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# Toubani Resources (TRE)

June 2024

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**Note:** This report is based on information provided by the company as at June 25, 2024

Investment Profile	
Share Price - June 25, 2024	A\$0.175
12 month L/H	A\$0.094 / \$0.205
Issued Capital:	
Ordinary Shares	167.3 m
Options	8.82 m
Options - Escrow	2.97 m
Performance Rights	1.10 m
Fully Diluted	179.6 m
Market Capitalisation - Undiluted	A\$29.3 m
Cash (May 2, 2024)	A\$4.4 m

Board and Management	
Mr Phil Russo - CEO and Executive Director	
Mr Scott Perry - Non-Executive Chairman	
Mr Matthew Wilcox - Non-Executive Director	
Mr Danny Callow - Non-Executive Director	
Mr Tim Kestell - Non-Executive Director	
Mr Kerry Griffin - Exploration and Resource Development	
Mr Bill Oliver - Kobada Feasibility Study	
Mr Marc Rowley - Kobada Feasibility Study	
Mr Dave Clark - Kobada Feasibility Study	
Mr Dhanu Anandarasa - Kobada Feasibility Study	
Mr Aaron Gates - Chief Financial Officer	
Mr Sékou Konate - Country Manager	

Major Shareholders	
Nero Resource Fund	16%
Perennial Value Management	8%
Top 20	32.5%
Board and Management	6.4%



The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

### ADVANCED, ROBUST WEST AFRICAN GOLD

Toubani Resources Ltd (“Toubani” or “the Company”) is currently updating a Definitive Feasibility Study (“DFS”) on the 100% owned Kobada Gold Project (“Kobada” or “the Project”) in the highly productive Birimian rocks of Mali, West Africa.

Kobada, which hosts 2.39 million ounces of gold (with significant upside) has the potential to be a low-cost producer, by virtue of the soft free-dig oxide ore, probable low strip ratio, and high, 95% oxide recoveries through a standard gravity/CIL treatment plant. There is also significant Resource/production upside which will be considered down the track, including additional oxide sources from the 50 km strike length of prospective shears within the tenements, as well as from fresh mineralisation, which is also free milling, with recoveries in the low 90% range.

The Company is leveraging off ~A\$110 million of previous expenditure at Kobada, including ~180 km of drilling, and the completion of previous development studies, including a DFS completed in 2021 - the Project has been owned by Toubani (previously known as African Gold Group) since 2005, and was previously listed on the Toronto Venture Exchange under a different board and management team, delisting on May 11, 2023.

In updating the previous DFS, the new management of the Company is investigating options to increase mill throughput from the previous 3.0 mtpa/100 kozpa to more closely match the previously planned mining tonnages. The previous scenario resulted in the buildup of significant stockpiles over the first 10 years, to be treated beyond the end of mining operations. This impacts earlier stage cashflows through higher overall mining costs not realised through gold production up front, and later, with the need to double handle.

In addition, the revised operation will be premised on predominantly treating the low cost free-dig oxide, and taking a “bulk” mining approach rather than the more selective approach as previously presented, with the aim of a lower risk and lower cost operation, with the larger throughput also resulting in economies of scale to improve the bottom line.

The most recent Resource upgrade drilling has provided solid results, with an updated Mineral Resource Estimate due soon. This will feed into the Reserves and mining inventory for the updated DFS, which the Company expects to be completed sometime in H2, CY24, with a development decision expected in 2025, and the potential, subject to financing and the final Mining Convention Agreement, to commence development as early as 2H25.

Given the current activities, we expect steady positive newsflow over the medium term.

### KEY POINTS

**Value upside:** We see significant value upside in Toubani, through the expected material advances in Kobada, as well as the current strength in the gold markets - the current value is relatively low compared to peers. Key value drivers include the upcoming MRE upgrade, delivery of the DFS and resource growth over time amongst others.

**Peer valuations:** Toubani is currently valued at an EV/oz of A\$10.10, with peers ranging from A\$5.64 to A\$27.78/oz, with an ounce weighted average of A\$13.75/oz. The upper value of A\$27.78/oz is attributable to Roscan Gold, another Malian focussed company and the most valued to Toubani, however with a smaller resource base - **potentially we could see Toubani valued at a similar ratio, which would give the Company a value in the order of A\$0.40/share to A\$0.45/share.**

**Transaction valuations:** West African asset transactions and takeovers have values/oz broadly correlated with grade for projects at a similar stage - figures for recent West African transactions for assets with a grade similar to Kobada include US\$27.12/oz (~A\$41/oz) and US\$39.49/oz (~A\$60/oz), which are significantly higher than trading valuations.

**Straight forward project:** By all accounts Kobada looks to be a solid and straight forward “vanilla” gold project, with work to date highlighting the positive aspects, including soft free-dig, open pittable oxide mineralisation, high recoveries from all ore types and broad zones of mineralisation, lending it to a potentially low strip ratio, low cost operation.

**Quality, committed personnel:** Personnel have extensive experience in the resources sector, including in West Africa. In addition they hold some 6.4% of the shares, aligning their interests with those of other shareholders.

**Ready access:** Kobada is readily accessibly by road from the capital city of Bamako, as well as via well-travelled international trucking routes from the major West African ports.

**Proven mining destination:** Mali is a well known gold mining destination, and is the third largest producer in Africa after Ghana and South Africa, producing some 3.25 Moz of gold in 2022 from the highly productive Birimian rocks.

## SWOT ANALYSIS

### Strengths

- ◆ **Strong gold markets and market sentiment:** We have seen a recent turnaround in the gold markets which is timely for Toubani, and is expected to continue with ongoing global uncertainty.
- ◆ **Proven mining destination:** Mali is a proven mining destination, being the 3rd largest gold producer in Africa, and with the Government reliant on gold, which makes up ~70% of Mali's exports.
- ◆ **Ready access to skilled labour and services:** Due to the above Mali, and the project areas, are well served by experienced labour and services.
- ◆ **Most work done:** With \$110 million spent and 180,000 m of drilling, most of the heavy lifting has been done in driving the Project towards development, and on which the current work is leveraging on.
- ◆ **Robust mineralisation characteristics:** The high metallurgical recoveries, free dig nature and broad zones of the mineralisation make it relatively low cost to mine and treat, offsetting the relatively low grade. This can be compared to some Australian deposits of similar grade which are hard and narrow, requiring selective mining.

### Weaknesses

- ◆ **Grade:** The key technical weakness at Kobada is the grade, however this is offset by several factors, including a large proportion being oxide, metallurgical recoveries, and then targeting a low unit cost/high margin operation, by virtue of near surface, soft, free dig material with a low strip ratio and large throughput. The development strategy is being driven by maximising the margin per tonne of ore.
- ◆ **Mali:** This very much depends on the investors' risk profile, and our saying that "Africa is Africa". There are inherent risks in operating in parts of Africa, with this including changes to regulations, and changes in governments, but these are common factors in several global regions. Also given Mali's dependence upon gold exports, it is supportive of the industry, even considering some recent changes in the Mining Code.

### Opportunities

- ◆ **Project optimisation:** This is being undertaken as part of the current DFS.
- ◆ **Resource upside:** Although the current study is focussed on known oxide Resources, there is significant potential to expand these at the main deposit, as well as through proving up and developing satellite deposits, as well as add fresh material to the equation down the track - as such, the scenario being developed in the DFS can almost be considered as a "starter" operation.
- ◆ **Acquisitions/mergers:** Given the prospectivity of the Birimian, and the separate discoveries by different companies close to one another, the acquisition and merger game has been active in West Africa over recent years. For example, is there a chance for Toubani and Cora Gold, which has the ~ 1 Moz Sanankoro deposit within 10 km, to team up at one stage?

### Threats/Risks

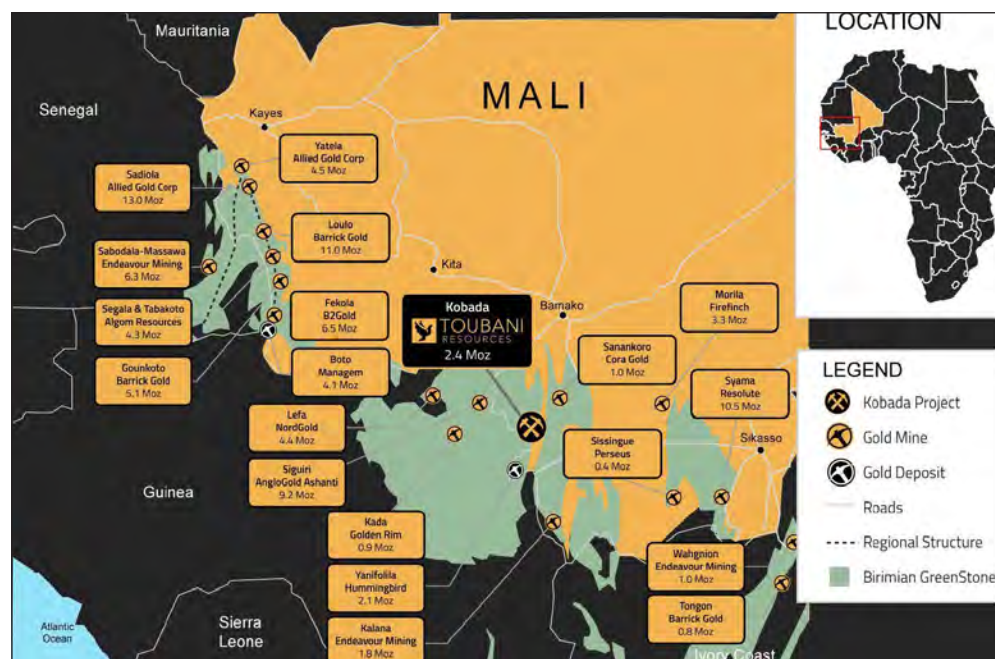
- ◆ **Equities and metals markets:** Being a junior, Toubani is highly vulnerable to negative changes in the markets. Our analysis of junior exploration stocks indicates that many in the traditional base and precious metals were until recently trading at close to 12-month lows, however we are now seeing improvements in values.
- ◆ **Grade distribution and mining schedule:** Understanding the grade distribution will be critical for mining operations, given in some places that narrow, very high grade intervals carry broad zones of low grade halo mineralisation. Given the overall relatively low grade optimising the mining schedule will be critical. The company is cognizant of this, with the strategy of a bulk, low unit cost operation also helping to mitigate potential issues.
- ◆ **Costs:** Again, given the grade, cost control will be important - unlike the revenue side, over which the Company has no control (except through hedging), there is some control over costs.
- ◆ **Funding:** Obtaining project financing will be a key step, and will be partly determined by the outcomes of the current DFS, as well as prevailing market conditions.

## OVERVIEW

### STRATEGY & BACKGROUND

- ◆ Toubani's activities are focussed on the advanced, 100% owned 2.39 Moz Kobada Gold Project, located in SW Mali in West Africa, which comprises two exploration and one exploitation permit with a total area of 257.7 km<sup>2</sup> (Figures 1 and 3), and is the sole project held by Toubani.
- ◆ West Africa is a world class gold destination, with annual production similar to that of Western Australia - several of the mines and deposits are shown in Figure 1 - in 2023 Mali itself was Africa's 3rd largest gold producer behind Ghana and South Africa, producing some 3.25 million ounces of gold (World Gold Council).
- ◆ The current focus is on updating a positive DFS on the main Kobada deposit - the previous study was released to the Canadian market on September 29, 2021.
- ◆ The main thrust of the update is to increase mill throughput, and simplify and de-risk the more selective operation that was presented in the September 2021 DFS, by going to a bulk operation.
- ◆ The planned operations will concentrate on known oxide resources initially (possibly for the first five years), at which point an oxide/fresh blend would come into the mine plan, with fresh material also being free milling. There is also the opportunity to extend the oxide Resources after commencement of operations.
- ◆ The Company is looking towards an investment decision later in 2025, and then the potential to commence development by the end of 2025.
- ◆ Toubani was initially a TSX-V listed company, African Gold Group (TSX-V: AGG), which acquired Kobada in 2005.
- ◆ The Company changed its name to Toubani Resources Inc in May 2021, and then became dual listed on the TSX-V and ASX on November 28, 2022 - the listing involved the raising of A\$6 million through the issue of 30 million CDIs - the CDIs have now converted to FPO shares, given that Toubani is now fully domiciled on the ASX.
- ◆ Toubani was registered as an Australian company on January 8, 2024 (changing name from Toubani Resources Inc to Toubani Resources Limited), with the last day of trading on the TSX-V on May 11, 2023.

Figure 1: Toubani project locations



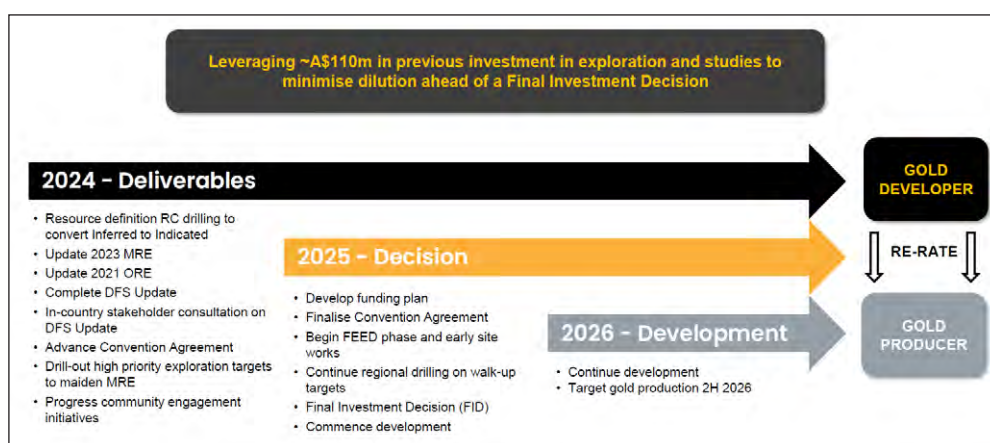
Source: Toubani

### CURRENT AND UPCOMING ACTIVITIES

- ◆ The Company has recently completed a 120 hole, 11,785 m RC drilling programme, with this targeting near surface, open pittable oxide mineralisation within and adjacent to existing pit shells - this has returned very positive results, with all assays now being received.

- ◆ This has largely been a Resource upgrade programme, largely comprising infill drilling, with the aim of improving the Resource confidence (inferred to indicated, indicated to measured).
- ◆ The results will be used in an upcoming MRE update (due Q2, 2024), and in the Ore Reserves to be used in the DFS update, with the updated study due in H2, CY24.
- ◆ Other activities are largely focussed on the DFS upgrade, including mining studies, further metallurgical studies and stakeholder engagement amongst others (Figure 2).
- ◆ Although a secondary consideration at the moment, the Company is also continuing target assessment on several other prospects within the Project area, with activities including auger sampling.
- ◆ The Company's aim is to be able to make a development decision on Kobada in 2025, and commence development, subject to finance and finalising the Convention Agreement with the Government of Mali.

**Figure 2: Toubani work timeline**



Source: Toubani

## FINANCIAL POSITION

- ◆ As of May 2, 2024 the Company had A\$4.4 million in cash and no debt.
- ◆ The most recent capital raising was in April 2024, where A\$4 million was raised through the placement of 33.47 million shares at a price of A\$0.115/share - this was at a discount of 14.8% to the last traded price and 11.9% discount to the 20-day VWAP.
- ◆ For the two quarters to March 31, 2024, in which the Company has released quarterly reports to the ASX, exploration expenditure was A\$1.194 million, and staff and administration totalled A\$0.814 million - this latter figure was inflated in the March, 2024 quarter due to the preparation of annual accounts and report, with the Company having a December 31 reporting year end.

## CAPITAL STRUCTURE

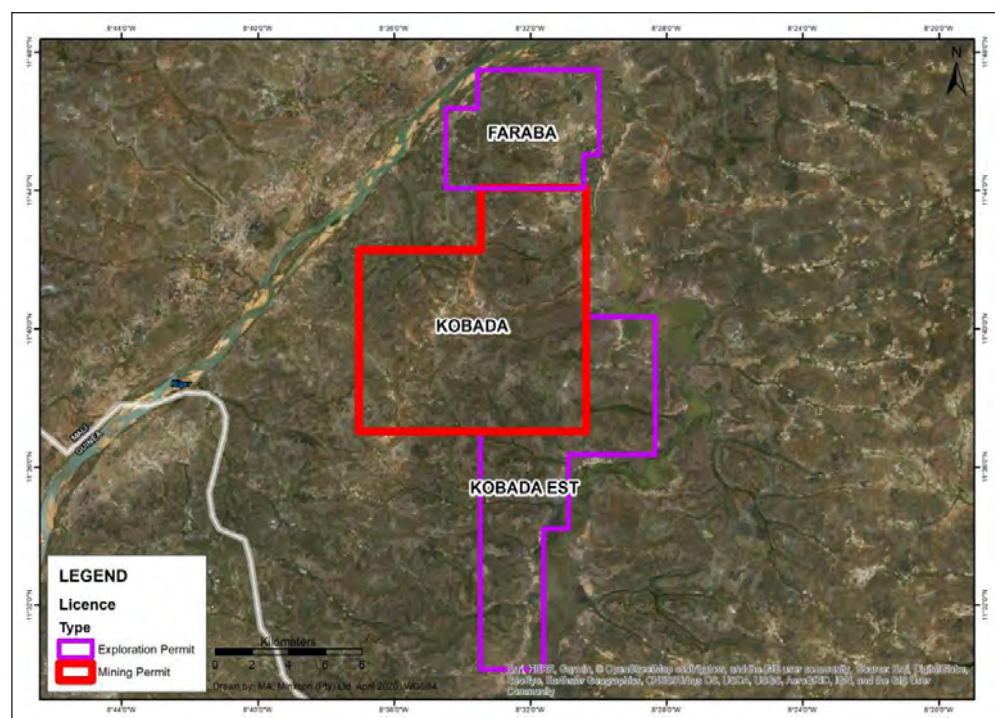
- ◆ The current capital structure is as follows:
  - 167.3 million fully paid ordinary, tradeable shares,
  - 8.82 million unlisted options, with exercise dates of between 7/8/24 and 17/6/27, and exercise prices of between A\$0.25 and A\$0.92 per option - eight of the option classes are denominated in Canadian Dollars, and we have converted the exercise prices to Australian Dollars.
  - 1.10 million performance rights, with any shares issued subject to satisfaction of the performance hurdles.
- ◆ The Board holds 6.4% of the ordinary shares, with the Top 20 holding 32.5%.
- ◆ Top holders include the Nero Resources Fund, with 16%, and Perennial Value Management with 8%; director Mr Danny Callow is the third highest holder at 2.64%.

## KOBADA GOLD PROJECT

### LOCATION AND TENURE

- ◆ Kobada is located approximately 175 km SW of Bamako, the Capital of Mali, by road, which includes a ferry crossing across the Niger River near the town of Banankoro, with the river seven kilometres west of the Project (Figures 1 and 3).
- ◆ One route is via the tarred National Highway RN26 to Banankoro, then east via dirt road and ferry to the Project.
- ◆ There are a few towns adjacent to the Project, including Foroka and Kobada.
- ◆ The climate includes a dry season from October to April, with the wet season from April to October - almost 100% of the rain falls during the wet (with Bamako receiving ~1,100 mm per annum), however will have limited effect on operations and transport of materials, including fuel into site.

**Figure 3: Kobada tenements**



Source: Toubani, Google Earth, Lebrun et al (2016)

- ◆ The tenements, from north to south in Figure 3 include:
  - Faraba exploration permit PF 17/921, 45 km<sup>2</sup>, expiry date of April 6, 2027, having last been renewed on April 6, 2024,
  - Kobada Operating Permit PE 15/22, 135.7 km<sup>2</sup>, granted on July 31, 2015 for a period of 30 years, however with renewals due every 10 years; and,
  - Kobada-est exploration permit PF 18/975, 77 km<sup>2</sup>, expiry date of August 15, 2027.
- ◆ Although all tenements are currently held 100% by the Company (through the wholly owned subsidiary AGG Mali SARL), the Government of Mali has the right to a 10% FCI and an option to purchase a further 10% under the terms of the 2012 Mining Code under which the operating permit was issued.
- ◆ However, we have seen two subsequent revisions to the Code (2019 and 2023) which increase the Government's rights, with the 2023 Code including:
  - 10% compulsory FCI,
  - Right to purchase an additional 20% for the Government; and,
  - The right to purchase an additional 5% on behalf of local communities.
- ◆ This has the potential to take the Government's and other stakeholders stake to 35%, which are in line with the other West African Francophone countries, and terms under which a licence is issued are grandfathered from subsequent changes in the Mining Code until expiry.
- ◆ In the case of the Kobada Operating Permit, this effectively means that it can operate under the terms of the 2012 Mining Code until 2045.



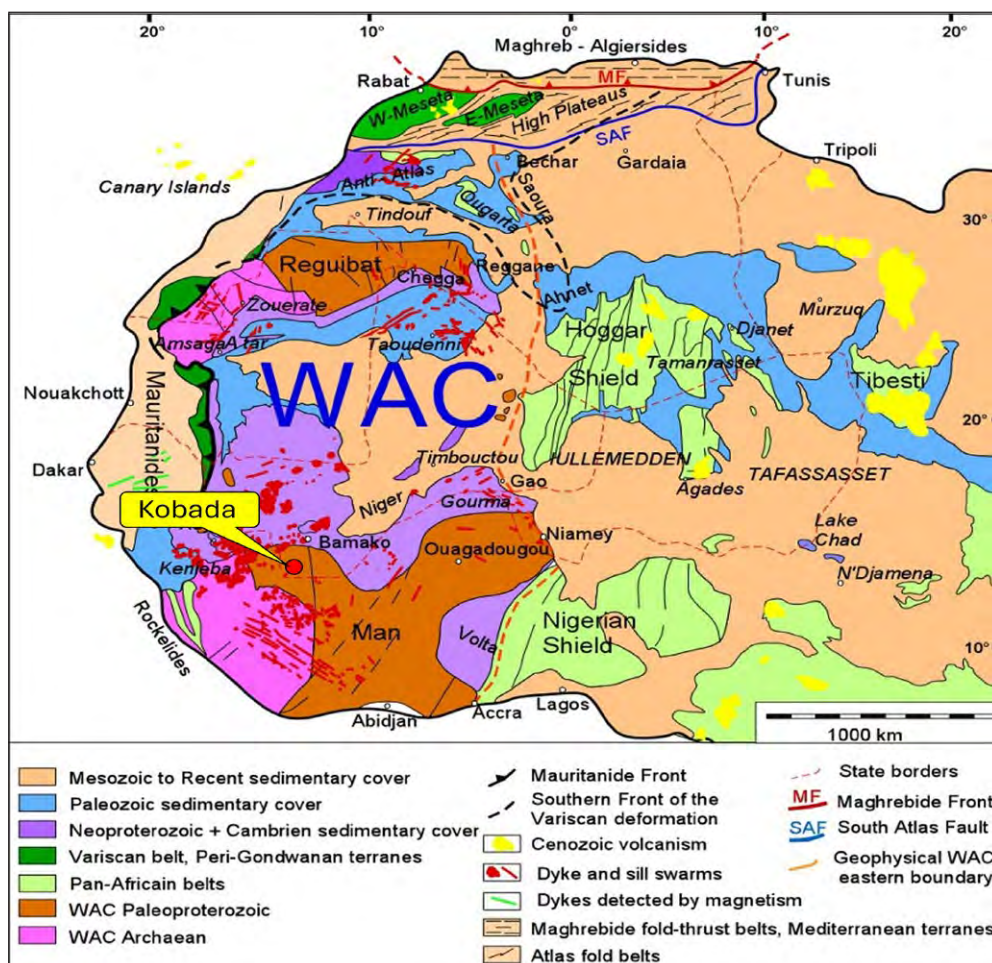
- ◆ The Company however is engaging proactively with the Government on the 2023 Mining Code, which should invite support from the State, and also not inhibit project financing.
- ◆ Convention Agreements are negotiated on a project by project basis, with the Company to commence discussions regarding Kobada.

## GEOLOGY, MINERALISATION AND PROSPECTIVITY

### Regional Geology

- ◆ The Project is located over units of the Palaeoproterozoic (2.2 Ga to 1.8 Ga) Birimian of the West African Craton ("WAC").
- ◆ The WAC comprises two main parts - the Man (Leo) Shield in the south, and the Reguibat Shield in the North - there are also two smaller inliers, the Keniaba and Kayes (Figure 4).
- ◆ Both of the large shield areas include basal Archaean rocks, overlain by the Birimian to Tarkwian Palaeoproterozoic granite/greenstone belts, which were cratonised at around 1,800 Ma, and comprise accreted volcano/sedimentary terranes, similar to those seen in both younger and older belts globally.
- ◆ These have been affected by several deformation events, and exhibit metamorphism from greenschist to granulite.

Figure 4: West Africa, showing major geological subdivisions



Source: largeigneousprovinces.org

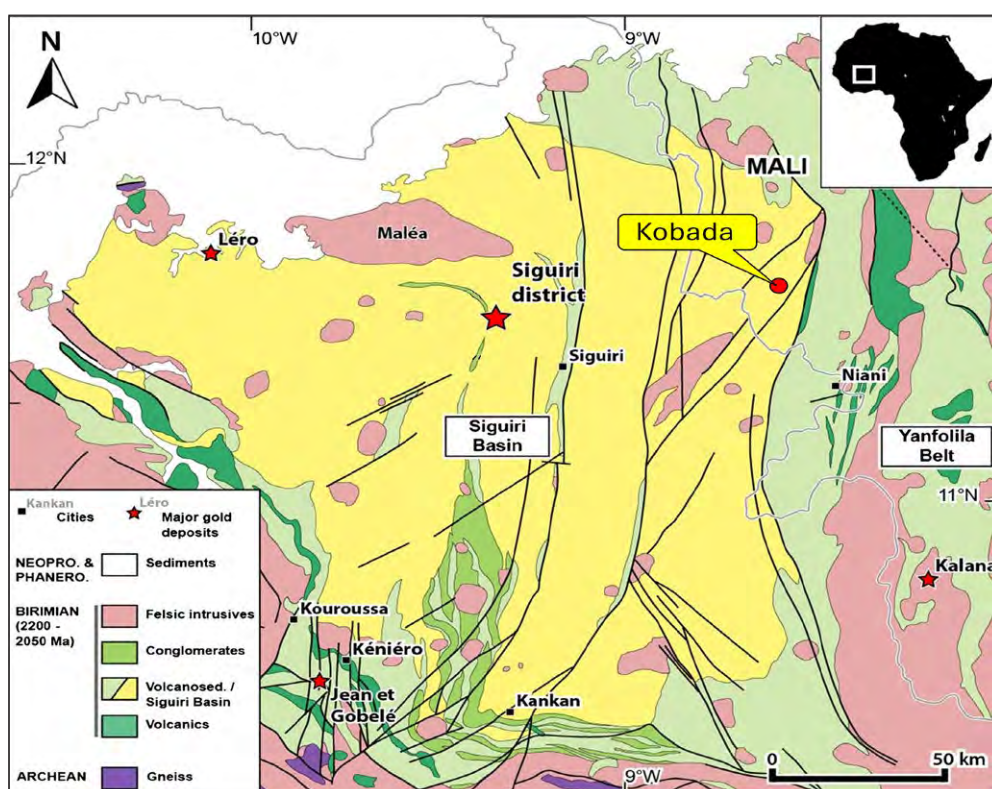
- ◆ The Birimian is a world-class gold mineralised terrane, and in recent years has produced over seven million ounces per annum, and has a current endowment (published Resources) in excess of 350 million ounces of gold in orogenic-style deposits.
- ◆ The published Birimian production records vary between sources, but are on par with, or exceed that of the world-class Yilgarn Craton of Western Australia, which, over recent years has produced over seven million ounces of gold per annum.
- ◆ The major producing belts in the WAC include the Ashanti and Bibiano Belts of Ghana, the Kedougou/Keniaba Inlier of Mali/Senegal, and, applicable to Kobada, the Siguiiri Basin of Guinea and Mali.

- ◆ Although the region has a history of gold mining going back several thousand years, it is still relatively under explored using modern methods, except for possibly Ghana, and we are seeing a pipeline of new discoveries throughout the prospective rocks, with several of these proceeding into operations over the past 20 or so years.

### Project Geology

- ◆ The hosts are flysch sediments of the eastern part of the Siguiiri Basin (also locally termed the Bougouni Basin), near the faulted contact with the Yanfolila Belt to the east (Figures 5 and 6).
- ◆ The fault system is part of the overall NE trending Banifing Shear system, with locally, the faults termed the Kobada fault system, with an interpreted dextral (right-handed) sense of movement.
- ◆ The structural framework controls the mineralisation - the broader system is shown in Figure 5 and as the underlay in Figure 6, with the mineralised NNE-trending faults also shown.
- ◆ In such systems it is common for the main structures not to be mineralised - they are the mineralising fluid conduits which feed the mineralisation in the secondary structures, which at Kobada, are the NNE trending structures linking the main NE-trending ones.
- ◆ Lithologically, the Project includes largely fine flysch sediments (with no recognisable marker units), including greywackes, silstones and mudstones, that have undergone several phases of deformation and metamorphism to greenschist facies, and then intense lateritic weathering.
- ◆ At least four phases of deformation have been seen, including an initial N-S compressional event, with this changing to E-W, and then NE-SW compressional to transpressional events.
- ◆ It is the latest that is most evident, including the presence of NE-trending isoclinal folds, and the dextral movement along the NE-trending structures, however the weathering has destroyed much of the primary fabric.
- ◆ This weathering, which has an average depth of around 70 m away from the major faults, extends to up to 200 m deep along the mineralised fault zones.
- ◆ It is a classical lateritic profile as seen in regions of deep weathering globally, including a 3-5 m thick laterite crust, then a saprolite zone above transitional zone and then fresh rock.

Figure 5: Regional geology, showing the Siguiiri Basin and Yanfolila Belt

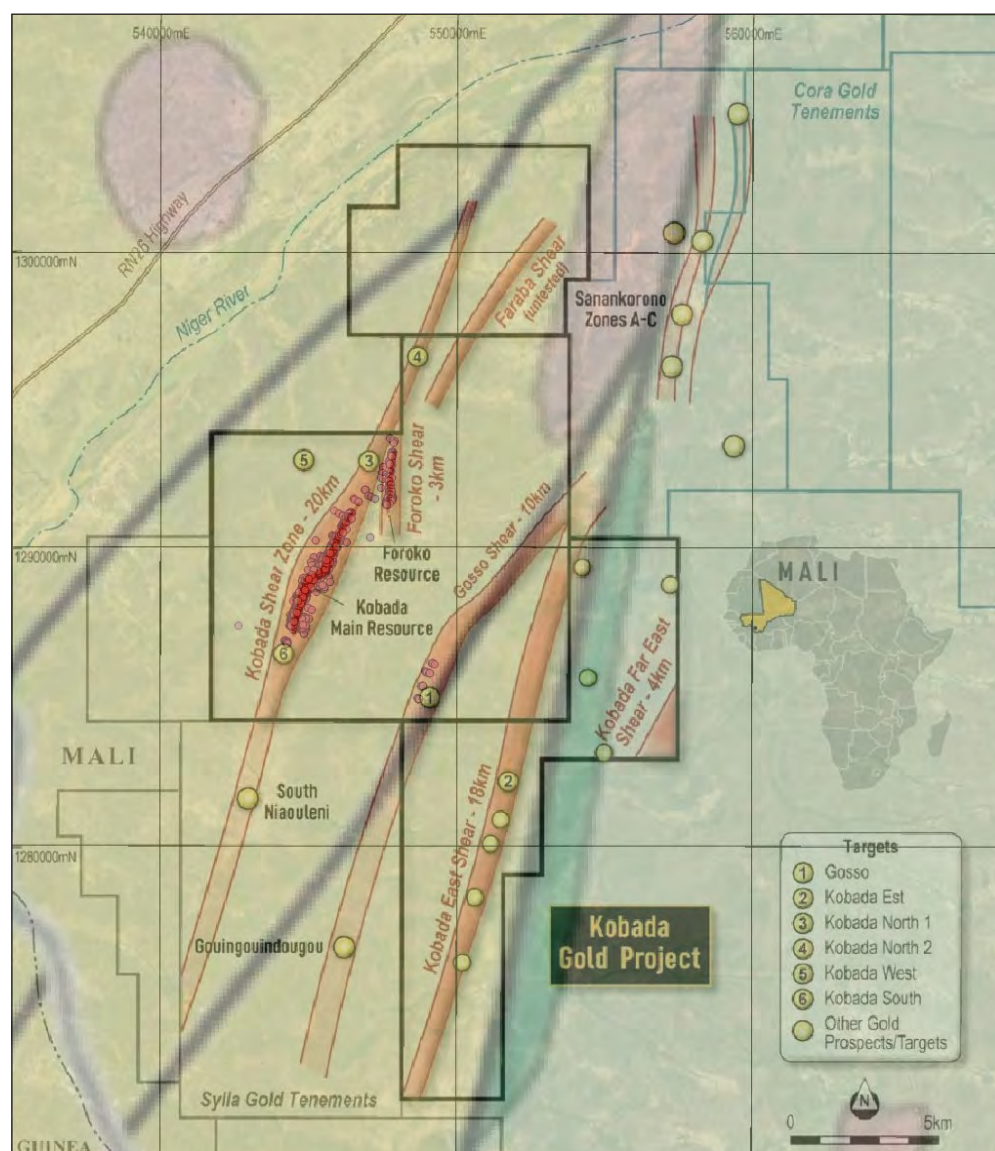


Source: Adapted from Lebrun et al (2016)

## Project Mineralisation

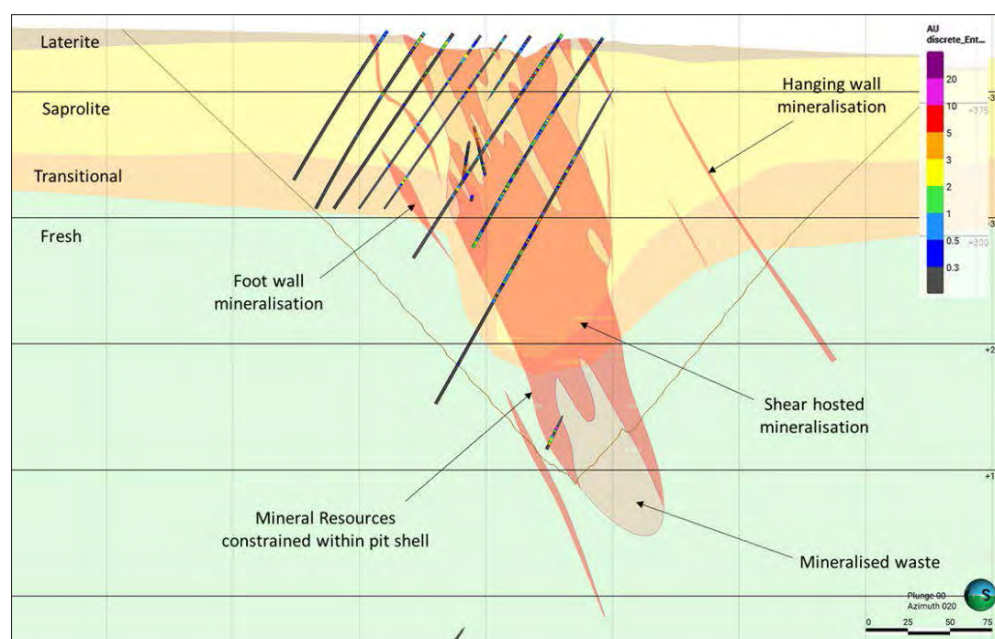
- ◆ Mineralisation, which is classified as quartz-carbonate vein hosted mesothermal orogenic gold, with minor sulphides, including pyrite and arsenopyrite in wall rocks and vein selvages, occurs along a total of 50 km strike of NNE-trending structures within the Company's tenements (Figure 6).
- ◆ These take the form of vein zones generally steeply dipping to  $\sim 100^\circ$  (Figure 7), comprised of numerous discontinuous narrow veins forming a zone with a thickness in the order of 30 m - 40 m.
- ◆ At Foroko (Figures 6 and 8, lode thicknesses are more variable and narrower, ranging from 1 m to 10.8 m in width.
- ◆ These are part of an overall NE-trending structural zone (Figures 5 and 6), which extends into tenements held by Cora Gold (north) and Sylla Gold (south, Figure 6).
- ◆ Gold mineralisation, including oxide, transitional and oxide is free milling, as demonstrated by intensive metallurgical testwork (discussed later).
- ◆ The overall mineralised envelopes are largely controlled by the NNE-trending secondary structures (Figure 6), however some have interpreted the mineralised quartz veins being controlled by  $\sim E - W$  trending Riedel dilational structures within the mineralised shear zones, related to the dextral movement along the major structures.
- ◆ Three main orientations of quartz veins have been recognised - one weakly to moderately mineralised set parallel to the major trends, then well mineralised  $\sim E - W$  interpreted Riedel shear dilational shears, and then a poorly mineralised flat lying set.

**Figure 6: Kobada tenements, geology and structural setting**



Source: Toubani, Google Earth, Lebrun et al (2016). Underlay is from Figure 5.

Figure 7: Indicative cross section, looking to 010°



Source: Toubani

- ◆ No major secondary control has been definitively recognised, however there are records of an E-W-trending regional control, supported by the recognition of higher grade domains with this orientation recognised in the grade modelling in the most recent MRE.
- ◆ Given the interpreted dextral movement, flexures as seen at the deposit and Gosso in Figure 6 would appear to be prime dilational sites for mineralisation.
- ◆ The deep and intense weathering has obliterated much of the primary texture, making detailed interpretation difficult - much of the interpretation and domaining has been based on weathering and gold grade interpretation.
- ◆ As such, the potential for significant higher grade primary mineralisation is there, but poorly understood given the focus on oxide mineralisation to date - this will be further investigated upon commencement of open cut operations.
- ◆ An example of a lower grade shallow oxide deposit underlain by steeply plunging high grade shoots is West African Resources' Sanbrado project in Burkina Faso, which has an open pit Resource of 47.3 Mt @ 1.0 g/t Au for 1.535 Moz, but with underground Resources totalling 1,451 koz at a grade of 9.5 g/t Au in vertical shoots, that have thus far been intersected to a depth of ~ 700 m, and still open.

## EXPLORATION HISTORY, DRILLING AND RESOURCES

- ◆ The area had been the site of artisanal mining, with the first modern exploration undertaken by the Bureau de Recherches Géologiques et Minières ("BRGM"), the French geological survey, in the late 1980s .
- ◆ The mineralisation was discovered by the drill testing of a resistivity anomaly in 1988, by the BRGM, with all diamond holes intersecting mineralisation - drilling has been the dominant exploration tool used.
- ◆ Other work has included geochemical sampling, including soil sampling, auger sampling and termite mound sampling.
- ◆ Four companies in addition to TRE have worked on the Project (Table 1), including the BRGM, La Source, Cominor and IAMGold
- ◆ As can be seen in Table 1, considerable drilling has been completed on the Project, with this then used to support MREs and development studies.
- ◆ The Company has recently completed a 120 hole RC Resource upgrade drilling programme, and has returned strong results, including, amongst others:
  - 57 m @ 2.48 g/t Au from 85 m (hole KBRC24\_064),
  - 24 m @ 5.75 g/t Au from 131 m (hole KBRC24\_055); and,
  - 51 m @ 2.72 g/t Au from 123 m & 16 m @ 1.45 g/t Au from 176 m (hole KBRC24\_56).

**Table 1: Drilling summary**

Drilling summary					
Company, Year	# of Holes	Total Metres	DD	RC	AC
BRGM (1988)	7	913	913		
La Source (1996)	50	4,804		4,804	
Cominor (2002, 2004)	132	10,111		8,375	1,736
IAMGold (2009)	2	200	200		
TRE (2005 - 2012)	1,289	114,357	26,890	81,982	5,485
TRE (2015)	13	1,398	1,398		
TRE (2018)	10	1,173	482	691	
TRE (2019)	67	14,671	11,417	501	
TRE (2020)	39	5,842	1,254	4,588	
TRE (2022 - 2023)	105	14,122		14,122	
TRE (2024)	120	11,785		11,785	
<b>Total</b>	<b>1,834</b>	<b>179,376</b>	<b>42,554</b>	<b>126,848</b>	<b>7,221</b>

Source: Toubani

- ◆ Most drilling since 2018 has been concentrated on the main Kobada Resource, including upgrade and extensional holes to increase the confidence, size and robustness of the Resource to be used in development studies.
- ◆ The most recent MRE was released by TRE on August 18, 2023, and is presented in Table 1 - this comprises the main Kobada and Foroko deposits only, and covers a strike length of 4.5 km (Figures 7 and 8).
- ◆ 64% of the total Resource is in the Indicated category, with 62% being oxide (Table 2).

**Table 2: Kobada JORC 2012-compliant Mineral Resource Estimate**

Kobada JORC 2012-compliant Mineral Resource Estimate										
Zone	Cutoff (g/t Au)	Indicated			Inferred			TOTAL		
		Tonnes (Mt)	Gold (g/t)	Gold (Moz)	Tonnes (Mt)	Gold (g/t)	Gold (Moz)	Tonnes (Mt)	Gold (g/t)	Gold (Moz)
Oxide	0.25	38	0.80	0.96	17	0.93	0.51	55	0.84	1.48
Fresh	0.30	22	0.79	0.57	9	1.16	0.35	32	0.90	0.92
<b>Total</b>		<b>60</b>	<b>0.79</b>	<b>1.53</b>	<b>27</b>	<b>1.01</b>	<b>0.86</b>	<b>87</b>	<b>0.86</b>	<b>2.39</b>

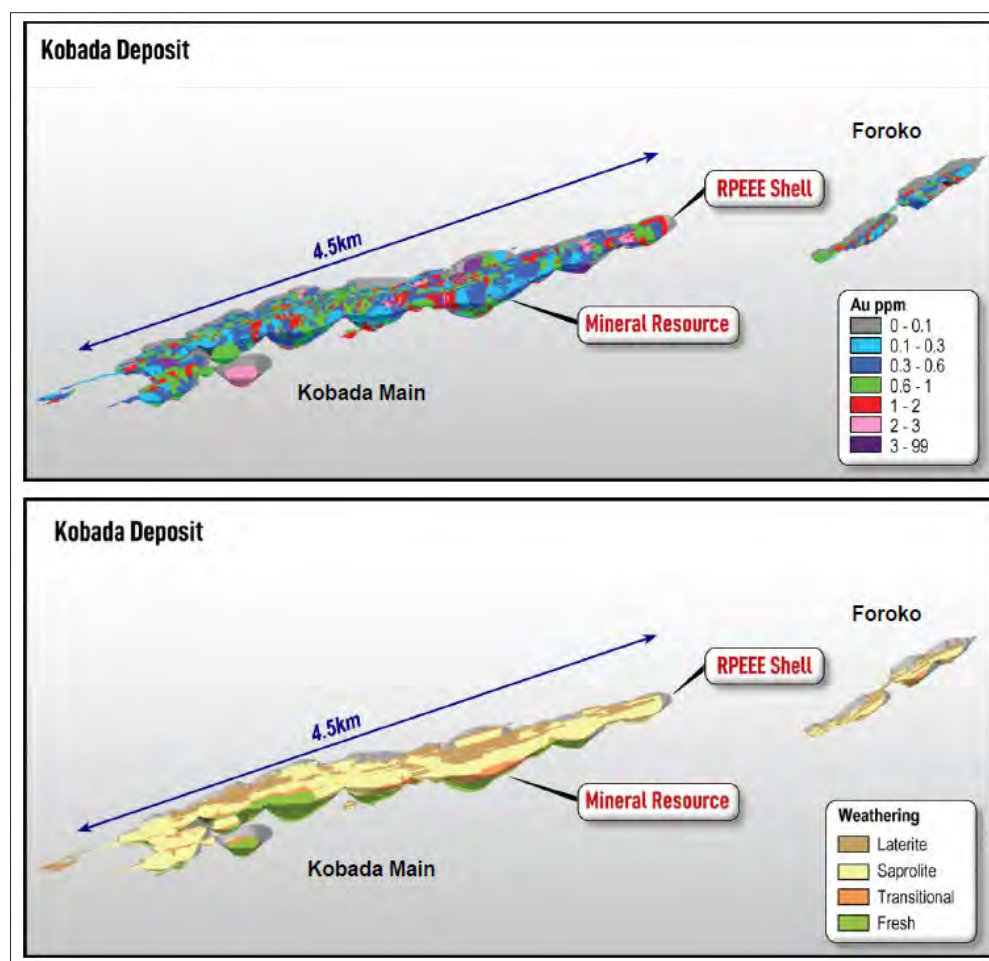
Source: Toubani

- ◆ The estimate is constrained by a pit shell constructed using parameters typical of West African gold producers, and a gold price of US\$1,950/oz - this satisfies the Reasonable Prospects for Eventual Economic Extraction ("RPEEE") criteria under the JORC code.
- ◆ Mineralisation is also open along strike and at depth - it has been intersected to a depth of ~300 mbs, however the bulk of the drilling has tested to an average depth of around 110 m.
- ◆ Although the modelling has shown relatively uniform mineralisation, there are some holes where a narrow, very high grade intersection carries a broad low grade halo - depending on the veracity of the grade modelling, this may provide some surprises in mining, however should be somewhat mitigated by the bulk, low cost mining scenarios being considered.

## UPSIDE POTENTIAL

- ◆ As mentioned earlier, there is considerable upside potential, with only ~10 km of the total 50 km of strike of prospective shear zones tested by drilling, in addition to the sulphide potential at depth.
- ◆ Although this is not a priority at the moment, holes drilled into other targets have returned encouraging results, and require follow up - key targets are shown in Figure 6.
- ◆ This also shows the ~1 Moz MRE of Cora Gold's Sanankoro deposit, just 15 km from the main Kobada deposit, further confirming the prospectivity of the structural belt.

Figure 8: Kobada deposit pit shells showing grade (top) and resource confidence (bottom)



Source: Toubani

## DEVELOPMENT STUDIES

- ◆ The most recent development study was completed in September 2021 (which was an update of one released in 2020), and key elements that will probably apply to the update currently underway are discussed below.
- ◆ However we will not discuss the financials (although they were reasonably strong) of the previous study, given the different approach now being taken by the Company and changes in parameters over the past few years.
- ◆ The 2021 study was predicated on a 3.0 mtpa operation, producing ~100,000 ozpa gold in the form of dore, which would be flown out for refining - the main difference between the 2020 and 2021 studies was that the 2020 one was oxide only, whereas the 2021 study incorporated fresh mineralisation.
- ◆ Toubani is now looking at a larger operation (~5 - 6 mtpa) to take advantage of economies of scale, and to also offset increases in costs since the 2021 study.
- ◆ In addition, the current study is focussed on an initial oxide only bulk mining operation (thus delaying capex for the treatment of fresh rock down the mine plan), rather than a more selective, mixed oxide/fresh one that was presented in the previous study, which should make for a simpler, more robust and less risky operation.
- ◆ This would also be considered as a starter operation - there is considerable upside well down the track that has the potential to significantly increase the Project scope, including, as mentioned elsewhere, treating the fresh and finding new ore sources.
- ◆ External changes that have occurred since the 2021 study include:
  - General cost inflation in the mining industry, including capital and operating costs,
  - These include amongst others, labour, diesel and steel,
  - However heavy fuel oil ("HFO") prices, which is used in power generation, have remained stable; and,
  - On the other hand the gold price has increased - the 2021 study used a base case price of US\$1,750/oz, with the current price at US\$2,350/oz.

- ◆ Selected aspects of the previous study, which will form a basis to the current one, are presented below.

### Mining

- ◆ Mining will largely be a standard free dig, truck and shovel operation, with no blasting required in oxide mineralisation.
- ◆ The 2021 study envisaged mining rates significantly higher than mill throughput rates, resulting in the build up of substantial stockpiles - the current study will look at potentially increasing mill throughput rates to more closely match mining rates, thus bringing revenue forward and to avoid the cost of double handing amongst others.
- ◆ Pit designs will depend upon the upcoming MRE update and subsequent mine design and scheduling, and as such no strip ratio figures can be presented, however the scenario as presented in the 2021 study had a LOM strip ratio of 3.5:1, and overall pit wall angles of 40°.

### Metallurgy and Treatment

- ◆ The Project has seen significant metallurgical testwork, which shows that all mineralisation types, oxide, transitional and fresh are free milling.
- ◆ Most of the testwork on the oxidised material was completed in 2019/2020, and used to inform the 2021 DFS and found that:
  - The mineralisation is easy to treat, with expected recoveries in the order of 95%,
  - The ore is soft, with low hardness and abrasiveness, resulting in expected low power usage and wear and tear on equipment,
  - Low deleterious elements, resulting in low reagent usage,
  - Low oxygen demand, with no need for oxygen sparging in the leach tanks; and,
  - Low lime and cyanide consumption.
- ◆ The fresh mineralisation was tested in 2021 using the same process route as for the oxide/transitional material.
- ◆ Again the results were very positive:
  - Recoveries in the low 90%’s are expected from easy to treat mineralisation,
  - The ore is medium hard, with moderate milling power,
  - Low deleterious elements, resulting in low reagent usage and operating costs,
  - Low oxygen usage, with no sparging required; and,
  - Low lime and cyanide consumption.
- ◆ The main difference between the oxide/transitional and fresh ore types is the ore hardness, which will result in different equipment size and power usage (or throughput).
- ◆ Ore will be processed through an industry standard gravity/CIL plant, including crushing, grinding, gravity recovery, leaching/adsorption of gravity tailings, elution and smelting.
- ◆ For treatment of oxide ore the 2021 study stated that only a primary crushing stage will be required - secondary and tertiary crushing can be added at a later stage when mining of the fresh mineralisation is considered.
- ◆ Tailings will be disposed of into a lined, valley fill tailings disposal facility (“TSF”).
- ◆ A conceptual flowsheet from the 2021 study is presented in Figure 9.

### Water

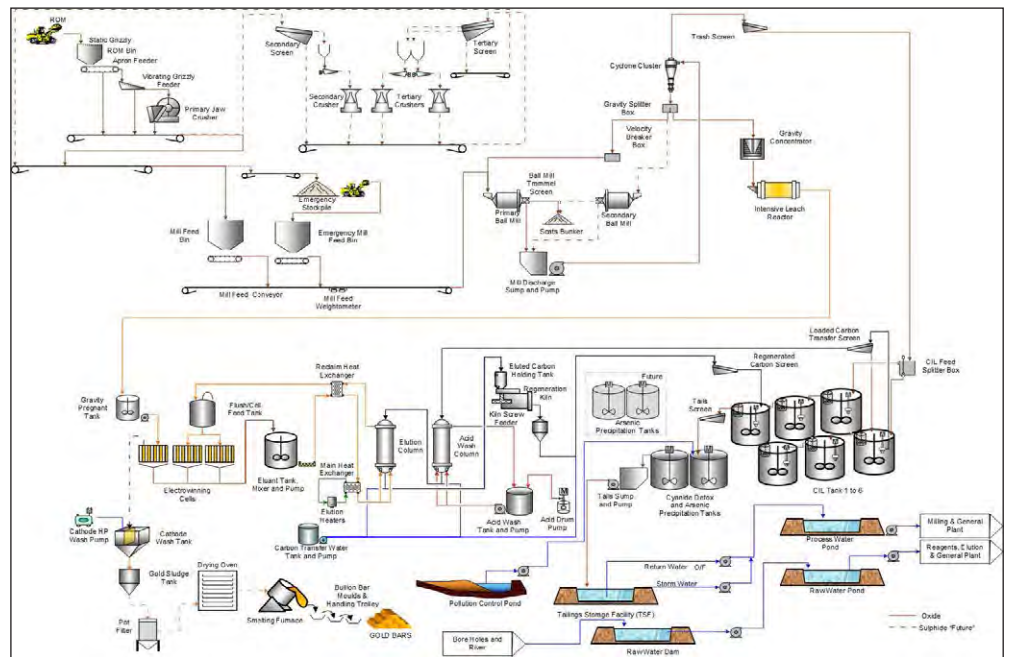
- ◆ Process water is readily available year round, and sourced either from the Niger River (seven km away) and open pit dewatering boreholes, as well as supernatant water from the TSF.
- ◆ Several water storage facilities were included in the 2021 study, including a buffer dam mid way between the operation and Niger River, and other water ponds.

### Power

- ◆ Given that there is no reliable grid power near the site, the planned operation will need to be self sufficient with regards to power.
- ◆ As such, it is planned to build a hybrid solar/HFO plant with battery storage, with this to be built, owned and operated by a third party.
- ◆ This is the same that was planned in the previous study, with similar systems being successfully operated globally.

- ◆ This has several advantages, with the solar component reducing fuel costs, gas emissions, and also hedging against fluctuations in the HFO price amongst others.
- ◆ Importantly, such a plant will also be positive for the “green” and ESG credentials of the Project.

Figure 9: Proposed flowsheet - 2021



Source: Toubani

### Transport Logistics

- ◆ The Project is readily accessible by road, with well developed international trucking routes to Bamako from West African ports including Dakar (Senegal) and Abidjan (Cote D’Ivoire).
- ◆ There should be minimal disruption to site access during the wet season.

### Camp

- ◆ It would be expected that a camp will be required for those personnel, both during construction and operations, that live outside the immediate region.
- ◆ Given the proximity to towns, locally sourced labour will be able to commute on a daily basis.

### Social and Environmental

- ◆ These are critical considerations for any mining project, with the Environmental and Social Impact Statement (“ESIA”) being a key part of project approvals.
- ◆ The Company has an ESIA that was approved in 2021 for the 2020 oxides DFS, which will need to be reviewed to see what amendments will be required.
- ◆ The present work will include updating the previous document, but any changes should be relatively minor, and take the form of addendums - in reality the updated DFS will involve moving a similar amount of dirt but over a shorter timeframe.
- ◆ The Company has stated that there is strong community support for the mine, which will produce jobs, and stimulate the local economy.

## PEER GROUP COMPARISON

- ◆ Toubani is one of several internationally listed advanced gold evaluation/development and operating companies with a West African focus, some of which have similarities to Toubani and the Kobada Gold Project.
- ◆ A representative selection of companies is presented in Table 3, sorted on enterprise value (“EV”) per gold ounce attributable to the relevant company, with figures in Australian Dollars.
- ◆ This is one way of comparing relative values of companies, however should be treated with care, as it can be affected by numerous factors, both rational and irrational.



- ◆ In this comparison we have converted the relevant company EV to Australian Dollars using current exchange rates.
- ◆ What this shows, as expected, is the increase in value with development, as demonstrated by West African Resources and Tietto Minerals, with Toubani being grouped at the lower end of valuations, highlighting upside potential.
- ◆ A number of these are relatively recent finds, including Predictive Discovery's Bankan deposit, which was found in 2020, and with West African Resources and Tietto being relatively recent operational start-ups.
- ◆ We have included Tietto here to get an idea of AUD-denominated metrics of a recent takeover of an operating mine - the Company ceased trading on the ASX on May 30, 2024 following the takeover by Zhaojin - as such it is also included in Table 4.
- ◆ There are a few operations with similarities to the planned Kobada operation including the initial oxide stage of Orezone's Bombore operation, which, in 2023 produced 141,425 oz of gold from 5.8 Mt @ 0.85 g/t Au at an AISC of US\$1,127/oz.
- ◆ In addition, West African is developing the Kiaka deposit, with a planned throughput of 8.4 Mtpa through a CIL/gravity plant, and Reserves of 154.7 Mt @ 0.9 g/t Au.
- ◆ The ounce-weighted EV/ounce average of pre-development companies is A\$13.75, with Roscan, which can be considered similar in several ways to Toubani, having a valuation of A\$29.78/oz, almost 3 x that of Toubani's A\$10.10/oz.
- ◆ Should Toubani be valued at the same EV/oz multiple, it would have a share price in the order of A\$0.40/share to A\$0.45/share.

**Table 3: Toubani peer group comparison**

Toubani Peer Group Comparison								
Company	Location	Region	EV Undiluted (A\$m)	Global Resource (Mt)	Global Au Grade (g/t)	Contained Au Moz Coy Share	EV/oz Au equity share	Project Stage
Tietto Minerals Limited	Abujar, Cote D'Ivoire,		\$745.6	124.3	0.97	3.39	\$219.66	Open pit production - targeting average LoM production of ~200 kozpa. Current inventory of 1.69 Moz over 11 years
West African Resources Ltd	Sandrado, Burkina Faso,		\$1,342.4	367.9	1.08	11.47	\$117.01	Open pit and underground production, Targeting 400 kozpa from Sanbrado/Kiaka by 2025
Orezone Gold Corporation	Bombore, Burkina Faso		\$332.9	199.2	0.80	4.62	\$72.12	Open pit production 120 kozpa from - 5.9 Mtpa oxide, then adding initial 2.5 Mtpa fresh
Predictive Discovery	Bankan, Guinea	Siguiri Basin	\$378.7	100.5	1.66	5.38	\$70.44	DFS ongoing
Roscan Gold Corporation	Kandiole, Mali	Kedougou-Kenieba Inlier	\$34.9	32.6	1.20	1.26	\$27.78	Evaluation
Cora Gold Limited	Sanankoro, Mali	Yanfolila Belt	\$11.2	24.8	1.15	0.92	\$12.20	DFS Completed 2022
Asara Resources Limited	Kada, Guinea	Siguiri Basin	\$7.8	30.3	0.95	0.69	\$11.27	Evaluation
Toubani Resources Limited	Kobada, Mali	Bougouni Basin	\$24.3	87.0	0.86	2.39	\$10.10	Updating DFS
Mako Gold	Cote D'Ivoire,		\$4.4	22.5	1.20	0.78	\$5.64	Resource expansion/ upgrade drilling

Source: Excel Stock Data, Company reports, IIR analysis , EV as at COB June 24, 2024. Note Tietto last traded on May 30, 2024, having been taken over by Zhaojin. This is the last trade metrics - \$US metrics are in the following table.

- ◆ Table 4 presents several West African asset and corporate transactions, which can give an idea of the potential transactional value of a company or property, with Figure 10 graphing grade vs transaction price per ounce - note that this is presented in US Dollars.
- ◆ Given the number of new discoveries in the region, strategic acquisitions are a key part of the landscape - we consider a strategic acquisition as one that can provide feed to a current, or planned operation, without the need to construct a plant especially for that asset - these will attract a premium.
- ◆ Also, in the case of a corporate takeover, premiums of 50% to 100% of the pre-bid company value are common.

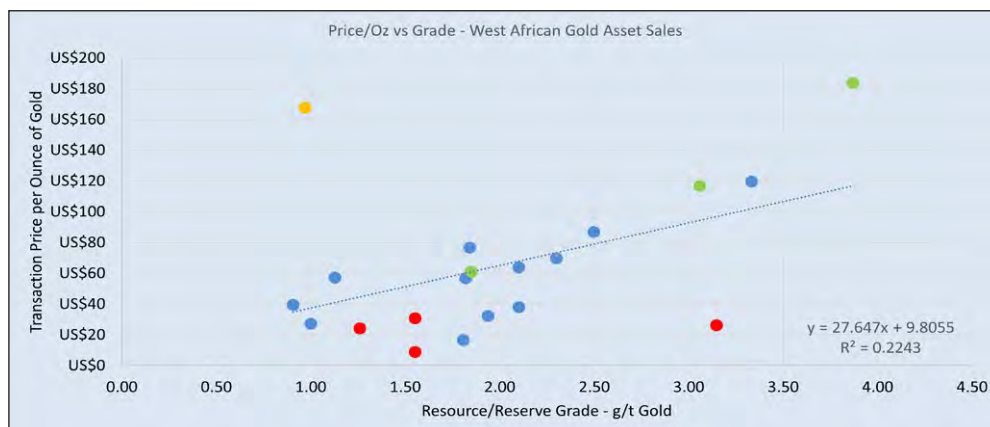
**Table 4: West African Transactions**

West African Transactions								
Buyer/Seller	Deal Type	Year	Asset	Location	Total US\$m	Oz dealt (koz)	US\$ per oz	Project Stage
Rio Algom/Endeavour	Asset - near end of mine life	2018	Tabakoto	Mali	\$61	523	\$116.69	Reserves
Rio Algom/Endeavour	Asset - near end of mine life	2018	Tabakoto	Mali	\$61	2,339	\$26.08	Resources MI & I
Roxgold/Newcrest	Asset	2019	Seguela	Cote D'Ivoire	\$30	430	\$69.77	Resources MI & I
Avocet/Managagold	Part Asset, Distressed Sale	2019	Tri-K	Guinea	\$21	344	\$61.03	Reserves
Avocet/Managagold	Part Asset, Distressed Sale	2019	Tri-K	Guinea	\$21	686	\$30.59	Resources MI & I
Avocet/Managagold	Part Asset, Distressed Sale	2019	Tri-K	Guinea	\$14	1,602	\$8.74	Resources MI & I
Teranga/Barrick	Asset - Strategic	2019	Massawa	Senegal	\$430	2,340	\$183.76	Reserves
Teranga/Barrick	Asset - Strategic	2019	Massawa	Senegal	\$430	3,596	\$119.59	Resources MI & I
Allied/AGA/IAMGOLD	Asset	2019	Sadiola	Mali		3,260	\$32.21	2018 Reserves
Allied/AGA/IAMGOLD	Asset	2019	Sadiola	Mali	\$108	6,450	\$16.67	Resources MI & I
WAF/B2 Gold	Asset	2020	Toega	Mali	\$45	1,184	\$38.02	Resources MI & I
Perseus/Exore	Takeover	2020	Bagoé	Cote D'Ivoire	\$46	530	\$86.79	Resources MI & I
Mali Lithium/AGA	Asset - Producer	2020	Morila	Mali	\$25	1,037	\$24.11	Resources MI & I
Shandong/Nord/Cardinal	Takeover - competing bids	2020	Namdini	Ghana	\$400	7,000	\$57.14	Resources MI & I
West Africa/B2G/GAMS	Asset	2021	Kiaka	Burkina Faso	\$166	6,120	\$27.12	Resources I & I
Perseus/Orca Gold	Takeover	2022	Block 14/ Kone	Sudan/Cote D'Ivoire	\$169	4,280	\$39.49	Resources I & I
B2 Gold/Oklo	Takeover - Strategic	2022	Dandoko	Mali	\$51	669	\$76.74	Resources MI & I
Montage/Barrick/Endeavour	Asset	2022	Mankono		\$22	351	\$63.93	Resources Inferred
Fortuna/Chesser	Takeover	2023	Diamba Sud	Senegal	\$49	860	\$56.80	Resources MI & I
Zhaojin/Tietto	Takeover	2024	Abujar	Cote D'Ivoire	\$500	2,983	\$167.61	Resources MI & I

Source: Excel Stock Data, Company reports, IIR analysis.

- ◆ Figure 10 highlights a general trend of increasing price with increasing grade as expected; however it also shows a floor at around US\$20/ounce, with an ounce-weighted average transaction value of US\$40/ounce.
- ◆ This highlights potential upside value in Toubani on any asset sale or takeover, with a current EV/ounce of A\$10.10, or US\$6.70.
- ◆ Transactions of pre-development assets or companies with a similar grade to Toubani's Kobada deposit include West African Resources' purchase of the Kiaka asset from B2Gold and GAMS at ~US\$27.12/oz (~A\$41/oz), and Perseus's takeover of Orca Gold, with resources grading at 0.91 g/t, for US\$39.49/oz (~A\$60/oz).

**Figure 10: Transaction values vs gold grade**



Source: Company releases. Red - distressed sale, green - reserve ounces, blue - resource ounces, orange - Tietto operating.

## BOARD AND MANAGEMENT

### ◆ Mr Phil Russo – Chief Executive Officer & Executive Director

- 20 years' experience in corporate, project development and capital markets.
- Executive roles at Barrick Gold, Dacian Gold and Perseus Mining, and US investment bank.
- Mineral Economics, MBA.

### ◆ Mr Scott Perry – Non-Executive Chairman

- Over 25 years of international senior executive experience with a track record in corporate transactions, project financing and development.
- CEO & Director of Centerra Gold and AuRico Gold and Barrick Gold executive.
- Former Director of the World Gold Council.
- Overseen several multi-billion dollar mergers and acquisitions.

### ◆ Mr Matthew Wilcox – Non-Executive Director

- Over 25 years of experience in designing, constructing and operating mines across West Africa.
- Former CEO of Tietto Minerals where he oversaw the design, construction, commissioning and operation of the Abujar Gold Mine before being acquired by Zhaojin Capital for A\$750 million.
- Led the construction of the Sanbrado Gold Mine, as well as Nord Gold's 4Mtpa Bissa Gold Project, 8Mtpa Bouly Gold Project & 12Mtpa Gross Gold Project.
- GM for the 6Mtpa Lefa Gold Project in Guinea.

### ◆ Mr Danny Callow – Non-Executive Director

- Over 25 years of experience in building and operating mines in Africa.
- Chief Executive Officer / Head of African Copper Operations for Glencore PLC., Katanga Mining Limited and Mopani Copper Mines PLC.
- Overseen more than \$2.5b in mining projects from conception to full production.
- Mining Engineer, MBA.

- ◆ **Mr Tim Kestell – Non-Executive Director**
  - Over 25 years of experience in the capital markets, including HSBC, Patersons Securities and Euroz Securities Limited.
  - Accomplished executive and investor, playing instrumental role as a director in a number of junior mining companies, including Capricorn Metals and Emerald Resources.
- ◆ **Mr Kerry Griffin – Exploration & Resource Development**
  - Geologist with over 27 years experience in Australia, Africa, South/Central America, Central and SE Asia in various senior and management positions.
  - Experience in mining, geology, mine development and management, designing and managing large scale exploration and resource drilling programs, with significant expertise in resource modelling and estimation.
- ◆ **Mr Bill Oliver – Kobada Feasibility Study Owners Team**
  - Geologist with over 25 years of experience in the international resources industry working for both major and junior companies.
  - Most recent experience in the development of African projects including the Konongo Gold Project in Ghana, and the delineation of over 3.5 Moz at the Morila gold mine in Mali.
- ◆ **Mr Marc Rowley - Kobada Feasibility Study Owners Team**
  - Marc is a highly experienced Study Manager and Project Director, will oversee the delivery of the Kobada DFS in combination with Mr Oliver.
  - Mr Rowley has over 20 years of mine development experience, successfully leading projects through all phases of the project life cycle to commercial production and has built owners teams and worked closely with major EPCM consultants both in Australia and overseas.
  - Marc brings extensive knowledge of the mining industry in Mali, having managed the delivery of the DFS for the Goulamina Lithium Project, construction of which is now nearing completion.
- ◆ **Mr Dave Clark - Kobada Feasibility Study Owners Team**
  - Dave is a highly experienced, well regarded mining engineer with over 30 years of experience encompassing mine operations, project management, study and operational leadership positions for Australian and international operations.
  - He has strong practical knowledge and experience in both contractor and owner miner fields covering gold, nickel, iron ore, lithium and rare earths commodities with relevant African operating experience in Mali, Burkina Faso, Cote d'Ivoire and Morocco.
  - Mr Clark will lead Toubani's mining study for the DFS.
- ◆ **Mr Dhanu Anandarasa - Kobada Feasibility Study Owners Team**
  - Dhanu is an experienced corporate development executive and financial analyst (CFA designation). He has extensive knowledge of the gold mining sector and specific experience working on African assets.
  - Most recently, Dhanu assisted Perseus Mining by providing financial modelling services in support of their takeover of OreCorp. He also performed financial modelling for Perseus Mining as part of upsizing its corporate debt facility to US\$300m.
  - Dhanu is familiar with Mali, having worked in the corporate development team at Resolute Mining where he was part of the team that delivered the Syama Underground DFS.
  - Mr Anandarasa will lead the financial and economic modelling for the Kobada Gold Project DFS.
- ◆ **Mr Aaron Gates – Chief Financial Officer**
  - Chartered Accountant with over 15 years' experience as CFO and Company Secretary of public listed companies.
  - Prior to working for public listed companies he worked in public practice in audit and corporate finance roles.
- ◆ **Mr Sékou 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 the Republic of Mali and has an established network of relationships within country.

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