MOSTAZAL PROJECT

Executive Summary

• The **Mostazal** Project is located in the Atacama Region of Northern Chile, 80 km NE of the city of Copiapó, 30 km east of Inca de Oro, 42 km south of the copper porphyry El Salvador (in the same geographic longitude and altitude above sea level) and 105 km to the ESE of the port of Chañaral.

• The mining property is covered by 8 exploitation concessions covering 1,317 hectares

• Studies of geology, geochemistry, geophysics (IP-Res and Magnetometry) and 60 DDH drill holes, with a total of 11,380 m, have been conducted

• Mostazal is an stratabounded **copper and silver** mineralization system contained in porphyritic, monoclinal andesites. It presents hydrothermal alteration chlorite-epidote-sericite and locally silicification. The mineralization is forming lenses (mantos) of 2 to more than 20 (up to 54) meters of thickness and extensions in direction for up to 600 meters. At present, there are identified, by means of drilling, up to 150 m of vertical depth, about 15 lenses mineralized in an area of 80 Ha (6% of the property).

• The type of mineralization present in Mostazal has similarities with stratabounded deposits of Cu-Ag such as: El Soldado, Mantos Blancos, Lo Aguirre, Talcuna, Buena Esperanza, Michilla, Franke.

• The area of mineralized outcrops, with strong copper geochemical anomaly, is a NS belt of 4 by 2 km (800 Ha) covered towards the NW by a sequence of the Atacama gravels.

• In the area studied (corresponding to only 10% of the area with evidence of surface mineralization), an indicated resource of 10 million tons of ore with an average grade of 0.95% Cu and 6 g/t Ag has been estimated. The potential of the area with geochemical and geophysical anomalies is estimated at around 100 to 200 million tons.

• Investments in infrastructure, exploration and drilling conducted between 2005 and 2015 add up to approximately US $ 8 million

Main intersections of drill holes

Sondaje	Potencia m	Ley de Cu %
DDH-MZ-3	2	1,17
DDH-MZ-7	10	0,88
DDH-MZ-8	10	1,81
	6	0,79
DDH-MZ-9	13	1,21
DDH-MZ-10	13	1,21
DDH-MZ-11	10	1,06
	13	0,71
DDH-MZ-12	3	0,96
DDH-MZ-13	4	0,71
	8	1,83
DDH-MZ-14	9	1,16
DDH-MZ-24	54	0,58
	15	0,98
DDH-MZ-27	10	1,6
DDH-MZ-28	2	1,05
DDH-MZ-30	16	1,27
DDH-MZ-31	2	1,07
DDH-MZ-32	20	1,53
DDH-MZ-33	12	1,02
DDH-MZ-37	3	0,92
DDH-MZ-38	11	0,55
DDH-MZ-39	5	0,85
	3	1,35
DDH-MZ-40	9	0,76
DDH-MZ-41	4	0,78
DDH-MZ-46	3	0,88
DDH-MZ-47	2	0,93
	2	0,97
DDH-MZ-49	6	1,00
DDH-MZ-51	4	0,86
	3	1,56
DDH-MZ-52	4	1,18
	9	0,74
DDH-MZ-54	3	0,85
	7	1,13
DDH-MZ-55	3	0,87
DDH-MZ-56	4	1,33
DDH-MZ-57	5	0,87
	4	0,73

Geophysics

• In an area of approximately 1,000 ha (4.5 x 2.5 km) there was a survey of terrestrial magnetometry and IP-Resistivity.

• The interpretation of the geophysical data indicates that most of the recognized mineralization is located within 4 deep magnetic anomalies. One of these magnetic anomalies is located in the southern part of the studied area and coincides with the mineralization probed.

• These 4 magnetic anomalies are the targets to be explored with the highest priority in Mostazal, considering a style of mineralization of stratified lenses

• The results of the IP survey have highlighted an area that has an anomalous chargeability on the western edge, 3.6 km long and that is still open both to the north and to the south. This IP anomaly is significantly stronger than any other within the studied area and is coincident with magnetic lows. No drill holes were performed over this anomaly. A scant presence of pyrite has been observed, which is common in this type of stratabounded Cu-Ag deposit.

Geological Potential

 The stratabounded lenses (mantos) found until now in Mostazal continue open along direction and in depth.

 Mineralization of copper oxides is observed between surface and 40 to 50 meters deep, mixed with chalcocite. From that depth sulfides predominate with chalcocite mainly and locally with bornite and chalcopyrite. Pyrite is scarce and located mainly in box rocks.

 Based on the exploration drilling (11,380 m DDH) carried out so far, (in 80 ha, 10% of the anomalous area) an indicated resource of 10 million tons of 0.95% Cu and 6 Ag g/t can be estimated, considering only lenses of more than 0.5% Cu and more than 2 meters of thickness, and up to a recognized depth of 150 meters.

 It is estimated that the potential of the area would be in the range of 100 to 200 million tons, based on the type of deposit. For example: El Soldado (Anglo American) is a deposit with exploited and remaining reserves of 150 million tons of 1% Cu; Mantos Blancos (Mantos Copper) is more than 250 million tons.

 The geochemistry of rocks (200 x 200m grid) indicates a potential for the occurrence of mineralized lenses in an area of 800 ha (8 km2)

 Geophysics, especially magnetometry, also points to the same areas as potential targets.

 The possible existence of a copper porphyry in depth, under the main geochemical and magnetism anomaly, has been proposed as a working hypothesis. The known stratabounded mineralization would be distal to the supposed porphyry. This considering that Mostazal is:

a) associated with the "Domeyko Fault System" that passes east

b) in the same longitude and altitude as the El Salvador deposit

c) with similar lithology and age of formation

d) evidence of copper minerals in an area of 3x5 km

2018

MAPA DE UBICACIÓN PROYECTO MOSTAZAL