ANTI-MONEY LAUNDERING (AML) POLICY

PDI Gold Ltd and Subsidiaries

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Approved By	Board
Review Frequency	Annual or as required by regulatory changes

1. PURPOSE AND SCOPE

1.1 Purpose

This Anti-Money Laundering (AML) Policy establishes the framework, principles, and procedures by which PDI Gold Ltd and its subsidiaries (collectively, "PDI Gold") prevent the use of its operations, facilities, and business relationships for money laundering, terrorist financing, and other financial crimes. The policy reflects PDI Gold's commitment to maintaining the highest standards of ethical conduct and regulatory compliance across all jurisdictions in which it operates.

As a gold mining company with operations in West Africa, including Guinea and Mali, PDI Gold recognises the elevated money laundering risks inherent in the precious metals sector and the specific challenges of operating in jurisdictions identified as having strategic AML deficiencies by the Financial Action Task Force (FATF).

1.2 Scope

This policy applies to:

- All directors, officers, employees, and contractors of PDI Gold.
- All subsidiary companies including Sycamore Mining Guinea SARL and other operational entities
- All mining operations including Nampala (Mali) and Kiniero (Guinea)
- All business partners, suppliers, customers, and third-party service providers
- All transactions involving gold sales, procurement, capital expenditures, and financial dealings

2. REGULATORY FRAMEWORK AND DEFINITIONS

2.1 Applicable Regulations

The PDI Gold's AML program is designed to comply with applicable laws and regulations including, but not limited to:

- **Canada:** Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and associated regulations
- **Guinea:** Law L/2006/010/AN on combating money laundering and CENTIF (Cellule Nationale de Traitement des Informations Financières) requirements
- **Mali:** Law No. 2016-008 on combating money laundering and terrorist financing and CENTIF Mali requirements
- **FATF:** Financial Action Task Force Recommendations and sector-specific guidance for precious metals dealers
- **GIABA:** Inter-Governmental Action Group against Money Laundering in West Africa standards

2.2 Key Definitions

Money Laundering: The process of concealing the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses. This includes: (a) concealing or disguising the nature, source, location, disposition, or ownership of property knowing it represents proceeds of crime; (b) converting or transferring property knowing it represents proceeds of crime; and (c) acquiring, possessing, or using such property.

Terrorist Financing: The provision or collection of funds with the intention or knowledge that they will be used to carry out terrorist acts or support terrorist organisations.

Politically Exposed Person (PEP): An individual who is or has been entrusted with a prominent public function, including heads of state, senior politicians, senior government officials, judicial or military officials, senior executives of state-owned corporations, and important political party officials. This includes family members and close associates of such persons.

Beneficial Owner: The natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. This includes any person who exercises ultimate effective control over a legal entity or arrangement.

3. MONEY LAUNDERING RISK ASSESSMENT

3.1 Sector-Specific Risks

The gold mining sector presents inherent money laundering vulnerabilities that require enhanced vigilance. Gold's high value-to-weight ratio, global fungibility, and ease of conversion to cash make it an attractive vehicle for money laundering. PDI Gold acknowledges the following sector-specific risks:

- **Gold as a Value Store:** Gold can be purchased with illicit funds, easily transported, and sold for clean money in legitimate markets
- **Artisanal Mining Integration:** Risk of commingling legitimately mined gold with gold from illegal sources, including artisanal and small-scale mining (ASM) operations that may not have adequate provenance controls
- **Complex Supply Chains:** Multiple intermediaries in gold sales and procurement create opportunities for layering transactions
- **Cash-Intensive Operations:** Certain operational costs in remote mining locations may involve significant cash transactions

3.2 Geographic Risks

Operations in Guinea and Mali present elevated AML risks due to:

- FATF classification of these jurisdictions as having strategic AML/CFT deficiencies
- Limited financial infrastructure and high reliance on cash transactions
- Presence of informal gold trading networks
- Political instability and governance challenges
- Cross-border movements of gold and currency

3.3 Risk Categories

Risk Level	Category	Enhanced Due Diligence Required
HIGH	Gold buyers/traders, PEPs, High-risk jurisdictions	Full EDD, senior management approval, ongoing monitoring
MEDIUM	Major suppliers, contractors, financial partners	Standard CDD plus additional verification
LOW	Routine vendors, regulated financial institutions	Standard CDD procedures

4. CUSTOMER DUE DILIGENCE (CDD)

4.1 Know Your Customer (KYC) Requirements

Prior to establishing a business relationship or conducting significant transactions, PDI Gold must verify the identity of all customers, counterparties, and business partners. The level of due diligence applied shall be commensurate with the assessed risk level.

4.1.1 Individual Customers and Counterparties

Required documentation includes:

1. Government-issued photo identification (passport, national ID card)
2. Proof of residential address (utility bill, bank statement dated within 3 months)
3. Source of funds documentation for transactions exceeding USD 10,000 equivalent
4. PEP status declaration and screening

4.1.2 Corporate Customers and Counterparties

Required documentation includes:

1. Certificate of incorporation and registration documents
2. Memorandum and articles of association
3. Current shareholders register and ownership structure to ultimate beneficial owners
4. Directors' and authorised signatories' identification
5. Board resolution authorising the business relationship
6. Financial statements or evidence of business activity

4.2 Enhanced Due Diligence (EDD)

Enhanced due diligence procedures are mandatory for high-risk relationships and must include:

- Senior management approval before establishing the relationship
- More extensive background checks and adverse media screening
- Detailed source of wealth and source of funds investigation
- Site visits for gold buyers and significant trading partners
- Enhanced ongoing monitoring with increased transaction review frequency
- Annual relationship review and re-certification

4.3 Gold Buyer Due Diligence

All purchasers of gold produced by PDI Gold are subject to enhanced due diligence including:

1. Verification of refinery accreditation (LBMA Good Delivery status or equivalent)
2. Review of buyer's own AML policies and procedures
3. Assessment of buyer's reputation and regulatory standing
4. Verification of physical delivery addresses and chain of custody procedures
5. Ongoing monitoring of buyer's compliance status

5. TRANSACTION MONITORING AND REPORTING

5.1 Suspicious Activity Indicators

All employees must be vigilant for indicators of potential money laundering. The following are examples of red flags requiring immediate escalation:

Gold Transaction Red Flags

- Requests to structure transactions to avoid reporting thresholds
- Buyers requesting unusual payment arrangements or third-party payments
- Transactions with no apparent business purpose or inconsistent with buyer's profile
- Requests to deliver gold to unusual destinations or through irregular channels
- Customers showing unusual interest in PDI Gold's AML controls

Financial Transaction Red Flags

- Large cash payments or requests for cash refunds
- Payments from or to jurisdictions with no obvious connection to the transaction
- Unexplained wire transfers from unrelated parties
- Reluctance to provide required documentation or providing falsified documents
- Unusual urgency in completing transactions

5.2 Reporting Thresholds

Transaction Type	Threshold (USD)	Required Action
Cash transactions	≥ 10,000	Large Cash Transaction Report
Wire transfers	≥ 1,000 international	Record retention and review
Suspicious activity	Any amount	STR filing within 30 days
Gold sales	All transactions	Full documentation and EDD

5.3 Suspicious Transaction Reporting (STR)

When suspicious activity is identified, the following process must be followed:

1. **Internal Escalation:** Report immediately to the Compliance Officer using the confidential reporting form
2. **Investigation:** Compliance Officer conducts preliminary assessment within 48 hours
3. **Filing Decision:** Determination of whether STR filing is required
4. **Regulatory Filing:** STR submitted to relevant FIU (FINTRAC, CENTIF) within 30 days of suspicion forming
5. **Tipping-Off Prohibition:** Under no circumstances may any person disclose to the subject that an STR has been or will be filed

6. SANCTIONS COMPLIANCE

PDI Gold maintains a zero-tolerance approach to sanctions violations. All counterparties, transactions, and payments must be screened against applicable sanctions lists including:

- Canadian Consolidated Sanctions List (DFATD)
- United Nations Security Council Sanctions
- US Office of Foreign Assets Control (OFAC) SDN List
- European Union Sanctions
- Regional sanctions lists applicable in Guinea and Mali

Screening must be conducted at onboarding and periodically thereafter. Any potential match must be escalated immediately to the Compliance Officer, and the transaction must be frozen pending resolution.

7. RECORD KEEPING

Comprehensive records must be maintained to demonstrate compliance and support regulatory inquiries or investigations. The following retention periods apply:

Record Type	Retention Period
Customer identification records	5 years from end of relationship
Transaction records	5 years from transaction date
STR/SAR filings	5 years from filing date
Gold provenance documentation	Permanent (life of mine + 5 years)
AML training records	Duration of employment + 5 years

8. GOVERNANCE AND RESPONSIBILITIES

8.1 Board of Directors

The Board is responsible for:

- Approving the AML Policy and significant amendments
- Ensuring adequate resources are allocated to the AML program
- Receiving regular reports on AML compliance status and significant issues
- Setting the tone from the top regarding compliance culture

8.2 Chief Compliance Officer

The Compliance Officer is responsible for:

- Day-to-day management and oversight of the AML program
- Maintaining and updating AML policies and procedures
- Conducting or overseeing AML risk assessments
- Reviewing and filing suspicious transaction reports
- Liaising with regulatory authorities and FIUs
- Overseeing AML training programs
- Reporting to the Board and senior management

8.3 All Employees

All employees are responsible for:

- Understanding and complying with this policy and related procedures
- Completing required AML training
- Reporting suspicious activity promptly to the Compliance Officer
- Maintaining confidentiality of AML-related matters

9. TRAINING AND AWARENESS

All relevant personnel must receive AML training appropriate to their role. Training requirements include:

- **New Employee Induction:** AML awareness training within 30 days of commencement
- **Annual Refresher:** Mandatory annual training for all employees in client-facing, financial, or compliance roles
- **Role-Specific Training:** Enhanced training for employees involved in gold sales, procurement, and financial transactions
- **Ad-Hoc Updates:** Training on regulatory changes or emerging typologies as required

10. INDEPENDENT REVIEW AND AUDIT

The effectiveness of the AML program shall be independently reviewed at least every two years by qualified internal audit or an external party. The review shall assess:

1. Adequacy of policies and procedures
2. Effectiveness of customer due diligence processes
3. Quality of transaction monitoring and suspicious activity reporting
4. Completeness of record keeping
5. Adequacy of training programs
6. Compliance with applicable laws and regulations

11. PENALTIES FOR NON-COMPLIANCE

Violations of this policy may result in:

- **Disciplinary Action:** Up to and including termination of employment or contract
- **Civil Penalties:** Significant monetary fines under applicable AML legislation
- **Criminal Prosecution:** Individuals may face criminal charges for money laundering or aiding financial crimes
- **Reputational Damage:** Public disclosure of enforcement actions

12. POLICY REVIEW AND AMENDMENTS

This policy shall be reviewed annually or more frequently if required by changes in applicable laws, regulations, business operations, or risk profile. Material amendments require Board approval. Minor procedural updates may be approved by the Compliance Officer with notification to the Board.

APPENDIX A: KEY CONTACTS

For questions regarding this policy or to report suspicious activity:

Role	Contact Details
Chief Compliance Officer	Matthew Foy, cosec@pdigold.com
External Legal Counsel	Pelton Legal, shaun@pelotonlegal.com

Regulatory Authorities

Jurisdiction	Authority	Website
Canada	FINTRAC	www.fintrac-canafe.gc.ca
Guinea	CENTIF Guinea	[Contact details]
Mali	CENTIF Mali	[Contact details]

— END OF POLICY —