INDEPENDENT TECHNICAL REPORT

DUL-MENGHE AND AGUSHA LICENSE

Benishangul Gumuz, Ethiopia

BENZU GOLD MINING ETHIOPIA PLC.
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This report has been prepared by
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1.0 SUMMARY

Caracle Creek International Consulting Inc. ("Caracle Creek") of Toronto, Ontario, Canada was contracted by Benzu Gold Mining Ethiopia Plc. ("Benzu Gold") of Addis Ababa, Ethiopia, to review the Dul-Menghe and Agusha License (the "Property"), and prepare an Independent Technical Report (the "Report"), compliant with National Instrument 43-101 ("NI43-101"), companion policy NI43-101CP and Form 43-101F1. The purpose of this Technical Report is to update the exploration activities (mapping and trenching) on the property.

Benzu Gold’s Dul-Menghe and Agusha exploration license is located in Benishangul Gumuz National Regional State in western Ethiopia a landlocked country in Eastern Africa. The project is located about 700 km west of Addis Ababa. The license covers an area of 954.3585 km² and includes three blocks Ashashire/Dul-Menghe, Agusha West and Agusha East. Access to the area is either by road from Addis Ababa through Asosa or by flying from Addis Ababa to Asosa (regular flights are three times a week). From Asosa, the properties named Agusha West and Agusha East are accessible through Asosa-Agusha gravel road, whereas the Dul-Menghe area is accessible through the Asosa-Komosha-Kurmuk road. The center of the Dul-Menghe block (by far the largest of the three blocks of the License) is situated at approximately UTM (Adindan Projection; Zone 36N) coordinates 676000E ; 1157500N and Latitude 10° 28’08” N and Longitude 34° 36’ 32” E.

The earliest exploration work in the region occurred in the 1930’s. The Property is located within the Western Greenstone belt, a Precambrian volcano-sedimentary belt, located near the Sudan border. The primary target deposit type in the license area is orogenic gold ("shear zone hosted", “mesothermal”, “greenstone-hosted quartz-carbonate vein” deposit). Ethiopian examples include the Lega Dembi gold mine in the Adola-Moyale Belt of Southern Ethiopia. Canadian examples include the Timmins, Kirkland Lake, Val d’Or and Rouyn-Noranda districts of the Abitibi greenstone belt.

The 2011 exploration activity on Benzu Gold’s Dul-Menghe and Agusha license included structural mapping, geological mapping, geochemical sampling and a trenching program. The work was undertaken from October 2011 to December 2011. A total of 941 rock samples, including 549 channel samples and 35 QA/QC samples (standards), were collected from Ashashire target area.
The Qualified Person (A. Peshkepia) for this report concludes that the 2011 exploration program met its objective to confirm historical data on the property and identify additional prospective areas of gold mineralization.

Caracle Creek proposes a two-phase program for future exploration. Phase I of exploration program includes prospecting, mapping, additional detailed soil sampling and ground geophysics (Induced Polarisation). The goal of the Phase I exploration program would be to better constrain prospective areas identified during the 2011 exploration program, prioritise them, delineate drill targets at Ashashire prospect and outline additional target areas at Dul and Menghe prospects. The budget for Phase I has a total of $554,200.

Phase II of the exploration program is dependent on the results of the Phase I. Following up on positive results from Phase I, the objective of Phase II will be to drill test targets outlined during the Phase I. This phase comprises the completion of 6,000 metres of diamond drilling at Ashashire prospect and other high priority targets. The budget for Phase II has a total of $1,703,000.

2.0 INTRODUCTION

2.1 Introduction

Caracle Creek International Consulting Inc. ("Caracle Creek") of Toronto, Ontario, Canada was contracted by Benzu Gold Mining Ethiopia Plc. ("Benzu Gold") of Addis Ababa, Ethiopia to review the Dul-Menghe and Agusha License (the "Property"), and prepare an Independent Technical Report (the "Report"), compliant with National Instrument 43-101 ("NI43-101"), companion policy NI43-101CP and Form 43-101F1. The purpose of this Technical Report is to update the exploration activities on the Property.

The information, conclusions and recommendations contained herein are based on a review of digital and hard copy data and information supplied to Caracle Creek by the Company, as well as various published geological reports, and discussions with representatives from the Company who are familiar with the Property and the area in general. Caracle Creek has assumed that the reports and other data listed in the “References” section of this report are substantially accurate and complete.

Additional reports/publications used as sources of information for this report are listed in the Reference Section (see Section 27.0). Information on Benzu Gold’s 2011 exploration program is in the Exploration
section (see section 9.0). This information is new and has not been previously released in a Technical Report.

Luc Harnois P.Geo visited the property on April, 25th to 28th, 2012 as described in the Data Verification section 12.0 of the Report.

2.2 Terminology

AIM: London Stock Exchange

ASX: Australian Securities Exchange

FA: Fire Assay

GRAV: Gravimetric finish

JORC: Joint Ore Reserves Committee

ICP-AES: Inductively Coupled Plasma – Atomic Emission Spectrometre: An instrument capable of determining the concentrations of 50+ elements simultaneously by measuring the light emitted by excited electrons of the elements in the sample generated by an argon gas plasma heated to 7,000°C and passing through a spectrometer to a photomultiplier tube detector. (U.S. Geological Survey: minerals.cr.usgs.gov).

IP: Induced Polarisation

ISO: International Standards Organization

ISO/IEC 17025: is the main standard used by testing and calibration laboratories. There are many commonalities with the ISO 9000 standard, but ISO/IEC 17025 adds in the concept of competence to the equation and it applies directly to those organizations that produce testing and calibration results. There are two main sections in ISO/IEC 17025 - Management Requirements and Technical Requirements. Management requirements are primarily related to the operation and effectiveness of the quality management system within the laboratory. Technical requirements address the competence of staff, methodology and test/calibration equipment (wikipedia.org and http://isotc.iso.org).

QA/QC: Quality Assurance/ Quality Control

UNDP: United Nations Development Project
2.3 Units

The Metric System is the primary system of measure and length used in this Report and is generally expressed in kilometres (km), metres (m) and centimetres (cm); volume is expressed as cubic metres (m$^3$), mass expressed as metric tonnes (t), area as hectares (ha), and gold and silver concentrations as grams per tonne (g/t). Conversions from the Metric System to the Imperial System are provided below and quoted where practical. Many of the geologic publications and more recent documents now use the Metric System but older documents almost exclusively refer to the Imperial System. Metals and minerals acronyms in this report conform to mineral industry accepted usage and the reader is directed to www.maden.hacettepe.edu.tr/dmmrt/index.html for a glossary.

Conversion factors utilized in this report include:

- 1 troy ounce/ton = 34.285714 grams/tonne
- 1 gram/tonne = 0.029167 troy ounces/ton
- 1 troy ounce = 31.103477 grams
- 1 gram = 0.032151 troy ounces

The term gram/tonne or g/t is expressed as “gram per tonne” where 1 gram/tonne = 1 ppm (part per million) = 1000 ppb (part per billion). The mineral industry accepted terms Au g/t and g/t Au are substituted for “grams gold per metric tonne” or “g Au/t”. Other abbreviations include ppb = parts per billion; ppm = parts per million; oz/t = troy ounce per short ton; Moz = million ounces; Mt = million tonne; t = tonne (1000 kilograms); SG = specific gravity; lb/t = pound/ton; and, st = short ton (2000 pounds).

Dollars are expressed in Canadian currency (CAD$) unless otherwise noted. Zinc (Zn), copper (Cu) and lead (Pb) are reported in US$ per pound (US$/lb) or US$ per metric tonne (US$/t). Gold (Au) and silver (Ag) are stated in US$ per troy ounce (US$/oz). Where quoted, Universal Transverse Mercator (UTM) coordinates are provided in Adindan Projection, Zone 36N.

2.4 Caracle Creek Qualifications

Caracle Creek International Consulting Inc. is an international consulting company with the head office of Canadian operations based in Sudbury, Ontario, Canada. Caracle Creek provides a wide range of geological and geophysical services to the mineral industry. With offices in Canada (Sudbury and
Toronto, Ontario and Vancouver, British Columbia) and South Africa (Johannesburg), Caracle Creek is well positioned to service its international client base.

Caracle Creek's mandate is to provide professional geological and geophysical services to the mineral exploration and development industry at competitive rates and without compromise. Caracle Creek's professionals have international experience in a variety of disciplines with services that include:

- Exploration Project Generation, Design and Management
- Data Compilation and Exploration Target Generation
- Property Evaluation and Due Diligence Studies
- Independent Technical Reports (43-101)/Competent Person Reports
- Mineral Resource/Reserve Modelling, Estimation, Audit; Conditional Simulation
- 3D Geological Modelling, Visualization and Database Management

In addition, Caracle Creek has access to the most current software for data management, interpretation and viewing, manipulation and target generation.

The primary Qualified Person and author of this Report is Mr. Luc Harnois, Ph.D., P.Geo. Mr. Harnois is a Senior Project Geologist for Caracle Creek Canada and a geologist in good standing of Ordre des Géologues du Québec (OGQ#478). Mr. Harnois has seven years of experience in mineral exploration. Mr. Harnois is jointly responsible for the entire report.

Another Qualified Person and co-author of this Report is Mr. Ardian Peshkepia, M.Sc., P.Geo. Mr. Peshkepia is an Associate Consulting Geologist for Caracle Creek Canada and a geologist in good standing with the Association of Professional Geoscientists of Ontario (APGO #1182). He has 12 years of experience in the mineral exploration industry and has authored/co-authored Independent Technical Reports (NI43-101). Mr. Peshkepia did not visit the property. He is jointly responsible for the entire report.

Certificates of Qualifications are provided in Appendix 1.
3.0 RELIANCE ON OTHER EXPERTS

Caracle Creek has completed this Report in accordance with the methodology and format outlined in National Instrument 43-101, companion policy NI43-101CP and Form 43-101F1. This Report was prepared by competent and professional individuals from Caracle Creek on behalf of the Company and is directed solely for the development and presentation of data with recommendations to allow the Company and current or potential partners to reach informed decisions.

The information, conclusions and recommendations contained herein are based on a review of digital and hard copy data and information supplied to Caracle Creek by the Company, as well as various published geological reports, and discussions with representatives from the Company who are familiar with the Property and the area in general. Caracle Creek has assumed that the reports and other data listed in the “References” section of this report are substantially accurate and complete.

Caracle Creek has relied exclusively on information provided by the Company regarding land tenure, underlying agreements and technical information not in the public domain, and all of these sources appear to be of sound quality. Caracle Creek is unaware of any technical data other than that presented by the Company or its agents. Caracle Creek did not conduct an in-depth review of mineral title and ownership and the title ownership and status of claims as outlined in this Report was obtained from Benzu Gold. While title documents and option/purchase agreements were reviewed for this study as provided by Benzu Gold, it does not constitute, nor is it intended to represent, a legal, or any other opinion as to title.

The dates, titles and authors of all reports that were used as a source of information for this Technical Report are listed in the “References” section of this report. The dates and authors of these reports also appear in the text of this Report where relevant, indicating the extent of the reliance on these reports.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Location

The Property is located in Ethiopia, a landlocked country in Eastern Africa with a population of approximately 90,000,000 (Figure 4-1). The Federal Republic of Ethiopia shares its 5,328 km of border with Djibouti (349 km), Eritrea (912 km) Kenya (861 km), Somalia 1,600 km), Sudan (769 km) and South Sudan (837 km). Ethiopia surrendered its Red Sea coastline to Eritrea in May 1993.
Figure 4-1 Location map of Benzu Gold’s property in western Ethiopia.

The border between Ethiopia and Eritrea has never been precisely demarcated. Between 1998 and 2000, the two countries fought a war over the issue, which involved a small enclave along the northern segment of their border, including the tiny village of Badme and the region of the Irob people. In 2002, an international boundary commission delimited the border. The central section of Ethiopia’s border with Somalia also has never been fully demarcated and is only provisional. Questions remain about the precise location of small parcels along the border with Sudan as well.

The nine ethnically based states and two self-governing administrations within Ethiopia include Afar, Amara, Benishangul Gumuz, , Gambela Hizboch, Hareri Hizb, Oromiya, Sumale, Tigray and Ye Debub Biheroch Bihereseboch na Hizboch, Addis Ababa and Dire Dawa.
The project is located in Benishangul Gumuz National Regional State (“BGNRS”) in western Ethiopia about 700 km west of the capital, Addis Ababa. The license covers three blocks for a total area of 954.3585 km². The license areas are located in Asosa Zone of the BGNRS, in localities known as Menghe, Dul, Agusha and Gumu. Access to the area is via the main paved road (M5) from Addis Ababa to Asosa or by flying from Addis Ababa to Asosa (current flight schedule is three times a week). The center of the Dul-Menghe block (by far the largest of the three blocks of the License) is situated at approximately UTM (Adindan Projection; 36N) coordinates 676000E ; 1157500N and Latitude 10° 28’08’’ N and Longitude 34° 36’ 32”’ E.

4.2 Description and Ownership

Benzu Gold Mining Ethiopia Plc. holds one exploration license over three non-contiguous blocks (Dul-Menghe, Agusha West and Agusha East) totalling 954.3585 square kilometres located within the Benishangul Gumuz National Regional State region of Western Ethiopia near the border of Sudan (Table 4-1, Figure 4-2, Appendix 2). Benzu Gold Mining Ethiopia Plc. is a wholly beneficially owned indirect subsidiary of 2328438 Ontario Inc.

<table>
<thead>
<tr>
<th>License Block</th>
<th>Area (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dul-Menghe</td>
<td>860.1130</td>
</tr>
<tr>
<td>Agusha East</td>
<td>55.8010</td>
</tr>
<tr>
<td>Agusha West</td>
<td>38.4445</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>954.3585</strong></td>
</tr>
</tbody>
</table>

Benzu Gold’s Dul Menghe and Agusha exploration license expiry date is Jan. 24, 2013.

Benzu Gold’s administration and exploration expenditures from June 2011 to December 2011 are given in Appendix 3.
Jean Lafleur (2006) clearly summarized the Ethiopian Mining Code in his report where he states “that all mineral resources in Ethiopia are public property and that the Federal State shall ensure the conservation and development of the mineral resources for the benefit of the people. No person or company shall prospect, explore or mine in Ethiopia unless he is a holder of a license. Any person or company may acquire a license provided that he is qualified to carry on trade in Ethiopia under the provisions of the Commercial Code and possesses the required financial resources, technical competence, professional skill and experience necessary to fulfill the obligations under the license”.

The Property is under Exploration License, which grants the owner the exclusive right to explore for minerals for an initial period of three years and may be renewed twice for one year each, see Appendix 2. At the time of renewal a portion of the license, not less than 25%, must be relinquished. In order to
maintain a valid Exploration License, a proposed work program and summary of exploration activities must be supplied to the Ethiopian Ministry of Mines and Energy each year. In the event economic mineralization is found and a pre-feasibility study is conducted, the Exploration License will become a Mining License.

The properties have not been legally surveyed but demarcated on a topographic map and recorded in the files of the Ethiopian Ministry of Mines and Energy who have adopted the internationally recognized digital system known as Flexicadastre (Spatial Dimension proprietary technology).

To the extent known to the QP, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property and there are no environmental liabilities to which the property is subject.

### 5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

#### 5.1 Access

The Project area can be accessed either by paved road from Addis Ababa through Asosa (a 12 hour drive) or by flying from Addis Ababa to Asosa (current flight schedule is three times a week). From Asosa, the properties named Agusha West and Agusha East are accessible through Asosa-Agusha gravel road, whereas the Dul-Menghe area is accessible through the Asosa-Komosha-Kurmuk road currently being paved (Figure 5-1).
Figure 5-1 Panoramic view of Kurmuk-Asosa road.

Benzu Gold’s exploration camp (Ahashire camp) is located 80km north of Asosa and can be accessed through the Asosa-Komosha-Kurmuk road. The project area named Menghe is located 66km from the town of Asosa and is accessible through the Asosa-Komosha-Shirkole-Gizen all-weather gravel road. A new six km trail connects Ahashire camp to the main Ahashire ridge. The Dul Montain area can be reached via a 14km trail from the Ahashire Camp.

There are no railroads in the region. There is only one railway in Ethiopia that connects the ports of Djibouti and Addis Ababa.
5.2 Climate and Vegetation

Rainfall and temperature patterns vary widely because of Ethiopia’s location in the tropics and its diverse topography. In general, the highlands above 1,500 meters enjoy a pleasant, temperate climate, with daytime temperatures between 16°C and 30°C and cool nights. In areas below 1,500 meters, such as large river valleys, the Denakil Depression, the Ogaden in the southeast, and parts of the southern and western borderlands, daytime temperatures range from very warm (30°C) to torrid (upwards of 50°C), sometimes accompanied by high humidity. Precipitation is determined by differences in elevation and by seasonal shifts in monsoon winds. The highlands receive by far the most rainfall whereas lower elevations receive much less. In general, relative humidity and rainfall decrease from south to north and vary from scant to negligible in the eastern and south-eastern lowlands.

The climate in the project area is tropical with long dry season from December to May, and a rainy period from June to September, sometimes continuing into October. Exploration activities may be limited during the rainy season. Drilling is not recommended during the rainy season, but mapping and sampling could be completed.

Vegetation is sparse consisting mainly of bamboo, mango trees, incense trees and savannah grass. The area is densely covered by savannah grass, during the rainy season, from June to November. Thick tree growth is mainly confined to river valleys.

5.3 Physiography

Ethiopia’s topography consists of a central high plateau (Ethiopian Plateau) bisected by the Ethiopian segment of the Great Rift Valley into northern and southern highlands and surrounded by lowlands, more extensive on the east and southeast than on the south and west. The plateau varies from 1,500 to 3,000 meters above sea level and features mountainous uplands separated by deep gorges and river valleys, especially in the north. The highest point is Ras Dashen at 4,620 meters in the northern highlands. In the east, the Denakil Depression, part of the Great Rift Valley, is locally 115 meters below sea level and is one of the hottest places on earth. A chain of lakes lies in the southern Great Rift Valley, but the largest inland body of water is Lake Tana in the northwest.

The Dul-Menghe exploration block is characterized by rugged topography, parallel ridges and elevated areas (Figure 5-2). Low lands dominate the western portion of the Dul-Menghe block, while the eastern part forms hills and mountain ranges (Figure 5-3). Mount Dul rises to an elevation of 1307 meters from
the low land that average 650 meters above sea level. Most of the streams in the area are seasonal and flow westwards, except in the far east.

Figure 5-2 Panoramic view of mountain ridges at Dul-Menghe area.
The Agusha East and West exploration blocks lie on top of a north-south running escarpment that lies to the east of the Sirkole Quaternary graben. Rugged topography, dissected ridges and steep-sided valleys characterize the western and southern portion of the area while the northeast part is relatively flat. The north-south running Kushmangal Mountain forms the highest peak in the northwest part of the area. Most of the streams that drain the Agusha East and West exploration blocks, with dominantly sub-parallel drainage pattern, flow westwards except those in the far east. Most of these streams are dry except in the rainy season. Gudaba, Amarbasho, and Tiliku Sirkole are the main perennial rivers in the area. All north-westerly and westerly flowing streams in the southern and northern part are tributaries of the Sirkole River.
5.4 Infrastructure and Local Resources

The towns and villages spotting the countryside provide all necessities, with the town of Asosa (population 20,226; 2005 est.) acting as the primary logistics base for the duration of exploration activities. Asosa has an airport with a paved runway and a new terminal is being built. Ethiopian Airlines has three flights per week to Asosa from Addis Ababa. Labour force and translators can be sourced from towns and villages in the area. Ethiopian junior geologists can be sourced from the University of Addis Ababa Earth Science department in Addis Ababa.

The license area is sparsely populated. The main inhabitants are the Benishangul tribes living in groups in isolated villages. They are generally bilingual, speaking Arabic and their local language, and follow a Muslim religion. The agricultural level is poor, and most are engaged in placer gold mining. Mechanized farming activities are also practiced in the western and north eastern part of the license area.

Benzu Gold’s Dul-Menghe and Agusha project is in the exploration stage and does not yet have 43-101 compliant resource/reserve or a prefeasibility study; therefore, discussion on potential tailings storage areas, potential waste disposal areas, heap pad leach pad areas and potential processing tailings storage area for mining operations is not relevant.

6.0 History

The presence of gold in Ethiopia has been known for centuries and recorded by historians through evidence that early Egyptian Pharaohs conducted commercial expeditions to the region, trading for gold, ebony, myrrh and incense with the Ethiopian Punite peoples. Since that time, artisanal mining of placer riverbeds has continued in many regions.

Regional scale mineral exploration and mapping projects in the past have been conducted by the Ethiopian Institute of Geological Surveys (“EIGS”) and Enzana Mining Development (“EMD”). Efforts by the EIGS to produce detailed 1:250 000 geological maps of the entire country, including the Kumruk-Asosa and Axum have been relatively successful.

The western greenstone belt has been well known for its gold occurrences since the 1930’s. Historically the belt has generally been prospected for primary gold and associated base metal mineralization. Four old workings have been located in the western belt (Agusha-Gumu, Tsilfa, Hulook and Basha).
Historical records mention Swiss and Italo-German companies working within the region pre-WWII, prior to and during the Italian occupation (Jembere, M., et. al., 1995). There is little evidence of the work that they conducted, as reports indicate they left all of their equipment in the adits and destroyed the access portals. The size and number of artisanal workings within the area suggest that they may have been ongoing for a number of years, likely pre-dating the historical Swiss and Italo-German workings and probably dating back to historical periods.

The Proterozoic greenstone terrain of western Ethiopia has been regionally mapped and evaluated by previous investigators. This included the following works: Cusinier (1932), Hess (1932) and Fontana (1945). Usoni (1952) compiled a mineral occurrence map of western Wellega.

A photo geological mapping exercise was undertaken by Huntington Geology and Geophysical Ltd. with Survair Geophysical Ltd. in 1967 on behalf of the United Nations Development Program (“UNDP”). Base metal exploration started in 1969 with an extensive geochemical reconnaissance program carried out by the UNDP in the area to the west of the Blue Nile.

A joint Ethiopian Institute of Geological Survey (EIGS)-UNDP mission conducted mineral exploration surveys from 1967-1971. The mineral exploration surveys included airborne radiometric and magnetic surveys (UNDP, 1972). Stream sediment sampling and regional mapping was undertaken to delineate areas of interest. Upon the completion of this work soil, grab and pit sampling was undertaken, followed by diamond drilling to test the mineral occurrences found (UNDP, 1972).

The Metal Mining Agency of Japan (“MMAJ”) conducted two phases of exploration between 1973 and 1974, with the aim of outlining the mineral occurrences and geology of the target areas (MMAJ, 1974). As with the UNDP work, the MMAJ first carried out a photo geological reconnaissance survey at 1:50,000 to 1:60,000 scale and geochemical prospecting (stream sediment, pan concentrate, and soil sampling). The work was focused on three zones designated A, B, C which incorporates Asosa-Kurmuk-Gizen; Mendi-Tobo and Gorrdana-Billa areas, respectively. The survey covered 10,000km², out of which 8000km² is in Asosa-Kurmuk-Gizen area which includes the Agusha-Gumu Dunga License area. Sampling, mapping and geophysical studies were planned for the 3rd and 4th phases of this program but actually never undertaken and completed (MMAJ, 1974).

Between 1980 and 1982, the EIGS completed a programme of stream sediment, soil and rock sampling, together with the re-interpretation of historical work (Ahmed M., 1982). This work was conducted with
the aim of finding areas of interest for follow up work which was to include geological mapping, geophysics, soil, rock and drill core sampling (Ahmed M., 1982).

Between 1982 and 1983, the EIGS conducted follow up work on their work from their earlier survey, with regional surveys, including 2,772 soil samples from a number of detailed 100m by 500m grids and 225 rock samples taken from altered or mineralized outcrops to supplement the soil grids (Jembere M., 1984). This work delineated a number of anomalies within the Dul area including the Dul Mountain, Azale and Ashashire targets (Jembere M., 1984).

In 1994, the EIGS began the Dul Gold Exploration Project, with the aim of localising, delineating, evaluating and developing the gold occurrence at Dul Mountain and similar occurrences within the surrounding area (Jembere, M., et. al., 1995). This work included geological mapping, geophysical exploration, 960m of trenching, 446m of pitting and 736.8m of diamond drilling. The wide mineralized zones recorded at surface could not be replicated by drilling as a result the target did not warrant further investigation (Jembere, M., et. al., 1995).

Golden Star Resources Limited – Ethiopia (GSR) was granted an exclusive Exploration License for the Dul and Menghe license areas on the 30th of April 1995 covering a total of 1800km². During the 3 years that they explored these licenses, they drilled 17 diamond drill holes at Dul Mountain (Figure 6-1), 10 at Menghe Ridge (Figure 6-2) and 3 at Azale, (Tables 5-1, 5-2 and 5-3) (GSR, 1997). The results from these programmes were, in their opinion, disappointing, as similar to the drilling conducted by the EIGS in 1994, surface results were not replicated by the drilling. Due to their repeated failure exploring historic targets, GSR undertook a stream sediment sampling programme with the aim of defining new targets, during this campaign 4 new targets were outlined (GSR, 1997). GSR relinquished their exploration licenses in Ethiopia in 1998, due to the drastic downturn in gold prices.
Figure 6-1: Historical work (drillholes and trenches) completed by GSR at Dul Mountain prospect.
Table 6-1 Summary of work completed by GSR on the property.

<table>
<thead>
<tr>
<th>Prospect Name</th>
<th>Type of work</th>
<th>Unit</th>
<th>Volume</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dul Mountain</td>
<td>Trenching</td>
<td>metres</td>
<td>1704.76</td>
<td>10 trenches</td>
</tr>
<tr>
<td></td>
<td>Channel samples</td>
<td>number</td>
<td>1443</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diamond drilling</td>
<td>metres</td>
<td>1995.39</td>
<td>10 drillholes</td>
</tr>
<tr>
<td></td>
<td>Core samples</td>
<td>number</td>
<td>2724</td>
<td></td>
</tr>
<tr>
<td>Azale</td>
<td>Trenching</td>
<td>metres</td>
<td>3469.31</td>
<td>10 trenches</td>
</tr>
<tr>
<td></td>
<td>Channel samples</td>
<td>number</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diamond drilling</td>
<td>metres</td>
<td>633.44</td>
<td>3 drillholes</td>
</tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>Soil samples</td>
<td>number</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grab samples</td>
<td>number</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Ashashire</td>
<td>Trenching</td>
<td>metres</td>
<td>483</td>
<td>7 trenches</td>
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<td></td>
<td>Channel samples</td>
<td>number</td>
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<td></td>
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<td></td>
<td>Soil samples</td>
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<td>1593</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grab samples</td>
<td>number</td>
<td>83</td>
<td></td>
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<tr>
<td>Belaute</td>
<td>Trenching</td>
<td>metres</td>
<td>399</td>
<td>2 trenches</td>
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<td></td>
<td>Channel samples</td>
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<td></td>
<td>Grab samples</td>
<td>number</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Menghe</td>
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<td>13 trenches</td>
</tr>
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<td></td>
<td>Channel samples</td>
<td>number</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diamond drilling</td>
<td>metres</td>
<td>1372.58</td>
<td>10 drillholes</td>
</tr>
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<td></td>
<td>Core samples</td>
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<td>?</td>
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<td>Soil samples</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Grab samples</td>
<td>number</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gound Mag Survey</td>
<td>line km</td>
<td>120</td>
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<td></td>
<td>Soil samples</td>
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<td>2822</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grab samples</td>
<td>number</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>
Figure 6-2: Historical trenches and drillholes completed by GSR at Menghe prospect.
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Dul-Menghe and Agusha License
Benzu Gold Mining Ethiopia Plc.

Table 6-2 Best assay results from historical drilling at Dul Mountain by GSR.

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>From</th>
<th>To</th>
<th>Length (m)</th>
<th>Au (g/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLBH2</td>
<td>157.06</td>
<td>159.41</td>
<td>2.35</td>
<td>5.19</td>
</tr>
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<td></td>
<td>173.47</td>
<td>177.43</td>
<td>4.96</td>
<td>3.14</td>
</tr>
<tr>
<td>DLBH3</td>
<td>106.56</td>
<td>110.24</td>
<td>3.68</td>
<td>1.00</td>
</tr>
<tr>
<td>DLBH4</td>
<td>169.78</td>
<td>171.81</td>
<td>2.03</td>
<td>5.12</td>
</tr>
<tr>
<td></td>
<td>250.59</td>
<td>252.60</td>
<td>2.01</td>
<td>2.86</td>
</tr>
<tr>
<td>DLBH5b</td>
<td>93</td>
<td>95</td>
<td>2</td>
<td>4.9</td>
</tr>
<tr>
<td>DLBH6</td>
<td>53</td>
<td>55</td>
<td>2</td>
<td>6.8</td>
</tr>
<tr>
<td>DLBH7</td>
<td>187.05</td>
<td>193.96</td>
<td>6.91</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Table 6-3 Best historical assay results from trenching at Ashshire by GSR.

<table>
<thead>
<tr>
<th>Trench</th>
<th>From</th>
<th>To</th>
<th>Length (m)</th>
<th>Au (g/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASHTR1</td>
<td>29.65</td>
<td>43.75</td>
<td>14.1</td>
<td>6.36</td>
</tr>
<tr>
<td>ASHTR2</td>
<td>32.85</td>
<td>41.85</td>
<td>9</td>
<td>1.34</td>
</tr>
<tr>
<td>ASHTR3</td>
<td>12.1</td>
<td>18.1</td>
<td>6</td>
<td>0.73</td>
</tr>
<tr>
<td>ASHTR4</td>
<td>31.65</td>
<td>33.65</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>ASHTR5</td>
<td>38</td>
<td>58.85</td>
<td>20.85</td>
<td>2.79</td>
</tr>
<tr>
<td>AshTR7</td>
<td>24.85</td>
<td>38.45</td>
<td>13.6</td>
<td>5.28</td>
</tr>
</tbody>
</table>

In 1998, Emerging Africa Gold (“EAG”) acquired a license to explore gold and base metal in the Agusha-Gumu Dunga and Basha Blocks after evaluating old soil geochemical anomalies reported by EIGS-UNDP (1972) and Guliev (1982). EAG carried out regional geological and geochemical survey involving Heavy Mineral Concentrate (HMC) and stream sediment sampling and outlined three target areas; namely Gumu Dunga, Tsilfa and Hulook (EAG, 1998). Follow up soil sampling program was implemented at 500 x 50m accompanied by geological mapping and chip rock sampling.

On the 25th of January 2007, Aberdeen International entered into a joint venture with Ethio-Gibe Canada Mining PLC (EGCM) to explore the western greenstone belt, which includes the Menghe and Dul licenses (Fox, 2008). On the 28th of November 2007 Avion Resources Corp. purchased the rights to work on the ground held by Aberdeen International and took over EGCM’s obligations. Avion Resources’
exploration program on the Dul-Menghe and Agusha property included Satellite Image Interpretation, Magnetic and Radiometric airborne survey as well as geological mapping prospecting and rock sampling. Satellite Image interpretation of Dul-Menghe and Agusha properties was successful at identifying several structural trends associated with known occurrences and several high priority structures with good correlation to alteration patterns. Seventeen target areas were identified and selected for follow up work.

The airborne survey was designed at 400m line spacing and totalled 3,436 line kilometres with an east-west flight line. Within the survey area, more than 20 magnetic anomalies were identified as prospective for possible gold mineralization. Radiometric survey data were used to identify possible intrusive bodies and/or stockwork systems associated with discrete magnetic anomalies and a transition from K-low to K-high between the north and south portion of the property (Fox, 2008).

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The geology of Ethiopia consists of four major divisions: (1) the Archean to Proterozoic crystalline basement; (2) the Late Paleozoic to Mesozoic greenschist facies volcanic and sedimentary sequences; (3) the Tertiary sedimentary and volcanic sequences; and (4) the Quaternary sedimentary and volcanic rocks including evaporates in the Ethiopian Rift system (Figure 7-1).
Ethiopia is underlain at depth by Precambrian Crystalline basement rocks of the Arabian-Nubian shield which spans northeast Africa and Arabia. The basement is mostly covered by continental and marine sediments of Permian to Paleogene age and by Tertiary to Quaternary volcanic rocks and related sediments. Basement rock exposures occur in areas of high erosion where the Phanerozoic cover has been removed. These basement rocks are separated into three complexes: Lower Complex (Archean rocks); Middle Complex (Early Proterozoic); and Upper Complex (Late Proterozoic).

There are two main contrasting lithological terrains in Ethiopia similar to terrains recognized in the adjacent countries of northeast Africa and Arabia. The lithologies are high grade metamorphic gneissic terrains (amphibolite to granulite facies, ortho-gneisses, paragneisses and migmatites) and lower grade metamorphic greenstone / greenschist units to lower amphibolite facies volcano-sedimentary and
associated metamorphic-ultramafic assemblages. Both terrains are intruded by syn- and post-orogenic granitoid plutonic intrusives. The terrains are separated by major tectonic features, predominantly Early to Late Proterozoic thrust and/or shear zones that extend for several kilometres. The gneisses and migmatites are older than the volcano-sedimentary belts.

The gneissic terrains have been correlated to the Mozambique Belt of northeast Africa which consists of high grade, poly-deformed and metamorphosed gneisses, migmatites and granulites. Radiometric dates indicate these rocks are Late-Proterozoic Pan-African age.

The low grade metamorphic volcano-sedimentary and associated mafic-ultramafic assemblages are similar to the southern extension of the Arabian-Nubian shield of northeast Africa and Arabia which form part of the Pan-African Orogen (Neo-Proterozoic). The Arabian-Nubian shield consists of greenschist facies island arc volcanics and pelitic sediments, ultramafic rocks and calc-alkaline plutonic rocks. The volcano-sedimentary sequences are generally understood to be accreted arc/back-arc complexes of Pan-African age containing remnants of oceanic crust that developed ~1000-500 Ma.

Three distinct volcano-sedimentary greenstone belts are reported in Ethiopia: the Adola Belt in Southern Ethiopia; The Western Greenstone Belt near the Sudan border; and the Northern Tigray Greenstone belt which extends into Eritrea.

7.2 Local Geology

The exposed rocks in Western Ethiopia consist primarily of Lower Complex gneisses and migmatites. These are coarse grained, well foliated and banded, strongly deformed and metamorphosed to amphibolite facies. The Upper Complex overlies the Lower Complex and consists of metavolcanic and meta-sedimentary rocks of low grade greenshist to amphibolite facies. The metavolcano-sedimentary lithologies include graphitic phyllite, carbonaceous schists and marble. Ultrabasic to acidic intrusives related to the Upper complex intrude the Lower Complex and are believed to be related to the tectonic development of the Upper Complex. Together these rocks form the Western Greenstone Belt (Figure 7-2). Predominant lithologies include chlorite-graphite-sericite schists, phyllites, quartzites, andesites and rhyolites. Multiple phases of deformation are recorded in the Western Greenstone Belt. The regional strike of the foliations ranges from N-S to NW-SE and NE-NW. The predominant direction of foliation in the region is NE-SW.

The Western Greenstone Belt is host to numerous gold and base metal occurrences including Azale, Ashashire, Boka-Dalleti-Bindakoro, Oda-Godere, Mount Dul, Ondonok, Tulu Kapi, Ankori, Kata and
Menghe. The belt is divided into roughly NE striking mineralization corridors based on slightly different mineralization styles and distributions however the general principles are similar across the belt. Gold and sulphide mineralization in this belt occurs in gossans and ferruginous quartzites and quartz veins hosted in metasediments and volcano-sedimentary sequences. The metals appear to be both lithologically and structurally controlled, demanding a firm understanding of contacts and structural orientations.

7.3 Property Geology

The Benzu Gold properties lie in the Dul and Menghe corridors (Figure 7-2). The properties are dominated by Precambrian metasediments and metavolcanics of the greenschist facies (GSR, 1996).
These have been intruded by syn to post tectonic intrusives of basic to acidic composition and more recently by Cenozoic basaltic dykes and sills.

![Property geology map of Benzu Gold’s Dul Menghe claim block.](image)

The metasediments include phyllites, graphitic schists, metaconglomerates (interlayered with the metavolcanics), and siliceous mudstones and marls. The metavolcanic units include amphibolites, basalts, andesites and dacites. The central part of the Dul Mountain area is covered largely by metabasalts and meta-andesites. These metasediments, metavolcanics and the ultramafic units to the east are folded, metamorphosed and hydrothermally altered. As the result of local and regional shearing, the chemical and textural characteristics of these rocks have changed and now most of these rocks are schistose in texture.

Four different vein systems were identified by the EIGS and GSR (GSR, 1996). These include in order of decreasing abundance: quartz, carbonate, chlorite and epidote veins. The quartz veins are considered most
important due to their close association with the pyrite/chalcopyrite/gold mineralization. The colour of the veins varies from pink to smoky grey to white. The smoky grey veins are more consistently mineralized than the other quartz veins.

The quartz veins are syn to post tectonic as evidenced by the common ribbon structures. Disseminated pyrite is common up to 5% with occasional chalcopyrite and malachite/azurite staining. Rare tourmaline has been observed as aggregates or fine dissemination. The quartz veins range in thickness from <1cm to 50cm thick. Previous work by EIGS delineated five separate quartz vein orientations at Mount Dul while work by GSR identified two main orientations: a sub-horizontal set and a sub-vertical set with no consistent strike orientation.

The wall rock along the quartz veins is regularly sheared, intensively sericitized, and commonly silicified. Moving away from the veins, carbonatization is more common. Weakly disseminated pyrite is common in the wallrock directly adjacent the veins but fades within 30cm of the vein (GSR, 1996).

7.4 Mineralization

The review of the historical work (see Section 6.0) as well as the presence of widespread artisanal workings (most of which are on hard rock) within the Dul-Menghe property indicate that gold mineralization occurs in a variety of settings. Three styles of mineralization have been observed in the property:

1. Structurally shear hosted mineralization consisting of low to moderate sulphide (disseminated pyrite, chalcopyrite, sphalerite) and rare fine gold specks associated with silicification, carbonatization, sericitization and tourmalinization;
2. Massive, mineralized quartz ribbon vein, probably boudinaged.
3. Gold bearing, quartz stockwork comprising tensational and flat veins.

8.0 Deposit Types

The Dul-Menghe Property is prospective for orogenic gold deposit (“shear zone hosted”, “mesothermal”, “greenstone-hosted quartz-carbonate vein” deposit) (Figure 8-1). These deposits occur in deformed greenstone belts, particularly those that are characterized by tholeiitic basalts and ultramafic komatiites intruded by intermediate to felsic porphyritic intrusions (Dubé and Gosselin, 2007). They are located along major compressional to transtensional crustal-scale fault zones marking convergent margins.
between major units but ore is typically hosted by second- and third order shears and faults and at jogs and changes in strike (Goldfarb et al., 2005).

Orogenic gold deposits are characterized by a network of auriferous, laminated quartz-carbonate veins and locally hydrothermal breccias. The dominant sulphides are pyrite and arsenopyrite but W-, Bi- and Te-bearing phases are also common. Sulphides also occur disseminated in the wall rock. Typical alteration includes iron-carbonate, silicification, muscovite, chlorite, K-feldspar, biotite, tourmaline and albite. Orogenic deposits formed from metamorphic fluids (Dubé and Gosselin, 2007) that were rich in CO₂, low in salinity and generated during prograde metamorphism where the fluids were channelled along major crustal deformation zones. Drastic pressure changes (and resulting unmixing and desulfidation) and wall rock interaction caused the precipitation of the sulphides (and gold).

Figure 8-1 Schematic presentation of the geological environment and crustal depth of orogenic gold deposits (from Dubé and Gosselin, 2007)
World-class orebodies are between 2 and 10 km long, approximately 1 km wide and extend to depths of 2 to 3 km (Goldfarb et al., 2005). Canadian examples include the Timmins, Kirkland Lake, Val d’Or and Rouyn-Noranda districts of the Abitibi greenstone belt and the Pickle Lake and Rice Lake greenstone belts of the Uchi subprovince, Ethiopian examples include Lega Dembi gold mine in the Adola-Moyale Belt of Southern Ethiopia (Figure 8-2).

Metamorphic belts are complex regions composed of stacking of volcanic and sedimentary terrains representing accretion and collision episodes. Gold deposits set up at all stages of orogen evolution. The metamorphism then remobilized these deposits during the major compressional orogeny responsible for the final shape of metamorphic belts. This led to the formation of evolving metamorphic belts containing diverse gold deposit types which may be juxtaposed or overprint each other (Groves et al., 2003).

The temporal distribution of orogenic gold deposits is marked by two Precambrian peaks: 2800-2550 Ma and 2100-1800 Ma, related to major periods of crustal growth (Condie, 1998) at the origin of giant cratonic provinces such as the Abitibi Greenstone Belt (Canada), Norse-Wiluna belt (Australia), Ashanti belt (Ghana) and Juneau and Mother lode belts (USA) (Figure 8-2).

At the district scale, the orogenic gold deposits are controlled by crustal-scale deformation zones hosting swarms of felsic porphyry intrusions and/or lamprophyre dykes. The presence of jogs and bends, lower-order shear zones and major competency contrasts in lithostratigraphic sequence for example may play a role in creating stress zones favorable to fluid concentration (Groves et al., 2003) (Figure 8-2).

At the deposit scale, all orogenic gold orebodies show strong structural control, often associated with the reverse component of shear (Sibson et al., 1988) hosted in variable greenschist facies rocks from volcanic to intrusion and sediments. Mineralization at Lega Dembi gold mine in the Adola Gold district of Southern Ethiopia is associated with Lega Dembi schists that occur within a grossly north-south trending major ductile transcurrent sinistral shear zone (Ghebreab et al., 1992). In the Abitibi subprovince, in Canada the orogenic gold mineralization occurs in tholeiitic basalts and komatiitic flows intruded by intermediate to felsic porphyry intrusions and are often associated with Timiskaming conglomerates, suggesting a relationship between large-scale deposits and regional unconformities (Dubé and Gosselin, 2007).

Two types of mechanisms of gold deposition in orogenic deposits have been postulated. Gold can be in either altered wall rock, due to desulfidation reaction with rocks with high Fe/(Fe+Mg) ratios (Phillips
and Groves, 1983; Lambeck et al., 2011), or in quartz-carbonate veins. These Au-bearing veins form networks or stockworks, which are laminated quartz-carbonate fault–fill veins hosted by compressional brittle-ductile shear zones. Formed at intermediate depths (5-10km), the mineralization is syn- to late-deformation and typically associated with iron carbonate alteration (Kerrich et al., 2000; Dubé and Gosselin, 2007).
Figure 8-2 Examples of orogenic gold deposits world-wide (from Dubé and Gosselin, 2007).
9.0 Exploration

The main exploration activities carried out by Benzu Gold during 2011 on the license area included a review of historic exploration work, ground truthing of historic drill holes and trenches, preliminary structural mapping of selected target areas, re-interpretation of airborne geophysical data and follow up exploration program at Ashashire and Dul Mountain prospects including geological mapping, rock chip sampling, soil sampling and trenching. For a review of the historic exploration work see Section 6.0 of this report. In addition, a field exploration camp was built (Figure 9-1) and a total of 15km long access road has been constructed between the camp and Ashashire and Dul target areas. The project team was operating from the camp. A bulldozer (CATD7G) and a CAT325B excavator were leased and used to construct access roads and excavate trenches. Three rented Toyota Landcuiser vehicles were used for ground transportation of field personnel. Local militias from Dul, Ashashire and Horezab were used for security in the field.

Figure 9-1 Benzu Gold’s exploration camp at Ashashire.
Ground truthing of historic drill hole and trench sites was conducted over 2 weeks, from June 15 to 28, 2011. The main objectives of the program were to collect GPS points of old trenches, drillholes and baselines in order to transform the old exploration data from a local coordinate system into a geographic reference system; geo-reference geological, geochemical and different maps produced using local coordinate system by various workers in the past, and create a geographically referenced database in order to facilitate data capturing and interpretation. All maps produced using local coordinate systems by previous workers were successfully geo-referenced using ArcGIS 10 software into Adindan Datum (UTM Zone 36N). A project geo-database has been created and is being used to capture, organize and interpret exploration data.

9.1 Mapping and Sampling

Preliminary structural mapping was conducted over 2 weeks, from July 3 to 15, 2011 by Caracle Creek International Consulting (South African Office). A field team consisting of a consulting geologist from Caracle Creek and a geologist from Benzu Gold carried out structural mapping on selected target areas. The objective of the structural mapping was to gain an understanding of the potential influence of structure on the gold mineralization present in the license area. The interpretation of structural data indicates that Ashashire, Dul and Azale target areas are dominated by D1 deformation phase. These three areas are situated within the Sirkole Domain of the Tuludimtu Orogenic Belt, which point to a compressional west-vergent event (“D1” of Allen and Tadesse, 2003) that compressed the strata in a northwest-southeast direction, creating the northeast-southwest striking structures that have been documented on the mapped areas.

Menghe area is situated along the western margin of the Dengi Domain to the east of the Sirkole Domain and is structurally more complex than the other mapped areas and documents the D3 deformation event the sinistral strike-slip event (D3 of Allen and Tadesse, 2003). Gold mineralization at Ashashire and Menghe areas is associated with mesostructures as well as major lithological contacts between granites/granodiorites and mafic/ultramafic lithologies as per Dul and Menghe.

The geological mapping program within Dul-Ashashire target area focused mainly along the Agubela-Ashashire road cut, on Ashashire ridge and southern extension of Ashashire ridge towards Dul. Mapping was conducted along selected traverse lines oriented across the strike of the main foliation. The main lithologic units mapped in the area comprise granitoids, metavolcanics, metasediments, ultramafics, gabbros and quartz veins.
The **granitoids** cover the north western part of the Ashashire area and occur as intrusions within serpentinized actinolite schist and feldspathic quartz mica schist. The granitoids include granites, granodiorites and aplites. The granites are grayish to light pink in colour, coarse grained and the contact with the country rock is marked by quartz-sericite alterations and manganese staining. Disseminated sulphide mineralization, mainly of pyrite was noted in altered and sheared granite in northern part of Ashashire ridge. The aplitic dykes are light pink in colour, mostly sheared and mineralized with disseminated pyrite at places.

**Metavolcanics** (mafic schists) outcrop along a road cut east of the granitic body in the north western part of the Ashashire area. The mafic schists are dark green in colour, medium grained and foliated. Alteration takes the form of silicification, chloritization, biotitization and carbonatization. This unit display sulphide mineralization in the form of dissemination and associated with quartz stockworks and veins. Pyrite is the most common sulphide mineral noted with minor chalcopyrite and traces of bornite (?). The contact with the granite unit is marked by a fault zone that shows intensive fracturing.

The **metasediments** outcrop in the eastern and southern part of Ashashire. The rocks include feldspathic quartz-mica schist, metachert and quartzites. The feldspathic quartz-mica schist unit is exposed in the north eastern part of Ashashire along the Agubela-Ashashire road cut. The rock is pale grey, fine to medium grained, intensely foliated and displays carbonate alteration. The metachert and quartzite units outcrop in the southern part. The metachert displays sulphide mineralization in the form of dissemination and sulphide seams. Pyrite is the most common sulphide with minor chalcopyrite and magnetite.

The **ultramafics** outcrop as an elongated body in the central and eastern part of the Ashashire area. Rock units in this group include serpentinized actinolite schist and intensely altered talc-actinolite schist. The serpentinized actinolite schist covers the central part of the Ashashire ridge. It is pale to dark green in colour, medium to coarse grained and intensely foliated. It is intruded by aplites and granites. This unit is intensely serpentinized and at places kaolinized. It is highly folded and kinking or intrafolial folds are common. Fold closures were observed at several places. The talc-actinolite schist is pale green to greenish in colour, coarse grained and displays metasomatic alteration (listvenite).

Outcrops of **quartz veins** are observed at several places in the mapped area. Three main types of quartz veins were noted in the area hosted in metasediments and metavolcanics. These include steeply dipping to the east, flat lying and westerly dipping ones. The quartz veins in general have smoky to white colour, glassy texture and boxworks of weathered sulphides. The easterly dipping quartz veins exhibit imbricate structure and appear thicker on surface outcrops. In addition, several quartz vein outcrops are also
mapped within the granites. These veins are whitish in colour, glassy textured and poorly mineralized with sulphides.

**Structure and metamorphism**

The general strike of the rocks is about NNE-SSW and dipping mainly to the east. Folds occur in several places. Overall the structure seems to be quite complex. The rocks seem to have been undergone from amphibolite to green schist facies and affected by several phase of tectonics.

**Geochemical sampling**

Chip rock sampling was carried out during the course of geological mapping. A total of 185 rock samples were collected from road cut exposures and outcrops of rocks. The samples taken from road cuts were sampled as channel samples across the strike of the rocks. The weight of samples collected varied between 1.5 and 3kg. The rock samples were labelled and described in the field. All the chip rock samples were submitted for sample preparations at the Geological Survey Laboratory in Addis Ababa. The pulp samples were sent to ALS Minerals Laboratory in South Africa for analysis.

**9.2 Geophysics**

Modelling and interpretation of the historical geophysical data was carried out by Benzu Gold’s Chief Geophysicist in Johannesburg. This involved acquiring, processing and interpretation of airborne magnetic data from Aberdeen International. The main objectives of interpretations of the acquired aeromagnetic data were to:

- gain a better understanding of the geology and structure of the area, and
- detect magnetic anomalies that are of high interest with a view to possibly selecting areas that could be prospective for gold mineralization.

The interpretation of airborne magnetic data resulted in the following observations:

- contributed to improve structural mapping and to a better understanding of the Asosa sub-outcrop geology,
- added value in mapping structures, evidenced as a gain in magnetization along faults or fracture planes in the TMI data as low magnetic zones, as well as in the filtered TMI images,
- helped in mapping faults from magnetic data that show either basement structure directly or shallow manifestations of reactivated basement structures,
- helped identifying prospective areas for follow up exploration activities,
- showed that most prospective areas are located adjacent to basement ridges (regional magnetic gradients), which may represent paleo-topography or basement fault blocks, and
- helped choosing the best geophysical method that can be employed in order to get better signal and understand the geology and structural complexity of the license area.

9.3 Trenching

Trenching at Ashashire area commenced in October 2011. Between October and December 2011, excavation of 12-trenches with a total length of 1167.55m was completed (Table 9-1).

Table 9-1 List of trenches excavated at Ashashire by Benzu Gold in 2011.

<table>
<thead>
<tr>
<th>Trench_ID</th>
<th>Easting (m)</th>
<th>Northing (m)</th>
<th>Elevation (m)</th>
<th>Length (m)</th>
<th>Azimuth (deg.)</th>
<th>Nr. of Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASHTR1</td>
<td>655088</td>
<td>1165990</td>
<td>1052</td>
<td>73</td>
<td>110</td>
<td>34</td>
</tr>
<tr>
<td>ASHTR3</td>
<td>655023</td>
<td>1166256</td>
<td>1014</td>
<td>94</td>
<td>110</td>
<td>31</td>
</tr>
<tr>
<td>ASHTR4</td>
<td>655108</td>
<td>116637</td>
<td>1009</td>
<td>101</td>
<td>110</td>
<td>40</td>
</tr>
<tr>
<td>ASHTR5</td>
<td></td>
<td></td>
<td>77</td>
<td>110</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>ASHTR6</td>
<td>655196</td>
<td>1166486</td>
<td>1015</td>
<td>190</td>
<td>110</td>
<td>91</td>
</tr>
<tr>
<td>ASHTR7</td>
<td>655229</td>
<td>1166549</td>
<td>1004</td>
<td>163</td>
<td>110</td>
<td>88</td>
</tr>
<tr>
<td>ASHTR7B</td>
<td>655294</td>
<td>1166514</td>
<td>20</td>
<td>110</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>ASHTR8</td>
<td>655206*</td>
<td>1166714</td>
<td>986</td>
<td>170.5</td>
<td>110</td>
<td>88</td>
</tr>
<tr>
<td>ASHTR8B</td>
<td>655432</td>
<td>1166580</td>
<td>105.05</td>
<td>110</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>ASHTR9</td>
<td>655274*</td>
<td>1166791</td>
<td>972</td>
<td>37</td>
<td>110</td>
<td>25</td>
</tr>
<tr>
<td>ASHTR10</td>
<td>655337*</td>
<td>1166863</td>
<td>946</td>
<td>66</td>
<td>110</td>
<td>33</td>
</tr>
<tr>
<td>ASHTR11</td>
<td>655354*</td>
<td>1166970</td>
<td>965</td>
<td>71</td>
<td>110</td>
<td>43</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td></td>
<td></td>
<td>1167.55</td>
<td></td>
<td>549</td>
</tr>
</tbody>
</table>

*west end of the trench

Trenching was conducted along parallel lines and oriented 110° azimuth. The distance between trench lines vary between 100 and 200m. The trenches were dug using CAT-325B excavator. The depth of the trenches varies between 1 and 4.5m, and the width of the trenches is 1m. Systematic, continuous channel samples were collected from the northern wall of each trench. The samples were collected along channels with a width and depth of 10 and 5cm, respectively. The samples were collected at intervals that vary between 1 and 3m. The sampling intervals were defined by lithologic contacts, alterations and mineralization. The trenches were designed to expose the full width of the Au-in-soil anomaly (BLEG
assays) and validate the historical trench assay results reported by Golden Star Resources in 1996. Thus, trenches 1, 3, 6, 8, 9, and 11 were dug to validate old GSR trenches 7, 6, 5, 4, 3 and 2, respectively (Figure 9-2).
Figure 9-2 Map of Benzu Gold trenches and historical GSR trenches at Ashashire prospect.
The other trenches, 4, 5, 7 and 10 were dug as infill trenches. All trenches were mapped and sampled and a total of 549 channel samples were collected and assayed (Table 9-1). The samples were submitted to the Geological Survey of Ethiopia Laboratory in Addis Ababa for sample preparation. The pulp samples were sent to ALS Minerals Laboratory in Johannesburg, South Africa for analysis.

Selected best assay results from the 2011 exploration program are listed in Table 9-2.

<table>
<thead>
<tr>
<th>Sample_ID</th>
<th>Sample Type</th>
<th>Sample Length (metres)</th>
<th>Au (ppm)</th>
<th>Ag (ppm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASHTR7-043</td>
<td>Channel</td>
<td>1.0</td>
<td>20.90</td>
<td>1.7</td>
</tr>
<tr>
<td>ASHTR8-073</td>
<td>Channel</td>
<td>2.0</td>
<td>36.50</td>
<td>1.6</td>
</tr>
<tr>
<td>ASHTR1-005</td>
<td>Channel</td>
<td>1.0</td>
<td>24.30</td>
<td>1.2</td>
</tr>
<tr>
<td>ASHRC-0038</td>
<td>Chip/Grab</td>
<td></td>
<td>15.75</td>
<td>0.2</td>
</tr>
<tr>
<td>ASCR-163</td>
<td>Chip/Grab</td>
<td></td>
<td>24.20</td>
<td>0.4</td>
</tr>
<tr>
<td>ASCR-162</td>
<td>Chip/Grab</td>
<td></td>
<td>8.49</td>
<td>2.6</td>
</tr>
<tr>
<td>ASHTR7-047</td>
<td>Channel</td>
<td>1.0</td>
<td>8.43</td>
<td>0.5</td>
</tr>
<tr>
<td>ASHTR5-023</td>
<td>Channel</td>
<td>2.0</td>
<td>6.81</td>
<td>&lt;0.2</td>
</tr>
<tr>
<td>ASHRC-0020</td>
<td>Chip/Grab</td>
<td></td>
<td>6.63</td>
<td>43.5</td>
</tr>
<tr>
<td>ASHTR7B-3</td>
<td>Channel</td>
<td>2.0</td>
<td>6.47</td>
<td>0.6</td>
</tr>
<tr>
<td>ASHRC-0005</td>
<td>Chip/Grab</td>
<td></td>
<td>6.14</td>
<td>&lt;0.2</td>
</tr>
<tr>
<td>ASHTR7-039</td>
<td>Channel</td>
<td>1.0</td>
<td>5.56</td>
<td>1.1</td>
</tr>
<tr>
<td>ASHTR7-046</td>
<td>Channel</td>
<td>1.0</td>
<td>5.03</td>
<td>0.4</td>
</tr>
<tr>
<td>ASHTR7-059</td>
<td>Channel</td>
<td>1.0</td>
<td>5.02</td>
<td>0.6</td>
</tr>
<tr>
<td>ASHTR7-052</td>
<td>Channel</td>
<td>0.6</td>
<td>4.99</td>
<td>0.5</td>
</tr>
</tbody>
</table>

In the northern part, the trenches have outlined gold mineralization associated with quartz veins hosted by sheared and altered granitoid (ASHTR8, 9, 10 and 11) (Figure 9-2). Three styles of veins can be observed in these trenches and include flat dipping veins, steeply dipping veins and stockwork. The quartz veins are white to smoky in colour, glassy, with boxworks of weathered and leached sulphides. At places, the quartz veins contain tourmaline and fresh sulphides, mainly pyrite. The sheared granitoids in contact with the quartz veins are highly silicified and sericitized, at places form quartz-sericite schist. In addition, Fe-oxide alteration, possibly after Fe-carbonates (siderite?), was also noted in the sheared granitoid. The contact between the granitoids and the surrounding metavolcanics is marked by intense shearing and alteration (silicification, sericitization) and also manganese staining.
In the middle and the southern part of the ridge, gold mineralization appears to be associated with two major quartz veins dipping to the east and hosted by metavolcanics (ASHTR1, 4, 5, 6 and 7). These veins are whitish in colour, glassy and with boxworks of weathered sulphides. The host metavolcanics contain pseudomorphs of weathered pyrites and are sheared and altered near the contact with the quartz veins. Alterations in the metavolcanics include chloritization, ferrugenization, minor carbonatization and kaolinization.

10.0 DRILLING

Benzu Gold has not completed any drilling on the property.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 Sample Security

About 1.5kg (generally more) of material was collected for each sample (B horizon soil and rock samples). The samples were collected by local workers and a geologist was supervising the work of several teams working in the same area. The rock (or soil) was put in a sample bag with the appropriate sample number and sample tag inside (Figure 11-1).
At the end of the day all the bags were laid out on a tarp in the office court yard in numerical order and the geologist reviewed the samples of the day. The samples were then put in rice bags and stored in a locked building (Figure 11-2 and Figure 11-3).
Figure 11-2 Benzu Gold’s sample storage facility in Asosa.

When there are enough samples, they were sent by truck with a Benzu Gold employee to Geological Survey of Ethiopia Laboratory in Addis Ababa for preparation (crushing, etc.), which is one of the only two sample preparation facilities currently available in Ethiopia. After a standard process consisting of crushing, screening and homogenizing, 150g of powder was taken and sent by currier (DHL) to ALS Minerals laboratory in Johannesburg for analysis.
Figure 11-3 Benzu Gold’s secured sample storage facility in Asosa.

11.2 Sample Preparation

External blanks and standards were inserted into the sample stream at regular intervals. The blanks were inserted in the sequence by the lab personnel at Addis Ababa, based on the instructions provided by Benzu Gold’s project geologist (Ermias Kassa). The standards were inserted into the sample sequence at the field office in Asosa by the project geologist. No field duplicates were included into the sample stream.

All the samples from the Dul-Menghe project were prepared by Geological Survey of Ethiopia Laboratory in Addis Ababa and the pulps were analysed by ALS Minerals’ laboratory in Johannesburg, South Africa. This facility is individually certified and has received accreditation to ISO/IEC 17025:2005 (for definitions of these terms see Section 2) from the South African National Accreditation System (SANAS) for the following methods:

- Fire Assay Au and gravimetric finish.
- Fire Assay Au and ICP/AES finish
• 35 element by Aqua Regia digestion and ICP/AES

Samples were prepared and analysed using conventional methods by ALS Minerals. Sample preparation and analysis procedures include the following steps:

• Pulps were weighed in, logged in and passed through a QC test (<75µ)

• 50 grams of the pulverized samples were analyzed for gold by standard fire assay/ICP-AES and gravimetric finish (for overlimit samples). And 35 elements by Aqua Regia ICP-AES

• The results are reported in grams per tonne (g/t) Au and parts per million (ppm) for silver and other elements.

12.0 DATA VERIFICATION

12.1 Caracle Creek Site Visit

Luc Harnois, Senior Project Geologist for Caracle Creek visited the Dul-Menghe Property (Menghe Prospect, Ashashire Prospect, and Dul Prospect) from April 25th to 28th, 2012, inclusive. The visit involved discussions with Benzu Gold geologists and local workers. The site visit included the following work and observations:

Menghe Prospect:

1) Locating and looking at two major quartz veins of the Menghe Prospect:
   a) The Menghe road quartz vein (Adindan Projection: 36 P 692219 1154152) outcrops over a width of >20m and over a length of several hundred meters (Figure 12-1). This quartz may be composed of three or four veins stacked together. The host rock is metamorphosed mafic rock. Detailed mapping was underway at the time of the visit. The quartz vein is being mined (small scale mining; pits are averaging 1-3m in depth, but one shaft was 15m deep before going horizontal) by local people. Several occurrences of visible gold (small but visible to the naked eye) were observed by Luc Harnois during the visit. The overall sulphide content (pyrite and weathered sulphides) is <1%.
b) The Shegol River-Rader Ridge quartz vein (Adindan Projection: 36 P; 690629E; 1155057N) outcrops over a width of >10m and is several hundred meters in length (Figure 12-2). The host rock is basaltic metavolcanic. This quartz vein is also mined (small scale mining; pits averaging 1-2m in depth) by local people, but much less extensively than the Menghe road quartz vein. The overall sulphide content (mostly weathered sulphides) is <1%.

2) Locating several Golden Star Resources historical drill holes.

3) Locating several soil sampling pits on the virtual 400m by 100m soil sampling grid. Benzu Gold had already collected 1782 soil samples as of April 21st, 2012.

4) Mapping and chip/grab rock sampling was being conducted and a total of 165 chip/grab rock samples had been collected as of April 24th, 2012.
Ashashire Prospect:

1) The following three types of sulphide mineralization were observed at Ashashire prospect:

   a) The first type of mineralization (pyrite and weathered sulphides) occurs in 10m thick quartz veins hosted by greenschists.

   b) The second type of mineralization (pyrite and weathered sulphides) occurs in thin quartz veins (10cm thick or less) hosted by carbonatized-sericitized-silicified sheared medium grained granite.

   c) The third type of mineralization (malachite, galena, pseudomorphs of sulphides) occurs in 1-10cm thick quartz veins and in the magnesite dolomitic marble host rock. This rock unit is about 20m thick.
2) Locating several Golden Star Resources historical trenches and recent Benzu Gold 2011 trenches. The new trenches were sampled and the samples sent to GSE in Addis Ababa and to ALS Minerals in Johannesburg for preparation and analysis, respectively.

3) The trails/roads leading to this prospect were constructed in November-December 2011 by Benzu Gold using a bulldozer CAT-D7G and an excavator CAT-325B and are now in very good conditions. Several drill pads were also prepared (Figure 12-3).

4) Locating several soil sampling pits on the virtual 400m by 50m soil sampling grid. Benzu Gold had collected 192 soil samples as of April 26th, 2012.

5) About 300 chip/grab rock samples were also collected along trails/roads and the samples sent to ALS Minerals Addis Ababa and Johannesburg for preparation and analysis, respectively.

Figure 12-3 Ashashire Prospect: trail/road and drill pad.
Dul Prospect:

1) Locating several Golden Star Resources historical drill holes.
2) The trails/roads of this prospect were refreshed in November-December 2011 by Benzu Gold using a bulldozer CAT-D7G and an excavator CAT-325B and are now in very good conditions (Figure 12-4 and Figure 12-5).
3) The trail to the top of Dul Mountain was sampled near the top by Benzu Gold and the samples sent to Addis Ababa and ALS Minerals Johannesburg for preparation and analysis, respectively.
4) Chip/grab rock sampling program in conjunction with regional mapping is being conducted by Benzu Gold: 170 samples have been collected as of April 21st, 2012.

Figure 12-4 Panoramic view of Dul village with Dul mountain in the background.
12.2 Quality Control

Samples were prepared by Geological Survey of Ethiopia Laboratory in Addis Ababa and pulps analysed by ALS Minerals laboratory in Johannesburg, South Africa. ALS Minerals completes routine quality assurance and quality control through the process of sample preparation and analysis. In addition, Benzu Gold implemented and consistently followed a QA/QC program which involved the placement of blanks and standards into the sample stream.

At the time of writing a total of 941 assay results from rock samples had been received from the ALS Minerals. A total of 35 external QA/QC samples were inserted into the sample stream including eighteen blanks and seventeen standards. Four different gold standards OxJ64 (seven samples), SHE35 (six samples), OxG84 (two samples) and OxA89 (two samples) were used (Table 12-1).

Figure 12-5 Refurbished trail to Dul Mountain prospect area.
Each batch of 52 samples included one blank and one standard. No field duplicates were inserted into the sample sequence. The gold standards used during the 2011 sampling program (Table 12-1) were selected based on the anticipated Au grades of the Ashashire target area and were purchased from Rocklabs Ltd., of Auckland, New Zealand. Certificates of Analyses for these standards are given in Appendix 4. The following is a review of the QA/QC procedures implemented by both Benzu Gold and ALS Minerals South Africa.

12.3 QA/QC Results

External Blanks

From a total of eighteen analyses of external blanks only one assay failed, sample ASHTR11-005B, which assayed 4 ppb Au, above the failure criterion of 3 ppb Au (3x detection limit) represented by the red line in Figure 12-6.
External QC standards

Standard OXJ64

Standard OXJ64 is a low to medium grade gold standard with a certified mean value of 2.366 g/t gold, represented by the green line in Figure 12-5. All seven analyses of this standard passed, falling within the ±2 standard deviation (yellow lines in Figure 12-7).
Standard SHE35

Standard SHE35 is a low grade gold standard with a certified mean value of 1.323 g/t gold represented by the green line in Figure 12-6. One of the six samples analysed failed. Sample ASHTR7-039B assayed more than +3 standard deviation, the upper limit represented by the red line in Figure 12-8.
Figure 12-8 Control chart for gold standard SHE35.

Standard OxG84

Two samples of standard OxG84 were inserted into the sample stream. One sample was not assayed due to insufficient material and the other sample assayed 0.922 ppm Au within ± 2 standard deviation.

Standard OxA89

Standard OxA89 is a very low gold standard with certified mean value of 0.0836 ppm Au. Two samples of this standard were analyzed and they both passed. Sample ASHRC0042 assayed 0.076 ppm Au and sample ASHTRF2-115 assayed 0.069 ppm Au.
ALS Minerals Internal QA/QC

The following is a review of the ALS Minerals internal QA/QC (blanks, standards and duplicates).

Internal Blanks

As part of their internal QA/QC procedures ALS Minerals South Africa assayed a total of 38 blanks. All analyses of these blanks for gold passed as shown in Figure 12-9.

![Figure 12-9 Control chart of ALS Minerals internal blanks.](image)

Internal Standards

Three of the most frequently analyzed internal gold standards of ALS Minerals were reviewed: SL61, OxG84 and OxK95.
Standard SL 61

This is a high grade gold standard with a certified mean value of 5.931 ppm Au (Figure 12-10). As the control chart indicates all twelve analyses of this standard passed with a slight high bias.

Figure 12-10 Control chart for ALS Mineral’s internal standard SL61.

Standard OxG84

This is a low gold standard with a certified mean value of 0.922 ppm Au (Figure 12-11). As the control chart indicates all twenty three analyses of this standard passed.
Standard OxK95

This is a medium gold standard with a certified mean value of 3.537 ppm Au (Figure 12-12). As the control chart indicates all twenty three analyses of this standard passed with a slight high bias.
Figure 12-12 Control chart for ALS Mineral’s internal standard OxK95.

**Internal Duplicates**

ALS Minerals’ internal pulp duplicate assays are plotted on a graph of primary vs. secondary analyses (Figure 12-13). This graph shows a good correlation between the original and pulp duplicate analysis with an $R^2 = 0.9912$ for 34 analyses.
The QP’s (A. Peshkepia) opinion is that the quality control review of both external and internal QA/QC analyses indicates that the quality of analyses is good and can be relied upon. The quality control review also indicates that there were no sample mix ups in the field and in the lab.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical test work has been commissioned by Benzu Gold on potential ores from the project area.

14.0 MINERAL RESOURCE ESTIMATES

Benzu Gold has not estimated any mineral resource on Dul-Menghe and Agusha Property.
15.0 Adjacent Properties

On March 2, 2012, *Alecto Minerals Plc.*, an AIM listed exploration company, completed the acquisition of Aysid-Metekel gold project from Nubian Gold Exploration Ltd. The project area consists of a 1,953km² exploration license located in Aysid-Metekel region of north western Ethiopia, 600km NW from the capital city, Addis Ababa (www.alectominerals.com). The license area is located ~80km north east of Dul-Menghe Property on the western Akobo Greenstone belt. Six exploration targets have been identified by Alecto through an initial reconnaissance type exploration program and the evaluation of the historical data for the project. Gold mineralization has been recorded in three mineralising styles/environments: firstly associated with altered syenite intrusions; secondly young igneous bodies intruded into marble country rock generating skarn gold type mineralisation and finally, fault-shear hosted gold mineralisation in metasediments.

The area comprises Precambrian basement rocks ranging from low to high grade terranes and partly covered by Tertiary volcanics. Historical reconnaissance exploration and geological mapping conducted by UNDP in the 1970s identified a number of syn to late orogenic fault related gold mineralisation showings within the license area. Other works in the area included several exploration projects conducted by Geological Survey of Ethiopia like the Guba-Oda integrated mineral exploration project and a regional airborne geophysical survey conducted in Benshangul area. In addition the Beles Dinder Ethio-Nor Gold and Base Metals Exploration project was undertaken on the license area. This project included reconnaissance geological mapping, geochemical drainage sampling, heavy mineral concentrate sampling and extensive rock chip sampling. This work outlined important geochemical gold anomalies and gold pathfinder minerals (www.alectominerals.com).

*ASCOM Precious Metals Mining*, a subsidiary of ASCOM, holds an exploration license covering an area of 801km² known as Asosa Concession (www.ascompm.com). The project is located west of the Dul-Menghe property within the Precambrian greenstone belt. The work completed by ASCOM includes stream, soil and rock chip sampling, surface mapping and structural review, satellite imagery review and alteration mapping, geophysics and geological targeting. At Dish Mountain, the soil geochemistry defined a number of anomalous gold zones of greater than 100 ppb of gold in soils over a combined area of 3km north-south with widths of 100 to 500m. Surface trenching confirmed the mineralized zones and the results were followed up by a 78 Reverse Circulation (RC) drillhole program (7,629m) in 2010-2011. The highlights from the first 17 holes included 1.64 g/t Au over 46m including 5.38 g/t Au over 10m in DMRC001; 2.67 g/t Au over 37m including 5.17 g/t Au over 15m in DMRC005; 3.08 g/t Au over 11m in
DMRC007 and 1.88 g/t Au over 22m, including 3.08 g/t Au over 10m in DMRC017 (www.ascompm.com/ethiopia.html).

A first phase RC drilling program comprised of 26 holes was carried out by ASCOM at Abetselo a VMS target within the Asosa Concession. Abetselo is located 35km to the east of Dish Mountain. Host rocks mapped in the area suggest that the Abetselo VMS system is bimodal-felsic. Initial drilling results confirmed that Abetselo consists of massive sulphide bodies between 10 to 75m of apparent thickness.

Nyota Minerals Ltd., an AIM and ASX Listed company holds several exploration licenses (Bambasi, Mendi, Gombe and Dura) located approximately 50km to the east and southeast of Dul-Menghe project. These licenses are at an early stage of exploration. Reconnaissance work resulted in the selection of 39 priority targets for follow up work during 2012 of which Boka Serba, Tsol Mole and Bendokoro have been selected for drill testing. Nyota Minerals also owns the Tulu Kapi project, an advanced exploration gold project located in Oromia Regional State in western Ethiopia. Gold mineralization at Tulu Kapi is hosted by a coarse grained syenite pluton and associated intrusions of porphyritic syenite, diorite and dolerite. These intrusions of upper Proterozoic age cut through a volcano-sedimentary sequence which has been transformed to mafic and sericite schists. A JORC compliant resource was estimated by Wardell Armstrong International as 4,671 kt at 3.04 g/t Au indicated and 11,291 kt at 2.76 g/t Au inferred (July 29, 2011 press release: http://www.nyotaminerals.com/files/29072011NYOTKupdate_1.pdf?PHPSESSID=2bbca4ac1808b043da790d4c0e6aff55)

The authors of this Report were unable to verify the information on adjacent properties and this information is not necessarily indicative of the mineralization on the Property that is subject of this Technical Report. This Report clearly distinguishes between the mineralization on the adjacent properties and the mineralization on the Property reported on.

16.0 OTHER RELEVANT DATA AND INFORMATION

No additional information or explanation is necessary to make this technical report more understandable.

17.0 INTERPRETATION AND CONCLUSIONS

Benzu Gold’s Dul-Menghe and Agusha license in western Ethiopia is an early stage exploration project with potential for orogenic gold mineralization. In 2011 Benzu Gold started an exploration program that
included a review of previous exploration work through a compilation of historical data and verification of historical workings (drillholes and trenches). This was followed by the review and reinterpretation of historical geophysical data (airborne magnetic survey) and structural mapping over selected areas. Ashashire area was selected for detailed geological mapping, geochemical sampling and trenching.

Geological mapping in Ashashire area outlined several target areas of gold-sulphide mineralization hosted in granitoids, metavolcanics and metasediments. Three styles of mineralization were noted: disseminated; quartz veinlets/stringers stockwork; and quartz vein type.

Twelve new trenches for a total 1167.55m were excavated in the Ashashire area from October to December, 2011. A total of 549 channel samples were collected from the trenches and 392 grab/chip samples from the geological mapping program. The best assay results from the recent exploration program include 36.5 g/t Au over 2 meters in trench Nr.1; 24.3 g/t Au over 1m in trench Nr.1 and 20.9 g/t Au over 1m in trench Nr.7.

Trenching in the Ashashire area not only confirmed historical trench results but also exposed a wider area of the historical geochemical soil anomaly by extending the length of the trenches. The soil anomaly was underlain by sheared and altered granitoids and metavolcanics. The trenching program also outlined the shear contact between the granitoids and metavolcanics.

The trenches excavated in the northern section of the soil anomaly outlined three sets of quartz veins hosted in sheared granitoid: flat dipping veins, steeply dipping veins and stockwork. Whereas in the middle and the southern part of the ridge, gold mineralization appears to be associated with two major quartz veins dipping to the east and hosted by metavolcanics.

There are no significant risks and uncertainties that may affect the reliability or confidence in the exploration information.

The Qualified Person (A. Peshkepia) for this report concludes that the 2011 exploration program met its objective to confirm historical data on the property and identify additional prospective areas of gold mineralization. The Qualified Person is confident that the recommended Phase 1 and 2 exploration programs will expand the known mineralized areas and intersect additional mineralized structures.
18.0 RECOMMENDATIONS

Caracle Creek recommends a two phase exploration program for Benzu Gold’s Dul-Menghe and Agusha license in western Ethiopia. Phase I of exploration program includes prospecting, mapping and additional detailed soil sampling and ground geophysics (Induced Polarisation). The purpose of Phase I would be to delineate drill targets at Ashashir e prospect and outline additional target areas at Dul and Menghe prospects.

18.1 Proposed Budget

Table 26-1 contains the Phase I recommended exploration budget for the Dul-Menghe and Agusha Property.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Units</th>
<th>Rate per unit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Geologist</td>
<td>21</td>
<td>man days</td>
<td>1200</td>
<td>$25,200.0</td>
</tr>
<tr>
<td>Soil sampling</td>
<td>2500</td>
<td>samples</td>
<td>75</td>
<td>$187,500.0</td>
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<tr>
<td>Geologist</td>
<td>42</td>
<td>man days</td>
<td>750</td>
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<tr>
<td>Ground Geophysics (IP)</td>
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<td>line km</td>
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<tr>
<td>Airborne Geophysics</td>
<td>250</td>
<td>line km</td>
<td>1000</td>
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<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$554,200.0</strong></td>
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</table>

Phase II of exploration program is dependent on positive results from Phase I. For this phase Caracle Creek recommends a 6000 m diamond drill program to test the targets generated by Phase I. Table 26-2 contains the recommended budget for Phase II.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Units</th>
<th>Rate per unit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Assays</td>
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<tr>
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<td><strong>$1,703,000.0</strong></td>
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</table>

18.2 Timeline for exploration programs

The timeline for Phase 1 exploration activities is as follows:
• Prospecting, mapping and soil sampling to be completed by Benzu’s Tanzania field team in October/November 2012

• IP survey to be completed by Xcalibur and Aeronautical Solutions by the end of November 2012

The timeline for Phase 2 drill plan is as follows:

• 1,500 m of drilling on Ashashire by Ardco using 2 drills to be completed September/October 2012

• 3,000 m of drilling on Menghi targets (Amaslo, Bane, Rader Ridge) by Nubian using 1 drill and double shifts to be completed by the end of December 2012.

• Additional 1,500 m of drilling to be completed based on targets generated by Phase 1 exploration in early 2013.
19.0 REFERENCES


Fontana G., 1945 Benishangul Gold Placer.


Hess R., 1932. The province of Benshangul in west Abyssinia as a gold producer. Note nr. 151


20.0 STATEMENT OF AUTHORSHIP

This Report, titled “Independent Technical Report, Dul-Menghe and Agusha License, Benishangul Gumuz, Ethiopia”, and dated June 6, 2013 was prepared and signed by the following authors:

“Luc Harnois”

“Signed and Sealed”

__________________________
Geologist, Ph.D, P.Geo.
June 6, 2013
Sudbury, Ontario

“Ardian Peshkepia”

“Signed and Sealed”

__________________________
Geologist, M.Sc., P.Geo.
June 6, 2013
Toronto, Ontario
Appendix 1 – Certificates of Authors
Appendix 2 – Legal Agreements for Tenure
Appendix 3 – Expenditures on Dul-Menghe and Agusha Licenses, Western Ethiopia
<table>
<thead>
<tr>
<th>Administration Costs</th>
<th>2011 (US$)</th>
</tr>
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<tbody>
<tr>
<td>Entertainment</td>
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<td>Legal Fees</td>
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<table>
<thead>
<tr>
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<td>Drilling</td>
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<td>Mapping</td>
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<tr>
<td>Surface Taxes &amp; Duties</td>
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<tr>
<td>Survey &amp; Sampling Costs</td>
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<td>Geological Data &amp; Samples</td>
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<td>Safety Equipment</td>
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<td><strong>1,482,590</strong></td>
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Appendix 4 – Certificates of Standards