

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

PASOFINO GOLD LIMITED
366 Bay Street, Suite 200
Toronto, ON M5H 4B2

Item 2 Date of Material Change

September 17, 2020.

Item 3 News Release

The press release attached as Schedule A was released over Canada Newswire on September 17, 2020.

Item 4 Summary of Material Change

The material change is described in the press release attached as Schedule A.

Item 5 Full Description of Material Change

The material change is described in the press release attached as Schedule A.

Item 6 Reliance of subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Steve Dunn, President & CEO
T: (416) 361-2827
dunnsteve@protonmail.com

Item 9 Date of Report

December 11, 2020.

Pasofino Gold Announces Closing of the Previously Announced Acquisition of ARX Resources Limited and Closing Date for \$10.02m Bought Deal Financing

All monetary amounts are expressed in Canadian Dollars, unless otherwise indicated.

Vancouver, British Columbia--(Newsfile Corp. - September 17, 2020) - Pasofino Gold Limited. (TSXV: VEIN) (FSE: N071) ("**Pasofino**" or the "**Company**") is pleased to announce that, further to its [press release of July 9, 2020](#), it has completed its acquisition of all the issued and outstanding shares of ARX Resources Limited ("**ARX**").

Pursuant to the transaction, Pasofino issued an aggregate of 134,860,049 shares (the "**Consideration Shares**") to the shareholders of ARX (the "**Vendors**"). The Consideration Shares issued to the Vendors will be subject to a two-year contractual lock-up, released in 25% installments every six months, with the release of the first 25% of the Consideration Shares to occur six months from today.

ARX is party to an earn-in agreement with Hummingbird Resources PLC ("**Hummingbird PLC**") in respect of the Dugbe Gold Project in Liberia (the "**Project**") whereby, in accordance with the earn-in agreement (the "**Option Agreement**"), ARX is entitled to earn a 49% interest (not including the 10% carried interest issuable to the Government of Liberia) in Hummingbird Resources (Liberia) Inc. ("**Hummingbird Liberia**"), which owns 100% of the Project and is subject to various conditions. These include the payment by ARX to Hummingbird Liberia of a non-refundable deposit of US\$2 million ("**Deposit**") with the Deposit funds to be used in connection with the Project. When the 10% carried interest is issued by Hummingbird Liberia to the Government of Liberia, the interest earned or held by ARX will be a 44.1% economic interest (consisting of a 39% shareholding interest in Hummingbird Liberia and economic rights in 5.1% of the equity securities of Hummingbird Liberia held by Hummingbird PLC). In addition, Hummingbird PLC will transfer to ARX 49% of the inter-company loans owing by Hummingbird Liberia to Hummingbird PLC.

Prior to the closing, the Company advanced approximately US\$2.2 million to ARX pursuant to a secured loan in order to fund the Deposit and to cover certain expenses related to the Project.

In order to earn its interest under the Option Agreement, ARX is required to complete a Feasibility Study, under joint management committee oversight, on the Project, undertake the mutually agreed exploration program; and cover the overhead and operating costs associated with the Project during the two year earn-in period. In addition, ARX is required to fund during the term of the Option Agreement approximately US\$700,000 of the payment obligations of Hummingbird Liberia under the Mineral Development Agreement with the Government of Liberia.

The Project is subject to a secured 2% net smelter royalty payable to an affiliate of Anglo Pacific Group PLC ("**APG**"). This royalty provides that following the date that is six months from the commencement of commercial production in the event that quarterly sales of gold produced are less than 50,000 oz, additional quarterly payments will be required until such time as the cumulative royalty paid is US\$15 million (the maximum total payment in any such quarter is equivalent to the royalty that would have arisen on sales of 50,000 oz of gold). Following this period, the royalty is 2% except where both the average gold price is above US\$1,800 and sales of gold are less than 50,000 oz, in which case it increases to 2.5% in respect of that quarter. US\$15 million is repayable to APG in certain limited circumstances, such as a change in control of Hummingbird Liberia and the concurrent termination of the royalty by APG. Certain events of default under the royalty, (e.g. non-payment of the royalty), are secured by legal charges over the assets of Hummingbird_Liberia and a legal charge over the shares of Hummingbird

Liberia, including the shares issuable to ARX under the Option Agreement.

In addition to the Project, Hummingbird Liberia is subject to an option to acquire a mineral exploration license number MEL 9000518 covering approximately 204 sq. km for the exploration of gold (the "**License**"). The mineral property subject to the License provides Hummingbird Liberia the opportunity to consolidate its land package around the Project. The amount remaining payable under this option (should Hummingbird Liberia wish to continue with the option) is US\$500,000 within five business days of the approval of the assignment of the License to Hummingbird Liberia by the Government of Liberia (not yet obtained) and US\$900,000 by June 4, 2021.

Pasofino is also pleased to announce an update to the closing of the C\$10,020,000 bought deal private placement led by Stifel GMP, on its own behalf and on behalf of a syndicate of underwriters (together with Stifel GMP, the "**Underwriters**") [first announced by the Company on August 21, 2020](#) (the "**Offering**"). The TSX Venture Exchange has conditionally approved the Offering, which is scheduled to close on or about September 22, 2020.

The Pasofino technical team has mobilised and is now on the ground at the Dugbe Project in Liberia where preparation for the start of the Mineral Resource development and exploration program is underway. In addition, the drill contractor is now in country and has started to prepare for mobilisation to site with four drill rigs. Rehabilitation of the access road to site from the port of Greenville is about to start with completion of initial access planned before year end. Capital equipment to support the operation is in transit to the country including a new 70-man camp. The selection of the Social and Environmental Impact Assessment ("**SEIA**") and Feasibility Study ("**FS**") consultants is almost complete, and the work is expected to be awarded next week.

As the project has now started, the timeline to completion of the FS, SEIA and Mineral Resource and exploration program, is planned for the end of the third quarter 2021 with drilling of the first targets planned for early November this year.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the 1933 Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act, as amended, and application state securities laws.

About Pasofino Gold Limited

Pasofino Gold Ltd. is a Canadian-based mineral exploration company. For further information, please visit www.pasofinogold.com or contact:

Steve Dunn, President & CEO
T: (416) 361-2827
E: sdunn@pasofinogold.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Cautionary Statements Regarding Forward-Looking Statements.

This news release contains "forward-looking statements" that are based on expectations, estimates, projections and interpretations as at the date of this news release. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "seek", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events

or conditions "may" or "will" occur, and include, without limitation, statements regarding the Company's intentions and ability to meet its obligations under the Option Agreement, the anticipated completion date of the Offering, the ability to raise the funds to finance its ongoing business activities including the acquisition of mineral projects and the exploration and development of its projects. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors may include, but are not limited to, the results of exploration activities; the ability of the Company to complete further exploration activities; the ability of the Company to complete transactions on terms announced; timing and availability of external financing on acceptable terms and those risk factors outlined in the Company's Management Discussion and Analysis as filed on SEDAR. The Company does not undertake to update any forward-looking information except in accordance with applicable securities laws.

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