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TERMINAL REPORT

AND APPLICATION FOR EXTENSION OF THE

SAMREBOI PROSPECTING LICENCE

AUGUST 2015

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SECTION A

1.0 INTRODUCTION

Afro Scandic Limited is a registered Ghanaian company incorporated to undertake exploration and mining. The company holds the Samreboi Prospecting Licence located in the Wassa Amenfi West District of the Western Region. The licence was granted for a term of two years due to expire on 14th November 2015.

Afro Scandic Limited has been successful in delineating prospective zones of mineralization through diligent multiphase exploration programs including stream sediment sampling, soil sampling, auger drilling, geological mapping, aeromagnetic data interpretation, among others. More work is required to constrain the mineralization to a resource level and for this reason, the company would like to seek one year extension of the licence.

Even Ghana operates a liberal market economy with attractive legal and fiscal regime, access to capital for investment especially in exploration is virtually non-existent through the country's banking system. Afro Scandic and its partners has the advantage of solely funding its exploration and mining projects through a portfolio of investments opportunities available to the company.

This report gives account of work completed up to August 14, 2015.

1.1 Location, Access and Physiography

The Samreboi Prospecting Licence covers an approximate area of 134.7 km² within the Wassa Amenfi West District of Western Region of Ghana. Topographically, the concession is mapped on Field Sheet numbers 0503A2, 0503A4 and 0503B3 is bounded to the north by the Tano Anwia Forest Reserve and to the west by the Tano Namiri Forest Reserve. Asankrangua, the capital of the Wassa Amenfi West District sits about 9km northwest of the concession.

Table 1 shows the pillar coordinates defining the boundaries of the concession while Figure 1 shows the location of the concession relative to the townships of Asankrangua, Tarkwa and Takoradi among others.

Table 1. Samreboi Prospecting Licence Pillar Coordinates

Pillar	Longitude	Latitude
P1	2° 33' 25.00" W	5° 46' 59.00" N
P2	2° 31' 28.00" W	5° 47' 0.00" N
P3	2° 30' 0.00" W	5° 47' 15.00" N
P4	2° 30' 0.00" W	5° 43' 7.00" N
P5	2° 29' 14.00" W	5° 43' 7.00" N
P6	2° 28' 40.00" W	5° 44' 8.00" N
P7	2° 25' 0.00" W	5° 44' 10.00" N
P8	2° 25' 0.00" W	5° 42' 10.00" N
P9	2° 26' 30.00" W	5° 40' 0.00" N
P10	2° 32' 5.00" W	5° 40' 0.00" N
P11	2° 34' 42.00" W	5° 45' 0.00" N

Access to the concession is via Kumasi to Asankrangua on an asphalt road or from Accra to Takoradi, Tarkwa and then to Asankrangua. Wassa Dunkwa, Samreboi and Samreboi Nkwanta are some major communities within and proximal to the concession. Several loggers track, footpaths and trails have recently improved access within the area.

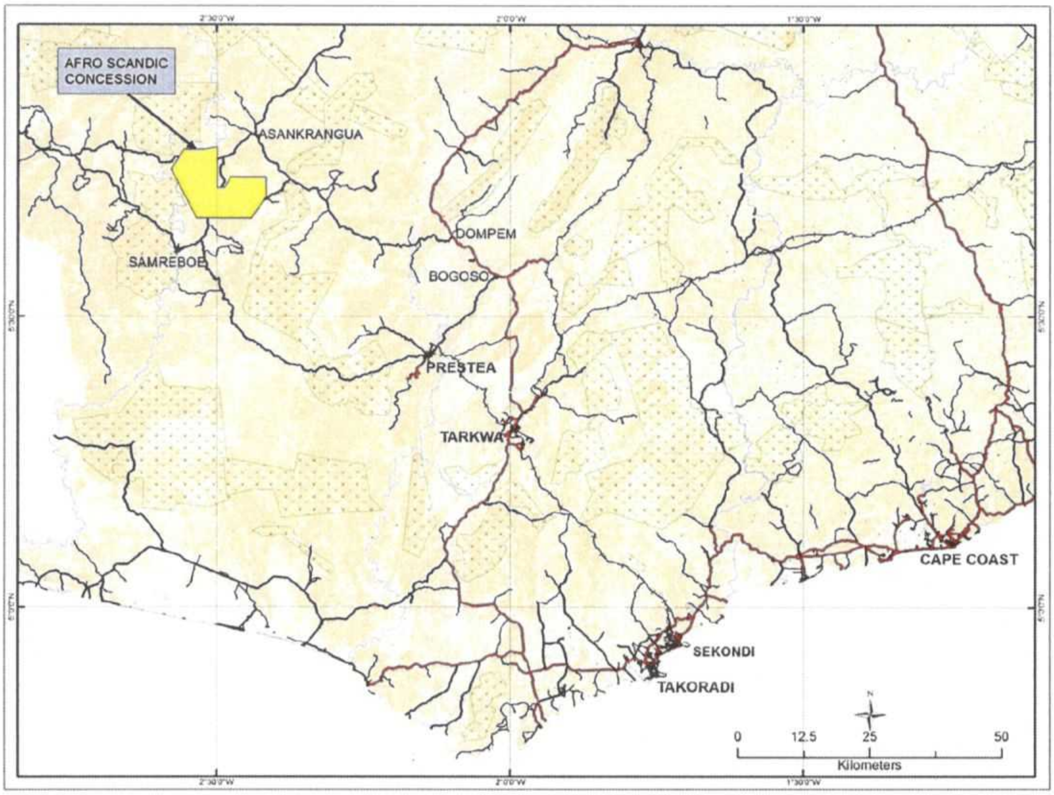

Figure 1 Location Map of the Samreboi Concession

Topography of the area is marked by a moderate NNE trending range of flat-topped ridges and hills (150-250mASL). The highest areas usually feature remnants of iron-rich laterite that mark an extensive erosional surface. Considerable rainfall (1500-2000mm/yr) is observed in two seasons: from April - July and from September – October. Temperatures range from 22^0C to 36^0C with an average of 29^0C. The area is largely drained by the Tano River and its tributaries. About 75% of the arable land is covered in cocoa plantation. Some teak are also grown while the rest of the arable land is reserved for foodstuff such as corn, plantain, cassava, oil palm, tomatoes, etc.

1.2 Infrastructure and Local Politics of the Area

Asankrangua is the most developed town nearer to the concession (9km). The town has a population of about 30,000 and has at least three hotels, hospitals, electricity and telecommunication network. The Paramount Chief of the Wassa traditional area is in Asankrangua from where he presides over the traditional council.

1.3 Safety and Environment

Environmental, safety and social licence earned through respect for the customs and tradition of the affected communities and targeted social responsibility programmes are paramount for the success of any mining business in the 21st Century. In this regard, Afro Scandic Limited actively promotes and instills a philosophy of environmental awareness, safety and respects the cultural values of the local communities.

Afro Scandic strictly complies with the guidelines published by the Environmental Protection Agency. All phases of exploration undertaken on the concession are performed with the objective of causing minimal environmental degradation. An Environmental Management Plan is in place to take care of any exigency. All stakeholders, including the District Assembly, Chiefs and farmers are actively consulted and engaged before commencement of field activities. Workers also undergo training in basic safety measures in mineral exploration and group leaders go through basic first aid instructions.

2.0 GEOLOGICAL SETTING AND MINERALIZATION

2.1 Regional Geology and Mineralization

2.1.1 *Stratigraphy*

Ghana lies within the extensive West African Precambrian Shield substantially underlain by the gold-producing Upper Precambrian rocks. Much of southern Ghana is underlain by units belonging to the Eburnean tectonic province (1,800 to 2,000 my), which covers southern and western Ghana as well as parts of Cote d'Ivoire, Mali and Burkina Faso. In central and northern Ghana flat-lying Eocambrian to early Paleozoic sediments known as the Voltaian sequence overlies the Eburnean rocks.

In Ghana, the Eburnean is dominated by three main sequences, the Lower and Upper Birimian Series, and the younger Tarkwaian Series. The Lower Birimian Series consists largely of phyllites, schists, greywackes and, locally, volcaniclastics. The Freso licence area is in most part underlain by rocks of the Lower Birimian Series sub-grouped as the Kumasi Basin. This dominantly sedimentary series is conformably overlain and, in part, interbedded with volcanic units grouped as the Upper Birimian Series. The volcanics include lavas and pyroclastics, but also contain fine to medium grained sediments unlike the Lower Birimian units.

The Birimian is overlain by a thick Tarkwaian sedimentary sequence; these units are largely derived from the older Birimian rocks and from a variety of granitoid intrusions that are widespread among the Birimian units. Structurally, the Birimian units are intensely folded and faulted, whereas the Tarkwaian units display more broad-scale folding and overall less tectonic disruption. Both the Birimian and Tarkwaian display low or medium grade regional metamorphic effects.

In general, contacts between the Lower and Upper Birimian in Ghana, as well as the overall distribution of the Tarkwaian sediments, are closely aligned along major regional structures that trend northeast and extend for hundreds of kilometers. These structures are vital to gold exploration, since virtually all the major known lode gold occurrences are closely associated with them.

2.1.2 *Structural Geology*

The regional structural fabric dominating the granite-greenstone terrains of West Africa are roughly NE¬SW trending belts bounded by major regional structures. These structures probably represent early extension-related faults that controlled the location and deposition of sediments in both the Birimian and Tarkwaian basins. Subsequent reactivation of these faults during a compressional tectonic phase resulted in thrusting and the folding evident within the Tarkwaian lithologies within the Tarkwa and Bui Basins. Later predominantly right lateral transpressional tectonics resulted in the kinks, jogs and sigmoidal geometries now evident along the major belts. The dominant foliation trend is to the north-east. Strike and dip slip faults associated with the foliation have frequently led to the development of shear structures, many of which can be identified at a regional scale.

2.1.3 *Gold Mineralization*

Typically mineralization on the Ashanti, Asankrangwa and Sefwi trends of SW Ghana occurs in NE trending structures hosting quartz lodes and associated disseminated sulphide (arsenopyrite) in altered and deformed wallrocks. The wall rocks are typically Birimian sediments including phyllites and greywackes as well as conformable Birimian volcanics and/or diabase intrusives.

Structural observations at Prestea, Bogosu and Obuasi suggest a late transpressive deformational event focussed on pre-existing regional structures, including early thrust and wrench features. In detail, structural fabrics such as late crenulation cleavage development and associated kink and crenulation folds, intersection lineations, rodding and boudinage support these observations. In many cases the orientation of these late structures and fabrics corresponds to the orientation of known pay-shoots and lodes at producing mines.

Additional controls such as a N-S trending set of structures as well as crosscutting E- W structures could also play an important role in focussing mineralization. The relative competency of granitoids caught up in these structural corridors is considered to provide the competency contrast that can focus mineralization and provided the brittle-ductile regime conducive to the deposition of gold from auriferous fluids streaming up these structural conduits. This model also fits the style of mineralization encountered at AGC's Ayanfuri mine. Several similar small deposits are located west of the main Ashanti workings at Obuasi.

The Tarkwaian epiclastics are largely confined to elongate north-northeast trending basins, believed to represent intra-cratonic rifts. The margins of these basins commonly coincide with the major (frequently mineralised) structures representing the contact between Upper and Lower Birimian sequences. Gold mineralization is developed within conglomerates and quartzites termed the Banket Formation.

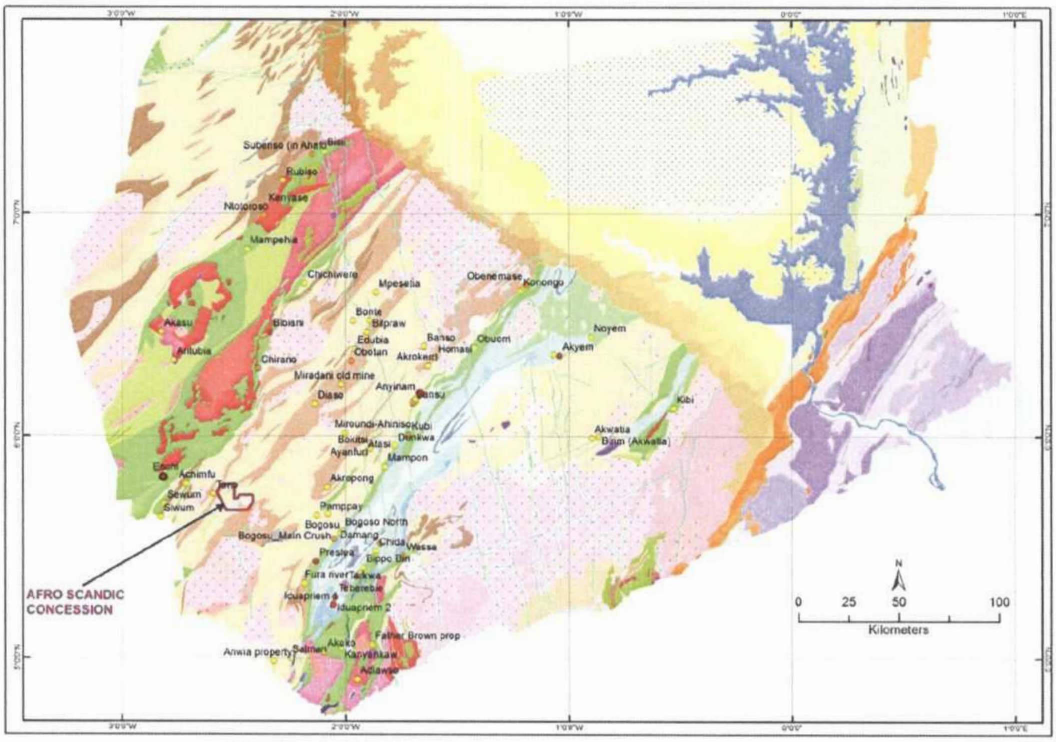

Figure 2. Location of Samreboi Concession on Regional Geology of Southern Ghana

2.1.4 Economic Geology

Ghana's geology is part of the Birimian Greenstone Belt, on the West African Shield. Economic gold deposits are hosted by lithologies of the Birimian and Tarkwaian Series in West Africa. The Tarkwaian hosts palaeoplacer, conglomerate-associated deposits at Tarkwa, Teberebie and Iduapriem in Ghana. The Birimian hosts several world-class gold deposits including Sadiola, Yatela, Morita and Syama in Mali, Siguiri in Guinea, and Obuasi, Bogosu, Prestea, Bibiani, Akyem and Ahafo in Ghana. Emerging gold development projects include Salman/Awia in Ghana, Essakane, Mana, Youga, Taparko and Inata in Burkina Faso, Tongon and Agbaou in Cote d'Ivoire and Sabodala in Senegal.

The majority of the Birimian gold occurrences are associated with quartz-carbonate-sulphide alterations located on the flanks of volcanic belts. The mineralization itself is typically associated with sulphidic quartz lodes and graphitic shears developed along or adjacent to major northeast trending transcurrent shear and thrust structures that separate the Upper and Lower Birimian successions. The mineralised pods tend to be localized within shear or thrust structures in which dilational features formed preferential pathways for fluid flow.

2.2 Local Geology

The Samreboi concession is located within the Kumasi Basin at the southern extension of the Asankrangua belt. The area is dominantly underlain by the Birimian metasediments comprising of greywacke and intercalated with dark thin bands of phyllites. Quartz of stringent to vein size is common within the sediments and run near parallel to the general fabric orientation. The sediments have been intruded by granitoid plutons of the cape coast suite. Observations of outcrop within the concession area were dominated by highly weathered metasediments and intrusive saprolite and saprock interpreted to be of the Cape Coast suite.

In situ gold mineralization is not well defined. Nonetheless, mineralization is believed to be associated with quartz veining and traces of pyrite in weakly foliated metasediments.

3.0 WORK PERFORMED AND RESULTS

3.1 Historical Work

Historical work within the Asankrangua and Prestea areas dates back to the 1890s when substantial gold occurrences observed in the nearby hills and valleys led to development of mines by some European groups. The earliest production reported by Cooper (1934) was in 1901, when about 12,000 ozs were recovered, but the first steady production commenced at Prestea in 1906-7, when about 47,000 ozs were produced.

The operations at Prestea were reorganized and refinanced after a downturn and by the outbreak of WWI in 1914, the new operations were expanded considerably and gold production had increased to an impressive 90-100,000 ozs/yr. South of Prestea and very close to the Freso area, dredging was also reported to have been carried out on the Ankobra River and the Fure River (a major tributary) at the beginning of the 1900s.

Despite the impressive production rates, the rising operating costs in the late 1950s and early 1960s had rendered these operations marginally profitable and they were included in the Government buy-out in 1961 and run as a subsidiary of the State Gold Mining Corporation. The project was subsequently reprivatized in the 1980s. To date over 6m oz of gold is reported to have been produced from these areas.

3.2 Current Work

Current work was accomplished under partnership with Hudson Gold Ghana Limited and these include:

a). Stream Sediments Sampling

b). Geological Mapping

c). Alluvium Areas Mapping

d). Road Cut Sampling and Mapping

e). Geochemical soil sampling and

f). Auger Drilling

g). Interpretation of aeromagnetic data and targeting.

3.2.1 Stream Sediment Survey

In order to obtain a broad representation of the gold distribution throughout the property, stream sediment samples were collected over the entire Afro Scandic concession. A total of about 114 stream sediment samples were initially collected and assayed to define anomalous catchment areas for follow up.

Sample locations were chosen using topographic maps of the property showing stream locations. Field crew collected samples as close to the proposed locations as possible. Samples were collected from stream channels that contain active flowing water for at least a portion of the year. Samples consisted of the fine fraction of the stream channel sediments in locations identified to be sediment traps where the heavy fraction of the sediments would likely settle. Wherever possible, organic material and gravel fractions were omitted from the sample.

GPS location, stream size. stream flow rate, direction of flow. Description of sample sediment and description of the area were noted. A similar sample was taken and panned. Gold grains were then counted and recorded.

The samples were trucked to Transworld Laboratory in Tarkwa where they were prepared and analyzed by the Bulk Leach Extractable Technique (BLEG). One kilogram each of the dried sample is pulverized and bottle rolled in cyanide solution for about 12 hours before analysis of the pregnant solution is completed by Atomic Absorbtion and results reported in ppb at 1.0ppb detection limit. Field blanks and duplicates were inserted to as QA/QC samples.

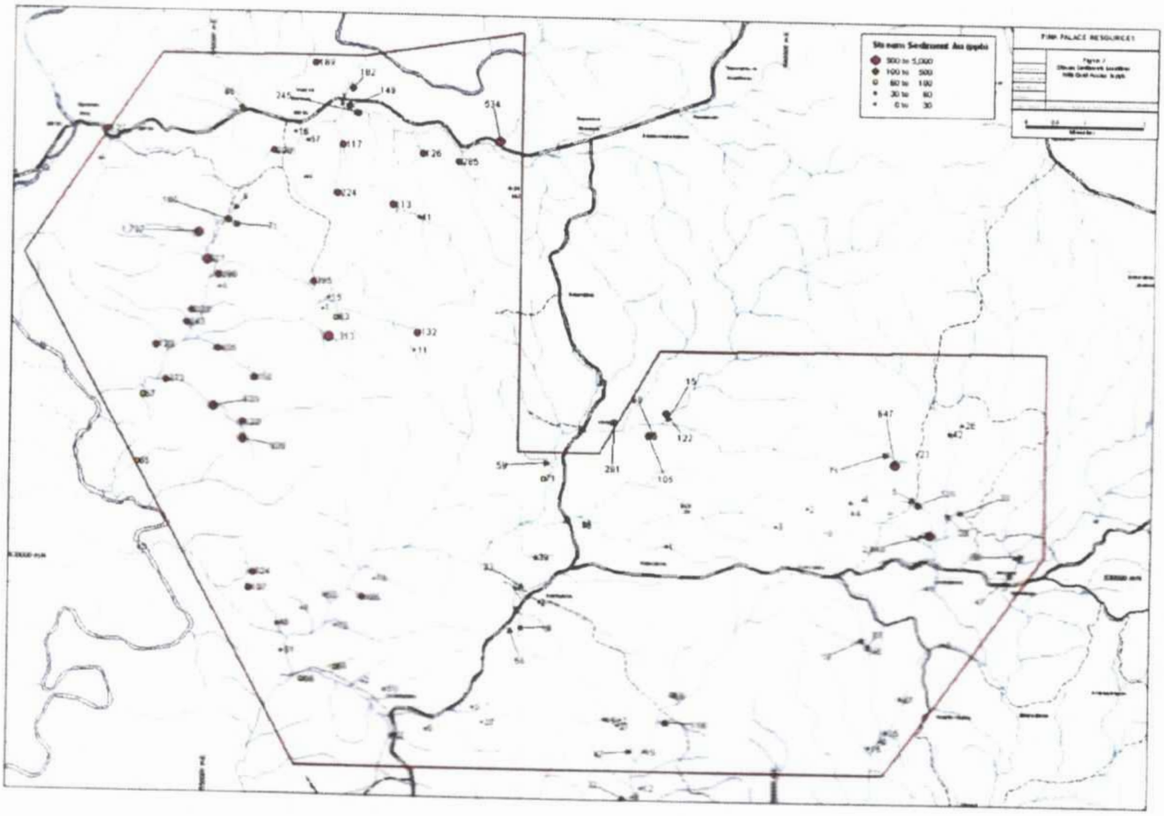

Figure 3. Results of the Stream Sediment Samples

Stream sediment sampling was successful in locating areas of interest to be targeted for soil geochemistry. The results show large zones of anomalous stream sediments with gold concentrations in the range of 100 ppb to 22840ppb in both the metasediments/metavolcanic, granitoids and near the granitoids-metasediments-metavolcanic contacts. There is also a NNE trending anomalous zone in the sediments in the north western and south eastern parts of the concession.

Panning of each sampl is not as accurate as had been anticipated but it does give a very reliable indication of mineralization. Panning is a very useful tool for observing all materials in the sediment. Gold count during stream sediment smpling is plotted in figure 3 above.

3.2.2 Geological Mapping

Geological mapping was concurrently carried out during the stream sediment sampling and soil sampling programs. Outcrops are rarely seen within the concession; however the area is historically documented to be underlain by the precambrian metasediment subgrouping. Outcrops occasionally mapped include shale, siltstone, greywacke and phyllite. In some instances, occurrences of NE-SW striking rock units interbedded and hosting glassy to milky quartz veins and stockworks were observed.

Also observed are biotite and/or muscovite bearing granite and granodiorite intrusions in the northwest, central and southeastern portion of the concession which have been found to be associated with gold mineralization within the Asankrangua belt (Edubia, Abore North, Bilpaw, Mpasetia and Ayanfuri).

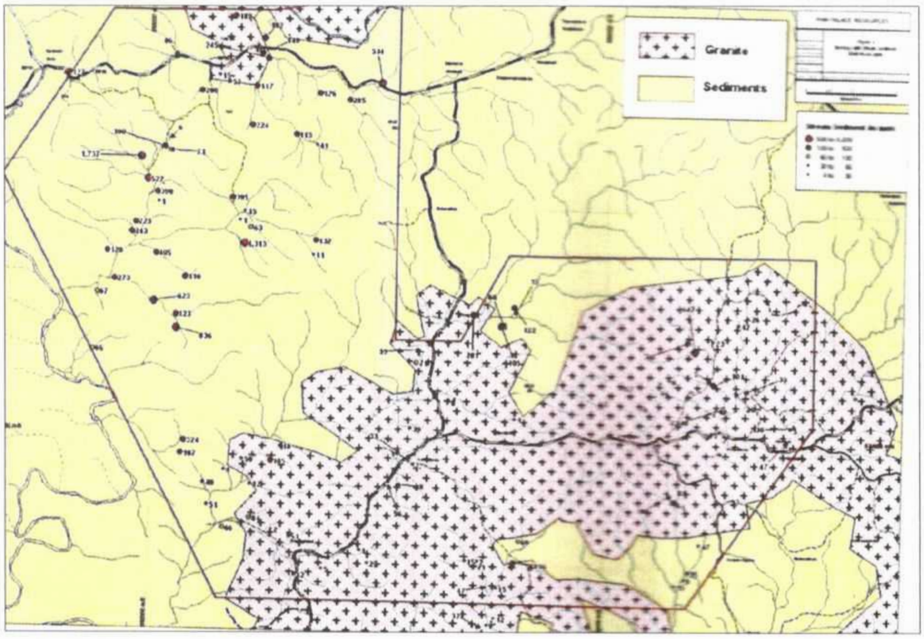

Figure 4. Concession Geological Map

3.2.3 *Geochemical Soil Sampling*

Geochemical soil sampling program was planned based on stream sediment sampling results, mineralized bearing structures and lithological contacts identified from existing airborne geophysical survey.

Geochemical soil gridlines were planned and cut across these known geological structures, prospective gold hosting geophysical structures, and areas of strong positive topographic relief where alluvial gold deposits are likely to have developed. A first pass 400m x 25m geochemistry soil sampling program focusing on high stream sediments anomaly and mineralized bearing structure was completed. The grid was laid at 045^0 baseline and 135^0 cross lines.

A total of 3220 soil samples were collected at sampling intervals of 25.0m across the general known trend and structures. Hand held GPS readings were taken at every sample site. Type of vegetation at each sample site, colour and texture of each sample was logged.

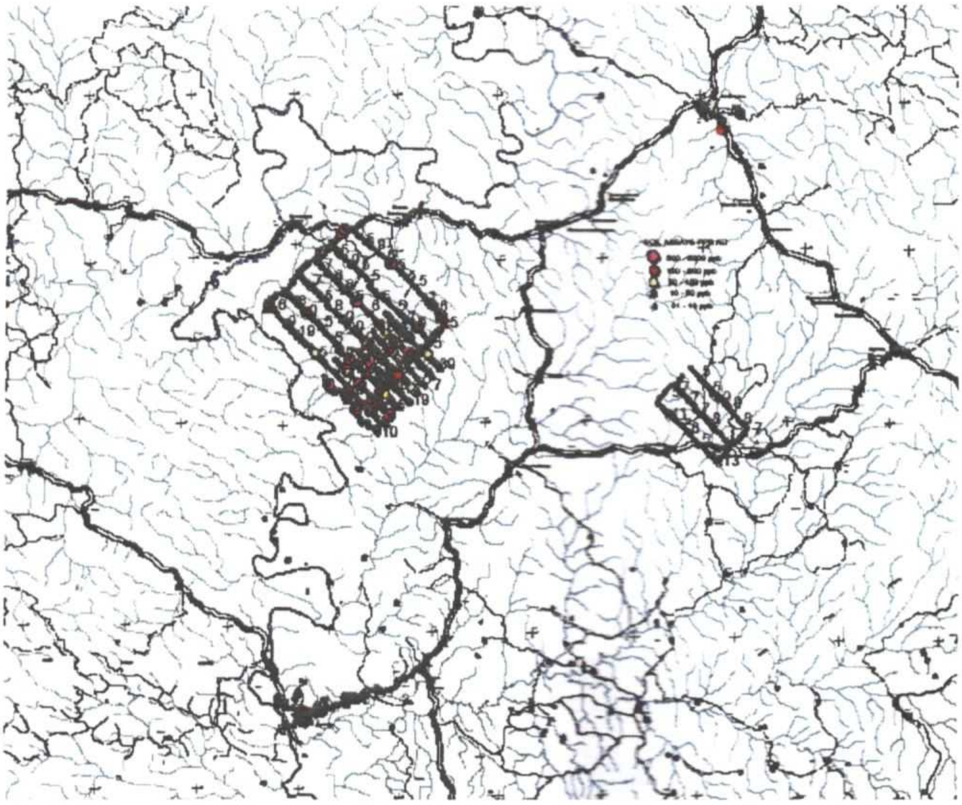

Figure 5. Soil Sampling Results

Samples were collected at 20-40 cm depth below the organic horizon. Approximately 1 to 2 kg of sample material was placed in plastic sample bags and taken daily to a storage shed at field camp. In areas where evidence of ancient or recent alluvial mining is observed – generally across low lying drainage bottoms, geochemical soil samples were not collected.

The soil sampling geochemistry has been successful in defining mineralizaed zones of interest for further investigation. The sampling has also shown large zones of gold in soil anomalism with gold concentration ranging from 100ppb to 5000ppb in both metasediments/metavolcanic, granitoid and near the granitoid-metasediment-metavolcanic contacts. Three parallel to sub parallel trends were noted. There is also the NNE trending anomalous zone within the metasediments in the NW and SE parts of the concession. The aeromagnetic data interpretation has confirmed these gold bearing structures.

3.2.4 Road Cut Sampling and Mapping

The field personnel took advantage of reconstruction road works on the main Asankrangwa - Enchi road to sample and map the Samreboi Nkwanta to Wassa Dunkwa portion of the road. A number of quartz vein arrays observed at road cuts in the portion of the concession were mapped and sampled. These vein arrays appeared to be stockworks style shear zone hosted veins ranging from 20cm to 130 cm in width. The vein strike between 020° and 045°. The dip of the veins and sediments in cuts are difficult to interpret due to road maintenance, weathering, and soil creep . However, the general trend of the vein was obvious. A total of 18 samples were collected from road cuts.

Similarly, during the stream sediment survey, outcrops along stream banks and trails were also mapped and sampled. A total of 5 rock samples were taken from outcrops along stream banks.

The results, though not spectacular, assay as high as 2.09g/t was reported from the road cut samples. Gold mineralization appears to be associated with the quartz veinlets and stockwork rather than massive quartz veins and also in shales-phyllites-fine grained greywacke along the contact.

3.2.5 Auger Drilling

Deep auger drilling was planned to test the in-situ or gold-in-saprolite of the soil anomalies. A hand powered Cobra Pro Hydraulic Auger machine by Atlas Copco Construction AB Sweden was used for the drilling program. All holes were drilled to the saprolite horizon ranging from 3.0 to 7.0m. Drill holes were spaced at 10m intervals.

Two samples were taken from each drill hole. A composite of the top soil was taken as one sample and a saprolite composite as the other. The sprolite horizon is the focus of the auger sampling since that represent in-situ materials. At places, especially known alluvial and colluvial grounds, only saprolite samples were taken.

All auger samples collected were logged and photograph before transporting them to Transworld Laboratory in Tarkwa for analysis. A total of 238 samples were collected from 119 auger holes and GPS locations of drill sites recorded.

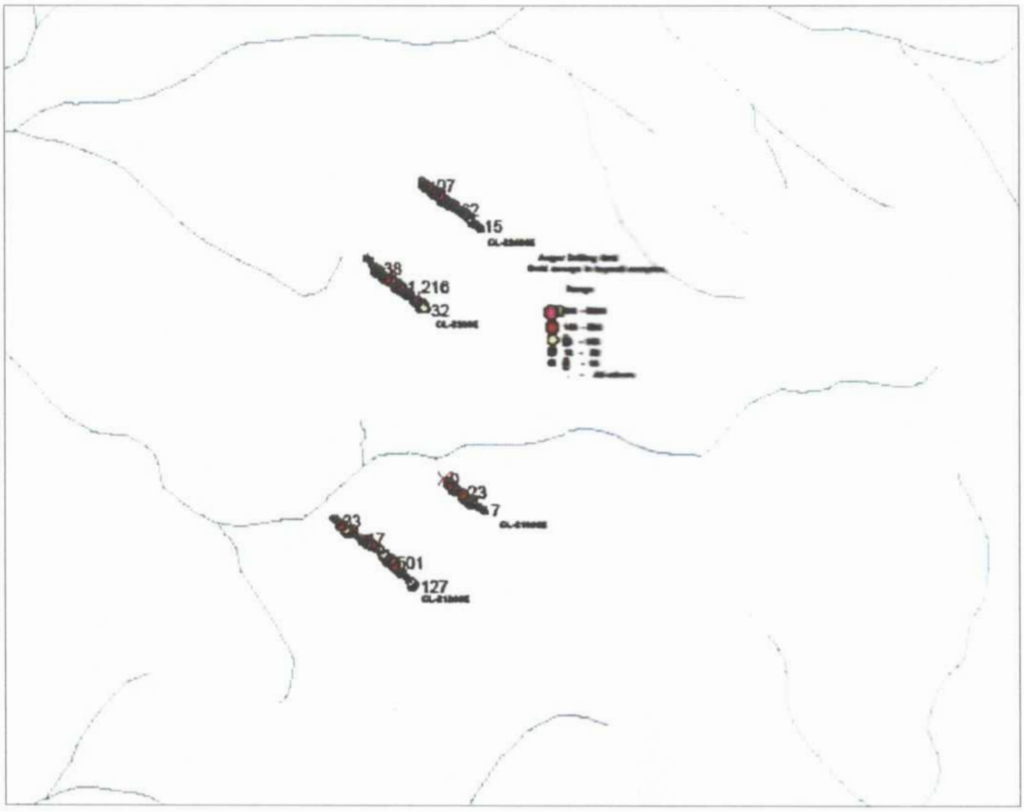

Figure 6. Auger Holes Location and Results

The auger drilling program has defined high gold in soil anomalism broadly defined by the soil program. Assay values ranging from 100ppb to 2000ppb Au were recored. Two new sub-parallel targets of width 400m and strike of 1500m were noted for follow up.

3.2.6 *Aeromagnetic Data Interpretation*

A nominal 2000m line spaced magnetic and radiometric data were reprocessed and re-interpreted and a range of images produced including Total Magnetic Intensity (TMI), Analytical Signal, Reduced to Pole (RTP), First Derivative, Total Count Radiometric, K, U and Th Count Radiometric as well as Digital Terrain Model. This exercise was carried out in order to identify structures and generate geological targets which will become the focus of future exploration campaign.

The Earth possesses a magnetic field caused primarily by sources in the core. The form of the field is roughly the same as would be caused by a dipole or bar magnet located near the Earth's center and aligned sub parallel to the geographic axis. Many rocks and minerals are weakly magnetic or are magnetized by induction in the Earth's field, and cause spatial anomalies in the Earth's main field. Man-made objects containing iron or steel are often highly magnetized and locally can cause large anomalies.

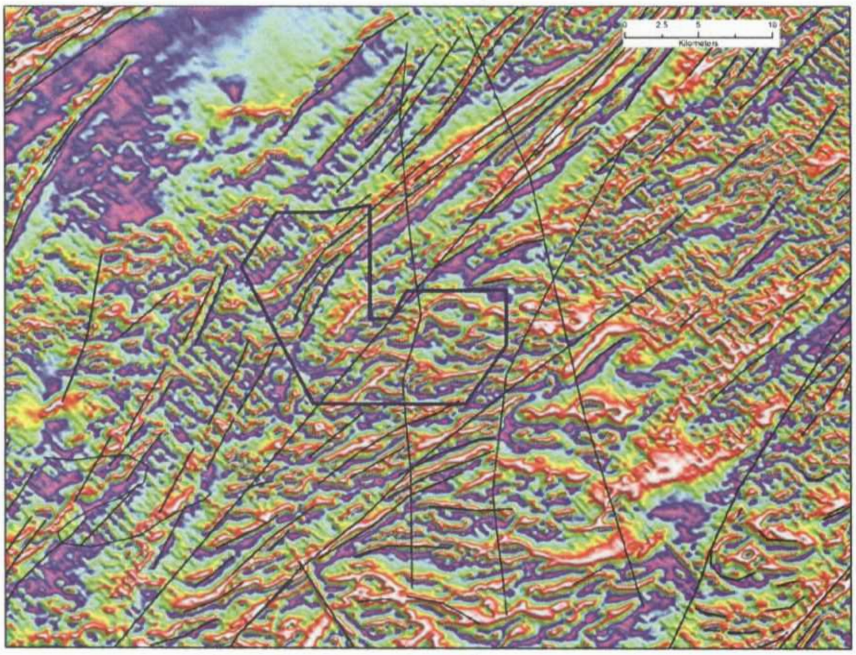

Figure 7. AMAG - Phase Filter

Magnetic methods are generally used to map the location and size of ferrous objects. Figures 7 and 8 show samples of the images used in the interpretation.

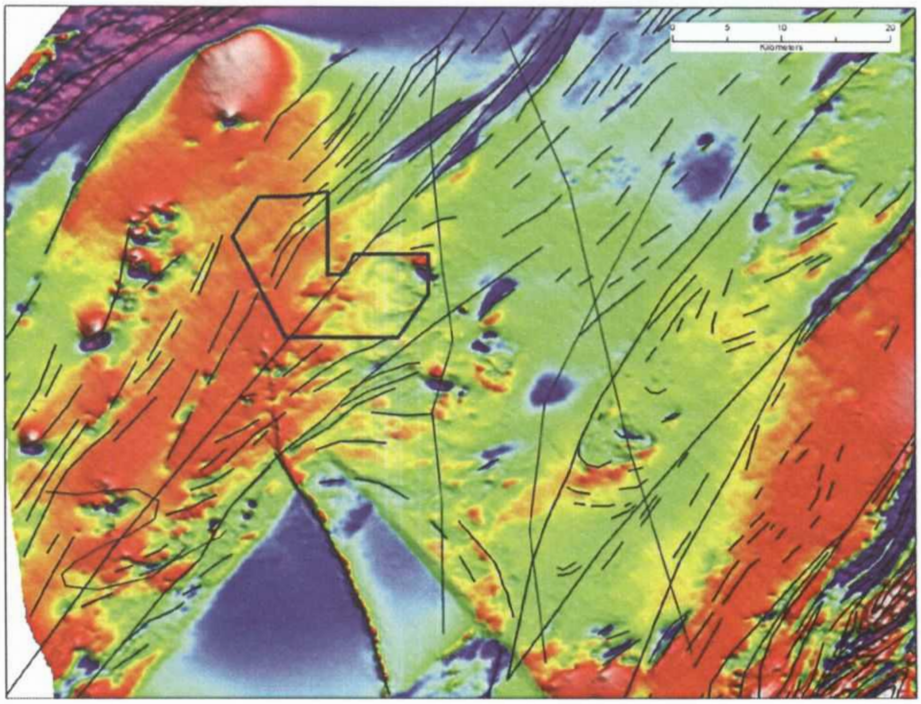

Figure 8. AMAG - Total Magnetic Intensity

3.2.7 Gravity Survey

Reprocessing and interpretation of gravity data was carried out within the Samreboi concession with the primary goal of obtaining a better understanding of the subsurface geology. Measurements of gravity provide information about densities of rocks underground. There is a wide range in density among rock types based on which some inferences can be made about the distribution of the strata underlying the Samreboi area at regional scale.

The gravity method involves measuring the gravitational attraction exerted by the earth at a measurement station on the surface. The strength of the gravitational field is directly proportional to the mass and thus the density of subsurface materials. Anomalies in the earth's gravitational field result from lateral variations in the density of subsurface materials and the distance to these bodies from the measuring equipment. The method can infer location of faults, permeable areas for hydrothermal movement among other features. It is however, more commonly used in determining the location and geometry of heat sources. One can simply carry out a qualitative examination of the grid of gravity values, contour maps or the gravity profiles to determine the lateral location of any gravity variations or one can perform a more detailed analysis in order to quantify the nature (depth, geometry, density) of the subsurface feature causing the gravity variations.

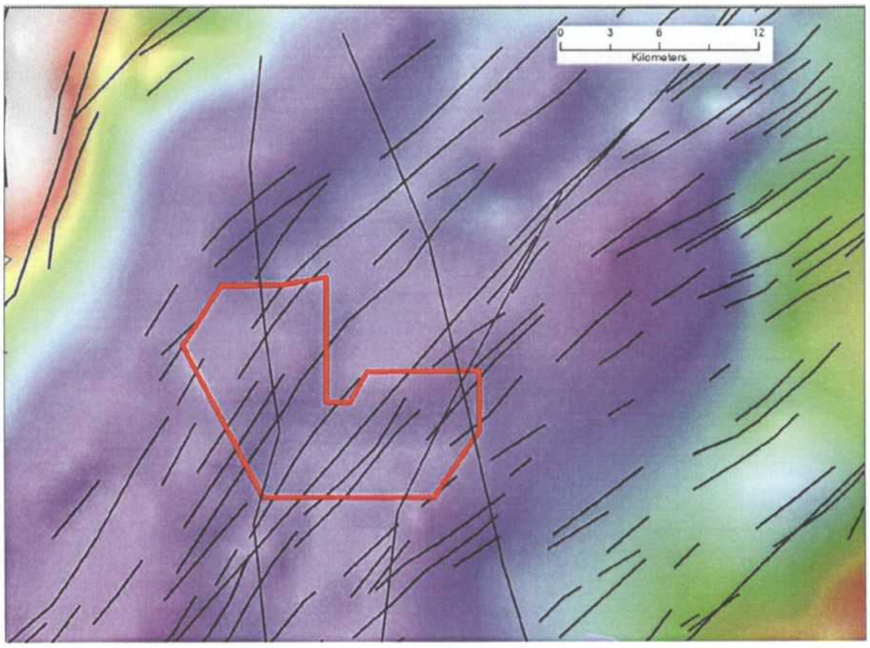

Figure 9. Residual Gravity

To determine the nature of the subsurface feature causing the gravity variations, it is usually necessary to separate the anomaly of interest (residual) from the remaining background anomaly (regional). Then the residual gravity anomaly is modelled to determine the depth, density and geometry of the anomaly's source. Figure 9 shows the processed residual gravity image over the Samreboi concession.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Work carried out within the Samreboi concession has shown evidence of mineralization which requires diligent follow up. The following conclusions and recommendations can be drawn based on results of work completed to date:

- Results of the soil sampling program defined a number of anomalism with assays values in the range of 100ppb to 5000ppb which is indicative of potential mineralization zones.
- The above anomalous soil zones were further confirmed by the +2ppm intersection in highly oxidized saprolite which is very positive for the future of the Samreboi project.
- There is also strong evidence of placer or alluvial mineralization which requires testing with hand-dug pits to gravel layer along the Tano Basin.
- The gravity survey completed and interpreted in context with the aeromagnetic signatures have delineated structural targets which should form part of the next phase of exploration campaign. These targets should be investigated with IP resistivity/chargeability and drilling.

It is highly recommended that all the targets generated including the geological structural targets should be adequately tested in the next phase of exploration programs, notably through trenching and deeper drilling.

5.0 EXPLORATION EXPENDITURE

The total expenditure within the Samreboi Concession amounted to US$235,700. Summary of expenditure is provided in table 2 below.

Table 2. Exploration Expenditures on the Samreboi Concession in ($USD).

DESCRIPTION	AMOUNT(US$)
Overhead	18,000
Accommodation	15,500
Vehicle	19,000
Fuel	12,900
Utilities	9,800
Stream and Soil Geochemistry	21,000
Community Relations	8,500
Assay	19,800
Labour	59,700
Land and Legal	25,000
Auger Drilling	9,500
Geological mapping	7,000
Aeromagnetic Data Interpretation	10,000
Total	**235,700**

SECTION B

6.0 MOTIVATION FOR EXTENSION OF THE SAMREBOI PROSPECTING LICENCE

6.1 Background

Interesting targets have been delineated though the stream, soil and auger drilling programs completed within the Samreboi Prospecting Licence. These targets have been further enhanced by the structural corridors delineated through the interpretation of aeromagnetic data at regional scale. Three parallel to sub parallel trends were noted in both the metasediments/metavolcanic, granitoids and near the granitoids-metasediments-metavolcanic contacts. Base on the observations and results, Afro Scandic Limited would like seek one year extension of the licence in order to adequately test the generated targets.

6.2 Proposed Exploration Work

The work programme proposed for the two years are as follows:

- Continue soil sampling on an infill grid spacing of 200m x 25m and possibly 100m as necessary.
- Deep sampling with hand auger will be undertaken across medium level (+50ppb) anomalies and in areas covered by gold-bearing laterite and thick overburden to define targets for additional work.
- Detailed regolith mapping and interpretation and landform dispersion modelling through shallow (1-4m) auger drilling in anomalous areas.
- Further geological and structural mapping at a scale of 1:50,000 throughout the area building from the compilation of previous data and interpretation of landsat, DTM and airborne geophysical data.
- Ground geophysical studies will be carried out to prioritize drill targets and to assist in better definition of bedrock structure of interest. IP and ground magnetic surveys are envisaged.
- Pitting within alluvial plains to test the potential for economic placer/alluvial mineraization.
- Trenching would be further test grade within oxidized bedrock and also confirm knowledge on structural orientation within the concession to inform drill

direction.

- RC drill testing of the Prospects is envisaged within the extension period.

6.3 Estimated Exploration Expenditure

The estimated expenditure of the one-year work program is US$114,500 (One Hundred and Fourteen Thousand Five US Dollars. Breakdown of expense is provided in table 3 below.

Table 3. Estimated Exploration Expenditure for the Next 12 months.

DESCRIPTION	AMOUNT(US$)
Overhead	7,000
Accommodation	8,000
Vehicle	9,500
Fuel	6,000
Utilities	3,000
Community Relations	3,000
Assay	10,000
Labour	35,000
Land and Legal	25,000
Auger Drilling	5,000
Geological mapping	3,000
Total	**114,500**

6.4 Proposed Work Schedule