

Kobada Gold Project

October 2021

TSXV:AGG | FRA:3A61 | OTCQX:AGGFF





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Highly Attractive Investment Fundamentals

01

100,000oz average annual gold production (first 10 years)

02

>US\$733m in pre-tax cashflow over life of mine

03

Fully permitted and ready to build

04

Post-Tax NPV of US\$355m and IRR of 38%

05

Huge share price upside potential (CGF target \$0.80)

06

Large and growing resource (144% increase in reserve since new management took over)



Experienced Board of Directors and Credible Management



Danny Callow
Chief Executive Officer

Professional mining engineer with over 25 years of experience in building and operating mines in Africa. Mr. Callow was Head of African Copper Operations for Glencore PLC., Chief Executive Officer and Executive Director of Katanga Mining Limited and Chief Executive Officer of Mopani Copper Mines PLC.



Scott Eldridge
Chairman

An accomplished executive with international experience in raising project finance debt and equity for mining projects. He co-founded Euroscandic International Group Inc., a private company offering merchant banking and advisory services, and was head of Debt Advisory.



Douglas Jendry
Director

Highly regarded geologist with over 40 years experience in resource sector. Numerous CEO and Board positions in listed entities over the past 25 years. Global experience in all aspects of the resources industry. Experienced in management and fund raising for resource companies.



Paul Bozoki
Chief Financial Officer

Mr. Bozoki is a seasoned dual Canadian and U.S. CPA with approximately 25 years of accounting, tax and corporate finance experience. Mr. Bozoki has served as CFO of several development stage TSX and TSXV listed companies involved in gold, iron ore and phosphate projects in Canada and internationally.



John Begeman
Director

Professional mining engineer with over 40 years of experience. Current Director of i-80 Gold Corp and Yamana Gold Inc. Former President and CEO of Avion Gold, President, CEO and Director of Valencia Ventures, COO of Zinifex Canada, VP Western Operations for Goldcorp.



Daniyal Baizak
Vice President, Corporate Development

Several years of diverse financial and capital markets experience. Mr. Baizak brings experience in venture capital and investments from a global private merchant bank and having managed a number of private and public companies. Mr. Baizak holds a Bachelor of Commerce from Rotman School of Management, University of Toronto.



Jan-Erik Back
Vice-Chairman

Former Chief Investment Officer for Eurasian Resources Group with a specific focus on the financing and development of copper and cobalt assets in Africa. Mr. Back has extensive experience in financial markets and has served as Global Head of Investments and Structured Finance Group at BTG Pactual Commodities.



Pierre Pettigrew
Director

Executive Advisor at Deloitte Canada. Chair of the Board for the Asia Pacific Foundation of Canada (APFC). He was also the Government of Canada special envoy for the Canada-European Union Trade Agreement. Pierre served as a Minister for 10 years, most notably as Minister of Human Resources Development and Minister for International Trade.



Sekou Konate
Country Manager

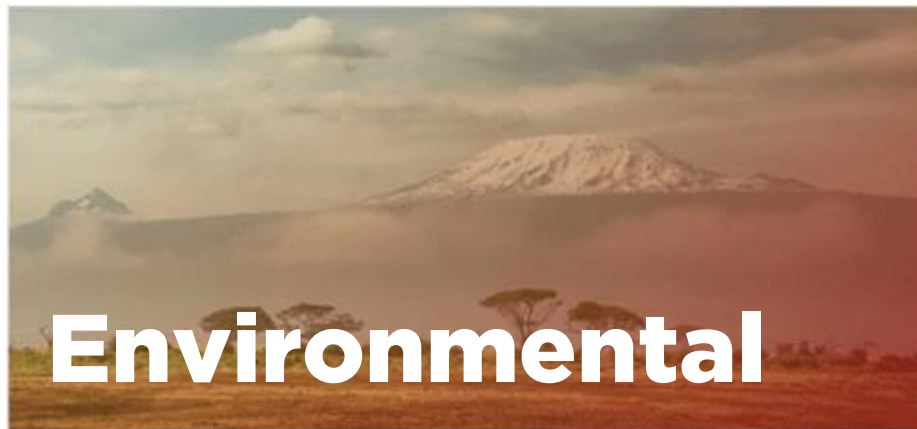
Over 22 years as a civil servant working for the Malian Ministry of Public Works and Transportation. Over 20 years of experience facilitating exploration and mining activities in Mali.



Strong Corporate Responsibility

Strong Focus on ESG

African Gold Group is guided by the UN Sustainable Development Goals. AGG will work towards aligning our operations towards these goals as Kobada moves towards production.



AGG has signed a strategic partnership with DRA Nexus and Senergy to build and install a hybrid power plant. This will enable to significantly reduce our environmental impact while ensuring reliable power supply.



AGG is committed to working with local stakeholders to share the value of responsible resource development.



SAFE Ltd. has created a “digital supply chain map for AGG which will allow us to provide full provenance of the production of gold through to the end-user. Target is to conform to 2021 EU Conflict Minerals Act.



Committed to Sustainable Development

At African Gold Group, we are committed to creating value for our shareholders while operating in a safe, socially and environmentally responsible manner, contributing to the prosperity of our employees and our local communities while respecting human rights, cultures, customs and values of those impacted by our activities.

Environment

We aim to minimize and mitigate impacts of our operations on the environment to maintain its viability and diversity. AGG has signed a strategic partnership with DRA Nexus and Senergy to build and install a hybrid power plant. This will enable us to significantly reduce our environmental impact while ensuring reliable power supply.

Health & Safety

We aim to operate a safe and healthy workplace that is injury free and enhances the well-being of employees.

Covid-19

The Company regards the health and safety of its employees and the communities in which we operate as our highest priority. We have implemented a comprehensive, company-wide response and will continue to review our response to Covid-19 to ensure the well-being of our employees is safeguarded.

Social

We are committed to contribute to the social and economic development of local stakeholders.



TSX-V: AGG

Capital Structure

Share Structure

Basic Shares
Outstanding
179.8 M

Fully
Diluted
248.3 M

Warrants
Strike Price: C\$0.15 -
C\$0.40
53.2 M

Options
Strike Price: C\$0.15 -
C\$0.28
15.3 M

Market Capitalization
As of September 27, 2021
~C\$25 M

Major Shareholders



Kobada Gold Project

Robust DFS Delivered

Lower Case	Base Case	Upper Case
US\$1,575/oz	US\$1,750/oz	US\$1,925/oz
\$360 mln	\$506 mln	\$652 mln
Pre-Tax NPV5%	Pre-Tax NPV5%	Pre-Tax NPV5%
34%	45%	55%
Pre-Tax IRR	Pre-Tax IRR	Pre-Tax IRR
\$246 mln	\$355 mln	\$465 mln
After-Tax NPV5%	After-Tax NPV5%	After-Tax NPV5%
28%	38%	47%
After-Tax IRR	After-Tax IRR	After-Tax IRR
3.22 year	2.33 year	1.76 year
Payback	Payback	Payback

US\$773 mln
Pre-tax project cashflow

100,000 oz
Average annual
production first 10 years

US\$972/oz
All-in sustaining cost

16 years
Targeted mine life

1,252,522 oz
Proven & Probable at
0.87 g/t Au

1,711,000 oz
Measured & Indicated at
0.86 g/t Au

1,433,000 oz
Inferred at 1.06 g/t Au

July 31, 2045
Fully licensed and
permitted

TSX-V: AGG

STOCKPILE

CRUSHING

PROCESS POND

PROCESS PLANT

STORAGE

EVENTS POND

Kobada Gold Project Proven Process Plant Design

Mine Plan

- Open pit, low strip ratio ~3.5 LOM, predominantly free dig operation
- Further optimization possible

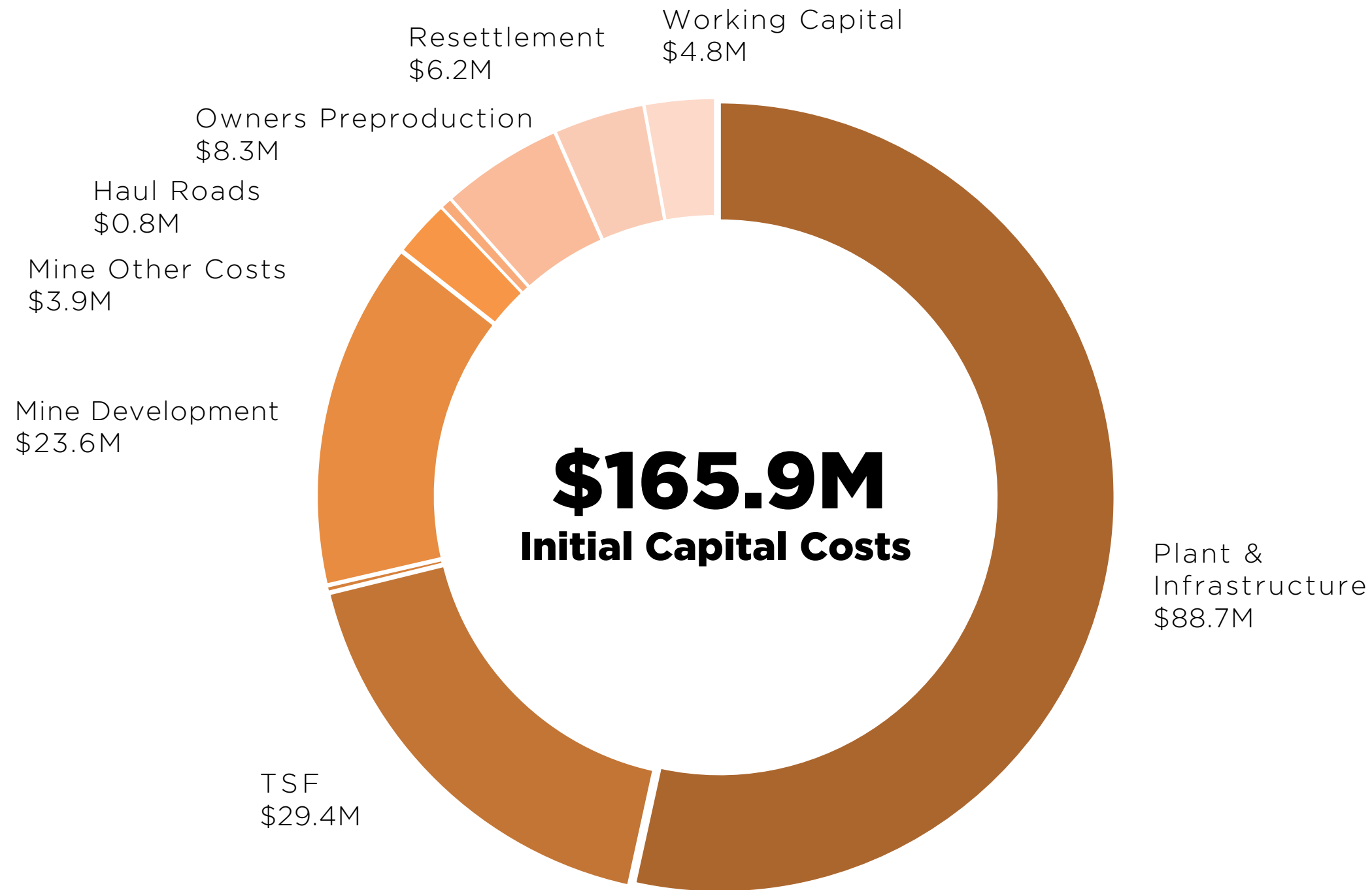
Process Plant

- The plant will treat 3 Mtpa of ore to produce 100,000 oz per year with an ability to exceed nameplate capacity - 90% designed
- Proven technology - Gravity & CIL can treat oxides and sulphides

Ore Type

- Predominantly oxides first 7 years
- Sulphides / Oxides mix at 3Mtpa run rate from Year 8
- Free-milling, simple process route, recoveries >95%

Costs

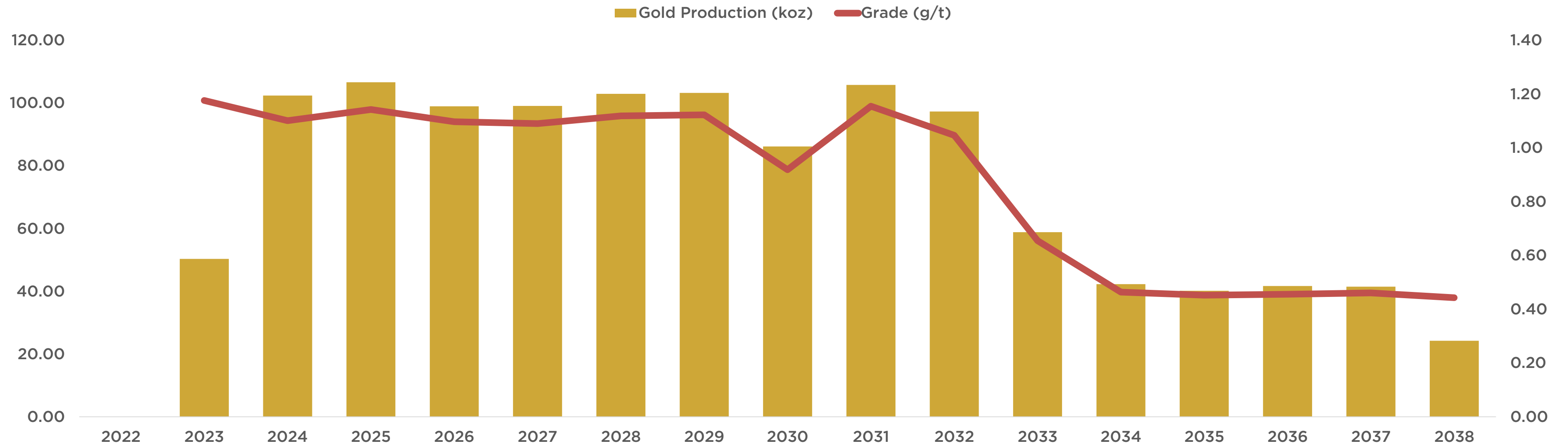


- **AISC** driving **fast payback** of 2.3 years from first production
- **Low power cost through hybrid power plant** driving **low processing cost of US\$8.55**
- **Conservative mining cost** (\$11.25/t ore processed)
- Phased capital program over LOM allows consistent FCF generation

Operating Cash Costs	Life-of-Mine	First 3 Years
	\$t/processed	\$/payable oz
Mining	11.25	421.24
Processing	8.55	320.39
G&A	2.23	83.34
Refining & Transport	0.10	3.70
Royalties	1.40	52.46
Total	23.53	850.01

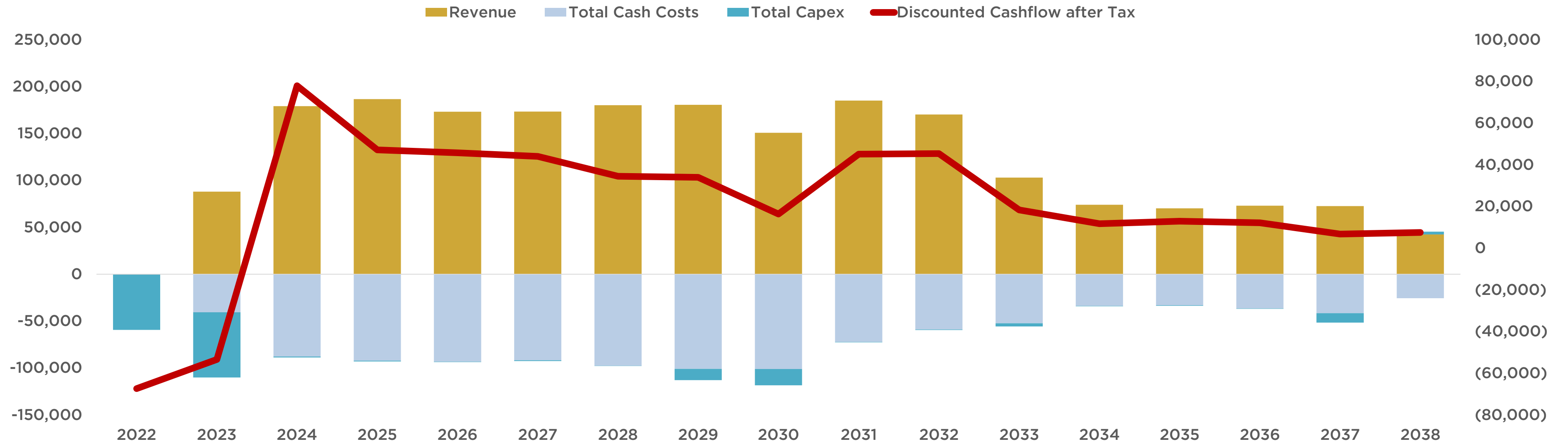
TSX-V: AGG

Operations Schedule

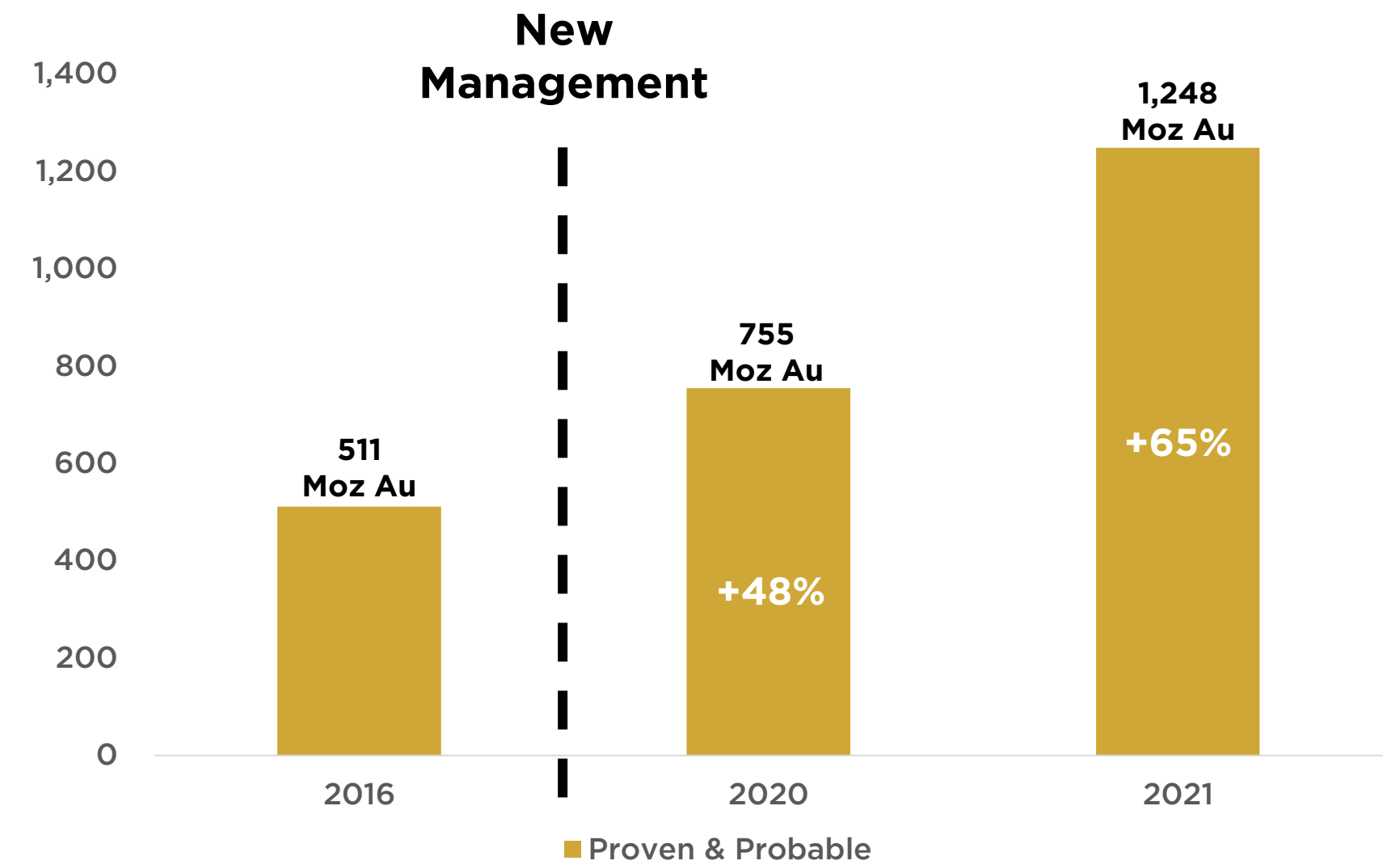
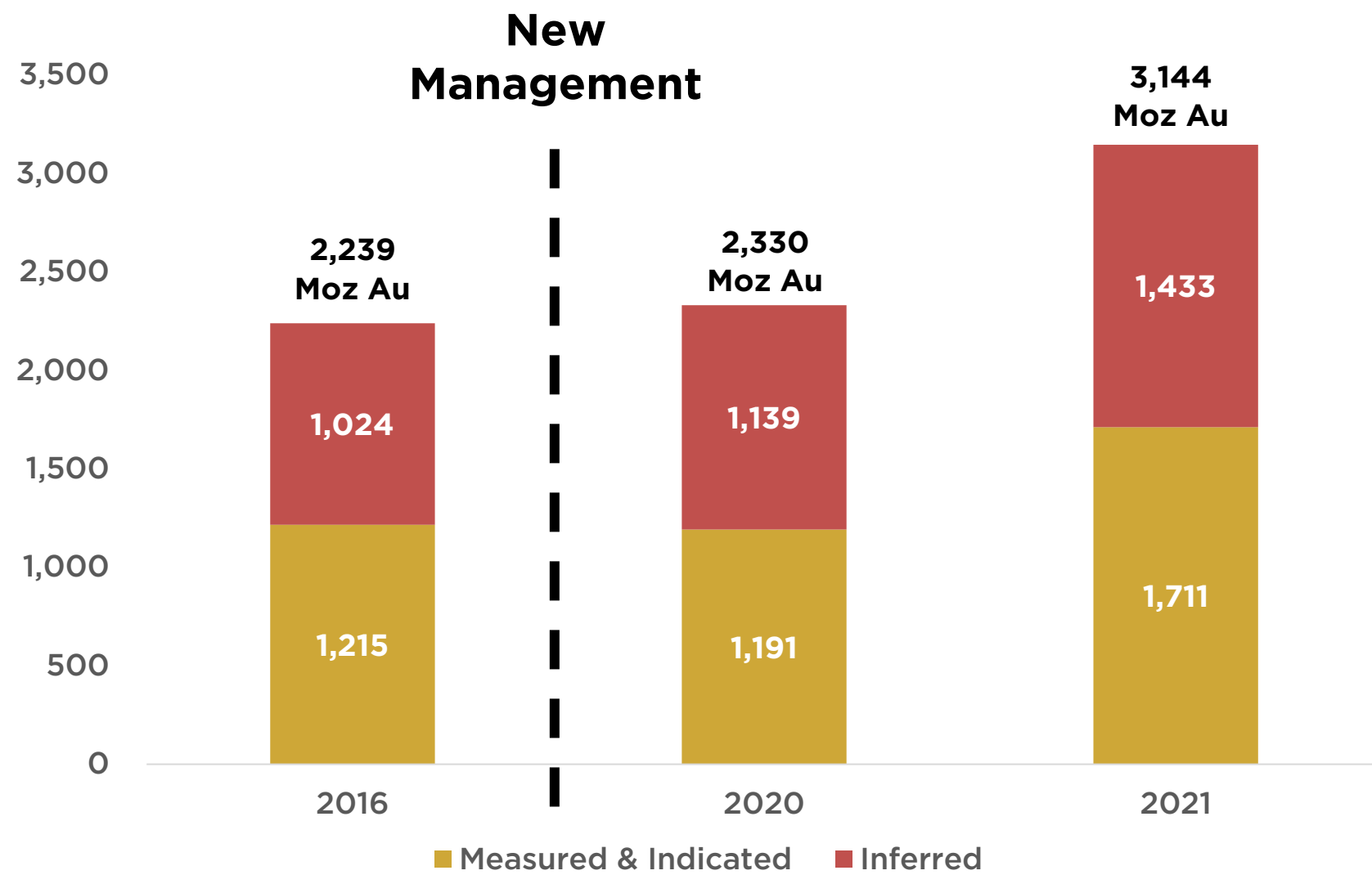


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Cash Flow Schedule



Mineral Resource & Reserve Growth



M&I	Tonnage (Mt)	35.40	46.66	61.54
	Grade (g/t)	1.10	0.86	0.86
Inf.	Tonnage (Mt)	32.80	31.54	42.03
	Grade (g/t)	1.0	1.33	1.06
	Meters of Drilling Added		+11,428 m	+6,364 m

P&P	Tonnage (Mt)	12.70	27.13	45.14
	Grade (g/t)	1.25	0.87	0.87

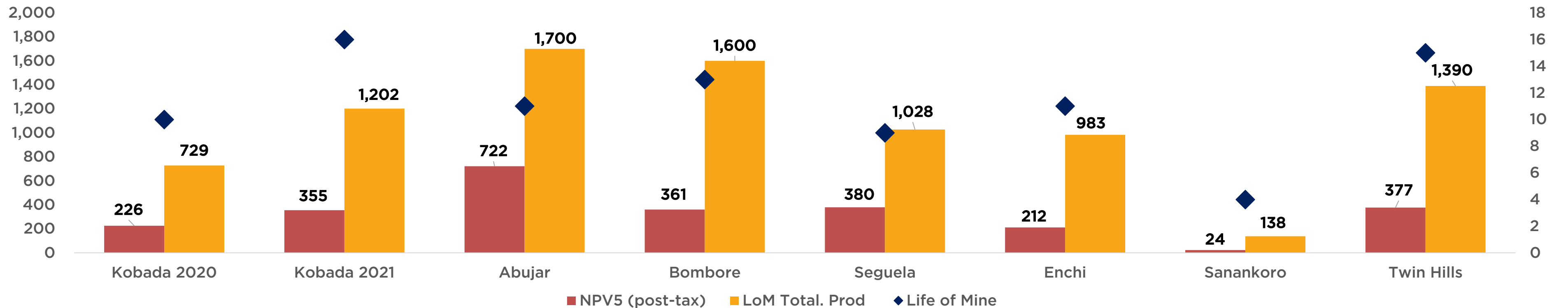
Comparisons to Other Projects

- **Strong economics driven by:**
 - Simple/low-cost operation
 - Simple metallurgy and low reagent consumption
 - Long life of mine (LOM)
- **Significant NPV leverage to gold price**
 - 31% increase in after-tax NPV at 10% increase in gold price

Sensitivity to gold price

Gold Price (\$/oz)	\$1.488	\$1.575	\$1.750	\$1.925	\$2.013
NVP 5% (After-tax) (\$M)	\$191	\$246	\$355	\$465	\$520
IRR (After-tax)	23.2%	28.1%	37.6%	47%	51.7%
LOM Cash Flow (After-tax) (\$M)	\$324.4	\$399.2	\$549.9	\$700.5	\$776.2
Payback (Years)	3.87	3.22	2.33	1.76	1.55

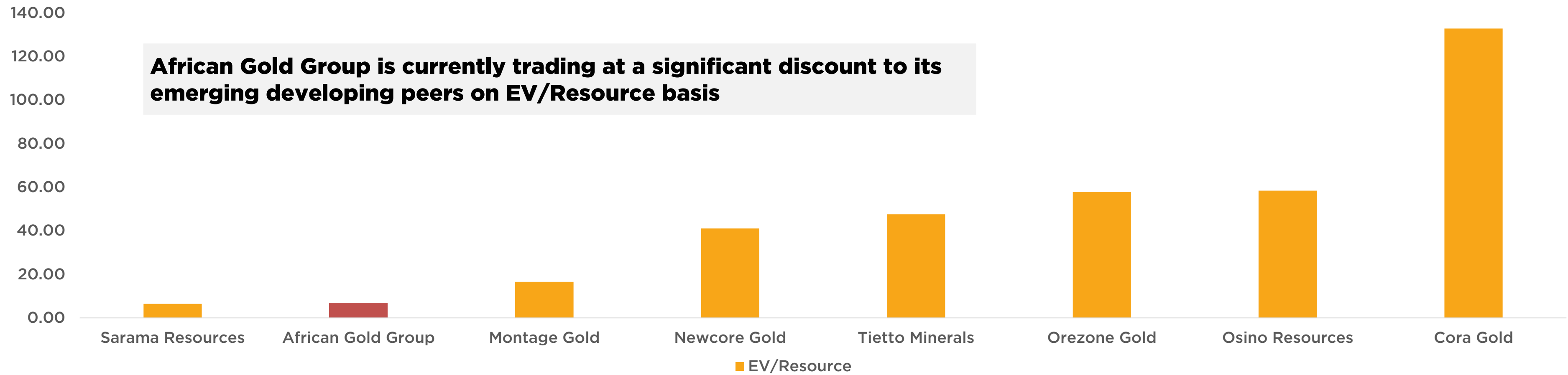
Mine Life VS LOM Gold Production VS NPV



Value Proposition



EV/Resource



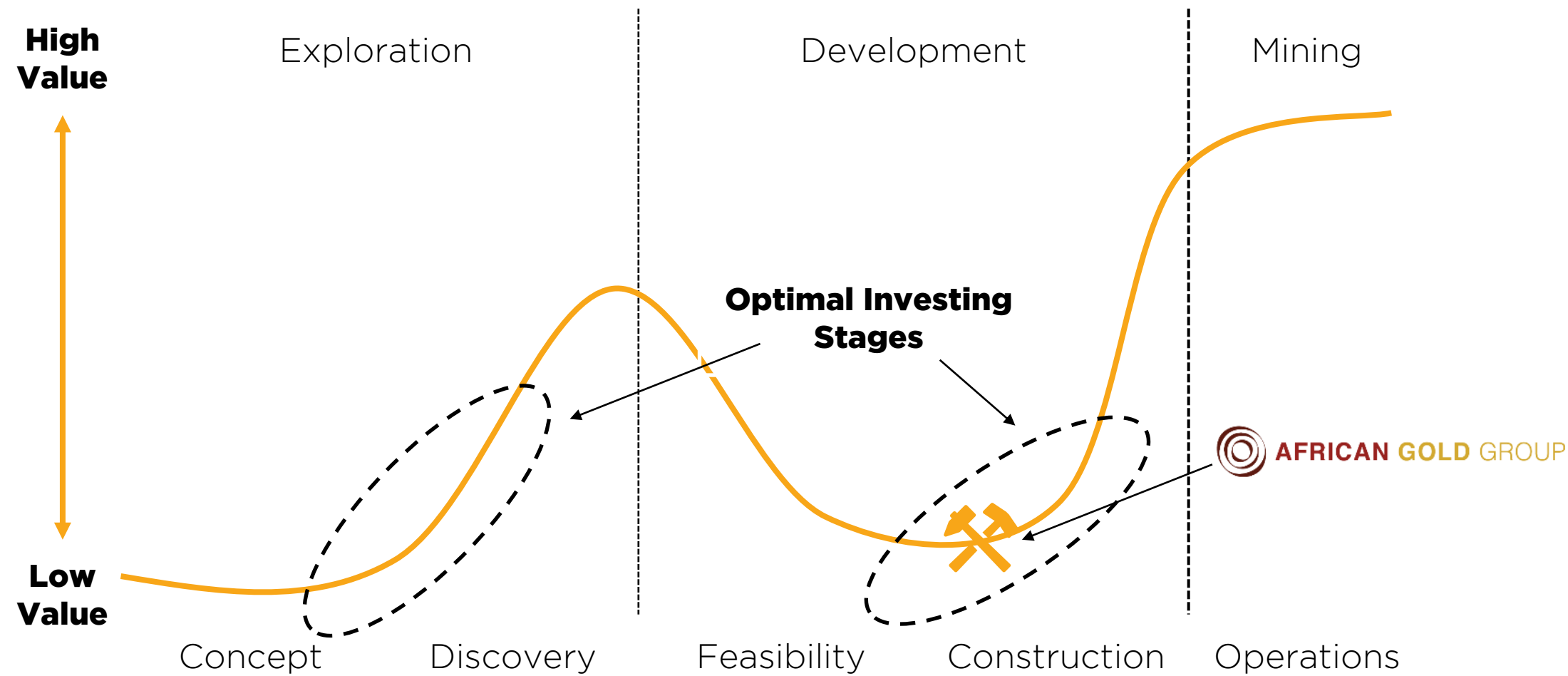
Project	Karankasso	Kobada	Kone	Enchi	Abujar	Bombore	Twin Hills	Sanankoro
Country	Burkina Faso	Mali	Côte d'Ivoire	Ghana	Côte d'Ivoire	Burkina Faso	Namibia	Mali
Total Resource (koz)	2,476	3,144	4,000	1,415	3,340	6,162	1,960	265
Total Reserve (koz)	0	1,267	0	0	1,450	1,835	0	0

Source: Available company disclosure including website, press releases and NI 43-101 technical reports Bloomberg, as of September 30, 2021

Re-Rate Opportunity



Lifecycle of a Junior Mining Company



African Gold Group is poised for a material re-rate through the successful execution of construction and start up at Kobada

- With all the necessary permits secured and definitive feasibility study completed the Company is at its final stage before moving into construction
- The Company is working on securing the financing package that would enable the start of construction at Kobada

Exploration Potential Executive Summary

Substantial exploration upside will continue to add additional ounces to resources and add substantial economic value to Kobada. Exploration drilling should continue through the construction phase to add further ounces

3 key target areas for further drilling

Phase 3

Gosso Target

Phase 4

Infill drilling over existing resource shell

Phase 5

Extension to main shear zone

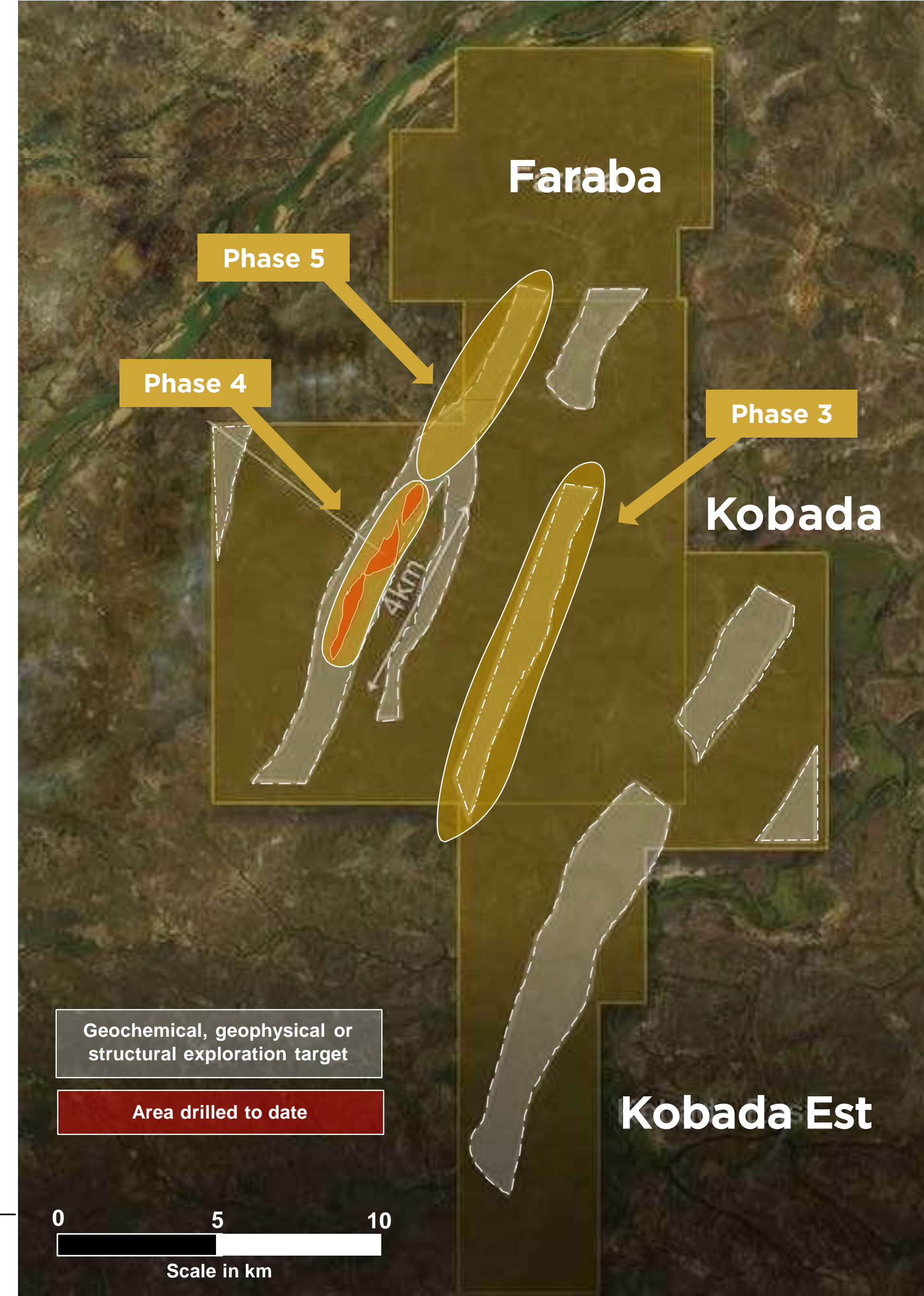
Regional exploration on Faraba and Kobada Est

Near term objectives

- Convert a significant portion of the Inferred oxide resource to M&I and subsequently to reserves (anticipated conversion rate is 84%)
- Additional 284,000oz Inferred resource within new pit shell exploitable through short-term drilling

Medium term objectives

- Ongoing drilling to complete Phase 3 – 5
- Prospect drilling along 51 km of shear zones
- 24-month target – increase to 1.5-million-ounce reserve



Phase 3

Prove Continuity of Strike (Gosso)

Gosso target is the most advanced exploration target with only limited drilling completed to date (21 drillholes)

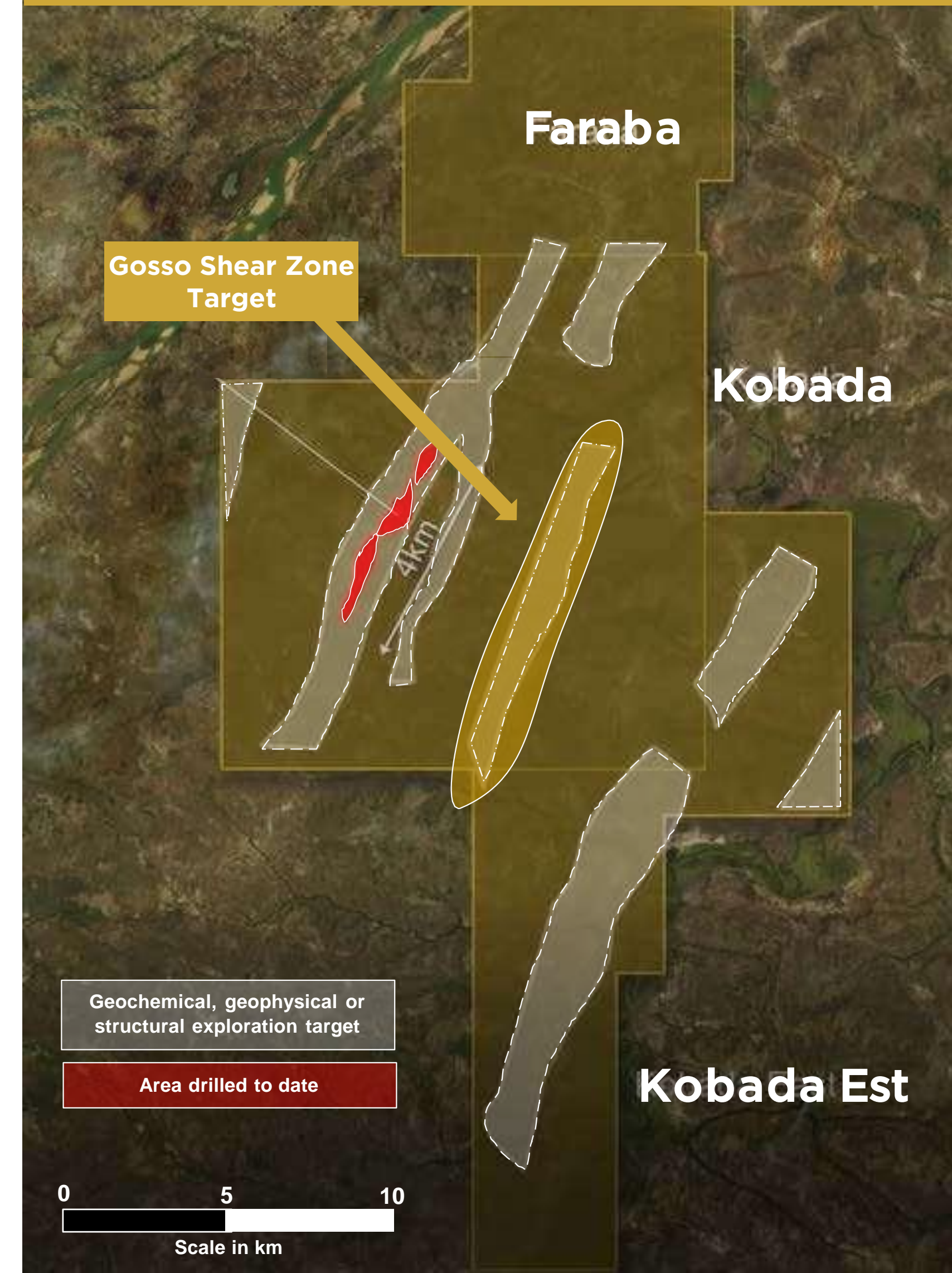
- Focused on expanding near surface oxide resource to further reinforce the prospect of multiple mineralized deposits in the nearby vicinity to the processing plant

The drilling campaign at the Gosso target has confirmed that the mineralization and grades are higher than that observed at the Kobada Main Shear with an average grade of 1.11 g/t Au

- Mineralization appears to be very similar, nuggety, in small quartz-carbonate veins to the Kobada Main Shear

Recent exploration results point to shallow oxide gold resource, open for expansion along strike and depth

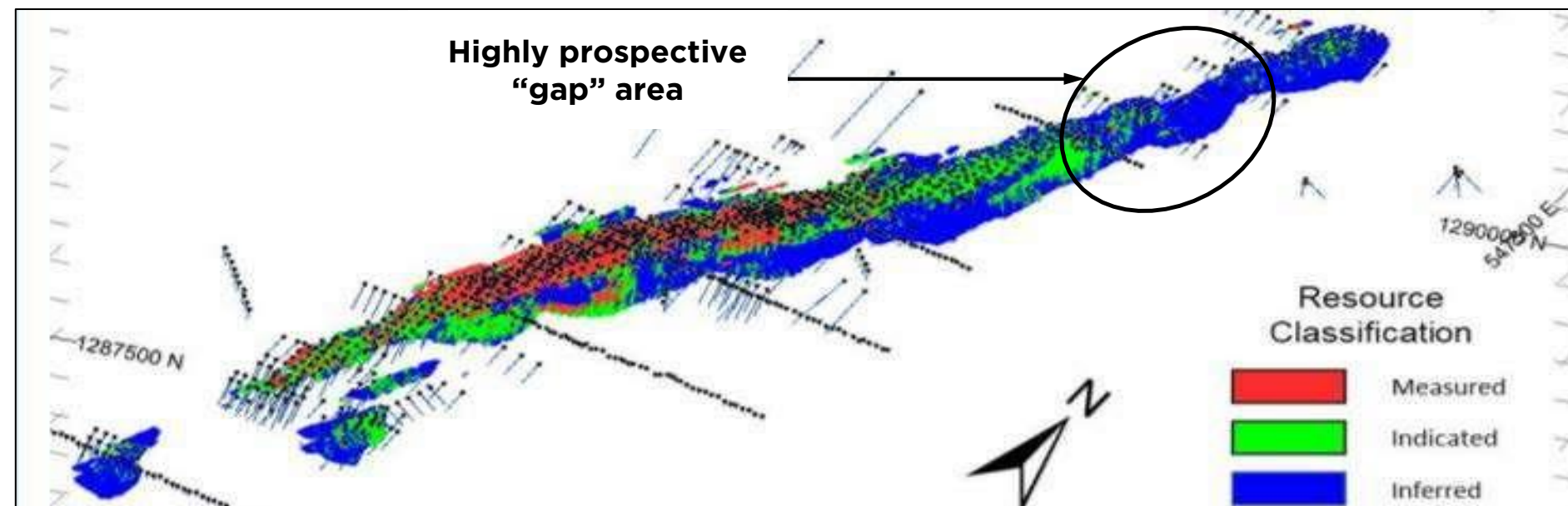
- The Gosso target was drill tested with diamond drill to the north and south, stepping away from the known fault location in the outcrop
- Drilling has delineated 750 m of initial strike length, with artisanal mining pits indicating further 5 km of potential strike length



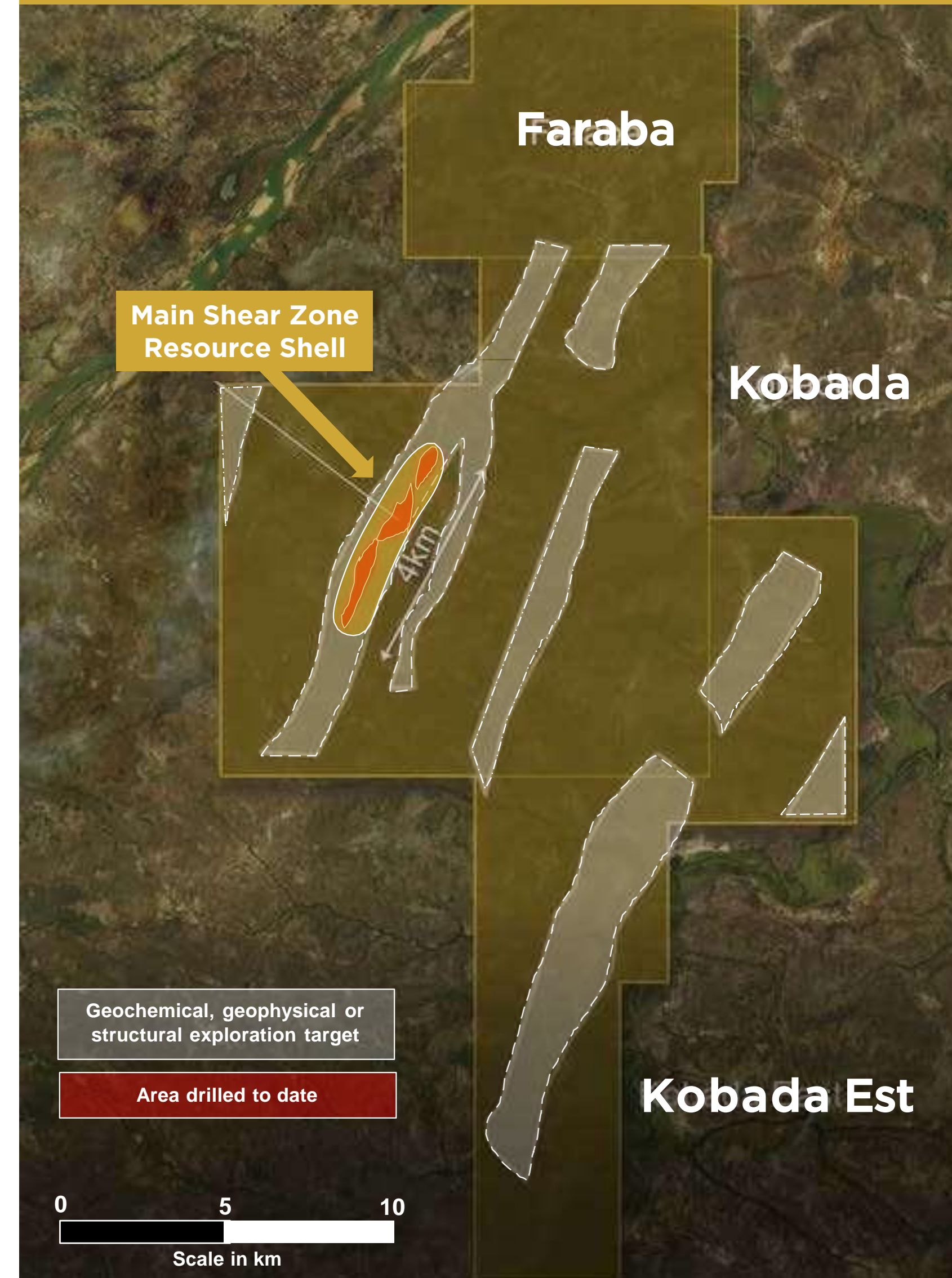
Phase 4 Resource Upgrade

Target - Additional 284,000 inferred ounces within existing pit shell

- Near-term drilling could open up additional M&I resources in existing pit shell
- Further drilling improves the integrity and understanding of the geological structures
- Recent drilling to date has confirmed good continuity of shear zones opening up further resource increase opportunities



PHASE 4 - INFILL RESERVE GROWTH



Phase 5

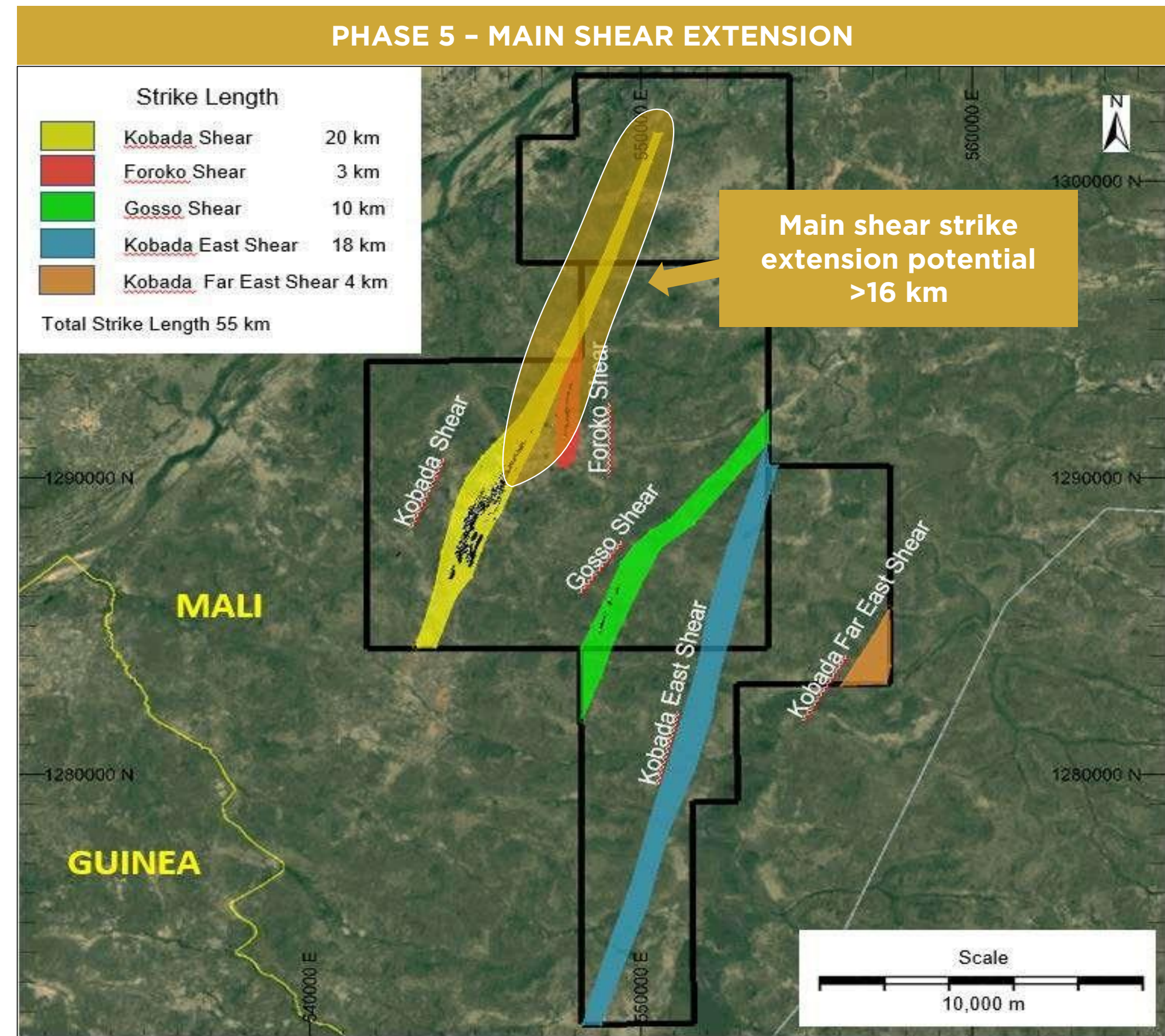
Strike Extension of Main Shear Zone

Target – Extend strike north along continuous mineralized zone in Kobada Shear Zone

- Regional exploration (and artisanal workings) indicate further 16 km potential north of current resource on main shear zone
- Mineralisation continues in old workings throughout the 16km strike
- 3 “step-out” holes in Feb 2020 indicated strong potential high-grade extension currently not included in the resource:
 - 22.20 m at 5.25 g/t Au from 78.4 m to 100.6 m
 - 23.80 m at 1.57 g/t Au from 110.5 m to 134.3 m
- Drill plan will follow the continuity of the Main Shear Zone into the Faraba concession
- Continued step-out drilling will indicate continuity of observed mineralization and could add substantial ounces to the resource

Overview of the drilling results

- Reprocessing of the airborne magnetic data confirmed several targets along the strike extent of the shear zones
- Identified ~55 km of potential mineralized shear zone structures based on regional exploration and historical artisanal workings ~80% upgrade
- Apart from some shallow auger drilling, no diamond or RC drilling has occurred in Kobada Est, but anomalies and artisanal workings show good potential for a major shear zone complex



Execution Plan

Delivering on Promises

- ✓ **Inferred Resource increased to 1.43 Moz**
- ✓ **Measured & Indicated Resource increased to 1.71 Moz**
- ✓ **Delivered positive metallurgical results from comprehensive sulphide testwork**
- ✓ **Inclusion of sulphides within new pit shells**
- ✓ **Proven & Probable Reserve increased to 1.25 Moz**
- ✓ **Life of mine increased to 16 years**
- ✓ **Feasibility Study demonstrates strong economics**
- **Renew ESIA license**
- **Securing financing for the construction**
- **Construction**



Investment Case

Robust Project With Significant Upside Potential



01 Construction Ready

One of a handful of construction ready projects with 19-month construction time

02 Robust DFS

After-tax IRR of 38% and NPV5% of US\$355 mln with annual gold production of 100,000 oz at an AISC of US\$972/oz over LOM

03 Upside Potential

Undervalued relative to peers with significant share price potential (Canaccord Genuity target price of C\$0.80/share)

06 Experienced Team

Proven track record in the financing, construction and operation of mines in Africa

05 Resource Expansion

~55 km of shear zone structures identified across the property with 51 km yet to be properly drilled

04 Clear strategy for growth

Significant cash flows from Kobada will fund organic growth and disciplined M&A

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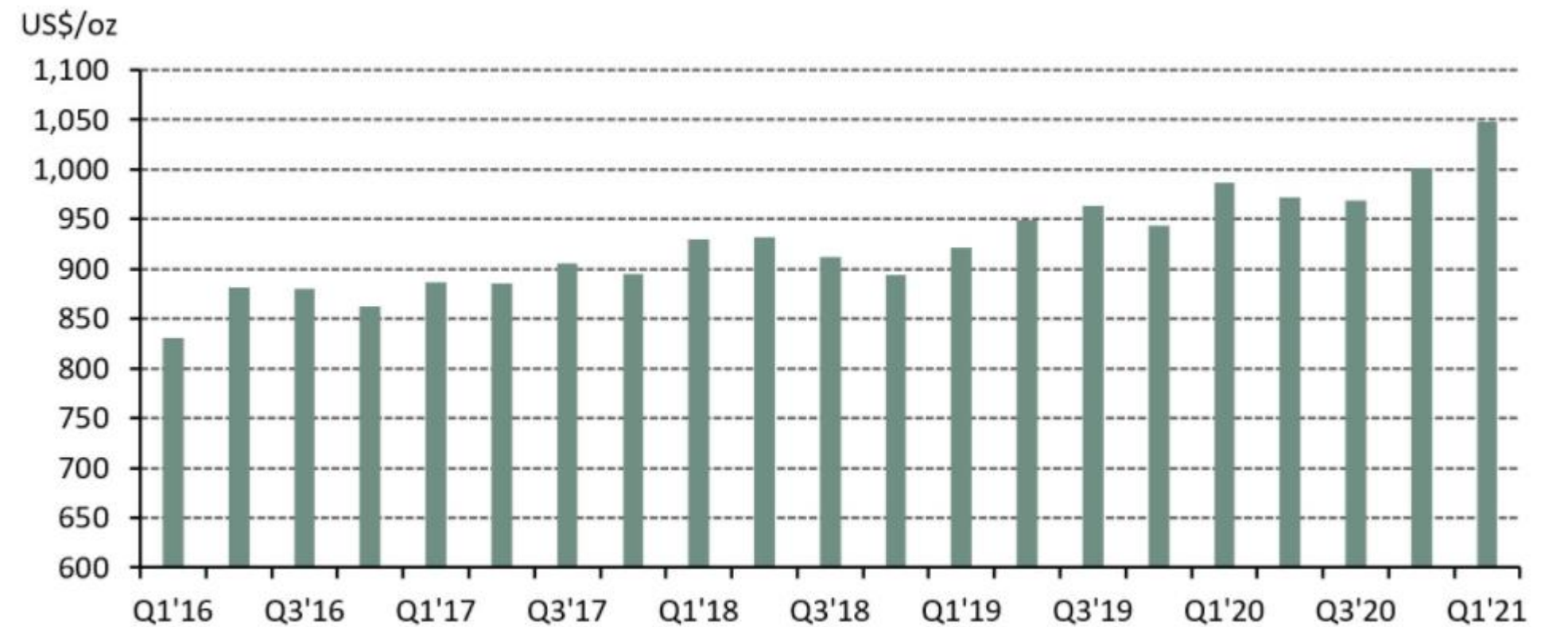
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www.africangoldgroup.com



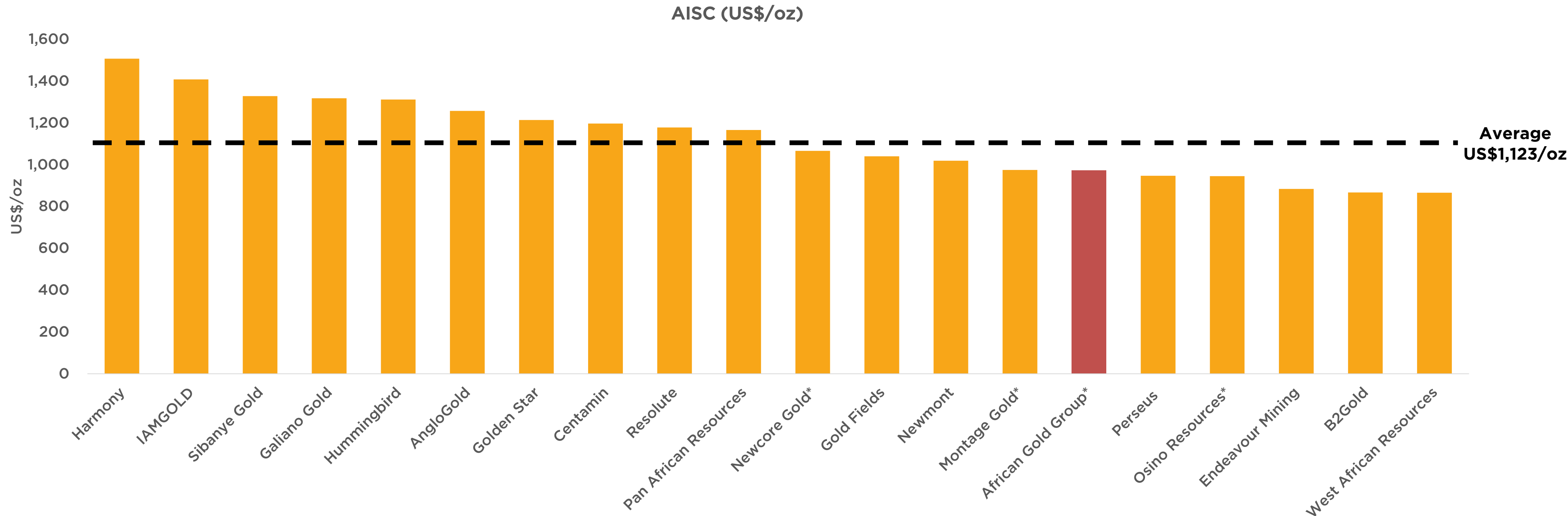
All-In Sustaining Costs

Costs in the gold mining industry increased for the second consecutive quarter in Q1'21

- With the global average **All-in Sustaining Cost (AISC)** up by 5% q-o-q to **US\$1,048/oz**, reaching its highest level since Q2'13.
- **Increased mine site operating costs** were the main driver, with **Total Cash Costs (TCC)** rising by 6% q-o-q to **US\$769/oz**.
- Some of this q-o-q change was caused by regular seasonal variations in costs in several countries.
- However, the Q1'21 rise in costs was not just down to seasonal variations. **TCC also increased by 4% y-o-y**. This y-o-y rise was the result of a number of factors:
 - Miners now have **additional costs related to COVID-19** which did not exist in Q1'20, such as additional PPE, testing and quarantine procedures.
 - **Average grades declined by 4% over this period dropping from 1.44 g/t to 1.39 g/t**, as lower grade material has become economic to exploit at higher gold prices, putting further upward pressure on unit costs.
 - **Labour costs in the mining industry are rising**. This is being driven by increased demand for skilled workers as metal prices incentivise project development across multiple commodities, combined with COVID-19 travel restrictions limiting the availability of workers and contractors.
- With these pressures on costs expected to persist throughout 2021 costs are expected to remain elevated in the coming quarters.



All-In Sustaining Costs



Research Coverage Notes

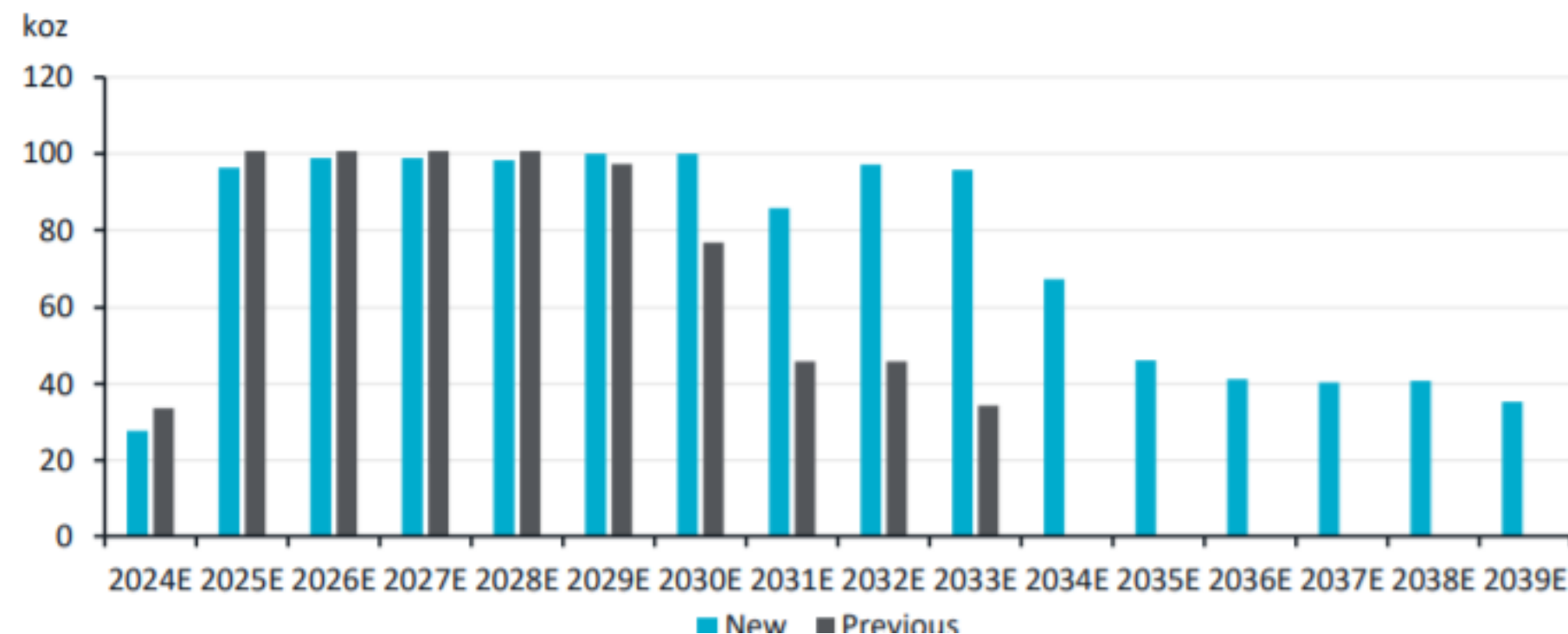
Value unlocked via the drillbit

- To date, the company has only tested ~4-5km of a total ~55km of potential mineralised shear zones in the area. We note that in addition to upside in the main Kobada shear zone (where the current resource shell lies), the Gosso shear zone to the east has returned drill results, which indicate mineralisation and grades that are higher than the main shear.
- We view further success here as a key catalyst for the stock.

Inclusion of sulphide ore

- The Malian project retains the same 3 Mtpa gravity plus CIL process plant flowsheet as the prior DFS, but now includes the processing of sulphide ores in addition to the oxides, as extensive metallurgical work has confirmed the free-milling, easily processed nature of this ore.

Gold Production (2020 DFS vs 2021 DFS)



AGG's share price has remained stubbornly low over this calendar year, and **we believe there remains further upside to the currently delineated reserves and resources.** We remind investors that even on the basis of currently delineated reserves and resources, the company is currently trading on an EV/Reserve of ~US\$12/oz (compared to a global group of ~100 peers trading at an average of ~US\$80/oz) and an EV/Total Resource of ~US\$5/oz (compared to the peer group average of ~US\$37/oz). **We believe the stock is significantly mis-priced, particularly in light of the excellent momentum the project has seen in the past 12 months,** spearheaded by well-regarded CEO, Danny Callow.

Sam Catalano, Analyst, Canaccord Genuity Ltd (UK)
September 29, 2021

2020 DFS vs 2021 DFS

Substantial improvement in project economics

- AGG has announced the results of the update to the Kobada Definitive Feasibility Study (DFS) (previous DFS completed in June 2020), detailing a longer life operation (16yrs, up from 9-10yrs), **with production plateauing at ~100kozpa for 10 years rather than the previous 5.**
- **The key driver of the expanded mine plan is the success that the company has seen in broadening the project's reserve base.** Reserves now stand at 45 Mt @ 0.87g/t Au, for ~1.25 Moz of contained gold (an increase of 66%).
- We note that **a key value driver of the project is the 'free-dig' nature of the oxides** (with the sulphides likely requiring blasting). The mine plan prioritises the mining of the oxides for the first 7 years of operation.

Parameter	Units	2020 DFS	2021 DFS	% Change
Proven & Probable contained Au	Moz	0.75	1.25	+66.7%
Mine Life	Years	9.4	16	+70.2%
Plant ore capacity	Mtpa	3.0	3.0	-
LOM grade	g/t	0.873	0.868	-0.6%
Average annual production	Koz	77.5	75.0	-3.2%
Average production yrs 1-5	Koz	100	100	-
Average production yrs 6-10	Koz	52	100	+92.3%
Pre-production capex	US\$m	136	167	+22.8%
LOM AISC	US\$/oz	782	972	+24.3%
DFS estimated NPV (5%)	US\$m	329	355	+7.9%
Gold price assumptions	US\$/oz	1760	1750	-0.6%