NI 43-101 Technical Report
San Carlos Property, Río Viejo, Norosí, and San Martín de Loba Municipalities, Bolivar, Colombia

Report Prepared for

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1 Summary (Item 1)

This report was prepared as a National Instrument 43-101 (NI 43-101) Technical Report by Energy OMR SAS (EOMR) for 8768820 Canada Inc.

Property Description and Location

The San Carlos Property (The Property) consists of three mining concession contracts identified with the numbers 12033, 14305 and JGF-09412, totaling 3,234.2 hectares that were granted by the Colombian Ministry of Mines. The concession contracts are located within the Rio Viejo, Norosí and San Martín de Loba municipalities, Department of Bolivar, Republic of Colombia; about 430 km North of the Colombian capital Bogota and 200 km NW of Bucaramanga, capital of the Department of Santander.

The Property is located overlooking the Magdalena River valley, along the eastern margin at the foot hill of the San Lucas Mountain Range (Serranía de San Lucas), the northern portion of the Central Andes of Colombia. The elevation at The Property area ranges from 60 to 350 meters above sea level.

Mineral Tenure

On December 19th 2014, 8768820 Canada Inc. of Canada signed a sale-purchase contract to acquire 100% of the Colombian company Los Mates SAS. The three concessions are valid under regulations of the Colombian mining code Law 685 of 2001.

Los Mates owns 100% of the concessions 14305, 12033 and JGF-09412. However, as of June 30th 2015, 20% of the rights over the concession JGF-09412 were purchased by Los Mates from Jose Luis Avella Santos, and the transfer process is in course of approval and registration in the Agencia Nacional de Minería.

The exploitation phase approval for the concession contracts 12033 and 14305 was issued by the Agencia Nacional de Minería on December 2nd 2010 and April 15th 2011 respectively. The concession contract JGF-09412 entered in the construction and assemblage phase since February 24th 2014. However, for purposes of the NI 43-101 Technical Report, further exploration work is required before a compliant resource estimate can be made. The Property is not affected by environmental restrictions related to natural parks or protected areas.

Geology and Mineralization

The Property is located in the San Lucas Mountain Range that is situated to the NE of the main mountain range of the Colombian Central Andes. This mountain range contains a heterogeneous lithological composition with a historical evolution since the Mesoproterozoic to the Holocene with a generation of metamorphic, igneous and sedimentary rocks including mineralization.

The rocks of the basement are the medium-high grade metamorphic rocks of the gneiss of San Lucas, composed by banded quartz-feldspar gneisses with bands of biotite and hornblende. Rift-related sedimentary sequences deposition caused by the extensional tectonics is accompanied by incipient subaerial dacite-andesite explosive volcanism during late Paleozoic to early Jurassic. The deposition of early middle Jurassic volcanoclastic sequences of the Norean formation in the region is associated to the Jurassic magmatic belt development through the Colombian Andes. The pre-existing volcanoclastic and other rocks are intruded by the early Jurassic formation Norosí-San Martín Batholith. Middle to late Jurassic magmatism is represented by the intrusion of minor hypabyssal intrusives affecting mainly the volcanoclastic sequence.

Structurally, the area of the Property is part of the Eastern Zone of the Serranía that is associated with the western part of the Magdalena valley graben and is characterized by a marked N-S to NE – SW structural trend.

In the Property, the gneiss is observed covering most of the north zone of the area and in isolated hills. In the area, the Norean volcanic unit is composed by extrusive rocks of flow and pyroclastic rocks mixed and interbedded with epiclastic rocks and are observed in the Area of San Carlos hill and Buena Seña and to the west in the concession 14305. In the San Carlos Hill there are outcrops of andesitic hypabyssal rocks of porphyritic texture in dikes and small bodies intruding the volcanic rocks and gneiss that were intercepted in the drill holes. Locally are observed hydrothermal and magmatic breccias that include clasts of porphyries. Alluvial deposits are found through the Property along drainages.

The artisanal mining includes surficial and underground workings through the Property, where gold has been mined from surficial materials of in-situ vein deposits and locally from alluvial concentrations. Most of the artisanal exploitation at the property is underground, extracting sulphide-rich material from veins through tunnels and shafts of up to 80 meters deep.

The available information allows to define three areas where there is concentrated artisanal exploitation and the previous exploration activities including San Carlos hill – Buena Seña, Culo Alzao and El Azul areas located in the concessions 12033 and JGF-09412.

The style of mineralization in the San Carlos Hill – Buena Seña is either disseminated or in veins. The mineralization of gold in veins is of high grade and its full potential has not been fully studied and it is necessary to expand the exploration program to further define the mineral potential of these mineralized structures with the intent to fully comply with NI 43-101 standards. The disseminated mineralization of gold found at this area is low grade and no economic importance.

The zonation of the hydrothermal alteration of a porphyry type deposit is clear. The alteration is more intense on the higher side of the hill where is observed intense sericitic – supergene kaolinite, changing in the periphery of the hill to moderate illite – sericite, then to illite – chlorite ± pyrite and finally to chlorite – epidote ± pyrite. Pervasive sericitic alteration is affecting the volcano-sedimentary rocks. Intermediate argillic alteration is characterized by kaolinite and kaolinite-smectite-chlorite-sericite associations affecting the andesitic tuffs and the granite porphyry. The propylitic alteration is observed in the vocanoclastic host rock including epidote-chlorite-pyryte-chalcopyrite-magnetite association. The potassic alteration is observed in the drill holes SAC13DDH001 and SAC13DDH002, as pervasive K feldspar in the porphyries and is normally overprinted by sericite, chlorite and sodico-calcic alterations. Potassic – calcic alteration is observed with disseminated secondary biotite and biotite inter-grown with epidote in the andesitic tuffs. The albitic alteration is affecting the andesitic tuffs as potassic –calcic alteration in EB-type veinlets with pyrite-chalcopyrite with halo of K feldspar-albite-calcite.

The veins in San Carlos Hill – Buena Seña have two main directions, N50°-60°E and N20°-N45°E and are sub-vertical predominantly. The width of the veins varies from centimeters up to locally 2 m thickness. Other vein sets with poor mineralization (fracture filling) have N-S and E-W directions. To the SE of the San Carlos Hill, framed by two structures of N30°E and N45°E trend, it is found a group of mineralized structures with directions varying from N30°E to N55°E. The veins extension varies from few hundreds up to 1.2 kilometers. The composition of the veins and veinlets is variable: pyrite, quartz-pyrite, iron oxides, quartz-iron oxides, and sericite and illite alterations in the veins and host rocks.

In the area of Culo Alzao, located to the North of the San Carlos Hill, the high grade mineralization hosted in the gneiss is observed in structures striking N10° W and N20°W, and dipping from 80°SW to vertical with widths up to 0.5 m and formed by iron oxides – pyrite – quartz.

The area of El Azul is located to the north of the Culo Alzao hill is characterized by the mineralization in veins hosted in the gneiss, characterized by the association quartz (chalcedonic) – pyrite – chalcopyrite – sphalerite – galena. Sericite - illite which is common in the gneiss halos of few centimeters passing quickly to chlorite – epidote - pyrite moving away from the veins. The strikes of the veins vary from N-S to N10°E and the dip from 80° to 90°. The width of the veins varies from few centimeters up to 0.6 m. The horizontal extension observed in the artisanal underground workings reach 800 m and up to 80 m in vertical.

Exploration

In 2013, Los Mates signed an agreement with Anglo American allowing it to perform exploration activities in the three concessions of the Property.

Ground work consisted of mapping of mineralized structures and artisanal underground workings, soil and stream sediment sampling, and rock sampling of the artisanal adits and of the outcrops at surface. Gold mineralization with values greater than 10 g/t Au was found in the structures at San Carlos Hill – Buena Seña, Culo Alzao and El Azul where the exploration was focused. The campaigns included 718 soil samples, 24 stream sediment samples and 62 rock samples.

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Conclusions and Recommendations

The results of explorations carried out in the Property and the multiple artisanal mining through the property demonstrate the important potential of the property to host considerable resources of gold and silver associated to the high grade structures (veins) identified in the area.

The exploration achieved previously by Anglo American and the Sociedad Kedahda-B2Gold was focused in the discovery of a possible substantial tonnage porphyry type gold – copper deposit at the San Carlos Hill. The disseminated mineralization of gold were tested with drill holes that resulted in contents of gold typically less than 0.3 g/t Au, that have not been of economic interest nor do the contents fall within Los Mates planned exploration focus.

The areas with more potential to host economic high gold grade mineralization in veins of particular interest to Los Mates are: San Carlos Hill – Buena Seña, Culo Alzao and El Azul. Further exploration is deemed necessary to evaluate the property's potential in order to align with NI 43-101 standard requirements.

For the purpose of evaluating the mineral potential of the San Carlos property, a two-phase exploration program is recommended to assess the extent of the mineralization and the continuity of the gold grade in the areas with more potential. The phase I consists of detailed mapping and regional exploration with an estimated cost of US$0.58 Million, and a phase II, first-round drilling consisting of 5,000 m of diamond drilling and other exploration activities with an estimated cost of US$1.98 million. Total budged for phases I and II is US$2.81 million including US$0.25 million for contingencies. The phase I is anticipated to take 4 to 5 months to complete. The phase II may take 3 to 4 months using 2 drill rigs.

The execution of the exploration activities should be accomplished within the industry standards and following the protocols and a comprehensive QA/QC program.

The results of the two phases will be used to define a drilling program required to collect the data to perform a first inferred resources estimate. The density of drilling, holes depth, holes aptitude and quantity of drill holes will depend of the size, the geometry and the characteristics of the mineralization of gold.

2 Introduction (Item 2)

2.1 Purpose of the Report and Terms of Reference

This report was prepared as a National Instrument 43-101 Technical Report (NI 43-101) for 8768820 Canada Inc. by Energy OMR SAS. The objective of this report is to provide 8768820 Canada Inc. with an independent opinion on the technical aspects of the San Carlos Property.

The information contained in this report, opinions and results related to geology, exploration activities, mineralization and exploration potential are based on the author´s field observations and evaluation of the technical information provided by 8768820 Canada Inc. through its subsidiary in Colombia the "Compañía Minera Los Mates SAS" Company. The author considers that the data provided is reliable according to the checks carried out.

8768820 Canada Inc. will use this report according to the contract with Energy OMR SAS and relevant securities legislation. The contract permits 8768820 Canada Inc. to file this report as a Technical Report with Canadian securities regulatory authorities pursuant to NI 43-101, Standards of Disclosure for Mineral Projects. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with 8768820 Canada Inc. The user of this report has to make sure that this is the most recent Technical Report for the Property as it is not valid if a new Technical Report has been issued.

2.1.1 Units of Measure

The metric system has been used throughout this report. Tonnes are metric of 1,000 kg, or 2,204.6 lb. All currency is in U.S. dollars (US$) unless otherwise stated.

2.1.2 Abbreviations

m	meter(s)
t	tonne
km	kilometer(s)
g/t	grams/tonne
tpy	tonnes per year
Ha	Hectares
oz	ounces
au	gold
ag	silver
cu	copper
zn	zinc
pb	lead
N	North
S	South
E	East

W	West
masl	meters above sea level

2.1.3 Common Units

Gram	g
Kilo (thousand)	k
Less than	<
More than	>
Million	M
Parts per billion	ppb
Parts per million	ppm
Percent	%
Square meter	m2
Tonne	t

2.1.4 Common Chemical Symbols

Copper	Cu
Cyanide	CN
Gold	Au
Hydrogen	H
Iron	Fe
Lead	Pb
Silver	Ag
Sodium	Na
Potassium	K
Sulphur	S
Zinc	Zn
Molybdenum	Mo
Platinum	Pt
Uranium	U
Argon	Ar
Tellurium	Te
Selenium	Se
Mercury	Hg

2.1.5 Common Acronyms

AA	atomic absorption
CIM	Canadian Institute of Mining, Metallurgy and Petroleum Engineers
ISO	International Standards Organization

2.2 Qualifications of the Consultant

The professionals preparing this technical report are specialist in the fields of geology, exploration, mineral resource estimation and have experience in providing resource estimates to Colombian based projects listed on the Toronto Venture Stock Exchange.

None of the professionals or any associates employed in the preparation of this report have any beneficial interest in 8768820 Canada Inc. The Consultants are not insiders, associates, or affiliates of 8768820 Canada Inc. The Consultants are being paid a fee for their work in accordance with normal professional consulting practice.

Giovanny Ortiz, by virtue of his education, experience and professional association, is considered Qualified Person (QP) as defined in the NI 43-101 standard, for this report, and is member in good standing of appropriate professional institution. The QP is responsible for this report.

2.3 Personal Inspection of the Property

The author visited the San Carlos Property between the 14^{th} and 17^{th} of April 2015. The objective of the trip was to orientate him with site characteristics, including, geology and mineralization. In May 4^{th}, 2015 the author visited the core shack of Anglo American in Bogotá where the core of previous drilling campaigns carried out in San Carlos was checked.

3 Reliance on Other Experts (Item 3)

The Consultant's opinions contained in this document are based on the available data provided to the Consultants by 8768820 Canada Inc. during the advance of the research. Energy OMR has carried out due care in examining the investigations of other professionals and companies in the project areas and considers that the assumptions and interpretations are correct and reasonable and has no reason to expect that any material fact have been withheld. The sources of information are referenced in Section 27.

According to the criteria of The Consultants, the information from previous investigations was considered appropriated to be included in this report.

4 Property Description and Location (Item 4)

4.1 Property Description and Location

The Property is geographically located in the northern part of the Colombian Central Cordillera of the Andes Mountains, between the Magdalena and Cauca rivers, and it is situated to the eastern side of the of San Lucas Mountain Range (Serranía de San Lucas, “Serranía”); whithin the Río Viejo, Norosí and San Martín de Loba municipalities at the southern part of the Bolivar department. The area is centered at around 8°35’ N latitude and 74°06’ W longitude.

The closer principal cities to the project are Bucaramanga (200 km southeast), Valledupar city (230 km northeast), Medellín (300 km southwest) and Bogotá (430 km south), **Figure 4.1.**

Norosí and Rio Viejo towns are the main supply points to the area where many artisanal underground workings are settled in Buena Seña – San Carlos Hill, Culo Alzao, El Azul, la Nigua and some isolated locations through the Property.

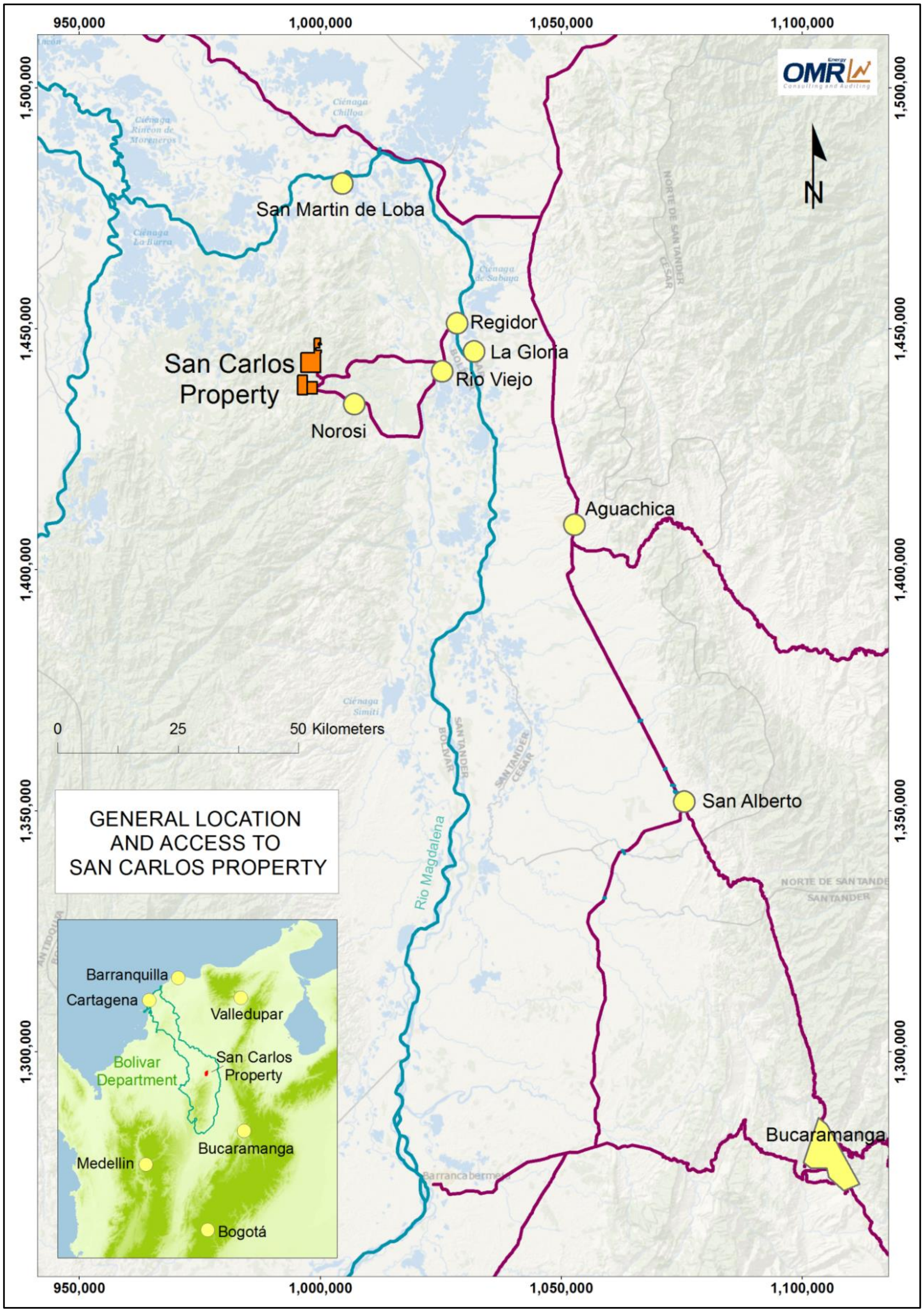


Figure 4.1 Location of San Carlos Property.

4.2 Mineral Tenure

Based in the information provided by the personnel of the "Compañía Minera Los Mates" (Los Mates Company), the author prepared the mineral tenure status of the Property presented in this section. The author trusts in the accuracy of the information provided by the professionals of Los Mates, which has been verified with third party sources.

8768820 Canada Inc. is the unique shareholder of the Los Mates Company in Colombia. On December 2014, through a private document, 8768820 Canada Inc. acquired 100% of the shares of the Colombian company and its assets. The Los Mates Company is a Simplified Joint Stock Company (S.A.S. under the Colombian law) based in Medellín, Colombia, registered in the Commercial Chamber of Medellín and identified with the tributary identification number (NIT) 900366112-2.

The San Carlos Property comprises three Mining Concession Contracts (Concessions) totaling 3,234.18 hectares, identified with the numbers JGF-09412, 14305 and 12033 (**Figure 4.2**). The three concessions are valid under regulations of the Colombian mining code Law 685 of 2001. Los Mates owns 100% of the concessions 14305, 12033 and JGF-09412. However, 20% of the rights over the concession JGF-09412 were purchased by Los Mates from Jose Luis Avella Santos, and the transfer process is in course of approval and registration in the National Agency of Mining (ANM, Agencia Nacional de Minería). The **Table 4.1** presents the status of the concessions to date.

Table 4.1 Status of the Mining Concession Contracts Comprising the San Carlos Property

Contract Number	Size hectares	Registered Title Holder	Phase	Expiry date	Minerals	Municipalities
12033	500	Los Mates	Exploitation	Dec. 10th, 2038	Precious metals	Rio Viejo – Norosí
14305	800	Los Mates	Exploitation	Apr. 14th, 2038	Precious metals	Rio Viejo – Norosí
JGF-09412	1,934.18	Los Mates (*)	Construction and Assemblage	Feb. 23th, 2041	Au, Pt, Cu, Ag, concentrates and other minerals	Rio Viejo – San Martín de Loba

(*) 20% of the rights over the concession JGF-09412 were purchased by Los Mates from Jose Luis Avella Santos. The transfer process is in course of approval and registration in the ANM.

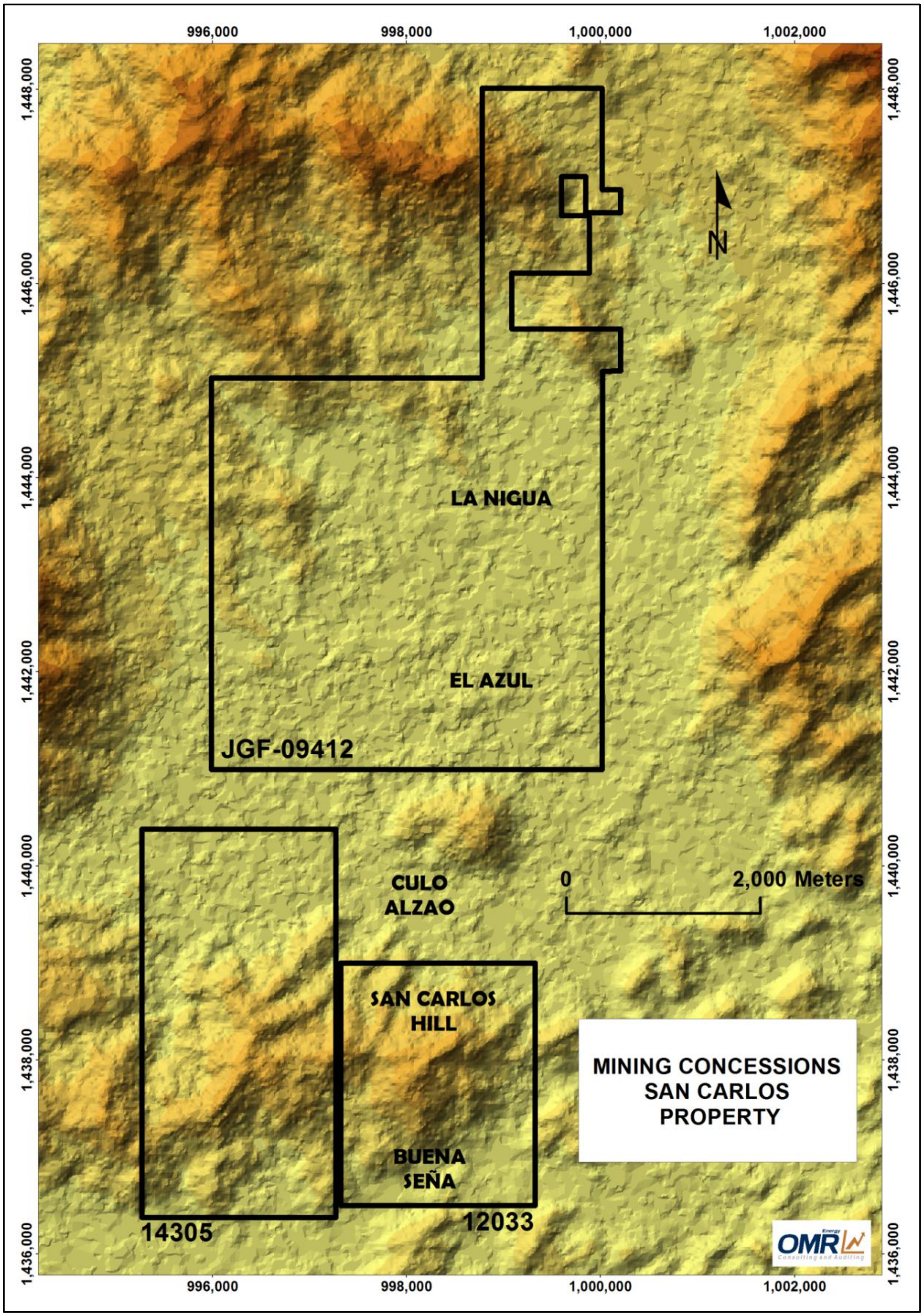
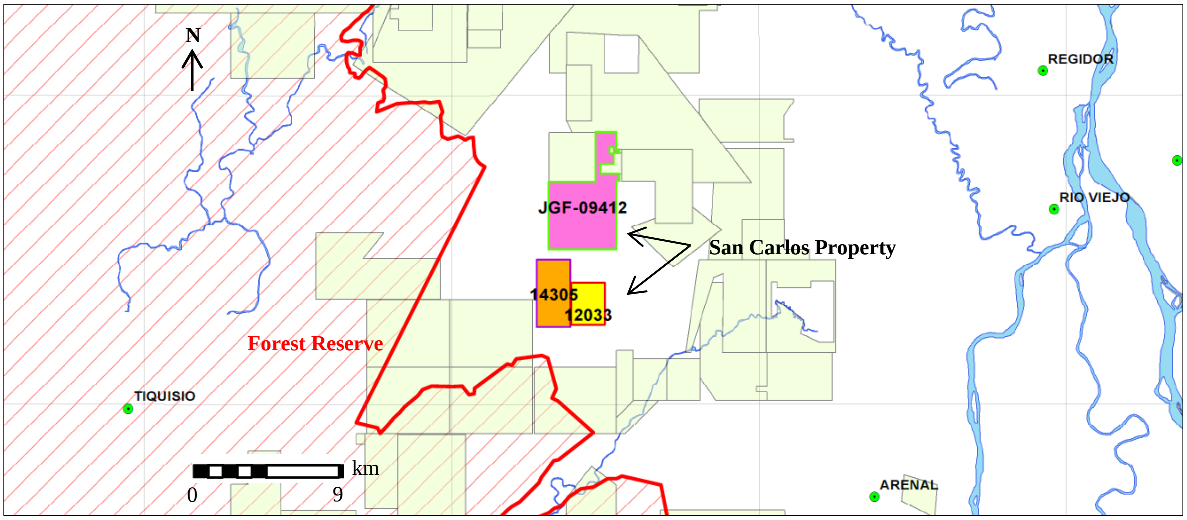


Figure 4.2 Mining Concession Contracts Comprising the San Carlos Property.

To the knowledge of the author there are not additional royalties or encumbrances associated to the concessions comprising the San Carlos Property different to those presented in this report.

The concessions are not affected by the area of Forest Reserve (Law No. 2, 1959) as is shown **in Figure 4.3**.



Source: Tunjano, 2014

Figure 4.3 Location of the concessions of the Property respect the Forest Reserve (In Red Dash) (Law No. 2, 1959)

4.2.1 Mining Concession Contract No. 12033

Although the concession is in exploitation phase, to date there are not exploitation activities carried out by the titleholder. This concession has an approved program of works and investment (PTI), approved by Resolution No. 0078 of August 24, 2004, issued by the competent mining authority, Secretaría de Minas y Energía del Departamento de Bolivar. This permit enables the owners to perform exploitation activities that consist of a very small mining operation. The titleholder is in negotiation process with a mining operator to exploit the concession.

On May 6th 2005, the Corporación Autónoma Regional Del Sur de Bolivar (CSB), the competent environmental corporation, approved the environmental license through Resolution No. 575 for the exploitation activities in the concession. On May 3rd 2013, the CSB approved a water permit for the mining activities in the concession, through Resolution No. 154. Los Mates has initiated the cession process of the environmental license and the water permit from the previous titleholder.

The area does not overlay any area with environmental restrictions.

The inherent obligations of the concession related to the presentation of reports and mining royalties are up-to-date. The mining and environmental policy is in process of expedition.

4.2.2 Mining Concession Contract No. 14305

Although the concession is in exploitation phase, to date there are not exploitation activities carried out by the titleholder. This title has an approved program of works and investment (PTI), approved by Resolution No. 0077 of August 27, 2004, issued by the competent mining authority. This permit enables the owners to perform exploitation activities that consist of a very small mining operation. The titleholder is in negotiation process with a mining operator to exploit the concession contract.

On August 27th 2005, the CSB approved the environmental license (Resolution No. 576) for the exploitation activities in the concession. Los Mates has initiated the cession process of the environmental license from the previous titleholder.

The area does not overlay any area with environmental restrictions.

The inherent obligations of the concession related to the presentation of reports and mining royalties are up-to-date. The mining and environmental policy is in process of expedition.

4.2.3 Mining Concession Contract No. JGF-09412

The concession is in the phase of construction and assembly (Construcción y Montaje). The titleholder is awaiting the answer from the ANM about the 2-year extension of the exploration phase solicited by Los Mates on March 18th 2011. If it is not approved, the titleholder should present the PTO and Environmental Impact Assessment of an exploitation project in the concession to continue with the phases of construction and assembly and exploitation.

The inherent obligation of the concession related to the presentation of reports is up-to-date. The mining and environmental policy and the surface tax obligations are in process to be accomplished.

The area does not overlay any area with environmental restrictions.

4.3 Rights and Obligations of the Mining Concession Contract

In Colombia, the non-renewable underground natural resources and the sub soil belong to the state (except in limited situations); consequentially, the exploration and exploitation of them can only be carried out with the corresponding authorization of the mining authority and where does not exist environmental restriction.

The mining authorities in Colombia are as follows:

- Ministry of Mines and Energy (Ministerio de Minas y Energia, MME): The highest mining authority in the country;
- National Agency of Mining (Agencia Nacional de Minería, ANM): The MME had delegated the administration of mineral resources to the ANM and some Department Mining Delegations. The ANM is responsible for all mining contracts

except where responsibility for the administration has been delegated to the Departmental Mining Delegations;

- Departmental Mining Delegations (Gobernaciones Delegadas): They were created to administer the mining titles in the Departments with important mining activity such as Antioquia, Caldas, Bolívar, Boyacá, Norte Santander, César and Guajira;
- Mining Energy Planning Unit (Unidad de Planeación Minero Energética, UPME): This unit is attached to the MME and have the mission to plan the mining and energy development of the country, support the formulation of the public policy and coordinate the sectorial information with the interested parties, maintaining the System of Colombian Mining Information (Sistema de Información Minera Colombiano, SIMCO - www.simco.gov.co).

According to the Colombian Mining Law 685 of 2001 (Mining Code), the rights of mining exploration and exploitation are consolidated in a unique title eligible to acquire mining rights, the Mining Concession Contract (Concession).

The concession is valid for 30 years and can be extended for another 30 years, after a re-negotiation process to agree additional economical obligations to the royalties. If the area overlaps a Natural Park, the concession cannot be extended.

The concession areas are delimited on a map with reference to a starting point (punto arcifinio) and distances and bearings joining the vertices, or map coordinates.

Obligations of the Mining Concession Contract

- *Surface tax (Canon Superficial):* It has to be paid annually in advance during the exploration and construction phases of the concession after the registry of the contract in the National Mining Registry. The tax depends on the area of the concession as follows:

  a) 1 minimum Colombian daily wage per hectare (about US$10), for concessions of less than 2,000 has;

  b) 2 minimum Colombian daily wage per hectare (about US$20), for concessions areas between 2,000 has to 5,000 has; and

  c) 3 minimum Colombian daily wage per hectare (about US$30), for concessions areas between 5,000 has to 10,000 has.

- *Royalties (Regalías):* For gold and silver, 4% of gross value at the mine entrance for gold and silver (Law 141 of 1994, modified by Law 756 of 2002). For the purposes of royalties the gold and silver price is 80% of the average of the London afternoon fix price for the previous month.
- *Mining-Environmental Policy (Póliza Minero Ambiental):* Is a compliance policy issued by an assurance company, created to guarantee the fulfillment of the mining

and environmental obligations inherent to the concession. The policy should be valid until the termination of the concession.

- *Mining Basic Format (Formato Básico Minero, FBM):* The six-monthly and annual formats have to be filled out with technical information of the activities carried out in the concessions.
- *Program of works and projects (Programa de Trabajos y Obras, PTO):* Before the expiration of the exploration stage, the titleholder should present to the mining authority the PTO that will describe the exploitation activities to be carried out in the period contract.
- *Payment of Inspections:* The titleholder should pay to the ANM for the control and auditing of the obligations of the concession.
- *Environmental License:* Contains all the permits that control the environmental aspects of the exploitation activity in each stage. These permits are issued by the competent authority. For projects with less than 2M tpy of total removed rock, the environmental regional corporations attached to the Environmental Ministry are the competent authority. For projects exceeding 2M tpy of total removed rock, the Ministry of the Environment is the competent authority.

The Mining Concession Contract has three phases:

1. Exploration Phase:
    - Starts once the contract is registered in the National Mining Registry;
    - Valid for 3 years plus up to 4 extensions of 2 years each, for a maximum of 11 years;
    - Annual surface tax;
    - Requires an annual Environmental Mining Insurance Policy for 5% of the value of the planned exploration expenditure for the year; and
    - Present a mine plan (PTO) and an Environmental Impact Study (Estudio de Impacto Ambiental or EIA) for the next phase.
2. Construction Phase:
    - Valid for 3 years plus a 1 year extension;
    - Annual surface tax payments continue as in Exploration Phase;
    - Requires an annual Environmental Mining Insurance Policy for 5% of the value of the planned investment as defined in the PTO for the year; and
    - Environmental License issued on approval of Environmental Impact Study.

3. Exploitation Phase:

- Valid for 30 years minus the time taken in the exploration and construction phases, and is renewable for 30 years;
- Annual Environmental Mining Insurance Policy required. Insured value is the 10% of the product of the volume of the annual production multiplied by the mineral value established by the government.
- No annual surface tax; and
- Pay royalty based on regulations at time of granting the contract.

4.4 Environmental Liabilities and Permitting

4.4.1 Environmental Liabilities

The potential environmental liabilities at the Property are associated with the exploitation activities of the non-authorized artisanal miners. To date, the impacts of these activities to the environment have not been evaluated. Environmental studies may need to be updated in the future.

In the three titles of the Property, exist ongoing artisanal mineral production being more intensive in the areas of Buena Seña – San Carlos Hill, Culo Alzao and El Azul, where the exploitation and mineral process are being performed without technical criteria. A discussion about the artisanal mining operations on the Property is provided in the **Section 20** of this report.

5 Accessibility, Climate, Local Resources, Infrastructure and Physiography (Item 5)

5.1.1 Accessibility

To access to the Property, starting from the most common entry point in Colombia, Bogotá, can be accomplished using the following route (See **Figure 4.1**):

- Bogota – Bucaramanga. 40 flight minutes utilizing a commercial flight, or by a national road taking approximately an 8 hours' journey (410 km)
- Bucaramanga – La Mata. By road, 3.5 hours' journey, (205 km), using the main national road Bucaramanga – Santa Marta.
- La Mata – La Gloria. By road, requires 20 minutes, 20 km of paved narrow road;
- La Gloria – Río Viejo. Crossing the Magdalena river, 20 minutes by ferry or boat;
- Río Viejo – Buena Seña. By road, 1 hour' journey, 36 km of unpaved road in regular shape (in periods of high rainfall could take more travel time).

A total travel time of around 6-7 hours from Bogotá is required to access to the Property area.

Unpaved roads connect Buena Seña with Culo Alzao, El Azul, and to the northern part of the Property, **Figure 5.1**.

Source: Google Earth

Figure 5.1 Google Earth Image Showing the Buena Seña town, San Carlos and Culo Alzao Hills. Image Looking to NNE.

5.1.2 Local Resources and Infrastructure

The area of the Property does not have availability of a good infrastructure of electrical power, safe drinking water, and sewage systems. Buena Seña town counts with a small collective aqueduct without treatment. Although electrical power lines exist providing energy to the different locations, there are recurrent electrical power outages. The service of cell phone is precarious and the internet service is only obtained using a satellite service. There is a medical attention center in Buena Seña offering basic attention. The presence of the institutions of the state is not good and there is absence of some basic services and some state institutions such as the police. In Buena Seña there are various elementary schools but not secondary schools, they are located at Norosí and Rio Viejo.

Unpaved roads in regular shape connect the different locations of the Property and their condition is deteriorated during high rainfall periods.

The towns of Norosí and Rio Viejo are the sites that provide most of the materials and services needed in the area of the Property. Rio Viejo with 6,000 inhabitants counts with all the basic services including: Hotel lodging, restaurants, fixed-line and cellular telephone communication, police station, connection with the regional electrical power grid, the port on the Magdalena River (The Magdalena River have a good navigability), the basic hospital of La Candelaría, aqueduct and a good presence of the institutions of the state..

The supplies that are not obtained in Rio Viejo can be found at the Aguachica town (70,000 inhabitants), that is a 50 travel minutes from Rio Viejo, crossing the Magdalena River and then by road.

The main economic activities of the population of the Property and surrounding are mining, agriculture (manioc, corn, and African palm), livestock (cattle and pig) and fishing.

5.1.3 Climate

The Property area is located within the lower part of the basin of the Magdalena River, the climate is tropical and thus the climate is warm and humid during most of the year. The average daytime temperature ranges between 28 - 32 degrees Celsius. The average precipitation is 2.000 mm per year, with two rainy seasons, March-May and September-December.

5.1.4 Physiography and Vegetation

The Property is located in an undulated topography reaching up to 350 m elevation, **Figure 5.1**. The elevation ranges between 60 and 350 meter above sea level, being San Carlos and Culo Alzao hills the highest topographic features of the Property with 350 m and 250 m elevation respectively. The elevations in the valleys vary between 60 – 100 m, with undulations.

Geomorphological units include structural, denudation and pluvial morphogenetic settings represented by hills, plains, plateaus, valleys, fans and terraces.

The vegetation is typically moderate to high-growth tropical rainforest. Most of the original forest cover has been cleared for agriculture and grazing, particularly at lower elevations. The artisanal mining has stripped the vegetation around the operations.

6 History (Item 6)

6.1 Prior Ownership of the Property

6.1.1 Mining Concession Contract No. 12033

The mining title was created as an Exploration and Exploitation License under the Law 2655 of 1988, and was initially granted in 1990 (Resolution No. 5-10 of December 20th, 1990) by the Ministry of Mines and Energy to Mr. Bernardo Urrego Castañeda. By Resolution No. 082 of September 12th of 2002, the National Agency of Mining authorized the transfer of 100% of the rights over the License to the heirs of Mr. Urrego: Claudia Milena Urrego, Martha Cecilia Urrego, María Consuelo Ortiz, Liliana Urrego, Alexandra Urrego and Beatriz Amparo Urrego.

In 2005, the titleholders requested to the ANM the change of modality of the License to Mining Concession Contract, according to the Law 685 of 2001. The contract was signed and registered in the National Mining Registry on December 2nd of 2010.

By the Resolution of the ANM with No. 293 of March 4th of 2011, the transfer of 100% of the rights over the License to Los Mates was approved.

6.1.2 Mining Concession Contract No. 14305

The mining title was created as an Exploration and Exploitation License under the Law 2655 of 1988, and was initially granted in 1990 (Resolution No. 4972 of December 7th, 1990) by the Ministry of Mines and Energy to Mr. Bernardo Urrego Castañeda. By Resolution No. 082 of September 12th of 2002, the National Agency of Mining authorized the transfer of 100% of the rights over the License to the heirs of Mr. Urrego: Claudia Milena Urrego, Martha Cecilia Urrego, María Consuelo Ortiz, Liliana Urrego, Alexandra Urrego and Beatriz Amparo Urrego.

In 2005, the titleholders requested to the ANM the change of modality of the License to Mining Concession Contract, according to the Law 685 of 2001. The contract was signed and registered in the National Mining Registry on April 15nd of 2011.

By the Resolution of the ANM with No. 0005 of February 10th of 2012, the transfer of 100% of the rights over the License to Los Mates was approved.

6.1.3 Mining Concession Contract No. JGF-09412

The mining title was created as a Mining Concession Contract under the Law 685 of 2001. The Concession Contract was signed by Jose Luis Avella Santos and the Department of Bolivar (Delegated by the Ministry of Mines and Energy) on December 10th of 2010 and was registered in the National Mining Registry on February 24th of 2011.

By the Resolution of the ANM with No. 0358 of April 8th of 2011, the transfer of 80% of the rights over concession to Los Mates was approved.

In 2014, José Luis Avella requested to the ANM, the approval of the transfer of his 20% of the rights over the concession in favor of Los Mates. The approval is in process of evaluation and approval by the ANM.

6.2 Previous Exploration Activities

Previous titleholders of the Property have signed agreements with mining companies that have had interest in the mineral potential of the Property. In 2007 the Joint Venture between Sociedad Kedahda SA and B2Gold Corporation signed an agreement with the titleholders of the Property and performed exploration activities in the area of San Carlos Hill – Culo Alzao that included geological recognition, rock and soil geochemical sampling, drilling and ground magnetism. The results of the exploration campaigns accomplished by the Joint Venture are presented below in this section.

In 2011 the company Orofino Gold Corporation through an agreement, explored the Property performing geochemical sampling of rocks from surface and tunnels in the areas of San Carlos Hill and Culo Alzao. The results of the exploration campaigns accomplished by Orofino Gold are presented below in this section.

In previous years different authors have developed studies in the region including the area of the Property. Some of the studies conducted in the area include:

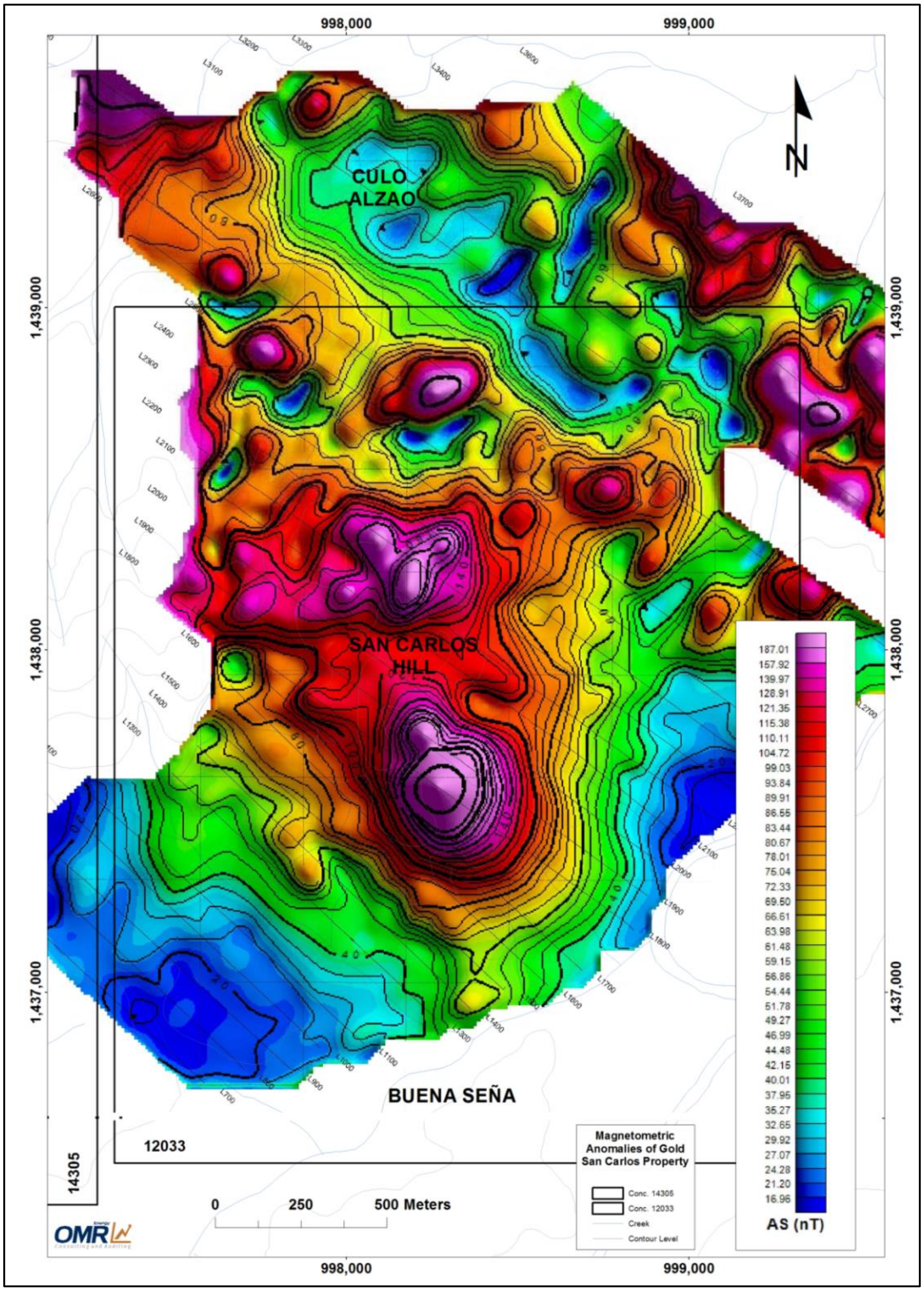
- In the seventies, Bogotá and Aluja, during the development of explorations for uranium, collected information and produced the first geological map of the San Lucas Mountain Range.
- Minercol (1993) collected samples of sediment and soils from the promissory areas of the San Lucas Mountain Range.
- Clavijo (1996) make a litho-stratigraphic and structural characterization of the region, and carried out geochemical prospection, detecting anomalies of associated elements with gold mineralization in the San Lucas Mountain Range.
- Hildebrando Leal-Mejía, 2011, visited the area of San Carlos – Buena Seña and other surrounding areas and performed geological investigations and collected samples for petrographic mineralogical analysis, U-Pb and K-Ar datations and analysis of radiogenic isotopes of Pb and S stables.

6.2.1 Exploration Works of Sociedad Kedahda SA – B2Gold Corporation (Joint Venture), 2007

Geophysics

In 2007, the Joint Venture carried out a ground magnetic survey covering the area of the San Carlos Hill over 590 has. The raw data is not available and the analysis of the results achieved by the Joint Venture is presented below.

"Various filters and transformations of the total magnetic field were applied in order to clean original data and enhance the signal/noise ratio. Other transformations were also applied to try to center magnetic anomalies on top of causative sources. The analytic signal filter was considered to be better than the reduced to magnetic pole transformation, especially in our region which is located at relatively low magnetic latitude. The analytic signal grid was obtained after applying a vertical integration" (Suarez, 2007). The magnetic anomalies obtained from the study are showed in the **Figure 6.1.**



Source: Kedahda, 2007

Figure 6.1 Magnetic Anomalies of San Carlos Hill – Buena Seña – Culo Alzao.

The result of this study shows various sectors with magnetometric anomalies. There are 2 types of magnetometric anomalies, the first related to the lithological composition of the rocks, such as andesitic lavas outcropping in the NW part; the orthogneiss and andesitic dikes that crop in the northern part, in the field found that these rocks have magnetic susceptibility associated with primary lithological composition, these rocks generally show no significant alteration or mineralization, (Suarez, 2007).

The second type of anomaly is found in the crests tops of mountains, where exits a rhyolitic-rhyodacitic sequence, we know that these rocks have no within their lithological composition elements presenting magnetic susceptibility, so it is associated with a mineralizing event (Suarez, 2007)

Given the distribution of the two anomalous peaks in this sector, a central corridor is created between these, with lower values, where it is believed may have happened later replacement of magnetite by sulphides in a second mineralizing event. (Suarez, 2007) .

Guillermo Rodríguez (2007), a Colombian senior Geophysicist, interpreted the following from the results of the magnetic study:

- A prominent N-S structure in the southeast portion of the map.
- An E-W structure splitting the magnetic anomaly spatially relates to the San Lucas Hill.
- Evidence for three well defined magnetic domains: A domain with low magnetic activity in the South and East side of the map which surrounds the magnetic anomaly related to the San Carlos Hill. This domain is related to volcano-sedimentary rocks with low magnetization.
- In the northern section of the map the magnetic field also shows low magnetic activity with the exception of local highs observed that relate to shallow sources (according to the 2nd Vertical derivative map) that are interpreted as intercalations of volcanic rocks with the predominant metamorphic rocks that are known to be in the northern side of the area.
- The third domain, located in the center of the map, relates to the area with higher magnetic intensity and it is spatially correlated with the topographically higher areas of the map. This is the area where most of the work was completed by the Joint Venture and also where the most interesting geochemical anomalies are located. Geologically, this domain correlates with the volcanic and volcano-sedimentary rocks with a higher content of magnetite.
- The E-W structure mentioned previously is interpreted as a relative low that splits in two the magnetic anomaly observed in this domain. The decrease in magnetization producing this low is interpreted as a more intense hydrothermal alteration in this particular area that destroyed the magnetite.

The E-W structure mentioned previously is interpreted as a relative low that splits in two the magnetic anomaly observed in this domain. The decrease in magnetization producing this low is interpreted as a more intense hydrothermal alteration in this particular area that destroyed the magnetite.

Geochemical Sampling

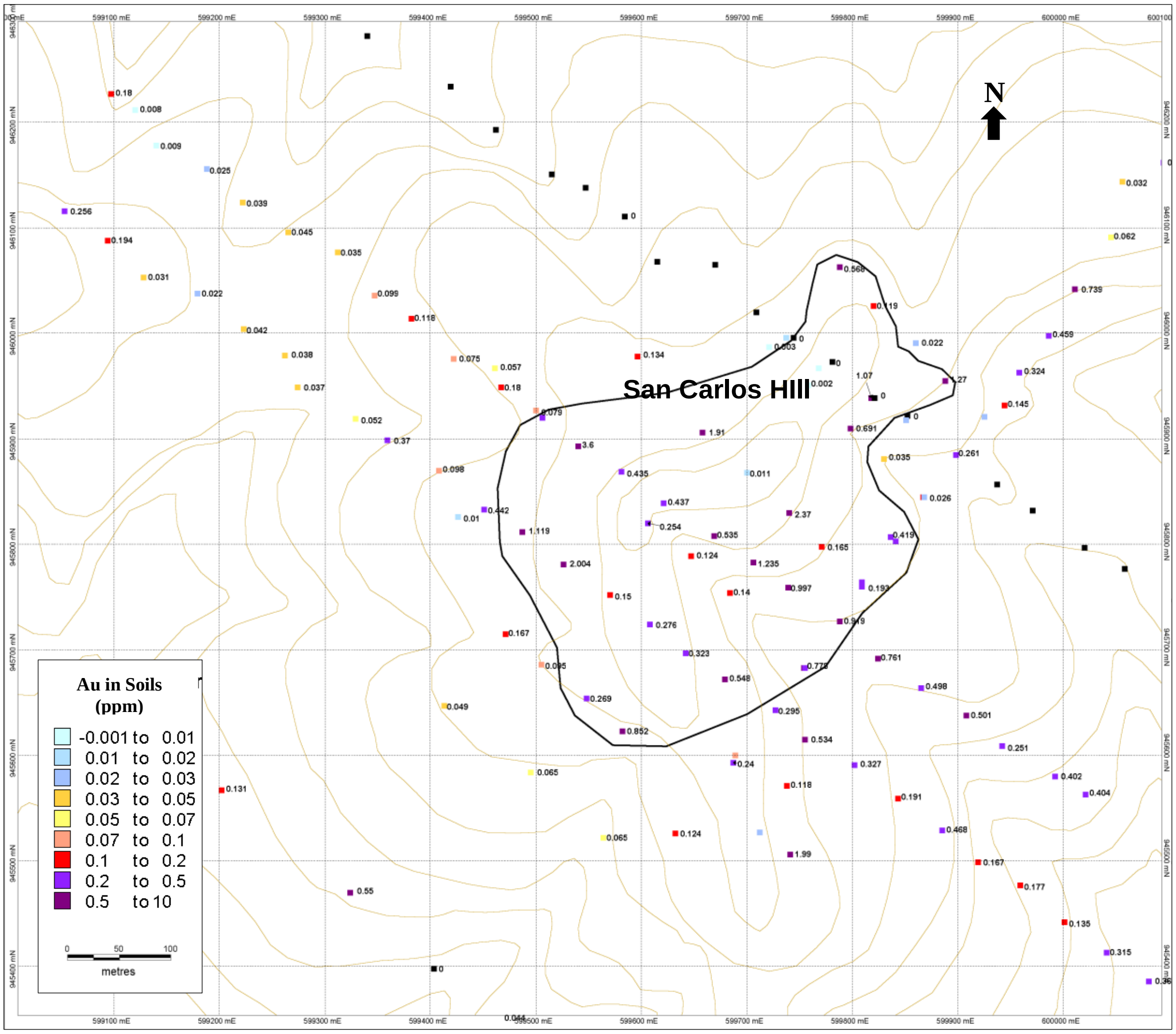
The Joint Venture carried out soil and rock sampling in San Carlos Hill – Buena Seña – Culo Alzao area. **Table 6.1** presents the quantity of samples collected.

Table 6.1 Geochemical Samples collected by the Joint Venture

No. of Samples		
Soil	**Stream Sediments**	**Rocks (Surface – Tunnels)**
80	-------	190

1. Soil Sampling

A systematic soil sampling included 80 samples. An Auger was used to obtain samples at a depth of 2.5 m, all these samples were taken on horizon B. The thick layer of soil that exceeded the limit of auger was taken as limiting in many cases. Sampling was done in the peaks of San Carlos Hill, with the intention of determining the extent and content of Au in soils. As a result, the anomaly of gold shown in **Figure 6.2** resulted in an average of 0.73 g/t Au (Suarez, 2007).



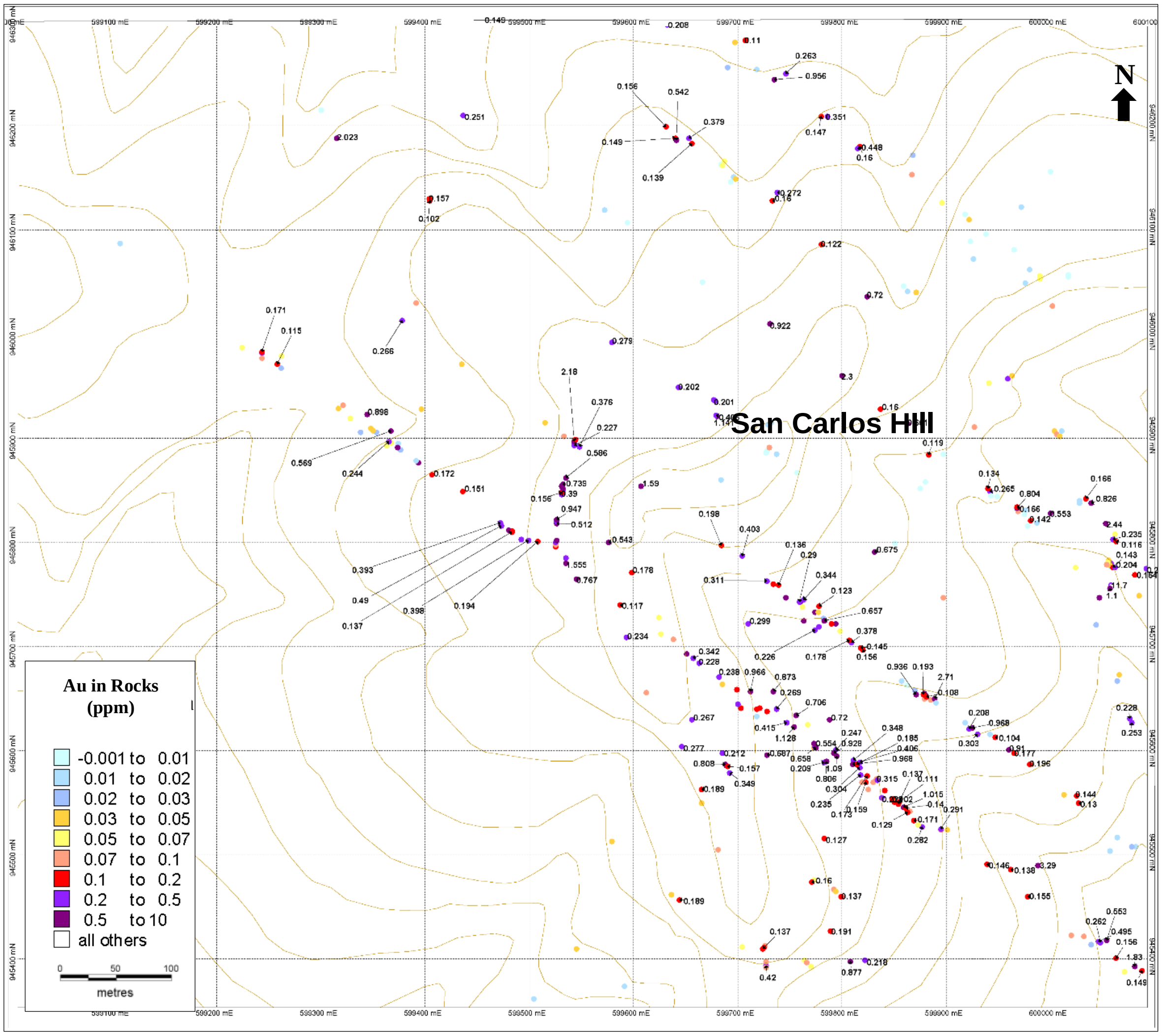
Source: B2Gold, 2007

Figure 6.2 Soil Sampling Results of the Joint Venture Exploration Campaign

2. Rock Sampling

From August 2006 to June 2007, a first systematic campaign was achieved by the Joint Venture. During this campaign were taken 190 rock samples, mainly on structures like veins, veinlets, zones of stockworks, oxidized zones and in areas of dissemination of sulphides.

The results were variable, and the sampling on veins resulted in erratic values of gold of up to 11 g/t Au. In zones with veinlets density and dissemination of sulphides, the values were typically less than 0.5 g/t Au, **Figure 6.3**.



Source: B2Gold, 2007

Figure 6.3 Rock Sampling Results of the Joint Venture Exploration Campaign.

3. Drilling

The Joint Venture during a diamond drilling campaign in 2007 completed 993.9 m, 6 drill holes (HQ core size). The recoveries in sectors were hit hard by high fracturing governing a common pattern in all holes (Suarez, 2007). **Table 6.2** presents the summary of the location and aptitude of the drill holes.

The drilling campaign on 2007 was focused on the porphyry type mineralization (Au-Cu) at San Carlos Hill.

The information of these 6 drill holes were known through the reports of the Joint Venture, and include logs and assays spreadsheets. None of data to validate is available. **Figure 6.4** presents the location and traces of these drill holes.

Table 6.2 Summary of Drill Holes completed by the Joint Venture at San Carlos Hill

Hole No.	East (m)	North (m)	Elevation (m)	Azimuth (°)	Dip (°)	Depth (m)
SC-DDH-09	998,476.581	1,437,886.50	256	128	-50	169.35
SC-DDH-10	998,090.716	1,437,986.45	335	128	-60	174.95
SC-DDH-11	998,191.558	1,437,907.18	380	128	-70	189.65
SC-DDH-12	998,265.986	1,438,079.10	340	128	-60	168.30
SC-DDH-13	997,926.669	1,437,986.84	300	128	-60	201.65
SC-DDH-14	997,926.986	1,438,119.88	290	128	-60	90.00
					Total meters drilled	**993.90**

Note: Bogota Zone Coordinates System

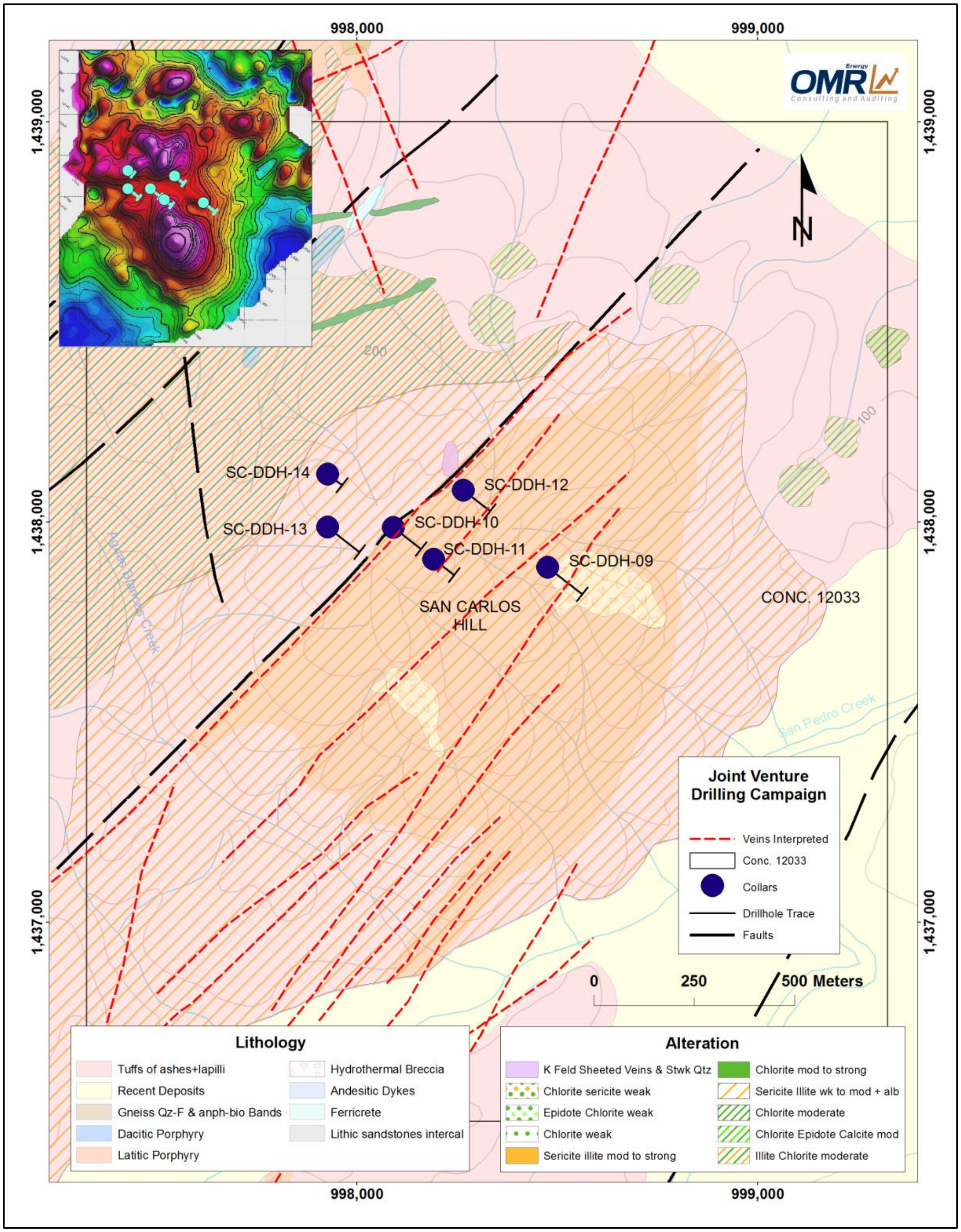


Figure 6.4 Location of Drill Holes completed by the Joint Venture at San Carlos Hill.

The **Table 6.3** shows the general results of the drilling campaign of the Joint Venture. Although exists alteration of the rocks and there is mineralization in veinlets, stockworks and dissemination, the gold grades obtained from the drill holes performed were not positive.

Table 6.3 Drilling Results of the Joint Venture Campaign, 2007

Hole No.	Zone	Comments / Results
SC-DDH-09	Breccia Zone	Without interesting values. 17 ppb Au average
SC-DDH-10	West of the San Carlos Hill	10m @ 0.71g Au\t 24m @ 0.16g Au\t
SC-DDH-11	San Carlos Hill	48m @ 0.33g Au\t 20m @ 0.31g Au\t
SC-DDH-12	San Carlos Hill	42m @ 0.233g Au\t
SC-DDH-13	West of San Carlos Hill	30m @ 0.237g Au\t
SC-DDH-14	West of San Carlos Hill	Without interesting values. 41 ppb Au average

6.2.2 Exploration Works of Orofino Gold Corporation, 2011

James, M. (2011) reported rock sampling works along creek focused in the areas of San Carlos Hill, Culo Alzao and Buena Seña. There were sampled 33 sites, including surface and artisanal underground workings.

"In Title 12033 we have been locating, describing and sampling veins and mineralized outcrops. We have visited all active and some abandoned mines. Other abandoned mines are inundated or too dangerous to enter. There are a few areas with abandoned works that have not been studied but 90% of the areas with known Au resources have been visited" (James, 2011).

James (2011) reported approximately 22 active artisanal mines at Buena Seña – San Carlos Hill – Culo Alzao. Tenors from 1.5 to 37 g/t Au were obtained from around 12 -15 veins with mining history, while in the 7 principal veins which include Mina Loca, Mina Agua, Mina Ancha, Mina San Carlos, Mina Arete Templado, Mina Buena Seña, Mina Comité and Mina Culo Alzado, the values tend to fall in the 10 - 40 g/t Au class. There are stockwork systems, high sulphidation veins and mineralized wall rock that make up potentially high volumes of material for a large scale underground vein or elongate open pit mine in Title 12033 (James, 2011).

6.3 Historical Production

Artisanal gold mining has been performed for over 200 years all around the district of San Lucas that is considered as one of the more prolific gold mining districts of Colombia with up to 9 t of gold produced per year, reaching the 35% of the Colombian production of gold (Pernett, 2011). According to the Colombian Mining Information System (www.simco.gov.co) the reported production of gold between 2003 and 2013 was 24,000 Au Oz for the Municipalities of Rio Viejo and Norosí, and 18,100 Au Oz for the Municipality of San Martin de Loba between 2001 and 2013 with not continuous records.

Leal-Mejía (2011) mentions that the veins at San Carlos Hill - Buena Seña have been exploited for more than 30 years by artisanal miners, producing about 1,300,000 oz of Au. Additional to the vein deposits, some alluvial deposits have been exploited in the Property, and not historical data of the production is available.

6.4 Historical Mineral Resource Estimates

No 43-101 compliant mineral resource estimates has been carried out on the Property.

7 Geological Setting and Mineralization (Item 7)

7.1 Regional Geology

San Carlos project is located in the San Lucas Mountain Range (Serranía de San Lucas - Serranía) that is situated to the NE of the main mountain range of the Colombian Central Cordillera of the Andes Mountains. This mountain range contains a heterogeneous lithological composition with a historical evolution since the Mesoproterozoic to the Holocene with a generation of metamorphic, igneous and sedimentary rocks including mineralization (**Figure 7.1**).

The Precambrian medium to high grade metamorphic rocks of the gneiss of San Lucas are composed by banded quartz-feldspar gneisses with bands of biotite and hornblende. Outcrops of this unit are found to the north and the western border of the San Lucas mountain range, defining an N-S belt of 160 km long by 20 km width (Cediel and Caceres, 2000; Gomez et al., 2007). Low-grade metamorphic rocks of the Pinillos and La Virgen units of the early Paleozoic crop out to the west in a N-S band, comprising black granitic schists (**Figure 7.1**). This unit is correlated with the metamorphic basement of the Colombian Central Cordillera of the Andes Mountains (i.e. Cajamarca and Valdivia groups) and the Quetame Group of the Colombian Eastern Cordillera, respectively (Clavijo et al., 2008).

Rift-related sedimentary sequences deposition caused by the extensional tectonics associated with the late Paleozoic to middle Cretaceous Bolivar Aulacogen is accompanied by incipient subaerial dacite-andesite explosive volcanism during late Paleozoic to early Jurassic (Bogotá and Aluja, 1981; Clavijo et al., 2008). Outcrops of these rocks are found in small areas to the N and SE borders of the mountain range (Cediel and Caceres, 2000; Gómez et al., 2007).

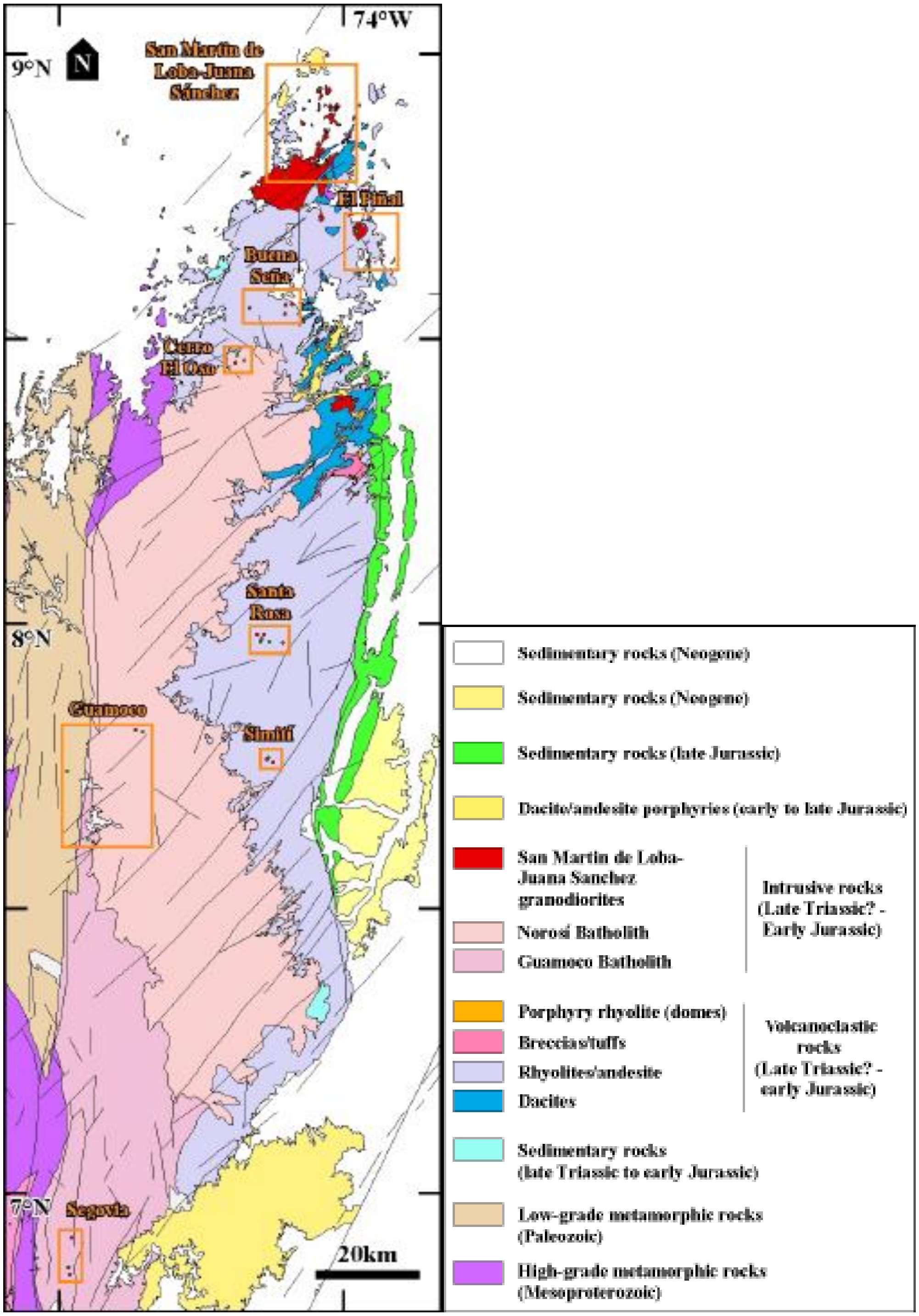
The deposition of early middle Jurassic volcanoclastic sequences of the Norean formation (Clavijo, 1996) in the region is associated to the Jurassic magmatic belt development through the Colombian Andes. This unit forms a N-S band covering the entire eastern border of the mountain range (Leal-Mejía, 2011). Intercalation of volcanic rocks and sedimentary deposits form a thick sequence (aprox. 4000 m) as a product of a period of explosive volcanism (Clavijo et al., 2008).

The pre-existing volcanoclastic and other rocks are intruded by the early Jurassic formation Norosí-San Martín Batholith. Outcrops of this unit are found along a N-S trending belt parallel to the volcanoclastic deposits to the west (Leal-Mejía, 2011).

Middle to late Jurassic magmatism is represented by the intrusion of the Segovia Batholith to the west of the Serranía and other minor hypabyssal intrusives affecting mainly the volcanoclastic sequence (Clavijo et al., 2008).

Relicts of late Jurassic sedimentation, following the Jurassic magmatism crops out in small lenses along the eastern border of the Serranía (i.e. Arenal Formation, Clavijo, 1996).

Pliocene to present sedimentary deposits partially cover the flanks of the Serrania, associated with the sedimentary basins of the Magdalena and Cauca Rivers (Cediel and Caceres, 2000; Gómez et al., 2007).

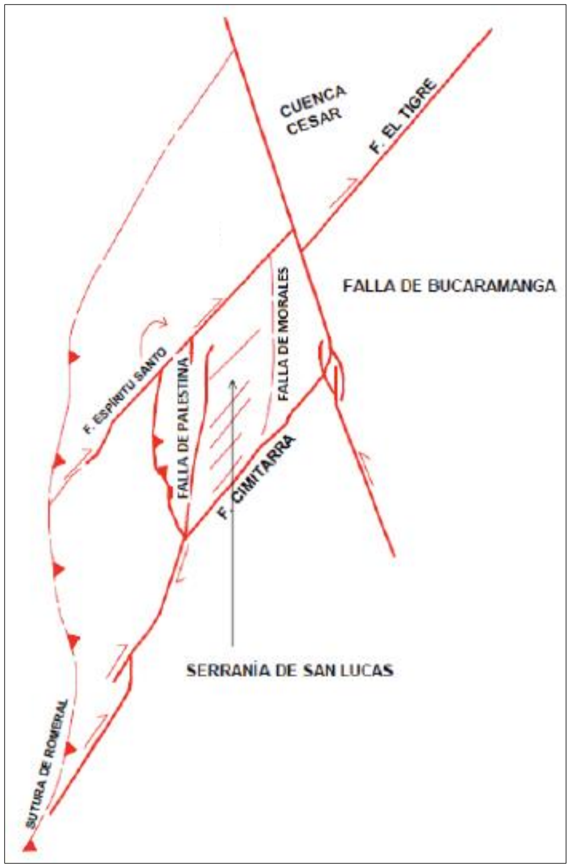


Source: Leal-Mejía, 2011

Figure 7.1 Geology of the Serranía de San Lucas Region.

7.1.1 Structural Geology

The isolated block of the Serranía exhibits a complex tectonic, delimited to the west by the Palestina fault, to the north by the Espiritu Santo-Murrucucu fault, to the east by the Morales fault and to the south by the Cimitarra fault (Clavijo et al., 2008). **Figure 7.2**.



Source: AGS-Nativa, 2013

Figure 7.2 Major Faults of the Serranía de San Lucas Region.

Bogotá and Aluja (1981) divide the Serranía in three areas differentiated by the style of deformation:

1- Eastern Zone; to the east of the Serranía towards the Magdalena valley. Characterized by a marked N-S to NE-SW structural trend. This zone is associated to the western part of the Magdalena valley graben.

2- Central Zone; comprising the Eastern flank of the mountain range. This zone is limited in both eastern and western sides by N-S to NE-SW faults. To the west faults are related to the Palestina Fault System, which mark the contact between the Jurassic intrusive rocks of the Norosí - San Martin Batholith and the Mesoproterozoic and early

Paleozoic metamorphic rocks to the west. Two major conjugated fault systems following N50 - 60°E and N20 - 30°W directions are the most important and a third N-S direction subordinated system would be associated with the tectonic reactivations.

3- Western Zone; comprising the Western flank of the mountain range. This zone is characterized by a N-S trend associated with the Palestina Fault System, with a secondary conjugated fault system following N45°E and N40°W directions. These structures affect mainly the N-S belts of Mesoproterozoic and Paleozoic metamorphic rocks. The movements of the N-S structures of the Palestina Fault system are considered to be responsible for reactivation of the N50-60°E structures of the Central Zone.

Tectonic Evolution

Clavijo et al. (2008) presents a summary of the geological history and tectonic evolution of the Serranía region, the northern middle Magdalena valley and the north-western border of the Eastern Cordillera.

He defines eight different tectono-stratigraphic events for this broad region from the Meso-Proterozoic to present times.

Two early metamorphic events affected the region and are well-recorded by high- and low-grade metamorphic rocks of Meso- to Neo-Proterozoic and early Paleozoic ages associated to the Orinoco and Quetame orogenies, respectively.

The development of extensional tectonic regime during the late Paleozoic to the early Cretaceous associated with the Bolivar Aulacogen are well-recorded by extensive magmatic and associated volcanic-sedimentary rocks covering most of the Serranía area (e.g. Norosí - San Martin Batholith and Norean Formation), which are related to four different tectono-stratigraphic events from late Triassic to late Cretaceous, (Clavijo et al. 2008).

A tectonic inversion event during the Eocene - Oligocene associated with the collision of the Farallones Plate with South-America, is regarded as responsible for the uplift of the Serranía and also for the inversion of pre-existing normal faults and structures in this compressive tectonic regime.

The final Miocene to present tectono-stratigraphic event is regarded as responsible for the complete inversion of Jurassic and Cretaceous sedimentary basins as a response to generalized regional deformation and uplifting during the Northern Andean Orogeny.

7.2 Property Geology

7.2.1 Lithology

Gneiss

The distribution of the Mezoproterozoic Gneiss occurs covering most of the north zone of the area study and in isolated hills that stand in your own flat relief to the south zone of the Property, **Figure 7.4.** The gneiss consists of thin continuous and undeformed strips up to 5 cm thick, composed by quartz, feldspar, plagioclase, biotite, amphibole and iron oxides. The banding is defined by white bands composed of quartz and plagioclase sodium and dark bands composed of amphibole (hornblende), mica (biotite) and iron oxides. **Figure 7.3** shows core of gneiss in San Carlos hill.

Source: Anglomerican, 2013

Figure 7.3 Gneiss in Drill Hole SAC13DDH001, 550.50 m.

To the North of San Carlos Hill, the preferred banding is N10-20°W / 67°NE, where outcrops a quartz feldspar-biotite gneiss with white bands composed by quartz and feldspar inter-grown by granoblastic texture, and dark bands with granoblastic texture to lepidoblastic texture, formed by mafic minerals, biotite and amphibole that print the banded texture.

The Norean volcanic complex

This unit is widely distributed throughout the study area and generates morphologies of hills moderate to high slope, and aligned in direction NE. The volcanic complex brings together a variety of extrusive rocks of flow and pyroclastic rocks mixed and interbedded with epiclastic rocks. It is composed of lapilli tuffs and crystal ash; crystal-lithic ash, lava and lapilli tuffs, that interspersed with agglomerates and epiclastic rocks, sandstones and tuffaceous siltstones. Usually appear pseudo-stratified in medium to thin levels, in continuous parallel flat geometry, with moderate to strong inclination, affected by tectonism.

The following is the description of each level that composes the Norean Volcanic Complex in the Property:

Pyroclastic and epiclastic rocks

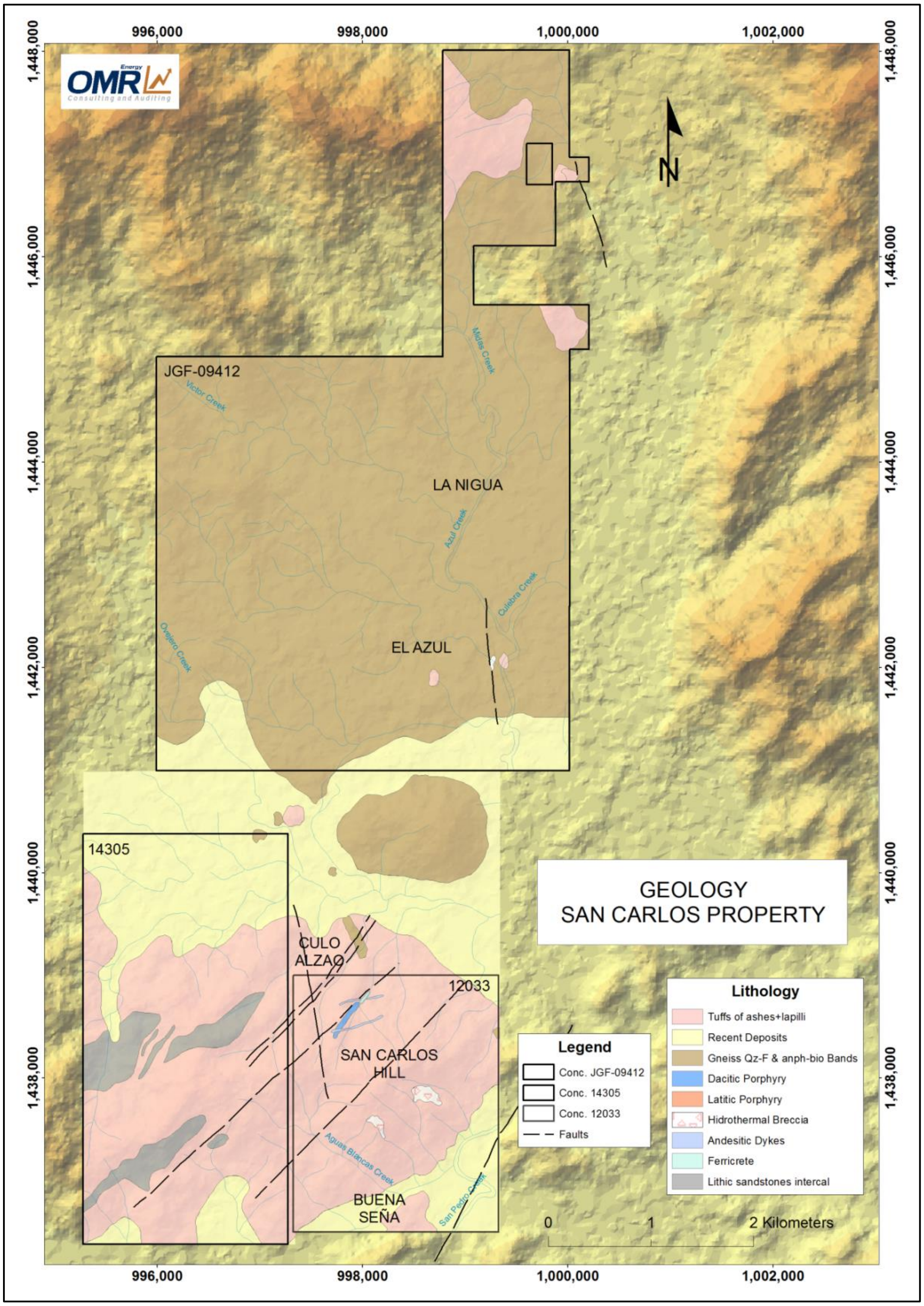
These rocks outcrop through the property as tuffs, lavas and pseudo stratified volcanic sediments. The arrangement of the layers has the appearance of a sedimentary sequence. Rock fragments of glass, small crystals of quartz, plagioclase and tuffaceous rocks are observed.

Andesitic - dacitic volcanic breccia

These rocks crop out on the West of the Property where appears with a brecciated texture, with a cryptocrystalline vitreous matrix, with xenoliths of sedimentary and volcanic rocks. In the breccias are observed lithics of dacitic lava of up to 4 cm with angular crystals of rhyolite and andesite, and anhedral crystals of amphibole replaced by epidote chaotically arranged across the rock and embedded in a matrix of microcrystalline quartz and fine grained plagioclase.

Dacitic and rhyolitic pyroclastic rocks

These rocks appear in Buena Seña Town where crystal tuffs are observed, apparently overlying unconformable on epiclastic rocks although the relationship could be interpreted like an inter-stratification due to the low angle of the contact surface and the flow or stratification planes.



Source: Modified from Anglo American, 2013

Figure 7.4 Geology of the Property.

Andesitic Lavas and Tuffs

The basal part of the known volcanic sequence is formed by lava and lithic tuffs of andesitic composition of dark green to grey color, locally magnetic, hard and compact. The mineralization is apparently not favorable in this unit. The alteration is weak chlorite and the veining intensity is much lower than in the rhyolitic levels. This unit is observed at depth in the drill holes completed in San Carlos Hill, **Figure 7.5**.

Source: Anglo American, 2013

Figure 7.5 Andesitic Tuff, Cut by Quartz-Monzonite-Diorite Porphyritic Micro-Dike. Drill Hole SAC13DDH002, 621.10 m.

Rhyodacitic and Riolitic

This unit is common in the south part of the Property and is formed by tuffs of fine to coarse ash and lithic tuffs lapilli type with lithics of 1 to 4 mm diameter, locally with flow structures and gas cavities. This level present a good intensity of veinlets and stringers associated with low grade mineralization of gold, with Quartz-sericite and argillic alteration associated.

Andesitic Lavas

These lavas are the cover of the low grade mineralization of gold and are characterized by siliceous and less siliceous and magnetic lavas. Some lavas have scarse lithics of less than 2 mm diameter and some levels of volcanic agglomerates with siliceous matrix. Mineralization is not observed in these lavas.

Rhyodacitic Crystal Tuffs

Outcropping to the South of the San Carlos hill, this unit is composed by ash tuffs, with lithics of 1-2 mm diameter, locally volcanic glass, ortosa crystals and biotite. Typically with violet matrix. These rocks are not hydrothermally altered and without mineralization associated.

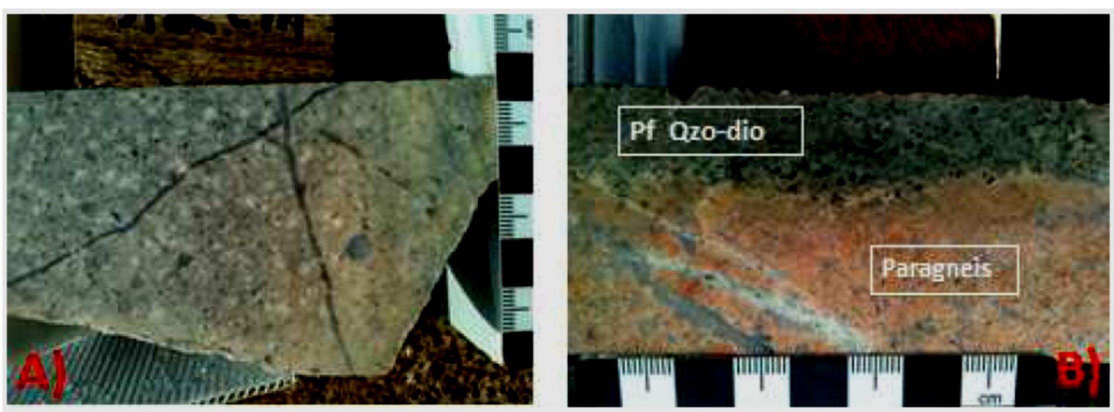
Rhyolitic Crystal Tuffs

This unit is the youngest outcropping in the Property. Are part of the formation “Riolitas del Cristal”, and are formed by a sequence of crystal tuffs of rhyolitic composition, with matrix of fine ash, 2-3 mm diameter lithics, volcanic glass, crystals of plagioclase, ortosa and biotite, pink to cream color and without mineralization and not hydrothermally altered.

Leal-Mejía (2011) by the K-Ar methodology, analyzed a core sample from the San Carlos Hill of associated hydrothermally altered lapilli tuff, hosting auriferous quartz + sulphide (pyrite) veins and veinlets and exhibiting strongly pervasive sericite hydrothermal alteration. The whole-rock analysis of the sample yielded a late Jurassic age of 162 ± 4 Ma, which is interpreted as the age for hydrothermal alteration and probably the mineralization at the San Carlos Hill.

Hypabissal Andesitic Group

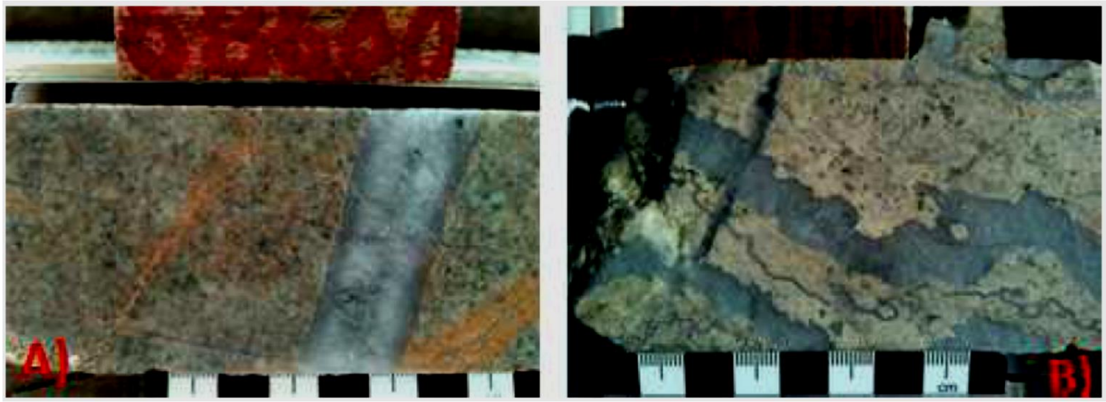
Rocks of this unit are found at the San Carlos Hill, Buena Seña town, Oquendo creek, Las Minas creek and El Polvillo zone. This unit is observed as small intrusive bodies dispersed through the area, like in the San Carlos Hill. **Figure 7.6** shows core of porphyry of different compositions in San Carlos Hill. Probably the quartz-monzonitic-dioritic porphyries are intra-mineral and the quartzdioritic and dioritic porphyries are pre-mineral (Anglo American, 2013).



Source: Anglomerican, 2013

Figure 7.6 Core of Drill Hole SAC13DDH001: A) Quartz-Monzonitic-Dioritic Porphyry with Quartz Phenocrysts. 451.35 m Depth; B) Quartz Dioritic Porphyry with a Gneiss Xenolite, 617 m Depth.

These rocks are characterized by a porphyritic texture with medium grain equi-granular crystals of plagioclase and less common potassic feldspar in an aphanitic matrix. Locally the feldspars have been affected by sericitic alteration with fractures filled by calcite. Quartz appears as an accessory mineral and in phenocrysts. **Figure 7.7** shows core of rhyodacitic and granitic porphyries of San Carlos Hill.



Source: Anglomerican, 2013

Figure 7.7 A) Rhyodacitic Porphyry with Quartz Crystals in Drill Hole SAC13DDH002, 686 m depth. B) Granitic Porphyry with UST Texture (unidirectional silicification texture), in Drill Hole SAC13DDH001 416 m Depth.

These hypabyssal rocks show intrusive contacts with the volcanics of the Norean formation. The presence of porphyritic andesitic and dacitic dikes and silos are observed and evidence the sub-volcanic events cutting the tuffs and epiclastic stratification.

Dating of these rocks show ages between 158 ± 12Ma y 144.4 ± Ma, of the late Jurassic.

Dacitic to Andesitic Hypabissal Rocks

Characterized by a porphyritic texture and an aphanitic matrix with phenocrysts of plagioclase and locally rounded quartz of intermediate grey color of dacitic to andesitic composition. Outcrops of these rocks are not found in the Property, but some drill holes have intercepted these rocks in San Carlos Hill.

Andesitic Dikes

Compact rocks of dark green color with aphanitic texture and magnetic response. Alteration and mineralization is absent. The dikes are observed cutting the ortho-gneiss and the volcanic sequence and apparently was emplaced after the mineralization event.

Hydrothermal Breccias

Possibly of Jurassic age, the breccias consist of quartz matrix and angular to sub-angular fragments of granodioritic and granitic intramineral porphyries. It also includes magmatic breccias with matrix of granodioritic porphyry and subangular clasts of sub-angular granitic and granodioritic porphyries. (Anglo American, 2013). **Figure 7.8** shows core of hydrothermal breccia of San Carlos Hill.

Source: Anglomerican, 2013

Figure 7.8 Hydrothermal Breccia with Crypto - crystalline Quartz in Drill Hole SAC13DDH001, 351 m Depth.

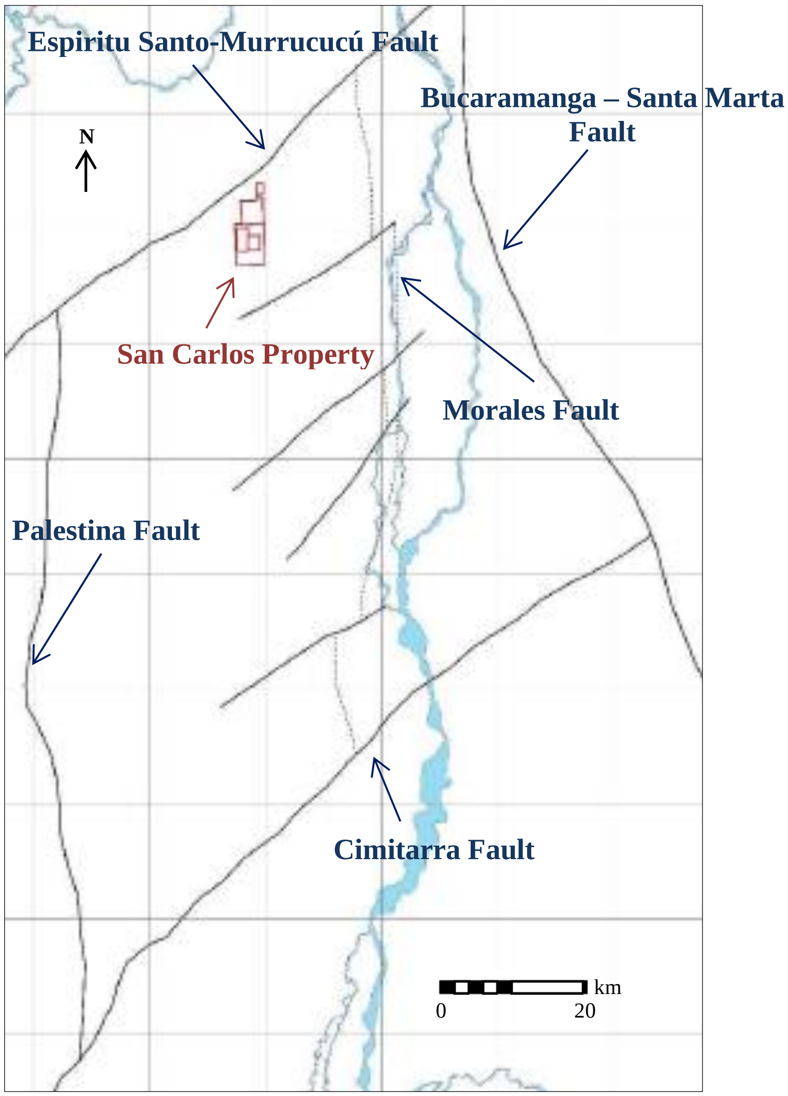
Quaternary Deposits

Alluvial deposits of channel are observed through the Property along the creeks and rivers and are formed by sand, gravel and blocks in the mountainous areas and sand and silt in the plane areas. Some colluvial type deposits are observed at San Carlos Hill composed by angular fragments of tuffs.

7.2.2 Structural Geology

Structurally, the San Carlos Property is part of the Eastern zone of the Serranía de San Lucas characterized by a marked N-S to NE-SW structural trend. The following main trends control the mineralization in San Carlos Property:

- The N40°E trend, parallel to the main trace of the Espiritu Santo - Murrucucú and the Cimitarra fault systems (**Figure 7.9**), controlling the mineralization in veins in San Carlos hill;
- N-S and N10°W structures controlling mineralization in El Azul and Mina Culo Alzao.



Source: Mera-Carvajal, 2013

Figure 7.9 Structural Scheme of the San Lucas Mountain Range

Suarez, 2007 describes other structures in San Carlos as follows:

- N50W faults, sinistral type, have generated staggered displacements of the volcanic sequence in San Carlos (**Figure 7.10**);
- N40E fault, controlling Veta Ancha vein, younger than the previous N50°W as it has not been displaced,
- N55E fault, observed to the E-SE flank of the San Carlos Hill;
- E-W fault, controlling the Piloto creek to the north of the San Carlos Hill.

7.2.3 Mineralization

Based on the available exploration information, the following three areas have the best mineral potential of the Property and will be described separately in this section.

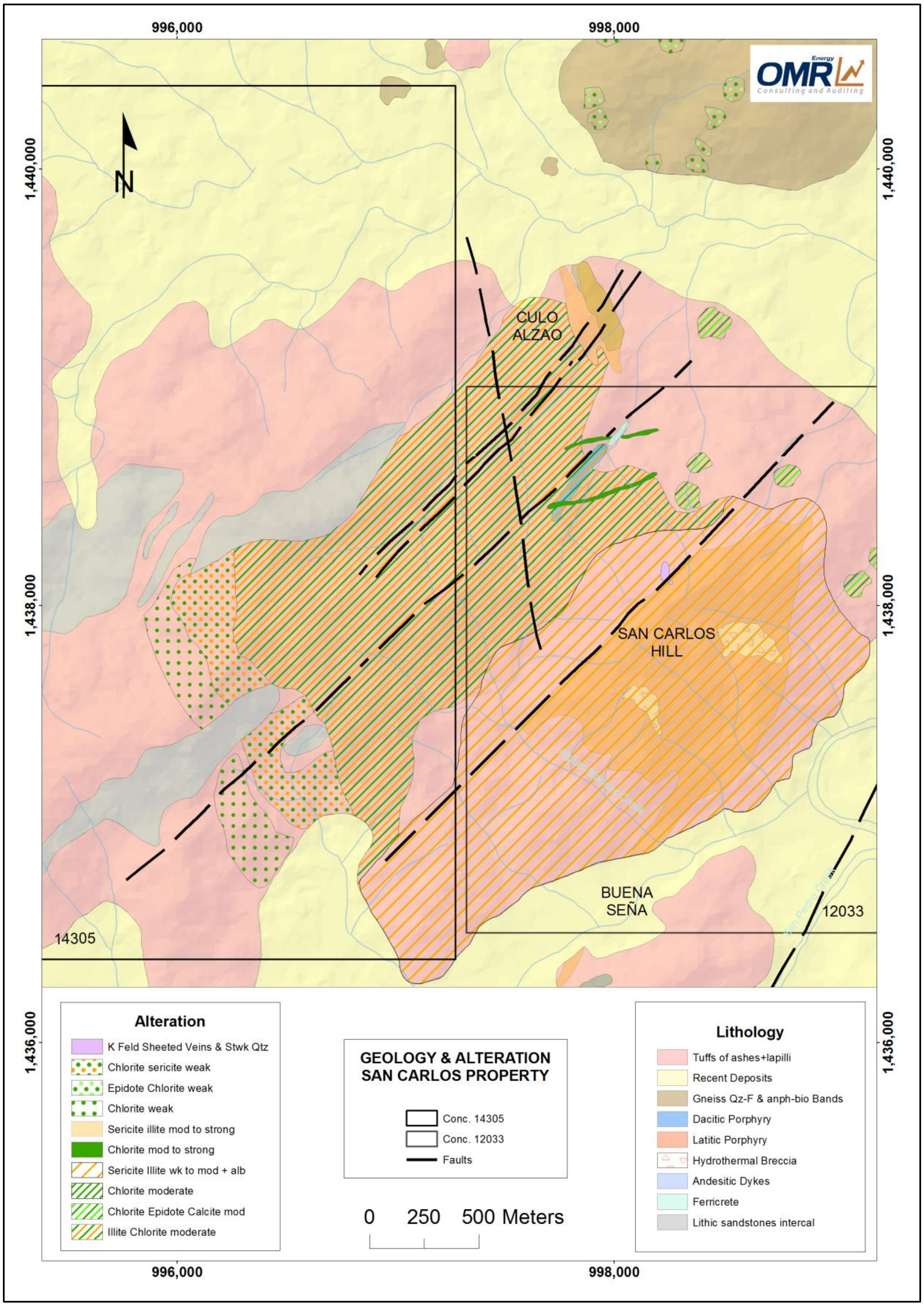
- San Carlos Hill – Buena Seña
- Culo Alzao
- El Azul

Other areas like La Nigua and other isolated areas through the Property have artisanal mining but the exploration information is poor, and is required additional works, **Figure 7.4**.

San Carlos Hill – Buena Seña

The style of mineralization in the San Carlos Hill is either disseminated or as veins. The disseminated mineralization of gold found at San Carlos Hill is low grade and has not economic importance. The mineralization of gold in veins is of high grade and has not been studied appropriately and it is necessary carry out a complete exploration program to define the mineral potential of the veins.

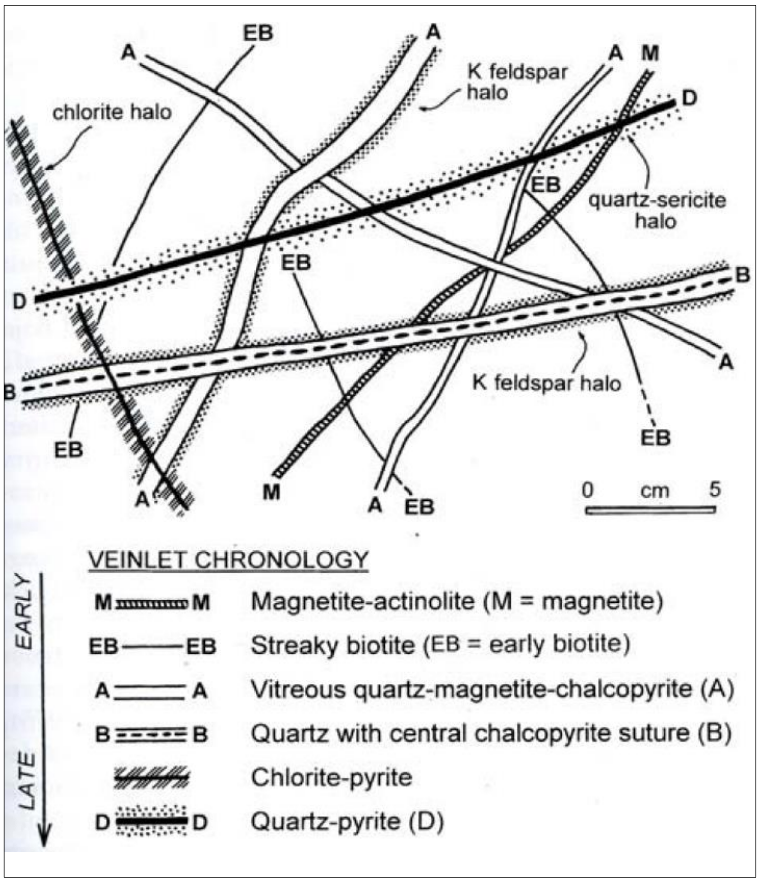
Anglo American, 2014, defined an area of 2 km by 1.4 km of mineralization/hydrothermal alteration contained in the gneiss and in the Norean complex. Into the veins is commonly observed the leached zone of brecciated rock with fragments of tuffs, veins and veinlets of milky and hyaline quartz, limonitic cement/matrix with jarosite – hematite – goethite – gold - silver, and in some structures there is preservation of base metals (Cu-Mo-Pb-Zn). The host rocks are andesitic, latitic and dacitic tuffs with halos of sericite – illite alteration close to the structures and quickly passing to illite - chlorite ± pyrite affecting only some meters on both sides of the veins. **Figure 7.10** presents the geology and hydrothermal alteration of the San Carlos Hill – Buena Seña area.



Source: Modified from Anglo American, 2013

Figure 7.10 Geology and Alteration of San Carlos Hill – Buena Seña Area

The zonation of the hydrothermal alteration is clear. The alteration is more intense on the higher side of the hill where is observed intense sericitic – supergene kaolinite, changing in the periphery of the hill to moderate illite – sericite, then to illite – chlorite ± pyrite and finally to chlorite – epidote ± pyrite. On the higher side of San Carlos Hill is observed a 30 m by 80 m strip of strong sub-parallel veining type AB and B with secondary biotite and K feldspar halo including disseminated pyrite (up to 1%) and hematite and goethite, (Anglo American, 2014). **Figure 7.11** shows the veining schema of anAu-rich porphyry, (Sillitoe, 2000).

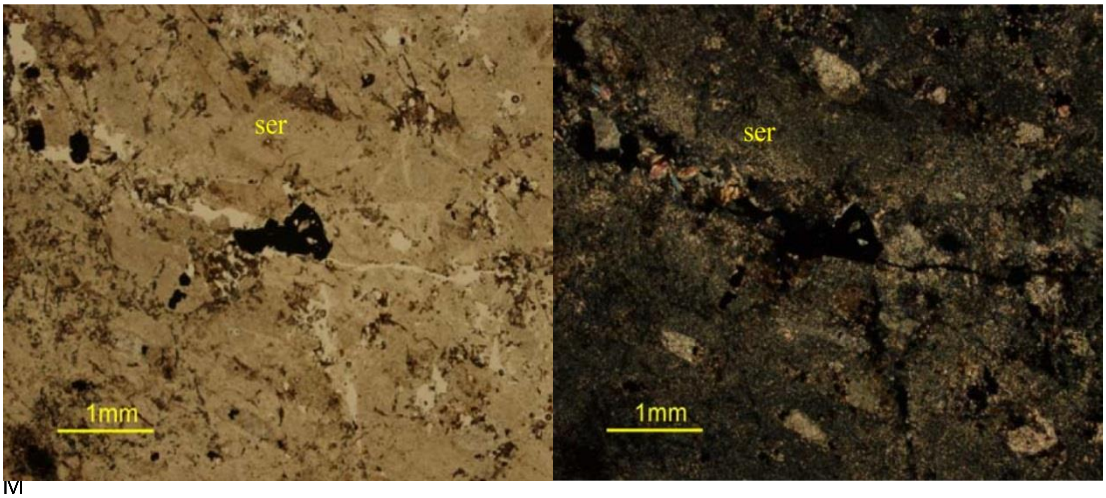


Source: Sillitoe, 2000

Figure 7.11 Schema of Typical Dense Veinlet Stockwork in Au-Rich Porphyry Deposit Showing Sequential Formation of Different Vein-Types.

Hydrothermal Alteration

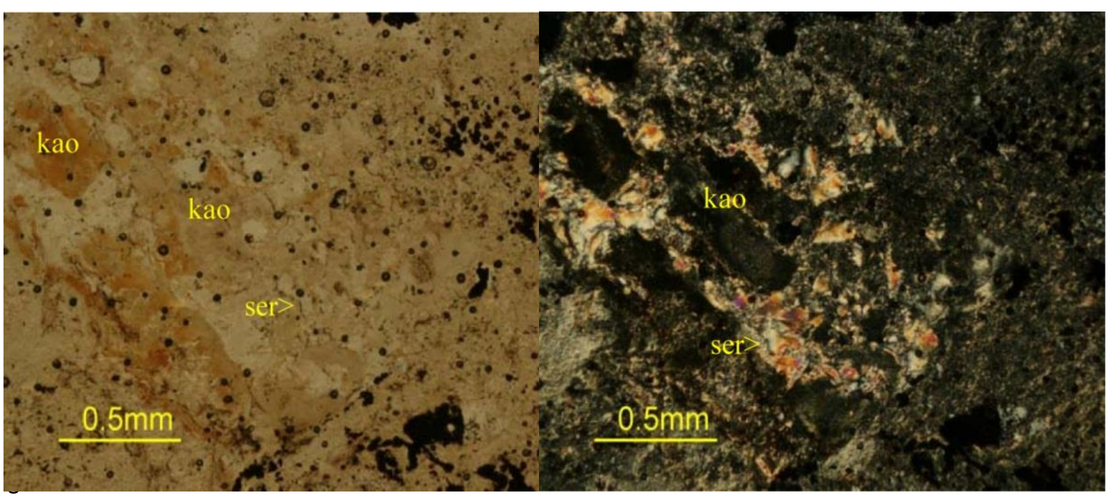
Sericitic Alteration: Pervasive sericitic alteration is common affecting the volcano-sedimentary sequence rocks. In the veins, sericite is observed with quartz and ± Pyrite, (**Figure 7.12**). Quartz D-type veining with suture of pyrite - chalcopyrite ± Molybdenum and sericitic halo is observed in the andesitic tuffs and less common in the intra-mineral porphyries.



Source: Leal - Mejía, 2011

Figure 7.12 Left: Fine – Grain Sericite Replacing All the Rock, with a Vein Filled up with Larger Crystals of Sericite, San Carlos; Right: Image in Crossed Polars.

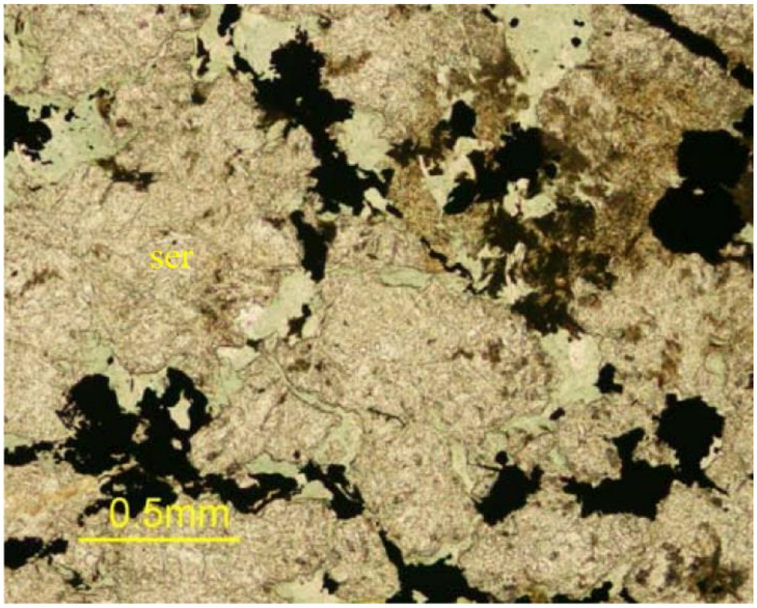
Intermediate Argillic Alteration: Kaolinite is common in many parts of the hill and is found as white soft aggregates composed by small crystals (cryptocrystalline range) , inter-grown with fine-grained quartz, and replaced by associations of quartz - sericite (Leal-Mejía, 2011), **Figure 7.13**. In the first meters of drill hole SAC13DHH002 is observed kaolinite - smectite ± chlorite ± sericite in the andesitic tuffs and in the granitic porphyry with pyrite contents of up to 3%, being apparently the lower part of a lithocap, (Anglo American, 2014).



Source: Leal - Mejía, 2011

Figure 7.13 Left: Fine – Fine-Grained Kaolinite Alteration (kao) Enveloped and Crosscut by Late Sericite (ser). San Carlos Hill; Right: Image in Crossed Polars.

Propylitic Alteration: This alteration is common in the volcanoclastic host rock including Epidote + Chlorite + Calcite + Pyrite ± Chalcopyrite ± Magnetite. Sulphides are common with up to 2% content of predominantly pyrite. In the borders of the intra-mineral porphyries is observed Epidote – Chlorite – Pyrite overprinting the potassic alteration, Anglo American, 2014. Chloritic alteration is observed filling veins or overprinting most of the alteration minerals, including K - feldspar and biotite, sodic-calcic, and sericite alterations, associated with sulphide mineralization of pyrite and sphalerite (Leal-Mejía, 2011), see **Figure 7.14**.



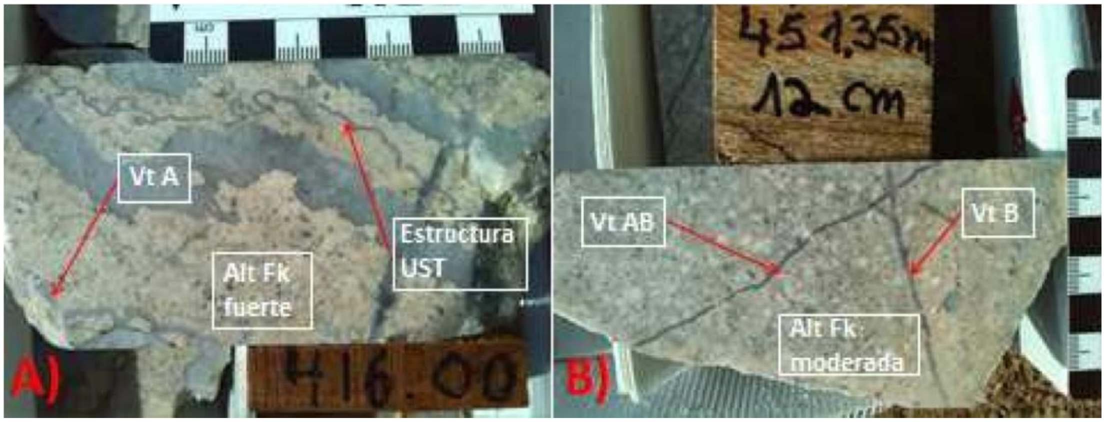
Source: Leal-Mejía, 2011

Figure 7.14 Sericitic Alteration (ser) Crosscut by Associations with Pyrite (opaque) and Chlorite (green).

Potassic Alteration: It is observed in the drill hole SAC13DDH001 as pervasive K feldspar in the granitic, granodioritic and rhyodacitic porphyries including A - type veining of cryptocrystalline quartz sinuous and discontinuous. The B - type veins are composed by quartz – molybdenum – chalcopyrite – pyrite associated to the porphyries and volcanoclastic host rocks. **Figure 7.15** presents the potassic alteration affecting the porphyries in San Carlos Hill.

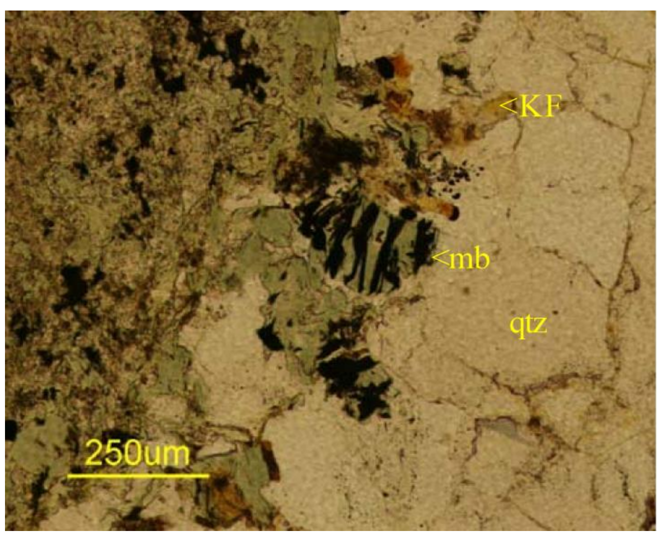
Potassic alteration is normally overprinted mainly by sericite, chlorite and sodico - calcic alterations. Leal-Mejia observed secondary feldspar replacing early primary magmatic K-feldspar crystals, biotite alterations occurring as small relicts into chlorite and potassic alteration enriched in magnetite crystals, sometimes replaced by pyrite. In quartz veins K-feldspar is observed with pyrite and minor amounts of molybdenite and chalcopyrite. **Figure 7.16**.

Secundary biotite, K feldspar, retrograde chlorite and magnetite veinlets of magnetite are observed in the quartz - dioritic, quartz - monzonitic and monzodioritic porphyries.



Source: Anglo American, 2014

Figure 7.15 A) Granitic Porphyry with Strong K feldspar Alteration, A-Type Veins,A-Type Veins and UST (Unidirectional Solidification Texture) Texture, in Drill Hole SAC13DDH001, 416 m depth; B) Granodioritic Porphyry with Moderate K Feldspar Alteration, Secondary Biotite, Quartz – Molybdenum - Pyrite B - Type Veins Cutting Quartz - K Feldspar – Chalcopyrite - Pyrite AB - Type Vein in Drill Hole SAC13DDH001, 451.35 m Depth.



Source: Anglo American, 2014

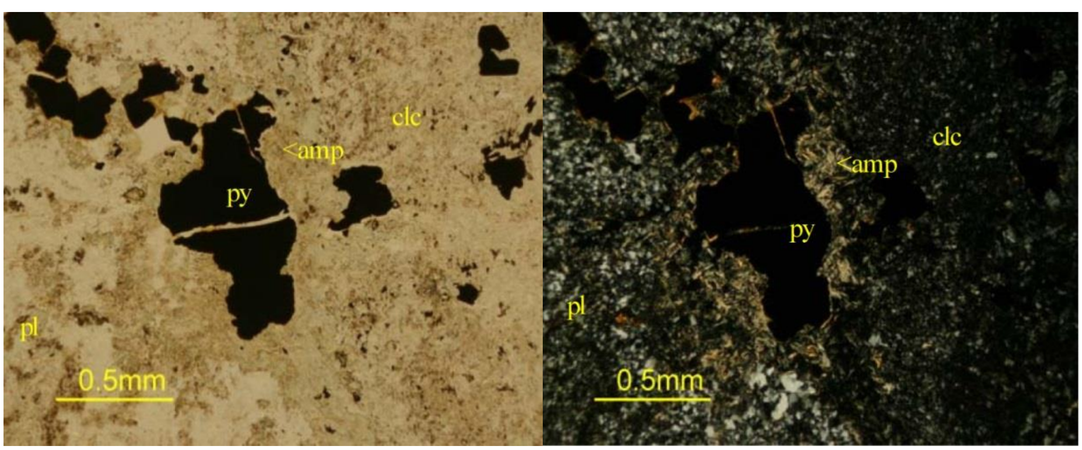
Figure 7.16 Vein Infilling with Quartz (qtz), K - Feldspar (KF), Chlorite (green) and Molybdenite (mb). San Carlos Hill, Core 1.

Potassic -Calcic Alteration: At 268 m depth in drill hole SAC13DDH_001 are observed the andesitic tuffs with moderate to strong alteration with disseminated secondary biotite, with veinlets of secondary biotite inter - grown with epidote, AB - type veinlets of quartz with suture of molybdenum ± chalcopyryte and halo of K feldspar – epidote – chalcopyrite toward the borders of the K feldspar – biotite alteration, **Figure 7.17,** (Anglo American, 2014).

Source: Anglo American, 2014

Figure 7.17 Andesitic Tuff with Potassic – Calcic Alteration.

Leal-Mejia (2011) calls sodic-calcic alteration in San Carlos the presence of albitic plagioclase in association with secondary fibrous pale greenish amphibole. This alteration is observed filling veins, sometimes in association with epidote and pyrite, although pyrite is formed early. Uralitic amphibole may constitute the vein infilling and the selvages and in other cases may replace intensively the rock. (Leal-Mejía 2011), **Figure 7.18**.



a

l-Mejía, 2011

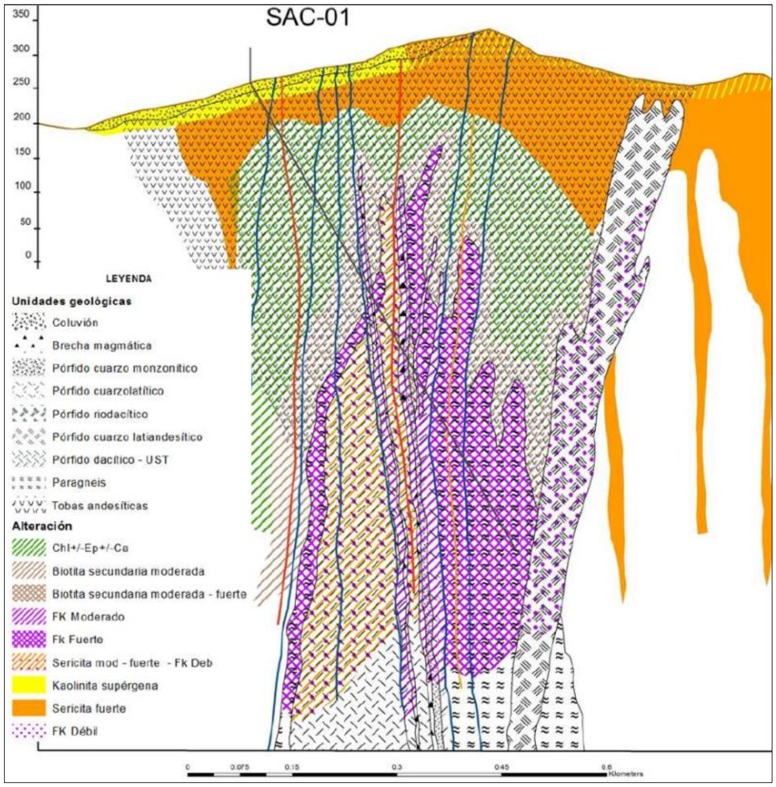
Figure 7.18 Left: Image in Crossed Polars. Right: Image in Crossed Polars. Note That Amphibole is Found Into the Veinlets Cutting Across Pyrite. Note Higher Interference Colors in Amphibole.

Albitic alteration. This alteration is observed in the andesitic tuffs in drill holes SAC13DDH001 and SAC13DDH002 where the association of moderate potassic – calcic alteration in EB - type veinlets with pyrite – chalcopyrite with halo of K feldspar – albite ± calcite is overprinting the moderate secondary biotite alteration in the andesitic tuffs. This alteration is commonly observed in the borders of the K feldspar alteration, **Figure 7.19, (**Anglo American, 2014).

Source: Anglo American, 2014

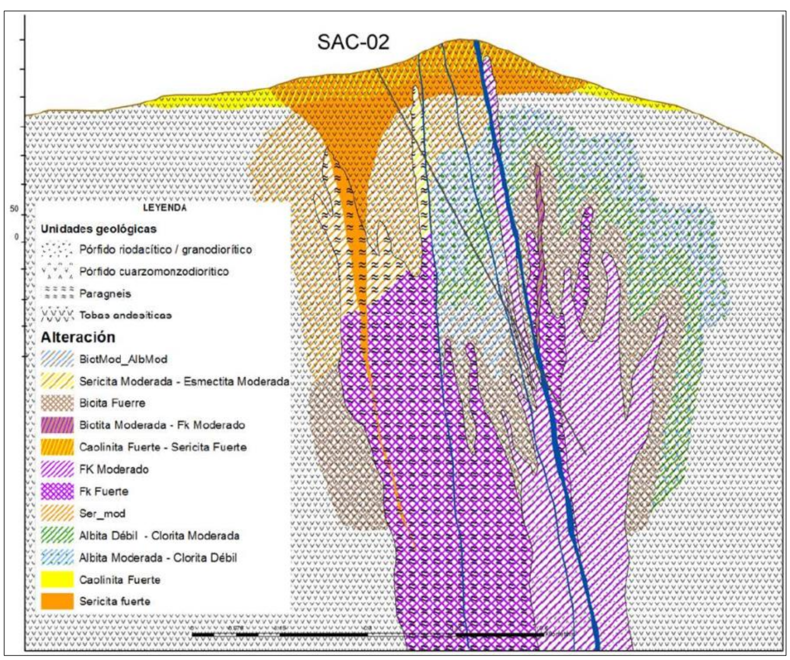
Figure 7.19 Andesitic Tuff with K Feldspar – Sodic Alteration Overprinting the Moderate Secondary Biotite Alteration in Drill Hole SAC13DDH001, 294 m Depth.

The **Figures 7.20 and 7.21** show the vertical sections and the interpretation of the drill holes SAC13DHH001 and SAC13DHH002, (Anglo American, 2014).



Source: Anglo American, 2014

Figure 7.20 Schematic Vertical Section, Drill Hole SAC13DHH001.



Source: Anglo American, 2014

Figure 7.21 Schematic vertical section, drill hole SAC13DHH002.

Systems of Veins

The veins have two main directions, N50° - 60°E and N20° - N45°E and are sub-vertical predominantly. The width of the veins varies from centimeters up to locally 2 m thickness. Other vein sets with poor mineralization (fracture filling) have N - S and E - W directions (Leal-Mejía, 2011).

To the SE of the San Carlos Hill, framed by two structures of N30°E and N45°E trend, a group of mineralized structures (Veins) with directions varying from N30°E to N55°E is found. **Figure 7.22**.

The vein "Veta Ancha" is located in the eastern side of the San Carlos Hill, with a discontinuous horizontal extension of close to 1,200 m (Suarez, 2007), N37°E strike and variable dipping and up to 72°NW in the northern part and changing to 75°SE to the south. The width is varying from 0.4 to 1.7 m and is characterized infilling of iron oxides – breccia clasts. In the Aguas Claras area, the vein is characterized by quartz-pyrite and grey color in the fresh rock, (Camacho, 2011).

Other sub-parallel veins to the Veta Ancha structure are found to the South and SE of the San Carlos Hill. These structures have variable directions between N25°E to N55°E, and dipping typically to the SE from 70° to 90° and widths varying between 0.10 to 1 m. **Figure 7.22** shows the interpreted mineralized structures in the area of San Carlos Hill - Buena Seña.

Veinlet systems of NW, NE and E-W strikes are frequently irregular, discontinuous, with ramifications and without systematic distribution in the vulcanoclastic rocks. The main concentration of these veining systems is located on the higher side of San Carlos hill and around forming small bodies. The veins and veinlets width vary from few millimeters to some centimeters, accompanied by micro - breccias and poor dissemination.

The composition of the veins and veinlets is variable: pyrite, quartz-pyrite, iron oxides, quartz-iron oxides, and sericite and illite alterations in the veins and host rocks.

To the NNE of the San Carlos Hill and at the border of the concession No. 12033, is the area of Las Palmeras, where a vertical vein with direction N17°E is being exploited in different tunnels with a length of 350 m and 0.3 m thickness, characterized by iron oxides and quartz (Suarez, 2011). In the mine La Palmera, is being exploited a vertical NS vein.

Outside of the concession No. 12033, in the area of Los Mangos, where appears a structure, there are some veins of direction N16°E and 80°SE dipping, with 130 m extension and width of 0.6 m, with infilling of iron oxides – pyrite – quartz – clays (Camacho, 2011).

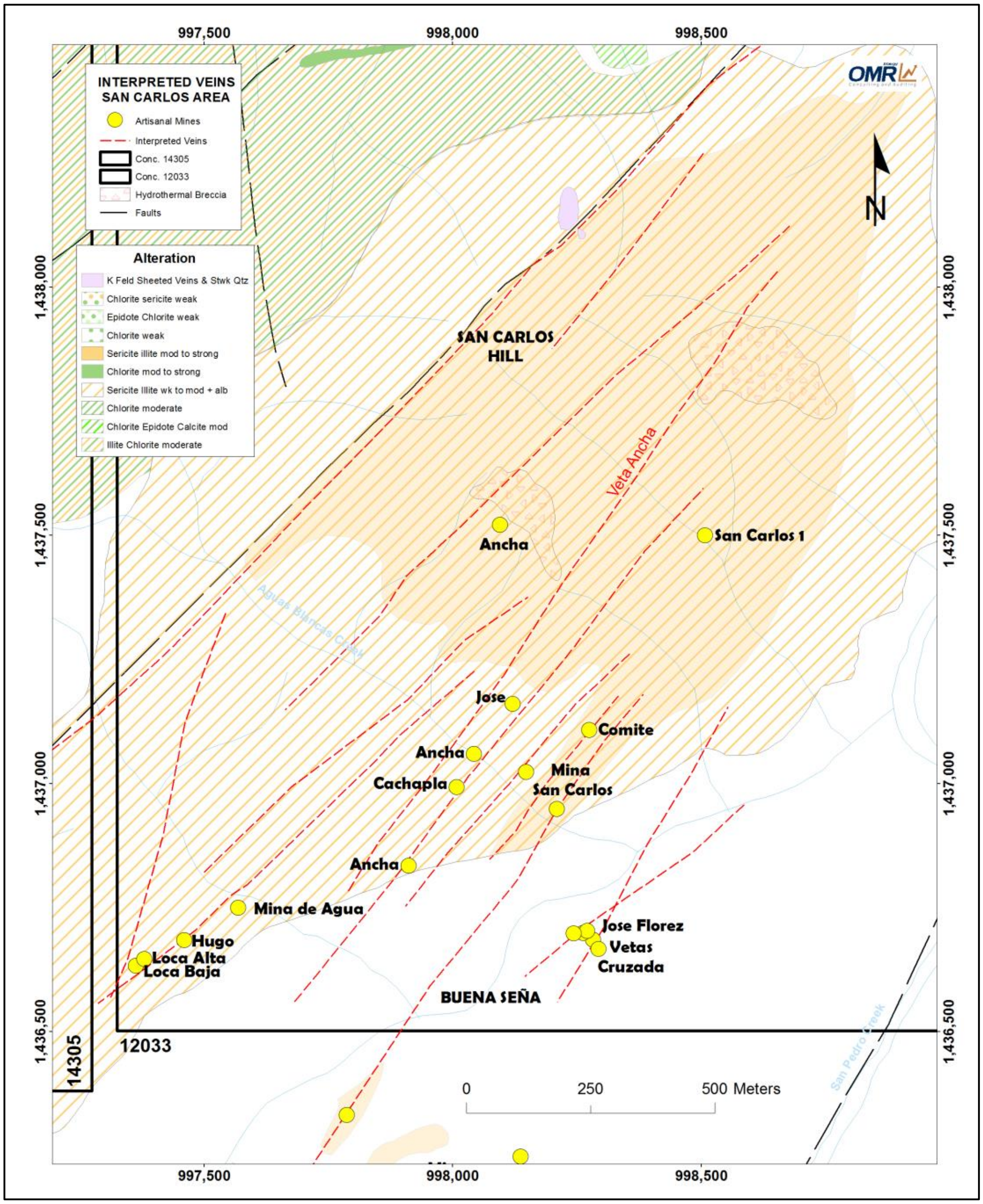


Figure 7.22 Interpreted Mineralized Structures at San Carlos Hill – Buena Seña.

Culo Alzao

Culo Alzao is located to the border of the concession No. 12033 to the NNW of the San Carlos Hill. The veins are extended to the area of the concession where some artisanal works exist, **Figure 7.23**.

One of the mineralized structures is N10°W strike and vertical dipping, with an extension of 140 m and width varying from 0.3 to 0.5 m according to the exploitation works; this structure is characterized by brecciation and formed by iron oxides – pyrite - quartz.

Another vein is N20°W strike and 80°SW dipping, with 240 m extension and average width of 1 m, characterized by brecciation and clays – pyrite infilling.

To the west of Culo Alzao into the concession No. 14305 the mine El Cachaco is found where is being exploited a vein N48°E strike, 85°SE dipping and 0.15 m width, that is characterized by iron oxides and sericitic alteration in the vein and in a small halo in the volcanic host rock.

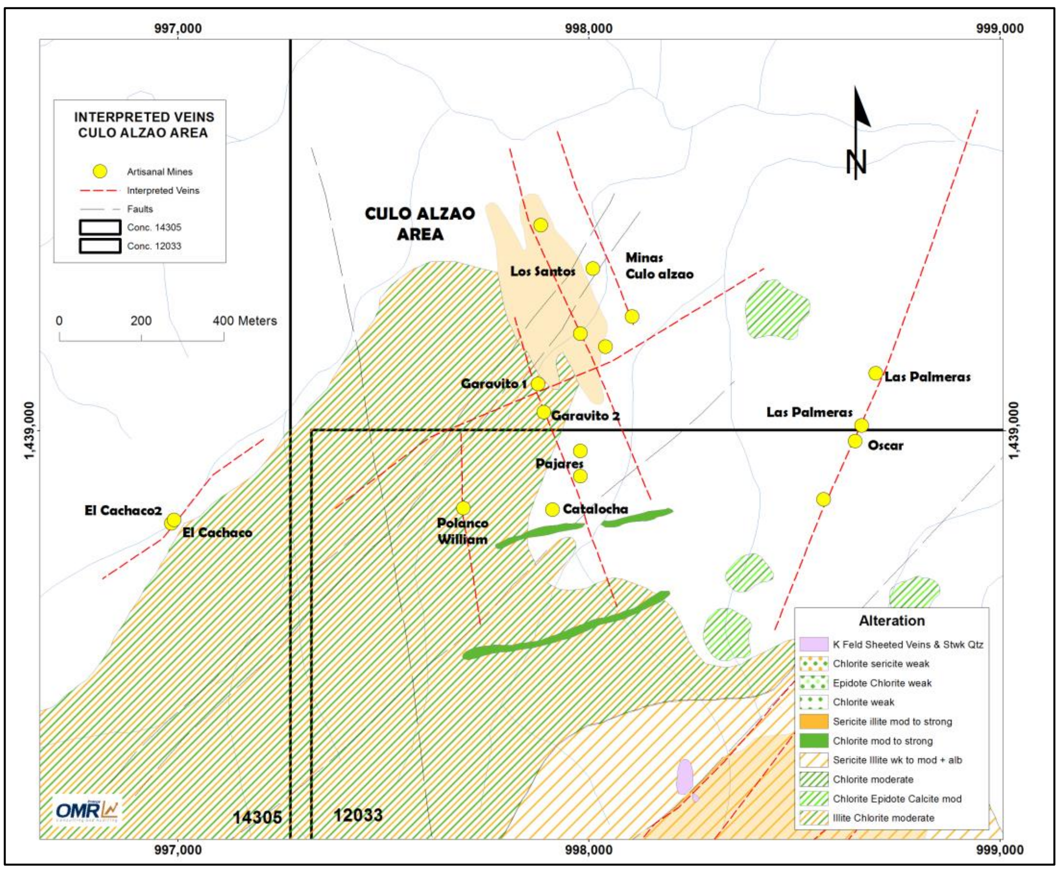
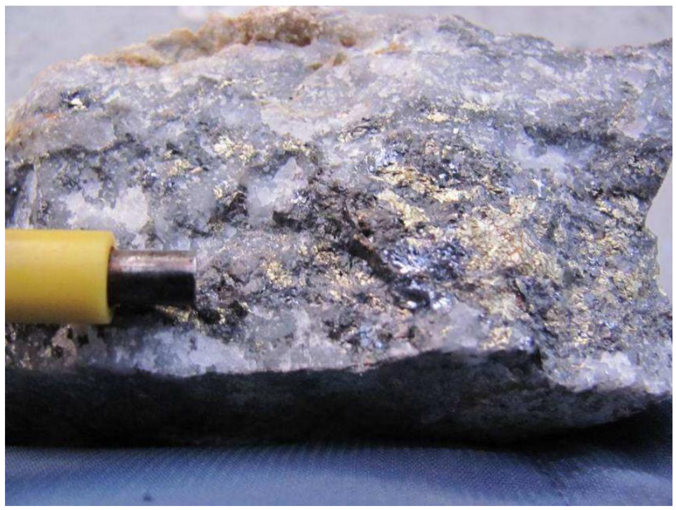


Figure 7.23 Interpreted Mineralized Structures at Culo Alzao

El Azul

The mineralization of high grade gold veins in El Azul is hosted by gneisses and is characterized by the association quartz (chalcedonic) – pyrite – chalcopyrite – sphalerite - galena (**Figure 7.24**). The hydrothermal alteration of illite - sericite is present in halos of few centimeters and passing quickly to chlorite - epidote ± pyrite moving away from the veins. The veins have a longitudinal mineral zonation from the periphery with quartz, then quartz - pyrite, then quartz – pyrite - chalcopyrite and in the inner part of the veins with quartz – galena - sphalerite (mamatite) – chalcopyrite - pyrite. Locally some veins contain calcite and rhodochrosite (Mera-Carvajal, 2013).



Source: Mera-Carvajal, 2013

Figure 7.24 Mineralization in El Azul. Milky Quartz – Pyrite – Chalcopyrite – Galena - Sphalerite.

At least 5 veins have been identified in El Azul (**Figure 7.25**). The strikes of the veins vary from N - S to N10E and the dip from 80 to 90°. The horizontal extension observed in the artisanal workings reach 800 m. Some veins crop out at surface and the exploited depth observed in the artisanal workings reach 80 m depth. The miners enter to the exploitation faces through vertical and inclined shafts. The **Figure 7.26** shows the inclined shaft in El Azul.

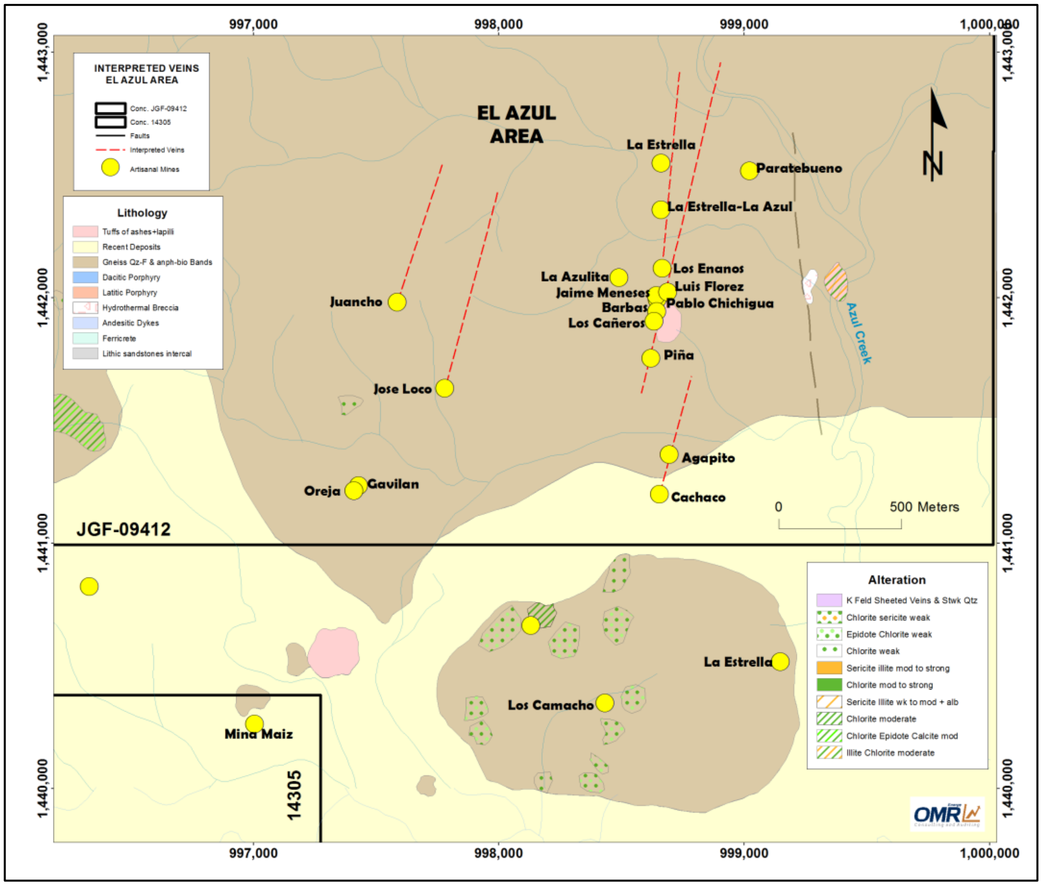


Figure 7.25 Interpreted Mineralized Structures at El Azul

Figure 7.26 Inclined Access of the Luis Florez Tunnel in El Azul.

8 Deposit Type (Item 8)

The gold deposits of the Property of San Carlos are hosted in basement of gneisses of the Serranía de San Lucas, in the Jurassic volcanoclastic sequences associated to the intrusives of the Norean Formation (Norosi - San Martín Batholith) and in the hypabyssal rocks observed in the drill core of the San Carlos Hill.

In the Property were identified two types of deposits. In San Carlos Hill the mineralization is associated to a porphyry type deposit in veins and disseminated. Some high gold grade veins can be associated to reduced intrusion-related gold deposit type in mesothermal veins that are being exploited thorough the area in San Carlos hill, and to the north in Culo Alzao and El Azul.

It is necessary more information of the mineralization in the veins to better understand the genesis of the deposits. Some authors define the mineralized structures exploited in El Azul and Culo Alzao as intermediate sulphidation ephithermal veins.

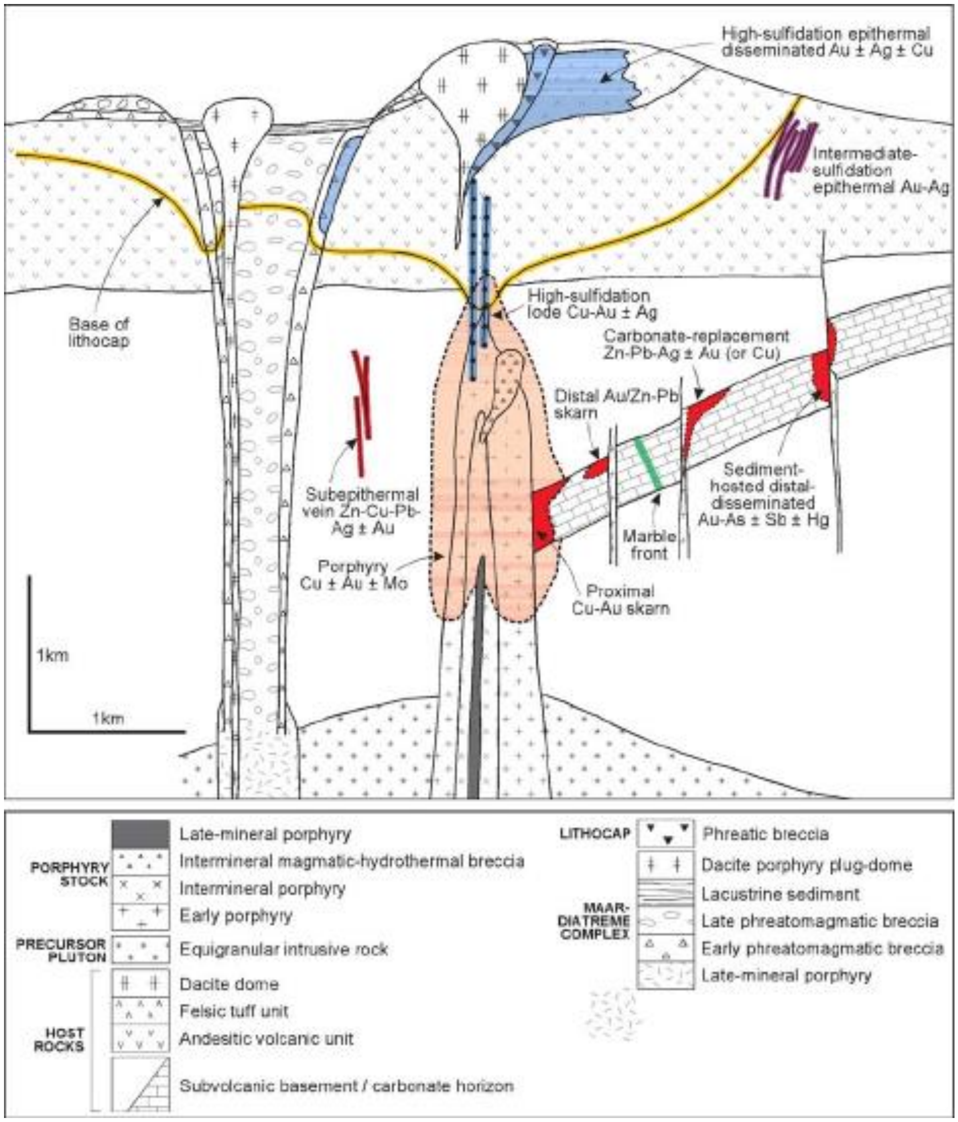
8.1 Porphyry type deposit

Porphyry type deposits are widely known as the most important source of copper, molybdenum and gold. Porphyry systems can contain large volumes of hydrothermally altered rock centered on porphyry Cu stocks that may also contain skarn, carbonate-replacement, sediment-hosted, and high and intermediate-sulphidation ephitermal base and precious metal mineralization (Sillitoe, 2010).

Porphyry Cu Systems are generated mainly in magmatic arc (including back-arc) environments subjected to a spectrum of regional-scale stress regimes, apparently ranging from moderately extensional through oblique slip to contractional (Tosdal and Richards, 2001).

The faults and interception of them play an important role in the formation of porphyry systems and definition of the geometry of clusters or structurally controlled alignments of them. This systems are associated to underlying composite plutons, at paleo - depths of 5 to 15 km, which represent the supply chamber magmas and fluids that formed the vertically elongate (>3 km) stocks or dike swarms and associated mineralization. Individual systems have life spans of approximately 100,000 to several million years, whereas deposit clusters or alignments as well as entire belts may remain active for 10 million years or longer (Sillitoe, 2010).

Alteration and mineralization can occupy many cubic kilometers of rock, and are zoned outward from the stocks or dike swarms, which typically comprise several generations of intermediate to felsic porphyry intrusions. Porphyry Cu ± Au ± Mo are centered on the intrusions, whereas carbonate wall rocks commonly host proximal Cu - Au skarns, less common Zn - Pb and/or Au skarns, and beyond the skarn front, carbonate - replacement Cu and/or Zn – Pb - Ag ± Au deposits, and/or sediment-hosted (distal - disseminated) Au deposits. High-sulphidation epithermal deposits may occur in lithocaps above porphyry Cu deposits, where massive sulphide lodes tend to develop in deeper feeder structures and Au ± Ag - rich, disseminated deposits within the uppermost 500 m or so. Less commonly, intermediate - sulphidation epithermal mineralization, chiefly veins, may develop on the peripheries of the lithocaps. The alteration-mineralization in the porphyry Cu deposits is zoned upward from barren, early sodic - calcic through potentially ore - grade potassic, chlorite-sericite, and sericitic, to advanced argillic, the last of these constituting the lithocaps, wich may attain > 1 km in thickness if unaffected by significant erosion. Low sulphidation - state chalcopyrite ± bornite assemblages are characteristic of potassic zones, whereas higher sulphidation - state sulphides are generated progressively upward in concert with temperature decline and the concomitant greater degrees of hydrolytic alteration, culminating in pyrite ± enargite ± covellite in the shallow parts of the lithocaps. The porphyry Cu mineralization occurs in distinctive sequence of quartz - bearing veinlets as well as in disseminated form in the altered rock between them. Magmatic - hydrothermal breccias may form during porphyry intrusion, with some of them containing high - grade mineralization because of their intrinsic permeability. In contrast, most phreatomagmatic breccias, constituting maar - diatreme systems, are poorly mineralized at both the porphyry Cu and lithocap levels, mainly because many of them formed late in the evolution of the system (Sillitoe, 2010). **Figure 8.1** presents the characteristics and spatial relations of a porphyry system.



Source: Sillitoe, 2010

Figure 8.1 Anatomy of a telescoped porphyry Cu system showing spatial interrelationships of a centrally located porphyry Cu ± Au ± Mo deposit in a multiphase porphyry stock and its intermediate host rock.

8.2 Reduced Intrusion-related gold deposit

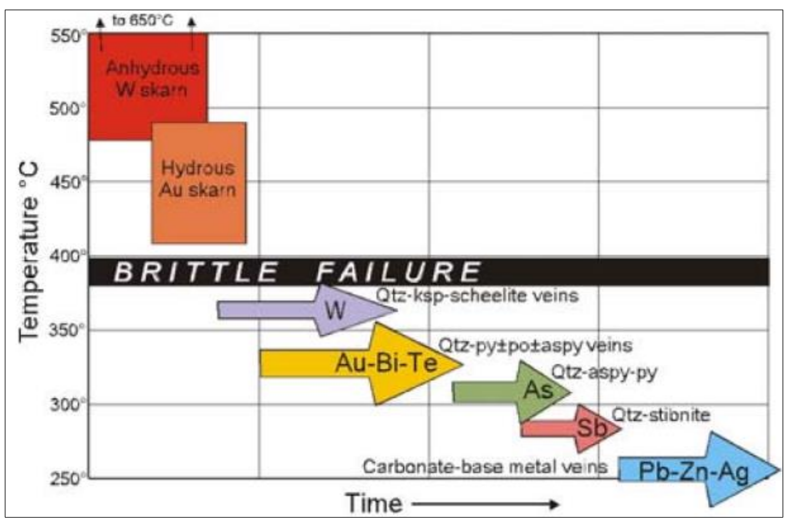
Lang et al. (2000) introduced the term "intrusion-related gold systems" in order to group different mineralization styles, metal assemblages and spatial associations relative to a causative intrusion. In 2007, Hart introduced the prefix "reduced" in order to highlight the moderate low primary oxidation states (reduced/ilmenite - series; Ishihara, 1981) that characterize host or associated intrusions and differentiate them from oxidized intrusion -

related gold deposits (e.g. porphyry - type gold deposits) within the broad intrusion-related deposits clan (Thompson and Newberry, 2000; Robert et al., 2007)

The tonnages and grades of this type of deposits are variable. Mineralization is normally controlled by vein density and is restricted to the veins with weak or not existing dissemination in the host rock containing gold grades from less than 1 g/t Au to 50 g/t Au or more in the individual veins. Tonnages can vary from dozens to up to hundreds million tonnes.

Several geological settings have been considered for the formation of this type of systems (e.g. back arc, foreland fold belts, collisional, post collisional, and magmatic arc settings; Thompson et al., 1999; Godfarb et al., 2000). Studies of the Tintina Gold Province (Cretaceous) suggest that the formation of this systems is related to specific plutonic suites emplaced during a plutonic episode that spans 15 to 20 million years during/following subduction, collision and obduction of outboard terranes, and the thickening of the ancient continental margin (Leal-Mejia, 2011).

The mineralogy and zonation is determined by the conditions of temperature during the mineral deposition and the nature of the host rocks. The mineral assemblages are variable depending on the time and distance from the pluton. Ore stages are summarized by Hart (2007) in **Figure 8.2**.



Source: Hart, 2007

Figure 8.2 Schematic paragenesis of evolving types and metal associations in typical cooling reduced intrusive-related gold systems. Time axis may also represent distance from the causative pluton.

Peripheral to the intrusion, sulphide - rich arsenopyrite and antimony - bearing veins are observed. The mineralization in the host rock contains arsenopyrite with pyrrhotite. Ag – Pb - Zn bearing quartz veins are observed in the late stages of the hydrothermal evolution, usually outside of the hornfels aureole. Epizonal deposits show ore mineralogy characterized by pyrite, arsenian pyrite and arsenopyrite (Leal-Mejia, 2011). Associated with veins, hydrothermal alteration is characterized by K feldspar replacement of plagioclase or carbonate replacement of mafic minerals like hornblende (Maloof et al., 2001). A more extensive, pervasive sericite ± pyrite ± carbonate alteration assemblage overprints proximal potassic/carbonate alteration and in some cases is used as acriteria for Au - rich vein identification. Hydrothermal chlorite is more distal but not pervasive (Leal-Mejia, 2011).

Veins to the North of San Carlos Hill and Culo Alzao

According to the geological setting, mineralogy and alteration, is suggested that some of the mineralization in veins found to the North of San Carlos Hill in Culo alzao, El Azul and locally in the San Carlos Hill could be associated to the evolution of the Norosí Batholith. The mineralization characteristics observed in these veins (structure - filling) include an ample range of temperatures and different hydrothermal phases. The existence of pyrite, base metals, sericite and locally low temperature silica and clays observed in the high gold grade veins reflect the complex cooling history of the intrusive event during Jurassic.

The mineralogy observed in veins in El Azul include quartz, pyrite, chalcopyrite, galena, sphalerite and chalcopyrite suggesting that the vein type hydrothermal mineralization were formed at moderate to high depths classifying as a mesothermal intrusive related deposit. The alteration in the gneiss includes alteration halos of centimeters around veins of illite - sericite, and chlorite. The gneiss is commonly fresh and locally with weak chloritic – epidote ± pyrite alteration (Mera - Carvajal, 2013).

The vertical extension of the veins is more than 200 m accordingly to the elevation difference between exploitation workings in the Property and to the north and south in the district exceeding 400 m depth. The individual artisanal exploitation depths do not exceed 80 m. By analogy with comparable deposits, this characteristic is observed in mesothermal deposits. In Colombia, the Segovia-Remedios and Antioquía Batholith districts contain pluton related gold deposits, located to the south and west of San Lucas where the San Carlos Property is located (See Sillitoe, 2008).

9 Exploration (Item 9)

Exploration works on the Property include geochemical sampling of rocks from surface and artisanal tunnels, soils and stream sediments, surface geology studies and diamond drilling. In 2013, Los Mates signed an agreement with Anglo American to perform exploration activities in the 3 Concessions of the Property.

This section contains a summary and results of the works carried out by Anglo American complemented with the results of the exploration campaigns performed previously by the Joint Venture, Orofino, Los Mates and other authors.

9.1 Topographic Surveys

The topography base map used in this report is the public information available from the National Agustín Codazzi Geographical Institute (IGAC, Instituto Geográfico Agustín Codazzi), which is in 1:25000 scale. No other surveys have been carried out in the Property.

9.2 Geochemical Sampling

Rock, soil and stream sediments sampling campaigns cover the three concessions of the Property. The summary of the campaign carried out by Anglo American is showed in the **Table 9.1**.

Table 9.1 Summary of Geochemical Sampling on the Property

Company	No. of Samples		
	Soils	Stream Sediments	Rocks (Surface – Tunnels)
Anglo American (2013)	718	24	62

9.2.1 Soil Sampling

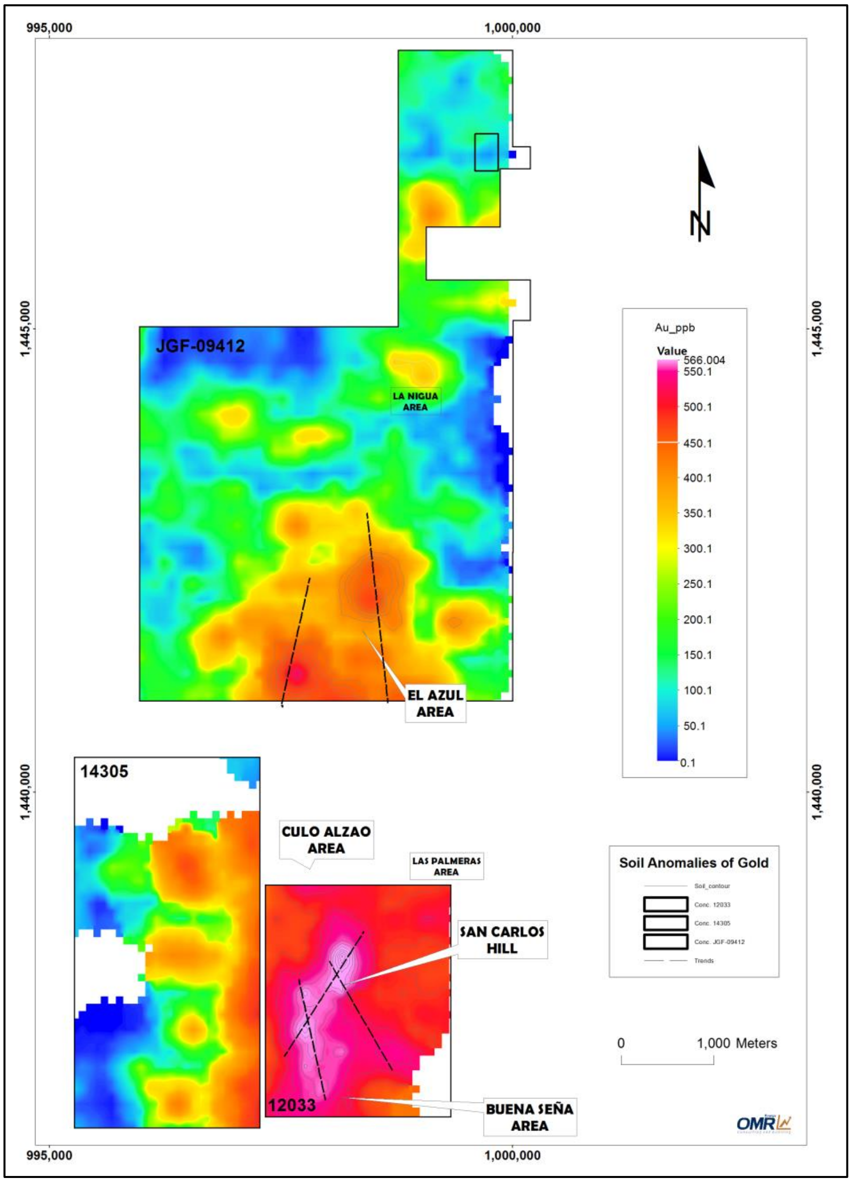
Anglo American Colombia performed geochemical sampling works from November 2012 to December 2012, and a second sampling campaign from April 2013 to June 2013.

A systematic soil sampling consisted of 718 soil samples. In the concession No. 12033, a total of 162 soil samples were taken in lines separated 200 m and samples every 100 meters along the lines. In the concession numbers 14305 and JGF-09412 were collected 149 and 407 soil samples respectively along lines separated 200 m and taking samples every 200 m along the lines, usually sampling the B horizon of the soil (Mera & Carvajal, 2013). The map observed in **Figure 9.1** contains the interpreted anomalies of gold in soils.

Important anomalies of gold in soils were identified, one on San Carlos Hill with a trend NE and another with NW direction. At North on the border of concession 12033, some anomalies are observed in the area Culo alzao and Palmeras areas, which continue to the north, outside the concession.

A 1 km by1.5 km anomaly of gold in soils is observed in San Carlos Hill, with values greater than 500 ppb Au and 12 ppm Mo at the higher part of the hill.

Towards the concession No. 14305, to the West, the soil anomaly is weakened. In the concession JGF-09412 are observed gold anomalies in the area El Azul and in small areas through the concession (i.e. La Nigua zone).

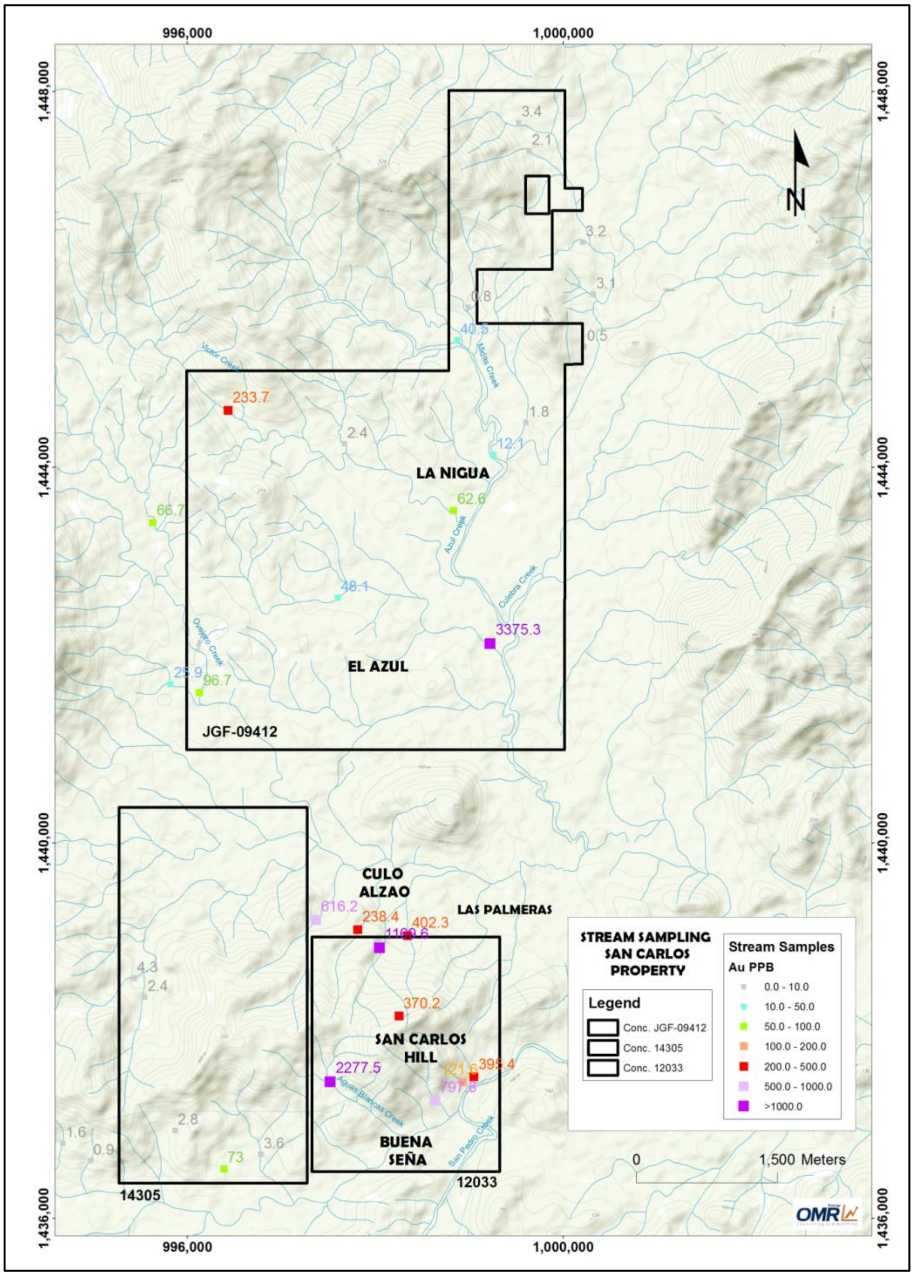


Source: Modified from Anglo American, 2013

Figure 9.1 Soil Anomalies of Gold

9.2.2 Stream Sampling

A campaign of Anglo American includes 34 active stream sediment samples (24 inside the concessions). The stream sediment sampling results correspond to the areas with soil anomalies of gold and the artisanal workings, **Figure 9.2**. Some isolated anomalies of gold observed in the concessions JGF-09412 and 14305 will require additional exploration investigations to define their source.



Source: Anglo American, 2013

Figure 9.2 Stream Sampling Results

9.2.3 Rock Sampling

Anglo American collected 77 chip channel rock samples conducted in mineralized structures and disseminated mineralization at surface. The sampling included 52 samples in the concession 12033, 2 samples in the concession 14305, and 8 samples in the concession JGF-09412.

The results show positive correlations of Au with Te, Ag, Cu, Pb, Zn, Hg y Sb; and of Cu with Zn, Ag, As, Hg, Pb, Au, Mo y Se; which is concordant with the mineralization, **Figures 9.3 and 9.4** show the correlation diagrams constructed with the results of the rock samples from San Carlos Hill - Buena Seña - Culo Alzao area and El Azul (Mera & Carvajal, 2013).

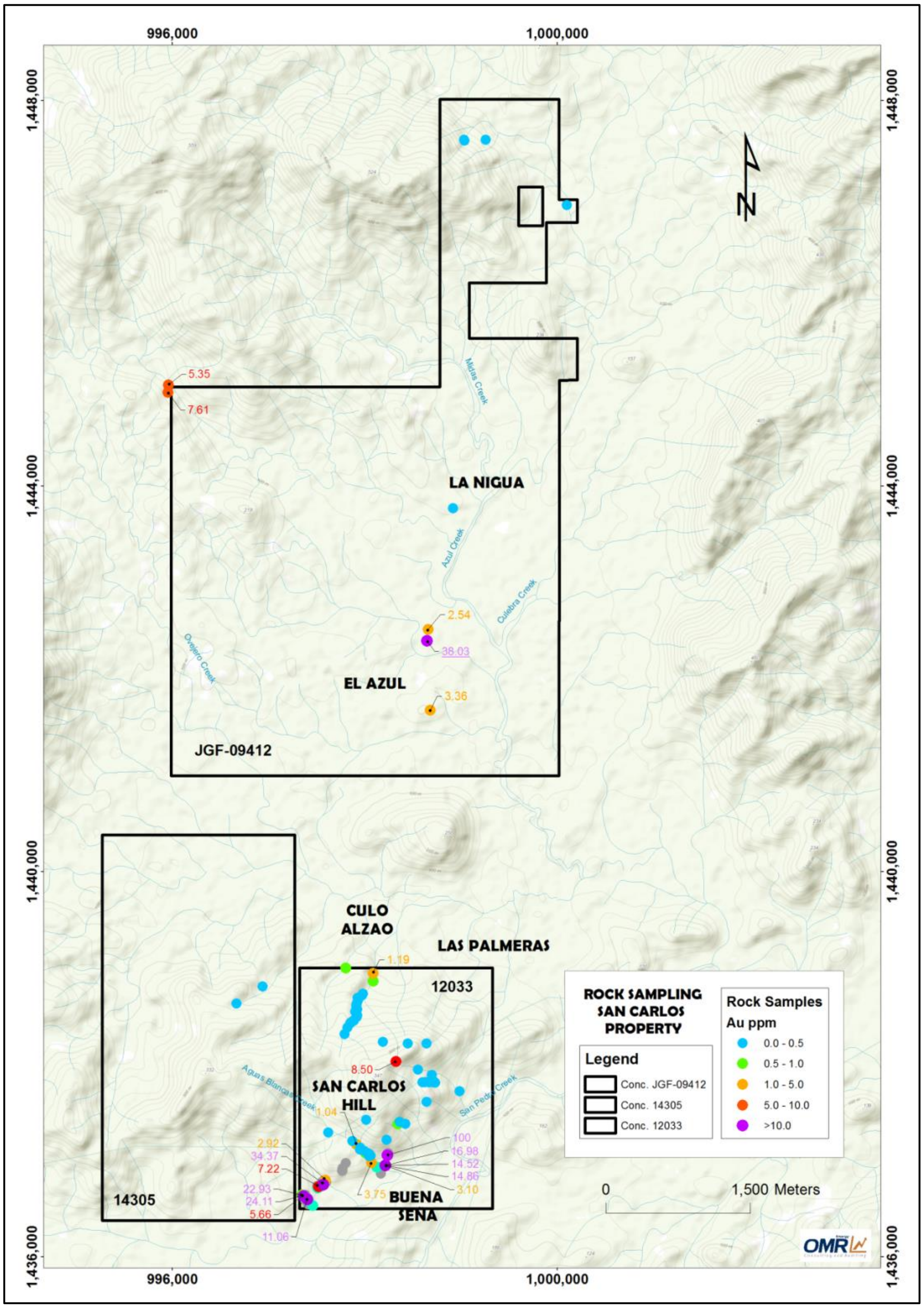
Source: Anglo American, 2013

Figure 9.3 Correlation Diagram for Rock Samples from San Carlos – Buena Seña – Culo Alzao

Source: Anglo American, 2013

Figure 9.4 Correlation Diagram for Rock Samples from El Azul.

The map in the **Figure 9.5** presents the Au results of the rock samples collected by Anglo American and Orofino from outcrops and artisanal underground workings. It is observed the good potential of the areas of San Carlos Hill – Buena Seña - Culo Alzao, and El Azul. Some isolated mineralized structures were sampled to the NW of El Azul and resulted with high Au grades (5.75 and 1.61 g/t Au).



Source: Modified from Anglo American, 2013

Figure 9.5 Rock Sampling Results of the Anglo American and Orofino Campaigns

The location of the artisanal tunnel entrances and the interpretation of the trends of the mineralized structures based in the investigations performed by Anglo American and

Orofino, is presented in the **Figure 9.6**. The areas with more potential for high Au grade structures are: San Carlos Hill – Buena Seña, Culo Alzao and El Azul area. Other isolated areas like La Nigua, La Azul, could require more exploration activities to define its potential.

The diverse exploration campaigns of the different companies have been used to locate the mine entrances of the artisanal underground workings.

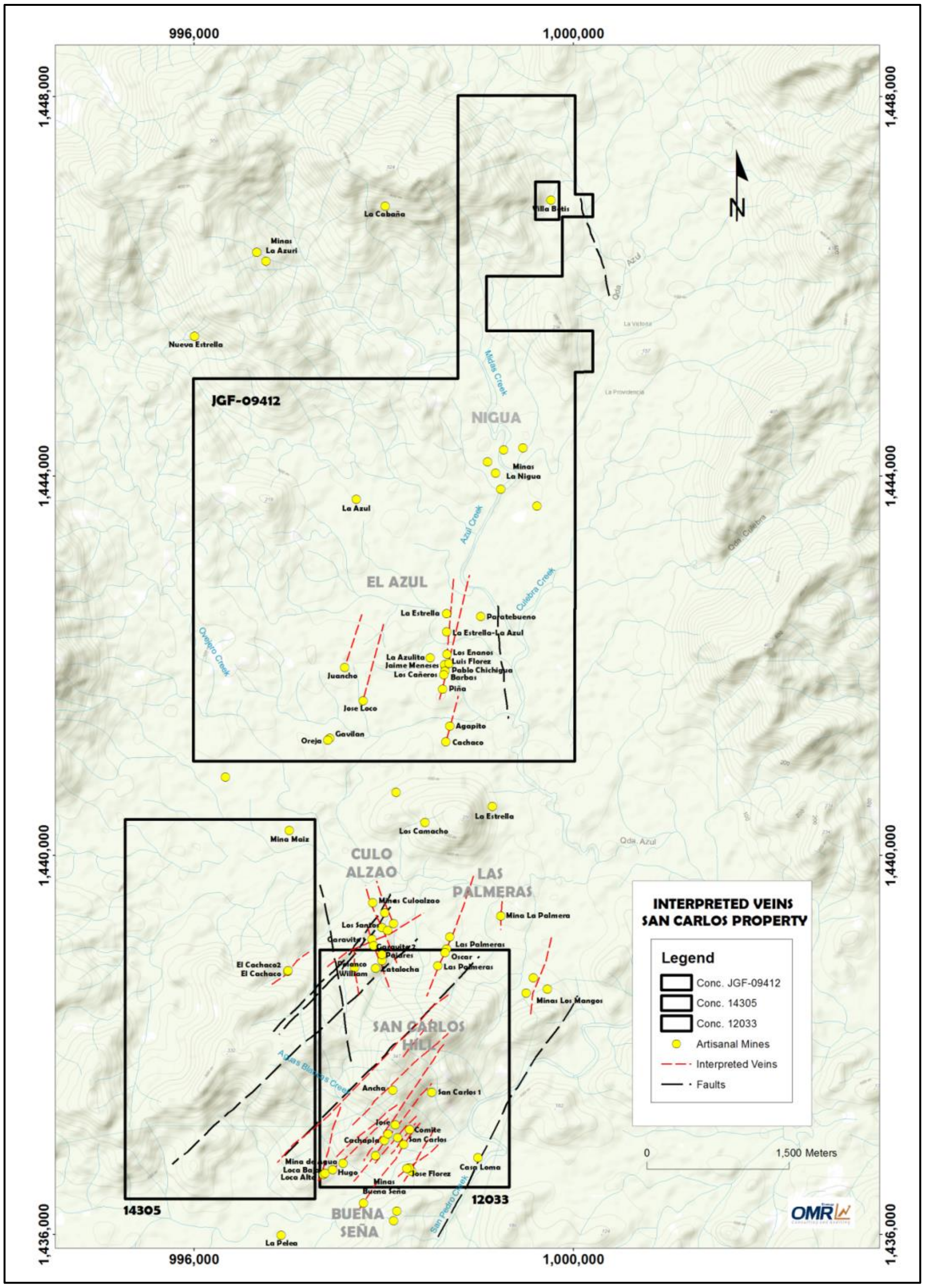


Figure 9.6 Artisanal Mines Location and Interpreted High Grade Structure (Vein) Trends in the Property

San Carlos Hill – Buena Seña Area

The **Figure 9.7** presents the results of the rock samples collected in San Carlos hill – Buena Seña and the interpreted vein trends.

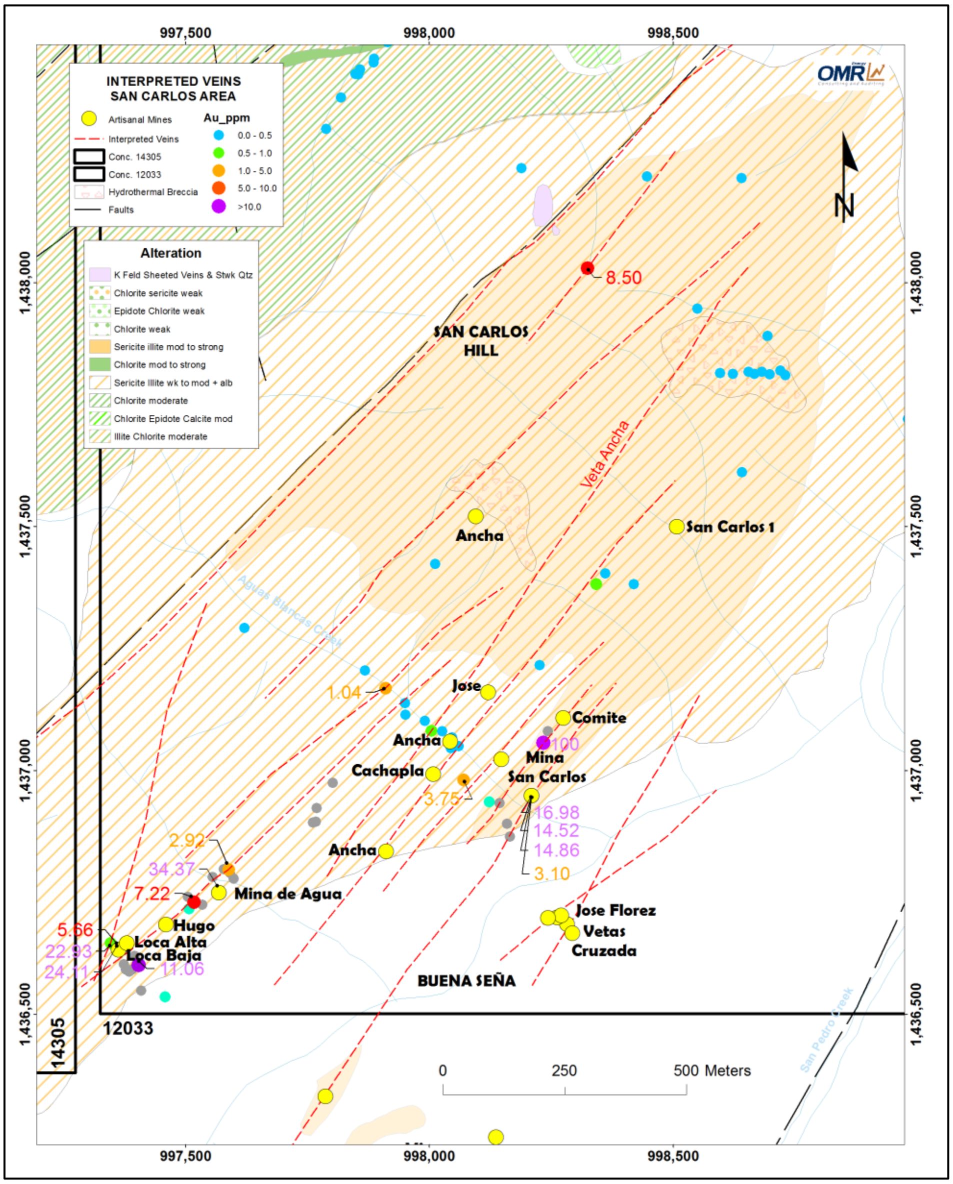


Figure 9.7 Interpreted Vein Trends and Rock Sampling Results in San Carlos Hill – Buena Seña Area.

James, M. (2011) reported sample results from the exploited vein in the San Carlos mine with 14.86 g/t Au, 14.57 g/t Au and 16.98 g/t Au.

In Mina de Agua mine, one sample collected from the NE vein contains 34.37 g/t Au and 159.0 g/t Ag. Other samples taken in the same vein contains 0.40 g/t Au y 0.5 g/t Ag; 2.918 g/t Au and 23.1 g/t Ag; 0.22 g/t Au y 0.6 g/t Ag and 7.217 g/t

In Mina Loca mine, samples from a vein with N40°E/75°N, resulted with 11.060 g/t Au and 18.4 g/t Ag, 0.098 g/t Au and 2.2 g/t Ag and 0.918 g/t Au and 2.6 g/t Ag.

In Mina Loca Baja mine, samples of a vein with N45°E/80°S contain 5.66 g/t Au and 16.8 g/t Ag, 22.93 g/t Au and 1,031.8 g/t Ag, 24.11 g/t Au and 193.3 g/t Ag. The sample of the mineralized halo in the host rock resulted in 1.55 g/t Au and 29.6 g/t Ag.

In the Aguas Claras mine, located to the NE of the Mina de Agua mine, a sample from a vein of 25 cm width resulted in 1.038 g/t Au and 3.1 g/t Ag.

Culo Alzao Area

The **Figure 9.8** presents the interpreted vein trends and the results of the rock samples collected at surface to the south of the Culo Alzao area that resulted with low Au grades with values of Au <0.5 g/t Au. A sample with 1.19 g/t Au was taken from a vein striking NNW that is correlated with the vein exploited in Los Santos mine, were there are reported exploited areas with grades greater than 10 g/t Au.

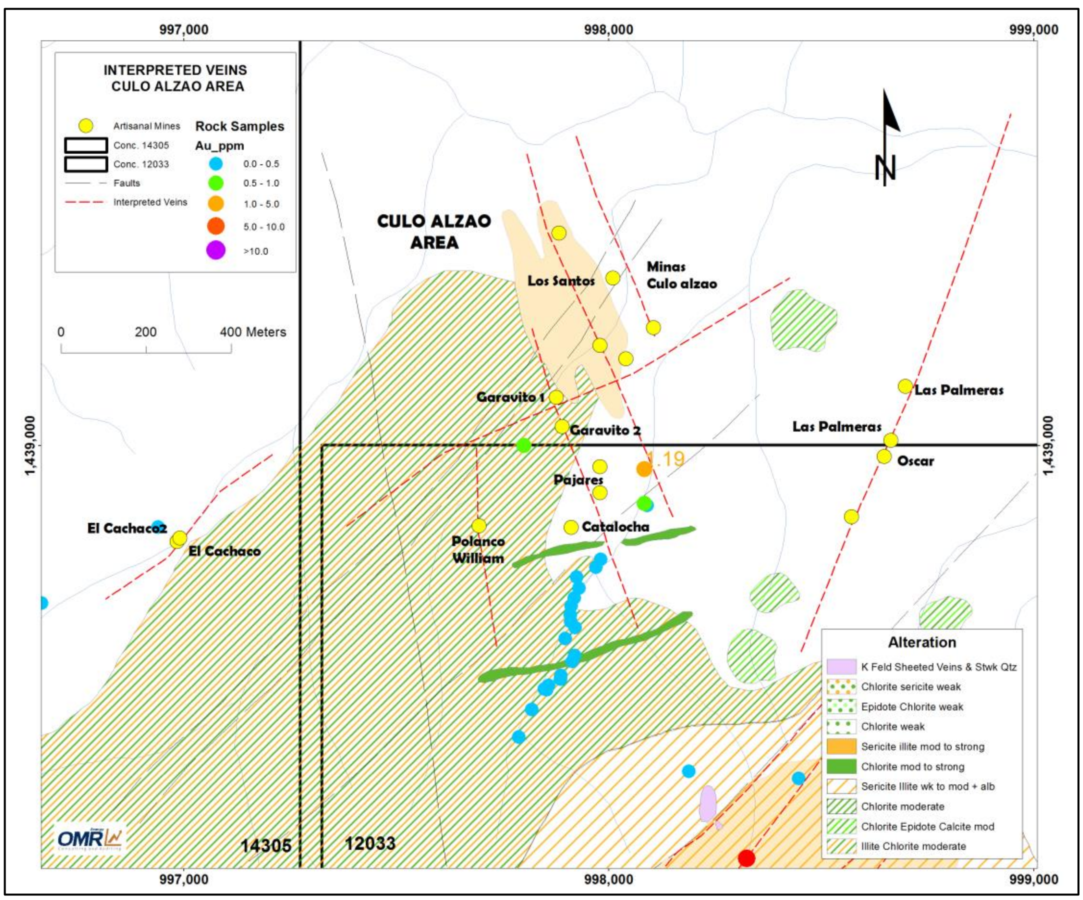


Figure 9.8 Interpreted Veins and Rock Sampling Results in Culo Alzao Area.

El Azul Area

The **Figure 9.9** presents the rock sampling results and the interpreted vein trends in the area of El Azul.

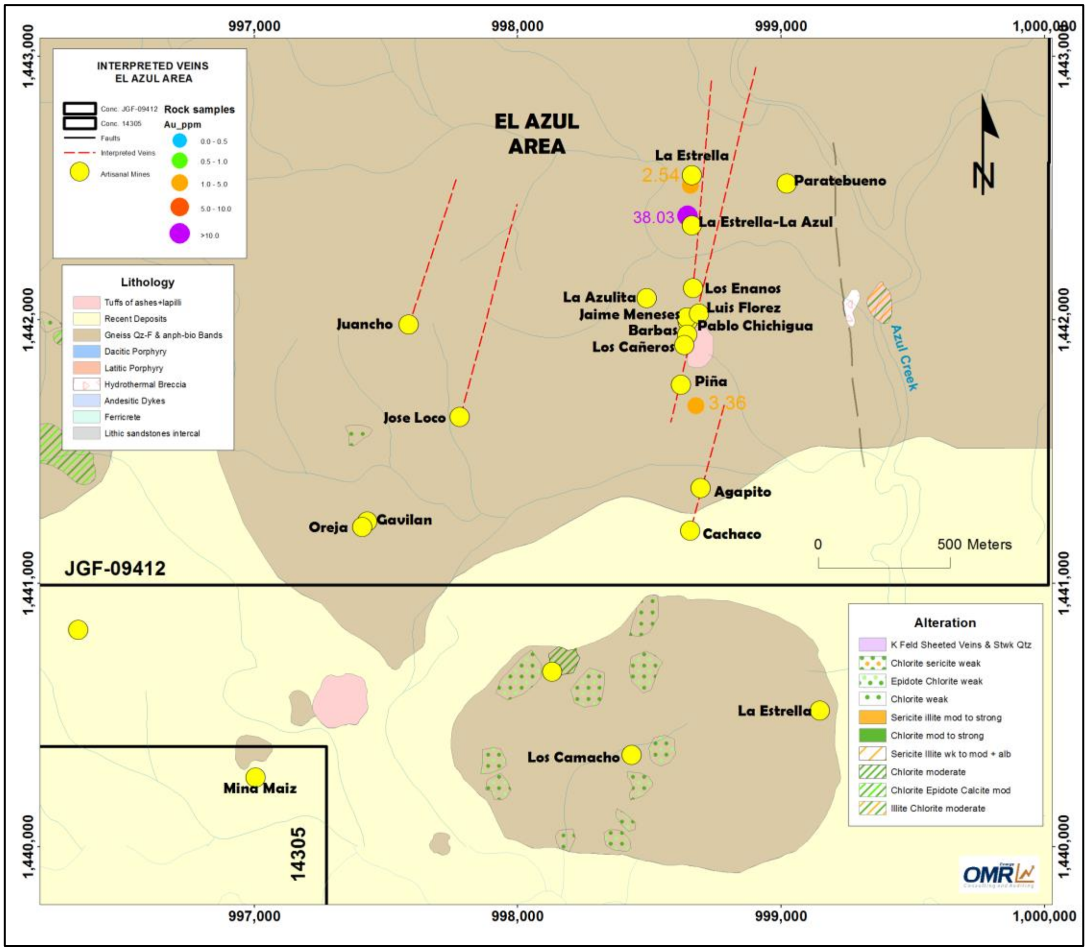


Figure 9.9 Interpreted Veins and Rock Sampling Results in El Azul Area.

The number of samples is limited and only some veins have been sampled in a not systematic way. Samples from veins in La Estrella mine and La Estrella-El Azul mine resulted with values of 2.54 g/t Au and 28.03 g/t Au. An isolated sample taken in a vein to the SE of the Piña mine contains 3.36 g/t Au.

10 Drilling (Item 10)

From September to November 2013, Anglo American completed two diamond drill holes, totaling 1,519.5 meters, **Table 10.1**. The drill holes were collared at the San Carlos Hill in areas with intensive hydrothermal alteration.

Table 10.1 Exploration Drill Summary

HOLE #	EAST (m)	NORTH (m)	ELEVATION (m)	AZIMUTH (°)	DIP (°)	DEPTH (m)
SAC13DDH001	998,112	1,438,252	272	135	60	768,9
SAC13DDH002	997,971	1,437,954	314	130	60	750,6
Total m drilled						**1,519.5**

The preferred orientation of drill holes were SE with azimuths between 128° to 135°, and roughly perpendicular to the strike of the trend of the mineralization. The drill holes were not planned to appropriately test the high grade structures and were designed to test the intensive hydrothermal alteration and the textures of a typical porphyry type deposit (Au-Cu) observed at the higher part of the San Carlos Hill to the north of the area of more intensive artisanal exploitation activities. **Figure 10.1** presents the collars and traces of the two drill holes.

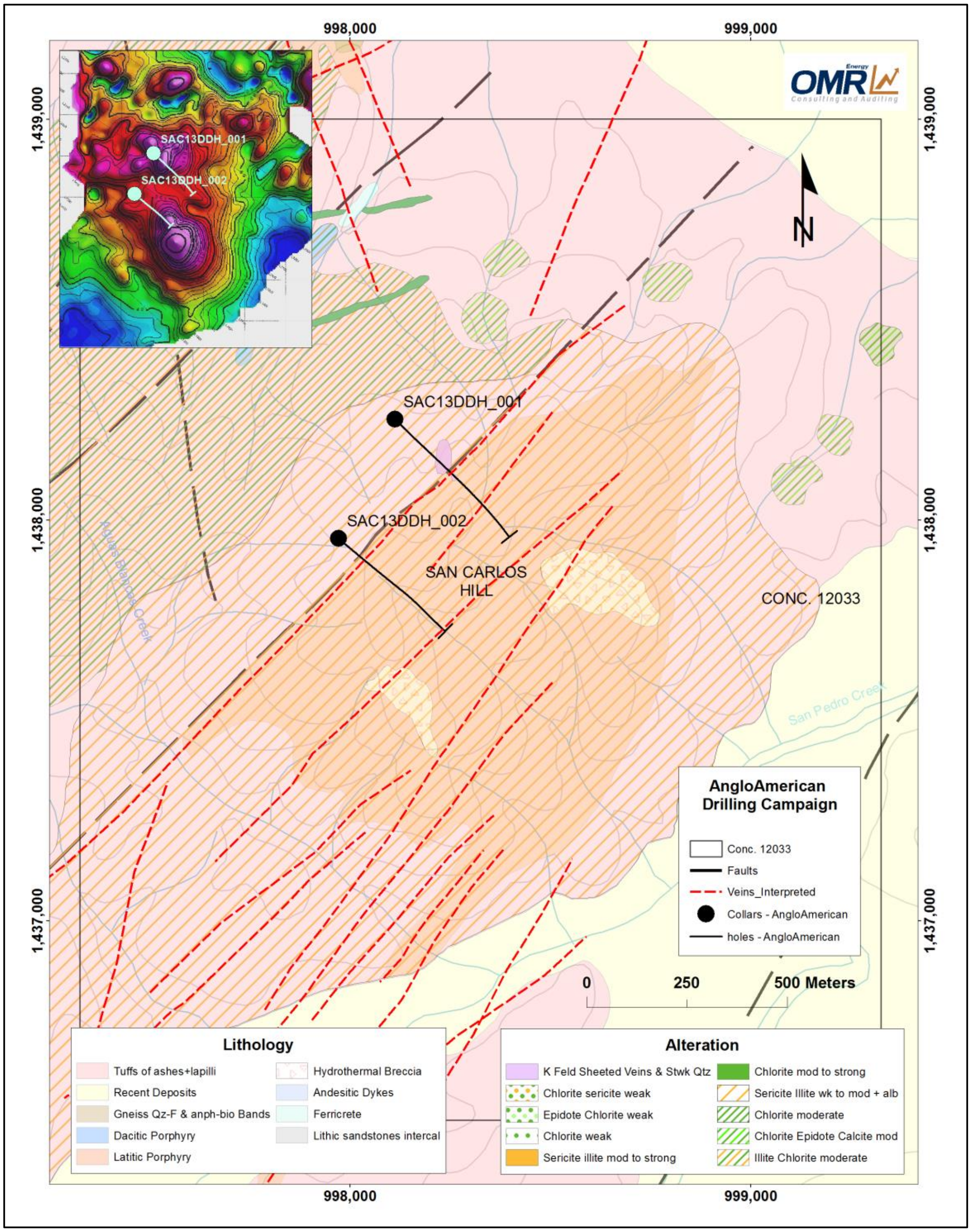


Figure 10.1 Collars and Traces of Drill Holes Completed by Anglo American

The core recovery was not reported, but according to the visual check of the core boxes, appears to have good average of recovery. All drill holes were started as HQ (63.5 mm diameter) size core and reduced to NQ (47.6 mm diameter) sized core at about 500 m depth.

Downhole orientation surveys were conducted using Reflex Multi Shot. A nominal 2.0 m sample interval was used without considering geological or mineralization changes to define sample length. Half of whole core was sampled with an electrical saw. The whole drill hole length were sampled.

Drill core was placed in labelled boxes, fitted with lids and transported to the site logging facility by pick-up. Core was logged, photographed, and then split using a diamond saw. Half of the core was stored on site, and the other half was sent to the Acme Lab. The drill hole collars were marked with cement and metal markers.

The drill collar location was established with a portable GPS and a compass was used to establish a line along the planned drill azimuth. The drilling and sampling procedures observed were of high standard and appeared to be diligently implemented.

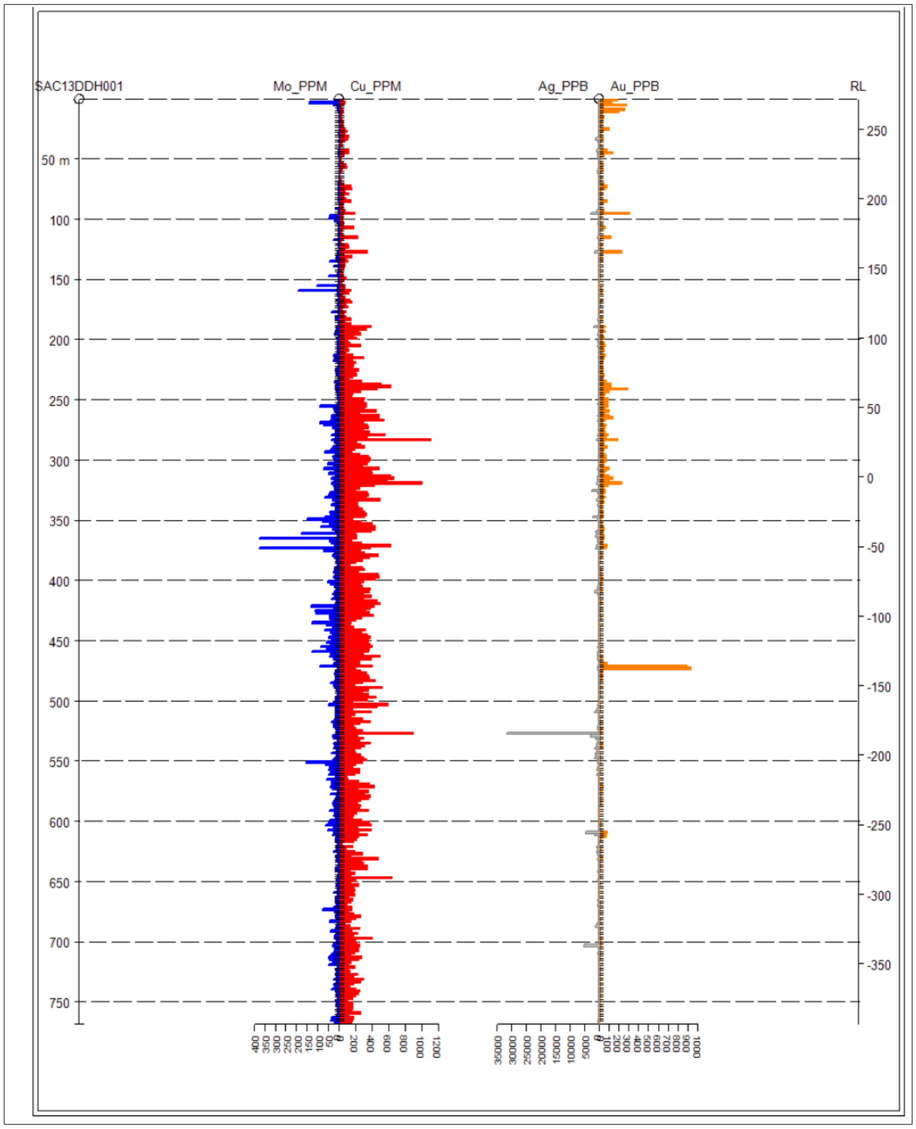
10.1 Drilling results

Anglo American projected the drill holes to test at depth the porphyry type mineralization of low grade observed at Surface. The evidences observed at surface, the geochemical sampling results and magnetic anomaly supported the hypothesis of the possible existence of high grade porphyry Au ± Cu ± Mo associated to a potassic alteration center.

The drill hole No. SAC13DDH001 was collared to test the soil anomaly higher than 500 ppb Au and 8 ppm Mo, and the projection to depth of the B and AB veinlets with relicts of potassic hydrothermal alteration observed at the higher part of the San Carlos Hill. The drill hole No. SAC13DDH002 was located in an area of strong sericitic hydrothermal alteration that coincides with the soil anomaly higher than 500 ppb Au and a high magnetic response (Anglo American, 2014), **Figure 10.1**.

Drill Hole No. SAC13DDH001

The best results of the drill hole correspond to punctual values of no more than 2 m length due to the low mineralization characteristic of this system. There are some intercepts of Cu of 6 m with values of 535 ppm Cu and 504 ppm Cu at 236 and 262 m depth respectively, and 8 m intercepts with 598 ppm Cu and 10 m with 658 ppm Cu. For Mo, there are intercepts of 6 m with 101 ppm Mo, 96 ppm Mo and 92 ppm Mo at 154 m, 420 m and 454 m respectively. The best value of Au is encountered at 470 m with 4 m at 909 ppb Au, with other intercepts that vary from 4 to 12 m with 157 ppb Au and 184 ppb Au at 92 and 236 m depth respectively. Locally there are some good values of Silver in intercepts of 2 m resulting in 3,012 ppb Ag, 31,621 ppb Ag, 4,498 ppb Ag and 5,240 ppb Ag found at 94 m, 526 m, 608 m and 702 m respectively (Anglo American, 2014). **Figure 10.2** shows the strip log with the results of this drill hole.

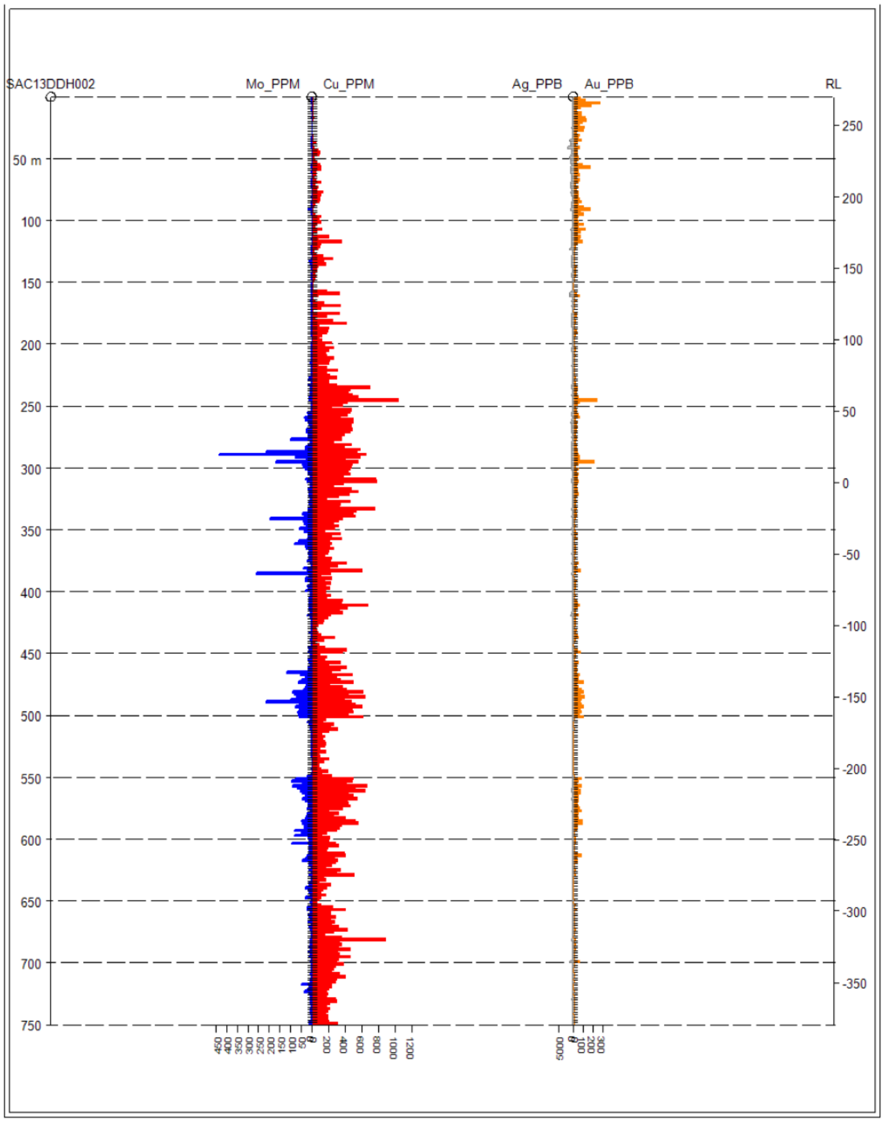


Source: Anglo American, 2014

Figure 10.2 Strip Log of Geochemical Results of Au, Mo, Au and Ag. Drill Hole SAC13DDH001.

Drill Hole No. SAC13DDH002

The results of this drill hole have similar behavior to drill hole SAC13DDH001 with values of Cu varying between 507 ppm Cu and 599 ppm Cu at 234m, 284m, 330m, 382m, 410m, 480m, 550m, 584m, y 678m. The Mo presents an anomalous interval of 10 m with 184 ppm Mo at 286 m depth and other intervals of 4 m with Mo varying between 117 ppm Mo and 142ppm Mo. The values of gold are low with an intercept of 145 ppb Au in the first 10 m and locally 135 ppb Au in a 2 m intercept. The maximum value of Ag was 2 m with 1,834 ppb Ag at 40 m depth, **Figure 10.3** shows the strip log with the results of this drill hole.



Source: Anglo American, 2014

Figure 10.3 Strip Log of Geochemical Results of Au, Mo, Au and Ag. Drill Hole SAC13DDH002.

11 Sample Preparation, Analysis and Security (Item 11)

The sample preparation and analytical procedures used for the Joint Venture Sociedad Kedahda SA & B2Gold Corporation samples were not provided and are not known.

The Anglo American rock and core samples were prepared and analyzed by Acme Analytical Laboratories, all samples were shipped to ACME Labs in Medellin, an ISO 9001 certified laboratory where sample preparation was performed and then sent for analysis to Acme Analytical Laboratories, an ISO certified facility in Vancouver, B.C. Anglo American, (2014).

The sample preparation procedures were as follows: Crush 70% 10 mesh and pulverize 250 g and Pulverize to 85% passing 200 mesh.

ACME Labs in Vancouver analyzed samples for gold and 52 elements by 1:1:1 Aqua Regia digestion Ultratrace and ICP-MS (Induced Coupled Plasma – Mass Spectrometry) Instrumentation Method, 52 elements (detection limits 0.2ppb to 100 ppm): prepared sample is digested with a modified aqua regia solution of equal parts concentrated HCl, HNO3 and Deionized H2O for one hour in a heating block of hot water bath. Sample is made up to volume with dilute HCl.

Some pulp samples of drill core (146 samples of 759 samples) were analyzed by Actlabs in Medellin for gold by Fire Assay (30 g sample) with AA (Atomic Absorption) finish (detection limits 5 to 5000 ppb).

EOMR was not able to locate a QA/QC protocol report or a quality external audit relating to the Anglo American samples, required in case of a resource estimation study.

There is evidence on spreadsheets of a regular frequency of insertion of blanks, coarse duplicates and pulp duplicates and standards on the flow of sampling but control samples and reference material standard are not identified in order to evaluate the QC program. However it is known the good practices of this company on its works.

Disposition of rejects and pulps is unknown, but It is suggested try to locate pulps of the core samples and send them for reanalysis in case of economic intervals, with standard reference material (SRM) samples inserted for analytical control.

Orofino Gold Corp campaign of rock sampling did not report procedure of sampling or QA/QC program, but lab certificates were included. Samples were analyzed by inspectorate Laboratory, in Nevada (USA), for gold by Fire Assay (30g sample) with AA finish (detection limits 0.005 ppm to 10 ppm), over limit gold values were repeated with Gravimetric finish, also for Silver by Aqua Regia Trace levels and AA finish and over limit with fire Assay with Gravimetric Finish.

12 Data Verification (Item 12)

The author verified the data visiting from 6th to 7th of March the office of Los Mates in Medellín, where a coordination of the site visit and the review of the available information was carried out. From April 14th to 17th the author visited the Property and went over the area examining the outcrops along roads and trials, confirming geological setting, visiting many artisanal tunnels and process plants and taking samples from typical mineralized rocks. The areas visited included the San Carlos Hill, Buena Seña, Culo Alzao, and El Azul.

In May 4th, the author visited the core shack of Anglo American in Bogotá, where the core of the two drill holes completed in the San Carlos hill was examined.

12.1 Procedures

Five independent chip channel rock samples were collected from different areas of the Property:

San Carlos Hill:

- 2 samples were taken from the la Cruzada-El Burro tunnel, one from a high grade structure and other from the disseminated mineralization
- 1 sample from the La Puente tunnel

Culo Alzao:

- 1 sample from the high grade vein in Mina Oscar;
- 1 sample from the high grade vein in the Garavito 1 tunnel

The samples were bagged, tagged and sealed in plastic bags and remained in possession of the author for the trip from the Property to Bucaramanga. The author sent the samples to ALS labs in Medellín. The samples that weighted from 4 to 7 kilograms were prepared (crushed, split, pulverized, dried), and then shipped to the ALS lab in Lima for analysis. The chemical analysis consisted multiple element ICP analysis (35 element aqua regia ICP-AES; code: ME-ICP41), and Fire Assay of gold (Au 30 g FA-AA, code: Au-AA23). The samples containing more than 10 g/t Au, were analyzed by Au 30 g Fire Assay – gravimetric finish (Code:Au-GRA21) and Ore grade Ag – four acid / AAS (Code: Ag-AA62). Two control samples were included. **Table 12.1** presents the results of the independent samples. The assay certificates and results for the samples can be found in **Appendix A**.

Table 12.1 List of independent samples and results – San Carlos project site visit, April 2015

Location	Tunnel Name	Sample type	Sample ID	Au (ppm)	Ag (ppm)	Cu (%)
San Carlos Hill	La Cruzada-El Burro	Chip channel	GO-SC0001	52.3	316	0.02
San Carlos Hill	La Cruzada-El Burro	Chip channel	GO-SC0002	0.03	0.2	0.001
San Carlos Hill	La Puente tunnel	Chip channel	GO-SC0004	1.72	3.8	0.01
Culo Alzao	Mina Oscar	Chip channel	GO-SC0006	1.13	10.9	0.01
Culo Alzao	Garavito 1	Chip channel	GO-SC0007	2.05	14.4	0.02

For the drill data, assay interval data were confirmed using the drill logs excel spreadsheets, and the assay values were validated using the laboratory certificates. A check was also done comparing the lithological logging to the core photos.

No errors were found in the database for these holes. The author did not review the data handling procedures, as that information was not available.

Some additional checks were run of the database to determine non – assayed / logged intervals, sample overlaps, missing collar information, and incorrect total hole depths. A small number of errors were referred to Los Mates for correction prior to the issue of the final database.

Original drill logs, survey worksheets and other original data were not located in order to verify the data contained in the excel spreadsheets. By the other side, assay certificates were available and used to verify the data. Results below detection were entered in the database as half of the limit value.

13 Mineral Processing and Metallurgical Testing

To date, no mineral processing and metallurgical studies have been carried out on San Carlos Property mineralization.

14 Mineral Resource Estimate (Item 14)

To date, no NI 43 -101 compliant mineral resource estimates has been completed on the San Carlos Property.

15 Mineral Reserve Estimates (Item 15)

To date, no NI 43 -101 compliant mineral reserve estimates has been completed on the San Carlos Property.

16 Mining Methods (Item 16)

To date, no studies of mining methods have been carried out on the San Carlos Property.

17 Recovery Methods (Item 17)

To date, no studies of recovery methods have been carried out on the San Carlos Property, as no processing or metallurgical investigations have been completed on the Property mineral.

18 Project Infrastructure (Item 18)

To date, studies of required infrastructure for a potential mine project have not been carried out for the San Carlos Property. Exploitation permits for the concession contracts 12033 and 14305 were issued in accordance with Colombian mining laws for small scale mining operations. Further work needs to be done to meet the higher NI 43-101 standards.

19 Market Studies and Contracts (Item 19)

To date, there are not market studies or contracts associated to the mineralization within the San Carlos Property completed by 8768820 Canada Inc.

20 Environmental Studies, Permitting and Social or Community Impact (Item 20)

In 2005, the previous titleholder of the concession contracts associated to the Property, developed environmental studies and obtained environmental License for two small mining operations in the concession contracts 14305 and 12033.

For the Concession Contract No. 14305, the Corporación Autónoma Regional del Sur de Bolivar (CSB) approved the environmental management plan and granted the environmental license through Resolution 576 of May 6, 2005.

For the Concession Contract No. 12033, The CSB approved the environmental management plan and granted the environmental license through Resolution 575 of May 6, 2005.

These licenses are in process to be transferred to Los Mates from the previous titleholder.

Additional environmental base line and environmental impact assessments for a modern exploitation project of medium/large scale have not been performed on the San Carlos Property.

At present, community impact is minimal as there is not exploration or exploitation activities in process, and the labor force in the Property are conducting the artisanal exploitations. A community relations program is necessary to manage the community impacts and related factors.

For the recommended exploration work is necessary to obtain or extend the coverage of permits for water use, management of dangerous residues, discharges and sewage. The company should inform to the CSB, the exploration activities to be executed that should fulfill the Mining and Environmental Guides for exploration (Guías Minero Ambientales de Exploración) produced by the Ministry of Mines and the Ministry of Environment. The regional environmental Corporation, CSB, is the competent corporation to oversee the exploration activities in the Property.

Although is not an issue now, at some point in the future, 8768820 Canada Inc. may require the relocation of some houses and people if a large/medium scale mine operations is defined.

20.1 Not authorized mining

In the areas of San Carlos Hill - Buena Seña, Culo Alzao and El Azul, there are many not authorized mining. These activities are being carried out by locals using artisanal methods of exploitation and processing (Use of mercury) without environmental, technical and safety controls, **Figures 20.1 and 20.2.**

Figure 20.1 Artisanal Process Plant in El Azul.

These activities are generating environmental impacts that have not been evaluated. The future environmental base line studies should address this problematic and formulate an action plan to mitigate the impacts.

The management of Los Mates has initiated the approaching to the Ministry of Mines of Colombia to start exploring the awarding of subcontracts of mining formalization with the artisanal miners. These subcontracts allow the titleholder to transfer the obligations and responsibilities of the mining activities to the small miners but not include the transfer of rights over the mining title that is fully conserved by the company. The small miners should accomplish the technical, environmental and safety obligations in their operations and will be directly audited by the Colombian National Agency of Mining (Agencia Nacional de Minería).

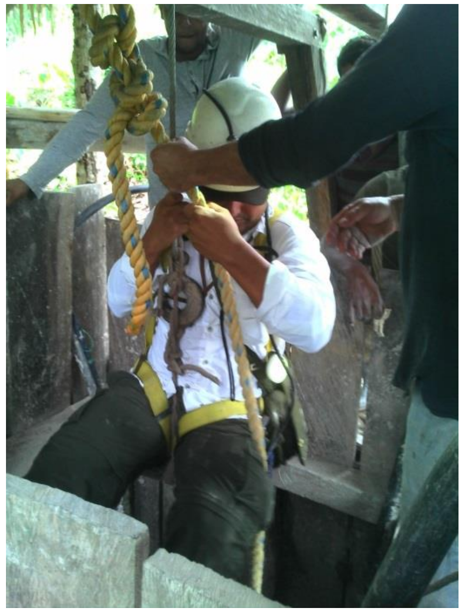


Figure 20.2 Access Shaft of an Artisanal Mine in El Azul.

21 Capital and Operating Costs (Item 21)

To date, no capital and operating costs have been evaluated for a mining project in the San Carlos Property.

22 Economic Analysis (Item 22)

To date, no economic analysis has been completed for a mining operation in the San Carlos Property.

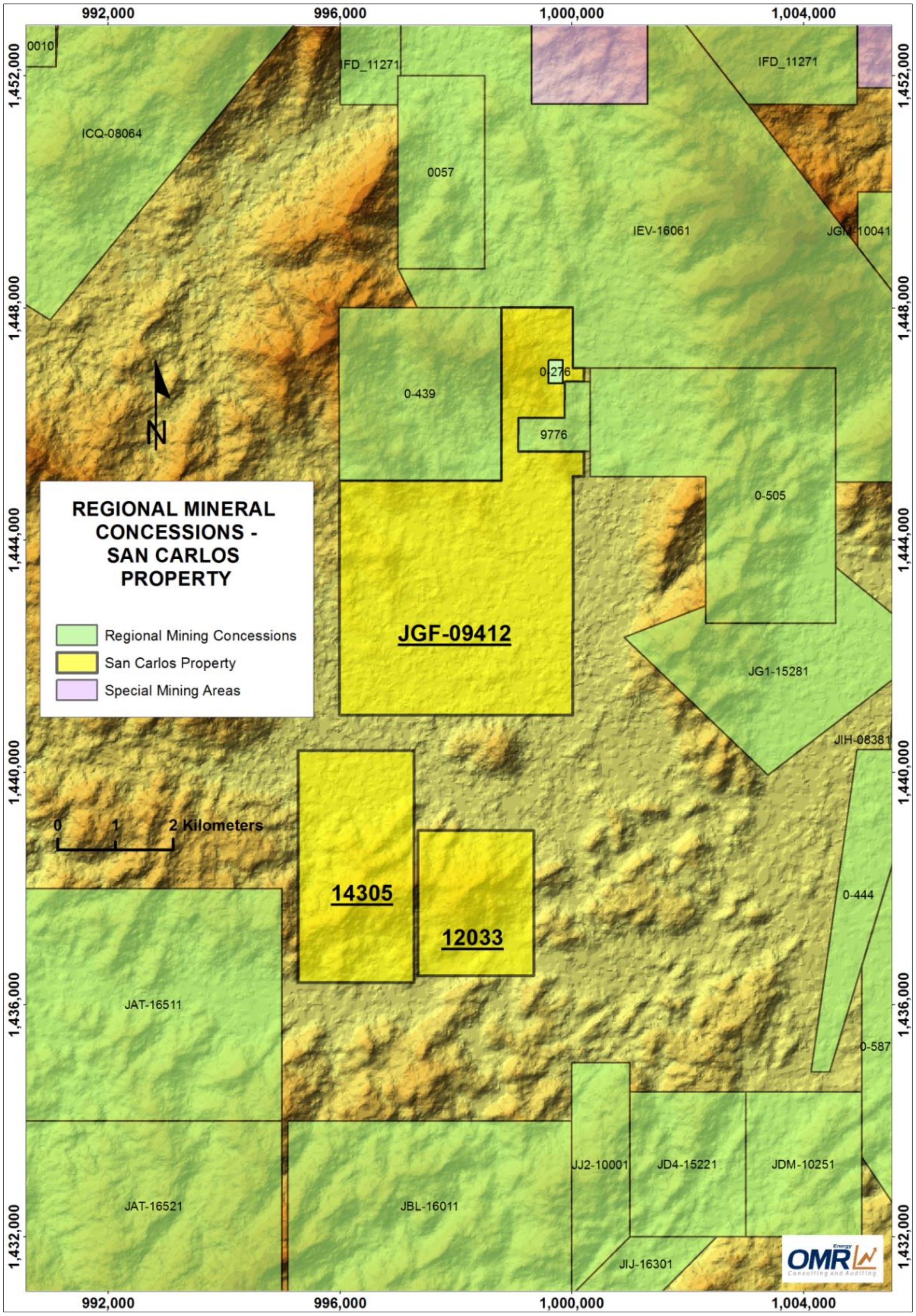
23 Adjacent Properties (Item 23)

The **Figure 23.1** outlines the San Carlos Property and the adjacent mining titles. The areas without polygons correspond to concession contract applications that are in process of granting in the National Agency of Mining.

To the knowledge of the author and of the Los Mates management, there are no publicity reported occurrences of significant gold mineralization within the nearest adjacent properties to the San Carlos Property. To the knowledge of the author of the Los Mates management no exploration drilling or substantial works have been carried out within the adjacent properties.

In the vicinity of the Property there are artisanal mines in different places around the Property, and some of them have been mentioned in this report. There are some mineralized structures that, according to the existing artisanal workings, clearly continue outside of the Property as happens in the areas of Culo Alzao and Las Palmeras.

If meaningful mineralization must be disclosed on adjacent properties, not necessarily indicates the existence of mineralization at the San Carlos Property. The mineralization reported in this document is particular within the concessions of the San Carlos Property.



Source: Colombian National Agency of Mining, 2015

Figure 23.1 Location of the Properties Adjacent to San Carlos Property

24 Other Relevant Data and Information (Item 24)

The San Carlos project is located in a region where the presence of insurgency groups like ELN (Ejercito de Liberación Nacional) and FARC (Fuerzas Armadas Revolucionarias de Colombia) have been affecting negatively the security the region of San Lucas. In the last 5 years there has been no appearance of these insurgency groups in the property due to the continuous patrolling of the Colombian army.

Since the last decade, the government of Colombia has made important efforts to improve the security in the region and the country, improving training and equipment of the army and increasing the presence of the forces of the state in the region and thorough the country.

Colombian president, Juan Manuel Santos, 2010 – present, initiated in August 27, 2010, the peaceful negotiations with the Revolutionary Armed Forces of Colombia (FARC) and lately have started approaches with the National Liberation Army (ELN). His reelection in 2014 was considered a support of the population to his efforts to conclude the peace agreements and finalize the longstanding civil war. For now, the peaceful negotiations continue and there is not a defined date to finish them.

Around the country, the Colombian army continues its pressure and military operations against guerrillas.

Although the presence of the insurgent groups is not the regular situation in the area of the project, the company has to implement, as a precautionary measure, a comprehensive security program to reduce security risk and pro-actively assure the safety of people working in the exploration campaigns. In the recent past, AngloGold Ashanti, B2Gold and Anglo American have demonstrated that the implementation of a comprehensive security program in a close coordination with the Colombian army is the way to manage the safety in the Property.

25 Interpretation and Conclusions (Item 25)

The concessions 14305 and 12033 are in the exploitation phase with environmental, water and minor permits approved for small exploitation operations that included a resource/reserve estimate issued according to the Colombian mining law. However, NI 43-101 standards are higher, therefore using NI rules; further work needs to be done to meet the higher Ni 43-101 standards.

On February 24th 2014, the concession contract JGF-09412 entered in the construction and assemblage phase for a small scale exploitation operation.

The San Carlos Property is located within the historically important and present-day artisanal mining district of the Serranía de San Lucas. In the San Carlos Hill, the mineralization is related to high-level hypabyssal Au (Cu) porphyry bodies. The disseminated mineralization of low grade of gold is observed in outcrops and drill holes completed by Anglo American in 2013, where is clear the hydrothermal alteration zonation characteristic of a porphyry type deposit. High gold grade veins in Culo Alzao and El Azul and in some veins in San Carlos Hill can be associated to intrusion-related mesothermal gold veins. These gold veins have been exploited for decades and their mining potential has not been studied appropriately.

Although the exploration information has been generated by recognized companies and authors of the industry, there is not complete documentation of all exploration workings carried out previously that can be used in future mineral resource estimation. This introduces some grade of uncertainty in the interpretations included in this report.

The exploration carried out previously by Anglo American and Joint Venture Sociedad Kedahda-B2Gold were focused in the discovery of a possible substantial tonnage porphyry type gold – copper deposit at the San Carlos Hill and not in the definition of the high gold grade veins potential.

Based on the available information, the areas with more potential to host economic high gold grade mineralization in veins in the Property are: San Carlos Hill – Buena Seña, Culo Alzao and El Azul. The main structural controls of the veins in San Carlos Hill have two main directions, N50°-60°E and N20°-N45°E and dipping mostly from 70° to 90° to SE. The width of the veins varies from decimeters to locally 2 m thickness. In Culo Alzao, the control varies from NS to N20°W and dipping from 70 to 90°. In El Azul, the trends are varying from NS to N20°E. In these two locations, the width of the veins varies from 0.15 to 1 m thickness.

Based on the location of the artisanal underground workings the mineralized structures can be traced discontinuously from few hundreds of meters to close to 1.2 km. According to the artisanal miners, the veins at San Carlos Hill have been worked to depths of up to 80 m, and the elevation differences between workings are close to 200 m. In Culo Alzao, the workings reach 30-40 m depth. In El Azul, the depth of the workings goes up to 50 m. In the district of Serranía de San Lucas there are reports of vertical continuities of the veins of 500 m (Smith - Gorham, 2012).

The mineralization in veins and veinlet systems at San Carlos Hill – Buena Seña is characterized predominantly by quartz – pyrite and minor chalcopyrite–galena-sphalerite, and associated low gold grade mineralization in the altered host rocks. In Culo Alzao and El Azul the mineralization is distinguished by quartz (Calcedony in El Azul)–pyrite–galena–sphalerite–chalcopyrite. In El Azul, the alteration in the host rock (gneiss) extends few centimeters close to the veins. In Culo Alzao, the alteration in the host rock is typically sericitic in halos of meters in the gneiss. The gold grades in the veins are variable, with values varying from 0.2 – 0.7 g/t Au in bodies with intense veining and in veins from less than 1 g/t Au up to 100 g/t Au in veins at the San Carlos Hill – Buena Seña area. In Culo Alzao and El Azul the sampling has resulted in values of up to 30 – 40 g/t Au.

The characteristics of the veins that have been exploited for years thorough the Property, and the results of the previous exploration campaigns show an excellent potential to host significant high gold-silver grade mineralization in the San Carlos Property and warrants a systematic exploration effort.

The disseminated mineralization of gold in the San Carlos Hill has been tested at surface and in drill holes and the results showed contents of gold typically less than 0.3 g/t Au. Although the results are not positive, there is some potential for porphyry mineralization in other areas of the property.

There is not information about the QA/QC program and procedures used during the geochemical sampling campaigns carried out before the date of this document. The author recommends generating procedures and the design of a comprehensive QA/QC program for all the future exploration activities to collect new data and to define the potential of the veins through the Property.

The geological mapping and geochemical programs undertaken to date at the property are not sufficient to begin drilling, further such programs are required to prepare property for compliant drilling procedures.

The future exploration program requires the definition of a community relations strategy to improve the interaction of the company with the population settled in the prospective areas. The existence of not authorized artisanal exploitations in the Property is an issue that needs to be addressed properly with social programs.

As a precautionary measure, the implementation of a comprehensive security program will reduce security risk further and pro-actively assure the safety of people working on the property.

26 Recommendations (Item 26)

26.1 Recommended work program

The explorations carried out in the Property and the multiple artisanal mining through the Property demonstrate the important potential of the Property to host considerable resources of gold and silver associated to the high grade structures (veins) identified in the area.

An additional amount of exploration activities will be needed to characterize appropriately the mineralization in the areas of San Carlos hill-Buena Seña, Culo Alzao and El Azul, due to the extension of the mineralized structures and the intrinsic high variability that typify the mineralization. Prior to the initiation of the exploration activities it is necessary to define the protocols for all the exploration activities and a comprehensive QA/QC program.

Before definition of new drill targets, a considerable exploration campaign will be required to define the targets and the priorities based on a detailed geological mapping of the mineralized structures and regional exploration. As such, a two phase program is recommended in order to obtain the required information to advance in the definition of the potential for gold of the Property.

Phase I. Detailed geological mapping and regional exploration.

Phase II. First-round Drilling.

The phase I is anticipated to take 4 to 5 months to complete. The phase 2 may take 3 to 4 months using 2 drill rigs. A total estimated budget of US$2.8 million composed by US$0.58 million for the Phase I, US$1.98 million for Phase II and US$0.25 million for contingencies (**Table 26.1**).

The results of the two phases will be used to define a drilling program required to collect the data to perform the first inferred resources estimate. The density of drilling, holes depth, holes aptitude and quantity of drilling will depend of the size of the mineral deposit, the geometry and the characteristics of the mineralization.

26.1.1 Phase I. Detailed geological mapping and regional exploration

In order to obtain information to make exploration decisions and about what to prioritize for future works, it is necessary to collect high-quality geological information of the already defined target areas and from the rest of the Property.

The first tasks to be performed are the standardization of all exploration activities producing applicable procedures, and the design of a proper QA/QC program to guarantee the quality and adequate credibility in the data for geological interpretations and decision taking. These tasks have to accomplish the best practices of the industry including a suitable documentation.

The following are the objectives of the phase I:

- Characterize the high gold grade mineralization in structures.
- Locate with precision the mineralized structures and define their horizontal continuity at surface.
- Sample the structures at surface, in underground workings and in trenches.
- Define the areas with the best mineral potential and establish exploration priorities of drill-ready structures.
- Determine other exploration targets in the Property.
- Design a drilling program to test the down dip extension of the mineralized structures.

The activities included in the phase I, include:

- Surveying of the outcrops and underground workings where samples are collected.
- Detailed geological mapping and sampling of outcrops and existing underground workings, including description and collection of geological data.
- Construction of trenches and rock sampling to test the horizontal continuity of the mineralized structures and definition of the traces of them.
- Develop close grid soil sampling to verify anomalies previously defined in other exploration campaigns.
- The regional exploration includes geological recognition, mapping and geochemical sampling (active sediments, soils, rocks) and application of geophysical methods of exploration. These investigations should be based in a previous orientation study. This work will provide favorable, but not yet drill-ready.

The **Table 26.1** presents the estimated costs of the activities of the Phase I of the recommended exploration program.

26.1.2 Phase II. First-round drilling

Based on the results of the phase I, drill targets should be defined to test the down dip extension of the mineralization observed at surface and within underground workings. The location of the drill holes, their direction and inclination will be defined in places with the best mineral potential defined in the Phase I as drill-ready structures.

The main objective is to test the prolongation of the gold mineralization to depth, targeting the interception of the mineralized structures, group of structures or lodes, at relative shallow depths below or between the locations where the structures were sampled at surface and within underground workings. One of the results of the drilling is the correlation between the results from drill hole intercepts and the samples from mine and exploration workings.

As this is not a drill program to define resources, the drill spacing cannot be established and depends on the location of the mining and exploration workings. 5,000 m of drilling are considered adequate to test the mineralization in the Property in the first round.

It is recommended that the company contemplates the execution of preliminary metallurgical testing to have information of the potential metallurgical recovery of gold.

The **Table 26.1** presents the estimated costs of the activities of the Phase II of the recommended exploration program.

26.2 Costs

The **Table 26.1** presents the estimated budget for the recommended works

Table 26.1 Budget for Recommended Exploration Work on San Carlos Property

Item	**Cost US$ 000's**
Phase I	
Personnel (Geologists, Auxiliary)	350
Camp, supplies, services	85
Laboratory analysis	55
Access permitting	10
Security – Social	20
Transportation	15
Administrative Costs	25
Materials	15
Sub-Total Phase I	***575***
Phase II	
Personnel (Geologists, Auxiliary)	350
Camp, supplies, services	235
Drilling (5,000 m)	770
Trenches and other exploration activities	45
Laboratory analysis	410
Access permitting	35
Security – Social	20
Environmental studies	20
Transportation	20
Metallurgy	25
Administrative costs	50
Sub-Total Phase II	***1,980***
Sub-Total Phases I and II	***2,555***
Contingency (10%)	256
Total US$000's	**2,811**

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Appendices

Appendix A: Assay Certificates of Independent Samples

ALS Colombia Ltda.

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Medellin ANTIOQUIA
Phone: +57 4 306 9122 www.alsglobal.com

To: **ENERGY OIL MINING RESOURCES S.A.S.**
CARRERA 8 NO 10-78 LOCAL 2
FLORIDABLANCA SAN ANDRÉS Y PROVIDENCIA

Page: 1
Total # Pages: 2 (A - C)
Plus Appendix Pages
Finalized Date: 18-MAY-2015
Account: GRENOL

CERTIFICATE MD15061668

Project: SAN CARLOS

This report is for 7 Rock samples submitted to our lab in Medellin, ANTIOQUIA, Colombia on 5-MAY-2015.

The following have access to data associated with this certificate:

CONSTANZA CAMPOS	GIOVANNY ORTÍZ	

SAMPLE PREPARATION

ALS CODE	DESCRIPTION
WEI-21	Received Sample Weight
CRU-QC	Crushing QC Test
PUL-QC	Pulverizing QC Test
LOG-22	Sample login - Rcd w/o BarCode
CRU-31	Fine crushing - 70% <2mm
SPL-21	Split sample - riffle splitter
PUL-31	Pulverize split to 85% <75 um
LOG-24	Pulp Login - Rcd w/o Barcode
SPLIT-S	Create S split

ANALYTICAL PROCEDURES

ALS CODE	DESCRIPTION	INSTRUMENT
ME-ICP41	35 Element Aqua Regia ICP-AES	ICP-AES
Au-AA23	Au 30g FA-AA finish	AAS

To: **ENERGY OIL MINING RESOURCES S.A.S.**
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This is the Final Report and supersedes any preliminary report with this certificate number. Results apply to samples as submitted. All pages of this report have been checked and approved for release.

***** See Appendix Page for comments regarding this certificate *****

Signature:

Rene Mamani, Laboratory Manager, Peru

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Plus Appendix Pages
Finalized Date: 18-MAY-2015
Account: GRENOL

Project: SAN CARLOS

CERTIFICATE OF ANALYSIS MD15061668

Sample Description / Method	WEI-21	Au-AA23	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
Analyte	Recvd Wt.	Au	Ag	Al	As	B	Ba	Be	Bi	Ca	Cd	Co	Cr	Cu	Fe
Units	kg	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	%
LOR	0.02	0.005	0.2	0.01	2	10	10	0.5	2	0.01	0.5	1	1	1	0.01
GO-SC0001	6.18	>10.0	>100	0.29	61	<10	280	<0.5	3	<0.01	<0.5	1	2	156	8.02
GO-SC0002	5.91	0.033	0.2	0.54	8	<10	80	<0.5	2	<0.01	<0.5	<1	1	11	0.65
GO-SC0003	0.11	0.787	3.9	1.36	14	10	140	<0.5	4	0.91	0.5	12	47	>10000	3.01
GO-SC0004	6.64	1.720	3.8	0.35	114	<10	30	<0.5	5	<0.01	<0.5	<1	2	124	3.98
GO-SC0005	0.11	2.28	9.4	0.65	44	<10	50	0.8	21	0.03	<0.5	8	26	173	4.30
GO-SC0006	5.99	1.125	10.9	0.21	131	<10	420	<0.5	3	<0.01	<0.5	3	9	92	2.28
GO-SC0007	4.50	2.05	14.4	0.37	104	<10	20	<0.5	5	0.02	4.7	48	6	185	19.75

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CERTIFICATE OF ANALYSIS MD15061668

Sample Description	Method Analyte Units LOR	ME-ICP41 Ga ppm 10	ME-ICP41 Hg ppm 1	ME-ICP41 K % 0.01	ME-ICP41 La ppm 10	ME-ICP41 Mg % 0.01	ME-ICP41 Mn ppm 5	ME-ICP41 Mo ppm 1	ME-ICP41 Na % 0.01	ME-ICP41 Ni ppm 1	ME-ICP41 P ppm 10	ME-ICP41 Pb ppm 2	ME-ICP41 S % 0.01	ME-ICP41 Sb ppm 2	ME-ICP41 Sc ppm 1	ME-ICP41 Sr ppm 1
GO-SC0001		<10	2	0.16	10	0.01	25	10	<0.01	<1	40	27	0.53	<2	<1	3
GO-SC0002		<10	<1	0.19	20	0.01	10	1	<0.01	1	80	25	<0.01	<2	1	9
GO-SC0003		<10	1	0.13	10	0.63	471	336	0.10	35	570	8	0.84	3	5	48
GO-SC0004		<10	2	0.18	20	0.01	22	6	<0.01	<1	40	23	0.02	36	1	2
GO-SC0005		<10	<1	0.36	<10	0.03	139	87	0.01	31	250	14	3.01	<2	2	139
GO-SC0006		<10	1	0.13	10	0.01	1025	2	0.01	2	470	807	0.12	2	<1	20
GO-SC0007		<10	<1	0.14	10	0.07	115	11	<0.01	15	30	23	>10.0	<2	2	5

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Account: GRENOL

Project: SAN CARLOS

CERTIFICATE OF ANALYSIS MD15061668

Sample Description	Method Analyte Units LOR	ME-ICP41 Th ppm 20	ME-ICP41 Ti % 0.01	ME-ICP41 Tl ppm 10	ME-ICP41 U ppm 10	ME-ICP41 V ppm 1	ME-ICP41 W ppm 10	ME-ICP41 Zn ppm 2
GO-SC0001		<20	<0.01	<10	<10	6	<10	3
GO-SC0002		<20	<0.01	<10	<10	2	<10	<2
GO-SC0003		<20	0.14	<10	<10	56	30	70
GO-SC0004		<20	<0.01	<10	<10	3	<10	29
GO-SC0005		<20	<0.01	<10	<10	46	<10	5
GO-SC0006		<20	<0.01	<10	<10	3	<10	38
GO-SC0007		<20	<0.01	<10	<10	4	<10	123

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Finalized Date: 18-MAY-2015
Account: GRENOL

Project: SAN CARLOS

CERTIFICATE OF ANALYSIS MD15061668

CERTIFICATE COMMENTS

LABORATORY ADDRESSES

Processed at ALS Lima located at Calle 1 LT-1A Mz-D, esq. Calle A, Urb. Industrial Bocanegra Callao 01, Lima, Peru.

Applies to Method:	Au-AA23	ME-ICP41	SPLIT-S	

Processed at ALS Medellin located at Carrera 48 B No. 99, Sur - 59, Bodega San Bartolomé, Bodega 3, Medellin, ANTIOQUIA, Colombia.

Applies to Method:	CRU-31	CRU-QC	LOG-22	LOG-24
	PUL-31	PUL-QC	SPL-21	WEI-21

OMR Energy Consulting and Auditing

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Total # Pages: 2 (A)
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Finalized Date: 27-MAY-2015
Account: GRENOL

CERTIFICATE MD15069683

Project: SAN CARLOS

This report is for 1 Rock sample submitted to our lab in Medellin, ANTIOQUIA, Colombia on 20-MAY-2015.

The following have access to data associated with this certificate:

CONSTANZA CAMPOS	GIOVANNY ORTÍZ	

SAMPLE PREPARATION

ALS CODE	DESCRIPTION
FND-02	Find Sample for Addn Analysis

ANALYTICAL PROCEDURES

ALS CODE	DESCRIPTION	INSTRUMENT
Au-GRA21	Au 30g FA-GRAV finish	WST-SIM
Ag-AA62	Ore grade Ag - four acid /AAS	AAS

To: **ENERGY OIL MINING RESOURCES S.A.S.**
ATTN: GIOVANNY ORTÍZ
CARRERA 8 NO 10-78 LOCAL 2
FLORIDABLANCA SAN ANDRÉS Y PROVIDENCIA

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Signature:

Rene Mamani, Laboratory Manager, Peru

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Total # Pages: 2 (A)
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Project: SAN CARLOS

CERTIFICATE OF ANALYSIS MD15069683

Sample Description	Method Analyte Units LOR	Au-GRA21 Au ppm 0.05	Ag-AA62 Ag ppm 1
GO-SC0001		52.3	316

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Page: Appendix 1
Total # Appendix Pages: 1
Finalized Date: 27-MAY-2015
Account: GRENOL

Project: SAN CARLOS

CERTIFICATE OF ANALYSIS MD15069683

CERTIFICATE COMMENTS

LABORATORY ADDRESSES

Processed at ALS Lima located at Calle 1 LT-1A Mz-D, esq. Calle A, Urb. Industrial Bocanegra Callao 01, Lima, Peru.

Applies to Method:	Ag-AA62	Au-GRA21	FND-02

Appendix B: Certificate of Qualified Person

CERTIFICATE OF QUALIFIED PERSON

I, Giovanny Jesús Ortiz Ramos, of Carrera 8 # 10-78 Local 2, Floridablanca, Santander, Colombia, hereby certify that:

- I am currently employed as Chief Operating Officer by Energy OMR SAS, Carrera 8 # 10-78 Local 2, Floridablanca, Santander, Colombia.
- This certificate applies to the Technical Report titled "NI 43-101 Technical Report San Carlos Property, Río Viejo, Norosí, and San Martín de Loba Municipalities, Bolivar, Colombia" with an effective date of June 20, 2015 (the "Technical Report")
- I am a Professional Geoscientist with the following academic qualifications:

B.Sc. (Geology)	Universidad Industrial de Santander, Bucaramanga, Colombia (1994)
Specialization (Management)	Universidad Autónoma de Bucaramanga, Bucaramanga, Colombia (1994)

- I am a registered Geologist with the Colombian Council of Geology, Bogotá, Colombia and a fellow in good standing of the Australasian Institute of Mining and Metallurgy (AusIMM 304612)
- I am familiar with the NI 43-101 and certify that by reason of education, affiliation with a professional association and past relevant work experience, I fulfill the requirements to be a "Qualified Person" as defined in NI43-101. My work experience includes 18 years in Andean deposits as exploration geologist, project manager and VP Exploration, and working in different terrains.
- I am jointly responsible for Sections 1 to 27 of this Technical Report
- I made a personal inspection of the San Carlos Property on April 14-17, for 4 days.
- I have no previous involvement with San Carlos Property.
- I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
- I have read NI 43-101 and this report has been prepared in compliance with this instrument and form.

Dated this 30th Day of June, 2015

"signed"

____
Giovanny Jesús Ortiz Ramos, FAusIMM