LACHLAN STAR LIMITED

26 September 2014

ANNUAL STATEMENT OF RESERVES AND RESOURCES

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR RELEASE, PUBLICATION, DISTRIBUTION OR DISSEMINATION DIRECTLY, OR DIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES

"**Perth, Western Australia: Gold miner, Lachlan Star Limited ("Lachlan Star" or the "Company") (ASX and TSX: LSA)** is pleased to announce the Resource and Ore Reserve Statement for the Compañía Minera Dayton Gold Mine (CMD) in Chile.

CMD's total Mineral Resources (Tables 1 and 2) reduced 27% over the last year to 169.47 million tonnes grading 0.44 g/t Au (inclusive of ore reserves) reflecting the new resource modeling efforts, which revised the geological interpretation and considered structural features for the deposit, not modeled in the prior year. The new model depleted the ore mined during the period and does not include the Las Loas deposit, which officially ceased operations in March 2013.

The reported CMD Mineral Resource is an updated version of the previous Mineral Resources reported on July 31st 2013. Independent consultants performed the revised Mineral Resources estimate, object of this statement, in April 2014. The ore reserves are the result of pit designs on Whittle optimized shells, using a US$1,300 per ounce gold price.

Total CMD Ore Reserves of 10.25 million tonnes grading 0.64 g/t Au (Table 3) have decreased by 30% on a gold ounces equivalent comparative basis over the past year after accounting for mining depletion. The principal reason for the decrease was the new pit design and the exclusion of the low grade ore, reflecting a decreased conversion of resource to ore reserve under the revised open pit mine plan using the revised resources modeling parameters.

Summary of Material Information

The information in this report relates to the 3 deposits comprising the Compañía Minera Dayton - Andacollo Oro Project in the Republic of Chile, IV region. As per the JORC (2012) reporting guidelines, a summary of the material information used to estimate the Mineral Resources and Ore Reserves is as follows. A detailed description is contained in the Appendices.

This statement reflects an update of the Mineral Resources and Mineral Reserves at Tres Perlas and Churrumata areas and keeping the resources and reserves from Chisperos and Toro sectors, updated according to the 2013 mineral extraction, within the Andacollo Operation in Chile, South America.

The CMD Gold Mine is an operating gold mine consisting of a series of open pit mining areas, crushing, heap leach and processing facilities with associated infrastructure.

Geology and Mineralization

The CMD Gold Mine is located in the lower Cretaceous volcano-plutonic arc that forms the coastal range. The arc is typical of volcanic arcs that form at subduction zones as a response to partial melting of the subducted crust.

The mineralization at the CMD Gold Mine is hosted by the Quebrada Marquesa Formation, which comprises a sequence of intermediate and felsic volcanics and volcanogenic sediments as lava flow, pyroclastic and epiclastic units. The stratigraphy strikes generally north and dips to the east at shallow angles.

The dacite units at the CMD Gold Mine contain generally bulk tonnage, low-grade mineralization. This apparent stratigraphic control on the mineralization occurs as a result of the alteration of the originally porous dacite units by hydrothermal fluids, probably associated with cooling of the Andacollo Porphyry. Less porous rocks such as andesites and dykes were not altered and mineralized as strongly as the dacite "mantos".

Other types of mineralization present include:

1. Relatively narrow mineralized veins that predominantly strike to the northwest and are steeply dipping; and
2. Shear zone hosted mineralization, possibly remobilised, with variable width although of considerable strike lengths. The Mariposa shear in the Churrumata West pit, which has been mined over the last two years, is typical of these structures.

Tenure/Ownership

The CMD Gold Mine property is located on the outskirts of the town of Andacollo in the Province of Elqui in Chile's Region IV, at latitude of 30o 13' 35" south and a longitude of 71o 5' 30" West (UTM 6,665,300N, 298,000E) and comprises 1,164 Ha of mining rights over two areas designated as "the Old Pits" and "Las Loas" and 77 Ha of prospecting rights around the mining rights.

Lachlan Star Limited has 100% beneficial interest in mineral holdings mined by the CMD Gold Mine through its 100% ownership of DMC Newco Pty Ltd, which owns 99.99998% of Compañía Minera Dayton (CMD) and 99.93% of Dayton Chile Exploraciones Mineras Limitada (DCEL). The company lawyer resident in Chile owns the remaining share in both companies to comply with the Chilean requirement of having more than one shareholder. CMD Gold Mine refers to the assets owned by CMD and DCEL.

Drilling Techniques

Drilling techniques used at all deposits is predominantly RC drilling, the drilling diameter was undertaken with a 5.5 inch face sampling hammer using a variety of rig types after 2005. Core

drilling uses mostly NQ size with some BQ, TT56 and HQ sizes using a variety of rig types. Surface drill core was generally orientated.

All drill holes collars were surveyed using either survey control or differential GPS (DGPS.) Most of all inclined holes were down hole surveyed at 10-30 metre intervals using a gyroscopic survey tool. Drill spacing is variable due to access restrictions imposed by rugged terrain.

Sampling

Diamond core was sawn with a diamond saw and half core samples (quarter core in metallurgical holes) taken for assay on sample intervals of 0.2-1.3 metres generally. One metre RC sample splits were routinely collected and dispatched for analysis. Field quality control procedures involved the use of assay standards along with blanks and duplicate samples to monitor laboratory performance. In total, approximately 4-7% of total samples were inserted as QAQC samples.

All samples were oven dried, crushed to 95% passing #10 Tyler and 1 kg of sample pulverised to 95% passing #150 Tyler. A 250 gr pulp sub-sample was collected for Fire Assay for gold with AAS finish. Multi-element assaying is conducted routinely for ore minerals and a suite of potentially deleterious elements.

Interpretation

The interpretation each deposit takes full account of all surface and subsurface geological, geochemical and structural information contained in the database to ensure the continuity and integrity of the interpretation for each deposit. Previous mining records were utilised to provide a high level of control in the interpretation for those deposits.

The stratiform nature of the mineralisation provides a very high level of geological control in the interpretation. Stringer mineralisation is constrained by geology and assay boundaries. No detailed alternative interpretations have been validated.

Database

Geological and geotechnical logging has been carried out from 1989 by Chevron and CMD to a very high standard, and the amount and type of information recorded is conventional and appropriate. The data are collected into a data sheet preformatted and then are imported to excel files

Exploration and resource drilling data are stored within a master database as Microsoft Access files. Drill logs and assay sheets are also stored as hard copies in organized filing cabinets onsite. Grades data from assayers (ASSAY files) are results from certified assays under certain industry standards. These results are delivered in the form of reports known as certificates of analysis, which lately are being delivered in digital format, either in form of (PDF files) document or tables that could be imported into a database (XLS files). Full copies are stored onsite.

All data is loaded and stored in Gemcom database. Independent audits of the sampling techniques and data integrity were completed as part of previous and current resource calculations in 2011, 2012, 2013 and 2014. The studies were comprehensive and cover all industry standard issues. Independent audits of the data concluded that the sampling protocols were adequate and appropriate.

Estimation and Modelling Techniques

All modelling and estimation work for the CMD deposits were completed by CMD using Gemcom software. Modelling and estimation work for the CMD deposits were completed by the Company and independent consultants using Vulcan and Datamine software.

After completing all database information used in the estimation, interpretation of each deposit is undertaken in three dimensions to create a series of wireframe models. All drill hole sample data is composited (generally to 1 metre) and a statistical analysis is completed to determine the appropriate estimation search parameters, grade ranges individual domain

characteristics, which is validated against the observed geological and geometric features of the deposits. Grade estimation for ore minerals. The tonnage estimates are dry tonnes.

The resource is classified in line with JORC guidelines utilising a combination of statistically defined estimation parameters and geological knowledge. The estimation is validated against previous estimates and where available, previous mining information.

Cut-off Grades

The reporting cut-off grades are determined by a preliminary economic assessment including metallurgical parameters, forecast operating costs and revenues assumptions.

Metallurgical Assumptions

Metallurgical assumptions for the CMD deposits are based on extensive test work results undertaken as part of the many studies developed from 1995 and on the last 12 months results reported.

Mining Assumptions

The mining assumptions used for the CMD deposits are based on extensive design and operating cost analysis experience determined with the actual open pits mines.

Classification

The CMD resources are classified in line with JORC guidelines using utilising a combination of statistically defined estimation parameters, input data, geological knowledge and previous estimates. This approach is considers all relevant factors and reflects the Competent Persons understanding of the deposits. The Mineral Resource Estimates reported are inclusive of the Ore Reserves.

Ore Reserves

Mineral Reserves are quoted within specific pit designs based on Indicated Mineral Resources only and take into consideration all appropriate modifying factors including Metallurgical, geotechnical parameters, infrastructure requirements and permitting requirements.

Cut-off grades applied are calculated using the forecast costs of mining, processing, site administration haulage and metallurgical recoveries. All economic inputs are based on fixed real revenue/cost pricing from a November 2013 base.

The Resource and Ore Reserve Statement and accompanying notes (Appendix 1) are prepared according to the JORC Code (2012).

An updated NI 43-101 Technical Report for the CMD Gold Mine will be filed on SEDAR by 29 September 2014. The effective date of that report is 25 September 2014.

For and on behalf of the Board

Bira De Oliveira
Chief Executive Officer

For further information please visit www.lachlanstar.com.au or contact:

Bira de Oliveira
Chief Executive Officer
Lachlan Star Limited
Email: boliveira@mineradayton.cl

Table 1 – CMD Mineral Resources (Measured & Indicated) at 29 April 2014

CMD MINERAL RESOURCE (MEASURED & INDICATED)				
Summary of Mineral Resources (M & I) depleted for mining as at 29th April 2014				
Deposit	JORC Classification	Tonnes	Au	Ounces
		(´000t)	(g/t)	(´000 Oz)
Tres Perlas-Churrumata	Measured	14,338	0.52	239
	Indicated	69,094	0.43	951
	Sub-total	83,432	0.44	1,189
Toro	Measured	0	0.00	0
	Indicated	16,168	0.61	316
	Sub-total	16,168	0.61	316
Chisperos	Measured	0	0.00	0
	Indicated	373	0.69	8
	Sub-total	373	0.69	8
TOTAL	Measured	14,338	0.52	239
	Indicated	85,635	0.46	1,275
	Total Resource	99,974	0.47	1,514

Table 2 – CMD Ore Resources (Inferred) at 29 April 2014

CMD MINERAL RESOURCE (INFERRED)				
Summary of Mineral Resources (Infered) depleted for mining as at 29th April 2014				
Deposit	JORC Classification	Tonnes	Au	Ounces
		(´000t)	(g/t)	(´000 Oz)
Tres Perlas - Churrumata	Inferred	57,823	0.41	759
Toro	Inferred	10,900	0.36	128
Chisperos	Inferred	777	0.86	22
	Total Inferred	69,500	0.41	908

Table 3 – CMD Ore Reserves (Proven & Probable) at 29 April 2014

CMD ORE RESERVE (PROVEN & PROBABLE)				
Depleted for mining as at 29th April 2014				
		2014		
Deposit	JORC Classification	Tonnes	Au	Ounces
		(´000t)	(g/t)	(´000 Oz)
Tres Perlas	Proven	1,743	0.67	38
	Probable	4,741	0.63	96
	Subtotal	6,484	0.64	134
Churrumata	Proven	1,274	0.63	26
	Probable	1,868	0.62	37
	Subtotal	3,142	0.63	63
Toro	Probable	626	0.65	13
TOTAL	Proven + Probable	10,252	0.64	210

Competency Statements

The information in this report that relates to Mineral Resources is based on, and fairly represents, information compiled by Mr Sergio Alvarado, a Competent Person who is a Registered Member of the Comisión Calificadora de Competencias en Recursos y Reservas Mineras de Chile (Chilean Mining Commission). Mr Alvarado, who is General Manager with Geoinvestment, is a professional geologist with 25 years of experience in geology and geotechnical engineering. Mr Alvarado is independent of the Company. Mr Alvarado has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a "Qualified Person" under NI 43-101. Mr Alvardo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on, and fairly represents, information compiled by Mr Enrique Quiroga, a Competent Person who is a Registered Member of the Comisión Calificadora de Competencias en Recursos y Reservas Mineras de Chile (Chilean Mining Commission). Mr Quiroga, who is General Manager with Q & Q Ltd., is a professional mining engineer with over 30 years of experience in mine optimisation, design, scheduling, cost estimation and cash flow analysis. Mr Quiroga is independent of the Company. Mr Quiroga has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a "Qualified Person" under NI 43-101. Mr Quiroga consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1

COMPAÑIA MINERA DAYTON (CMD) TRES PERLAS – CHURRUMATA RESOURCE AND RESERVE STATEMENT NOTES

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• The deposit was sampled with a combination of Reverse Circulation (RC) and diamond (DD) drill holes completed on a variable spacing across the deposit to a maximum vertical depth of depth of 400 metres. The RC drill holes were sampled via a standard adjustable cyclone and riffle splitter from the recovered sample. Diamond drill core was sampled using standard cut half core. • Standard RC drilling produced whole metre RC drill samples split at the rig using a cone splitter producing samples of approximately 15 kg. Diamond drilling completed to industry standard using predominantly NQ size core. Diamond core was orientated, aligned and cut on geologically determined intervals (0.25 to1.2 metres). • Samples were weighed, dried, crushed and pulverised (total prep) to produce a pulp sub-sample for analysis by FA/AAS (Au) finish or for four acid digest with an ICP/OES, ICP/MS
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Drilling technique is predominantly RC drilling with a 5.5 inch face sampling hammer was used after 2005. (over 75%). Diamond drilling was used in smaller amount since 1989 using mostly NQ size with some BQ, TT56 and HQ sizes using a variety of rig types.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill core recovery was recorded by all operators as a percentage of measured recovered core versus drilled distance. Recoveries were generally high except for faults zones. • RC samples were weighed and compared to standards to estimate sample recoveries, which were consistently high. Any low recovery intervals were logged and entered into the database. • The cyclone and splitter were routinely inspected and cleaned during the drilling ensuring no excessive material build-up. Care was taken to ensure the split samples were of a consistent volume.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• Diamond drill core is all qualitatively logged and most drill holes have been photographed. RC drill holes were all qualitatively logged and RC chip tray samples collected and stored. • Logging by all operators was at an appropriate detailed quantitative standard to support future geological, resource, reserve estimations and subsequent feasibility studies. • All holes were logged in full.
Sub-sampling	• If core, whether cut or sawn and whether quarter, half or all core taken.	• Diamond core was sawn with a diamond saw and half core samples (quarter

techniques and sample preparation	• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	core in metallurgical holes) taken for assay. • 1 metre RC samples were collected and split off the drill rig using a cone splitter. Approximately 90% of the samples were dry in nature. • The sample preparation of the samples follows industry best practice in sample preparation involving weighing, oven drying, pulverisation of the entire sample (total prep) to a grind size of 95% passing 150# Tyler. • Lachlan and previous operators had QAQC procedures involving the use of certified standards, blanks and duplicates. The QAQC has been independently audited with no apparent issues. • No field duplicates have been taken. • The sample sizes are considered appropriate given the relatively fine-grained nature of the sulphide mineralisation, which is not nuggetty in nature, the sampling methodology and the percent assay value ranges involved.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Screened fire assays (SFA) and gravimetric analysis have been used extensively by CMD to determine Au, for Ag and Cu was used three acid digest with AA final determination. Four acid digest multi-element suite with ICP/MS finish (30g FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for the dissolution of most silica based samples. The method approaches total dissolution of most minerals. Combustion furnace or Eltra “Leco” analyser assayed total sulphur. • No geophysical tools were used to determine any element concentrations reported. • Duplicates were taken every 25m •
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Prior to 2011, verification procedures were not documented. • Post 2011, significant intersections were checked by the different consultants. • A range of primary data collection methods was employed since 1989. Since 2007, data recording used a set of standard Excel templates on a data logger and uploaded to note book computer. The data is sent to Perth office for verification and compilation into an SQL database by the in-house database administrator. Full copies are stored offsite. • Full data base verification of all historical information was completed in 2014 by Geoinvestment. All data is loaded and stored in DataShed database. • The historical data (pre-2007) has been adjusted with all negative assays, representing below detection assays, were converted to positive assays of half value.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Current practice is survey all drill hole collars with Electronic Distance Measuring (EDM devices. This survey is completed in local grid (a subset of the Universal Transverse Mercator grid system) using established survey control. As part of the validation process, Geoinvestment checked the survey locations of the drilling against the supplied topography and other known survey control points. The data is consistent with these data and therefore is considered ac-curate • Historic downhole surveying data was collected at irregular intervals by an unknown method-ology, which is assumed to be a single shot downhole camera, for example an Eastman Camera. Current downhole survey practice uses a Reflex Maxibor II. Review of the 3D data by Geoinvestment suggests deviations encountered are appropriate and that downhole sample locations

		are accurately known. • •
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• The nominal drill spacing is generally 30m x 30m to 20m x 20m. • The current spacing is adequate to assume geological and grade continuity of the mineralised domain. • No compositing has been applied to the exploration results.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Given the main stratigraphic nature of the mineralising system, no orientation based sampling bias has been identified in the data. Most of drilling is conducted vertically or at a low angle to the dip of the mineralised system • In case of mineralized structures, drilling is orientated N 30° E, near perpendicular to the mineralised trend
Sample security	• The measures taken to ensure sample security.	• Independent audits of the data in 1996 and 2006 concluded that the sampling protocols were adequate. • Current Lachlan Star sampling procedures require samples to be collected in staple closed bags once taken from the rig or core yard. They are then transported to the Lachlan Star offices to be prepared in the preparation room in Lachlan Star Installations and then the pulps are leave them to the laboratory directly.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent audits of the sampling techniques and data were completed as part of previous and current Resources and Reserves Report, 2011, 2012, 2013 (Coffey Mining) and 2014 (Geoinvestment Ltd.). The studies were comprehensive and cover all industry standard issues. There does not appear to be any significant risk in accepting the data as valid.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• CMD and DCEM are the registered owners of 133 exploitation mining concessions constituted according to both the 1932Mining Code and the 1983Mining Code. • Additionally, CMD and DCEM are the registered owners of 4 mining concessions in process of being constituted. • The tenement is not within the Native Title Claim. • The tenement is subject to two third party royalties. Alexim and Jeraldo • The CMD Gold Mine is the owner of 68 surfaces properties, registered on the CBR of Andacollo, distributed as follows: 65 owned by CMD and 3 owned by DCEM. • The tenement is a granted Mining Lease, is in good standing and no known impediments exist.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Previous exploration has been conducted at CMD deposit by Chevron since 1990.
Geology	• Deposit type, geological setting and style of mineralisation.	• The CMD Gold Mine area is underlain by volcanic stratigraphy associated with the Quebrada Marquesa Formation, comprised of a sequence of andesitic volcanic rocks in the upper part and an underlying volcanic sedimentary sequence formed by lithic tuff, glass crystals and a mix of them, with epiclastic intercalations. The lithic tuffs are receptive to gold mineralization. The sequence forms tabular bodies that exhibit a north-south strike direction and generally dip gently to the east. The volcanic sequence is intruded by a number of dykes of andesitic, basaltic or monzonitic affiliation. • The most significant gold mineralization is generally hosted within a lithic tuff unit, and is known locally as “manto” mineralization. This style of mineralization is extensive and forms low grade apparently stratabound deposits. Mineralization can also be found in the andesitic pyroclastic units. •
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	• Too many holes (>1,000 holes) to practically summarise. Detailed drill hole data is periodically released with all relevant data appended. See actual Resources & Reserves Report Ni43101.

	• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assays have been length weighted. • No top cut has been applied. • For reporting exploration results, a nominal 0.15 g/t Au lower cut-off has been applied. • High-grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals.
Relationship between mineralization widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Previous reports highlight down hole intercept and true widths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• See plans and sections in attached file
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All results are reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• NA - Exploration results not being released this time.
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• NA - Exploration results not being released this time.

Section 3 Estimation and Reporting of Mineral Resources

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

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Independent audits of the sampling techniques and data were completed as part of previous and current Resources and Reserves Report, 2011, 2012, 2013 (Coffey Mining Pty) and 2014 (Geoinvestment Ltd.). The studies were comprehensive and cover all industry standard issues. There does not appear to be any significant risk in accepting the data as valid.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Regular site visits have been undertaken by the Competent Persons for this Resource and Reserve Statement.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	• The interpretation of the deposit takes full account of all surface and subsurface geological, geochemical and structural information contained in the database to ensure the continuity and integrity of the interpretation. • No detailed alternative interpretations have been validated. • The stratiform nature of the mineralisation requires a very high level of geological control in the interpretation.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• The Mineral Resource covers one massive stratabound identified by drilling. Total North South long axis length is approximately 500 metres, horizontal West - East cross strike width is 300 metres (maximum true width of approximately 120 metres) to a vertical depth of 150 metres.
Estimation and modeling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables.	• The geological model provided by CMD was performed with Gemcom software, while the mineralization model and estimation was performed using Mine Sight Software, by Geoinvestment. • The geological interpretation was provided by CMD Gold Mine, in the form of polygons interpreted in west-east transverse sections, spaced every 20 meters and the solid geological model generated by extrusion of polygons in the influence zone of the section, • The definition of ore envelopes, also called borders, is used to delimit the extension of the mineralized body within different lithology forming the deposit, they are important for defining the estimate plan and the separation of waste material and ore. • The base of oxidation surface was constructed from drill holes logged depths; however, the majority of the mineralization lies in the transitional/sulphide portion of the oxidation profile. • The digital terrain model is the general topography covering the entire CMD

	• Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Gold Mine area, based in April 29, 2014 site survey. • Applying Ordinary Kriging to the indicators model, a model with IND015 variables obtained, indicating the block probability to find an Au grade above 0,15g/t. To define the ore body, the probability percentage equal or higher than 55% was used in order to find grades higher tan the Cut-off selected by rock type and sector, as independent estimate plans were implemented according to rock type and sector. • For the variography study we should consider 5 m composites, calculated applying the bank height method; correlograms are a good option for the deposit anisotropy structures modelling. The search for the anisotropy direction of each studied domain was performed using a search distance between 15 and 20 m for the main and secondary axes, while 5m was set for vertical search. The nugget effect was determined by the study of the omnidirectional Down-The-Hole variogram, achieving coincidence, in most cases, with the effect that reached between a 30 to 35% of total variance. • The Au estimation was carried out by Ordinary Kriging on the registered domains; using only the composites belonging to the region, that is, the estimation plan considers the use of harsh borders. • The results were validated by comparing blocks with the composites using two methods. Statistical validation, this comparison is achieved by comparing the estimated Au value in block and the grade of the composites within the block Graphic Validation: To visually examine the trends and results of interpolation, plants and sections with blocks and composites information are reviewed
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• Tonnages are estimated on a dry basis. Moisture content in ore is very low.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• Wireframes used a 0.15 g/t Au cut-off to determine the ore domains. Cut off grades were determined geostatistically. • The Mineral Resource estimate is reported at 0.15 g/t Au. This is an economic cut-off grade.
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• It is considered to evaluate the Resource an Open Pit optimization, based on the arrangement of the ore body and low overhead, at priced of 1800 US$/Oz and costs determined in the last forecast. • The mining dilution is acceptable according to existing equipment in current operations
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be	• Several roll bottles and columns recovery tests, cyanidation test and historical data accumulated since 1995 was used as the basis for determining the metallurgical recovery. See Section 4 for full details.

	rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• See Section 4 for full details.
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• A very high proportion of the core drill holes samples have a bulk density measurement. There are many samples inside the mine with bulk density measurement too. This is adequate to support interpolation of density into resource models. • The current procedures for bulk density measurement require samples to be taken every 10 metres of core and upon every change in lithology and/or alteration zone and only of core in good condition. Bulk density determinations are reportedly carried out using the weight in air versus weight in water method by immersing whole drill core. Samples that could be affected by water such as those containing soluble minerals, or susceptible to adsorbing water (clays, limonite, illite), or containing much specularite, are covered by parafine before immersion.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	• Mineral Resource classification into Inferred, Indicated and Measured categories is based on a combination of average weighted distance from sample points, variography, drill density and geological interpretation confidence. • The categorization of resources was established in such a way that the quality of the estimate could be quantified. On the other hand, the used estimation methodology, guarantees that all blocks have been estimated using at least two composites. The measured and indicated resources require that the composites should come from at least three different drillings and restricted within a radius ranging between 0.0 m to 15 m for the measured resources, and between 15 and 30 m for the indicated resources. Any other block not meeting these conditions will be within the inferred category
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	• The Mineral Resource was reviewed by Coffey mining Pty in 2011, 2012 and 2013 and by Geoinvestment ltd in 2014 and the recommendations incorporated into the resource model.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed	• The resource estimate is considered robust in light of similar results obtained by different parties and estimation methods. • Verification of the Mineral resources estimate is possible and has been completed based on reconciliation studies completed using the production data (mining and plant data).

	appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3 apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• The Mineral Resource Estimate as at 14 August 2014 (NI-43101) is used for the conversion of a portion of the Mineral Resource to Ore Reserve status. • The Mineral Resource Estimate reported is inclusive of the Ore Reserve.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Regular site visits have been undertaken by the Competent Persons for this Resource and Reserve Statement.
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	• The conversion of the Mineral Resource to an Ore Reserve was part of previous Resources and Reserves report NI43101 in 31 July 2013 and the New Resources and Reserves report NI-43101 in August 2014.
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• The cut-off grades applied are calculated using the forecast costs of mining, processing, site administration haulage, metallurgical recoveries, and royalties. The cut-off grades were defined based on the marginal profits they generate. • A cut-off grade of 0.28g/t Au was applied.
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip,	• The conversion of the Mineral Resource to an Ore Reserve is achieved by imposing a detailed open pit mine design onto the Mineral Resource outline after taking into account geotechnical and mining factors. • The selected mining methods resulted from an optimization analysis (Lerchs & Grossman) based on arrangement of the ore body, topography, geotechnical behaviour of the Rock mass and historical economics parameters of previous

	access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	mine operations. • Pit optimisation studies were undertaken by Geoinvestment using the resource models and the Whittle 3D pit optimisation package. For given block model, cost, recovery and slope input data, Whittle 3D software calculates an optimum for a specific gold price. • Geotechnical works performed during the mine development has confirmed grain size and batter slopes working and to final pit angles. The last job was performed in March 2013. • Final pit walls will be cutbacks on existing pits and therefore historical geotechnical performance is well known. Where final pit walls will extend deeper than existing pits or be located in different rock types than the existing pits, further geotechnical evaluation is recommended. • The parameters design used was determined too by the capacity of the actual mine equipment and are 45° final Pit angle, 5m bench height, 3.2 m berm width, 70° batter angle, 11.5 % Ramp gradient and 25 m ramp width A mining dilution of 5% and mining recovery of 100% were applied to Tres Perlas, taking into consideration the Stratabound style of mineralisation that is encountered. • Inferred Mineral Resources are not included in the Ore Reserve. Only a 6% approximately was included inside the design and was considered waste. • The site is an operating mine and have all services (power, water, air, communications, and plant) running.
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	• The CMD Gold Mine process route consist of a heap leaching process carried out by means of the dynamic heap leach operation of crushed material in a three stage crushing, followed by the adsorption, desorption and regeneration of carbon (ADR), continued by the precipitation of metals through EW and ending with the production of doré bars in a smelting stage. • Several metallurgical test campaigns have been performed along the CMD Gold mine life. Chevron Resources carried out numerous leach tests (bottle roll test and column leach tests) at both CIMM and INTEC laboratories in Santiago (Chile), which indicated that the mineral tested, could be treated by heap leaching with recoveries of around 75% for material crushed to less than 0.5 inch (-13mm). After CMD acquired the project, it initiated column leach tests at SGS Laboratories in Santiago on oxide mineralized material and a mix of transitional and primary mineralized materials crushed to different size fractions. The results showed that both, oxide and mixed material seemed to be amenable to heap leaching and higher gold dissolution could be achieved at a crushed size of 3/8" (9.5 mm). • INTEC-Chile conducted numerous column leach tests to determine key operational variables, predominantly bottle roll tests on Tres Perlas material to determine variability of the ore within each deposit. • Although Bechtel in its feasibility study report did not specifically identify sample locations or discuss representativeness of the samples tested, it is mentioned that bulk samples from each deposit were tested to determine the primary operating variables and establish optimum leach conditions. Samples from the core drilling program were tested to confirm results at depth in the deposits and bottle roll tests were conducted on samples from drill cuttings throughout each

		deposit both laterally and vertically to test variability of each ore deposit.
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	• Extensive studies of all environmental impact aspects of the operation were completed 1992 by Dames and Moore Chile Ltd under a previous feasibility study. Further studies, Declarations of Environmental Impact (DIA) by Lachlan have refreshed and added to the volume of work in 2005, 2009 and October 2013. • The project has carefully designed its process and operational footprint to minimise environmental impacts. Particulate matter (PM10): refers to principal contaminants resulting from the Project operations. The most significant activities generating particulate matter correspond to: Surface blasting, material loading and unloading, suspended dust associated to transit on unpaved roads at the mine area, crushing, belt conveyor systems and stockpiles management. Once the emission activities of the Project operations are identified, these are quantified and a series of measures are accordingly established to control and mitigate such emanations, • There are two air quality monitoring stations set for the Project in order to continuously evaluate the weather conditions and$ PM$ 10, Every month the generated reports are delivered to the Environmental authority (Superintendencia de Medio Ambiente). • Cyanided Aerosols: the process of leaching in terms of heaps location, irrigation Methodology and irrigation area, does not generate emissions of cyanided aerosols, not even in the more disadvantaged situation. • Full waste rock characterisation was completed given the high PAF nature of the material. • The Project does not contemplate destruction, excavation, deterioration or transfer of any National Monument, neither contemplates the intervention of elements belonging to the Archaeological cultural heritage; it does not affect places where proper cultural or habitual Folklore manifestations of any community or human group are carried out, neither affects Human groups of indigenous ethnic character • The Mining Proposal application documentation has been submitted to the relevant State authorities for approval.
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• The site is an operating mine and have all services (power, water, air, communications, and plant) running. • The location is near to the port of Coquimbo, where are all the facilities to connection with any place.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties	• The capital expenditure for mining is related to the purchase of drilling parts and older equipment operating within the mine. Also included in this capital expenditure, we may find the maintenance of software and other studies. Most of the processing capital expenditure for the Indicated Mineral Resource Only case is related to addition of a liner on the upper lifts of the existing heap leach to aid recovery, the refurbishment of the electrowinning circuit for the refinery, the addition of an impermeable liner on the heap leach for additional cells and refurbishment costs in the ADR plant. • Operating costs include drilling costs and general mining costs, laboratory costs,

	for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	which are included in the processing costs The processing cost applied to ore tonnes in the optimisation covers the costs associated with crushing, stacking, leaching, refining, maintenance, ADR Plant, laboratory, dynamic pile, auxiliary equipment and extension stacked area. The fixed costs associated with administration and other items were applied based on average mining or processing rates over the life of mine and are based on current costs. • In January 2006, a Mining Tax was introduced in Chile. This tax is levied upon operating revenue earned by mining enterprises. This tax is calculated according to two different arithmetic operations, one intended to determine the tax rate and other to determine the taxable basis. The specific tax rate will depend on the volume of sales made by the miner, converted into metric tonnes of fine copper. At a copper price of US$10,000/t, the tax threshold is triggered at an annual sales level of US$120 million. At a gold price of US$1,500/Oz, this equates to an annual gold production of 80,000 ounces. Under the current mine plan, CMD will not be liable for this royalty • Metal price was projected in base of last 3 years average gold price (1,520 US$/Oz) • TC/RC forecasts are based on analysis of independent forecasts from a range of third party providers and third party smelters. • Private Royalties are payable to the previous owners of certain tenement areas and are based on the amount of gold deemed to be recovered from production during a particular month and using various estimates for gold recovery for particular tenement areas.
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• All revenue factor assumptions are based on the inputs from the production plan, pricing received under formal tenders for land and seaborne transport costs, analysis of independent forecasts from a range of third party providers and third party smelters for TC/RC charges, penalty rates and payability factors. • Metal price and foreign exchange assumptions are based on analysis of independent forecasts from a range of third party providers.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• In-house and independent analysis for future Gold and Silver markets has been undertaken for the period 2015 and beyond. • The small volume and high quality of Gold produced will attract a ready market, supported by third party off take proposals.
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• Financial results – see ASX announcement 18 December 2012 • Economic inputs are based on fixed real revenue/cost pricing from a November 2013 base. • Depreciation rates as per existing accounting standards. • The cash flow model has been generated on a pre-tax basis. The CMD Gold Mine has available tax losses of approximately US$95.5 million and a capital repatriation credit of US$120,7 million. The tax loss available as a deduction against future profits means that the issue of tax is immaterial unless the life of mine can be extended for a very long period or the gold price increases

		significantly. • Base case discount rate of 5% real ungeared, sensitivity analysis completed to 10% real. • Sensitivity analysis is performed by varying the price of gold (- 20%, 20%) average Gold Act fed to the plant (-15% + 15%): Cost of Operation (-15%, + 15 %) and the cost of investment (-15% + 15%).
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• All environmental approval documentation lodged with relevant authorities. • Existing Mining Agreement with traditional owners. • Local Government permits approved to Dec 2014 and the 2015 and beyond in process.
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• The status of material legal and governmental agreements is resolved as the project takes many years in operation. • The natural risks are related to natural disasters like earthquake, intensive rains, etc.
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• The Ore Reserve is classified as a Probable Reserve based on the Indicated Mineral Resource Estimate. • The deposit's geological model is well constrained. The ore reserve classification is considered appropriate given the nature of the deposit, the moderate grade variability, drilling density and that it is a greenfield deposit with no mining history.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• The Ore Reserve estimate has been audited by Coffey mining in 2011, 2012 and 2013, and by Geoinvestment in 2014. The results in every time were favourable.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances.	• The Ore Reserve estimate is considered robust in light of similar results obtained by different estimation methods. No statistical analysis procedures have been applied. • The accuracy and confidence limits are based on the current mine design and cut-off grade analysis employed in the technical and economic evaluation. Material changes to the technical or economic assumptions used, including operating costs, TC/RC costs, transport charges, concentrate payability factors and metal prices may materially impact the accuracy of the estimate. • Verification of the Mineral Ore Reserve estimate is possible and has been completed based on reconciliation studies completed using the production data (mining and plant data).

	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	

APPENDIX 2

COMPAÑIA MINERA DAYTON (CMD) TORO RESOURCE AND RESERVE STATEMENT NOTES

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• The deposit was sampled with a combination of Reverse Circulation (RC) and diamond (DD) drill holes completed on a variable spacing across the deposit to a maximum vertical depth of depth of 400 metres. The RC drill holes were sampled via a standard adjustable cyclone and riffle splitter from the recovered sample. Diamond drill core was sampled using standard cut half core. • Standard RC drilling produced whole metre RC drill samples split at the rig using a cone splitter producing samples of approximately 15 kg. Diamond drilling completed to industry standard using predominantly NQ size core. Diamond core was orientated, aligned and cut on geologically determined intervals (0.25 to1.2 metres). • Samples were weighed, dried, crushed and pulverised (total prep) to produce a pulp sub-sample for analysis by FA/AAS (Au) finish or for four acid digest with an ICP/OES, ICP/MS
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Drilling technique is predominantly RC drilling with a 5.5 inch face sampling hammer was used after 2005. (over 75%). Diamond drilling was used in smaller amount since 1989 using mostly NQ size with some BQ, TT56 and HQ sizes using a variety of rig types.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill core recovery was recorded by all operators as a percentage of measured recovered core versus drilled distance. Recoveries were generally high except for faults zones. • RC samples were weighed and compared to standards to estimate sample recoveries, which were consistently high. Any low recovery intervals were logged and entered into the database. • The cyclone and splitter were routinely inspected and cleaned during the drilling ensuring no excessive material build-up. Care was taken to ensure the split samples were of a consistent volume.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• Diamond drill core is all qualitatively logged and most drill holes have been photographed. RC drill holes were all qualitatively logged and RC chip tray samples collected and stored. • Logging by all operators was at an appropriate detailed quantitative standard to support future geological, resource, reserve estimations and subsequent feasibility studies.

		• All holes were logged in full.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Diamond core was sawn with a diamond saw and half core samples (quarter core in metallurgical holes) taken for assay. • 1 metre RC samples were collected and split off the drill rig using a cone splitter. Approximately 90% of the samples were dry in nature. • The sample preparation of the samples follows industry best practice in sample preparation involving weighing, oven drying, pulverisation of the entire sample (total prep) to a grind size of 95% passing 150# Tyler. • Lachlan and previous operators had QAQC procedures involving the use of certified standards, blanks and duplicates. The QAQC has been independently audited with no apparent issues. • No field duplicates have been taken. • The sample sizes are considered appropriate given the relatively fine grained nature of the sulphide mineralisation, which is not nuggetty in nature, the sampling methodology and the percent assay value ranges involved.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Screened fire assays (SFA) and gravimetric analysis have been used extensively by CMD to determine Au, for Ag and Cu was used three acid digest with AA final determination .Four acid digest multi-element suite with ICP/MS finish (30g FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for the dissolution of most silica based samples. The method approaches total dissolution of most minerals. Combustion furnace or Eltra "Leco" analyser assayed total sulphur. • No geophysical tools were used to determine any element concentrations reported. • Duplicates were taken every 25m
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Prior to 2011, verification procedures were not documented. • Post 2011, significant intersections were checked by the different consultants. • A range of primary data collection methods was employed since 1989. Since 2007, data recording used a set of standard Excel templates on a data logger and uploaded to note book computer. The data is sent to Perth office for verification and compilation into an SQL database by the in-house database administrator. Full copies are stored offsite. • Full data base verification of all historical information was completed in 2014 by Geoinvestment. All data is loaded and stored in DataShed database. • The historical data (pre-2007) has been adjusted with all negative assays, representing below detection assays, were converted to positive assays of half value.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Current practice is survey all drillhole collars with Electronic Distance Measuring (EDM devices. This survey is completed in local grid (a subset of the Universal Transverse Mercator grid system) using established survey control. As part of the validation process, Geoinvestment checked the survey locations of the drilling against the supplied topography and other known survey control points. The data is consistent with these data and therefore is considered ac-curate • Historic downhole surveying data was collected at irregular intervals by an unknown method-ology, which is assumed to be a single shot downhole

		camera, for example an Eastman Camera. Current downhole survey practice uses a Reflex Maxibor II. Review of the 3D data by Geoinvestment suggests deviations encountered are appropriate and that downhole sample locations are accurately known.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• The nominal drill spacing is generally 30m x 30m to 20m x 20m. • The current spacing is adequate to assume geological and grade continuity of the mineralised domain. • No compositing has been applied to the exploration results.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Given the main stratigraphic nature of the mineralising system, no orientation based sampling bias has been identified in the data. Most of drilling is conducted vertically or at a low angle to the dip of the mineralised system • In case of mineralized structures , drilling is orientated N 30° E, near perpendicular to the mineralised trend
Sample security	• The measures taken to ensure sample security.	• Independent audits of the data in 1996 and 2006 concluded that the sampling protocols were adequate. • Current Lachlan Star sampling procedures require samples to be collected in staple closed bags once taken from the rig or core yard. They are then transported to the Lachlan Star offices to be prepared in the preparation room in Lachlan Star Installations and then the pulps are leave them to the laboratory directly.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent audits of the sampling techniques and data were completed as part of previous and current Resources and Reserves Report , 2011, 2012, 2013 (Coffey Mining) and 2014 (Geoinvestment Ltd.). The studies were comprehensive and cover all industry standard issues. There does not appear to be any significant risk in accepting the data as valid.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• CMD and DCEM are the registered owners of 133 exploitation mining concessions constituted according to both the 1932Mining Code and the 1983Mining Code. • Additionally, CMD and DCEM are the registered owners of 4 mining concessions in process of being constituted. • The tenement is not within the Native Title Claim. • The tenement is subject to two third party royalties. Alexim and Jeraldo • The CMD Gold Mine is the owner of 68 surfaces properties, registered on the CBR of Andacollo, distributed as follows: 65 owned by CMD and 3 owned by DCEM. • The tenement is a granted Mining Lease, is in good standing and no known impediments exist.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Previous exploration has been conducted at CMD deposit by Chevron since 1990.
Geology	• Deposit type, geological setting and style of mineralisation.	• The CMD Gold Mine area is underlain by volcanic stratigraphy associated with the Quebrada Marquesa Formation, comprised of a sequence of andesitic volcanic rocks in the upper part and an underlying volcanic sedimentary sequence formed by lithic tuff, glass crystals and a mix of them, with epiclastic intercalations. The lithic tuffs are receptive to gold mineralization. The sequence forms tabular bodies that exhibit a north-south strike direction and generally dip gently to the east. The volcanic sequence is intruded by a number of dykes of andesitic, basaltic or monzonitic affiliation. • The most significant gold mineralization is generally hosted within a lithic tuff unit, and is known locally as “manto” mineralization. This style of mineralization is extensive and forms low grade apparently stratabound deposits. Mineralization can also be found in the andesitic pyroclastic units.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar	• Too many holes (>800 holes) to practically summarise. Detailed drill hole data is periodically released with all relevant data appended. See actual Resources & Reserves Report Ni43101.

	• dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assays have been length weighted. • No top cut has been applied. • For reporting exploration results, a nominal 0.15 g/t Au lower cut-off has been applied. • High-grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals.
Relationship between mineralization widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Previous reports highlight down hole intercept and true widths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• See plans and sections in attached file
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All results are reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• NA - Exploration results not being released this time.
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• NA - Exploration results not being released this time.

Section 3 Estimation and Reporting of Mineral Resources

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

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Independent audits of the sampling techniques and data were completed as part of previous and current Resources and Reserves Report , 2011, 2012, 2013 (Coffey Mining Pty) and 2014 (Geoinvestment Ltd.). The studies were comprehensive and cover all industry standard issues. There does not appear to be any significant risk in accepting the data as valid.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Regular site visits have been undertaken by the Competent Persons for this Resource and Reserve Statement.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	• The interpretation of the deposit takes full account of all surface and subsurface geological, geochemical and structural information contained in the database to ensure the continuity and integrity of the interpretation. • No detailed alternative interpretations have been validated. • The stratiform nature of the mineralisation requires a very high level of geological control in the interpretation.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• The Mineral Resource covers one massive stratabound identified by drilling. Total North South long axis length is approximately 300 metres, horizontal West - East cross strike width is 200 metres (maximum true width of approximately 120 metres) to a vertical depth of 100 metres.
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the	• The geological model provided by CMD was performed with Gemcom software, while the mineralization model and estimation was performed using Mine Sight Software, by Geoinvestment. • The geological interpretation was provided by CMD Gold Mine, in the form of polygons interpreted in west-east transverse sections, spaced every 20 meters • The wireframe at a nominal 0.15 g/t Au cut-off grade was constructed from outlines interpreted by Coffey Mining based on a geological interpretation supplied by Lachlan Star. Interpretation was based on east west oriented drillhole sections showing rock types and sample grades. Interpretation of the mineralised zones resulted in 142 domains • The digital terrain model is the general topography covering the entire CMD Gold Mine area, based in April 29, 2014 site survey.

	average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	• For the study, variography is based on the 3m composites. Several types of variograms and variogram fans were calculated for the cut grade data, including the traditional variogram, the correlogram and a Gaussian variogram. • The correlograms proved to display reasonable structure and were modelled. The nugget was determined from the close spaced down-the-hole data, with a lag distance of 5m and an omni-directional search. The ranges were determined from directional variograms with a lag distance of 15m in the east-west (major), 15m north-south (semi-major) and 5m vertical (mi-nor) • The Au estimation was carried out by Ordinary Kriging on the registered domains; using only the composites belonging to the region, that is, the estimation plan considers the use of harsh borders. • The results were validated by comparing blocks with the composites using two methods. Statistical validation, this comparison is achieved by comparing the estimated Au value in a block and the grade of the composites within the block Graphic Validation: To visually examine the trends and results of interpolation, plants and sections with blocks and composites information are reviewed
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• Tonnages are estimated on a dry basis. Moisture content in ore is very low.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• Wireframes used a 0.15 g/t Au cut-off to determine the ore domains. Cut off grades were determined geostatistically. • The Mineral Resource estimate is reported at 0.15 g/t Au. This is an economic cut-off grade.
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• It is considered to evaluate the Resource an Open Pit optimization, based on the arrangement of the ore body and low overhead, at priced of 1800 US$/Oz and costs determined in the last forecast. • The mining dilution is acceptable according to existing equipment in current operations
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• Several roll bottles and columns recovery tests, cyanidation test and historical data accumulated since 1995 was used as the basis for determining the metallurgical recovery. See Section 4 for full details.
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this	• See Section 4 for full details.

	stage the determination of potential environmental impacts, particularly for a greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• A very high proportion of the core drillholes samples have a bulk density measurement. There are many samples inside the mine with bulk density measurement too. This is adequate to support interpolation of density into resource models. • The current procedures for bulk density measurement require samples to be taken every 10 metres of core and upon every change in lithology and/or alteration zone and only of core in good condition. Bulk density determinations are reportedly carried out using the weight in air versus weight in water method by immersing whole drill core. Samples that could be affected by water such as those containing soluble minerals, or susceptible to adsorbing water (clays, limonite, illite), or containing much specularite, are covered by parafine before immersion.
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	• Mineral Resource classification into Inferred, Indicated and Measured categories is based on a combination of average weighted distance from sample points, variography, drill density and geological interpretation confidence. • The categorization of resources was established in such a way that the quality of the estimate could be quantified. On the other hand, the used estimation methodology, guarantees that all blocks have been estimated using at least two composites. The measured and indicated resources require that the composites should come from at least three different drillings and restricted within a radius ranging between 0.0 m to 15 m for the measured resources, and between 15 and 30 m for the indicated resources. Any other block not meeting these conditions, , will be within the inferred category
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	• The Mineral Resource was reviewed by Coffey mining Pty in 2011, 2012 and 2013 and by Geoinvestment ltd in 2014 and the recommendations incorporated into the resource model.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should	• The resource estimate is considered robust in light of similar results obtained by different parties and estimation methods. • Verification of the Mineral resources estimate is possible and has been completed based on reconciliation studies completed using the production data (mining and plant data).

	be compared with production data, where available.	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3 apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• The Mineral Resource Estimate as at 14 August 2014 (NI-43101) is used for the conversion of a portion of the Mineral Resource to Ore Reserve status. • The Mineral Resource Estimate reported is inclusive of the Ore Reserve.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Regular site visits have been undertaken by the Competent Persons for this Resource and Reserve Statement.
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	• The conversion of the Mineral Resource to an Ore Reserve was part of previous Resources and Reserves report NI43101 in 31 July 2013 and the New Resources and Reserves report NI-43101 in August 2014.
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• The cut-off grades applied are calculated using the forecast costs of mining, processing, site administration haulage, metallurgical recoveries, and royalties. The cut-off grades were defined based on the marginal profits they generate. • A cut-off grade of 0.28g/t Au was applied based on the assumed gold price assumption of $1,300 per ounce.
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used.	• The conversion of the Mineral Resource to an Ore Reserve is achieved by imposing a detailed open pit mine design onto the Mineral Resource outline after taking into account geotechnical and mining factors. • The selected mining methods resulted from an optimization analysis (Lerchs & Grossman) based on arrangement of the ore body, topography, geotechnical behaviour of the Rock mass and historical economics parameters of previous mine operations. • Pit optimisation studies were undertaken by Geoinvestment using the resource models and the Whittle 3D pit optimisation package. For given block model, cost, recovery and slope input data, Whittle 3D software calculates an optimum for a specific gold price. • Geotechnical works performed during the mine development has confirmed

	• The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	grain size and batter slopes working and to final pit angles. The last job was performed in March 2013. • Final pit walls will be cutbacks on existing pits and therefore historical geotechnical performance is well known. Where final pit walls will extend deeper than existing pits or be located in different rock types than the existing pits, further geotechnical evaluation is recommended. • The parameters design used was determined too by the capacity of the actual mine equipment and are 45° final Pit angle, 5m bench height, 3.2 m berm width, 70° batter angle, 11.5 % Ramp gradient and 25 m ramp width A mining dilution of 5% and mining recovery of 100% were applied to Tres Perlas, taking into consideration the Stratabound style of mineralisation that is encountered. • Inferred Mineral Resources are not included in the Ore Reserve. Only a 6% approximately was included inside the design and was considered waste. • The site is an operating mine and have all services (power, water, air, communications, and plant) running.
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	• The CMD Gold Mine process route consist of a heap leaching process carried out by means of the dynamic heap leach operation of crushed material in a three stage crushing, followed by the adsorption, desorption and regeneration of carbon (ADR), continued by the precipitation of metals through EW and ending with the production of doré bars in a smelting stage. • Several metallurgical test campaigns have been performed along the CMD Gold mine life. Chevron Resources carried out numerous leach tests (bottle roll test and column leach tests) at both CIMM and INTEC laboratories in Santiago (Chile) which indicated that the mineral tested could be treated by heap leaching with recoveries of around 75% for material crushed to less than 0.5 inch (-13mm). After CMD acquired the project, it initiated column leach tests at SGS Laboratories in Santiago on oxide mineralized material and a mix of transitional and primary mineralized materials crushed to different size fractions. The results showed that both, oxide and mixed material seemed to be amenable to heap leaching and higher gold dissolution could be achieved at a crushed size of 3/8" (9.5 mm). • INTEC-Chile conducted numerous column leach tests to determine key operational variables, predominantly bottle roll tests on Tres Perlas material to determine variability of the ore within each deposit. • Although Bechtel in its feasibility study report did not specifically identify sample locations or discuss representativeness of the samples tested, it is mentioned that bulk samples from each deposit were tested to determine the primary operating variables and establish optimum leach conditions. Samples from the core drilling program were tested to confirm results at depth in the deposits and bottle roll tests were conducted on samples from drill cuttings throughout each deposit both laterally and vertically to test variability of each ore deposit.
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where	• Extensive studies of all environmental impact aspects of the operation were completed 1992 by Dames and Moore Chile Ltd under a previous feasibility study. Further studies, Declarations of Environmental Impact (DIA) by Lachlan

	applicable, the status of approvals for process residue storage and waste dumps should be reported.	have refreshed and added to the volume of work in 2005, 2009 and October 2013. • The project has carefully designed its process and operational footprint to minimise environmental impacts. Particulate matter (PM10): refers to principal contaminants resulting from the Project operations. The most significant activities generating particulate matter correspond to: Surface blasting, material loading and unloading, suspended dust associated to transit on unpaved roads at the mine area, crushing, belt conveyor systems and stockpiles management. Once the emission activities of the Project operations are identified, these are quantified and a series of measures are accordingly established to control and mitigate such emanations, • There are two air quality monitoring stations set for the Project in order to continuously evaluate the weather conditions and$ PM$ 10, Every month the generated reports are delivered to the Environmental authority (Superintendencia de Medio Ambiente). • Cyanided Aerosols: the process of leaching in terms of heaps location, irrigation Methodology and irrigation area, does not generate emissions of cyanided aerosols, not even in the more disadvantaged situation. • Full waste rock characterisation was completed given the high PAF nature of the material. • The Project does not contemplate destruction, excavation, deterioration or transfer of any National Monument, neither contemplates the intervention of elements belonging to the Archaeological cultural heritage; it does not affect places where proper cultural or habitual Folklore manifestations of any community or human group are carried out, neither affects Human groups of indigenous ethnic character • The Mining Proposal application documentation has been submitted to the relevant State authorities for approval.
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• The site is an operating mine and have all services (power, water, air, communications, and plant) running. • The location is near to the port of Coquimbo, where are all the facilities to connection with any place.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	• The capital expenditure for mining is related to the purchase of drilling parts and older equipment operating within the mine. Also included in this capital expenditure, we may find the maintenance of software and other studies. Most of the processing capital expenditure for the Indicated Mineral Resource Only case is related to addition of a liner on the upper lifts of the existing heap leach to aid recovery, the refurbishment of the electrowinning circuit for the refinery, the addition of an impermeable liner on the heap leach for additional cells and refurbishment costs in the ADR plant. • Operating costs include drilling costs and general mining costs, laboratory costs, which are included in the processing costs The processing cost applied to ore tonnes in the optimisation covers the costs associated with crushing, stacking, leaching, refining, maintenance, ADR Plant, laboratory, dynamic pile, auxiliary equipment and extension stacked area. The fixed costs associated with administration and other items were applied based on average mining or

		processing rates over the life of mine and are based on current costs. • In January 2006, a Mining Tax was introduced in Chile. This tax is levied upon operating revenue earned by mining enterprises. This tax is calculated according to two different arithmetic operations, one intended to determine the tax rate and other to determine the taxable basis. The specific tax rate will depend on the volume of sales made by the miner, converted into metric tonnes of fine copper. At a copper price of US$10,000/t, the tax threshold is triggered at an annual sales level of US$120 million. At a gold price of US$1,500/Oz, this equates to an annual gold production of 80,000 ounces. Under the current mine plan, CMD will not be liable for this royalty • Metal price was projected in base of last 3 years average gold price (1,520 US$/Oz) • TC/RC forecasts are based on analysis of independent forecasts from a range of third party providers and third party smelters. • Private Royalties are payable to the previous owners of certain tenement areas and are based on the amount of gold deemed to be recovered from production during a particular month and using various estimates for gold recovery for particular tenement areas.
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• All revenue factor assumptions are based on the inputs from the production plan, pricing received under formal tenders for land and seaborne transport costs, analysis of independent forecasts from a range of third party providers and third party smelters for TC/RC charges, penalty rates and payability factors. • Metal price and foreign exchange assumptions are based on analysis of independent forecasts from a range of third party providers.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• In-house and independent analysis for future Gold and Silver markets has been undertaken for the period 2015 and beyond. • The small volume and high quality of Gold produced will attract a ready market, supported by third party off take proposals.
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• Financial results – see ASX announcement 18 December 2012 • Economic inputs are based on fixed real revenue/cost pricing from a November 2013 base. • Depreciation rates as per existing accounting standards. • The cash flow model has been generated on a pre-tax basis. The CMD Gold Mine has available tax losses of approximately US$95.5 million and a capital repatriation credit of US$120,7 million. The tax loss available as a deduction against future profits means that the issue of tax is immaterial unless the life of mine can be extended for a very long period or the gold price increases significantly. • Base case discount rate of 5% real ungeared, sensitivity analysis completed to 10% real. • Sensitivity analysis is performed by varying the price of gold (- 20%, 20%) average Gold Act fed to the plant (-15% + 15%): Cost of Operation (-15%, + 15

		%) and the cost of investment (-15% + 15%).
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• All environmental approval documentation lodged with relevant authorities. • Existing Mining Agreement with traditional owners. • Local Government permits approved to Dec 2014 and the 2015 and beyond in process.
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• The status of material legal and governmental agreements are resolved as the project take many years in operation. • The natural risks are related to natural disasters like earthquake, intensive rains, etc.
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• The Ore Reserve is classified as a Probable Reserve based on the Indicated Mineral Resource Estimate. • The deposit's geological model is well constrained. The ore reserve classification is considered appropriate given the nature of the deposit, the moderate grade variability, drilling density and that it is a greenfield deposit with no mining history.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• The Ore Reserve estimate has been audited by Coffey mining in 2011, 2012 and 2013, and by Geoinvestment in 2014. The results in every time were favourable.
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Ore Reserve estimate is considered robust in light of similar results obtained by different estimation methods. No statistical analysis procedures have been applied. • The accuracy and confidence limits are based on the current mine design and cut-off grade analysis employed in the technical and economic evaluation. Material changes to the technical or economic assumptions used, including operating costs, TC/RC costs, transport charges, concentrate payability factors and metal prices may materially impact the accuracy of the estimate. • Verification of the Mineral Ore Reserve estimate is possible and has been completed based on reconciliation studies completed using the production data (mining and plant data).

APPENDIX 3

COMPAÑIA MINERA DAYTON (CMD) CHISPEROS RESOURCE AND RESERVE STATEMENT NOTES

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• The deposit was sampled with a combination of Reverse Circulation (RC) and diamond (DD) drill holes completed on a variable spacing across the deposit to a maximum vertical depth of depth of 400 metres. The RC drill holes were sampled via a standard adjustable cyclone and riffle splitter from the recovered sample. Diamond drill core was sampled using standard cut half core. • Standard RC drilling produced whole metre RC drill samples split at the rig using a cone splitter producing samples of approximately 15 kg. Diamond drilling completed to industry standard using predominantly NQ size core. Diamond core was orientated, aligned and cut on geologically determined intervals (0.25 to1.2 metres). • Samples were weighed, dried, crushed and pulverised (total prep) to produce a pulp sub-sample for analysis by FA/AAS (Au) finish or for four acid digest with an ICP/OES, ICP/MS
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Drilling technique is predominantly RC drilling with a 5.5 inch face sampling hammer was used after 2005. (over 75%). Diamond drilling was used in smaller amount since 1989 using mostly NQ size with some BQ, TT56 and HQ sizes using a variety of rig types.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond drill core recovery was recorded by all operators as a percentage of measured recovered core versus drilled distance. Recoveries were generally high except for faults zones. • RC samples were weighed and compared to standards to estimate sample recoveries, which were consistently high. Any low recovery intervals were logged and entered into the database. • The cyclone and splitter were routinely inspected and cleaned during the drilling ensuring no excessive material build-up. Care was taken to ensure the split samples were of a consistent volume.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• Diamond drill core is all qualitatively logged and most drill holes have been photographed. RC drill holes were all qualitatively logged and RC chip tray samples collected and stored. • Logging by all operators was at an appropriate detailed quantitative standard to support future geological, resource, reserve estimations and subsequent feasibility studies. • All holes were logged in full.
Sub-sampling	• If core, whether cut or sawn and whether quarter, half or all core taken.	• Diamond core was sawn with a diamond saw and half core samples (quarter

techniques and sample preparation	• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	core in metallurgical holes) taken for assay. • 1 metre RC samples were collected and split off the drill rig using a cone splitter. Approximately 90% of the samples were dry in nature. • The sample preparation of the samples follows industry best practice in sample preparation involving weighing, oven drying, pulverisation of the entire sample (total prep) to a grind size of 95% passing 150# Tyler. • Lachlan and previous operators had QAQC procedures involving the use of certified standards, blanks and duplicates. The QAQC has been independently audited with no apparent issues. • No field duplicates have been taken. • The sample sizes are considered appropriate given the relatively fine grained nature of the sulphide mineralisation, which is not nuggetty in nature, the sampling methodology and the percent assay value ranges involved.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Screened fire assays (SFA) and gravimetric analysis have been used extensively by CMD to determine Au, for Ag and Cu was used three acid digest with AA final determination .Four acid digest multi-element suite with ICP/MS finish (30g FA/AAS for precious metals). The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for the dissolution of most silica based samples. The method approaches total dissolution of most minerals. Combustion furnace or Eltra “Leco” analyser assayed total sulphur. • No geophysical tools were used to determine any element concentrations reported. • Duplicates were taken every 25m
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Prior to 2011, verification procedures were not documented. • Post 2011, significant intersections were checked by the different consultants. • A range of primary data collection methods was employed since 1989. Since 2007, data recording used a set of standard Excel templates on a data logger and uploaded to note book computer. The data is sent to Perth office for verification and compilation into an SQL database by the in-house database administrator. Full copies are stored offsite. • Full data base verification of all historical information was completed in 2014 by Geoinvestment. All data is loaded and stored in DataShed database. • The historical data (pre-2007) has been adjusted with all negative assays, representing below detection assays, were converted to positive assays of half value.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Current practice is survey all drillhole collars with Electronic Distance Measuring (EDM devices. This survey is completed in local grid (a subset of the Universal Transverse Mercator grid system) using established survey control. As part of the validation process, Geoinvestment checked the survey locations of the drilling against the supplied topography and other known survey control points. The data is consistent with these data and therefore is considered ac-curate • Historic downhole surveying data was collected at irregular intervals by an unknown method-ology, which is assumed to be a single shot downhole camera, for example an Eastman Camera. Current downhole survey practice uses a Reflex Maxibor II. Review of the 3D data by Geoinvestment suggests deviations encountered are appropriate and that downhole sample locations

		are accurately known.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• The nominal drill spacing is generally 30m x 30m to 20m x 20m. • The current spacing is adequate to assume geological and grade continuity of the mineralised domain. • No compositing has been applied to the exploration results.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Given the main stratigraphic nature of the mineralising system, no orientation based sampling bias has been identified in the data. Most of drilling is conducted vertically or at a low angle to the dip of the mineralised system • In case of mineralized structures , drilling is orientated N 30° E, near perpendicular to the mineralised trend
Sample security	• The measures taken to ensure sample security.	• Independent audits of the data in 1996 and 2006 concluded that the sampling protocols were adequate. • Current Lachlan Star sampling procedures require samples to be collected in staple closed bags once taken from the rig or core yard. They are then transported to the Lachlan Star offices to be prepared in the preparation room in Lachlan Star Installations and then the pulps are leave them to the laboratory directly.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Independent audits of the sampling techniques and data were completed as part of previous and current Resources and Reserves Report , 2011, 2012, 2013 (Coffey Mining) and 2014 (Geoinvestment Ltd.). The studies were comprehensive and cover all industry standard issues. There does not appear to be any significant risk in accepting the data as valid.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• CMD and DCEM are the registered owners of 133 exploitation-mining concessions constituted according to both the 1932Mining Code and the 1983Mining Code. • Additionally, CMD and DCEM are the registered owners of 4 mining concessions in process of being constituted. • The tenement is not within the Native Title Claim. • The tenement is subject to two third party royalties. Alexim and Jeraldo • The CMD Gold Mine is the owner of 68 surfaces properties, registered on the CBR of Andacollo, distributed as follows: 65 owned by CMD and 3 owned by DCEM. • The tenement is a granted Mining Lease, is in good standing and no known impediments exist.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Previous exploration has been conducted at CMD deposit by Chevron since 1990.
Geology	• Deposit type, geological setting and style of mineralisation.	• The CMD Gold Mine area is underlain by volcanic stratigraphy associated with the Quebrada Marquesa Formation, comprised of a sequence of andesitic volcanic rocks in the upper part and an underlying volcanic sedimentary sequence formed by lithic tuff, glass crystals and a mix of them, with epiclastic intercalations. The lithic tuffs are receptive to gold mineralization. The sequence forms tabular bodies that exhibit a north-south strike direction and generally dip gently to the east. The volcanic sequence is intruded by a number of dykes of andesitic, basaltic or monzonitic affiliation. • The most significant gold mineralization is generally hosted within a lithic tuff unit, and is known locally as “manto” mineralization. This style of mineralization is extensive and forms low grade apparently stratabound deposits. Mineralization can also be found in the andesitic pyroclastic units.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	• Too many holes (60 holes) to practically summarise. Detailed drill hole data is periodically released with all relevant data appended. See actual Resources & Reserves Report Ni43101.

	• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All reported assays have been length weighted. • No top cut has been applied. • For reporting exploration results, a nominal 0.15 g/t Au lower cut-off has been applied.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Previous reports highlight down hole intercept and true widths.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• See plans and sections in attached file
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All results are reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• NA - Exploration results not being released this time.
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• NA - Exploration results not being released this time.

Section 3 Estimation and Reporting of Mineral Resources

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

Criteria	JORC Code Explanation	Commentary
Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• NA- No Ore Reserves are reported
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• NA- No Ore Reserves are reported
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	• NA- No Ore Reserves are reported
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• NA- No Ore Reserves are reported
Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model	

	data to drill hole data, and use of reconciliation data if available.	
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• NA- No Ore Reserves are reported
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• NA- No Ore Reserves are reported
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• NA- No Ore Reserves are reported
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• NA- No Ore Reserves are reported
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• NA- No Ore Reserves are reported
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• NA- No Ore Reserves are reported
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the	NA- No Ore Reserves are reported

	deposit.	
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	• NA- No Ore Reserves are reported
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• NA- No Ore Reserves are reported

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3 apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• NA- No Ore Reserves are reported
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• NA- No Ore Reserves are reported
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	• NA- No Ore Reserves are reported
Cut-off	• The basis of the cut-off grade(s) or quality parameters applied.	NA- No Ore Reserves are reported

parameters		
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	• NA- No Ore Reserves are reported
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	NA- No Ore Reserves are reported
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	• NA- No Ore Reserves are reported
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• NA- No Ore Reserves are reported
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	• NA- No Ore Reserves are reported

	• The allowances made for royalties payable, both Government and private.	
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• NA- No Ore Reserves are reported
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	NA- No Ore Reserves are reported
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• NA- No Ore Reserves are reported
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• NA- No Ore Reserves are reported
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• NA- No Ore Reserves are reported
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• NA- No Ore Reserves are reported
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• NA- No Ore Reserves are reported
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates,	• NA- No Ore Reserves are reported

	and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	

APPENDIX 4

COMPAÑIA MINERA DAYTON (CMD) – LOCATION PLANS AND SECTIONS

TRES PERLAS

Figure 9.3.3_3
Map Showing Location of Boreholes Drilled During 2012 and 2013-2014 (Tres Perlas Area)

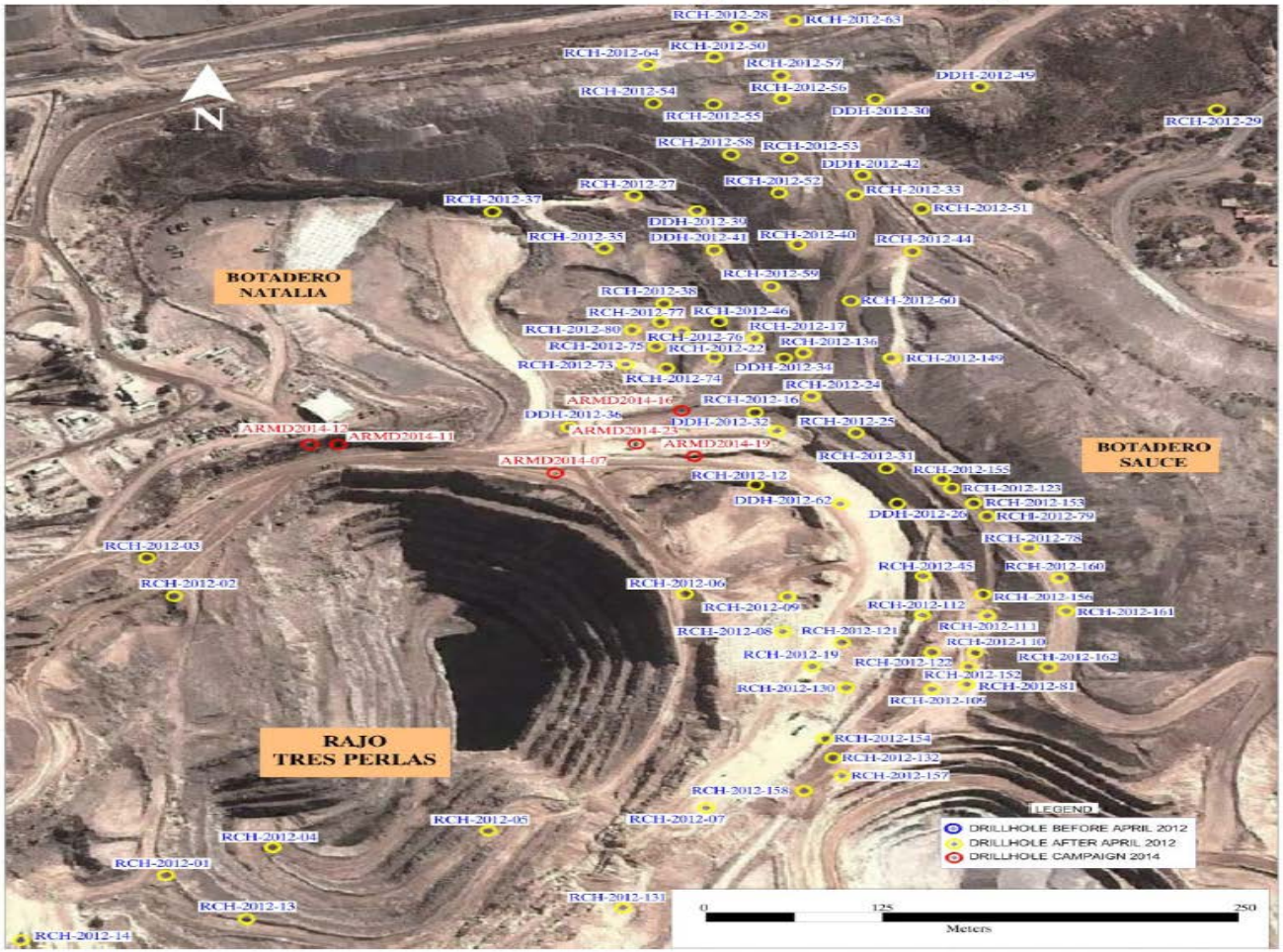
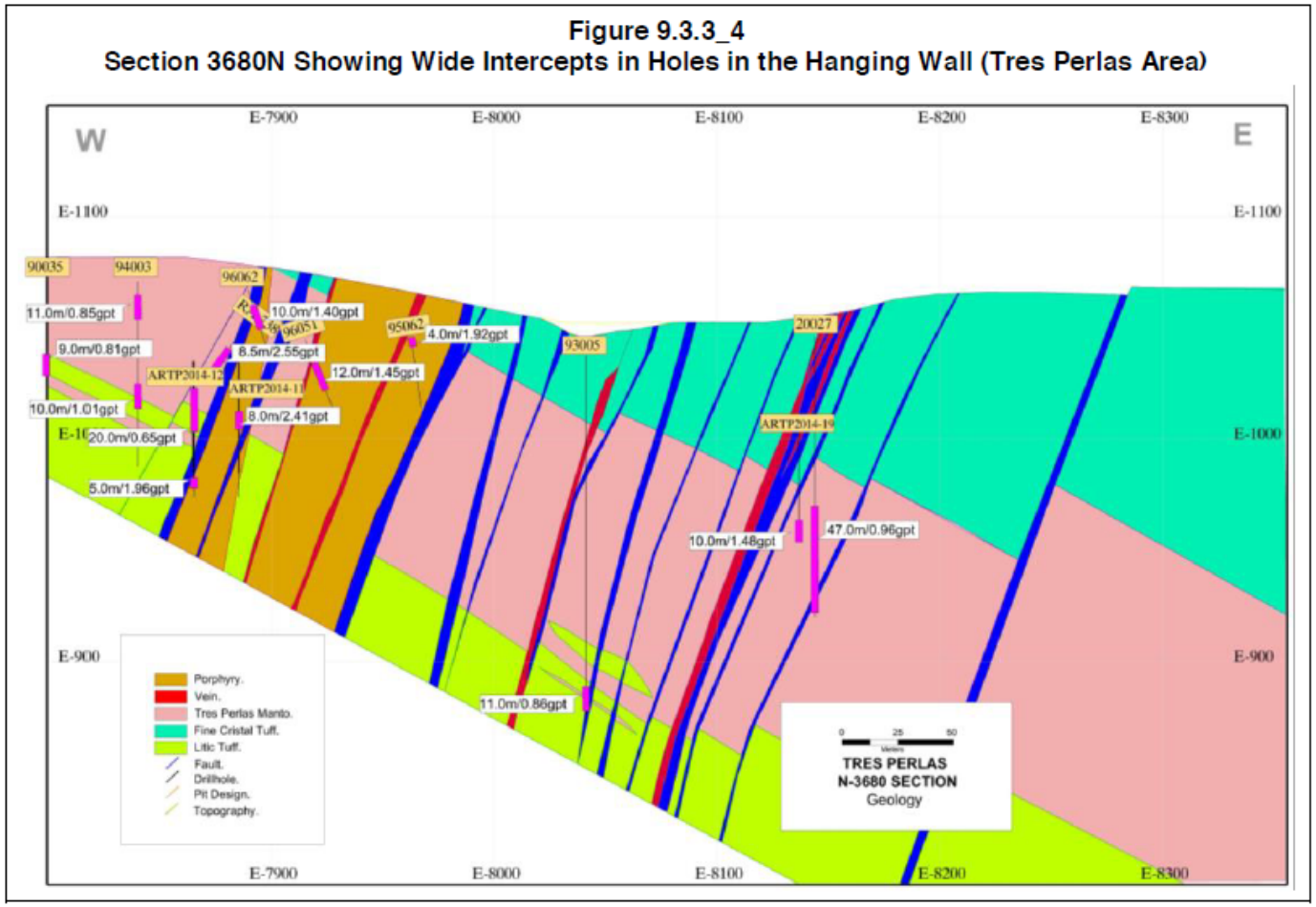


Figure 9.3.3_4
Section 3680N Showing Wide Intercepts in Holes in the Hanging Wall (Tres Perlas Area)



CHURRUMATA

Figure 9.3.3_1
Map Showing Location of Boreholes Drilled During 2012 (Churrumata Sur Area)

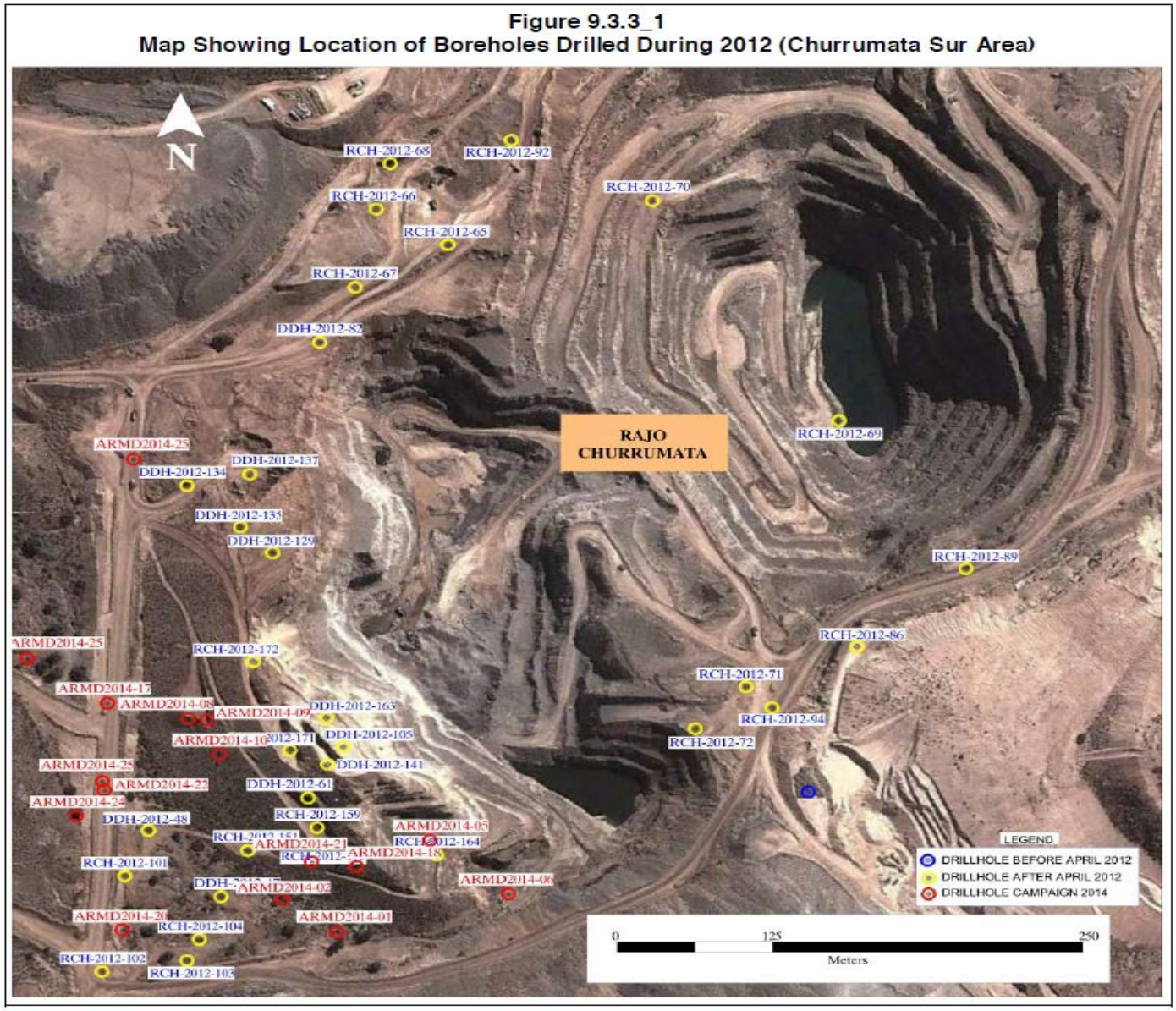
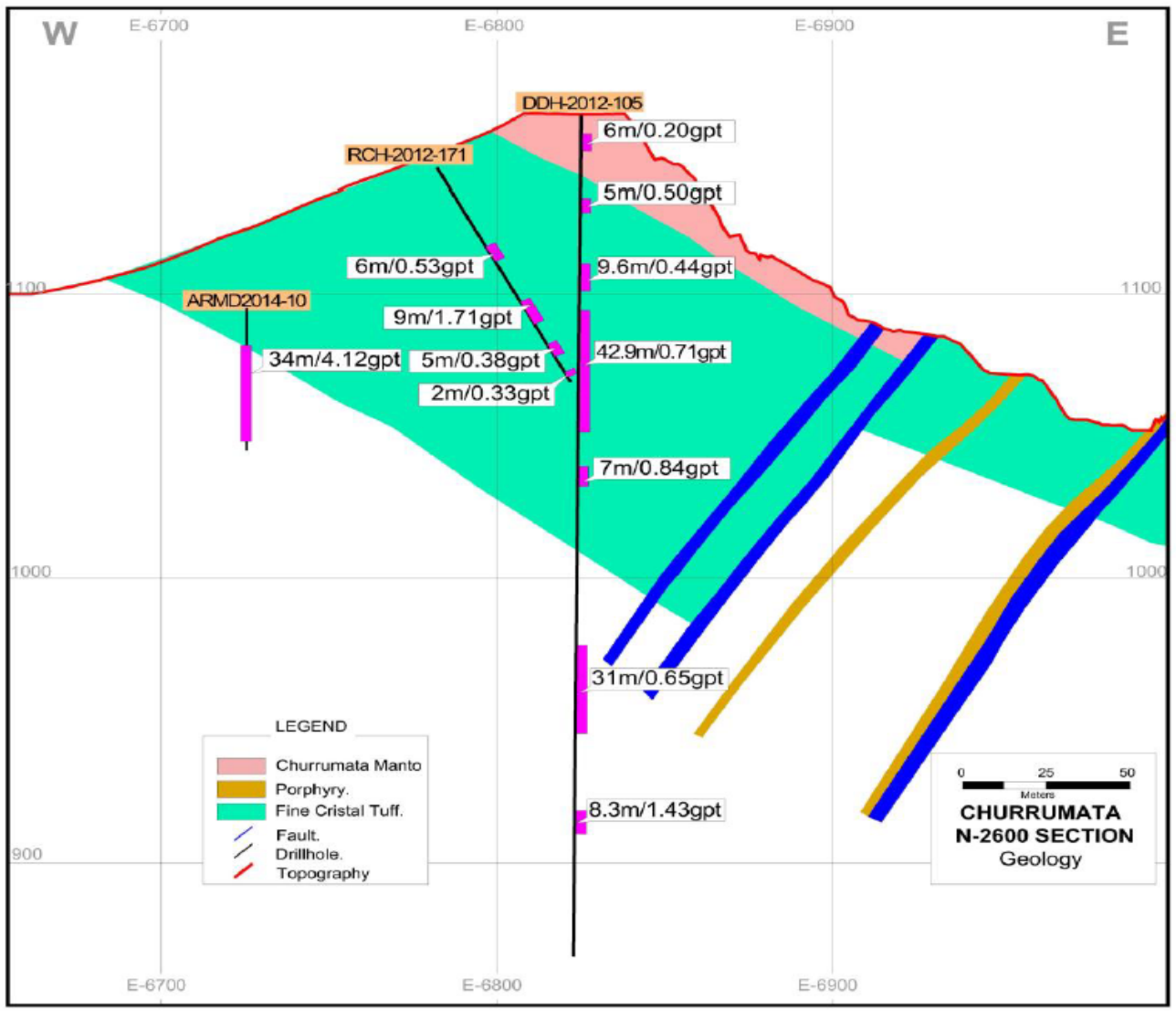


Figure 9.3.3_2
Cross Section at 2600N (Churrumata Sur Area)



TORO

Figure 9.3.3_1
Map Showing Location of Boreholes Drilled Since Closure of Data Base in August 2012 (Toro Area)

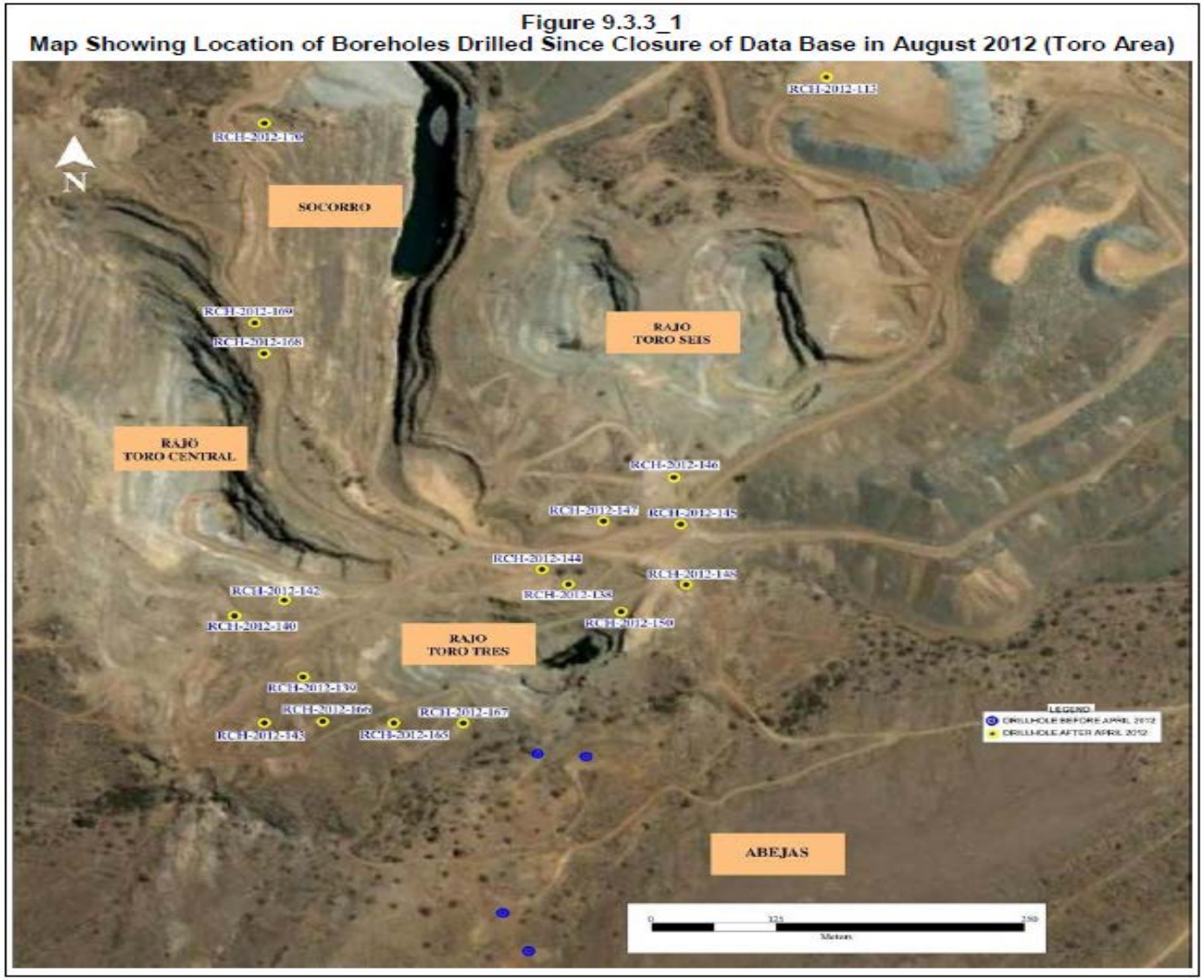
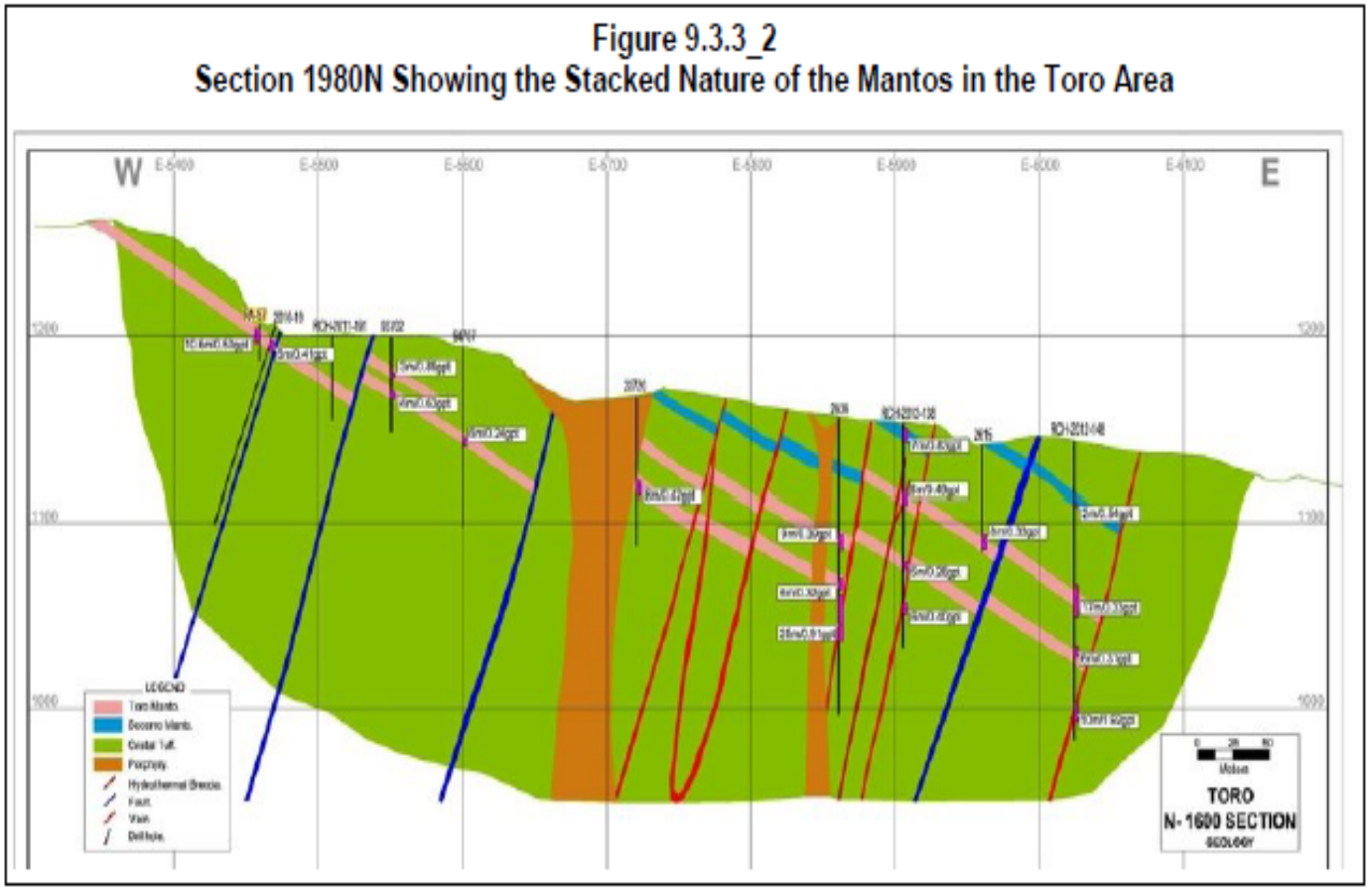


Figure 9.3.3_2
Section 1980N Showing the Stacked Nature of the Mantos in the Toro Area



CHISPEROS

Figure 9.3.3_8
Map Showing Location of Borehole Drilled During 2012 (Chisperos Area)

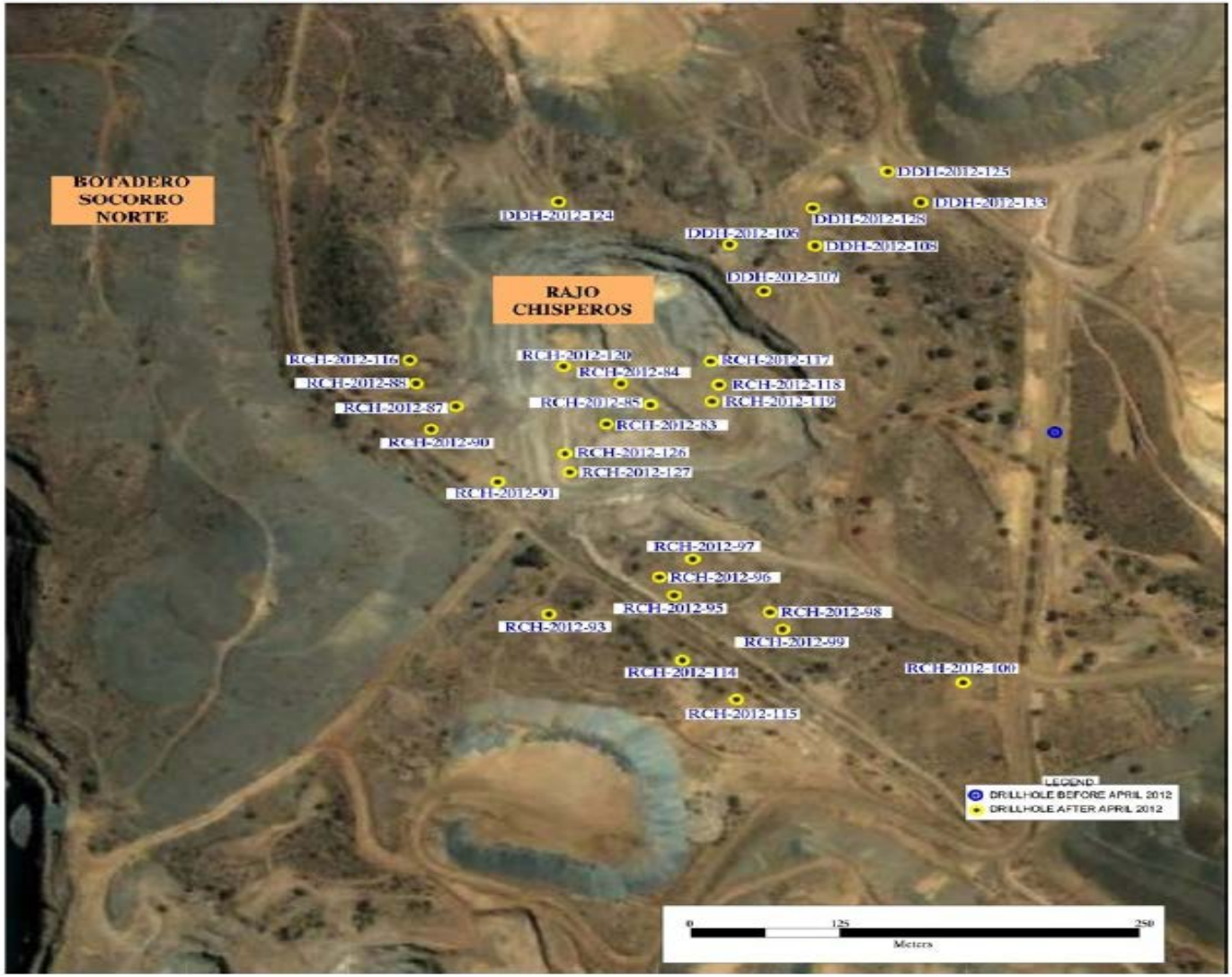


Figure 9.3.3_9
Cross Section at 2660N With Manto and Chisperos Vein