

# **NI 43-101 Technical Report on the Sikasso Property, Republic of Mali**

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**10° 58' 00" North  
7° 08' 30" West**



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**August 31st, 2017**

# AURUM

GLOBAL EXPLORATION

## IMPORTANT NOTICE

This report was prepared as a National Instrument 43-101 Technical Report, in accordance with Form 43-101F1, for Compass Gold Corporation, by EurGeol Dr. Sandy M. Archibald, PGeo. The quality of information, conclusions, and estimates contained herein is consistent with: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Compass Gold Corporation and is approved for filing as a Technical Report with Canadian Securities Regulators. Except for the purposes legislated under provincial securities law, any use of this report by any third party, other than the TSX Venture Exchange, is at that party's sole risk. The TSX Venture Exchange can rely on this report without risk.

**Report Title:** NI 43-101 Technical Report on the Sikasso Property, Republic of Mali

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## Standard Units & Abbreviations

%	Percent
<	Less than
>	Greater than
°	Degree
°C	Degrees Celsius
µm	Micrometre (micron)
a	Year (annum)
Au	Gold
CFA	Central African Franc
cm	Centimetre
g	Gram
g/t	Grams per tonne
GPS	Global Positioning System
h	Hour
in	Inch(es)
k	Kilo (thousand)
kg	Kilogram
km	Kilometre
km <sup>2</sup>	Square kilometre
kt	Thousand tonnes
lkm	Line Kilometres
m	Metre
M	Million
m <sup>2</sup>	Square metre
Ma	Million years ago
masl	Metres above sea level
mm	Millimetre
Mt	Million tonnes
NI 43-101	National Instrument 43-101
oz	Ounce, Troy (31.1035 g)
P.Geo.	Professional Geologist (Canadian Designation)
ppm	Parts per million
pXRF	Portable X-Ray Fluorescence
QP	Qualified Person
t	Tonne (metric, 1,000 kg = 2,205 lbs)

## 1 SUMMARY

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This report was commissioned by Compass Gold Corporation (“Compass”) with offices at Suite 1480, 800 West Pender St, Vancouver, BC V6C 2V6, Canada, and was prepared by EurGeol Dr. Sandy M. Archibald, P. Geo. The author is a “qualified person” who is “independent” of Compass Gold Corporation within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects. As an independent geologist the author was asked to undertake a review of the available data and recommend (if warranted) further work on the five permits that comprise the Sikasso gold property (the “Property”). The purpose of this report is to summarize historic work carried out on these material properties towards an acquisition and fund raising.

The Sikasso Property consists of five non-surveyed prospecting permits covering an area of approximately 1,179 km<sup>2</sup> and is located within the Sikasso Region of the Republic of Mali. The Property is centred at 7° 08' 30" West and 10° 58' 00" North, and is divided into the Yanfolila Block, consisting of the adjoining Ouassada and Sankarani permits in the north (centred at 8° 15' 30" West and 11° 32' 30" North, and the adjoining Kourou and Tiéouléna permits in the south (centred at 8° 05' 10" West and 11° 07' 40"). The Kalé permit is situated approximately 230 km east-southeast of the southern Yanfolila block permits, covering an area of approximately 250 km<sup>2</sup> and centred at 5° 58' 40" West and 10° 22' 20". Kourou and Tiéouléna are currently owned by REM SARL, Ouassada and Kale by SERM SARL, and Sankarani by ML Commodities. All three companies are wholly owned subsidiaries of Mali Gold Exploration Pty Ltd (“MGE”). Compass Gold is using this report to acquire MGE through a reverse takeover, on a 0.6:1 share basis and limited transaction costs.

Currently and historically, the Birimian greenstone belts of the West African Craton host significant accumulations of gold as exemplified by deposits such as Obuasi (Ghana), Morila, Loulu-Gouunkoto, and Syama (Mali), and Essakane, Burkina Faso. The properties in the Sikasso Project are considered prospective for orogenic gold style mineralization based on their favourable Paleoproterozoic geology and structure, including their proximity to other mineralized systems in the area.

The Ouassada, Sankarani, and Kourou permits contain a number of historic surface showings and artisanal alluvial and eluvial mines. Modern exploration, using a variety of techniques such as soil geochemistry, lithogeochemical prospecting, and airborne geophysics resulted in the identification of additional mineralization, which has subsequently been worked by artisanal miners at several localities.

Bedrock mineralization has been identified on the Ouassada and Sankarani permits, and consists of decimetre wide quartz veins with pyrite. The average gold concentration of 342 samples collected from two prospects at Ouassada was 3.11 ppm, with a large standard deviation of 6.99 ppm Au. Independent sampling of bedrock and eluvial mineralization on the Property confirmed the previous measured gold concentrations.

Interpretation of high-resolution airborne magnetic and radiometric geophysical data has identified multiple exploration targets, particularly in areas with little or no outcrops, e.g. Kalé.

Based on reviews of historic exploration, all permit areas are considered prospective for orogenic gold mineralization. A two-stage, contingent, work program is recommended for the Property. A work program consisting of data capture, remote sensing alteration study, geological mapping, and an extensive property-wide power auger laterite geochemical survey are proposed for Phase One. Exploration RC drilling, if warranted, will take place in Phase Two. The cost estimate for the Phase One program is \$3,577,970 CDN. If warranted, the cost for Phase Two is \$457,710 CDN, for a total work programme cost of \$4,035,680 CDN.

## 2 INTRODUCTION

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### 2.1 Terms of Reference, Scope & Purpose of Report

In April 2017, Compass Gold Corporation (“Compass”) retained Aurum Exploration Services to prepare a technical report in accordance with the requirements and standards of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, for the Sikasso gold exploration project currently held by three Malian subsidiaries of Mali Gold Exploration Pty Ltd (“MGE”): Societe d’Exploitation et de Recherche Miniere SARL (“SERM”), Recherche et Exploitation Miniere SARL (“REM”), and ML Commodities SARL. Compass is a Vancouver-based mineral exploration company focused on exploration of mineral resource projects in Mali. Compass's shares trade on the TSX Venture Exchange under the symbol CVB-H. Additional information about Compass, including press releases and public documents, can be viewed at the company's website [www.compassgoldcorp.com](http://www.compassgoldcorp.com) or at [www.sedar.com](http://www.sedar.com).

The technical report was successfully completed in August 2017 and is the author is responsible for the entire report.

The primary objectives of this report are to:

- consolidate and review all available past and present work
- collect field samples for independent testing and verification
- identify risks and opportunities for the project
- make recommendations for a path forward and for further work

This report was prepared in accordance with the requirements and standards for disclosure of the stock exchanges overseen by the Canadian Securities Administrators, namely, NI 43-101, Companion Policy 43-101CP, Form 43-101F and the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) Standards on Mineral Resource and Reserves – Definition and Guidelines.

### 2.2 Sources of Information & Data

The author prepared this report using information from the following sources:

- assay data obtained from the permit holders through a program of field sampling and analytical laboratory processing of field samples
- visits to the project site
- site physical inspection, observation and database validation activities, including but not limited to:
  - Sampling, shipping and assaying of independently collected and processed material samples, including use of an independent assay laboratory



The author has no reason to doubt the reliability of the information provided by SERM SARL, REM SARL, and ML Commodities SARL.

### **2.3 Visit to the Property by the Qualified Person**

The Qualified Person, EurGeol Dr Sandy Archibald, PGeo., visited the site between April 27 and May 1, 2017, accompanied by Drissa Dembele and Dramane Coulealy, two employees of M Consulting (a company owned in part by Madani Diallo). During the visit he reviewed the geological setting and conducted sampling. The author collected 6 rock samples and 9 soil samples on the Property.

### 3 RELIANCE ON OTHER EXPERTS

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The author of this report relied upon the following documents and expert (who is not a qualified person), and in this regard the author disclaims responsibility for information provided in the following:

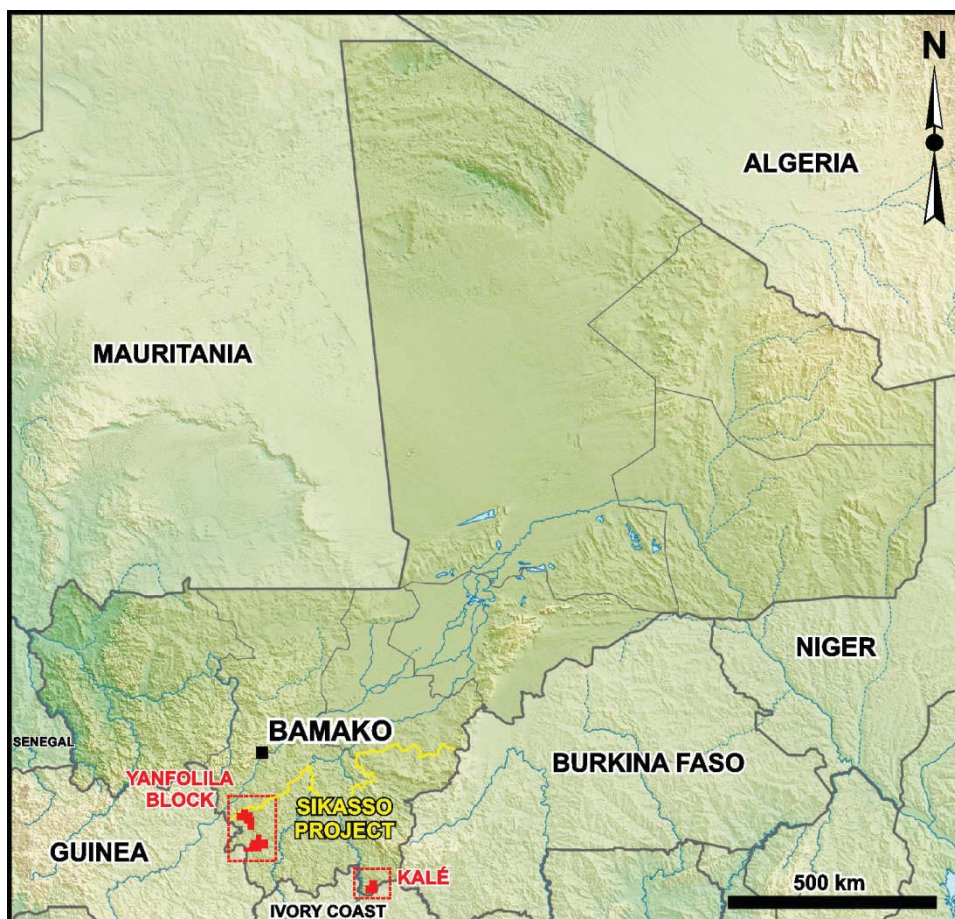
- Three opinions with regard to the titles, mining concessions, and registration issues provided by Mr. Maitre Mamadou Lamine Traore, Attorney at Law, Bamako, Republic of Mali, in a letter dated April 20, 2017. This information pertains to Section 4.2.2.

## 4 PROPERTY DESCRIPTION & LOCATION

### 4.1 Size and Location

The Sikasso Property is comprised of two blocks of contiguous exploration permits (Ouassada and Sankarani, and Tiéouléna and Kourou, termed the “Yanfolila Block”) and an isolated permit at Kalé (Figure 4-1). The permits cover a total area of 1192.4 km<sup>2</sup> and are situated in the Sikasso Region of the Republic of Mali. The Yanfolila Block is approximately 150 km south-southwest of the capital city of Bamako (pop. 1,809,106 in 2009), and Kalé is 340 km southeast of Bamako. The property location is illustrated in Figure 4-1. The Republic of Mali comprises a total area of 1,240,192 km<sup>2</sup> and is located between longitudes 13°W to 5°E and latitudes 10°N to 26°N. The country is bounded by Algeria to the north, Niger and Burkina Faso to the east, Ivory Coast and Guinea to the south, with Senegal and Mauritania to the west.

**Figure 4-1: Property Location**



Source: drafted by Archibald, 2017

The author acknowledges that the Kalé permit does not quite fit into the definition as per Companion Policy 43-101CP to NI 43-101, specifically concerning an adjacent licence that shares infrastructure with an adjoining licence. However, a separate report was not produced based on the following arguments:

- All of the permits that make up the Sikasso Property are early stage; although the area appears to be highly prospective, no historic drill holes have been drilled on the property. Most of the property has been covered by shallow soil sampling (with the exception of Sankarani) and all of the permits have been flown for airborne geophysics.
- No resource is defined on any permit, and as such there is nothing to exploit and consequently no infrastructure to share. If there was a resource or a PEA then sharing common infrastructure would be important and necessitate two reports.
- It is unlikely that there will be more than one mine in the 5 permit property block
- All of the permits will undergo the same initial (basic) exploration programme by the same field teams; no bedrock drilling targets have been identified
- The geology is broadly similar in each permit
- The Ouassada and Kalé permits are held by the same Malian company (SERM SARL), and are considered one package by SERM SARL in regard to the transfer to / acquisition by Compass Gold
- Compass Gold have already started describing the property as the Sikasso Property in press releases, and currently consider it “one package”

## **4.2 Mineral Tenure**

### **4.2.1 General Tenure Rights**

All mineral rights in the Republic of Mali are held by the State and are administered by the Direction Nationale de la Géologie et des Mines (“DNGM”) on behalf of the Department of Mines Energy and Hydrology.

Mali’s mineral law is based on French civil law. The Mining Code was revised in 1991, 1999 and 2012 (Mining Code: Ordinance n° 99-032 P-RM dated 19 August 1999 as amended by “Ordonance” n°00-013/P-RM dated 10 February 2000 and Regulations Decree n°99-255/P-RM dated 15 September 1999 (the Mining Law). All five of the permits comprising the property were originally registered in 2011.

A founding agreement termed a Mining Convention (Convention d’Etablissement) is signed between an investing company (whether foreign or domestic) and the Malian government before exploration or mining commences. The agreement, negotiated between the parties, comprehensively specifies all the conditions that will apply to exploration activities and, in the event of a discovery, mineral

exploitation activities. The legal conditions include work obligations, technical reporting, taxes, duties, any duty-free arrangements, and state equity participation.

If an economically viable deposit is identified, the holder of a Mining Permit is required to create a Malian corporation whereby the Government of Mali is granted a non-dilutable 10% free-carried interest. The Malian government also reserves the right to purchase (for cash) an additional 10% participating interest in the project.

Financial conditions are outlined in the Mining Convention (Convention d'Établissement). This process allows for repatriation of capital and dividends. Generally, mining ventures are free of corporate tax for the first five years of production, and thereafter the tax rate is 35% (or less when profit is reinvested in Mali). A depletion allowance can be negotiated up to 27.5% (International Business Publications, 2013). Any equipment utilized on the project can be imported duty free during the exploration period, and for the first three years of the exploitation period. The mining royalty payable to the government on the value of gold production is 3%, and this is a 3% special tax on certain products (Impôt Spécial sur Certains Produits, or ISCP), calculated on the basis of turnover exclusive of VAT. VAT is currently 18%.

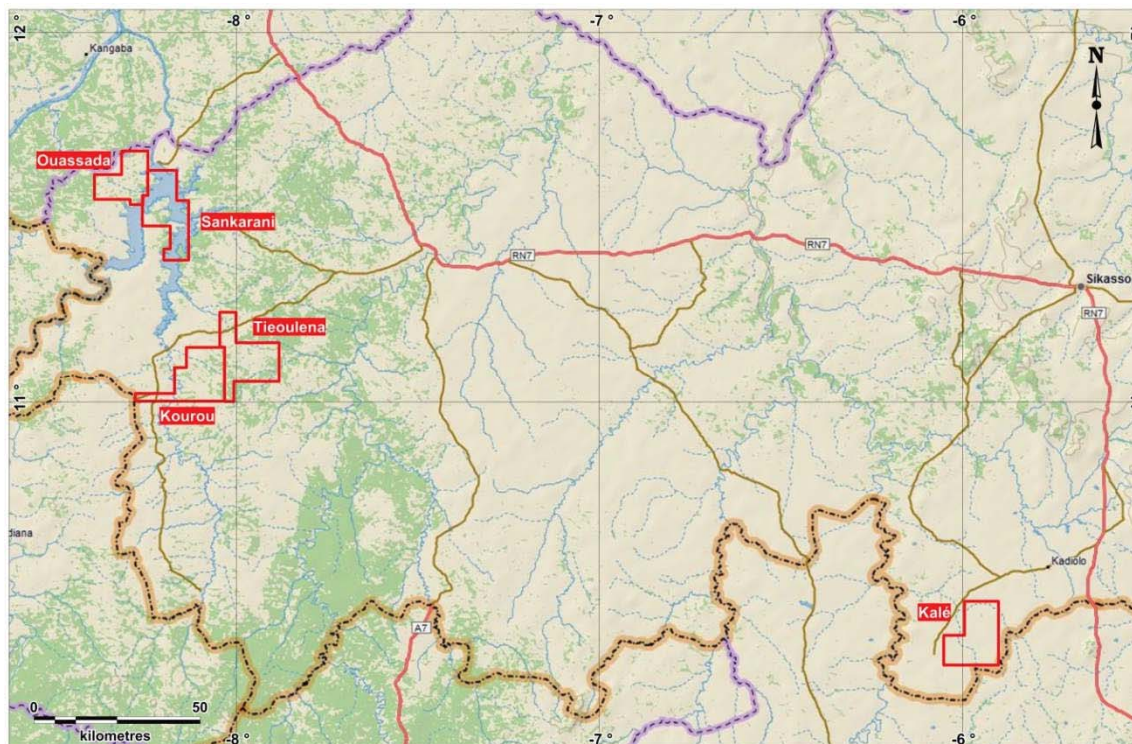
#### **4.2.2 Sikasso Property Tenure Rights**

The property consists of five research permits known collectively as the Sikasso Property. These areas are outlined in Figure 4-2 and Table 4-1. In February 2011, SERM SARL applied for and was granted the Ouassada and Kalé licences. In February 2011, Africa Resources SARL applied for and was granted the Tiéouléna and Kourou permits. The Tiéouléna and Kourou permits were subsequently transferred to REM SARL on March 20, 2012. In February 2011, ML Commodities SARL applied for and was granted the Sankarani permit. All of the shares of SERM SARL, REM SARL and ML Commodities SARL were acquired by Mali Gold Exploration Pty Ltd (ACN 158 153 738) on May 4, 2012 pursuant to a share purchase agreement between the parties and the shareholders of each of SERM SARL, REM SARL, ML Commodities SARL, Transocean Asset Development Pty Ltd and Madani Diallo.

A 2% Net Smelter Return (NSR) royalty agreement exists between the three permit holders (SERM SARL, ML Commodities SARL, REM SARL), and Transocean Asset Development Pty Ltd and Madani Diallo. The agreements have effective days of January 2011, February 2011, and March 2012, respectively.



**Figure 4-2: Property Tenure Map**



*Note: International boundary indicated by light brown line, and Sikasso Region with a purple line. Source: Background map by Delorme, map drafted by Archibald, 2017*

The exploration concession corners (Table 4-1 and Table 4-2) were established by GIS coordinate points, and have not been surveyed or marked on the ground.

Copies of title documents were provided by Compass Gold and reviewed by the author. The documentation supports the information provided in Table 4-2. In three letters related to the title opinion from Mr. Maitre Mamadou Lamine Traoré, Avocat a la Cour, Bamako, Republic of Mali, on April 20, 2017, all five permits were in good standing on April 20, 2017. A summary of the current renewal period is presented in Table 4-3.

On August 23rd, 2017 Compass Gold Corp. ("Compass") and Mali Gold Exploration Pty Ltd ("MGE") announced that they entered into a binding share exchange agreement whereby Compass will acquire all of the issued and outstanding shares of MGE in exchange for the issuance of post-consolidation shares of Compass to the shareholders of MGE. The acquisition of MGE (the "Acquisition") will constitute a reactivation and a reverse takeover of Compass (Compass Gold, Press Release August 23, 2017).



**Table 4-1: Property Tenure Location for the Yanfolila Block permits**

Permit	Node	Longitude/Easting			Latitude/Northing		
		Deg	Min	Sec	Deg	Min	Sec
Ouassada*	A	-8	18	59	11	40	51
	B	-8	14	38	11	40	51
	C	-8	14	38	11	33	42
	D	-8	15	27	11	33	42
	E	-8	15	27	11	32	12
	F	-8	17	35	11	32	12
	G	-8	17	35	11	33	1
	H	-8	23	29	11	33	1
	I	-8	23	29	11	37	3
	J	-8	18	59	11	37	3
Sankarani*	A	-8	14	43	11	37	45
	B	-8	9	53	11	37	45
	C	-8	9	53	11	32	50
	D	-8	7	56	11	32	50
	E	-8	7	56	11	23	9
	F	-8	12	1	11	23	9
	G	-8	12	1	11	25	0
	H	-8	10	57	11	25	0
	I	-8	10	57	11	28	43
	J	-8	15	32	11	28	43
	K	-8	15	32	11	33	41
	L	-8	14	43	11	33	41
Kourou**	A	-8	8	17	11	9	3
	B	-8	2	1	11	9	3
	C	-8	2	1	11	0	8
	D	-8	16	42	11	0	8
	E	-8	16	42	11	1	23
	F	-8	10	14	11	1	23
	G	-8	10	14	11	5	45
	H	-8	8	17	11	5	45
Tiéouléna**	A	-8	2	45	11	14	46
	B	-8	0	6	11	14	46
	C	-8	0	6	11	9	47
	D	-7	52	58	11	9	47
	E	-7	52	58	11	3	24
	F	-8	0	26	11	3	24
	G	-8	0	26	11	0	6
	H	-8	1	58	11	0	6
	I	-8	1	58	11	9	6
	J	-8	2	45	11	9	6

Notes: \*There is a slight overlap (150 m) on the eastern boundary of the Ouassada permit and the western boundary of the Sankarani permit. \*\*There is a shortfall of 90 m between the eastern boundary of the Kourou permit and the western boundary of the Tiéouléna permit. Both these errors are caused by slight discrepancies in longitude seconds.

**Table 4-2: Property Tenure Location for the Kalé permit**

Permit	Node	Longitude/Easting			Latitude/Northing		
		Deg	Min	Sec	Deg	Min	Sec
Kalé	A	-5	59	39	10	27	44
	B	-5	54	2	10	27	44
	C	-5	54	2	10	17	22
	D	-6	3	5	10	17	22
	E	-6	3	5	10	22	10
	F	-5	59	39	10	22	10

**Table 4-3: Property Tenure Location and Status**

Permit Name	Permit No	Original Area (km <sup>2</sup> )	Permit initiation date	Renewal Date	Current permit period	Permit status (renewal period)
Sankarani	2011/0464/MM-SG	250	Feb 16, 2011	Nov 27, 2015	Feb 16, 2016 - Feb 16, 2018	2nd
Tiéouléna	2011/0467 MM-SG	250	Feb 16, 2011	Nov 24, 2015	Feb 16, 2016 - Feb 16, 2018	2nd
Kourou	2011/0468 MM-SG	250	Feb 16, 2011	Not stated	Feb 16, 2016 - Feb 16, 2018	2nd
Ouassada	2011/0465 MM-SG	179	Feb 16, 2011	Nov 24, 2015	Feb 16, 2016 - Feb 16, 2018	2nd
Kale	2011/0466 MM-SG	250	Feb 16, 2011	Nov 24, 2015	Feb 16, 2016 - Feb 16, 2018	2nd
Total Area		1,179				

The Acquisition is not an arm's-length transaction as insiders of Compass are insiders of MGE and directly or indirectly own shares in both MGE and Compass. In particular James Henderson and Madani Diallo are directors and shareholders of both Compass and MGE, and Larry Phillips is a director of Compass and shareholder of both Compass and MGE.

Pursuant to the terms of the share exchange agreement, subject to satisfaction of certain conditions, Compass will acquire the all the MGE shares from the MGE shareholders on a 0.6:1 basis, which would result in the issuance of an aggregate of 12,000,000 post-consolidation shares based on the current number of outstanding MGE shares. MGE currently has no other securities outstanding. Compass has also agreed to pay up to C\$50,000 in transaction costs incurred by MGE or MGE shareholders in connection with the Acquisition.

As part of the Acquisition, Compass will complete a 5:1 consolidation of its shares.

The post-consolidation shares to be issued to the MGE shareholders under the acquisition will be subject to any restrictions on resale, including escrow restrictions, imposed by applicable laws and the Exchange.

#### **4.2.3 Obligations on the Property**

As noted in Table 4-3, all five of the permits were issued in 2011, and the expenditures obligations for 2011/2012, 2012/2013 and 2013/2014 (totalling 1,890,000,000 CFA; C\$4.24M) were exceeded on Sankarani, Kourou and Kale. Although there was a deficit of approximately 100,000,000 CFA (C\$ 224k) on the Ouassada and Tieouléna permit over the same time period, DNGM was satisfied with the expenditure and renewed all the permits in 2014 (see legal opinion, Appendix A). Renewed permits do not have any expenditure commitments. On expiry of the permits in 2018, the company will reapply for new permits, and has a first right of refusal. At this point Compass Gold will get a new "Conventions d'Etablissement" and new permits will be issued under the current mining law (Appendix A).

The holder of the research permit is required to file quarterly and annual reports to DNGM describing the nature and results of exploration performed during each calendar quarter and year. The permit entitles the holder to obtain a mining (exploitation) permit from the government of Mali, if economic concentrations of a commodity are discovered.

#### **4.2.4 Surface Rights and Access**

Surface rights can be held by the State, local authorities, or held by individuals. Holding an exploration permit does not automatically grant the owner surface access rights. Permission must be granted by the surface rights holder. This has not previously been an issue with the current permit holders.

#### **4.2.5 Environmental Liabilities**

The author is not aware of any existing environmental liabilities relating to the permits that comprise the Property. The only potential environmental liability observed by the author during the site visit was the proximity of the Ouassada and Sankarani permits to the Sélingué reservoir. Following industry best practices during exploration, and any additional development, this should not be problematic. The permit holders (SERM SARL, REM SARL, and ML Commodities SARL) are also not aware of any current or past environmental liabilities on the Sikasso Property.

#### **4.2.6 Exploration Permits and Significant Risk Factors**

The author is not aware of any significant factors and risk that may affect access, title, or the right or ability to perform work on the property. Access and work programs in areas of artisanal working have been performed previously, and there is no indication that future work will be hindered.

No additional permits or government approvals are required to carry out the proposed work program.

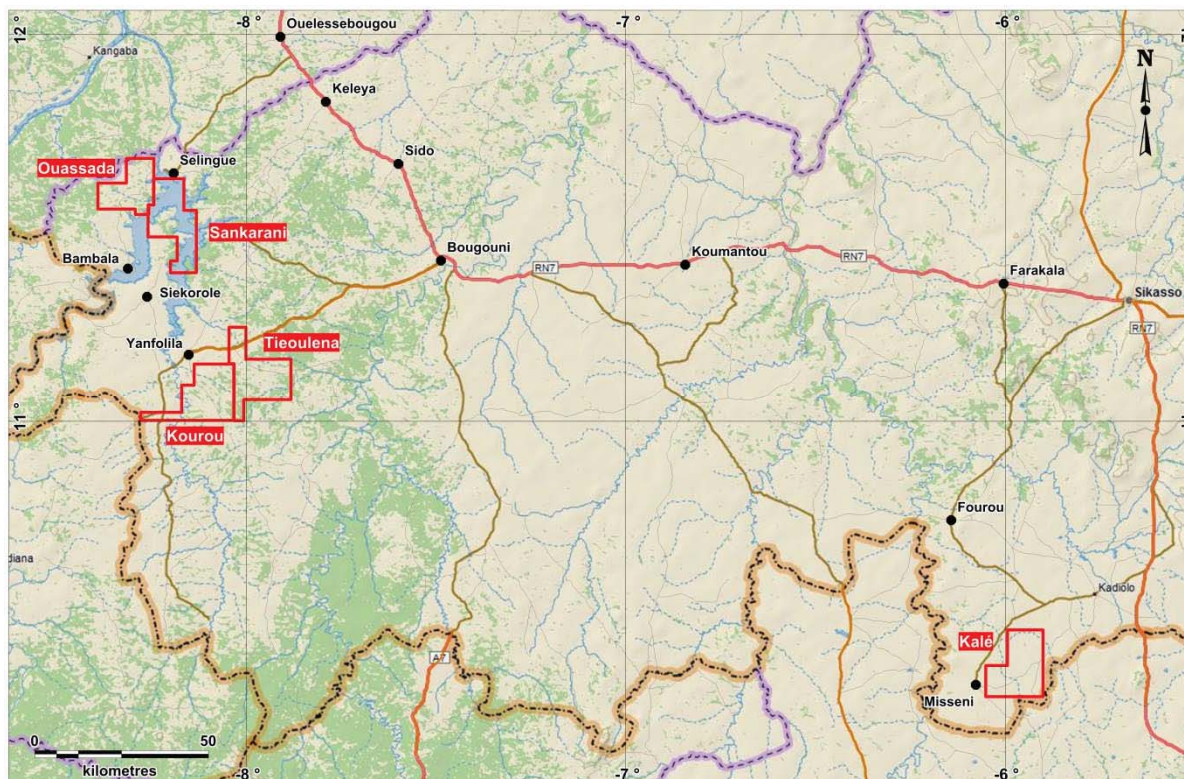
## 5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

### 5.1 Accessibility

The Project is located in the Sikasso Region of southern Mali (Figure 5-1). The centroid of the Ouassada-Sankarani permits is 125 km south-southwest from the capital Bamako, whereas the centroid of the Kourou-Tielouléna permits is 175 km south of Bamako. The Kalé permit is 340 km southeast of Bamako, but only 110 km south of Sikasso, the country's second largest city.

The northern two permits, Ouassada-Sankarani, of the Yanfolila Block can be accessed by the Route National 7 (RN 7) paved road from Bamako to Kéléya (85 km), followed by 55 km of unpaved road to Sélingué. Access within Ouassada and Sankarani is achieved using an extensive network of minor unpaved roads and drivable tracks and footpaths. Access from the north to the main part of the Sankarani permit is via a small motorized ferry at Faraba, or from the south by an unpaved secondary road from Yanfolila. The southern permits of the Yanfolila block (Tiéouléna and Kourou) are accessed via the paved RN7 from Bamako to Bougouni, and the RN8 from Bougouni to Yanfolila. Within both permits access is by minor unpaved roads and drivable tracks and footpaths.

**Figure 5-1: Property Location and Access Routes**



Source: drafted by Archibald, 2017

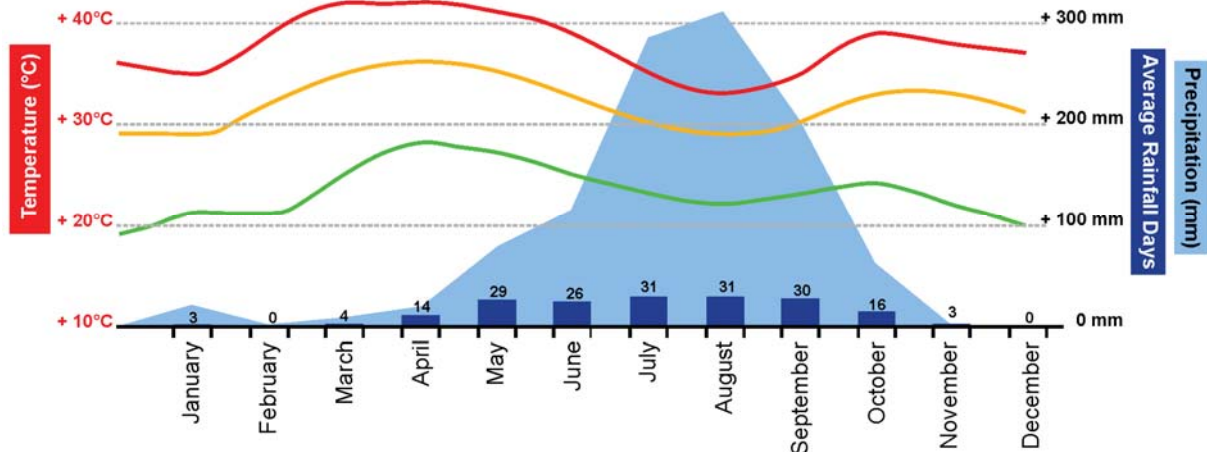
The Kalé permit can be accessed via the 375 km paved RN7 from Bamako to Sikasso (pop. 225,753; 2009 census), followed by a 155 km drive on unpaved roads and tracks from the Farakala turn-off (Figure 5-1).

## 5.2 Climate

The Sikasso Property is located on the southern edge of the Sahel, or sub-Saharan belt, and is characterized by a subtropical to hot climate and has dry and wet seasons. The rainy season extends from May to October, with an average rainfall of 800-1000 mm per annum, and a hot dry season from October to April. Mean daily temperatures range from a high of 36°C in April to a low of 19°C in December. Most of the region is devoted to agriculture (subsistence farming), and is planted with maize and cotton with minor areas of brush and trees most commonly located along tributaries and main drainages. The climate graph below for Yanfolila (Figure 5-2) typifies weather at the property.

Exploration activity can be conducted year round, although extra caution must be exercised on the roads and while crossing streams in the wet season (May to October).

**Figure 5-2: Climate Chart for Yanfolila, Sikasso Region (367 m)**



Data from worldweatheronline.com. Drafted by Archibald, 2017

## 5.3 Local Resources (Sikasso Region)

Mali is a landlocked country and is accessed and serviced via air, roadway, and one poorly maintained railway line running from Koulikoro (60 km east of Bamako) to the port city of Dakar in Senegal. Most freight (approximately 70%) is handed through the port of Abidjan, Côte d'Ivoire, and is then transported via the road network to the main distribution points. The Niger River is navigable



by medium to large shipping vessels during the rainy season, but the river does not flow through the Sikasso Region.

Twenty-nine civil airports exist in the country, including eight with paved runways; Bamako is the longest runway and largest airport (110 km from the Yanfolila Block). The only airport in the Sikasso Region is located at Sikasso (561 m in length, and unpaved; 110 km north-northeast of Kalé). However, there are no scheduled flights between Sikasso and Bamako.

The main highway (Route National 7) through the region between Bamako and Sikasso is paved (Figure 5-3), as is the primary road between Bougouni to Yanfolila. The majority of the major roads in the region are unpaved (Figure 5-4), and the tertiary roads are little more than tracks. Bamako and Sikasso both contain universities and many districts of the cities have modern amenities such as running water, sewerage, and hospitals. A subsistence lifestyle is evident in the villages within and adjacent to the project area with limited available power and water. Subsistence agriculture is the main industry in the country. Water is sourced predominantly through wells and tributary drainages are mostly seasonal. The Sélingué dam is the largest body of water in the project area, and is located on the northern part of the Yanfolila Block. The dam has a power output of 44 MW, with most of the power distributed to eight towns and cities, including Bamako and Yanfolila.

If the Sikasso Project proves to be economic there is sufficient space on each of the permits to cover tailings storage, waste storage and heap leach pads, if required. As stated above, there is also adequate water and power in the local area to facilitate extraction and processing, depending on the size of any mining operation. Due to the history of mining in Mali, skilled local labour is available in Mali for most aspects of any mining operation.

***Figure 5-3: Paved Road (RN 7) east Farakala, near Sikasso***



*Source: Archibald, 2017*



**Figure 5-4: A typical unpaved secondary road south of Yanfolila**



Source: Archibald, 2017

## 5.4 Infrastructure

Infrastructure in the area includes high voltage (63 kV) power lines to Yanfolila from the Sélingué dam, the large Sélingué reservoir located 10 km northwest of Yanfolila (Figure 5-1 and Figure 5-5), and a 561 m unpaved runway at Sikasso. The mobile network and internet are reliable over most of the exploration area.

**Figure 5-5: Sélingué dam during the in the dry season**



Notes: The picture is taken from upstream, showing the free board on the dam.

Source: Archibald, 2017

## 5.5 Physiography

The Yanfolila block lies close to the Guinean border in an area of peneplanation. The countryside is typically open and rolling, with flat, lateritic areas (Figure 5-6). Incised stream valleys are also present owing to the arid climate. Mean elevations range from 340 to 431 m above sea level. The main drainage in the block flows into the Sélingué reservoir.

Since the building of the Sélingué dam, the Sankarani River no longer flows through the Yanfolila block and enters the reservoir higher upstream.

The Kalé permit is also in an area of peneplanation and is relatively flat with a few undulating hills. The highest point of the permit is at a height of 369 m, 4 km south of the village of Kalé. The lowest point is the Lofon (or Lofoon) river valley in the north of the permit at an elevation of 320 m.

Vegetation in both areas is generally comprised of open grassland (savannah-type) with arable fields, and large areas of open woodland consisting of small trees and shrubs. Large trees are found close to drainage. Lateritic soil is deep (>20 m) in both areas as determined by artisanal workings.

**Figure 5-6: Ouassada in the dry season (early May)**



Source: Archibald, 2017

## 6 HISTORY

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Historic exploration on the Yanfolila block and the Kalé permit is summarized below:

### **Ouassada and Sankarani**

- Modern exploration began on the Ouassada permit in 1980 with the UN-funded regional geochemical campaign (Projet Or Bagoé); samples were collected at depths of 30 to 40 cm and anomalous locations (80 to 260 ppb Au) were identified in the southern region of the permit on the banks of the Karako River
- Randgold explored the permit in the early 2000s but no report can be found describing the work
- An airborne magnetic and radiometric survey was flown over southern Mali in 2001 by Kevron Pty Ltd on behalf of the Malian government as part of their Malian Birimian project (SYSMIN, 2006). The final products were used to aid the production of the regional geology map by BRGM in 2006.
- BHP Minerals explored the Yanfolila zone between 1992 and 1996 and conducted regional soil surveys, airborne geophysics (magnetics and radiometrics), air photo interpretation and BLEG sampling. 859 shallow soil samples were collected and analysed on Ouassada, and 72 on Sankarani (Figure 6-1). The company reports could not be sourced in the government archives, but the soil geochemistry data was published SYSMIN (2006).
- Regional mapping of the Malian Birimian during the EU funded SYSMIN (“Système de Stabilisation de Recettes d'Exportation de Produits Miniers”) project of 2006 by BRGM

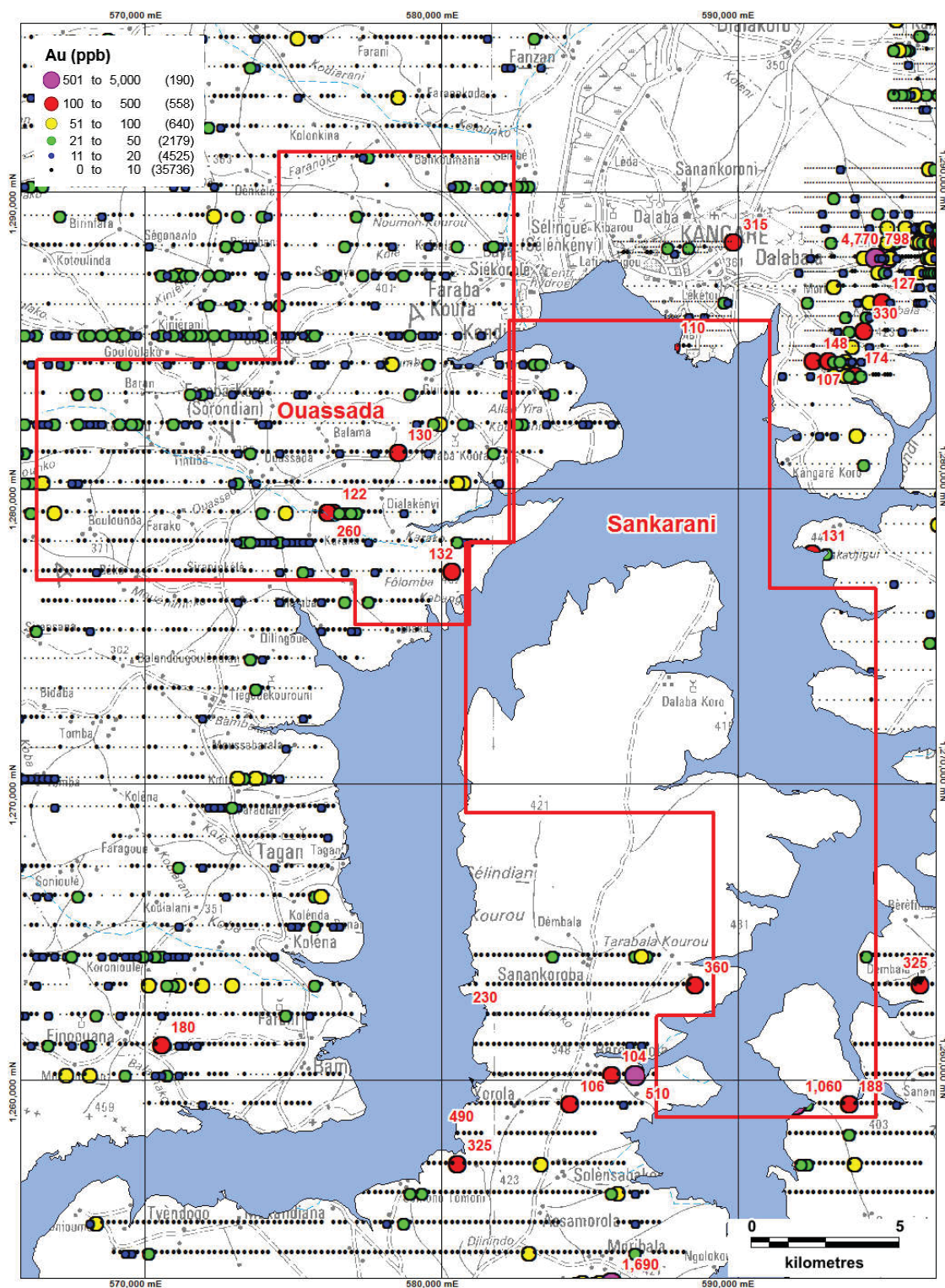
Samples collected by BHP in 1996, as part of a regional shallow soil geochemistry program, identified only four locations within the Ouassada permit with gold concentrations greater than 100 ppb, with a maximum of 260 ppb (Figure 6-1). All anomalous soil samples were in the southeast quadrant of the permit, close to the banks of the Karako River

Two of the 72 samples collected at Sankarani contained gold concentrations greater than 100 ppb Au, with the maximum concentration of 1,060 ppb Au. Both samples were collected at the extreme south of the licence (Figure 6-1). The majority of the licence was not sampled by BHP since the area was not licenced to them.

Ouassada tenure was granted to Africa Mining SARL in 2011, and subsequently transferred to Société de Recherche et d'Exploration Minière au Mali (REM SARL) in 2014. Sankarani tenure was granted to Africa Mining SARL in 2011, and subsequently transferred to ML Commodities SARL in 2014.



Figure 6-1: Historic BHP gold in soil grid covering the Ouassada and Sankarani permits



Note: Gold concentrations greater than 100 ppb are labelled. Source: SYSMIN, 2006 data.

## Kourou and Tiéouléna

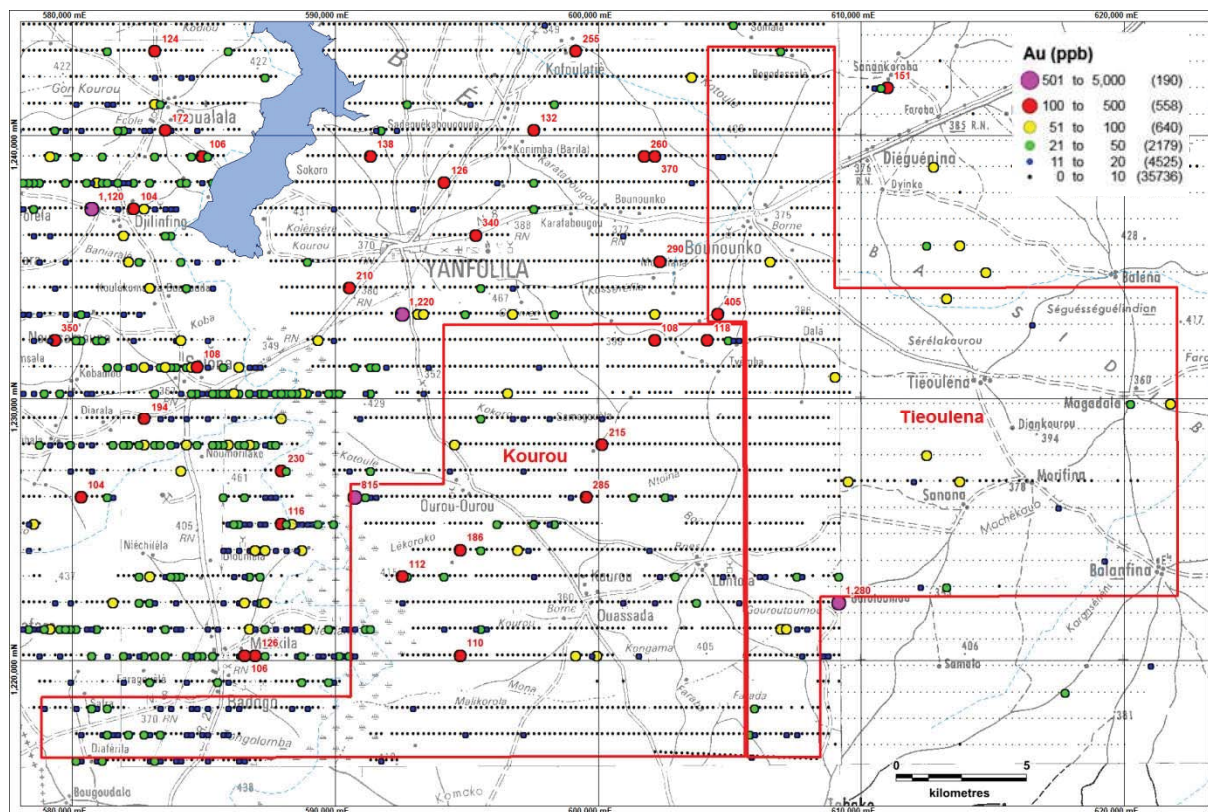
- An aeromagnetic and alluvial gold prospecting survey over the south of the country (Balé gold district) was conducted by Société Nationale de Recherche Minière (“SONARAM”) with Russian assistance in 1964 and 1965 (Diallo and Diakité, 2012c; Skliar et al., 1964). The actual coverage and findings specifically on the Kourou and Tiéouléna permits are unknown. However, the program covered an area of 6,000 km<sup>2</sup>, and measuring 150 km north-south and 40 km east-west. The main focus on the work was to identify gold-bearing alluvial and quartz vein-hosted gold deposits. Ultimately the work led to the discovery of the Kalana gold deposit, which was brought into production in 1983 (Tourlytchkine et al, 1984; Balgonadezdine, 1986; Dunbar and Sangaré, 2010). The original report (Skliar et al., 1964) was not sourced.
- A regional geological mapping program over the Bougouni Basin by DNGM from 1977 to 1978
- A regional soil sampling program over the south of Mali (Project Or Bagoé) that covered portions of the Yanfolila map sheet was carried out between 1980 to 1989 (Diallo et al., 1989). A few elevated gold samples were identified during the program, but were not subsequently followed up (Madani Diallo, personal communication, August 8, 2017). A copy of the original report could not be sourced.
- BHP Minerals explored the Yanfolila area between 1992 and 1996 and conducted regional soils surveys, airborne geophysics (magnetics and radiometrics), air photo interpretation and BLEG sampling. The company reports could not be sourced in the government archives, but the soil geochemistry data was published SYSMIN (2006). 961 shallow soil samples were collected and analysed on Kourou, and 746 on Tiéouléna. Seven samples contained more than 100 ppb gold, and fall on a northeast-trend (Figure 6-2) generally corresponding to the regional structure (foliation and intrusions). The highest gold concentration was 285 ppb, located 5 km north of the village of Ouassada.
- The Japan International Cooperation Agency (JICA) completed a soil sampling program over much of southern Mali as part of the Prospect Bougouni project. The project collected and analysed 25,670 samples in southern Mali, including 637 within the Tiéouléna permit. Only one soil sample contained more than 100 ppb, with a gold concentration of 405 ppb (Figure 6-2, 1.1 km northwest of Tyèmba (604,600mE; 1,233,000mN). The distribution of gold shallow soil geochemistry samples greater than 50 ppb did not show any strong preferred orientation, or association with a particular rock type.
- A gravity survey over West Africa was conducted in 1987 and 1988 by l’ORSTOM in collaboration with l’IGN and the Defense Mapping Agency (DMA). This survey indicated the presence of granitic masses, greenstone belts, and later sedimentary basins, as well as faults.
- An airborne magnetic and radiometric survey was flown over southern Mali in 2001 by Kevron Pty Ltd on behalf of the Malian government as part of their Malian Birimian project



(SYSMIN, 2006). The final products were used to aid the production of the regional geology map by BRGM in 2006.

- Regional mapping of the Malian Birimian during the EU funded SYSMIN (“Système de Stabilisation de Recettes d'Exportation de Produits Miniers”) project of 2006 by BRGM
- African Resources SARL collected 70 lateritic soil samples over both permits. The maximum gold concentration was 409 ppb.

**Figure 6-2: Historic BHP and JICA soils grids covering the Kourou and Tiéouléna permits**



*Note: Gold concentrations greater than 100 ppb are labelled. Source: SYSMIN, 2006 data.*

Kourou and Tiéouléna tenure was granted to Africa Resources SARL in 2011, and transferred to Société de Recherche et d'Exploration Minière au Mali (REM SARL) in 2014.

## Kalé

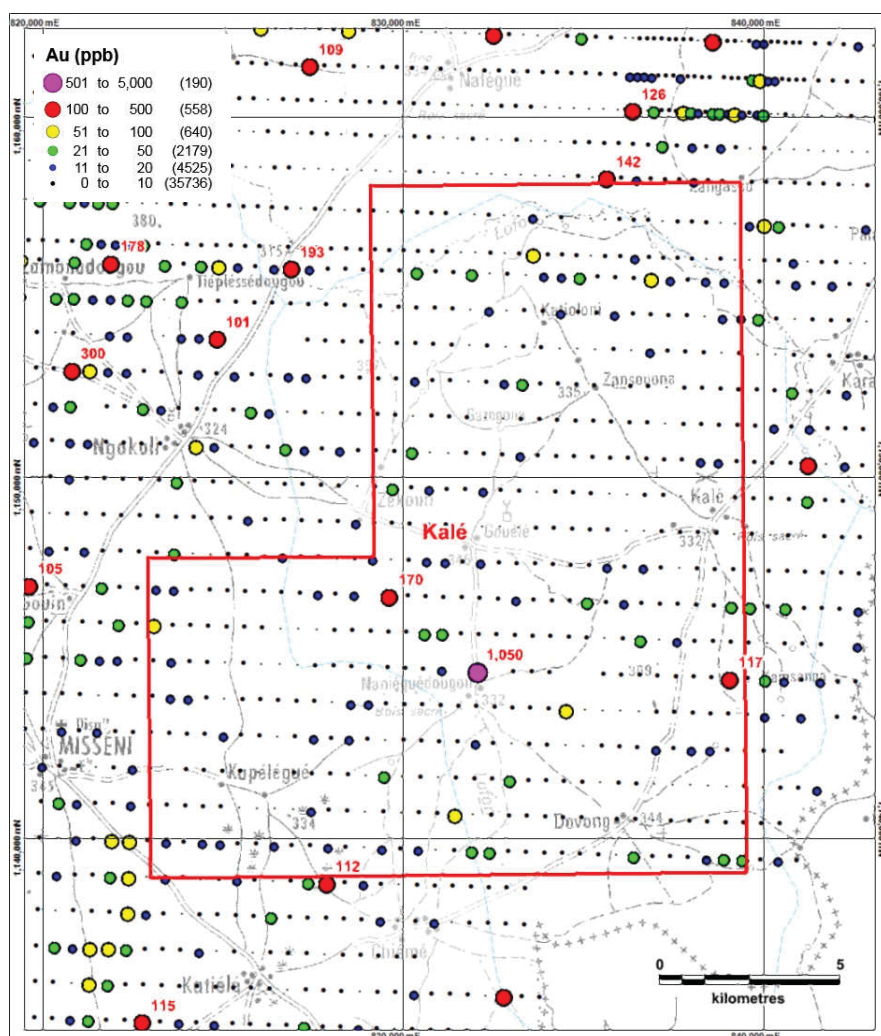
- Modern exploration began on the Kalé property in 1989 with the UN-funded regional geochemical campaign (Projet Or Bagoé) with 504 soil samples collected at depths of 30 to 40 cm by Program des Nations Unies pour le Développement (PNUD). Three anomalous soil samples on the permit contained greater than 100 ppb Au. The sample with the greatest



concentration of gold was 1,050 ppb Au (Figure 6-3), the location is underlain by amphibolites (metabasites) according to the accompanying geology map.

- Randgold held the permit in the early 2000s; however, the annual report of 2001 for the Kalé property could not be acquired, so the work performed (if any) is unknown.
- An airborne magnetic and radiometric survey was flown over southern Mali in 2001 by Kevron Pty Ltd on behalf of the Malian government as part of their Malian Birimian project (SYSMIN, 2006). The final products were used to aid the production of the regional geology map by BRGM in 2006.

**Figure 6-3: Historic PNUD gold in soils grids covering the Kalé permit**



*Note: Gold concentrations greater than 100 ppb are labelled.*

*Source: SYSMIN, 2006 data.*

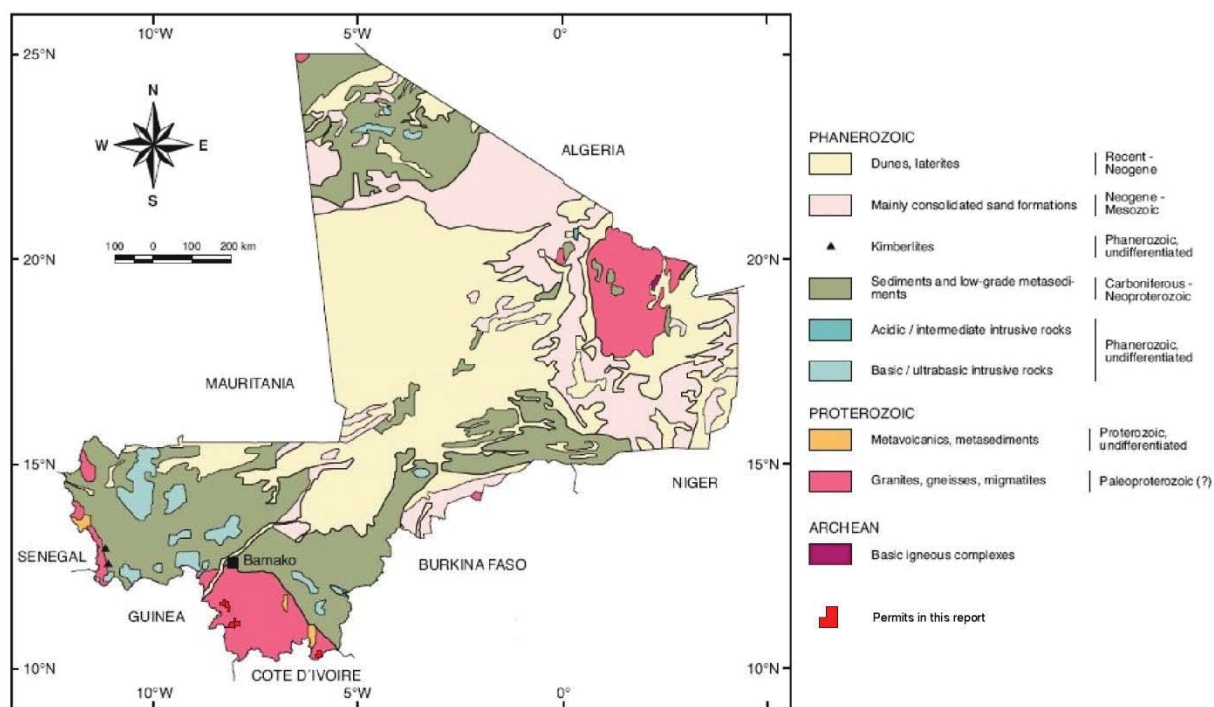
Tenure was granted to Africa Mining SARL in 2008, and transferred to Société de Recherche et d'Exploration Minière au Mali (REM SARL) in 2014.

## 7 GEOLOGICAL SETTING & MINERALIZATION

### 7.1 Regional Geology and local Geology

The geology of Mali is comprised primarily of the Proterozoic to Paleozoic sedimentary units forming the cover sequence of the Neoproterozoic Taoudeni Basin which overlies the Precambrian basement rocks of the West African Craton (Villeneuve and Cornée, 1994; Figure 7-1). The geology of southern Mali is comprised of Birimian volcano-sedimentary belts and granitoids of the Paleoproterozoic Baoulé-Mossi terrane of the Leo-Man Rise, one of the three major blocks that comprise the West African Craton and serves as the southern boundary to the Taoudeni Basin (Parra-Avila *et al.*, 2016, Salvi *et al.*, 2016).

**Figure 7-1: Simplified geology map of Mali**



Source: Schlüter, 2006 (modified after various sources)

The Baoulé-Mossi domain contains three principle Birimian-Eburnean litho-structural units: 1- the N-S striking Birimian dacitic to andesitic volcano-sedimentary series of the Yanfolila-Kalana and Bagoé Basins (i.e., the Yanfolila, Morila and Syama greenstone belts), 2- a suite of granite to monzogranitic units which intrude the Birimian volcano-sedimentary units (~2090 Ma), and 3- late dioritic to granodioritic intrusives (2075 Ma) occurring as plugs and dykes (Jones *et al.*, 2016).

The Yanfolila Belt, situated along the Mali-Guinea border, is bisected into eastern and western segments by the regional Siekerole Shear Zone (Figure 7-2). The Yanfolila belt is comprised of a suite of arc-related volcanic units (the Nani Volcanic Formation) and reworked greywacke sequences (Parra-Avila *et al.*, 2016). The Nani Volcanic Formation is comprised of intercalated tholeiitic basalts and basaltic andesites, and deformed porphyritic rhyolitic to dacitic lavas, pyroclastic flows and breccias (Parra-Avila *et al.*, 2016). The Ouassada, Sankarani, Kourou and Tiéouléna permits fall within the Yanfolila greenstone belt.

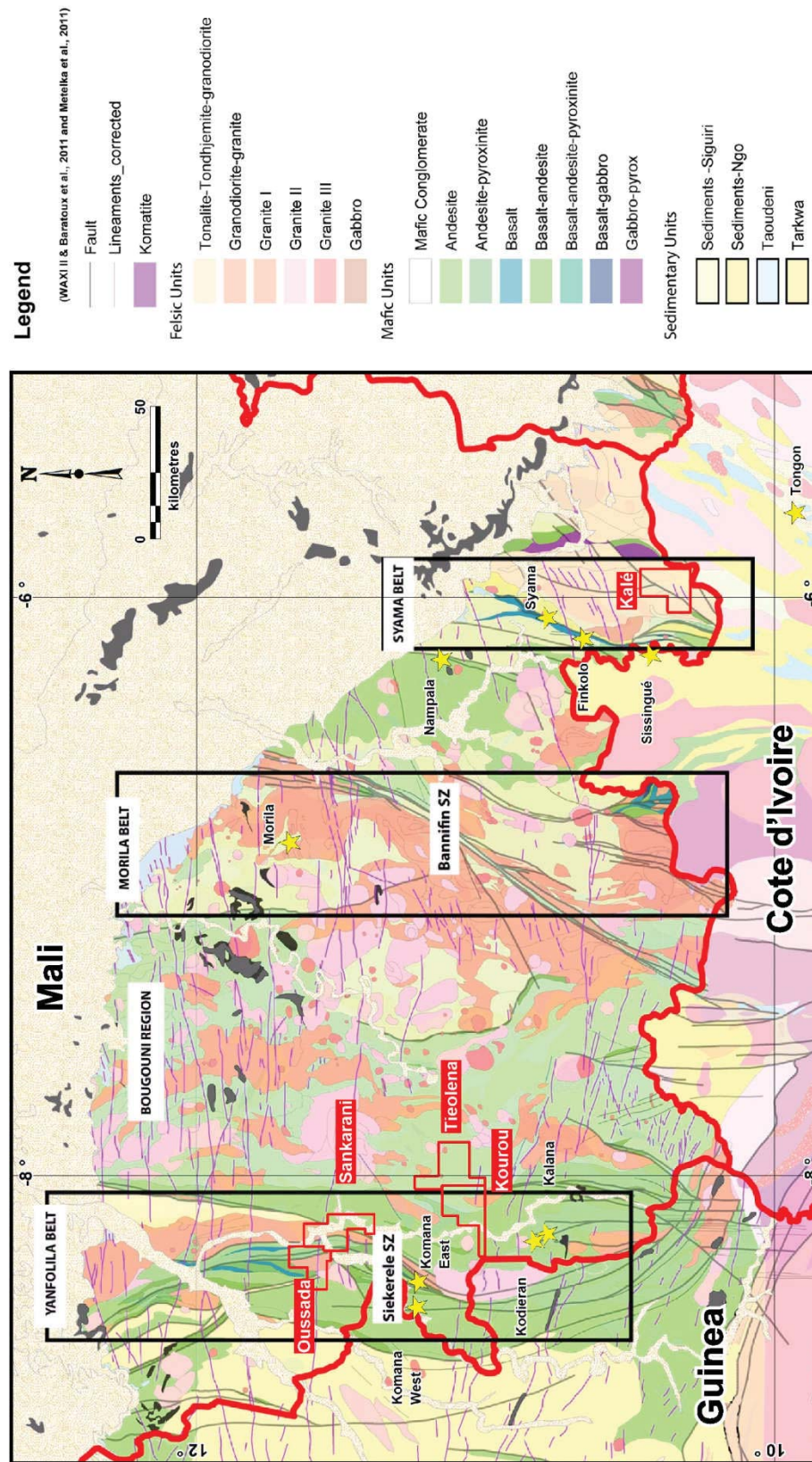
The Morila Belt occurs within the major granitic intrusive complex of the Bougouni region which dominates south-central Mali; this domain contains the Massigui and Doubakoro TTG granites. Within this region, the Birimian units are comprised of basalt to basaltic-andesite lavas locally interbedded with volcano-sedimentary units; all have undergone amphibolite grade metamorphism (Parra-Avila *et al.*, 2016).

The Syama Belt is situated along the Mali-Burkina Faso border and is separated from the Morila Belt by the regional Benafin Shear Zone. This belt is lithologically similar to the Yanfolila Belt and is characterized by a sequence of basalts and andesites interbedded with greywackes and argillites (Olson *et al.*, 1992). The entire belt is segmented structurally, strongly folded and frequently overturned; regional plutonism occurred during the Paleoproterozoic (Ballo *et al.*, 2016; Parra-Avila *et al.*, 2016). The Kalé permit falls within the Syama greenstone belt.

The geology of southern Mali is quite poorly constrained due to limited outcrop and the lack of drilling in certain areas. Figure 7-2 illustrates the geology based on a compilation study by the Australian Mineral Industries Research Association Limited (AMIRA) as part of the West African Exploration Initiative (WAXI) in 2013. This geology map uses some field information and geophysical interpretation from the BRGM mapping in 2004 and 2005 that was presented in the SYSMIN study of 2006 (Feybesse *et al.*, 2006). The BRGM geology map is presented in Figure 7-3. Both maps are used throughout this report. Until additional field work is performed both map interpretations are considered to be plausible.

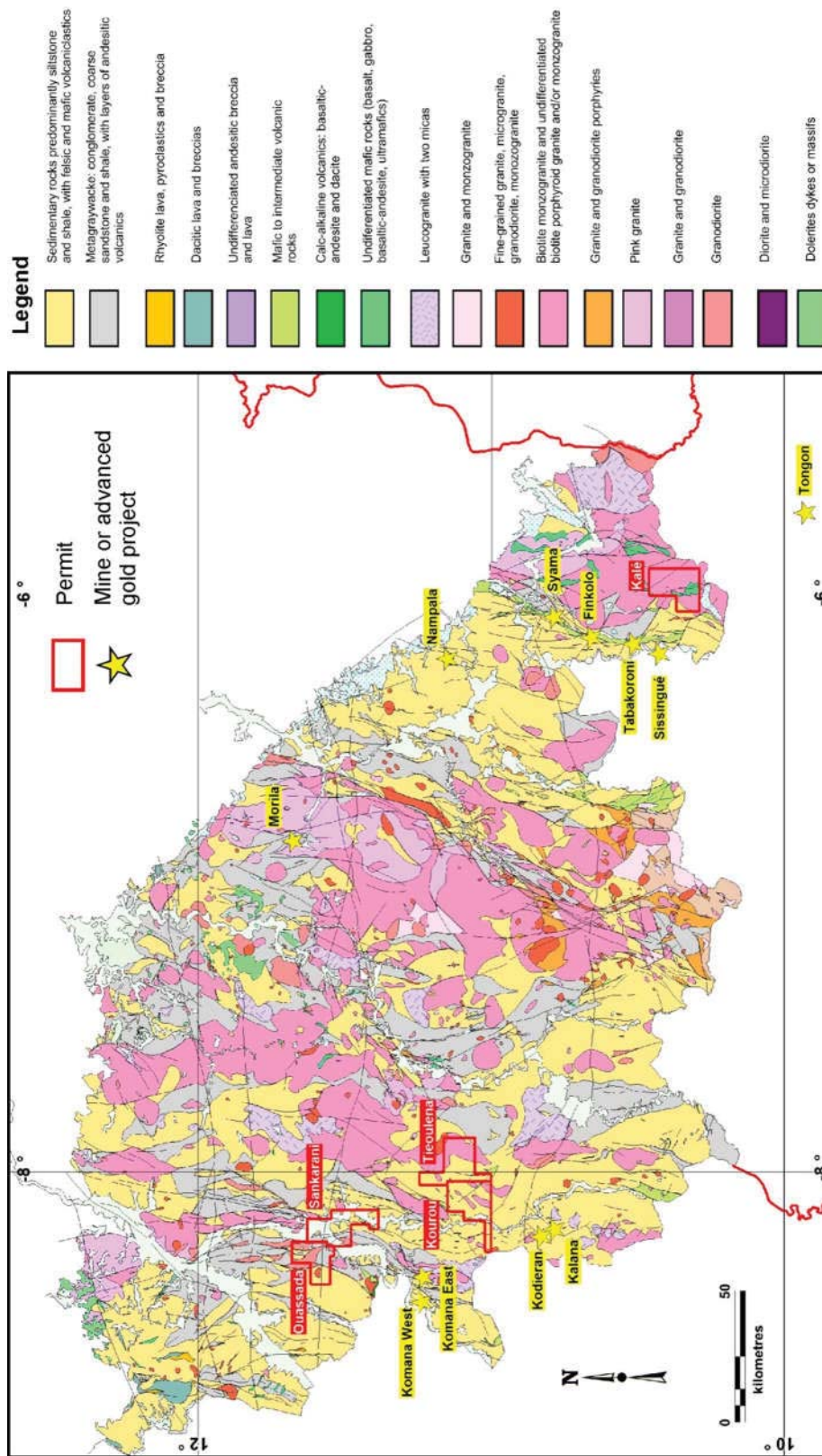


Figure 7-2: Simplified southern Mali geology map showing the location of the permits in this report.



Source: After Parra-Avila et al., 2016

Figure 7-3: Simplified southern Mali BRGM geology map showing the location of the permits in this report.



Source: Feybesse et al., 2006a and 2006b



## 7.2 Property Geology

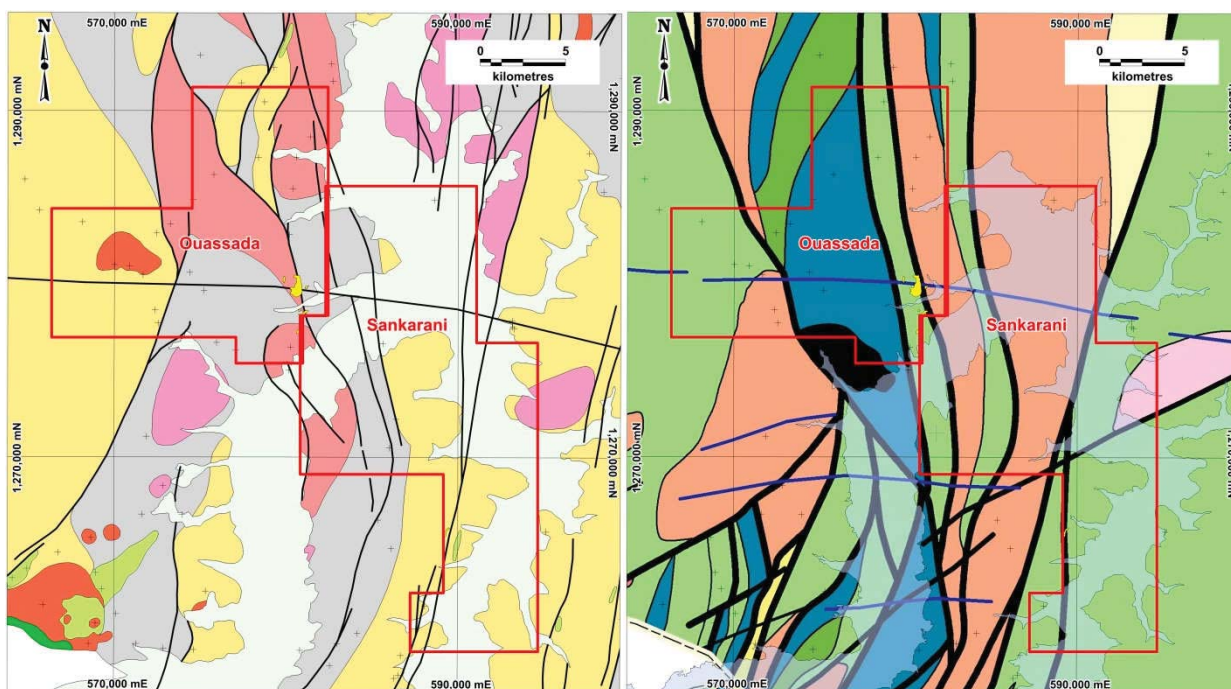
### 7.2.1 The Yanfolila Block

#### Ouassada and Sankarani Permits

As noted above, the Ouassada and Sankarani permits overlie the Siekerele Shear Zone within the Yanfolila Belt. Owing to the dearth of outcrop on the permits, and the lack of exploration drilling, the current understanding of the geology of both permits is mainly based on limited surface geology and interpretation of the airborne radiometric and magnetic surveys. The geology summarized here is mainly based on regional Paleoproterozoic (Birimian) mapping by BRGM geologists in 2004 and 2005 (Feybesse et al., 2006a), and is generally in line with the reinterpretation by AMIRA in 2013, although the AMIRA study appears to note a greater volcanic component in the Nani Volcanic Formation (Figure 7-4).

The Ouassada permit is situated in the Yanfolila-Kalana-Manankoro basin with lithologies comprised predominantly of Birimian volcano-sedimentary units with minor syn- and post-tectonic granites, occurring as small, isolated massifs, and a cover sequence of colluvium and alluvium. The area has undergone intense weathering and extensive lateritization. The Birimian series are comprised mainly of siliciclastic sediments and the granitic bodies are typically fine-grained monzogranitic to granodioritic in composition with development of some microgranites (Diallo and Diakité, 2011a; Diallo et al., 2017a).

**Figure 7-4: Geology map of the Ouassada and Sankarani permits**



Source: Feybesse et al. (2006a)

Source: AMIRA (2013)

The Sankarani permit is situated between the Kangaba Basin and the Yanfolila-Kalana-Manankoro basins with lithologies composed primarily of Birimian volcano-sedimentary units intruded by elongate granitoid massifs. Volcano-sedimentary units contain variably fine- to coarse-grained siliciclastic sediments interbedded with greywackes, siliceous greywackes, and minor intercalations of volcanic lithologies rich in feldspar and biotite.

Both permits are cut by a late, regionally extensive, east-west trending dyke, probably composed of dolerite (diabase) and likely of Jurassic age.

Structures in the area are predominantly NE, NNE, NNW and EW-trending and are related to the regional Yanfolila fault which forms a NE-trending structural corridor with secondary or splay structures oriented NNE and NNW (Diallo and Diakité, 2011b, Diallo *et al.*, 2017b).

### **Kourou and Tiéouléna Permits**

Like the Ouassada and Sankarani permits, the geology of Kourou and Tiéouléna is poorly described by previous studies owing to poor exposure and the lack of drilling to determine the nature of the bedrock.

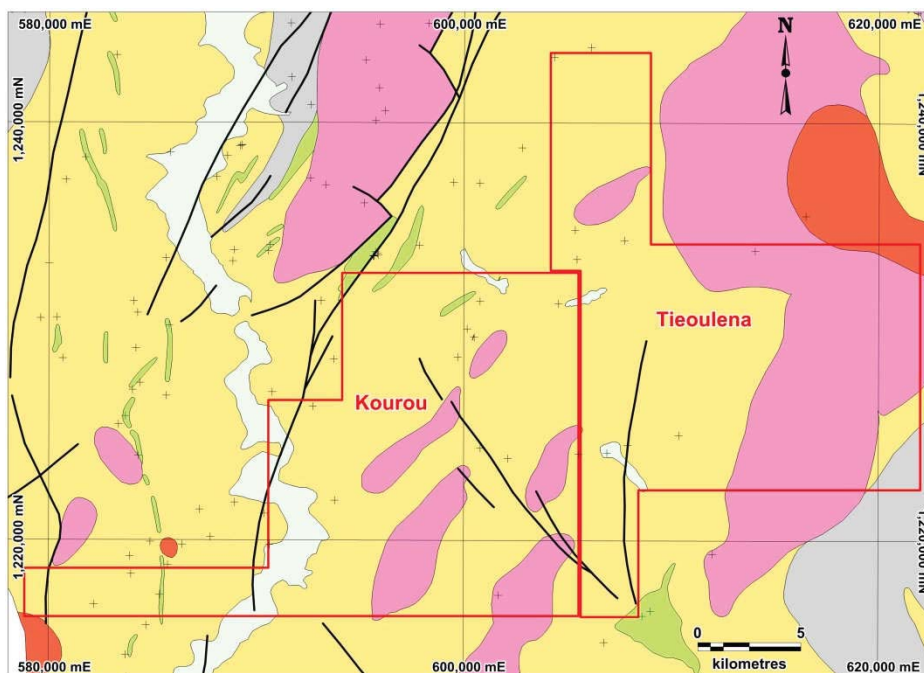
The Kourou and Tiéouléna permits are also located in the Yanfolila-Kalana-Manankoro basins, but at the eastern edge of the Siekerele Shear Zone. Lithologies are composed primarily of Birimian volcano-sedimentary units of fine to coarse grained siliciclastic sediments interbedded with minor felsic and mafic volcanic rocks and volcanoclastic units (Diallo *et al.*, 2017c; Figure 7-5 and Figure 7-6). The sequence has been intruded by a series of biotite-bearing monzogranites, and porphyritic granites and microgranites, which in turn have been intruded by fine-grained granite and granodiorite. The smaller intrusions generally have a northeast trend, corresponding with the regional foliation.

The southern part of both permits is intruded by a discontinuous east-west trending mafic dyke. This dyke is not a regional scale feature like the dyke cutting the Ouassada and Sankarani permits.

Structurally, the mapped faults have a northeast trend which is confirmed by the magnetic survey data and a series of northwest trending faults were also identified.

The variation in interpreted geology is illustrated in Figure 7-5 (Feybesse *et al.*, 2006a) and Figure 7-6 (AMIRA, 2013). The WAXI (AMIRA, 2013) interpretation has subdivided the volcanoclastic sediments and volcanic rocks into more units than the BRGM (Feybesse *et al.*, 2006a) geology, which tends to reduce the extent of the intermediate and felsic intrusions. However, both maps illustrate the regional northeast strike of the volcano-sedimentary units and intrusions. Any future work program must refine the permit geology through drilling and/or geochemical analysis.

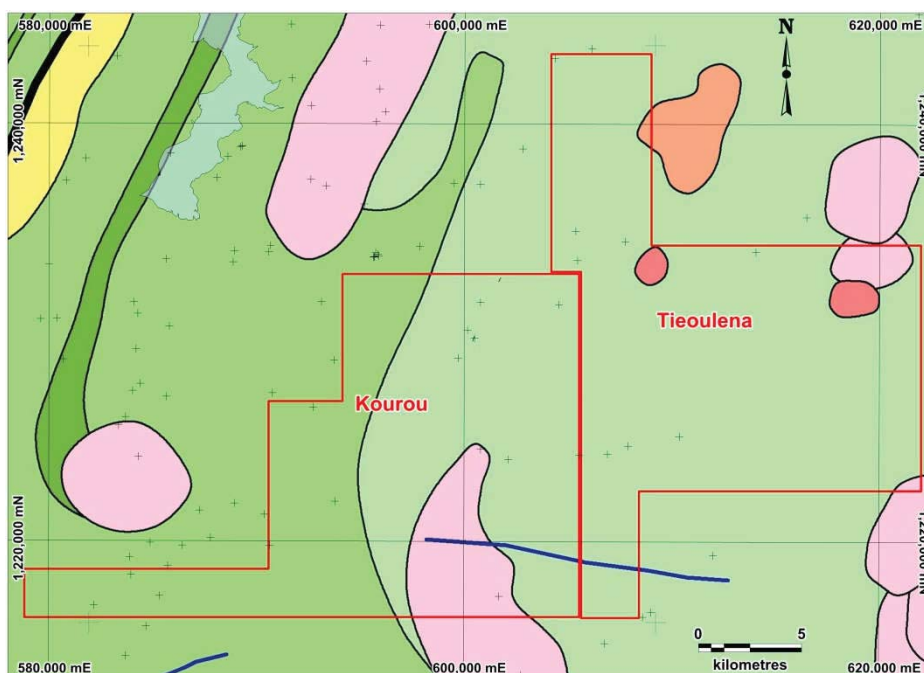
**Figure 7-5: BRGM geology map of the Kourou and Tiéouléna permits**



*Note: The geological key is the same as Figure 7-3. Small crosses denote known outcrops.*

*Source: Feybesse et al., 2006a*

**Figure 7-6: WAXI geology map of the Kourou and Tiéouléna permits**



*Notes: The geological key is the same as Figure 7-2. Small crosses denote known outcrops.*

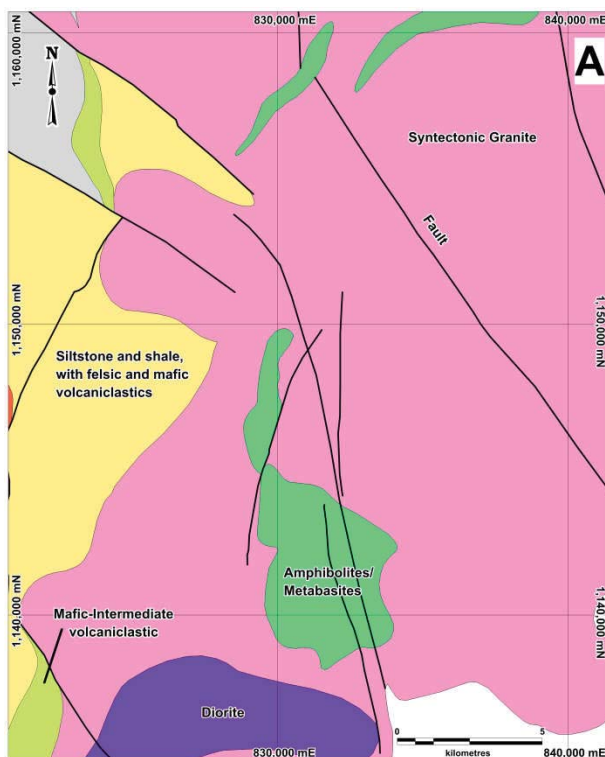
*Source: AMIRA (2013)*



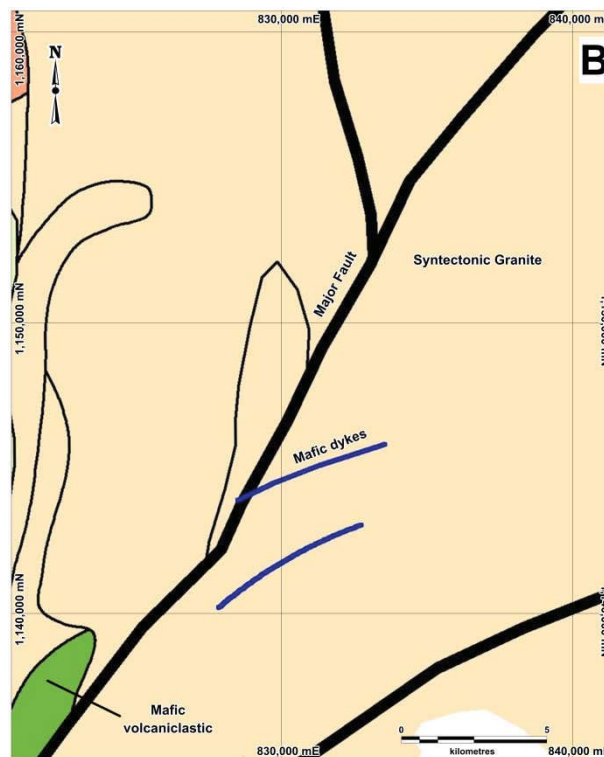
## 7.2.2 Kalé Permit

The Kalé permit is situated within the Syama Belt of the granitic dominated eastern domain, rather than the mafic volcanic dominated and structurally complex western part (Ballo *et al.*, 2016). The BRGM (Feybesse *et al.*, 2006b) geology map (Figure 7-7A) interprets the underlying geology as dominantly granitic, with a north-south trending intrusion of mafic rock (gabbro or basalt, metamorphosed to amphibolite/metabasite) in the southern part of the permit, and a small amount of mafic volcaniclastic rock on the western part of the permit. The WAXI (AMIRA, 2013) regional summary geology map (Figure 7-7B) of the permit area has interpreted the underlying geology as composed totally of granite, with the exception of two east-west trending mafic intrusions. Interpretation of the detailed airborne geophysical survey at Kalé by SERM SARL in 2016 (Diallo *et al.*, 2016b) suggests that the permit might be underlain by a sequence of northeast-trending metagreywackes and shales which have been intruded by, or juxtaposed to, granites and granodiorite (Figure 7-8). The interpretation also suggests that the felsic intrusive rocks were later intruded by mafic rocks.

**Figure 7-7: Geology map of the Kalé permit (Feybesse *et al.*, 2006b; AMIRA, 2013)**



Source: Feybesse *et al.*, 2006b



Source: AMIRA (2013)

**Figure 7-8: Geology map of the Kalé permit**



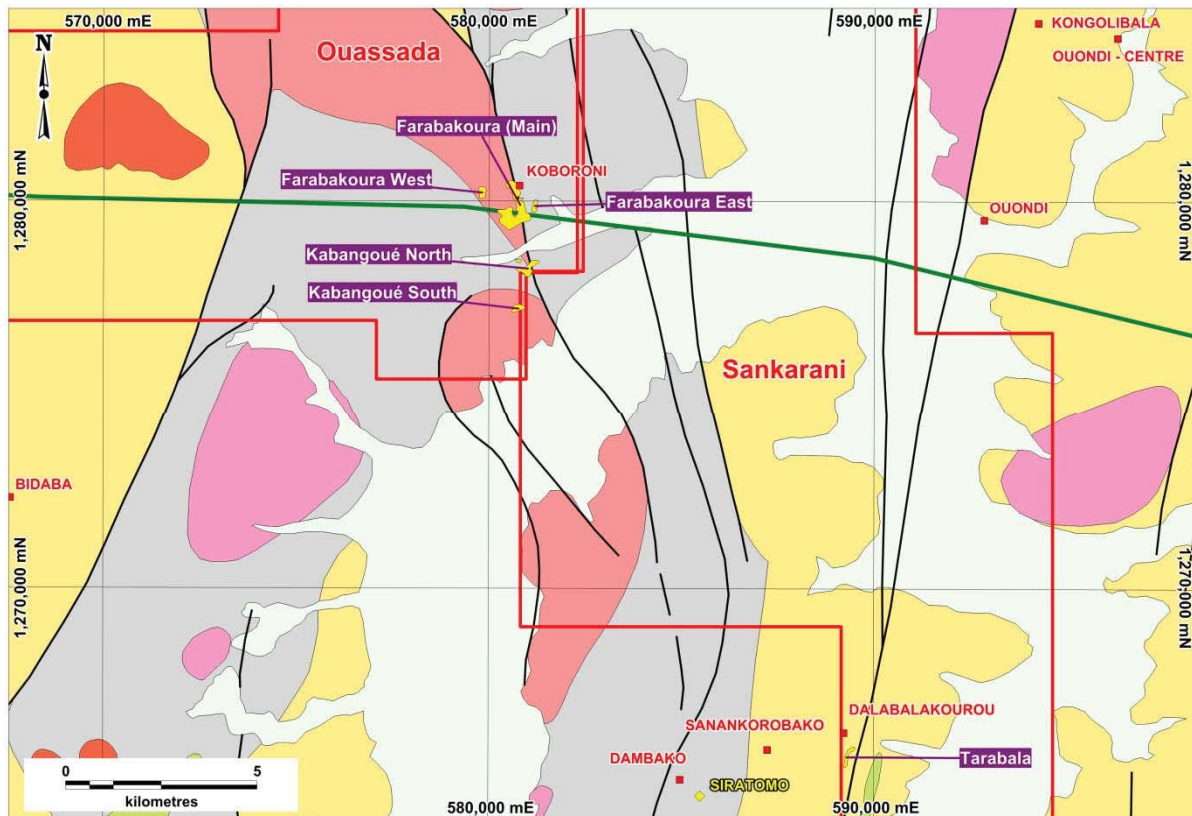
*Note: Geology based on high-resolution geophysics data. Source: Diallo et al., 2016b*

At present, the available geological information is relatively unsatisfactory and will only be improved when bedrock drilling data is available.

### 7.3 Prospect Geology

There are several active prospects on the Sikasso Property currently being worked by artisanal miners. The two largest areas are located on the eastern side of the Ouassada permit at Farabakoura and Kabangoué (Figure 7-9). A recently abandoned bedrock prospect is located at Tarabala, and is the only known gold showing on the Sankarani permit. Two artisanal workings, Kossèrèfila and Samagouèla, are present on the Koulou permit.

**Figure 7-9: Location of prospects on the Ouassada and Sankarani permits**



*Note: Background image is the BRGM bedrock geology. Historic bedrock gold showings are labeled represented by yellow diamonds, and historic eluvial workings are represented by red squares. Source: Archibald, 2017.*

#### Farabakoura

The Farabakoura (aka Koboroni) showing is the main prospect within the Ouassada permit, and is currently being mined by approximately 2000 artisanal miners. According to the SYSMIN database the area was the site of a small artisanal alluvial gold mine in 2006, but it had been abandoned until the current operators started exploration on the permit. The mining area extends 1300 m in a north-south direction, and is up to 700 m wide in places (Diallo and Dembele, 2013a, 2013b and 2013c). One satellite mining area is present 200 m to the east and is 200 m x 200 m in areal extent, and a

second area occurs 650 m to the west of the main mineralized area (Figure 7-10). The western area is 400 m in a north-south axis and approximately 100 m wide. The traditional extraction method of the gold is by pitting, where shafts are hand dug to depths of 15 to 30 m (Figure 7-11), and the saprolitic/lateritic material removed and washed at surface, although some areas have been stripped of laterite. The pits are generally oriented in an east-west direction, without being interconnected by galleries. Gold is also present within the overlying laterite, at depths of 4 to 5 m, but most (~90%) of the gold is recovered from saprolite (Diallo and Diakité, 2011a; Diallo and Dembele, 2013a, 2013b, 2013c).

The published map of the area shows that the mining area is underlain by a north-south trending granodiorite of Proterozoic age, and interpretation of the magnetic airborne survey shows that the granodiorite is cut by an east-west trending mafic dyke (likely Jurassic in age, ca. 200 Ma). The relationship of the dyke to gold mineralization is not certain, but it may have played a role in remobilization of pre-existing gold mineralization. Diallo and Dembele (2013b) report that the rock types sought by the artisanal miners containing gold mineralization are: quartz veins, amphibole syenite, schist and greywacke. Fresh gabbro hand specimen samples were recovered during the due diligence field work for this report. Bedrock quartz veins are sometimes encountered and have orientations of 305° and 250°.

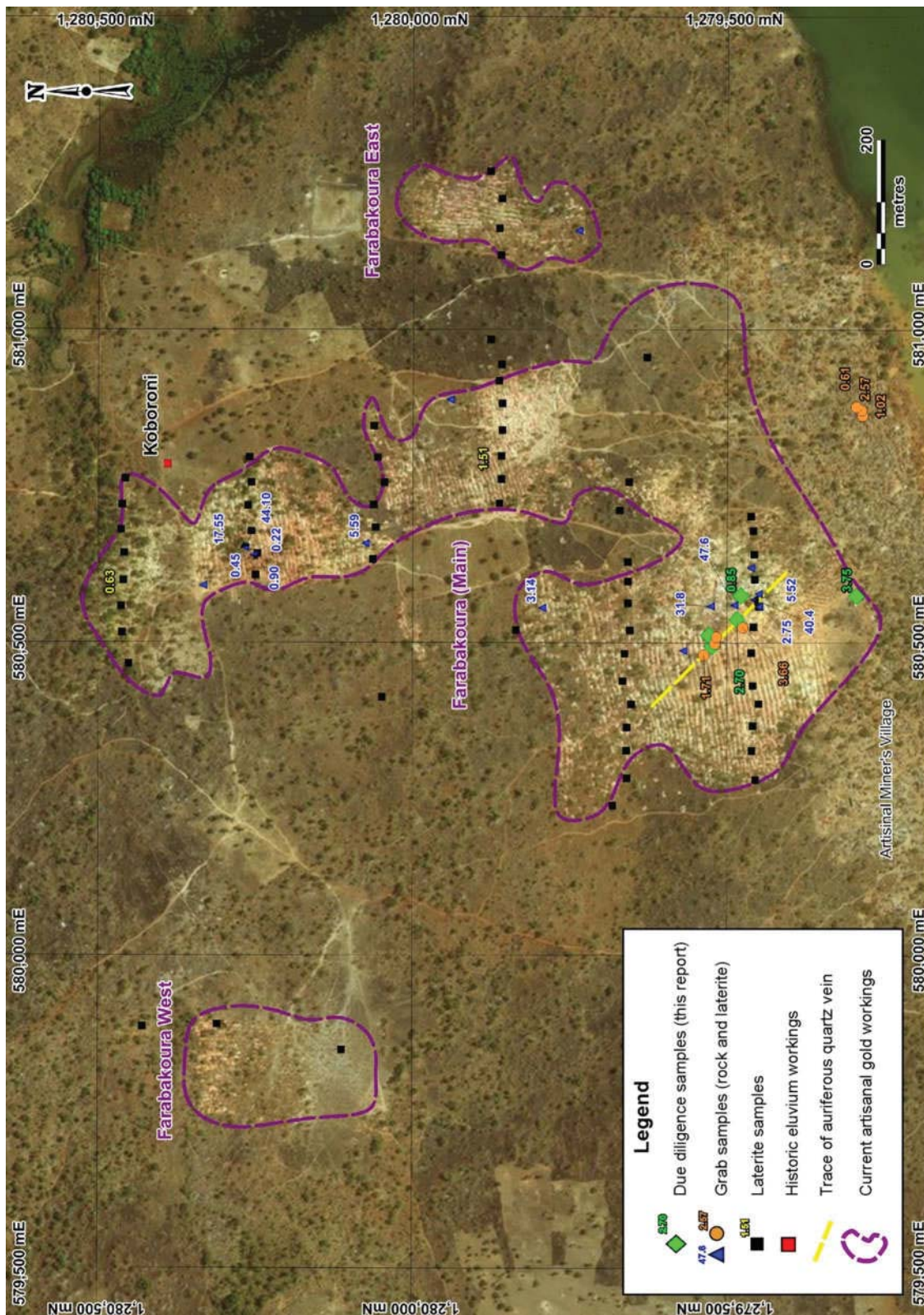
At pit depths greater than 20 m, most of the shafts are flooded. Typically these pits are abandoned, but a few miners have water pumps that allow access to greater depths. Processing of the recovered laterite and saprolite is performed by the crushing the rock and panning the concentrate. Mercury amalgamation is reported to be used, but this was not observed by the author.

Four samples of bedrock mineralization collected by SERM geologists contained gold concentrations of 2.75, 5.52, 40.4 and 47.6 g/t Au from quartz veins that cut an amphibole-bearing syenite. Two other samples collected from quartz veins at the same locality contained 0.12 and 0.19 g/t Au, demonstrating the nuggety nature of the mineralization. No petrology has been performed in the samples to determine paragenesis, the precise nature of the mineralogy, and the location of the gold grains.

Extensive sampling of recovered eluvial material from 98 “ore piles” in 2013 by Diallo and Dembele (2013b, 2013c) contained an average of 4.35 g/t Au with a standard deviation of 1.74 g/t Au. The material in the ore piles was recovered from various locations within the main workings, so it is difficult to prove that they are representative of the areal extent of the workings. The maximum recorded gold concentration was 14.8 g/t Au.



Figure 7-10: Farabakoura prospect geochemistry samples



Note: Laterite and grab samples were collected by SERM SARL. Only gold assays greater than 0.2 g/t are labelled.  
Background Source: BING; Modified from Diallo and Dembele, 2013c.



**Figure 7-11: Main excavation area at the Farabakoura prospect**



Source: Diallo and Dembele, 2013b

## Kabangouè

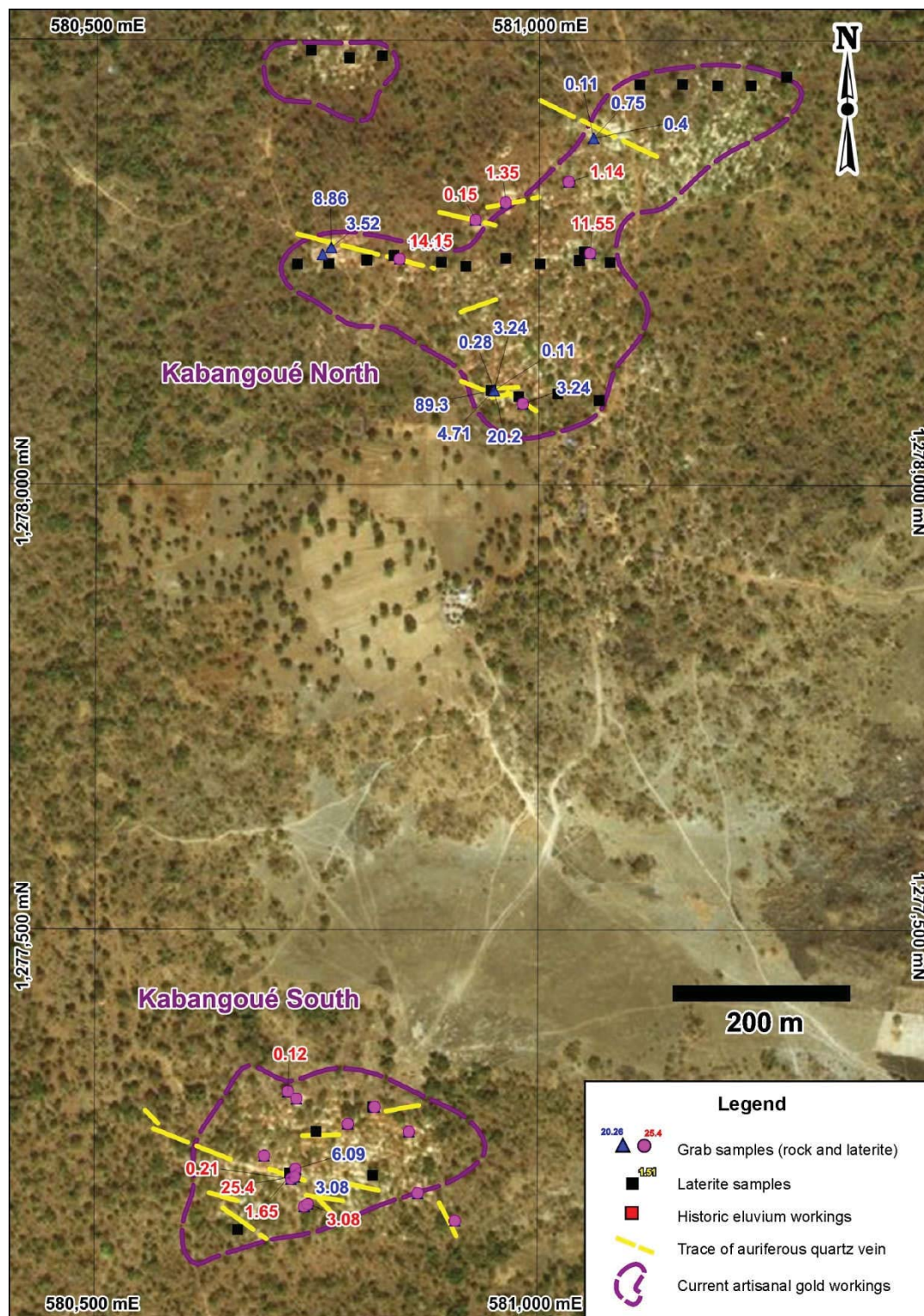
The Kabangouè prospect is divided into a north and south sectors. Kabangouè North is located 1 km to the south of the Farabakoura prospect, and Kabangouè South is approximately 900 m to the south of Kabangouè North (Figure 7-12). Gold mining is carried out over an area of 800 m x 600 m with excavations within the same lateritic units as at Farabakoura (Diallo and Dembele, 2013a and 2013b; Diallo et al., 2014). In 2013, approximately 500 artisanal miners were active at the prospect, but Kabangouè was not inspected during the due diligence field visit due to time limitations and the fact that heavy rains had temporarily made the site inaccessible.

Diallo and Dembele (2013a and 2013b) report that gold is recovered from quartz veins cutting quartz-feldspar porphyry, greywacke and shale, and smoky quartz veinlets cutting amphibole-bearing syenite. The rocks are highly altered and feldspars are sericitized, and sulphides have been replaced by iron oxides/hydroxides. Within the pits in the western edge of the prospect, a gabbroic unit was noted at a depth of 10 m, and it likely represents a mafic unit within the Birimian rock, rather than the east-west trending younger mafic dyke interpreted from geophysics 2 km to the north.

Measurements of quartz veins at Kabangouè North and South demonstrate that two preferred orientations are present: a northwest trending set (205-305°), and an east set (070-090°). The width of the veins is not recorded, but is likely to be on the decimetre scale based on one vein observed by the author.

Extraction methods are similar to Farabakoura, with pits extending down to a depth of 25 m due to the slightly higher elevation, and therefore a lower water table. Selected results show gold values ranging from 6 ppb (pit reject of saprolite from amphibole syenite) to 89.3 g/t Au (laterite with quartz veinlets).

Figure 7-12: Kabangoué North and South prospects geochemical sampling



Background Source: BING; Modified from Diallo and Dembele, 2013c.

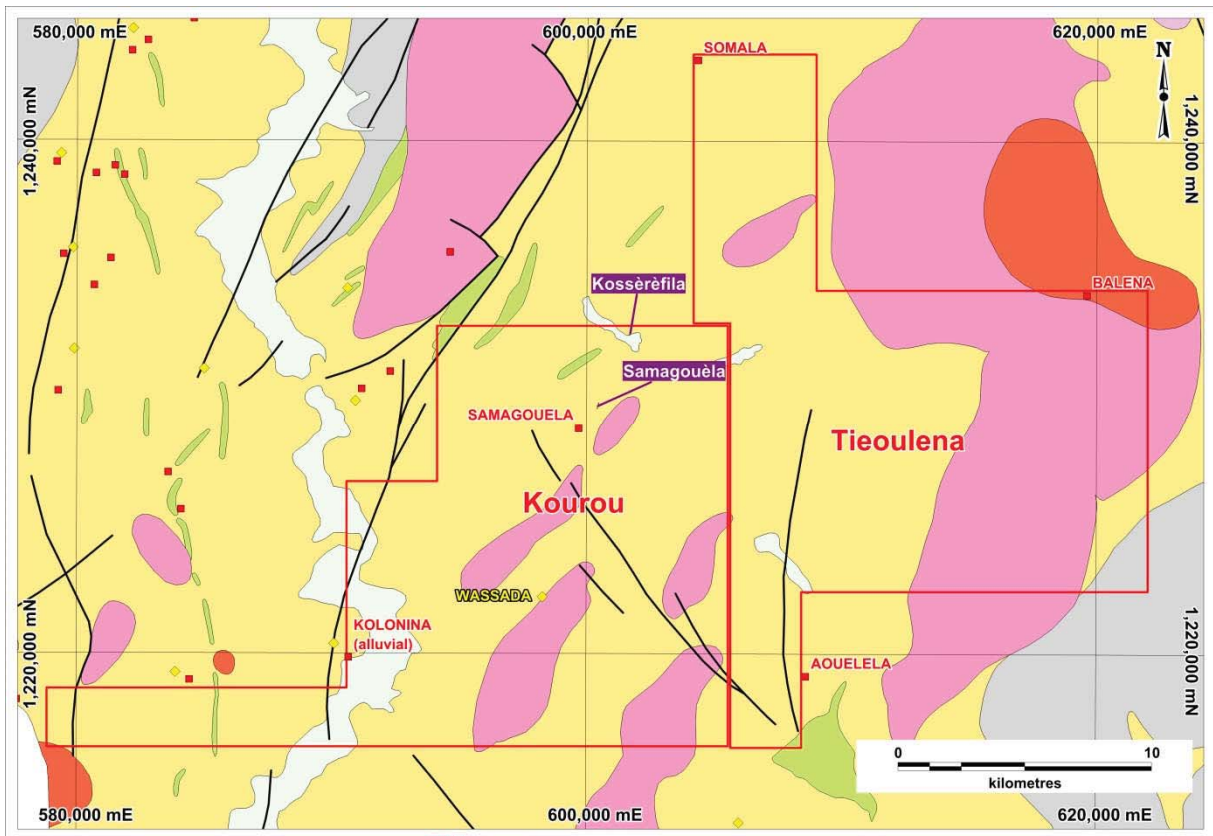
Note: Only gold assays greater than 0.1 g/t are labelled.. Source: Archibald, 2017



## Other Prospects

Other prospects in the Yanfolila Block include Tarabala (589,286 mE; 1,265,450 mN) on the Sankarani permit (Figure 7-9), and Kossèrèfila (601,698mE; 1,232,530mN) and Samagouèla (600,417mE; 1,229,620mN) on the Kourou permit (Figure 7-13). These smaller workings are discussed in the next section as ML Commodities SARL and REM SARL have not carried out detailed ground investigations.

**Figure 7-13: Historic and current gold prospects on the Kourou and Tiéouléna permits**

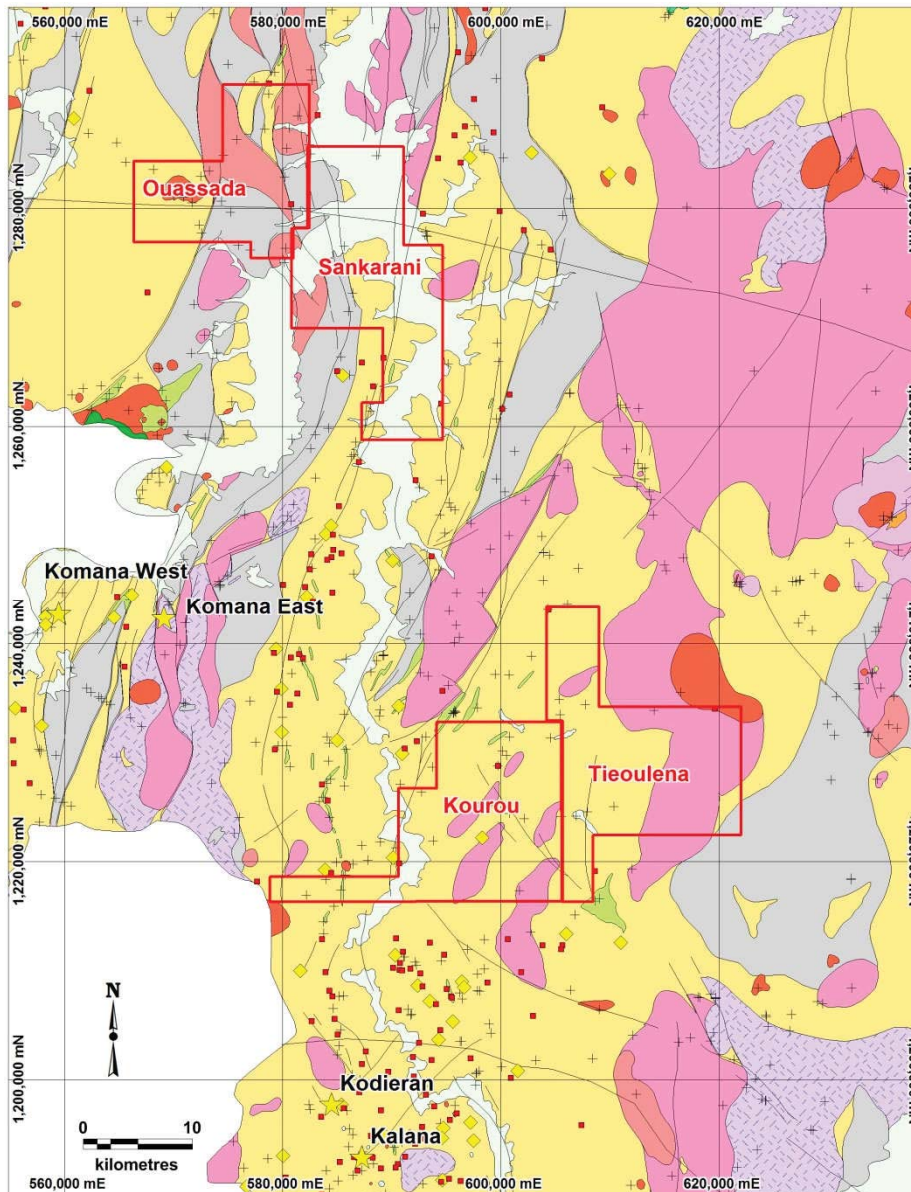


*Note: The legend is the same as in Figure 7-3. Source: Archibald, 2017.*

## 7.4 Mineralization

Two types of mineralization are recognized on the Sikasso Project: intrusion-hosted gold mineralization associated with igneous contacts (possibly related to regional shear zones), and shear-zone hosted orogenic gold mineralization. Owing to the intensive weathering and thick laterite development it is difficult to see the primary mineralization, and as a result most of the known gold occurs in eluvium and alluvium. Figure 7-14 illustrates the geographic distribution of showings within the Yanfolila Block.

**Figure 7-14: Locations of identified gold occurrences in the project area**



Notes: See Figure 7-3 for the geological legend. Outcrops denoted by “+” symbols, bedrock gold occurrences by yellow diamonds, and alluvial/eluvial gold occurrences by red squares. Source: Data from SYSMIN, 2006.

## Ouassada

Due to the degree of weathering, and the undulating terrain, the Ouassada permit contains only 20 identified outcrops. Previous work identifies at least ten known gold occurrences on the permit, and all are confined to the artisanal workings at Farabakoura and Kabangouè. During the current due diligence exercise an additional auriferous gold vein was identified close to large eluvial workings in the main Farabakoura area (Figure 7-15). According to the published geology the mineralized area is underlain only by amphibole-bearing syenite, but field investigations show that the workings are underlain by areas of granodiorite, a medium-grained metavolcanic unit, and foliated mica schist with pyrite-bearing siliceous bands. Sampling during the due diligence visit determined that the veined metavolcanic contained 0.83 g/t Au, whereas the pyrite-bearing siliceous unit within the saprolite contained 2.70 g/t Au (Figure 7-16 and Figure 7-17). The area above the bedrock occurrence has been extensively worked to recover the eluvial gold.

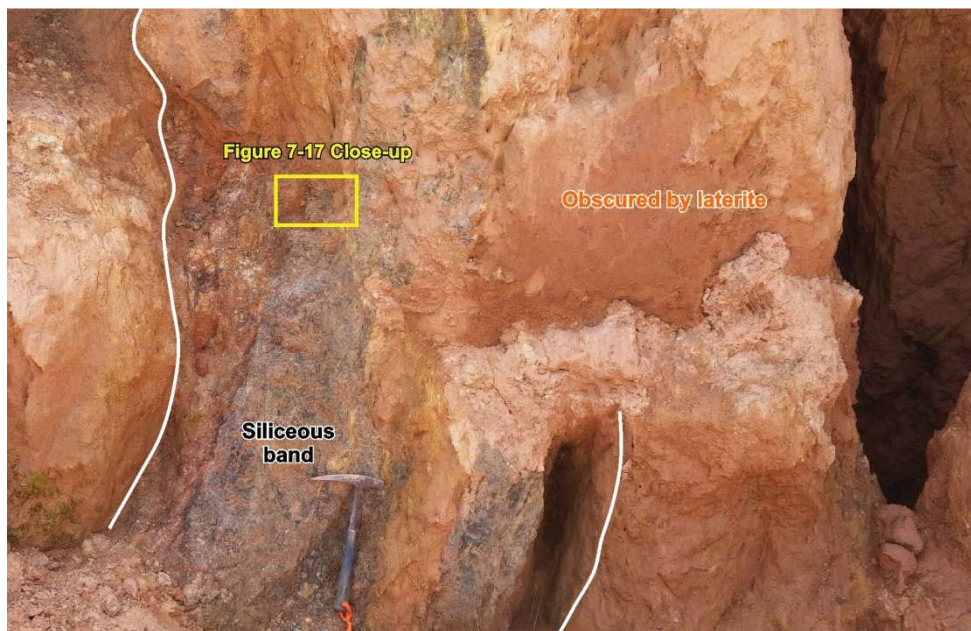
**Figure 7-15: Abandoned workings at Farabakoura**



Source: Archibald, 2017



**Figure 7-16: Pyrite-bearing siliceous band within saprolitic mica schist workings at Farabakoura**



Source: Archibald, 2017

**Figure 7-17: Close up of a pyrite-bearing siliceous band at Dialakényi West**



Note: Host rock is a sericitized volcaniclastic tuff containing a bedded silica unit.  
Source: Archibald, 2017



Eluvial samples collected at the edge of the abandoned pit contained 83 ppb (at a depth of 30 cm) and 81 ppb (at a depth of 6 m). These concentrations give a good idea of the likely gold enrichment within a lateritic soil above gold mineralization.

The currently active workings are located 350 m to the east at Dialakényi East (Figure 7-18), where several hundred people are engaged in mining the saprolite at a depth of 15-20 m, through shafts up to 10 m in depth. The eluvial material is processed (crushed and washed) close to the site and the gold is recovered through mercury amalgamation. A sample of the mined eluvium collected during the field visit contained 3.75 g/t Au.

The SYSMIN (2006) database notes that a small alluvial gold placer operation (300 m x 50 m) operated at Koboroni (1.2 km SSW of Farabakoura; 580,785mE, 1,280,390mN). This operation was not visited during the field visit.

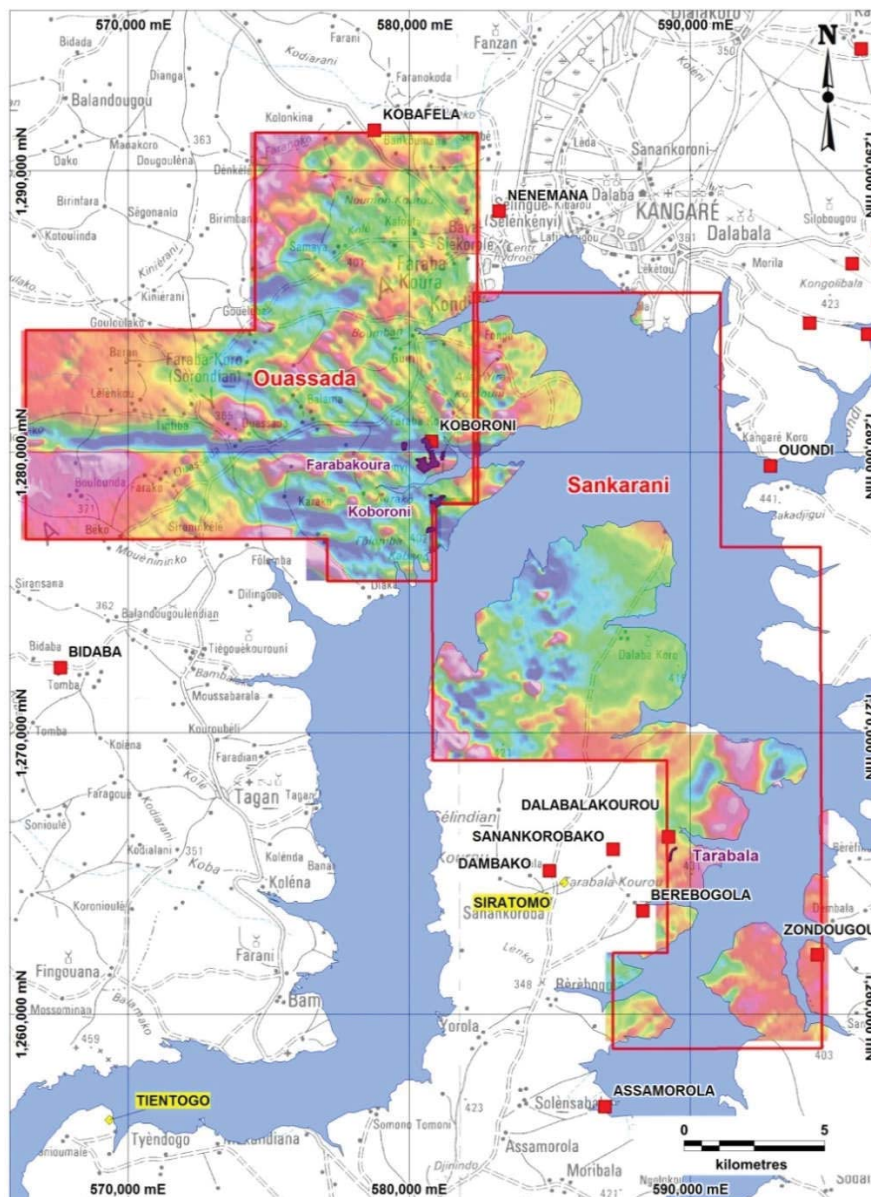
**Figure 7-18: Active pit at Farabakoura**



Source: Archibald, 2017.

The Ouassada permit is situated within the NNE-trending Yanfolila belt, comprised of a basalt and greywacke-volcaniclastic sediment package intruded by intermediate and felsic rocks. The known gold mineralization in the permit appears to be closely associated with a large east-west trending mafic dyke that is identified from a regional magnetic survey (Figure 7-19). It is likely that the mineralization at Ouassada is related, to some degree, with hydrothermal alteration associated with this dyke. However, this is conjecture will require confirmation through drilling.

**Figure 7-19: Map of the location of gold showings and workings at Ouassada and Sankarani**



*Note: Bedrock gold occurrences as yellow diamonds (and labeled with yellow highlight text), alluvial and eluvial occurrences as red squares, site of artisanal workings in purple. Background is TMI airborne geophysics flown by SERM and ML Commodities. Source: Archibald, 2017.*

## Sankarani

Only two small abandoned eluvium placer gold workings are recorded in the SYSMIN (2006) database within the Sankarani permit area (Figure 7-19). The Dalabalakourou (589,225mE; 1,266,291mN) showing is located 5 km NE of Sanankoroba and occurs above a sequence of sericite altered shales.

Over 30 shafts were noted that recovered auriferous white and blueish quartz veins. The showing was abandoned over 20 years ago; it was not visited during the site visit due to time restrictions.

The Zondougou alluvial workings (594,505mE; 1,262,106mN) are located 8 km west of Babougou on the eastern shore of the Ouassoulou Bay, on the extreme eastern edge of the permit. No information is available regarding production figures, and it is possible that the workings might have been flooded during the filling of the Sélengué reservoir.

A bedrock gold occurrence is present 2,150 m east of Tarabala (589,286 mE; 1,265,450 mN) that was worked extensively several years ago, but is now abandoned. The workings consist of a series of trenches and pits over an area of 300 m by 150 m with a general northeast trend (54°), Figure 7-20. The pits are located approximately every 10 m, for a distance of 150 m on a northwest-southeast trend, with a spacing of 5 m between the lines of pits. Outcrops and spoil heaps of reddened siltstones, sericitic shale, and quartz vein fragments are present. The greywackes often contain 3-5 mm veinlets of bluish quartz with iron oxides, and an assay of this material yielded 0.33 g/t Au (Figure 7-21). A duplicate sample of the same material collected by a REM SARL geologist contained 0.745 g/t Au. Approximately 25 m due east of the previous sample a grab sample of iron-stained quartz vein fragments (1-2 cm wide), recovered from the spoil heaps (Figure 7-22), contained 3.44 g/t Au (and 5.40 g/t in the duplicate sample).

The 1996 soil survey conducted by BHP over much of the Yanfolila area did not collect any samples over the majority of the Sankarani permit area **Error! Reference source not found.** Only the land close (within 6 km) to the Sélengué dam, and in the extreme southeast corner of the permit was sampled. The highest recorded gold in soil sample, 1060 ppb Au, was recorded from this latter area.

Only five outcrops are recorded in the SYSMIN (2006) database from the permit and it is apparent that the full economic potential of the permit has not been investigated.



**Figure 7-20: Abandoned gold workings near Tarabala, Sankarani**



Source: Archibald, 2017

**Figure 7-21: Red siltstone cut by quartz veins (0.33 g/t Au) near Tarabala, Sankarani**



Source: Archibald, 2017



**Figure 7-22: Pyrite-bearing quartz vein fragments on a dump (3.44 g/t Au)**



Source: Archibald, 2017

## Kourou

The SYSMIN (2006) database notes the presence of only one bedrock gold source on the permit, located at Kourou (598,274mE; 1,222,215mN), and consisting of a series of shafts exploiting an auriferous “pegmatite” at the contact of a mica schist and a granite. Two eluvial workings discovered after the SYSMIN database was compiled were identified by REM SARL geologists. The first working is near Kossèrèfila (601,698mE; 1,232,530mN) and consists of a north-south trending zone of iron-rich laterite that is currently being worked over a width of 100 m, and a length of 200 m (Figure 7-23). All workings are shallow (apparently less than 5 m). No vein fragments were noted in the iron-rich laterite. A grab sample collected from a depth of 1 m contained 0.4 g/t Au.

**Figure 7-23: Eluvial workings within laterite at Kossèrèfila**



Source: Archibald, 2017

A second abandoned working is located 800 m to the north of Samagouèla (600,417mE; 1,229,620mN), and 3.25 km along trend from Kossèrèfila. According to locals the area was worked for gold intermittently for 30 years but the yields were poor. A 100 m long, 6 m wide 248° trending trench was excavated on the site with occasional shafts with depths greater than 10 m sunk at various locations along its course (Figure 7-24). Pits and shafts present at the southern end of the trench contained chloritized hydrothermally altered amphibolite (metabasite), with minor veinlets of quartz. A verification soil sample collected at the northern most shaft (reputedly containing gold) returned an assay of 72 ppb Au.

One placer (alluvial/eluvium) working at the edge of a stream is recorded from the SYSMIN (2006) database, 2 km southwest of Samagouèla (599,693mE; 1,228,799mN). No production data is available, but it is described as a medium sized operation.

The three showings (two in the Samagouèla area, and Kossèrèfila) form a 4.3 km linear trend that follows a 30°N magnetic anomaly, which is interpreted to be either a fault or related to a lithological contact.

A second small abandoned eluvial working is located 5 km east of Badogo at Kolonina (590,672mE; 1,219,841mN). Mineralization is recovered from pits and shafts within a laterite plateau, which overlooks the river. The host rock is mica schist containing quartz veins with angular iron oxides.



Based on geophysical interpretation this mineralization might be related to hydrothermal processes related to a late east-west trending dolerite dyke.

**Figure 7-24: Abandoned eluvial workings (trench and pits) at Samagouèla**



Source: Archibald, 2017

## Tiéouléna

No known bedrock gold workings have been identified on the permit by previous workers. However, two eluvial workings are recorded in the SYSMIN (2006) database. These workings are Somala (604,340 mE; 1,243,129 mN), which is associated with quartz veins following a NE-trending fault identified by geophysics, and Balena (619,613 mE; 1,234,035 mN), which is located at the inferred contact of two granites). Owing to the thick development of laterite on the permit, only 8 outcrops were identified by government-sponsored mapping.

Surface evidence for potential mineralization on the Tiéouléna permit comes from a few isolated soil anomalies identified by the regional soil sampling programs of JICA (1994), covering the eastern part

of the permit, and the programs conducted by BHP (1996), and published by SYSMIN in 2006. Only one soil sample contained more than 100 ppb, with a gold concentration of 405 ppb (Figure 7-25, 1.1 km northwest of Tyèmba, 604,600mE; 1,233,000mN), and was sampled again for due diligence purposes (see Section 12). The shallow soil anomalies do not show any strong preferred orientation, or association with a particular rock type. A BHP shallow soil sample collected 225 m to the south of the permit contained 1,280 ppb Au. This sample appears to be related to quartz vein material identified in the field close to the soil anomaly during the due diligence visit.

**Figure 7-25: Location of 405 ppb Au iron-rich laterite sample near Tyèmba**



Source: Archibald, 2017

## Kalé

There are no known outcrops (mineralized or otherwise), eluvial or alluvial workings on the permit. The closest bedrock gold source is 7 km to the southwest of the permit, close to the Cote d'Ivoire border. The United Nations Development Program (PNUD) soil sampling program in 1988 identified three (3) soil samples on the permit, which contained greater than 100 ppb Au. The sample with the greatest concentration of gold was 1,050 ppb Au.



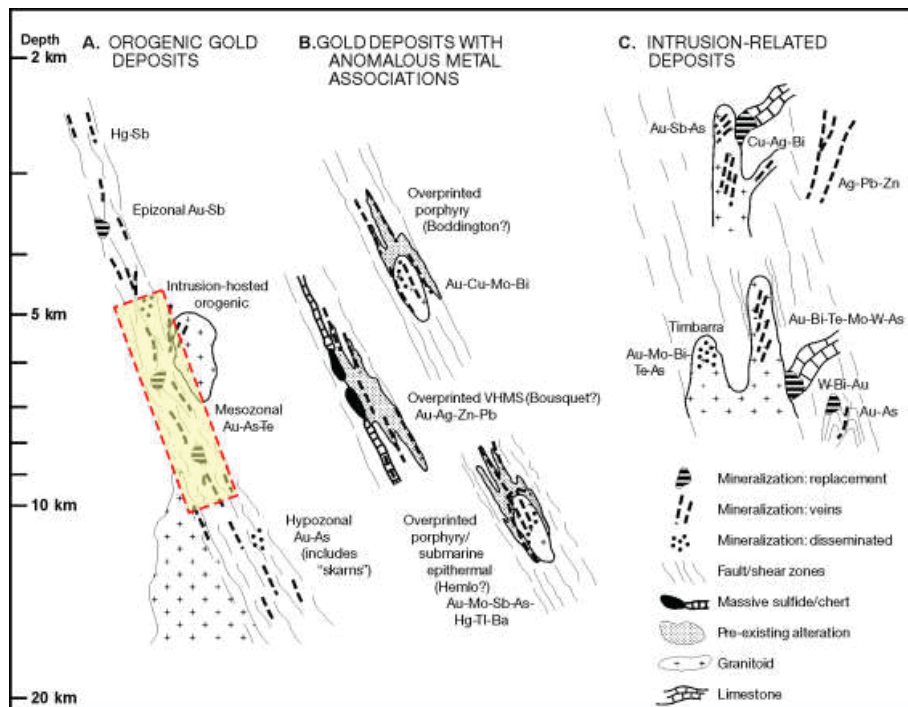
## 8 DEPOSIT TYPES

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The primary bedrock deposit type on the five permits is thought to be orogenic gold, which includes shear-hosted quartz veins and stringers hosted by Birimian metasediments, and quartz veins within granitic intrusions. Secondary gold mineralization is residual in nature, and includes eluvial gold deposits in laterite and saprolite above fault zones and intrusive contacts, and alluvial deposits in the drainage channels on the property. Gold is typically present in artisanal workings as small grains associated within iron-stained quartz veins, and abundant goethite/hematite (and pyrite pseudomorphs) within the oxide zone.

Gold deposits are intimately associated with orogenies and other plate collision events within geologic history (Groves et al, 1998; Goldfarb et al, 2001; Groves et al, 2003). Most orogenic gold deposits are thought to be sourced from fluids associated with dehydration reactions during metamorphism. Other deposits might be associated with orthomagmatic fluids, or mixtures of variable proportions of metamorphic and magmatic fluids. The gold is transported up faults by hydrothermal fluids and deposited when the water cools, boils, reacts with the wall rock, or reacts with another fluid, precipitating the gold from solution, typically with pyrite and/or sulphide minerals at various depths (Figure 8-1). Owing to depth of tropical weathering and lack of erosion, gold mineralization is nearly always present in laterite and saprolite above the primary sulphide-bearing deposits. This weathering also has the effect of removing elements that are typically used as gold pathfinder elements, e.g., arsenic, antimony, mercury, etc.

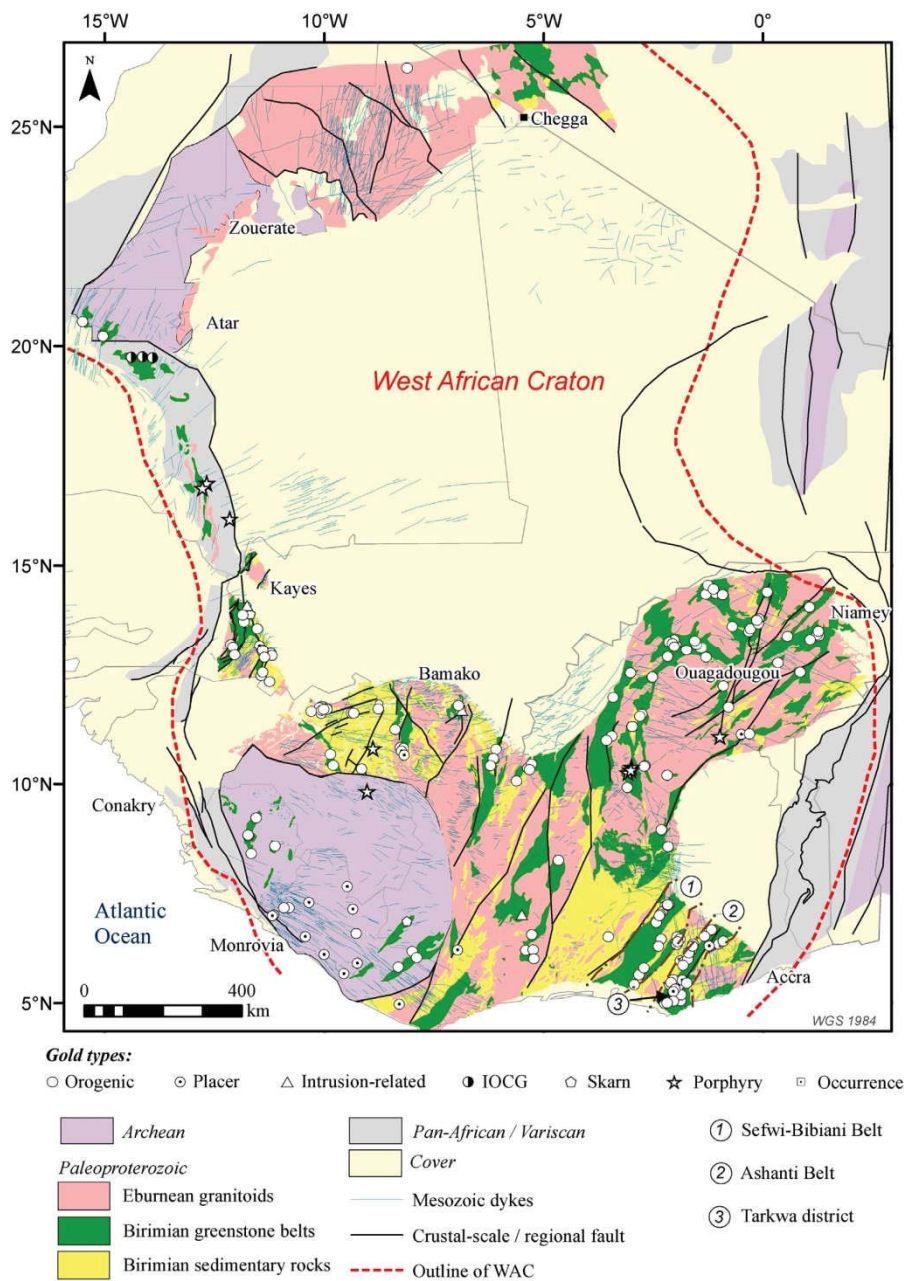
**Figure 8-1: Schematic representation of crustal environments of orogenic gold deposits**



Notes: The most likely depth of formation of gold in the West African Craton is between 5 and 10 km (shown in yellow box). Source: Groves *et al.*, 2003

The West African Craton is a significant gold producer with numerous gold deposits and artisanal workings across the region (Milesi *et al.*, 1989; Markwitz *et al.*, 2016 (Figure 8-2)). The deposit types range in age from Archean banded iron formation (BIF)-hosted (Tassia, Mauritania) and iron oxide-copper-gold (IOCG) (Guelb el Moghreïn, Mauritania), to Lower Proterozoic granitic and granodioritic stocks (Anyankyerim, Ghana; Kalana, Morila, Mali), shear zones within volcanosedimentary packages (Obuasi, Salman, and Bibiani, Ghana; Essakane, Burkina Faso; Loulo-Gounkoto, Syama, Mali), porphyry (Gaoua, Gongondy, Goren and Diénéméra, Burkina Faso), and skarn (Ity, Cote d'Ivoire; Kéniéba Inlier, Mali-Senegal border).

**Figure 8-2: Gold deposit types in the West African Craton (Markwitz et al., 2016)**



## 9 EXPLORATION

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Since acquiring the permits in 2011 only sporadic field exploration has been conducted on the 5 permits by the owners SERM SARL, REM SARL, and ML Commodities SARL. This work has consisted mainly of airborne geophysics, basic geological mapping, and geochemical evaluation of artisanal eluvial workings, lithogeochemical prospecting, and reinterpretation of local and regional geophysical datasets.

### 9.1 Geological Mapping

Limited geological mapping took place over Ouassada in 2013 (Diallo et al., 2014), and Kourou in 2009 (Diakit  and Fofana, 2009a). As noted in Section 7.2.1, very few outcrops are present on the permits due to the presence of deep laterite cover. However, regolith mapping was undertaken in areas where artisanal workings had exposed the saprolitic bedrock.

Recorded information included geological descriptions (lithology, alteration, grain size variations), and structural measurements (bedding, foliation, lineation, etc). All information was recorded in MS Excel, and field sheets digitized then stored in a digital database.

Geological mapping did not identify any new rock types and generally confirmed the geology of the known outcrops originally mapped by BRGM in 2004 in 2005 as part of the EU funded SYSMIN ("Syst me de Stabilisation de Recettes d'Exportation de Produits Miniers") program released in 2006. The mapping also aimed at identifying new outcrops to support the interpretation of the historic airborne magnetic and radiometric survey, and the survey flown in 2011.

### 9.2 Sampling of Artisanal Gold Mining Sites

#### Geochemical Sampling

The majority of geochemical work has been performed at the Ouassada permit. This work includes iron-rich lateritic soil, saprolite (weathered bedrock), and eluvial material (weathered-oxidized rock, vein fragments, etc.) recovered by artisanal gold miners. This sampling has focused on two main areas, Farabakoura and Kabangou  (approximately 1 km south of Farabakoura, see Section 7.4). A systematic geochemical sampling program was undertaken in 2012 and 2013 over both prospects (Figure 9-1). At Farabakoura, representative samples with an average weight of 3.1 kg of eluvium were collected from the artisanal pits by local miners at depths varying from 1 to 20 m along six 200 m spaced east-west orientated lines, at 40 to 50 m intervals. At Kabangou  the lines were also orientated east-west, but the line spacing was 75 m and the sample spacing reduced to 40 m (or less). When the material was brought to the surface the M Consulting geologist collected between 1



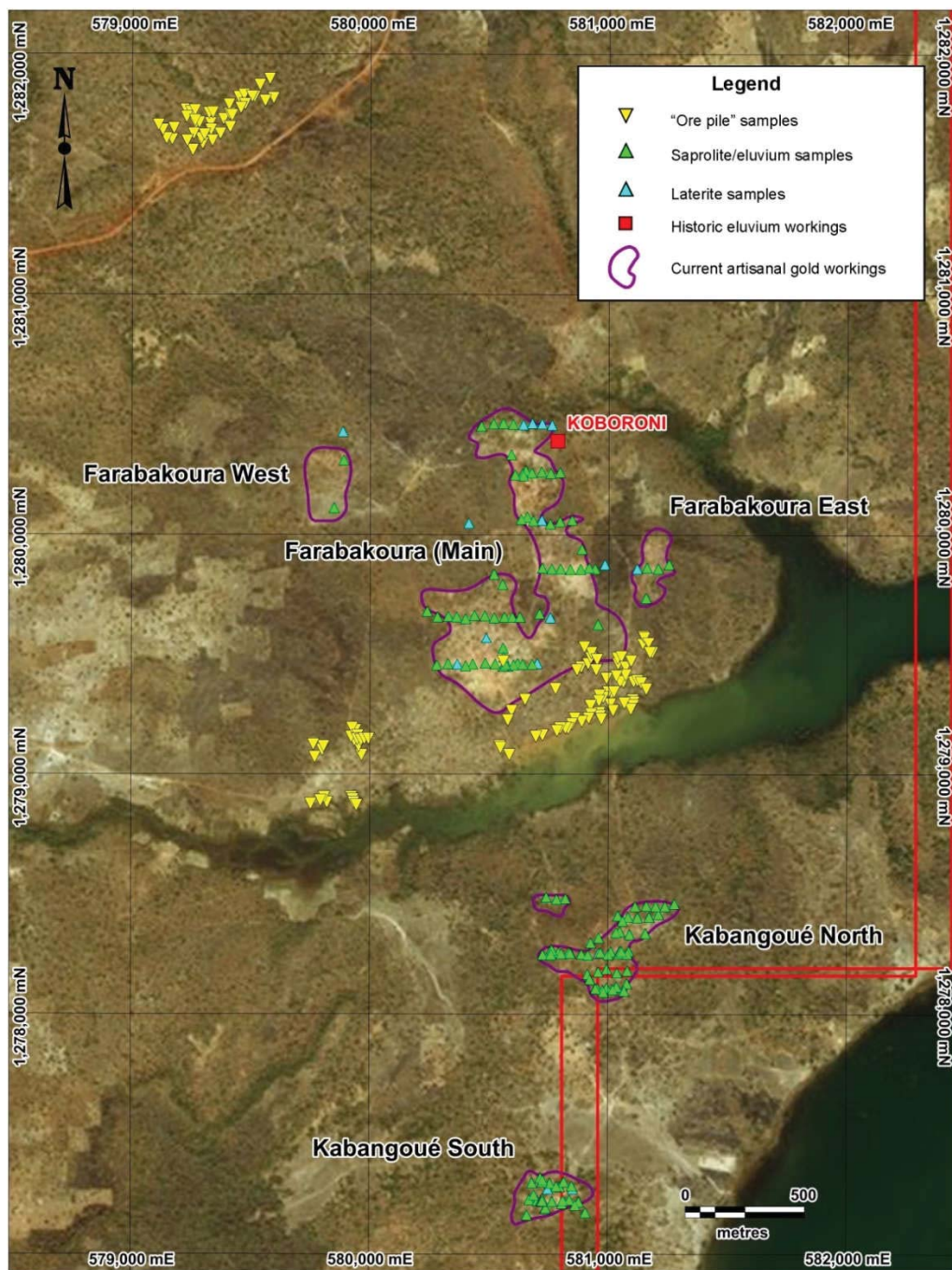
and 5.8 kg of eluvium/laterite/saprolite and placed it in a plastic that was securely sealed. Duplicates were collected every twenty samples, and standards and blanks were inserted prior to being shipped to the assay lab.

The resulting data indicate that gold concentrations are highly variable owing to the type of material recovered, the depth of the sample, and the size of the sample, as well as the inherent variability of the mineralization. The average grade of the 342 samples analyzed is 3.11 ppm Au, with a standard deviation of 6.99 ppm Au. Fifteen percent of the samples have gold concentrations greater than 5 ppm, with the highest gold content of 89.3 ppm. All of the mineralized samples contain vein quartz fragments, and the host rock is typically described as amphibole syenite (Diallo and Dembele, 2013a, 2013b; Diallo et al., 2014). Most of the material analyzed was eluvial in nature, but some samples were collected from bedrock.

Samples were also collected and analyzed from artisanal “ore piles” that had been transported from the excavation sites to areas where the gold was recovered (Diallo and Dembele, 2013a, 2013b, and 2013c). A total of 98 piles were sampled 200 m to the south of the Farabakoura workings, and an additional 40 piles at a location 2.5 km northwest of the workings. Gold grades of the eluvial material varied from 0.8 to 81.0 ppm, with an average concentration of 17.0 ppm. Similar to the *in situ* sampling, most of the samples contained quartz vein and amphibole syenite material. The precise location from which the ore piles originated and the variable depth of collection means that the study can only be used as a general indication of gold grades at the collection sites.

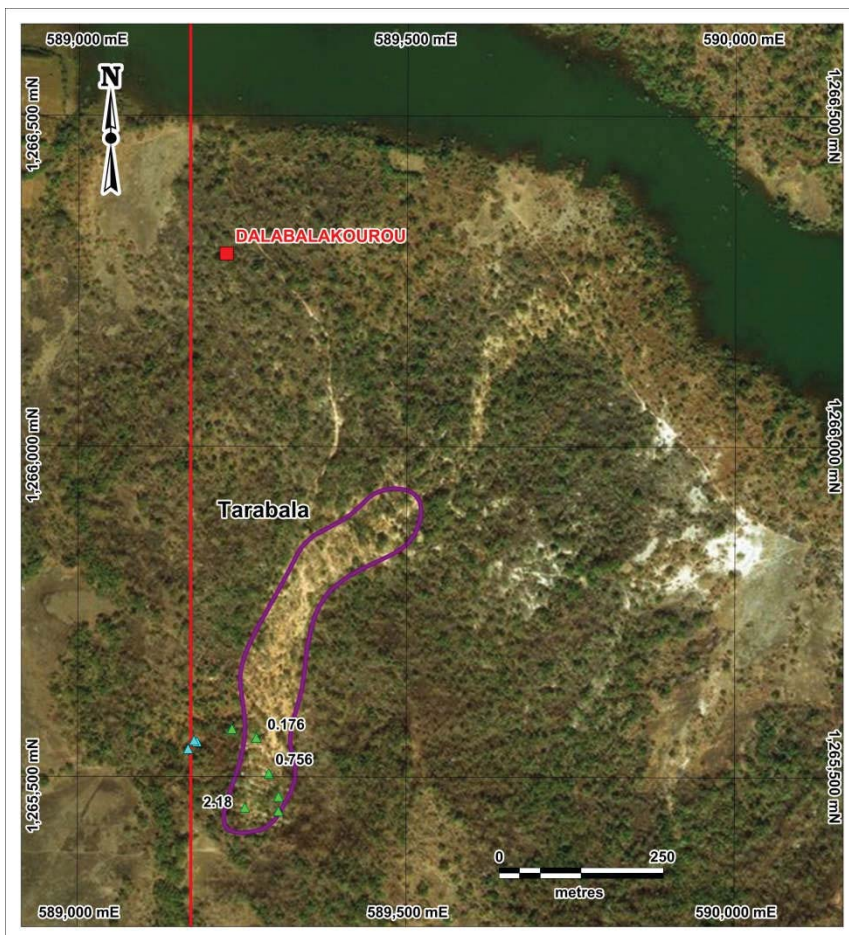
Six grab samples of saprolite were collected from the artisanal mine workings at Tarabala (Figure 9-2), in the Sankarani permit. All of the samples were saprolitic metasedimentary rock (greywackes and siltstones), and they contained gold concentrations varying from 11 ppb to 2.18 ppm Au. Three soil samples collected 100 m to the east of the gold workings at Tarabala ranged from 59 ppb to 380 ppb.

Figure 9-1: Geochemical sampling locations at Farbakoura and Kabangoué prospects



Source: Archibald, 2017

**Figure 9-2: Geochemical sampling locations at Tarabala**



Notes: Plot symbols are the same as Figure 9-1. Select samples from the saprolite are displayed with gold assays in ppm. Source: Archibald, 2017

No lithogeochemical samples have been collected on the Kourou, Tieloulena, or Kalé permits by the current permit holders (Diakité and Fofana, 2009b, Diallo and Diakité, 2011c, 2012c, 2012d; Diallo et al., 2014a, 2014b).

### 9.3 Airborne Geophysics

A regional airborne geophysical survey was performed over southern Mali by Kevron Pty Ltd, as part of the EU-Mali government sponsored SYSMIN (2006) program, between February and December, 2001. The magnetic and radiometric survey was flown with a line direction of 135-315°, a lines spacing of 400 m, and at a height of 80 m. Based on the poor resolution of this survey the permit holder decided to conduct their own survey.

### **Aeroquest Airborne (April – May 2011)**

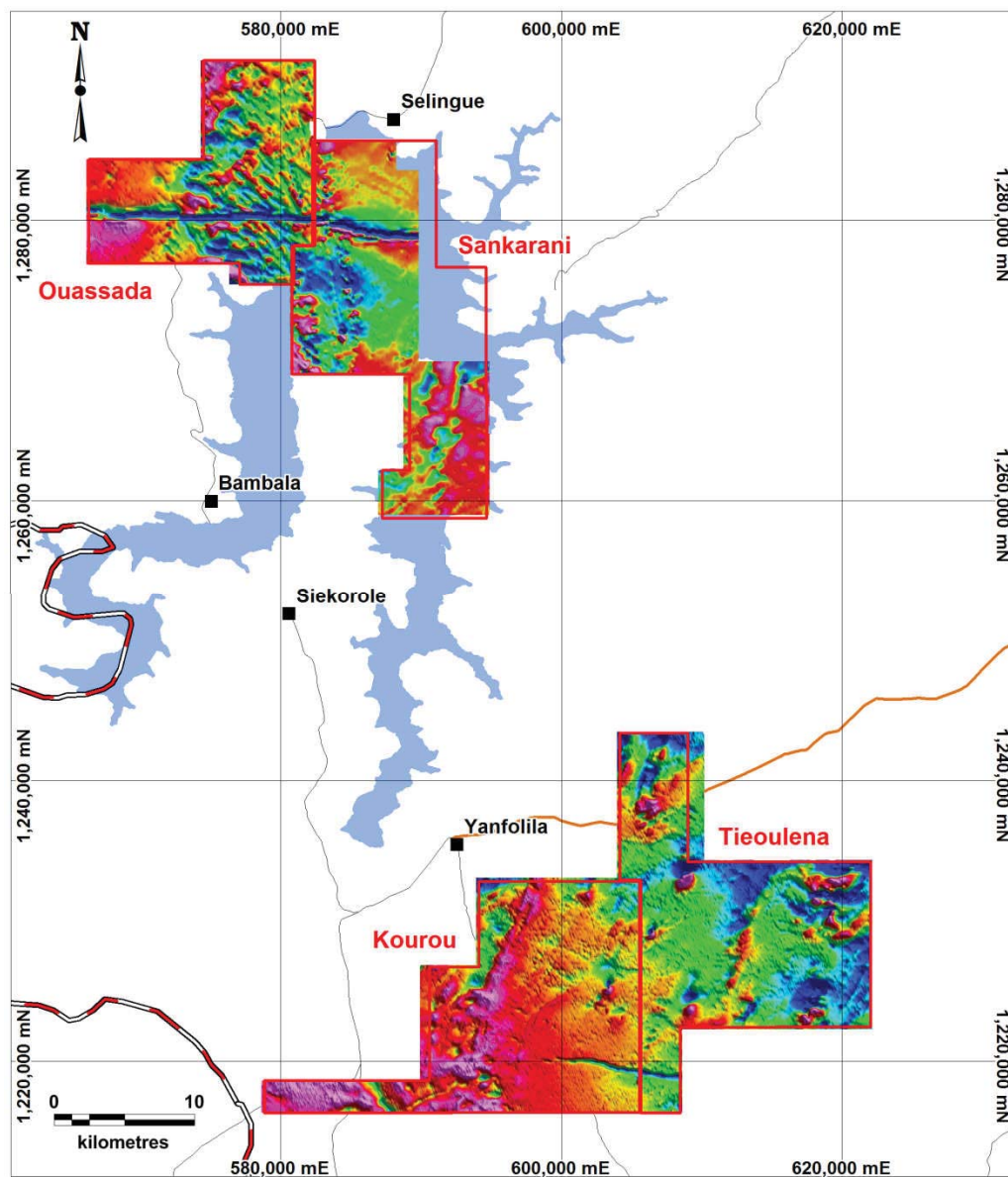
In April May 2011 Aeroquest Airborne, conducted a fixed wing aircraft aeromagnetic and radiometric survey over the permit holders' Kourou and Tiéouléna permits (Aeroquest, 2011). The Ouassada, Sankarani, and Kalé permits were flown in May 2011.

Survey coverage consisted of approximately 6658 line km, including the tie lines. The survey was flown using a PAC750 XL aircraft at a line spacing of 200 metres, an elevation of 60 m, and in an E-W (090- 270°) flight direction. The tie-lines were flown with a line spacing of 2000 m and an N-S (000-180°) orientation. A total of 2961 line km were flown at Kourou and Tiéouléna, 1,050 line km at Ouassada, 1192 line km at Sankarani, and 1455 line km at Kalé.

Magnetic readings were measured using a cesium vapour magnetometer with a resolution of 0.001 nT and a recording interval of 0.1 seconds. Radiometric readings were detected by a RSI RSX-500 spectrometer. The results were processed by Aeroquest and a number of gridded products were produced, and included: digital terrain model; total magnetic intensity (TMI); 1<sup>st</sup> vertical derivative of TMI; total radiometric count; uranium-, potassium-, and thorium- count. Examples of the products are illustrated in Figure 9-3, Figure 9-4, and Figure 9-5.

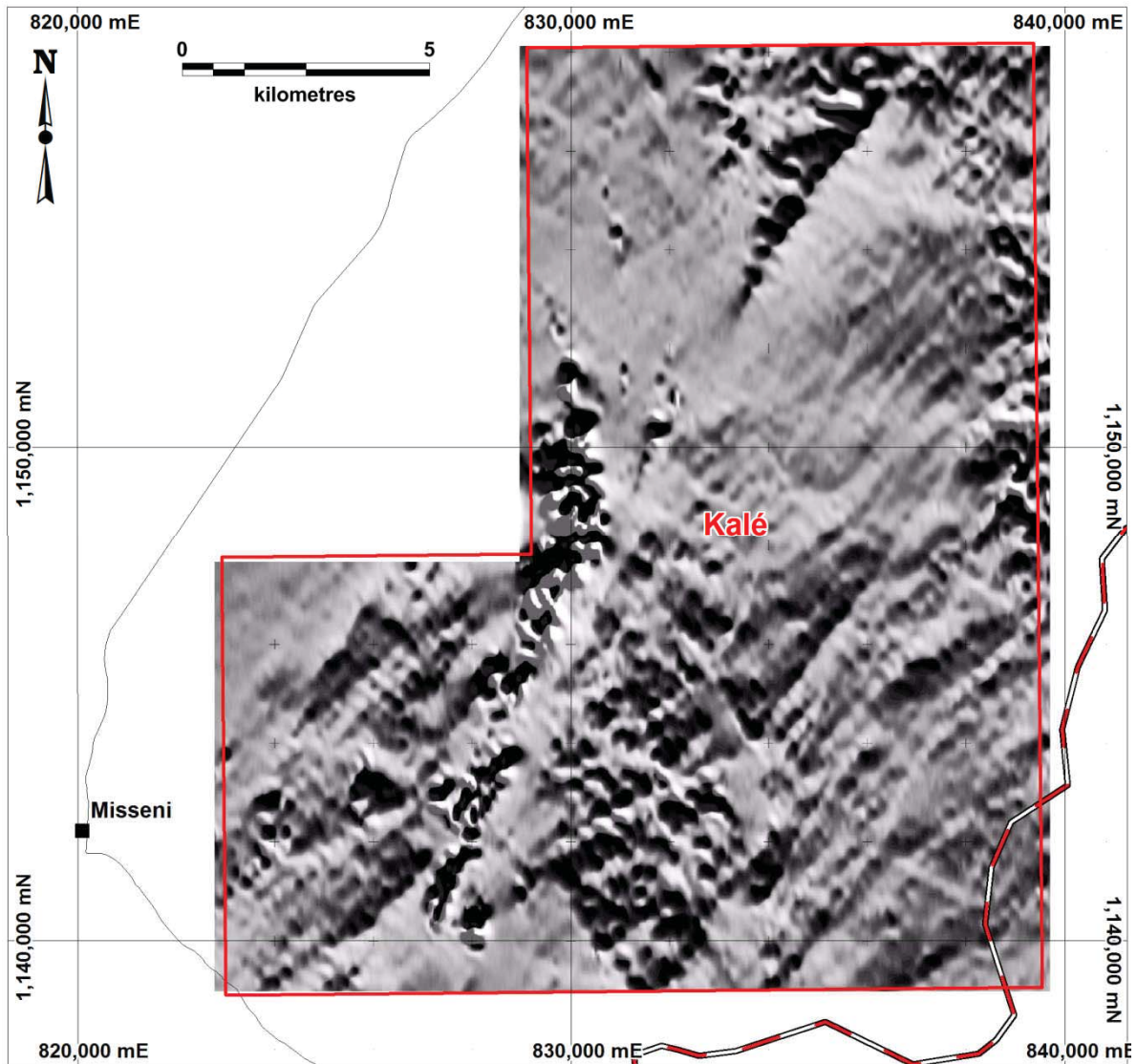


**Figure 9-3: Location of the 2011 Aeroquest airborne mag-radiometric survey on the Yanfolila Block**



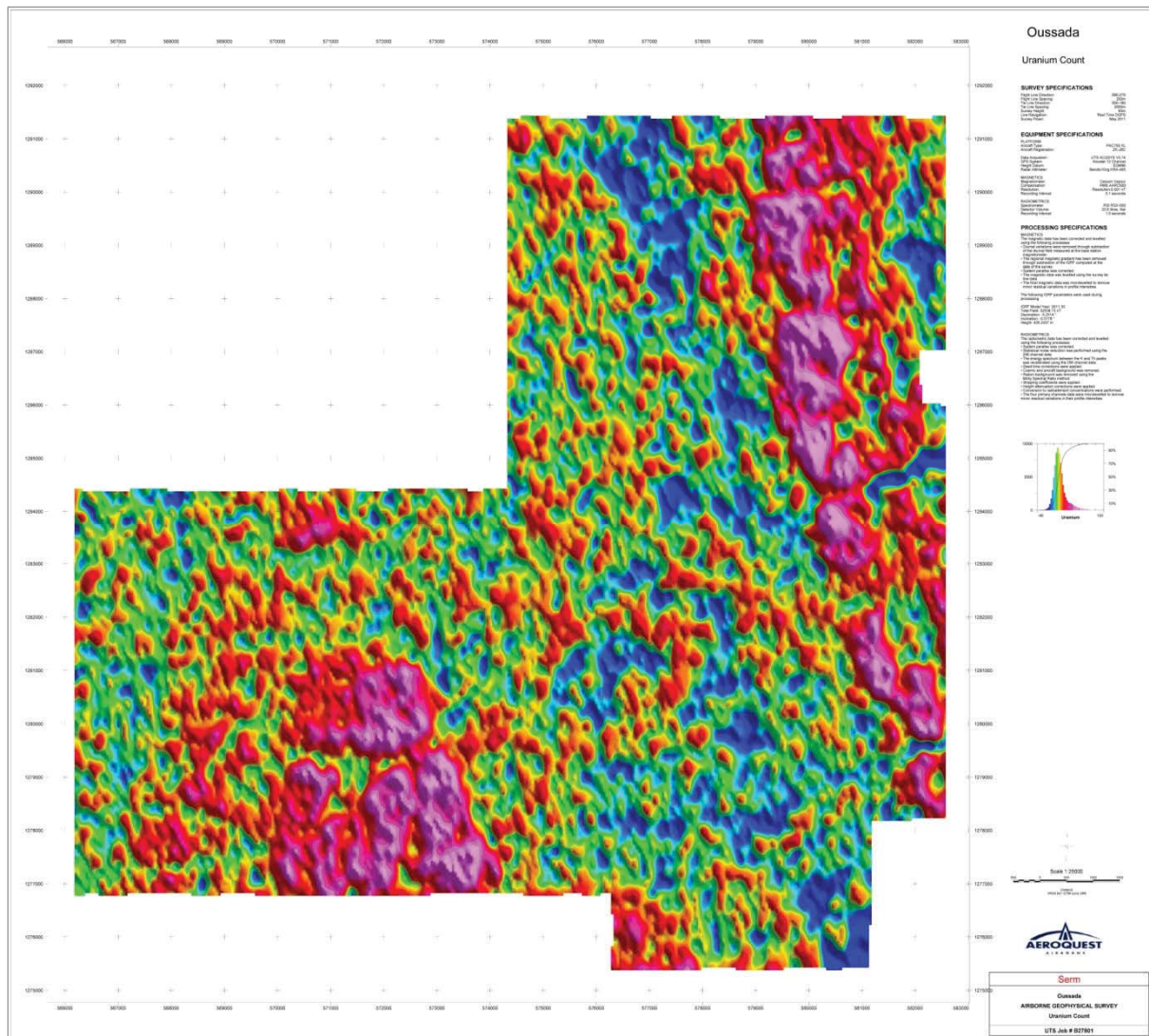
*Note: The survey data illustrated is the total magnetic intensity. Source: Aeroquest, 2011*

Figure 9-4: 1<sup>st</sup> vertical derivative of the total magnetic intensity map for Kalé



Source: Aeroquest, 2011

**Figure 9-5: Total uranium count map from the radiometric survey over the Ouassada permit**



Source: Aeroquest, 2011

The information from the plots was interpreted by the permit owners' geologists to identify different lithologies through magnetic and radiometric responses, and structures by examining the first vertical derivative data. The information was compared with field mapping, published geology maps, regional geophysical maps, and regional soil data sets; target maps were constructed to aid exploration (Diallo *et al.*, 2012, 2013; 2013a, 2013b, 2013c, 2014, 2015a, 2015b, 2015d, 2016a, 2016b, 2017a, 2017b).

## 9.4 Remote Sensing

Several lineament studies have been undertaken internally by the permit operators. The information used in these studies has come from published topographic maps, digital terrain model (DTM) data from the airborne magnetic-radiometric survey, and then compared to the results of the magnetic study. The lineament studies helped to identify and locate the presence of faults, intrusions, and geological boundaries. These interpreted features were then used to identify exploration targets (Diallo *et al.*, 2016a, 2016b, 2017a, 2017b 2017c).



## **10 DRILLING**

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None of the current permits holders have performed drilling on the Sikasso property and there is no record of any drilling having previously taken place.

## 11 SAMPLE PREPARATION, ANALYSES & SECURITY

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Three types of samples were collected by geologists from M Consulting on behalf of the property owners: In-situ material (eluvium/laterite/saprolite) from artisanal workings; transported “ore pile” samples of material from eluvium/laterite/saprolite workings; and in-situ grab samples collected during general reconnaissance fieldwork in the permit areas.

### 11.1 In-situ artisanal workings

Samples were collected from material recovered at depth (from 1 to 20 m pits and shafts) by artisanal miners. Between 1 and 5.8 kg (averaging 3.1 kg) of material was scooped directly into clear plastic bags and the relevant sample information recorded (location, depth, sample type) and a sample number was written on the outside of each bag and a sample ticket was inserted into each bag, which were then sealed using adhesive tape. Either a gold standard or a blank, or occasionally a duplicate sample were inserted every 20 samples in the batch sent to the laboratory. The samples were taken directly to the ALS Mali SARL geochemical laboratory (a subsidiary of ALS Minerals), in Bamako, Mali by M Consulting staff, where the chain of custody was passed to ALS Minerals. ALS Mali SARL has ISO/IEC 17025:2005 Quality Management System accreditation.

At the laboratory all samples were weighed, fine crushed to < 2 mm (70%), split using a riffle splitter, then pulverized to < 75µm (85%) and a 50 g aliquot was analysed by fire assay with an AA finish (ALS lab code Au-AA24). The Au-AA24 assay method has a detection range from 0.005 to 10 ppm Au. Any sample exceeding the Au-AA24 method upper detection limit of 10 ppm underwent repeat analysis using a 50 g aliquot by fire assay with a gravimetric finish (ALS lab code Au-GRA22) and a detection range of 0.05 to 1,000 ppm.

### 11.2 “Ore Pile” Samples

Ore piles samples were collected from transported material sourced from various artisanal pits and workings located at Farabakoura. The ore piles were sampled at the artisanal miner’s processing area located up to 800 m from the original sampling site. Samples were collected from material recovered at depth (from 1 to 20 m pits and shafts) by artisanal miners. The material was mixed and blended by the miners through transport and laying out the material in a pile or a cone. The sample was collected by making a small trench with a shovel, and the removed material was coned, then quartered to recover a 3 kg sample. The sample was then scooped directly into clear plastic bag and the relevant sample information recorded (location, sample type) and a sample number written on the outside of the bag with a sample ticket inserted into each bag, which were then sealed using adhesive tape. Although comprehensive homogenization of the sampled material was not performed, some gold separation by density likely occurred, but since this was a reconnaissance program the method was deemed reasonable.

Either a blanks or a gold standard was inserted every 20 samples in the batch sent to the laboratory. The samples were taken directly to the SGS Mineral Mali SARL laboratory (a subsidiary of SGS, a certified independent geochemical laboratory with ISO/IEC 17025:2005 Quality Management System accreditation) in Bamako, Mali by M Consulting staff, where the chain of custody was passed to SGS.

At the laboratory all samples were weighed, fine crushed to < 2 mm (70%), split using a riffle splitter, then pulverized to < 75µm (85%) and a 50 g aliquot was analyzed by fire assay with an AAS finish (SGS lab code FAA505). The FAA505 assay method has a detection range from 0.01 to 100 ppm Au. No samples exceeded the FAA505 method upper detection limit of 100 ppm, so no additional testing was required.

### **11.3 Lithogeochemical Prospecting Samples**

Samples (typically 1-3 kg) were collected from outcrops and mineralized float and placed directly into clear plastic bags with sample tickets before being sealed by using either string or tape. The relevant sample information was recorded (location and sample type) and a sample number written on the outside of the bag in permanent marker. Either a blank or gold standards was inserted every 20 samples, with duplicate samples inserted at a lower frequency. The samples were taken directly to the ALS Mali SARL geochemical laboratory (a subsidiary of ALS Minerals), in Bamako, Mali by M Consulting staff, where the chain of custody was passed to ALS Minerals. ALS Mali SARL has ISO/IEC 17025:2005 Quality Management System accreditation.

At the laboratory all samples were weighed, fine crushed to 70% < 2 mm, split using a riffle splitter, then pulverized to 85% < 75µm and a 50 g aliquot was analyzed by fire assay with an AA finish (ALS lab code Au-AA26). The Au-AA26 assay method has a detection range from 0.01 to 100 ppm Au. No samples exceeded the Au-AA26 method upper detection limit of 100 ppm, so no additional testing was required.

ALS Mali SARL and SGS Mineral Mali SARL are independent of to the issuer, and both have ISO 9001:2008 Quality Management System accreditation.

The blank and standard assay results were monitored to ensure the values were within permissible levels. No blank samples contained detectable levels of gold, and the gold standards varied within acceptable tolerances. Had either the blank or standard failed, M Consulting would have asked the assay laboratories to rerun the sample batch.

The author is of the opinion that industry best practices have been followed with regard to sampling, security, and analytical procedures. However, any additional work will likely require an increase in the number of inserted duplicates, blanks and standards. It is also recommended a variety of gold standards are used to cover the range of the likely gold mineralization, e.g., 0.5 to 20 ppm Au, to better identify any weaknesses in the assay lab's analytical methods.

## 12 DATA VERIFICATION

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The author is satisfied with the adequacy of sample preparation, security and the analytical procedures used in the collection of the four rock and ten laterite (soil) samples taken during the author's due diligence visit to the Property. The author is of the opinion that the description of sampling methods and details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered are all adequate for the current stage of exploration for the Property.

There was no bias in the sampling program completed during the Property visit that was undertaken to test the repeatability of sample results obtained from previous sampling campaigns. The author solely, as a quality control measure, designed the program.

The author visited the Property via road access from April 27 2017 to May 2 2017 (accompanied by geologists Drissa Dumbella, and Dramane Coulealy) and examined several locations to determine the overall geological setting.

The author took samples on the visit from 14 locations and these were delivered to ALS Minerals located in Bamako, Mali where they were prepared and sent on for analysis at ALS Minerals Kumasi, Ghana. Both locations are accredited ISO 17025 laboratories pursuant to NI 43-101. All the samples underwent assay package Au-AA24, which was gold by fire assay and Atomic Absorption Spectrometry (AAS). This technique, while not ideal for soil sample (due to the high limit of detection), gave a detection range of 0.005 - 10 ppm. Any samples with gold concentrations greater than 10 ppm were rerun for gold using assay package Au-AA26 with a detection range of 0.01 - 100 ppm. However, this was not required since the highest assay recorded was 3.75 ppm Au. ALS Minerals Bamako and ALS Minerals Kumasi are independent of Compass and of the author of this report.

The results of the independent samples analyzed at ALS are presented alongside the original ACME assay results for the selected intervals in Table 12.1, and the original assay certificates are presented in Appendix B.



**Table 12-1: Independent Sample Assay Results**

Sample	East (m)	North (m)	Permit	Description	Au (ppm)
CG17-01	580,494	1,279,524	Ouassada	Oxidized laterite above workings	0.083
CG17-02	580,512	1,279,529	Ouassada	Saprolite above workings	0.081
CG17-03	580,875	1,279,478	Ouassada	Metavolcanic with quartz vein (float)	0.834
CG17-04	580,537	1,279,484	Ouassada	Vein in volcanoclastic saprolite	2.70
CG17-05	580,575	1,279,294	Ouassada	Eluvial "ore" from artisanal workings	3.75
CG17-06				Standard (7.51 ± 32 ppm Au)	7.03
CG17-07	579,200	1,278,992	Sankarani	Iron-rich lateritic soil (260 ppb Au)	0.005
CG17-08	576,398	1,279,003	Sankarani	Iron-rich lateritic soil (170 ppb Au)	<0.005
CG17-09	589,267	1,265,446	Sankarani	Quartz vein in greywacke	0.327
CG17-10	589,287	1,265,450	Sankarani	Quartz vein from dumps (select samples)	3.44
CG17-11				Quartz Blank	<0.005
CG17-12	604,600	1,233,000	Tiéouléna	Iron-rich lateritic soil (405 ppb Au)	0.009
CG17-13	601,698	1,232,530	Kourou	Iron-rich lateritic soil at workings	0.403
CG17-14	606,417	1,229,620	Kourou	Soil sample with organics	0.072
CG17-15	609,201	1,222,002	Tiéouléna	Iron-rich lateritic soil (1280 ppb Au)*	<0.005
CG17-16	174,450	1,143,375	Kalé	Iron-rich lateritic soil (1050 ppb Au)	0.008
CG17-17	176,860	1,142,285	Kalé	Iron-rich lateritic soil (90 ppb)	0.009
CG17-18				Standard (4.01 ± 0.12 ppm Au)	3.93

Notes: Coordinates are as UTM 29N WGS84, except for Kalé samples (UTM30N). \* Sample CG17-15 was collected 430 m off the permit, and 214 m from the historic sample. Gold concentrations of historic lateritic soil samples are quoted in parenthesis. Subsequent to collecting the lateritic soil samples in this report, the author was informed that the historic samples used a different collection technique, i.e., larger samples that were crushed and screened on site, pers. comm. Diallo, May 2017.

## **13 MINERAL PROCESSING & METALLURGICAL TESTING**

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This is an early-stage exploration project and to date no metallurgical testing has been undertaken.

## 14 MINERAL RESOURCE ESTIMATES

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This section is not applicable at this time.

## 23 ADJACENT PROPERTIES

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### Yanfolila Belt

Hummingbird Resources' Yanfolila Project (consisting of the Komana East and West deposits) is located within the Yanfolila greenstone belt on the eastern boundary of the greater Siguiri Basin (Figure 7-2). This basin forms part of the Birimian volcano-sedimentary series of the West African Craton. A number of sub-basins are present, including the Komana Mafic Sub-Basin (KMSB) and the Kabaya Sub-Basin (KSB). The mineralization at Komana East and West are hosted within the KMSB in a stratigraphic sequence consisting of basalt, polymictic conglomerate, feldspathic sandstone, siltstone and greywacke, with mineralized mafic intrusive rocks present at certain locations. The style of mineralization is shear-zone hosted gold.

As of February 18, 2016, the project is estimated to hold Probable Reserves of 7.039 Mt grading 3.14 g/t, containing 709,800 oz of gold (Hummingbird website, 2017).

The Yanfolila Project is located 32 km along strike from the Sankarani permit, and 40 km along strike from the Ouassada permit.

**Cautionary statement: Investors are cautioned that the potential quantities indicated above, have not been verified by the author, and are not necessarily indicative of the mineralization on the Ouassada and Sankarani permits; it has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information.**

The Kodieran and Kalana gold mines are located 32 km and 40 km, respectively, to south of the town of Yanfolila, and occur within the Kabaya Sub-Basin of the Yanfolila greenstone belt. The style of mineralization is vein-type orogenic gold.

The Kodieran gold mine is operated by Wassoul'Or SA, a private company. Wassoul'Or SA report on their website ([www.wassoulor.com](http://www.wassoulor.com)) that the Kodieran gold mine contains 33,078,400 tons of ore with a gold content of 1.78 g/t, or approximately 1.9 Moz Au. No formal report was identified that could verify these results. No information is available in relation to the host rocks present or the style of mineralization, although it can be surmised it will be similar to mineralization 5.6 km to the southeast at Kalana.

Kalana is owned by Société d'Exploitation des Mines d'Or de Kalana, S.A. ("SOMIKA"). Avnel Gold Mining has an 80% equity interest in SOMIKA and the Malian Government holds a beneficial interest in the remaining 20%. Gold mineralization at Kalana is hosted by two sets of quartz veins that intersect the regional schistosity, with the most important in terms of grade and size being a set oriented north-south at shallow plunges. The veins sets are interpreted to have formed during the development of late, gently dipping thrust faulting (Salvi *et al.*, 2016).



As of March 30, 2016, the Kalana project is estimated to hold a Measured plus Indicated Resource of 23.0 Mt grading 4.14 g/t, containing 3.06 Moz gold (with a 0.90 g/t cut-off), and an Inferred Resource of 1.7 Mt grading 4.51 g/t Au containing 0.24 Moz (with a 0.90 g/t cut-off), (Jones *et al.*, 2016; Avnel Gold Mining website, 2017).

**Cautionary statement: Investors are cautioned that the potential quantities indicated above, have not been verified by the author, and are not necessarily indicative of the mineralization on the Kourou and Tiéouléna permits; it has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information.**

### Syama Belt

The Syama belt is characterized by a sequence of highly-strained basalt and andesite interbedded with greywacke and argillite (Olson *et al.*, 1992). Three gold deposits are located in this belt: Syama, Tabakoroni, and Sissingué (in Cote d'Ivoire).

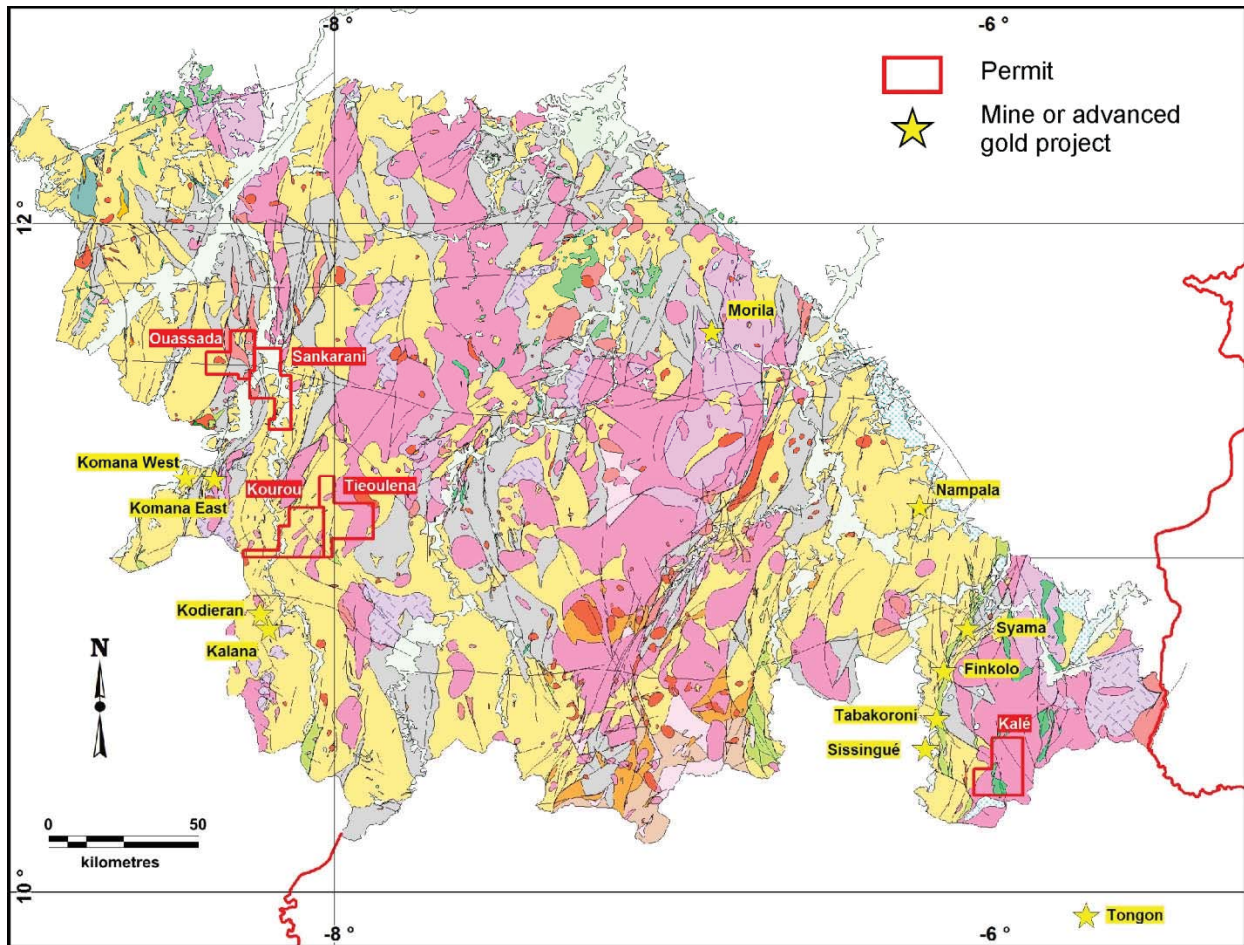
Syama is owned by Resolute Mining (Resolute) and has total Reserves of 3.5 Moz and Resources of 3.2 Moz of gold (Resolute, 2016) and was commissioned in 2009. The mineralization is typically, but not exclusively, hosted within chloritized basalt, with the sulphidic ore consisting of lenticular bodies of intense ankerite-quartz veinlet stockworks, zones of sheeted ankerite-quartz veinlets and breccia bodies. Mining was previously conducted by open pit, but the company is currently planning to start underground production.

Tabakoroni is located 31 km south-southwest of Syama in the same belt of rocks, and is owned by Resolute Mining. In June 2016 Resolute reported that the Measured Resource at Tabakoroni is 2,331 kt with a gold grade of 2.9 g/t for a contained gold amount of 220 koz, Indicated Resource is 4,495 kt with a grade of 2.7 g/t Au for 387k oz gold, and an Inferred Resource of 3,132 kt with a grade of 2.2 g/t Au for 219 koz. The total resource for all three categories is 9.958 Mt at a grade of 2.6 g/t Au for a total gold content of 0.826 Moz (Resolute Mining, 2016).

The Sissingué gold project in northern Cote d'Ivoire is the most southerly of the known gold systems on the Syama Trend. Unlike the Syama and Tabakoroni projects, mineralization at Sissingué is associated with porphyritic dykes of tonalitic composition that cross cut the flysch sediments (turbidites), rather than mafic volcanics (Waller *et al.*, 2015). In October 2014, owner Perseus Mining reported a total Measured and Indicated Resource of 16,000 kt with a grade of 1.7 g/t gold for a total contained gold of 0.88 Moz at a cut-off grade of 0.6 g/t Au.

**Cautionary statement: Investors are cautioned that the potential quantities indicated above, have not been verified by the author, and are not necessarily indicative of the mineralization on the Kalé permit; it has been provided only for illustration purposes. At this time, there is insufficient public information to verify the information.**

**Figure 23-1: Location of gold mines and advanced prospects in southern Mali and northern Côte d'Ivoire**



Notes: Current mines and advanced projects are denoted by yellow stars, and the permits comprising the Sikasso Property are illustrated by red polygons.

Source: Geology taken from Feybesse et al., 2006a and 2006b.

## **24 OTHER RELEVANT DATA & INFORMATION**

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There is no other relevant information with respect to the Property as of the effective date of this report.

## 25 INTERPRETATIONS & CONCLUSIONS

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The Sikasso Property has been explored through a variety of exploration techniques by publicly listed companies, government agencies, and since 2011 by the three permit holders (SERM SARL, REM SARL, and ML Commodities). Historic regional gold soil sampling programs have been relatively successful in identifying general areas containing bedrock gold. However the depth of lateritic weathering means that shallow soil sampling is not the best method to identify gold targets.

The permits comprising the Sikasso Property show features that are considered important to the exploration for orogenic gold systems in West Africa, including:

- Accretionary arc tectonics (all permits)
- Regional compression (all permits)
- Prospective host rocks (all permits)
- Associated with regional and splay faults (all permits)
- Surficial gold geochemical anomalies (all permits)
- Artisanal workings (Ouassada, Sankarani, Kourou) and presence of historically gold workings (Tiéouléna)

Bedrock gold mineralization investigated at the Farabakoura and Kabangoué artisanal workings indicate that gold is hosted in quartz veins cutting the host rocks (diorite, amphibole syenite, greywacke, and volcanoclastic rocks). The veins are oriented in a general northwesterly direction conforming to regional bedding/foliation and interpreted faults. The east-west orientation of the vein mineralization at parts of the Farabakoura prospect likely relate to gold remobilization due to the late gabbro dyke.

The author is of the opinion that the present study has met the original objectives and provides the basis for the Sikasso Property to be acquired by Compass Gold Corporation.

The Property is an early stage exploration project (“greenfield”) and the significant risk for this project is the same as all other early stage exploration properties in that there may be no economic mineral resource. As of the effective date of this report the author is not aware of any other significant risks that could affect, access, mineral title, ability to obtain permits, ability to undertake exploration, or the general economic viability of the property.



## 26 RECOMMENDATIONS

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Most of the Property remains to be fully investigated due to the limited amount of exploration thus far, and the extensive and pervasive laterite development that has obscured the bedrock geology. Several target areas have been identified based on historic soil geochemical anomalies and artisanal gold prospects, combined with the interpretation of high-resolution airborne geophysics.

Moving forward, it is recommended that exploration of the Sikasso Property should include the following two phases of activities.

### Phase 1

- Compilation of all the historical geological, geophysical and geochemical data available for the Sikasso Property, and capturing this data into a digital database for further interpretation
- Remote sensing structure studies, consisting of structural and hyperspectral analysis
- Laterite power auger gold geochemistry program to cover most of the prospective targets on each permit
- Conduct a mineralogical/petrological study to identify the host rocks and the nature of alteration/mineralization from chips recovered from the power auger study
- Geological mapping in all areas of artisanal mining

The expected total cost for phase one is \$ 3,577,970 CDN.

### Phase 2

If warranted, a RC drilling program on the most promising auger geochemistry targets will be undertaken. If warranted the total cost for phase two drilling (totaling 2000 m) is \$457,710 CDN.

In total, the cost of this work is expected to be approximately \$4,035,680 CDN. A summary of the expenditure break-down is presented in Table 26-1.

**Table 26-1: Summary of Proposed Expenditure**

**PHASE I**

<b>Work Programme</b>	<b>Cost (CDN\$)</b>
Project management	91,200
Project technical staff	261,000
Vehicles	320,000
Analytical equipment (pXRF)	92,000
Satellite images	15,200
Remote sensing study (FeO)	22,800
Auger drilling (& assaying)	2,418,580
Petrology of chip samples	9,120
Geological mapping	22,800
<b>Sub-Total</b>	<b>3,252,700</b>
Contingency (10%)	325,270
<b>Total</b>	<b>3,577,970</b>

**PHASE II**

<b>Work Programme</b>	<b>Cost (CDN\$)</b>
Project management	45,600
Project technical staff	130,500
RC Drilling of best anomalies (2000 m, & assaying)	240,000
<b>Sub-Total</b>	<b>416,100</b>
Contingency (10%)	41,610
<b>Total</b>	<b>\$457,710</b>

<b>Total Phase I &amp; Phase II (with 10% contingency)</b>	<b>\$4,035,680</b>
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### Certificate of Qualified Person

I, Sandy M. Archibald, P. Geo., am a consulting geologist at Aurum Exploration Services, Kells Business Park, Kells, Co. Meath, Ireland, as an author of this report entitled "NI 43-101 Technical Report on the Sikasso Property, Republic of Mali, 10° 58' 00" North, 7° 08' 30" West" dated August 31, 2017 prepared for Compass Gold Corporation (the "Issuer"), do hereby certify that:

1. I am a Principal Consultant Geologist with Aurum Exploration Services.
2. I graduated with a B.Sc. (Hons) degree in Geology from University of Glasgow in 1992, was awarded an M.Sc. degree in Geology from Memorial University of Newfoundland in 1995, and a Ph.D. in Economic Geology from McGill University, Montreal, Canada in 2002.
3. This certificate applies to the technical report entitled "NI 43-101 Technical Report on the Sikasso Property, Republic of Mali, 10° 58' 00" North, 7° 08' 30" West" dated August 31, 2017 ("Technical Report") prepared for the Issuer.
4. I have been employed in my profession by Aurum Exploration Services since completing my final postgraduate degree in 2002. My relevant experience includes designing and implementing mineral exploration programs for a variety of commodities and deposit types, including orogenic gold exploration (UK, Ireland, Sweden, Ethiopia, Sudan, Tanzania, Mali, Ghana, and Mauritania).
5. I am a member of the European Federation of Geologists (Title No. 873), and I am a Professional Geologist (Title No. 193) associated with the Institute of Geologists of Ireland. I am also a Fellow of the Society of Economic Geologists, and a Member of the Society for Geology Applied to Mineral Deposits.
6. I have read the definitions of "Qualified Person" set out in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. I most recently visited the subject property from April 27 to May 2, 2017.
8. I am taking responsibility for all sections of the Technical Report.
9. I am independent of the Issuer applying all the tests in Section 1.5 of NI 43-101.
10. I am independent of the Vendor and the property that is the subject of the Technical Report.
11. I have had no prior involvement with the property that is the subject of the Technical Report.
12. I have read NI 43-101 and NI 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
13. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

"Signed Sandy M. Archibald"

EurGeol Dr. Sandy M. Archibald, P.Geo.

DATED this 31st day of August, 2017.

## **Appendix A**

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### **Legal Opinion (April 2017)**



# CABINET TRAORE

Conseils, Consultations Juridiques, Assistance et Représentation  
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April 20th, 2017

Maitre Ousmane Mama Traoré  
Diplômé des Facultés de Nantes et Paris I Panthéon Sorbonne  
Avocat à la cour

Maitre Mamadou Lamine Traoré  
Diplômé de l'ENA  
Avocat à la cour  
Postulants: Daha Keita-Sidi Mohamed Koné – Oumar Tounkara-  
Lassana Sidibé

## LEGAL OPINION ON ML COMMODITIES SARL AND ITS HOLDINGS IN MALI, WEST AFRICA

Lara Iacusso  
Compass Gold Corporation  
Suite 1438, 800 West Pender Street,  
Vancouver BC V6C 2V6 Canada

Dear Sirs,

In connection with due diligence investigations being undertaken by Compass Gold Corporation, we have been requested to independently verify and opine on the following matters:

1. The legal status of and validity of title to the various gold exploration research permits held by ML Commodities SARL, a Malian limited liability company (*'Société à responsabilité limitée'*) with a share capital of 1,000,000 FCA with headquarters at Bamako, Faladié SEMA, Rue 824 Porte 202 and registered with the register of Commerce and Real Property Credit of Bamako under the number MA-BKO-2010-M-1685 (the **"Company"**).
2. The due incorporation and valid existence of the Company under the laws of the Republic of Mali.

Pursuant to the aforementioned instructions, and as a preliminary step to issuing this opinion, we have conducted title searches at the *Ministère des Mines* (the **"Ministry of Mines"**) and the

*Direction Nationale de la Géologie et des Mines* (the “**Minerals Commission**”) (together, the “**Mining Authorities**”) in Mali in order to verify the title and status of the Permits, as well as to determine if there are any regulatory impediments to title or beneficial and legal ownership of the Permits by the Company.

For the purposes of this opinion, we have examined and relied upon on the following documents and laws:

1. *Ordonnance N° 99-032/P-RM du 19 Aout 1999, portant Code Minier en République du Mali* (the “**1999 Mining Code**”).
2. *Décret N° 99-255/P-RM du 15 Septembre 1999 fixant les modalités d’application de l’ordonnance N°-99-032/P-RM du 19 Août 1999 portant code minier en République du Mali* (the “**1999 Mining Decree**”).
3. *Loi N° 2012-015 du 27 Février 2012 portant Code Minier en République du Mali* (the “**2012 Mining Code**”).
4. *Décret No 2012-311/P-RM du 21 Juin 2012 fixant les modalités d’application de la loi portant Code Minier* (the “**2012 Mining Decree**”).
5. *General Secretariate Arrete No 11/0464 MM-SG of February 16, 2011, and Convention of Establishment between the Government of the Republic of Mali and the Company dated January 20, 2011* (collectively, the “**Sankarani Gold Exploration Research Permit**”).
6. The Articles and Bylaws (“*Statuts*”) of the Company.
7. The share register, and all corporate minutes and other resolutions of the Company.

(The Sankarani Gold Exploration Research Permit referred to as the “**Permit**”)

According to the provisions of the Mining Code of Mali, mineral exploration permits may be granted by decree of the Minister of Mines to any person or entity who submits an application in compliance with the Mining Code of Mali. Such exploration permits confers to its holder, within the limits of a specified permitted area, the exclusive right of prospection and exploration of the mineral substances in the surface and the sub-soil of the specified permitted area in view of their extraction under the conditions set forth in the Mining Code of Mali and each of the Permits, pursuant to which these permits were granted.

The methods of attribution, maintenance, renewal, transfer, transmission, transformation or withdrawal of mining titles and the authorizations, as well as the application requirements and procedures relating to the Permits, are set forth in the Mining Code of Mali.

Having independently verified the matters referred to herein we are of the opinion and can certify on the date hereof, that:

#### Corporate Matters

1. The Company is duly incorporated and validly existing and in good-standing as a limited liability company (“*Société à Responsabilité Limitée*”) under the laws of the Republic of Mali.
2. The Company has all requisite corporate power and authority to conduct its business

as now carried on by it, and to own its property and assets including, but not limited to, the Permits.

3. The Company is not subject to any bankruptcy, insolvency or similar proceeding by or before any court or government agency, authority or body or any arbitrator involving the Company or any of its property or assets.
4. Madani Diallo has been duly authorized and validly appointed as manager of the Company.

#### **Property Title Matters**

5. The Company has been certified by the Mining Authorities as, and is, the legal and beneficial holder of the Permits.
6. The Company validly holds all of the legal interest in and is the sole legal and beneficial owner of the Permits.
7. According to the provisions of the Mining Code of Mali and the terms of the Permits, each of the Permits confers to the Company, within the limits of a specified permit area, the exclusive right to access the area covered by the Permits and the exclusive right of prospection and exploration of the mineral substances in the surface and sub-soil of the specified area of the Permits, in view of their extraction under the conditions set forth in the Mining Code of Mali.
8. The holder of an exploration permit may request and obtain an extension of such exploration permit to include other mineral substances discovered within the area covered by the exploration permit.
9. Each of the Permits confers on the Company, during its term, the exclusive right to apply, at the time of discovery of a deposit, for a license to develop and exploit one or more deposits within the defined area, subject to the permit holder complying with the provisions of the Mining Code of Mali. The license to develop and exploit granted may however, partially cover the perimeters of several exploration permits belonging to the same holder if the deposit discovered extends over areas covered by separate exploration permits.
10. The grant of an exploration permit does not preclude the grant of an authorization relating to substances, other than minerals, contained within the same defined area provided that work at such quarries does not interfere with the exploration or exploitation activities and that the prior consent of the holder of the exploration or exploitation permit was obtained.
11. The Sankarani Gold Exploration Research Permit is valid for an initial period of three (3) years from the date of grant. It may be renewed, of right, up to two (2) times each for an additional two (2) year period and extended for another year subject to the Company being in compliance with its contractual and fiscal obligations as set forth in the Mining Code of Mali. Within 3 months before the expiration date a company must lodge an application for renewal. After the second renewal, a company might request an additional year to finalize its exploration programs. The company can also re-apply for the license under a new Convention and new work commitment.
12. Sankarani license has been renewed on 27th November 2015 for a further 2 years,

until 16<sup>th</sup> February 2016. A Renewal application has been lodged and accepted. The Ministry shall deliver formal renewal document by right. The license is therefore valid until 16<sup>th</sup> February 2018. In November 2017 the company can elect to re-apply for the licenses under a new Convention of Establishment

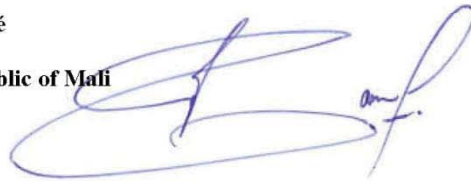
13. Each of the Permits is in good standing and has been duly authorized, executed and delivered by the relevant Mining Authority and constitute a valid and legally binding obligation of the Government of the Republic of Mali, enforceable against the Government of the Republic of Mali in accordance with the terms contained therein.
14. The Permits are not subject to any lien, charge, or other encumbrance that could affect the exclusive rights of the company.

Yours faithfully,

**Maitre Mamadou Lamine Traoré**

**Attorney at Law, Bamako, Republic of Mali**

**Mamadou Lamine TRAORE**  
**Avocat à la Cour**  
Bamako ( Rép. du Mali)





# CABINET TRAORE

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April 20th, 2017

Maitre Ousmane Mama Traoré  
Diplomé des Facultés de Nantes et Paris I Panthéon Sorbonne  
Avocat à la cour

Maitre Mamadou Lamine Traoré  
Diplomé de l'ENA  
Avocat à la cour  
Postulants: Daha Keita-Sidi Mohamed Koné – Oumar Tounkara-  
Lassana Sidibé

## LEGAL OPINION ON REM SARL AND ITS HOLDINGS IN MALI, WEST AFRICA

Lara Iacusso  
Compass Gold Corporation  
Suite 1438, 800 West Pender Street,  
Vancouver BC V6C 2V6 Canada

Dear Sirs,

In connection with due diligence investigations being undertaken by Compass Gold Corporation, we have been requested to independently verify and opine on the following matters:

1. The legal status of and validity of title to the various gold exploration research permits held by REM SARL, a Malian limited liability company (*'Société à responsabilité limitée'*) with a share capital of 1,000,000 FCA with headquarters at Bamako, Faladié SEMA, Rue 824 Porte 202 and registered with the register of Commerce and Real Property Credit of Bamako under the number MA-BKO-2012-B-0703 (the "**Company**").
2. The due incorporation and valid existence of the Company under the laws of the Republic of Mali.

Pursuant to the aforementioned instructions, and as a preliminary step to issuing this opinion, we have conducted title searches at the *Ministère des Mines* (the "**Ministry of Mines**") and the

*Direction Nationale de la Géologie et des Mines* (the “**Minerals Commission**”) (together, the “**Mining Authorities**”) in Mali in order to verify the title and status of the Permits, as well as to determine if there are any regulatory impediments to title or beneficial and legal ownership of the Permits by the Company.

For the purposes of this opinion, we have examined and relied upon on the following documents and laws:

1. *Ordonnance N° 99-032/P-RM du 19 Août 1999, portant Code Minier en République du Mali* (the “**1999 Mining Code**”).
2. *Décret N° 99-255/P-RM du 15 Septembre 1999 fixant les modalités d’application de l’ordonnance N°-99-032/P-RM du 19 Août 1999 portant code minier en République du Mali* (the “**1999 Mining Decree**”).
3. *Loi N° 2012-015 du 27 Février 2012 portant Code Minier en République du Mali* (the “**2012 Mining Code**”).
4. *Décret No 2012-311/P-RM du 21 Juin 2012 fixant les modalités d’application de la loi portant Code Minier* (the “**2012 Mining Decree**”).
5. *General Secretariate Arrete No 11/0467 MM-SG of February 16, 2011, and Convention of Establishment between the Government of the Republic of Mali and the Company dated January 20, 2011* (collectively, the “**Tiéouléna Gold Exploration Research Permit**”).
6. *General Secretariate Arrete No 11/0468 MM-SG of February 16, 2011 and Convention of Establishment between the Government of the Republic of Mali and the Company dated January 20, 2011* (collectively, the “**Kourou Gold Exploration Research Permit**”).
7. The Articles and Bylaws (“*Statuts*”) of the Company.
8. The share register, and all corporate minutes and other resolutions of the Company.

(The Tiéouléna Gold Exploration Research Permit and the Kourou Gold Exploration Research Permit are hereinafter collectively referred to as the “**Permits**”)

According to the provisions of the Mining Code of Mali, mineral exploration permits may be granted by decree of the Minister of Mines to any person or entity who submits an application in compliance with the Mining Code of Mali. Such exploration permits confers to its holder, within the limits of a specified permitted area, the exclusive right of prospection and exploration of the mineral substances in the surface and the sub-soil of the specified permitted area in view of their extraction under the conditions set forth in the Mining Code of Mali and each of the Permits, pursuant to which these permits were granted.

The methods of attribution, maintenance, renewal, transfer, transmission, transformation or withdrawal of mining titles and the authorizations, as well as the application requirements and procedures relating to the Permits, are set forth in the Mining Code of Mali.

Having independently verified the matters referred to herein we are of the opinion and can certify on the date hereof, that:

#### Corporate Matters

1. The Company is duly incorporated and validly existing and in good-standing as a limited liability company ("*Société à Responsabilité Limitée*") under the laws of the Republic of Mali.
2. The Company has all requisite corporate power and authority to conduct its business as now carried on by it, and to own its property and assets including, but not limited to, the Permits.
3. The Company is not subject to any bankruptcy, insolvency or similar proceeding by or before any court or government agency, authority or body or any arbitrator involving the Company or any of its property or assets.
4. Madani Diallo has been duly authorized and validly appointed as manager of the Company.

**Property Title Matters**

5. The Company has been certified by the Mining Authorities as, and is, the legal and beneficial holder of the Permits.
6. The Company validly holds all of the legal interest in and is the sole legal and beneficial owner of the Permits.
7. According to the provisions of the Mining Code of Mali and the terms of the Permits, each of the Permits confers to the Company, within the limits of a specified permit area, the exclusive right to access the area covered by the Permits and the exclusive right of prospection and exploration of the mineral substances in the surface and sub-soil of the specified area of the Permits, in view of their extraction under the conditions set forth in the Mining Code of Mali.
8. The holder of an exploration permit may request and obtain an extension of such exploration permit to include other mineral substances discovered within the area covered by the exploration permit.
9. Each of the Permits confers on the Company, during its term, the exclusive right to apply, at the time of discovery of a deposit, for a license to develop and exploit one or more deposits within the defined area, subject to the permit holder complying with the provisions of the Mining Code of Mali. The license to develop and exploit granted may however, partially cover the perimeters of several exploration permits belonging to the same holder if the deposit discovered extends over areas covered by separate exploration permits.
10. Grant of an exploration permit does not preclude the grant of an authorization relating to substances, other than minerals, contained within the same defined area provided that work at such quarries does not interfere with the exploration or exploitation activities and that the prior consent of the holder of the exploration or exploitation permit was obtained.
11. Each of the Tiéouléna Gold Exploration Research Permit and the Kourou Gold Exploration Research Permit are valid for an initial period of three (3) years from the date of grant. They may be renewed, of right, up to two (2) times each for an additional two (2) year period and extended for another year subject to the Company being in

compliance with its contractual and fiscal obligations as set forth in the Mining Code of Mali. Within 3 months before the expiration date a company must lodge an application for renewal. After the second renewal, a company might request an additional year to finalize its exploration programs. The company can also re-apply for the license under a new Convention and new work commitment.


12. Tiéouléna license has been renewed on 29th April 2015 for a further 2 years, until 29<sup>th</sup> April 2016. It has been renewed again on 24 November 2016 for another 2 years until 16 February 2018. In November 2017 the company can elect to re-apply for the license under a new Convention of Establishment.
13. Renewal applications for the Kouro license have lodged according and accepted. The Ministry shall deliver formal renewal documents by right. The license is therefore valid until 16<sup>th</sup> February 2018. In November 2017 the company can elect to re-apply for the licenses under a new Convention of Establishment
14. Each of the Permits is in good standing and has been duly authorized, executed and delivered by the relevant Mining Authority and constitute a valid and legally binding obligation of the Government of the Republic of Mali, enforceable against the Government of the Republic of Mali in accordance with the terms contained therein.
15. The Permits are not subject to any lien, charge, or other encumbrance that could affect the exclusive rights of the company.

Yours faithfully,

**Maitre Mamadou Lamine Traoré**

**Attorney at Law, Bamako, Republic of Mali**

**Mamadou Lamine TRAORE**  
**Avocat à la Cour**  
Bamako ( Rép. du Mali)





# CABINET TRAORE

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Email: [Cabomt@datatech.toolnet.org](mailto:Cabomt@datatech.toolnet.org)

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April 20th, 2017

Maitre Ousmane Mama Traoré  
Diplômé des Facultés de Nantes et Paris I Panthéon Sorbonne  
Avocat à la cour

Maitre Mamadou Lamine Traoré  
Diplômé de l'ENA  
Avocat à la cour  
Postulants: Daba Keita-Sidi Mohamed Koné – Oumar Tounkara-  
Lassana Sidibé

## LEGAL OPINION ON SERM SARL AND ITS HOLDINGS IN MALI, WEST AFRICA

Lara Iacusso  
Compass Gold Corporation  
Suite 1438, 800 West Pender Street,  
Vancouver BC V6C 2V6 Canada

Dear Sirs,

In connection with due diligence investigations being undertaken by Compass Gold Corporation, we have been requested to independently verify and opine on the following matters:

1. The legal status of and validity of title to the various gold exploration research permits held by SERM SARL, a Malian limited liability company (*'Société à responsabilité limitée'*) with a share capital of 1,000,000 FCA with headquarters at Bamako, Faladié SEMA, Rue 824 Porte 202 and registered with the register of Commerce and Real Property Credit of Bamako under the number MA-BKO-2005-B-6234 (the "**Company**").
2. The due incorporation and valid existence of the Company under the laws of the Republic of Mali.

Pursuant to the aforementioned instructions, and as a preliminary step to issuing this opinion, we

have conducted title searches at the *Ministère des Mines* (the “**Ministry of Mines**”) and the *Direction Nationale de la Géologie et des Mines* (the “**Minerals Commission**”) (together, the “**Mining Authorities**”) in Mali in order to verify the title and status of the Permits, as well as to determine if there are any regulatory impediments to title or beneficial and legal ownership of the Permits by the Company.

For the purposes of this opinion, we have examined and relied upon on the following documents and laws:

1. *Ordonnance N° 99-032/P-RM du 19 Août 1999, portant Code Minier en République du Mali* (the “**1999 Mining Code**”).
2. *Décret N° 99-255/P-RM du 15 Septembre 1999 fixant les modalités d’application de l’ordonnance N°-99-032/P-RM du 19 Août 1999 portant code minier en République du Mali* (the “**1999 Mining Decree**”).
3. *Loi N° 2012-015 du 27 Février 2012 portant Code Minier en République du Mali* (the “**2012 Mining Code**”).
4. *Décret No 2012-311/P-RM du 21 Juin 2012 fixant les modalités d’application de la loi portant Code Minier* (the “**2012 Mining Decree**”).
5. *General Secretariate Arrete No 11/0465 MM-SG of February 16, 2011, and Convention of Establishment between the Government of the Republic of Mali and the Company dated, January 20, 2011* (collectively, the “**Ouassada Gold Exploration Research Permit**”).
6. *General Secretariate Arrete No 11/0466 MM-SG of February 16, 2011 and Convention of Establishment between the Government of the Republic of Mali and the Company dated January 20, 2011* (collectively, the “**Kale Gold Exploration Research Permit**”).
7. The Articles and Bylaws (“**Statuts**”) of the Company.
8. The share register, and all corporate minutes and other resolutions of the Company.

(The Ouassada Gold Exploration Research Permit and the Kale Gold Exploration Research Permit are hereinafter collectively referred to as the “**Permits**”)

According to the provisions of the Mining Code of Mali, mineral exploration permits may be granted by decree of the Minister of Mines to any person or entity who submits an application in compliance with the Mining Code of Mali. Such exploration permits confers to its holder, within the limits of a specified permitted area, the exclusive right of prospection and exploration of the mineral substances in the surface and the sub-soil of the specified permitted area in view of their extraction under the conditions set forth in the Mining Code of Mali and each of the Permits, pursuant to which these permits were granted.

The methods of attribution, maintenance, renewal, transfer, transmission, transformation or withdrawal of mining titles and the authorizations, as well as the application requirements and procedures relating to the Permits, are set forth in the Mining Code of Mali.

Having independently verified the matters referred to herein we are of the opinion and can certify on the date hereof, that:

#### Corporate Matters

1. The Company is duly incorporated and validly existing and in good-standing as a limited liability company ("*Société à Responsabilité Limitée*") under the laws of the Republic of Mali.
2. The Company has all requisite corporate power and authority to conduct its business as now carried on by it, and to own its property and assets including, but not limited to, the Permits.
3. The Company is not subject to any bankruptcy, insolvency or similar proceeding by or before any court or government agency, authority or body or any arbitrator involving the Company or any of its property or assets.
4. Madani Diallo has been duly authorized and validly appointed as manager of the Company.

#### **Property Title Matters**

5. The Company has been certified by the Mining Authorities as, and is, the legal and beneficial holder of the Permits.
6. The Company validly holds all of the legal interest in and is the sole legal and beneficial owner of the Permits.
7. According to the provisions of the Mining Code of Mali and the terms of the Permits, each of the Permits confers to the Company, within the limits of a specified permit area, the exclusive right to access the area covered by the Permits and the exclusive right of prospection and exploration of the mineral substances in the surface and sub-soil of the specified area of the Permits, in view of their extraction under the conditions set forth in the Mining Code of Mali.
8. The holder of an exploration permit may request and obtain an extension of such exploration permit to include other mineral substances discovered within the area covered by the exploration permit.
9. Each of the Permits confers on the Company, during its term, the exclusive right to apply, at the time of discovery of a deposit, for a license to develop and exploit one or more deposits within the defined area, subject to the permit holder complying with the provisions of the Mining Code of Mali. The license to develop and exploit granted may however, partially cover the perimeters of several exploration permits belonging to the same holder if the deposit discovered extends over areas covered by separate exploration permits.
10. The grant of an exploration permit does not preclude the grant of an authorization relating to substances, other than minerals, contained within the same defined area provided that work at such quarries does not interfere with the exploration or exploitation activities and that the prior consent of the holder of the exploration or exploitation permit was obtained.
11. Each of the Ouassada Gold Exploration Research Permit and the Kale Gold Exploration Research Permit are valid for an initial period of three (3) years from the date of grant. They may be renewed, of right, up to two (2) times each for an tional

two (2) year period and extended for another year subject to the Company being in compliance with its contractual and fiscal obligations as set forth in the Mining Code of Mali. Within 3 months before the expiration date a company must lodge an application for renewal. After the second renewal, a company might request an additional year to finalize its exploration programs. The company can also re-apply for the license under a new Convention and new work commitment.


12. Ouassada and Kale licenses have been renewed on 6th February 2015 for a further 2 years, until 6 February 2016. They have been renewed respectively on 24 November 2016 and 30<sup>th</sup> December 2016 for another 2 years until 16 February 2018. In November 2017 the company can elect to re-apply for the licenses under a new Convention of Establishment.
13. Each of the Permits is in good standing and has been duly authorized, executed and delivered by the relevant Mining Authority and constitute a valid and legally binding obligation of the Government of the Republic of Mali, enforceable against the Government of the Republic of Mali in accordance with the terms contained therein.
14. The Permits are not subject to any lien, charge, or other encumbrance that could affect the exclusive rights of the company.

Yours faithfully,

**Maitre Mamadou Lamine Traoré**

**Attorney at Law, Bamako, Republic of Mali**

**Mamadou Lamine TRAORE**  
**Avocat à la Cour**  
Bamako ( Rép. du Mali)





## **Appendix B**

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### **Independent Sample & Assay Validation Certificates (May 2017)**



Groupe de laboratoire ALS MALI SARL  
Koulouba- Sogonafing  
Bamako BAMAKO S.P.E 2670  
Phone: +223 2021 3137 Fax: +223 2021 3137 www.alsglobal.com

Johannesburg is a SANAS Accredited Testing Laboratory, No: T0387

Page: 1  
Total # Pages: 2 (A)  
Plus Appendix Pages  
Finalized Date: 18- MAY- 2017  
Account: CONSUM

# CERTIFICATE BK17085731

Project: Mali DD  
P.O. No.: Aurum 001  
This report is for 18 Rock samples submitted to our lab in Bamako, BAMAKO, Mali on  
4- MAY- 2017.

The following have access to data associated with this certificate:

SANDY ARCHIBALD MADANI DIALLO MARK HOLDSTOCK

## SAMPLE PREPARATION

ALS CODE	DESCRIPTION
WEI- 21	Received Sample Weight
CRU- QC	Crushing QC Test
PUL- QC	Pulverizing QC Test
LOG- 22	Sample login - Rcd w/o BarCode
CRU- 31	Fine crushing - 70% < 2mm
SPL- 21	Split sample - riffle splitter
PUL- 31	Pulverize split to 85% < 75 um
LOG- 24	Pulp Login - Rcd w/o Barcode

## ANALYTICAL PROCEDURES

ALS CODE	DESCRIPTION	INSTRUMENT
Au- AA24	Au 50g FA AA finish	AAS

To: M CONSULTING  
ATTN: SANDY ARCHIBALD  
UNIT 34, KELLS BUSINESS PARK, VIRGINIA ROAD  
KELLS  
IRELAND

This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

\* Not SANAS Accredited \*\*\*\*\* See Appendix Page for comments regarding this certificate \*\*\*\*\*

Signature:

Martin Stone, Laboratory Manager, Johannesburg



Groupe de laboratoire ALS MALI SARL  
Koulouba- Sogonafing  
Bamako BAMAKO S.P.E 2670  
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Project: Mali DD

Page: 2 - A  
Total # Pages: 2 (A)  
Plus Appendix Pages  
Finalized Date: 18- MAY- 2017  
Account: CONSUM

# CERTIFICATE OF ANALYSIS BK17085731

Sample Description	Method Analyte Units LOR	WEI- 21	Au- AA24	Au- AA24
		*Recvd Wt kg	Au ppm	Au Check ppm
CG17- 01		2.63	0.083	
CG17- 02		2.04	0.081	
CG17- 03		1.62	0.034	
CG17- 04		2.07	2.70	
CG17- 05		2.03	3.75	
CG17- 06		0.06	7.03	
CG17- 07		2.04	0.005	
CG17- 08		1.72	<0.005	
CG17- 09		2.34	0.327	
CG17- 10		1.56	3.44	3.15
CG17- 11		0.06	<0.005	
CG17- 12		1.89	0.009	
CG17- 13		4.11	0.403	
CG17- 14		2.38	0.072	
CG17- 15		4.06	<0.005	
CG17- 16		2.61	0.006	
CG17- 17		2.26	0.009	
CG17- 18		0.06	3.93	

\* Not SANAS Accredited \*\*\*\*\* See Appendix Page for comments regarding this certificate \*\*\*\*\*




Groupe de laboratoire ALS MALI SARL  
Koulouba- Sogonafing  
Bamako SAMAKO S.P.E 2670  
Phone: +223 2021 3137 Fax: +223 2021 3137 www.alsglobal.com

Page: Appendix 1  
Total # Appendix Pages: 1  
Finalized Date: 18- MAY- 2017  
Account: CONSUM

Project: Mali DD

Johannesburg is a SANAS Accredited Testing Laboratory, No: T0387

CERTIFICATE OF ANALYSIS BK17085731

CERTIFICATE COMMENTS	
	<b>ACCREDITATION COMMENTS</b>
Applies to Method:	Not SANAS Accredited CRU- 31 CRU- QC LOG- 22 LOG- 24 PUL- 31 PUL- QC SPL- 21 WEI- 21
Applies to Method:	SANAS accredited. Laboratory No: T0387. The technical signatory is Ms. Sharlene Bageloo, Client Services Representative Au- AA24 
	<b>LABORATORY ADDRESSES</b>
Applies to Method:	Processed at ALS Bamako located at Koulouba- Sogonafing, B.P.E 2670, Bamako, BAMAKO, Mali. CRU- 31 CRU- QC LOG- 22 LOG- 24 PUL- 31 PUL- QC SPL- 21 WEI- 21
Applies to Method:	Processed at ALS Johannesburg located at 53 Angus Crescent, Long Meadow Business Park, East Entrance, Edenvale - Johannesburg, GAUTENG, South Africa. Au- AA24