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This Document comprises an Admission Document drawn up in compliance with the requirements of the NEX Rules and is being issued in connection with the proposed admission of the entire issued share capital of VI Mining PLC to trading on the NEX Exchange Growth Market. This Document does not constitute and the Company is not making an offer to the public within the meaning of sections 85 and 102B of FSMA. Therefore, this Document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority ("FCA") or any other authority which could be a competent authority for the purposes of the Prospectus Directive. Further, the contents of this Document have not been approved by an authorised person for the purposes of section 21 of FSMA. This Document will not be filed with, or approved by, the Financial Conduct Authority or any other government or regulatory authority in the UK, Jersey or elsewhere.

The Directors of the Company, whose names are set out on page 6 of this Document, accept full responsibility, collectively and individually, for the information contained in this Document including the Company's compliance with the NEX Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. Application has been made for the issued and to be issued ordinary share capital of the Company to be traded on the NEX Exchange Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the NEX Exchange Growth Market on 2 March 2018.

VI Mining PLC

(Incorporated and registered in Jersey with registered number 123810)

Placing of 1,072,631 Ordinary Shares at a price of £5 per Ordinary Share

Admission to trading on the NEX Exchange Growth Market



NEX Exchange Corporate Adviser and Broker

Daniel Stewart & Company Plc



Shares immediately following Admission

Authorised
Ordinary Shares of no par value

Issued and allotted
106,950,731

The NEX Exchange Growth Market, which is operated by NEX Exchange Limited (NEX Exchange), a Recognised Investment Exchange, is a market designed primarily for emerging or smaller companies to which a higher

investment risk tends to be attached than to larger or more established companies.

It is not classified as a Regulated Market under EU financial services law and NEX Exchange Growth Market securities are not admitted to the Official List of the United Kingdom Listing Authority. Investment in an unlisted company is speculative and involves a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in NEX Exchange Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

VI Mining PLC is required by NEX Exchange Limited to appoint an NEX Exchange Corporate Adviser to apply on its behalf for admission to the NEX Exchange Growth Market and must retain an NEX Exchange Corporate Adviser at all times. The requirements for an NEX Exchange Corporate Adviser are set out in the Corporate Adviser Handbook and the NEX Exchange Corporate Adviser is required to make a declaration to NEX Exchange in the form prescribed by Appendix D of the Corporate Adviser Handbook. This Admission Document has not been examined or approved by NEX Exchange or the Financial Conduct Authority.

Daniel Stewart & Company Plc, which is authorised and regulated by the Financial Conduct Authority, is the Company's NEX Exchange Corporate Adviser for the purposes of Admission. Daniel Stewart & Company Plc has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible. Daniel Stewart & Company Plc is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document.

This Document is not for distribution outside the UK and, in particular, it should not be distributed to persons with addresses in Canada, Australia, Japan, the Republic of Ireland or South Africa. The Securities have not been, nor will be, registered in the United States under the United States Securities Act of 1933 as amended, or under the securities laws of Australia, Canada, Japan, the Republic of Ireland or South Africa. Accordingly, they may not be offered or sold, directly or indirectly, within the United States, Australia, Canada, Japan, the Republic of Ireland or South Africa or to, or for the account or benefit of, any person, in or any national citizen or resident of these countries. The distribution of this Document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this Document comes should inform themselves about and observe any restrictions as to the securities and the distribution of this Document.

The whole text of this Document should be read. An investment in the Company involves a high degree of risk and, may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa or Japan or to any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa or Japan. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or Daniel Stewart & Company Plc that would permit a public offer of Ordinary Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Document does not constitute an invitation to the public to become a member of the Company or to acquire or apply for any securities issued by the Company and therefore this Document is not a prospectus for the purposes of either the Jersey Companies Act or the Companies (General Provisions) (Jersey) Order 2002. This Document has not been, and will not be, registered under the laws and regulations of Jersey. Neither the registrar of companies in

Jersey, the Jersey Financial Services Commission, nor any other regulatory authority in Jersey has consented to the circulation of this Document or passed comment upon or approved the accuracy of this Document.

Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

FORWARD-LOOKING STATEMENTS

This document contains forward looking statements relating to the Company's prospects, developments and strategies, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will", "aim", "seek", "would", "should", "on track", "outlook", "likely", "expect", "continue", "guidance", or the negative of those, variations or comparable expressions, including references to assumptions, identifies forward-looking statements. These forward-looking statements are subject to, inter alia, the risk factors described in Part II of this document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables, which could cause actual results or trends to differ materially. Each forward-looking statement speaks only as of the date of the particular statement.

THIRD PARTY INFORMATION

To the extent that information has been sourced from a third party, this information has been accurately reproduced and, so far as the Directors or the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

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EXPECTED TIMETABLE OF EVENTS

	2018
Date of Publication of this Document	1 March
Admission effective and commencement of dealings on the NEX Exchange Growth Market	2 March

ADMISSION STATISTICS

Price per Ordinary Share	£5.00
Number of Ordinary Shares in issue as at the date of this Document	103,878,100
Number of Placing Shares	1,072,631
Number of Consideration Shares	2,000,000
Number of Ordinary Shares in issue following the Placing and Admission	106,950,731
Placing Price	£5.00
Gross proceeds of the Placing	£5,363,155
Estimated net proceeds receivable by the Company	£4,485,971
Market capitalisation of the Company at the Placing Price following Admission	£534,753,655
NEX ticker	VIM
ISIN	JE00BDFKM100
LEI	2138004F1GQSSQ6O9L09
SEDOL	BDFKM10

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Jide J. Zeitlin (<i>Chairman</i>) (<i>subject to Admission</i>) David James Sumner (<i>Chief Executive Officer</i>) Lucianno Giorffino (<i>Chief Operating Officer</i>) Aamir Quraishi (<i>Non – Executive Director</i>) (<i>subject to Admission</i>)
Advisory Board	Richard Stoddart (<i>Corporate Social Responsibility</i>) Antonio Balestrini (<i>Corporate Social Responsibility</i>) Alberto Vargas (<i>Legal</i>) Celso Palacios (<i>Geology</i>)
Company Secretary	Minerva Services Trust Company Limited 43/45 La Motte Street St. Helier Jersey Channel Islands JE4 8SD
Registered Office	43/45 La Motte Street St. Helier Jersey Channel Islands JE4 8SD
Website	http://www.vimining.com
NEX Exchange Corporate Adviser and Broker	Daniel Stewart & Company Plc 33 Creechurch Lane London EC3A 5EB
Legal Adviser to the Company as to English law	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AE
Legal Adviser to the Company as to Jersey Law	Ogier 44 Esplanade St Helier Jersey JE4 9WG
Legal Advisers to the Company as to Peruvian law	Vargas Pareja Abagados Calle Carlos E. Ferreyros 377 San Isidro, Lima 27 Peru Rubio Leguía Normand Av. Dos de Mayo 1321 San Isidro, Lima 27 Peru
Legal Adviser to the Corporate Adviser	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB

Reporting Accountants to the Company

Crowe Clark Whitehill
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Competent Persons

APEX Geoscience Ltd.
#110, 8429024 ST. NW
Edmonton, Alberta
T6P 1L3
Canada

Proyectos La Patagonia S.A.C
Avenida Circunvalación del Club Golf Los Inkas No. 134
District of Santiago de Surco
Lima
Peru

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hillgrove Street
St Helier
Jersey
JE4 9XY

Investor Relations

Brunswick Group
16 Lincoln's Inn Fields
London
WC2A 3ED

DEFINITIONS

In this Document, where the context permits, the expressions set out below shall bear the following meanings:

“Acquisition”	means the acquisition by One – Valley Peru S.A.C of certain assets relating to the Rosario De Belén mining and mineral processing project and the Minaspampa mining project;
“Acquisition Agreements”	means the agreements dated 2 February 2018 between the Company, One-Valley (Peru) and certain parties relating to the acquisition of the Rosario Project and the Minaspampa Project and related assets in accordance with the terms set out in greater detail in paragraph 10.9 of Part VII;
“Act”	the Companies Act 2006, as amended;
“Admission”	admission of the issued ordinary share capital of the Company to trading on the NEX Exchange Growth Market becoming effective in accordance with the NEX Rules;
“Admission Document” or “Document”	this document dated 1 March 2018;
“Admission Price”	£5.00 per Share;
“Articles”	together the memorandum and articles of association of the Company from time-to-time;
“Bi-Valley (BVI)”	means Bi-Valley International Limited, a company incorporated in the British Virgin Islands on 28 September 2016 with registered number 1924551;
“Bi-Valley (Peru)”	means Bi-Valley Peru S.A.C. a company incorporated in Peru on 11 January 2017 with registered number 13819306;
“BVI HoldCos”	means One-Valley (BVI), Bi-Valley (BVI), Tri-Valley (BVI) and Four-Valley (BVI);
“BVI Subsidiaries”	means VIM (BVI) and the BVI HoldCos;
“City Code”	the City Code on Takeovers and Mergers;
“Company” or “VI Mining”	VI Mining PLC, a company incorporated in Jersey, Channel Islands on 8 May 2017 with registered company number 123810;
“Competent Person”	the author of a Competent Person’s Report (being GEXEG in respect of the Rosario Project);
“Competent Person’s Report”	the independent technical report on the Rosario Project as set out in the relevant report;
“Concession”	see “Mining Concession” below;
“Consideration Shares”	the ordinary shares to be issued pursuant to the Acquisition Agreements on Admission at the Placing Price;
“Control”	shall have the meaning given in section 450 of the Corporation Tax Act 2010;
“Consultation Law”	the Law on the Right to Prior Consultation No. 29785 of Peru;
“Consultation Regulation”	the Regulation on the Right to Prior Consultation of Peru approved by Supreme Decree N° 001-2012-MC;

"Conversion Shares"	the 400,000 New Shares to be issued to David Sumner on Admission at the Placing Price in satisfaction of £2,000,000 owed by the Company to Mr Sumner;
"Corporate Governance Code"	the code of best practice including the principles of good governance known as the "UK Corporate Governance Code" (the latest edition of which was published in April 2016) published by the Financial Reporting Council as amended from time to time;
"CPR"	see "Competent Person's Report" above;
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form operated by Euroclear;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended from time to time;
"Daniel Stewart"	Daniel Stewart & Company Plc, NEX Exchange Corporate Adviser to the Company, which is authorised and regulated by the FCA;
"Disclosure Rules"	the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 (FCA 2006/70);
"Directors" or "Board"	the board of directors of the Company whose names are set out on page 6 of this Document;
"Director Loans"	the loans from David Sumner to the Company, pursuant to the terms of the Finance Facility Agreements;
"DL 1105"	Legislative Decree No. 1105 of Peru;
"DL 1336"	Legislative Decree No. 1336 of Peru;
"Doré Bar"	a 'rough' gold bar comprised of a semi-pure alloy of gold (and silver) created at the project site which requires further refinement;
"Emirates Gold"	means Emirates Gold DMCC, a gold and silver refinery company with operations in the Dubai Multi Commodities Centre free-zone, United Arab Emirates;
"Enlarged Share Capital"	means the Ordinary Shares in issue immediately following Admission and the Placing;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST;
"FCA"	Financial Conduct Authority;
"Finance Facility Agreement(s)"	the finance facility agreements between David Sumner and the Company pursuant to which Mr Sumner has provided the Company with working capital facilities of £39 million and \$10 million, further details of which are in paragraphs 10.2 and 10.3 of Part VII of this document;
"Formalization"	describes the legal process under Peruvian law that relevant persons, being artisanal or small-scale mining project owners (" Formalization Subjects "), may undertake in order to be recognised and operate as a formal, regulated and legal miner under Peruvian mining law and its associated regulations. Under such laws, during the Formalization Period, Formalization Subjects are authorised to continue all mining activities (including without limitation extraction, processing

and exploration). Formalization Subjects that are in a Formalization Period are not required to use the regular approval process for registration and operation as a legal miner provided for under Peruvian mining law;

“Formalization Period”	the period beginning when a Formalization Subject submits a declaration of commitment to the relevant authority and ending when the Formalization process is completed and a 'Resolucion de Inicio o Renicio de Actividades' resolution is issued by the regional director of mining and energy (or other relevant authority) to the miner;
“Four-Valley (BVI)”	means Four Valley International Limited, a company incorporated in the British Virgin Islands on 18 April 2017 with registered company number 1942538;
“FSMA”	means the Financial Services and Markets Act 2000, as amended;
“GDP”	means Gross Domestic Product;
“General Mining Law”	means the General Mining Law of Peru approved by Supreme Decree 014-92-EM;
“Geological Survey”	the independent technical reports on the Oro Pesa Project and Ximenita de Casma Project as set out in the relevant report;
“GEXEG”	means GEXEG Consultores;
“Group”	the Company and its subsidiaries and associated companies other than the Company;
“IFRS”	International Financial Reporting Standards as adopted by the EU;
“IGV”	means Impuesto General a las Ventas, which is Peruvian value-added tax;
“Jersey”	the island of Jersey;
“Jersey Companies Act”	the Companies (Jersey) Law 1991, as amended;
“Lock-in Agreements”	the lock-in agreements entered into by Zica SA and Agri Capital LLP details of which are set out in paragraph 10.25 of Part VII of this document;
“London Stock Exchange”	London Stock Exchange plc;
“Minaspampa Concessions”	means the mining concessions being acquired or in respect of which certain mining leases are being assigned under the Acquisition Agreements in the Minaspampa area as are more particularly described in paragraph 10.9 of Part VII of this document;
“Minaspampa Project”	means the Minaspampa mining and mineral processing project located in the La Libertad region of Peru, comprising the Minaspampa Mining Concessions and processing, plant, machinery, buildings and materials which the Company has agreed to acquire pursuant to the Acquisition Agreements;
“Minera Tres (Peru)”	means Minera Tres Valles S.A.C. a company incorporated in Peru on 14 August 2014 with registered number 13281101;

“Mining Concession” or “Concession”	pursuant to the General Mining Law and all other applicable Peruvian law, an area bound by vertical planes corresponding to the sides of a rectangle or closed polygon whose vertices can be referred to by reference to UTM co-ordinates in which the owner may explore or exploit (subject to applicable permits) mineral resources within the concession up to an indefinite depth. The concession is separate distinct property from the property (land) on which it is located and does not include surface (access) rights;
“Minority Shareholders”	those Shareholders of the Company issued Ordinary Shares on 23 June 2017 pursuant to the redemption of certain loan notes described in paragraph 4.3 of Part VII of this document;
“Mr Rios”	Mr Orlando Vladamir Alvarez Rios;
“New Shares”	Conversion Shares, the Placing Shares and the Consideration Shares;
“NEX Exchange Growth Market”	the primary growth market for unlisted securities operated by NEX Exchange;
“NEX Exchange Rules”	the NEX Exchange Growth Market – Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose securities are admitted to trading on the NEX Exchange Growth Market;
“National Instrument 43 – 101” or “NI 43 – 101”	an independent technical report prepared by APEX Geoscience Ltd. on the Minaspampa Project conforming to the codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report such results on stock exchanges within Canada;
“One-Valley (BVI)”	means One-Valley International Limited, a company incorporated in the British Virgin Islands on 20 December 2016 with registered number 1932190;
“One-Valley (Peru)”	means One-Valley Peru S.A.C. a company incorporated in Peru on 11 January 2017 with registered number 13826707;
“Official List”	the Official List of the UK Listing Authority;
“Oro Pesa Project”	means the Oro Pesa mining and mineral processing project, located in the Arequipa province, Arequipa region of Peru, comprising the Oro Pesa I, II, III and IV Mining Concessions and the Oro Pesa mineral processing plant which are either legally owned by the Company (or relevant Group company) or over which the Company (or relevant Group company) holds an exclusive right to explore, acquire assets, operate or otherwise exploit pursuant to the terms of the Oro Pesa project agreements summarised in paragraphs 10.20 of Part VII of this document;
“Ordinary Shares”	ordinary shares of no par value each in the capital of the Company;
“Perko”	means Perko Ltd a company incorporated and registered in Belize, with registered office address at Suite 102 Ground Floor, Blake Building, corner of Eyre and Hutson Street, Belize City;
“Placing”	means the conditional placing of the Placing Shares at the Placing Price by Daniel Stewart pursuant to the Placing

	Agreement and the conditional issue of the Subscription Shares pursuant to the Subscription Letters;
“Placing Agreement”	the conditional agreement dated 1 March 2018 between the Company, the Board and Daniel Stewart relating to the Placing, summary details of which are set out in paragraph 10.23 of Part VII of this document;
“Placing Price”	£5.00 per New Share;
“Placing Shares”	the 10,000 new Ordinary Shares to be issued on Admission pursuant to the Placing;
“Peru Operating Companies”	means One-Valley (Peru), Bi-Valley (Peru), Minera Tres (Peru), and Tri-Valley (Peru) further details of which are set out in paragraph 3.2 of Part VII of this document;
“PLP”	means Proyectos La Patagonia S.A.C. a company incorporated in Peru with registration number 20536563076 domiciled at Avenida Circunvalación del Club Golf los Inkas No. 134, District of Santiago de Surco, Lima, Peru;
“Prospectus Rules”	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004, as amended;
“Projects”	means the Minaspampa Project, the Oro Pesa Project, the Rosario Project and the Ximenita de Casma Project;
“Registrar”	means Computershare Investor Services (Jersey) Limited;
“Rosario Project”	means the Rosario De Belén mining and mineral processing project, located in the La Libertad region of Peru, comprising the Rosario de Belén Mining Concession and Rosario processing plant over which the Company (or relevant Group company) holds an exclusive right to explore, acquire assets, operate or otherwise exploit pursuant to the terms of the Acquisition Agreements summarised in paragraph 10.9 of Part VII of this document;
“Rosario De Belén Concessions”	means the mining concessions being acquired or in respect of which certain mining leases are being assigned under the Acquisition Agreements as are more particularly described in paragraph 10.9 of Part VII;
“Relationship Agreements”	each of the relationship agreements between the Company, Daniel Stewart, David Sumner, Jide J. Zeitlin and Lucianno Giorffino dated 21 February 2018;
“Rule 6 Lock-in Agreements”	the conditional lock-in agreements entered into by the Rule 6 Parties on 21 February 2018, details of which are set out in paragraph 10.24 of Part VII of this document;
“Rule 6 Parties”	means David Sumner, Jide Zeitlin and Lucianno Giorffino each having entered into a Rule 6 Lock-in Agreement, details of which are set out in paragraph 10.24 of Part VII of this document;
“RIS”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of the listed companies;
“S/.” or “PEN” or “Soles”	Peruvian Sol;

"Seller(s)"	the sellers of the various assets and concessions which make up the Rosario Project and the Minaspampa Project who entered into the framework agreement being: Pool de Maquinarias Industriales Santa Patricia S.A., in liquidation, Compania Minera Minaspampa S.A., Isabel Margarita Miranda Hidalgo, José Ricardo Sánchez Miranda, Santos Orlando Sánchez Paredes, Alfredo Alexander Sánchez Miranda, Orlando Sánchez Miranda, Silvia Isabel Sánchez Miranda, S.M.R.L. Rosario de Belén in liquidation, S.M.R.L. Luisa Fernanda, S.M.R.L. Veca XV, Leder Eleazar Cueva Camayo;
"Shares"	the issued shares of the Company from time to time;
"Shareholders"	holders of Ordinary Shares;
"SMRL"	Sociedad minera de responsabilidad;
"Subscription Letters"	the subscription letters executed by certain investors and the Company in respect of their subscription for Subscription Shares in conjunction with the Placing;
"Subscription Shares"	the 1,062,631 new Ordinary Shares to be issued pursuant to the Subscription Letters and the Placing;
"Takeover Code"	means the UK City Code on Takeovers and Mergers, issued and administered by the Takeover Panel;
"Takeover Panel"	the UK Panel on Takeovers and Mergers;
"Tassili Facility"	the \$2.5 million loan facility between Tassili Jewellery LLC and the Company further details of which are included in paragraphs 10.4 and 10.7 of Part VII of this document;
"Technical Report"	the Competent Person's Report and the NI 43-101;
"Tri-Valley (BVI)"	means Tri Valley International Limited, a company incorporated in the British Virgin Islands on 15 July 2016 with registered company number 1918841;
"Tri-Valley International FZE"	means Tri-Valley International FZE, a Ras Al-Khaimah free-zone company with trade licence issued on 8 May 2013, incorporated in the Ras Al-Khaimah free trade zone, United Arab Emirates, with trade licence number 5009400;
"Tri-Valley (Peru)"	means Tri-Valley Peru S.A.C. a company incorporated in Peru on 9 August 2016 with registered number 13687522;
"UAE"	means the United Arab Emirates;
"UAE Subsidiaries"	Tri-Valley International FZE and VI Mining (DMCC);
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority" or "UKLA"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part 6 of FSMA;
"Uncertificated" or "in Uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"VI Mining (DMCC)"	means VI Mining DMCC, a Dubai Multi Commodities Centre (DMCC) free-zone company with trade licence issued on 19 July 2017 incorporated in the DMCC free trade zone, Dubai, United Arab Emirates with licence number DMCC-312491;

“VIM (BVI)”	means Valley International Mining Limited, a company incorporated in the British Virgin Islands on 15 December 2016 with registered company number 1931819;
“VAT”	value added tax;
“Ximenita de Casma Project”	means the Ximenita de Casma mining and mineral processing project, located in the Casma province, Ancash region of Peru, comprising the Ximenita de Casma, Ximenita de Casma II, and Ximenita de Casma III Mining Concessions and the Ximenita de Casma mineral processing plant which are either legally owned by the Company (or relevant Group company) or over which the Company (or relevant Group company) holds an exclusive right to explore, acquire assets, operate or otherwise exploit pursuant to the terms of the Ximenita de Casma project agreements summarised in paragraphs 10.10 – 10.19 of Part VII of this document;
“ZL Mining”	means ZL Minera S.A.C. a closed corporation incorporated in Peru on 14 December 2006 with company number 20514510581;
“£” or “Pound”	UK Pounds Sterling;
“\$” or “Dollars” or “USDS”	United States Dollars.

GLOSSARY OF TECHNICAL TERMS

In this Document, where the context permits, the expressions set out below shall bear the following meanings:

“g/t”	grammes per tonne;
“Has”	hectares;
“m”	metre;
“mt” or “MT”	metric tonnes;
“MASL”	metres above sea level;
“MTD”	metric tonnes per day;
“oz”	troy ounce = 31.03 grams;
“oz/t”	troy ounce per short tonne;
“RCDH”	reverse circulation drill-holes;
“UTM”	universal transverse mercator co-ordinate system;

Atomic Elements

“Au”	Gold;
“AuEq”	Gold Equivalent;
“Ag”	Silver;
“As”	Arsenic;
“Cu”	Copper;
“Pb”	Lead;
“Zn”	Zinc;

Conversion guide

MT to oz	1 MT = 32,150.7 oz
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PART I

INFORMATION ON THE COMPANY

1. Background and Business Overview

VI Mining PLC is an emerging gold and silver mining business focused on the operation and development of two high quality gold mining assets.

On 2 February 2018, the Company entered into an agreement to acquire, through its wholly owned subsidiary One-Valley (Peru), the Minaspampa Project and the Rosario Project for an aggregate consideration of \$51.3 million payable in cash and £10 million to be satisfied by the issue of Shares at the Placing Price on Admission. The two projects are located in the La Libertad region in the northwest of Peru. This area has been explored and exploited since the seventeenth century and is home to some of Peru's most significant gold and silver mines, operated by some of the world's largest mining companies such as Yanacocha (Newmont and Buenaventura), Lagunas Norte (Barrick Gold), La Cima (Goldfields) and Poderosa (CIEMSA). The geographical region is known as the Batholite of the Coast and hosts hundreds of gold deposits, with very similar geological characteristics.

The Minaspampa Project is comprised of 3,500 Has. The project already has the necessary mine infrastructure and processing plant built, as well as having the majority of permits and licences in place.

The Board believes that the Minaspampa project has been inefficiently explored and mined and that there is significant geological and metallurgical upside potential, which it believes the Company is well positioned to exploit considering the resources and expertise available. This will be an area of initial focus for the Company. On completion of the purchase, the Vendor ceased all operations and terminated the employment of all employees. The Company will spend approximately 6-9 months carrying out exploration, rebuilding the plant and new mining plans and obtaining relevant licenses before re-starting production.

The Rosario Project is comprised of a former working silver/gold open pit, heap leach operation with a Merrill Crowe plant, a 13,000 Has concession. The project was temporarily suspended in December 2013 after five years of operation, and has been in care and maintenance since.

Under Peruvian law, mining operations may be temporarily suspended for a maximum of three consecutive years before they are considered to be fully suspended. Accordingly, the Company must re-apply to the Ministry of Energy and Mines to re-commence mining activities.

The Company's intention is that the Rosario Project will come out of care and maintenance within the 12 month period following Admission.

The consideration payable by One Valley (Peru) under the Acquisition Agreements to the Sellers of the Minaspampa Project and the Rosario Project is payable in the following tranches:

- i) \$5.3 million in cash which was paid on 2 February 2018 which constituted completion;
- ii) £10 million satisfied by the issue of the Consideration Shares to Isabel Margarita Miranda Hidalgo at the Placing Price at Admission by no later than 5 March 2018;
- iii) \$2.5 million in cash which was paid on 9 February 2018;
- iv) \$3 million in cash to be paid on or before 28 February 2018 (deferred until 5 March 2018);
- v) \$20.25 million in cash payable on 15 August 2018; and
- vi) \$20.25 million in cash payable on 15 April 2019.

The Company has entered into a guarantee in favour of the Sellers in respect of the payment obligations of One Valley (Peru). The Acquisition Agreements include a framework agreement which sets out the framework for the sale and purchase of the Rosario Project and the Minaspampa Project and individual contracts for the transfer of each of the Concessions, the granting of exploration rights, the transfer of assets, the transfer of land and rights over land.

Pursuant to the terms of the Acquisition Agreements, One-Valley (Peru) acquired the right to carry out exploration activities over all of the Concessions constituting the Minaspampa Project and Rosario Project as from 2 February 2018 for a period of 18 months, i.e. until all Concessions have transferred.

The mining concessions transfer on the dates and against the payments made set out in the table below, eight of the mining Concessions transferred to the Group on 2 February 2018 together with the assets, property rights and

interests in land which are set out in more detail in paragraph 10.9 of part VII of this document, including the consideration applied to such assets, property rights and interest in land.

Name of Concession	Transfer date	Total Price	Payment date
Anely I	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
Anely	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
Lillette I	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
Anely II	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
San Pablo 3E	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
La Codiciada de Oro No. 1	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
Paula Isabel V	2 February 2018	\$1,260,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
Mumalca Dos	2 February 2018	\$2,520,000	\$572,500 on the Transfer date \$312,500 on 9 February 2018 \$375,000 on 28 February 2018
El Obillo Tres	15 August 2018	\$125,000	Transfer date
Mina Tauro	15 August 2018	\$2,500,000	Transfer date
El Rosario de Belen	15 August 2018	\$2,500,000	Transfer date
Luisa Fernanda	15 August 2018	\$125,000	Transfer date
Patrick Almendra I	15 August 2018	\$5,000,000	Transfer date
Luisa Feranada (processing concession)	15 August 2018	\$2,500,000	Transfer date
Kevin III	15 August 2018	\$5,000,000	Transfer date
Minaspampa (processing concession)	15 August 2018	\$2,500,000	Transfer date
Anely III	15 April 2019	\$5,000,000	Transfer date

Playa Hermosa	15 April 2019	\$5,000,000	Transfer date
Marilu	15 April 2019	\$250,000	Transfer date
Veca VX	15 April 2019	\$10,000,000	Transfer date

These agreements are summarised in further detail in paragraph 10.9 of part VII of this document. The Sellers have agreed to receive the consideration payable on 28 February 2018 by no later than 5 March 2018.

The deferred consideration payments are secured by a charge over the shares in One-Valley (Peru) in favour of certain of the Sellers. The obligations of One-Valley (Peru) under the Acquisition Agreements have been guaranteed by the Company. In the event that One-Valley (Peru) is in breach of any of its contractual obligations under the Acquisition Agreements and such breach is not remedied within 15 business days of receiving a notarised notification of such breach, the Sellers are entitled to retain all funds received and exercise their security and or take back possession of all assets, concessions and property transferred.

The Acquisition Agreements also include a forty-five day option to acquire the business and assets of Jongos E.I.R.L being a tolling plant adjoining the Minaspampa Project with the capacity for processing 150 MTD for \$3 million. This acquisition is subject to due diligence.

Further details of the Acquisition Agreements are set out in paragraph 10.9 of part VII of this document.

The Company has also acquired two processing (tolling) plants located in the Oro Pesa and Ximenita de Casma Concessions in which it has an interest, in the Arequipa and Ancash regions. The Company acquired the Oro Pesa Concession in July 2016 for an aggregate consideration of \$200,000. The Company acquired the Ximenita de Casma Mining Concession in March 2017 for \$750,000, \$250,000 of which was paid on 15 July 2017, \$200,000 was payable on 15 January 2018 and the balance of which is due on 15 January 2019. The Company also entered into an option agreement in March 2017 to acquire the Ximenita de Casma II and III Mining Concessions for a consideration of \$750,000, \$150,000 was payable on 15 December 2017, \$100,000 is payable no later than 15 July 2018, \$100,000 is payable no later than 15 January 2019 and the balance of \$400,000 is payable no later than 15 December 2020.

Further details of the relevant acquisition agreements and option agreements are set out in paragraphs 10.10 to 10.20 of part VII of this document.

The Company is in dispute with the seller regarding the outstanding payments of in aggregate \$350,000 and has given notice of a claim for breach of warranty. The seller has issued a notice of claim in respect of the failure to make these payments. In the event that the dispute leads to arbitration, which in the Board's opinion is unlikely given the quantum of the claim, and the Company loses the arbitration, this could lead to the Company losing the Ximenita de Casma Project. Further details of this dispute are set out in paragraph 15.3 of part VII of this document.

The Company's initial business model for the tolling plants is to service the needs of the regulated artisanal, small-scale mining community and small mine owners which surround the processing plants and concessions by purchasing ore from them for processing and exporting the resulting Doré Bars for sale in Dubai.

The gold tolling operations will generate cash flow to invest in further exploration and development of the Minaspampa and Rosario Projects. The Company also holds rights to explore, mine or extract its own ore for processing in the concessions where each tolling plant is located.

The tolling plant at Oro Pesa is expected to commence operation in the first quarter of 2018 and the tolling plant in Ximenita de Casma is expected to be operating within the first 6 months following Admission. The Company is currently authorised to operate each of the processing facilities for up to 350 MTD of ore.

The Company's Oro Pesa processing plant in Arequipa has the capacity to process approximately 135 MTD and the Company has invested in plant and equipment for the purpose of increasing its capacity to 350 MTD. The Oro Pesa processing plant is expected to be operational and cash generating during the first quarter of 2018. The Company intends to increase production at the plant progressively over the first 24 months of its operations. Similarly, the Ximenita de Casma processing plant in Ancash is being commissioned and is expected to be operational during the second quarter of 2018. The Ximenita de Casma processing plant will have an initial capacity to process 135 MTD.

The Group’s strategic objective is to become a leading Peruvian precious metals producer. The Company aims to achieve this by:

- acquiring quality assets (such as strategically placed tolling operations close to feedstock, brownfield development opportunities with attractive returns and exploration acreage);
- operational excellence (developing projects on time and on budget, with a proven track record of best in class operators, multidisciplinary board and management);
- accountability and responsibility (a clear focus on safety and environmental stewardship, working with stakeholders to create tangible and sustainable benefits); and
- capital discipline (in allocating capital to create value, maintaining a strong and healthy balance sheet and extensive reach to access capital markets).

The Company is currently reliant on a facility provided by Mr David Sumner, a Director, to support the funding of the further consideration payable under the Acquisition Agreements and to support the working capital requirements of the Company. Once the Company’s tolling operations commence, the Company intends to raise finance through debt and/or equity to reduce the Company’s reliance on the Director Loans.

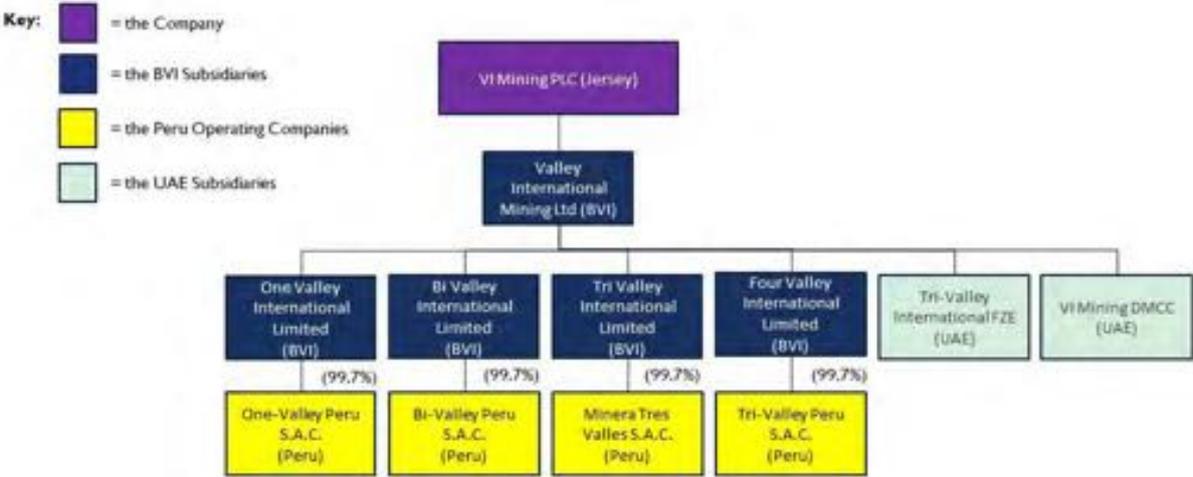
The mineral potential of each of the Company’s Projects is supported by and discussed in the relevant geological surveys and technical reports set out in Part III of this document.

The Company will participate in community engagement initiatives in order to maintain its social licence to operate its Projects within the different regions of Peru. The Company understands the need to implement systems for its operations which also benefit regional communities. The Company will seek to cultivate a good relationship with community members including helping the local workforce develop their skills base, thereby improving their ability to work and their ability to support their families. As part of its corporate social responsibility initiative the Company has a number of plans including supporting vulnerable people in the areas in which it operates.

The Company has an experienced in-country management team with a proven track record in the development of mining activities in Peru for Fortune 500 mining companies, as well as a Board with in-depth knowledge of capital market transactions. The Company has also engaged the services of the Advisory Board to equip it with additional in-country expertise and the ability to deal with specific issues in the Peruvian mining sector and support its engagement with the local communities and its corporate social responsibility initiatives.

2. VI Mining PLC – Group Structure

The operational office of the mining operation is located in Peru. The Company's management and executive team is based across Dubai and Peru. The operational management team has extensive experience of the Peruvian mining sector and the regulatory regime in which it operates. Further details on the Company’s management team are referred to in paragraph 10 of this Part I below. The Company’s registered office is in Jersey. The corporate structure of the Group is set out below:



The Company has provided a charge over the shares in One-Valley (Peru) in favour of certain of the sellers securing the One-Valley (Peru)'s obligations to pay the deferred consideration amounts under the terms of the Acquisition Agreements.

On Admission, Mr. David Sumner, the Company's Chief Executive Officer, will hold 51.75 per cent. of the Shares. Mr Zeitlin, the Company's Chairman, has provided Mr Sumner with a proxy giving him voting powers over his Shares. Each of Mr Sumner, Mr Zeitlin and Mr Giorffino have entered into Relationship Agreements with the Company setting out certain principles that they will adhere to in relation to exercising their votes over their Shares and Mr Sumner has agreed not to increase his shareholding by converting accrued salary into further Shares.

3. Working Capital

The Group's working capital requirements are supported by the Director Loans. The Company will seek to refinance these loans as soon as practicable following Admission with the intention of replacing the facilities with an arm's length facility on commercial terms. £39 million of Mr Sumner's loans with the Company are supported by legally binding back to back loan agreements with third parties, one of whom, being a member of the Board, is related to the Company. The Board has received comfort from such parties that they have sufficient liquid funds in place to support those back to back loans.

The Company has also entered into a loan agreement with Tassili Jewellery LLC ("Tassili") for \$2,500,000. The Company has drawn down the \$2,500,000 in full. Pursuant to the terms of the loan, the Company has agreed to deliver to Tassili 8,000 oz of gold bullion at a discount of 4% to LBMA Gold Price PM on the date of shipment, the estimated delivery schedule anticipates delivery of 1,080 oz in March and April 2018, 2,521 oz in May 2018 and 3,601 oz in June 2018 with the balance being delivered in July 2018. The loan facility is repaid out of 25 per cent. of the consideration payable for each consignment received by Tassili until the amount outstanding is repaid and is repayable in full by 31 July 2018.

4. The Business Strategy

The Group's strategic objective is to become a leading Peruvian precious metals producer. The Company's business model is based on acquiring high quality assets and projects with significant upside potential from streamlining operations and further targeted exploration.

The Company's tolling business will support this objective. The tolling business model is based on acquiring and processing ore from surrounding small-scale, artisanal regulated miners and mines (who are in the process of, or who have completed, the Formalization process) to generate cash flow to invest in exploration and brownfield development projects in the most prospective regions of Peru.

The Board has successfully demonstrated its ability to deliver on the first phase of its strategy and key objectives by contracting to acquire high quality assets including the Minaspampa and Rosario Projects, as well as the tolling businesses.

The Directors believe that the acquisition of the Minaspampa and Rosario Projects, two leading assets based in the La Libertad region of Peru, and the Company's ability to be generating cash from the processing and tolling of existing ore and ore acquired from the surrounding mining community should make the Company an attractive proposition for potential investors. By allocating capital generated from operations in a disciplined way to its high quality growth assets, through organic growth from exploration and streamlining operations, the Directors intend to maintain a strong balance sheet as the Company develops.

In the longer term, the Company will allocate capital generated from operations to acquire high quality brownfield development projects as well as exploration on its existing Concessions.

To progress this strategy, the following steps have been taken by the Company:

- The Company has contracted to acquire the Rosario Project, historically producing and currently in care and maintenance, and the Minaspampa Project (to be closed for 8 months following acquisition), which will allow it to operate two assets with mining infrastructure and processing plants.
- Two separate processing plants have been purchased (for the Oro Pesa and Ximenita de Casma Projects) and they are expected to be assembled on site and operational in the first and the second quarter of 2018 respectively.

- The Company has invested in the tolling business and related exploration. The Company has also invested in exploration in the Minaspampa Project and upgrading the technical reports for both the Minaspampa Project and the Rosario Project.
- All relevant mining permits and licences will either be transferred or will be applied for.
- The Company has appointed local contractors with proven relationships and track records, to construct the processing plants at the Oro Pesa and Ximenita de Casma Projects and to negotiate with local miners on the acquisition of ore. The Company is also in negotiations with APEX Geoscience Ltd. to advise the Company in relation to maximising the opportunities at the Minaspampa Project and streamlining the production process in order to maximise recovery and identify key targets for further exploration.
- The Company is in negotiations to acquire a further two Mining Concessions in proximity to the existing Oro Pesa Concessions. The seller has indicated to the Company that an estimated 10,000 MT of pre-extracted ore is ready for processing and is located in situ at these Concessions. If acquired, this amount of ore would provide the Oro Pesa processing plant with approximately 2 months' worth of ore to process at its current capacity and processing rates.
- The Company has engaged the services of an Advisory Board to assist with Peru-specific matters which may affect its Projects. The members of this board have been chosen for their experience in the mining sector and skills in areas such as corporate social responsibility, geology, legal and regulatory.
- The Company has agreed terms, subject to contract, with a gold refinery in the UAE to purchase and refine the Doré Bars produced from the Oro Pesa and Ximenita de Casma Projects. In the short term the Company has agreed an offtake arrangement with Tassili Jewellery LLC pursuant to the terms of the Tassili Facility.

The Tolling Model

The relevant Peruvian operating companies will purchase ore delivered to the processing plant by artisanal miners surrounding the Oro Pesa and Ximenita de Casma Projects. The ore is sampled and analysed by the Company's geologists (or sub-contracted geologists), and by APEX Geoscience, based on-site at the relevant project. Artisanal miners are paid for ore based on the purity and characteristics of the ore delivered to the plant, as assessed by the geologists.

Ore delivered to the processing plants is then processed into Doré Bars, labelled and exported to the UAE for onward sale. On arrival in the UAE, Doré Bars will be assayed and assessed following which VI Mining (DMCC) will, pursuant to a gold buy/sell contract with the relevant Peru Operating Company, purchase the Doré Bars for immediate onward sale to a refining company for further processing.

Purchasing Ore

The processing operations at Ximenita de Casma and Oro Pesa project sites will purchase ore from local artisanal miners. The artisanal miners deliver the ore to the Company's project sites. The Company's metallurgist team take a series of samples from the supply, and crush, separate and evaluate the gold content of the sample at on-site laboratories. From this, the gold content of the ore supplied is estimated and a purchase price agreed.

The Company will only purchase ore from legal miners. The Company's compliance officer in Peru verifies that the miner is operating legally by confirmation with the relevant local authority (including regional director of mining) and checking the miners' registration with SUNAT, the Peruvian tax authority. The compliance officer will then approve the payment to the miner for ore delivered to the Company's processing plants by electronic funds transfer.

Gold Sales

The Company will process purchased ore into gold Doré Bars. Doré Bars will be boxed at and couriered by a reputable secure-logistics provider (such as Prosegur, or an equivalent) for shipment to Dubai, UAE.

On arrival in Dubai, the refinery will assay a sample of the Doré Bars and agree a purchase price with the Company's sales-and-marketing subsidiary VI Mining (DMCC). VI Mining (DMCC) then completes a buy-sell immediate purchase contract from the relevant Peruvian subsidiary and remits funds back to the Peruvian subsidiary.

VAT, Taxes and Cash Management

The Peru Operating Companies selling gold will reclaim VAT on all relevant purchases. The sale of gold Doré Bars internally to VI Mining (DMCC) is an export and an exempt supply under Peruvian tax legislation. VAT returns will be prepared and filed monthly by the Group's Peru finance team.

Each entity in the Group has or will have its own bank account. Cash balances are reconciled weekly and all cash balances are managed centrally.

Supply agreements

The Company will encourage miners delivering ore to its processing plants to enter into supply or offtake agreements in order to provide a degree of certainty and consistency in the supply of feedstock for its processing plants from artisanal miners.

5. Summary of the Concessions

Set out below are key highlights and further details of each concession, and information extracted from the relevant Technical Report or Geological Survey:

I. Minaspampa – Exploration & Extraction Project

Key Highlights

- The Minaspampa Project covers approximately 3,500 Has in a mineral rich region, located 120 kilometres from Tujillo. The Minaspampa Project currently comprises seven Concessions and following completion of the acquisition of all of the Concessions, the Company intends to apply for the Concessions to be grouped into one administrative economic unit ("UEA"), currently only two Concessions, Patrick Almendra I and Kevin III comprise the Minaspampa UEA. This will have the benefit of simplified reporting of activities to the Energy and Mining Ministry and also will mean that minimum mining production targets will apply to the UEA rather than each Concession.
- Mining operations at the Minaspampa Project commenced in September 2011 and were halted in October 2013. During that period the Minaspampa Mine produced 65,891 ounces of gold and 225,500 ounces of silver from mining 10.4 million tonnes of ore with an additional 2,028 ounces of gold and 43,184 ounces of silver produced in 2014 from reprocessing about 800,000 tonnes of material from existing leach pads.
- Exploration commenced in 2017 and a total of 23,975 surface (soil) samples with an aggregate of 53,224m were undertaken between 2007 and 2014 on the Minaspampa property.
- The project has a fully functional modern leach and gold recovery plant and all associated infrastructure, as well as a completed NI 43-101.
- Production has been suspended at the Minaspampa Project and the Company intends to suspend production for 6-9 in order to carry out further exploration and optimise the operations. The Company will need to re-apply for the licences required to operate the Project.
- The geological assessment of the project suggests high potential to identify additional resources, including some higher-grade resources.
- One of the mining Concessions, Patrick Almendra I, is subject to a royalty agreement and separately is subject to a mortgage in favour of a third party in respect of an amount of \$3,000,000. The Acquisition Agreements include an obligation on all of the Sellers to procure that the mortgage is removed before the transfer of the Concession and further includes an obligation on the Sellers to either terminate the royalty agreement or assume liability for any royalty payments and an indemnity in respect of any claims in relation to such royalties.
- Following the Acquisition, One-Valley (Peru) is obliged to provide a financial guarantee to the Mining Authority of \$1,881,000 in relation to the mine closure plan for the Minaspampa Project. One-Valley (Peru) may provide real estate as security for this guarantee.
- The Mumulca Dos Concession is unregistered, following its transfer on 2 February 2018 to One-Valley (Peru), One-Valley (Peru) will apply for the Concession to be registered in its name.

Introduction

The Minaspampa property is located near the village of Casgabamba within the Sarin district of the Sánchez Carrión Province of the La Libertad Department in northern Peru. Minaspampa is approximately 450 (kilometres) km due north, of Lima, the capital of Peru. The coastal city of Trujillo lies 120 km to the west. Compania Minera Minaspampa S.A.C. (CMMP) holds the rights to 7 contiguous mining concessions covering 3,500 Has within the Sarin district. The recently mined area and associated infrastructure of leach pads, holding ponds, waste dumps and the milling facility comprises approximately 400 ha. The remainder of the property has seen little modern exploration.

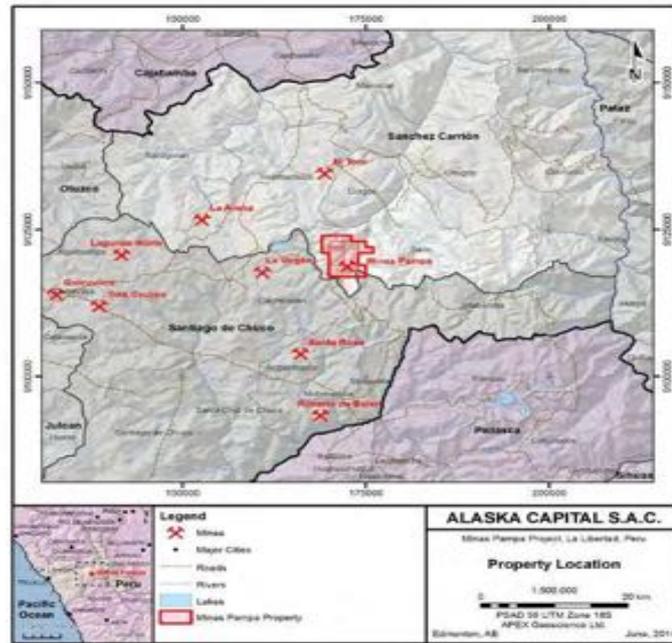


Figure 1 – Map of Minaspampa location

Concesion No.	Concesion Name	Owner	Options/Contract Miner	Area (ha)
03002899	Patric Almendra I	Compania Minera Minaspampa S.A.C.	Compania Minera Minaspampa S.A.C.	1,000
03001303	Karin II	Compania Minera Minaspampa S.A.C.	Compania Minera Minaspampa S.A.C.	600
030007903	Veca XV	S.M.R.L. Veca XV	Compania Minera Minaspampa S.A.C.	600
030004001	Paula Isabel V	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	200
030004701	San Pablo 3E	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	400
010320407	La Codiciada de Oro N° 1	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	200
010042006	Munaca Dos	Title Not Provided	Compania Minera Minaspampa S.A.C.	300
Total				3,500

Figure 2 – Minaspampa Mining Concessions*

(See Minaspampa NI 43-101 Section 4 * note La Codiciada de Oro Concesion was registered in the name of José Ricardo Sanchez Miranda at the date of transfer to the Company)

History

Artisanal workings in the area date back to the early 1900's. As is typical with these informal workings, no production records are available. In 2007 and 2008 S.M.R.L. Veca XV (Veca) conducted initial surface sampling over the Minaspampa Property which was known as the Veca XV project at the time. Compania Minera Minaspampa S.A.C. (CMMP) took over the exploration of the Minaspampa Project in early 2008 and completed detailed channel sampling and reverse circulation drilling in 2009 and 2010 which culminated in commencing mining operations in September 2011. Exploration on the Minaspampa

property has continued through to present day and has resulted in the identification of a couple of early stage prospects named Bravo and El Milagro outbound of the main mine workings at Tajo Minaspampa (Figure 2). The 2007 through to present exploration is summarized in Figure 2. Drill intersections discussed below are not necessarily representative of the true width of the mineralization, the listed and discussed widths represent drill intersection widths.

Production from the main Minaspampa pit (outlined in Figure 2) commenced in September 2011 and continued through to October 2013. A total of 65,891 troy ounces (oz) of gold (Au) and 225,467 troy ounces of silver were produced from 10,353,599 tonnes during the operational span of the mine. The mine also “re-mined” an additional 800,000 tonnes of leach pad material by ripping, moving and re-leaching existing leach pad ore and produced an additional 2,028 ounces of gold and 43,184 ounces of silver in early 2014 between January and April.

Type of Work	Year								Total
	2007	2008	2009	2010	2011	2012	2013	2014	
Surface Sampling	2592	1319	720	1209	6719	1125	8904	1387	23975
RC drillholes			47	38		135	191	3	414
RC drill meterage			6643.5	6522		14455.5	25327	276	53224
RC drill samples			4385	4346		8353	16878	276	34238
Diamond drillholes							5		5
Diamond drill meterage							1113.85		1113.85
Diamond drill samples							475		475
Geophysics (n-km)(IP)							22.5		22.5
Geophysics (n-km)(Mag)							18.4		18.4

Figure 3 – Minaspampa Historic Exploration Work Summary

(See Minaspampa NI 43-101 Section 6)

Conclusion

The Minaspampa Project has been primarily explored for epithermal gold and silver mineralization with the most recent period of mining activities and production occurring between September 2011 and October 2013, save for more recent exploration since August 2017. The recently mined area, covering roughly 400 Has, is considered to be an advanced exploration area, while the rest of the property, which totals 3,500 Has, has seen little modern exploration and is at an early stage of exploration. Significant capital expenditure will be required to identify further resources in order to consider restarting the mining operation. The Company is planning to invest an initial \$3.6 million in exploration in the first half of 2018. The potential is considered high to identify new resources, including some higher grade resources, but it will require significant expenditure on exploration in order to identify new mineable mineral resources. The positive for the project is the presence of a fully functional and permitted modern leach and gold recovery plant and all associated infrastructure and permitting, along with excellent potential to identify future mineable resources associated with Chimú Formation rocks. However, the plant and the infrastructure in conjunction with future mine closure costs potentially represent a significant liability in the Project’s current state without a significant mineable resource that can sustain the operation.

The presence of fairly extensive historic artisanal workings within the recent mine workings area as well as outside of the current modern mine workings serve to confirm that precious metal mineralization within the property is not solely contained within the mined area but is much more widely spread.

(See Minaspampa NI 43-101 Section 20)

II. Rosario – Exploration & Extraction Project

Key Highlights

- The Rosario Project covers approximately 13,000 Has in a mineral rich region, approximately 240 km from Trujillo.
- The Rosario Project was operational for approximately five years between 2008 and 2013 producing 394,742 oz silver and 23,310 oz per gold during this period. The project consists of an open pit mine, heap leach, Merrill Crowe facility and all related infrastructure for a mining operation of this size.
- The Rosario Project was explored for nine years between 2003 and 2012. During this time, a total of 16,242 surface (soil) samples and 15,831 geochemical (lithologic) samples were collected and 14,121.5m (158 drill holes) were drilled.
- The geological assessment of the project suggests strong potential for the discovery of multiple additional bodies.
- One of the mining Concessions, El Obillo Tres, is subject to a royalty agreement. The Acquisition Agreements include an obligation on the Sellers to either terminate the royalty agreement or assume liability for any royalty payments and an indemnity in respect of any claims in relation to such royalties.
- The Luisa Fernanda benefit concession relating to the right to process ore is unregistered. On completion of the transfer One Valley (Peru) will apply for its registration.

Introduction

The Rosario Project is located within the extreme south-eastern portion of the Inca Norte Mining District (aka Plano Geological District) which occurs in the Santiago de Chuco Province, Department of La Libertad, Perú, S.A. The mine site is reached by traveling 551 km north from Lima to the coastal city of Trujillo situated on the Pacific Ocean. Paved and gravel roads thence extend 168 km east to the provincial capital of Santiago de Chuco. Subsequently, well-maintained gravel roads respectively progress 47 km east to Angasmarca, 21 km south to Quillupampa, and finally 6 km east to the multiple open pits of the Rosario project mine complex. The Rosario Project is comprised of four (4) mining concessions (1,684.617 Ha) and 23 tracts (794.6 Ha) of directly-owned surface rights.



Figure 4 – Map of Rosario de Belén location

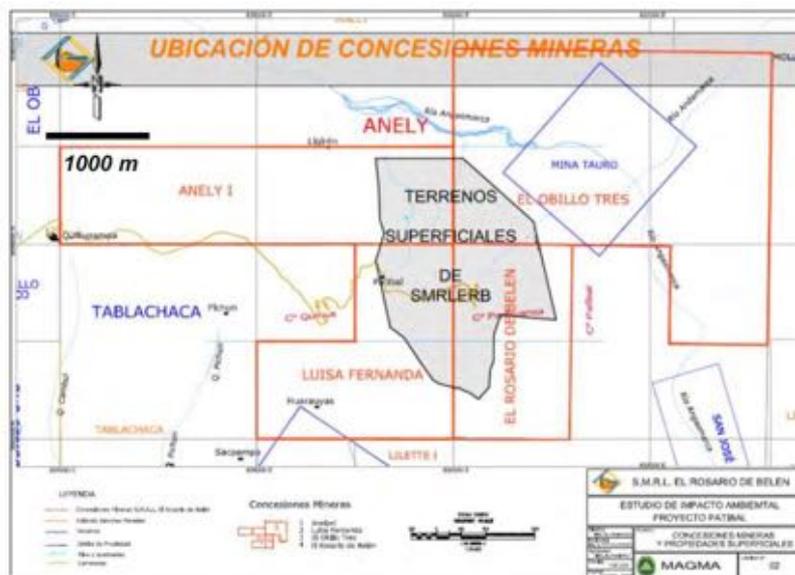


Figure 5 – Map of Rosario de Belén mine

(See Rosario CPR 1.1 and 1.4)

History

SMRL Bethlehem Rosary commenced the first basic exploration campaign in the El Rosario de Belén area in 2003. Subsequently, from 2004 through to mid-2007, an advanced exploration drilling campaign was undertaken where a total of 104 holes were drilled with an aggregate footage of 4870.5m. Century Mining then began their operations in 2007, which was completed in May 2008. The work they conducted consisted mainly of surface geochemistry in the Los Gentiles and Patival East Chapel Areas. They also undertook 10 RCDHs with a combined total of 381m. In the second half of 2008, SMRL Bethlehem Rosario assessed geological targets under the supervision of Señor Darling “Charlie” Montoya. Fifteen mineralized polygons were derived over the Patival Exploration Target and outlined mineralized material calculated to contain 3298.6 oz of gold. Mine development commenced in March 2009, with the commissioning of the Gentiles open-pit. Between 2009 and 2011, Gentiles and five other similar silver-gold exploration targets were defined by geology, geochemistry, and geophysics and subsequently drilled.

(See Rosario CPR Section 6.1)

Estimate of Mineral Resource and Potential

A total of 16,242 surface (soil) samples, 15,831 geochemical (lithologic) samples, and 158 drillholes with an aggregate of 14,121.5 m have been undertaken between 2003 and 2012 on the Rosario property. The six zones of surface mineralization defined by all of the preceding are in a mature state of development. Since 2006, silver and gold have been mined via open pit methods and profitably extracted via heap leach cyanidization and recovered with Merrill-Crowe electro-winning technology. Exploration for other similar structo-stratigraphically controlled disseminated silver-gold manto-type deposits to supplement the existing production is an on-going activity but could be accelerated. The potential is excellent for the discovery of multiple additional bodies on the Rosario concessions via integrated detailed geological mapping, geophysics, and rock and soil geochemistry followed by drilling.

(See Rosario CPR Section 1.5)

Conclusion

The SMRL El Rosario de Belén Mine Group is a proven sustained economic producer of silver and gold via open pit/heap leach mining methods. The six individual mineralized zones comprising the group were identified through the application of integrated geology, geophysics, and geochemistry and subsequently confirmed by drilling. Four of the preceding zones have been profitably placed into production. The author of the CPR concluded on the basis of the success of the previous exploration and development that excellent potential exists on the property for the discovery of other similar deposits. With regard to

existing mining operations on the SMRL El Rosario de Belén property, the recovery of both silver and gold might be significantly improved if material placed on the heap leach pads was first crushed to a yet-to-be determined optimum size prior to cyanidation. Currently, raw mine-run with cobbles as large as 15.4 cm in diameter constitute 100 percent of the charged pad. Some other large mines of the same type within the Inca Norte District crush mine-run to <4.0 cm in diameter prior to loading the heap leach pads. Studies will be conducted on the subject property in order to determine the cost effectiveness of reducing the mine-run to various size-fractions in order to achieve increased recovery of silver and gold.

(See Rosario CPR Section 1.7)

III. Oro Pesa – Arequipa Gold Processing Plant & Exploration Project

Key Highlights

- On 12 July 2016 Minera Tres (Peru) acquired the legal title to the Oro Pesa I, II, III and IV Mining Concessions, together with the processing plant and related equipment for \$250,000 together with the payment of the royalty referred to below. Further details of the agreements to acquire the Oro Pesa Concessions are set out in paragraph 10.20 of Part VII.
- The Oro Pesa project covers 1,000 Has in the Arequipa region. The plant and concession are located in one of the richest ore producing regions of Peru, adjacent to major mines.
- Minera Tres (Peru) owns 100% of the Oro Pesa Concessions. Pursuant to the terms of the agreements to acquire the Oro Pesa Concessions, Minera Tres (Peru) must pay a royalty fee to the seller of the concessions of three point five per cent. (3.5%) of the net annual income from sale of all mineral resources extracted from and/or processed in each of the Oro Pesa Concessions. Further details of the agreements to acquire the Oro Pesa Concessions are set out in paragraphs 10.20 of Part VII.
- The Company is in negotiations to acquire a further two Mining Concessions in proximity to the existing Oro Pesa Concessions. The seller has indicated to the Company that an estimated 10,000 MT of extracted and stockpiled ore is ready for processing and is located in situ at these Concessions. If acquired, this amount of ore would provide the Oro Pesa processing plant with approximately 2 months' worth of ore to process at its current capacity and processing rates.
- Under the General Mining Law, DL 1100 and DL 1305, the Company is permitted to process up to 350 MTD of ore at the Oro Pesa processing plant.
- The Oro Pesa processing plant is expected to be operational during the first quarter of 2018.
- Preliminary geology and a geological survey have been completed.
- The exploration team visited fourteen artisanal operations within an 8km radius of the concession, finding that at least 50% of those operations have commercial grade gold to be exploited.
- Exploration of the concession itself has identified future exploration targets for gold, silver and copper amongst other potential minerals.
- The geological assessment of the project suggests a dual approach is feasible, processing a combination of the ore produced from the owned concession and the ore produced from the surrounding artisanal miners.
- An extensive 'Social Engagement Plan' is underway as part of the Company's Social Corporate Responsibility policy to involve the local community.

Introduction

Minera Tres (Peru) commissioned Proyectos La Patagonia SAC (PLP), specialized firm in evaluation, development and management of mining projects, which works on geological issues with the geological consultancy GEXEG, to evaluate the geological potential, for exploration and for mining planning, or for purchasing of gold-bearing ore, to evaluate whether it has the capacity to process more than 50MTD of ore and indicating to what type of metallurgical treatment the mineral would require.

The report also considered the growth potential for production indicating the areas that can contribute to this processing plant (the method of process including cyanidation and flotation if applicable), as well as areas to be considered in the study of mining producers that provide mineral and also areas with potential for modern systematic exploration in order to achieve greater volumes of exploitation and processing.

Between 11 August 2016 – 24 August 2016, the field work was carried out by the staff of GEXEG geologists, experienced and junior assistants. A second field visit was held between 22 March 2017 to 29 March 2017. A final field review was conducted between 5 May 2017 – 7 May 2017.

(See Geological Survey I Section 1)

Location and Mining Concession

The Oro Pesa project is located 48 km north of the city of Atico. Politically speaking, it belongs to the jurisdiction of the province of Caraveli, in the department of 8 Arequipa.

The closest mines in operation are Rey Salomón (3km NE), Calpa (11km NE) and Esperanza (7km SW). Montan Mining Corp acquired the Rey Salomon mine in July 2016.

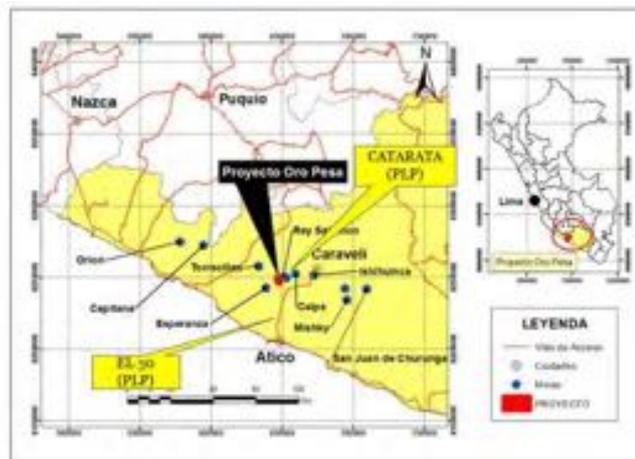


Figure 6 – Map of Oro Pesa location

The Oro Pesa project is composed of four mining concessions, which make a total of 1,000 Has, 100% owned by Minera Tres (Peru).

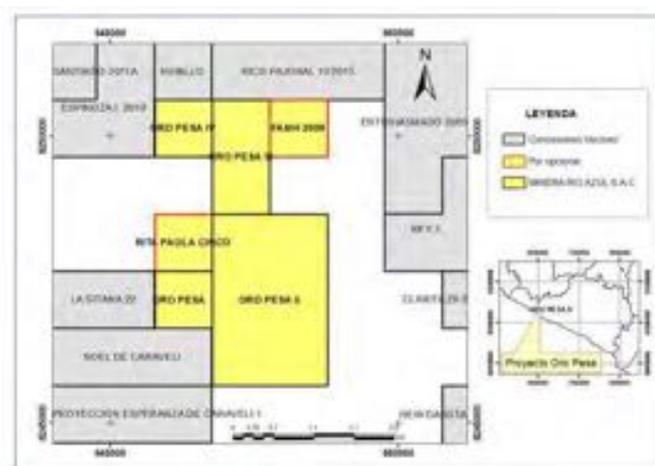


Figure 7 – Map of Mining Concessions of the Oro Pesa mine

(See Geological Survey I Sections 3 and 4)

Conclusion

The development and exploitation tasks do not have a map-based approach and often leave the axis of mineralization. The veins have irregular "pinch and swell" type geometry of different lengths and widths,

but the largest widths do not always have the best grades. There is mineralization with grades higher than 5 g/t Au, for widths greater than 0.80m. However, there are also vein segments with much larger grades and smaller widths that are done with the method of cutting and filling upward and “circado” selective. A structural control found is that the veins on structural systems N310 to 315° are less continuous in strike and width, but of higher grade than the veins of system N275 to 280°. Every vein pulse must be analysed separately. Mineralogy is simple with dominant pyrite followed by chalcopyrite. This simplicity is reflected in the good metallurgical recoveries achieved by preliminary tests. These are deposits of gold-bearing orogenic veins. There is the potential to find reserves and resources that support a constant production rate of greater than 50 MTD in oxides and the same or more in sulfides.

(See Geological Survey I Section 18)

IV. Ximenita de Casma – Ancash Gold Processing Plant & Exploration Project

Key Highlights

- The Ximenita de Casma project comprises a mineral processing plant and three Mining Concessions known as Ximenita de Casma, Ximenita de Casma II and Ximenita de Casma III. The processing plant is owned by Bi-Valley (Peru), Ximenita de Casma by Z.L. Mining and Ximenita de Casma II and III owned by Mr Rios subject to an option in favour of Bi-Valley (Peru).
- On 17 March 2017 Bi Valley (Peru) acquired the processing plant at Ximenita de Casma pursuant to the terms of an acquisition agreement for \$300,000. The processing plant is expected to be operational by the second quarter of 2018.
- On 17 March 2017 Lucianno Giorfinno acquired the entire issued share capital of ZL Mining which owns the Ximenita de Casma gold Mining Concession for an aggregate consideration of \$750,000 payable over a deferred period. Further terms of the share purchase agreement are set out in paragraph 10.11 of Part VII. Lucianno Giorfinno holds the shares for the benefit of the Company pursuant to an agreement dated 11 August 2017 further details of which are set out in paragraph 10.16.
- On 17 March 2017 Bi-Valley (Peru) entered into an option agreement with Mr. Rios to acquire the Ximenita de Casma II and III gold Mining Concessions for an aggregate of \$750,000 payable over a deferred period. Further terms of the option agreement are set out in paragraphs 10.12 to 10.13 of Part VII.
- The Company is in dispute with the seller regarding certain outstanding payments totalling in aggregate \$350,000 and has given notice of a claim for breach of warranty. The seller has issued a notice of claim in respect of the failure to make these payments. In the event that the dispute leads to arbitration, which in the Board's opinion is unlikely given the quantum of the claim, and the Company loses the arbitration, this could lead to the Company losing the Ximenita de Casma Project. Further details of this dispute are set out in paragraph 15.3 of part VII of this document.
- Pursuant to the Ximenita de Casma agreements referred to above, the Group controls the interest in the Ximenita de Casma, Ximenita de Casma II and Ximenita de Casma III Mining Concessions together with the associated processing facility located in the Ximenita de Casma Concession. A summary of the Ximenita de Casma agreements is set out at paragraphs 10.10 – 10.19 of Part VII of this document. These include a royalty payment of 3 per cent. of net smelter returns (being income taken out of the sales of mineral concentrate or from each of the Concessions payable to the sellers).
- The Ximenita de Casma gold Mining Concession covers approximately 2,000 Has in the Ancash region, which is one of the richest ore producing areas of Peru and is located adjacent to other major mines.
- Under the General Mining Law, DL 1100 and DL 1105 the Company is permitted to process up to 350 MTD of ore at the Ximenita de Casma processing plant.
- The Company estimates that only 20% of the Concession has been explored. The Company intends to carry out targeted exploration across the balance of the Concession by June 2019.
- Preliminary geology and a geological survey have been completed, a copy of which is included in Part III of this document.
- The exploration team visited seven artisanal mining operations within a 15km radius of the concession, finding that at least 70% of those operations have commercial grade gold to be exploited.

- Preliminary exploration of the Concession itself also indicated future exploration targets for gold, copper and zinc amongst other potential minerals.
- The geological assessment of the project suggests a dual approach is feasible, processing a combination of the ore produced from the owned concession and the ore produced from the surrounding artisanal miners.
- An extensive ‘Social Engagement Plan’ is being developed as part of the Company’s Social Corporate Responsibility policy to involve the local community.

Introduction

Bi-Valley (Peru) commissioned Proyectos La Patagonia SAC (PLP), which is a firm specialized in evaluation, development, and management of mining projects, which works with GEXEG on geological issues. PLP-GEXEG assessed the Ximenita de Casma project and surrounding areas to evaluate the geological potential for exploration and mining or purchasing of gold-bearing ore to initially process 50 MTD of ore and to determine to what type of metallurgical treatment the mineral would correspond.

The report also considered the growth potential for production indicating the areas that can contribute to this processing plant (the method of process including cyanidation and flotation if applicable), as well as areas to be considered in the study of mining producers that provide mineral and also areas with potential for modern systematic exploration in order to achieve greater volumes of exploitation and processing.

Between 2 April 2017 – 7 April 2017, the field work was carried out by the staff of GEXEG geologists, experienced and junior assistants with a final field review between 8 May 2017 and 10 May 2017.

(See Geological Survey II Section 1)

Location and Mining Concession

The Ximenita project is located 22 km northeast of the city of Casma. Politically speaking, it belongs to the jurisdiction of the district of Buena Vista, province of Casma, department of Ancash.

The mine is located in the Casma map (Figure 8), with altitudes varying from 400 and 900 MASL.



Figure 8 – Map of Ximenita de Casma location

The Ximenita project is composed of three mining concessions, called Ximenita de Casma, Ximenita de Casma II and Ximenita De Casma III, which make a total of 2,041.07 Has owned by ZL Mining and Mr. Rios (subject to an option in favour of Bi-Valley (Peru)).

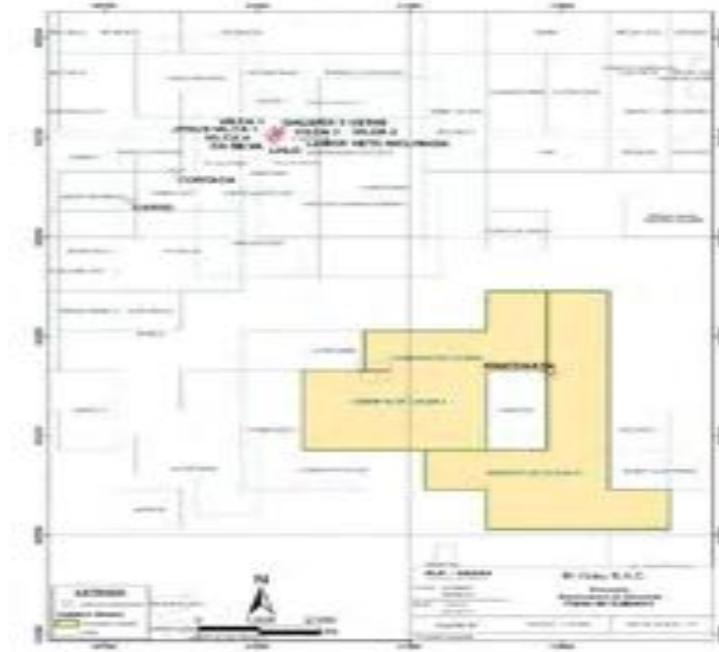


Figure 9 – Map of Ximenita de Casma mine

(See Geological Survey II Section 3)

Conclusion

The development and exploitation tasks do not have a plan-based approach and often leave the axis of mineralization. The veins have irregular "rosary" type geometry of different lengths and widths, but the largest widths do not always have the best grades, with exceptions. There is mineralization with grades higher than 5 g/t Au for widths greater than 0.80m. However, there are also vein segments with much higher grades and smaller widths that are extracted by the method of cutting and filling upward and "circado" selective. There are 2 structural control systems: fractures-faults NNW and NE, which should be researched more with mapping. The headings visited presented more mineralized structures towards the NE. The mineralogy is simple with dominant pyrite and arsenopyrite, and, locally, chalcopyrite, galena and sphalerite. There is potential to find reserves and resources that support a constant production rate of more than 50 MTD in sulfides and to a lesser extent in oxides, but both cases should be studied in more detail.

(See Geological Survey II Section 16)

6. Peru and Mining Background

Peru Overview

Peru is a global leader in the mining industry and one of the world's biggest producers of base and precious metals, as well as the second largest producer of copper in the world after China. Peru is also a major producer of gold, and silver, among other minerals.

Peru enjoys political and macroeconomic stability, proven by a steadily growing economy, which is largely driven by mineral production. The high rates of production have attracted a large amount of investment into Peru's mining sector. The Minister of Energy and Mines has indicated that in 2017 Peruvian mining projects will attract estimated investment of over USD\$ 46.4 billion.

Much of the country is subject to exploration, leaving significant potential for future development. Peruvian law promotes and supports the security of foreign and domestic investments and, furthermore, Peru has a track record for introducing measures to improve its business climate to attract more investment.

Recent Political History

Peru's political history, like that of most Latin American countries, has swung between civil and military governments since it gained independence from Spain in 1821. However, there have been continuous democratic elections since 1980, the last of which was held in June 2016, when Pedro Pablo Kuczynski, a former Prime

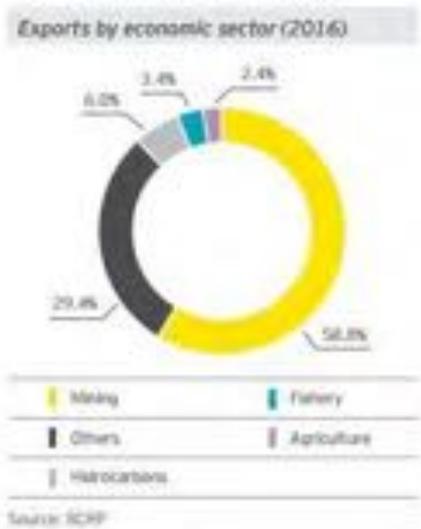
Minister of Peru, was elected president after defeating his opponent, Keiko Fujimori. He was sworn in as Peru’s president on July 28, 2016 and promised an agenda that included supporting mining investment in the country and tackling social problems such as the protests from rural communities opposing mines. While there have been some recent political protests in Peru, the Directors believe these to be isolated instances and that they do not affect their view that Peru is an attractive jurisdiction in which mining companies can operate.

Economy Overview

A country of 31.5 million people, Peru has rich deposits of copper, gold, silver, lead, zinc, natural gas and petroleum. Abundant mineral resources have been found mainly in the mountainous areas.

Mining is the dominant sector of the Peruvian economy and there has been a substantial inflow of investment in to the sector over the past twenty years, which has increased exploration and development activities. Peru counts itself as one of the major producers of mineral commodities in the world and accounts for more than 55% of the country’s exports. Copper and gold are the most important mineral exports by value.

As a country with an abundance of natural resources, Peru exports goods that experience high price volatility while importing goods with lower price volatility, such as industrial goods. Therefore, the country has benefitted from a gradual improvement in its terms of trade since 2000, which has had a positive impact on the trade balance and although the external sector’s contribution to economic growth has been decreasing, exports have stayed strong. The surge of exports in 2016, regardless of the low commodity prices, was due to the increased output of minerals such as copper.



The Peruvian government also pursues investor–friendly policies in order to attract both foreign and domestic investments across various sectors of the economy. Over the past few years it has taken a number of progressive steps in order to establish a consistent investment policy which has reduced obstacles for foreign investors.

Recently, Peru has achieved significant advances in social and development indicators as well as in macroeconomic performance, with dynamic GDP growth rates, reduction of external debt, a stable exchange rate and low inflation. The country’s economic growth has helped to reduce the national poverty rate from 48.5% in 2004, to about 21.8% of its total population in 2015. The Peruvian economy has been growing by an average 5.5% over the last decade, which was largely driven by prudent macroeconomic policies, investor-friendly market policies and aggressive trade liberalisation strategies. It is also expected that the increase in mineral production will support Peru’s economic growth over the next few years even though metal prices have weakened.

Mining Industry in Peru

Peru is the largest gold producer in South America and the sixth largest in the world. Since the Government of Peru introduced laws to better regulate the sector in 2012, gold mining has become a dynamic growth sector for investors. Approximately half of Peru’s GDP is derived from mining activities and the country has the leading GDP growth in the region. Due to the government’s encouragement of mining, together with judicial and political stability, the investment environment is favourable especially for international companies as there is an established

mining infrastructure and no limitation on capital repatriation. This is also partly a result of the scale of the potential opportunity as most of its territory is yet to be subjected to extensive exploration.

Government data show that there are in excess of 200,000 small or artisanal miners working across Peru. At least 20% of gold production in Peru comes from such miners (USD\$ 3 billion per year). Furthermore, Peru has 5% of the world's gold reserves, 21% of its silver and 11% of its copper, according to the most recent data published by the US Geological Survey.

The average grade of gold from these small regulated operations varies between 0.2 and 1 g/t. Government data shows that in the Arequipa region (where one of the Company's projects is located), the processing business is producing more than 285,000 oz per year of gold bullion. Currently, inadequate mineral processing plants are in place to service the small regulated mining community and the Company intends to provide a solution that will significantly address this issue.

Obtaining a social licence to operate is one of the most significant challenges that face any mining company in Peru. Income and regional discrepancies are a constant source of controversy, which have had a negative impact on a number of mining developments. The need for achieving and maintaining a social licence to operate is widely accepted by the mining and metals sector. Mining companies can indicate that the potential benefits of these projects, such as long-term employment opportunities and future development programs, are in the best interests of all the parties involved, including the government and local communities.

7. Legal Framework

The main provisions regarding the execution and development of mining activities in Peru are established in the single revised text of the General Mining Law. It recognizes the following mining activities:

- (i) geological survey;
- (ii) prospecting;
- (iii) exploration;
- (iv) exploitation;
- (v) beneficiation;
- (vi) general mining labour;
- (vii) mining transport; and
- (viii) commercialization.

The performance of geological surveys, prospecting and commercialization activities do not require any special governmental authorization other than compliance with general environmental and civil laws related to surface land access.

Types of concession

Exploration, exploitation, beneficiation, general mining labour and mining transport activities can only be performed by individuals or legal entities that have obtained the following concessions:

- (i) the mining concession – which grants the holder the right to extract or exploit metallic and non-metallic mineral substances in a given space, subject to compliance with minimum production obligations and minimum area stipulations (100 Has);
- (ii) the beneficiation concession - which grants its holder the right to extract or concentrate the valuable part of an aggregate of rootless minerals and/or to melt, purify or refine metals, by means of a set of physical, chemical and/or physicochemical processes;
- (iii) the labour concession – which grants its holder the right to provide ancillary services to two or more mining concessions; and

- (iv) mining transport concession - which grants its holder the right to install and operate a non-conventional mass continuous transport system for mineral products between one or various mining centres and a beneficiation plant or port, or a refinery or in one or more sections of these routes.

Surface Rights

Where surface lands are required for the execution of mining activities, mining titleholders must obtain rights over said surface lands by acquiring property through a transfer agreement or by executing an easement agreement whereby the concessionaire is granted the right to enter, explore and exploit the concession located under the surface rights.

Indigenous Affairs

The Consultation Law dated September 2011 and the Consultation Regulation dated April, 2012, set out the rules at law with respect to procedures relating to the right of prior consultation for indigenous populations in Peru. Under the Consultation Law and Consultation Regulation with respect to mining, a consultation process will be required to be carried out in geographical areas where indigenous peoples live in order to authorize and begin exploration and exploitation activities within the relevant area.

Formalization Process

In Peru, informal mining is defined as follows:

"Mining activity carried out in non-prohibited areas, by natural or legal persons, registered in the Integral Mining Formalization Register, and that complies with the administrative rules and with the conditions laid down in Article 91 of the Unique Ordered Text of the General Mining Law that regulates the conditions to qualify as Small Producer Miner or Artisan Miner."

The DL 1105 decree established the provisions for the process of mining formalization of small-scale mining and artisanal mining in non-prohibited areas. In this sense, a special simplified regime was established.

DL 1105 established six (6) steps for the Formalization process, which begins with the presentation of commitment statement that is entered into the national registry of commitment statements, and concluded with obtaining authorization to start or restart exploitation activities, and / or benefit operation.

At the beginning of 2017, in order to simplify and organize the process of Formalization, the DL 1336 decree was enacted, through which new provisions for the Formalization process were established.

Under DL 1336, the Formalization process was reduced from six to three steps which are:

- (i) approval of the environmental management instrument for the formalization of small-scale mining and artisanal mining or the corrective environmental management instrument;
- (ii) accreditation of property, right or authorization to use surface land; and
- (iii) accreditation of the ownership, contract of assignment or contract of exploitation with respect to the mining concession.

Informal miners who did not start the Formalization process by 2 August 2017 lost their ability to formalize and therefore the validity or legality of their operations is brought into question. Carrying on activities in such case may create liability to penalties of an administrative, civil and criminal nature.

Accordingly, mining holders who have not started the process of formalizing will no longer be within this simplified special regime. Consequently, they will have to use the general regime (under the General Mining Law) in which they must obtain, prior to the commencement of mining operations and activities (exploration, exploitation and benefit), the authorizations for exploitation, exploration and mineral benefit through the ordinary process.

However, all miners who began the Formalization process prior to 2 August 2017 are permitted to continue or carry out mine-related activities in their relevant areas, subject to having the relevant concession rights to do so.

8. Taxation

General

In Peru, the main taxes applicable to business matters in general are income tax, IGV, dividend taxes and net assets taxes. These are summarised in the below table:

<i>Tax</i>	<i>Payable on</i>	<i>Rate</i>
Income Tax	Gross revenues less expenses	29.5%
IGV (value-added tax)	Goods and services	18%
Dividend tax	Dividends	5%
Net assets tax	Capital resources (in excess of 1 million Soles)	0.4%

Taxation for mining activities

Mining Royalty

Miners must pay the Peruvian State for the exploitation of mineral resources. This tax is assessed on quarterly operating profits at a rate ranging from 1 per cent. to 12 per cent. The mining royalty paid is deductible from income tax.

Excise Special Tax

This tax is assessed on quarterly operating profits from the sales of mineral (only metals). The tax rate ranges from 2 per cent. up to 8.40 per cent. according to a sliding scale established by law.

Tax benefits

In order to promote investment in mining, the Peruvian Government offers certain tax benefits to investors including tax stability agreements, recovery of the IGV tax during exploration, exemption of municipal taxes in rural areas, amortization of concession acquisition costs and exploration expenses from the year minimum production is due, among others.

9. Financial Information on the Group

The financial information on the Group is presented in two accountants' reports set out in Parts IV and V of this document. The first of these reports covers the holding company of the Group, VI Mining plc incorporated in May of this year. The second comprises the three-year trading record of the operating subsidiaries of the Group for the three years ended 31 December 2016 together with the unaudited interim results for the six months ended 30 June 2017.

The three-year record shows that the Group has, so far, generated very little revenue. The combined losses are principally due to the cost of employing the Directors.

A pro forma statement of net liabilities is set out in Part VI of this document.

10. Directors, Senior Management and Employees

Directors

The Board comprises four Directors in respect of whom brief biographies are set out below. They have a mix of technical, legal, financial and Peruvian expertise appropriate for the current business activities of the Company. Details of the terms of their employment are set out in paragraph 9 of Part VII of this document.

It is the intention of the Board to appoint a Chief Financial Officer (CFO) to the Board during the first quarter of 2018. In the interim, the finance department of the Company will be overseen by Jorge Acosta, a brief biography of whom is set out below under the heading 'Senior Management'

David Sumner – Chief Executive Officer (Age 46)

Mr. Sumner has over 15 years of experience in developing successful global business platforms focusing on the healthcare, clean technology and mining sectors with a specific interest in UK capital markets. He has sat on numerous private and public company boards in both an executive and non-executive capacity and has been responsible for raising in excess of USD\$ 200 million in debt, pre-IPO and IPO funding. His previous mining experience includes the setting up of TGS Limited, an iron ore exploration project based in Sierra Leone. He is the founding shareholder of the Company.

Lucianno Giorffino – Chief Operating Officer (Age 32)

Mr. Giorffino is a lawyer with more than 10 years of experience in the mining sector having worked alongside a number of national and multi-national companies serving world class projects such as Toromocho, Quellaveco, Pierina, La Granja, Cerro Lindo, Corani, Santa Ana, amongst others. Mr. Giorffino has also provided strategic services to the Mining Committee of Peru's National Investment Promotion Agency – PROINVERSION. He has extensive knowledge of mining asset financing and capital markets. He has published two books, and has participated in lectures and interviews related to the sector. Additionally, he has lectured at several universities and also has been an in-house trainer for the Peruvian authorities in mining related subjects.

Jide Zeitlin – Chairman (Age 53)

Jide J. Zeitlin is an investor. His investment office, the Keffi Group Ltd, has interests in the Middle East, the United States, and Africa. Mr. Zeitlin is also Chairman of Coach, Inc., a designer and marketer of premium handbags and accessories. Prior to 2006, Mr. Zeitlin was a partner at The Goldman Sachs Group, Inc., where he held senior management positions in the investment banking division, including that of global chief operating officer. He served in the firm's executive office.

Mr. Zeitlin serves as a member of the Harvard Business School Board of Dean's Advisors, and of the boards of Affiliated Managers Group, the Nigeria Sovereign Investment Authority (where he is Chairman), the Doris Duke Charitable Foundation, the Montefiore Medical Center, Playwrights Horizons and Saint Ann's School. He is Chairman Emeritus of Amherst College and a Fellow at the Aspen Global Leadership Network, and formerly served on the boards of Milton Academy, Teach for America and Common Ground Community.

Mr. Zeitlin holds an A.B. degree, magna cum laude, in Economics and English and a Ph.D., Doctor of Humane Letters, honoris causa, both from Amherst College, and an M.B.A. degree from Harvard University.

Non – Executive Directors

Aamir Quraishi – Non – Executive Director (Age 47)

Mr. Quraishi has almost 20 years of investment banking experience in Europe, Asia and the Middle East. He joined the corporate finance advisory division of Dresdner Kleinwort Benson in London in 1996 with some time also spent in Tokyo. He joined Libertas Capital Group plc in 2003, successfully building its capital markets practice and then relocated to its Dubai office in late 2007. Prior to his current role as a managing director of a New York headquartered advisory and investment banking firm, Mr. Quraishi worked with MAC Capital Limited, an investment bank operating out of the Dubai International Financial Centre.

Mr. Quraishi began his career at PwC in London where he qualified as a chartered accountant. Between 2005 and 2010, Mr. Quraishi was a qualified nominated adviser for the purposes of admissions to AIM. Mr. Quraishi is an Economics graduate from the University of Cambridge.

Senior Management

Jorge Acosta – Finance Director (Peru) (Age 49)

Mr. Acosta is a seasoned international CFO who started his accounting career as an auditor at SUNAT (the Peruvian Tax Administration) and then held various CFO roles in international companies in Peru, Colombia and

Canada. Mr Acosta is a Peruvian national with Canadian citizenship. He holds an MBA from Tulane University in the United States and a BA in Accounting from Universidad del Pacifico in Lima, Peru. Jorge is based in Lima.

Advisory Board

The Company has engaged the services of the Advisory Board to equip it with additional in-country expertise and the ability to deal with specific issues in the Peruvian mining sector and support its engagement with the local communities and its corporate social responsibility initiatives.

Richard Stoddart – Corporate Social Responsibility (Age 62)

Richard Stoddart is a Peruvian national with Venezuelan and British citizenship.

Mr Stoddart has an extensive background in working in the extractives sector, including: analysing relations between mining companies and host communities in both rural and urban areas; advising on sustainable development programs and social responsibility; and assessing socio-environmental risk for investments in the extractives sector. In addition, he has participated in evaluation of Resettlement Assessment Plans to ensure conformance with internationally accepted standards. He has also led a negotiating team at a Mesa de Diálogo (Dialogue Table) within the framework of successful conflict management.

He has provided advisory services to a number of extractive companies, including: Minera Yanacocha, Southern Copper Corporation, Antamina, BHP Billiton Tintaya and Petrobras.

Antonio Balestrini – Corporate Social Responsibility (Age 61)

Mr. Balestrini is a senior executive with over twenty years of mining experience in Peru and internationally. Antonio has worked for a number of leading multinational mining companies in a wide range of roles - community, public, government & media relations; negotiation; crisis & conflict management. He participated in the launch of Barrick Gold Corporation's Mina Pierina and Mina Lagunas Norte/Alto Chicama gold mines, Chinalco's Mina Toromocho copper mine and Bear Creek Mining's Santana silver and Corani copper polymetallic deposit projects.

Alberto Vargas – Legal (Age 47)

Mr. Vargas is an attorney with a Post graduate in Finance and Corporate Law, a Mining Law, Management and Environmental Social Responsibility degree and a Specialization in Taxation.

He has over 20 years of local and international experience in corporate legal matters advising a large number of companies and investors with specialties in the Mining, Infrastructure and Hydrocarbons sectors for national, foreign and multinational companies, including Minera Barrick Misquichilca SA, leader in the exploration, exploitation and commercialization of gold.

Celso Palacios – Geology (Age 51)

Mr. Palacios is an experienced geologist in project generative, exploration, project developing and mining geology. He has been involved in some new ore-deposit and ore-body discoveries in greenfield and brownfield exploration programs in Peru for precious and base metal deposits. He has worked for more than 26 years for several Peruvian and multinational companies, such as INGEMMET, Cia. De Minas Buenaventura, BISA, Newmont-Buenaventura JV., Billiton and Angogold. His last position was a country exploration manager for Hochschild Mining Plc before founding GEXEG, a geological consultancy firm.

Mr. Palacios obtained an MSc from the Colorado School of Mines, USA. He is a member of the College of Peruvian Engineers, the Geological Society of Peru, Society of Economic Geologists and the Society of Geology Applied.

11. The Placing

Daniel Stewart has, as agent for the Company, pursuant to the Placing Agreement, conditionally agreed to use its reasonable endeavours to procure placees for 10,000 New Shares at the Placing Price. In addition, the Company has procured certain investors to participate in the Placing through a subscription for 1,062,631 New Shares at the Placing Price pursuant to the Subscription Letters. The Placing Shares will be placed with institutional investors introduced by Daniel Stewart in the Placing and investors introduced by the Company who have signed up to Subscription Letters. The Placing will raise approximately £4.49 million (net of expenses) for the Company. The Placing of New Shares will represent approximately 1 per cent. of the Enlarged Share Capital. The New Shares

will be issued credited as fully paid and will, on issue, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital. The Placing is conditional, inter alia, on Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 8.00 a.m. on 2 March 2018 or such later date (being no later than 31 March 2018) as the Company and Daniel Stewart may determine. The Placing Agreement, which contains customary representations, warranties and indemnities from the Company to Daniel Stewart, certain representations and warranties from the Board to Daniel Stewart and certain indemnities in favour of the Company, also contains customary provisions entitling Daniel Stewart to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Daniel Stewart. Application will be made to the NEX Exchange for the Enlarged Share Capital to be admitted to trading on NEX Exchange Market. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 2 March 2018.

12. Use of Proceeds

The Directors expect the proceeds of the issue of the Placing Shares to be applied towards satisfaction of the further consideration payments for the Acquisition and for general working capital purposes. The Board will be relying on the Finance Facility Agreements to satisfy the further consideration payments due in August 2018 and April 2019.

13. Reasons for the Admission

The Directors believe that Admission will, among other things, assist the Company in its growth and development by providing an established platform from which they can raise funds enabling them to develop current projects, and acquire additional exploration interests in the future.

Admission to the NEX Exchange Growth Market will also raise the profile and status of the Company within the natural resources sector, therefore improving the credibility of the business and its operations as well as enabling the Company to achieve a broader shareholder base and gain access to international capital markets.

Furthermore, the NEX Exchange Growth Market is viewed as a credible trading platform and provides investors an efficient market for the purposes of stock trading.

The Board intends to use the gross proceeds from the Placing and Finance Facility Agreements to satisfy the further consideration payments for the Acquisition and for general working capital purposes.

14. Current trading, and prospects

The Company is currently investing in bringing its processing facilities into operational production and implementing its strategy to acquire and process ore from surrounding smaller-scale and artisanal regulated miners and mines as further described in this document.

15. Competition

Competition will be provided by tolling operators establishing business in the vicinity of the Company's operations.

16. Geological Surveys and Technical Reports

The attention of readers of this document is drawn to the Geological Surveys and Technical Reports set out in Part III of this document.

17. Dividend Policy

The Company does not expect to declare any dividends during the short term and funds will be invested in the implementation of its strategy. Thereafter it is the Directors' intention to pay dividends, if and when profits, available cash flow and capital requirements allow. Any dividends shall be declared and paid in accordance with the Articles and the Jersey Companies Act.

18. Admission to the NEX Exchange Growth Market, Admission Price and Dealing Arrangements

Application will be made to the NEX Exchange for the Ordinary Shares to be admitted to trading on the NEX Exchange Growth Market. It is expected that Admission will become effective and dealings, for normal settlement, will commence on 2 March 2018. The Ordinary Shares are eligible for settlement through CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the relevant

shareholder so wishes. Settlement of transactions in the Ordinary Shares through CREST is voluntary and Shareholders who wish to receive and retain share certificates will be able to do so.

19. Lock-In Agreements and Orderly Market Arrangements

David Sumner, Lucianno Giorffino and Jide Zeitlin, as Rule 6 Parties, have undertaken to the Company and Daniel Stewart that they will not sell or otherwise dispose of any interest in any Ordinary Shares or any other securities held by them in the Company for a period of twenty-four months following Admission, save in limited circumstances permitted by Rule 6 of the NEX rules or with the prior written consent of Daniel Stewart and a twelve month orderly market provision thereafter. The undertakings of the Directors in this respect relate to 70% of the Company's share capital.

Further details of the Rule 6 Lock-in Agreements are set out in paragraph 10.24 of Part VII of this document.

Zica SA and Agri Capital LLP which have both participated in the Placing, subscribing for 118,154 Subscription Shares and 453,077 Subscription Shares respectively, have also agreed to enter into lock-in agreements and orderly market arrangements in respect of those Subscription Shares, on the same terms as the Rule 6 Lock-in Agreements save that the lock-in period is for a period of twelve months and that they may transfer their shares in the lock-in period to existing Shareholders provided that such Shareholders sign up to a lock-in agreement on the same terms. Zica SA is a family office legally and beneficially owned by William Patterson-Brown and Agri Capital LLP is a limited liability partnership of which Tim Patterson-Brown is a director and the principal partner. The Patterson-Browns are brothers and are long term business associates of Mr Sumner, the Company's Chief Executive Officer. They each however act independently from each other in connection with their investment in the Company.

Further details of the Lock-in Agreements are set out in paragraph 10.25 and 10.26 of Part VII of this document.

20. Corporate Governance

The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply, where practicable, with the principal provisions of the UK Corporate Governance Code, as amended.

The Company intends to hold regular Board meetings throughout the year at which reports relating to the Group's operations, together with financial reports, will be considered. The Board is responsible for formulating, approving and reviewing Group strategy, budget, major expenditures, acquisitions and senior personnel appointments.

Audit Committee

An audit committee will be continued from Admission. The audit committee will comprise Mr Aamir Quraishi (as chairman) and Mr Jide J. Zeitlin. The audit committee will receive and review reports from management, the auditor and the Advisory Board relating to the interim and annual accounts, internal controls and risk management systems of the Company. The committee will meet regularly with the Company auditor, and make recommendations to the Board on the auditor's appointment, remuneration and terms of engagement.

The audit committee will also monitor Company procedures as relate to the detection of bribery and fraud.

Remuneration and Nominations Committee

A remuneration and nominations committee will be continued from Admission. The remuneration and nominations committee will comprise Mr Jide J. Zeitlin (as chairman) and Mr Aamir Quraishi. It will set and review the scale and structure of executive director remuneration packages, including share options and the terms of their service contracts. The remuneration and the terms and conditions of the appointment of non-executive directors will be determined by the Board with due regard to the interests of the Shareholders and the performance of the Group. The committee will also focus on evaluating the Board composition and performance to ensure it is appropriately constituted and has the necessary skills and characteristics that are deemed necessary for the Company. It is also responsible for reviewing, updating and/or implementing corporate governance policies.

21. City Code

The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company registered in the United Kingdom, the Channel Islands and the Isle of Man and where the company is considered to be managed and controlled in the United Kingdom, the Channel Islands and the Isle of Man. The Company is such a company and its shareholders are entitled to the protection

afforded by the City Code. Further details concerning the City Code are set out in paragraph 18 of Part VII of this document.

22. Taxation

Your attention is drawn to the information relating to the UK and Jersey tax implications applicable to investors holding Ordinary Shares as an investment contained in paragraph 16 of Part VII of this document. These details are intended only as a general guide to the current tax position. If an investor is in any doubt as to his or her tax position, he or she should consult his or her own independent financial adviser immediately.

23. Further Information

Your attention is drawn to the remainder of this document, which provides additional information on the matters discussed above.

*Your attention is drawn to the risk factors in Part II of this Document
and the additional information set out in Parts III to VII of this Document.*

PART II

RISK FACTORS

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

Prospective investors should carefully consider all the information in this document including the risks described below. The risks and uncertainties described below are the material risk factors facing the Company which are currently known to the Directors. These risks and uncertainties are not the only ones facing the Company and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Company's investments, business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's investments, business, financial condition, operational performance and the Company's share price could be materially and adversely affected to the detriment of the Company and the Shareholders. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

A prospective investor should consider with care whether an investment in the Company is suitable for him in light of his personal circumstances and the financial resources available to him. An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Prospective investors should therefore consult an independent financial adviser authorised under the FSMA before investing.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the business operation and/or investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the entity.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

The risks noted below do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

Potential investors in the Company are accordingly advised to consult a person authorised under FSMA who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to them.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

Business Risks:

Managing ore supply for the tolling model

There is no guarantee of supply of ore from artisanal miners.

Market Perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Attraction and retention of key employees

The Company depends on its Directors and other key employees. Whilst it has entered into contractual arrangements with these individuals to secure the services of each of them, retention of these services cannot be guaranteed. Equally the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The Company may experience difficulties in employing appropriate staff and the failure to do so may have a detrimental effect upon trading performance.

Labour and staff related issues

Some of the Company's operations are carried out under potentially hazardous conditions. Whilst the Company intends to operate in accordance with relevant health and safety regulations and requirements, it remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Company's control or uninsurable. Industrial action by employees or the wider the labour force (including national or supra-national strikes or other labour disruptions) may adversely affect the ability of the Company to continue operations. There can be no assurance that the ability to obtain work permits, visas and other necessary work-related requirements, will not be adversely affected by the introduction of new labour regulation in any jurisdiction which, in turn, could adversely affect the results of operations or the financial condition of the Company.

Regulatory Approvals

The operations of the Group require approvals, licences and permits from various regulatory authorities, governmental and otherwise (including project-specific governmental approvals). These approvals, licences and permits will be subject to applications being approved. The granting of the term of certain approvals, licences and permits may be at the discretion of the relevant government authority. Having acquired the Concessions and related assets of the Rosario Project and the Minasampa Project, the Company will be required to apply for all relevant mining licences, permits and approvals. If approvals, licences and permits are not granted, the Group may suffer significant damage through loss of the opportunity to develop and discover any minerals there may be in any Concession area.

The Directors believe that the Group will hold or will obtain all necessary approvals, licences and permits under applicable laws and regulations in respect of exploring its concessions or other future concessions, however there can be no certainty that this will be the case. There can be no guarantee that the Group will be able to obtain or maintain all necessary approvals, licences and permits that may be required and/or that all project-specific governmental decisions will be forthcoming to explore and develop the Concessions which it may acquire, to commence construction or operation of mining or processing facilities, to export and sell minerals or to maintain continued operations that economically justify the costs involved. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Group's earning and competitive position in the future and, potentially, its financial position.

Under its permits, concessions, licences and certain other contractual agreements to which the Group is or may in the future become party, the Group is or may become subject to payment and other obligations. In particular the Group may be required to expend the funds necessary to meet the minimum work commitments attaching to its Concessions. Failure to meet these work commitments will render the Concessions in question liable to be revoked. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Group. The Group may not have, or be able to obtain, financing for all such obligations as they arise. Any changes in the laws of Peru could materially affect the rights and title to the interests held there by the Group. No assurance can be given that the government of Peru will not revoke or significantly alter the conditions of the applicable exploration and mining authorisations nor that such exploration and mining authorisations will not be challenged or impugned by third parties. In addition, such approvals, licences, concessions and permits are subject to change in various circumstances.

Exploration and Mining Risks

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The ore deposits to be assessed by the Company may not contain economically recoverable volumes of resources. Should the ore deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in the Company's current or future projected target dates being delayed or further capital expenditure being required.

Technical examination and assessment of ore deposits may be subject to chemical interference as well as subject to human errors in geochemical analysis, plotting or contouring. Estimates of mineralisation may be subject to errors in sample location, results and calculation. The projected economic outcome outlined in any technical report presented to the Company may contain errors and are dependent on reliable underlying data such as the cost of exploration, transportation, refining and market sales.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, explosions, flooding and extended interruptions due to inclement or hazardous weather conditions and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Company and may result in liability. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Company. If reserves are developed, it can take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

Operational Targets and Delays

The Company's operational targets will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Company's personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Company. The Company will not generate any income until mining has successfully commenced. In the meantime, the Company will continue to expend its cash reserves and raise additional funding.

Licensing and title risk

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Company's results of operations and financial condition.

The Company's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The terms of the Company's licences include obligations to pay licence fees. Invoices for certain fees may not in the future be processed by the government in time to allow the Company to pay fees in accordance with the terms of its licences, and any such delay could have a material adverse impact on the ability of the Company to satisfy the terms of its licences. Whilst the Company continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit.

Risks associated with the Formalization process

Certain actions, such as the transfer of ownership of a Mining Concession, can result in the cancellation of a Formalization process which has been started. Under Peruvian law small mining producers can only be classified as legal if they either comply with the provisions of the General Mining Law or on the basis that the Formalization process has been completed, started or has not been cancelled. As a result, the Formalization status of artisanal miners impacts on their ability to provide the Company's processing plants with legally-mined ore. Maintaining a suitable Formalization status for the Company's Mining Concessions (where relevant) will be required to ensure the Company's status as a small mining producer under Peru law. Any change in the Formalization process may adversely affect the Company's business model and or operations.

Environmental Issues

Mining operations are subject to environmental regulation (including regular environmental impact assessments and permitting). Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

Early Stage of Operations

The Company's operations are at an early stage of development and success will depend on the Directors' ability to manage the current Projects and to take advantage of further opportunities which may arise. There can be no guarantee that the Company can or will be able to, or that it will be commercially advantageous for it, to develop all or any of its Projects. Further, the Company currently has no assets producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future and its ability to access equity and debt markets for its development requirements.

Volatility of Mineral Pricing and other Economic Risk

The Company's earnings or those of other companies that the Company may invest in from time to time are expected to be derived from the mining and sale of metals and will, therefore, be related to the market price for those metals. The prices of metals can fluctuate significantly and are affected by numerous factors which the Company is unable to control or predict including world production levels, international economic trends, the availability of substitute minerals or metals for industrial uses, sales and purchases of a particular mineral, forward sales by producers and speculators, levels of mineral production and short term changes in international level of supply and demand because of speculative hedging activities.

In addition, the profitability of any future mining operations by the Company will be directly related to the prevailing price of the minerals produced. If prices decline for a substantial period below the cost of production at any future mines of the Company, it may not be economically feasible to continue production at such mines. A decline in the prevailing price of minerals may also require the Company to write-down any mineral resources or mineral reserves, which would have a material and adverse effect on future earnings and profitability.

Fluctuations in the time and cost required to obtain relevant permits under applicable Peruvian law may adversely affect the development of the Company's current and future processing and mining operations. In addition, the costs of infrastructure construction, supply, maintenance, energy, mining, milling and transportation may fluctuate in a way which may have a material adverse effect on the Company's revenue and profitability.

Insurance Coverage

There are significant exploration and operating risks associated with exploration and extraction of gold, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction and processing plant, equipment, formations and reserves, production facilities and other property. In addition, the Company will be subject to liability for environmental risks such as pollution and abuse of the environment. Although the Company will exercise due care in the conduct of its business and will maintain what it believes to be customary insurance coverage for companies engaged in similar operations, the Company will not be fully insured against all risk in its business. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and acquisition of exploration and development rights on attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties. In addition, competitors may establish processing plants within the vicinity of the operations of the Group and offer to acquire ore at more competitive rates.

Actions of third parties, including contractors and partners

The Company will be reliant to a great extent on third parties to provide contracting services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Company. To the extent that the Company cannot engage contractors according to its plans and budgets, its financial and operational performance may be adversely impaired.

In certain circumstances, the Company may be liable for the acts or omissions of its partners. If a third party pursues claims against the Company or against a joint venture vehicle as a result of the acts or omissions of any of the Company's partners, the Company's ability to recover from such partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all which, in each case, could adversely affect the Company's financial performance and condition.

Dependency on Key Personnel

The loss of any key individuals in the Company's management team or the inability to attract appropriate personnel could impact the Company's performance.

Ability to recruit and retain staff

The Company may be adversely affected by an inability to recruit, retain and motivate suitable personnel as its business develops and grows in size. There can be no assurance that suitably qualified personnel will be available and that the Company will be able to retain existing professionals or meet their remuneration requirements. Furthermore, the cost base in relation to such remuneration, which may include equity compensation, may increase significantly and could have an adverse effect on the Company's results of operations and/or financial condition. As a result of the nature of the Company's industry and the extended administrative procedures required to fill these key positions it can sometimes be difficult to find appropriate individuals with the necessary skills and experience required to fill these key positions.

Ability to exploit

It may not always be possible for the Company to participate in the successful exploitation of areas in which it has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. Any further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Industry partner risk

The Company's future exploration and development strategy may rely on its ability to obtain industry partners. There is no guarantee that the Company will be able to identify or agree suitable funding arrangements with such industry partners or that they will be able to implement the necessary arrangements.

Service providers and contractors

The Company is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Company in its activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Group. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Group.

Social license to operate

The Company's relationships with the communities in which it operates are critical to the future success of its existing operations and the construction and development of its Projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Operations of other mining companies in Peru have been adversely affected by a failure to engage with the communities in which they operate. The mining industry and its practices, including the use of cyanide in processing activities, has been criticized. Adverse publicity related to extractive industries generally, or the

Company's operations, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. There is no guarantee that the Company's corporate and social responsibility efforts will mitigate this potential risk.

Company Risks:

Working Capital

The Company could be adversely impacted by the timing of the purchase of ore from miners and the payment of VAT which could negatively impact working capital and cash management.

Requirement for further funds

There may be a requirement for the Group to raise further funds in the future in order to fully exploit opportunities available and to fund further expansion. Such a funding requirement may be by way of the issue of further Ordinary Shares on a non-pre-emptive basis. There is no commitment in place guaranteeing that any funds required in the future will be available and, if further equity finance is raised, the interests of existing Shareholders may be diluted.

Reliance on continued financial support of the Chief Executive

The Company is reliant on the Chief Executive Officer, David Sumner to continue to fund the working capital requirements of the Group before revenue-generating operations begin. Mr Sumner has provided the Company with a £39 million working capital facility and a further \$10 million working capital facility pursuant to the Finance Facility Agreements. The Company has drawn down \$3 million of the \$10 million facility. £39 million of Mr Sumner's loans with the Company are supported by legally binding back to back loan agreements.

If, for any reason, Mr Sumner is unable to provide the loans which he has committed to make, when requested and whether in whole or in part and whether because the back-to-back lenders have failed to provide loans to him or for other reasons, this could have a material adverse effect on the Group; in particular, this could mean that the Group is unable to meet its obligations under the Acquisition Agreements or in relation to Ximenita de Casma (see further under "Acquisition Agreements and non-payment of the Consideration or other breach" and "Ximenita de Casma Project" in this part II of this document).

Reliance on financial support from other parties

David Sumner is reliant on back-to-back loan arrangements to fund his obligations under the Finance Facility Agreements, as described at paragraph 10.2 of part VII of this document. One of these loans is between Mr Sumner and a related party, being another director of the Company. The Company is, therefore, indirectly reliant on the lenders to Mr Sumner, including the related party, being able to meet their obligations to Mr Sumner such that he is able to meet his obligations to the Company. Any failure of such parties to comply with their obligations could have a material adverse effect on the Group, including as described under "Reliance on continued financial support of the Chief Executive" above.

Management of Growth Projections

There can be no guarantee that the Company will achieve the level of business anticipated.

Limited Operating History

The Company does not have an established operating history. The Company's operations are at an early stage of development and success will depend upon the Directors' ability to manage the current Projects and to identify and take advantage of further opportunities which may arise. The Company has no mining interests producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from active mining operations in the future and its ability to access equity markets for its development requirements. The Company has not generated profits to date and there is no guarantee that it will do so in the future. All of the Company's activities will be directed to exploration and, if warranted, development of its existing properties, the granting of mining licences and to the search for and the development of new ore deposits. Significant capital investment will be required to achieve commercial production.

Historical facts, information gained from historic experience, present facts, circumstances and information, and assumptions from all or any of these are not a guide to the future. Aims, targets, plans and intentions referred to herein are no more than that and do not imply forecasts. The Ordinary Shares should be regarded as a highly

speculative investment and an investment in Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment.

Access to Capital Markets

The Company may require additional financial resources to continue funding its exploration and development activities. The Company may in the future raise additional funds through public or private financing or through bringing in joint venture partners. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's Projects. To ensure the availability of capital, the Company will maintain an investor relations programme in order to inform all Shareholders and potential investors of its developments. Any investment in the Company should be regarded as an investment in the potential resources rather than a direct investment in the commodity itself.

Acquisition and Joint Venture Risks

The Company may make further licence acquisitions or enter into joint ventures in circumstances where the Directors believe that such acquisitions or joint ventures would support the Company's strategy. However, there can be no assurances that the Company will be able to identify, complete and integrate suitable acquisitions or manage such joint ventures successfully. Acquiring new businesses and entering into joint ventures can place significant strain on management, employees, systems and resources and can take significant time to negotiate with all relevant parties. The acquired businesses may not perform in line with expectations to justify the expense of acquisition.

Acquisition Agreements and non-payment of the Consideration or other breach

The Acquisition Agreements provide for the transfer of a number of Concessions and the moveable property on such Concessions, against receipt of further consideration payments. Should the Company not honour its obligation to pay these further consideration payments, not all of the Concessions and related assets will transfer and such failure could render the Acquisition Agreements as voidable and result in the Minaspampa Project and Rosario Project reverting to the relevant Sellers. There is also a risk that the Sellers do not perform their obligations under the Acquisition Agreements and accordingly not all of the Concessions and related assets transfer.

In the event that One-Valley (Peru) is in breach of any of its contractual obligations under the Acquisition Agreements and such breach is not remedied within 15 business days of receiving a notarised notification of such breach, the Sellers are entitled to retain all funds received and exercise their security.

Ximenita de Casma Project

The Company has withheld the payment of \$200,000 payable on 15 January 2018 pursuant to the agreement for the acquisition of ZL Mining and the payment of \$150,000 payable on 15 December 2017 pursuant to the option over the Ximenita de Casma II and III Concessions due to a breach of warranty by the sellers and the relevant sellers have since given notice to the Company of its breach, the aggregate sum outstanding is \$350,000. Failure by the Company to make the relevant payments pursuant to the agreement to acquire ZL Mining could render that acquisition voidable and result in the shares in ZL Mining and accordingly the Ximenita de Casma Concession reverting to the sellers. Similarly in the event that the Company fails to fund the option payments for the acquisition of the Ximenita de Casma II and Ximenita de Casma III Concessions it may result in the option lapsing and the Company would lose all rights to the Ximenita de Casma, the de Casma II and the de Casma III Concessions.

Share Risks:

NEX Exchange Growth Market and Liquidity of the Ordinary Shares

The NEX Exchange Growth Market is not the Official List. The Ordinary Shares will not be listed on the Official List. Notwithstanding that Admission becomes effective and dealings commence in the Ordinary Shares, this should not be taken as implying that there will be a liquid market for the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up. Investors may, on disposing of Ordinary Shares, realise less than their original investment or may lose their entire investment. The Ordinary Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which the Ordinary Shares will be traded and the price at which investors may realise their Ordinary Shares will be

influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the business sectors in which the Company operates. Such factors could also include the performance of the Company's operations, large purchases or sales of the Ordinary Shares, liquidity or the absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Company and general economic conditions or stagnation.

Possible Volatility of the Price of the Ordinary Shares or Stagnation

Following Admission, the market price of the Ordinary Shares could be subject to significant fluctuations due to various factors and events, including any regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, developments in the Company's business or its competitors, or to changes in market sentiment towards the Ordinary Shares. The Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the Company's operating performance. Any of these events could result in a decline in the market price of the Ordinary Shares. Equally, the market price of Ordinary Shares may not alter materially.

Influence of principal shareholder

Following Admission, David Sumner, the Chief Executive Officer of the Company, owns the legal and beneficial interest in over 51 per cent. of the Company's Shares. This significant concentration of share ownership may adversely affect the market value of the Shares because investors may believe that there are disadvantages in owning shares in a company with a controlling shareholder. The Company and David Sumner have entered into a Relationship Agreement pursuant to which David Sumner has given certain undertakings in respect of his conduct as a Shareholder in view of David Sumner's position as Chief Executive Officer. However, David Sumner may have the ability to determine the outcome of matters requiring Shareholder approval, including significant corporate transactions and appointments to the Board. In addition, the interests of the David Sumner may be different to the interests of the Group or Shareholders as a whole. This control could also have the effect of delaying or preventing an acquisition or other change of control of the Group.

General Risks:

Weather and Climate Change

The Peruvian government may contemplate regulatory or legislative changes in response to the potential impacts of climate change. If the current global regulatory trend continues this may result in increased operational cost associated with the Company's compliance with these changes.

The physical risks of climate change may also have an adverse effect at the Company's operations. These may include extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. Such weather events may negatively impact a miners' ability to mine and therefore deliver ore to the Company's processing plants.

Currency Exchange Risks

A significant proportion of the Group's expenses will be incurred in PEN. As a consequence of the international nature of the business, the Company is exposed to the risk of changes in foreign currency exchange rates. This may result in gains or losses with respect to movements in exchange rates that may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Company's operating results. PEN will be translated into Dollars in the Group's consolidated financial statements. There may be adverse or favourable movements in the exchange rates of USD/PEN in relation to the Company's reporting currency between the date of a relevant transaction and the reporting date.

Taxation framework, changes in taxation and transfer pricing

This document has been prepared in accordance with current UK, Jersey and Peru tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.

The Company's effective tax rate could be materially adversely affected by several factors, including changes in the amount of income taxed by or allocated to the various jurisdictions in which the Company operates that have differing statutory tax rates; changing tax laws, regulations and interpretations of such tax laws in multiple

jurisdictions (including Peru); and the resolution of issues arising from tax audits or examinations and any related interest or penalties.

If a tax authority in any jurisdiction reviews any of the Company's tax returns and proposes an adjustment, including as a result of a determination that the transfer prices and terms the Company has applied to intra-group arrangements are not appropriate, such an adjustment could have an adverse effect on the Company's operations.

Potential Political, Social and Economic Instability in Peru

Whilst the Directors believe the recent political protests in Peru to be isolated instances and that Peru continues to be an attractive jurisdiction in which mining companies can operate, there can be no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out. Peru has domestic terrorist organisations, notably Sendero Luminoso, and although their activity levels have declined markedly since the 1980s and 1990s, they have made attacks on natural resources projects owned by overseas investors during the last two decades, and there can be no guarantee that the Company's Projects would not be subject to such attacks. Several other South American countries (including Argentina, Bolivia, Ecuador and Venezuela) have elected governments whose policies have included nationalisation of natural resources, and there can be no guarantee that a future Peruvian government would not adopt such policies. The relative instability in Peru's close neighbours, such as the sustained social unrest in Venezuela, may adversely impact the social and economic status quo in Peru.

Infrastructure

The Company must use the public infrastructure in Peru for its operations. There is a risk that some of the infrastructure required by the Company may not be available at the times required.

Legal Climate Considerations

Peru may have comparatively less developed legal systems than those found in Europe, Australia and North America. This could lead to exposure to any of the following risks: lack of guidance on interpretation of the applicable rules and regulations, delays in redress or greater discretion on the part of governmental authorities. In addition, the commitment of judicial systems, government representatives, agencies and native businessmen to abide by the legal requirements and the negotiated agreements may be subject to doubt, creating concern with respect to the Group's agreements for business and licences. There can be no assurance that joint ventures, licences, licence application or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain.

The ability of Shareholders to bring actions or enforce judgements against the Company or the Directors may be limited.

The ability of a Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in Jersey. The rights of Shareholders are governed by Jersey law and by the Articles. These rights may differ from the rights of shareholders in corporations incorporated in other jurisdictions. A Shareholder may not be able to enforce a judgement against some or all of the Directors and executive officers. Consequently, it may not be possible for a Shareholder to effect service of process upon the Directors and executive officers within the Shareholder's country of residence or to enforce against the Directors and executive officers judgements of courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than Jersey against the Directors or executive officers who are residents of a country other than those in which judgement is made. In addition, the courts in Jersey, or elsewhere, may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in Jersey or another country.

Jersey law limits the circumstances under which shareholders of companies may bring derivative actions, and, in most cases, only the Company can bring an action in respect of any wrongful act committed against it. Neither an individual shareholder nor any group of shareholders has any right of action in such circumstances. In addition, Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a US corporation.

Changes in Government Policy

The Group is subject to the rules and regulations of Peru and any other countries it may do business in from time to time. Its exploration, development projects and any future mining operations are subject to laws and regulations governing the acquisition and retention of title to mineral rights, native rights, mine development, health and worker safety, employment standards, fiscal matters, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could have a material and adverse impact on the Group's current exploration activities, planned development projects or future mining operations. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting the Group's earning and competitive position in the future and, potentially, its financial position.

Security issues

Criminal activities such as trespass, illegal mining, sabotage, theft and vandalism may disrupt the Company's operations.

PART III
GEOLOGICAL SURVEYS AND TECHNICAL REPORTS

NI 43-101: Minaspampa – Exploration & Extraction Project

**TECHNICAL REPORT
MINAS PAMPA PROJECT,
LA LIBERTAD REGION, PERU**



Prepared For: VI Mining PLC
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Effective Date: December 01, 2017

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Edmonton, Alberta, Canada

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1 Summary

APEX Geoscience Ltd. (APEX) was retained by VI Mining PLC (VI Mining) to prepare a Technical Report for the Minas Pampa Project (“Minas Pampa” or the “Project”). This report details a National Instrument (NI) 43-101 mineral resource estimate for the Minas Pampa Gold Deposit, summarises historic exploration and mining on the property, and evaluates the potential for the project to host additional gold mineralization.

The Minas Pampa Property is located near the village of Casgabamba within the Sarin district of the Sánchez Carrión Province of the La Libertad Department in northern Peru. The Property is approximately 450 km due north of Lima, the capital of Peru. The coastal city of Trujillo lies 120 km to the west. Huamachuco, the nearest population center, is 18 km north-northwest of the Property. The Minas Pampa Property is situated along the eastern flank of the Western Cordillera (Cordillera Occidental) of the Central Andes Mountains in northern Peru. VI Mining has an option to purchase 100% of both the Minas Pampa Property as well as the SMRL El Rosario de Belen (Rosario) Property for a total of \$US 64.8 million (\$GBP 48.0 million) broken up over four payments over a two year period from Compania Minera Minas Pampa S.A.C. (CMMP). VI Mining will be transferred the rights to seven contiguous mining concessions covering 3,500 hectares (ha) for the Minas Pampa Property. The Purchase also includes all equipment and facilities including processing plants at both properties. This purchase is in progress and is governed by a Letter of Intent.

Artisanal workings in the Project area date back to the early 1900’s. S.M.R.L. Veca XV (Veca) carried out initial surface sampling on the Minas Pampa property in 2007 and 2008 collecting a total of 3,911 surface and underground samples. Following this, CMMP took over the exploration of the Minas Pampa Project and carried out channel sampling and reverse circulation drilling in 2009 and 2010. Over this period, a total of 1,929 surface samples were collected and 85 reverse circulation (RC) drillholes were completed totalling 13,165.5 m. Mining operations were commenced in September 2011. Exploration on the Property continued through to 2014, resulting in the identification of two early stage prospects named Bravo and El Milagro. Exploration activity on the Property did not continue past 2014. A total of 411 RC drillholes totaling 53,224 m, 5 diamond drillholes totaling 1,113.9 m, 23,975 surface and underground samples, 18.4 line-kilometres (line-km) of magnetic geophysics, and 22.5 line-km of Induced Polarization (IP) had been completed at the Project since 2007.

Mining operations at Minas Pampa commenced in September 2011 and were halted in October 2013 due to a lack of remaining economic mineralized material, with leaching continuing another 3 months into early 2014. During the operation of the mine, a total of 10.35 million tonnes of material was mined producing 65,900 troy ounces (oz) of gold (Au) and 225,500 oz of silver (Ag). Gold and silver recoveries over the lifespan of the mine averaged 60.8% and 14.7%, respectively. Stripping ratios averaged approximately 3:1 waste to mineralized material. The mining operation consisted of a heap leach operation focused on oxidized epithermal mineralization in Chimu Formation clastic sedimentary rocks. Mineralization occurs at Minas Pampa both as vertical structurally

controlled shoots along northwest and northeast oriented structures, as well as more flat lying stratabound mineralization to remobilized supergene mineralization that can be both proximal and distal to the main structural zones. It is unclear how the two different ore types performed during production and milling because they were not separated during leaching nor was there any separate high and low-grade leach pads.

The mine produced close to its originally forecast total ounces of gold (63,400 oz) in the historic 2011 internal “Scoping Study” by Valerio (2011), but it did not produce anywhere near the predicted 1.14 million oz of silver. The internal scoping study is not a NI 43-101 compliant report and is considered historic in nature. The mine produced nearly 66,000 oz of gold from 10.35 million tonnes of material at an average recovered grade of 0.198 grams per tonne (g/t) Au, yielding an overall 60.8% recovery. Because of the poor gold recoveries, the project had to mine 10% more tonnes, even with a better head grade for gold than predicted, to extract the ounces predicted. Had the mine performed at the predicted 70% gold recovery, it would have produced approximately another 10,000 oz of gold. Had it produced at the same recovery rate as the La Arena Mine (85%), it would have produced approximately an additional 27,000 oz of gold. The authors estimate that the realized prices would have been in the range of an average of US\$1,572 per ounce for gold and US\$28 per ounce for silver over the LOM.

The Project area is mostly underlain by the moderately to steeply dipping lower Cretaceous Chimu Formation, an important host of gold in the region. The Chimu Formation forms prominent and elongated north to northwest trending hills, as some sections have a greater competency and resistance to weathering than the surrounding units, and form the cores of the main anticlines largely due to silicification. On the Property, the Lower Chimu Formation consists of alternating sandstones, quartzites and carbonaceous shales. The upper sequence is composed of a thick unit of whitish-grey, medium-fine grained quartz sandstone. This upper quartz sandstone unit can vary in thickness from 100 to 500 m. The Chimu sedimentary package present on the Property belongs to the B Member classification which is the member most commonly associated with regional gold mineralization.

The Minas Pampa Project hosts primarily epithermal precious metal mineralization within the Cretaceous aged Chimu Formation clastic sedimentary rocks. Numerous past and currently producing epithermal gold and silver mines in the La Libertad Department of Northern Peru are hosted in the Chimu Formation and the other closely associated Lower Cretaceous clastic sedimentary rocks of the Goyllarisquizga Group along with Calipuy Formation volcanics and associated intrusions. The combined past production and existing resources for mines within 50 km of Minas Pampa, with publicly available information, easily exceeds 25 million ounces of gold. Much of this gold is hosted in or spatially associated with the Chimu Formation.

Like many of the Au-Ag projects in the La Libertad Department, the Au-Ag mineralization at Minas Pampa is thought to be dominantly related to Tertiary aged high sulphidation, epithermal Au-Ag processes. There is also the possibility of intermediate to low sulphidation epithermal Au-Ag occurring locally. Porphyry style mineralization could occur at depth and be related to or the source of the epithermal mineralization.

Veining, erosion, oxidation and more recent supergene processes have likely contributed to remobilization of the Au-Ag mineralization. The main zone of mineralization is associated with hydrothermal brecciation along the axis of an anticline and along a steeply dipping normal fault (Candela Structure) that has an orientation of approximately 320° to 330°. This structure follows the surface trend of the Chimu sandstones that have a general bearing of 310° to 330° both locally and regionally. This is the same orientation as the Northern Corridor metallotectonic belt of north Andean Peru which hosts much of the gold mineralization in the La Libertad and other districts (Compañía Minera Minas Pampa S.A.C., 2010; Acosta, 2013). These are the structural and lithological controls that likely controlled hydrothermal alteration and Au-Ag mineralization at Minas Pampa.

Only limited exploration has taken place since 2014. In 2017, a total of 27 surface samples were collected from 9 zones of mineralization by VI Mining personnel. The highest returned assay was 5.148 g/t Au and 62.8 g/t Ag. No drilling has been completed since 2014.

Based upon historic drilling, the 2017 Minas Pampa Inferred Mineral Resource Estimate (undiluted) is comprised of 2.639 million tonnes of material at 0.407 g/t Au and 23.57 g/t Ag totalling 34,500 ounces of gold and 2 million ounces of silver using a 0.2 g/t Au cutoff (Table 1.1). The resource is contained primarily below or immediately adjacent to the current extent of prior mining.

Table 1.1. Minas Pampa Inferred Mineral resource at different lower cutoff grades*.

Au Cutoff Grade (g/t)	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Contained Au** (troy ounces)***	Average Ag Grade (g/t)	Contained Ag** (troy ounces)***
0	2,959,000	0.379	36,100	22.01	2,093,600
0.1	2,915,000	0.384	36,000	22.23	2,083,600
0.2**	2,639,000	0.407	34,500	23.57	1,999,500
0.3	1,888,000	0.468	28,400	25.52	1,549,100
0.4	1,010,000	0.575	18,700	27.17	882,400
0.5	477,000	0.722	11,100	24.05	368,500
0.6	279,000	0.849	7,600	20.84	186,900
0.7	171,000	0.977	5,400	19.07	105,000
0.8	111,000	1.104	3,900	18.66	66,500

* Mineral Resources are not Mineral Reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There has been insufficient exploration to define the Inferred Mineral Resources tabulated above as an Indicated or Measured Mineral Resource, however, it is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

** The recommended reported resources are highlighted in bold and have been constrained within a US\$1,350/ounce of gold optimized pit shell.

*** Contained troy ounces may not add due to rounding.

Silver grades from all of the historic internal economic studies and resource calculations and the current estimated silver grades range from 7.49 g/t Ag (historic 2011 “Scoping Study”) to 23.6 g/t Ag (this study). These numbers for total silver are significantly higher than the estimated mined silver grade of 4.70 g/t Ag, which utilized

cyanide soluble Ag analyses. Statistical analysis performed by the authors show that silver has a poor correlation coefficient with gold and requires its own resource model. As a result, the historic modelled gold resources tended to have a decreased silver grade when optimized for gold. The Minas Pampa Mineral Resource Estimate is reported in accordance with the Canadian National Instrument 43-101 and has been estimated using the CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines” dated November 23rd, 2003 and CIM “Definition Standards for Mineral Resources and Mineral Reserves” dated May 14th, 2014. In the opinion of the authors, the mineral resource demonstrates a reasonable prospect for economic extraction. Further trenching with channel sampling and an aggressive drilling campaign is strongly recommended and has the potential to increase the near mine mineral resources.

There are several large producing mines and prospects which occur in the area surrounding Minas Pampa. The Lagunas Norte, owned by Barrick Gold Corp. (Barrick) and La Arena, owned by Tahoe Resources Inc. (Tahoe), represent significant, if not world class, gold - silver mines. There are several other smaller mines and projects that are held by several public and private companies including the Rosario Property, which is also part of the option to purchase agreement between VI Mining and CMMP. These mines and prospects are all either hosted within or are at a minimum associated with the Chimu Formation clastic sediments and/or the Calipuy formation volcanics. Most of the mines in the nearby area produce gold and silver from epithermal deposits hosted in the Chimu Formation, but other commodities currently or formerly mined in the area include tungsten (at Pasto Bueno) as well as silver, copper, lead and zinc (at Quiruvilca). These properties have not been visited by the authors and their information has not been verified. Also, though there may be similarities between the geology and mineralization styles of these properties and Minas Pampa, it does not mean that they can provide any direct evidence of similarities in the scale of mineralization or continuation of mineralization on the Minas Pampa Property

Although little exploration has been performed outside of the Minas Pampa (Tajo) mining area, the Bravo and El Milagro prospects have been identified based upon historic artisanal mining along with recent trenching, surface and underground sampling by CMMP personnel. Little to no drilling has been performed at these prospects. Bravo is located just over 2 km north-northwest of Tajo Minas Pampa. The Bravo exploration target covers an area of 1.2 km² that includes a 0.25 km² area with artisanal workings and detailed surface and underground sampling. El Milagro is divided into two parts, El Milagro North and El Milagro Main. El Milagro North is located approximately 1.3 km north of Tajo Minas Pampa whereas El Milagro Main is located 1 km to the northeast of Tajo Minas Pampa. The two areas which form the El Milagro prospects cover a total area of 0.161 km².

Conceptual estimates of the potential quantity and grade of gold for the Bravo and El Milagro Prospects were calculated using a compilation of the rock chip sampling and trench channel sampling along with what limited drilling has been completed. At the Bravo Prospect, five discreet zones combine to form a conservative and data driven conceptual exploration target of approximately 970,000 tonnes at an average grade of

1.0 g/t Au for a total of approximately 31,400 ounces of gold. At the El Milagro Prospect, eight discrete zones combine to form a conservative and data driven conceptual exploration target of 3.4 million tonnes at an average grade of 0.55 g/t Au for a total of approximately 61,000 ounces of gold. Given the limited surface areas sampled and the nature of the data utilized to calculate the conceptual resource, it is possible the exploration targets at the Bravo and El Milagro Prospects could be significantly larger than identified herein. There has not been enough exploration on the exploration targets to allow the definition of a mineral resources and it is uncertain if further exploration will allow one to be defined.

Based upon the current resources remaining at the Minas Pampa Gold Deposit and the exploration potential of the Bravo and El Milagro prospects, an aggressive exploration program is recommended. The reasoning for the recommendations is to expand the resource at the Main (Tajo) Minas Pampa mining area; search for higher grade structurally controlled mineralization at the Main Minas Pampa mining area; develop resources at the Bravo and El Milagro prospects; and explore the remaining portions of the Minas Pampa Property for additional gold – silver mineralization, focusing on the areas with favourable geology and historic artisanal workings.

This will be accomplished by an aggressive program of drilling, trenching, channel sampling, soil sampling, geological mapping, and ground based IP and magnetics geophysics along with airborne geophysical surveys. It is strongly recommended that a total of 26,000 m of RC and core drilling be completed, with 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Minas Pampa Deposit; 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Bravo and El Milagro prospects; and 2,000 m in 15 to 20 RC drillholes at the existing processed leach pads. The estimated cost to complete the recommended exploration is US\$10.0 million. Along with this exploration, it is recommended that a significant program of metallurgical work be completed in conjunction with further reconciliation studies of the 2011 to 2013 mining and processing. This will help to ensure that future mining and processing is optimized. This should include a number of bottle roll and column leach tests that incorporate varying cyanide leach strengths and crush size studies.

2 Introduction

APEX Geoscience Ltd. (APEX) was retained by VI Mining PLC (VI Mining) to prepare a Technical Report for the Minas Pampa Project (“Minas Pampa” or the “Project”). This report details a NI 43-101 mineral resource estimate for the Minas Pampa gold-silver deposit, summarises historical mining and exploration activities on the property and evaluates the potential for the project to host additional gold-silver mineralization.

The Project is host to epithermal precious metal mineralization in the Chimu Formation sedimentary rocks and recently produced gold and silver between September 2011 and October 2013. The mine has since been placed on care and maintenance with some re-leaching of the existing leach pad material between the cessation of mining in October 2013 and June 2014. The mined area is considered to be an advanced exploration area, with the rest of the property at an early stage of exploration.

The Minas Pampa Property is located near the village of Casgabamba within the Sarin district of the Sánchez Carrión Province of the La Libertad Department in northern Peru. The Property is approximately 450 km due north, of Lima, the capital of Peru. The coastal city of Trujillo lies 120 km to the west. Compania Minera Minas Pampa S.A.C. (CMMP) holds the rights to seven contiguous mining concessions covering 3,500 ha within the Sarin district. The recently mined area and associated infrastructure of leach pads, holding ponds, waste dumps and the processing facility comprises approximately 400 ha.

This report was prepared by Mr. Michael B. Dufresne, M.Sc., P.Geol. P.Geo. and Steven J. Nicholls, BA.Sc., MAIG, both independent consultants and Qualified Persons (QPs) APEX of Edmonton, Alberta. The data reviewed, interpreted and discussed in this report was provided by VI Mining and CMMP and was examined by the authors who conducted data verification. The primary author, Mr. Dufresne, conducted a field visit to the Minas Pampa Project from November 6 to November 8, 2017. During the site visit, Mr. Dufresne observed a number of the mined zones in the mining area and identified significant zones of hydrothermal alteration in the Minas Pampa open pit area.

This Technical Report includes references to the following standards or conventions. With respect to geographic information, VI Mining has adopted the Universal Transverse Mercator (UTM) map projection system relative to the 1956 Provisional South American Datum (PSAD) as the basis for all geospatial data collection. Unless otherwise specified, all maps and coordinates discussed in this report are relative to Zone 18S of the PSAD projection and metric measurements. Au and silver Ag assay values, unless otherwise stated, are reported as grams per metric tonne of material (g/t), which is equivalent to parts per million (ppm). All other units of measure are provided in metric units and standard units wherever possible. References to ounces refer to Troy ounces. All references to currency, unless otherwise specified, are reported in U.S. dollars (US\$).

This report comprises a compilation of proprietary and publicly available information as well as information obtained during a property visit. The authors, in writing this report, have used as sources of information those publications listed in the Reference section of this report. Government reports referenced in this report were prepared by a person or persons) holding post-secondary geology or related university degrees. Various other reports that were written by other geologists prior to the implementation of the standards relating to National Instrument 43-101 were used to complete the History section of this report. These reports as well as the government reports, as referenced, are assumed to be accurate based on the property visit and a review conducted by the authors, although they are not the sole basis for this report.

3 Reliance of Other Experts

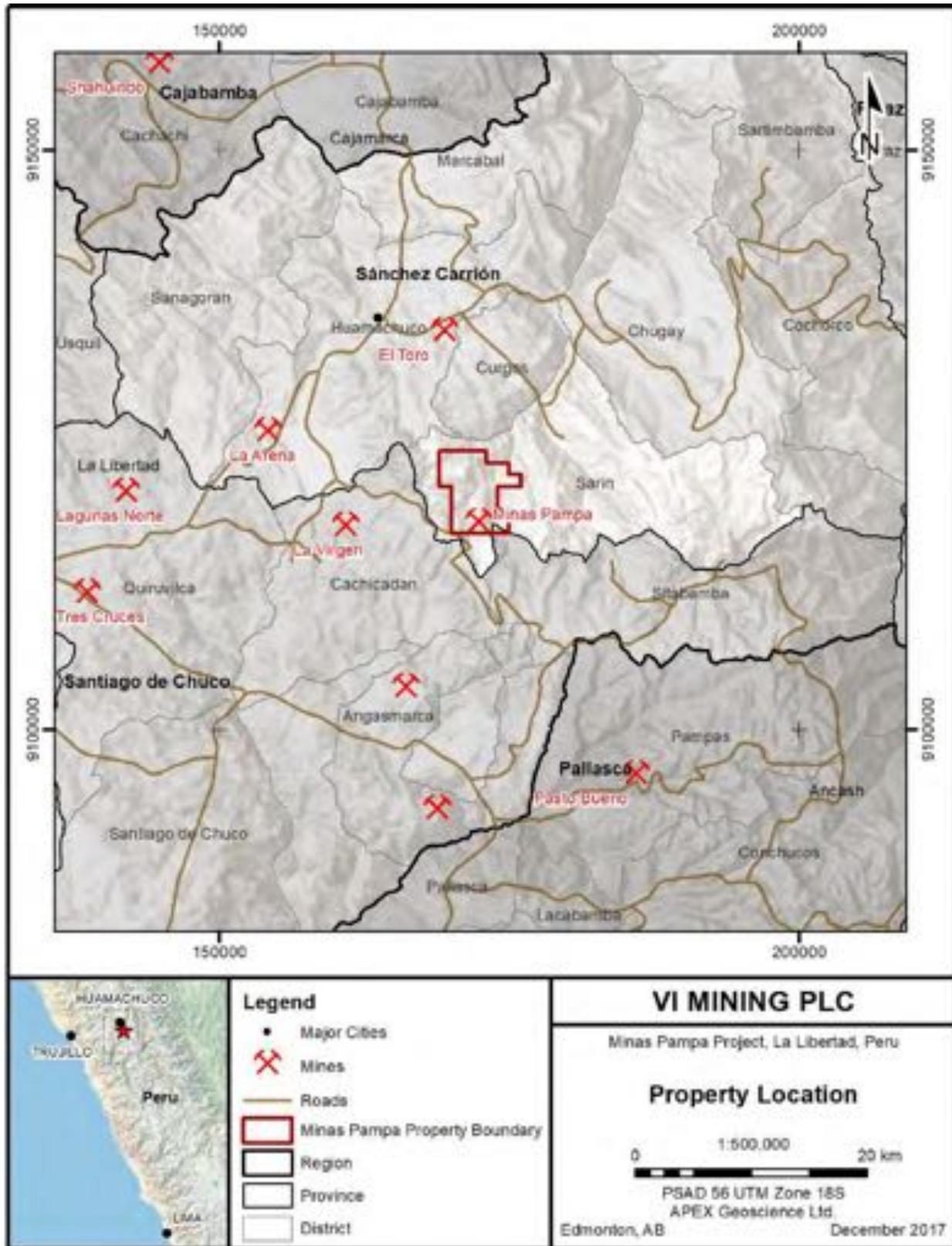
This report incorporates and relies on contributions with respect to the details of the surface and subsurface mineral ownership as well as permitting and environmental status from other experts including staff or subcontractors in the employ of VI Mining and CMMP. The opinions provided on surface ownership and subsurface mineral ownership along with royalty information are current as of the effective date of this report. The authors have relied on documents and information provided by VI Mining and CMMP for details of the surface and subsurface mineral ownership, the proposed property agreement and royalties. However, the authors have verified the ownership on November 22nd, 2017 by going to the Peruvian government online service to verify the current mineral licenses at <http://geocatmin.ingemmet.gob.pe/geocatmin>.

In addition, the authors of this report have incorporated the information from geophysical reports prepared by Deny Bayona of Deep Sounding Geophysics. Lima, Peru which were found to have been prepared in accordance with industry standard practices with respect to their respective types of geophysical surveys.

4 Property Description and Location

VI Mining has entered into an option to purchase agreement to purchase 100% of the Minas Pampa property (and Rosario de Belen property) from CMMP. The agreement states that VI Mining will purchase 100% of the Minas Pampa Property as well as 100% of the Rosario de Belen Property located approximately 25 km to the southwest (Figure 4.1). This includes the mine site properties, exploration licenses, certain surface rights, all facilities on the property and all equipment, including offices and camps, fully functional ore processing plants at both properties, trucks and all mining equipment including track hoes, haul trucks, CATs etc. The option is to purchase 100% ownership of the properties with no Royalties or expenditure requirements as part of the option agreement. VI Mining has agreed to the following purchase terms (Giorffino, pers comm., 2017):

Figure 4.1. Minas Pampa property location.



- \$US 5.4 million (\$GBP 4.0 million) on signing,
- \$US 5.4 million (\$GBP 4.0 million) 15 days after the due diligence period is completed and signed off on,
- \$US 20.25 million (\$GBP 15.0 million) 8 months after the 2nd payment,
- \$US 20.25 million (\$GBP 15.0 million) 8 months after the 3rd payment, and
- \$US 13.5 million (\$GBP 10.0 million) in stock of the company.

As part of the terms of the purchase agreement, it will be CMMP's responsibility to deliver 100% of both properties (all concessions) unencumbered and royalty free. The entire deal for the two properties totals \$US 64.8 million (\$GBP 48.0 million) in cash payments and stock of VI Mining. According to CMMP and VI Mining there are no environmental deposits being held by the Peruvian government for reclamation and no new deposits will be required; however, VI Mining will assume all environmental and reclamation responsibilities at both projects on a go forward basis. However, any existing financial (or other) liabilities leading to a monetary impairment found during the due diligence period or during the term of the option to purchase would be deducted from the last payment.

The Minas Pampa Property is located near the village of Casgabamba within the Sarin district of the Sánchez Carrión Province of the La Libertad Region in northern Peru (Figure 4.1). The property is approximately 450 km due north of Lima, the capital of Peru. The coastal city of Trujillo lies 120 km to the west of the Property. Huamachuco, the nearest sizeable population center, is 18 km north-northwest of the property (Figure 4.1). The Minas Pampa property is situated along the flank of the Western Cordillera (Cordillera Occidental) of the Central Andes Mountains. The Property is roughly centred on the geographic coordinates of 77°58'24" W and 7°56'43" S or UTM coordinates of 172130 east and 9120560 north, relative to the Zone 18S PSAD projection.

The Minas Pampa Property is composed of seven mining concessions with a combined area of 3,500 ha (Table 4.1; Figure 4.2). Recent mining operations were conducted in the southern portion of the Patrick Almendra I concession extending to the south into a portion of the Veca XV concession (Figure 4.2). The mining infrastructure is contained within the Patrick Almendra I, Kevin III and Veca XV concessions (Figure 4.2).

CMMP personnel have stated that CMMP owns 100% of the mining concessions. Title documents dated April 9, 2014 were provided to APEX for six of the seven concessions. The documents in general indicate that CMMP at that time owned two of the six concessions and they have a 30-year mining lease on the other four concessions. Details of any underlying agreements and/or royalties that are registered on the concessions are summarized below for each of the six concessions. VI Mining is currently in the process of obtaining a new title opinion but it has not been completed at the time of this report. The authors have relied upon the information provided by VI Mining and CMMP.

No information has been provided to the authors on the surface ownership and associated agreements, access rights or any requirements to keep the property and mining related licences in good standing including but not limited to ongoing environmental work and expenditures, exploration work and expenditures and any technical reporting requirements. No title document was provided for the Mumalca Dos concession.

Table 4.1. Mining concessions.

Concession No.	Concession Name	Owner	Optionee/Contract Miner	Area (ha)
030002899	Patrick Almendra I	Compania Minera Minaspampa S.A.C.	Compania Minera Minaspampa S.A.C.	1,000
030011303	Kevin III	Compania Minera Minaspampa S.A.C.	Compania Minera Minaspampa S.A.C.	600
030007903	Veca XV	S.M.R.L. Veca XV	Compania Minera Minaspampa S.A.C.	800
030004001	Paula Isabel V	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	200
030004701	San Pablo 3E	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	400
010320407	La Codiciada de Oro N° 1	Sanchez Miranda, Alfredo Alexander	Compania Minera Minaspampa S.A.C.	200
010042006	Mumalca Dos	Title Not Provided	Compania Minera Minaspampa S.A.C.	300
Total				3,500

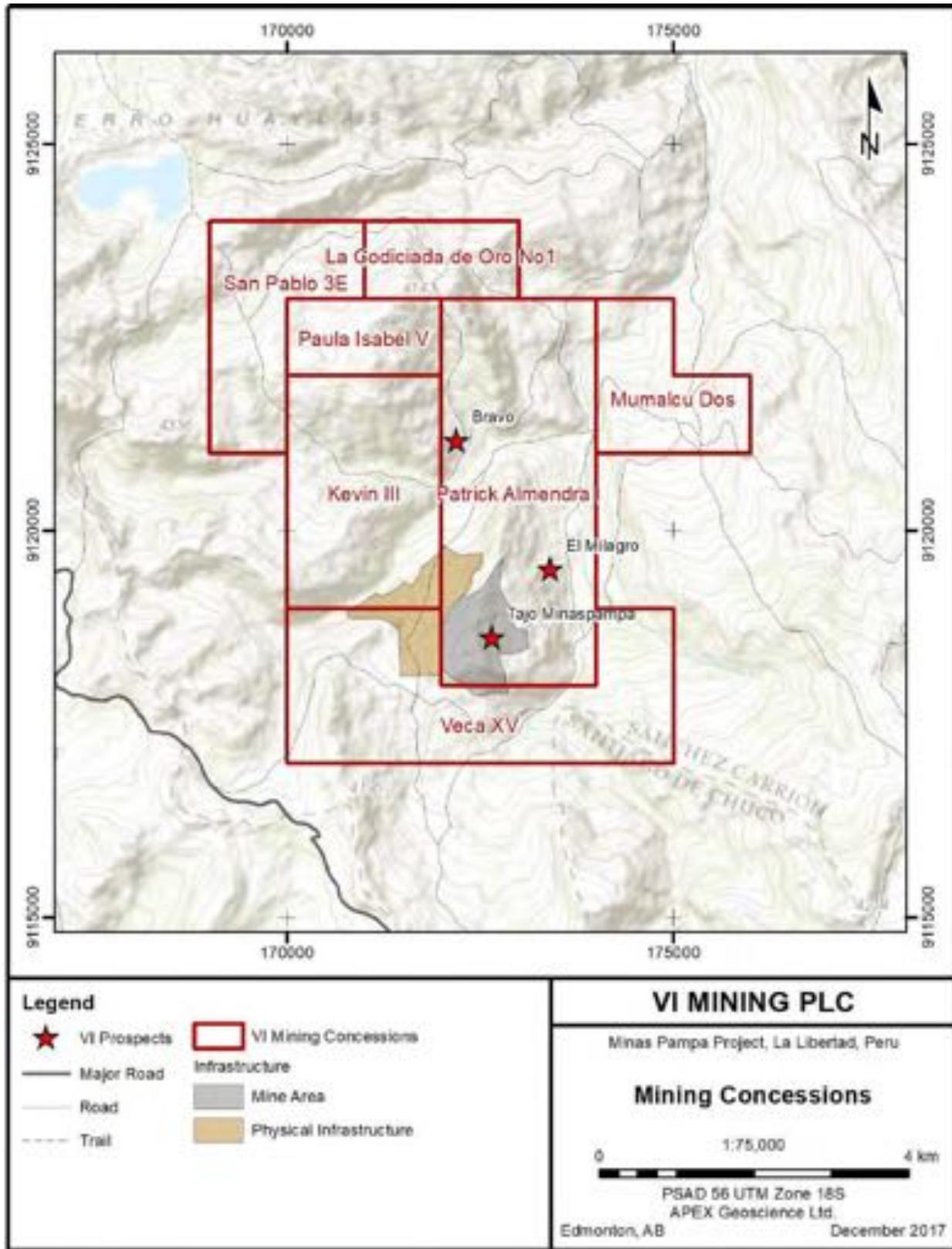
The following section describes the ownership and royalties as they stood in mid 2014 as provided in title documents to the authors. As part of the current purchase agreement, CMMP must acquire 100% of these concessions and transfer 100% ownership unencumbered and royalty free to VI Mining.

Patrick Almendra I

Gilberto Napoleon Zamora Jauregui originally staked the 1,000 ha Patrick Almendra I concession on June 8th, 1999. The concession title was transferred to CMMP on February 17th, 2007 for a sum of Nuevo Sol \$77,042. Gilberto Napoleon Zamora Jauregui retained a 1% royalty on the “net value of mineral sales”, but actually described as a Net Smelter Return (NSR) in the actual contract. Normally a royalty described as “net value of mineral sales” would be considered as a Net Profit Interest (NPI), however, in the contract it is specifically described as an NSR in brackets.

On April 15th, 2011, CMMP signed a ten-year mining contract with S.M.R.L. Rosario de Belen in which CMMP retained a 7.5% Net Smelter Royalty (NSR). This mining contract appears to have ended on May 21st, 2012.

Figure 4.2. Minas Pampa project concessions.



A two-year mortgage was taken out by CMMP on the Patrick Almendra 1 concession with Compania Minera Andina S.A. on August 20th, 2010. The mortgage was for up to US\$3,000,000 to guarantee a debt of US\$1,600,000. At this time the concession was valued at US\$3,500,000.

Kevin III

Gilberto Napoleon Zamora Jauregui originally staked the 600 ha Kevin III concession on September 25th, 2003. The concession title was transferred to CMMP on February 17th, 2007 for a sum of Nuevo Sol \$18,297.

Veca XV

The 800 ha Veca XV concession was originally owned by S.M.R.L. Veca XV (Veca) on July 14th, 2004. A thirty-year mining contract with an effective date of May 27th, 2008 was established between Veca as title holder and CMMP. A royalty described as 2% of the “net value of mineral sales” is payable to Veca. Normally, “net value of mineral sales” implies that the royalty is an NPI type royalty but in the contract registered on the Patrick Almendra I “net value of mineral sales” is described in brackets as a NSR. It is not clear in the Veca XV contact between Veca and CMMP whether the royalty is a 2% NSR or NPI.

The rights of the mining contract were then assumed by S.M.R.L. Rosario de Belen on April 15th, 2011. The mining contract reverted to CMMP on May 21st, 2012.

Paula Isabel V

The Paula Isabel V concession was originally staked on June 26th, 2001 by S.M.R.L. Paula Isabel II. An agreement to transfer the mining rights to Minera ERL SA was initiated on October 20th, 2010. The transfer of the mining rights was subject to staged payments over 36 months amounting to a total of US\$225,000 and a one-time payment of \$5/oz of Au in defined mineable reserves. Once all payment obligations were met the concession title would transfer to Mineral ERL SA. After 42 months from the date of the contract assuming production had commenced a NSR was payable to S.M.R.L. Paula Isabel II as defined by the following criteria:

- Gold price <US\$300/oz a NSR royalty of 1% was to be paid.
- Gold price between US\$300 and US\$400/oz a 2% NSR royalty would be paid.
- Gold price >US\$400/oz a 3% NSR royalty would be paid.

The title was transferred to Alexander Robinson Martinez Romero on September 27th, 2007 for Nuevo Sol \$500, then to Cristian David Lopez Romero on October 21st, 2008 again for Nuevo Sol \$500 and again to Alfredo Alexander Sanchez Miranda on December 10th, 2008 for Nuevo Sol \$500.

A thirty-year mining contract was established between Alfredo Alexander Sanchez Miranda as title holder and CMMP with an effective date of April 13th, 2010. A royalty amounting to 2% of the “net value of mineral sales” is payable to Alfredo Alexander Sanchez Miranda. It is not clear in the Paula Isabel V contact between Alfredo

Alexander Sanchez Miranda and CMMP whether the royalty is a 2% NSR or NPI. It also is not clear whether the original NSR payable to S.M.R.L. Paula Isabel II is still in effect or has been terminated.

San Pablo 3E

The 400 ha San Pablo 3E concession was originally located by Emilio Cardenas Marquina on August 7th, 2001. A lien was placed on the property for Nuevo Sol \$65,000 in Favour of SUNAT on August 31, 2004.

Title of the concession was transferred to Christian David Lopez Romero on October 21st, 2008 for Nuevo Sol \$500 and again to Alfredo Alexander Sanchez Miranda on December 10th, 2008 for Nuevo Sol \$500.

A thirty-year mining contract was established between Alfredo Alexander Sanchez Miranda as title holder and CMMP with an effective date of April 13th, 2010. A royalty amounting to 2% of the “net value of mineral sales” is payable to Alfredo Alexander Sanchez Miranda. It is not clear in the San Pablo 3E contact between Alfredo Alexander Sanchez Miranda and CMMP whether the royalty is a 2% NSR or NPI.

La Codiciada de Oro No1

The 200 ha La Codiciada de Oro No1 was originally staked on August 11th, 2008 in the names of Javier Castro Flores and Flabia Alcca Chauares. The concession title was transferred to Jose Ricardo Sanchez Miranda on December 2nd, 2009 for US\$15,000.

A thirty-year mining contract was established between Jose Ricardo Sanchez Miranda as title holder and CMMP with an effective date of April 13th, 2010. A royalty amounting to 2% of the “net value of mineral sales” is payable to Jose Ricardo Sanchez Miranda. It is not clear in the La Codiciada de Oro No1 contact between Jose Ricardo Sanchez Miranda and CMMP whether the royalty is a 2% NSR or NPI.

Other Ownership Considerations

Little to no documentation was provided to the authors describing the surface ownership or for the existing mining and processing permits. It is unknown what payments if any are required to maintain surface access and infrastructure and who owns the surface rights. It is not clear how much money has been spent on environmental/closure bonds or what the estimated closure cost is. VI Mining has indicated to the authors they believe that there are no environmental/closure bonds held by the Peruvian government to cover the future environmental and mine closure costs. The plant and the infrastructure in conjunction with future mine closure costs potentially represent a significant financial liability in the Project’s current state without a significant mineable resource that can sustain the operation.

5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility

The Minas Pampa property can be accessed by road from Lima by travelling 560 km north along the Pan-American Highway (1N) to the city of Trujillo, then from Trujillo East along the paved highway 10A to Huamachuco for 135 km. The property is 42 km by road to the south of Huamachuco along an all-weather gravel road. The 737-km journey from Lima to the property takes a total driving time of about fourteen hours.

5.2 Topography, Elevation and Vegetation

The Minas Pampa Project is located within a region characterized by elevated plateaus averaging 3,500 metres above sea level (masl) and includes glaciated peaks reaching up to approximately 4,400 masl (Compañía Minera Minaspampa S.A.C., 2010). At higher elevation, the rolling topography includes rocky mountain tops with colluvial material on the slopes. In the lower valleys, rivers have formed alluvial terraces through the plains. Topography of the recent mine workings is defined by a steep hilltop that is bordered by a deep ravine to the west and by gently sloping topography to the east with elevations ranging between 3,200 to 3,950 masl. The main topographical features are the Minaspampa, Laguna Larga and Casgabamba mountains.

Vegetation in the area is dominated Puna, high altitude grasslands. The vegetation cover is typical of the high, cold, dry Andean topography between 3,600 to 3,900 masl.

5.3 Climate

The regional area's climate is characteristic of most of the Peruvian Andes with a dry season from April to November and a rainy season between November to March. In the Project area, precipitation is at a maximum during October to March and is the driest during June to September (Garay *et al.*, 2015). Average annual precipitation in the region amounts to 852 millimetre (mm), with only 75 mm falling between June and September.

Temperature in the Peruvian Andes is dependent on altitude, with an approximate change of 0.8 °C per 100 metre (m) of elevation change (Garay *et al.*, 2015). The average annual temperature of the region is 11.4°C and stays consistent throughout the year.

Due to low annual precipitation and relatively consistent temperatures exploration work within the project area can be undertaken year-round.

5.4 Local Infrastructure and Resources

The nearest population centers to the Property are the city of Huamachuco, approximately 42 km by road to the north, and the smaller towns of Curgos, 25 km by road to the north, and Mollebamba, 37 km by road to the south. Huamachuco is the capital of the province Sánchez Carrión and has a population of approximately 35,000 people. Several small villages within proximity to the Property include Casgabamba and

Chirchir. The region has experienced a recent boom in exploration and mining activities therefore, skilled and unskilled labour is present in the nearby communities as far away as Huamachuco.

Due to the recent mining activity within the project area, extensive infrastructure is available within the immediate area including a fully equipped preparation, assay and metallurgical laboratory, large leach pads as well as a modern Carbon in Column (CIC) benefaction plant with a capacity to treat 800 m³ of pregnant leach solution per hour. A 1,000-kilowatt diesel generates power on the property with backup power available from the national grid. A fully equipped mining and exploration camp with accommodation, kitchen and offices to support the operations is present and is in good condition along with a significant fleet of open pit mining equipment (Figure 5.1).

Water for exploration and mining operations is available from the Rio Cerpaquino and several of its tributaries which run throughout the property. Two of the tributaries are located on either side of the recent mine workings. The Consuso stream is located along the west margin, flowing in a southwest to northeast direction while the Casgabamba stream is to the east, draining in a south to north direction.

Full 3G network coverage is available throughout the property via Claro, a national wireless service provider. The exploration and mine offices are serviced via a satellite internet connection.

6 History

Artisanal workings in the area date back to the early 1900's. As is typical with these informal workings, no production records are available. In 2007 and 2008 Veca conducted initial surface sampling over the Minas Pampa Property (known as the Veca XV project). CMMP took over exploration of the Minas Pampa Project in early 2008. CMMP completed detailed channel sampling and RC drilling (85 holes) in 2009 and 2010 that resulted in mining operations starting in September 2011. Exploration on the Minas Pampa Property continued up to 2014 (including the drilling of a further 329 RC holes) and resulted in the identification of two early stage prospects: Bravo and El Milagro, located north of the Minas Pampa mine (Figure 6.1).

Production from the main Minas Pampa pit (outlined in Figure 6.1) commenced in September 2011 and continued through to October 2013. A total of 65,891 oz of gold Au and 225,467 troy ounces of silver were produced from 10,353,599 tonnes during the operational span of the mine. During the operational phase an additional 800,000 tonnes of leach pad material was "re-mined" by ripping, moving and re-leaching existing leach pad ore. This resulted in the production of an additional 2,027 ounces of gold and 43,184 ounces of silver between January and April 2014.

This section summarises exploration completed from 2007 to 2014 (Table 6.1) and the mining and milling operations completed from 2011 to 2013. Drill intersections provided in this section are not true widths of mineralization, but rather drill intersection widths.

Figure 5.1. Minas Pampa Project Infrastructure.

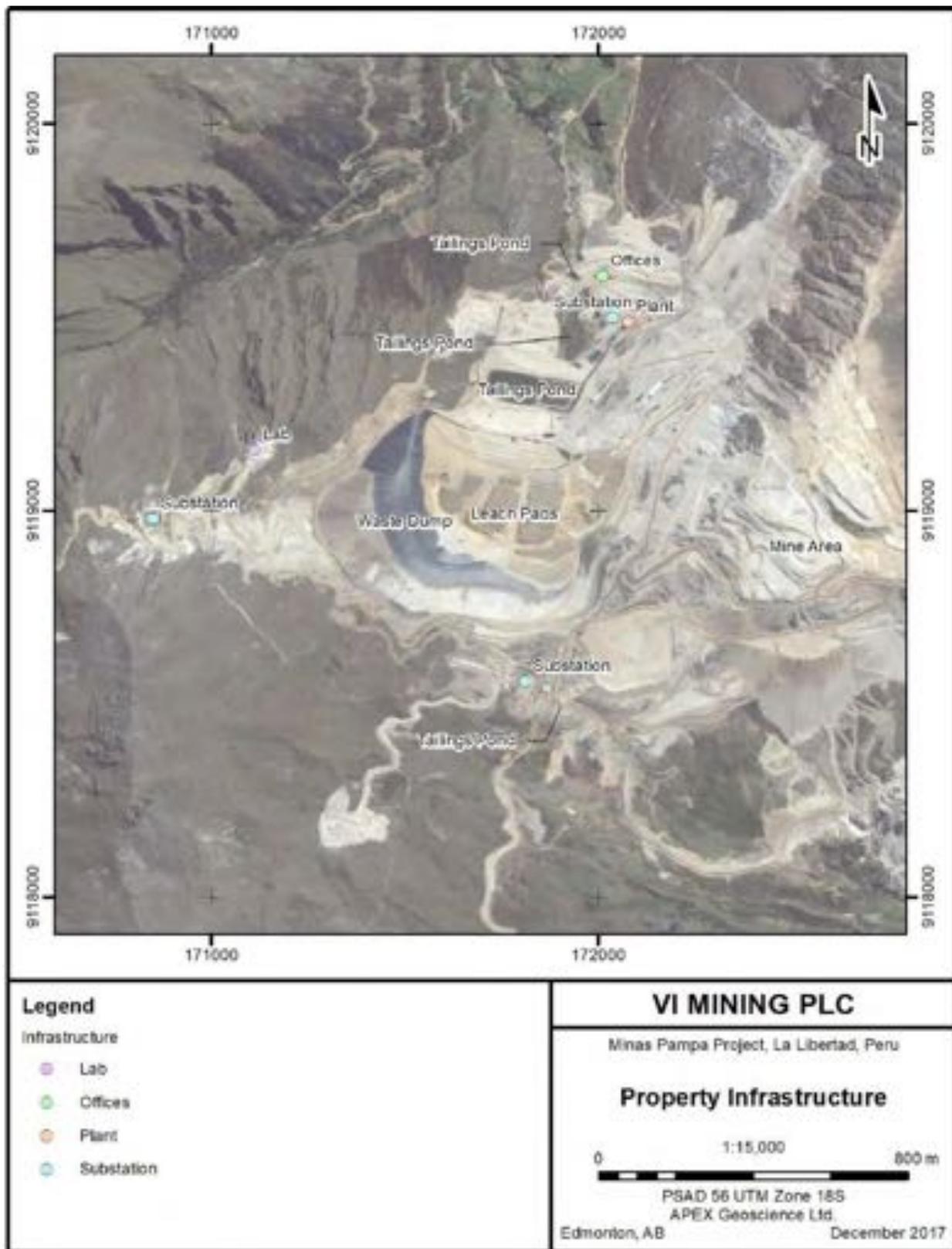


Table 6.1. Summary of historic exploration work completed on the Minas Pampa Project area.

Type of Work	Year								Total
	2007	2008	2009	2010	2011	2012	2013	2014	
Surface Sampling	2,592	1,319	720	1,209	6,719	1,125	8,904	1,387	23,975
RC drillholes			47	38		135	191	3	414
RC drill metreage			6,643.5	6,522.0		14,455.5	25,327.0	276.0	53,224.0
RC drill samples			4,385	4,346		8,353	16,878	276	34,238
Diamond drillholes							5		5
Diamond drill metreage							1,113.9		1,113.9
Diamond drill samples							475		475
IP Geophysics line-km							22.5		22.5
Mag Geophysics line-km							18.4		18.4

6.1 S.M.R.L. Veca XV 2007 - 2008 Exploration

In 2007 and early 2008 the Minas Pampa project was held by Veca. Veca collected 3,911 rock samples, including 3,141 rock grab and channel samples from the surface, and 770 channel samples from artisanal underground workings (Figure 6.2). The samples we collected from surface and underground workings at the main Tajo Minas Pampa area.

The 2007 surface sampling program resulted in the collection of 1,822 rock grab and channel samples. Results were extremely encouraging with 206 samples returning assays of 0.5 g/t Au or greater. The highest assay returned 113.0 g/t from an 80 centimetre (cm) wide breccia zone. Silver values were also encouraging with 228 samples returning assays above 10 g/t Ag. The highest silver assay reported 1500 g/t Ag with 57.2 g/t Au across 5 m collected from a fault gouge zone. Most of the mineralization samples were from Chimu Formation quartz rich arenites.

Sampling of the underground artisanal workings resulted in the collection of 770 channel samples, mostly from the Chimu Formation quartz arenites. The results from the underground sampling confirmed the presence of significant mineralization below the surface mineralization. In total 451 samples returned assays above 0.5 g/t Au. The highest assay of 34.3 g/t Au and 149.5 g/t Ag was measured from a 0.65 cm wide oxidized breccia. Location data is not available for most of the underground samples, however it is likely that they were all collected from within the Tajo Minas Pampa area.

Following the success of the 2007 surface and underground sampling program, 1,319 additional surface rock grab, chip and channel samples were collected from the Tajo Minas Pampa area in 2008. Encouraging results were returned from the 2008 sampling program with 125 samples returning assays greater than 0.5 g/t Au, with a maximum assay of 6.62 g/t Au and 157.3 g/t Ag. Several of the highly anomalous samples are located outside of the Tajo Minas Pampa area and were followed up with subsequent sampling and drilling programs.

Figure 6.1. Minas Pampa Mine area and prospects.

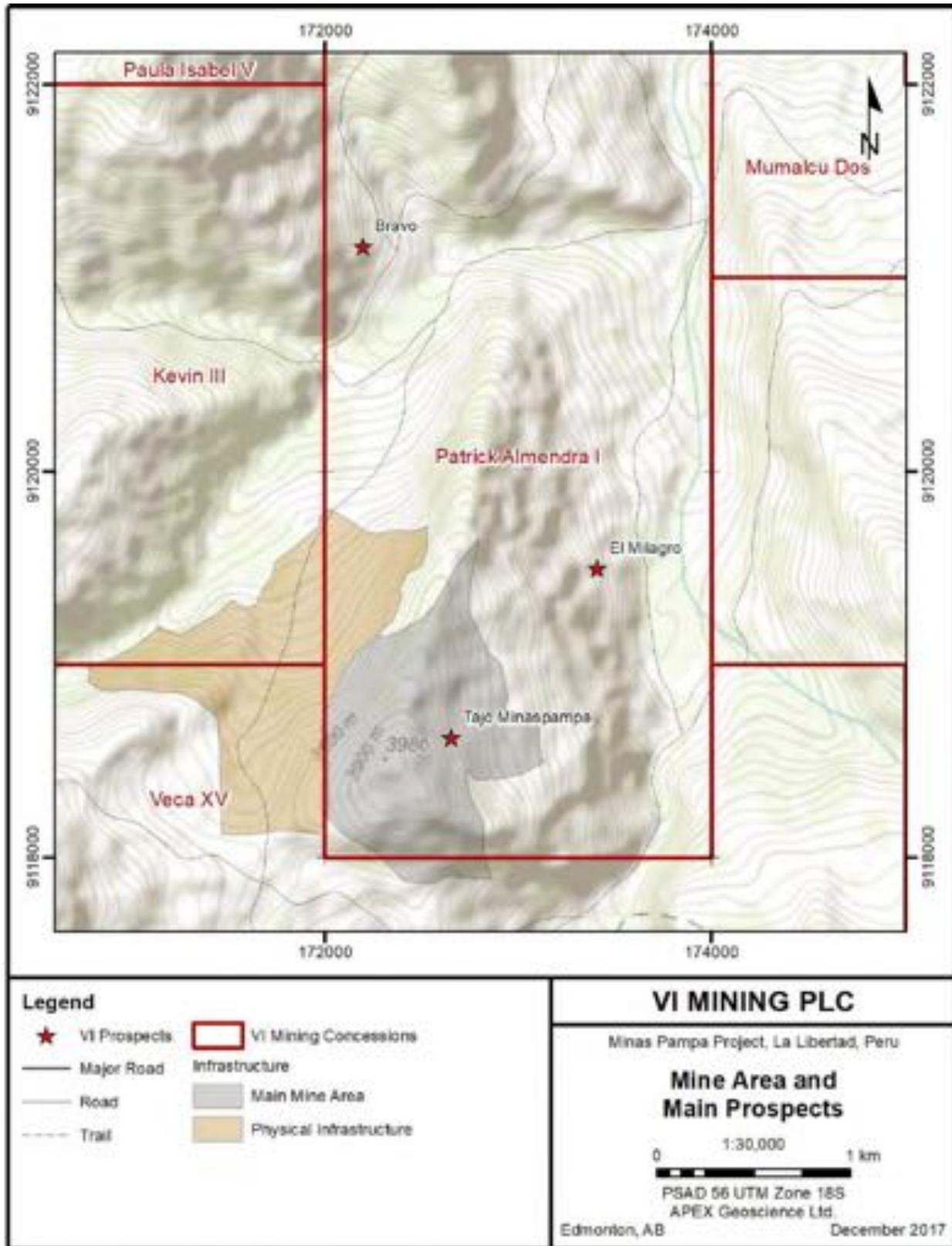
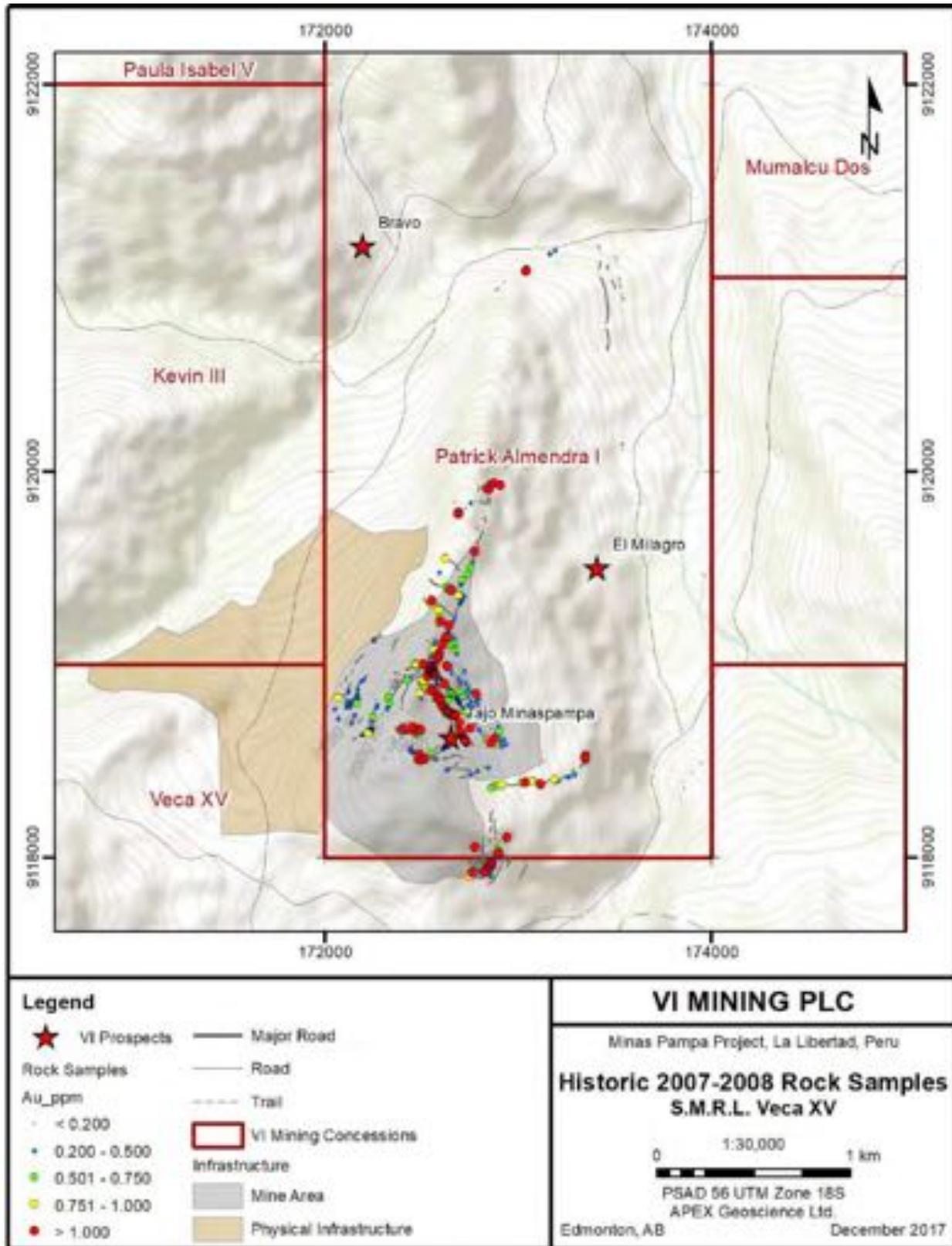


Figure 6.2. Veca 2007 and 2008 rock sample location and results.



6.2 Compania Minera Minas Pampa S.A.C. 2009 - 2014 Exploration

6.2.1 2009 Exploration

In 2009, 720 three (3) metre channel samples were collected from the Tajo Minas Pampa area. A maximum assay of 19.53 g/t Au with 374.4 g/t Ag and 0.12% copper was returned from a channel sample located within the western end of the El Milagro prospect directly north of the mine workings (Figure 6.3).

The 2009 drilling program consisted of 47 RC drillholes totalling 6,643.5 m. The drilling program was designed to test the mineralization at Minas Pampa and Minas Pampa Sur identified from surface and underground sampling (Figure 6.4). Table 6.2 summarizes the significant intersections from the 2009 exploration drilling program. Highlights include an intersection of 0.825 g/t Au over 21.00 m drillhole length in 09-RCD-MIN-01. The 2009 drilling indicated the presence of a large, medium to low grade mineralized body which contained appreciable zones with grades exceeding 1.0 g/t Au within Chimu Formation sediments.

Assaying for both the 2009 and 2010 drilling programs was conducted at a mine site laboratory at Minera Santa Rosa S.A. (COMARSA). Gold and silver were analysed by, by fire assay and by leach soluble solution using sodium cyanide. Geochemistry was performed to determine copper (Cu), lead (Pb) and arsenic (As). Sampling was conducted on 1.5 m RC sample intervals with a total of 8,814 determinations.

6.2.2 2010 Exploration

In 2010, a total of 1,209 surface rock grab and channel samples were collected from the Olla-Perol and Vizcacha production zone areas. Forty-five samples returned assays greater than 0.5 g/t Au with a maximum assay of 12.85 g/t Au with 90.6 g/t Ag from Vizcacha (Figure 6.5).

The 2009 drilling program consisted of 38 RC drillholes totalling 6,522 m. The 2010 drilling was focussed along the Candela structure: a northwest oriented structure within the Chimu Formation sediments that spatially is associated with mineralization. Significant intersections from 2010 are summarized in Table 6.3. The program confirmed the presence of a large, medium to low grade bulk tonnage exploration target with intersections up to 21.00 m wide grading 0.457 g/t Au along with several narrower higher-grade intersections (Table 6.3 and Figure 6.5).

Table 6.2. 2009 RC drillhole highlights.

Drillhole-ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
09-RCD-MIN-01	28.50	49.50	21.00	0.825	23.970
09-RCD-MIN-05	30.00	31.50	1.50	0.698	0.558
	82.50	93.00	10.50	1.163	21.091
09-RCD-MIN-06	21.00	30.00	9.00	0.927	6.148
	46.50	61.50	15.00	1.246	30.993

Drillhole-ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
09-RCD-MIN-07	66.00	69.00	3.00	0.530	4.711
09-RCD-MIN-09	22.50	31.50	9.00	2.004	27.102
	45.00	58.50	13.50	0.458	4.191
09-RCD-MIN-10	76.50	81.00	4.50	0.846	7.970
09-RCD-MIN-13	25.50	27.00	0.00	0.517	13.550
09-RCD-MIN-17	4.50	13.50	9.00	0.735	7.595
09-RCD-MIN-22	60.00	61.50	1.50	1.284	20.000
09-RCD-MIN-23	16.50	18.00	1.50	0.582	5.636
	133.50	135.00	1.50	0.519	43.865
09-RCD-MIN-25	46.50	48.00	1.50	1.436	42.864
	61.50	63.00	1.50	3.611	195.556
	96.00	97.50	1.50	0.892	4.089
09-RCD-MIN-26	3.00	7.50	4.50	0.506	1.711
	37.50	42.00	4.50	0.948	6.829
09-RCD-MIN-28	0.00	4.50	4.50	0.637	2.838
	87.00	90.00	3.00	0.803	203.558
09-RCD-MIN-30	106.50	108.00	1.50	0.552	27.742
09-RCD-MIN-32	1.50	6.00	4.50	0.690	5.298
09-RCD-MIN-33	13.50	22.50	9.00	1.026	9.479
	49.50	54.00	4.50	1.240	4.735
	58.50	75.00	16.50	0.613	19.013
09-RCD-MIN-34	15.00	25.50	10.50	0.589	14.088
	54.00	66.00	12.00	1.110	7.910
09-RCD-MIN-35	25.50	36.00	10.50	0.428	4.638
	40.50	66.00	25.50	0.622	5.780
09-RCD-MIN-37	91.50	97.50	6.00	1.110	24.875
09-RCD-MIN-42	34.50	37.50	3.00	2.110	12.857
09-RCD-MIN-43	3.00	6.00	3.00	1.726	17.808
09-RCD-MIN-45	87.00	90.00	3.00	0.571	75.731
	96.00	108.00	12.00	0.510	36.132
09-RCD-MIN-46	160.50	172.50	13.00	0.756	49.712
09-RCD-MIN-47	78.00	84.00	6.00	0.549	80.487

Table 6.3. 2010 RC drillhole highlights.

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
10-RCD-MIN-48	79.50	87.00	7.50	1.039	153.737
10-RCD-MIN-50	102.00	112.50	10.50	0.354	6.476

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
10-RCD-MIN-51	73.50	90.00	16.50	0.569	15.987
10-RCD-MIN-52	100.50	111.00	10.50	0.392	4.776
10-RCD-MIN-55	40.50	42.00	1.50	1.076	1.565
10-RCD-MIN-57	9.00	15.00	6.00	0.970	5.912
10-RCD-MIN-59	0.00	12.00	12.00	0.641	12.462
	34.50	43.50	9.00	0.602	4.520
	54.00	57.00	3.00	0.842	5.334
10-RCD-MIN-60	58.50	79.50	21.00	0.475	11.233
	108.00	123.00	15.00	0.357	20.110
10-RCD-MIN-61	52.50	54.00	1.50	1.244	48.034
10-RCD-MIN-62	106.50	109.50	3.00	0.533	18.879
10-RCD-MIN-65	4.50	6.00	1.50	2.296	5.128
	39.00	40.50	1.50	0.973	1.532
	78.00	85.50	7.50	0.955	17.377
	117.00	123.00	6.00	0.649	9.241
10-RCD-MIN-68	54.00	55.50	1.50	1.663	32.600
	189.00	190.50	1.50	0.594	60.500
10-RCD-MIN-71	48.00	49.50	1.50	0.526	4.900
10-RCD-MIN-72	3.00	4.50	1.50	4.244	29.600
10-RCD-MIN-73	120.00	124.50	4.50	0.634	33.824
10-RCD-MIN-74	43.50	46.50	3.00	0.632	4.05
10-RCD-MIN-76	207.00	210.00	3.00	0.584	13.65
10-RCD-MIN-80	45.00	55.50	10.50	0.317	11.206

6.2.3 2011 Exploration

In 2011, a total of 6,719 rock grab and channel samples were collected, primarily within the Tajo Minas Pampa area (Figure 6.6). Of which, 546 rock samples returned assays greater than 0.5 g/t Au with a maximum value of 9.67 g/t Au. Most of the highly anomalous samples were collected from the area that was mined beginning in late 2011.

A historic internal “Scoping Study” was completed in January 2011 by Valerio (2011), detailing a non-National Instrument (NI) 43-101 compliant indicated and inferred resource estimate of 9,000,782 tonnes grading 0.31 g/t Au and 7.88 g/t Ag. While detailed, the study was not an NI 43-101 compliant Preliminary Economic Assessment (PEA), Prefeasibility (PFS) or Feasibility (FS) study. Little detail is provided as to how the resource was constructed; however, a map with a block model is presented. The resource appears to have been constructed using 85 RC drillholes totalling 13,175 m that were completed from 2009 to 2010. Drillholes used were completed at a rough overall line spacing of about 50 m sections (Figure 6.4).

Figure 6.3. 2009 rock sampling locations and results.

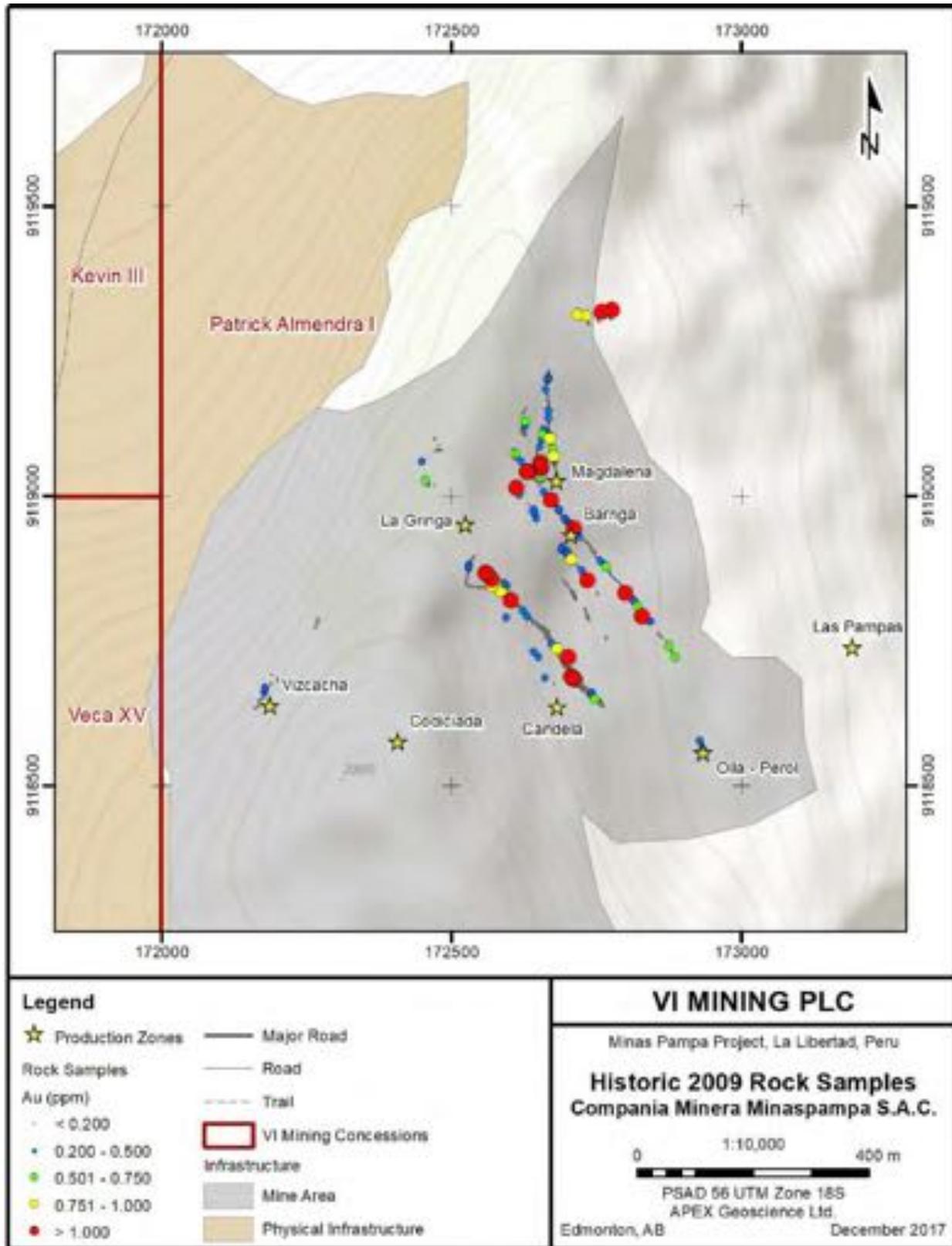


Figure 6.4. Minas Pampa surface RC and diamond drillhole collar locations.

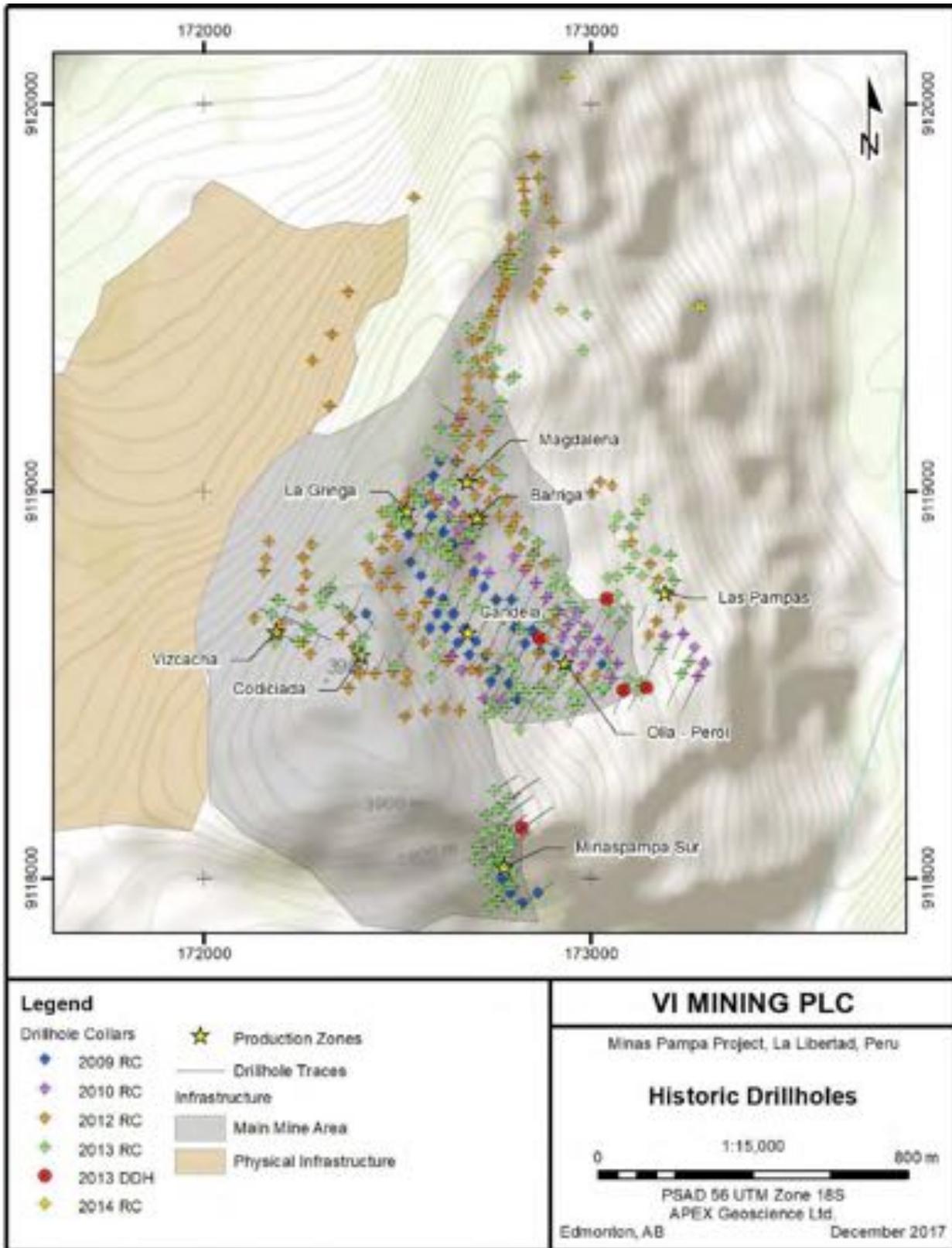
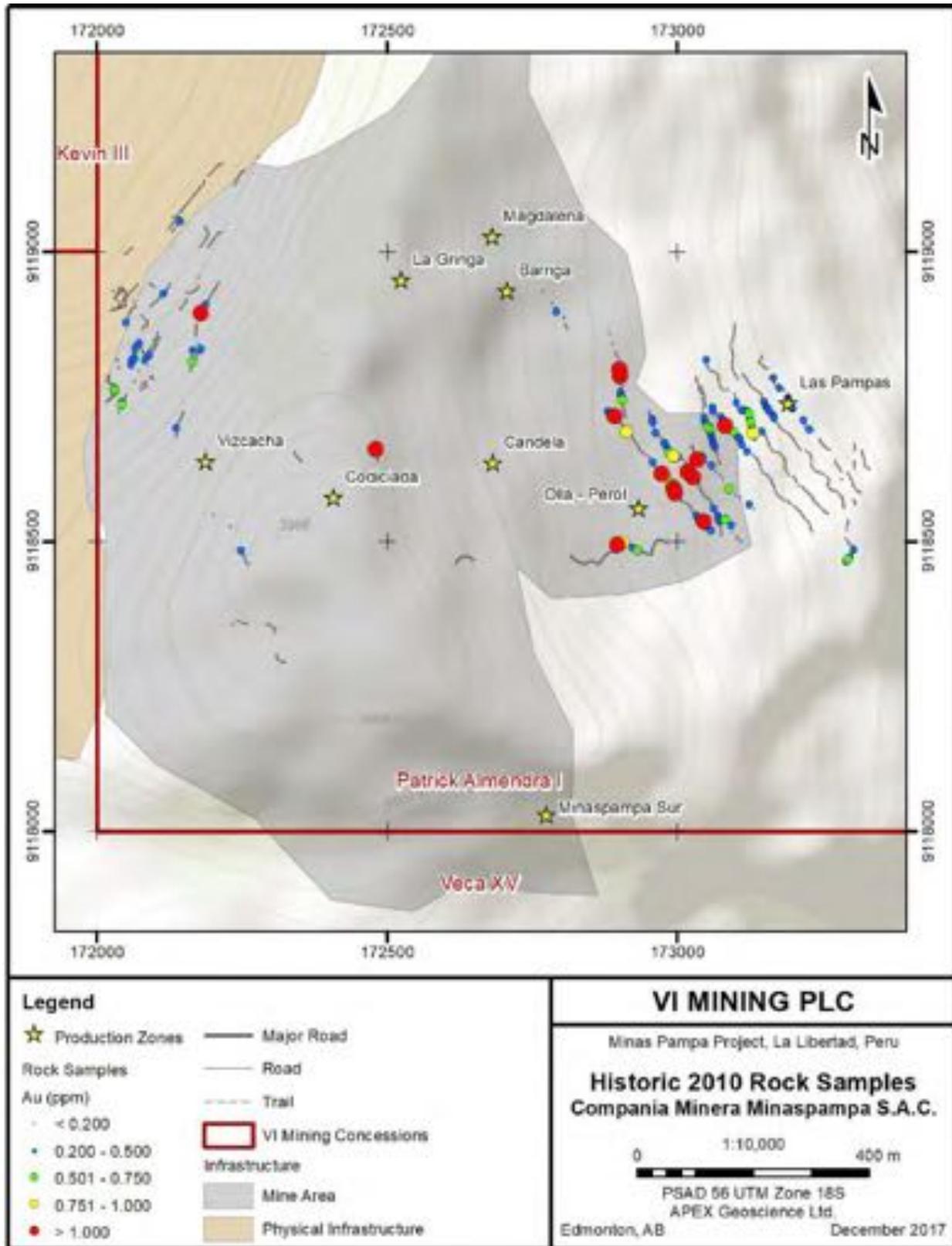


Figure 6.5. 2010 rock sample locations and results.



Dilution for the resource was estimated to be approximately 5%. The historic “Scoping Study” outlined a three-year mine plan with a projection of 9.45 million tonnes (Mt) of ore mined yielding a total of 90,578 oz Au and 2,285,392 oz Ag at 100% recovery (Table 6.4). Waste to ore strip ratios were estimated to be 2.88 to 1. The “Scoping Study” used a gold price of US\$1,200/oz for gold (or US\$38.58 per gram) and US\$25/oz for silver. A conservative recovery of 70% for gold and 50% for silver were used, yielding a recoverable grade of 0.21 g/t Au and 3.76 g/t Ag for the Project at an estimated operating mining and milling cost of US\$7.44/tonne of ore (Valerio, 2011).

Table 6.4. 2011 “Scoping Study” projected mine plan resource* (modified after Valerio, 2011).

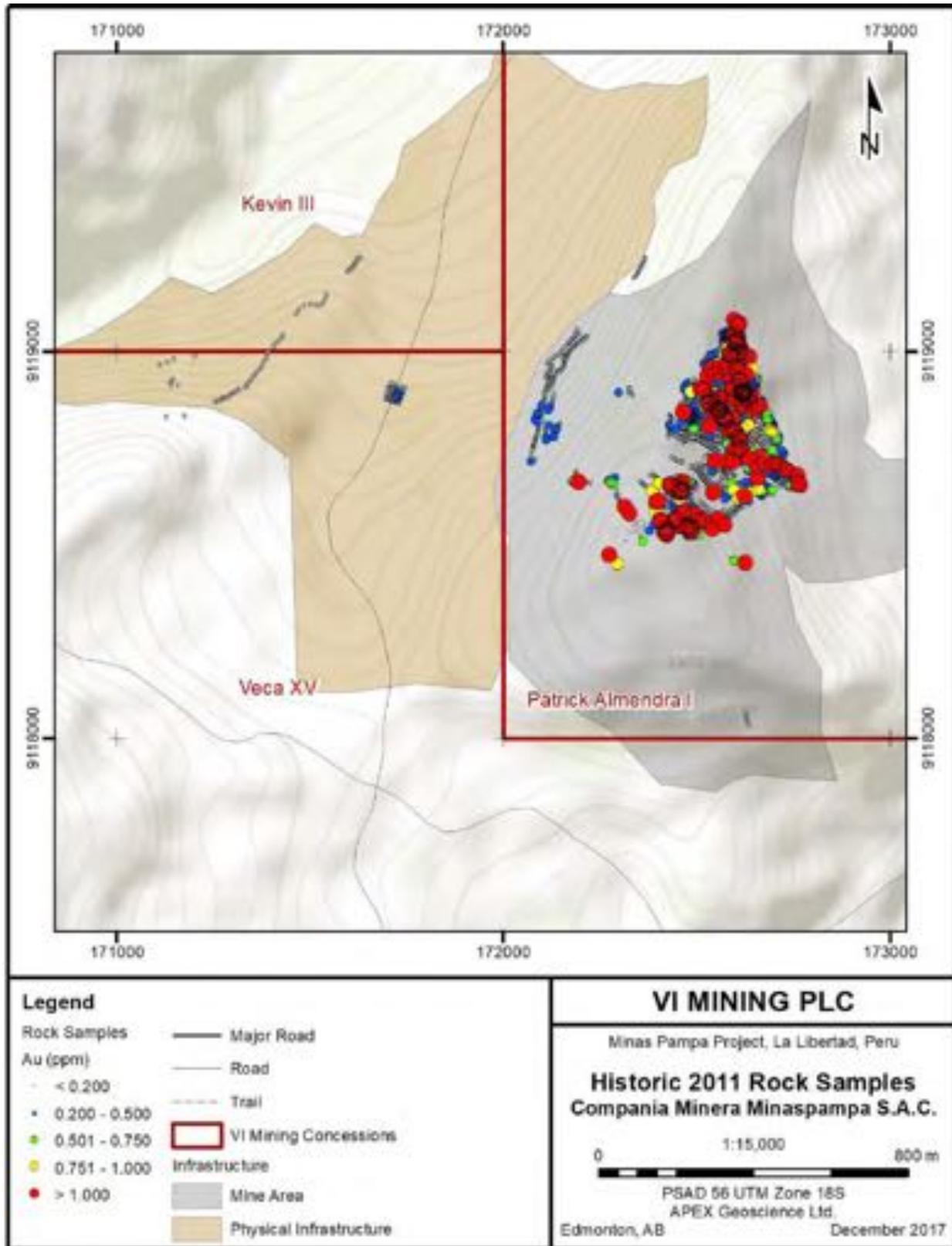
Year	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Average Ag Grade (g/t)	Contained Au (troy ounces)	Contained Ag (troy ounces)	Au Recovery (troy ounces)	Ag Recovery (troy ounces)
2011	2,700,867	0.36	7.55	31,261	655,603	21,882	327,802
2012	3,600,000	0.32	6.32	37,038	731,494	25,926	365,747
2013	3,149,954	0.22	8.87	22,280	898,295	15,596	449,147
Total	9,450,821	0.30	7.52	90,578	2,285,392	63,405	1,142,696

*The project mine plan resource in Table 6.4 was calculated using a non-NI 43-101 compliant resources. The authors of this Technical Report have referred to these estimates as “historic resources” and are not treating them, or any part of them, as current mineral resources. There is insufficient information available to properly assess data quality, estimation parameters and standards by which the estimates were calculated. The historic resource estimates described above should not be relied upon and have only been included to demonstrate the mineral content and potential of the Minas Pampa Deposit.

Valerio (2011) predicted total production of 63,405 troy ounces of gold and 1.14 million troy ounces of silver with total revenue of about US\$105 million over the Life of Mine (LOM) at assumed prices of US\$1,200 per ounce gold and US\$25 per ounce silver, yielding gross revenue of about US\$11.07 per tonne of ore. The study estimated an all-in mining and processing cost of US\$7.44 per tonne with a net projected operating profit of US\$3.20 per tonne. The 2011 study predicted that the operation at US\$1,200 per ounce for gold and US\$25 per ounce for silver was going to be at best a break-even scenario with only a 2 to 2.5-year mine life. However, an estimate of the initial capital construction and plant cost was not provided, that could easily have been in the range of about US\$25 million (US\$2.64/tonne of ore mined) to US\$40 million (US\$4.23/tonne of ore mined). Using this approximate initial capital cost estimate, the total operating cost over the life of mine would be US\$10.08 to US\$11.67 per tonne, yielding a net gain of less than 99 cents per tonne to a net loss of 60 cents per tonne. Profitability was going to be dependent on the predicted recoveries of gold and silver, the prices of the metals, the cost of constructing the heap leach operation and the cost of constructing the Carbon in Column (CIC) processing plant.

In April 2011, Linares Americas Consulting SAC was contracted to review the existing drilling and surface sampling and to produce a resource estimate for the Tajo Minas Pampa area (Linares, 2011). The non-NI 43-101 compliant resource estimate consisted of a Measured and Indicated Resource estimate of 18,217,916 tonnes grading 0.249 g/t Au for a total of 145,717 oz of gold at a cutoff grade of 0.1 g/t Au. Additionally, an Inferred mineral resource of 3,797,144 tonnes grading 0.206 g/t Au for 25,129 oz of gold at a 0.1 g/t Au cutoff was estimated (Table 6.5). The mineral resource

Figure 6.6. 2011 rock sample locations and results.



also included a total Measured and Indicated Resource of 9,948,423 oz of silver and an additional Inferred Resource of 369,876 oz of silver at a lower cutoff of 5.00 g/t Ag (Table 6.6; Linares, 2011). It is not clear if most of the estimated metal in the Linares (2011) resource was contained within the steep to sub-vertical trending Candela structure or if disseminated lower grade metal located within flatter lying stratigraphically controlled zones was incorporated into the final resource estimate.

Table 6.5. Historic gold resource estimate for the Minas Pampa Project with a cutoff of 0.1 g/t Au* (Linares, 2011).

Classification	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Contained Au (troy ounces)
Measured	13,695,353	0.265	116,520
Indicated	4,522,563	0.201	29,197
Inferred	3,797,144	0.206	25,129
Total	22,015,060	0.241	170,845

* The mineral resource estimates summarized in Table 6.5. are non-NI 43-101 compliant mineral resources and are not consistent with current NI 43-101 and CIM standards for mineral resource estimation. The authors of this Technical Report have referred to these estimates as "historic resources" and the reader is cautioned not to treat them, or any part of them, as current mineral resources as there is insufficient information available to properly assess estimation parameters and the standards by which the estimates were categorized. The reader is referred to section 14 "Mineral Resource Estimates" for a discussion of a current NI 43-101 mineral resource estimate for the Minas Pampa Deposit.

Table 6.6. Historic silver resource estimate for the Minas Pampa Project with a cutoff of 5.0 g/t Ag* (Linares, 2011).

Classification	Tonnage (million metric tonnes)	Average Ag Grade (g/t)	Contained Ag (troy ounces)
Measured	16,905,300	15.68	8,523,836
Indicated	2,828,990	15.66	1,424,587
Inferred	1,239,307	9.28	369,876
Total	20,973,597.00	15.30	10,318,299.00

* The mineral resource estimates summarized in Table 6.6. are non-NI 43-101 compliant mineral resources and are not consistent with current NI 43-101 and CIM standards for mineral resource estimation. The authors of this Technical Report have referred to these estimates as "historic resources" and the reader is cautioned not to treat them, or any part of them, as current mineral resources as there is insufficient information available to properly assess estimation parameters and the standards by which the estimates were categorized. The reader is referred to section 14 "Mineral Resource Estimates" for a discussion of a current NI 43-101 mineral resource estimate for the Minas Pampa Deposit.

6.2.4 2012 Exploration

Exploration work during 2012 included the collection of 1,125 rock samples from active mine workings (Figure 6.7). In total, 83 of the rock samples returned assays exceeding 0.5 g/t Au with a maximum assay of 31.8 g/t Au. The 1,125 samples were likely collected as grade control samples and in mine exploration samples to help guide the ongoing mining activities. Exploration outside the main mining area is not evident.

Table 6.7. 2012 drillhole highlights.

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)
12-RCD-TL-03	6.00	10.50	4.50	0.613
	49.50	54.00	4.50	1.080

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)
12-RCD-TL-04	0.00	7.50	7.50	0.579
	22.50	27.00	4.50	0.847
	46.50	60.00	13.50	1.188
12-RCD-TL-06	6.00	12.00	6.00	1.110
	6.00	13.50	7.50	0.928
12-RCD-TL-07	3.00	18.00	15.00	0.582
	36.00	40.50	4.50	0.705
12-RCD-TL-100	79.50	81.00	1.50	2.626
12-RCD-TL-103	78.00	84.00	6.00	0.542
12-RCD-TL-108	10.50	13.50	3.00	0.630
12-RCD-TL-111	106.50	108.00	1.50	0.523
12-RCD-TL-115	10.50	12.00	1.50	3.931
12-RCD-TL-14	33.00	34.50	1.50	0.932
12-RCD-TL-15	49.50	51.00	1.50	0.943
12-RCD-TL-16	87.00	88.50	1.50	2.021
12-RCD-TL-19	27.00	43.50	16.50	1.326
12-RCD-TL-24	15.00	18.00	3.00	1.135
12-RCD-TL-25	36.00	37.50	1.50	0.706
12-RCD-TL-26	13.50	16.50	6.00	0.582
	27.00	51.00	24.00	0.776
12-RCD-TL-28	19.50	21.00	1.50	0.611
	57.00	81.00	24.00	0.846
12-RCD-TL-29	45.00	46.50	1.50	1.310
	85.50	87.00	1.50	0.528
	102.00	103.50	1.50	0.589
12-RCD-TL-32	21.00	22.50	1.50	0.722
	25.50	31.50	6.00	0.658
12-RCD-TL-35	48.00	51.00	3.00	0.661
12-RCD-TL-36	60.00	61.50	1.50	0.988
12-RCD-TL-37	51.00	52.50	1.50	0.916
12-RCD-TL-51	40.50	45.00	4.50	0.684
12-RCD-TL-56	0.00	1.50	1.50	0.740
12-RCD-TL-58	87.00	102.00	15.00	0.321
12-RCD-TL-61	1.50	6.00	3.00	0.593
12-RCD-TL-72	81.00	84.00	3.00	1.099
12-RCD-TL-73	27.00	33.00	6.00	0.756
12-RCD-TL-75	69.00	72.00	3.00	1.585
12-RCD-TL-83	0.00	6.00	6.00	2.373

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)
	25.50	27.00	1.50	0.693
12-RCD-TL-91	0.00	10.50	10.50	0.384
12-RCD-TL-92	15.00	78.00	63.00	0.236
	87.00	108.00	21.00	0.223
12-RCD-TL-95	0.00	12.00	12	0.41

In addition to the rock sampling, 135 RC exploration drillholes were completed totalling 14,455.5 m (Figure 6.4). Drilling was along the arête ridge extending to the northeast from the mine workings and to the immediate west of the Candela structure at the Codiciada area (Figure 6.4). The 2012 drilling program returned several significant deep intersections within the mine area that confirmed that the mineralized structures continued to depth. For example, 12-RCD-TL-04 returned an intersection of 1.19 g/t Au over 13.5 m starting at 46.5 m down hole (Table 6.7). The intersection of mineralization at depth was encouraging. Particularly since the grade appeared to increase slightly with depth, indicating either that the higher grade was associated with the main structures and/or the presence of a transitional oxide – sulphide zone and/or an underlying sulphide zone of mineralization.

6.2.5 2013 Exploration

The 2013 exploration program was designed to identify further mineable reserves within, or close to, the mine area as the existing mineable resources were nearing depletion. In addition, sampling outside of the mine area was completed to advance and evaluate the potential of several near mine prospects including the Bravo and El Milagro Prospects (Figure 6.8). In total, 8,904 surface channel and rock grab samples were collected within the mine area and at the Bravo and El Milagro Prospects (Figure 6.8). During the 2013 drill program 191 RC drillholes totalling 25,327 m and 5 diamond drillholes totalling 1,113 m were completed. Drilling was focused within the main mine area and the north trending arête, Minaspampa Sur and Las Pampas targets (Figure 6.4).

6.2.5.1 Surface Sampling

Extensive trenching was completed over the Bravo and Bravo Northwest prospects resulting in the collection of 1,849 channel samples. A total of 215 samples returned assays above 0.5 g/t Au with a maximum assay of 20.66 g/t Au (Figures 6.8 and 6.9). The anomalous samples from Bravo define a mineralized zone covering an area of approximately 300 x 80 m that is underlain by Chimu Formation altered quartz arenites. The trend of the mineralization is controlled by northeast trending structures with higher concentrations of mineralised samples occurring where the northeast structures intersect major northwest trending structures.

Figure 6.7. 2012 rock sample locations and results.

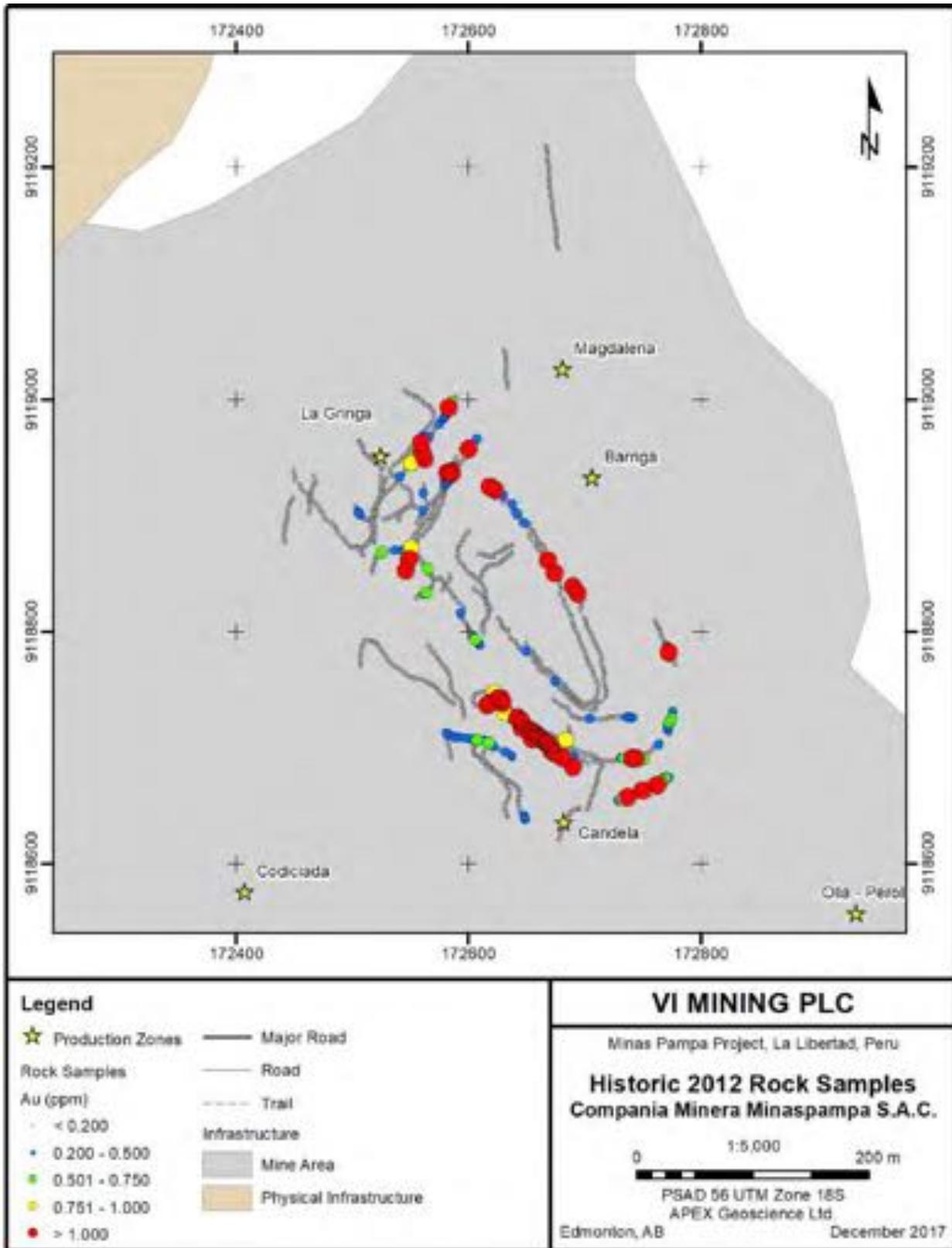


Figure 6.8. 2013 rock sample locations and results.

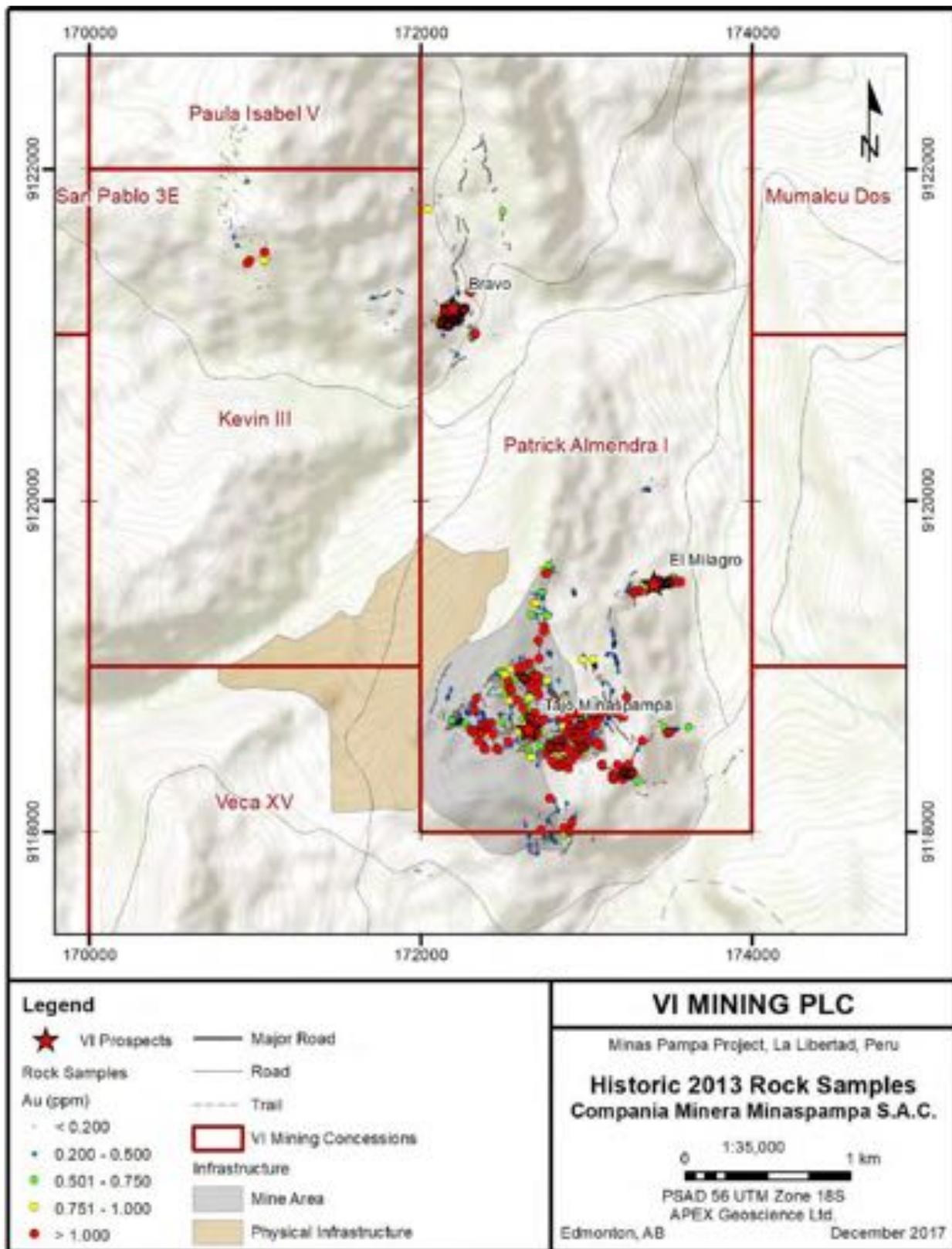
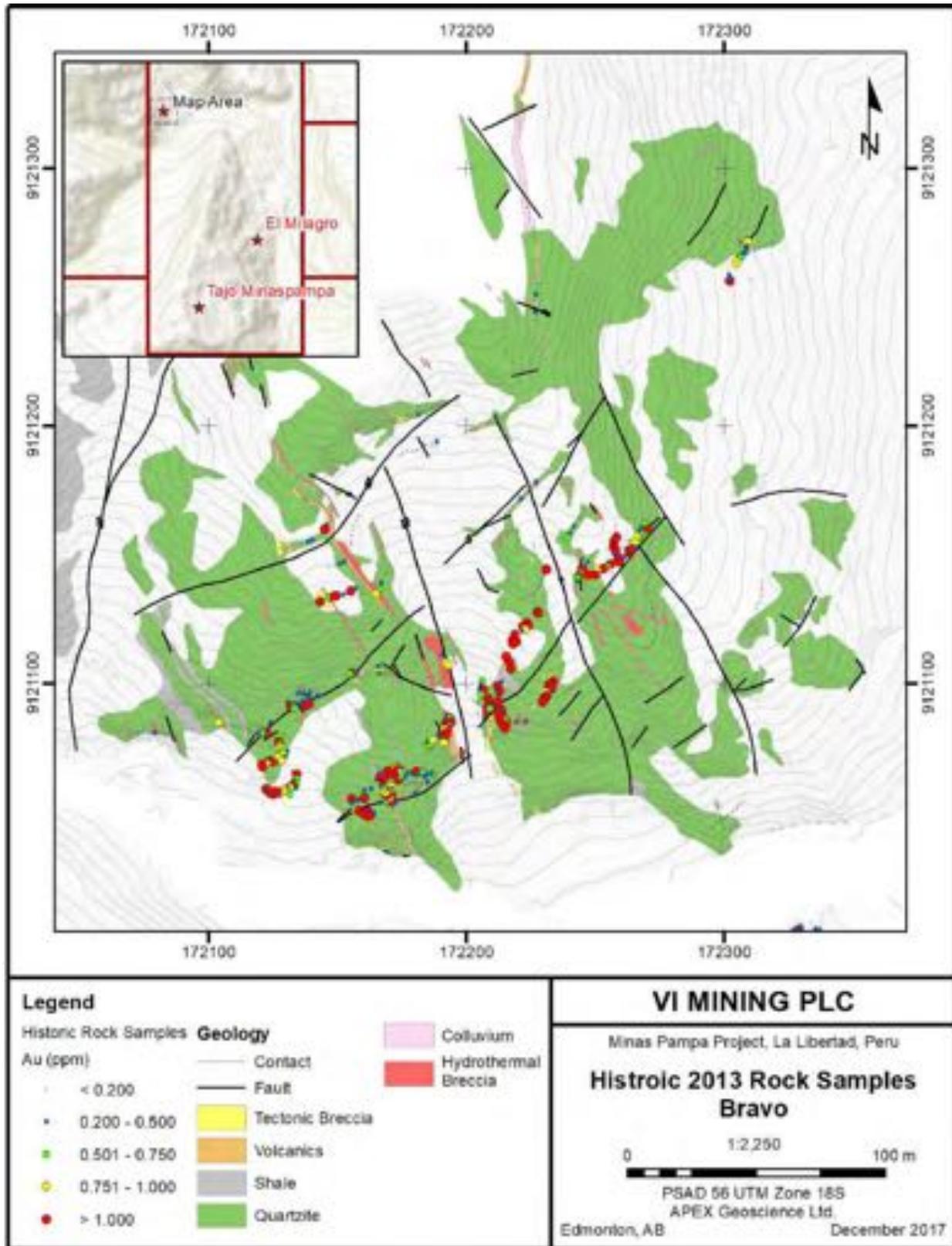


Figure 6.9. 2013 Bravo Prospect rock sample locations and results.



The 2013 El Milagro surface sampling program returned very encouraging results. Of the 380 channel samples collected, 111 samples returned assays greater than 0.5 g/t Au with a maximum assay of 5.30 g/t Au. The mineralised samples define a narrow east-northeast trending structure extending for over 300 m (Figures 6.8 and 6.10). The mineralization at El Milagro is open along strike to the east-northeast and the controlling structure is visible on the other side of the valley indicating that the mineralization may extend for another 300–400 m. Based upon the mapped geology, the El Milagro Prospect appears to be underlain by Santa Formation rocks, but because it is topographically much lower than the Minas Pampa area may indicate it is also hosted in Chimu Formation sediments. Alternatively, it represents mineralization of other rock types which is not atypical of the region.

The remaining 6,675 samples collected during 2013 were from the active Minas Pampa main mine workings (Figure 6.11). Of which, 465 samples returned assays above 0.5 g/t Au with a maximum assay of 58.8 g/t Au from the Codiciada area. The majority of the anomalous results are from samples collected along or closely associated with structures and zones where two or more structures intersect. The 2013 Tajo Minas Pampa sampling results reinforce the interpretation that mineralization in the Minas Pampa is structurally controlled.

Based upon the results of surface sampling at the Bravo and El Milagro Prospects, they are considered high priority targets for further work including but limited to ground geophysical surveys, further surface sampling and drilling.

6.2.5.2 Reverse Circulation and Diamond Drilling

An extensive “brownfields” exploration drilling campaign was undertaken during 2013 with the goal of identifying extensions of known mineralization within the Tajo Minas Pampa Mine area to extend the life of the mine. In total, 191 RC and 5 diamond drillholes were completed totalling 25,327 m and 1,113.85 m, respectively (Figure 6.4). Highlights from the 2013 drilling program are detailed in Table 6.8.

The 2013 RC drilling program covered the entire Tajo Minas Pampa Mine area as well as the mineralization identified to the north of the Magdalena Zone and at the Minaspampa Sur Zone. A total of 25 RC drillholes were completed to the north of the Magdalena Zone totalling 3,703.5 m, however, only narrow low-grade mineralization was intersected. At the Minaspampa Sur Zone, 28 RC drillholes were completed totalling 3,445.5 m, that intersected shallow mineralization (1.417 g/t Au over 3 m in 13-RCD-TL-29 and 0.942 g/t Au over 3 m in 13-RCD-TL-262) as well as deep mineralization (0.545 g/t Au over 6 m in 13-RCD-TL-256 and 0.254 g/t Au over 15 m in 13-RCD-TL-293). RC drilling completed within the Tajo Minas Pampa Mine area intersected several wide zones of mineralization near surface (1.185 g/t Au over 30 m in 13-RCD-TL-142) as well as broad zones of mineralization at depth (0.505 g/t Au over 39m in RCD-TL-118). The 2013 RC drilling demonstrated that significant mineralization remains within the mining area within several brownfields exploration targets.

Figure 6.10. 2013 El Milagro Prospect rock sample locations and results.

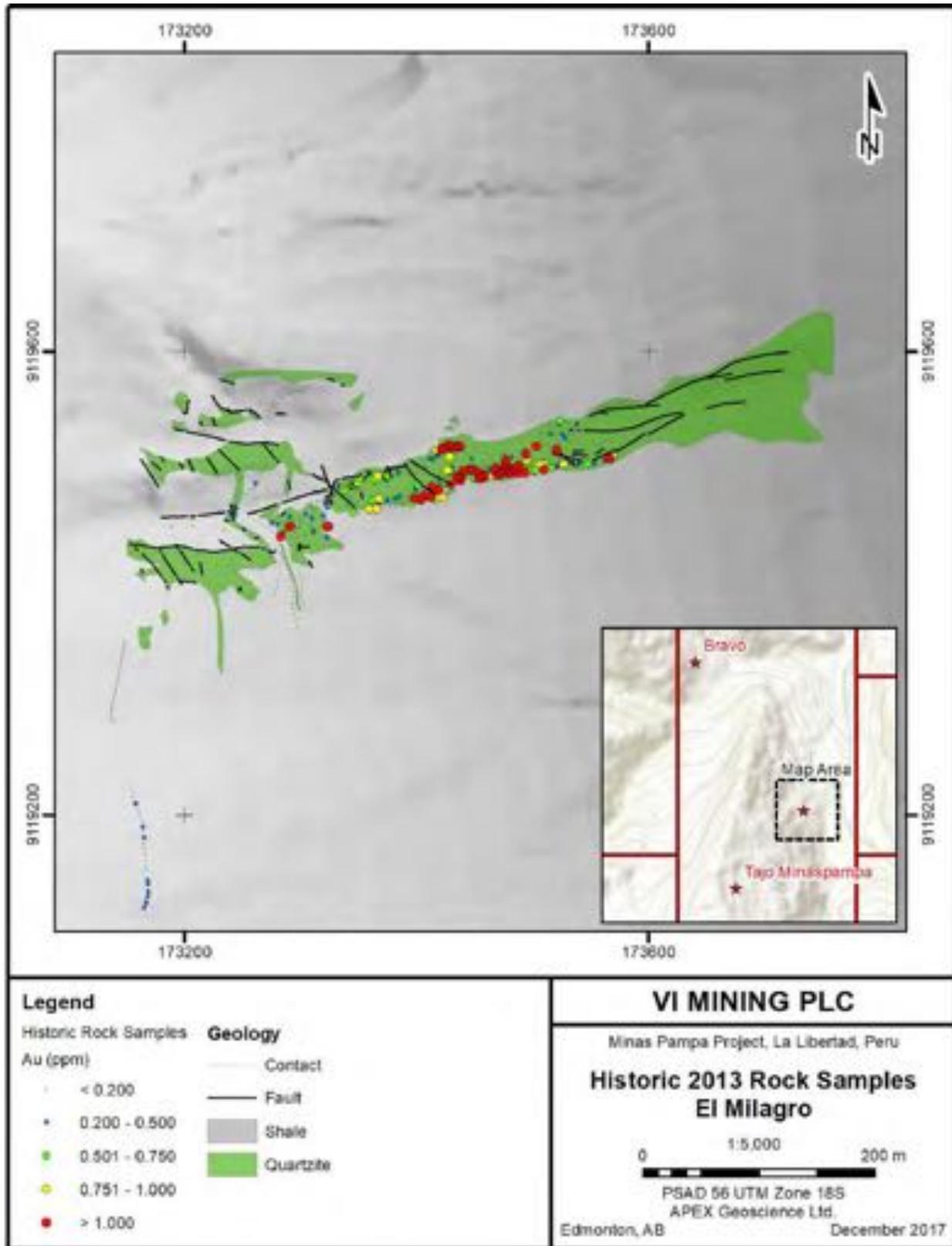


Figure 6.11. 2013 Minas Pampa Mine area rock sample locations and results.

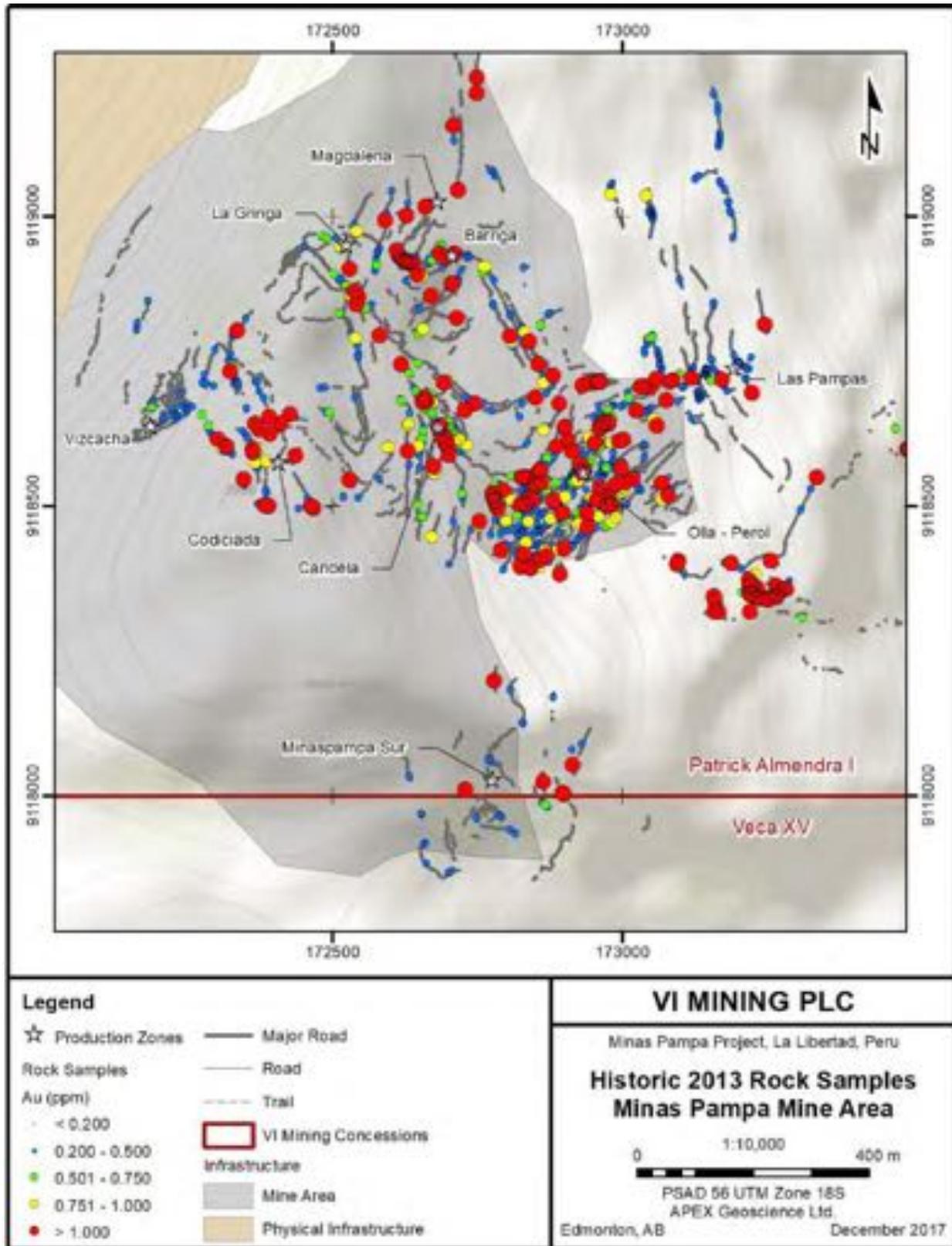


Table 6.8. 2013 RC drillhole highlights.

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
13-RCD-TL-118	27.00	33.00	6.00	0.520	11.680
	54.00	63.00	9.00	1.255	22.957
	54.00	93.00	39.00	0.505	25.555
13-RCD-TL-122	19.50	25.50	6.00	0.792	3.705
13-RCD-TL-139	34.50	36.00	1.50	0.666	11.843
	49.50	51.00	1.50	0.723	19.366
13-RCD-TL-142	6.00	36.00	30.00	1.185	24.093
13-RCD-TL-145	81.00	84.00	3.00	0.537	1.078
13-RCD-TL-149	25.50	36.00	10.50	0.580	134.794
13-RCD-TL-153	36.00	37.50	1.50	0.849	58.076
13-RCD-TL-166	76.50	78.00	1.50	0.905	11.945
13-RCD-TL-168	33.00	34.50	1.50	0.501	17.313
13-RCD-TL-172	114.00	115.50	1.50	0.799	196.119
13-RCD-TL-178	15.00	16.50	1.50	0.520	1.961
13-RCD-TL-184	4.50	6.00	1.50	0.551	4.175
	18.00	24.00	6.00	0.533	7.725
	28.50	48.00	19.50	0.963	10.471
13-RCD-TL-185	18.00	24.00	6.00	0.588	11.799
13-RCD-TL-186	15.00	16.50	1.50	0.512	14.410
13-RCD-TL-190	54.00	55.50	1.50	0.501	1.553
13-RCD-TL-192	4.50	6.00	1.50	0.545	4.491
	48.00	58.50	10.50	0.368	9.425
13-RCD-TL-194	103.50	105.00	1.50	0.563	79.532
13-RCD-TL-196	42.00	43.50	1.50	0.566	3.976
13-RCD-TL-202	81.00	91.50	10.50	0.400	25.098
13-RCD-TL-212	48.00	49.50	1.50	0.523	29.982
13-RCD-TL-213	6.00	13.50	7.50	1.087	3.920
13-RCD-TL-216	51.00	52.50	1.50	0.581	7.292
	67.50	78.00	10.50	0.379	6.169
13-RCD-TL-217	100.50	102.00	1.50	0.825	203.678
13-RCD-TL-223	54.00	60.00	6.00	0.549	14.420
	67.50	69.00	1.50	0.520	10.175
13-RCD-TL-226	55.50	63.00	7.50	0.921	77.318
13-RCD-TL-227	144.00	145.50	1.50	0.523	36.938
13-RCD-TL-228	138.00	141.00	3.00	0.834	50.443
13-RCD-TL-233	51.00	52.50	1.50	0.803	8.689
13-RCD-TL-235	109.50	112.50	3.00	1.159	20.057

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
13-RCD-TL-238	48.00	76.50	28.50	0.460	7.366
13-RCD-TL-242	84.00	88.50	4.50	0.564	32.494
13-RCD-TL-250	31.50	33.00	1.50	0.813	8.592
13-RCD-TL-253	192.00	196.50	4.50	0.807	78.143
13-RCD-TL-256	61.50	73.50	12.00	0.341	42.483
	78.00	79.50	1.50	0.514	89.442
	121.50	127.50	6.00	0.545	31.434
13-RCD-TL-257	64.50	78.00	13.5	0.453	63.84
13-RCD-TL-262	13.50	16.50	3	0.942	70.896
13-RCD-TL-263	96.00	97.50	1.50	0.538	7.229
13-RCD-TL-264	112.50	114.00	1.50	0.523	58.354
13-RCD-TL-266-A	40.50	42.00	1.50	0.526	4.335
13-RCD-TL-270	0.00	24.00	24	0.377	196.967
	153.00	156.00	3	0.62	397.927
13-RCD-TL-272	31.50	39.00	7.5	0.545	2.525
13-RCD-TL-273	51.00	52.50	1.50	0.531	1.514
	73.50	75.00	1.50	0.840	2.457
13-RCD-TL-280	45.00	57.00	12	0.336	5.304
13-RCD-TL-281	67.50	70.50	3	0.561	9.29
	76.50	78.00	1.50	1.082	31.110
13-RCD-TL-282	24.00	51.00	27	0.231	5.19
13-RCD-TL-283	3.00	21.00	18	0.264	3.761
13-RCD-TL-284	85.50	91.50	6	0.979	45.162
13-RCD-TL-285	22.50	42.00	19.5	0.257	4.211
13-RCD-TL-286	82.50	84.00	1.50	0.507	6.946
13-RCD-TL-289	33.00	43.50	10.5	0.524	12.374
	99.00	105.00	6	0.941	16.36
	118.50	120.00	1.50	0.921	3.933
13-RCD-TL-291	43.50	46.50	3	1.417	12.643
	198.00	199.50	1.50	0.983	0.576
13-RCD-TL-293	46.50	48.00	1.50	0.542	7.053
	147.00	162.00	15	0.254	25.959
13-RCD-TL-295	82.50	118.50	36	0.224	33.985
13-RCD-TL-300	90.00	96.00	6	1.216	29.115
	118.50	120.00	1.50	0.967	22.484

Diamond drilling in 2013 was completed to gain a better understanding of the structures that control mineralization at the Minas Pampa Deposit and was concentrated within in the Olla–Perol and Minaspampa Sur production zones (Figure 6.4). The

diamond drilling intersected several narrow low-grade zones of mineralization well below the extents of the mine workings. The extension of the mineralization to down hole depths exceeding 200 m is very encouraging and indicates that the mineralized structures continue to depth and focussed exploration along these structures may identify zones of higher grade mineralization. Table 6.9 summarizes the significant intersections from the 2013 diamond drilling program.

Further diamond drilling should be carried out as part of any future drilling programs at Minas Pampa and the surrounding areas as the diamond drilling will provide information about the style of mineralization along with structural geology that is often not obtainable through RC drilling.

Table 6.9. 2013 diamond drillhole highlights.

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
13-DDH-001	70.50	72.00	1.50	0.755	41.045
13-DDH-002	153.00	154.50	1.50	0.688	24.711
13-DDH-003	154.50	159.00	4.50	0.324	22.857
	204.00	205.50	1.50	0.333	7.184
	222.00	228.00	6.00	0.207	27.336
13-DDH-005	188.10	191.94	3.84	0.309	1.136
	221.00	225.50	4.50	0.498	39.387
	233.00	234.50	1.50	0.229	107.327

6.2.5.3 Ground Geophysics

Deep Sounding EIRL (Deep Sounding) was contracted in September 2013 to conduct Induced Polarization (IP) and ground magnetic geophysical surveys over the main Tajo Minas Pampa mine workings. The following is a summary from the Deep Sounding report, which is appended in Appendix 1. IP surveying is a technique used to identify lithologies that contain either membrane polarization, mostly due to the presence of clay minerals, or electrode polarization, largely due to the presence of disseminated sulphides. IP surveys are also used to measure the resistivity of the survey area, that is useful for identifying hydrothermal alteration. Magnetic surveying highlights the geology and structural framework of the survey area by measuring the spatial distribution and concentrations of magnetic minerals (predominantly due to magnetite).

3-D IP data was collected over 22.5 line-km. The data was screened with a rigorous quality control protocol developed by Deep Sounding. Data which failed (amounting to 33.8% of the readings collected) were omitted from the final dataset. The final data was processed, and 3-D inversion models were generated for both the chargeability and resistivity parameters which allowed for the creation of isodepth maps, cross-section maps, and 3-D iso-surface contours that could be integrated with the mining and exploration drilling data. One issue identified with the IP models, that could not be rectified, is that both the chargeability and resistivity models extend above the

topography. It is unclear if this is due to the models needing to be clipped to the topography surface or if the models have been shifted vertically by up to 125 m. To err on the side of caution, the models were not shifted, and interpretations were based on data falling below the topography.

The IP resistivity data was successful in identifying several anomalies throughout the survey area (Figures 6.12 and 6.13). A low resistivity anomaly extending from surface to shallow depths likely represents oxidation. Several highly resistive anomalies, which appear to be stratiform, were also identified. These stratiform resistive bodies likely represent strongly silicified layers, this interpretation is supported by the association of these highly resistive anomalies with topographic highs. These highly resistive bodies are laterally discontinuous that may either indicate structural offset of the resistive bodies or selective silicification in favourable stratigraphic horizons and/or structural zones.

Two types of chargeability anomalies were identified based on their association with resistive anomalies within the survey area. Chargeability anomalies associated with strongly resistive bodies may represent the presence of a silicified body with a hydrothermal alteration halo (Figures 6.14 to 6.16). High chargeability anomalies with low resistivity anomalies typically occur at a depth of 70 m below surface or deeper. This association along with the depth of its occurrence is likely an indicator of the depth of oxidation and is marking either the transitional zone or the actual unoxidized sulphide zone of mineralization (Figure 6.16).

The ground magnetics survey was completed along 18.4 line-km using a GSM-19W Overhauser Magnetometer and a GSM-19T Proton Magnetometer to measure Diurnal variations. The data collected in the field was downloaded on a daily basis and diurnal corrected in order to remove the influence of the natural variation of the earth's magnetic field. The data was further processed to remove anomalies caused by culture (man-made objects such as fences, wires and infrastructure).

The measured responses from magnetic anomalies located near the geomagnetic equator will be strongly distorted, causing magnetic anomalies to have a negative response bounded by two positive responses to the north and south of the bodies. Figure 6.17 illustrates a synthetic model of the expected response over the same body when located in the Minas Pampa project area and at the geomagnetic north pole. Several filters were applied to the data to highlight any anomalies that include: Reduction to the Pole (RTP), Analytic Signal (AS), and Tilt Derivative (Tilt) (Figures 6.17 to 6.19). The RTP and AS filters are used to place the anomaly responses directly over top of their causative source bodies in order to facilitate interpretation. The Tilt filter is used to detect the edges of the source bodies, which occur near the zero contour, aiding structural interpretation.

Figure 6.12. 2013 IP Resistivity 25 m Below Surface.

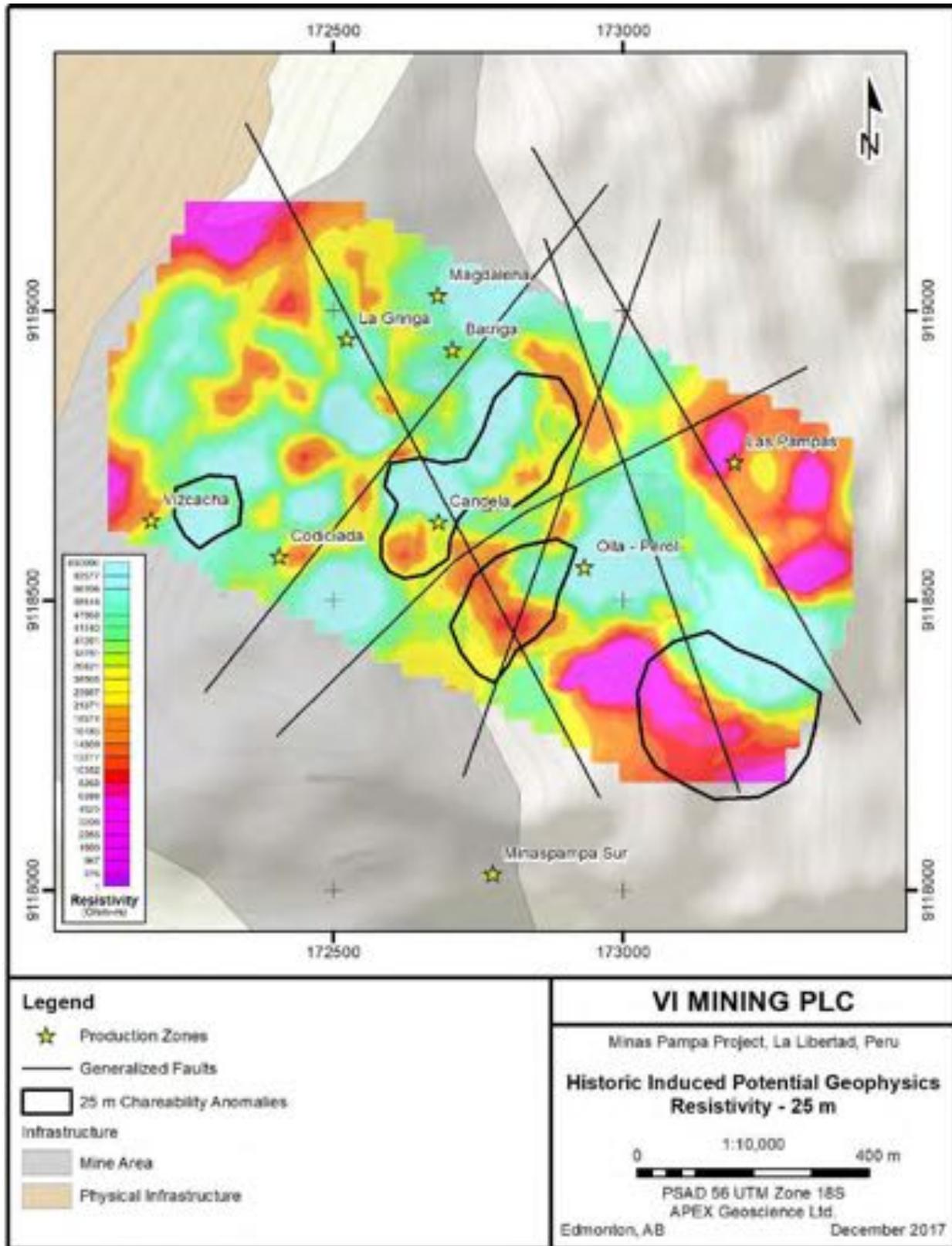


Figure 6.13. 2013 IP Resistivity 75 m Below Surface.

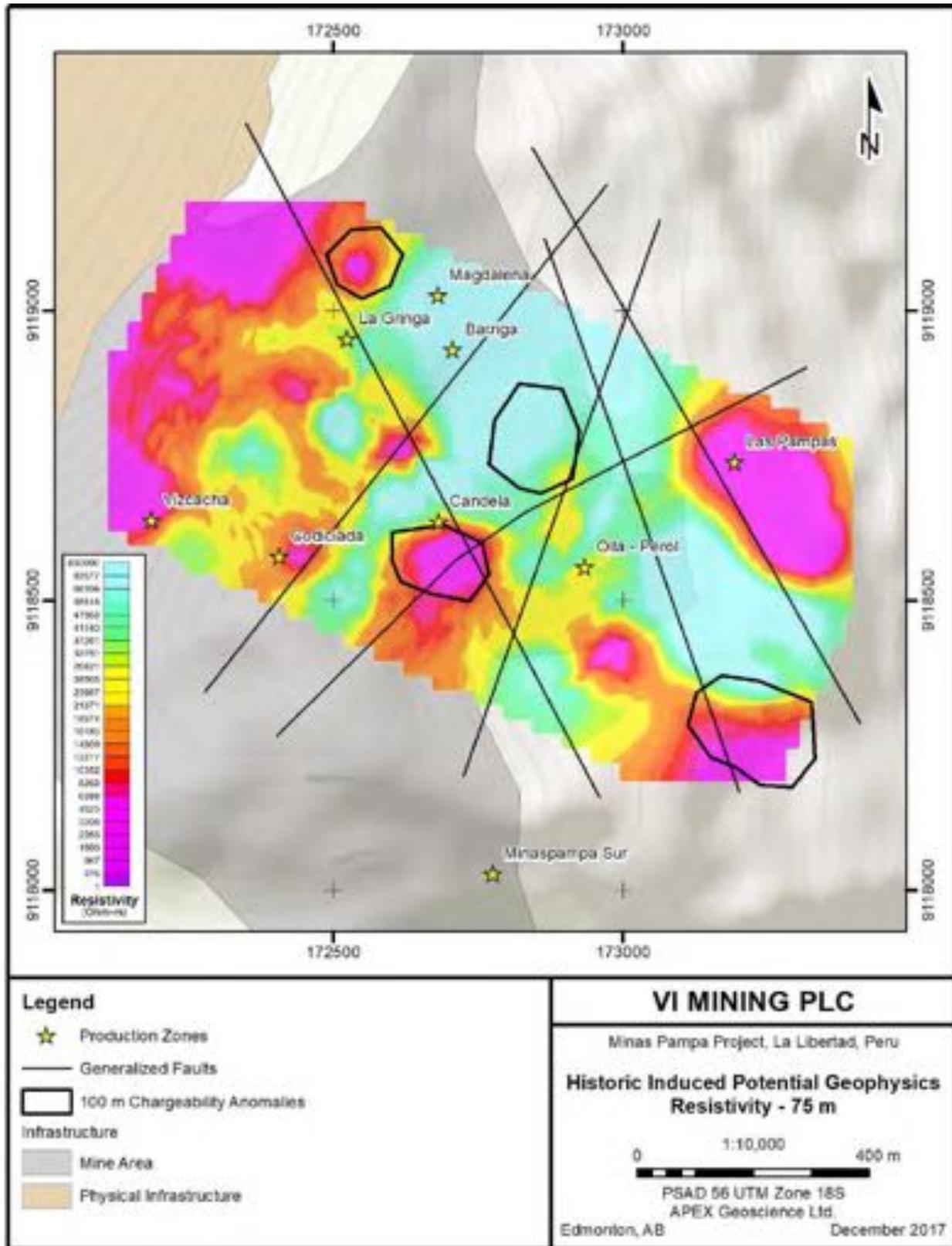


Figure 6.14. 2013 IP Chargeability, 25 m Depth.

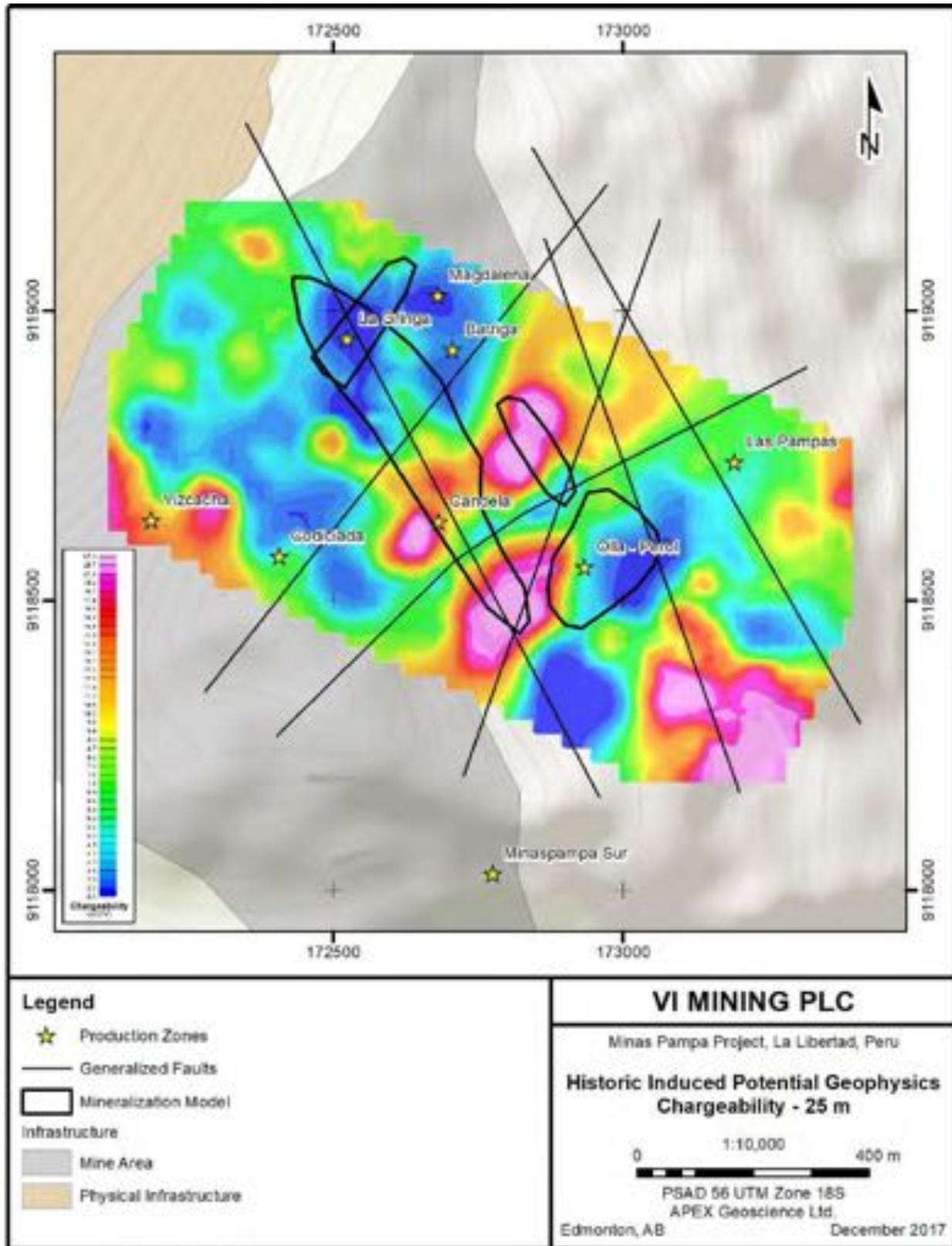


Figure 6.15. 2013 IP Chargeability, 100 m Depth.

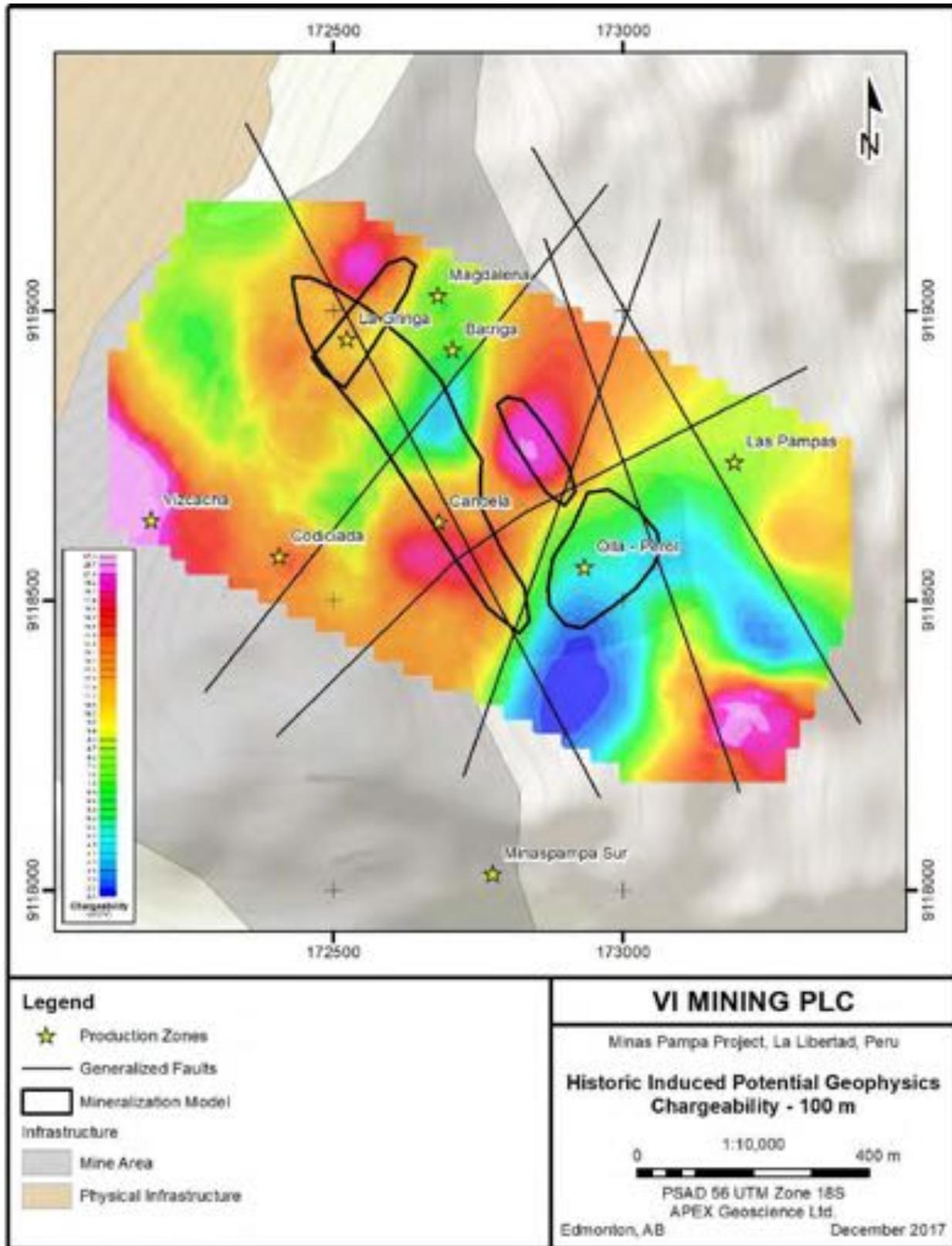
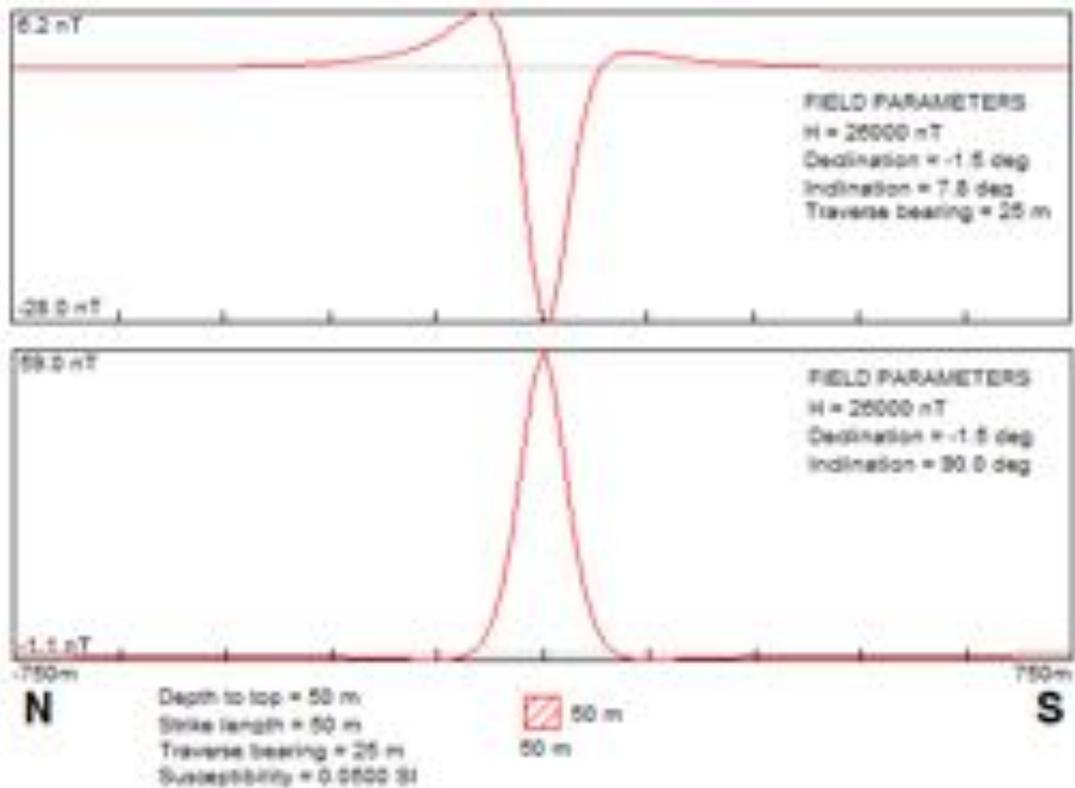


Figure 6.16. Synthetic magnetic model of the expected response over the same body when located in the Minas Pampa project (upper image) area and at the geomagnetic north pole (lower image).



The dynamic range of the magnetics data had a total variation of 409 nano-teslas (nT) over the full survey area and 265 nT over the central infill area. Several discrete linear north-northwest trending magnetic anomalies are evident from both the RTP and Tilt maps. These linear anomalies are likely due to shallow magnetic bodies that are parallel to the main Andean trend of 330° , the main structural control (Candela structure) on mineralization in the Minas Pampa Project area. Given that the dominant lithologies of the survey area are non-magnetic metasediments, the magnetic anomalies likely represent structures that intrusive bodies and hydrothermal fluids have reacted with. The discontinuous nature of these linear anomalies is likely due to hydrothermal alteration that is destructive to ferromagnetic minerals.

Spatially associated resistive bodies with a low magnetic signature further supports the interpretation that both of these anomalies represent hydrothermal alteration. Furthermore, the association of highly resistive bodies with high chargeability anomalies can be explained by a typical epithermal system (silicified hydrothermal breccias as observed in outcrop) with associated alteration of the host rock (argillic alteration forms clays which are highly chargeable). All types of anomalies identified by the survey remain open along strike and represent favourable exploration targets within the Minas Pampa project area.

Figure 6.17. 2013 Ground Magnetism Data Reduced to Pole.

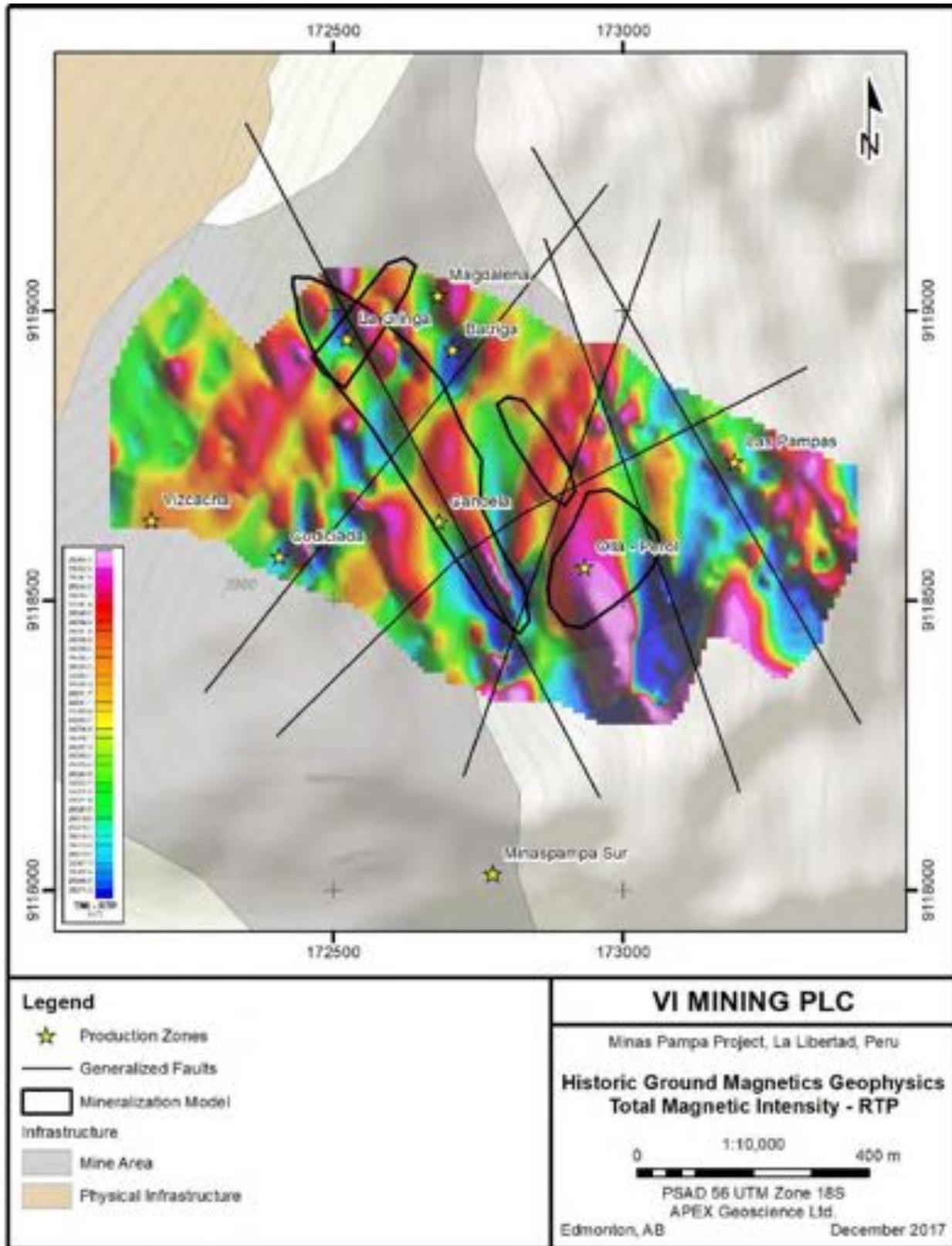


Figure 6.18. 2013 Ground Magnetism Analytical Signal.

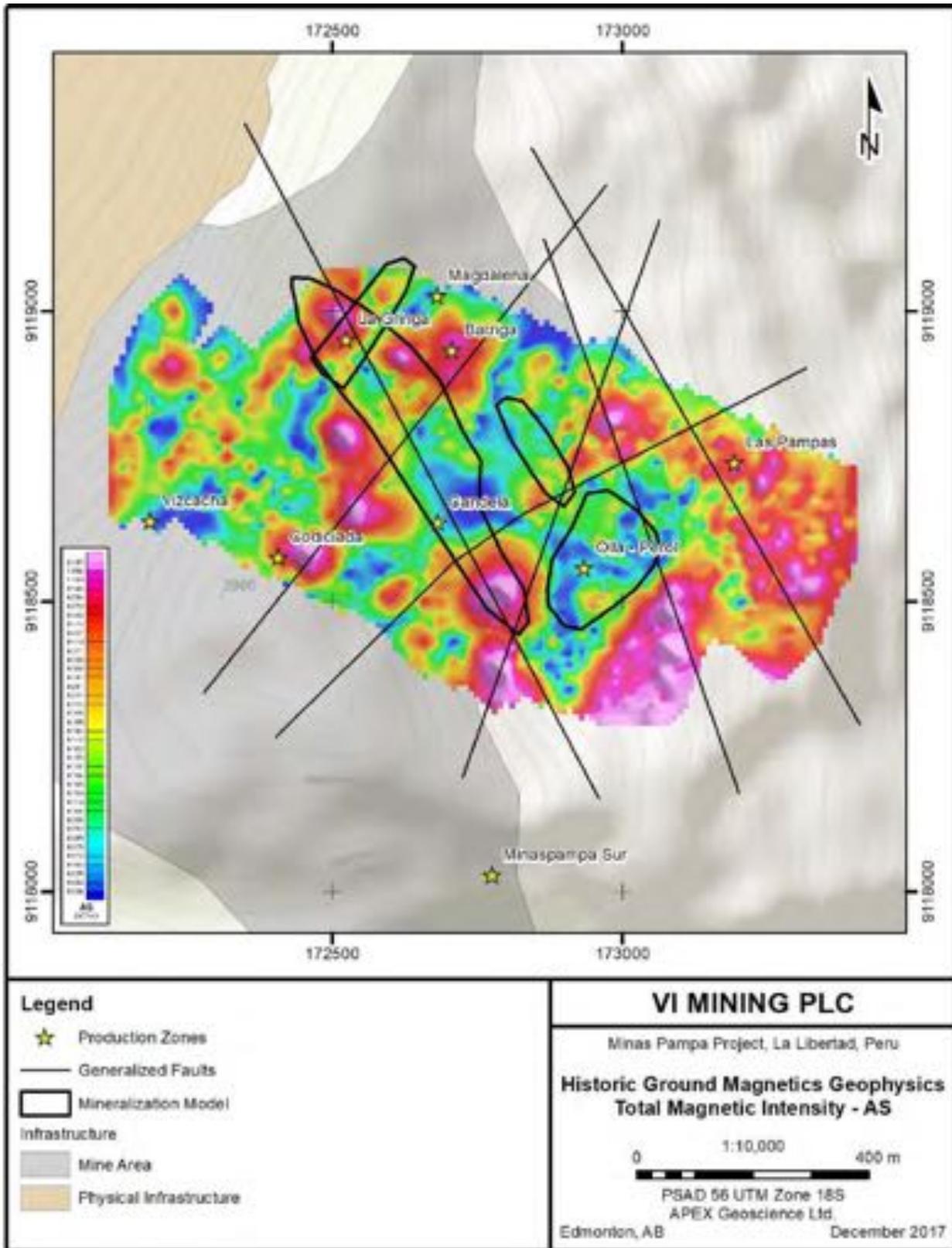
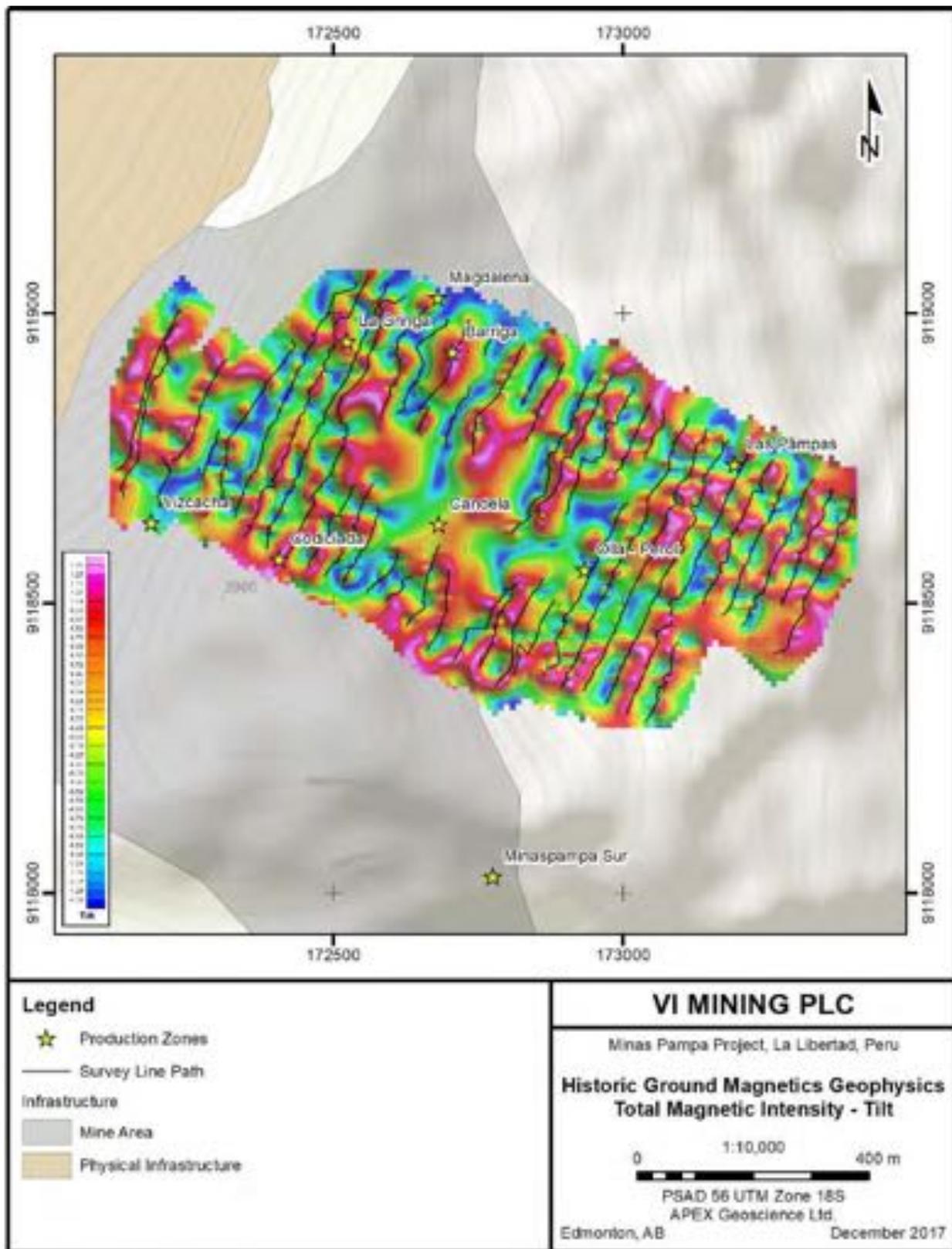


Figure 6.19. 2013 Ground Magnetism Tilt Derivative.



3-D magnetic susceptibility models were generated using Mag3D UBC inversion software to illustrate the possible spatial distribution of the source bodies producing the measured magnetic response. The magnetic susceptibility models remove magnetic signatures arising from deep basement sources and long-wavelength regional trends allowing the identification of isolated anomalies. Iso-depth maps, cross sections, and 3-D iso-surface contour files were created from the magnetic susceptibility models to allow integration with other geological data for exploration.

6.2.5.4 2013 Resource Estimations

In early 2013, prior to the end of mining at Minas Pampa, Geoestadística.com SAC, was contracted to provide an updated resource estimation for the Minas Pampa project area (Geoestadística SAC, 2012). A non-NI 43-101 compliant mineral resource of 5,278,100 tonnes grading 0.247 g/t Au and 24.192 g/t Ag totalling 41,991 oz of gold and 4,105,202 oz of silver. The mineral resource estimate was calculated using Ordinary Kriging with a cutoff of 0.1 g/t Au. Mineralization was interpreted to be contained within shallow east-dipping stratigraphically controlled zones as opposed to the steep structurally controlled mineralization that was targeted during mining. The interpretation of stratabound mineralization as opposed to the interpreted structural control to the mineralization opened new avenues for future exploration.

In late 2013, near the end of the mining campaign, an internal non-NI 43-101 compliant mineral resource was estimated by CMMP personnel for the Tajo Minas Pampa Mine, including its bordering targets. The calculated global mineral resource consisted of 2,057,356 tonnes grading 0.214 g/t Au and 6.044 g/t Ag for 14,154 ounces of gold and 399,774 ounces of silver (Geoestadística SAC, 2012). CMMP concluded that the remaining resources were sub-economic.

6.2.6 2014 Exploration

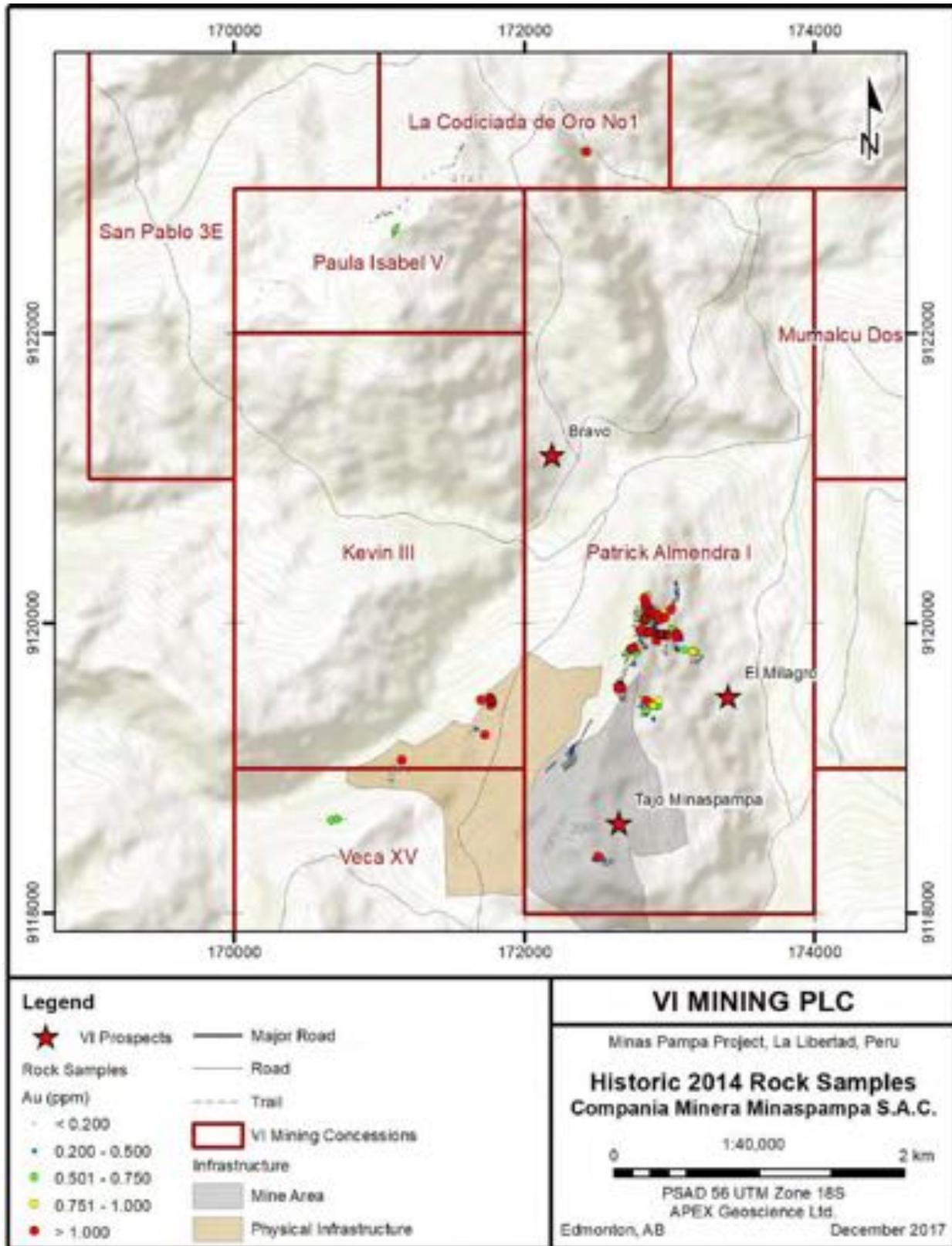
6.2.6.1 Surface Sampling

The 2014 surface sampling program focussed on advancing prospects adjacent to the Tajo Minas Pampa Mine. A total of 1,662 rock samples were collected, of which, 1,115 were collected at the El Milagro North Prospect (Figure 6.20). The remainder of the samples were collected from the Pianchuco Zone (14), Bravo Prospect (9), Magdalena Prospect (235) and the main leach pad (151).

Sampling at the El Milagro North Prospect, returned 116 assays greater than 0.5 g/t Au with a maximum assay of 4.7 g/t Au. Three additional east-west to east-northeast trending mineralization zones were identified that warrant further exploration.

A total of 14 channel samples, which are 5 m long, were collected from the Pianchuco Prospect (Figure 6.20). Encouraging gold results were returned with 10 of the samples collected assaying above 0.5 g/t Au with a maximum assay of 5.4 g/t Au. These positive results illustrate the potential for gold mineralization within the Chimu Formation sediments to the north of the Bravo Prospect. Very limited exploration work has been completed at the Pianchuco Prospect, and based on the results of the 2014 sampling program the area warrants further exploration.

Figure 6.20. 2014 rock sampling locations and results.



A total of 9 channel samples were collected from the Bravo prospect in 2014, only one sample returned an assay of over 0.5 g/t Au (Figure 6.20). The sample assayed 1.493 g/t Au over 5 m, which confirms the presence of significant mineralization at Bravo.

Disappointing results were returned from the 235 samples collected from the Magdalena Prospect in the northern portion of the Tajo Mina Pampa mining area (Figure 6.20) as only weakly anomalous values were returned. The relief around the Magdalena Target is extreme with near vertical cliffs on both sides of the arête ridge, this is a severe limitation to systematic exploration, and potentially future mining.

A total of 151 samples were collected from the leach pad to estimate the grade of the material prior to reprocessing and to test new leach solutions derived from detailed metallurgical work. The average grade of the 151 samples was 0.1079 g/t Au, which almost exactly matches the head grade of the tailings that were reprocessed in 2014.

6.2.6.2 Reverse Circulation Drilling

Three RC drillholes totalling 276 m, designed to test the El Milagro Prospect were completed in early 2014 (Figure 6.4). The only intersection of note was from 14-RCD-TL-303 that returned an assay of 1.126 g/t Au over 2 m. The extensive zone of mineralization at El Milagro identified from surface sampling has not been effectively tested by the three 2014 RC drillholes. The El Milagro Prospect still represents a viable and attractive exploration target.

6.3 Compania Minera Minas Pampa 2011 – 2013 Mining

Mining operations commenced in September 2011 and were halted in October 2013 due to a lack of economic reserves remaining at the Tajo Minas Pampa mining area. During the operation of the mine, a total of 10,353,599 tonnes of ore was mined producing 65,891 oz of gold and 225,467 oz of silver (Table 6.10). Gold and silver recoveries over the lifespan of the mine averaged 60.77% and 14.72% respectively. Stripping ratios averaged approximately 3:1 waste to ore.

The mine operated for 25 months from September 2011 to October 2013, with leaching continuing another 3 months into early 2014. The mine produced close to its originally forecast total ounces of gold (63,400 oz) in the 2011 internal “Scoping Study” by Valerio (2011) but it did not produce anywhere near the predicted 1.14 million oz of silver. The mine produced nearly 66,000 oz of gold from 10.35 million tonnes of ore at an average grade of 0.198 g/t Au, yielding an overall 61% recovery. Because of the poor gold recoveries, the project had to mine 10% more tonnes, even with a better head grade for gold than predicted to extract the ounces predicted. Had the mine performed at the predicted 70% gold recovery, it would have produced approximately another 10,000 oz of gold. Had it produced at the same recovery rate as the La Arena Mine (85%), it would have produced approximately an additional 27,000 oz of gold. The authors estimate that the realized prices would have been in the range of an average of US\$1,572 per ounce for gold and US\$28 per ounce for silver over the LOM.

From January through to April 2014, CMMP also “re-mined” an additional 800,000 tonnes of leached material and produced an additional 2,028 oz of gold and 43,184 oz of silver from the re-processed leach pad material. The head grade and recoveries obtained from the re-processing, based upon sampling the leach pad material prior to re-leaching, was 0.108 g/t Au and 3.212 g/t Ag with recoveries of 72.28% for gold and 51.93% for silver (Table 6.10). These results highlight the poor recoveries of the operation that likely occurred during the initial stages of mining and demonstrate the potential for significant resources remaining in the leach pad material. In addition, it shows the improved recoveries achieved by the end of the mine’s life.

Table 6.10. 2011 to 2013 Minas Pampa Production Summary.

Year	Ore Mined (T)	Au Head Grade (g/t)	Ag Head Grade (g/t)	Recovery (%)		Production (oz)	
				Au	Ag	Au	Ag
2011	1,020,756.00	0.3584	4.110	45.24	14.94	5,322	20,156
2012	4,619,748	0.3580	3.536	59.07	15.97	31,412	83,885
2013	4,713,095.33	0.2925	5.960	65.79	13.45	29,157	121,426
Subtotal	10,353,599	0.3282	4.6959	60.77	14.72	65,891	225,467
2014	817,520	0.1079	3.2122	72.28	51.93	2,028	43,184
Total	11,171,119	0.312	4.587	61.11	20.70	67,918.54	268,651

Gold and silver recoveries in the first year of mining operations were poor with less than 50% gold recovery and less than 15% silver recovery (for soluble silver). Recoveries appear to have gradually and significantly improved during year two of the operation with up to approximately 65% gold recovery. Silver recoveries remained around 15% (of soluble silver) for the duration of mining. Further improvements on recoveries were realized in 2014 during re-processing of some of the early leach pads, with a maximum gold recovery of 72% and a maximum silver recovery of just over 50%. Poor recoveries were likely the result of a) the presence of significant copper (and/or sulphides and/or carbon) in the ore, which requires increased cyanidation, and b) a lack of crushing that resulted in too much coarse material in the leach pads (Figure 6.24). The poor recoveries for gold and silver during the first year of the operation (as opposed to other explanations for reduced grades due to other factors such as but not limited to dilution) have been partially substantiated by the re-leaching of 800,000 tonnes of leach pad material with >0.1 g/t Au.

Many of the Chimu Formation mining operations in the region achieve 80% to 85% gold recovery with or without crushing, some of which only crush highly silicified ore. At an 85% recovery for the Minas Pampa project over the full two years of production it is conceivable that another 20,000 to 30,000 ounces of gold would have been produced, that could have paid for a front-end crushing system.

Figure 6.21. Minas Pampa Mine blast hole results.

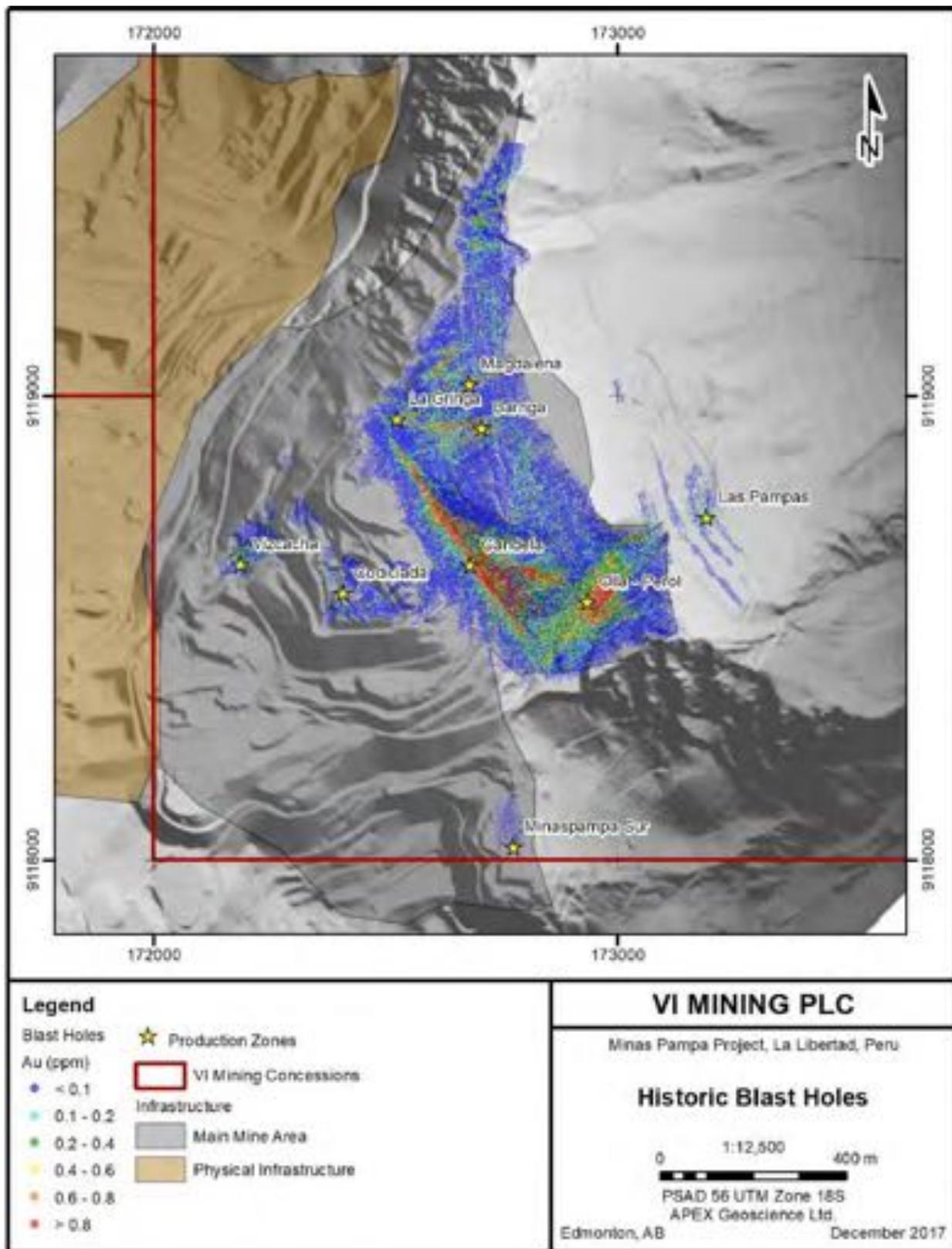


Figure 6.22. Northeast cross-section of the north portion of the Main Zone showing blast hole gold results.

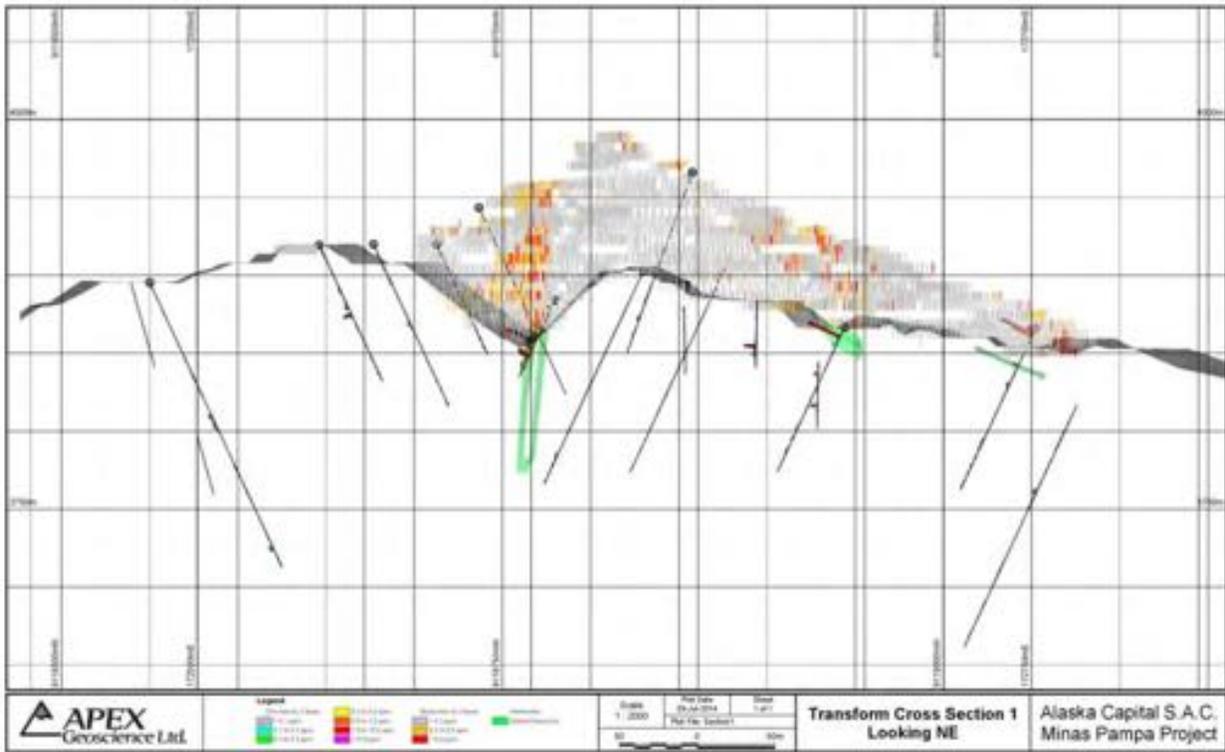


Figure 6.23. Northeast cross-section of the south portion of the Main Zone showing blast hole gold results.

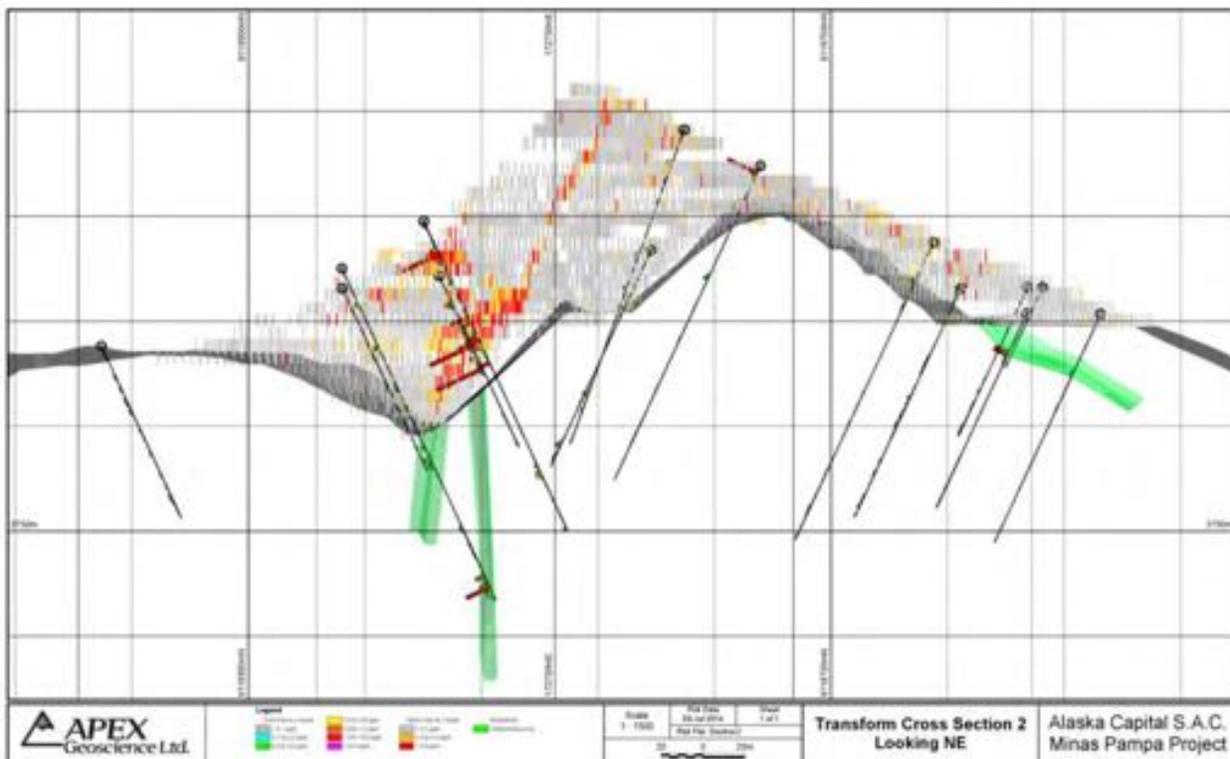


Figure 6.24. Photograph of coarse leach pad material at Minas Pampa.



As part of the mining operations, 200,888 blast holes were completed from 2011 to 2013 at a nominal length of 6 m totalling 1,258,937.75 m (Figure 6.21). The entire length of each blast hole was analysed for gold as a single sample and clearly illustrate structurally controlled gold mineralization within the main steeply dipping north-northwest trending Candela structure as well as several steep to moderately steep dipping cross-cutting structures. In addition to the steep structural control, a flat lying to gently east-dipping trend is illustrated in the blast hole data that may represent re-distributed supergene gold that is lithologically controlled (Figures 6.22 and 6.23).

The estimated head grades based upon the blast hole assay data were 0.328 g/t Au (10% higher than the 2011 “Scoping Study” predicted) and 4.7 g/t Ag (only 62% of the predicted grade in the 2011 “Scoping Study”). The authors attribute this difference in the silver head grade to the different analyses performed on the blast hole and RC drillhole samples. The analysis performed on blast hole samples appear to measure “soluble” or leachable silver versus the RC drillhole samples that were measured for total silver. Approximately 25,000 RC drillhole samples were analysed for both total Ag and soluble Ag, of which, the average grade for soluble silver is approximately 40% less than the average grade for total silver. This discrepancy reduces the stated silver recovery presented in Table 6.10 from a value of 14.7%, of which was likely “soluble” silver, to a recovery of 6% to 9% of total silver. The overall recoveries achieved by CMMP during the 25 months of mining and production were estimated at 60.8% for gold (9.2% lower than predicted at 70%) and 14.7% of soluble Ag (actually 6% to 9% and therefore 44% to 41% lower than the predicted 50%) over the LOM.

7 Geological Setting and Mineralization

7.1 Regional Geology

The Minas Pampa property is located on the eastern flank in the northern section of the Andean Western Cordillera. The area is underlain by Mesozoic sediments of the West Peruvian Basin (Figure 7.1). Regionally, exposed rocks are dominated by Upper Jurassic Chicama Formation to Lower Cretaceous Goyllarisquizga Group. These rocks are composed primarily of siliciclastic sediments with lesser amounts of carbonate sediments (Figure 7.1). They are highly folded and faulted by Cenozoic deformation events. To the west, Calipuy Group volcanics of the Tertiary unconformably overlay the Cretaceous sediments (Garay *et al.*, 2015). All formations are cut by a series of Calipuy Group subvolcanic intrusions aligned in a north-south orientation. Finally, glacial and glacial fluvial sediments were deposited during the Quaternary (Acosta, 2013). A regional stratigraphic section is provided as Figure 7.2.

Structurally, the region has undergone intense tectonism during the Cenozoic resulting in the development of numerous northwest-southeast orientated faults and folds. Compressional tectonics related to the regional tectonism is responsible for the building of a series of anticlines and synclines in the lower Cretaceous Chimu Formation sediments which have been intruded by dikes and locally provide the environment for gold mineralization in the area (Acosta, 2013).

7.1.1 Precambrian

Precambrian basement rocks do not outcrop at the Minas Pampa Property nor are they exposed in the surrounding area. They appear to the east, along the Marañon River and in the Eastern Cordillera (Garay *et al.*, 2015).

7.1.2 Mesozoic

Upper Jurassic rocks from the Chicama Formation (Figure 7.2) represent the oldest rocks in the regional area. They are laminated marine dark grey and black shales interbedded with thin sandstone layers, together forming intercalations from an alternating depositional environment (Garay *et al.*, 2015).

Overlying the Jurassic sediments are shallow marine siliciclastics from the Goyllarisquizga Group that are of Lower Cretaceous age. The Group consists of the Oyon Formation, Chimu Formation, Santa Formation, Carhuaz Formation and Farrat Formation, from oldest to youngest (Figure 7.2).

The Oyon Formation is composed of fine to medium grained sandstone with thin beds of shale and minor coal seams (Garay *et al.*, 2015).

Figure 7.1. Minas Pampa regional geology.

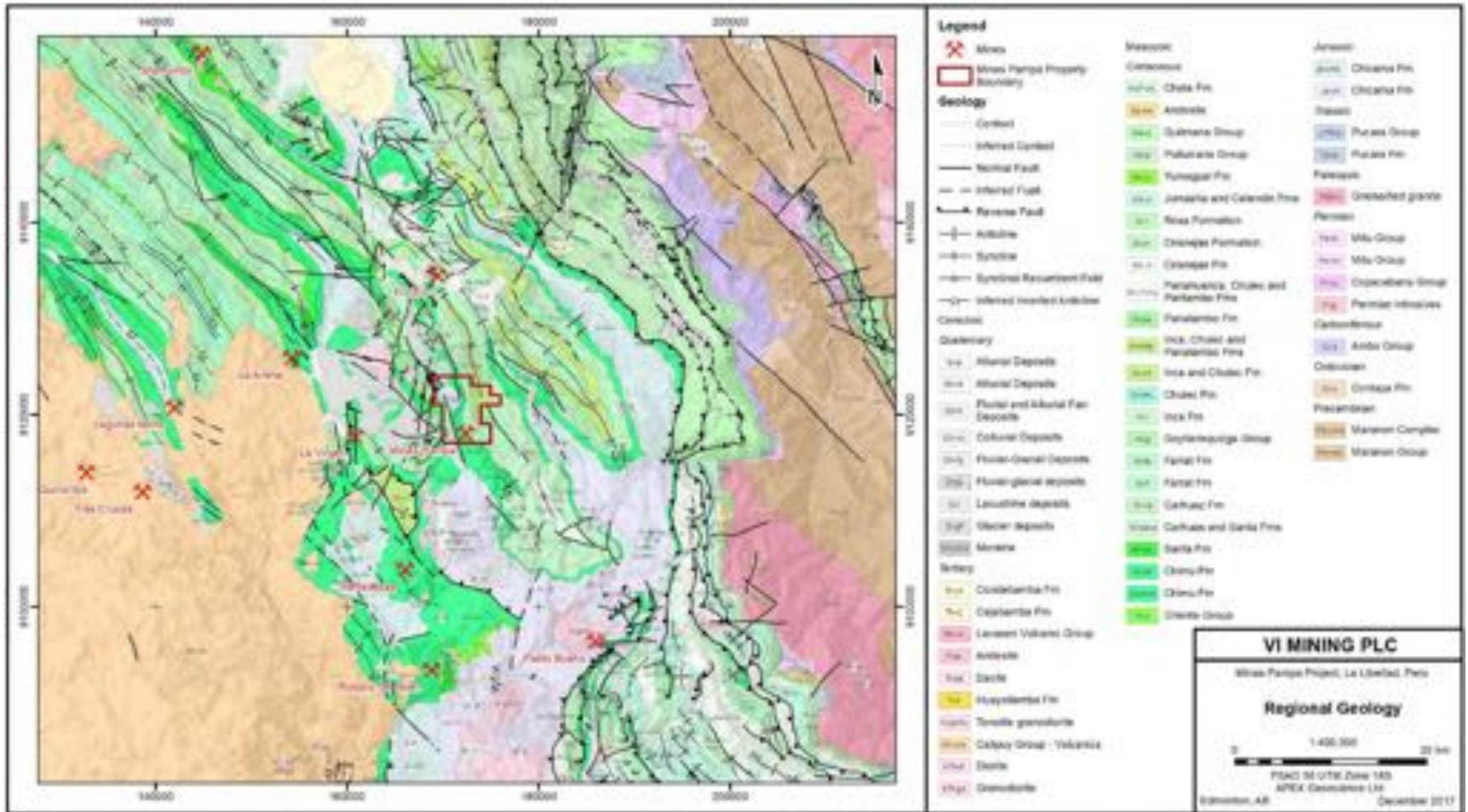


Figure 7.2. Minas Pampa regional stratigraphic column and precious metal deposits (After Defilippi *et al.*, 2012).

Era	Period	Group	Formation	Stratigraphic Key	Intrusives	Ore Deposit	
Quaternary	Recent		Alluvial, Fluvial	Q-fl			
	Pleistocene		Glacial, Lacustrine	Q-la Q-gl			
Tertiary	Upper		Condebamba Fm.	Ts-co			
	Middle		Cajabamba Fm.	Ts-cj			
	Lower	Calipuy Group	Calipuy Volcano	Ti-vca	Ti-an	Ti-da	Lagunas Norte (ABX) Quiruvilca (PAA) Tres Cruces (ABX)
			Huaylas Fm.	Ti-hu			
Cretaceous	Upper		Cajamarca Fm.	Ks-ca			
			Quilquiñan, Mujarrun Fm.	Ks-qm			
			Yumagual Fm.	Ks-yu			
			Pariatambo Fm.	Ki-pa			
			Chulec Fm.	Ki-chu			
			Inca Fm.	Ki-in			
	Lower	Goyllarisquisga Group	Farrat Fm.	Ki-f			
			Carhuaz Fm.	Ki-ca		Shahuindo (SUE)	
			Santa Fm.	Ki-sa			
			Chimu Fm.	Ki-chim		Lagunas Norte (ABX) Algamarca (SUE) La Arena (RIO) Minas Pampa	
Jurassic	Upper		Chicama Fm.	Js-chic			

The Chimu Formation is significant in the region as it is the principal host rock for the gold mineralization at the La Arena, La Virgen, Santa Rosa, Lagunas Norte, El Toro and Minas Pampa Mines (Garay *et al.*, 2015). The Chimu consists of an assemblage of up to 700 m thick white to light grey, fine to medium grained, well-sorted quartz sandstones with thin black shale interbeds (Benavides, 1956; Cobbing *et al.*, 1981). The thick bedded sandstones are typically massive and strongly cross-bedded. Coal horizons are common in the lower portion of the sediment package (Cobbing *et al.*, 1981). These rapidly deposited sediments were likely deposited from a deltaic depositional system (Wilson, 1963; Cobbing *et al.*, 1981). The Chimu Formation is typically distinct in

topography as the steep dipping beds form massive cliffs, ridges and gorges compared to the more easily weathered, soft and friable units of the surrounding stratigraphy (Benavides, 1956).

The Santa, Carhuaz and Farrat Formations (Figure 7.2) are composed dominantly of finer grained siliciclastics with minor carbonate interbeds (Garay *et al.*, 2015). In the northern portion of the West Peruvian Basin, the Santa Formation consists of black shales and is not always definitively present and is often grouped with the Carhuaz Formation (Cobbing *et al.*, 1981). The Carhuaz is composed of grey and brown shales, siltstones, quartzites with thin limestone with anhydrite interbeds (Cobbing *et al.*, 1981). The Carhuaz siliciclastics are host to the gold mineralization at the Shahuindo occurrence (Garay *et al.*, 2015). The Farrat Formation consists of white to grey quartzites and is lithologically similar to that of the Chimú Formation (Cobbing *et al.*, 1981).

Also belonging to the Lower Cretaceous are the Inca, Chulec and Pariatambo formations (Figure 7.2). These unconformably overly the Goyllarisquizga Group and consist of shallow marine carbonates (Cobbing *et al.*, 1981; Garay *et al.*, 2015). The Inca Formation is composed of intercalated limestones, shales and sandstones. Chulec sediments are highly fossiliferous and consist of light coloured calcareous shales, sandstones and thin limestone interbeds. Pariatambo rocks are of bituminous black shales with thin interbeds of limestone and chert (Cobbing *et al.*, 1981).

Deposited during the Upper Cretaceous are shallower marine sediments from the Yumagual Formation (Garay *et al.*, 2015). The Yumagual is an assemblage of grey nodular limestones and marls (Benavides, 1956).

Near the end of the Cretaceous, the Mesozoic sediments underwent deformation from the initial stages of the Andean Orogeny. Deformation carried into the Tertiary resulting in a series of northwest-southeast trending reverse faults, thrust faults and folds, with individual folds reaching up to 80 km in length and 5 km in width (Garay *et al.*, 2015).

7.1.3 Cenozoic

The Tertiary Calipuy Group (Figure 7.2) unconformably overlies and intrudes the deformed Mesozoic sediments of the West Peruvian Trough. An arc volcanic setting resulted in the deposition of intermediate and felsic lavas and pyroclastics making up the Calipuy Group (Cobbing *et al.*, 1981; Garay *et al.*, 2015). The volcanics are dominantly tuffs with agglomerates occurring in basal horizons, and with interbedded andesitic flows. These extrusive volcanics are associated with sub-volcanic intrusives consisting of andesitic to dacitic composition. The Calipuy Group volcanics provide the host rock for the high sulphidation Au epithermal deposit at Lagunas Norte, the low sulphidation Au epithermal deposit at Tres Cruces and the polymetallic vein deposit at Quiruvilca (Garay *et al.*, 2015).

To the west, the Coastal Batholith is emplaced within the volcanosedimentary strata of the Mesozoic Western Peruvian Trough. Related granodiorites, diorites and quartz

feldspar porphyries intrude the Mesozoic sediments and Calipuy volcanics as isolated stocks. These intrusions vary in age between 23 to 25 million years-old (Ma). It is these intrusions that host the porphyry-style copper-gold at the La Arena deposit (Garay *et al.*, 2015).

During the Quaternary, glacial and lacustrine sediments were deposited on top of the older strata in areas across the region. Finally, Quaternary alluvial and fluvial processes contributed to the most recent reworking of the sediments.

7.2 Property Geology

The oldest rocks on the Property appear in the area of the main mining operation, and belong to the Chicama Formation of the Upper Jurassic and include grey to black laminated shale interbedded with grey to brown fine grained, strongly silicified sandstone and dark grey fine-grained quartzite (Figures 7.1, 7.3 and 7.4). The Chicama sediments have a thickness of approximately 50 m in the main pit area however they increase in thickness toward the north (Acosta, 2013).

The Chimu Formation (Figures 7.1, 7.3 and 7.4) forms prominent and elongated hills, as some sections have a greater competency and resistance to weathering than the surrounding units, and form the cores of the main anticlines largely due to silicification (Acosta, 2013; Garay *et al.*, 2015). On the Property, the lower Chimu consists of alternating sandstones, quartzites and carbonaceous shales. The upper sequence is composed of a thick unit of whitish-grey, medium-fine grained quartz sandstone. This upper quartz sandstone unit can vary in thickness from 100 to 500 m (Acosta, 2013). The Chimu Formation sediment package present on the Property belongs to the B Member classification which is the member commonly associated with regional gold mineralization (Figure 7.3).

Lower Tertiary dacitic dykes occur as thin and irregular intrusive stocks. The dacitic dykes are green in colour and highly altered with relict plagioclase and hornblende. Altered biotite and quartz are also present, and in some dykes disseminated and oxidized pyrite are observed. Additionally, andesitic dykes intrude the Chicama Formation and have a chloritized plagioclase matrix (Acosta, 2013).

Erosion during the Quaternary is responsible for colluvial deposits, including landslide and flow deposits on the Property. The colluvial material is made of accumulations of silt, sand, gravel and rock fragments as gently sloping fans at the base of hill slopes and in depressions (Acosta, 2013).

There are two horizons within the stratigraphic package that are used as marker units on the Property. The first is a shale layer which acts as a cap rock as it is impermeable to the gold mineralizing fluids and as a result, gold is concentrated below this layer. The shale can be bituminous and varies in thickness from a few centimetres to approximately 1.5 m. The second marker horizon contains of pyrophyllite and occurs in the main pit area. The layer is beige to brown with a grey to pinkish hue and ranges from 0.8 cm to a few centimetres. Pyrophyllite forms in high temperature environments indicating the area is proximal to an intrusive body (Acosta, 2013).

Figure 7.3. Minas Pampa local mine site stratigraphic column (After Acosta, 2013).

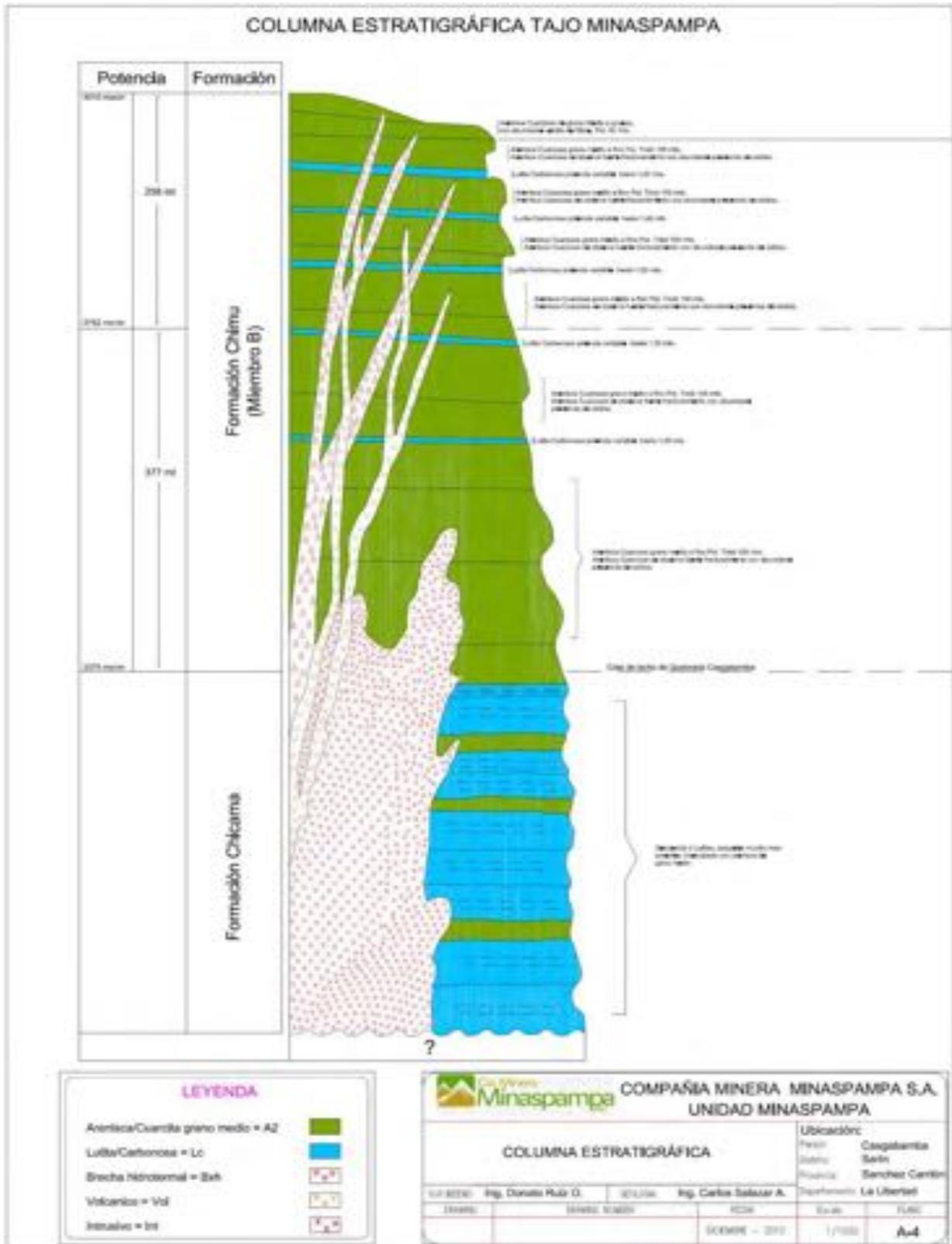
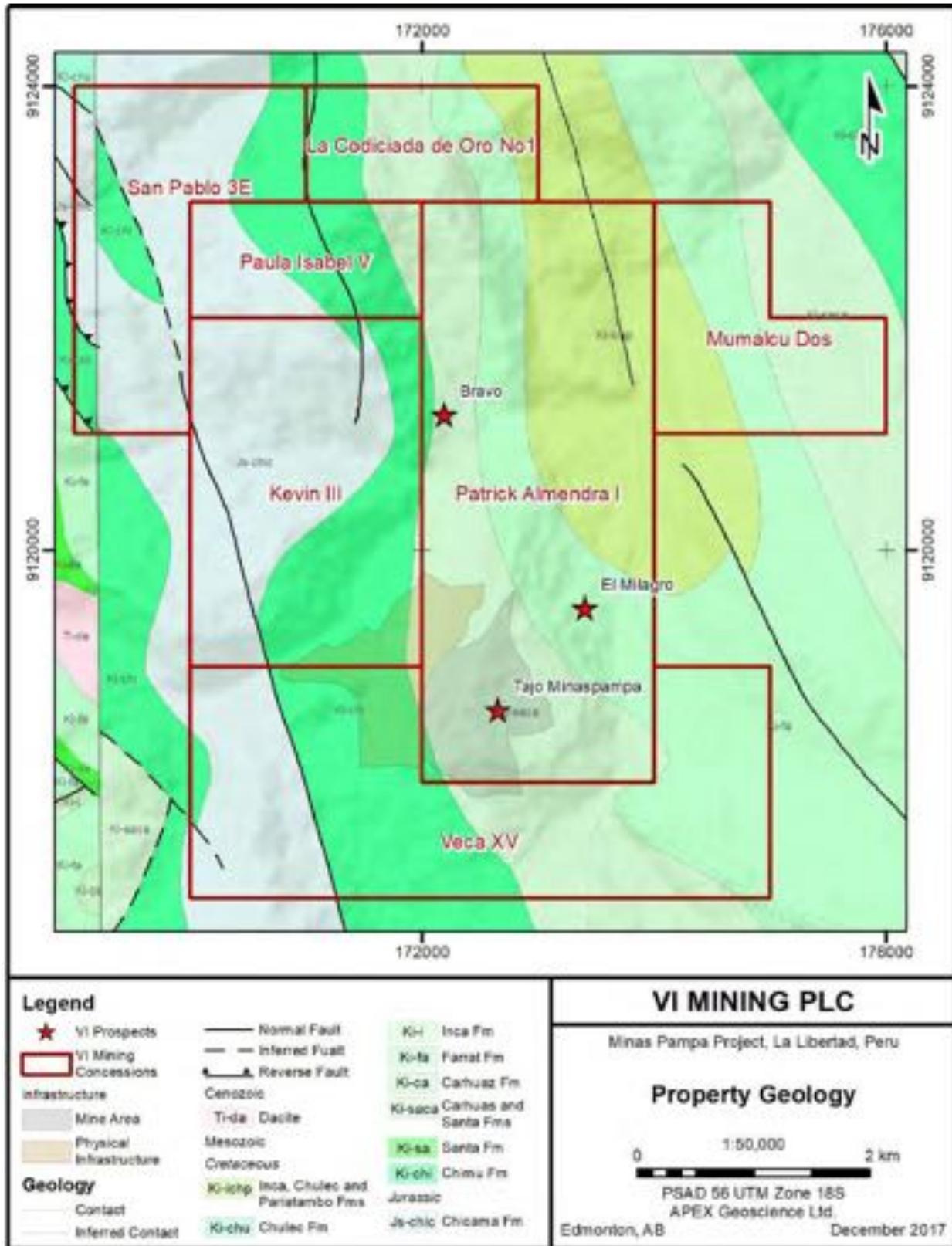


Figure 7.4. Minas Pampa Property geology.



7.2.1 Structure

The geology of the Minas Pampa Property is controlled by regional Andean structural regimes. There are two major fault systems present in the area: northwest-southeast longitudinal systems and northeast-southwest transverse systems. The longitudinal northwest-southeast faults are the result of regional compression, forming graben-horst blocks and uplift. Structures associated with these major faults include hydrothermal breccia, tectonic breccia and milky quartz veinlets. These structures are generally spaced at 40-60 m with orientations between an azimuth of 320°-340° and a dip between 60°-88° to the southwest. The northeast-southwest trending transverse faults are a consequence of extension and control the formation of tectonic breccias, hydrothermal breccias and intrusive dykes along trend. These structures have azimuths between 50°-80° and are typically associated with fractures and jointing (Acosta, 2013).

The hydrothermal breccias and tectonic breccias are predominantly sub-vertical with varying widths of a few centimetres to over several metres. The hydrothermal breccias are composed of sub-angular, silicified quartzite clasts with an extremely sandy matrix of quartz grains, abundant iron oxides (jarosite-goethite) and clays. Hydrothermal breccias along the Candela fault structure consist of sub-angular quartzite and dacitic clasts cemented by a rusty siliceous matrix. The tectonic breccias are composed of sub-angular quartzite clasts with a matrix of clays, kaolinite and trace alunite (Acosta, 2013). In the area of the main pit, there is a set of secondary joints that strike between 45°-80° and dip between 65°-85° to the southeast. The fractures have an average width of 2-3 cm, rarely exceeding 5 cm. These fractures are weakly to moderately silicified and typically in-filled with abundant jarosite and goethite (Acosta, 2013).

7.3 Mineralization

The Minas Pampa deposit is hosted within the B Member sandstones of the Lower Cretaceous Chimu Formation. The main zone of mineralization is associated with hydrothermal brecciation along the axis of an anticline and a steeply dipping normal fault (Candela Structure) at an azimuth of 320°-330° (Figures 7.5 to 7.7). The structure follows the trend of the Chimu sandstones that have a general bearing of 310°-330°. This general trend of the Chimu sandstones occurs regionally and it is along this strike that hosts the gold mineralization of the Northern Corridor metallotectonic belt of North Andean Peru (Compañía Minera Minaspampa S.A.C., 2010; Acosta, 2013). It is these structural and lithological controls that provide the suitable conditions for hydrothermal alteration and Au-Ag mineralization on the Minas Pampa Property.

There are three major types of hydrothermal alteration that occur in the deposit: argillic alteration, advanced argillic alteration and silica alteration. Argillic alteration occurs as moderate sericite-quartz alteration within the shale and fine-grained sandstone interbeds as well as in the feldspathic matrix of moderately kaolinized andesitic dikes. The advanced argillic alteration is substantial and visually prominent in areas of brecciation. This alteration consists of quartz-sericite to quartz-alunite assemblages filling the matrix and fractures of the rock and can be observed as earthy sericite with kaolinite. Intense silicification is pervasive filling irregular structures within

Figure 7.5. Local geology map zoomed in on MP, label Candela structure and the zones listed above.

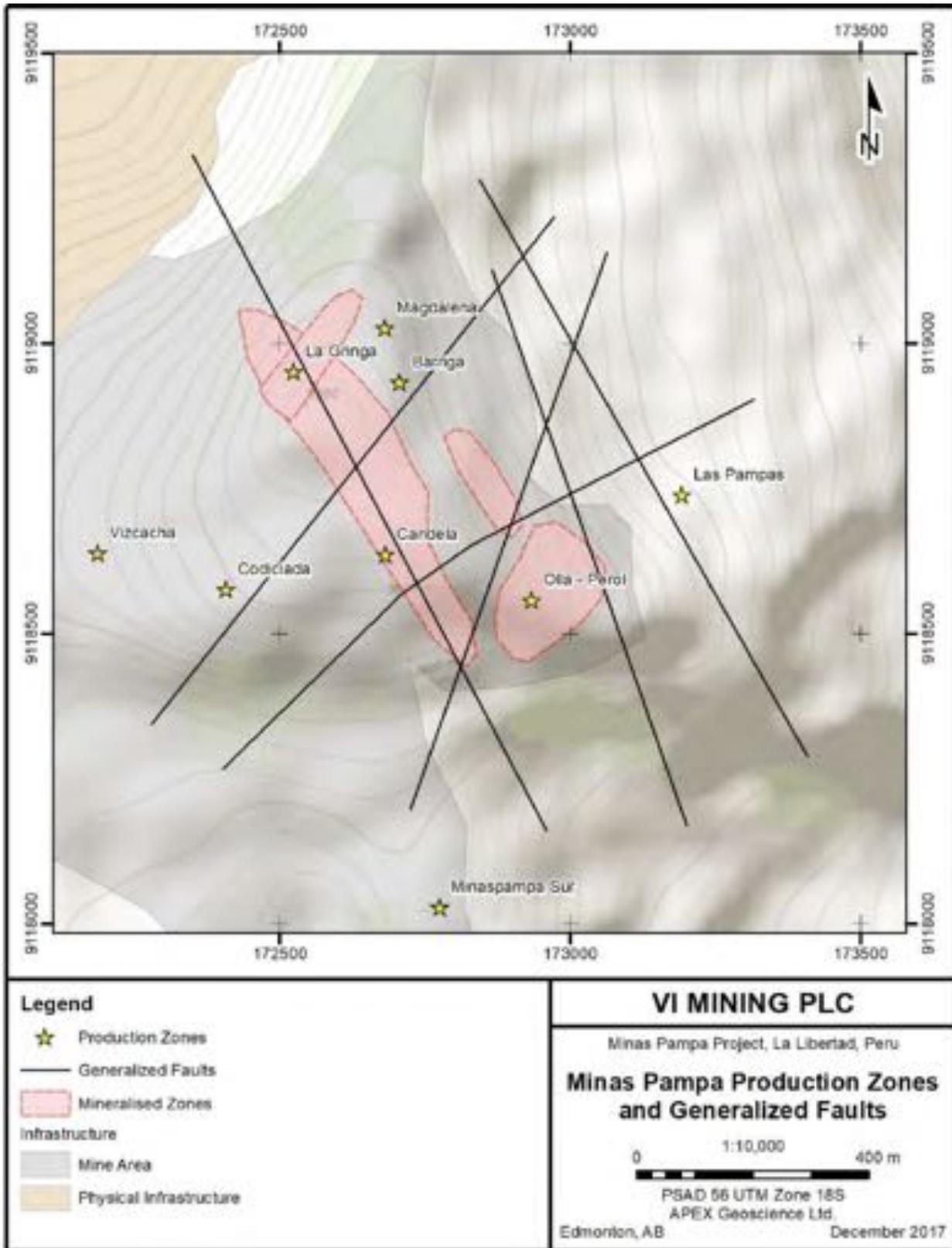


Figure 7.6. Section 12 looking northwest – interpreted vertical structure in core of anticline with shallow dipping zones in Chimú Formation (After Linares, 2011).

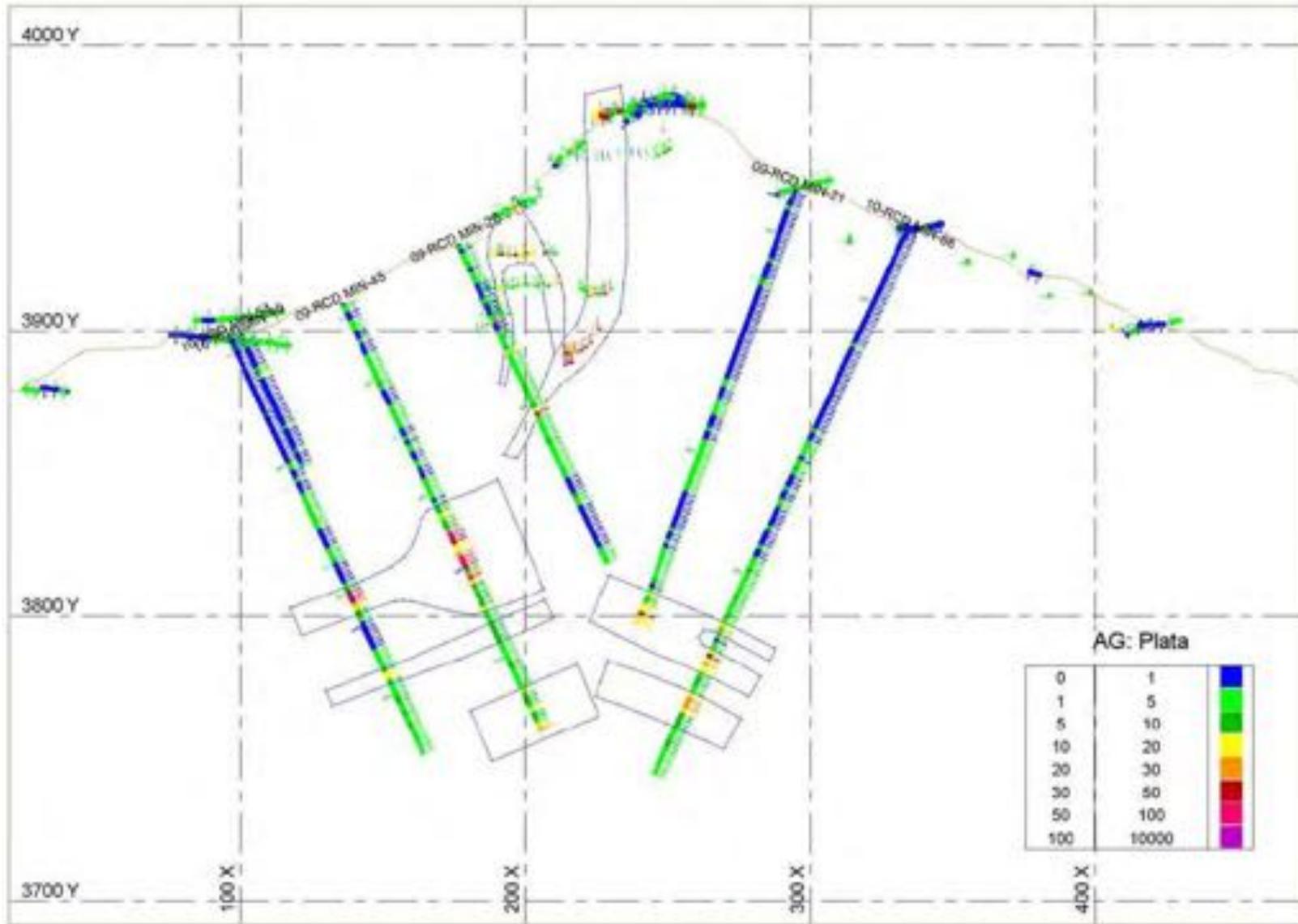
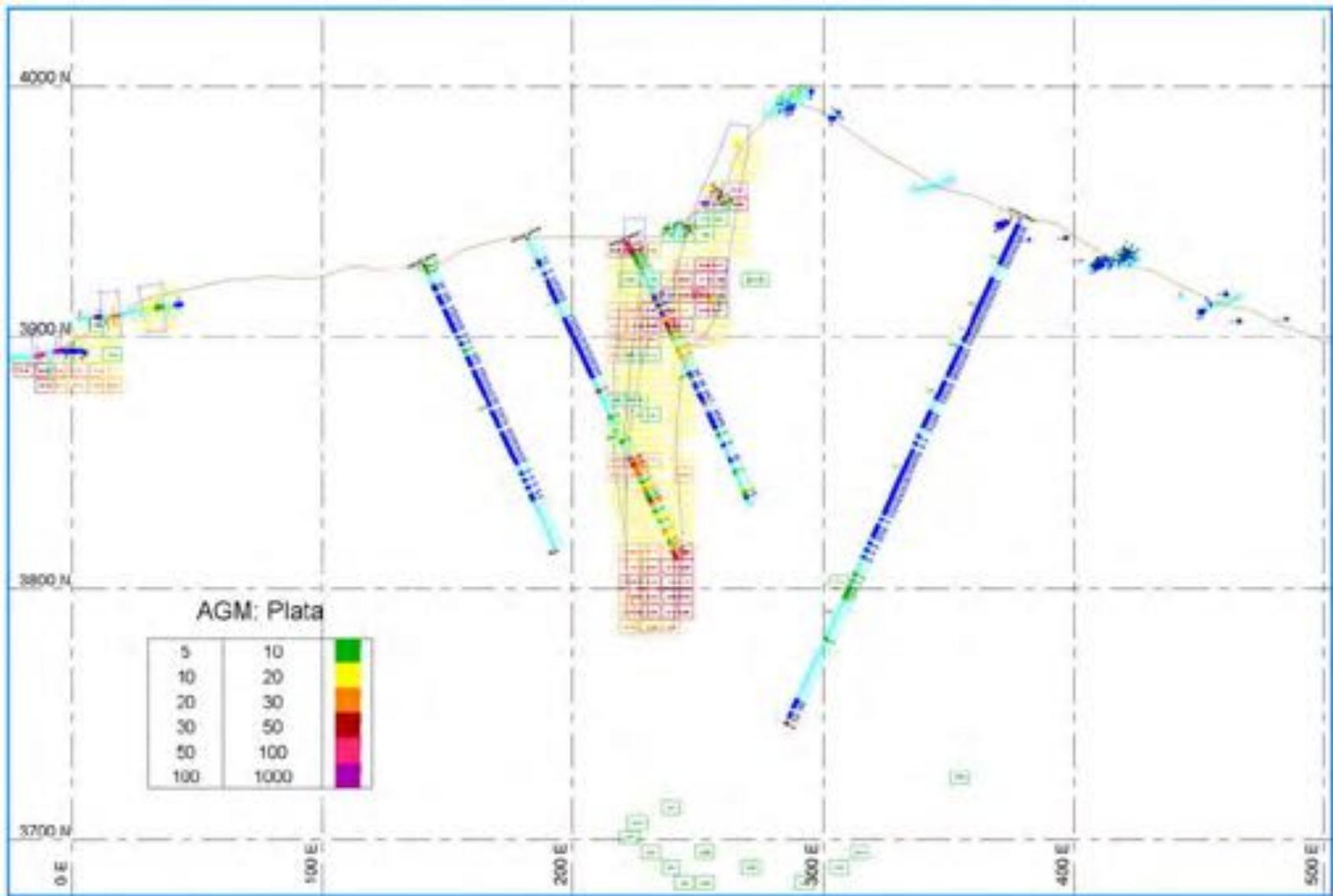


Figure 7.7. Section 720 northwest with silver block model in vertical structure (After Linares, 2011).



the medium to fine grained quartzite sandstones. The siliceous material is often dark grey in colour because of very fine pyrite (Acosta, 2013).

At the mine site, the argillic alteration follows the axis of the anticline and the overall trend of the longitudinal Andean structures, representing the core of the deposit. The advanced argillic alteration is present in bands along the flanks of the anticline, following the dilational structures. These have subsequently been overprinted by veining and pervasive moderate to strong silicification along the transverse, shear structures. Advanced argillic alteration is dominant in the area north of Magdalena where it occurs as an alteration halo perpendicular to the transverse structures (Acosta, 2013).

The Candela structure hosting the primary gold mineralization consists of a series of veinlets (associated with extension) for over a kilometre along the Andean trend. This structure varies in width from 5-10 m and is considered the primary conduit for the hydrothermal and tectonic breccias, and subvolcanic dacite dykes (Figures 7.5 to 7.7). These secondary features vary in thickness from a few centimetres to a few metres. Native gold and silver are primarily associated with lenticular steeply dipping zones of hydrothermal brecciation and intense fracturing up to 100 m in length. These mineralized zones are strongly oxidized with abundant jarosite, goethite and hematite occurring in both the primary and secondary structural systems. Combined with the structural preparation, the fine to medium grained Chimu quartzites provide the favourable permeability conditions for alteration and gold precipitation (Acosta, 2013).

Milky quartz veinlets, at a millimetre scale, crosscut the breccia matrices indicating the presence of gold mineralization. Moreover, the presence of greenish scorodite within grey silica veins that are confined to fault zones, silicified zones, and silicified structures also indicates the presence of mineralization. Other significant minerals that have been identified at site include pyrite, arsenopyrite, bornite, chalcocite, covellite, galena, boulangerite (sulfosalt), tetrahedrite, pyrolusite (dirty magnesium oxide) and rutile (Acosta, 2013).

The Au-Ag mineralization is thought to be dominantly related to a high sulphidation epithermal gold system with the possibility of low sulphidation epithermal gold occurring locally. There is potential that the deposit may also be related to a porphyry type deposit at depth. Veining, erosion and supergene processes have also contributed to the remobilization of the gold mineralization.

The area of the main mining operation at Minas Pampa is referred to as the Tajo Minas Pampa. The Tajo Minas Pampa area is divided into multiple zones based on distinct and separate structural, alteration and mineralization patterns. These zones include Candela, La Olla, El Perol, Minaspampa Sur, Las Pampas, Las Julias, Barriga, La Torta, La Tripa, Picota, La Gringa, Magdalena, Farallon and Vizcacha (Figure 7.5). There are also two additional prospects, El Milagro and Bravo, which occur to the northeast and to the northwest of Tajo Minas Pampa respectively. The mineralization of these zones and prospects are discussed in this section.

7.3.1 Candela

The Candela structure is the main fault structure of the Minas Pampa deposit that parallels or is formed along the axis of the anticline within the Chimu Formation quartzites (Figures 7.5 to 7.7). The Candela fault structure is 5-10 m in width and has been traced for over a kilometre along an azimuth of 330° and dips steeply between 60°-88° to the southwest. Hydrothermal breccia dominates the structure which is also intruded by subvolcanic dykes and sills. The zone is predominantly argillic altered with moderate silicification. Mineralization is associated with the hydrothermal breccia (Acosta, 2013).

7.3.2 La Olla – El Perol

This mineralized zone occurs along a shear zone/fault perpendicular to the Candela structure (Figure 7.5). The zone is approximately 20-30 m in width with a variable azimuth between 40°-50°. The gold mineralization occurs within fractures along a similar azimuth of 40°-60°. These fractures are typically a centimetre on average and up to a maximum of three centimetres (Acosta, 2013).

7.3.3 Minaspampa Sur

Minaspampa Sur is the southern section of the Tajo Minas Pampa (Figure 7.5). Compressional tectonics have intensely fractured the area, resulting in faults and tectonic breccias with a northwest-southeast orientation. The tectonic breccias are composed of sub-angular quartzite clasts within a matrix of sandy silica, kaolinite, sericite, limonite and lesser jarosite. Mineralization occurs along two main structures with azimuths of 290°-300° and 330°-325° that dip 80° to the northeast. Minor fault breccias have an azimuth of 230°-240° that dip 75° to the northwest. There are two dominant joint sets in the Minaspampa Sur area. The primary joint set strikes 195°-200° and dips 75°-80° to the northwest and the secondary set strikes 335°-340° and dips 72°-80° to the northwest (Acosta, 2013).

7.3.4 Las Pampas – Las Julias

The Las Pampas – Las Julias area is located along a structure on the east side of Tajo Minas Pampa that parallels the Candela structure (Figure 7.5). The area has hydrothermal and tectonic breccias with an azimuth of 330°-325° that dips 60° to the northeast, crosscutting the fine to medium grained Chimu quartzites. The rocks are intensely fractured from compressional forces and consist of sub-angular clasts within a sandy silica, kaolinite, sericite, jarosite and lesser limonite matrix (Acosta, 2013).

7.3.5 Barriga – La Torta – La Tripa – Picota

In the north-central portion of the Tajo Minas Pampa (Figure 7.5), these zones occur within medium grained quartzite containing coarse grained sandstone lenses. The area has abundant hydrothermal and tectonic breccias both parallel and perpendicular to the Candella structure. The mineralization is present within the perpendicular to transverse structures with azimuths between 45°-80° that dip 65°-85° to the southeast. Fractures average 2-3 cm in width, rarely exceeding more than 5 cm. The fault structures are

weakly to moderately silicified and in-filled with abundant jarosite. Grey quartz veinlets are present only within the faulted and silicified zones (Acosta, 2013).

7.3.6 La Gringa – Magdalena

The La Gringa – Magdalena structure intersects the Candela structure perpendicularly in the northern portion of the Tajo Minas Pampa (Figure 7.5). The breccia structure has an orientation of 50-60° dipping 75-85° NW and varies in widths of 40-120 cm. The breccia consists of sub-angular quartzite clasts with abundant goethite and jarosite oxides, and a white chalky material. Weak to moderate gold mineralization exists within parallel fault structures of 2 cm width and spaced from 6 to 78m apart (Acosta, 2013).

7.3.7 Farallon

The Farallon zone is delineated by two hydrothermal breccia structures at nearly an east-west orientation and subvertical dip within moderately fractured, thick quartzites. The two faults have variable widths between 1 to 3 m. Additional secondary faults are aligned parallel to the main structures and are approximately 40-50 cm in width and contain moderate amounts of mineralization. The breccias contain sub-angular clasts with abundant goethite and jarosite disseminations and filling voids (Acosta, 2013).

7.3.8 Vizcacha

In the western portion of Tajo Minas Pampa, Vizcacha is spatially associated with the intersection of two perpendicular northwest and northeast trending structures, with the northeast structures on strike with the Magdalena structure (Figure 7.3). These structures are dominantly tectonic breccias within thick, moderate fractured quartzite. The tectonic breccias consist of subangular clasts with jarosite and goethite in the matrix. Scorodite is present along fracture planes (Acosta, 2013).

7.3.9 El Milagro

The El Milagro (Figure 7.5) prospect is located just over half a kilometre northeast of the Tajo Minas Pampa area. Rocks in the area consist of the Chimu quartzites with thin medium grained sandstone horizons. The rocks display moderate argillic alteration evident as kaolinite and montmorillonite. Structures at El Milagro are along the main Andean trend as well as along a series of east-west oriented tensile structures. Tensile structures striking 75° are the most likely to contain goethite, arsenopyrite, scorodite and associated mineralization. The structures are weakly sericitized and moderately to strongly silicified, with silica in the interstitial matrix of the quartzite rock and in veinlets. Also present in other tensile structures are pyrite, arsenopyrite and covellite sulphides with goethite (Acosta, 2013).

7.3.10 Bravo and Pianchuco

The Bravo and Pianchuco prospects are located approximately 1.1 km to the northwest of Tajo Minas Pampa. The two prospects occur along ridges separated by a less resistant valley. The geology of these prospects is dominated by silicified Chimu

Formation quartzites with quartz – alunite and quartz – sericite interstitial alteration. The gold and silver mineralization identified to date is spatially associated with north-northwest trending hydrothermal breccias which are closely related to subvolcanic intrusions (Figure 7.3).

8 Deposit Types

The region surrounding Minas Pampa contains numerous metallic deposits of varied origins (see Section 18 of this report). The following list details nearby mineral deposits by geological origin. Note that many of the mines in the area are held by private entities and therefore there is little publicly available information on geological setting and mineralization.

- Epithermal gold (High sulphidation):
 - Lagunas Norte Mine (Evans *et al.*, 2012)
 - La Arena Mine (Garay *et al.*, 2015)
 - Pasto Bueno (Tinucci and Kehmieir, 2009)
 - Santa Rosa Mine (Garay *et al.*, 2015)
 - La Virgen Mine (Tincusi, 2008)
- Mixed mesothermal / epithermal veins (Au, Ag, Cu, Pb, Zn):
 - Quiruvilca Mine (Wafforn and Steinmann, 2007)
- Quartz veins associated with monzonite porphyry (W, Cu, Ag, Zn)
 - Pasto Bueno (Tinucci and Kehmeier, 2009)
- Porphyry (Cu, Au, Mo):
 - La Arena Mine (see Garay *et al.*, 2015)
 - La Virgen Mine (reported in Garay *et al.*, 2015)
- Quaternary (colluvial) gold:
 - La Arena Mine (Garay *et al.*, 2015)
 - La Virgen Mine (Garay *et al.*, 2015)
 - Lagunas Norte Mine (Garay *et al.*, 2015 and Evans *et al.*, 2012)

Epithermal gold deposits constitute the dominant deposit type in the region; of the epithermal gold deposits in the region, most are of the high sulphidation type (White and Hedenquist, 1995; Hedenquist *et al.*, 2000). The list above only covers producing deposits (and past-producers) within an approximately 50 km radius of Minas Pampa, however low- to intermediate epithermal gold deposits are also noted in the region. The Tres Cruces deposit is characterized as a low sulphidation epithermal deposit (Montgomery, 2012) and the Shahuindo Deposit is considered by Tietz and Kappes (2011) to be an intermediate sulphidation epithermal gold deposit.

8.1 Deposit Style at Minas Pampa

8.1.1 Geological Environment

The host rocks at Minas Pampa consist of Lower Cretaceous sediments of the Chimu Formation, which include sandstones, quartzites and carbonaceous shale beds. The Chimu formation has been intruded by Tertiary-aged volcanics of the Calipuy Group and all rocks within the region have been structurally deformed by Andean tectonism. Mineralization at Minas Pampa is associated with advanced argillic alteration (quartz-sericite and quartz-alunite), as well as strong silicic alteration and oxidation (in the form of limonite, hematite, jarosite and goethite).

Mineralization at Minas Pampa is controlled by hydrothermal breccias and is strongly correlated to structural features, particularly the Candella structure, which is an axial-planar near vertical fault structure trending 330°. A schematic model is presented in Figure 8.1 and shows precious metal mineralization within the main vertical structures and then branching out along favourable quartzite beds. Where transverse structural features trending NE-SW to E-W cross the Candella structure, dilatational zones of increased local mineralization are formed. Acosta (2013) notes that structures striking NE-SW to E-W are mostly joints and fractures, whereas those striking NW-SE to E-W are generally faults and related breccias (hydrothermal and/or tectonic).

8.1.2 Interpreted Deposit Model

Based on the mineral associations of the Minas Pampa deposit (as well as the tectonic and structural setting), it is interpreted to be an epithermal gold deposit. Epithermal gold deposits are formed at low-temperatures (up to 300° C, but typically 160°-280°C) and generally at shallow depths, typically <1 km below surface (Hedenquist *et al.*, 2000). Genetically, epithermal deposits are divided into two end members, low- or high-sulphidation, based on the source of fluid and fluid pH. Low sulphidation deposits form from near-neutral meteoric-sourced water while high sulphidation deposits form from acidic magmatic-sourced water. An intermediate sulphidation type of epithermal deposit is also recognized with characteristics between the end members.

In the field, the two end member deposit types are classified based on mineral assemblages and textures. Table 8.1 outlines the generalized criteria for distinguishing between low and high sulphidation deposits. Based upon the characteristics outlined in Table 8.1, Minas Pampa is interpreted to be a high to intermediate sulphidation epithermal deposit. A high sulphidation type deposit is indicated by the majority of the observations at Minas Pampa (subdued mineral textures; presence of pyrophyllite, covellite, kaolinite and alunite; predominance of disseminated mineralization along structurally controlled corridors. However, several factors do not fit the end-member high-sulphidation model. The presence of arsenopyrite and sericite are unusual in a strictly high sulphidation deposit. Furthermore, Acosta (2013) notes Au:Ag ratios on the order of 1:20, which is much higher than would be expected in a high sulphidation deposit. These observations, taken together, indicate a high to intermediate sulphidation deposit that most likely had magmatic and meteoric fluid components.

Figure 8.1. Stratigraphic column with stratabound and cross-cutting mineralization (After El Rosario de Belen SMRL, 2012).



Table 8.1. Observable criteria for classifying low- and high-sulphidation type epithermal gold deposits (after White, 2007).

Characteristic	Low Sulphidation	High Sulphidation
Ore morphology	<ul style="list-style-type: none"> • Open space veins dominant • Stockwork ore common • Disseminated ore minor • Replacement ore minor 	<ul style="list-style-type: none"> • Disseminated ore dominant • Replacement ore common • Veins generally subordinate • Stockwork ore minor
Common Textures	<ul style="list-style-type: none"> • Spectacular textures (banded veins, breccia veins, drusy cavities, crustification, lattice textures) 	<ul style="list-style-type: none"> • Subdued textures (massive quartz, vuggy quartz, massive to crudely banded veins)
Common Ore Minerals	<ul style="list-style-type: none"> • Pyrite ubiquitous (abundant) • Enargite-Luzonite rare (v. minor) • Covellite uncommon (v. minor) • Arsenopyrite common (minor) 	<ul style="list-style-type: none"> • Pyrite ubiquitous (abundant) • Enargite-Luzonite ubiquitous (variable) • Covellite common (minor) • Arsenopyrite rare (v. minor)
Common Gangue Minerals	<ul style="list-style-type: none"> • Quartz ubiquitous (abundant) • Chalcedony common (variable) • Calcite common (variable) • Adularia common (variable) • Illite common (abundant) • Kaolinite rare (except as overprint) • Pyrophyllite-Diaspore absent (except as overprint) • Alunite absent (except overprint) 	<ul style="list-style-type: none"> • Quartz ubiquitous (abundant) • Chalcedony uncommon (minor) • Calcite absent (except overprint) • Adularia absent • Illite uncommon (minor) • Kaolinite common (minor) • Pyrophyllite-Diaspore common (variable) • Alunite common (minor)
Hydrothermal Alteration	<ul style="list-style-type: none"> • Zoned higher temperature to lower temperature: • Illite (sericite) • Interstratified clays (illite-smectite) 	<ul style="list-style-type: none"> • Zoned acidic to neutral-pH: • Alunite • Kaolinite • Pyrophyllite • Diaspore
Geochemical Associations (High)	<ul style="list-style-type: none"> • High: Au, Ag, As, Sb, Zn, Pb, Hg, Se, (Ag/Au) • Low: Cu, (Te/Se) 	<ul style="list-style-type: none"> • High: Au, Ag, As, Sb, Bi, Cu, Pb, Hg, Te, Sn, Mo, Se • Low: K, Zn, (Ag/Au)

9 Exploration

VI Mining has conducted only limited confirmatory type sampling and exploration at the Minas Pampa property as of the date of this Technical Report.

Mr. Michael B. Dufresne, M.Sc., P.Geol., P.Geo, conducted a site visit with VI Mining and CMMP personnel at the Minas Pampa Property on the 7th of November, 2017. The purpose of the visit was to evaluate and confirm the presence of Au-Ag mineralization on the property. A total of 4 rock grab samples were collected during the site visits, results are pending. However, the results of recent trenching in the pit area and sampling by both CMMP and VI Mining personnel during 2017 were reviewed in detail. A number of trenches and samples were observed with intense argillic and silica alteration in particular across or within the Candela structure.

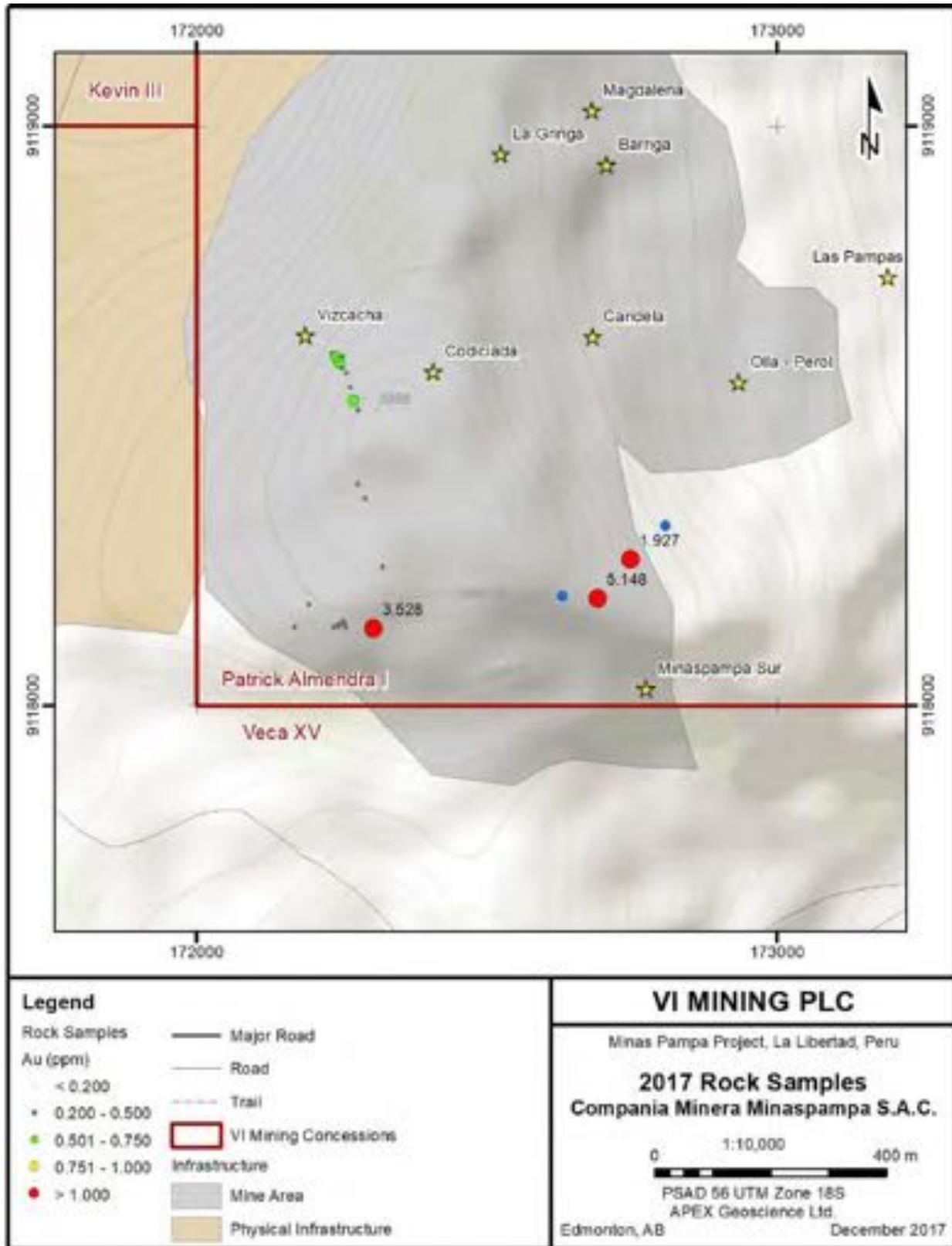
Sampling was carried out by VI Mining personnel between October 9 and November 1, 2017 on the Minas Pampa property. A total of 27 rock chip, channel, scree and mine dump samples were collected from the Minas Pampa Mine area (Figure 9.1). In total, 6 samples returned assays above 0.5 g/t Au. The highest assay of 5.148 g/t Au and 62.8 g/t Ag was obtained from a channel sample bordering the Candela structure area.

A 2 day visit to the Minas Pampa Property was conducted by Mr. Bryan Atkinson, B.Sc., P.Geol. on behalf of APEX in June, 2014 to confirm the presence of reported Au-Ag mineralization. A total of 5 rock grab samples were collected during the site visit. Four out of the five samples returned high Ag (up to 34.1 g/t) with one sample from the returning 1.54 g/t Au (Table 9.1) The sample with high Au and Ag was collected from strongly oxidized quartzite at the Farallon production zone. All five samples yielded one or more anomalous values for Arsenic (As), mercury (Hg), antimony (Sb) or copper (Cu) as illustrated in Table 9.1. The exact coordinates for Mr. Atkinson's samples are not available as his GPS and notebook were stolen during the property visit.

Table 9.1. Selected results from APEX 2014 confirmatory samples collected by Mr. Atkinson.

Sample	Date	Target		Wtkg	Au AA25 ppm	Au MS41 ppm	Ag MS41 ppm	Cu MS41 ppm	As MS41 ppm	Hg MS41 ppm	Sb MS41 ppm
14BAP001	02/06/2014	MP Pit	Highly altered and bleached lt grey clay altered quartzite at contact with carbonaceous shale / coal layer in Chimu.	1.21	0.005	0.0013	11.5	168	188	3.99	11.7
14BAP002	02/06/2014	MP Pit	Hydrothermal breccia. Matrix is strongly oxidized (hematite and goethite with lesser limonite). Clasts are angular, up to 5cm (avg 0.5cm) and all quartzite. Breccia is along 338/-56 (RHR) structure.	2.72	0.06	0.0548	7.05	274	1790	0.425	173.5
14BAP003	02/06/2014	Farallon	Strongly manganese stained fractured quartzite. Strongly oxidized with hematite, goethite and minor limonite.	1.61	1.54	1.21	34.1	132	2190	9.85	2400
14BAP004	02/06/2014	Farallon	Patchy zone of propylitic altered light to dark green quartzite.	1.87	0.05	0.0385	3.48	7.84	164.5	1.365	430
14BAP005	02/06/2014	Milagro 1	Light grey to light purple fractured arenaceous quartzite. Strong oxidation along fractures. Near sample 632.	1.01	0.03	0.0336	0.284	7.67	222	0.119	15.65

Figure 9.1. 2017 VI Mining rock sample locations and results.



10 Drilling

VI Mining has not completed any drilling on the Minas Pampa Property. Historic drilling on the Property is discussed within Sections 6 and 14 of this Technical Report.

11 Sample Preparation, Analyses and Security

Individual rock samples were collected in the field by placing approximately 1-2 kg of material into a heavy duty poly sample bag. The sample bags were then secured with tie-straps. Sample locations were marked and descriptions were noted in the field. The sample data would then be entered into a digital database when possible.

Rock samples were shipped via commercial carrier to ALS Chemex Minerals (ALS) in Lima, Peru for geochemical analysis. No issues with respect to sample shipment and security were noted. At the ALS laboratory, the samples are logged into a computer-based tracking system, then weighed and dried. The entire sample is crushed so that more than 70% passes through a 2 mm screen. A split up to 1000 g is then selected and pulverized to better than 85% passing through a 75 micron screen. The resulting pulp is retained for analysis (ALS Minerals, 2012).

A 30 g aliquot is extracted from the pulp and is analyzed for gold by fire assay with an atomic absorption spectroscopy (AAS) finish (ALS Minerals, 2006b). Samples were also analyzed for a suite of 51 other elements by Inductively Coupled Plasma – Atomic Emission Spectroscopy (ICP-AES) following aqua regia digestion of a 0.5 g prepared sample (ALS Minerals, 2006a).

12 Data Verification

APEX Geoscience Ltd. has received and has conducted a review of the available data drilling and surface sampling database. The data files comprise a number of excel files by year for drilling samples, surface channel or chip samples and underground channel samples. In general, the data is complete and captures the data necessary for further quantitative analysis. Thus, in the opinion of the authors of this report, the Minas Pampa drill hole and surface sampling database is considered sufficiently verified to be used in the mineral resource estimation effort described in section 14 of this report.

12.1 2013 Minas Pampa Drill Program QAQC

APEX Geoscience Ltd. was initially presented with a drilling database for the Minas Pampa Project in 2014 by then owner CMMP. There has been no significant new work at the project since that time and no new data has come to light. A review of the Minas Pampa drilling database has identified a very limited number of QAQC samples and indicates that a QC protocol for drill sample analyses was introduced during the 2013 drill program. The Minas Pampa drill database includes 11 coarse blank sample

analyses and no blank pulp analyses. The data includes 9 analyses each for 2 standard reference materials (“standards”). The preferred QC sampling method was apparently duplicate sampling and comprises 415 analyses.

It is the opinion of the authors of this report that future work at the project should include the adoption of a comprehensive QA/QC program that would include, among other procedures, the insertion of coarse blank, blank pulp and standard reference material pulp samples into the normal sample stream at sufficient frequency to allow for proper monitoring of the selected laboratory for cleanliness, accuracy and precision.

12.2 Coarse Blank Samples

A review of the Minas Pampa drilling database identified a total of 11 coarse blank samples that were inserted into the 2013 core drilling sample stream. Figures 12.1 through 12.4 show comparisons between analytical results for the coarse blank samples and their preceding “real” drill core sample for total Au and total Ag (presumed to be fire assay Au and Ag), as well as Cu and Pb (presumed to be ICP analysis).

Although there appears to be evidence of minor inter-sample contamination at the laboratory for specific sample pairs and specific elements, none of the 11 coarse blank samples show evidence of consistent contamination for all 4 elements. It is the opinion of the authors of this report that future work at the project should continue to utilize a comprehensive QA/QC program that would include the insertion of coarse blank and blank pulp samples into the normal sample stream in order to monitor the selected laboratory for cleanliness during the sample prep and analysis phases.

12.3 Standard Reference Materials

A review of the Minas Pampa drilling database identified a total of 15 analyses of standard reference materials (standards) that were simply referred to as “Standards 1 and 2”. These standards were inserted into the 2013 core drilling sample stream and were assayed for gold. Neither the standards, nor their source, were identified specifically within the data files supplied to APEX and thus the certified values and acceptable analytical ranges could not be verified. The standards and their respective analytical (gold fire assay) data are summarized below in Table 12.1 and are illustrated in Figures 12.5 and 12.6.

The data, as shown, tends to indicate a negative bias with respect to the expected range of values on the order of (-) 10-15%. However, it should be noted that 6 and 9 analyses for Standards 1 and 2, respectively, does not constitute a “statistically significant” number of data points and thus further examination of this issue would be required. In general, this limited dataset tends to show either no, or a minor negative, bias in the gold assay data and there is no evidence of a positive bias with respect to the Minas Pampa gold assay database, at least in terms of the 2013 core drilling results into which these QC samples were inserted.

It is the opinion of the authors of this report that future work at the project should incorporate a comprehensive QA/QC program that would include the use of several

Figure 12.1. 2013 coarse blank samples and preceding Au (total) sample comparisons.

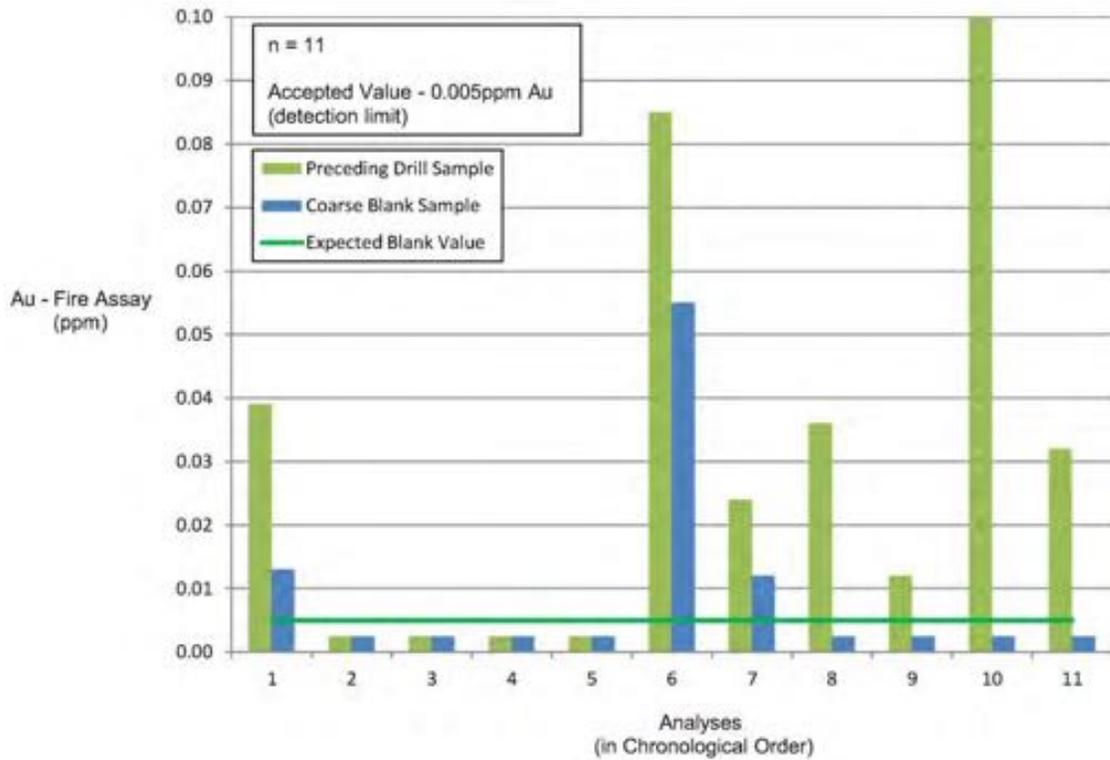


Figure 12.2. 2013 coarse blank samples and preceding Ag (total) sample comparisons.

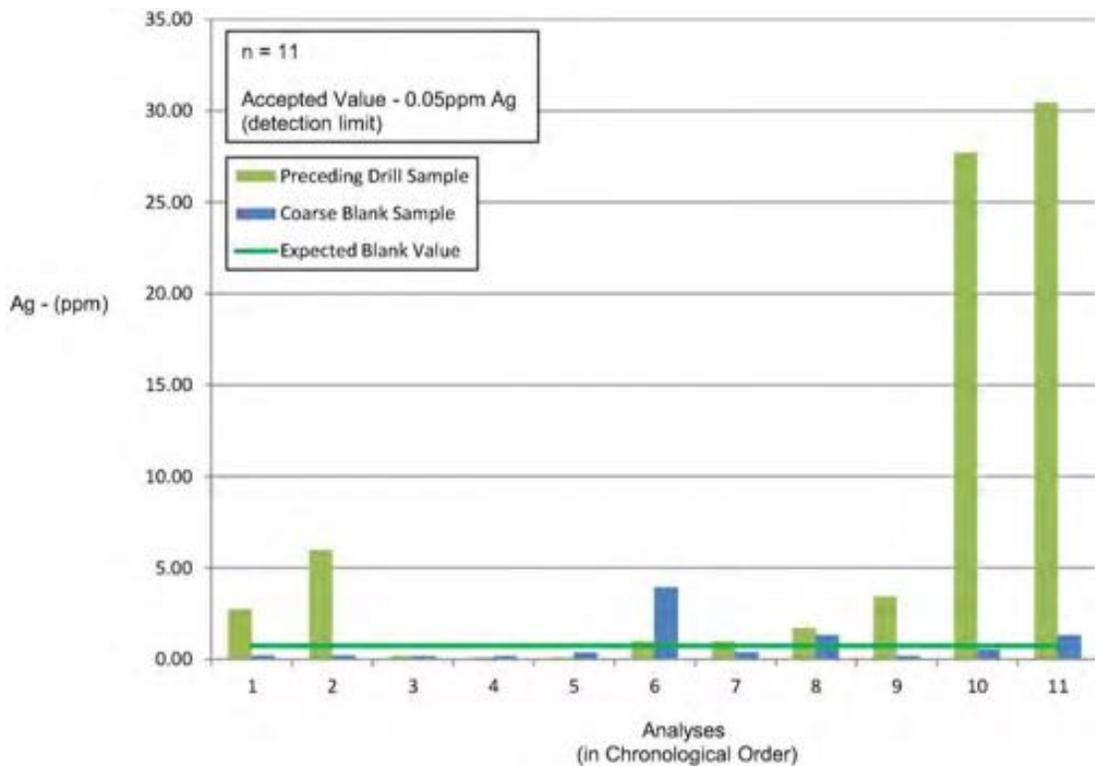


Figure 12.3. 2013 coarse blank sample and preceding Cu sample comparisons.

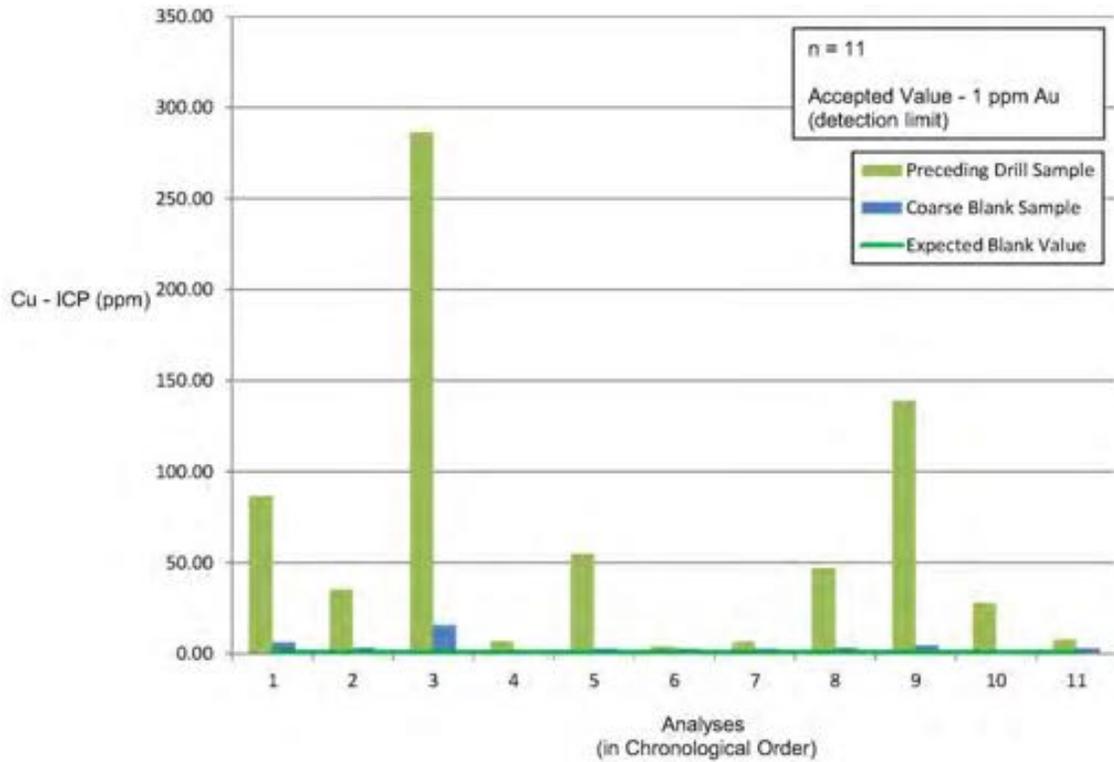
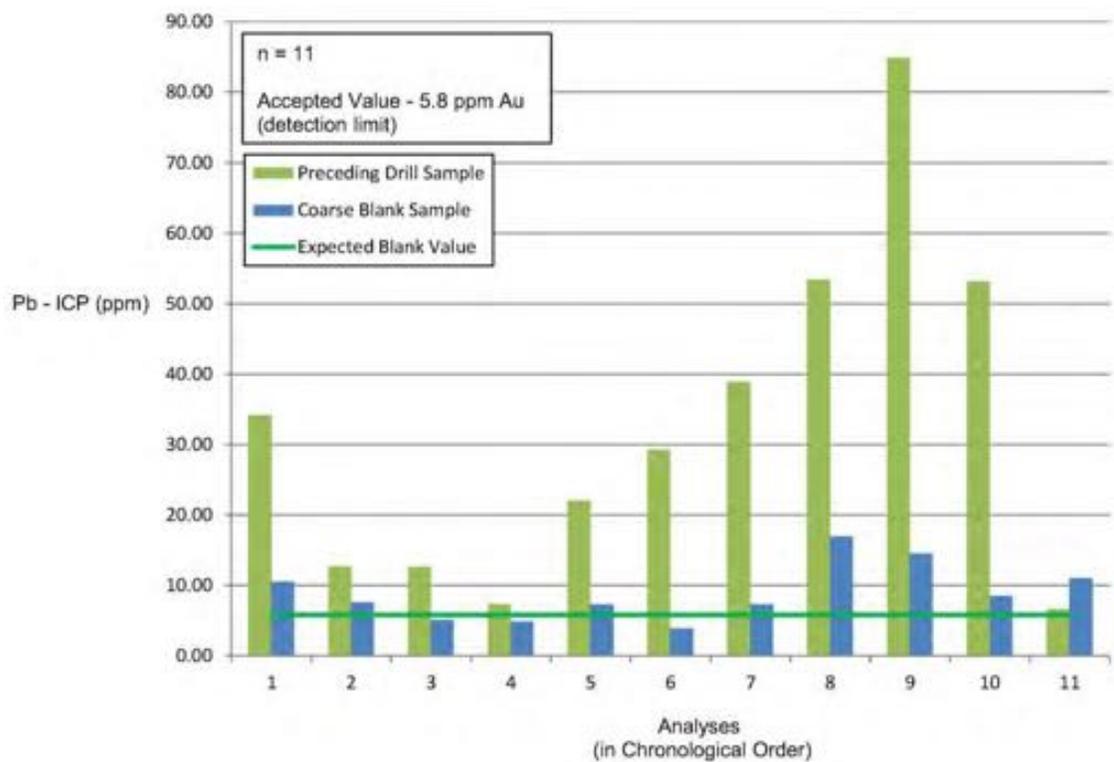


Figure 12.4. 2013 coarse blank sample and preceding Pb sample comparisons.



(2-3) standard reference material samples ('standards'), with certified values within the expected grade range typical for the Minas Pampa mineralization, that would be inserted into the normal sample stream at a sufficient frequency to allow for the monitoring of the selected laboratory for overall analytical accuracy and precision.

Table 12.1. Summary of 2013 Minas Pampa Core Drilling Gold Standard Sample Assay Results.

Standard Name	Expected Value			2013 Analytical Data			Est'd Bias	No. of Analyses	No. of 2SD Fails	% Fail
	Au (g/t)	Confidence Limit* (Au g/t)	%RSD	Au (g/t)	SD (Au g/t)	%RSD				
Standard 1 (unknown source)	0.183	0.027	7.4%	0.149	0.024	16.1%	-18.6%	6	3	50.0%
Standard 2 (unknown source)	0.455	0.049	5.4%	0.405	0.032	7.9%	-11.0%	9	5	55.6%
Total								15	8	53.3%

***Confidence Limit" interpreted to mean "95% confidence limit", which is roughly equivalent to 2 Standard Deviations.*

12.4 Umpire Check Assays

There are no records of any umpire assaying for any of the recent drill programs conducted at the Minas Pampa Project.

12.5 Duplicate Core Sample Assays

A review of the Minas Pampa drilling database identified a total of 441 analyses of "duplicate samples. These duplicates are believed to comprise field (vs laboratory) duplicate samples and were assayed for gold. There were 415 duplicate samples collected during the 2013 RC drill program and 26 duplicates collected during the 2013 core drilling program at Minas Pampa. The analytical (gold fire assay) data are illustrated in Figures 12.7 and 12.8.

The data, as shown, indicates that there is a reasonable degree of correlation between original and duplicate assay results with an overall correlation coefficient of 0.9011. This can be seen in both the log-log and Q-Q plots (Figures 12.7 and 12.8, respectively). There is a slight variance between the 95th percentile values for the original assays (0.17 g/t Au) and the duplicate samples (0.184 g/t Au), but there is very little evidence of any bias for the majority of the original-duplicate sample pairs.

It is the opinion of the authors of this report that future work at the project should incorporate a comprehensive QA/QC program that would continue to include the sampling and analysis of duplicate drill samples to allow for the monitoring of analytical and sample variation.

12.6 Lab-inserted Standard Reference Materials

No Laboratory Certificates have been provided to APEX for review with respect to the analysis of any samples resulting from any of the recent drilling programs completed at the Minas Pampa Project and thus there is no data available with respect to lab-inserted QC samples.

Figure 12.5. 2013 Standard-1 analyses.

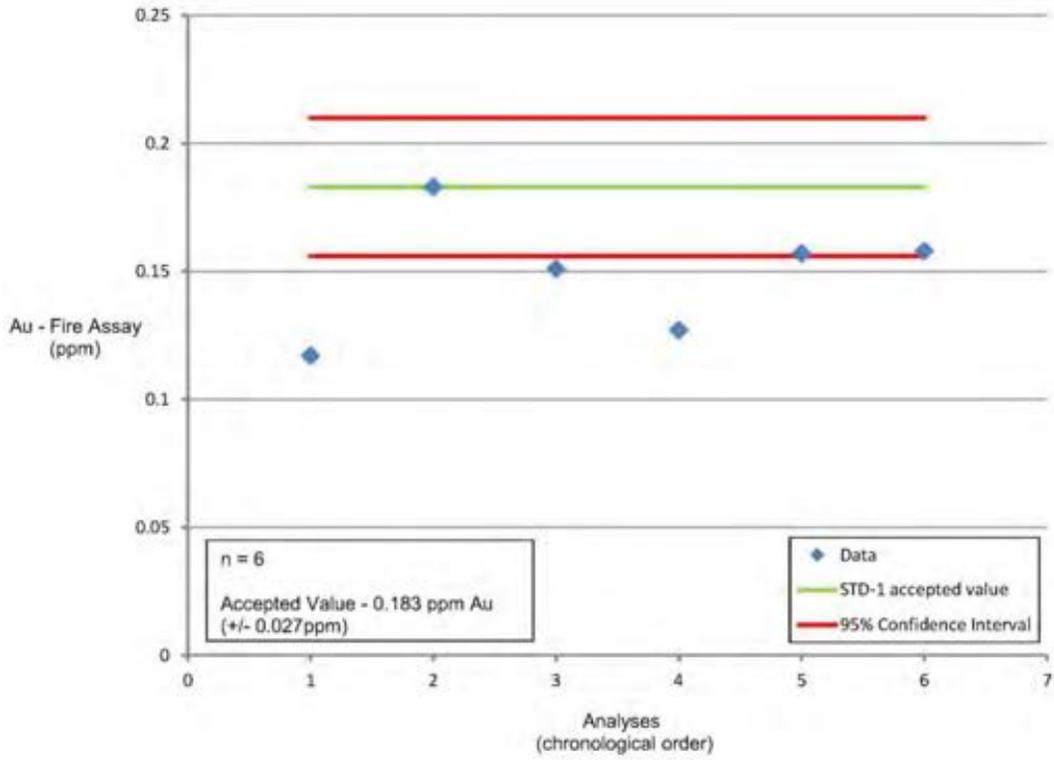


Figure 12.6. 2013 Standard-2 analyses.

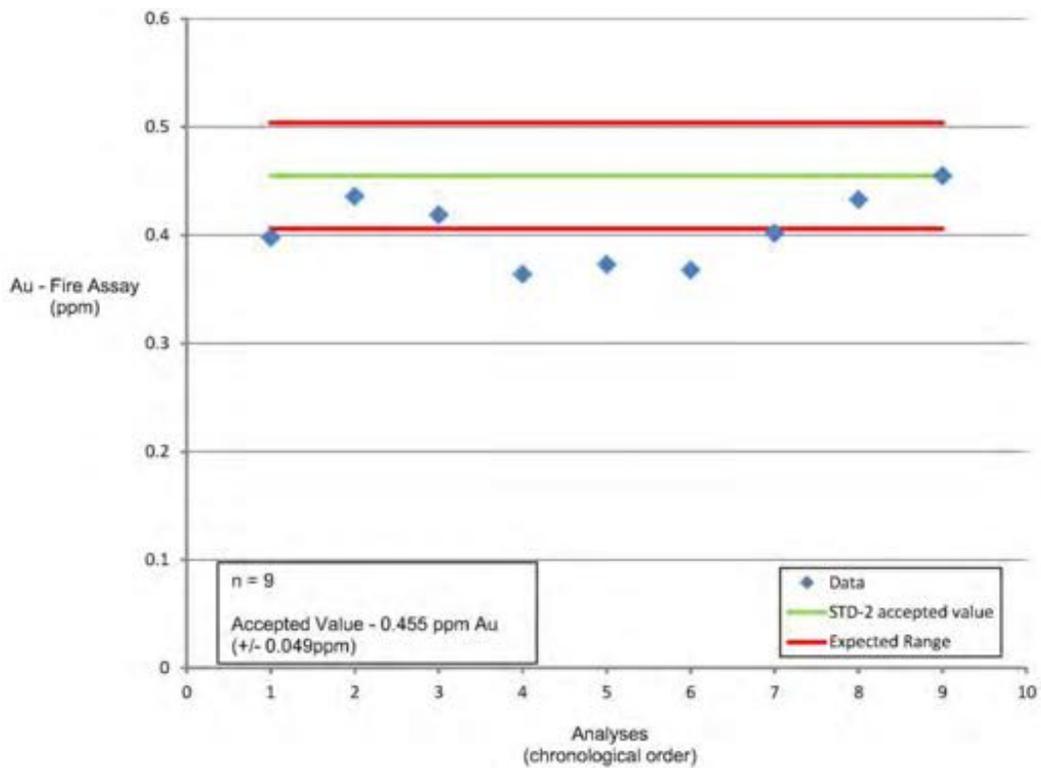


Figure 12.7. 2013 duplicate Au samples.

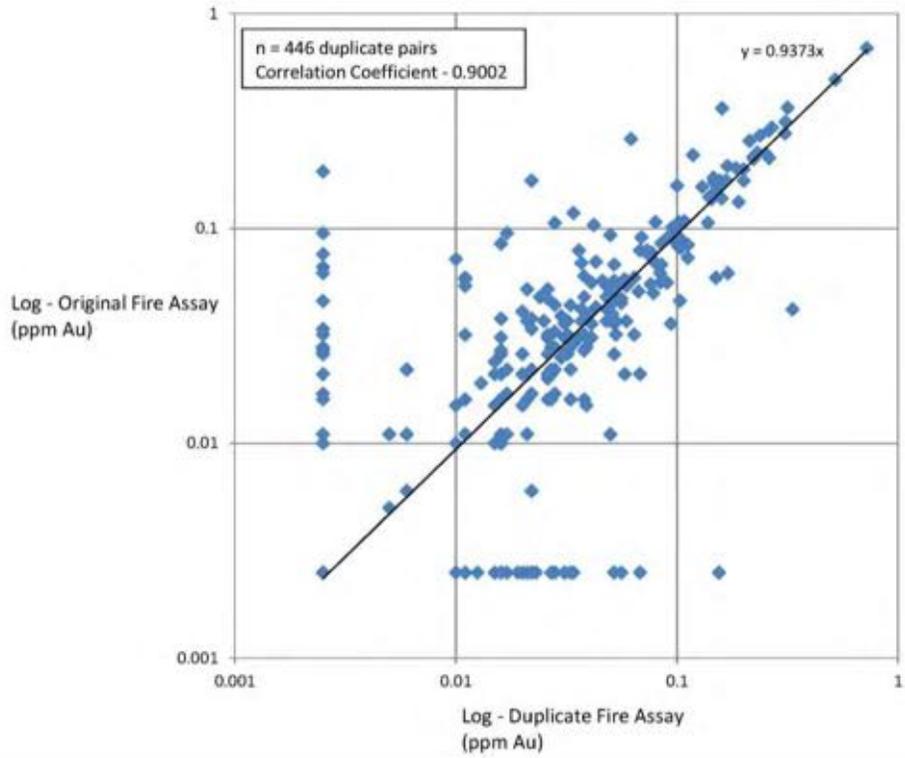
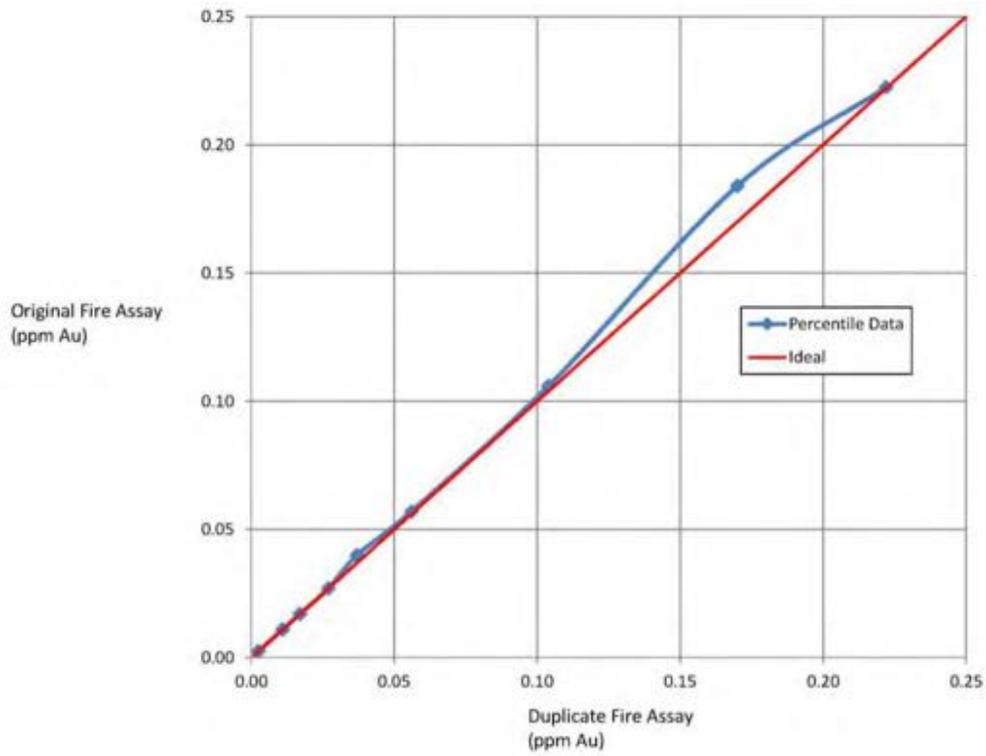


Figure 12.8. 2013 Q-Q duplicate Au samples.



13 Mineral Processing and Metallurgical Testing

VI Mining has conducted no metallurgical work for the Minas Pampa project. There have been a number of non NI 43-101 compliant mineral resource reports and economic studies that have been completed over the last seven years. None of these studies should be relied upon. The authors have reviewed all of these historic reports and the entire database for drilling and surface sampling provided by CMMP. There is little to no information provided on metallurgical work for the Minas Project. There is significant work on specific gravity for various rock and mineralization types.

However, The Minas Pampa project mined and produced gold and silver for 25 months beginning in late 2011 to fall 2013. Total mining was on the order of 10.3 million tonnes with the production of close to 66,000 troy ounces of gold and 225,000 troy ounce of silver. The project started out in the first year with recoveries for gold at about 45% and by the time the project was completed it was operating at recoveries of 65% for gold. Silver recoveries over the 25 months were fairly consistent at about 15%. However, the literature and drillhole database suggest this was 15% of the reported cyanide soluble silver. Hence that actual silver recoveries were likely in the 6% to 9% range for total silver.

It is fairly well known that Barrick took several years to improve silver recoveries at Lagunas Norte 30 km northwest of Minas Pampa and mining for the most part gold and silver from the Chimu Formation quartzites. Barrick circa 2014 was quoting gold recovery at 81% and silver recovery at 37% but that silver recoveries had improved over a number of years from the 10% to 15% up to the current 37% range. Barrick indicates that recoveries were affected by the presence of up to 10 different ore types and the local presence of carbon, sulphide, copper and clay.

In 2014, CMMP re-mined, crushed and re-leached 800,000 tonnes from one of the existing older leach pads. The crushing and re-leaching led to improved recoveries of 72% for gold and 52% for silver. It is strongly recommended that systematic bottle roll and column leaching tests be performed as part of any exploration going forward.

14 Mineral Resource Estimates

14.1 Introduction

The statistical analysis, geological modelling and resource estimation discussed in this section of the Technical Report was performed by Mr. Steven Nicholls, BA Sc., MAIG, with APEX Geoscience Ltd. (APEX) under the direct supervision of Mr. Michael B. Dufresne, M.Sc., P. Geol., P.Geo. also with APEX. Both are independent geological consultants and Qualified Persons as defined by NI 43-101. Mineral resource modelling and estimation was carried out using a 3-dimensional block model based on geostatistical applications using commercial mine planning software MICROMINE (v12.5.5). This section details a Mineral Resource Estimate completed for the Minas Pampa Project that includes a mineral resource for the Minas Pampa Deposit by APEX.

Modeling was conducted in UTM coordinate space relative to Zone 18S of the Peruvian PSAD56 projection. A parent block size of 4 m (X) by 4 m (Y) by 4 m (Z) with sub-blocking down to 1 m (X) by 1 m (Y) by 1 m (Z) was applied in order to best honour the interpreted wireframe solids for gold mineralization. The database consists of 416 drillholes (with 5 core holes and 411 RC holes) completed in the Minas Pampa Deposit area that were used to guide the geological and mineralization interpretation. The accompanying assay database consisted of 34,463 sample and assay intervals. The drillhole database contains downhole geology/lithology for a total of 263 of the 416 drillholes. In addition, the database contains a total of 200,888 blast holes that were all on the order of 5 to 7 m in length with a coincident assay database of 200,888 assays. There is no downhole survey data or geological data for the blast hole database. As part of the database used to create prior historic resources, the authors were provided with a database (in excel) of surface and underground channel, chip and grab samples. Based upon a review of the prior historic block model data, these samples were likely used in the historic resource estimations.

Mr. Dufresne, M.Sc., P.Geol., P.Geo. visited the property on November 7th, 2017, in order to verify and validate the historic surface sampling and drillhole dataset. Mr. Atkinson, B.Sc., P.Geol. visited the property on June 2nd, 2014. In the opinion of APEX, the Minas Pampa Deposit database is suitable for resource estimation and the current drillhole, surface and underground sampling database is deemed to be in good condition and suitable to use in ongoing resource estimation studies.

The Minas Pampa Mineral Resource Estimate is reported in accordance with the Canadian National Instrument 43-101 and has been estimated using the CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines” dated November 23rd, 2003 and CIM “Definition Standards for Mineral Resources and Mineral Reserves” dated May 14th, 2014. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve. It should be noted that additional information would be required for this to meet the public reporting requirements on mineral resources.

14.2 Data

The Minas Pampa drillhole database consists of 5 core holes and 411 RC holes completed across the Minas Pampa Deposit area. A total of 263 holes contain geology and/or lithologies, including all of the 2009 and 2010 drillholes, along with 178 of the 196 holes completed during 2013. No lithology or geology was found for the entire database of 135 holes completed in 2012. The accompanying assay database consists of 34,463 sample and assay intervals. The Minas Pampa drillhole database contains no downhole survey data. A total of 85 holes were drilled prior to the commencement of mining. The remaining 332 holes were drilled in 2012 and 2013, with 3 holes drilled in 2014. The 85 pre-mining 2009 and 2010 RC holes were drilled from a pre-mining surface. Many of the 2012 and some of the 2013 holes were drilled from an intermediary surface. APEX was provided with an October, 2013 mining surface, that based on the elevations of holes in the blast hole database of 200,888 holes looks to be

fairly accurate and likely reflects today's surface. This is considered a critical component for resource estimation in order to accurately reflect the potential mineralization that has not been mined to date.

The blast hole database contains a total of 200,888 blast holes that were all on the order of 5 to 7 m in length with a coincident assay database of 200,888 assays. There is no downhole survey data or geological data for the blast hole database. As part of the database used to create prior historic resources, the authors were provided with a database (in excel) of surface and underground channel, chip and grab samples. Based upon a review of the prior historic block model data, these samples were likely used in the historic resource estimations. They have not been used other than to guide the mineralization lode shapes in the current resource estimation.

14.2.1 Data Validation

The data provided by CMMP was in excel files, access database files and in a Gemcom folder as excel and text files. All files were reviewed and a number of comparisons were run to insure that the data was in sound shape. Micromine comes with data validation tools, once the database was compiled it was run through a data validation step. All errors were reviewed and corrected where necessary. The drillhole database once compiled into Micromine was found to be in fairly good shape with only a few missing intervals and overlapping intervals.

The Minas Pampa drillhole database contains no downhole survey data, however, only 41 holes were drilled deeper than 200 m depth (between 201 and 264 m depth) with only 1 hole drilled to greater than 300 m depth (370m). As a result, drillhole deviation is likely fairly minimal and at his time is not regarded as a significant issue. However, it is strongly recommended that in future drill holes should be all downhole surveyed either using a single shot camera at systematic intervals or using a gyro method upon completion of each hole.

The RC drillhole database contains a total of 34,463 sample and assay intervals. The samples were either assayed on site at the mine site laboratory or at the mine site laboratory at Minera Santa Rosa S.A. (COMARSA). Gold and silver were analysed by, by 30 gram fire assay and by cyanide leach soluble solution. Geochemistry was performed to determine Cu, Pb and As. Specific gravity measurements were conducted on most samples. Sampling was conducted on 1.5 m RC sample intervals. The gold by fire assay column is almost completely populated with only 200 entries recorded as zero, and a single cell with no data. The cyanide soluble gold column is in similar shape with only 283 entries recorded as zero and a single cell with no data. There does appear to be a problem with the cyanide soluble gold (and silver) values for a number of intervals in two of the core holes, 13-DDH-004 and 13-DDH-005. The silver assay database is not in as good a shape. There are 8,470 assays for fire assay silver that are recorded as zero, however, there are only 193 entries recorded as zero for the silver cyanide soluble column.

No assay certificates were available for proper data validation. However, most of the samples in the database do come with a laboratory code and sample number. In

addition, the almost complete overlap of fire assay for gold with the cyanide soluble gold assays provide a level of comfort even with the apparent lack of much QAQC data.

Little to no QAQC data was found in the database except for the 2013 drillholes. The Minas Pampa drill database includes 11 coarse blank sample analyses and 9 analyses each for 2 standard reference materials (“standards”). The preferred QC sampling method was apparently duplicate sampling and comprises 415 analyses. Some intersample contamination is evident based upon the data for the coarse blanks. The standards and duplicates identified few issues.

Several historic resource reports and economic studies conducted from 2010 to 2012 were reviewed. No QAQC data is presented or discussed in any of these reports. In future, conducting systematic QAQC data involving 2 or 3 standards, blanks and duplicates needs to be carried out particularly when using mine site laboratories. In addition, independent commercial laboratories should be utilized for systematic round robin assays to check the mine site laboratories precision and accuracy.

14.2.2 Micromine Database

After data validation Micromine drillhole databases were constructed for the 416 RC/Core database and for the 200,888 blast holes. In addition, surface trench channel and chip samples along with underground channel and chip sample databases were created in order to review the historic modelling and resources.

Where possible, historic drill sections with geology and historic resource modelling were orthorectified and “hung” in the 3D models.

14.2.3 Data Type Comparison

As there has only been RC drilling within the area being modeled, a data type comparison is not required. RC drilling is considered a good quality drilling method and suitable for resources estimation.

14.3 Lode Interpretation

The Minas Pampa Mineral Resource Estimate was calculated within a grade envelope of 0.2 g/t Au, the lower cutoff of the resource. The goal was to identify any remaining resources still present below the current mining surface. A combination of trench, RC drilling and blast hole data was used to guide the interpretation in addition to the mineralized solids that were used in the previous resource estimation. Although all of the trench and blast holes databases were used to guide the interpretation, only the RC and diamond drilling was deemed a sufficient quality for use in estimation.

14.4 Assay Summary Statistics

The Minas Pampa Deposit has two elements of interest: gold and silver. Gold is the primary metal of interest with silver being a by-product. All samples located within the mineralized wireframes were used for the summary statistics (Table 14.1; Figures 14.1 and 14.2).

Table 14.1. Summary Statistics for un-composited Assay data within the Minas Pampa mineralized lodes.

Statistic	Au (g/t)	Ag (g/t)
Number	788	788
Minimum	0.003	0
Maximum	5.136	636.105
Mean	0.429	21.958
Median	0.254	5.325
Std Dev	0.634	55.67
Variance	0.401	3099.141
Std Error	0.001	0.071
Coeff Var	1.477	2.535

Figure 14.1. Log Histogram of un-composited gold population within the mineralized lodes.

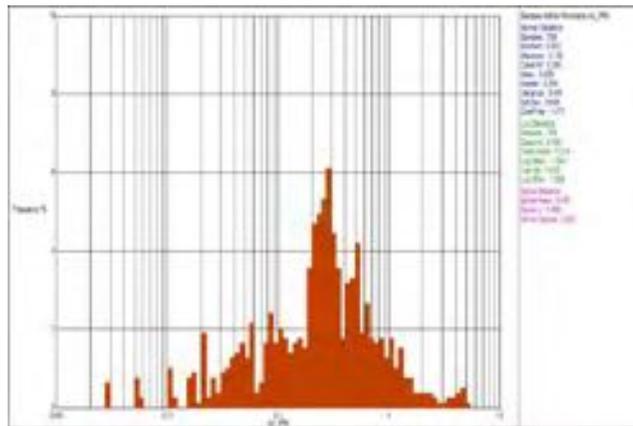
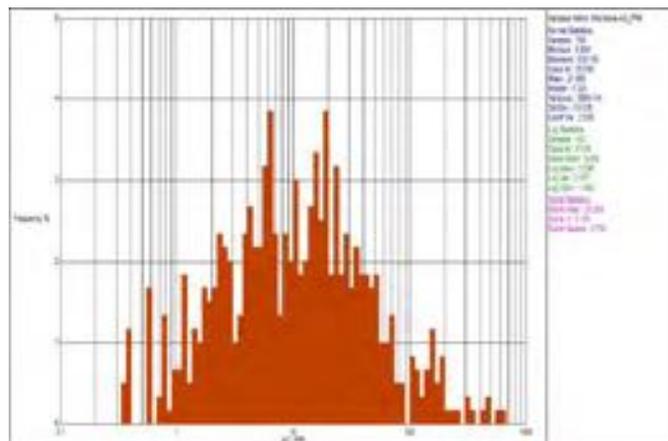


Figure 14.2. Log Histogram of un-composited silver population within the mineralized lodes.



14.5 Drillhole Flagging and Compositing

Drillhole samples that were situated within the interpreted mineralised wireframes were selected and flagged with the wireframe name/code. The flagged samples were checked visually next to drillhole data to check the automatic flagging process worked correctly. All samples were correctly flagged and there was no need to manually flag or remove any samples.

A review of the sample lengths was conducted looking at the sample width of the RC data. There was a total of 788 samples captured within the wireframes. The down hole width analysis results showed that all samples were 1.5 m in length. To accommodate the anticipated selective mining unit a down hole composite size of 3 m length was selected. Length weighted composites were calculated for all of the samples within the mineralized wireframes. The compositing process did not add any bias to the gold or silver grade (Table 14.2). All sub 3 m in length orphans were removed from the dataset. This final composite dataset was used for all capping, density, estimation and validation processes.

Table 14.2. Compositing Sample Summary Statistics for the Minas Pampa Deposit.

Statistic	Un-Composited		3 m Composited (No Orphans)	
	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)
Number	788	788	370	370
Minimum	0.003	0	0.005	0
Maximum	5.136	636.105	3.113	401.408
Mean	0.429	21.958	0.423	21.804
Median	0.254	5.325	0.282	6
Std Dev	0.634	55.67	0.471	48.875
Variance	0.401	3099.141	0.222	2388.719
Std Error	0.001	0.071	0.001	0.132
Coeff Var	1.477	2.535	1.115	2.242

14.6 Top Cut/Capping

All of the composited sample data within the lode wireframes were examined for the top cut/capping. Capping is used to manage outliers within highlight skewed grade distributions that may otherwise lead to over estimation of ore tonnage and grade. A combination of histograms, probability plots and inflection points were used to determine the extreme values to be cut. Gold outliers appear to have a value >2.5 g/t Au (**Error! Reference source not found.** 14.3). Silver outliers appear to have a value >185 g/t (Figure 14.4). The final capping values, their percentiles, and number of capped samples are detailed in Table 14.3.

Figure 14.3. Log Probability plot of the composited gold samples within the Minas Pampa deposit.

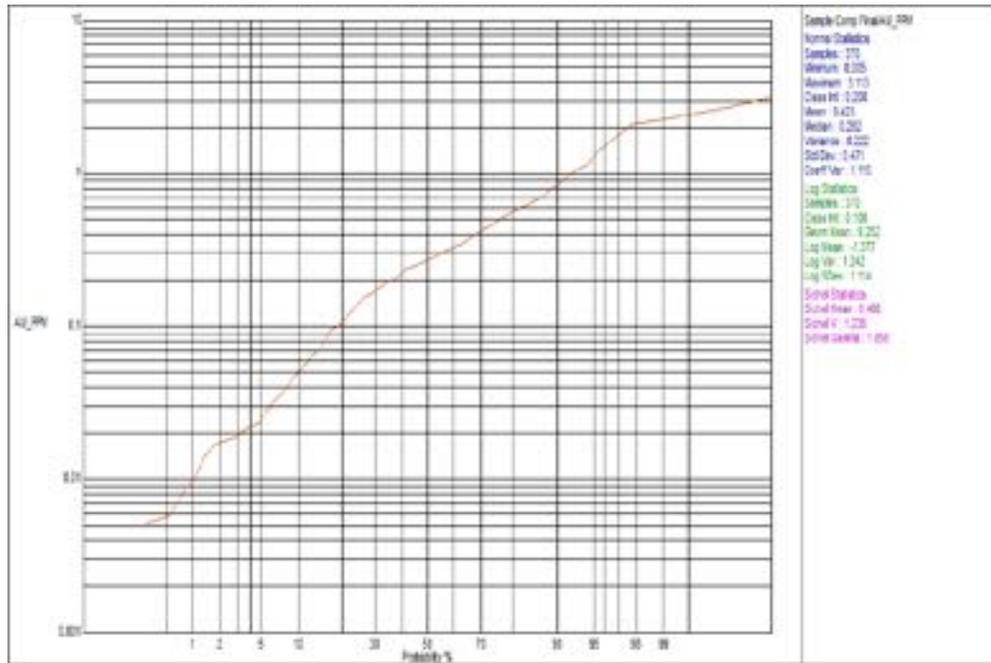


Figure 14.4. Log Probability plot of the composited silver samples within the Minas Pampa deposit.

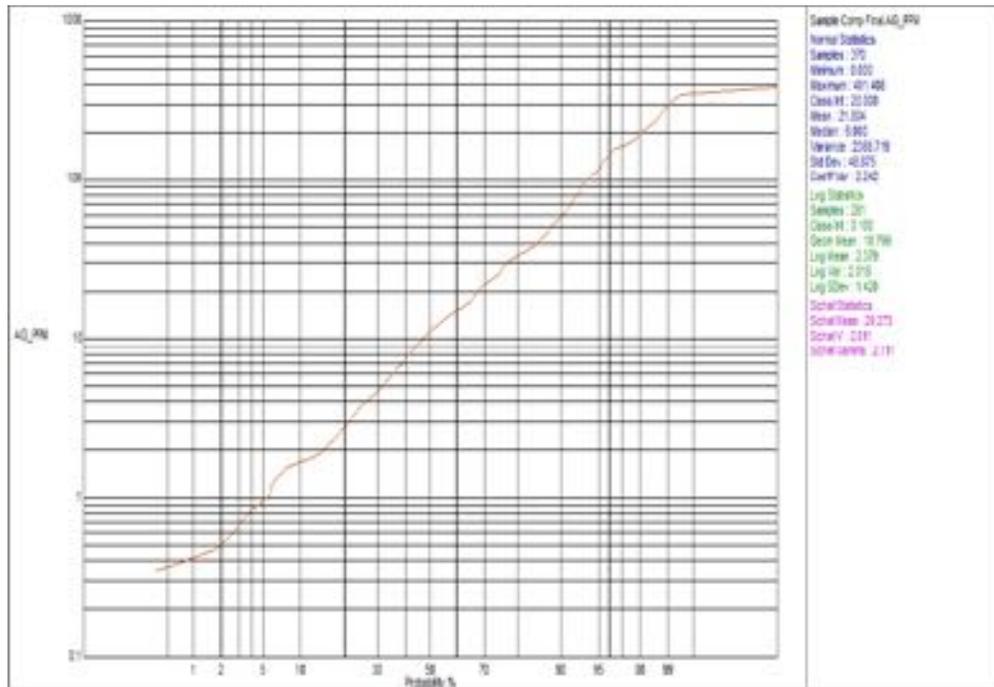


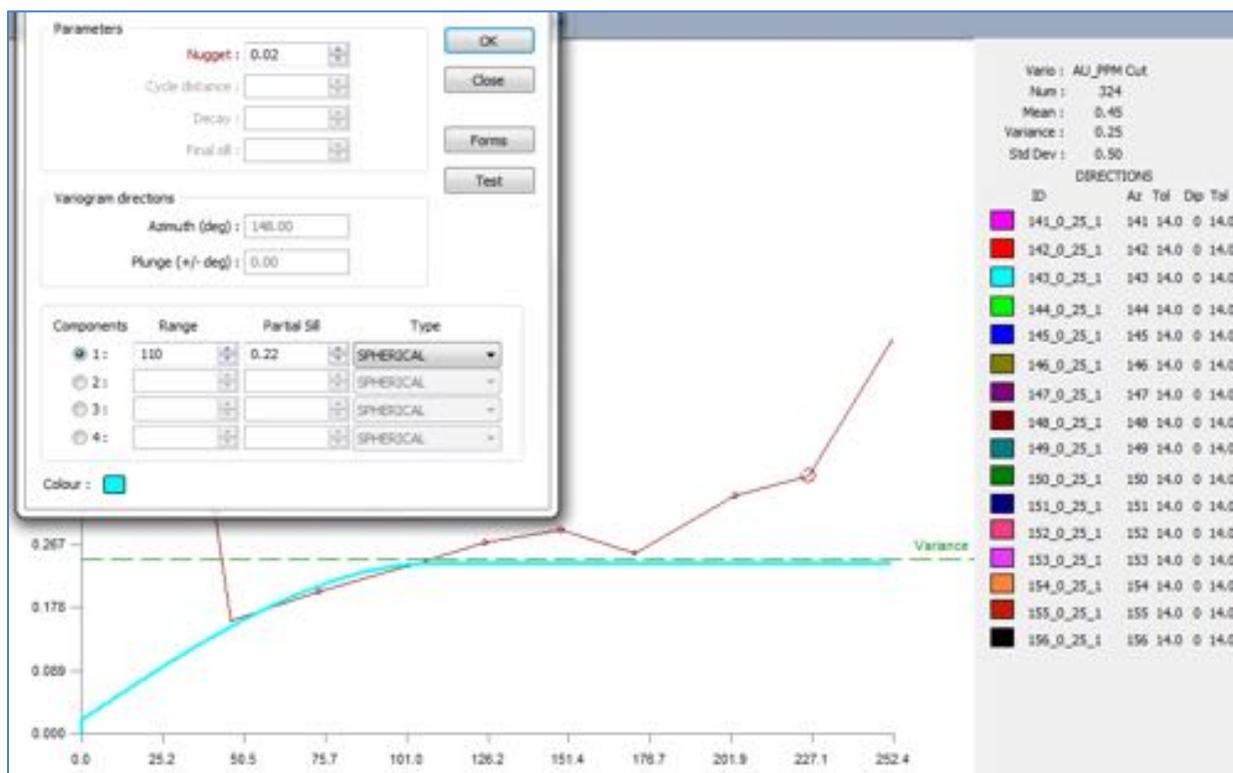
Table 14.3. Capping values used in the Minas Pampa Inferred Resource.

Element	Capped Value	Percentile	No. of Samples Capped
Au	2.5 g/t	99	3
Ag	190 g/t	98	6

14.7 Grade Continuity

Drilling below the mining surface is approximately 40 m spaced. Preliminary variographic analysis was undertaken on the limited composite dataset to obtain an idea of the range of the continuity of mineralization (Figure 14.5). Difficulties were encountered with the variograms given the poor down hole continuity and limited number of samples available within the sample dataset. It was determined that a range of approximately 110 m should be used to guide the primary estimation range. This is deemed suitable based on the visual continuity in the lode interpretation and drillhole spacing. The ultimate search ellipsoid ranges adopted were 120 m along strike, 60 m down dip and 3 m across strike.

Figure 14.5. Variogram of the primary search range for gold.



14.8 Search Ellipsoids

One search ellipsoid for each lode was used to govern the estimation process. These search ellipsoids were tailored to each lode orientation and dip.

14.9 Bulk Density (Specific Gravity)

A total of 366 bulk density measurements were collected from the RC drillhole chips that were situated within the mineralized lodes. It is uncertain how the bulk densities were collected. These 366 density samples were examined to determine if there were any distinct outliers present. Three outliers were identified and removed that comprised density measurements ranging from 1.27 to 1.76 t/m³ (Table 14.4). Examination of the

final density dataset yielded an average density of 2.46 t/m³ which is considered realistic based on the oxidised quartzite with which the mineralization is hosted in.

The density samples were then flagged with the corresponding lode to determine a mean density value to assign to each specific lode. This nominal density average was assigned to all blocks within each lode.

Table 14.4. Minas Pampa Density dataset statistics.

Statistic	Density All	Final Density Outliers Removed
Number	366	363
Minimum	1.277	2.013
Maximum	2.891	2.891
Mean	2.455	2.463
Median	2.487	2.489
Std Dev	0.185	0.164
Variance	0.034	0.027
Std Error	0.001	0
Coeff Var	0.075	0.067

14.10 Block Model Extents and Block Size

A parent block size of 4 m (X) by 4 m (Y) by 4 m (Z) with sub-blocking down to 1 m (X) by 1 m (Y) by 1 m (Z) was applied in order to best honour the interpreted wireframe solids for gold mineralization (Table 14.5). A comparison of wireframe volume versus block model volume was performed for each of the estimations to ensure there was no overstating of tonnages (Table 14.6). Each block was coded with the lode name to enable each lode to be estimated separately.

Table 14.5. Block model extents and cell dimensions for the Minas Pampa block model.

Deposit	Block model dimensions	Easting	Northing	RL
Minas Pampa	Maximum	173300	9119600	3920
	Minimum	172100	9117900	3520
	Parent Cell Size	4	4	4
	Sub Blocking Cell Size	1	1	1

Table 14.6. Block model versus wireframe volume comparison.

Formation	Wireframe Volume	Block Volume	% Difference
Total	1,209,448	1,209,723	0.02%

14.11 Grade Estimation

The Minas Pampa resource estimation was calculated using inverse distance to the power of two (ID2) for both gold and silver within each lode. Estimation was only calculated on parent blocks. All sub blocks within the parent block were assigned the parent block grade. A block discretization of 3 by 3 by 3 m was applied to all blocks during the estimation process. The lodges were treated as hard boundaries, in that only samples situated within the lodges were only used to estimate the grade of the blocks within the respective lode.

There were four passes of estimation conducted for each element. The size of the search ellipsoid was based on the suggested ranges obtained from variography and drillhole spacing. The estimation criteria for each pass are detailed in Table 14.7.

Table 14.7. Estimation criteria for the Minas Pampa resource estimation.

Run No.	Minimum No. of Samples	Minimum No. of Holes	Factor x Radius (120 x 60 x 3 m)	% Blocks Estimated
1	4	2	0.5	14.5
2	4	2	1	49.7
3	2	2	2	32.9
4	2	1	5	2.9

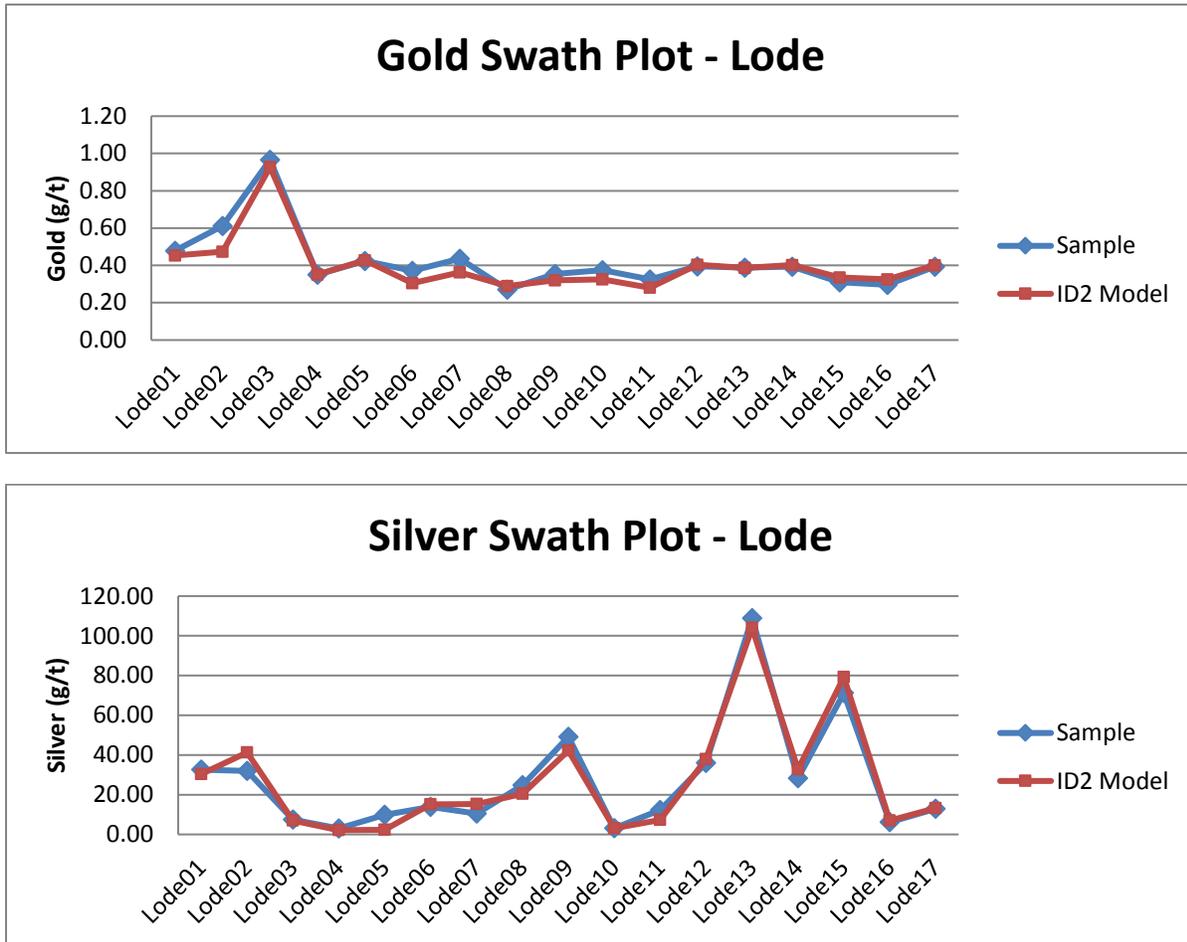
14.12 Model Validation

The blocks were visually validated on cross sections comparing block grades versus the sample grades for all sections and drillholes. In addition, the block and sample data were compared using swath plots by grade element, lode, easting, northing and elevation. Overall the comparisons compared very well with the block grade slightly lower than the composited sample grade. There is some slight local over and under estimation of gold and silver but given the nature of the limited number of samples and drillholes used in this resource estimation it is deemed acceptable for reporting purposes. Figure 14.6 illustrates the swath plots of gold and silver by lode comparing the composited gold and silver grades versus the estimated block grades.

14.13 Mineral Resource Reporting

The Minas Pampa Mineral Resource Estimate is reported in accordance with the Canadian National Instrument 43-101 and has been estimated using the CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines” dated November 23rd, 2003 and CIM “Definition Standards for Mineral Resources and Mineral Reserves” dated May 14th, 2014. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve. It should be noted that additional information would be required for this to meet the public reporting requirements on mineral resources. It should be noted that additional information would be required for this to meet the public reporting requirements on mineral resources.

Figure 14.6. Validation swath plot of gold and silver broken down by lode.



The Minas Pampa Mineral Resource Estimate has been reported using a cutoff grade of 0.2 g/t Au. This is considered reasonable given this inferred resource is the remnant resource of an extensive mining operation. The mining cutoff grade was either 0.1 or 0.2 g/t Au, therefore, the reporting cut of grade is deemed suitable for reporting the inferred mineral resource. The resource does show potential for economic extraction given the proximity to existing infrastructure and minimal amount of waste removal required.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by geology, environment, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. The quality and grade of reported inferred resource in this estimation is uncertain in nature as there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource, and it is uncertain if further exploration will result in upgrading them to an indicated or measured resource category.

The Minas Pampa Mineral Resource Estimate has been classified as inferred. An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited

sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes.

The Minas Pampa Inferred Mineral Resource is presented in Table 14.8 with different lower cut off grades. Using the recommended cutoff grade of 0.2 g/t Au, the resource consists of 2.6 million tonnes at 0.41 g/t Au and 23.6 g/t Ag (Figure 14.7). The silver number is quite high versus the numbers quoted by many of the other historic resource estimation reports. This is discussed and partly explained in Section 6.3. During mining at Minas Pampa the head grades reported were utilizing “soluble silver” from the oxidized ore rather than total silver. The resource reports total silver and equivalent “soluble silver” and “recoverable” silver will be significantly lower.

Table 14.8. Minas Pampa Inferred Mineral resource at different lower cutoff grades*.

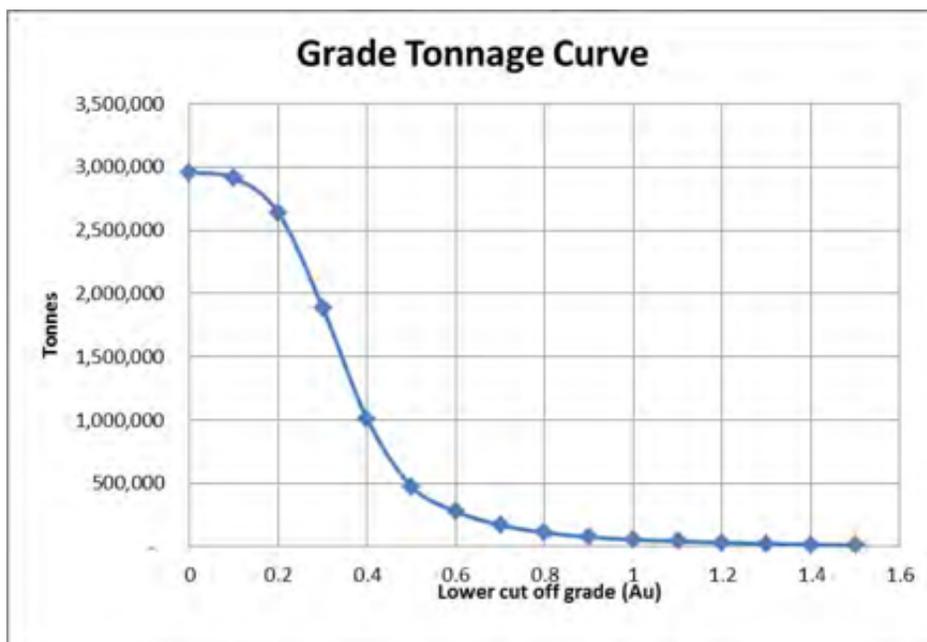
Au Cutoff Grade (g/t)	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Contained Au** (troy ounces)***	Average Ag Grade (g/t)	Contained Ag** (troy ounces)***
0	2,959,000	0.379	36,100	22.01	2,093,600
0.1	2,915,000	0.384	36,000	22.23	2,083,600
0.2**	2,639,000	0.407	34,500	23.57	1,999,500
0.3	1,888,000	0.468	28,400	25.52	1,549,100
0.4	1,010,000	0.575	18,700	27.17	882,400
0.5	477,000	0.722	11,100	24.05	368,500
0.6	279,000	0.849	7,600	20.84	186,900
0.7	171,000	0.977	5,400	19.07	105,000
0.8	111,000	1.104	3,900	18.66	66,500

* Mineral Resources are not Mineral Reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There has been insufficient exploration to define the Inferred Mineral Resources tabulated above as an Indicated or Measured Mineral Resource, however, it is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

** The recommended reported resources are highlighted in bold and have been constrained within a US\$1,350/ounce of gold optimized pit shell.

*** Contained troy ounces may not add due to rounding.

Figure 14.7. Minas Pampa inferred mineral resource grade tonnage report.



15 Adjacent Properties

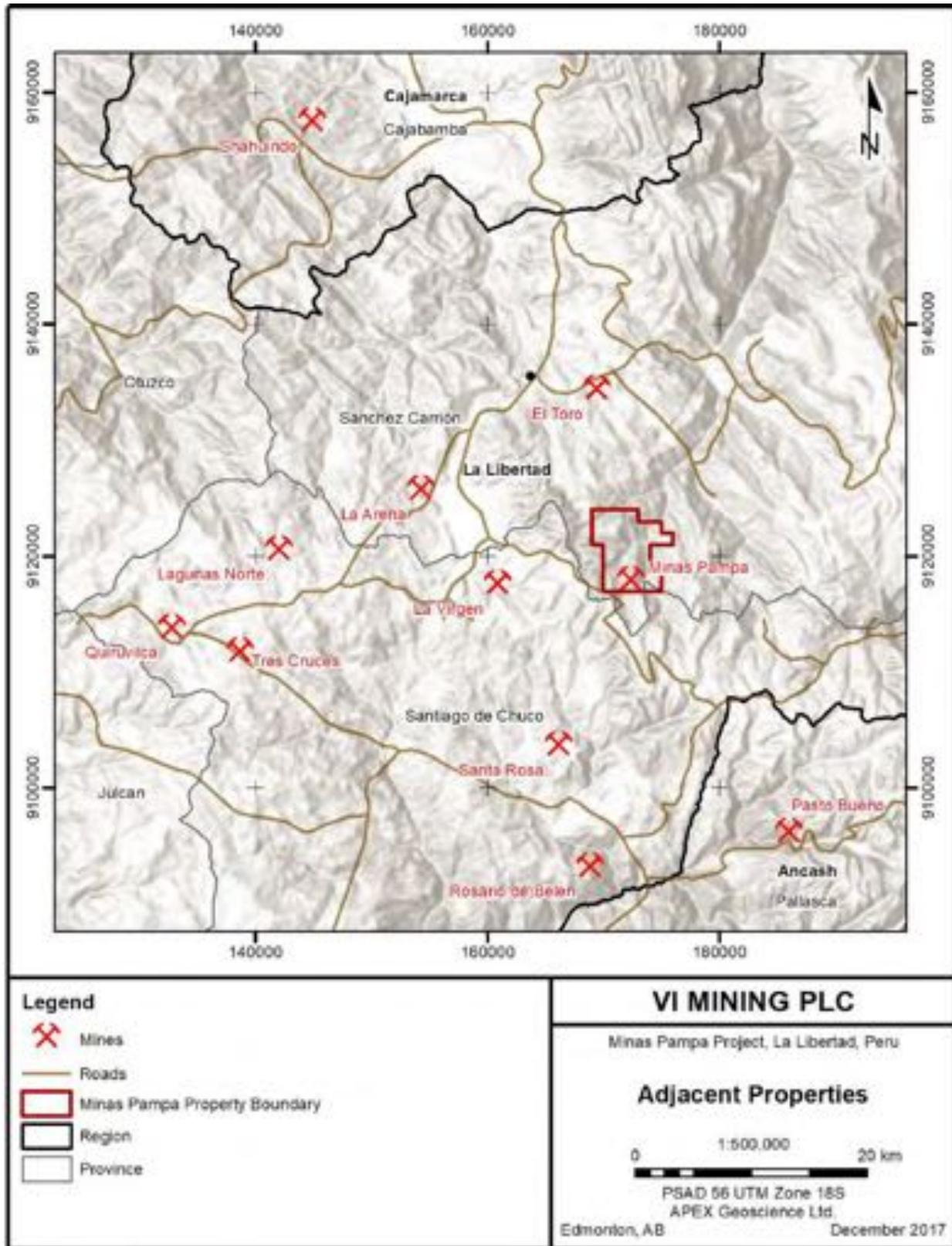
Several large producing mines and prospects occur in the area immediately surrounding Minas Pampa (Figure 15.1). Two of the larger mines, the Lagunas Norte, owned by Barrick Gold Corp. (Barrick) and La Arena, owned by Tahoe Resources Inc. (Tahoe), represent significant, if not world class, gold mines that are hosted in the Chimu Formation in La Libertad Department of Peru. There are several other smaller mines and projects that are held by a number of public and private companies that are hosted within or are at least associated with Chimu Formation clastic sediments. However, there is limited data available for the privately held projects. Most of the mines in the nearby area produce gold and silver from epithermal deposits hosted in the Chimu Formation, but other commodities currently or formerly mined in the area include tungsten (at Pasto Bueno) as well as silver, copper, lead and zinc (at Quiruvilca).

The authors of this Technical Report have not visited or worked at any of these projects and have not verified information referenced within this Section. The information presented in this Section is not necessarily indicative of the mineralization on the Minas Pampa Property and is only intended to demonstrate the regions rich endowment of metals, particularly within epithermal precious metal systems.

15.1 Lagunas Norte Mine

Barrick's Lagunas Norte Mine, located approximately 30 km west of Minas Pampa, is the largest and most prolific mine in the region. Lagunas Norte is an open-pit, heap leach gold and silver mine that was discovered in 2002 and began production mid 2005. The mine is classified as a high-sulphidation epithermal gold deposit hosted primarily

Figure 15.1. Current or past producers and advanced exploration projects adjacent to the Minas Pampa Project.



within the Chimu Formation sedimentary rocks and, to a lesser extent, Calipuy Group volcanics. From Mach 2005 to the end of 2014, the mine has extracted 201 million tonnes averaging 1.59 g/t Au and 3.6 g/t Ag totalling 8.4 million ounces of gold and 7.8 million ounces of silver. Recoveries for both gold and silver during this time period averaged approximately 82% and 36% respectively (Evans *et al.*, 2015). In 2015, The Lagunas Norte Mine produced 560,000 ounces of gold and 435,000 ounces of gold in 2016. The cost of sales per unit in 2016 was US\$651 per ounce with an all-in sustaining cost of US\$529 per ounce (Barrick, 2017).

As of December 31, 2016, Barrick (2017) details a non-NI 43-101 compliant Measured and Indicated gold resource of 57.445 million tonnes grading 0.63 g/t Au totalling 1.1 million ounces of gold and a Proven and Probable gold reserve of 70.67 million tonnes grading 1.83 g/t Au totalling 4.218 million ounces of gold.

15.2 La Arena Mine

The La Arena Mine is located about 20 km northwest of Minas Pampa and is owned and operated by Tahoe, who acquired the gold mine after combining with Rio Alto Mining Ltd. in early 2015 (Tahoe, 2015). The La Arena Deposit was discovered in December 1994 and then put into production beginning in 2011. The La Arena Property contains two types of deposits:

- high-sulphidation epithermal oxide gold hosted within Chimu Formation sandstone-breccia; and
- copper-gold sulphide porphyry hosted within a multi-stage porphyry intrusion.

In addition, a Quaternary colluvial gold deposit related to the epithermal deposit exists (Garay *et al.*, 2017); however, as stated on Tahoe's website, only the oxide gold reserve has been exploited at the time of this report (Tahoe, 2017a). Total production from 2011 to the end of 2014 was 845,273 oz Au with an average recovery of 85.2% (Garay *et al.*, 2015). Gold production in 2016 totalled 230,436 oz Au (Tahoe, 2016) and 204,362 oz Au in 2017 (Tahoe, 2017b), resulting in the production of 1.28 million oz Au from 2011 to 2016. Garay *et al.*, (2015) reports that the total operating cost (mining and processing) up to December 31, 2014 averaged US\$3.49 per tonne. In 2016, the all-in sustaining cost averaged US\$837 per ounce of gold produced (Tahoe, 2017b).

In 2014, an updated NI 43-101 resource estimate was completed by Garay *et al.* (2015) who reported an in-situ (as of December 31, 2014) oxide gold Measured and Indicated resource of 133.6 million tonnes grading 0.35 g/t Au totalling 1.494 million ounces of gold. In addition, the authors report a Proven and Probable reserve of 103.3 million tonnes grading 0.39 g/t Au, totalling 1.280 million ounces of gold. Tahoe (2017a) states an updated non-NI 43-101 compliant resource estimate on their website that is based on the Garay *et al.* (2015) resource. It is comprised of a Measured and Indicated oxide gold resource of 63.8 million tonnes grading 0.39 g/t Au totalling 805,000 ounces of gold and a Proven and Probable oxide gold reserve of 54.1 million tonnes grading 0.41 g/t Au totalling 715,000 ounces of gold.

15.3 Additional Adjacent Properties

The Rosario de Belen (Rosario) Deposit, located approximately 25 km to the south of the Minas Pampa Project, is part of the option to purchase agreement between VI Mining and CMMP. The deposit was first identified by Las Magdalenas S.A. in 2002. Mineralization at the Rosario deposit is structurally controlled and is hosted in the Chimu Formation sandstones and closely associated with the Calipuy formation volcanics. The deposit is a high sulphidation epithermal gold-silver system. Rosario was mined between 2006 and 2013 with a total of 15.7 tonnes of ore extracted at an average grade of 0.304 g/t Au and 9.164 g/t Ag totalling 30,322 ounces of gold and 590,511 ounces of silver.

The Tres Cruces deposit, located approximately 34 km west of the Minas Pampa Project, is owned by New Oroperu Resources Inc. (Oroperu). The deposit was first identified by Oroperu in 1995 and has been operated and explored by Barrick after an option agreement was signed in 2003 (Lacroix, 2012). Barrick made the required annual payment in 2016 to maintain its option (New Oroperu, 2016); however, the status of the agreement as of the date of this report is unknown. The Tres Cruces deposit is classified as a low to intermediate sulphidation epithermal gold system. It is hosted within Carapuy Formation volcanics with a number of breccia zones composed of a mixture of Carapuy Formation volcanics and Chimu Formation clastic sedimentary fragments. In 2012, a NI 43-101 compliant mineral resource estimate was completed for the Tres Cruces deposit. The estimate is composed of a Measured and Indicated mineral resource of 66.029 million tonnes grading 1.23 g/t Au totalling 2.6 million ounces of gold (Lacroix, 2012).

The Shahuindo gold mine, located approximately 48 km northwest of the Minas Pampa Project, is owned and operated by Tahoe. The Shahuindo deposit has been subject to mining activities since the 1530s with modern mining exploration beginning in 1945 and production beginning in 2016. The Shahuindo deposit is classified as an intermediate-sulphidation epithermal system. It is hosted within the siliciclastic Carhuaz Formation, which is slightly higher in the Cretaceous stratigraphic column than the Chimu Formation, and the sedimentary Farat Formation. In 2016, a NI 43-101 compliant mineral resource estimate was completed for the Shahuindo deposit. The estimate is composed of a Measured and Indicated mineral resource of 143.1 million tonnes of oxide material at 0.5 g/t Au and 6.7 g/t Ag totalling 2.28 million ounces of gold and 30.7 million ounces of silver. In addition, a Proven and Probable mineral reserve of 111.9 million tonnes of oxide material at 0.53 g/t Au and 6.8 g/t Au totalling 1.91 million ounces of gold and 24.5 million ounces of silver (Defilippi *et al.*, 2016).

The Pasto Bueno tungsten mine, located approximately 26 km west of the Minas Pampa Project, was owned and operated by Malaga Inc. (Malaga) until the company filed for bankruptcy in 2013 (Malaga, 2013). The status of the mine after Malaga filed for bankruptcy is unknown. Mineralization at the Pasto Bueno Mine was first identified in the early 1900s and then put into production beginning in 1910, which continued nearly uninterrupted (Tinucci and Kehmeier, 2009), until the mine was placed on care and maintenance in 2012 (Malaga, 2012). Tinucci and Kehmeier (2009) estimate that 6

million tonnes of material have been extracted from the deposit from 1910 to 2008 (?) totalling 42,000 tonnes of concentrate grading 75% tungsten trioxide (WO₃). Mineralization is classified as greisens, veins and vugs related to fluids emanating from the contact of a monzonite porphyry with the Mesozoic country rock. Tungsten is the primary metal of interest; however, copper, silver, zinc and gold are present. In 2009, a NI 43-101 compliant mineral resource estimate was completed for the Pasto Bueno deposit. The estimate is composed of a Measured and Indicated mineral resource of 142,490 tonnes grading 1.05% WO₃ (Tinucci and Kehmeier, 2009).

The Quiruvilca Mine, located approximately 40 km west of the Minas Pampa Project, was acquired by the privately held company Southern Peaks Mining LP (Southern Peaks) from Pan American Silver Corp. (Pan American) in 2012 (Southern Peaks, 2012). Mineralization within the Quiruvilca deposit area was first identified in 1789 and then put into production in the 1870s (Wafforn and Steinmann, 2007). Pan American produced from the mine until its sale on June 1, 2012 (Southern Peaks, 2012); after which, details regarding mining activity and the status of the mine are not available. Quiruvilca is classified as a polymetallic vein deposit hosted within the Calipuy Formation andesite sequence. A total of 7.935 million tonnes of material was extracted from 2009 to 2006, producing 44.668 million ounces of silver, 16,098 tonnes of copper, 91,420 tonnes of lead and 268,187 tonnes of zinc. In 2007, a NI 43-101 compliant mineral resource estimate was completed for the Quiruvilca deposit. The estimate is composed of a Measured and Indicated mineral resource of 5.258 million tonnes grading 142 g/t Ag, 0.57 g/t Au, 1.07% Cu, 0.93% Pb and 2.56% Zn totalling 24.012 million ounces of silver. In addition, a Proven and Probable mineral reserve of 1.480 million tonnes grading 163 g/t Ag, 0.55 g/t Au, 0.68% Cu, 1.15% Pb and 3.62% Zn totalling 7.753 million ounces of silver (Wafforn and Steinmann, 2007).

There are additional current and past producers within proximity to the Minas Pampa Project, however, publicly available information is extremely limited. This includes the La Virgen Mine (11 km to the west of Minas Pampa), Santa Rosa Mine (16 km to the southwest of Minas Pampa) and the El Toro Mine (17 km to the north of Minas Pampa). Garay *et al.* (2013) reports that these mines are epithermal gold systems that are primarily hosted within Chimu Formation sandstones.

16 Other Relevant Data and Information

The authors are not aware of any other relevant information with respect to the Property that is not disclosed in this Technical Report.

17 Interpretation and Conclusions

17.1 2011-2013 Minas Pampa Mining

In conversations with the operator, it was suggested that the geological model of widespread disseminated gold was to blame for the poor performance of the mine as gold was found to be much more structurally controlled than anticipated. While the authors believe this issue was a contributing factor, differences between predicted silver and head grade, poor recovery (silver in particular) and the underestimation of the

overall Operating Costs were all factors in the mines poor performance. The authors in their review also wonder about the validity of the original geological interpretation along with the original resource based upon only 85 RC holes, no core holes, a broad 6m x 6m x 6m block model for in the end what appears in some cases to be some fairly narrow, higher grade, structurally controlled and potentially more vertical mineralization. In addition little to no metallurgical work has been presented or found.

The estimated head grades based upon the blast hole assay data were 0.328 g/t Au, which was 10% higher than the historic 2011 Scoping Study had predicted, and 4.7 g/t for silver, which was only 62% of the predicted grade in the historic 2011 Scoping Study. The authors attribute the difference in the overall silver head grade versus the estimated resource calculated in the historic 2011 Scoping Study to be due to a discrepancy in analytical methods ie fire assay vs cyanide soluble data. The blast hole samples were analysed for cyanide soluble (leachable) silver while samples in the original RC drillhole database, which was used in the historic 2011 Scoping Study, were analysed for total silver (standard assayable silver). Within the RC drillhole database, approximately 25,000 samples were analysed for both soluble and total Ag. The average grade for soluble Ag is approximately 40% less than total silver. This reduces the stated silver recoveries, which were provided by CMMP, from an overall of 14.7% of what was likely “soluble” silver to on the order of 6% to 9% of total silver.

Gold and silver recoveries in the first year were poor with less than 50% gold recovery and less than 15% silver recovery (for soluble silver). Gold recoveries appear to have gradually and significantly improved during year two of the operation with up to about 65% gold. Silver recoveries remained around 15% (of soluble silver) for the duration of mining. In 2014, the reprocessing of material from leach pads from earlier in the mines life achieved gold and silver recoveries of 72% and 51.9% respectively, further highlighting the poor recoveries from the mines first two years of operation. The additional 2,027 ounces of gold and 43,184 ounces of silver recovered from the reprocessed material helped substantiate the mines initial poor recoveries. Poor recoveries were likely the result of a) the presence of significant copper (and/or sulphides and/or carbon) in the ore, which requires increased cyanidation, and b) the lack of crushing and the highly heterogeneous material in terms of size with too much coarse material on the leach pads. Many of the Chimu Formation mining operations in the region achieve 80% to 85% gold recoveries with or without crushing of the ore. Crushing is performed at some the operations due to the highly silicified portions of the ore zones. If a gold recovery of 85% was achieved over the full two years of production at the Minas Pampa Mine, it is conceivable that another 20,000 to 30,000 ounces of gold would have been produced. The historic 2011 Scoping Study predicted 1.14 million ounces of silver, however, only 225,400 ounces of silver was recovered with an estimated revenue of US\$6.3 million, compared to the predicted revenue of US\$29.1 million. Had the silver head grades been in line with the model and the recoveries been 50%, it could have provided an additional US\$25.5 million in revenue.

Overall, the ROM operating costs were at least 30% higher than predicted in the historic 2011 Scoping Study and the Initial Capital Construction and Plant Costs were also significantly higher than predicted. The actual LOM Operating Costs (not including

Depreciation and Amortization) totalled US\$100 million or US\$9.64 per tonne of ore mined. Adding Depreciation, Amortization (US\$20.4 million) and the estimated Construction and Plant Cost (US\$25 million up to US\$40 million), the total cost of production was at least US\$145 million or US\$14.03 per tonne of ore mined and could have been as high as US\$160 million or US\$15.48 per tonne of ore mined. Based on the available information, it is not clear what caused the major differences between the actual Operating Costs versus the predicted Operating Costs (roughly US\$9.64/t vs. US\$7.44/t). In addition, it is not clear why the Cash Cost per ounce was at \$1,515 per ounce and as high as \$2,205 per ounce including Capital Costs along with Depreciation and Amortization. However, the total revenue (estimated by the authors at around US\$110 million) over the LOM was close to the total predicted by the historic internal 2011 Scoping Study.

Had the Mine not realized prices of over US\$1,500 per ounce for gold and \$27 per ounce for silver, the overall loss would have been much greater. With a more accurate geological model, the operation may have been able to mine higher grades with less tonnes it would have performed better and allowed lower grades to eventually be mined once the capital cost was paid off and recoveries were optimized. If the mine had achieved gold and silver recoveries closer to those predicted in the historic 2011 Scoping Study, the additional revenue could have paid for a front-end crushing system and additional drilling programs to test the potential of additional metal along strike and beneath the main mining area and test other prospects such as Bravo and El Milagro.

17.2 2017 Minas Pampa Mineral Resource Estimate

Based upon historic drilling, the 2017 Minas Pampa Inferred Mineral Resource Estimate uses a cutoff of 0.2 g/t Au and includes 2.639 million tonnes of undiluted material at 0.407 g/t Au and 23.57 g/t Ag totalling 34,500 ounces of gold and 2 million ounces of silver (Table 20.1). The resource is contained primarily adjacent to and below the current extent of mining. Silver grades from all of the historic internal feasibility and resource calculations and the current estimated silver grades range from 7.49 g/t Ag (2011 “Scoping Study”) to 23.6 g/t Ag (this study). The estimated total silver grades are significantly higher than the estimated mined silver grade of 4.70 g/t Ag. Part of the difference is explained in that the mining head grade for silver is based upon cyanide soluble Ag. Statistical analysis performed by the authors show that silver has a poor correlation coefficient with gold and requires its own resource model. As a result, the historic modelled gold resources tended to have a decreased silver grade when optimized for gold. Significant resources appear to exist in the Minas Pampa Mine area, particularly below the current extent of mining and along strike. More specifically, areas that are relatively untested that may warrant additional drilling include:

- Below the mined area along the main north-northwest structure.
- Along strike of the main north-northwest structure.
- Intersections between the main north-northwest structure and other structures.

Table 20.1. Minas Pampa Inferred Mineral resource at different lower cutoff grades.

Au Cutoff Grade (g/t)	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Contained Au** (troy ounces)***	Average Ag Grade (g/t)	Contained Ag** (troy ounces)***
Au Cutoff Grade (g/t)	Tonnage (million metric tonnes)	Average Au Grade (g/t)	Contained Au** (troy ounces)***	Average Ag Grade (g/t)	Contained Ag** (troy ounces)***
0	2,959,000	0.379	36,100	22.01	2,093,600
0.1	2,915,000	0.384	36,000	22.23	2,083,600
0.2**	2,639,000	0.407	34,500	23.57	1,999,500
0.3	1,888,000	0.468	28,400	25.52	1,549,100
0.4	1,010,000	0.575	18,700	27.17	882,400
0.5	477,000	0.722	11,100	24.05	368,500
0.6	279,000	0.849	7,600	20.84	186,900
0.7	171,000	0.977	5,400	19.07	105,000
0.8	111,000	1.104	3,900	18.66	66,500

* Mineral Resources are not Mineral Reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There has been insufficient exploration to define the Inferred Mineral Resources tabulated above as an Indicated or Measured Mineral Resource, however, it is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

** The recommended reported resources are highlighted in bold and have been constrained within a US\$1,350/ounce of gold optimized pit shell.

*** Contained troy ounces may not add due to rounding.

17.3 Additional Minas Pampa Project Targets

The presence of extensive historic artisanal workings within the area adjacent to the Minas Pampa Mine confirm the presence of precious metal mineralization within the Property outside of the mined zone. The potential to find additional resources is considered to be high; however, exploration expenditures will be significant in order to identify new mineable mineral resources. The presence of a fully functional and modern leach and gold recovery plant and associated mining equipment, infrastructure and permitting increase the Projects upside. However, the plant and the infrastructure in conjunction with future mine closure costs potentially represent a significant liability in the Project's current state. Additional mineable resources are required to sustain the operation. This will only be accomplished with significant exploration.

Although little exploration has been performed outside of the Tajo Minas Pampa mining area, the Bravo and El Milagro prospects have been identified as high quality exploration targets based upon historic artisanal mining along with recent trenching and surface and underground sampling by CMMP personnel. Little to no drilling has been performed at these prospects. Bravo is located just over 2 km north-northwest of Tajo Minas Pampa. The Bravo exploration target covers an area of 1.2 km² that includes a 0.25 km² area with semi-detailed surface and underground sampling. El Milagro is divided into two parts, El Milagro North and El Milagro Main. El Milagro North is located approximately 1.3 km north of Tajo Minas Pampa whereas El Milagro Main is located 1 km to the northeast of Tajo Minas Pampa. The two areas which form the El Milagro prospects cover a total area of 0.161 km².

17.3.1 Bravo and El Milagro Exploration Targets and Conceptual Mineral Resources

This section provides conceptual estimates of the potential quantity and grade of metal for the Bravo and El Milagro exploration targets on the Property. The conceptual resources were calculated using a compilation of the rock chip sampling and trench channel sampling along with what limited drilling has been completed. There has not been enough exploration on the exploration targets to allow the definition of mineral resources and it is uncertain if further exploration will allow mineral resources to be defined. These targets are in need of aggressive exploration including significant drilling.

The method adopted for this assessment of the exploration targets at the Bravo and El Milagro prospects is as follows:

- The assessment of the potential for future exploration targets is based upon the assumption that the Bravo and El Milagro targets have a similar style of mineralization observed at the Minas Pampa Deposit.
- The volume of the potential mineralization was defined by the strike length of the known mineralization (from trenching, rock chip samples and underground sampling of historic workings), the thickness of known mineralization from trench samples or drilling (if unavailable the thickness of mineralization at Minas Pampa deposit) and by an assumed reasonable depth (also based on underground working or observed depth continuity at Minas Pampa).
- The assigned density of 2.463 t/m³ was assigned to all volumes. This was derived from the average density of the composite samples situated within the mineralized wireframes at Minas Pampa.
- Grade ranges were derived from available grade information from rock chips, trench (channel) samples and drillhole samples.

17.3.1.1 Bravo Exploration Target

Exploration work completed on the Bravo Prospect consists of trench, rock, and channel sampling. No drilling has been completed to date. Rock chip and channel sampling has been performed over an area of 250 m by 250 m, focusing both surficial and underground mineralization (Figure 17.1). Little is known regarding underground historic workings on the prospect, however, they are believed to be limited. Utilizing the available data, a number of mineralized structures can be inferred. The wire frames created to constrain the extent of the five interpreted zones were limited based upon the strike length and width of the current sampling and an assumed depth of 50 to 60 m. Of which, the main central lode encapsulates the most prominent structure, which was sampled along a 170 m trench (Figures 17.2 and 17.3). An additional four mineralized structures can be inferred; however, due to the limited amount of sampling, the mappable strike length of these mineralized trends is uncertain (Figure 17.3). The mineralization style is similar nature as has been observed at the Minas Pampa Deposit with a series of sub parallel zones of structurally controlled alteration with gold and silver mineralization. Therefore, the zones have been modeled in a similar fashion to the structurally controlled lodes at Minas Pampa.

At the Bravo Prospect, five discrete zones combine to form a conceptual exploration target of approximately 970,000 tonnes at an average grade of 1.0 g/t Au for a total of approximately 31,400 ounces of gold. The main central lode accounts for 72% of the ounces in the conceptual resource, which have dimensions of 170 by 70 by 50 m (length by width by depth; Figure 17.3). The lode is defined by 360 channel samples with an average grade of 1.05 g/t Au, of which, 62 have sample lengths of 2 m, with the rest having no recorded lengths. The maximum width of surface sampling across mineralization is 15 m (Figure 17.3). However, there are many places where only a single 2 m sample is present suggesting that the zone can pinch and swell and be anywhere from 2 m to 20 m wide. Given the incomplete sampling dataset at Bravo, the limited extent of sampling, the conceptual estimate of 31,400 ounces of gold is likely to be a conservative estimate of the potential of Bravo, given that the target is open at depth, along strike and laterally.

Based upon the visible workings and alteration, there is strong potential to increase the strike length and, in places, along with the widths of mineralization on all the structures. It is quite possible that with a minimum amount of further trenching and sampling, along with some well placed drilling that the Conceptual Exploration Target could be greatly increased in size at Bravo.

Figure 17.1. Plan view of Bravo target area showing exploration and sampling to date.

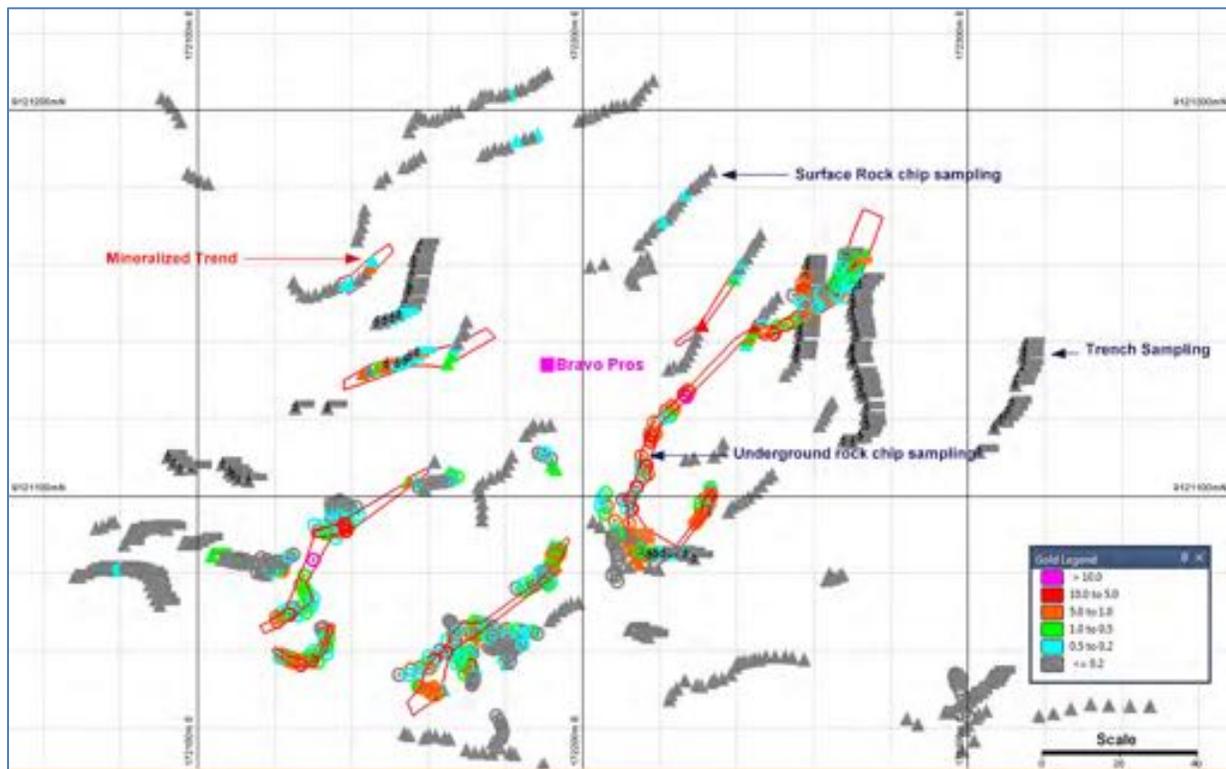


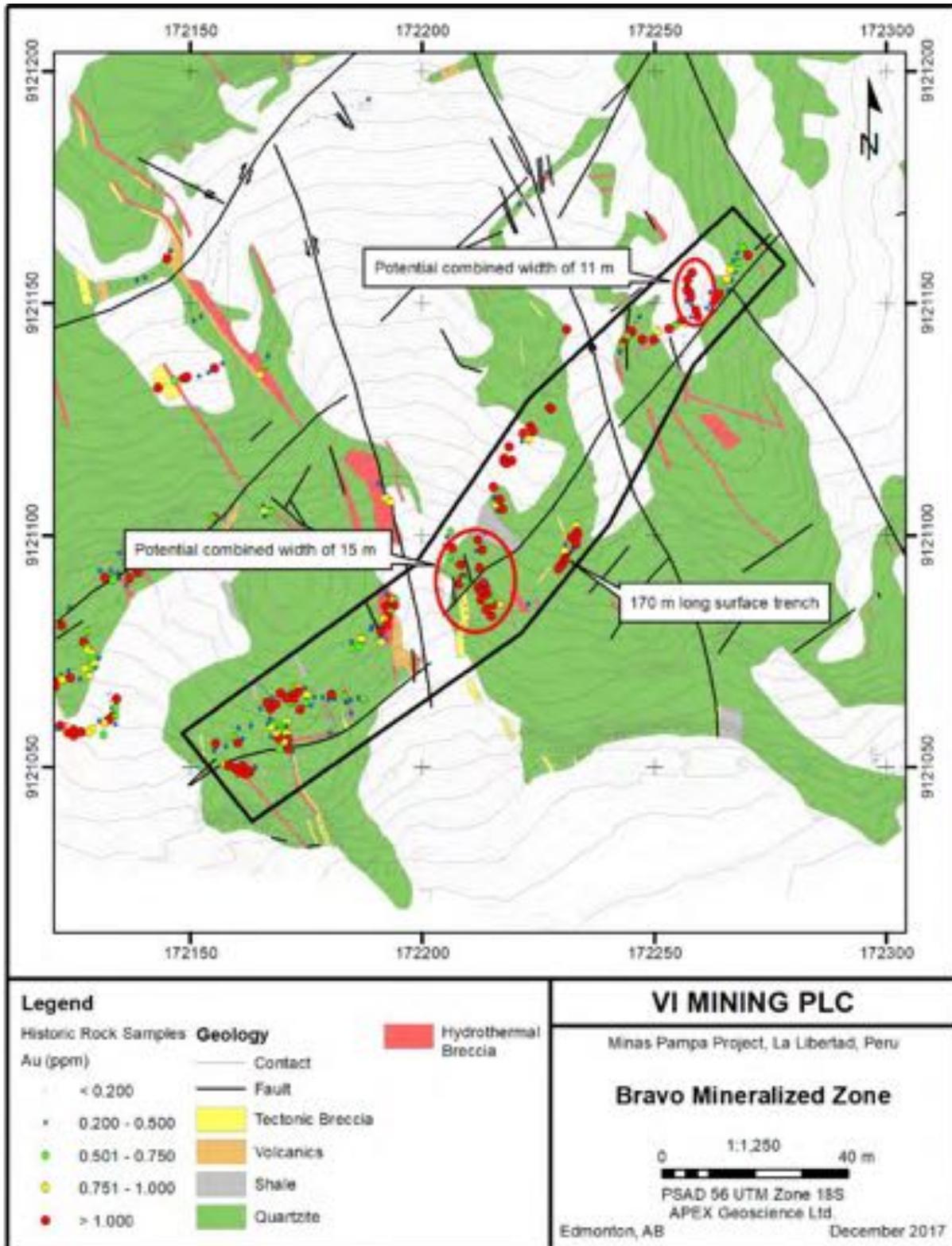
Figure 17.2. Bravo Mineralized Zone - Main Trench. The red line depicts the main 170 m long trench which was constructed along the northeast trending mineralization.



17.3.1.2 El Milagro Exploration Target

Exploration work completed at the El Milagro Prospect consists of trenching, rock chip and channel sampling and three RC drillholes. Rock chip and channel sampling has been performed in isolated areas over an area of 700 m by 900 m and has mainly focussed on outcropping mineralization (Figure 17.4). A number of mineralized structures can be interpreted at both targets. The wire frames created to constrain the extent of the eight interpreted zones were limited based upon the strike length and width of the current sampling and an assumed depth of 50 to 60 m. The El Milagro Main Lode has a strike length of over 340 m and has been the focus of most of the CMMP exploration and sampling in the area (Figure 17.5). A total of 359 surface samples have been collected from the target, few of which have associated sample lengths recorded, although the authors were assured by CMMP personnel that the vast majority of samples are across at least 2 m width and in many cases greater widths such as 5 to 6 m. The style of mineralization is similar to that observed at the Minas Pampa Deposit with a series of sub parallel structurally controlled zones of gold and silver mineralization.

Figure 17.3. Plan Map of the Bravo Mineralized Zone Sampling*.



*The black outline depicts the 170 m long trench shown in Figure 17.2. The red circles show areas where the sampling was completed nearly perpendicular to the mineralized zone where potential widths reach 15 m. The purple lines depict the idealized trench orientation which is perpendicular to the mineralized zone and cuts completely across it.

At the El Milagro Prospect, eight discrete zones combine to form a conceptual exploration target of 3.4 million tonnes at an average grade of 0.55 g/t Au for a total of approximately 61,000 ounces of gold. The El Milagro Main lode accounts for over 75% of the ounces in the conceptual resource, which is 350 m by 80 m by 50 m (length by width by depth; Figure 17.5). For a near Inferred Resource utilizing stricter size parameters than the conceptual resource for the El Milagro Main Lode, but still conceptual in nature due to the lack of width data, an estimate was performed based on the widths of the structurally controlled mineralization observed at El Milagro Main Lode of about 2 m to 4 m. On this basis, the potential resource for the Main Lode was estimated to be between 0.8 to 1.2 million tonnes of mineralized material at a grade of about 0.6 g/t Au and 64.1 g/t Ag which yields a range from 15,400 to 23,100 ounces of gold, along with a range of 1.65 to 2.47 million ounces of silver.

Given the limited extent and nature of the data utilized to calculate the conceptual resource, it is likely to be a conservative estimate of the size of the exploration target for the El Milagro area and potential future resources that could be identified. Based upon the visible workings and alteration, there is strong potential to increase the strike length and, in places, the widths of mineralization on several of the structures. It is quite possible that with a minimum amount of further trenching and sampling, along with well placed drilling that the Conceptual Exploration Target could be greatly increased in size at El Milagro.

Figure 17.4. Plan View of El Milagro Showing the Exploration Work Completed to Date.

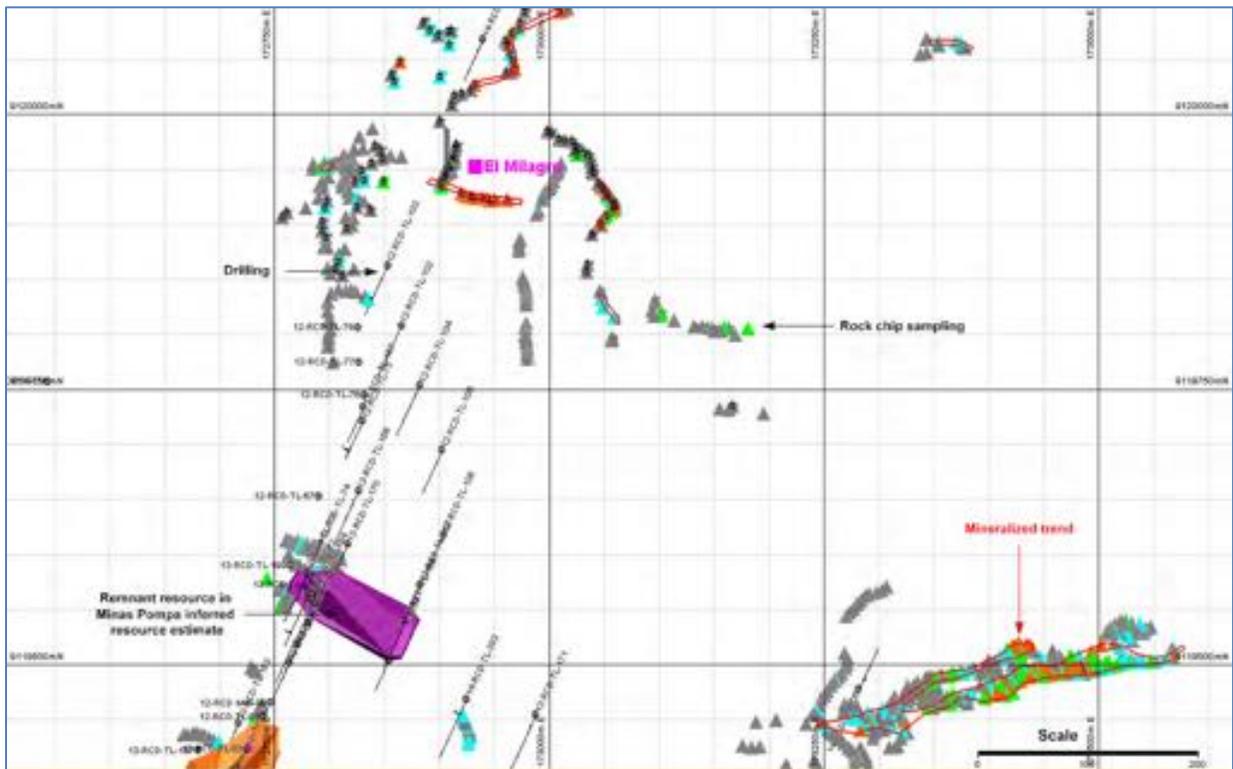
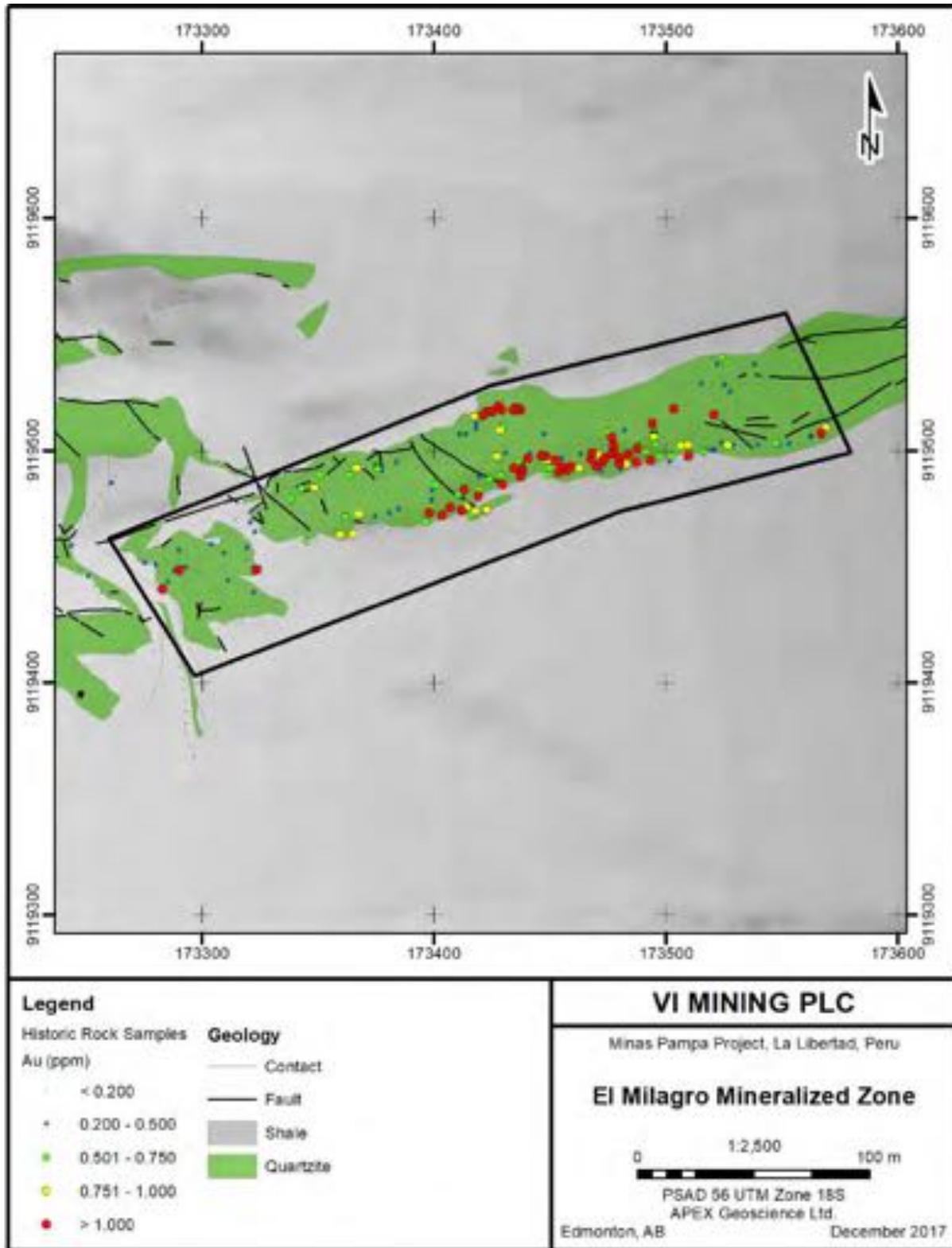


Figure 17.5. Plan Map of the El Milagro Main Mineralized Zone Sampling*.



*The black outline depicts the 350 x 80 m zone described in the conceptual target. Note that the sampling is along the mineralized zone, therefore determining the actual thickness is not possible. Idealized trenches perpendicular to the mineralization are required.

18 Recommendations

Based upon the results of recent exploration and mining at the Minas Pampa Project, the current resources remaining at the Minas Pampa Deposit and the potential of the Bravo and El Milagro prospects, an aggressive exploration program is warranted to:

- expand the existing resources at the Main (Tajo) Minas Pampa mining area;
- search for higher grade structurally controlled mineralization at the Main (Tajo) Minas Pampa mining area;
- develop resources at the Bravo and El Milagro prospects; and
- explore the remaining un-explored portions of the Minas Pampa Project area, particularly those areas underlain by favourable geology combined with historic artisanal workings.

The authors recommend a total of 26,000 m of RC and core drilling for the Minas Pampa Project that includes:

- 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Minas Pampa Deposit;
- 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Bravo and El Milagro prospects; and
- 2,000 m in 15 to 20 RC drillholes at the processed leach pads.

In addition to the drilling, other recommended exploration activities at the Minas Pampa Project should include trenching, channel sampling, soil sampling, geological mapping, and ground geophysics (IP and magnetics) at the Minas Pampa Deposit and the Bravo and El Milagro prospects. The authors also recommend property wide satellite/lidar data acquisition, airborne geophysical surveys, trenching, channel sampling, soil sampling, rock sampling and geological mapping. The estimated cost to complete the recommended exploration is US\$ 10.0 million (Table 19.1).

The authors recommend that the drilling program at the Minas Pampa Deposit be designed to expand the existing resource both below the mined area and along strike, search for higher grade structurally controlled mineralization and infill the inferred resource area to allow resources to be upgraded to indicated. It is recommended that the drilling program for the Bravo and El Milagro prospects be designed to test structurally controlled gold observed in surface and underground samples and to allow the calculation of a resource estimate. Trenching and/or drilling of the existing processed leach pads should be completed to determine if all or portions of the existing leached material should be re-processing.

The authors recommend that geophysical surveys be completed prior to drilling to help identify potential mineralized zones that can then be targeted, particularly at the

Bravo and El Milagro prospects. Moreover, expanding the IP and magnetic surveys at the Minas Pampa Deposit may help identify mineralization along strike of the known mineralized zones. Detailed geological mapping and sampling at the Minas Pampa Deposit and the Bravo and El Milagro prospects prior to drilling will also aid in identifying mineralized structures that can be targeted with drilling. As little exploration work has been completed outside of the Minas Pampa Deposit area, property wide activities should be focused on areas underlain by favourable geology combined with historic artisanal workings as a means of identifying new exploration targets for the Minas Pampa Project.

The authors also recommend that a significant program of metallurgical work be completed in conjunction with further reconciliation studies of the 2011 to 2013 mining and processing. This will help to ensure that future mining and processing is optimized. This should include a number of bottle roll and column leach tests that incorporate varying cyanide leach strengths and crush size studies.

Table 19.1: Minas Pampa Project Recommended Exploration and Budget.

Item	Description	Unit Cost	Subtotal
1	Minas Pampa Resource & Exploration Drilling – 10,000 m in 50 to 75 RC drillholes	\$300/m	\$3,000,000
2	Minas Pampa Resource & Exploration Drilling – 2,000 m in 5 to 10 diamond drillholes	\$350/m	\$700,000
3	Bravo and El Milagro Exploration & Resource Drilling – 10,000 m in 50 RC drillholes	\$300/m	\$3,000,000
4	Bravo and El Milagro Exploration & Resource Drilling – 2,000 m in 5 to 10 diamond drillholes	\$350/m	\$700,000
5	Leach Pad RC Drilling – 2,000 m	\$250/m	\$500,000
6	Bravo and El Milagro Trenching, Channel Sampling, Soil Sampling, Mapping and Ground Geophysical Surveys		\$500,000
7	Minas Pampa follow up Ground Geophysical Surveys, Trenching and Channel Sampling		\$300,000
8	Property wide data acquisition including satellite/lidar data, airborne geophysical surveys, mapping, soil sampling , trenching, grab and channel sampling		\$1,250,000
9	Follow up metallurgical and reconciliation studies		\$50,000
TOTAL BUDGET			\$10,000,000

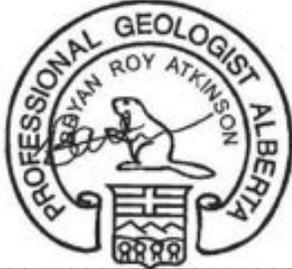
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Effective Date: December 01, 2017
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Certificate of Qualified Person

I, Michael B. Dufresne, M.Sc., P.Geol., P.Geo., do hereby certify that:

1. I am President of: APEX Geoscience Ltd. (APEX)
Suite 110, 8429 – 24th Street NW
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Phone: 780-467-3532
2. I graduated with a B.Sc. in Geology from the University of North Carolina at Wilmington in 1983 and with a M.Sc. in Economic Geology from the University of Alberta in 1987.
3. I am and have been registered as a Professional Geologist with the Association of Professional Engineers and Geoscientists of Alberta since 1989. I have been registered as a Professional Geologist with the association of Professional Engineers and Geoscientists of BC since 2011.
4. I have worked as a geologist for more than 30 years since my graduation from university and have extensive experience with exploration for, and the evaluation of, gold deposits of various types, including sediment-hosted (Carlin-type and epithermal) mineralization.
5. I have read the definition of “Qualified Person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “Qualified Person.
6. I am responsible for or directly supervised all sections of the Technical Report titled “**Technical Report Minas Pampa Project, La Libertad Region, Peru**”, with an effective date of December 1, 2017 and a signing date of December 5, 2017 (the “**Technical Report**”). I personally conducted a visit to the Minas Pampa Project on November 7, 2017.
7. I previously reviewed most of the data in 2014 on behalf of another unrelated company for the property that is the subject of the **Technical Report**.
8. I am not aware of any scientific or technical information with respect to the subject matter of the **Technical Report** that is not reflected in the **Technical Report**, the omission to disclose which makes the **Technical Report** misleading.
9. I am independent of the property and the issuer applying all of the tests in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the **Technical Report** has been prepared in compliance with that instrument and form.
11. I consent to the filing of the **Technical Report** with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites.



Signed: December 05, 2017
Edmonton, Alberta, Canada

Michael B. Dufresne, M.Sc., P.Geol., P.Geo.

Certificate of Qualified Person

I, Steven J. Nicholls, BA Sc (Geology), M AIG., do hereby certify that:

1. I am an employee of: APEX Geoscience Australia Pty Ltd. (APEX)
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2. I graduated with a Bachelor of Applied Science in Geology from the University of Ballarat in 1997.
3. I am and have been registered as a Member with the Australian Institute of Geoscientists, Australia (AIG) since 2007.
4. I have worked as a geologist for more than 19 years since my graduation from university and have extensive experience with exploration/resource estimation for, and the evaluation of, gold deposits of various types, including sediment-hosted mineralization.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "Qualified Person".
6. I am responsible for section 14 along with contributions to sections 1, 10, 11, 12, and 18 of the Technical Report titled "**Technical Report Minas Pampa Project, La Libertad Region, Peru**", with an effective date of December 1, 2017 and a signing date of December 5, 2017 (the "**Technical Report**"). I have not performed a site visit to the Minas Pampa Project.
7. I previously reviewed most of the data in 2014 on behalf of another unrelated company for the property that is the subject of the **Technical Report**.
8. I am not aware of any scientific or technical information with respect to the subject matter of the **Technical Report** that is not reflected in the **Technical Report**, the omission of which would make the **Technical Report** misleading.
9. I am independent of the property and the issuer applying all of the tests in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the **Technical Report** has been prepared in compliance with that instrument and form.
11. I consent to the filing of the **Technical Report** with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites.



Signed: December 05, 2017
Perth, Western Australia, Australia

Steven J. Nicholls, BA Sc (Geology), M AIG.

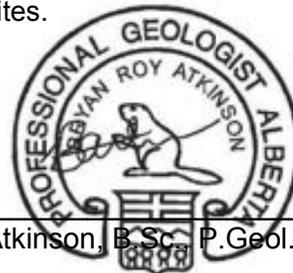
Certificate of Qualified Person

I, Bryan Roy Atkinson, B.Sc., P.Geol., MAusIMM do hereby certify that:

1. I am an independent consultant and associate senior geologist and with:
APEX Geoscience Ltd.,
Suite 110, 8429 – 24th Street NW
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Phone: 780-467-3532.
2. I graduated with a B.Sc. with Specialization in Geology from the University of Alberta in 2004.
3. I am and have been registered as a Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 2008.
4. I have worked as a geologist and practiced my profession for more than ten years since my graduation from university and have been involved in mineral exploration, mine site geology and operations and mineral resource estimations on numerous projects and deposits in Canada, the United States, Peru, Mexico, South America, Africa, Australia, Indonesia and Saudi Arabia.
5. I have read the definition of “Qualified Person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “Qualified Person” for the purpose of NI 43-101.
6. I am responsible for and have been involved in the preparation of all sections of the **“Technical Report Minas Pampa Project, La Libertad Region, Peru”**, with an effective date of December 1, 2017 and a signing date of December 5, 2017 (the **“Technical Report”**). I personally conducted a visit to the Minas Pampa Project on June 2nd, 2014.
7. I previously reviewed most of the data in 2014 on behalf of another unrelated company for the property that is the subject of the **Technical Report**.
8. I am not aware of any scientific or technical information with respect to the subject matter of the **Technical Report** that is not reflected in the **Technical Report**, the omission to disclose which makes the **Technical Report** misleading.
9. I am independent of the issuer and the property applying all of the tests in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the **Technical Report** has been prepared in compliance with that instrument and form.
11. I consent to the filing of the **Technical Report** with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites.

Signed: December 05, 2017
Edmonton, Alberta, Canada

Bryan Roy Atkinson, B.Sc., P.Geol., MAusIMM.



Appendix 1 – Deep Sounding EIRL Report

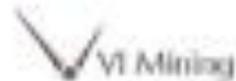
Will be provided upon request.

CPR: Rosario de Belén – Exploration & Extraction Project

**TECHNICAL REPORT
ROSARIO DE BELÉN PROJECT,
LA LIBERTAD REGION, PERU**



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Effective Date: December 1, 2017

Signing Date: December 11, 2017
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1 Summary

APEX Geoscience Ltd. (APEX) was retained by VI Mining PLC ("VI Mining" or "VI") to prepare a Technical Report summarizing a review of recent mining and exploration activities for the Rosario de Belén Project ("Rosario" or the "Project" or the "Property"). This report details historic exploration and mining on the property and evaluates the potential for the Project to host additional gold and silver mineralization.

The Rosario Property is located near the town of Angasmarca within the Angasmarca district of the Santiago de Chuco Province of the La Libertad Region in northern Peru. The Property is approximately 440 km due north, of Lima, the capital of Peru. The coastal city of Trujillo lies 110 km to the west. Angasmarca, the nearest population center, is 9 km northwest of the property. Rosario is situated along the eastern flank of the Western Cordillera (Cordillera Occidental) of the Central Andes Mountains in Northern Peru. The Rosario property is made up of six mining concessions covering a total of 1,820.45 hectares (ha). VI Mining has an option to purchase 100% of both the Rosario de Belén Property along with the Minas Pampa Property for a total of \$US 64.8 million (\$GBP 48.0 million) broken up over four payments over a two year period from S.M.R.L. El Rosario de Belén (SERDB) and Compañía Minera Minas Pampa S.A.C. (CMMP). VI Mining will be transferred the rights to six contiguous mining concessions covering 1,820.45 hectares (ha) for the Rosario Property once all the payments have been completed. The Purchase also includes all equipment and facilities including processing plants at both properties. This purchase is in progress and is governed by a Letter of Intent and a formal agreement.

Regional exploration in the area has been carried out since the 1950's. In 2002, the mining company Las Magdalenas S.A. identified mineralization and precious metal potential in the Rosario property area. Significant exploration was completed on the Rosario Property between 2002 and 2006, most of which was conducted by S.M.R.L. El Rosario de Belén (SERDB). Mining on the Property began in 2006 and mining and exploration continued until 2013. Exploration on the Property has included the collection of over 43,000 surface samples, 22,116 assayed blast holes, and 548 RC (reverse circulation) drill holes totaling 27,389 m of drilling in total. Open pits were constructed over four main mineralized zones: Patricia, Patival, Patival Este and Capilla. A total of 6,493,540 tonnes of ore was mined with an average initial grade of 0.304 grams per tonne (g/t) gold (Au) and 9.16 g/t silver (Ag) yielding a total of 30,322 troy ounces (oz) of recovered gold and 590,512 oz of recovered silver. The gold and silver were extracted by cyanide heap leach and processed at an onsite Merrill Crowe processing plant with a capacity of up to 10,000 tonnes per day. The mine and plant are currently on care and maintenance.

The Project area is underlain by the lower Cretaceous Chimú Formation which is an important host of gold in the region. Certain portions of the property are also underlain by Tertiary Calipuy volcanics which are believed to be a source of or are coeval with the mineralizing fluids for the regional gold mineralization. On the Property, the Chimú Formation consists of alternating sandstones, quartzites and thin carbonaceous shales and is approximately 300 m thick. The Chimú sedimentary package on the Property

belongs to the B Member classification which is the member most commonly associated with regional gold mineralization.

The Rosario project is mainly host to epithermal precious metal mineralization within the Chimu Formation sandstones, however recent work by VI Mining personnel has identified precious metal mineralization within the volcanics as well. Most of the past and currently producing epithermal gold and silver mines in the La Libertad Region of Northern Peru are hosted in the Chimu Formation and/or other closely associated Lower Cretaceous clastic sedimentary rocks of the Goyllarisquizga Group. However, there are a number of the mines that exhibit precious metal mineralization commonly associated with the Calpuj Formation volcanics and associated intrusions. The combined historic production and existing resources for the mines within 50 km of the Rosario Property, easily exceeds 25 million ounces of gold. Much of this gold is hosted in or spatially associated with the Chimu Formation.

The precious metal mineralization at Rosario is thought to be dominantly related to a Tertiary aged high sulphidation epithermal Au-Ag system that has been emplaced along structures within primarily Chimu Formation sediments. This is consistent with other Au-Ag projects in the La Libertad Region. There is also the possibility of intermediate to low sulphidation epithermal Au-Ag and porphyry style mineralization. Porphyry style mineralization could occur at depth and be related to or the source of the epithermal mineralization. Veining, erosion and oxidation along with more recent supergene processes have likely contributed to remobilization of the Au-Ag mineralization. There is a major fault corridor through the region, the Northern Corridor metalotectonic belt of north Andean Peru, which is commonly associated with Au-Ag mineralization within the La Libertad Region (Compañía Minera Minas Pampa S.A.C., 2010; Accetti, 2013). The regional faulting is predominantly northwest-southeast oriented, 310°-330°, but there is also significant northeast-southwest and north-south faulting and fracturing. The mineralization on the property is structurally controlled by this faulting as the hydrothermal fluids have exploited these features to access and permeate the Chimu Formation.

Limited exploration has taken place at the Rosario Property since 2013 and the completion of mining operations in 2013. In 2017, a total of 237 samples were collected by VI Mining personnel primarily from the historically mined Capilla Zone and from the prospective unmined and undrilled Cerro Blanco target. The samples were a mix of chip and channel samples with the highest assay value from the historically mined Capilla Zone of 29.75 g/t Au from a chip sample and 24.4 g/t Ag from a separate channel sample. The Capilla Zone contains unmined mineralized Chimu Formation material, but further drilling is required to properly evaluate the zone for future resources and/or mining. The highest values obtained from the Cerro Blanco Target were 8.03 g/t Au and 379 g/t Ag from two different channel samples. The samples were collected from oxidized and brecciated Chimu Formation sediments. Cerro Blanco yielded a number of channel and chip samples with greater than 1 g/t Au and in many cases high Ag. Most were collected from oxidized and brecciated Chimu Formation sediments. The Cerro Blanco Target is considered a high priority target and requires further surface work including sampling and drilling.

There are several large producing mines and prospects which occur in the area surrounding Rosario. The Lagunas Norte, owned by Barrick Gold Corp. (Barrick) and La Arena, owned by Tahoe Resources Inc. (Tahoe), represent significant, if not world class, gold mines. There are several other smaller mines and projects that are held by several public and private companies including the Minas Pampa Property also part of the current purchase agreement for Rosario. These are hosted within or are at a minimum associated with the Chimu Formation clastic sediments and/or the Calpuy formation volcanics. Most of the mines in the nearby area produce gold and silver from epithermal deposits hosted in the Chimu Formation, but other commodities currently or formerly mined in the area include tungsten (at Pasto Bueno) as well as silver, copper, lead and zinc (at Guinivilca). These properties have not been visited by the authors and their information has not been verified. Also, though there may be similarities between the geology and mineralization styles of these properties and Rosario, it does not mean that they can provide any direct evidence of the scale of mineralization or continuity of mineralization for the Rosario Property.

Exploration Targets and conceptual estimates of precious metal potential have been developed by the authors to highlight the exploration potential of the immediate historic Rosario mining area and several of the known outlining well explored target areas including but not limited to the Cerro Blanco (also known as "Ligiron") and Cerro Yeso (also known as "Chichirivaf") prospects. At the Rosario mining area, there is Au-Ag mineralization present down dip and along strike from the main mined prospects based upon historic drilling and surface sampling results which was not captured in the historic mining operations. The unmined Cerro Yeso and Cerro Blanco targets are also prospective for significant Au-Ag mineralization based upon historic and recent surface sampling. The conceptual estimates for the exploration targets add up to approximately 2.5 million tonnes of mineralized material with an average grade of 1.01 g/t Au and 75.0 g/t Ag for approximately 110,500 oz Au and 9.4 million oz Ag. These conceptual estimates for the exploration targets are based on a fairly extensive database of surface samples and RC drillholes and represent the immediate recognized potential represented by the majority of the existing data. Based upon historic exploration and widespread artisanal mining there is excellent potential to expand the conceptual ounces and the exploration targets with systematic and aggressive exploration including but not limited to trenching and drilling. The exploration potential estimates provided herein are not NI 43-101 compliant mineral resources and are not consistent with current CIM standards for mineral resource estimation. The authors of this Technical Report have referred to these estimates as "exploration targets" and the reader is cautioned not to treat them, or any part of them, as current mineral resources. There is no current NI 43-101 mineral resource on the Rosario Property.

Based on the results of recent exploration and mining at the Rosario Project as well as the estimated potential at Cerro Blanco and Cerro Yeso, an aggressive exploration program is recommended. The exploration program should focus on: defining and expanding the existing resources at the main Rosario mining area; exploring for higher grade structurally controlled mineralization at the main Rosario mining area; identifying and defining resources at the Cerro Blanco and Cerro Yeso prospects if possible; and

exploring the remaining un-explored portions of the Rosario Property area, particularly those areas underlain by favourable geology combined with historic artisanal workings.

To accomplish this, the authors recommend drilling, trenching, geological mapping, surface sampling, and ground based IP and magnetic geophysical surveys along with airborne geophysical surveys. A total of 26,000 m of RC and core drilling is recommended preferably as a follow up to ground and airborne geophysical surveys, trenching, mapping, and sampling. A total of 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes is recommended within the Rosario mine area; 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Cerro Blanco and Cerro Yeso prospects; and 2,000 m in 15 to 20 RC drillholes at the processed leach pads. Along with this, it is strongly recommended that further reconciliation studies of the 2006 to 2013 mining and processing are undertaken. This will help to ensure that future mining and processing is optimized. This would include studies focused on column leach tests that incorporate varying cyanide leach strengths and material crush sizes. The total cost of this recommended work is estimated to be US\$10.0 million.

2 Introduction

APEX Geoscience Ltd. (APEX) was retained by VI Mining PLC ("VI Mining" or "VI") to prepare a Technical Report summarizing a review of recent mining and exploration activities for the Rosario de Belén Project ("Rosario" or the "Project" or the "Property"). This report details historic exploration and mining on the property and evaluates the potential for the Project to host additional gold and silver mineralization.

The Project is host to epithermal gold (Au) and silver (Ag) mineralization within the Chimu Formation sandstones. Mining on the Property between 2006 and 2013 resulted in the production of 30,322 troy ounces (oz) of Au and 590,512 oz of Ag. Exploration and mining on the property has been halted since 2013. Although an initial stage of mining has been completed on the Property, the area outside of the mining zone has seen limited exploration work and is considered an intermediate to early stage exploration project.

The Rosario Property is located near the town of Angasmarca within the Angasmarca district of the Santiago de Chuco Province of the La Libertad Region in northern Peru. The Property is approximately 440 km due north, of Lima, the capital of Peru. The coastal city of Trujillo lies 110 km to the west. The nearest populated centers of Angasmarca and Pallasca are 9 km northwest and 8 km south of the Project, respectively. VI Mining holds the rights to six mining concessions, five of which are contiguous, covering an area of 1,620.45 ha. The recently mined area and associated infrastructure of leach pads, holding ponds, waste dumps and the milling facility cover approximately 302.83 ha.

This report was prepared by Mr. Michael B. Dufresne, M.Sc., P.Geol., P.Geo., who is the President of and an Independent Consultant with APEX of Edmonton, Alberta and Mr. Bryan R. Atkinson, B.Sc., P.Geol., MAusIMM, who is an Independent Consultant and associate of APEX. The data reviewed, interpreted and discussed in this report was provided by VI Mining and employees of Compañía Minera Minas Pampa S.A.C. (CMMP) and was examined by the authors who conducted data verification. Mr. Atkinson visited the Rosario Project on June 3rd, 2014. During the site visit, Mr. Atkinson observed a number of the mined zones in the Rosario open pit mining area and identified significant unmined zones with hydrothermal alteration.

This Technical Report includes references to the following standards or conventions. With respect to geographic information, APEX and VI Mining use the World Geodetic System (WGS) map projection system relative to the 1956 Provisional South American Datum (PSAD) as the basis for all geospatial data collection. Unless otherwise specified, all maps and coordinates discussed in this report are relative to Zone 17S of the PSAD56 projection and metric measurements. Gold (Au) and silver (Ag) assay values, unless otherwise stated, are reported as grams per metric tonne of material (g/t), which is equivalent to parts per million (ppm). All other units of measure are provided in metric units and standard units wherever possible. References to ounces refer to troy ounces. All references to currency, unless otherwise specified, are reported in U.S. dollars (US\$).

This report comprises a compilation of proprietary and publicly available information as well as information obtained during the property visit. The authors, in writing this report, have used as sources of information those publications listed in the Reference section of this report. Government reports referenced in this report were prepared by a person (or persons) holding post-secondary geology or related university degrees. Various other reports that were written by other geologists prior to the implementation of the standards relating to National Instrument 43-101 were used to complete the History section of this report. These reports as well as the government reports, as referenced, are assumed to be accurate based on the property visit and a review conducted by the authors, although they are not the sole basis for this report.

3 Reliance of Other Experts

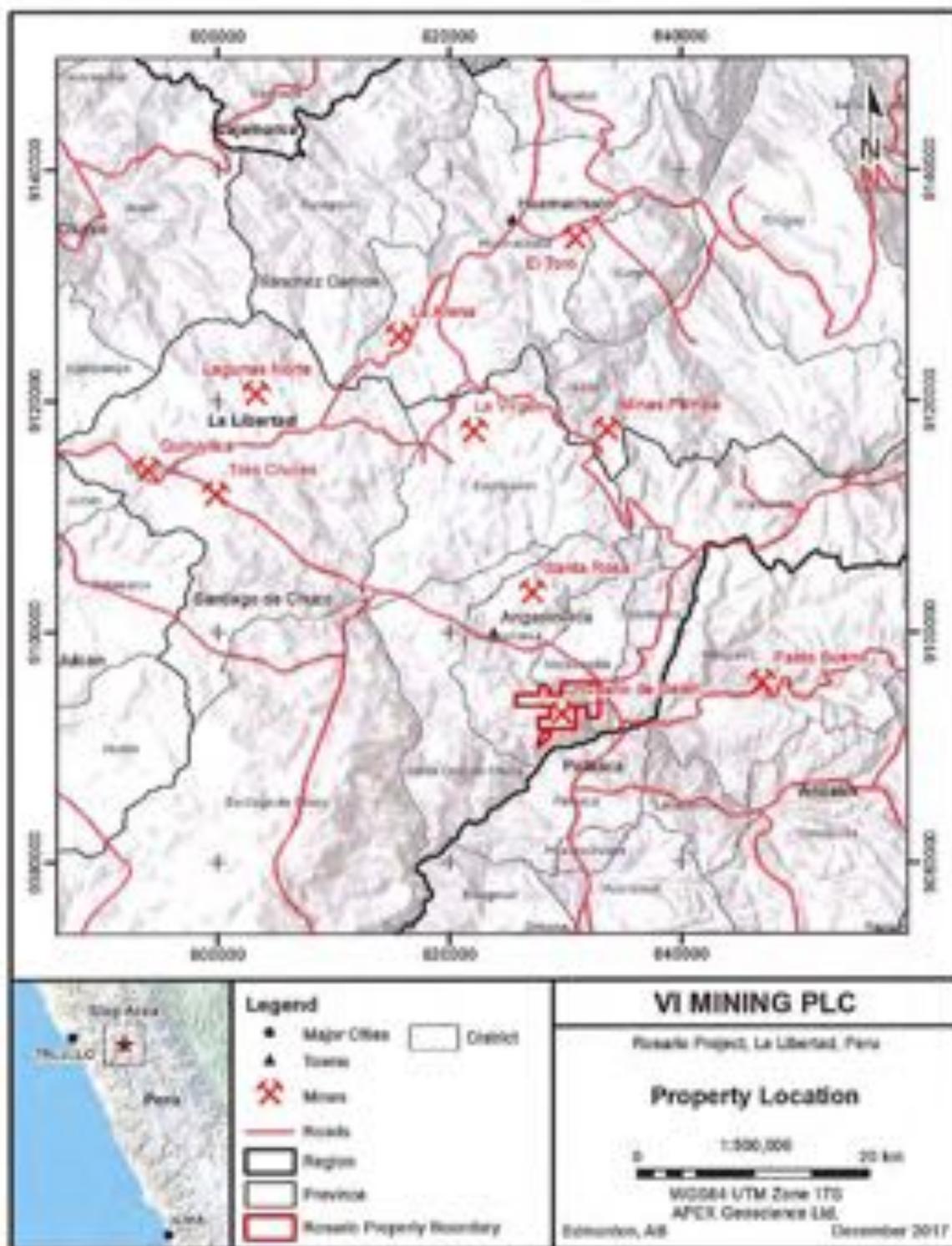
This report incorporates and relies on contributions with respect to the details of the surface and subsurface mineral ownership as well as permitting and environmental status from other experts including staff or subcontractors in the employ of VI Mining and CMMP. The opinions provided on surface ownership and subsurface mineral ownership along with royalty information are current as of the effective date of this report. The authors have relied on information provided by VI Mining, S.M.R.L. El Rosario de Belén (SERDB) and Compañía Minera Minas Pampa S.A.C. (CMMP) for details of the Letter of Intent and Property Agreement between the two companies and the status of surface and subsurface mineral ownership and royalties. Where possible the authors have verified the ownership on November 22nd, 2017 by going to the Peruvian government online service to verify the current mineral licenses at <http://geocatmin.insemnet.gob.pe/geocatmin>.

A geological report of the Patibál, Cerro Blanco, and Obispo 3 projects (Júarez, 2013), Patibál Executive Summary (S.M.R.L. Rosario de Belén, 2008), and a draft NI 43-101 report of the Rosario Property (Jackson, 2013) were used extensively for the preparation of this report. The information in these reports has not been verified fully by the authors but where possible has been checked against available information provided by VI Mining and CMMP personnel to insure accuracy.

4 Property Description and Location

VI Mining has entered into an option agreement to purchase 100% of the Rosario and Minas Pampa Properties from SERDB and CMMP on as yet to be determined date. In accordance with the agreement, VI Mining upon completing its due diligence followed by certain payments will own 100% of the Rosario Property as well as 100% of the Minas Pampa Property located approximately 25 km to the north (Figure 4.1). The option to purchase agreement includes the purchase of the mine site properties, exploration licenses, surface rights, all facilities on the property including camps and offices, all equipment, including the fully functional ore processing plants at both properties, trucks, haul trucks, loaders, and diggers. The option is to purchase 100% outright the properties and chattels with no royalties or expenditure requirements. VI Mining has agreed to the following purchase terms (Giordano, pers comm., 2017):

Figure 4.1: Rosario de Belén Property Location



- \$US 5.4 million (\$GBP 4.0 million) on signing,
- \$US 5.4 million (\$GBP 4.0 million) 15 days after the due diligence period is completed and signed off on,
- \$US 20.25 million (\$GBP 15.0 million) 8 months after the 2nd payment,
- \$US 20.25 million (\$GBP 15.0 million) 8 months after the 3rd payment, and
- \$US 13.5 million (\$GBP 10.0 million) in stock of the company.

As part of the terms of the purchase agreement, it will be SERDB's and CMMF's responsibility to deliver 100% of both properties (all concessions) unencumbered and royalty free. The entire deal for the two properties totals \$US 64.8 million (\$GBP 48.0 million) in cash payments and stock of VI Mining. According to SERDB, CMMF and VI Mining there are no environmental deposits being held by the Peruvian government for reclamation and no new deposits will be required; however, VI Mining will assume all environmental and reclamation responsibilities at both projects on a go forward basis. However, any existing financial (or other) liabilities leading to a monetary impairment found during the due diligence period or during the term of the option to purchase would be deducted from the last payment.

The Rosario Property is located near the town of Angasmarca within the Angasmarca district of the Santiago de Chuco Province of the La Libertad Region in northern Peru. The Property is approximately 440 km due north, of Lima, the capital of Peru. The coastal city of Trujillo lies 110 km to the west. Santiago de Chuco, the nearest population center, is 17 km west of the property (Figure 4.1). The Rosario Property is located along the flank of the Western Cordillera (Cordillera Occidental) of the Central Andes Mountains. The Property is roughly centred on the geographic coordinates of 72°00'19" W and 8°11'07" S, or Universal Transverse Mercator (UTM) coordinates 169000 m East and 9094000 m North (Provisional South American Datum [PSAD] 1956, Zone 18S).

The Rosario Property is composed of six mining concessions with a combined total area of 1,820.45 ha (Figures 4.1 and 4.2). The El Obispo Tres (Obispo 3) and El Rosario De Belén concessions have defined corner posts in Provisional South American Datum 1956 (PSAD56) zone 18 South (Z18S). Anely 1, Luisa Fernanda, Cerro Blanco, and the Cerro Yeso concessions have their corner posts defined in PSAD56 Z17S. Concession information is listed in Table 4.1 below with individual concession tenures in Appendix 1.

It is unknown what payments if any are required to maintain the mining concession rights and the surface access and infrastructure. The 23 surface rights in Table 4.2 are to be included in the purchase agreement outlined above but they do not cover the entire property (Figure 4.2).

Figure 4.2: Rosario de Belén Concessions.

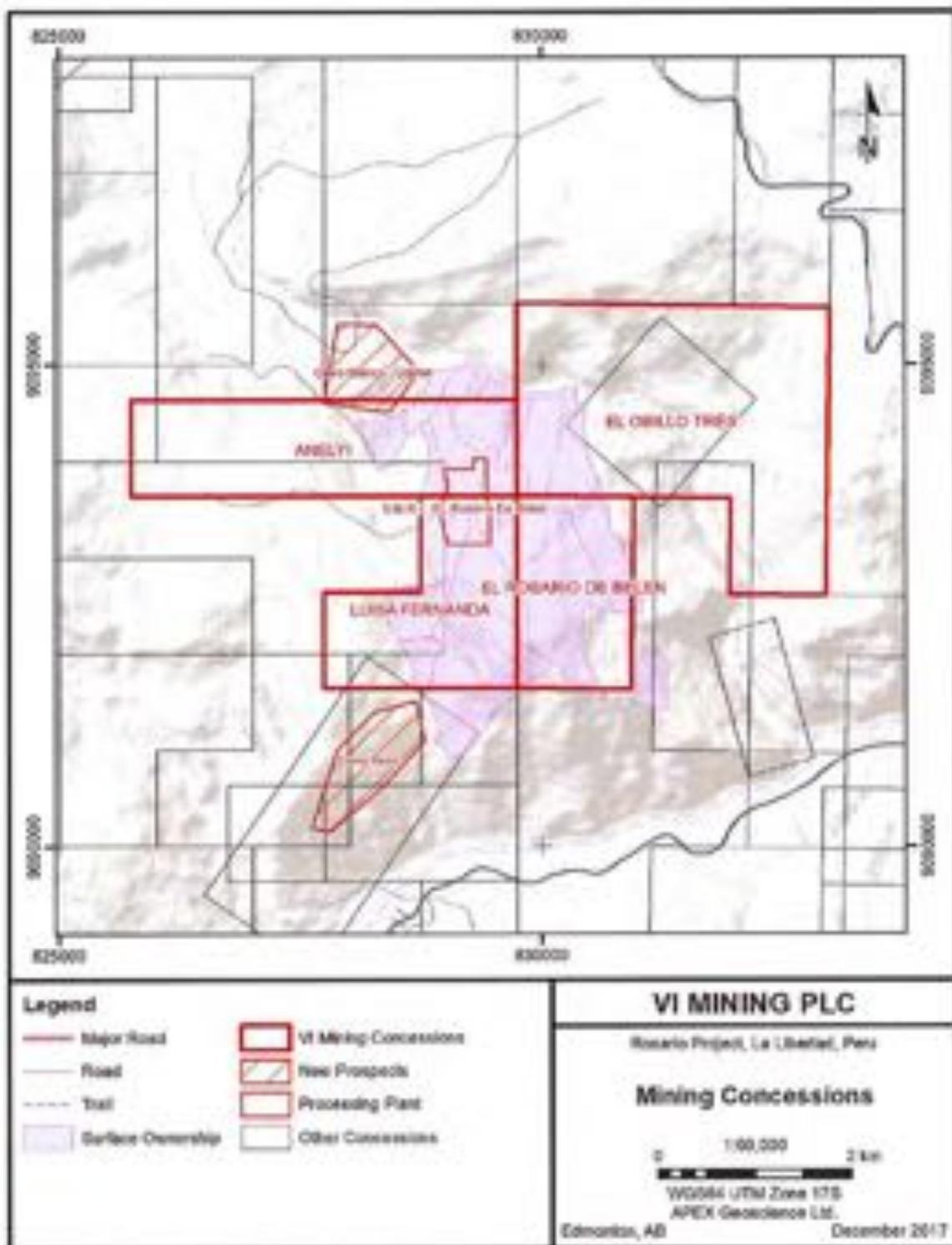


Table 4.1: Rosario de Belén Concession Details.

Concesion		Area (ha)	Corner Coordinates		Projection
Name	number		Northing	Easting	
Avelo 1	000002801	400.00	9,095,000.00	820,000.00	PSAD562175
			9,095,000.00	830,000.00	
			9,094,000.00	830,000.00	
			9,094,000.00	820,000.00	
Luisa Fernanda	000002801	300.00	9,094,000.00	830,000.00	PSAD562175
			9,092,000.00	830,000.00	
			9,092,000.00	820,000.00	
			9,093,000.00	820,000.00	
Otilio 3	010263403	745.290	9,096,000.00	172,000.00	PSAD562185
			9,093,000.00	172,000.00	
			9,093,000.00	171,000.00	
			9,094,000.00	171,000.00	
El Rosario De Belén	000005402	239.324	9,094,000.00	170,000.00	PSAD562185
			9,092,000.00	170,000.00	
			9,092,000.00	168,818.32	
			9,094,000.00	168,788.44	
Cerro Blanco		63.900	9,095,430.40	827,886.50	PSAD562175
			9,095,418.67	828,280.54	
			9,094,933.50	828,730.45	
			9,094,904.13	828,412.88	
Cerro Yaso		78.537	9,094,612.93	827,733.60	PSAD562175
			9,090,965.86	827,866.08	
			9,091,389.90	828,251.38	
			9,091,515.41	828,695.29	
			9,091,095.83	828,783.54	PSAD562175
			9,089,878.24	828,901.60	
			9,089,145.87	827,804.34	
			9,089,190.10	827,607.31	

Table 4.2: Rosario Surface Ownership Details.

Code	Title Holder	U.C.	Name	Area (ha)	Registration	Public Deed
1	Santos Orlendo Sanchez Paredes	20800	--	33.56	04011314	1822
2	Santos Orlendo Sanchez Paredes	20824	--	43.44	04017058	2058
3	Santos Orlendo Sanchez Paredes	20829	--	36.63	04003368	2050
4	Santos Orlendo Sanchez Paredes	20822	--	11.88	04001485	2124
5	Santos Orlendo Sanchez Paredes	20826	--	44.69	--	2162
6	Santos Orlendo Sanchez Paredes	21163	--	35.00	--	2250
7	Santos Orlendo Sanchez Paredes	21106	--	24.69	04018221	2258
8	Santos Orlendo Sanchez Paredes	21104	--	29.38	04003319	2250
9	Santos Orlendo Sanchez Paredes	20815	--	38.75	04001368	2280

Code	Title Holder	U.C.	Name	Area (ha)	Registration	Public Deed
10	Santos Orlando Sanchez Paredes	20801	—	48.13	04001366	2294
11	Santos Orlando Sanchez Paredes	21106	—	72.00	04017500	2897
12	Santos Orlando Sanchez Paredes	20821	—	10.00	04001400	2804
13	Santos Orlando Sanchez Paredes	20806	—	15.00	04017833	1210
14	Santos Orlando Sanchez Paredes	20808	—	18.75	040018323	1356
15	Santos Orlando Sanchez Paredes	20817	—	13.00	—	1367
16	Santos Orlando Sanchez Paredes	POS	—	97.50	—	160
17	Santos Orlando Sanchez Paredes	POS	—	19.15	—	161
18	SMRL Rosario de Belén	20919	Angasmarca	5.25	040033263	388
19	SMRL Rosario de Belén	21926	Quilpuempo	40.68	—	587
20	SMRL Rosario de Belén	21800	Angasmarca	13.79	—	538
21	SMRL Rosario de Belén	21801	Angasmarca	31.33	—	7539
22	SMRL Rosario de Belén	26502	Miraflores	100.62	11061231	77
23	SMRL Rosario de Belén	POS	La Cuchilla	77	11052508	280
Total				794.61		

5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility

Access to the Rosario Property is gained by travelling 118 km east along paved highway 10A from the city of Trujillo, then south and east along highway 3N for 42 km to Santiago de Chuco. Continuing east along highway 3N for an additional 33 km then south along secondary highway 953 for 18 km will lead to The Property. The 211 km journey from Trujillo to the Property takes a total driving time of about six hours.

5.2 Topography, Elevation and Vegetation

The Rosario Project is located within a region characterized by elevated plateaus averaging 3,200 meters above sea level (masl) and includes glaciated peaks reaching up to approximately 4,400 masl (Compañía Minera Minas Pampa S.A.C., 2010). At higher elevation, the rolling topography includes rocky mountain tops with colluvial material on the slopes. In the lower valleys, rivers have formed alluvial terraces through the plains. Topography of the recent workings is defined by a steep hilltop that is bordered by a deep ravine to the south and east and by moderately sloping topography to the west with elevations ranging between 2,800 to 3,400 masl.

Vegetation in the area is dominated high altitude grasslands and scrub brush including succulents and small trees. This vegetation cover is typical of the high, cold, and dry Andean topography.

5.3 Climate

The regional climate is characteristic of most of the Peruvian Andes with a dry season from April to November and a rainy season between November and March. Average annual precipitation in the region amounts to 852 mm. The rainy season

begins in October and ends in April with the most precipitation falling between January and March. Only 75 mm of precipitation falls between June and September.

Temperature in the Peruvian Andes is dependent on altitude, with an approximate change of 0.8 °C per 100 m of elevation change (Garay et al., 2015). The average annual temperature of the region is 15°C to 25°C during the day and remains consistent throughout the year.

Due to low annual precipitation and relatively consistent temperatures exploration work within the project area can be undertaken year round.

5.4 Local Infrastructure and Resources

The nearest population centers to the Property are the city of Santiago de Chuco, approximately 50 km by road to the west, and the smaller towns of Angasmarca, 25 km by road to the northwest, and Cachicadan, 31 km by road to the northwest. Santiago de Chuco is the capital of the Santiago de Chuco province and has a population of approximately 25,000 people. Angasmarca is the closest town and has a population of more than 5,000 people. The region has experienced a recent boom in exploration and mining activities therefore, skilled and unskilled labour is available at the nearby communities.

Infrastructure within the property is quite extensive. Power is sourced from a 22.9 kilo-volt electrical transmission line that is connected to the national grid. Water for exploration and mining operations is available from the Rio Angasmarca (river) which runs through the property. There are two recovery ponds with a combined capacity of 4,265 cubic metres, 9.7 ha of cyanide leach pads, three waste pits, and five catchment ponds. There is a 350 to 550 cubic metre/hour Merrill Crowe processing plant capable of processing 10,000 tonnes of ore per day and facilities for smelting and casting ingots. The on-site facilities also include a well-constructed, metal-roofed laboratory for analysis and QA/QC, and a maintenance shop with space to service heavy equipment. There are also offices, lodging, dining, and industrial kitchen facilities for the miners and office staff.

Full 3G network coverage is available throughout the Property via Claro, a national wireless service provider.

6 History

Exploration in the area surrounding the Rosario Property has been conducted since the 1950's, however no information about these exploration programs is available. In 2002, the mining company Las Magdalenas S.A. was the first to identify mineralization and precious metal potential on the Rosario Property. Subsequently, extensive exploration was completed on the Property between 2002 and 2006, mainly by S.M.R.L. El Rosario de Belén (SERDB) (Juárez, 2013). A summary of the known exploration work conducted on the Property is presented in Table 6.1. The majority of the values for the historic exploration

Mining on the Property began in 2006 and continued until 2013. For the majority of the time the mine was operated by SERDB with a brief period during which operations were run by Century Mining. Records indicate that over the 7 year mine life 6,493,540 tonnes of ore with an average initial grade of 0.304 g/t Au and 9.164 g/t Ag were mined resulting in the recovery of 30,322 troy ounces (oz) of gold (Au) and 590,512 oz silver (Ag). Recoveries for gold were poor averaged over the Life of the Mine (LOM) at 47.7% and were reasonable for silver at 30.9%, however they showed improvement for gold to about 60% at the end of the LOM. Mining and exploration ceased in 2013.

Table 6.1: Summary of historic exploration work completed on the Rosario de Belén Project area.

Type of Work	Years and Owner						Total
	unknown year or company	2002 Las Magdalenas S.A.	2003 Pomisa Exploraciones	2003-2007 SMPL Bethlehem Rosary	2007-2008 Century Mining	2008-2013 SMPL Bethlehem Rosary	
Surface Samples	777	66	194	5,153	10,100	27,037	43,357
RC drillholes				100	10	438	548
RC drill metres				4,871	381	22,137	27,389
Blast Holes						22,116	22,116

6.1 Pre-2004

Exploration has been conducted in the area since the 1950's and knowledge of mineralization in the area may even date back to colonial times. The early areas of interest were: the Capilla-Consuelo, the Gentiles, and Patival (also referred to as 'Patibaf') zones, all of which are located on the current Property. Between 1992 and 2000 Hochschild Mining PLC and Southern Peru Copper Corp., two mining companies, carried out geological exploration in the area however no record of their activities is available.

In 2002, the mining company Las Magdalenas S.A. completed exploration programs on a number of mining properties in the area including El Rosario de Belén, Playa Hermosa, Karita, Luisa Fernanda, Lillete, Jan, Anely, Anely 1, and Anely 2. The exploration program consisted of rock, soil and sediment sampling along with mapping at a 1:25,000 scale. A total of 96 samples collected for geochemical analysis. Twelve samples (10 rock samples and 2 sediment samples) returned anomalous gold results between 51 parts per billion (ppb) and 41.4 g/t Au (Juárez, 2013) (Figure 6.1).

In 2003, Pomisa Exploraciones evaluated 20 mining concessions including Obillos Tres (three), Anely 1, Luisa Fernanda, and El Rosario de Belén. A total of 86 samples were collected from El Rosario de Belén, 55 from Luisa Fernanda, 10 from Obillos Tres, and 43 from Anely 1 (Figure 6.1). These samples were analysed at Comarsa laboratories for Au, Ag, and Cu (Juárez, 2013). The samples from the El Rosario de Belén, Luisa Fernanda, and Anely 1 returned anomalous Au and Ag results.

Figure 6.1: Rosario de Belén Historic Surface Sampling.

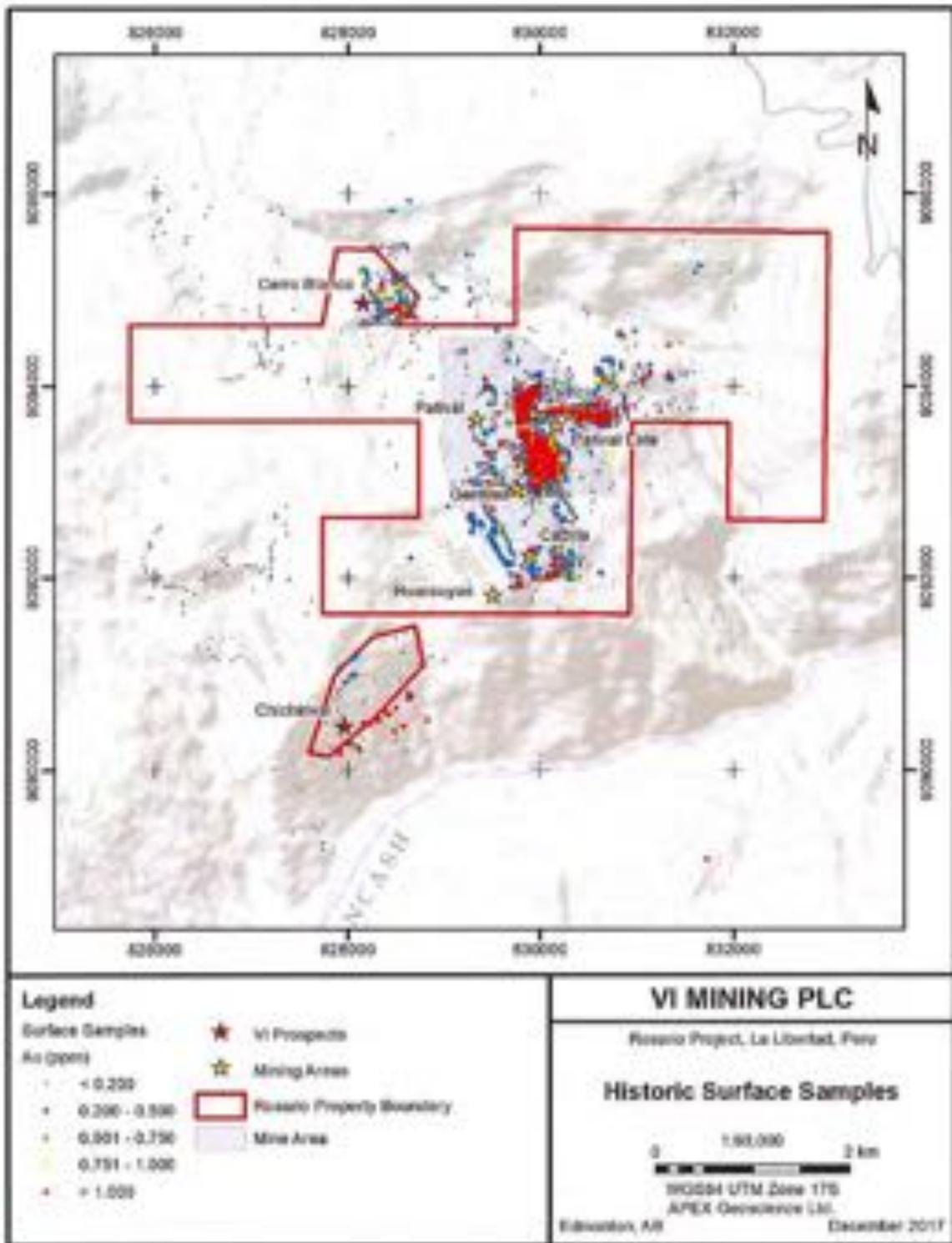
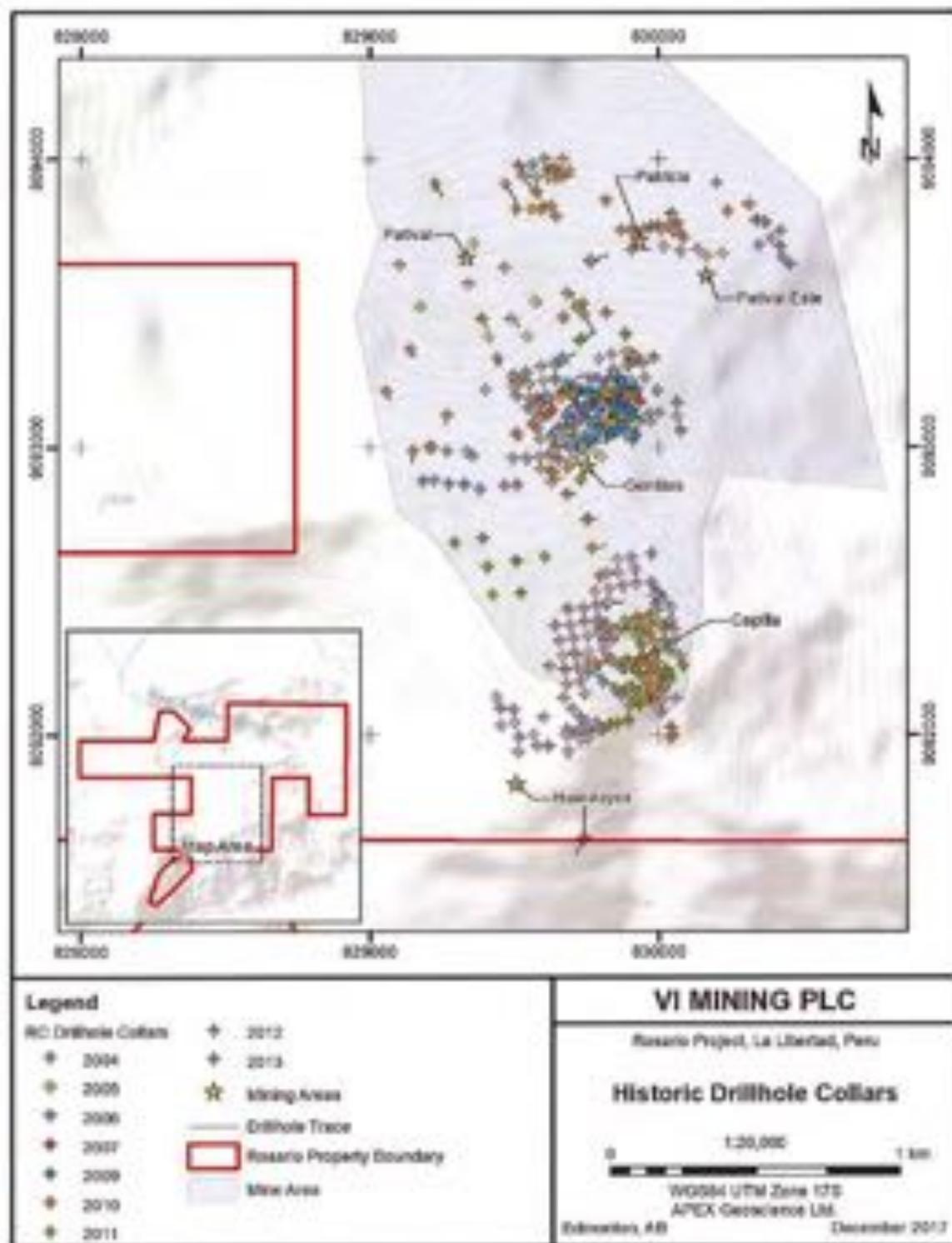


Figure 6.2: Rosario de Beñán Historic Drilling



6.2 2003-2007 S.M.R.L. El Rosario de Belén

S.M.R.L. El Rosario de Belén conducted their initial exploration program in the Rosario de Belén area in 2003. From 2004 to mid-2007, they conducted an advanced exploration drilling campaign that resulted in the completion of 102 RC drillholes totaling 4,871 m (Table 6.2 and Figure 6.2). Historic drilling assay highlights are provided in Table 6.3 below. Anomalous gold and silver results were obtained from drillholes at the Capilla, Gentiles, Patival and Patricia zones (Table 6.3).

Table 6.2: Rosario de Belén 2003-2006 drilling summary.

Year	No. of Holes	Metres Drilled
2004	12	1499.5
2005	28	1838
2006	62	1533.5
Total	102	4871

In addition to the drill programs, a total of 5,153 surface samples were collected (Figure 6.1). This included 1,043 rock samples and 1,389 soil samples in 2004 and an additional 126 soil samples, 900 rock samples, 3 channel samples and 1,830 other samples in subsequent years. Highlights from these exploration programs include an undefined surface sample with over 111 g/t Au and a RC sample with 4.1 g/t Au and 327 g/t Ag over 1.5 m (E04PT00202 from hole RCD04-03).

In late 2006, SERDB began open-pit heap leach mining in the area of the Patival and Patricia zones. Very few details are available for the mining conducted during this initial period. Start-up monthly production was reported at 850 oz Au and 6,500 oz Ag. Historic production and the mining process is discussed in Section 6.7 below.

6.3 2007-2008 Century Mining

In mid-2007 Century Mining (Century) entered into a purchase agreement with SERDB for the Rosario de Belén Mine. Along with continuing the mining operation, Century completed additional exploration in the Los Gentiles, Patival East and Capilla target areas. Six trenches were excavated at these locations and surface samples were collected. A total of 10,100 surface samples were collected by Century (Figure 6.1), with 949 samples collected from trenches in 2007 and 177 samples collected from trenches in 2008. Of the remaining samples: 64 were collected from test pits and 14 from the mine wall. The final 8,996 samples were talus samples collected on the slopes of the Property surrounding the mine. Sample highlights include a talus sample that returned 1.4 g/t Au and 87.4 g/t Ag (sample 21819) and a trench sample that yielded 11.1 g/t Au and 89.3 g/t Ag (sample 4518).

Century also completed 10 reverse circulation (RC) drill holes with a combined total of 381 m (Figure 6.2) (Jackson, 2013). Hole RCD07-02 returned 0.42 g/t Au and 5.99 g/t Ag over 13 m and hole RCD07-10 returned 1.87 g/t Au and 70.12 g/t Ag over 3 m with both holes from the Gentiles Zone (Table 6.3).

Table 4.1: Rosario de Belén 2003-2013 drilling highlights.

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Location
RCD04-03	2.0	6.0	4.0	1.60	126.65	Patival
RCD04-04	2.0	6.0	4.0	0.75	28.96	Patival
RCD04-08	0.0	7.5	7.5	1.11	31.44	Patival
including	2.0	3.5	1.5	3.87	71.29	
RCD04-08	69.5	72.5	3.0	2.36	61.16	Capilla
RCD04-09	69.0	72.0	3.0	1.31	214.5	Capilla
RCD04-11	93.5	106.5	3.0	1.00	73.48	Capilla
RCD05-01	94.0	98.0	4.0	0.71	99.31	Capilla
RCD05-04	10.0	14.0	4.0	0.71	99.31	Gentiles
RCD05-05	08.0	106.0	8.0	0.60	50.65	Capilla
including	100.0	104.0	4.0	1.03	79.07	
RCD05-13	6.0	12.0	12.0	0.51	17.19	Gentiles
RCD05-17	12.0	14.0	2.0	1.08	69.44	Patival
RCD05-20	38.0	56.0	18.0	0.52	80.34	Gentiles
including	38.0	42.0	4.0	0.72	144.8	
and	52.0	56.0	4.0	1.24	210.4	
RCD05-27	4.0	8.0	4.0	0.77	121.0	Patival
RCD05-28	39.0	42.0	3.0	1.47	5.53	Gentiles
RCD06-01	37.0	39.0	2.0	1.42	79.58	Capilla
RCD07-02	0.0	13.0	13.0	0.42	5.98	Gentiles
RCD07-10	11.0	14.0	3.0	1.87	70.12	Gentiles
2009-TL-089	0.0	6.0	6.0	1.33	17.60	Gentiles
2010-COM-RCD-01	21.0	42.0	21.0	9.69	76.66	Capilla
including	21.0	24.0	3.0	3.64	413.6	
2010-COM-RCD-13	91.5	93.0	1.5	1.65	47.67	Capilla
2010-COM-RCD-15	09.0	88.5	19.5	0.40	8.30	Capilla
including	87.0	88.5	1.5	1.51	41.58	
2010-COM-RCD-18	33.0	37.5	4.5	0.81	7.38	Capilla
and	64.5	70.5	6.0	0.71	42.16	
2010-COM-RCD-21	42.0	51.0	9.0	0.450	48.590	Capilla
2010-COM-RCD-25	15.0	22.5	7.5	1.09	93.20	Capilla
2010-COM-RCD-28	45.0	48.0	3.0	1.00	10.66	Capilla
2010-COM-RCD-32	1.5	39.0	37.5	0.808	40.328	Capilla
including	31.5	37.5	6.0	3.51	212.4	
2010-COM-RCD-33	15.0	31.5	16.5	0.40	20.44	Capilla
including	28.5	30.0	1.5	1.06	190.5	
2010-COM-RCD-34	31.5	37.5	6.0	1.04	4.22	Capilla
and	55.5	61.5	6.0	0.63	71.22	
2010-COM-RCD-35	42.0	43.5	1.5	1.63	64.92	Capilla
2010-COM-RCD-38	45.0	66.0	21.0	0.48	78.05	Capilla

Drillhole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Location
including	50.0	64.5	4.5	1.27	301.4	
2010-COM-RCD-37	24.0	33.0	9.0	0.09	40.498	Capita
including	24.0	27.0	3.0	1.48	108.8	
end	58.5	68.0	7.5	0.75	12.68	
2010-COM-RCD-38	10.5	15.5	6.0	0.54	25.88	Capita
end	34.5	37.5	3.0	1.69	61.46	
2010-COM-RCD-44	49.5	63.0	13.5	0.71	546.8	Capita
including	54.0	61.5	7.5	1.09	862.8	
2010-TL-028	8.0	10.0	2.0	2.90	36.35	Gentiles
2010-TL-049	0.0	2.0	2.0	4.42	161.9	Padval N
RCD-AW119-22	3.0	15.0	12.0	1.03	1.05	Padval N
including	7.5	12.0	4.5	2.34	0.68	
RCD-F910-28	46.5	48.0	1.5	2.57	1.17	Padval N
2011-COM-RCD-48	4.5	7.5	3.0	0.78	195.35	Capita
2011-COM-RCD-67	40.5	46.5	6.0	0.78	17.57	Capita
2011-PA-RCD-84	10.5	15.0	4.5	0.93	74.19	Gentiles
12-COM-75	9.0	12.0	3.0	1.89	538.34	Capita
12-COM-78	37.5	42.0	4.5	20.23	26.22	Capita
including	37.5	39.0	1.5	58.96	14.37	
end	48.0	49.5	1.5	1.37	308.0	
12-COM-79	30.0	33.0	3.0	1.73	125.1	Capita
12-COM-88	90.0	93.0	3.0	1.82	204.7	Capita
12-COM-90	67.0	68.5	1.5	1.92	403.7	Capita
12-COM-96	78.0	81.0	3.0	1.67	137.2	Capita
12-COM-109	67.0	64.5	7.5	0.98	73.94	Capita
12-COM-107	72.0	75.0	3.0	1.09	19.59	Capita
12-COM-108	55.5	64.5	9.0	0.53	8.52	Capita
12-COM-108	61.5	64.5	3.0	2.58	142.0	Capita
12-COM-114	82.5	88.5	6.0	0.99	18.14	Capita
13-COM-128	54.0	60.0	6.0	1.23	33.62	Gentiles
13-COM-133	45.0	48.0	3.0	1.28	15.47	Gentiles
13-COM-137	46.5	61.5	15.0	1.76	70.68	Capita
including	52.5	57.0	4.5	5.19	223.1	
13-COM-138	67.5	73.5	6.0	2.91	406.7	Capita
including	67.5	72.0	4.5	3.81	533.9	
13-COM-171	43.5	49.5	6.0	0.98	163.7	Gentiles
13-COM-189	3.0	7.5	4.5	1.39	97.2	Padval N

Limited information is available about the mining operations completed by Century. Century had announced that they intended to increase the production to approximately 25,000 to 30,000 gold-equivalent ounces per year. Additionally, there were plans to connect to the national power grid by the end of 2007 (Century Mining, 2007).

In May 2008, Century announced the termination of their purchase agreement for the Rosario de Belén Mine to focus on their other projects (Century Mining, 2008). The ownership of the mine reverted back to the previous owners SERDB.

6.4 2008 - 2013 S.M.R.L. El Rosario de Belén

In late 2008, fifteen (15) mineralized polygons were interpreted over the Patival Exploration Target by SERDB. These defined a mineralized zone calculated to contain 3,299 oz of gold (S.M.R.L. Rosario de Belén, 2008; Jackson, 2013). This is considered a historic exploration target and was not a NI 43-101 compliant resource estimate. Much of the material outlined has since been mined.

In 2011, an estimate of gold for the Capilla zone was calculated yielding what is considered a historic resource of 1,148,400 tonnes with an average Au grade of 0.45 g/t, for a total of 16,675 oz Au (Juárez, 2013). This historic estimate is non NI 43-101 compliant. A portion of this historic resource has been subsequently mined. The authors of this Technical Report have referred to all of the prior resources estimates as "historic resources" as most if not all are non NI 43-101 compliant and the reader is cautioned not to treat them, or any part of them, as current mineral resources as there is insufficient information available to properly assess estimation parameters and the standards by which the estimates were categorized. Therefore they should not be relied upon. There is no current NI 43-101 mineral resource on the Rosario Property.

During 2008, under SERDB, 2,722 surface channel samples were collected (Figure 6.1). Sample 124294 returned the highest assay of 8.88 g/t Au and 291 g/t Ag.

In March 2009, additional mine development commenced beginning with the Gentiles open-pit. Between 2009 and 2012, six mineralized zones were characterized based on their geology, geochemistry and geophysics and subsequently drilled. These zones were: Gentiles, Patricia, Patival, Patival Este, Huarauyas and Capilla-Consuelo. Four of these zones were developed and mined as open pits during later mining activity.

A total of 24,315 surface samples were collected on the Property between 2009 and 2013 (Figure 6.1). Most of the samples were collected from road cuts and haul roads where exposure is nearly continuous. Most of the samples collected were chip and channel samples.

In 2009 a total of 10,161 chip and channel samples were collected (Figure 6.1). The majority were collected over and along potential extensions to the main Patival and Patricia zones, though some were collected over the Cerro Blanco and Obispo Tres zones. The sample with the highest assay (24730) was collected from the Capilla Zone and returned 2.9 g/t Au and 21.6 g/t Ag. Additionally, 94 RC holes totaling 1,778 m were drilled in 2009 (Figure 6.2). These were mainly focused on the Gentiles Zone, which was put into production in 2009. The best drillhole result was from hole 2009-TL-069, which returned 1.33 g/t Au and 17.5 g/t Ag over 6 m drill length.

Quantec Geoscience (Quantec) completed a ground magnetic geophysical survey over the Property in 2009. The survey consisted of 40 east-west oriented lines with 100

m line spacing totalling 134.26 line km. Figure 6.3 shows the results of the survey. Magnetic highs are generally thought to represent intrusions and/or volcanics. They can also represent magnetite associated with alteration fronts such as skarn.

In 2010, an additional 11,018 chip and channel samples were collected, with increased sampling over the Patival east zone (Figure 6.1). The highest assay value from the 201 sampling was 11.127 g/t Au and 13.83 g/t Ag from the Patricia zone (sample 51587). Also in 2010, a total of 166 RC holes were drilled totalling 5,741 m (Figure 6.2). Numerous holes from the Capilla Zone returned anomalous gold and silver values (Table 6.3). Hole 2010-CON-RCD-01 yielded 3.64 g/t Au and 413.8 g/t Ag over 3 m along with hole 2010-CON-RCD-32 which returned 3.51 g/t Au and 212.4 g/t Ag over 5 m, both of which were drilled at the Capilla Zone.

There were 34 RC holes drilled in 2011 (Figure 6.2) along with the completion and assaying of 628 blast holes (Figure 6.4). The blast holes were focused primarily on the Gentiles zone (563 holes) with the remainder on the Patival Este (East) Zone. A highlight intercept for the RC drilling was hole 2011-PA-RCD-57 which returned 1.430 ppm Au and 60.261 ppm Ag over 1.5 m (sample 83742). The blast holes were between one and twenty-two metres in depth with the majority being between five and eight metres. For each blast hole the entire hole was submitted as a single sample for assay. Five blast hole samples returned values equal to or greater than 0.5 g/t Au (Figure 6.4).

In 2012, a total of 1,138 surface samples were collected with a focus on Huarauyas, Patricia, and Patival Este zones (Figure 6.1). Some samples were also collected from Gentiles and Cerro Yeso zones. The highest grade sample was collected from the Gentiles Zone and returned an assay value of 17.22 g/t Au and 563.3 g/t Ag (sample 121364). Drilling in 2012 consisted of 70 RC holes totaling 5,067.5 m (Figure 6.2) and 21,488 blast holes (Figure 6.4). The blast holes were focused entirely on the Capilla Zone where active mining was ongoing. A total of 789 blast holes returned assay values equal to or greater than 0.5 g/t Au (3.6%). A total of 214 of these returned values above 1.0 g/t Au, 52 returned values greater than 2.0 g/t Au, and finally 1 returned a value greater than 14 g/t Au. Numerous RC holes returned anomalous gold and silver from the Capilla Zone. The highlight from the Capilla Zone RC drilling is from hole 12-CON-78, which yielded a zone with 20.13 g/t Au and 26.22 g/t Ag over 4.5 m drill length. There were a number of holes that yielded greater than 1 g/t intersections (Table 6.3).

In 2013, a total of 1,898 samples were collected, with approximately half of the samples collected from the Cerro Blanco Zone (Figure 6.1). There was also increased sampling conducted over the Cerro Yeso Zone. A sample (51355) from the Cerro Yeso zone returned the highest assay of 11.1 g/t Au and 857.1 g/t Ag. Additionally, a sample (51744) from the Cerro Blanco zone returned an encouraging result with 10.5 g/t Au and 169.1 g/t Ag. Drilling continued in 2013 with 71 RC holes totaling 4,371 m (Figure 6.2). This drilling was completed across the Patricia, Gentiles, and Capilla zones. The highlight of the drilling was from the Capilla Zone, where hole 13-Con-137 yielded a zone with 1.76 g/t Au and 70.08 g/t Ag over 15 m with a higher grade interval of 5.19 g/t Au and 223.1 g/t Ag over 4.5 m drill length (Table 6.3).

Figure 4.1: Rosario de Belén 2009 Quantec Magnetics Geophysical Survey.

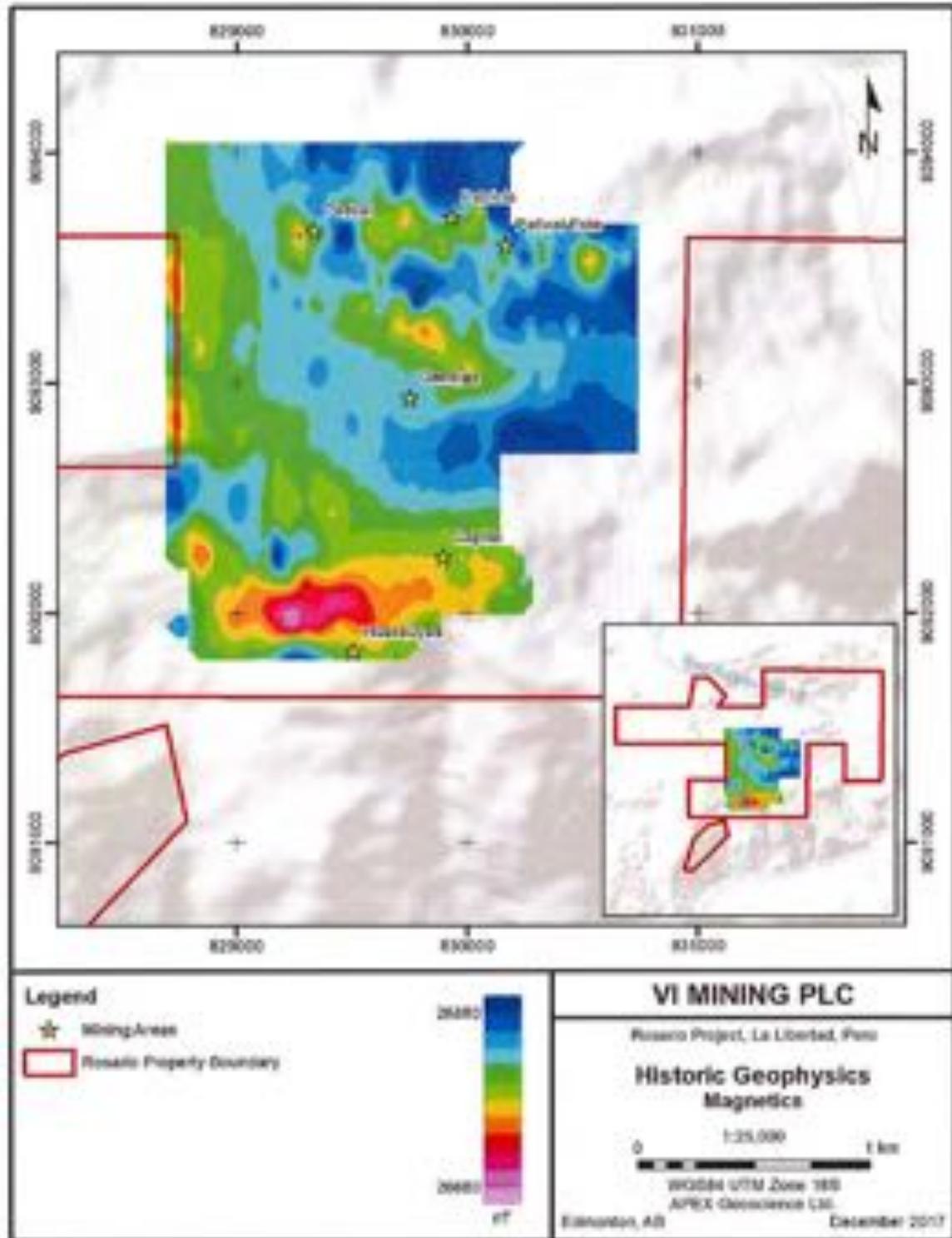
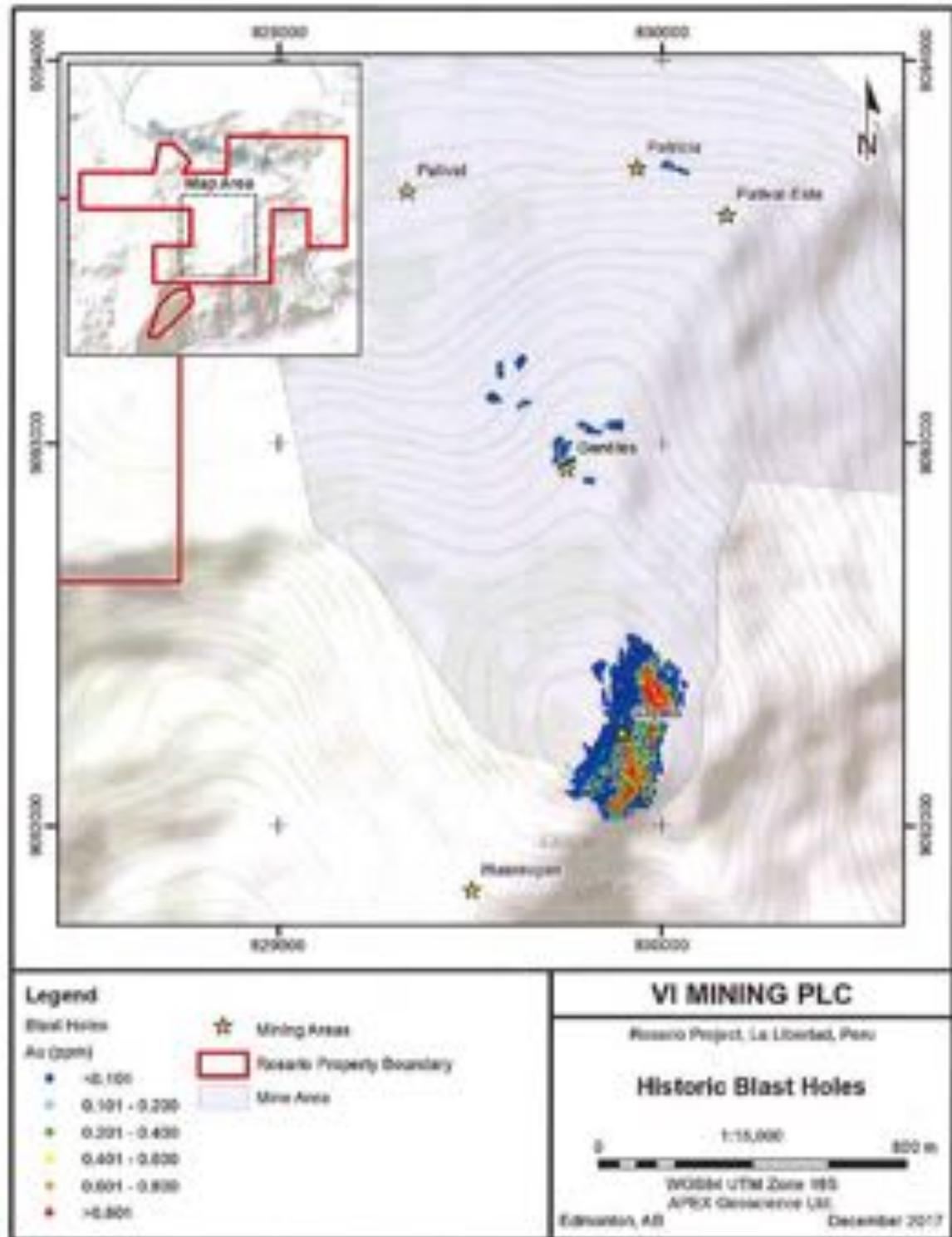


Figure 8.4: Rosario de Bolón Blast Hole Drilling.



6.5 Historic Metallurgy

Historic metallurgy was completed on three bulk samples, weighing 1,112.8 kg, 1211.2 kg and 269 kg, which were collected for bottle roll and 8" column tests. The 269 kg sample consisted of a slightly oxidized quartzite that was collected proximal to faulting within the Chimu Formation. The 1,112.8 kg sample was collected from the central zone of the Patival open pit and yielded Au recovery of 66.4% and a Ag recovery of 43% with 0.305 kg/t cyanide used. The head grade of this sample was 0.69 g/t Au and 25.03 g/t Ag. The 1,211.2 kg sample from the north zone of the Patival open pit yielded 67.35% Au recovery and a 47.28% Ag recovery with 0.338 kg/t cyanide used. The average lime consumption was 1.48 kg/t. The required leaching time was an average of 35 days. When the 1,211.2 kg north zone sample was mixed with the 269 kg Chimu Formation quartzite sample at a ratio of four to one, the leach time was reduced to 24 days and the recovery was increased to 71.04% Au and 49.67% Ag. It was also noted that when the Chimu Formation carbonaceous shales were present in the sample being tested the gold extraction was decreased due to reactions between the shales and the cyanide acid leaching agent (S.M.R.L. Rosario de Belén, 2008).

Comarsa laboratory performed gold solubility testing on 711 samples. These samples were 20 g in size and contained greater than 0.2 g/t Au. They were subjected to 10,000 ppm cyanide leach for four hours. The solubility testing for gold showed variations based on rock type. The contact material between the Chimu Formation quartzites and Callpuy volcanics yielded 78.6%, the Chimu Formation quartzites yielded 70.3%, the Callpuy volcanics yielded 70.0% and colluvial and talus material yielded 65.3% (S.M.R.L. Rosario de Belén, 2008).

6.6 Historic Production

The Rosario project area has been producing gold and silver since 2006 (Table 6.4). Over 30,000 oz gold and nearly 600,000 oz silver have been produced from five separate mineralized zones: Patival, Patival Este, Gentiles, Capilla and Patricia. The average head grade of the ore that was mined over this period was 0.304 g/t Au and 9.164 g/t Ag. The recoveries for the life of the mine (LOM) averaged 47.7 % for gold and 30.9 % for silver, though an increase in recoveries for both gold and silver occurred as the mining operations progressed. This is interpreted to be a result of an evolving mining and leaching process that reduces loss and maximizes gold and silver output. The waste-ore ratios also increased significantly from 1.6 to 5.7 at the end of mining. This increase represents the narrow shallow dipping nature of the mineralization which eventually became sub-economic.

Historic production on the Rosario property was mined via open pit. The pits were developed with spiraled benches approximately 10 m wide and 6 m in height. The benches were blasted with ammonium nitrate. The ore and waste rock was then loaded with front end loaders and excavators into haul trucks with approximately 10 cubic metre capacities. The ore was transferred to re-chargeable leach pads for gold extraction via downward percolating cyanide lixiviant and then to multi-layer pads for continued leaching of silver. The ore was leached for 30 to 40 days at the re-chargeable pads and for 20 days on the multi-layer pads with 250 to 300 ppm cyanide irrigated onto

the pads at 8.0 to 10.0 liters/m²/hr. The cyanide solution with dissolved gold and silver from both the multi-layer and re-chargeable leach pads was collected into a lined pond and then pumped to the recovery plant (Jackson, 2013).

Table 6.4: Production History for the Rosario de Belén Mine (Dufresne and Atkinson, 2014; RDB Mine Staff, 2012a).

Year	Company	Ore (t)	Head Grade		Waste Mill		Recovery						
			Au (g/t)	Ag (g/t)	Tonnes	Ratio (Waste/Ore)	Au (oz)	Ag (mt)	Au (%)	Ag (%)	Au (g/t)	Ag (g/t)	
2006	RDB	126,137	0.68	12.05	Unknown	N/A	-	-	-	-	-	-	-
2007	RDB-Century	897,296	0.44	9.86	Unknown	N/A	3,840	28,080	28.19	17.84	0.17	1.77	
2008	Century	110,801	0.55	7.48	Unknown	N/A	1,217	9,581	94.8	24.40	0.23	2.58	
2009	RDB	821,820	0.33	7.47	1,267,366	1.6	3,167	55,562	36.02	27.67	0.12	2.07	
2010	RDB	1,244,178	0.23	6.55	1,818,831	1.4	4,658	191,896	46.73	26.34	0.11	2.36	
2011	RDB	1,210,278	0.21	6.03	3,189,452	2.6	6,428	82,675	69.15	26.79	0.13	2.21	
2012	RDB	1,664,540	0.32	13.24	6,094,188	4.3	9,240	222,274	54.02	21.75	0.17	4.2	
2013	RDB	419,069	0.33	13.63	2,377,328	5.7	2,708	83,023	62.86	37	0.2	3.11	
Total		6,483,540	0.28	9.18	15,717,293		26,322	890,512	47.7	26.9	0.145	2.83	

The enriched pregnant solution was first passed through diatomaceous earth filters that removed solids greater than one micron in size. The solution was then deoxygenated, and zinc dust was added which caused the gold and silver to precipitate out of solution. This precipitate was then collected on filters. The filtered precipitate was removed periodically and transferred to retorts where the temperature was gradually increased over six hours to 600°C to drive off any mercury that may have been present. Silica, flux, and borax were added to the precipitate and it was electrically smelted in a large crucible on site. Ingots were poured containing approximately 94% Ag and 6% Au and weighing about 20 kg. The slag from the casting were put through a ball mill and a Falcon Centrifugal Concentrator where silver and gold was recovered to be re-cast in the future (Jackson, 2013). Table 6.4 above shows the head grades and recovery over the LOM. At the end of the mine life, gold recovery had increased to 60.86%, a significant improvement over the LOM average of 47.7%.

The recovery plant utilized was a 10,000 tonne per day Merrill Crowe plant, which is designed specifically to enhance silver recoveries while maintaining reasonable gold recoveries. The last year of operation saw silver recoveries of 37% which was an improvement to the LOM average of 30.9%. The authors consider the silver recoveries produced by SERDB as reasonable in relation to other operations in the region and general knowledge with respect to recoverable silver from Chimu Formation sediments. The authors consider the gold recoveries were poor and below the region average. It is unclear what the exact reasons were for the poor gold recoveries, but future work should try to sort out the exact reasons. One of the authors observed coarse material on some of the leach pads. Future metallurgical work should look at recoveries versus crush size amongst other potential issues. It should be noted that Table 6.4 shows the annual production numbers and that the plant was never run at full capacity annually.

6.7 Historic Exploration Potential Estimates

The Rosario Property encompasses eight zones which have been explored and/or mined historically. The authors conducted a review of data and prepared Conceptual Estimates of potential resources for a number of these zones based upon the existing data in 2014 (Dufresne and Atkinson, 2014). These estimates are considered "Exploration Targets" and are based on grade at surface, and in drilling where available, the structure or mineralized body dimensions as defined by surface sampling, drilling and/or as expected from mined ore bodies and certain geological characteristics of the zones. These exploration target potential estimates are not NI 43-101 compliant mineral resources and are not consistent with current NI 43-101 and CIM standards for mineral resource estimation. The authors of this Technical Report have referred to these estimates as "Exploration Targets" and the reader is cautioned not to treat them, or any part of them, as current mineral resources. There is no current NI 43-101 mineral resource estimated for the Rosario Property.

The eight zones reviewed for exploration potential in 2014 were the Patricia, Patival, Patival Este, Gentiles, Huarauyas, Capilla, Cerro Blanco, and Cerro Yeso zones (Table 6.5). Dufresne and Atkinson (2014) identified roughly a total of 2.5 million tonnes of mineralized material with an average grade of 1.01 g/t Au and 75.01 g/t Ag totalling approximately 110,500 oz of gold and 9,442,000 oz of silver. Table 6.5 shows the breakdown of estimated conceptual ounces of gold and silver for each exploration target mineralized zone, based upon the indicated dimensions of each zone from the current extent of geological mapping in combination with prior surface sampling and drilling.

Table 6.5: Conceptual Exploration Potential Estimates for Rosario de Belén (Dufresne and Atkinson, 2014).

Zone	Area	Volume (m ³)	# of holes	Tonnage	Specific gravity	Grade Au (g/t)	Grade Ag (g/t)	Au (oz)	Ag (oz)
Gentiles	Former Mine	80,976	10	241,737	2.6	0.32	49.5	4,800	384,000
Huarauyas-Capilla	Former Mine	218,316	21	827,773	2.6	0.45	80.4	12,093	2,138,729
Patival-est-Patricia	Former Mine	21,307	3	66,398	2.6	0.41	29.3	742	37,212
Patival	Former Mine	14,408	6	193,580	2.6	0.21	13.3	2,941	83,837
Cerro Blanco	Prospect	24,400	7	85,807	2.6	1.42	99.3	2,912	300,739
Cerro Yeso	Prospect	823,280	2	1,100,492	2.6	2.42	199.4	85,711	6,580,610
	Total	954,878	52	2,482,877	2.6	1.01	75.0	110,500	9,442,000

The Cerro Yeso Zone represents the largest zone in terms of tonnes and grade and therefore ounces with an exploration potential estimated to be 85,711 oz of gold and over 6.5 million ounces of silver. The Cerro Yeso zone has had limited sampling and no drilling to date, so this estimate was also the most speculative estimate of potential.

The Huarauyas and Capilla zones together are estimated to contain significant tonnage but at fairly low grades for gold (but reasonable grades for silver) yielding a total potential target of 12,093 oz for gold and 2.1 million ounces for silver. This estimate

is based on significant drilling and sampling data and is considered to be the most robust estimate for the area. With proper 3D modelling, it is likely an NI 43-101 compliant resource estimate could be prepared for the Capilla Zone. The Capilla Zone, along with a number of the other zones, remains open for expansion with further exploration including trenching and drilling.

7 Geological Setting and Mineralization

7.1 Regional Geology

The Rosario Property is located on the eastern flank in the northern section of the Andean Western Cordillera. The area is underlain by Mesozoic sediments of the West Peruvian Basin (Figure 7.1). Regionally, exposed rocks are dominated by Upper Jurassic Chicama Formation to Lower Cretaceous Goyllarisquiza Group. These rocks are composed primarily of siliclastic sediments with lesser amounts of carbonate sediments (Figure 7.1). They are highly folded and faulted by Cenozoic deformation events. To the west, Calipuy Group volcanics of the Tertiary unconformably overlay the Cretaceous sediments (Garay *et al.*, 2015). All formations are cut by a series of Calipuy Group subvolcanic intrusions aligned in a north-south orientation. Overlying glacial and glacialfluvial sediments were deposited during the Quaternary (Acosta, 2013)

Structurally, the region has undergone intense tectonism during the Cenozoic resulting in the development of numerous northwest-southeast orientated faults and folds.

7.1.1 Precambrian

Precambrian basement rocks do not outcrop on the Rosario Property nor are they exposed in the surrounding area. They appear to the east, along the Marañón River and in the Eastern Cordillera (Garay *et al.*, 2015).

7.1.2 Mesozoic

Upper Jurassic rocks from the Chicama Formation represent the oldest rocks in the regional area. These are laminated, marine, dark grey and black shales interbedded with thin sandstone layers, together forming intercalations from an alternating shallow marine depositional environment (Garay *et al.*, 2015).

Overlying the Jurassic sediments are shallow marine siliclastics from the Goyllarisquiza Group which are of Lower Cretaceous age. The Group consists of (from oldest to youngest): the Oyon Formation, Chimú Formation, Santa Formation, Carhuaz Formation and Farrat Formation.

The Oyon Formation is composed of fine to medium grained sandstone with thin beds of shale and minor coal seams (Garay *et al.*, 2015).

The Lower Cretaceous Chimu Formation is significant in the region as it is the principal host rock for the gold mineralization at the La Arena, La Virgen, Santa Rosa, Lagunas Norte, El Toro, Minas Pampa and Rosario de Belén Mines (Garay *et al.*, 2015). The position of the Chimu Formation in the regional Mesozoic stratigraphic framework is presented in Figure 7.2 below. The Chimu Formation consists of an assemblage of up to 700 m in thickness of white to light grey, fine to medium grained, well-sorted quartz sandstones with thin black shale interbeds (Benavides, 1956; Cobbing *et al.*, 1981). The thick bedded sandstones are typically massive and strongly cross-bedded. Coal horizons are common in the lower portion of the sediment package (Cobbing *et al.*, 1981). Deposition of these sediments is interpreted to have occurred in a deltaic setting (Wilson, 1963; Cobbing *et al.*, 1981). The Chimu Formation is typically distinct in topography as the steep dipping beds form massive cliffs, ridges and gorges compared to the more easily weathered, soft and friable units of the surrounding stratigraphy (Benavides, 1956).

The Santa, Carhuaz and Farrat Formations are composed dominantly of finer grained siliciclastics with minor carbonate interbeds (Garay *et al.*, 2015). In the northern portion of the West Peruvian Basin, the Santa Formation consists of black shales. It is not always definitively present and is often grouped with the Carhuaz Formation (Cobbing *et al.*, 1981). The Carhuaz is composed of grey and brown shales, siltstones, quartzites with thin limestone with anhydrite interbeds (Cobbing *et al.*, 1981). The Carhuaz siliciclastics are host to the gold mineralization at the Shahuindo Project (Garay *et al.*, 2015). The Farrat Formation consists of white to grey quartzites and is lithologically similar to that of the Chimu Formation (Cobbing *et al.*, 1981).

Also belonging to the Lower Cretaceous are the Inca, Chulec and Pariatambo formations. These unconformably overlie the Goyllarisquizga Group and consist of shallow marine carbonates (Cobbing *et al.*, 1981; Garay *et al.*, 2015). The Inca Formation is composed of intercalated limestones, shales and sandstones. Chulec sediments are highly fossiliferous and consist of light coloured calcareous shales, sandstones and thin limestone interbeds. Pariatambo rocks are of bituminous black shales with thin interbeds of limestone and chert (Cobbing *et al.*, 1981).

Deposited during the Upper Cretaceous are more shallow marine sediments from the Yumagual Formation (Garay *et al.*, 2015). The Yumagual is an assemblage of grey nodular limestones and marls (Benavides, 1956).

Near the end of the Cretaceous, the Mesozoic sediments underwent deformation from the early stages of the Andean Orogeny. Deformation continued into the Tertiary resulting in a series of northwest-southeast trending reverse faults, thrust faults and folds, with individual folds reaching up to 80 km in length and 5 km in width (Garay *et al.*, 2015).

Figure 7.2: Rosario de Bolán Regional Stratigraphic Column and Precious Metal Deposits (After Dellipoli et al., 2012).

Era	Period	Group	Formation	Stratigraphic Key	Intrusives	ore Deposit
Quaternary	Recent		Alluvial, Fluvial	Q-al Q-fl		
	Pleistocene		Glacial, Lacustrine	Q-la Q-gl		
Tertiary	Upper		Cordobamba Fm.	Ts-co		
	Middle		Cajabamba Fm.	Ts-ca		
	Lower	Calpuj Group	Calpuj Volcanic	Ti-vc	Ti-an	Lagunas Norte (ABX) Quiruvilca (PAA) Tres Cruces (ABX) Rosario
			Huaylas Fm.	Ti-hu	Ti-da	
Cretaceous	Upper		Cajamarca Fm.	Ks-ca		
			Orquistan, Mijarín Fm.	Ks-om		
			Yamaguti Fm.	Ks-ya		
			Parícuta Fm.	Ks-pa		
			Chulin Fm.	Ks-ch		
			Inca Fm.	Ks-in		
	Lower	Cyclotroquiza Group	Farral Fm.	Kl-fa		Shahuindo (SUE)
			Carhuaz Fm.	Kl-ca		
			Santa Fm.	Kl-sa		Lagunas Norte (ABX) Algameca (SUE)
			Obispo Fm.	Kl-ob		La Arena (BIO) Minas Pampa Rosario
Jurassic	Upper		Chicama Fm.	Ju-chic		

7.1.3 Cenozoic

The Tertiary Calpuj Group unconformably overlies and intrudes the deformed Mesozoic sediments of the West Peruvian Trough. An arc volcanic setting resulted in the deposition of intermediate and felsic lavas and pyroclastics making up the Calpuj Group (Cobbing et al., 1981; Garay et al., 2015). The volcanics are dominantly tuffs with agglomerates occurring in basal horizons, with interbedded andesitic flows. These extrusive volcanics are associated with sub-volcanic intrusives consisting of andesitic to dacitic composition. The Calpuj Group volcanics provide the host rock for the high

sulphidation precious metal epithermal deposit at Lagunas Norte, the low sulphidation precious metal epithermal deposit at Tres Cruces and the polymetallic vein deposit at Quiruvilca (Garay *et al.*, 2015).

To the west, the Coastal Batholith is emplaced within the volcano-sedimentary strata of the Mesozoic Western Peruvian Trough. Related granodiorites, diorites and quartz feldspar porphyries intrude the Mesozoic sediments and Calipuy volcanics as isolated stocks. These intrusions vary in age between 23 to 25 Ma. These intrusions host the porphyry-style Cu-Au at the La Arena deposit (Garay *et al.*, 2015).

During the Quaternary, glacial and lacustrine sediments were deposited on top of the older strata in areas across the region. Quaternary alluvial and fluvial processes contributed to the most recent reworking of the sediments.

7.2 Property Geology

The Jurassic Chicama Formation underlies the Chimu Formation and represents the oldest rocks on the Property (Figure 7.3). Locally the Chicama is made up of black carbonaceous shales (Jackson, 2013).

The Cretaceous Chimu Formation on the Property is an approximately 300 m thick sequence of interbedded light-gray to white fine to medium-grained sandstones and quartzites with minor dark-grey to black carbonaceous shales. Locally thin coal beds are present, most commonly at the base of the very thick sandstone sequences. The Chimu Formation comprises the A, B, C, and D members. These members are variably friable and well cemented and are stratified on a centimeter to decimeter scale. The Chimu Formation (Figure 7.3) dominates the outcropping rock on the Property (Jackson, 2013).

The Cretaceous Carhuaz Formation consists of gray-green shales and beige marls. It overlies the Chimu Formation on the Property (Jackson, 2013).

The Tertiary Calipuy Formation consists of green-grey aphanitic andesites. It intrudes all other formations on the property. Where the Chimu Formation hosts the Calipuy Formation the Calipuy Formation often displays moderate to advanced argillic alteration grading to propylitic more distally. Small stock sized dacite intrusions have been identified on the Property that are interpreted to be Tertiary in age (Jackson, 2013).

Quaternary colluvial deposits form fans of sand, silt, and gravel at the base of slopes.

The Chimu Formation is the primary host for gold, silver and copper mineralization in the Inca Norte District (Figure 7.1). Within the Rosario Property the mineralization is most commonly present within the Chimu at the contact between the Chimu Formation and the Calipuy Formation. Mineralization is also present throughout the Chimu Formation proximal to high angle structures and within the more porous sandstone sequences. The B member and the upper and lower portions of the A and C members of the Chimu Formation often host the mineralization (Jackson, 2013).

7.2.1 Structure

The structural deformation present at the Rosario Property is the same as that present regionally in the Andes Mountain Range. This consists of compressional folding and faulting along a general northwest/southeast trend as well transverse faulting along a northeast/southwest trend. Within the Property this is represented by three steep faults with northeast/southwest strikes and three others with north-northeast strike and dipping 50-75 degrees to the northeast. The latter three faults are somewhat sinuous. Finally, there is thrust faulting along the contact between the Chimu and the underlying Calpuy andesites (Juárez, 2013).

These structures host breccias with quartz and Fe oxides (goethite, jarosite, and hematite) which have significant associated gold and silver grades as schematically illustrated in Figure 7.4. The strongest mineralization within the Chimu Formation is proximal to these structural fluid pathways which are exploited until the hydrothermal fluids can expand into the more permeable sandstones (Juárez, 2013). The Chimu Formation shows both structural (vertical) and shallow stratabound mineralization (Figure 7.4).

7.3 Mineralization

Most of the sandstone hosted disseminated gold-silver deposits within the Inca Norte Gold District are structurally and stratigraphically controlled and occur within the Chimu Formation (DesRosiers et al., 1995; Montoya, 2008). A schematic stratigraphic column is presented in Figure 7.4 to illustrate these relationships. This is due to the porosity and permeability of the sandstones in this formation. The Chimu sandstones have portions which are silicified and tight and portions which are cemented by carbonates and more friable. The friable zones are more easily permeated by enriched hydrothermal fluids than are the other siltstones and mudstones which make up many of the other formations regionally as well as locally to the Rosario Property. The Chimu sandstones are also located on the major structural corridor that makes up this region. This concentration of faulting acts a conduit for the deep enriched hydrothermal fluids to get to the Chimu Formation sandstones (Jackson, 2013).

This fits with the mineralization at Rosario which is located primarily within the B member of the Chimu Formation proximal to and along the structural corridors. The structures are oriented northwest/southeast and north-northeast/south-southwest and are steeply dipping. These structures are associated with hydrothermal brecciation which hosts the mineralization and act as feeders for fluids to access the more permeable sandstones of the Chimu formation (Jackson, 2013).

Gold and silver mineralization is located along fault and fracture planes and within permeable sandstone sequences in the Chimu Formation. These permeable sandstone units form sheets (mancha) of mineralization in-between less permeable sandstones, siltstones, or shales. The number and size of the mineralized sheets can vary by zone but can be up to 400 m wide by 250 m long. They can be between 5 and 40 m thick with a composite mineralized body 400 m by 400 m by 100 m thickness such as in the Patricia zone (Jackson, 2013).

Figure 1.4: Stratigraphic Column Showing Stratabound and Cross-Cutting Mineralization (ROB Mine Staff, 2012a).



Chimú Formation: Highly Permeable Sandstone = Green, Other Sandstone, Siltstone, Mudstone, and Shale = Yellow, Faults = Dark Blue, Gold Mineralization = Red, Under- and Over-lying Formations (Shale and Grit = Turquoise), and igneous intrusives (Porphyry = Pink and Decile = Orange). (Jackson, 2012)

There are four types of alteration present at Rosario: argillic, silicification, sericitization, and propylitic alteration. The silicification is present as milky white to light gray within the Chimú Formation around mineralized zones and as small veinlets within the Calpuj andesites. A good correlation is observed between silicification and gold content. The argillic alteration varies from weak to strong and is most commonly found along fault contacts between the Calpuj and Chimú Formations. This grades outward into propylitic alteration which is accompanied by veins of calcite, chlorite, epidote, and finely disseminated pyrite. The sericite alteration is weak and is located around and in fractures (S.M.R.L. Rosario de Belén, 2008).

The gold mineralization is most commonly associated with high concentrations of goethite and jarosite. A high arsenic content is common and is derived from arsenopyrite and scorodite. Silver content correlates well with lead and is associated with galena and argentojarosite. Free gold present between 5 and 10 microns in size (S.M.R.L. Rosario de Belén, 2008). Other minerals associated with gold and silver mineralization on the Property include anglesite, paulmorite, sartorite, gabrielsonite, and chloroargyrite (Velasquez, 2005).

The known Au-Ag mineralization at Rosario is high sulphidation epithermal gold. There is potential that the deposit may also be related to a porphyry type deposit at depth. There are at least two stages of sub-volcanic intrusive immediately underlying the

Rosario mineralized area and known mineralization is hosted in the intrusive at the Patricia zone which has not been exploited (Jackson, 2013).

The dates of mineralization for the sandstone hosted disseminated Au-Ag deposits have been narrowed down to the middle to late Miocene. Potassium-argon dating results yield ages of approximately 15 Ma for the Algamarca and Quiruvilca sub-districts (DesRosiers *et al.*, 1995). At Cerro Corona and Tantahuatay in Hualgayoc, at Carachuco, at Yanacocha north of Cajamarca, and at the Pasto Bueno Sub-District hydrothermal activity has been dated at between about 9 and 13 Ma (Jackson, 2013).

Rosario contains nine zones of known precious metal mineralization: Patricia, Patival, Patival Este, Capilla, Huaraywas, Gentiles, Obilo Tres (three), Cerro Blanco, and Cerro Yeso. These zones are all characterised by structurally and stratigraphically controlled disseminated and vein hosted Au-Ag mineralization. They range from 200 to >375 m long by 175 to 270 m wide by 20 to 100 m thick (RDB Mine Staff, 2012a; Flores, 2012). All the mineralization except for some of the Patricia zone is hosted within the Chimu Formation. All mineralized zones at Rosario occur within a north-northwest/south-southeast trending 2,500 m long by 300 to 500 m wide composite gold anomaly (Jackson, 2013).

7.3.1 Patricia

The Patricia zone Au-Ag mineralization is hosted in the andesite and the underlying sandstone and shale. The mineralization lays adjacent to high angle normal faulting and is 174 to 350 m wide at surface. The total composite zone of mineralization consists of four stacked stratabound bodies that are 375 to 400 m long by 175 to 400 m wide by 10 to 40 m thick. This zone is open at depth and along strike in both directions. Iron oxides and silicification are present within the Patricia zone mineralization (Jackson, 2013). The Patricia zone has previously been mined.

7.3.2 Patival

The Patival Zone is bound by two faults and the stratabound mineralized body is estimated to be 150 m long by 125 m wide by 100 m thick. The mineralization is hosted within the hydrothermal breccia bodies that fill the faults as well as within the sandstones of the Chimu Formation (Jackson, 2013). The faulting trends at approximately 300° dipping 40° to the southwest. Where mineralized, the Chimu Formation sandstones are silicified, and some fractures contain pyrophyllite. The Calpuy andesites are weakly argillized and weakly chloritized in places. The Calpuy andesites are also cut by small, approximately 2 cm, dacite dykes. Mineralization is closely connected to oxidized zones with breccias containing significant Fe oxides, goethite and jarosite, and silica. The Patival has been mined with an open pit, though much of the pit is now covered with the waste rock from the mining operations at the Capilla zone (Juárez, 2013).

7.3.3 Patival Este (east)

The Patival Este (east) Zone contains a stratabound Au-Ag mineralized body approximately 500 m long by 200 m wide by 50 m thick (Jackson, 2013). The mineralization is fed by northwest-southeast oriented faults and occurs within these faults as well as the Chimu Formation. Quartz veining, jarosite and goethite running at approximately 340° are present within the mineralization. Where the Chimu Formation and Calpuy Formation are in contact along faulting the Calpuy Formation is weakly chloritized, and the Chimu Formation sandstones are silicified and oxidized. The Patival east zone was mined between 2009 and 2011 (Juárez, 2013).

7.3.4 Capilla

The Capilla Zone Au-Ag mineralization consists of two to eight stacked stratabound sheets that are adjacent to a prominent fault (Jackson, 2013). This mineralized zone is found within the Chimu Formation and is bound by the upper quartzites of the Formation and by the lower Calpuy Formation andesites and tuffs. With the individual sheets of mineralized material separated by siltstones and bituminous shales. The Chimu sandstones that host the mineralization dip 30° to 35° to the west. The major fault that runs through the mineralization is oriented with a strike of 340°, dipping 65° to the southwest (Juárez, 2013). The total mineralized package is approximately 250 m long by 270 to 300 m wide by 35 to 60 m thick. Individual sheets have thickness ranging from 5 to 40 m (Jackson, 2013). The sandstones of the Chimu Formation are silicified where mineralization is present. The Calpuy volcanics are argillized in areas proximal to faulting and mineralization and subject to propylitic alteration more distally (Juárez, 2013). The Capilla zone has been previously mined.

7.3.5 Huarauyas

The Huarauyas Zone is hosted in the Chimu Formation and consists of stratabound bodies in contact with fault feeders. Iron oxides and silicification are indicators of mineralization (Juárez, 2013). The Huarauyas mineralized body is estimated to be 400 m long by 250 to 400 m wide by 25 to 100 m thick (Jackson, 2013). No mining has occurred at this zone.

7.3.6 Gentiles

The Gentiles zone is hosted in the Chimu formation and consists of stratabound bodies in contact with fault feeders. Iron oxides and silicification are indicators of mineralization. The Gentiles mineralized body is estimated to be up to 1,000 m long by 200 to 400 m wide by >60 m thick (Jackson, 2013).

Figure 7.5: Rosario de Belén Capilla Mined Area Showing Blast Hole Gold and Cross Section Lines.

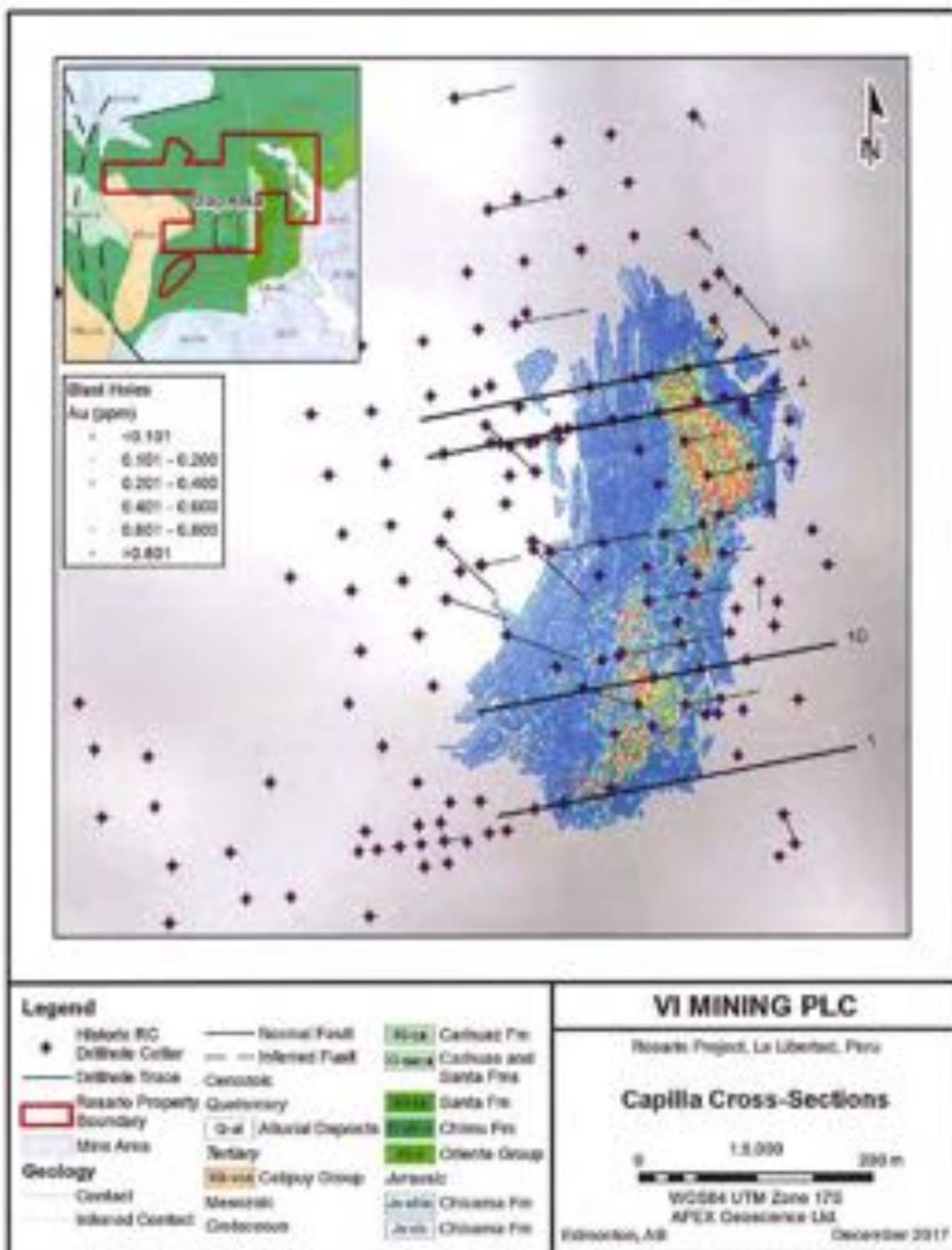
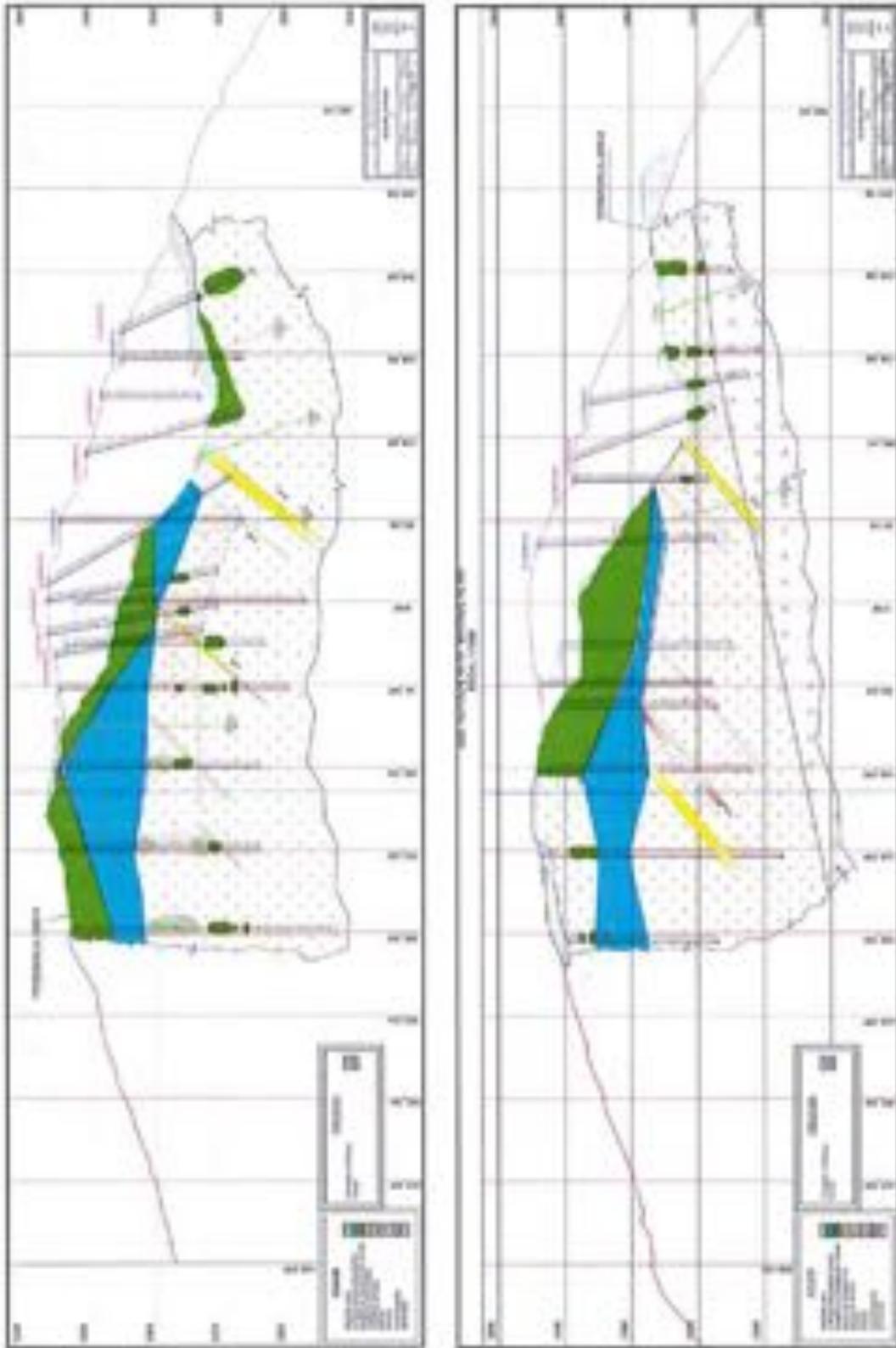


Figure 7.7: Rosario de Belén Capilla Northern Cross Section Lines 6 and 4A.



7.3.7 Obispo Tres (three)

The Obispo Tres (three) Zone is hosted in grey massive quartzite of the Chimu Formation with silicified crackle breccia and faulting. The brecciation and faulting is oriented northwest-southeast with a dip of 80° to the northeast. The Au-Ag mineralization is associated with areas that have a high degree of fracturing and quartz veining with goethite, jarosite and hematite (Juárez, 2013). No mining has occurred at this zone.

7.3.8 Cerro Blanco

The Cerro Blanco zone mineralization is hosted in white quartzites of the Chimu Formation and at the contact with the Calpuy Formation andesites. Hydrothermal breccia and crackle breccia are the main host and conduit for mineralization with silica, goethite, hematite, and jarosite infilling. The quartzites are relatively altered with minor quartz sericite and argillic alteration as halos around hydrothermal breccia and fracturing. The structures in the area associated with the mineralization have a southeast strike, east northeast-west southwest, and north northwest-south southeast orientations. This is consistent with the mineralized structure orientations on the Property and regionally.

The largest structures are the northwest-southeast oriented structures which dip between 50 and 75 degrees to the northeast. They also have the highest level of associated mineralization with grades up to 4.17 g/t Au and 191.58 oz/t Ag (ECB-3) (Juárez, 2013). The northeast-southwest oriented structures also have mineralization that can be traced for 400m (Juárez, 2013). A small and narrow set of north northeast-south southwest fractures filled with Fe oxides are present and have returned 14.87 g/t Au and 113.2 g/t Ag over 0.7 m (ECB-8).

7.3.9 Cerro Yeso

The Cerro Yeso zone is not well documented and only surface samples have been collected from the area. The mineralized samples appear to come from quartzites in contact with volcanics closely associated with structures such as faults and quartz veins. There is mention of oxides, likely iron oxides, and white clay alteration minerals, argillic alteration. Sample 61358 comes from an approximately 10 cm structure at the quartzite volcanic contact and contains 11.092 g/t Au and 857.143 g/t Ag.

8 Deposit Types

The region surrounding Rosario contains many metallic deposits of various origins. The following list shows nearby mineral deposits divided by geological origin. Many of the mines in the area are held by private entities and therefore publicly available information on geologic setting and mineralization is limited.

- Epithermal gold (High sulphidation):
 - Lagunas Norte Mine (see Evans et al., 2012)

- o La Arena Mine (see Garay *et al.*, 2015)
- o Pasto Bueno (Tinucci and Kehmleir, 2009)
- o Santa Rosa Mine (Garay *et al.*, 2015)
- o La Virgen Mine (Tinucci, 2008)

- Mixed mesothermal / epithermal veins (Au, Ag, Cu, Pb, Zn):
 - o Guiruvilca Mine (Wafforn and Steinmann, 2007)

- Quartz veins associated with monzonite porphyry (W, Cu, Ag, Zn)
 - o Pasto Bueno (Tinucci and Kehmleir, 2009)

- Porphyry (Cu, Au, Mo):
 - o La Arena Mine (see Garay *et al.*, 2015)
 - o La Virgen Mine (reported in Garay *et al.*, 2015)

- Quaternary (colluvial) gold:
 - o La Arena Mine (see Garay *et al.*, 2015)
 - o La Virgen Mine (reported in Garay *et al.*, 2015)
 - o Lagunas Norte Mine (reported in Garay *et al.*, 2015 and Evans *et al.*, 2012)

Epithermal gold deposits constitute the dominant deposit type in the region; of the epithermal gold deposits in the region, most are of the high sulphidation type (White and Hedenquist, 1985; Hedenquist *et al.*, 2000). The list above only covers producing deposits (and past-producers) within the Inca Norte Gold District, however low- to intermediate epithermal gold deposits are also noted in the region. The Tres Cruces deposit is characterized as a low sulphidation epithermal deposit (Montgomery, 2012) and the Shahuindo Deposit is considered by Tietz and Kappes (2011) to be an intermediate sulphidation epithermal gold deposit.

8.1 Interpreted Deposit Model for Rosario

Based on the mineral associations at the Rosario deposit (as well as the tectonic and structural setting), it is interpreted to be an epithermal gold deposit. Epithermal gold deposits are formed at low-temperatures (up to 300° C, but typically 160°-280°C) and generally at shallow depths, typically <1 km below surface (Hedenquist *et al.*, 2000). Genetically, epithermal deposits are divided into two end members, low- or high-sulphidation, based on the source of fluid and fluid pH. Low sulphidation deposits form from near-neutral meteoric-sourced water while high sulphidation deposits form from acidic magmatic-sourced water. An intermediate sulphidation type of epithermal deposit is also recognized with characteristics between the end members.

In the field, the two end member deposit types are classified based on mineral assemblages and textures. Table 8.1 outlines the generalized criteria for distinguishing between low and high sulphidation deposits. Based upon the characteristics outlined in Table 8.1, Rosario is interpreted to be a high to intermediate sulphidation epithermal deposit. A high sulphidation type deposit is indicated by the majority of the observations at Rosario: subdued mineral textures, argillic/advanced argillic alteration zoning outwards to propylitic alteration, and predominance of disseminated mineralization

along structurally controlled corridors. Several factors do not fit the end-member high-sulphidation model such as the presence of arsenopyrite and sericite and the relatively low Cu mineralization. Furthermore, Ag:Au ratios are on the order of between 22:1 and 30:1 (Jackson, 2013), which is much higher than would be expected in a high sulphidation deposit. These observations, taken together, indicate a high to intermediate sulphidation deposit that most likely had magmatic and meteoric fluid components.

Table 3.1: Observable criteria for classifying low- and high-sulphidation type epithermal gold deposits (after White, 2007).

Characteristic	Low Sulphidation	High Sulphidation
Ore morphology	<ul style="list-style-type: none"> • Open space veins dominant • Stockwork ore common • Disseminated ore minor • Replacement ore minor 	<ul style="list-style-type: none"> • Disseminated ore dominant • Replacement ore common • Veins generally subordinate • Stockwork ore minor
Common Textures	<ul style="list-style-type: none"> • Spectacular textures (banded veins, breccia veins, drusy cavities, crustification, lattice textures) 	<ul style="list-style-type: none"> • Subdued textures (massive quartz, vuggy quartz, massive to crudely banded veins)
Common Minerals Ore	<ul style="list-style-type: none"> • Pyrite ubiquitous (abundant) • Energit-Luzonite rare (v. minor) • Covellite uncommon (v. minor) • Arsenopyrite common (minor) 	<ul style="list-style-type: none"> • Pyrite ubiquitous (abundant) • Energit-Luzonite ubiquitous (variable) • Covellite common (minor) • Arsenopyrite rare (v. minor)
Common Minerals Gangue	<ul style="list-style-type: none"> • Quartz ubiquitous (abundant) • Chalcedony common (variable) • Calcite common (variable) • Adularia common (variable) • Illite common (abundant) • Kaolinite rare (except as overprint) • Pyrophyllite-Diaspore absent (except as overprint) • Anrite absent (except overprint) 	<ul style="list-style-type: none"> • Quartz ubiquitous (abundant) • Chalcedony uncommon (minor) • Calcite absent (except overprint) • Adularia absent • Illite uncommon (minor) • Kaolinite common (minor) • Pyrophyllite-Diaspore common (variable) • Anrite common (minor)
Hydrothermal Alteration	<ul style="list-style-type: none"> • Zoned higher temperature to lower temperature: • Illite (sericite) • Interstratified clays (illite-smectite) 	<ul style="list-style-type: none"> • Zoned acidic to neutral-pH: • Anrite • Kaolinite • Pyrophyllite • Diaspore
Geochemical Associations (High)	<ul style="list-style-type: none"> • High: Au, Ag, As, Sb, Zn, Pb, Hg, Se, (Ag/Au) • Low: Cu, (Te/Sr) 	<ul style="list-style-type: none"> • High: Au, Ag, As, Sb, Bi, Cu, Pb, Hg, Te, Sn, Mo, Se • Low: K, Zn, (Ag/Au)

9 Exploration

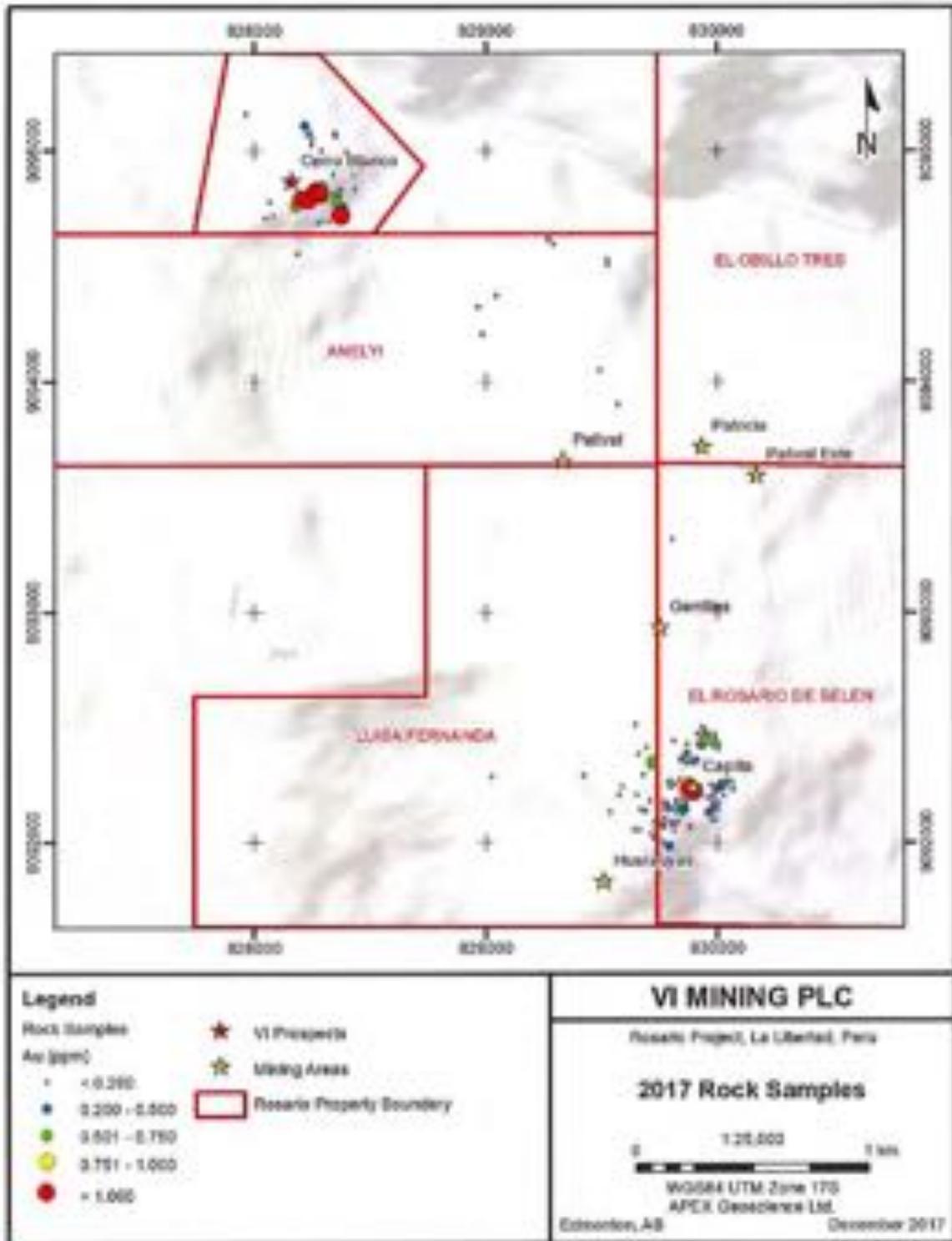
VI Mining has conducted only limited confirmatory type sampling and exploration at the Rosario Property as of the date of this Technical Report.

Sampling was carried out by VI Mining personnel between September 27 and November 11, 2017 on the Rosario Property. A total of 237 rock chip and channel samples were collected: 60 from the Cerro Blanco Prospect, 164 from the Capilla Zone and the remainder primarily from the Anely tenement (Figure 9.1). In total, 20 samples returned assays above 0.5 g/t Au, 6 from the Capilla Zone and 14 from the Cerro Blanco Prospect (Table 9.1). The highest assay of 29.75 g/t Au was obtained from a chip sample collected from the Capilla Zone. A total of 12 samples yielded greater than 10 g/t Ag with a highest assay of 379 g/t Ag from the Cerro Blanco Zone (Table 9.1).

Table 9.1: Geochemical Highlights from VI Mining Sampling 2017.

Sample ID	Target	Date	Sample Type	Au AA28 (ppm)	Ag MS21 (ppm)
0009	Capilla	29/09/2017	Chip	0.036	12.7
0001	Capilla	29/09/2017	Channel	0.000	10.4
0002	Capilla	02/10/2017	Channel	0.722	13.7
0006	Capilla	03/10/2017	Channel	0.021	1.3
0020	Capilla	01/11/2017	Channel	1.407	24.4
0024	Capilla	01/11/2017	Channel	1.543	5.4
0028	Capilla	01/11/2017	Channel	0.085	19
0029	Capilla	02/11/2017	Chip	0.726	2.1
0029	Capilla	02/11/2017	Chip	29.75	7.3
0007	Cerro Blanco	09/10/2017	Chip	0.087	4.1
0009	Cerro Blanco	09/10/2017	Chip	2.068	4.7
0004	Cerro Blanco	20/09/2017	Channel	5.972	379
0002	Cerro Blanco	20/09/2017	Channel	8.028	233
0002	Cerro Blanco	21/09/2017	Channel	0.726	6.9
0003	Cerro Blanco	21/09/2017	Chip	0.011	6.1
0020	Cerro Blanco	20/09/2017	Channel	1.122	17.2
0024	Cerro Blanco	20/09/2017	Channel	0.557	14.7
0025	Cerro Blanco	20/09/2017	Channel	0.227	12.4
0020	Cerro Blanco	20/09/2017	Channel	2.253	3
0024	Cerro Blanco	20/09/2017	Channel	2.321	12.9
0020	Cerro Blanco	20/09/2017	Chip	1.565	0.1
0027	Cerro Blanco	21/09/2017	Chip	1.404	0.8
0028	Cerro Blanco	21/09/2017	Channel	4.732	10.7
0029	Cerro Blanco	20/09/2017	Channel	0.002	46.7
0029	Cerro Blanco	20/09/2017	Channel	0.318	100
0029	Cerro Blanco	20/09/2017	Channel	0.342	74.7
0029	Cerro Blanco	20/09/2017	Channel	0.000	6.1

Figure 9.1: VI Mining 2017 rock sample locations and results.



A 2 day visit to the Minas Pampa and Rosario properties was conducted by Mr. Bryan Atkinson, B.Sc., P.Geol. on behalf of APEX in June 2014 to confirm the presence of reported Au-Ag mineralization. A total of 4 rock grab samples were collected from the Rosario Property during the site visit. The sample collected from the Cerro Blanco Prospect returned an assay of 1.56 g/t Au and 70.5 g/t Ag. The Capilla samples yielded high vales of silver (Table 9.2). The exact coordinates for Mr. Atkinson's samples are not available as his GPS and notebook were stolen during the property visit.

Table 9.2: Geochemical Highlights from APEX 2014 confirmatory samples collected by Mr. B. Atkinson.

Sample ID	Target	Date	Weight Ppt	Au AA25 g/t	Pb MS41 g/t	Ag MS41 g/t	Cu MS41 g/t	Zn MS41 g/t	Hg MS41 g/t	Bi MS41 g/t	Description
14547006	Capilla	2014-06-04	1.40	0.18	0.103	100	201	1,170	0.402	236	Hydrothermal breccia marking the contact between Chiro quartzites and overlying Colpuy volcanics. Breccia is highly vesicular and altered with minor ironstone.
14547007	Capilla	2014-06-04	1.50	0.05	0.0021	4.13	4.29	1,070	0.13	40	Zone of highly fractured east-west trending vertical structures. Strong to moderate iron oxide. Bleached out through quartzite.
14547008	Infilled East	2014-06-04	2.0	0.006	0.0021	0.289	13.36	62.8	0.302	1.09	Propylitic altered purple porphyritic volcano in contact with strongly vesicular andesite (MS41-MS42).
14547009	Cerro Blanco	2014-06-04	1.10	1.06	1.016	70.0	28.4	409	11.70	103.0	Strong hematite and ironstone stained quartzite. Fractured (MS41-MS42). Close to sample 01404.

10 Drilling

Currently, no drilling has been completed by VI Mining on the Rosario Property. Historic drilling on the Property is discussed within section 6 (History) of this Technical Report.

11 Sample Preparation, Analyses and Security

Samples were collected in the field and placed in heavy duty poly sample bags. Sample bags were then secured with tie-straps. Samples were collected every 5 m along exposures with each sample location being marked and a description of the sample recorded. Samples were collected in two oblique or inclined channels in order to collect representative samples. Channels would be approximately 25 to 30 cm wide and 25 to 30 cm deep with the length running the entire height of the cut face. Every fourth sample a horizontal channel samples collected and split into four parts one part is sent to the on-site Comansa laboratory and one to SGS laboratories, in Callao Peru, for comparison. This data would then be added to a digital database. Samples which were processed at the on-site lab were analysed for Au, Ag, Cu, and Pb while the samples sent to SGS laboratories were analysed for Au + 34 elements (S.M.R.L. El Rosario de Belén, 2008). It is unknown what specific sample preparation or analysis methods were

used for the samples analysed. It is also unknown what security protocols were used to insure samples were not intentionally or unintentionally contaminated.

12 Data Verification

As a quality assurance/quality control (QA/QC) measure, rock samples were collected during the recent site visit to verify reported historic assays, ensuring the quality of sample collection techniques, laboratory work and data management. The site visit also allowed for the observation of mine site facilities and operational procedures.

In addition, data on the work performed by previous owners was compiled and checked for completeness and error. Analytical results without a known location were omitted from the database for the purposes of this report. The compiled data contains QA/QC data performed during some of the previous exploration campaigns (Table 12.1). There does not appear to be any QA/QC for the drilling and only three of the years of surface sampling appear to have any QA/QC. The QA/QC protocols for these surface programs have been entirely duplicate samples. There is a significant ratio of duplicates to samples, even averaged across the history of surface exploration on the property the ratio of duplicates to samples is 1:4.3. Most of these duplicates have been processed and assayed at the on-site laboratory rather than an independent laboratory.

The 2008 QA/QC program involved 285 duplicate samples being sent to SGS labs in Callao Peru to test the results from the Comarsa lab (S.M.R.L. Rosario de Belén, 2008). Duplicate samples reported consistently lower on the analysis from SGS labs, in fact 96% of cases had lower values on the duplicate Au assay (Figure 12.1). The Ag values were much closer overall but there was still a general trend for the silver values to be higher where the original assay and duplicate were not equal (Figure 12.2).

Table 12.1: Rosario de Belén QA/QC Sample Summary

Year	2002-2008	2008	2009	2010	2012	2013	2017	Total
Surface Sample Collected	15,543	2,722	10,161	11,018	1,138	1,898	237	42,817
Total QC Samples	--	285	5,118	4,490	--	--	--	9,893
Field Duplicate		285	1,597	1,708				3,590
Course Reject Duplicate			1,813	1,330				2,943
Pulp Duplicate			1,308	1,368				2,676
QA/QC Ratio	--	1:9.8	1:2	1:2.5	--	--	--	1:4.3

The Au and Ag values from the duplicate assays show the same trend in the scatterplots (Au Figure 12.3 and Ag Figure 12.4). The gold trend is strongly shifted upward with only a few high Au value outliers on the SGS side of the trend line. The R2 value for the Au scatter is 0.8019 which is not very good and shows the poor correlation that can be seen in both applicable figures. The Ag scatter has a R2 value of 0.8535 this is still not ideal, however the bulk of the shift is in low value assays and in one large outlier which could be representative of a nugget effect in the samples.

Figure 12.1: Rosario de Belén 2008 Au Duplicate Assay Values (S.R.L. Rosario de Belén, 2008).



Figure 12.2: Rosario de Belén 2008 Ag Duplicate Assay Values (S.R.L. Rosario de Belén, 2008).



Figure 12.1: Rosario de Bolón 2008 Au Duplicate Interlaboratory Assay Values (S.M.R.L. Rosario de Bolón, 2008)

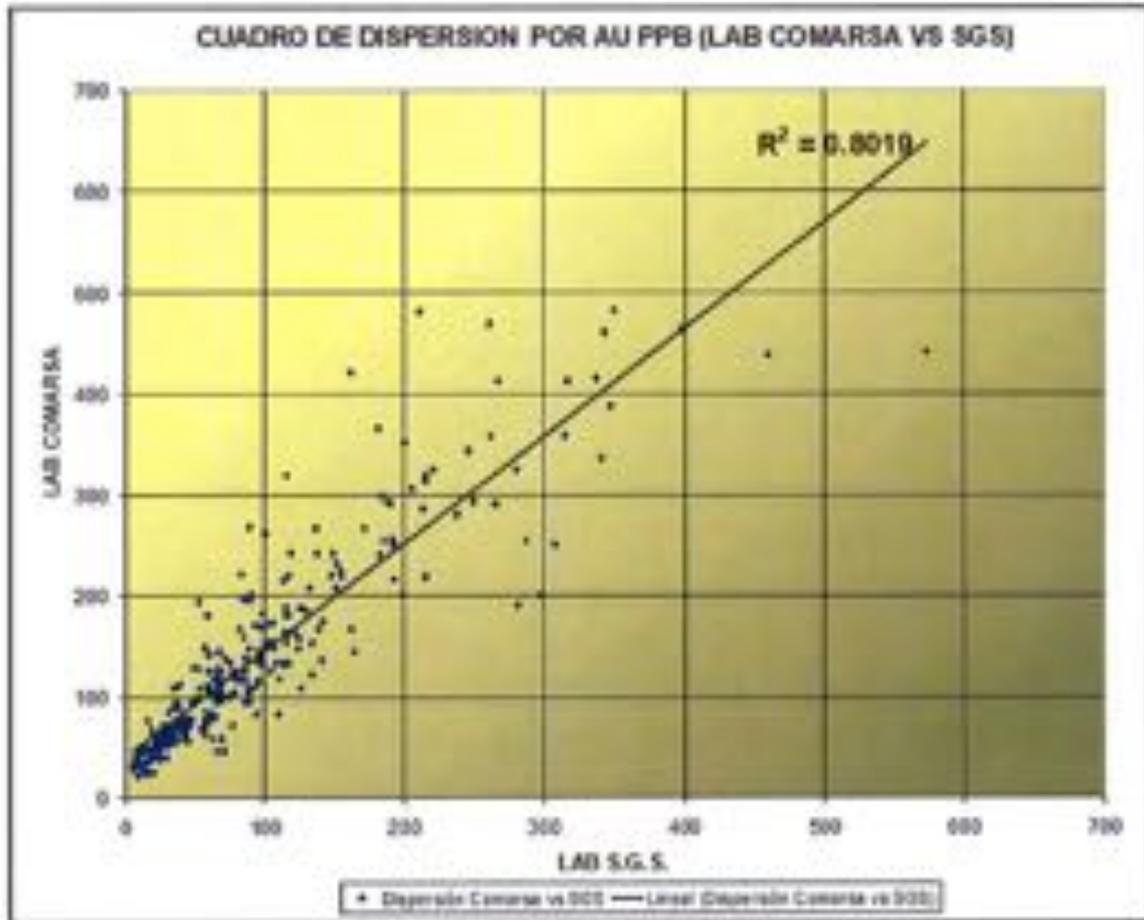
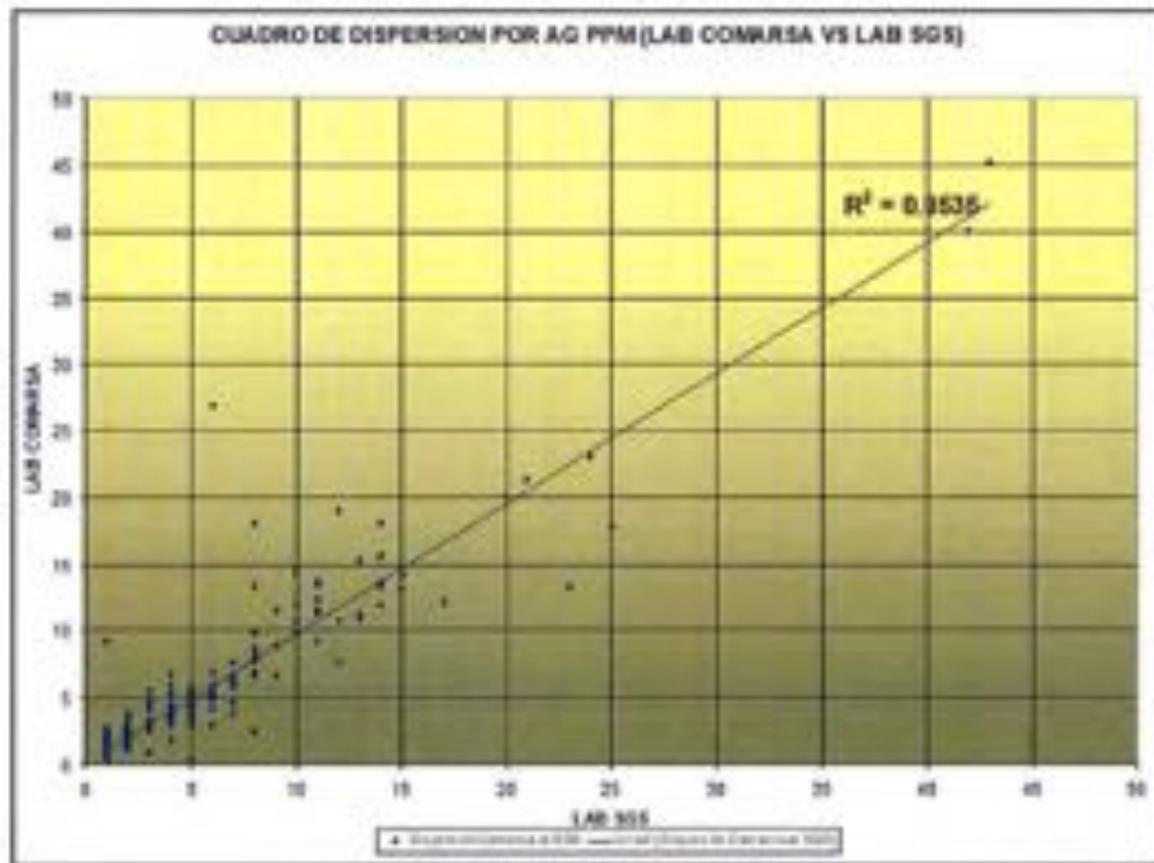


Figure 12.4 Rosario de Belén 2009 Ag Duplicate Interlaboratory Assay Values (S.M.R.L. Rosario de Belén, 2009).



The QA/QC program in 2009 and 2010 included field, reject and pulp duplicates which were all processed and analysed at the on-site laboratory. A total of 9,614 duplicate samples were analysed over the two year period (Figure 12.5; 2009 Field Duplicate Results; Figure 12.6; 2009 Course Reject Duplicate; Figure 12.7; 2009 Pulp Duplicate; Figure 12.8 2010 Field Duplicate Results; Figure 12.9 2010 Course Reject Duplicate; Figure 12.10 2010 Pulp Duplicate Results). The results from the duplicate analysis are quite good for 2009 with a correlation of 0.90975 for the field duplicates, 0.95808 for the course reject duplicates, and 0.92367 for the pulp duplicates. The 2010 duplicate results are not as good with correlation values of 0.80501 for the field duplicates, 0.78107 for the course reject duplicates, and 0.70725 for the pulp duplicates. It is unclear what the reasons. In addition, there are a significant number of samples in all of these charts (Figures 12.5 to 12.10), that plot along either the x or y axis and not at the origin indicating that the duplicate assay or the original assay yielded zero but the sample that was being repeated (either the original or duplicate) did not yield zero. It is unclear the reason behind these, whether one of the samples with a zero is a real assay or it represents something else such as a failed sample assay or no assay at all.

Figure 12.5: Rosario de Belén 2009 Field Duplicate Assays.

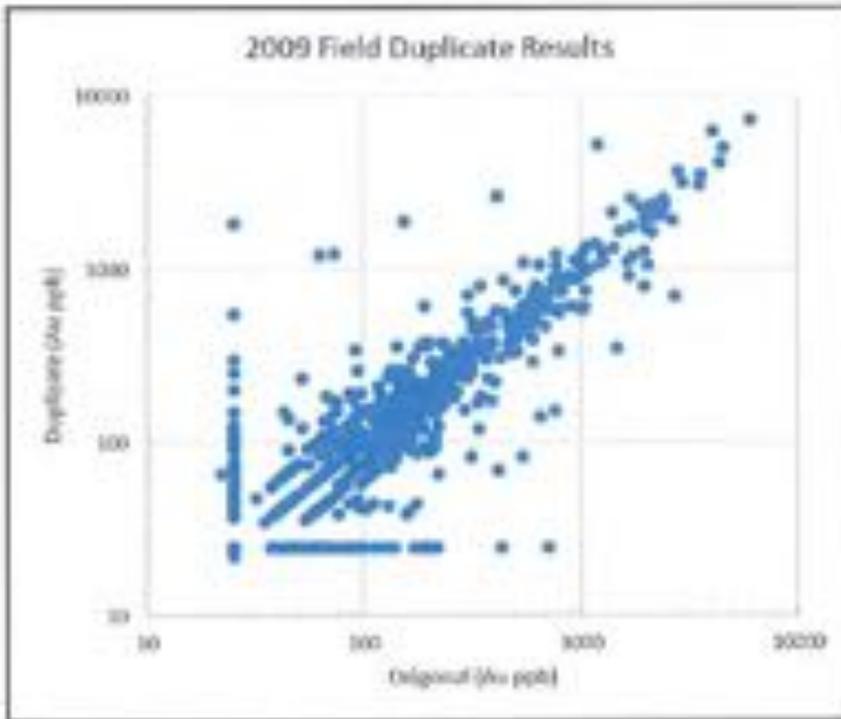


Figure 12.6: Rosario de Belén 2009 Course Reject Duplicate Assays.

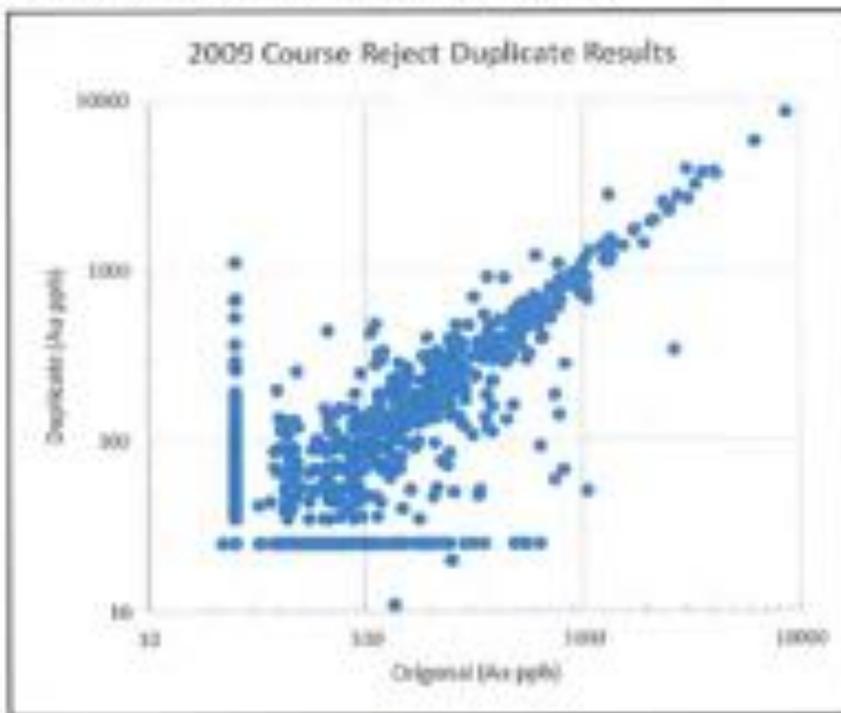


Figure 12.7: Rosario de Belén 2009 Pulp Duplicate Assays.

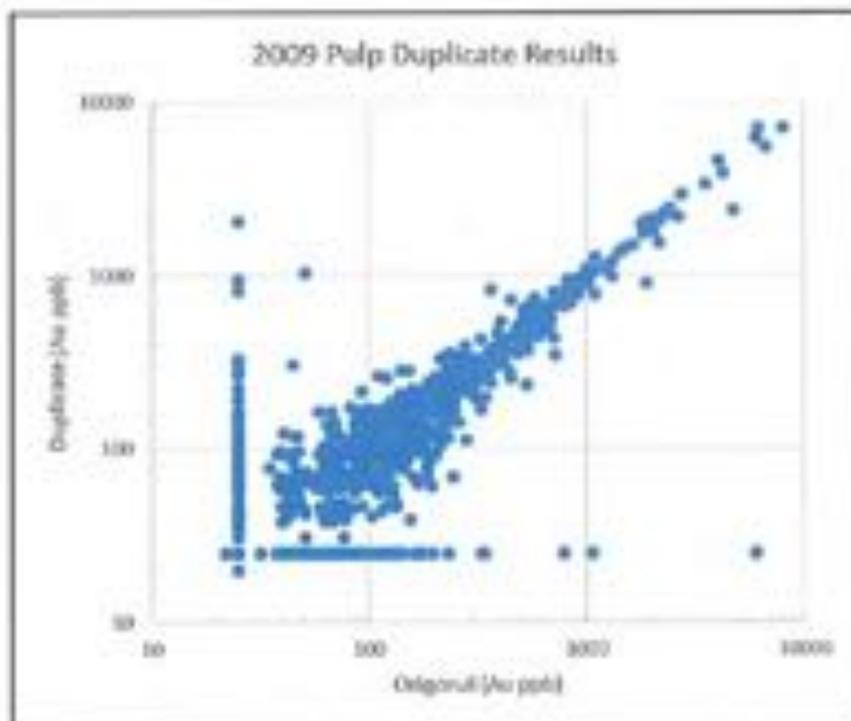


Figure 12.8: Rosario de Belén 2010 Field Duplicate Assays.

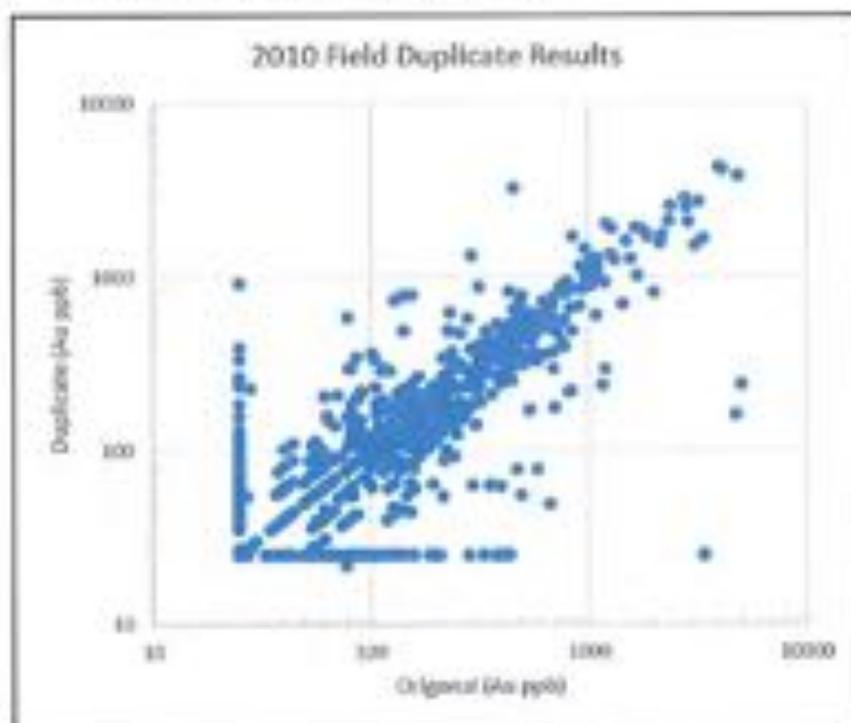


Figure 12.9: Rosario de Belén 2010 Course Reject Duplicate Assays.

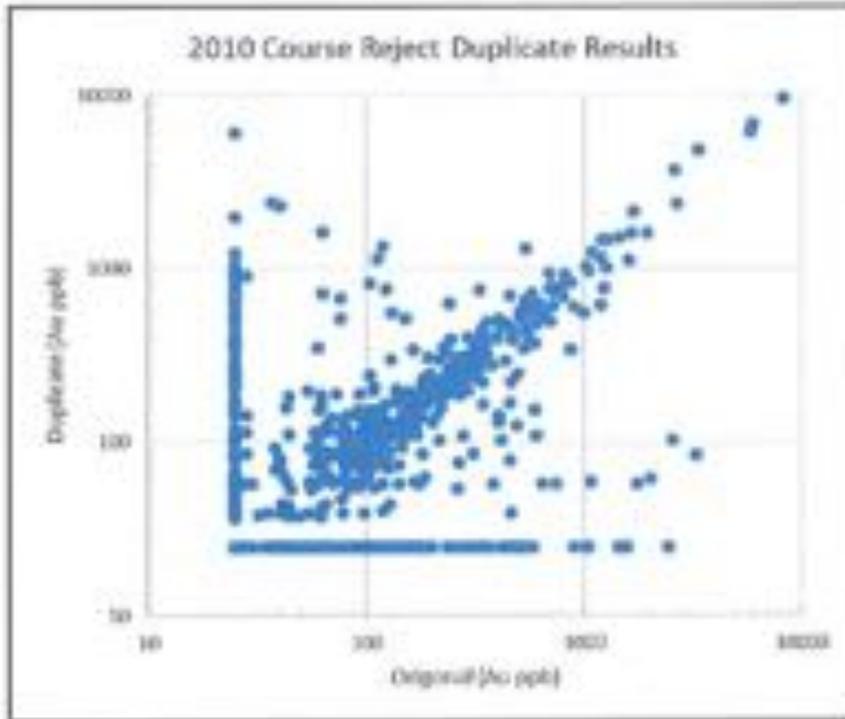
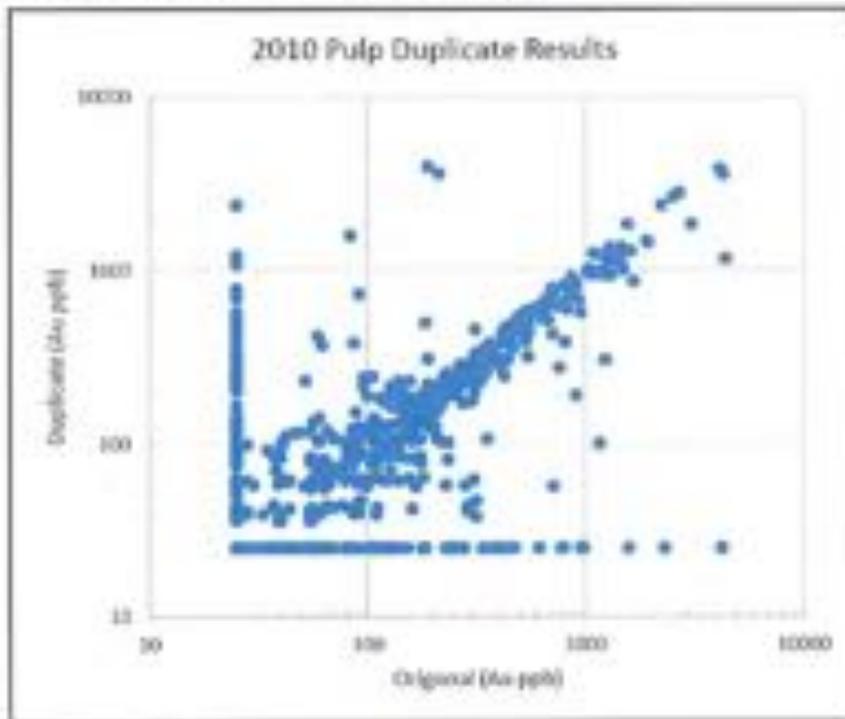


Figure 12.10: Rosario de Belén 2010 Pulp Duplicate Assays.



Overall the QA/QC protocols on the Rosario project are reasonable for the surface sampling, although a portion of the duplicates should be sent to an independent laboratory for confirmation of results. The drilling does not appear to have any QA/QC protocols in place. This should be rectified going forward to insure a high degree of confidence in the drilling results. Some validation may be required to allow for the drilling to be used in a 43-101 compliant resource. Recommendations will be discussed in section 18 as to how to proceed with QA/QC protocols and any required drilling validation.

13 Mineral Processing and Metallurgical Testing

Currently, no mineral processing or metallurgical testing has been completed by VI Mining PLC for the Rosario de Belén property.

14 Mineral Resource Estimates

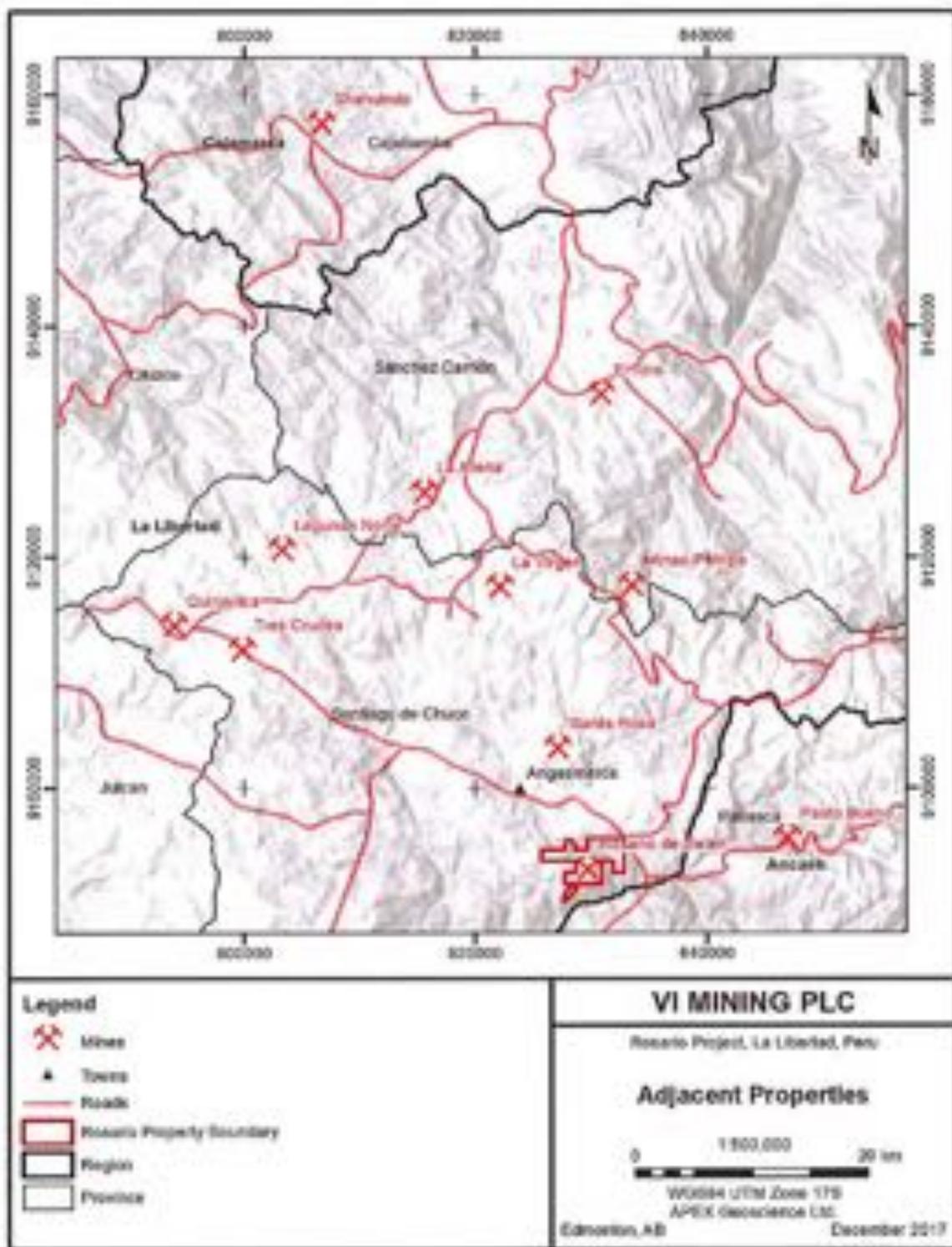
There are no mineral resources currently defined on the Rosario de Belén property.

15 Adjacent Properties

Several large producing mines and prospects occur in the area in very close proximity to Rosario (Figure 15.1). Two of the larger mines, the Lagunas Norte, owned by Barrick Gold Corp. (Barrick) and La Arena, owned by Tahoe Resources Inc. (Tahoe), represent significant, if not world class, gold mines that are hosted in the Chimu Formation in the Inca Norte District, Northern Peru. There are several other smaller mines and projects that are held by a number of public and private companies that are hosted within or have a close association with Chimu Formation clastic sediments. However, there is limited data available for the privately held projects. Most of the mines in the nearby area produce gold and silver from epithermal deposits hosted in the Chimu Formation, but other commodities currently or formerly mined in the area include tungsten (at Pasto Bueno) as well as silver, copper, lead and zinc (at Quiruvilca).

The authors of this Technical Report have not visited or worked at any of these projects and have not verified information referenced within this Section. The information presented in this Section is not necessarily indicative of the mineralization on the Property and is intended to demonstrate the regions rich endowment of metals, with particular regard to epithermal gold systems.

Figure 15.1. Current or past producers and advanced exploration projects adjacent to the Rosario Project.



15.1 Lagunas Norte Mine

Barrick's Lagunas Norte Mine, located approximately 40 km northwest of Rosario, is the largest and most prolific mine in the region. Lagunas Norte is an open-pit, heap leach gold and silver mine that was discovered in 2002 and began production mid 2005. The mine is classified as a high-sulphidation epithermal gold deposit hosted primarily within the Chimu Formation sedimentary rocks and, to a lesser extent, Calipuy Group volcanics. From March 2005 to the end of 2014, the mine has extracted 201 million tonnes averaging 1.59 g/t Au and 3.6 g/t Ag totalling 8.4 million ounces of gold and 7.8 million ounces of silver. Recoveries for both gold and silver during this time period averaged approximately 82% and 36% respectively (Evans *et al.*, 2015). In 2015, The Lagunas Norte Mine produced 560,000 ounces of gold and 435,000 ounces of silver in 2016. The cost of sale per unit in 2016 was US\$651 per ounce with an all-in sustaining cost of US\$529 per ounce (Barrick, 2017).

As of December 31, 2016, Barrick (2017) details a non-NI 43-101 compliant Measured and Indicated gold resource of 57,445 million tonnes grading 0.63 g/t Au totalling 1.1 million ounces of gold and a Proven and Probable gold reserve of 70,670 million tonnes grading 1.83 g/t Au totalling 4,218 million ounces of gold.

15.2 La Arena Mine

The La Arena Mine is located about 32 km northwest of Rosario and is owned and operated by Tahoe, who acquired the gold mine after combining with Rio Alto Mining Ltd. in early 2015 (Tahoe, 2015). The La Arena Deposit was discovered in December 1994 and then put into production beginning in 2011. The La Arena Property contains two types of deposits:

- high-sulphidation epithermal oxide gold hosted within Chimu Formation sandstone-breccia; and
- copper-gold sulphide porphyry hosted within a multi-stage porphyry intrusion.

In addition, a Quaternary colluvial gold deposit related to the epithermal deposit exists (Garay *et al.*, 2015); however, as stated on Tahoe's website, only the oxide gold reserve has been exploited at the time of this report (Tahoe, 2017a). Total production from 2011 to the end of 2014 was 845,273 oz Au with an average recovery of 85.2% (Garay *et al.*, 2015). Gold production in 2016 totalled 230,436 oz Au (Tahoe, 2016) and 204,362 oz Au in 2017 (Tahoe, 2017b), resulting in the production of 1.28 million oz Au from 2011 to 2016. Garay *et al.*, (2015) reports that the total operating cost (mining and processing) up to December 31, 2014 averaged US\$3.49 per tonne. In 2016, the all-in sustaining cost averaged US\$837 per ounce of gold produced (Tahoe, 2017b).

In 2014 an updated NI 43-101 compliant resource estimate was completed by Garay *et al.* (2015) who reported an in-situ (as of December 31, 2014) oxide gold Measured and Indicated resource of 133.6 million tonnes grading 0.35 g/t Au totalling 1,494 million ounces of gold. In addition, the authors report a Proven and Probable reserve of 103.3 million tonnes grading 0.39 g/t Au, totalling 1,280 million ounces of gold. Tahoe (2017a)

states an updated non-NI 43-101 compliant resource estimate on their website that is based on the Garay *et al.* (2015) resource. It is comprised of a Measured and Indicated oxide gold resource of 63.8 million tonnes grading 0.38 g/t Au totalling 805,000 ounces of gold and a Proven and Probable oxide gold reserve of 54.1 million tonnes grading 0.41 g/t Au totalling 715,000 ounces of gold.

15.3 Additional Adjacent Properties

The Minas Pampa Deposit, located approximately 25 km to the north of the Rosario Project, is part of the option to purchase agreement between VI Mining and CMMP. Artisanal workings in the deposit date back to the early 1900's. S.M.R.L. Veca XV completed the first modern exploration program on the deposit in 2007. The Minas Pampa deposit is hosted within the B Member sandstones of the Lower Cretaceous Chimu Formation. The main zone of mineralization is associated with hydrothermal brecciation along the axis of an anticline and a steeply dipping normal fault (Candela Structure). The Minas Pampa Deposit is interpreted to indicate a high to intermediate sulphidation gold-silver system. Minas Pampa was mined between 2011 and 2013 during which 10.35 million tonnes of material was mined producing 65,900 oz of gold and 225,500 oz of silver. Dufresne *et al.*, (2017) calculated a NI 43-101 compliant resource of 2,639 million tonnes of material at 0.407 g/t Au and 23.57 g/t Ag totalling 34,500 ounces of gold and 2 million ounces of silver using a 0.2 g/t Au cutoff. The resource is contained primarily below or immediately adjacent to the current extent of prior mining.

The Tres Cruces deposit, located approximately 35 km northwest of the Rosario Project, is owned by New Oroperu Resources Inc. (Oroperu). The deposit was first identified by Oroperu in 1995 and has been operated and explored by Barrick after an option agreement was signed in 2003 (Lacroix, 2012). Barrick made the required annual payment in 2016 to maintain its option (New Oroperu, 2016); however, the status of the agreement as of the date of this report is unknown. The Tres Cruces deposit is classified as a low to intermediate sulphidation epithermal gold system. It is hosted within Calpuy Formation volcanics with a number of breccia zones composed of a mixture of Calpuy Formation volcanics and Chimu Formation clastic sedimentary fragments. In 2012, a NI 43-101 compliant mineral resource estimate was completed for the Tres Cruces deposit. The estimate is composed of a Measured and Indicated mineral resource of 66,029 million tonnes grading 1.23 g/t Au totalling 2.6 million ounces of gold (Lacroix, 2012).

The Shahuindo gold mine, located approximately 72 km northwest of the Rosario Project, is owned and operated by Tahoe. The Shahuindo deposit has been subject to mining activities since the 1530s with modern mining exploration beginning in 1945 and production beginning in 2016. The Shahuindo deposit is classified as an intermediate-sulphidation epithermal system. It is hosted within the siliciclastic Carhuaz Formation, which is slightly higher in the Cretaceous stratigraphic column than the Chimu Formation, and the sedimentary Farat Formation. In 2016, a NI 43-101 compliant mineral resource estimate was completed for the Shahuindo deposit. The estimate is composed of a Measured and Indicated mineral resource of 143.1 million tonnes of

oxide material at 0.5 g/t Au and 6.7 g/t Ag totalling 2.26 million ounces of gold and 30.7 million ounces of silver. In addition, a Proven and Probable mineral reserve of 111.9 million tonnes of oxide material at 0.53 g/t Au and 6.8 g/t Au totalling 1.91 million ounces of gold and 24.5 million ounces of silver (Defilippi *et al.*, 2016).

The Pasto Bueno tungsten mine, located approximately 15 km east of the Rosario Project, was owned and operated by Malaga Inc. (Malaga) until the company filed for bankruptcy in 2013 (Malaga, 2013). The status of the mine after Malaga filed for bankruptcy is unknown. Mineralization at the Pasto Bueno Mine was first identified in the early 1900s and then put into production beginning in 1910, which continued nearly uninterrupted (Tinucci and Kehmeier, 2009), until the mine was placed on care and maintenance in 2012 (Malaga, 2012). Tinucci and Kehmeier (2009) estimate that 6 million tonnes of material have been extracted from the deposit from 1910 to 2008 (?) totalling 42,000 tonnes of concentrate grading 75% tungsten trioxide (WO₃). Mineralization is classified as greisens, veins and vugs related to fluids emanating from the contact of a monzonite porphyry with the Mesozoic country rock. Tungsten is the primary metal of interest; however, copper, silver, zinc and gold are present. In 2009, a NI 43-101 compliant mineral resource estimate was completed for the Pasto Bueno deposit. The estimate is composed of a Measured and Indicated mineral resource of 142,490 tonnes grading 1.05% WO₃ (Tinucci and Kehmeier, 2009).

The Quiruvilca Mine, located approximately 40 km northwest of the Rosario Project, was acquired by the privately held company Southern Peaks Mining LP (Southern Peaks) from Pan American Silver Corp. (Pan American) in 2012 (Southern Peaks, 2012). Mineralization within the Quiruvilca deposit area was first identified in 1789 and then put into production in the 1870s (Wafforn and Steinmann, 2007). Pan American produced from the mine until its sale on June 1, 2012 (Southern Peaks, 2012); after which, details regarding mining activity and the status of the mine are not available. Quiruvilca is classified as a polymetallic vein deposit hosted within the Calpu Formation andesite sequence. A total of 7.935 million tonnes of material was extracted from 2009 to 2006, producing 44,668 million ounces of silver, 16,098 tonnes of copper, 91,420 tonnes of lead and 268,167 tonnes of zinc. In 2007, a NI 43-101 compliant mineral resource estimate was completed for the Quiruvilca deposit. The estimate is composed of a Measured and Indicated mineral resource of 5.258 million tonnes grading 142 g/t Ag, 0.57 g/t Au, 1.07% Cu, 0.83% Pb and 2.56% Zn totalling 24.012 million ounces of silver. In addition, a Proven and Probable mineral reserve of 1,480 million tonnes grading 163 g/t Ag, 0.55 g/t Au, 0.68% Cu, 1.15% Pb and 3.62% Zn totalling 7.753 million ounces of silver (Wafforn and Steinmann, 2007).

There are additional current and past producers within proximity to the Rosario Project, however, publicly available information is extremely limited. This includes the La Virgen Mine (25 km to the north of Rosario), Santa Rosa Mine (10 km to the north of Minas Pampa) and the El Toro Mine (42 km to the north of Rosario). Garay *et al.* (2013) reports that these mines are epithermal gold systems that are primarily hosted within Chimu Formation sandstones.

16 Other Relevant Data and Information

The authors are not aware of any other relevant information with respect to the Property that is not disclosed in this Technical Report.

17 Interpretation and Conclusions

Mining and exploration operations on the Rosario Property were halted in 2013 due to decreasing gold prices and the depletion of known resources within the main mine area. In addition, poor recoveries (gold in particular) and the increase in Operating Costs required to extract deeper and more narrow structural and stratabound mineralization contributed to the mine shut down. The Rosario property contains several targets that have the exploration potential required to re-establish mineral resources in order to restart the mining operation, however significant exploration, including aggressive drilling, are required to identify new mineral resources.

Gold and silver recoveries over the life of the mine averaged 47.7% and 30.9%, respectively. Poor gold recoveries were likely the result of: a) the presence of significant sulphides and/or carbon in the ore, which requires increased cyanidation, and b) the coarse rock size from mining with no crushing resulting in highly heterogeneous material (i.e., too much coarse material) on the leach pads. The Chimu Formation does contain carbonate lenses that can significantly reduce the recovery values for Au and Ag as the carbonate effectively neutralizes the cyanide lixiviant, as demonstrated by the metallurgical study commented on within S.M.R.L. Rosario de Belén (2008). Leach pad mine-run on the leach pads contains cobbles as large as 15 cm in diameter (Jackson, 2013). The presence of free gold (Velásquez, 2005) at the deposit exemplifies the importance of crushing due to the heterogeneous nature of the free gold. However, Century Mining was able to achieve a gold recovery of 94.8 % in 2008 though the silver recovery for this period was still quite low, at only 24.43%. It is unknown what procedures Century Mining implemented to achieve their reported gold recovery.

No NI 43-10 compliant Economic Studies such as Preliminary Economic Assessment (PEA), Pre-Feasibility (PFS) or Feasibility (FS) studies were completed for the Rosario Deposit prior to mining operations and historical mineral resource estimates are inconsistent and poorly documented. Therefore, it is difficult to determine if head grades observed during mining were higher or lower than predicted. However, an on-site laboratory was used to analyse samples collected, which was determined to have overestimated grades (S.M.R.L. Rosario de Belén, 2008). This may have increased the calculated ounces in the resource estimate prior to mining, leading to lower than anticipated gold and silver recoveries.

Many of the Chimu Formation mining operations in the region achieve 80% to 85% gold recoveries with or without crushing of the ore. Crushing is performed at some of the operations due to the highly silicified portions of the ore zones. If Rosario had achieved a gold recovery of 80% over the LOM operation it is conceivable that an additional 18,000 oz of gold may have been extracted. In addition, if silver recovery of

50% had been achieved over the life of the mine an additional 900,000 oz silver may have been extracted. With proper or additional improved precious metal recovery protocols in place, the mine could have earned an additional US\$45 million in revenue. Given the poor recoveries, particularly for gold over the LOM, it is possible that there is significant Au-Ag mineralization still present in the previously leached material. The current leach pads warrant investigation to determine if crushing and re-leaching could achieve additional gold and silver.

The Rosario Deposit remains relatively untested at depth and laterally from zones of known mineralization. Additional exploration is warranted, is required to establish new mineral resources in order to restart the mining operation and is strongly recommended.

Mineralization at additional prospects and targets on the Property has been identified proximal to fault structures as stratabound sheets within the Chimu Formation, similar to the style of mineralization at the Rosario Deposit. Most notably, the Cerro Blanco and Cerro Yeso prospects demonstrate strong potential for significant Au-Ag mineralization. The Cerro Blanco Prospect, which covers an area of approximately 1 km², is located just over 2 km northwest of the main mine area. The Cerro Yeso Prospect, which covers an area of approximately 1.5 km², is located approximately 2.5 km southwest of the main mine area. Both prospects have been tested by surface sampling (in particular the Cerro Blanco Prospect) with positive gold and silver results; however, neither have been drill tested. Due to mineralization in favourable geology (i.e., structurally modified Chimu Formation) throughout the Property, systematic exploration is warranted.

Limited exploration has taken place at the Rosario Property since 2013 and the completion of mining operations in 2013. In 2017, a total of 237 samples were collected by VI Mining personnel primarily from the historically mined Capilla Zone and from the prospective unmined and undrilled Cerro Blanco target. The samples were a mix of chip and channel samples with the highest assay value from the historically mined Capilla Zone of 29.75 g/t Au from a chip sample and 24.4 g/t Ag from a separate channel sample. The Capilla Zone contains unmined mineralized Chimu Formation material, but further drilling is required to properly evaluate the zone for future resources and/or mining. The highest values obtained from the Cerro Blanco Target were 8.03 g/t Au and 379 g/t Ag from two different channel samples. The samples were collected from oxidized and brecciated Chimu Formation sediments. Cerro Blanco yielded a number of channel and chips samples with greater than 1 g/t Au and in many cases high Ag. Most were collected from oxidized and brecciated Chimu Formation sediments.

Exploration Targets and conceptual estimates of precious metal potential have been developed by the authors to highlight the immediate resource potential and the overall exploration potential of the historic Rosario mining area and several of the outlining target areas including but not limited to the Cerro Blanco (also known as "Ligiron") and Cerro Yeso (also known as "Chichirival") prospects. At the Rosario mining area, there is Au-Ag mineralization present down dip and along strike from the main mined prospects based upon historic drilling and surface sampling results which was not captured in the historic mining operations. Cerro Yeso and Cerro Blanco are also prospective for

significant Au-Ag mineralization based upon historic and recent surface sampling. The conceptual estimates for the exploration targets add up to approximately 2.5 million tonnes of mineralized material with an average grade of 1.01 g/t Au and 75.0 g/t Ag for approximately 110,500 oz Au and 9.4 million oz Ag (Table 17.1). These conceptual estimates for the exploration targets are based on a fairly extensive database of surface samples and RC drillholes and represent the immediate recognized potential represented by the majority of the existing data. Based upon historic exploration and widespread artisanal mining there is excellent potential to expand the conceptual ounces and the exploration targets with systematic and aggressive exploration including but not limited to trenching and drilling. These exploration potential estimates are non-NI 43-101 compliant mineral resources and are not consistent with current CIM standards for mineral resource estimation. The authors of this Technical Report has referred to these estimates as "exploration targets" and the reader is cautioned not to treat them, or any part of them, as current mineral resources. There is no current NI 43-101 mineral resource on the Rosario Property.

Table 17.1: Conceptual Exploration Potential Estimates for Rosario de Belén (Dufresne and Atkinson, 2014)

Zones	Area	Volume (m ³)	# of holes	Tonnage	Specific gravity	Grade Au (ppm)	Grade Ag (ppm)	Au (oz)	Ag (oz)
Gentiles	Former Mine	82,978	13	241,727	2.6	0.52	49.5	4,355	394,255
Huancuyas-Capilla	Former Mine	216,274	21	623,723	2.6	0.45	90.4	12,093	2,136,729
Pativil east-Pativila	Former Mine	21,367	9	60,366	2.6	0.41	20.8	742	37,212
Pativil	Former Mine	74,458	6	193,590	2.6	0.61	13.0	5,945	63,637
Cerro Blanco	Prospect	24,488	7	63,687	2.6	1.42	96.5	2,912	300,729
Cerro Yeso	Prospect	423,262	3	1,101,482	2.6	2.42	196.4	85,711	4,593,610
Total		854,826	62	2,482,877	2.6	1.01	75.8	110,525	9,441,544

The Cerro Yeso Zone represents the largest zone in terms of tonnes and grade and therefore ounces with an exploration potential estimated to be 85,700 oz of gold and over 6.5 million ounces of silver. The Cerro Yeso zone has had limited sampling and no drilling to date, so this estimate was also the most speculative estimate of potential.

The Huancuyas and Capilla zones together are estimated to contain significant tonnage but at fairly low grades for gold (but reasonable grades for silver) yielding a total potential target of 12,093 oz for gold and 2.1 million ounces for silver. This estimate is based on significant drilling and sampling data and is considered to be the most robust estimate for the area. With proper 3D modelling, it is likely an NI 43-101 compliant resource estimate could be prepared for the Capilla Zone. The Capilla Zone, along with a number of the other zones, remains open for expansion with further exploration including drilling.

Based on the results of past exploration and mining at the Rosario Project as well as the estimated potential at Cerro Blanco and Cerro Yeso, an aggressive exploration program is recommended. The exploration program should focus on: expanding and

defining the existing resources at the main Rosario mining area; exploring for higher grade structurally controlled mineralization at the main Rosario mining area; identifying and defining resources at the Cerro Blanco and Cerro Yeso prospects if possible; and exploring the remaining un-explored portions of the Rosario Property area, particularly those areas underlain by favourable geology combined with historic artisanal workings.

To accomplish this, the authors recommend drilling, trenching, geological mapping, surface sampling, and ground based IP and magnetic geophysical surveys along with airborne geophysical surveys. A total of 26,000 m of RC and core drilling is recommended preferably as a follow up to ground and airborne geophysical surveys, trenching, mapping, and sampling.

18 Recommendations

Based on the results of recent exploration and mining at the Rosario Project as well as the estimated potential at Cerro Blanco and Cerro Yeso, an aggressive exploration program is warranted to:

- Expand and define the existing resources at the main Rosario mining area;
- search for higher grade structurally controlled mineralization at the main Rosario mining area;
- identify and define resources at the Cerro Blanco and Cerro Yeso prospects; and
- explore the remaining un-explored portions of the Rosario property area, particularly those areas underlain by favourable geology combined with historic artisanal workings.

The authors recommend a total of 26,000 m of RC and core drilling for the Rosario Project that includes:

- 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Rosario mine area;
- 10,000 m in 50 to 75 RC drillholes and 2,000 m in 5 to 10 diamond drillholes at the Cerro Blanco and Cerro Yeso prospects; and
- 2,000 m in 15 to 20 RC drillholes at the processed leach pads.

In addition to the drilling, other recommended exploration activities at the Rosario project include trenching, channel sampling, soil sampling, geological mapping, and ground geophysics (IP and magnetic) at the Rosario deposit and the Cerro Blanco and Cerro Yeso prospects. The author also recommends property wide satellite/lidar data and airborne geophysical surveys. The estimated cost to complete the recommended exploration is US\$ 10.0 million (Table 18.1).

The authors recommend that the drilling program at the Rosario deposit be designed to define a resource both below the mined area and along strike as well as search for higher grade structurally controlled mineralization within the mine area. It is recommended that the drilling program for the Cerro Blanco and Cerro Yeso prospects be designed to test structurally controlled gold observed at surface and to allow for the calculation of a resource estimate. Trenching and/or drilling of the existing processed leach pads should be completed to determine if some or all of the existing leached material should be re-processed.

Table 18.1: Rosario de Belén Project Recommended Exploration and Budget

Item	Description	Unit Cost	Subtotal
1	Rosario Resource & Exploration Drilling – 10,000 m in 50 to 75 RC drillholes	\$300/m	\$3,000,000
2	Rosario Resource & Exploration Drilling – 2,000 m in 5 to 10 diamond drillholes	\$350/m	\$700,000
3	Cerro Yeso and Cerro Blanco Exploration & Resource Drilling – 10,000 m in 50 RC drillholes	\$300/m	\$3,000,000
4	Cerro Yeso and Cerro Blanco Exploration & Resource Drilling – 2,000 m in 5 to 10 diamond drillholes	\$350/m	\$700,000
5	Leach Pad RC Drilling – 2,000 m	\$250/m	\$500,000
6	Cerro Yeso and Cerro Blanco Trenching, Channel Sampling, Soil Sampling, Mapping and Ground Geophysical Surveys		\$1,000,000
7	Rosario follow up Ground Geophysical Surveys, Trenching and Channel Sampling		\$250,000
8	Property wide data acquisition including satellite/aerial data, airborne geophysical surveys, mapping, soil sampling, trenching, grab and channel sampling		\$750,000
9	Follow up metallurgical and reconciliation studies, Resource work		\$100,000
TOTAL BUDGET			\$16,000,000

The authors recommend that geophysical surveys be completed prior to drilling to help identify potential mineralized zones that can then be targeted, particularly at the Cerro Blanco and Cerro Yeso prospects. Also, IP and magnetic surveys at the Rosario deposit may help identify mineralization along strike of the known mineralized zones. Detailed geological mapping and sampling at the Rosario deposit and the Cerro Blanco and Cerro Yeso prospects prior to drilling will also help identify mineralized structures that can be targeted with drilling. Due to the fact that minimal exploration has been carried out beyond the Rosario deposit area, property wide activities should be focused on areas underlain by favourable geology combined with historic artisanal workings as a means of identifying new exploration targets for the Minas Pampa Project.

The authors also recommend further reconciliation studies of the 2006 to 2013 mining and processing to ensure future mining and processing is optimized. This would include studies focused on column leach tests that incorporate varying cyanide leach strengths and material crush sizes.

With the future exploration on the Rosario project it is important that good QA/QC protocols are put in place to ensure accuracy of results. In the past very limited if any QA/QC protocols were in place, appearing to be limited to a small number of duplicates being sent to an independent lab for analysis and comparison. In the future certified blanks and course blanks and a small selection of certified standards should be inserted into the assay stream as a test of both analytics and sample prep contamination. One standard or blank every ten samples is a normal QA/QC insertion ratio, alternating standards and blanks, and this is recommended. This is especially important for drilling results. If samples are to be analysed at the onsite laboratory facilities then sample duplicates should continue to be sent to outside independent laboratories for comparison.

APEX Geoscience Ltd.



Michael B. Dufresne, M.Sc., P.Geol., P.Geol.



Bryan R. Atkinson, B.Sc., P.Geol., MAusIMM

Effective Date: December 1, 2017
Signing Date: December 11, 2017
Edmonton, Alberta, Canada

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20 Certificates of Qualified Persons

Certificate of Qualified Person

I, Michael B. Dufresne, M.Sc., P. Geol., P. Geo., do hereby certify that:

1. I am President of: APEX Geoscience Ltd. (APEX)
Suite 110, 8429 – 24th Street NW
Edmonton, Alberta T6P 1L3
Phone: 780-467-3532
2. I graduated with a B.Sc. in Geology from the University of North Carolina at Wilmington in 1983 and with a M.Sc. in Economic Geology from the University of Alberta in 1987.
3. I am and have been registered as a Professional Geologist with the Association of Professional Engineers and Geoscientists of Alberta since 1989. I have been registered as a Professional Geologist with the association of Professional Engineers and Geoscientists of BC since 2011.
4. I have worked as a geologist for more than 30 years since my graduation from university and have extensive experience with exploration for, and the evaluation of, gold deposits of various types, including sediment-hosted (Carlin-type and epithermal) mineralization.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "Qualified Person."
6. I am responsible for or directly supervised all sections of the Technical Report titled "Technical Report Rosario de Belén Project, La Libertad Region, Peru", with an effective date of December 1, 2017 and a signing date of December 11, 2017 (the "Technical Report"). I have not personally conducted a visit to the Rosario de Belén Project.
7. I previously reviewed most of the data in 2014 on behalf of another unrelated company for the property that is the subject of the Technical Report.
8. I am not aware of any scientific or technical information with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
9. I am independent of the property and the issuer applying all of the tests in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites.



Signed: December 11, 2017
Edmonton, Alberta, Canada

Michael B. Dufresne, M.Sc., P. Geol., P. Geo.

Certificate of Qualified Person

I, Bryan Roy Atkinson, B.Sc., P.Geol., MAusIMM do hereby certify that:

1. I am an independent consultant and associate senior geologist with:
APEX Geoscience Ltd.,
Suite 110, 8429 – 24th Street NW
Edmonton, Alberta T6P 1L3
Phone: 780-467-3532.
2. I graduated with a B.Sc. with Specialization in Geology from the University of Alberta in 2004.
3. I am and have been registered as a Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 2008.
4. I have worked as a geologist and practiced my profession for more than ten years since my graduation from university and have been involved in mineral exploration, mine site geology and operations and mineral resource estimations on numerous projects and deposits in Canada, the United States, Peru, Mexico, South America, Africa, Australia, Indonesia and Saudi Arabia.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purpose of NI 43-101.
6. I am responsible for and have been involved in the preparation of all sections of the "Technical Report Rosario de Belén Project, La Libertad Region, Peru", with an effective date of December 1, 2017 and a signing date of December 11, 2017 (the "Technical Report"). I personally conducted a visit to the Rosario de Belén Project on June 3rd, 2014.
7. I previously reviewed most of the data in 2014 on behalf of another unrelated company for the property that is the subject of the Technical Report.
8. I am not aware of any scientific or technical information with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
9. I am independent of the issuer and the property applying all of the tests in section 1.5 of NI 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites.

Signed: December 11, 2017
Edmonton, Alberta, Canada

Bryan Roy Atkinson, P. Geol., MAusIMM



Appendix 1 – Mineral Concession Registrations

Details of the mineral concessions are on file with APEX Geoscience Ltd. And VI Mining PLC and can be provided upon request.

December 11th, 2017

TO: Various Securities Commissions
VI Mining PLC

Dear Sirs:

Re: VI Mining PLC
Technical Report dated effective December 1, 2017 (signing date December 11, 2017) of Michael B. Dufresne, M.Sc., P. Geol., P.Geo. of APEX Geoscience Ltd. and Bryan R. Atkinson, B.Sc., P.GeoI. MAusIMM titled "Technical Report Rosario de Belén Project, La Libertad Region, Peru"

The undersigned hereby consents to the public filing with the various securities commissions and in various documents being prepared by VI Mining PLC the National Instrument 43-101 technical report dated effective December 1, 2017 (signing date December 11, 2017) titled "Technical Report Rosario de Belén Project, La Libertad Region, Peru" (the "Report") in connection with a Prospectus of VI Mining for the fiscal year ended December 31, 2017.

The undersigned further consents to the reference to and use of extracts from the Report in Various Company documents and reports and in Public Media such as web pages and confirms that he has read the Prospectus and that it fairly and accurately represents the information in the Report.

Yours truly,



BRYAN R. ATKINSON
B.Sc., P.GeoI., MAusIMM

December 11th, 2017

TO: Various Securities Commissions
VI Mining PLC

Dear Sirs:

Re: VI Mining PLC
Technical Report dated effective December 1, 2017 (signing date December 11, 2017) of
Michael B. Dufresne, M.Sc., P. Geol., P.Gen. of APEX Geoscience Ltd. and Bryan R
Atkinson, B.Sc., P.Geol. MAusIMM titled "Technical Report Rosario de Belén Project, La
Libertad Region, Peru"

The undersigned hereby consents to the public filing with the various securities commissions and in various documents being prepared by VI Mining PLC the National Instrument 43-101 technical report dated effective December 1, 2017 (signing date December 11, 2017) titled "Technical Report Rosario de Belén Project, La Libertad Region, Peru" (the "Report") in connection with a Prospectus of VI Mining for the fiscal year ended December 31, 2017.

The undersigned further consents to the reference to and use of extracts from the Report in Various Company documents and reports and in Public Media such as web pages and confirms that he has read the Prospectus and that it fairly and accurately represents the information in the Report.

Yours truly,



MICHAEL B. DUFRESNE
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**Geological Survey I: Oro Pesa – Arequipa Gold Processing
Plant & Exploration Project**

GEOLOGICAL ASSESSMENT AND POTENTIAL OF MINERAL ACCOUNTING OF THE OROPESA MINE AND SURROUNDINGS

REPORT BY COMPETENT PERSON



Oropesa Mine

Prepared for: **Minera Tres Valles SAC**

INTERNAL REPORT

By: **Alberto Z., Ademir D., Jhimmy M., Celso P., Esteban M (QP)**

PLP - GEXEG

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SIGNATURE PAGE AND DATE

CERTIFICATE OF QUALIFIED PERSON

I, Mr. Esteban Manrique, AIG CP (Geo) do hereby certify that:

- I am currently employed as an independent consultant geologist, based out of Lima, Peru. I have been hired by PLP - GEXEG as an independent consultant for this work.
- I graduated from the National University of Engineering, Peru, in 2011, with a Master of Science degree specialising in Geological Engineering.
- I am Chartered Professional in the discipline of Geology and a registered member in good standing of the Australian Institute of Geoscientists CP (Geo) membership number 5298
- I have practiced my profession continuously since September 2012. My relevant experience includes over 25 years' experience working for explorers companies focused on precious and base metal exploration, including epithermal deposits. I also have several years' experience independently reviewing greenfield projects for public and private companies.
- I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am a responsible for sections; 8, 9, 10, 11, 12, 13, 14, 17, 18 and 26 in this technical report.
- As of the effective date of the Technical Report, 18 May 2017, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information required to make the report not misleading.
- I have read NI 43-101 and Form 43101F1, and the Technical Report has been prepared in compliance with that instrument and form.
- I visited the Oropesa Property that is the subject of this report between May 5 and 7th, 2017. This is the only time I have spent at the Property.

Dated May, 19th 2017.



Esteban Manrique

EXECUTIVE SUMMARY

Minera Tres Valles SAC (MTV) preliminarily assessed the geological potential to explore reserves and resources, as well as the productive potential of providing more than 50 MTD of economic grade ore ($> 5 \text{ g / t Au}$) to a plant currently under construction located within the same mining district.

For this assessment, MTV hired Proyectos La Patagonia, a specialized firm in evaluation, development and management of mining projects, which works all its geological issues with the company GEXEG. PLP-GEXEG assessed the Oropesa mine and nearby artisanal miners around (Catarata sector and El 30) with 03 crews of geologists led by Alberto Zapata as Head of the Project, Ademir Durand and Jhimmy Mori between August 11 and 24, 2016 and between March 22 and 29, 2017. This work was supervised by Celso Palacios and later audited by QP senior geologist, Esteban Manrique.

233 geochemical samples were obtained in 2016 (Oropesa mine), besides including 28 additional control samples; and 189 samples in 2017 (artisanal underground workings around Oropesa), besides 20 control samples, all of which were sent for analysis to the certified laboratory of CERTIMIN.

Control samples (blank, re-sampling, standards) were used between 10% and 15% to ensure and control the geochemical results. Established underground survey procedures (UTGS WGS84 coordinates with GPS in mine entrance and compass and measuring tape) and channel sampling procedures were followed. The QAQC analysis was carried out by QAQC senior geologist Carlos León and audited by QP senior geologist Esteban Manrique. The BD was organized by BD Manager José Chavez, and audited by the QP.

A preliminary geological survey was done on the main areas of the Minera Tres Valles S.A.C. mining claims. The results of the geological survey, geochemical sampling and laboratory analysis show a system of mineralized veins with an orientation of N310 at 315° and dips from 55 to 65° in the NW. This vein system is less continuous but of better grade than the N 275 to 280° system, which presents dips of 45 to 50° in the NW.

The mineralized veins have sub-lenticular geometry ("pinch and swell") with restricted alteration halos around the vein, with moderate to weak silicification. The gangue is formed by altered rock and little filler quartz. The mineralization is represented by pyrite, chalcopyrite, chalcocite and covelite, with Fe and Cu oxides locally.

We visited 14 underground workings of artisanal miners around Oropesa mine, Catarata sector and El 30, which do not have a specific exploratory criterion and are guided by how the heading looks each day, without projections or calculations of the vein course or continuity. 9 of these underground workings presented small mineralized ore shoots on veins with economic to sub-economic values greater than 6 g/t Au , diluted to a mine width of 0.80 m; however, if the criterion of selective "circado" is used, the grades obtained are a lot greater instead of smaller widths.

In Oropesa mine, Catarata and El 30 sectors, there is a weakly correlation of Au with Ag and Cu, which may add more tools for exploring new ore bodies, additional to the lithological, host rock alteration and structural controls.

The type of deposit is typical of Au orogenic veins, which progress to polymetallic in depth and which have a "pinch and swell" type geometry with ore shoots of sub-vertical plunge of several hundred meters.

Those underground workings allow projecting a mineralization potential that, adding all areas, can deliver a rate of production greater than 50 MTD in sulfides and, separately, an equal sum in oxides, and even greater than 200 MTD if the deposits of the Calpa mine and the Secocha-Misky sector are seriously considered to be included. Additionally, there are others zones that deserve to be assessed in order to size the exploration and development potential to provide more mineral tonnage.

Cyanidation metallurgical tests were performed for oxides with results of 89.68% of Au extraction and 85.90% of Ag, with consumptions of 1.61 kg/t Na CN and 3.83 kg/t Ca O. Likewise, Rougher / Scavenger flotation tests were performed with recoveries of 96.89% Au and 96.50% Ag.

It is recommended to have a superficial geological mapping, including lithological, wall rock alteration, structure and mineralization layers, on which a more robust and dense geochemistry can be interpreted to infer projections of the veins to new sectors. With the help of sections and 3D models, the future exploration of resources and reserves will allow to replenish mineral and grow.

Microscopic studies should be performed to improve the mineralogical understanding of the gangue and ore that should be treated in metallurgical plants.

Before all of this geological field work, every artisanal miner must be registered, partnership agreements must be made, and a formalization process must be started.

1. INTRODUCTION

Minera Tres Valles SAC commissioned Proyectos La Patagonia SAC (PLP), specialized firm in evaluation, development and management of mining projects, which works on geological issues with the geological consultancy GEXEG, to evaluate the geological potential, for exploration and for mining planning, or for purchasing of gold-bearing ore. It may enable an ore production capacity or purchase greater than 50 MTD to begin with, from an ore processing plant, indicating to what type of metallurgical treatment the mineral would correspond.

The growth potential of this production capacity or purchase should be noted, indicating the areas that can contribute to this processing plant or plants (cyanidation and flotation if applicable), as well as areas to be considered in the study of mining producers that provide mineral and also areas with potential for modern systematic exploration in order to achieve greater volumes of exploitation and processing.

Between August 11 to 24, 2016, the field work was carried out by the staff of GEXEG geologists, experienced and junior assistants (Alberto Zapata, Miguel Morales, Robert Quispe) and a second campaign was held between March 22 to 29 of 2017 (Alberto Zapata, Ademir Durand, Jhimmy Mori, Robert Quispe, Juan Huamán, Willy Quintanilla and Fernando Santos), with the supervision of Celso Palacios between March 22 and 24, and the final field review between May 05 and 07, 2017 by QP Esteban Manrique.

The samples for the geochemical analysis were sent to the laboratory of CERTIMIN, which has a ISO 9001 and a ISO / IEC 17025 certifications. From the results, a composite was made with the rejected samples, with values greater than or equal to 4 ppm Au, to carry out metallurgical tests in the laboratory of CERTIMIN.

2. RELIANCE ON OTHER EXPERTS

GEXEG and PLP, on behalf of Minera Tres Valles SAC, have prepared this report. The information, conclusions and recommendations contained herein are based on:

- Information available about the project and its surroundings at the time of preparation of this report.
- Field data obtained from a preliminary topographic and geological survey from PLP - GEXEG.
- Review of said fieldwork and reports from PLP - GEXEG, by QP senior geologist Esteban Manrique.

3. LOCATION AND ACCESSIBILITY

The Oropesa mine is located 48 km north of the city of Atico. Politically speaking, it belongs to the jurisdiction of the province of Caraveli, in the department of Arequipa. Its UTM central coordinate (WGS84, Zone 18 South): 647,433 East and 8'247,613 North.

The mine is located in the southeastern end of the Chaparra map (32-o), with altitudes varying from 1,500 and 2,300 MASL.

The closest mines in operation are Rey Salomón (3km NE), Calpa (11km NE) and Esperanza (7km SW). Montan Mining Corp acquired the Rey Salomon mine in July 2016.

To have access to the project from the city of Lima, take the Panamericana Sur highway until the city of Atico. To continue, take the paved road from Atico to Caraveli. By kilometer 40, there is a detour to the Northeast. Take that semi-paved road for 8 km approximately until the Oropesa mine (Figure 1; Table 1).

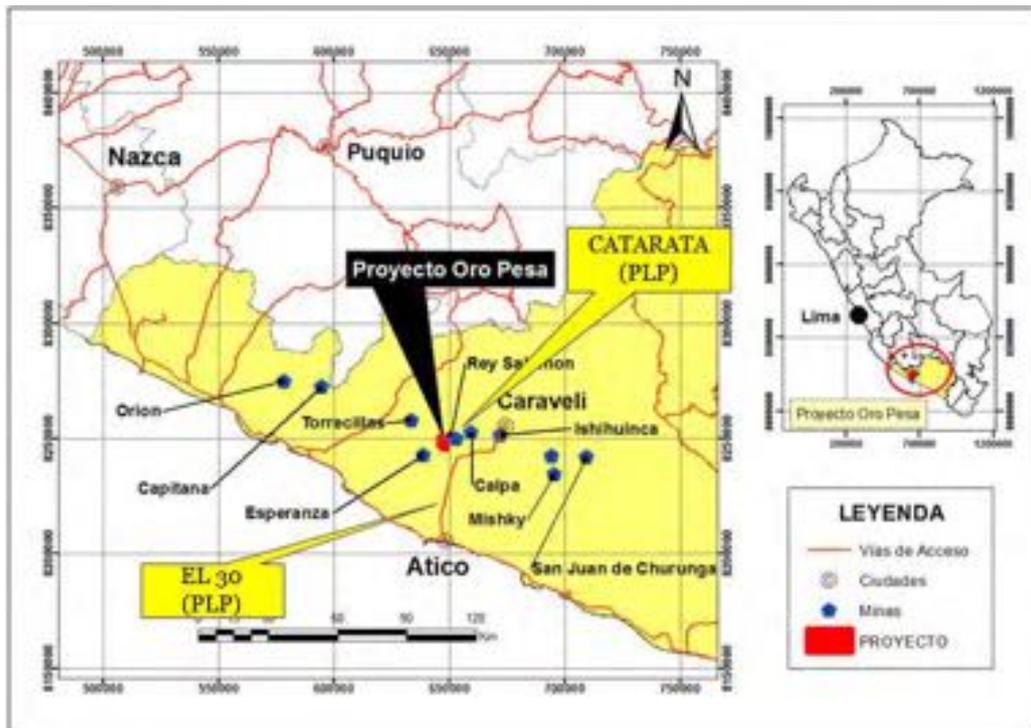


Figure 1 – Map of location

RUTA	DISTANCIA (Km)	VÍA	TIEMPO (Hrs)
Lima - Atico	711	Carretera Panamericana Sur	10.00
Atico - Desvio Caraveli	40	Carretera Asfaltada	0.4
Desvio Caraveli - Mina Oropesa	8	Carretera Afirmada	0.2
Total	759	Total	11.00

Table 1 – Access to the project from Lima

4. MINING CONCESSION

The Oropesa mine is composed of four (04) mining concessions, which make a total of 1,000 ha, 100% owned by Minera Río Azul S.A. and 200 additional hectares in

two (02) mining concessions for purchase option from Minera Oro Proveedor Empresa Sebadilla Atico EIRL (Figure 2).

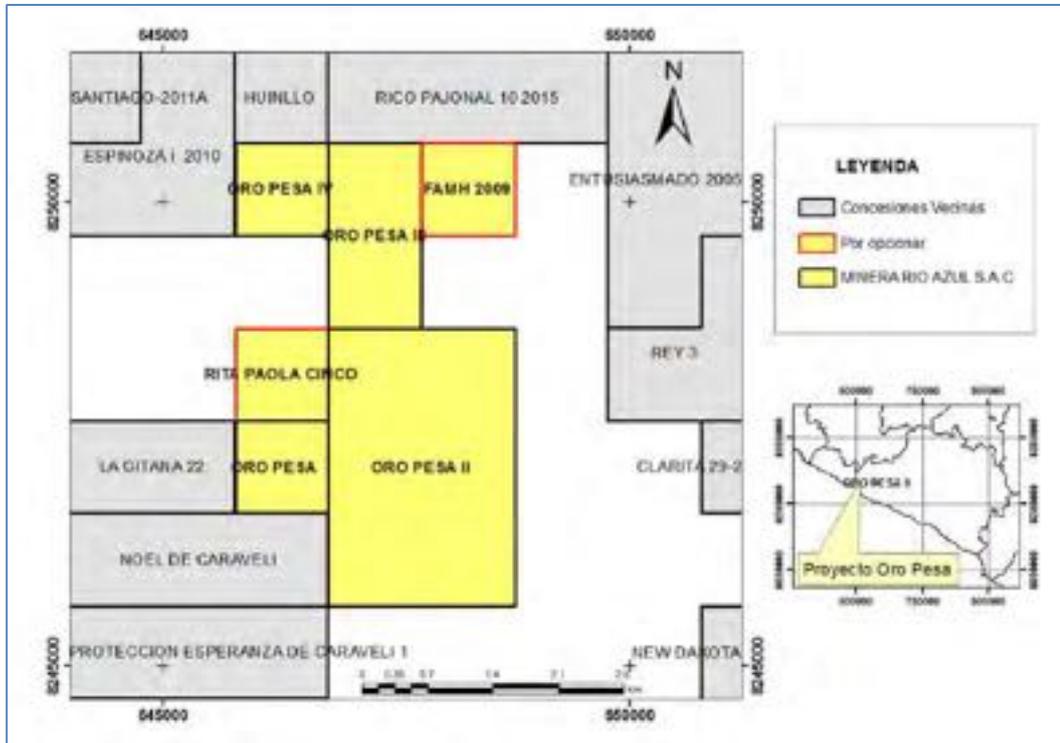


Figure 2 – Map of Mining Concessions of the Oropesa mine

5. PHYSIOGRAPHY

The study area is between the valleys and plains of the coast. The valleys are the result of the erosion stages of Valles and Cañón, which have originated numerous gorges and relatively soft gradient valleys. The Caravelí plains occupy less than 35% of the Caravelí quadrangle, located approximately in 1,500 MASL (Ingemmet, Víctor Pecho, 1983).

6. METALLOGENY

The Oropesa mine is located in the Metallogenic IX Belt of Au-Pb-Zn-Cu related to intrusive rocks from the Upper Cretaceous (Acosta et al., 2011). This belt is characterized by its vein-shaped mineralization, operated sporadically since the XVII century. According to (Acosta, J., 2011), mineralization is also related to the volcanic and subvolcanic rocks of the Bella Unión Complex from the Lower Cretaceous, just as the Oropesa and Esperanza mines and the mapped ones in this mine (Figure 3).

Most gold deposits within this belt are operated at small to medium scale, like the Oropesa mines, Rey Salomon, Esperanza, Calpa, Orión, Torrecillas, Ishihuinca, Mishky and San Juan de Churunga.

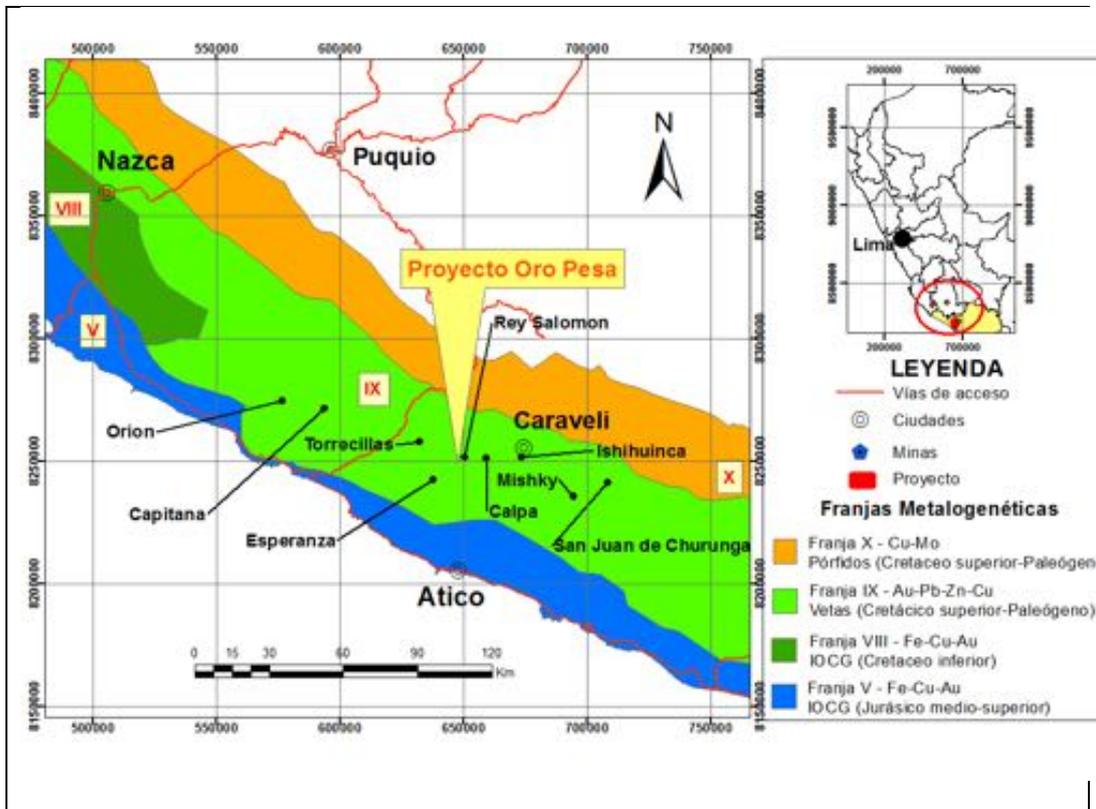


Figure 3 – Location of the Oropesa project in the metallogenic belts

7. REGIONAL GEOLOGICAL FRAMEWORK

According to INGEMMET (Pecho V., 1983), sedimentary, volcano-sedimentary and igneous rocks appear in the region from Mesozoic to Quaternary Recent (Figure 4).

Jurassic units are represented by clastic rocks of the Yura Group that appear in the Huanca-Huanca rivers of Cotahuasi, on which lie the calcareous rocks of the middle Cretaceous.

There are intrusive hypabyssal rocks of the Bella Union Complex of Lower Cretaceous Age that intrude the sedimentary and metamorphic rocks of the Jurassic.

Subsequently, they intrude individual plutons from the Arequipa segment, from the Coastal Batholith, represented here by the Incahuasi Super Unit made up of andesites, granodiorites, diorites and tonalites of Upper Cretaceous age.

More to the east volcanic Sencca appear in horizontal disconformity on the complex Bella Union.

GEOLOGIA DISTRITAL

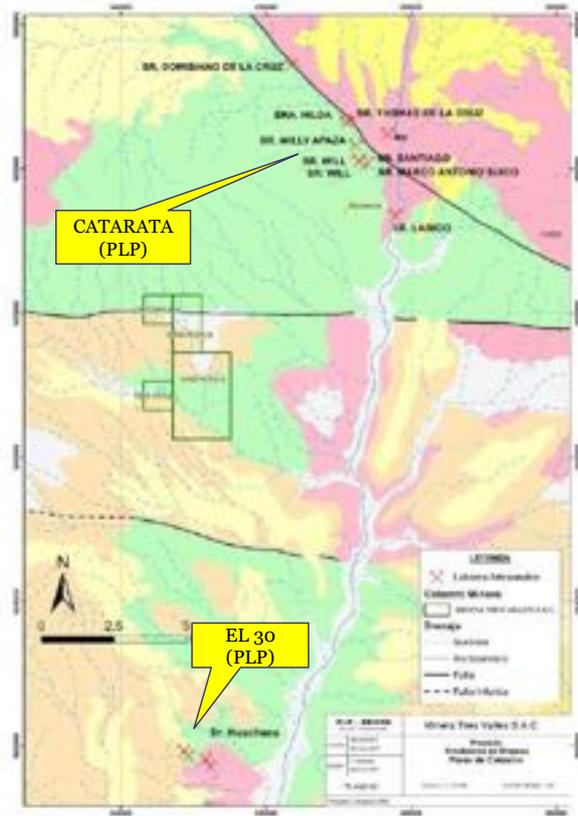


Figure 4 – Regional geology and area of study

8. LOCAL GEOLOGICAL FRAMEWORK – OROPESA MINE

8.1. Litho-stratigraphic Units

A preliminary geological mapping has been done in the Oropesa project at a scale of 1:10,000 (Figure 5) based on the regional geology of Olchanski, 1980 and Díaz et al (2001).

It has been identified that gold veins in the area are located in andesitic rocks of the Bella Unión Complex (Lower Cretaceous), a pre-mineral host rock.

The Bella Unión Complex is intruded by plutonic rocks from the Coastal Batholith and porphyries of andesitic to rhyolitic composition.

Incongruously covering the gold veins, andesitic rocks of the Bella Unión complex and plutonic rocks of the Coastal Batholith, the Moquegua, Huaylillas and Millo of the Neogene (post-mineral) appear subhorizontally.

8.1.1 *Bella Unión Complex (Ki-an)*

It corresponds to the basal unit composed of volcanic and subvolcanic rocks of andesitic composition.

This unit is completely distributed in the southern (Oro Pesa I, Oro Pesa II) and northern ends of the project (Oro Pesa III, IV, Famh 2009).

Lithologically, it consists of a rotation of lava and pyroclastic gaps of andesitic composition, with a greenish to violet gray color. Andesitic lava presents aphanitic and porphyritic textures, with a higher percentage of phenocrysts of plagioclase (30%) and hornblendes (5-10%). This unit presents intrusions of sills and andesitic embankments.

The predominant alteration corresponds to moderate to strong propylitization with veinlets of epidote, chlorite and calcite.

The veins of the Oro Pesa I, II, III, IV and Rita Paola Cinco concessions are located in this unit.

This unit can be correlated to the volcanic sequences of the Bella Unión Complex.

8.1.2 *Moquegua Formation (Nm-mo)*

The Moquegua Formation corresponds to the sedimentary lower unit, completely exposed in the central and southern part of the mining property (Oro Pesa I, II, II, IV).

Lithologically, it consists of conglomerates mixed with sandstone.

It does not present much hydrothermal alteration.

This unit is characterized by covering both andesites of the Bella Unión Complex and Oscarito 1,2,3 veins in angular unconformity, in a subhorizontal way.

8.1.3 *Huaylillas Formation (Nm-hu)*

This unit appears in a restricted way in the Oro Pesa I, II and III concessions.

Lithologically, it consists of dacitic and rhyolitic tuffs.

This unit overlies in angular unconformity to the Bella Unión Complex.

8.1.4 *Millo Formation (Np-mi)*

This unit appears in the southern end and in the central part of the project (Oro Pesa I, II, III).

Lithologically, it consists of conglomerates and sandstone moderately consolidated.

The conglomerates are polymictic with subrounded to subangular clasts of gneiss, intrusive rocks and volcanic rocks.

This unit overlies in unconformity to the Huaylillas Formation.

8.2 *Intrusive Rocks*

Intrusive rocks have been identified in the northern end of the project (Oro Pesa III, IV y Famh 2009), and they correspond to plutonic intrusive rocks of the Coastal Batholith, as well as porphyries.

8.2.1 *Monzodiorites/Monzodiorites with quartz*

These plutonic rocks appear as a process of little intrusions of stocks in the Oro Pesa III and IV concessions. The geometry of these plutons is subcircular to irregular, and they have located cutting the andesitic rocks of the Bella Unión Complex. They appear on both sides of the Pan de Azúcar Fault. They correspond to intrusive rocks of medium to thick granular texture with minerals of potassium-feldspar (30- 40%), plagioclase (20%), hornblende (15%) and concentrations of variable quartz (5-20%).

In the Oro Pesa IV concession, the monzodiorites present propylitic alteration with epidote in fractures and centimetric irregular veining of gray quartz.

8.2.2 *Andesitic Porphyry*

The andesitic porphyry is located intruding in the Bella Unión Complex between the Oro Pesa III and IV concessions.

These intrusive rocks present a weak to moderate silicification. Replacement structures are also observed; they are discontinuous, of short length and <0.30m wide, with a NW-SE average direction, of massive to granular quartz with copper oxide in fractures (<2%). Like monzodiorites, they present veining of gray quartz.

8.2.3 *Rhyolitic Porphyry*

In the northern end of the Oro Pesa III concession, a small porphyry of rhyolitic to dacitic composition has been identified with phenocrysts of quartz and plagioclase, with traces of pyrite, intruding in volcanic rocks of the Bella Unión Complex.

A second rhyolitic porphyry is observed in the southern end of the Oro Pesa III concession, intruding in the Bella Unión Complex and the seams of magnetite.

8.2.4 *Diorites*

Diorites are intruding rocks of the Bella Unión Complex as in embankments. They correspond to intrusive rocks of medium granular texture with crystals of plagioclase, hornblende and magnetite in fractures. These rocks appear on both sides of the Pan de Azúcar Fault.

8.3 *Hydrothermal Alteration*

The host rock (Bella Unión Complex) is characterized by presenting a propylitic alteration, varying from moderate to strong, with epidote, chlorite and calcite in fractures and veinlets.

Locally, there are restricted silicification halos around the structures.

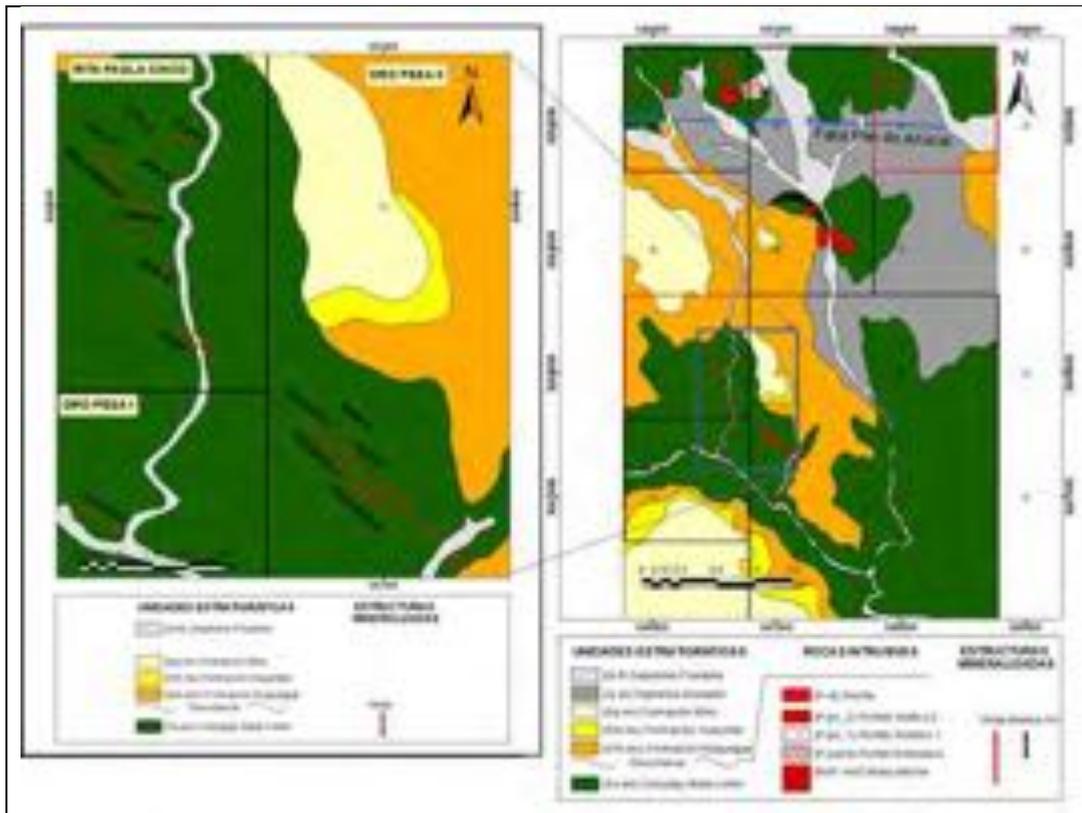


Figure 5 – Geological Map of the Oropesa Project with the veins marked in red, associated mainly to the rocks of the Volcanic-subvolcanic Bella Union Complex.

8.4 STRUCTURAL CONTROL

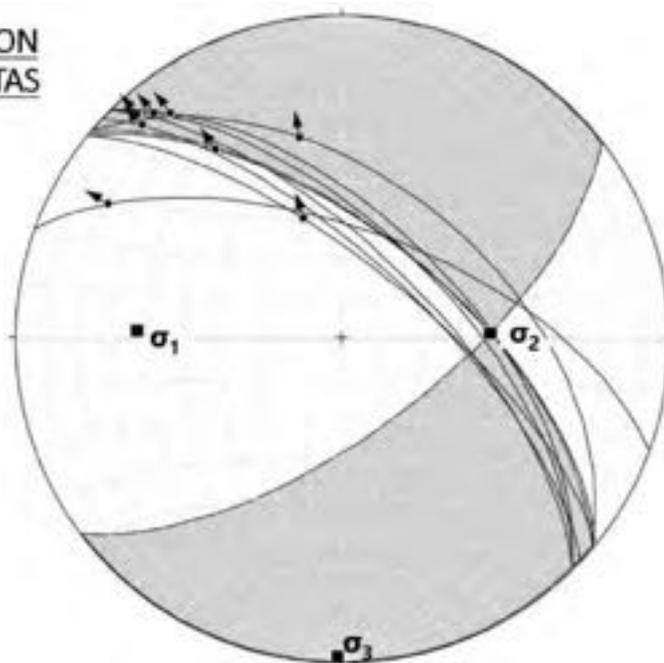
The main control of mineralization in the area of study is from azimuth N310° to N315°, with dips from 55° to 65° in the NW. There are ore structures with azimuths from N275° to N280° and dips from 45° to 50° in the NW that present a better vein continuity (Juanita and SE end of Halley), but that concentrate less Au content than the former. In the Lagarto sector, a system from N335° to N340° could be observed, which was not very favorable for mineralization, evidencing the end of mineralization in that vein.

This was better understood by plotting some data of fault splines controlling the veins in the FAULTKIN® software of structural analysis:

SOFTWARE FAULTKIN® CON DATOS TOMADOS EN VETAS

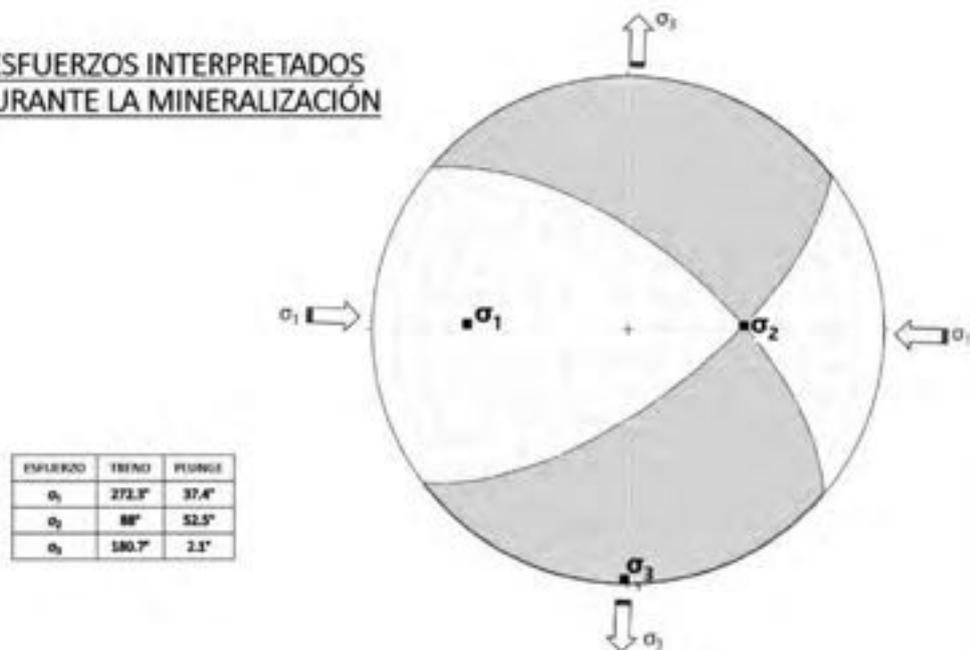
AZIMUTH	DIP	PITCH
315	63	125E
315	68	81W
33	70	121W
290	62	231W
309	71	645E
309	63	355E
330	50	515E
315	60	161W

σ_1 : Esfuerzo de Compresión
 σ_3 : Esfuerzo de Distensión



The final interpretation indicates compressive efforts, σ_1 , with tendency to N272.3°; and distensive efforts, σ_3 , with tendency to N180.7°, as shown in the figure. This means that the mineralization system is more favorable when it tends to be more perpendicular to σ_3 : N180.7° (Juanita system - N275° to N280°), and it is less favorable when the mineralization system tends to be more parallel to the same effort σ_3 (ending system in Lagarto from N335° to N340°).

ESFUERZOS INTERPRETADOS DURANTE LA MINERALIZACIÓN



8.5 MINERALIZATION

The Oropesa project corresponds to a gold deposit of filonean type, located in volcanic and subvolcanic rocks of andesitic composition in the Bella Unión Complex.

The veins are of cymoid loop (rosary) geometry, filled with granular quartz, iron oxides and – in a smaller percentage – copper oxides in fractures. Cymoids are short length, forming ore shoots of 1 to 2 m, occasionally reaching up to 20 m length.

The veins are narrow, varying from 0.18 to 0.38 m in average thickness (Rita Paola Cinco), reaching up to 0.76 m in Oro Pesa II.

Both in Rita Paola Cinco and Oro Pesa II, gold is present in the oxidation zone.

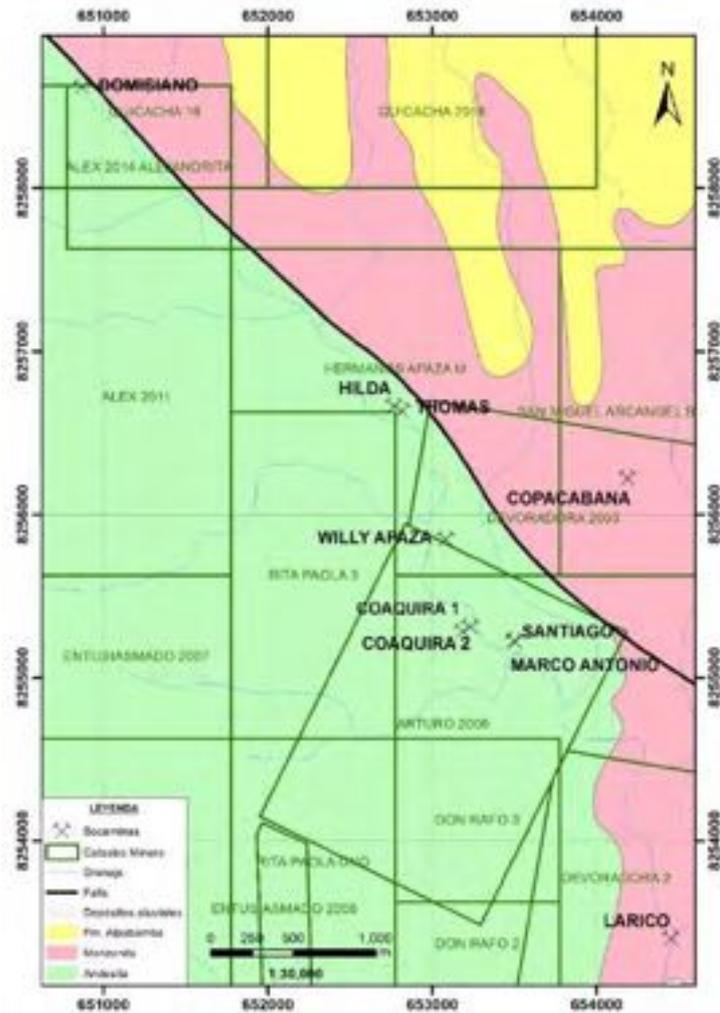
The ore corresponds to free gold, without dismissing the possibility of being freed of pyrite since pyrite boxwork was observed in the iron oxides. In this zone, copper oxide concentrations (malachite, chrysocolla, azurite) are also observed, as well as traces of sulfides (chalcopyrite, chalcocite and covellite).

Gangue minerals correspond to quartz, calcite, epidote and iron oxides (jarosite, goethite, hematite, specularite).

9. ARTISANAL MINERS

According to the report prepared by PLP (2016), the artisanal miners around the Oropesa Project are grouped into two sectors: 1) El 30 Sector and 2) La Catarata, among others operation groups that exist in the area.

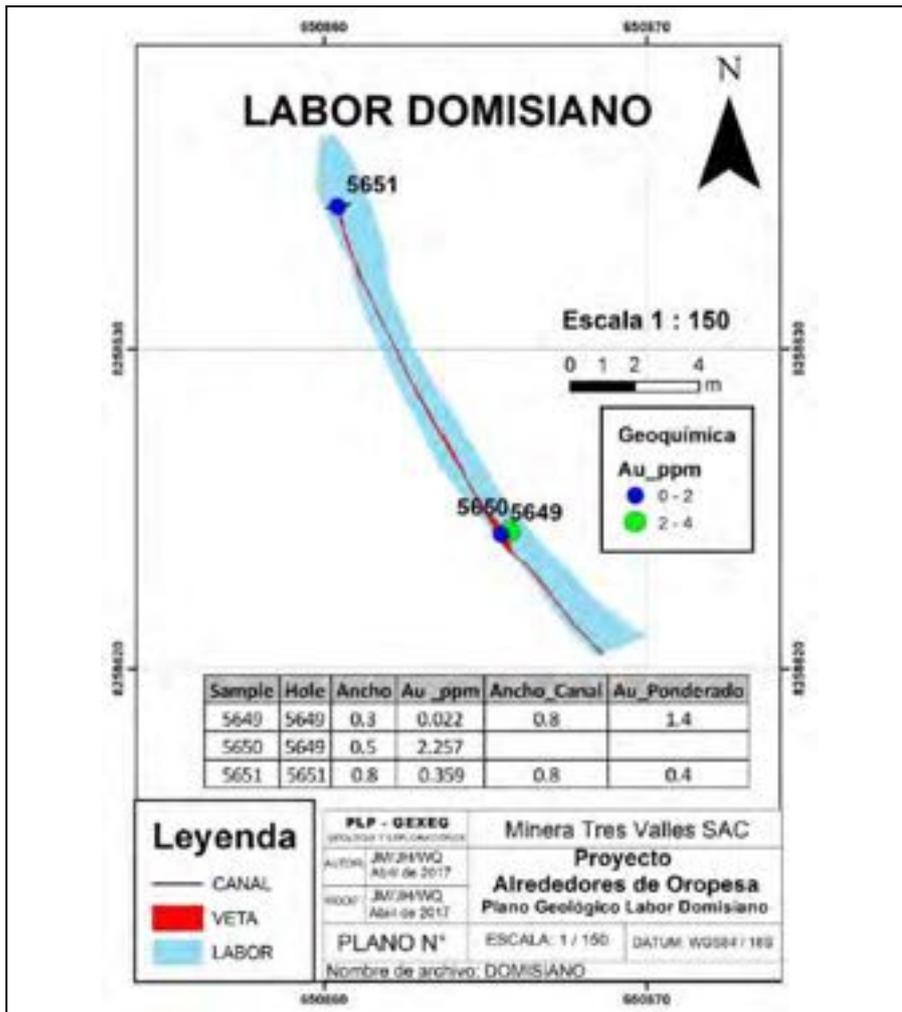
CATARATA SECTOR



The mining headings visited will be described from north to south:

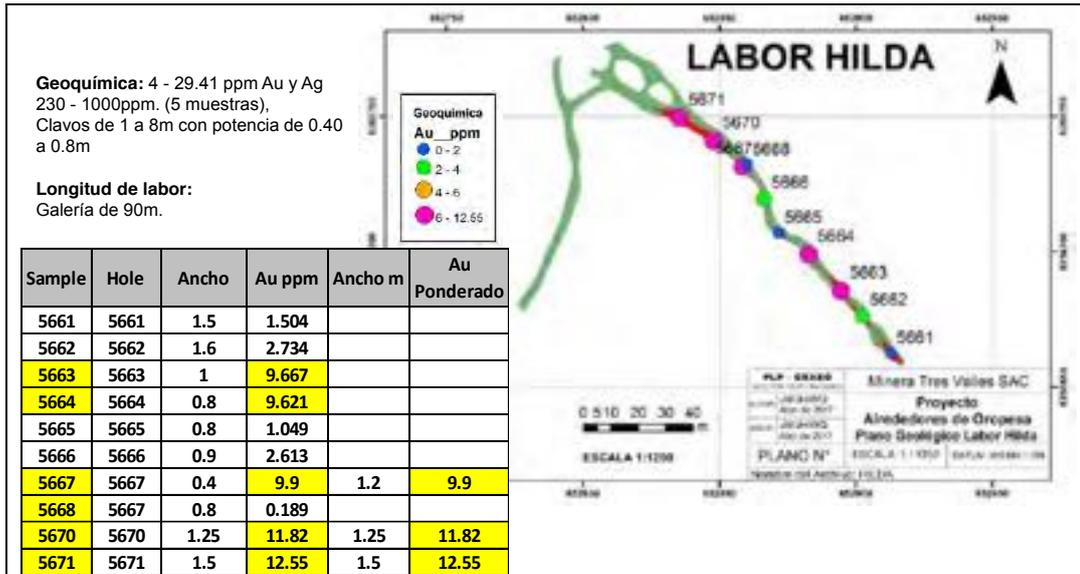
9.1. DOMISIANO HEADING

- Wall rock: propylitized andesite
- Structural control: N325°
- Mineralization: Granular quartz vein with jarosite oxides.
- Geochemistry: Width and average grade (vein + wall rock), 0.5m @ 2.57 g/t Au.
- A heading with drift of 19m.



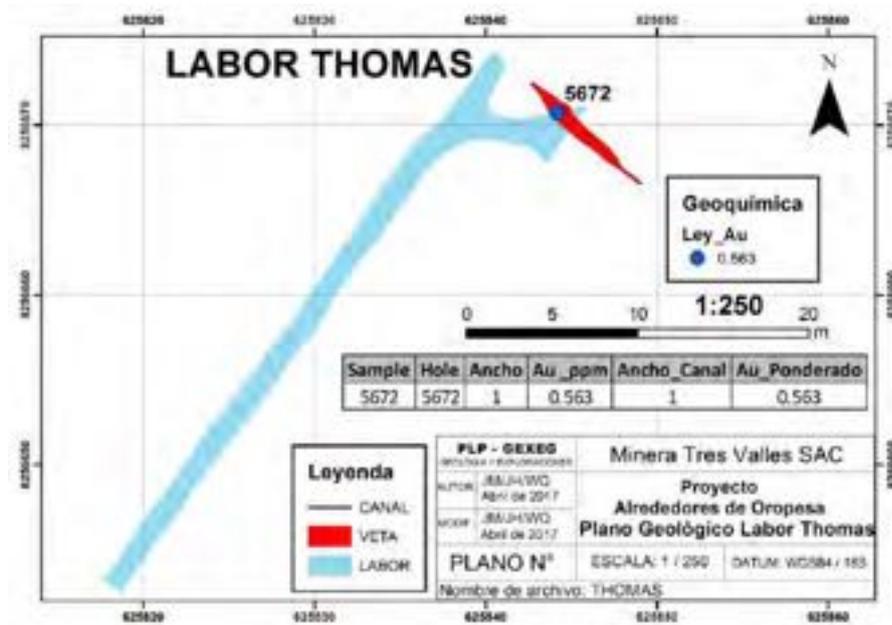
9.2. HILDA HEADING

- Wall rock: propylitized andesite
- Structural control: N315° – N325°
- Mineralization: Quartz vein, extended sigmoidal shape, faulted and fractured, oxidized. Pyrite disseminated on wall rock.
- Geochemistry: Width and average grade (vein + wall rock), **> 1.2m @ > 9 g/t Au.**
- A heading with crosscut of 18m and drift of 19m.



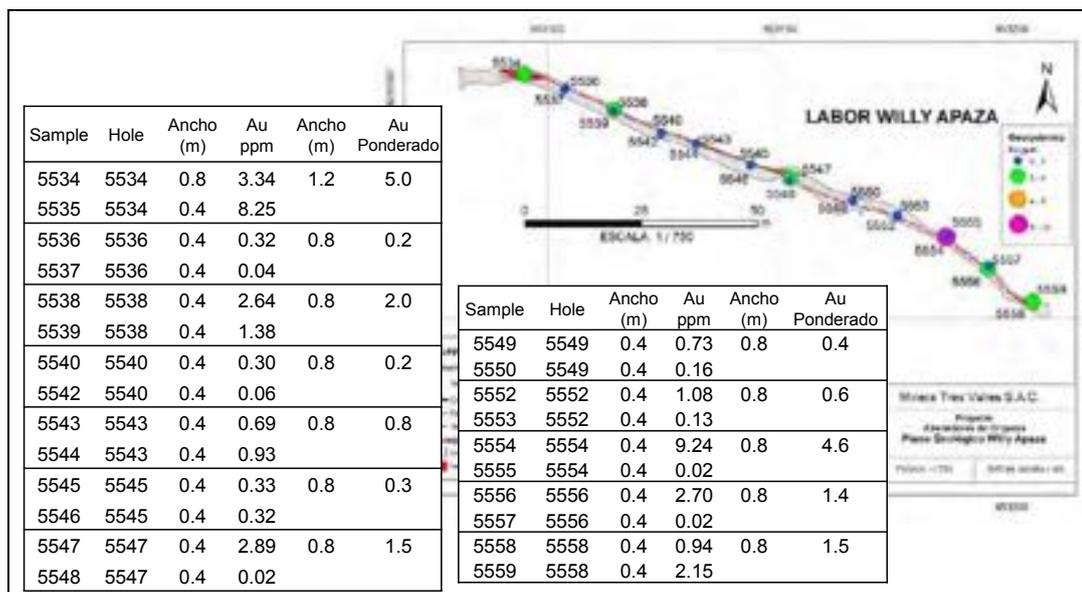
9.3. THOMAS HEADING

- Wall rock: propylitized andesite
- Structural control: N315° - N320°
- Mineralization: Fractured quartz vein with fine pyrite
- Geochemistry: Width and average grade (vein + wall rock), **1.0m @ 0.563 g/t Au.**
- A heading with crosscut of 7m and drift of 5m.



9.4. “WILLY APAZA” MINING HEADING

- UTM Coordinates: 653081E, 8255852N (WGS-84 18s)
- Concession: Deboradora 2003, 860.61ha, owner INTIGOLD MINING S.A
- Artisanal Miner: Willy Apaza
- Wall rock: Andesitic lava porphyrique texture
- Structural control: N290° and 75° to 84° dips to the northeast (NE)
- Mineralization: Vein, quartz filling with disseminated pyrite 3-25%
- Sampling: 26 samples have been extracted (5534-5559) in channel including 2 controls (blank and standard).
- Geochemistry: non-economic.
- A main heading with drift of 137m.



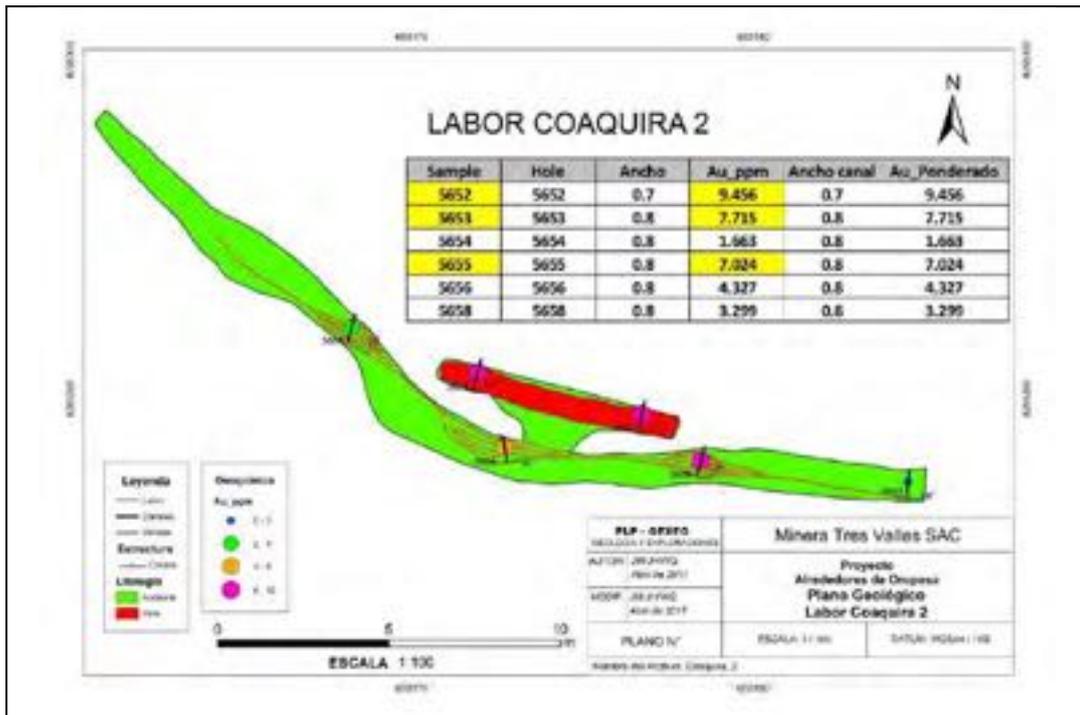
9.5. COAQUIRA Nv 1 HEADING

- Wall rock: propylitized andesite
- Structural control: N270° – N280°
- Mineralization: Faulted and fractured quartz vein with goethite and jarosite oxides
- Geochemistry: Width and average grade (vein + wall rock), from **0.3m @ > 5.8 g/t Au, up to 0.8m @ 7.6 g/t Au.**
- A heading with drift of 50m.



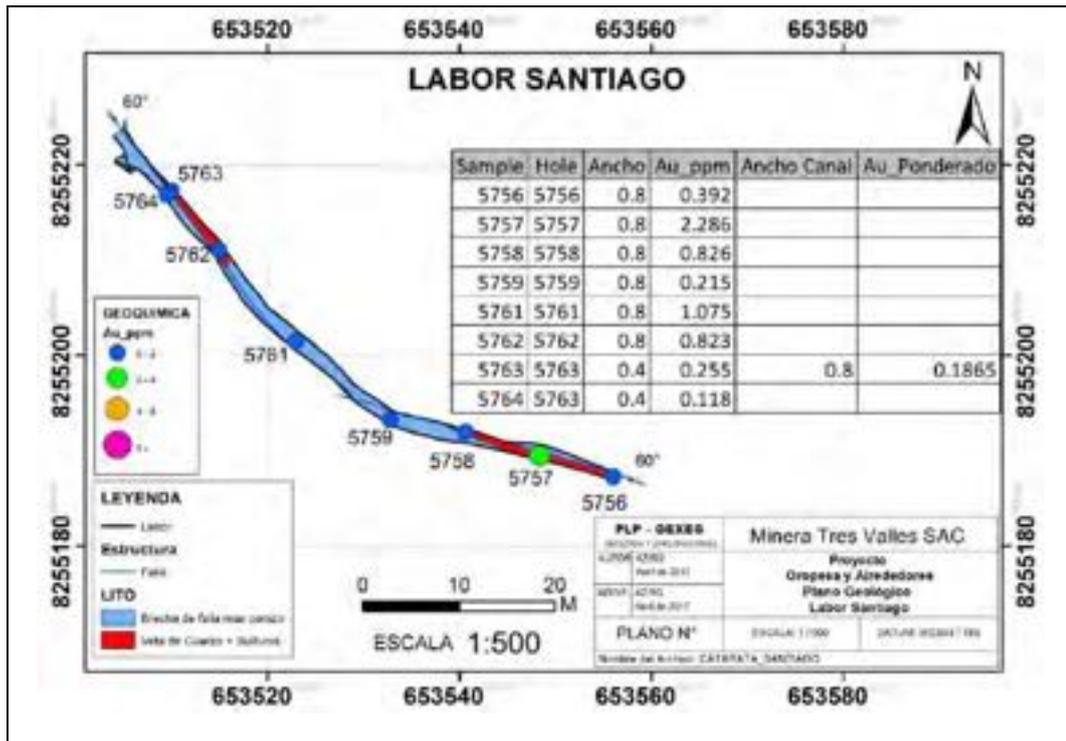
9.6. COAQUIRA Nv 2 HEADING

- Wall rock: propylitized andesite
- Structural control: N275° – N285°
- Mineralization: Faulted and fractured quartz vein with goethite and jarosite oxides
- Geochemistry: Width and average grade (vein + wall rock), 0.8mm @ 9.13 g/t Au.
- A heading with drift of 28m, a shaft of 8m with drift of 7m.



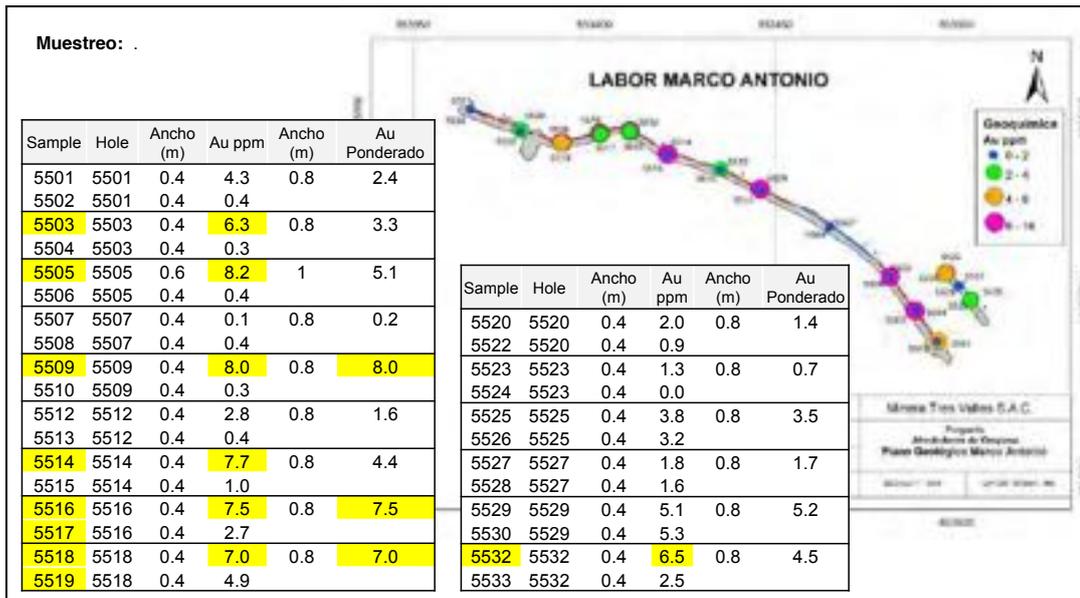
9.7. SANTIAGO HEADING

- UTM C.: 653504E – 8255223N (WGS 84 – Zone 18).
- Concession: 299.9994 ha, ARTURO 2006. Owner S.M.R.L. DON RAFO 2.
- Artisanal Miner: Mr. Santiago.
- Wall rock: Fault breccia.
- Structural control: 2 controls 1) N105°/60°, 2) N145°/60°.
- Mineralization: Milky quartz vein fault with sulphides (disseminated pyrite and in veinlets). Power from 0.30 to 0.80m.
- Sampling: 8 samples (5756 – 5764), including 1 QAQC sample.
- Geochemistry: Minimum width and average grade (vein + wall rock), 0.80m @ g/t Au
- 1 main heading with drift of 66m long on the vein.



9.8. “MARCO ANTONIO” HEADING

- UTM Coordinates: 653500E, 8255230N (WGS-84 18s)
- Concession: Arturo 2006, 300 ha, owner S.M.R.L, DON RAFO 2
- Artisanal Miner: Marco Antonio
- Wall rock: Andesitic lava aphanitic texture
- Structural control: N255°-N330° and 30° to 76° dips to the northeast (NE)
- Mineralization: Vein, quartz filling with disseminated pyrite 3-5%, traces of chalcopyrite.
- Sampling: 33 samples have been extracted (5501-5533) in channel including 3 controls (standard and re-sampling).
- Geochemistry: width and average grade > 0.8m @ > 7 g/t Au.
- A main heading with drift of 160m and 25 m sublevel.



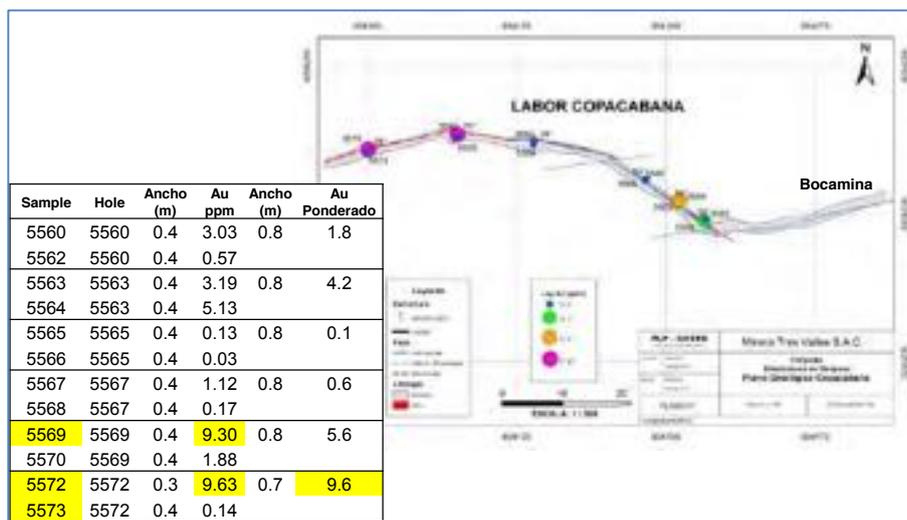
9.9. LARICO HEADING

- UTM C.: 654454 E - 8253404 N (WGS 84 - Zone 18).
- Concession: 907.18 ha, DEVORADORA 2 (INTIGOLD MINING S.A.)
- Artisanal Miner: Mr. Larico
- Wall rock: propylitized andesite
- Structural control: N260° – N275°
- Mineralization: Granular quartz vein with hematitic oxides and goethitic.
- Sampling: 21 samples (from 5629 – to 5647 and 5659 - 5660), including 1 QAQC sample.
- Geochemistry: Width and average up to (vein + wall rock), 0.80m @ 1.98 15 g/t Au.
- A heading with drift of 50m.



9.10. "LARICO 2" MINING HEADING (Copacabana)

- UTM C.: 654187 E - 8256227 N (WGS 84 - Zone 18).
- Concession: 860.6 ha, DEVORADORA 2003 (INTIGOLD MINING S.A.)
- Artisanal Miner: Mr. Larico
- Wall rock: propylitized andesite
- Structural control: 20m N300 ° and 50-70° dips NE, changes to 30m with N280° and 70° dips NE.
- Mineralization: in quartz filling with iron oxide (goethite, hematite).
- Sampling: 21 samples (from 5629 – to 5647 and 5659 - 5660), including 1 QAQC sample.
- Geochemistry: Width and grade (vein + wall rock), 0.40m @ > 9 g/t Au.
- A heading that starts with a cut of 31m and continues with drift of 94m.
- 14 samples have been extracted (5560-5573) in channel, including 2 controls (blank, re-sampling).



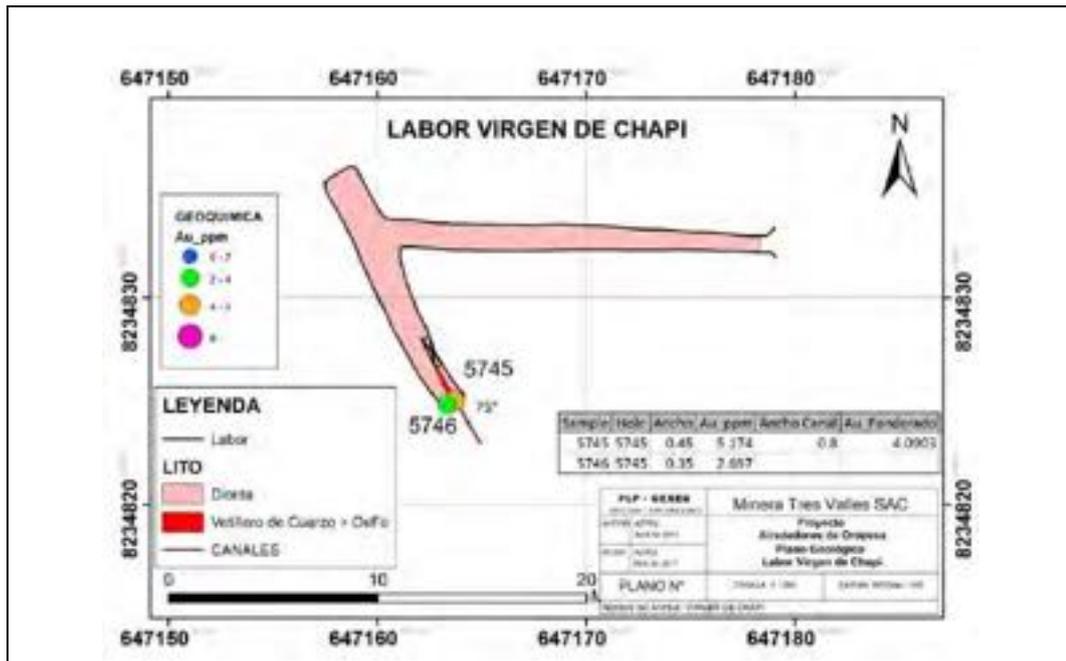
EL 30 SECTOR



5 artisanal headings were mapped and sampled, which will be described from north to south:

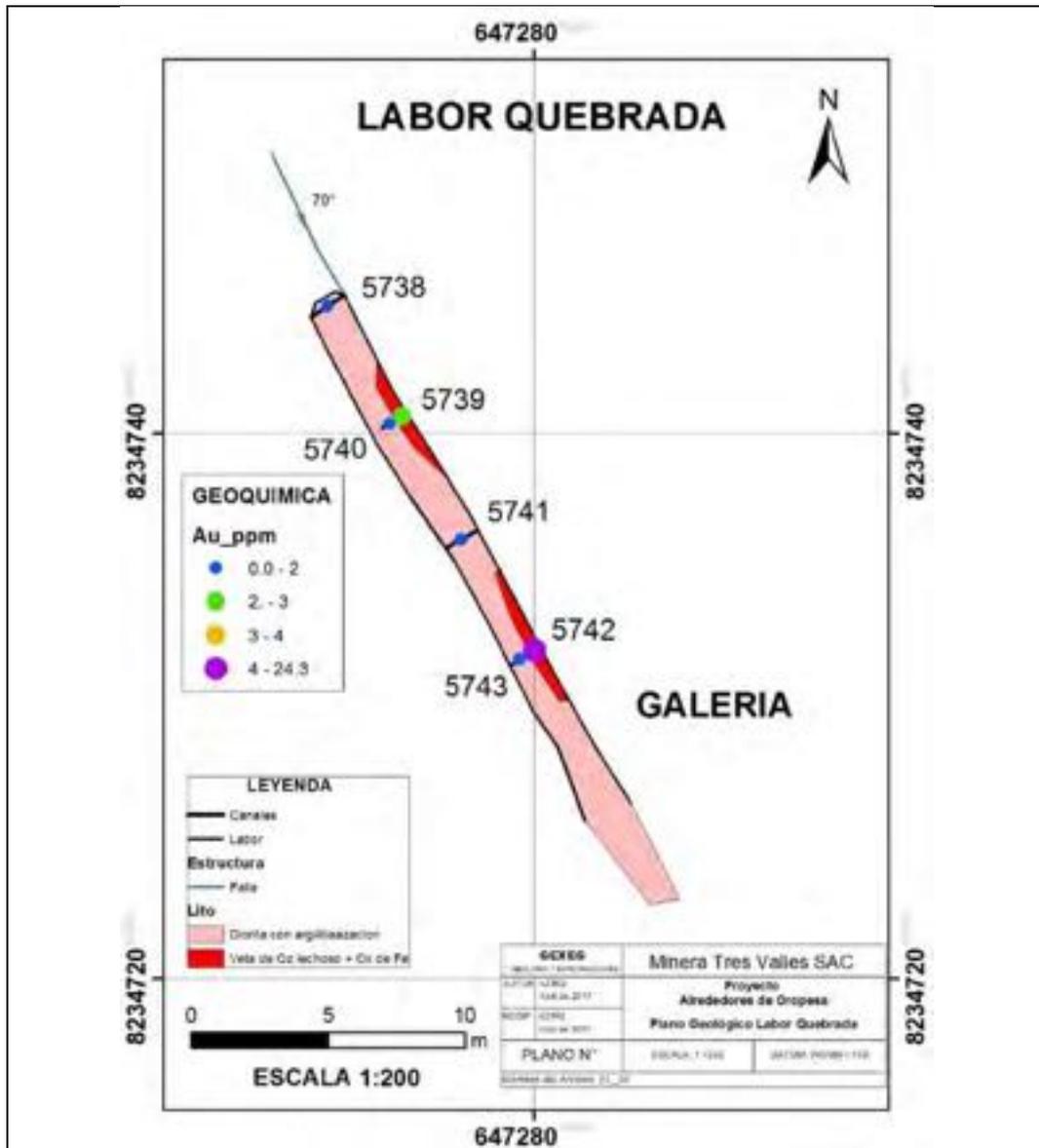
9.11. VIRGEN DE CHAPI HEADING

- UTM C.: 647179E - 8234833N (Zone 18 – WGS 84).
- Concession: 200 ha CORTADERA SIETE 2013-II. Owner S.M.R.L. CORTADERA SIETE.
- Artisanal Miner: Mr. Huachaca.
- Wall rock: Diorite, moderated argillization, with clay veinlets.
- Structural control: N330°/75°.
- Mineralization: branched quartz vein with OxFe, with horse of diorite. Sigmoid from 1 to 3m, power from 0.15 to 0.45m.
- Sampling: 2 Samples (5745 – 5746).
- Geochemistry: Minimum width and grade up to (vein + wall rock), 0.45m @ 4 g/t Au.
- 1 main heading with drift of 12m long on the vein.



9.12. LA QUEBRADA HEADING

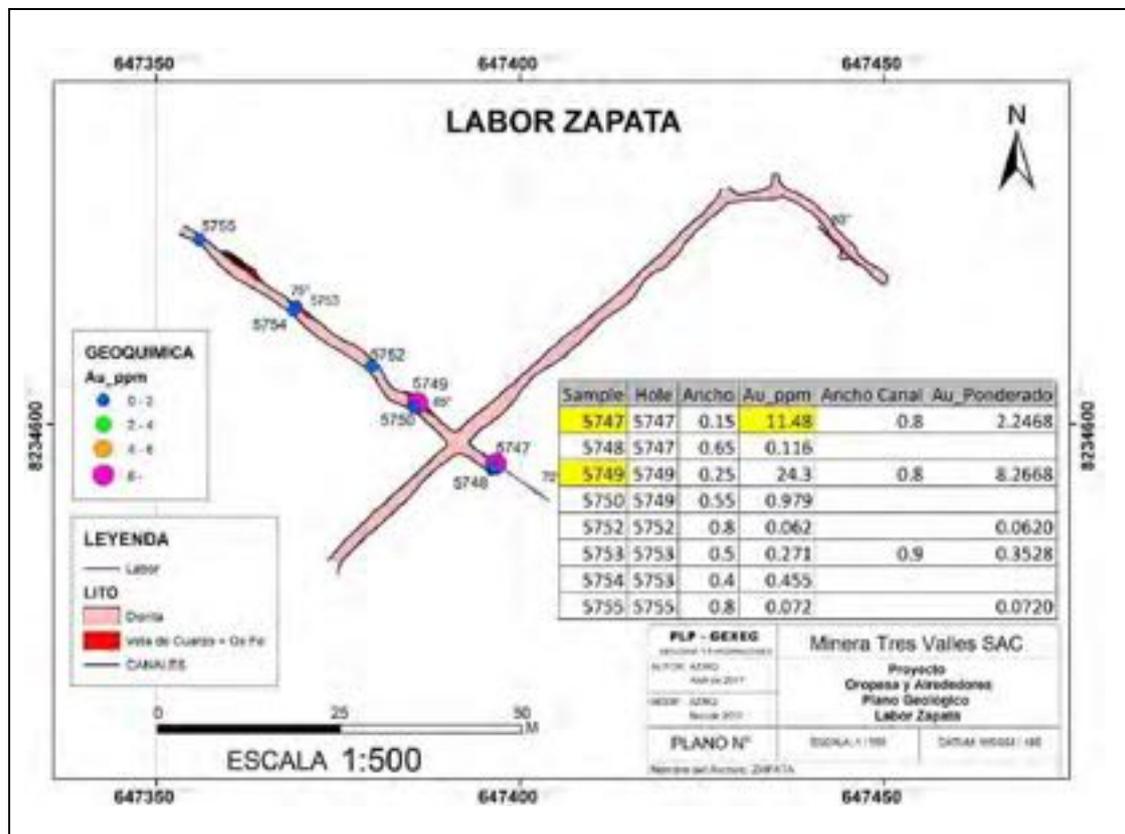
- UTM C.: 647321E – 8234659 N (WGS 84 – Zone 18).
- Concession: 200 ha CORTADERA SIETE 2013-II. Owner S.M.R.L. CORTADERA SIETE.
- Artisanal Miner: Mr. Huachaca.
- Wall rock: Diorite, moderated argillization, weak propylitization, with veinlets of clay and calcite.
- Structural control: N325°/70°.
- Mineralization: Milky quartz vein with OxFe (hematite > jarosite). Sigmoid from 1 to 5m, power of 0.15m.
- Sampling: 5 Samples (5738 – 5742).
- Geochemistry: Minimum width and average grade (vein + wall rock), 0.80m @ 4.09 g/t Au.
- 1 main heading with drift of 98m long on the vein. The artisanal miner (Mr. Huachaca) only allowed the sampling of the last 18m.



9.13. ZAPATA HEADING

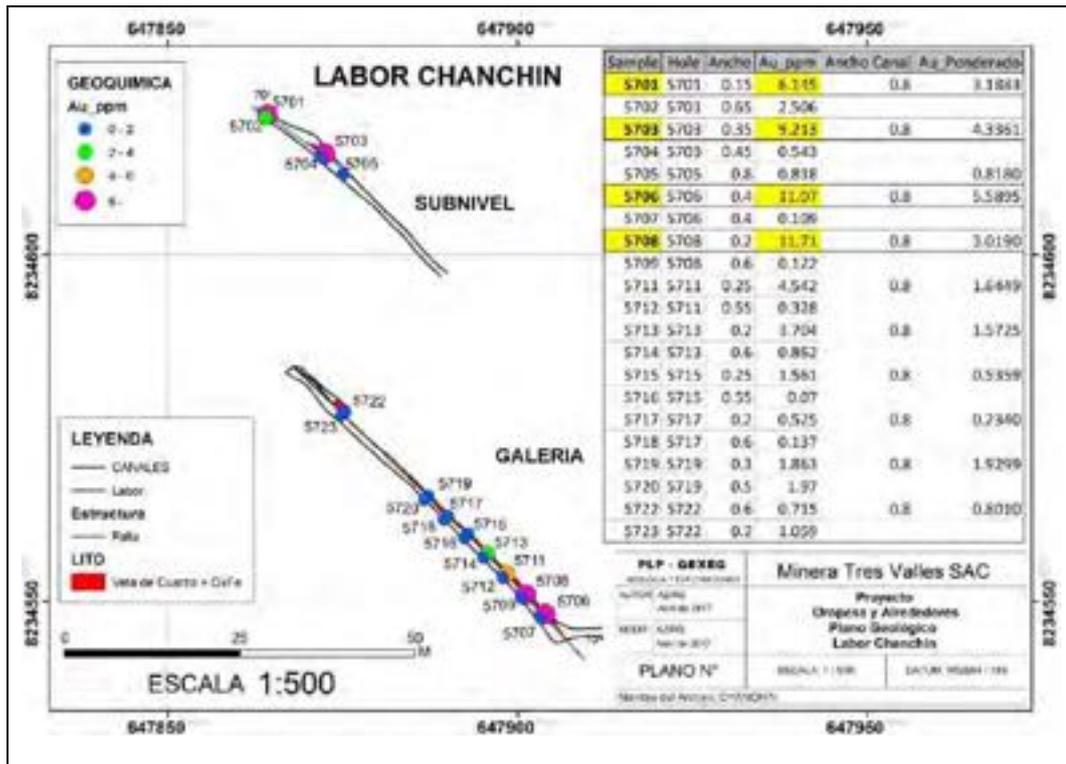
- UTM C.: 647374E - 8234581N (WGS84 – Zone 18).
- Concession: 200 ha, CORTADERA SIETE. Owner MINERA AURIFERA BRICEIDA LA QUEBRADA S.A.C.)
- Artisanal Miner: Mr. Zapata.
- Wall rock: Diorite, moderated argillization, weak propilitization, with veinlets of clay and calcite.
- Structural control: N310°/ 75°- 85°.
- Mineralization: Milky quartz vein with O₂Fe (hematite > jarosite). Sigmoid from 1 to 5m, power from 0.15 to 0.40m.
- Sampling: 9 Samples (5747-5755), including 1 QAQC sample.
- Geochemistry: Minimum width and average grade up to (vein + wall rock), 0.80m @ 8.26 g/t Au.

- 1 main heading with drift of 55m long on the vein.



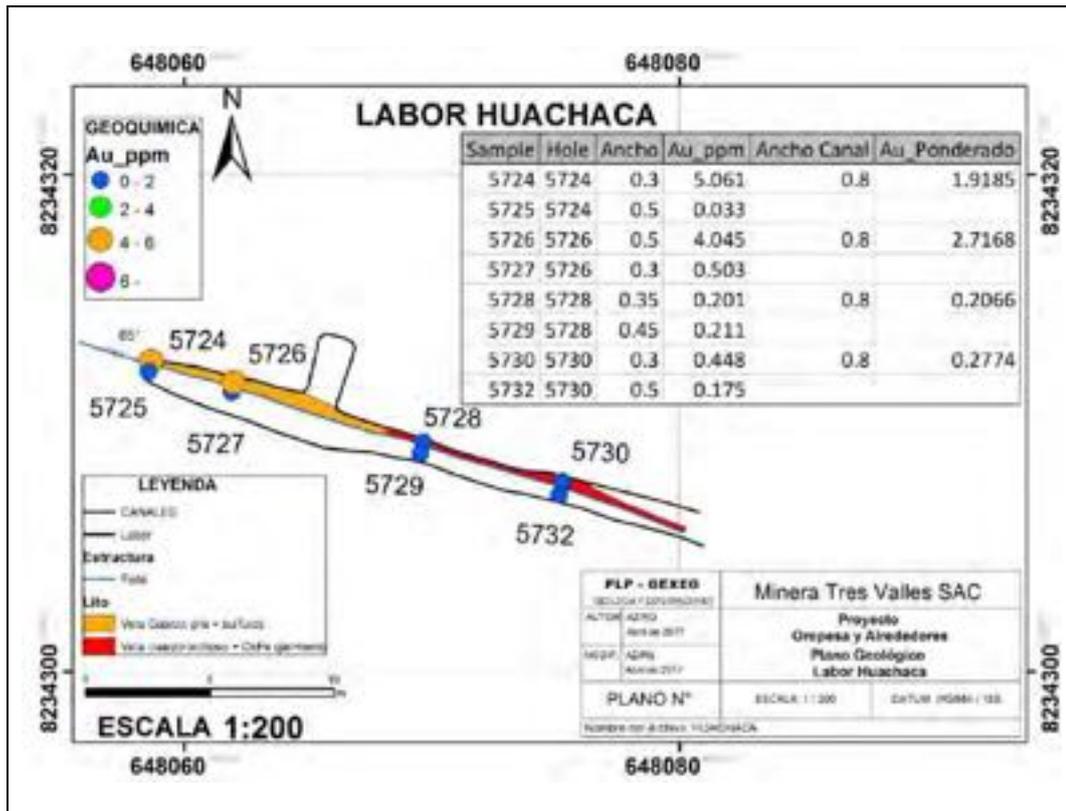
9.14. CHANCHIN HEADING

- UTM C.: 647912E - 8234546 N (WGS 84 - Zone 18).
- Concession: 200 ha, CORTADERA SIETE. Owner MINERA AURIFERA BRICEIDA LA QUEBRADA S.A.C.
- Artisanal Miner: Mr. Chanchin.
- Wall rock: Main drift, porphyritic andesite, moderated argillization. Sublevel, diorite with moderated argillization.
- Structural control: N325°/70°.
- Mineralization: Main drift, Milky quartz vein with OxFe (hematite > jarosite). Sigmoid from 5 to 10m, power from 0.20 to 0.60m. Sublevel, Milky quartz vein with OxFe (hematite > jarosite) and disseminated pyrite and in veinlets (1-3%). Sigmoid from 1 to 5m.
- Sampling: 23 samples (5701 – 5723), including 2 QAQC samples.
- Geochemistry: Minimum width and average grade hasta (vein + wall rock), 0.40m @ >11 g/t Au.
- 1 main heading with drift of 55m long on the vein. 1 sublevel of 33m long on the vein.



9.15. HUACHACA HEADING

- UTM C.: 648081E – 8234306 N (Zone 18 – WGS84).
- Concession: 200 ha, CORTADERA SIETE. Owner MINERA AURIFERA BRICEIDA LA QUEBRADA S.A.C.
- Artisanal Miner: Mr. Huachaca.
- Wall rock: Diorite, moderated argillization, iron oxides in fractures (hematite, jarosite).
- Structural control: N105°/65°.
- Mineralization: Fault vein: 1) Grey quartz with sulphides (pyrite 15-20%), 2) Milky quartz with OxFe 5-8% (Jarosite>Hematite).
- Sampling: 9 samples (5724 – 5732), including 1 QAQC sample.
- Geochemistry: Minimum width and average up to (vein + wall rock), 0.30m @ 5 g/t Au.
- 1 main heading with drift of 23.3m long on the vein.



MISKY - SECOCHA - SAN MARTIN SECTOR

This sector corresponds to the old Misky mine (Minera Caraveli S.A), currently invaded by informal miners, the same ones that have settled in the town of Secocha.

Secocha is located in the province of Camaná, department of Arequipa. It has approximately 20,000 inhabitants and approximately 1,000 trommels (<http://larepublica.pe/impresa/sociedad/790826-mineros-informales-de-chala-y-secocha-seran-reubicados>).

- UTM C., main tunnel Misky mine Nv 815: 693974E – 8233210N (WGS 84 – Zone 18).
- Wall rock: Granodiorite/diorite (Batholith of the Coast), intruded by andesitic dikes.
- Structural control: 2 controls 1) ENE-WNW and 2) NNE-SSW; with dips between 70 and 80°.
- Mineralization: Sigmoidal veins of milky quartz with sulphides (pyrite, chalcopyrite, galena, disseminated and in veinlets). Power from 0.30 to 2.0m (verbal communication informal miners).
- Sampling: 5 samples, 3 of trammel tailings and 2 of pond.
- Geochemistry:

- ✓ 2 samples of 3 of trammel tailings heading Nv 815 (5733, 5734); 33.39 and 31.77 g/t Au.
- ✓ 2 samples of pond heading Nv 815 (5735, 5736); 196 g/t and 29.03 g/t Au.
- ✓ 1 sample of trammel tailings, San Martin sector (5737); 13.47 g/t Au.
- Between level 815 and Secocha, 10 main headings have been identified with mechanized exploitation 25-50 MT/day (verbal communication artisanal miners).
- Main collectors in the area: 1) Laytaruma, 2) Dinacor, 3) Paraiso, Titan. Plants located in Chala.



Figure 1, location of the Misky Mine

10. PROCEDURE TO LOCATE AND TAKE SAMPLES

The corresponding appendix shows the procedure followed by each crew of geologists.

In summary, each crew of geologist was in charge of the selection of the sampling point, from a previous geological sketch surveyed with measurement type and compass, which identified and recorded on maps the geometry of the recognized vein.

Once identified the location of the vein to be sampled, a channel not less than 0.80m was marked in most cases, where according to the geology it was separated into individual samples that were to be extracted as indicated by the procedure, with material collected of more than 2 kg sample

After obtaining the sample, the number of tag placed in the bag was written on the wall of the underground working, and the samples were collected until filling a bag, all of which was transported in the truck of the executing company of the work and storage until its delivery to the CERTIMIN laboratory in Lima.

11. SAMPLE QUALITY ASSURANCE

11.1. Definition of Terms:

Coarse blanks: Samples of sterile material with coarse granulometry must be submitted to the entire preparation process in conjunction with other ordinary samples and must be prepared after strongly mineralized samples. Coarse blanks allow assessing if contamination occurs during preparation.

Re-Sampling (Twin samples): Samples collected at the same point may be twin core or field samples.

Both samples must be prepared in the same laboratory and analyzed with different numbers in the same batch. Twin samples are used to evaluate the sampling error. It is recommended to avoid the use of the term duplicate in this case, since the original and the twin sample formally occupy different spatial positions.

Standards (Standard Reference Material, SRM): Material of a known grade with concentrations of one or more certified elements.

Standards are used to evaluate analytical accuracy.

When choosing the standards it is recommended to select, as far as possible, materials of composition approximately similar to those of ordinary samples, in order to minimize the analytical effect of the mineral matrix.

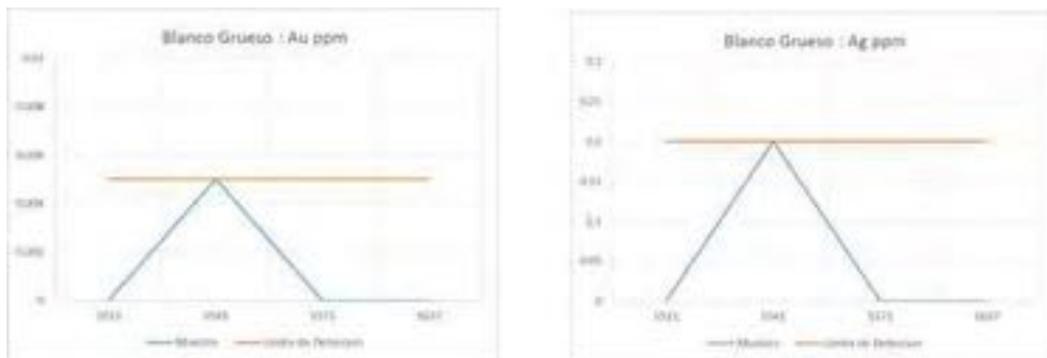
11.2. Sample Preparation in laboratory:

Once the samples arrived in the CERTIMIN laboratory, they were dried at 100° C, then crushed to 90% mesh # 10 ASTM (2 mm), then sampled and pulverized (250 g) to 85% mesh # 200 ASTM (75 µm).

Then, a fire assay analysis was performed and it finished with Atomic Absorption Spectroscopy (AAS).

Then, digestion was carried out in Agua Regia to read ICP contents. The Au, Ag, Cu, Zn and Pb elements with results above the limit of detection were analyzed by the method of fire and gravimetry (Au), fire assay and gravimetry (Ag) and volumetric assay (Cu, Fe, Zn, Pb).

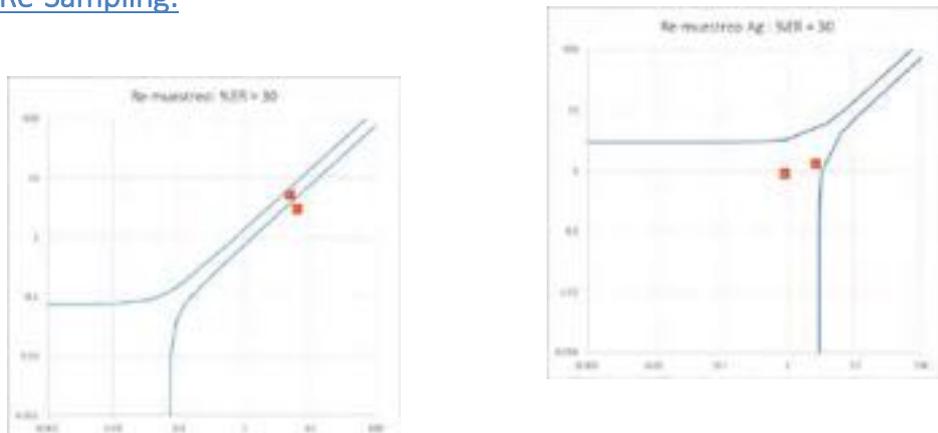
11.3. Coarse Blanks



Sample	Au_ppm	Ag_ppm
5511	<0.005	<0.2
5541	0.005	0.2
5571	<0.005	<0.2
5637	<0.005	<0.2

The coarse blanks do not show any contamination.

11.4. Re-Sampling:



Original	Au ppm	Re-sampling	Au ppm	% ER
5530	5.282	5531	4.922	7.06
5560	3.028	5561	6.414	-71.72
Original	Ag ppm	Re-sampling	Ag ppm	% ER
5530	0.9	5531	0.9	0.00

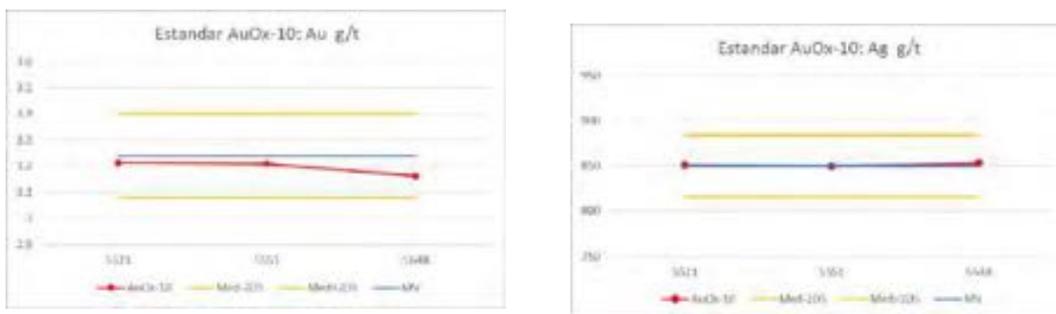
5560	1.3	5561	2.6	-66.67
------	-----	------	-----	--------

The re-sampling in pair 5560/5561 shows a high variability in Au, which may be due to the presence of coarse Au; the accompanying geochemistry is also variable, which shows the difference of this pair of samples; the other pair is within the ranges of variability expected for this type of control.

Due to the number of samples taken, results cannot be conclusive; the high variability detected in a pair deserves to be taken into account, to expect presence of coarse Au and to take precautions in later sampling; to analyze by resizing is recommended.

In the case of Ag, conclusions cannot be reached because of the low values in these control samples.

11.5. Standards



	Au ppm	Ag ppm
AuOx-10	3.24	850
STD	0.08	17

SAMPLE	Au_ppm	Ag_ppm
5521	3.213	851
5551	3.209	850
5568	3.163	853

The Target Rocks AuOx-10 standard was used; the results for this standard for both Au and Ag are within expected ranges within the two standard deviations.

12. GEOCHEMICAL INTERPRETATION

The results of the samples taken from the Oropesa mine suggest the existence of mineralized ore shoots with gold-bearing contents above 6 g/t Au for 0.8m widths in average. However, these ore shoots are not continuous, showing discontinuity in the

strike getting thinner or poorer. The structural control of the ore shoots must be better understood with future works.

There are Au grades as high as 53.16 g/t for 0.80m of width (Recuperada), and other greater grades for more narrow areas of vein (Halley, Juanita, Pique), suggesting that the right sampling width on wall rock should be considered to have a convenient dilution.

In Oropesa Mine, Catarata Zone and El 30 Zone, there are several ore shoots in several underground workings that have veins and host rock that allows dilution to grades $> 6 \text{ g / t Au}$ for widths of 0.80m for a conventional mining. In many cases, however, if the host rock was not considered in dilution, the grade could be several richer multiples, and perhaps the “circado” to select the richest in grade may be the most convenient. Each vein must be analyzed. In Oropesa mine, the Cu in the veins has values between 0.1 and 0.3%, with few samples over 1%. The As is generally less than 0.1%. In the Catarata zone, it is the same, although in the Hilda vein the Cu reaches up to 0.7%. In sector 30 the same trends are noted but with the Cu and As still much smaller.

In Oropesa mine, Au has very low correlation with Cu and no other correlation has yet been identified. In contrast, in the Cataract sector, the Au has a low correlation with the As and Cu, and a very low correlation with Ag, Mo and Zn. Cu has high correlation with As and Sb, and moderate correlation with Ag and Pb. In the 30 area, the Au has moderate correlation with Cr and low with W and As.

These correlations indicate that Au, Ag and Cu have some paragenetic association and minerals with As such, as arsenopyrite is present where they are present. Further geochemical analysis should be performed. It will be ideal to consider studies of more samples, separating by types of veins and separating the rock box from the vein. This time it was not decided to do so because the statistical populations would be very small.

13. TYPE OF DEPOSIT

This mining district, assessed and moderately studied by some authors, shows us quartz veins as gangue of massive texture to sub-crystalline, with mineralization of sulphides like pyrite and base metals to a lesser proportion. It has lenticular geometries and discontinuous economic ore shoots with minerals of propilitic alteration to intermediate argillization, with specific evidences of muscovite.

The deposit is inferred as gold-bearing orogenic.type. It display pinch and swell geometries of the ore bodies that may get deeper along many hundreds of meters (no necessarily vertical), versus lesser extent horizontal continuities.

14. EXPLORATION – GEOLOGICAL POTENTIAL

Of the 14 headings visited, 9 of them (64%) have vein segments with grades greater than 5 g/t Au, which may be between sub-economic to economic, depending on the mining method (conventional with minimum width or selective “circado”).

The length of the ore shoots from moderate to high-grade range from 3 to 30m, with average widths between 0.4 and 1.2m, which would be measured in the 9 underground workings surveyed and sampled of approximately 800 MT with grade above 5 g/t Au.

If it is considered that there are over fifty active underground workings and a similar number of headings abandoned for different reasons, it can be deduced that only in the study area of Oropesa and the area of Catarata and El 30 there might be potential to discover reserves and produce > 100 MTD. If we also consider the potential of the Calpa mine and the Secocha sector, we can talk about a potential for production greater than 200 MTD, which should be carefully evaluated to verify it. This conclusion does not include potential of other areas not assessed.

15. METALLURGICAL TESTING

Cyanidation tests were carried out by bottle agitation and Rougher/Scavenger flotation of sulfides from samples called oxides and sulfides.

The results of the head chemical analysis of the samples are presented below:

Sample type	Au	Ag	Fe
	g/t	g/t	%
Head (oxide)	9.13	31.1	7.58
Head (sulfide)	9.44	118.0	14.24

16. METALLURGICAL RECOVERY

The cyanidation in bottle for the oxidized mineral obtained an extraction of 89.68% Au and 85.90% Ag, consuming 1.61 kg/t Na CN and 3.83 kg/t Ca O of the sulphides, only 34.46% Au and 37.54% Ag were extracted, with 14.57 kg/t Na CN and 93.61 kg/t Ca O.

Regarding the Rougher/Scavenger flotation, recoveries of 96.89 Au and 96.50% Ag were obtained.

However, they are preliminary results and should be followed by taking representative samples of the entire universe of underground workings and continue testing, including mineralogical studies of ore and gangue samples, Au liberation size and others.

17. MINING METHOD

The mining method is cutting and filling upward with “circado” selective extraction, which presents a little support problems in the mined widths.

Many underground working are off the axis of mineralization and deserve to be re-evaluated to find the trace of the main vein.

18. INTERPRETATION AND CONCLUSIONS

- Development and exploitation tasks do not have a map-based approach and often leave the axis of mineralization.
- The veins have irregular "pinch and swell" type geometry of different lengths and widths, but the largest widths not always have the best grades.
- There is mineralization with grades higher than 5 g/t Au for widths greater than 0.80m. However, there are vein segments with much larger grades with smaller widths that are done with the method of cutting and filling upward and "circado" selective.
- A structural control found is that the veins on structural systems N310 to 315° are less continuous in strike and width, but of higher grade than the veins of system N275 to 280°. Every vein pulse must be analyzed separately.
- Mineralogy is simple with dominant pyrite followed by chalcopyrite. This simplicity is reflected in the good metallurgical recoveries achieved by preliminary tests.
- These are deposits of gold-bearing orogenic veins.
- There is potential to find reserves and resources that support a constant production rate of > 50 MTD in oxides and the same or more in sulfides.
- Thus, the business model of installing a metallurgical plant processor at small-scale production has support, if the geological potential hereby inferred, is checked.

19. RECOMMENDATIONS

- Census every artisanal miner in a radius suggested by the capacity of the plant that will be installed and by the distances that might move economic minerals.
- Perform a surface geological mapping, including lithology, structural, alterations and mineralization.
- Enter all accessible underground workings, map, and sample the veins.
- Survey the results of 3D geochemical mapping and sampling to visualize trends.
- Take resizing tests to confirm/discard the presence of coarse Au.
- Assess the Calpa mine and underground workings in the Secocha and Misky sector.

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21. APPENDIX

- I. Table of geochemical results
- II. Procedures
- III. Metallurgical tests

**Geological Survey II: Ximenita de Casma – Ancash Gold
Processing Plant & Exploration Project**

**GEOLOGICAL ASSESSMENT AND POTENTIAL OF
MINERAL ACCOUNTING OF THE XIMENITA
PROJECT AND SURROUNDINGS
REPORT BY COMPETENT PERSON**



Artisanal underground working

Prepared by: **Bi Valley Peru SAC**

INTERNAL REPORT

By: **Alberto Z., Ademir D., Artemio Ch., Jhimmy M.,
Celso P., Esteban M (QP/CP)**

PLP - GEXEG

May, 2017

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SIGNATURE PAGE AND DATE

CERTIFICATE OF QUALIFIED PERSON

I, Mr, Esteban Manrique, AIG CP (Geo) do hereby certify that:

- I am currently employed as an independent consultant geologist, based out of Lima, Peru. PLP-GEXEG hired me for an independent work.
- I graduated from the National University of Engineering, Peru, in 2011, with a Master of Science degree specialising in Geological Engineering.
- I am Chartered Professional in the discipline of Geology and a registered member in good standing of the Australian Institute of Geoscientists CP (Geo) membership number 5296
- I have practiced my profession continuously since September 2012. My relevant experience includes over 25 years' experience working for explorers companies focused on precious and base metal exploration, including epithermal deposits. I also have several years' experience independently reviewing greenfield projects for public and private companies.
- I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am a responsible for sections; 8, 9, 10, 11, 12, 13, 14, 17, 18 and 26 in this technical report.
- As of the effective date of the Technical Report, 18 May 2017, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information required to make the report not misleading.
- I have read NI 43-101 and Form 43101F1, and the Technical Report has been prepared in compliance with that instrument and form.
- I am independent of Prospector Resources Corp. applying all the tests in section 1.5 of NI 43-101.
- I visited the Ximenita Property that is the subject of this report between April 6 and 7th, 2017. This is the only time I have spent at the Property.

Dated May, 19th 2017.

Effective date: ...



Esteban Manrique

EXECUTIVE SUMMARY

Bi Valley Peru SAC (BVP) preliminarily assessed the geological potential to explore reserves and resources, as well as the productive potential of providing more than 50 MTD of economic grade ore ($> 5 \text{ g / t Au}$) to a hypothetical plant located within the same mining district.

For this assessment, BVP hired Proyectos La Patagonia, which is a firm specialized in evaluation, development, and management of mining projects, which sees all its geological issues with the company GEXEG. PLP-GEXEG assessed the Ximenita mine and nearby artisanal miners around with 04 brigades of geologists led by Alberto Zapata as Head of the Project, Artemio Chirre, Ademir Durand and Jhimmy Mori between April 02 and 07, 2017. This work was supervised by Celso Palacios and later audited by QP senior geologist, Esteban Manrique.

129 geochemical samples were obtained (Ximenita project and artisanal headings around), besides 14 control samples, all of which were sent for analysis to the certified laboratory of CERTIMIN.

Control samples (blank, re-sampling, standards) were used between 10% and 15% to ensure and control the geochemical results. Established underground survey procedures (UTGS WGS84 coordinates with GPS in mine entrance and compass and measuring tape) and channel sampling procedures were followed. The QAQC analysis was carried out by QAQC senior geologist Carlos León and audited by QP senior geologist Esteban Manrique. The BD was organized by BD Manager José Chavez, and audited by the QP.

The results of the geological survey, geochemical sampling and laboratory analysis show a system of mineralized veins with an orientation of NE to ENE and dips from 20 to 60° in the South; and another NNW and dips in the W.

The mineralized veins have sub-lenticular geometry ("rosary type") with restricted alteration halos around the vein, with moderate to weak silicification. The gangue is formed by altered rock. The mineralization is represented by pyrite, chalcopyrite, galena and sphalerite, with Fe oxides.

We visited 07 headings of artisanal miners around the north of the Ximenita project, which do not have a specific exploratory criterion and are guided by how the heading looks each day, without projections or calculations of the vein course or continuity. From all of these headings we visited, 5 (71%) presented small mineralized ore shoots on veins with economic values greater than 6 g/t Au, with widths between 0.2 and 0.80 m, suggesting the need of several cases of selective "resuing" to take advantage of very high grades. Before exploiting, each case must be assessed to see when a minimum width is better and when resuing is better.

In the area of Cerro Colorado, grades reach between 6 and 11 g/t Au, but for widths of 0.30m on average. Ag is between 1 and 4 oz/t on average and Zn is between 1 and 3%. The AS is greater than 1% on average.

In the headings Vilca 1, 2, 3, 4, Lalo and Da Silva, we have grades greater than 6 g/t Au for widths from 0.2 to 0.8m. Cu reaches up to 0.7%, Ag up to 6 oz/t and As is greater than 1%. In the Lalo heading we have grades between 8 and 11 g/t Au for

widths between 0.2 and 0.4m, with Zn in 0.6% on average. In Vilca 2 there are grades between 6 and 59.33 g/t Au for average widths of 0.3m. Cu reaches 0.5% and Zn is greater than 7%. Da Silva has grades between 9 and 18 g/t Au for widths between 0.3 and 0.8m, with Ag between 1 and 2 oz/t, and Zn between 1 and 2%. Vilca 2 has grades between 3 and 6 g/t Au for widths between 0.5 and 1.7 m, with Ag less than 1 oz/t and Zn between 1.3 and 3.5%.

In general, the Au correlates moderately with Ag, Fe, V, Zn, As, Cd and Mn, and in Ximenita the Au correlates well with Pb and Sb. These correlations suggest pulses similar to epithermal but in volcano-sedimentary means, so a VMS model should be tested. The possibility of an IOCG model is not ruled out, although there is still no substantial evidence to comment besides the anomalous contents of Fe, Au and Cu.

Those headings allow projecting a mineralization potential that, adding all areas, can harbor a rate of production greater than 50 MTD in sulfides and, separately, an equal sum in oxides in the visited restricted area.

Cyanidation metallurgical tests were performed for oxides with results of 90.73% of Au extraction and 56.70% of Ag, with consumptions of 2.01 kg/t Na CN and 3.85 kg/t Ca O. Likewise, Rougher / Sacavenger flotation tests were performed with recoveries of 96.12% Au and 93.61% Ag.

It is recommended to have a superficial geological mapping, including lithological, wall rock alteration, structure and mineralization layers, on which a more robust, dense geochemistry can be interpreted to infer projections of the veins to new sectors. With the help of sections and 3D models, the future exploration of resources and reserves will allow to replenish mineral and grow.

Microscopic studies should be performed to improve the mineralogical understanding of the gangue and ore that should be treated in metallurgical plants.

Before all of this geological field work, every artisanal miner must be censused, partnership agreements must be made, and a formalization process must be started.

1. INTRODUCTION

Bi Valley Peru SAC commissioned Proyectos La Patagonia SAC (PLP), which is a firm specialized in evaluation, development, and management of mining projects, which sees all its geological issues with the company GEXEG. PLP-GEXEG assessed the Ximenita and surroundings to evaluate the geological potential, for exploration and for mining planning or purchase of gold-bearing ore, that enables a rhythm of ore production or purchase greater than 50 MTD to begin with, from a ore processing plant, indicating to what type of metallurgical treatment the mineral would correspond.

The growth potential of this rhythm of production or purchase should be noted, indicating the areas that can contribute to this processing plant or plants (cyanidation and flotation if applicable), as well as areas to be considered in the study of mining producers that provide mineral and also areas with potential for modern systematic exploration in order to achieve greater volumes of exploitation and processing.

Between April 02 to 07, 2017, the field work was carried out by the staff of GEXEG geologists, experienced and junior assistants (Alberto Zapata, Ademir Durand, Artemio Chirre, Jhimmy Mori, Robert Quispe, Juan Huamán, Willy Quintanilla and Fernando Santos), with the supervision of Celso Palacios between April 03 and 05, and the final field review between May 08 and 10, 2017 by Esteban Manrique.

All geochemical samples were sent to the certified laboratory of CERTIMIN, and after getting the results, those with values greater than 4 ppm Au were chosen to make a composite with the rejected samples and send them to carry out metallurgical tests in the metallurgical laboratory of CERTIMIN.

2. RELIANCE ON OTHER EXPERTS

This report has been prepared by PLP-GEXEG, on behalf of Bi Valley Peru SAC. The information, conclusions and recommendations contained herein are based on:

- Information available about the project and its surroundings at the time of preparation of this report.
- Field data obtained from a preliminary topographic and geological survey from PLP - GEXEG.
- Review of said fieldwork and reports from PLP - GEXEG, by QP senior geologist Esteban Manrique.

3. LOCATION, ACCESSIBILITY AND MINING CONCESSION

The Ximenita project is located 22 km northeast of the city of Casma. Politically speaking, it belongs to the jurisdiction of the district of Buena Vista, province of Casma, department of Ancash. Its UTM (WGS84, Zone 18 South) reference coordinate is: 811,846 East and 8'961,580 North.

The mine is located in the Casma map (19-g), with altitudes varying from 400 and 900 MASL.

To have access to the project from the city of Lima, take the Panamericana Norte highway until the city of Casma (370km in 5h 10min). To continue, take the paved road from Casma to Buenavista for 9 km in 20 min. Then, take that semi-paved road for 13 km approximately in 40 min. (Table q and Figure 1):

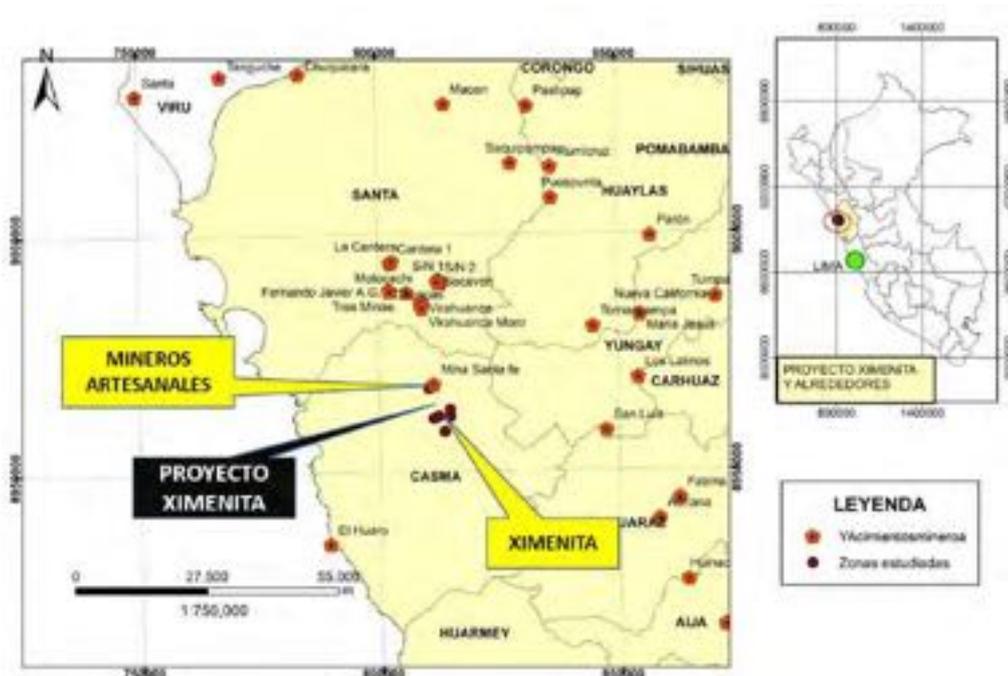


Figure 1 – Map of location

RUTA	DISTANCIA (Km)	VÍA	TIEMPO (Hrs)
Lima - Casma	370	Carretera Panamericana Norte	5h 10m
Casma - Buenavista	9	Carretera Asfaltada	20 min
Buenavista - Proyecto Ximenita	13	Carretera Afirmada	40min
Total	392	Total	6h 10min

Table 1 – Access to the project from Lima

The Ximenita project is composed of 03 mining concessions, called Ximenita de Casma, Ximenita de Casma II and III, which make a total of 2,041.07 ha owned by Z.L. Minera SAC and Orlando Vladimir Alvarez (Figure 2):

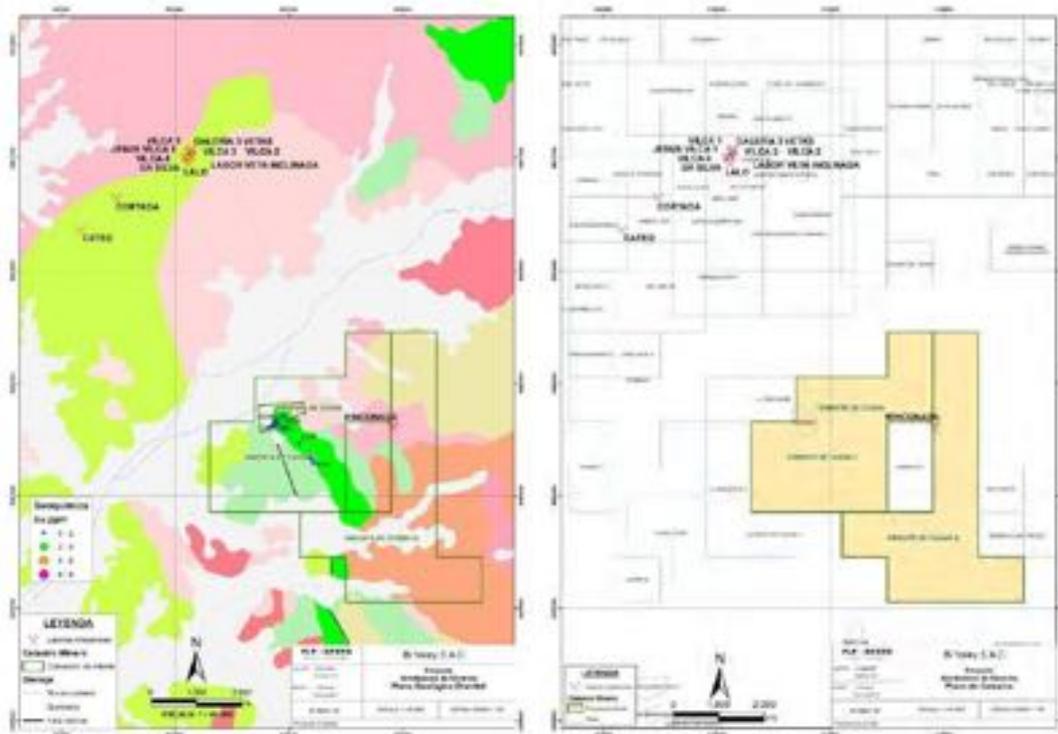


Figure 2 – Map of Mining Concessions of the Oropesa project

4. PHYSIOGRAPHY

A tropical climate with average temperatures of 21 °C can be found here. The relief is varied with plains and valleys with low hills and steep hills. Wide ravines carve the morphology of hills, forming valleys of low gradient.

5. REGIONAL GEOLOGICAL FRAMEWORK

5.1. LITHOSTRATIGRAPHIC UNITS

According to INGEMMET, sedimentary, volcano–sedimentary and igneous rocks emerge in the region; these rocks can date from the Late Cretaceous to the Miocene (Sánchez, et al., 1995).

The base is formed by the Goyllarisquiza Group, with the Fm Santa consisting of massive grayish–gray limestones laminated with dark–gray silty argillites.

Then the Fm Carhuaz emerges with thin layered shales (silty argillites), with occasional tuffaceous intercalations. Its basal contact is transitional, but its ceiling contact is well defined by the quartz sandstones of the Fm Farrat.

Mixtures, lava flows and lavas are interspersed with tuffs forming the F, Junco.

Finally, the Calipuy Group which consists of volcanic calco-alkalines overlaps.

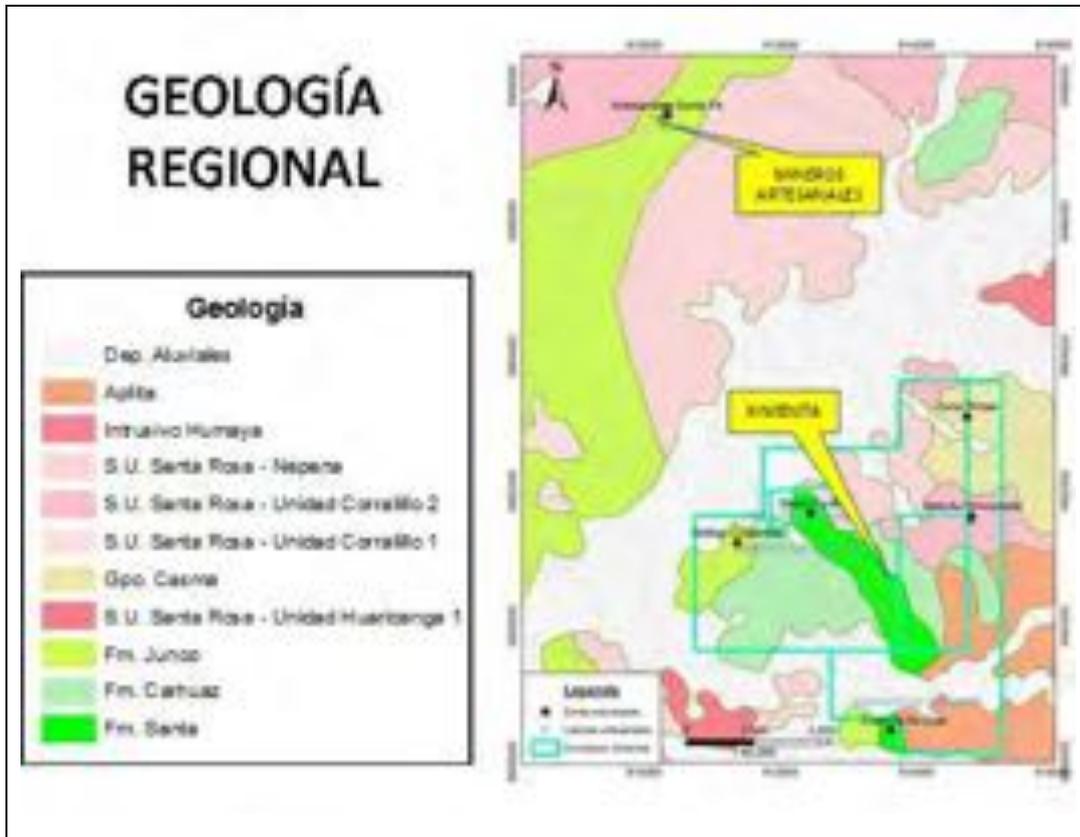


Figure 4 – Regional geology and field of study

6. LOCAL GEOLOGICAL FRAMEWORK – XIMENITA PROJECT

In the Ximenita project area, there are outcrops of carbonate sedimentary and quartzitic sandstone rocks with silty levels, which are cut by intrusive rocks from the Coastal batholith of tonalitic, gneodiorite composition, and andesitic dikes.

Five targets were evaluated in Ximenita:

- Skarn Cu (Cerro San Pedro).
- Culebrillas.
- Quartzite Au Dispersed.
- Pyrite Zone.
- La Rinconada Au Vein.



6.1. SKARN CU (CERRO SAN PEDRO)

Much of the area shows sedimentary rocks of the Lower Cretaceous that have been cut by little phases of intrusive rocks which have not generated a greater formation of mineralized bodies, or there have not been other hydrothermal events that have favored the mineralization in the area.

Due to the intrusion of some intrusive phases on some calcareous horizons, small garnet skarn bodies have been developed. These contain the mineralization of copper oxides associated with hematite, goethite and jarosite. The intensities of mineralization in some of these bodies are very weak, localized and discontinuous.

6.1.1 *Lithology – Sedimentary rocks*

Part of a thick sequence (> 400 m) of sedimentary rocks of the Lower Cretaceous emerges in the area. According to INGEMMET, it correspond to the Santa, Carhuaz and Farrat Formations; it is composed of concordant sequences of siltstones – sandstones, calcareous siltstones and limestones – siltstones (Photo 1).

- **Siltstones – Sandstones.** – Mainly formed by thin layers of siltstones and dark-gray sandstones, which appear alternately within this sequence. This sequence of clastic rocks broadly emerges in the western sector of the area and a thin restricted sequence appears between the limestone and granodiorite areas.
- **Calcareous siltstones.** – It is a thin transition sequence, which presents thin and alternating layers of siltstone and calcareous siltstones, which are usually of a dark gray color and that appear on the west flank of Cerro San Pedro.
- **Limestones – Siltstones** It is a thin sequence of limestones with some horizons of siltstones, both dark gray in color. Some limestone horizons present laminated texture; this is much more noticeable when the limestone has a higher content of limes in its composition. It grows along the Cerro San Pedro hill in an approximate direction NW – SE. It appears a little wider at the Northwest end of its outcrop, due to a (lateral) variation of the composition of the strata or because they have undergone a small bending.

6.1.2 *Lithology – Igneous rocks*

There has been little magmatic activity in the area; it is manifested only by the presence of some outcrops related to the Coastal Batholith.

- **Tonalite.** – This is probably the first phase of intrusion that has occurred in the area and much of it has been displaced by the next phase as well. Several small outcrops have been observed in the form of dikes of this type of rock, within the metamorphosed sedimentary sequence, some of them almost parallel to the stratification. It has also been observed those in the form of xenoliths in edge outcrops of the next phase, which are highlighted by their high content of mafic minerals. It is a rock of equigranular texture, medium to fine grain, contains plagioclase, higher content of mafic minerals; it is not magnetic because it is weathered. Small outcrops from this phase of intrusion have been found (Photo 2) in the following coordinates: 812243E, 8961727N y 812271E, 8961580N.
- **Granodiorite.** – Rock of phaneritic texture, coarse grain constituted by plagioclase, little orthoclase, quartz, biotite in the form of hornblende (Hr > Bt) and fine magnetite accessory. Usually the crystals occurs as subhedral to anhedral. In some outcrops, the edge of this unit presents a slight change in its composition due to an increased occurrence of mafic minerals (Photo 3). This lithologic unit is part of the Coastal Batholith and emerges in the

Northeast sector of Cerro San Pedro – it is in contact with or has placed the sedimentary sequence that has intercalated levels of siltstones and sandstones. There are some irregular dikes or processes at various points within the sedimentary sequence (812382E, (8961529N).

- **Undifferentiated Dike.** – It presents a rusty surface with destroyed rock-forming minerals; it has a gray–white color and it manifest itself in the form of dikes with a NW – SE direction, with some ramifications of a NE – SW approximate direction. The width of these outcrops vary within 10 m. They present a contact plane in some outcrops (Az / Bz: 324°/83°) and irregular ones (Photo 4).
- **Andesites.** – They are late phases, probably with two generations; the first one of porphyritic texture with phenocrysts of plagioclase of diverse size and high mafic mineral content, has a greenish–gray color and are dikes with widths smaller or equal to 5.0 m. Two of them with NW – SE and NE – SW directions have been identified in the area. The second generation is characterized by being a dark–green aphanitic rock; these are usually thin dikes with a width of less than 3.0 m and it appears in different sectors cutting most of the lithological units. In point 812277E, 8961675N contact zone (305°/79°) between porphyritic andesite dike and skarn – marble (Photo 5).

6.1.3 Structure

The structural context is not relevant. There is no evidence of folding over the sequence of sedimentary rocks; important faults that could be related to the existing mineralization were not found either in the area.

- The strata of the sedimentary sequence have a strong dip greater than 65°. In the Cerro San Pedro area some strata exceed 80°; the dip of this sedimentary sequence is towards the Southwest with some horizons that are very localized in the zone of strong dip that change towards the Northeast.
- It was possible to identify some reverse and normal faults in the cut of former entrances. The reverse faults appear almost parallel to the stratification and the normal faults in an almost transverse way. These are faults with a width of less than 30 cm. The reverse faults match some regional outreach structures in the Andes. In addition, some of these structures almost coincide with the direction of some dikes.

Table 2. – Faults

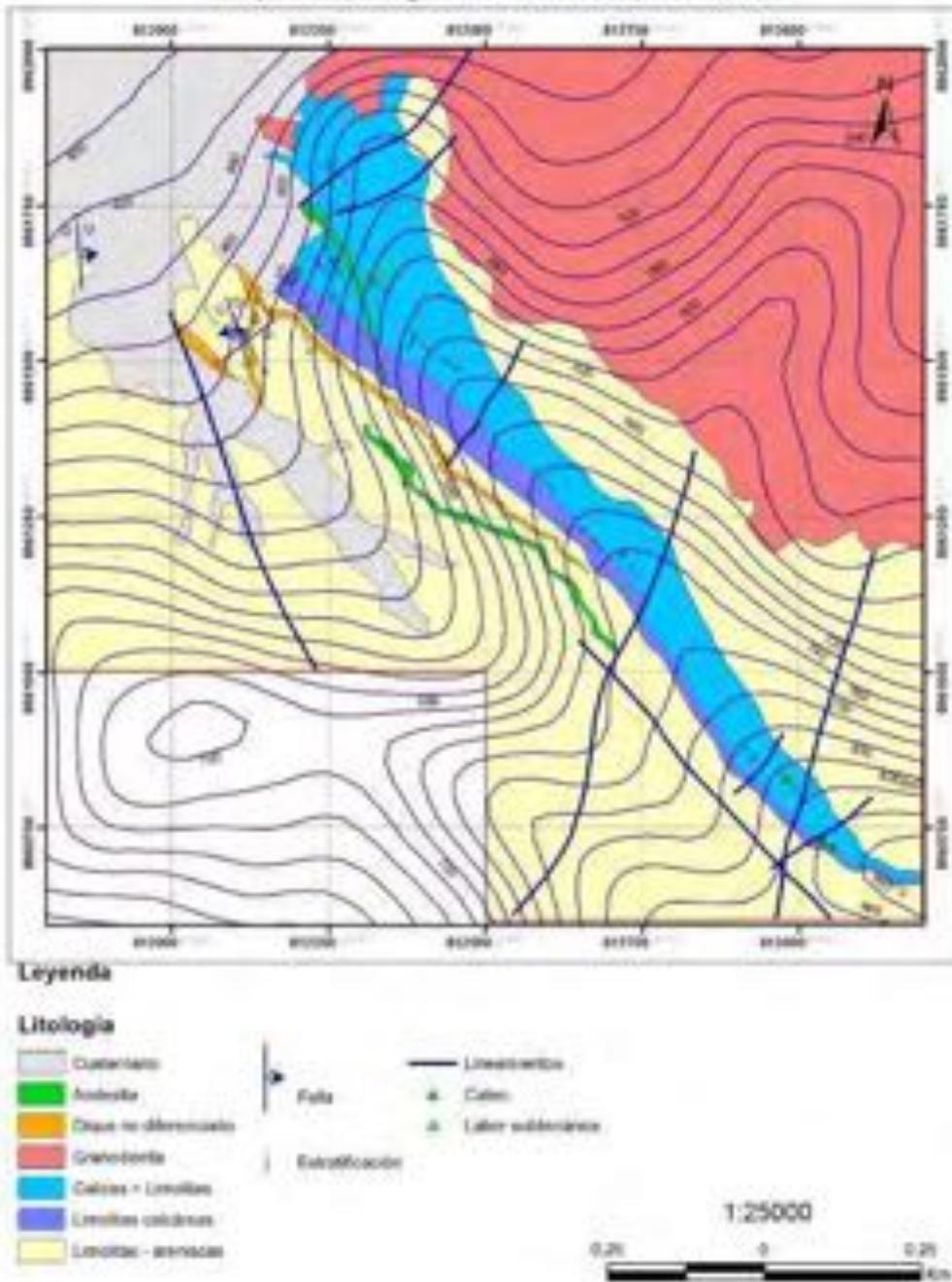
East	North	Height	Bz	Az	Type	Observation
811854	8961670	520	356	57	reverse	Cutting dark–gray siltstones
812101	8961551	486	162	64	Reverse	Cutting dark–gray siltstones

812101	8961551	486	142	78	Reverse	Cutting limonites, near the previous one
812119	8961534	494	232	58	Normal	Cutting undifferentiated dikes

- With the help of Google Earth, structural guidelines have been identified for the Cerro San Pedro area where some of these guidelines are almost coincident with the faults that have been identified in the field. There are guidelines with NW – SE and NE – SW directions.
- No major folding structures have been identified that affect the sequence of sedimentary rocks in the area and surrounding areas; it was only possible to identify some folding micro-structures (812226E, 8961565N) in the Northwest end of Cerro San Pedro on some horizons of dark-gray siltstones.



Mapa Geológico - Cerro San Pedro



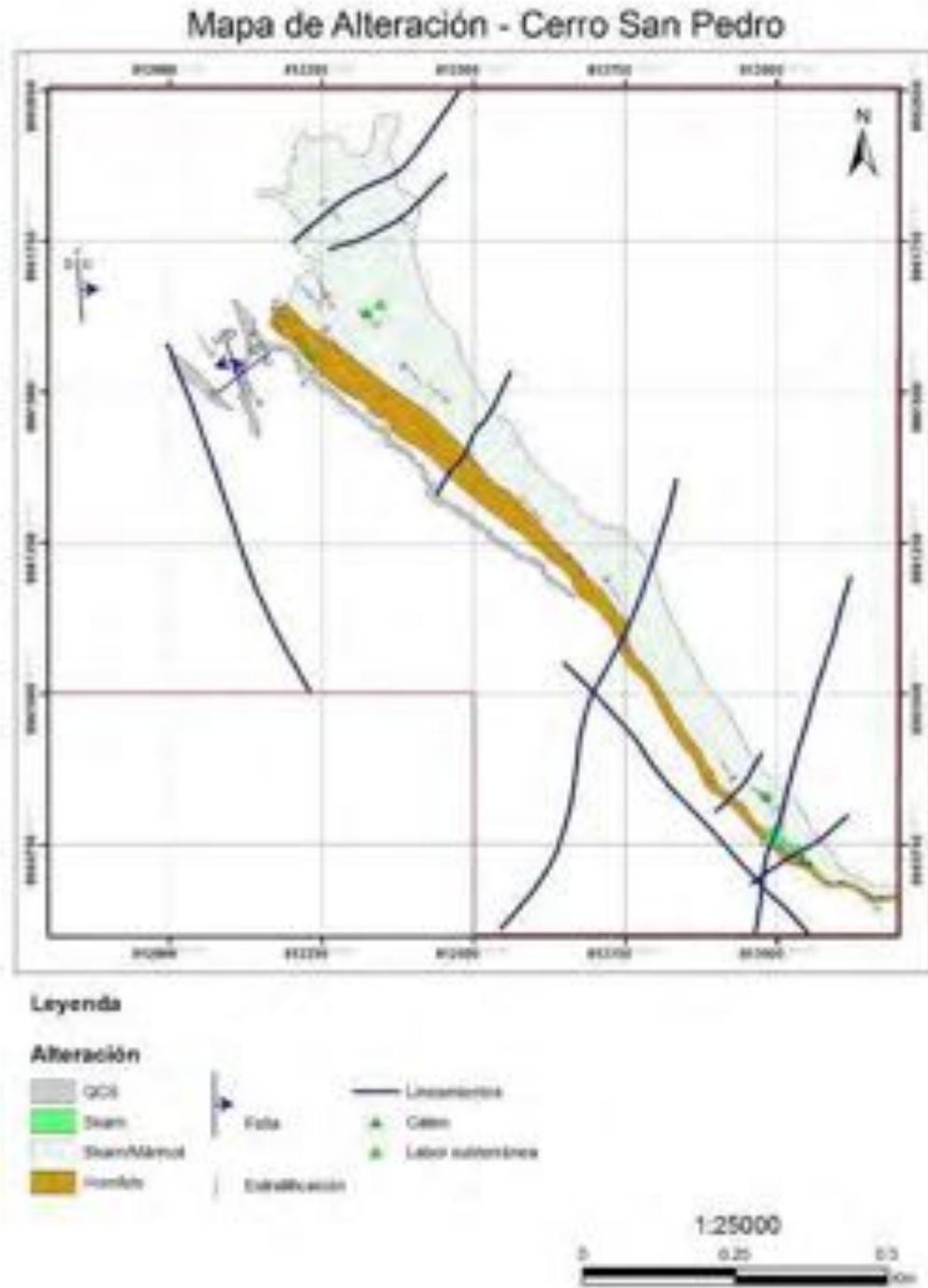
6.1.4 Alteration

The best evidence of alteration is observed mainly on a thin sequence of sedimentary rocks of a calcareous clastic nature that appears along the summit line of Cerro San Pedro (NW – SE). All this formation is product of contact metamorphism with some signs of metasomatism. All the alteration halo that is manifested on calcareous sedimentary rocks has been produced by the first phase of intrusion of tonalitic composition. This relation is confirmed, with the small

outcrops that exist within the halo of alteration where they present reaction edges in contact with the altered sedimentary rocks.

Small granodiorite outcrops within this alteration halo do not have reaction edges – their fresh state indicates that it is a later event (812382E, (8961529N).

- **Garnet Skarn.** – Small skarn bodies with greater development of green, greenish–yellow, reddish–brown and light brown garnets associated with low pyroxene (Photo 6). No phase of intrusion near the skarn bodies that appear in the Southeast end of the area has been identified.
- **Skarn – Marble.** – Much of the thin limestone sequence intercalated with calcareous siltstone horizons has been affected by a metamorphism process of tonalitic intrusion, and skarn horizons of granular and massive garnet appear. Most of them are of light brown and brown colors, very localized occurrences of garnets of green, reddish–yellow and reddish–brown colors, garnet skarn horizons – pyroxene, horizons with garnet formation with little pyroxene and marble and some horizons of hornfels with localized formation of garnet, pyroxene and quartz predominate. In some of these outcrops, the dark gray color of the original rock can still be seen. There is an important control of the texture (lamination) and original composition of the rock in the garnet, pyroxene and marble horizons; these replicate the lamination with a formation of garnet–pyroxene with marble (Photo 7).
- In skarn outcrops, there are very localized formations of retrograde alteration minerals such as epidote, amphibole and calcite (Photo 9). The most common ensemble is that of epidote and calcite; these are present or are more visible in the Northwest end of Cerro San Pedro.
- **Hornfels.** – The effects of the metamorphism process on the calcareous siltstone strata developed the formation of pyroxene minerals, quartz (silicification), isolated brown and light brown garnet, and amphibole. A mineral of weak pink coloration associated with the quartz in some outcrops is observed. It could be rhodonite. Even in these altered strata, the original texture (lamination) of calcareous siltstone can be observed. The highest degree of metamorphism on these units occurs at the northwest end of Cerro San Pedro (Photo 8).
- **Quartz – Chlorite – Traces of Sericite (QCS).** – This type of alteration occurs on the undifferentiated dike, characterized by the weak formation of selective form of quartz (silicification), chlorite, traces of sericite and goethite – jarosite (disseminated pyrite (<1%). The surface leaching process of the pyrite has led to supergene argillization and to the destruction of rock–forming minerals. The dikes cut into layers of dark gray siltstones, but did not generate alteration and relevant mineralization on them (Photo 4).



6.1.5 Mineralization

In the area, the occurrence of economic mineralization is restricted to small bodies of garnet skarn containing copper and iron oxide minerals principally. Two of the outcrops identified in the Southeast sector have values of Cu > 1% and the bodies located in the Northwest sector have values of Cu < 1%. The mineralization style is characterized by a central part constituted by hematite – goethite ± jarosite developed on what was the primary mineral (chalcopyrite), associated with aureoles or flanks of chrysocolla and tenorite; the latter also occur in the form of spots on the fractures, mainly in the two skarn bodies that appear in the Southeast sector of Cerro

san Pedro. No hypogene mineralization of copper sulfides has been observed on the surface and underground headings and explorations.

Outcrops with continuous, discontinuous and OXsFe (goethite – jarosite) mineralization have been classified in the present; the latter is exposed in the undifferentiated dike, making it characteristic and visible from afar. These mineralized bodies are small, discontinuous and probably shallow.

There are no other mineralized structures that could give added value to the Cerro San Pedro area.

- **Continuous Mineralization.** – Continuous mineralization on the surface and in explorations appear in small skarn bodies, where mineralization of “copper oxides” is presented in a continuous and almost uniform way. The two small skarn bodies identified in the Northwest sector have copper grades greater than 0.1%. The two skarn bodies that emerge in the southeast sector contain good mineralization with copper grades greater than 1%.
 - ✓ 812391E, 8961780N. Slender skarn body with mineralization of copper and iron oxides has an approximate dimension of 15.0 m x 2.0 m. There is no continuity of this body or others close to it. There is a trench parallel to the stratification on the West side of this body. Sample 8219
 - ✓ 812403E, 8961522N. Small skarn body with mineralization of “copper oxides” and iron oxides, has an approximate dimension of 5.0 x 2.5 m. Sample 8225.
 - ✓ 812970E, 8960836N. Thin skarn body with good mineralization of copper and iron oxides. The mineralization occurs mainly in hematite – goethite veinlets (52°/44°) with edges of chrysocolla and tenorite. From this outcrop (30 m x 2 m) mineralized material has been extracted along the body, and a tilted cavern–shaped exploration of approximately 4.0 to 5.0 m (Photo 10 & 11) has been developed at the SE end. Sample 8228.
 - ✓ 812997E, 8960760N. Skarn of irregularly shaped garnet, containing good mineralization of copper and iron oxides, located near the previous body and has the same characteristics of mineralization. There is a cave–shaped exploration whose entrance is quite large and high (~ 3.0 m) on the southeastern side of the body. There is a concentration in the form of a cluster ($\varnothing < 1.0$ m) of hematite – goethite \pm jarosite with chrysocolla and tenorite aureoles in the ceiling of this heading. It is another of the outcrops from which mineralized material with copper oxides has been extracted. The style and content of surface mineral is similarly observed on the west side of the body (Photo 6 and 12). Sample 8229.
- **Discontinuous Mineralization.** – This denomination was given to skarn–marble outcrops that present a discontinuous, irregular or very localized style of mineralization. This discontinuity can be observed in the walls of former entrances, underground headings and in other outcrops. The sulfides now converted into goethite – hematite are presented as small clusters with chrysocolla and tenorite aureoles. The copper values in these outcrops are less than 1% (Photo 13).
- A typical example of this behavior or style of mineralization can be observed in the walls of the entrances constructed in the northwest sector of Cerro San

Pedro, where samples were taken in the lower entrance with more indication of mineralization, and another group of samples in the upper entrance where the mineralization is weak. An area of discontinuous mineralization was delimited, based on this set of obtained samples.

- Within the three underground headings that are found in the northwest sector, there is no good evidence of copper mineralization or no other mineralized structure cuts. In addition, this discontinuity of mineralization in the different horizons of skarn were demonstrated – these were determinant factors for not continuing with its development and the exploitation of the area.
- In some outcrops where the ensemble of epidote alteration can be found, amphibole and calcite (retrograde alteration), mineralization of hematite, goethite, little jarosite, chrysocolla and tenorite is also present (Photo 9).
- **OXSFe (goethite – jarosite).** – Mainly identified in the undifferentiated intrusive, the intensity of the disseminated points of goethite – jarosite is a function of the degree of leaching of the sulfides; the less the leaching, the greater the spread of goethite – jarosite in the rock, and the greater the leaching, the goethite – jarosite is mainly filled with fractures and other open spaces (Photo 4).
- Others. – The mineralization of copper and other elements in other lithological units or zones of alteration (marble and hornfels) are very low or poor.

6.1.6 Geochemistry

A total of 29 samples of which 26 rock samples and 03 control samples (01 blank, 01 standard and 01 duplicate) were obtained.

All samples were taken in a 3.0 m long chip launder with an approximate width of 0.2 m, cutting the skarn horizons, skarn-marble and hornfels (the same in the dikes). Each of the samples obtained had a weight of approximately 3.0 kg.

Table 2. – Samples

Amount	Alteration	Observation
4	Garnet Skarn	In outcrops with continuous mineralization. Samples 8219, 8225, 8228 y 8229.
18	Skarn - marble	Most of them obtained in horizons of skarn. 8205 to 8218, 8221 to 8224 and 8226.
1	Hornfels	Obtained in outcrop with an occurrence of quartz, pyroxene and garnet. 8204.
3	QCS	Obtained in undifferentiated intrusive. 8201 to 8203.

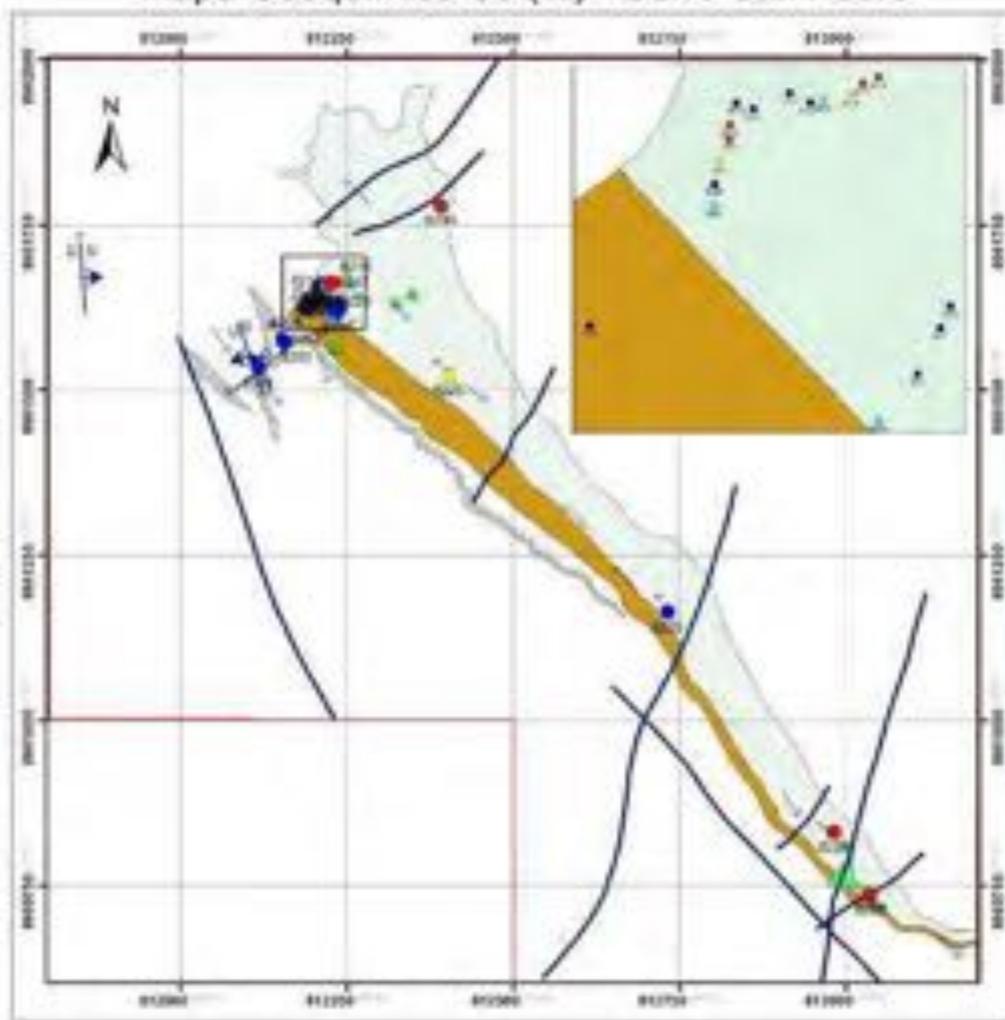
The best copper values occur in the two skarn outcrops located in the southeast sector of Cerro San Pedro; these have grades greater than 1% Cu (samples 8228 and 8229). The same situation occurs with zinc having values between 0.1 and 0.2% Zn. The other two small skarns that are classified with continuous mineralization and

located in the northwest sector have low copper values of 0.2 and 0.6% Cu, but contain a little more silver than the previous two.

The samples obtained in the different outcrops located in the skarn–marble zone of alteration reflect what is defined as a discontinuous mineralization area which presents variable values in copper content of 0.004 to 0.68% Cu. Seven of the values greater than 0.1% Cu correspond to the lower entrance and the samples obtained in the upper entrance are less than 0.1% Cu. From this set of samples, none of them have high values (anomalous) of other base metals, precious or other element of economic interest.

In Cerro San Pedro, the results of the geochemical samples reflect the degree and distribution of the copper content observed in the different outcroppings with “copper oxides” and iron oxides (supergene environment).

Mapa Geoquímico Cu (%) - Cerro San Pedro



Leyenda

Alteración

- QCS
- Skarn
- Skarn/Mármol
- Hornfels

- Falla
- Extrusivos

- Galena
- Labor subterránea
- Lineamientos

Cu (%)

- 0.2006 - 0.2500
- 0.2501 - 0.3000
- 0.3001 - 0.3000
- 0.3001 - 1.0000



6.1.7 Conclusions

- Cerro San Pedro is an area where part of the thin limestone sequence has undergone a process of metamorphism rather than metasomatism by phases of intrusion related to the Coastal Batholith, product from which outcrops of skarn, marble and hornfels exist. The mineralization is

characterized mainly by copper minerals, of varying intensity in some skarn outcrops of garnet in a very localized way. There are at least four skarn bodies of garnet, two of them are in the southeast sector with good copper mineralization with grades greater than 1% Cu and two others that are the smallest and appear in the northwest sector with minor grades than 1% Cu.

- There has been little magmatic activity in the area; the few phases of intrusive rocks that have placed the sequence of sedimentary rocks are characterized by being of a batholithic character, have a phaneritic texture and a higher hornblende content than biotite (little hydrolysis in the magma). The batholithic phases are characterized by having a higher temperature than residual fluids, which is why the area developed a metamorphism process that generated skarn, marble and hornfels with little copper mineralization or other element of economic interest.
- There are several headings that have developed especially in the northwest sector, among which there are three underground headings, which confirm the discontinuity or irregularity of the mineralization of oxides or copper sulfides in the skarn bodies or horizons.
This means that the northwest sector is discarded by its very low copper content and other elements of economic interest.
- According to field-based and laboratory results, Cerro San Pedro is an area with few small skarn outcrops that contain little supergene mineralization of copper minerals and that more than 90% of altered rock outcrops do not have mineralization of any element of economic interest.
- If the investor is interested in extracting copper ore, the southeast sector could be further explored with the construction of an underground heading of 50° azimuth, from the right flank of the creek that lies on the west of the skarn bodies, which contain good mineralization of “copper oxides” (> 1% Cu). Some reasons are:
 - ✓ The high Cu grade, its continuity or uniformity of mineralization of copper supergene minerals.
 - ✓ The source to which copper mineralization is associated has not been recognized on the surface.
 - ✓ The outcrop level of the mineralized skarn with respect to the gorge line.
 - ✓ It is likely that in depth both mineralized bodies with copper join.

6.2. CULEBRILLAS

The general framework is dominated by series of clastic sedimentary rocks, corresponding to the Junco formation of the Casma group (Ki-m). Likewise, guidelines and folds with northwest tendency (NW) have been evidenced.

6.3.1 *Lithology*

An intercalation of clastic rocks emerges in the area of Culebrillas. It is dominated by pelitic rocks of medium to fine grain (sandstones to lodolites) of feldspathic composition, with greyish to brownish colors, with few lava volcanic levels. These

rocks intrude the apophysis of intrusive, composition dikes and sills, andesitic; the latter has a porphyritic texture, and consists of phenocrysts of euhedral to subhedral plagioclase. The local contact between the dike and sedimentary has a northwest orientation (NW). The anomalous values of Au are associated to the horizon of clastic rocks (sandstones to lodolites), and in dike and sill.

6.3.2 Alteration

In general, the Culebrillas zone has a low degree of alteration; the most visible being color anomaly, iron oxides (goethite, jarosite) and weak silicification due to the regional metamorphism. Oxidation can also be seen in fractures in subvolcanic rocks (dike, sill).

6.3.3 Structure

In the Culebrillas area, a fracturing and folding system of northwest orientation (NW) has been recognized.

Structurally, folding and local fracturing have been registered; the first is an anticlinal and synclinal of chevron type, with northwest (NW) axis orientation. The second system has a marked northeast (NE) fracturing and other smaller groups of fracturing present northwest (NW) orientation, which coincides with the location of the sill.

6.3.4 Mineralization

The mineralization of very thin disseminated pyrite of the order of 1–3%, and of syngeneic origin occurs mainly in clastic rocks, and due to the effect of weathering, it has an apparent color anomaly, oxidation (goethite jarosite).

6.3.5 Occurrences

The coordinates in its central point of the Culebrillas zone are: 811250E, 8961450N, and an altitude of 430 MASL. It is located at the western end of the Ximenita de Casma II concession.

In this sector, 14 samples (8901–8907; 8925–8931) of rock in launder and panel have been collected, including a control sample.

As expected, the geochemical tests of this zone report low concentrations of Au–Ag. This area lacks the economic interest to continue the exploration.

6.3. QUARTZITIC SANDSTONE

6.3.1 Local Geology

The general geological framework is dominated by series of clastic sedimentary rocks, quartz sandstones and quartzites of the Santa Formation (Ki–sa) and the Goyllarisguizga Group. Likewise, fractures with northwest (NW) and northeast (NE) tendencies have been evidenced.

6.3.2 Lithology

In this area, quartz sandstones, very fractured quartzites and silty argillites alternate in very thin strata, in the study of the quadrangle Chimbote, Casma and Culebras, (A. Sánchez et al. 1995) assigned to the Santa formation (Ki-sa).

6.3.3 Alteration

In general, the quartzite zone has a low degree of alteration; the most visible is color anomaly, iron oxides (goethite, jarosite) and weak argilization in fractures.

6.3.4 Structure

Two very important fracturing systems have been recognized in the area.

The fracturing set has a predominant northwest trend; other smaller groups have a northeast orientation. In general, the fracturing dips exceed 70°.

6.3.5 Mineralization

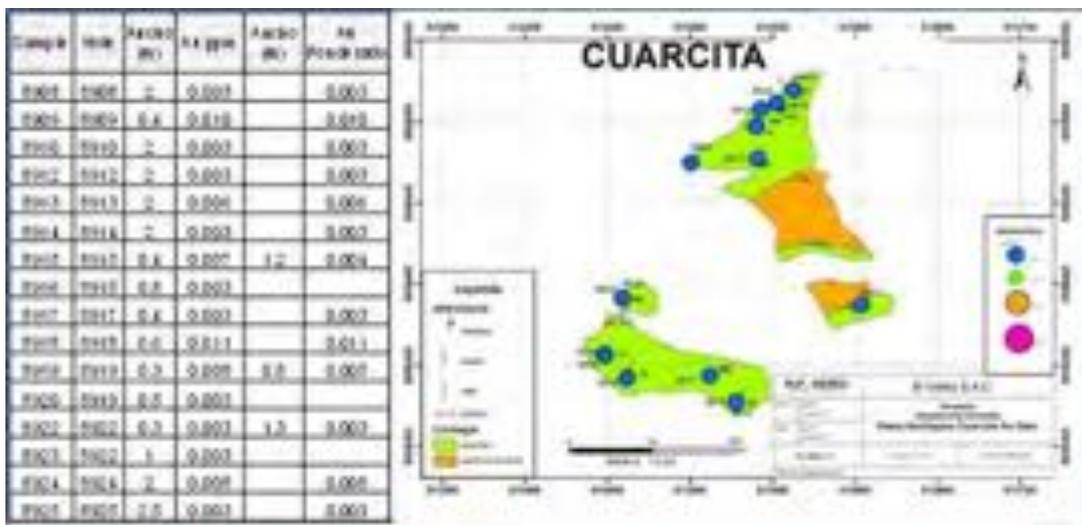
The observed mineralization is mainly pyrite disseminated in fractures; very fine pyrite in the order of 1–3%, with iron oxides (hematite, goethite), halos of turgite are sporadically distinguished. The geochemical tests of the zone report low values in concentrations of gold and silver. There are no economic values in base metals, being the sample 8909 the one that has the highest value: 0.4m @ 0.01 g/t Au, 0.3 g/t Ag.

6.3.6 Occurrences

The central point coordinates of the zone of Quartzites are: 813550E, 8958500N, and an altitude of 505 MASL. It is located at the western end of the Ximenita de Casma III concession.

In this sector, 17 samples (8908–8924) of rock were collected in linear chips and panel, as the case may be, including 02 control samples.

As expected, the geochemical tests of this zone report very low concentrations in Au–Ag. This area lacks the economic interest to continue the exploration.



6.4. PYRITE AREA

6.4.1 *Local Geology*

The general geological framework is dominated by series of clastic sedimentary rocks, quartz sandstones and quartzites of the Santa Formation (Ki-sa) and the Goyllarisguizga Group. Likewise, fractures with northwest (NW) and northeast (NE) tendencies have been evidenced.

6.4.2 *Lithology*

In this area, quartz sandstones, very fractured quartzites and silty argillites alternate in very thin strata, in the study of the quadrangle Chimbote, Casma and Culebras, (A. Sánchez et al. 1995) assigned to the Santa formation (Ki-sa).

6.4.3 *Alteration*

In general, the quartzite zone has a low degree of alteration; the most visible is color anomaly, iron oxides (goethite, jarosite) and weak argilization in fractures.

6.4.4 *Structure*

Two very important fracturing systems have been recognized in the area.

The fracturing set has a predominant northwest trend; other smaller groups have a northeast orientation. In general, the fracturing dips exceed 70°.

6.4.5 *Mineralization*

The observed mineralization is mainly pyrite disseminated in fractures; very fine pyrite in the order of 1–3%, with iron oxides (hematite, goethite), halos of turgite are sporadically distinguished. The geochemical tests of the zone report low values in concentrations of gold and silver. There are no economic values in base metals, being the sample 8909 the one that has the highest value: 0.4m @ 0.01 g/t Au, 0.3 g/t Ag.

6.4.6 *Occurrences*

The central point coordinates of the zone of Quartzites are: 813550E, 8958500N, and an altitude of 505 MASL. It is located at the west end of the Ximenita de Casma III concession.

In this sector, 17 samples (8908–8924) of rock were collected in linear chips and panel, as the case may be, including 02 control samples.

As expected, the geochemical tests of this zone report very low concentrations in Au–Ag. This area lacks the economic interest to continue the exploration.



6.5. LA RINCONADA Au VEIN

- UTM C.: 810318 E – 8967645N (WGS 84 - Zone 17).
- Concession: 1,000 ha, XIMENITA DE CASMA III (Orlando Vladimir Alvarez Ríos).

6.5.1 *Lithology*

- Wall rock: Granodiorite, moderate argilization, weak propylitization, with veinlets of clay and calcite.

6.5.2 *Structure*

- Structural Control: N320°/75°.

6.5.3 *Mineralization*

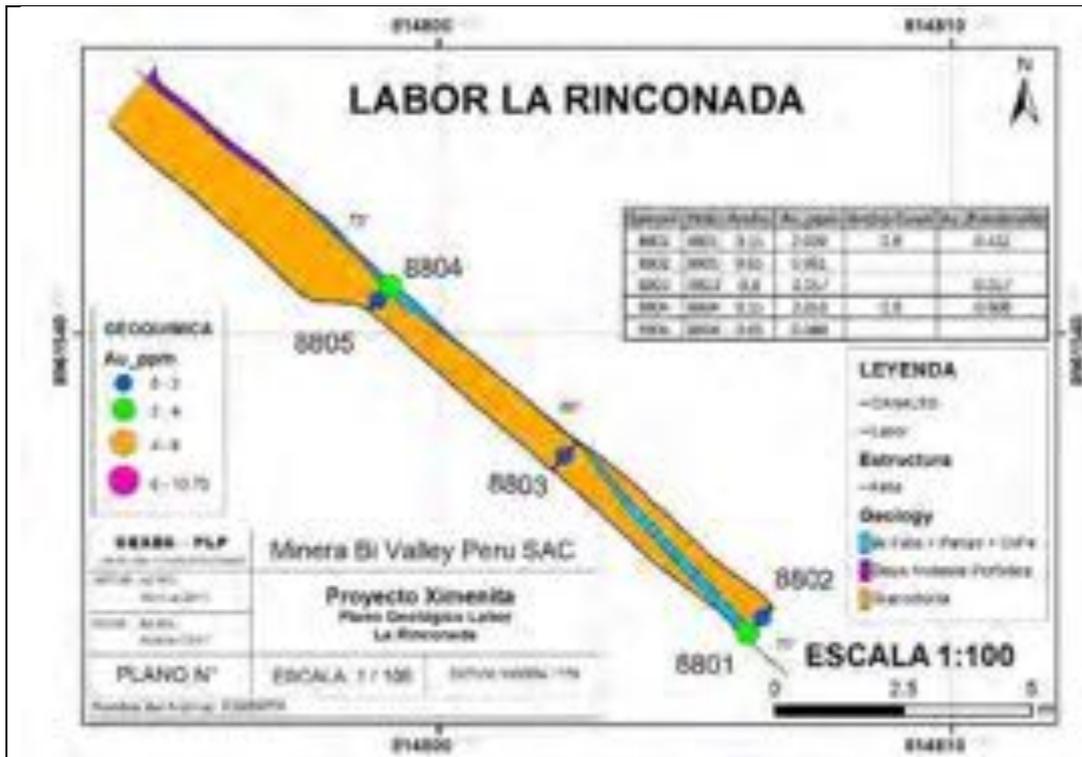
- Fault vein, with fault gap and OxFe 5–10% (Jarosite). Power of 0.15 m.

6.5.4 *Geochemistry*

- Minimum width and weighted average grade (vein + wall rock), 0.80m @ g/t Au

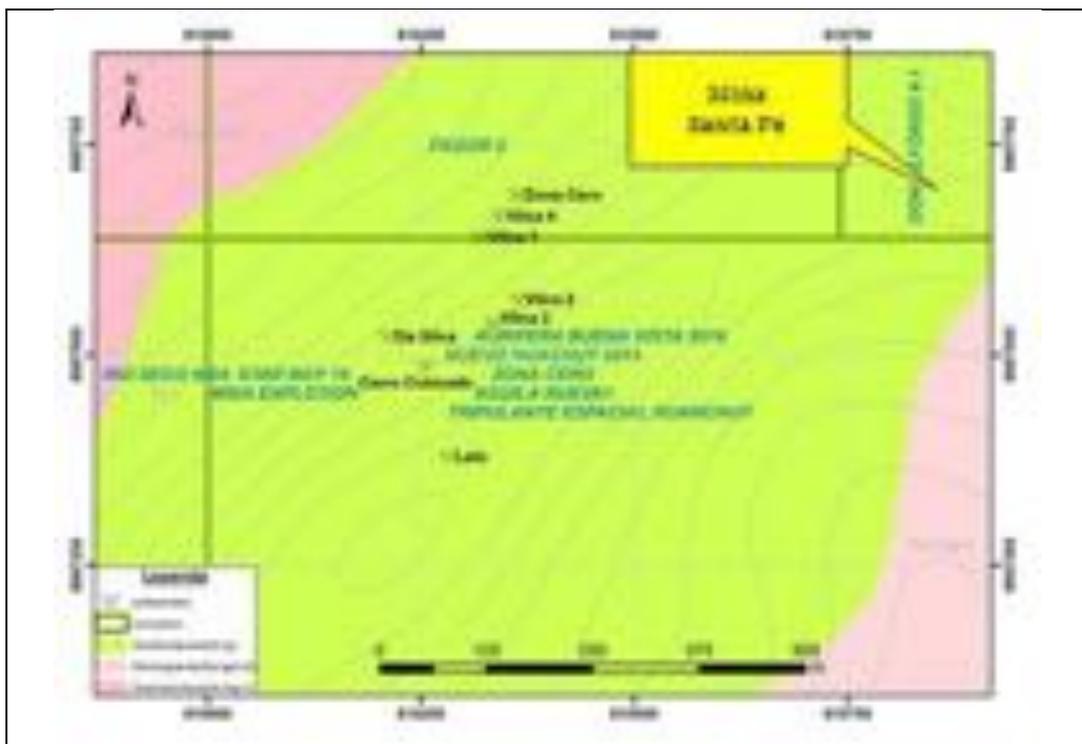
6.5.5 *Headings*

- 2 sub levels of 16 m and 6 m, on structure.



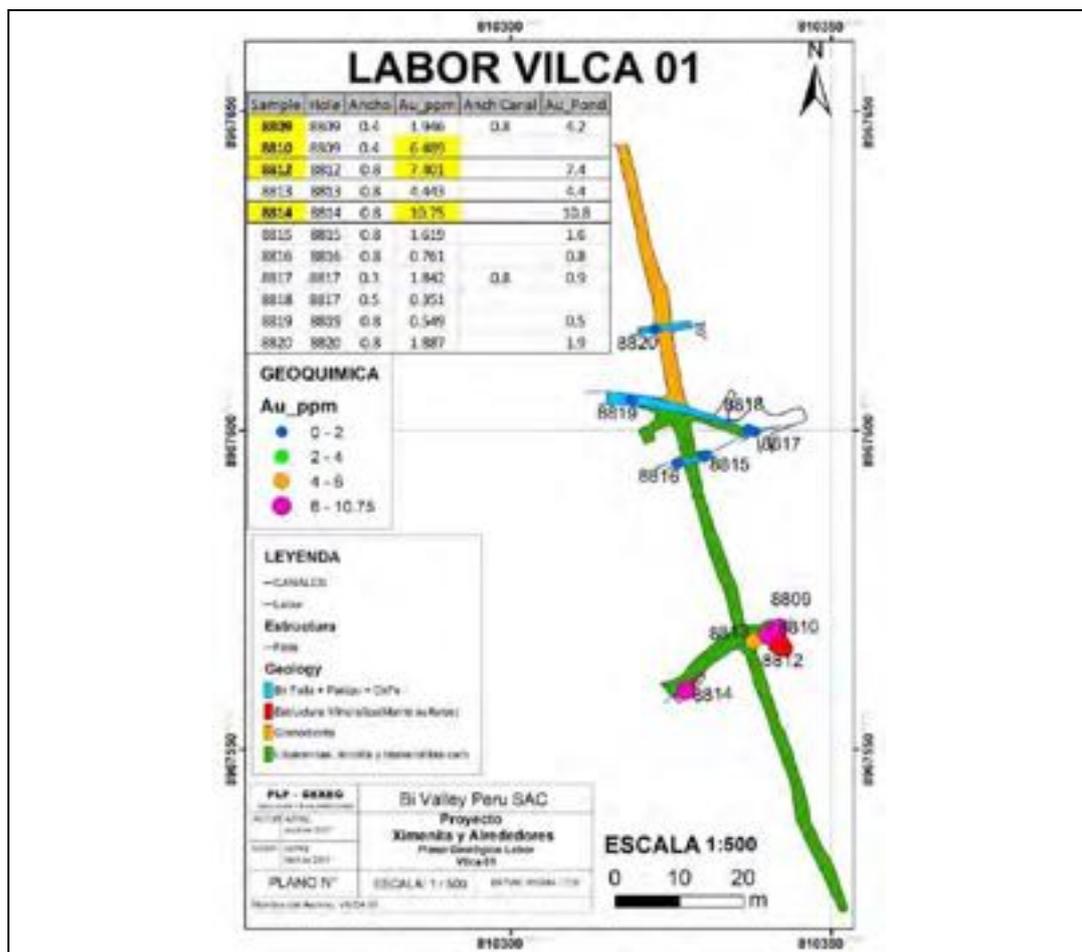
7. ARTISANAL MINERS

In the area of influence of the Santa Fe mine, 7 artisanal headings have been assessed: Vilca 01, Vilca 02, Vilca 03, Vilca 04, Da Silva, Cerro Colorado, Zona Cero.



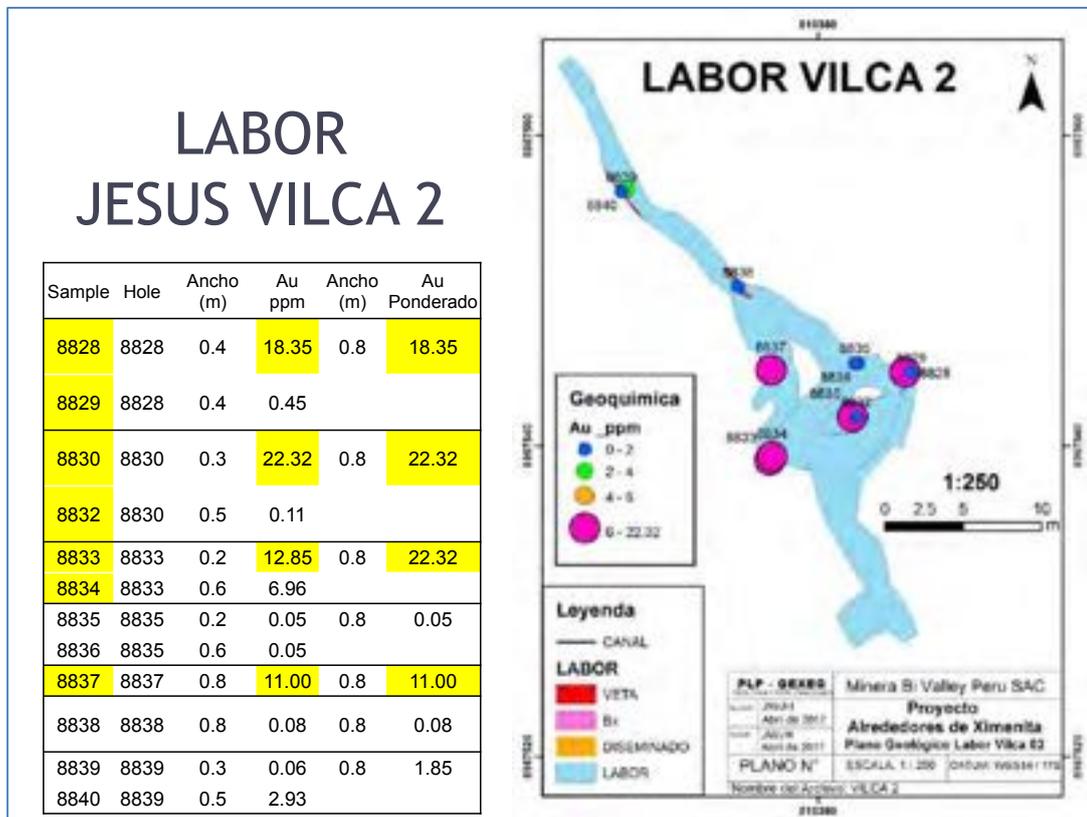
7.1. VILCA 1 UNDERGROUND WORKING

- C. UTM C.: 810318 E – 8967645N (WGS 84 - Zone 17).
- Concession: Superposition of 8 concessions, in process since 2016. The largest 1000 ha, EXPLOTION MINE (SONIA GIESELA CHIPA VASQUEZ).
- Artisanal miner: Mr. Jesus Vilca.
- Wall rock: Sandstones (litharenites) and dark gray carbonaceous siltstones (Fm. Santa-Carhuaz), strongly silicified, intruded by granodioritic dikes.
- Structural Control:
 - N65°/30 Seam.
 - Fault-veins N70°-90°/70°.
- Mineralization:
 - Sulfide seam (pyrite, chalcopyrite, galena, sphalerite, pyrite, arsenopyrite), potency 0.40 to 0.80 m.
 - 3 fault-veins, fault gap with OxFe 8–20% (jarosite> hematite). Power of 0.80 m.
- Geochemistry: Minimum width and grade up to (vein + wall rock), >0.40m @ > 6 g/t Au
- 1 main heading, cut of 12 5m.



7.2. VILCA 2 UNDERGROUND WORKING

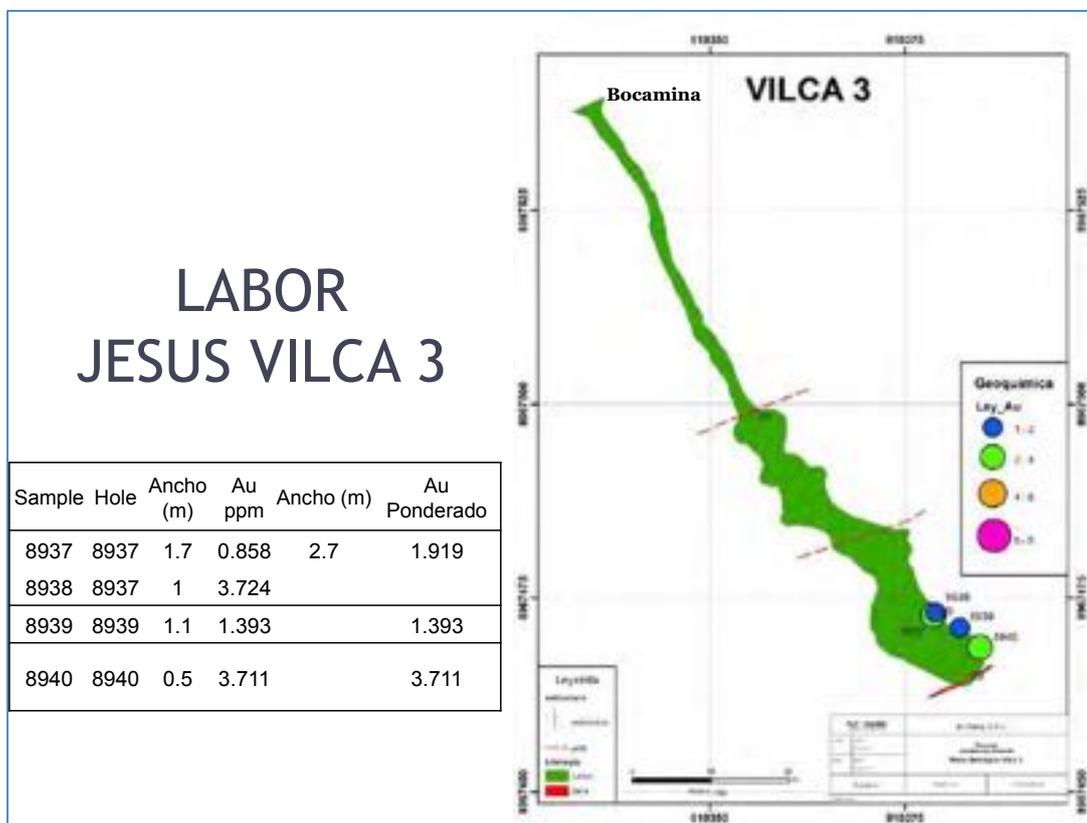
- UTM C.: 810364 E – 8967565 N (WGS 84 - Zone 17).
- Concession: Superposition of 8 concessions, in process since 2016. The largest 1000 ha, EXPLOTION MINE (SONIA GIESELA CHIPA VASQUEZ).
- Artisanal miner: Mr. Jesus Vilca – Mrs. Justa Trujillano
- Wall rock: Dark gray siltstones
- Structural Control: N30° – N40°
- Mineralization: Sulfide vein (pyrite, arsenopyrite).
- Sampling: 13 samples (from 8828 – to 8840), including 1 QAQC sample.
- Geochemistry: Width and average grade (grain + Wall rock), 0.80 m @ 11.08 g/t Au.
- A heading of 45 m with a 12 m drawpoint and a drift of 12m.



7.3. VILCA 3 UNDERGROUND WORKING

- UTM Coordinates: 810335E, 8967537N (WGS–84 17s)
- Concession: Superposition of 8 concessions, in process since 2016. The largest 1000 ha, EXPLOTION MINE (SONIA GIESELA CHIPA VASQUEZ).
- Artisanal Miner: Jesus Vilca?
- Wall rock: Dark gray pelitic sediment.
- Structural Control: N220° and 30° dips towards the southeast (SE)

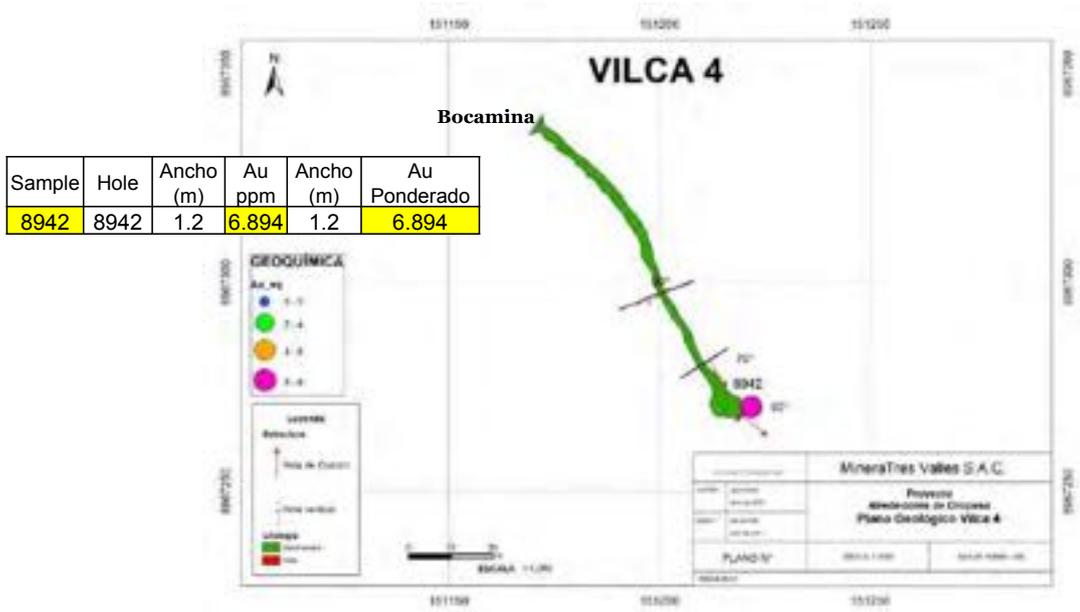
- Mineralization: Replacement veins, dark gray pelitic rock with disseminated pyrite and 3–5% veinlets in sections of up to 10%; the presence of sphalerite and lower galena has also been reported.
- Sampling: Four samples (8937–8940) have been extracted, in launder.
- Geochemistry:
- They were exploiting a main–cut heading with a drift of 73 m, from 43 m.



7.4. VILCA 4 UNDERGROUND WORKING

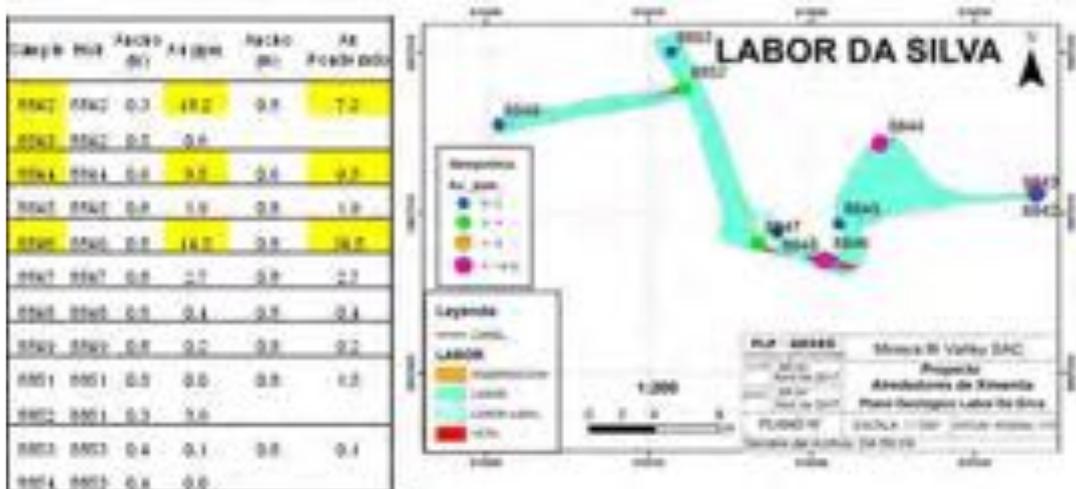
- UTM Coordinates: 810342E, 8967665N (WGS–84 17s)
- Concession: Superposition of 8 concessions, in process since 2016. The largest 1000 ha, EXPLOTION MINE (SONIA GIESELA CHIPA VASQUEZ).
- Artisanal Miner: Jesus Vilca?
- Wall rock: Dark gray pelitic sediment.
- Structural Control: N220° and 60° dips towards the southeast (SE)

- Mineralization: Replacement veins, dark gray pelitic rock with disseminated pyrite and 5–7% veinlets; the presence of sphalerite and lower galena has also been reported.
- Sampling: A sample (8942) has been extracted in launder.
- Geochemistry:
- They were exploding a main–cut heading with a drift of 82m, from 72m.



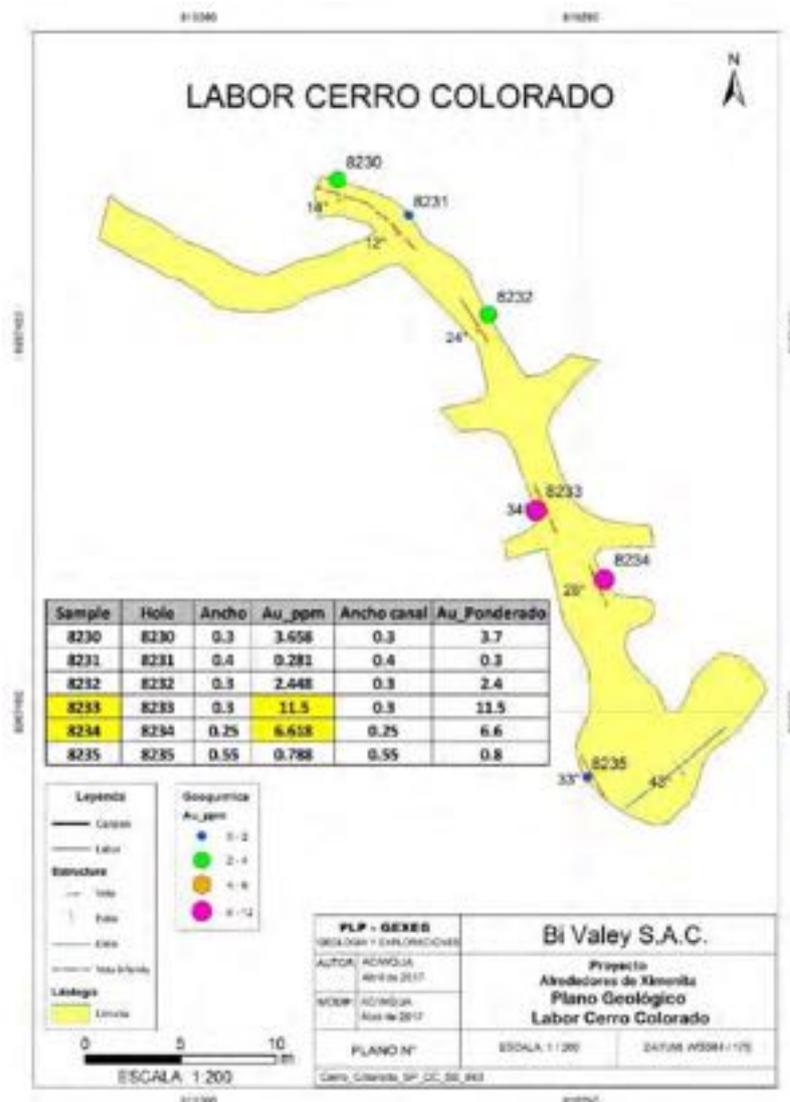
7.5. DA SILVA UNDERGROUND WORKING

- UTM C.: 810211 E – 8967521 N (WGS 84 - Zone 17).
- Concession: Superposition of 8 concessions, in process since 2016. The largest 1000 ha, EXPLOSION MINE (SONIA GIESELA CHIPA VASQUEZ).
- Artisanal miner: Mr. Da Silva
- Wall rock: Sandstone
- Structural Control: N70° – N80°
- Mineralization: Sulfide vein (pyrite and arsenopyrite).
- Sampling: 14 samples (from 8841 – to 8854), including 2 QAQC samples.
- Geochemistry: Width and average grade (grain + wall rock), 0.80 m @ 5.42 g/ t Au.
- A 60 m peak with a drift of 15 m.



7.6. CERRO COLORADO UNDERGROUND WORKING

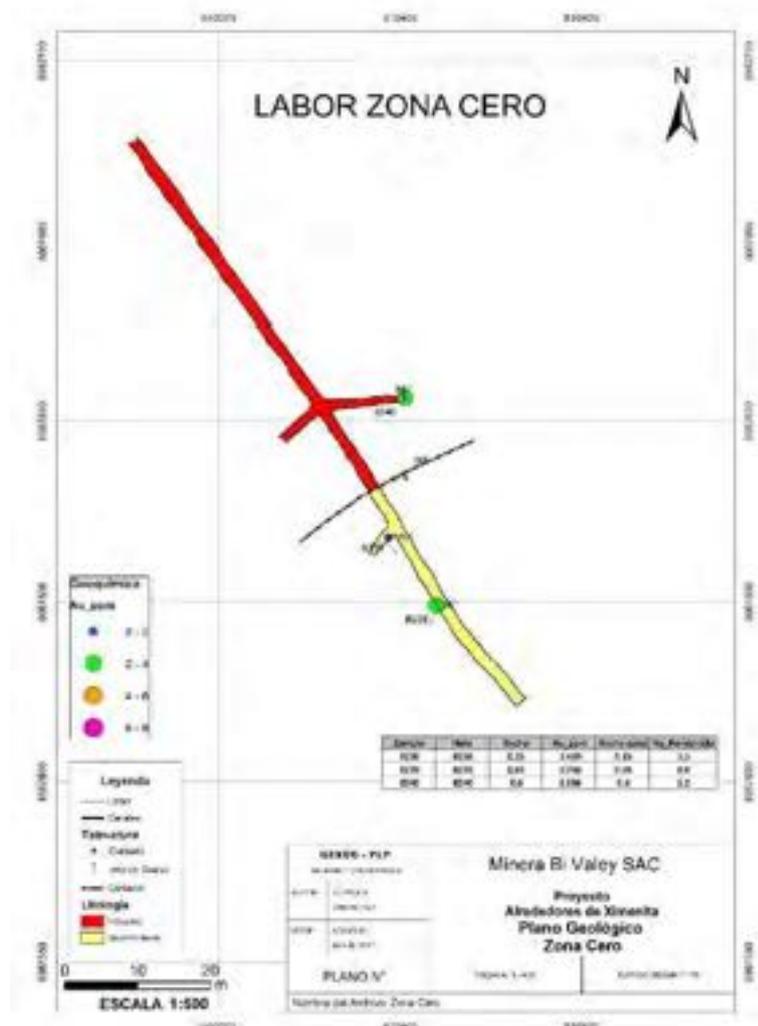
- 810255E, 8967486N (WGS 84 – Zone 17)
- Concession: There are 8 overlapping concessions, generated in 2016; all still in process.
- Artisanal Miner: Mr. ?
- Wall rock: Dark gray siltstones
- Structural Control: 65°/25°
- Mineralization: goethite, jarosite
- Sampling: Full launder. Samples 8230 to 8235, including 8236 dump sample and 8237 blank QA/QC.
- Geochemistry:
 - Samples: 8230 to 8232 Minimum width (20 cm). 10 cm wall rock floor. 0.33 m @ 1.94 g/t Au, 13.82 g/t Ag.
 - Sample: 8236 from sack with mineral. 5.13 g/t Au, 132 g/t Ag, 2.75% Zn.
 - Samples: 8233 to 8235. Minimum width (25 cm). Wall rock not included. 3.67 m 5.03 g/t Au, 17.46 g/t Ag.
- Main heading with 50 m.



7.7. ZONA CERO UNDERGROUND WORKING

- 810363E, 8967689N (WGS 84 - Zone 17). Crosscut 3 veins.:
 - Vein 3238: 810405E, 8967624N
 - Vein 3239: 810398E, 8967634N
 - Vein 3240: 810401E, 8967653N
- Concesion: 100 Ha. Fagor II. Suyckutambo Exploraciones SAC
- Artisanal miner: Sr. ¿?
- Host rock: Granodiorite y volcano-sedimentary dark gray
- Structural control:
 - Vein 8238: 118°/36°
 - Vein 8239: 46°/40°
 - Vein 8240: 236°/86°
- Mineralization:
 - Vein 8238: pyrite, less chalcopyrite, esfalerite y pyrrothite.
 - Vein 8239: much pyrite, some pyrrothite
 - Vein 8240: goethite jarosite

- Sampling: canal without host rock.
- Geochem:
 - Vein 8238: 0.15 m @ 3.47 g/t Au, 27.3 g/t Ag, 1.47% Zn.
 - Vein 8239: 0.65 m @ 0.79 g/t Au, 15 g/t Ag, 0.45% Zn.
 - Vein 8240: 0.60 m @ 2.19 g/t Au, 11.8 g/t Ag, 0.62% Zn.
- Main underground working: 96 m.
 - Vein 8239: 5 m.
 - Vein 8240: 15 m.



8. PROCEDURE TO LOCATE AND TAKE SAMPLES

The corresponding appendix shows the procedure followed by each crew of geologists.

In summary, each brigade was in charge of the selection of the sampling point, from a previous geological sketch raised with measuring tape and compass, that identified and recorded in flat the geometry of the recognized vein.

Once identified the location of the vein to be sampled, a launder (with not less than 0.80 m) was marked in most cases; according to the geology, it was separated into individual samples that were to be extracted as indicated by the procedure, with material collected in over 2 kg of sample.

After obtaining the sample, the card number that appeared in the sack was written on the wall (lateral wall of the excavation) of the heading, and the samples were collected until filling a sack; all of this was transported in the truck of the executing company of the work, monitored until its delivery to the laboratory CERTIMIN in Lima.

9. SAMPLE QUALITY ASSURANCE

9.1. Definition of Terms:

Coarse blanks: Samples of sterile material with coarse granulometry must be submitted to the entire preparation process in conjunction with other ordinary samples and must be prepared after strongly mineralized samples. Coarse blanks allow assessing if contamination occurs during preparation.

Re-Sampling (Twin Samples): Samples collected at the same point may be twin core or field samples.

Both samples must be prepared in the same laboratory and analyzed with different numbers in the same batch. Twin samples are used to evaluate the sampling error. It is recommended to avoid the use of the term of duplicate in this case, since the original and the twin sample formally occupy different spatial positions.

Standards (Standard Reference Material, SRM): Material of a known grade with concentrations of one or more certified elements.

Standards are used to evaluate analytical accuracy.

When choosing the standards, it is recommended to select, as far as possible, materials of composition approximately similar to those of ordinary samples, in order to minimize the analytical effect of the mineral matrix.

9.2. Sample preparation in laboratory:

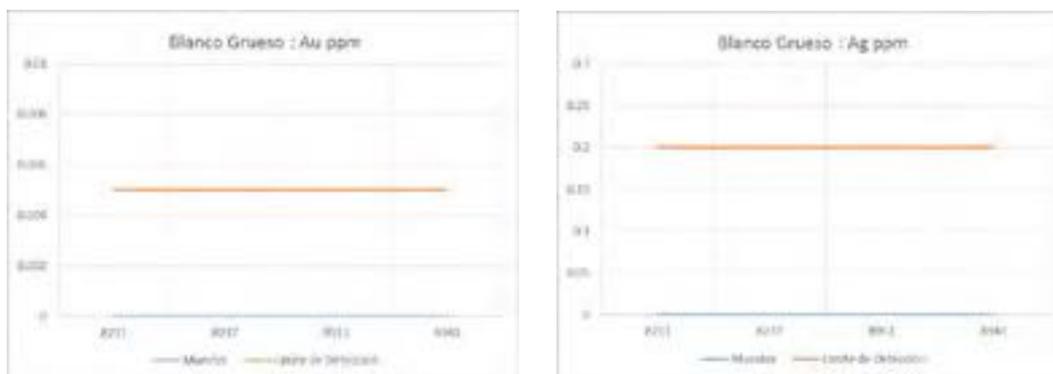
Once samples arrived in the CERTIMIN laboratory, they were dried at 100°C, then crushed to 90% passing mesh # 10 ASTM (2 mm); they were then cracked and pulverized (250 g) to 85% passing mesh # 200 ASTM (75 µm).

Fire assay analysis was then performed and finished with Atomic absorption spectroscopy (AAS).

Digestion was then carried out in aqua regia to read contents through ICP. The Au, Ag, Cu, Zn and Pb elements, with results on the limit of detection,

were analyzed by the method of fire and gravimetry (Au), fire assay and gravimetry (Ag) and volumetric assay (Cu, Fe, Zn, Pb).

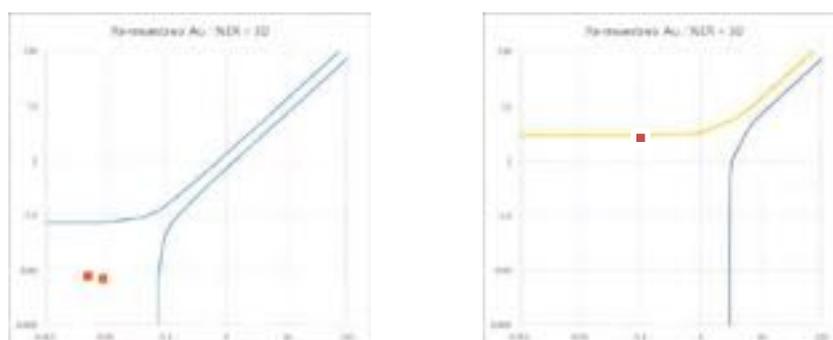
9.3. Coarse Blanks



Sample	Au_ppm	Ag_ppm
8211	<0.005	<0.2
8237	<0.005	<0.2
8911	<0.005	<0.2
8941	<0.005	<0.2

Coarse blanks do not reveal any contamination.

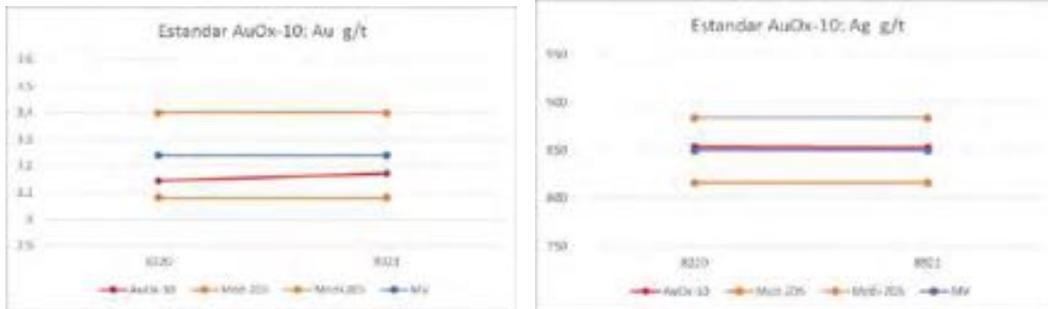
9.4. Re-Sampling:



Original	Au ppm	Re-Sampling	Au ppm	% ER
8226	0.008	8227	0.005	46.15
8930	0.007	8931	0.009	-25.00
Original	Ag ppm	Re-Sampling	Ag ppm	% ER
8226	<0.2	8227	<0.2	0.00
8930	<0.2	8931	<0.2	0.00

Re-samplings taken in this report contain low values for both Au and Ag, which does not allow a conclusive analysis for the high grades observed in the laboratory report.

9.5. Standards:



	Au ppm	Ag ppm
AuOx-10	3.24	850
STD	0.08	17

SAMPLE	Au_ppm	Ag_ppm
8220	3.145	854
8921	3.172	853

Target Rocks AuOx–10 standard was used; the results for this standard for both Au and Ag are within expected ranges within the two standard deviations.

10. GEOCHEMICAL INTERPRETATION

The results of the samples taken from the sector of artisanal miners suggest the existence of mineralized ore shoots with gold-bearing contents on 6 g/t Au for widths between 0.2 and 0.8 m on average. However, these ore shoots are not continuous, showing discontinuity in the path, getting thinner. The structural control of the ore shoots must be better understood with future works.

In the sector Cerro Colorado (Ximenita), the grades reach between 6 and 11 g/t Au but for widths average of 0.30m. The Ag is between 1 and 4 oz/t on average, and the Zn between 1 and 3%. The AS is greater than 1% on average.

In the Vilca 1 heading we have grades greater than 6 g/t Au for average widths of 0.8m. Cu reaches up to 0.7%, Ag up to 6 oz/t, and As is greater than 1%. In the Lalo heading, we have grades between 8 and 11 g/t Au for widths between 0.2 and 0.4m, with Zn in 0.6% on average. In Vilca 2 there are grades between 6 and 59.33 g/t Au for average widths of 0.3m. Cu reaching 0.5%, and Zn is greater than 7%. Da Silva has grades between 9 and 18 g/t Au for widths between 0.3 and 0.8m, with Ag between 1 and 2 oz/t and Zn between 1 and 2%. Vilca 2 has grades between 3 and 6 g/t Au for widths between 0.5 and 1.7 m, with Ag less than 1 oz/t and Zn between 1.3 and 3.5%.

Analyzing the multi-elemental results in Ximenita, a moderate correlation of Au with Pb and Sb was observed. Also with Ag, Fe, V, Zn, As, Cd and Mn. On the other hand analyzing the results in the artisanal headings, it shows a moderate correlation of Au with Sb, Pb, Ag and Cd; and a moderate correlation of Cu with Bi, Ag, Cd and Zn. It is important to note that 2 sites (Culebrillas de Ximenita and Tambillos to the SE of the zone of artisanal miners present anomalous values of Ba with 394 and 423 ppm on average.

Further geochemical analysis should be performed. It will be ideal to consider studies of more samples, separating by types of veins and separating the wall rock from the vein. This time it was not decided to do so because the statistical populations would be very small.

11. TYPE OF DEPOSIT

This evaluated mining district has relatively few studies and presents a lot of ground cover, because of the geomorphological feature. Specifically, Ximenita shows some evidence of mesothermal Au veins associated with the skarn zone. It is not ruled out that we can face a case of IOCG that needs to be studied more deeply. Also, the geochemical results with Au correlations with Pb, Sb, Ag and Cd, besides Fe, Mn and Zn, suggest the possibility of having a VMS environment, which should also be analyzed.

12. EXPLORATION – GEOLOGICAL POTENTIAL

Although significant alteration and mineralization halos have not been observed in Ximenita, due to the anomalous geochemistry associated to local zones of mineralization and alteration such as Cerro Colorado, they suggest that Ximenita should be evaluated carefully before discarding it, since it could present in depth sources of mineralization not visible on surface.

On the other hand, the sector of artisanal miners to the North does present a more obvious mineralizing pulse with halos of hydrothermal alteration. The association Au, Ag, Pb and Zn opens the possibility to have deep polymetallic sulphides in depth, which must be investigated in several vectors: lithosteatigraphy, alteration of wall rock, mineralization and structural.

The length of the ore shoots from moderate to high-grade range from a few m to 30m, with average widths between 0.2 and 1.2m, which would be measured in the 5 headings surveyed and sampled of approximately more than 1000 MT with a grade on 5 g/t Au.

If it is considered that there are over 20 active headings and a similar number of headings paralyzed for different reasons, it can be deduced that only in the study area of artisanal miners in the north of Ximenita, there might be potential to discover reserves and produce > 50 MTD.

13. METALLURGICAL TESTING AND RECOVERY

Cyanidation tests were carried out by bottle agitation and Rougher/Scavenger flotation of sulfides from samples called oxides and sulfides. 14 samples of sulfide material and mixtures were composited, making a total of 34.30 kg of sample; and 06 samples of oxidized material were composited, making a total of 14.16 kg.

The results of the head chemical analysis of the samples are presented below:

Sample code	Au	Ag	Fe
	g/t	g/t	%
Head (oxide)	9.41	24.90	10.07
Head (sulfide)	14.26	190.00	13.85

14. METALLURGICAL RECOVERY

The cyanidation in bottle for the oxidized mineral obtained an extraction of 90.73 % Au and 56.70 % Ag, consuming 2.01 kg/t Na CN y 3.85 kg/t Ca O. From the sulfides, only 89.04% Au and 48.48% Ag were extracted, with 4.97 kg/t Na CN and 1.15 kg/t Ca O.

Regarding the Rougher/Scavenger flotation, recoveries of 96.12 Au y 93.61% Ag were obtained.

However, they are preliminary results and should be followed by taking representative samples of the entire universe of headings and continue testing, including mineralogical studies of ore and gangue samples, release degree and others.

15. MINING METHOD

The underground headings are conventional ones, worked with simple Jackleg-type drills. In most cases, headings are mixed-purpose: exploration–development–exploitation. The minimum width of the heading is up to 0.50 m, especially in vertical or inclined headings on mineralized structure. In narrow mineralized zones (<0.50 m) the “circado” method is used; it means that the wall rock has to be drilled and blasted first, in order to remove debris, leaving the mineralized structure ready to be drilled and then blasted.

No support systems have been seen because the stability of the wall rock is competent. However, the post–mineralization fault zone presents bed material that is brittle in many locations.

16. INTERPRETATION AND CONCLUSIONS

- Development and exploitation tasks do not have a plan-based approach and often leave the axis of mineralization.
- The veins have irregular "rosary" type geometry of different lengths and widths, but the largest widths not always have the best grades, with exceptions.
- There is mineralization with grades higher than 5 g/t Au for widths greater than 0.80m. However, there are vein segments with much larger grades with smaller widths that are done with the method of cutting and filling upward and "circado" selective.
- There are 2 structural control systems: fractures-faults NNW and NE, which should be researched more with mapping. The headings visited presented more mineralized structures towards NE.
- Mineralogy is simple with dominant pyrite and arsenopyrite, and, locally, chalcopyrite, galena and sphalerite.
- There is potential to find reserves and resources that support a constant production rate of > 50 MTD in sulfides and in lesser extent in oxides, but both cases should be studied in more detail.

17. RECOMMENDATIONS

- Census every artisanal miner in a radius suggested by the capacity of the plant that will be installed and by the distances that might move economic minerals.
- Perform a surface geological mapping, including lithology, structural, alterations and mineralization. Random and systematic sampling in mineralized structures.
- Enter all accessible underground working and map and sample the veins.
- Survey the results of 3D geochemical mapping and sampling to visualize trends.
- Take resizing tests to confirm/discard the presence of coarse Au.

18. REFERENCES

- Gonzales I., 2016. Preliminary geological assessment. Ximenita de Casma Project.
- Sánchez A., Molina O., Gutierrez R., 1995. National geological map (of Peru). Pages 19-f, 19-g, 20-g, Geology of the quadrangles of Chimbote, Casma, Culebras.

19. APPENDIX

- I. Geochemical result table
- II. Procedures
- III. Metallurgical tests

PART IV

SECTION A

ACCOUNTANTS' REPORT ON THE COMPANY

The following is the full text of a report on Valley International Mining Limited from Crowe Clark Whitehill UK LLP, the Reporting Accountants, to the Directors of Valley International Mining Limited and Daniel Stewart & Company Plc.



1 March 2018

The Directors
VI Mining Plc
44/45 La Motte Street
St Helier
Jersey, JE4 8SD

The Directors
Daniel Stewart & Company Plc
33 Creechurch Lane
London, EC3A 5EB

Dear Sirs

Introduction

We report on the financial information (the "Financial Information") on VI Mining Plc (the "Company") that has been prepared for inclusion in Part IV of NEX Exchange Growth Market Admission Document of the Company dated 1 March 2018 (the "Admission Document"), on the basis of the accounting policies set out in note 2 to the Financial Information. This report is required by Appendix 1 to the NEX Exchange Growth Market – Rules for Issuers (the "Rules") and is given for the purposes of complying with the Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Appendix 1 of the Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Appendix 1 of the Rules, consenting to its inclusion in the Admission Document.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the periods stated and of its profits/losses, cash flows and changes in equity for the periods stated in accordance with IFRS.

Declaration

For the purposes of (the 'Rules') we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with the Rules and for no other purpose.

Yours faithfully

Crowe Clark Whitehill LLP
Chartered Accountants

PART IV

SECTION B

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Company as at 15 May 2017 is stated below:

	\$'000
Assets	
<i>Current assets</i>	
Receivables	-
Total assets	<hr style="border-top: 1px solid black;"/> - <hr style="border-top: 3px double black;"/>
Equity and liabilities	
<i>Capital and reserves</i>	
Share capital	-
Total equity attributable to equity holders	<hr style="border-top: 1px solid black;"/> -
Total liabilities	-
Total equity and liabilities	<hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/>

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income of the Company from the date of incorporation on 8 May 2017 to 15 May 2017 is stated below:

	Note	\$'000
Total comprehensive income attributable to equity owner		-
<hr/>		
Earnings per share	4	
Basic and diluted (\$ per share)		-
		<hr/>

STATEMENT OF CHANGES IN EQUITY

The statements of changes in equity of the Company for period from incorporation on 8 May 2017 to 15 May 2017 are set out below:

	Share capital \$'000
On incorporation*	-
Result for the period	-
As at 15 May 2017	<u>-</u>
	<u>-</u>

The share capital comprises the Ordinary Shares of the Company.

*Issued share capital was 2 shares of nil par value each.

STATEMENT OF CASH FLOWS

The cash flow statement of the Company from the date of incorporation on 8 May 2017 to 15 May 2017 is set out below:

	\$'000
Operating activities	
(Increase)/decrease in receivables	-
Financing activities	
Proceeds from issue of share capital	-
Net cash from financing activities	-
	<hr/>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at end of period	-
	<hr/> <hr/>

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The Company is a newly-established company incorporated under the laws of Jersey under the Companies (Jersey) Law 1991. The Company was incorporated 8 May 2017. The Company's registered number is 123810 and its registered office is at 43/45 La Motte Street, St Helier, Jersey, JE4 8SD.

The Company's objective is to take advantage of opportunities to make strategic acquisitions.

2. Accounting Policies

Basis of preparation

The principal accounting policies adopted by the Company in the preparation of the financial information are set out below.

The financial information has been presented in US dollars, being the functional currency of the Company.

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), including interpretations made by the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB). The standards have been applied consistently.

Comparative figures

No comparative figures have been presented as the financial information covers the period from incorporation to 15 May 2017.

Standards and interpretations issued but not yet applied

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

Financial assets

The Directors determine the classification of the Company's financial assets at initial recognition.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short-term investments to be cash equivalents.

Receivables

The Company has classified the receivables as 'loans and receivables'.

Use of assumptions and estimates

In preparing the financial information, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the financial information.

3. Share capital

On 8 May 2017, the Company was incorporated and on incorporation, the issued share capital of the Company was 2 ordinary shares of nil par value each.

4. Earnings per share

The calculation for earnings per share (basic and diluted) for the relevant period is based on the profit after income tax attributable to equity holder for the period from incorporation on 8 May 2017 to 15 May 2017 and is as follows:

Profit attributable to equity holders (\$'000)	-
Weighted average number of shares	2
Earnings per share (\$ per share)	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/>

5. Financial Instruments – risk management

The Company is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Financial instruments

The carrying value of the financial instruments of the Company at the 15 May 2017 comprises nil receivables.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. Further details regarding these policies are set out below:

Credit risk

The maximum exposure to credit risk at the end of each reporting period is the fair value of each class of receivables. The Company held no collateral as security.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements.

The Directors have prepared cash flow projections on a monthly basis through to 31 December 2018. At the end of the period under review, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

6. Capital risk management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by equity. In the future, the capital structure of the Company is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

7. Subsequent events

On 16 May 2017 the Company acquired the entire issued share capital of Valley International Mining Limited by way of an issue of 2 new Ordinary shares.

On 23 June 2017, the Company issued 100,000,000 new ordinary nil par value shares, for total consideration of £6,626,679, which was settled by the cancellation of 2019 Loan Notes and accrued interest.

On 19 July 2017, Mr David Sumner acquired the entire issued share capital of VI Mining DMCC, a company incorporated in the DMCC Free Trade Zone of the UAE, representing 50 shares of 1,000 AED each. Under the terms of a nominee agreement between the Company and Mr David Sumner dated 30 July 2017, Mr David Sumner holds these shares for the benefit of the Company and its subsidiaries.

On 28 July 2017, the Operating Group issued 238,095 new ordinary nil par value shares to David Sumner for total consideration of £1,000,000, which was settled by the cancellation of \$534,338 of the 2019 Loan Notes and by \$765,662 of cash.

Under a conditional share purchase agreement dated 11 August 2017 between (1) Luciano Giordano (2) Grace Renteria, (3) ZL Mining, (4) Bi-Valley (Peru) and (5) the Company, Bi-Valley (Peru) will acquire the whole of the Ximenita De Casma project (via acquisition of the entire issued share capital of ZL Mining) subject to the completion of certain conditions set out in the contract including inter alia:

- (a) execution of and/or satisfactory completion of all Ximenita de Casma project agreements including inter alia the framework agreement, share purchase agreement, option contract, cession contract and royalty agreements described in paragraphs 10.8 – 10.13 of this Part VII above;
- (b) payment of all monetary consideration due under the terms of the Ximenita De Casma project agreements by Bi-Valley (Peru) or other member of the Group (as relevant or applicable) to the applicable payees on behalf of the applicable payor under the terms of the relevant agreement; and
- (c) completion of Formalization for the Ximenita de Casma project.

The Company believes that the above conditions will be satisfied within approximately 24 months from Admission.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a £39,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the first drawdown. The facility is to be used by the Company for its working capital requirements and to enable the Company to provide for its subsidiary One Valley Peru S.A.C with funding to fund the acquisitions.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a \$10,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the agreement. The facility is to be used by the Company for its working capital requirement.

On 10 December 2017, Mr David Sumner agreed to convert a loan amount of £2,000,000 into capital by subscribing for 400,000 ordinary nil par value shares in the Company. Such conversions to take effect on Admission.

On 2 February 2018 the Company, One-Valley (Peru) and the Sellers entered into a framework agreement relating to the acquisition of the Rosario Project and the Minaspampa Project and related assets for an aggregate consideration of \$51,300,000 in cash and £10,000,000 to be satisfied by the issue of Shares at the Placing Price. The consideration is payable as follows: \$5,300,000, paid in cash which was paid on 2 February 2018; £10,000,000 to be satisfied by the issue of 2,000,000 New Shares at the Placing Price no later than 28 February 2018; \$2,500,000 payable in cash on 9 February 2018, \$3,500,000 payable in cash on 28 February 2018, \$20,250,000 payable in cash on 15 August 2018; and \$20,250,000 payable in cash on 15 April 2019. The agreements also include an option to acquire the entire issued share capital of JONGOS E.I.R.L which is subject to due diligence for \$3,000,000 United States Dollars. The moveable assets, the real estate and rights in the real estate and the Rosario de Belén Concessions and Minaspampa Concessions which make up the Rosario de Belén Project and Minaspampa Project transfer pro rata on receipt of the payments set out above. In order to give effect to the terms of the transaction set out in the framework agreement a number of related Mining Concession transfer agreements were entered into on the same date.

8. Nature of financial Information

The financial information presented above does not constitute statutory accounts for the period under review.

PART V

SECTION A

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE OPERATING GROUP



1 March 2018

The Directors
VI Mining Plc
44/45 La Motte Street
St Helier
Jersey, JE4 8SD

The Directors
Daniel Stewart & Company Plc
33 Creechurch Lane
London, EC3A 5EB

Dear Sirs

Introduction

We report on the consolidated financial information (the “Financial Information”) on Valley International Mining Limited (“VIM BVI”), Tri-Valley International FZE, Minera Tres Valles S.A.C., One-Valley International Limited, Bi-Valley International Limited and Tri-Valley International Limited, (“Operating Group”) that has been prepared for inclusion in Part V of NEX Exchange Growth Market Admission Document of VI Mining Plc (the “Company”) dated 1 March 2018 (the “Admission Document”), on the basis of the accounting policies set out in note 2 to the Financial Information. This report is required by Appendix 1 to the NEX Exchange Growth Market – Rules for Issuers (the “Rules”) and is given for the purposes of complying with the Rules and for no other purpose.

Responsibilities

The directors of the Company (the “Directors”) are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”).

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Appendix 1 of the Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Appendix 1 of the Rules, consenting to its inclusion in the Admission Document.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the

financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Operating Group as at the periods stated and of its profits/losses, cash flows and changes in equity for the periods stated in accordance with IFRS.

Declaration

For the purposes of the Rules we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with the Rules.

Yours faithfully

Crowe Clark Whitehill LLP

Chartered Accountants

PART V

SECTION B

THE HISTORICAL FINANCIAL INFORMATION OF THE OPERATING GROUP

Consolidated Statement of Comprehensive Income

For each of the three years ended 31 December 2016

	Note	2014 \$000	2015 \$000	2016 \$000
Revenue		44	-	-
Cost of sales		(44)	-	-
Gross profit		-	-	-
Operating costs		(1,582)	(1,753)	(1,755)
Operating loss		(1,582)	(1,753)	(1,755)
Finance costs	5	(16)	(188)	(350)
Loss before taxation		(1,598)	(1,941)	(2,105)
Income tax	10	-	-	12
Loss after tax		(1,598)	(1,941)	(2,093)
Total comprehensive loss for the year attributable to equity holder		(1,598)	(1,941)	(2,093)
Earnings per share				
Basic and diluted per share (\$)	20	15,980	19,410	20,930

Consolidated Statement of Financial Position

As at 31 December 2014, 2015 and 2016

	Note	2014 \$000	2015 \$000	2016 \$000
Non-current assets				
Tangible fixed assets	12	-	-	3
Intangible assets	11	-	-	242
Deferred tax asset	10	-	-	12
		<u>-</u>	<u>-</u>	<u>257</u>
Current assets				
Trade and other receivables	14	185	-	4
Cash	15	44	-	-
		<u>229</u>	<u>-</u>	<u>4</u>
Current liabilities				
Trade and other payables	16	(3)	(57)	(134)
		<u>(3)</u>	<u>(57)</u>	<u>(134)</u>
Net current assets/(liabilities)		226	(57)	(130)
Non-current liabilities				
Debt	19	(1,824)	(3,473)	(5,750)
		<u>(1,824)</u>	<u>(3,473)</u>	<u>(5,750)</u>
Net liabilities		(1,598)	(3,530)	(5,623)
Equity attributable to owners				
Share capital	17	-	-	-
Accumulated loss	18	(1,868)	(3,809)	(5,902)
Merger reserve	18	270	279	279
		<u>-</u>	<u>-</u>	<u>-</u>
Total equity and merger reserve		(1,598)	(3,530)	(5,623)

Consolidated Statement of Cash Flow

For each of the three years ended 31 December 2016

	2014	2015	2016
	\$000	\$000	\$000
Cash flows from operating activities			
Loss for the period before taxation	(1,598)	(1,941)	(2,105)
Depreciation and amortisation	-	-	20
Directors' remuneration	1,440	1,440	1,440
Interest expenditure	16	188	350
Operating cash flow before changes in working capital	(142)	(313)	(295)
Movement in trade and other receivables	(185)	185	(4)
Movement in trade and other payables	3	55	75
Net cash flow from operating activities	(324)	(73)	(224)
Investing activities			
Purchase of tangible fixed assets	-	-	(23)
Purchase of intangible assets	-	-	(242)
Net cash flow from investing activities	-	-	(265)
Shareholders Current Account			
Debt financing	368	29	489
Net cash flow from financing activities	368	29	489
Net increase in cash and cash equivalents	44	(44)	-
Cash and cash equivalent - start of the year	-	44	-
Cash and cash equivalents - end of the year	44	-	-

The material non-cash transaction relating to issue of the loan note on the unpaid directors' remuneration during the reporting period, as disclosed in note 9.

Consolidated Statement of Changes in Equity

For each of the three years ended 31 December 2016

	Share capital \$000	Merger reserve \$000	Accumulated loss \$000	Total \$000
As at 1 January 2014	-	270	(270)	-
Loss for the year	-	-	(1,598)	(1,598)
Total comprehensive loss for the year	-	-	(1,598)	(1,598)
As at 31 December 2014	-	270	(1,868)	(1,598)
Loss for the year	-	-	(1,941)	(1,941)
Total comprehensive loss for the year	-	-	(1,941)	(1,941)
Movement on merger reserve	-	9	-	9
As at 31 December 2015	-	279	(3,809)	(3,530)
Loss for the year	-	-	(2,093)	(2,093)
Total comprehensive loss for the year	-	-	(2,093)	(2,093)
As at 31 December 2016	-	279	(5,902)	(5,623)

Notes to the Consolidated Financial Information

1. General Information

The companies existing at 31 December 2016 described below (the “Operating Group”) was headed by Valley International Mining Limited (“VIM BVI”), which was incorporated on 15 December 2016 in the British Virgin Islands, with (a) intermediate holding company subsidiaries, which in turn hold operating subsidiaries in Peru and (b) a trading subsidiary in the United Arab Emirates.

British Virgin Islands

- One-Valley International Limited, which was incorporated on 20 December 2016 in the British Virgin Islands;
- Bi-Valley International Limited, which was incorporated on 28 September 2016 in the British Virgin Islands;
- Tri-Valley International Limited, which was incorporated on 15 July 2016 in the British Virgin Islands.

Each of these companies had fully paid up share capital of 100 shares of \$1.00 per share, with all shares owned by VIM BVI.

United Arab Emirates

Tri-Valley International FZE, was incorporated on 8 May 2013, in the United Arab Emirates (“UAE” and as a Ras Al Khaimah Free Trade Zone company) has share capital of 1 share of AED 100,000 held by VIM BVI.

On 31 October 2016 Tri-Valley International FZE was transferred to Tri-Valley International Limited. On 31 December 2016 Tri-Valley International FZE was transferred to VIM BVI.

Peru

At 31 December 2016 there were two Peru subsidiary entities:

- Minera Tres Valles S.A.C. (“MTV”), which was incorporated on 14 August 2014, with 2,780 shares of PEN 1.00 per share issued, with 2,779 shares held by Tri-Valley International Limited and 1 share held by Lucianno Giorffino (a director).
- Tri-Valley Peru S.A.C. (“TVP”), which was incorporated on 8 September 2016 in Peru, with 320 shares of PEN 1.00 per share issued, with 319 shares held by Tri-Valley International Limited and 1 share held by Lucianno Giorffino (a director).

Principal activity

The principal activity of the Operating Group is as a precious metal mining company operating in Peru, with an initial focus on gold.

Currency

The functional currency of all entities is US dollars.

Financial information is presented in US dollars (“\$”) and rounded to the nearest thousand (“000”).

2. Accounting policies

(a) Basis of preparation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by European Union (‘IFRSs’).

The Directors considered IFRS 3 “Business Combinations” (Revised 2008) as the appropriate accounting treatment. However, they concluded that the Group fell outside of the scope of IFRS 3 (revised 2008) since the Operating Group represents a combination of entities under common control.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy, the Directors have considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom (“UK GAAP”) for guidance (FRS 102) which does not conflict with IFRS and reflects the economic substance of the transaction.

Under UK GAAP, the assets and liabilities of both entities are recorded at book value, not fair value. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer in accordance within applicable IFRS, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the reconstruction of the Operating Group completed in December 2016, these consolidated financial information are presented as if the corporate structure has always been in place, including the activity from incorporation of the Operating Group’s principal subsidiary. All entities had the same management as well as majority shareholder. Accordingly, the consolidated financial information are presented on a pro-forma basis.

On this basis, the Directors have decided that it is appropriate to reflect the combination using Merger Accounting principles as a group reconstruction under FRS 102 in order to give a true and fair view. No fair value adjustments have been made as a result of the combination.

(b) Going concern

The financial information has been prepared on a going concern basis.

The Financial Reporting Council issued “Going Concern and Liquidity Risk: Guidance for Directors of UK Companies” in 2016, and the Directors have considered this when preparing this financial information.

These have been prepared on a going concern basis, notwithstanding the loss for the period ended 31 December 2016. The Directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conclusions are summarised below.

The Operating Group’s ability to continue as a going concern is reliant upon continuing shareholder’s support or successfully obtaining alternative means of funding as it moves towards self-sustainability and to finance its on-going expansion. In considering the appropriateness of this basis of preparation, the Directors have reviewed the Operating Group’s working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. The Directors have considered and assessed the letter of support provided by these key shareholders and directors and are satisfied that they will and can, if required, provide the support for the development of the growth over at least the next twelve months from signing this financial information. If the Operating Group was unable to secure sufficient funding to enable it to continue on a going concern basis then adjustments would be necessary to write down assets to their recoverable amounts, reclassify fixed assets and long-term liabilities as current and provide for additional liabilities.

Following this assessment, the Directors have reasonable expectation that the Operating Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

(c) Basis of consolidation

The consolidated financial information comprises the financial information of VIM BVI and its subsidiaries as at, and for, the year ended 31 December of each year. Subsidiaries are consolidated from the date at which control was obtained by the Operating Group, and cease to be consolidated from the date at which the group no longer retains control.

Control is achieved where VIM BVI is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As described in note 1, the acquisition of Tri-Valley International FZE by VIM BVI was that of a re-organisation of entities which were under common control. As such, that combination also falls outside the scope of IFRS 3 ‘Business Combinations’ (Revised 2008). The Directors have, therefore, decided that it is

appropriate to reflect the combination using the merger basis of accounting in order to give a true and fair view. No fair value adjustments were made as a result of that combination.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

(d) Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is recognised in other comprehensive income.

(e) Land

Land is held at cost less any impairment charge. Land is not depreciated.

(f) Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value over their estimated useful lives as follows:

- Leasehold improvements - over remaining life of lease
- Fixtures and fittings - 3 to 10 years
- Computer equipment – 2 to 4 years

(g) Mining Concessions

Mining concessions represent ownership of the right of exploration and exploitation to the Operating Group on mining properties contains ore reserves acquired. Mining concessions are stated at cost and are amortized on units of production method, using as the basis of proven and probable reserves. If the Operating Group leaves these concessions, the costs associated are written off in the consolidated statements of profit or loss.

Cost includes the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

At end of each year, the Operating Group evaluates if there is any indicator. If any impairment indicator exists, the Group estimates the asset's recoverable amount.

Mining concession rights are amortized over the estimated economic life of the concession.

Mining concessions are presented in the caption of mining concessions, development costs, property, plant and equipment, net.

(h) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral deposits, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Acquisition of rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;

- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

All exploration and evaluation costs are capitalized as intangible assets in exploration and evaluation assets on a property by property basis pending determination of the technical feasibility and commercial viability of each project.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired are recognized in the consolidated statement of comprehensive income as incurred.

No depreciation expense is recognized on these assets during the exploration and evaluation period.

All capitalized exploration and evaluation costs are recorded at acquisition cost less accumulated impairment losses.

Management monitors exploration and evaluation assets for indicators of impairment and when a potential impairment is indicated, an impairment test is performed.

Exploration areas in which mineral resources have been discovered, but that require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of mineral resource exist or to ensure that additional exploration work is under way or planned.

To the extent that capitalized expenditures are not expected to be recovered they are charged to the consolidated statement of comprehensive income.

When technical feasibility and commercial viability of extracting mineral resources are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in mining assets under construction.

Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

As part of its mining activities, the Operating Group incurs waste removal costs (stripping costs) during the development and production phases of its mining operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using units of production method. The capitalization of development stripping costs ceases when the mine starts production.

Stripping costs incurred during the production phase (production stripping costs) are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits are probable.
- The component of the ore body for which access will be improved can be accurately identified.
- The costs associated with the improved access can be reliably measured.

To identify components of deposit, the Operating Group works closely with the operating personnel to analyze the mine plans. Mostly, an ore body can have several components. The mine plans, and therefore, the identification of components, will vary among mines for a number of reasons.

The stripping activity asset is initially measured at cost, which surges from an accumulation of costs directly incurred during the stripping activity. The production stripping cost is presented within mining concessions, development costs, property, plant and equipment, net in the consolidated statements of financial position.

The production stripping cost is subsequently depreciated using the units of production method over the expected useful life of the component identified of the ore body that has been made more accessible by the activity. This cost is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Exploration and evaluation assets are amortized between 1 and 10 years.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue includes the sale of precious metals derived from the mining and ore processing operations. Sales of precious metals, based on spot metal prices, are recorded on delivery when rights and obligations related to the ownership are transferred to the purchaser and reasonable assurance regarding collectability of the consideration exists.

(j) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less allowance for any uncollectible amounts. Where receivables are considered to be irrecoverable an impairment charge is included in the Consolidated Statement of Comprehensive Income.

(k) Assets retirement obligations and contingent liabilities

Provisions are recognized when a present legal or constructive obligation, as a result of a past event, will probably lead to an outflow of economic resources from the Operating Group and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Provisions are discounted when the time value of money is significant.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The Operating Group is subject to various laws and regulations regarding environmental restoration and closure provisions for which the Company estimates future costs.

To take account of estimated cash flows required to settle the obligations arising from environmentally acceptable closure plans (such as dismantling and demolition of infrastructures, removal of residual matter and site restoration), provisions are recognized in the period in which the obligation is incurred, that is when it is likely that an outflow will be required in settlement of the obligation and the obligation is reasonably determinable.

Asset retirement obligations are determined on the basis of the best estimates of future costs, based on information available on the reporting date.

Future costs are discounted at pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability.

A corresponding asset is recognized in property, plant and equipment when establishing the provision.

The provision is reviewed at each reporting date to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time.

The accretion expense is recognized in comprehensive income as a financial expense as incurred.

The cost of the related asset is adjusted to reflect changes in the reporting period.

Costs of asset retirement are deducted from the provision when incurred.

Possible inflows of economic benefits to the Operating Group that do not yet meet the recognition criteria of an asset are considered contingent assets and are not recognized.

(l) Provision for closure of Mining Units

When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets (property, plant and equipment). Over time, the discounted liability is increased for the change in present value based on discounted rates that reflects current market assessments and the risks specific to the liability, in addition, the capitalized cost is depreciated and/or amortized based on the useful life of the asset. Any gain or loss resulting from the settlement of the obligation is recorded in the current results.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the related asset. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset

to which it relates, may not exceed the carrying amount of the asset. If it does, any excess over the carrying amount is taken immediately to the consolidated statements of profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, represents an addition to the carrying value of the asset, the Operating Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment, in accordance with IAS 36 "Impairment of Assets".

For closed mines, changes to estimated costs are recognized immediately in the consolidated statements of profit or loss.

(m) Classification of financial instruments issued by the Group

Following the adoption of IAS32 'Financial instruments: presentation', financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (1) they include no contractual obligations upon the Operating Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (2) where the instrument will or may be settled in the Operating Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Operating Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Operating Group's own shares, the amounts presented in this financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

(n) Financial assets

Financial assets within the scope of IAS 39 are classified as either:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments
- available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

Impairment of financial assets

a. Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its fair value is transferred from equity to the income statement. Any reversal of an impairment of an equity instrument classified as available-for-sale is not recognised in the income statement.

b. Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment charge was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income

statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

(o) Financial liabilities and equity instruments

a. Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised costs.

Financial liabilities are classified as at fair value through comprehensive income statement if the financial liability is either held for trading or it is designated as such upon initial recognition

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Financial instruments – interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense when incurred.

(p) Operating segments

The Operating Group is organised into one main business segment – the mining and sales of precious metals in the Peru and UAE markets.

The Operating Group determines and presents operating segments based on the information that internally is provided to the Board of Directors.

(q) Leases

Leases where the lessor retains substantially all of the risks and rewards of ownership are classified as operating leases.

Rentals payable under operating lease rentals are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Leases where the Operating Group retains substantially all of the risks and rewards of ownership are classified as finance leases or hire purchase contracts.

Assets held under finance leases or hire purchase contracts are capitalised and depreciated over their useful economic lives. The capital element of the future obligations under finance leases and hire purchase contracts are included as liabilities in the Consolidated Balance Sheet. The interest elements of the rental obligations are charged to the Consolidated Statement of Comprehensive Income over the periods of the finance leases and hire purchase contracts and represent a constant proportion of the balance of capital outstanding.

(r) Non-recurring items

Non-recurring items are material items in the Consolidated Statement of Comprehensive Income which derive from events or transactions which do not fall within the ordinary activities of the Group and which relate to activities that are incurred due to events that are not expected to recur or relate to activities that are outside the normal activities of the business or, if of a similar type, in aggregate the Group has highlighted as needing to be disclosed by virtue of their size or incidence and are relevant to the understanding of the accounts.

(s) Post-employment benefits

Contributions to personal pension schemes or amounts required by local statute for post-employment benefits are charged to the Consolidated Statement of Comprehensive Income in the period to which they relate.

(t) Taxation

Current taxes are based on the results shown in the financial information and are calculated according to local tax rules using tax rates enacted or substantially enacted by the balance sheet date.

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax currently payable based on taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred income taxes are calculated using the balance sheet method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Operating Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Operating Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(v) Determination of fair values

A number of the Operating Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(w) New standards, amendments to standards or interpretations

At the date of authorisation of this financial information, the directors have reviewed the Standards in issue by the International Accounting Standards Board ("IASB") and IFRIC, which are effective for annual accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Operating Group in future period, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will impact the treatment of an operating leases and its presentation. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 as their detailed review of these standards is still ongoing.

3. Key judgements and estimates

The preparation of financial information under IFRS can require management to make estimates and assumptions that affect the amount of assets, liabilities and profit or loss reported in the financial information. The Operating Group specifically makes estimates about the fair value of intangible assets and on the amortisation policy on such assets.

The Directors consider that the key judgements and sources of estimation made in preparation of the financial information are:

a. Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Operating Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

b. Carrying value of intangible assets

The Operating Group follows the guidance of IAS 36 in determining whether goodwill is impaired. This determination requires the assumption made regarding the duration and extent to which the fair value of the goodwill is less than its costs and the financial health of and near-term business outlook for the goodwill.

Management's assessment for impairment of goodwill is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to five years, using a suitable discount rate in order to calculate the present value of those cash flows. Impairment testing inherently involved a number of judgmental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the business; estimation of the fair value of cash-generating units; and the valuation of the separable assets of each business whose goodwill is being reviewed.

c. Consolidation of Tri-Valley International FZE and MTV

As detailed in note 1, judgment was applied in the reporting periods in determining the Operating Group's accounting policy for the combination of Tri-Valley International FZE and MTV, the subsidiaries in a transaction under common control prior to the group reorganisation.

MTV is owned by individual shareholders whose shareholdings were entrusted to David Sumner, who is the ultimate controlling party of the Group.

Having considered the requirements of IAS 8 the transaction by which the Operating Group gained its controlling interest in Tri-Valley International FZE and MTV has been accounted for by combining both entities at their book value, with creation of merger reserve. No fair value adjustments have been made. This is a material accounting policy selection.

4. Segment Reporting

The Operating Group applies IFRS 8 Operating Segments. Per IFRS 8 operating segments are based on internal reports about components of the group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

The Directors consider there to be only one operating segment, the mining and selling of precious metals and only two geographical segments being the Peru and the UAE.

Segment	2016		
	Peru	UAE	Total
	\$000	\$000	\$000
Revenue	-	-	-
Non-current assets	257	-	257

For 2014 and 2015, there was only one geographical segment in the UAE.

5. Finance Costs

The following items have been included in arrive at net finance costs:

	2014	2015	2016
	\$000	\$000	\$000
Interest on 2019 Loan Notes (note 19)	(16)	(188)	(350)

6. Operating loss

The following items have been included in arrive at operating loss:

	2014	2015	2016
	\$000	\$000	\$000
Depreciation and amortization	-	-	20
Auditor's remuneration	3	3	20

7. Auditor's remuneration

Fees payable to the Operating Group's auditor in respect of audit and other services:

	2014	2015	2016
	\$000	\$000	\$000
Audit fees	3	3	11
	3	3	11

8. Employees and directors

Staff costs for all employees, including directors, consists of:

	2014	2015	2016
	\$000	\$000	\$000
Wages and salaries	1,551	1,691	1,540
Social security costs	-	-	4
Post-employment costs	-	-	1
	1,551	1,691	1,545

The average number of employees during the year was 6 (2015: 4; 2014: 3)

9. Directors' emoluments

Directors' remuneration for each year was:

	2014	2015	2016
	\$000	\$000	\$000
David Sumner	1,440	1,440	1,440
Lucianno Giorffino	-	-	-
Feargal Leonard	-	-	11
	<u>1,440</u>	<u>1,440</u>	<u>1,451</u>

10. Tax

Each Operating Group company is regarded as tax resident in its country of incorporation.

At 31 December 2016, the group had tax losses of \$12,000 available to carry forward against future trading profits (2015: nil; 2014: nil).

Deferred tax asset

	2014	2015	2016
	\$000	\$000	\$000
Balance as at 1 January	-	-	-
Movement in deferred tax	-	-	12
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>12</u>

Reconciliation of effective tax rate

	2014	2015	2016
	\$000	\$000	\$000
Loss on ordinary activities before taxation	(1,598)	(1,941)	(2,078)
Standard rate of tax in BVI	0%	0%	0%
Loss on ordinary activities multiplied by the standard rate of tax	-	-	-
Tax rate differences	-	-	12
Permanent timing differences	-	-	-
	<u>-</u>	<u>-</u>	<u>12</u>

11. Intangible assets

	Concession rights \$000	Exploration costs \$000	Total \$000
Cost			
As at 1 January 2014	-	-	-
Additions	-	-	-
As at 31 December 2014	-	-	-
Additions	-	-	-
As at 31 December 2015	-	-	-
Additions	200	62	262
As at 31 December 2016	200	62	262
Amortisation and impairment			
As at 1 January 2014	-	-	-
Amortisation for the year	-	-	-
As at 31 December 2014	-	-	-
Amortisation for the year	-	-	-
As at 31 December 2015	-	-	-
Amortisation for the year	20	-	20
As at 31 December 2016	20	-	20
Carrying amounts			
As at 1 January 2014	-	-	-
As at 31 December 2014	-	-	-
As at 31 December 2015	-	-	-
As at 31 December 2016	180	62	242

Amortisation of intangible assets is included in administrative expenses in the consolidated statement of comprehensive income.

During 2016 the Operating Group acquired the mining and mineral processing concession rights and land for the Oro Pesa project, located in the Arequipa region of Peru.

In assessing whether an impairment is required, the carrying value of the asset or cash generating unit ("CGU") is compared with its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs to sell and value in use. Given the nature of the Operating Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. The directors consider the fair value considerations made in the recent acquisition for impairment assessment. Consequently, the directors are satisfied that carrying value of these oil production assets are below the fair value less costs to sell hence no impairment is required.

12. Tangible fixed assets

	Land \$000
Cost	
As at 1 January 2014	-
Additions	-
As at 31 December 2014	-
Additions	-
As at 31 December 2015	-
Additions	23
As at 31 December 2016	23
Amortisation and impairment	
As at 1 January 2014	-
Amortisation for the year	-
As at 31 December 2014	-
Amortisation for the year	-
As at 31 December 2015	-
Amortisation for the year	-
As at 31 December 2016	-
Carrying amounts	
As at 1 January 2014	-
As at 31 December 2014	-
As at 31 December 2015	-
As at 31 December 2016	23

13. Investments in Subsidiaries

The Operating Group had the following investments in subsidiary undertakings at 31 December 2016:

Entity	Principal activity	Place of incorporation	Proportion of ownership interest	Proportion of voting power held
One-Valley International Limited	Holding company	British Virgin Islands	100%	100%
Bi-Valley International Limited	Holding company	British Virgin Islands	100%	100%
Tri-Valley International Limited	Holding company	British Virgin Islands	100%	100%
Tri-Valley International FZE	Sales and marketing	UAE	100%	100%
Minera Tres Valles S.A.C	Mining and processing	Peru	100%	100%
Tri-Valley Peru S.A.C	Dormant	Peru	100%	100%

14. Trade and other receivables

	2014	2015	2016
	\$000	\$000	\$000
Amounts due from related parties (note 22)	185	-	-
Prepayments	-	-	4
	<u>185</u>	<u>-</u>	<u>4</u>

The fair value of trade and other receivables approximates their carrying value.

15. Cash and cash equivalents

	2014	2015	2016
	\$000	\$000	\$000
Cash	44	-	-

The Operating Group holds cash balances in US dollars and Peruvian Sols (PEN). The fair value of the cash and cash equivalents approximates their carrying amount.

16. Trade and other payables

	2014	2015	2016
	\$000	\$000	\$000
Trade payables	-	-	30
Amounts due to related parties (note 22)	-	52	75
Accruals and other	3	5	29
	<u>3</u>	<u>57</u>	<u>134</u>

The fair value of the trade and other payables approximates their carrying value.

17. Called up share capital of Valley International Mining BVI

	No.	\$
Issued and fully paid:		
At 1 January 2016	-	-
Shares issued in year	100	\$100
At 31 December 2016	100	\$100

VIM BVI was incorporated on 15 December 2016 with a nominal share price of \$1.00 per share.

18. Reserves

	2014	2015	2016
	\$000	\$000	\$000
Merger reserve	270	279	279
Accumulated loss	(1,868)	(3,809)	(5,902)
	<u>(1,598)</u>	<u>(3,530)</u>	<u>(5,623)</u>

Merger reserve

The accounting treatment for group reorganisations is scoped out of IFRS 3. Accordingly, as required under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors the Operating Group has referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company has been accounted for as a capital reorganisation using the merger accounting principles prescribed under current UK GAAP. Therefore, the consolidated financial information of Valley International Mining Limited (“VIM”) is presented as if VIM has always been the holding company for the Operating Group.

The use of merger accounting principles has resulted in a balance on Operating Group capital and reserves that have been classified as a merger reserve and included in the Operating Group’s shareholders’ funds. The consolidated financial information includes the results of the Operating Group all its subsidiary undertakings made up to the same accounting date.

19. Debt

The Operating Group has one interest bearing loan:

	2014	2015	2016
	\$000	\$000	\$000
2019 Loan Notes	<u>(1,824)</u>	<u>(3,473)</u>	<u>(5,750)</u>

On 1 January 2014 Tri-Valley International FZE authorised the issuance of up to \$6,000,000 of loan notes (the “FZE Loan Notes”) with principal conditions of:

- Term data of 31 December 2019
- Interest at 10% per annum paid on Term
- Loan notes are non-redeemable and non-transferrable

On 31 December 2016 Tri-Valley International BVI authorized the issuance of up to \$10,000,000 of loan notes (the “BVI Loan Notes”) with principle conditions of:

- Term data of 31 December 2019
- Interest at 10% per annum paid on Term
- Loan notes are non-redeemable and non-transferrable

On 31 December 2016, the FZE Loan Notes were cancelled and replaced by the BVI Loan Notes.

At 31 December 2016, a total of \$5,750,000 was due under the Loan Notes, which comprised \$5,196,000 of principal and \$554,000 of accrued interest.

The loan notes are denominated in US dollars. The fair value of the loan notes approximates their carrying value.

David Sumner was the sole subscriber of both series of loan notes.

20. Earnings per share

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Loss for the year (\$'000)	(1,598)	(1,941)	(2,093)
Weighted average number of ordinary shares	100	100	100
Loss per ordinary share - basic and diluted	<u>\$15,980</u>	<u>\$19,410</u>	<u>\$20,930</u>

Basic loss per share is based on the weighted average number of ordinary shares in issue during the year. Diluted loss per share would assume conversion of all potentially dilutive ordinary shares. The group has no potentially dilutive ordinary shares.

The weighted average number of ordinary shares used to calculate loss per share in the years ended 31 December 2016 and 2015 and 2014 was 100 shares.

21. Financial instruments

The Operating Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payable. The Operating Group's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in note 2. The Operating Group does not use financial instruments for speculative purposes.

The principal financial instruments used by the Operating Group, from which financial instrument risk arises, are as follows:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Financial assets			
Trade and other receivables	185	-	4
Cash and cash equivalents	44	-	-
Total financial assets	<u>229</u>	<u>-</u>	<u>4</u>
Financial liabilities measure at amortised cost			
Trade and other payables	3	57	134
Loans and borrowings	1,824	3,473	5,750
Total financial liabilities	<u>1,827</u>	<u>3,530</u>	<u>5,884</u>

Capital management

The Operating Group manages its capital to ensure that it will be able to continue as a going concern while attempting to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of issued capital and related party loans.

The Operating Group's financial instruments, which are recognised in the statement of financial position, comprise cash and cash equivalents, receivables and payables and ordinary shares. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where

relevant. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes above, where applicable.

The Operating Group does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the year, the policy that no trading in financial derivative instruments shall be undertaken.

Risk management

The Operating Group is exposed to financial risk due to the nature of its business and the financial assets and liabilities that it holds. The following discussion reviews material financial risks, quantifies certain of the associated exposures, and explains how these risks and the Operating Group's capital is managed.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, The Operating Group segregates market risk into three categories: fair value risk, interest risk and currency risk.

Fair value risk

Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The Operating Group does not have any significant exposure to fair value risk.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group incurs interest rate risk in its cash and short-term investments.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Operating Group periodically has accounts receivable and accounts payable denominated in foreign currencies, primarily in Peruvian Sols (PEN).

The carrying amounts of financial instruments are denominated in the following currencies at 31 December 2016:

	PEN	USD	Total
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Financial assets			
Trade and other receivables	4	-	4
Cash and cash equivalents	-	-	-
	<u>4</u>	<u>-</u>	<u>4</u>
Financial liabilities measure at amortised cost			
Trade and other payables	42	85	134
Loans and borrowings	-	5,750	5,750
	<u>42</u>	<u>5,835</u>	<u>5,884</u>
Net asset (liability)	<u>(38)</u>	<u>(5,835)</u>	<u>(5,880)</u>

The sensitivity analyses in the table below details the impact of changes in foreign exchange rates on the group's post-tax profit for the year ended 31 December 2016.

It is assumed that the named currency is strengthening or weakening against all other currencies, while all the other currencies remain constant.

If the USD strengthened or weakened by 10% against the other currencies, with all other variables in each case remaining constant, then the impact on post-tax profit would be gains or losses as:

	Strengthen	Weaken
	\$000	\$000
2016		
Peru Sol (PEN)	5	(7)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and amounts receivable. The maximum exposure to credit risk is equal to the carrying value of these financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Operating Group will not be able to meet its obligations as they become due. The Operating Group manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. The Operating Group's ability to develop its properties and recover their carrying values is dependent on the ability to raise the required funding through debt, joint venture opportunities and/or equity issuances.

The maturity profile of the Operating Group's financial liabilities at the reporting dates based on contractual undiscounted payments are summarised below:

	2014	2015	2016
	\$000	\$000	\$000
Within 1 year			
Trade and other payables	3	57	134
Between 1 to 5 years			
Loans and borrowings	1,824	3,473	5,750
	<u>1,827</u>	<u>3,530</u>	<u>5,884</u>

22. Related party disclosures

Key management are considered to be the directors - and key management personnel compensation has been disclosed in note 9.

David Sumner (a director) was the sole subscriber to the 2019 Loan Notes (note 19).

Lucianno Giorffino (a director) was as a partner at Vargas Pareja Abogados & Consultores ("Vargas") a law firm in Peru. In the year ended 31 December 2016 VIM BVI incurred fees with Vargas of \$8,000 (2015: \$44,000; 2014: \$66,000). At 31 December 2014 there was a balance in the client account at Vargas due to VIM BVI of \$185,000. At 31 December 2015 and 2016 there were amounts owed to Vargas of \$52,000 and \$75,000 respectively.

Lucianno Giorffino (a director) was a representative director of Proyectos La Patagonia S.A.C ("PLP") a mining exploration service company in Peru. In the year ended 31 December 2016, PLP provided the Operating Group with exploration services totalling \$50,000. At 31 December 2016 there was \$nil amounts outstanding to PLP.

Transactions between VIM BVI and its subsidiaries and between subsidiaries have been eliminated on consolidation.

23. Capital commitments

The Operating Group had capital commitments for plant and machinery of \$150,000 (2015: \$nil; 2014: \$nil)

24. Subsequent events

On 23 June 2017, the Operating Group issued 100,000,000 new ordinary nil par value shares, for total consideration of £6,626,679, which was settled by the cancellation of 2019 Loan Notes and accrued interest.

Under a conditional share purchase agreement dated 11 August 2017 between (1) Luciano Giorffino (2) Grace Renteria, (3) ZL Mining, (4) Bi-Valley (Peru) and (5) the Company, Bi-Valley (Peru) will acquire the whole of the Ximenita De Casma project (via acquisition of the entire issued share capital of ZL Mining) subject to the completion of certain conditions set out in the contract including inter alia:

- (a) execution of and/or satisfactory completion of all Ximenita de Casma project agreements including inter alia the framework agreement, share purchase agreement, option contract, cession contract and royalty agreements described in paragraphs 10.8 – 10.13 of this Part VII above;
- (b) payment of all monetary consideration due under the terms of the Ximenita De Casma project agreements by Bi-Valley (Peru) or other member of the Group (as relevant or applicable) to the applicable payees on behalf of the applicable payor under the terms of the relevant agreement; and
- (c) completion of Formalization for the Ximenita de Casma project.

The Company believes that the above conditions will be satisfied within approximately 24 months from Admission.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a £39,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the first drawdown. The facility is to be used by the Company for its working capital requirements and to enable the Company to provide for its subsidiary One Valley Peru S.A.C with funding to fund the acquisitions.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a \$10,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the agreement. The facility is to be used by the Company for its working capital requirement.

On 2 February 2018 the Company, One-Valley (Peru) and the Sellers entered into a framework agreement relating to the acquisition of the Rosario Project and the Minaspampa Project and related assets for an aggregate consideration of \$51,300,000 in cash and £10,000,000 to be satisfied by the issue of Shares at the Placing Price. The consideration is payable as follows: \$5,300,000, paid in cash which was paid on 2 February 2018; £10,000,000 to be satisfied by the issue of 2,000,000 New Shares at the Placing Price no later than 28 February 2018; \$2,500,000 payable in cash on 9 February 2018, \$3,500,000 payable in cash on 28 February 2018, \$20,250,000 payable in cash on 15 August 2018; and \$20,000,000 payable in cash on 15 April 2019. In the event that the average mid-market price for the 30 days prior to the final payment of \$20,250,000. The agreements also include an option to acquire the entire issued share capital of JONGOS E.I.R.L which is subject to due diligence for \$3,000,000. The moveable assets, the real estate and rights in the real estate and the Rosario de Belén Concessions and Minaspampa Concessions which make up the Rosario de Belén Project and Minaspampa Project transfer pro rata on receipt of the payments set out above. In order to give effect to the terms of the transaction set out in the framework agreement a number of related Mining Concession transfer agreements were entered into on the same date.

25. Ultimate controlling party

As at 31 December 2016, the ultimate controlling party was David Sumner.

26. Nature of Financial Information

The Financial Information does not constitute statutory accounts for the period under review.

SECTION C

UNAUDITED INTERIM FINANCIAL INFORMATION ON THE GROUP

Set out below are the unaudited results of the Group for the six months ended 30 June 2017, together with the unaudited results for the comparative six-month period ended 30 June 2016.

Consolidated Statement of Comprehensive Income

The consolidated statements of comprehensive income of the Group for the six months period ended 30 June 2017 and the six-month period ended 30 June 2016 are set out below.

	Note	Six months ended 30 June 2016 \$000 Unaudited	Six months ended 30 June 2017 \$000 Unaudited
Operating costs		(781)	(1,861)
Operating loss		(781)	(1,861)
Finance costs		(164)	(279)
Loss before taxation		(945)	(2,140)
Income tax		-	132
Loss after tax		(945)	(2,008)
Total comprehensive loss		(945)	(2,008)
Loss per share			
Basic and diluted per share (\$)	11	(0.009)	(0.020)

Consolidated Statement of Financial Position

The consolidated statements of financial position of the Group as at 30 June 2017 and at 31 December 2016 are set out below:

	Note	As at 30 June 2017 \$000 Unaudited	As at 31 December 2016 \$000 Unaudited
Non-current assets			
Tangible fixed assets	6	608	3
Intangible assets	7	1,772	242
Deferred tax asset		146	12
		<u>2,526</u>	<u>257</u>
Current assets			
Trade and other receivables	8	588	4
Cash		454	-
		<u>1,042</u>	<u>4</u>
Current liabilities			
Trade and other payables	9	1,013	134
Deferred consideration	10	432	-
		<u>1,445</u>	<u>134</u>
Net current liabilities		<u>(403)</u>	<u>(130)</u>
Non-current liabilities			
Debt	13	534	5,750
Deferred tax	10	308	-
Deferred consideration	10	248	-
		<u>1,090</u>	<u>5,750</u>
Net assets/(liabilities)		<u>1,033</u>	<u>(5,623)</u>
Equity attributable to owners			
Stated capital	12	8,664	-
Accumulated loss		(7,910)	(5,902)
Merger reserve		279	279
Total equity		<u>1,033</u>	<u>(5,623)</u>

Consolidated Statement of Cash Flow

The consolidated statements of cash flows of the Group for the six-month period ended 30 June 2017 and the six-month period ended 30 June 2016 are set out below.

	Six months ended 30 June 2016 \$000	Six months ended 30 June 2017 \$000
	Unaudited	Unaudited
Cash flows from operating activities		
Loss for the period before taxation	(945)	(2,140)
Depreciation and amortization	-	3
Directors' remuneration	720	720
Interest expenditure	164	279
Operating cash flow before changes in working capital	<u>(61)</u>	<u>(1,138)</u>
Movement in trade and other receivables	-	(584)
Movement in trade and other payables	(10)	821
Net cash flow from operating activities	<u>(71)</u>	<u>(901)</u>
Investing activities		
Purchase of tangible fixed assets	-	(608)
Purchase of intangible assets	-	(486)
Net cash flow from investing activities	<u>-</u>	<u>(1,094)</u>
Financing activities		
Debt financing	71	2,449
Net cash flow from financing activities	<u>71</u>	<u>2,449</u>
Net increase in cash and cash equivalents	-	454
Cash and cash equivalent - start of the period	-	-
Cash and cash equivalents - end of the period	<u><u>-</u></u>	<u><u>454</u></u>

The material non-cash transaction relating to issue of the loan note on the unpaid directors' remuneration during the reporting period.

Consolidated Statement of Changes in Equity

Unaudited

	Stated capital \$000	Merger reserve \$000	Accumulated loss \$000	Total \$000
As at 1 January 2016	-	279	(3,810)	(3,531)
Loss for the period	-	-	(945)	(945)
As at 30 June 2016	-	279	(4,755)	(4,476)
Loss for the period	-	-	(1,147)	(1,147)
As at 31 December 2016	-	279	(5,902)	(5,623)
Loss for the period	-	-	(2,008)	(2,008)
Conversion of the loan notes	8,664	-	-	8,664
As at 30 June 2017	8,664	279	(7,910)	1,033

Notes to the Consolidated Financial Information

1. General Information

VI Mining plc (“VIM plc” or the “Company”) was incorporated in Jersey on 6 May 2017. The principal activity of the Company was investment holding and its registered address 43/45 La Motte Street, St Helier, Jersey, Channel Islands, JE4 8SD

Group reorganisation

The Company entered into an agreement to acquire the entire issued share capital of Valley International Mining Limited (“VIM BVI”) on 7 May 2017. The reorganization was effected by way of a share for share exchange whereby VIM BVI became a wholly-owned subsidiary of the Company.

Judgment was applied in the reporting period in determining the Group’s accounting policy for the combination of the Company and VIM BVI, both entities in the transaction being under common control prior to the group reorganization. Having considered the requirements of IAS 8 the transaction has been accounted for by combining both entities at their book value, with creation of a merger reserve. No fair value adjustments have been made. This is a material accounting policy selection.

The condensed unaudited interim consolidated financial information represents the combined results of the Company and Operating Group (together the “Group”).

The Operating Group comprise of the following entities:

Name of subsidiary undertakings	Country of incorporation	interest	Principal of activities
Valley International Mining Limited	BVI	100%	Investment holding
One-Valley International Limited	BVI	100%*	Investment holding
Bi-Valley International Limited	BVI	100%*	Investment holding
Tri-Valley International Limited	BVI	100%*	Investment holding
Four-Valley International Limited	BVI	100%*	Investment holding
Tri-Valley International FZE	UAE	100%*	Corporate Administration
One-Valley Peru S.A.C (“MOV”)	Peru	100%**	Mining
Bi-Valley S.A.C (“MBV”)	Peru	100%**	Mining
Tri-Valley Peru S.A.C (“TVP”)	Peru	100%**	Mining
Minera Tres Valles S.A.C (“MTV”)	Peru	100%**	Mining

* *Direct held by VIM BVI*

** *Indirectly held by VIM BVI*

During the period, the Group incorporated the following subsidiary undertakings:

- Four-Valley International Limited, which was incorporated on 18 April 2017 in the British Virgin Islands.
- One-Valley Peru S.A.C. (“MOV”) which was incorporated on 11 January 2017 in Peru with 300 shares of PES 1.00 per share issued.
- Bi-Valley S.A.C. (“MBV”) which was incorporated on 11 January 2017 in Peru with 300 shares of PES 1.00 per share issued.
- Tri-Valley Peru S.A.C. (“TVP”), which was incorporated on 8 September 2016 in Peru, with 320 shares of PEN 1.00 per share issued.

Acquisition of ZL Minera

On 17 March 2017 MBV acquired the entire share capital of ZL Minera (note 10).

2. Principal activity

The principal activity of the Group is as a precious metal mining and tolling company operating in Peru, with an initial focus on gold.

3. Currency

The functional currency of all Group entities is US dollars.

Financial information is presented in US dollars (“\$”) and rounded to the nearest thousand (“\$’000”).

4. Summary of significant accounting policies

Basis of preparation

The interim consolidated financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union (“EU”).

The Group has elected not to present the interim consolidated financial information in accordance with IAS 34: “Interim Financial Reporting”.

The unaudited interim financial information for the six months ended 30 June 2017 and 30 June 2016 has been prepared using the same accounting policies, presentation, method of computation and estimation techniques adopted in the preparation of the financial information for the year ended 31 December 2016 as set out in Part V of the admission document.

As disclosed in note 1, although the Group reconstruction completed in May 2017, the consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Operating Group’s principal subsidiaries. All entities had the same management as well as controlling shareholders. Accordingly, the comparative amounts for the period ended 30 June 2016 are presented on a proforma basis.

5. Segmental reporting

The Operating Group applies IFRS 8 Operating Segments. Per IFRS 8 operating segments are based on internal reports about components of the group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker (“CODM”) for strategic decision making and resource allocation, to allocate resources to the segment and to assess its performance.

The Directors consider there to be only one operating segment, the mining and selling of precious metals and three geographical segments being Jersey, Peru and the UAE.

There was no revenue in any segment.

	30 June 2017 \$000	31 December 2016 \$000
Non-Current Assets		
Jersey	7	-
Peru	2,237	257
UAE	44	-
	<u>2,288</u>	<u>257</u>

6. Property, plant and equipment

Six months ended 30 June 2017	Land \$000	Office and equipment \$000	Leasehold improvements \$000	Plant and equipment \$000	Total \$000
Cost					
At 1 January 2017	3	-	-	-	3
Additions	-	38	49	521	608
At 30 June 2017	3	38	49	521	611
Accumulated depreciation and impairment losses					
At 1 January 2017	-	-	-	-	-
Depreciation charge	-	2	1	-	3
At 30 June 2017	-	2	1	-	3
Net book value at 30 June 2017	3	36	48	521	608

7. Intangible Assets

Six months ended 30 June 2017	Concession rights \$000	Exploration costs \$000	Software \$000	Total \$000
Cost				
at 1 January 2017	180	62	-	242
Acquisition of ZL Minera (note 10)	1,244	-	-	1,244
Additions	-	279	7	286
At 30 June 2017	1,424	341	7	1,772
Accumulated amortisation and impairment losses				
At 1 January 2017	-	-	-	-
Depreciation charge	-	-	-	-
At 30 June 2017	-	-	-	-
Net book value at 30 June 2017	1,424	341	7	1,772

8. Trade and other receivables

	As at 30 June 2017 \$000	As at 31 December 2016 \$000
Prepayments	404	1
VAT recoverable	184	3
	<u>588</u>	<u>4</u>

9. Trade and other payables

	As at 30 June 2017 \$000	As at 31 December 2016 \$000
Trade payables	762	30
Accruals and other	236	104
Corporation tax	15	-
	<u>1,013</u>	<u>134</u>

10. Purchase of ZL Minera

On 17 March 2017 Bi-Valley Peru S.A.C. acquired the mining concession rights and the entire issued share capital of ZL Minera for total consideration of \$950,000.

The identifiable assets and liabilities acquired were:

	Net book value \$000	Fair Value adjustment \$000	Fair value recognised on acquisition \$000
Trade creditors and accruals	(41)	-	(41)
Corporation tax liability	(15)	-	(15)
Intangible asset: Mining concession rights, permits and licenses	200	1,044	1,244
Deferred tax liabilities	-	(308)	(308)
Total identifiable net assets acquired	<u>144</u>	<u>736</u>	<u>880</u>
Consideration			<u>880</u>
Goodwill arising from the acquisition			<u>-</u>

The fair value of the consideration was \$880,000 of which \$200,000 was paid in the period ended 30 June 2017 and the remaining consideration is due as follows:

	\$000
Due within one year	432
Due more than one year	248
Total deferred consideration	<u>680</u>

If the acquisition of ZL Minera had been completed on 1 January 2017, its contribution to the VI Mining Group's revenue and its loss for the six months ended 30 June 2017 would have been approximately \$nil and \$nil respectively.

The fair value disclosed above are provisional and will be finalised in the financial statements for the year ended 31 December 2017.

The effect of the acquisition on cash flows is as follows:

	\$000
Consideration settled in cash	200
Less: cash and cash equivalent of ZL Minera	-
Net cash flow on acquisition	<u>200</u>

11. Pro forma basic and diluted earnings per share

The financial information has been prepared on an aggregated basis. It is of limited significance to calculate earnings per share based on the historical aggregated equity. Accordingly, a pro forma earnings per share has been included based on the relevant number of shares in the Company following the group reorganisation but prior to the issue of shares to raise new funds. The calculation of earnings per share is based on the following earnings and number of shares.

	30 June 2017	30 June 2016
Loss for the period (\$000)	2,008	945
Weighted number of ordinary shares	100,000,002	100,000,002
Loss per ordinary share – basic and diluted	\$ 0.020	\$ 0.009

Basic loss per share is based on the weighted average number of ordinary shares in issue during the year. Diluted loss per share would assume conversion of all potentially dilutive ordinary shares. The Group has no potentially dilutive ordinary shares.

The weighted average number of ordinary shares used to calculate loss per share was 100,000,002.

12. Stated capital

	Number of shares	\$000
Issued and fully paid:		
At 1 January 2017	-	-
On incorporation	2	-
Shares issued in year	100,000,002	8,664
At 30 June 2017	100,000,004	8,664

The Company was incorporated on 6 May with 2 shares issued at no par value. On 23 June 2017, 100,000,000 shares were issued at no par value.

13. Debt

The Group has one interest bearing loan:

	As at 30 June 2017 \$000	As at 31 December 2016 \$000
Loan Notes	534	5,750

On 1 January 2014 Tri-Valley International FZE authorised the issuance of up to \$6,000,000 of loan notes (the "FZE Loan Notes") with principal conditions of:

- Term data of 31 December 2019
- Interest at 10% per annum paid on Term
- Loan notes are non-redeemable and non-transferrable

On 31 December 2016 Tri-Valley International BVI authorized the issuance of up to \$10,000,000 of loan notes (the "BVI Loan Notes") with principle conditions of:

- Term data of 31 December 2019
- Interest at 10% per annum paid on Term
- Loan notes are non-redeemable and non-transferrable

On 31 December 2016, the FZE Loan Notes were cancelled and replaced by the BVI Loan Notes.

At 31 December 2016, a total of \$5,750,000 was due under the Loan Notes, which comprised \$5,196,000 of principal and \$554,000 of accrued interest.

The loan notes are denominated in US dollars. The fair value of the loan notes approximates their carrying value.

On 31 May 2017 the Company authorized the issuance of up to £15,000,000 of loan notes (the "PLC Loan Notes") with principle conditions of:

- Term data of 31 December 2019
- Interest at 10% per annum paid on Term
- Loan notes are non-redeemable and non-transferrable

On 31 May 2017, the BVI Loan Notes were cancelled and replaced by the PLC Loan Notes.

David Sumner was the sole subscriber of all loan notes.

On 23 June 2017 \$8,664,000 of loan notes were converted to 100,000,000 ordinary nil par value shares of the Company.

14. Significant related party transactions

David Sumner (a director) was the sole subscriber to the loan notes issued by the group of companies (note 13).

Lucianno Giorffino (a director) was as a partner at Vargas Pareja Abogados & Consultores ("Vargas") a law firm in Peru. In the six months ended 30 June 2017 the Company incurred fees with Vargas of \$178,000 (year ended 31 December 2016: \$8,000). At 30 June 2017 there were amounts owed to Vargas of \$149,000 (31 December 2016: \$75,000).

Lucianno Giorffino (a director) was a representative director of Proyectos La Patagonia S.A.C ("PLP") a mining exploration service company in Peru. In the six months ended 30 June 2017 PLP provided the Company with exploration services totalling \$131,000 (year ended 31 December 2016: \$nil). At 30 June 2017 there was \$74,000 due to PLP (31 December 2016: \$nil).

Lucianno Giorffino (a director) has unpaid director fees of \$15,000 included in accruals at 30 June 2017 (2016: nil).

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation.

15. Subsequent Events

On 19 July 2017, Mr David Sumner acquired the entire issued share capital of VI Mining DMCC, a company incorporated in the DMCC Free Trade Zone of the UAE, representing 50 shares of 1,000 AED each. Under the terms of a nominee agreement between the Company and Mr David Sumner dated 30 July 2017, Mr David Sumner holds these shares for the benefit of the Company and its subsidiaries.

On 28 July 2017, the Operating Group issued 238,095 new ordinary nil par value shares to David Sumner for total consideration of £1,000,000, which was settled by the cancellation of \$534,338 of the 2019 Loan Notes and by \$765,662 of cash.

Under a conditional share purchase agreement dated 11 August 2017 between (1) Lucianno Giorffino (2) Grace Renteria, (3) ZL Mining, (4) Bi-Valley (Peru) and (5) the Company, Bi-Valley (Peru) will acquire the whole of the Ximenita De Casma project (via acquisition of the entire issued share capital of ZL Mining) subject to the completion of certain conditions set out in the contract including *inter alia*:

- (a) execution of and/or satisfactory completion of all Ximenita de Casma project agreements including *inter alia* the framework agreement, share purchase agreement, option contract, cession contract and royalty agreements described in paragraphs 10.8 – 10.13 of this Part VII above;
- (b) payment of all monetary consideration due under the terms of the Ximenita De Casma project agreements by Bi-Valley (Peru) or other member of the Group (as relevant or applicable) to the applicable payees on behalf of the applicable payor under the terms of the relevant agreement; and

(c) completion of Formalization for the Ximenita de Casma project.

The Company believes that the above conditions will be satisfied within approximately 24 months from Admission.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a £39,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the first drawdown. The facility is to be used by the Company for its working capital requirements and to enable the Company to provide for its subsidiary One Valley Peru S.A.C with funding to fund the acquisitions.

Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a \$10,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the agreement. The facility is to be used by the Company for its working capital requirement.

On 10 December 2017, Mr David Sumner agreed to convert a loan amount of £2,000,000 into capital by subscribing for 400,000 ordinary nil par value shares in the Company. Such conversions to take effect on Admission.

On 2 February 2018 the Company, One-Valley (Peru) and the Sellers entered into a framework agreement relating to the acquisition of the Rosario Project and the Minaspampa Project and related assets for an aggregate consideration of \$51,300,000. The consideration is payable as follows: \$5,300,000, paid in cash which was paid on 2 February 2018; £10,000,000 to be satisfied by the issue of 2,000,000 New Shares at the Placing Price no later than 28 February 2018; \$2,500,000 payable in cash on 9 February 2018, \$3,500,000 payable in cash on 28 February 2018, \$20,250,000 payable in cash on 15 August 2018; and \$20,250,000 payable in cash on 15 April 2019. The agreements also include an option to acquire the entire issued share capital of JONGOS E.I.R.L which is subject to due diligence for \$3,000,000. The moveable assets, the real estate and rights in the real estate and the Rosario de Belén Concessions and Minaspampa Concessions which make up the Rosario de Belén Project and Minaspampa Project transfer pro rata on receipt of the payments set out above. In order to give effect to the terms of the transaction set out in the framework agreement a number of related Mining Concession transfer agreements were entered into on the same date.

16. Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE COMPANY



1 March 2018

The Directors
VI Mining Plc
44/45 La Motte Street
St Helier
Jersey, JE4 8SD

The Directors
Daniel Stewart & Company Plc
33 Creechurch Lane
London, EC3A 5EB

Dear Sirs

Introduction

We report on the financial information set out below on VI Mining Plc (the “Company”) and the consolidated financial information on Valley International Mining Limited, Tri-Valley International FZE, Minera Tres Valles S.A.C., One-Valley International Limited, Bi-Valley International Limited and Tri-Valley International Limited, (“Operating Group”), together the (the “Group”). The financial information has been prepared for inclusion in Part VI of NEX Exchange Growth Market Admission Document of VI Mining Plc dated 1 March 2018 (the “Admission Document”), on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Appendix 1 to the NEX Exchange Growth Market – Rules for Issuers (the “Rules”) and is given for the purposes of complying with the Rules and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis set out below and in accordance with applicable International Financial Reporting Standards as adopted by the European Commission (“IFRS”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Document, and to report our opinion to you.

Save for any responsibility arising under Appendix 1 of the Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Appendix 1 of the Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the

evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the unaudited pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Group.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Appendix 1 of the Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Appendix 1 of the Rules.

Yours faithfully

Crowe Clark Whitehill LLP

Chartered Accountants

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

Set out below is an unaudited pro forma statement of net assets of the Group, which has been prepared on the basis of the Company's consolidated unaudited financial information at 30 June 2017, as adjusted for the items, as set out in the notes below. The unaudited pro forma statement has been prepared for illustrative purposes only and, because of its nature, will not represent the actual combined financial position of the Group at the date of Admission.

	Group (Note 1) \$'000 Unaudited	Adjustments (Note 2) \$'000 Unaudited	Adjustments (Note 3) \$'000 Unaudited	Combined pro forma net assets \$'000 Unaudited
Non-current assets				
Tangible fixed assets	608	700	-	1,308
Intangible assets	1,772	24,000	-	25,772
Deferred tax asset	146	-	-	146
	2,526	24,700	-	27,226
Current assets				
Trade and other receivables	588	-	(280)	308
Cash	454	3,766	6,235	10,455
	1,042	3,766	5,955	10,763
Current liabilities				
Trade and other payables	1,013	-	-	1,013
Deferred Consideration	432	3,000	-	3,432
Net current assets/(liabilities)	(403)	766	5,955	6,318
Non-current liabilities				
Debt	(534)	(10,266)	-	(10,800)
Deferred Tax	(308)	-	-	(308)
Deferred Consideration	(248)	-	-	(248)
Net assets (liabilities)	1,033	15,200	5,955	22,188

Notes:

1. The unaudited statement of financial position of the Group as at 30 June 2017 has been extracted without adjustment from its financial information set out in Section C of Part V of the Admission Document. No account has been taken of the trading activities of the Group subsequent to 30 June 2017.
2. The adjustments reflect the following items:
 - the issue of 238,095 new ordinary shares in the Company on 28 July 2017 for total consideration of £1,000,000 (US\$ 1,300,000) which was settled by the cancellation of \$534,338 of the 2019 Loan Notes and by \$765,662 of cash.
 - the framework agreement dated 2 February 2018, by which the Group has acquired the Rosario Project, the Minaspampa Project and related assets for an aggregate consideration of \$51,300,000 payment in cash and £10,000,000 (US\$13,900,000) satisfied by the issue of shares at the Placing Price on Admission, the terms of which are set out in paragraph 10.9 of Part VII of the Admission Document. The statement reflects those assets which have transferred to the Group on 28 February 2018 in the sum of \$10,800,000. This is financed by a debt facility to the Group of \$10,800,000 as set out in paragraph 10.2 of Part VII of the Admission Document. \$7,800,000 has been paid to the vendor as of 28 February 2018, and \$3,000,000 payment has been deferred to 5 March 2018.

3. The gross proceeds of the Placing are £5,363,155, which have been converted to \$7,455,000 at an exchange rate of USD: GBP equal to 1.39:1. The estimated total expenses of the Placing are \$1,500,000. Of this amount, \$280,000 was incurred during the period ended 30 June 2017 and is included within the net assets of the Group at that date. This prepaid amount has been removed within the above statement. The remaining \$1,220,000 was incurred after 30 June 2017 and has reduced the net cash proceeds received to \$6,235,500.
4. The Directors consider that the substance of the acquisition of the Operating Group by the Company is that it is a group reconstruction and that, in order to give a true and fair view, will be adopted as the basis for consolidation in the first published accounts of the Company following completion of the acquisition.

PART VII

ADDITIONAL INFORMATION

1 RESPONSIBILITY STATEMENTS

- 1.1 The Directors of the Company, whose names and functions appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case) the information contained in this document, for which they are responsible, is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Crowe Clark Whitehill LLP accepts responsibility for its reports set out in Parts IV and V of this document. To the best of the knowledge and belief of Crowe Clark Whitehill LLP (who have taken all reasonable care to ensure that such is the case) the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 THE COMPANY

- 2.1 The Company was incorporated and registered in Jersey under the Jersey Companies Act as a public company on 8 May 2017 with registered number 123810.
- 2.2 The principal legislation under which the Company operates is the Jersey Companies Act and the regulations thereunder. The liability of the members of the Company is limited.
- 2.3 The Company's registered office address is 43/45 La Motte Street, St Helier, Jersey, JE4 8SD and principal business address is Calle Manuel de Falla N° 295 Piso N° 2, Urbanización San Borja, San Borja, Lima 41, Peru. The telephone number is +51 (1) 475 2363.
- 2.4 The Company's website address is www.vimining.com.
- 2.5 The ISIN (International Security Identification Number) of the Company is JE00BDFKM100
- 2.6 The accounting reference date of the Company is 31 December. The annual report and accounts of the Company will be prepared in Dollars according to IFRS.

3 THE GROUP

- 3.1 At Admission, the following subsidiary undertakings are wholly-owned by the Company or a member of its Group:

<i>Name of Subsidiary</i>	<i>Country of Incorporation</i>	<i>Incorporation Date</i>	<i>Shares/shareholding</i>
Valley International Mining Limited	British Virgin Islands	15 December 2016	100 shares of USD\$ 1.00 each held by the Company
One-Valley International Limited	British Virgin Islands	20 December 2016	100 shares of USD\$ 1.00 each held by Valley International Mining Limited

Bi-Valley International Limited	British Virgin Islands	28 September 2016	100 shares of USD\$ 1.00 each held by Valley International Mining Limited
Tri-Valley International Limited	British Virgin Islands	15 July 2016	100 shares of USD\$ 1.00 each held by Valley International Mining Limited
Four Valley International Limited	British Virgin Islands	18 April 2017	100 shares of USD\$ 1.00 each held by Valley International Mining Limited
Tri-Valley International FZE	UAE (Ras Al Khaimah Free Trade Zone)	8 May 2013	1 share of AED 100,000 held by Valley International Mining Limited
VI Mining DMCC	UAE (DMCC Free Trade Zone)	19 July 2017	50 shares of 1,000 AED each held by Valley International Mining Limited

3.2 Each of the BVI HoldCos (as indicated below) is the majority shareholder in a closed corporation ("S.A.C.") through which the Company carries on operations in Peru. In accordance with Peru law companies formed as closed corporations must have two shareholders. At Admission, the following undertakings are under the Control of the Company's via its subsidiaries:

<i>Name of Undertaking</i>	<i>Country</i>	<i>Incorporation Date</i>	<i>Shares/shareholding</i>
One-Valley Peru S.A.C.	Peru	11 January 2017	299 shares of S/. 1.00 each held by One-Valley International Limited; and 1 share of S/. 1.00 held by Lucianno Giorffino ⁽¹⁾
Bi-Valley Peru S.A.C.	Peru	11 January 2017	299 shares of S/. 1.00 each held by Bi-Valley International Limited; and 1 share of S/. 1.00 held by Lucianno Giorffino ⁽¹⁾
Tri-Valley Peru S.A.C.	Peru	9 August 2016	319 shares of S/. 1.00 each held by Four-Valley International Limited; and 1 share of S/. 1.00 held by Lucianno Giorffino ⁽¹⁾
Minera Tres Valles S.A.C. (formerly: Minera Rio Azul S.A.C.; and Metals Marketing Group S.A.C.)	Peru	14 August 2014	2,779 shares of S/. 1.00 each held by Tri-Valley International Limited; and 1 share of S/. 1.00 held by Lucianno Giorffino ⁽¹⁾

⁽¹⁾ under the terms of a nominee agreement between (1) Lucianno Giorffino and (2) David Sumner, Mr. Giorffino holds shares in One-Valley (Peru), Bi-Valley (Peru), Tri-Valley (Peru) and Minera Tres (Peru) as Mr Sumner's nominee.

3.3 Subject to the terms of a conditional share purchase agreement dated 11 August 2017 between (1) Lucianno Giorffino (2) Grace Renteria, (3) ZL Mining, (4) Bi-Valley (Peru) and (5) the Company, ZL Mining will be transferred into the Group's ownership (to Bi-Valley (Peru)) once the conditions in this agreement are met in full (including, *inter alia* the completion of the Formalization process for the Ximenita De Casma project) (please see paragraph 10.16 of this Part VII for further details). A summary of the ownership of ZL Mining is set out below:

<i>Name of undertaking</i>	<i>Country of Incorporation</i>	<i>Incorporation Date</i>	<i>Shares/shareholding</i>
Z.L. Minera S.A.C.	Peru	14 December 2006	299 shares of S/. 10.00 each held by Lucianno Giorffino; and 1 share of S/. 10.00 held by Grace Renteria.

4 SHARE CAPITAL OF THE COMPANY

4.1 At the date of this document, the issued share capital of the Company is 103,878,100 (one-hundred and three million, eight hundred and seventy-eight thousand and one hundred) Ordinary Shares of no par value, all of which are fully paid.

4.2 Changes in the share capital of the Company preceding the date of this document are as follows:

- a) The subscribers to the Memorandum of Association and Articles of Association were Minerva Services Limited and Minerva Nominees Limited. 1 (one) Ordinary Share of no par value was issued to each of Minerva Services Limited and Minerva Nominees Limited on 15 May 2017. These shares were subsequently transferred to Perko and Lamb Mining Limited respectively on 15 May 2017. This transfer was ratified by board resolution on 13 August 2017.
- b) On 16 May 2017, pursuant to a group reorganisation and share purchase agreement, the Company issued 1 Ordinary Share to Perko in exchange for the transfer of the 50 shares in VIM (BVI) held by Perko to the Company.
- c) On 16 May 2017, pursuant to a group reorganisation and share purchase agreement, the Company issued 1 Ordinary Share to Lamb Mining Limited in exchange for the transfer of the 50 shares in VIM (BVI) held by Lamb Mining Limited to the Company.
- d) On 23 June 2017, 70,000,000 (seventy million) Ordinary Shares each were issued to David Sumner and certain persons nominated by Mr. Sumner set out in sub-paragraph (e) to (g) below pursuant to his agreement to redeem \$8,663,827 of outstanding loan note stock held in the Company, details of which are set out below in paragraph 4.3 of this Part VII.
- e) On 23 June 2017, 9,296,457 (nine million, two-hundred and ninety-six thousand, four-hundred and fifty-seven) Ordinary Shares were issued to Perko.
- f) On 23 June 2017, 13,703,543 (thirteen-million, seven-hundred and three thousand, five-hundred and forty-three) Ordinary Shares were issued to the Minority Shareholders.

- g) On 23 June 2017, 7,000,000 (seven million) Ordinary Shares were issued to Luciano Giorffino.
- h) On 23 June 2017, pursuant to a share purchase agreement, 10,000,000 (ten million) Ordinary Shares held by David Sumner were transferred to Jide J. Zeitlin, pursuant to this agreement Mr Zeitlin appointed Mr Sumner as his attorney to vote such Shares.
- i) On 28 July 2017, pursuant to a subscription agreement, David Sumner subscribed for and was issued 238,096 Ordinary Shares at £4.20 per Share.
- j) On 1 September 2017, 3,000,000 (three million) Ordinary Shares were issued to Luciano Giorffino.
- k) On 13 November 2017 the Company issued Enrique Garay 600,000 (six hundred thousand) Ordinary Shares in consideration for Mr Garay agreeing to join the Company as Chief Operating Officer by no later than 1 March 2018. Mr Garay further undertook to the Company that he will not sell or transfer any interest in his Shares other than as set out in the Share Subscription Letter dated 13 November 2017.
- l) On 2 December 2017, David Sumner and Luciano Giorffino each subscribed for 20,000 (twenty thousand) Ordinary Shares at a price of £5 per Ordinary Share.
- m) On 10 December 2017, David Sumner entered into a Subscription Agreement with the Company pursuant to which he agreed to convert the sum of £2,000,000 owed to him by the Company into 400,000 (four hundred thousand) Ordinary Shares at £5 per Share to be issued on Admission.

A summary of the Company's funding preceding the date of this document is as follows:

4.3 *VI Mining PLC – Redemption of loan notes*

On 31 May 2017, the Company authorised the creation and issue of £15,000,000 in unsecured interest-bearing (10% per annum) loan note stock denominated in 15,000 units of £1,000 each for the purposes of funding the Company and Group.

On 23 June 2017, following a Group restructuring and in lieu of debts owed to Mr. Sumner by members of the Company's Group, the Company, in exchange for redemption of unsecured interest-bearing loan note stock held by Mr. Sumner, issued Ordinary Shares to Mr. Sumner and/or his nominee(s) as directed by him. Under the terms of this arrangement the Company issued the Ordinary Shares to the persons set out in paragraphs 4.2 (d) to (m) above. This left an amount of \$534,338 of loan stock at 30 June 2017.

4.4 The Company has not repurchased or redeemed any shares since its incorporation and no shares are held in treasury.

4.5 There are no shares in the Company which are held by, or on behalf of, the Company and none of the Company's subsidiaries holds any shares in the Company.

4.6 Save as disclosed in this document, no person has any rights over the capital of any of the subsidiaries of the Company and the Company has not agreed conditionally or unconditionally to grant any option over the capital of any of the subsidiaries.

4.7 Save as disclosed in paragraphs 4 and 10 of this Part VII, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.

4.8 Save as disclosed in paragraph 10 in this Part VII, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such

options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

5 SUMMARY OF REGULATIONS AND MEMORANDUM AND ARTICLES

5.1 Jersey Companies Act

The principal legislation under which the Shares have been created and under which the Company now operates is the Jersey Companies Act. The Ordinary Shares:

- a) conform with the laws of Jersey;
- b) are duly authorised according to the requirements of the Articles; and
- c) have all necessary statutory or other consents.

5.2 Pre-emption rights

The Jersey Companies Act does not include any statutory pre-emption rights accordingly subject to the provisions of the Articles the directors have authority, to issue equity securities without first offering them to existing shareholders. The Articles have been modified to include provisions which afford some protections for shareholders. The directors may however issue shares on a non-pre-emptive basis if shareholders pass a special resolution which, under The Jersey Companies Act, requires shareholders holding more than 66.7% of the shares voted to vote in favour of the resolution.

5.3 Squeeze-out rules

Under the Jersey Companies Act, if an offeror were to acquire 90% or more of the Ordinary Shares within the period specified by the Jersey Companies Act, it could then compulsorily acquire the remaining Ordinary Shares. It would do so by sending a notice to the relevant shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such shareholders.

The consideration offered to shareholders whose Ordinary Shares are compulsorily acquired under the Jersey Companies Act must, in general, be the same as the consideration that was available under the relevant takeover offer, unless such Shareholders can show that the offer value is unfair.

5.4 Sell-out rules

The Jersey Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all of the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90% of the Ordinary Shares, any holder of Ordinary Shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his or her right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant Ordinary Shares on the terms of the offer or on such other terms as may be agreed. The offeror need not give notice as described in this paragraph if it has already sent notice in accordance with the squeeze out provisions set out in paragraph (Squeeze-out Rules) above.

5.5 City Code

The Company is a public company incorporated, managed and controlled in Jersey. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company registered in the United Kingdom, the Channel Islands and the Isle of Man. The Company is such a company and its shareholders are entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate holding of the acquirer and persons acting in concert with it to interests in shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, the persons acting in concert with it would be required (except with the consent of the UK Panel on Takeovers and Mergers) to make a cash offer for all of the remaining Ordinary Shares not held by that party (or those parties). Any such offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the acquirer or any person acting in concert with it for an interest in shares in the Company during the previous 12 months.

Where shares or other securities are charged as security for a loan and, as a result of enforcement, the lender would otherwise incur an obligation to make a general offer under the City Code, the UK Panel will not normally require an offer if sufficient interests in shares are disposed of within a limited period to persons unconnected with the lender, so that the percentage of shares carrying voting rights in which the lender, together with persons acting in concert with it, is interested is reduced to below 30% in a manner satisfactory to the Panel.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in Ordinary Shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30% and 50% of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

5.6 *Memorandum and articles of association*

Under the Jersey Companies Act, the capacity of a Jersey company is not limited by anything contained in its memorandum or articles of association. Accordingly, the memorandum of association of a Jersey incorporated company, and hence the Company's, does not contain an objects clause.

Where considered appropriate and subject to the Jersey Companies Act, provisions have been incorporated into the Articles to enshrine rights that are not conferred by the Jersey Companies Act but which shareholders in a company listed on the NEX Exchange Growth Market would normally expect.

The Memorandum provides, inter alia, that:

- a) the Company is a public company and a no par value company;
- b) the Company has no specific objects;
- c) there is no limit on the number of shares which may be issued by the Company; and
- d) the liability of the member arising from the holding of a share in the Company is limited to the amount (if any) unpaid on it.

New Articles of the Company were adopted by a written resolution of the Company passed on 12 December 2017 and include, *inter alia*, provisions to the following effect:

- e) Shares

Voting rights

Subject to any rights or restrictions as to voting attached to any shares, on a show of hands, every shareholder present in person or (subject to certain conditions) by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy has one vote for every share of which he is the holder.

If at the time of any general meeting or class meeting, a shareholder owes the Company any money in relation to his share, he will not be entitled to vote that share (either in person or by proxy) or exercise any other right attached to that share at that general meeting or class meeting.

Other rights attaching to shares

The unissued shares in the capital of the Company may be issued with such preferred, deferred or other special rights or restrictions whether in regards to dividends, return of capital, voting or otherwise as the Company may determine by shareholder resolution.

Variation of rights

Subject to the provisions of the Jersey Companies Act, if the share capital of the Company is divided into different classes of shares then, unless the terms on which a class of shares was issued state otherwise, the rights attaching to a class of shares may only be varied if the shareholders holding two thirds of the issued shares of that class consent in writing to the variation, or the variation is made with the sanction of a special resolution passed at a separate general meeting of the shareholders holding the issued shares of that class.

Fractional shares

Subject to the Jersey Companies Act, the Company may issue fractions of a share of any class. A fraction of a share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights and other attributes of a share of that class of shares.

Redeemable shares

Subject to the Jersey Companies Act, and to any rights for the time being conferred on the shareholders holding a particular class of shares, the Company may by its directors:

- (a) issue shares that are to be redeemed or liable to be redeemed, at the option of the Company or the shareholder holding those redeemable shares, on the terms and in the manner its directors determine before the issue of those shares;
- (b) convert existing non-redeemable limited shares, whether issued or not, into shares that are to be redeemed or liable to be redeemed, at the option of the Company or the shareholder holding those redeemable shares, on the terms and in the manner its directors determine before the conversion of those shares; and
- (c) purchase all or any shares of any class including any redeemable shares.

Unissued shares

Subject to the provisions of the Jersey Companies Act relating to authority or otherwise and to any resolution of the Company in general meeting passed pursuant to those provisions and any provision of the Articles, all unissued shares for the time being in the capital of the Company are at the disposal of the directors. The directors may allot such shares on any terms and conditions, grant options over them, offer them for sale or otherwise dispose of them in any other way.

Transfer of shares

A transfer of a share must be in writing, either by the usual transfer form or in any other form which the directors of the company approve. The transfer form must be signed by or on behalf of the person transferring the share and, unless the share is fully paid, by or on behalf of the person acquiring the share. The transfer form does not need to have a seal attached.

The instrument of transfer is to be signed by the transferor, who will be deemed to remain the holder of the share until such time as the name of the transferee is entered into the register of shareholders kept by the Company.

The instrument of transfer relating to transfers of shares which are registered will be retained by the company.

Right of refusal of registration

The directors may decline to register any transfer of certificated shares unless the instrument of transfer is deposited at the Company's office or such other place as the directors may reasonably require, accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer. The directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis. If the directors decline to register a transfer of any Share, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal. Subject to the provisions of any CREST requirements, the directors may also refuse to register any transfer of shares unless such transfer is accompanied by the certificate of the shares to which it relates, is in respect of one class of share only, is in favour of no more than four transferees and is deposited at the Company's office or such other place as the directors may reasonably require.

Pre-emption

The Jersey Companies Act does not include any statutory pre-emption rights, accordingly the following provisions have been included in the Company's Articles:

Subject to other provisions of the Articles, the Company, when proposing to allot equity securities of any class:

- (a) shall not allot any of them on any terms to a person unless it has made an offer to each person who is a shareholder on the same or more favourable terms a proportion of those equity securities which is as nearly as practicable equal to the proportion held by the shareholder of the shares then in issue; and
- (b) shall not allot any of those equity securities to a person unless the period during which any such offer may be accepted by the relevant current shareholders has expired or the Company

has received a notice of the acceptance or refusal of every offer so made from such shareholders,

provided that the directors may impose such exclusions or make such other arrangements as they deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems arising under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever. The shareholders holding Shares as a result of such exclusions or arrangements shall not be, or be deemed to be, a separate class of shareholders for any purpose whatsoever.

The pre-emption rights shall not apply to:

- (a) any shareholder who has renounced his right to the allotment of equity securities;
- (b) any allotment of equity securities if such equity securities are or are to be, wholly or partly paid as otherwise than in cash; or
- (c) any allotment of equity securities if issued as bonus shares.

An offer may be made to shareholders by means of electronic communications in accordance with the Articles.

The pre-emptive offer must state a period of not less than 14 days during which it may be accepted and the offer shall not be withdrawn before the end of that period, which in the case of an offer made in hard copy or electronic form begins on the date on which the offer is sent or supplied.

Notwithstanding the provisions referred to above, the directors may from time to time be given by virtue of a special resolution the power to allot equity securities wholly for cash either generally or in respect of a specific allotment such that:

- (a) the pre-emption provisions shall not apply to the allotment; or
- (b) an allotment may be made with such modifications as the directors may determine; and
- (c) the authority granted by the special resolution may be granted for such period of time as the special resolution permits and such authority may be revoked by a further special resolution.

Reference to the allotment and issue of equity securities includes:

- (a) the grant of a right to subscribe for, or to convert any securities into, ordinary shares in the Company (but do not include the allotment and issue of ordinary shares pursuant to such a right); and
- (b) the sale of equity securities in the Company that immediately before the sale are held by the Company in treasury.

Suspension of registration

Subject to the provisions of any CREST requirements, the directors may suspend registration of the transfer of shares at such times and for such periods (not exceeding 30 days in any calendar year) as they determine.

Alteration of share capital

The Company may by shareholders' special resolution alter its Memorandum so as to increase or reduce the number of shares which it is authorised to issue, consolidate or divide all or any part of its shares (whether issued or not) into fewer shares and may generally make such other alteration to share capital as is permitted by the Jersey Companies Act.

Any new shares issued on an increase or alteration of share capital shall be issued upon such terms and conditions as the Company may determine by shareholder's resolution.

Any capital raised by creation of new shares shall be considered (unless otherwise expressly provided by the conditions attaching to the new shares issued) part of the original capital of the Company.

Lien

The Company has the right to any unpaid money on a partly paid share. This covers any money which is owed to the Company by the shareholder, where the money has been called for or is payable under the terms on which the share was issued. The Company has the right to sell any partly paid share if a shareholder fails to pay any money due on the partly paid share within 14 clear days of notice of the amount of money owed being given to the holder of the share or to the person entitled to the share by transmission. The Directors of the Company can call at any time on shareholders on one or more occasions to pay any money which they owe to the Company on a share, provided the call is made in accordance with the Articles and the terms of allotment of the relevant share. If a shareholder does not pay the money due under a call or any instalment of a call by the due date, he must pay interest on the amount due from the due date until it is actually paid. If the terms of any allotment of any share require money to be paid when the share is allotted or on a fixed date, the amount payable will be treated in the same way as if a valid call had been made for that money on the same date the money is due. If the money is not paid, the provisions of the Articles relating to calls and forfeiture will apply as if the shareholder had been notified of a valid call for that amount on that date.

Certificates

Every shareholder shall be entitled without payment to a certificate evidencing all shares of each class held by him. Every certificate shall be issued within two months of the allotment, transfer or within such other period as the issue conditions may provide and will be executed by the Company.

Lost, destroyed or defaced certificates may be issued on payment of such reasonable fee and on such terms as the directors see fit.

f) Winding up

If the Company is wound up, the liquidator can, with the approval of a special resolution passed by the shareholders and any other sanction required by the Jersey Companies Act, divide some or all of the Company's assets among the shareholders. The liquidator may determine the value of such assets and how they are to be divided between the shareholders.

g) Directors

Appointment of directors

The Company must have at least two directors (not counting alternate directors). There is no maximum number of directors.

A director may be appointed by shareholder resolution or by the directors. Any appointment may be to fill a vacancy or as an additional director. No appointment shall cause the number of directors to exceed any maximum fixed by the Company. Any director so appointed shall hold office until he resigns or is disqualified or removed in accordance with the Articles.

Eligibility of new directors

There is no age limit for directors save that they must be aged at least 18 years. Unless prohibited by law, a body corporate may be a director.

No share qualification

Directors do not need to be shareholders in the Company.

Retirement and removal of directors

A director may at any time resign office by giving to the Company notice in writing.

The Company may by shareholder resolution remove any director. A director may also be removed by his fellow directors comprising at least two directors.

Remuneration of directors

Every director may be remunerated by the Company for the services he provides for the benefit of the Company, whether as director, employee or otherwise, and shall be entitled to be paid for the expenses incurred in the Company's business including attendance at directors' meetings.

A director's remuneration shall be fixed by the Company by shareholder resolution.

Remuneration may take any form and may include arrangements to pay pensions, health insurance, death or sickness benefits, whether to the director or to any other person connected to or related to him. Unless his fellow directors determine otherwise, a director is not accountable to the Company for remuneration or other benefits received from any other company which is in the same group as the Company or which has common shareholdings.

Appointment of executive directors

Subject to the Jersey Companies Act, the directors of the Company can appoint a director to any executive position (except that of auditor), on such terms and for such period as it thinks fit. The directors of the Company can also terminate or vary an executive appointment whenever it wishes and decide on any fee or other form of remuneration to be paid for such appointment. This fee or other remuneration may be as well as or instead of any fees payable as a director.

Permitted interests of directors

Subject to the provisions of the Jersey Companies Act, as long as a director has disclosed the nature and extent of his or her interest a director can: (a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary of the Company in which the Company or any such subsidiary is or may otherwise be interested; (b) be interested in another body corporate promoted by the Company or any such subsidiary or in which the Company or any such subsidiary is otherwise interested. In particular, the director may be a director, secretary or officer of, or employed by, or be a party to any transaction or arrangement with, or otherwise interested in, that other body corporate. A director who has, and is permitted to have, any interest referred to above can keep any remuneration or other benefit which he derives as a result of having that interest as if he were not a director. Any disclosure may be made at a meeting of the board of directors of the Company, by notice in writing or by general notice or otherwise in accordance with the Jersey Companies Act. A director may vote at a meeting of directors on any resolution concerning a matter in which that director has an interest or duty, whether directly or indirectly, so long as that director discloses his or her interest.

Alternate directors

Any director (other than an alternate director) may at any time appoint any other person as an alternate director. A director may revoke his appointment of an alternate at any time. No revocation shall take effect until the director has given notice of the revocation to the other directors

Powers of directors

Subject to the provisions of the Jersey Companies Act and the Articles and any directions given by special resolution of the shareholders, the business of the Company shall be managed by the directors who may for that purpose exercise all the powers of the Company.

Delegation of powers

The directors may delegate any of their powers to committees consisting of one or more persons. The committee may include non-directors so long as the majority of persons on the committee are directors.

The delegation may be on such terms as the directors think fit, including provision for the committee itself to delegate to a sub-committee; save that any delegation must be capable of being revoked or altered by the directors at will.

Unless otherwise permitted by the directors, a committee must follow the procedures prescribed for the taking of decisions by directors.

Director proceedings

Subject to the provisions of the Articles, the directors may regulate their proceedings as they think fit. Any director may call a meeting of directors at any time.

Questions at a meeting shall be determined by simple majority of votes. In the case of an equality of votes the chairman shall have a casting vote.

Quorum

The quorum for the transaction of business at a meeting of directors (including any adjourned meeting) may be fixed by the directors and, unless so fixed at any greater number, shall be two directors (or their alternate directors) present and entitled to vote.

Director resolutions in writing

Resolutions in writing signed by all directors entitled to receive notice of a meeting shall be valid as though it had been passed at a meeting of the directors duly convened and held.

h) Indemnity

As long as the Company complies with the provisions of the Jersey Companies Act relating to the indemnification of officers, it will indemnify every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. This provision does not affect any indemnity which a director or officer is otherwise entitled to.

i) Dividends

Subject to the provisions of the Jersey Companies Act, the shareholders may by ordinary resolution declare any dividend in accordance with the respective rights of the shareholders, but no dividend shall exceed the amount recommended by the directors of the Company. Subject to the provisions of the Jersey Companies Act, the directors of the Company may pay interim dividends in accordance with the respective rights of the shareholders.

If the share capital of the Company is divided into different classes of shares, the directors of the Company may pay dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends but no dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Subject to the provisions of the Jersey Companies Act, the directors of the Company may also pay, at intervals settled by them, any dividend payable at a fixed rate if it appears to them that there are sufficient funds of the Company lawfully available for distribution to justify the payment and if the directors of the Company act in good faith, they shall not incur any liability to the shareholders holding shares conferring preferred rights for any loss those shareholders may suffer by the lawful payment of the dividend on any shares having deferred or non-preferred rights.

The directors of the Company may deduct from a dividend or any other amount payable to a person in respect of a share any amount due by that person to the Company on a call or otherwise in relation to a share. If the directors so determine, any resolution determining a dividend may direct that it shall be satisfied wholly or partly by the distribution of assets or the issue of shares. If a difficulty arises in relation to the distribution, the directors may settle that difficulty in any way they consider appropriate. For example, they issue fractional shares, fix the value of assets for distribution and make cash payments to some shareholders on the footing of the value so fixed in order to adjust the rights of shareholders and vest some assets in trustees.

Unless provided for by the rights attached to a share, no dividend or other monies payable by the Company in respect of a share shall bear interest.

If a dividend cannot be paid to a shareholder or remains unclaimed within six weeks after it was declared or both, the directors may pay it into a separate account in the Company's name. If a dividend is paid into a separate account, the Company shall not be constituted trustee in respect of that account and the dividend shall remain a debt due to the shareholder.

A dividend that remains unclaimed for a period of ten years after it became due for payment shall be forfeited to, and shall cease to remain owing by, the Company.

j) General meetings

The directors of the Company can call a general meeting at any time. Shareholders must be given at least 14 clear days' notice of all general meetings. The shareholders can require the directors of the Company to call a general meeting in accordance with the Jersey Companies Act. Notice of a general meeting must be given to all of the Company's shareholders (subject to certain exceptions for holders of partly-paid shares), the directors and the auditors. Subject to the Jersey Companies Act, a notice of a general meeting may be published on a website. The notice calling a general meeting must specify the place, day, time and general nature of the business of the meeting. A shareholder may attend and/or vote at general meetings or class meetings in person or by proxy. The Articles contain provisions for the appointment of proxies, including electronic communication of appointments and cut off times for appointments prior to general meetings. Even if a director is not a shareholder, he is entitled to attend and speak at any general meeting or class meeting. A quorum for a general meeting is two shareholders entitled to vote at the meeting. If a quorum is not present within 15 minutes of the time appointed for the general meeting, the meeting shall be adjourned to the same time and place seven days hence or such later time and date as the directors may determine, unless the meeting was called at the request of the shareholders in which case it shall be cancelled. The directors must call a general meeting if requisitioned in writing by one or more shareholders who together hold at least 10% of the rights to vote at such general meeting.

Shareholders' written resolutions

Shareholders may pass a resolution in writing without holding a meeting if (a) all shareholders entitled to vote receive a copy of the resolution and a statement informing the shareholders how to signify agreement to the resolution and the date by which the resolution must be passed if it is not to lapse (b) all the shareholders entitled to vote sign a document or sign several documents in the like form each signed by one or more of those shareholders and (c) the signed document or documents is or are delivered to the Company at the place and by the time nominated by the Company in the notice of the resolution. Such written resolution shall be as effective as if it had been passed at a meeting of all shareholders entitled to vote duly convened and held. Each shareholder shall have one vote for each share he holds which confers the right to receive and vote on a written resolution and unless the resolution in writing signed by the shareholder is silent, in which case all shares held are deemed to have been voted, the number of shares specified in the resolution in writing shall be deemed to have been voted.

Although silent in the Articles, the Jersey Companies Act permits shareholders of the Company to require the Company to circulate a written resolution to shareholders. For this purpose, the shareholders must represent at least 10% of the total voting rights of all shareholders who have a right to vote on the relevant resolution. Similarly, if so requested the Company shall also circulate to shareholders a statement of not more than 1,000 words with respect to the subject matter of the written resolution.

6 DIRECTORS' INTERESTS

6.1 As at the date of this document and following Admission, the interests of the Directors (including persons connected with the Directors within the meaning of section 252 of the UK Companies Act) in the issued share capital of the Company are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing Ordinary Shares</i>	<i>Number of Ordinary Shares following Admission</i>	<i>Percentage of Ordinary Shares following Admission</i>
David Sumner	54,949,401	52.9%	55,349,401	51.8%
Jide J. Zeitlin ⁽¹⁾	10,000,000	9.6%	10,000,000	9.4%
Lucianno Giorffino	10,020,000	9.6%	10,020,000	9.4%
Lamb Mining Limited ⁽²⁾	2	Less than 0.01%	2	Less than 0.01%
Aamir Quraishi	nil	nil	nil	nil

⁽¹⁾Mr Zeitlin has granted his voting rights over these Shares to Mr Sumner

⁽²⁾Lamb Mining Limited's ultimate beneficial owner is David Sumner

6.2 Save as stated above or as otherwise disclosed in this document:

- a) none of the Directors (nor any person connected with any of them within the meaning of section 252 of the UK Companies Act) has any interest, whether beneficial or non-beneficial, in the share or loan capital in the Group or in any related financial product (as defined in the NEX Rules) referenced to the Ordinary Shares;
- b) there are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of the Directors or provided by any Director to any member of the Group;
- c) none of the Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group;
- d) none of the Directors has any option or warrant to subscribe for any shares in the Company; and
- e) none of the Directors has any interest, direct or indirect, in any contract or arrangement which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole, which were effected by any member of the Group since its incorporation and which remains in any respect outstanding or unperformed.

7 SUBSTANTIAL SHAREHOLDERS

7.1 As at the date of this document and so far as the Directors are aware other than the Directors and their connected persons (whose interests are set out in paragraph 6 above) and the persons set out in the table below, the Company was not aware of any other person, immediately following Admission, who will be interested, directly or indirectly, (as defined in Part 6 of FSMA and the Disclosure and Transparency Rules) in 3%, or more of the issued share capital of the Company.

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing Ordinary Shares</i>	<i>Number of Ordinary Shares following Admission</i>	<i>Percentage of Ordinary Shares following Admission</i>
Perko ⁽¹⁾	7,013,405	6.8 %	7,013,405	6.6%

(¹The ultimate beneficial owner of Perko is Mr James Cadbury)

7.2 Prior to and immediately following Admission, the voting rights of the Company's substantial shareholders do not differ from the voting rights of any other shareholders in the Company.

7.3 Save as disclosed in this document, the Company is not aware of any persons who, immediately following Admission, will directly or indirectly jointly or severally, exercise or could exercise control over the Company and are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

7.4 No Director has any accrued pension, retirement or other similar benefits.

8 ADDITIONAL INFORMATION ON THE DIRECTORS

8.1 The Directors currently hold (other than directorships of the Company and its Group) the following directorships and are parties in the following partnerships and have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships or Interests in partnerships</i>	<i>Directorships or Interests in partnerships in the last five years</i>
Jide J. Zeitlin, aged 53	Affiliated Managers Group, Inc. Coach, Inc. Keffi Group Ltd Playwrights Horizons Saint Ann's Schools Harvard Business School Montefiore Medical Center Nigeria Sovereign Investment Authority	Common Ground Community Teach for America Milton Academy Amherst College Doris Duke Charitable Foundation
David Sumner, aged 46	Dawn Digital Limited Diamond Wood China Ltd DW Nominees Limited Gulf Healthcare Holdings Limited Healthperm Limited Healthperm Resourcing Ltd Lamb Mining Limited	Augustus Avenue Limited Auhua Clean Energy plc

Sumner Group Holdings Limited
Fendix Media Limited

Lucianno Giorffino,
aged 32

MDACH Consultores S.A.C.

Stone and Sand S.A.C.
Vargas Pareja Abogados y Consultores
S.A.C.

Aamir Quraishi,
aged 47
(independent director)

Healthperm Resourcing Ltd
34 Hatherley Grove Ltd

Pires Investments plc
Amedeo Resources plc (formerly
Creon Resources plc)

8.2 Save as disclosed in this document, none of the Directors has:

- a) any unspent convictions in relation to indictable offences;
- b) had any bankruptcy order made against him or entered into any voluntary arrangements;
- c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- e) been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8.3 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

9 DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

9.1 On 21 February 2018, David Sumner entered into a service agreement with the Company pursuant to which he agreed to be the Chief Executive Officer and an executive director of the Company for an initial period terminating on the first anniversary of Admission, whereafter the agreement may be terminated on not less than twelve months' written notice from either party. The agreement contains customary provisions in relation to duties of confidentiality and post-termination restrictive covenants. Under the agreement, Mr. Sumner will be paid USD\$ 450,000 per annum and will also receive a car allowance of \$5,000 per month

and private healthcare cover for Mr Sumner and his family. In addition, Mr Sumner is employed by VI Mining (DMCC) as Chief Executive Officer. The employment agreement with VI Mining (DMCC) includes the same notice periods as above and Mr. Sumner will be paid an additional USD\$ 450,000 per annum. Mr Sumner receives USD\$ 900,000 in aggregate under the terms of his service and employment agreements. Mr. Sumner's employment under the terms of these agreements commenced on 1 February 2018.

9.2 On 21 February 2018, Lucianno Giorffino entered into a service agreement with the Company pursuant to which he agreed to be the Chief Operating Officer and an executive director of the Company for an initial period terminating on the first anniversary of Admission, whereafter the agreement may be terminated on not less than twelve months' written notice from either party. The agreement contains customary provisions in relation to duties of confidentiality and post-termination restrictive covenants. Under the agreement, Mr. Giorffino will be paid USD\$ 240,000 per annum. In addition, Mr Giorffino is employed by Minera Tres (Peru) as Chief Executive Officer. The employment agreement with Minera Tres (Peru) includes the same notice periods as above and Mr. Giorffino will be paid an additional USD\$ 240,000 per annum. Mr. Giorffino receives USD\$ 480,000 in aggregate under the terms of his service and employment agreements. Mr Giorffino's employment under the terms of these agreements commenced on 1 January 2018.

9.3 On 23 June 2017, Jide J. Zeitlin was appointed as non-executive chairman of the Company for an annual fee of USD\$ 120,000 per annum. The appointment commences on and is subject to Admission and the further terms of his letter of appointment. The appointment is for an initial period of forty-eight (48) months and is terminable on six (6) months' written notice by either party. Mr Zeitlin's appointment for an initial period of forty-eight (48) months is reflective of the obligations he has agreed to undertake pursuant to the terms of his share purchase agreement with Mr Sumner dated 23 June 2017, including, inter alia, assistance in attracting institutional investors to the Company and advising on a mergers and acquisition driven growth strategy.

9.4 On 7 August 2017, Aamir Quraishi was appointed as a non-executive director of the Company for an annual fee of USD\$ 60,000 per annum. The appointment commences on and is subject to Admission and the further terms of his letter of appointment. The appointment is for an initial period of twelve (12) months and is terminable on six (6) months' notice by either party.

9.5 Save as set out above, there are no existing or proposed service agreements or letters of appointment between any Director and any member of the Group.

9.6 In the 12 month period ended 31 December 2017 the total aggregate remuneration paid and benefits-in-kind granted to the Directors was USD\$ 1,989,345.

9.7 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year ended 31 December 2017.

9.8 Save as disclosed in this paragraph 9, none of the Directors are contractually entitled to receive any additional payment on termination of their employment.

9.9 The Company has directors' and officers' liability insurance in place with a cap of USD\$ 10,000,000 per claim.

10 MATERIAL CONTRACTS

10.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this document and are, or may be, material:

Facility Agreements

- 10.2 Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a £39,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the first drawdown. The facility is to be used by the Company for its working capital requirements and to enable the Company to provide for its subsidiary One-Valley (Peru) with funding to fund the acquisitions. Drawdown under the facility is conditional upon, there being no event of default, certain representations being true and correct and the amount of the loan being a minimum of US\$1,000,000. This facility is supported by legally binding back to back loan agreements entered into by Mr Sumner and a third party for the sum of £9,000,000 and a related party, being a member of the Board, for the sum of £30,000,000. The repayment date in relation to each back to back loan is 5 years from the date of first drawdown. The £30,000,000 loan is restricted to funding the consideration payments under the Acquisition Agreements and is available for draw down until 31 December 2019. Drawdown under the back to back facilities is subject to the same conditions referred to above. The Board has received comfort from such parties that they have sufficient liquid funds in place to support those back to back loans. The Company has no contractual arrangement with the providers of the back to back loan agreement and accordingly in an event of default, the Company would be reliant on making a claim against Mr Sumner.
- 10.3 Under a facility agreement dated 2 December 2017, David Sumner has agreed to provide the Company with a \$10,000,000 unsecured financing facility. The loan will accrue interest at a rate of 9 per cent. per annum and the principal and all accrued interest is repayable on the date falling on the five year anniversary of the agreement. The facility is to be used by the Company for its working capital requirement. This facility agreement consolidated existing loan facilities from Mr Sumner pursuant to which \$3 million has already been drawn down under this facility.
- 10.4 On 18 January 2018, the Company entered into a loan agreement with Tassili Jewellery LLC ("Tassili") for \$2,500,000. The Company has drawn down the \$2,500,000 in full. Pursuant to the terms of the loan, the Company has agreed to deliver to Tassili 8,000 oz of gold bullion at a discount of 4% to LBMA Gold Price PM on the date of shipment, the estimated delivery schedule anticipates delivery of 1,080 oz in March and April 2018, 2,521 oz in May 2018 and 3,601 oz in June 2018 with the balance being delivered in July 2018. The loan facility is repaid out of 25 per cent. of the consideration payable for each consignment received by Tassili until the amount outstanding is repaid and is repayable in full by 31 July 2018.

Gold purchase agreements

- 10.5 Under intra-group agreements to be entered into with the Peru Operating Companies, VI Mining (DMCC) will purchase Doré Bars from the Peru Operating Companies at a discount to the spot or 'over-the-counter' market rate for gold for a given shipment on a given date (on the basis that such Doré Bars remain comparatively impure and require further refining and purification). Under the terms of these agreements the Peru Operating Companies will be responsible for handling and shipping Doré Bars produced at the project site(s) in Peru to Dubai, UAE. The Peru Operating Companies assume the risk of handling and shipping of the Doré Bars. Title to the Doré Bars passes on VI Mining (DMCC)'s payment of funds to the relevant Peru Operating Company.
- 10.6 Under a letter of intent, which is subject to contract, dated July 2017, Emirates Gold has agreed, subject to *inter alia* satisfactory completion of supply-chain due diligence, purchase and refine up to 80,300 oz per annum of gold and silver from the Group.
- 10.7 Pursuant to the terms of the loan facility described in paragraph 10.4 above, the Company has agreed to deliver to Tassili 8,000 oz of gold bullion at a discount of 4% to LBMA Gold Price PM on the date of shipment, the estimated delivery schedule anticipates delivery of 1,080 oz in March and April 2018, 2,521 oz in May 2018 and 3,601 oz in June 2018 with the balance being delivered in July 2018. The loan facility is

repaid out of 25 per cent. of the consideration payable for each consignment received by Tassili until the amount outstanding is repaid and is repayable in full by 31 July 2018.

Mining Concessions

10.8 The following table sets out a summary of the Group's Projects and the Group's interest in each project:

<i>Project name</i>	<i>Company</i>	<i>Pursuant to</i>
Rosario and Minaspampa	One-Valley (Peru)	Framework agreement dated 2 February 2018 <i>(please see paragraph 10.9 of this Part VII for further details and summaries of the transfer agreements entered into pursuant to this framework agreement)</i>
Ximenita de Casma	ZL Mining. ⁽¹⁾	Asset purchase agreement dated 15 March 2017. Framework agreement dated 16 March 2017. Share purchase agreement dated 17 March 2017. Option contract dated 17 March 2017. Cession contract dated 17 March 2017. Services contract dated 17 March 2017. Conditional share purchase agreement 11 August 2017. <i>(please see paragraphs 10.10 – 10.18 of this Part VII for further details)</i>
Oro Pesa	Minera Tres (Peru)	Transfer of mining rights contract dated 12 July 2016 <i>(please see paragraph 10.20 of this Part VII for further details)</i>

⁽¹⁾Note that on satisfactory completion of conditions set out in the framework agreement dated 16 March 2017 and conditional share purchase agreement dated 11 August 2017, ZL Mining will be transferred into the ownership of the Company (to Bi-Valley (Peru)). For further details of these conditions and the agreements please see paragraphs 10.10 – 10.18 of this Part VII.

Rosario and Minaspampa Project Acquisition Agreements

10.9 On 2 February 2018 the Company, One-Valley (Peru) and the Sellers entered into a framework agreement relating to the acquisition of the Rosario Project and the Minaspampa Project and related assets for an aggregate consideration of \$51,300,000 (fifty-one million three hundred thousand dollars) payable in cash and £10,000,000 (ten million pounds sterling) to be satisfied by the issue of Shares at the Placing Price on Admission. The cash consideration is payable as follows: \$5,300,000 (five million three hundred thousand dollars) which was paid on 2 February 2018 being the completion date of the agreement (the "Completion Date"); \$2,500,000 (two million five hundred thousand dollars) which was paid in cash on 9 February 2018; \$3,000,000 (three million dollars) to be satisfied in cash by 28 February 2018 (deferred until 5 March 2018); \$20,250,000 (twenty million two hundred and fifty thousand dollars) payable in cash on 15 August 2018; and \$20,250,000 (twenty million two hundred and fifty thousand dollars) payable in cash on 15 April 2019.

The deferred consideration payments are secured by a charge over the shares in One-Valley (Peru) in favour of certain of the Sellers. The obligations of One-Valley (Peru) under the Acquisition Agreements have been guaranteed by the Company. In the event that One-Valley (Peru) is in breach of any of its contractual obligations under the Acquisition Agreements and such breach is not remedied within 15 business days of receiving a notarised notification of such breach, the Sellers are entitled to retain all funds received and exercise their security and or take back the assets transferred.

The framework agreement includes certain obligations on the Sellers including an obligation to clear the mortgage registered against the Patrick Almendra I Concession prior to the transfer date and a requirement for the Sellers to either terminate the royalty agreements in place in respect of the Patrick Almendra Concession and the El Obillo Tres Concession or assume responsibility for such payments and indemnify One Valley (Peru) for any claim in relation to such agreements.

The framework agreement also includes a further assurance clause obligating the Sellers to transfer all assets relating to the Concessions and execute all such documents as may be required to ensure that the Company has full title to the Concessions and associated mining rights.

The framework agreement also include a forty-five day option to acquire the business and assets of Jongos E.I.R.L being a tolling plant adjoining the Minaspampas Project with the capacity for processing 150 MTD for \$3 million. This acquisition is subject to due diligence.

The Rosario de Belén Concessions and Minaspampa Concessions, the moveable assets, real estate and rights in rights estate which make up the Rosario de Belén Project and Minaspampa Project have transferred or will transfer on the dates set out below against receipt of the relevant consideration payments, and it has been agreed that the payment due on 28 February 2018 may be paid on the date being no later than 5 March 2018:

MINING CONCESSION	SELLER	TRANSFER DATE	CONSIDERATION AND PAYMENT DATE
ANELY I (RdB)	Isabel Margarita Miranda Hidalgo	2 February 2018 ("Execution")	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
ANELY (RdB)	Isabel Margarita Miranda Hidalgo	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
LILETTE I (RdB)	Isabel Margarita Miranda Hidalgo	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
ANELY II (RdB)	Isabel Margarita Miranda Hidalgo	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
SAN PABLO 3E (MP)	Alfredo Alexander Sánchez Miranda	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000

LA CODICIADA DE ORO No. 1 (MP)	José Ricardo Sánchez Miranda	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
PAULA ISABEL V (MP)	Alfredo Alexander Sánchez Miranda	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
MUMALCA DOS (MP)	Santos Orlando Sánchez Paredes	Execution	\$572,500 paid on Execution \$312,500 on 9 February 2018 \$375,000 on 28 February 2018 Total: \$1,260,000
EL OBILLO TRES (RdB)	Isabel Margarita Miranda Hidalgo	15.8.2018	\$125,000 on transfer date
MINA TAURO (RdB)	Isabel Margarita Miranda Hidalgo	15.8.2018	\$2,500,000 on transfer date
EL ROSARIO DE BELEN (RdB)	SMRL El Rosario de Belén	15.8.2018	\$2,500,000 on transfer date
LUISA FERNANDA (RdB)	SMRL Luisa Fernanda	15.8.2018	\$125,000 on transfer date
PATRICK ALMENDRA I (MP)	Compañía Minera Minaspampa S.A.	15.8.2018	\$5,000,000 on transfer date
LUISA FERNANDA (Processing Plant) (RdB)	SMRL El Rosario de Belén	15.8.2018	\$2,500,000 on transfer date
A. KEVIN III (MP)	Compañía Minera Minaspampa S.A.	15.8.2018	\$5,000,000 on transfer date
MINASPAMPA (Processing Plant) (MP)	Compañía Minera Minaspampa S.A.	15.8.2018	\$2,500,000 on transfer date
ANELY III (RdB)	Isabel Margarita Miranda Hidalgo	15.4.2019	\$5,000,000 on transfer date
PLAYA HERMOSA (RdB)	Isabel Margarita Miranda Hidalgo	15.4.2019	\$5,000,000 on transfer date

MARILU (RdB)	Isabel Margarita Miranda Hidalgo	15.4.2019	\$250,000 on transfer date
VECA XV (MP)	SMRL Veca XV	15.4.2019	\$10,000,000 on transfer date

In order to give effect to the terms of the transaction set out in the framework agreement the following parties have entered into the following agreements:

- a) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Anely I Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- b) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Anely Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- c) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Lilette I Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- d) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Anely II Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- e) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Alfredo Alexander Sánchez Miranda relating to the transfer of the San Pablo 3E Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- f) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) José Ricardo Sánchez Miranda relating to the transfer of the Codiciada de Oro No 1 Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- g) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Alfredo Alexander Sánchez Miranda relating to the transfer of the Paula Isabel V Mining Concession, dated

2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.

- h) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sánchez Paredes relating to the transfer of the Mumalca Dos Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$1,260,000, \$572,500 payable on the transfer date, \$312,500 payable on 9 February 2018 and \$375,000 payable on 28 February 2018. The seller agreed to sell the concession free from encumbrances.
- i) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the El Obillo Tres Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$125,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.
- j) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Mina Tauro Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$2,500,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.
- k) a Mining Concession transfer agreement contract made between (1) One-Valley (Peru) and (2) SMRL El Rosario de Belen relating to the transfer of the El Rosario De Belen Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$2,500,000 on the date of transfer of the concession being 15 August 2018. The seller agrees to sell the concession free from encumbrances.
- l) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) SMRL Luisa Fernanda relating to the transfer of the Luisa Fernanda Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$125,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.
- m) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Compañía Minera Minaspampa S.A. relating to the transfer of the Patrick Almendra I Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$5,000,000 on the date of transfer of the concession being 15 August 2018. The Concession currently is subject to a registered mortgage against the payment of \$3,000,000 in favour of a third party. The seller agreed to procure the release of the charge prior to the transfer date and sell the concession free from encumbrances.
- n) a processing Concession transfer agreement made between (1) One-Valley (Peru) and (2) SMRL El Rosario de Belen relating to the transfer of the Luisa Fernanda Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$2,500,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.
- o) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Compañía Minera Minaspampa S.A. relating to the transfer of the A. Kevin III Mining Concession, dated 2

February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$5,000,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.

- p) a processing Concession transfer agreement made between (1) One-Valley (Peru) and (2) Compañía Minera Minaspampa S.A. relating to the transfer of the Minaspampa Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$2,500,000 on the date of transfer of the concession being 15 August 2018. The seller agreed to sell the concession free from encumbrances.
- q) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Anely III Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$5,000,000 on the date of transfer of the concession being 15 April 2019. The seller agreed to sell the concession free from encumbrances.
- r) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Playa Hermosa Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$5,000,000 on the date of transfer of the concession being 15 April 2019. The seller agreed to sell the concession free from encumbrances.
- s) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) Isabel Margarita Miranda Hidalgo relating to the transfer of the Marilu Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$250,000 on the date of transfer of the concession being 15 April 2019. The seller agrees to sell the concession free from encumbrances.
- t) a Mining Concession transfer agreement made between (1) One-Valley (Peru) and (2) SMRL Veca XV relating to the transfer of the Veca XV Mining Concession, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$10,000,000 on the date of transfer of the concession being 15 April 2019. The seller agreed to sell the concession free from encumbrances.

LAND	SELLER	TRANSFER DATE AND PAYMENT DATE	CONSIDERATION
45 parcels of land recorded in the schedule to the agreement	Compañía Minera Minaspampa SAC	2 February 2018	\$100,000
Land described as La Inea Unidad Catastral No. 30271 and 30272	Don Bernando and Compañía Minera Minaspampa SAC	2 February 2018	\$10,000
Land described as Casgabamba 1	Genaro Marcial Toledo Campus and Compañía Minera Minaspampa SAC	2 February 2018	\$10,000
11 parcels of land at Minaspampa recorded in the schedule of the agreement	Santos Orlando Sánchez Paredes	2 February 2018	\$20,000

11 parcels of land at Minaspampa recorded in the schedule of the agreement	Santos Orlando Sánchez Paredes	2 February 2018	\$80,000
Land described as Unidad Catastral No. 20808 with an area of 18.75 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'	Santos Orlando Sánchez Paredes	2 February 2018	\$5,000
Land described as La Cuhilla located in the province of Sanchez Carrión, department of 'La Libertad'	Pánfilo Velsquez Valverde Emertia Agreola Ulloa Waymer Velasquez Yalverde Marcela Yalverde Grados	This agreement has not yet been executed, as the land had been transferred to the Sanchez but not yet registered.	\$5,000
Land described as: (i) Unidad Catastral No. 21919 with an area of 6.25 hectares, located in the province of Sanchez Carrisón, department of 'La Libertad'; and (ii) "Miraflores", Unidad Catastral No. 26502 with an area of 100.6169 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'	The Rosario de Belén Society of Responsible Mining Limited (in Liquidation)	2 February 2018	\$10,000

- a) a property transfer agreement made between (1) One-Valley (Peru) and (2) Compañía Minera Minaspampa SAC, relating to the transfer of forty-five parcels of land, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$100,000 on completion. The seller agreed to sell the land free from encumbrances.
- b) a property transfer agreement made between (1) One-Valley (Peru), (2) Don Bernardo and (3) Compañía Minera Minaspampa SAC, relating to the transfer of two parcels of land known as La Inea, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the sellers \$10,000 on completion. The sellers agreed to sell the land free from encumbrances.
- c) a property transfer agreement made between (1) One-Valley (Peru), (2) Genaro Marcial Toledo Campus (3) Compañía Minera Minaspampa SAC, relating to the transfer of a parcel of land known as Casgabamba 1, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the sellers \$10,000 on completion. The sellers agreed to sell the land free from encumbrances.
- d) a property transfer agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sánchez Paredes, relating to the transfer of eleven parcels of land, dated 2 February 2018. Under the terms

of this contract One-Valley (Peru) paid to the seller \$20,000 on completion. The seller agreed to sell the land free from encumbrances.

- e) a property transfer agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sánchez Paredes, relating to the transfer of eleven parcels of land, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$80,000 on completion. The seller agreed to sell the land free from encumbrances.
- f) a property transfer agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sánchez Paredes, relating to the transfer of a parcel of land known as Unidad Catastral 20808, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$5,000 on completion. The seller agrees to sell the land free from encumbrances.
- g) a property transfer agreement made between (1) One-Valley (Peru) and (2) The Rosario de Belén Society of Responsible Mining Limited (in Liquidation), relating to the transfer of two parcels of land known as "Unidad Catastral 21919" and "Miraflores", dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$10,000 on completion. The seller agreed to sell the land free from encumbrances.

TRANSFER OF RIGHTS/POSSESSION	SELLER	TRANSFER DATE AND PAYMENT DATE	CONSIDERATION
46 parcels of land recorded in the schedule to the agreement	Compañía Minera Minaspampa SAC	2 February 2018	\$10,000
Land described as: (i) "Quillupampa" Unidad Catastral No. 21926, with an area of 46.88 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'; (ii) Angasmarca, Unidad Catastral No. 21800, with an area of 13.79 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'; and (iii) Angasmarca, Unidad Catastral No. 21801, with an area of 31.33 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'	The Rosario de Belén Society of Responsible Mining Limited (in Liquidation)	2 February 2018	\$4,000

Land described as Unidad Catastral No. 20817, with an area of 13.00 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'	Santos Orlando Sánchez Paredes	2 February 2018	\$2,000
<p>Properties described as:</p> <p>(i) Unidad Catastral No. 20826, with an area of 44.69 hectares, located in the province of Sanchez Carrión, department of 'La Libertad';</p> <p>(ii) Unidad Catastral No. 21183, with an area of 35.00 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'; and</p> <p>(iii) Unnamed property, with an area of 19.15 hectares, located in the province of Sanchez Carrión, department of 'La Libertad'</p>	Santos Orlando Sánchez Paredes; and Isabel Margarita Miranda Hidalgo	2 February 2018	\$4,000

- a) a transfer of rights agreement made between (1) One-Valley (Peru), and (2) Compañía Minera Minas pampa SAC, relating to the transfer of the possession of 46 parcels of land, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay to the seller \$10,000 on completion. The seller agreed to sell the interest in the land free from encumbrances.
- b) a transfer of rights agreement made between (1) One-Valley (Peru) and (2) The Rosario de Belen Society of Responsible Mining (in liquidation) relating to the transfer of rights over the lands referred to in the table above as "Quillupampa" Unidad Catastral No 21926, "Angasmarca, Unidad Catastral No. 21800" and "Angasmarca Unidad Catastral No. 21801", dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay the seller \$4,000 on completion. The seller agreed to sell the interest in the land free from encumbrances.
- c) a transfer of rights agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sanchez Paredes relating to the transfer of rights over the land referred to in the table above as Unidad Catastral No. 20817, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) has agreed to pay the seller \$2,000 on completion. The seller agreed to sell the interest in the land free from encumbrances.
- d) a transfer of rights agreement made between (1) One-Valley (Peru) and (2) Santos Orlando Sanchez Paredes and Isabel Margarita Miranda Hidalgo relating to the transfer of rights over the lands referred to in the table above as Unidad Catastral No's 20826 and 21183 and the unnamed property, with an area of 19.15 hectares, dated 2 February 2018. Under the terms of this contract One-Valley

(Peru) has agreed to pay the sellers \$4,000 on completion. The seller agreed to sell the interest in the land free from encumbrances.

MOVABLE GOODS	SELLER	TRANSFER DATE AND PAYMENT DATE	CONSIDERATION
Assets as recorded in a schedule to the agreement	Pool de Maquinarias Industriales Santa Patricia S.A. in Liquidation	2 February 2018	\$230,000
Assets as recorded in a schedule to the agreement	Pool de Maquinarias Industriales Santa Patricia S.A. in Liquidation	2 February 2018	\$230,000

- a) a transfer of movable goods agreement made between (1) One-Valley (Peru), and (2) Pool de Maquinarias Industriales Santa Patricia S.A. in Liquidation, relating to the transfer of the possession of the assets recorded in the schedule to the agreement, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$230,000 on completion. The seller agreed to sell the moveable goods free from encumbrances.
- b) a transfer of movable goods agreement made between (1) One-Valley (Peru), and (2) Pool de Maquinarias Industriales Santa Patricia S.A. in Liquidation, relating to the transfer of the possession of the assets recorded in the schedule to the agreement, dated 2 February 2018. Under the terms of this contract One-Valley (Peru) paid to the seller \$230,000 on completion. The seller agreed to sell the moveable goods free from encumbrances.

Ximenita De Casma Project Agreements

Ximenita De Casma, Ximenita De Casma II and Ximenita De Casma III Mining Concessions and processing plant

10.10 Under a framework agreement dated 16 March 2017 between (1) Bi-Valley (Peru), (2) Mr Rios, (3) Lucianno Giorffino and (4) ZL Mining the parties have agreed to the transfer of the Ximenita De Casma mining project (comprising the Ximenita De Casma, Ximenita de Casma II and III Mining Concessions and processing plant) to Bi-Valley (Peru) and Lucianno Giorffino in a phased acquisition process.

10.11 Under a share purchase agreement dated 17 March 2017 between (1) Lucianno Giorffino, (2) Mr Rios and (3) ZL Mining the entire share capital of Z.L. Mining held by Mr Rios was transferred to Lucianno Giorffino. Z.L. Mining owns the Ximenita de Casma Mining Concession. The consideration for the share transfer pursuant to the share purchase agreement is payable as follows*:

- a) \$ 250,000 paid on 15 July 2017;
- b) \$ 200,000 payable on 15 January 2018; and
- c) \$ 300,000 payable on 15 January 2019.

Following execution of the share purchase agreement and due to a requirement of Peruvian legislation relating to closed corporation shareholder requirements, Lucianno Giorffino transferred 1 share he held in ZL Mining to Grace Renteria.

*The parties are currently in dispute regarding the withholding of the \$200,000 payable on 15 January 2018 against a claim for breach of warranty.

10.12 Under an option contract dated 17 March 2017 between (1) Bi-Valley (Peru) and (2) Mr Rios, ownership of the Ximenita De Casma II and III Mining Concessions will automatically be transferred from Mr Rios to Bi-Valley (Peru) on the payment of the following amounts on the following dates:

- a) \$ 150,000 no later than 15 December 2017*;
- b) \$ 100,000 no later than 15 July 2018;
- c) \$ 100,000 no later than 15 January 2019; and
- d) \$ 400,000 no later than 15 December 2020.

*The parties are currently in dispute regarding the withholding of the \$200,000 payable on 15 January 2018 against a claim for breach of warranty.

10.13 Under the terms of the above option contract dated 17 March 2017 between (1) Bi-Valley (Peru) and (2) Mr Rios, Bi-Valley (Peru) shall pay a royalty to Mr Rios calculated on the basis of three per cent. (3%) of net smelter return for minerals processed or mined in the Ximenita de Casma II and III Concessions.

10.14 Under a mining royalty agreement dated 17 March 2017 between (1) Z.L. Mining and (2) Mr Rios, Z.L. Mining shall pay a royalty to Mr Rios calculated on the basis of three per cent. (3%) of the net smelter return generated by mining and / or processing of raw minerals at the Ximenita De Casma I Mining Concession project.

10.15 Under a mining cession rights contract dated 17 March 2017 between (1) Z.L. Mining and (2) Mr Rios, Z.L. Mining was granted such rights (including mining, processing and all other rights a Mining Concession holder is entitled to pursuant to Peruvian law) over the Ximenita de Casma II and Ximenita de Casma III Mining Concessions. The total aggregate consideration paid under this contract was \$ 200,000.

10.16 Under a conditional share purchase agreement dated 11 August 2017 between (1) Lucianno Giorffino (2) Grace Renteria, (3) ZL Mining, (4) Bi-Valley (Peru) and (5) the Company, Bi-Valley (Peru) will acquire the whole of the Ximenita De Casma project (via acquisition of the entire issued share capital of ZL Mining) subject to the completion of certain conditions set out in the contract including *inter alia*:

- a) execution of and/or satisfactory completion of all Ximenita de Casma project agreements including *inter alia* the framework agreement, share purchase agreement, option contract, cession contract and royalty agreements described in paragraphs 10.10 – 10.15 of this Part VII above;
- b) payment of all monetary consideration due under the terms of the Ximenita De Casma project agreements by Bi-Valley (Peru) or other member of the Group (as relevant or applicable) to the applicable payees on behalf of the applicable payor under the terms of the relevant agreement; and
- c) completion of Formalization for the Ximenita de Casma project.

The Company believes that the above conditions will be satisfied within approximately 24 months from Admission.

10.17 Under the terms of a provision of services contract dated 17 March 2017 made between (1) Ximena Mining Group S.A.C and (2) Bi-Valley (Peru), Ximena Mining Group S.A.C has agreed to co-operate in assisting with gathering all permits and licences required for Bi-Valley (Peru) to carry out activities at the Ximenita De Casma Mining Concession. It will also provide other services for fees ranging from USD\$ 5,000 - USD\$ 30,000 in relation to various process and procedures.

10.18 Under the terms of an asset purchase agreement dated 15 March 2017 made between (1) Minera La Quinua S.A.C and (2) Bi-Valley (Peru), Minera La Quinua S.A.C transferred assets including mining materials, plant and processing equipment to Bi-Valley (Peru). The total aggregate consideration paid under this contract was USD\$ 300,000.

10.19 Under the terms of a management agreement dated 28 July 2017 made between (1) ZL Mining and (2) Bi-Valley (Peru), Bi-Valley (Peru) has been appointed as manager of ZL Mining with day-to-day management control of ZL Mining in order that it may develop the Ximenita de Casma Project.

Oro Pesa Project Agreements

Oro Pesa I, II, III and IV projects

10.20 Under a transfer of mining rights contract dated 12 July 2016 made between (1) Grupo Oro Pesa E.I.R.L and (2) Minera Tres (Peru) (formerly Minera Rio Azul S.A.C) as amended by the amendment to transfer of mining rights contract dated 17 February 2017 made between (1) Grupo Oro Pesa E.I.R.L and (2) Minera Tres (Peru), for a total aggregate consideration of USD\$ 200,000 the following was transferred to Minera Tres (Peru):

- a) legal title to the Oro Pesa I, II, III and IV Mining Concessions;
- b) the processing plant, mining camp and equipment located and built within the Oro Pesa II Mining Concession; and
- c) all other related property existing in the project and/or located in the Oro Pesa I, II, III and IV Mining Concessions.

Under the terms of this agreement, Minera Tres (Peru) shall pay a royalty fee to Grupo Oro Pesa E.I.R.L of three point-five per cent. (3.5%) of the net annual income from sale of all mineral resources extracted from and/or processed in the Oro Pesa I, II, III or IV Mining Concessions.

Under the terms of this agreement Grupo Oro Pesa E.I.R.L is obliged to assist Minera Tres (Peru) and do all that which is required to ensure the completion of the mining Formalization process for the Oro Pesa project.

NEX Corporate Adviser and Broker engagement letter

10.21 Under an engagement letter dated 10 January 2017 between the (1) Company and (2) Daniel Stewart, the Company has appointed Daniel Stewart to act as broker for the purposes of Admission and NEX Exchange Corporate Adviser to the Company for the purposes of the NEX Rules. The agreement contains certain undertakings given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations and also contains certain customary indemnities from the Company. Under the letter the Company shall pay an aggregate of £125,000 plus VAT in fees to Daniel Stewart for its services in respect of Admission. Further during the period of its appointment as broker, the Company shall pay Daniel Stewart commission of 5 per cent. of the aggregate funds raised by Daniel Stewart and 1 per cent. of the aggregate funds raised by the Company. Under the terms of the letter Daniel Stewart will act as retained NEX Exchange Corporate Adviser for a further annual fee, on the terms set out in the NEX Corporate Advisor Agreement at paragraph 10.29 of this Part VII below.

NEX Corporate Adviser Agreement

10.22 Under an agreement dated 3 August 2017 between the (1) Company and (2) Daniel Stewart, the Company has agreed the further terms of Daniel Stewart's appointment as NEX Exchange Corporate Adviser. The agreement contains certain undertakings given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations and also contains certain customary indemnities from the Company. Under

the terms of the agreement Daniel Stewart will act as retained NEX Exchange Corporate Adviser for a fee of £15,000 per annum, subject to the terms of a further agreement to be entered into shortly before Admission. The agreement is governed by the laws of England and Wales.

Placing Agreement

10.23 Daniel Stewart has, as agent for the Company, pursuant to the Placing Agreement, conditionally agreed to use its reasonable endeavours to procure places for 10,000 Placing Shares at the Placing Price. In addition the Company has procured certain investors to participate in the Placing through a subscription for 1,062,631 New Shares at the Placing Price pursuant to the Subscription Letters. The Placing Shares will be placed with institutional investors introduced by Daniel Stewart and investors introduced by the Company who have signed up to Subscription Letters. The Placing will raise approximately £4.49 million (net of expenses) for the Company. The Placing Shares will represent approximately 1 per cent. of the Enlarged Share Capital. The New Shares will be issued credited as fully paid will, on issue, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital. The Placing is conditional, inter alia, on Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 8.00 a.m. on 2 March 2018 or such later date (being no later than 31 March 2018) as the Company and Daniel Stewart may determine. The Placing Agreement, which contains customary representations, warranties and indemnities from the Company to Daniel Stewart, certain representations and warranties from the Board to Daniel Stewart and certain indemnities in favour of the Company, also contains customary provisions entitling Daniel Stewart to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Daniel Stewart. Application will be made to the NEX Exchange for the Enlarged Share Capital to be admitted to trading on NEX Exchange Market. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 2 March 2018.

Lock-In Agreements and orderly market arrangements

10.24 Under the Rule 6 Lock-in Agreements dated 21 February 2018 between (1) Daniel Stewart, (2) the Company and (3) the Rule 6 Parties have, in accordance with Rule 6 of the NEX Rules, undertaken with Daniel Stewart and the Company not to, and have agreed to use reasonable endeavours to procure that those connected to the Rule 6 Parties do not dispose of any Ordinary Shares held by them for a period of twenty-four months from the date of Admission except in limited circumstances permitted by Rule 6 of the NEX Rules and with the prior written consent of Daniel Stewart. The Rule 6 Lock-in Agreements also contain certain orderly market provisions which apply for a further twelve months after expiry of the lock-in period.

10.25 Under Lock-in Agreements dated 21 February 2018 between each of Zica SA and Agri Capital LLP with Daniel Stewart and the Company each of Zica SA and Agri Capital LLP have undertaken with Daniel Stewart and the Company not to dispose of any Ordinary Shares held by them for a period of twelve months from the date of Admission except in limited circumstances permitted by Rule 6 of the NEX Rules and with the prior written consent of Daniel Stewart other than to an existing Shareholder provided that such Shareholder enters into a lock-in agreement on substantially the same terms as the Lock-in Agreements. The Lock-in Agreements also contain certain orderly market provisions which apply for a further twelve months after expiry of the lock-in period.

Consultancy Agreements

10.26 Under the terms of a consultancy agreement dated 1 January 2017 with Ginger1 Limited, Tri-Valley International FZE has paid USD\$ 154,000 in fees in relation to the provision of consultancy services and advice in respect of the Admission.

10.27 Under the terms of a consultancy agreement dated 16 November 2014 with David Sumner and Tri-Valley

International FZE, Mr Sumner was engaged as a corporate consultant by Tri-Valley International FZE and paid a monthly fee of USD\$ 120,000. This agreement was terminated on 21 August 2017 effective from 7 August 2017. All amounts owed by Tri-Valley International FZE to Mr Sumner under the terms of this agreement were satisfied by conversion into loan note stock.

11 RELATED PARTY TRANSACTIONS

11.1 The Directors are of the opinion that save as disclosed in paragraphs 10.2, 10.3 and 10.27 of Part VII of this document, there are no, and nor are there contemplated, any related party transactions to which the Company was or will be a party.

12 EMPLOYEES

12.1 At Admission, the Group will have 28 employees (including executive directors but excluding non-executive directors).

13 NO SIGNIFICANT CHANGE

13.1 Save as set out in this document, there has been no significant change in the financial or trading position of the Company since the end of the last financial period for which audited financial information has been published, being 31 December 2016.

14 WORKING CAPITAL

14.1 The Directors are of the opinion, having made due and careful enquiry, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

15 LITIGATION

15.1 Save as set out in this document (see paragraphs 15.2 and 15.3 below for further details), there are no governmental, legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company which are having, or may have or have had during the twelve months preceding the date of this document causing a significant effect on the Group's financial position or profitability.

15.2 In April 2017, an individual brought a claim in the Casma Region Civil Court of Peru against Bi-Valley (Peru) disputing the ownership and use of 2 Has of land contained in a Concession forming part of the Ximenita de Casma Project. The area concerned is less than 0.5 per cent. of the land which comprises the total Ximenita de Casma Project. The Company is of the view that this claim is immaterial, due to the fact that it is a small amount of land and on the basis that the Company has no plans to exploit or otherwise carry out operations on the land concerned and the remedies available under Peru law to the claimant are limited to the right to use the surface of the land which is subject to dispute.

15.3 Bi-Valley Peru has withheld the payment of \$200,000 payable on 15 January 2018 pursuant to the agreement for the acquisition of ZL Mining and the payment of \$150,000 payable on 15 December 2017 pursuant to the option over the Ximenita de Casma II and III Concessions due to a breach of warranty by the sellers and the relevant sellers have since given notice to the Company of its breach due to such non-payment, the aggregate sum outstanding is \$350,000. The warranty claim is the result of Bi-Valley Peru becoming aware of two claims by landowners in relation to the ownership and occupation of certain parcels of lands relating to the Ximenita de Casma Project in relation to which the seller had provided warranties that it had the right to transfer free from any third party claim or encumbrance. One claim relates to a parcel of land owned by a farmer which relates to 8 hectares being less than 1 per cent. of the project. The second claim is in respect of

a much more significant proportion of the project, however the claimant is not disputing that Bi-Valley Peru has title to the concession but that the consideration payable to the seller in relation thereto should be paid directly to the claimant. The claims are not regarded as material in the context of Admission, however the Company considers the breach of warranty to be sufficiently material in the context of the acquisition documents to withhold payment and is negotiating a reduction in the consideration payable to the sellers. Failure by the Company to make the relevant payments pursuant to the agreement to acquire ZL Mining could render that acquisition voidable and result in the shares in ZL Mining and accordingly the Ximenita de Casma Concession reverting to the sellers. Similarly in the event that the Company fails to fund the option payments for the acquisition of the Ximenita de Casma II and Ximenita de Casma III Concessions it may result in the option lapsing and the Company would lose all rights to the Ximenita de Casma, the de Casma II and the de Casma III Concessions. Given the nature of the claims, the Company however considers this outcome to be highly unlikely.

16 TAXATION

16.1 The following paragraphs include advice received by the Directors regarding taxation in the Jersey, Peru and the United Kingdom. Any person who is in any doubt as to his tax position, whether in Jersey, Peru or the United Kingdom or in any other jurisdiction in which he may be liable to tax, and any person subject to tax in any other jurisdiction should consult, and rely upon, the advice of his own professional adviser in respect of the tax consequences of an investment in the Company.

Jersey Taxation

Overview

16.2 The following summary of the anticipated tax treatment in Jersey of the Company and holders of the Ordinary Shares is based on Jersey taxation law and practice as they are understood to apply at the date of this Document. It does not constitute, nor should it be considered to be, legal or tax advice and does not address all aspects of Jersey tax law and practice (including without limitation such tax law and practice as they apply to any land or building situated in Jersey, or as they apply to certain types of person, such as persons holding or acquiring shares in the course of trade, collective investment schemes or insurance companies). Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of Shares in the Company under the laws of any jurisdictions in which they may be liable to taxation. Shareholders should be aware that tax rules and practice and their interpretation may change.

16.3 Summary

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No capital or stamp duty is levied in Jersey on the issue, conversion, redemption or transfer of Ordinary Shares. On the death of an individual holder of Ordinary Shares (whether or not such individual was domiciled in Jersey), duty at rates of up to 0.75%, of the value of the relevant Ordinary Shares may be payable on the registration of any Jersey probate or letters of administration which may be required in order to transfer, convert, redeem or make payments in respect of, Ordinary Shares held by a deceased individual sole Shareholder.

16.4 Income tax – the Company

Under the Income Tax (Jersey) Law 1961 (as amended) (**Tax Law**), from 1 January 2009, the standard rate of income tax on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey is 0% (“zero tax rating”). Certain exceptions from zero tax rating apply, namely:

- a) companies which are regulated by the Jersey Financial Services Commission under certain sections

of the Financial Services (Jersey) Law 1998, the Banking Business (Jersey) Law 1991 or the Collective Investment Funds (Jersey) Law 1988, shall be subject to income tax at a rate of 10%, (these companies are defined as “financial services companies” in the Tax Law);

- b) specifically identified utility companies shall be subject to income tax at a rate of 20%, (these companies are defined as “utility companies” in the Tax Law); and
- c) any income derived from the ownership or disposal of land in Jersey shall be subject to income tax at a rate of 20%.

It is anticipated that the Company will be subject to a zero tax.

16.5 Income tax – Shareholders

Persons holding Ordinary Shares who are not resident for taxation purposes in Jersey will be exempt from Jersey income tax on dividends from the Company.

Shareholders who are resident for income tax purposes in Jersey will be subject to income tax in Jersey at the standard rate of 20%, on any dividends paid on Ordinary Shares held by them or on their behalf and income tax may be withheld by the Company on payment of any such dividends.

It should be noted that Article 134A of the Tax Law contains a general anti-avoidance provision, which in the view of the taxes office may be utilised, in certain circumstances, in respect of individuals who are resident in Jersey and who invest in capital investments.

16.6 Withholding tax – the Company

For so long as the Company holds a zero-tax rating, no withholding in respect of Jersey taxation will be required on payments in respect of the Ordinary Shares to any holder of the Ordinary Shares not resident in Jersey.

16.7 Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of securities (unless there is any element of Jersey residential property being transferred, in which case a land transaction tax may apply pursuant to the Taxation (Land Transactions) (Jersey) Law 2009) except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer shares on the death of a holder of such shares. Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts, nor are there estate duties.

16.8 Goods and services tax

Pursuant to the Goods and Services Tax (Jersey) Law 2007 (**GST Law**), a tax rate of 5% currently applies to the supply of goods and services, unless the supply is regarded as exempt or zero rated, or the relevant supplier or recipient of such goods and services is registered as an “international services entity”. The Company is expected to be an “international services entity” within the meaning of the GST Law, as it satisfies the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended. As long as it continues to be such an entity, a supply of goods or of a service made by or to the Company shall not be a taxable supply for the purposes of the GST Law.

16.9 EU saving tax directive

Although not a Member State, Jersey, in common with certain other jurisdictions, entered into agreements with Member States on the taxation of savings income. From 1 January 2015 paying agents in Jersey must automatically report to the Comptroller of Taxes in Jersey any interest payment to individuals resident in the contracting Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (**Directive**) as applied in Jersey. However, no exchanges of information under the Directive as currently implemented in Jersey are expected to apply to payments of dividends in respect of holdings of shares where such payments are made by a Jersey paying agent. Accordingly, any payments of dividends made by the Company to Shareholders in respect of their holding of Ordinary Shares will not be subject to reporting obligations pursuant to the agreements with Member States to implement the Directive in Jersey.

From 1 January 2016, most EU Countries stopped exchanging information under the Directive.

Jersey has notified those countries that the EUSD agreements with them have been suspended, in preparation for the agreement termination from 1 January 2017. Austria is the only exception.

Directive 2014/107/EU, however, extended the scope of the exchange of information by implementing the Common Reporting Standard (**CRS**). The scope now includes interest, dividends and other types of income.

The CRS aims to establish the reporting and due diligence standard for the automatic exchange of information. The first CRS returns will need to have been filed by 30 June 2017.

16.10 Information Reporting Regimes and International Agreements to Improve Tax Compliance

Jersey has signed two inter-governmental agreements to improve international tax compliance and the exchange of information – an agreement with the US (the **US-Jersey IGA**) and another with the U.K. (the **U.K. IGA**). Jersey has also signed up to the CRS, along with over 80 other countries. Since the adoption of CRS, the UK has indicated that it wishes to move from the existing U.K. IGA that it has with Jersey to the CRS.

The Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015 came into force on 1 January 2016 to give effect to the CRS (together with the U.K. IGA and the US-Jersey IGA, the **AEOI Regulations**). The Jersey government has issued draft guidance notes in respect of CRS in Jersey which are supplementary to the core guidance issued by the OECD. There are also separate guidance notes in respect of the US-Jersey IGA and the U.K. IGA.

All Jersey “Financial Institutions” will be required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they can rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations).

The Company is expected to be treated for the purposes of the AEOI Regulations as a reporting Financial Institution. As a result, the AEOI Regulations require the Company to, amongst other things (i) register with the Internal Revenue Service (**IRS**) to obtain a Global Intermediary Identification Number (**GIIN**) (in the context of the US-Jersey IGA only), (ii) register with and notify the Comptroller of Taxes in Jersey of the Company’s status as a “Reporting Financial Institution”, (iii) conduct due diligence on its accounts to identify whether any such accounts are considered “Reportable Accounts”, and (iv) report information on such Reportable Accounts to the Comptroller of Taxes in Jersey. The Comptroller of Taxes in Jersey will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (i.e. the IRS in the case of a US Reportable Account, the HMRC in the case of a U.K. Reportable Account, etc.) annually on an automatic basis.

By subscribing or acquiring, shareholders shall be deemed to acknowledge that further information may need to be provided to the Company, the Company's compliance with the AEOI Regulations may result in the

disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities.

16.11 General

The Company has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in Ordinary Shares. It is the responsibility of all persons interested in purchasing Ordinary Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Ordinary Shares.

Any person who is in any doubt as to their tax position is strongly advised to consult an appropriate professional adviser.

UK Taxation

Overview

16.12 The following information is based on tax law currently in force in the United Kingdom and HM Revenue and Customs practice as at the date of this Admission Document. This information is not exhaustive and potential investors should consult their professional advisers as to the implications of subscribing for, acquiring, holding, redeeming or disposing of Ordinary Shares under the laws of the jurisdictions in which they may be liable to taxation. The statements below are intended as a general summary of the position and do not constitute advice. Persons who are in any doubt as to their tax position should consult their own professional adviser. Investors should note that tax law and interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and that changes may alter the benefits of investment in the Company.

16.13 The information only applies to persons who are resident in (and only in) the United Kingdom and only applies to persons who hold their Ordinary Shares as investments and are the absolute beneficial owners of them.

Tax treatment of the Company

16.14 Provided that the Company is not resident in the United Kingdom for taxation purposes and does not carry on any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

16.15 It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company continues to be exercised outside the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors further intend, insofar as this is within their control, that the affairs of the Company are conducted so that the Company is not treated as carrying on a trade in the UK through a permanent establishment.

Dividends

16.16 Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

16.17 UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company. UK resident individuals who are not domiciled in the UK may be eligible to make a claim to be taxed on the “remittance basis”, the effect of which is that they will generally be subject to UK income tax only if the dividend is remitted, or deemed to be remitted, to the UK, provided that the shares are not UK assets.

16.18 Unless the recipient is a “small company” (as to which see below), Shareholders who are subject to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Shares would qualify for exemption from corporation tax, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules. Dividends that are not exempt will be subject to corporation tax, currently at the rate of 19 per cent.

Shareholders who are subject to UK corporation tax which are “small companies” (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to corporation tax (currently at the rate of 19 per cent.) on dividends paid by the Company on the Shares as the Company is not resident in a “qualifying territory” for the purposes of the legislation contained in the Corporation Tax Act 2009

Disposals of Ordinary Shares

16.19 For Shareholders that are UK resident, any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

16.20 A Shareholder who is an individual resident in the UK and who is not domiciled in the UK who makes gains on the disposal of Ordinary Shares where the proceeds are not remitted to the UK may benefit from the remittance basis of UK taxation. Such individuals should consult their own tax advisers concerning their UK tax liability.

16.21 For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss. In relation to any chargeable gain arising on a disposal of Ordinary Shares on or after 1 January 2018, the indexation allowance applied to determine the amount of the chargeable gain will be calculated to 31 December 2017.

Further information for Shareholders subject to UK income tax and capital gains tax

16.22 The attention of individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2 (Transfer of Assets Abroad) of Part 13 of the Income Tax Act 2007, which seek to prevent the avoidance of income tax in circumstances where an individual who is resident in the UK makes a transfer of assets abroad but retains the ability to enjoy the income arising from those assets. This could include the acquisition of shares in a non-UK incorporated company and any undistributed income of the company such that the income could be attributed to, and be taxed in the hands of, the Shareholder. This legislation should not apply where it can be demonstrated that there are bona fide commercial reasons for the arrangement.

16.23 There are also other anti-avoidance provisions in the UK tax legislation which may potentially affect shareholders in non-UK resident companies, and Shareholders should consult their professional advisers regarding the effect of UK tax anti-avoidance legislation in general.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

16.24 The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

Ordinary Shares held in certificated form

- 16.25* No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.
- 16.26* Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on NEX Exchange (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:
- a) the Shares are admitted to trading on the NEX Exchange Growth Market, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
 - b) The NEX Exchange Growth Market continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).
- 16.27* In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.
- 16.28* The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

17 CREST

- 17.1* The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person’s CREST account to another without the need to use share certificates or written instruments of transfer. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

18 TAKEOVER CODE

- 18.1* The Takeover Code applies to a company whose shares are admitted to trading on the NEX Exchange Growth Market if that company’s registered office is in the United Kingdom, the Channel Islands or the Isle of Man. The Takeover Panel has been appointed by the Companies (Appointment of Takeovers and Mergers Panel) (Jersey) Order 2009 made under Article 2 of the Companies (Takeovers and Mergers Panel) (Jersey) Law 2009 to carry out certain regulatory functions in relation to takeovers and mergers under Jersey law. The rules set out in the Takeover Code have statutory effect in Jersey by virtue of this law.
- 18.2* The Takeover Code governs, inter alia, transactions which may result in a change of control of a public company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, (taken together with shares in which that person is already interested or in which persons acting with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the remaining shareholders to acquire their shares.
- 18.3* Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired which increases the percentage of shares carrying voting rights in which he together with persons acting in concert with him, are interested.

18.4 Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. However, Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Takeover Panel.

19 GENERAL

19.1 Daniel Stewart, which is authorised and regulated by the FCA, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.

19.2 Crowe Clark Whitehill LLP, which is a registered as an auditor by the institute of Chartered Accountants in England and Wales, has given and not withdrawn its written consent to the inclusion of references in this document to its name in the form and context in which it appears.

19.3 There are no arrangements or specified dates in place under which dividends are to be waived or agreed to be waived.

19.4 The total costs, charges and expenses relating to the Admission (including professional fees, commissions, the costs of printing and registrars' fee) are estimated to amount to approximately USD\$ 1,400,000.

19.5 The Ordinary Shares, when paid up, will be available in certificated form; they will also be settled on CREST.

19.6 Save as disclosed in this document, the Company has no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress and there are no principal future investments on which the board has made a firm commitment.

19.7 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Group's recent activities.

19.8 Save as disclosed in this document, the Directors are not aware of any other licences, industrial, commercial or financial contracts which are or may be of fundamental importance to the Company's business and profitability.

19.9 The Directors confirm that the financial information of the Company and the consolidated financial information of the Group (as set out in Parts IV and V of this document) have been prepared in accordance with IFRS and the Directors accept responsibility for them.

19.10 Save as disclosed in this document, no significant changes have occurred to the Geological Surveys and Technical Reports submitted in accordance with NEX Exchange Rule 14 and as are referred to and set out in Part III of this document.

19.11 To the best of the knowledge of the Company and other than disclosed in this document, there are no persons who directly or indirectly control the Company, where control means owning 30% or more of the voting rights attaching to the share capital of the Company. The Company is not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

19.12 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that

third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.13 The financial information set out in the Accountants' Reports in Parts IV and V of this document does not constitute statutory accounts within the meaning of Section 434 of the UK Companies Act.

19.14 Save as disclosed in this document, there is no person (other than professional advisers referred to in this document or trade suppliers or customers dealing with members of the Group) who has:

- a) received, directly or indirectly, from the Company within the twelve months preceding the application for Admission; or
- b) entered into contractual arrangements (not otherwise disclosed herein) to receive, directly or indirectly, from the Company on or after Admission, in each case any of the following:
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the expected opening price of an Ordinary Share on the day of Admission; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.

19.15 Save as set out in this document as far as the Directors are aware there are no environmental issues that may affect the issuer's utilisation of its tangible fixed assets.

19.16 There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

19.17 Save as disclosed in this document, the Directors are unaware of any significant trends in the mineral processing or mining sector in Peru since 30 June 2017 to the date of this document or any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

19.18 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company.

19.19 No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

19.20 No Director, nor any member of a Director's family has a related financial product referenced to the Ordinary Shares.

19.21 Other than the intended application for Admission, and the admission of the Ordinary Shares to trading on the NEX Exchange Growth Market, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Ordinary Shares.

20 ADMISSION DOCUMENT

20.1 Copies of the Admission Document will be available for inspection during normal business hours for one month from the date of issue of the Admission Document at the offices of Daniel Stewart.

20.2 The Admission Document will also be available on the Company's website, <http://www.vimining.com> on or as soon as practicable following Admission.