43-101 Report

on the

KGL MASTERS PROJECT

Provinces of Nord Kivu and Orientale
DEMOCRATIC REPUBLIC OF CONGO

Latitude 00° 65' 00"N Longitude 29° 15' 00"E

Prepared for

KILO GOLDMINES INC.

Suite 1200, 141 Adelaide Street West
Toronto, Ontario, Canada
M5H 3L5

and

Blue Ribbon Capital Corporation

Suite 110, 141 Adelaide Street West
Toronto, Ontario, Canada
M5H 3L5

S. D. Robinson, M.Sc., P.Geo.
Toronto, Ontario, Canada
March 17, 2008
Rev: January 15, 2009

TABLE OF CONTENTS

page

1.0 SUMMARY - - - - - - - - - 1

2.0 INTRODUCTION - - - - - - - - - 2
2.1 Report prepared for - - - - - - - - 2
2.2 Purpose of report - - - - - - - - 2
2.3 Sources of information and data - - - - - - 2
2.4 Property inspection by author - - - - - - - 2

3.0 RELIANCE ON OTHER EXPERTS - - -- - - - 3

4.0 PROPERTY DESCRIPTION AND LOCATION - - - - 3
4.1 Location and area - - - - - - - - 3
4.2 Mineral tenure and identifying numbers - - - - 5
4.3 Interest, obligations, expiration dates - - - - - 8
4.4 Methodology of locating property boundaries - - - 11
4.5 Location of mineralized zones - - - - - 11
4.6 Agreements, encumbrances - - - - - - 12
4.6.1 Kilo – MASTERS SPRL Agreement - - - 12
4.6.2 Blue Ribbon Capital Corporation and Kilo Goldmines Inc Qualifying Transaction Agreement - - - - 13
4.7 Environmental liabilities - - - - - - 14
4.8 Work permits - - - - - - - - 15

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY - - - - - - - 16
5.1 Topography, elevation and vegetation - - - - 16
5.2 Property access - - - - - - - 20
5.3 Proximity to population centre, nature of transport - - - 21
5.4 Climate, operating season - - - - - - 23
5.5 Mining operation infrastructure - - - - - 23

6.0 HISTORY - - - - - - - - - 24
6.1 Prior ownership and ownership changes - - - - 24
6.2 Nature of exploration and development by previous owners - 24
6.2.1 Introduction - - - - - - - 24
6.2.2 Exploration on the KGL Masters Project Exploration Licences 26
6.3 Historical mineral resources and reserves - - - - 28
6.4 Production - - - - - - - - 28
6.4.1 CNKi Gold Production - - - - - 28
6.4.2 MGL Gold Production - - - - - 28

7.0 GEOLOGICAL SETTING - - - - - - 29
7.1 Regional geology - - - - 29
7.2 Local geology - - - - - - - - 34
7.3 Property geology - - - - - - - 37

8.0 DEPOSIT TYPES - - - - - - - - 38

9.0 MINERALIZATION - - - - - - - - 43

TABLE OF CONTENTS
(continued)

			page
10.0	**EXPLORATION**		**55**
11.0	**DRILLING**		**58**
12.0	**SAMPLING METHOD AND APPROACH**		**58**
	12.1	Sampling method, type and area	58
	12.2	Factors affecting reliability of results	59
	12.3	Sample quality and biases	59
	12.4	Rock types, geologic controls, sampling intervals	59
	12.5	Summary of relevant samples, values and estimated true widths	59
13.0	**SAMPLE PREPARATION, ANALYSIS AND SECURITY**		**59**
	13.1	Involvement of an employee, officer, director or associate of the issuer in sample preparation	59
	13.2	Sample preparation, analysis and laboratory procedures	59
	13.3	Quality control measures employed	60
	13.4	Adequacy of sampling, sample preparation, security and analysis	60
14.0	**DATA VERIFICATION**		**60**
	14.1	Quality control measures and data verification procedures applied	60
	14.2	Data verification or reliance by author	60
	14.3	Nature of any limitations on verification	60
	14.4	Reasons for any failure to verify data	60
15.0	**ADJACENT PROPERTIES**		**61**
	15.1	Publicly available information and source	61
	15.2	Verification of adjacent property data	66
	15.3	Relationship between adjacent property and property being reported on	66
16.0	**MINERAL PROCESSING AND METALLURGICAL TESTING**		**66**
17.0	**MINERAL RESOURCES AND MINERAL RESERVE ESTIMATES**		**66**
18.0	**OTHER RELEVANT DATA AND INFORMATION**		**66**
19.0	**INTERPRETATION AND CONCLUSIONS**		**66**
20.0	**RECOMMENDATIONS**		**67**
	20.1	Introduction	67
	20.2	PHASE I Recommended Exploration Programme	67
	20.3	PHASE II Recommended Exploration Programme	70
	20.4	Budget and Time Line	76
21.0	**REFERENCES**		**79**
22.0	**DATE AND SIGNATURE PAGE**		**80**
	22.1	Signature page	80
	22.2	Certificate of Author's Qualifications	81

TABLE OF CONTENTS
(continued)

		page
22.3	Consent of Author - - - - - - -	82
23.0	**ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES -**	**83**

LIST OF TABLES

Table 4.2.	List of the KGL MASTERS sprl Exploration Licences in the DRC.	5
Table 4.3.	Expiry dates and rental fees for the KGL MASTERS sprl Exploration Licences. - - - - - - -	11
Table 4.8.	Status of CDTs for the KGL Masters Project. - - -	15
Table 7.1.	Geological Legend to accompany Figure 7.1b. - - -	32
Table 7.2.	Geological Legend to accompany Figure 7.2. - - -	36
Table 9.0.	Estimated gold content in the Amalutu aval occurrence (RMCA, 2007).	45
Table 10.0a.	Exploration expenditures incurred by Kilo on the KGL Masters Project Exploration Licences. - - - - - -	58
Table 20.2a.	Recommended Phase I diamond drill holes on the Golgotha artisanal gold mine. - - - - - - -	67
Table 20.3a.	Recommended Phase II diamond drill holes on the Golgotha artisanal gold mine. - - - - - - -	72
Table 20.3b.	Recommended Phase II diamond drill holes on the Malaguere artisanal gold mine. - - - - - - -	74
Table 20.4a.	Estimated budget for the recommended Phase I exploration programme.	76
Table 20.4b.	Estimated budget for the recommended Phase II exploration programme.	76
Table 20.4c.	Estimated time line of the recommended Phase I exploration programmes on the KGL Masters Project Exploration Licences in the DRC. - - - - - - - -	78
Table 20.4d.	Estimated time line of the recommended Phase II exploration programmes on the KGL Masters Project Exploration Licences in the DRC. - - - - - - - -	78

LIST OF FIGURES

Figure 4.1a.	Location map of the KGL Masters Project area in the DRC. -	3
Figure 4.1b.	Map of the DRC illustrating Districts, roads, railroads, airports, cities and towns. - - - - - - -	4
Figure 4.2.	Map of the KGL Masters Project property, roads, communities and rivers.	7
Figure 5.1a.	Satellite image of the DRC and neighbouring countries.	16
Figure 5.1b.	Photo of the Biakatu River draining the KGL Masters Project, view west. - - - - - - - -	17
Figure 5.1c.	Photo of the Biakatu River draining the KGL Masters Project, view east. - - - - - - - -	17
Figure 5.1d.	Photo of the rainforest on the KGL MASTERS sprl Exploration Licence 2633. - - - - - -	18
Figure 5.1e.	Photo illustrating a cultivated area in the rainforest on the KGL MASTERS sprl Exploration Licence 2634. - - -	18
Figure 5.1f	Map illustrating forest types, the ENRA forestry concession area and KGL Masters Project Exploration Licences. - - - -	19

TABLE OF CONTENTS

LIST OF FIGURES
(continued)

		page
Figure 5.1g.	Photo illustrating undulating topography and vegetation on Exploration Licence 2630; the southernmost of the KGL MASTERS sprl Project.	20
Figure 5.2a.	Aerial view, from near Beni, of the Beni to Bunia road through the rainforest of the DRC.	21
Figure 5.2b.	Photo of the Beni to Mambasa road through the KGL Masters Project property.	22
Figure 5.3a.	Aerial view of the community of Beni, DRC.	22
Figure 5.3b.	Photo illustrating the main street in Beni, DRC.	23
Figure 6.2.1.	Map illustrating the KGL Masters Project Exploration Licences on an index map.	25
Figure 6.2.2.	Map illustrating the rivers in the KGL Masters Project area.	27
Figure 7.1a.	Geological map of the DRC (modified after Lepersonne, 1974).	30
Figure 7.1.b.	Geological map of the northeastern DRC.	31
Figure 7.2.	Map of the KGL Masters Project Exploration Licences and local geology.	35
Figure 8.0a.	Characteristics of Orogenic gold deposits.	40
Figure 8.0b.	Characteristics of Intrusion-related gold deposits.	42
Figure 9.0a.	Compilation map of gold occurrence on the hill between tributaries of the Amalutu and Teturi Rivers (RMCA, 2007).	44
Figure 9.0b.	Geological map of the KGL Masters Project Exploration Licences and the location of the Malaguere and Golgotha artisanal gold mines.	48
Figure 9.0c.	Legend for the geological map illustrated in Figure 9.0b.	49
Figure 9.0d.	Quartz vein outcrop, discovery site of the Malaguere artisanal gold mine.	50
Figure 9.0e.	Photo illustrating excavations on the Malaguere auriferous quartz vein.	50
Figure 9.0f.	Photo illustrating the Malaguere artisanal gold mine workings and the regolith profile.	51
Figure 9.0g.	Photo of the Malaguere pit looking east along the auriferous quartz vein.	51
Figure 9.0h.	Photo of the Golgotha artisanal site gold mine workings.	52
Figure 9.0i.	Photo of a pit and tunnel on the Golgotha artisanal gold mine; note the quartz veins in the pit walls.	53
Figure 9.0j.	Photo illustrating a series of parallel, north dipping, quartz veins in the Golgotha artisanal gold mine.	53
Figure 9.0k.	Photo illustrating two parallel gold bearing quartz veins in the Golgotha artisanal mine site.	54
Figure 9.0l.	Photo illustrating a thin quartz vein hosted in the gneisses that occur between the two parallel quartz veins exploited by artisanal miners.	54
Figure 10.0a.	Map illustrating sites regolith sampled and artisanal workings observed; December 2007 to January 2008 programme.	56
Figure 10.0b.	Map illustrating regolith sample site and artisanal workings observed; December 2007 to January 2008 programme.	57
Figure 15.1a.	Photo of the Tindika artisanal site illustrating the auriferous quartz vein that is being exploited.	61
Figure 15.1b.	Photo illustrating the thin regolith horizon overlying the Tindika artisanal site.	62
Figure 15.1c.	Photo illustrating the support used by the artisanal miners to hold the walls of the main shaft from collapsing.	62

TABLE OF CONTENTS

LIST OF FIGURES
(continued)

		Page
Figure 15.1d.	A photo of gold panned from crushed samples mined at Tindika.	63
Figure 15.1e.	Map illustrating gold occurrences and former gold producers in the DRC.	64
Figure 15.1f.	Map illustrating the geology and location of the Moto Goldmines project.	65
Figure 20.2a.	Map illustrating areas regolith sampled and areas recommended for Phase I diamond drilling.	68
Figure 20.2b.	Map illustrating the Golgotha artisanal gold mine workings, and projected gold bearing quartz veins and recommended Phase I diamond drill holes.	69
Figure 20.3a.	Map illustrating areas recommended for Phase II airborne magnetic and radiometric surveys and regolith sampling.	71
Figure 20.3b.	Map illustrating the Phase II recommended diamond drill holes on the Golgotha artisanal gold mine.	73
Figure 20.3c.	Map illustrating Phase II recommended diamond drill holes on the Malaguere artisanal gold mine.	75

1.0 SUMMARY

Property description: The mineral rights for the Masters project property is held under 11 contiguous *Permis de Recherches* (Exploration Licence), covering 3,311.56 square kilometres, granted to MASTERS sprl and subsequently transferred to KGL MASTERS sprl.

Location: The property is located in the Territories of Mambasa, Dtugu and Irumu in the Oriental Province (*Province Orientale*) and in the Territory of Beni in North Kivu (*Nord Kivu*) in the northeastern part of the Democratic Republic of Congo. The city of Beni is located on the southern part of the property

Ownership: The property is covered by eleven Exploration Licences held by KGL MASTERS sprl, a company incorporated under the laws of the Democratic Republic of Congo. MASTERS sprl and Kilo Goldmines Inc. jointly formed KGL MASTERS sprl and hold 10% and 90% respectively. MASTERS sprl assigned the Exploration Licences to KGL MASTERS sprl and Kilo Goldmines Inc will fund KGL MASTERS sprl to carry out exploration.

Geology: The youngest lithology on the property is the Post Karoo, essentially a lateritc cuiriasse. The underlying Karoo formation, of black shales, elluvial and alluvial deposits lies on the Lindian. The Lindian is composed of black argillite and sandstone intercalated with arkosic sandstone, red micaceous sandstone, conglomerates and a number of basic dykes.

The Archaean Kibalian (Burundian) formation consists of quartzitic sandstone often with pyrite, pellitic and graphitic shales and horizons intercalated with fine quartzitic sandstone, banded sericite schists, quartz-sericite schists, phyllites, spotted schists and red banded shale. Gold bearing quartz veins are hosted within the Kibalian formation.

Mineralization: Gold mineralization is present in quartz veins that are being mined by artisanals on the KGL Masters Project property. The gold bearing quartz veins are predominantly hosted within gneisses and quartz – mica schists of the Kibalian formation.

Exploration concept: Airborne geophysical surveys and regolith and stream sediment sampling surveys as well as geological mapping, diamond drilling, trenching and ground geophysics are warranted. Orogenic and/or intrusion-related gold deposit(s) are targeted.

Status of exploration: During the first half of the 1900's the property and vicinity was explored and exploited primarily for alluvial gold. During this time reconnaissance type exploration activity focused on the hard-rock potential was carried out over small selected areas. Exploration activities and exploitation of gold was virtually non-existent during the second half of the 1900's. The property has never been subjected to systematic exploration using current methods. KGL MASTERS sprl is currently collecting regolith samples.

Conclusions and recommendations: The property has the potential to host significant deposit(s) of gold either in the Kibalian gneisses, schist and volcanic rocks (orogenic type gold deposits) or in granitic intrusives and surrounding rocks (reduced-intrusive related gold deposits). A two-phase budget of US$10.95 million is warranted to evaluate the economic potential of the KGL Masters Project property.

2.0 INTRODUCTION

2.1 Report prepared for

Preparation of this report on the KGL MASTERS sprl Project, in the Democratic Republic of Congo, ("DRC") was requested by Kilo Goldmines Inc. ("Kilo"). Kilo Goldmines Inc. is a private company that was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) dated January 18, 2006. The head office, and the registered office of the Corporation, is located at 141 Adelaide Street West, Suite 1200, Toronto, Ontario M5H 3L5.

The author, S.D. Robinson is a consulting geologist independent of Kilo Goldmines Inc., and is a "qualified person" as defined by Canadian Securities Administrators ("CSA") National Instrument ("NI") 43-101. Preparation of this report is in accordance with the requirements of NI 43-101 of the CSA, as set out in Form 43-101F1.

2.2 Purpose of report

The purpose of this report is to disclose information on certain contiguous Exploration Licences in the DRC, namely the KGL MASTERS sprl Project property referred to herein as the "KGL Masters Project". This report will be used primarily for a qualifying transaction with a Capital Pool Company ("CPC") whereby a reverse merger is completed between the CPC and Kilo simultaneously with an equity financing. The CPC is Blue Ribbon Capital Corporation incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Ontario) dated September 12, 2006, which articles were amended June 25, 2007. The head office and the registered office of the Corporation are located at Suite 110, 141 Adelaide St. W, Toronto, Ontario, Canada M5H 3L5. Blue Ribbon Capital Corporation is listed on the TSX Venture exchange under the symbol BRQ.P.

2.3 Sources of information and data

The sources of information and data used in the compilation of this report is derived from published data, un-published reports prepared for Kilo, authors observations during site visits, as well as a compilation report of the historical records publicly available in the archives of the Tevuren Museum in Brussels, Belgium. All data reviewed is listed herein in alphabetical order in Section 21.0 entitled 'References' with the exception of the documentation pertaining to tenure of the property which is described herein in Section 4.2.

2.4 Property inspection by author

The author was not involved in the exploration work carried out by KGL MASTERS sprl on the KGL Masters Project, but visited the property during the periods of September 26th to 30th, 2006, May 29th to June 3rd, 2007, August 27th to 30th, 2007, December 10th to 15th, 2007 and February 16th to February 22nd, 2008.

3.0 RELIANCE ON OTHER EXPERTS

No disclaimer is included as the author has not relied on reports, opinions or statements of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report.

Kilo contracted the Royal Museum for Central Africa, (Tevuren) in Brussels, Belgium to compile historical archived records pertaining to the KGL Masters Project Exploration Licences. The reports cover the period prior to independence in 1960. The report findings are included herein in Section 6.0.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Location and area

The KGL Masters Project property is located in the north-eastern DRC as illustrated on Figure 4.1a. The project is in the Territories of Dtuga, Mambasa and Irumu in the Oriental Province (*Province Orientale*) and in the Territory of Beni in North Kivu (*Nord Kivu*) in the DRC, illustrated on Figure 4.1b. The property lies between North Latitudes 00° 20' 00" and 01° 10' 00" and East Longitudes 29° 10' 00" and 29° 40' 00" and totals 3,894 square kilometres. The city of Beni, in the DRC, is located within the southern portion of the property. The geodetic Datum is Arc 1950 (Zaire); the ellipsoid has not been confirmed but it may be Clarke 1880.

Figure 4.1a. Location map of the KGL Masters Project area in the DRC.

Figure 4.1b. Map of the DRC illustrating Districts, roads, railroads, airports cities and towns.

4.2 Mineral tenure and identifying numbers

The mineral tenure for the KGL Masters Project is held under eleven contiguous *Permis de Recherches* (English translation is 'Research Permits' however an English version of the Mining Code 2002, translates 'Permis de Recherches' as 'Exploration Licences' hence 'Exploration Licence' is used in this report). The Exploration Licences listed in Table 4.2 and illustrated on Figure 4.2 were granted to MASTERS sprl and subsequently transferred to KGL MASTERS sprl. The geodetic coordinate Datum is ARC 1950 (Zaire).

Table 4.2. List of the KGL MASTERS sprl Exploration Licences in the DRC.

Exploration Licence	EAST LONGITUDE	NORTH LATITUDE	AREA squares	Territory	District	Province	ISSUED d/m/y
2620	29º 20' 00" 29º 20' 00" 29º 30' 00" 29º 30' 00"	00º 50' 00" 01º 00' 00" 01º 00' 00" 00º 50' 00"	400	Mambasa	Ituri	Oriental	10/10/06
2621	29º 30' 00" 29º 30' 00" 29º 40' 00" 29º 40' 00"	01º 00' 00" 01º 10' 00" 01º 10' 00" 01º 00' 00"	400	Mambasa	Ituri	Oriental	10/10/06
2622	29º 20' 00" 29º 20' 00" 29º 23' 30" 29º 23' 30" 29º 26' 30" 29º 26' 30" 29º 27' 30" 29º 27' 30" 29º 30' 00" 29º 30' 00" 29º 23' 00" 29º 23' 00"	01º 03' 00" 01º 10' 00" 01º 10' 00" 01º 07' 30" 01º 07' 30" 01º 09' 30" 01º 09' 30" 01º 10' 00" 01º 10' 00" 01º 10' 00" 01º 00' 00" 01º 03' 00"	332	Irumu	Ituri	Oriental	10/10/06
2623	29º 20' 00" 29º 20' 00" 29º 30' 00" 29º 30' 00" 29º 27' 00" 29º 27' 00"	00º 20' 00" 00º 30' 00" 00º 30' 00" 00º 24' 00" 00º 34' 00" 00º 20' 00"	352	Beni	Kivu North	Kivu North	10/10/06
2624	29º 40' 00" 29º 40' 00" 29º 50' 00" 29º 50' 00"	01º 00' 00" 01º 10' 00" 01º 10' 00" 01º 00' 00"	400	Irumu	Ituri	Oriental	15/12/06

Table 4.2. List of the KGL MASTERS sprl Exploration Licences in the DRC *(continued)*.

Exploration Licence	EAST LONGITUDE	NORTH LATITUDE	AREA square	Territory	District	Province	ISSUED d/m/y
2627	29º 30' 00" 29º 30' 00" 29º 40' 00" 29º 40' 00" 29º 36' 00" 29º 36' 00" 29º 35' 00" 29º 35' 00"	00º 50' 00" 01º 00' 00" 01º 00' 00" 00º 52' 00" 00º 52' 00" 00º 50' 30" 00º 50' 30" 00º 50' 00"	366	Irumu	Ituri	Oriental	10/10/06
2630	29º 20' 00" 29º 20' 00" 29º 24' 00" 29º 24' 00" 29º 25' 30" 29º 25' 30" 29º 28' 30" 29º 28' 30" 29º 30' 00" 29º 30' 00"	00º 30' 00" 00º 40' 00" 00º 40' 00" 00º 39' 30" 00º 39' 30" 00º 39' 00" 00º 39' 00" 00º 39' 30" 00º 39' 30" 00º 30' 00"	382	Mambasa	Ituri	Oriental	10/10/06
2633	29º 10' 00" 29º 10' 00" 29º 20' 00" 29º 20' 00"	00º 40' 00" 00º 50' 00" 00º 50' 00" 00º 40' 00"	400	Mambasa	Ituri	Oriental	04/04/07
2634	29º 10' 00" 29º 10' 00" 29º 16' 30" 29º 16' 30" 29º 19' 30" 29º 19' 30" 29º 20' 00" 29º 20' 00"	00º 50' 00" 01º 00' 00" 01º 00' 00" 00º 57' 00" 00º 57' 00" 01º 00' 00" 01º 00' 00" 00º 50' 00"	*364*	Mambasa	Ituri	Oriental	10/10/06
2796	29º 40' 00" 29º 40' 00" 29º 41' 30" 29º 41' 30" 29º 40' 30" 29º 40' 30" 29º 50' 00" 29º 50' 00"	01º 10' 00" 01º 15' 30" 01º 15' 30" 01º 18' 30" 01º 18' 30" 01º 20' 00" 01º 20' 00" 01º 10' 00	382	Dtugu	Ituri	Oriental	15/12/06
8437	29º 10' 00" 29º 10' 00" 29º 20' 00" 29º 20' 00"	00º 37' 00" 00º 40' 00" 00º 40' 00" 00º 37' 00"	120	Beni	Kivu North	Kivu North	21/12/07

The author has reviewed scanned copies of the documentation on each of the eleven Exploration Licences currently held by KGL MASTERS sprl on the KGL Masters Project property as listed below. MASTERS sprl was granted the right pursuant to the provisions of the Mining Code 2002 to explore for gold and diamonds on each of the Exploration Licences.

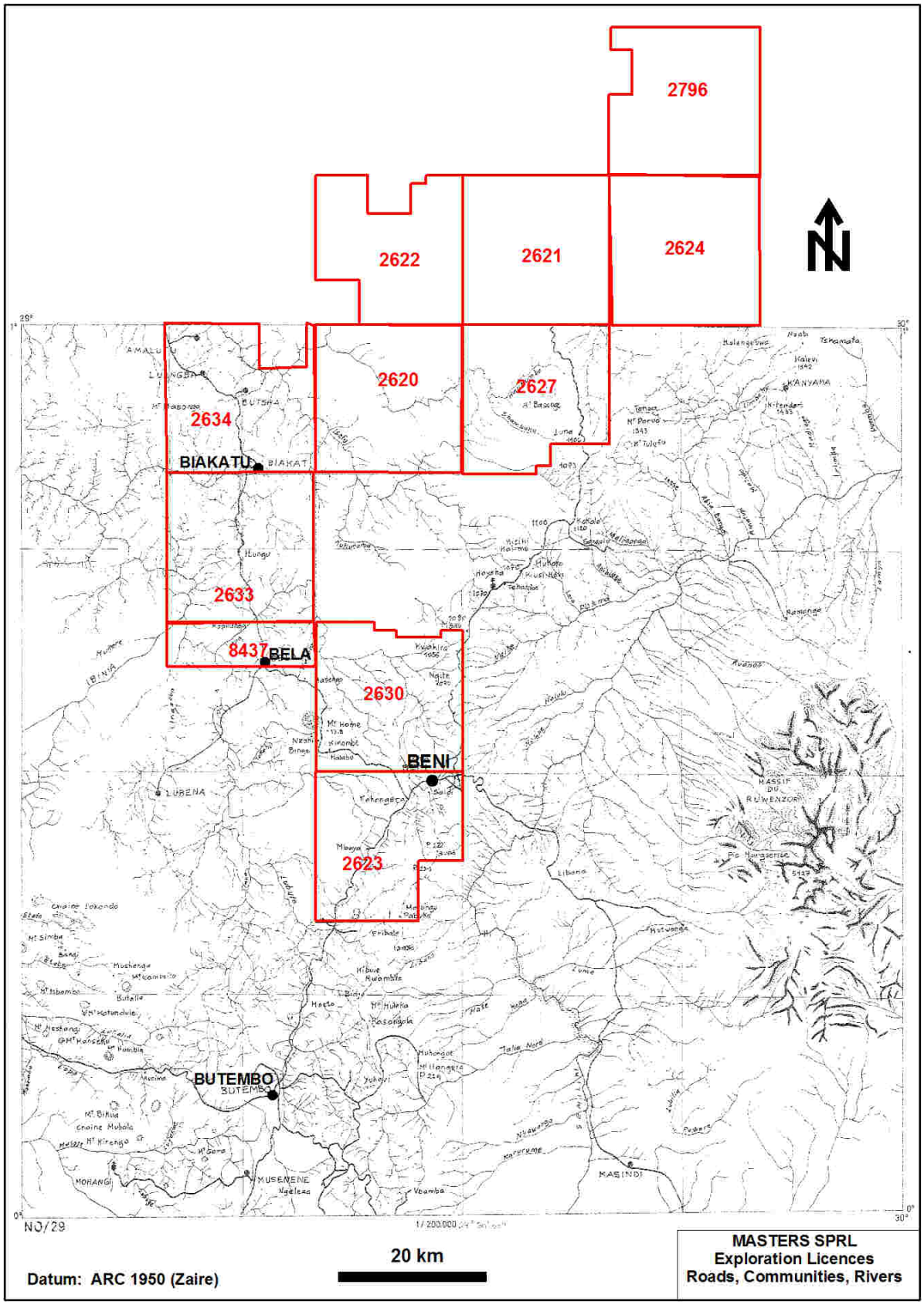


Figure 4.2. Map of the KGL Masters Project property, roads, communities, and rivers.

4.3 Interest, obligations, expiration dates

Interest: The registered holder of the mineral rights has a 100% undivided interest in each of the Exploration Licences, subject to the provisions of the Mining Code 2002 and the Mining Regulations as summarized herein under this Section 4.3 entitled obligations.

Obligations: Prior to carrying out exploration holders of a Mineral Right must obtain 'final approval' from the Ministry of Mines. In order to obtain 'final approval' the author has been given to understand that holders of a Mineral Right must first carry out a three day reconnaissance visit on each Exploration Licence and introduce themselves to the local authorities or alternatively substitute the field visit with an airborne geophysical survey, however the author was unable to find reference to this requirement in the Mining Code 2002 nor in the Mining Regulations 2003. Pursuant to the Mining Code 2002 holders of a Mineral Right must complete and submit for approval a Plan d'Atténuation et Réhabilitation de l'environnement *(Mitigation and Rehabilitation Plan (MRP))* prior to exploring the area covered by the Mineral right. Holders of an Exploration Licence or contiguous block of Exploration Licences must submit a report at the end of each calendar quarter. The fourth quarter (*period ending December 31st*) must cover all activities carried out during the year. Said reports are required to describe the work carried out and state the incurred expenditures. Copies of the reports must be filed with the Ministry of Mines in Kinshasa as well as with the applicable district office(s).

All holders of a Mineral Right must pay annual rent and taxes to the State of DRC prior to March 31st of each year and maintain journals of administrative and technical activities. Rent and taxes on the KGL Masters Project property, in United States ("US") dollars, were paid in the amounts of US$2,258.93 in 2006, US$9,141.24 in 2007, US$38,698.61 in 2008; rent and taxes in the amount of US$112,335.23 is due in 2009, payable no later than March 31st.

All mineral substances, including artificial deposits, underground water and geothermal deposits on surface or in the sub-soil or in water systems of the national Territory vest in the State of the Democratic Republic of Congo. The President of the Republic is responsible for the enactment of the Mining Code by Decree on his own initiative or on the proposal of the Minister in charge of mines and quarries based on the opinion of the Geological Department or the Mining Registry. The mineral tenure system is provided for in the Mining Code 2002 and in the Mining Regulations 2003. An environmental consulting firm of recognized standing is required for guidance and assistance in regards to environmental matters including preparation of the Mitigation and Rehabilitation Plan ("MRP") required prior to commencing any work. Assuming the recommended exploration programs are successful, it is recommended that Kilo Goldmines Inc., retain experienced legal counsel for advice and guidance with DRC mining law particularly in regards to State entitlements, royalties and the State's right to participate in mining projects.

Summarized herein are the relevant mineral tenure items from the Mining Code 2002 and the Mining Regulations. For a complete review of the mineral tenure the reader is referred to the original documents. Unless specified the information was obtained from a reading of Law No. 007/2002 of July 11, 2002 Relating to the Mining Code.

Pursuant to the Mining Code 2002 the following types of licences or permits may be granted by the Minister in charge of mines and quarries, for the exploration and exploitation of minerals.

- Prospecting Certificate

- Exploration Licences
- Exploitation Licences to cover

    - small scale (artisanal)
    - large scale
    - tailings
    - quarry

Given that Mineral Rights on the KGL Masters project are held under Exploration Licences hence, presented herein is only a summary on Exploration Licences.

MINERAL AND MINING RIGHTS

- **MINERAL EXPLORATION**

Scope of the Mineral Exploration Licence

- entitles holder exclusive right within the granted Perimeter for period of validity to carry out exploration for mineral substances classified as mines and associated substances if applied for
- holder must obtain approval in advance of its MRP prior to commencing any work
- holder is permitted to collect samples and have them analyzed at a lab of his choice
- approval must be obtained from the Geology Directorate of the Ministry of Mines prior to shipping samples abroad for analysis
- a duplicate sample or sample batch is to be submitted to the Geology Directorate of all of the samples collected within the Perimeter of his title
- exploration work can not become exploitation work
- the holder can convert to an Exploitation Licence if a deposit that can be economically exploited is discovered

Nature of Exploration Licence

Exploration Licence is real property and exclusive right, conveyable and transferable

- right is evidenced by a mining title called “Exploration Certificate”.
- In the case of precious stones, valid for four years and renewable for 2 periods each of two years
- In the case of mineral substances, valid for five years and renewable for two periods each of five years
- Surface area of the Perimeter can not exceed 400 km²
- A maximum of 50 Exploration Licences can be held by one entity and its affiliated companies; surface area can not exceed 20,000 km² on the entire National Territory
- Application for an Exploration Licence must be drafted and submitted to the Mining Registry in accordance with the Mining Code
- Proof of financial capacity must be attached to the application
- Application is not subject to technical or environmental evaluations
- Proof of minimum financial capacity, which is equal to ten times the amount of the annual surface rights fees payable for the last year of the first period of validity must be provided by applicant

- Exploration Licence is granted or refused within 30 working days of receipt of the application
- The Exploration Licence can be extended to cover substances other than originally granted, based on submission of reasons
- Any portion of the Exploration Licence can be renounced at any time, however the renounced portion must be comprised of whole quadrangles
- The Exploration Licence expires on the final day of last term of validity, or when it has not been renewed at the end of the first term of validity, or when it has not been converted into an Exploitation Licence or a Small Mine Exploitation Licence
- The holder's environmental responsibility does not expire when the Exploration Licence expires

Renewal of the Exploration Licence requires;

- exploration report for prior term of validity
- application submitted to the Mining Registry at least three months prior to expiry and must include the same information as presented for Application for mining or quarry rights, the number of quadrangles to be renewed and their location, identity of affiliated companies and the nature, number and surface area of the Perimeters of the Exploration Licences held by the holder and his affiliated companies
- Exploration Certificate held by holder and proof of payment of filing costs must be attached to the renewable application
- The holder must relinquish 50% of the Perimeter covered by his licence

Partial conversion into an Exploitation Licence or Small-scale Mining Licence

- A portion of an Exploration Licence can be requested to be converted into an Exploitation Licence or a Small-scale Exploitation Licence; the portion not converted continues as an Exploration Licence
- Several Exploration Licences can be converted into an Exploitation Licence or a Small-scale Mining Exploitation Licence
- An Exploration Licence can be converted into multiple Exploration Licences to cover the area not covered by an Exploitation Licence or a Small-scale Mining Exploitation Licence provided the total number of Exploration Licences does not exceed the maximum allowed by a single person
- Duration of the multiple licences is the validity period of the original licence

Expiration dates: Pursuant to the DRC Mining Code 2002 Exploration Licences for metals are valid for an initial period of five years and for gemstones for an initial period of four years provided annual rental fees and taxes are paid. Rental fees and taxes are calculated on a calendar basis and must be paid by March 31st of the year of validity. In the year of grant and the year of expiry rental fees and taxes are pro-rated for the number of days in the year that a Licence is valid.

Table 4.3 lists the expiry dates; tax and rent paid in 2006, 2007 and 2008 as well as due in 2009 for each of the KGL Masters Project Exploration Licences.

Table 4.3. Expiry dates and rental fees for the KGL MASTERS sprl Exploration Licences.

Exploration licence	AREA Km²	ISSUED d/m/y	Expiry Date d/m/y	2006 & 7 Tax/Rent $US	2008 Tax/Rent $US	2009 Tax/Rent $US
2620	339.82	10/10/06	09/10/11	985.91	3,954.89	11,736.00
2621	339.82	10/10/06	09/10/11	1,251.95	3,954.89	11,736.00
2622	282.05	10/10/06	09/10/11	1,039.11	3,282.56	9,690.88
2624	299.04	15/12/06	09/10/11	1,064.71	3,480.30	10,327.68
2623	339.82	10/10/06	09/10/11	1,090.11	3,954.89	11,736.00
2627	310.94	10/10/06	09/10/11	1,145.53	3,618.73	10,738.44
2630	324.53	10/10/06	09/10/11	1,948.20	3,776.92	11,207.88
2633	339.82	04/04/07	03/04/11	729.70	3,954.89	11,736.00
2634	309.24	10/10/06	09/10/11	1,001.56	3,757.15	10,679.76
2796	324.53	15/12/06	14/12/11	1,016.80	3,776.92	11,207.88
8437	101.95	02/08/07	01/08/11	126.59	1,186.47	1,538.71
Total	**3,311.56**		**Totals**	**11,400.17**	**38,698.61**	**112,335.23**

4.4 Methodology of locating property boundaries

All Mining Rights are maintained on 1:200,000 scale maps (Datum Arc 1950(Zaire)) in the Ministry of Mines offices in Kinshasa. Exploration Licence boundaries are 'paper staked' and the Mining Code 2002 does not make any reference to the requirement of demarcating the boundaries in the field. However, the holder of a mining or quarry exploitation title must, within two months of being granted the exploitation title survey the Perimeter at his cost. A survey marker post with the holders' name, title number and survey maker identification must be placed at each corner of the Perimeter.

4.5 Location of mineralized zones

The KGL Masters Project Exploration Licences were previously worked, in part at least, during the 1920's to 1950's by Compagnie Minière des Grands Lacs ("MGL") and by Comité National du Kivu ("CNKi"). MGL and CNKi focused primarily on exploration for and exploitation of alluvial gold. A compilation report on the archived files in the Royal Museum of Africa (Teveuren) in Brussels, Belgium indicates that gold was exploited from rivers currently within the limits of the KGL Masters Project Exploration Licences. MGL and CNKi did not carry out any significant exploration for gold mineralization hosted within in-situ rocks, (RMCA, 2007).

The author visited two active artisanal gold mines known as the Malaguere and Golgotha on the KGL Masters Project property; both are hosted within quartz veins, and there location is illustrated on Figure 9.0b in Section 9.0 hereof. The Tindika gold occurrence, also visited by the author is situated about 25 km to the west of the KGL Masters Project area.

A number of gold occurrences, and past producing gold mines are known within the Archaean Lower Kibalian volcanic and Upper Kibalian sediments of the Kilo – Moto area in the northeastern part of the DRC. The majority of the Kibalian rocks have not been explored with modern techniques. Other than several active projects, Moto, Kilo (Section 15.1 hereof)

this part of the DRC has not been explored since gaining independence from Belgium in 1960.

4.6 Agreements, encumbrances

4.6.1 Kilo – MASTERS SPRL Agreement

The author has reviewed a copy of an agreement duly executed in July 2007 whereby Kilo and MASTERS SPRL agreed to jointly form a Partnership under the following terms:

- MASTERS SPRL and Kilo agreed to create a Limited Liability Partnership in accordance with the laws of the Democratic Republic of Congo and having the name KGL MASTERS SPRL (*Société Privé à Responsabilité Limitée*).

- KGL MASTERS SPRL Capital is fixed at US$100,000 represented by 1,000 units each having a nominal value of US$100.

- KGL MASTERS SPRL units are subscribed to as Kilo 90% (900 units; US$90,000) and Masters SPRL 10% (100 units; US$10,000).

- MASTERS SPRL has agreed to assign and have registered with the Mining Cadastre of the Democratic Republic of Congo ("CAMI") in the name of KGL MASTERS SPRL eight Exploration Licences bearing the numbers 2620, 2621, 2622, 2623, 2627, 2630, 2633, and 2634.

- Kilo has agreed to pay MASTERS SPRL the sum of US$100,000 and 300,000 shares of Kilo Goldmines Ltd., as follows: **a**) US$25,000 on the date the abovementioned eight Exploration Licences have been registered with CAMI in the name of KGL MASTERS SPRL, **b**) US$25,000 six months following the payment stated herein in (a), **c**) US$25,000 six months following the payment stated herein in (b), **d**) US$25,000 six months following the payment stated herein in (c) **e**) issue 100,000 shares of Kilo on the date the abovementioned eight Exploration Licences have been registered with CAMI in the name of KGL MASTERS SPRL, **f**) issue 100,000 shares of Kilo twelve months after share issuance stated herein in (e), and **g**) issue 100,000 shares of Kilo twelve months after share issuance stated herein in (f).

- Kilo has agreed to provide working capital to KGL MASTERS SPRL by way of interest bearing loans; the agreed interest rate is 5% calculated daily, capitalized monthly and payable from KGL MASTERS SPRL generated revenues.

- In the event the Congolese state is granted a share of the capital of KGL MASTERS SPRL Kilo will transfer the requested amount up to 5% of the share capital of KGL MASTERS SPRL from its own shares. The KGL MASTERS SPRL shareholders, namely Masters SPRL and Kilo, will transfer any additional required amount to the Congolese state on a pro-rata basis in accordance to their respective shareholding.

Amendment to the July 2007 agreement:

- MASTERS SPRL assigned three additional Exploration Licences, namely 2624, 2796 and 8437 to the KGL MASTERS SPRL project in an amendment to the July 2007 agreement executed in January 2008.

Note: The January 2008 amendment agreement identified KGL MASTERS sprl ***(****Société Privée à Responsabilité Limitée)* as having been incorporated under the laws of the Democratic Republic of Congo, registered under number KG/1257/M with the New Trade Registry and listed in the National Identification Registry under number 01-193-N49269H and having a business address of 12 avenue Bel Air, Commune de Ngaliema, Kinshasa, DRC.

Exploration Licences 2620, 2621, 2622, 2623, 2627, 2630, 2633, and 2634 have been transferred from Masters sprl into the name of KGL Masters sprl and application to transfer Exploration Licences 2624, 2796 and 8437 from Masters sprl to KGL Masters sprl has been filed with CAMI.

Kilo has made all required payments to Masters sprl pursuant to the terms of the July 2007 agreement and the January 2008 amendment thereto as of the date of this report.

4.6.2 Blue Ribbon Capital Corporation and Kilo Goldmines Inc Qualifying Transaction Agreement

Blue Ribbon Capital Corp entered into a qualifying transaction agreement dated September 27, 2007 and amended April 12, 2008 with Kilo Goldmines Inc. whereby Blue Ribbon agreed to acquire all issued shares of Kilo Goldmines Inc. Terms of the acquisition of Kilo by Blue Ribbon were presented in a Press Release issued by Blue Ribbon Capital Corp. on August 27, 2008 pertinent portions are presented herein. The press release in its entirety can be viewed at www.sedar.com.

> "BLUE RIBBON CAPITAL CORP. (TSX-V: BRQ.P - "Blue Ribbon"), a capital pool company, is pleased to announce that it has entered into an arm's length binding letter agreement (the "Agreement") with Kilo Goldmines Inc. ("Kilo"), originally dated September 27, 2007, as amended on April 12, 2008, pursuant to which it has agreed to acquire, directly or indirectly, all of the issued and outstanding shares of Kilo Goldmines Inc. (the "Kilo Shares"). The acquisition of Kilo will be Blue Ribbon's qualifying transaction (the "Qualifying Transaction") pursuant to the rules and policies of the TSX Venture Exchange (the "Exchange") and will result in the listing of Blue Ribbon as a Tier 2 Resource Issuer. The Qualifying Transaction is expected to occur through the amalgamation of Kilo and a wholly owned subsidiary of Blue Ribbon to be created, pursuant to which Kilo outstanding securities will be exchanged for equivalent Blue Ribbon securities as further provided herein. It is expected that upon completion of the Qualifying Transaction, Blue Ribbon will change its name to Kilo Goldmines Ltd. or to a similar name."
>
> "Pursuant to the Agreement, the outstanding common shares of Blue Ribbon will first be consolidated on a "one for four" basis (such post-consolidated Blue Ribbon common shares are hereinafter referred to as "Blue Ribbon Shares"). Blue Ribbon will then acquire all of the issued and outstanding common shares of Kilo in exchange for the issuance to the shareholders of Kilo of an aggregate of

22,933,413 Blue Ribbon Shares, plus the additional number to be issued pursuant to the Offering (as defined below) at a deemed price of $0.80 per Blue Ribbon Share. Each Kilo shareholder will be entitled to one (1) Blue Ribbon Share for each one (1) share held by them in Kilo. In addition, Blue Ribbon has agreed to issue replacement options and warrants to all holders of Kilo options and warrants who surrender such securities to Blue Ribbon pursuant to the Agreement. The number and exercise price of the replacement options and warrants issued by Blue Ribbon will have identical exercise terms as the Kilo options and warrants that are surrendered. In addition, Kilo intends to complete a private placement financing to raise additional funds prior to the closing of the Qualifying Transaction (the "Offering"). The terms of the Offering have not as yet been established."

"Upon completion of the Qualifying Transaction, Kilo's current management will assume management responsibilities for Blue Ribbon. Kilo will have the right to appoint up to six directors to the board of the resulting company. It is expected that those directors will include Peter Hooper, James Mustard, Jacques Bouchard, Jack Tindale and David Carbonaro. The incoming officers will be: Peter Hooper, President and Chief Executive Officer, Paul Andersen, Chief Financial Officer and David Carbonaro, Corporate Secretary. Moto Goldmines Limited ("MGL"), the company from which Kilo has acquired rights to certain of its properties in the DRC, including the Masters Property, currently owns 4,000,000 common shares of Kilo, or approximately 17.5 % of Kilo's issued and outstanding common shares. MGL will also be issued, prior to the closing of the Qualifying Transaction, such number of additional common shares of Kilo so that the number of Blue Ribbon Shares that will be held by MGL upon the completion of the Qualifying Transaction shall constitute 20% of the resulting public company's issued and outstanding common shares."

4.7 Environmental liabilities

There are no pre-existing environmental liabilities known to the author of this report on the KGL Masters Project Exploration Licences. The Mining Code 2002 requires completion of and acceptance of a Mitigation and Rehabilitation Plan ("MRP") (*Plan D'Attenuation et de Rehabilitation ("PAR".)*) before commencing work on the Exploration Licences. The MRP for the KGL Masters Project Exploration Licences was completed as three separate reports in January 2007 and all three reports were accepted by the Cadastre Minier on April 17, 2004. The MRP for Exploration Licences 2620, 2621, 2634 and 2630 was registered under numbers 766, 767, 768 and 769. The MRP for Exploration Licences 2627 and 2622 was registered under numbers 770 and 771. The MRP for Exploration Licence 2623 was registered under number 772.

The MRP stipulates that disturbed soil will be returned to its original state during the course of the exploration program, i.e., soil sample holes will be backfilled, soil contaminated with lubricants, etc will be decontaminated. In the event pits are dug they are to be clearly indicated with signs. The Mining Regulations stipulate restricted areas. Muhiya and Kabemba (2007a, b and c) identified certain restricted areas, as follows:

- Zone reserved for cemeteries: Each village in the area has an area restricted for a cemetery.
- Zones reserved for crop testing or forest re-plantation: This exists as the project area is totally within the dense forest.

- Zone reserved for railway: The railway owned by the Société de Chemin de Fer l'UELE (SEFU) traverses the perimeter
- Zone occupied by an airport: The Beni private airport is on the property.
- Zone situated within less than 90 metres from village, city or town limits: A number of villages occur within the project area.
- Zone constituting a road or highway: Exploration Licences 2621, 2634, 2630, 2620, 2623 and 2627 are traversed by public roads.
- Zone situated on or less than 180 metres from house or building that are occupied, unoccupied or temporarily unoccupied: This situation exits as there are villages on the project area.
- Zone situated on or less than 45 metres from land used for commercial crops or worked as a farm: Commercial crops are not grown within the project area, however there are a number of fields used for the local residents.
- Zone situated on or less than 90 metres from a farm with pasture land, reservoir, or private water dam: No big farms with pasture land exits within the project area, however there are residents within the project area that have goats, sheep, ducks, and pigs for domestic purposes. No reservoir or private water dam exists within the project area.

4.8 Work permits

Prior to the holder of a mineral right being allowed to commence exploration work an environmental report ("MRP") must be completed and approved by the Ministry of Mines and a 'final approval' or *Commencement des Travaux* ("CDT") issued to the holder of the mineral right. MRPs for all of the KGL Masters Project Licences have been completed and the status of the CDTs is presented in Table 4.8.

Table 4.8. Status of CDTs for the KGL Masters Project.

Licence Number	CDT Date granted (d/m/y) or pending (blank)
2620	05/10/07
2621	05/10/07
2622	05/10/07
2623	05/10/07
2624	31/12/07
2627	05/10/07
2630	05/10/07
2633	
2634	05/10/07
2796	31/12/07
8437	

The Mining Code 2002 is silent on the requirement for any other type of 'work permits'. The author recommends that prior to commencement of an exploration program on the KGL Masters Project that enquires be made with the Mining Registrar.

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

5.1 Topography, elevation and vegetation

The KGL Masters Project Exploration Licences cover an undulating terrain that varies from about 900 metres above sea level ("ASL") to about 1,600 metres ASL. The higher terrain is in the southern portion of the property. The property is dissected by numerous creeks, streams and rivers that drain the hills. The hills tend to have gentle to moderately steep slopes and the valley floors are relatively narrow. The property is predominantly covered by primary tropical rainforest. Figure 5.1a, is a satellite image illustrating the DRC and neighbouring countries. The large streams and rivers are characterized by fast flowing sediment laden brown water as illustrated in Figures 5.1b and 5.1c, whereas some small tributaries draining undisturbed mature tropical rainforest are characterized by clear to semi-clear water.

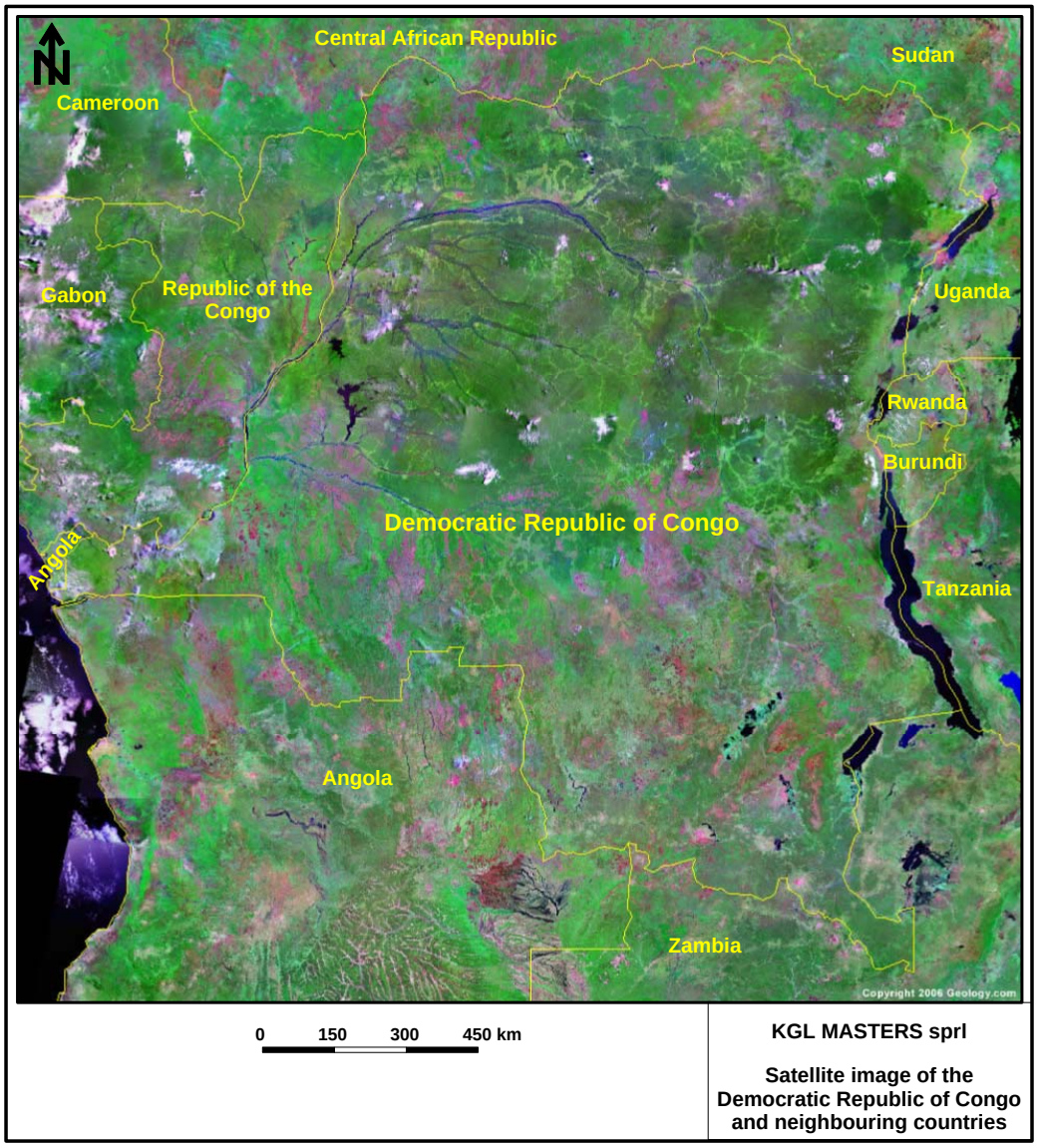


Figure 5.1a. Satellite image of the DRC and neighbouring countries.

Figure 5.1b. Photo of Biakatu River draining the KGL Masters Project, view west.

Figure 5.1c. Photo of the Biakatu River draining the KGL Masters Project, view east.

The vegetation in the northern portion of the property predominantly consists of a mature tropical rainforest as illustrated in Figure 5.1d, interspersed with local cultivated areas, as portrayed in Figure 5.1e near the Beni – Mambasa road.

Figure 5.1d. Photo of the rainforest on the KGL MASTERS sprl Exploration Licence 2633.

Figure 5.1e. Photo illustrating a cultivated area in the rainforest on the KGL MASTERS sprl Exploration Licence 2634.

Logging of mature hardwoods within the KGL Masters Project property occurs mainly on Exploration Licence 2633 within the ENRA forestry permit area illustrated in Figure 5.1f.

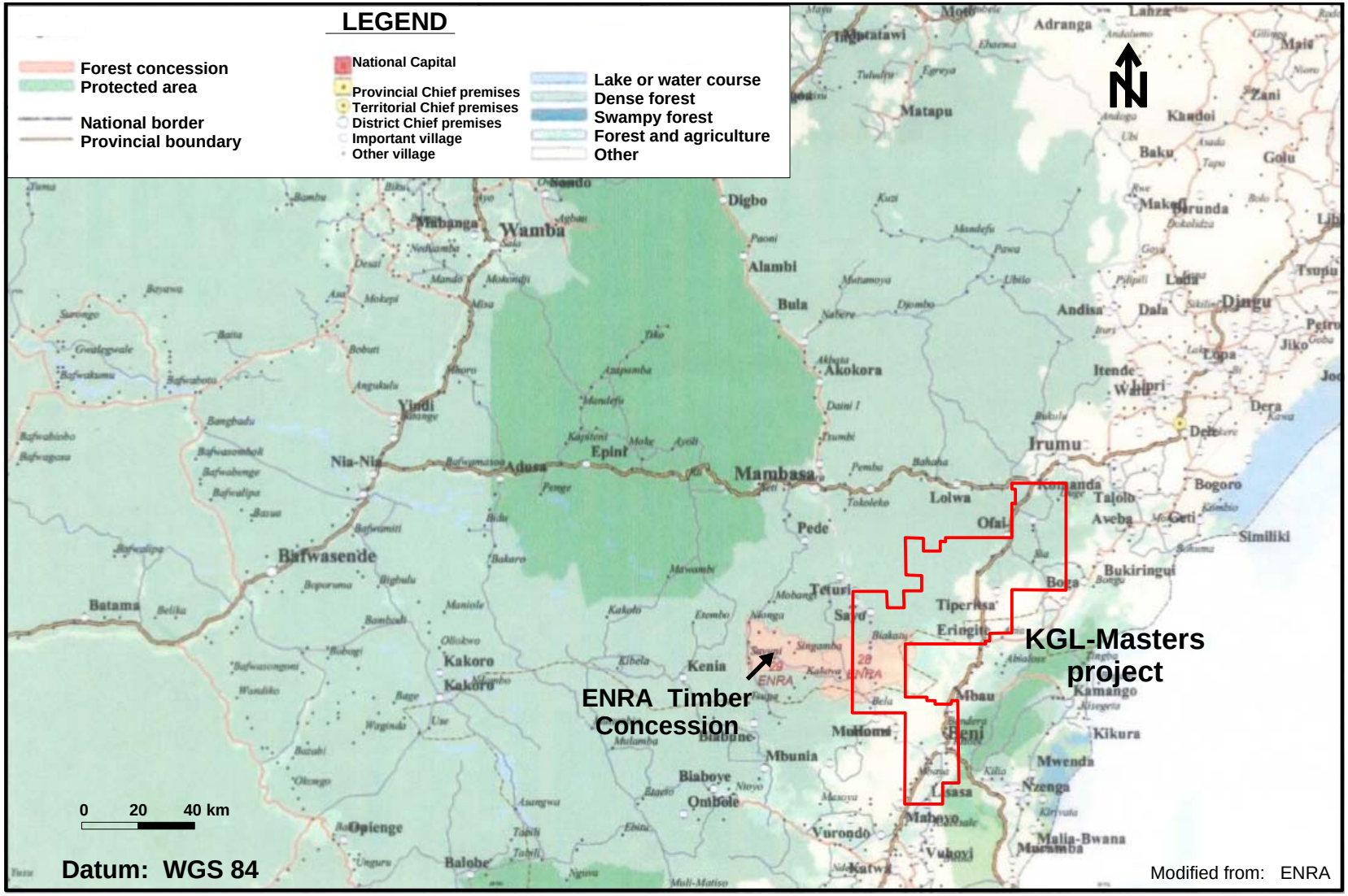


Figure 5.1f. Map illustrating the forest types, the ENRA forestry concession area and the KGL Masters Project Exploration Licences.

South of Beni vegetation on the hills varies from grasslands, to cultivated plots. The grasslands are used to graze cattle, sheep and goats as illustrated in Figure 5.1g.

Figure 5.1g. Photo illustrating undulating topography and vegetation on Exploration Licence 2630; the southernmost part of the KGL MASTERS sprl Project.

5.2 Property access

The property is centered on the community of Beni. Beni is accessible by regularly scheduled commercial flights from Kinshasa via Goma or Kisangani, and from Entebbe (Uganda) via Bunia. In addition, the local communities are linked by commercial flights several days a week. Bunia is accessible from Beni by all-weather gravel road. An aerial view of the Bunia to Beni road in the mature rainforest near Beni is illustrated in Figure 5.2a.

Military conflict has been ongoing in the Goma area for a number of years. This conflict area is over 200 kilometres to the south of Beni and is not considered to be a significant threat to the KGL Masters Project. The project site is accessible from Uganda without travel through or near Goma. Also, it is recommended that commercial travel from Beni to Kinshasa be via Beni to Entebbe (Uganda) to Nairobi (Kenya) and Nairobi to Kinshasa on Kenyan Airways more as a safety caution to avoid travel on commercial aircraft that confine their routes to the DRC than to avoid Goma.

Beni is also accessible by vehicle on all weather roads from Uganda. The author travelled the route from Entebbe to Beni via Kampala, Mityana, Mabounde, Fort Portal, Kasses and crossed into the DRC at Bwera in Uganda, and Kisindi in the DRC. The Ugandan portion of the route is an all weather paved highway, whereas the 77 kilometres from Kisindi to Beni is a narrow laterite road in need of major repairs.

The southern portion of the property is dissected by the all-weather gravel road from Beni to Butembo. The western portion of the property is dissected by the all-weather gravel road from Beni to Mambasa illustrated on Figure 5.2b and the eastern proportion of the property is dissected by the all-weather gravel road from Beni to Bunia.

Access within the property varies from limited in the south to virtually non-existent in the northern portions of the property due to a lack of roads or trails in the dense rainforest, coupled with numerous fast flowing streams about 3 to 8 metres wide and several metres deep.

5.3 Proximity to population centre, nature of transport

The property is centred on the community of Beni. Beni, illustrated in Figures 5.3a and 5.3b is a moderate sized community with a population of approximately 150,000 limited resources, minimal electric power, and running water. The community is gradually recovering from the period of civil unrest. Security is currently provided by the National Congolese police (*Police Nationale Congolese* ("PNC")), Congolese military (*Force Armée Republique Democratique du Congo* ("FARDC")) and a significant presence of United Nations ("UN") military personnel operating under the designation 'MONUC'. The military conflict in the Goma area about 200 kilometres to the south is not impacting on the local community.

Figure 5.2a. Aerial view, from near Beni, of the Beni to Bunia road through the rainforest of the DRC.

Figure 5.2b. Photo of the Beni to Mambasa road through the KGL Masters Project property.

Figure 5.3a. Aerial view of the community of Beni, DRC.

Figure 5.3b. Photo illustrating the main street in Beni, DRC.

Transportation from Beni is available via commercial and charter aircraft within the DRC as well as to neighbouring Uganda. Commercial transport by road is readily available by trucking companies operating within the DRC and the neighbouring countries of Uganda, Rwanda, Burundi, and Kenya with connections to Tanzania and beyond.

Some 50 kilometres to the south of Beni is Butembo, a community of 600,000 residents. Butembo is the primary commercial center for the area covering the majority of the north eastern DRC and as far west as Kisangani (Figure 4.1b) with readily available supplies and services.

5.4 Climate, operating season

The climate is typically tropical characterized by wet and dry seasons. The dry season covers the five month period of mid December to April and the wet season covers the period of April to mid December. The average annual temperature is 23.9º C; the annual low 19º C and the high is 30º C. Annual rainfall is 1,600 mm (Muhiya and Kabemba, 2007a, b and c).

Work can be carried out throughout the entire year provided practical logistical measures are in place.

5.5 Mining operation infrastructure

The property appears well-situated for development of a mining venture, as it is at a low altitude in undulating topography accessible by road as well as by charter aircraft.

On-site infrastructure to support a hard-rock mining operation would have to be constructed. The immediate area will not be capable of supplying sufficient materials other than timber to support the construction of mine-site infrastructure. There is an adequate water supply on the property and the topography of the property lends itself to construction of contained tailings ponds, waste rock and mining related infrastructure requirements. There is a significant local labour force, and provided an extensive training program is properly implemented it should be possible to carry out the majority of the mining activities by persons resident in the area. Locally, technically trained personnel are not available hence these positions will require recruiting from other areas.

Other than the main roads that dissect the property roads are virtually non-existent on the area covered by the Exploration Licences, hence roads will need to be constructed to support a mining operation.

6.0 HISTORY

6.1 Prior ownership and ownership changes

During the period from the 1920s to the 1950s the area currently covered by the KGL Masters Project Exploration Licences was included within the exploration domains held by Compagnie Minière des Grands Lacs ("MGL") and by Comité National du Kivu ("CNKi") (RMCA, 2007). The author has no knowledge of any prior mineral tenure ownership of the area of the KGL Masters Project Exploration Licences prior to the Exploration Licences, subject to this report, being granted to MASTERS SPRL since independence from Belgium in 1960.

The author has no knowledge on the existence or non-existence of small-scale (artisanal) exploitation licences within the area covered by the KGL Masters Project Exploration Licences. Pursuant to the Mining Code 2002 the issuance of an Exploration Licence can also include the area covered by a small-scale artisanal Exploitation Licence. The holder of the small-scale artisanal Exploitation Licence takes priority over the holder of the Exploration Licence covering the same area.

The author recommends that the Mining Registrar offices in Mambassa and Kinshasa be researched for the potential existence of small-scale artisanal Exploitation Licences within the area covered by the KGL Masters Project Exploration Licences. The Mining Code 2002 is silent on foreign entities entering into option agreements with the owners of small-scale artisanal Exploitation Licence hence the author recommends that Kilo obtain legal advice as warranted.

6.2 Nature of exploration and development by previous owners

6.2.1 Introduction

Kilo contracted the Royal Museum for Central Africa ("RMCA"), represented by Guido Gryseels, Director General, in December 2006, to carry out a compilation of the RMCA achieves on gold in the region of Beni in the Democratic Republic of the Congo ("DRC"). The compilation focused on the initial eight of the eleven MASTERS SPRL Exploration Licences (*Permis de Recherche*) as illustrated in Figure 6.2.1 (Datum is geodetic ARC 1950) located on map sheets N0/29 (Beni) and N1/29 (Irumu) at a scale of 1:200,000.

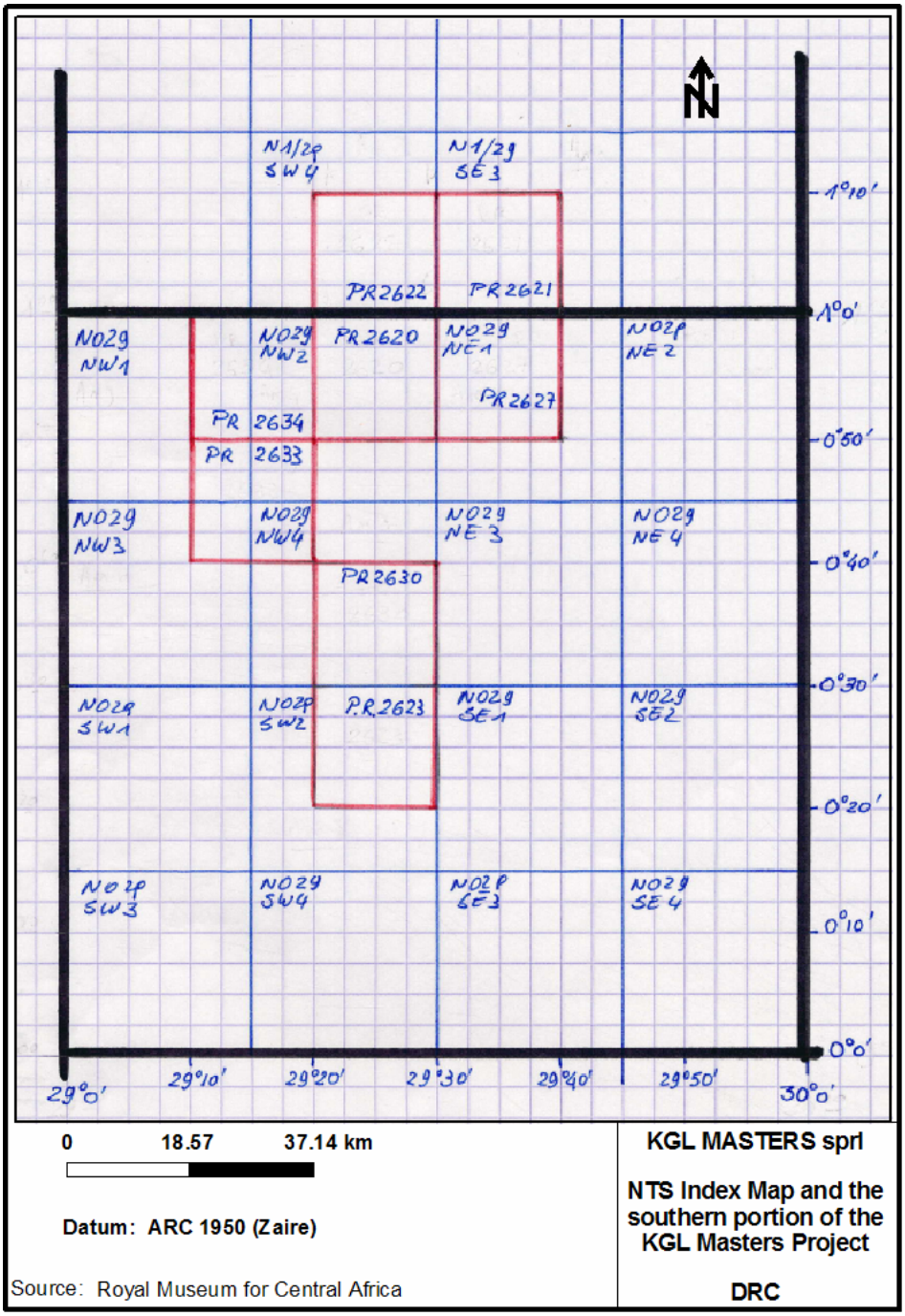


Figure 6.2.1. Map illustrating the KGL Masters Project Exploration Licences on an index map.

RMCA (2007) stated that; “The report is based upon information available to the RMCA at the time of compilation. The information contained herein is based upon RMCA experience and knowledge of the country and upon data compiled from various sources, considered as reliable, and collected from a variety of data sets. While all care has been taken in the compilation, the RMCA hereby disclaims all liability arising out of its use by Kilo Goldmines Inc. While it is believed that the information contained in the report reflects the original information source, the

> RMCA cannot guarantee the accuracy of the original information source. The use of the report or any part thereof shall be at Kilo Goldmines Inc. risk."

> RMCA (2007) also stated that "Most of the consulted archives date from pre-Independence times of the RDC (i.e. pre-1960). In many cases the subsequent mining history of the concerned topics is - as far as we are concerned - may be poorly documented or even unknown. Included data in the report may thus well be outdated."

The author of this report has extracted the following information from the 2007 report prepared by the Royal Museum for Central Africa. The report by the Royal Museum for Central Africa was carried out under the supervision of Guido Gryseels, however the author is not stated hence RMCA (2007) is used herein in reference to the Royal Museum for Central Africa report.

Based on a review of the extensive data files in the Royal Museum for Central Africa (Tervuren) in Brussels, Belgium it has been concluded that all of the rivers on the KGL Masters Project Exploration Licences where prospected for alluvial gold between 1935 and 1955 with pit lines spaced at 400 or 500 metre intervals. Detailed exploration was carried out on 200 metre spaced lines as well as on 100 metre, or less, spaced lines in areas favourable for development (RMCA, 2007).

Often the gold potential of only the main rivers was estimated during exploration surveys. The small tributaries and deposit extensions were prospected during exploitation by the company's geological survey or by the mining department staff (RMCA, 2007).

Exploitation results were systematically higher than evaluation calculations because exploitation generally developed new reserves which were not registered in the annual reserve tables and gravels outside the reserve blocks was excavated (RMCA, 2007).

6.2.2 Exploration on the KGL Masters Project Exploration Licences

The following data was compiled by the Royal Museum for Central Africa (RMCA), Tervuren, in Brussels, Belgium from archived files. The majority of the data is in excess of fifty years old and focused predominantly on alluvial gold. The author of this report considers the data to be quantitative rather that qualitative. Recent data on the KGL Masters Project Exploration Licences other than currently active artisanal sites is not known to the author. The historical data is presented herein for completeness and to illustrate that alluvial gold was exploited from the rivers in the area covered by the KGL Masters Project Exploration Licences. Some of the exploited alluvial gold sites may have an in-situ hard rock source on the KGL Masters Project Exploration Licences. It is noted herein the historical names for some of the rivers and tributaries may not be in current use.

According to RMCA (2007) the river basins on the KGL Masters Project Exploration Licences systematically prospected in order to develop reserves are:

- Exploration Licence 2634: Ituri Left Hand tributaries (G65, G69, Luengba, Butsha, Amalutu), Biakatu, Lalia, Amabasiare, Asefu Left Hand tributaries (Mabindibindi, Mabesha)
- Exploration Licence 2620: Asefu Right Hand tributaries (Massia, Maibwe, Amibale, Namaibwe, Tania, Mohoni)

- Exploration Licence 2633: Itua Left Hand tributaries (Ngohulu, Saliki, Mupe, Satala)

Topographic maps for the northeast DRC are non-existent. The only available maps are 1:200,000 scale geographic maps (Datum ARC 1950 (Zaire)) illustrating the rivers, roads and various infrastructures. These maps are old, and to the best of the author's knowledge only poor quality blue-line copies are available in Kinshasa. The rivers in the KGL Masters Project Exploration Licences are illustrated on Figure 6.2.2, scanned from a poor quality copy of the 1:200,000 scale blue-line geographic map.

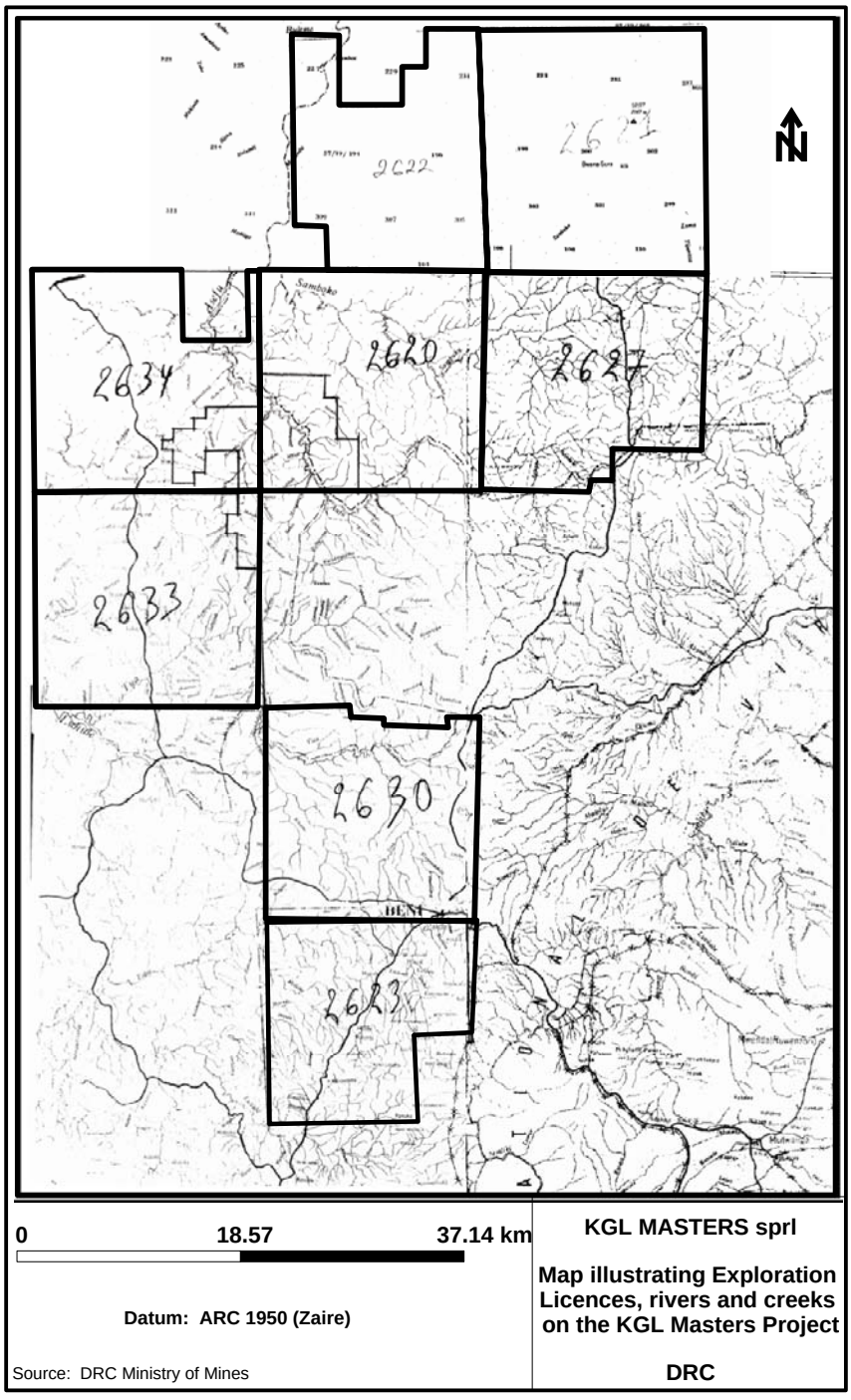


Figure 6.2.2. Map illustrating the rivers in the KGL Masters Project area.

Some of the prospecting was carried out by MGL prospectors, Baudour and Verwilghen, on behalf of CNKi. The prospecting results are summarized in the MGL and CNKi monthly reports. The grade of gold in gravels compared with the excavated grade of gold in the Upper Lendi, Upper Lenda, Lubero and Mines Nd during the years 1929 to 1936 (RMCA, 2007).

Prospecting was also carried out on quartz veins, eluvial deposits and itabirites. Results of these programs are presented in Section 9.0 hereof this report.

6.3 Historical mineral resources and reserves

No historical resources or reserves pursuant to the CIM Guidelines of August 20, 2000 have been reported to occur on the KGL Masters Project Exploration Licences.

Annual reports by CNKi and MGL included data on alluvial gold resources present within the areas they were working. Given that these reserve figures are in excess of fifty years old and records since independence in the 1960s are unavailable it is not known if there has been exploitation in the areas referenced by these reserves. Hence, the CNKi and MGL reserves are indicative of a period in time long past, and now considered to be of historical academic interest, but significant from an interpretive point of view. The actual reported reserves are not currently relevant hence they are not included herein.

6.4 Production

The only deposit in the Ituri Division that was developed and exploited was the Mapembe; an alluvial deposit. This deposit, exploited between 1955 and 1958, is located outside the area of the KGL Masters Project Exploration Licences. The remaining reserves of 75,047 m^3 gravel; 26,586 m^3 overburden; for a total of 101,633 m^3; containing 22,580 kgCT; 0.31 kgCT/m^3 gravel; 0.22 kgCT/m^3 excavated was classified as unexploitable and in 1960 it was deleted from the reserves table (RMCA, 2007).

6.4.1 CNKi Gold Production

Production figures extracted from the CNKi annual reports indicate that 979,331 grams of gold were exploited during the period from 1950 to 1959. Some of the rivers are predominantly outside the area of the KGL Masters Project Exploration Licences however tributaries or sources of many of them occur within the area of the KGL Masters Project Exploration Licences (RMCA, 2007).

6.4.2 MGL Gold Production

Cumulative gold production of Luengba and Butsha “groupements” is 1,103 kg between 1939 and 1953. (RMCA, 2007).

Total initial MGL reserves as complied by RMCA (2007) were 312 kg gold. This compares with the statement in the 1953 annual report, translated by RMCA (2007), as “In the Oriental Ituri basins and the Ibina Basin, exploitation exhausted 3.04 times more than the estimated cubes;

produced 2.16 times more than the estimated gold quantities and with an excavated grade 0.71 time the evaluated grade."
Through the periodic reports, it is evident that in the early 1950s, the grade of exploited gravels increased markedly and from 1953, the MGL exploitations in the area of the KGL Masters project Exploration Licences (MGL North) focused more towards tungsten and Nb-Ta alluvial deposits, thus abandoning the nearly exhausted gold mining sites. MGL gold production then came from the southern divisions (RMCA, 2007).

7.0 GEOLOGICAL SETTING

7.1 Regional geology

The following section on the regional geology of the north-eastern portion of the DRC has been summarized from an extensive draft research paper on the geology of the DRC by A. Deblond and L. Tack (2000). The simplified geology of the DRC is illustrated on Figure 7.1a and Figure 7.1b is the geology of north-eastern DRC.

ARCHAEAN (>2.5 GA): The Archaean terrains exposed in northern DRC and adjacent countries (CAR, Uganda and southern Sudan) covers about 500,000 km², and includes a) the Bomu amphibolite and gneiss Complex, b) the West Nile gneissic Complex, c) and the Upper Congo Granite-Greenstone association.

The **Archaean Bomu amphibolite and gneiss Complex** (Mbomou or M'Bomou Complex in CAR), covering 75,000 km², outcrops in CAR and DRC, with a ENE-WSW trend extending 350 kilometres, includes high-grade amphibole-pyroxene-bearing gneisses and granitoids outcropping predominantly between 22° and 25°E Longitude and 3°30' and 5°30'N Latitude are cut across by the Bomu River. The Ganguan supracrustal series are considered as part of this complex.

The Ganguan supracrustal series, resting upon the Archaean Bomu gneisses, includes quartzites and slates and metavolcanics (talcschists). It is considered as part of the Kibalian-Ganguan greenstones and geochronology data confirm the Archaean age of the Ganguan series. The Kibalian has been divided into two distinct lithostratigraphic subdivisions and the Bolume Formation is considered to be Archaean. The Ganguan supracrustal rocks form four more or less distinct zones of some tens of square kilometres, resting upon or infolded into the high-grade gneissic units of the basement west-plunging NNW-verging synform (Bili area) or NW-trending antiform (Matundu area).

The Ganguan series are intruded by aplitic and quartz veins and by small doleritic massifs. The quartz veins contain galena dated at 3.2 Ga. The Ganguan is older than 2.9 Ga as it is involved in a tectonic phase dated within the Archaean gneissic basement (2.98 Ga), which supports the quoted 3.2 Ga model age. These data preclude a Palaeoproterozoic age.

The **Upper Congo Granite-Greenstone** ("GG") association of North Congo ("DRC") covering 200,000 km² belongs to the granite-greenstone belts of northeastern DRC and CAR. In NE Congo, the greenstone belts are referred to as the Kibalian (Supergroup) of Archaean age or to the Ganguan. Greenstones comprise 15-20% of the Granite-Greenstone association and are more abundant in the eastern part. They form a dozen zones of approximately 10 to 100 km² of metavolcanics and some metasediments as illustrated on Figure 7.1b. In CAR, the Bandas greenstone belt, composed of metatholeiites and some banded iron formation ("BIF")

is intruded by tonalites, some 2.8 Ga old. Granitoids form a significant part of the Precambrian in northeastern DRC.

In DRC Kibalian zones of Kilo and Moto has identified Upper Kibalian sediments, with some andesitic volcanics, resting upon a Lower Kibalian volcanic granitoid association. The metavolcanics of the Lower Kibalian have been subdivided into ultramafic, mafic, intermediate and andesitic. The sediments are pelites and banded iron formation ("BIF").

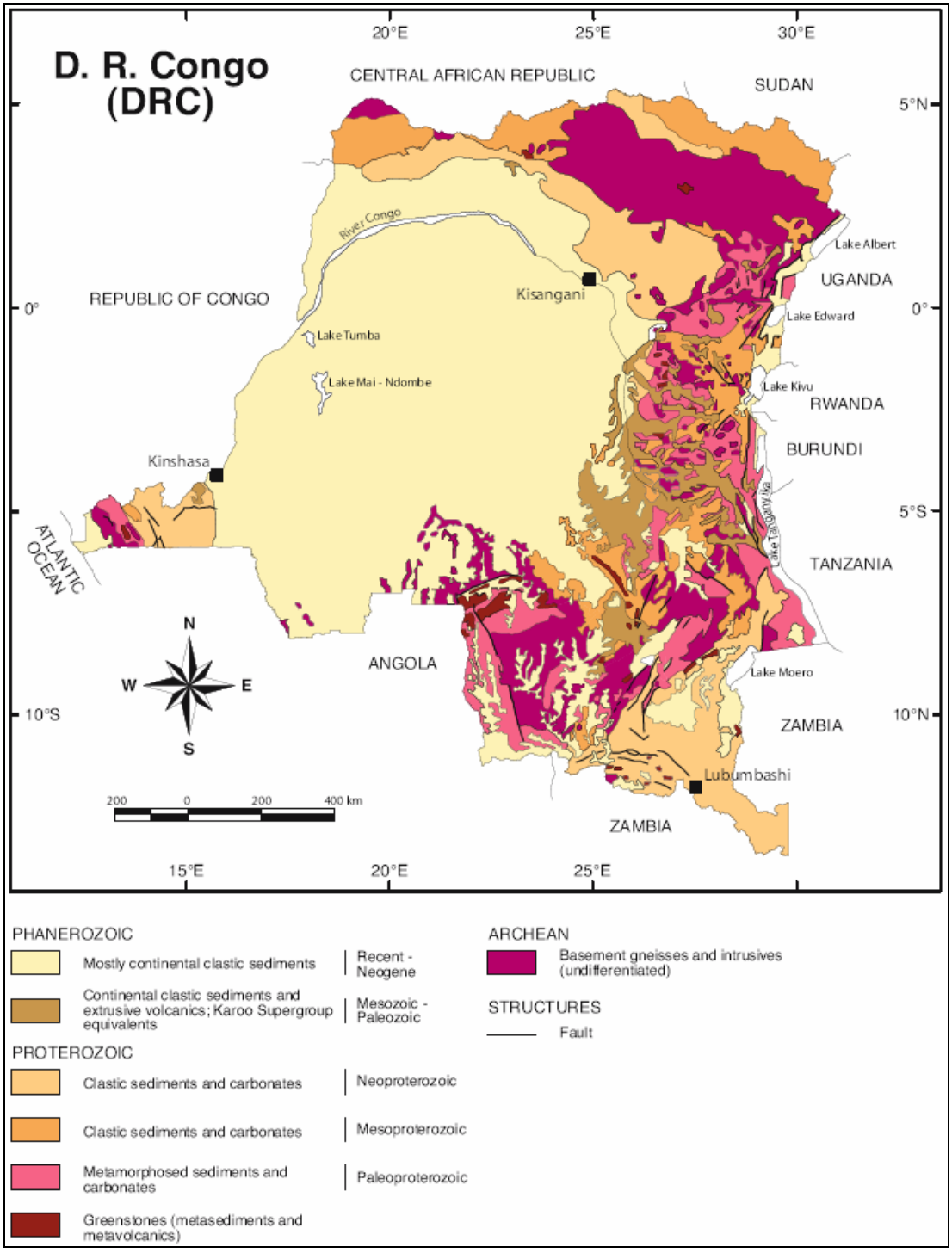


Figure 7.1a. Geological Map of the DRC (modified after Lepersonne, 1974).

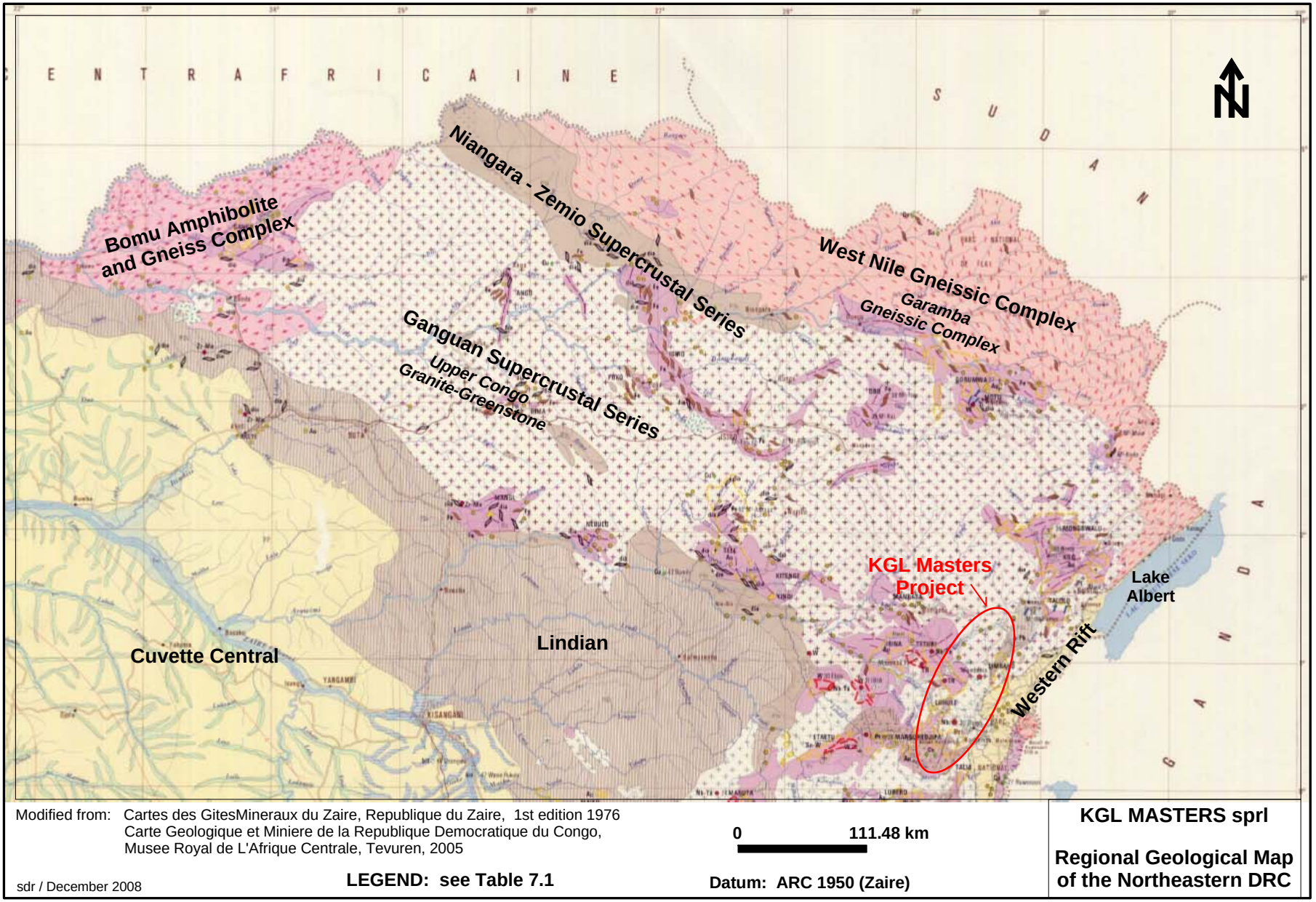


Figure 7.1b. Geological map of the north-eastern DRC.

Table 7.1. Geological Legend to accompany Figure 7.1b.

AGE	EPOCH	COMMENTS	LITHOLOGICAL UNIT
Recent to Phanerozoic	**Holocene Pleistocene Pliocene**	Includes Pre-Cambrian 'horst' the Ruwenzori massif	Western Rift
Cenozoic to Late Pre-Cambrian		Sedimentary basin	Cuvette Central
Pre - Cambrian	**Upper Proterozoic**		Lindian
	Archaean	*Possibly time equivalent*	Niangara – Zemio Supercrustal Series
			Ganguan Supercrustal Series
		basement	West Nile Gneissic Complex
		oldest	Bomu Amphibolite and Gneiss Complex

The GG associations of the Archaean greenstone belts of the northern Congo craton have been classified according to their characteristics and to that of their basement as, **a**) the type A GG association (about 95% of the gold output) consists of greenstones with abundant mafic-ultramafic volcanics and scarce sediments. Basement has not been recognized. Associated granitoids correspond to a typical TTG suite. The tonalites of this GG association intruded 2.8 - 2.9 Ga ago, and **b**) the type B GG association comprises mafic-intermediate volcanics and sediments (mainly BIFs). Their basement consists either of type A GG association or of medium to high-grade metamorphic rocks. Associated granodiorites and granites (2.4 - 2.5 Ga) represent most of the volume of the entire greenstone belts, intruded this type B association and its basement.

The areas of the volcanic-granitoid Lower Kibalian are more or less isometric and display a synclinorial tectonic style, while the greenstones of the Upper Kibalian form belts less than 10 km wide, 30 - 60 km long made up of units isoclinally folded along subvertical axial planes and horizontal axis. These units "float" within the granitoids.

The Lower Kibalian is intruded by 2.81 Ga old tonalites, whereas the Upper Kibalian is intruded by 2.46 Ga old granodiorites and granites that represent most of the volume of the GG belt. The Kibalian ranges from the Archaean to the Archaean/Palaeoproterozoic.

The GG association of NE Congo is limited to the west, north and east by high-grade metamorphic rocks belonging to the Bomu amphibolite and gneiss Complex and the West Nile gneissic Complex. Major tectono-metamorphic and magmatic events have been recorded at 2.9 - 3.0 and 2.4 - 2.6 Ga in these complexes. The genesis and evolution of the GG terranes has thus gone in parallel with that of the gneissic complexes, creating constraints for the genesis of the crust segment now represented by the GG.

Type A GG seem to belong to an oceanic tectonic setting, maybe akin to that of modern insular arcs, while type B GG appear to have evolved either at the border of continental plates or inside such plates.

The extensive Archaean **West Nile gneissic Complex** expands north and eastwards from DRC into Sudan and CAR, between 28°E Longitude and the Nile River. It constitutes the Basement Complex of Uganda, Southern Sudan and NE Congo (DRC) and W of 28°E Longitude remains virtually uninvestigated.

A complex association of two or three units of gneisses and migmatites outcrops along Lake Albert, in DRC, in continuation with the units defined in the West Nile District, Uganda. The Mount Speke gneissic Complex, in the Ruwenzori uplifted massif (horst), located in the Western Rift might be linked to the Garamba gneissic Complex.

Included in the West Nile Complex is the Niangara-Zemio supracrustal series. This elongated NW to NNW-trending narrow zone (20-50 km) extends across DRC (over about 300 km) and CAR (over 150 km) along the edge between the West Nile Complex and the Upper Congo Granite-Greenstone association. Two units separated by an angular unconformity have been identified in this zone.

The lower unit observed in the Niangara-Zemio zone is referred to as the Bolume Formation, a Palaeoproterozoic unit, which may be equivalent to the Ganguan supracrustal series resting unconformably upon rocks considered as Upper Kibalian in the Isiro Kibalian zone. The tectonic contacts between the Niangara-Zemio zone, including the Bolume Formation, and to the SW, the Upper Congo Granite-Greenstone association, and to the NE, the West Nile gneissic complex are thrust faults, developed during the D_2 tectonic phase characterized in northern DRC and southeastern CAR by the Yalinga thrust sheet.

The **Neoproterozoic Lindian Supergroup** named after the Lindi river, in the Kisangani region exposed mainly in the Orientale Province of northern DRC (Figure 4.1b) is known as Ubangian, at the southern edge of the Pan-African Ubanguide fold belt consists of a sedimentary sequence considered foreland deposits of this orogen. The Ubangian is the local name for the extension of this unit in Equator Province of DRC.

The geological structure and evolution of the **Cuvette Centrale** basin identified four phases, 1) from the end of Precambrian to the Lower Palaeozoic, 2) the Permian and the Triassic, 3) the Upper Jurassic and the Cretaceous, and, 4) the Cenozoic. The Cuvette Centrale is an intracratonic basin that evolved through prevailing continental sediments, unconformities between the sedimentary sequences, slight subsidence during the deposition and a tectonic evolution that consisted of a) a Permo-Trias (Karoo) fault-controlled stage in the eastern and southern part and local folding in the western part during the Upper Jurassic-Lower Cretaceous, and b) an Upper Jurassic-Cretaceous deformation in the central and margin portions of the basin.

Evolution within the African plate: Since the Early Permian the tectonic evolution of the African continent has encountered six major rifting systems: 1) Late Tertiary to Recent, 2) Early Tertiary, 3) Mid Cretaceous, 4) Early Middle Jurassic (end of Karoo system *pro parte*), 5) Late Triassic-Early Jurassic, and 6) Permo-Triassic (early Karoo).

In DRC, the **Western Rift** (Western Branch of the East African Rift) is characterized, from N to S, by the Ruwenzori horst, Lake Edward, the Virunga volcanic massif, Lake Kivu, the Rusizi valley, Lake Tanganyika, Lake Moero (or “Mweru”) and the Upemba graben, all running along the eastern limit of the country. The rift is filled with alluvial, eluvial and colluvial Pliocene, Pleistocene and Holocene deposits. Diatomite beds are Pliocene and Pleistocene deposits. Sublacustrine hydrothermal activity and associated banded pyrite and marcassite occur in a tectonically active zone of Lake Tanganyika north of Kalemie. In

Katanga, the Karoo is overlain by Cenozoic Kalahari deposits and by recent alluvia, and in the Western Rift-related Mweru and Upemba grabens. The Ruwenzori massif, displaying Precambrian formations consists of a horst uplifted between Lakes Albert and Edward.

7.2 Local geology

The 1981 1:200,000 scale geological maps edited by the Geological Survey of the Democratic Republic of Congo (formerly Zaïre) in conjunction with the BRGM of France covers the area of the KGL Masters Project Exploration Licences as illustrated in Figure 7.2. The legend to accompany Figure 7.2 is presented in Table 7.2. Exploration Licences 2621, 2622, 2624 and 2796 are covered by the southern part of the Mambasa sheet (N1/29) whereas Exploration Licences 2620, 2623, 2627, 2630, 2633, 2634 and 8437 are covered by the Beni sheet (N0/29). Also illustrated on Figure 7.2 are the property boundaries for each of the KGL Masters Project Exploration Licences.

The area underlying the KGL Masters Project consists primarily of Precambrian rocks comprised of Pre-Archaean basement rocks overlain by Archaean and Proterozoic metasedimentary and metavolcanic rocks and granitic intrusives.

- The oldest rock in the area is the Pre-Archaean Orthogneiss basement.

- Overlying on the Orthogneiss is the Archaean Lower Kibalian paragneiss complex.

- The Upper Kibalian schists, volcanics and metasediments unconformably overlie the Lower Kibalian. The Upper Kibalian unit appears to be the most favourable geologic unit to host gold mineralization in the area.

- The Upper Zaire Granite Complex, of Archaean age (?) may be syn to post Upper Kibalian. These intrusives may be related to the emplacement of mineralization within the Upper Kibalian rocks.

- The Lower to Middle Proterozoic Ruwenzori Formation, is comprised of Kilembe Schist Group, High Peaks Schist Group, Stanley Volcanics Formation occurs in the southeast corner of the project area.

- The Middle Proterozoic Burundian rocks occur in the southeast portion of the project overlying the Pre-Archaean Orthogneiss and the Archaean to Proterozoic Kibalian formations and also to the west of the project area where they overlie rocks of the Ruwenzori Formation.

- The Proterozoic Lindian metasedimentary rocks unconformably overlie the Kibalian rocks. The economic potential of the Lindian rocks is not known.

- Mafic intrusives, that occur as small tabular bodies (dykes) may be Late Proterozoic.

- Palaeozoic, Cenozoic and Quarternary metasediments and alluvials are locally present within the project area.

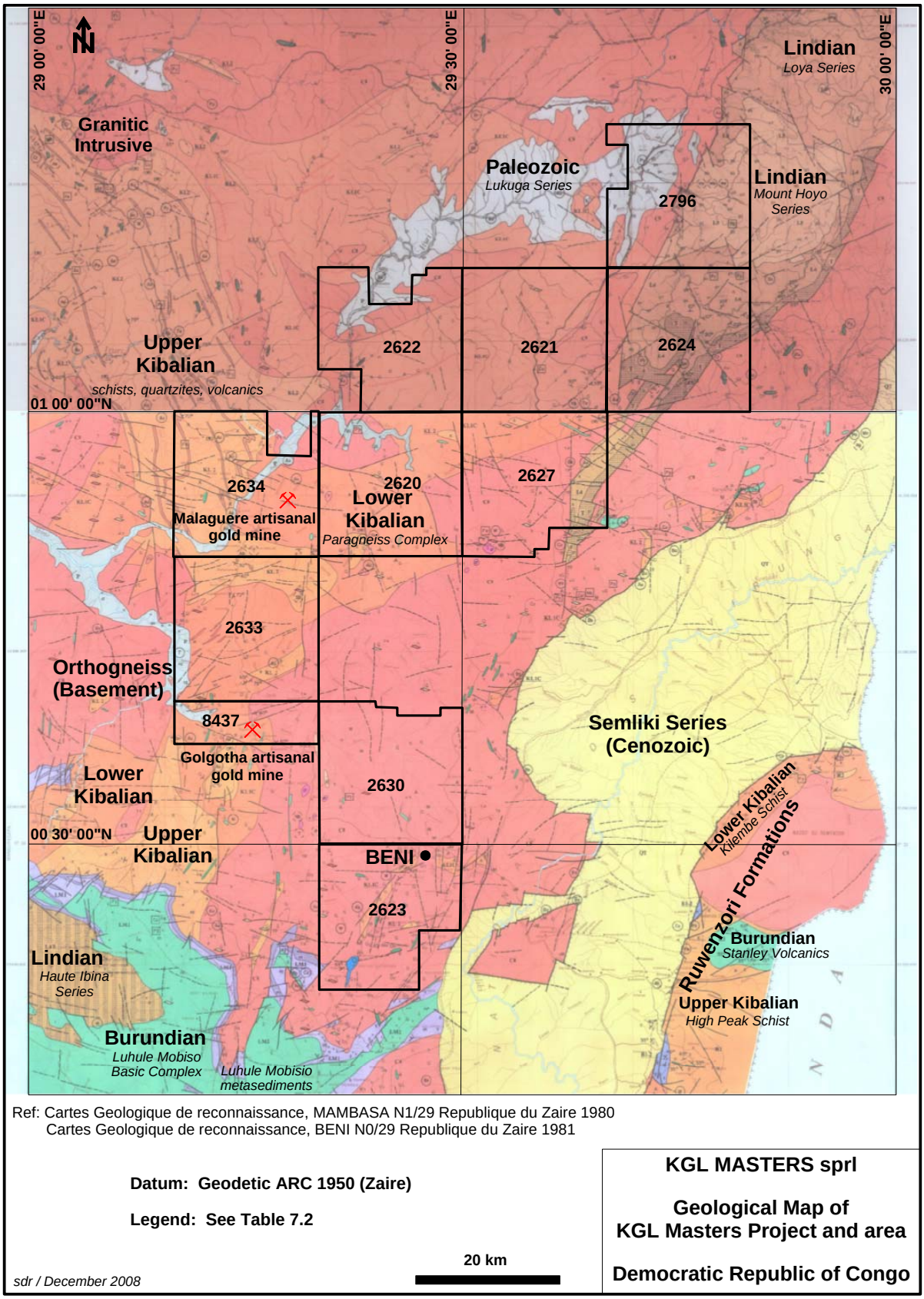


Figure 7.2. Map of the KGL Masters Project Exploration Licences and local geology.

Table 7.2. Geological Legend to accompany Figure 7.2.

LEGEND			
	Quarternary	**Recent**	Alluvials: Undifferentiated
PHANEROZOIC	**Cenozoic**	**Holocene and Lower Miocene**	**Semliki Series:** Poorly consolidated sediments, clay, sand, calcareous concretions, sandy layers
	Palaeozoic	**Lower Permian to Upper Carboniferous**	**Lukuga Group:** argillitic sandstone, schists, calcareous beds, feldspathic sandstone, conglomerates and tillite
PRECAMBRIAN	**Upper Proterozoic**	**Lindian**	**Mount Hoyo Series:** Sandstone and quartzite, often arkosic (*time equivalent to Kole Series*) **Loya Series:** Schist, sandstone and tillite (*time equivalent to Avakubi and Lundutuda Series*) **Haut Ibina Series**
	Middle Proterozoic	**Lower to Middle Burundian**	**Luhule-Mobisio Volcanic Complex:** metabasalts, gabbros, dolerites, andesite and diorite **Luhule-Mobisio Metasedimentary Formations:** Pelitic schists, sericitic, chloritic or graphitic with intercalations of quartzite, conglomerate, limestone, micaschist (*time equivalent to Bilati and Maiko Formations*) **Stanley Volcanics Formation:** Amphibolites (metabasaalts) and intercalated metasediments
	Lower Proterozoic	**Upper Kibalian**	**High Peaks Schist Group:** Micaschists, quartzites, amphibolites **Kilembe Schist Group:** Paragneiss, micaschists, quartzites, amphibolites
	Archaean		**Upper Zaire Granite Complex:** intrusives sericite schist, chlorite schist, volcanics, quartzites, itabirites, amphibolite
		Lower Kibalian	**Paragneiss Complex:** migmatitic gneiss
	Pre-Archaean		**Orthogneiss:** Laminated granite and diorite often orthogneiss with inclusions of porphyritic granite. (time equivalent to Migmatite?)

7.3 Property geology

The region covered by the KGL Masters project Exploration Licences is predominantly underlain by groups of undifferentiated Lower Kibalian and Ante-Kibalian formations. The lithostratigraphic succession of the region as summarized by Tshinyama, et al., (2007) consists from upper to lower of:

- Post Karoo
- Karoo formations
- Lindian (Neoproterozoic)
- Kibalian (Mesoproterozoic)

Intrusive rocks in the area of the KGL Masters Project Exploration Licences, possibly representing several generations and intrude indiscriminately all the basement formations are:

- quartz veins: seem to be more frequently associated with the Upper Kibalian;

- pegmatites: linked mostly to the granitic formations, are never mentioned to occur in the Upper Kibalian or in sedimentary Lindian layers;

- dolerite and doleritic gabbro, diorite.

The Post Karoo is essentially represented by lateritc cuiriasse. The Karoo formation is formed of black shales, elluvial and alluvial deposits. The Lindian is composed of black argillite and sandstone intercalated with arkosic sandstone, red micaceous sandstone, conglomerates and a number of basic dykes.

The Paleozoic Lukuga Series consisting of argillaceous detritic layers outcrop along the Ituri, Duma and Sambuku Rivers that flow across KGL Masters Project Exploration Licences 2634, 2620 and 2622. The basal conglomerate of the arkoses located in the lower Lindian layers are considered to have a fluvioglacial origin.

The Neoproterozoic or Upper Proterozoic Lindian Loya Series with a tillitic conglomerate, and tillites of the same age, are present on Exploration Licence 2627. The Lindian formations lie unconformably on ante-Lindian basement and are predominantly situated between faults.

The Archaean to Lower Proterozoic Upper Kibalian unconformably overlies on the Lower Kibalian which some writers' subdivide into a Paragneissic Complex and an older Orthogneiss Complex. The Upper Kibalian consists of gray quartzitic sandstone often with pyrite, pale grey shales, graphitic shales and horizons intercalated with fine quartzitic sandstone, banded sericite schists, quartz-sericite schists, medium grey to grey-green phyllites, pale grey fine to medium grained quartzites with pellitic sediments transformed by contact metamorphism to spotted schists and red banded shale. The Upper Kibalian formations are unconformably overlain by the Lower Kibalian formations. The formations are metamorphic (epizonal) volcano-sedimentary series, represented mainly by greenschists however, a mesozonal facies occurs locally.

The Lower Kibalian Paragneissic Complex is comprised of undifferentiated mesozonal gneisses and amphibolites. Frequently the contact between the Paragneiss Complex and the older Orthogneiss Complex has not been accurately recognized. The older Orthogneiss Complex (possibly Kibalian or possibly pre-Kabalian) is poorly differentiated and consists of laminated and retro-metamorphosed granites and granodiorites and occasional

homogeneous orthogneisses and migmatites. The Lower Kibalian metamorphism is of the deep mesozonal type. Alluvial concentrates are characterized by sillimanite-kyanite. Although still a matter of debate, the Kibalian association may correspond to a typical association of greenstone belts and tonalite-trondgheimite-granodiorite ("TTG") basement.

8.0 DEPOSIT TYPES

Gold deposits of the Orogenic type and possibly the Intrusion-related type are being targeted on the KGL Masters Project. Mineralization similar to that of the Moto Goldmines (www.motogoldmines.com) and Anglogold Ashanti deposits, (www.anglogoldashanti.com) hosted in thrust faults and shear zones may be hosted on the property covered by the KGL Masters Project Exploration Licences.

Geological model of deposit type being explored for

Gold mineralization within the area covered by the KGL Masters Project Exploration Licences is known to be hosted within the Kibalian greenstones and associated rocks. Gold may also be present within granitic intrusions. Given that the historical records do not contain sufficient information, such as metallic mineral assemblages, alteration mineralogy, structures, consistency in historical literature, etc., to determine the exact geological model of gold deposit(s) that would normally occur within the geologic setting of the KGL Masters Project the following represents the most likely scenarios.

- Orogenic gold deposits,
  Include:
  - shear zones
  - quartz veins or lodes, and
- Intrusion-related gold deposits
  - occur in the intrusive margin and in the halo of the surrounding lithologies

Orogenic gold deposits most consistently develop in latter stages of still ongoing regional deformation in the host metamorphic terranes. Characteristics of this deposit type are illustrated herein in Figure 8.0a and as noted by Goldfarb, et al (2005), include:

Regional Control

- First order regional fault zones:
  - Most productive gold provinces in metamorphic belts are linked to major crustal structures although ore is not directly hosted by these faults.
  - Typically several hundred kilometres long by few hundred metres wide
  - Many are not single faults but segmented structures indicative of multiple deformation events
  - Parallel to subparallel to volcanic stratigraphy in Precambrian greenstone environments and to accreted terrane margins in Phanerozoic settings
  - Commence as shortening and high-angle reverse motion (thrusts) and change to strike-slip motion; change in regional stress may be critical for fluid migration during extreme pressure fluctuations associated with major seismic events
  - Conduits for massive volume of auriferous fluids, but rarely host the deposit

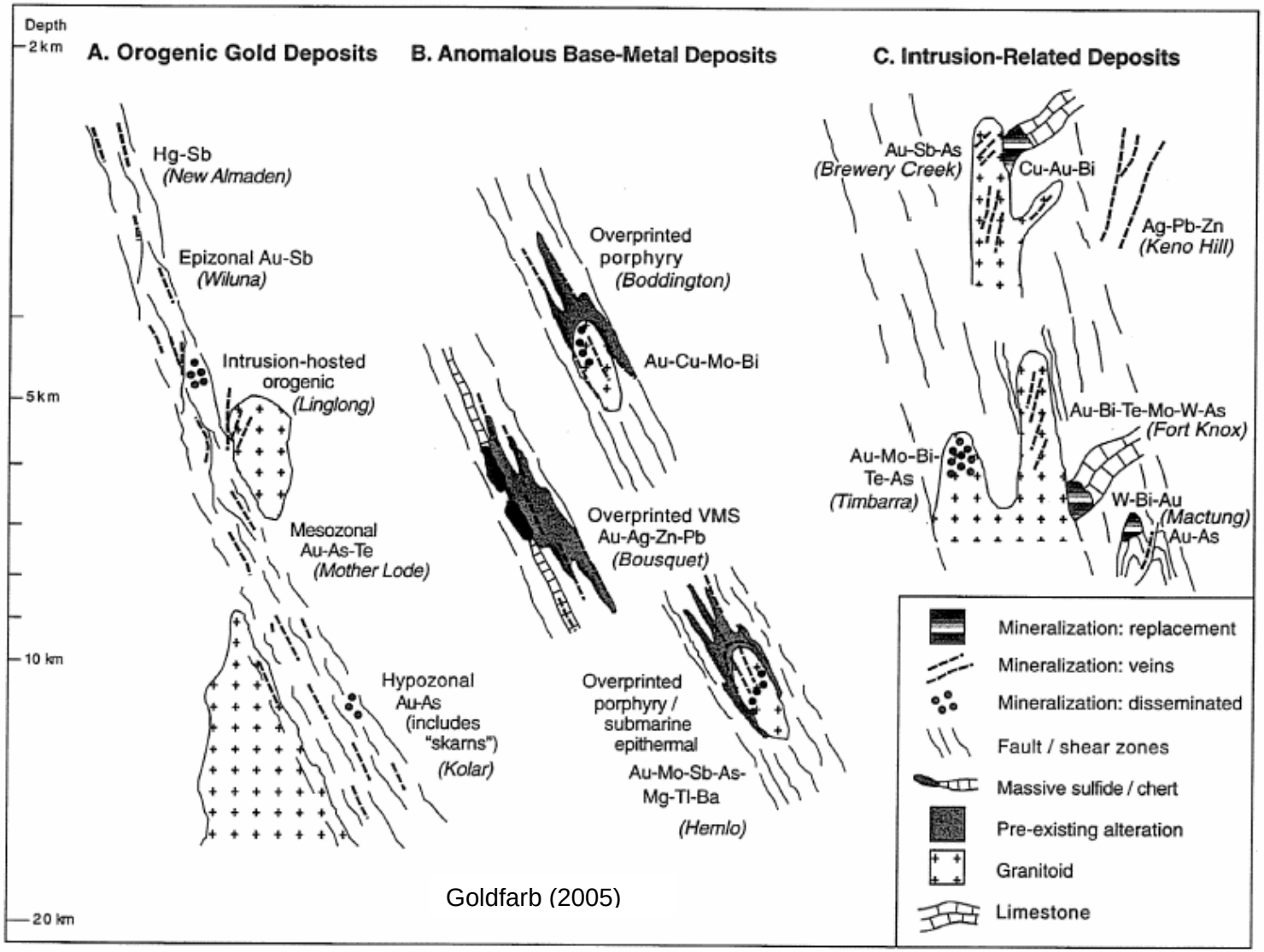
- Lower order faulting

- second and third order faults are sites of mineral deposition
- fluids focusing into lower order faults, is most effective in areas of jogs, changes in strike, or bifurcations of the first order system
- other favourable areas with low or minimum mean stress zones include regional fault intersections, areas of regional uplift or anticlines, zones of competency contrast such as along gravitational margins
- in compressional regimes, reverse faults have the highest degree of misorientation and the highest levels of fluid overpressure making them susceptible to a high fluid flux and the deposition of auriferous veins. These mineralized splays are several tens of metres long by several metres wide with the second order faults generally parallel to the regional grain whereas the third-order structures are oblique
- mineralized bodies have a variety of geometries and styles, with brittle-ductile and ductile shears being more common ore hosts than extensional quartz carbonate vein systems
- most gold-bearing veins in metamorphic belts occur as fluid-fill shears or fractures
- vein density is greatest near the centres of the shears or fault zones and decreases rapidly away from those structures
- extensional veins and vein arrays are less significant economically but can be important ore hosts in competent host rocks in areas adjacent to fault-fill vein systems
- sheeted veins, stockworks and breccia may also be common in competent rock types

- Rock chemistry
  - units that are characterized by high Fe/Fe+Mg ratios are good traps for epigenetic gold deposits. Rock types include:
    - iron formations
    - iron-rich tholeiites
    - ferruginous shales
    - some felsic igneous rocks
    - previously iron-metasomatized rocks
    - carbonaceous pelitic sequences

- Age
  - in evolving metamorphic belts with characteristic D_1 to D_4 deformation sequence, gold deposits generally form during D_2 to D_4 deformation
  - Ashanti deposits in Ghana are considered to have developed in D_5 strike-slip motion in reactivated D_2 thrusts
  - High-angle reverse faulting (thrusts) correlates with gold deposition
  - Commonly it is broadly constrained from high-angle reverse to strike-slip motion (D_2 to D_3 transition) that is most favourable for voluminous fluid flux and ore genesis
  - Spatially associated with greenschist grade belts within many Precambrian greenstone belts and Phanerozoic orogens
  - Although orogenic gold deposits are hosted by metamorphic rocks and exhibit variable features with different metamorphic grades, ore formation most commonly postdates metamorphism of the immediate host rocks

- Relationship to magmatism
  - Most auriferous Archaean greenstone belts or productive Phanerozoic orogens with gold provinces also have nearby intrusions of similar age
  - Emplacement of batholiths, stocks, sills, dykes is coeval with evolution of many lode gold deposits
  - Most of the intrusions are felsic to intermediate in composition



Goldfarb (2005)

Figure 8.0a. Characteristics of Orogenic gold deposits.

- No single melt composition has been identified as consistently associated with orogenetic gold deposits
- More important association is likelihood that both gold and many melts are controlled by the same high-order structural systems, supported by the common 'en cornue' shape of syntectonic plutons
- Although most gold deposits in metamorphic belts are hosted by volcanic and sedimentary rocks, a significant minority of deposits are hosted by, or adjacent to, granitoids
- Under brittle conditions, mineralization is dominated by stockworks and breccias that reflect cataclastic deformation; in igneous rocks (i.e., Fort Knox) or hornfels (i.e., Mt. Todd) sheeted-vein systems may also be characteristic
- Gold orebodies in metamorphic rocks are relatively extensive both along strike and down dip. Single veins, or more commonly groups of veins, are generally continuous for hundreds of metres
- Individual, giant gold deposits may continue along strike for as much as 2 to 5 kilometres

Reduced Intrusion-Related Gold Deposits are deposits where gold veins occur in the roof of a coeval pluton (e.g. Salave, Fort Knox, Timbarra). Characteristics of this deposit type are illustrated herein in Figure 8.0b and as noted by Goldfarb, et al (2005), include:

- Ore formation synchronous with granitoid emplacement
- Intrusions are granodiorite to granitic, subalkaline, and metaluminous to weakly peraluminous
- Magmas have a significant crustal component that likely resulted in their reduced oxidation state – may be critical in gold concentrations in the melts
- Majority of deposits are associated with reduced granitoids that typically have associated tungsten mineralization, however some are more oxidized
- At camp scale they show intrusive-centered metallogenic zonation
- Deposits such as Fort Knox, Dublin Gulch, and Timbarra contain compelling geologic evidence for a magmatic origin with features that represent the magmatic to hydrothermal transition, such as aplites, pegmatites, vein dykes, miarolitic cavities and unidirectional solidification textures
- Deposits typically evolved from early high temperature magmatic-stages to lower temperature hydrothermal veins
- The ore assemblage typically consistently contains gold intergrown with bismuth- and tellurium-bearing phases and locally molybdenum and/or scheelite
- The low sulphide content consists of a reduced mineral assemblage (pyrrhotite, pyrite, loellingite, and arsenopyrite), which is consistent with a source related to reduced magmas
- Most deposits formed at mesozonal depths (4 to 8 kilometres), but epizonal examples are known (e.g., Kidston and Shotgun) and these typically have higher base metal contents

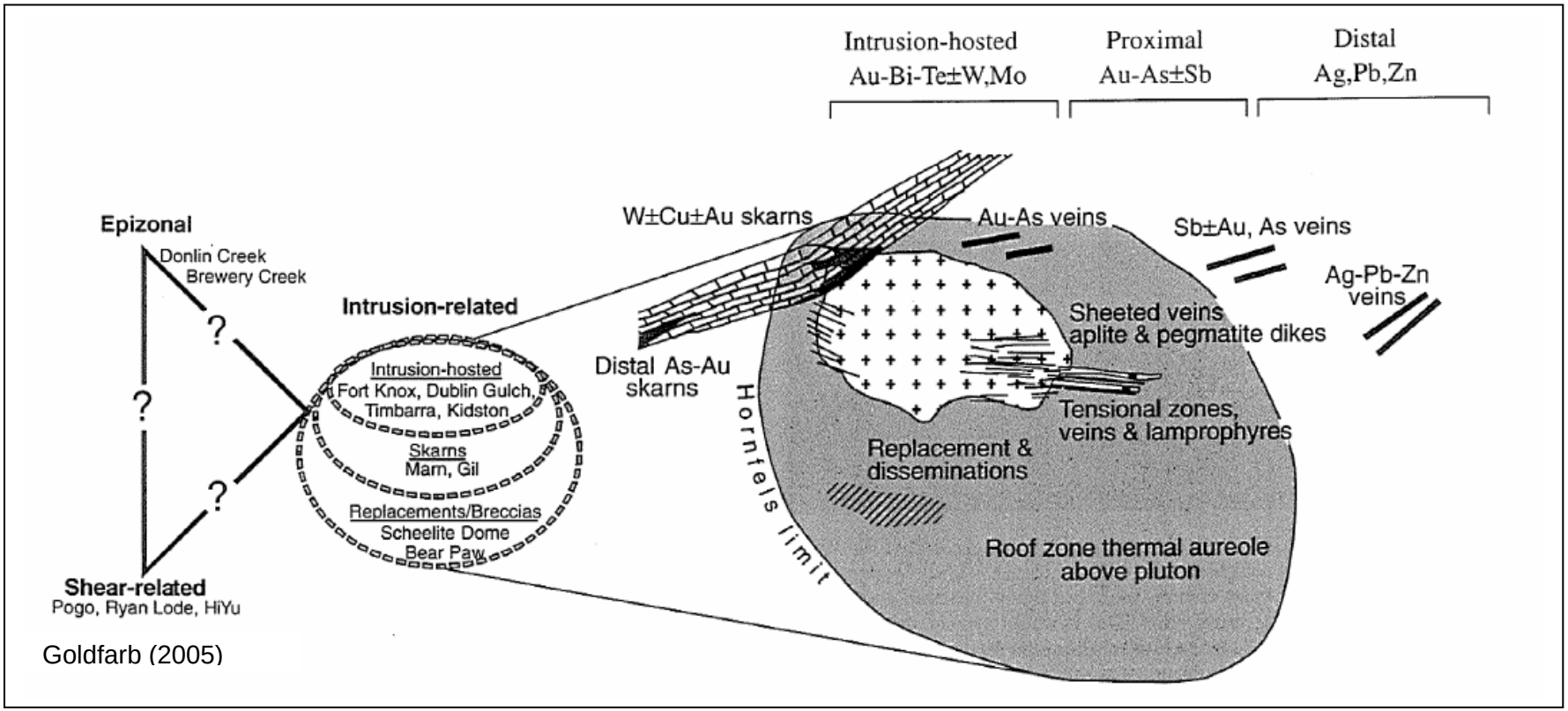


Figure 8.0b. Characteristics of Intrusion-related gold deposits.

9.0 MINERALIZATION

Quartz veins

According to RMCA (2007) prospecting was carried out during 1944 and 1945 in the southern portion of the MGL domain outside of the area covered by the KGL Masters Project Exploration Licences for vein deposits (Lutunguru River / Nyamakumbi River area, Lindi River / Manzia River area; Lenda River / Manguredjipa River area). RMCA (2007) reported that mineralized veins with exploitable reserves are limited to shear zones.

RMCA (2007) noted that trenches and underground adits were dug for evaluation purposes and Vein A in tributaries d1/G4 of the Nyamakumbi River was evaluated at 38,999 tons with grades of 14.64 g/t of amalgamable gold and 20.92 g/t of total gold (i.e., 554.308 to 803.413 kg Au). Gold grades of the host rock schists are generally less than 5 g/t.

A total of 728 metres of drilling carried out in 1952 evaluating veins in tributaries g4/G11 of the Nyamakumbi River and Vein A (*filon A*) failed to return significant gold values. However, given that recoveries were reported to be in the 5 to 10% range it follows that the drilling did not adequately test the gold grades of the veins (RMCA, 2007).

In the area covered by the KGL Masters Project Exploration Licences exploration for primary and eluvial deposits was carried out during the period of 1951 to 1953, on the hills situated between Teturi right hand tributaries, Amalutu left and right hand tributaries and Luengba tributaries (Figure 6.2.2) northwest of Exploration Licence 2634 (RMCA, 2007).

During 1951 prospecting in in-situ rock carried out in the area now covered by the KGL Masters Project Exploration Permits consisted of the following:

- prospecting by pits was carried out on the hill between tributary G2 of the Amalutu River, tributaries d8G5 of the Amalutu River and tributaries d4D13 of the Teturi River. A network of veins 0.2 m to 0.3 m thick with low gold grades (highest 1.9 g/t) was discovered west of the confluence between tributaries G5 and d8G3 of the Amalutu River. Continuation along strike to the southeast was sporadic and gold grades were low (RMCA, 2007). A map illustrating this area is illustrated on Figure 6.2.2 and a map of the prospected pits is presented in Figure 9.0a.

- prospecting by pits between tributaries G1 and G2 of the Amalutu River (RMCA, 2007).

- low gold grades (highest 5 g/t) were found in itabiritic quartzites between tributary D1 and tributary D2 of the Amalutu River (= “Amalutu aval”) and on hills between the Ituri River / Amalutu River / and G1 tributary (RMCA, 2007).

During 1952 exploration activities carried out in the area now covered by the KGL Masters Project Exploration Licences consisted of the following:

- Tributaries D15/D18 of the Amalutu River – tributaries G16/G17 of the Luengba River (Figure 6.6.2); trenching discovered many quartz veins and quartz veinlets with low grades. It is not known if these quartz veins are the source of gold exploited by alluvial mining in the vicinity (RMCA, 2007).

- a network of irregular quartz veins (*stockwork?*) was discovered between tributary

D11 and tributary D13 on the Bela River, as illustrated on Figure 6.2.2, (this occurrence is situated outside of the KGL Masters Project Exploration Licences). For evaluation purpose, the eluvial deposit, developed by extraction department, had to be excavated (RMCA, 2007).

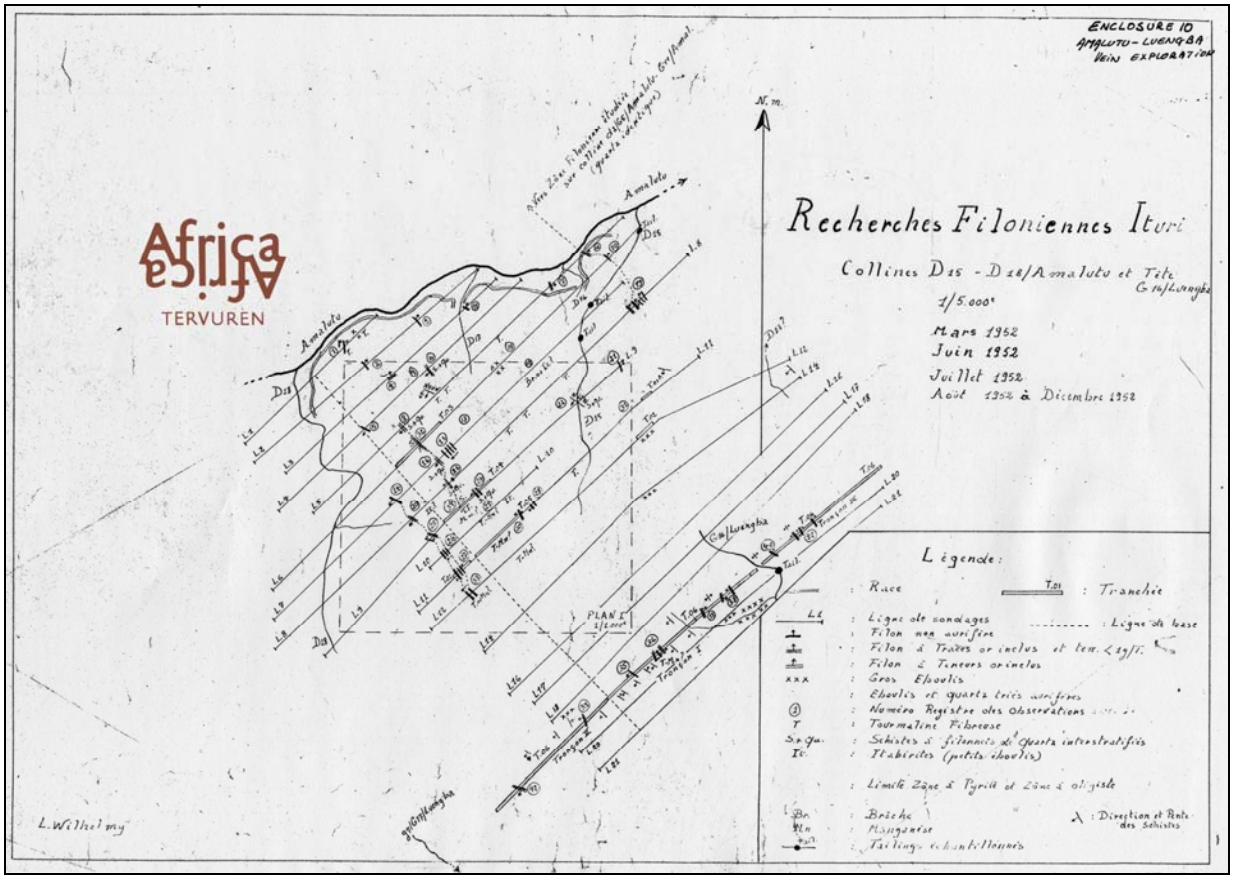


Figure 9.0a. Compilation map of gold occurrence on the hill between tributaries of the Amalutu and Teturi Rivers (RMCA, 2007).

Exploration carried out in 1953 in the area now covered by the KGL Masters Project Exploration Licences consisted of:

- galleries in adits TB1 and TB2 dug 30 metres below trenches 3 and 1 are 90 m and 72m long respectively; low gold grades and no enrichment compared to surface. Adit TB 1 intersected a 6 m wide mineralized section that returned an average grade of 1.20 g/t amalgamable gold or 1.95 g/t total gold; grades less than 1 g/t were returned over the remaining sampled areas of the adit. Adit TB2 only returned a few gold values less than 0.5 g/t. Due to the low gold values, the underground workings in Amalutu aval zone were abandoned (RMCA, 2007).

- prospecting for quartz veins on hills between tributaries D1 and D5 of the Butsha River (Figure 6.2.2) discovered quartz veins narrower than 80 cm with grades occasionally in the range of 1 to 2 g/t amalgamable gold. The trenches are barren with the exception of some gold grades less than 0.8 g/t amalgamable gold between pit lines 10 and 11 East (RMCA, 2007).

The 'Amalutu aval' occurrence was surveyed on a 500 m long and 30 m to 100 m wide area oriented towards N20W. The estimated contained gold in two layers of quartzite is presented in Table 9.0 (RMCA, 2007).

Table 9.0. Estimated gold content in the Amalutu aval occurrence (RMCA, 2007).

Quartz layer	Length	width	Amalg. gold grade (g/t)		total gold grade (g/t)	
	(m)	(m)	Non reduced	Reduced	non reduced	reduced
1	350	4.5	1.72	1.45	2.75	2.40
2	150	2.0	1.70	-	3.00	-

Eluvial deposits and itabirites

According to RMCA (2007) geological survey reports indicate that eluvial resources were often evaluated by the mining staff before exploitation. The Geological survey reports present few details however it was noted that eluvium was exploited on hills between the Amalutu and Luengba Rivers (RMCA, 2007). MGL annual reports do not include exploitation results; possibly they were registered under river names, although this has not been confirmed.

Trenches were dug during 1952 in the itabirite formations located in the northwest portion of KGL Masters Project Exploration Licence 2634. The highest gold grades reported are 4 m averaging 4.30 g/t amalgamable gold or 8.45 g/t total gold and 3 m averaging 0.65 g/t amalgamable gold or 2.40 g/t total gold. In deep pits dug in the trenches, some higher grades encountered are: Pit no. 51 (TR1) grades to 4.70 g/t amalgamable gold or 10.20 g/t total gold and Pit no. 52 (TR4) grades to 4.60 g/t amalgamable gold or 8.60 g/t total gold (RMCA, 2007).

The main itabirite zone is 180m long and has a maximum width of 20 m. Samples collected in the trenches generally carry lower gold values however these may reach 5.8 g/t total gold over 60 m; samples 134 to 143 in trench 9. Itabirites in this zone were not exploited and the average grade is considered to be approximately 1 g/t (RMCA, 2007).

In summary it appears that historically attention was not given to the relationship between the scarce exploitable grades encountered in the itabirites and the local fault system. This relationship was nevertheless clearly established when prospecting the Lutungure itabirite occurrences, possibly suggesting remobilization (?), (RMCA, 2007).

Glacial formations

General prospecting did not identify gold resources in the Lindian L4+T formations present on KGL Masters Project Exploration Licence 2627 (RMCA, 2007). Nevertheless, gold mineralization occurrences are known in tillites in the Biaboy Sector which have been exploited. The tillite formations along Lenda River are reported as barren (RMCA, 2007).

During the period from 1951 to 1952 the river basins were re-prospected for tin, tungsten and niobium and tantalum, commodities not previously explored for; according to RMCA (2007) comments from the literature include the following:

Tin

The reviewed files in the Royal Museum for Central Africa (Tervuren) in Brussels, Belgium do not make reference to any significant tin occurrence in the area of the KGL Masters Project Exploration Licences (RMCA, 2007).

Tungsten

Scheelite is reported to be present in most of the alluvial concentrates collected in the MGL domain however at very low grades and the grain sizes are very small (RMCA, 2007).

In 1948, an exploitable concentration of alluvial scheelite, on pit line 4, on tributary G69 of the Ituri River, upstream of the confluence of the Butsha and Ituri Rivers, produced 175 kg of scheelite (RMCA, 2007). In 1952 a scheelite mineralized quartz vein was discovered in the same place however there is no record of it having been exploited (RMCA, 2007).

RMCA (2007) noted that wolframite deposits in the area of the KGL Masters Project Exploration Licences were not mentioned in the compiled archives.

Niobium and tantalum

Records indicate that prospecting surveys targeting niobium and tantalum deposits commenced in 1951 (RMCA, 2007).

In 1955, an eluvial resource was developed and evaluated on the hill sides of the Mapembe River (RMCA, 2007). This river is outside of the KGL Masters Project Exploration Licences however it provides some indications on the type of ore. Primary lode is probably of pegmatitic origin as it is the case for the Keke deposit on the left hand tributary of the Ituri River, upstream of the confluence with the Etate River, where a pegmatite is known in relation with an alluvial coltan deposit (RMCA, 2007).

The Mapembe deposit produced a total of 75.5 tons of niobium and tantalum concentrates between 1954 and 1958 (RMCA, 2007).

An attempt to exploit the Keke deposit, situated at tributaries d5g5G5 and L10 G5 of the Keke River to the northwest of the KGL Masters Project Exploration Licence 2634 ended in 1955 due to decline in the tantalum rating even though the grade encountered in tributary G5 was 1.59 kg/m^3 (RMCA, 2007).

The composition of the Nb-Ta concentrates collected regionally varies from columbite to tantalite-tapiolite with a density of 7.8 to 8.0 g/cm^3 (RMCA, 2007).

ARTISANAL GOLD MINING

On the KGL Masters Project Exploration Licences two active hard rock artisanal gold mining sites namely the Malaguere and the Golgotha, illustrated on Figure 9.0b were visited by the author. According to the local residents there are other gold occurrences within the area that artisanal miners are exploiting; some of these at least were discovered during the regolith sampling carried out by Bascons consultants, contracted by Kilo in December 2007.

The **Malaguere artisanal gold mine** is situated on or adjacent to the border of KGL Masters project Exploration Licence 2634, approximately two hours by foot from the village of Biakatu on the Beni – Mambassa road as illustrated on Figures 4.2 and 9.0b. The legend for Figure 9.0b is presented in Figure 9.0c. ARC 1950 (Zaire) geodetic coordinates of the Malaguere artisanal gold mine are 29º 17' 55.58" East Longitude and 00º 53' 53.61" North Latitude. UTM WGS 84 coordinates of the Malaguere artisanal gold mine are 755900E and 99075N zone 35N.

According to the artisanal miners currently on site, an outcrop of gold bearing quartz vein, discovered by prospecting in 2002 and illustrated in Figure 9.0d was the beginnings of the Malaguere gold mine; it has been exploited since then.

The gold is hosted in a fractured quartz vein that varies from 1 m to 2 m thick and strikes in an east-west direction at approximately 100º - 280º and dips about 80º to the north northeast, as illustrated in Figure 9.0e. The auriferous quartz vein is hosted in Precambrian Upper Kibalian schistose metasedimentary rocks predominantly composed of quartz and micas. The area has been subjected to tropical weathering, however, as illustrated in Figure 9.0f the regolith profile overlying the Malaguere auriferous quartz vein and the host rocks is approximately one metre thick and appears to be either in situ or very proximal to its origin. Observations of the auriferous quartz vein indicate that following emplacement of the quartz vein it was foliated by a subsequent tectonic event; gold emplacement most probably occurred near the end of this tectonic event. The host metasedimentary rocks have weathered to a bright reddish colour indicative of a high ferruginous content, possibly the result of oxidation of sulphides. It is unknown to the author if the gold is restricted to the auriferous quartz vein, or if the wall rocks are also gold bearing. Also, it is not known if the quartz vein occurs within a fault, foliation plane, or the axial plane of a fold, however, the geological map (Figure 9.0b) indicates the presence of strike parallel structures. Possibly these are thrust faults that developed during the D_2 tectonic event. The Malaguere workings, as illustrated in Figure 9.0g, are up to 20 metres deep and in the order of 200 to 400 metres long. Given the extent of the Malaguere artisanal gold mine workings and the fact that it has been subjected to five years of continuous artisanal exploitation it follows that diamond drilling is warranted to evaluate its economic potential.

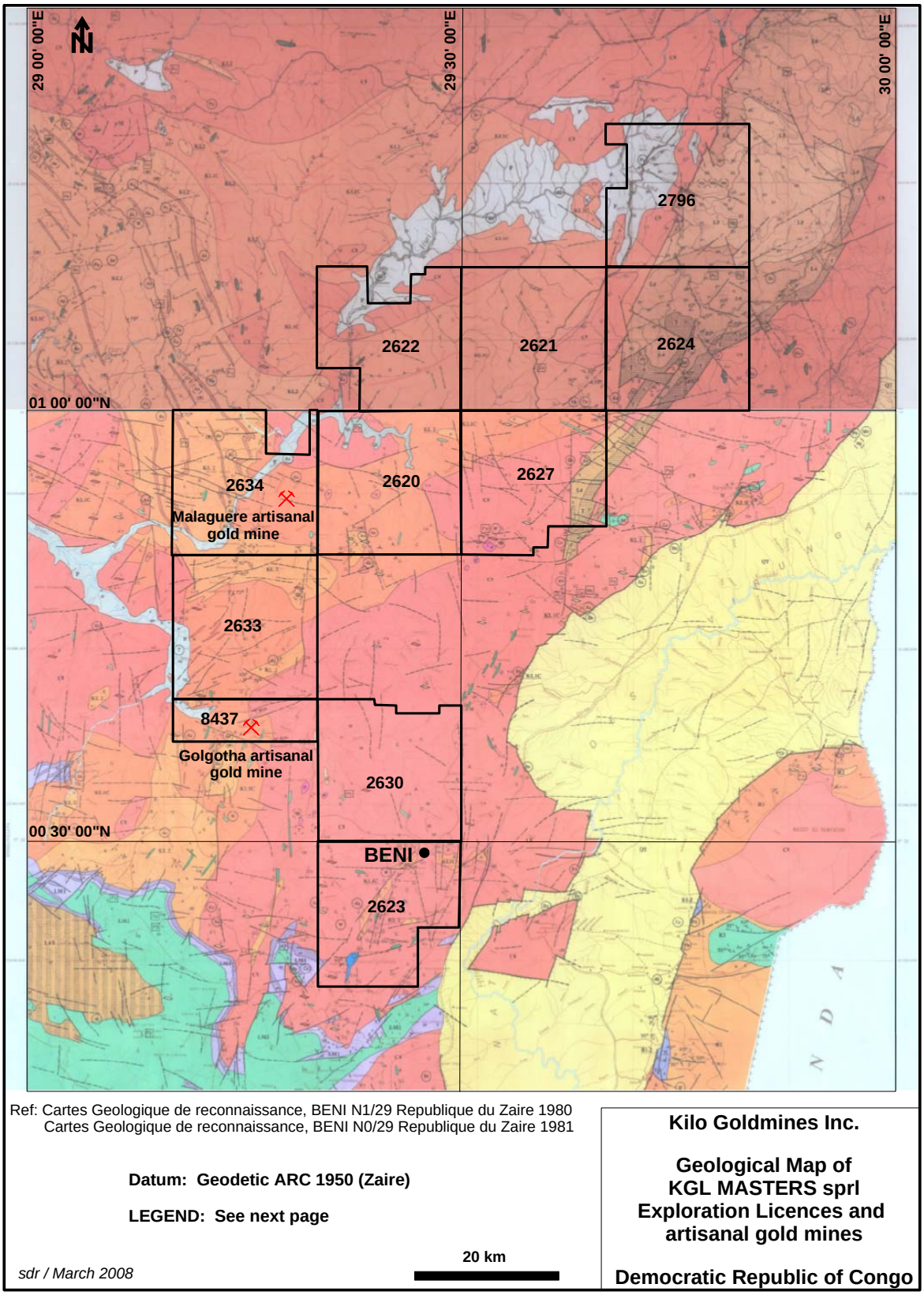


Figure 9.0b. Geological map of the KGL Masters Project Exploration Licences and the location of the Malaguere and Golgotha artisanal gold mines.

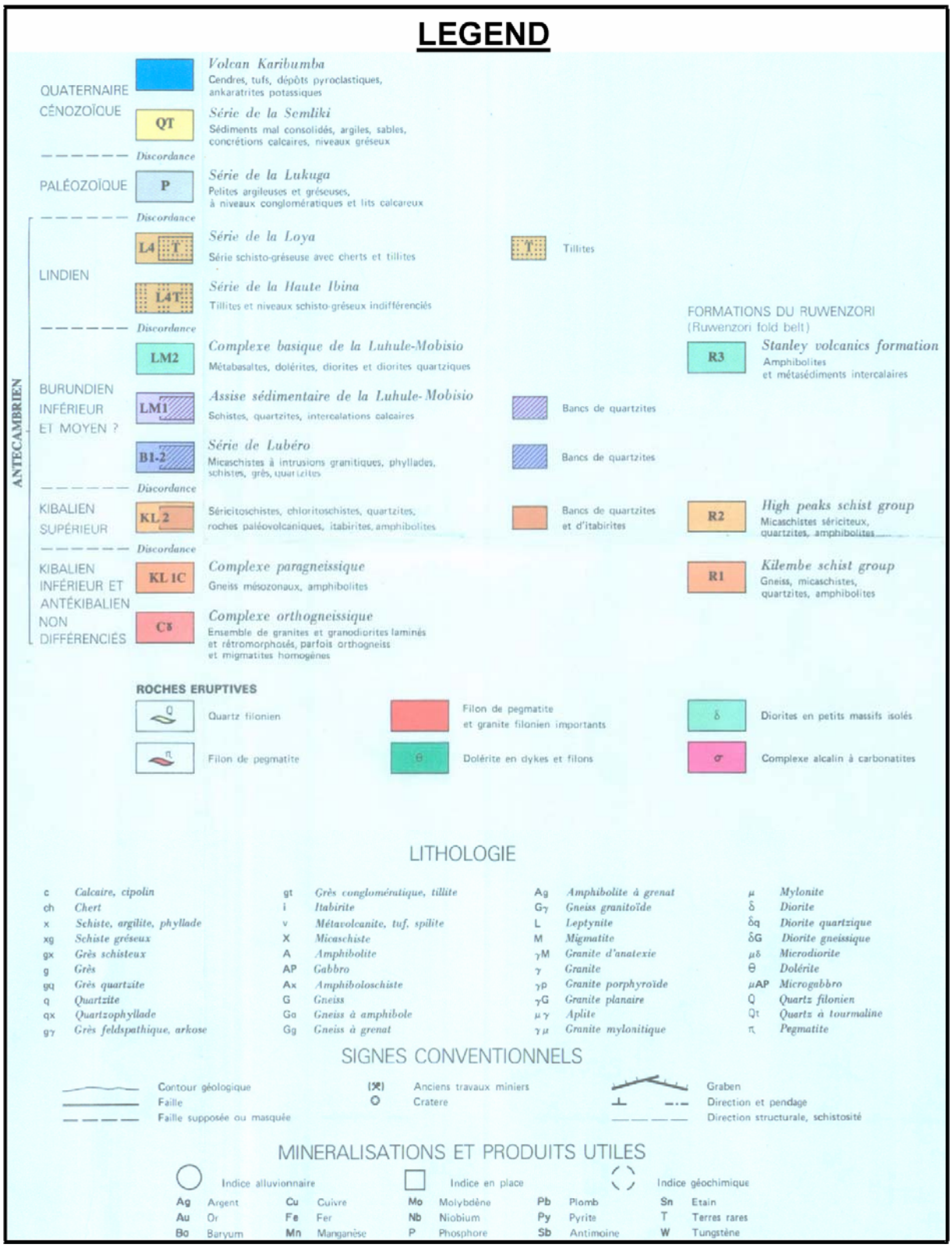


Figure 9.0c. Legend for the geological map illustrated in Figure 9.0b.

Figure 9.0d. Quartz vein outcrop, discovery site of the Malaguere artisanal gold mine.

Figure 9.0e. Photo illustrating excavations on the Malaguere auriferous quartz vein.

Figure 9.0f. Photo illustrating of the Malaguere artisanal gold mine workings and the regolith profile.

Figure 9.0g. Photo of the Malaguere pit looking east along the auriferous quartz vein.

Golgotha Artisanal Gold Mine

The Golgotha artisanal gold mine is situated in the southernmost Exploration Licence of the KGL Masters Project, namely Exploration Licence 8437, approximately 1.5 hours by foot from the village of Bela on the Beni – Mambassa road as illustrated on Figures 4.2 and 9.0b. ARC 1950 (Zaire) geodetic coordinates of the Golgotha artisanal gold mine are 29º 15' 29.60" East Longitude and 00º 37' 59.25" North Latitude. UTM WGS 84 coordinates of the Golgotha artisanal gold mine are 751400E and 69750N zone 35N.

The Golgotha artisanal workings are centered on a small hill, as illustrated on Figure 9.0h, and consists of two known parallel quartz veins about 1 to 2 metres thick separated by about 15 metres of undifferentiated Precambrian Lower Kibalian paragneissic rocks that host numerous thin auriferous quartz veins and veinlets. The quartz veins are being accessed by a number of vertical pits, as illustrated in Figures 9.0i and 9.0j. The parallel quartz veins strike approximately 290º- 110º and dip about 60º towards the north northeast as illustrated in Figure 9.0k. The Golgotha workings have been explored and exploited over a strike length of about 200 metres.

The geological map (Figure 9.0b) indicates that a number of strike parallel faults have been observed or interpreted in the area surrounding the Golgotha artisanal gold mine. Given the extent of the Golgotha gold mine workings, the presence of the multiple parallel auriferous veins coupled with the lack of knowledge on the presence or absence of gold in the host rocks it follows that diamond drilling is warranted to evaluate the economic significance of the workings.

Figure 9.0h. Photo of the Golgotha artisanal gold mine workings.

Figure 9.0i. Photo of a pit and tunnel on the Golgotha artisanal gold mine; note the quartz veins in the pit walls.

Figure 9.0j. Photo illustrating a series of parallel, north dipping, quartz veins in the Golgotha artisanal gold mine.

Figure 9.0k. Photo illustrating two parallel gold bearing quartz veins in the Golgotha artisanal mine site.

The undifferentiated gneisses between the two parallel auriferous quartz veins are approximately fifteen metres thick and host a number of thin gold bearing quartz veins and veinlets as illustrated in Figure 9.0l.

Figure 9.0l. Photo illustrating a thin quartz vein hosted in the gneisses that occur between the two parallel quartz veins exploited by artisanal miners.

The 1:200,000 scale geological map sheet, BENI N0/29, compiled by the Republique du Zaire (1981), indicates that the lithological units in the area of the KGL Masters Project Exploration Licences are oriented north-south to north northwest. Parallel series of faults are shown on the BENI N0/29 map to occur in a north-south, east-west, northwest-southeast and northeast-southwest orientations. The quartz veins being exploited by artisanal miners at Malaguere and Golgotha do not appear to be parallel to the lithological units but rather to structural features.

10.0 EXPLORATION

Kilo has carried out the following work on the KGL Masters Project Exploration Licences.

- Contracted a compilation of historical data on file at Tevuern Museum in Brussels, Belgium.
- Completed the Geological property visit as required by the Mining Code.
- Completed the Mitigation and Rehabilitation Plan pursuant to the Mining Code 2000 and the Mining Regulations 2003.
- Visited the property and Tevuern Museum (Brussels, Belgium) to verify the reports obtained from the consultants.
- Contracted PhotoSat (Vancouver, Canada) to obtain Landsat 7 Ortho Mosaic, Regional Digital Elevation Data and Ikonos satellite photos.
- Completed regolith sampling over about 410 km² of a planned 1,900 km².

The author of this report recommended that regolith geochemical sampling be carried out on Exploration Licences 8437 and 2634 on the KGL Masters Project property in order to evaluate the areas that host the Malaguere and Golgotha artisanal gold mines. The recommended sampling program suggested 400 m spaced lines oriented WGS 84 UTM north-south with samples collected at 100 m intervals. The recommendations included about 7% quality control comprised of randomly inserted duplicates commercial standards and blanks.

Kilo, through its 90% owned subsidiary KGL MASTERS sprl, initiated the recommended regolith sampling program. During the period of December 9th 2007 to January 9th 2008 a total of 2,356 samples, including quality control samples, were collected from Exploration Licence 8437 and 3,019, including quality control samples, were collected from Exploration Licence 2634 for a total of 5,375 samples. During the sampling program GPS coordinates were obtained for observed artisanal workings. Illustrated on Figure 10.0a are the locations of the sample sites, the observed artisanal workings as well as the location of the Malaguere and Golgotha artisanal gold mines. The 5,375 samples were flown to Mwanza in Tanzania during Q2 – 2008 for sample prep at the ALS Chemex facility and the sample pulps were shipped to ALS Chemex laboratory in Johannesburg for analysis. The laboratory was instructed to determine the gold values by Fire Assay on a 30 gm sample with an AA finish; determination of 34 elements by ICP was also requested. As of the date of this report analytical data has not been received.

During the period of March 23rd, 2008 to May 22nd, 2008 a total of 5,214 samples, including quality control samples, were collected from Exploration Licence 2634. During the sampling program GPS coordinates were obtained for observed artisanal workings. Illustrated on Figure 10.0b are the locations of the sample sites, the observed artisanal workings as well as the location of the Malaguere artisanal gold mine. The 5,214 samples are currently stored at the KGL Masters Project office in Beni, DRC. Sample preparation will be carried out by

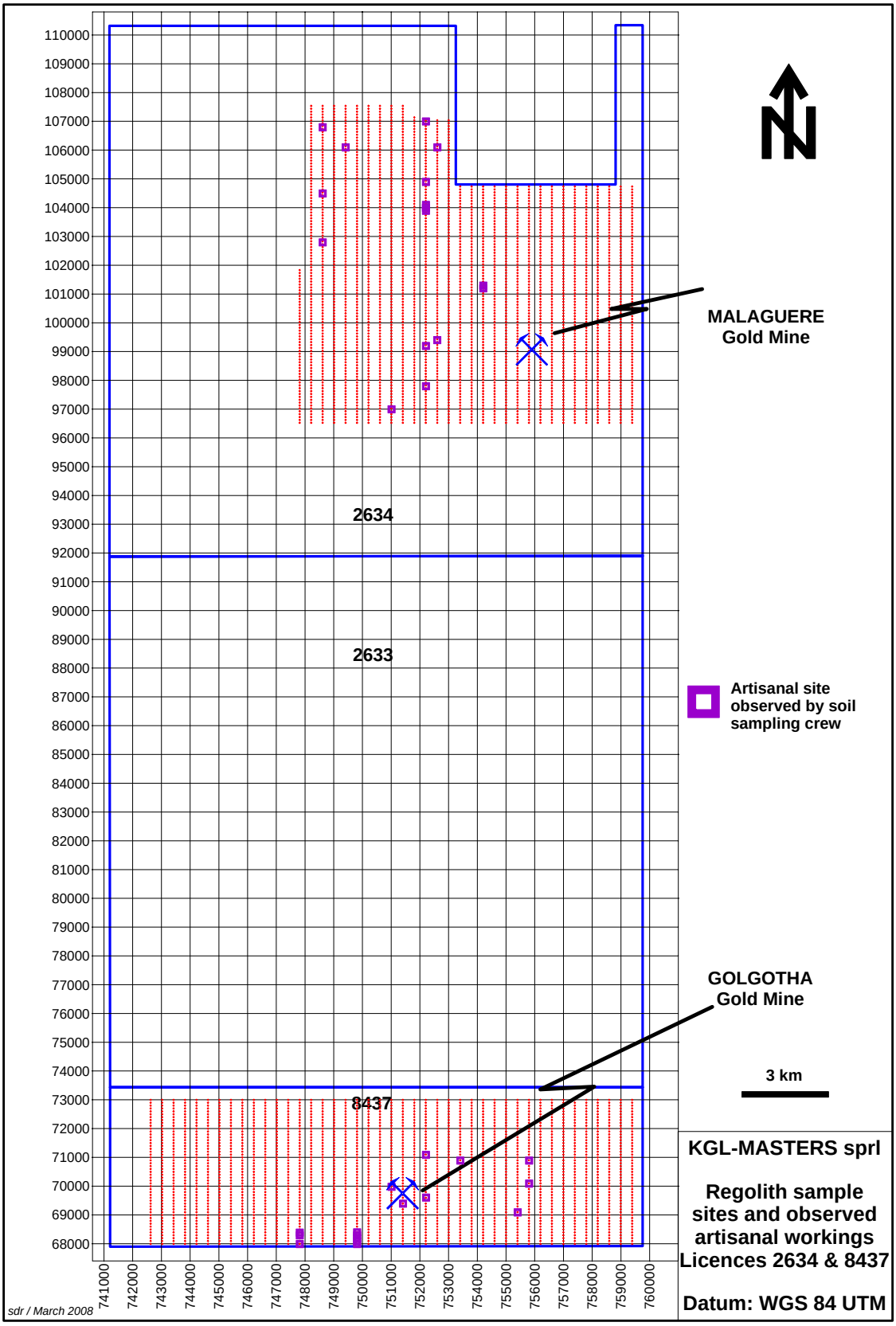


Figure 10.0a. Map illustrating sites regolith sampled and artisanal workings observed; December 2007 and January 2008 programme.

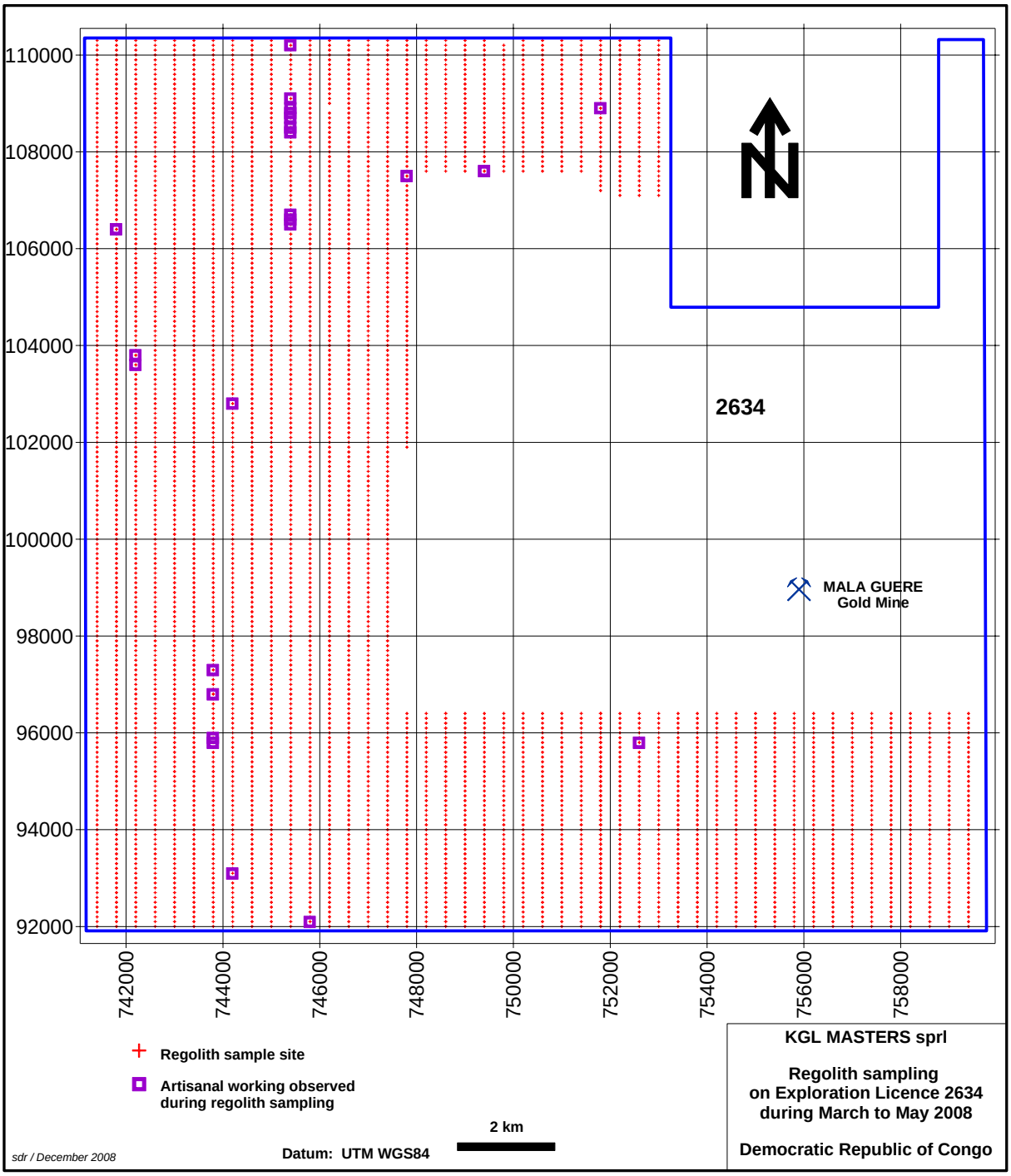


Figure 10.0b. Map illustrating regolith sample sites and observed artisanal workings; March to May 2008 programme.

ALS Chemex in Mwanza, Tanzania and analysis for gold by fire assay and major elements by ICP will be carried out by ALS Chemex in Johannesburg, South Africa.

ALS Chemex is the minerals division of ALS, a global company providing laboratory services to environmental, oil, food and pharmaceutical clients as well as to mining and exploration

companies. The ALS group is owned by Campbell Brothers Limited, a publicly-listed Australian company. ALS Chemex has been certified under ISO 9002 in Peru and Australia as well as by KPMG in Canada, USA and Mexico.

Both sampling programs were contracted to Bascons Consulting sprl, (Kinshasa, DRC) to collect the regolith samples on 400 m spaced lines oriented WGS 84 UTM north-south at 100 m intervals. The author visited the Bascons crew on site. The recommended quality control procedures were implemented by Kilo and adhered to by Bascons.

Un-audited expenditures totalling $2,218,808 (Canadian) incurred by Kilo to date on the KGL Masters Project Exploration Licences, provided to the author by Kilo, are presented herein in Table 10.0a.

Table 10.0a. Exploration expenditures incurred by Kilo on the KGL Masters Project Exploration Licences.

PROGRAM	Canadian $
Property Acquisition, tax and rent	131,408
Mitigation and Rehabilitation study	54,150
Royal Museum for Central Africa – Archive compilation	24,913
Reconnaissance geological study and report	20,300
NI43-101 report	99,201
Miscellaneous	149,422
Legal Fees	98,518
Satellite images and photos	94,795
Bascons – regolith sampling	168,735
General and Administration	1,169,484
ALS Chemex	171,192
Sample shipment costs	36,690
TOTAL	$2,218,808

11.0 DRILLING

Kilo has not carried out any drilling on the KGL Masters Project Exploration Licences.

A total of 728 metres of drilling carried out in 1952 evaluating veins on tributaries g4/G11 of the Nyamakumbi River and Vein A (*filon A*) discussed herein in Section 9.0, failed to return significant gold values, however, given that recoveries were reported to only be in the 5 to 10% range it follows that the drilling did not adequately test the gold grades of the veins (RMCA, 2007).

12.0 SAMPLING METHOD AND APPROACH

12.1 Sampling method, type and area

Kilo completed regolith sampling over the portions of Exploration Licences 8734 and 2634 in Q4 2007 and Q1 2008 that cover the Malaguere and Golgotha artisanal gold mines that were recommended by the author of this report (Figure 10.0a). During Q1 and Q2 of 2008 Kilo

completed regolith sampling on the unsampled portion of Exploration Licence 2634 as illustrated in Figure 10.0b. The collected samples are approximately 1.5 kilograms each.

12.2 Factors affecting reliability of results

Analytical results have not been received by Kilo from any of the collected regolith samples from Exploration Licences 8734 and 2634. The reliability of the results can be affected by the medium sampled, sample preparation contamination and poorly calibrated analytical equipment.

12.3 Sample quality and biases

Given that the analytical data has not been received only cursory comments can be made regarding the sample quality and biases. A visual review of the procedures in the field indicated that the sample quality was acceptable. The analytical data needs to be obtained in order to comment on any sampling biases.

12.4 Rock types, geologic controls, sampling intervals

According to the BENI geological map the rock types in the area of the regolith are Kibalian metavolcanics and metasedimentary rocks. The geological controls include, but are not limited to lithological changes, topography, structure, depth of weathering and overlying vegetation. The regolith samples are being collected at a depth of approximately 30 cm at 100 m intervals on UTM WGS 84 north-south oriented lines spaced at 400 m intervals.

12.5 Summary of relevant samples, values and estimated true widths

Kilo had not received any analytical data as of the date of this report; hence no comments can be made on relevant samples, values or estimated true widths.

13.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

13.1 Involvement of an employee, officer, director or associate of the issuer in sample preparation

According to Kilo, no Kilo employee, officer, director or associate of the issuer carried out any sample preparation of the regolith samples on the KGL Masters Project Exploration Licences.

13.2 Sample preparation, analysis and laboratory procedures

According to Kilo the intended sample preparation, analysis and laboratory procedures are as follows:

- crush entire sample to less than 1 millimetre.
- pulverize at least a 1 kg split of the crushed material.
- fire assay for gold using a 30 gm aliquot and instrumental (AA) finish. Laboratory to

report first assay as Au1 and any duplicates done as part of the routine internal quality assurance program as AuR. If additional duplicates of the same pulp are reported, these should be reported as AuR2.

- Low level ICP analysis for 34 elements (other than gold) on each sample.

13.3 Quality control measures employed

The Kilo regolith sampling program includes approximately 7% quality control samples. In every batch of 200 samples 4 commercial blanks, 4 commercial standards and 7 duplicate samples were being inserted at random intervals.

13.4 Adequacy of sampling, sample preparation, security and analysis

The author is of the opinion that the density of sampling is adequate for the initial geochemical coverage of the areas being sampled. The sample preparation, security and analysis that Kilo intends to follow are considered adequate by the author. ALS Chemex is an internationally recognized analytical company.

14.0 DATA VERIFICATION

14.1 Quality control measures and data verification procedures applied

The author has not verified any of the historical data. The author has reviewed the regolith sampling method in the field. Kilo has implemented a rigorous quality control system in order to verify the analytical procedures and results.

14.2 Data verification or reliance by author

The author visited the property during the periods of September 26th to 30th, 2006, May 30th to June 3rd, 2007, August 27th to August 30th, 2007, December 10th to December 15th, 2007 and February 16th to February 22nd, 2008 during which time field visits were carried out and the report on geology and mineralization by Tshinyama, et al., (2007) was verified.

14.3 Nature of any limitations on verification

Data verification was limited to Sections 14.1 and 14.2 hereof.

14.4 Reasons for any failure to verify the data

Verifying the historical data was not carried out due to constraints on time, logistics and the costs involved. Moreover, the historical data is predominantly quantitative rather than qualitative and represents a period in time in excess of fifty years ago. Furthermore, exploitation of gold since the last recorded resources were made most likely has taken place, and records are not available, making the historical records impossible to validate. Validation is further complicated with name changes of topographical features and villages.

Kilo has not received any analytical data for the regolith sampling program that was initiated in late 2007.

15.0 ADJACENT PROPERTIES

15.1 Publicly available information and source

The author has no knowledge of any publicly available information on mineralization on properties adjacent to the KGL Masters Project Exploration Licences. There are no producing mines in the vicinity. The author visited the Tindika artisanal site situated approximately twenty five kilometres to the west northwest of KGL Masters Project Exploration Licence 2634.

The Tindika artisanal workings, illustrated on Figure 15.1a, predominantly consist of a quartz vein striking about 290º - 100º and dipping steeply to the north. The artisanal miners stated that the quartz vein has been traced along strike for approximately 500 metres, and other auriferous quartz veins parallel to the Tindika quartz vein are present within the immediate vicinity. Gold observed in samples of the quartz vein varies from fine to coarse grained.

The auriferous Tindika quartz vein is hosted in the Precambrian Lower Kibalian paragneissic sequence. It is unknown if the host rocks are gold bearing. The overlying regolith where observed in the workings is generally less than a metre thick, as illustrated in Figure 15.1b, and appears to represent the tropically weathered underlying rock (saprock and saprolite), that must be supported as illustrated in Figure 15.1c when accessing the quartz vein underground. The area is devoid of outcrop.

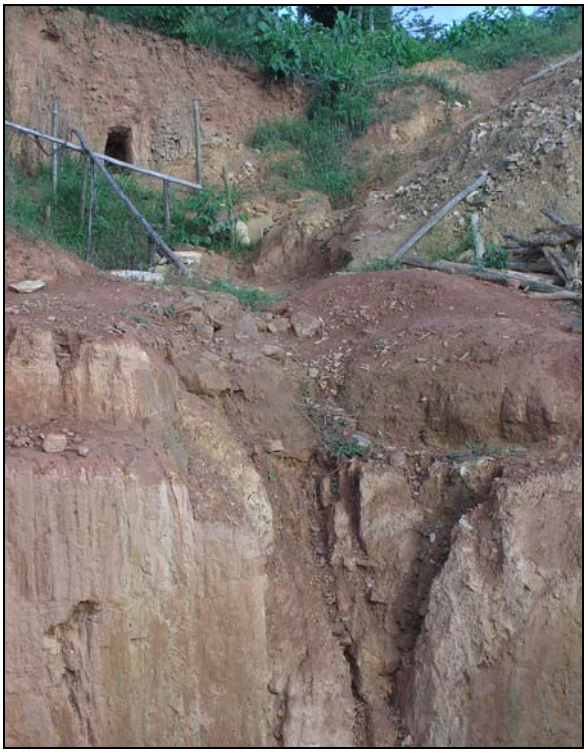


Figure 15.1a. Photo of the Tindika artisanal site illustrating the auriferous quartz vein that is being exploited.

Figure 15.1b. Photo illustrating the thin regolith horizon overlying the Tindika artisanal site.

Figure 15.1c. Photo illustrating the support used by the artisanal miners to hold the walls of the main shaft from collapsing.

Illustrated in Figure 15.1d is gold in panned concentrates from the Tindika workings. Note how coarse grained the majority of the gold is. The gold is interpreted to have been emplaced in the quartz vine at the end of a tectonic event that postdates the age of emplacement of the quartz vein.

Figure 15.1d. A photo of gold panned from crushed samples mined at Tindika.

The geological setting of the KGL Masters Project Exploration Licences is analogous to gold exploration / development projects elsewhere in the Archaean Kabalian Kilo - Moto terrains of northeastern DRC illustrated on Figure 7.1b. Gold deposits and former producers are illustrated on Figure 15.1e. Within an area extending approximately 250 km from the KGL Masters Project Exploration Licences the two most advanced projects are the Moto Goldmines Limited 'Moto project' and the Anglogold Ashanti 'Kilo' project.

The **Moto project** of Moto Goldmines Limited, illustrated in Figures 7.1b and 15.1f, covers a major portion of the Archaean Moto greenstone belt, which consists of the Lower Kibalian System rocks. The Archaean West Nile Gneiss complex flanks the Moto greenstone belt on the north side and the Upper Zaire (younger) granitic complex lies on the south side.

Three gold deposits in the Moto greenstone belt, namely the Gorumbwa, Agbarabo and Durba were exploited primarily in the 1950s and 1960s by the Belgians; they produced more than 60% of the +3 million ounces of recorded gold production in the Moto area. Placer, alluvial and small oxide-zone workings constitute the remainder of the gold production in the area. An area 7 km by 5 km near the towns of Doko and Durba hosts many of the past-producing high-grade gold mines in the Moto greenstone belt.

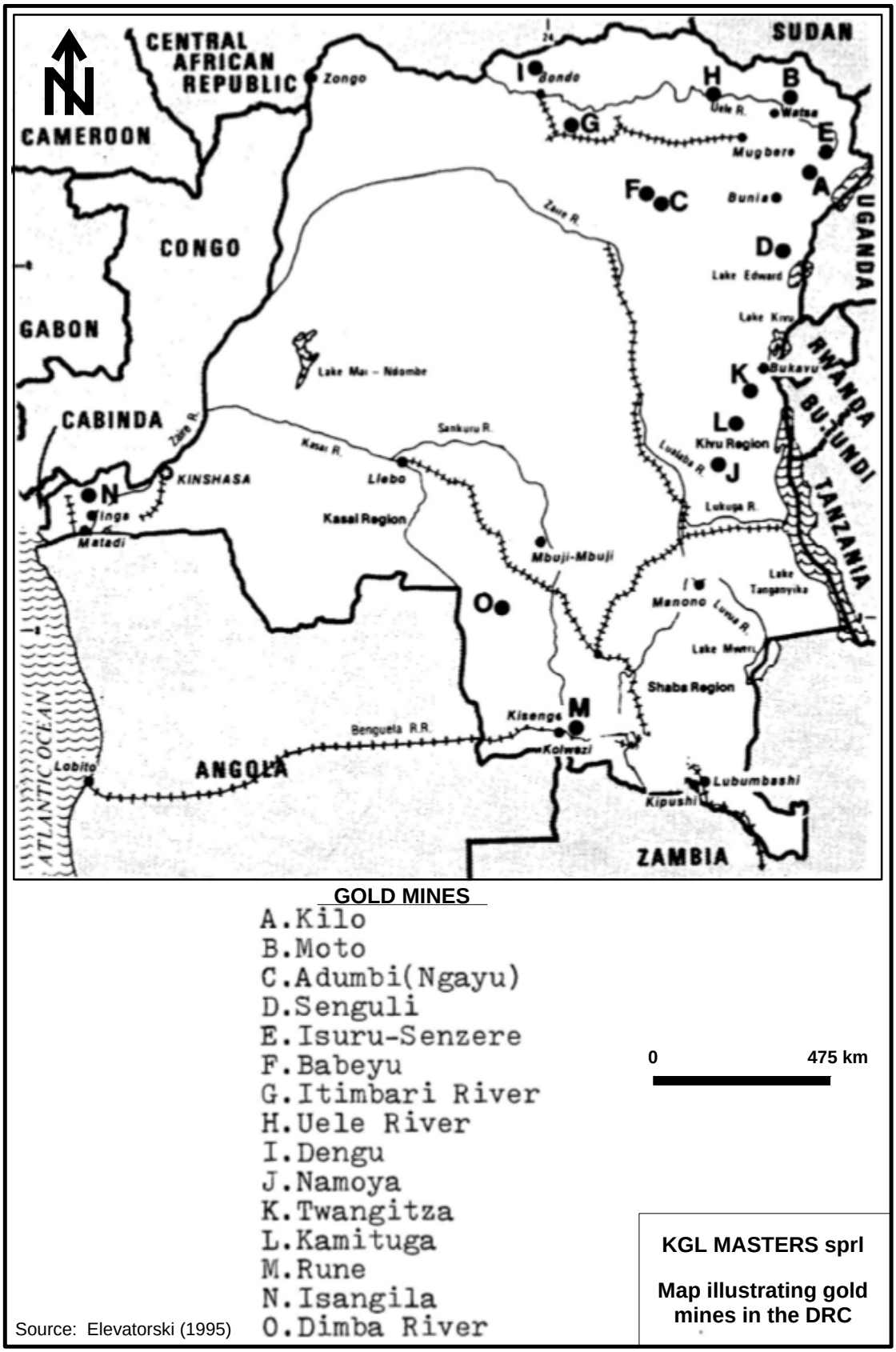


Figure 15.1e. Map illustrating gold occurrences and former gold producers in the DRC.

A limited amount of mining, after the departure of the Belgians in the 1960s, was carried out by OKIMO, the State owned mining company, and during 1996 and 1998 Barrick Gold Corp and Anglogold completed limited exploration.

Moto has defined a world class gold resource since February 2004 by identifying a number of unexploited deposits, in particular the recognition of the Kibali – Durba – Chauffeur - Karagba gold mineralized corridor and the Pakaka - Mengu Hill mineralized corridor which at present contains an estimated combined total indicated resource of 65.49 million tonnes at 2.9 g/t Au for 6.163 million ounces of gold and inferred resource of 97.22 million tonnes at 4 g/t Au for 12.365 million ounces of gold. This project is at the feasibility stage. www.motogoldmines.com, (September 20, 2007).

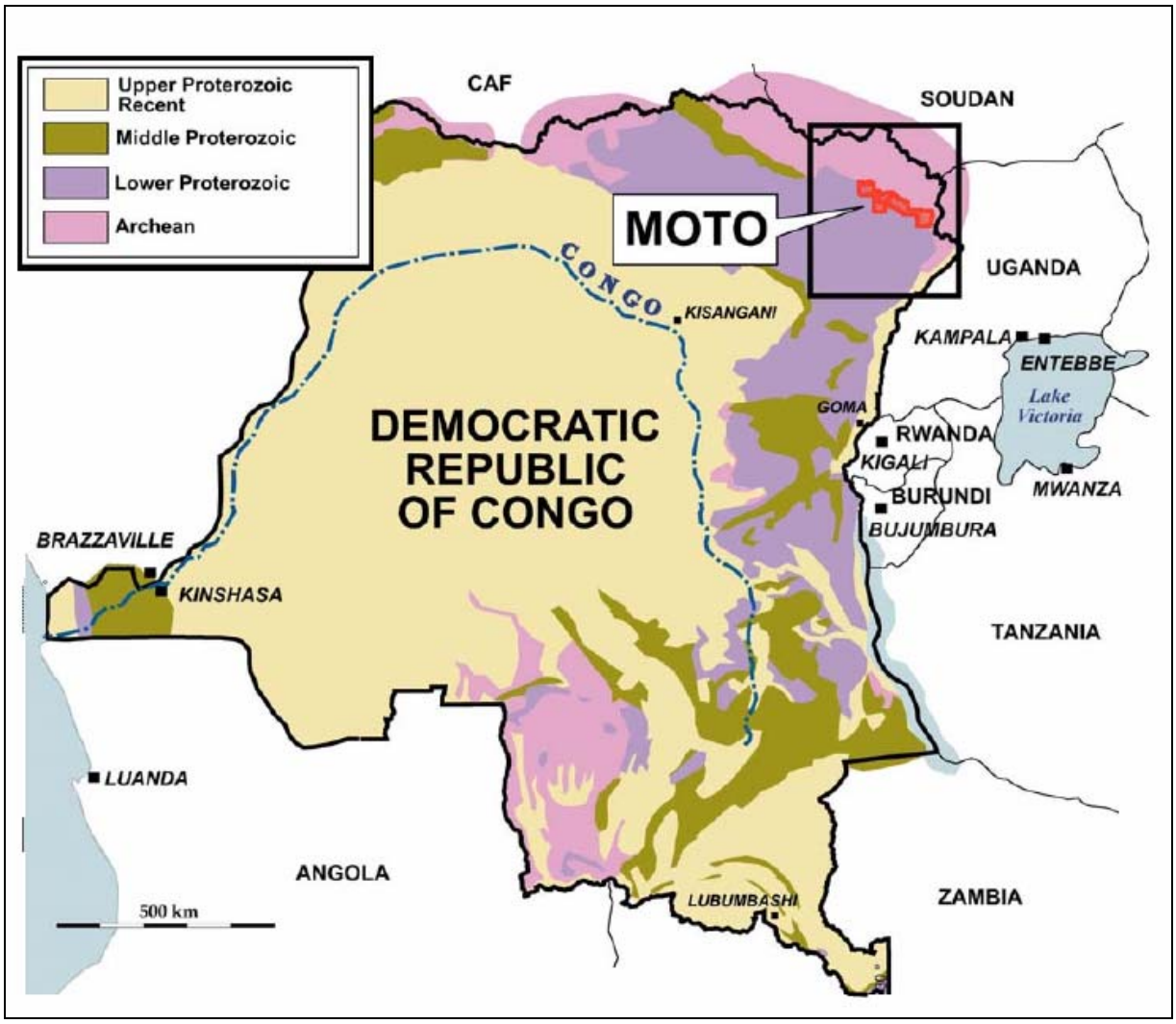


Figure 15.1f. Map illustrating the geology and location of the Moto Goldmines project.

The **Kilo project** of Anglogold Ashanti, illustrated on Figure 7.1b, is focused on delineating a 3 million-ounce gold inferred resource in shallow-dipping mineralized mylonite at the contact between granodiorite intrusive and volcano-sedimentary rocks of the Kilo greenstone belt. The exploration is being carried out on a 10 km x 15 km block surrounding the town of Mongbwalu in the north-eastern part of the DRC. www.anglogoldashanti.com, (September 20, 2007).

15.2 Verification of adjacent property data

The author visited the Tindika workings in May 2007. The author has not visited either the Moto gold or Kilo projects, nor made any attempt to verify the publicly available literature.

15.3 Relationship between adjacent property and property being reported on

The lithogical and structural characteristics on the KGL Masters Project Exploration Licences is similar to that of the Tindika gold occurrence twenty five kilometres to the west. Hence even though the geological characteristics of the KGL Masters Project Exploration Licences is similar to the characteristics observed at the Malaguere, Golgotha and Tindika artisanal workings it does not follow that similar gold bearing deposits are hosted on the KGL Masters Project Exploration Licences.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Not applicable.

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

There are no historical resources or reserve estimates, or more recent estimates made by or on behalf of Kilo that conform to the CIM guidelines of August 20, 2000. The author has not made any estimates of mineral resources on the property covered by the KGL Masters Project Exploration Licences.

18.0 OTHER RELEVANT DATA AND INFORMATION

Not applicable

19.0 INTERPRETATION AND CONCLUSIONS

The KGL Masters Project Exploration Licences are located within an area from which alluvial gold was exploited more than fifty years ago at a time when exploration for in-situ gold mineralization was not being explored for. Elevatorski (1995) has noted that some of the known gold occurrences within the Archaean Kabalian Kilo – Moto area have been discovered in areas where alluvial gold was first exploited. Such areas include Kilo, Moto, Adumbi, and Isuru-Senzere (Figure 15.1e).

The known in-situ gold occurrences on the KGL Masters Project Exploration Licences namely the Golgotha and Malaguere occur on or in very close proximity to approximately east-west oriented structures, as illustrated on Figure 9.0b. Also illustrated on Figure 9.0b are numerous east-west oriented structures, which are by analogy, prime exploration targets.

It is concluded that the KGL Masters Project Exploration Licences have geological characteristics commonly associated with gold mineralization, the area covered by the Exploration Licences is known to host in-situ gold mineralization and alluvial gold, the area has been prospected but has never been explored with modern techniques. Hence, the KGL

Masters Project Exploration Licences are considered to have the potential to host one or more economic gold deposit.

20.0 RECOMMENDATIONS

20.1 Introduction

As required by NI 43-101 F1, the author states that *the character of the property is of sufficient merit to justify the following recommended exploration program.* The main objective of this programme is to discover one or more gold zones of sufficient continuity and grade that warrant further exploration to initially outline a measured resource and subsequently convert the resource into probable and proven reserves. At present no such target area has been defined on the KGL Masters Project property. To achieve the objectives a US$10.95 million two-phase program of exploration over a 24 month period is recommended.

The majority of the KGL Masters Project Exploration Licences 8437, 2633, 2634, 2620, 2621 and 2622 are underlain by a sequence of schists, derived in part at least from greenstones, and re-worked through sedimentary processes. These schists are flanked on the east and west by granitic rocks. Gold mineralization hosted in quartz veins is known to occur within these schists. A Phase I exploration programme consisting of obtaining analytical data for the collected soil/regolith samples, geological mapping and diamond drilling is recommended.

20.2 PHASE I Recommended Exploration Programme

Regolith Geochemistry: Kilo has had soil/regolith samples collected over approximately 410 km² of the property as illustrated on Figure 20.2a. It is recommended that these samples be analyzed for gold by the Fire Assay method with Aqua Regia finish and for multi-elements by ICP.

Diamond Drilling: Given the extent of workings, and significance of the exposed auriferous gold veins it follows that diamond drilling is warranted on the Golgotha artisanal gold mine.

The recommended diamond drilling on the Golgotha artisanal gold mine targets the two known parallel auriferous gold veins and the intervening approximate fifteen metres of undifferentiated gneisses that host thin gold bearing quartz veins and veinlets as well as the wall rocks to the north and south of the quartz veins. Listed in Table 20.2a are the recommended Phase I drill holes and Figure 20.2b illustrates the drill holes and the gold bearing quartz veins. The datum is UTM WGS84.

Table 20.2a. Recommended Phase I diamond drill holes on the Golgotha artisanal gold mine.

UTM E	UTM N	UTM Azimuth	Dip	Length (M)
751368	69843	200º	-50º	110
751414	69824	200º	-50º	110
751463	69808	200º	-50º	110
751511	69790	200º	-50º	110
751559	69775	200º	-50º	110
			Total	**550**

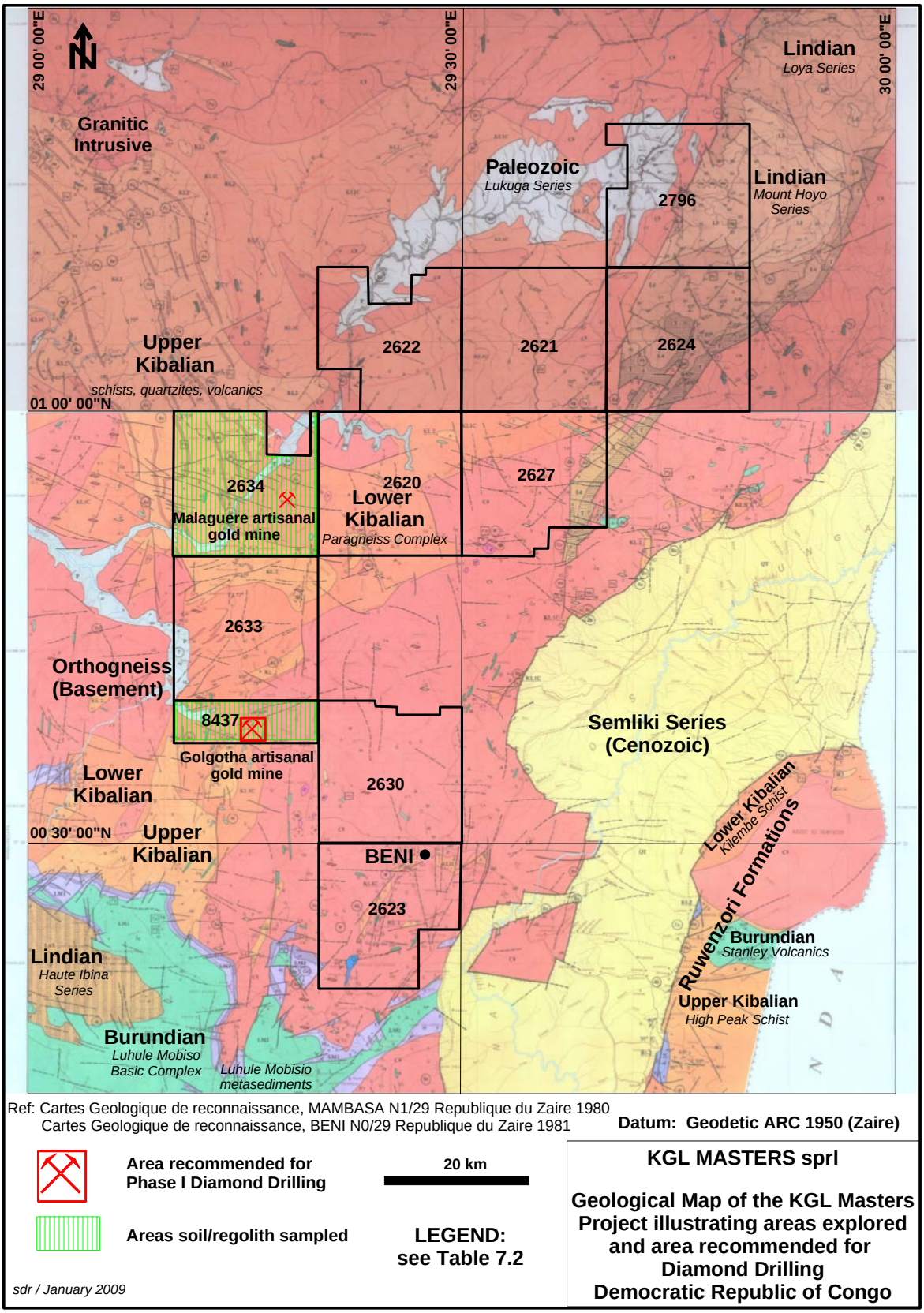


Figure 20.2a. Map illustrating areas regolith sampled and areas recommended for Phase I diamond drilling.

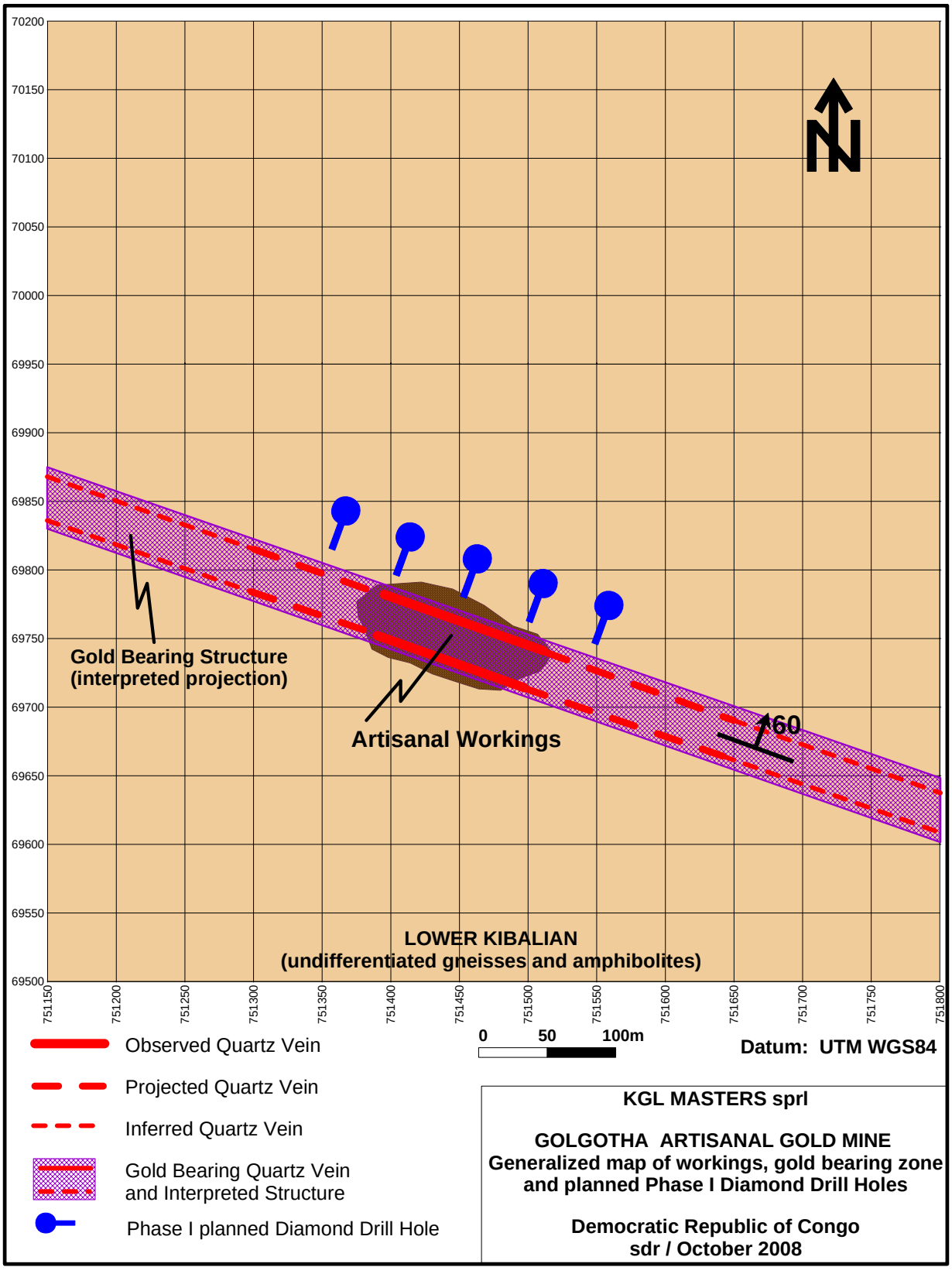


Figure 20.2b. Map illustrating the Golgotha artisanal gold mine workings, and projected gold bearing quartz veins and recommended Phase I diamond drill holes.

20.3 PHASE II Recommended Exploration Programme

In the event that he recommended Phase I exploration programme returns positive results then the following Phase II exploration programme is recommended.

Airborne Geophysics: Approximately 16,000 line kilometres of airborne magnetic and radiometric survey is recommended to cover the northern and western portions of the KGL Masters Project area to cover the gold bearing schists as illustrated in Figure 20.3a. It is recommended that the survey be carried out by rotary wing aircraft, in order to maintain optimum height over the hilly topography, on 100 metre spaced flight lines oriented at 025º - 205º.

Ground Magnetic survey: A ground magnetic survey is recommended to be carried out, over the areas of the Golgotha and Malaguere artisanal workings at 25 metre intervals on 100 metre spaced lines oriented north-south using a magnetometer system that records the GPS location of the magnetic reading. The data will need diurnal correction with the data collected from a stationary base station unit. In addition, it is recommended that ground magnetic surveys be carried out to assist in defining regional structures that may be delineated by the airborne geophysical survey and to follow-up anomalous gold in soil/regolith samples.

Induced Polarization (IP) survey: IP surveys are recommended to be carried out over areas identified as gold bearing zones.

Regolith Geochemistry: The westernmost portion of the KGL Masters Project property is predominantly typified by a gentle undulating topography covered in a mature rainforest. The forest floor is composed of an organic layer overlying a lateritic horizon that lies on the weathered in-situ rocks. A well defined 'stone-line' of generally angular quartz fragments was noted to occur near the contact with underlying in-situ rocks. Where observed the organic / laterite profile was only several metres thick. The regolith profile is not considered to be comprised of long distance transported material but rather relatively locally derived weathered bedrock. Locally, some down-slope movement is expected to have occurred. Therefore is recommended that regolith samples be collected at a depth of 30 cm at 100 m intervals on north-south lines spaced 400 m apart. At each sample site a representative sample of all material found at the 30 cm depth should be collected. It is recommended that the entire sample be pulverized and an approximate 150 g pulp be sent for analysis. All of the geochemical samples should be analyzed by low-level detection methods for gold. Given that the sample site location can be identified by a hand held Global Positioning System device ("GPS") it follows that a cut and chained grid will not be required. However, due to the thickness of the undergrowth, line cutting concurrent with the geochemical sampling will be essential. It is estimated that approximately 55,000 samples, including approximately 7% quality control samples, will need to be collected from the recommended area outlined on Figure 20.3a to achieve a sample density of 400 m x 100 m. Quality control samples consisting of duplicates, as well as commercial standards and blanks, must be inserted randomly with each batch of samples submitted to the laboratory for sample preparation and analysis.

Illustrated on Figure 20.3a are the areas that Kilo has collected regolith samples. Also illustrated on Figure 20.3a are the areas recommended for Phase I regolith sampling. The recommended areas to be explored overly lithologies and geological characteristics that have the potential to host significant gold mineralization.

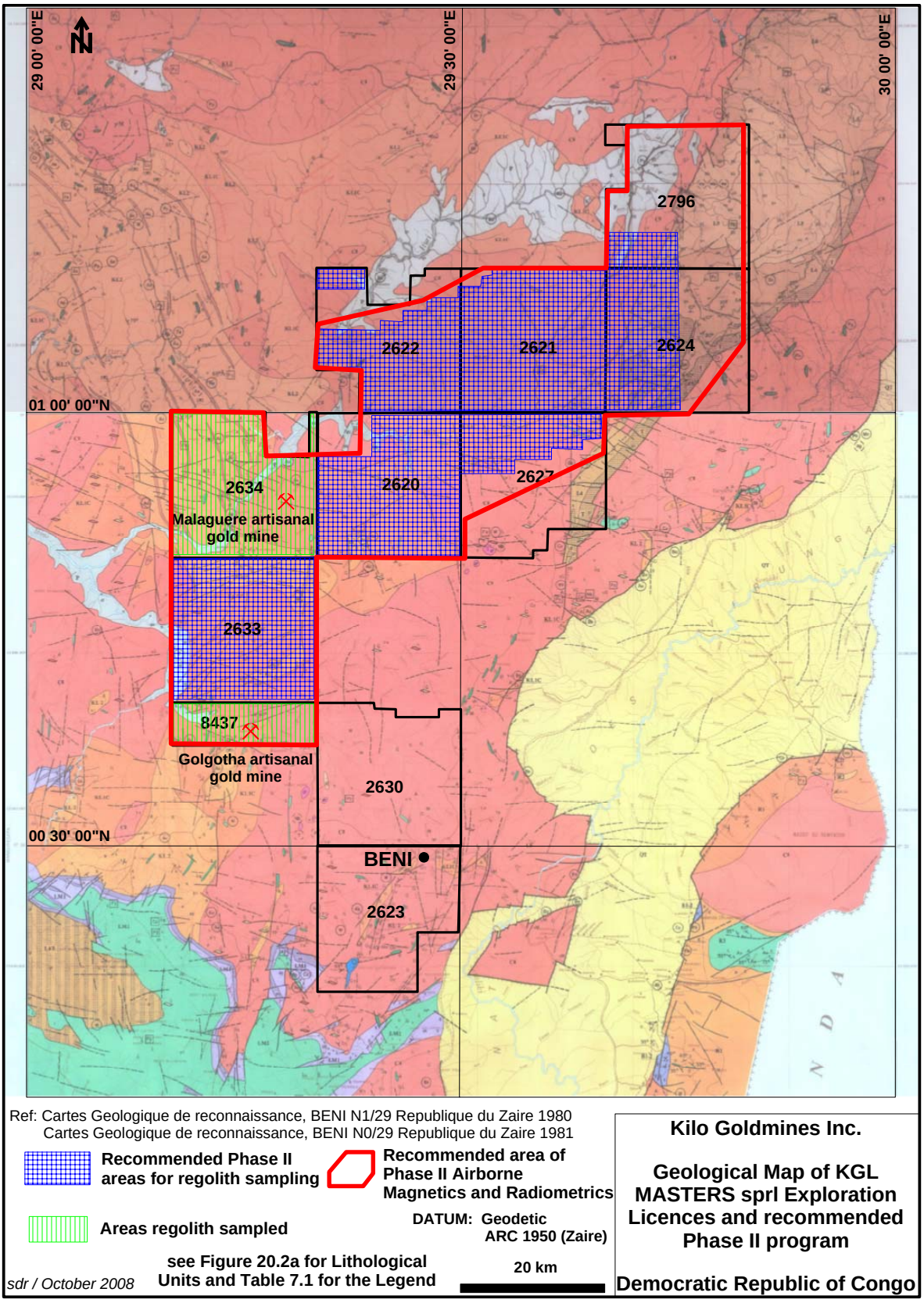


Figure 20.3a. Map illustrating areas recommended for Phase II airborne magnetic and radiometric surveys and regolith sampling.

Geological Mapping: It is recommended that geological mapping be carried out simultaneously with the regolith and stream sampling. All outcrop and float observed in the areas being regolith / stream sediment sampled as well as rock chips in the geochemistry sample sites should be recorded. In addition, any outcrop exhibiting geological characteristics consistent with gold mineralization should be grab-sampled and submitted for analysis.

Trenching: Trenching is recommended to be carried out across delineated gold in soil/regolith anomalies to evaluate their significance and define drill targets. Continuous one metre horizontal channel samples are recommended to be collected from a wall of the trench.

Diamond Drilling: A total of 25,000 metres of diamond drilling is recommended to be carried out during the Phase II exploration programme. In the event that the Phase I diamond drilling is successful on the Golgotha and Malaguere artisanal gold mines the Phase II recommended diamond drilling is 10,210 metres. The remaining 14,790 metres is expected to target gold anomalies anticipated to be defined by soil/regolith sampling and geological mapping.

Listed in Table 20.3a are the recommended Phase II diamond drill holes on the Golgotha artisanal gold mine and Figure 20.3b illustrates the Phase II drill holes and the gold bearing quartz veins. The datum is UTM WGS84.

Table 20.3a. Recommended Phase II diamond drill holes on the Golgotha artisanal gold mine.

UTM E	UTM N	UTM Azimuth	Dip	Length (M)
751175	69917	200º	-50º	110
751271	69878	200º	-50º	110
751654	69741	200º	-50º	110
751753	69707	200º	-50º	110
751440	69894	200º	-50º	180
751536	69860	200º	-50º	180
751248	69967	200º	-50º	180
751344	69929	200º	-50º	180
751630	69824	200º	-50º	180
751727	69791	200º	-50º	180
751320	70014	200º	-50º	250
751417	69978	200º	-50º	250
751514	69943	200º	-50º	250
751609	69910	200º	-50º	250
751703	69874	200º	-50º	250
751297	70099	200º	-50º	320
751490	70027	200º	-50º	320
751586	69991	200º	-50º	320
751775	69922	200º	-50º	320
751564	70078	200º	-50º	380
			Total	**4,430**

Listed in Table 20.3b are the recommended Phase II diamond drill holes on the Malaguere artisanal gold mine and Figure 20.3c illustrates the Phase II diamond drill holes and the gold bearing quartz vein. The datum is UTM WGS84.

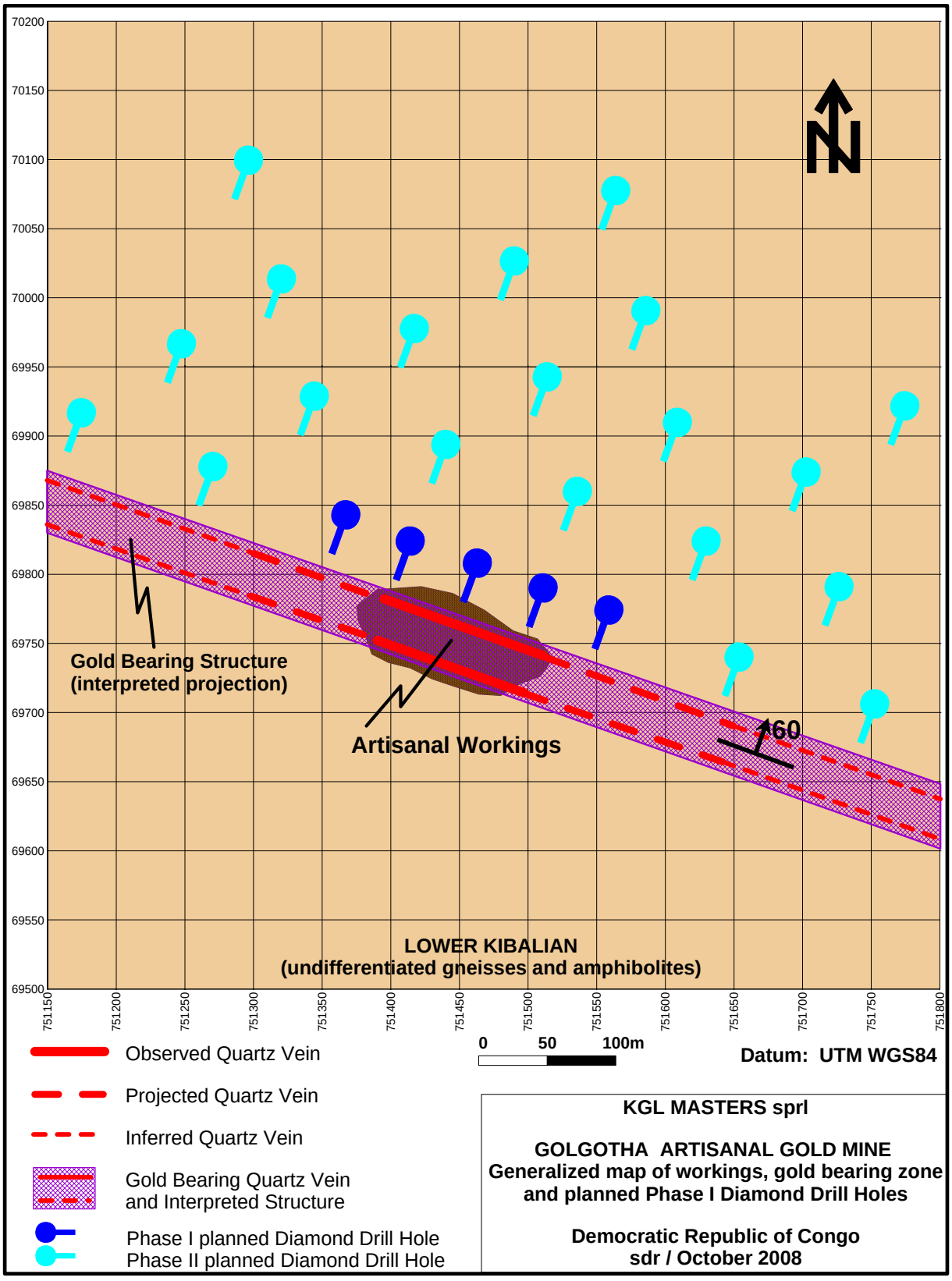


Figure 20.3b. Map illustrating the Phase II recommended diamond drill holes on the Golgotha artisanal gold mine.

Table 20.3b. Recommended Phase II diamond drill holes on the Malaguere artisanal gold mine.

UTM E	UTM N	UTM Azimuth	Dip	Length (M)
755848	99138	188º	-50º	100
755900	99132	188º	-50º	100
755949	99127	188º	-50º	100
755998	99120	188º	-50º	100
756048	99114	188º	-50º	100
755594	99171	188º	-50º	100
755696	99157	188º	-50º	100
755797	99143	188º	-50º	100
756146	99102	188º	-50º	100
756245	99089	188º	-50º	100
755855	99188	188º	-50º	170
755956	99175	188º	-50º	170
756055	99163	188º	-50º	170
755654	99214	188º	-50º	170
755754	99202	188º	-50º	170
756153	99153	188º	-50º	170
756252	99140	188º	-50º	170
755611	99270	188º	-50º	240
755711	99257	188º	-50º	240
755811	99243	188º	-50º	240
755912	99230	188º	-50º	240
756011	99218	188º	-50º	240
756111	99207	188º	-50º	240
756210	99194	188º	-50º	240
756308	99183	188º	-50º	240
755768	99300	188º	-50º	290
755864	99287	188º	-50º	290
755966	99275	188º	-50º	290
756065	99264	188º	-50º	290
756164	99253	188º	-50º	290
755924	99330	188º	-50º	360
756023	99319	188º	-50º	360
			Total	**6,280**

Land Survey: It is recommended that a survey control point be established with Differential Global Positioning System ("DGPS") in UTM WGS84 coordinates. Three additional survey control points, in a triangular pattern with each point in line of sight of the other will be required. The distance between the triangular pattern points should be in the order of 100 to 150 metres. The position of these points will need to be determined with DGPS and tied into the previously mentioned survey control point. The triangular pattern survey points will be used to control the surveying of diamond drill holes by Total Station surveying equipment.

Laboratory: Given the lack of any laboratory in the KGL Masters Project area of the DRC it is essential that an internationally recognized laboratory be contracted to provide, manage and maintain a sample preparation facility at or near the area being explored. Three separate pulps will be required from each sample; one must be submitted to the district mines

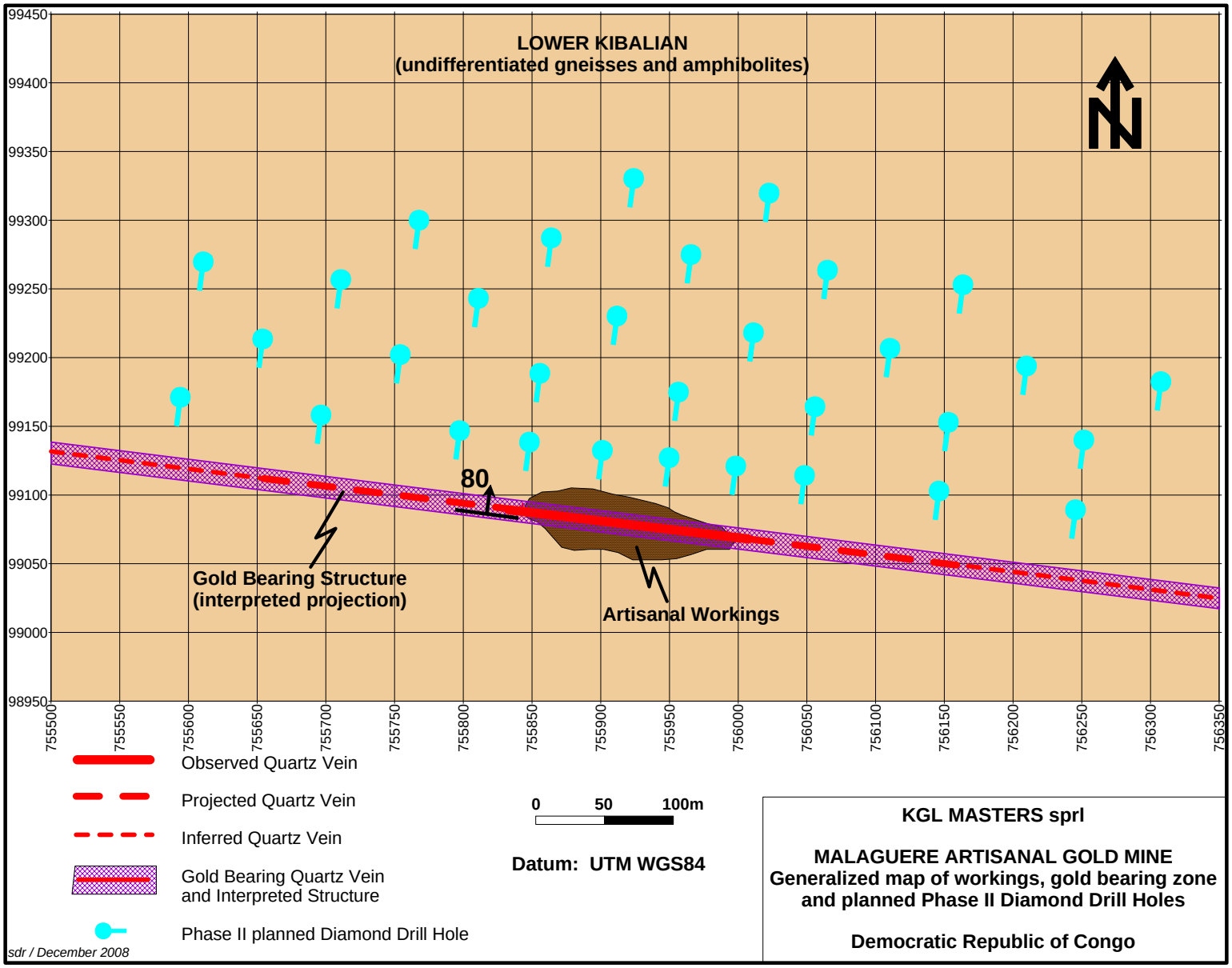


Figure 20.3c. Map illustrating Phase II recommended diamond drill holes on the Malaguere artisanal gold mine.

office, one retained by KGL Masters and the third sample submitted for analysis in either Tanzania (Mwanza) or South Africa (Johannesburg).

20.4 Budget and Time Line

Budget: The recommended Phase I exploration programme is comprised of the acquisition of geochemical data on collected samples, geological mapping to guide 550 metres of diamond drilling on the Golgotha artisanal gold mine and administrative costs in Canada and the DRC. The Phase I exploration program is budgeted at an estimated US$300,000 as summarized in Table 20.4a. The budget assumes a portion of the KGL MASTERS sprl Project property will be deemed un-prospective and not retained.

The recommended Phase II exploration programme, consisting of about 16,000 line kilometres of airborne geophysical surveys, 55,000 regolith geochemical samples (including about 7% quality control samples), to define gold anomalies, trenching, Induced Polarization (IP) ground geophysics, surveying and 25,000 metres of drilling is estimated at US$10,650,000 as summarized in Table 20.4b.

The Phase II budget assumes soil/regolith sampling will be carried out at the average rate of 35 samples per day plus stream sediment samples per sampling crew. It is recommended that a minimum target of 5,000 samples per month should be set in order to have a steady flow of samples to the sample preparation laboratory.

Table 20.4a. Estimated budget for the recommended Phase I exploration programme.

Exploration Activity	US$ planned
Sample preparation and analysis of collected samples	
550 metres Diamond Drilling	85,000
110 drill core samples – transport, and analysis	2,000
Consumable supplies - sample bags, stationary, tools, etc.,	1,500
Drill supervision, core logging and reporting	15,000
Travel & accommodation	8,500
Administration (Canada & DRC)	130,000
Licence rental fees and taxes (2009)	52,867
Contingency	5,133
SUB-TOTAL	**300,000**

Table 20.4b. Estimated budget for the recommended Phase II exploration programme.

Exploration Activity	US$
Aeromagnetic & Radiometric geophysics 16,000 km @ 100m line spacing	1,450,000
55,000 soil samples – collection – all inclusive	1,650,000
Sample preparation, analysis and transport	880,000
Trenching 10,000m – excavation costs (estimated)	50,000
10,000 trench samples gold analysis	135,000
IP surveys – all inclusive	120,000
Ground Magnetic survey	85,000

Table 20.4b. Estimated budget for the recommended Phase II exploration programme (continued).

Exploration Activity	US$
Geological mapping and interpretation	100,000
25,000 metres Diamond Drilling	4,500,000
15,000 drill core samples - sample preparation, analysis and transport	215,000
Consumable supplies – sample bags, stationary, core boxes, etc	50,000
Surveying – establish control points and survey drill hole locations	70,000
Supervision / reporting	100,000
Camp costs (kitchen, fuel, support staff, maintenance)	150,000
Establish prep lab	75,000
Travel & accommodation	55,000
Administration (Canada and DRC)	800,000
Licence rental fees (2010 & 2011)	93,826
Miscellaneous contingencies	71,174
TOTAL	**10,650,000**

The author is of the opinion that the proposed two-phase program budgeted at US$10.95 million is realistic to achieve the objective of sufficiently evaluating a portion of the property to determine whether or not it has potential to host a gold zone(s) warranting further drilling to define resources.

Time Line: It is anticipated that it will take approximately 12 months to carry out the recommended Phase I exploration programme.

Phase II exploration programme is recommended herein to target those portions of the KGL Masters Project area with favourable geology not covered by the Phase I programme. Also, assuming that Phase I is successful, follow-up exploration on the areas covered by Phase I is also recommended in the Phase II exploration campaign. It is anticipated that it will take approximately 24 months to carry out the recommended Phase II exploration programme.

Table 20.4c presents a time line by activity and month for the recommended Phase I exploration programme on the KGL Masters Project area and presented in Table 20.4d is a time line by activity and month for the recommended Phase II exploration programme.

Table 20.4c. Estimated time line of the recommended Phase I exploration programme on the KGL Masters Project Exploration Licences in the DRC.

EXPLORATION SCHEDULE – PHASE I – MASTERS Project												
ACTIVITY	**PHASE I**											
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Establish Beni office												
Acquire analytical data												
Interpretation & reporting												
Diamond Drilling												

Table 20.4d. Estimated time line of the recommended Phase II exploration programme on the KGL Masters Project Exploration Licences in the DRC.

EXPLORATION SCHEDULE – PHASE II – MASTERS Project																								
	PHASE II																							
ACTIVITY	**MONTH**																							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**
Import & Establish prep lab																								
Camp acquisition & set up																								
Order & get consumables																								
Order & obtain vehicles																								
Airborne Geophysics																								
Geophysical interpretation																								
Geochemistry & mapping																								
Trenching																								
Ground magnetic survey																								
IP survey																								
Diamond Drilling																								
Land surveying																								
Interpretation & reporting																								

21.0 REFERENCES

Anonymous, 2007: CIA – The World Factbook. www.cia.gov/library/publications/the-world-factbook.

Deblond, A and L. Tack, L., 2000: Updated Geological Framework of the Democratic Republic of Congo (DRC) in Central Africa. Unpublished draft of the Royal Museum for Central Africa (Tevuren) Brussels.

Elevatorski, E. A., 1995: Gold Resources of Africa, Minobras Mining Services, 150p.

Goldfarb, Richard J., Baker, T., Benoît, D., Groves, D.I., Hart, C.J.R., Gosselin, P., 2005: Distribution, Character, and Genesis of Gold Deposits in Metamorphic Terranes, Economic Geology 100th Anniversary Volume pp. 407-450.

Mining Code, 2002: Loi No 007/2002 du 11 Juillet 2002 portant CODE MINIER, Cabinet du Président de la Republique, Journal Officiel de la Republic Democratique du Congo.

Mining Regulations, 2003: Decret No 038/2003 du Mars 2003 portant REGLEMENT MINIER, Cabinet du Président de la Republique, Journal Officiel de la Republic Democratique du Congo.

Muhiya and Kabemba, 2007a: Plan d'Attenuation et de Rehabilitation (P.A.R), Project Mambasa II PR. No 2620, 2621, 2634 et 2630. Unpublished report prepared for Societe Masters Sprl.

Muhiya and Kabemba, 2007b: Plan d'Attenuation et de Rehabilitation (P.A.R), Project Irumu II PR. No 2627, 2622. Unpublished report prepared for Societe Masters Sprl.

Muhiya and Kabemba, 2007c: Plan d'Attenuation et de Rehabilitation (P.A.R), Project Beni PR. No 2623. Unpublished report prepared for Societe Masters Sprl.

RMCA, 2007: Contribution to Beni – Teturi Project (République Démocratic du Congo). Unpublished report prepared for KILO GOLDMINES Inc. by the ROYAL MUSEUM FOR CENTRAL AFRICA, Department of Geology and Mineralogy, Leuvensesteenweg, 13, B-3080- Tervuren.

Service Geologique du Zaire, 1976: Cartes des Gites Mineraux du Zaire, Departement des Mines, République du Zaire, echelle du 1,200,000

Tshinyama, George., Boleka, Justin, 2007: Rapport de la Mission Effectuee dans la Province Orientale at le Nord Kivu du 04 au 20 Mars 2007, Unpublished report by Basanga Consulting sprl, DRC.

22.0 DATE AND SIGNATURE PAGE

22.1 Signature Page

Effective date of report: January 15, 2009

Stanley D. Robinson, M.Sc., P.Geo

Date of signing report: January 15, 2009

Original signed by “S.D.Robinson”
APEGM Member Number 22886

22.2 Certificate of Author's Qualifications

I, Stanley Robinson, hereby declare that:

a. I am an independent consulting geologist whose address is 157 Codsell Avenue, Downsview, Ontario, Canada M3H 3W5.

b. This certificate pertains to report entitled “43-101 Report on the KGL Masters Project,” dated January 15, 2009.

c. I have been involved in mineral exploration as a geologist continuously since 1974. I graduated from Sir George Williams University, Montreal (Canada) with a B.Sc. degree (1971) and from the University of Ottawa with a M.Sc. degree (1974). I have worked twelve years on gold projects in East and West Africa hosted in rocks having the same age, similar topography and climate as the KGL Masters project. I have been a Fellow (Number F2772) of the Geological Association of Canada since 1991, a Member (Number 96949) of the Canadian Institute of Mining, Metallurgy and Petroleum since 1980, a Member (Number 2164) of the Prospectors and Developers Association of Canada since 1977, a member of the Society for Economic Geologists since 2005 and a Professional Geoscientist in good standing with the Association of Professional Engineers and Geoscientists of Manitoba (Number 22886) since 2000. I am a "qualified person" as defined by NI 43-101.

d. I visited the KGL Masters project in September 2006, May/June 2007, August 2007, December 2007 and February 2008.

e. I have 13 years experience in exploration for gold deposits in Archaean and Proterozoic terranes in East and West Africa, including those in lateritic environments.

f. I am responsible for all sections of this report.

g. According to the tests of independence in section 1.4 of NI 43-101, I am independent of Kilo Goldmines Inc. and of Blue Ribbon Capital Corp.

h. I have not previously worked on the KGL Masters Project property other than site visits above stated in Item d hereof. I do not hold any interest, directly or indirectly, in any of the properties discussed in this report, nor do I expect to obtain any direct interest in the properties discussed in this report.

i. I have read NI 43-101, and Form 43-101 F1 and this report has been prepared in compliance with these documents and in conformity with generally accepted Canadian mining industry practice.

j. As of the date of this certificate (January 15, 2009) to the best of my knowledge, information and belief the Technical report contains all required scientific and technical information to make the report not misleading.

Stanley D. Robinson, M.Sc., P.Geo APEGM Member Number 22886

Date of signing report: January 15, 2009

22.3 Consent of Author

157 Codsell Ave
Downsview
Ontario, Canada
M3H 3W5

January 15, 2009

Dear Sir / Madam

Pursuant to NI43-101 the undersigned, Stanley D. Robinson, hereby grants permission to Kilo Goldmines Inc. and to Blue Ribbon Capital Corp. to submit the report authored by the undersigned entitled, “43-101 Report on the KGL MASTERS PROJECT” dated January 15, 2009, for review by all applicable authorities and, upon acceptance, filing on SEDAR.

Respectively submitted,

Stanley D. Robinson, P.Geo.

23.0 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

Not applicable (no development or production).