



**Quarterly Progress Report  
(2020 Q3)**

**AFAQ Mining Limited  
Western Elbah Concession  
Eastern Desert,  
Arab Republic of Egypt**

**OCTOBER 12, 2020**

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## 1.0 EXECUTIVE SUMMARY

The writers have been commissioned by AFAQ Mining Limited (“AFAQ” or “the Company”) to prepare a quarterly review (Q3 2020) for the AFAQ Western Elbah Concession project, located in the Eastern Desert of Egypt approximately 50km west of the Red Sea coast and 90km southwest of the town of Shalateen. The project is at an exploration phase and aims at advancing and developing historic and new gold mineralised occurrences at several localities on the Western Elbah Concession. AFAQ has established a logistical presence on the project site and mobilised a field-crew to systematically map, prospect, and sample prospective terrain on the concession. The work program currently being conducted by AFAQ is the first comprehensive evaluation within the Concession Area incorporating an integrated approach to mineral exploration employing modern methods.

This technical report presents the results of a review of the ongoing project of the AFAQ Western Elbah Concession. The effective date of the report is October 12, 2020. For this work, AFAQ has to date retained the services of several specialised firms including:

- Michael Baker, Ph.D. for satellite image analysis and interpretation
- J.M.Franklin, Ph.D. for review of geochemical data and QA/QC review of analytical results
- Bassem Zoheir, Ph.D. to provide input on regional geologic framework and metallogeny
- Saudi Company for Mining and Petroleum Services (AGC) regarding reverse circulation drilling proposals
- ALS Laboratories for all sample processing and geochemical analyses to date
- Overburden Drilling Management Limited for analysis of alluvial gold samples and placer gold potential
- SJ Geophysics for proposals relating to ground geophysical surveys
- Arab Nubia Group regarding digital terrain modelling and detailed topographic base

AFAQ Mining Limited commenced an exploration work program at the AFAQ Western Elbah Concession Area at the beginning of January 2019. Through an exploration contract agreed with Shalateen Mineral Resources Company (SMRC) in December 2018, AFAQ acquired the right to conduct mineral exploration on the Concession Area. If economically viable mineralisation is discovered, AFAQ has the right to develop and exploit it. AFAQ has and continues to conduct a comprehensive work program adhering to recognised professional standards and best practices. The program is being executed under the direction of Mr. Mostafa El Bahr and Mr. Ahmed Bassiouny, Chairman and CEO of AFAQ respectively while the field program is managed by Mr. Ragab Elbanna with the field crew geological staff consisting of Messrs. Mohamed Darweesh, Islam Helal, Mostafa Mohamad, and Hassan Mohy, Abdullah Abdel-Mohsen, and Mohamed Abdel Halim.

The initial stages of the work program conducted at the Western Elbah Concession by AFAQ has focussed on the Romeit and Hamida gold occurrences. The work program commenced at Romeit, primarily because it is the most readily accessible, best understood and presently the most prospective of the occurrences located within AFAQ’s concession area. However, as the work

program has progressed mapping and sampling coverage has been expanded to the much more extensive Hamida occurrence. Reconnaissance examination has been conducted elsewhere on the Concession.

During the four 2019 and Q1 and Q2 2020 work rotations (commencing January 2019, ending June 2020) the work program included construction of a field camp, data management, completion of a satellite interpretation study and detailed mapping accompanied by sampling of the entire Romeit occurrence area. Subsequently, detailed mapping and sampling of the Hamida occurrence commenced and limited reconnaissance bedrock sampling of the Masho Shinai occurrence was conducted. Further sampling was conducted in alluvial sediments adjacent to bedrock exposure in order to conduct a pilot study to determine the potential for gold mineralisation in the sediments. Evaluation of proposals for geophysical coverage was also conducted. During July and August 2019, the field program was in hiatus because of excessively high temperatures on-site. During April and May 2020, the field program was in hiatus as a result of force majeure because of the impracticality of conducting fieldwork during the COVID-19 pandemic. In Q2 2020 trenching was conducted at the Romeit occurrence resulting in 495m of trenches being opened, mapped and sampled. The program was curtailed prior to all planned trenching being completed as a result of technical problems with the excavating equipment.

During Q3 2020, the principal focus was to prepare for an upcoming reverse circulation (RC) drilling program at the Romeit occurrence. Work included upgrading road access from the coastal highway to the AFAQ camp, completing a topographic survey to produce an accurate digital surface model (DSM) for use in siting drill holes, contract negotiation and execution with the RC drilling contractor, and planning of drill hole locations and site preparation.

The aim of the initial mapping program has been to detail the local geology of the Romeit occurrence at large scale (1:500) focussing on vein distribution and geometry, degree of deformation, and mineralisation and alteration associated with veining and structural features. Widespread sampling has been conducted in conjunction with the mapping; the purpose of this is to provide an extensive dataset describing the distribution of surface mineralisation as a basis for future detailed sampling, trenching, drilling and as a vector for geophysical surveying. Using this methodology, the entire exposed outcrop area of the Romeit occurrence has now been mapped and the work has been expanded to the very extensive Hamida occurrence. The sampling program conducted in conjunction with the detailed field mapping has entailed a separate sampling crew traversing mapped areas consistently collecting samples from quartz veining, alteration zones and deformation zones. A total of 8922 samples have been collected to date comprised of: 7890 analytical samples (assay and whole rock) and results have been received for 4360 of these samples,

Analytical data compiled to date for the Romeit area indicate the presence of distinctly anomalous domains of gold mineralisation associated with quartz veining, sulphide mineralisation, chlorite-sericite-carbonate alteration, and strong ductile deformation. The domains are measured in thickness up to several metres and can be persistent along strike for hundreds of metres. They are particularly prevalent at the southern part of the Romeit occurrence, but additional analytical results may result in modified interpretation of this

distribution; unobserved mineralisation may well occur beneath the alluvial sediments occurring to the south of the southern part of the exposed Romeit occurrence as strongly anomalous gold mineralisation has been obtained from samples in outcrops occurring several hundred metres to the south of the main outcrop area.

At the Hamida occurrence mapping at 1:1000 scale is progressing across this very extensive domain of deformation and alteration. The Hamida occurrence comprises a broad zone of variably deformed rock hosted by mainly island-arc metavolcanics and related meta-volcaniclastics – ranging from mafic to felsic compositions. The deformed rock comprises branching and re-joining domains of chlorite schist that strike approximately north to north-northeast (although locally deflect significantly from this orientation). Widespread iron carbonate alteration is evident from the broad buff coloured areas visible on the hills at Hamida. Quartz veining is very common – veins vary from <1cm to > 2m width and can occur individually or more commonly as sub-parallel sets and occasionally as extensive swarms. In places the host schist is pervasively silicified. Sulphide or its altered/oxidised product (predominantly pyrite observed) is ubiquitous although at low concentration.

Since commencement of the work program at the Elbah Concession considerable effort has been expended to produce detailed surface mapping and sampling coverage of the full extents of the Romeit mineralised domain. Initially centred on the “original” Romeit showing (a few km<sup>2</sup>) this work has to date encompassed an area of 28km<sup>2</sup> extending well beyond the original showing. Because of the widespread distribution of anomalous gold mineralisation, outcrops separated from the Romeit outcrop area by wadi fill sediments were included in this larger area.

The Romeit area has been the subject of some study historically and, at least in part (the “original” Romeit showing and other discrete domains of veining and alteration), is recognised as a gold occurrence with some potential. The work program conducted by AFAQ has comprised satellite image studies, mapping, identification and measurement of deformed terrane, systematic description of alteration zones, identification and measurement of veining, collection of by far the largest analytical data-set to date for gold mineralisation. The purpose of this work has been to determine the extent and intensity of mineralisation and the potential for the presence of domains of economic interest. The result has been to define a larger area of gold-anomalous and prospective terrane than previously recognised – substantially larger than the areas of historic production.

The application of other exploration techniques such as, reverse circulation and diamond drilling, and ground geophysics is currently being implemented, evaluated, or planned. Subsurface evaluation of the mineralisation detailed at surface at Romeit is now a priority for the work program and reverse circulation drilling is planned to commence in Q4 2020. Extensive surface continuity of deformation, alteration, veining, and anomalous gold mineralisation implies that continuity in the subsurface is a distinct possibility.

## 2.0 INTRODUCTION

### 2.1 Scope of Study

The following technical report (the Report) summarises the results to date of the ongoing exploration project on the West Elbah concession in the Eastern desert of southern Egypt. This Report was prepared at the request of AFAQ Mining Limited - a private company registered in Egypt with a head office at:

AFAQ Mining Limited  
4 Road, No. 203  
Degla, Maadi  
Cairo, Egypt

This Report titled “AFAQ Mining, Quarterly Progress Report (2020 Q3), AFAQ Mining Limited, Western Elbah Concession” describes the ongoing work-program progress at the Western Elbah Concession and is considered effective as of October 12, 2020. This technical report is not intended for use under Canadian National Instrument 43-101 in its current form.

### 2.2 Sources of Information

This Report is based in part on, publicly available technical reports, internal company technical reports, maps, published government reports, company letters and memoranda, and personal communication with AFAQ personnel, as listed in Section 14.0 "References" of this Report. Sections from reports authored by other consultants may have been directly quoted or summarised in this Report and are so indicated where appropriate.

Other information used to complete the report includes, but is not limited to, the following reports and documents:

- Historic reports of geology and mining activities
- Results of satellite interpretation conducted by Dr. M. Baker
- Compiled ALS Global laboratory analytical reports
- Review of analytical results and QA/QC procedure by Dr. J.M.Franklin
- Memoranda and proposals regarding geophysical surveying, particularly those with SJ Geophysics
- Memoranda and laboratory reporting from Overburden Drilling Management Ltd.
- Topographic/Satellite surveying completed by Arab Nubia Group.
- Geological reports prepared by Dr. B. Zoheir

### 2.3 Site Visits

The writer Mr. Jones has been on-site at the AFAQ project a total of 5 times during 2018 and 2019 – in October 2018, and January, April, June, and October 2019. In addition, both writers visited the Romeit occurrence in 2015 for the purposes of evaluating the occurrence. The AFAQ

project has been in operation throughout 2019 and 2020, and during that time the AFAQ field crew has completed 12 successive 20-day work rotations, apart from a hiatus during the hottest months of July and August of 2019 and during a two month hiatus in April and May 2020, the result of inability to work because of the COVID-19 pandemic.

#### 2.4 Terms of Reference and Glossary of Terms

All units of measurement in the Report are in the metric system unless otherwise specified. Coordinates are either provided either in Universal Transverse Mercator (UTM) WGS84 Zone 36 North or latitude and longitude (WGS84).

Table 1. Glossary of Terms

<b>Code</b>	<b>Term</b>
°	Degrees
Alt	Alteration
dykf	Felsic Dyke
Dykm	Mafic Dyke
g	Gram
g/t	Grams per ton (metric)
kg	Kilogram
km	Kilometre
m	Metre
ppm	Parts per million
qvn	Quartz Vein
shr	Shear
AFAQ	AFAQ Mining Company (J.S.C.)
ALS	ALS Laboratories
A.R.E.	Arab Republic of Egypt
EMRA	Egyptian Mineral Resources Authority
FB	Field Blank
FD	Field Duplicate
HMD	Hamida
ICP	Inductively Coupled Plasma
IEC	International Electrotechnical Commission
ISO	International Organization for Standardization
MSH	Masho Shinai
ODM	Overburden Drilling Management (Ottawa, Canada)
RG	Rock Grab Sample
RMT	Romeit
SD	Standard Sample
SMRC	Shalateen Mineral Resources Company
UTM	Universal Transverse Mercator
W.E.B.	West Elbah Concession/AFAQ Concession
WGS	World Geodetic System

### 3.0 RELIANCE ON OTHER EXPERTS

The writers have not verified the legal titles to the Property or any underlying agreement(s) that may exist concerning the concession or other agreement(s) between third parties. The writers have placed reliance on the representations of the Company to have conducted the necessary due diligence. All documents and agreements pertaining to AFAQ's rights regarding the Western Elbah Concession are held at the AFAQ head office where they are available for examination.

Any statements and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false or misleading at the effective date of this Report.



Figure 1. Location Map of Elbah Concession

## 4.0 PROPERTY DESCRIPTION AND LOCATION

### 4.1 Property Description

AFAQ Mining Company (J.S.C) (“AFAQ”) executed an exploration contract with Shalateen Mineral Resources Company (“SMRC”) dated 05/12/2018 on a portion of the Gabal Elbah Concession Area (AFAQ concession) comprising approximately 680 km<sup>2</sup>. The current extents of the AFAQ concession area are shown on Figure 3 below. A budget covering all aspects of a work program for a one-year period was submitted on 13/12/2018. Transfer of the AFAQ concession from SMRC to AFAQ was completed after budget approval. A second budget covering the second year of operations was submitted on 13/02/2020.

### 4.2 Location

The AFAQ concession comprises an area of approximately 680 km<sup>2</sup> in the extreme southeast part of the A.R.E. within the Eastern Desert. The southern boundary of the concession coincides with the international border with Sudan. The Romeit gold occurrence located near the northern boundary of the AFAQ concession, is about 90 linear kilometres from the village of Shalateen.

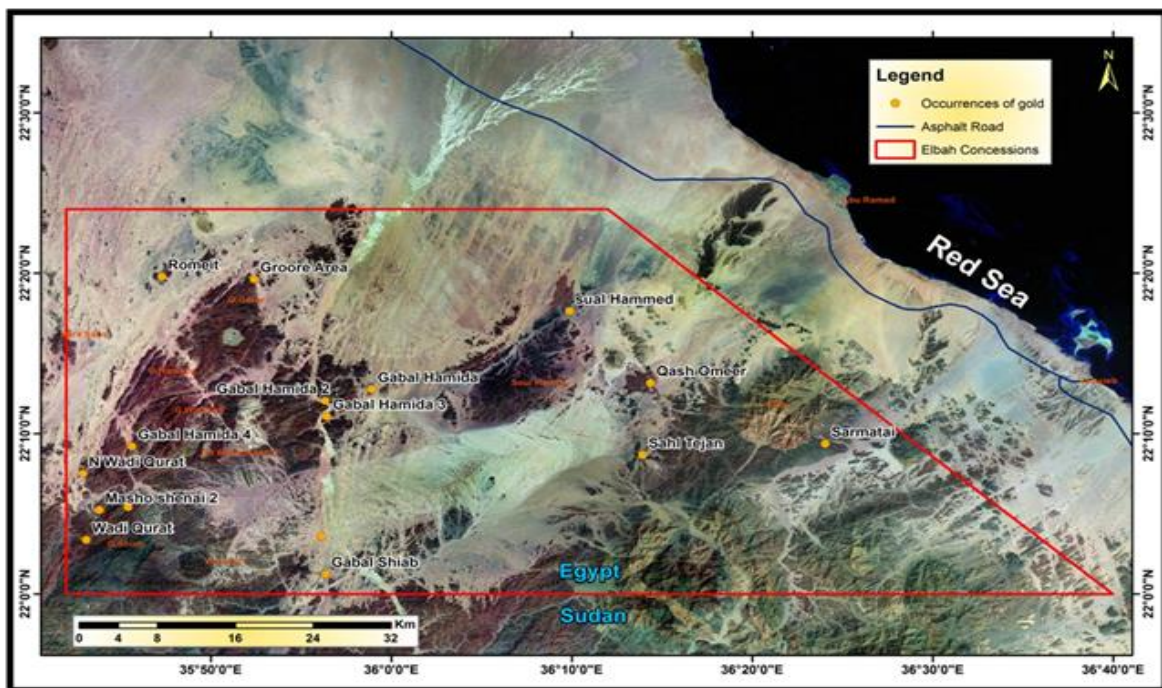


Figure 2. Extent of the SMRC Mining Elbah Concession Area – Red Boundary

### 4.3 Access and Infrastructure

Ready access to the western Elbah concession is gained by four-wheel drive vehicles along desert tracks leading from the paved coastal road that connects the project area with the larger population centres of Shalateen, Marsa Alam, Quseir and Hurghada to the north. Two small villages are located on the coast near the AFAQ concession – Abu Ramad and Halaib.

The closest infrastructure and source for material and supplies is the town of Shalateen approximately 90 km to the northeast of the project area. AFAQ maintains a field office in Shalateen manned by a base manager and support staff.

No infrastructure is present on the concession apart from that established by AFAQ at the field camp near the north boundary of the concession area and the rudimentary camps established by artisanal mining operators active locally. An improved access road connecting the AFAQ camp with the coastal road is currently under construction.



Figure 3. Extent of AFAQ's Western Elbah Concession Area (pale blue), and vehicular access route (red line)



Figure 4. AFAQ Mining Camp Site – West Elbah Concession Area

#### 4.4 *Climate and Physiography*

The climate in the Elbah Concession area is arid, and generally sunny and dry year-round. Climate data specific to the West Elbah Concession area are not available. Average temperature highs for the town of Shalateen on the Red Sea Coast (approximately 100km north from the centre of the West Elbah Concession) range from 25.6°C for January to 37.4°C for August. Average temperature lows range from 14.0°C in January to 25.5°C in August. The average total annual precipitation for Shalateen is 14mm per year.

The Elbah Concession is located within the Hala'ib Triangle, an area of approximately 20,000 km<sup>2</sup> in southern Egypt which is bounded by the Red Sea to the east and Sudan to the south.

The topography ranges from flat wadi sediments to the mountainous area of the Gebel Elba Natural Park in the southeast corner of the Hala'ib Triangle – where the highest peaks are Gabal Elba (1435m), Gabal Shellal (1409m), Gabal Shendib (1910m) and Gabal Shendodai (1526m).

## 5.0 HISTORY

### 5.1 *Ancient Times*

The presence of many and widespread stone huts and gold processing artefacts are observed on the western Elbah concession and particularly at Romeit. They have been identified as being early Arab in age i.e. dating from the ninth century (Klemm and Klemm, 2013). Oweiss et al (2004) distinguish between placer production identified as Arab (Islamic) and earlier quartz vein gold production (referred to as Pharaonic). Whatever period the artefacts belong to, they attest to the long history of gold exploration and development in the region. The extent and number of the structures dating from this period provide an indication of the effort expended to exploit the gold mineralisation available at and near surface.

### 5.2 *Hume 1937*

Hume reported that the area centred at 22°21' N and 35°49'47" E near Gebel Ti-Keferiai was studied (north-west corner of the current Elbah Concession). The group of small isolated dark hills (494m above sea level) acted as a 'good landmark' to the old Romeit mines, which are situated approximately 5 kilometres to the southwest. Numerous veins of smoky quartz with calcite and siderite cut the highly decomposed dioritic country rock. Numerous ancient grinding mills were reportedly scattered around the area (EMRA, 2004; after Hume, 1937).

### 5.3 *El Shimy 1985*

In the Romeit area (centred at ~22°19'N and 35°37'E), swarms and pockets of milky quartz veins were noted with reddish-brown coloured alteration envelopes. El Shimy et al (1985) stated that the quartz diorite shear zone extended in an NNE-SSW direction and dipped to NW. The mineralized shear zone ranged in width from 3 to 15m and extended for more than 250m along the strike direction. Gold content up to 8g/t in quartz veins with calcite and siderite was recorded (EMRA 2004; after El Shimy et al., 1985).

### 5.4 *EMRA 2003*

A work program was conducted in 2003 by the Exploration Department of the Egyptian Geological Survey and Mining Authority (EGSMA - Expedition G2/2003). This program was an extensive examination of the geology around the Romeit area covering a reported 35km<sup>2</sup>. The work program included geological mapping, trenching, pitting, grab and channel sampling, evaluation of gold mineralisation in wadi deposits, estimation of size and gold grade of historic dumps. This work provides a useful and well documented basis for further evaluation of the area for economic mineralisation.

#### *5.4.1 Geological and geochemical exploration of the Romeit Area*

Initial exploration consisted of smaller scale geological mapping (at 1:10,000 scale) and examination of the old workings. During the program the team collected: 70 bedrock samples from quartz veins, 2 bedrock samples, 35 samples from altered quartz diorite bedrock, 14 trench samples from trench 1 (TR1), and 7 samples from trench 2 (TR2). The samples were analysed using an atomic absorption and in some cases a fire assay. The assay data are available in Oweiss et al, 2004 but no sample locations are provided.

Subsequently, more detailed mapping at 1:1000 scale was completed over an area of 0.49km<sup>2</sup>. The mapping focused on the gold-bearing zones at Romeit to better delineate the dimensions and gold mineralisation potential of the zones.

Mapping was subdivided into five zones, R1 through R5 in the Romeit area. Seven (7) trenches, TR1 to TR7, were excavated in mineralized zones over a combined length of 228m.

A total of 250 samples were collected analysed by atomic absorption and in some cases by fire assay. As with the previous samples, results are available in Oweiss et al, 2004 and Shalateen, 2014 but no sample locations are provided.

#### *5.4.2 Tailings*

Tailings were investigated at three sites in the area of the Romeit gold mine. The roughly delineated deposits are estimated at approximately 6400 tons. Nine (9) samples collected at one site ranged in grade from 0.36 to 22 g/t gold and averaged 7.46 g/t gold.

#### *5.4.3 Wadi/Placer Deposits*

Thirteen (13) pits were excavated in the wadi deposits and terraces in the Romeit area. Pits ranged in depth from 1.1 to 2m. Each pit was sampled as a channel along the wall of the pit and the samples were subjected to magnetic and density separations. One dendritic gold grain was observed in one sample (pit 12). Samples were also analysed by an atomic absorption method and ranged in grade from 0.1 to 91g/t. This indicated that gold was present in appreciable amounts despite not being detected by mineralogical investigations. The authors proposed further testing the deposits by cyanidation of larger (50kg or more) samples.

#### *5.5 Zoheir 2012*

In a study published in *Geoscience Frontiers* in 2012 (Zoheir, 2012), Basem Zoheir reported on petrographic and isotopic studies on samples from the Romeit mine area and stated the following:

*The new geological and geochemical data indicate that splays off the Hamisana Zone are potential gold exploration targets. Quartz veins along the high order (2nd or 3rd) structures of this crustal-scale shear zone are favorable targets. In the Romite deposit and in surrounding areas, a Au-As-Cu-Sb-Co-Zn geochemical signature characterizes mineralized zones, and particularly rock chips with >1000 ppm As and high contents of Cu, Zn, and Co target the better mineralized areas.*

## 5.6 Other

After the EGSMA program, intermittent site visits were conducted by several companies – some as recently as 2016. This work consisted of reconnaissance scale mapping and ore particularly sampling presumably to evaluate the mineralisation for more extensive work. Except for work conducted by Nuinsco Resources Limited in 2015 and 2016, the results of this work are unavailable.

Artisanal workers are currently active in the area. Extensive mechanical disturbance of wadi fill sediments is evident. Locally excavations and trenching in outcrop has also taken place.

No previous work has been conducted on the site by AFAQ other than a site visit conducted in late October 2018 with the assistance of Shalateen Mineral Resources Company (SMRC). The intent of this work was to review the main gold showings in the area contemplated for inclusion in the AFAQ concession area.

## 6.0 GEOLOGICAL SETTING AND MINERALISATION

### 6.1 Regional Geology

In the broad sense Eastern Egypt (and extending east of the Red Sea Rift and south into Sudan, Ethiopia and Eritrea) is underlain by exposure of the northwestern part of the Arabian-Nubian Shield (ANS) that lies at the northern part of the East African Orogen (EAO) (Hamimi et al, 2019 and Hamimi et al, 2014). The ANS is considered by some to be the largest tract of juvenile Neoproterozoic crust on Earth (Hamimi et al, 2014). It is dominated by juvenile Neoproterozoic continental crust formed by magmatic arc accretion and post-tectonic magmatism and includes a collage of tectonic terranes composed of oceanic volcanic arcs and sedimentary basins juxtaposed along regional-scale suture zones characterised by the presence of ophiolite (Hamimi et. al., 2019). Depending upon geological relationships and physiographic features the Eastern Desert has been subdivided into the North, Central and South Eastern Desert (NED, CED and SED respectively) – NED and CED are separated by the Qena-Safaga Shear Zone and the CED and SED by the Idfu-Marsa Alam Shear Zone (Stern and Hedge, 1985, Hamimi et al, 2019). As described in Hamimi et al (2019) the lithological assemblages comprising each province in the Eastern Desert are:

- NED Dominated by voluminous granitoids, weakly deformed-unmetamorphosed volcanic rocks (Dokham Volcanics) and post-amalgamation volcano-sedimentary sequences (Hammamat volcano-sediments).
- CED Comprises gneisses-migmatites-sheared granitoids and remobilised equivalents, volcano-sedimentary successions, and ophiolites.
- SED Similar to those in the CED with greater proportion of gneiss and ophiolites in tectonically transported nappes.

Structural variation prevails across the provinces as well, with the NED dominated by fault/joint systems, the CED dominated by fold-related faults and the SED is dominated by fold-thrust belts and later regional-scale transpression (Hamimi et al, 2019). The SED terrane encompasses three major structural systems, namely the NW–WNW-trending Allaqi-Heiani suture, N–S Hamisana zone, and NW–SE Wadi Hodein–Wadi Kharit shear corridor (Zoheir et al, 2019).

The western Elbah concession is part of the Allaqi-Heiani-Onib-Sol Hamed suture, a curvilinear feature that was deformed by the Hamisana Zone (Zoheir, 2012, El-Bialy, 2020). The Hamisana shear zone (HSZ) is a broad, north-south oriented zone of deformation, approximately 50 km wide and at least 300 km long, making it one of the largest basement structures in NE Africa (Stern, et al, 1989). Secondary deformation zones associated with the Hamisana Zone, characterised by anastomosing domains of shearing, control gold mineralisation in the region and the numerous gold occurrences include Um Ashira, Haimur, Harairi, Um Garayat, Seiga, Filat, Ungat, Betam, Egat, Um el-Tuyor, Madari, Korbai and Romeit.

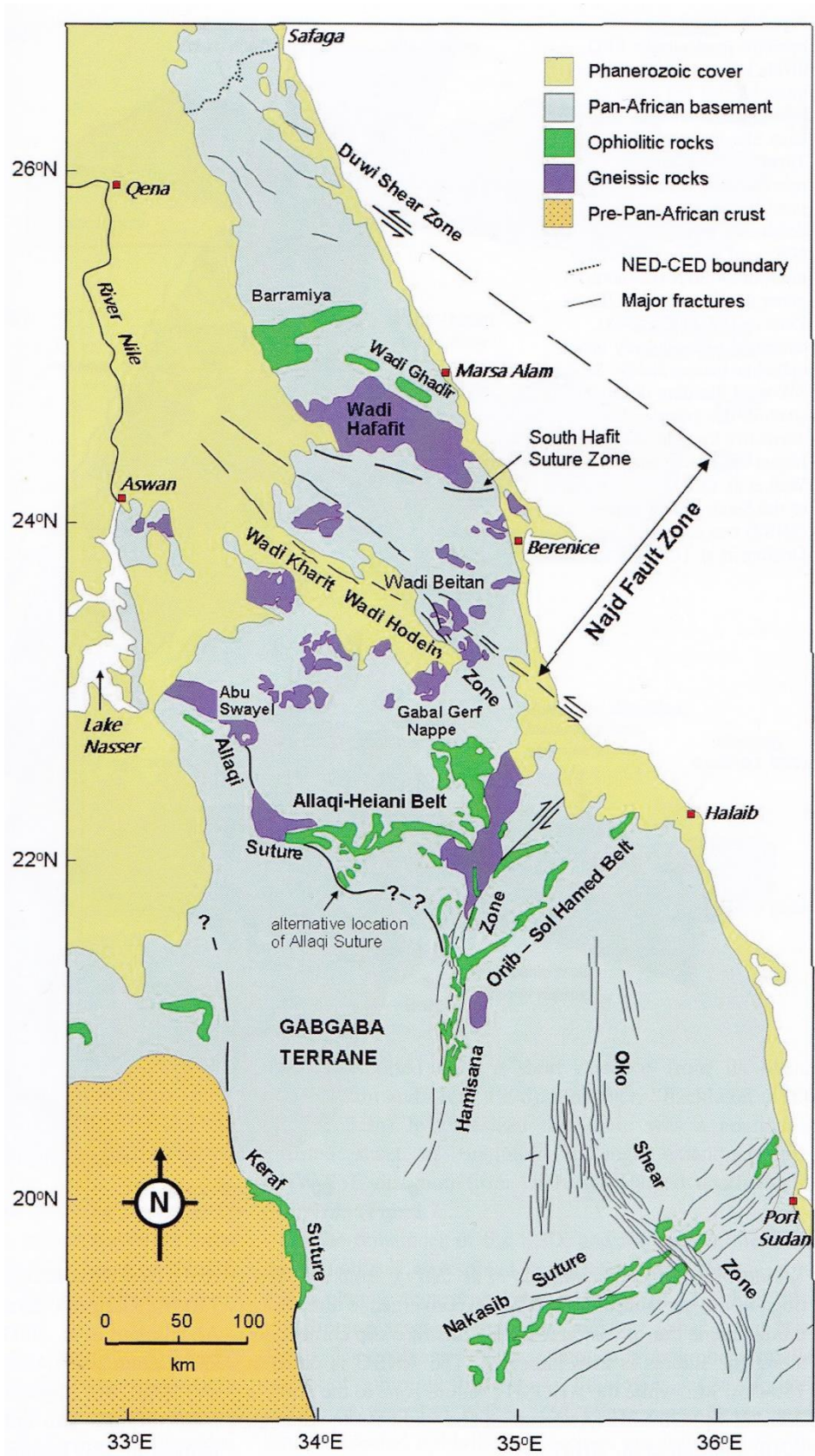


Figure 5. Geology and Structure of the Nubian Shield of Egypt and Northern Sudan (Fowler and Hamimi, 2020)

The AFAQ project is located in the SED where a complex collage of oceanic volcanic arcs and sedimentary basins with suture zones marked by ophiolitic material occur incorporating gneisses, migmatites, sheared granitoids, volcano-sedimentary successions and the aforementioned ophiolites (Fowler and Hamimi, 2020). This collage was created by collisional processes as these terranes accreted to the Nubian craton during the latter part of the Neoproterozoic. An inferred suture zone crosses the Elbah study area from southwest to northeast, passing through the Hamida area. The Romeit area lies in the terrane to the northwest of the suture while Masho Shinai is inferred to be located to the southeast (Baker, 2019).

Island arc volcanics underlie the Elbah concession area comprising lavas and tuffs interbedded with derived volcanoclastics metamorphosed to greenschist facies. The arcs were intruded by early plutons ranging in composition from gabbro to granite and by a late set of smaller, mainly felsic, bodies. The inferred terrane boundary is expressed as a broad fault zone. This originated as a compressive structure and was subsequently modified by later shearing (Baker, 2019).

At Romeit faults parallel to the terrane boundary are considered to have undergone late left-lateral shearing and differential movement between pairs of faults has generated north-south trending extensional fracture zones. On the eastern side of the terrane boundary there is a broad northeast trending fault zone interpreted as transtensional in nature. The southern part of the study area, including the Masho Shinai concession, appears to be a complex nappe cut by steep reverse faults and containing a block of ophiolitic schists.

The regional controls on gold prospectivity are associated with the emplacement of late, mainly felsic, intrusions in extensional and transtensional fault zones developed during late strike-slip movements along major faults. Ancient workings at Romeit exploited a vein in a north-south extensional fault zone and there is potential for further veins in that block. At Hamida gold may be present in riedel shear fractures along the terrane boundary and where the main boundary fault is kinked. The Masho Shinai concession lies in an inferred transtensional fault zone with the possibility of veins or stockworks. In the wider Elbah study area to the northeast of Hamida the satellite imagery shows a 10km long zone of clay alteration with muscovite within a broader northeast trending fault zone of inferred transtensional nature.

## 6.2 Property Geology

The western Elbah concession area was investigated in a field study conducted by EMRA in 2004 and focussed around the Romeit occurrence. An edited version of the description of the study area, provided in the EMRA report, follows:

*The investigated (Romeit) area is covered by intermediate metavolcanics which are intruded by quartz diorite with sharp intrusive contacts. Felsic and trachyte dykes are emplaced into both metavolcanics rocks and quartz diorite.*

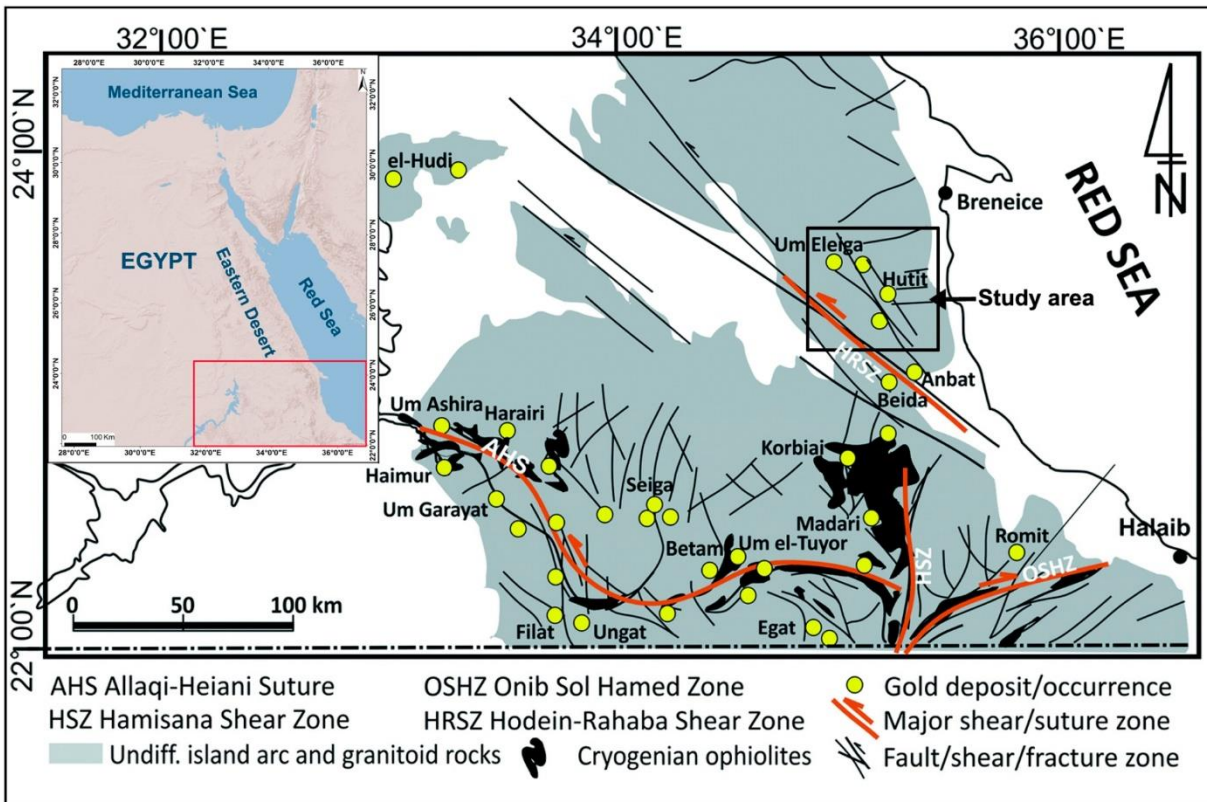


Figure 6. Geology of the South Eastern Desert of Egypt (Zoheir et al, 2019)

*Intermediate metavolcanics are well represented mainly as small outcrops in eastern, southern, western and northwestern parts of the studied area. They form ridges and hills of low to moderate relief at the northern and central parts of the area. They are fine grained, greenish-grey to pale-pink and are composed mainly of metamorphosed rhyolite, rhyodacite and andesite. The dominant foliation in the area strikes northwest. Quartz veins are common along foliation/schistosity planes. Intermediate metavolcanics are strongly affected by hydrothermal solutions producing alteration zones.*

*Bands of variably coloured marble occur at the southwestern and the northeastern parts of the studied area where it occurs as discontinuous ridges. The marble bands extend for more than 1km with width ranging from 10 to 30m striking NE-SW, NW-SE and N-S and dipping vertically. The marble bands are fine-grained and calcitic with iron oxides impurities. Quartz veinlets are common.*

*Quartz diorite crops out mainly at the central and northwestern parts of the area forming low to moderate relief in the north and high relief in the east. It has variable colours, medium to coarse-grained, massive, and deformed. It is foliated and sheared particularly along fault planes. The foliation strikes NE-SW and dips to NW direction by an angle ranging from 50° to 70°. Quartz diorite is characterized by absence of xenoliths and greatly varies in quartz content. This rock forms the country rock of the Romeit gold-bearing zones.*

*Romeit gold mine area is also intruded by several types of dykes.*

*The mineralisation at the Romeit occurrence displays complex structural history; it is controlled by shearing and folding. The shearing is defined in NNE-SSE, NE-SW, NNW-SSE and N-S trends followed by folding anticlines and synclines structures with axial planes take NNE-SSW and NE-SW directions. These fold axial trends may be superimposed on an earlier folding with NW-SE axial plane. Faults intersected the area in three sets arranged as follows: NW-SE, NE-SW and N-S and less pronounced E-W faults.*

### *Romeit*

The host rock to gold mineralisation at Romeit consists essentially entirely of a phaneritic, equigranular to weakly porphyritic dioritic intrusion (calc-alkaline quartz-diorite) that has been variably deformed along significant corridors of ductile deformation. Gold mineralisation occurs within the deformation zones. The only other bedrock lithologies mapped in the area are minor occurrences of mafic metavolcanic rock that do not appear to be mineralised and may be in fault contact with the diorite (in the extreme north of the Romeit occurrence metavolcanic rock is substantial) and minor mafic dykes. Dimensions of the diorite outcrop in the immediate vicinity of the Romeit occurrence are circa 2km x 3km but the extent of diorite is shown to be more extensive regionally and may be deformed and mineralised to some degree over a circa 5km x 5km area around Romeit (and elsewhere forms the host to much or all of the Gabel Hamida area).

The deformation observed at Romeit is interpreted to be a splay from the N-S trending, regionally significant, Hamisana Shear Zone or secondary and subordinate structures related to it. The Hamisana Shear Zone is composed of a mylonitic assemblage that separates distinct geologic terranes to the NW and SE in the AFAQ Concession Area.

**A comprehensive description of the geology, deformation and mineralisation of the Romeit area was completed by Dr. Basem Zoheir (Zoheir, 2020). It is included in its entirety as Appendix D to this report.**

### *Hamida*

The Hamida occurrence is composed of mainly island-arc metavolcanics and related meta-volcaniclastics – ranging from mafic to felsic compositions. All of the volcanic stratigraphy has been intruded by diorite dykes – foliated and unfoliated. Small masses of late and post orogenic granite further intruded the metavolcanics rocks and the diorite. Commonly observed fine grained mafic dykes and aplite dykes transect all rock types – most commonly striking NNE.

The most prominent structural feature at the Hamida occurrence is an extensive shear zone, trending ENE (although locally deflecting significantly from this orientation) and composed of branching and re-joining domains of chlorite schist. Observation of the intense schistosity and

sigmoidal indicators as well as isoclinal folds and evidence of recrystallisation indicate that ductile deformation prevailed within the zone. The shear zone is transected by NNE and NNW trending shears/faults characterised by mylonitisation and sinistral displacement along the NNE features while dextral motion occurred along NNW trending faults.

Widespread iron-carbonate alteration  $\pm$  silicification (in places the host schist is pervasively silicified), kaolinisation and other carbonate (calcite) is evident from the broad buff coloured areas visible on the hills at Hamida. The alteration occurs in domains that range from 2 to 20 m and can be up to several hundred metres along strike - they typically strike NE dip SE to NW.

Quartz veining is quite common, particularly hosted by metavolcanic rock but also in diorite and granite. They are composed of white-grey quartz as well as a malachite bearing set. They typically strike NE and vary from <1cm to > 2m width (as observed to date), are up to 50m along strike and can occur individually or more commonly as sub-parallel sets and occasionally as extensive swarms. In places (particularly in the southwest part of the currently mapped area) the veins are transected by narrow, iron-oxide bearing veins that locally form stockworks. Observation of waste dumps at archaeological sites (rod stone huts) demonstrates that the malachite bearing quartz veins are the source of much of the gold recovered historically.

Sulphide mineralisation or its altered/oxidised product (predominantly pyrite observed) is ubiquitous in quartz veins although at low concentration (again where observed). Goethite after euhedral/subhedral pyrite) is commonly observed in host rock.

The Hamida occurrence presents an exceptionally large altered and mineralised system – much larger in scope than the Romeit occurrence. The aim of exploration in the area will be to isolate those areas of the system that present the highest potential for mineralisation of economic significance.

### *Masho Shinai*

Elsewhere on the property at Masho Shinai, the area is composed primarily of sheared intermediate to mafic metavolcanics cut by gabbro-diorite and tonalite-granodiorite intrusions.

### *6.3 Mineralisation and Deposit Type*

At the western Elbah concession the observed style of mineralisation and alteration is consistent with emplacement as structurally hosted, mesothermal, vein-type, or orogenic, gold mineralisation. The observed features include:

- host rock comprising highly deformed island arc metavolcanics and granitoid intrusions.
- spatially associated as secondary or tertiary splay from the Hamisana shear zone.

- presence of quartz and quartz-carbonate veining spatially associated with, and controlled by, ductile deformation zones.
- alteration and mineralisation assemblages dominated by quartz-sericite-chlorite-carbonate-sulphide-gold (trace).

The reader is referred to Zoheir (2020) for a review of orogenic gold mineralisation in the Eastern Desert.

## **7.0 PREVIOUS EXPLORATION BY AFAQ**

AFAQ Mining has been conducting an active exploration program since the beginning of 2019. The intent of the work program is to comprehensively evaluate AFAQ's West Elbah Concession Area using modern exploration techniques. Details of the work program will be detailed later in this report.

### *7.1 October 2018 Site Visit*

Prior to finalizing the agreement with Shalateen, AFAQ conducted a site visit to evaluate the potential of the property. During the visit 110 samples were collected from quartz veins, alteration zones, tailings, and alluvial/wadi deposits around the Romeit and Hamida occurrences.

### *7.2 Q1 Program – January to March 2019*

During Q1 the work program at the West Elbah Concession Area commenced. The following was conducted during the quarter (refer to Jones, 2019a for a complete listing of all work conducted):

- 1) Satellite Image Interpretation - an interpretation of Aster imagery was carried out over the AFAQ Elbah concession in the Eastern Desert of Egypt to map lithology and structure, to identify any exposed alteration, and to understand controls on gold mineralisation. The area studied measures 619 km<sup>2</sup>. The 1:30,000 scale study was based entirely on Aster imagery, without the use of field data. Higher resolution Digital Globe imagery was downloaded from Google Earth for the three areas of interest – Romeit, Hamida, Masho Shinai.

Based on the known mineralisation elsewhere in the region, the following deposit models are applicable here:

- quartz stockworks and veins in dilational shear structures cutting intrusives and adjacent mafic metavolcanics
- zones of intense, possibly radial, fracturing in granite plutons, for example over concealed younger stocks
- vein and contact deposits associated with late intrusions, particularly in trans-tensional zones

Based on the results of this remote sensing study, the major regional structures controlling the movement of hydrothermal fluids are:

- north-south extensional zones developed between pairs of north-northeast trending faults because of late left-lateral shearing, particularly where late intrusions were emplaced
- northeast trending trans-tensional zones
- the inferred north-northeast trending terrane boundary, particularly where rigid intrusive rocks are in contact with the main fault zone and the boundary is kinked

- 2) Mapping - the objective of the mapping program was to detail the local geology of the Romeit area at large scale (1:500), focusing on vein geometry and mineralisation, alteration associated with veining and structural features. Extensive sampling was conducted in conjunction with the mapping. The purpose of this work is to provide a basis for future detailed sampling, trenching and diamond drilling.

North-south traverses employing the UTM grid was employed for field control – line spacing of 50m was employed as a basis for the traverses. In this way a total of 0.57 km<sup>2</sup> was covered over the Romeit occurrence. Standard international codes and nomenclature were used for the mapping.

The field crew was tasked with systematically traversing the environs of the occurrence recording:

- a. Lithologies - mapping rock types with standardised nomenclature, relatively simple here as a limited number of lithologies underlie the subject area
  - b. Structural domains/shear zones (including structural measurements). Mapping and measurement of shear zones and mylonite zones. Measurement of structural features – notably schistosity if present
  - c. Alteration – record presence of alteration mineralisation. Minerals such as hematite, ankerite, chlorite, sericite have been noted to date.
  - d. Detailed observations of veining. Mapping, measurement of orientation of all veining encountered (from cm to m scale veins).
  - e. Metallic mineralisation - record any occurrence of metallic minerals, within veins or host rocks.
  - f. Sampling – collect samples for analysis as appropriate.
- 3) Sampling - a sampling program was conducted in conjunction with the detailed field mapping. As traversing progressed samples were consistently collected from quartz veining, alteration zones and deformation zones. The intent of the sampling was to characterise the distribution of gold mineralisation. In January and February 2019, a total of 1000 samples were collected comprised of 879 grab samples, 42 standard samples, 40 field duplicate samples and 39 field blank samples. In total 458 samples were collected from alteration zones, 439 samples are from quartz veins, 17 samples

are from deformation zones and 4 samples were collected from mafic dykes. In March, an additional 650 samples were collected comprised of 572 grab samples, 26 standard samples, 26 field duplicates and 26 field blank samples.

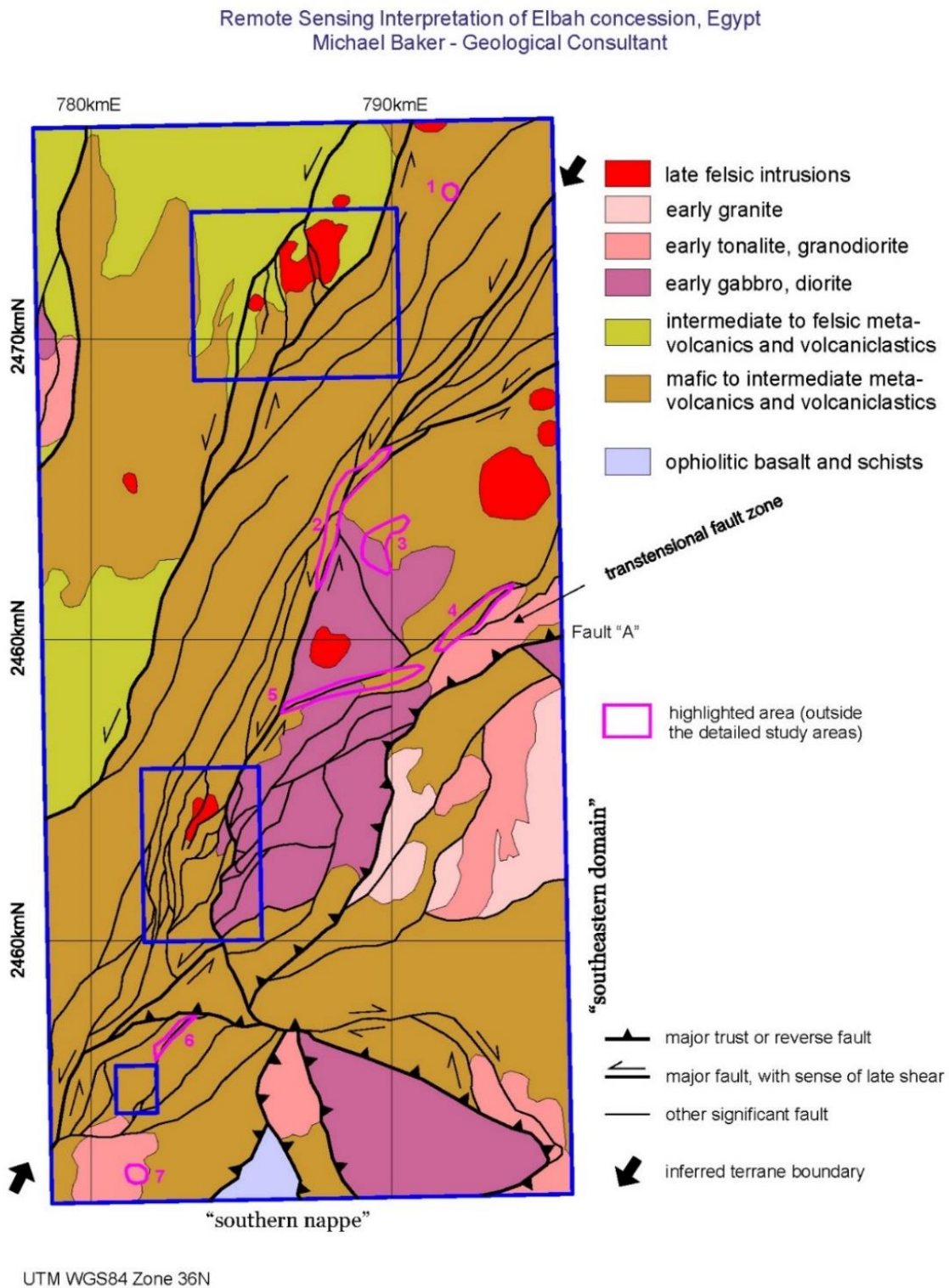


Figure 7. Satellite Interpretation Map Covering the Entire Extent

of the AFAQ Elbah Concession Area.

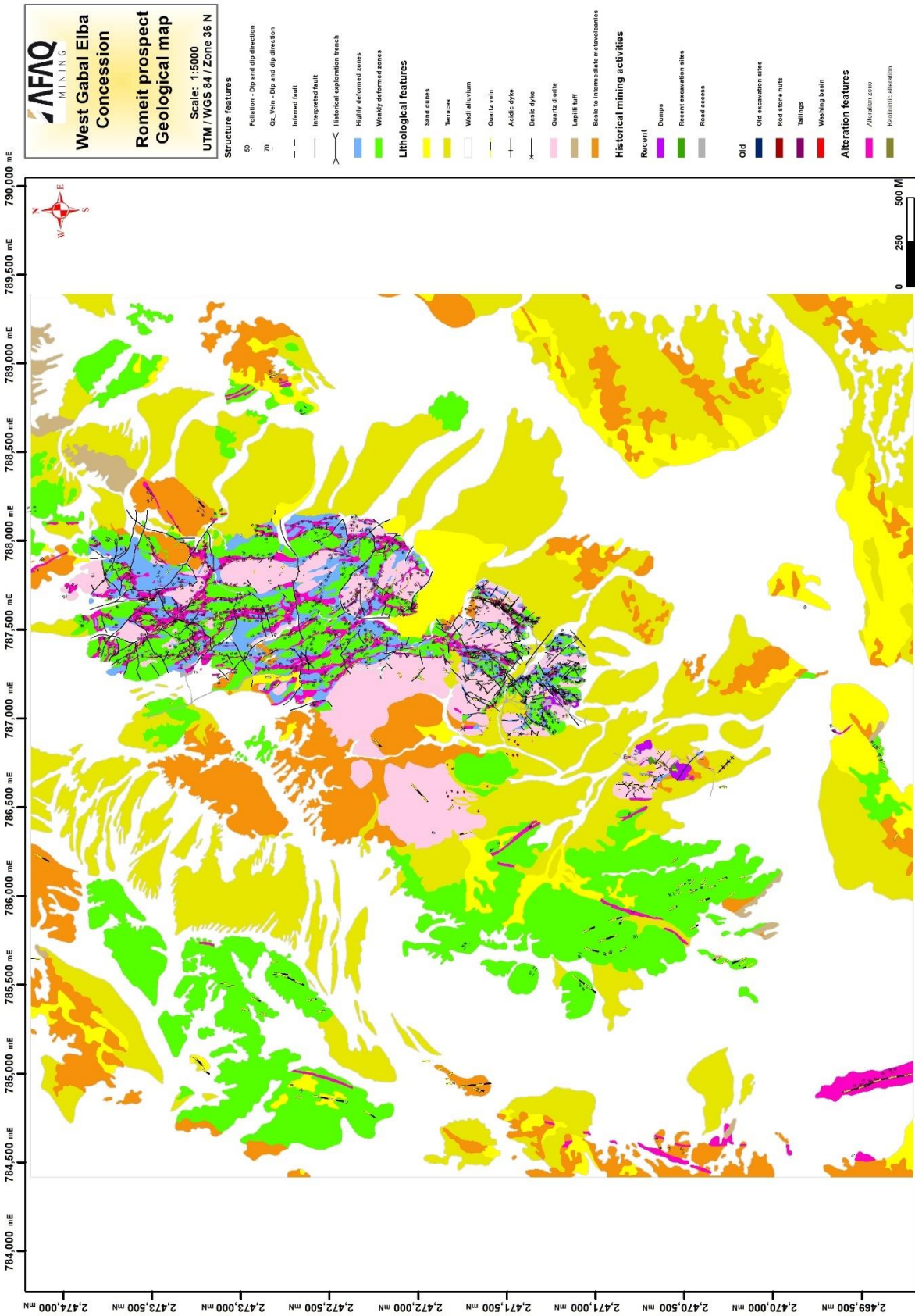
### 7.3 Q2 Program – April to June 2019

During Q2 2019, the work program on the West Elbah Concession Area continued. The following was conducted during the quarter (see Jones and Giroux, 2019b for a more complete summary of work conducted):

- 1) Continuation and completion of the 1:500 detailed mapping of the Romeit occurrence started in Q1. By the end of the Q2 work period the entire Romeit occurrence area had been mapped in detail and a comprehensive grab-sampling program conducted. A smaller-scale mapping of areas peripheral to Romeit commenced to quickly evaluate the potential for gold mineralisation at some distance from the main Romeit mineralisation prior to moving to other areas of the Western Elbah Concession.
- 2) Limited reconnaissance sampling at Masho Shinai occurrence focussing on the zones of interpreted alteration /mineralisation identified in the satellite image interpretation completed in Q1.
- 3) Ongoing compilation and interpretation of all new geological and geochemical data.
- 4) Determination of the geophysical survey requirements for the Romeit area. Requests for proposals forwarded to several geophysical contractors.
- 5) Quality assurance and quality control (QA/QC) analysis of all samples collected during Q2. The results demonstrated that the sample standards and blanks inserted into the sample stream are returning predictable and reproduceable values in accordance with analytical expectations. This indicates that the analytical results for the grab samples provided by the ALS Romania laboratory are accurate and verifiable.
- 6) During Q2 a pilot study was initiated to evaluate the placer gold potential of alluvial sediments in the Romeit. Ten sites were selected in areas covered by alluvial sediment in an arc south and west of the Romeit occurrence gold mineralisation. Samples were collected during Q3

During Q2, 2350 samples were collected from the Romeit Area including 2069 rock grab samples, 94 reference standard samples, 93 field duplicate samples, and 94 field blank samples. 50 other samples were collected for whole rock analysis.

Additionally, 75 samples were collected during reconnaissance sampling at Masho Shinai including 66 grab samples. 3 standard samples, 3 field duplicates, and 3 field blank samples.



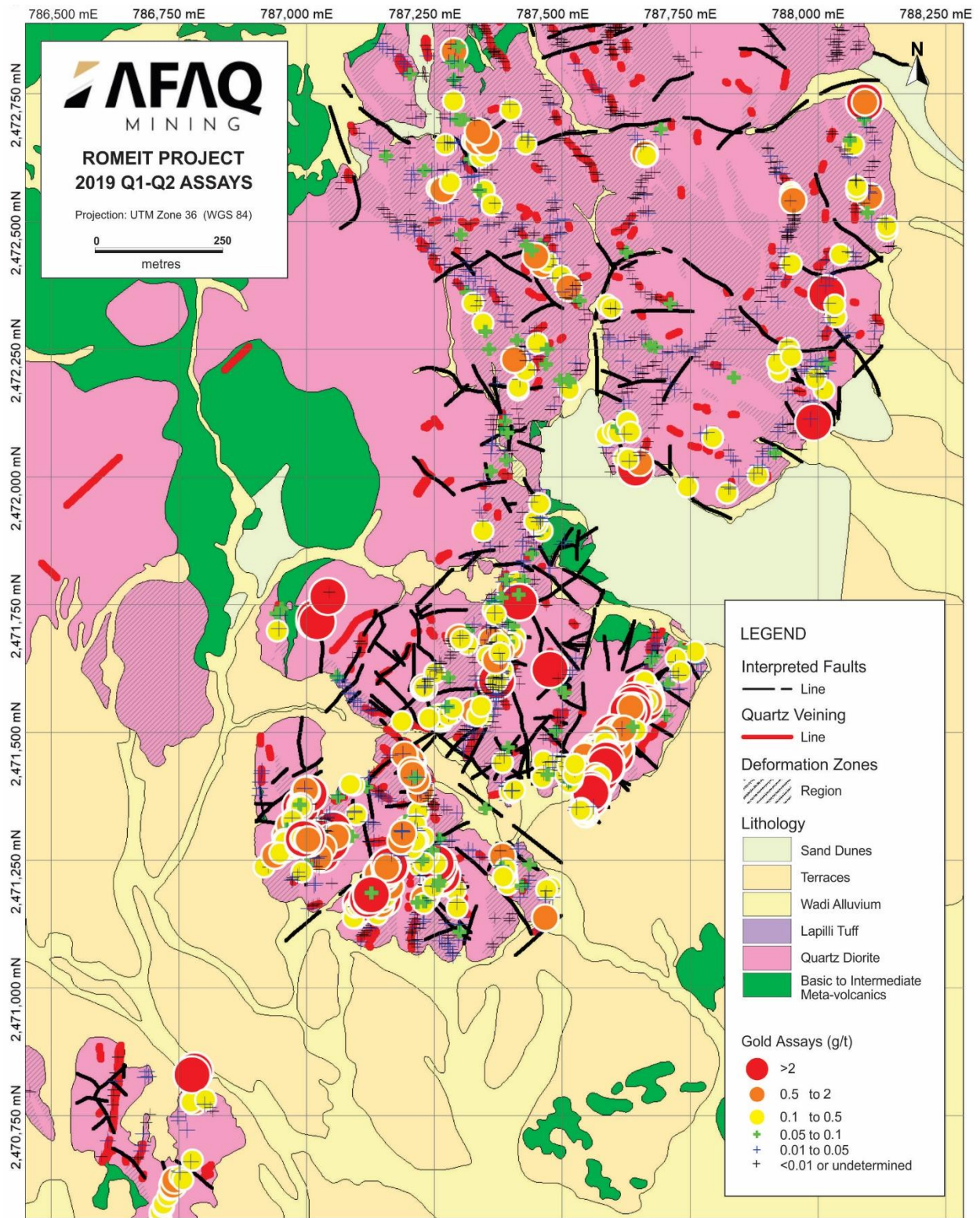


Figure 9. Domains of elevated values from (south) Romeit Au analyses (Q2)

#### 7.4 Q3 Program – July to September 2019

The third quarter of field work conducted by AFAQ Mining on the western Elbah Concession Area commenced in July 2019 and was a continuation of the Q1/Q2 field work expanding across the Elbah Concession. By the end of the Q3 work period the entire geologically mapped and sampled Romeit occurrence area had been digitised and all samples collected from the occurrence had been submitted for analysis. Also, during Q3 field mapping and sampling expanded to commence coverage at the extensive, deformed, Hamida occurrence. The 400 analyses from samples collected at Hamida during Q3 are still outstanding at time of writing.

During Q2/Q3 geophysical survey proposals were received from several contractors followed by discussion regarding surveying requirements and logistics. The contractors were then ranked on their suitability to conduct the proposed work-program and proposals provided to Shalateen/EMRA.

During Q2 a pilot study was initiated to evaluate the placer gold potential of alluvial sediments in the Romeit. Discussions were held with Overburden Drilling Management (ODM) based in Ottawa, Canada regarding processing of alluvial samples for placer potential evaluation. ODM is a laboratory specialising in characterising gold and other mineralisation in sediment covered terrain. A sample processing flow sheet was proposed and agreed for the work and ten sites were selected in areas covered by alluvial sediment in an arc south and west of the Romeit occurrence gold mineralisation. The alluvial samples collected during Q3 and delivered to ODM in Canada in Q4.

In Q3 (September) mapping commenced at the Hamida occurrence. Two map sheets comprising a total area of 1.75 km<sup>2</sup> were completed at a scale of 1:1000 during the work rotation and 400 samples were collected. Analyses have not yet been received for those samples. The mapping of the Hamida area continued into Q4. When all sheets are completed and digitised the entire Hamida showing will have been covered by geological mapping including areas identified from the satellite image interpretation conducted by Dr. M. Baker.

During Q3, analytical results were received for samples collected in Q2 2019. Results were received for 1035 rock samples (RG), 47 field blanks (FB), 46 field supplicates (FD), and 47 standards (SD) from the Romeit Prospect collected during Q2 and submitted in June 2019. Additionally, results were received for 66 rock samples, 3 field blanks, 3 field duplicates, and 3 standards collected during reconnaissance sampling of the Masho Shinai prospect in Q2 (see appendices Jones & Giroux, 2019c).

# Hemida prospect update sampling program september 2019

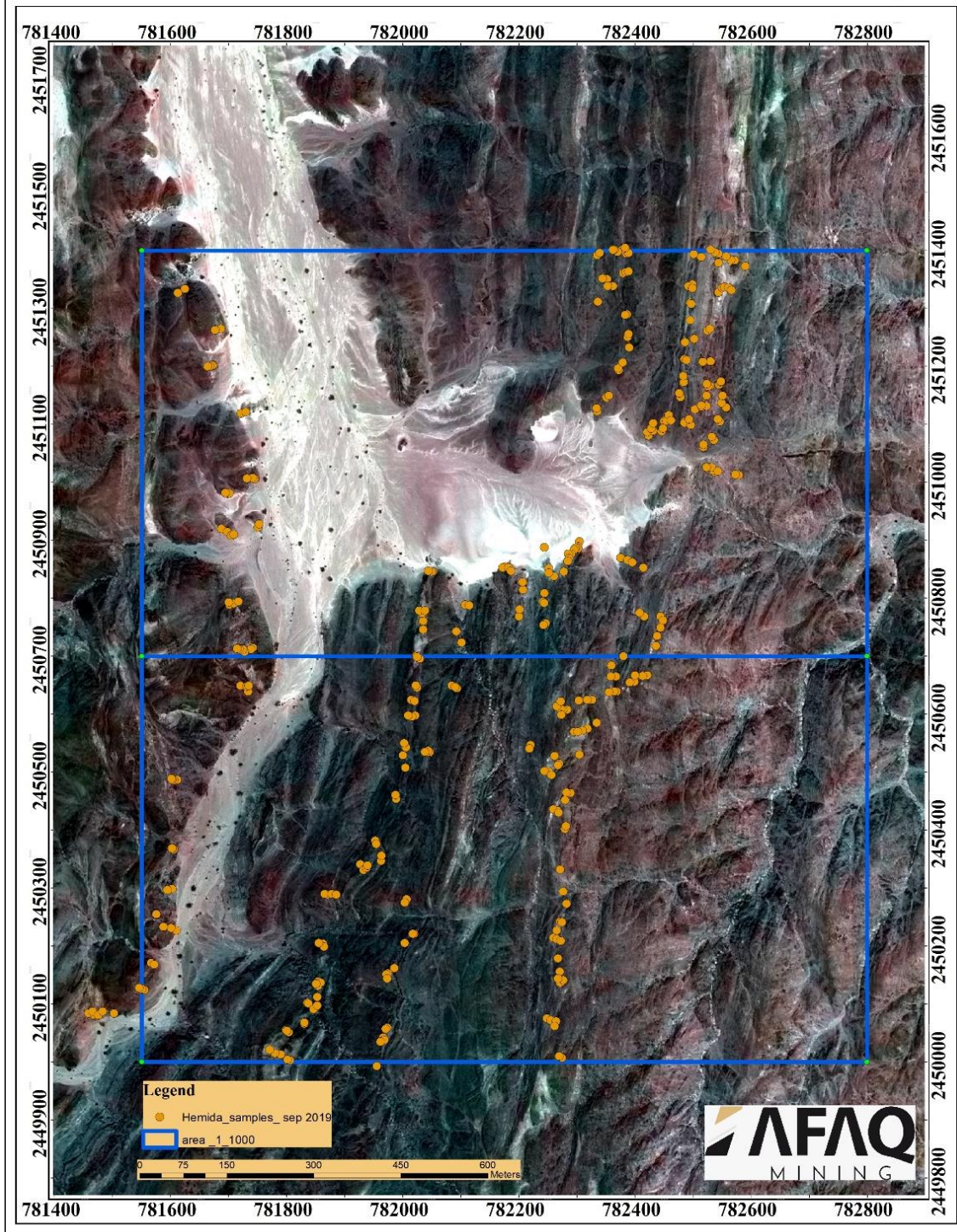
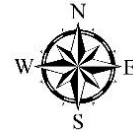


Figure 10. Hamida Sampling September 2019 (Q3)

## 7.5 Q4 Program – October to December 2019

During Q4 2019, the work program on the West Elbah Concession Area continued following a two-month summer hiatus (July-August). The following was conducted during the quarter (see Jones and Giroux, 2020a for a more complete summary of work conducted):

The principal objective of the field program was to continue to expand mapping and sampling coverage across the prospective areas of the western Elbah concession. In addition, continued evaluation of the proposed geophysical survey was conducted, including meeting with a geophysical contractor to further detail the proposed program with the intention of refining the proposal. The sediment samples collected for alluvial prospecting in 2019 Q3 were analysed and interpreted during Q4.

The scope of field work was expanded during Q4 to include the Hamida occurrence approximately 18km to the south of the Romeit occurrence. The Hamida occurrence is an extensive linear feature of deformation and alteration that occupies terrane near the centre of the western Elbah Concession. At Hamida, five sheets (see Figure 11) were mapped at a scale of 1:1000 for a total area of 4.375 km<sup>2</sup> (0.875 km<sup>2</sup> for each one). The digitisation of the sheets into vector layers is ongoing.

The Hamida occurrence comprises a broad zone of variably deformed rock hosted by likely intermediate metavolcanic rocks. The deformed rock comprises branching and re-joining domains of chlorite schist that strike approximately north to north-northeast (although locally deflect significantly from this orientation). Widespread iron carbonate alteration is evident from the broad, buff coloured areas visible on the hills at Hamida. Quartz veining is quite common – veins vary from <1cm to > 2m width (as observed to date) and can occur individually or more commonly as sub-parallel sets and occasionally as extensive swarms. In places the host schist is pervasively silicified. Sulphide or its altered/oxidised product (predominantly pyrite observed) is ubiquitous although at low concentration (where observed).

The Hamida occurrence presents a large altered and mineralised system – larger in scale than the Romeit occurrence. Approximately 3.5km of mapping during Q4 was completed along the strike of the deformed corridor and 2442 samples were collected for analysis. Extensive sampling is necessary to fully evaluate the extent and intensity of surface mineralisation. The extensive exposures of deformed and altered rock indicate that an exceptionally large volume of terrane was affected by mineralised fluids in the area. This is prospective for gold mineralisation, but detailed work will be necessary to identify those parts of the system that are most likely to provide results of potential economic interest. Ultimately, should geochemical analyses prove prospective, geophysical surveys will necessary over the most prospective parts of the occurrence.

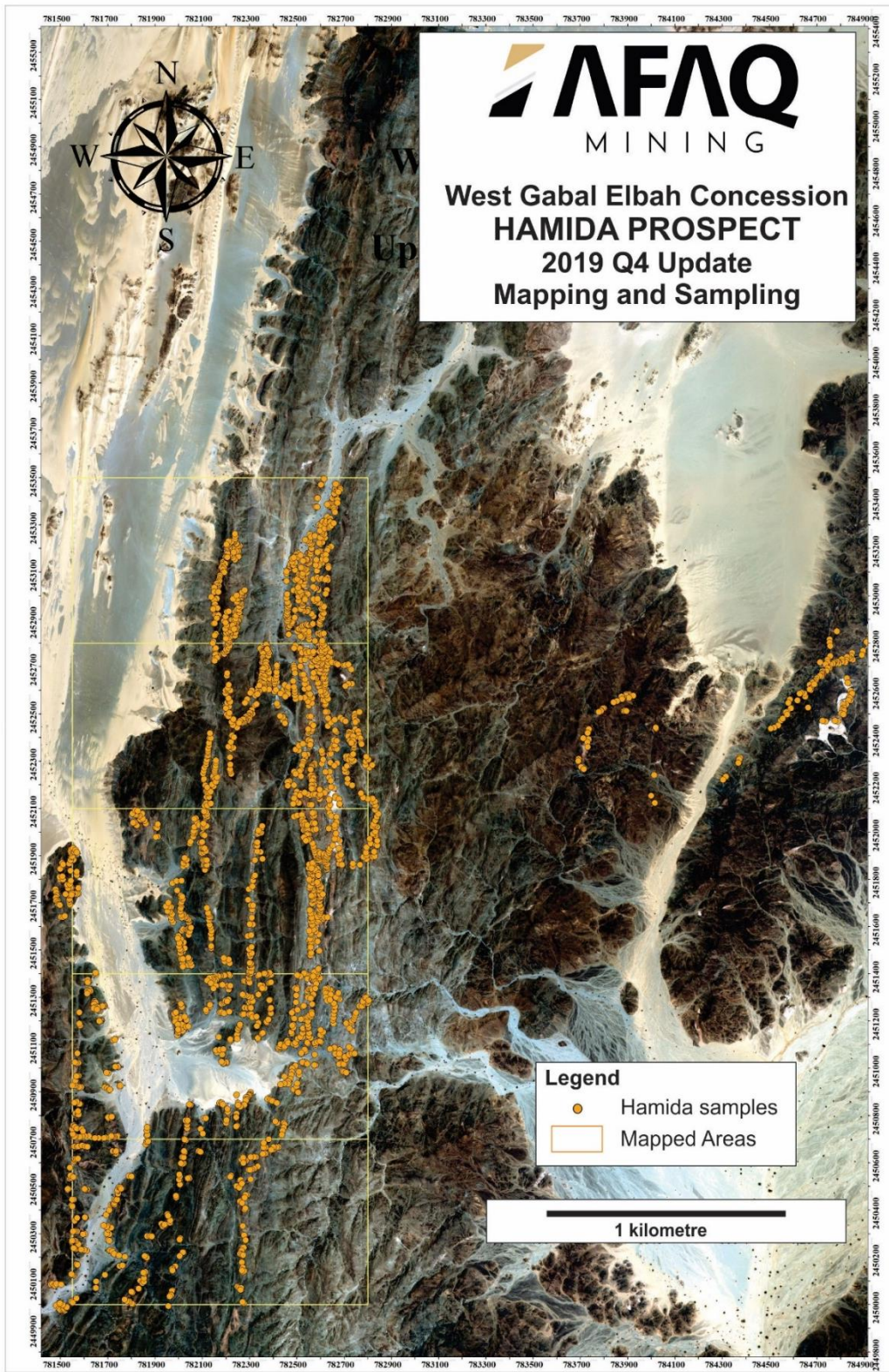


Figure 11. Hamida Sampling September to December 2019 (Q3-Q4)

During Q4, additional mapping and sampling was conducted to the east of the previously completed Romeit mapping (and now designated the Romeit East Showing). Romeit East is an outcropping area approximately 1.5 to 2.0 km to the east of the main Romeit Area. At Romeit East, three sheets (Figure 12) with a total area of 2.1 km<sup>2</sup> were mapped.

The area is considered prospective because of the presence of quartz veining that has been excavated by a previous artisanal operation(s). Visible gold has been identified highlighting the potential. Mapping was conducted over approximately 2km of strike and 528 samples were collected for analysis.

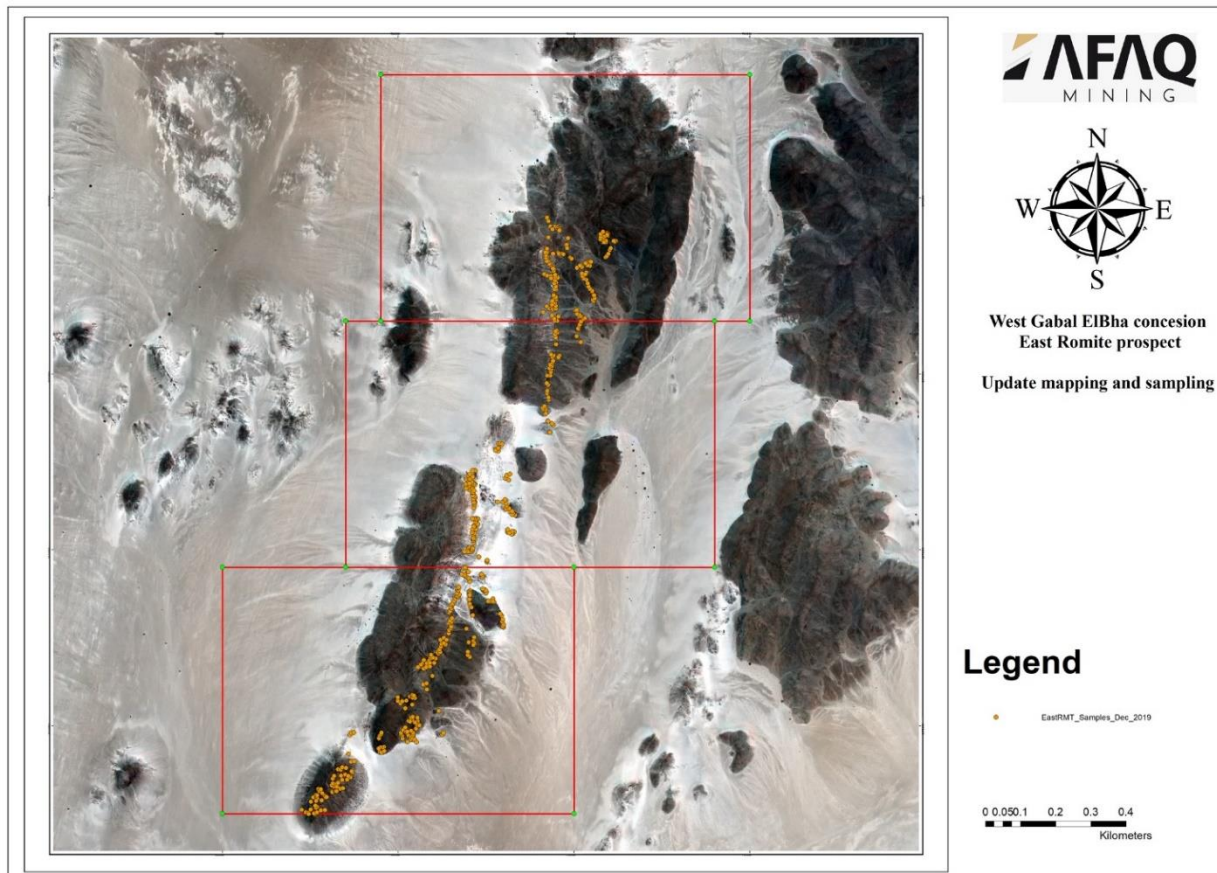


Figure 12. Romeit East Sampling December 2019 (Q4)

During Q3, alluvial samples were collected from ten sites around the southern part of the Romeit occurrence – designated samples RA001 through RA010 inclusive. A description of the sampling procedure is included in the Q2 2019 report (Jones and Giroux 2019b). The results from the alluvial sample processing of the samples, conducted by Overburden Drilling Management Limited (ODM), were received in Q4 and ODM's report was included in the appendices of Jones and Giroux, 2020a.

Overburden Drilling Management made the following observations and recommendations:

*We examined the geology map and site photographs and noted that the photographs appear to show that sampled horizons included saprock (i.e. strongly weathered bedrock). ODM suspects that the Site RA-008 consists entirely of saprock. Note that the samples were described on our laboratory data as ‘sand and gravel’ rather than ‘bedrock rubble’. This is further confirmed by: (a) the size distribution of the gold grains mirrors that for gold in bedrock; (b) the morphology of the gold grains is predominantly pristine indicating limited to no transport; (c) the 2.3 g/t grade of the sample is consistent with nearby grab sample analyses as seen on the geology map; and (d) the +2 mm clasts comprise almost entirely of angular, strongly weathered granodiorite. Note that due to the arid weathering conditions, the saprock probably has not been reduced in volume compared to that which occurs under saprolitic conditions in tropical environments, and as a result, the gold grains have probably not undergone natural concentration.*

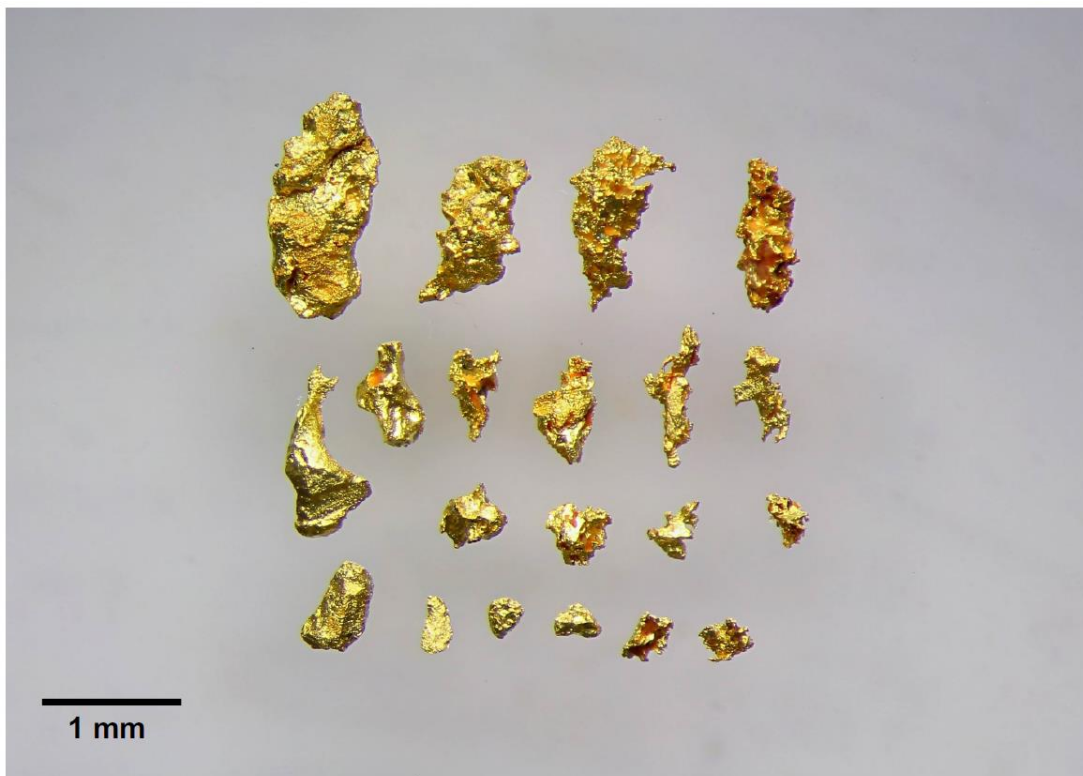


Figure 13. Gold Grain from Alluvial Sample RA-008 (source: ODM)

*The photographs for Site RA-008 suggest that there could be as much as 3 m of friable, saprock bedrock. Furthermore, it is our understanding that Sample 008 was representative of the entire exposed section. Prior to initiating a “placer” mining operation of mineralized saprock, we recommend further investigating whether an adequate resource exists. Therefore, we recommend:*

1. *Determining the lateral extent and thickness of the saprock in the area.*
2. *Re-sample the exposure of Site 008 at 0.5 m intervals in order to confirm that the gold resides throughout in the entire section rather than a specific 'horizon'.*
3. *Sample the saprock at 10 x 10 m grid in the same manner described in No. 2.*
4. *Test all samples for gold grains.*

*An excavator would be the most cost-effective tool for this work. However, to test areas with thick, overlying aeolian and/or alluvial sediments a reverse circulation drill may need to be employed.*

## 7.6 2020-Q1 Program – January to March 2020

During the first quarter (Q1) of 2020, the field program on the West Elbah Concession Area continued with further mapping of the Romeit East and Hamida occurrences and continued accumulation of samples for analytical purposes from prospective areas. The field component of the AFAQ work program was curtailed in March because of the outbreak of the Covid-19 virus and restrictions resulting from health and safety concerns for field personnel. The following was conducted during the quarter (see Jones and Giroux, 2020b for a more complete summary):

Field work conducted on the western Elbah Concession during Q1 (2020) included the extension of mapping and sampling coverage at the Romeit East area where work was started in Q4 (2019). At the Hamida occurrence mapping and sampling also continued to expand coverage of this extensive linear deformation and alteration zone that occupies terrane near the centre of the western Elbah Concession.

### *Hamida Occurrence*

At Hamida, five sheets (see Figure 14) were mapped at a scale of 1:1000 for a total area of 4.375 km<sup>2</sup> (0.875 km<sup>2</sup> for each one). The digitisation of one of the sheets into vector layers was completed during Q1 (2020). 2775 samples were collected for analysis. Analyses have not yet been received for these samples.

The most prominent structural feature at the Hamida occurrence is an extensive shear zone, trending ENE and composed of branching and re-joining domains of chlorite schist. Mapping has covered approximately 3.5km<sup>2</sup> along the strike of the deformed corridor.

During Q1 2020, particular attention was paid to obtaining structural measurements. Continued and extensive sampling of the area is necessary to fully evaluate the extent and intensity of surface mineralisation. The extensive exposures of deformed and altered rock present speaks to the very large volume of terrane affected by mineralising fluids. This is prospective for gold mineralisation, but detailed work will be necessary to identify those parts of the system that are most likely to provide results of potential economic interest. Ultimately, should geochemical

analyses prove prospective, geophysical surveys will necessary over the most prospective parts of the occurrence.

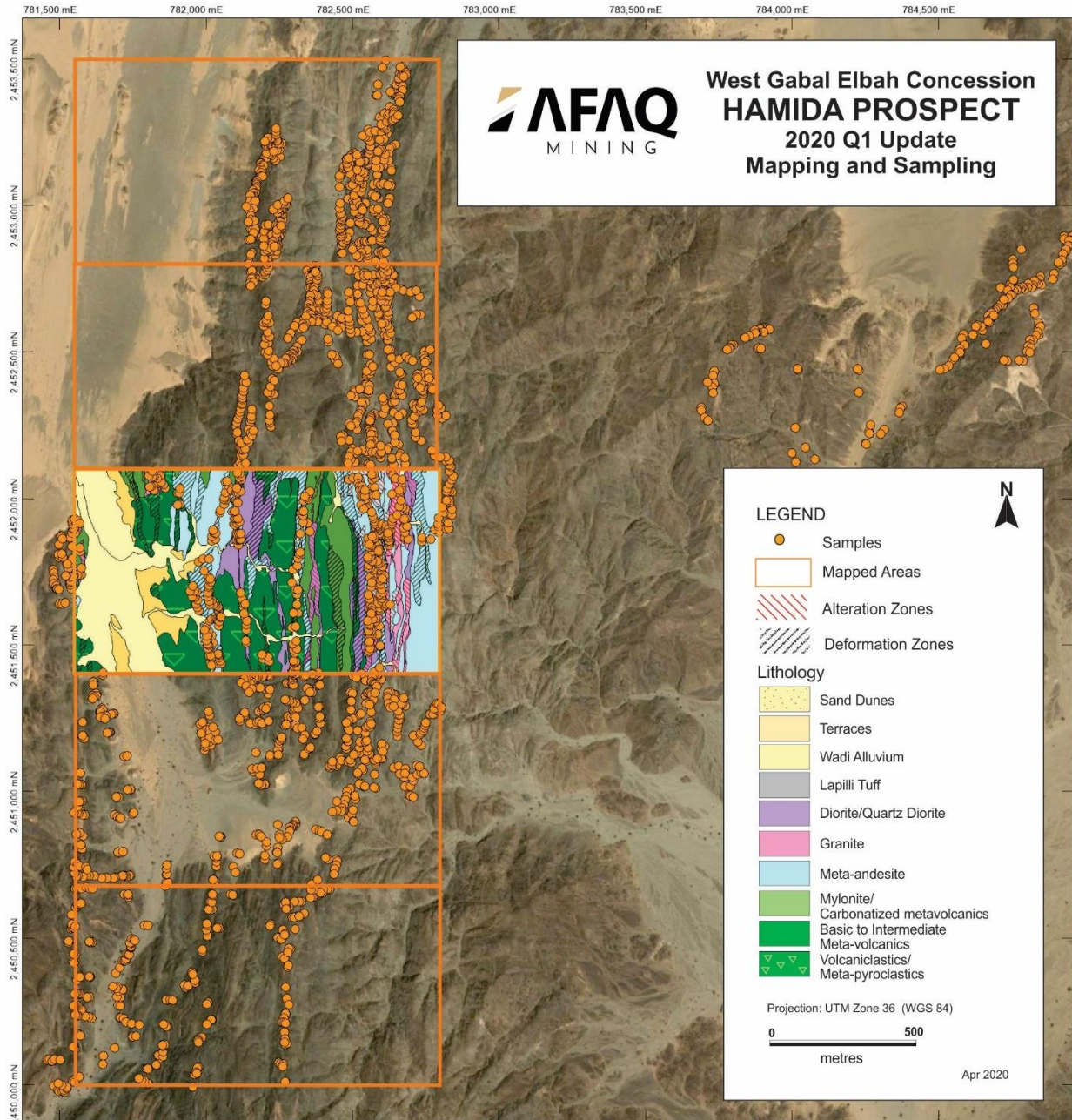


Figure 14. Hamida Prospect Q1 Update

## *Romeit East Occurrence*

During Q1 2020 the mapping and sampling continued at the Romeit East occurrence with the completion of two map sheets (for a total of five sheets) – a total of 3.64km<sup>2</sup> has now been covered by the mapping (see Figure 15). All Romeit East map sheets have been digitised. The area is considered prospective because of the presence of quartz veining that has been excavated by a previous artisanal operation(s) where visible gold has been identified, highlighting the potential. Mapping was conducted over approximately 2km of strike and 528 grab samples were collected for analysis. Completion of a digitised map is pending.

The Romeit East area is covered by felsic to intermediate metavolcanic and pyroclastic rocks. The metavocanics are intruded by both diorite and granite.

Deformation in the area comprises a dextral strike-slip faults-oriented NE and NW. These faults displace pre-existing features such as faults, thrusts, folds, and lithological contacts and are likely subordinate to a regional network of wrench faults that transect the Eastern Desert.

Gold mineralisation at the Romeit East occurrence (as at the Romeit occurrence) is confined to strongly deformed quartz-diorite and localised within NNE trending shear or fault zones that demonstrate a reverse and sinistral sense of motion based on kinematic indicators. Again, as at the main Romeit Occurrence gold occurs in quartz and quartz-carbonate veins and associated alteration zones characterised by Fe-carbonate mineralisation and silicification and common oxidised pyrite. The veins demonstrate pinch and swell texture and vary in thickness from a few centimetres to approximately 3m. The veins trend NNE and dip steeply to the NW. Calcite bearing smoky quartz veins with chalcopyrite have been excavated by artisanal miners. These veins are NNE trending and hosted by highly fractured and carbonatised, silicified, sulphidised, and less abundantly chloritised and sericitised diorite; they are up to 50m wide and 1km along strike.

600 samples were collected for analysis during Q1/2020. Analytical results for these samples have not yet been received.

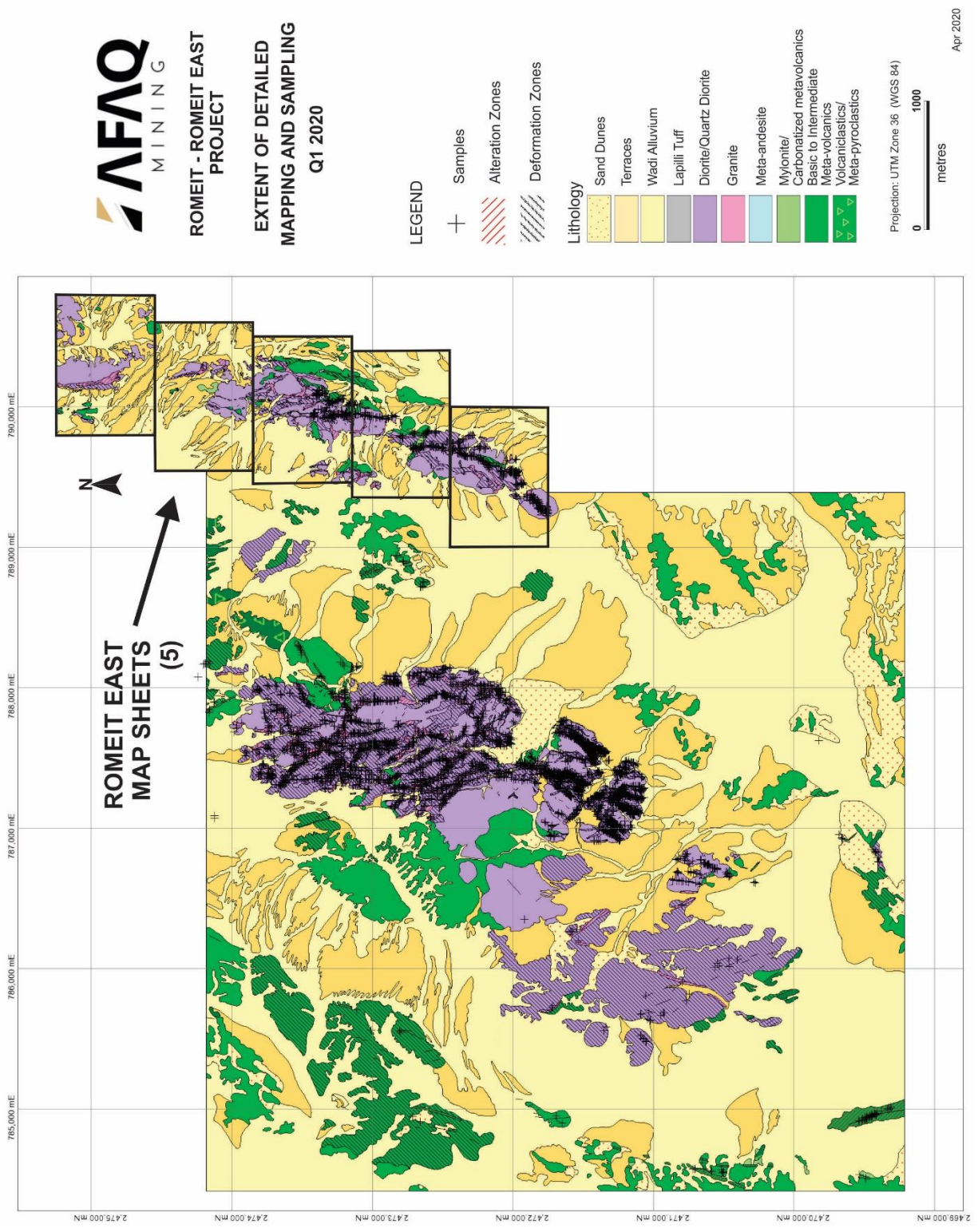


Figure 15. Extent of Detailed Mapping and Sampling at Romeit and Romeit East (Q1)

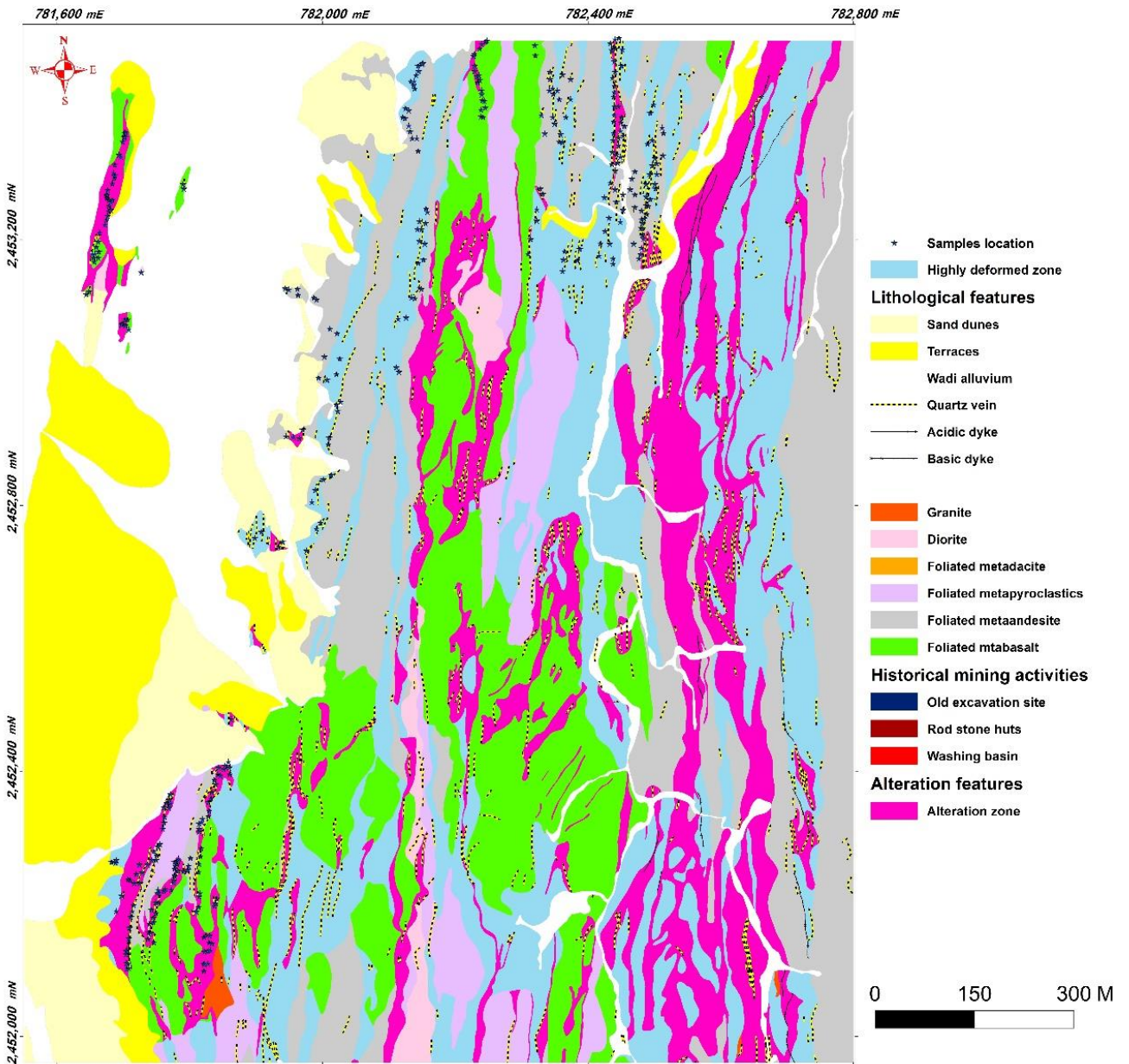


Figure 16. Updated Hamida Map Q2 (2020).

## *7.6 2020-Q1 Program – January to March 2020*

Once crews were able to proceed safely, work recommenced in June 2020 on the West Elbah Concession after being curtailed during Q1 2020 because of the outbreak of the Covid-19 virus and restrictions resulting from health and safety concerns for field personnel.

At the Hamida occurrence, to date approximately 4.375 km<sup>2</sup> of large scale (1:1000) mapping and sampling coverage has been completed. In Q2 (2020) the digitisation of four additional map sheets for Hamida was completed (Figure 17).

Sampling of the Hamida area continued in Q2 (2020) with 400 grab samples being collected (sample numbers 33601 through 34000). Samples were collected mainly from alteration zones and quartz veins (Figures 18 & 19).

## *7.7 2020-Q2 Program – April to June 2020*

In June 2020, a trenching and channel sampling program started at the south part of the Romeit occurrence.

The objective of the trenching was to obtain greater detailed knowledge of the geology, alteration, and mineralisation along known mineralised trends at Romeit. Channel sampling of the trenches was planned to provide an insight into the detailed distribution of gold (and other elements) at surface over well mineralised and altered domains and the adjacent and intervening deformed host rock.

Up to ten (10) trenches were planned (see Figure 20), comprising 7500m of trench exposure and sampling. Where alteration, veining and metallic mineralisation were traversed a sampling interval of approximately one metre was to be observed while elsewhere one sample per three metres were to be collected.

The descriptions of the trenches including logs, surveying information, sketch sections, sample information, and photos are attached to the report as appendices A through D. Figure 22 is an example of the photos taken of each trench. Figure 23 is an example of a sketch trench section done for trench RMTR002.

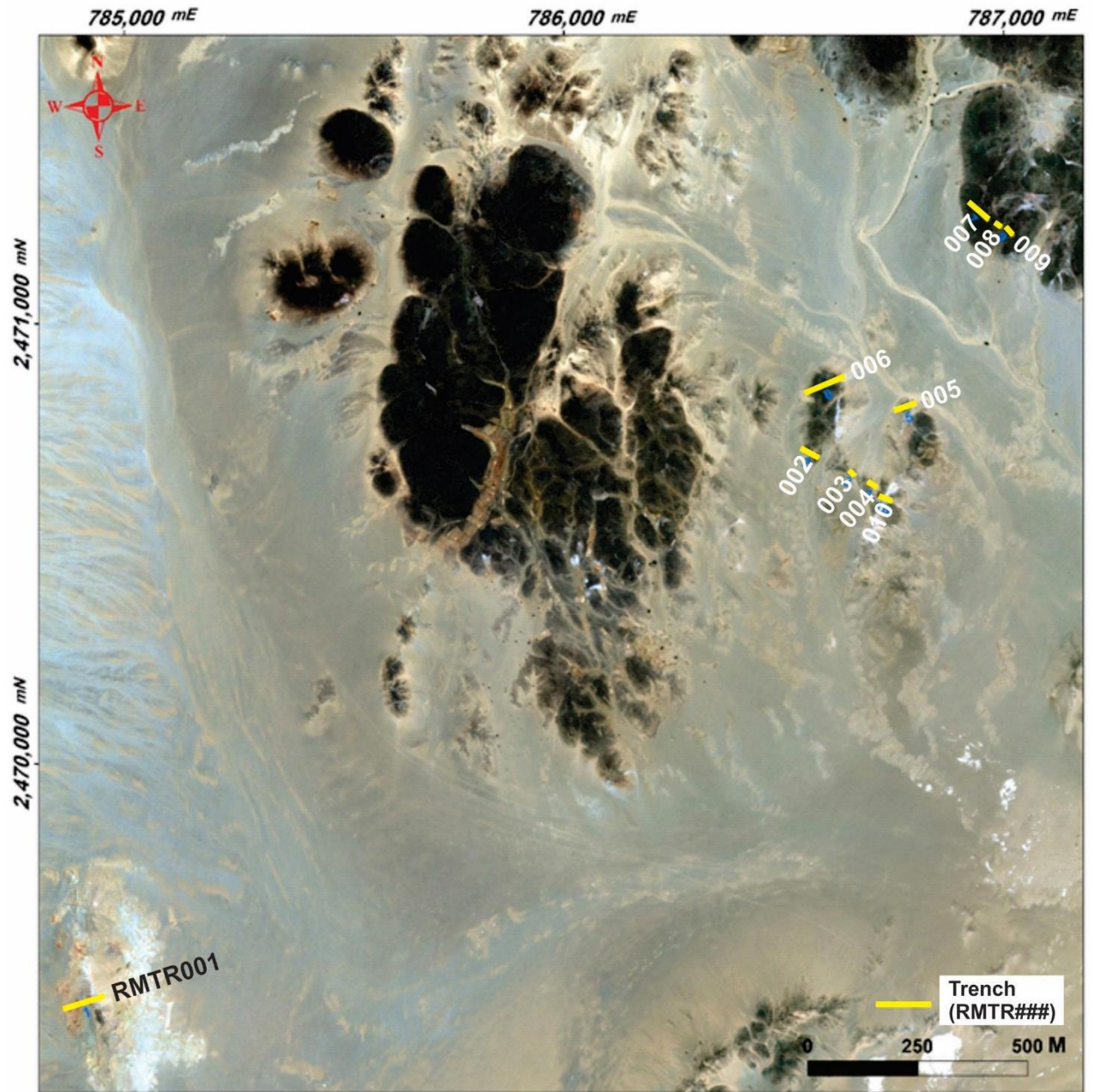


Figure 17. Romeit Trench Locations Q2 (2020)

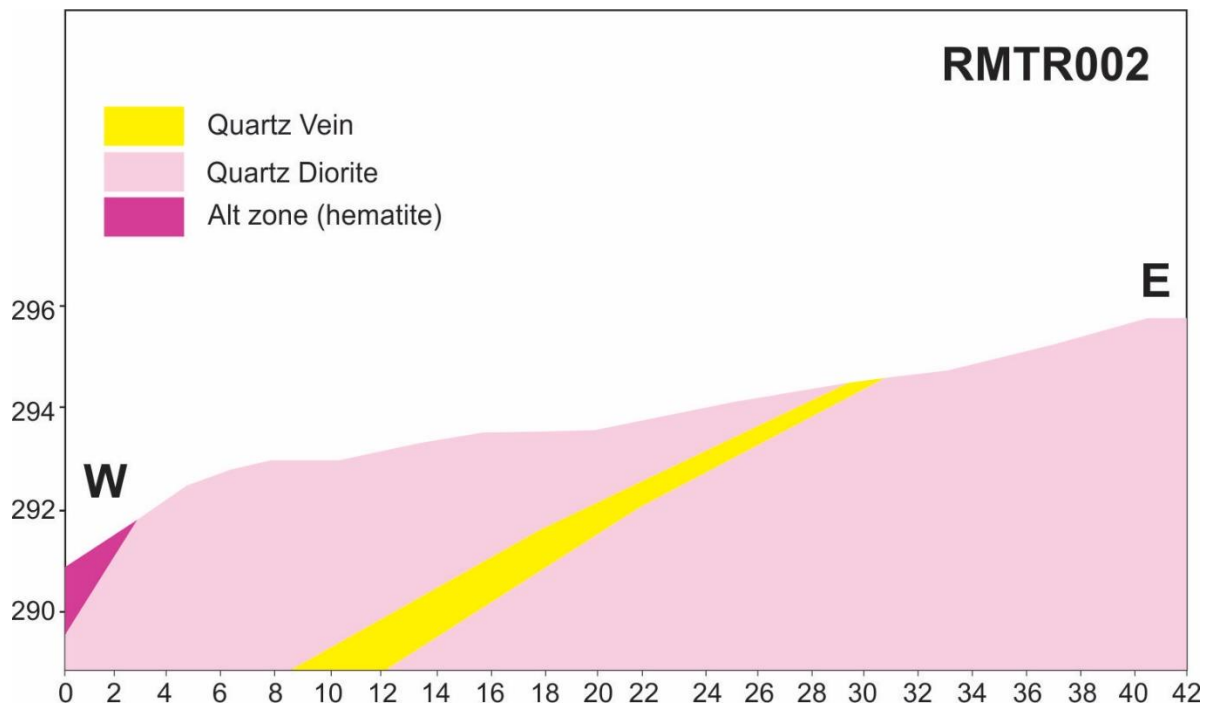


Figure 18. Example of a Trench Section (trench RMT0002)

## 8.0 EXPLORATION BY AFAQ in 2020 Q3 – July to September 2020

### 8.1 Introduction

The principal focus of work conducted during the Q3 2020 was to prepare for an upcoming reverse circulation (RC) drilling program at the Romeit occurrence. As such:

- Work to upgraded road access from the coastal highway to the AFAQ camp was conducted.
- A topographic survey was completed to produce an accurate digital surface model (DSM) for use in siting drill holes at the Romeit occurrence.
- Logistical upgrades to the camp in preparation for a drilling program.
- Planning for drill site preparation.
- Reverse circulation drilling contract negotiation and execution.
- Analytical laboratory contract renewal.

During the quarter, 750 samples previously collected from the Romeit East area were processed and forward to the analytical laboratory.

## 8.2 *Exploration Areas of Interest*

Work during the third quarter of 2020 was focused on the main Romeit area of the West Elbah Concession as preparations were made for the upcoming reverse circulation drilling program. During the quarter, two additional geologists were hired and overlapping rotations commenced to ensure that technical crew are always on site on the project.

## 8.3 *RC Drill Program Planning*

Preparation for the upcoming reverse circulation drilling program was conducted during Q3. A contract was negotiated and executed with Saudi Company for Mining and Petroleum Services (AGC) to complete a minimum of 5,000m of reverse circulation drilling on the project – specifically at the Romeit occurrence.

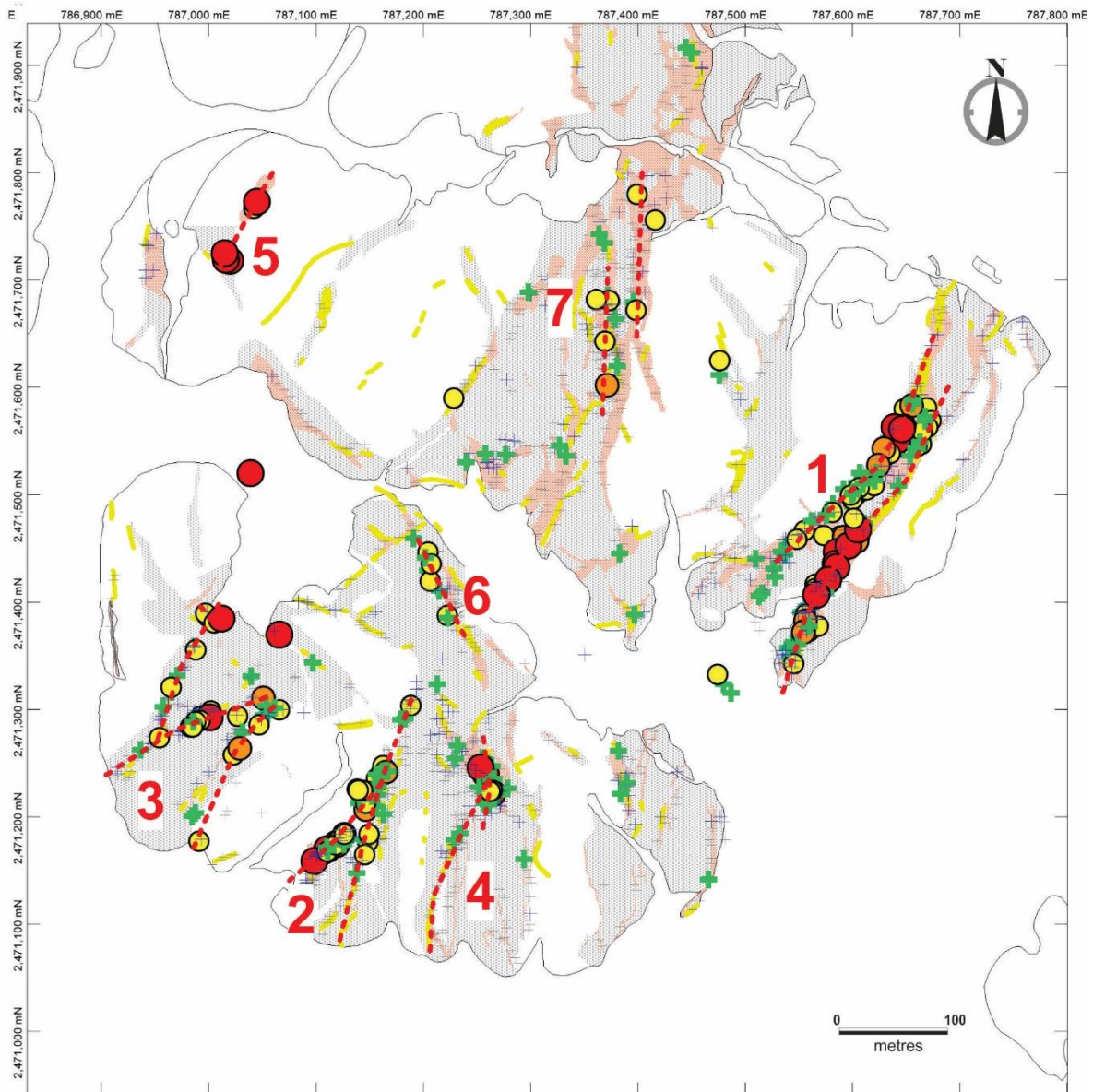
The drill contract between AFAQ Mining and Saudi Company for Mining and Petroleum Services (AGC) is attached hereto as Appendix B.

Initial drill sites were selected based upon a pre-determined drill hole spacing and topographic considerations. Drill cross-sections will initially be spaced at 100m and down-dip intersections are planned at 50m intervals to approximately 150m down-dip.

In the Romeit area the extent of surface exposure displaying strong deformation, alteration and quartz veining with anomalous gold mineralisation defines an extended mineral occurrence – greater in area at surface than previously reported. Collectively the area defines a large, prospective exploration target. Recent large-scale mapping and sampling have identified those areas with greatest potential at surface: for the purposes of the current work program these have been categorised into 7 targets (refer to Figure 19). These initial targets are clustered in the south of the area covered by the recent mapping at Romeit – further work may well expand the target selection to other areas (i.e. to the north) where veining and alteration have been observed, but at lower intensity/density than in the south.

A program of systematic reverse circulation drilling will be implemented to evaluate the subsurface extension to mineralisation observed at surface. The intent will be to conduct a “first pass” of drilling at a number of the identified targets, focussing initially on Targets 1 and 2 but extending to other targets as the program progresses. The total initial number of holes to be drilled will be dependent on the results obtained but will likely be in the range of 50-60 for a total of at least 5000m of drilling. Initial drill profile spacing at the most prospective targets, targets 1 and 2, will be at or near 100m with multiple drill holes collared on each line to intersect the down-dip expression of the surface exposures (refer to Figures 20-23). The program will target to a vertical depth of approximately 100m initially. The distribution of veining at surface is likely similar in the sub-surface – sufficient drilling will be necessary to adequately evaluate such a distribution. As greater understanding of the characteristics of the mineralisation is developed

the drill plan may be modified and extended and the drill hole/intersection density will very likely need to be increased with additional drill holes in order to produce a resource estimate should continuity and grade prove acceptable.





**ROMEIT OCCURRENCE**  
Southern Eastern Desert, Egypt

**GOLD MINERALISATION  
TRENDS FOR PROPOSED  
RC DRILLING**

**LEGEND**

Grab Sample - Gold Assays (ppm)

- ▲ > 5
- ▲ 3 to 5
- ▲ 1 to 3
- ▲ 0.3 to 1
- + 0.05 to 0.3
- + 0 to 0.05

- Outcrop
- Alteration Zones
- Deformation Zones
- Quartz Veins/Dykes
- - - Mineralised Trends

Projection: UTM Zone 36 (WGS 84)  
LAG July 2020

Figure 19. Romeit Gold Mineralisation Trends & Target Areas

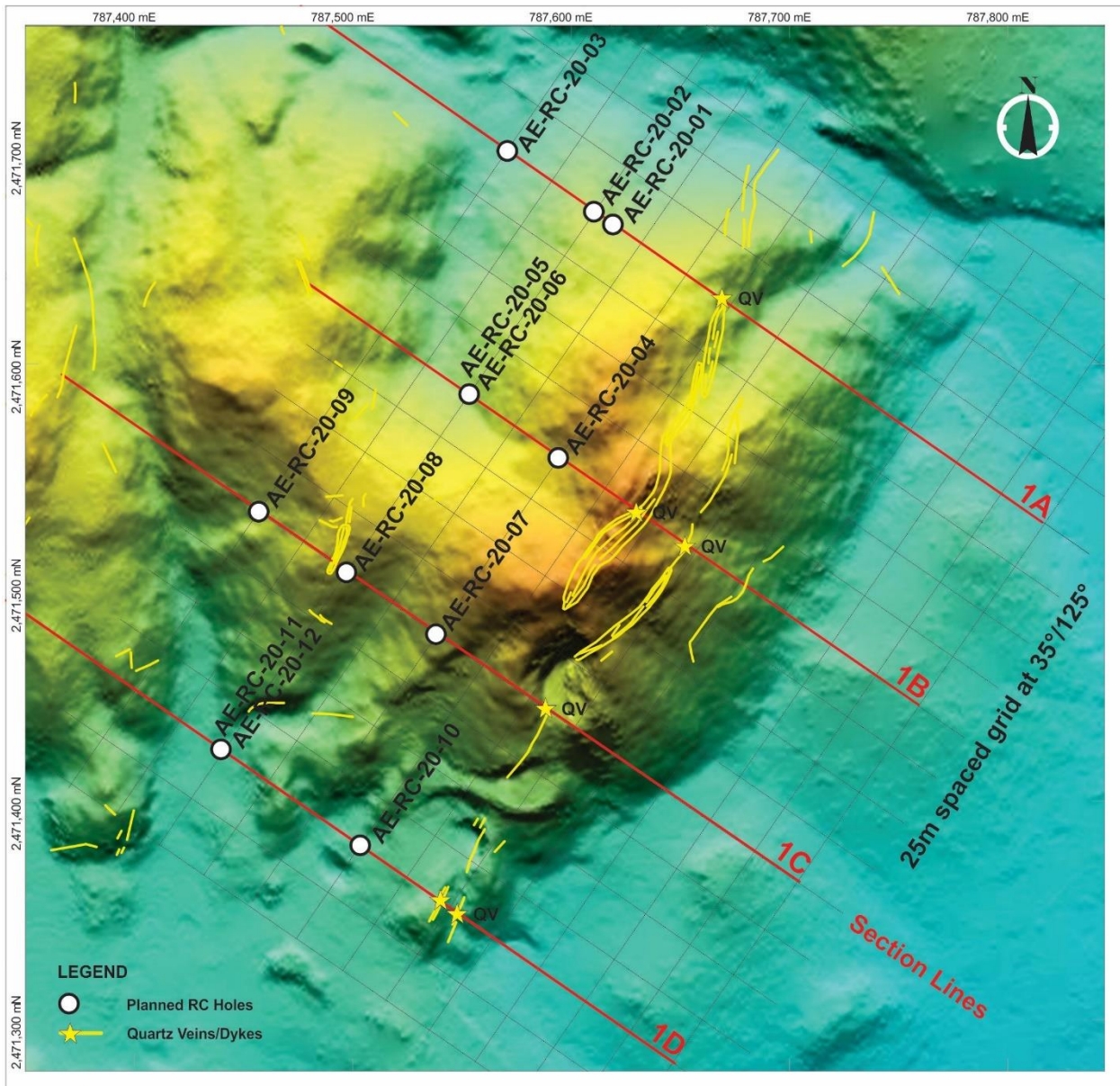


Figure 20. Romeit RC Drill Planning - Target Area 1

Table 2. Planned RC Holes – Target Area 1

Hole ID	Easting	Northing	Elevation	Dip (°)	Azimuth (°)	Length (m)
AE-RC-20-01	787619	2471664	322	-50	125	75
AE-RC-20-02	787610	2471670	322.5	-72	125	125

AE-RC-20-03	787571	2471697	304.5	-65	125	150
AE-RC-20-04	787594	2471557	341	-50	125	100
AE-RC-20-05	787553	2471586	322.5	-50	125	150
AE-RC-20-06	787553	2471586	322.5	-75	125	200
AE-RC-20-07	787538	2471476	335.5	-57	125	100
AE-RC-20-08	787497	2471505	335.5	-60	125	150
AE-RC-20-09	787457	2471532	329.25	-60	125	175
AE-RC-20-10	787503	2471379	305	-50	125	75
AE-RC-20-11	787441	2471423	305	-50	125	125
AE-RC-20-12	787441	2471423	305	-75	125	150
Total=						1575m

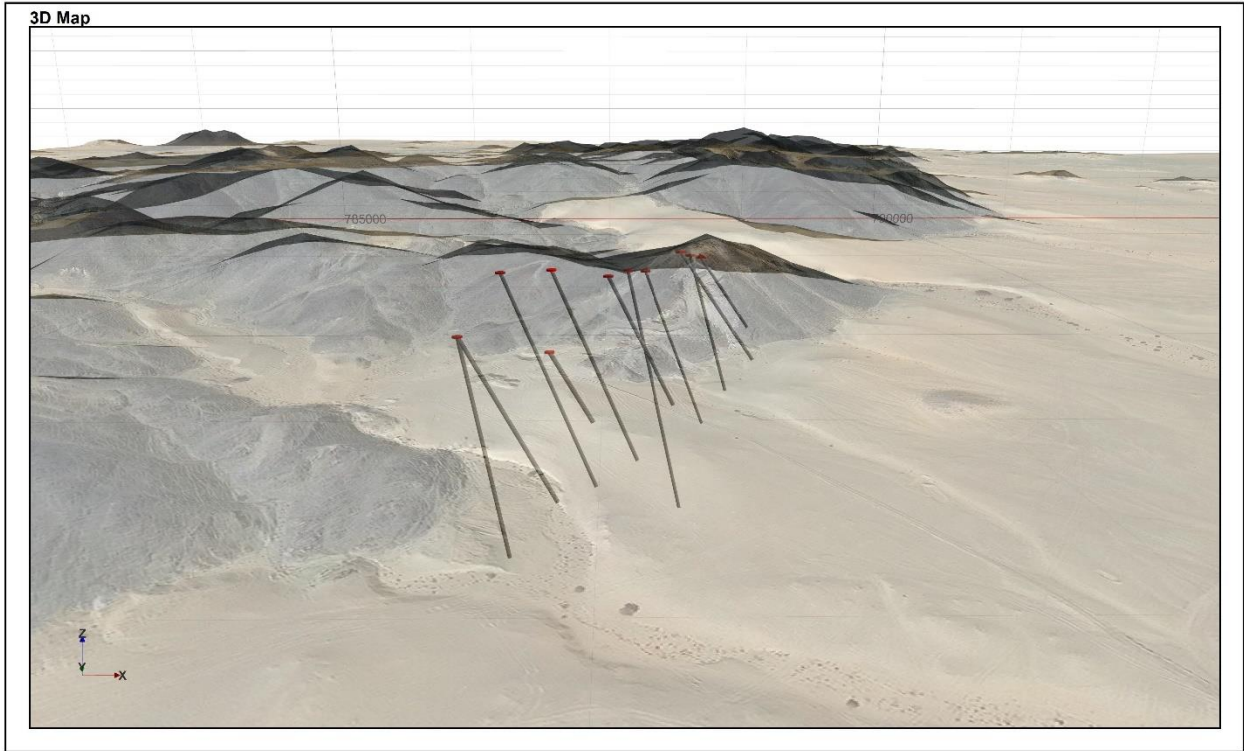


Figure 21. 3D View of Romeit RC Drill Planning - Target Area 1

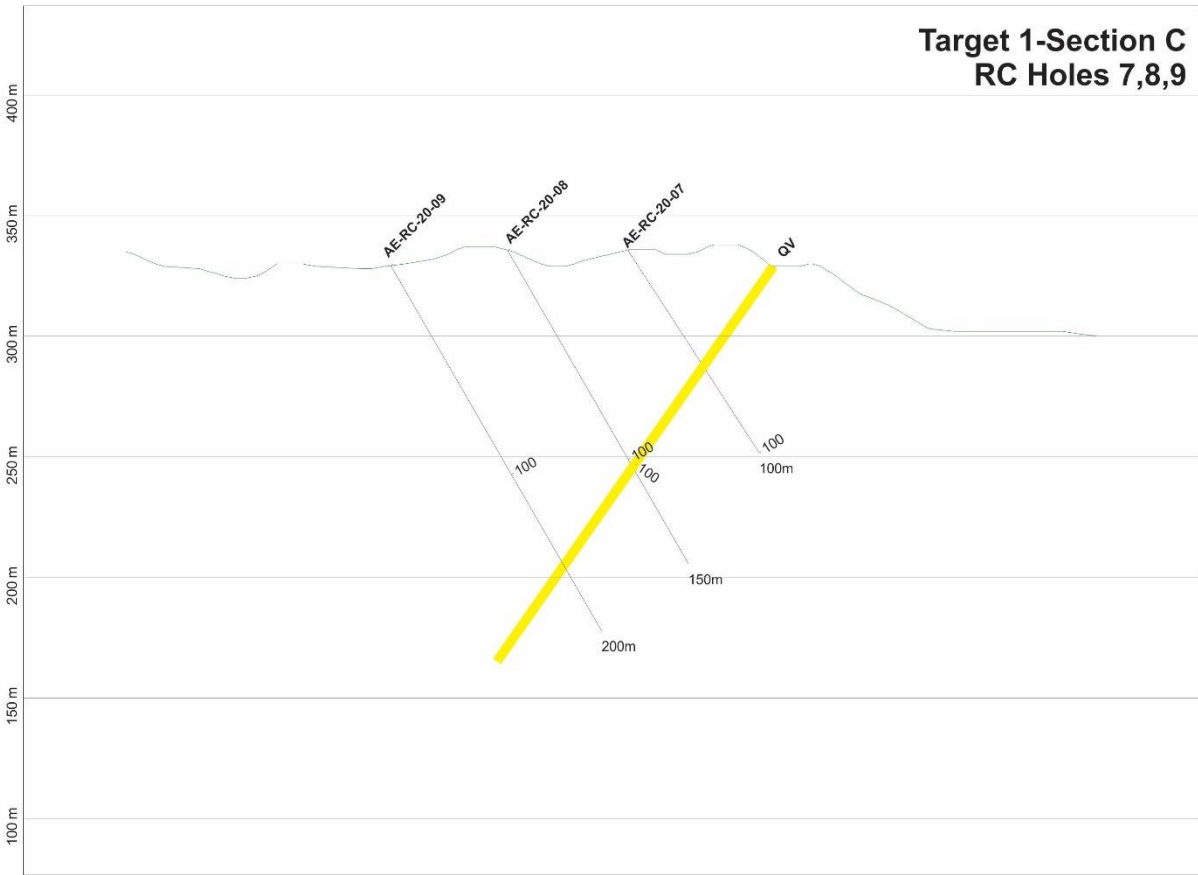


Figure 22. Example Cross Section – Target 1 Planning

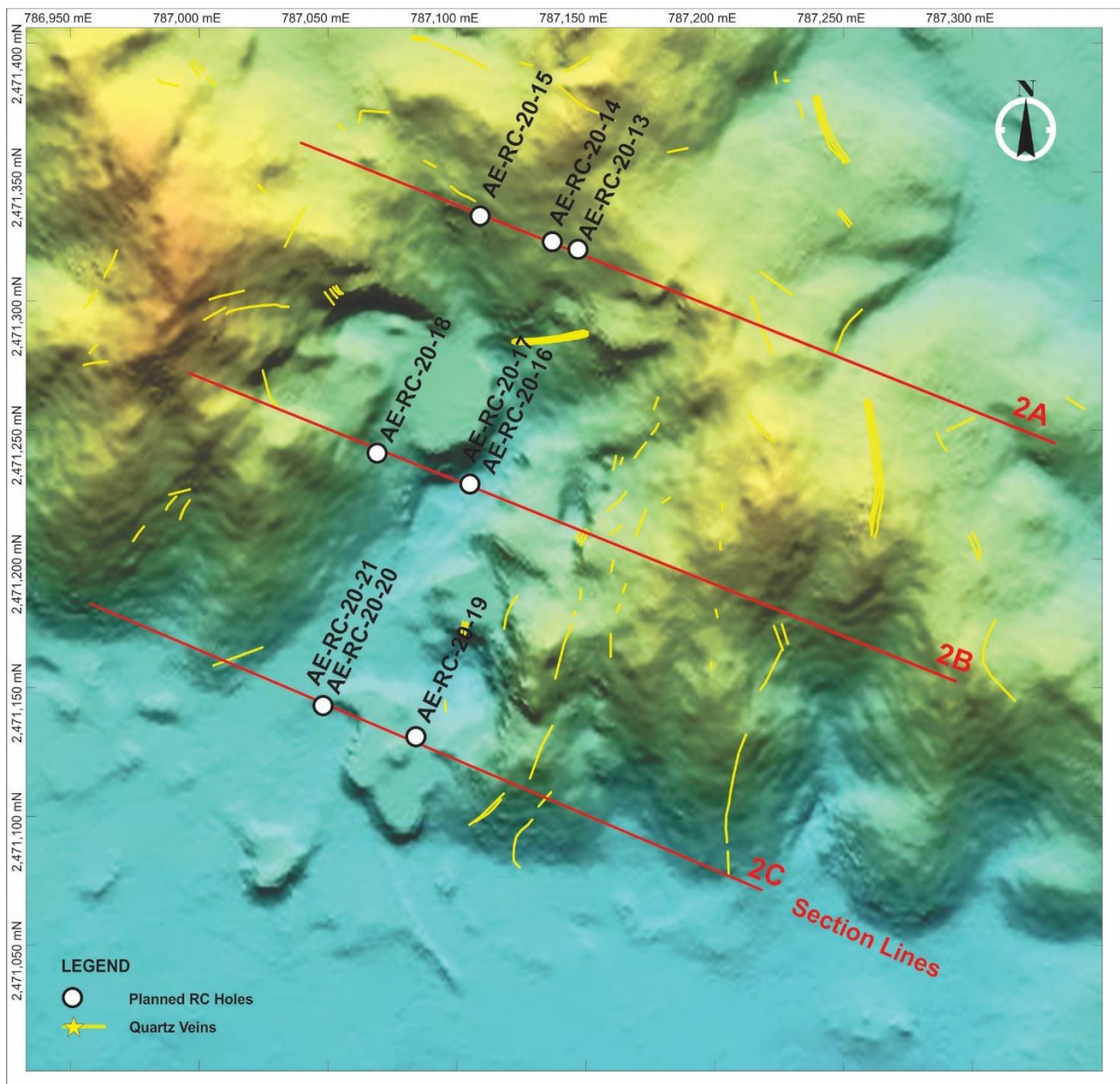


Figure 23. Romeit RC Drill Planning - Target Area 2

Table 3. Planned RC Holes – Target Area 2

Hole ID	Easting	Northing	Elevation	Dip (°)	Azimuth (°)	Length (m)
AE-RC-20-13	787147	2471320	325	50	110	73
AE-RC-20-14	787137	2471323	325	73	110	115
AE-RC-20-15	787109	2471333	323	68	110	170
AE-RC-20-16	787105	2471229	296	50	110	90
AE-RC-20-17	787105	2471229	296	75	110	135

AE-RC-20-18	787069	2471241	306	75	110	195
AE-RC-20-19	787084	2471131	300	50	110	75
AE-RC-20-20	787048	2471143	297	57	110	125
AE-RC-20-21	787048	2471143	297	72	110	170
Total =						1148m

#### 8.4 Sampling Update

During Q3 2020, ALS Global commenced operation at a preparation laboratory located in Marsa Alam. AFAQ entered into a contract with ALS to prep and ship samples from Marsa Alam to the ALS Romania analytical laboratory.

During this quarter, 750 samples previously collected during mapping and sampling from the Romeit East area were processed at Marsa Alam and forward to the analytical laboratory. Results are pending.

#### 8.5 Road Construction

On July 8, 2020 AFAQ signed a contract with United Mining Services for the preparation of drilling sites for the upcoming RC drilling program and for the design and preparation of an access road. The planned path for the 35-kilometre-long access road is from the Coastal Shalateen – Abu Ramad metalled road to the AFAQ camp. To date 16 kilometres have been completed since work started on July 17, 2020, with several interruptions to construction due to breakdowns and holidays. Equipment used for the road construction includes: 1 bulldozer, 3 loaders, 9 trucks, 1 water tank, and 1 vibratory soil compactor. Figure 24 shows the path of the new road.

The same contractor will construct access to drill sites and drill pads. This work will employ the same equipment as used on road construction and will initially focus on the Target 1 and Target 2 areas.

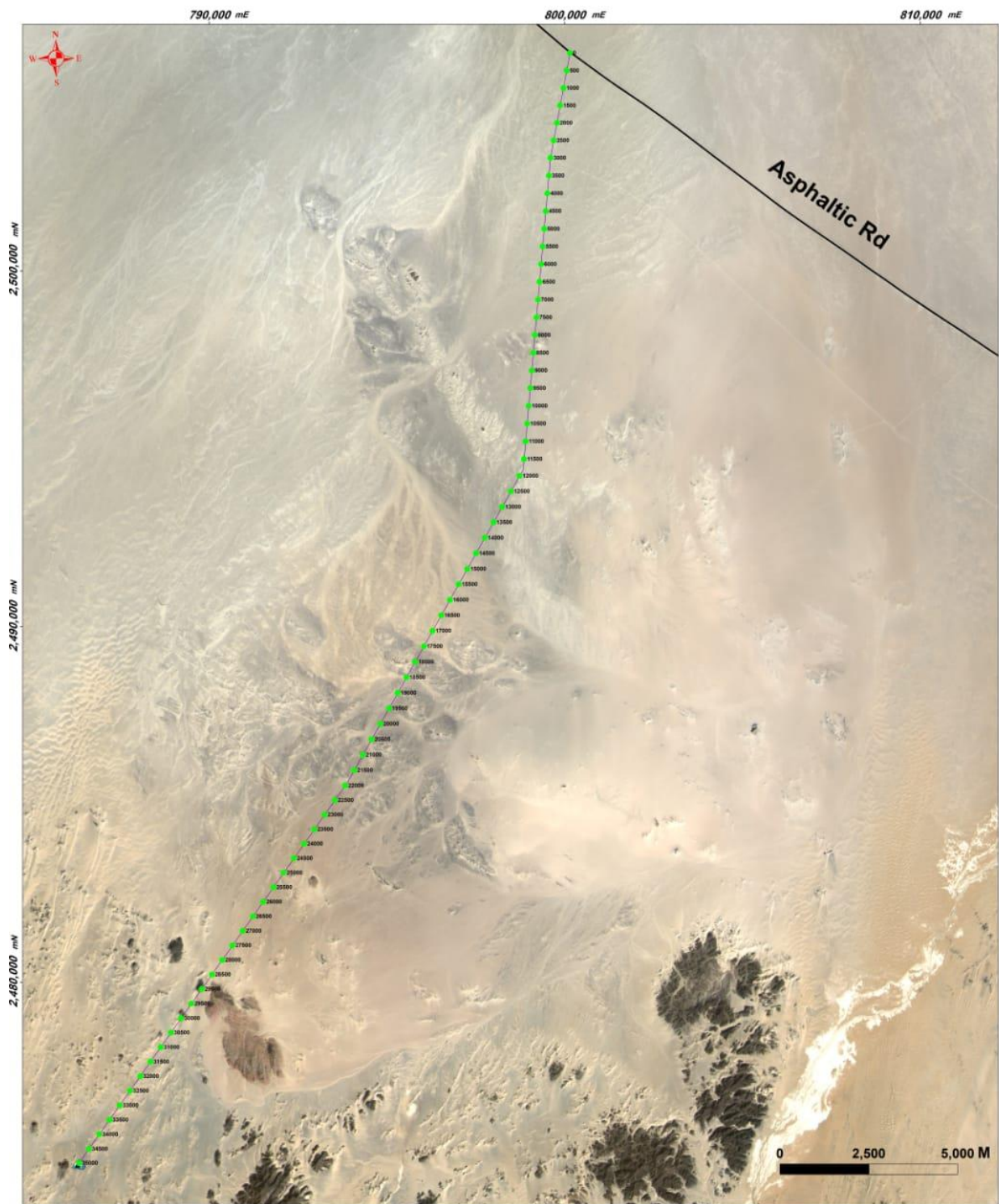


Figure 24. New Desert Path Track

## 8.6 Topographic Study / Digital Surface Model

An accurate topographic base map is necessary to establish good, custom, topographic control as work on the Romeit area advances. As such, Arab Nubia Group was commissioned in July 2020 to complete a satellite topographic survey and produce a digital surface model (DSM) that encompasses 45km<sup>2</sup> and covers the extended Romeit area. The survey used panchromatic WorldView-1 archive imagery dated on 15-Jan-2020 to produce the DSM with contours accurate to within ±1m. The DSM will provide accurate control for drill site selection, drill-pad, and road construction.

The work included a field visit on July 24 & 25 2020 to establish survey control points. Arab Nubia Group produced a project report (see Appendix C) and provided a data package including the following:

- Georeferenced WV01\_Panchromatic ortho-imagery in GeoTIFF
- DSM in GeoTIFF and DSM colour shaded preview
- Contour shapefiles: 1m, 5m & 10-meter intervals
- Sentinel-2 & AVNIR pansharpened imagery with WV01

## 8.7 Geological Report by Dr. B. Zoheir

Included with this report as Appendix D, is a technical report prepared for AFAQ by Dr. Basem Zoheir titled 'Controls and specifics of the Romite gold deposit, Southern Eastern Desert, Egypt'. The report summarized observations made by Dr. Zoheir during two site visits in October 2019 and September 2020. Dr. Zoheir concluding remarks and recommendations are repeated here:

*“Gold mineralisation at Romite has accompanied deformation under E-W oblique convergence and NNW-directed transpression/wrenching events with the Romite quartzdiorite intrusion acting as a rigid body surrounded by less competent rocks. Deformation in the intrusive body has been by development of spaced, brittle-ductile reverse shears whereas surrounding wallrocks have developed pervasive strong foliation, almost certainly accompanied by large volume reductions.*

*The extent to which the present shape of the intrusive body reflects its premineralisation shape is unknown. Embayments, protuberances and flexures in intrusion-wallrock contacts may have had a significant influence on the establishment of fluid conduit structures early on in the mineralizing process. Fault displacements during mineralisation were probably in the range of metres to tens of metres.*

*The highest-grade gold mineralisation at Romite is associated with through-going shear veins, of which the southeastern block represents the largest and best-exposed continuous lode system. These structures, however, host only a relatively small proportion of the total tonnage of ore that is likely to be economic in a large-scale open pit mining operation. The bulk of ore tonnes are contained in silicification, ferrugination and carbonation selvages*

*developed around zones of discontinuous, stacked extensional quartz veins in diffuse shear zones. Most extensional veins are gently dipping but the vein stacks are expected to occur in a variety of orientations, associated with west-dipping antithetic reverse faults. Local reorientation of stress fields and partitioning of strain across has resulted in diverse orientations of mineralized structures. Gold mineralisation is, however, of high fineness and would be easily processed.*

*Stockwork and variably dipping vein systems such as Romite represent among the most difficult types of gold mineralisation in which to estimate ore reserves and to separate ore and waste in grade control. Attempts to use polygonal estimation techniques or weighted averaging interpolation into blocks constrained by interpreted grade cut-off outlines/wireframes for ore reserve estimation will almost certainly underestimate ore tonnage and overestimate ore grade.*

## **9.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY**

Grab samples are collected from each sample site (duplicate samples were collected for SMRC at their request). Each sample taken is approximately one kilogram in the weight. The locations of all grab samples collected by the field crew are georeferenced with handheld GPS receivers and all pertinent geological characteristics is recorded for each sample. All samples are bagged in the field without further processing – all sample preparation (crushing and pulverising) is conducted at the analytical laboratory.

While awaiting shipment all samples are stored together in the AFAQ camp in purposed sample storage. Beginning in Q3 2020 the sample are shipped to the ALS preparation laboratory in Marsa Alam. Using sample prep code PREP-31Y where the samples are logged, sorted, crushed and split for onward shipment to the ALS analytical laboratory in Romania. Shipments receive approval from EMRA for exportation to Romania.

All sample analytical procedures have been conducted by ALS Laboratories at their Rosia Montana, Romania facility using the Au-AA23 analytical method with any overlimits (i.e.>10g/t Au) being analysed using Au-AA25. The laboratory in Romania is accredited to ISO/IEC 17025:2005 ensuring that all methods of analysis utilised meet international standards. According to ALS their “quality program includes quality control steps through sample preparation and analysis, inter-laboratory test programs, and regular internal audits. It is an integral part of day-to-day activities, involves all levels of ALS staff and is monitored at top management levels.”

Quality assurance and quality control (QA/QC) samples are included in the sample stream and comprise field duplicates (FD), field blanks (FB) and standard samples (SD). To date each 25-sample batch will contain three QA/QC samples inserted at random intervals (22 Regular samples + 3 QA/QC samples).

The analytical standards were acquired from CDN Resource Laboratories. The ore material used in the standard is ground and screened through a 270-mesh sieve. The -270 material (<53 micron) is thoroughly blended. A minimum of 150 sub-samples are then sent to Canadian and international commercial laboratories for round-robin analysis. Seven standards have so far been used in the AFAQ sample stream:

- CDN-GS-P4G grading  $0.468 \pm 0.052$  g/t Au
- CDN-GS-P4H grading  $0.501 \pm 0.30$  g/t Au
- CDN-GS-4E grading  $4.19 \pm 0.19$  g/t Au
- CDN-GS-P5G grading  $0.562 \pm 0.054$  g/t Au
- CDN-GS-4L grading  $4.01 \pm 0.30$  g/t Au (also grades  $125.9 \pm 7.3$  g/t Ag)
- CDN -GS-4F grading  $3.83 \pm 0.24$  g/t Au
- CDN-CGS-28 grading  $0.727 \pm 0.076$  g/t Au (also grades  $2.089 \pm 0.096\%$  Cu)

Field blanks used to date consist of sandstone collected from outcrops near Marsa Alam.

All samples are analysed for gold using ALS Laboratories Au-AA23 analytical method, any samples with analysis exceeding the upper limit of Au-AA23 (10g/t Au) are reanalysed by Au-AA25.

When analytical results are received additional analyses may be contemplated on select samples to evaluate the presence of other elements of possible economic interest and to characterise lithologies based on whole rock geochemistry.

An additional 50 samples were collected in Q2 specifically for whole rock analyses. The whole rock geochemistry was conducted by ALS Laboratories using a fused disc XRF method (code ME-XRF26). The method includes determinations of the following 14 oxides:  $Al_2O_3$ , BaO, CaO,  $Cr_2O_3$ ,  $Fe_2O_3$ , K<sub>2</sub>O, MgO, MnO, Na<sub>2</sub>O, P<sub>2</sub>O<sub>5</sub>, SO<sub>3</sub>, SrO, TiO<sub>2</sub> plus loss on ignition (LOI).

The pulps of a subset of 15 samples from Q1 were analysed using the ALS multi-element package ME-ICP61. The multi-element method utilised a four acid digestion with ICP-AES finish and provides data on 33 elements including Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W, Zn.

Prior to Q3 2020 (i.e. prior to the commencement of operations at the ALS Marsa Alam preparation laboratory), the process of collecting, storing, and shipping samples adheres to the following chain-of-custody process:

- 1) Samples collecting in the field and bagged
- 2) Samples stored securely in the AFAQ camp

- 3) All samples weighed to 1kg for onward delivery for analysis; duplicate sampled stored in camp
- 4) Sample tags inserted under supervision of geologist
- 5) Blanks, standards, and field duplicates inserted into the sample stream
- 6) Rice sacks containing approximately 25 samples each are prepared for shipment
- 7) Sacks are transported to the AFAQ field office in Shalateen
- 8) Carrier contracted to AFAQ transports the sample sacks to AFAQ head office, Cairo
- 9) Shipping documents prepared
- 10) Samples forwarded to EMRA for examination and approval for shipping
- 11) Carrier contracted to AFAQ transports the sample sacks from EMRA to Cairo airport cargo shipping
- 12) Samples are sent by airfreight to Romania (usually by Egyptair or Turkish Airlines) to be collected by ALS Romania for delivery to laboratory

Starting in Q3 2020, ALS Global commenced operation at a preparation laboratory located in Marsa Alam. AFAQ entered into a contract with ALS for the preparation and shipment of samples from Marsa Alam to the ALS Romania analytical laboratory. This procedure replaced steps 8 through 12 in the chain-of-custody process listed above.

## **10.0 DATA VERIFICATION**

No additional analytical results were received during Q3 (2020) therefore no new data verification was completed.

## **11.0 SUMMARY AND INTERPRETATION**

Observations to date at Romeit indicate the presence of distinctly anomalous domains of gold mineralisation associated with quartz veining, sulphide mineralisation, chlorite-sericite-carbonate alteration, and strong ductile deformation. These domains, up to several metres thickness, trend generally northerly with frequent deviation to the east and west, bifurcate and re-join in a complex pattern, and can be persistent along strike for hundreds of metres. They are particularly prevalent at the southern part of the Romeit occurrence, but additional analytical results may result in modification of this interpretation; unobserved mineralisation may well occur beneath the alluvial sediments occurring to the south of the southern part of the exposed Romeit occurrence evidenced by the presence of anomalous gold mineralisation in isolated outcrops located approximately 300m south of the main Romeit outcrop area and on the same trend as mineralisation there. The highest assay (945 g/t Au) was for a sample collected in Q1 from the Romeit area described as a 20cm thick quartz vein with some hematite/iron oxides. The

second highest assay (100 g/t) was collected from an alteration zone in the Romeit area described as being 2m wide, dipping 50/270, with hematite/iron oxides.

At Hamida, five map sheets have been completed at a scale of 1:1000 for a total area of 4.375 km<sup>2</sup>. The Hamida occurrence is composed of mainly felsic to mafic island-arc metavolcanics and related meta-volcaniclastics. All the volcanic stratigraphy has been intruded by diorite dykes and late and post orogenic granite further intruded the metavolcanics and diorite. The most prominent structural feature at the Hamida occurrence is an extensive shear zone, trending ENE (although locally deflecting significantly from this orientation) and composed of branching and re-joining domains of chlorite schist. Observation of the intense schistosity and sigmoidal indicators as well as isoclinal folds and evidence of recrystallisation indicate that ductile deformation prevailed within the zone. The shear zone is transected by NNE and NNW trending shears/faults characterised by mylonitisation and sinistral displacement along the NNE features while dextral motion occurred along NNW trending faults. Quartz veining is quite common, particularly hosted by metavolcanic rock but also in diorite and granite. They are composed of white-grey quartz as well as a malachite bearing set. They typically strike NE and vary from <1cm to > 2m width, are up to 50m along strike and can occur individually or more commonly as sub-parallel sets and occasionally as extensive swarms. Observation of waste dumps at archaeological sites demonstrates that the malachite bearing quartz veins are the source of much of the gold recovered historically. The Hamida occurrence presents an exceptionally large altered and mineralised system – much larger in scope than the Romeit occurrence. The aim of the exploration program will be to isolate those areas of the system that present the highest potential for mineralisation of economic significance.

To date, a total of 8922 samples have been collected on AFAQ's West Elbah Concession, primarily from the Romeit and Hamida areas. Samples consist of 7890 rock grab samples (assay and whole rock), 346 standards, 343 blanks, and 343 field duplicate samples. Results have been received for 4360 of these samples, while the remaining 4562 are awaiting analysis or have yet to be delivered to the laboratory.

At the time of writing a significant number of analyses are still outstanding for samples collected in Q3 and Q4 2019, and Q1 2020. The greatest proportion of these samples were collected in Q4 (2019). Fewer samples were collected in Q3 (2019) as no work was undertaken during the hottest months of summer and in Q1 (2020) due to the third rotation of the quarter being curtailed by the Covid-19 pandemic. Further description and analysis of geochemical results will be completed upon delivery of outstanding analyses.

Field mapping and analytical results to date demonstrate that significant deformation, alteration, quartz-veining and anomalous gold mineralisation is widely distributed in structurally hosted, curvi-linear domains at the Romeit occurrence area. These domains are part of extensive network of structurally hosted gold mineralisation of recognised regional extent measured in hundreds of kilometres. The Romeit mineralised domains are measured in kilometres of combined strike length and have widths (combined veining and alteration) of up to 50m in places. Significant gold values are widespread. Combined these elements reveal the Romeit occurrence to be a prime

exploration target of dimensions and potential not fully recognised in the past. No subsurface exploration has yet been conducted at Romeit. The extent of continuity along strike at surface of the mineralisation at Romeit affords an expectation of sub-surface continuity.

The distribution of analytical results clearly demonstrates several areas that exhibit strong anomalous gold mineralisation, with significant continuity within an area of approximately 1km x 1km. This area is located within a much larger area of discontinuous, linear domains of gold mineralisation measuring 3.5km x 3km (refer to Figure X). A predominantly north-south orientation to the mineralisation is evident from the distribution and orientation of the veining and of analytical results; the veining dips predominantly to the west within altered, deformed zones that are up to 50m thick. The planned work-program will trace to depth this mineralisation observed at surface. An extensive program of RC drilling will initially test the highest priority targets as identified in this report.

## **12.0 PROPOSAL FOR ONGOING WORK PROGRAM –2020/21**

Work planned for Q4 (2020) will start with the completion of any preparations necessary for the reverse circulation (RC) drilling program anticipated to start later in the quarter. Preparatory work will include completing road access to the drill sites and preparation of the drilling pads.

### *12.1 Reverse Circulation Drilling*

An initial program of reverse circulation drilling will start the evaluation of subsurface extension to the extensive domains of gold mineralisation mapped at surface. Approximately 5,000m of drilling in up to 50 drill holes is planned and budgeted. This drilling will test to vertical depths of up to approximately 100m on several of the identified target domains in the Romeit area. See Section 8.3 for a description of the planning undertaken in 2020 Q3 for this initial program. Coincidental to the planned reverse circulation drilling program, additional detailed mapping has also been recommended along each drill section.

### *12.2 Mapping*

The continued expansion of mapping coverage of the West Elbah Concession Area is important for a comprehensive evaluation of the area. Detail may be added to existing mapping where appropriate. Additional detail to mapping structural information and kinematic indicators will be emphasised. In particular such mapping should be completed in areas to be drilled so as to obtain the most precise data available to be correlated with drilling results.

To date, mapping has focused on the Romeit, Romeit East, and Hamida areas. The mapping of the Masho Shinai occurrence as well as at least seven areas elsewhere in the Concession Area identified from the remote sensing study (Baker, 2019) completed in Q1 2019 will aid in evaluating the gold mineralisation potential in those areas.

### *12.3 Sampling*

Rock sampling for analytical purposes will continue as an integral part of the mapping and geological characterisation of the West Elbah Concession Area.

Grab samples will continue to be collected as appropriate when field-crews traverse lithologies and mineralisation considered to be prospective for gold mineralisation. To present a total of 7890 grab samples (plus 343 duplicates) have been collected.

### *12.4 Channel Sampling*

Additional channel sampling may be contemplated for the Hamida area (where topography is more challenging) as well as for the southern part of the Romeit occurrence. Channel sampling may provide an insight into the detailed distribution of gold (and other elements) at surface over well mineralised and altered domains and the adjacent and intervening deformed host rock.

## 12.5 Diamond Drilling

Diamond drilling will ultimately likely be necessary to evaluate deeper subsurface extensions to the mineralisation occurring at surface as well as more precisely characterising mineralisation and geometry within the mineralised domains to be evaluated. Actual drill hole configuration will depend to some extent on the interpretation of results from previous work conducted – reverse circulation drilling, mapping, sampling, channel sampling, and other exploration. However if deeper intersections of the mineralised domains are necessary diamond drilling will likely prove more effective.

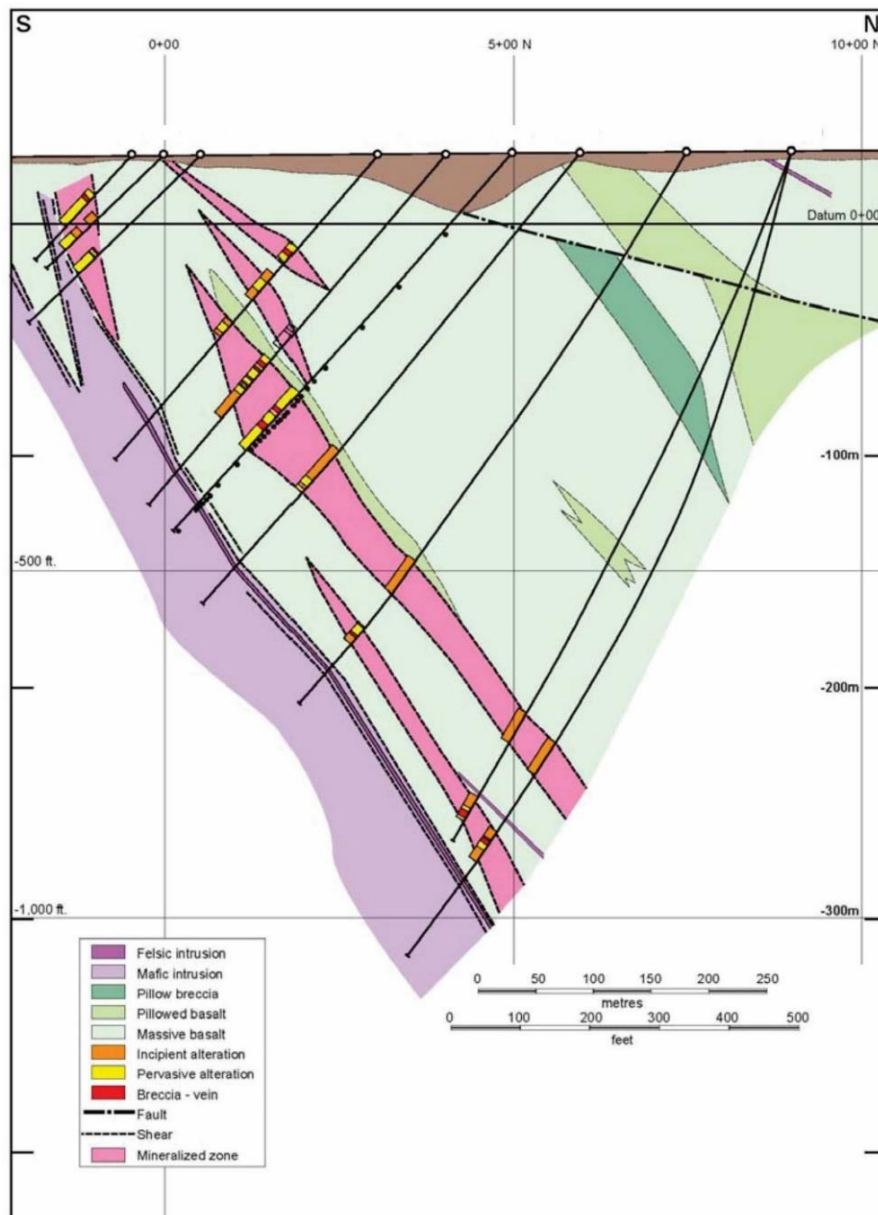


Figure 25. Example of a Hypothetical Diamond Drilling Cross Section (from a Canadian project comparable to Romeit)

## *12.6 Alluvial Sampling*

The results from the alluvial sampling study demonstrate that gold mineralisation does occur in the sediment covered areas in the immediate vicinity of the Romeit occurrence. Three of the ten samples collected returned strongly anomalous gold grain content. The grains are dominantly silt sized (<63µm) but several grains between 0.5->1mm are documented. Based on grain morphology the gold is interpreted to be in place or to have been transported a short distance from source and grain size distribution suggests a bedrock source.

Because of the anomalous nature of the gold grain content from the selected samples additional sampling and analysis is recommended. The potential for easily exploitable gold is apparent based on the results of the AFAQ study and the nearby presence of artisanal operations. Additional sampling and refining the sampling method to provide greater insight into the distribution of the gold grains is a simple and effective way to further evaluate the occurrence.

## *12.7 Ground Geophysics*

A geophysical survey is highly recommended as part of a comprehensive exploration program. Given the evident structural complexity affecting the rocks hosting gold mineralisation at Elbah the application of appropriate geophysical techniques to evaluate the subsurface extension of the surface exposures of mineralised occurrences will provide invaluable information that could be used subsequently to direct drilling programs.

Specifically at Romeit the contemplated survey will comprise combined IP/Resistivity coverage employing multiple-line data acquisition and 3D-interpretation to provide coverage to a depth of 200+m. Survey coverage necessary to evaluate the entire Romeit occurrence is approximately 4.5km<sup>2</sup> – however the initial survey does not have to comprise complete coverage of Romeit to provide useful data to allow definition of drilling targets. The survey should: detect and discriminate targets related to potential mineralisation, alteration, lithology, and structures; discriminate between large, potentially greater tonnage targets and small, non-economic targets; complement near-surface information for integrated diamond drill targeting. A ground magnetic survey would be conducted in conjunction with the IP/Resistivity survey.

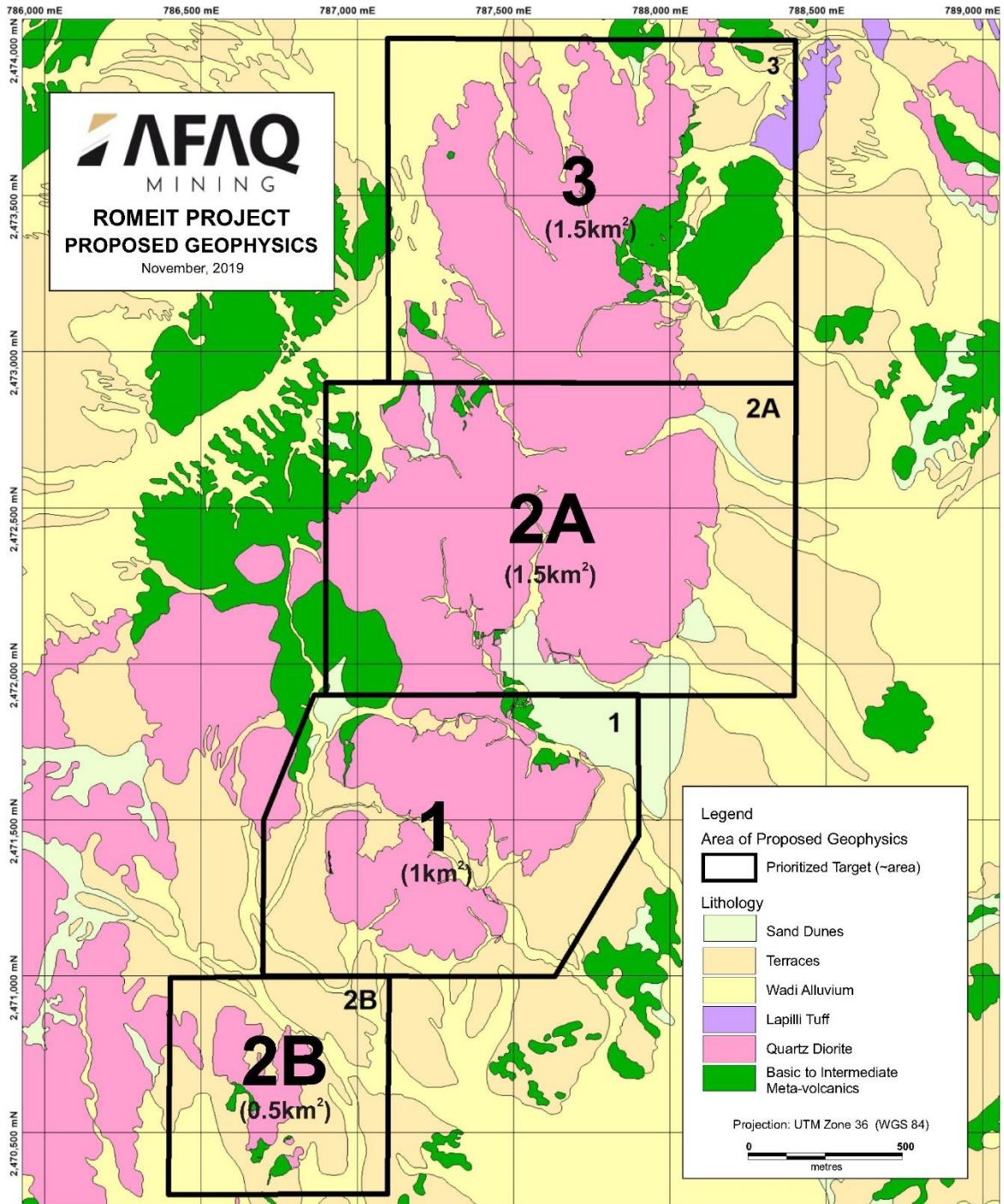


Figure 26. Proposed Geophysical Survey Coverage for Romeit Area

### 13.0 PERSONNEL

AFAQ Mining personnel responsible for the implementation, management, and supervision of the work program at the Elbah are listed below. Work program are conducted by a field crew consisting of four geologists under the supervision of the Project Manager. Work is conducted to a high standard and is regularly vetted via QA/QC procedures. Additional support staff assist with the work.

Table 4. AFAQ Mining Personnel and Consultants

<b>Person</b>	<b>Position</b>
Mostafa Elbahr	AFAQ Mining Chairman
Ahmed Bassouiny	AFAQ Mining CEO
Dr. Ragab El Banna	Project Manager
Mohamed Darweesh	Senior Geologist
Eslam Helal	Geologist
Mostafa Khaled	Geologist
Dr. Hassan Mohy	Geologist/GIS Geologist
Abdullah Abdel-Mohsen	Geologist
Mohamed Abdel Halim	Geologist
Paul Jones	Geologist/Consultant
Laura Giroux	Geologist/Consultant
Dr. J.M. Franklin	Geochemist/Consultant
Dr. Basem Zoheir	Consultant

In total, approximately 18 people work in the field camp when all support, service staff and drivers are included. The field crew generally works on a 20-day on-site (two days travel) and 10-day off-site rotation. In 2019 (Q1 through Q4), there were nine work rotations for the field crew with an average 18 field-work days per worker per rotation for an average total of 162 workdays (and 18 travel days) per field crew member. After completing two work rotations during the first quarter of 2020, a third work rotation scheduled for March-April 2020 was deferred because of health concerns resulting from the global Covid-19 pandemic. Work could not be resumed until the last month (June) of the second quarter of 2020. In the third quarter of 2020, two additional geologists were hired and overlapping rotations were started to ensure that part of the technical crew was always on site.

Table 5. 2020 Field Crew Work Rotations

2020	Rotation	1	2	3	4	5	6	7	8	9	10	11
	Days	Jan 19- Feb 8	Feb 23- Mar 20	Mar-Apr	Apr-May	May- Jun	Jun 8- Jul 5	Jul 13- Jul 27	Aug 9 – Aug 31	Aug 28 – Sep 19	Sep 16 - Oct 8	Oct 5 – Oct 27
Ragab El Banna	0	0	Rotation Deferred	Rotation Deferred	Rotation Deferred	18	0	--	11			
Hassan Mohy	14	0				28	0	23	--			
Mohamed Darwesh	21	19				10	15	--	23			
Eslam Helal	21	19				28	0	23	--			
Mostafa Khaled	21	19				10	15	--	23			
Abdullah Abdel-Mohsen	--	--				--	--	15				
Mohamed Abdel Halim	--	--				--	--	--	23			

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## **15.0 CERTIFICATE OF AUTHORS**

**Certificate for report titles “AFAQ Mining, Quarterly Progress Report, 2020 Q3, AFAQ Mining Limited, Western Elbah Concession, Eastern Desert, Arab Republic of Egypt, October 12, 2020”**

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**12 October 2020**

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**12 October 2020**