	19	19	Soil*	25m spacing
	1	581800	9801900	9801050	850	17	17	Soil*	25m spacing
	1	581400	9801650	9800900	750	15	14	Soil*	25m spacing
Suguti NW	2	579000	9802000	9801500	500	10	12	Soil*	25m spacing
	2	578600	9801950	9801750	200	4	5	Soil*	25m spacing
	2	578000	9802500	9802150	350	14		Soil	25m spacing
	2	577600	9802650	9802300	350	14		Soil	25m spacing
	2	577200	9802650	9802350	300	12	3	Soil	25m spacing
<b>Total</b>						<b>139</b>	<b>106</b>		

Sample depth approximately 0.3-0.4m

Soil\* refer to infill samples on 25m spacing between previous sample positions

**Table 6: Summary of soil sampling results from infill samples collected along existing sample traverses**

Range (Au ppb)	No of samples	% of samples
<10	83	78.30%
25-50	16	15.10%
25-50	6	5.70%
50-100	1	0.94%
>100		
<b>Total</b>	<b>106</b>	

Anomalous low gold values were found to occur within the areas outlined by the existing soil anomalies.

**Table 7: Planned infill soil sample traverses across Targets 1 and 2**

Target	Easting	From	To	Length	No of samples
		Northing			
1	582000	9801450	9801050	400	17
1	582400	9801650	9801250	400	17
1		9802300	9801900	400	17
1	581600	9801300	9800950	350	15
1	583200	9802750	9802200	550	23
1	583800	9802500	9802050	450	19
2	578800	9802000	9801750	250	11
<b>Total</b>					<b>119</b>

All intermediate sized termite mounds across Target 1 have also been sampled, panned and submitted to SGS laboratory for 500 gm BLEG (Bottle Leachable Extractable Gold) analysis. Additional three soil sample traverse lines have been completed across the IP anomaly in the NW of Target 2.

## 2. Pitting

Orientation pits were dug to determine the depth of the “mbuga” as well as to test the contact between the granite and the greenstone rocks. A total of 14 pits were dug, and on average, it was found that the thickness of the mbuga varied between 0.8 to 1.20 meters (Table 8). Assay results of the underlying soil are pending.

**Table 8: Suguti pits Indicating the depth of Mbuga, laterite and underlying lithologies.**

SUGUTI	Target	Section	Stations	Mbuga Depth (m)	Laterite Depth(m)	Pits Depth(m)	Sample No	Au ppb	Lithology
Suguti NW	2	578000	9802150	0.40	0.90	1.60	A32105	pending	Saprock
	2	578000	9802174	0.30	0.30	1.40	A32106	pending	Saprock
	2	578002	9802201	0.60	-	1.60	A32107	pending	Granite
	2	578000	9802224	0.60	-	0.90	A32108	pending	Granite
	2	577601	9802298	0.80	0.70	1.80	A32109	pending	Saprock
	2	577602	9802326	0.80	0.20	1.20	A32110	pending	Saprock
	2	577597	9802348	0.60	0.50	1.50	A32111	pending	Granite
	2	577596	9802372	0.70	0.70	1.60	A32112	pending	Granite
	2	577200	9802352	0.80	-	1.40	A32113	pending	Dk grey soil
	2	577201	9802372	0.90	-	1.40	A32114	pending	Dk grey soil
	2	577201	9802400	0.80	-	1.40	A32115	pending	Dk grey soil
	2	577200	9802420	0.90	-	1.40	A32116	pending	Granite
	2	577198	9802446	0.90	-	1.30	A32117	pending	Granite
	2	577198	9802478	0.70	-	1.30	A32118	pending	Granite

3. Termite samples

Termite sampling has been undertaken across the brown-red soils over Target 1 and in the south of the PL. A total of 89 samples have been collected and have been assayed. A single anomalous termite mound, located within the soil anomaly of Target 1, returned 70 ppb Au.

Banded Iron Formations in the southern part of the property, form topographic highs about 300 meters above the plains, have yet to be examined. However, no coherent anomalies other than a single point value of 160 ppb gold and a single line anomaly of 20 ppb gold was obtained from the soil sampling program. A cluster of termites were sampled close to the contact with the lower slopes of the BIF outcrop and the Mbuga cover on the western side of the PL. A number of anomalous termite mounds ranging from 40 to 230 ppb gold was identified (Map 3). Field investigation is required before any follow-up exploration is proposed.

4. Schlumberger VES Survey

Schlumberger VES survey, consisting of five N-S profiles totaling 3.6 line-kilometers have been planned across targets 1 and 2 (Table 9). One N-S profile was completed on the eastern side of Target 1. Results revealed two sets of coincident chargeability/resistivity anomalies underlying two of the 3 ENE trending soil anomalies (Map 3).

**Table 9: Schlumberger VES survey proposed across Targets 1 and 2, Suguti North prospect**

			From	To		
Target	Section	Easting	Northing	Northing	Length	Status
1	582600E	582600	9802500	9802100	400	Completed

1		582600	9802100	9801700	400	Completed
1		582600	9801700	9801300	400	Completed
1	581400E	581400	9801900	9801500	400	Pending
1		581400	9801500	9801100	400	Pending
1		581400	9801100	9800700	400	Pending
2	579000E	579000	9802100	9801700	400	Pending
2	578100E	578100	9802500	9802100	400	Pending
2	577500E	577500	9802700	9802300	400	Pending

**Murangi(PL4511/2007)**

No exploration was undertaken on the Murangi Permit during this reporting period. Furthermore, there is no record of previous exploration undertaken on this license.

Exploration is planned in January 2012 and is planned to be focused primarily on 5 ground magnetic targets. This is planned to include:

1. Mapping of the target areas on 1:2000 scale
2. Gradient IP survey across the entire license
3. Auger drilling, with the Company's recently purchased Auger Rig, across each of the Ground magnetic and IP Targets to soil sample beneath the "mbuga" cover.