

QUALIFICATION REPORT

YRO-IRAN PERMIT

Guinea, West Africa

**For
EAG INC.**

**By:
Jean-Marc Gagnon Eng. MBA
March 06,2000**

Summary

The **Yro-Iran permit** is located in the Northeastern part of the Republic of Guinea, and originally covered an area of 480 km². It is registered in the name of STRATMIN Inc. which on May 15, 1996, sold its 100% interest in the permit to EAG Inc., through Ste Genevieve Resources Ltd. On October 12, 1999, the permit was renewed for a two years period after being reduced to 239 km². On February 3rd, 2000, AXMIN Ltd. signed a letter of intent whereby they have an option to earn up to a 70% interest in the property, in consideration of staged cash payments to EAG Inc. and an exploration work commitment. The permit is located partly in the Dinguiraye prefecture and partly in the Siguiri prefecture, some 75 km north of the town of Kouroussa and at 600 km North-East of Conakry.

Most of the geological formations of the property belong to the gold bearing Birrimian sequence of the Lower Proterozoic, encountered in the Siguiri basin. The geology of the permit is not very well defined due to a lack of outcrops.

From December 1996, to February 1997, GEOCONSULT Ltd. conducted on behalf of EAG Inc. a first phase soil sampling program on the entire original 480 km² permit area. A total of 5,326 soil samples were taken on a 1,000 x 100 meter grid over the whole property and on a 500 x 100 meter grid in areas of specific interest either in areas of artisan mining activity or of interpreted structures. All the samples were analyzed for gold as well as 38 other elements at the Alexandrov Analytical Laboratory of Moscow in Russia. The geochemical survey outlined 15 gold anomalies. The most significant anomalies are Hamdalaye East and Mamadou Konke in the northern part of the permit and the Dakaloli anomaly located in the eastern central part of the permit. Some samples from these anomalies were sent, for external control to the ITS (Bondar and Clegg) laboratory of Mandiana, Guinea. The results confirmed the reliability of the Alexandrov Laboratory. From May 4, to July 8, 1997, a detailed soil sampling program was completed on the Hamdalaye East, Mamadou Konke and Dakaloli anomalies. A total of 3,763 samples were taken at the three sites, on a 200 x 20 meter grid. The samples were analyzed at the ITS Laboratory of Mandiana. The best results of the detailed sampling survey are from the Hamdalaye East site where a moderate gold in soils anomaly (30 to 5,400 ppb Au) was defined and is 450 meters long by 200 meters wide. Very few outcrops have been encountered on the property.

Geological observations have been limited to sparse rock fragments, which are often of poor quality.

In early February 2000, the author collected control soil samples over the core of the Hamdalaye East anomaly and the results confirm the presence of this anomaly. A first phase exploration program budgeted at around \$US 150,000.00 including pitting, trenching and auger drilling is recommended. Should results of this first phase be

positive, then a more extensive diamond drilling program is recommended in a second phase.

CERTIFICATE OF QUALIFICATION

I, Jean-Marc Gagnon, do hereby certify that I am an independent consulting geologist engineer and reside at 4838 De Chambly, suite #1, Montréal, (Québec), H1X 3P4.

I am a graduate of the "Université du Québec à Chicoutimi (UQAC) " with a B. Sc. App. degree in Geology in 1980.

From 1980 to 1983, I have been active as a junior geologist engineer in Québec, and after 1983 I have worked as a senior geologist engineer in the International mining industry in Canada, South America and Africa.

I am legally registered as a senior engineer at "l'Ordre des Ingénieurs du Québec" since October 1983, and my membership number is 34907.

I have exercised my profession continuously during these years, with an interruption from September 1992 to April 1994; during which I was a student at "l'Université Laval de Québec", where I obtained an MBA degree in 1994.

From February 2, to February 4, 2000, I have visited the **Yro-Iran** in Guinea, where I have collected some control samples on site, with the help of few local workers.

I have disclosed in this report all relevant material, which to the best of my knowledge, might have a bearing on the viability of the project and the recommendations. I have written this document on the basis of my analysis of the provided technical reports, of my own professional experience, and to the best of my knowledge, in accordance with the current normal practice rules used in Québec and in Canada, in the field of mining exploration and exploitation.

I have no interest, direct or indirect, nor do I expect to receive any such interest in the properties or securities of EAG Inc.

Jean-Marc Gagnon Eng., MBA
March 06, 2000

LETTER OF CONSENT

I, Jean-Marc Gagnon, author of the accompanying report entitled **QUALIFICATION REPORT, YRO-IRAN PERMIT, Guinea, West Africa**, dated March 06, 2000, do hereby consent to the use of this report under such title, and to the use of my name in its professional capacity as an exploration geologist, in reference to this report as requested by any Canadian Regulatory body or government agency having the jurisdiction or need to consider this report.

I further consent to the inclusion of the text, or any portion of the text, or to summarize, or take excerpts from this report under its aforementioned title, in any promotional material of EAG Inc.

I, Jean-Marc Gagnon, have read this final report as prepared for the **YRO-IRAN PERMIT** and I have no reason to believe that there are misrepresentations in the information contained therein, as a result of the preparation of this report or my employment.

Jean-Marc Gagnon Eng., MBA
March 06, 2000

TABLE OF CONTENTS

Introduction	1
Title	3
Agreement	4
Location, access and description of the property	5
Regional geology	7
Previous work	9
Local geology	12
Control sampling	16
Conclusions and recommendations	19
Exploration program	20
References	22
Bibliography	22

FIGURES

Figure 1	Location map of Guinea
Figure 2	Yro-Iran permit location
Figure 3	Regional geology
Figure 4	The Hamdalaye East, soil anomaly for gold
Figure 5	Local geology, Yro-Iran permit
Figure 6	Results of the control sampling

TABLES

Table 1	Exploration program
---------	---------------------

APPENDICES

Appendix A	On site pictures
Appendix B	Yro-Iran permit title
Appendix C	Letter of intend between EAG Inc. and AXMIN Ltd.
Appendix D	Assays certificates of the control sampling

INTRODUCTION

This qualification report has been produced at the request of EAG Inc. to provide an independent opinion on the merits of the **Yro-Iran permit**, located in the northeastern part of Guinea, West Africa. This report also describes the geology of the permit, the nature of the previous exploration work as well as the results obtained. Following the discussion and conclusion an exploration program is presented. The report also presents the observations and the verification work conducted by the author, during a two day field visit, in the first week of February 2000.

Guinea is a West African French speaking country of approximately 245,860 km², and has a population of 7.5 millions people (**figure-1**). Despite having a very important mineral and agrarian potential, the country is poor and the local population faces major health, educational and subsistence problems. The country obtained its independence in 1958, and has experienced occasional civil unrest in Conakry, the capital and in the larger towns in all regions of the country. Instability in neighboring countries can create tense situations along Guinea's borders. The Guinean military attempts to strictly control Guinea's borders with Liberia and Sierra Leone. Fortunately, the **Yro-Iran permit** is located outside these sectors of unrest. In Guinea, an expatriate worker will face with most of the difficulties inherent to an underdeveloped country. Guinea's road network, both paved and unpaved, is underdeveloped and unsafe. Roads and vehicles are poorly maintained. Livestock and pedestrians create constant road hazards. Medical facilities are extremely limited and evacuation dispositions for medical reasons toward Europe or North-America must be planned ahead. Credit cards are rarely accepted, except in the two major hotels in Conakry. Credit card cash advances are not available. Finally, all travelers to Guinea are prohibited from having more

FIGURE-1
Location map of Guinea

than 5,000 Guinean francs (about six Canadian dollars) in their possession when they leave the country.

Surrounded by six neighboring countries (Guinea-Bissau, Senegal, Mali, Ivory Coast, Liberia, Sierra Leone) and with a coastal zone on the Atlantic ocean, Guinea is divided in four specific regions: Lower Guinea or coastal Guinea, Upper Guinea or continental Guinea south of the Mali border, Mid Guinea inserted between the two previous, and Forestall Guinea which covers the southeastern part of the territory. Each of these regions is characterized by distinctive geographic and climatic factors. Specifically, High Guinea, where the **Yro-Iran permit** is located, has a dry tropical climate. The territory of Upper Guinea is affected by two seasons: the dry season from November to May, and the rainy season (1100-1200 mm of precipitation), from June to October. During the rainy season the level of creeks and rivers rises substantially, roads are often cut, and most of the time exploration programs have to be stopped. The hottest temperature occurs during the March-April period, where the thermometer can reach maximums of 45 C° and more. The coldest period of the year occurs during the nights of December to January with minimums of around 15 C°.

TITLE

The **Yro-Iran** exploration **permit**, for gold and associate minerals, was delivered to STRATMIN INC. on May 13, 1996, by the ministry of mines, geology and environment of the Republic of Guinea, under the terms of the "ARRETE N-A96/2938/MMG/SGG". On May 15, 1996, STRATMIN sold 100% of the permit to St. Genevieve Resources Ltd. and kept no royalty. Also on May 15, 1996, EAG Inc. purchased all of St. Genevieve's assets relating to gold and other metals mining activities in Africa in exchange for shares. The transfer agreement confers

upon St. Genevieve the right to re-acquire 15% of EAG's interest in any property transferred to EAG pursuant to the transfer Agreement within 30 days of receipt of a bankable feasibility study in connection with such property, by paying to EAG 15% of the amount EAG has spent on such property.

After a reduction of the permit area from 480 km² to 239 km², it was renewed on October 12, 1999, for a period of two years, as it is confirmed by "ARRETE N-A99/5483/MMGE/SGG" presented in **Appendix-B**. The terms of which specify that EAG has the obligation to conduct an exploration program totaling \$US523,850 during this two years period.

AGREEMENT

On February 3, 2000, EAG Inc. has signed a letter of intent with AXMIN Ltd, a company based in London, England (**Appendix C**). The following lines summarize the general terms of the agreement.

AXMIN has the option to acquire an interest in EAG's 100% owned **Yro-Iran permit**, the option period beginning on or before February 15, 2000. In a first step, the agreement gives to AXMIN the right to earn a 51% interest in the permit, for staged cash payments totaling \$US35,000.00 and a \$US300,000.00 exploration work commitment over an 18 month period. Subsequently, AXMIN has the further option to earn an additional 19% interest over the following 24 months by incurring \$US1.0 million in exploration expenditure and by paying staged optional amounts totaling \$US145,000.00 to EAG.

Following AXMIN's decision to raise its participation to 70% or to keep it at 51%, a Joint Venture could be formed either on a 70-30% or on a 51-49% basis. Each

party would then contribute to the exploration and development expenditure on a pro-rata basis or would be diluted on the basis of a standard dilution formula.

LOCATION, ACCESS AND DESCRIPTION OF THE PROPERTY

As it had been previously said, the **Yro-Iran permit** is located in the Upper Guinea region, approximately seventy five (75) kilometers north of the town of Kouroussa and at equal distances from the towns of Dinguiraye and Siguiri. The northeastern part of the property is in the Siguiris prefecture and the southwestern portion is in the Dinguiraye prefecture (**figure-2**).

The western limit of the **Yro-Iran permit** can be reached by road from Conakry for a total distance of around 600 kilometers. The itinerary is then, Conakry, Kindia, Mamou, Dabola and Bissikirimma on a paved road (475 km). Then traveling from Bissikirimma to Dinguiraye is on an unpaved road which is in good condition (70 km), then another 55 km. on similar roads will bring you to Matagania, located on the western limit of the permit. The village of Matagania can be reached all year round. From Matagania to Hamdalaye (25 km), which is close to the eastern limit of the property, access is very difficult via an old unpaved road in extremely bad condition. This part of the trip is only possible during the dry season; as 3 important rivers have to be crossed, including the big Yro river.

The surface of the permit is characterized by a highly uneven topography associated to a strongly developed hydrographic system. Abrupt differences in height of sixty meters and more are common, and many important rivers and creeks are encountered in deep and narrow valleys. The Yro river, with a general North-South orientation, cut the eastern part of the property while the Bouka river flows in a southeasterly direction in the central portion of the permit. The Yro and

the Bouka rivers are fed by numerous tributaries which form an efficient drainage system.

FIGURE-2
Yro-Iran permit location

Because of the importance of the drainage system, the greatest part of the **Yro-Iran permit** is covered by a savannah type forest and desert areas are rare. Very few villages are encountered in the region of the permit. Most of the populations has a mixed activity dominated by artisan gold mining, with agriculture and cattle breeding as secondary activities.

REGIONAL GEOLOGY

The **Yro-Iran permit** is located in the northwestern part of the West African shield which covers around one million of square kilometers. The oldest Shield's rocks are the granites and greenstone Archean rocks of the of Kenema Man, which are from the *Leonien* (3,500-2,900 MA) and *Liberian* (2,900-2,600 MA) periods. In the Kenema-Man, some relics of greenstone belt rocks can be found, metamorphosed at the epidote, amphibolite and even granulite facies.

Most of the area of the West African shield consist of Lower Proterozoic granitoids rocks, which is characterized by some depressions or basins filled by supracrustal rocks of the Birrimian period. **The Yro-Iran permit** is located on the western flank of the Siguiri basin, one hundred (100) kilometers west of the Siguiri gold mine. This mine produced 35,761 ounces of gold (**figure-3**) during the last quarter of 1999 and is eighty five (85) percent owned by Ashanti Goldfield Corp.

The Birrimian period is well know for its gold bearing potential and the Birrimian sequence is essentially represented by volcano-sedimentary rocks metamorphosed to the green schist facies. Three principal groups can be identified in the Birrimian sequence: the mafic volcano-sedimentary rocks, the felsic volcano-sedimentary rocks and the terrigenous rocks. The relationship between the volcanogenic belts and the sedimentary basins is not clear, but seems related to the specific conditions of each depression. Birrimian tectonism

FIGURE-3
Regional geology

and metamorphism are of the Eburian (2,080-1,945 MA) period of the Lower Proterozoic.

PREVIOUS WORK

The area of the permit is covered by a topographic map at the scale of 1:200,000 edited by the *National Geographic Institute* in 1947 (sheet NC-29-XX), aerial photographs at the scale of 1:50,000 flown by J.I.C.A. a Japanese company from 1979-1981. The most recent aerial photographs at a scale of 1:30,000 and were flown by Geosurvey in 1981 and 1982.

From geological mapping conducted between 1930 and 1940 a 1:500,000 geological map covering the permit area was prepared.

From 1961 to 1963, Soviet geologists prospected the placer deposits of the Yro valley.

From 1987 to 1988, Dinguiraye Gold Mining Ltd. (DGM) prospected the gold bearing placers of the Yro, Katangba and Dakabali rivers valleys.

Between 1989 to 1991, from further geological mapping and a prospecting by the Soviets a geological map and a mineral compilation map at a scale of 1:200,000 (sheet NC-29-XX). Explanatory notes are provided with the maps.

On May 1996, Geoconsult Ltd. initiated a prospecting work program for Nouvel Or d'Afrique Guinée (NOAG) S.A, on the **Yro-Iran permit**. NOAG is a 100% owned Guinean subsidiary of EAG Inc.. Geoconsult Ltd. is a Conakry based consulting

firm which specializes in the execution of prospecting work. The firm is owned by a group of well known Russian specialists who have been active in West Africa and especially in Guinea, for a number of years.

From May, 1996 to November, 1996 a set of 1:50,000 maps covering the permit area were prepared based on the interpretation of aerial photographs and satellite images. The set of maps consists of a topographic map, a geomorphological map and a structural map as well as an interpretation map showing the distribution of the artisan mine workings within the permit. The author had access to relatively poor quality copies of these documents, but the original ones could probably be found through Geoconsult Ltd. The quality of the topographic base of the maps is very good and appears very accurate. On the other hand, the translation of the text from Russian to French is terrible; some part of the legends or comments are difficult to understand. The graphics used at times to illustrate geological information is sub-standard and with some incomplete legends making the illustrations difficult to use. Finally, the satellite images used for the interpretation work came from the Russians system on a possible loan basis and are presently unavailable. It was thus impossible to evaluate the quality of the image interpretation.

From December, 1996 to February, 1997 a first phase geochemical soil sampling survey was completed over the entire permit area. The sampling grid was oriented at an azimuth of 045° , based on the interpreted regional geological fabric as per the 1:50,000 structural map. Samples were taken at every hundred meters, along lines spaced one thousand meters apart (a 1000 X 100 m. grid). The spacing between the lines was reduced to 500 meters while the sample spacing remained at 100 meters (a 500 X 100 m. grid) in areas where a high level of artisanal mining activity and/or significant mega structures were indicated on the 1:50,000 interpretation maps. Soil sample were generally taken at a depth of 30 to 40 cm. and weight 200 to 300 gram. The samples were sifted to -1.0 mm and then

reduced to 50 grams by quartering. The 5,326 samples from this reconnaissance sampling phase were analyzed at the Alexandrov Analytical Laboratory, located in Russia, in the neighborhood of Moscow. At the laboratory, 10 gram of the sample were analyzed for gold by using a method called "*quantitative spectrochemical*" in Geoconsult's reports. An additional 200 milligrams was further analyzed for 38 other elements using a method called "*spectral semi-quantitative*". The detection limit for gold at the Moscow laboratory was 3 ppb.

Some duplicate samples were sent for external controls to the Bondar and Clegg laboratory or Intertek Testing Services (ITS) at Mandiana where they were analyzed for gold by atomic absorption, with a detection limit of 5 ppb.

In parallel of the soil sampling program, geological mapping was systematically done throughout the permit. Unfortunately very few outcrops were encountered in the area of interest and consequently direct field observations are mainly based on scattered rock fragments. Nearly all the available geological data come from the interpretation of the aerial photographs and satellite images.

Following the processing of the phase-1 results, fifteen anomalous sites were recommended for a second phase detailed sampling program. The recommended sites are distributed within two distinct metallogenic trends. They are roughly oriented NW-SE and are referred to the Hamdalaye zone and the Matagania East zone, respectively located in the northern part and in the eastern central portion of the permit. Only three of the fifteen recommended sites were selected for a detailed second phase program: The Hamdalaye East and the Mamadou Konke gold anomalies are located in the Hamdalaye zone while the Dakaloli gold anomaly is within the Matagania East zone.

Between May 4, and July 8, 1997, by applying the same sampling procedure as in the first phase program on a more detailed grid, six hundred fifty four (654) soil

samples were taken at the Hamdalaye East anomaly, one thousand seven hundred seventy eight (1778) at the Mamadou Konke site and one thousand three hundred thirty one (1331) on the Dakaloli anomaly. The samples were taken at twenty meter intervals on lines spaced 200 meters apart (a 200 X 20 m. grid). All the samples were sent to the ITS Intertek Testing Services (Bondar and Clegg) of Mandiana. Samples were assayed for gold by using standard atomic absorption, fire-assay method on a fifty gram portion of the sample. The detection limit was five (5) ppb. The author had access to all the ITS assay certificates.

The detailed second phase sampling not only confirmed the 3 gold in soil anomalies but helped define or outline them. The Hamdalaye East anomaly is clearly the best in terms of size and grade of its main core (**figure-4**). This anomaly is elliptic in shape with a long axis of four hundred fifty meters (450) oriented at 320° and a short axis of approximately two hundred (200) meters. Gold values within the core of the anomaly range from 30 ppb to 5,400 ppb.

LOCAL GEOLOGY

The description of the geology of the permit is completely based on the geological descriptions presented in Geoconsult's reports. However, Geoconsult's descriptions essentially come from observations or descriptions of scattered rock fragments, and as it had been previously pointed out, because of the absence of outcrop on the property, the quality of direct field observations is poor. The following comments are therefore highly speculative, and the geology of the permit must be considered as very poorly understood (**figure-5**).

STRATIGRAPHY

The stratigraphy of the permit essentially consists in Birrimian sequence rocks from the Lower Proterozoic overlain by a few relics of the Upper Proterozoic Dabatou suite. Both sequences are covered by quaternary loose material.

FIGURE-4

The Hamdalaye East, soil anomaly for gold

FIGURE-5
Local geology

THE BIRRIMIAN SEQUENCE

Metamorphosed tuffaceous sandstone seem to be the more common lithologies of the Birrimian sequence on the **Yro-Iran permit**. Sometimes, tuffs, tuffaceous siltstones, sandstones and schists have been described and are associated with the Birrimian sequence.

THE DABATOU SUITE

Some sandstones and quartz bearing sandstones are associated with the Dabatou suite. These rocks occur as sub horizontal relic fragments between the rivers.

INTRUSIVE AND SUB VOLCANIC ROCKS OF THE LOWER PROTEROZOIC

Few fragments of porphyritic schist have been identified and correspond to interpreted circular structures identified on air photos. These are small interpreted intrusive bodies. Occasional fragments of meta-rhyolites have also been encountered and are interpreted as isolated sub volcanic intrusions. Finally an elliptic porphyritic body (0.1 x 1 km) has been interpreted in the sector of Hamdalaye and correlates with some rock fragments in some rejects of artisan workings.

MIGMATITES AND GRANITES OF THE LOWER PROTEROZOIC

This is the interpretation of a semi-circular structure, 1.5 km in diameter, identified from photo-interpretation in the central part of the property.

MESOZOIC INTRUSIONS

These intrusives are very rare in the region and represented by irregular bodies of dolerites and gabbro-dolerites having a diameter ranging between 0.3 to 2.5 km.

HYDROTHERMAL ROCKS

Vein quartz fragments were frequently encountered in the deluvial zones and in the rejects of the old artisanal mine workings. Some quartz-hematite veins fragments, occasionally brecciated are less frequently encountered.

TECTONISM AND STRUCTURE

The regional trend of the formations is in the range of 290-330°. Rocks seem affected by a system of sub parallel folds with an axis parallel to regional trend. Two types of annular structures have been recognized and correlate with the sub-volcanic intrusions of the inferior proterozoic or with the mesozoic intrusions. Four fault systems affect the rock formations: an East-West system, a West-North-West system oriented at 290 to 300°, a northeastern system oriented 025 to 030°, and finally a northwestern system at 330 to 340°.

CONTROL SAMPLING

The control sampling was done within the core of the Hamdalaye East anomaly (**figure-6**). A total of twenty two soil samples were taken by the author during the field visit, in early February. Control sampling was not done on the other 2 anomalies (Mamadou, Konke and Dakaloli), because the author doubts their economic potential as in terms of gold grade and size they are of lesser importance than the Hamdalaye East anomaly and no further investigation work should be done at this time on these. The sampling plan was to take five (5) samples every twenty five (25) meters along five (5) short lines, each one hundred (100) meters long, oriented at 058°. As shown on **figure-6**, the spacing between the profiles was of 40-50 meters, except between lines #3 and #4 where the interval is 170 meters. Surveying of the lines was controlled by simultaneously using two GARMIN XL-45 GPS at each surveyed point. The two GPS were let running until the difference was no less than fifteen (15) meters. Therefore an

accuracy within fifty (50) meters is to be expected. The sampling procedure was

FIGURE-6
Results of the control samplinf

similar to that of Geoconsult, with the exception that no quartering was done. Each bag sent to the laboratory contained a minimum of five hundred (500) grams of sifted material. The twenty two (22) samples were taken in loose lateritic material at a minimum depth of forty (40) centimeters.

All the samples were shipped to XRALL LABORATORY of Rouyn-Noranda, Québec, Canada, where they have been analyzed for gold by standard atomic absorption / fire assay method, with a detection limit of five (5) ppb. The assay results from XRALL are presented in **Appendix D**.

In general the results are very similar to those of the previous surveys except no high grade spikes were obtained as with the Geoconsult sampling. Anyway the results clearly confirm the presence of the geochemical anomaly as obtained by the Alexandrov laboratory of Moscow, Russia, and by the ITS Bondar Clegg laboratory of Mandiana, Guinea, on the Hamdalaye East anomaly. The fact that the results are less spectacular than those of Geoconsult, could be explained by the presence at shallow depth of the lateritic crust or to a mineralization characterized by a strong free gold effect such as from dispersed fragments of high grade gold veins combined with as small number of control samples taken. Also since the Geoconsult grid is no longer visible on the ground there could be difference in positionning. Another possibility is that the samples from the Geoconsult sampling were taken at a depth ranging between thirty (30) to forty (40) centimeters while the author's control samples were taken below forty (40) centimeters. The lower results of the control sampling could then be caused by the fact that the anomaly is strictly a surface anomaly.

CONCLUSIONS AND RECOMMENDATIONS

The presence of a moderate medium size gold in soils anomaly at Hamdalaye East, has been clearly established on the **Yro-Iran permit**. It is generally accepted that in the sahalian context of West Africa, the gold grade of a soil anomaly will usually represents around 10 % of a related gold deposit at the saprolite fresh rock interface, when the soil anomaly is given by the secondary gold dispersion process of the buried deposit, in the upper lateritic facies. Based on this commonly accepted assumption, the Hamdalaye East anomaly, could certainly indicate the presence of a major gold deposit below the lateritic cover, despite the fact that its gold grade and its size are relatively moderate. On the other hand, the soil anomaly could also be the result of the accumulation by erosion of detritic quartz veins material related to eroded systems, with no extension into the modern saprolite and/or in the fresh rock .

It is then recommended to conduct a follow up exploration program on the anomaly. The first phase of the program should begin with the excavation of pits and trenches which could permit, at very low cost, to demonstrate the continuity of the gold mineralization at depth, or on the contrary, to demonstrate it is limited to the upper portion of the lateritic pile. Should the results be positive then a few sections of mechanical auger drilling, percussion drilling or reverse circulation drilling could be done throughout the saprolitic facies, down to the fresh rock, to outline the extent of the mineralization, and to obtain a better understanding of the geometry of the ore zone both in the saprolite and in the fresh rock. The author's opinion is that in term of cost/quality ratio, auger drilling offers the best alternative with modest costs, less destructive sampling and less contamination problems. On the other hand, auger drilling cannot penetrate the fresh rock and can be stopped by important quartz veins encountered in the saprolite. The limit of auger drilling

is usually around forty (40) meters, which is normally sufficient for to reach the fresh rock. If positive results are obtained from this recommended program, then a more aggressive diamond drilling program should be outlined.

EXPLORATION PROGRAM

Based on the previous conclusions, a recommended exploration program is presented in the following **Table-1**. This program should permit at a very reasonable cost (around \$US 150,000.00) to improve substantively the geological knowledge and the economic potential of the **Yro-Iran permit**, in the sector of Hamdalaye East anomaly.

Jean-Marc Gagnon Eng. MBA
March 6, 2000

TABLE-1
EXPLORATION PROGRAM

Camp set up and mob. / demob. expenses	\$US15,000.00
Pit digging: 10 pits of (1x1x10 m) 100 m ³ x \$US 48.00 / m ³	\$US 4,800.00
Trench digging: 4 trenches of (0.5 x 2.0 x 200.0 m) 800 m ³ x \$US 48.00 / m ³	\$US 38,400.00
Auger drilling: 20 holes of 25 m 20 x 25m x \$US 35.00 / m	\$US 17,500.00
Assays 1,000 x \$US 20.00 / assay	\$US 20,000.00
Management and reports 3 months at \$US 6,000.00 / month	\$US 18,000.00
 SUB-TOTAL 1	 \$US 113,700.00
TVA (18%)	\$US 20,466.00
 SUB-TOTAL 2	 \$US 134,166.00
UNEXPECTED EXPENSES (10%)	\$US 13,400.00
 TOTAL	 \$US 147,566.00 (\$US 150,000.00)

REFERENCES

Report on Exploration Work, Yro-Iran Permit, Republic of Guinea; for: Nouvel Or d'Afrique (NOAG) S.A.; by: GEOCONSULT Ltd. ; Volume 1; August 1997.

Report on Exploration Work, Detailed Sampling on the Hamdalaye East, Mamadou Konke and Dakaloli Anomalies, Yro-Iran Permit, Republic of Guinea; for: Nouvel Or d'Afrique (NOAG) S.A.; by: GEOCONSULT Ltd. ; Volume 2; August 1997.

www.worldbank.org/ifc/abn/cic/guinea/french/guinea.htm

www.ashantigold.com

BIBLIOGRAPHY

Report on Compilation and Planning, Yro-Iran Permit, for Nouvel Or d'Afrique (NOAG) S.A.; by: GEOCONSULT Ltd.; December 1996.

Staff Writer West African Gold; Mining Magazine; February, 1996.

Deriougine Y. , Ossikov N., Komara S., Keita F. Map of the Usefull Metals of the Republic of Guinea at 1:200,000 with explanatory note, Conakry, 1994.

Deriougine Y. et al., Map of Usefull Mineral Substances, 1:20,000, 1994.

Deriougine Y. et al., Map of Usefull Mineral Substances, 1:200,000, 1991.

Bootee Y., Tcherenkov V., Tsabadze et al. Geological Map of the Republic of Guinea, Scale 1:200,000 with explanatory notes 1991.

Milesi J. P., Feybesse J-P., Ledru P. et al.; Gold Mineralization of West Africa and their Relationship to the Lithostructural Evolution of the Lower Proterozoic, Chron. rech. min. N; 1989.

Report BRGM 88. GIN 121. 1988.

Goloubinow R.; Note on the Kankan East sheet; 1:50000 Geological map; Dakar; 1950.

Map of the I. A. O. F. at 1:200,000 (Guinea-Soudan), (1947).

APPENDIX A

ON SITE PICTURES

APPENDIX B

YRO-IRAN PERMIT TITLE

APPENDIX C

LETTER OF INTENT BETWEEN EAG AND AXMIN LTD

APPENDIX D

ASSAYS CERTIFICATES OF THE CONTROL SAMPLING