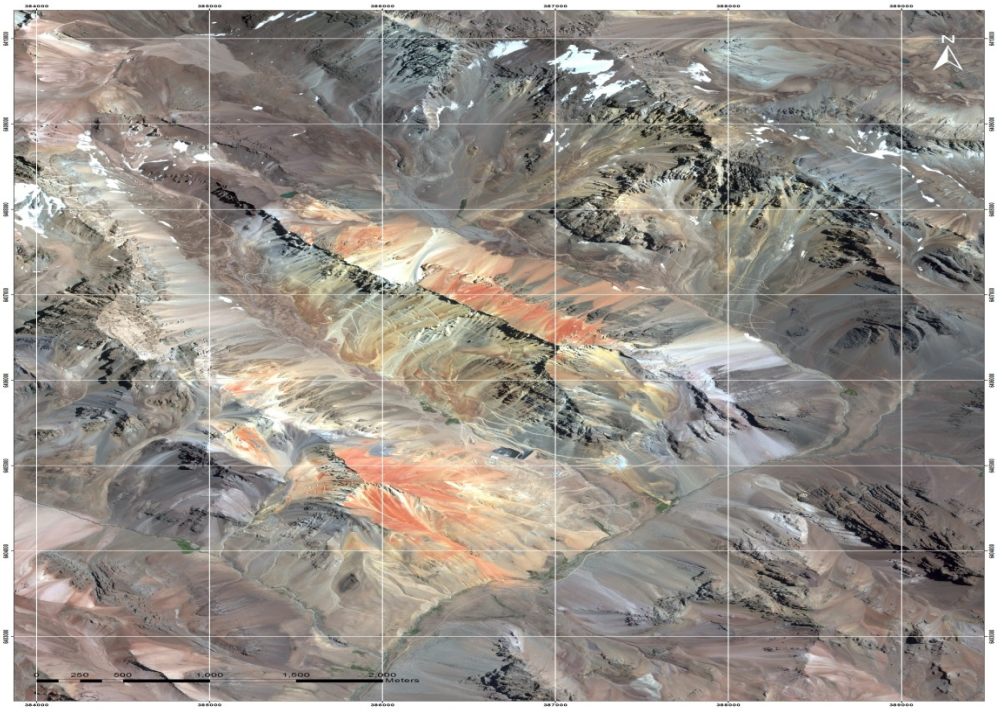
AN UPDATED TECHNICAL REPORT
ON THE
PIMENTON MINE, THE SURROUNDING PIMENTON PROPERTY,
AND THE NEARBY TORDILLO PROPERTY
IN CENTRAL CHILE
FOR
COMPANIA MINERA PIMENTON



Pimenton Property

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Toronto, Canada

Watts, Griffis and McOuat
Since 1962
CONSULTING GEOLOGISTS AND ENGINEERS

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1. SUMMARY

This Technical Report for Compania Minera Pimenton ("**CMP**") describes mineral properties in Central Chile. It was commissioned in a letter agreement dated September 22, 2015 between Watts, Griffis and McOuat Limited ("**WGM**") and CMP, a wholly owned subsidiary of Cerro Grande Mining Corporation ("**CEG**"). This report incorporates and updates information on these properties that is in a Technical Review prepared by WGM for South American Gold and Copper Company Limited ("**SAGC**"), dated January 31, 2011; and a Technical Report prepared by WGM for CEG dated December 17, 2013. SAGC was renamed CEG as a result of corporate re-organization in March, 2011.

The setting of the Pimenton Mine and CMP properties is within the San Felipe cluster of Miocene age porphyry intrusions and related Cu-Mo-Au mineralization in the Central Andes. The regional geology is dominated by Upper Cretaceous to Mid Tertiary volcanic and sedimentary formations that are folded, faulted, and intruded by porphyry stocks that vary in size, texture and diorite-type composition, and in the impact on the intruded formations. Associated with these intrusions are large to very large hydrothermally and geothermally altered areas. Ideally, mineralization is present centrally and is accompanied by potassic alteration represented by secondary biotite, high-temperature/pressure minerals such as alunite, and potassium feldspar. Outward, 'shells' may be present of cream or green quartz and sericite (phyllic), and then greenish chlorite, epidote, sodic plagioclase and carbonate (propylitic) alteration. Under some circumstances, white, chalky clay (argillic) alteration occurs.

Pimenton Mine

The Pimenton Mine exploits a cluster of D-type epithermal tensional veins that mostly strike N30°E and were formed in response to regional compression. The high-grade Cu-Au veins dip steeply to the east and are mildly sinuous. They are affected by fractures that strike north-south and other narrow tourmaline-bearing fractures that cut obliquely across the veins, but most displacements are minor. Individual veins typically form shoots up to 450 m long, up to 50 cm wide, and have good depth continuity from surface to the 3195 level of the mine. Flat-lying faults occur below that level and are accompanied by vein deterioration. The dominant vein type contains massive pyrite and chalcopyrite and subordinate barite. Gold is both free and contained in sulphides. Silver generally reports with gold. Similar veins have been mapped approximately 2.5 km farther north.

Subordinate veining at Pimenton has been reported as being of two types, both carrying <1 g Au/t. In one series, which trend northwest, pyrite is associated with saccharoidal quartz

and clay sericite alteration. The other series of veins, which is not uniformly oriented, contains pyrite, magnetite and specularite mineralization, and has gypsum on the margins.

From several published models, WGM believes that a relationship exists between the high sulphidation epithermal vein system at Pimenton to a probable porphyry at depth. The model also illustrates lateral and vertical patterns that can be expected in the surrounding geology. Their presence at Pimenton is thought by WGM to be largely obliterated in the Pimenton valley by unrelated intrusions of diorite to diorite-porphyry composition. The patterns are more likely to be present at depth and north and south of the mine, and may exist to the east prior to being terminated by faulting suspected in the Colorado valley.

Mineral Resources

A summary of Mineral Resources for the Pimenton Mine, as estimated by CMP and audited by WGM, is shown in the following table.

Summary of Resource Estimate 2016, Pimenton Mine

Category	Tonnes	Au, g/t	Cu, %
Measured	44,000	15.4	1.4
Indicated	36,000	10.0	1.1
Total Measured + Indicated	**80,000**	**13.0**	**1.2**
Inferred	14,000	9.7	1.0

The present estimation uses procedures and methodology similar to those which were applied in 2013 and previously to arrive at the inventory of resources and reserves.

The Measured blocks are estimated with an extension of 5 m upward and downward from a level, on which channel samples have been taken, every two m along the vein. The Indicated blocks are derived using 20 or 25 additional m upward or downward of a measured block. The grade is estimated from the sampled grades in the channel sample multiplied by the width of the vein.

The volumes are estimated by the traditional formula (width) * (length) * (height of the block), which are converted to tonnes by multiplying by a density of 3.0 t/m^3.

The vein width is diluted to a minimum mining width of 80 cm.

Mineral Reserves

A summary of Mineral Reserves for the Pimenton Mine, is shown in the table below. The CMP estimate of reserves has been modified by WGM to better reflect observations during

the site visits by Brady regarding dilution. In all respects the estimate uses blocks, procedures and methodology similar to that which has been applied since 2002 to arrive at the inventory of resources and to determine reserves.

Pimenton Mine Mineral Reserves
(Effective July 21, 2016)

Category	Tonnes	Au, g/t	Cu, %
Proven			
Stopes	2,000	9.6	0.8
Remnants	28,000	15.8	1.4
Total Proven	**30,000**	**15.4**	**1.4**
Probable			
Stopes	39,000	9.5	1.0
Remnants	0	0	0
Total Probable	**39,000**	**9.5**	**1.0**

The Reserves and Measured + Indicated Resources are inclusive; only the Inferred Resources are additional to the Reserves.

Proven Reserves are derived from the Measured Resources, Probable Reserves from Indicated Resources. For conversion to reserves, mining losses in stopes are estimated to be 5%, while mining loss in pillars ranges from 5% to 60%. Unplanned dilution is estimated to vary between 0% and 15% at nil grade.

The pillars are generally higher grade than the rest of the reserves.

It is noteworthy that at October 1 2013, as stated in our previous report, Reserves at the Pimenton Mine were Proven: 28,000 t at grades of 11.0 g Au/t and 1.2% Cu; Probable 110,000 t at grades of 11.1 g Au/t and 1.2% Cu. Those reserves are largely mined out and have been replaced by the current reserves, which in turn were derived partly from Inferred Resources that amounted to 162,000 t in 2013, and partly from the newly discovered Monica vein.

Mining

Pimenton Mine is a vein mining operation on multiple levels accessed by eight main adits and has extracted ore from mainly seven veins or vein systems, over a vertical distance of about 500 m. Because of excessive distance from portal to ore, adits will not be developed at lower elevations. Instead, a ramp was developed below the Esperanza 4 adit at 3,195 m elevation. Drifts are developed in ore using small diesel trackless equipment. Near vertical stopes are

developed from one level up to the next using timber stulls for support. The targeted minimum mining width is 70 cm. Trucks haul from chutes to an adit portal.

Processing

In 1997, a 120 tpd plant for processing the Cu-Au-Ag ore replaced a small initial facility. It has undergone modification and improvement to reach a rated capacity of 150 tpd. Prior to the 2008 re-start, the plant was fitted with an avalanche roof. The circuit includes two jaw crushers, a cone crusher, a ball mill, a Knelson concentrator, a shaking table, a flotation section, a concentrate filter, and a tailings management area. The gravity concentrate is melted to produce doré bars for shipment to a refinery and recovery of Au and Ag. The flotation concentrate is shipped to a Chilean smelter for recovery of Cu, Au and Ag. On site recovery of Au ranges from below 93% to above 94%, depending on head grade, and Cu recovery remained close to 93% during the past year. Approximately 70% of gold sales result from the doré.

General & Administration and Infrastructure

CMP's head office, located in Santiago, includes accounting, purchasing, and engineering personnel. At the town of Los Andes, at low elevation 100 km west of the mine, there is a staging facility for employees travelling to and from the site. There are also offices, a recruiting centre, and a maintenance garage. The Mine "camp" houses offices, sleeping quarters, and the kitchen. Additional buildings are used for more offices and the core handling facility. The dirt road is maintained year-round by CMP in order to rotate mine personnel, truck concentrate to a smelter, ship doré by armoured vehicle, and haul supplies. In summer, the road is maintained with blade-equipped front-end-loaders. Long-wheel-base Land Rovers and a high ground clearance bus are used for personnel rotation. In winter, above the snow line, CMP keeps passenger-carrying tracked snow vehicles available.

Environmental Studies, Permitting, and Social or Community Impact

The mine started production prior to enactment of current environmental regulations. It is subject to an approved voluntary Environmental Impact Assessment ("EIS") that includes closure plans for securing mine openings, removing structures and equipment, and re-vegetation of tailings and waste dumps. Possible environmental liabilities relate to tailings disposal, mine run-off and use of lead in laboratory procedures.

All necessary permits are reported by CEG to be in place for the current operation. The lined tailing storage facility is permitted for a 15 m increase in height, sufficient for over 30 years of mine life. All of the tailings water is contained and recycled to the Plant. A separate circuit from the plant goes to a treatment plant for the camp water.

Although surface rights on the main property are owned by Comunidad Los Campos de Cano Gallego, steep terrain and lack of vegetation mean that there are no residents within 40 km of the mine. In summer, some of the community's farmers take livestock part of the way up the road built by CMP and establish temporary camps within 12 km of the mine site. At present the mine staff is over 99% Chilean. CMP supports local schools, voluntary Fire Brigades and community events for the Los Andes area (5th region). The mine paramedics are the only health providers within reach of the cattle and sheep herders who stay with their animals during the summer months. CMP provides no cost help to anyone in the area who needs assistance. A medical helicopter is on contract and available for any of the more serious injuries that may occur.

Capital and Operating Costs

CMP's operating costs for fiscal 2015 were $11.9 million including smelting and refining costs of $0.3 million and a royalty cost of $0.5 million. Site operating costs (including mining, processing, general and administration) were $8.8 million. Exploration and development costs were $0.7 million. Head office costs were $1.3 million.

To mine out the remaining reserves, minimal sustaining capital will be required, estimated by WGM to be $71,000 for each of the next two years. However, when funds are available, CMP expects to continue to explore and develop additional reserves from Inferred Resources on the newly discovered Monica Vein as well as from veins yet to be delineated.

Economic Analysis

The CIM Definition Standards for Mineral Resources and Mineral Reserves, as mandated by NI43-101, require that Reserves are demonstrated to be economically mineable. For that purpose, a cash flow analysis was prepared by WGM. The cash flow analysis considers costs needed to mine the present Reserves and close the operation, but excludes expenses forecast by CMP to continue exploring, developing new levels, converting Inferred Resources to Reserves, and thus prolonging mine life.

WGM's cash flow model validates the Proven and Probable Reserves at the Pimenton Mine. The model, which uses blended metal prices, rising from current prices in the first year to the average of current prices and the three-average in Year 2, is based on Pimenton Mine historical costs and the estimated grades of Reserves. It generates a cash flow of $14.1 million excluding interest. At a discount rate of 10% the Present Value of the cash flow is $12.8 million. The Reserves are sufficient for almost two years of production at 36,000 tpy.

Exploration

Based on past performance, the Pimenton Mine life is likely to be prolonged. Initial continuation will be by definition of reserves from inferred resources at the Monica vein and exploration of the expected vein presence for approximately 350 m of vertical extent to surface. There is potential to expand the inferred resources considerably at this site as well as to find new veins. MMI sampling has covered the alteration area surrounding the Pimenton Mine and outlined a gold geochemical anomaly 1,100 m by 600 m in extent. Coupled with satellite imagery, CEG has identified sixteen possible targets for trenching at surface or drilling from underground. A target of particular promise is at the western limit of a strong part of the MMI anomaly where strongly leached vein material had in the past reported 3.2 g Au/t over 2 m. In WGM's opinion, this exploration should be undertaken when funding is available ahead of any other exploration on the properties.

Pimenton Property

On the Pimenton Property the stratigraphy is made up of a folded volcanic sequence of andesitic and dacitic lavas, tuffs and volcanic breccias, corresponding to the Farellones Formation. The folds are asymmetric, chevron style, with steeply southwest-dipping axial planes. The formations are intersected by a series of high-angle reverse faults that are parallel or sub-parallel to the fold axial planes, and which generally weakened the rocks so that they were eroded into valleys. A major structure recognized by CMP is the Tordillo-Pimenton Fault. Extending in a northerly direction through both CEG's properties, it is believed to be the host environment for multiple intrusions sand related Cu-Au mineralization.

The Pimenton Property features a striking example of Andean geological alteration. Within an area of approximately 25 km^2 there are red to orange (as well as greenish) propylitic zones, white phyllic, argillic and silica-cap zones, and darker grey to greenish grey zones of potassic and chloritic alteration. The colours are dispersed down talus slopes and are interspersed with unaltered rock at higher altitude and glacial deposits in the valleys. In addition to topography, the visual effects are influenced by lithology and hydrothermal activity. Porous tuffs and breccias may be pervasively altered while near-by massive andesites may be little affected. The core zone of potassic alteration is directly related to porphyry intrusions which themselves are mineralized with sulphides. The white alteration zones tend to surround the potassic core, but also occur in isolation. Such isolated occurrences are believed to indicate underlying porphyry, but may also result from structurally controlled hydrothermal invasion. The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

Targets recognized since 2007/08 were reinterpreted by CEG as a result of MMI sampling and CSAMT geophysics and drilling of six completed holes in 2012-13. These did not encounter economic mineralization, but potential is by no means fully tested.

Mineralized porphyry in the upper Pimenton Valley, previously explored by RT and AAC, represents one area of economic potential. Here, WGM in their 2011 report estimated an Inferred Resource of 40 million tonnes containing 0.37% Cu and 0.42 g Au/t that was classified by WGM as inferred because it extends to a depth of over 1,000 m; which will limit and may inhibit economic extractability and because it had been explored by only three drill holes. Under disclosure requirements in Section 2.4 of NI 43-101, the qualified person confirms that the resource is current and relevant at inferred reliability of grade and tonnage in the upper region of a mineralized system. It has not been re-evaluated for this report and previously recommended drilling to upgrade and verify the resource has not been done.

Elsewhere on the property, WGM previously recommended that CEG review their exploration mapping and applied methodology to determine whether improvements and revisions may be made. Thereafter, when funds are available, WGM endorses exploration in two areas in particular: the Hondo valley and the north-south corridor surrounding the Pimenton mine and extending into the Colorado valley.

Tordillo Property

Though 600 m of drilling had been planned by CEG, the Tordillo Property has not been explored since 2013 because of insufficient funds. Known vein targets with high-grade gold and copper are considered by CEG and WGM to have potential for delineation, mining and trucking to the Pimenton mill. However no work is currently planned.

Budget

Because of the present lack of funds for exploration, WGM has not prepared an exploration budget.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1 INTRODUCTION

This Technical Report for Compania Minera Pimenton ("**CMP**") describes mineral properties in Central Chile. It was commissioned in a letter agreement dated September 22, 2015 between Watts, Griffis and McOuat Limited ("**WGM**") and CMP, a wholly owned subsidiary of Cerro Grande Mining Corporation ("**CEG**"), considered synonymous with CMP in this report. This report incorporates and updates information on these properties that is in a Technical Review prepared by WGM for South American Gold and Copper Company Limited ("**SAGC**"), dated January 31, 2011; and a Technical Report prepared by WGM for CEG dated December 17, 2013. SAGC was renamed CEG as a result of corporate re-organization in March, 2011.

At the end of 2013 when WGM completed their Technical Report, the Pimenton Mine was in production with a reasonable outlook for profitable operations. However, excessive dilution due to unexpected faulting and diminished vein widths near the faults, and additional dilution due to offsets in raises, resulted in average gold head-grades for the 12-months ending March 31, 2015 and 2016 respectively of 6.73 g/t and 6.43 g/t. These grades were significantly lower than the gold grade of 10.64 g/t used by WGM in their cash flow analysis of reserves through 2014 to 2016. At the same time gold and copper prices were well below the averages used by WGM namely $1,420/oz. for gold and $3.42/lb. for copper. The impact on the mine was failure to achieve an operating profit.

In addition to the financial and mining difficulties, the mine was shut down from May 9 to June 12 in 2014 due to permitting and production problems. Capital was injected primarily by Directors of the Company and production was resumed and continued until June 2016. A severe snow storm on June 2-4 left 3.14 m of snow and numerous avalanches. Conditions were considered hazardous, and the mine was closed and evacuated. Due to a shortage of working capital, the mine remains closed as of mid-July.

2.2 TERMS OF REFERENCE

The purpose of the report is to provide CEG with a Technical Report compliant with Canadian National Instrument 43-101 ("NI 43-101") that includes audit of reserves and resources and review mining practices at the Pimenton Mine; and review of exploration of surrounding and nearby properties. The report may then be used by CEG to raise the capital

needed to resume mining operations, for regulatory filing and preparation of the company's Annual Information Form ("AIF").

Since WGM's 2013 report, lack of funds has restricted exploration to the immediate mine area. Potential that exists in the surrounding claims and at the nearby Tordillo Property is described in WGM's earlier reports and is not repeated in this document, as it is not expected that off-mine exploration will be resumed until profitable operations exist and the capital required to resume mining is fully recovered.

2.3 SOURCES OF INFORMATION

All information for this report was provided by CEG, or is filed by the company on SEDAR, or is publicly available. WGM is satisfied that the descriptions, maps and results of work by the owners were accurately duplicated, translated from Spanish to English and/or portrayed for our use.

Pimenton Mine

Background information on the Pimenton Mine was obtained from a 2002 Technical Report by J. Selters, who at that time was an independent Qualified Person in terms of NI 43-101. This information was up-dated by the current inspection of the underground workings, and previous inspection of the treatment plant, workshop, assay laboratory, and camp facilities by WGM.

Pimenton Property

Much of the exploration work described in WGM's report was done by Rio Tinto ("**RT**") and Minera Anglo American Corporation ("**AAC**"). Their reports were studied by WGM in 2010. Results of subsequent exploration by CEG are accepted by WGM as reported (see Thomson in the References Section of this report).

Tordillo Property

The Tordillo property was not visited by the authors, but was visible from a distance of approximately 12 km. Considering the limited exploration history, WGM has accepted and used information provided by CEG in their previous reports without further verification.

2.4 DETAILS OF PERSONAL INSPECTIONS

The Pimenton Mine and surrounding properties were visited by McGregor in the period November 14-16, 2010. During the site visit, he inspected target areas in the Pimenton, Hondo and Colorado valleys, and core from the RT drilling. The core had been laid out for that purpose at CEG's staging facility in Los Andes.

Marco Alfaros Sironvalle (co-author of the WGM 2011 report) visited the mine on December 12, 2010. His inspection included a review of the mine, sample preparation and assay laboratory as well as geological plans and sections of the principal veins, and was directed specifically towards auditing reserves and resources for which he had responsibility.

Brady visited the Pimenton Mine from October 29 to 31, 2013 and inspected the underground workings, treatment plant, workshop, sample preparation and assay laboratory, geological plans and sections of the principal veins, and core from holes drilled at the mine that was laid out for logging.

Brady visited Pimenton Mine again on June 22, 2016 and inspected new underground workings. Plans and sections were reviewed at the Santiago office.

2.5 UNITS AND CURRENCY

Metric units are used throughout this report unless specified otherwise, and recorded as: centimetres ("cm"), metres ("m"), kilometres ("km"), grams ("g") and metric tonnes ("t"); one million metric tonnes is designated as "1 Mt". Areas are reported in square kilometres ("km^2") or hectares ("ha") (1 km^2 = 100 ha).

Metal contents are reported using percent ("%"), "g/t" and parts per million ("ppm") (1 g/t = 1 ppm). The symbols Cu, Au, Ag and Mo may be used respectively for copper, gold, silver and molybdenum metals.

Currencies used in this report are quoted in US$.

3. RELIANCE ON OTHER EXPERTS

This report was prepared for CEG by the authors and in part by WGM staff. Although WGM and the authors, have conducted their due diligence thoroughly and have no reason to doubt the verity of the information, and the data provided, both written and orally and their translations we cannot accept liability for the underlying data or omissions therefrom and do not accept responsibility for the interpretations and representation made in this report where they were a result of erroneous, false, or misrepresented data.

The authors and WGM disclaim any and all liability for representations or warranties, expressed or implied, contained in, or for omissions from, this report or any other written or oral communications transmitted or made available to any interested party when done without written permission or when they are inconsistent with the conclusions and statements of this report.

Company Reports - Pimenton Mine

WGM is a Canadian consulting firm without specialized exposure to legal, political, environmental and possibly some technical issues related to mining in Chile. We have relied on Company Reports prepared by employees of CEG some of whom are not qualified persons and also reports that may not comply with NI 43-101. In particular, we have relied on CEG's production and financial statements as reported both publically and internally. We have also relied on drawings provided to support the Company's estimates of reserves and resources with limited personal verification. Our audit of the reserves and resources includes revisions that we consider appropriate, but fundamentally the estimates are those of CEG and not WGM.

Company Reports on Exploration

WGM has placed considerable reliance on information provided, and in some cases interpreted, by Thomson (see References in this report) regarding exploration. Thomson is a director of CEG. In the opinion of WGM, the reliance on Thomson is justified because he is a Qualified Person, although not independent.

4. PROPERTY DESCRIPTION AND LOCATION

In Chile, mining rights may be acquired through two forms of concessions: exploration and exploitation (or mining). Exploration concessions are favoured at an early stage because they require payment of only $1.35/ha /yr. An exploration concession is valid for two years by the end of which it must either be "measured" (or surveyed) for conversion to an exploitation concession, or be reduced by 50%. The retained portion is then valid for a further two years while the renounced portion is either relinquished, or submitted to the process of conversion to an exploitation concession. An exploitation concession may be obtained without first being an exploration concession. It is obtained through a process of survey, notarization, court recognition, and publication, and is retained indefinitely by payment to government of $6.71/ha/yr.

It is not unusual for exploration concessions to overlap. Sometimes this is done by the owners to protect their rights in the event that errors occurred previously, resulting, for example, in fractions or lapse of rights. It is done by competitors in the hope or belief that errors were made by the original titleholder. If there are no errors, the title is granted to the original titleholder (i.e. the earliest dated exploitation concession).

The Pimenton Properties are located in the high Andes Mountains (Figure 1). The major property surrounds and included the Pimenton Mine at elevation 3,350 m (Figure 2). It is approximately 120 km NNE of the city of Santiago and 50 km northeast of the town of Los Andes, in the district of San Esteban, Province of Los Andes, Region V. Its central UTM coordinates are N 6,407,500 and E 386,000. The approximate central geographic coordinates are longitude 70°12'W and latitude 32°28'S.

Tordillo is a separate property approximately 12 km south of the Pimenton Mine.

The Pimenton Mine is located approximately 195 km from Ventanas, a custom smelter owned by Enami.

Surface rights on the main property are owned by Comunitad Los Campos de Cerro Gallegos with whom Compañia Minera Pimenton ("**CMP**") has an assigned agreement granting rights to access, exploration, mining, plants, waste-dumps and tailings dams according to Chile's Mining Code. The rights cover an area of 3,751 ha.

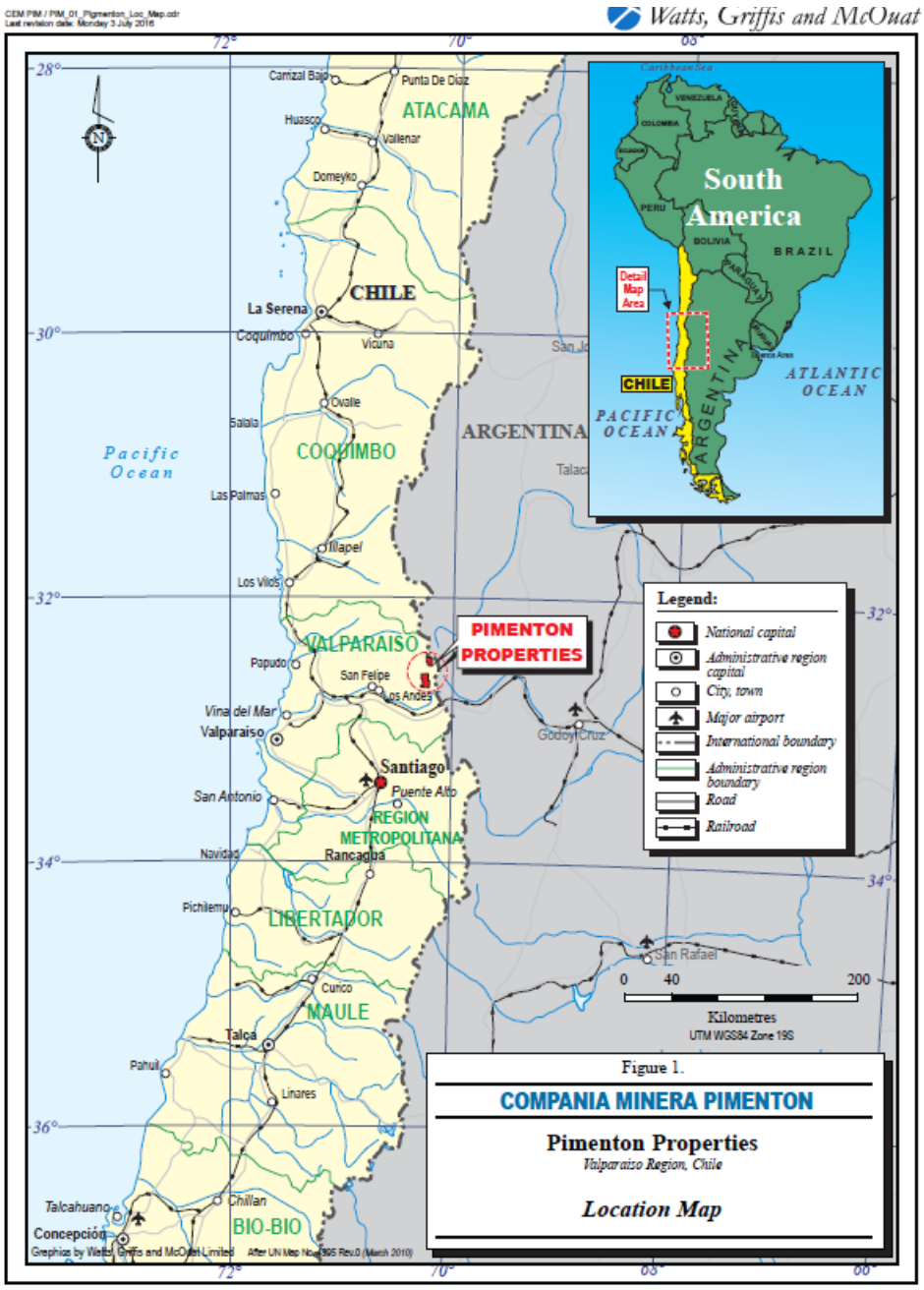


Figure 1. Location map

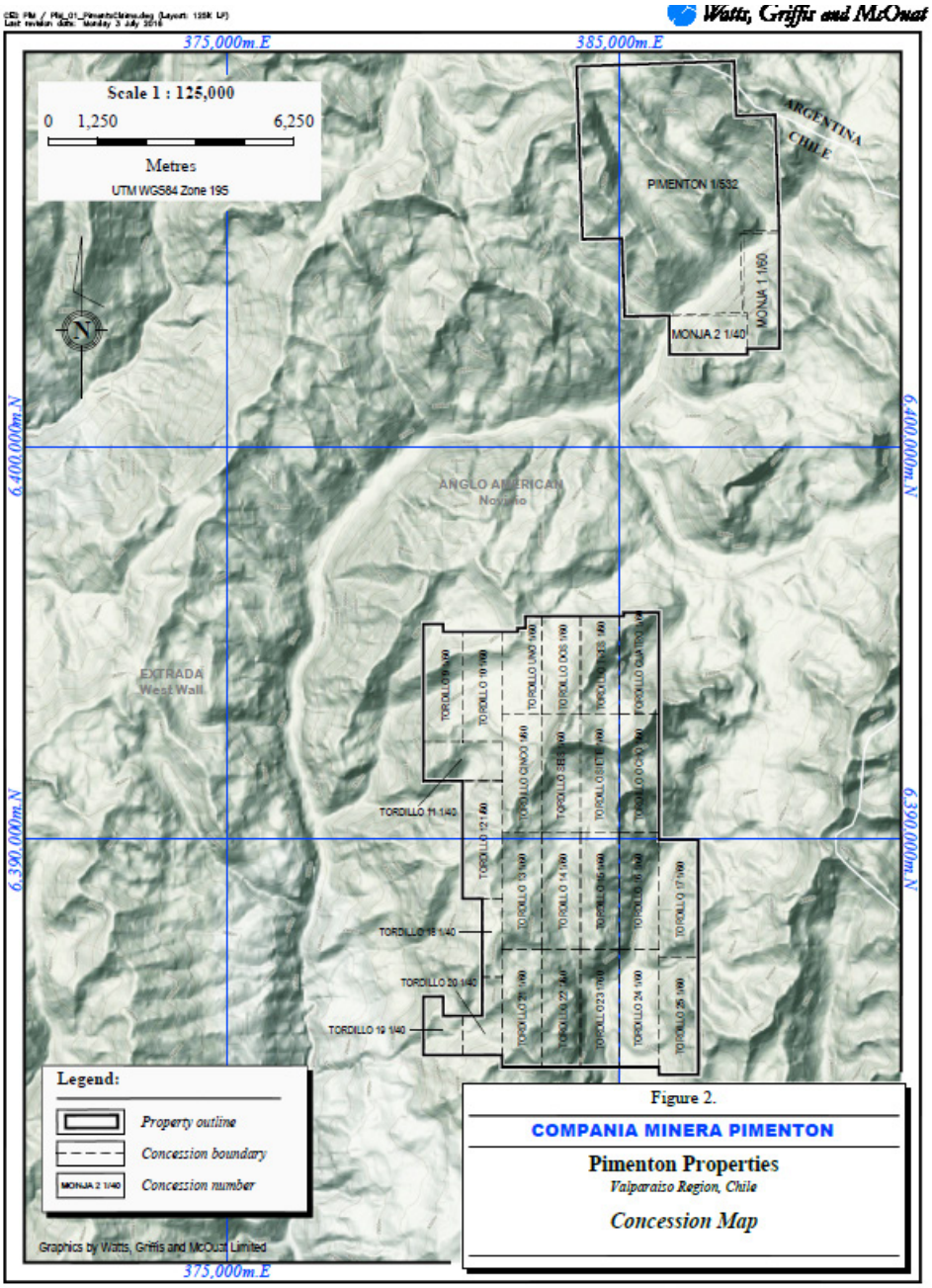


Figure 2. Concession map

Pimenton Mine and Surrounding Property

The Pimenton Mine and surrounding property are contained within contiguous exploitation concessions: Pimenton 1/532, Monja 1, 1/60 and Monja 2 1/40 covering approximately 3,121 ha all of which were approved in October, 1995. Since the official records of areas do not match the official map of measured areas (as shown in Table 1), the area may be larger. The concessions were measured (surveyed) by Minera Bernstein & Thompson Ltda. ("**BTX**"), and now are registered in the name of CMP, a subsidiary of CEG.

TABLE 1.
PIMENTON MINE AND SURROUNDING PROPERTY

Name	Official Area (ha)	Measured Area (ha)
Pimenton 1-532	2,660	2,660
Monja 1, 1 to 60	261	261
Monja 2, 1 to 40	200	200

Mineralized zones at Pimenton Mine comprise high-sulphidation epithermal veins related to a buried porphyry intrusion. Reserves and resources relate to underground mine workings and these workings, supporting infrastructure and dumps are within the area of surface rights. Production from the mine is subject to a 5 to 6% NSR royalty depending on gold price.

Possible environmental liabilities relate to tailings disposal, mine run-off and use of mercury in laboratory procedures (see Section 20 of this report).

All necessary permits are reported by CEG to be in place for the current resumption of mining. In addition, a permit has been granted for extraction of pillars and ore remnants in workings that are no longer considered dangerous to mine at this time.

The area surrounding the mine contains widespread alteration and extensive low-grade Cu-Au mineralization related to porphyry intrusions. When funds are available, geological, geophysical and geochemical evidence encourages drilling to delineate known mineralization and to search for new emplacements.

Annual cost to maintain the mining rights is approximately $20,700. The cost of maintaining the surface rights is $22,300.

Tordillo Property

The Tordillo property comprises an official 6,632 ha area in contiguous exploitation concessions all of which were approved in April, 2005, and which are documented in Table 2.

It is 13 km ENE of the West Wall property (owned AAC and Xstrata Copper) and 3 km southeast of the Novicio property (owned by AAC).

Cost to maintain the Tordillo concessions is approximately $45,500 p.a.

TABLE 2.
TORDILLO EXPLOITATION CONCESSIONS

Name		Official Area (ha)	Name		Area (ha)
Tordillo 1	1 – 47(60)	228	Tordillo 14	1 – 60	300
2	1 – 50(60)	250	15	1 – 60	300
3	1 – 50(60)	250	16	1 – 60	300
4	1 – 52(60)	259	17	1 – 60	300
5	1 – 60	300	18	1 – 20	100
6	1 – 60	300	19	1 – 25	125
7	1 – 60	300	20	1 – 20	150
8	1 – 60	300	21	1 – 60	300
9	1 – 58	290	22	1 – 60	300
10	1 – 56	280	23	1 – 60	300
11	1 – 40	200	24	1 – 60	300
12	1 – 60	300	25	1 – 60	300
13	1 – 60	300			

5. ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESS

From Santiago, road access to the Pimenton Mine is north via the Los Libertadores highway to the town of Los Andes, and then via the international road east towards Mendoza in Argentina. Exiting approximately 18 km from Los Andes, the mountainous dirt road continues for 85 km across one major pass to the property. The total road distance from Santiago is 180 km.

In 2013, a 15.3 km branch road was constructed to Tordillo replacing former access by horseback. Although the Tordillo Property is 12 km from Pimenton, the total road distance is 29 km.

Helicopters are used for exploration in the area, but not currently by CEG. A helipad is located close to the camp in case of emergency medical evacuation.

5.2 CLIMATE

Within the regional Mediterranean climate of central Chile, the Pimenton properties have a mountain climate. From early November to the end of May the weather is sunny with day temperatures reaching 15°C, but dropping at night to near freezing. Windy periods are frequent. During the remainder of the year temperatures are nearer freezing during the day and drop to -10° at night, and to -30° during storms. High winds and snow accompany the storms and drifting snow can be troublesome on roads and at the mine. In the past and again in June 2016, avalanches have caused severe damage at the mine and can threaten personnel safety. In order to reduce risk, CMP employs specially trained staff for avalanche prevention. When periodic El Nino conditions prevail, winter operations may be affected for a few days at a time. In June 2016, a snow storm caused the closure of the mine, with all employees evacuated. A helicopter was used to enable the WGM site visit.

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

There are no significant local resources other than at the Pimenton Mine, an underground mine that had sales of more than 6,000 oz. of gold in fiscal 2015 and more than 9,000 oz. of gold in fiscal 2014. To the extent possible, roads, power and accommodation facilities are maintained year-round.

Under Chile's mining code, CEG has the right to use water produced in the mine workings. Flows from each adit are in the order of 10 to 20 l/sec, but it is not all utilized directly. From the upper levels water flows to the tailings area from which all the water is recycled for processing. From the lower levels some of the water flows to a drain that goes to the Rio Colorado. Approximately 30 l/sec of process and camp water is obtained from the mine workings while bottled water is brought in for human consumption. CMP has water quality readings from 1996 to present, and carefully monitors water from the mine, camp and streams in the mine area.

The mine site works 12-hour shifts on a 7 day in, 7 day out schedule. A total of 180 personnel are transported to and from Los Andes where CMP maintains a staging and recruitment facility, along with an office and maintenance garage. The camp has offices and accommodation for 160 persons, plumbing and sanitation, bunking, kitchen, maintenance garage, etc. Data, including VOIP telephone, are transmitted with an 80 Mbps wireless connection. A satellite television system is provided. Electric power is provided by diesel generators, plant: 3 x 600 v, mine: 3 x 380 v, and camp 2 x 380 v. The plant is rated at 150 tpd and is described more fully in Section 17 of this report. It is supported by a separate workshop and assay laboratory.

The camp and plant are located within a limited area around 3,400 m elevation. While not studied in detail, WGM believes that should they be required in future, there is space in the valley for a larger operation that could include leach pads and waste disposal.

5.4 PHYSIOGRAPHY

At the Pimenton Property, mountain terrain between 3,000 and 4,200 m is dominant. Drainage forms a rectangular pattern with the Colorado stream draining to the southwest. Branching off the Colorado valley to the northwest are the Pimenton ("Quebrada Pimenton") and Hondo valleys. The valleys are largely filled with glacial deposits, while the mountain slopes have variable outcrop. Vegetation is short tough grass and small thorny scrub in the valleys. On the hillsides there is very little vegetation. Swamp with associated vegetation occurs locally in the valleys. Wild life includes several hundred guanaco in the valleys. Cougars are reported to visit occasionally. Other wild life is reported to include foxes, vicuna, vizcacha, small lizards, condors and various small birds.

At the Tordillo Property there is a circular amphitheater, 1,500 m in diameter containing a deep lake some 200 m across. There is considerable relief from the centre at an elevation of 3,800 m to the surrounding peaks at 4,700 m.

6. HISTORY

6.1 PIMENTON MINE

Copper-gold mineralization was discovered in the 1981 by Bernstein/Thomson Exploration Ltda. ("**BTX**"), operator of the "ANCOM" exploration alliance between them, AAC and Cominco. Initially, the helicopter-based exploration was focused on El Indio type deposits, equivalent to porphyry systems beneath epithermal zones of high sulphidation. Then, in 1985 the potential mine property was optioned to Newmont for five years which included TVX in the last year. Newmont explored the current mine site with 300 m of tunnels and 4,000 m of drill holes, with the purpose of evaluating the vein system discovered in the earlier project. After Newmont gave up their option, BTX developed the Pimenton Mine to exploit the veins.

During 1991-92, BTX carried out limited mining of direct-shipping ore on the Lucho vein. The production which averaged 6.16 oz Au/t was sold to the Enami smelter.

In 1994, BTX reached an agreement with SAGC to explore, develop and subsequently mine the gold copper veins. This essentially involved a new company (CMP) paying a Net Smelter Royalty of 5 to 6%, the higher value being applied when the gold price exceeded $400/oz. In 1996 SAGC acquired the remaining 44% of the shares it did not already own. During this period, SAGC drove over 4,000 m of drifts and crosscuts on the veins and completed 9,000 m of diamond drilling beneath the veins.

Mining operations commenced in 1996 at which time gold recovered in a 35 tpd mill helped off-set the cost of mine development. By the end of 1996 reserves were developed on several veins in the Lucho area and the mill had been expanded to 120 tpd. Operations were curtailed in 1997 after the site was severely damaged in a storm and the combination of low gold prices and a lack of prepared stopes discouraged resumption. In 2002, a proposed operating plan was completed by independent qualified person, J. Selters. Revised and expanded from a study in 1999, it formed the basic plan for resuming operations.

From 1997 to 2004, the mine was maintained on stand-by and most of the equipment was stored at the town of Los Andes. Through this period SAGC was kept alive by capital provisions from its senior directors, but, with the improvement of gold and copper prices in 2004, SAGC raised money through the Overseas Private Investment Bank ("**OPIC**") of the American Government (fully repaid in 2010), and by a public offering. By May 2004 production had resumed at Pimenton, but there were many start-up problems mainly related to management at the mine. It was not until May 2005 that operations started to improve,

dilution had been brought under control, training of the miners was starting to produce results, plant performance had improved, and the operational cash flow became positive.

In June of 2005, the Pimenton area was subjected to very heavy El Ñino related snowfalls which were coincident with unusually high temperatures. This resulted in large multiple avalanches rendering the mine inoperable, and confinement of 109 mine personnel to the camp area for a month. By then SAGC did not have the financial strength to continue and operations ceased.

While looking for means to put the mine back into production, SAGC received capital from its directors, through private placements and public offerings. This continued until 2008 when operations were resumed and commercial production declared in October of that year. With few stoppages, production has been continuous since then and has led to sales summarized in Table 3.

TABLE 3.
SALES SUMMARY
(in copper concentrate and doré)

Period	Copper sales (tonnes)	Gold sales (ounces)	Silver sales (ounces)
1991 – 92	Unknown	1,182	Unknown
Jan-Apr 1996	Unknown	1,046	Unknown
May 96 – Feb 97	110	2,513	Unknown
Mar 97 – Sept 2008	Nil	Nil	Nil
Oct 08 – Sept 2009	254	10,605	8,620
Oct 09 – Sept 2010	132	8,626	3,687
Oct 10 – Sept 2011	408	14,729	8,485
Oct 11 – Sept 2012	381	13,024	8,098
Oct 12 – Sept 2013	322	10,829	6,611
Oct 13 - Sept 2014	338	9,520	7,717
Oct 14 - Sept 2015	235	6,340	6,508

In addition to the above there are undocumented reports that mill-clean-ups after shut-downs may have yielded another 200-300 oz. gold.

6.2 PIMENTON PROPERTY

Under the ANCOM exploration alliance, between 1982 and 1984, reconnaissance geological mapping and geochemical sampling of the talus slopes was conducted by Cominco. In 1985, under the terms of the joint venture agreement, the property was turned over to BTX with no interest retained by Cominco or AAC.

At the end of 1992 Mt Isa Mines took on a brief option during which they drilled four 400 m diamond drill holes in the eastern section of the Pimenton alteration zone at high elevations.

During 2003, an exploration program was initiated BTX in search of new auriferous veins. At the Pimenton and Hondo valley localities (approximately 3 km apart), tourmaline was found within chalcopyrite-pyrite bearing breccia systems associated with an intrusive complex surrounded by a halo of alteration. This was interpreted as a link to a possible covered and deeply buried Cu-Au porphyry system justifying further exploration by. geophysics and drilling. This led to completion of four diamond drill holes (1,900 m). While not encountering economic values, these holes confirmed the possibility of one or more large porphyry systems within the Pimenton Property.

In 2004, a geophysical study was carried out by Quantec Geoscience Chile Ltda ("**Quantec**") between the Pimenton and Hondo valleys. It consisted of terrestrial magnetometry, induced polarization and resistivity, which revealed targets related to the tourmaline breccia and magnetic intrusive bodies beneath moraine. A total of 33 lines followed a bearing N45°E for a total of 92 line km. Magnetic survey stations were GPS controlled and spaced 10 m apart. Two GEM system magnetometers were used, one mobile and one at a base. At the end of the day the data were linked and corrected for diurnal variation. The IP survey utilized a pole-dipole array with a dipole spacing of 100 m expanded through six separations to give chargeability and resistivity data to approximate 300 m depth. In total 16 km of data were collected over six traverses. Results were presented on pseudo-sections as raw data and inversion models. For the latter purpose, a 2D inversion program from University of British Columbia was used.

Subsequently, CMP drilled three holes (1,585 m) in the Hondo valley, where the VH-3 pit had uncovered a body of diorite with potassic (biotite) alteration and chalcopyrite-bornite mineralization. This drilling confirmed a porphyry-copper model associated with a mineralized structure trending N40°-50°E between the Pimenton and Hondo valleys, but did not encounter significant mineralization.

Following a preview in 2004, an option agreement was signed with RT in 2005 and continued through 2006. After examining cores from the previously drilled holes, RT completed three initial diamond drill holes (1,823 m) which revealed intersections of diorite porphyries and chalcopyrite mineralization. They utilized well-known consultant Dr. R. Sillitoe who reportedly pointed out the need for additional drilling. A geological model was generated and six holes (1,500 m) were recommended, but only five holes (2,068 m) were drilled in 2006. Results confirmed the Cu-Au mineralization beneath the Pimenton valley in association with

potassic alteration and an intrusive porphyry system. On the basis of the intersection in hole RT-04, it was suggested in their final report in 2006 that an area 600 by 500 m contained potential for 400 million tonnes at the grade encountered – namely 0.40% Cu and 0.43 g Au/t. WGM considers the disclosure to be historical and material under NI 43-101, 2.4, but cautions that the potential quantity and grade are conceptual in nature, that there was insufficient exploration to define a mineral resource in accordance with NI 43-101.

In 2007, AAC optioned the property and continued with exploration of the porphyry system discovered by RT beneath the Pimenton valley. AAC's model of primary mineralization and zoning was based on porphyry-copper-type systems of the San Felipe cluster, and considered the geological background of the Pimenton Porphyry project. The main items of which were as follows:

- Scarce information of the porphyry system as previous drill holes did not intercept the bornite core and also because alteration-mineralization appeared to correspond to an environment of transition in the external halo of the porphyry system;
- The identification by RT of an early diorite porphyry and an inter-mineral diorite porphyry that appeared as elongated bodies and exhibited potassium alteration (biotite and K-Sil) related to a dense system of type-A quartz veinlets;
- Chalcopyrite-bornite mineralization appeared to be related to both early and inter-mineral diorite porphyry suggesting zoning related to an unidentified main porphyry;
- Intersections of 70 m @ 0.46% Cu & 0.49 g Au/t (RT-06) and 279 m @ 0.40% Cu & 0.43 g Au/t (RT-04); and
- The age of the potassic alteration of 9.94±014 Ma and sericitic alteration of 10.37±019 Ma correlated to world class deposits.

Work by AAC included the following:

- 2,037 m of diamond drilling in two holes at the Central Pimenton valley target;
- Content mapping of four RT drill holes equivalent to 2,110 m (RT-02; RT-04; RT-05, RT-06);
- Interpretation of sections, scale 1:2,500, EW and NS at the Central Pimenton valley target;
- Reinterpretation of magnetometry NW-SE lines every 100 m;
- Geochemistry;
- Structural modelling;
- 1:10.000 scale district mapping; and
- 1:5,000 mapping of targets: Central (Pimenton valley); Breccia (Hondo valley) and Vein (Camp area).

A review by consultant L.R. Rankin in 2008 contributed to AAC relinquishing their option. Quoting the review: "it is concluded that the chances of encountering a well-developed

bornite-rich core zone, and substantially higher copper and gold grades in the Quebrada Pimenton sector are low, at least to a depth of about 1,000 m. Furthermore, the better grade early porphyry intrusion has been cut and dismembered by inter-mineral porphyry dykes causing substantial grade dilution at the system scale, a situation that would almost certainly also be encountered in any higher grade core that might exist at still greater depths".

The above conclusion was reached as a result of drilling hole PMT-02 at -80° to a depth of 1,034 m. It intersected 26 m at a grade of 0.37% Cu and 0.34 g Au/t in what was believed to be a deeper equivalent to the intersection in RT-04. Valid as the conclusion was, WGM notes that there were other intersections grading in the range 0.3 to 0.5% Cu together with 0.3 to 0.5 g Au/t that were not considered to be significant at that time.

Since there is no certainty regarding directions of lateral expansion of fronts in the creation of accumulations of sulphide minerals, the best orientation of sections for resource estimation is uncertain. Nevertheless, composite sections on azimuth 60° was used by WGM in their 2010 report to estimate an Inferred Resource at an arbitrary cutoff of 0.25 g Au/t. Starting from below the alluvium, WGM assumed continuity between the holes on strike and between holes PMT-02 and RT-06 in the dip direction. Up and down the assumed dip extensions were assumed for 200 m and 100 m along the assumed strike. Outside of the resource area, there are some narrow intersections at grades similar to those in the resource estimate, but these are infrequent and did not suggest additional resources at that time. The resource amounts to 40 million tonnes containing 0.37% Cu and 0.42 g Au/t and was classified by WGM as inferred because it extends to a depth of over 1,000 m which will limit and may inhibit economic extractability and because it had been explored by only three drill holes. Under disclosure requirements in Section 2.4 of NI 43-101, the qualified person confirms that the resource is current and relevant at inferred reliability of grade and tonnage in the upper region of a mineralized system Drilling north of the resource failed to encounter similar grades to the depth explored, and previously recommended drilling to upgrade and verify the resource has not been done.

In 2010-11, the Company continued an MMI survey that had been started in 2004 and also completed a CSAMT survey. Based on these results and data from previous exploration, five potential Cu-Au-Mo drill-targets were recognized. Four are in the Pimenton valley, and one (the largest) is in the Hondo valley. A sixth possible target was recognized on the ridge between the Pimenton and Hondo valleys. Based on the results, internal recommendation was made in June 2011 for drilling seventeen new holes (20,000 m). Subsequent exploration included two holes at the Pimenton Porphyry which neither added to nor reduced the WGM estimate of Inferred Resources at that locality.

6.3 TORDILLO PROPERTY

In March/April 2005, a three-man exploration team explored approximately 4 km^2 of the Tordillo property. A strongly leached silicified, sericitized and brecciated dacite-porphyry intrusive was mapped within the amphitheater while volcanics on the sides were reported to include breccias over hundreds of square m. The breccias were reported to be strongly leached (phyllic and silicic alteration) and to carry disseminated limonite and specularite together with tourmaline, some local copper oxides, chalcopyrite and pyrite. The dacitic intrusive was reported to exhibit narrow chalcopyrite-bearing veins.

Exploration of the veins included 72 systematically collected samples two metres apart representing about a quarter of the terrain along the northern contact zone. The highest grades reported were as follows:

Sample No	Width (cm)	Copper (%)	Gold (g/t)
13602	10	18.28	19.51
13714	40	17.63	31.49

An access road was completed in 2013 and six short drill-holes were completed including TD 03 which intersected 1.94 m with an average grade of 14.6 g Au/t and 0.8% Cu. The other holes did not encounter mineralization of potential economic interest.

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1 REGIONAL SETTING

The setting of the Pimenton and Tordillo properties is within the San Felipe porphyry cluster of Miocene age, Central Andes. The Cu-Mo-Au porphyry strip includes prospects such as Novicio and West Wall in the immediate vicinity, and the more distant Vizcachitas, Morro Colorado and Amos-Andrés, all of which exhibit hydrothermal alteration associated with porphyry intrusions. The published alteration age of 9.2 to 14.5 Ma is believed to be correlated to other world-class deposits. At Pimenton, alteration ages of 9.94±014 Ma (biotite) and 10.37±019 Ma (sericite) have confirmed the setting.

The regional geological map shows a predominance of Upper Cretaceous to Lower Tertiary Abanico Formation (Figure 3). It consists mainly of andesitic volcanic rocks intercalated with continental sandstones and bedded tuffs. Its total thickness has been estimated to be 3,000 to 5,000 m. Unconformably overlying the Abanico Formation is Mid-Tertiary (Middle to Upper Miocene) Farellones Formation. These volcanic and sedimentary formations are intruded by porphyry stocks that vary in size, texture and diorite-type composition, and in the impact on the intruded formations. Associated with these intrusions are large to very large hydrothermally and geothermally altered areas. Often there is early development of a wide area of secondary biotite that gives the rock a distinctive brownish colour. Ideally, mineralization is present centrally and is accompanied by potassic alteration represented by secondary biotite, high-temperature/pressure minerals (e.g. alunite and jarrosite), and potassium feldspar. Outward, 'shells' may be present of cream or green quartz and sericite (phyllic), and then greenish chlorite, epidote, sodic plagioclase and carbonate {propylitic) alteration. Under some circumstances, white, chalky clay (argillic) alteration occurs.

A model of the regional and local setting (Figure 4) illustrates the different parts that may be encountered above and around sub-volcanic intrusions in the region. In particular, relatively low-temperature parts with high and low sulphidation are distinguished as being respectively more geothermal and more hydrothermal. Low sulphidation areas tend to have stockwork mineralization with <5% sulphides (mainly pyrite), whereas in high sulphidation areas stockworks are uncommon and individual veins have 10 to 90% mixed sulphides.

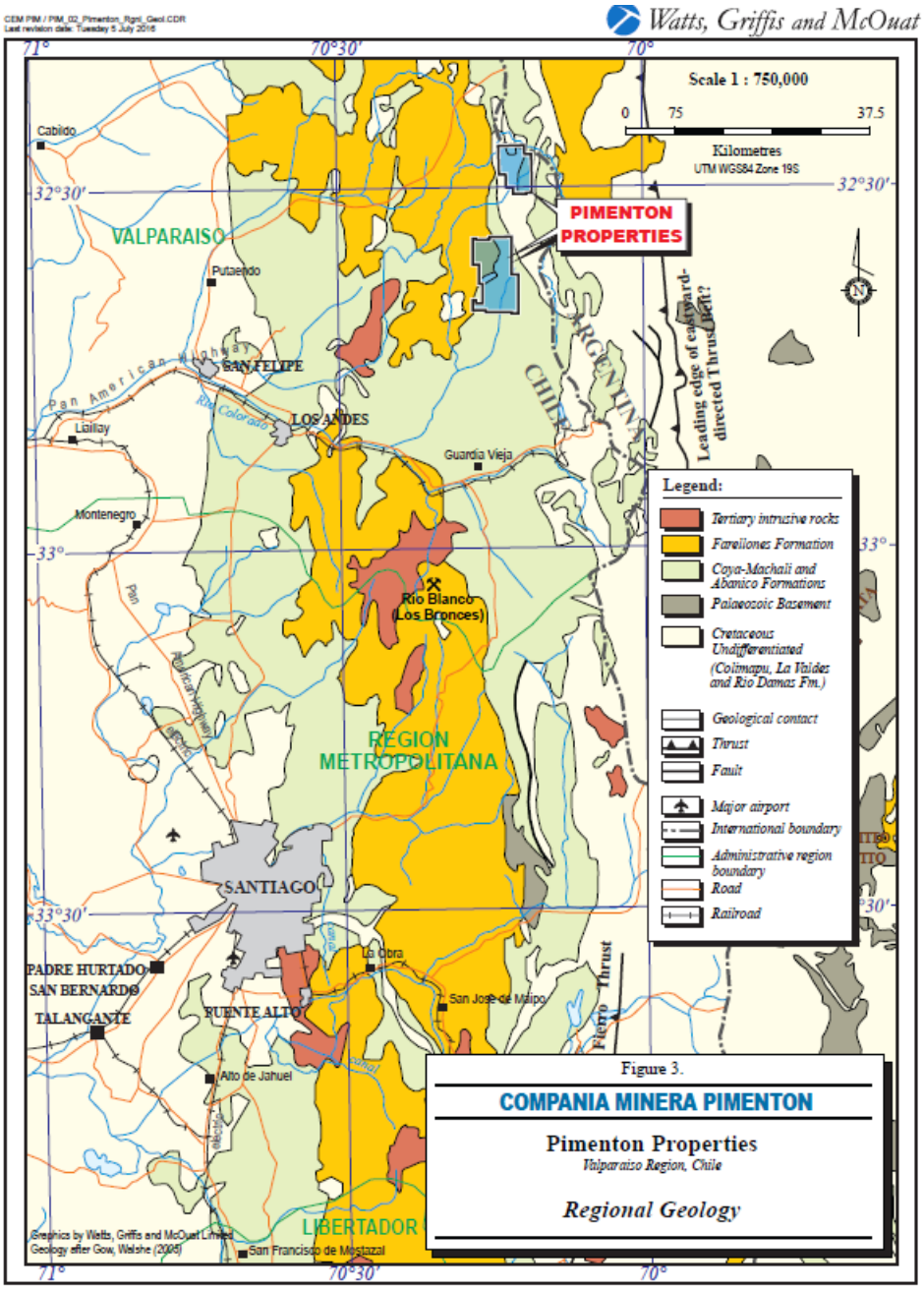


Figure 3. Regional Geology

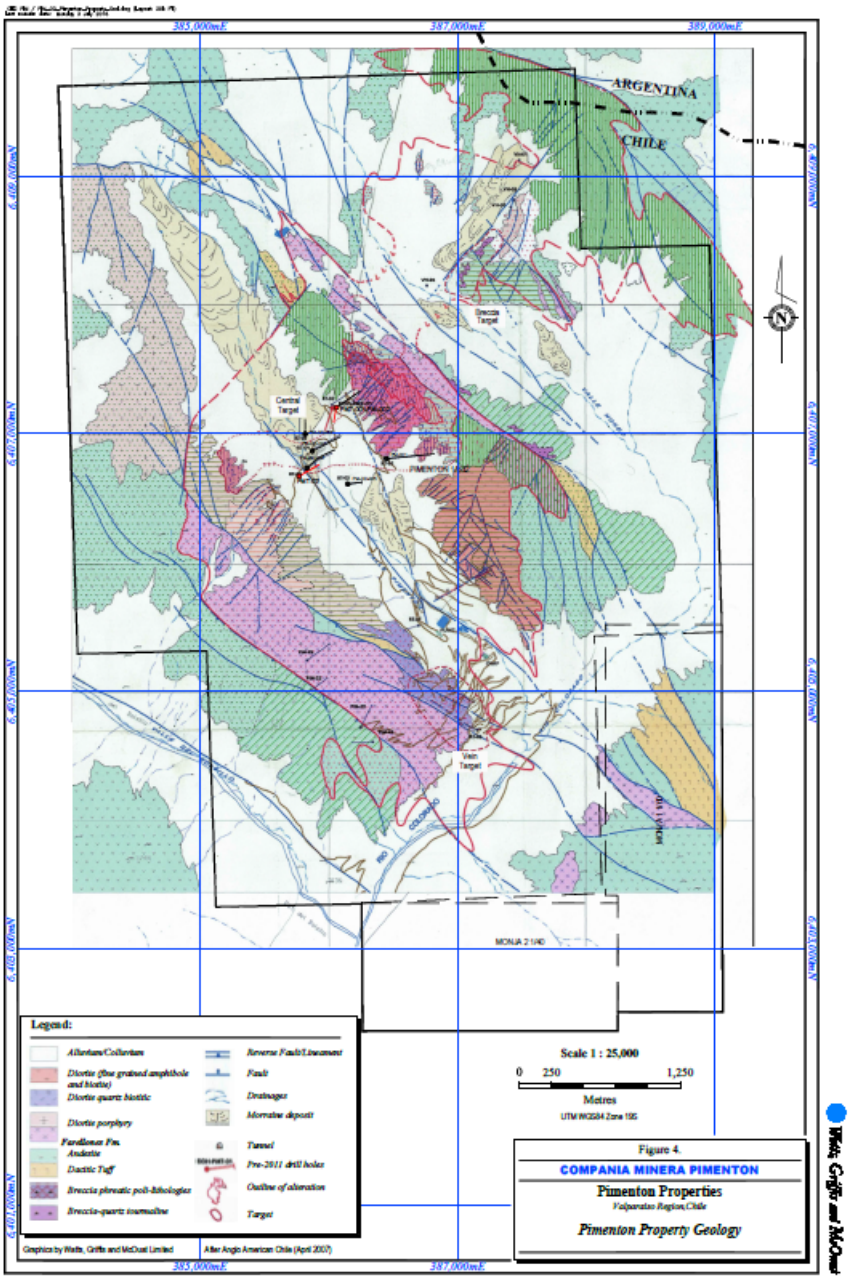


Figure 4. Pimenton Property Geology

Morphology is structurally controlled by a system of reverse faults with a dextral component of movement, and conjugated normal faults. The faults, which commonly occur in glacial valleys of north to NNW orientation, were formed under regional compression together with folding during the Andean orogeny. They intersect the primary north-south corridor which represents a deep crustal axis for emplacement of subduction-related porphyries. The San Filipe cluster occupies a zone of weakness which included ductile and fracturing rearrangement of stratigraphy; and emplacement of consecutive porphyry bodies.

In addition to recognizing alteration patterns that may lead to finding economic deposits, veins are sometimes recognized by type. A-type veins, for example, occur in the intrusive porphyry, are high-temperature and behaved plastically. Of pure quartz, they generally have diffuse boundaries and may or may or may not be mineralized. B- and C-type veins are the more common copper (and copper-gold) mineralized and mineralizing veins. They may have selvages (B) or centres (C) of sulphide minerals and both accompanying and peripheral potassic alteration. D-type veins are considered to be "late" and relatively low-temperature. Quartz may be grey-white, sulphidation may be high with all or any of pyrite, alunite, gypsum and sulphur, and gold, silver, copper and molybdenum may be anomalous to economically significant.

7.2 LOCAL SETTING

7.2.1 PIMENTON MINE

The Pimenton Mine exploits a cluster of D-type epithermal tensional veins that mostly strike N30°E and were formed in response to regional compression. The high-grade Cu-Au veins dip steeply to the east and are mildly sinuous. Above the 3260 level they are affected by fractures that strike north-south and other narrow tourmaline-bearing fractures that cut obliquely across the veins, but most displacements are minor. As noted in WGM's 2013 report, WGM had suspected that in the upper levels the main veins may have sharper margins and that subordinate structures were less developed than in the lower levels. This suspicion has been further complicated notably between the 3260 and 3195 levels and also down near the 3155 level, where flat-lying faults were encountered on the Lucho vein over a vertical width of up to 15 m and are likely to exist elsewhere. They are disruptive with displacement of about one metre, but more significantly in narrowing of the veins, thereby reducing minable grade to below an economic cut-off. Unlike the post-veining fractures in the upper parts of the mine, these faults affected the mineralizing process adversely and to an unknown extent. Although there could be a return to typical tension veins anywhere within the local setting, the probability recognized by WGM is that the tension veins are best filled at higher elevations and that deeper in the mine (i.e. at lower elevations) the setting changes with

feeder veins becoming dominant. Such veins were likely emplaced at higher temperature and with considerably more gas so that the net effect was invasion rather than fracture-filling, brecciation and subsequent shrinking. With further complications from pre-existing flat-lying faults, the outlook for exploration to prolong the vein-mining life of the Pimenton Mine, in WGM's opinion, is in the unexplored areas at higher elevations.

Despite down-grading reliance on profitable mining of the Lucho vein system at depth, there is no certainty that other veins will be affected similarly. The recent discovery of two new veins - Monica and Kathy - and the work to date on developing them has been encouraging. Surface evidence of other veins, including some similar veins that have been mapped approximately 2.5 km farther north, are being re-evaluated by CEG together with geochemical and geophysical data. The structures as interpreted by CEG are depicted on Figure 5. The intention is to drill these targets when funds permit.

Typical views of the Monica vein near the 3195 Level are in Figure 6. One illustrates a filled tension vein segment with minor alteration of the wall-rock while the other illustrates a segment with brecciation and high-temperature alteration of the wall-rock.

The cluster of high-grade epithermal veins at the Pimenton Mine extends between elevation 3,600 m to a drilled depth of 2,880 m. Individual veins typically form shoots up to 450 m long, up to 50 cm wide, and have good depth continuity down to the 3195 Level where flat-lying faults have been encountered. The dominant vein type contains massive pyrite and chalcopyrite and subordinate barite. Gold is both free and contained in sulphides. Silver generally reports with gold. Historically, a typical assay of vein material diluted to actual mining width was 1.5% Cu, 12 g Au/t and 12 g Ag/t. Mining in the deeper levels has a reduced target grade of 1% Cu, 9 g Au/t and 9 g Ag/t.

There is considerable variation in the metal content of the veins. Distinct was the mined-out Nicole vein, for instance, which has very little copper. This supports an interpretation that there were at least two main episodes of veining, one of which was significantly lower in copper, relative to gold, than in the other. At the time of McGregor's visit, mineralization in the northern part of the Lucho-Leyton vein system was exposed which was accompanied by intense wallrock alteration from which a random aggregated sample taken by McGregor assayed over 50 g Au/t, a grade unsuspected at that time. The area was subsequently stoped out both above and below with widths up to 2.5m. During his recent underground site visit, Brady collected a typical sample of the Monica vein which assayed over 150 g Au/t.

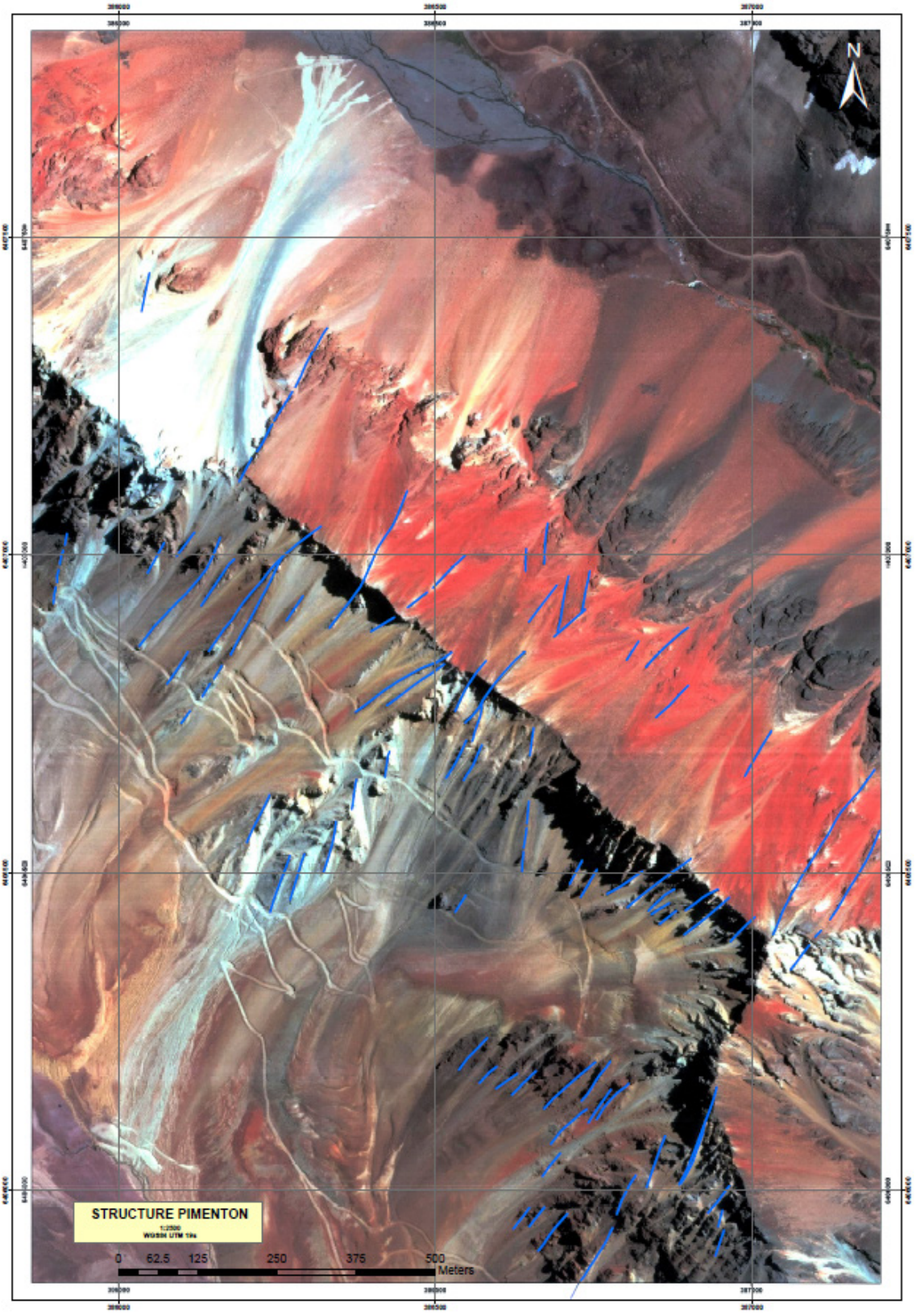


Figure 5. Pimenton Mine area - Inferred Vein Structures

Figure 6. Photographs of Monica Vein

Subordinate veining at Pimenton has been reported as being of two types, both carrying <1 g Au/t. In one series, which trend northwest, pyrite is associated with saccharoidal quartz and clay sericite alteration. The other series of veins, which is not uniformly oriented, contains pyrite, magnetite and specularite mineralization, and has gypsum on the margins. In WGM's 2013 report it was suggested that these conclusions may have been true in the upper levels, but may be misleading in the lower levels. More study is needed to confirm WGM's suggestion.

Development on the deeper and northern part of the Lucho vein had disclosed brecciation that widens the mineralized portion from approximately 50 cm to perhaps as much as two m. This may be correlated with breccia in earlier hole #6 which assayed 4.04 g Au/t and 1.49% Cu over 1.65 m intersected width at an elevation of 3,100 m. Accompanying, or perhaps in a zone surrounding the brecciation, is alteration resulting in whitening of the volcanic host rocks and coarse-clustering of alteration products such as specularite. While there may be potential for high grade gold associated with this alteration that needs study the results to date are reduced grades and increased dilution as a result of horizontal faulting.

From several published models, WGM has chosen one (Figure 7) to illustrate the relationship of the high sulphidation epithermal vein system at Pimenton to a probable porphyry at depth. The model also illustrates lateral and vertical patterns that can be expected in the surrounding geology. Their presence at Pimenton is thought by WGM to be largely obliterated in the Pimenton valley by unrelated intrusions of diorite to diorite-porphyry composition. The patterns are more likely to be present at depth and north and south of the mine, and may exist to the east prior to being terminated by faulting suspected in the Colorado valley.

7.2.2 MARIA ELENA SECTOR

South of the main cluster are several veins that appear to be emplaced in northwest-striking shear-zones, are mineralogically different with respect to silver content, and are unrelated to the main cluster at Pimenton Mine. The veins in the Maria Elena sector carry massive pyrite and chalcopyrite, but reportedly differ from Pimenton in metal content and structural affinity. WGM understands that a typical diluted stope assay would be 1.2% Cu, 8.0 g Au/t and 80 g Ag/t.

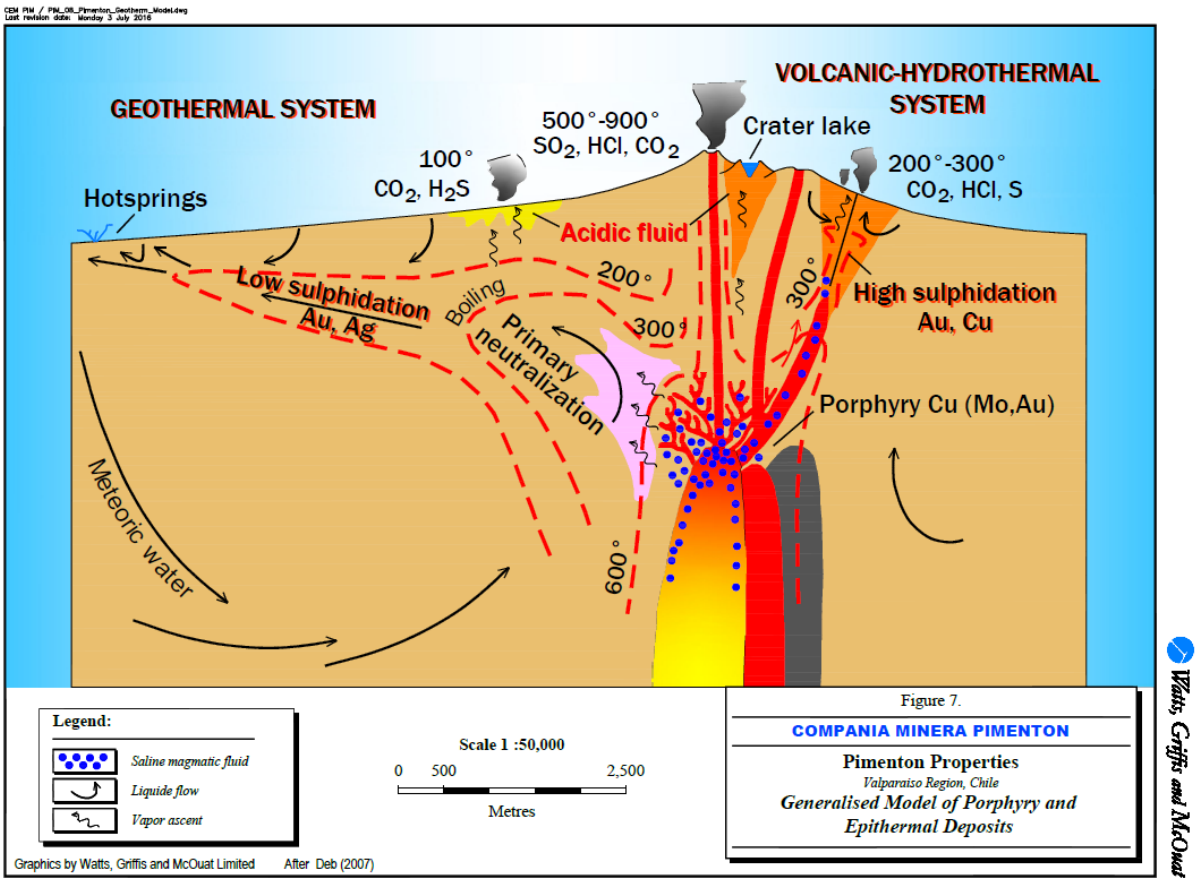


Figure 7. Generalized model of porphyry and epithermal deposits

7.2.3 PIMENTON PROPERTY

The geology in the general Pimenton area is complex. Stratigraphic units are folded, faulted and multiply intruded by plutons of similar lithology such that it is difficult or impossible to differentiate between ages and impacts of the different plutons. Combined with the intrusive history is one of alteration that is both widespread and variable in its effects because of structure, ground preparation in relation to structure, porosity variations in brecciated, pyroclastic and volcanic rocks, zoning around intrusive nuclei, and altitude.

On the Pimenton Property the stratigraphy is made up of a folded volcanic sequence of andesitic and dacitic lavas, tuffs and volcanic breccias, corresponding to the Farellones Formation. The folds are asymmetric, chevron style, with steeply southwest-dipping axial planes. The formations are intersected by a series of high-angle reverse faults that are parallel or sub-parallel to the fold axial planes, and which generally weakened the rocks so that they were eroded into valleys.

The geology compiled on Figure 4 is derived from mapping by AAC. In addition to the data included in the legend, there is broad-scale depiction of different alteration effects by line and spot overlays on the mapped lithology. However, in WGM's opinion, the depictions do not clearly relate to satellite imagery that became available after the mapping was done and do not serve as an adequate guide to exploration. They are retained on Figure 4 for future reference if needed.

The main site of exploration in the Pimenton valley is in the heart of an intrusive complex comprising three, four and perhaps more phases of porphyritic diorite to diorite composition. These rocks contain Cu-Au mineralization with a mineralizing history that is open to different interpretations. A major structure recognized by CEG is designated the Tordillo-Pimenton fault. Extending in a northerly direction through both of CEG's properties, it is believed by CEG to be the host environment for multiple intrusions and related Cu-Au mineralization.

The volcanic formations are intruded by a series of porphyritic plutons of diorite and quartz diorite composition. These intrusions range from broad, but elongated stocks, to sheet-like dykes that are partly emplaced along northwest to NNW trending reverse faults. However, several porphyry bodies and breccia pipes (as in the Hondo valley) have likely north or northeast trends. At depth, it is believed that the intrusions may have been emplaced with dilation along the north-south corridor, and that at shallow depths they diverted into structures offering least resistance.

The Pimenton Property features a striking example of Andean geological alteration (Figure 8). Within an area of approximately 25 km^2 there are red to orange (as well as greenish) propylitic zones, white phyllic, argillic and silica-cap zones, and darker grey to greenish grey zones of potassic and chloritic alteration. The colours are dispersed down talus slopes and are interspersed with unaltered rock at higher altitude and glacial deposits in the valleys. In addition to topography, the visual effects are influenced by lithology and hydrothermal activity. Porous tuffs and breccias may be pervasively altered while near-by massive andesites may be little affected. The core zone of potassic alteration is directly related to porphyry intrusions which themselves are mineralized with sulphides. The white alteration zones tend to surround the potassic core, but also occur in isolation. Such isolated occurrences are believed to indicate underlying porphyry, but may also result from structurally controlled hydrothermal invasion. The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

According to AAC, other alteration features within the potassic zone include chlorite-epidote assemblages where the original rocks were Ca-rich and retrograde alteration of biotite to chlorite. Adjoining fault conduits there is superposition of quartz-sericite-clay, and mineralization of tennantite-pyrite. Also fault-related are restricted zones of pervasive sericite-clay-tourmaline replacement which obliterates the texture of the host-rock.

Drill sections by AAC and RT were constructed on the basis of a northwest strike and steep southwest dip of the porphyry bodies, but the north-south trending fabric of magnetic survey data suggests that such assumptions may be incorrect. In addition, north to northeast trending dilation zones may occur near surface as well as at depth. All such influences on porphyry intrusion and mineralization in the local setting warrant consideration when drilling deeper holes.

Three main target areas (Central, Breccia. and "Vein") were defined in the project area by AAC, based on geological mapping at a scale of 1:5,000. Since then, CEG has modified the interpretations as a result of MMI sampling and CSAMT geophysics and drilling in 2012-13. In particular, the Vein target has been widened to include "Mine Production Area Target", "Esperanza Portal Area Target", "Farellon Negro Target" and "Maria Elena Target". In addition CEG postulates the recognition of others after further exploration and study.

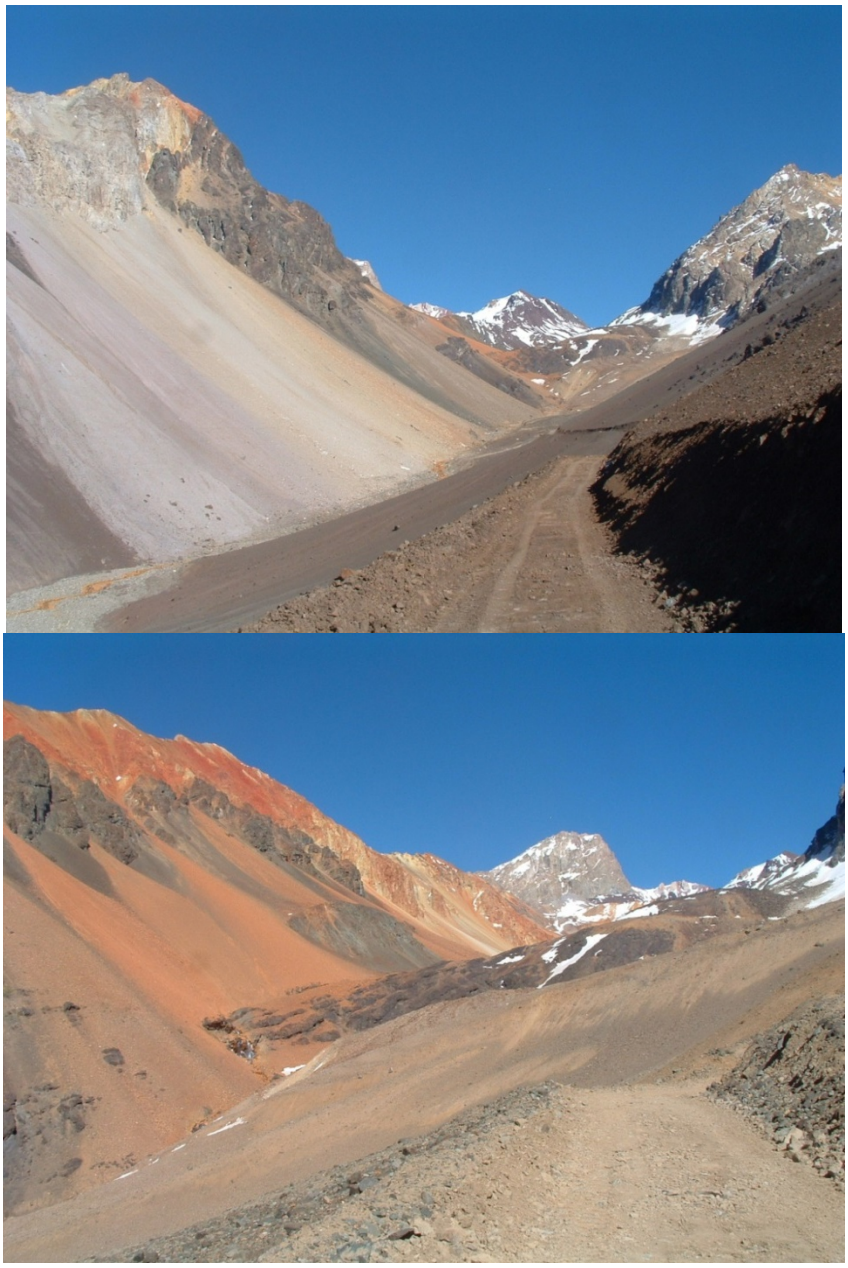


Figure 8. Photographs of white and red alteration in Hondo Valley

Pimenton Valley or Central Target

The Central Target corresponds to a Cu-Au porphyry system with subordinate Mo, which had been recognized in drilling in the Pimenton valley and which includes a diverse intrusive complex in which it is believed there were at least four intrusive events, and in WGM's opinion, successive mineralizing events that led to accumulations of sulphide minerals in the earlier intrusives. The main part of the Central Target corresponds to an area which may be larger, but is known to measure approximately 500 by 500 m, located at 3,500 m elevation, and centred at coordinates 386,000E - 6,407,000N.

AAC described the "early diorite" intrusive recognized in holes PM DD-004 and 006 as containing between 10-30% of phenocrysts <3 mm of plagioclase, books of biotite, hornblende, orthoclase and quartz, in a fine equigranular groundmass. Potassic alteration is exhibited by K-feldspar and moderate secondary biotite. Mineralization comprises multidirectional veinlets of type-A quartz and disseminated hydrothermal magnetite associated with 5-6% chalcopyrite-pyrite, reaching values in the order of 0.4% Cu and 0.4 g Au/t.

The second event described by AAC was intrusion of "early intra-mineral diorite porphyry", characterized by a moderate to strong secondary biotitization, associated with 3-4% chalcopyrite-pyrite mineralization, reaching values of 0.1-0.2% Cu. The third intrusive: "intra-mineral quartz-diorite-porphyry" exhibits weak to moderate potassic alteration such that the original texture is primarily preserved. The quartz veinlets are smaller and mineralization is mainly pyrite. Fourth is "late diorite-tonalitic porphyry" without mineralization and alteration.

Chalcopyrite-bornite mineralization, recognized by AAC in holes RT-04 and PMT-02, occurs in early and early intra-mineral intrusions, where there may be copper enriched zoning towards a deep core, but no improvement in grade was observed.

The mineralization is associated with potassic alteration (K-Sil). Local anhydrite was believed by AAC to be related to apical apophyses while late alteration events of quartz-sericite-clay contribute chalcopyrite-molybdenite mineralization in veins, and also to tennantite-pyrite mineralization through faults. Copper mineralization is mainly chalcopyrite associated with secondary biotite. The copper mineral paragenesis is pyrite-chalcopyrite, chalcopyrite-pyrite, chalcopyrite-bornite that is apparent in both disseminated and veinlet mineralization, and takes place with depth in the porphyry system. Evidence to date indicates that below the surface rim there is little change in copper content with depth despite changes in mineralogy.

Observations by WGM suggest a sequence as follows:

From deep-seated sub-volcanic sources that are believed to have been emplaced within the dominant north-south Cordilleran trend, intrusions in the valley occurred in the core of an anticline. Volcanic and pyroclastic rocks of the Farellones Formation strike approximately northwest and dip steeply away from the axial plane of this anticline. Intrusions may have been influenced by faulting in the core area and are likely to have formed domes. The roof has been eroded and is not present in the valley, but rafts of volcanic rocks may occur at higher elevations.

The intrusive plastic porphyry rocks were accompanied by hot meteoric water and volatile gasses such as H_2S which spread vertically and laterally behind "fronts", and altered and mineralized the host rocks which, in the Pimenton valley, were early intrusions. It is remarkable the source of the mineralizing fluids does not appear to have changed during the intrusive and mineralizing history in the area of WGM's 2011 resource estimate. The net result appears to be a cumulative effect starting with disseminated mineralization in the plastic phase, shrinkage and early remobilization of sulphides into stockworks, and continued mineralization (layering) in each successive event. The early intrusions thus become the sites of greatest accumulation of sulphide minerals, and have the best grade. Evidence for this interpretation is the constant ratio of copper to gold and very uniform grade over substantial widths.

In the northern and southern parts of the area the intrusive complex is emplaced in volcanic rocks, tuffs and sediments of the Farellones and Abanico Formations. The distribution of the intrusive bodies is framed under NNW structural control that favours the emplacement of stocks and veins. Alteration and mineralization indicate the existence of multidirectional A- and B-type veinlets. Additionally, anhydrite occurs with pyrite-chalcopyrite-magnetite mineralization in veins that are sub-parallel to elongation of the Pimenton intrusive complex and were believed by AAC to be in the apical environment with respect to a deep porphyry copper core.

The intrusives exhibit intense to moderate K-Sil alteration associated with pyrite-chalcopyrite-magnetite-specularite mineralization that is both disseminated and in veinlets. Overprinting the early alteration are strips of moderate to strong sericite alteration and D-type veinlets. There is introduced pyrite, remobilization of copper, and occasional veins to pseudo breccias with anhydrite-molybdenite mineralization.

Hondo Valley or Breccia Target

The Breccia Target outcrops in the Hondo valley and corresponds to a set of breccias containing sericite, tourmaline, pyrite, chalcopyrite, and copper oxides that could indicate a separate deep copper-molybdenum type system in a NE structural corridor. Diorites with potassic alteration and chalcopyrite-bornite mineralization in type A quartz veinlets were recognized in drilling by CMP in 2003 (four holes, 1,585 m) which followed the NE trend of the tourmaline-bearing breccias.

The target area is underlain by deformed andesitic to dacitic lavas and volcanic breccias, corresponding to the Farellones Formation. These are intruded by a series of diorite, quartz-monzonite and monzo-diorite plutons aligned in a NNW to NS direction. It remains to be determined whether the trend of the plutons or the breccias is the more significant for further exploration.

Hydrothermal alteration is associated with the NE structural trend. This alteration is developed mainly over a quartz-monzonite-monzo-diorite stock, which intrudes a diorite stock. It has a halo of chloritic alteration superimposed in the southern part on Na-Ca-K-Fe metasomatism within the Farellones volcanics. Within the halo, the alteration zone is extensive and is characterized by pervasive quartz-sericite. Local chlorite-specularite-epidote-calcite facies with pyrite define haloes around centres of tourmaline breccia.

Two types of breccia have been recognized. One type is tourmaline-bearing breccia which is sericitized, mainly of the clasts, and mineralized with pyrite, chalcopyrite and copper oxides. The other type is phreatic breccia, characterized by a matrix of rock dust, barite clasts and pyrite-sulphur mineralization, interpreted by AAC as an outer zone of an epithermal system.

In accordance with AAC's geologic model of the belt, these superficial tourmaline-bearing breccias could pass in depth to biotite breccias associated with a cupriferous porphyry type system.

Vein Target

The original "Vein" Target corresponds to a zone of quartz-pyrite-specularite mineralization in type-A veins with an alteration halo of chlorite-kaolin. It is located in the southern part of the project near the camp facilities. Abnormal values of Cu and Mo were interpreted by AAC to be in the upper part of a possible porphyry system.

The target is underlain by andesitic lava, andesitic agglomerates and welded tuffs, intruded by a series of diorite, quartz-monzonite, monzo-diorite and quartz-diorite plutonic bodies aligned in a NNW to NS direction.

This area exhibits high sulphidation, represented by the development of a two by one kilometre lithocap, which follows a clear N30°-40°W structural pattern. It is characterized by a siliceous ledge, siliceous breccias with strong pyritization, and a sinuous stockwork of quartz veins. Alteration is advanced argillic that grades laterally to extensive chloritic alteration that closes to the south and southwest. This alteration is developed both in the intrusive and volcanic units.

Quartz, alunite and related gypsum, and pyrite bearing veinlets are considered by AAC to be hypogene mineralization associated with the advanced argillic alteration. Exotic limonite, that heavily dyes the rock, demonstrates supergene acid alteration of disseminated and veinlet pyrite.

Quartz-sericitic alteration is mainly related to structural zones forming halos of alteration around faults. Phenocrysts of plagioclase affected by this type of hydrothermal alteration show a total or partial quartz-kaolin-sericite replacement, which in some cases completely obliterates the original texture of the rock.

Veins carrying chalcopyrite-pyrite-specularite, that were mined in the past, were interpreted by AAC as being peripheral to the centre of a possible Cu-Mo porphyry system. Corroboration came from drill hole RT-03 which intersected Cu-Mo mineralization in quartz-diorite porphyry (700-2,000 ppm and 8-50 ppm, respectively). Gold values and type-A veinlets of quartz-pyrite-chalcopyrite occur locally.

7.2.4 TORDILLO PROPERTY

The existing data suggest that the Tordillo Property contains the upper part of a deep-seated copper/gold, and possibly copper molybdenum porphyry system emplaced along the Tordillo-Pimenton Fault. The geology comprises gently folded andesites and interbedded volcanic breccias intruded by a roughly circular diorite intrusion with a diameter of approximately 2 km. The intrusive and adjacent volcanics exhibit veining and hematitic alteration, various other alteration (propylitic, sericitic and silicic), and visible mineralization.

While there is weak disseminated mineralization in the porphyry, most of the known mineralization occurs in narrow veins in the surrounding rocks in association with subordinate N30ºW trending faults. It is wide-spread and visible for 300 m vertically. The veins are 5 to 40 cm wide and carry coarse chalcopyrite, pyrite and tetrahedrite, mixed with hematite barite and quartz. There are also stockworks of veins, one of which was reported to be 4 m wide and to average 7.56 g Au/t and 0.41% Cu.

8. DEPOSIT TYPES

The geothermal/hydrothermal systems identified within the district are believed to be related to sub-volcanic intrusions in a major north-south trending corridor related to subduction and Tertiary orogenesis of the Andes mountain chain. The intrusions contributed to epithermal deposits ranging from high-sulphidation Au-Cu veins as at Pimenton Mine, through low-sulphidation stockworks within envelopes of relatively low temperature geothermal to hydrothermal alteration. As exhibited near-surface in the upper Pimenton valley, the intrusive rocks contain disseminated sulphide mineralization and stockworks that penetrate and have altered surrounding rocks and ideally are related to more deeply buried porphyry-type copper-molybdenum ore deposits.

9. EXPLORATION OTHER THAN DRILLING

9.1 PIMENTON MINE

As described in the History section of this report, mining the veins has been extremely challenging and it is only in recent years that the mine has achieved industry accepted levels of competence. Other than by drilling, most exploration takes place by accessing veins at locations predicted from mining at higher levels, drifting and sampling along the veins and vertically in raises. Controlling dilution is a constant problem exacerbated by having to widen raises and drifts where veins are off-set from their anticipated location by faults.

Within the mine area sections have been prepared 20 m apart. These are used to check for vein extensions and new vein possibilities. The company reportedly also uses DATAMIINE for 3-D analysis.

MMI sampling has covered the alteration area surrounding the Pimenton Mine and outlined a gold geochemical anomaly 1,100 m by 600 m in extent. Coupled with satellite imagery, CEG has identified sixteen possible targets for trenching at surface or drilling from underground. A target of particular promise is at the western limit of a strong part of the MMI anomaly where strongly leached vein material had in the past reported 3.2 g Au/t over 2 m.

9.2 PIMENTON PROPERTY

In 2010-11, the Company resumed exploration with completion of 27 MMI traverses (1,014 samples on 50 m centres) and eight CSAMT traverses. This led to further reinterpretation in 2013 by CEG of all the data and recognition of four potential targets for drilling the Pimenton valley, a fifth in the Hondo valley, and a sixth straddling the ridge between the valleys. Seventeen drill holes (20,000 m) were recommended in an internal report.

It is considered significant that MMI sampling is capable of detecting mineralization at depths of over 700 m. Response ratios were calculated for eight elements and colour-coded results were compiled. The results provide confirmation and improved delineation of targets identified by other means. At the Pimenton Property, where 50% of the surface area is masked by cover, mineralization has been found by MMI sampling beneath 80 m of moraine and talus.

9.3 TORDILLO PROPERTY

Access difficulty to the Tordillo Property amphitheater was largely overcome by construction of a branch-road in April 2013. Geological studies added to previous knowledge and confirmed the presence of the 2 km wide, circular, dioritic intrusion into sequences of volcanics. Cutting across the amphitheater is a major north trending fault believed to continue through to the Pimenton Mine vicinity (the Tordillo-Pimenton fault); and, with guidance from satellite imagery, a number N30ºW structures were identified. The fieldwork showed that about 2 km width of surface mineralization occurs over at least 3 km in a northerly direction, in both the diorite and the surrounding volcanics. This mineralization is both disseminated and in narrow veins, and comprises hematite with lesser chalcopyrite, tetrahedrite, pyrite, barite and quartz.

The fieldwork focussed on areas of alteration and, with use of GPS, veins were located and sampled prior to the drilling program. At the northern end of the amphitheatre at an elevation of around 4,150 m, relatively fresh samples from three conspicuous veins indicated widths of 7 to 40 cm and grades of 10 to 17 g Au/t, 250 to 450 g Ag/t and 6 to 24% Cu. Other veins that are less conspicuous because of leaching and superficial cover generally produced lower assay results but including one of 37 g Au/t across 10 cm.

MMI sampling covered 2 km along the Tordillo-Pimenton fault. Cu-Au-Mo anomalies were identified along the northerly fault trend and also in a SW trend still open at the limit of the area sampled.

10. DRILLING

10.1 PIMENTON MINE

Drilling in the nineteen eighties by Newmont followed the discovery of the mineralization at the Pimenton Mine. Results of the initial exploration drilling are contained in the mine data-base. Currently all of the exploration is done by drifting and under-ground drilling with samples being assayed at the mine laboratory. Two geologists are employed to map the underground workings and direct development, but they can also be seconded to assist with exploration in the surrounding area when drilling is under way.

Drilling since WGM's 2013 report comprised holes DDH 155 to 211 most of which encountered multiple intersections of veins. A typical example being DDH 159 as illustrated in Table 4. It is difficult to correlate and prioritize the targets, particularly at depth because of changes in emplacement characteristics and faulting.

TABLE 4.
PIMENTON MINE - EXAMPLE DRILL HOLE WITH ASSAYS OVER 5.0 g Au/t

Hole No.	Inclination	From	To	Intersected Width (m)	Au g/t	Cu %
DDH 159	45 degrees	67.35	67.61	0.26	5.95	0.01
		76.70	77.04	0.34	21.00	0.01
		79.18	79.26	0.08	14.50	0.03
		82.75	84.50	1.75	5.86	0.01
		84.50	84.68	0.18	1,133.91	0.22
		88.20	88.30	0.10	6.95	0.24
		102.40	102.54	0.14	18.66	1.50
		118.10	118.23	0.13	14.14	0.70
		139.60	19.77	0.17	52.21	0.22
		205.90	206.00	0.10	11.29	0.34
		273.10	273.25	0.15	13.81	1.68
		289.05	289.19	0.14	5.41	0.11
		289.19	289.37	0.19	12.65	4.37
		291.98	292.30	0.32	6.06	1.54

The mine management and WGM concur with the practice of drifting and raising to explore and sample the intersected veins in order to determine grades over mining widths and for delineation of reserve/resources blocks. Although not yet explored with enough detail to justify more than limited inferred resources beyond the probable reserves included in this report, the outlook for the Monica Vein is considered promising by WGM. Notably, development on the 3195 level indicates a strike length of 150 to 170 m, a potential vertical

extent of 350 m to connect with a geochemical anomaly at surface, and as described in Section 14 of this report, a higher grade than used in WGM's resource estimate.

10.2 PIMENTON PROPERTY

Drilling by CEG followed their June 2011 report in which 17 holes were recommended. Work that took place in 2012 and 2013, comprised six completed holes and totalled 4,975.4 m, numbered PP 03, 04, 05, 08, 09 and 10. Location of these holes is on Figure 9. Results, none of which were significant in terms of locating ore-grades are contained in WGM's 2013 report. The additional previously planned drilling has been deferred because of lack of funds and drilling to verify Inferred Resources at the Pimenton Porphyry, as recommended in the WGM (January 2011) report, has also not yet been undertaken.

10.3 TORDILLO PROPERTY

No drilling has been undertaken at the Tordillo Property since the six short holes reported in WGM's 2013 report.

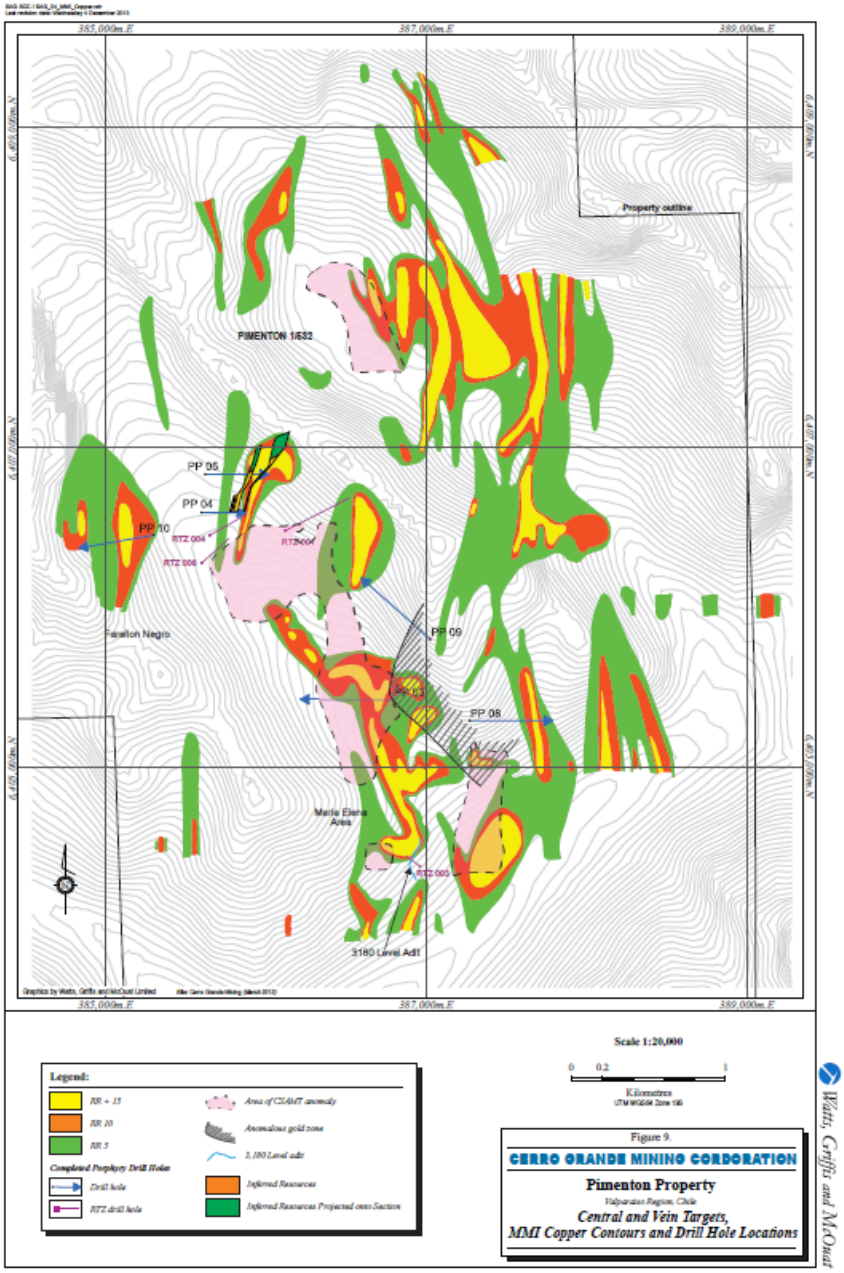


Figure 9. Pimenton Property, Central and Vein Targets, MMI copper contours and drill hole locations

11. SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 PIMENTON MINE

In the early drilling by Newmont and Mt. Isa the objectives were related to bulk mining in the area of the mine and both results and sampling methods have little relevance to current mine resource delineation and estimation. Sampling in the mine area is by CEG using the following methods:

- Vein sampling during stope development and from drilling is conducted routinely by samplers under supervision of the geology department. In raises and drifts following veins, channel samples are taken across the vein every two metres. Samples are also taken on either side of zones of interest and labelled A, B or C with B comprising the vein. Drill sampling follows a similar protocol;

- In stopes, channels are cut across the vein and for two metres horizontally along the stope face. This pattern is repeated after every fifth cut which translates into a vertical spacing of approximately six m. As a control of mined grade, each load of broken material is sampled by random shovel-full, placed in individual barrels for each active work-place; and

- Channel samples are collected on canvas sheets, transferred to plastic bags, tagged with an identification number, stapled and delivered to the laboratory on site. Core samples are split and identified similarly. Crushed and pulverised samples are then analysed for gold by fire assay and Cu, Mo and Ag by AAS. Check samples are sent Andes Analytical Assay Lab, Santiago, or ALS Labs, Santiago, where they too are fire assayed for gold.

11.2 PIMENTON AND TORDILLO PROPERTIES

Sampling methods at the Pimenton properties have been applied by senior mining companies that have optioned the main property. In WGM's opinion, there is no reason to suspect that their methods and approaches were other than those of well-renowned major companies.

While optioned to RT, the procedures for cutting core and dispatching were performed at the facilities of the Pimentón camp by RT personnel according to RT protocols. Core samples were cut with a hydraulic saw at two m intervals, except for some smaller samples of, for example, oriented veins. The mechanical preparation of samples and chemical analyses were made at the ALS Chemex laboratory in La Serena. Sample control protocol (standard, duplicate and blanks) was made at the RT offices of in Santiago on batches of 25 samples.

Quality control for reference and duplicate samples was performed routinely and results were reported by RT to have met their standards. The two metre core samples were analyses by AAS for Cu and Mo, and by fire assay for Au. ICP30 analyses were also required on all core samples.

Information is provided that sampling of core by AAC was systematic for every two m drilled. Samples were analyzed, together with 5 to 7% each of blank samples, standards, composites and individual duplicates. The samples were prepared and analyzed at VIGALAB (ENSMMB method), or at ACME Laboratories (GIF ICP-MS method). A three-acid digestion was used (HCl-HNO3-HClO4), and Cu, Mo, Pb, Ag, Zn and As were analyzed. Gold was analyzed via fire assay (30 g). Campaigns of quality control were conducted in 2007 and 2008. In several instances failure to meet AAC's standards resulted in re-analyses and substitution of revised results in the data bank.

In the past, the Company used outside laboratories for analysis of rock and core samples collected from their exploration of the porphyry potential at Pimenton and Tordillo. At present, the samples are analyzed at the mine laboratory.

11.3 MMI SAMPLING

Mobile Metal Ion ("MMI") sampling is a modern geochemical tool for finding deeply buried metal deposits by detecting ions that are released and travel upward to surface where they can be detected in soil samples. The technique, which involves the laboratory use of sophisticated chemical processes and instrumentation, may locate buried metal deposits that had previously escaped detection. As per standard MMI procedure, the response ratios for each of eight elements (Cu, Au, Ag, Pb, Zn, Mo, Sb and As) were determined by calculating the average for the lower 25% of values and dividing the mean into all the assays for that element.

The MMI surveys by the Company consisted of campaigns in 2004 and 2005 with the samples being sent to SGS Laboratories in Toronto for analysis. Additional campaigns have been conducted since 2009 with samples processed and analysed at SGS Laboratory in Lima, Peru. WGM understands that the earlier sampling was partly orientation and that the later sampling collection process was tightened to avoid possible contamination.

11.4 PIMENTON MINE LABORATORY

WGM inspected the mine laboratory on November 16, 2010 and October 29, 2013. WGM was satisfied that in all respects it is clean and well-run and able to treat 80 samples per 12 hour day.

It was not possible to visit the lab in 2016 because of the snow drifts blocking access to the site.

Laboratory procedure in the preparation room includes drying of samples at 65°C, separate crushing of samples from the mine workings and exploration drill holes, first in a jaw-crusher to -1/4 inch and then in rolls-crusher to minus 10 mesh. There are three pulverisers for the next stage, one each for mine, drill hole and Knelson samples. Crushers and pulverisers are cleaned with quartz between treating samples.

In the separate chemical assay room, 30 g splits are taken for fire assay and 1 g for AAS.

The AAS sample is dissolved in 50 ml aqua regia and digested for an hour in hot baths prior to cooling and standard analysis for Cu and Ag. The spectrometer is calibrated with standards representing 1, 2, 5 and 10 ppm generally between batches. Quality control includes testing of blanks and submitting samples to outside laboratories. Results indicate a small downward bias in Au determinations.

The fire assay procedure is to mix the 30 g sample with 170 g of flux and to fire the mixture at 150°C in a clay crucible. Conventional use of lead is made to extract the precious metals which are then dissolved separately and assayed by AAS finish. An exception is made of the Falcon samples in that gold is determined gravimetrically after removing the silver, and checking that there is no silver remaining. Approximately 15% of the fire assays are duplicates, quartz blanks and standards (obtained from Rock Labs). In addition, "abnormals" are repeated, department heads may request repeats, and, if any error is suspected, the batch is repeated.

12. DATA VERIFICATION

McGregor visited the property from November 14 to 16, 2010 in order to visually verify data reported by the owners and three samples of mineralized rock were collected to verify a visual estimate of grade in a sample from the mine, and the reported grades in holes that were drilled at the Pimenton valley porphyry. The results, which are tabulated below, included a surprisingly high gold grade for highly altered wall rock adjoining the Leyton Vein near its northernmost under-ground exposure (and low molybdenum despite seeing a small grain of molybdenite at the site). With only this one sample as evidence, there is nevertheless a very interesting inference that high grade gold may be more extensive in subordinate structures than hitherto realized.

ACTLABS
Report Date: 12/23/2010 (High grade check reported 1/10/2011)

Analyte Symbol	Cu	Mo	Au	Ag
Unit Symbol	%	%	g/tonne	g/tonne
Detection Limit	0.001	0.003	0.03	3
Analysis Method	ICP-OES	ICP-OES	FA-GRA	FA-GRA
Pimenton Mine wallrock	0.18	< 0.003	**52.6 (42.6)**	< 3
PMDD 004 rep sample	0.218	< 0.003	0.3	< 3
PMDD 006 rep sample	0.206	0.003	0.25	< 3

Numerous drawings depicting work on the project were examined independently and in discussion with the owners. WGM also reviewed the database and noted an apparent incorrect record for the altitude of AAC drill hole PMT-02. Although additional verification of the database through cross-checks was not undertaken, WGM is satisfied that, in all other respects, the data provided and used in this report can be relied upon.

As part of the 2011 reserves audit, Marco Alfaros Sironvale, on behalf of WGM and SAGC, visited the Pimenton Mine on December 12, 2010. The mine, sample preparation and assay laboratory were reviewed as well as geological plans and sections of the principal veins.

Brady took two samples of vein material in producing stopes on October 30, 2013 and had them analyzed at SGS Mineral Services in Lakefield, Ontario, Canada. The first analysis was 79.4 g Au/t, 29.8 g Ag/t, 5.29% Cu, and 0.0009% Mo. The second was 72.9 g Au/t, 34.7 g Ag/t, 14.20% Cu, and 0.0017% Mo. On June 22, 2016 he took one sample of vein material in the Monica 1 North stope 20 metres above the 3195 Level and had it analysed at Activation Laboratories in Ancaster, Ontario. The results were 158 g Au/t, 167 g Ag/t, 15.1% Cu, and <1 ppm Mo.

In-house verification of assay data at the Pimenton Mine is according to industry standards and in WGM's opinion the reported results have no significant adverse biases.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

After replacing a smaller plant, the existing processing plant operated in 1996 and 1997 and then from 2008 to the present. Size reduction employs three-stage crushing followed by grinding. A gravity concentration circuit recovers gold and silver that is shipped as doré bars. Froth flotation produces a copper concentrate also containing gold and silver; the concentrate is shipped to a custom smelter. Subsequent to the 2008 re-opening, ongoing metallurgical work resulted in a trend of incrementally higher metal recoveries. As would be expected, lower head grades in fiscal 2015 led to lower recoveries. Plant throughput and recoveries for the last six fiscal years are shown in Table 5.

TABLE 5.
PROCESSING RECOVERIES

Fiscal	Plant Feed	Head Grade			Recovery, %		
Year	T	Au, g/t	Ag, g/t	Cu, %	Au	Ag	Cu
2011	31,253	15.9	9.8	1.5	94.5	86.2	89.2
2012	34,336	12.1	7.8	1.2	94.1	83.3	91.0
2013	35,276	10.6	8.0	1.0	94.3	89.8	92.9
2014	33,780	9.0	8.0	1.0	94.7	94.8	96.0
2015	36,216	6.2	6.2	0.7	92.5	92.8	92.8

The recoveries shown include contained metal in doré and concentrate, as well as inventory of recoverable metal in doré slag, gravity tails, and mill clean up. The processing plant is described in Section 17.

14. RESOURCES

14.1 PIMENTON MINE

The Mineral Resource estimate made by CMP and audited by WGM is effective July 21, 2016**.**

Measured resource blocks are estimated 5 m upward and downward from a level, on which channel samples had been taken every two m along the vein. Indicated resources include 20 additional metre upward and downward from a measured block. Tonnage is estimated by the traditional formula (width) * (length) * (vertical height of the block) and a density factor of 3.0 t/m^3, determined by measurement and statistical analysis in 2009.

The measured grade is the weighted average grade of channel samples across the width of the vein diluted to 80 cm mining width. The cutoff grade used is 6.5 g Au/t equivalent, with 1% Cu equivalent to 1.2 g Au based on NSR calculation and no provision for adding Ag value.

The calculation methods for the estimation of resources are consistent with those used in previous years (2002, 2005, 2008, 2009, 2010, 2013). It is concluded by WGM that the methodology used by CMP corresponds to Industry standards for estimating resources where high grade gold mineralization occurs in near-vertically dipping narrow veins. The audit did not find cause to change the estimate of resources made by CMP.

Past practice has been to estimate inferred resources for 20 m vertically from indicated resource blocks and these resources were considered by WGM to have a fairly high probability of being converted to the indicated category. While the practice remains appropriate for estimating above blocks of indicated resources, as well as laterally if termination of veins has not been established, it is not appropriate where flat-lying faults are anticipated. For this report, WGM accepted information from CEG that drill-hole intersections and overall characteristics of the Monica vein strongly support the probability that resources will be defined in excess of 20 m above the indicated resource blocks. Our estimate of 14,000 t of inferred resources, which is approximately equal to the estimate of indicated resources, accordingly expanded past practice in that direction, but excludes the possibility of ore grade tonnages being present at lower levels.

The CMP – WGM estimate of resources, is summarized in Table 6 and detailed in Table 7.

TABLE 6.
SUMMARY OF RESOURCE ESTIMATE 2016, PIMENTON MINE

Category	Tonnes	Au, g/t	Cu, %
Measured	44,000	15.4	1.4
Indicated	36,000	10.0	1.1
Total Measured + Indicated	**80,000**	**13.0**	**1.2**
Inferred	14,000	9.7	1.0

TABLE 7.
DETAILS OF RESOURCE ESTIMATE, PIMENTON MINE

Vein	Stope	Level	Measured, t	Indicated, t	Au, g/t	Cu, %
Stopes						
Lucho	3195LUNB	3195		1,238	9.99	1.09
Lucho	3195LUNB2	3195		3,509	10.43	2.26
Lucho	3195LUSB2	3195		2,611	7.93	1.51
Lucho	3315LUSB2	3315	347	1,040	13.82	1.03
Lucho	3430LENA2	3430	402	1,205	7.58	0.97
Lucho	3430LENA4	3430	359	1,076	9.59	0.82
Lucho	3510LUNA	3510		2,364	16.06	0.48
Lucho	3540LENB3	3540		6,296	8.21	0.91
Monica	3195 1S	3195		2,730	5.83	0.68
Monica	3195 1N	3195		4,088	11.37	1.16
Monica	3195 2N	3195		4,609	11.37	1.16
Monica	3260 1N	3260		2,075	8.60	0.92
Michelle	3430MCB2	3430	198	791	10.26	0.51
Michelle	3470MCA1	3470	197	789	12.27	0.73
Michelle	3470MCA2	3470	265	1,059	12.27	0.73
Michelle	3470MCA3	3470	243	971	9.53	0.59
Subtotal Stopes			***2,009***	***36,451***		
Measured Grade					**10.59**	**0.81**
Indicated Grade					**10.04**	**1.08**
Pillars						
Lucho	3155LUNA	3155	718		11.14	2.06
Lucho	3155LUSA	3155	710		11.14	2.06
Lucho	3195LUNB	3195	1,642		7.04	0.77
Lucho	3195LUSB	3195	1,064		12.19	2.19
Lucho	3195LUSB2	3195	471		15.86	1.51
Lucho	3260LUSA	3260	1,837		13.82	1.03
Lucho	3260LUNB	3260	1,400		7.04	0.77
Lucho	3260LUNB2	3260	1,217		14.33	1.53
Lucho	3260LUNB3	3260	1,198		8.12	0.65
Lucho	3260LUNB4	3260	452		8.12	0.65
Lucho	3315LUSB2	3315	505		13.82	1.03
Lucho	3315LUSA	3315	934		13.82	1.03
Lucho	3315LUNA	3315	1,041		43.06	3.00
Lucho	3315LUNB	3315	1,058		14.04	1.50
Lucho	3315LUNA3	3315	1,320		35.98	3.53

TABLE 7.
DETAILS OF RESOURCE ESTIMATE, PIMENTON MINE (continued)

Vein	Stope	Level	Measured, t	Indicated, t	Au, g/t	Cu, %
Lucho	3315LUNA4	3315	1,331		21.14	1.74
Lucho	3375LUSB	3375	1,145		19.44	0.56
Lucho	3375LUNB	3375	1,146		43.06	3.00
Lucho	3375LUNB2	3375	925		17.65	2.17
Lucho	3375LUNB3	3375	1,412		13.10	1.34
Lucho	3375LUNB4	3375	1,339		21.14	1.74
Lucho	3375LUNB5	3375	1,595		13.57	1.99
Lucho	3430LUNB	3430	583		8.93	0.43
Lucho	3430LUNA	3430	706		8.93	0.43
Lucho	3430LUNB2	3430	732		14.35	0.69
Lucho	3430LENA	3430	699		9.14	0.17
Lucho	3430LENA2	3430	714		23.48	2.96
Lucho	3430LENA3	3430	664		17.19	1.42
Lucho	3430LENA4	3430	470		9.59	0.82
Lucho	3470LUNB2	3470	526		10.33	0.52
Lucho	3470LENB	3470	612		8.91	0.48
Lucho	3470LENA	3470	747		22.86	2.14
Lucho	3470LENB2	3470	559		7.70	1.05
Lucho	3470LENB3	3470	582		17.19	1.42
Lucho	3510LENB	3510	312		24.23	2.28
Lucho	3510LENA	3510	597		12.68	1.18
Lucho	3510LENB2	3510	569		16.67	1.48
Lucho	3510LENB3	3510	597		9.59	0.82
Lucho	3540LENB	3540	396		10.76	1.11
Lucho	3540LENB2	3540	286		16.42	0.91
Monica	3195 1S	3195	224		7.47	0.87
Monica	3195 1N	3195	351		7.37	0.85
Michelle	3375MCBA1	3375	627		20.56	2.13
Michelle	3375MCB2	3375	776		8.54	0.52
Michelle	3375MCB3	3375	800		9.18	0.91
Michelle	3375MCB4	3375	1,243		16.25	1.71
Michelle	3430MCB1	3430	177		20.56	2.13
Michelle	3430MCB2	3430	349		10.26	0.51
Michelle	3430MCB2	3430	809		10.26	0.51
Michelle	3470MCA1	3470	125		7.60	0.82
Michelle	3470MCA2	3470	204		12.27	0.73
Michelle	3510MCB1	3510	502		12.27	0.73
Michelle	3510MCB3	3510	624		9.53	0.59
Subtotal Pillars			***41,619***			
Measured Grade					***15.63***	***1.41***
Total Measured Resources			**43,628**		**15.40**	**1.38**
Total Indicated Resources				**36,451**	**10.04**	**1.08**
Total m + I			**80,079**		**12.96**	**1.24**
Inferred Resources			14,077		9.72	1.02

Blocks with a grade below 6.5 g Au/t equivalent were not used in the Resource estimate.

The low grades for the Monica stopes in Table 7 were obtained from muck pile samples derived from the lower portion of these stopes where dilution was increased by the uppermost flat-lying fault. Sampling by CMP at the time of Brady's site visit of the current Monica 3195 stope back 20 m above the level yielded 13.9 g Au/t over 0.8 m (weighted average of 50 samples). The grade of the Monica Vein is therefore expected by WGM to be higher than that used in our reserves and resources.

The main sections that were used in the Resource estimate are shown in Figures 10 to 12 inclusive.

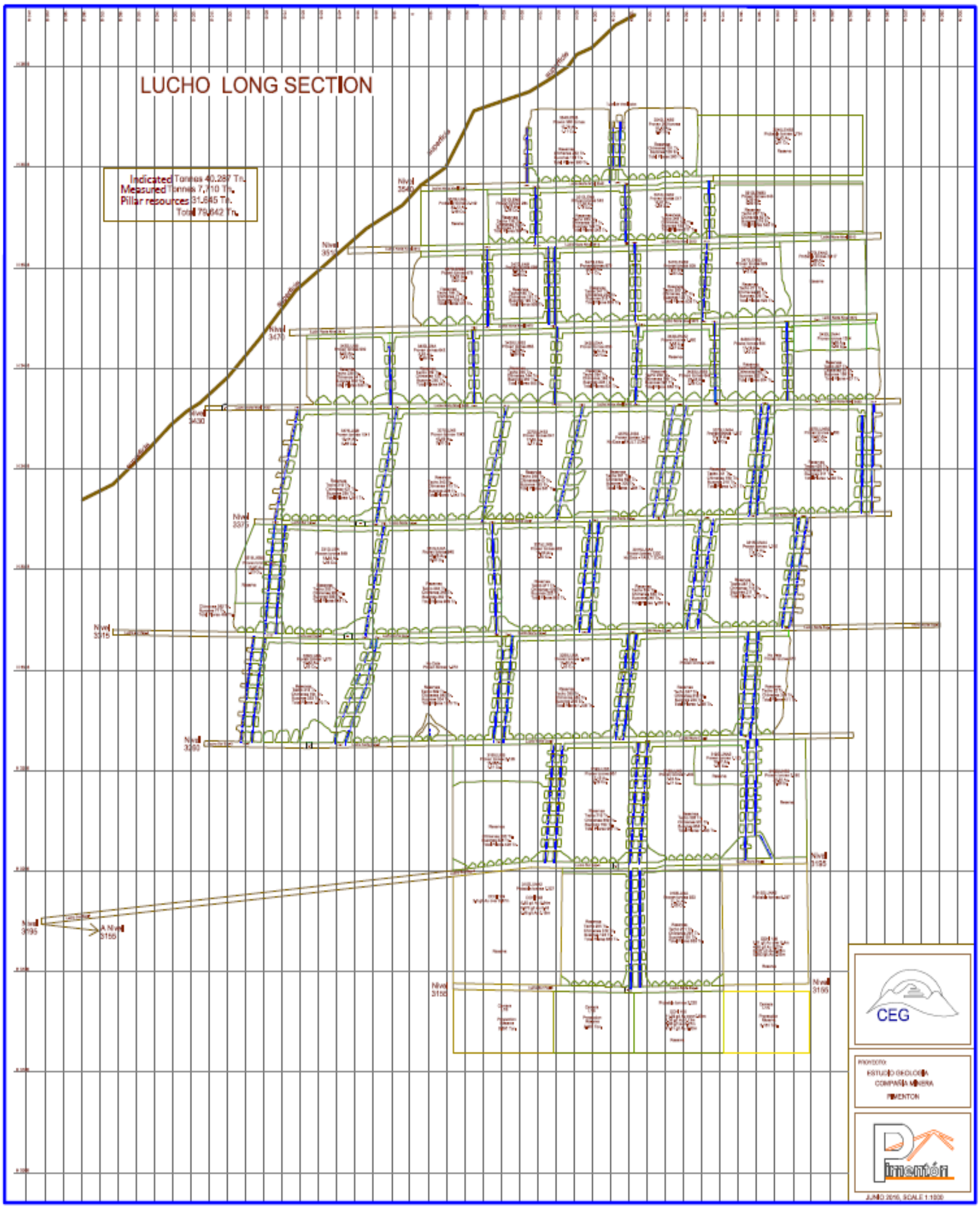


Figure 10. Pimenton Mine Resources: Section Lucho Vein

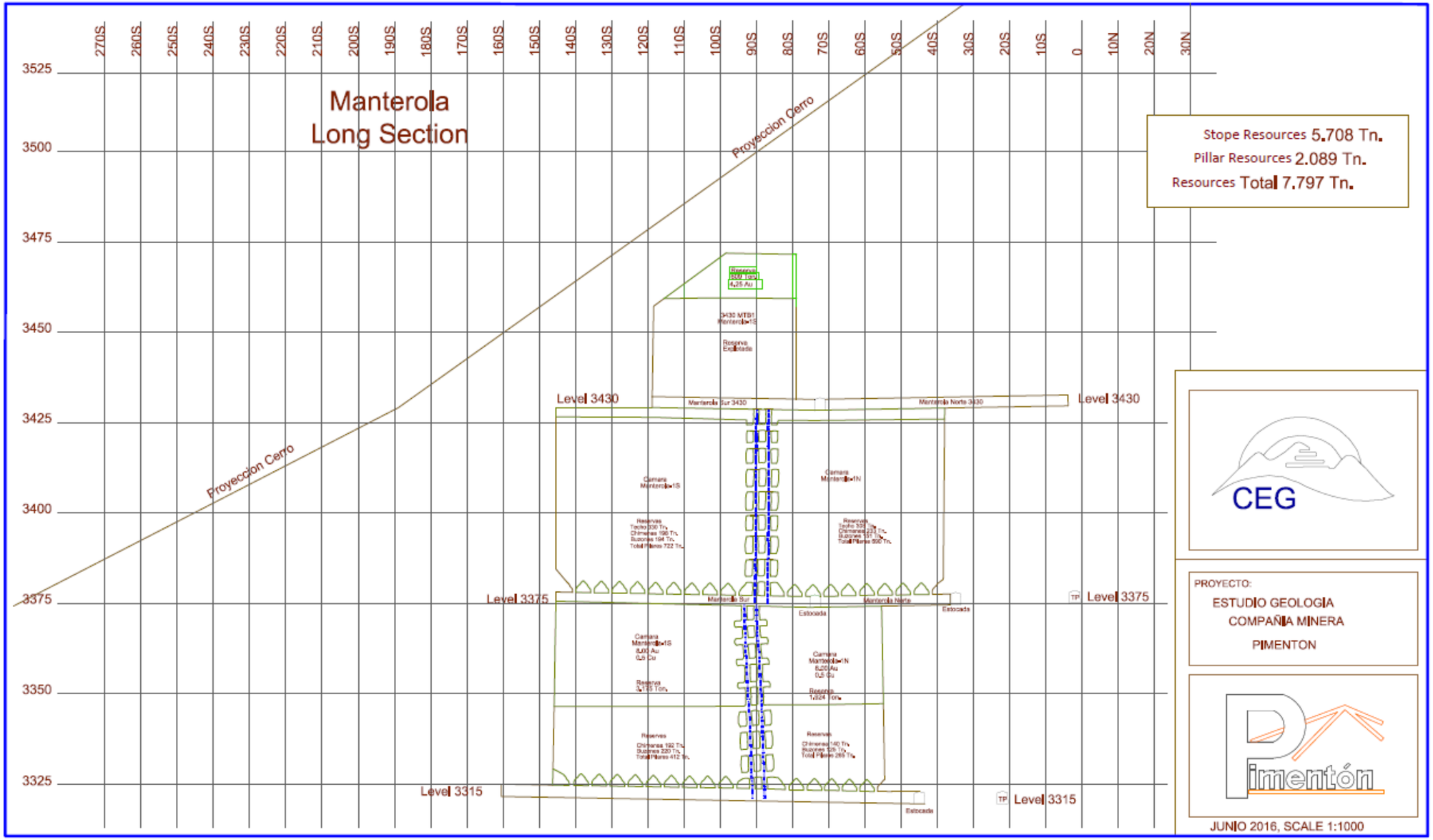


Figure 11. Section Manterola Vein

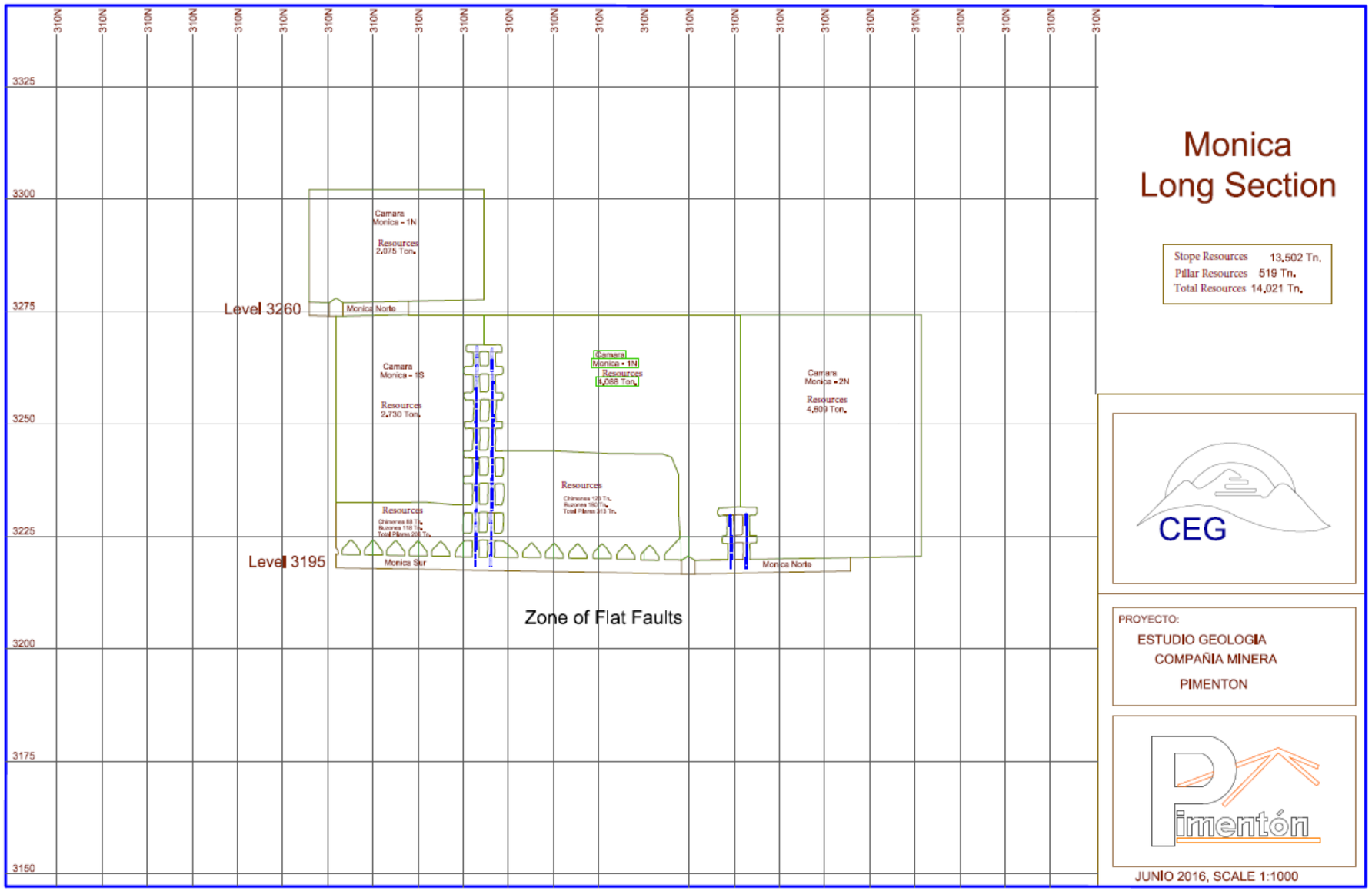


Figure 12. Section Monica Vein

15. RESERVES

15.1 INTRODUCTION

This NI 43-101 report contains an economic analysis based on Mineral Reserves estimated by the company, audited by, and considered by WGM to have economic viability. Resources that are not included in the Mineral Reserves do not have demonstrated economic viability.

The estimate of reserves reflects WGM's opinions regarding mining losses, dilution, and future extraction from pillars. In all respects the estimate uses blocks, procedures and methodology similar to that which has been applied since 2002 to arrive at the inventory of resources and to determine reserves.

Proven Reserves are derived from the Measured Resources, Probable Reserves from Indicated Resources.

15.2 MINING LOSSES AND DILUTION

For conversion to reserves, mining losses in stopes are generally estimated to be 5%. Since the stope resource estimates include planned dilution at an 80 cm mining width and the mine has successfully transitioned to 70 cm, WGM has not added any unplanned dilution. However, the reserves include four Monica Vein stopes that are not yet fully developed. Approximately 130 m of 2.9 m wide drifts on vein and approximately 138 m of 1.1 m wide raises on vein are required. This introduces substantial unplanned dilution and WGM has used 15% unplanned dilution for these four stopes.

Remnants of mined-out stopes include sill pillars, raise pillars, and draw cone pillars. For the pillars, mining losses are estimated to be 5% for sills, 34% for raises, and 60% for draw cones. Since these remnants have resources estimated at an 80 cm mining width and the mine has successfully transitioned to 70 cm, WGM has not added any unplanned dilution. The pillars are generally higher grade than the rest of the reserves. Details are shown in Table 8.

15.3 RESERVE STATEMENT

The reserves are presented in Table 8.

TABLE 8.
PIMENTON MINE MINERAL RESERVES
Effective July 21, 2016

Category	Tonnes	Au, g/t	Cu, %
Proven			
Stopes	2,000	9.6	0.8
Remnants	28,000	15.8	1.4
Total Proven	**30,000**	**15.4**	**1.4**
Probable			
Stopes	39,000	9.5	1.0
Remnants	0	0	0
Total Probable	**39,000**	**9.5**	**1.0**
Total Proven & Probable	**69,000**	**12.1**	**1.2**

The Reserves and Measured + Indicated Resources are inclusive; only the Inferred Resources are additional to the Reserves.

In addition to gold and copper, the silver content is approximately 8.0 g/t.

The reader is cautioned that, as in the past, CMP plans to explore and develop stopes in the inferred resource zones that are not presently in reserves. CMP also intends explore and develop stopes in zones not presently in inferred resources. This drift and raise development on veins, such as the Monica Vein, will introduce substantial waste dilution; as in the past, this will result in a plant feed grade lower than the reserve grade.

The resources and reserves are estimates made to the best ability of the company and WGM at the effective date, but forward-looking development involves many factors that may cause results to differ materially from expectations. A full account of these factors is contained in the current AIF filed by CEG. Nevertheless, WGM and the Qualified Persons confirm that as of the date of this report, there are no legal, political, environmental or other risks known to them that could materially affect the potential development of the Mineral Reserves.

16. MINING METHODS

16.1 INTRODUCTION

Pimenton is a vein mining operation on multiple levels accessed by eight main adits and extracting ore from mainly six veins or vein systems. The adits developed and names of veins are shown in Table 9.

TABLE 9.
PIMENTON MINE ADITS AND VEINS RECOGNIZED

Pimenton Adits	Pimenton
3540	Carmella
3510	Lucho
3470	Leyton
3430	Michelle
3375 (Esperanza 1)	Contacto
3315 (Esperanza 2)	Donoso
3260 (Esperanza 3)	JT
3195 (Esperanza 4)	70
	Nicola
	Gina
	Kathy
	Manterola

Because of excessive distance from portal to ore, adits will not be developed at lower elevations. Instead, a 2.9 m by 3.2 m ramp has been developed below Esperanza 4 at a 10% decline. The ramp, on the Lucho vein, accesses Esperanza 5 (3155 Level) and two stopes have been extracted between 3155 and 3195. (see Figures 10 to 12).

16.2 MINING METHODS

The mine used a "cut-and-fill with resuing" method until 2004 but there was excessive dilution as well as loss of gold-bearing fines. After review and approval from SERNAGEOMIN the method was changed to "stull mining" directly over development drifts.

Drifts on the various veins have commenced from adit portals in the past, but more recently from crosscuts directed from portals that are located in "good" ground rather in the friable vein rock. Drifting is standard mining practice using small jumbos, load-haul-dump machines (LHDs, scooptrams), and trucks. Instead of LHDs in drift development, small gathering loaders are also being used effectively. Main drifts are 2.9 m to 3 m wide by 3.2 m high.

Stopes are prepared with 60° draw cones to successive chutes along the drift and are designed to be 70 cm wide, unless the economic zone is wider. Stopes are accessed from raises driven in pairs 5 m apart between stopes. The raises are 1 m by 1.5 m. Every 7 m up the raise, a 1 m by 2 m "window" (horizontal drift) joins the 2 raises and extends a further 2.4 m on either side. The use of twin raises and windows increases safety in driving the long raises and the window extensions provide access to the stopes. In stopes, eucalyptus stulls are installed 1.5 m apart horizontally and are pre-stressed by using Jackpot™ single use hydraulic jacks. The stulls are laid over with 3.2 m long wood or metal planks, then the back is drilled and blasted, the planks being removed and replaced before and after blasting. The next set of stulls is installed 1.2 m higher and the process repeated to the desired height, allowing for a 3 m pillar between the stope and the next higher level. Scrapers are available in case a stope's geometry requires horizontal transfer of ore. Trucks haul ore from the chutes to a portal. The mining method is illustrated in Figures 13 and 14.

For widths greater than 1.5 m, the method has been modified to add support brackets for the stulls and increase the distance between rows of stulls to 2.4 m vertically.

At the ramp area, stopes will be developed above the ramp with draw cones and chutes, much like the present system.

16.3 MINING EQUIPMENT

The main mining equipment is listed in Table 10.

TABLE 10.
MINING EQUIPMENT

Item	Quantity	Size	Notes
LHD	2	1.5 m^3	Eimco Jarvis Clark
LHD	3	1.5 m^3	Fambition
LHD	1	1.0 m^3	Scooptram
LHD	3	0.75 m^3	Eimco Jarvis Clark
LHD	2	0.75 m^3	Fambition
Gathering Loader	2	80 m^3/h	Fambition
Gathering Loader	2	60 m^3/h	Fambition
Dump truck	2	8 t	ANDJUQ
Dump Truck	2	6 t	JCI
Dump Truck	1	6 t	ANDJUQ
Dump Truck	1	6 t	Wagner
Dump truck	1	5 t	ANDJUQ
Jumbo	1	1 boom	Atlas Copco
Jumbo	1	1 boom	Tamrock
Jumbo	1	1 boom	Fambition
Scraper	7	N.A.	Double drum

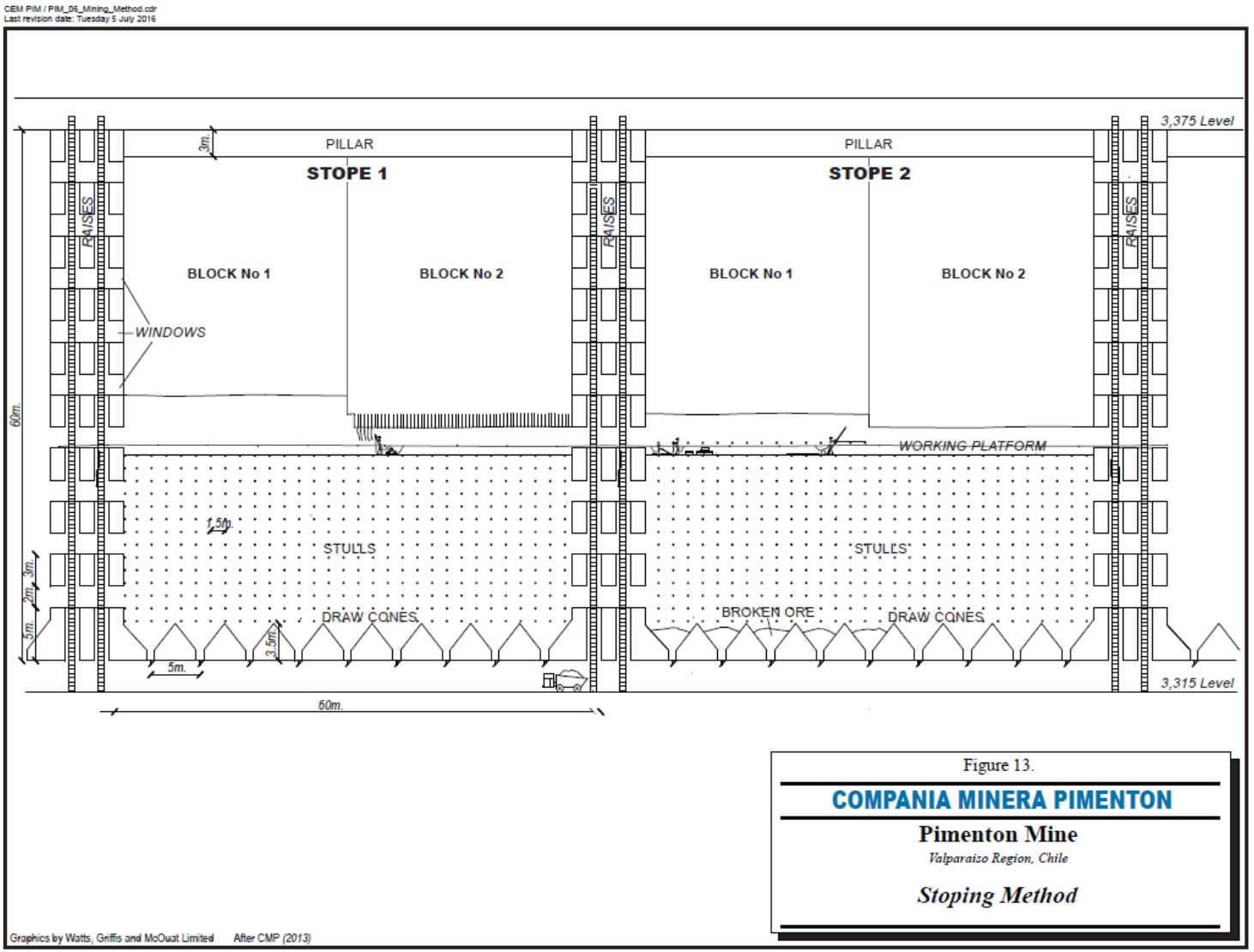


Figure 13. Stoping Method – Longitudinal Section

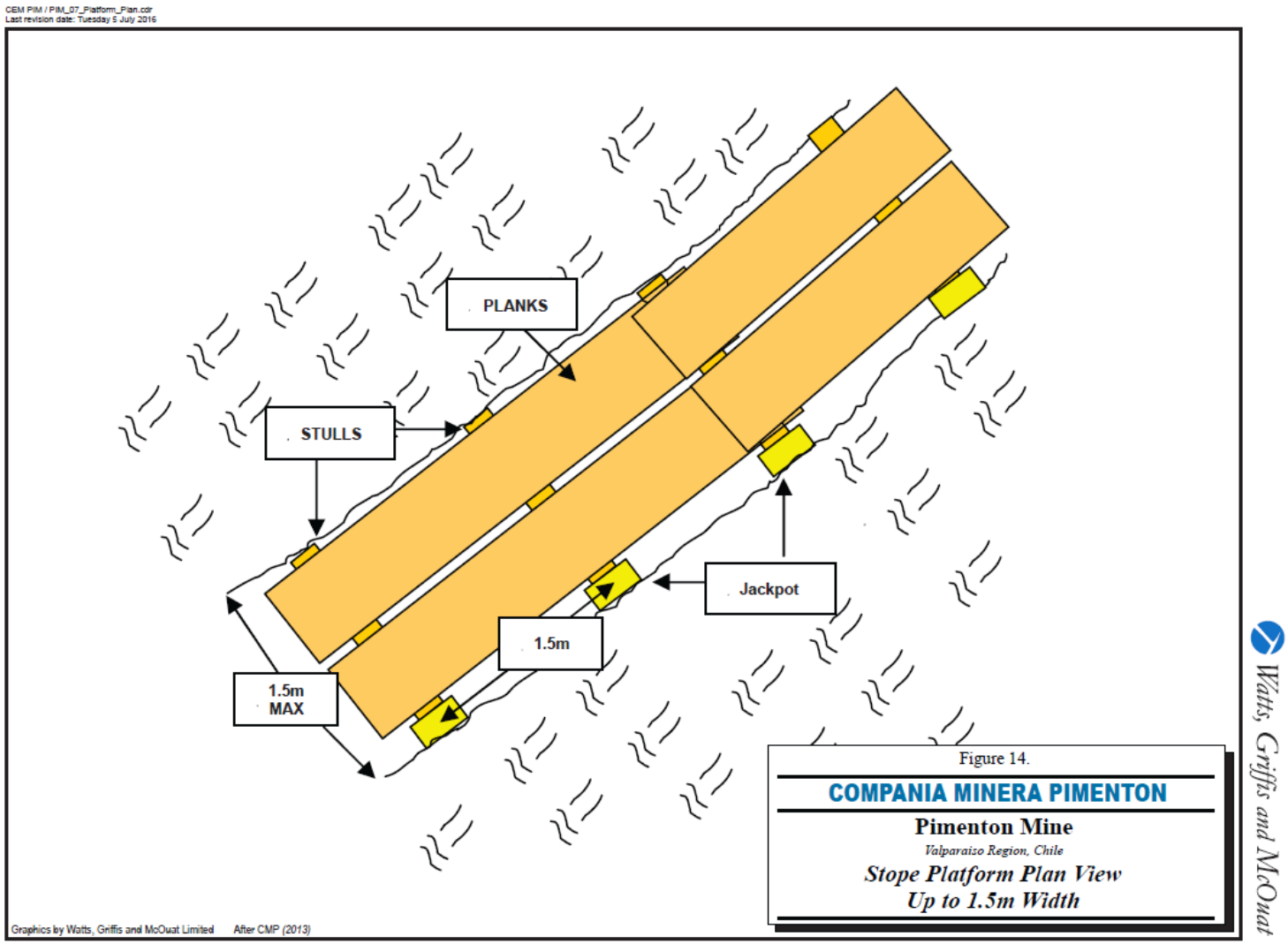


Figure 14. Stope Platform Plan View up to 1.5 m width

16.4 VENTILATION

Mine ventilation is provided by a 32 kW main exhaust fan extracting from an upper adit. Lower adits are equipped with fresh air fans to supplement the flow of air. Secondary fans are used to ventilate development headings and as boosters where needed. The adit intake fans and booster fans range from 6 kW to 20 kW models.

16.5 DEWATERING

Previously, all mine water has flowed out the adits under gravity, pumps have not been required. After sinking the ramp below 3195 Level (Esperanza 4) CMP also started pumping water up the ramp to the Esperanza 4 adit. A sump was been excavated on Esperanza 5 with three 30 HP electric pumps in use or on standby. With the site presently evacuated, the generators are off and the workings below 3195 Level are gradually filling with water. This can be quickly pumped any time access is required.

17. RECOVERY METHODS

In 1997, a 120 tpd plant for processing the Cu-Au-Ag ore at Pimenton Mine replaced a small initial facility. It has undergone modification and improvement to reach a rated capacity of 150 tpd. With minor modifications, the capacity could be increased to 180 tpd. CEG envisions campaigning the plant, with savings in generator fuel. Prior to the 2008 re-start, the plant was fitted with an avalanche roof. With rollers allowing some movement, the sloping roof has survived three avalanches without damage. In WGM's opinion, the plant is well maintained and successful in achieving the results shown in Table 11. Depending on ore supply, it operates continuously except for two days of maintenance each month. The liner for the ball mill has an approximate life of 1.5 years requiring periodic down-time for its replacement.

Ore is trucked in 20 t dumpers to an off-load area and fed to a 150 mm (6-inch) grizzly. The primary jaw crusher has an opening size of 500 mm by 860 mm. The 400 mm by 685 mm secondary jaw crusher discharges onto a short conveyor belt that delivers the ore to a tertiary 2-foot cone crusher and thence to a fine-ore bin.

Fine ore (nominal ½ inch size) is processed in a 2.4 m diameter ball mill and introduced to a Falcon gravity concentrator which yields approximately 250 kg/day. The gravity concentrate is accumulated in containers that are moved once per day by hand to a separate secured facility (camera observed but mostly secured through metal balance correlation). There it is up-graded over a shaking table and then smelted into doré in a Chilean-made furnace. Oversize is reground in a mini ball mill and re-tabled. Tails from the table are added to the Cu concentrate. The Falcon tails are cycloned into coarse and fine fractions with the former being returned to the ball mill and the latter added to the flotation feed.

The flotation feed is conditioned and submitted to rougher, cleaner, and scavenger flotation cycles. Concentrate is then thickened and filtered in a filter-press prior to being trucked to the Enami smelter. Tailings pass through a clarifier for partial recycling of water prior to being piped to the tailings dam.

The plant flow sheet is shown in Figure 15.

Sampling is automatic ahead of the ball mill and of tailings. Otherwise the operation is manually monitored and sampled.

With lower head grades, on site recovery of gold has declined to 92.5% while copper recovery remained close to 93% during the last year. The doré contains approximately 70% of the gold product, with the other 30% reporting to the concentrate.

TABLE 11.
PIMENTON MINE METALLURGICAL BALANCE, Fiscal 2015

Month	Total Mill Feed, t	Head Grade			% Recovery			Metal in Concentrate		
		Au, g/t	Ag, g/t	Cu, %	Au	Ag	Cu	Au, oz.	Ag, oz.	Cu, t
Oct-14	3,150	6.47	5.00	0.47	92.9	95.3	93.2	322.7	483.9	14.2
Nov	2,859	6.20	5.24	0.52	92.8	93.6	92.8	160.5	373.3	14.0
Dec	3,592	6.41	6.86	0.68	92.4	94.8	94.9	273.2	634.0	22.3
Jan	3,571	6.39	5.90	0.61	92.5	93.3	93.3	227.9	710.2	21.0
Feb	3,025	5.94	4.06	0.40	90.5	92.2	89.4	141.2	305.3	9.9
Mar	3,616	4.47	5.59	0.55	91.6	93.4	92.2	165.9	281.0	15.1
Apr	2,755	5.44	8.00	0.86	93.9	93.8	93.8	98.2	278.3	19.7
May	2,840	5.82	7.33	1.06	95.3	92.1	94.7	134.2	442.1	30.1
Jun	3,169	6.71	8.45	1.27	92.1	91.8	91.8	194.2	598.6	40.4
Jul	2,336	6.27	7.04	0.98	92.7	91.9	92.0	113.1	369.2	23.8
Aug	2,245	7.50	4.96	0.50	92.6	88.4	91.9	136.6	208.0	13.3
Sep-15	3,058	6.74	6.14	0.58	91.9	90.6	93.2	207.6	277.2	17.6
	36,216	**6.16**	**6.21**	**0.70**	**92.5**	**92.8**	**92.8**	**2,175.2**	**4,961.2**	**241.4**

		Doré	Doré Grade		Au Production		**Total Doré and Conc. Production**		
		Ounces	Au %	Ag %	Au (0z)	Ag (oz)	Au (oz)	Ag (oz)	Cu (Ton)
Oct-14	3,150	465.5	83.94	8.59	390.77	39.98	**713.4**	**523.9**	**14.2**
Nov	2,859	400.5	85.02	8.86	340.50	35.48	**501.0**	**408.7**	**14.0**
Dec	3,592	466.8	85.35	9.50	398.43	44.34	**671.6**	**678.3**	**22.3**
Jan	3,571	610.7	86.54	7.09	528.47	43.29	**756.3**	**753.5**	**21.0**
Feb	3,025	426.5	85.46	8.85	364.46	37.75	**505.7**	**343.1**	**9.9**
Mar	3,616	362.1	86.28	6.81	312.40	24.67	**478.3**	**305.6**	**15.1**
Apr	2,755	423.7	81.74	6.81	346.36	28.86	**444.6**	**307.2**	**19.7**
May	2,840	379.9	83.76	8.31	318.19	31.58	**452.36**	**473.72**	**30.09**
Jun	3,169	585.1	79.85	8.47	467.20	49.58	**661.39**	**648.20**	**40.37**
Jul	2,336	405.1	84.87	6.07	343.78	24.58	**456.84**	**393.79**	**23.84**
Aug	2,245	299.7	88.55	6.27	265.41	18.79	**402.02**	**226.77**	**13.29**
Sep-15	3,058	537.2	80.65	7.04	433.26	37.81	**640.87**	**314.99**	**17.63**
	36,216	**5,362.7**	**84.08**	**7.77**	**4,509.2**	**416.7**	**6,684.5**	**5,377.9**	**241.4**

The recoveries shown include contained metal in doré and concentrate as well as inventory of recoverable metal in doré slag, gravity tails, and mill clean up.

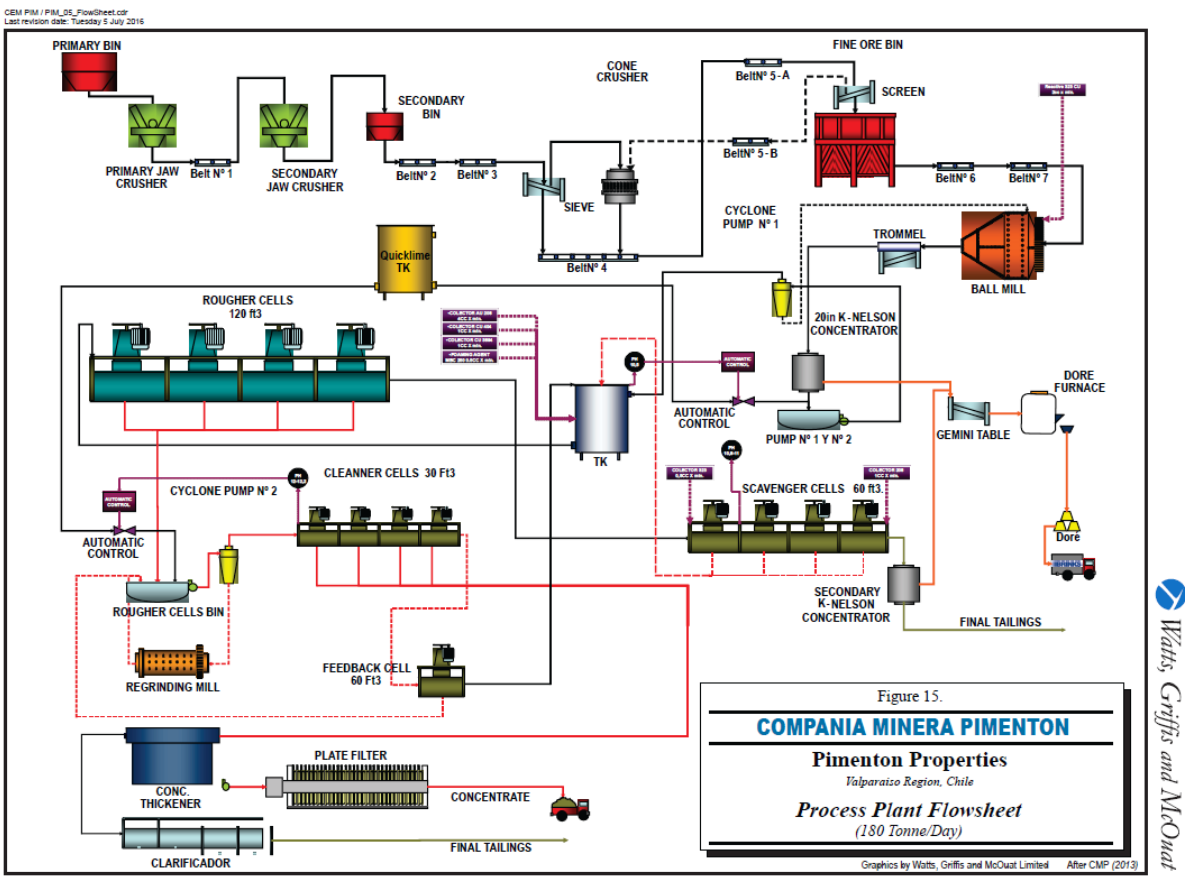


Figure 15. Process Plant Flow Sheet

18. GENERAL & ADMINISTRATION AND INFRASTRUCTURE

CMP's head office, located in Santiago, includes accounting, purchasing, and engineering personnel.

The facility in Los Andes contains offices, a recruiting centre, and a maintenance garage. Some sleeping quarters are also available.

At the mine site, the main camp building houses offices, sleeping quarters, and the kitchen. Additional buildings are used for more offices and the core handling facility.

The dirt road is maintained year-round by CMP in order to rotate mine personnel, truck concentrate to a smelter, ship doré by armoured vehicle, and haul supplies. In summer the road is maintained with blade-equipped front-end-loaders. Long-wheel-base Land Rovers and a high ground clearance bus are used for personnel rotation. Passenger-carrying tracked snow vehicles, with and without snow blades, are available if required. An avalanche cannon is mounted at the top of the mountain pass, while another is mounted near the camp. A third avalanche cannon is mounted on a tracked snow vehicle and a fourth is a spare. In summer, roads that are easily travelled with 4-wheel drive provide access along the valleys to moderately higher ground and former drill sites on the main property.

19. MARKET STUDIES AND CONTRACTS

Products from the mine are doré and copper concentrate which are sold under contracts summarized as follows:

Contracts

Smelter Contract between CMP and Empresa Nacional de Minera (Enami)

Effective January 15, 2016 for the year 2016 for a potential 1,800 t of concentrate in US$.
Specifications (typical):

Cu 9-27%	Au 30-90 g/t	Zn 0.25%
S 40%	Ag 65-230 g/t	Pb 0.056%
As 0.131%	Mg 0.108%	Hg 6.5 ppm
Sb 0.006%	Cr 0.028%	Te 32 ppm

Cu – LME Settlement Price Cu Grade A in $/MT averaged over one month after delivery.
Ag– 96% of CME Group & Thompson Reuter quote averaged over one month after delivery.
Au – 96% of the LBMA Gold Price PM quote published by the ICE Benchmark Administration averaged over one month after delivery.
Deductions: Au 1 g/t, Ag 10%, minimum 20 g/t, Cu 3.65% of the Cu content with a minimum of 1 unit.
Penalties if moisture exceeds 10% ($3.00/t for each 1%) and by negotiation if above 12% moisture.
Treatment $130/tonne concentrate.
Refining Cu $0.13/lb, Ag $0.365/troy oz, Au $6.00/troy oz.
Settlement 90% based on analysis by Enami. 10% after arbitration.

Refining contract between CMP and Argor-Heraeus SA of Switzerland

Effective December 16, 2009.

CMP packs and delivers doré to Delivery Point (Brinks pick up at mine).
Any difference in assay to be settled by arbitration if greater than 0.03% for Au and 5% for Ag.

Payment 99.9% for Au and 97.5% for Ag.
90% Payment at closing London Gold Bullion Price one day after receipt of doré.
10% Payment at closing London Gold Bullion Price one day after availability of settlement assays (both Au and Ag).
Refining charge US$0.45/troy oz for doré (Au or Ag).

Penalties

Hg and radioactivity unacceptable. Others to be advised.

Sb, As, Bi, Cd, Cu (up to 10% acceptable), Pb (0.5%), Mo (0.1%), Se, Te, Sn (0.3%).

WGM has assume that there are no penalty payments on the Piminto concentrate.

20. ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

The mine started production prior to enactment of current environmental regulations. It is subject to an approved voluntary Environmental Impact Assessment ("EIS") that includes closure plans for securing mine openings, removing structures and equipment, and re-vegetation of tailings and waste dumps. Possible environmental liabilities relate to tailings disposal, mine run-off and use of lead in laboratory procedures.

All necessary permits are reported by CEG to be in place for the current operation. The lined tailing storage facility is permitted for a 15 m increase in the height of the earth fill dam, using the downstream construction method. The capacity when complete would be 1.3 million tonnes, sufficient for over 30 years of mine life. The low pH mine water directed to the tailings storage moderates the relatively high pH plant discharge water. All of the tailings water is contained and recycled to the Plant. A separate circuit from the plant goes to a treatment plant for the camp water.

Although surface rights on the main property are owned by Comunidad Los Campos de Cano Gallego, steep terrain and lack of vegetation mean that there are no residents within 40 km of the mine. The community maintains a gate near the start of the mine access road. CEG assists the land owners by paying for the gate keepers. In summer, some of the community's farmers take livestock part of the way up the road built by Minera Pimenton and establish temporary camps within 12 km of the mine site.

A majority of the 232 workers at the Pimenton and Los Andes sites live in the 5th region of Chile. At present the mine staff is over 99% Chilean. CEG supports local schools, voluntary Fire Brigades and community events for the Los Andes area (5th region). It has been supporting public events when requested by the local Mayor and the Municipality such as providing generators or technical assistance.

During the last three years CMP has made contributions to the Municipality of San Esteban. Details of these contributions are as follows: to be updated

The mine paramedics are the only health providers within reach of the cattle and sheep herders who stay with their animals during the summer months. CEG provides no cost help to anyone in the area who needs assistance. A medical helicopter is on contract and available for any of the more serious injuries that may occur.

CEG has had discussions with several Universities and Technical institutes to look at the possibility of onsite training programs and regularly takes young graduates for Practicums in their areas of interest.

Since the 2013 Technical report, CMP has made contributions to the Municipality of San Esteban. Details of these contributions are as follows:

- San Esteban Fire Brigade $3,678 consisting of a rescue platform
- Rio Colorado School $1,271 consisting of a notebook computer
- Rio Colorado School $1,093 consisting of lab equipment
- Rio Colorado School $1,726 consisting of lab equipment

21. CAPEX & OPEX

Table 12 presents CMP's financial overview.

TABLE 12.
FINANCIAL OVERVIEW

Fiscal Year	2011	2012	2013	2014	2015
Tonnes per year	31,253	34,336	35,276	33,781	36,216
Total Ounces Produced (note: Equivalent Oz)	15,749	12,583	10,899	9,220	6,633
Au Grade, g/t	15.9	12.1	10.6	9.0	6.2
Cu, %	1.5	1.2	1.0	1.0	0.7
REVENUES					
Revenue From Recovered Equivalent Ounces	$24,289,372	$25,548,609	$18,666,867	$14,395,108	$8,971,370
LESS OPERATIONAL COSTS					
Smelting and Refining and related Costs	$465,663	$370,267	$332,501	$331,470	$280,968
NSR Royalty Costs	$1,410,122	$1,478,485	$1,080,492	$819,256	$504,766
Mine Operating Costs	$4,362,985	$7,473,860	$5,954,951	$4,443,965	$4,013,557
Plant Operating Costs	$1,939,572	$2,273,337	$2,454,924	$1,943,600	$1,614,178
G&A Maintenance/Road Costs	$2,378,464	$3,308,930	$2,743,376	$2,047,228	$1,153,939
G&A Mine Support Costs	$2,756,979	$3,909,119	$3,476,732	$2,694,155	$2,054,054
Exploration & Development Costs	$971,632	$1,206,129	$1,739,052	$710,458	$694,047
TOTAL Operating Costs including Smelting and Refining, Royalty, Exploration and Development	**$14,285,417**	**$20,020,128**	**$17,782,028**	**$12,990,132**	**$10,315,509**
Santiago and Los Andes Costs	$1,395,582	$1,851,993	$1,894,694	$1,555,206	$1,599,771
TOTAL COSTS	**$15,680,999**	**$21,872,121**	**$19,676,722**	**$14,545,338**	**$11,915,280**
EBITDA	$8,608,373	$3,676,488	-$1,009,855	-$150,230	-$2,943,910
Depreciation and Amortization	$2,176,209	$2,266,632	$2,504,038	$2,651,368	$1,083,867

Although not supported by the present Reserves, CMP expects to continue to explore and develop additional reserves in and beyond the zone of Inferred Resources. The preliminary capital budget to mine out the reserves is shown in Table 13. No exploration capital is included.

TABLE 13.
PIMENTON MINE CAPITAL BUDGET

Fiscal Year	2017	2018
Capital Budget, USD	46,000	25,000

The CMP balance sheet is shown in Table 14.

TABLE 14.
COMPAÑIA MINERA PIMENTON BALANCE SHEET

Assets	March 31, 2016 US$(000s)	September 30, 2015 US$(000s)
Current assets		
Cash and cash equivalents	46	252
Accounts receivable	516	509
Recoverable taxes	29	142
Inventory	646	787
Total current assets	**1,237**	**1,690**
Non-current assets		
Receivable from related parties	522	402
Mining properties, plant and equipment	7,890	8,728
Total non-current assets	**8,412**	**9,130**
TOTAL ASSETS	**9,649**	**10,820**
Liabilities and Partners' equity		
Current liabilities		
Trade and other payables	2,059	1,967
Due to related parties	5,434	7,714
Current portion of long-term debt	83	209
Total Current Liabilities	**7,576**	**9,890**
Non-Current liabilities		
Long-term debt	650	637
Reclamation and remediation	1,486	1,471
Total non-current liabilities	**2,136**	**2,108**
TOTAL LIABILITIES	**9,712**	**11,998**
Shareholders' equity		
Share capital	87,119	83,653
Warrants	379	379
Contributed surplus	8,042	8,042
Convertible unsecured debenture	65	65
Deficit	(95,668)	(93,317)
Total Shareholders' equity	**(63)**	**(1,178)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,649**	**10,820**

22. ECONOMIC ANALYSIS – PIMENTON MINE

22.1 RECONCILIATION OF RESERVES AND MINING

The Pimenton Mine was unprofitable in fiscal 2014 and 2015 due to two major obstacles. In addition to mining veins on the reserves estimated in the 2013 report by WGM, a new deeper level was developed. Vein development and unexpected flat-lying faults, coupled with narrowing effects on the veins, led to a substantial increase in dilution and low head grades. The second obstacle was that both precious metal and copper prices were well below the expectations of both management and WGM. Based on review of the 5-year gold-price chart (Figure 16), WGM considers a price of $1,318/oz. to be reasonable for our up-dated financial forecast. The price of silver has been assumed to mirror that of gold and is $19.71/oz. in our analysis. We have assumed copper to continue to remain somewhat depressed at $2.37/lb. or $5,223 per tonne.

WGM has assumed resumption of mining the reserves including those estimated for the newly discovered Monica vein. Mining will also include pillars. When profit is re-established, the Monica vein will be further explored and delineated above the 3195 level. Once the $3.0 million of capital needed for reopening the mine is fully recovered, exploration for new veins will be resumed.

The fiscal 2015 mill-feed of 36,216 t represented approximately 75% of capacity. WGM understands that the capacity is unchanged, and that the reserves will enable a throughput of 36,000 t/y targeted in WGM's financial analysis.

TABLE 15.
RECONCILIATION OF RESERVES AND MINING, 2013 TO 2016

	Proven			Probable			Proven + Probable		
	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)
2013 Year End	28,000	11.0	1.2	110,000	11.1	1.2	138,000	11.1	1.2
2016 Q3 End	**30,000**	**15.4**	**1.4**	**39,000**	**9.5**	**1.0**	**69,000**	**12.1**	**1.2**
Change	**2,000**			**-71,000**			**-69,000**		
Milled - 2014							33,780	9.0	1.0
- 2015							36,216	6.2	0.7
-2016 9 mo.							22,496	6.4	0.8
- Total							92,492	7.3	0.8

Parameters

	Metal Prices ($)		1% Cu	Cutoff	Width	S.G.
	Au (oz)	Cu (lb)	Au Eqiv.	Au Eqiv.	Used	
2013	1,300	3.10	1.63 g/t	8.0 g/t	80 cm	3.0
2016	1,318	2.37	1.20 g/t	6.5 g/t	80 cm	3.0

22.2 CASH FLOW ASSUMPTIONS

The CIM Definition Standards for Mineral Resources and Mineral Reserves, as mandated by NI43-101, require that Reserves are demonstrated to be economically mineable. For that purpose, a cash flow analysis was prepared by Gordon Watts, P.Eng., WGM Senior Associate Mineral Economist, an independent Qualified Person as defined by NI 43-101.

The cash flow analysis considers costs needed to mine the present Reserves and close the operation, but excludes expenses forecast by CMP to continue exploring, developing new levels, converting Inferred Resources to Reserves, and thus prolonging mine life. Included in this cash flow analysis for two years is a sustaining capital allowance of $71,000 for equipment. As is standard practice in mining industry cash flow analysis, smelter charges and the royalty are shown as deductions in the revenue section. Head office costs are not included, but we have added $310,000 per year to General and Administration operating costs to cover the Los Andes office, which WGM considers to be mainly site-related.

WGM's base case cash flow (Table 16) is based on proven and probable reserves of 69,000 t at grades of 12.1 g Au/t, and 1.2% Cu, and 8.0 g Ag/t. Other assumptions are listed below:

TABLE 16.
BASE CASE NET CASH FLOW
PIMENTON MINE BASE-CASE CASH FLOW CALCULATION

BASE Case Blended Metal Prices	Units	Total/ Average	Year 1	Year 2	Year 3	Year 4	Year 5
METAL PRICES							
Gold	**US$/oz**	**1,318**	1,343	1,293	-	-	-
Copper	**US$/lb**	**5,233**	4,918	5,547	-	-	-
Silver	**US$/oz**	**19.71**	20.29	19.14	-	-	-
PRODUCTION							
Ore Mined/Milled	**t**	**69,000**	36,000	33,000	-	-	
Ore Grades							
Gold	**g/t**	**12.10**	12.10	12.10	-	-	-
Copper	**%**	**1.20%**	1.20%	1.20%	-	-	-
Silver (est.)	**g/t**	**8.00**	8.00	8.00	-	-	-
Doré Production							
Gold Recovery to Doré	**%**	**63.0%**	63.0%	63.0%	-	-	-
Doré Produced	**kg**	**657.5**	343.0	314.4	-	-	-
Gold Grade	**%**	**80%**	80%	80%	-	-	-
Gold Production	**ozs**	**16,911**	8,823	8,088	-	-	-
Less: Refining Losses	**ozs**	**169**	88	81	-	-	-
Net Gold Production	**ozs**	**16,742**	8,735	8,007	-	-	-
Gold Revenue	**k$**	**22,083**	11,729	10,354	-	-	-
Silver Production	**ozs**	**1,271**	663	608	-	-	-
Silver Revenue	**k$**	**25**	13	12	-	-	-
Total Dore Revenue	**k$**	**22,108**	**11,742**	**10,366**	-	-	-
Less: Freight,Ins. & Refining	**k$**	**265**	138	127	-	-	-
Net Doré Revenue	**k$**	**21,843**	11,604	10,239	-	-	-
Copper Concentrate							
Concentrate Production	**t**	**3,681**	1,921	1,761	-	-	-
Copper Grade	**%**	**20.8%**	20.8%	20.8%	-	-	-
Gold Grade	**g/t**	**68.0**	68.0	68.0	-	-	-
Silver Grade	**g/t**	**56**	56	56	-	-	-
Copper Revenue	**k$**	**3,802**	1,869	1,933	-	-	-
Gold Revenue	**k$**	**10,047**	5,336	4,711	-	-	-
Silver Revenue	**k$**	**81**	43	37	-	-	-
Total Copper Conc. Revenue	**k$**	**13,930**	7,249	6,681	-	-	-
Less: Smelting Charges	**k$**	**479**	250	229	-	-	-
Copper Refining	**k$**	**209**	109	100	-	-	-
Gold Refining	**k$**	**46**	24	22	-	-	-
Silver Refining	**k$**	**1**	1	1	-	-	-
Total Smelter & Refining	**k$**	**735**	383	351	-	-	-
Net Smelter Return - Copper Concenetrate	**k$**	**13,196**	6,866	6,330	-	-	-
Total Revenue	**k$**	**35,039**	18,469	16,569	-	-	-
Less: NSR Royalty	**k$**	**2,102**	1,108	994	-	-	-
Net Revenue to Pimenton	**k$**	**32,936**	17,361	15,575	-	-	-
OPERATING COSTS							
Mining	**k$**	**7,797**	4,068	3,729	-	-	-
Processing	**k$**	**2,553**	1,332	1,221	-	-	-
G&A	**k$**	**6,761**	3,514	3,247	-	-	-
Total Operating Costs	**k$**	**17,111**	8,914	8,197	-	-	-
EBITDA	**k$**	**15,825**	8,447	7,378	-	-	-
NET CASH FLOW to PROJECT							
EBITDA	**k$**	**15,825**	8,447	7,378	-	-	-
Less: Sustaining Capital	**k$**	**71**	46	25	-	-	-
Decommissioning	**k$**	**1,627**	-	1,627	-	-	-
Changes in Working Capital	**k$**	-	2,503	(2,503)			
Pre-Tax Net Cash Flow to Project	**k$**	**14,128**	5,898	8,229	-	-	-
Less: Corporate Taxes	**k$**	-	-	-	-	-	-
Net CASH Flow to Project after Taxes	**k$**	**14,128**	5,898	8,229	-	-	-
Accumulated Post-Tax NCF to Project	**k$**	-	5,898	14,128	-	-	-
NET PRESENT VALUE (Post-Tax)	**%**	-	5.0%	7.5%	10.0%	12.5%	**15.0%**
	K$	-	$13,405	$13,072	$12,757	$12,458	$12,173
NET PRESENT VALUE (Pre-Tax)	**K$**	-	$13,405	$13,072	$12,757	$12,458	$12,173

WGM Cash Flow Assumptions:

- All units of currency are in US dollars.
- All units of measurement are metric unless otherwise stated.
- All dollars are constant dollars, i.e. no inflation.
- The gold and copper prices are based on both the current price and the trailing 36 month average. For gold and silver, the model uses the London Bullion Market metal prices and for the copper price, the London Metal Exchange. The model uses the current price (July 13, 2016) for the first year of production; the average of the current price and the three year trailing average for the second year.
- Gold price averages $1,318 per troy oz., Silver price $19.71 per troy oz, Copper price $5,223 per tonne or 2.37 per lb.
- Mill through-put 120 t of ore per day or 36,000 t per year assuming 300 working days per year.

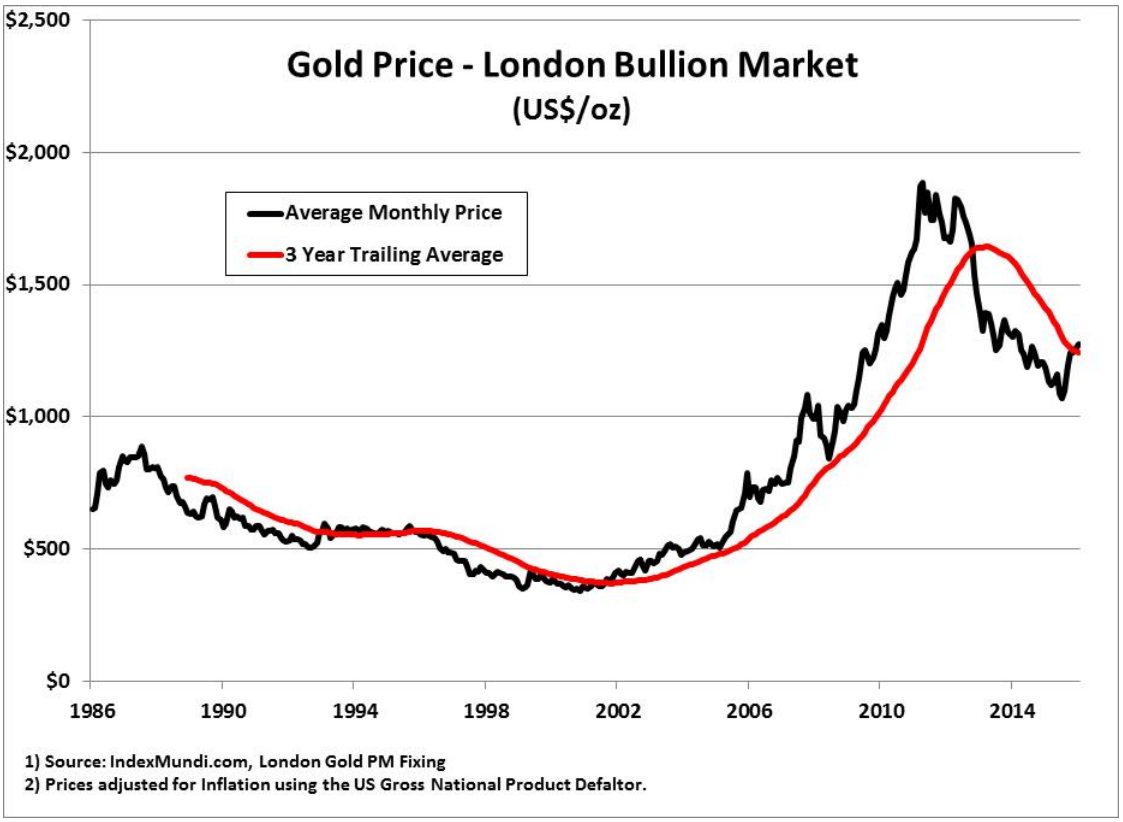


Figure 16. Gold Price over the Previous 30 Years

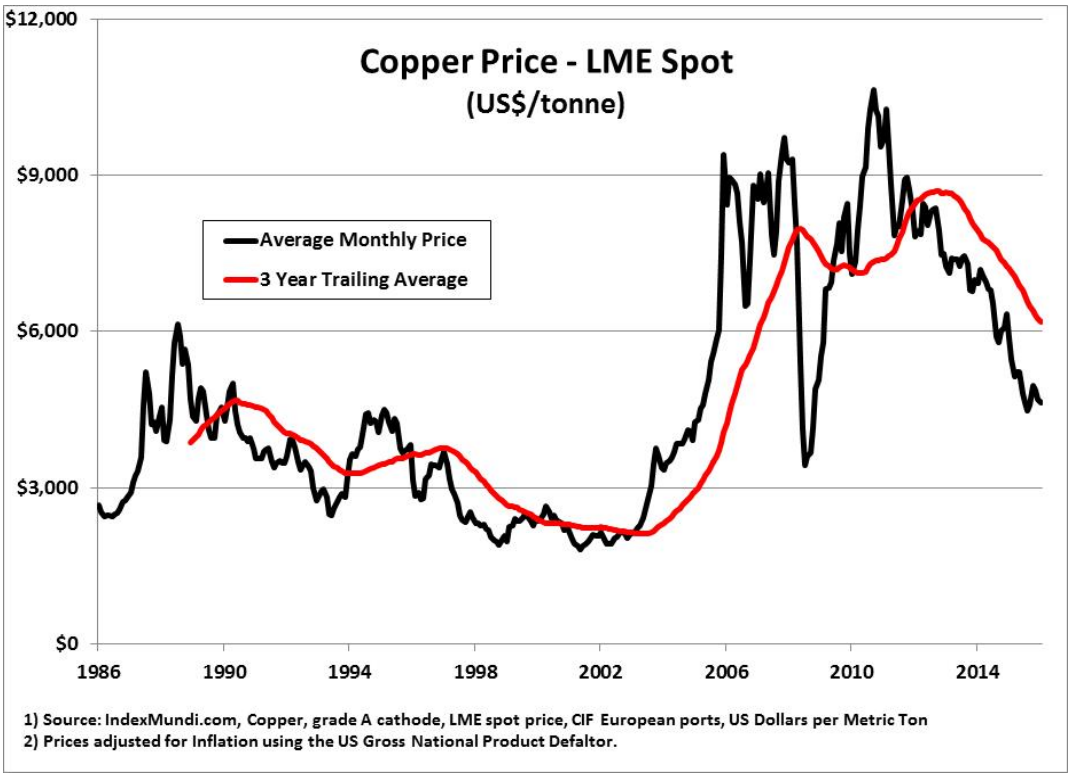


Figure 17. Copper Price over the Previous 30 Years

Figure 18. Silver Price over the Previous 30 Years

- Pimenton produces gold/silver doré and a copper/gold concentrate. Recoveries of these two products are based on the metallurgical recoveries achieved over the last 12 months to September 30, 2015. WGM has estimated the following metal recoveries:
  - To the doré:
    - 63% of the contained gold.
    - 7.2% of the contained silver.
  - To the copper/gold concentrate:
    - 92.4% of the contained copper.
    - 30% of the contained gold.
    - 82.3% of the contained silver.
- Operating costs are based on historical costs and modified by WGM. The basic operating costs are:
  Mining - $113.00 per tonne of ore.
  Processing - $37.50 per tonne of ore. General and Administration, $89.50 per tonne of ore.
  Los Andes Office - $310,000 per year.
  Los Andes Office - $310,000 per year
  - Costs not included:
    - CEG's overheads are not included.
    - CEG's off mine exploration costs are expected to be met out of cash flow, but are not included.
    - Interest on the mine debt is projected at 7.5% and is not included.

WGM has included corporate taxes. The corporate tax rate which is 24% of net income in year 1 and 25% in year 2. All new capital investment including closing costs have been depreciated for tax purposes at 100%. WGM has included tax losses of CLP 9,465,673,434 or US $14,511,227 at the current (July 21, 2016) exchange rate of 652.3 Chilean Pesos (CLP) to US$1.00. This eliminates all corporate taxes in the current two year model Base Case.. While intercompany dividends are not taxed, dividends to foreign entities or to individuals incur a dividend tax that raises the overall tax rate to 35%. WGM has not included provision for withholding taxes on dividends including deemed dividends. Projected sustaining capital costs are $71,000 over the next two years based on the mines previous history and do not include costs to develop inferred resources.

- Mine closure and rehabilitation is projected to cost $1.626 million net of working capital recovery.
- Working Capital. WGM has provided for working capital as the mine is currently closed. All working capital is recovered in the second (last) year of operation. Working capital provisions include the following allowances:
- Dore inventory – 2 weeks of dore revenue.
- Dore accounts receivable – 2 weeks of dore revenue.
- Copper Concentrate inventory – 4 weeks of concentrate revenue.
- Copper Concentrate accounts receivable – 4 weeks of concentrate revenue
- Accounts payable – 2 weeks of operating costs.
- Spare parts and supplies – 10% of annual operating costs.
  WGM has not included the company's current working capital in its calculation.

- Copper concentrate processing terms.
  The assumed copper concentrate grade is 20.8% based on 2015 results.
  - Pay for all of the copper with a deduction of 1% or 3.65% of the copper content, whichever is higher.
  - Pay for 96% of contained gold after a minimum deduction of 1.0 g.
  - Pay for 96% of contained silver after a minimum deduction of 10% of contained silver or 20 g, whichever is higher.
  - Smelting Charge - $130 per tonne of concentrate
  - Copper refining charge - $0.130 per payable lb. of copper.
  - Gold refining charge - $6.00 per oz. of payable gold.
  - Silver refining charge - $0.365 per oz. of payable silver.
  - Transportation to the smelter - included in G&A.
- Gold and silver bullion smelter and refining terms.
  - Gold
    - Losses in refining – 1% (est. by WGM)
    - Basic gold deduction – 0.1%
    - Refining charge – $0.45 per oz. of payable gold.
    - Freight and insurance - $14.00 per oz. of contained gold.
  - Silver
    - deduct 2.5% and pay for the remaining 97.5%.
    - Refining charge - $0.45 per oz. of payable silver.

Other charges are included in gold charges.

Results

The base case returns an Net Cash Flow (NCF) after tax of US$14.1 million The Net Present Value (NPV) of the NCF discounted at 5% is US$13.4 million, while at a discount rate of 10%, the NPV is US$12.8 million. All cash flows are discounted to the mid-year.

WGM has also examined the sensitivity of the Net Cash Flow to changes in metal prices and operating and capital costs. (see Figure 21). The following variables were tested:

- Overall metal prices
- The gold price
- The copper price
- Operating costs
- Capital costs.

As would be expected, the project is most sensitive to changes in all metal prices followed by changes in the gold price. The project is almost as sensitive to operating costs as it is to gold prices. The project is relatively insensitive to copper prices and capital costs. Even with a 25% drop in the price of all of the metal prices, the project still returns a Net Cash Flow of $5.7 million. With an increase in operating costs of 25% the project returns $9.8 million in NCF.

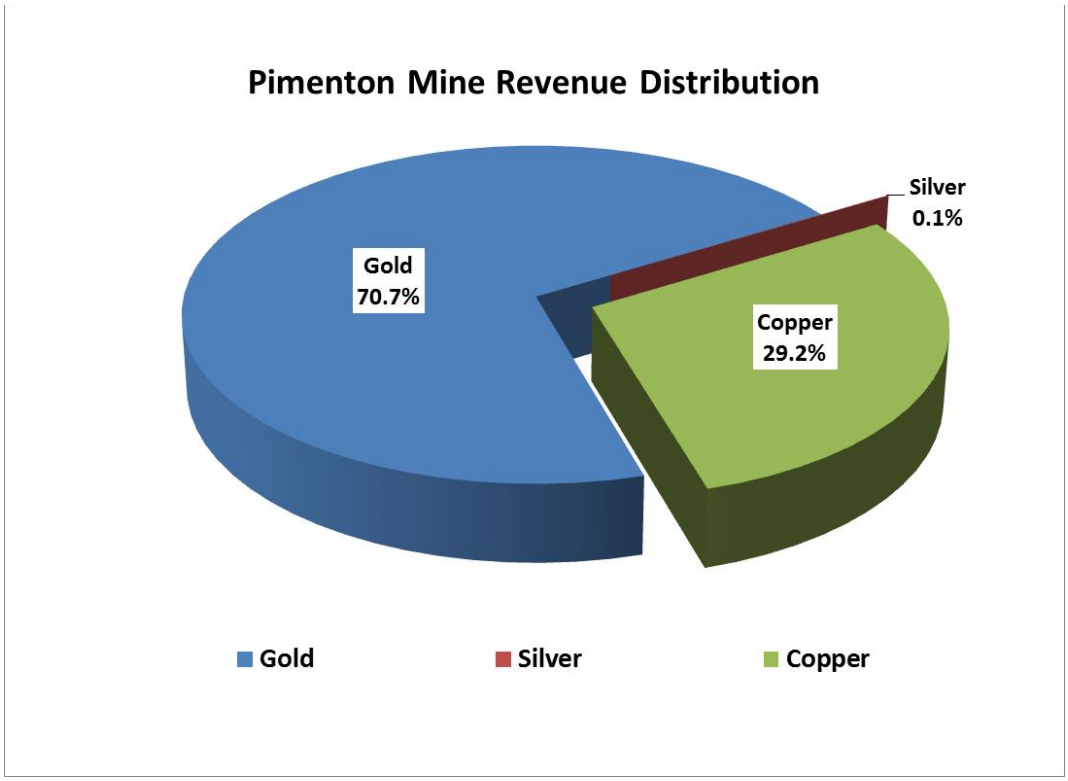


Figure 19. Revenue Distribution

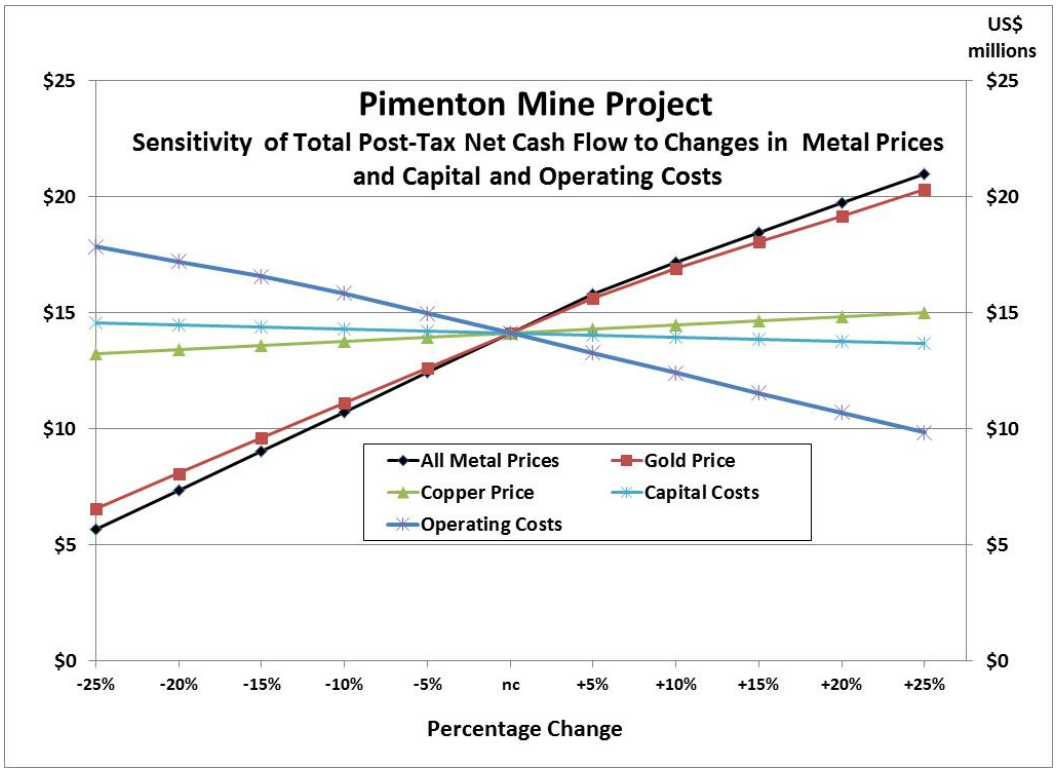


Figure 20. Sensitivity analysis

23. ADJACENT PROPERTIES

Information in this section is for comparative purposes and should be distinguished from information on the Pimenton Mine and Properties that are the subject of this Technical Report.

West Wall Project Owned by Anglo American (50%) and Xstrata (50%)

Information on the near-by West Wall property is considered relevant by the qualified persons because it is publicly disclosed by Anglo American Corporation, a senior exploration company in Chile which has conducted historical exploration on the Pimenton Property. Reserves and resources quoted for the deposit are included to demonstrate the type and size of deposits that are considered by their owners to be economic or of economic interest. We have not verified the information and do not imply that it is necessarily indicative of mineralization on the Pimenton Properties. We do not imply support for any economic suppositions or representations of resources quoted.

The West Wall Project is located approximately 15 km southwest of the Pimenton Porphyry Project, and is similar in that there is a large area of hydrothermal alteration surrounding copper sulphide mineralization associated with porphyry intrusive bodies. However, it has a significantly lower ratio of gold to copper in the mineralized area than exists at the Pimenton Project.

In a 2010 news release, inferred resources for the West Wall Project were reported as 750 Mt at 0.54% Cu, 0.05 g Au/t and 0.01% Mo. The resource estimate was based on 57 drill holes (33,600 m) and a 0.3% Cu cutoff.

Novicio Prospect Owned by Anglo American Corp.

Information on the Novicio Prospect which is proximal to the south boundary of Pimenton Porphyry Project is limited. Known to be a similarly altered geological terrain, but with a significant lithocap, it has no published resources.

24. OTHER RELEVANT DATA AND INFORMATION

In WGM's opinion there is no need for additional information or explanation necessary to make this report more understandable and not misleading.

25. INTERPRETATION AND CONCLUSIONS

25.1 PIMENTON MINE

The Pimenton Mine has Proven (30,000 t) and Probable (39,000 t) Reserves totalling 69,000 t containing 12.1 g Au/t, 1.2% Cu and 8.0 g Ag/t, sufficient for approximately two years of operations. To verify that the reserves have positive economic value, WGM has developed a cash-flow model which yields an undiscounted cash flow of $14.1 million while the present value of the cash flow using mid-year discounting is $13.4 million at a rate of 5% and $12.8 million at 10%. These funds should be sufficient to repay the anticipated financing of $3.0 million with surplus funds to retire debt and conduct ongoing mineral exploration.

Based on past performance, mine life is likely to be prolonged. Initial continuation will be by exploration and definition of reserves from inferred resources that are currently estimated to total 14,000 t at a grade of 9.7 g Au/t and 1.0% Cu on the Monica Vein. Considered promising by WGM, the outlook is based on development on the 3195 level which indicates a strike length of 150 to 170 m, a potential vertical extent of 350 m to connect with a geochemical anomaly at surface, and a higher grade than used in WGM's resource estimate.

25.2 PIMENTON PROPERTY

It is WGM's conclusion that the Pimenton Property is host to part of a north-south belt of porphyry systems of strong economic potential. Emplaced on the property are discrete stocks and dyke-like sheets of porphyry that are elongated vertically and may be elongated along structures. Different intrusive, alteration and mineralizing events coupled with erosion of higher levels of the interpreted mineralization model have resulted in variable geology with different exploration opportunities. Recognized among them are:

- In the Pimenton valley part of the project area drilling by RT and AAC identified a porphyry system with copper and gold mineralization in two vertical to steeply-dipping, elongate bodies of accumulated stockwork mineralization exhibiting low sulphidation and potassic alteration. It includes a NI 43-101 compliant inferred resource of 40 million t containing 0.37% Cu and 0.42 g Au/t. Although drilling did not produce hoped-for high grades at depth or an extension to the north (to the depth drilled), in WGM's opinion there remains potential for moderately expanding the tonnage along strike and for finding additional zones of mineralization;

- Possibly linked beneath volcanics at higher altitude, the porphyry intrusive complex may extend from the Pimenton valley northward into the Hondo valley. With limited

exploration, exposed rocks appear to have both similar mineral potential to that described in the Pimenton valley, and unique potential related to possible caldera-type brecciation;

- WGM considers the prime target area to be centred on the mine and to extend several km north and south, and into the Colorado valley to the east. Since 2013, CEG has had plans to drill about 4,000 m in the area in a program endorsed by WGM. The program has been deferred due to lack of funds.

Drilling targets have been identified primarily from results of MMI sampling and CSAMT geophysics, techniques supported by WGM. Assuming limited funding from the mine operations, WGM considers it nevertheless very important that the best possible knowledge of the geology and alteration impacts be assembled prior to drilling. Study of satellite imagery by CEG has followed WGM's previous recommendation and earlier field mapping warrants up-dating in conjunction with that study. 3-D modelling would improve interpretation and prioritization of targets.

In the past, at least three mineralizing events were identified, each adding to mineralization. It is not clear to WGM whether structural controls can be better identified and more use made of the laboratory. Minor structures such as intersecting veinlets, fracturing mode and directions, metal ratios and trace element distribution (Hg and As for example) may warrant study to locate sites of successive mineralization. The model applicable to the Pimenton Property infers classic alteration zoning such that propylitic, which occurs in the outer zones, passes to phyllic, then silicic and finally potassic near the core. In the reports and maps seen by WGM it is not clear how these zones are identified and where they occur. Minerals, such as alunite and jarosite for example, have been identified, but quantity and actual locations may be significant and more mineralogical lab work appears to be warranted.

25.3 TORDILLO PROPERTY

Lacking site knowledge on Tordillo, WGM concludes from CEG's reports that exploration in 2013 confirmed vein potential at Tordillo and the possibility exists for exploitation and trucking ore to Pimenton. Further exploration had to be deferred due to lack of funds, but is planned conceptually. There is one promising vein identified to date, and perhaps others. WGM suggests that v.l.f. EM methods could be used effectively to locate and trace the veins and testing is warranted.

Potential for breccia and stock-work mineralization is untested except that MMI sampling and "bleaching" alteration (with identification of related hematite, pyrite and some finely disseminated chalcopyrite) indicates areas where more work is warranted.

26. RECOMMENDATIONS

Based on our up-dated financial analysis, WGM recommends reopening of the Pimenton Mine and resuming production at a rate of 36,000 tonnes per year.

It is recommended that CEG focus on achieving profitable mining of the 69,000 t of estimated reserves and on repaying the capital required to restart operations. Assuming this is achieved before the reserves are exhausted, WGM recommends delineation of the inferred resources above the Monica vein in order to upgrade them, and also to seek additions.

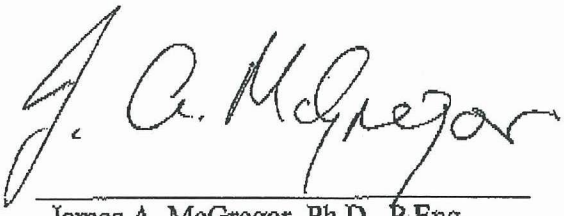
On the assumption that additional funds become available, WGM recommends exploration for new veins in proximity to the Pimenton Mine. WGM recommends assembly of the best possible knowledge of the geology and alteration impacts, geophysics and geochemistry; updating of earlier field mapping, making inferences from satellite imagery, and 3-D modelling to link surface data with those from drilling and mining. The objective, in WGM's opinion should be to delineate and prioritize vein targets prior to drilling (from both surface and underground), and accessing them from underground.

In WGM's opinion, the need for exploration to prolong the life of the Pimenton Mine far exceeds more speculative exploration elsewhere on the Pimenton Property and at Tordillo. Because of uncertainty of funding and timing, no off-mine work is recommended in this report, and no budget proposed.

27. SIGNATURE PAGE

This report entitled "*An Updated Technical Report on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central, Chile for Compania Minera Pimenton*" dated July 21, 2016 was prepared and signed by the following authors:

Dated effective as of July 21, 2016.



James A. McGregor, Ph.D., P.Eng.
Senior Associate Geologist

Bruce Brady, P.Eng.
Senior Associate Mining Engineer

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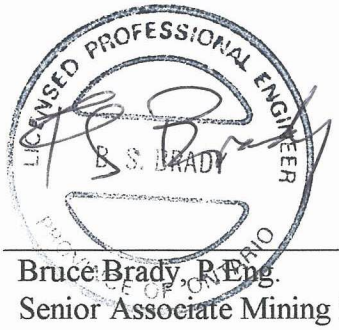


James A. McGregor, Ph.D., P.Eng.
Senior Associate Geologist

Bruce Brady, P.Eng.
Senior Associate Mining Engineer

CERTIFICATE

I, James A. McGregor, do hereby certify that:

1. I reside at 20 Mount View Crt., Collingwood, Ontario, Canada, L9Y 5A9.

2. I am a Senior Associate Geologist with Watts Griffis and McOuat Limited, a firm of consulting geologists and engineers, which has been authorized to practice professional engineering by Professional Engineers Ontario since 1969, and professional geoscience by the Association of Professional Geoscientists of Ontario.

3. This certificate accompanies the report titled **"***An Updated Technical Report on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central, Chile for Compania Minera Pimenton"* dated July 21, 2016.

4. I am a graduate from Rhodes University, South Africa with a B.Sc. degree in Geology (1956), a M.Sc. degree in Geology (1960), and a Ph.D. in Geology (1964). I have worked as a professional for over 50 years since graduation.

5. I am a Professional Engineer licensed by Professional Engineers Ontario (Membership # 30466015). I am a member of the Prospectors and Developers Association of Canada (Membership # 16759).

6. I have read the definition of "qualified person" set out in the National Instrument 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.

7. I visited the Pimenton Mine and Porphyry Properties during November 14 to 16, 2010.

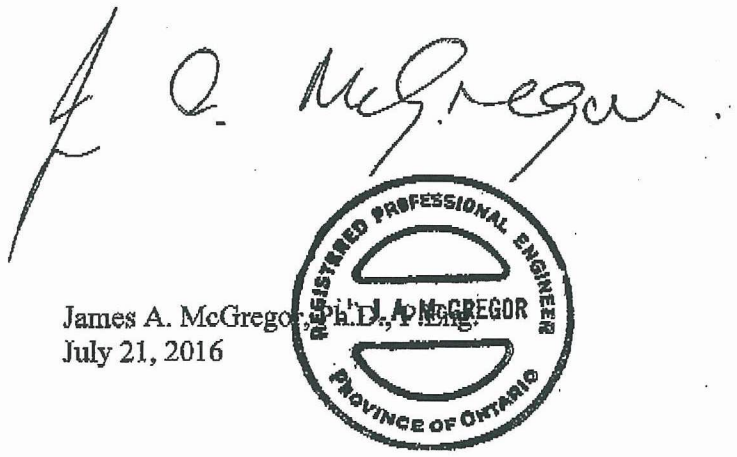
8. I am responsible for the updating of "*An Updated Technical Report on the Pimenton Mine, the surrounding Pimenton Property, and the nearby Tordillo Property in Central Chile*" dated July 21, 2016, which I co-authored with Bruce Brady. I am responsible for all but Sections 13, 16, 17, 18, 19, 20, 21 and 22 for which Bruce Brady has taken responsibility

9. I am independent of the issuer as described in Section 1.5 of NI 43-101.

10. My relevant experience for the purpose of this Technical Report are: Multiple projects involving exploration, engineering and operations in consulting and management roles; and, prepared reports on mineral properties throughout Canada, the United States of America and specifically in Brazil, Venezuela, Uruguay and Chile in South America.

11. I have read NI 43-101, Form 43-101F1 and the technical report and have prepared the technical report in compliance with NI 43-101, Form 43-101F1 and generally accepted Canadian mining industry practice.

12. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.



James A. McGregor, Ph.D., P.Eng.
July 21, 2016

CERTIFICATE

I, Bruce Brady, do hereby certify that:

1. I reside at 101 Gypsy Roseway, North York, Ontario, Canada, M2N 5Z1.

2. I am a Senior Associate Mining Engineer with Watts Griffis and McOuat Limited, a firm of consulting geologists and engineers, which has been authorized to practice professional engineering by Professional Engineers Ontario since 1969, and professional geoscience by the Association of Professional Geoscientists of Ontario.

3. This certificate accompanies the report titled **"***An Updated Technical Report on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central Chile for Compania Minera Pimenton"* dated July 21, 2016.

4. I am a graduate from McGill University, Canada with a B.Eng. degree in Mining (1972). I have worked as a professional for over 40 years since graduation.

5. I am a Professional Engineer licensed by Professional Engineers Ontario (Membership # 90523903) and the Quebec Order of Engineers (Membership # 31314).

6. I have read the definition of "qualified person" set out in the National Instrument 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.

7. I visited the Pimenton Mine previously on October 29 to 31, 2013, and recently on June 22, 2016.

8. I am solely responsible for Sections 13, 16, 17, 18, 19, 20, 21 and 22. With co-author James A. McGregor, I am jointly responsible for Sections 1, 15, 25, and 26.

9. I am independent of the issuer as described in Section 1.5 of NI 43-101.

10. My relevant experience for the purpose of this Technical Report is 20 years of engineering, supervision, and management at operating mines and over 20 years of consulting, including gold mine Technical Reports, due diligence assignments, and reserve audits.

11. I have read NI 43-101, Form 43-101F1 and the technical report and have prepared the technical report in compliance with NI 43-101, Form 43-101F1 and generally accepted Canadian mining industry practice.

12. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Bruce Brady, P.Eng.
July 21, 2016

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