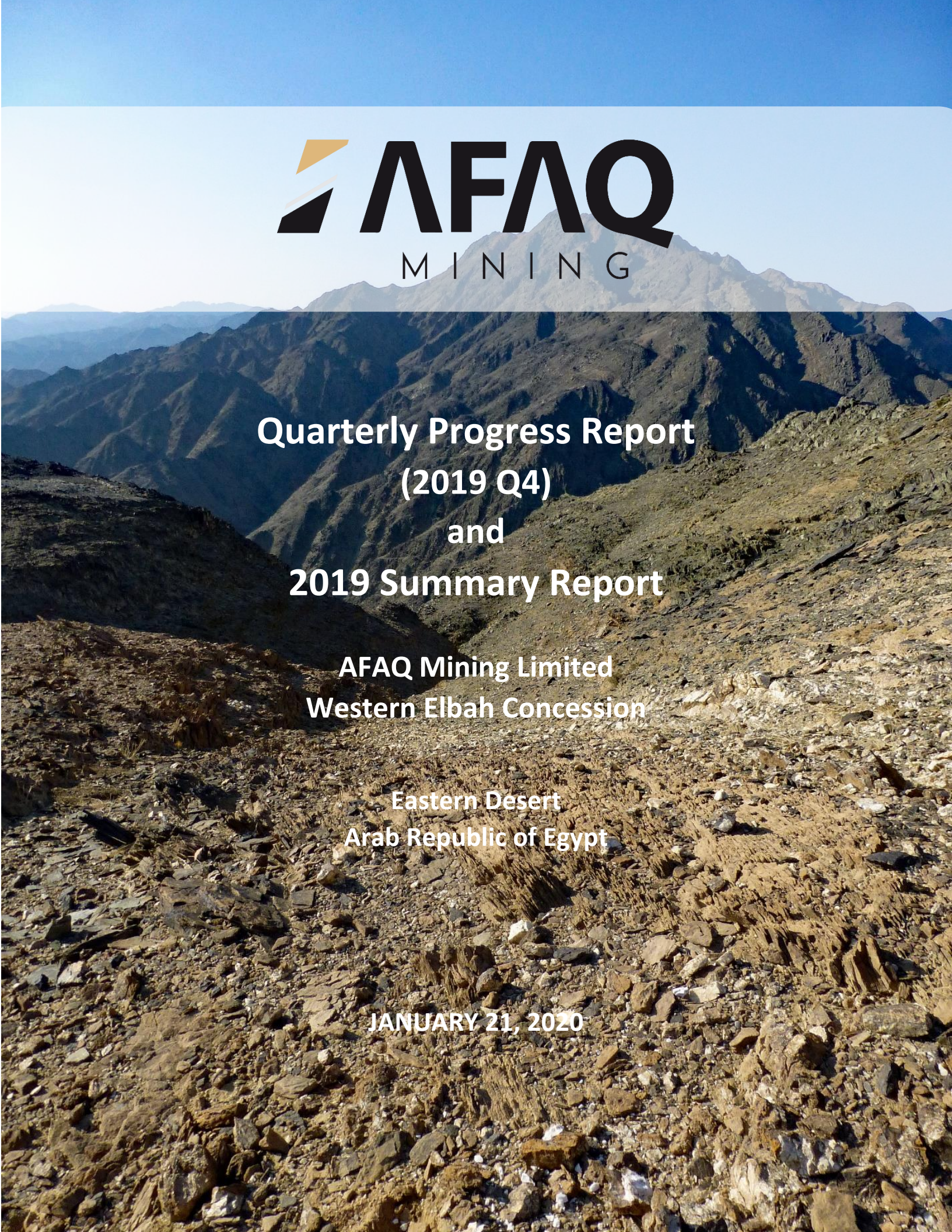

Quarterly Progress Report (2019 Q4) and 2019 Summary Report

AFAQ Mining Limited
Western Elbah Concession

Eastern Desert
Arab Republic of Egypt

JANUARY 21, 2020

Table of Contents

List of Figures

List of Tables

List of Appendices

1 EXECUTIVE SUMMARY

The writers have been commissioned by AFAQ Mining Limited ("AFAQ" or "the Company") to prepare a technical report for the AFAQ Western Elbah Concession project, located in the Eastern Desert of Egypt approximately 50km west of the Red Sea coast. 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 presence on the site and mobilised a field-crew to systematically map, prospect and sample prospective terrain on the concession. The work program currently in progress by AFAQ is the first comprehensive work program within the Concession Area incorporating an integrated approach to mineral exploration employing modern methods. Analytical results are continually being received.

This technical report presents the results of a technical review of the ongoing project of the AFAQ Western Elbah Concession. The effective date of the report is January 21, 2020. For this work, AFAQ retained the services of several specialised firms including:

- Michael Baker, Ph.D. for satellite image analysis and interpretation
- ALS Laboratories for all sample processing and geochemical analyses to date
- Overburden Drilling Management Limited for analysis of alluvial gold potential
- SJ Geophysics for proposals relating to ground geophysical surveys
- Pacific Geomatics 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.

Phase 1 of the work program conducted at the Western Elbah Concession by AFAQ has focussed on the Romeit gold occurrence area, primarily because it is the most readily accessible, best understood and presently the most prospective of the occurrences located within AFAQ's concession area.

During the first, second and third quarters (commencing January ending September 2019) 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, the field program was in hiatus because of excessively high temperatures on-site.

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, diamond drilling and possibly as a vector for geophysical surveying. To date typically north-south traverses employing the UTM grid have been used for field control – line spacing is variable and dependent on distribution of mappable geological features but typically approximately 50m has been employed as a basis for traverse separation. All of the Romeit occurrence has been mapped so far using this methodology (to the end of the Q2 work program) while Hamida mapping is now underway (commencing in Q3).

The sampling program conducted in conjunction with the detailed field mapping entailed a separate sampling crew traversing mapped areas and consistently collecting samples from quartz veining, alteration zones and deformation zones. As noted above the intent of the sampling is to characterise the distribution of gold mineralisation. A total of 7610 samples have been collected to date comprised of: 6716 analytical samples (assay and whole rock), 300 standards, 297 blanks and 297 field duplicate samples. Results have been received for 3060 of these samples, while the remaining 4550 are awaiting analysis or have yet to be delivered to the laboratory.

Fifty samples were collected in Q2 for whole rock litho-geochemistry and 15 samples collected for gold assays were also subjected to a multi-element analysis – analytical results for these samples were received in Q3 and are interpreted in this report. A further 10 samples of alluvial sediment were collected in Q2 (June 2019) as a pilot study examining the potential for alluvial gold mineralisation – results of this sampling are reported here.

Analytical results discussed in the text of this report are tabulated in the appendices attached hereto and updated to Q4 submissions and receipt of results. The 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 modification of the 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.

The application of other exploration techniques such as ground geophysics is currently being planned. Diamond drilling will ultimately be necessary to evaluate sub-surface mineralisation.

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, (Q4 2019), and 2019 Summary Report, AFAQ Mining Limited, Western Elbah Concession" describes the ongoing work-program progress at the Western Elbah Concession and is considered effective as of January 21, 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 information, as listed in Section 14.0 "References" of this Report. Sections from reports authored by other consultants may have been directly quoted or summarized 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 M. Baker
- Compiled ALS Global laboratory analytical reports
- Memoranda and proposals regarding geophysical surveying, particularly those with SJ Geophysics
- Memoranda and laboratory reporting from Overburden Drilling Management Ltd.

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 during that time the AFAQ field crew has

proceeded through 9 successive 20-day work rotations through the year, apart from a hiatus during the hottest months of July and August.

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

°	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	Overburdern 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 with regard to 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.

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^2. 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.

Figure 1. Location Map of Elbah Concession

4.2 Location

The AFAQ concession comprises an area of approximately 680 km^2 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.

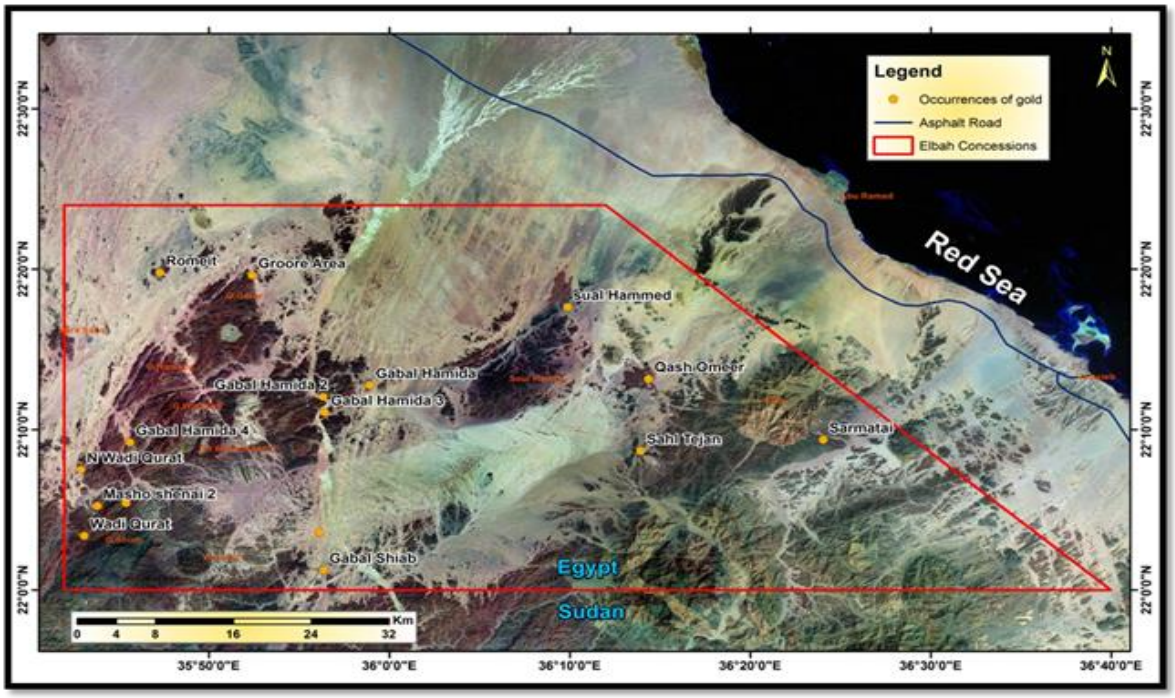

Figure 2. Extent of the SMRC Mining Elbah Concession Area – Red Boundary

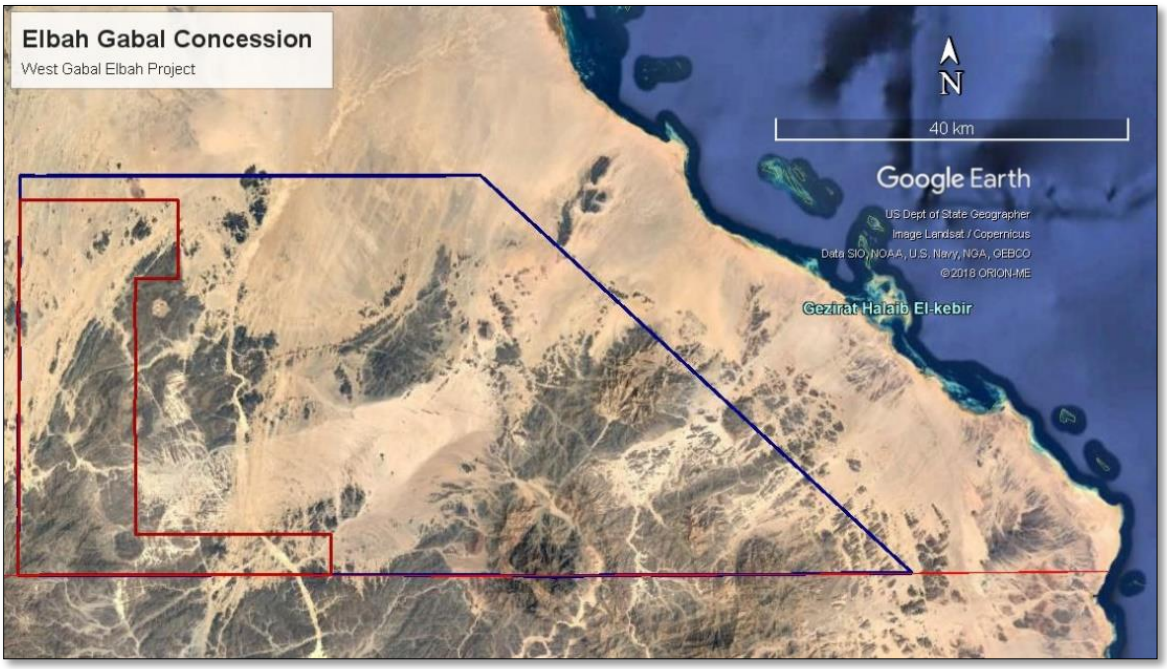

Figure 3. Extent of the AFAQ Mining Elbah Concession Area – Red Boundary

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.

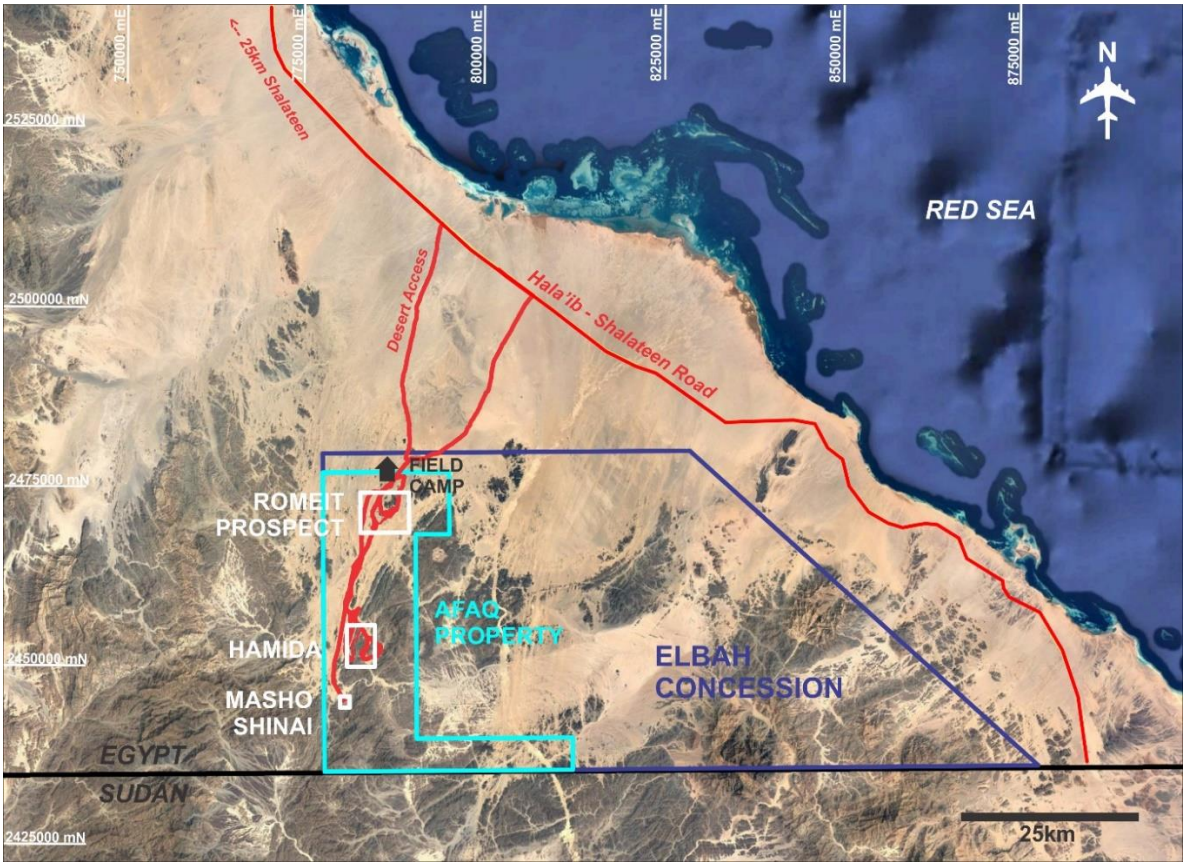

Figure 4. Access to the AFAQ Concession (pale blue)

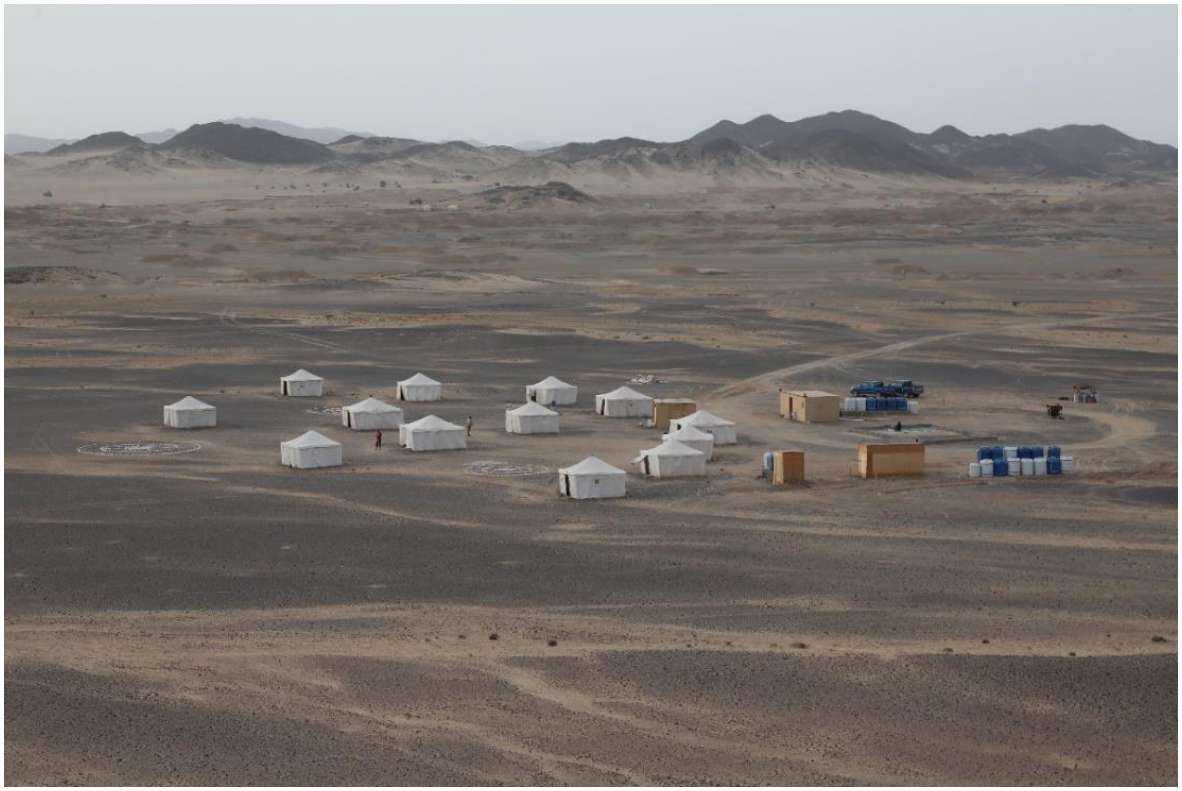

Figure 5. AFAQ Mining Camp Site – West Elbah Concession Area

3.4 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 in the Hala'ib Triangle, an area of approximately 20,000 km^2 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^2. 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^2. 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.

Table 2. Breakdown of EMRA 2003 Sampling by Area/Zone

AREA	Zone	Trench	Quartz Diorite	Quartz Vein
R1	East Alt Zone	0	6	12
R1	TR4	19	0	0
R1	TR7	11	0	0
R1	Central Alt Zone	0	7	13
R1	TR5	20	0	0
R1	West Alt Zone	0	14	15
R1	TR 6	6	0	0
R2	1st Alt Zone	0	8	13
R2	2nd Alt Zone	0	10	6
R3	East Alt Zone	0	3	3
R3	Central Alt Zone	0	5	7
R3	TR3	13	0	0
R3	SW Alt Zone	0	2	6
R4	1st Alt Zone	0	1	3
R4	2nd Alt Zone	0	4	4
R5	East Alt Zone	0	0	13
R5	Central Alt Zone	0	4	10
R5	West Alt Zone	0	2	10
TOTAL		69	66	115

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.

5.4.4 Non-Metalic Deposits

Non-metallic deposits of white quartz and marble were studied. Five samples of quartz were analysed by XRF and had an average composition of 99.55% SiO_2, 0.014% Fe_2O_3 and 0.068% P_2O_5. An estimated 211,250 tons of quartz was reported.

Five marble samples were collected from six known marble occurrences for evaluation for use as an ornamental stone. Physical and mechanical properties of the samples such as compressive and tensile strength, porosity, water absorbency, and acid resistance were measured. An estimated total volume of 1,766,000 m3 is reported for the marble.

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

Subsequent to the EGSMA program intermittent site visits have been 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

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, 2015, El-Bialy, 2020)). The Hamisana Zone is a regionally extensive, north-south oriented domain of deformation. Secondary deformation zones associated with the Hamisana Zone, characterised by anastomosing domains of shearing, control gold mineralisation in the Elbah concession area.

In the Southern Eastern Desert, a complex collage of oceanic volcanic arcs and sedimentary basins with suture zones marked by ophiolitic material occur incorporating gneisses, migmatites, sheared granitoids, volcanosedimentary 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 northwestern terrane while Masho Shinai is within the southeastern one (Baker, 2019)

Island arc volcanics underlie the Elbah concession area comprising lavas and tuffs interbedded with derived volcaniclastics and 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, is as 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.

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, ryodacite and andesite. The dominant foliation in the area strikes northwest. Quartz veins are common along foliation/schistocity 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 ranges 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.

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.

Elsewhere on the property at Hamida, mineralisation occurs predominantly within deformed metavolcanics rocks in an extensive north trending domain of ductile deformation. While 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, 2019 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 at a scale of 1:30,000. The study was undertaken in order to map lithology and structure, to identify any exposed alteration, and to understand controls on gold mineralisation. The area studied measures 619 km². 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 as a result 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^2 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 schistocity 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.

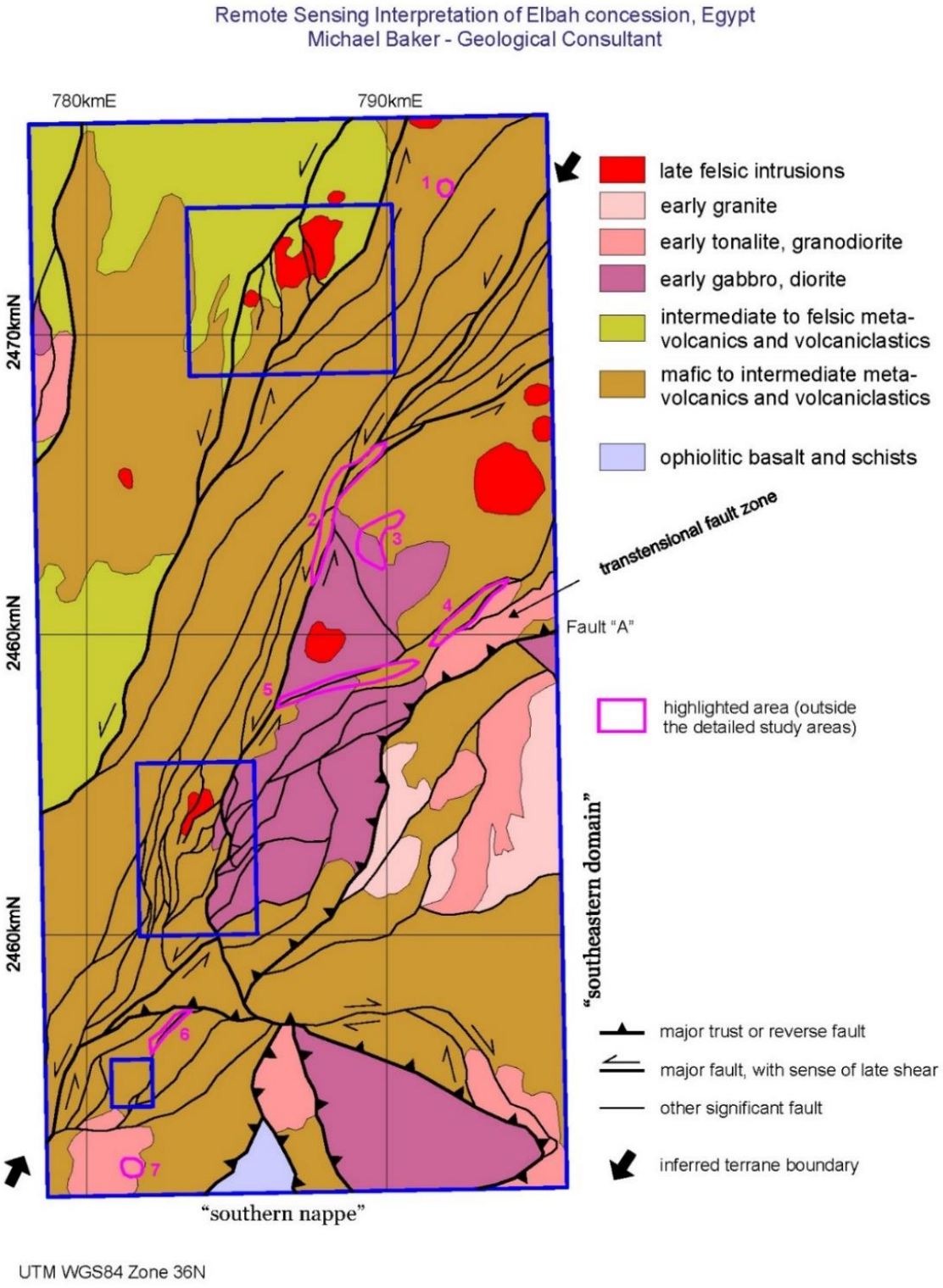

Figure 6. Satellite Interpretation Map Covering the Entire Extent of the AFAQ Elbah Concession Area.

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, 2109a 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.

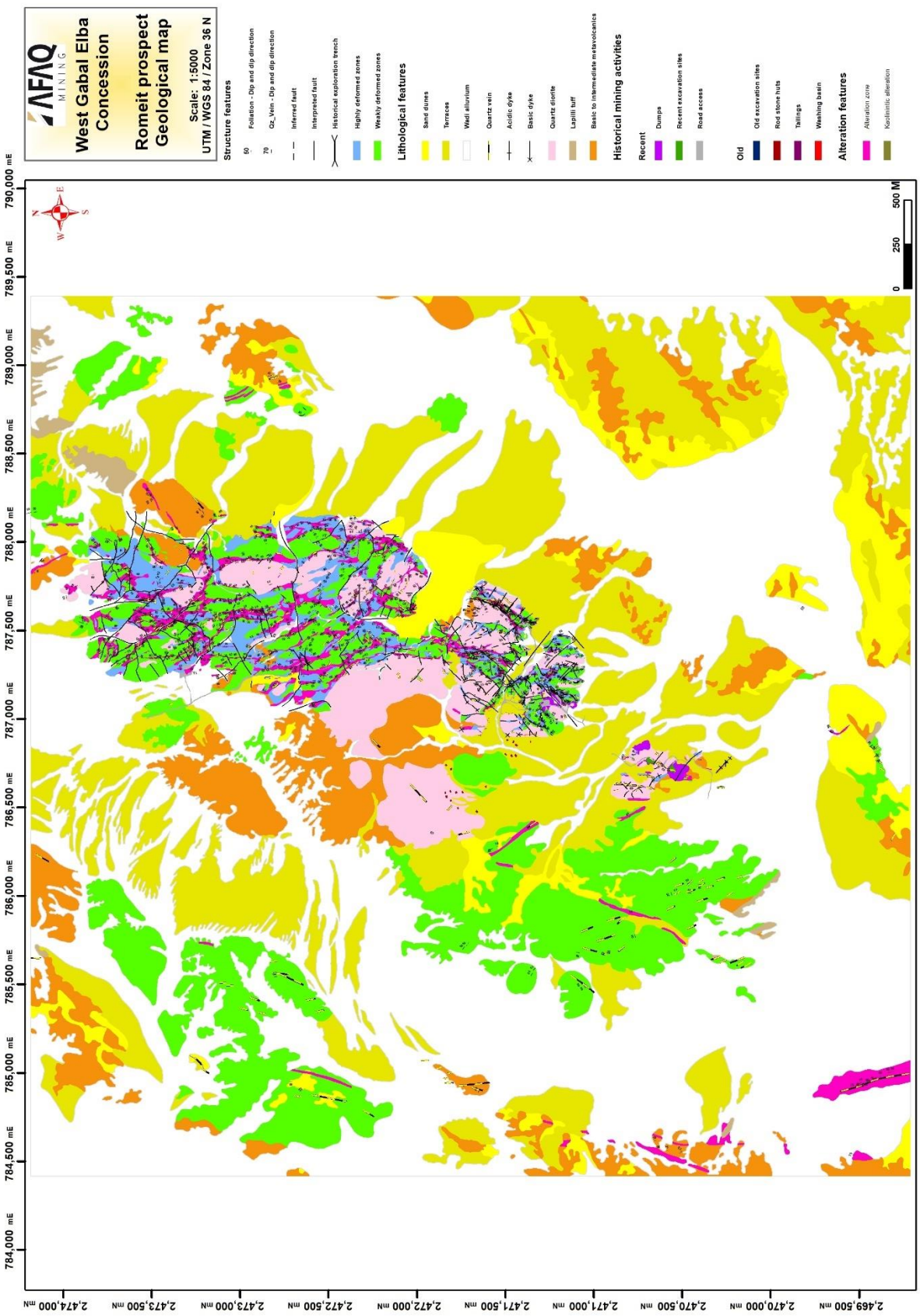

Figure 7. Extent of Mapping and Sampling at the Romeit Occurrence (Q2)

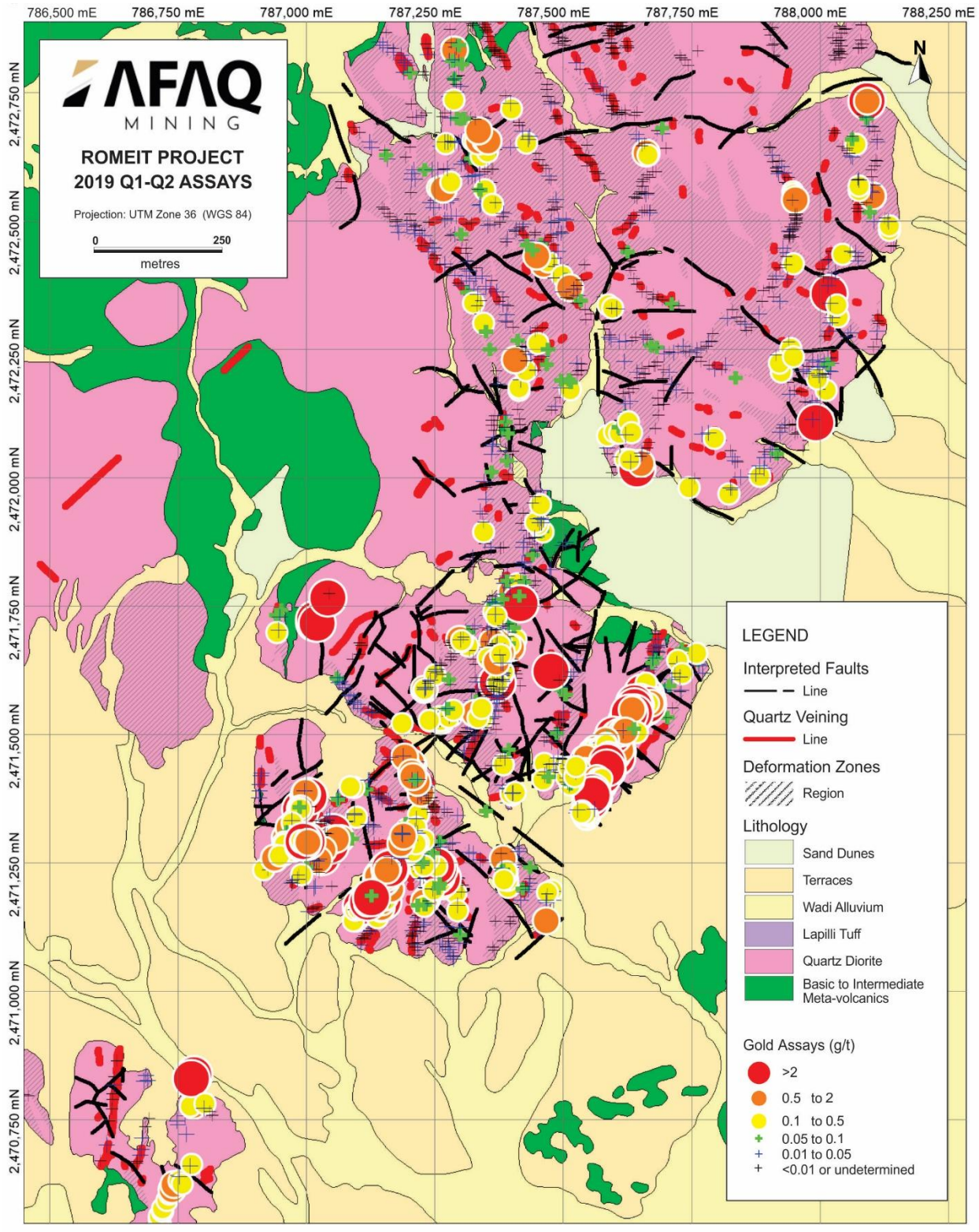

Figure 8. Domains of elevated values from (south) Romeit Au analyses (Q2)

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 has been digitised and all samples collected from the occurrence had been submitted for analysis – although 1575 analyses from samples collected during Q2/Q3 are still outstanding at time of writing. Also, during Q3 field mapping and sampling expanded to commence coverage at the extensive, deformed, Hamida occurrence.

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^2 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.

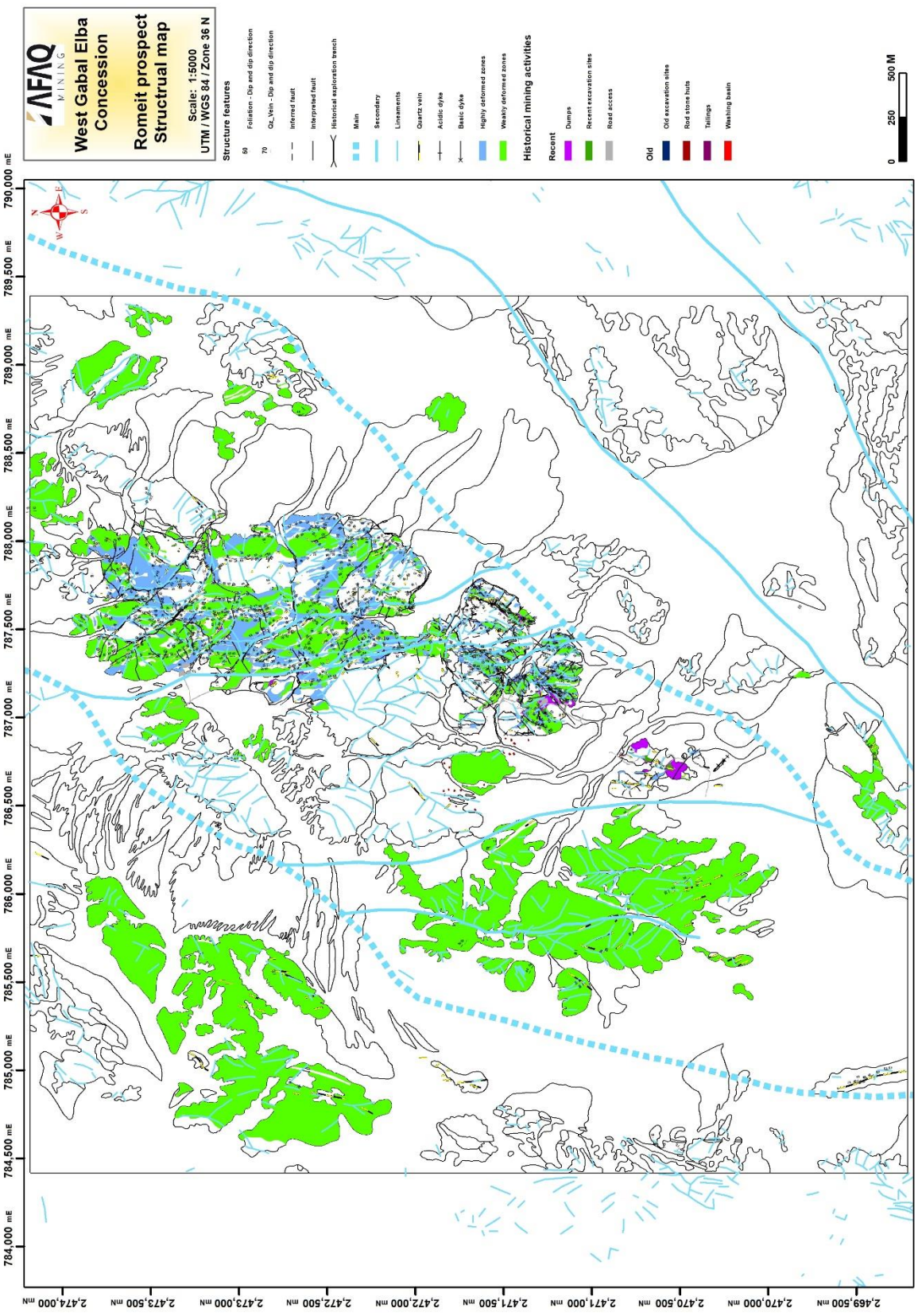

Figure 9. Romeit Prospect Structural Map

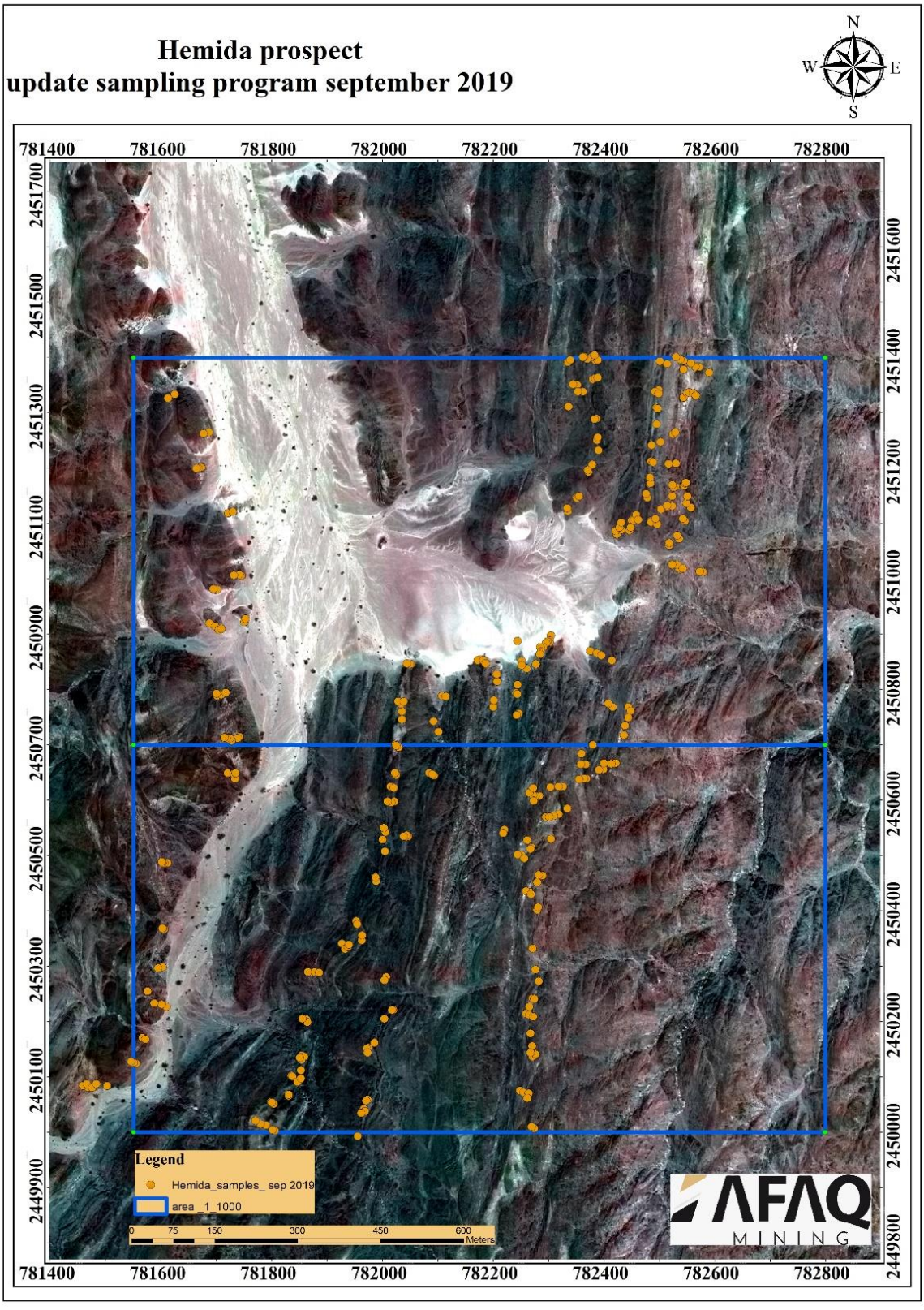

Figure 10. Hamida Sampling September 2019 (Q3)

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, 2019b).

8.0 EXPLORATION BY AFAQ in Q4 – October to December 2019

8.1 Introduction

The work program conducted during Q4 2019 proceeded following the two-month summer hiatus (July-August). 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 were analysed and interpreted during Q4.

8.2 Exploration Areas of Interest

The field work conducted on the western Elbah Concession during Q3 has now extended beyond the Romeit occurrence with the commencement of extensive coverage of the Hamida occurrence. The Hamida occurrence is an extensive linear feature of deformation and alteration that occupies terrane near the centre of the western Elbah Concession. To date approximately 4.375 km^2 of large scale (1:1000) coverage has been completed.

Mapping and sampling also commenced at Romeit East, an outcropping area approximately 1.5 to 2.0 km to the east of the main Romeit Area.

In 2019 (up to the end of Q4) nine work rotations of the field crew were completed with an average 18 field-work days and 2 travel days per worker per rotation. Typically, three to four geologists work in the field and a GIS geologist works in camp preparing maps or in the field as needed. Support staff comprising five or six personnel assist the geologists in mapping and sampling.

8.3 Mapping and Sampling

At Hamida, five sheets (see Figure 14) were mapped at a scale of 1:1000 for a total area of 4.375 km^2 (0.875 km^2 for each one). The digitisation of one of the sheets into vector layers was completed. At Romeit East, three sheets (see Figure 15) with a total area of 2.1 km^2 were mapped.

Subsequent to mapping, grab samples from the Hamida and Romeit East occurrences were collected by the field crew. All sites were georeferenced with handheld GPS receivers and a record of all pertinent geological characteristics was obtained for each sample. Grab samples were collected from each sample site (duplicate samples were collected for SMRC at their request). Each sample weighs approximately one kilogram. 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. All analyses are being conducted by ALS Laboratories at their Rosia Montana, Romania facility.

Figure 11. Terrain at Hamida – image shows the extent of deformed and altered (iron carbonate) rock as well as the local topography.

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 very 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 (again where observed).

Figure 12. Quartz Vein Swarm at Hamida Occurrence – pervasive carbonate alteration in schist hosts the veining. In the distance a thicker quartz vein is visible. Adjacent less deformed and altered metavolcanic rocks are green-grey on the right

The Hamida occurrence presents a very large altered and mineralised system – larger in scale 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.

Figure 13. Pervasive silicification of shear zone with quartz veining – sampling target

Mapping coverage at Hamida is now well underway – approximately 3.5km of mapping along the strike of the deformed corridor has been completed and 2442 samples have been collected for analysis. Extensive sampling will be necessary to fully evaluate the extent and intensity of surface mineralisation. The extensive exposures of deformed and altered rock speak to the very large volume of terrane affected by mineralised 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.

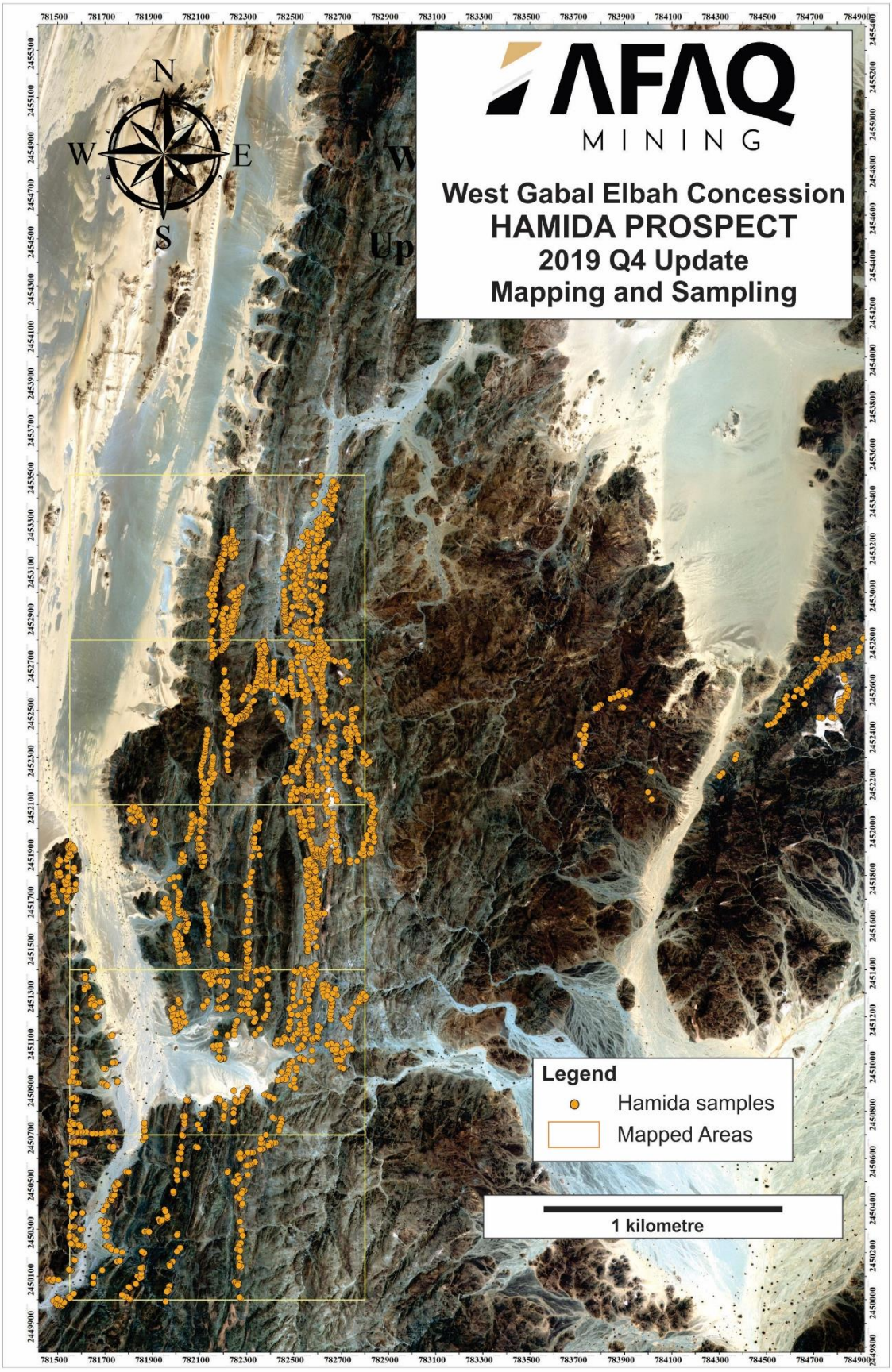

Figure 14. Hamida Sampling September to December 2019 (Q3-Q4)

During Q4 additional mapping and sampling was conducted to the east of the previously completed Romeit mapping (and now designated the Romeit East Showing). 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. Completion of a digitised map is pending.

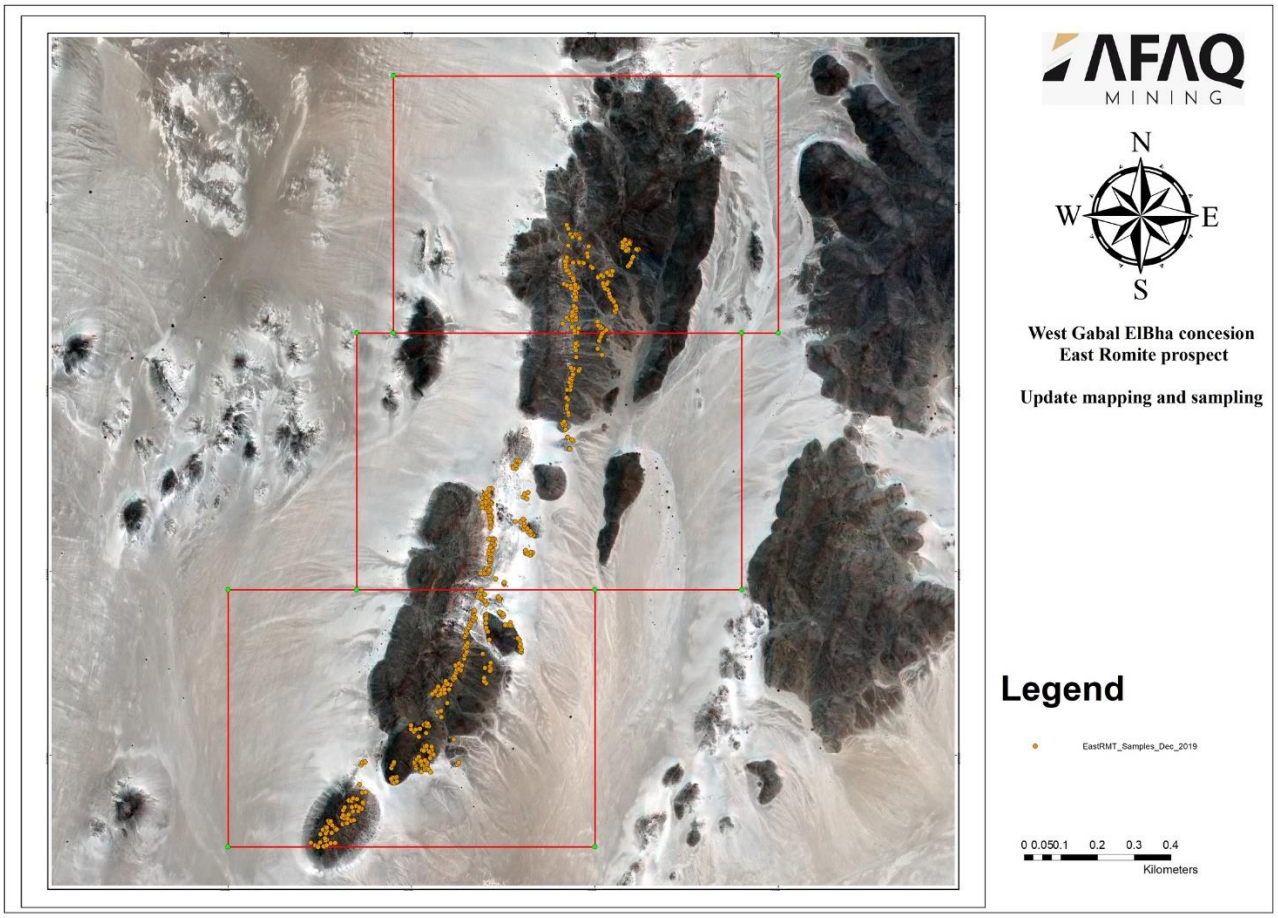

Figure 15. Romeit East Sampling December 2019 (Q4)

8.4 Study of Alluvia (Sediment Derived) Samples

Alluvial samples were collected from ten sites around the southern part of the Romeit occurrence – designated samples RA001 through RA010 inclusive (see Figure 14 for locations). A description of the sampling procedure is included in the Q2 2019 report (Jones and Giroux 2019a). The results from the alluvial sample processing of the samples, conducted by Overburden Drilling Management Limited, reported below are excerpted from reporting provided by ODM and included in Appendix I**.**

Table 3. Q4 Sampling Update for Hamida and Romeit East Areas

HAMIDA				
RG	2442	*2553*	1220	Alt
FD	111		1333	qvn
SD	111			
FB	111			
Total	**2775**			
ROMEIT EAST				
RG	528	*552*	356	alt
			175	qvn
FD	24		19	dykf
			2	dykm
SD	24			
FB	24			
Total	**600**			

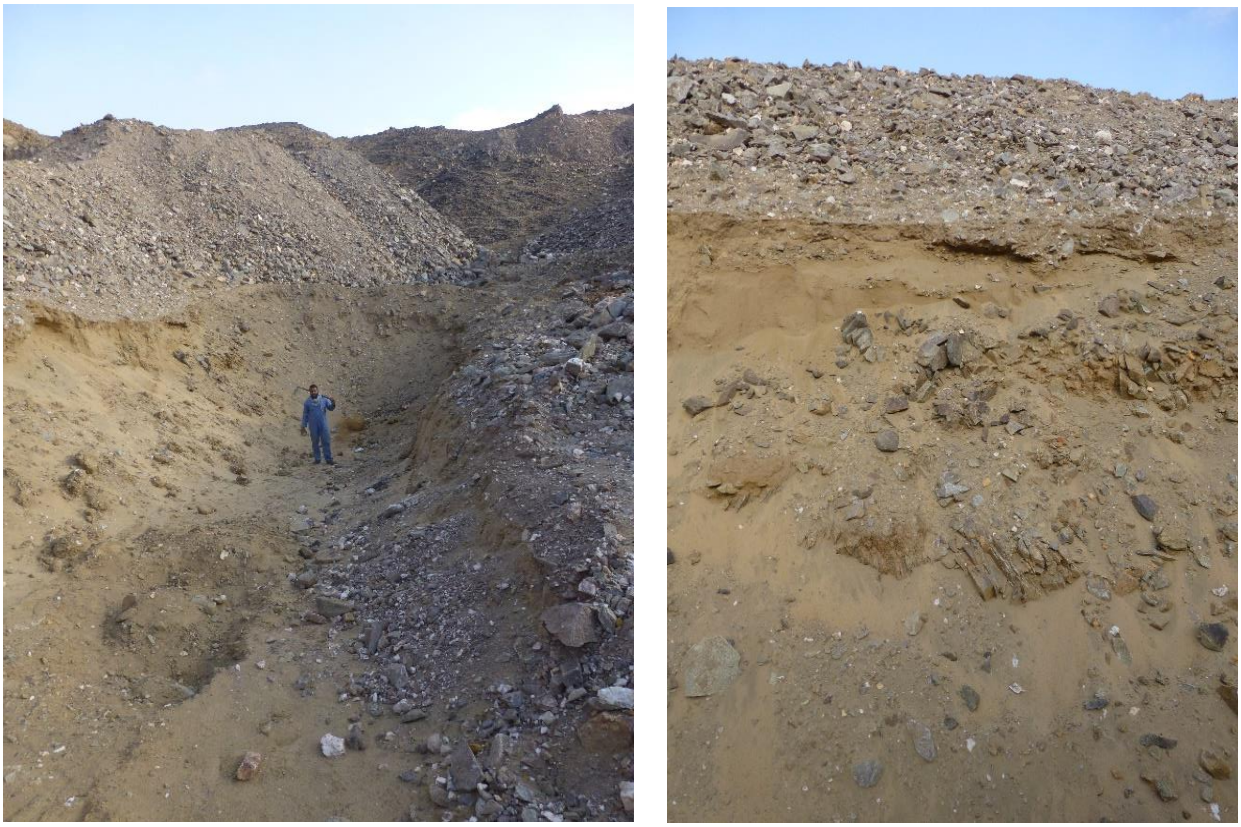

Figure 16. Photos of 2019 Alluvial Sampling (Site RA008)

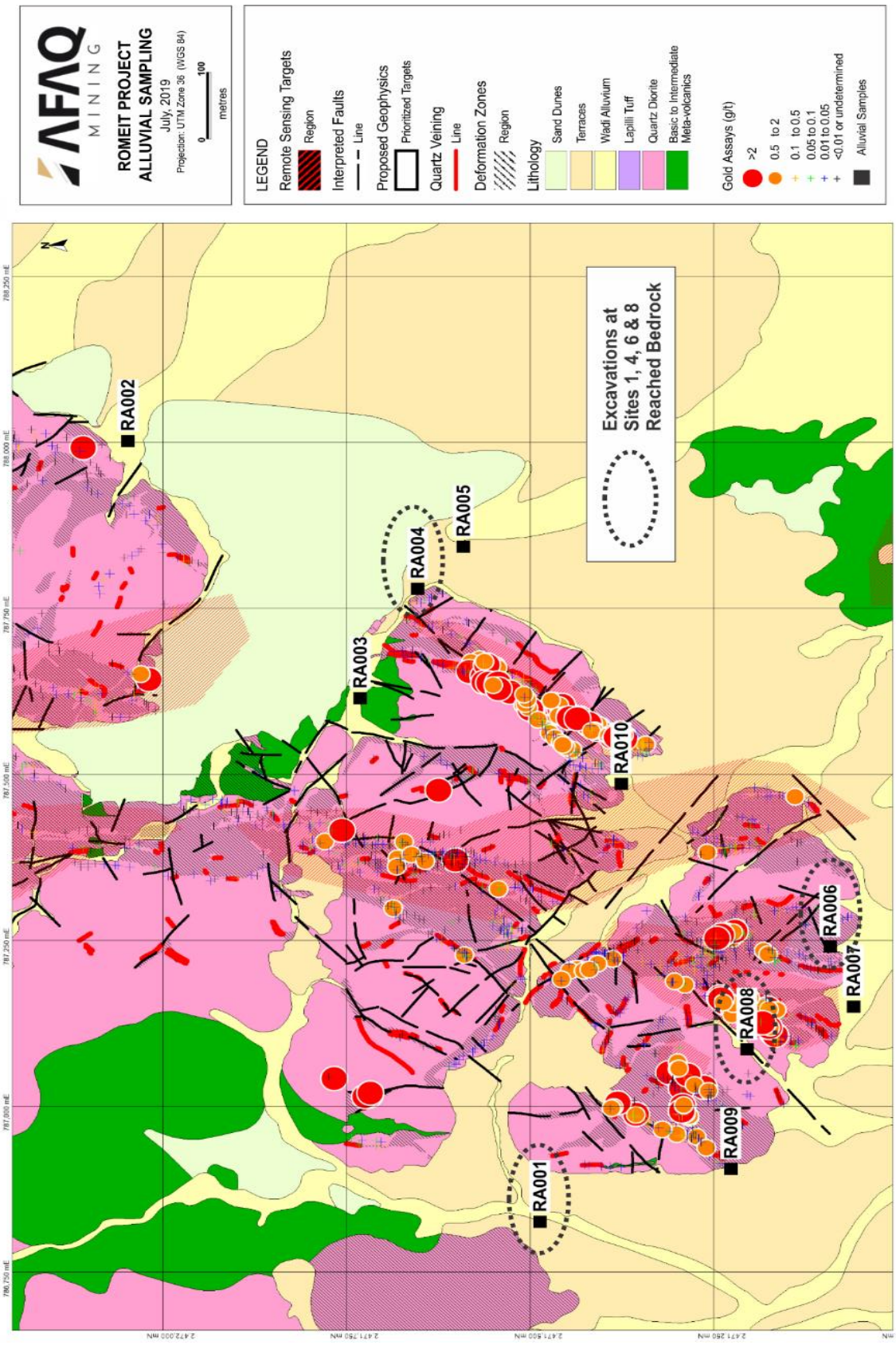

Figure 17. Location of 2019 Alluvial Samples

8.4.1 Sample Processing

A representative, 300 g archive split was extracted from each sample. The samples were wet-screened to 2 mm. The +2 mm was further sized into two fractions: (a) 2-6 mm; and (b) +6 mm. The -2 mm table split was run on a shaking table to produce a low-grade table concentrate. Each sample was micro-panned to extract any gold grains. Under a binocular microscope, the gold grains were counted, measured and classified as to their physical morphology. The 2-6 mm clasts were run on a vibrating jig to concentrate any gold grains and heavy minerals; Cu-metal tracers were used to monitor the effectiveness of the concentration. A cursory examination of the clasts for Sample 008 was performed. The heavy mineral concentrates were not refined.

8.4.2 Gold Grains and Other Heavy Minerals

*Only three samples (RA-008, -009, -010) contained anomalous numbers of gold grains – 413, 42 and 319, respectively (*Figure 15*). The gold grains from these three samples were predominantly pristine indicating little to no physical transport. It is known that >90% of all gold grains in rock are silt sized (i.e. <63 µm wide). The size distribution of the gold grains recovered in RA-008 and RA-010 (87% and 92%, respectively) mirrors the expected size distribution in rock. No gold grains were recovered in 2-6 mm fractions.*

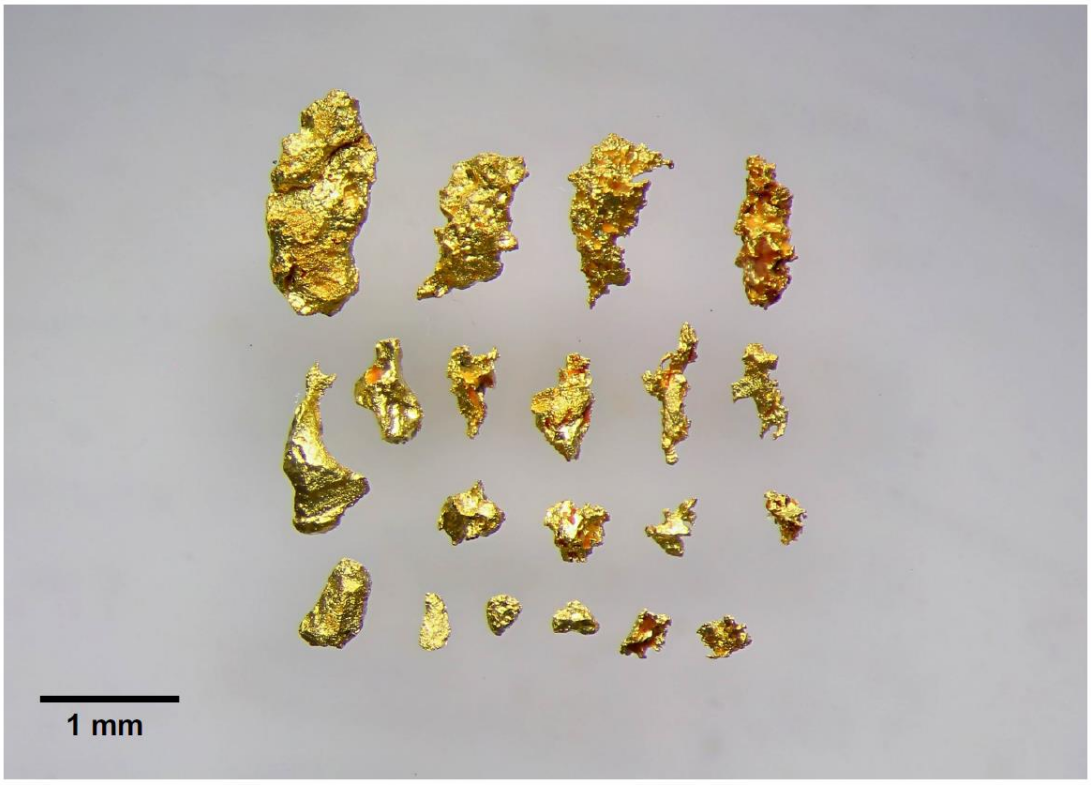

Figure 18. Gold Grain from Sample RA-008 (ODM, 2019)

The gold grains in RA-008 weighed 0.09 g; the gold grains in RA-009 and RA-010 were too small to weigh. Based on the 39.5 kg Table Split weight of RA-008, the grade of this sample is 2.3 g/t Au. Note that the largest 14 gold grains with widths ≥250 µm comprise 96% of the grade."

Although the jigging did not reveal any +2 mm gold grains, the samples contained variable amounts of coarse-grained, cubic pyrite altered completely to goethite. Sample RA-008 contained the most goethite. No other heavy minerals were observed.

Table 4. Overburden Drilling Management - Gold Grain Summary (Appendix K)

Sample Number	Number of Visible Gold Grains				Nonmag HMC Weight (g)*	Calculated PPB Visible Gold in HMC			
	Total	Reshaped	Modified	Pristine		Total	Reshaped	Modified	Pristine
RA001	1	0	1	0	105.6	<1	0	<1	0
RA002	4	2	0	2	137.2	17484	9184	0	8664
RA003	3	0	3	0	145.6	28957	0	28957	0
RA004	5	0	2	3	130.4	<1	0	<1	<1
RA005	5	2	3	0	140.0	95	8	87	0
RA006	7	0	4	3	145.2	891	0	891	1
RA007	2	1	1	0	153.6	187	1	185	0
RA008	413	25	90	298	116.0	118494	71	843	117580
RA009	42	1	1	40	145.6	29164	2	1	29161
RA010	319	63	78	178	154.8	769	545	120	104

8.4.3 Interpretation and Recommendations

Overburden Drilling Management (ODM) 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.

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.

9.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

Grab samples are collected from each sample site (with 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. Sample are shipped to AFAQ's head office in Cairo then forwarded to EMRA for examination and approval for exportation of the samples to Romania.

All analyses have been conducted by ALS Laboratories at their Rosia Montana, Romania facility. The laboratory in Romania is accredited to ISO/IEC 17025:2005 ensuring that all methods of analysis utilized 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). 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. Four standards have so far been used in the AFAQ sample stream:

- CDN-GS-P4G grading 0.468 ± 0.052 g/t Au
- CDN-GS-P4H grading 0.501 ± 0.30 g/t Au
- CDN-GS-4E grading 4.19 ± 0.19 g/t Au
- CDN-GS-P5G grading 0.562 ± 0.054 g/t Au

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) will be a 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, K2O, MgO, MnO, Na_2O, P_2O_5, SO_3, SrO, TiO_2 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.

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 a 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

10.0 DATA VERIFICATION

Data verification was not conducted during Q4 2019 as no new analytical results were received during this time. QA/QC evaluation was conducted on analytical results received prior to Q4 and is reported in the Q2 2019 report (Jones and Giroux 2019a).

11.0 SUMMARY AND INTERPRETATION OF 2019 RESULTS

To date, a total of 7610 samples have been collected on AFAQ's West Elbah Concession, primarily from the Romeit area. Samples consisted of 6716 rock grab samples (assay and whole rock), 300 standards, 297 blanks and 297 field duplicate samples. Results have been received for 3060 of these samples, while the remaining 4550 are awaiting analysis or have yet to be delivered to the laboratory. Table 4 summarizes the status of each batch of samples collected from Q1 through Q4 2019.

Table 5. Summary and Status of All AFAQ Samples

Year	*Quarter*	*Area*	*Sample Range*	*Certificate*	*Status*	*Grab Samples*			*QAQC*			*Total*
						Assay	*ME*	*WR*	*BLANK*	*DUP*	*STD*	
2018	n/a	RMT	R1-R21; RT1-RT37	TR1802141	Complete	58	0	0	0	0	0	58
2018	n/a	HMD	HM1-HM19	TR1802141	Complete	19	0	0	0	0	0	19
2018	n/a	MSH	MSH1-MSH33	TR1802141	Complete	33	0	0	0	0	0	33
2019	Q1	RMT	15001-16000	RM19068262, -267,-298,-312,-319,-320,-328,-329,-334,-345, RM19153829	Complete	879	(15)*		39	40	42	1000
2019	Q1	RMT	17001-17650	RM19095181,-192,-198,-202,-205,-208,-213	Complete	572	0	0	26	26	26	650
2019	Q2	RMT	WR001-WR050	RM19153823	Complete	0	0	50	0	0	0	50
2019	Q2	RMT	10001-11125		At Lab	990	0	0	45	45	45	1125
2019	Q2	RMT	17651-18700	RM19153697,-702,-706	Complete	925	0	0	42	41	42	1050
2019	Q2	RMT	18701-18750		At Lab	44	0	0	2	2	2	50
2019	Q2	RMT	18751-18875	RM19153725	Complete	110	0	0	5	5	5	125
2019	Q2	MSH	MSH001-MSH075	RM19153681	Complete	66	0	0	3	3	3	75
2019	Q3	HMD	11126-11525		At Lab	352	0	0	16	16	16	400
2019	Q4	HMD	11526-13000		Office	1298	0	0	59	59	59	1475
2019	Q4	HMD	78001-78400		Office	352	0	0	16	16	16	400
2019	Q4	HMD	604401-604500		Office	88	0	0	4	4	4	100
2019	Q4	HMD	33001-33400		Office	352	0	0	16	16	16	400
2019	Q4	RMT(E)	34001-34600		Office	528	0	0	24	24	24	600
					TOTAL ==>	6666	0	50	297	297	300	7610

ME = Multi-Element; WR = Whole Rock; DUP = Field Duplicate; STD = Standard

*(#) = Multi-Element (ME) analyses done on subset of assay samples

At the time of writing a significant number of analyses area still outstanding for samples collected in 2019. The largest number of samples were collected in Q4, while the fewest were collected in Q3 as no work was undertaken during the hottest months of summer (Figure 19). Further description and analysis of geochemical results will be completed upon delivery of outstanding analytical results.

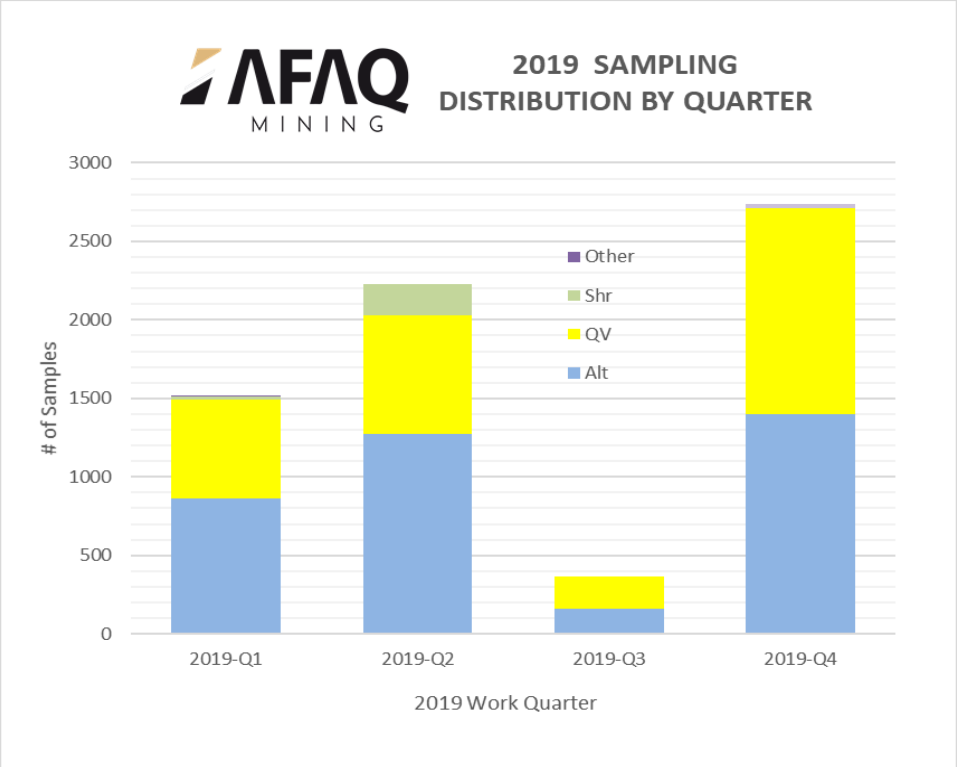

Figure 19. Distribution of 2019 AFAQ Sampling by Quarter

The data compiled to date for 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. 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 modification of the 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.

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.

The statistics of the assays received to date are presented below in Table 6 and broken up by type (alteration, quartz vein, shear zone, or other such as mafic and felsic dykes).

Table 6. Gold Grade Statistics - All Received Samples

Type	Assayed Samples	Pending Samples	Min (ppm)	Max (ppm)	Average*	Median*
Alt	1485	2214	<0.005	100	0.241	0.016
QV	1011	1888	<0.005	945	0.284	0.022
Shear	167	59	<0.005	0.136	0.017	0.017
Other	4	25	0.007	0.419	0.111	0.010
Total	2667	4186	<0.005	945	0.252	0.018
*With 10g/t Au cut-off						

Recently, a review of the 50 samples collected for whole rock analyses from the Romeit occurrence was completed by Dr. J.M. Franklin. His report is attached as Appendix H and his observations are summarised here:

1. *The distributions of both anomalous K2O [sericite] and those carbonate species generally associated with gold mineralization are most abundant in the southern part of the area. Based on the major element data only, and noting that the CO2 values are calculated, this area should receive additional exploration investigation.*
2. *Additional trace element data, including gold, silver and base metal data, as well as data on a commonly associated volatile elements such as arsenic, should be obtained. The ALS package ME-MS81 is recommended. There is little advantage to obtaining REE element data for this project, but good quality Au determinations (Au ICP21 for 10g samples) are essential.*
3. *Additional map information, particularly targeting structural elements such as major faults, shear zones, and alteration features, would significantly enhance the determination of prospectivity. Virtually all orogenic gold deposits are structurally controlled, and geochemical attributes, while providing useful guides to ore, are secondary in importance to structural data.*

12.0 PROPOSAL FOR ONGOING WORK PROGRAM –2020

12.1 Ground Geophysics

Integral to the AFAQ work program will be geophysical surveys to evaluate the subsurface extension of the surface exposures of mineralised occurrences. Following request for proposals to several geophysical contractors, a contractor with considerable experience, much of it internationally, has provided a competitive bid to complete the required coverage. At a minimum, approximately one month of field work will be necessary to obtain adequate initial coverage. 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^2 – 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 will be conducted in conjunction with the IP/Resistivity survey.

From the decision to commence with the geophysical survey, four to eight weeks will be required to prepare for the program. The field component of the program will take approximately one month to complete. Deliverables such as final reports and interpretations will take somewhat longer.

12.2 Mapping

Mapping will continue and coverage will be expanded to other parts of the Elbah Concession Area. The less detailed mapping peripheral to the Romeit occurrence will be completed and the mapping crew will expand coverage to other parts of the Western Elbah Concession Area. Mapping of the Masho Shinai and Hamida occurrences will also commence. As well, at least seven areas elsewhere in the Concession Area identified from the remote sensing study (Baker, 2019) completed in Q1 will be examined.

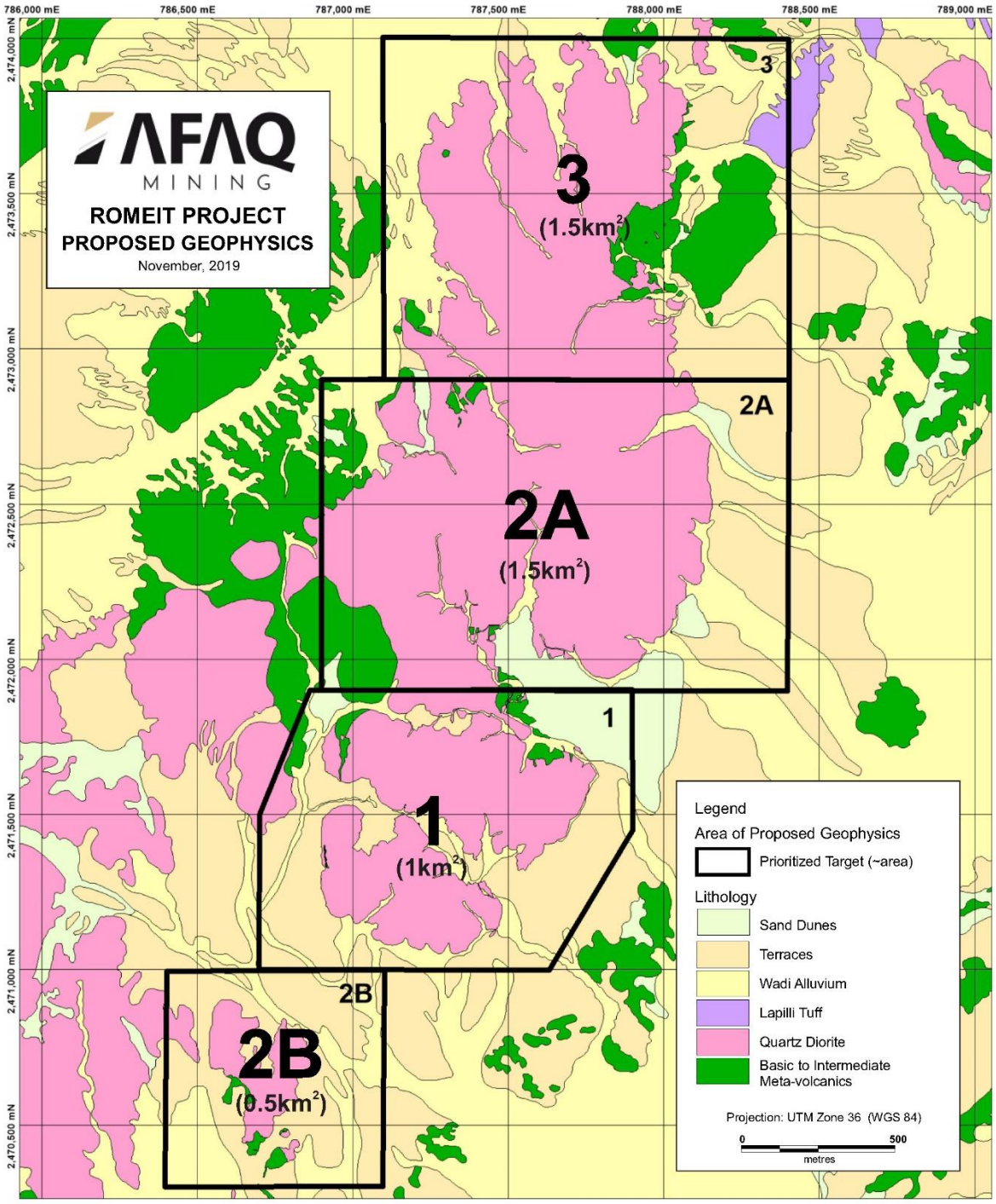

Figure 20. Proposed Geophysical Survey Coverage for Romeit Area

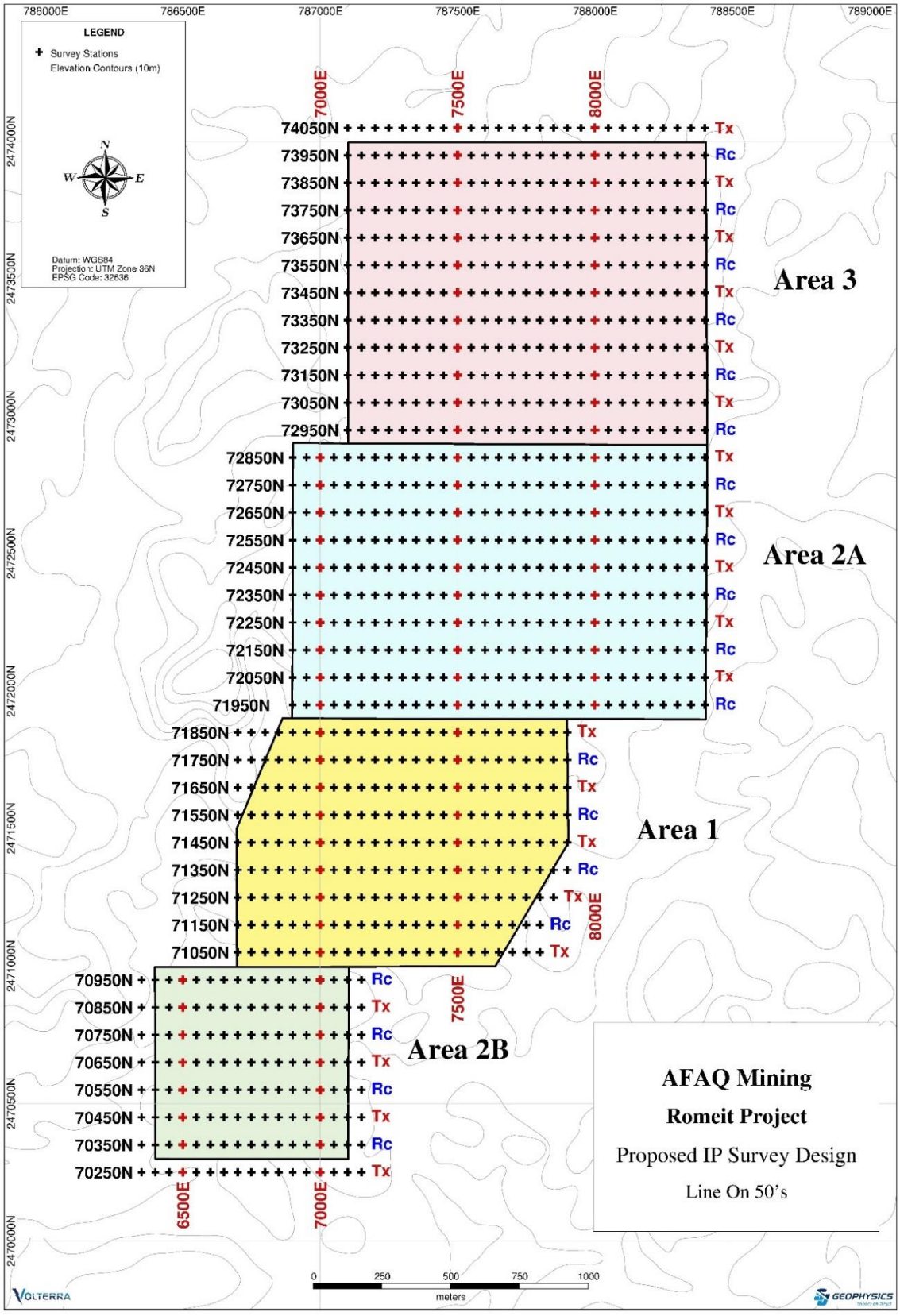

Figure 21. Proposed Geophysical Survey Coverage, Survey Design, for Romeit Area

12.3 Sampling

A rock sampling program will continue as an integral part of the mapping and geological characterisation of the 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. During the first four quarters of field work this has resulted in numerous samples being collected (>7500).

Channel sampling may well be conducted, particularly if it is deemed to be advantageous with respect to subsequent diamond drilling. Continuous sampling would be conducted along linear profiles traversing significant domains of veining, alteration and shearing identified from mapping. The channel samples would likely be collected with hammer/chisel although saw cut samples may be, at least in part, preferable. Sampling should be continuous and will typically be no more than 1-1.5m length per sample although lithological boundaries will be respected that will affect sample length in places.

12.4 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 have been transported a very 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, 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.

12.5 Diamond Drilling

Ultimately a diamond drilling program will be necessary to evaluate the subsurface extension of the mineralisation occurring at surface. Diamond drill targets will result from a combination of interpreted geology, geochemistry and geophysical results. At present it is not possible to fully estimate the scope of a drill program. However, given the wide distribution of mineralisation at Romeit a significant number of drill holes can be anticipated as necessary to adequately evaluate the occurrence. At the first pass, the drilling would likely test to from near surface to approximately 100m vertical depth (this however would depend to some extent on the interpretation of geophysical results).

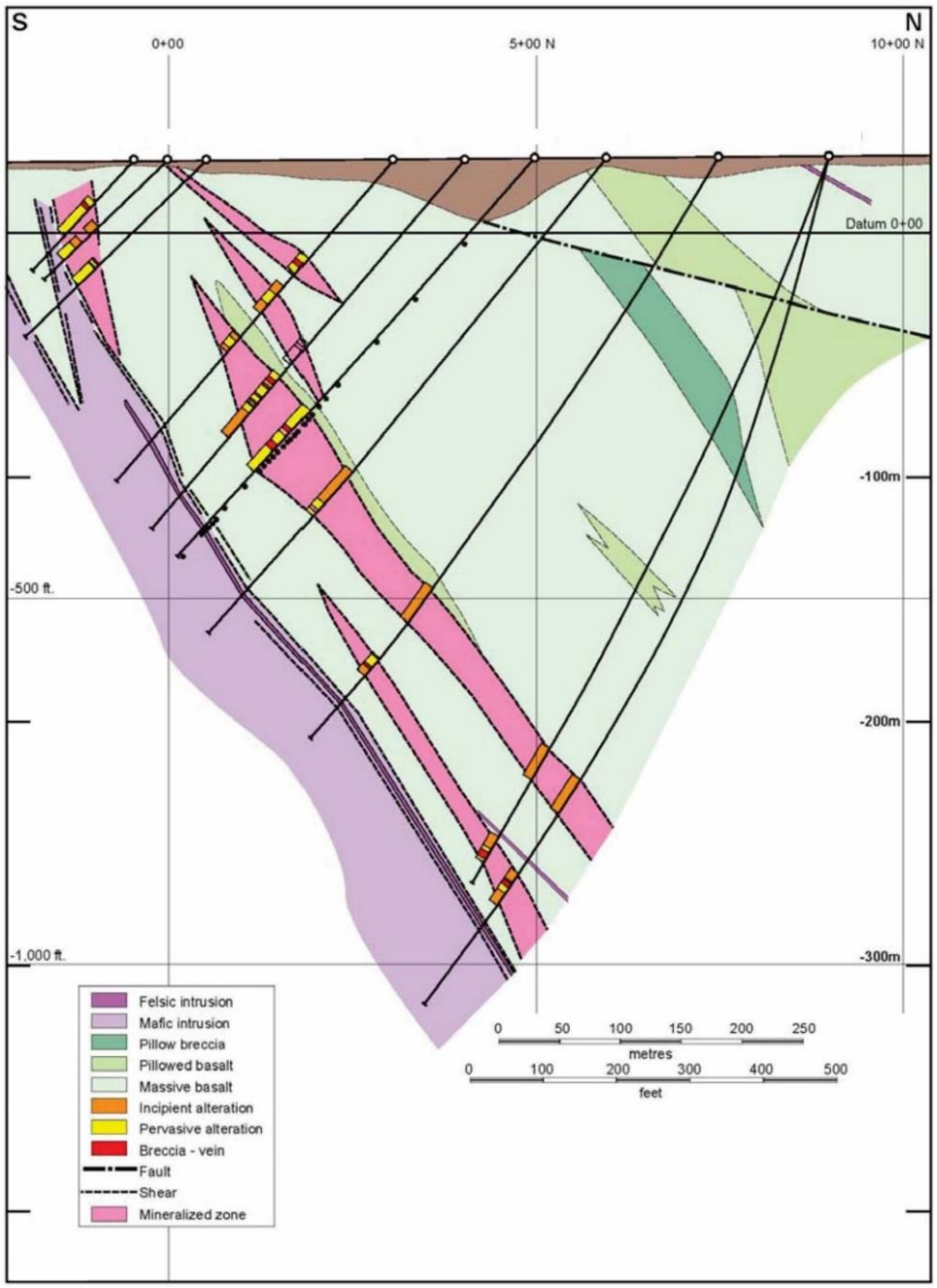

Figure 22. Example of a Hypothetical Diamond Drilling Cross Section

13.0 PERSONNEL

AFAQ Mining personnel responsible for the implementation, management and supervision of the work program at the Elbah are listed below. The work program is conducted by a field crew consisting of four geologists under the supervision of the Project Manager. The work program is being conducted to a high standard and is regularly vetted via QA/QC procedures. Additional support staff assist with the work. In total, approximately 16 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. As previously noted, 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. This gives an average total of 162 workdays (and 18 travel days) per field crew member.

Table 7. 2019 Field Crew Work Rotations

2019	Rotation	1	2	3	4	5	6	7	8	9
	Days	Jan 7-31	Feb 10-28	Mar 13-31	Apr 10-28	Jun 10-30	Sep 12-30	Oct 20-Nov 6	Nov 18-Dec 8	Dec 23-31
Ragab El Banna		21	16	8	15	11	11	11	8	8
Hassan Mohy		0	0	0	15	21	19	18	14	8
Mohamed Darwesh		19	19	19	19	21	19	18	21	8
Eslam Helal		19	19	19	19	21	19	18	21	8
Mostafa Khaled		19	19	19	19	21	19	18	21	8

In total, almost 700 field person-days have been spent in the field producing the existing maps and samples (note - this does not include support personnel in the camp or the personnel at the AFAQ field office in Shalateen).

Mostafa Elbahr	-	AFAQ Mining Chairman
Ahmed Bassouiny	-	AFAQ Mining CEO
Ragab El Banna	-	Project Manager
Mohamed Darweesh	-	Senior Geologist
Eslam Helal	-	Geologist
Mostafa Khaled	-	Geologist
Hassan Mohy	-	Geologist/GIS Geologist
Paul Jones	-	Geologist/Consultant
Laura Giroux	-	Geologist Consultant
J.M. Franklin	-	Geochemist/Consultant

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15.0 CERTIFICATE OF AUTHORS

Certificate for report titled "AFAQ Mining, Quarterly Progress Report, (Q4 2019), and 2019 Summary Report, AFAQ Mining Limited, Western Elbah Concession, Eastern Desert, Arab Republic of Egypt, January 21, 2020"

Paul Jones BScH, PGeol
21 January 2020

Laura Giroux BScH, MSc, PGeo
21 January 2020