2017 Exploration Relinquishment Report
(Mosku Regional Project - AA Sakatti Mining Oy)

Karhukumpu E2 & Mylly 4

Authors: Antti Mikkola (Senior Project Geologist), Jukka Multanen (Junior Exploration Geologist)

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Tenure Holder: AA Sakatti Mining Oy
Tuohiaavantie 2 (Pl 38), 99600 Sodankylä, Finland

Signature: Antti Mikkola (Senior Project Geologist) Jukka Jokela (CEO – Project Manager)
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1 INTRODUCTION

The Karhukumpu E2 and Mylly 4 Ni-Cu-PGE-Au exploration areas are located approximately 12.5 km to north from Sodankylä municipality center in Finnish Lapland and in total they cover an area of 177.40 ha (Fig. 1-1). The areas are located on both sides of the river Sattanen, Karhukumpu E2 being on the west side and Mylly 4 on the east side of the river. Both areas are completely privately owned (Fig. 1-2) and they are not located on any reserved areas.

The Karhukumpu E2 and Mylly 4 areas belong to an old claim, which included areas Kersilo 24 (KaivNro 8067/1), Karhukumpu E2 (KaivNro 8067/2) and Mylly 4 (KaivNro 8067/3), for which Anglo American Exploration B.V. Suomen Sivulike (AAE BV) first applied for a claim with the intent to explore for: copper, nickel, PGE and gold in 2006. The KaivNro 8067/1-3 claims were granted on the 24th of January 2004 and they expired on the 31st of December 2013. The extending permit for the aforesaid mentioned areas (ML2013:0064-01) was applied on 2014 and it became valid on the 9th of August 2014. The new extending permit (ML2013:0064-02) includes only the Kersilo 24 area. The Karhukumpu E2 and Mylly 4 areas have now been relinquished as of 9th of August 2017.

Geologically the region of interest belongs to the Central Lapland Greenstone Belt, which hosts amongst others the Suurikuusikko and Pahtavaara gold deposits as well as the Kevitsa and Sakatti Cu-Ni-PGE deposits. Based on the GTK’s DigiKP200 bedrock map the permit areas consists almost completely of Sodankylä group mafic volcanic rocks and quartzites (Fig. 1-3). The northernmost part of the Karhukumpu E2 area is overlapped by Savukoski group graphite parasholics of the Matarakoski formation. In general, the Sodankylä group consists predominantly of psammatic metasediments with minor volcanic rocks. Whereas the Savukoski group is formed of two main formations: the Matarakoski formation of predominantly graphitic sediments with interbedded mafic volcanic rocks and the overlying Sattasvaara formation of komatitic volcanic rocks. Our primary interests are the ultramafic rocks, which may host economic Ni-Cu-PGE-Au mineralisation.

2 EXPLORATION WORK

Initial exploration in the region started in 2003, targeting was based on regional datasets provided by the GTK (airborne geophysics, geochemistry and geology). An early analogy to the Pechenga–Imandra–Varzuga Greenstone Belt in the Kola-Karelia region was recognised, this led to a focus on the Sodankylä–Savukoski groups. Heavy exploration (BOT-sampling, DDH drilling) is carried out mostly during the winter season to minimise the environmental impact. The main exploration methods and equipment used in general in the field are: airborne geophysics, ground geophysics (Moving Loop Electro-Magnetics), base of till (BOT) sampling and diamond drilling (DDH). The reconnaissance work for individual targets includes frequent field checks and geological mapping during the summer field season. The historic work carried out by Anglo American in the ML2013:0064-01 permit area is detailed below.

2.1 GEOLOGICAL MAPPING AND BOULDER HUNTING

General geological mapping, boulder hunting and interpretation have been completed during the summer field seasons. No field observations exists from Karhukumpu E2 permit area. Three observations have been made within the Mylly 4 permit area. Two of the observations have been made during year 2005 and one in 2016. All of the observations are of boulders, which represents a variety of mafic to ultramafic rock types; gabbro, peridotite and mafic volcanic rock. All corresponding data can be found in the accompanying data files.

2.2 GEOPHYSICAL AND PETROPHYSICAL SURVEYS

2.2.1 Airborne geophysical surveys

Three regional scale airborne geophysical surveys which include the Karhukumpu E2 and Mylly 4 permits, have been completed (Figs. 2-2, 2-3 & 2-4). The first was an electro-magnetic survey that took place in July
2009 by Geotech Airborne LTD, using a helicopter slung, optically pumped cesium vapour system. The second, in June 2014 was a higher resolution magnetic survey, also by Geotech Airborne LTD, using a fixed wing, gradiometer system. The third was Falcon gravity gradiometer survey, which was done by Fugro, using the Falcon™ Airborne Gravity Gradient on August 2011. Please see the attached survey reports for the full details; note that some of the report images have been removed as they contain confidential information, unrelated to this area. It is worth noting that this data has been provided in the original coordinate system (GCS_KKJ_3) as to avoid reproduction errors.

2.2.2 Ground geophysical surveys
No ground geophysical surveys were completed in this area.

2.2.3 Borehole geophysical surveys
No drilling was completed in this area.

2.3 SOIL GEOCHEMISTRY

2.3.1 Base of till sampling
In total, 60 base of till (BOT) samples were taken from within the Karhukumpu E2 and Mylly 4 permit areas between March and April 2006 (Fig. 2-5). The survey was operated by Moreenityö Mäcklin Oy and the E-W oriented grid in Mylly area and N-S oriented grid in Karhukumpu E2 area were designed with a 25 m sample spacing and 200 m line spacing. Analysis of the samples was completed at OMAC laboratories, Ireland. All corresponding data can be found in the accompanying data files. Please note that all of the assay data, which is not within the Karhukumpu E2 or Mylly 4 permit areas have been removed from the analysis data files.

2.3.2 Soil sampling
In total, 30 surface soil samples were collected within the Mylly 4 permit area during 2005 (Fig. 2-5). No soil samples were collected from Karhukumpu E2 area. The E-W oriented grid consists of three lines, from which the samples have been taken with a 25 m sample spacing and 100 m line spacing. Analysis of the samples was completed at OMAC laboratories, Ireland. All corresponding data can be found in the accompanying data files. Please note that all of the assay data, which is not within the permit area have been removed from the analysis data files.

2.4 DRILLING, CHANNEL SAMPLING AND TRENCHING
No channel sampling or trenching has occurred in these claims.

2.4.1 Drilling
No drilling was completed in this area.

2.5 PETROLOGICAL, GEOCHEMICAL AND OTHER GEOLOGICAL SURVEYS
There is no other work to report.
Figure 1-1: Location of the relinquished Karhukumpu E2 and Mylly 4 areas, insert: Location of the AngloAmerican’s MOSKU project region within Finland.
Figure 1-2: Map showing the landowner boundaries of the Karhukumpu E2 and Mylly 4 permit areas.
Figure 1-3: Geological map of the relinquished Karhukumpu E2 and Mylly 4 areas. Geological map and amended legend from GTK, DigiKP200.
Figure 2-1: Map of the Mylly 4 permit area showing the field observations and rock type.
Figure 2-2: Map showing the 2010 VTEM survey flight lines of the Karhukumpu E2 and Mylly 4 permit areas.
Figure 2-3: Map showing the 2014 Magnetic survey of the Karhukumpu E2 and Mylly 4 permit areas.
Figure 2-4: Map showing the Falcon survey flight lines within the Karhukumpu E2 and Mylly 4 permit areas.
Figure 2-5: Map showing the location of the BOT and soil samples taken within the Karhukumpu E2 and Mylly 4 permit areas.
4 SUMMARY AND CONCLUSIONS

After an extensive exploration program, all viable targets within the Karhukumpu E2 and Mylly 4 permit areas have been tested. No ultramafic signals from the exploration work, except for a single peridotite boulder observation, were detected. The Karhukumpu E2 and Mylly 4 permits are being relinquished as the overall results did not give evidence to support continuing the exploration program in the area.

5 APPENDIXES

Accompanying data files:

- ML2013_0064-01_Template4_2017_12_22.xlsx
- 2010_VTEM_survey_A806_Report.pdf
- Magnetic_survey_Anglo_American_Exploration_Finland_2014_Report.pdf
- ML2013_0064-01_Template2_2017_12_22.xlsx
- ML2013_0064-01_Template5_2017_12_22.xlsx
- ML2013_0064-01_analysisdata_2017_12_22_1.xlsx
- ML2013_0064-01_analysisdata_2017_12_22_2.xlsx
- ML2013_0064-01_Template6_2017_12_22.xlsx
- ML2013_0064-01_analysisdata_2017_12_22_3.xlsx
- ML2013_0064-01_mapappendix1_2017_12_22.jpg
- ML2013_0064-01_mapappendix2_2017_12_22.jpg
- ML2013_0064-01_mapappendix3_2017_12_22.jpg
- ML2013_0064-01_mapappendix4_2017_12_22.jpg
- ML2013_0064-01_mapappendix5_2017_12_22.jpg
- ML2013_0064-01_mapappendix6_2017_12_22.jpg
- ML2013_0064-01_mapappendix7_2017_12_22.jpg
- ML2013_0064-01_mapappendix8_2017_12_22.jpg