

Bond Offering Memorandum

EST GROWMORE CAPITAL HOLDINGS LTD

MEDIUM TERM NOTES

Gold Bond 10 Year 7% Coupon per annum

\$3,000,000,000.00 USD

**EST Growmore Capital Holdings Ltd.
Office: 515 West Pender Street, Suite 216,
Vancouver, BC V6B 6H5, Canada**

EST GROWMORE Capital Holdings Ltd Bond TERM SHEET

Issuer:	EST Growmore Capital Holdings Ltd. Head office: 515 West Pender Street, Suite 216, Vancouver, BC V6B 6H5, Canada
ISIN:	CA26916AAA30
CUSIP:	26916AAA3
Valoren Number:	51174392
Company Key:	ON SIX TELEKURS
Instrument Short Name:	ON SIX TELEKURS
Security Prefix:	7 % interest per annum
Listing:	CDS Clearing Canada
Settlement:	Clearstream & Euroclear Book entry; Transferable
Issue Price:	\$100.00 USD per note
Denominations:	\$100 USD per Unit
Calculation Agent:	KPMG
Original Issue Date:	November 18th 2019
Dividend Date:	November 18th 2020
Interest/Reference Rate Type:	7 % interest starting November 18, 2020
Day Count Convention:	30/360
Reference Asset/Reference Rate:	Covered By Gold Ore and Mines
Coupon Formula:	EST GROWMORE BOND are to pay 7% fixed Dividend starting Nov, 18, 2020 and Maturity on Nov 18, 2029 100% Redemption Plus 7% Final Coupon to be paid to Note Holders
Rate Cutoff:	For any Interest period, the reference rate for any day from and including the fifth business day prior to the related Interest payment date will equal the reference rate observed on such fifth business day prior to that.
EST GROWMORE Total Issuance	\$3,000,000,000.00 Billion USD
Principal Protection Percentage (100%):	Fully Protected for principal and interest based on Fully Audited Gold Mine offering attached
Business Day:	New York; London

DEFINITIONS

"Agent"	ESTGROWMORE, duly Authorized on behalf of the shareholders of the Project to execute the Pledge Agreements;
"Authorized Persons"	persons outside the US who are entitled under the laws of their domestic jurisdiction to subscribe for the Note; or to be QIB
"Bank"	a bank to be chosen at ESTGROWMORE discretion;
"Board" or "the Directors"	the Directors of the Company whose names appear on of this Document supplement
"Bond"	the instrument pursuant to which the Notes are issued with a total value of \$3,000,000,000, Interest Payments and a Maturity Date;
"Business Days"	a day (not being a Saturday or Sunday) when banks are open for general business in London;
"Clearstream"	Clearstream Banking S.A, the clearing division of the Deutsche Börse;
"Common Depository"	the depository of the Bond and/or the Notes to enable it to be traded through the Settlement Systems;
"Confirmation"	All supporting documents for the Gold Mine is available for review of all investors to the Note Holder's appraisal of \$5.2 Billion for the Gold Mine confirming that Gold reserve are in place to secure the Principal and Interest Payments;
"CLEARSTREAM"	the computerized settlement system used to facilitate the transfer of title to UK shares and bonds in uncertificated form operated by Euroclear UK and Ireland;

"Currency Rate"	the exchange rate for conversion of any subscription amount into US dollars at the date of subscription for the Notes, as set out in the Financial Times for the relevant date;
"Custodian"	EST Growmore Capital Holdings Ltd custodian from IS Integral Transfer Agent in Canada
"Deutsche Borse"	Deutsche Borse AG which is an equity trading platform based in Germany;
"Dealers"	Dealers that may be appointed by ESTGROWMORE from time to time;
"Deposit Trust Fund"	a fund set up to provide additional security for the payment of the Interest Payments and/or Principal, reflecting any net proceeds from the realisation of the gold extract, paying agent is Integral Transfer in Canada
"Document"	Offering Memorandum;
"Euroclear"	the computerized settlement system used to facilitate the transfer of title to UK and international shares and bonds in uncertificated form operated by Euroclear Plc;
"Evidence"	such evidence as EST may from time to time request from the Investor, including relevant proof of financial capacity;
"Fitch"	Fitch Ratings Limited;
"Final Document"	This document is final the Offering Memorandum;
"Interest Payments"	7% of the Principal of the Notes to be paid per annum except as set out herein;
"Investor"	QIB or Authorized Person;
"Issuer"	EST Growmore Capital Holdings Ltd

"EST"	ESTGROWMORE which is the Issuer of the Note and the Custodian;
"Majority"	75% of the aggregate amount of Notes held by the Note Holders;
"Maturity Date"	November 18 th , 2029
"Notes"	a note issued pursuant to this Supplementary Offering Memorandum;
"Note Holders"	the Investors in the Notes;
"Notes Investment"	an investment into the Notes;
"Pledger"	the owners of the Project;
"Pledgee"	EST Growmore Capital Holdings Ltd
"Gold Mine"	Gold Mine is fully operational and the funds raised out of Bond is going for expansion and modernization of the Plant
"Pledged Gold Mine"	the underwriting the Notes as arranged by Gold Mine that is operational and is fully appraised at \$5.2 Billion USD
"Premium"	Raising funds from gold Mine
"Principal"	the value of the Notes paid to EST Growmore Capital Holdings Ltd
"Projects"	the projects undertaken by EST is in Gold Trading, which are to be financed by the Notes. Examples set out in Schedule B;
"QIB"	Notes are registered in Canada and is for QIB clients only
"Medium Term Note"	the schedules to the Document;
"Settlement Systems"	Euroclear, Clearstream and CREST;
"Standard and Poor's"	Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc.;

Confidential
Offering Memorandum
EST Growmore Capital Holdings Ltd.

"Offering Memorandum"	this document;
"Paying Agent"	Integral Transfer Agent in Canada
"US"	United States; and
"\$"	US dollars.
"Beneficiary"	EST Growmore Capital Holdings Ltd
"Amount"	\$3,000,000,000.00 Billion USD

**Offering Memorandum
Medium Term Notes**

OVERVIEW

Issuer	EST Growmore Capital Holdings Ltd
ISIN	CA26916AAA30
SEDOL (London)	XLON
SEDOL (Frankfurt)	XFRA
Security	Backed 100% at redemption via Pledged Gold Mine and cash reserve Portfolio;
Rating	Not rated
Currency	USD
Trade Date	November 20 th 2019
Issue Date of Initial Document	November 18 th , 2019
Issue date of the Supplementary Offering Memorandum	[18 th] Nov 2019
Maturity Date	November 18 th , 2029
Issue Price	100%
Redemption Price	100%
Issue Amount	\$3,000,000,000.00
Denomination	\$100.00 USD
Interest Payments	Years 1 through 10 Interest Payments. 7% per annum.
Interest Payment Dates	First interest payment date is November 18 th , 2020. Further interest payments are due on November 18 th of each year thereafter until the Maturity Date.

INTRODUCTION

EST GROWMORE is a registered public company in Canada, on November 18th, 2019. EST GROWMORE issued \$3 Billion USD Bond to raise Capital for expansion of their Gold mine.

The Issuer may only issue Notes in US dollars to QIBs or Authorized Persons.

The maximum aggregate Principal of all Notes will not exceed \$3,000,000,000.

The Notes will be eligible to be held by the Settlement Systems.

This Offering Memorandum is the final offering document dated November 18th, 2019

The Notes may be issued on a continuing basis to the Dealers. The Issuer may issue Notes to persons other than Dealers providing such persons are QIBs or Authorized Persons.

It is intended that the Notes will be listed on the exchange and will be settled through the Settlement Systems. The Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. At present there is no intention to list the Notes other than on the NYC EXCHANGE.

The Notes shall be subscribed for in US dollars. Any Investor wishing to subscribe for the Notes in another currency shall subscribe for the Notes at the Currency Rate.

The Notes will initially be represented by a global Note which will be deposited on the issue date thereof with a Common Depositary on behalf of the Settlement Systems in respect of the Note Holders.

The Issuer has not nor will be rated by Standard & Poor's, Fitch or any other rating agency. The Notes may be rated or unrated. Where Notes are rated, this rating will not necessarily be the same as the rating applicable to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the relevant rating agency.

Prospective Investors should consider the risks outlined in this Offering Memorandum set out in the "Risk Factors" relating to the Projects on pages 13 to 14 and relating to the Notes on pages 14 to 16 before making any investment decision in relation to the Notes.

The Date of this Supplementary Offering Memorandum is November 18th, 2019.

THE NOTES

For an example of the Projects, see Schedule B. Projects will be funded through proportionate allocation of the Notes.

1 Type of Security.

Medium term Notes in the amount of \$3,000,000,000 which will be sold as 30,000,000 Notes of \$100 each. No voting rights, benefits or interests are associated with the Notes. The Note is for the repayment of principal and interest only.

2 Maturity.

The Notes mature on the Maturity Date.

3 Market.

The Notes are expected to be listed and traded on the NYC EXCHANGE and maybe listed on other markets in due course.

4 Security.

The Notes are to be guaranteed by the \$5.2 Billion of fully appraised gold Mine and further secured by the Project.

5 Gold Mine

The Notes are fully backed by Gold mine that is in existence and conducting extrication of gold on a continuous basis

6 Interest.

Interest will be paid on November 18th of 2020 at the rated of 7% and thereafter every year till Year 2029

7 Default.

There shall be the following events of default:

7.1 Non-Payment – Failure by the Issuer to pay any amount of Principal or Interest Payment within 30 Business Days of when such payment is due;

7.2 Insolvency – Should the Issuer become insolvent or admit its inability to pay its debts as they become due, or any such proceeding shall be instituted by the Issuer seeking relief on its behalf as debtor, or to

adjudicate it to be bankrupt or insolvent, or seeking liquidation, reorganization, arrangement, adjustment or composition or other relief with respect to it or its debts under any law relating to bankruptcy, insolvency or mandatory reorganization or relief of debtors or any similar law now or hereafter in effect, or seeking appointment of a receiver, trustee, liquidator, custodian or other similar official for it or for any part of its property, or the Issuer shall consent by answer or otherwise to any such relief or to the institution of any such proceeding against it or any similar procedure in any relevant jurisdiction;

- 7.3 Non-Fulfillment of other material obligations - If the Issuer fails to fulfill any obligation, or perform any duty, other than as a consequence of force majeure, which is material to the Supplementary Offering Memorandum and the Issuer has been advised and given an opportunity to resolve the matter for a period of not less than 45 Business Days.

8 Payment.

Payments of the Interest Payment and the Principal on the Maturity Date will be made by EST. In the event of failure of payment of the Interest Payment by the Issuer, the insurer will exercise its security interest in the Project pending receipt of sufficient funds and any costs associated therewith.

9 Redemption

The Notes may not be redeemed earlier than the Maturity Date.

10 Identification of the Projects:

There will be a number of Projects to be chosen by EST GROWMORE. The Projects will not be sector or territory specific. It will be at all times 70% in Modernization of the Plant for the Gold Mine for faster extraction and cleaning of the Ore which is on ground.

SUMMARY

SUMMARY OF THE OFFERING MEMORANDUM AND OF THE TERMS AND CONDITIONS OF THE NOTES.

The following summary sets out the final terms of the Notes and thereby replaces the terms as set out in the previous document dated November 18th, 2019. This summary must be read as a final offering to this Offering Memorandum. Any decision to invest in the Notes should be based on a consideration of this Document as a whole.

Issuer:	EST Growmore Capital Holdings Ltd. Factors that may affect the Issuer's ability to fulfill its obligations under the Notes and risks associated with the Projects are set out under "Risk Factors" on pages 13 to 16.
Eligibility:	The Notes will be eligible to be held in the Settlement Systems.
Distribution:	The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis but only to QIBs or Authorized Persons.
Note Size:	\$3,000,000,000 Billion USD
Denomination of Notes:	The Notes will be issued in denominations of US\$100,00.
Taxation:	All payments in respect of the Notes will be made without deduction of taxes under the relevant jurisdiction of the Note Holder. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover such deduction.
Status of the Notes:	The Notes will be direct, secured, by the Gold Mine and cash reserve derived from gold mine
Rating:	The Issuer is unrated by Standard & Poor's and by Fitch. Notes issued under the Supplementary Offering Document may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the rating agency.
Listing:	It is intended that the Notes will be listed on the NYC EXCHANGE and an application for such listing will be made to the Exchange. The Notes may also be listed on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, the Trustee and the relevant Dealer. At present there is no intention to list the Notes on any other market.
Governing Law:	The Notes will be governed by the laws of Canada.

Selling Restrictions: There may be restrictions on the offer, sale and transfer of the Notes in a range of jurisdictions. There may be restraints on the sale or transfer of the Notes to QIBs and to Authorized Persons. Each Note Holder shall take advice from an independent professional advisor in its jurisdiction as to such restrictions.

RISK FACTORS

QIBs and Authorized Persons are deemed to have sufficient knowledge, experience and professional advice to make their own investment decision including their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in the Notes and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to QIBs and Authorized Persons. Investors are advised to consult independent professional advisors experienced in investments of this kind in their own jurisdiction.

The secondary offering of Notes to QIBs

In addition to the other relevant information set out in this Document, the following specific risk factors should be considered carefully in evaluating whether to make a Note Investment. This list is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Notes. The risk factors are not set out in any order of priority. Any one or more of these risks could have a material adverse effect on the value of any Note or the financial position of the Project.

1. Risk factors associated with the Projects:

The financial prospects of any company are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the company is exposed. There are a number of risks faced by the Project, including those which encompass a broad range of economic and commercial risks. The most common risks that the Project will encounter are credit risk, interest rate risk, liquidity risk, currency risk and operational risk (including fraud, theft and property damage). These risks create the potential for the Project to suffer losses. Whilst the Project is likely to be in construction, the Issuer has the authority to invest in other sectors, which will pose other sector specific risks not set out in a construction related industry.

1.1 Credit risk

The risk of financial loss due to the unwillingness or inability of counterparty (counterparties) to fully meet their contractual debts and obligations owed to the Project.

1.2 Changes in Economic Conditions

The financial performance of the Project could be affected by: i) changes in inflation and interest rates, which will particularly affect the net interest margin achieved in the Project's operations; ii) changes in employment levels and labor costs; iii) changes in aggregate investment and economic output; iv) other changes in economic conditions, which may affect the creditworthiness of customers of the Project and the quality of the Project's loan portfolio; and v) housing prices and demand for housing loans which could reduce the Project's loan receivables and net interest income. Global economic factors and geo-political instability can also affect economic conditions in the relevant countries and therefore affect the financial performance of the Project.

1.3 Changes in Investment Markets

Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, will affect the financial performance of the Project through its operations and investments held in financial services and associated businesses.

1.4 Regulatory Changes

The Project is subject to regulatory and legal oversight. Changes in the regulatory regimes under which the Project operates may have a significant effect on the financial performance and capital requirements of the Project. Failure to comply with legal and regulatory requirements may have a material adverse effect on Issuer, its reputation among customers, and regulators and in the market. Future regulatory and legal developments affecting the financial services industry may also have a material adverse effect on the Project.

1.5 Changes in Government Policy

The Project may be affected by changes in government policy or legislation in the construction industry. Any proposed change to taxation may impact the Project.

1.6 Construction Industry Specific Risks

The construction industry is a highly competitive industry and is subject to other competitors consuming clients that the Issuer would need for the project to be fully successful. Moreover, the construction of any site includes not only the proper government issued permits and authorizations, but available labour and materials. These labour and materials maybe in shortage from industry intrinsic events, such as competitors paying higher prices, but also industry extrinsic events, such as hurricanes/cyclones, floods, or other such natural disaster(s) that may cause a high demand on materials, or the government and/or manufacturers redistributes its allocations upon the occurrence of such circumstance.

1.7 Operations

Although the Project has operational risk management practices, its profitability will continue to be subject to a variety of operational risks including strategic and business decisions (including acquisitions), technology risk (including business systems failure), reputational risk (including damage to brands), fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal risk, data integrity risk, key person risk and external events.

1.8 Insurance

The Project is subject to natural disasters and may have little or no value after a major disaster despite the architectural worst case scenario planning. In essence, despite the most prudent preparation, unforeseen or improbable material adverse events do occur.

1.9 Currency risk

The Project could be effected by the depreciation of the base currency, US dollar.

2. RISK FACTORS ASSOCIATED WITH THE NOTES

This Supplementary Offering Memorandum does not constitute a recommendation to make an investment in the Notes nor is it a complete description of the risks or benefits of investing in the Notes. As such, any Investor making a Notes Investment must familiarize itself with the potential risks of a Note investment. This analysis must be completed with requisite skill, advice and in light of the Investor's needs. Importantly it is the responsibility of the Investor to ensure that it is properly informed and has made an appropriate assessment of whether it should make a Notes Investment under this Offering Memorandum.

2.1 Any person making a Notes Investment should:

- i) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

- ii) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- iii) be able to evaluate (either alone or with the help of its independent financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.2 Gold Mine Pledge.

Although the Notes are secured by Gold Mine, it is possible that some act of nature can happen, however the principal of EST GROWMORE Company Registered Office: 216-515 West Pender Street Vancouver BC V6B 6H5, Canada, will have insurance on the Project at all times for safety of all and benefit of the Bond holders.

2.3 Changes during the term of the Note

It is possible that changes may occur during the term of a Note that may affect the value of the Notes or the return an Investor will receive from the Notes. Any changes to the terms of the Notes, can only be implemented following a meeting of Note Holders in accordance with the paragraph 'Meeting of Note Holders, Modification and Waivers' on page 19. These changes may also affect the ability to transfer the Note on the secondary market. These changes may include:

- i) Change in Issuer's condition: A change in the financial condition or rating of the Issuer or a change to the Issuer's legal status, control or tax residence;
- ii) Change in law: A change in law of the law governing the Notes. A change in law may mean that rights under the Notes at the time of the issue are altered or cease to exist and may otherwise negatively impact on the ability of a Note Holder to enforce its rights in this Document;
- iii) Selling restrictions and taxation: There may be further restrictions now or in the future on the ability of a person to make a Notes Investment or to utilize that investment for collateral purposes;
- iv) Waivers and amendments: Regardless of whether there is any change in law, there may be waivers or amendments to the terms of the Notes prior to their maturity. A particular Note Holder cannot necessarily resist an amendment or waiver of which it does not approve as a Majority is required to effect an amendment or waiver to the terms of this Document;
- v) Interest rate conditions: Where there is a change in interest rate conditions such that similar notes delivering a higher return are available in the market, although this may not impact on the return the Investor was expecting, it may impact on the ability of the Investor to transfer or trade the Notes Investment;
- vi) Default: the Issuer or any party to the Supplementary Offering Memorandum who may default on its obligations under the Notes. In addition to impacting on the value and transferability of the Notes, it may also impact on the ability of the Investor to recover some or all of the amounts it is due; and
- vii) Rating: Credit ratings of the Notes (if rated) or the Issuer (if rated) may change or be withdrawn.

2.4 Ability to trade Notes

In addition to the risks discussed above in relation to limits on trading Notes, there is no obligation on the Dealers to affect secondary sales of the Notes, nor where a secondary market

has been created, to ensure it stays active. Accordingly, there may not be a market for the Notes or that market may not produce the return the Investor anticipated or any return at all.

2.5 An issue may not proceed

The Issuer may decide not to proceed with an issue of Notes. Where this is the case, the Investor will have no rights against the Issuer in relation to any expense incurred or loss suffered.

2.6 Legal investment considerations may restrict certain investments

The investment activities of Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal and other independent advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their independent legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

2.7 Reduction in the value of the Notes

The risk of loss of earnings due to adverse movements in interest rates. Fluctuations in the interest rate could cause a fall in the market value of the Notes.

2.8 Liquidity Risk

The Notes may become illiquid and Investors may not be able to benefit from trading the Notes, or may be forced to do such trading at significant discounts if not held until the Maturity Date.

2.9 Duty to update

The Issuer has no continuing duty to update any information contained in the Supplementary Offering Memorandum. Note Holders are cautioned to periodically perform their own due diligence, should they so choose.

TERMS AND CONDITIONS OF THE NOTES

For so long as any of the Notes is represented by a global Note held on behalf of the Settlement Systems, each person who is for the time being shown in the records of the Settlement Systems as the Note Holder (in which regard any certificate or other document issued by the Settlement Systems as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error), shall be treated by the Issuer and the Trustee, as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of Principal or Interest Payments on such Notes. In determining whether a particular person is entitled to a particular nominal amount of Notes, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of the Settlement Systems, as the case may be.

Status of the Notes

The Notes are direct, fully secured obligations of the Issuer.

Payments and Methods of Payment:

(i) Presentation of Notes: Payments of Principal in respect of definitive Notes will be made against surrender of the Notes.

(ii) The Note Holder shall be the only person entitled to receive payments in respect of Notes and the Issuer will be discharged by payment to, or to the order of, the Note Holder in respect of each amount so paid. Each of the persons shown in the records of the Settlement Systems as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to the Settlement Systems as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). Without prejudice to any term or condition contained herein no person other than the Note Holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note whether Principal or Interest Payments.

Payment Day:

If the date for payment of any amount in respect of any Interest Payments or Principal is not a Business Day, the Note Holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

Purchases:

The Issuer may at any time purchase Notes at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Note Holders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer cancelled.

Enforcement:

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of this Document and the Notes, but it shall not be bound to take any proceedings or any other action in relation to the Document or the Notes unless:

- (i) It shall have been so directed by an Extraordinary Resolution of the Note Holders and
- (ii) it shall have been indemnified to its satisfaction.

No Note Holder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Replacement of Notes:

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced by the Issuer upon payment by the Note Holder of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

Notices:

All notices regarding the Notes shall be sent to the holder of record and/or published in a leading English daily newspaper of general circulation in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner and shall be deemed to have been given on such date, as the Trustee may approve.

Any such notice shall be deemed to have been given to the Note Holders on the seventh day after the day on which the said notice was given to the Settlement Systems.

Notices to be given by any Note Holder shall be in writing and given by lodging the same, together with the relative Note or Notes to the Issuer. Whilst any of the Notes are represented by a global Note, such notice may be given by any Note Holder to the Issuer via the Settlement Systems, as the case may be, in such manner as the Issuer and the Settlement Systems, as the case may be, may approve for this purpose.

Meetings of Note Holders, Modification and Waiver:

Meetings of Note Holders: The Issuer can call a meeting of the Note Holders by sending notice to their address as indicated on the register held by the Settlement Systems. Only a minimum of 25% of the Note Holders can call a meeting.

The quorum at any meeting will be two Note Holders. A Majority is required to amend or modify a term of the Notes.

Any amendments to the Notes passed at any meeting of the Note Holders will be binding on all Note Holders, whether or not they were present at the meeting.

- i) **Modification and Waiver:** The Trustee may agree, without the consent of the Note Holders to any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the terms of the Notes which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Note Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error, in the opinion of the Trustee.
- ii) **Notification:** Any modification, waiver or authorization shall be binding on the Note Holders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Note Holders as soon as practicable in accordance with the terms and conditions contained herein.

Contracts (Rights of Third Parties) Act 1999:

The Notes confer no right for any third party to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from being a party to this Supplementary Offering Memorandum.

Governing Law and Submission to Jurisdiction:

- i) **Governing Law:** The Notes are governed by, and will be construed in accordance with, the laws of Canada.
- ii) **Jurisdiction:** The Issuer has irrevocably agreed for the benefit of the Trustee and the Note Holders that the Courts of England and Wales are to have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings arising out of or in connection therewith may only be brought in the Courts of Canada.

Prescription:

Claims for Principal shall become void ten years after the day on which they have become due. Claims for Interest Payments, shall become void four years after the relevant due date for payment. The Issuer may deposit with a Court of competent jurisdiction any amount due on under the Note not claimed by Note Holders within one year after becoming due. The deposit will be at the risk and expense of the holder and the Issuer shall have no further obligation(s) in respect to those amounts, liability, or obligation. If the Issuer shall waive all rights to said deposit(s), the respective claims(s), if any, of the Note Holder against the Issuer, shall hereby cease and be waived by the Note Holder.

REPRESENTATIONS AND WARRANTIES

EST Growmore Capital Holdings Ltd. General Obligation:

EST Growmore Capital Holdings Ltd., Hereby, unconditionally guarantees the due and punctual payment of all amounts, of any Notes issued pursuant to this Offering Memorandum.

Negative Pledge:

So long as any of the Notes are outstanding, the Issuer undertakes, not to create or permit to subsist any mortgage, charge, pledge, lien or other encumbrance upon any or all of its present or future undertakings, revenues or assets.

SUBSCRIPTION AND SALE

The Issuer has agreed to reimburse the Dealers for certain of their expenses including any commission in connection with the issue and trading of the Notes and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

GENERAL

Each Dealer shall comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Supplementary Offering Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. Neither the Issuer nor any other Dealer shall have any responsibility therefore. Neither the Issuer nor any of the Dealers represents that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available there under, or assumes any responsibility for facilitating such sale, offer or distribution.

Responsibility:

The Issuer accepts responsibility for the information contained in this Supplementary Offering Memorandum. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplementary Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No independent verification:

Neither the Issuer, any Dealer nor the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer, or the Dealer or the Trustee as to the accuracy or completeness of the information contained in or incorporated by reference in this Supplementary Offering Memorandum or any other information provided by the Issuer in connection with the Notes. The Issuer, any Dealer nor the Trustee accepts any liability for the information contained or incorporated by reference in this Supplementary Offering Memorandum or any other information provided by the Issuer in connection with this Document.

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No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or inconsistent with this Supplementary Offering Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not and cannot be relied upon as having been Authorized by the Issuer, or any Dealer or the Trustee.

No offer:

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Distribution:

This Supplementary Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction or to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Document and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, any Dealer and the Trustee do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other

requirements in any such jurisdiction, or pursuant to an exemption available there under, or assume any responsibility for facilitating any such distribution, sale or offer.

No registration:

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions under QIB Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons unless they are a QIB.

QIBs or Authorized Persons:

Each QIB or Authorized Person will provide such evidence of their identity and capacity to participate in the Notes as it may require from time to time. These bonds are offered pursuant to an exemption from registration pursuant to rule 144A of the Securities and Exchange act of 1933 as amended.

The “Company” will apply to be quoted on Bloomberg. The bonds will be eligible to trade electronically pursuant to Regulation 144A to foreign Qualified Institutional Buyers located outside of the USA.

ADVISORS

Company Registered Office: 216-515 West Pender Street, Vancouver BC V6B 6H5, Canada

Transfer Agent: Integral Transfer Agent

Paying Agent: Integral Transfer Canada

Accounting Firm: Ernst & Young
Av. Victor Andres Belaunde 171, San Isidro – Lima 15073 Peru

Depository: CDS (Canadian Depository for Securities) ClearStream

Six Telekurs , Switzerland Valoren Number

Law Firm: EAD /ELAINE A DOWLING LAW GROUP
Address: 8275 S. Eastern Suite 200 Las Vegas, NV 89123

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SECTION 1 – THE “COMPANY”

EST Growmore Capital Holdings Ltd. is a Limited Liability Company, formed on October 30, 2019.

And plans to finance its operations from the proceeds of a US\$ 3,000,000,000 (Three billion US Dollar) Senior Secured Seven Year 7% (Seven Percent) Note Offering offered only to investors.

SECTION 2 – SUMMARY

The following Summary contains information about the EST Growmore Capital Holdings Ltd. (ECHL), its business activities and future plans, and the offering of the Notes.

The “Company”: ECHL is a privately held “Company” registered in Canada. The Company’s Business Plan is to develop, operate, produce, refine, and sell Gold Bullion from Gold Mine Concessions in Peru.

Proposed Acquisitions: The “Company” intends to operate the Gold Mining projects as discussed herein, utilizing the proceeds of the Note Placement. These include: the mines located in Peru.

1. Compania Minera Atahualpa SAC a “Company” Registered in Peru no: 20347528341
2. Compania Mineral Lucma S.A.C has ownership of Gold Project Assets from Cascaminas S.A.C (MC) registered under Document PE-12737207 in Lima Peru.
3. Compania Minera Nueva California S.A.C., a “Company” Registered in Peru
4. Compania Minera Olga Victoria S.A.C., a “Company” Registered in Peru known as Calorco Gold Project

Gold Reserves and Value: There are extensive Gold Reserves in the mines at Peru.

Assignment of Mines in Peru:

- Compania Minera Atahualpa SAC a “Company” Registered in Peru no: 20347528341
- Compania Mineral Lucma S.A.C has ownership of Gold Project Assets from Cascaminas S.A.C (MC) registered under Document PE-12737207 in Lima Peru.
- Compania Minera Nueva California S.A.C., a “Company” Registered in Peru
- Compania Minera Olga Victoria S.A.C., a “Company” Registered in Peru known as Calorco Gold Project

Reports as Addendum X 1, X2, X3, confirming the Gold Reserves and Values of the three mines in Peru.

Secured Notes Offered: The “Company” is offering US\$ 3,000,000,000 of Notes payable (10) Ten Years from the date of issuance, with a 7% (seven percent) Interest Coupon per annum, paid on maturity in arrears. The Notes will be collateralized by Gold Bullion to be produced from the Gold Mines and then held on Deposit in the OZL Security House at Vaduz in the metal custody account of their subsidiary, EST Capital AG, Zug.

Gold Bullion on Deposit: Each Note shall be secured by physical Gold Bullion held on Deposit in the OZL Security House at Vaduz in the metal custody account of their subsidiary, EST Capital AG, Zug for the Note Holders. The books and records of the Custodian shall evidence that such Gold Bullion is segregated from other metal held in any of the Custodian's vaults.

Interest Sinking Fund: The “Company” will establish a segregated Bank Account at a Major Bank for the Noteholders and the “Company” shall deposit 10% (Ten Percent) of the gross proceeds collected from this Offering as an Interest Reserve to pay the 7% (Seven Percent) Interest Coupon in cash, on maturity to each Note Holder. However, if there is any transaction with zero coupon basis, then this sinking fund may not be maintained to use the liquidity for the project.

Redemption: The “Company” has reserved the right to redeem the Notes payable in cash rather than in Gold Bullion if the price per ounce of Gold on the London Bullion Market Association as of the Secured Notes Maturity Date is US \$ 1,000.00 or less per ounce. In such event, the Note Holders will receive the same Return on Investment payable in the form of cash rather than in Gold Bullion.

Management: The Company’s senior Management team is based in Lima, Peru and the Operational teams are based on site at the mines in Peru.

Use of Proceeds: If the entire Offering is subscribed, the Funds from the Repo deal of US \$ 3,000,000,000 (Three billion US Dollars) of Notes shall be used for the purposes as follows:

- Gold Mine Concessions balance acquisition costs.
- Gold Mining Working Capital for Production.
- Gold Mine Plant and Equipment Purchases
- Sinking Fund Interest Reserve Deposit (10% of Gross Proceeds)**
- Processing Plant Construction at the Gold Mines.
- Legal, Accounting, Engineering, and Consulting Fees (1%)
- Placement Agent Fees (1.5%) per annum
- Administration, Corporate & Working Capital

Risk Factors: There are significant risks associated with an investment in this Offering and the purchase of Notes. Potential investors are cautioned to carefully review all risks and to seek counsel from their own financial and legal advisors.

Placement Agent Fee: Placement Agents shall receive up to a 1.5% (One and a half Percent) fee on an annual basis.

Suitability Standards: Only certain qualified investors and exempt under the Securities Act of 1933 as amended, are allowed to receive this Offering Memorandum and invest funds to purchase the Notes offered hereby.

Freely Transferable: The “Company” shall deposit the Notes into the Clearstream system for electronic transfer to purchasers and holders. Such transfers shall be free transfers.

EST Growmore’s current operating activities are presently concentrated on the mines in Peru, on financing the operation of its planned gold mining activities.

Mission Statement:

We shall primarily engage in the business of gold exploration and production of gold and in the application of technologies for the processing of precious metals and the production of gold silver, platinum and other precious metals using advanced technologies in such production. Our commitment is to enhance Member value and to repay our debt through the discovery, acquisition and development of gold reserves, and the operation of profitable gold mines. We are committed to being environmentally and socially responsible within the communities in which we operate and to create a safe working environment for our workers.

SECTION 3 – “COMPANY” ASSET OVERVIEW

EST Growmore’s near-term objective is to achieve early, gold and precious-metals production and gold sales that will establish a cash flow, thereby generating corporate liquidity in the capital markets and establishing institutional investment and underwriting capability.

EST Growmore intends to fund all of its operations related to the Gold Mines by the proceeds raised by the issue of US \$ 3,000,000,000 (Three billion US Dollars) in Notes described herein and will remain a privately held “Company” with no plans to go public or offer equity ownership to outside shareholders, having elected to use debt financing to fund the “Company” rather than selling equity to outside investors.

EST Growmore is fully committed to deliver on the promises evidenced in this offering document. And to achieve this pious intent, we reserve our right to add more mines or change any mine and substitute them with more gold ore producing mine/mines in case of any mining area falls short of our expected results. There cannot be any compromise on the issue of availability of gold bars upon maturity of these bonds to the investors. Hence all our efforts to match the payment obligation and actual results.

Mines in PERU

COMPAÑÍA MINERA ATAHUALPA S.A.C.

BUSINESS PLAN

It is prohibited the partial or total reproduction of this document by any means, except with the permission and authorization of the authors.

Prepared by Mining Engineer and MBA Q. Demetrio Luque and Dr. Roberto Tirado

This Business Plan was prepared in order to fulfill the main objectives of the ATAHUALPA Business Group and as a mean to get financial availability to Las Gemelas project.

1. EXECUTIVE SUMMARY

This summary corresponds to the business plan developed for the "Las Gemelas" mine project, owned by "Compañía Minera Atahualpa S.A.C.", whose main objective is the exploitation of the gold deposit through a CAPEX and OPEX developed in detail. The project is framed within a regional area where mining is intensely developed, it is located within a gold belt that easily travels up to 300 kilometers that becomes the Nazca-Ocoña strip in southern Peru.

Geologically the project has been reviewed by many renowned professionals and companies who have ratified the existence of a potential reservoir with sufficient reserves for a mining operation.

The current status is that it is a project in full operation on a small scale (bronwfield) and that is producing between 3.5 and 4 kilos of gold and 35 kilos of silver monthly. In any case the main strategy is to take the exploitation to a larger scale of production, which approximates 1.5 tons of gold production and 15 tons of silver per year at least.

1.1. LOCATION AND ACCESSIBILITY OF MINE

Geographically, it is located in the southern highlands of Peru, in the place Achatayhua, Quicacha District, Province of Caravelí, Arequipa department, on an altitude of 3400 meters above sea level.

The nearest Town adjacent to the project area is the town of Sondor, near the snow-covered Sara Sara and Parinacochas Lagoon.

1.2. HISTORY OF MINE

Founded in 2005, Atahualpa is an emerging company specialized in the exploitation of gold and silver deposits.

ATAHUALPA is registered in Peru; Is property of:

- Demetrio Luque Quispe main shareholder with 66%
- July Luque Walter Quispe shareholder with 19%
- Raymundo F. Luque Quispe shareholder with 15%

1.3. SUMMARY OF THE “LAS GEMELAS” MINE

LAS GEMELAS mine is a gold mine, which is located in the coastal batholith, the Philonian type or streaks having a thickness between 0.5 meters to 6 meters thick. It has been working for the underground mining method since its inception and has to date recognized about 6 veins that have significant travel or surface outcrop 300 meters to 1.200 meters. All these veins are within ATAHUALPA properties. It comprises 1,801.31 hectares of mining concession.

The upper part of the deposit consists of oxides and deepened to approximately 60 to 100 meters then become sulfides. The mineralization is composed not only of gold, but is accompanied by silver and 2 veins that are at the north end of the property is high in copper.

1.4. PRODUCTION HISTORY

To date mining operations have been opened for approximately 1,200 linear meters between galleries, ramps, raises and has been exploited as a small mining up to 30,000 tons of ore with an average grade of 4.5 grams of gold and 2.5 ounces of silver.

Cumulative sales ATAHUALPA year were made from 2,009 to 2,012, for a total of US \$2.62 million from 2 types of sales, the sale of refined gold and the sale of mineral to processing plants.

The first, from the sale of gold and refined silver product processing plant leaching and cyanidation spray mounds implemented at the mine, the same as in all initial and subsequent tests showed a maximum recovery of 45% due to the presence of clays. This forced to change the sales strategy.

As a result of low recovery, metallurgical testing is done in order to find the most appropriate method of recovering gold and silver. The tests indicated that the best method was to process gold ore by leaching in agitation tanks with a grinding of ore -200, 80% or more threw recoveries up, to 90% in 8 hours of residence and 94% in 72 hours of residence.

As ATAHUALPA did not have the processing plant by that method is decided to process the raw ore taking services plants from third parties that have very high costs, after having sold approximately 17,000 tons of ore was decided to temporarily paralyze the high costs processing and transportation.

1.5. ACTUAL STATUS OF THE MINE

This shutdown lasted until 2016, when the company decided to restart the operational work after having made the following investments and / or start-up strategies.

- A contract for the lease of a mineral processing plant with a capacity of 25 tons per day has been achieved with the company MINERA OPTION SAC, for which purpose all permits and operating authorization have been managed with a total investment of approximately US \$ 150,000 US dollars in reactivation of plant, purchase of ball mills, expansion of grass field and infrastructure. This contract lasts for 5 years from June 2016.

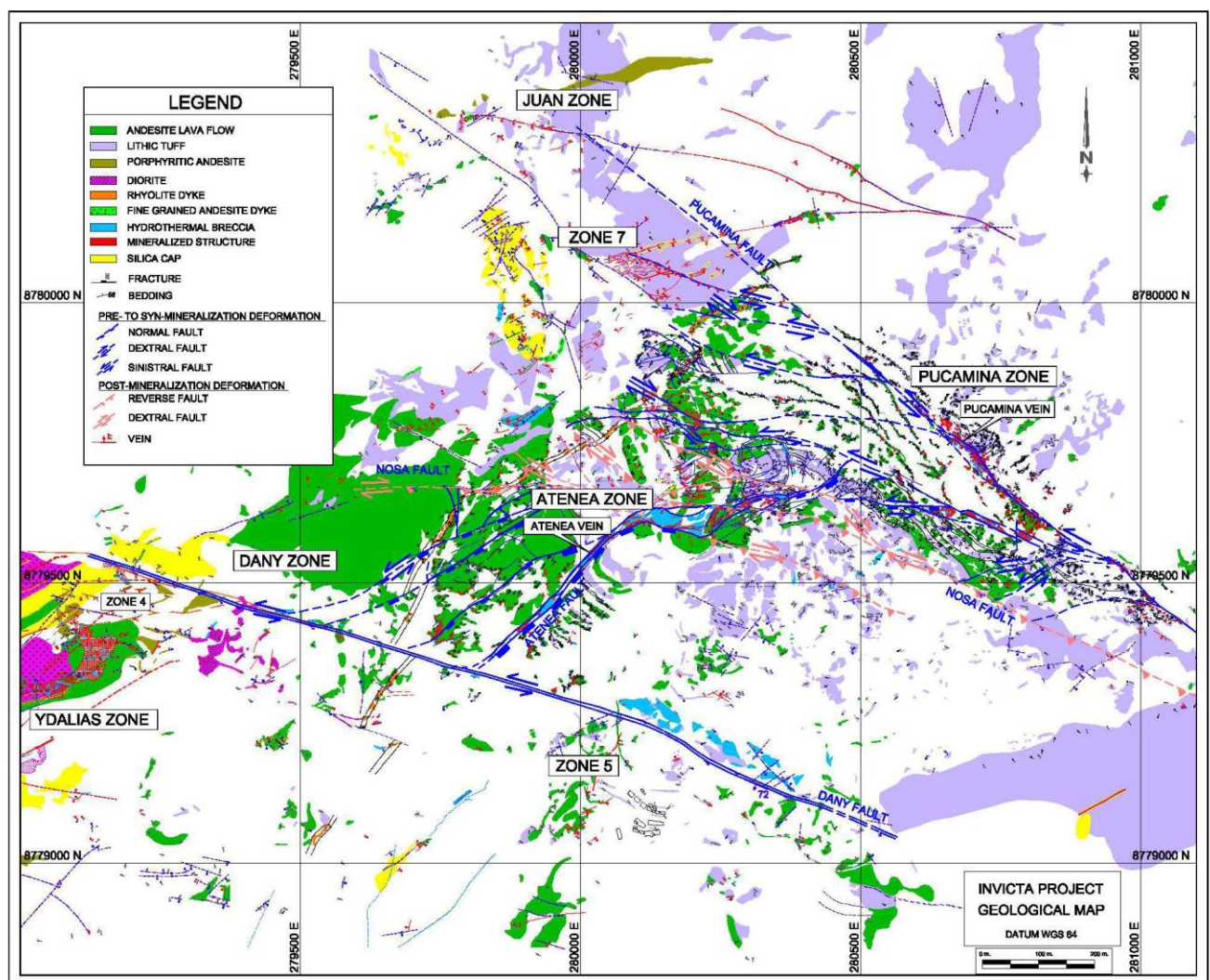
- It has been possible to construct an initially projected road with the following characteristics:

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Offering Memorandum

EST Growmore Capital Holdings Ltd.

- Approximate length: 16.2 km
- Maximum gradient: +/- 10%
- Width of the road: 5 meters
- Type of road: Affirmed
- Bermas of passage: Every 500 meters
- Tonnage by truck: Up to 25 MT
- Start of Road: Km. 71 Carretera Chala - Sara
- The investment used to date has been approximately US \$ 325,000, still lacking to conclude with some features such as Badges, ditches or coronation channels, road width up to 6-7 meters for passage of tippers up to 35 tons capacity.
- It has all the permits, licenses and authorizations governmental and community that is required for a continuous operation (small mining), becoming at this moment in a Brownfield project.
- Up to now, sales of up to US \$ 770,000 have been achieved for the sale of gold and silver from the processing of some 4,000 tons of ore.



1.6. GEOLOGICAL SUMMARY

1.6.1. MINERALIZATION

Achatayhua mineralization is in the form of systems mesotermiales hydrothermal veins cutting chocolate and Guaneros formations. The system has the most prominent vein N20-30 ° W direction, steeply dipping (65 ° NE), and some of them are failures that have been mineralized jump intermittently by solutions of different compositions, resulting in different grain fillers, such as quartz specularite and manganese carbonate, which latter being a little richer in silver (Ag) and the former containing Cu, Pb, Au plus.

It is noteworthy that the mining site of LAS GEMELAS, formerly called the Achatayhua mine, is a set of veins with moderate content rich gold (from 3 to 30 grams per ton) and moderate content rich silver (between 1 to 15 ounces per ton). Therefore, it is important to consider silver values in economic flows, as in mineral processing LAS GEMELAS mine will have achieved gold and refined silver.

1.6.2. RESERVES AND RESOURCES: COMPETENT PERSON

Under provisions of CRIRSCO for both Canadian NI 43-101 or Australian JORC norms and regulations a qualified or competent person is an engineer in the fields of geo science, geology or mining disciplines with at least 5 years' experience regarding the kind of project under evaluation and or reporting.

Demetrio Luque Quispe is a graduate from the Universidad Nacional Del Centro del Peru from the faculty of Mining Engineering with a degree in mining engineering, duly registered at the Peruvian engineering college (Colegio Peruano de Ingenieros) which is the certified register for Peruvian engineers by law under Registration number 61389. As a graduate student he fully pursued studies for an MBA and was graduated with honors from Universidad San Ignacio de Loyola (USIL) and later on obtained a degree for MBA in financial and managerial studies from the Université du Quebec at Montreal, Canada (UQAM). He also took advanced courses regarding:

- 1. Valuation and certifying of mining resources and reserves**
- 2. Metallurgy of Gold**
- 3. Health, Security and Environment System – NOSA**
- 4. Danger Identification and Risk Evaluation IPERC**
- 5. Management systems certifying for ISO 9001, ISO 14000, OHSAS 18001**
- 6. Sustainability and Mining for the Future**

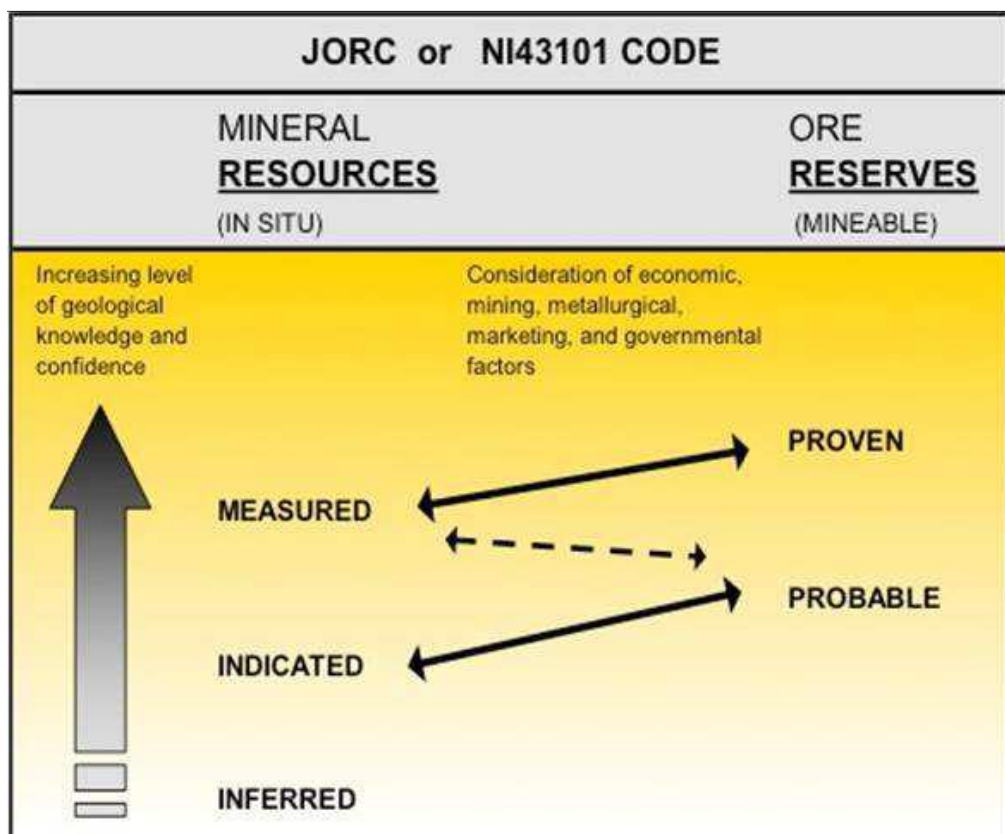
His professional work and experience covers over 30 years in underground and surface mining as a full cost mining contractor and entrepreneur for such companies as Glencore International, Volcan Compañía Minera (one of the largest zinc and silver mining companies in Peru), Consorcio Minero Horizonte, Panamerican Silver, Southern Peaks Mining, Compañía Minera San Ignacio de Morococha, Compañía Minera Huarón, among others. In the past acting as engineer he worked for Southern Perú Copper Corporation in the Cuajone mining unit.

He acted during 2008 and 2009 as a senior consultant and advisor for CONCYTEC and FYNTEC (the Peruvian agencies for Science and Technology development) developing the Base Line design for mining innovation and development regarding the long-range planning for the mining sector in Peru.

As a mining contractor the International Business Awards credited him with a premium in 2009 for management and mining leadership in accordance with international standards by world most renowned companies.

RESERVES AND RESOURCES

The amount of reserves is estimated considering that the mineral resources of the LAS GEMELAS mine have turned to reserves since the mine has been in operation, which means that the values of metal content are proven historically based on sales of ore made to third-party processing plants. Metallurgical gold recovery has reached 92% reported the same processing plants. Predated sales amount to approximately 4,000 ounces of gold a total of 30,000 tons of ore. For reserves estimation JORC criteria is used, which classifies the same resources and reserves from a holistic view of the processes and internal and external factors.



At current prices (US\$1,291.45 oz.) gold reserves are valued at US\$59'493,224

At current prices (US\$17.12 oz.) silver reserves are valued at US\$17'767,360

And, totaling both gold and silver reserves we add US\$77'260,584

In general summary, we have between mineral resources and mineral reserves, about 4.6 million tons of ore with an approximate law 4.7 g / t gold and 2.32 oz / t silver. If we quantify the total of our reserves at current price, the current value of Las Gemelas' project would be as follows:

MINERAL	RESERVES (ounces)	INTERNATIONAL PRICE (US\$/OUNCE)	TOTAL US\$
GOLD	621,825	1,277	794,070,525
SILVER	8,525,250	17	144,588,240
			938,658,765

In addition, we have to keep in mind that it will continue to be prospected and it is estimated that new reserves could be found.

1.6.3. REASONING UNDERLINING PROVEN RESERVES

MINERAL	RESERVES (ounces)	INTERNATIONAL PRICE (US\$/OUNCE)	TOTAL US\$
GOLD	621,825	1,277	794,070,525
SILVER	8,525,250	17	144,588,240
			938,658,765

According to JORC code an ore reserve is the economically mineable part of a Measured and or Indicated Mineral Resource. The critical factor is the economic feasibility of the mining of such resources. With the issuance of our Business Plan duly revised by Grant Thornton a reasonable indication was drawn upon the reserves involved.

After the initial Business Plan, Las Gemelas mine has undergone further investments and studies leading to complete the feasibility study required to estimate proven and probable reserves. For instance under the original Business Plan heap leaching method for gold recovery had already been used which led to metallurgical studies and testing signaling the need for a processing plant up to 350 MT per day in the coastal region. Along with it, Atahualpa mining co. built a new road in order to reduce freight and transport cost of the mineral to be processed at the plant. Likewise a small scale plant was located and leased for a period of 5 years in order to process the proven reserves and obtain "doré bars" for sale or export. Up to 5 kg gold and 50 kg silver are produced per month at this facility. New advances at the underground level of the mine have identified blocks and labors for proven reserves. The traditional and more reliable way to validate mineral reserves from a mine is through the opening of mining labors. Although the time required opening many explorations and development labors goes from months up to years as the underground works advances the mineralized structures are evidenced through the path.

Diamond drilling to locate mineralized veins is very used; however these might have a risk degree due to the factor that on passing through a mineralized structure the intersection

could be a point of high purity or low law. This is due to the randomness degree of gold mineralization in the veins. Las Gemelas mine has a main characteristic that of a deposit formed by longitudinal veins and mineralized structures. This type of deposit calls for underground extraction methods.

VALIDATION OF RESERVES THROUGH UNDERGROUND LABORS

Since January 2016 up to date the Principal, Gordita, Lateral and El Dorado veins has had a development of 600 meters of main galleries approx. (Level 1) in a lower level referred to Level "Zero" which is 40 meters below surface. This whole new level has already confirmed that the mineralization goes deeper below with better metal contents and the presence of gold and silver. The mineralized structures keep a regular behavior regarding veins thickness ranging from 1 meter up to 3 meters in the best cases. In fact this type of geological manifestation allows us to validate these 650 meters of galleries with an altitude of 90 meters up to the surface as proven and probable reserves. Reserves derived this way amount to 290,000 tons with an average law of 4.8 grams of gold and 3.5 ounces of silver per ton. All mining labors are shown in planes and longitudinal profiles annexed as A.

MINERALOGICAL BEHAVIOR OF THE DEPOSIT

Being low sulphide deposits, this calls for a high probability that the deposit could deepen more than 1,000 meters as proven and shown by adjacent mines to Las Gemelas Mine exhibiting same characteristics. For better interpretation and in order to model the mineralized structures in three dimensions (3D) we are implementing software and its associated statistical data which will allow to see an spatial image with its positioning and probable form so as to develop the best and more efficient exploitation method. So far we are finding new small mineralized structures probably tensional to the main veins.

HIGH PURITY ZONES

We have found very frequently some zones of highly mineralized concentration in small bodies or adjacent nails to the main mineralized structures. These have presented laws of up to 30 grams of gold per ton and 10 ounces of silver. This clearly points out that mine deepening will bring more mineralized bodies with high metal contents in gold and silver.

INFRASTRUCTURE AND ACCOMPLISHED INVESTMENT AS OF TODAY

Every mine requires a minimum infrastructure to operate and duly support a better exploitation of mineral deposits. Atahualpa Co. has invested over US\$ 1.5 million since January last year in accordance with its CAPEX on such items as:

- 20 kilometers Access road to the mine so as to reduce freight cost
- To complete the 60 tons per day crushing plant in the mine itself
- To complete the leased processing plant in accordance with contracts so as to process 1,000 mineral tons per month
- To complete working capital to start mining laboring up to a capacity of 30 tons per day. We forecast to rise the production up to 2,000 tons per month within 3 months

METALLURGICAL RESULTS OF GOLD PROCESSING

Up to this date Atahualpa has implemented a small gold processing plant under its management. A duly signed contract with the owners gives Atahualpa a lease option up to 5 years. At the beginning of operations recovering proceedings were 85% for gold and 40% for silver. After optimizing factors actual recoveries points to 92% for gold and 65% for silver. The low recovery with silver is due to the need of more prolonged stationary time in the agitation tanks. We are working to put two more agitation tanks to work and forecast to an above 75% recovery for silver. Hence the metallurgical behavior of Las Gemelas mine has been completely studied.

ACTUAL DETAILED DORE SALES

Since the end of 2016 mineral from Las Gemelas mine has been processed in the leased plant. For 2017 sales are calculated to be around US\$ 1 million. For fiscal year of 2018 forecasted sales are around US\$2.5 million. ANNEX C shows invoices and sales liquidations for 2017.

MINING AND PROCESSES

1.6.4. MINE DESIGN

The type and shape of the deposit are almost vertical streaks that deepen with an angle of inclination or dip of 70 ° to 90 °, with widths or thicknesses ranging from 1.0 m to 6.0 m, recipient or host rocks are medium-hard to hard being ranked by classification RMR geomechanics (Bieniawski) 60 to 100 of RMR (Rock Mass rating). "Las Gemelas" mine will work through the system of underground mining to extract ore veins.

1.6.5. EXPLORATION

It is required to drill using 2 methods:

Underground workings, in this case should proceed with the ramp deepening that will serve not only as opening and down to the lower levels but will be exploratory because its design is modeled to develop perpendicular to the direction of the Gordita and Principal veins. It is expected to cut veins outcropping surface.

It plans to develop the ramp deepening with a negative inclination of -13%, for a total of 1,760 linear meters that will allow us to go down 200 meters deep, also for efficient ventilation will make 700 meters from chimneys communicated from points central Ramp up surface. The main work has as main purpose to create reserves and explore the orebodies at depth.

As second strategy and because the mine is located in the most important in the south orogenic train, and there outcrops missing still exploring and could be veins and bodies with precious metal content, is being designed explored by 5,000 meters of drillings adamantine that reach up to 500 meters deep and achieve increase reserves above 5 million tons and guaranteeing sustainable production of 420,000 annual tons of gold ore with an average grade of 4.5 g / tcs gold and 2.5 oz / tcs of silver.

1.6.6. LICENSES, AUTHORIZATIONS AND PERMITS

The authorizations, licenses and permits of the mine are in force according to the following details:

AUTHORIZATIONS, PERMITS AND LICENSES - LAS GEMELAS MINE - COMPAÑÍA MINERA ATAHUALPA S.A.C.					
ITEM	DESCRIPTION	RESOLUTION DOCUMENT	ENTITY	CITY	CONDITION
1	Contrato Alquiler de Terreno Superficial	Escritura Pública N° 00737 Notario Victor M. Moscoso C.	Familia Montoya	Arequipa	Valid
2	Resolución de Aprobación de DIA	Resolución de Gerencia Regional N° 150-2007-GRA/GREM	ARMA	Arequipa	Valid
3	Autorización de Plan de Minado	Resolución de Gerencia Regional N° 064-2012-GRA/GREM	DREM	Arequipa	Valid
4	Autorización de Inicio y/o Reinicio de Operaciones	Resolución de Gerencia Regional N° 039-2013-GRA/GREM	DREM	Arequipa	Valid
5	Certificado de Operaciones Mineras (COM)	Certificado Gobierno Regional de Arequipa N° 275-2016-C	DREM	Arequipa	Valid
6	Calificación de Pequeño Productor Minero	Constancia de Pequeño Productor Minero N° 0123-2015	DREM	Lima	Valid
7	Autorización Uso Agua Superficial	Resolución Administrativa N° 035-2009-ANA-ALA-AYP	ANA Arequipa	Acari	Renewal Process
8	Autorización de Polvorin	Resolución de Gerencia N° 2210-2013-SUCAMEC-GEPP	SUCAMEC	Arequipa	Valid
9	Libro de Actas de Explosivos	Policia Nacional del Perú	PNP	Arequipa	Valid
10	Autorización y Adquisición de Uso de Explosivos	Número Expediente 201600361063	SUCAMEC	Lima	Valid
11	Autorización de Planta de Lixiviación	Dirección Regional de Arequipa DREM	DREM	Arequipa	Renewal Process
12	Plan de Cierre de Mina	Expediente en tramite ante ARMA	ARMA	Arequipa	Renewal Process
13	Declaración de Estadística Minera - ESTAMIN	Declaración Jurada Mensual	DTM - MEM	Lima	Valid
14	Declaración Anual Consolidada - DAC	Declaración Jurada Anual	DTM - MEM	Lima	Valid
15	Derecho Concesión Minera	Por derecho de uso por 801.31 Has de concesión	MEM	Lima	Valid

Authorizations, licenses and permits for the operation of the plant have begun to process.

2. ECONOMIC ANALYSIS

2.1. PROCESSING AND PRODUCTION PROGRAM

The production and processing planning has been structured according to a program of advances and preparations of the mine, these obey all the mineralized structures of the mine:

COMPAÑÍA MINERA ATAHUALPA S.A.C.
PROGRAMME OF ANNUAL PRODUCTION FROM ORE - "LAS GEMELAS" MINE
(TM)

DESCRIPTION	CONTENT	INV. TIME	Y 1	Y 2	Y 3	Y 4	Y 5
Las Gemelas		30,000	85,500	165,000	210,000	210,000	210,000
Content of Au	Grs/TM	4.61	4.10	4.20	4.31	4.42	4.53
Content of Ag	Oz/TM	2.06	2.50	2.50	2.50	2.50	2.50
AR1		0	75,000	120,000	210,000	210,000	210,000
Content of Au	Grs/TM	0	5.00	5.13	5.25	5.38	5.52
Content of Ag	Oz/TM	0	1.50	1.50	1.50	1.50	1.50
Average		30,000	160,500	285,000	420,000	420,000	420,000
Content of Au	Grs/TM	4.61	4.52	4.59	4.78	4.90	5.02
Content of Ag	Oz/TM	2.06	2.04	2.08	2.00	2.00	2.00
Ounces Gold		4,093	21,463	38,705	59,393	60,878	62,400
Ounces Silver		46,250	244,688	444,375	630,000	630,000	630,000
Kilos Gold		127	668	1,204	1,847	1,894	1,941
Kilos Silver		1,439	7,611	13,822	19,595	19,595	19,595

As can be seen from the first year will produce 160,500 tons of ore to move to 420,000 tons in the third year.

2.2. PROJECTED INCOME

As shown in the picture, the production of ore and metal contents is programmed; obey the weighted average production of all veins and mineralized structures.

It can also be observed that international prices are considered at US \$ 1,250 for gold and US \$17 for silver, these prices are projected with the aim of compensating for fluctuations in the metal market.

Also in the case of metallurgical recoveries, 92% are considered for gold and 70% for silver, according to the results of the investigation of "Heap Leaching Consulting S.A.C." for the mine mineral LAS GEMELAS.

COMPAÑÍA MINERA ATAHUALPA S.A.C.

PROCESING PROGRAMS - VALUES OF GOLD AND SILVER

(USA DOLLAR)

		INV. TIME	Y 1	Y 2	Y 3	Y 4	Y 5
International Price Gold	US\$/Oz	1,225	1,225	1,225	1,225	1,225	1,225
International Price Silver	US\$/Oz	17	17	17	17	17	17
Gold	Grams/TM	4.61	4.52	4.59	4.78	4.90	5.02
Silver	Oz/TM	2.06	2.04	2.08	2.00	2.00	2.00

		INV. TIME	Y 1	Y 2	Y 3	Y 4	Y 5
VALUES							
Ore Gold	TM	30,000	160,500	285,000	420,000	420,000	420,000
Content Au	Grams	138,375	725,550	1,308,413	2,007,744	2,057,938	2,109,386
Content Ag	Oz	61,667	326,250	592,500	840,000	840,000	840,000
Recovery Au	%	92%	92%	92%	92%	92%	92%
Recovery Ag	%	75%	75%	75%	75%	75%	75%
Au Recovered	Grams	127,305	667,506	1,203,740	1,847,125	1,893,303	1,940,636
Value of gold	US\$	5,014,425	26,292,439	47,414,176	72,756,524	74,575,438	76,439,824
Ag Recovered	Oz	46,250	244,688	444,375	630,000	630,000	630,000
Value of silver	US\$	770,525	4,076,494	7,403,288	10,495,800	10,495,800	10,495,800
TOTAL VALUE	US\$	5,784,950	30,368,933	54,817,464	83,252,324	85,071,238	86,935,624
INCOME FOR UNIT PRODUCTION							
Ore of Gold and Silver	TM	30,000	160,500	285,000	420,000	420,000	420,000
Value of Gold per MT	US\$/TM	167	164	166	173	178	182
Value of Silver per MT	US\$/TM	26	25	26	25	25	25
Value Equivalent per MT	US\$/TM	193	189	192	198	203	207
NET INCOME	US\$	5,784,950	30,368,933	54,817,464	83,252,324	85,071,238	86,935,624
Gold Production	Oz	4,093	21,463	38,705	59,393	60,878	62,400
Silver Production	Oz	46,250	244,688	444,375	630,000	630,000	630,000
Gold Equiv Production	Oz	4,722	24,791	44,749	67,961	69,446	70,968

Initial Production (PLANTA OPCIÓN)	TM	30,000	60,000	30,000	0	0	0
NET INCOME	US\$	2,892,475	5,674,612	2,892,475	0	0	0

In the attached table the contribution of gold in each ton of ore is US \$ 167 on average and US \$ 26 for silver, adding with a total of US \$ 193 average gross ore value, for the first year.

2.3. ANALYSIS AND PROJECTED COSTS

2.3.1. PROJECTED COSTS MINE AND PLANT (OPEX)

The operating costs of the mine and plant are structured separately to have good control of their impact on projected and unit costs.

The average cost of LAS GEMELAS mine is projected at US \$ 61.69 per metric ton ore mined, the cost of transportation to the processing plant is US \$ 12.5 per ton and the average cost of processing plant is US \$ 35.04 per ton. This adds up to a total of US \$ 109.23 per ton. Costs are detailed below:

COMPAÑÍA MINERA ATAHUALPA S.A.C.

PROJECTED COSTS - "LAS GEMELAS" MINE

(USA DOLLARS)

DESCRIPTION	Y 1	Y 2	Y 3	Y 4	Y 5	TT
SALARIES	3,655,562	6,491,185	9,565,957	9,565,957	9,565,957	38,844,619
Workers	214	380	560	560	560	
OPERATING COSTS	4,402,759	7,817,983	11,521,239	11,521,239	11,521,239	46,784,458
EQUIPMENT AND MACHINERY	4,134,164	4,807,065	7,084,096	7,084,096	7,084,096	30,193,516
SERVICES COSTS	1,007,940	1,789,800	2,637,600	2,637,600	2,637,600	10,710,540
TOTAL COSTS	13,200,425	20,906,034	30,808,892	30,808,892	30,808,892	126,533,134

PROGRAMMS

DESCRIPTION	Y 1	Y 2	Y 3	Y 4	Y 5	TT
ORE PRODUCTION	160,500	285,000	420,000	420,000	420,000	1,705,500
OIL	120,375	213,750	315,000	315,000	315,000	1,279,125

MINE COSTS US\$/TM

Salaries	22.78	22.78	22.78	22.78	22.78	22.78
Operating Costs	27.43	27.43	27.43	27.43	27.43	27.43
Equipment and Machinery	25.76	16.87	16.87	16.87	16.87	17.70
Service Costs	6.28	6.28	6.28	6.28	6.28	6.28
Total Costs (-Transport cost)	69.75	60.85	60.85	60.85	60.85	61.69
Total Costs	82.25	73.35	73.35	73.35	73.35	74.19

COMPAÑÍA MINERA ATAHUALPA S.A.C.

PROJECTED COST - "LAS GEMELAS" PLANT PROCESSING

(USA DOLLARS)

DESCRIPTION	PAR.	Y 1	Y 2	Y 3	Y 4	Y 5	TT
SALARIES		1,057,173	1,877,222	2,766,433	2,766,433	2,766,433	11,233,694
Workers		78	138	203	203	203	
OPERATING COSTS		2,997,600	4,929,974	7,025,318	7,025,318	7,025,318	29,003,528
EQUIPMENT AND MACHINERY		1,364,250	2,422,500	3,570,000	3,570,000	3,570,000	14,496,750
SERVICES COSTS		479,858	842,775	1,236,300	1,236,300	1,236,300	5,031,533
TOTAL COSTS		5,898,881	10,072,471	14,598,051	14,598,051	14,598,051	59,765,504

PROGRAMMS

DESCRIPTION	PAR.	Y 1	Y 2	Y 3	Y 4	Y 5	TT
ORE PROCESSING	TMS	160,500	285,000	420,000	420,000	420,000	1,705,500
ENERGY	KW-HR	8,230,118	8,230,118	8,230,118	8,230,118	8,230,118	41,150,592
INDUSTRIAL WATER	M3	160,500	285,000	420,000	420,000	420,000	1,705,500
OIL	GALLONS	40,125	71,250	105,000	105,000	105,000	426,375
LUBRICANTS	GALLONS	5,350	9,500	14,000	14,000	14,000	56,850

PROCESSING COSTS US\$/TM

Salaries	6.59	6.59	6.59	6.59	6.59	6.59
Operating Costs	18.68	17.30	16.73	16.73	16.73	17.01
Equipment and Machinery	8.50	8.50	8.50	8.50	8.50	8.50
Services costs	2.99	2.96	2.94	2.94	2.94	2.95
Total Costs	36.75	35.34	34.76	34.76	34.76	35.04

2.3.2. "CASH COST" OR COST PER UNIT PRODUCED

The cost per unit produced demonstrates to us the portion of value of the product is intended for production costs. With this value we can estimate the support of our operation regarding the international price of gold.

CASH COST		INV. TIME	Y 1	Y 2	Y 3	Y 4	Y 5	TT
OPERATIVO	US\$/ONZ	613	770	692	668	654	640	681
OPER+ADM	US\$/ONZ	867	986	821	761	745	729	776

To find a more approximate cost it is better to express all metal content in gold equivalents, to obtain a crude average mineral value.

According to the attached table the operating cost for 1 ounce of gold equivalent is US \$ 681 and the total cost is US \$ 776 average, meaning that our operation could withstand a fall in the price of gold and to resist up to an international price of US \$ 800 per ounce or so.

2.4. STATEMENTS OF PROFIT AND LOSS AND CASH FLOW

2.4.1. STATEMENT OF PROFIT AND LOSS

Net revenue less operating costs gives us an average operating margin of 46.68% before administrative costs, financial, tax, depreciation and royalties. This margin is significant, the idea is to increase productivity as a margin to reach 50%, this way we will guarantee profitability.

COMPAÑÍA MINERA ATAHUALPA S.A.C.
STATEMENT OF GAINS AND LOSSES - "LAS GEMELAS" PLANT AND MINE
(USA DOLLARS)

DETAIL		INV. TIME	Y1	Y2	Y3	Y4	Y5	TOTAL
INCOME	US\$	5,784,950	36,043,545	57,709,939	83,252,324	85,071,238	86,935,624	354,797,619
TOTAL COST	US\$	2,892,475	19,099,306	30,978,505	45,406,942	45,406,942	45,406,942	189,191,113
OPERATIONAL MARGIN	US\$	2,892,475	16,944,239	26,731,435	37,845,382	39,664,295	41,528,681	165,606,507
Administrative Cost	US\$	1,087,500	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	22,837,500
Financial cost	US\$	28,925	180,218	288,550	416,262	425,356	434,678	1,773,988
Research and Development (R & D)	US\$	28,925	180,218	288,550	416,262	425,356	434,678	1,773,988
Royalties	US\$	57,850	360,435	577,099	832,523	850,712	869,356	3,547,976
Mine and Plant Closing Provisions	US\$	0	275,000	275,000	275,000	275,000	275,000	1,375,000
Income before Participation / Tax		1,689,276	11,598,368	20,952,236	31,555,335	33,337,870	35,164,969	134,298,054
Workers Participation		135,142	927,869	1,676,179	2,524,427	2,667,030	2,813,197	10,743,844
Income before Tax		1,554,134	10,670,499	19,276,057	29,030,909	30,670,841	32,351,771	123,554,210
Tax		458,470	3,147,797	5,686,437	8,564,118	9,047,898	9,543,772	36,448,492
Net Profit		1,095,664	7,522,701	13,589,620	20,466,791	21,622,943	22,807,999	87,105,718
Operating Margin		50.00%	47.01%	46.32%	45.46%	46.62%	47.77%	46.68%
Net Margin		18.94%	20.87%	23.55%	24.58%	25.42%	26.24%	24.55%

2.4.2. OPERATING CASH FLOW

In projecting the cash flow, it was considered that income from production for the month will be partial in the same month; we consider 60% of the value of gold in tones processed and the following month will recover 40%. In the same way it will defer 60% of payments to suppliers for the following month, thus achieving net cash from collections and accounts payable to be positive.

COMPAÑÍA MINERA ATAHUALPA S.A.C.

PROJECTED CASH FLOW - "LAS GEMELAS" MINE

(USA DOLLARS)

DETAIL	INV. TIME	Y1	Y2	Y3	Y4	Y5	TOTAL
Balance		0	0	0	0	0	
Immediate income	60%	5,399,287	21,626,127	34,625,963	49,951,395	51,042,743	214,806,888
Deferred income	40%		13,473,973	22,494,072	32,444,865	33,967,865	137,092,877
Immediate payment	40%	-2,603,228	-7,639,722	-12,391,402	-18,162,777	-18,162,777	-77,122,683
Deferred payments	60%		-10,706,106	-18,000,745	-26,602,902	-27,244,165	-109,798,083
Administrative costs		-1,087,500	-4,350,000	-4,350,000	-4,350,000	-4,350,000	-22,837,500
Financial costs		-24,104	-168,425	-281,176	-405,561	-424,598	-1,737,765
Research and Development (R&D)		-24,104	-168,425	-281,176	-405,561	-424,598	-1,737,765
Royalties		-48,208	-336,849	-562,352	-811,122	-849,197	-3,475,530
Mine and Plant Closing Provisions			-252,083	-275,000	-275,000	-275,000	-1,352,083
Participations			-135,142	-927,869	-1,676,179	-2,524,427	-7,930,647
Tax adjustments			-362,054	-2,474,098	-4,561,733	-6,941,875	-21,689,265
Tax	2.00%	-96,416	-673,699	-1,124,704	-1,622,243	-1,698,393	-6,951,060
RESULT		1,515,728	10,307,595	16,451,513	23,523,182	22,115,577	97,267,385
ACCUMULATIVE RESULT		1,515,728	11,823,323	28,274,836	51,798,019	73,913,595	97,267,385

2.5. CAPEX

The total investment is US \$ 48.51 M, corresponding to the total investment in the mine, the processing plant of 1,200 MTPD and the infrastructure required for an annual production of 420,000 tons of ore.

DETAIL INVESTMENT "LAS GEMELAS MINE" PROJECT

INITIAL INVESTMENTS	US\$	MONTH 1	MONTH 6
Registration Costs and Public Entities	25,000	25,000	0
Mobility and Managment Travel Cost	30,000	30,000	0
Offices, Furniture and Systems (Software)	250,000	250,000	0
Comunications and Services	25,000	25,000	0
TOTAL	330,000	330,000	0
PLANT PROCESSING INVESTMENT	US\$	M1	M6
INITIAL INVESTMENTS PLANT PROCESSING	625,000	625,000	0
PROCESSING PLANT EXPANSION TO 1200 MTPD	24,610,450	10,757,266	13,853,184
EQUIPMENT AND MACHINERY SUPPORT	957,000	262,000	695,000
LEGAL DOCUMENTS AND INDUSTRIAL SAFETY	150,000	100,000	50,000
TOTAL	26,342,450	11,744,266	14,598,184
MINE INVESTMENT	US\$	M1	M6
INITIAL INVESTMENTS	1,089,200	1,089,200	0
INVESTMENTS IN MINA	18,442,875	10,041,534	8,401,341
EQUIPMENT AND MACHINERY SUPPORT	695,000	245,000	450,000
LEGAL DOCUMENTS AND INDUSTRIAL SAFETY	110,000	50,000	60,000
TOTAL	20,337,075	11,425,734	8,911,341
WORKING CAPITAL	US\$	M1	M6
Plant Operations Home	500,000	500,000	0
Mine Operations Home	1,000,000	1,000,000	0
TOTAL	1,500,000	1,500,000	0
FINANCIAL INSTRUMENTS	US\$	M1	M6
Comissions- Ssucet Fee	0	0	0
Financial Instruments / Due Dilligence	0	0	0
TOTAL	0	0	0
TOTAL INVESTMENT USD	48,509,525	25,000,000	23,509,525

2.6. FINANCIAL FLOW, ANALYSIS OF PROFITABILITY AND RISK

2.6.1. FINANCIAL FLOW

The chart of financial flows shows the feasibility of the project when the investment is integrated into the flow, accumulated cash is always positive.

COMPAÑÍA MINERA ATAHUALPA S.A.C.

FINANCIAL PLAN - "LAS GEMELAS" MINE

(USA DOLLARS)

DETAIL	Y0	Y1	Y2	Y3	Y4	Y5	TOTAL
Balance	0	0	0	0	0	0	
Income	5,399,287	35,100,100	57,120,035	82,396,259	85,010,607	86,873,477	351,899,765
Investments or Contributions	48,509,525	0	0	0	0	0	48,509,525
Other Income	0	0	0	0	0	0	0
TOTAL INCOME	53,908,812	35,100,100	57,120,035	82,396,259	85,010,607	86,873,477	400,409,291
Plant and Mine Operating Costs	2,603,228	18,345,828	30,392,147	44,765,679	45,406,942	45,406,942	186,920,766
Administrative Costs	1,087,500	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	22,837,500
Financial Costs	24,104	168,425	281,176	405,561	424,598	433,901	1,737,765
Research & Development	24,104	168,425	281,176	405,561	424,598	433,901	1,737,765
Royalties	48,208	336,849	562,352	811,122	849,197	867,803	3,475,530
Mine and Plant Closing Provisions	0	252,083	275,000	275,000	275,000	275,000	1,352,083
Workers Participation	0	135,142	927,869	1,676,179	2,524,427	2,667,030	7,930,647
Tax	96,416	1,035,752	3,598,802	6,183,976	8,640,268	9,085,110	28,640,325
Initial Project Investments	330,000	0	0	0	0	0	330,000
Investment Plant 1000 TMPD	26,342,450	0	0	0	0	0	26,342,450
Investment Las Gemelas Mine	20,337,075	0	0	0	0	0	20,337,075
Working Capital	1,500,000	0	0	0	0	0	1,500,000
Financial Instruments	0	0	0	0	0	0	0
TOTAL COMPANY COSTS	52,393,085	24,792,504	40,668,522	58,873,077	62,895,031	63,519,687	303,141,906
NET PROFIT	1,515,728	10,307,595	16,451,513	23,523,182	22,115,577	23,353,790	97,267,385
ACCUMULATED PROFIT	1,515,728	11,823,323	28,274,836	51,798,019	73,913,595	97,267,385	

2.6.2. CASH FLOW

This final flow shows us the profitability and feasibility of the project; one can notice that an IRR of 25.48% and positive net present value is obtained.

COMPAÑÍA MINERA ATAHUALPA S.A.C.

FLOW ECONOMIC FUNDS - "LAS GEMELAS" MINE

(USA DOLLARS)

DATA		IT	Y 1	Y 2	Y 3	Y 4	Y 5	T / P
International Price Gold	US\$/Oz	1,250	1,250	1,250	1,250	1,250	1,250	1,250
International Price Silver	US\$/Oz	17.0	17.0	17.0	17.0	17.0	17.0	17
TOTAL AVERAGE	TMS	30,000	160,500	285,000	420,000	420,000	420,000	1,705,500
Grade Au (Production Average)	Gr/ST	4.18	4.10	4.16	4.34	4.45	4.56	4.32
Grade Ag (Production Average)	Oz/ST	1.86	1.84	1.89	1.81	1.81	1.81	1.83

DETAIL		INVES. TIME	Y1	Y2	Y3	Y4	Y5	TT
INCOME		5,399,287	35,100,100	57,120,035	82,396,259	85,010,607	86,873,477	346,500,478
COSTS		2,603,228	18,345,828	30,392,147	44,765,679	45,406,942	45,406,942	184,317,538
CASH FLOW		2,796,059	16,754,272	26,727,888	37,630,581	39,603,665	41,466,535	162,182,940
Administratives Costs		1,087,500	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	21,750,000
Financial Costs		24,104	168,425	281,176	405,561	424,598	433,901	1,713,661
Research and Development (R & D)		24,104	168,425	281,176	405,561	424,598	433,901	1,713,661
Royalties		48,208	336,849	562,352	811,122	849,197	867,803	3,427,322

Mine and Plant Closing Provisions		0	252,083	275,000	275,000	275,000	275,000	1,352,083
Participation - Workers	8.00%	0	135,142	927,869	1,676,179	2,524,427	2,667,030	7,930,647
Tax	29.50%	96,416	1,035,752	3,598,802	6,183,976	8,640,268	9,085,110	28,543,909
NET CASH FLOW		1,515,728	10,307,595	16,451,513	23,523,182	22,115,577	23,353,790	95,751,658
Initial Project Investments		330,000	0	0	0	0	0	330,000
Investment Plant 1000 MTPD		26,342,450	0	0	0	0	0	26,342,450
Investment Mine		20,337,075	0	0	0	0	0	20,337,075
Working Capital		1,500,000	0	0	0	0	0	1,500,000
Financial Instruments & Comissions		0	0	0	0	0	0	0
FUNDS FLOW		-46,993,798	10,307,595	16,451,513	23,523,182	22,115,577	23,353,790	48,757,860
ACCUMULATED		-46,993,798	-36,686,203	-20,234,689	3,288,493	25,404,070	48,757,860	

ECONOMIC ANALYSIS	RATE	VALUE
NPV	10.00%	21,138,594
NPV	5.00%	32,912,402
NPV	0.00%	48,757,860
NPV	25.48%	0
IRR		25.48%

2.6.3. SENSITIVITIES

The external factor of increased risk in this feasibility study is to be the international price of gold and silver, although both suffer falls or price hikes in almost the same proportion, the greatest impact for our economic flows coming be sensitivity in the gold price.

Therefore, we will make 3 negative assumptions and an assumed positive, we must demonstrate the sensitivity of the project with the impact of this risk.

SCENARIO 1. What happens when the price of gold and silver GO down by 10%?
(Gold at 1,125 US \$ / oz and silver US \$ 15.3 / oz)

COMPAÑÍA MINERA ATAHUALPA S.A.C.

FLOW ECONOMIC FUNDS - "LAS GEMELAS" MINE

(USA DOLLARS)

DATA		IT	Y 1	Y 2	Y 3	Y 4	Y 5	T / P
International Price Gold	US\$/Oz	1,125	1,125	1,125	1,125	1,125	1,125	1,125
International Price Silver	US\$/Oz	15.3	15.3	15.3	15.3	15.3	15.3	15
TOTAL AVERAGE	TMS	30,000	160,500	285,000	420,000	420,000	420,000	1,705,500
Grade Au (Production Average)	Gr/ST	4.18	4.10	4.16	4.34	4.45	4.56	4.32
Grade Ag (Production Average)	Oz/ST	1.86	1.84	1.89	1.81	1.81	1.81	1.83

DETAIL		INVES. TIME	Y1	Y2	Y3	Y4	Y5	TT
INCOME		4,859,358	31,590,090	51,408,032	74,156,634	76,509,546	78,186,130	311,850,431
COSTS		2,342,905	18,316,903	30,392,147	44,765,679	45,406,942	45,406,942	184,288,613
CASH FLOW		2,516,453	13,273,187	21,015,885	29,390,955	31,102,604	32,779,187	127,561,817
Administratives Costs		1,087,500	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	21,750,000
Financial Costs		21,694	151,582	253,058	365,005	382,138	390,511	1,542,295
Research and Development (R & D)		21,694	151,582	253,058	365,005	382,138	390,511	1,542,295
Royalties		43,387	303,164	506,117	730,009	764,277	781,022	3,084,590
Mine and Plant Closing Provisions		0	252,083	275,000	275,000	275,000	275,000	1,352,083
Participation - Workers	8.00%	0	112,928	645,288	1,223,733	1,871,729	2,000,071	5,853,749
Tax	29.50%	86,774	902,662	2,595,044	4,599,300	6,418,374	6,818,732	21,334,113
NET CASH FLOW		1,255,405	7,049,184	12,138,319	17,482,903	16,658,947	17,773,339	71,102,693
Initial Project Investments		330,000	0	0	0	0	0	330,000
Investment Plant 1000 MTPD		26,342,450	0	0	0	0	0	26,342,450
Investment Mine		20,337,075	0	0	0	0	0	20,337,075
Working Capital		1,500,000	0	0	0	0	0	1,500,000
Financial Instruments & Comissions		0	0	0	0	0	0	0
FUNDS FLOW		-47,254,121	7,049,184	12,138,319	17,482,903	16,658,947	17,773,339	23,848,573
ACCUMULATED		-47,254,121	-40,204,936	-28,066,617	-10,583,714	6,075,233	23,848,573	

ECONOMIC ANALYSIS	RATE	VALUE
NPV	10.00%	4,304,720
NPV	5.00%	12,574,118
NPV	0.00%	23,848,573
NPV	13.36%	0
IRR		13.36%

We see that our IRR is positive with 13.36% and our NPV is positive. In this scenario it has not gone down at all costs, considering that all work at the mine have their purpose, including the work of generating reserves.

SCENARIO 2. What happens when the price of gold and silver rise by 10%? (Gold 1375 US \$ / oz and silver US \$ 18.7 / Oz)

COMPAÑÍA MINERA ATAHUALPA S.A.C.

FLOW ECONOMIC FUNDS - "LAS GEMELAS" MINE

(USA DOLLARS)

DATA		IT	Y1	Y2	Y3	Y4	Y5	T/P
International Price Gold	US\$/Oz	1,375	1,375	1,375	1,375	1,375	1,375	1,375
International Price Silver	US\$/Oz	18.7	18.7	18.7	18.7	18.7	18.7	19
TOTAL AVERAGE	TMS	30,000	160,500	285,000	420,000	420,000	420,000	1,705,500
Grade Au (Production Average)	Gr/ST	4.18	4.10	4.16	4.34	4.45	4.56	4.32
Grade Ag (Production Average)	Oz/ST	1.86	1.84	1.89	1.81	1.81	1.81	1.83

DETAIL		INVES. TIME	Y1	Y2	Y3	Y4	Y5	TT
INCOME		5,939,216	38,610,109	62,832,039	90,635,885	93,511,668	95,560,825	381,150,526
COSTS		2,863,550	18,374,753	30,392,147	44,765,679	45,406,942	45,406,942	184,346,463
CASH FLOW		3,075,665	20,235,357	32,439,892	45,870,207	48,104,725	50,153,883	196,804,064
Administratives Costs		1,087,500	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	21,750,000
Financial Costs		26,514	185,267	309,293	446,117	467,058	477,291	1,885,027
Research and Development (R & D)		26,514	185,267	309,293	446,117	467,058	477,291	1,885,027
Royalties		53,029	370,534	618,587	892,234	934,116	954,583	3,770,054
Mine and Plant Closing Provisions		0	252,083	275,000	275,000	275,000	275,000	1,352,083
Participation - Workers	8.00%	0	157,356	1,210,451	2,128,625	3,177,125	3,333,988	10,007,545
Tax	29.50%	106,057	1,168,842	4,602,560	7,768,653	10,862,162	11,351,488	35,753,705
NET CASH FLOW		1,776,050	13,566,006	20,764,707	29,563,461	27,572,206	28,934,241	120,400,622
Initial Project Investments		330,000	0	0	0	0	0	330,000
Investment Plant 1000 MTPD		26,342,450	0	0	0	0	0	26,342,450
Investment Mine		20,337,075	0	0	0	0	0	20,337,075
Working Capital		1,500,000	0	0	0	0	0	1,500,000
Financial Instruments & Comissions		0	0	0	0	0	0	0
FUNDS FLOW		-46,733,475	13,566,006	20,764,707	29,563,461	27,572,206	28,934,241	73,667,147
ACCUMULATED		-46,733,475	-33,167,469	-12,402,761	17,160,700	44,732,906	73,667,147	

ECONOMIC ANALYSIS	RATE	VALUE
NPV	10.00%	37,972,467
NPV	5.00%	53,250,685
NPV	0.00%	73,667,147
NPV	36.52%	-0
IRR		36.52%

The IRR and NPV are positive. It is clear that our cost control is essential to have good results in all scenarios.

3. CONCLUSIONS

- In summary we conclude that the implementation of the processing plant and exploitation of LAS GEMELAS mine for their mineralogical characteristics and metal content are economically and financially feasible.
- Net (NPV) and Internal Rate of Return (IRR) of the project Present Value is positive with the current international price of gold and sensitized to a value of US \$ 1,000 per ounce gold project continues to support operating costs and return investment.
- For purposes of the ATAHUALPA business group is essentially important to continue designing new growth and market penetration strategies.
- Economic flows assure us that even when the international price of gold could have a negative cycle, our costs will resist until the cycle is positive, because our "Operative Cash Cost" represents 55% of the international price today.
- Break-even point shows that even if some variable costs are considered as fixed, we need to produce less than 50% of production to move to production losses effect.
- ATAHUALPA human group is characterized by technical know-how and cost leadership that combined would be the main competitive advantage to achieve our initial goals.
- The learning curve of mine workers in Peru has been positive.
- We are aware that the ATAHUALPA human group must make a commitment to work with Social Responsibility, understand that the only guarantee we have to operate by mining is developing a responsible strategic plan that includes interaction with our shareholders, employees, communities, society and the state.

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LUCMA:

In 2016 Lucma designed and initiated construction and installation of a new Flotation Plant at the Cascajal mine with operating capacity for processing 200 t/d, which initiated operations on September 2017. Current mineral production is being processed on site at the Lucma plant. Lucma has initiated plans for increasing mining and processing plant to 300 t/d from April 2018; investments and construction are in progress.

An exploration program is under development for mine preparation including infrastructure with direct underground workings consisting of drifts, crosscuts, and raises for ventilation and for communications between mine levels. A program of diamond drilling exploration is under preparation.

The Cascajal operations are protected by 2 mining concessions covering 1,700 hectares within current and active mining concessions, which are registered in the Mines Department according to current Peruvian Mining and Environmental Laws and Regulations. Lucma acquired the property including all assets and mineral rights from Minera Cascaminas S.A.C. (MC). Lucma's title is registered under document No. PE-12737207 at Lima's Public Notary Registry No. IX dated on November 25, 2011.

Exploration investigations of the Cascajal mine include geologic mapping, surface and underground sampling, surveying, diamond drilling, metallurgical test-works for flotation processing, and underground development.

Cascajal Proven and Probable Reserves are hosted by the Celeste, Jimena, Mango, Karla, and Polvorín vein deposits. Numerous other veins are enclosed within Lucma's property including Lucero, Kiara, Vanesa, Pamela, Mayra, etc. These mineralized structures contain gold/silver mineralization and occur within similar structural and mineral characteristics as those of the Celeste and Jimena veins.

Conversion of the estimated Resources for September 30, 2017, to Reserves as reviewed by the author resulted in 1,207,000 tones at an average grade of Au – 2.24 g/t and Ag – 206 g/t for a total 'in-situ' gold content of 87,000 ounces and about 8.0 million ounces respectively; and without considerations for metallurgical recoveries and copper content. These estimated Proven and Probable Reserves are sufficient for operating about 10 years from 2018.

Considering the reserves tested in report NI - 43101, the value of the mine is presented in the following table:

MINERAL	OUNCES	INTERNATIONAL PRICE US\$	TOTAL US\$
Gold	87,000	1,250	108,750,000
Silver	8,000,000	17	136,000,000
TOTAL US\$			244,750,000

There is additional upside geologic potential for the Cascajal mine if the estimated Inferred Resources are upgraded by exploration and underground development to Indicated Resources. Additional exploration potential for Cascajal appears to exist in the adjacent Colorado Hill, which is covered by Lucma's concessions and includes evident color anomalies with historical informal mining workings and has been included for future investigations by Lucma.

The Cascajal copper-silver-gold mine is owned and operated by Lucma in the Province of Gran Chimú, Department of La Libertad, Perú and it is accessed from the Port City of Trujillo. Lucma has established a security area around the processing plant, camp and installations.

The Cascajal mining operation covers the southern slope of the Carangas Hill ("Cerro Carangas") which is located on the western portion of the Andes Mountains range. UTM coordinates to the approximate center of the property are as follows:
N – 9,156,000 and E – 762,650

Below is the location map of the mine:



Concessions

The Cascajal copper/silver/gold mine is fully owned by Lucma which acquired the mineral rights and all the Project's assets from Minera Cascaminas S.A.C. and the ownership rights have been registered, on November 25, 2011, under title No. PE-12737207 at the Registry Office No. IX in Lima, Perú.

The Cascajal mining rights are protected by 2 mineral concessions covering a total of 1,700 ha.

Lucma has also applied for two additional mineral concessions that protects the surrounding areas of the Cascajal mine; including: Concession Minera CMSM 020 and the Concession Minera Lucma JRI which titles are registered with the Mining Public Registry, which coverage has not been determined, but are fully enforceable according to Peruvian Regulations. Therefore, Lucma holds minerals rights that include the following mining claims:

Name of concession	Date	Area (HAS)
Cascajal	December 30, 1994	800
CMSM	July 13, 2006	900
TOTAL COVERAGE		1,700

Accessibility

Access to the Cascajal project from the city of Trujillo on the northwest coast of Perú, is by paved road and dirt roads that communicate with various villages including "9 de Octubre", "El Molino", and the village of "Lucma", from which a 4-km dirt road that deviates to the north, end up at the Cascajal camp with a total driving of 140 km in about 5 hours driving time.



Climate

The Cascajal project is located at elevations from about 1,500 to 2,000 meters above sea level (amasl). Two distinct seasons prevail in the area, a dry season from April to October with temperatures that vary from 30°C to about 15°C, while the temperatures are slightly lower during the rainy or wet season from November to March.

Infrastructure

The Cascajal processing plant consisted, initially of a crushing system with cyanide leach circuit and precipitation by the method of Merrill-Crowe which produces a precipitate applying zinc dust as collector of the precious metals. The precipitate was treated with acid solution to eliminate zinc and other metals prior to melting the concentrated minerals. During the melting process most- minerals associated to the precious metals are eliminated and the Doré is poured into bars for sale. The materials remaining from the melting are collected and shipped to smelters for recovery of the remaining captured precious metals.



Flotation Plant



Flotation Cells System

Views of the plant



Access to the property is by dirt roads from the village of “9 de Octubre” which is situated at about 10 km from the junction to the roads that lead to the camp and to the community of Lucma. Access to the village of “9 de Octubre” from the city of Trujillo is

by paved road. Cellular phone communications are available at Cascajal. All needed other supplies, materials, and food must be transported from Trujillo, and from some of the nearby villages.

Labor for the operation is available from the numerous small villages, including artisanal miners that may be trained for modern activities in commercial mining operations. Professional staff is available in Trujillo and other nearby cities where major mining activities are in operation, such as Cajamarca and other areas within the Department of La Libertad region.

Panoramic Views of Cascajal Camp



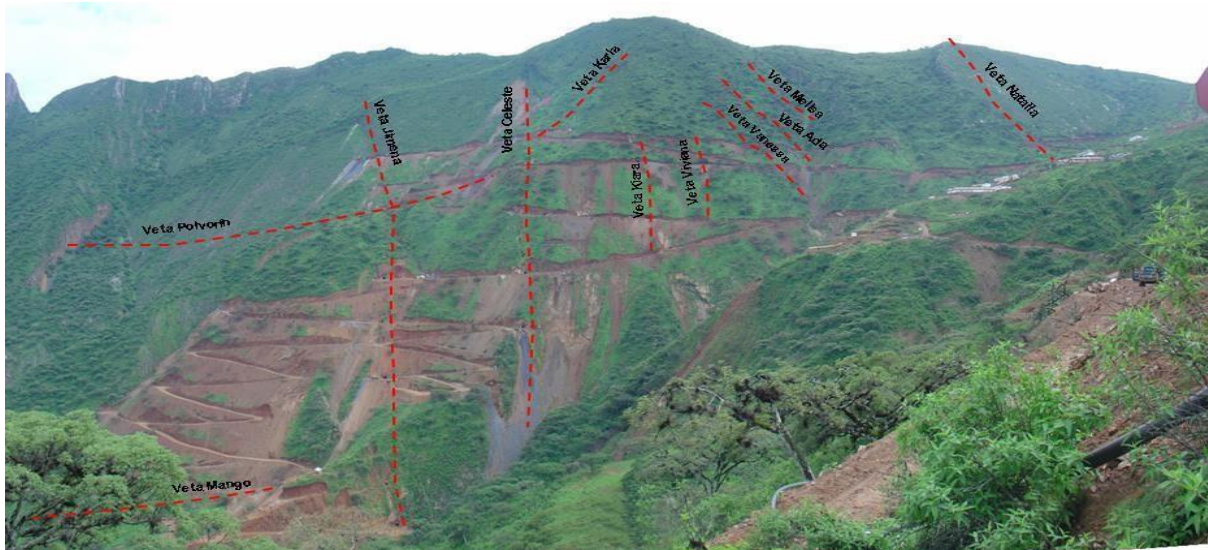
The Cascajal copper/silver/gold mine was initiated by small scale mining operations which developed irregular underground mine workings. The exploration company San Manuel acquired the property in 2005, and developed carried exploration investigations including geologic mapping, interpretation, with Mineral Resource estimates, direct underground mine workings, and installations with camp and plant facilities for processing about 113,000 tonnes of mineralized materials by Heap Leaching methods. The operation was suspended due to economic problems that forced San Manuel to sale the property to Minera Milpo a major zinc producer in Perú.

Previous Cascajal exploration and evaluation programs include the following:

- ❑ In 1982 the Mining Bank ("*Banco Minero del Perú*") carried out exploration investigations that resulted in "*Accessible Proven and Probable Reserves*": 24,000 tonnes with Average Grade: Au – 6.84 g/t (0.22 oz/t); Ag – 498 g/t (16 oz/t); and Cu – 0.47 % held by the Celeste Vein.
- ❑ During the period of 1997 – 1998, the Canadian company Pan American Silver Perú developed an exploration and sampling program that resulted in the following estimated Mineral Resources: 862,760 tonnes with Average Grade: Au – 4.83 g/t (0.16 oz/t); Ag – 246 g/t (7.91 oz/t), and it included additional geologic

potential as follows: 1,722,400 tonnes with Average Grade: Au – 5.82 g/t (0.19 oz/t); Ag – 305 g/t (9.81 oz/t).

- During the 2003, the exploration company Plexmar Resources, Inc. carried out an exploration program at an estimated cost of about US\$1.0 million to evaluate the Project's geologic potential under the concept of a disseminated gold deposit. The exploration program included drilling 5 core holes with a total drilled depth of 1,214.7 m. This work resulted in estimated Mineral Resources as follows: 604,800 tonnes with Average Grade: Au – 4.19 g/t (0.14 oz/t); Ag – 248 g/t (7.96 oz/t)
- In 2006, the Peruvian corporation Compañía Minera Atacocha, through its wholly-owned subsidiary Minera Cascaminas acquired the Cascajal mining rights and assets and initiated a 2-year comprehensive exploration and development program which included mine preparation and extracting about 110,000 tonnes of ore from the various vein deposits. This program resulted in estimated Mineral Resources as follows: 300,000 tons of Oxides with Average Grade: Au – 3.12 g/t (0.1 oz/t); Ag-250 g/t(8.04oz/t).
- In 2008, the corporation Minera Atacocha was acquired by Minera Milpo including mineral rights and all its assets which also included the Cascajal project.
- On December 2, 2011 the Cascajal project mineral rights and assets were transferred to Lucma. Lucma initiated activities in the Cascajal Project in 2012 including mapping, sampling, and rehabilitation of the various mine levels within different vein deposits, camp facilities, and Heap Leaching processing plant, and installation of new laboratory. Approximately 1,000 tonnes of mineralized material was extracted from the various mines for developing metallurgical test-works. These workings continued through 2013.
- Lucma placed on care and maintenance the Cascajal project until 2015 when a new program of mine planning and development was initiated, with design and construction of a new 200 tpd Flotation Plant. In August 2016, Lucma initiated mining and shipping about 200 tpd of the mineralized material which was processed at a Toll Mill located at about 160 km from Cascajal, in Chimbote, Perú to produce flotation copper concentrates, which were shipped to El Callao to the international metals Trader: Louis Dreyfus Company Metals Trading SAC, and other trading companies averaging as follows: Cu – 13.0 to 14.4 %; Ag – 190 to 200 oz/t; and Au – 0.39 – 0.50 oz/t.
- Finally, shipping to Chimbote of the ore mined out was suspended in September 2017, when Lucma initiated operations of its own newly built on-site, 200 tpd Flotation Plant. Currently the operation has reached about 170 tonnes per day and is ramping up towards the designed operating capacity of 200 tpd.



The Cascajal mine is hosted by a thick sequence of sedimentary rocks belonging to the Goyllarisquizga Group, which has been divided into the Chicama, Chimú, and Santa-Carhuaz formations. Locally, these sedimentary formations have been intruded by minor granodiorite stocks which constitute part of the Coastal batholith (“Batolito de la Costa”). Locally, the largest stock of intrusive occurs on the southeastern and southern sides of the Cascajal area

Regionally the Goyllarisquizga Group of sedimentary rocks show an orientation to the northwest and, it has been strongly folded by large intrusions of the Coastal Batholith. The Cascajal mine is located to the south of the Lucma Anticline and to the north of the Carangas syncline. All the Cascajal area rocks have subsequently been fractured and faulted by the Andean conjugate system prevailing in the region. At the Cascajal area the prevailing structural system strikes north-south, dipping steeply to the east and it may represent a small segment of an extensive regional NE-SW system as viewed on aerial photographs.

Locally the most significant faulting system is represented by the Carangas fault which occurs at the Mine's western side and has been interpreted from topographic changes generating a north-south trending lineament. This structure appears barren but has not been explored at depth.

Cascajal known mineralized structures within the property are related to parallel faults zones, which either considered as fragile or ductile fault zones with normal and reverse movements. These mineralized structures are interpreted to be extensional structures as they are oriented perpendicular to the regional folding axis direction and to the sedimentary rocks bedding.

A minimum of 11 mineralized-fault zones (vein deposits) have been identified within the Cascajal mine's area, including: Celeste, Jimena, Polvorín, Milagros, Karla, Kiara, Vanesa, Ada, Melisa, Natalia, and Mango. These veins are shown below:

The Chicama formation of Jurassic age occurs within the Cascajal property and it is overlain by the Chimú and Santa-Carhuaz formations of Lower Cretaceous age on the central part of the Mine's area.

The Chicama formation occurs at depth, on the northern part of the property where it is covered by Quaternary alluvial sediments. The Chicama formation is composed of sandstones with intercalated mudstones and shales. This formation within the property mainly consists of intercalated coarse-grained quartzites which may reach thicknesses of up to 2 m, and fine-grained siltstone beds with minor intercalations of mudstones and its thickness has been estimated at about 800 m. Mudstone beds occur in the valleys and have been also observed in underground workings as thin laminated beds, with occasional carboniferous beds. The Carhuaz formation occurs in the southernmost part of the property, and it includes strata consisting of greywackes, siltstones, mudstones and some limestones. Figure 7-2 shows Local Geology Map with Outlined Property Area.

The Cascajal mine area is located in the southwestern part of the mineralized gold district that encloses the Yanacocha, Alto Chicama, and the Poderosa and Pataz mining districts. It is enclosed by the auriferous trend where the Cascajal, Salpo, Machacala, Sayapuyo, and numerous other Gold/Silver mineralized areas have been discovered within four, 100 m to 150 m-in separation, sub-parallel fault and brecciated zones occur filled with hydrothermal quartz, sulphides and oxides mineralization.

The Cascajal vein deposits show a mineralized system with extensive depths and ore textures in the upper mine levels that have been interpreted as epithermal deposits with transition at depth into mesothermal deposits.

According to microscopic studies, the known mineralized structures appear to have been exposed to at least four hydrothermal mineralizing events, which are described with the following mineral parameters:

- ☐ White quartz and coarse-grained non-auriferous pyrite
- ☐ Saccaroid grey quartz with fine auriferous pyrite
- ☐ Silver-rich tetrahedrite, and minor base metals, and
- ☐ Quartz and xenomorphic pyrite.

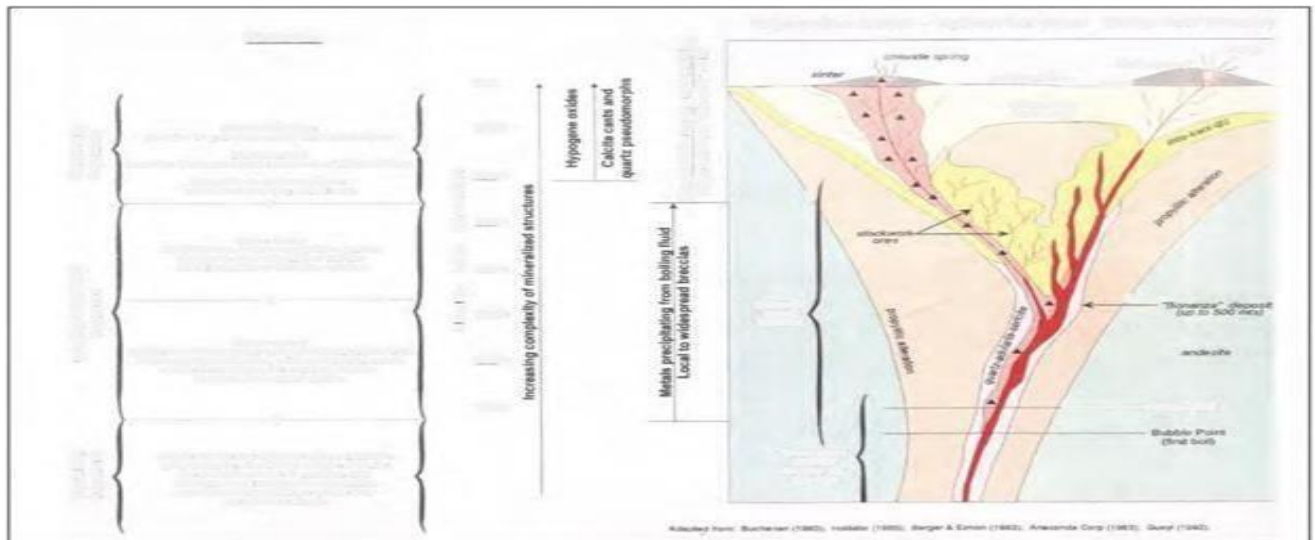
Main Cascajal mineral deposits strike to the N10° to 25°E, dipping about 70° SE. These include the following vein deposits:

- ☐ **Celeste Vein.** This structure has been recognized and mapped along a strike length of over 900 m, with variable thickness of 0.50 m to 3.50 m with vertical extension estimated in about 480 m. The structure appears to hold high content of sulphides in the upper levels while oxidized mineralization prevails in the lower

levels (1650). Most of the previous work was done on this vein however no reliable records are known to indicate the ore extracted from this vein, which may be estimated in about 15,000 t. The mine level 1650 has underground development of about 230 m. At the mine level 1830 gold and silver assays reported high grades according to previous owner's information. Reported a weighted average grade of Au – 5.82 g/t (0.19 oz/t); and Ag – 339 g/t (10.9 oz/t). In 2008, proven and probable Reserves were reported for this deposit as: 155,000 t in addition to Mineral Resources M+ I: 365,000 t plus Inferred Resources as: 139,000 tons.

- ❑ **Jimena Vein.** This structure is located at about 130 m west of the Celeste vein. This structure is composed of alternating zones with moderate to strong breccia zones with quartzite and siltstones. It has been recognized and mapped along strike about 400 m with variable widths between 0.50 m and 1.80 m with vertical known extension of 250 m. San Manuel extracted ore from this vein in 25 t lots for the Leach Pad with reported recovery of Au – 50 g (1.61 oz) and Ag – 5,000 g (160.75 oz). Plexmar reported an strong oxidized zone at the mine level 1590 which
- ❑ sampling assayed: Au 5.66 g/t (0.18 oz/t); and Ag – 100 g/t (0.31 oz/t), with other higher grade zones. In 2008, San Manuel reported Proven and Probable Reserves: 37,000 t in oxidized mineralization, in addition to 192,000 t in sulphides plus Inferred Resources of 137,000 t in sulphides. Figure 7-6 shows a Longitudinal Section of the Jimena Vein with Resource / Reserve Blocks.
- ❑ **Karla Vein.** This vein deposit occurs at about 160 m to the east of the Celeste vein. It has been recognized and mapped along strike for about 600 m with averaging width of 1.80 m and vertical extension of 250 m. Surface samples taken by San Manuel reported: Au - 4.53 g/t (0.15 oz/t) and Ag – 281 g/t (9.00 oz/t) with an average width of 0.50 m. In 2008, San Manuel reported Proven and Probable Reserves and Measured and Indicated Resources of: 31,000 t, plus Inferred Resources in oxidized mineralization: 37,000 t.
- ❑ **Vanessa Vein.** This vein is located at about 360 m to the east of the Celeste vein and it has not been explored. San Manuel reported strong oxidation within this vein deposit, averaging about 0.50 m in width with massive sulphides in narrow veinlets within the main structure containing mineralization with Au – 7.44 g/t (0.24 oz/t); and Ag – 23 g/t (0.74 oz/t) over widths of 0.10 m.
- ❑ **Other vein deposits.** Numerous other mineralized structures have been identified and mapped within the Cascajal property, including Milagros, Polvorín, Hiara, Ada, Melisa, Natalia, Gianela and Mayra. These veins have only been partially explored with preliminary sampling showing content of precious metals but require detailed exploration investigations.

Most exploration and development works have been developed along the Celeste and Jimena veins within the oxidized and transition zones. Currently estimated reserves and resources are mainly located within the sulphides zone. Drilling has indicated resources to depths of about 200 m under the core of the Carangas Hill. Extension are known through underground developments and some drill holes with apparent indications for opened geologic potential, both at depth and along strike.



The Cascajal processing plant consisted, initially of a crushing system with cyanide leach circuit and precipitation by the method of Merrill-Crowe which produces a precipitate applying zinc dust as collector of the precious metals. The precipitate was treated with acid solution to eliminate zinc and other metals prior to melting the concentrated minerals. During the melting process most-minerals associated to the precious metals are eliminated and the Doré is poured into bars for sale. The materials remaining from the melting are collected and shipped to smelters for recovery of the remaining captured precious metals.

Therefore, based on this process no deleterious materials are associated to the Doré (solid mix of gold and silver with minor (less than 1%) traces of metals such as copper, zinc, and lead.

The Cascajal processing plant was in operation for a period of about 10 months during 2006 to 2007 at an estimated operating capacity of about 100 t/d. The Cascajal mine extracted mainly oxidized mineralization from the Celeste and Jimena vein deposits for processing by crushing and heap leaching.

Preliminary mineragraphic studies were completed on representative samples of the veins mineralization; these were carried out with electronic microscope (FEI Company Model TMP+EDX4i, BSE). These studies were done in pulverized samples to -325 mesh (44 microns) and 80% < 200 mesh (74 microns) and resulted in the following conclusions:

- ☐ The elements identified included: O2 (27.86%); Al (8.51%); Si (29.69%); S (13.77%); Ag 0.42%; K (2.88%); Sb (0.74%); Ti (0.52%); Fe (11.84%); Cu (1.39%); As (2.37%); and Au (traces to 2.11%). The content was reported in w%.
- ☐ Gold also occurs associated with Bismuth
- ☐ Gold occurs principally associated to pyrite, as free gold, and in association with arsenopyrite. The gold also occurs in particles that vary in size from 1µm to 4.5 µm.
- ☐ Silver occurs as free mineral and associated to pyrite in particles that vary from 1 µm to 4.5 µm in size
- ☐ Recommended processing method for this type of mineralization is flotation, and
- ☐ Fractionation of the mineral for processing was recommended at 50%<200 mesh to obtain good recoveries.

Additional metallurgical tests were completed for treating the sulphides mineralization which concluded with recommendations for processing by gravimetric methods followed by silver and pyrite flotation concentration by cyanidation of pyrite concentrates

Metallurgical Processing - Heap Leaching Cyanidation

Samples of mineralized material from the main veins Jimena and Celeste stopes were tested to ensure that operational variables would be appropriately set before the mineral was treated. Metallurgical test-works were carried on composite samples taken from the main mine levels and stopes of the Jimena and Celeste veins and sent to various laboratories including the University of Trujillo, Heap Leaching Consulting, Plenge Laboratory, CMPSA's Marañón Cyanidation Plant, and other metallurgical laboratory facilities, where several cyanidation tests were run to determine and optimized the leaching parameters. These metallurgical tests indicated extraction rates of about 78% for the gold and 60% for the silver with an average of 1.20 kg to 1.50 kg cyanide consumption.

MC built a heap leaching operation at Cascajal where a total of about 101,400 tons of oxidized minerals were processed by the Merrill-Crowe method. Metal recovery of gold and silver by this method resulted in 60% for the gold and about 40% for the silver during MC's operation and processing of the oxidized minerals extracted from the various vein deposits and including crushing to <1/2" size.

The feed rate from the mill averaged 100 t/d, and the average feed grade of silver and gold was Ag - 268 g/t and Au - 3.53 g/t. Heap leaching final recoveries averaged about 40% for silver and 60% for gold.

Recovery of the precious metals in the flotation circuit is good, estimated in about 80% for the gold and 96% for the silver including pre-concentration by gravimetric methods and flotation of silver and pyrite mineralization with finishing by cyanidation of the silver tailings and pyrite concentrates. The valuable minerals in sulphides are gold, silver and

copper. The mineralogy of the oxide-ore is essentially the oxidation product of the sulphides. It is probable that most of the silver occurs as argentite

New Cascajal Flotation Plant (200tpd) Under Construction.

Metallurgical test-work results of a composite sample prepared for optimization testing by gravimetric concentration and flotation of the silver minerals and of the pyrites mineralization, which carries most of the gold values, and followed by cyanidation of the pyrite concentrates and silver tailings. The head for the composite sample assayed Au – 6.48 g/t and Ag – 961.7 g/t and the average Au and Ag extraction was 93.1% and 96.5% respectively.



Samples were taken from the Celeste and Jimena veins, of the structures and alteration zones in the mine area and of underground exposures and tested at the Cascajal Laboratory and at other different labs. The gold and silver sample head grades averaged Au – 3.0 to 3.8 g/t and Ag–240 to 280 g/t. The gold and silver extraction by the combined

processing methods of gravimetry, flotation, and cyanidation averaged over 90% recoveries for both metals. The average reagent consumption was 8.1 kg/t NaCN and 11.2 kg/t CaO.



Cascajal Flotation Cells System

Results of the additional metallurgical test-work, considering only the gravimetric, flotation of silver mineralization and of the pyrites with gold and silver, and cyanidation of the pyrite concentrates are summarized, and are shown on the table, flotation of Cascajal minerals are slightly lower results than those including cyanidation of the silver tailings and pyrite concentrates shown above. Cyanide and CaO consumption resulted in 8.1 kg/t and 11.2 kg/t respectively, which according to the pyrites ratio of

concentration would be equivalent to 2.37 kg and 3.27 kg per ton of mineral respectively. These tests included evaluation of various parameters for cyanidation during the processing of silver tailings and pyrite concentrates, for instance milling at different timing and dilution (%<200 mesh and %<400 mesh; dilution 2:1 and 5:1), cyanide concentration at 1,000 ppm, 3,000 ppm, and 5,000 ppm, and oxidizing gents

concentration with dilution during milling: 80%<400 mesh with dilution 2:1, and 80%<400 mesh with dilution at %:1.

Product	Grades		Recoveries, %	
	Au, g/day	Ag, oz/day	Au	Ag
Ag Concentrate	1,476.10	9,749.64	65.08	90.08
Cyanidation	306.55	490.42	13.52	4.53
Flotation Tailings	157.37	380.13		
Final Tailings	327.99	202.67		
Total Metals	2,268.01	10,822.8	78.6	94.61

Recommendations by CMPSA Marañón Laboratory based on results obtained from test-works on Cascajal's representative sample are the following:

- Include the cyanidation circuit for the silver tailings from the milling process
- Gold extraction increases with finer grinding; however, it is recommended to maintain it at the rate of 95%<200 mesh and 75%<400 mesh, with cyanide feeding at 3,000 ppm,
- By using oxidizing agents for the cyanidation of the silver tailings it is possible to obtain higher extraction of gold (+32%) and silver (+53%)
- The final general balance for processing the Cascajal mineral by gravimetric processing, followed by selective flotation, and cyanidation would result in total recoveries of 80.4% for the gold, and 96% for the silver.

The new Cascajal flotation plant-initiated operations in early September 2017. Currently is operating at a ramp up rate of about 170 tpd towards rated capacity of 200 tpd. Concentration rates for the months of September to November 2017 are shown in the follow table:

Concentrate Tons Period, 2017	Tons	Grades		
		Au, g/t	Ag, g/t	Cu, %
September	156.04	15.74	6,525	13.22
October	161.08	14.12	6,257	12.89
November	109.07	16.03	6,281	11.69
Total	426.1	15.20	6,361	12.70

Secondary crushing, Cascajal cone crusher:



6.2 Mineral Resources Estimates

Mineral Resources and Reserves estimates for Cascajal Project are based on studies and investigations carried out by MC during the period of 2005 to 2008; updated exploration developments for confirmation and validation of previous exploration data by Lucma since acquisition of the property; and including the information of research and results for exploration of the Cascajal Project. Information available for review by the author included the following reports:

- ❑ Report on Property visit to the Cascajal Project, prepared for Pan American Silver Perú S.A., prepared by Eng. Andres Dasso, and D.F. Des Rosiers, QP, dated on December 10, 1997,
- ❑ Qualification Report Cascajal Gold-Silver Property, Department of La Libertad, Northern Perú. Prepared for Plexmar Resource Inc. Prepared by Alain Vachon, P. Eng. Geologist, dated on December 2003,
- ❑ Studies and Investigations by Minera Cascaminas SAC during the period of 2005

to 2008 prepared by its professional staff including surveyors, geologists and mining engineers. These studies included detailed mapping, channel sampling, underground development and drilling from underground and surface sites. The author is familiar with the data provided and reviewed workings and studies carried by MC staff simultaneously in other property located nearby Cascajal. The author reviewed methods and procedures for gathering information from MC staff,

- ☐ Studies and investigations developed by Lucma since acquisition of the property in 2011, including channel sampling, bulk sampling, metallurgical test works, refurbishing of underground mine workings, extraction of about 1,500 tonnes of oxidized minerals from the main veins and main mine levels, re-constitution of camp, laboratory and re-building of a new flotation processing plant, etc.
- ☐ Studies have continued until August 2017

Lucma used conventional, manual methods, supported by computer applications and software to calculate the tonnage and average grades of Cascajal mineral Measured and Indicated Resources and Proven and Probable Reserves. MC and Lucma's Cascajal Measured and Indicated Mineral Resources were reviewed by the author with Lucma's Mine General Manager and Professional Geologist, Mr. D. Des Rosiers as well as Eng. Froilán Flores Moina, Manager of Mining and Explorations, and Eng. Carlos Villafuerte Espinoza, independent consultant acting on behalf of Lucma.

The author has reviewed compiled data to incorporate geologic interpretations, mineral resource estimates and mine plans for evaluation of the Cascajal Project and assess current conditions of the property, and to use it as a basis for projections and evaluation of mine development programs.

Lucma's Cascajal exploration investigations were based on underground development and drilling at the Jimena, Celeste, El Mango, Polvorín, Claudia, Massiel, Karla, and Pamela mineralized structures, which include mine levels on the southern flank of the Carangas Hill at following elevations: 1,670, 1,720, 1,780, 1,830, 1,890, 1,910, 1,960, 1,990, and 2,020 m. Lucma's exploration programs are based on drifting and channel sampling of old workings and accessible areas within the Celeste and Jimena veins which were the primary target for confirmation and further exploration by Lucma, as well as other promising areas of resources.

Mineral Resources are classified into Measured, Indicated and Inferred categories primarily based on sampling data density and distance from the known and accessible mineralized areas of remaining Mineral Reserves from previous estimates. A Resource polygon (30 m X Vein Width X length of vein development) is considered measured if one or more of its sides are exposed to a mineralized block of known mine development area. A Resource polygon is considered Indicated if it is also intersected by one borehole which is located less than 50 m from the adjacent areas of known mineralized blocks.

Mineral Resource estimates were prepared by MC and Lucma's personnel using polygonal methods informed by underground channel sampling and drilling data. Resource blocks are defined or re-evaluated by considering new sampling and

production data. The author believes that Cascajal Resource estimates have been reasonably prepared and conform to acceptable engineering standards for reporting of Mineral Resources. In the author's opinion, the classification of the Mineral Resources for this Technical Report meets the standards of Canadian National Instrument 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (2010).

The Cascajal Mineral Resources include oxides and sulphides. These are estimated from the sampling information, interpretation on plan and vertical sections. The Resource estimations by Cascajal are based on projections of the mineralized zones of 30 meters beyond the areas of the drill hole vein interceptions for the measured Resources, and another 50 meters beyond the boundaries of the Measured Resources for the blocks of Indicated Resources. The grade for these blocks is determined from the grade estimated based on sampling in mine workings located within the block area and from the adjacent drill holes and known Reserve blocks.

Measured and Indicated Resource oxides and for sulphides are shown above. The Measured Resources consist of 278,900 tonnes averaging 2.98 g/t (0.096 oz/t) gold and 232 g/t (7.5 oz/t) silver, for a total content of 26,700 ounces of gold and 2,080,800 ounces of silver in oxides; and 655,600 tonnes averaging 2.85 g/t (0.092 oz/t) gold, and 281 g/t (9.00 oz/t) silver for a total content of 60,100 ounces of gold and 5,923,000 ounces of silver in sulphides. Total content of Measured and Indicated Resources in oxides and sulphides is 934,500 tonnes containing 86,792 ounces of gold and 8.000 million ounces of silver.

The Measured and Indicated Resource estimates have been made as of June 30, 2016. The Measured and Indicated Mineral Resources are inclusive of the estimated Proven and Probable Mineral Reserves. Cascajal Mineral Resources are presented in the following table:

Inferred blocks include polygons not meeting Measured and Indicated criteria. In addition to the Measured and Indicated Resources, Cascajal has estimated additional Inferred Mineral Resources. These Inferred Resources consist of blocks estimated beyond 50 m and less than 100 m of the known mineralized zones and may include limited drill intercepts of access from other mine levels. In any event the Inferred Resources are estimated within a maximum distance of 100 m from the known mineralized areas within and limited by the vein deposit or mineralized structure. The follow table shows estimated Inferred Resources for the Cascajal mine.

The Resources herein reported by Lucma were reviewed by the author and constitute part of an operation under preparation for development. In the author's opinion, there are no significant technical, legal, environmental, political or other types of restrictions that may prevent their extraction and processing. Lucma has also estimated at the effective date of this report June 30, 2017, the Inferred Mineral Resources for oxide and sulphides minerals have resulted in 365,000 tonnes averaging 4.42 g/t

(0.142 oz/t) gold and 182 g/t (5.85 oz/t) silver contained in oxides and sulphides minerals containing 51,800 ounces of gold and 2,136,000 ounces of silver.

Grade Estimates

An average of silver grade is assigned to each polygon based on the length-weighted average Au and Ag assays, capped as appropriate. Cascajal's estimated Indicated Resources are based on adjacent blocks projected from the Measured Resources blocks. Mineralization in the Celeste and Jimena veins are based on the Resource projections above and below the reserve blocks and extended to the length of the known structure between mine levels.

The Resource grade does not include mine dilution. Grade estimates and thickness for each of the veins hosted by the Cascajal project for Resource blocks are based on composites of all sample grades located in the drift where the mineral blocks occur within 2 meters on either side of each sample taken along the mineralized section. The samples average gold and silver grades weighted by length, give the average gold and silver grades for the drift at that section.

MC filter the outlier samples for the Cascajal veins sample assays greater than 350 g/t Ag, and determined that, based on experience within the region and analyses performed on over 6,000 samples the most appropriate filter was to assign a top grade of 350 g/t Ag to those samples. Figure 14-2 shows the Celeste Vein deposit. High grade copper mineralization.

Each sample composite is made up of adding all the samples taken along each channel that is included across the vein's width. The total length of samples in the composite is then divided by the total number of composites, giving the average width of the mineralization in the drift at that section.

The tons and grade for each Resource block are then determined by combining the tons and grade results obtained for the lengths of each section that crosses the block. The Resource block tons and grade are tabulated on a series of spreadsheet summaries.

MC and Lucma generally use both cut-off grade and mineable width for consideration in the compositing of samples across the vein to optimize mining of the economic minerals for production. Resource blocks delineated on this basis would need to be mined accordingly by Lucma, using appropriate grade control. Follow shows Celeste vein Sulphides Mineralization:



Mineral Reserve Estimates

The author has reviewed the Cascajal copper-silver-gold mine Reserve estimates as of September 30, 2017, along with factors for mining dilution to a minimum mining width of 1.00 m, and recovery. In addition to, sampling methods, assaying methods and procedures, compositing methods, data handling, cutoff grade estimates and grade application. Several reserve blocks were cross-checked from the initial assays to the final



tonnage and grade estimation to ensure that the stated methods and practices were observed.

The Resource grade includes mine dilution at a minimum mining width of 1.00 m. It has been observed by direct measuring in the mine workings that an average 20 cm to each side of the ore that passes the cutoff grade is broken by the effect of blasting at both the hanging and foot walls. The grade of the material resulting from the over breaking was previously channel sampled and assayed for every individual block of ore.

Lucma and MC have estimated Proven and Probable Reserves for oxides and sulphides of the Cascajal mine for the following deposits: Celeste vein, Jimena vein, Karla vein, Mango vein, Polvorín vein, Claudia vein, Grecia vein, Massiel vein, Pamela vein and Mayra vein

Total “in situ” diluted Proven and Probable Reserves at a minimum mining width of 1.00 m, as reviewed by the author; including mine recovery (85%) resulted in 1.206 million tons averaging Au – 2.24 g/t (0.07 oz/t); Ag – 206 g/t (6.6 oz/t) in oxides and sulphides with contained equivalent Au- = 73,900 oz and Ag –6.8 million oz.

Based on the oxides and sulphides Measured and Indicated Resources in Table 14-1 in Section 14.0 of this TR, and after applying modifying factors the author has estimated proven and Probable Reserves for the Cascajal mine based on sulphides only, which are presented in the table present bellow.

Vein Deposit	Mine Level	Total, m	Tons	Rec. Tons	Width, m	Au, g/t	Ag, g/t
Celeste	1630 - Stope 505 N	225	21,000	15,750	1.00	2.50	152
	1590 - Stope 400 N	400	56,000	50,400	1.00	2.50	152
	1530 - Stope 399 S	500	105,000	94,500	1.50	1.88	381
	1490 - Stope N	400	56,000	42,000	1.50	1.88	381
Jimena	1730 - Stope XC800 N	140	19,600	14,700	1.00	2.51	159
Polvorin	1730 - Stope XC 800 N	200	28,000	21,000	1.00	2.46	167
Massiel	1730 - Stope XC 800 N	200	42,000	31,500	1.00	1.73	143
Grecia	1490 - Stope XC 287 E	290	28,000	21,000	1.00	2.46	167
Total General		2,355	355,600	290,850	1.23	2.12	257

Indicated Resource Blocks boundaries along the mineralized structures and projecting 25 m beyond the block’s width. The estimated Resource blocks may be mined by underground mine levels from previous extraction. To these Resources modifying

factors are applied including mine dilution to a minimum mining width of 1.00 m, and including a 95 percent recovery rate, which for a “shrinkage” mining method is appropriate considering that the narrow veins hosting the mineralization are mined apart from the opened mine’s width. The extracted mineralization is shipped apart from the waste; therefore, no significant external dilution is considered for the estimates. Longitudinal projections depend on the drift’s development along the mineralization zones and on the mineral ore shoot projections; and these may reach over 100 m in length as in the Celeste and Jimena vein deposits.

As below discussed, in the estimation methodology section of this TR, the Proven reserve category has been projected up to 25 m from the drift sample data, while the Probable category estimates are projected 30 m beyond the Proven ore. The Cascajal Proven and Probable Reserves are estimated considering oxides and sulphides and are based on Measured and Indicated Resources. Table 15-1 presents a Summary of Cascajal Proven and Probable Reserves.

Cascajal Mineral Resource and Reserve estimates are appropriate for an underground mine development where extracting mineralized materials from narrow vein deposits is taken place. Cascajal is an operation based on updated Mineral Reserves estimates by previous investigations and operating periods. Accordingly, the Mineral Resource estimates are developed outside of the boundaries of the remaining Reserve blocks in a continuous process by mine developments such as drifts, adits, crosscuts, shafts, and raises. Additional Mineral Resources are generated by exploration, mine developments, and estimated at reasonable projections beyond the boundaries of estimated Mineral Reserve Blocks.

In the follow figures show the mine preparation and mineral transportation activities. The author notes that in this TR the estimated Reserve and Resource blocks for sulphides mineralization are inclusive of each other, while no Mineral Reserves have been estimated from the Inferred Resources.

The Cascajal mine has been operating intermittently for the last 5 years, and continuously since August 2016. Through this time Lucama has developed adequate infrastructure for operating.

The nearest towns to Cascajal are Lucma, Sausal, and the coastal city of Trujillo. Trujillo has a population of about 1.0 million inhabitants offering all modern services such as retail, medical (including General and Social Security hospitals), educational (including Junior and Senior Secondary Education Institutions, and Universities), banking, and communications. It also includes National Airport with various airlines service and daily flights communicating to international flights. Trujillo is the capital of La Libertad Region; it is the most populous city and center of the second most populous metropolitan area of Perú. Trujillo is reached from Cascajal by about 15 km of dirt roads, and about 100 km of paved highways. Driving time from Trujillo to Cascajal is 5 to 6 hours.

Lucma has become one of the most important employers of the region. The village of Lucma is connected to the National Power Grid (Hydro-Andina), which has been upgraded and is now connected to the Cascajal plant. Cellular communications are available at the mine. Water for domestic use is provided to Cascajal by the village of Lucma from springs and water wells; while water for industrial uses is acquired by Cascajal from the one of the Chicama river feeders west of the property through a recently installed 5 km-long pipeline with 900 m up-hill elevation.

Most of the inhabitants of the nearby villages or other smaller population centers depend on small scale farming, raising livestock, and growing fruits and vegetables, particularly those established near and along the shores of the Chicama River.

Mine and plant installations, including camp facilities, tailings storage including new tailings dam built within Lucma's ground coverage, which recently initiated operation, and waste disposal areas as required by the mining operation, which are also located within Cascajal operating and permitted areas.

The infrastructure on-site includes support facilities for the operations, which are located near the processing plant and include the main office facilities, warehouses, assay laboratory, tailings storage facilities, maintenance buildings, cafeteria, employees and workers housing, as well as contractor's facilities for a total of about 138 employees and workers.

The maintenance department operates from the shops and warehouses located by the plant site. Maintenance personnel are supplied for mine requirements from contractors, while Lucma hires the maintenance personnel required for the processing plant, laboratory, camp, etc. A fleet of mobile equipment consisting of track type tractors (bulldozers), wheel loaders and road graders, and trucks for transportation of the minerals from the mines to the plant were acquired by Lucma as needed. Transportation for concentrates to Trujillo and Lima are serviced by independent contractors.

Power for the Cascajal needs including mine, camp, and the processing plant is provided by Hydro-Andina through a newly updated 5 km-long power line installed by Lucma. This is connected to the National Grid at 440 volts and 60 cycles. Lucma's owned 1,000-volt transformer is installed. A diesel generator (1,000 KW) is located by the processing plant for emergency and stand-by power in case of power interruptions. Air compressors are located at the plant to supply low-pressure air to leach tanks and other processing plant needs.

Lucma reconstructed a flotation plant in 2012 and operated until 2013 when it suspended operations. The older plant was moved to another site and in 2016 initiated construction of the new processing plant at Cascajal, while the mining operation was reestablished in August 2016 by shipping the mineralized material to a tool flotation processing plant located in Chimbote, Perú at about 160 km from Cascajal.

Cascajal completed construction of new processing flotation plant in August 2017 and it started operating in September 2017. The plant is operating at a ramp up capacity towards 200 tpd. The follow figure shows final stages of construction of new Cascajal processing plant installations:



An Environmental Impact Study on behalf of the Cascajal project was presented to La Libertad Regional office of the Ministry of Energy and Mines on May 19, 2006 for evaluation, and it was approved on December 16, 2006 under Document No. 016-2006-CR/R-LL.

According to Article 15 of the Federal Law of Formalization and Promotion of Small Scale Mining and Artisanal Mining Activities (Law No. 27651) which was confirmed by Articles 36 and 39 of the Supreme Decree No. 013-2002-EM, which establishes that the opening or re-initiation of activities, small scale and artisanal miners are subject to presenting an Impact Declaration (DIA or EIS) or a detailed study of environmental impact, as well as the respective proposal to classify the project within Categories I or II to obtain Environmental Certification.

Mr. Eduardo Rabines Llontop presented document No. 1573934 dated on November 22, 2005, an application for Environmental Certification for the Cascajal project and proposing to include the project within the Category II. On resolution regarding the evaluation report No. 205-2005/MEM-AAM/JGP dated on December 15, 2005 established that by Directorial Resolution No. 544-2005-MEM/AAM, in which the Terms of Reference for development of the DIA were established.

Minera Cascaminas S.A.C. new title holder of the Cascajal project rights fulfilled the requirements by presenting an Environmental Impact Statement report under document No. 424-DREM-LL dated on May 19, 2016 for Environmental Certification to operate Exploitation and Processing by Leaching Plant at a rated capacity of 100 tons per day.

Finally, by notarial document No. 12737207 registered in the City of Lima, Perú is established the acquisition of Compañía Minera Lucma S.A.C. of the rights and property of the Cascajal Project which was previously owned by Minera Cascaminas S.A.C. This document was registered before the Public Notary Dr. Alfredo Paino Scarpali on October 14, 2011.

Most of the Cascajal mine operations are located within land holdings owned by Lucma. The Cascajal mine consists of underground workings developed along the Celeste and Jimena veins, whose strike intersect the southern slope of the Carangas Hill, extracting selected minerals, and only relatively small waste dumps have been formed during the long history of production. Mining operations throughout the project present only minor surface disturbances. The Cascajal mines operate in part using shrinkage (“Tumbe Sobre Carga”) and Cut-and-Fill (“Corte con Relleno”) mining methods and employing mine waste rocks (mainly from development work) as backfill, to avoid accumulation of large waste dumps on the surface.

The author’s environmental and safety review consisted of discussions with Lucma’s management. Personnel interviewed include Ing. Felipe Ancieta T., Mine Manager of Operations, and Mr. Eduardo Rabines L., a stakeholder in Lucma. The author also observed the current site safety and environmental conditions to identify any potential liabilities that may have significant economic impacts. The author’s assessment is not intended as an environmental and safety compliance audit, although prudent practices were considered in the review. In the author’s opinion, the Cascajal mine is following with Peruvian safety and environmental Laws, Regulations and Norms.

The Cascajal project is permitted by the environmental authorities to operate at a capacity of 200 tonnes per day. Additionally, Lucma has negotiated and signed agreements with the local communities for access to the property and for the use of water.

The author has received a copy of document dated on April 12, 2012, that presents a list of the permits and authorizations for the Cascajal operation showing Lucma follows applicable Regulations and obtains permits as required.

NUEVA CALIFORNIA GOLD MINE

The necessary investment for the acquisition of the NUEVA CALIFORNIA mining company, with all its assets, that is, concessions, machinery, permits, licenses and agreements. Likewise, we consider the investment necessary for the expansion of the plant to double the current capacity and other related expenses, are shown in the following table:

INVESTMENTS	
Acquisition of the 100% of the shares from NUEVA CALIFORNIA company, mine rights, equipment & machinery	20,000,000
CAPEX	14,600,000
TOTAL US\$	34,600,000

The Nueva California Property is situated in the Department of Ancash in north-central Peru, in the District of Yungay, Province of Yungay, some 42 kilometers north of Huaraz and approximately 320 kilometers north of Lima. Access to the Nueva California Property is via 8 kilometers of public dirt road that runs east from the town of Mancos.

The Property is centered at the UTM coordinates 208,500 E and 8,987,500 N and (PSAD 56, UTM Zone 18, and at approximate latitude 9o 08' 59" South and longitude 77o 39' 05" West.

The Property concession lies between altitudes of 3,090m and 4,500m above sea level, within the Cordillera Blanca in the foothills of Huascaran Mountain. The Property consists of a single mining concession called the "Acumulacion Nueva California" (INGEMMET Code 09014224Z01) that totals 900 hectares owned by Compania Minera Nueva California S.A.C ("CMNC"), which operates a 170 tpd underground gold mine. Mine infrastructure consists of a Process Plant ("Planta de Beneficio") that includes a crushing and agglomeration facility, cyanide leach pads, a Merrill Crowe gold and silver process plant, mine offices and crew housing facilities. The property contains approximately 600,000 t of leached dump material that has been processed since the mine began operations in 1984.

The Nueva California Mine began production in 1984 as a small 100 tpd cut-and-fill underground mining operation. In 1995, production was supplemented by mining from a shallow open pit at the center of the deposit where mineralization is exposed through a window eroded through extensive fluvio-glacial gravel that covers most of the deposit. No tonnage reconciliation procedures have ever been practiced at the mine however the

amount of material in the tailing's dumps indicate that between 600,000 - 700,000 tons of ore have been mined and processed. To date the mine is estimated to have produced approximately 70,000 oz Au and 450,000 oz Ag. Historically, gold and silver recoveries from the dump heap leach operation have averaged 50 – 60%. However, metallurgical testwork has shown that the ore is grind sensitive, and that recoveries of over 90% can be achieved by finer grinding combined with agitated cyanide leaching. Currently the ore is crushed to - 1/4" prior to leaching.

Past and current mining operations has focused exclusively on mining high-grade mineralization that was interpreted to be hosted by altered dikes. Underground and open pit mining has traced the oxidized upper portions of these zones over distances of 200 – 250 meters along strike, easily followed by miners due to their dark appearance in contrast with paler intrusive wallrocks. The wallrocks contain low-grade disseminated mineralization on the order of 0.5 – 3 g/t Au. These grades are deemed uneconomic using the current underground mining methods. The production for last year is showing in the next table:

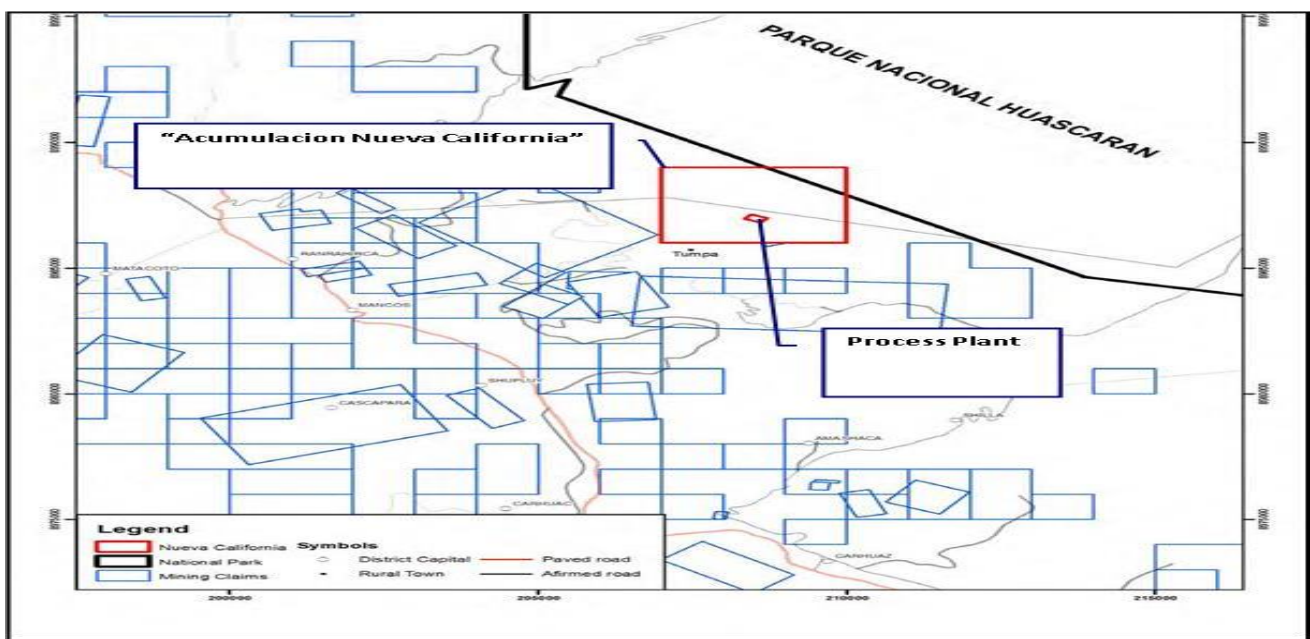
Year	Treated ore (TON)	GRADE		Production (Au g)	Production (Ag g)	Recovery (Au%)	Recovery (Ag %)
		Au (g/t)	Ag (g/t)				
1986	9,321	4.77	103.2	7,220	49,986	16	5
1987	5,916	5.55	130.6	14,010	139,199	43	18
1988	4,992	5.01	85.7	10,609	88,280	42	21
1989	6,274	7.65	114.5	16,280	80,464	34	11
1990	11,366	6.75	96	23,614	159,940	31	15
1991	12,488	7.34	82.3	26,149	132,812	29	13
1992	18,963	6.14	96	36,347	211,034	31	12
1993	22,408	6.72	93.9	51,241	288,787	34	14
1994	25,633	6.79	102.9	62,214	407,460	36	15
1995	38,217	6.21	139.5	80,711	709,763	34	13
1996	47,937	6.41	104.6	81,810	508,404	27	10
1997	47,267	7.17	134.1	128,887	728,412	38	11
1998	19,696	11.45	309.6	125,142	1,292,211	55	21
1999	37,820	10.46	233.1	221,992	1,446,000	56	16
2000	45,894	10.01	201.9	240,546	1,797,544	52	19
2001	51,236	7.89	141.3	222,176	1,462,102	55	20
2002	61,110	6.03	95.3	185,899	934,125	50	16
2003	55,286	5.83	96.4	154,207	881,823	48	17
2004	55,246	4.63	87	137,971	878,523	54	18
2005	59,507	3.77	61	94,602	669,388	42	19
2006	55,865	2.74	57	75,905	598,073	50	19
2007	55,717	3.64	69	79,202	548,175	39	14
Total	748,159	6.5	119.75	2,076,734	14,012,505	Av. 41	Av. 15

Location

The Nueva California Property is located in the Department of Ancash in north central Peru, in the District of Yungay, Province of Yungay. The Property is located some 42 kilometers north of Huaraz and approximately 320 kilometers from Lima.

Nueva California Property Location

The property is centered at the UTM coordinates 208,500 E and 8,987,500 N and (PSAD 56, UTM Zone 18), at an approximate latitude 9o 08' 59" South and longitude 77o 39' 05" West.



The project can be found on Peruvian

NTS map sheet 19-H (Carhuaz). The property concession lies between altitudes of 3,090m and 4,500m above sea level, in the Cordillera Blanca in the foothills of Huascaran, Peru's highest mountain (6,768m a.s.l.). The concession includes an operating 170 tpd underground gold mine and open pit area, located in the central part of the concession. A 6-hectare area is designated to the Process Plant ("Planta de Beneficio"), which includes a crushing and agglomeration facility, cyanide leach pads and a Merrill Crowe gold and silver process plant. The property contains approximately 600,000 tons of leached dump material that has been processed since the mine began operations in 1984.

Land tenure and surface rights

The Property consists of a single mining concession called the “Acumulacion Nueva California” (INGEMMET Code 09014224Z01) that totals 900.00 hectares. The titleholder is Compania Minera Nueva California S.A.C. The mining claim was granted on 28th March 2001 from the re-grouping of four pre-existing mining

claims. Within this concession is a 6 hectare claim that covers the process plant and mine tailings which has registration code No. PO100828.

Property Coordinates - Accumulation Nueva California

	Easting	Northing
1	210,000	8,989,000
2	210,000	8,986,000
3	207,000	8,989,000
4	207,000	8,986,000

The operation qualifies as a “Pequeno Productor Minero” or “Small Producer” under Peruvian Law and must pay an annual rental of \$1/hectare by June 30 each year. Surface rights pertaining to the Acumulacion Nueva California concession belong to the nearby Community of Tumpa, except for the 6 hectares of land that cover the Process Plant and tailings which belongs to CMNC. A property map is shown in the following map:

Environmental Permits

A PAMA document (Programa de Adecuacion y Manejo Ambiental) sets forth CMNC’s plan for compliance with the environmental laws and regulations, including planned mining works, monitoring system, waste management control and site restoration. A PAMA for the Nueva California operation was approved in 2002 by the Ministry of Mines and Energy.

CMNC submitted a Mine Closure Plan (“Plan de Cierre”) to the Ministry of Energy and Mines in 2006. The Closure Plan outlines what measures will be taken to protect the environment during the closing phases of the mining operation. Other permits and licenses granted to CMNC include Process Plant operational license, water use and water treatment permits, in compliance with Peruvian environmental regulations.

Access to the Nueva California Property is via 8 kilometers of public dirt road that runs east from the town of Mancos which is some 45 kilometers to the north of Huaraz. The total driving time from Huaraz to the mine is approximately an hour and a half. The final leg of journey is from the village of Tumpa located 2 kilometers to the west.

The 408-kilometer drive from Peru’s capital Lima to Huaraz, (turning off to Huaraz from the coast at Pativilca) takes approximately 5 hours. Huaraz, with approximately 150,000 inhabitants, is the largest town closest to Nueva California. It is the capital of the department of Ancash and is the primary service center for the Pierina and Antamina mines. It also is a major tourist centre for the region.

Climate

The Nueva California mine is located on the western flank of the Cordillera Blanca, between elevations of 3,090 and 4,500 meters a.s.l. The climate can be described as sub-alpine, with a dry season between the months of June to October. The rainy season extends from November through May but is not severe enough to hamper mining operations. Average annual rainfall is around 650 mm.

Temperatures do not vary much throughout the year, and average around 16oC with average monthly lows and highs of 4.1 C and 24.6 C respectively.

Local resources and infrastructure

Nueva California is on the main power grid and water is plentiful and provided year-round by the meltwater running westward off Huascaran Mountain. The mine draws its water from the Riachuelo Ingenio stream. The mine has a regular telephone connection, and cell phones can be used from most parts of the property. Approximately 50% of the mine's labor force is from the local community of Tumpa.

Physiography

Nueva California is located on the western flank of the Cordillera Blanca. The property which covers an area measuring 3 x 3 kilometers has an elevation range of 1360 meters, the southwestern boundary is at an elevation of 3,200 m while the northeastern boundary is at 4,560 meters. There is a sharp break in topography from northeast to southwest across the property. The relief on the southwestern third is gently inclined to the southwest at <5o toward the Rio Santa, the mine infrastructure resides on this gentle

side slope which forms part of the foothills to Huascaran Mountain. Just to the northeast of the mine infrastructure, where the underground mining takes place, the terrain breaks sharply, and slope increases to 30 - 35o approaching the angle of repose. The mine has capitalized on this steep terrain as the mineralization is exploited through a series of adits driven horizontally from surface into the hill side

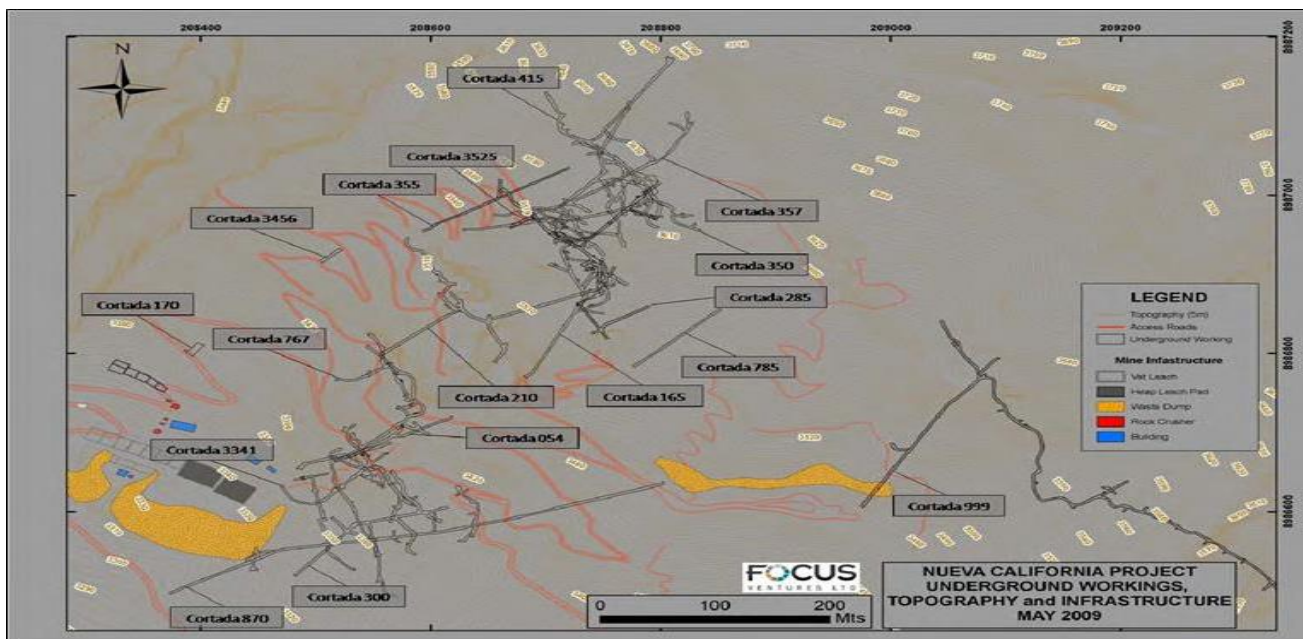
Google image of mine and infrastructure is show in the following picture:



There are a total of 13 adits at Nueva California, which span an elevation range of 277 meters, the lowest adit is at 3270 meters while the highest is at 3547 meters. The adit portals are all serviced by a dirt road that consists of a series of switchbacks that have been cut into the fluvio-glacial deposits that cover the face of the hill. When the outline of adits are all projected onto a surface plan the adits at lower elevations are located to southwest, and with increasing elevation the adits march progressively more to the northeast, an effect attributed to the northeast facing hill slope.

Nueva California galleries and stopes:

Stope Name	Elevation	Target
Cortada 870	3270	Dyke 3, 4
Galeris 765	3480	Exploration
Cortada 300	3300	Dyke 3, 4
Cortada 3341	3341	Dyke 3
Galeria 054	3370	Dyke 2, 3
Galeria 767	3395	Dyke 2, 2b
Galeria 200	3440	Dyke 1, 0
Cortada 210	3440	Dyke 2, 1
Cortada 785	3525	Dyke 0
Cortada 165	3460	Dyke 1, 0
Cortada 350	3500	Dyke 0
Cortada 3525	3525	Dyke 0, -1
Cortada 3547	3547	Dyke 0, -1
Galeria 415	3547	Dyke -1
Galeria 429	3547	Dyke -1



Mine plan and infrastructure showing main galleries:

History

The Nueva California Mine began production in 1984 as a 100 tpd cut-and-fill underground mining operation. Exploitation is carried out via a series of horizontal adits that have been driven into the steep hillside from surface.

Past and current mining operations focused exclusively on mining high-grade “dikes” that are easily recognized by miners by their darker color in contrast with paler granodiorite wall rocks. The mine is aware of low-grade disseminated mineralization in the altered granodiorite between the dikes, but because of poor gold and silver recoveries in their heap leach process this mineralization is not deemed economic.

No tonnage reconciliation procedures are employed by the mine and no systematic exploration including drilling takes place in advance of production. However, the quantity of dumps tailings indicates that between 600,000 - 700,000 tons of material have been mined and processed during the last 25 years. In 1995, production was supplemented by mining from a shallow open pit where mineralization was exposed through a window eroded in the alluvial cover at the center of the deposit. After the pit was exhausted, production was exclusively from underground operations. The mine currently operates at around 150 tpd, with a reported maximum capacity of 200 tpd.

Production statistics for the operations for the years 1983 -2007 are shown in Table 6.1. Historically gold and silver recoveries from the dump heap leach operation have averaged only around 50 – 60%. The poor recoveries are attributed to inadequate processing techniques applied to this type of ore, which has lots of clay and a mixture of both oxide

EST Growmore Capital Holdings Ltd.

and sulphide minerals associated with the gold. To date the mine is estimated to have produced approximately 70,000 oz Au and 450,000 oz Ag.

The following table illustrates the production statistics including head grades and gold and silver recoveries, reported annually by the mine. These figures however are considered to be only approximations as no reconciliation measures or QA/QC programs are employed at the mine. Discrepancies in these statistics were discovered by Chariot Resources when they carried out their evaluation of the dumps. Chariot concluded that the mine had overestimated the actual amount of ore processed and underestimated the actual gold and silver recoveries (Chariot Resources News release, Dec 2, 2003).

The statistics of the historical production of the mine are shown below.

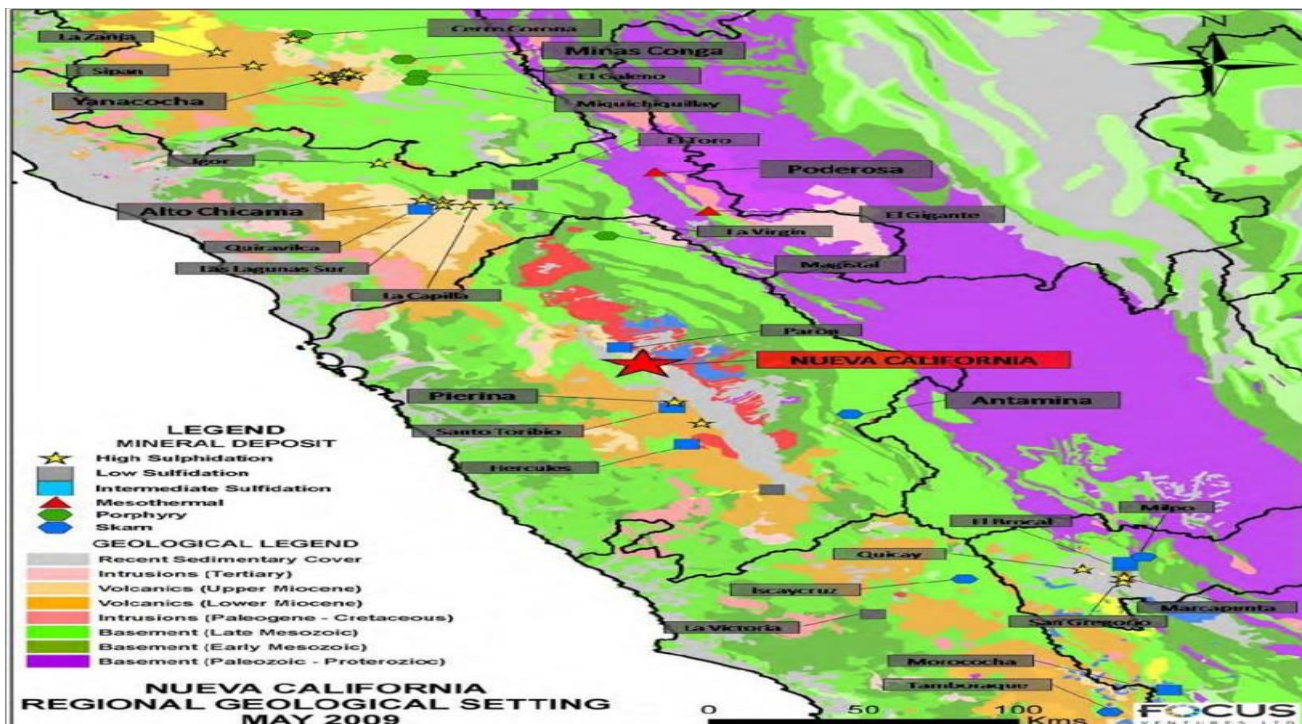
Year	Treated ore (TON)	GRADE		Production (Au g)	Production (Ag g)	Recovery (Au%)	Recovery (Ag %)
		Au (g/t)	Ag (g/t)				
1986	9,321	4.77	103.2	7,220	49,986	16	5
1987	5,916	5.55	130.6	14,010	139,199	43	18
1988	4,992	5.01	85.7	10,609	88,280	42	21
1989	6,274	7.65	114.5	16,280	80,464	34	11
1990	11,366	6.75	96	23,614	159,940	31	15
1991	12,488	7.34	82.3	26,149	132,812	29	13
1992	18,963	6.14	96	36,347	211,034	31	12
1993	22,408	6.72	93.9	51,241	288,787	34	14
1994	25,633	6.79	102.9	62,214	407,460	36	15
1995	38,217	6.21	139.5	80,711	709,763	34	13
1996	47,937	6.41	104.6	81,810	508,404	27	10
1997	47,267	7.17	134.1	128,887	728,412	38	11
1998	19,696	11.45	309.6	125,142	1,292,211	55	21
1999	37,820	10.46	233.1	221,992	1,446,000	56	16
2000	45,894	10.01	201.9	240,546	1,797,544	52	19
2001	51,236	7.89	141.3	222,176	1,462,102	55	20
2002	61,110	6.03	95.3	185,899	934,125	50	16
2003	55,286	5.83	96.4	154,207	881,823	48	17
2004	55,246	4.63	87	137,971	878,523	54	18
2005	59,507	3.77	61	94,602	669,388	42	19
2006	55,865	2.74	57	75,905	598,073	50	19
2007	55,717	3.64	69	79,202	548,175	39	14
Total	748,159	6.5	119.75	2,076,734	14,012,505	Av. 41	Av. 15

Nueva California is located in the eastern part of the Western Cordillera, within the Cordillera Blanca Batholith at its western contact with rocks of the Early Cretaceous Goyllarisquisga Group. The regional geology of Peru has been described in detail by Cobbing (1985), Cobbing et al. (1996), Jaillard and Soler (1996), Benavides-Caceres (1999) and Redwood (2004). The following is a summary based on this work.

The Peruvian Cordillera is divided into two parts; the Eastern Cordillera, which lies to the east of Nueva California and the Cordillera Blanca, and the Western Cordillera, which lies to the west of the Cordillera Blanca. The Eastern Cordillera is Paleozoic and older in age and comprises late Precambrian schists belonging to the Marañon Complex in the northern part of the country and thick early Paleozoic marine sedimentary rocks in the south. The Western Cordillera has a Mesozoic and Tertiary age and constitutes the Andean Orogenic Belt. It is formed in Mesozoic, ensialic, extensional - marginal basin or a western trough that was related to eastward subduction that extended the length of the Andes. The Western trough is bounded by Precambrian cratonic rocks of the Marañon Complex to the east (central Peru) and to the west by the Arequipa Massif (in southern Peru). The Huarmey basin was a western sub-basin where up to 9,000 m of submarine basaltic and andesitic volcanic rocks of the Casma Group were deposited. The bottom of the Casma Group has never been identified; the oldest rocks of this formation date from the Triassic in northern Peru, while the bulk of the volcanism was Albian. This Huarmey Basin was closed in the mid-Cretaceous by the Mochica tectonic event and the Casma Group was intruded along its length in the late Cretaceous by granitoids of the Coastal batholith. The batholith constitutes the western part of the Western Cordillera and occupies an elevation range from the highlands to nearly sea level at the coast.

The Chavin basin was an eastern sub-basin that was separated from the Huarmey Basin by a topographic high formed by a horst where thin sedimentary sequences comprising the Santa belt were deposited. Sedimentation took place between the Late Jurassic and Late Cretaceous. The oldest sedimentary rocks are dark slate and quartzite of the Late Jurassic Chicama Formation, which crop out in the western parts of the sub-basin. These are followed upward by thick deltaic sandstone, shale, and coal, with a thin marine limestone of the Early Cretaceous Goyllarisquisga Group, and then by a transgressive sequence of thick marine carbonate belonging to the Early to Late Cretaceous Pariahuanca, Chulec, Pariatambo, Jumasha, and Celendin Formations. The Chavin sub-basin was not affected by the closure of the Huarmey Basin and the Mochica tectonic event in the mid Cretaceous, but uplift resulted in deposition of molassic red-bed sedimentary rocks of the Casapalca Formation along the eastern Chavin basin during the Late Cretaceous and Paleocene. The Chavin basin is bounded to the east by a basement high (Marañon high) with a much thinner Mesozoic sedimentary sequence and farther east by Mesozoic sandstone and carbonate deposited in an external foreland basin (Eastern basin) onlapping the Brazilian Shield, which forms the Subandean zone fold-thrust belt.

The regional geological setting, North-Central Peru is showing in the next figure:



The Chavin basin was deformed by the Incaic II compressional tectonic event in the middle Eocene (43-42 ma) which resulted in extensive folding and reverse faulting throughout the basin and the formation of a foreland fold-thrust belt in the Eastern Cordillera and the along the platform of the Marañon high (Marañon fold-thrust belt or imbricated zone; Wilson et al., 1967; Megard, 1984).

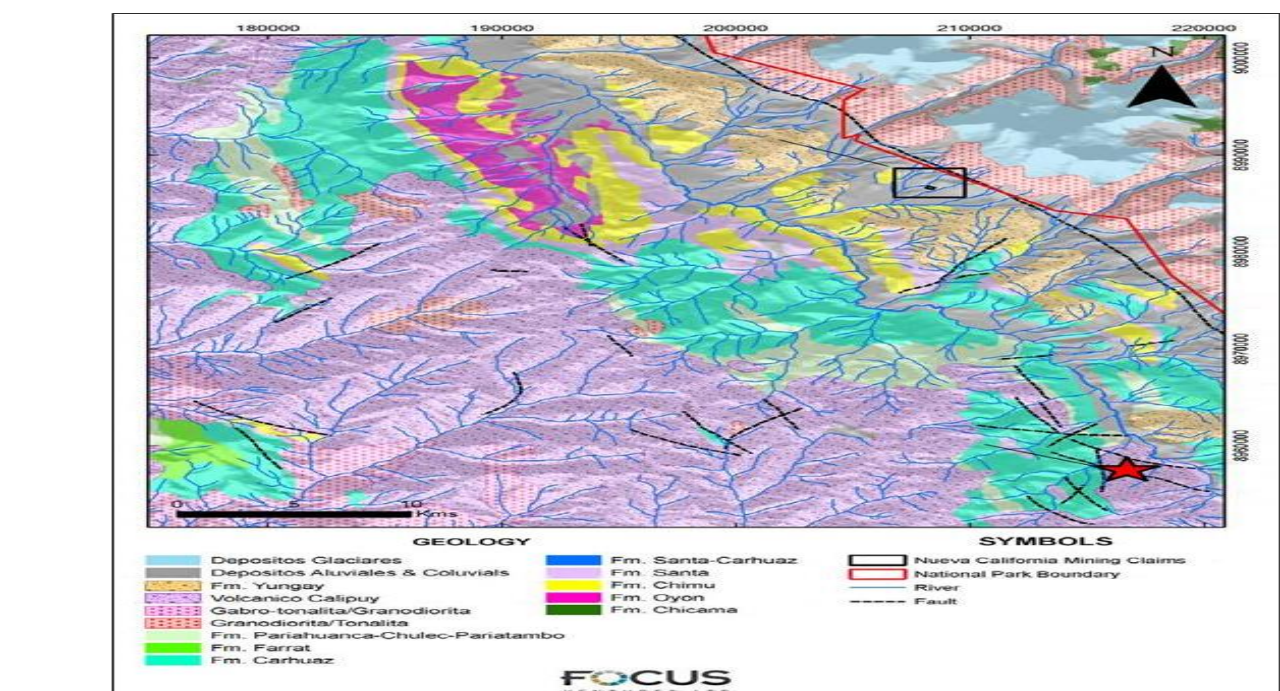
Following the deformation, an erosional surface developed across the Chavin and Huarmey basins and the Coastal batholith, on which up to 3,000 m of sub-aerial volcanic rocks accumulated during the Tertiary (Calipuy Group) in a belt 40 km wide, forming the Cordillera Negra. During the Miocene there were four short compressive pulses (Quechua I, II, III, and IV) at ca. 17, 10 to 9, 7 to 5, and 2 Ma, separated by tectonically neutral or extensional periods (McKee and Noble, 1982; Sebrier and Soler, 1991). In the mid- to late-Miocene, the Cordillera Blanca batholith was intruded in the eastern part of the Western trough to form the Cordillera Blanca (ca. 13.7-6.3 Ma; Cobbing, 1998; Fig. 1). Concurrently there was widespread magmatism (medium to high K calc-alkaline) across the Western and Eastern Cordilleras to form small stocks, including that at Antamina (Sebrier and Soler, 1991).

Geologists Wilson, Reyes, and Garayar from the Instituto Geológico Minero y Metalúrgico (INGEMMET) mapped the geology over the mine and surrounding areas at a scale of 1:100,000 in 1967. The maps are published in Bulletin No 16, quadrangle 19-h. The description of the geological units below has been largely derived from that publication.

The Nueva California mine is found in the granodiorite of the Cordillera Blanca Batholith at its western edge in contact with rocks of the Early Cretaceous (113 – 144 ma) Goyllarisquisca Group. The contact between the intrusive and sedimentary rocks is a northwest trending regional “range front” fault that can be traced NNW – SSE along the entire western edge of the Batholith. The fault which dips moderately to steeply southwest has normal and right lateral strike slip movement. The style of faulting ranges from brittle at shallow depths to locally mylonitic at deeper levels.

The principal stratigraphic units at the mine site and the immediate area of the mine pertain to the Goyllarisquisca Group which is a sedimentary sequence comprised of a mixture of shallow water marine and river deltaic deposits that were deposited on top of the horst or highland that separated the Chavin and Huarmey basins. These units in general form a broad open NNW–trending antiform that runs parallel to the Cordillera Blanca Batholith and together with the batholith form the topographic feature called the Cordillera Blanca. The amplitude of the regional folding is on the order of 4 – 6 kilometers, although there are many smaller drag folds on the bigger fold that have much smaller amplitudes as small as a few meters. Rocks of the Goyllarisquisca Group are exposed primarily in deeply incised drainages that cut into the base of the Cordillera Blanca to the southwest down slope from the mine. The formations contained in the group are described from oldest to youngest below and are illustrated on INGEMMET.

Nueva California – Local Geological Map



Fluvio-glacial deposits are an important geological unit at Nueva California because they cover the majority of the mineral deposit. The projected strike extensions of the mineral deposit are covered everywhere by gravel overburden of several tens of meters in thickness. Future drill campaigns will need to penetrate these gravels in order to reach bedrock.

Only the center of the mineral deposit outcrops through a small window measuring 200 x 125 meters eroded through the overburden cover where the open pit is located. Consequently, almost everything that is known about the geology of the mineral deposit was learned from mapping the underground workings.

All of the material contained in the gravel was derived from the Cordillera Blanca Batholith, which rises up precipitously to the east of the mine and forms the Cordillera Blanca mountain range. The gradient of the slope at the mine ranges from 35° to 45° degrees, increasing to >50° at higher elevations further to the east. The gravel is fluvio- glacial in origin and consists of mainly rounded to sub-rounded granodiorite and tonalite blocks and clasts that are sometimes several meters across in an unconsolidated matrix of similar composition.

Compositionally, the blocks are almost the same, but there a broad range of textures ranging from fine-grained to mega-crystalline porphyry. In some cases, the intrusion is strongly foliated with an almost mylonitic fabric. Where strong foliation has been superimposed on mega crystalline textures the rock has a blastomylonitic texture.

In the uppermost levels of the mine, raises were driven upward until they reached the overburden where mineralized boulders in the gravel were exploited. All of the adits at the upper level of the mine that were in production up until about six years ago, have collapsed, most notably at the 3547 meters. The thickness of the gravel is highly variable and difficult to predict because the surface of Huascaran Mountain, on which it's deposited, is highly undulated and irregular. According to mine geologists some parts of the deposit are covered by more than 90 meters of gravel.

FINANCIAL INFORMATION

In this chapter we will show the needs required for the continuation and development of the gold mine NUEVA CALIFORNIA company, as well as the financial projections of the business

7.1 Investment required for the acquisition and development of the mine

Financial Plan was structured to buy the 100% of the company, consider investments receives in the short term and applying the first targets to which are, the tailings process

(approximately 50,000 gold ounces) and for the exploration and exploitation of veins in the galleries that are estimated in the NI 43101 report in about 100,000 ounces of gold. While the numbers show the first steps of our growth in mining, these are short and medium terms plans, using the assets we currently have available. All marked growth strategies mentioned in the introduction will be developed as we continue penetrating the mining industry. Our first steps will be to detail our confirmation and strategies, in order to enable moving forward with the plan and modifying it as needed, using the following steps. The results below indicate that in the unlikely event that we only had limited investments, it would be feasible to continue working, as they are positive.

The necessary investment for the acquisition of NUEVA CALIFORNIA mining company, with all its assets, that is, concessions, machinery, permits, licenses and agreements. Likewise, we consider the investment necessary for the expansion of the plant to double the current capacity and other related expenses, are shown in the following table:

CAPEX

CAPEX has considered the necessary investment for the production of the tailings, the exploration and exploitation of the galleries and for the determination of porphyry reserves.

CAPEX	
ITEM	US\$
Purchase of 100% of the shares of the company	20,000,000
Diamond drilling exploration of porphyry	3,500,000
Mine exploitation and tailings treatment	3,000,000
Equipment and machinery for the mine	2,000,000
Plant expansion (from 180 to 800 Tn / day)	2,500,000
Purchase of supplies for Plant	400,000
Authorizations, permits and licenses	250,000
Construction of leaching pads	600,000
Construction to deposit tailings	2,000,000
Agreements with the community	350,000
TOTAL	34,600,000

Projected Income

In the following table, the projected revenues for the next few years are shown, considering for the next years the income derived from the extraction of the ore from the tailings, then the mineral inputs of the veins are considered and in the last years they are considered the beginning of the production of porphyry ore.

YEAR	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gold	22,800,000	22,800,000	44,400,000	102,000,000	84,000,000	84,000,000	60,000,000	60,000,000	60,000,000
Silver	8,000,000	8,000,000	12,800,000	27,200,000	14,979,200	12,800,000	12,800,000	12,800,000	12,800,000
Total Incomes	30,800,000	30,800,000	57,200,000	129,200,000	98,979,200	96,800,000	72,800,000	72,800,000	72,800,000

To determine the income for the next nine years, the following parameters have been considered:

YEAR	2019	2020	2021	2022	2023	2024	2025	2026	2027
Prices									
Gold US\$/oz									
Silver US\$/oz									
Tailing Surface									
Gold ounces	19,000	19,000	17,000	15,000					
Silver ounces	500,000	500,000	500,000	600,000					
Mine Vein									
Gold ounces			20,000	20,000	20,000	20,000	20,000		
Silver ounces			300,000	300,000	136,200				
Porphyry									
Gold ounces				50,000	50,000	50,000	50,000	50,000	50,000
Silver ounces				800,000	800,000	800,000	800,000	800,000	800,000

YEAR	2019	2020	2021	2022	2023	2024	2025	2026	2027
INCOMES									
Mining tailings	30,800,000	30,800,000	28,400,000	27,600,000	0	0	0	0	0
Gold	22,800,000	22,800,000	20,400,000	18,000,000					
Silver	8,000,000	8,000,000	8,000,000	9,600,000					
Mining veins	0	0	28,800,000	28,800,000	26,179,200	24,000,000	0	0	0
Gold			24,000,000	24,000,000	24,000,000	24,000,000			
Silver			4,800,000	4,800,000	2,179,200	0			
Porphyry	0	0	0	72,800,000	72,800,000	72,800,000	72,800,000	72,800,000	72,800,000
Gold				60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Silver				12,800,000	12,800,000	12,800,000	12,800,000	12,800,000	12,800,000
Total Gold	22,800,000	22,800,000	44,400,000	102,000,000	84,000,000	84,000,000	60,000,000	60,000,000	60,000,000
Total Silver	8,000,000	8,000,000	12,800,000	27,200,000	14,979,200	12,800,000	12,800,000	12,800,000	12,800,000

Breakeven

The breakeven point is that where not profit not loss is displayed. From that point on you can tend to make a profit or loss. The break-even point of our company is shown below:

I T E M	OZ	Participation (%)	Unit Price	Variable cost	Contrib ution margin	Weighted margin	NUMBER OF OUNCES
GOLD	19,000	3.66%	1,200.00	0.10	1,199.90	43.93	1,607 42,279
SILVER	500,000	96.34%	16.00	0.10	15.90	15.32	
	519,000	100.00%				59.24	
FIXED COSTS							
Administrative expenses	1,000,000						
Sales expenses	1,600,000						
Total	2,600,000						

Projected costs and expenses (OPEX)

For this projection have been considered the production costs of the mine, for the next nine years. The projected cost per each item are shown in the following table:

OPEX (in US\$)									
YEAR	2019	2020	2021	2022	2023	2024	2025	2026	2027
OPERATING COST	13,000,000	13,000,000	23,400,000	35,100,000	27,300,000	27,300,000	27,300,000	15,600,000	15,600,000
Mine	3,000,000	3,000,000	5,400,000	8,100,000	6,300,000	6,300,000	6,300,000	3,600,000	3,600,000
Processing	5,000,000	5,000,000	9,000,000	13,500,000	10,500,000	10,500,000	10,500,000	6,000,000	6,000,000
Smelter charges	2,000,000	2,000,000	3,600,000	5,400,000	4,200,000	4,200,000	4,200,000	2,400,000	2,400,000
Transportation costs	3,000,000	3,000,000	5,400,000	8,100,000	6,300,000	6,300,000	6,300,000	3,600,000	3,600,000
OTHER EXPENSES	2,600,000	2,600,000	4,680,000	7,020,000	5,460,000	5,460,000	5,460,000	3,120,000	3,120,000
Administrative expenses	1,000,000	1,000,000	1,800,000	2,700,000	2,100,000	2,100,000	2,100,000	1,200,000	1,200,000
General expense	1,600,000	1,600,000	2,880,000	4,320,000	3,360,000	3,360,000	3,360,000	1,920,000	1,920,000
TOTAL COST & EXPENSE	15,600,000	15,600,000	28,080,000	42,120,000	32,760,000	32,760,000	32,760,000	18,720,000	18,720,000

To determine the expenses for the next nine years, following parameters have been considered:

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Mine production per year, tonnes	200,000	200,000	360,000	540,000	420,000	420,000	420,000	240,000	240,000
Tailing	200,000	200,000	180,000	120,000					
Veins			180,000	180,000	180,000	180,000	180,000		
Porphyry				240,000	240,000	240,000	240,000	240,000	240,000

Concepts	Cost /Tonne, US\$
Mining	15
Processing	25
Administrative expenses	5
General expenses	8
Total	53
Smelter charges	10
Transportation costs	15
Contingencies	

CALORCO GOLD MINE



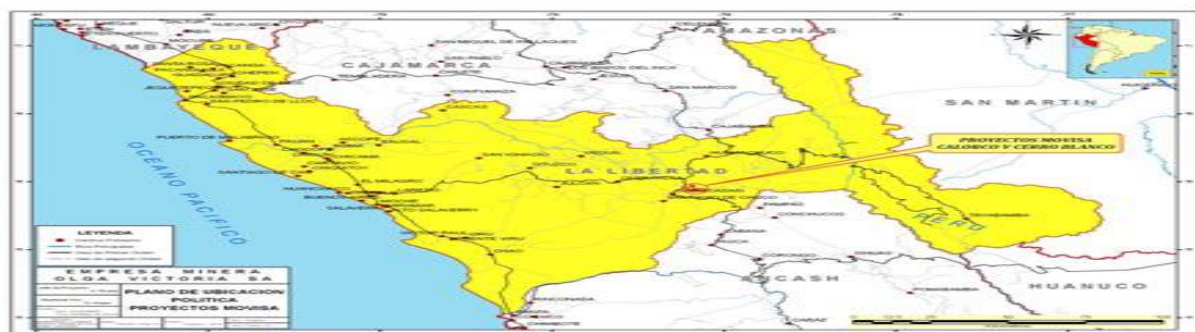
The Calorco gold project is politically located in the in the Cachicadán district, province of Santiago de Chuco, department of La Libertad, at an average altitude of 3,700 meters above sea level. It covers a property of 1,326.0 hectares and is registered in the Registros Públicos de Minería en Lima, on behalf of the Mr. Igancio Larco Pedraza. The project has been systematically explored by several foreign and national companies since 1995 to date.

Regionally, the Calorco project is part of the Siliciclastic Mesozoic sedimentary belt of the East of Santiago de Chuco and has an Andean structure NNW directional of folds and failures. In this sedimentary belt, the intrusions of porphyry "stocks" of andesitic-dacitic composition have modified the pre-existing structural systems and produced hydrothermal alterations and mineralization from the Lower Tertiary. In this regional context, from the Tablachaca River to the South, to the Cajamarca region to the North, where important projects are located as: Patibal, Santa Rosa, Calorco, La Virgen, La Arena, Alto Chicama (Lagunas Norte), El Toro, Shahuindo and Yanacocha to the North.

LOCATION AND EXTENSION OF THE PROPERTY

The coordinate of the central point of the Calorco project is located at the intersection of the UTM coordinates: 821,000E and 9,109,000 N. It is located in the district of Cachicadán, province of Santiago de Chuco, department. of La Libertad, at an average altitude of 3,700 meters above sea level.

N ° 1.- Location Map of the Calorco project



Total Ore Estimation Resources for the Calorco project

Zone	Tonnage [™]	Grade(g/t-Au)	Total Oz-Au
With Surface Grades Calorco hill	650,519	0.81	16,970
Valentina Vein	15620	7.43	3731
With drill C° Calorco	896780	0.91	26,238
With Surface Grades Blanco hill	1351506	0.72	31,265
Total	2,914,425	0.83	78,204

ORE POTENTIAL- It is good to clarify that the estimated resources correspond only to gold ore in oxides and as shown in the terrain said area varies from 4 meters to 15 meters in Calorco hill and 45 meters in Blanco Hill, these depths have been determined in the areas where there was drilling or other information available, it is obvious that these depths can vary in a favorable sense to increase mineral resources. In the same way there are areas with a higher concentration of gold and silver grades such as the VALENTINA vein, but if we observe this vein in the land, we can see that it is part of a system of more than 15 veinlets of similar thickness that have not been recognized with systematic underground. During the period of exploitation, these veinlets could substantially increase the gold values and the tonnage of mineral resources. Operation in nearby: Santa Rosa and La Virgen, it is assumed that mining will be carried out by open pit and the processing of said ore will be by heap leaching or gravimetric method.

DETERMINATION OF THE ESTIMATION UNITS

The dimensions, orientation and inclination of the blocks (estimation units) depend on the type of deposit and the selectivity required for the element to be estimated. The estimate becomes more selective, if the size of the block is small, (the tonnage decreases and the grade increases). And less selective, if the size of the block is large (the tonnage increases but the grade decreases). In the Calorco project, the block (estimation unit) was determined with the following characteristics: - Dimensions 2mx2mx2m; Orientation 0º; Inclination -30º. In the Calorco Project, all blocks are considered as "Inferred Mineral", because there is no equidistant drilling mesh to categorize as Measured ore.

TONNAGE VS GRADE CURVES

In this procedure, tonnages with different cutting grades are reported for each area where the estimate was made: In the Calorco Project, all blocks were considered as "Inferred Mineral", because there is no equidistant drilling mesh to categorize as Measured ore.

RESOURCE EVALUATION, By B.A.Mendoza

For the calculation of mining resources for Cerro Blanco, we have used the information of the drills executed by Geologix (2004), Exploandes (2007), the sampling results of trenches 1-2-3- y 4, executed by MOVISA (December 2013). The DDH-RC drills, as well as the trenches, have been plotted in the figures (Nos. 16 and 17), in which the mineralized bodies are designed, especially the widest one. Geological, structural and lithological controls, defined by geological interpretations, were also taken as reference.

SECTION 19. ADDENDUM X1, X2, X3 - GRANT THORNTON LETTERS



Lima, August 28th, 2018

Messrs.

Cia Minera Atahualpa

Attention: Mr. Demetrio Luque

Dear Sirs

Grant Thornton Peru
Grant Thornton SAC
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Grant Thornton was appointed by Cia Minera Atahualpa as an adviser to carry out a review of the methodology applied in preparing Cia Minera Atahualpa's Business Plan. Therefore, according to the established time limits, we issue our opinion on the review of the methodology applied in the elaborating business plan.

The responsibility of the assumptions used in the financial projections is of Cia Minera Atahualpa's Management. It should be emphasized that all projections of earnings and cash flow necessarily depend on subjective judgment, they are, to a greater or lesser extent, according to the nature of the business and the period covered by the projections, which are subject to inherent uncertainties of the economy and business. Consequently, they are not capable of being tested or audited in the same manner as the financial statements that present the results of the finalized accounting periods.

We have executed the corresponding procedures to review the methodology used by the company for the development of Business Plan in its four sections. We find that the methodological approach considers a complete analysis of the business opportunity in accordance with the strategy proposed by Cia Minera Atahualpa for the development of the project, which considers a continuous interaction between the communities, employees, shareholders of the company as well as society and the state.

Mineral reserve in "Las Gemelas" concession

Based upon 43-101 report issued in November 2017 by Pierre O'Dowd and its update by Eng. Demetrio Luque on Reserves and Resources, we can state there are about 4.6 million tons of ore with an approximate law of 4.7g/t gold

Mineral	Reserves (Ounces)	International Price (USD / OUNCE)	Total USD
Gold	621,825	1,209.31	751,979,190.75

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Jose Luis Sarrio Abad", written over a light blue circular stamp.

Jose Luis Sarrio Abad

Partner

Grant Thornton SAC

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Lima, August 28th, 2018
Messrs.

Cia Minera Lucma SAC

Attention: Mr. Demetrio Luque

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Grant Thornton was appointed by Cia Minera Lucma SAC as an adviser to carry out a review of the methodology applied in preparing Cia Minera Lucma SAC Business Plan. Therefore, according to the established time limits, we issue our opinion on the review of the methodology applied in the elaborated business plan.

The responsibility of the assumptions used in the financial projections is of Cia Minera Lucma SAC's Management. It should be emphasized that all projections of earnings and cash flow necessarily depend on subjective judgment, they are, to a greater or lesser extent, according to the nature of the business and the period covered by the projections, which are subject to inherent uncertainties of the economy and business. Consequently, they are not capable of being tested or audited in the same manner as the financial statements that present the results of the finalized accounting periods.

We have executed the corresponding procedures to review the methodology used by the company for the development of Business Plan in its four sections. We find that the methodological approach considers a complete analysis of the business opportunity in accordance with the strategy proposed by Cia Minera Lucma SAC for the development of the project, which considers a continuous interaction between the communities, employees, shareholders of the company as well as society and the state.

Mineral reserve, "Cascajal" concession

Based upon 43-101 report issued in December 2017 by Leonel Lopez and it update by Eng. Demetrio Luque on Reserves and Resources we can state there are about:

Mineral	Reserves (Ounces)	International Price (USD / OUNCE)	Total USD
Gold	87,000	1,209.31	105,209,970
Silver	8,000,000	14.87	118,960,000

Sincerely yours,

José Luis Sarrio Abad
Partner & IBC Director

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Lima, August 28th, 2018
Messrs.
Cia Minera Nueva California SAC

Attention: Mr. Demetrio Luque

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Grant Thornton was appointed by Cia Minera Nueva California SAC as an adviser to carry out a review of the methodology applied in preparing Cia Minera Lucma SAC Business Plan. Therefore, according to the established time limits, we issue our opinion on the review of the methodology applied in the elaborated business plan.

The responsibility of the assumptions used in the financial projections is of Cia Minera Nueva California SAC's Management. It should be emphasized that all projections of earnings and cash flow necessarily depend on subjective judgment, they are, to a greater or lesser extent, according to the nature of the business and the period covered by the projections, which are subject to inherent uncertainties of the economy and business. Consequently, they are not capable of being tested or audited in the same manner as the financial statements that present the results of the finalized accounting periods.

We have executed the corresponding procedures to review the methodology used by the company for the development of Business Plan in its four sections. We find that the methodological approach considers a complete analysis of the business opportunity in accordance with the strategy proposed by Cia Minera Lucma SAC for the development of the project, which considers a continuous interaction between the communities, employees, shareholders of the company as well as society and the state.

Mineral reserve, "Nueva California" concession

Based upon 43-101 report issued in August 2009 by Steven L. Park and it update by Eng. Demetrio Luque on Reserves and Resources we can state there are about:

Mineral	Reserves (Ounces)	International Price (USD / OUNCE)	Total USD
Gold	7,448	1,209.31	8,937,600
Silver	154,840	14.87	2,302,471

Besides the above mentioned figures, as written on Page 6-4, Chariot Resources Ltd. estimated that the dumps from the leaching operation contained 368,390 tonnes grading 2.44 g/t Au and 91.76 g/t Ag or total contained ounces of 28,903 oz Au and 1,086,928 oz Ag., with an estimated value of USD 34,952,687 for gold and USD 16,162,619 for silver at current prices.

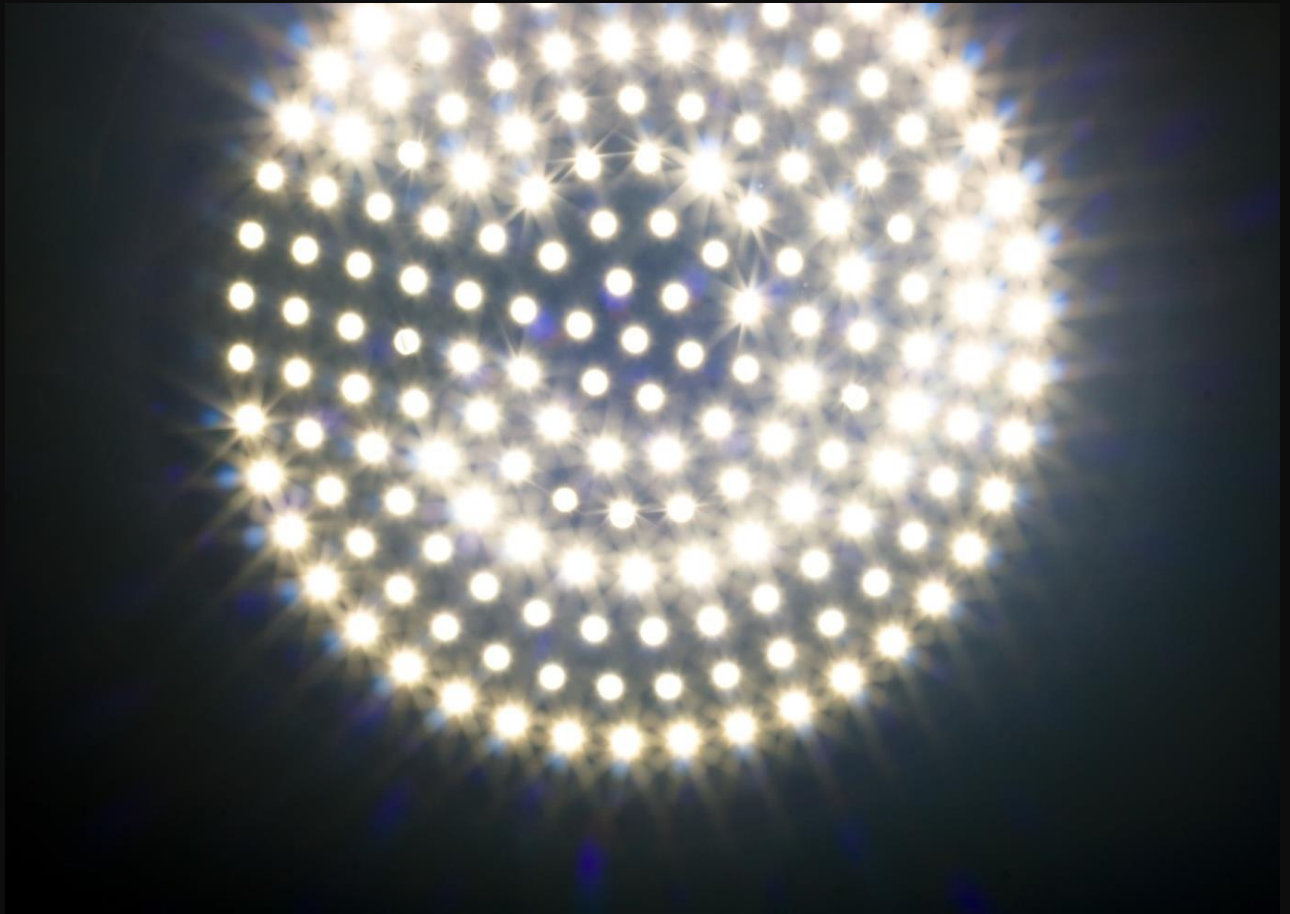
Sincerely yours,

José Luis Sarrio Abad
Partner & IBC Director

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