



**VALOR  
RESOURCES**

## ASX Release

18 October 2017

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VAL

## JORC RESOURCE ESTIMATE UPDATE FOR BERENGUELA

Valor Resources Limited ("VAL" or the "Company", ASX: VAL) is pleased to report a substantial increase in the JORC Mineral Resource Estimate for the flagship Berenguela Copper-Silver Project in Southern Peru.

### Resource Estimate Highlights:

- **Mineral Resources are reported with a cut-off grade of 0.50% CuEq after a re-conceptualised project model focused on copper.**
- **44% Increase in total Indicated Resources, representing an increase of over 7 million tonnes.**
- **18% Increase in total Indicated and Inferred Resources, representing an increase of over 4 million tonnes.**

### Copper Highlights:

- **36% Increase in Total Contained Copper, from 415 million pounds to 564 million pounds in Indicated and Inferred Categories.**
- **9% Increase in Copper Grades in Indicated Category, representing an increase from 0.92% to over 1% Cu.**
- **15% Increase in Copper Grades in Indicated and Inferred Categories, representing an increase from 0.87% to over 1% Cu.**

### Silver Highlights:

- **6% Increase in Silver Resources in Indicated and Inferred Categories, representing an increase of 5 million ounces.**
- **Updated Resource of 93 million ounces of total contained Silver Resources.**

### Zinc Highlights:

- **Maiden Zinc Resource Estimate of 192 million pounds of Zinc in Indicated and Inferred categories.**

### Updated JORC (2012) Resource Table (2017):

| Category     | Tonnes (mil) | Ag Grade (g/t) | Cu Grade (%) | Mn Grade (%) | Zn Grade (%) | CuEq (%)     |
|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Indicated    | 22.61        | 113.91         | 1.002        | 9.93         | 0.36         | 1.727        |
| Inferred     | 2.92         | 105.70         | 1.010        | 6.72         | 0.23         | 1.633        |
| <b>TOTAL</b> | <b>25.53</b> | <b>112.97</b>  | <b>1.003</b> | <b>9.56</b>  | <b>0.35</b>  | <b>1.716</b> |

\*Cut-Off Grade: 0.50% CuEq

**Total Contained Copper: 564 million pounds**

**Total Contained Silver: 93 million ounces**

**Total Contained Zinc: 197 million pounds**

### **Additional Highlights:**

- High grade copper extensions returned in the 2017 drilling program have positioned copper as the primary economic driver of Berenguela.
- Considerable value still to be added with further assessment of mineralised extensions in the North and South East of the deposit.

### **Management Commentary**

Commenting on the updated JORC Resource for Berenguela, Valor Chairman, Mark Sumner stated: *“The value added to the Berenguela project after a modest ~\$2.3 million spend is indeed significant for Valor and our shareholders. We have added over 7 million tonnes to the Indicated Resources, while increasing copper grades to an average of over 1% Cu and copper equivalent grades in excess of 1.7% CuEq.*

*Along with the increases in the Inferred category, we have added over 149 million pounds of contained copper to the project’s total Resources. Berenguela’s silver resources are also approaching 100 million ounces, making Berenguela a very significant and exceptionally high grade silver project in its own right. The addition of over 197 million pounds in the maiden zinc resource, also lends a significant value to the deposit. Collectively, each of the upgrades in tonnage, as well as grades, represents a substantial increase in the project’s value.”*

*“We are now working from a much larger Resource base and have numerous high-value drill targets in our sites which will undoubtedly enhance the value of Berenguela even further. We are only just starting to realise the project’s value which will become evident as we release a steady flow of updates on exploration and project development initiatives that are ongoing.”*

### **Resource Summary**

The Berenguela project is an advanced stage copper-silver exploration asset, located in the Puno Department of southeastern Peru. Berenguela has an extensive exploration history, which includes over 30,000 meters of drilling, extensive sampling and metallurgical work.

The maiden resource estimate for Berenguela was reported in 2005, under National Instrument 43-101 (NI 43-101), by Silver Standard Resources.

### **43-101 Resource Table (2005):**

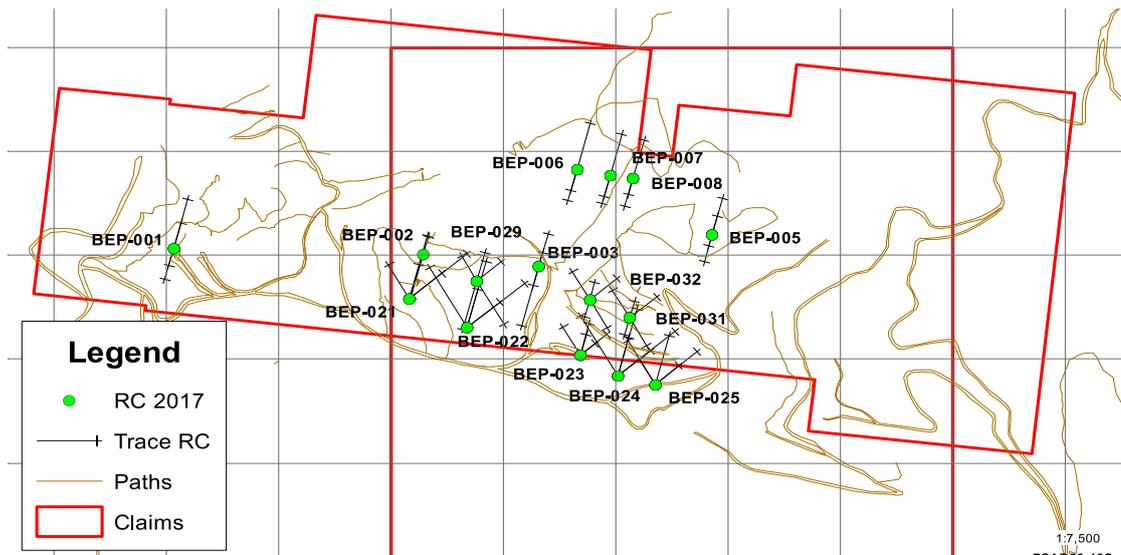
| Category     | Tonnes (mil) | Ag Grade (g/t) | Cu Grade (%) | Mn Grade (%) | CuEq (%)     |
|--------------|--------------|----------------|--------------|--------------|--------------|
| Indicated    | 15.60        | 132.47         | 0.920        | 8.80         | 1.560        |
| Inferred     | 6.00         | 111.70         | 0.740        | 6.50         | 1.280        |
| <b>TOTAL</b> | <b>21.60</b> | <b>126.70</b>  | <b>0.870</b> | <b>8.161</b> | <b>1.482</b> |

**\*Cut-off Grade: 50 g/t Ag**

**Total contained copper: 415 million pounds**

**Total contained silver: 87.7 million ounces**

Valor commenced an RC drilling program on 10 July 2017, which had a target of 66 drill holes for a total of 9,570 metres and targeting depths between 100 and 200 metres. This program was specifically designed to test northern and southeastern borders of the Berenguela deposit’s 2005 inferred resource shell, as well as confirm mineralisation across the central deposit. As of the date of this resource update, the Company has completed 61 drill holes for a total of 7,989 meters from 19 platforms (see 2017 Drill Map Below). For the purposes of this resource update, 12 drill holes have been excluded, as the drill samples were still in the SGS lab for analysis as of the commencement of the update resource estimate exercise. The Company will continue to update the resource estimate as the drill program is completed and all data has been processed and analysed. An updated resource estimate will be reported to the market upon completion.



2017 Drilling Platform Map

### Updated JORC (2012) Resource Table (2017):

| Category     | Tonnes (mil) | Ag Grade (g/t) | Cu Grade (%) | Mn Grade (%) | Zn Grade (%) | CuEq (%)     |
|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Indicated    | 22.61        | 113.91         | 1.002        | 9.93         | 0.36         | 1.727        |
| Inferred     | 2.92         | 107.80         | 1.010        | 6.72         | 0.23         | 1.633        |
| <b>TOTAL</b> | <b>25.53</b> | <b>112.62</b>  | <b>1.003</b> | <b>9.56</b>  | <b>0.35</b>  | <b>1.716</b> |

\*Cut-Off Grade: 0.50% CuEq

**Total Contained Copper: 564 million pounds**

**Total Contained Silver: 93 million ounces**

**Total Contained Zinc: 197 million pounds**

Assuming a cut-off grade of 0.50% CuEq, the updated resource estimate represents a 19% increase in total resources from 21.6 million tonnes to 25.53 million tonnes. The updated resource estimate also represents a 37% increase in total contained copper from 415 million tonnes to 564 million tonnes, as well as an increase in grade from 0.87% to 1.003%. Silver resources have been increased by 6%, which adds 5 million ounces of contained silver to the total resources.

### Zinc Mineralisation & Metallurgical Work

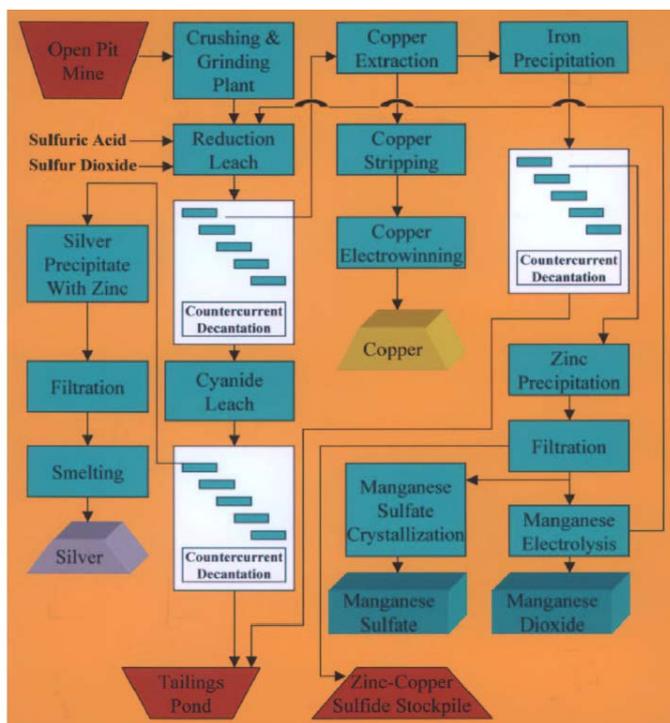
The preliminary resource estimate for Berenguela includes a maiden zinc resource of 25.53 million tonnes with average grades of 0.35% Zn, for a total of 197 million pounds of contained zinc in Indicated and Inferred categories. The Company considers the zinc mineralisation a valuable potential credit, which significantly enhances the project economics.

Zinc has been successfully recovered in past metallurgical test work, conducted by Kappes Cassiday & Associates (KCA). The KCA flowsheet was designed specifically to produce electrolytic manganese dioxide (EMD), which is a highly-refined battery metals product. The KCA process commences with the ore to be ground, pumped into agitated tanks in slurry form, and leached with sulfuric acid and sulfur dioxide. The pregnant solution will be separated from the solids and clarified. From this solution, copper will be recovered by the standard solvent extraction electrowinning (SX-EW) process, or alternatively by simple crystallization to produce copper sulfate. The copper-free solution will be purified and sent to a manganese electrowinning section where manganese dioxide will be produced. A portion of the depleted solution will be sent to evaporation ponds, and then to a crystallizer, to produce manganese sulfate (which is extensively used as a fertiliser). Solids from the initial acid leach will be subject to a normal cyanide leach process where silver will be dissolved, precipitated on zinc dust, and refined to bullion.

All of the process steps contemplated in the KCA flowsheet, are currently in commercial use in EMD production plants elsewhere in the world. The individual steps of the process have been tested on bulk ore samples from Berenguela at KCA's facility in Reno, Nevada. Recoveries routinely exceeded 90% for Cu-Ag-Zn.

The Company has an ongoing metallurgical program designed to streamline and optimise the previous flowsheet, while adjusting the economic focus from EMD to copper and silver, with zinc and manganese credits. Based on successful recoveries in previous test work, the Company has reasonable expectations for economic recoveries of all target metals.

The KCA flowsheet is below:



KCA – Berenguela Process Flowsheet

### Next Phase of Project Development

The Company is currently designing the next phase of drilling, which will focus on testing high grade copper and silver extensions of the Northern border of the deposit (beyond platforms 006, 007 and 008), high grade copper extensions in the SE of the deposit (platforms 025 and 031) and high grade copper and silver mineralisation in the central and western zones (platforms 001, 029). The next drilling program will be designed to test extensions of the current mineralised resource shell. The Company will inform the market as the next drill program design is complete.

-ENDS-

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### **About the Berenguela Project:**

The Berenguela Project is an advanced stage copper-silver project located in the Puno District of Peru. As of 18 October 2017, Berenguela has a Preliminary Mineral Resource Estimate, according to the JORC (2012)

Code of:

- Indicated: 22.61 million tonnes at 113.91 g/t Ag and 1.002% Cu
- Inferred: 2.92 million tonnes at 107.80 g/t Ag and 1.010% Cu

The current resource base covers an area of approximately 140 hectares, which accounts for only approximately 2% of the total 6,594 hectares of exploration concessions in Valor's total land package. Valor believes this drilling program will continue to confirm and upgrade the existing resource, while paving the way to further resource expansion drilling in the future.

### **Copper Equivalent Calculations & Recoveries Assumptions**

The calculation formula used to calculate the reported Copper Equivalent (CuEq %) is as follows:

$$\text{Cu Eq (\%)} = \text{Cu G (\%)} + ((\text{Ag G} / 10000) \times \text{Ag P} \times \text{C} \times \text{ReAg}) / (\text{Cu P} \times \text{ReCu}) + (\text{Zn\%} \times \text{Zn P} \times \text{ReZn}) / (\text{Cu P} \times \text{ReCu})$$

#### Equation Key:

Cu G = Copper grade %

Ag G = Silver grade in g/t

Ag P = Silver price in USD per troy ounce: US\$16.635

C = Conversion of tonnes to ounces, 1 tonne =  $10^6/31.1035=32150.7465$  ounces

ReAg = Expected recovery of silver = 50%

Cu P = Copper price at US\$6,150.00 per tonne

ReCu = Expected recovery of copper = 85%

Zn% = Zinc Grade %;

Zn P = Zinc price = US\$3,349.00 per tonne;

ReZn = Expected recovery of zinc = 80%

See Table 1 for further information on metals grades and drilling intervals.

The metals price assumptions were calculated using spot prices taken from the London Metals Exchange (LME) on Monday, 6th October 2017.

Metallurgical test work has been completed on multiple Berenguela ore samples by independent laboratories and consulting groups. Recovery rates are based on historical work conducted on Berenguela ore samples, as well as guidance from Valor's metallurgical consultants. Valor's metallurgists were consulted regarding the potential for Cu, Ag and Zn recovery based on historical metallurgical work in order to confirm Reasonable Prospects for Eventual Economic Extraction. A Quality Assurance-Quality Control (QAQC) analysis has been conducted to confirm mineralisation, which showed positive intervals. Based on historical metallurgical work and QAQC, it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

### **Competent Person's Statement**

The technical information in this release is based on compiled and reviewed data by Mr. Marcelo Batelochi. Mr. Batelochi is an independent consultant with MB Geologia Ltda and is a Chartered Member of AusIMM – The Minerals Institute. Mr. Batelochi has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Batelochi consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr. Batelochi accepts responsibility for the accuracy of the statements disclosed in this release.

**The Following Table and Sections are provided to ensure compliance with JORC Code (2012 Edition)**

**TABLE 1 – Section 1: Sampling Techniques and Data**

Note: Information from NI-43101 report performed by James A. McCrea, audited and revised by Marcelo A. Batelochi (MAusimm – CP)

| Criteria                   | JORC Code explanation   | Commentary  |                 |               |                |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
|----------------------------|---|---|-----------------|---------------|----------------|----------------|-----------|------------|-----------|----|-----|-----------|--------|---|------|----|----|----------|-----|-------|------|----|----|----------|-------|---|--------------|--|------------|-----------------|---------------|--------------|
| <b>Sampling techniques</b> | <ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul> | <ul style="list-style-type: none"> <li>In the Berenguela Deposit are 307 drillholes, 33,400.9 meters drilled, collected 26,309 assays and 1,462 density determination.</li> </ul> <table border="1"> <thead> <tr> <th>Drilling</th> <th>Type</th> <th>Nb Drill Holes</th> <th>Meters Drilled</th> <th>Nb Assays</th> <th>Nb Density</th> </tr> </thead> <tbody> <tr> <td>2004/2005</td> <td>RC</td> <td>238</td> <td>24,455.20</td> <td>19,023</td> <td>0</td> </tr> <tr> <td>2015</td> <td>DD</td> <td>11</td> <td>1,875.70</td> <td>478</td> <td>1,462</td> </tr> <tr> <td>2017</td> <td>RC</td> <td>58</td> <td>7,070.00</td> <td>6,808</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>307</b></td> <td><b>33,400.9</b></td> <td><b>26,309</b></td> <td><b>1,462</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The deposit was drilled off on a regular grid pattern.</li> <li>The drill program expanded the areas of known mineralization to the east and subsequently the resource of the deposit.</li> <li>The objective of the drill program was to delineate the deposit for resource estimate.</li> <li>Silver Standard Resources (SSR), during the 2004 and 2005 RC drill programs, sampled the drill holes on one-metre intervals and 2015 DD Drill programme of twin drill holes. 2017 RC Drilling drilling campaign performed by Valor Resource also sampled using one meter intervals.</li> <li>RC and DD drill samples were collected at the drill site by the drill crews.</li> <li>The RC and DD drill holes were sampled from collar to total depth. Sampling intervals were dependent on the drilling equipment selected, the density of samples required and not based on geological controls or other features of the zone of interest.</li> <li>2004/2005 RC drill crews collected 26,309 samples and 1,035 sample duplicates for a total of 19,023 samples. 2017 RC Drilling</li> <li>The drill holes were laid out on a 35x50-metre pattern to cover the known areas of mineralization and test the limits of mineralization.</li> <li>As is normal with RC drilling there were occasional samples that were not recovered, however, sample recoveries were of 98.6 percent for the whole drill program.</li> </ul> | Drilling        | Type          | Nb Drill Holes | Meters Drilled | Nb Assays | Nb Density | 2004/2005 | RC | 238 | 24,455.20 | 19,023 | 0 | 2015 | DD | 11 | 1,875.70 | 478 | 1,462 | 2017 | RC | 58 | 7,070.00 | 6,808 | 0 | <b>Total</b> |  | <b>307</b> | <b>33,400.9</b> | <b>26,309</b> | <b>1,462</b> |
| Drilling                   | Type  | Nb Drill Holes  | Meters Drilled  | Nb Assays     | Nb Density     |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
| 2004/2005                  | RC  | 238   | 24,455.20       | 19,023        | 0              |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
| 2015                       | DD  | 11  | 1,875.70        | 478           | 1,462          |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
| 2017                       | RC  | 58  | 7,070.00        | 6,808         | 0              |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
| <b>Total</b>               |   | <b>307</b>  | <b>33,400.9</b> | <b>26,309</b> | <b>1,462</b>   |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |
| <b>Drilling techniques</b> | <ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>   | <ul style="list-style-type: none"> <li>Two drill programs were run almost back to back, one in the late fall of 2004 and the second ran from March 1st after the rains decreased and ended in early May 2005.</li> <li>AK Drilling International of Lima was the contractor who performed the drilling for both programs.</li> <li>During the first program fifty seven (57) RC holes were drilled and during the second program one hundred and sixty five (165) RC holes were drilled totalling 222 holes.</li> <li>AK Drilling used a 4x4 buggy mounted RC drill accompanied by a 4x4 support and water truck. The contractor typically had 3 personnel on the drill rig on each 12 hour shift, a</li> </ul>   |                 |               |                |                |           |            |           |    |     |           |        |   |      |    |    |          |     |       |      |    |    |          |       |   |              |  |            |                 |               |              |

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|   |   | <p>driller and two helpers. None of their personnel helped with the sampling however they would assist SSR samplers at times.</p> <ul style="list-style-type: none"> <li>• 2015 Drill program using diamond drill, where is under validation and consolidating the information</li> <li>• 2017 Drill program started in July and was performed by AK Drilling International of Lima was the contractor and AK Drilling used a 4x4 buggy mounted RC drill accompanied by a 4x4 support and water truck. The contractor typically had 3 personnel on the drill rig on each 12 hour shift, a driller and two helpers. None of their personnel helped with the sampling however they would assist SSR samplers at times</li> </ul>   |
| <b>Drill sample recovery</b>              | <ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>                           | <ul style="list-style-type: none"> <li>• Drilling conditions ranged from difficult to good. Drilling through dry highly manganese replaced limestone was good however clay altered carbonates when wet posed difficult drilling conditions. Where the rock was dry typically in the upper 20-50 meters drilling conditions were good and drilling was done without water. When the rock was wet at depth and clay zones were encountered drilling conditions were difficult. When these conditions were encountered the drillers had to inject water along with additives.</li> <li>• During the first part of the first drilling program the drillers had numerous lost intervals. They learned how to drill the property by the end of the first program increasing recoveries and improving penetration rates. They learned that by using additives along with water and a face sampling hammer clay zones could be drilled while still recovering sample. A typical reason why there were zones with no recovery was that clay would clog the hammer and or tubes and the drillers would continue to drill. This usually occurred on night shift when the driller didn't want to take the time to check either the drill rods, tubes leading to the cyclone or the hammer. During the second program when it appeared that there might be clogging they immediately switched to water injection.</li> <li>• In the RC drilling campaign 2017 the number of lost intervals was very small.</li> </ul> |
| <b>Criteria</b>                           | <b>JORC Code explanation</b>  | <b>Commentary</b>  |
| <b>Logging</b>                            | <ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Lithology, alteration, veining, mineralisation and weathering were logged from the RC chips and stored in Datashed. Chips from selected holes were also placed in chip trays and stored in a designated building at site for reference</li> </ul>   |
| <b>Sub-sampling techniques and sample</b> | <ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> </ul>  | <ul style="list-style-type: none"> <li>• The RC Drill crews collected the samples and the samples were split 3 times, using a Jones Splitter, down to 1/8th size.</li> <li>• The sample size ranges from approximately 2 to 10 kilograms. Approximately every 40th sample had a second, field duplicate sample collected.</li> </ul>   |

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| <b>preparation</b>                                | <ul style="list-style-type: none"> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>   | <ul style="list-style-type: none"> <li>• The samples were tagged with the hole number and depth and then sent to the warehouse for further preparation were personnel prepared the samples for shipment to the assay lab.</li> </ul>  |
| <b>Criteria</b>                                   | <b>JORC Code explanation</b>   | <b>Commentary</b>   |
| <b>Quality of assay data and laboratory tests</b> | <ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul> | <ul style="list-style-type: none"> <li>• The samples were prepared and tagged for shipment to the assay lab and blanks and standards were inserted into the sample stream at a rate of approximately one sample in 40 for blanks and two in 40 for standards. Three different standards were utilized in the program. Periodically SSR Peru staff would deliver the samples to the ALS Chemex Labs depot in Arequipa and the samples were shipped to Lima, Peru for preparation.</li> <li>• The assay pulps were shipped to ALS Chemex Labs in North Vancouver for analysis.</li> <li>• The Samples were prepared using a standard sample preparation (PREP-31) to produce a 250-gram pulp.</li> <li>• The analyses performed were four acid “near total” digestions with a 27 element ICP analysis (ME-ICP61).</li> <li>• Samples over the maximum for silver, copper or manganese were analyzed using Atomic Absorption (AA62b) and very high silver samples were analyzed using a fire assay procedure with a gravimetric finish (Ag- GRA21)</li> <li>• Employed a comprehensive Quality Control/Quality Assurance (QA/QC) program during the drill program on Berenguela. The program included: standards, blanks, field duplicates and outside lab check assays as described above with the sampling procedures. Following the drill program, the author compiled the QA/QC data for the 2004 and 2005 drill programs and completed a summary of the QA/QC program results. The QA/QC summary contains recommendations for the improvement of QA/QC results, which included checking for Standard Reference Material (SRM) failures and contaminated blanks and follow up with corrective action. Other recommendations were to improve sample handling so as to reduce labelling errors.</li> <li>• In 2017 RC campaign, samples were prepared and tagged and delivered to SGS Laboratory in Arequipa, where samples were prepared and sent to SGS laboratory in Lima for tests.</li> </ul> |
| <b>Criteria</b>                                   | <b>JORC Code explanation</b>   | <b>Commentary</b>   |
| <b>Verification of sampling</b>                   | <ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> </ul>  | <ul style="list-style-type: none"> <li>• Data verification included surface samples to confirm the mineralization at Berenguela.</li> <li>• James A. McCrea, in 2005, collected four randomly located surface grab samples (BER-01</li> </ul>   |

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| <b>and assaying</b>  | <ul style="list-style-type: none"> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>  | <p>to BER-04) from the property. Each sample location was surveyed with a GPS. Samples were taken over an area of approximately 1 square meter. Approximately 2 kilograms of material was taken from each sample site. The four samples were taken to represent different areas of the Berenguela Deposit.</p> <ul style="list-style-type: none"> <li>• The author carried out a visual comparison (quick logging and grade checks) between 5 twin diamond drill carried out in 2015 for Sliver Standard, that shown a excelente correlation between 2004/2005 RC Drilling (used for Mineral Resources Report) and 2015 diamond drilling (new information, It will be included to the next Mineral Resource Evaluation).</li> <li>• M. Batelochi collected 100 samples of high grade for checking the precision of high grade values of Copper and Silver</li> </ul> |
| <b>Location of data points</b>                                 | <ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Topographic survey was done of the property which included locating all roads, drill holes, claim boundaries, and topographic features in sufficient detail.</li> <li>• A local surveyor did the work using a Total Station Laser instrument. Data during the day was loaded into the instrument and downloaded later directly into a computer for plotting.</li> </ul>   |
| <b>Data spacing and distribution</b>                           | <ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>                        | <ul style="list-style-type: none"> <li>• The RC have been drilled up to a maximum 180 vertical metres below surface on an irregular 35 m x 50 m drill pattern.</li> <li>• The data spacing and distribution is sufficient to demonstrate spatial and grade continuity of the mineralised domains to support the definition of Inferred and Indicated Mineral resources under the 2012 JORC code.</li> <li>• Drill hole samples have been composited to a nominal half bench composite (2.5 meters height) interval for the resource calculation.</li> <li>• The 2017 RC campaign have been drilled up to a maximum 200 vertical metres below surface. The spacing and distribution is sufficient to demonstrate spatial and grade continuity of the mineralised domains to support the definition of Measured Mineral resources under the 2012 JORC code.</li> </ul> |
| <b>Criteria</b>  | <b>JORC Code explanation</b>   | <b>Commentary</b>  |
| <b>Orientation of data in relation to geological structure</b> | <ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul> | <ul style="list-style-type: none"> <li>• The majority of drilling is orientated with a 350 – 20 degree azimuth and 45-50 dip northeast, but there are significant vertical orientated drill holes.</li> <li>• Generally intercepts the mineralisation at a reasonable high angle of intersection.</li> <li>• The 2017 RC drilling campaign had a minimum dip of 45 degrees</li> </ul>  |
| <b>Sample</b>  | <ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>   | All samples were stored and preserved in the warehouse in Chorrillos, metropolitan Lima  |

|                          |  |   |
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| <b>security</b>          |  | region– Peru, in a dry and ventilated place.<br>In 2017 drilling campaign samples were first stored and preserved at site previous to be sent to Laboratory. After the tests, samples have been stored at Chorrillos warehouse in Lima.   |
| <b>Audits or reviews</b> | <ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul> | <ul style="list-style-type: none"> <li>Geology audits and site visit were completed in 2005 by James A. McCrea, P.Geo, independent consultants to review sampling procedures and QAQC practices. This visit concluded the sampling to be at an industry standard, and of sufficient quality to carry out a Mineral Resource Estimation.</li> <li>In 2017, this author visited the project and revised the NI-43101 Mineral Resources carried out by James A. McCrea, endorsing his conclusion and recommended an immediate revision of Mineral Resources, updating with the 2011/2015 diamond drilling information and also the geological knowledge, which improved considerably since 2005.</li> <li>SOMINBESA staff which are fulltime dedicated to receive the remain chemical analysis of 12 drill holes and consolidate 2017 drilling campaign database including QAQC and update of grade shell domains. This staff in also in charge of validating historical data, searching and organizing on Silver Standard dataroom all relevant information of the project.</li> <li>After finalized the 2017 drilling campaign and consolidated historical data, it is strong recommended an updating of the Mineral Resources Estimates, reporting Measured Mineral Resources for the feasibility studies of the deposit.</li> <li>The suggestion of previous audit related to the poor precision of Copper and Silver high grade, SOMINBESA collected 100 samples to carry out a duplicate studies and understanding the poor precision reported in 2005.</li> </ul> |

TABLE 1 – Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Note: Information from NI-43101 report performed by James A. McCrea, audited and revised by Marcelo A. Batelochi (MAusimm – CP)

| Criteria                                       | JORC Code explanation  | Commentary   |
|--|--|--|
| <b>Mineral tenement and land tenure status</b> | <ul style="list-style-type: none"> <li><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul> | <ul style="list-style-type: none"> <li>The Berenguela Property encompasses approximately 141.33 hectares situated in the eastern part of the Western Cordillera of south-central Peru and consists of two mineral concessions. The Berenguela concessions are located within the Department of Puno and lie within Peruvian National Topographic System (NTS) map area Lagunillas, No. 32-U. The centre of the Berenguela concessions is at 15° 40' South Latitude and 70° 34' West Longitude</li> </ul> |
| <b>Exploration done by other</b>               | <ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>   | <ul style="list-style-type: none"> <li>In March of 2004, SSR entered into an option agreement with SOMINBESA (KCA) to purchase 100% of the silver resources contained</li> </ul>   |

| Criteria       | JORC Code explanation  | Commentary  |
|----------------|--|---|
| <i>parties</i> |  | <p>in the Berenguela Project. SSR completed the exploration drill program in July of 2005 after completing 222 reverse circulation drill holes.</p> <ul style="list-style-type: none"> <li>• In 2017 SSR agrees to a sale of the Berenguela deposit to Valor Resources, under terms disclosed to the market in February 2017.</li> </ul>  |
| <b>Geology</b> | <ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Based on the distribution and form of the potentially economic bodies of Mn-Cu-Ag-Zn mineralization within the structurally deformed limestone formation there is little doubt that Berenguela represents a type of epigenetic, replacement-type ore deposit (Clark et al., 1990). Silver- and copper-mineralized veins of quartz and/or carbonate appear to be a very minor component of the deposit. What is debateable at Berenguela is whether or not, or to what extent supergene processes played a role in the formation of the deposit.</li> <li>• More specifically, is the extensive development of manganese oxides the result of the surface oxidation of hypogene manganiferous carbonates (manganocalcite and/or rhodochrosite) which had replaced calcite and dolomite adjacent to fractures in the precursor limestone and where silver, copper and zinc were deposited as sulphides synchronous with or subsequent to the Mn-carbonate replacement event. Or are the Mn- and Fe-oxides the direct metasomatic products of a hydrothermal system marked by strongly oxidized fluids enriched in Ag, Cu.</li> <li>• Considering that the replacement-type ore bodies at Uchucchacua have vertical extents of up to 300 meters, one could presume that good exploration potential still exists at Berenguela for the discovery of hypogene Ag-Cu-Mn mineralization at depths of 150 meters or greater. A possible indication of additional and extensive metasomatic alteration at depth is represented by the thick gypsum zone that has been intersected by several of the deeper holes in the deposit. (Strathern, 1969) While this gypsum may be of sedimentary origin, it could also be explained as forming a well-developed zone of sulphate alteration (perhaps originally occurring as anhydrite) that is related to a high level intrusion which exsolved a large volume of sulphur-rich fluids</li> </ul> |

| Criteria  | JORC Code explanation  | Commentary   |
|---|--|--|
|   |  | and/or vapour  |
| <b>Drill hole Information</b>   | <ul style="list-style-type: none"> <li>• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>○ <i>down hole length and interception depth</i></li> <li>○ <i>hole length.</i></li> </ul> </li> <li>• <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul> | <ul style="list-style-type: none"> <li>• Drill hole information has not been included due to the large quantity of information. The SOMIBESA team is organizing this information that are available in digital basis in the project data room</li> </ul>   |
| <b>Data aggregation methods</b>   | <ul style="list-style-type: none"> <li>• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li>• <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Drill hole information has not been included due to the large quantity of information. The SOMINBESA team is organizing this information that are available in digital basis in the project data room</li> <li>• Report of updated resources in 2017 was done using CuEq using as base of calculus prices from LME, and considering Cu, Ag and Zn. Mn grades were not considered for eCu calculations.</li> </ul> |
| <b>Relationship between mineralisation widths and intercept lengths</b> | <ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Since few drill holes completed at Berenguela are longer than 150 m, there are few accounts of hypogene, sulphide-rich mineralization. However, this is not to say that such mineralization does not exist in altered limestones at greater depths.</li> </ul>  |
| <b>Diagrams</b>   | <ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Diagrams, maps and sections have not been included due to the large quantity of information. This information is available in digital basis in the project data room.</li> </ul>  |

| Criteria                                       | JORC Code explanation  | Commentary  |
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| <b>Balanced reporting</b>                      | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>  | <ul style="list-style-type: none"> <li>Weekly and Monthly reports are not included due to the large quantity of information. This information is available in digital basis in the project data room.</li> </ul>  |
| <b>Other substantive exploration data</b>      | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>  | <ul style="list-style-type: none"> <li>Other substantive exploration data information has not been included due to the large quantity of information. This information is available in digital basis in the project data room.</li> </ul>   |
| <b>Further work</b>                            | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>  | <ul style="list-style-type: none"> <li>Berenguela deposit remain open at depth and there are other orebodies near the deposit.</li> <li>Is strongly recommended the update of the Mineral Resources, including the consolidated historical dataset and 11 drill holes of 2017 RC Drilling on the lab;</li> </ul>  |
| <b>Mineral tenement and land tenure status</b> | <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul> | <ul style="list-style-type: none"> <li>The Berenguela Property encompasses approximately 141.33 hectares situated in the eastern part of the Western Cordilleran of south-central Peru and consists of two mineral concessions. The Berenguela concessions are located within the Department of Puno and lie within Peruvian National Topographic System (NTS) map area Lagunillas, No. 32-U. The centre of the Berenguela concessions is at 15° 40' South Latitude and 70° 34' West Longitude</li> </ul> |

| Criteria                                 | JORC Code explanation  | Commentary  |
|--|--|---|
| <b>Exploration done by other parties</b> | <ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul> | <ul style="list-style-type: none"> <li>In March of 2004, SSR entered into an option agreement with SOMINBESA (KCA) to purchase 100% of the silver resources contained in the Berenguela Project. SSR completed the exploration drill program in July of 2005 after completing 222 reverse circulation drill holes.</li> <li>In 2017 SSR agrees to a sale of the Berenguela deposit to Valor Resources, under terms disclosed to the market in February 2017.</li> </ul>   |
| <b>Geology</b>                           | <ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul> | <ul style="list-style-type: none"> <li>Based on the distribution and form of the potentially economic bodies of Mn-Cu-Ag-Zn mineralization within the structurally deformed limestone formation there is little doubt that Berenguela represents a type of epigenetic, replacement-type ore deposit (Clark et al., 1990). Silver- and copper-mineralized veins of quartz and/or carbonate appear to be a very minor component of the deposit. What is debateable at Berenguela is whether or not, or to what extent supergene processes played a role in the formation of the deposit.</li> <li>More specifically, is the extensive development of manganese oxides the result of the surface oxidation of hypogene manganiferous carbonates (manganocalcite and/or rhodochrosite) which had replaced calcite and dolomite adjacent to fractures in the precursor limestone and where silver, copper and zinc were deposited as sulphides synchronous with or subsequent to the Mn-carbonate replacement event. Or are the Mn- and Fe-oxides the direct metasomatic products of a hydrothermal system marked by strongly oxidized fluids enriched in Ag, Cu.</li> <li>Considering that the replacement-type ore bodies at Uchucchacua have vertical extents of up to 300 meters, one could presume that good exploration potential still exists at Berenguela for the discovery of hypogene Ag-Cu-Mn mineralization at depths of 150 meters or greater. A possible indication of additional and extensive metasomatic alteration at depth is represented by the thick gypsum zone that has been intersected by several of the deeper holes in the deposit. (Strathern,</li> </ul> |

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|   |   | 1969) While this gypsum may be of sedimentary origin, it could also be explained as forming a well-developed zone of sulphate alteration (perhaps originally occurring as anhydrite) that is related to a high level intrusion which exsolved a large volume of sulphur-rich fluids and/or vapour       |
| <b>Drill hole Information</b>   | <ul style="list-style-type: none"> <li>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> </ul> </li> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <ul style="list-style-type: none"> <li>• Drill hole information has not been included due to the large quantity of information. The SOMIBESA team is organizing this information that are available in digital basis in the project data room</li> </ul>  |
| <b>Data aggregation methods</b>   | <ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>   | <ul style="list-style-type: none"> <li>• Drill hole information has not been included due to the large quantity of information. The SOMIBESA team is organizing this information that are available in digital basis in the project data room</li> </ul>  |
| <b>Relationship between mineralisation widths and intercept lengths</b> | <ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>   | <ul style="list-style-type: none"> <li>• Since few drill holes completed at Berenguela are longer than 150 m, there are few accounts of hypogene, sulphide-rich mineralization. However, this is not to say that such mineralization does not exist in altered limestones at greater depths.</li> </ul> |
| <b>Diagrams</b>   | <ul style="list-style-type: none"> <li>• Appropriate maps and sections (with scales) and tabulations of intercepts</li> </ul>   | <ul style="list-style-type: none"> <li>• Diagrams, maps and sections have not been included due to the large</li> </ul>   |

|   |   |  |
|---|---|--|
|   | <i>should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>  | quantity of information. This information is available in digital basis in the project data room.  |
| <b>Balanced reporting</b>                 | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>   | <ul style="list-style-type: none"> <li>Weekly and Monthly reports are not included due to the large quantity of information. This information is available in digital basis in the project data room.</li> </ul>   |
| <b>Other substantive exploration data</b> | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul> | <ul style="list-style-type: none"> <li>Other substantive exploration data information has not been included due to the large quantity of information. This information is available in digital basis in the project data room.</li> </ul>  |
| <b>Further work</b>                       | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>                                     | <ul style="list-style-type: none"> <li>Berenguela deposit remain open at depth and there are other orebodies near the deposit.</li> <li>Is strongly recommended the update of the Mineral Resources, including the consolidated historical dataset and 12 drill holes of 2017 RC Drilling on the lab;</li> </ul> |

TABLE 1 – Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Note: Information from NI-43101 report performed by James A. McCrea, audited and revised by Marcelo A. Batelochi (MAusimm – CP)

| Criteria                  | JORC Code explanation   | Commentary   |
|---------------------------|---|--|
| <b>Database integrity</b> | <ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</li> <li>Data validation procedures used.</li> </ul> | <ul style="list-style-type: none"> <li>The database was checked 10% against the original raw data with respect to drill collar locations and down-hole surveys, and final drill hole depths. SOMIBESA team will finish 100% check until November 2017.</li> <li>All data with respect to sample intervals has been (overlaps and duplicate records) have been verified.</li> <li>No issues were identified with the data.</li> </ul> |
| <b>Site visits</b>        | <ul style="list-style-type: none"> <li>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</li> </ul>  | <ul style="list-style-type: none"> <li>Mr Marcelo A. Batelochi is a member of The Australian Institute of Mining and Metallurgy and is a Competent Person who has visited this site.</li> </ul>  |

| Criteria                                   | JORC Code explanation  | Commentary   |
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|  | <ul style="list-style-type: none"> <li><i>If no site visits have been undertaken indicate why this is the case.</i></li> </ul>   | <ul style="list-style-type: none"> <li>In the opinion of the competent person, the drilling, sampling and mining practices used on site are of a high industry standard.</li> </ul>  |
| <b>Geological interpretation</b>           | <ul style="list-style-type: none"> <li><i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i></li> <li><i>Nature of the data used and of any assumptions made.</i></li> <li><i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i></li> <li><i>The use of geology in guiding and controlling Mineral Resource estimation.</i></li> <li><i>The factors affecting continuity both of grade and geology.</i></li> </ul>  | <ul style="list-style-type: none"> <li>The mineralized zone on the property is bowl shaped and elongated in an east west direction. North south sections for the entire property were created to domain the mineralization. The sectional interpretations were base for a intrinsic model performed by SOMIBESA, that decides at this moment perform 4 independent grade shells for Copper, Silver, Manganese, Zinc reference grades.</li> <li>The reference grades to perform the grade shell wireframes are: <ul style="list-style-type: none"> <li>- Cu % -&gt; 0.20;</li> <li>- Ag (g/t) -&gt; 25;</li> <li>- Zn % -&gt; 0.50</li> <li>- Mn% -&gt; 2,0</li> </ul> </li> </ul>  |
| <b>Dimensions</b>                          | <ul style="list-style-type: none"> <li><i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i></li> </ul>  | <ul style="list-style-type: none"> <li>The Berenguela Ag-Cu-Mn-Zn deposit trends in a WNW direction for more than 1,400 meters along a whale-back ridge that separates two valleys, the broader one being to the south.</li> <li>The eastern and western limits of the deposit roughly correspond to where steep slopes truncate the ridge and descend to the pampa valleys some 200 metres below the ridge-crest.</li> <li>Moderately to isoclinally folded limestones and dolomites of the Cretaceous-age Ayavacas Formation are the dominant lithologies exposed along the ridge and host the deposit mineralization.</li> </ul>  |
| <b>Estimation and modelling techniques</b> | <ul style="list-style-type: none"> <li><i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i></li> <li><i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i></li> <li><i>The assumptions made regarding recovery of by-products.</i></li> <li><i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i></li> </ul> | <ul style="list-style-type: none"> <li>database including 2004/2005 RC Drilling, 2015 DD Drilling and 2017 RC Drilling campaign (BER-280 – there are more 12 drill holes in the lab to be updated);</li> <li>grade shell wireframes, using reference grades as follow: <ul style="list-style-type: none"> <li>- CU Wireframe - Cu % -&gt; 0.20;</li> <li>-AG Wireframe - Ag (g/t) -&gt; 25;</li> <li>-ZN Wireframe - Zn % -&gt; 0.50</li> <li>-MN Wireframe - Mn% -&gt; 2,0</li> </ul> </li> <li>EDA (Exploratory data Analysis) for Variables and Domains;</li> <li>Sample composites based on the half bench (2.5 meters height) of samples due to the multiples azimuth and dip of the drill holes, the half bench composite is an appropriated technique;</li> <li>top grade capping definition – treatment of outliers;</li> <li>-Variography in 3 direction - N15E; N80W and vertical, based on main directions defined by the geology;</li> </ul> |

| Criteria                             | JORC Code explanation   | Commentary  |              |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
|--------------------------------------|---|---|--------------|---|---|---|--------|--------|---------|------|-----------|---|---|---|----------|-----|-----|----|----------|----|--|--|
|                                      | <ul style="list-style-type: none"> <li><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></li> <li><i>Any assumptions behind modelling of selective mining units.</i></li> <li><i>Any assumptions about correlation between variables.</i></li> <li><i>Description of how the geological interpretation was used to control the resource estimates.</i></li> <li><i>Discussion of basis for using or not using grade cutting or capping.</i></li> <li><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></li> </ul> | <ul style="list-style-type: none"> <li>Block model definition: <table border="1" data-bbox="1361 201 1892 336"> <thead> <tr> <th>Parent Block</th> <th>x</th> <th>y</th> <th>z</th> </tr> </thead> <tbody> <tr> <td>Origin</td> <td>331400</td> <td>8268200</td> <td>4000</td> </tr> <tr> <td>BlockSize</td> <td>5</td> <td>5</td> <td>5</td> </tr> <tr> <td>Nb Cells</td> <td>318</td> <td>160</td> <td>60</td> </tr> <tr> <td>Rotation</td> <td>0°</td> <td></td> <td></td> </tr> </tbody> </table> </li> <li>The solid models were used to code the rock type model and control the interpolation. The block model was coded for air (above topography), background and for the mineralized zone by coding blocks using a 50% threshold. Blocks with more than 50% of the block inside the solid were given the code of the solid. During the interpolation of the model, the background zone was not interpolated and the ore zone was not allowed to use data points from the background zone</li> <li>Grade Estimation - Ordinary Kriging Parameters based on Variography. Each variable was estimated hard boundary – Variable applied capping inside respective wireframe (Percent Model)</li> <li>-grade estimates validation – visual inspection and Nearest Neighbourhood comparison;</li> <li>-Classification into Indicated and Inferred due to the necessity to finalize the ongoing database validation (mainly historical data), update of wireframes and 11 drill hole data (in lab when mineral resources estimates started());</li> <li>-Density Estimates, applying simple mean inside the Manganese wireframe;</li> <li>Post processing, diluting the grades to a block basis (5 x 5 x 5 m) to calculate the equivalent Copper Grade with valuation of Silver and Zinc.</li> </ul> | Parent Block | x | y | z | Origin | 331400 | 8268200 | 4000 | BlockSize | 5 | 5 | 5 | Nb Cells | 318 | 160 | 60 | Rotation | 0° |  |  |
| Parent Block                         | x   | y   | z            |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| Origin                               | 331400  | 8268200   | 4000         |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| BlockSize                            | 5   | 5   | 5            |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| Nb Cells                             | 318   | 160   | 60           |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| Rotation                             | 0°  |   |              |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| <b>Moisture</b>                      | <ul style="list-style-type: none"> <li><i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i></li> </ul>   | <ul style="list-style-type: none"> <li>All tonnages were calculated using dry density basis.</li> </ul>   |              |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| <b>Cut-off parameters</b>            | <ul style="list-style-type: none"> <li><i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i></li> </ul>   | <ul style="list-style-type: none"> <li>A reference grade of 0.50 eCu% (equivalent Copper Grade) was used to report mineral resources. It is considered for calculus diluted Cu, Ag, Zn grades in a block support (Grades were estimated inside the solids on Percent Model).</li> <li></li> </ul>   |              |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |
| <b>Mining factors or assumptions</b> | <ul style="list-style-type: none"> <li><i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be</i></li> </ul>   |   |              |   |   |   |        |        |         |      |           |   |   |   |          |     |     |    |          |    |  |  |

| Criteria                                    | JORC Code explanation  | Commentary   |
|---|--|--|
|   | <p><i>reported with an explanation of the basis of the mining assumptions made.</i></p>  |  |
| <b>Metallurgical factors or assumptions</b> | <ul style="list-style-type: none"> <li><i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></li> </ul>  | <ul style="list-style-type: none"> <li>Kappes, Cassiday &amp; Associates, after purchasing Berenguela collected bulk samples and carried out metallurgical testing at their Reno facilities</li> </ul>   |
| <b>Environmental factors or assumptions</b> | <ul style="list-style-type: none"> <li><i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></li> </ul> | <ul style="list-style-type: none"> <li>An environmental permit was obtained from the Ministerio de Minas, in Lima in order to drill and was amended in order to sink shafts. A blasting permit was also obtained in order to sink the shafts</li> </ul>  |
| <b>Bulk density</b>                         | <ul style="list-style-type: none"> <li><i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i></li> <li><i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</i></li> <li><i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i></li> </ul>   | <ul style="list-style-type: none"> <li>An extensive database of density measurements were recorded at 2015 drilling campaign, collecting 1462 samples, used on this mineral resources estimates.</li> <li>On going a complete validation of the raw data set of density determination</li> </ul>   |
| <b>Classification</b>                       | <ul style="list-style-type: none"> <li><i>The basis for the classification of the Mineral Resources into varying confidence categories.</i></li> <li><i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations,</i></li> </ul>  | <ul style="list-style-type: none"> <li>The Mineral Resource classification was carried out by mathematical script based on the spatial distribution of the data, number of samples to estimate a block, range of the semivariogram and Slope of Regression of Copper, Silver and Zinc ordinary kriging outputs. Blocks estimated with more than one variable, considered minimum values among them.</li> </ul> |

| Criteria  | JORC Code explanation  | Commentary   |
|---|--|--|
|   | <p><i>reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i></p> <ul style="list-style-type: none"> <li>• <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></li> </ul>   | <ul style="list-style-type: none"> <li>• Measured Mineral not classified due to the on going process of database validation. After validated the current information, the drill grid has enough distribution to convert an order of magnitude of 20% of indicated to measured mineral resources.</li> <li>• Indicated Mineral resources were those tons coming from block estimated on second neighbourhood, at least 4 Samples and Maximum of 16, using octant search and minimum of 2 Drill Holes and slope of Regression <math>\geq 0.35</math>;</li> <li>• Inferred Mineral resources were those with tons coming from blocks which did not meet the requirements for block classification as measured and indicated.</li> <li>• There are some "spotted dogs" in this mathematical classification that suggested to make manual adjustment on next mineral resource estimates.</li> </ul>   |
| <b>Audits or reviews</b>                          | <ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of Mineral Resource estimates.</i></li> </ul>   |  |
| <b>Discussion of relative accuracy/confidence</b> | <ul style="list-style-type: none"> <li>• <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></li> <li>• <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></li> <li>• <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></li> </ul> | <ul style="list-style-type: none"> <li>• The stated resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues, unless stated in this report, to the best knowledge of the author.</li> <li>• There are no known mining, metallurgical, infrastructure, or other factors that materially affect this resource.</li> <li>• The Berenguela Property contains a large potentially exploitable resource of silver and copper. The objective of the exploration program was to delineate and possibly expand the resource at Berenguela. The property is now ready for advancement towards production.</li> <li>• In 2017, this author visited the project in February and in August, revising the NI-43101 Mineral Resources carried out by James A. McCrea, and checked all procedures applied on 2017 RC Drilling campaign.</li> <li>• Berenguela deposit was estimated in an appropriated mineral resource technique of report in compliance with JORC – 2012.</li> <li>• The recommendation has been performed by SOMINBESA staff which are fulltime dedicated to receive the remain chemical analysis of 12 drill holes and consolidate 2017 drilling campaign database including QAQC and update of grade shell domains. This staff in also in charge of validating historical data, searching and organizing on Silver Standard dataroom all relevant information of the project.</li> <li>• After finalized the 2017 drilling campaign and consolidated historical data, it is strongly recommended an updating of the Mineral Resources Estimates, reporting Measured Mineral Resources for the feasibility studies of the deposit.</li> </ul> |