

Report on the Tembo Gold Project

**(Pursuant to National Instrument 43-101 of
the Canadian Securities Administrators)**

**Geita District, Mwanza Region
United Republic of Tanzania**

centered at: 3°09'54"S, 32°26'E

For

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1.0 SUMMARY

Lakota Resources Inc's Tembo Gold Project in northwest Tanzania consists of 35 contiguous Prospecting Licenses and licence applications covering approximately 110 square kilometres.

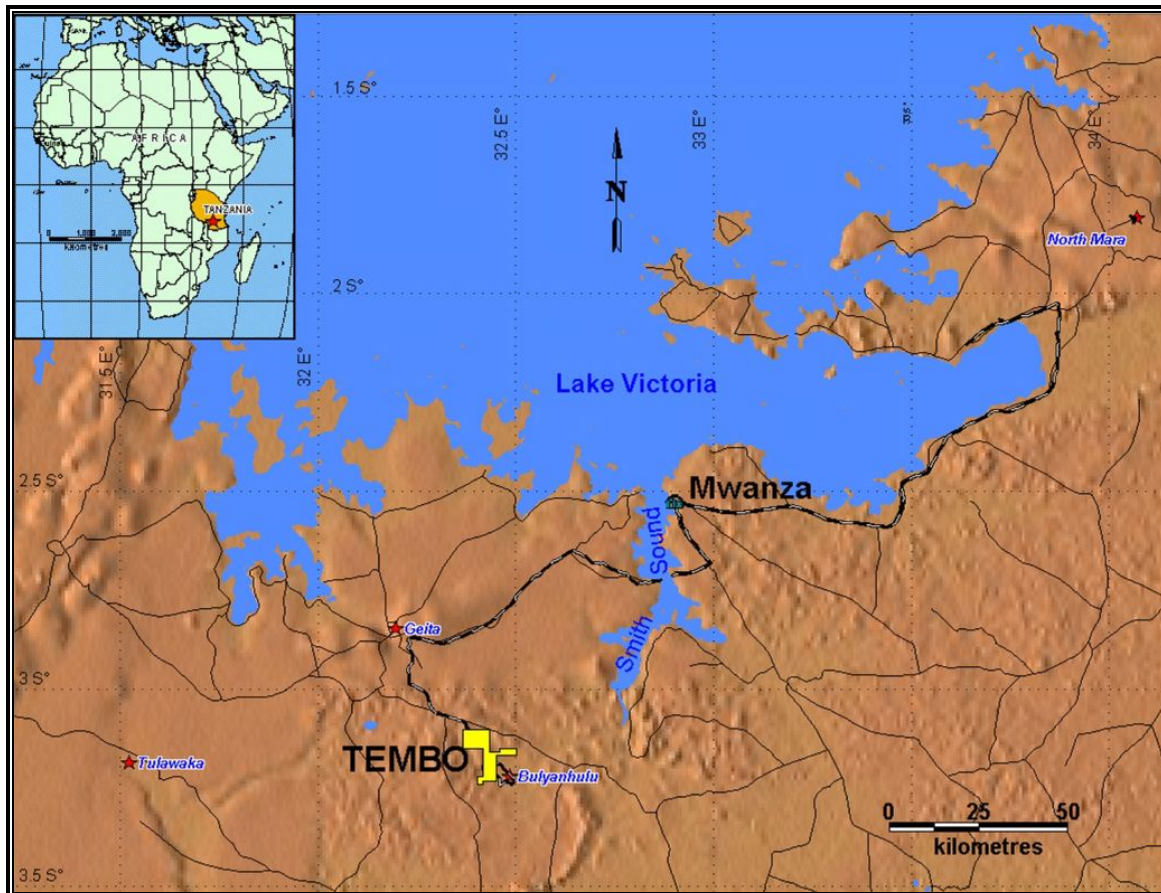


Figure 1. Project Location Map

Lakota Resources Inc. wholly owned Tanzanian registered subsidiaries are the sole licence holders.

Geologically, the Tembo Gold Project is situated in the Sumakaland greenstone belt, an Archean age succession of volcanics and sediments which have been intruded by a variety of Archean granitic plutons as well as younger dolerite dykes and possible kimberlites.

Mineralization encountered to date on the property is associated with quartz veins in mafic metavolcanics of the Nyanzian System. Both reverse circulation and diamond core drilling has intercepted potentially economic gold values (Table 1). Follow-up of these intercepts and other geochemical gold anomalies is warranted. In addition, the inferred extension of the gold mineralized Bulyanhulu shear zone occurs on the Tembo

property and has not been drill tested. This target will be a priority in future exploration plans.

Table 1. Summary of significant¹ gold in drill intercepts.

Hole	Azimuth	Dip	From	To	Interval	Au g/t	Year	Operator
IP06	0°	-60°	4.0	7.0	3.0	5.01	2002	EAM ²
<i>including</i>			5.0	6.0	1.0	13.32	2002	EAM
IKAC44	0°	-90°	0.0	2.0	2.0	8.34	2002	EAM
IP26			15.0	20.0	5.0	5.22	2002	EAM
IP28	0°	-60°	17.0	18.0	1.0	15.90	2002	EAM
IP31	0°	-60°	0.0	3.0	3.0	5.72	2002	EAM
NGAC212	0°	-90°	7.0	9.0	2.0	7.91	2002	EAM
<i>including</i>			8.0	9.0	1.0	13.83	2002	EAM
RC004	220°	-55°	53.00	54.00	1.00	4.675	2004	Lakota
TEMRC056	040°	-60°	28.00	29.00	1.00	36.70	2007	Lakota
TEMRC079	340°	-60°	25.00	28.00	3.00	8.95	2007	Lakota
DD001	030°	-60°	38.50	42.00	3.50	10.25	2008	Lakota
DD005	030°	-50°	81.94	85.34	3.40	9.80	2008	Lakota
DD011	030°	-50°	45.10	46.60	1.50	10.44	2008	Lakota

¹ Significant means greater than 4 g/t gold in this interpretation

² EAM = East Africa Mines PLC

The exploration concept that was the primary driver during the past 15 years of exploration on the Tembo project has been based on a gold deposit model of orogenic or metamorphic gold deposits whereby gold is typically deposited in shear zones or other dilatant structures developed during deformation of greenstone belts. The metamorphic fluids with inputs from intrusives are speculated to be the source of the gold in these deposits, which, on a global scale, host a significant portion of the world's gold resources.

Exploration of the Tembo project area over the course of the last 10 years has progressed from broad soil sampling campaigns designed to test the gold potential of the whole of the licence areas underlain by favourable geology to the initiation of more detailed follow-up, including drill testing, of gold anomalies generated by those programs (Table 2). The global financial crisis of 2008-2009 brought a halt to the exploration effort due to lack of funding.

Table 2. Summary of Exploration Work on the Tembo Project.

Year	Nature and amount of work	Operator
1997	Persussion drilling: 36 holes; 1,017 metres	Lakota
1999	Soil sampling: 1021 samples	Universal Gold
2002	RAB drilling: 836 holes; 8,028 metres	EAM
	RC drilling: 38 holes; 1,140 metres	EAM
2003	Airborne geophysical survey (Fugro)	Lakota
	Regolith mapping	Lakota
2004	Conventional soil sampling: 965 soils	Lakota
	Pit sampling:	Lakota
	1.5 m pits; 36 samples	Lakota
	Pit lag soils: 285 samples	Lakota
	Pit rock samples: 230 samples	Lakota
	Soil pH: 12,767 measurements	Lakota
	RAB drilling: 42 holes; 6,001 metres	Lakota
	RC drilling: 29 holes; 2,000 metres	Lakota
2005	Soil pH: 4,348 measurements	Lakota
2006	Conventional soils: 97 samples	Lakota
	RAB drilling: 1,392 holes; 14,400 metres	Lakota
2007	RAB drilling: 667 holes; 4,833 metres	Lakota
	RC drilling: 66 holes; 4,505 metres	Lakota
2008	Diamond drilling: 12 holes; 1,865.7 metres	Lakota

Based on the results to date it is concluded that there is excellent potential for locating gold deposits on the Tembo project area. The work to date has outlined a number of gold targets that warrant more detailed testing in order to determine if potentially economic gold deposits occur in the licences. It is concluded that the shear zone that hosts the adjacent Bulyanhulu gold mine extends onto the Tembo project site for at least 1.3 kilometres based on geochemical and geophysical evidence.

Furthermore, airborne magnetic data of the Tembo project area exhibit features indicative of kimberlites pipes. Tembo is situated in an area known to host diamondiferous kimberlites. Therefore testing of the magnetic targets is strongly recommended.

It is recommended that a two phase, success contingent exploration program be implemented in order to test the Bulyanhulu shear and to further test other gold anomalous zones on the property, as well as the kimberlite targets. The estimated cost of the first stage program is \$US300,000. Contingent upon the success of the first stage work a further program of evaluation and preliminary resource estimation should be undertaken at an estimated cost of \$US2,000,000.

2.0 INTRODUCTION

This report is prepared for Mr. Paul T. Conroy, president of Lakota Resources Inc.

The purpose of the report is to provide a NI 43-101 complaint document that Lakota can use to satisfying the listing requirements of the Toronto Stock Exchanges and the various Security Commissions that have jurisdiction over the Company's public affairs.

Information and data contained in the technical report was sourced from the digital data files of the exploration work conducted by Lakota and others who had explored the Tembo property. This data was archived on Lakota computers and thus accessible to the author. Raw data was recompiled and analysed by the author using MapInfo GIS software. Other information in this report came from the many technical papers and reports on the property, adjacent properties and Tanzania in general by authors cited throughout the text and listed in the *Reference* section at the end of this report.

The author visited the Tembo project area on December 14, 2009 and again during the period Aug 27 to September 4, 2010.

3.0 RELIANCE ON OTHER EXPERTS

The author of this report relied on the information contained in the opinion letter of Mr Seni Malimi and dated April 21, 2010 concerning the title and status of the mineral tenures and on information extracted from the Lakota computers, as well as legal agreements concerning the prospecting licences. In addition, the author has relied on the airborne geophysical surveys of Fugaro Limited as described by Mr Roger Barlow, information supplied by M.J. Taylor, P.Geo., and the PhD thesis of C.M. Chamberlain describing the geology and mineralization on the adjoining Bulyanhulu gold mine property of African Barrick Gold PLC.

4.0 PROPERTY DESCRIPTION AND LOCATION

The Tembo Gold Project consists of 6 Prospecting Licences and 28 prospecting licence applications issued and applied for under the Mining Act, (R.E. 2006) and The Mining (Provisional Licences) Regulations, 1999. The Prospecting Licences and Licence applications constituting the property cover a contiguous area totaling approximately 110 square kilometres (Table 3 and Figure 2), centered at latitude 3° 10' South and longitude 32° 26' East. The ground is mainly situated in the Geita District of the Mwanza administrative region of northwest Tanzania, but the southernmost part of the property is situated in the Kahama District of the Shinyanga Region. The Prospecting Licences and licence applications are held by Tanzanian Companies owned by Lakota Resources Inc.

Key areas where future exploration work is proposed to be undertaken are covered by two prospecting licences: PL 4457/2007 and PL 2678/2004.

Mineral rights in Tanzania come under the jurisdiction of the Ministry of Energy and Mines of the central government (The Mining Act, 2010). Grants of mineral rights take several forms depending on the nature of the commodity sought and the applicant. For most mineral commodities, with the exception of diamonds, gemstones and building materials, and for applicants that are not Tanzanian Nationals - as is the case with Lakota Resources Inc. - Prospecting Licences ("PL") are the most common form of tenure. Another form of mineral tenure is the Primary Mining Licence ("PML"). Primary Mining Licences are restricted to a maximum of 10 hectares in size and can only be held by Tanzanian Nationals. However PML's can be bought by foreign entities and absorbed into their existing Prospecting Licences.

Prospecting Licences are issued for an initial terms of 4 years. During that term the holder of the licence must pay annual rent \$US20 per square kilometre and must undertake minimum exploration expenditures of \$US300 per square kilometre. At the end of the initial 3 year term and at the option of the licence holder 50% of the area of the original Prospecting Licence maybe reapplied for, for a 3 year term, referred to as the first renewal period. Annual rental fees of \$US30 per square kilometre and minimum exploration expenditures of \$US1,000 per square kilometre must be made in order to maintain the licence in good standing during the first renewal period. At the end of the first renewal period the Licence holder may apply for a second 2 year term for 50% of the first renewal licence area. Annual rental fees of \$US50 per square kilometre and minimum exploration expenditures of \$US3,000 per square kilometre must be made in order to maintain the licence in good standing during the second renewal period. There are provisions in The Mining Act, 2010 to maintain the area of a Prospecting Licence if the holder thereof has initiated a feasibility study. Application and document preparation fees are also payable for Licences and range from \$US15 to \$US200. In addition to these obligations of licence holders, quarterly reports on activities are required to be submitted to the Ministry of Energy and Mines and summary reports of activities during the period which a licence was held are required to be submitted with applications for renewal of a licence along with financial statements demonstrating the viability of the applicant. Compliance with the Tanzanian Mining Law is critical to maintaining title to Prospecting Licences and other forms of mineral rights.

There are other forms of mineral tenure available in Tanzania, besides Prospecting Licences. Special Mining Licences are reserved for projects that have advanced to the production stage and require a feasibility study to be submitted with the application.

There are no requirements for permits for exploration work on Prospecting Licences. However, rights of surface holders are recognized in the Mining Act and these must be respected when conducting exploration work. When a project advances to the stage where application is made for a Special Mining Licence then Environmental Impact Assessments must be undertaken and an Environmental Impact Study must be submitted.

The boundaries of the Prospecting Licences are specified in terms of latitude and longitude on licence applications and are not physically located on the ground and, to the best of the writer's knowledge, have not been surveyed or marked on the ground for the Tembo project area.

A number of areas where local miners have been active, using essentially hand mining methods on small Primary Mining Licences ("PML"), are located on Figure 2. There are a total of 32 PML's in the Tembo Gold Project area. The location of African Barrick Gold's Bulyanhulu gold mine, which is situated to the south and east of the Tembo Gold Project, is also illustrated on Figure 2.

There are no environmental liabilities that the writer is aware of on any of the licences making up the Tembo Gold Project. There are no permits required under the Mining Act to perform early stage drill programs. However, arrangements must be made with local surface right holders in terms of access and compensation of property disturbance.

Table 3. List of Prospecting Licenses and Licence Applications.

Prospecting Licence or Application	Owner/Applicant	Expiry Date	Corner	Latitude	Longitude
HQ-P21553 (2200/2003) ¹	Mwamba Resources Ltd.	April 10, 2013 [*]	A	03° 12' 42"S	32° 25' 54"E
			B	03° 12' 42"S	32° 27' 00"E
			C	03° 13' 14"S	32° 27' 00"E
			D	03° 13' 14"S	32° 25' 54"E
HQ-P18061 (2200/2003)	Bemuda Limited	April 10, 2013 [*]	A	03° 13' 14"S	32° 25' 54"E
			B	03° 13' 14"S	32° 27' 00"E
			C	03° 13' 48"S	32° 27' 00"E
			D	03° 13' 48"S	32° 25' 54"E
HQ-P915606 (2296/2003)	Mwamba Resources Ltd.	August 1, 2013 [*]	A	03° 11' 30"S	32° 24' 55"E
			B	03° 11' 30"S	32° 25' 30"E
			C	03° 11' 58"S	32° 25' 30"E
			D	03° 11' 58"S	32° 24' 55"E
HQ-P18890 (2296/2003)	Lakota Resources (T) Ltd.	August 1, 2013 [*]	A	03° 11' 58"S	32° 24' 55"E
			B	03° 11' 58"S	32° 25' 30"E
			C	03° 12' 30"S	32° 25' 30"E
			D	03° 12' 30"S	32° 24' 55"E
HQ-G15546 3343/2005	Bemuda Limited	June 14, 2013 [*]	A	03° 09' 30"S	32° 25' 10.5"E
			B	03° 09' 30"S	32° 25' 25.5"E
			C	03° 10' 30"S	32° 25' 25.5"E
			D	03° 10' 30"S	32° 25' 10.5"E
HQ-P18554 (3343/2005)	Lakota Resources (T) Ltd.	June 14, 2013 [*]	A	03° 09' 30"S	32° 24' 55"E
			B	03° 09' 30"S	32° 25' 10.5"E
			C	03° 10' 30"S	32° 25' 10.5"E
			D	03° 10' 30"S	32° 24' 55"E
HP-G16300 (4080/2007)	Lakota Mining Company Ltd.	February 15, 2013 [*]	A	03° 09' 30"S	32° 25' 25.5"E
			B	03° 09' 30"S	32° 25' 45"E
			C	03° 10' 00"S	32° 25' 45"E
			D	03° 10' 00"S	32° 25' 25.5"E
HQ-P21324 (4080/2007)	Bemuda Limited	February 15, 2012 [*]	A	03° 10' 00"S	32° 25' 25.5"E
			B	03° 10' 00"S	32° 25' 45"E
			C	03° 10' 30"S	32° 25' 45"E
			D	03° 10' 30"S	32° 25' 25.5"E
4215/2007	Mwamba Resources Ltd.	April 07, 2012	A	03° 09' 30"S	32° 29' 07.5"E
			B	03° 09' 30"S	32° 29' 33"E
			C	03° 10' 00"S	32° 29' 33"E
			D	03° 10' 00"S	32° 29' 07.5"E
HQ-P21526 (4215/2007)	Bemuda Limited	April 07, 2013 [*]	A	03° 09' 30"S	32° 29' 33"E
			B	03° 09' 30"S	32° 30' 00"E
			C	03° 10' 00"S	32° 30' 00"E
			D	03° 10' 00"S	32° 29' 33"E

Table 3 continued. Tembo Prospecting Licences

Prospecting Licence or Application	Owner/Applicant	Expiry Date	Corner	Latitude	Longitude
4288/2007	Mwamba Resources Ltd.	April 16, 2012	A	03° 06' 00"S	32° 22' 00"E
			B	03° 06' 00"S	32° 23' 45"E
			C	03° 07' 50"S	32° 23' 45"E
			D	03° 07' 50"S	32° 24' 20"E
			E	03° 09' 00"S	32° 24' 20"E
			F	03° 09' 00"S	32° 22' 00"E
HQ-P21581 (4288/2007)	Lakota Resources (T) Ltd.	April 16, 2013 *	A	03° 06' 00"S	32° 22' 00"E
			B	03° 06' 00"S	32° 23' 15"E
			C	03° 09' 00"S	32° 23' 15"E
			D	03° 09' 00"S	32° 22' 00"E
4457/2007	Mwamba Resources Ltd.	May 24, 2012 *	A	03° 10' 35"S	32° 26' 08"E
			B	03° 10' 35"S	32° 27' 00"E
			C	03° 11' 38"S	32° 27' 00"E
			D	03° 11' 38"S	32° 26' 08"E
HQ-P21763 (4457/2007)	Mineral Products Ltd	May 24, 2013 *	A	03° 11' 38"S	32° 26' 08"E
			B	03° 11' 38"S	32° 27' 00"E
			C	03° 12' 42"S	32° 27' 00"E
			D	03° 12' 42"S	32° 26' 08"E
HQ-P21845 (4506/2007)	Mineral Products Ltd	June 12, 2013 *	A	03° 09' 55"S	32° 26' 31"E
			B	03° 09' 55"S	32° 27' 00"E
			C	03° 10' 21"S	32° 27' 00"E
			D	03° 10' 21"S	32° 26' 31"E
HQ-P21846 (4506/2007)	Mwamba Resources Ltd.	June 12, 2013 *	A	03° 09' 30"S	32° 26' 31"E
			B	03° 09' 30"S	32° 27' 00"E
			C	03° 09' 55"S	32° 27' 00"E
			D	03° 09' 55"S	32° 26' 31"E
HQ-G16575 (4576/2007)	Mwamba Resources Ltd.	August 07, 2012 *	A	03° 10' 30"S	32° 24' 55"E
			B	03° 10' 30"S	32° 25' 30"E
			C	03° 11' 00"S	32° 25' 30"E
			D	03° 11' 00"S	32° 24' 55"E
HQ-P22182 (4576/2007)	Bemuda Limited	August 07, 2013 *	A	03° 11' 00"S	32° 24' 55"E
			B	03° 11' 00"S	32° 25' 30"E
			C	03° 11' 30"S	32° 25' 30"E
			D	03° 11' 30"S	32° 24' 55"E
HQ-G16714 (4807/2007)	Mwamba Resources Ltd.	October 26, 2012 *	A	03° 09' 00"S	32° 27' 34"E
			B	03° 09' 00"S	32° 27' 48"E
			C	03° 10' 00"S	32° 27' 48"E
			D	03° 10' 00"S	32° 27' 17"E
			E	03° 09' 28"S	32° 27' 17"E
			F	03° 09' 28"S	32° 27' 34"E
HQ-P22709 (4807/2007)	Bemuda Limited	October 26, 2013 *	A	03° 09' 00"S	32° 27' 48"E
			B	03° 09' 00"S	32° 28' 15"E
			C	03° 10' 00"S	32° 28' 15"E
			D	03° 10' 00"S	32° 27' 48"E

Table 3 continued. Tembo Prospecting Licences

Prospecting Licence or Application	Owner/Applicant	Expiry Date	Corner	Latitude	Longitude
HQ-G16715 (4810/2007)	Mwamba Resources Ltd.	October 25, 2012 [*]	A	03° 09' 00"S	32° 29' 08"E
			B	03° 09' 00"S	32° 29' 34"E
			C	03° 09' 30"S	32° 29' 34"E
			D	03° 09' 30"S	32° 29' 08"E
HQ-P22711 (4810/2007)	Bemuda Limited	October 25, 2013 [*]	A	03° 09' 00"S	32° 29' 34"E
			B	03° 09' 00"S	32° 30' 00"E
			C	03° 09' 30"S	32° 30' 00"E
			D	03° 09' 30"S	32° 29' 34"E
5670/2009	Mwamba Resources Ltd.	March 18, 2011	A	03° 13' 09"S	32° 24' 08"E
			B	03° 13' 09"S	32° 24' 55"E
			C	03° 13' 25.05"S	32° 24' 55"E
			D	03° 13' 16.75"S	32° 24' 46.60"E
			E	03° 13' 21.15"S	32° 24' 42.06"E
			F	03° 13' 30.23"S	32° 24' 52.77"E
			G	03° 13' 36.85"S	32° 24' 55.00"E
			H	03° 14' 19.00"S	32° 24' 55.00"E
HQ-P17614 (2128RA)	Mwamba Resources Ltd.	January 26, 2013 [*]	I	03° 14' 19.00"S	32° 24' 08"E
			A	03° 09' 30"S	32° 28' 15"E
			B	03° 09' 30"S	32° 29' 07.5"E
			C	03° 10' 00"S	32° 29' 07.5"E
HQ-P17934 (2178/2003)	Mwamba Resources Ltd.	March 10, 2013 [*]	D	03° 10' 00"S	32° 28' 15"E
			A	03° 06' 00"S	32° 23' 45"E
			B	03° 06' 00"S	32° 26' 00"E
			C	03° 07' 21"S	32° 26' 00"E
HQ-P21396 (2178/2003)	Nyati Resources (T) Ltd.	March 10, 2013 [*]	D	03° 07' 21"S	32° 23' 45"E
			A	03° 07' 21"S	32° 23' 45"E
			B	03° 07' 21"S	32° 26' 00"E
			C	03° 09' 00"S	32° 26' 00"E
			D	03° 09' 00"S	32° 24' 20"E
			E	03° 07' 50"S	32° 24' 20"E
HQ-P18484 (2258/2003)	Bemuda Limited	June 6, 2013 [*]	F	03° 07' 50"S	32° 23' 45"E
			A	03° 09' 30"S	32° 25' 45"E
			B	03° 09' 30"S	32° 26' 31"E
			C	03° 10' 00"S	32° 26' 31"E
HQ-P19257 (2335/2003)	Mwamba Resources Ltd.	October 2, 2013 [*]	D	03° 10' 00"S	32° 25' 45"E
			A	03° 09' 00"S	32° 25' 40.5"E
			B	03° 09' 00"S	32° 26' 00"E
			C	03° 09' 28"S	32° 26' 00"E
			D	03° 09' 28"S	32° 27' 17"E
			E	03° 10' 00"S	32° 27' 17"E
			F	03° 10' 00"S	32° 27' 00"E
			G	03° 09' 30"S	32° 27' 00"E
			H	03° 09' 30"S	32° 25' 40.5"E

Table 3 continued. Tembo Prospecting Licences

Prospecting Licence or Application	Owner/Applicant	Expiry Date	Corner	Latitude	Longitude
HQ-P22523 (2335/2003)	Lakota Resources (T) Ltd	October 02, 2013 [*]	A	03° 09' 00"S	32° 25' 00"E
			B	03° 09' 00"S	32° 25' 40.5"E
			C	03° 09' 30"S	32° 25' 40.5"E
			D	03° 09' 30"S	32° 25' 00"E
HQ-P16578 (2678/2004)	Mwamba Resources Ltd.	April 30, 2013 [*]	A	03° 10' 00"S	32° 25' 45"E
			B	03° 10' 00"S	32° 26' 31"E
			C	03° 10' 21"S	32° 26' 31"E
			D	03° 10' 21"S	32° 27' 00"E
			E	03° 10' 35"S	32° 27' 00"E
			F	03° 10' 35"S	32° 26' 08"E
			G	03° 11' 11.5"S	32° 26' 08"E
			H	03° 11' 11.5"S	32° 25' 30"E
			I	03° 10' 30"S	32° 25' 30"E
			J	03° 10' 30"S	32° 25' 45"E
2678/2004	Mwamba Resources Ltd.	April 30, 2012	A	03° 11' 11.5"S	32° 25' 30"E
			B	03° 11' 11.5"S	32° 26' 08"E
			C	03° 11' 57"S	32° 26' 08"E
			D	03° 11' 57"S	32° 25' 30"E
HQ-P20706 (4265/2006)	Mwamba Resources Ltd.	August 29, 2013 [*]	A	03° 13' 11"S	32° 24' 55"E
			B	03° 13' 11"S	32° 25' 54"E
			C	03° 13' 48"S	32° 25' 54"E
			D	03° 13' 48"S	32° 24' 55"E
4265/2006	Bemuda Limited	August 29, 2011	A	03° 12' 30"S	32° 24' 55"E
			B	03° 12' 30"S	32° 25' 30"E
			C	03° 12' 42"S	32° 25' 30"E
			D	03° 12' 42"S	32° 25' 54"E
			E	03° 13' 11"S	32° 25' 54"E
			F	03° 13' 11"S	32° 24' 55"E
HQ-P19447 (2355)	Mwamba Resources Ltd.	October 31, 2013 [*]	A	03° 09' 00"S	32° 28' 15"E
			B	03° 09' 00"S	32° 29' 07.5"E
			C	03° 09' 30"S	32° 29' 07.5"E
			D	03° 09' 30"S	32° 28' 15"E

¹ Prior PL number

* Pending application approval, first licence term period is used as expiry date, in most cases licences can be renewed for an additional 2 to 4 years.

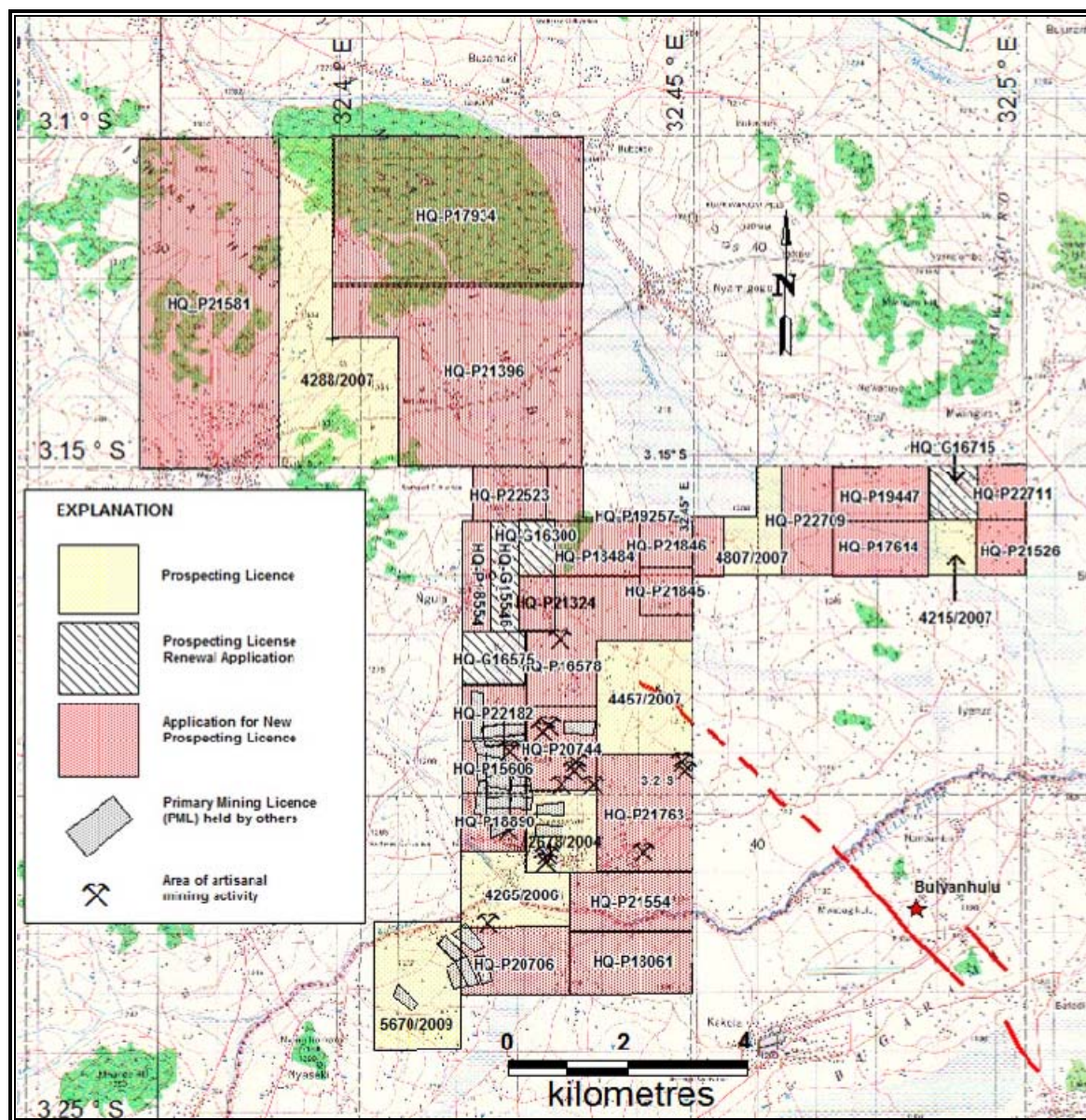


Figure 2. Tembo Gold Project Prospecting Licences

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The topography of the Tembo Licences consists of gently rolling hills and gently sloping flat savannahs of low relief. Elevation on the licenses ranges from just under 1,240 to 1368 metres above sea level (“ASL”). Lowlands on the licences are typically covered in “mbuga”, a thick black cotton soil grassland. Upland areas are covered with secondary scrub bush and locally sparse forest. The seasonal Bulyanhulu River drains the southern part of the licence area. Bujula and Nyamigogo creeks – tributaries of the Bulyanhulu – drain the western and eastern parts of the licences, respectively.

The project area is best accessed by motor vehicle from Mwanza, the second largest city in Tanzania and situated on Lake Victoria. From Mwanza the route to the property is south, 32 kilometres, by road to the ferry across Smith Sound, then west on a secondary road for 27 km to the intersection with highway B163 at Sengerema, then southwest on highway B163 for 55 km to Geita and then southeast for a distance of 45 kilometre on a laterite road to the centre of the project area. Other laterite roads and footpaths provide access throughout the property. Several small villages are located within or immediately adjacent to the licenses. The nearest large centre is Geita, 45 kilometres to the north. On the Bulyanhulu Special Mining Licence, African Barrick Gold has an airstrip.

The climate is typical of the semi-arid central plateau with daytime high temperatures reaching 29-32°C from December to March and 24-27°C from June to August. Night-time lows vary from 15-25°C. What are known as the *short rains* – intermittent rainy periods - fall from mid-November through December; with the *long rains* – heavier, persistent rain - from mid-March through May. There can be significant rainfall in January and February. Annual rainfall averages about 800 mm. The prime period for early stage exploration is June through November.

There is sufficient land available on the Prospecting Licences comprising the Tembo Gold Project area for mining operations, mining personnel, potential tailings storage areas, potential waste disposal sites, heap leach pads and potential processing plant sites. Surface rights to such lands can be acquired under the provisions of the Mining Act.

6.0 HISTORY

Prior to the 1990's there is no recorded information concerning mineral exploration in the area now covered by the Tembo project. However, parts of the area have had a long history of artisanal gold mining the details of which are not well documented.

Lakota's involvement in the area begins in the mid 1990's with the acquisition of interests in Prospecting Licences in the area and culminates in about 2003 when it consolidated its land position in 3 contiguous groups of licences that make up the Tembo project area, namely: the Tannor, Ikina Reefs and Bemuda properties.

In the early 1990's East Africa Mines PLC ("EAM"), a subsidiary of Spinifex Gold Ltd, carried out shallow reverse circulation drilling programs on the Ikina Reefs property. The details of this work are not known.

In 1999, Universal Gold N.L. optioned the Bemuda property, which adjoins the Ikina Reefs property to the north, from Lakota. Universal conducted a soil sampling campaign over part of the area collecting 1021 soil samples. Samples were collected at 30 metre intervals along northeastly trending lines spaced 220 metres apart. The results of the analysis were that soils range from 0 to 2,000 parts per billion (ppb) gold. Basic statistics and an interpretation of the results in terms of background and anomalous categories is found in Table 4 and illustrated in Figure 3. Universal's interest in the property was acquired by Lakota in late 1999. The results of the soil survey indicate that some of the more gold anomalous samples occur in the vicinity of the inferred extension of the Bulyanhulu gold mineralized shear zone onto the Tembo project area.

Table 4. Basic statistics for Universal Gold's soil results

Number of Cases = 1021	
Statistical parameter	Au_ppb
Minimum	0
Maximum	2,000
Arithmetic Mean	25
Standard Deviation	87.11
Percentiles	
25%	0
50%	16
75%	28
95%	60
98%	78
Interpreted categories	
Background	0 - 59
Mixed	60 - 129
Anomalous	130+

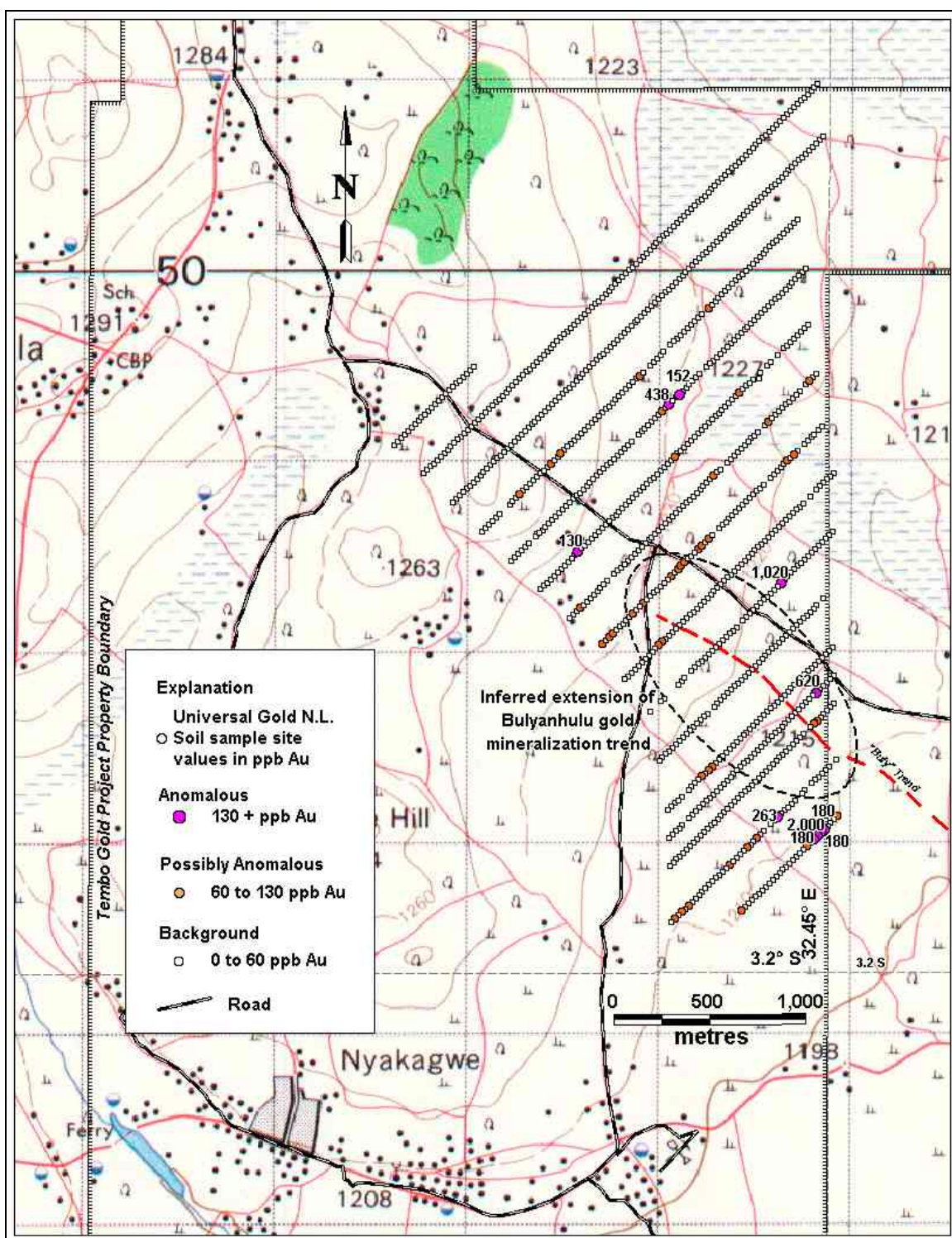


Figure 3. Gold in soil samples collect by Universal Gold NL

In 2002 East Africa Mines PLC resumed drilling on the Ikina Reefs property. Exploration conducted by EAM included 8,028 m of rotary air-blast (“RAB”) drilling in 836 holes and a total of 1,140 m of reverse-circulation (“RC”) drilling in 38 holes.

The RAB drilling was conducted on a series of grids with holes spaced 5 to 40 metres apart on lines spaced 40 to 240 metres apart. Lines were set either north-south or northeast-southwest. The RAB drilling was undertaken with two objectives:

- i) to obtain a preliminary indication of the geochemical response over the area sampled; i.e. the technique was used to collect samples of the first 1 metre interval, effectively as a soil sample;
- ii) to test upper part of the weathered bedrock (saprolite) for gold mineralization.

The RAB and RC samples were sent to the Buck Reef Mine laboratory for gold analysis. Results of the RAB surface 1 metre samples range from below detection to 12,810 ppb gold, with anomalous values interpreted to be above 300 ppb gold (Table 5 and Figure 4). Anomalous samples form two clusters: a north zone, 3.4 kilometres north of Nyakagwe village, defined by RAB holes IKAC107 to IKAC152 where values range up to 4,830 ppb gold and five samples returned values greater than 1,000 ppb gold; and a southern cluster on the east edge of Nyakagwe village where ten anomalous samples range from 320 to 12,810 ppb gold. The northern anomalous zone is along strike with the inferred trend of the Bulyanhulu gold mineralized shear zone.

Table 5. Basic statistics for East Africa Mine’s surface sample results

Number of Cases = 843	
Statistical parameter	Au ppb
Minimum	1
Maximum	12,810
Arithmetic Mean	118
Standard Deviation	597.73
Percentiles	
25.00%	1
50.00%	20
75.00%	90
95.00%	244
98.00%	803
Interpreted categories	
Background	0 - 249
Mixed or Possibly anomalous	250 - 299
Anomalous	300 +

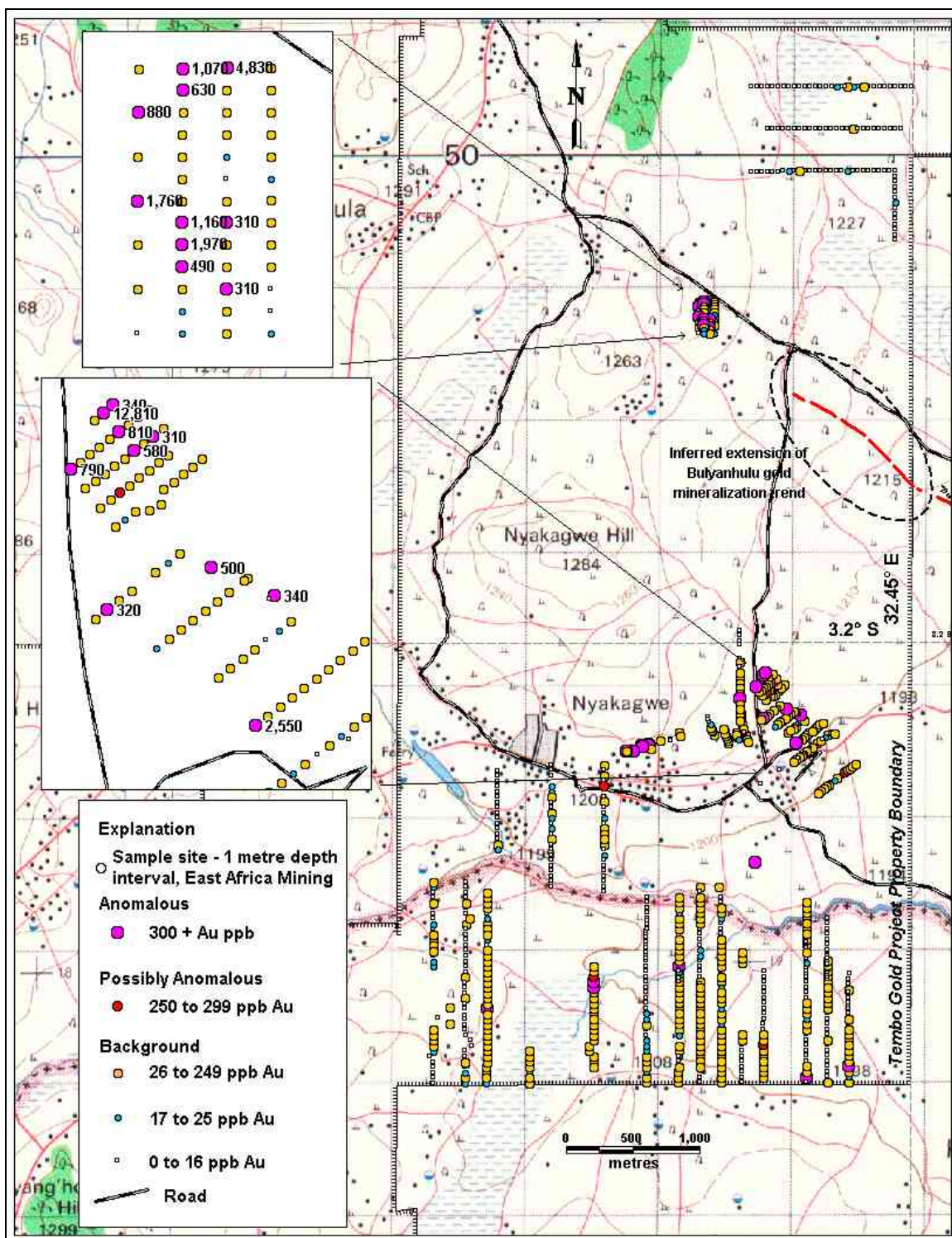


Figure 4. Gold in surface RAB and RC samples, EAM

The reverse circulation drill holes and deeper RAB holes also intersected significant gold values (i.e. values greater than 2 grams/tonne) in several areas, but mainly in the areas outlined by the anomalous RAB surface samples. Significant intersections from the RC and deeper RAB holes are listed in Table 6, below. The collar locations of the RC holes are illustrated in Figure 5.

Table 6. Significant Gold Intersections in Drill Holes, Ikina Reefs property.

Hole	Inclination	Azimuth	From	To	Interval	Au g/t
IKAC03	-60	0	9.0	12.0	3.0	2.20
including			11.0	12.0	1.0	3.11
IKAC04	-60	0	16.0	17.0	1.0	6.02
IKAC171	-90	0	1.0	2.0	1.0	2.05
IP01	-60	0	5.0	6.0	1.0	5.86
IP06	-60	0	4.0	7.0	3.0	5.01
including			5.0	6.0	1.0	13.32
IP08	-60	0	5.0	11.0	6.0	2.64
including			5.0	6.0	1.0	11.40
IP09	-60	0	5.0	9.0	4.0	3.02
including			7.0	9.0	2.0	5.63
IRNPRC1	-60	328	33.0	38.0	5.0	2.38
and			41.0	42.0	1.0	4.82
IRNPRC2	-60	328	42.0	43.0	1.0	4.85
IRNPRC3	-60	328	34.0	39.0	5.0	1.86
IRNPRC5	-60	328	33.0	36.0	3.0	1.70
IRNPRC6	-60	328	34.0	40.0	6.0	2.45
including			35.0	38.0	3.0	3.45
IKAC32	-90	0	1.0	2.0	1.0	2.74
IKAC44	-90	0	0.0	2.0	2.0	8.34
IP24	-60	0	13.0	15.0	2.0	2.08
IP25	-60	0	20.0	25.0	5.0	2.14
IP26	-60	0	14.0	26.0	12.0	2.86
IP26			15.0	20.0	5.0	5.22
IP28	-60	0	17.0	18.0	1.0	15.90
IP31	-60	0	0.0	3.0	3.0	5.72
IRKGRC1	-60	360	14.0	21.0	7.0	3.00
including			15.0	17.0	2.0	6.91
and			24.0	27.0	3.0	2.51
including			24.0	25.0	1.0	5.94
IRKGRC3	-60	360	15.0	16.0	1.0	7.30
and			41.0	43.0	2.0	2.45
IRKGRC4	-60	360	21.0	22.0	1.0	4.33
IRKGRC5	-60	360	0.0	9.0	9.0	2.75
NGAC212	-90	0	7.0	9.0	2.0	7.91
including			8.0	9.0	1.0	13.83

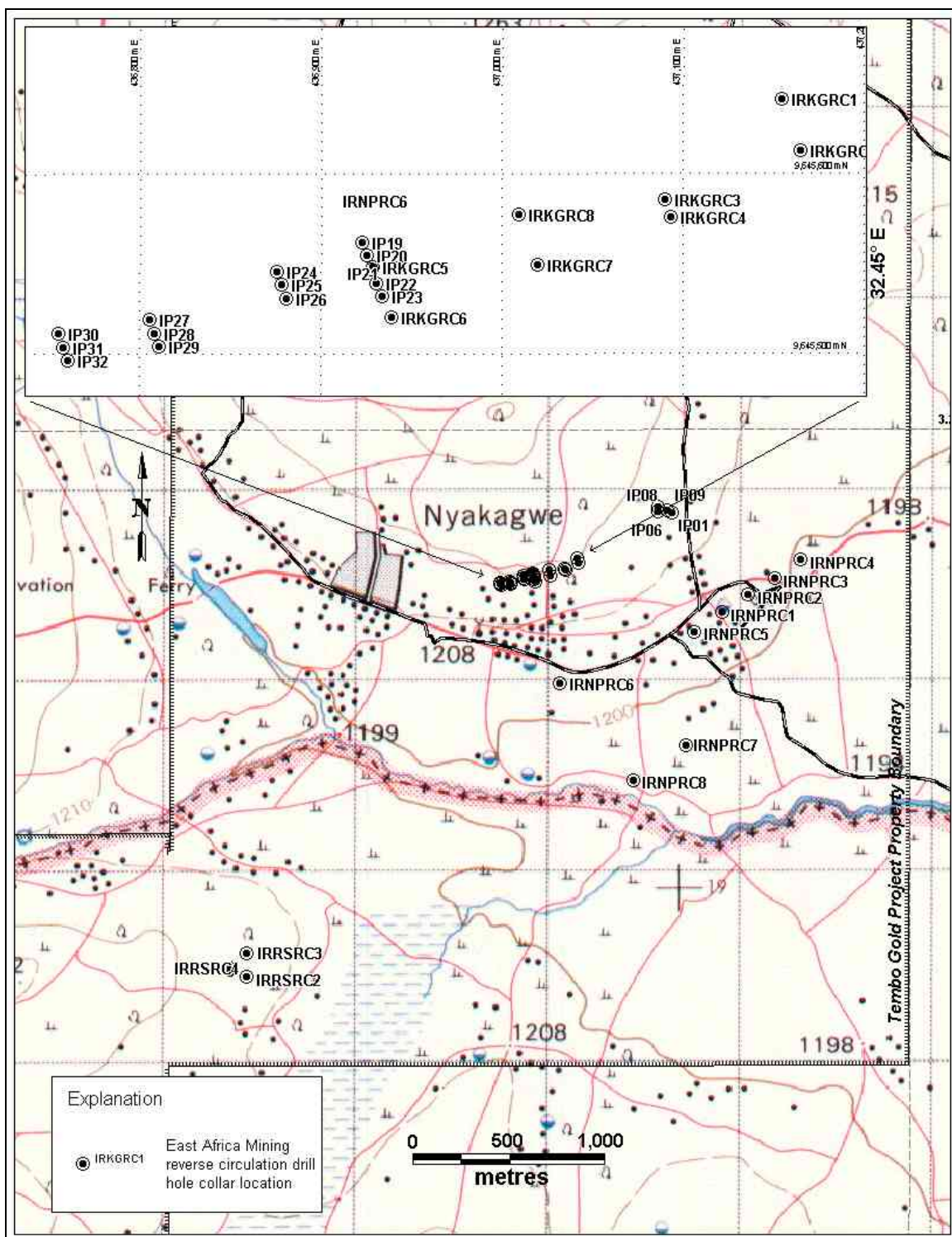


Figure 5. Reverse circulation drill hole plan, EAM

In 2000, Lakota also announced its intention to find partners for the exploration of its holdings. In September 2000 it entered into an option agreement with Orezone Resources Inc for the exploration and development of all of Lakota's Tanzanian holdings. In February, 2001, the option agreement with Orezone was terminated apparently with no exploration having been conducted on the project area by Orezone.

In September 2003, Lakota entered into an option agreement with Orogen Holdings (BVI) Limited ("Orogen"), a subsidiary of Gold Fields Limited. Lakota was appointed operator during the first part of the option. In February 2005, Lakota announced that Gold Fields had terminated the option on the Tembo project. A summary of the work and results of the work under the Orogen option and subsequent exploration undertaken by Lakota are described in Section 10.0 *Exploration*.

There are no historical mineral resource or mineral reserve estimates of mineralization within the Tembo project area.

There has been and still is limited gold production by artisanal miners working on Primary Mining Licences within the Tembo Project area. The amount of gold recovered by the miners has not been disclosed to the writer and in all likelihood would be difficult to ascertain. Artisanal mining recovers gold from several sources on the Tembo licence: as placer gold in alluvial environments; as eluvial gold at the laterite/saprolite interface around gold mineralized quartz veins within the mafic metavolcanic sequence and from the gold mineralized quartz veins themselves. The main areas of current artisanal mining are in the Nyakagwe village area.

7.0 GEOLOGICAL SETTING

7.1 Regional Geology:

The Tembo Gold Project is situated in the Archean age Tanzanian Craton. The craton consists of a series of greenstone belts that are separated by granite-gneiss terranes. The Tembo licences are located in the centre of the Sumakaland greenstone belt which crops out as horseshoe-shaped ribbons in granite-gneiss terrane south of Lake Victoria across northwestern Tanzania. Paleoproterozoic diabase or dolerite dykes intrude both the greenstones and granite-gneiss terranes. Late Cretaceous and Tertiary age kimberlite pipes also intrude Archean cratonal rocks. Proterozoic cover rocks – mainly sediments – crop out to the east along the rift valley. The craton was subjected to extensive Tertiary lateritic weathering, resulting in the development of ferricretes and saprolites. Gold deposits are principally hosted within the greenstones, but are not entirely restricted to these units.

The cratonal rocks are subdivided into several series. The Tembo Gold Project is underlain by the Nyanzian system, which consists of highly deformed mafic volcanics, lesser felsic volcanics, banded iron formation and fine-grained clastic sediments that have been metamorphosed to greenschist facies.

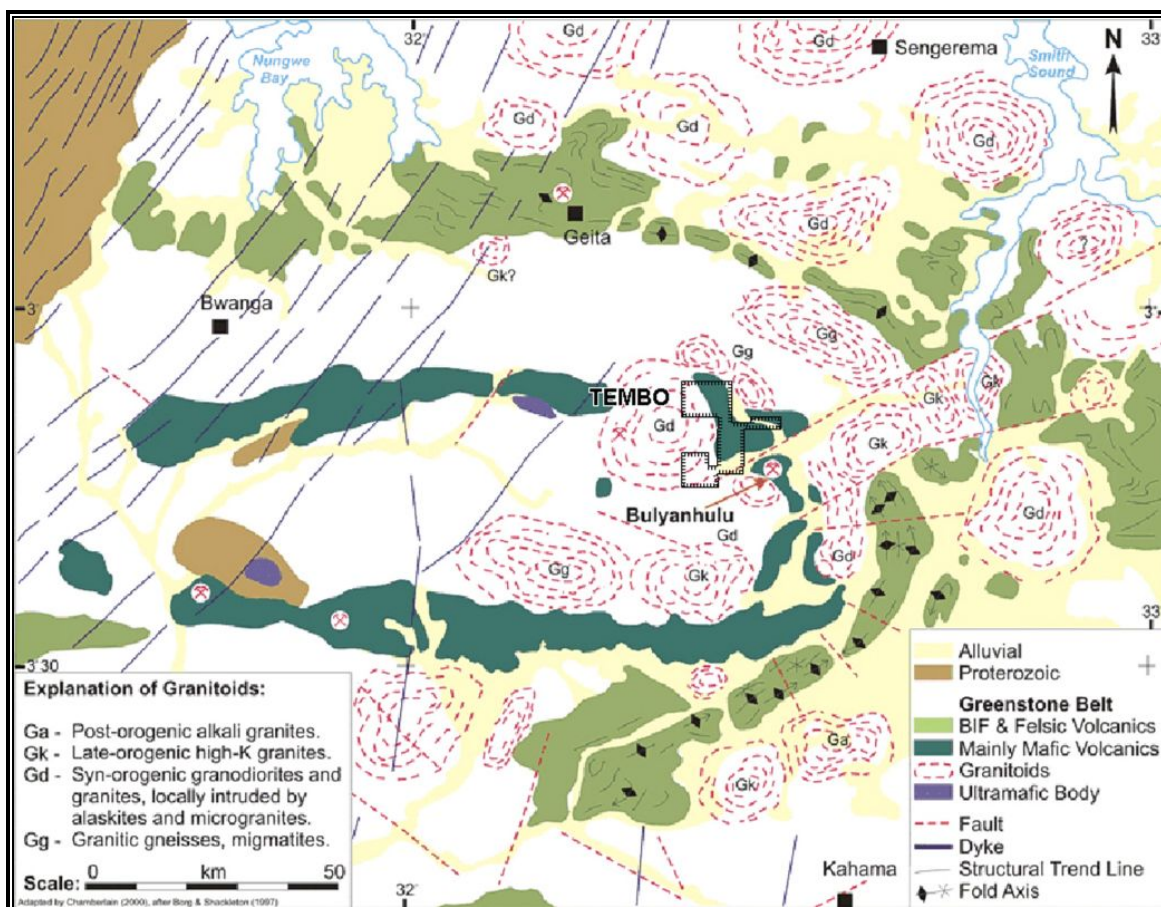


Figure 6. Regional geological setting Tembo Gold Project

Recent U-Pb zircon dating (Chamberlain et al., 2006) has enabled a preliminary model for greenstone belt evolution to be put forward and has placed constraints on the timing of gold mineralization. A summary of Chamberlain's proposed evolution of the greenstone belts is found in Table 7 below.

Table 7. Proposed geological evolution - Tanzanian greenstone belts.

Period in millions of years before present (Ma)	Event	Gold Deposition
~2650	Late low-Ca granitic intrusions and formation of sediment dominated basins	
~2660 – 2650	Major period of metamorphism and deformation (Kahama Orogeny). Inferred timing for emplacement of spatially restricted syenite intrusions	
~2675 - 2645	Geochemically diverse extrusive and intrusive rocks	
~2675	Continued shortening during emplacement of diorites	
~2685 - 2675	Emplacement of dioritic intrusions	
~2680 – 2685	Major district scale shortening resulting in folding of BIF units	
~2700 – 2680	Episodic input into banded iron formation (BIF) basins	
~2725 - 2680	Extrusion of dacite-dominated volcanic lavas	
~2760 – 2740	Emplacement of a spatially extensive dioritic suite of intrusions	
~2770 - 2750	Extrusion of rhyolite dominated volcanic lavas, with associated subvolcanic high-level equivalents	
~2770	Metamorphism and deformation of a pre-existing trondhjemite-tonolite-granite suite	
~2830 - 2810	Extrusion of a tholeiitic basalt lava dominated sequence with subordinate rhyolitic lavas	

7.2 Local and Property Geology:

There has been no detailed bedrock geological mapping of the Tembo Gold Project area. However regional scale mapping by the Tanzania Geological Survey has compiled the geology of the Tembo licence area (Figure 7).

The Tanzania Geological Survey map indicates that bedrock exposure is limited on the Tembo property. However, exposures of Archean age mafic metavolcanics (unit Nzm) of the Nyanzian system, Sukumaland greenstone belt, crop out intermittently from Nyakagwe Hill in the south, up through the centre and to the north end of the property over a distance of approximately 12 kilometres. The width of metavolcanic exposure is approximately 1.75 kilometres, but extensive laterite cover (unit Qxz) likely masks areas underlain by Archean metavolcanics. To the west and east, the belt of mafic metavolcanic is intruded by coarse-grained pink to grey, biotite granite of the Bukoli pluton (unit Bg).

To the immediate southeast of the Tembo property the Tanzania Geological Survey map shows bands of Archean metavolcanics (dacites and andesites of unit Nzd and felsic metavolcanics of unit Nzf) trending in a northwest direction up to the Tembo

property boundary where they become covered by laterite. These metavolcanic units are the same units that host the gold mineralization in the Bulyanhulu gold mine. Their continuation onto the Tembo property under the laterite cover can only be inferred by utilizing geophysical methods.

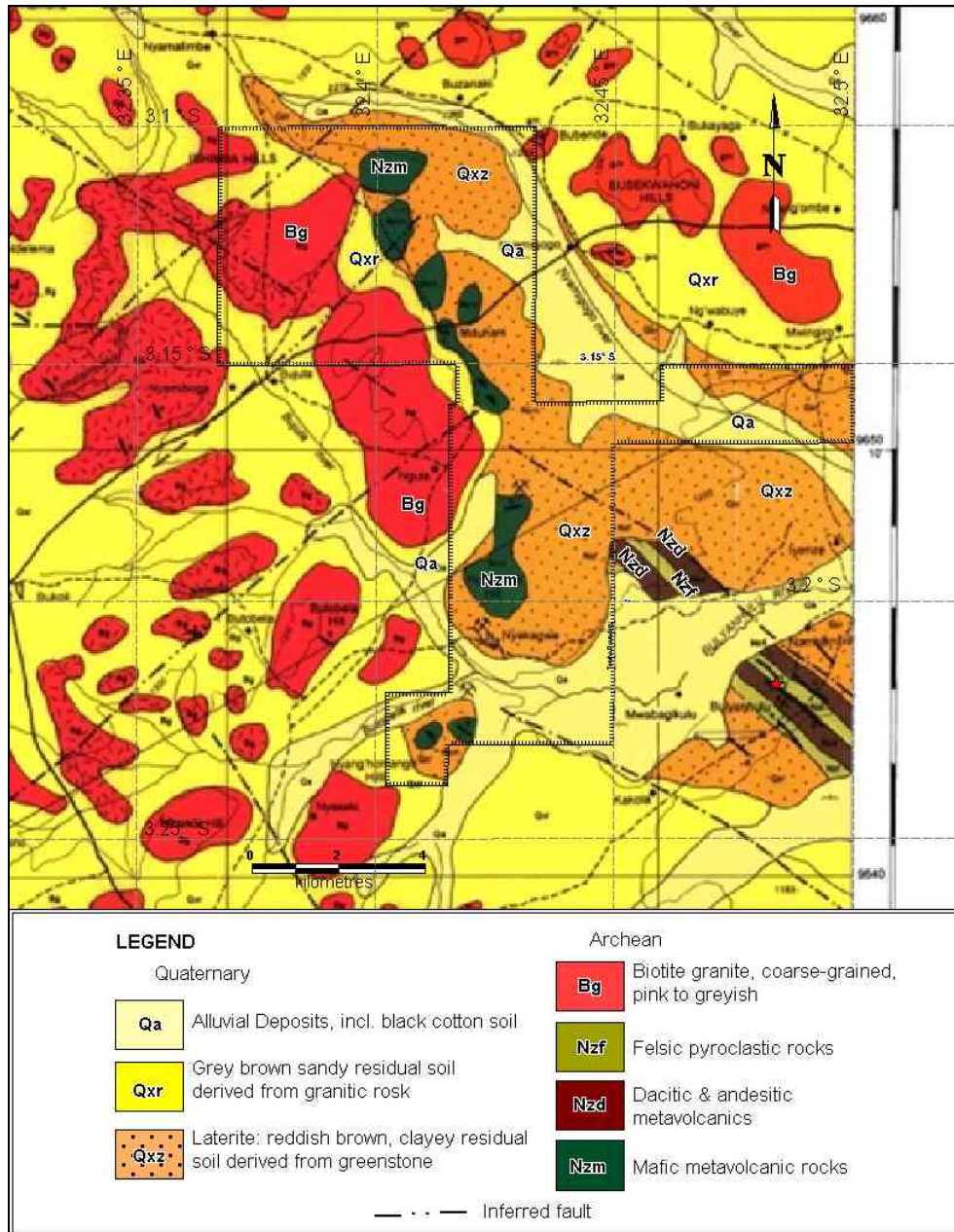


Figure 7. Local geological setting Tembo Gold Project

Goldfields personnel (Kitto, 2004) noted that argillite and felsic rocks with hydrothermal sericite alteration together with a well defined structural foliation similar to that found at the Bulyanhulu mine were found in local miner's pits on the eastern side of PL 4457/2007 along the trend of the gold mineralized Bulyanhulu shear zone.

Apart from the distribution of bedrock units across the Tembo properties, surficial mapping by Dr. Louisa Lawrence has subdivided surficial materials into 5 units and plotted their distribution across most of the licence area (Figure 8.).

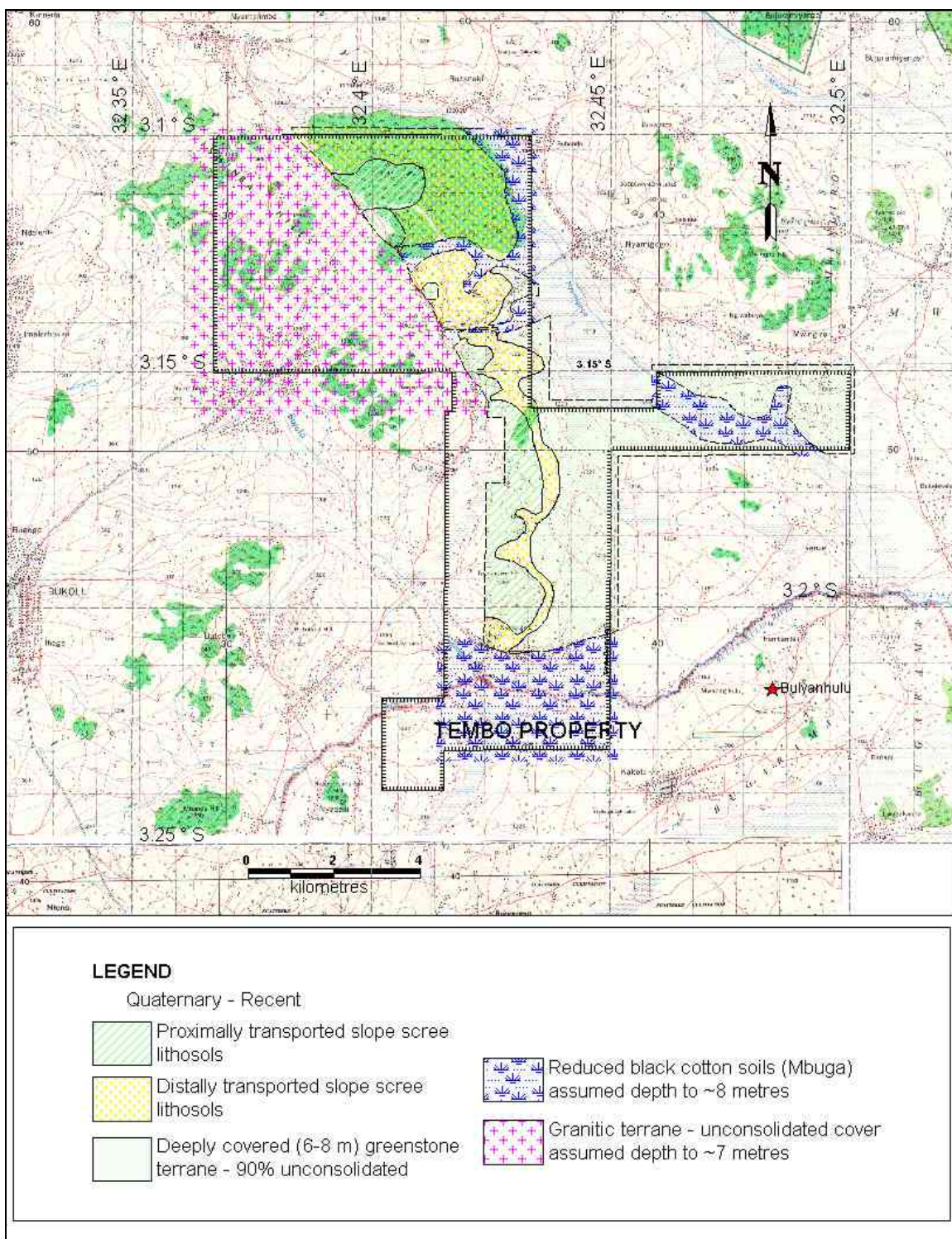


Figure 8. Surficial geological Tembo Gold Project

8.0 DEPOSIT TYPES

The prime deposit types that are the object of exploration on the Tembo Gold Project are gold deposits. There is also potential for other deposit types, such as volcanic hosted massive sulphides, rare element pegmatite deposits or kimberlite diamond deposits in the project area. The existing property data should be examined for evidence of these types of deposits.

8.1 Gold Deposits

In terms of gold deposits types the obvious ones to be expected on the licences could be classed as *Orogenic Gold* (Groves, et al., 1998 and 2003) or *Archean Lode Gold* (Colvine, et al., 1988) types. These deposits types encompass a broad range of styles and characteristics that typically involve complex relationships between host rocks, mineralizing fluid chemistry and structural controls. More specifically, a direct analogue for the Tembo property is the adjacent Bulyanhulu gold mine of African Barrick Gold PLC.

At the Bulyanhulu mine gold mineralization is situated in quartz filled shear zones in and at the interface between metavolcanics and carbonaceous metasediments. There is a component to the mineralization that is indicative of the exhalative facies of volcanogenic massive sulphide deposits, but more compelling evidence suggests that there is a strong link between late orogenic alkalic intrusives that either acted as heat engines to drive copper-gold bearing fluids into the shear zones and/or were themselves the source for the copper-gold bearing fluids (Chamberlain, 2003). The Bulyanhulu gold deposit was acquired by Barrick Gold Corporation from Sutton Resources Ltd in 1999. In April 2001, Barrick commenced production at Bulyanhulu with a reserve base of 10 million ounces of gold. As at December 31, 2009 the Bulyanhulu gold mine is reported to have NI 43-101 compliant proven and probable reserves of 10.3 million ounces of gold. In 2009 the mine produced a total of 249,000 ounces of gold at a cost of \$US650 per ounce. Mining is “an underground trackless operation that uses long-hole and drift-and-fill as its principal stoping methods. Ore reserves are accessed via a surface shaft and an internal ramp system.” (from African Barrick Gold website).

The stratigraphy and shear zones that host gold mineralization at Bulyanhulu are believed to extend onto the Tembo gold project area: these are the primary exploration targets that warrant detailed follow-up work on the Tembo property. Geophysical characteristics of the bedrock, associated mineralization and alteration, such as magnetic susceptibility and electromagnetic conductivity and/or chargeability are features that can be used as guides to locate favourable structures that warrant testing for gold. However, gold itself does not respond to these techniques. Geochemical sampling is a more direct approach to estimate the occurrence of gold mineralized areas, but this technique can be complicated by transported anomalies or mineralized zones that are masked by thick overburden. Ultimately, drilling of combined geochemical-geophysical anomalies that have some geological basis is the best way to test for the existence of gold mineralization. Drilling such anomalies does not guarantee economic success, but persistence with this exploration approach will ultimately lead to success, in the writer’s opinion.

Other structures and configurations of structures on the Tembo project area may have potential for hosting other gold deposits types, as is indicated by anomalous

geochemical responses in certain areas of the property, such as Nyakagwe Hill, and described more fully in Section 10.0, *Exploration*. Goldfields personnel (Kitto, op. cit.) have suggested that gold associated with flat-lying or gently dipping sheeted quartz veins associated with thrust fault is one deposit style that may occur on the west central part of the property, based on evidence in local miners' pits there. Examples of the complex structural settings that some gold deposits exhibit in can be found in Drew (2003). In circumstances where the structures coalesce with sufficient frequency bulk mineable gold resources may occur examples of these in Tanzania are the Tulawaka, Golden Pride and Geita gold mines. At Geita and Golden Pride gold mineralization is associated with a fractured and sheared sequence of upper Nyanzian banded iron formation and intermediate to felsic metavolcanics that typically have been subjected to some form of late intrusive activity. At Tulawaka, gold mineralization occurs in a folded sequence of metasediments that have been sheared and intruded by a variety of dykes. The gold is found in lenticular quartz veins formed in dilatant zones adjacent to the shears.

The writer has been unable to verify information concerning properties adjacent to the Tembo gold project and that information is not necessarily indicative of mineralization on the Tembo property.

Gold occurring at the interface between laterite and saprolite is another deposit type that may occur on the Tembo licence.

8.2 Diamond Deposits

In Tanzania, over 400 kimberlite pipes and dykes have been discovered to date in the Archean craton (Griffin et al., 1991). Diamond deposits associated with kimberlite pipes or alluvial diamond deposits derived from kimberlites are therefore a possible deposit type to be expected on the Tembo licences. A north-south line near the center of the Archean craton in Tanzania separates barren kimberlites on the east from predominantly diamondiferous kimberlites to the west (Figure 9). The Tembo licences are located on the diamondiferous side of the craton. Diamondiferous kimberlite occurs approximately 21 kilometres south of the property. Furthermore, several airborne magnetic lows on Tembo are indicative of kimberlite pipes and therefore warrant follow-up verification work (refer to Section 10.0, *Exploration*).

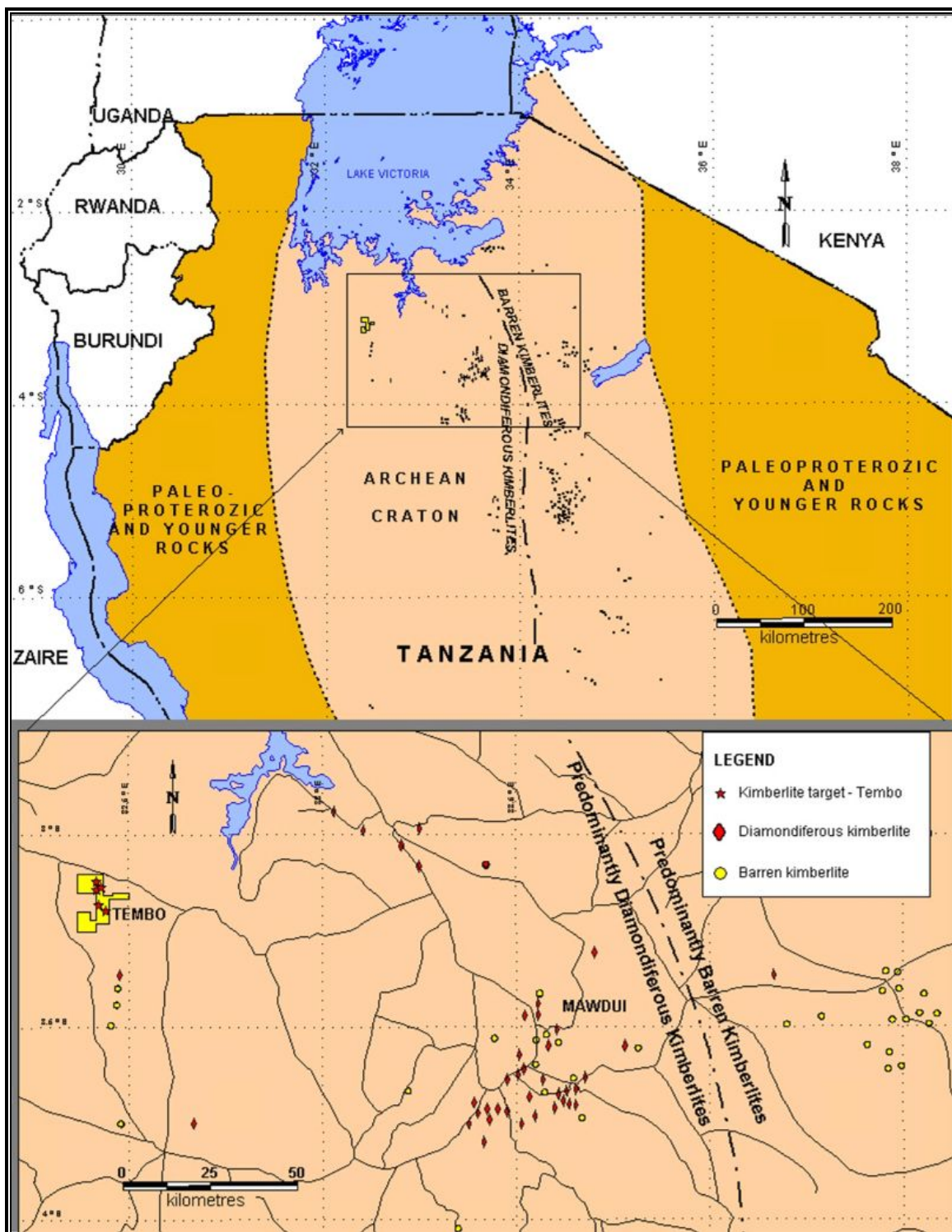


Figure 9. Distribution of kimberlites in Tanzania.

9.0 MINERALIZATION

Gold mineralization found to date on the Tembo property occurs as intersections in reverse circulation drilling undertaken by Lakota, in diamond drill intercepts and in areas where artisanal miners have exposed gold-bearing quartz veins.

There are 5 areas on the Tembo property in which significant gold mineralization has been intersected in drill holes (Figure 10). These areas warrant further detailed follow-up. Another area of anomalous gold geochemistry, possibly indicative of bedrock gold mineralization, north of the village of Ngula also warrants further investigation.

Table 8. Summary of significant gold in drill intercepts.

Hole	Azimuth	Dip	From	To	Interval	Au g/t	Area
RC004	220°	-55°	53.00	54.00	1.00	4.68	Bulyanhulu trend
TEMRC079	340°	-60°	25.00	28.00	3.00	8.95	South flank of Nyakagwe Hill
IP06	0°	-60°	4.0	7.0	3.0	5.01	Nyakagwe East
<i>including</i>			5.0	6.0	1.0	13.32	
IKAC44	0°	-90°	0.0	2.0	2.0	8.34	Nyakagwe East
TEMRC056	040°	-60°	28.00	29.00	1.00	36.70	Nyakagwe East
DD001	030°	-60°	38.50	42.00	3.50	10.25	Nyakagwe East
DD005	030°	-50°	81.94	85.34	3.40	9.80	Nyakagwe East
DD011	030°	-50°	45.10	46.60	1.50	10.44	Nyakagwe East
NGAC212	0°	-90°	7.0	9.0	2.0	7.91	Nyakagwe south
<i>including</i>			8.0	9.0	1.0	13.83	
IP26			15.0	20.0	5.0	5.22	Nyakagwe village
IP28	0°	-60°	17.0	18.0	1.0	15.90	Nyakagwe village
IP31	0°	-60°	0.0	3.0	3.0	5.72	Nyakagwe village

The area designated as the **Buly trend** is within the inferred extension of the gold mineralized shear zone that hosts the Bulyanhulu gold mine. Reverse circulation drill hole RC004 drilled in 2004 intersected 1 metre that analysed 4,675 ppb gold (equivalent to 4.675 grams/tonne) from 53 to 54 metres down hole. The mineralized interval is reported to consist of mafic metavolcanics. Metasediments are reported at the end of the hole and felsic metavolcanics are reported in adjacent holes in this fence of 7 holes, suggesting that there are similarities in the stratigraphy between this area and stratigraphy at the Bulyanhulu mine. However the location of hole RC004 is approximately 680 southwest of the location of the inferred extension of the gold mineralized shear from the Bulyanhulu mine, based on the attitude of geological structures and airborne magnetic signatures. Therefore it is concluded that the Buly trend was not tested by the 2004 RC drilling. There are however anomalous gold in soils in the Universal Gold sampling in the area, which maybe an expression of a gold mineralized shear. In addition RAB drilling by East African Mines in 2002 on strike and approximately 860 to the northwest of the airborne magnetic anomaly returned values of up to 4,830 ppb gold in saprolite. RAB drilling in 2006 also returned anomalous gold values of 164 and 648 ppb gold in the immediate vicinity of the Buly trend. Reverse circulation drilling in 2007 on strike and

420 to 1,000 metres to the northwest of the magnetic anomaly intersected gold values of 1.59 and 1.01 grams/tonne over 1 metre intervals in holes TEMRC092 and TEMRC085 respectively. These geochemical indications suggest that there is gold mineralization in the area that warrants further follow-up work.

On the ***south flank of Nyakagwe Hill*** RC drilling in 2007 encountered significant gold (3 metres averaging 8.95 grams/tonne) in hole TEMRC079 associated with quartz veining in mafic metavolcanics. Soils sampling in 2004 located a number of anomalous samples in this area, with values up to 1,690 ppb gold.

Continuing south to the edge of ***Nyakagwe village***, a series of RC holes drilled by East African Mines in 2002 returned significant gold values in 3 holes: IP26 (5 metres averaging 5.22 g/t Au), IP28 (1 metre of 15.90 g/t Au) and IP31 (3 metres of 5.72 g/t Au). There is little information on the nature of the lithologies intersected in these holes however it is believed to again be quartz veins hosted in mafic metavolcanics.

Further ***south of Nyakagwe*** village and across the Bulyanhulu river, a single Aircore hole (NGAC212) drilled by East African Mines in 2002 returned an average of 7.91 grams/tonne gold over 2 metres at a depth from 7 to 9 metres below surface. There are also Aircore surface soil sample gold anomalies associated with this drill hole. The anomalies appear to be located on a small tributary to the Bulyanhulu River and may reflect alluvial gold accumulations in that drainage.

To the ***east of Nyakagwe*** village drilling by East African Mines in 2002 and Lakota in 2007 and 2008 has intersected auriferous quartz veins hosted in mafic metavolcanics. The veins occur in shear zones up to 3.50 metres wide in drill intercepts. From the 2008 diamond drilling, two northwesterly striking moderately dipping mineralized shears were interpreted to occur in this area. Veins within the shears consist of mottled grey quartz and contain irregular zones of pyrite, pyrrhotite and chalcopyrite. Artisanal gold mining is currently going on in this area (Figure 10).

The area around Nyakagwe Hill and village has a slightly higher magnetic response than other areas that are underlain by mafic volcanics. A report by Peet Prinsloo (2004), Gold Field's geologist stated that: "Basaltic lithologies in the western areas of Ikina (Nyakagwe Hill), are pervasively silicified. This may be an effect of the close proximity of the Bukoli Granite. Garnets observed in this area further suggest the prevalence of a high metamorphic grade, possibly because of contact metamorphic effects. Towards the east of Ikina, silicification, potassium-carbonate alteration (sericite/calcite), chlorite alteration and epidotisation is commonly encountered." Nyakagwe Hill stands out as a topographic anomaly for an area underlain by mafic volcanics, this maybe a reflection on the alteration in that area. Gold mineralization at the Bulyanhulu mine is thought to have an intrusive component to it, related to the emplacement of small syenitic stocks 2.60 to 2.650 billion years ago (Chamberlain, 2003, 2006). The magnetic response and associated alteration noted by Prinsloo may be due to an intrusion underlying the Nyakagwe Hill area rather than its proximity to the Bukoli pluton. On this basis and the results of drilling in the area further work is warranted to determine if there is potential for either high-grade (~7 g/t + Au) shear zones or low-grade bulk mineable zones (~1-2 g/t Au) in and around Nyakagwe Hill.

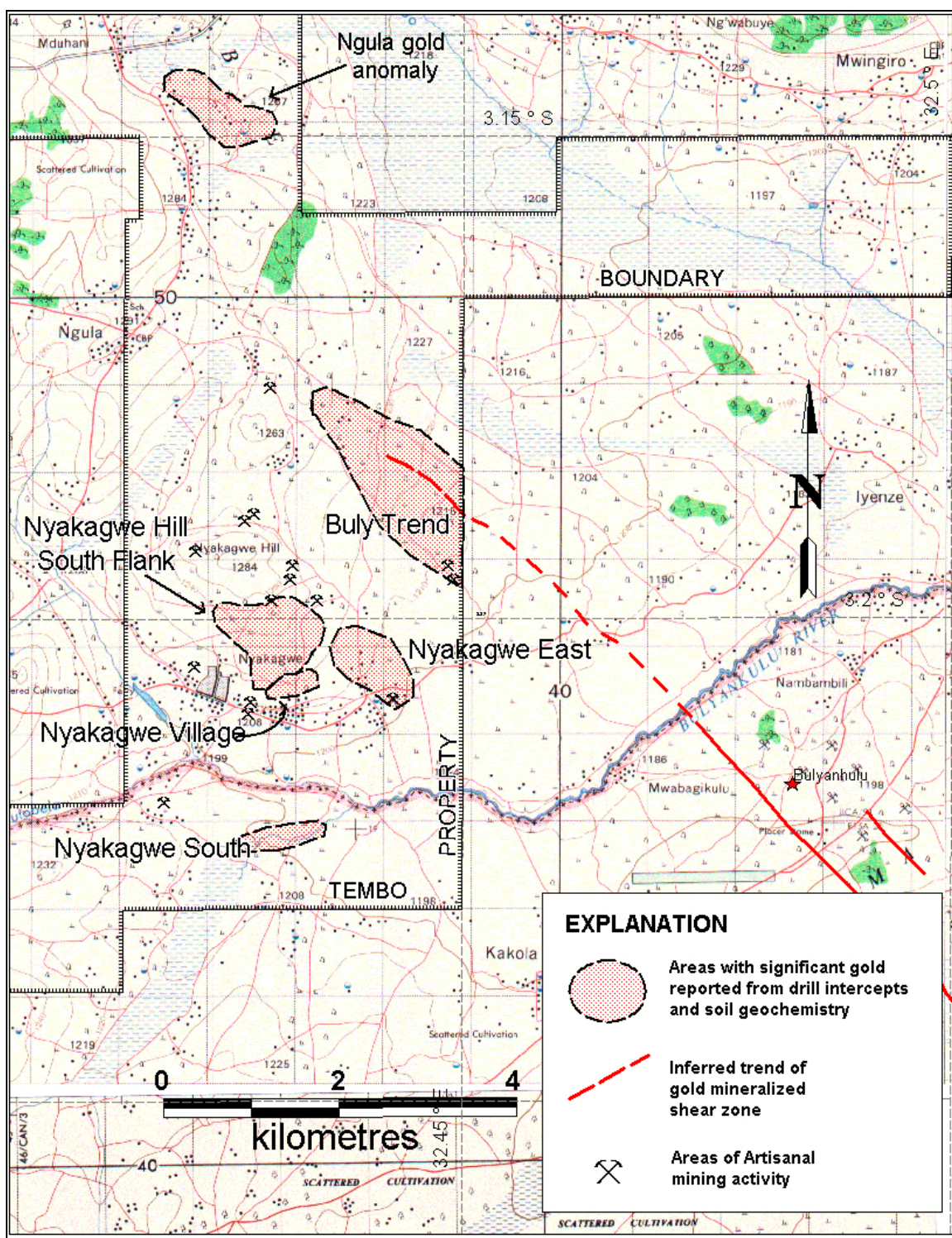


Figure 10. Areas with gold mineralized drill intercepts, Tembo Property



Figure 11. Active artisanal gold mining east of Nyakagwe village

10.0 EXPLORATION

During the period from 1997 to 2008 Lakota conducted a series of what were essentially geochemical prospecting campaigns designed to look through laterite and overburden covering much of the property. The work was effective in outlining a number of anomalous areas. The geochemical sampling programs culminated in a reverse circulation drill program in 2006 and a diamond drill program in 2008. A table summarizing the work carried out by Lakota is found below and illustrated in Figure 12.

Table 9. Summary of exploration conducted on Tembo by Lakota

Year	Nature and amount of work
1997	Percussion drilling: 36 holes; 1,017 metres
2003	Airborne geophysical survey (Fugro): 2,100 line-km
	Regolith mapping
2004	Conventional soil sampling: 965 soils
	Pit sampling:
	1.5 m pits; 36 samples
	Pit lag soils: 285 samples
	Pit rock samples: 230 samples
	Soil pH: 12,767 measurements
	RAB drilling: 42 holes; 6,001 metres
	RC drilling: 29 holes; 2,000 metres
2005	Soil pH: 4,348 measurements
2006	Conventional soils: 97 samples
	RAB drilling: 1,392 holes; 14,400 metres
2007	RAB drilling: 667 holes; 4,833 metres
	RC drilling: 66 holes; 4,505 metres
2008	Diamond drilling: 12 holes; 1,865.7 metres

10.1 Percussion Drilling, 1997

In 1997, Lakota conducted a program of percussion drilling in 33 vertical holes at 500 m intervals across what were then PLs 665/97 and 1431/99 of the Tannor property (Figure 13). A total of 1,017 metres was drilled. Samples were collected at 2 m intervals down each hole, except for surficial mbuga clays (reduced black cotton soils). Four shallow pits were also dug and sampled. The holes largely intersected mafic volcanics with minor quartz veining beneath the laterite horizons. One hole, DH-28 located about 700 m northwest of the southeast corner of PL 1431/99, intersected 1.1 g/t Au over 2.0 m from 46-48 m.

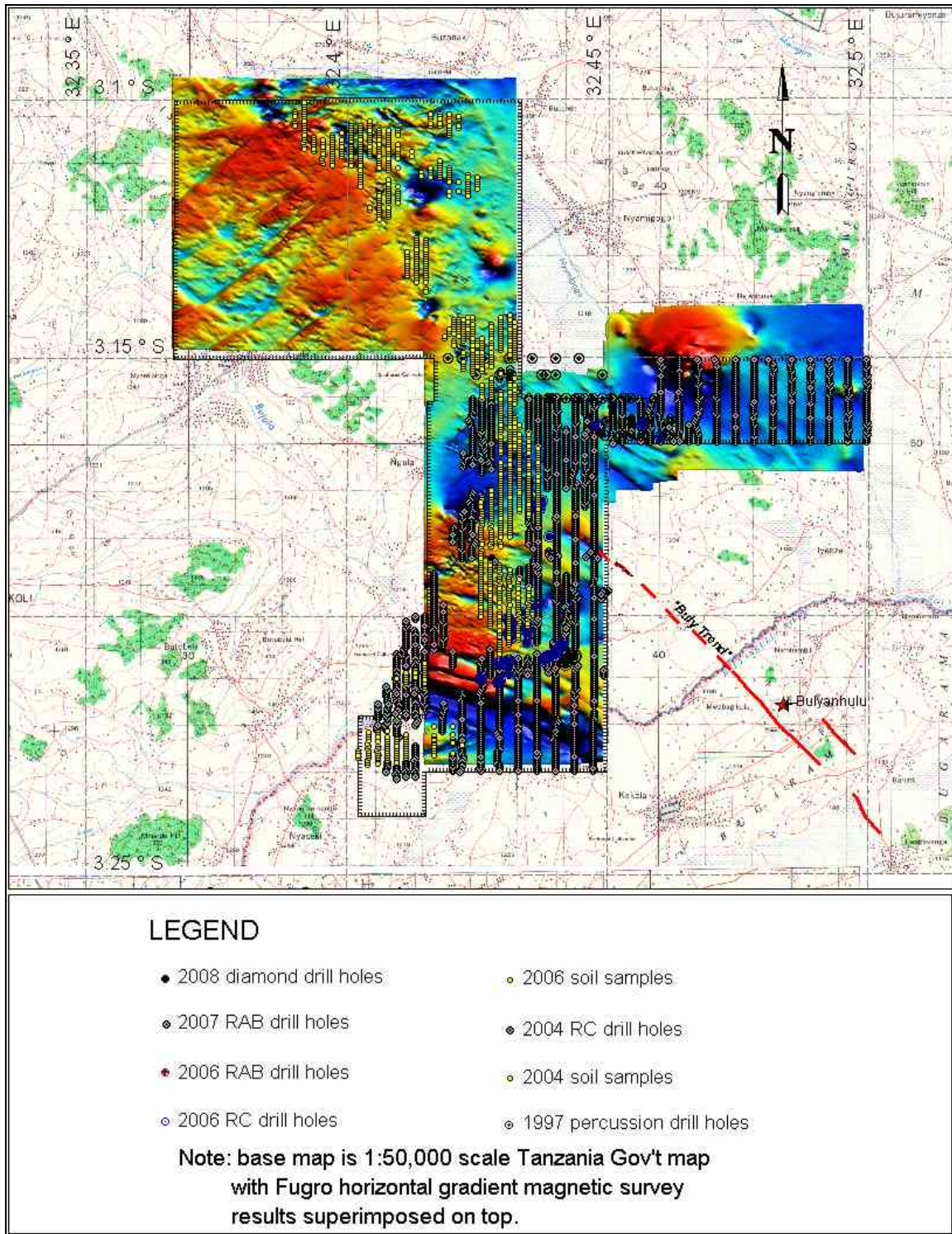


Figure 12. Summary of work conducted by Lakota on the Tembo Gold Project

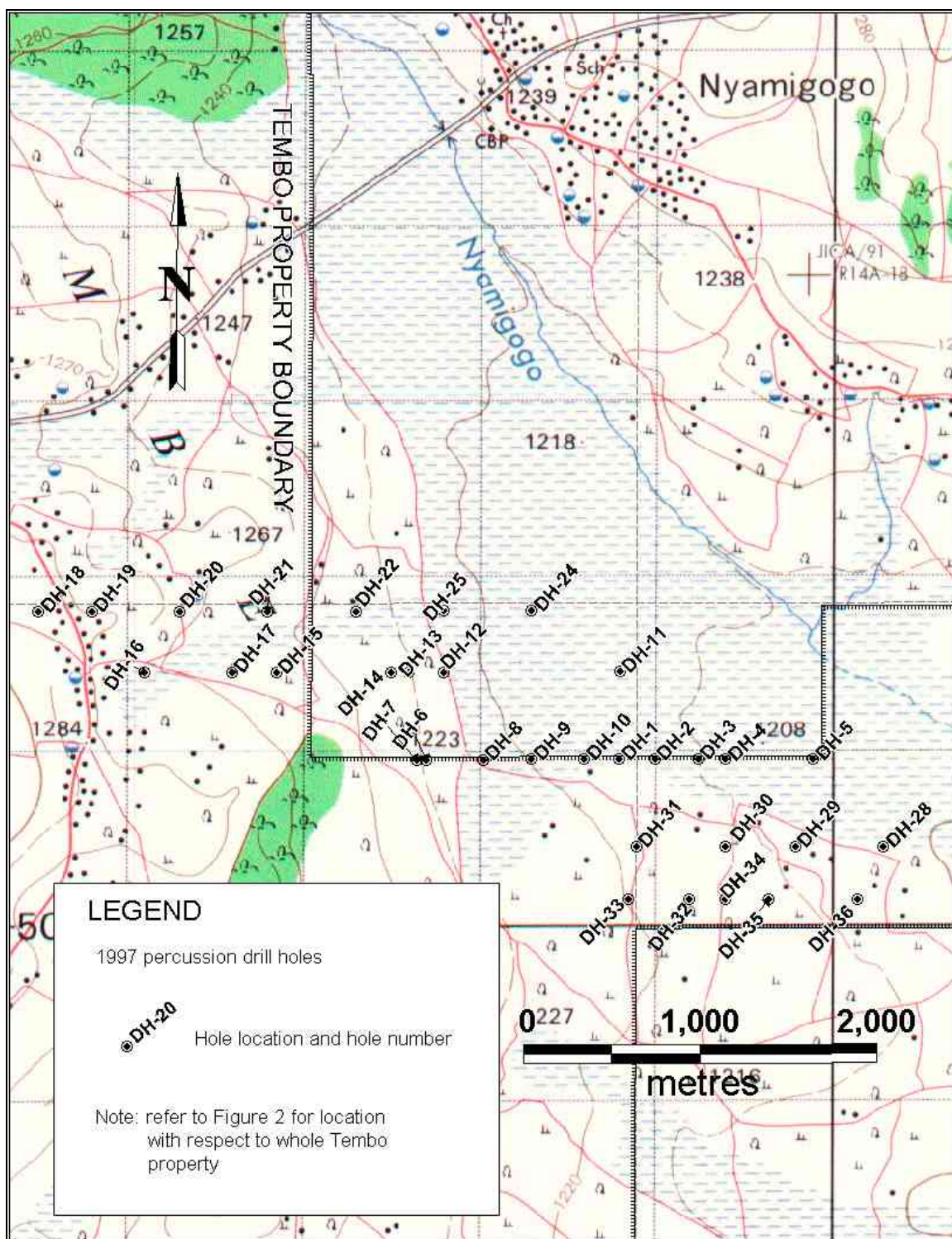


Figure 13. Location map for 1997 percussion drill holes

10.2 Airborne Geophysics, 2003

In 2003 Lakota contracted Fugro Airborne Surveys (Pty) Ltd to undertake a property wide airborne magnetic and radiometric survey of the Tembo licences. The survey was conducted during the period October 14 to 16, 2003 using Fugro's helicopter-mounted *Midas* system, which included magnetic and radiometric data acquisition. Survey flight lines were oriented north-south and flown at 50 metres apart, with tie lines every 500 metres in an east-west direction. The sensor clearance varied between 15 and 25 metres, depending on terrain and settlements, for both the magnetic and radiometric sensors. Data sampling was at a rate of 0.1 seconds, or approximately every 5 metres, for both magnetic and altitude data. For radiometric and GPS data the sampling was every 1.0 second or approximately every 50 metres. A total of 2,100 kilometres of line were flown during the survey.

Magnetic data was acquired using a Scintrex cesium vapour magnetometer. A base station magnetometer (CF1 cesium vapour) was used to correct the flight recorded magnetic data for diurnal variations. Radiometric data was measured using an Exploranium GPX 256 detector with a 1,024 cubic inch sodium-iodide crystal. Location data was recorded using differential global positioning systems (GPS) supplemented with MRA MK1V radar altimeter and GPS. Data was processed using Geosoft Oasis-Montaj software. Geophysical parameters reported were: horizontal magnetic gradient, Potassium, Uranium, Thorium and Total Count.

The magnetic data from the survey (Figure 14) was useful for outlining structural trends in bedrock, such as regional foliation in the metavolcanic sequences, as well as gross lithologic variations, such as areas underlain by granitic intrusives versus those underlain by metavolcanics. But more importantly the magnetic data was used to infer the continuation of the shear zone associated with the Bulyanhulu gold mine on to the Tembo project area (Figure 15).

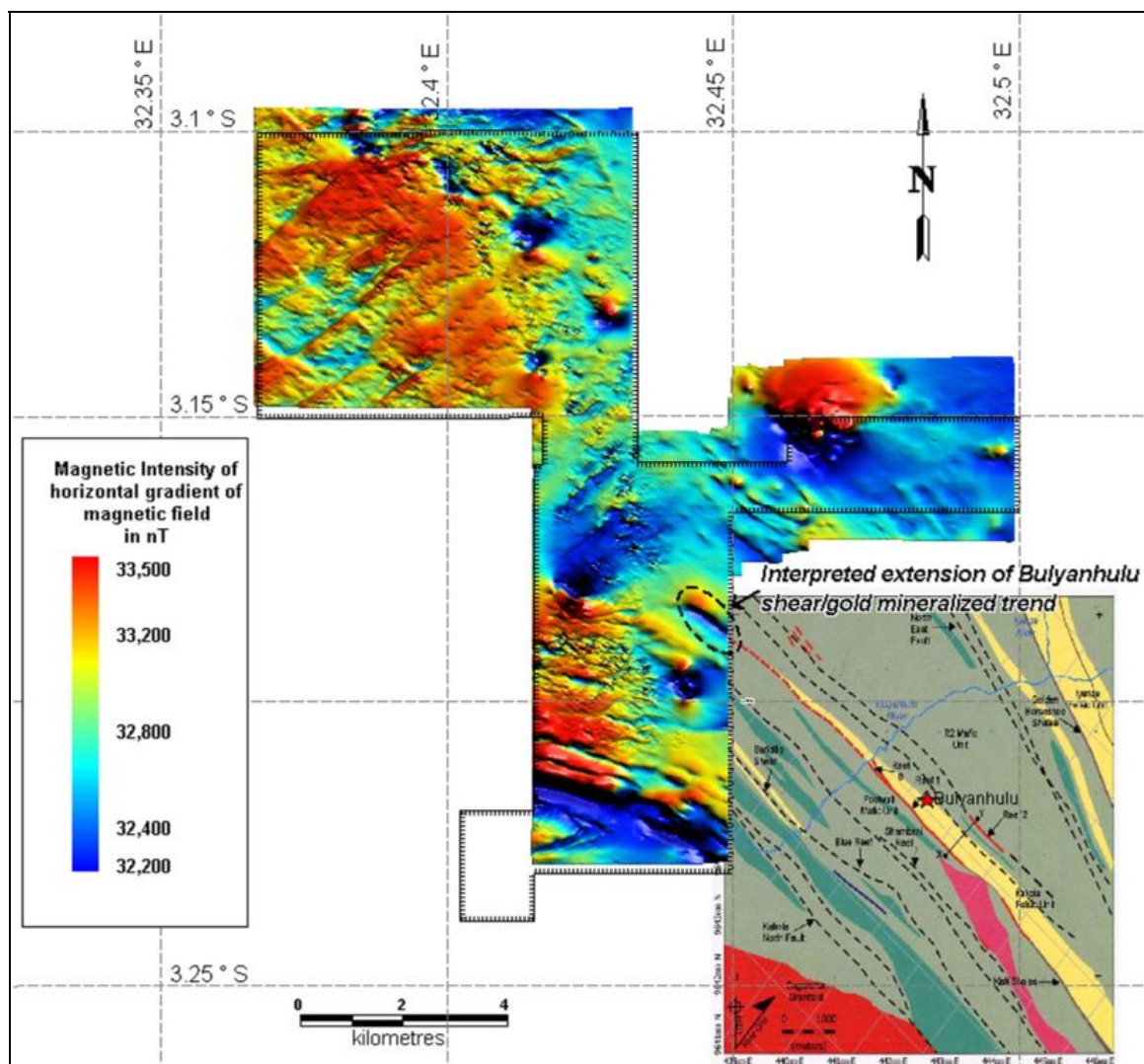


Figure 14. Horizontal magnetic gradient - Tembo project

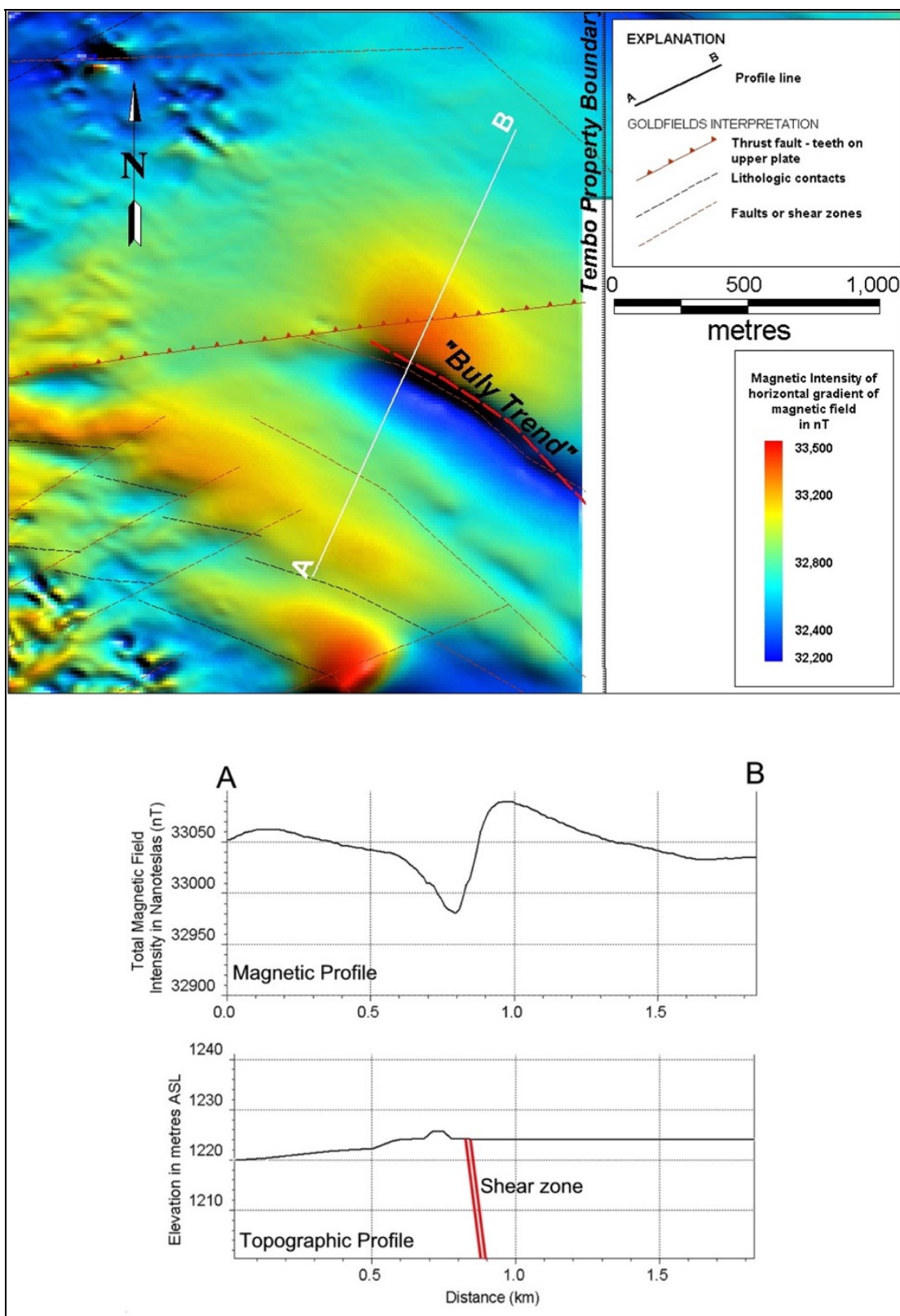


Figure 15. Shear zone interpreted from magnetic data - Tembo project

In addition, the airborne magnetic data contains discrete magnetic lows that may be indicative of kimberlite pipes. An examination of the airborne data indicates that at least five magnetic low features (Table 10) should be tested for kimberlite. By way of an example, the details of Target 5 are presented in Figure 16 below.

Table 10. Kimberlite target locations and parameters

Target	Center location		Intensity (nT)*	Dimensions (m)	Area (ha)
	Easting	Northing			
1	438,000	9,646,310	-150 to -200	360 x 385	12.89
2	435,180	9,652,610	-100	200 x 300	4.25
3	436,600	9,653,360	-300	110 x 300	3.59
4	435,070	9,655,030	-250	230 x 400	7.81
5	435,950	9,648,130	-400	230	5.10

*“-“ indicates intensity below regional gradient, i.e. magnetic low

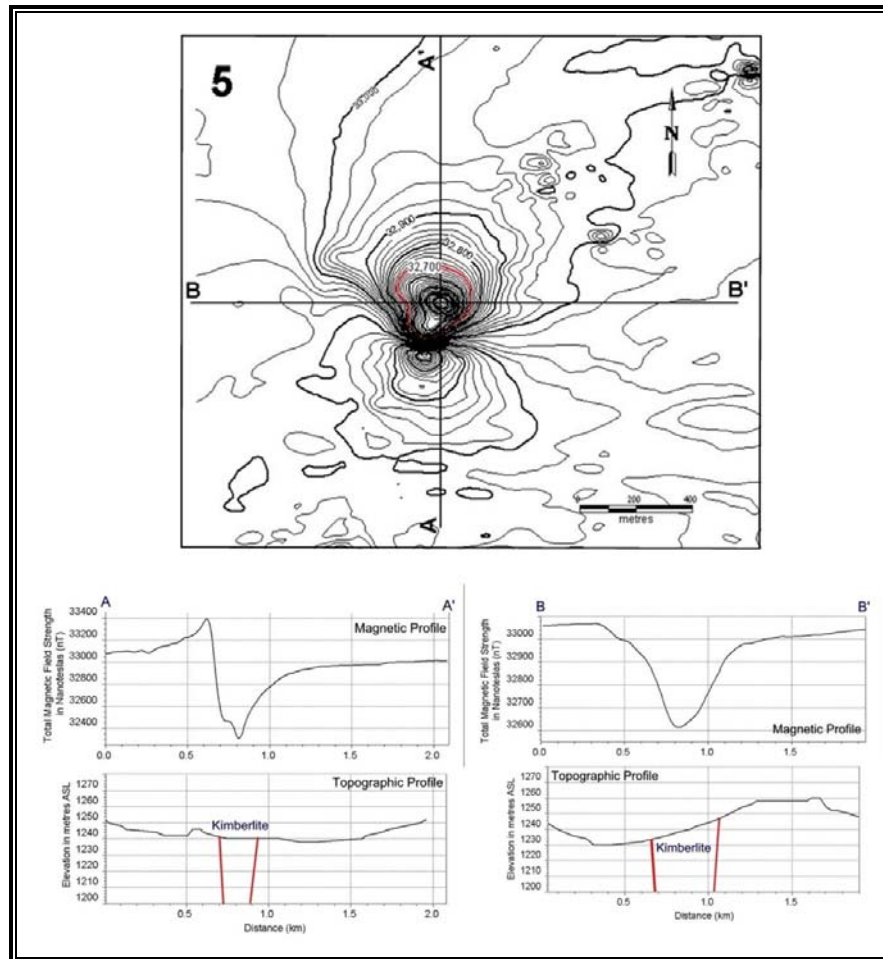


Figure 16. Kimberlite pipe target #5 interpreted from magnetic data

Radiometric data derived from the survey was useful in outlining major lithologies, such as the outcrop of granite in comparison to those areas underlain by metavolcanics/metasediments. The plot of total counts (Figure 17) highlights these lithologic differences. Areas underlain by granite have highest response for potassium, uranium and thorium, giving high total counts of ranging from 2,000 to 3,000 counts per second as compared to those areas underlain by metavolcanic or sediment which have relatively subdued total counts (500 to 1,500 cps). Stream drainages that probably capture uranium and thorium in organic detritus also exhibit high total counts.

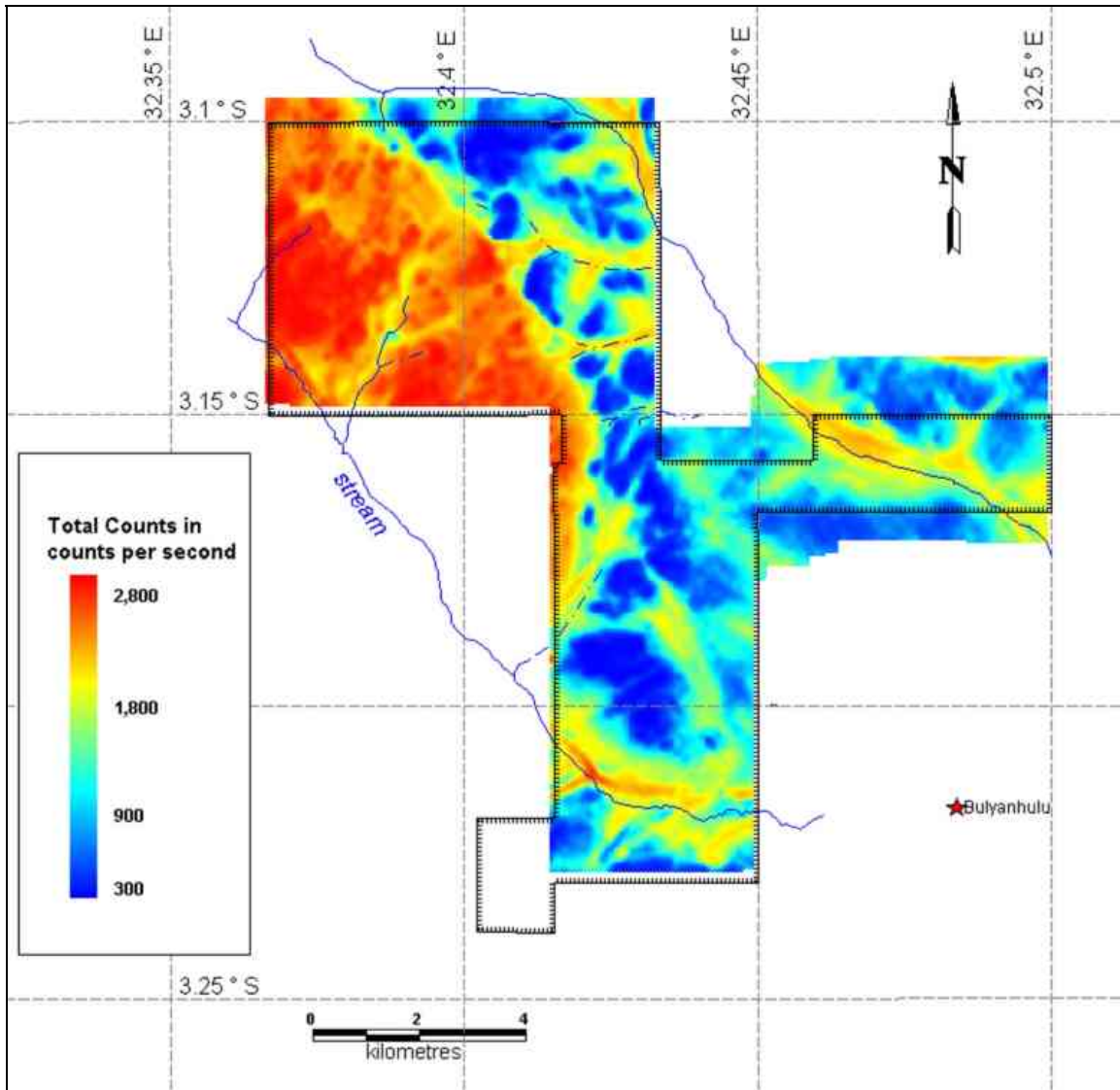


Figure 17. Radiometric survey results: total counts - Tembo project

10.3 Regolith Mapping

Additional work by Lakota in 2003 consisted of regolith mapping. This work was undertaken under the guidance of Dr. Louisa Lawrence, from Gold Fields Limited.

The map produced from this work and previously referred to (Figure 8) was effective in outlining the nature and distribution of different surficial materials located on the Tembo project area. The results are also useful for determining in which areas conventional soil sampling maybe applicable compared with areas of thicker cover in which RAB drilling maybe a more effective geochemical sampling tool.

10.4 Soil Sampling

In 2004 Lakota embarked on a conventional soil sampling campaign during which 965 soil samples were collected from areas underlain by surficial materials consisting primarily of proximally transported slope scree lithosols. Samples were collected at 50 metre intervals along north-south oriented lines spaced 100 to 200 metres apart. Samples were shipped to ALS Chemex preparation facility in Mwanza; prepared sample pulps were sent to ALS Chemex in Australia for analysis for gold (AU-TL43, 25 gm) and a 30 element ICP package (ME-ICP43) that included: Ag, As, Ba, Bi, Ca, Cd, Co, Cu, Fe, Mg, Mn, Mo, Ni, P, Pb, S, Sb and Zn.

Basic statistics for the conventional soil data are tabulated below (Table 11). The results indicate that gold is anomalous in amounts above 100 parts per billion (Figure 18). A cluster of 13 anomalous samples occurs in an area approximately 1.1 by 0.7 kilometres in size on the south flank of Nyakagwe Hill. Values of the anomalous samples range from 106 to 1,690 ppb Au. Another loose cluster of anomalous samples is situated just north of the village of Ngula. There 6 samples range from 118 to 467 ppb Au over an area 1.4 by 0.5 kilometres in size. For the other elements it is difficult to see anomalous patterns that may be indicative of bedrock mineralization. There is a strong correlation of metals with iron and manganese, which, in the strongly weathered lateritic environment, should be expected, as iron and manganese oxides tend to scavenge metals in this setting.

Table 11. Basic statistics for 2004 conventional soil samples

	Au ppb	As ppm	Co ppm	Cu ppm	Fe %	Mo ppm	Ni ppm	Pb ppm	Zn ppm
No. of Cases	965	965	965	965	965	965	965	965	965
Minimum	0.5	0.5	0.5	1	0.04	0.5	0.5	1	2
Maximum	1690	69	303	547	30	7	176	120	586
Arithmetic Mean	20	7	50	92	10	2	52	17	32
Standard Deviation	63.95	4.44	22.99	27.61	2.50	0.73	17.12	10.17	19.81
Percentiles									
25%	5	4	36	77	8.2	1	43	11	26
50%	9	6	45	88	9.6	2	50	14	30
75%	18	9	57	102	11.0	2	58	19	36
95%	58	14	90	132	13.6	3	81	32	46
98%	118	17	108	148	15.4	3	103	41	53
Correlation	Au	As	Co	Cu	Fe	Mo	Ni	Pb	Zn
Au	1								
As	0.076	1							
Co	-0.016	0.211	1						
Cu	-0.003	0.433	0.413	1					
Fe	0.015	0.251	0.581	0.558	1				
Mo	0.009	0.167	0.323	0.288	0.506	1			
Ni	0.175	0.158	0.301	0.273	0.240	0.069	1		
Pb	0.007	0.186	0.403	0.296	0.339	0.351	0.020	1	
Zn	-0.036	0.432	0.036	0.599	0.064	0.140	-0.054	0.353	1
Interpreted Categories									
Background	0 – 59								
Mixed	60 – 99								
Anomalous	100 +								

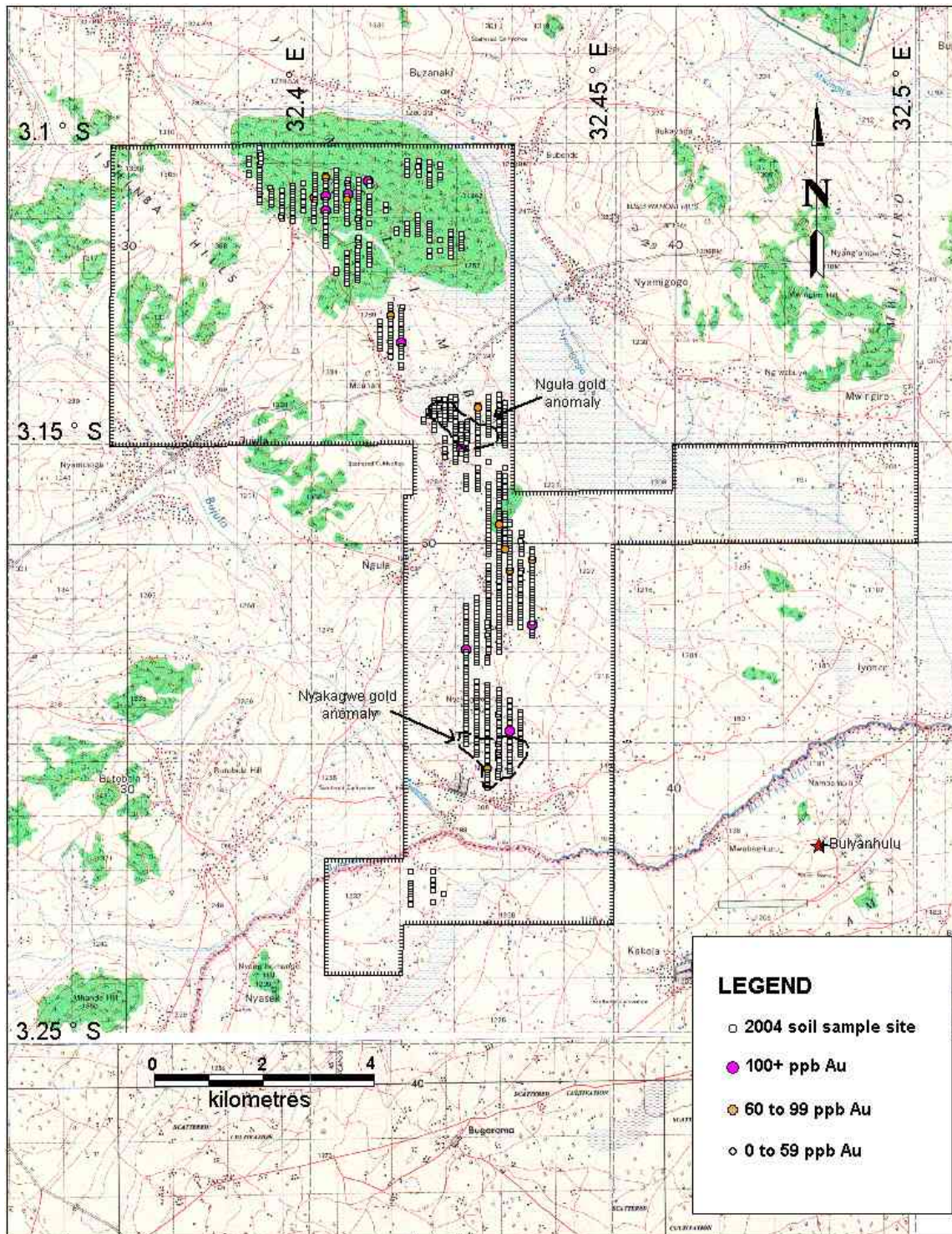


Figure 18. Gold in soils, 2004 conventional samples - Tembo project

In conjunction with the conventional soil sampling program in 2004, soil samples were also collected from pits excavated to depths of 1.5 metres in areas of thicker overburden (i.e. mainly areas underlain by distally transported slope scree lithosols). The

reason for the deeper sampling was to avoid the surface transported material and thereby get a truer response to bedrock chemistry. The samples were again collected at 50 metre intervals along north-south oriented lines spaced 200 metres apart. Samples were shipped to ALS Chemex preparation facility in Mwanza; prepared sample pulps were sent to ALS Chemex in Australia for analysis for gold (AU-TL43, 25 gm) and a 30 element ICP package (ME-ICP43). Basic statistics for the samples collected and analysed in this way are found below (Table 12).

Results of analyses (Figure 19) for the samples collected from the 1.5 metre deep pits indicate a lower background (0-25 ppb Au) for gold in this environment with anomalous levels interpreted to range from 35 ppb gold and higher. Two clusters of anomalous samples were outlined by the survey: one consisting of 6 samples ranging from 36 to 125 ppb Au across an area 500 by 100 metres, is situated on the northern flank of Nyakagwe Hill; the other more loosely defined cluster also consists of 6 samples ranging from 45 to 65 ppb gold over and area 1200 by 800 metres. Levels for the other elements are similar to those found in the conventional soil samples.

Table 12. Basic statistics for 2004 soil samples at 1.5 m depth

	Au ppb	As ppm	Co ppm	Cu ppm	Fe %	Mo ppm	Ni ppm	Pb ppm	Zn ppm
No. of Cases	371	371	371	371	371	371	371	371	371
Minimum	0.5	0.5	4	7	2.33	0.5	12	5	14
Maximum	242	64	136	538	16.35	6	116	1235	555
Arithmetic Mean	13	5	48	93	11	1.8	44	20	30
Standard Deviation	17.92	4.46	17.21	32.07	1.87	0.83	11.38	63.62	31.56
Percentiles									
25%	7	4	36	78	9.5	1	37	13	22
50%	10	5	47	90	10.5	2	42	16	26
75%	14	7	57	104	11.6	2	49	20	31
95%	26	10	79	130	13.4	3	64	29	41
98%	56	15	101	154	14.9	3	71	35	56
Correlation	Au	As	Co	Cu	Fe	Mo	Ni	Pb	Zn
Au	1								
As	0.074	1							
Co	-0.091	0.074	1						
Cu	-0.045	0.588	0.328	1					
Fe	-0.007	0.045	0.477	0.223	1				
Mo	0.083	0.179	0.427	0.255	0.209	1			
Ni	0.013	0.057	0.326	0.235	0.133	0.144	1		
Pb	0.051	0.286	0.068	0.226	0.003	0.101	0.021	1	
Zn	-0.015	0.709	-0.008	0.786	-0.129	0.105	0.001	0.445	1
Interpreted Categories									
Background	0 – 24								
Mixed	25 – 34								
Anomalous	35 +								

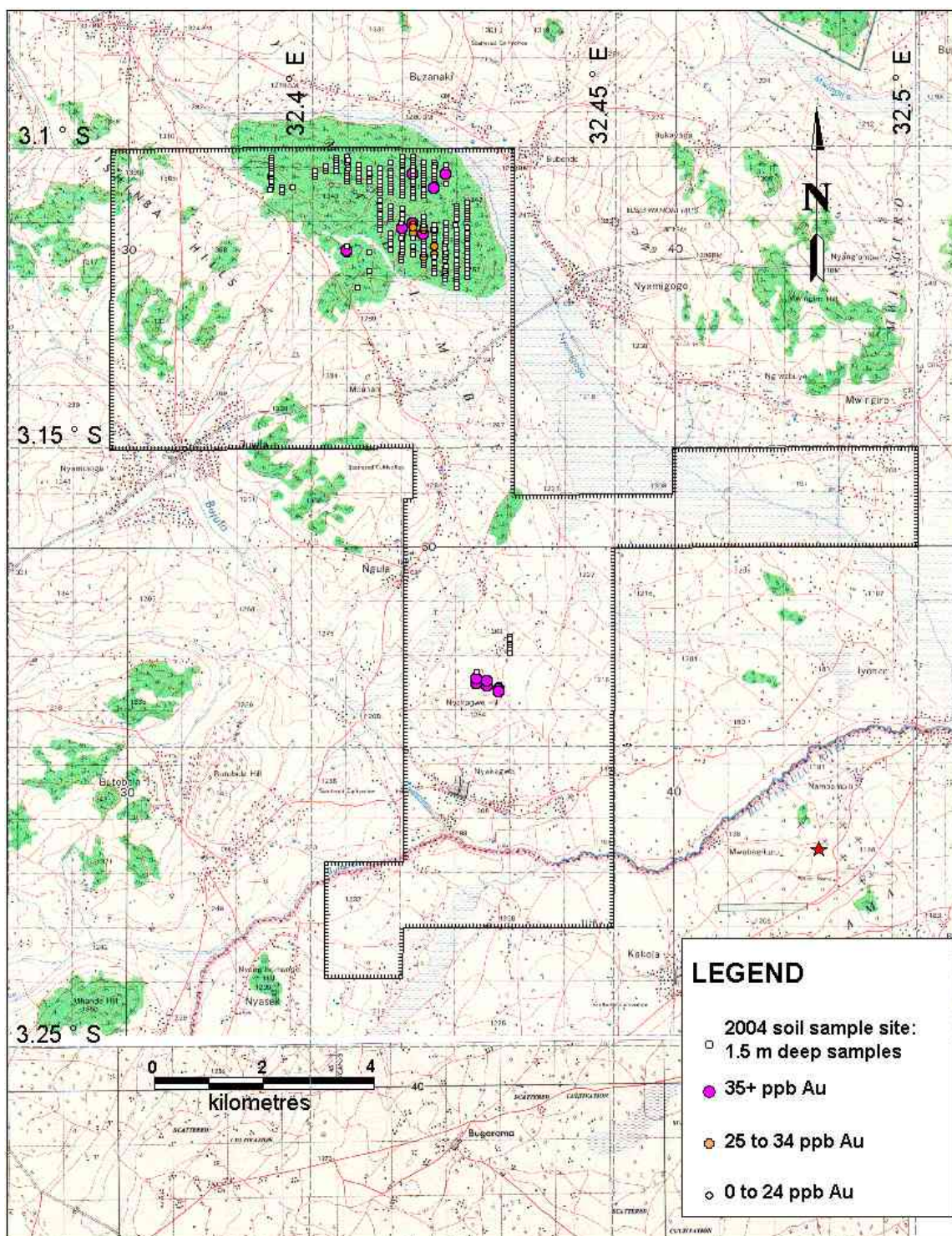


Figure 19. Gold in soils, 2004 samples 1.5 metres deep - Tembo project

A further type of geochemical sample was collected during the course of the 2004 exploration work: “lag” samples. These samples were collected from pits excavated through the surface overburden to bedrock. Coarse sediment at the overburden-bedrock interface was sampled and analysed for gold and a suite of other elements as was done for the other samples.

Basic statistics for the lag sample results are tabulated below. Gold in these samples ranges from below detection limit to 2,870 ppb (Figure 20). In terms of differentiating background from anomalous samples the same categories are used as were for the conventional soils, i.e. anomalous samples are greater than 99 ppb gold. Four of the anomalous samples cluster around the flanks of Nyakagwe Hill, which may reflect transport of gold down slope from that area. Another cluster of anomalous samples is situated to the east of the aforementioned on the border of the Tembo property and the Bulyanhulu Special Mining Licence. These anomalous samples range from 106 to 2,870 ppb gold. It could also be argued that a source for these anomalous samples is upslope, again near Nyakagwe Hill. These samples are situated approximately 750 metres to the southwest of the inferred Bulyanhulu gold trend, but they could reflect a parallel mineralized structure.

Table 13. Basic statistics for 2004 lag samples

	Au ppb	As ppm	Co ppm	Cu ppm	Fe %	Mo ppm	Ni ppm	Pb ppm	Zn ppm
	Au	As	Co	Cu	Fe	Mo	Ni	Pb	Zn
N of Cases	285	285	285	285	285	285	285	285	285
Minimum	0.5	1	8	6	0.68	0.5	11	3	8
Maximum	2870	137	504	481	40.12	8	346	113	191
Arithmetic Mean	36	20	136	206	19.00	2	97	30	40
Standard Deviation	217.45	18.08	90.18	95.16	9.71	1.83	43.78	17.71	22.11
Percentiles									
25%	3	7	67	123	9.7	0.5	65	17	24
50%	6	16	118	198	17.3	1	93	28	35
75%	11	26	184	278	30.0	3	116	40	52
95%	52	52	300	375	33.3	6	164	64	76
98%	248	67	374	405	36.7	7	216	73	94
Correlation	Au	As	Co	Cu	Fe	Mo	Ni	Pb	Zn
Au	1								
As	0.295	1							
Co	0.005	0.125	1						
Cu	0.042	0.549	0.410	1					
Fe	0.053	0.563	0.297	0.869	1				
Mo	0.048	0.316	0.409	0.548	0.595	1			
Ni	0.144	0.428	0.549	0.520	0.508	0.436	1		
Pb	0.016	0.250	0.730	0.548	0.526	0.665	0.428	1	
Zn	0.022	0.391	-0.048	0.390	0.253	-0.089	0.153	-0.089	1

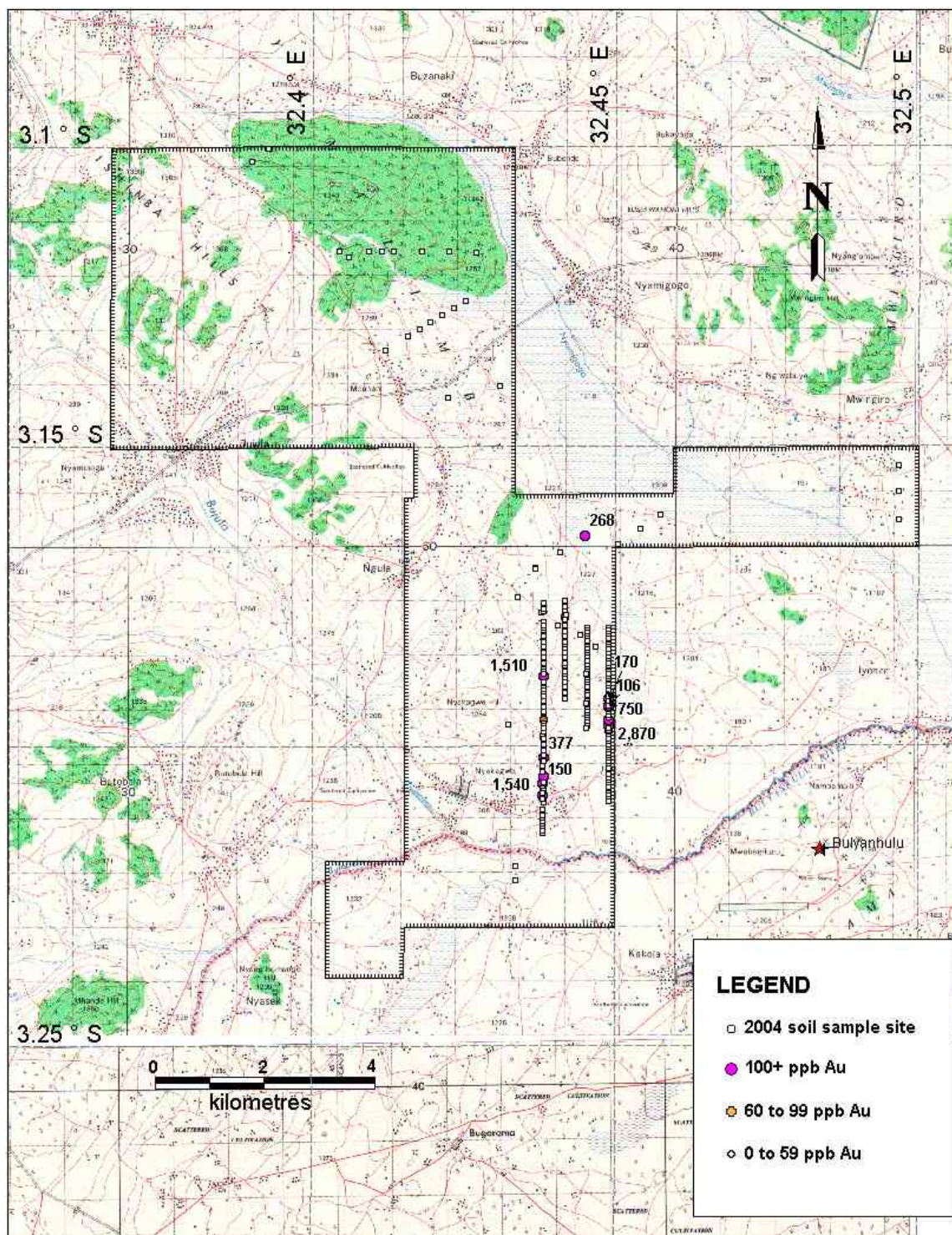


Figure 20. Gold in 2004 Lag samples - Tembo project

In conjunction with the lag samples, sampling of bedrock saprolite was undertaken in the majority of lag sample pits. Gold analytical results of these samples ranged from below detection to 454 ppb gold, suggesting that the mineralized source for the lag samples is not represented in these rock samples.

Table 14. Basic statistics for 2004 lag-pit rock samples

	Au ppb	As ppm	Co ppm	Cu ppm	Fe %	Mo ppm	Ni ppm	Pb ppm	Zn ppm
No. of Cases	230	230	230	230	230	230	230	230	230
Minimum	0.5	0.5	3	5	1	0.5	2	0.5	9
Maximum	454	191	178	331	30	27	320	96	285
Arithmetic Mean	12	9	52	108	7	1	76	8	66
Standard Deviation	39.9	16.6	28.5	44.6	3.4	2.0	39.4	9.8	36.9
Percentiles									
25%	2	3	32	85	5.4	0.5	52	3	42
50%	3	5	46.5	104	7.0	0.5	72	5	60
75%	6	8	62	131	9.1	1	95	9	82
95%	46	23	107	181	12.3	2	141	24	125
98%	141	45	133	203	15.0	2	183	31	166
Correlation	Au	As	Co	Cu	Fe	Mo	Ni	Pb	Zn
Au	1								
As	0.005	1							
Co	-0.098	0.055	1						
Cu	-0.079	0.158	0.536	1					
Fe	-0.036	0.124	0.481	0.792	1				
Mo	0.077	0.167	-0.031	-0.071	-0.079	1			
Ni	-0.117	0.073	0.330	0.419	0.329	-0.063	1		
Pb	-0.051	0.155	0.244	0.231	0.297	0.424	0.035	1	
Zn	-0.047	0.382	0.147	0.332	0.267	-0.018	0.262	-0.104	1

A campaign to measure soil pH (i.e. soil acidity) across the Tembo property was initiated in 2004 with the collection of 12,767 samples. The program was completed in 2005 with a further 4,348 samples. Sampling was conducted on north-south lines spaced 200 metres apart with samples collected at 25 metre intervals over the eastern two-third of the property and on lines spaced 400 metres apart with samples collected at 25 metre intervals over the remainder. The soil samples were collected immediately below the organic layer and taken to the field base camp where the pH of each sample was measured. The results of this work, colour-contoured, are illustrated in Figure 21. Soil pH appears to vary with bedrock type and/or elevation. Areas underlain by granitic rock typically exhibiting a distinctly higher pH regime (~6.4 to 7.7, i.e. more alkaline) than the surrounding volcano-sedimentary terrenees (~5.5 to 6.0, i.e. more reduced or slightly acidic). This information can be useful in planning sampling programs as well as

interpreting soil results, since metals are typically more mobile in the acidic environments as compared to more alkaline conditions; therefore anomalies in the acidic environments maybe transported from their source areas, whereas those in the alkaline regions would expected to be in situ.

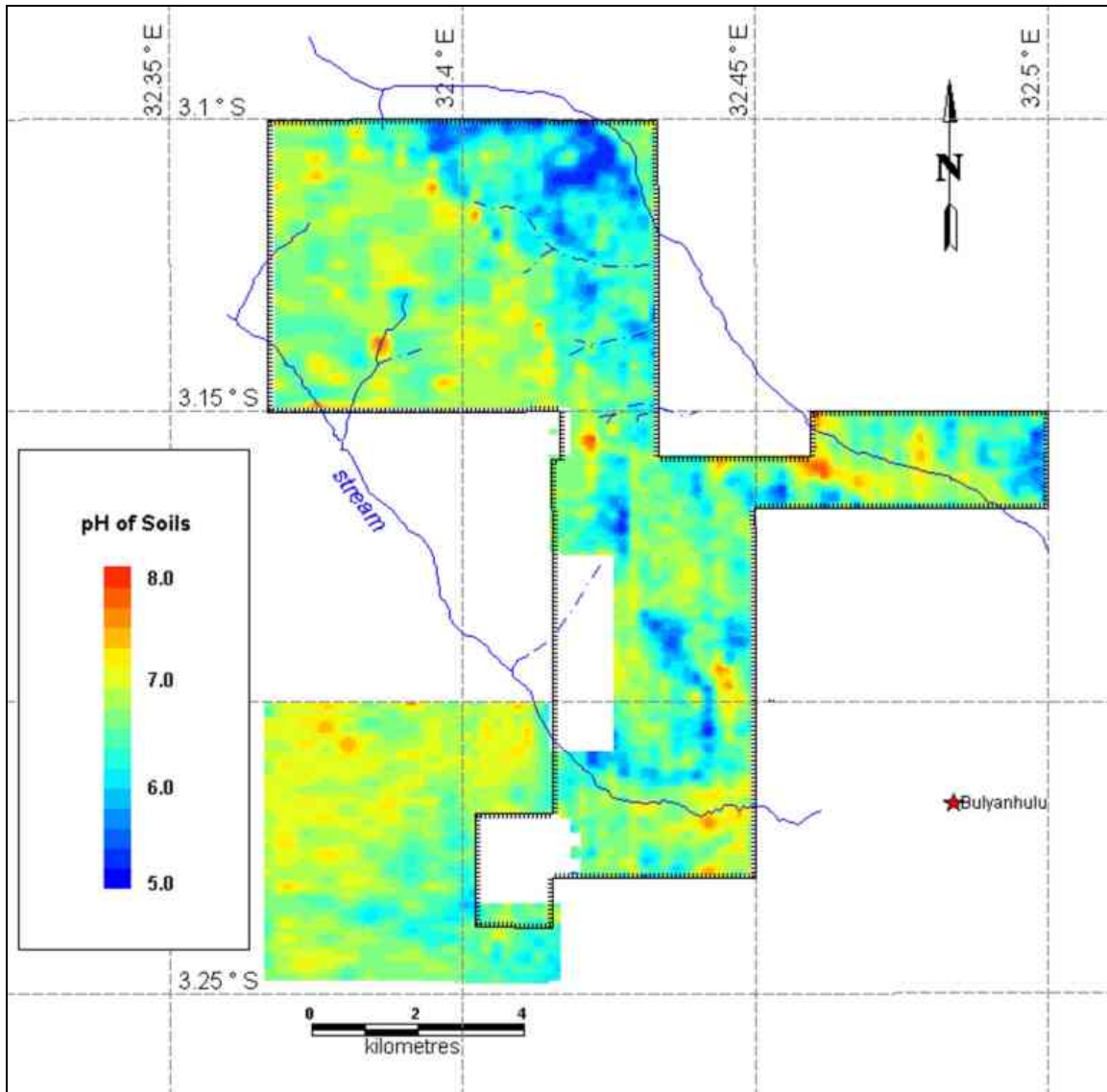


Figure 21. Soil pH - Tembo project

10.5 RAB/Aircore Drilling, 2004

In 2004 the first program of reverse air blast (“RAB”) drilling was undertaken on the Tembo property. A total of 422 vertical holes were drilled to depths averaging 14 metre, but up to 33 metres mainly in the southern part of the Tembo property, south of Nyakagwe village, on lines spaced 400 metres apart with holes at 50 metre intervals along the lines (Figure 22). The object of the program was to drill through the overburden into saprolitic bedrock, taking samples at the bedrock-overburden interface (Lag samples)

and in some, but not all holes, in the saprolitic bedrock. The technique is a geochemical sampling tool used to define areas anomalous in metals. Samples were collected at 1 metre intervals and analyzed for gold by ALS Chemex, Australia.

The results have been divided into samples collected at the bedrock-overburden interface, 414 samples in total, and described in logs as lag or gravel samples and samples in saprolitic bedrock, 62 in total, and identified in logs as either basalt or other lithology. Basic statistics and an interpretation of background and anomalous categories for the sample results are presented below in Table 15. There are four samples from saprolitic material (weathered basalt) that are interpreted to be anomalous, with values ranging from 210 to 686 ppb gold. Two of these anomalous saprolite samples occur to the southeast of artisanal mine workings that were drill tested in 2008, and may represent the southeast continuation of the gold mineralized veins in that area. Samples of lag material analyzed up to 18,950 ppb gold with three other samples in the 900's ppb range. The lag anomalous samples are scattered across the gridded area, with the highest in the extreme southwest corner.

Table 15. Basic statistics for 2004 RAB samples

Medium sampled:	Saprolite		Lag
No. of Cases	62		414
	Au_ppb		Au_ppb
Minimum	0.5		0.5
Maximum	686		18,950
Arithmetic Mean	33		68
Standard Deviation	108.73		935.25
Percentiles			
25%	2		2
50%	3.5		4
75%	11		10
95%	212		60
98%	518.8		286
Interpreted categories			
Background	0 – 29		0 – 79
Possibly anomalous	30 – 99		80 – 119
Anomalous	100+		120+

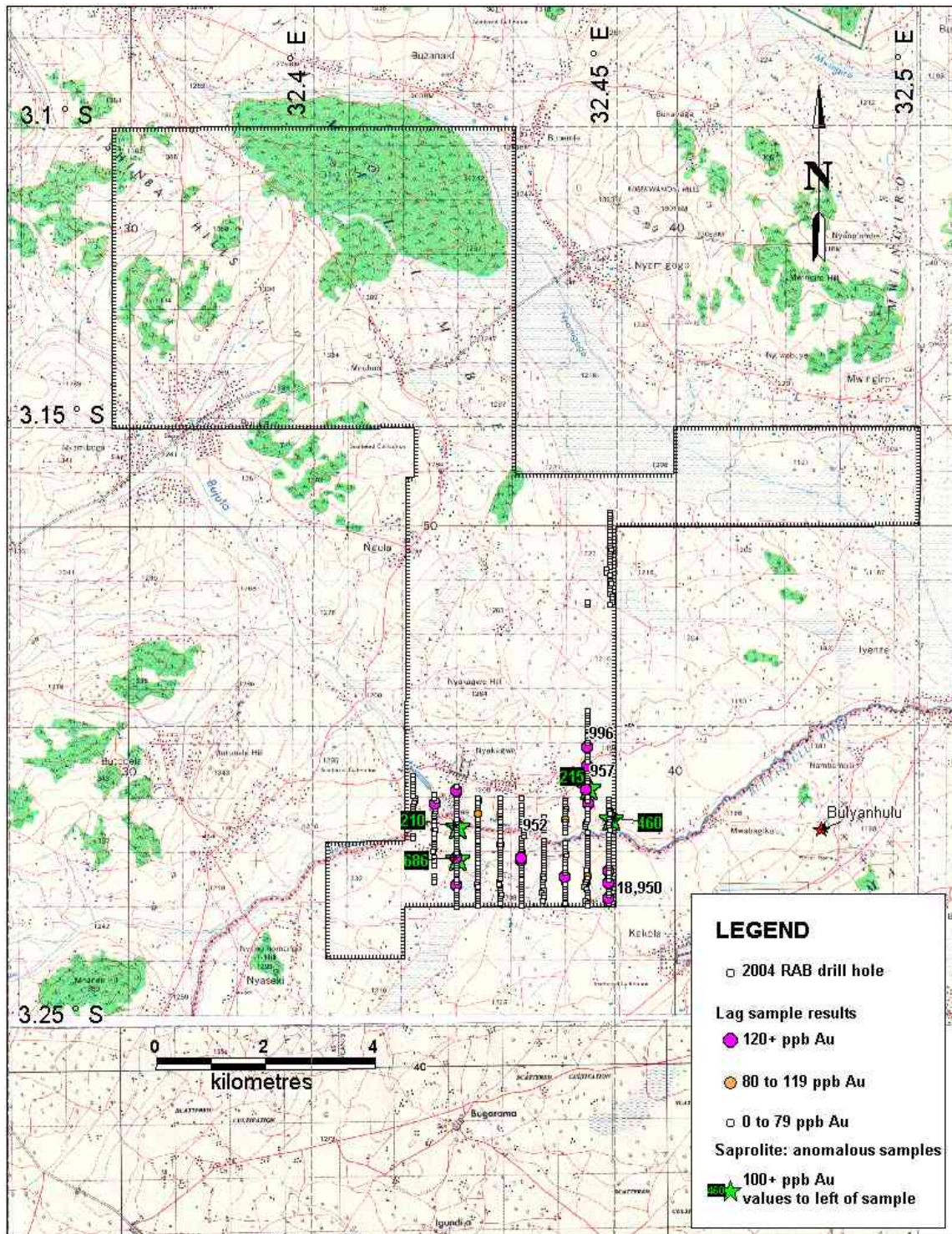


Figure 22. 2004 RAB drill holes and results - Tembo project

10.6 Reverse Circulation Drilling, 2004

A program consisting of 29 holes of reverse circulation drill was undertaken in 2004 (Figure 23). The holes were all drilled at inclinations of minus 55° and to azimuths

varying from 140°, 180° to 220°. Significant gold mineralization (greater than 1,000 ppb gold) was intersected in several holes, these intercepts are tabulated below (Table 16). Several of the fences of holes appear to have been designed to test for extension of the Bulyanhulu gold mineralization trend, however these holes were collared at least 150 metres southwest of their intended target. Nonetheless, significant gold was intersected in some of the holes, notably RC004 with 1.0 metres of 4,675 ppb gold from 53 to 54 metres down hole. High gold values were also returned from samples from holes RC021 and RC022 in the fence of holes drilled on the northern flank of Nyakagwe Hill.

Table 16. Significant gold intercepts 2004 RC drilling

Hole_ID	Azimuth	Dip	From	To	Interval	Au_ppb
RC004	220°	-55 °	53.00	54.00	1.00	4,675
RC006	220°	-55 °	3.00	4.00	1.00	1,665
RC009	220°	-55 °	59.00	60.00	1.00	1,905
RC009			88.00	89.00	1.00	2,740
RC009			89.00	90.00	1.00	2,670
RC017	220°	-55 °	30.00	31.00	1.00	1,140
RC021	140 °	-55 °	23.00	24.00	1.00	2,640
RC022	140 °	-53 °	12.00	13.00	1.00	1,510
RC022			31.00	32.00	1.00	1,950
RC022			40.00	41.00	1.00	1,390
RC022			42.00	43.00	1.00	2,550
RC027	180 °	-55 °	56.00	57.00	1.00	1,460

10.7 RAB/Aircore Drilling 2006

In 2006, ninety-seven conventional soils samples were collected in the area immediately to the southwest of the 2004 RAB drilling. The highest value was 75 ppb, which is not considered anomalous.

A more extensive RAB drilling campaign was conducted in 2006. A total of 1,392 vertical holes were drilled across the southern and eastern parts of the Tembo project area. The holes ranged to depths averaging 10 metres, on lines spaced at either 200 or 400 metres apart with holes at 50 metre intervals along the lines. Samples were collected at 1 metre intervals. The object of the drilling was the same as for the 2004 RAB program: to drill through the overburden into saprolitic bedrock, taking samples at the bedrock-overburden interface (Lag samples) and in some, but not all holes, in the saprolitic bedrock. The technique is a geochemical sampling tool used to define areas anomalous in metals. Samples were collected at 1 metre intervals and analyzed for gold and a suite of thirty-four elements by ALS Chemex, Australia.

The results have been divided into samples collected at the bedrock-overburden interface, 984 samples in total, and described in logs as lag or gravel samples and samples in saprolitic bedrock, 1,211 in total, and identified in logs as either basalt or other lithology. Basic statistics and an interpretation of background and anomalous categories for the sample results are presented below in Tables 17 and 18.

The analytical results (Figure 24 and 25) indicate that anomalous levels of gold in saprolite (60 ppb or greater gold) and lag samples (100 ppb or greater gold) are distributed erratically across the gridded area in and around the town of Nyakagwe. There are numerous old and active artisanal mining sites in the area. A number of these are exploiting gold in quartz veins as well as eluvial and alluvial gold along the Bulyanhulu River. The source for the anomalous gold in the RAB samples could therefore be attributed to a number of sources: transported alluvial gold, contaminated artisanal mining sites, gold in quartz veins or shear zones. Anomalous levels of elements such as copper, arsenic, silver and lead, that might be associated with gold, do not exhibit coincident patterns with the RAB gold results in either lag or saprolite samples as the element correlation tables would also suggest.

Table 17. Basic statistics for 2006 RAB saprolite samples

	Au ppb	Ag ppm	As ppm	Ba ppm	Bi ppm	Cu ppm	Fe %	Mo ppm	Pb ppm	Zn ppm
N of Cases	1211	1211	1211	1211	1211	1211	1211	1211	1211	1211
Minimum	0.5	0.1	0.5	5	1	0.5	0.0	0.5	0.5	1
Maximum	1640	20.6	128	10000	17	688	30.0	47	181	1090
Arithmetic Mean	14	0.3	9	525	1	99	7.6	1	9	76
Standard Deviation	72.60	0.92	12.20	549.02	1.14	54.35	4.26	1.55	11.33	78.37
Percentiles										
25%	2	0.1	2	200	1	66	4.9	0.5	3	42
50%	3	0.1	5	380	1	95	7.0	0.5	6	61
75%	8	0.2	10	670	1	122	9.0	1	10	89
95%	40	0.6	30	1440	3	192	15.1	2	26	166
98%	102	0.8	49	1892	5	232	19.3	3	36	252
Correlation										
	Au	Ag	As	Ba	Bi	Cu	Fe	Mo	Pb	Zn
Au	1									
Ag	0.001	1								
As	-0.008	-0.011	1							
Ba	-0.002	0.016	0.076	1						
Bi	0.000	0.015	0.059	0.062	1					
Cu	-0.017	0.008	0.415	0.417	0.120	1				
Fe	-0.015	-0.026	0.402	0.312	0.090	0.682	1			
Mo	0.007	0.026	0.034	0.112	0.000	0.093	0.167	1		
Pb	0.051	0.012	0.066	0.524	0.060	0.301	0.347	0.155	1	
Zn	-0.043	0.021	0.319	-0.013	0.025	0.253	0.048	-0.018	-0.039	1
Interpreted Categories	Au ppb	Ag ppm	As ppm	Ba ppm	Bi ppm	Cu ppm	Fe %	Mo ppm	Pb ppm	Zn ppm
Background	0 - 45	0 - 0.5		0 - 70	0 - 2	0 - 40		0 - 2		0 - 30
Mixed	45 - 60	0.5 - 0.7		70 - 550	2 - 5	40 - 240		2 - 5		30 - 160
Anomalous	60 +	0.7 +	50 +	550 +	5 +	240 +		5 +	50 +	160 +

Table 18. Basic statistics for 2006 RAB lag samples

	Au ppb	Ag ppm	As ppm	Ba ppm	Bi ppm	Cu ppm	Fe %	Mo ppm	Pb ppm	Zn ppm
No. of Cases	984	984	984	984	984	984	984	984	984	984
Minimum	0.5	0.1	0.5	5	1	1	0.0	0.5	0.5	1
Maximum	2000	88	169	10000	13	528	34.5	18	164	1220
Arithmetic Mean	24	0.4	16	1084	2	144	13.4	2	23	48
Standard Deviation	121.35	2.95	18.75	1155.46	1.37	91.21	8.41	1.89	20.42	50.83
Percentiles										
25%	2	0.1	4	320	1	74	6.7	0.5	9	24
50%	5	0.1	9	810	1	141	12.9	2	18	41
75%	12	0.4	23	1490	1	206	18.3	3	31	60
95%	61	0.9	49	2939	5	300	30.0	6	59	104
98%	190	1.3	70	4026	6	349	30.0	7	84	145
Correlation										
	Au	Ag	As	Ba	Bi	Cu	Fe	Mo	Pb	Zn
Au	1									
Ag	-0.005	1								
As	-0.001	-0.021	1							
Ba	-0.006	0.000	0.195	1						
Bi	-0.033	0.006	0.123	0.150	1					
Cu	-0.004	-0.019	0.612	0.431	0.271	1				
Fe	0.004	-0.039	0.525	0.311	0.186	0.829	1			
Mo	0.059	-0.021	0.138	0.297	0.014	0.342	0.475	1		
Pb	0.067	-0.022	0.118	0.644	0.101	0.425	0.393	0.469	1	
Zn	-0.027	0.050	0.189	0.061	0.107	0.207	0.123	-0.078	0.076	1
Interpreted Categories	Au ppb	Ag ppm	As ppm	Ba ppm	Bi ppm	Cu ppm	Fe %	Mo ppm	Pb ppm	Zn ppm
Background	0 – 65	0 - 0.3	0 - 5	0 - 70		0 - 65	0 - 10		0 - 39	
Mixed	65 – 100	0.3 - 0.7	5 - 50	70 - 550		65 - 280	10 - 25		40 - 79	
Anomalous	100 +	0.7 +	50 +	550 +		280 +	25 +		80 +	

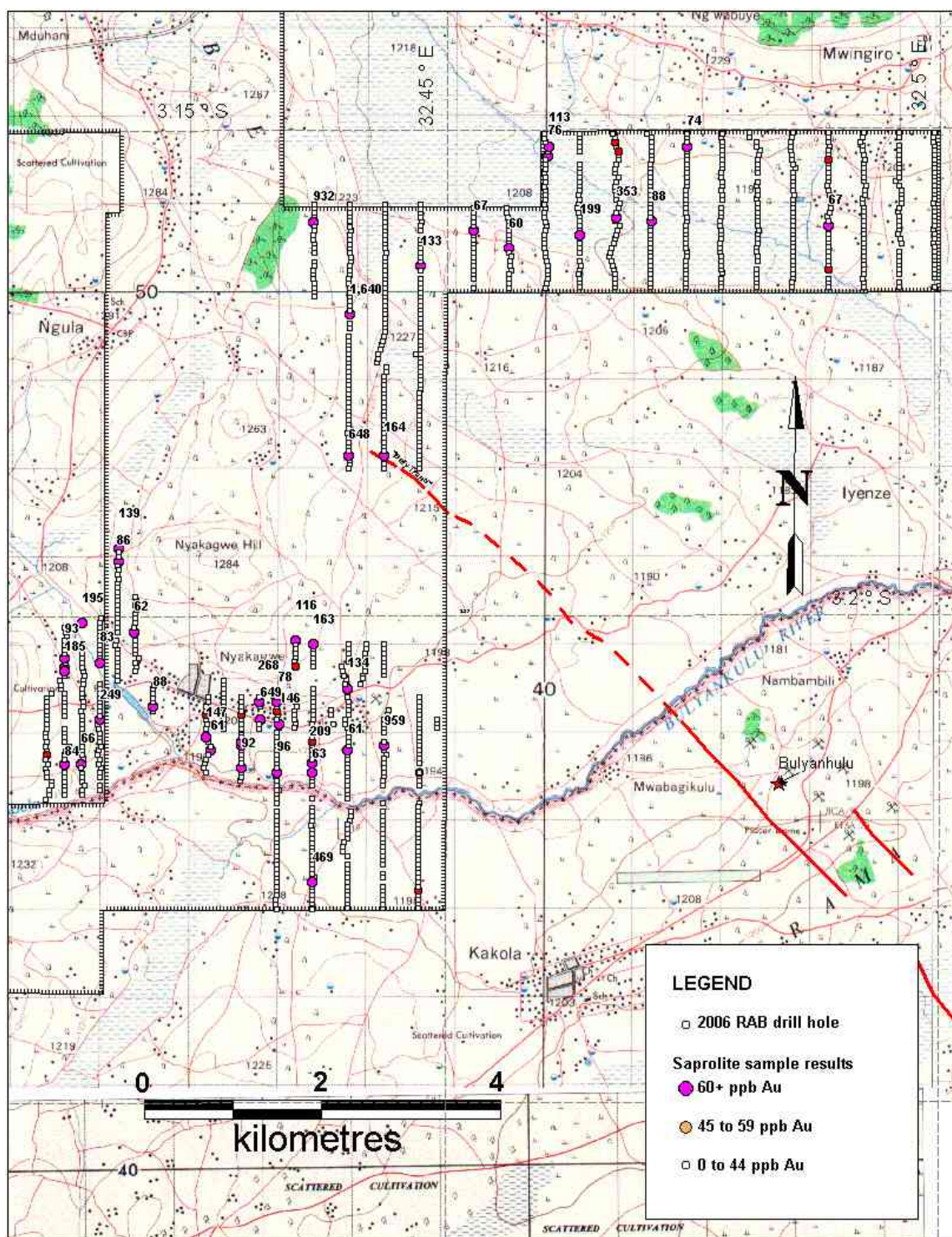


Figure 24. 2006 RAB saprolite sample locations & gold results

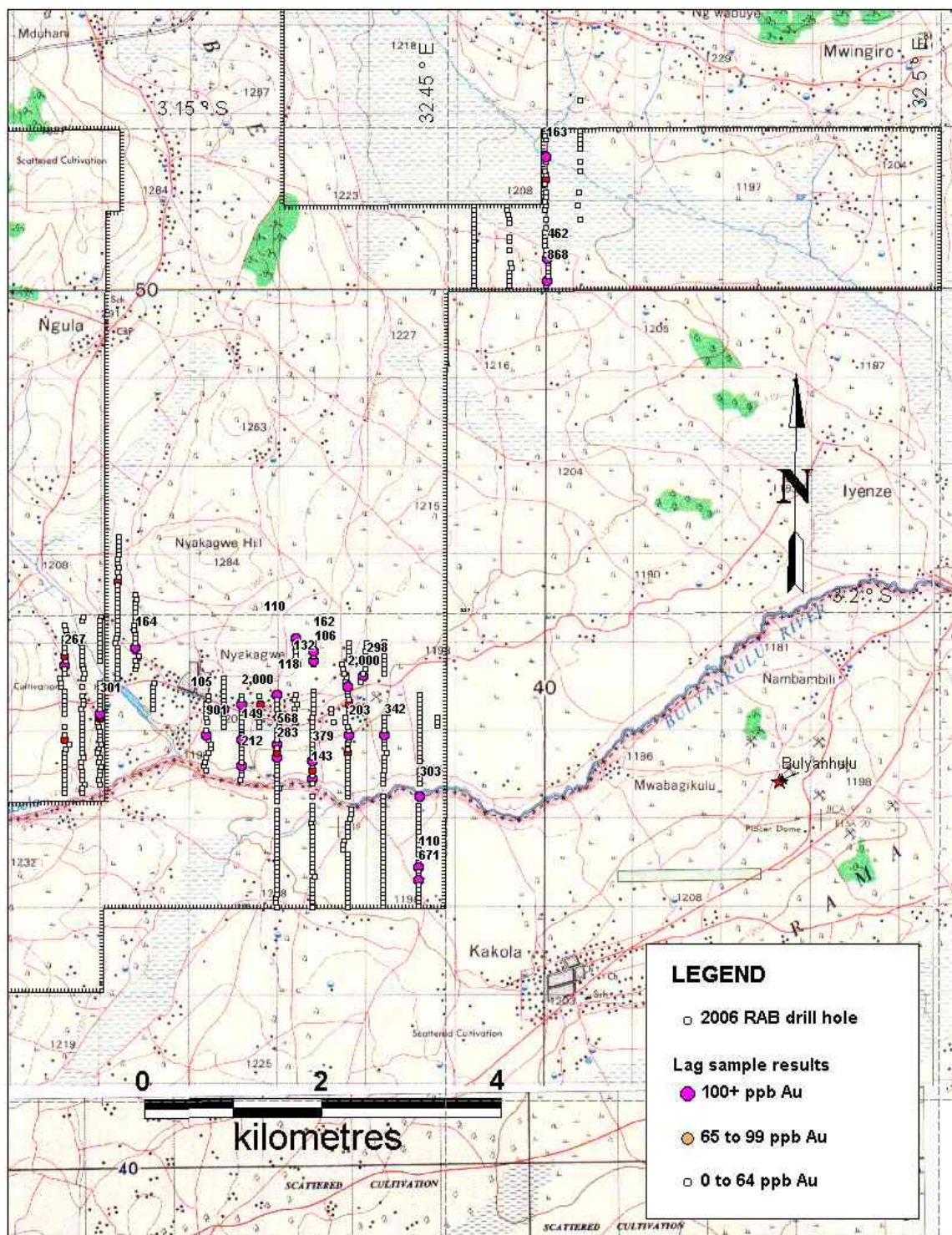


Figure 25. 2006 RAB lag sample locations & gold results

10.8 RAB/Aircore Drilling, 2007

In 2007 the RAB drilling program was continued with a further 667 vertical holes being drilled to average depths of 7 metres for a total of 4,833 metres drilled. Samples were collected at 1 metre intervals. The same north-south grid pattern was used and holes were spaced at intervals of 50 metres along the lines. The 2007 RAB expanded on the 2006 grid in the south, added new lines to the northwest and in-filled some areas to the north. Samples again collected on the basis of lag or saprolite. The samples were prepared at the ALS Chemex facility in Mwanza. The prepared pulps were then shipped to ALS Chemex - Johannesburg where they were analysed for gold.

The results have been divided into samples collected at the bedrock-overburden interface, 531 samples in total, and described in logs as lag or gravel samples and samples in saprolitic bedrock, 559 in total, and identified in logs as either basalt or other lithology. Basic statistics and an interpretation of background and anomalous categories for the sample results are presented below in Table 19.

The analytical results (Figure 26 and 27) indicate that anomalous levels of gold in saprolite (55 ppb or greater gold) in 8 samples ranging from 60 to 140 ppb Au area distributed in the central part of the licence. Anomalous lag samples (75 ppb or greater gold), 13 in all ranging from 80 to 1,020 ppb Au are also distributed in the central part of the licence area.

Table 19. Basic statistics for 2007 Aircore lag samples

Medium sampled:	Saprolite		Lag
No. of Cases	559		531
	Au ppb		Au ppb
Minimum	5		5
Maximum	140		1560
Arithmetic Mean	10		20
Standard Deviation	14.20		86.02
Percentiles			
25%	5		5
50%	5		10
75%	10		10
95%	30		50
98%	45		110
Interpreted Categories			
Background	0 – 44		0 – 54
Mixed	45 – 54		55 – 74
Anomalous	55 +		75 +

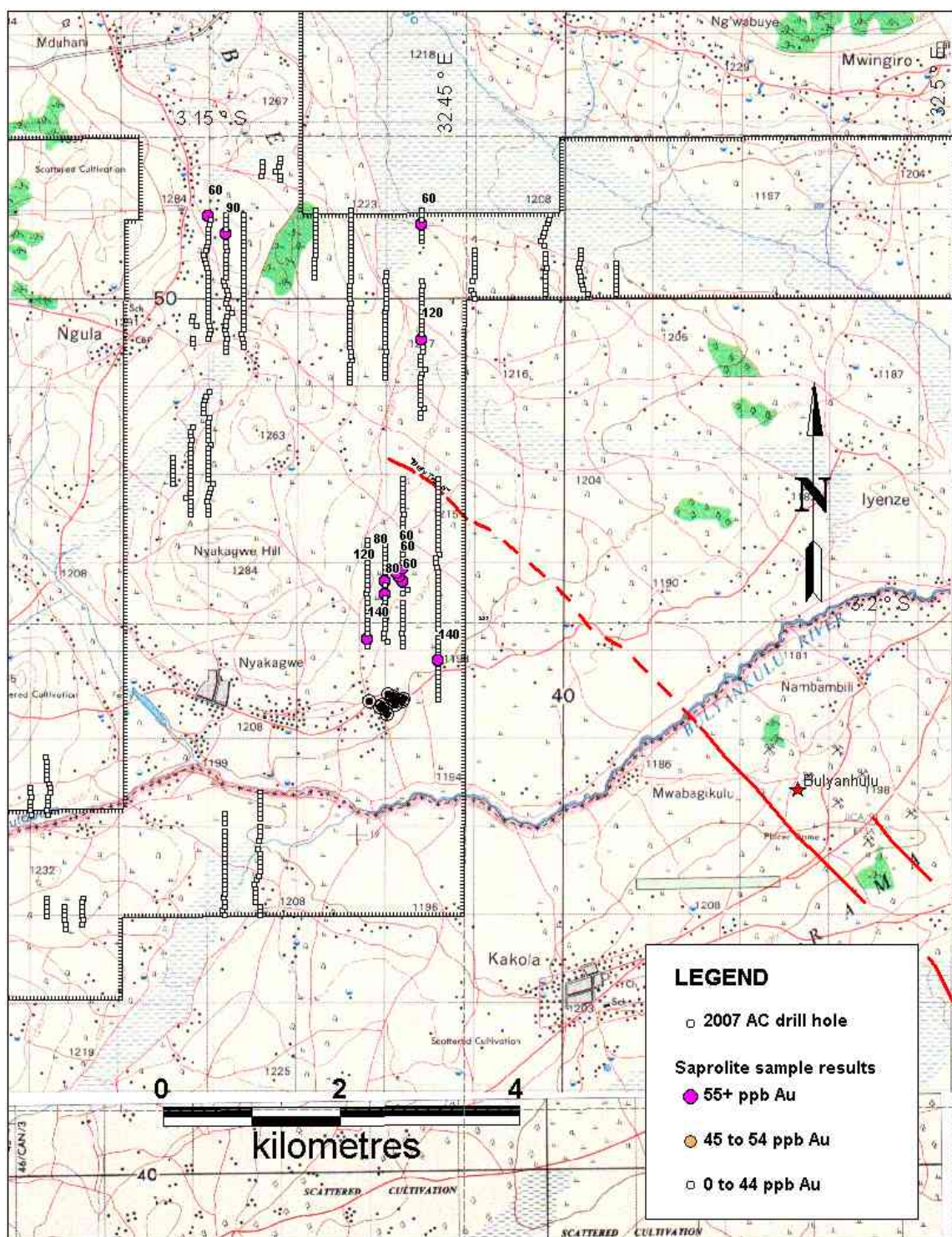


Figure 26. 2007 Aircore sapolite sample locations & gold results

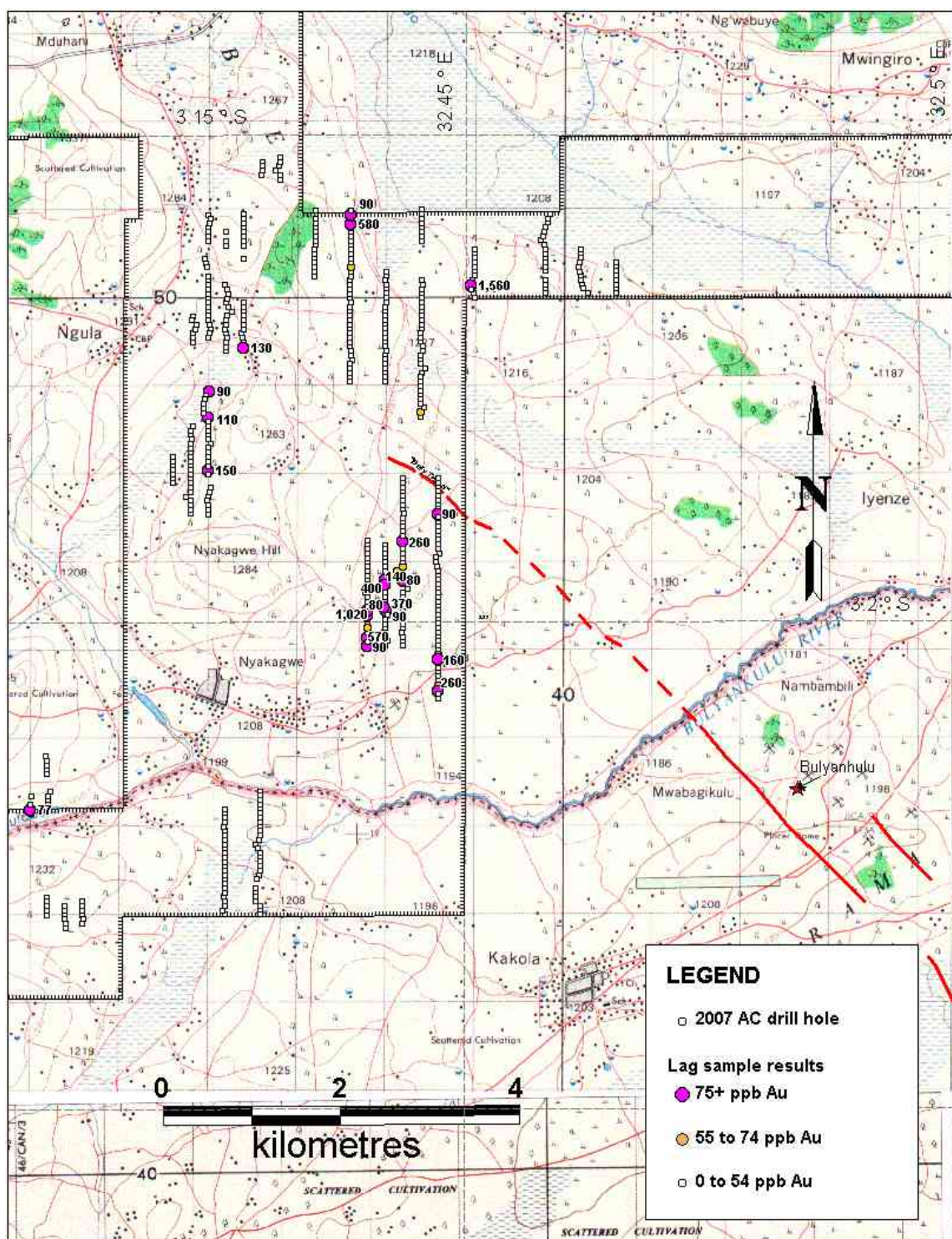


Figure 27. 2007 Aircore lag sample locations & gold results

10.9 Reverse Circulation Drilling, 2006-2007

In November 2006 a reverse circulation drill program commenced in order to test gold anomalies detected by the RAB drilling. The program was completed in March 2007. A total of 4,505 metres were drilled in 66 holes (Figure 28). The holes averaged 68 metres in depth and were drilled at varying azimuths and inclinations of either minus 55° to minus 60°.

The samples were prepared at the ALS Chemex facility in Mwanza. The prepared pulps were then shipped to ALS Chemex – Johannesburg, RSA where they were analysed for gold. Significant gold results (i.e. values greater than 1.00 ppm gold) are reported in Table 19, below.

The drilling was successful in locating significant gold intercepts in a number of areas. The area on the south flank of Nyakagwe Hill was tested by 21 holes, the best of which (TEMRC078) intercepted 3 metres of quartz vein hosted in mafic volcanics. The vein intercept averaged 8.95 ppm gold. In and around the village of Nyakagwe 16 holes were drilled. The best intercept there was in hole TEMRC036 where 1.0 metre analysed 5.44 ppm gold in quartz veins in an intermediate volcanic host at a depth of 10.0 to 11.0 metres down hole. A number of 1 to 3 gram/tonne gold values were returned from samples collected at deeper intervals in holes (~50 to 70 metres down hole) in this area. The gold mineralization was typically reported to be associated with quartz veins in mafic volcanics. A fence of 14 holes was drilled along a northeasterly trend 2 kilometres east of Nyakagwe village. One of the holes, TEMRC056, intersected a quartz vein from 28 to 29 metres down hole that analyzed 36.70 ppm gold. Three adjacent holes had 1.0 metres intercepts that ranged from 1.04 to 2.39 grams/tonne gold. To the north, in an area that is on strike with the Bulyanhulu mineralized shear, a total of 9 holes were drilled. The best 1.0 metres intercept was encountered in hole TEMRC092 from 52.0 to 53.0 metres down hole and analyzed 1.59 grams/tonne gold. A total of 6 holes tested the Tannor property further to the north, but no significant gold was reported in the sample analyses.

Table 20. Significant gold intercepts for 2007 RC holes

Hole No.	Azimuth	Dip	From	To	Interval	Au_ppm	Area
TEMRC030	220°	-55°	72.00	73.00	1.00	2.81	Nyakagwe village
TEMRC036	250°	-55°	10.00	11.00	1.00	5.44	Nyakagwe village
TEMRC038	040°	-60°	14.00	15.00	1.00	1.23	Nyakagwe village
TEMRC039	040°	-60°	14.00	15.00	1.00	1.41	Nyakagwe village
TEMRC042	340°	-60°	23.00	24.00	1.00	1.51	South flank Nyakagwe Hill
TEMRC042			46.00	47.00	1.00	1.33	
TEMRC044	340°	-60°	44.00	45.00	1.00	2.19	South flank Nyakagwe Hill
TEMRC044			45.00	46.00	1.00	3.13	
TEMRC056	040°	-60°	28.00	29.00	1.00	36.70	Nyakagwe east

Table 20 continued. Significant gold intercepts for 2007 RC holes

Hole No.	Azimuth	Dip	From	To	Interval	Au_ppm	Area
TEMRC058	040°	-60°	53.00	54.00	1.00	2.39	Nyakagwe east
TEMRC058			54.00	55.00	1.00	2.23	
TEMRC059	040°	-60°	41.00	42.00	1.00	1.04	Nyakagwe east
TEMRC060	040°	-60°	6.00	7.00	1.00	1.08	Nyakagwe east
TEMRC066	070°	-55°	4.00	5.00	1.00	1.51	Nyakagwe village
TEMRC067	250°	-55°	21.00	22.00	1.00	1.16	Nyakagwe village
TEMRC068	070°	-60°	56.00	57.00	1.00	2.10	Nyakagwe village
TEMRC068			57.00	58.00	1.00	1.99	
TEMRC068			59.00	60.00	1.00	1.19	
TEMRC068			60.00	61.00	1.00	2.79	
TEMRC075	340°	-60°	36.00	37.00	1.00	2.85	South flank Nyakagwe Hill
TEMRC078	340°	-60°	42.00	43.00	1.00	1.73	South flank Nyakagwe Hill
TEMRC079	340°	-60°	24.00	25.00	1.00	1.25	South flank Nyakagwe Hill
TEMRC079			25.00	26.00	1.00	8.78	
TEMRC079			26.00	27.00	1.00	14.75	
TEMRC079			27.00	28.00	1.00	3.32	
TEMRC080	340°	-60°	24.00	25.00	1.00	1.28	South flank Nyakagwe Hill
TEMRC080			41.00	42.00	1.00	1.24	
TEMRC081	340°	-60°	26.00	27.00	1.00	1.54	South flank Nyakagwe Hill
TEMRC085	155°	-60°	33.00	34.00	1.00	1.01	Buly North
TEMRC090	340°	-60°	8.00	9.00	1.00	6.58	South flank Nyakagwe Hill
TEMRC090			9.00	10.00	1.00	2.47	
TEMRC091	340°	-60°	6.00	7.00	1.00	1.59	South flank Nyakagwe Hill
TEMRC091			52.00	53.00	1.00	1.25	
TEMRC091			63.00	64.00	1.00	1.83	
TEMRC092	360°	-60°	52.00	53.00	1.00	1.59	Buly North

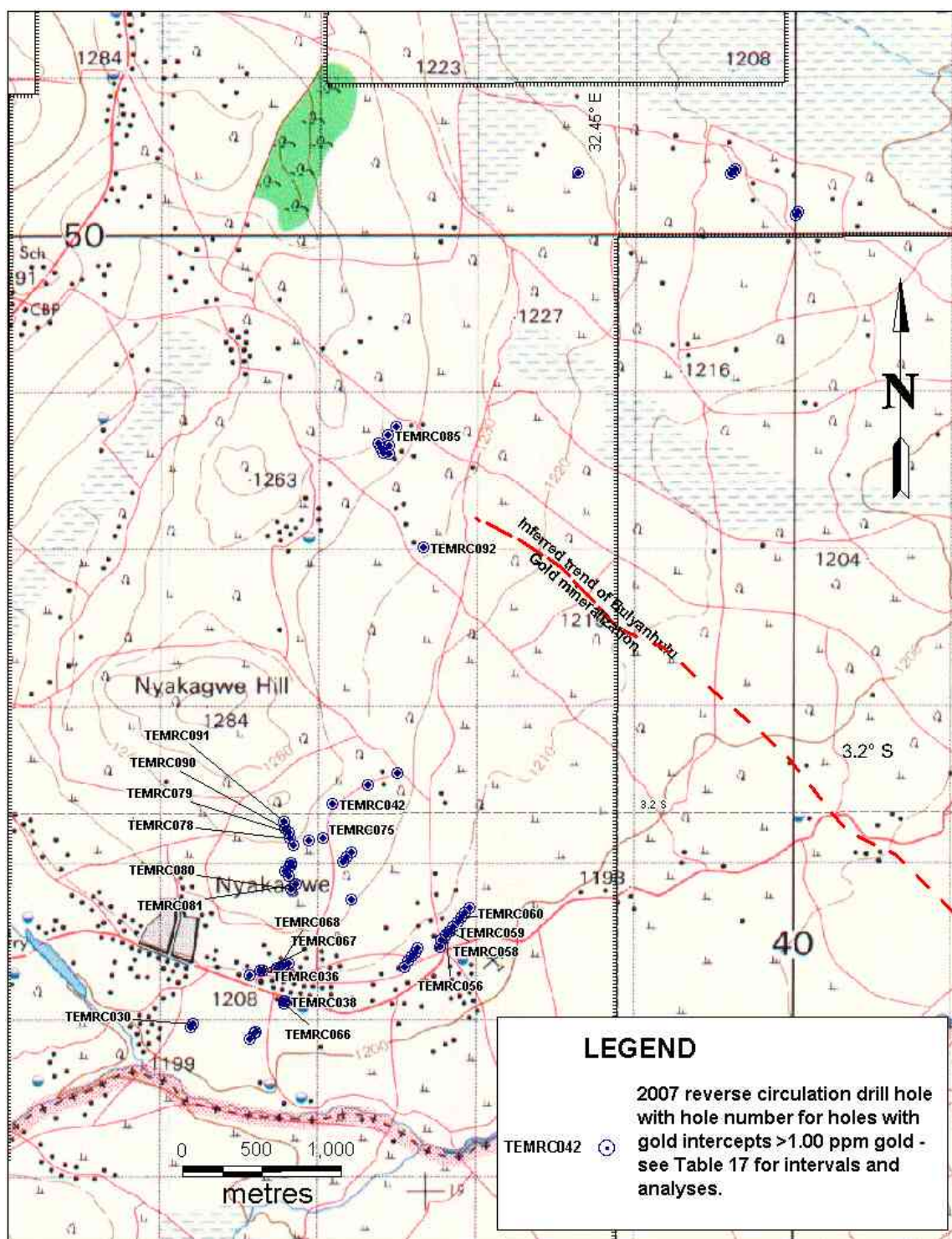


Figure 28. 2007 reverse circulation drill hole locations

10.10 Diamond Drilling, 2008

In 2008, Lakota embarked on a diamond drilling program that was designed “to test multiple Bulyanhulu-parallel northwest-trending mineralized structures within a broad, roughly east-west zone of anomalous gold in soils some 600 m wide and 3.5 km long” (Taylor et al., 2009). In the writer’s opinion the program tested artisanal mine working in PL4457/2007 as well as East Africa Mines reverse circulation drill intercepts of 4.82 and 4.85 grams/tonne encountered in holes IRNPRC001 and IRNPRC002 and possible southward extensions of the gold mineralization intersected in 2007 reverse circulation hole TEMRC056.

A total of 1,865.7 metres of NQ-sized core was drilled in 12 holes inclined to the northeast (azimuth: 030; dip -50 or -60). Significant gold analyses from the drill holes are tabulated below.

Table 21. Significant gold intercepts for 2008 diamond drill holes

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Comments
DD001	38.50	42.00	3.50	10.25	South Zone
	75.80	76.80	1.00	0.89	
	102.80	103.80	1.00	0.86	
DD002	67.20	68.70	1.50	1.30	North Zone
	69.70	71.20	1.50	1.65	North Zone
DD004	87.03	91.75	4.72	2.46	North Zone
	110.40	111.00	0.60	1.50	
	135.67	136.00	0.33	2.88	
DD005	79.53	81.94	2.41	0.71	North Zone
	81.94	85.34	3.40	9.80	
DD006	54.80	58.60	3.80	0.83	South Zone
DD007	52.10	52.60	0.50	0.75	
	112.60	113.60	1.00	0.59	
DD008	100.25	103.85	3.60	2.65	North Zone
<i>including</i>	100.67	101.08	0.41	12.40	
DD009	66.10	66.60	0.50	0.96	North Zone
	142.19	145.45	3.26	2.07	
	147.72	148.25	0.53	1.28	
DD010	85.10	89.45	4.35	1.17	South Zone
DD011	45.10	46.60	1.50	10.44	South Zone
	56.95	60.45	3.50	2.15	
DD012	47.10	49.00	1.90	1.74	North Zone
	95.50	96.60	1.10	0.77	

The results of the diamond drilling are interpreted to indicate that two parallel, northwest striking zones – a North and South zone - of gold mineralization were

intersected in metabasalt host rock (Figure 29). The zones dip 60° to the south and are separated by 170 metres of metabasalt which is locally intruded by dolerite dykes (Figure 30). The zones were tested to a depth of 120 metres below surface. In detail the zones each consist of a series of quartz stringers 2 to 5 centimetres thick that contain disseminated sulphides on selvages and local internal intervals of massive pyrite-pyrrhotite-chalcopyrite. Carbonate and iron oxides are common accessories in the mineralized intervals and alteration envelopes. The orientation of the dolerite dykes has not been completely determined, but is inferred from intercepts in two holes to be sub-parallel to the mineralized zones and most likely vertically dipping.

The North Zone was intersected in three fences of 2 holes each, over a strike length of 100 metres. The zone was not intersected in the one hole drilled to the north, but is open to the south.

The South Zone was intersected in 4 holes over a strike length of 400 metres and is open to the north and south.

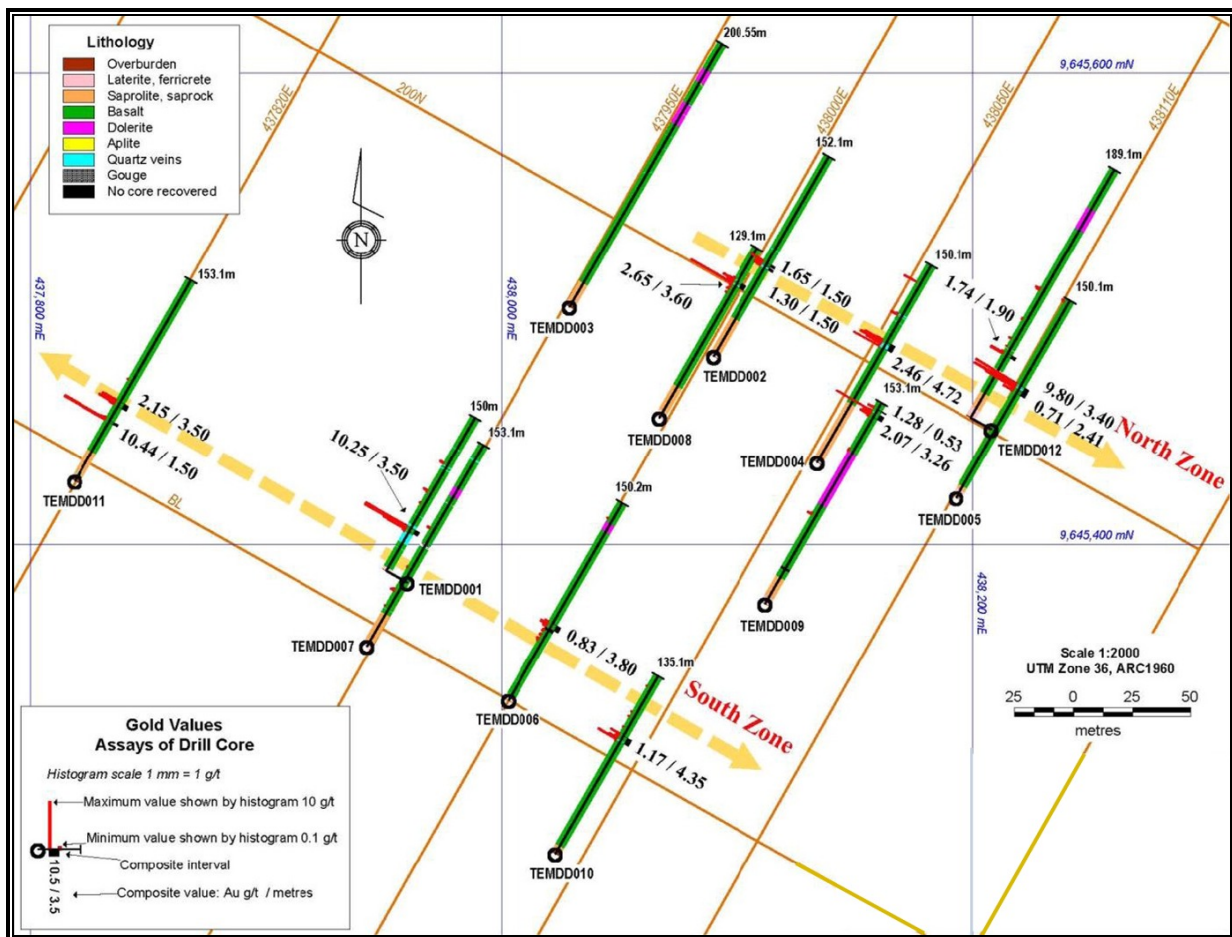


Figure 29. 2008 diamond drill hole locations

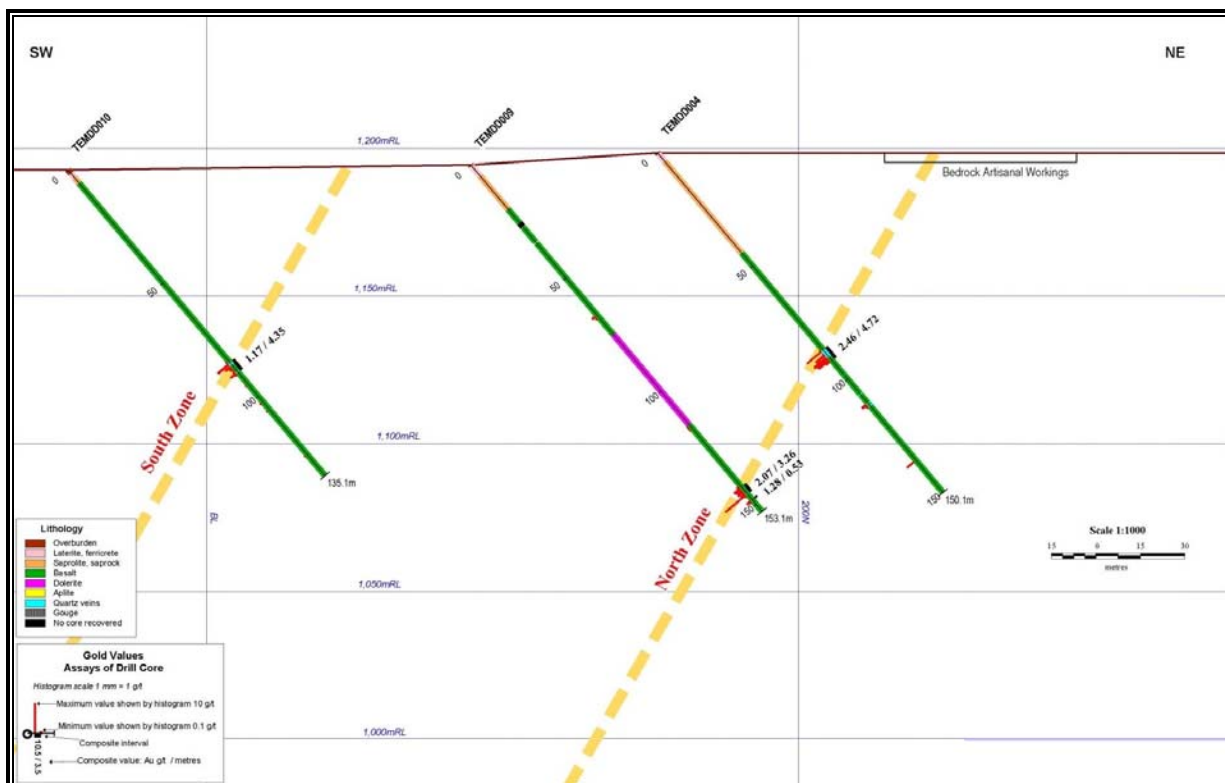


Figure 30. 2008 diamond drill hole section looking northwest

11.0 DRILLING

Several phases and types of drilling have been conducted on the Tembo Gold Project area prior to Lakota's involvement and by Lakota. Drilling prior to Lakota's involvement has been described in Section 6.0 of this report: *History*. Drilling by Lakota has been described in Section 10.0: *Exploration*.

All of the drilling conducted to date on the Tembo property has been exploratory in nature. The main focus of the programs has been to use reverse air blast (RAB) and the shallow aircore reverse circulation drilling as a geochemical prospecting tool to explore the property in an effort to find areas anomalous in gold that would warrant further follow-up drill testing in the hope that a gold "discovery" would be made. The RAB and aircore drilling was successful in outlining several anomalous areas including the extension of the Bulyanhulu gold mineralized shear zone. Subsequent conventional reverse circulation drilling tested a number of these targets. Results were mixed: some potentially economic gold grades were intersected in some of the holes and some favourable structure and stratigraphy was also noted associated with the mineralized intercepts. However there was no attempt made to follow-up on these intercepts until a small diamond drilling program was undertaken in 2008. In addition, follow-up of anomalous gold zone in and around the inferred extension of the Bulyanhulu gold mineralized shear zone was not done. Therefore, in the writer's opinion, the main gold target on the Tembo property – the extension of the Bulyanhulu gold mineralized shear – remains untested.

In terms of procedures followed during the drilling programs, for the percussion and RAB drilling all holes were drilled vertically and were not surveyed. Reverse circulation holes because of their short length were not surveyed. Hole positions were located by GPS. The 2008 diamond drill holes were also located using GPS methods. No down holes surveys were reported for these holes, which are relatively short.

Diamond drilling was performed under contract by Major Drilling Tanzania Ltd. Drill core from each run was removed from the core tube by the driller's helpers, under the supervision of a Lakota technician who was on site at all times and in frequent telephone contact with the field camp. The helpers placed the core in order in boxes, after cleaning any bentonite or other material from the core. Care was taken to properly align all pieces of core, where possible, and to make sure that all boxes were properly labeled. The full core boxes were brought to the logging area at the camp by a Lakota vehicle, where they were laid out in order, checked by Lakota's geologist and again by the technician assigned to measure rock quality (RQD) and recovery. Rock Quality Designation (RQD) measurements were obtained by summing up the lengths of core recovered, counting only pieces of sound core that are 10cm or more in length. RQD is expressed as a percentage and is the ratio of the summed core lengths to the total core length. The core was checked for orientation marks, turned and refitted to align the core as far as possible, and marked with a continuous crayon line that corresponded to the bottom side of the core in the hole. The core was then logged for structure and lithology by Lakota's Tanzanian geologist, in consultation with the expatriate Project Manager, Jacques Wagendorp, and Lakota's Vice-President Exploration, Martin Taylor. All core was photographed with a digital camera, ideally before being cut. Timing

of vehicle transport to Mwanza together with occasional rainy weather meant that some photos had to be taken after the core was cut.

Initial logging of the drill core was done on a paper sheet matching the structure of the computer file. Two separate Microsoft Excel files were generated for each diamond-drill hole. One, labelled for example TEMDD001-Geotech, contains the core recovery and RQD data. The other, TEMD001 Logs, contains all the details of the core logging such as lithologies, alteration, quartz and sulphide mineralization, structure and samples.

From the results of the 2008 diamond drilling it was deduced, based on the inclination of the drill holes and inferred dip of the mineralized zones, that the relationship between sample length and the true thickness of mineralization was in the proportion: 90% of the intercept length would equal the true thickness. Relationships for the reverse circulation drill intercepts are believed to be similar.

12.0 SAMPLING METHOD AND APPROACH

Lakota's exploration approach progressed from a methodical soil sampling campaign across that part to the project area that was believed to be underlain by favourable lithologies to focusing on drill testing areas of soil anomalous in gold.

12.1 Soils:

Soil sampling methods varied depending on the nature of the soil. In areas underlain by soil interpreted as being semi-residual to proximally transported conventional soil sampling was undertaken, whereby soil samples were collected from 20 to 40 centimetre deep pits. In areas of thicker ferricrete or pisolitic laterite development and areas interpreted to consist of distally transported overburden, 1.0 to 1.5 metre sample pits were excavated, with samples collected at the bottom of these pits. Soil sampling was conducted on GPS located grids on lines oriented north-south oblique to the regional trend of the bedrock lithologies. Line spacing varied from 200 to 400 metres with sample intervals generally at 50 metres on lines. The line spacing is wide and therefore of a reconnaissance nature. Filling-in or follow-up lines of samples are warranted in anomalous areas in order to better define the extent and trends of gold anomalies.

Factors affecting the quality of soil samples and therefore sample results are thickness and nature of overburden, degree of weathering and leaching of bedrock, consistency of sample material collected along with adequate notes explaining variations in sampled material. It is believed that Lakota invested considerable time and effort into understanding the variations in soil profiles and optimizing sample methods. Their work therefore met or exceeded industry practice and standards at that time.

12.2 Drilling:

Percussion, RAB and reverse circulation drill samples consisted of material that was collected from cyclone throughput directly from the drill. The sample interval for these drill methods was 1 metre, this being the narrowest, practical sample interval for such methods. The samples were split on site using a Jones riffle splitter to reduce the sample size to between 2 and 3 kilograms. Samples were labeled and corresponding sequentially numbered sample tags inserted into each sample bag. Up to 20 individual samples were then placed together in larger fiber-weave sacks. A sample shipment form was filled out for each batch of 50 to 65 samples by the geologist or Project Manager. The samples contained in each batch were checked against the shipment form before the sacks were closed with the shipment form placed in sack #1. Samples were delivered by Lakota staff to SGS Laboratories in Mwanza for preparation. Prepared sample pulps were then shipped to SGS's laboratory in Perth, Australia for gold and multi-element analyses.

Core samples from diamond drilling were marked out by Lakota's geologist or the Project Manager and the HQ or NQ2 core cut in half with a diamond saw on site. Half of the core was taken as samples with the other half being returned meticulously to the core boxes. The host rock to gold mineralization intersected in the diamond drill holes was metabasalt. Mineralization was assumed to be confined to relatively narrow quartz and quartz-sulphide veins. The sample interval, in general, was determined by the width for the vein or in the case of groups of narrow veins by the interval over which the veins were clustered. In general sample interval was not less than 0.5 metre and not greater than 1.0 metre. Each sample bag

was marked with the sample number and a corresponding sample tag enclosed. The bag was sealed and no further preparation was done by Lakota. The sample batches contained commercial standards and commercial or geological blanks at a frequency of approximately one standard and one blank for every twenty-five samples. These were taken by Lakota staff to SGS Laboratories' preparation facility in Mwanza for preparation and gold analysis of 50 gram aliquots by fire-assay with atomic absorption finish. Reject material from these samples was been returned to the Tembo field.

Factors which may have resulted in drill sample biases were the nature of the gold, that is, whether or not a significant portion of the gold consisted of grains large enough and randomly distributed through the sampled material that they could be missed by the relatively small drill core samples; variations in the style and habit of mineralization. It is believed that drill sampling methods used by Lakota were adequate for this stage of exploration and yielded representative samples.

Summaries of relevant drill samples and their values are presented in Section 10.0: *Exploration*.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

In terms of sample preparation there was no on site preparation of soil samples. Percussion, RAB and reverse circulation drill samples were subject to splitting on site to reduce sample size. There was no on site preparation of drill core samples.

Persons handling the samples in the field worked on a contract basis for Lakota. At no time was an employee, director, officer or associate of Lakota involved in the sampling or sample handling.

Prior to dispatch of samples from the field a sample shipment form was filled out for each batch of samples by the geologist or Project Manager. The samples contained in each batch were checked against the shipment form before the bags were closed with the shipment form always in Bag #1. Samples were delivered by Lakota staff to ALS Chemex Laboratories in Mwanza for preparation. Prepared sample pulps were then shipped to ALS's laboratory in Perth, Australia for gold and multi-element analyses. Analytical procedures were for gold were fire assay of 30 gram sample aliquot followed by an atomic absorption finish. Multi-element analyses were undertaken using inductively coupled argon plasma (ICP) methods.

ALS Chemex is the minerals division of ALS, a global company providing laboratory services to environmental, oil, food and pharmaceutical clients as well as to mining and exploration companies. The ALS group is owned by Campbell Brothers Limited, a publicly-listed Australian company. ALS Chemex has been certified under ISO 9002 in Peru and Australia as well as by KPMG in Canada, USA and Mexico.

For drill core, at the Tembo camp, samples were marked out by Lakota's geologist or the Project Manager and the HQ or NQ2 core cut in half with a diamond saw on site. Half of the core was taken as samples with the other half being returned meticulously to the core boxes. Each sample bag was marked with the sample number and a corresponding sample tag enclosed. The bag was sealed and no further preparation was done by Lakota. The sample batches contained commercial standards and commercial or geological blanks at a frequency of approximately 10%. These were taken by Lakota staff to the Mwanza

laboratory of SGS African Assay Laboratories for preparation and analysis by 50 g fire-assay with atomic absorption finish.

Drill core samples submitted to the SGS Laboratory in Mwanza were prepared for assay by drying and then jaw crushing the entire sample to approximately -2 mm. A 1 kg riffle split of the crushed material was taken and pulverized to 95% passing 75 μm in a bowl pulverizer (method PRP 87). Crushers and pulverizers were cleaned between samples using barren granitic sand.

The analytical method used by SGS (FAA 50.5) comprised three steps: fusion, gold extraction and analysis. A 50 g split of the pulverized material was mixed with a fluxing agent that assists in melting, fusing of the sample at a reasonable temperature and promotes separation of the gangue material from the precious metals. Lead, as litharge, was added as a collector. The sample plus flux plus lead was added to a crucible and fired at about 2,000°F for a pre-determined time. The lead fuses into a button containing any gold from the sample. The crucibles were removed from the assay furnace and the molten slag was carefully poured from the crucible into a cast iron or graphite mold and allowed to cool. When the slag has cooled it was removed from the mold and the lighter gangue material was broken away to leave the lead button containing the gold. The lead button was placed in a clay crucible or cupel and returned to the furnace at 2,000°F. The lead oxidizes and is absorbed into the cupel, leaving only a tiny gold bead. The cupels were removed from the furnace and allowed to cool. For assaying of known high-grade samples the gold bead can then be weighed (gravimetric finish). For samples generally less than 10 g/t Au a more accurate method, as followed for the Lakota samples, is to dissolve the gold bead in Aqua Regia and analyze the solution by atomic absorption.

SGS operates in Tanzania as SGS Tanzania Superintendence Co. Ltd., a member of the SGS Group (Société Générale de Surveillance), certified under ISO 9002. SGS also operates a quality control system in line with ISO Guide 25 (17025).

Quality control procedures included the insertion of blanks, duplicates and commercial standards with batches of samples sent for analysis. Blanks initially consisting of fine silica sand and subsequently of fine granite, the latter sourced from the Mwanza area and prepared by Humac Laboratories in Mwanza, were inserted to check on possible contamination in the preparation process as well as the calibration in the analysis. Duplicates were taken in the geochemical programs to determine the repeatability of results and verify the reliability of the sampling procedure. Field duplicate samples were obtained in the conventional soil program from a second hole dug within 1 m of the first hole, at the same depth as the first sample. In the 1.5 m pits field duplicates were taken on the opposite side of the pit to the original sample. No field duplicates were taken in the deep pitting program. Duplicate samples in the RAB/Air-core program were taken from the material recovered from the cyclone in exactly the same manner as the original sample for that interval. Commercial standards prepared by Gannet Holdings Pty. Ltd, or by ALS-Chemex, were inserted to verify instrument calibration within acceptable limits. The Gannet standards used in the Aircore program had recommended values of 3, 16 and 58 ppb Au, while the three ALS standards used previously had recommended values of 5.0, 10.5 and 30 ppb Au. Both blanks and standards were kept under strict control by Lakota. Results of the quality control procedures were analysed and several discrepancies were found and reported to ALS Chemex. The discrepancies concerned eight samples results for which it was indicated that either transcription errors or the crossing of aqua regia solutions when taking aliquots

for base metal analysis between samples occurred. ALS Chemex reported back to Lakota on these issues and stated that they were implementing equipment upgrades that would eliminate operator error and that they would reanalyse the sample batches where solution swapping was a concern.

In the writer's opinion sample preparation, security and analytical procedures were adequate for this stage of exploration.

14.0 DATA VERIFICATION

A rigorous QA/QC program was implemented early in the exploration of the Tembo Gold Project. During the soil and RAB drill programs of 2003 and 2003 Gold Field's onsite representative, Peet Prinsloo, monitored sampling and established the quality control program which was followed by Martin Taylor, P.Geo. and Jacques Wagendorp during subsequent exploration campaigns. Data was received in digital and hard copy for ALS Chemex and SGS. The field geologist and project manager checked the data for errors in terms of missing or duplicate samples. Data analytical data was integrated with GPS location data and then archived on a field computer on site as well as being backed up to computers at the Lakota offices in Mwanza and Dar es Salaam .

The writer as checked the digital data files as well as hard copy laboratory reports in Dar es Salaam; has complied the data and reinterpreted the results and is satisfied that the data are reliable.

15.0 ADJACENT PROPERTIES

The Tembo Gold Project area adjoins the Special Mining Licence (SML) of Bulyanhulu Gold Mine Limited, a wholly owned subsidiary of African Barrick Gold PLC, to the southeast (Figure 31). Bulyanhulu Gold is currently mining gold in the Bulyanhulu mine on their SML. The mineral inventory as a the end of December 2009, reported as NI 43-101 compliant by African Barrick Gold, were reserves of 10.3 million ounces of gold and resources of 6.7 million ounces of gold. In addition, the Tembo property is surrounded by Prospecting Licences held by others. The status of exploration activities on these properties in not known to the writer.

Within the Tembo Gold Project there are 42 Primary Mining Licences held by Tanzanian Nationals. Information on the website and in news release of Advance Gold Corp (formerly Africa West Minerals Inc.) state that a wholly owned subsidiary company of Advance Gold called Gold Rim Exploration Inc. has entered into an agreement with the owners of the PML's within the Tembo Gold Project area. Advance Gold has indicated that it has conducted trenching and reverse circulation drilling on these PML's in 2008 with results of RC drilling ranging up to 9.8 g/t gold over 3 metres. The writer has not been able to confirm the status of the agreement between Gold Rim Exploration Inc. and the PML owners.

The writer has been unable to verify information concerning properties adjacent to the Tembo gold project and that information is not necessarily indicative of mineralization on the Tembo property.

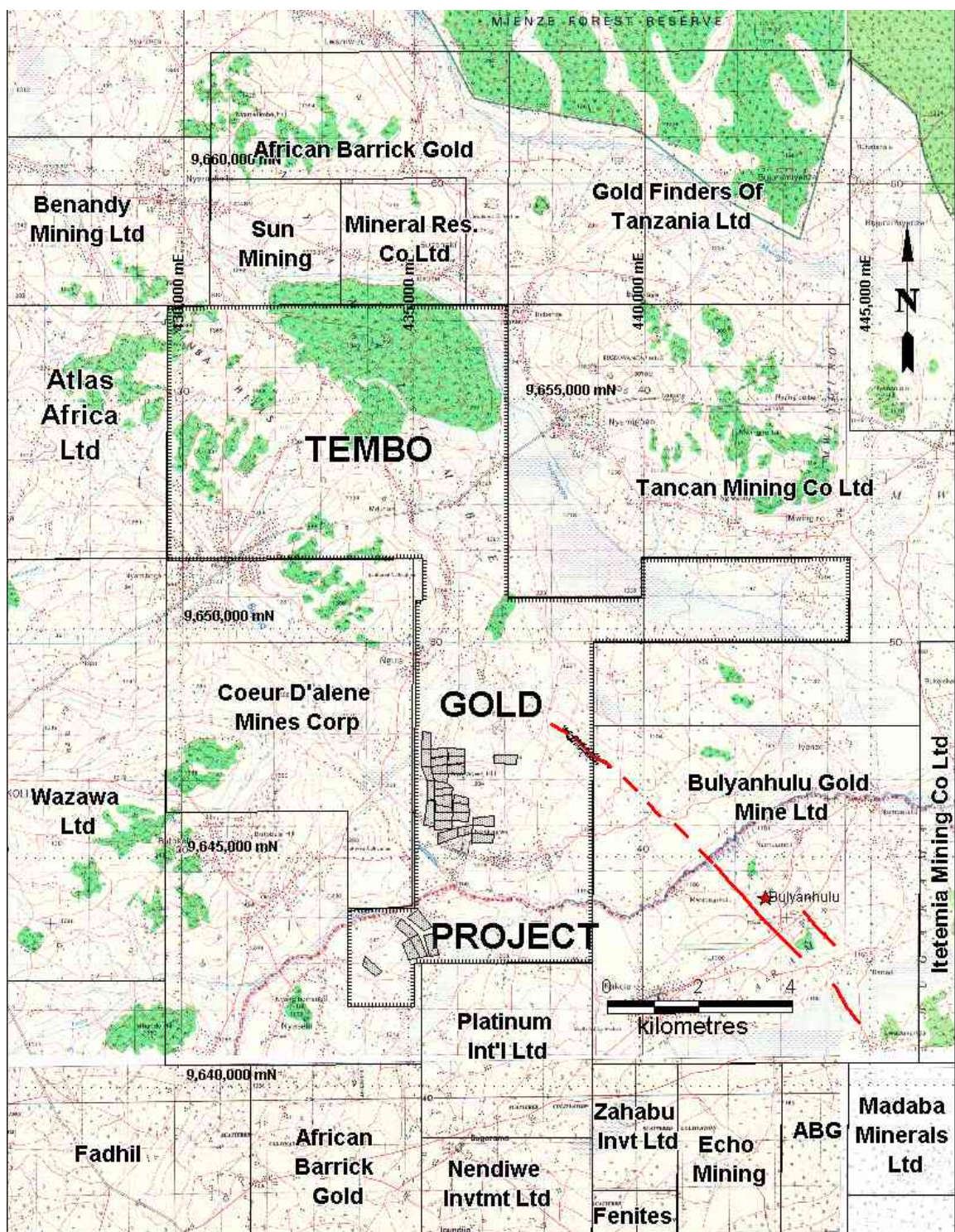


Figure 31. Properties adjacent to the Tembo Gold Project

(PML's held by others in grey)

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

There has been no mineral processing or metallurgical testing undertaken by Lakota on the Tembo Gold Project area.

17.0 MINERAL RESOURCE AND RESERVE ESTIMATES

Currently there are no known mineral resource or mineral reserve estimates for mineralization situated on the Prospecting Licences comprising the Tembo Gold Project.

18.0 OTHER RELEVANT INFORMATION

During the course of the writer's examination of the Tembo property he did not take any samples for assaying. The reasons for this are several fold.

- Firstly, there have been several groups that have conducted exploration on the Tembo project area over the years (East Africa Mines, Universal Gold, Goldfields), the results of their work was in general confirmed by later work conducted by Lakota.
- Secondly, the QP was not able to duplicate prior samples since that sampling was mainly reverse circulation drilling and reverse air blast drilling. While duplicate samples from those programs were on site, the poor condition of the samples (see Figure 32) made it impossible to collect reliable duplicates for assay or analysis. Drill core from the 2008 drill program and the significant mineralized intervals were examined in the field – these could have been resampled, however as that drilling was conducted in an area that is not an exploration priority it was not sampled (see Figure 33).
- Thirdly, the objective of Phase 1 program is to in-fill previously sampled areas of the Nyakagwe and Buly Grids, thereby confirming those anomalies and demonstrating continuity of anomalous areas.
- Fourthly, a number of areas where active artisan mining was being conducted on the licences were examined, although no samples were taken it was obvious to the writer that the artisan miners were in fact recovering gold from those areas. While a few samples from these areas may have confirmed the presence of gold – which was clearly demonstrated by the activities of the artisanal miners – few samples would not help in assessing the nature and extend of the gold because of the lack of bedrock exposure.



Figure 32. Reverse circulation duplicate samples at Tembo camp



DD005, 81.94 to 85.34 m @ 9.80 g/t Au

↔ mineralized intercept ↔



DD008, 100.67 to 101.08 m @ 12.40 g/t Au

Figure 33. Mineralized intercepts in drill core at Tembo camp

There is no other information relevant to the Tembo Gold Project.

19.0 INTERPRETATION AND CONCLUSIONS

Lakota Resources Inc. through its wholly owned Tanzanian subsidiaries owns mineral rights to gold and base metals on a series of Prospecting Licenses and Prospecting Licence applications covering a total of 110 square kilometres in the Geita and Shinyanga Districts of Northwestern Tanzania that comprising the Tembo Gold Project.

The Tembo property is underlain by a succession of Archean age lower Nyanzian metavolcanics and intercalated metasediments which have been intruded by a series of granitic plutons over time and lastly by mafic dykes and possibly kimberlites.

Gold mineralization as evidenced by artisanal mine workings and anomalous soil geochemistry occurs in quartz veins associated with dilatational zones in basaltic metavolcanics and metasediments. In addition, the extension of the gold mineralized shear that hosts the bulk of gold resources at the adjacent Bulyanhulu gold mine is inferred to extend onto the Tembo project area for at least 1.3 kilometres based on geology, geophysical signatures and anomalous gold in soils as determined from limited geochemical sampling. Anomalous gold geochemistry and significant gold intercepts on a number of reverse circulation drill holes in and around Nyakagwe Hill in the southern part of the property suggest there is potential for locating a gold deposit in that area, however the deposit model is not well understood at present.

Potential for diamondiferous kimberlites exists on the Tembo project area as evidenced by a number of discrete aeromagnetic lows in the 2003 Fugro airborne survey. These targets warrant follow-up work.

From the point of view of an initial exploration of the Tembo property the data density is adequate. It is clear that objectives of the original programs were met to a large degree and based on the success of that work further follow-up is warranted. This work should include more detailed infill sampling in some of the anomalous areas. Ground geophysical surveys (magnetometer and induced polarization) should be conducted to more precisely locate the inferred extension of the gold mineralized Bulyanhulu shear and kimberlite targets prior to drill testing.

A program designed to test the inferred extension of the Bulyanhulu gold bearing shear zone and other gold and kimberlite targets is recommended. The estimated cost of the recommended program is \$US300,000. Contingent upon the success of that work a second phase of drill testing is recommended at an estimated cost of \$2,000,000.

20.0 RECOMMENDATIONS

A two phase success contingent exploration program is recommended for advance the exploration of the Tembo Gold Project.

The first phase of exploration work will consist of detailed in-fill soil geochemical surveys and ground magnetic surveys. The proposed geochemical and magnetic surveys (Figure 34) will be conducted over the inferred extension of the of the Bulyanhulu gold mineralized shear zone (17 line-kilometres; 230 samples) and in the Nyakagwe area (13 line-kilometres; 470 samples). The purpose of this work will be to better define the extent and distribution of gold in soils and to locate lithologic discontinuities that may be linked to gold bearing zones. In addition, ground magnetic surveys over the 5 kimberlites targets are proposed in order to precisely locate these features and spot appropriate sites for test pitting in order to investigate whether or not kimberlite underlies any of the targets. If kimberlite is successfully located by the test pitting, samples (24 kilograms each) will be collected and processed to recover diamonds and indicator minerals. The estimated cost of the first phase program is \$US300,000 (Table 22).

Contingent upon the success of the first phase of work, a second phase of diamond drilling is recommended. The estimated cost of this phase of work is \$US2,000,000 (Table 23).

Figure 34. Location of proposed Phase 1 work.

Table 22. Estimated costs for Phase 1 Exploration Program

Expense Category	Days	/units	Rate	Budgeted Cost
WAGES & SALARIES				
Consultant 1	40	days	650	\$26,000
Project Geologist	60	days	250	\$15,000
Assistant geologist	60	days	150	\$9,000
Field technician	60	2	50	\$6,000
Cook	60	2	35	\$4,200
Drivers	60	2	40	\$4,800
Local Labor	60	20	15	\$18,000
FIELD EXPENSE:				
Field supplies				\$5,000
Field equipment:				
Began com system and cellphone				\$7,500
Camp construction materials				\$20,000
Computer up grades				\$6,000
Generator				\$15,000
MapInfo + Discover Licence				\$5,300
Freight				\$3,000
Fuel, diesel	500	ltrs	3	\$1,500
Food	60	8	20	\$9,600
Hotel	10	days	120	\$1,200
Truck maintenance	0	days		\$6,000
Travel, mob/demob Dar es Salaam				\$4,000
TECHNICAL SERVICES/SUBCONTRACTORS				
Assay & analysis, incl QA/QC, soils	650	samples	20	\$13,000
Diamond and Heavy Mineral recovery				
Caustic fusion - 120 samples	128	kg	120	\$15,300
Heavy mineral recovery - 50 samples	128	kg	75	\$9,600
Microprobe analyses	1000	grains	10	\$10,000
Geophysical surveys				
mob/demob				\$5,000
Grid establishment	15	days	250	\$3,750
Magnetometer survey				\$60,000
Project management and expediting	65	days	\$250.00	\$16,250
TOTAL				\$300,000

Table 23. Estimated costs for Phase 2 Exploration Program

Expense Category	Days	/units	Rate	Budgeted Cost
WAGES & SALARIES				
Consultant 1	150	days	650	\$97,500
Project Geologist	150	days	250	\$37,500
Assistant geologist	120	days	150	\$18,000
Field technician	120	2	50	\$12,000
Cook	120	2	50	\$12,000
Drivers	120	2	40	\$9,600
Local Labor	120	20	15	\$36,000
FIELD EXPENSE:				
Field supplies				\$8,000
Core boxes				\$12,000
Communications				\$3,000
Sample bags				\$500
Field equipment:				
Camp construction materials				\$25,000
Core saw				\$7,500
Drill core storage				\$10,000
Freight				\$10,000
Fuel, diesel	20000	ltrs	3	\$60,000
Food	120	12	20	\$28,800
Hotel	15	days	120	\$1,800
Truck maintenance				\$7,500
Toyota - 4x4				\$45,000
Travel, mob/demob Dar es Salaam				\$8,000
TECHNICAL SERVICES/ SUBCONTRACTORS				
Assay & analysis, incl QA/QC	1800	samples	32.5	\$52,500
Diamond and Heavy Mineral recovery				
Caustic fusion - 120 samples	960	kg	130	\$124,800
Heavy mineral recovery - 50 samples	400	kg	75	\$30,000
Microprobe analyses	2000	grains	10	\$20,000
Drilling - Gold Program				
RC/NQ-core tails	6000	m	120	\$720,000
Mob/demob				\$12,000
Bulldozer rental	150	hrs	90	\$13,500
- Diamond Program				
NQ-core drilling	4000	m	130	\$520,000
Bulldozer rental	150	hrs	90	\$15,000
Project management and expediting	170	days	\$250.00	\$42,500
TOTAL				\$2,000,000

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22.0 DATE AND SIGNATURE PAGE

22.1 Dated effective:

January 14, 2011

22.2 Signature:

Signed "Carl G. Verley"

Carl G. Verley, P.Geo