MINERAL RESERVE STATEMENT

Period ended 31st December 2018

This document serves as the annual update of the Group Mineral Resources and Mineral Reserves and informs shareholders and potential investors of the status of the Group mineral assets.

Note on methodology: The Mineral Assets Report was prepared according to recommendation of evaluation of in-situ gold reserves.
http://www.alexanderresearch.com.au/images/stories/literature/what_are_insitu_resources_worth_an_empirical_study__bell_j_guj_p_standing_c_080710.pdf.

The outcome of the valuation analysis methodology described in this document was obtained by using a market-based approach, which is suitable for the valuation of individual assets for which a large amount of technical data has already been collected.

Market-based valuation is insightful, and inherently accounts for sovereign risk, discount rate and geological diversity that are reliant on a liquid, arbitrage-free market, relatively stable commodities prices and the assumption that mineral asset are comparable despite significant geological, metallurgical and engineering consideration.

The current market evaluates Farafina Gold Group SA mineral assets as high grade (higher than 3g/ton), high volume (more than 1 million ounces) in a low-risk environment. According to the recommendation for year 2007, these reserves are priced at $23/OZ (figure 7 of the document above).

The average gold price for 2007 was $700/OZ, from which this conservative gold price of $23/OZ was derived. Average gold price on December 31st, 2018 – $1278.30/Oz, therefore extrapolating the valuation methodology used in the report, gold price for estimates contained in this document are valued at $42.00/OZ.

Summary

The reporting of Mineral Resources and Mineral Reserves for Farafina Gold Group SA ("Company" or "Group") operations is conducted in accordance with the principles and guidelines contained in the Guinean Code for Reporting of Mineral Resources and Mineral Reserves.

The Company has grown its mineralized asset portfolio significantly in the past 5 years since the Group mineral assets portfolio was established. The company continues to explore promising horizons within the largest known auriferous Birimian Siguiri Basin and is situated within a mining region in which most of the gold mines of Guinea are located, such as Siguiri Ashanti Goldfields and Nordgold Lefa in the north and Kiniero in the southwest.

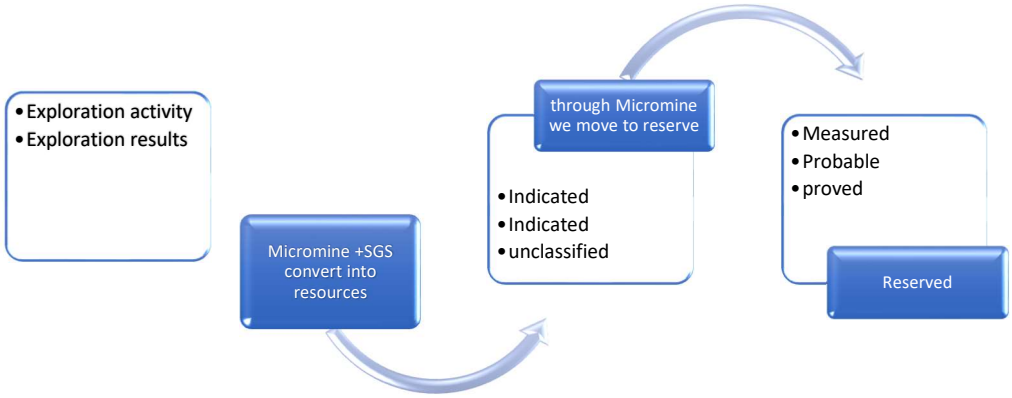
Integrated Mineral Resource Management at Farafina Gold Group SA.

Key Mineral Resource Management (MRM) areas, including exploration, geology, geostatistical modelling, mine-survey, sampling, MRM systems and mine planning have been integrated as a functional grouping over the past five and half years. The MRM function is the custodian of the mineral assets of the Group, which specifically strives to grow these assets in terms of both Resources and Reserves, and to unlock value through a constant search for optimal extraction plans which yield returns in line with the corporate and business objectives. The Group MRM function also strives to develop strategies and actions that are equal to best practice in the gold extraction industry.

The main objective of the MRM function is to add value to the organization, through:

- Appropriate investigation, study and understanding of the orebodies.
- Accurate and reconcilable Mineral Resource and Reserve estimates.
- Integrated and credible short-, medium- and long-term plans.
- Measured and managed outputs.
- Sound management information systems.

The following chart represents the key stages of the MRM process:



Gradually increasing level of geoscience knowledge and confidence

Functional liaison, co-operation and auditing have been imbedded in the MRM function throughout the Group. Specific focus is given to standardization and the development of protocols to govern the MRM function. The Group accordingly remains committed to:

- Continuously improving the management of mineral resources and related processes, whilst addressing skills development and retention
- Optimal exploitation of current assets, together with growth of the Mineral Resource base by leveraging and optimizing existing Group properties, exploration and acquisitions, including alliances and equity interests with third parties
- The legislative regime that governs mineral rights ownership
- The transparent, responsible disclosure of Mineral Resources and Mineral Reserves in line with the prescribed codes, SAMREC and JORC, giving due cognizance to materiality and competency.

The Group exploration strategy remained essentially unchanged from the previous, year i.e. focused on evaluation reverse circulation (RC) drilling and diamond drilling (DD) at or adjacent to existing local mining operations combined with pit and trench sampling. Estimated resources for the Kanguela East deposit are from the results of reconnaissance works, digital orthophotography, subsoil geochemistry, pit and trench sampling, drilling and analytical works. Specifically of note in the exploration on this deposit is the wide use of digital orthophotography for outlining of artisanal mining sites, and also carrying out of pilling tests.

The mineral resource estimates were carried out by wireframe and block modeling methods of ore zones using Micromine software and have been classified according to the JORC Code, sample of results below:

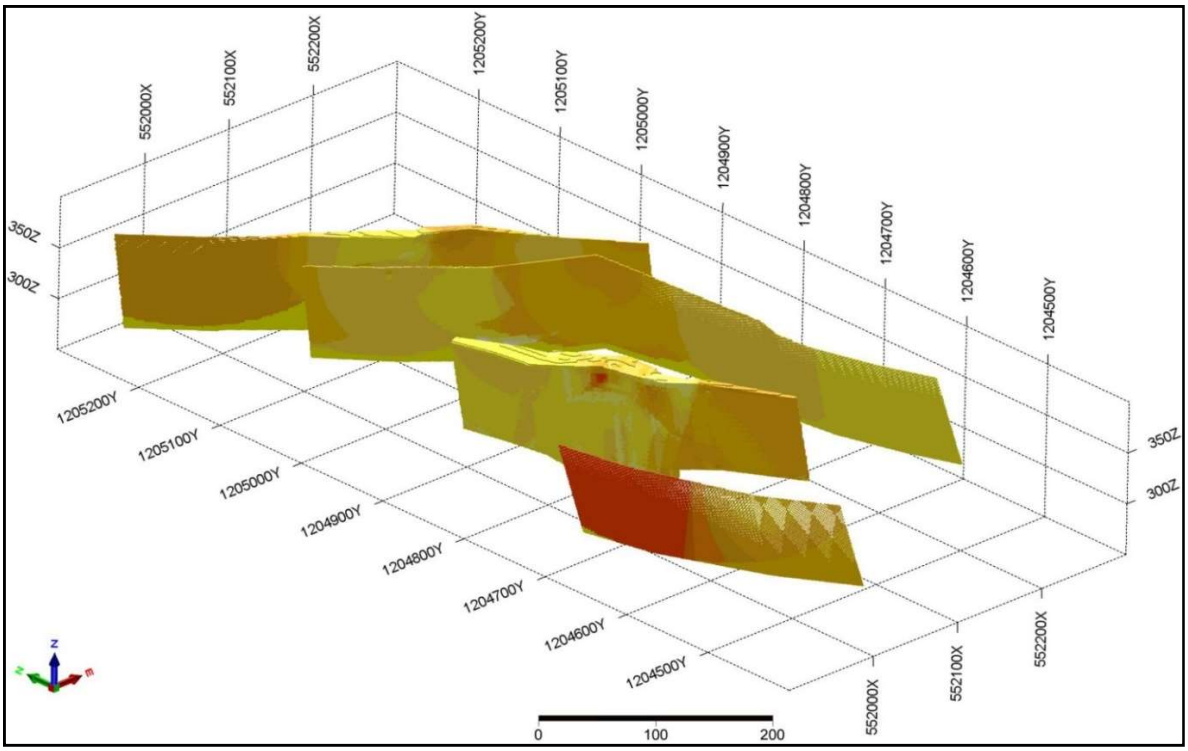


Figure 1. Block model for Wodokodoni site ore zones (3D-visualization)

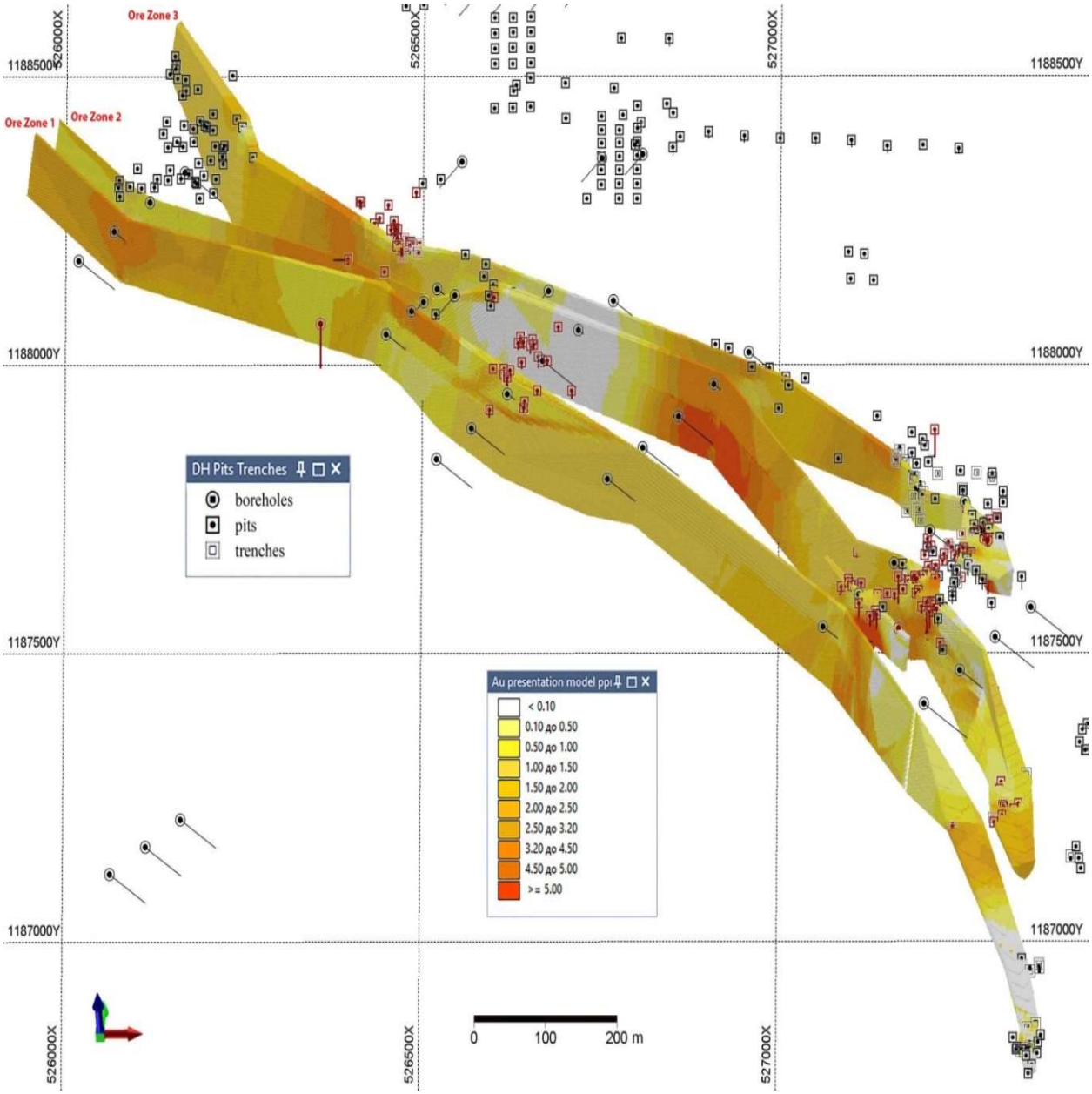


Figure 1 Block model for Nzima deposit ore zones (3D-visualization).

Attributable Mineral Resources

Attributable Mineral Resources 31st December 2018:

Metal Balance
As of 31 December, 2018

	Category	Tonnes (000s)	Grade (gm/t)	Attributable Ounces (000s)
(Nzima), kOuz	Indicated	1,755	2.3	130
	Inferred	3,619	1.7	199
	Unclassified	3,482	2.0	224
	Total	**8,856**	**1.9**	**553**
(Kanguela East), kOuz	Indicated	466	1	18
	Inferred	2,532	2	160
	Unclassified	3,000	3	258
	Total	**5,998**	**3.6**	**435**
(Faralako North), kOuz	Indicated	-	-	-
	Inferred	-	-	-
	Unclassified	1,800	2	116
	Total	**1,800**	**4.3**	**116**
(Paramangui), kOuz	Indicated	-	-	-
	Inferred	-	-	-
	Unclassified	3,000	1.3	125
	Total	**3,000**	**1.3**	**125**
ALL	**TOTAL**	**19,654**	**1.3**	**1229**

Table 1. Attributable Mineral Resources as of 31st December 2018:

Attributable indicated, inferred and unclassified gold resources of more than 1.2 million ounces as of December 31, 2018 situated in the republic of Guinea. For 2018, taking into account factors such as sovereign risk, commodity prices, exploration and economic potential, mineralization styles, metallurgical and engineering qualities, mineral resources were estimated at a conservative gold price assumption of $42 per ounce with all other assumptions remaining constant.

NOTE:

- Attributable Mineral Resources as expressed in tonnes; gold ounces are based on the Farafina Gold Group SA equity interests
- These are summary estimates; any possible inaccuracies are derived from the rounding of numbers
- The Mineral Reserves are located within quartz veins and vein zones of mineralization in meta-sedimentary rocks and weathering crusts.

Indicated, inferred and unclassified reserves are based on extensive drilling, sampling, mine modeling and metallurgical testing. Metallurgical recovery rates vary depending on the metallurgical properties of each deposit and the production process used. The cut-off grade, or lowest grade of mineralization considered economic to process, varies with material type, price, operating costs and co- or by-product credits.

The indicated, inferred and unclassified mineral properties figures presented herein are estimates based on information available at the time of calculation. Mineral properties estimates may require revision based on actual production. Market fluctuations in the price of gold as well as increased production costs or reduced metallurgical recovery rates, could render certain mineral properties containing higher cost resources uneconomic to exploit and might result in a reduction of mineral assets.

As of 31st December 2018, using the conservative price assumption of $42.00 per ounce, our gold mineralized materials were comprised as follows:

1. 553,000 Ounces worth $23,211,000 (twenty -three million, two hundred and eleven thousand USD) in Nzima,
2. 435,000 Ounces worth $18,273,000 (Eighteen million two hundred and seventy-three thousand USD) in Kanguela East.
3. 116,000 Ounces worth $4,861,000 (Four million, eight hundred and sixty-one thousand USD) in Faralako North.
4. 125,000 Ounces worth $5,266,000 (Five million, two hundred and sixty-six thousand USD) in Paramangui,

This analysis yielded a conservative total mineral asset valuation of $51,611,000 (Fifty-one million, six hundred and eleven thousand USD)

Economic Chart as of 31st December 2018

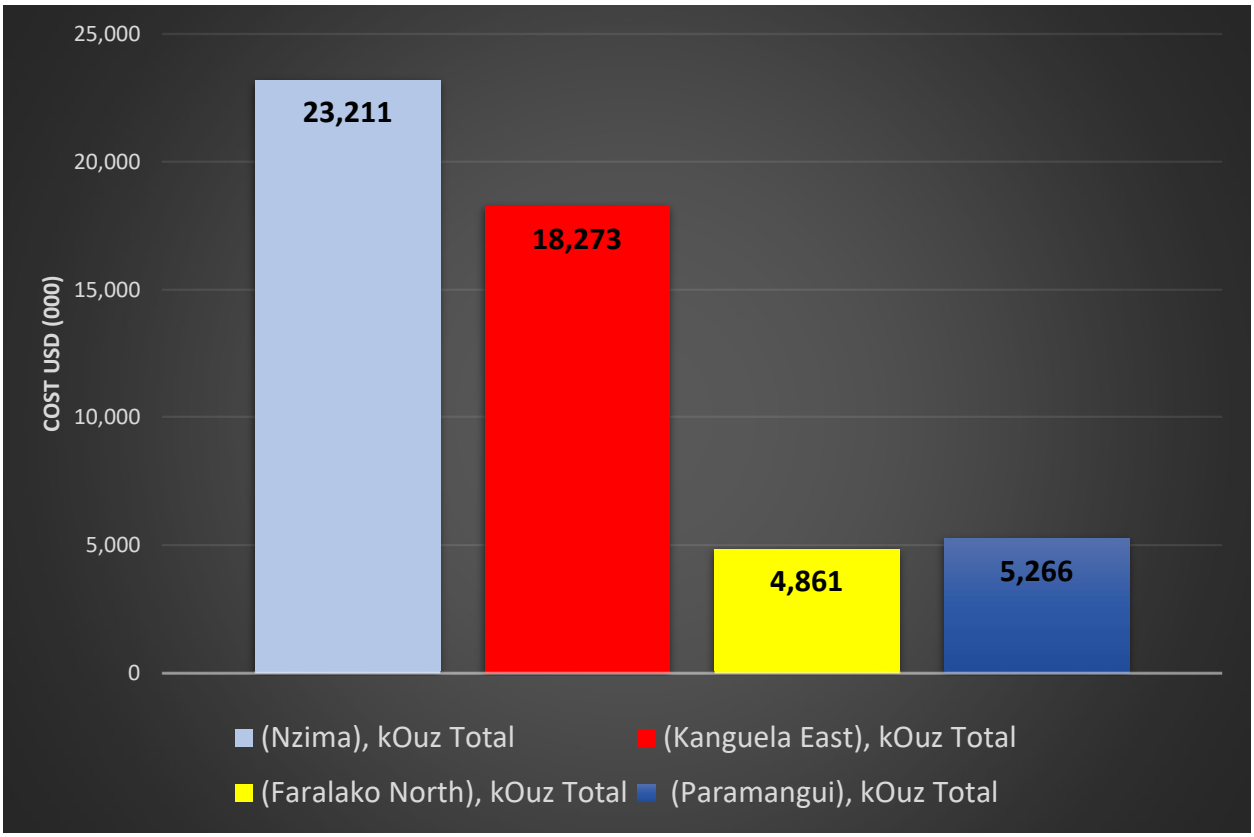


Figure 2. Economic Chart as of 31st December 2018

Note

A *mineral reserve* is classified as economically mineable when part of a measured or indicated mineral resource is demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Resources which are not reserves do not have demonstrated economic viability and therefore are not measured in this balance.

Determination:

The term “economically,” as used in the definition of reserve, means that profitable extraction or production has been established or analytically demonstrated in a feasibility study to be viable and justifiable under reasonable investment and market assumptions.

The term “legally,” as used in the definition of reserve, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for a reserve to exist, the Group must have a justifiable expectation, based on applicable laws and regulations, that issuance of permits or resolution of legal issues necessary for mining and processing at a particular deposit will be accomplished in the ordinary course and in a timeframe consistent with the current mine plans.

The term “inferred mineral resources” means that part of mineral resource for which tonnage, quantity and grade or quality can be estimated on the basis of geological evidence, sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term “An indicated mineral resource” is that part of a mineral resource for which tonnage, quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term “proven reserves” means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling; and (c) the sites for inspection, sampling and measurements are spaced so closely and the geologic character is sufficiently defined that size, shape, depth and mineral content of reserves are well established.

The term “probable reserves” means reserves for which quantity and grade are computed from information similar to that used for proven reserves, but the sites for sampling are farther apart or are otherwise less closely spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. FGG classifies all reserves as Probable on its development projects until a year of production has confirmed all assumptions made in the reserve estimates.

Proven and probable reserves were calculated using different cut-off grades. The term “cut-off grade” means the lowest grade of mineralized material considered economic to process. Cut-off grades vary between deposits depending upon prevailing economic conditions, mine ability of the deposit, by-products, amenability of the ore to gold extraction and type of milling or other facilities available.