



ML 01/2015

KAROUNI MINING LICENSE

ISSUED UNDER THE MINING ACT 1989 AND THE MINING REGULATIONS

WHEREAS an application dated **November 25, 2014** has been made by **Troy Resources Guyana Inc./ Pharsalus Gold Inc.** a company registered under the laws of Australia whose registered address in Guyana is **82 Premirranjan Place Prashad Nagar, Georgetown, Guyana** seeking the right to occupy and carry out Mining Operations for **Gold at Karouni Area, Mazaruni.**

WHEREAS pursuant to the said application the Government of Guyana has concluded with **Troy Resources Guyana Inc./ Pharsalus Gold Inc.** under the Mining Act a Mineral Agreement dated the **5th** day of **February, 2015** (hereinafter referred to as "The Mineral Agreement").

AND WHEREAS there has been submitted an Environmental Permit and Environmental Impact Statement approved by the Environmental Protection Agency.

NOW THEREFORE The Guyana Geology and Mines Commission (hereinafter referred to as "The Commissioner") which term whenever the context permits or requires shall be deemed to include its successors and assigns consideration of the covenants herein after reserved and subject to the Mining Act 1989 and the regulations made thereunder and in force from time to time and subject to the terms and conditions herein do hereby granted unto Troy Resources Guyana Inc. (hereinafter referred to as "the Licensee") which terms whenever the context permit or requires shall be deemed to include its successors and assigns, the area of State Land situate in the Karouni Area (hereinafter referred to as "the Area") more fully described in Annex "A" by way of the Cartographic Description and a Terra Survey Topographic Map at 1:50, 000 scale showing the boundaries of the Area which is which is attached and made a part hereof to remove gold and valuable minerals therefrom.

TO HOLD and enjoy land for a term of twenty years (20) years from the **5th** day of **February, 2015** for the purposes of mining all gold and valuable minerals which may be found therein with the right to carry upon the said land of operations incidental to or connected therewith including the right to erect on the said land such dwellings and erections as may be necessary for the objectives aforesaid. The Licensee shall have the right to apply for a renewal of seven (7) years of the License which application shall be submitted to the Commission at least Six (6) months before the expiration of this License.

PROVIDED ALWAYS that the licensee shall have no right to take or extract from the said any other mineral or any mineral oil, timber or other thing except as herein provided all which things are hereby excepted and reserved out of this demise but so that this proviso shall not hinder or prevent the Licensed from doing such things as are necessary for or incidental to or connected with their operations for the mining of gold and valuable minerals subject to the following conditions:

Rental:

1 During the tenure of the License, the Licensee shall pay to
The Commission annually and in advance and without demand
the annual rental at the rate equivalent to US\$5.00 per acre in
accordance with the exchange rate of the United States Dollars to
Guyana Dollar at the time of payment, or such sum as may be
stated in the Mining Regulations from time to time.

The first such payment shall be on the grant of this license and all
subsequent payments shall be made on or before the anniversary
of the issue of this license in each and every year following the
issue of the license.

Royalty:

2 The licensee shall pay to the Commission royalty on all gold mined
from the area at the rate and in the manner provided in clause 9 of
the Mineral Agreement. If the Licensee fails to pay royalty in
accordance with the above the Commission may temporarily
suspend the license, in accordance with provisions of this license.

Income and other taxes:

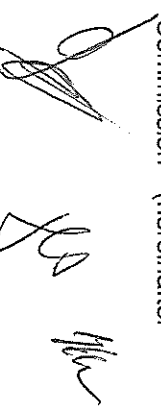
3 (i) The Licensee shall be required to pay income and Corporate
Tax in accordance with the provisions of the Mineral
Agreement
PROVIDED ALWAYS that the foregoing shall be subject to
any fiscal concession and/or incentives granted by the Minister
of Finance or any other duly authorized person

(ii) The Licensee shall be allowed to import free of customs
duties, value added tax, as well as any other direct or indirect
tax all equipment, supplies and process and spares materials
required for their activities including surveys during the
term of the License and any renewal period, on the terms
provided for in the Mineral Agreement. All imports of fuel shall
be subject to the payment of a partial Excise Tax as provided
in clause 9.2 of the Mineral Agreement.
PROVIDED THAT all food and beverages if imported shall be
subject to the duties and taxes applicable under the Mineral
Agreement.

Erection of notice Boards.

4 (i) The Licensee shall on the grant of this License forthwith erect
and maintain in good condition notice boards or tablets
to demarcate the area covered by the said License and on
which shall be painted in legible letters and figures the
name of the Licensee and the number and date of the License
and during the continuance of this license shall keep the land
boundaries clear and open to a width of at least four (4) feet
and maintain the boundary poles in their correct position.

(ii) The Licensee shall commence installation of the necessary
plant, machinery and buildings for the purposes connected
with this license to the satisfaction of the Commissioner of
Guyana's Geology and Mines Commission (hereinafter



referred to as "The Commissioner") no later than six (6) calendar months or such other period as the Commissioner shall determine in the exercise of his discretion after the date of Issue of this License and thereafter shall maintain such plant, machinery and buildings to the satisfaction of the Commissioner.

PROVIDED THAT the Licensee shall before commencing the construction of the plant and production from the mine provide the Commissioner with a detailed Mine Plan and with a complete set of engineering drawings and design specification of the plant and no construction or production shall commence until such mining plan, drawings and design specifications are approved by the Commissioner, AND FURTHER the Licensee shall not make any adjustment and/or variation to the approved mining plan without the prior written consent of the Commissioner.

Processing site to be 5 All equipment, plant, buildings, machinery and other items used in approved. the processing, other than refining, of the gold and valuable minerals from the area described in this License shall be located in Guyana at a site approved by the Commissioner.

Mining to be satisfactory to 6 The conduct of the Licensees operations shall be satisfactory to the Commissioner in all cases required herein or from time to time provided by law.

Notice of discovery of 7 The Licensee shall give to the Commissioner immediate notice of mineral oil and other the discovery by the Licensee of mineral oil or other minerals not the subject of this License.

Discovery of other 8 (i) If within the period during which this License is in effect other minerals are discovered on or under the License Area which are not separately exploitable from gold and valuable minerals then such minerals shall be deemed to be included in the Mining License.

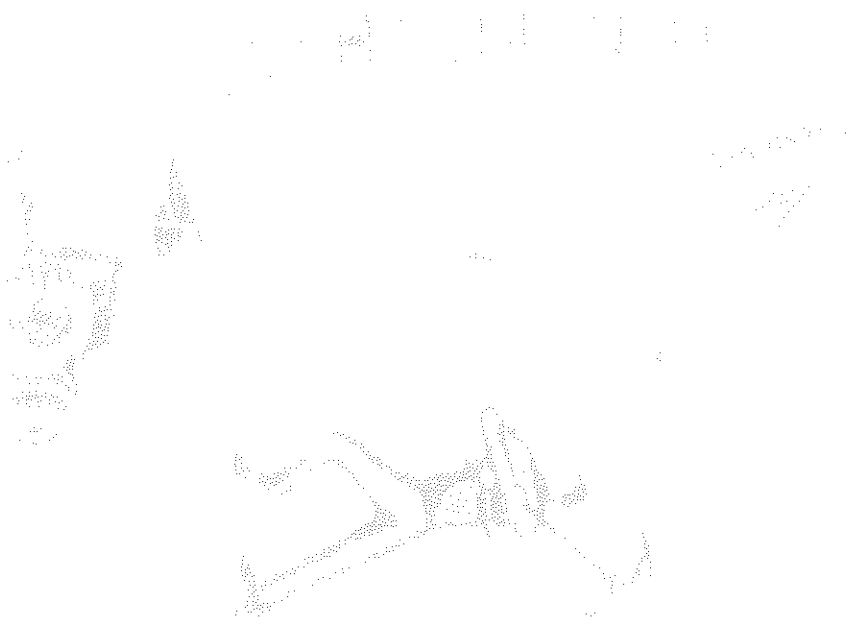
(ii) If within the period during which this License is in effect other minerals are discovered on or under the License Area which are separately exploitable from gold and valuable minerals the Commission shall offer to the Licensee the right to explore, develop and exploit the minerals so discovered and the Licensee shall thereafter have three (3) calendar months in which to decide whether it wishes to apply for the right to explore, develop and exploit the other minerals so discovered and where the Licensee decides not to make such application the Commission may grant the right of exploration, development and exploitation of the minerals so discovered to a third party on terms no more favorable than those offered to the Licensee.

Record of production to be kept. 9 The Licensee shall cause to be recorded in a book or books kept at the operation site on forms approved by the Commission and bearing the Commission's stamp, a correct account of gold and valuable minerals mined and any other information required by the Commissioner. Such book or books shall be written up daily and shall be opened at all reasonable times to inspection by the Commissioner or any duly authorized officer. On or before the 10th day of each month the Licensee shall file at the office of the Commissioner, the original copy/copies of the records from the books or book wherein such information is recorded.

Submission of reports. 10 (i) The Licensee shall be required to file with the Commissioner an annual report on a confidential basis within three (3) months, of the anniversary of this License. The Licensee shall also file with the Commissioner monthly and quarterly reports on or before the 10th day of the following month. These reports shall contain complete and accurate records of the mining operations and any other information required by the Commissioner. These shall include copies of all maps, profiles, diagrams and charts of its operations. The Licensee shall also file a record of all sales and use of gold and valuable minerals. In addition the Licensee shall supply information with respect to:

- a) Production statistics, including information on the cut-off grade, the grade and quality of gold and valuable minerals mined.
- b) Employment information, including a breakdown of organization according to the various levels of employment including locals and foreign.
- c) Information on construction finished, in progress and planned.
- d) Information on a breakdown of local and foreign sources of supplies and services; purchasing of supplies and services including an analysis of sourcing of supplies and services from the start-up of operations.
- e) Income statements, including tax payment, foreign exchange transactions and budget plans and
- f) Importation information, including: number, source and price paid for items imported with reference to used and new items, disposal of equipment, including re-exportation

Thus enclosing an area of approximately 15160 acres , save and except all lands lawfully held or occupied.



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