



PHILLIPS RIVER MINING LIMITED

ACN 004 287 790

ENTITLEMENT ISSUE PROSPECTUS

This Prospectus offers each Eligible Shareholder 10,000 New Shares at an issue price of \$0.25 per Share. The Offer is underwritten to \$2,500,000.

If fully subscribed the Offer would raise \$5,300,000 and 21,200,000 New Shares would be issued.

Eligible Shareholders may apply for further New Shares, up to a total of 30,000,000 New Shares to raise a total of \$7,500,000 in all.

The purpose of the Offer is to provide Eligible Shareholders with the opportunity to:

- Obtain a marketable parcel of Shares, prior to the Company's application to have its Shares re-admitted to trading on the ASX, and
- Increase their shareholding at a discount to the purchase price paid by the Company for the Kiwanda Assets.

The Company will use the proceeds of the Offer for general working capital purposes, repayment of loans and the development of the Kiwanda Assets.

The Company applied to the ASX for re-admission to trading on 21 December 2015.

IMPORTANT NOTICE

This document should be read in its entirety. If you have any questions about the New Shares offered in this Prospectus, consult your stockbroker, accountant or other professional adviser.

The New Shares offered in this Prospectus should be considered speculative.

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1. SUMMARY OF ACTIVITIES

- Shareholders approved the acquisition by Phillips River of various assets in 15 May 2015 along with approval to offer to Shareholders an Entitlements Issue to subscribe for further shares.
- This Prospectus is the Entitlements Offer - Shareholders are now invited to subscribe for further Shares in the Company.
- Shareholders should be aware that an investment in the Company should be considered as **SPECULATIVE** as the Company has no experience in mining for phosphate rock and in the absence of a resource report under the JORC Code there is uncertainty regarding the existence of any phosphate rock.
- Shareholders will recall that the primary asset to be acquired is the Bahia Inglesa mine in Chile South America. The Bahia Inglesa mine has been producing and selling phosphate rock as a direct application fertiliser for 25 years.
- The Company has not yet completed the acquisition of the assets as the seller of the mine experienced some regulatory difficulties – these difficulties are in the process of being resolved.
- In the interim, the seller and the Company have agreed that Phillips River will lease the mine under a long term lease from the seller until the damage and fine is resolved.
- There are a number of matters which Shareholders need to be aware of:
 - The approval to issue additional shares by the Company to allow the Company to acquire the assets gained at the meeting of shareholders in May 2015 had a time limit imposed on it. The Company has requested ASX to grant a waiver to that requirement. As at the date of the Prospectus the waiver has not been granted by ASX. In the event that the waiver is not granted then the Company will seek a further meeting of shareholders to renew the approval to the acquisition of the assets.
 - The seller of the Bahia Inglesa mine has been fined by local authorities for damaging a paleontology site within the mine area. The Company may not be able to realise the full potential of the mine until that fine has been resolved. The seller and the Company have agreed that in the interim Phillips River will lease the mine under a long term lease from the seller until the damage and fine is resolved.
 - The mine and the other assets to be acquired have not been reported on as resources under the JORC Code and the exploratory work and mining activities have not been explored or reported on to the current regulatory requirements. Accordingly the Directors will make no statements in the Prospectus which relate to the resources to be acquired, the size of the resources or their relevant or expected value. Your Directors have however carried out significant due diligence in respect of the assets and the resources and these reveal the opportunity for future activities. To the extent the regulatory regime allows these will be disclosed in the Prospectus.

2. CORPORATE DIRECTORY

Directors

Mr. Christopher West (Chairman)
Mr. Mark Sumner (Managing Director)
Mr. Timothy Koster (Executive Director)

Company Secretary

Mr. Christopher West

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands, WA 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Auditor

Nexia Court Financial Solutions Pty Ltd
Level 16, 1 Market Street
Sydney, NSW Australia

Telephone: ++61 2 9251 4600

Investigating Accountant

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Level 16, 1 Market Street
Sydney, NSW Australia

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Registered Office

Level 7, 92 Pitt Street
Sydney, NSW Australia

Telephone: +61 2 9236 4304

Website: www.phillipsriver.com.au

Solicitors

K&L Gates
Level 31
1 O'Connell Street
Sydney, NSW Australia

Telephone: +61 2 9513 2409

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Underwriters

Kiwanda Mines NA LLC
C/- Level 7, 92 Pitt St
Sydney, NSW 2000

Telephone: +61 2 9236 4304

3. THIS PROSPECTUS

1. The date of this Prospectus is 21 March 2016.
2. There is no trading of Entitlements provided for in this Prospectus.
3. A pro-forma balance sheet is in section 10.
4. The minimum capital to be raised in this Prospectus is \$2.5 million.

4. BACKGROUND TO PROSPECTUS

- On 22 October 2015 Phillips River issued a Replacement Prospectus to shareholders. The Directors decided to close that Replacement Prospectus dated 22 October 2015 early and issue a new Prospectus dated 21 December 2015 which was then replaced by a Replacement Prospectus on 24 December 2015.
- The Directors then issued a Supplementary Prospectus and Second Supplementary Prospectus on 18 February 2016 and 10 March 2016 respectively.
- On 17 March 2016 the Directors decided to no longer accept applications under the Replacement Prospectus dated 24 December 2015.
- Given that the conditions contained in the Replacement Prospectus dated 24 December 2015 were not satisfied, application moneys which had been received from existing shareholders of the Company pursuant to that Replacement Prospectus are being returned by the Company to those shareholders.

5. TIMETABLE

This Offer of Shares will close on 12 April 2016.

Shares under the Offer will be allotted and issued immediately after the Offer has closed.

The Company, reserves the right to amend the Closing Date without notice, including (subject to the ASX Listing Rules and the Corporations Act), to close the Offer early, to extend the Offer, to accept late applications, either generally or in particular cases, or to withdraw the Offer before the allotment of New Shares.

If the Offer is withdrawn before the allotment of New Shares, all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.



Bahia Inglesa Plant

6. IMPORTANT NOTICES

OFFER

This Prospectus is issued by Phillips River Mining Limited (ACN 004 287 790). This Prospectus offers each Eligible Shareholder an entitlement to acquire up to 10,000 New Shares at an issue price of \$0.25 per Share. A subscription for 10,000 New Shares would be \$2,500.

In addition Eligible Shareholders may apply for any number of further New Shares under the Prospectus up to the maximum 30,000,000 New Shares in total.

RISK FACTORS

Subscribing for New Shares in the Company involves a number of risks. The key risk factors are set out in Section 12 of this Prospectus. They should be read carefully.

APPLICATION FOR RELISTING

Application for Official Quotation of the New Shares and re-listing of the existing Shares was made to the ASX on 21 December 2015.

The fact the ASX may grant Official Quotation to the New Shares and re-list the existing Shares is not to be taken as an indication of the merits of the Company or the New Shares offered in this Prospectus

NOTE TO INVESTORS

This Prospectus is dated **21 March 2016** and the Offer commences on that date.

This Prospectus has been lodged with ASIC. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus being 21 March 2016. No person is authorised to give information or to make any representation in connection with this Prospectus, which is not in the Prospectus. Any information or representation not in this Prospectus may not be relied on as being authorised by the Company in connection with this Prospectus.

It is important to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. No person guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus.

FORWARD LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

Such factors include, but are not limited to:

- work expenditure commitments;
- the ability to raise sufficient capital to fund future exploration or development programs; and

phosphate and coal qualities.

FINANCIAL AMOUNTS

The financial amounts in this Prospectus are in Australian dollars unless otherwise stated.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the Company's website at www.phillipsriver.com.au.

The Corporations Act prohibits any person giving another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

7. DETAILS OF THE OFFER

OFFER

The Company is offering each Eligible Shareholder an Entitlement to 10,000 New Shares at an issue price of \$0.25 per New Share.

Eligible Shareholders may sell or transfer all or part of their Entitlement.

Each Eligible Shareholder may elect to subscribe for all, or any part, of their Entitlement.

Eligible Shareholders may elect to apply for more New Shares than their Entitlement under the Offer. There is no limit on the number of New Shares which may be applied for.

The Company has received Shareholder approval to issue up to 30,000,000 New Shares under the Offer.

PURPOSE OF THE OFFER

The primary purpose of the Offer is to provide Eligible Shareholders with the opportunity to obtain a marketable parcel of Shares, prior to the outcome of the Company's application to have its Shares re-admitted to trading on the ASX.

The Offer if fully subscribed will raise \$5,300,000.

The Company will use the proceeds of the Offer for general working capital purposes, repayment of loans and the development of the Company's Assets.

Proceeds of the Offer:	Fully subscribed	Underwritten Shares
Development of the Kiwanda assets and Working Capital	\$2,280,000	\$0
Repayment of Loans	\$2,500,000	\$2,500,000
Expenses of the Offers	\$520,000	\$150,000
Estimated total	\$5,300,000	\$2,350,000

The Offer is underwritten for the value of the Underwritten Shares, which will result in at least 10,000,000 New Shares being issued irrespective of any subscription by Eligible Shareholders. In the event the Company does not achieve full subscription and only raises funds for the Underwritten Shares, the funds raised will be applied in the repayment of outstanding loans.

ISSUED CAPITAL

As at the date of this Prospectus the Company has 3,205,339 Existing Shares on Issue. Based on the number of Shareholders at the date of this Prospectus and their Entitlement, up to 21,200,000 New Shares could be issued, which would raise \$5,300,000.

The issue of 30,000,000 New Shares would raise a maximum of \$7,500,000.

RANKING OF NEW SHARES

The New Shares will be fully paid ordinary shares ranking equally with all Existing Shares.

MINIMUM SUBSCRIPTION

There is no minimum subscription.

YOUR OPTIONS

Your options are:

- Take up all 10,000 shares of your Entitlement;
- Take up less than your Entitlement of 10,000 shares;
- Apply for more than your 10,000 shares Entitlement; or
- Let your Entitlement lapse.

HOW TO PARTICIPATE IN THE OFFER

If you wish to participate in the Offer there are two possible payment methods:

- BPAY; or
- Cheque payment

BPAY

If you elect to participate in the Offer and pay for your New Shares by BPAY you do not need to complete the Entitlement and Acceptance Form – the payment to the Company will be taken as acceptance by you of the conditions on the Entitlement and Acceptance Form.

You will be taken to have applied for that whole number of New Shares represented by your application monies – this could be for your Entitlement, less than your Entitlement, or more than your Entitlement.

CHEQUE PAYMENT

If you elect to pay by cheque you must complete the Entitlement and Acceptance Form in Annexure A at the back of this Prospectus and send it to the Share Registry attaching your cheque to your Entitlement and Acceptance Form.

When paying by cheque complete the Entitlement and Acceptance Form:

- Fill in the number of New Shares you wish to apply for;
- Attach your cheque for the full number of New Shares applied for at \$0.25 per New Share and make the cheque payable to:

 “Phillips River Mining Limited Share Issue”; and
- Send the Form to the Company either by email to admin@advancedshare.com.au

 or
- mail it to:
 Phillips River Mining Limited
 C/- Advanced Share Registry Limited,
 PO Box 1156,
 Nedlands WA 6909

If you wish to apply for more than your Entitlement you will definitely receive in the minimum your Entitlement of 10,000 New Shares. Any additional New Shares to be allocated will depend upon overall demand for New Shares:

CLOSING DATE

The Closing Date for the Offer is 12 April 2016 (**Closing Date**).

New Shares will be allotted immediately upon ASX advising that the Company's Shares will be reinstated, and statements of shareholding will be posted at that time.

The Directors reserve the right to vary, or extend the Closing Date.

UNDERWRITING, REPAYMENT OF LOANS AND CASH BALANCES

This Offer is partially underwritten (**Underwritten Shares**) by Kiwanda Mines.

The terms of the underwriting agreement are detailed in Section 18 of this Prospectus. Any proceeds received by the Company under the Underwriting will be used to part repay Loans. The Company will therefore receive new money equal to the amount of any Subscriptions received from the Entitlements Issue with the underwritten portion from Kiwanda being used to repay the Loans.

The extraordinary general meeting of Shareholders held on 15 May 2015 authorised a number of matters including the issue of 10,000,000 New Shares also in repayment of Loans. These New Shares are to be issued in part repayment of the Loans outstanding.

The cash balance available to the Company for its development plans including the minimum amount of any subscriptions received under the Entitlements Issue from other than the Underwriter will be sufficient for the Company to complete its activities. The Company has made all calculations under this offer using estimated Entitlements Issue proceeds of \$2,500,000. This minimum amount has been chosen as the reasonable amount that the Directors believe will leave the Company in a sound financial position. Any amount raised in excess of this minimum will accelerate the development timetable of the assets of the Company. There is no guarantee that this minimum amount will be achieved. The consequences for the Company would be to amend its development timetable if there was a minor shortfall from the minimum estimated proceeds. If the amount raised is significantly less than the minimum amount then the company may not proceed with the issue and the Directors would need to consider the future direction of the Company and whether it could continue to operate.

The Company has not received any commitments from any Shareholder in respect of their participation in the Offer.

ASX LISTING

Application for Official Quotation by ASX of all Shares in the Company was made to the ASX on 21 December 2015.

If the ASX does not grant Official Quotation of the shares in the Company within 3 months of the Offer closing then the Company will not issue any New Shares and will return all Application Monies (without any interest).

ACCEPTANCE AND ALLOTMENT

At the Shareholders Meeting convened on 15 May 2015, Shareholders approved all four resolutions set out in the Explanatory Statement.

Pursuant to "Resolution 4" of the Explanatory Statement, shareholders approved the issue of up to 30,000,000 shares pursuant to this Offer.

ASX Listing Rule 14.7 ensures that an issue of securities approved by security holders conform to the terms on which security holder approve for the issue was obtained. The period within which the Company was required to issue the New Shares pursuant to this Offer expired on 14 August 2015 (being the permitted three-month period from the date of the Shareholders Meeting).

The Company's delay in finalising this Prospectus and therefore issuing any New Shares has arisen due to uncertainty with respect to the transfer of title of the Phosphate Assets from SCM and BiFox. This uncertainty has been caused by protracted negotiations between SCM and BiFox and Chilean authorities in Copiapo with respect to certain conditions imposed by the Chilean authorities on the transfer of the phosphate mining tenements at Bahia Inglesa, Copiapo by the Vendor. As of the date of this Prospectus, SCM and BiFox and the Company have agreed as to the manner by which those conditions may be satisfied so as to allow the Heads of Agreement to proceed as proposed in the Explanatory Statement.

On this basis, the Company is in the process of requesting a waiver from the ASX from Listing Rule 14.7 so as to permit the Company to issue the New Shares beyond the regulatory three-month issue period.

If the Company fails to obtain such a waiver from the ASX, the Company will seek re-approval from Shareholders at a new shareholders meeting with respect to the Resolutions set out in the Notice of Meeting.

Pursuant to either a waiver from the ASX or re-approval by Shareholders, the New Shares will be allotted in accordance with the ASX Listing Rules.

Pending the allotment and issue of the New Shares or payment of refunds all Application Monies will be held in trust for the Applicants in a separate bank account. The Company will retain all interest that accrues in the bank account.

WITHDRAWAL

The Company may at any time withdraw this Prospectus and the Offer and return all Application Monies in accordance with the Corporations Act and ASX Listing Rules

ENQUIRIES

If you have any queries about your Entitlement or how to participate in the Offer, contact Phillips River Mining Limited on +61 2 9236 4304 from 9:00 am to 5:00 pm (AEST)

8. COMPANY INFORMATION

COMPANY INFORMATION

The Company is an Australian public company listed on the official list of the ASX (ASX code: PRH). The securities of the Company are presently suspended from Official Quotation following Shareholder approval to a change in the nature of the Company's activities.

The Company was incorporated on 18 April 1951 and first admitted to ASX on 28 January 1993. In recent years, the Company has operated as a materials company, with a focus on the acquisition and development of gold, silver, copper and other base metals exploration projects.

On 15 May 2015 there was a meeting of Shareholders which approved the Acquisition of the Kiwanda Assets. The Assets of the company were fully described in the Explanatory Statement. The Explanatory Statement and supporting documents are available on the Company's website: www.phillipsriver.com.au.

The primary Assets of the Company are located in South America with a presence in Chile (Copiapo, Bahia Inglesa) and Colombia (Bogota).

DIRECTORS

Christopher West – Chairman

Chris West has over 30 years of experience in corporate finance and resource funds management. He is the head of Spar Capital, a boutique fund manager. Between 1991 and 2007, Chris was the Head of Corporate Finance and Funds Management at Allco Finance Group, where he led a corporate finance and funds management team in over \$30 billion of public and private financings and had over \$15 billion in assets under management. Prior to Allco, Chris was the head of project finance and resources at State Bank of New South Wales, where he led a team geologists and engineers managing a \$1.5 billion portfolio of resource assets across coal, iron ore, oil & gas, bauxite and copper. Chris holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration from the University of Sydney.

Timothy Koster - Executive Director

Mr Koster is an investment banking and business development professional with over 30 years of experience. He has a strong track record of establishing, financing and developing investment and operational businesses. Mr Koster established Azure Water and Energy Infrastructure Fund focused on Middle East water and energy utility assets. He also established Convergence Capital, a structured finance and business development investment bank, based in Australia and the Dubai International Finance Centre. He has funded several acquisitions and divestments of mining assets in Australia and China.

Mark Sumner – Managing Director

Mark Sumner is the founder of Kiwanda Group. Prior to founding Kiwanda Group in 2008, Mark was an investment specialist at Madison Avenue Financial Group, a private wealth boutique with approximately \$220 million in assets under management. Since 2008, Mark has been the Managing Director of Kiwanda Group. As Managing Director of Kiwanda Group, Mark has arranged private and public equity investments into oil, natural gas, gold, zinc/lead, iron ore and gold projects in Asia, South America and Sub-Saharan Africa.

Other Directors

It is the intent of the Directors to expand the number of Directors as the assets are developed to ensure a suitable level of expertise is added to the board. Lara Exploration Limited holds a right to appoint a Director to the Board at its discretion.

9. ASSETS

The Company holds rights to acquire the Kiwanda Assets for a mixture of cash and Shares. The price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

The primary objective is to expand the operations of the Company's Assets in a professional way to generate cash flow at the earliest opportunity.

PHOSPHATE

The Bahia Inglesa phosphate mine in northern Chile has been in active production for about 25 years.

We plan to undertake sufficient exploration and mine planning activities to produce a JORC Report, while continuing the existing mining operation. The Company's plan is to attempt to increase existing phosphate production on-site from its current 10,000 tonnes per annum ("tpa") to initially 50,000tpa. 50,000tpa is level of production which the Company initially aspires to. That level of production may not be achieved and may be affected by many factors including no phosphate resource or insufficient phosphate to support that level of production.

Subsequent activities will seek to increase production further. Such increase in production is subject to the Company exercising the BiFox/SCM Option to purchase the tenements on which the mine is established and the Company entering into the Purchase Option Agreement. The signing of the Purchase Option Agreement is subject to the agreement's finalisation, the capability of BiFox and SCM to provide title, and the Company's capacity to commence mining with the existing contractor.

The Company intends to exercise the BiFox/SCM Option on or about 25 January 2016. This notice has been formally given and the vendors have agreed to provide a full access lease of the mine to the Company in the event that they are unable to transfer good title on the date to Phillips River. This documentation and the lease are in preparation as at the date of the Offer and are expected to be signed during the period that the Offer is open.

The existing on-site mining equipment has been assessed by the Company's advisors as being capable of producing the 50,000tpa intended by the Company. This does not mean that the equipment will be able to produce 50,000tpa and it may not be able to produce that amount. While historically the equipment has produced that amount of product, historical activities should not be taken as a guide to future activities.



Existing Bahia Inglesa plant and equipment



Bahia Inglesa mine yard

The mining operations are carried out by a local mining contractor who has been in place for many years. The Company has agreed to continue using the existing mining contractor for the mine after acquisition.

The mine has not been estimated or measured as a JORC compliant resource. The Directors and their advisers have carried out due diligence in respect of the operations. The Directors are satisfied that phosphate is produced from the mine and that it exists. The phosphate rock product is on the surface and near to the surface (pellets and fines). The mine is in the Atacama Desert with minimal vegetation coverage. The license area is quite large – basically a rectangular plot approximately 20 kilometers by 12 kilometers.

The Company carried out a trenching program in July 2015 which confirmed previous drill results undertaken by the government and by the vendor. None of this work satisfies the JORC Code for reporting a resource and accordingly we do not provide the results under the ASX regulatory framework, or the previous results from drilling activities.

The material gathered under the trenching programme was sent to laboratories in Canada and was checked by the on-site laboratory in Bahia Inglesa. Concentrations of P₂O₅ (phosphorous pentoxide) the active constituent in phosphate rock, occurred in a range consistent with the original studies carried out by the Chilean government authorities and the product sold by the existing mine owner. Both laboratories provided similar results.

The Company has carried out laboratory tests on random samples of the retail based product currently produced at the mine – the label on the bag placed the P₂O₅ at 19%.

The existing operations produce a bagged product (small and large bags) which are delivered directly to distributors and farmers. The phosphate rock produced and sold is a direct application fertiliser at a notional and labelled 19% P₂O₅ which suits the acidic Chilean soils.

The capacity to increase production to initially 50,000tpa and subsequently higher levels has a number of risks and conditions which need to be satisfied, these include and are not limited to the Risks outlined in Section 12 of the Prospectus. Other matters to be satisfied include:

- The existence of sufficient raw material to actually produce bags of phosphate rock. While the Directors have some confidence on this matter there is no JORC compliant resource measurement in place. Should there prove to be insufficient resource or in too low a concentration available then the Company will be unable to produce sufficient product to satisfy its objective of producing and selling 50,000tpa.
- The existing mining contractor may not be able to produce sufficient quantity of product or may mismanage its operations. This would mean that even though the contractor and staff have been on-site for an extended period of time that there would be insufficient product produced to reach the objective of 50,000tpa.
- The Company has retained the existing General Manager of the mine on a 3 year contract. The General Manager may prove to be ineffective in running the mine and its operations particularly at higher levels of production in which case the Company's capacity to reach its objective of 50,000tpa of product would be compromised or not achieved.
- In particular Investors should note that the Company may never achieve the stated objective of increasing production to 50,000tpa.
- The ongoing provision and periodic renewal of mining permits and licenses is necessary to ensure the product can be produced.

Historical mining costs at Bahia Inglesa have ranged between US\$45 and US\$75 per tonne. Recent sale prices of the Bahia Inglesa product have typically been from US\$115 to US\$125 per tonne on a delivered basis in Santiago, Chile. Past results are not indicative of future performance and the Company can give no assurance that these mining costs will be able to be achieved in the future.

No forecasts of future financial performance have been included in this Prospectus. As production is increased certain fixed costs are spread over a larger production base and the cost per tonne decreases.

The proposed further exploration program involves a drill program and basin floor modeling. The Directors have established a target JORC resource for the entire site (both Bahia Inglesa and Ki). Permits and environmental approvals are in place for the drill program and existing licenses are in place for mining operations of 50,000 tonnes per annum.

COMPETENT PERSON'S STATEMENT

The information in this Prospectus that relates to the mining assets is based on information compiled by Andre Gauthier who is qualified to provide such information under the 2012 edition of the JORC Code. Andre Gauthier is a consultant to Gold Holdings Limited and has been retained by Phillips River. Andre Gauthier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to

which is being undertaken to qualify as a Competent Person as defined in the JORC Code. The relevant professional body to which Mr Andre Gauthier belongs to qualify him as a Competent Person for JORC purposes is the Ordre des Ingénieurs du Québec (Quebec Institute of Engineers) which is a JORC Recognised Professional Organisation.

Andre Gauthier has consented in writing to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears. The original report dated 2 April 2015 may be viewed as the attachment to the Explanatory Memorandum prepared for the Company's General Meeting held on 15 May 2015. The report is available to view on the Company's website www.phillipsriver.com.au.

The Company is not aware of any new information other than the information in this Prospectus. A direct extract from the original JORC report for the Bahia Inglesa mine prepared by the Competent Person follows:

"Bahia Inglesa

*The phosphate mineralization at Bahia Inglesa was initially located on the follow up of airborne radiometric anomalies by the Chilean state agencies CORFO (Corporación de Fomento) and CCHEN (Comisión Chilena de Energía Nuclear). The focus of initial investigation was to locate a potential uranium resource. Phosphate was subsequently discovered at the site. CORFO and CCHEN conducted an extensive exploration program in the project area from 1983 to 1985. Work included geologic mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical test work and resource studies. CORFO and CCHEN calculated total resources in all categories for P₂O₅. They then estimated the size of the resource (**Noted: Directors have deleted the reference to the reported size of the resource as it is not JORC compliant**) The resource estimate was completed in the 1980's and is not compliant with the JORC mineral reporting code.*

The Bahia Inglesa phosphate deposits are typical of sedimentary hosted phosphate deposits and are hosted in the Miocene to Pliocene formations of the Bahia Inglesa Formation. This is comprised of up to 42 m siltstones, fine sands, shelly coquinas pebble beds, and phosphate-rich rocks deposited on a crystalline basement, composed of Paleozoic metamorphic rocks and Cretaceous granitoids. These deposits represent a near shore shallow marine setting. It is partially covered in some localities by a thin cover of Pliocene clastic and chemical sediments.

The principal target area lies in a 20 km by 12 km graben-like basin along the coast between Bahia Inglesa and the Copiapó River. Within the broad target area outliers of basement occur and there are a number of sub-basins separated by basement highs. Phosphate mineralization occurs in the upper part of the Bahia Inglesa Formation in 3 different stratigraphic locations. The Lower Phosphate Manto is an extensive unit 0.1 to 0.4 meters thick and is hosted within the lower part of a sandstone-siltstone unit. One to 2 meters above the Lower Phosphate Manto is the Main Manto which is up to 2 meters thick and consists of a phosphate pebble conglomerate. The third type of mineralization is described as fluvial deposits which are up to 7 meters thick and consist of conglomeratic units interbedded with phosphatic sandstones. Clasts in the conglomerates are described as consisting of 70% phosphorite and 30% basement lithologies." END OF EXTRACT FROM COMPETENT PERSON'S JORC REPORT

PHOSPHATE ROCK

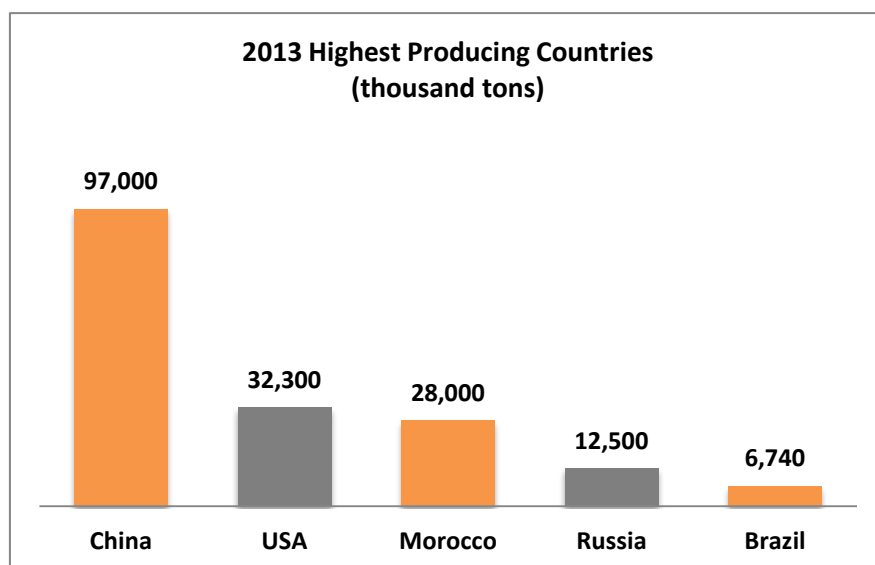
Phosphorus is one of the essential nutritional elements for plant growth.

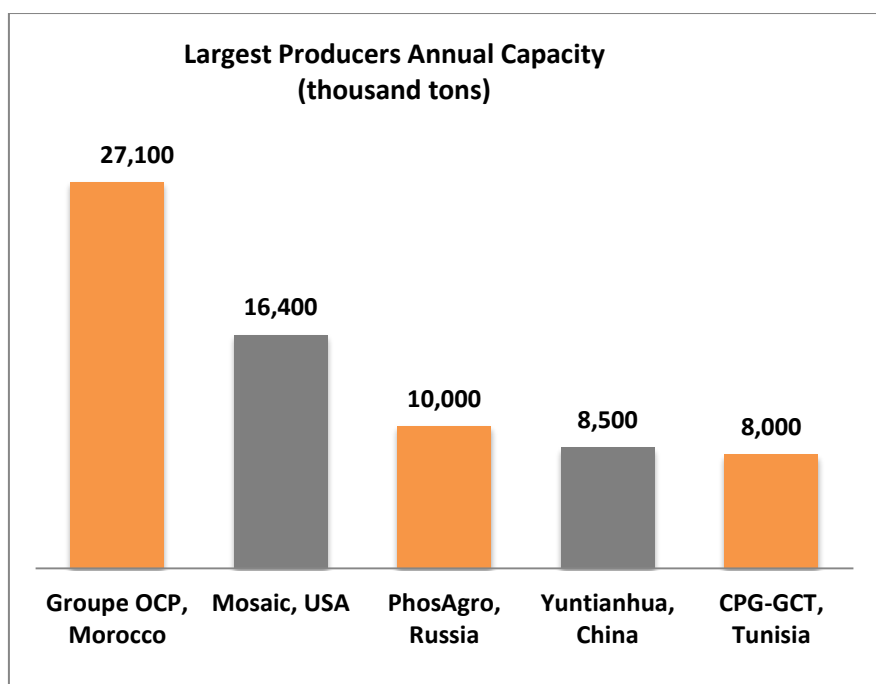
- Phosphorus is consumed as the part of the principal component of the nitrogen-phosphorus-potassium fertiliser cycle used on food crops.
- Phosphate rock minerals are the only significant global resources of phosphorus.
- Major producing countries of phosphate rock include: Morocco, USA, Russia, Tunisia, South Africa.
- Major producers include: Yuntianhua Group; Mosaic Co.; Groupe OCP; PhosAgro; CPG-GTC; Foskor.
- Bahia Inglesa Rock Phosphate Nodules
- Most phosphate rock goes into the
- production of phosphate based chemical fertilisers (eg MAP and Diammonium Phosphate (DAP) or more commonly known as superphosphate).
- Corn and cotton are the most nutrient intensive crops and typically consume more phosphate rock than most common crops.



Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013, CRU Group Phosphates 2013

The Market for Phosphate Rock





Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013
CRU Group Phosphates 2013

Major Markets

- Latin America is expected to account for 19.3% of the future annual demand growth for phosphate rock.
- Expected growth rate in global demand for phosphate-based fertilisers is approximately 2%pa.
- Brazil's demand growth is expected to grow by more than 5% annually in the next 5 years.
- Latin America currently imports the majority of its consumed phosphate rock from Morocco.

Chilean Phosphate Market

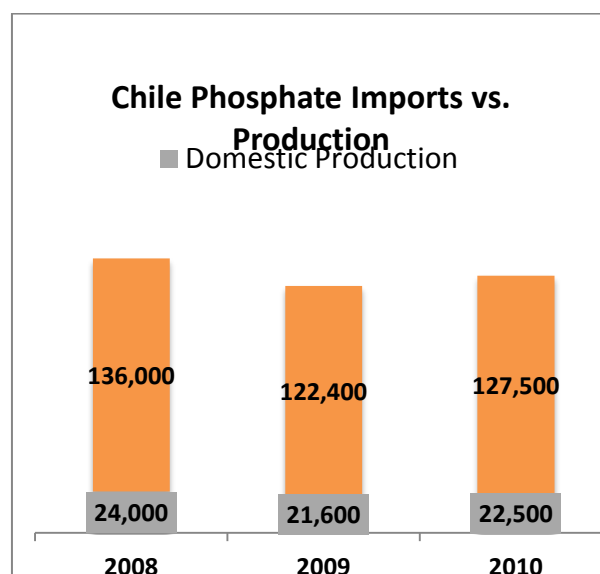
Chile currently imports 85% of its annual phosphate rock and phosphate-based fertiliser needs in the form of super phosphate, Diammonium Phosphate (DAP) from USA and Mexico and Monoammonium Phosphate (MAP) from USA.

The Company's main objective is to satisfy Chilean demand for phosphate and phosphate based fertilisers. Following this the other nearby markets of Argentina and Brazil will be targeted. The Company will be targeting price based results and will not be limited by individual markets or a desire to only satisfy local demand.

The Chilean market for phosphate rock lies to the south of Bahia Inglesa, straight down the Pan American highway. Road transport is simple and effective even though the main agricultural areas are between 300 and 800kms south. At targeted production of 100,000tpa this would be truck movements of less than 10 per day.



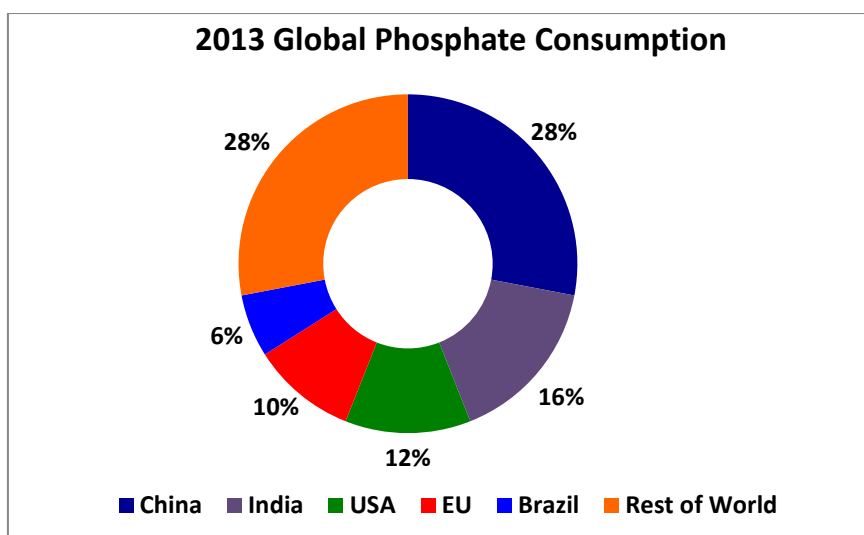
Unmined license area to horizon



Sources: CRU Group 2013
 Agrium 2011 Annual Report
 USGS Minerals Industry of Chile 2012

There is also direct road access between Chile and Argentina, Brazil, Uruguay and Bolivia. The easiest secondary market after Chile, for Bahia Inglesa phosphate is the northern Argentinian agricultural areas. There are a number of roads linking Copiapo to the border with Argentina. These roads then lead on to the northern provinces of Argentina and the southern states of Brazil and its agricultural areas.

Brazil is Latin America's largest fertiliser consumer and accounts for 57% of all Latin American fertiliser consumption. Over 50% of fertiliser consumed in Brazil is imported by sea and then trans-shipped internally to the agricultural areas.



Global population is projected to reach over 9 billion by 2050. Global crop output will need to expand to meet the larger population demand for food – by increased yields and expanded acreage.

Sources: Mosaic Co. Annual Report; World Agriculture Towards 2030/2050: June 2012. Agricultural Development Economics Division. FAO of the United Nations; United States Census Bureau 2014; CRU Group Phosphates 2013

Argentina is the region's second largest fertiliser consumer and the second largest phosphate importer in the region. Due to the direct road access, the Company will be competitive in product delivery to the region's largest phosphate users. As these agricultural areas are well inland the Company will hold a competitive price advantage. Alternative users will need to import by ship and then transport via road – the product from Bahia Inglesa will be directly loaded onto trucks and transported via road with no trans-shipping requirements.

There is also a freight train service which runs from Antofagasta, Chile (to the north of Bahia Inglesa) to Salta Province in Argentina. This service currently carries numerous bulk products including lithium, copper, salt, borax, butane etc.

The Bahia Inglesa phosphate mine sells marine chemical sediment phosphate rock (phosphorus pentoxide) with minor processing is upgraded to market levels. It is noted that the existing product is sold in bags marked as 19% P₂O₅ direct application fertiliser. Distributors have stated that the product competes successfully with global phosphate rock providers.

Phosphate rock for agricultural users is determined by the general reactivity of the product. All products are not the same. Bahia Inglesa produced phosphate rock is comparable to rock produced in North Carolina, Florida and Morocco, so it sits broadly in the middle of the range of global suppliers. In the final analysis the Bahia Inglesa phosphate rock product can be sold as feedstock into the wholesale market for superphosphate where it is not sold as direct application fertiliser.

PHOSPHATE ASSETS

1. Bahia Inglesa

The Company has the right to acquire 100% of certain mining licenses at Bahia Inglesa, Copiapo, Chile covering 6,090 hectares and consisting of:

- 277 tenements (1,385 hectares total) owned by SCM.
- 941 tenements (4,705 hectares total) owned by BiFox.

To exercise the BiFox/SCM Option, the Company must pay the following amounts and royalty:

Milestone	Payment (USD)	Condition
Execution of "Purchase Option Agreement"	\$400,000	Cash payment due upon date of signing of the "Purchase Option Agreement".
12 Months	\$3,000,000	Cash payment due 12 months from date of "Purchase Option Agreement".
24 Months	\$8,000,000	Cash payment 24 months from date of "Purchase Option Agreement".
48 Months	\$2,000,000	Cash payment 24 months from date of "Purchase Option Agreement", payable if phosphate concentrate (30% P ₂ O ₅) prices are greater than US \$200 per ton.
Production Royalty	2%	Payable on production if phosphate concentrate (30%) prices are less than US\$200 per ton.
Production Royalty	3%	Payable on production if phosphate concentrate (30%) prices are between US\$200 and US\$300 per ton.
Production Royalty	5%	Payable on production if phosphate concentrate (30%) prices are greater than US\$300 per ton.

BiFox/SCM Fine

The Civil Court of Copiapo has previously ruled that SCM and Bifox have undertaken mining activities in a reserved area which resulted in environmental damage and disturbance. SCM and Bifox have been fined a total of CH\$3122.360.430 (approximately US\$5 million) with respect to the environmental damage caused by them ("**Court Ruling**").

The Court Ruling related to the disturbance of a paleontological site which was reserved within the licensed area. The disturbed environmental area has since been fenced off. SCM and Bifox are also required to provide reparations to the disturbed area.

Kiwanda and Phillips River are not subject to these arrangements. However, the parties cannot enter into the Purchase Option Agreement without BiFox and SCM satisfying the fines.

The fine imposed on the vendors of the Bahia Inglesa mine is a corporate fine. Pending the resolution of the fine and the restitution works at the site it is agreed that the site may be leased by the Company. The lease provides for full unfettered access to the site and the carriage of all operations at the site.

SCM and Bifox have requested assistance from Kiwanda and Lara (the "**Sponsors**") in assisting with the negotiations with the Chilean Government in relation to the fine. The legal representatives of the Sponsors have had an initial meeting with the head of the Chilean government department to explore avenues for completion of the discussions.

The Sponsors have presented to the government a partially completed draft plan of management for the disturbed area. The government has requested that the plan of management for restitution works be completed and formally lodged. There are some scientific issues to be completed and resolved regarding the plan of management. These include the preservation of existing paleontological remains that have been exposed from the historical mining and professional advice is being sought on these issues. The parties do not consider these as difficult issues given the location in the Atacama Desert and the very low impact of the environment on the disturbed area. It is expected to take some months to resolve the agreement on reinstatement once the plan of management is completed. The implementation of the plan is expected to cost less than US\$100,000. This is a cost to SCM and Bifox and not to the Company.

Following agreement on the reinstatement of the disturbed area the government has indicated that further discussions on the fine may be lodged.

2. Ki Exploration Licenses

The Company has the right to acquire 100% of the "Ki Exploration Licenses", which are a series of 53 exploration licences adjacent to the BiFox/SCM mining properties covering a total area of approximately 19,900 hectares. These are exploration licenses and permits which are held to carry out exploration activities and in particular a mandated drill programme. The exploration permits are precautionary as the basin surrounding Bahia Inglesa is encompassed in the KI licenses. The Directors have carried out minor trenching activities and review of the area. The trenching has established that the phosphate seams evident in Bahia Inglesa extend to the KI ground. As the area of the licenses is some 200 square kilometres in the Atacama Desert the resource is not fully explored. There are no mining activities on site and as far as the Directors are aware there have never been any activities other than the preliminary Kiwanda trenching programme.

The Directors commissioned MEC Mining to establish an exploration programme for the site and this has been prepared but not implemented. The licenses are renewed periodically each 2 years. The company intends to continue renewal at least until the exploration programme has been completed.

COAL ASSETS

The Company holds the following coal interests:

1. 23.48% Ownership of the Issued and Outstanding Securities of Carbhid SAS

The Company has the right to acquire a 23.48% interest in Carbhid SAS, a Colombia-based coal mining company with offices in Bogota ("**Carbhid**"). Carbhid is the owner and operator of the:

Escalones Coal Mining Property in the Boyaca Department of Colombia.

- Full mining permit in place.
- 90.58 hectares of licensed mining area.
- Environmental permit in force and environmental management plan approved.

El Diamante & Carbhid-2 Mines:

- Development and investment plan scales monthly capacity up to 1,000 tons per month by end of 2015.

Carbhid-4:

- Cisquera bed targeted for multiple mine shafts.
- Additional mine to be brought online in 2016.
- Development plan sequentially add four more declines to increase output significantly.

Cisquera Coal Quality	
Gross Calorific Value:	7,700 kcal/kg
Free Swelling Index:	5.0
Sulfur:	0.8%
Volatile Matter:	30%
Ash:	9%

2. Escalones Coal Mining Lease Option

The Company has the right to acquire an option to acquire from Carbhid a 51% interest in the Escalones Mining Lease. The lease covers the Escalones Mining Property. The option allows the Company to earn a 51% interest in the Escalones Mining Lease by funding further development costs associated with the build-out of mining shafts, equipment upgrades and general production capacity expansion.

Escalones Coal Mining Block:

- In production
- Off-take contracts in place.
- Significant expansion potential.

Production

Sale price is variable over time but averages US\$49 per ton or a gross margin of US\$13 per ton. There is a firm off-take agreement in place with Emgesa for the production of the mine. Emgesa operates 12 coal fired power stations in Colombia.

3. Pelaya Coal Project Option

The Pelaya Coal Project is located in the Cesar Department of Colombia and comprises one exploration license totalling 1,642 hectares. The Company has the right to acquire the "Pelaya Option", which is an option to acquire a 100% interest in the Pelaya Coal Project's exploration license, conditional upon the Company paying, and achieving, the following:

Milestone	Date	Cash Payment (USD)	Work Expenditure (USD)
Signing the "Pelaya Option Agreement"	Upon Signing	\$350,000	-
Exploration Commitment	Years 1-4	-	\$5,000,000
Payment	12 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	24 months from the date of the Pelaya Option Agreement	\$200,000	-
Feasibility Study	2 Years from the date of the Pelaya Option Agreement	-	\$3,000,000
Payment	36 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	48 months from the date of the Pelaya Option Agreement	\$350,000	-
Payment	60 months from the date of the Pelaya Option Agreement	\$2,500,000	-
TOTAL	-	\$3,800,000	\$8,000,000

An initial US\$60,000 down payment has been made towards the first \$350,000 execution payment.

The project is a coal-bearing sedimentary sequence through Quaternary-age cover with indications of a potential world class coal deposit. Pelaya is adjacent to Prodeco Group's (Glencore/Xstrata) metallurgical coal exploration program in Cesar. Five priority diamond drill targets have been identified for a 2,000 meter drill program.

10. FINANCIAL INFORMATION

10.1 Information deemed to be incorporated in this Prospectus

In accordance with section 712 of the Corporations Act, this Prospectus incorporates all other necessary financial information by reference to information contained in the Relevant Financial Statements lodged with ASX including the 2015 Annual Report and audited accounts.

Investors and their professional advisers are able to obtain copies of the Relevant Financial Statement for 2015 and previous years free of charge by contacting the Company at its registered office during normal business hours prior to the Closing Date. The Relevant Financial Statement is also available by searching ASIC or the ASX's (ASX code: PRH) records relating to the Company.

10.2 Contents of included documents to be incorporated

Set out below is a summary of the information contained in the Relevant Financial Statements that is deemed to be incorporated in this Prospectus:

- (a) 2015 Annual Report,
- (b) 2014 Annual Report,
- (c) 2013 Annual report and
- (d) 2012 Annual Report,

showing the following:

- (i) Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- (ii) Consolidated Statement of Financial Position;
- (iii) Consolidated Statement of Changes in Equity;
- (iv) Consolidated Statement of Cash Flows; and
- (v) Notes to the Financial Statements.

10.3 Operational and Expenditure Plans of the Company – Capital Raisings

The Company will accept subscription for New Shares to raise up to \$7.5 million. Under the terms of the Underwriting Agreement from the lender the Company will complete the offer with a minimum of \$1.5 million in cash. Any subscriptions above the minimum assumed which are received from investors will increase this cash balance.

10.4 Operational and Expenditure Plans of the Company - Use of Funds

The Company's expenditure plans are the best estimates available to the Company at this time. Some of the budget allocations are committed expenditures and work programs but shareholders would be aware that these things are subject to changes in line with results as they emerge, on-site conditions and other circumstances and opportunities.

It is proposed that the funds of the Company will be applied as follows:

\$2.2 million funds available (minimum):

Use of Funds — Expenditure Budget	Year 1 (\$)
Net funds available utilised as follows	\$2,200,000
Net cashflow from operations	\$1,000,000
Gross Cashflow Available	\$3,200,000
• Project Costs	\$200,000
• Administration and Compliance	\$650,000
Total funds utilised	\$850,000
Funds available	\$2,350,000

\$5.3 million capital raise (target):

Use of Funds — Expenditure Budget	Year 1 (\$)
Net funds raised utilised as follows	\$5,300,000
Net cashflow from operations	\$1,000,000
Gross Cashflow	\$6,300,000
• Project Costs	\$2,850,000
• Administration and Compliance	\$650,000
Total funds utilised	\$3,500,000
Funds available at the end of the year	\$2,800,000

These expenditure plans are applicable after the repayment of loans.

There is no guarantee that the minimum amount of \$1.5m in available funds will be achieved. The consequences for the Company would be to amend its development timetable if there was a minor shortfall from the minimum estimated available funds. If the available funds are significantly less than the minimum amount then the company may not proceed with the issue and the Directors would need to consider the future direction of the Company and whether it could continue to operate.

The Company has not received any commitments from any Shareholder in respect of their participation in the Offer.

The Company will have enough working capital to carry out its stated objectives based upon the minimum capital to be raised. The Company has assumed various operating parameters to establish net cashflow from operations of \$1m. The main assumptions are as follows:

- Production of phosphate rock is increased to 40,000tpa (rather than the higher 50,000tpa)
- Operating costs (ie mining costs) per tonne are estimated at US\$50 per tonne
- Phosphate rock price per tonne US\$115
- Mine Administration costs US\$88 per annum
- Management and administration costs are US\$350,000 per annum
- Executive salaries US\$360 per annum

The assumptions have then been further discounted - revenue from sales by approximately 50% and the full value of costs is taken on the assumption of 50,000tpa of production in reaching the estimated cashflow from operations. The Company believes this is a prudent approach to estimated cashflow. There is no guarantee however that any of the assumptions will be accurate or be delivered. While the information and assumptions are all based upon historical performance this should not be taken as guide to future activities or future performance of the Company and its cashflow. This is not a forecast and has only been included so potential investors can evaluate the basis upon which \$1m is derived from net cashflow from operations. The Directors have carried out sufficient investigations on the operations of the mine to be satisfied that working capital will be sufficient at each point in time given the minimum capital raise.

The Company is required to have \$1.5m in working capital to satisfy listing requirements. As the future cashflows from sales of product have not been reviewed by the Investigating Accountants Report then cashflows from operations and expenditures on such operations need to be excluded from this assessment. This then results in the minimum arrangements as follows:

\$2.5 million Capital raise after repayment of all loans:

Use of Funds — Expenditure Budget	Year 1 (\$)
Commencing Cash	\$200,000
Net Cash Proceeds from Capital Raising (after repayment of all loans)	\$2,500,000
Costs attributable to Capital Raising (only costs not already paid)	\$175,000
Net funds available	\$2,525,000
Net cashflow from operations (not counted)	NA
Gross Cashflow Available	\$2,525,000
• Project Costs (operations costs not counted)	NA
• Administration and Compliance (excluding operations)	\$450,000
Total funds utilised	\$450,000
Funds available	\$2,075,000
Initial payment for Bahia Inglesa Option	\$550,000
Net Cash available (excluding operations)	\$1,525,000

The Company has the intention and the capacity to pay the further cash payments as required for the Bahia Inglesa Project and Pelaya Coal Project.

10.5 Dividends

The Directors have resolved that the intent of the Company is to generate cashflow as soon as possible. Shareholders should be rewarded with dividends as soon as this is possible.

Obviously the Company will be in development mode for some time as it expands production and this will take a portion of the cashflow. The development of the assets and early dividends to shareholders are competing activities. It is the Director's policy to balance the two and plan to have cashflow equally devoted to further asset development and dividend payments.

10.6 Effect of the Offer – General

The principal effect of the Offer will be to:

- (i) Increase the Company's cash reserves by the proceeds of the Offer ; and
- (ii) Increase the number of Shares on issue by up to **30,000,000 Shares** (fully subscribed).

10.7 Effect – Share capital

The potential effect the Offer will have on the control for the Company's undiluted share capital will depend on the extent to which Eligible Shareholders take up their Entitlement under the Offer.

If all Eligible Shareholders take up their Entitlements in full, the Offer will have no material effect on the control of the Company. Each Shareholder should be aware that if they do not participate in the Offer and all other Shareholders do participate in the Offer, their holdings are likely to be diluted by approximately 21,200,000 Shares (as compared to their holdings and number of shares on issue as at the date of this Prospectus).

10.8 Underwriting and control of the Company

The Offer is underwritten by the Underwriter. The Underwriter has entered into arrangements with the Kiwanda Convertible Note Holders such that the Underwritten Shares will be used to repay or redeem the Kiwanda Convertible Notes. Accordingly, the Underwriter will not acquire voting power in the Company as a result of a shortfall. See below section – "Loan and Funding Activities of Kiwanda".

10.9 Other Information related to the New Shares

For the purpose of satisfying the ASX Information Form, the Company confirms the following:

- **Partly-paid securities:** The Company has no partly-paid securities on issue and no call program in place.
- **Employee Incentive Scheme:** The Company has no employee incentive scheme in place.
- **Dividend or distribution plan:** The Company has no dividend or distribution plan in place.

10.10 Loan and Funding Activities of Kiwanda

Kiwanda Australia has provided loan facilities to the Company. The repayment value of these loans when fully drawn is approximately \$5 million. Kiwanda Australia in turn has borrowed funds from Kiwanda Mines on equivalent terms. To fund the loan program, Kiwanda Mines has borrowed funds from various investors in the form of convertible notes (Convertible Notes). Investors invest in the Convertible Note at a 30% discount to Face Value. The Convertible Notes bear a 15% pa coupon payable at maturity.

At the re-listing of the shares of the Company, at the Convertible Note investor's option, the Convertible Notes may be converted into ordinary shares in the Company. In the event that this conversion occurs then Convertible Note holders will receive shares in the Company equal to 150% of the face value of the Convertible Note which they hold. The shares in the Company for the purposes of this conversion are valued at \$0.30 (being the share value that Phillips River used in acquiring the Kiwanda Assets). These shares are not sourced from the Company – instead they come from the Shares held by Kiwanda in Phillips River. The conversion or otherwise of the Convertible Notes has no dilutionary or other effect on Shareholders.

There are 141 investors in the Convertible Note programme. As Convertible Note holders elect to convert their Convertible Notes then Kiwanda Mines will provide those Convertible Note holders with shares in Phillips River. This will result in 141 new shareholders of the Company.

Shareholders have approved, in the extraordinary general meeting of the Company held on 15 May 2015, the issue of 10 million shares to be issued in repayment of loans and it is the intention of Kiwanda Mines to accept 10 million shares in repayment of the loans and to partially use those shares to effect the conversion and repayment of the Convertible Notes. These shares have a face value of \$2.5 million at the issue price of \$0.25 being the issue price of the Entitlements Issue.

As the final part of the repayment of the Convertible Note, investors who have elected to convert into shares in the Company, Kiwanda Mines has underwritten that portion of the Entitlements Issue which will provide full repayment of the loans made to the Company by the Kiwanda Mines Note program by delivery of shares in the Company.

The result of these arrangements is that:

- (a) the loans on the Company's balance sheet which were funded by way of the Kiwanda Mines Convertible Note program will be fully repaid and be reflected as equity; and
- (b) the Company will retain all remaining cash from the original borrowing.

Any undrawn loans as at the date of the closing of the Entitlements Issue will be fully drawn and repaid by the issue of shares.

10.11 Pro-forma balance sheet

The pro-forma balance sheet as at 30 June 2015 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The pro-forma balance sheet is based on the audited statutory consolidated financial statements as at 30 June 2015 after adjusting for certain pro-forma transactions and/or other adjustments as if they had occurred at 30 June 2015.

The pro-forma balance sheet has been reviewed by Nexia Court Financial Solutions Pty Ltd.

The information in this section should be read in conjunction with the Risk Factors set out in section 12 and other information contained in this prospectus.

CONSOLIDATED A\$	As at 30 June 2015 Audited	Adjustments	As at 30 June 2015 Pro-forma
Assets			
Current assets			
Cash and cash equivalents	106,809	3,276,807	3,383,616
Trade and other receivables	4,934	-	4,934
Prepayment and other assets	15,071	-	15,071
Total Current Assets	126,814	3,276,807	3,403,621
Non-current assets			
Investment in associates	7,438	168,553	175,991
Mining assets	-	3,167,778	3,167,778
Exploration assets	-	3,346,567	3,346,567
Intangible assets	-	1,870,127	1,870,127
Total non-current assets	7,438	8,553,025	8,560,463
Total Assets	134,252	11,829,832	11,964,084
Liabilities			
Current liabilities			
Trade and other payables	84,822	(74,089)	10,733
Provisions	-	383,086	383,086
Interest bearing loans and borrowings	-	928,591	928,591
Total current liabilities	84,822	1,237,588	1,322,410
Non-current liabilities			
Deferred tax liability	-	1,314,216	1,314,216
Total non-current liabilities	-	1,314,216	1,314,216
Total Liabilities	84,822	2,551,804	2,636,626
Net Assets	49,430	9,278,028	9,327,458
Equity			
Issued capital	58,593,923	7,623,286	66,217,209
Reserves	617,111	1,786,151	2,403,262
Accumulated losses	(59,161,604)	(131,409)	(59,293,013)
Total equity	49,430	9,278,028	9,327,458

Adjustments

1. **Additional borrowings** – subsequent to 30 June 2014, the Company has drawn down a further A\$700,000 in funding under the short term loan agreement with Kiwanda Australia to provide additional working capital to the Company and for additional funding to the Coal Alliance and Phosphate Alliance.

2. **Acquisition** – the pro forma adjustments relating to the Acquisition as set out in section 18 under Material Contracts. The pro forma adjustments reflect updated valuations prepared by the Independent Valuer in December 2015 and Directors' valuations of the BiFox/SCM Option and Escalones Option based on the updated valuations. The adjustment includes the deferred tax liability impact in respect of the fair value adjustments.
3. **Offer** – the adjustments reflect the impact of the Offer on the basis that the Offer is fully subscribed raising \$5,300,000. The cash proceeds are net of expenses of \$519,124 as set out in section 18.
4. **Repayment of loans** – the pro forma adjustments reflect the payment of US\$720,000 under the terms of the Acquisition as set out in section 9 and issue of shares in satisfaction of the convertible notes as set out in section 10.10.
5. **Initial payment under the Bifox/SCM Option** – the adjustments reflect the payment of US\$400,000 for the execution of the Bifox/SCM Option as set out in section 9.

11. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The following is a summary of the rights and liabilities attaching to the New Shares being offered in this Prospectus. This summary is not exhaustive. Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

RIGHTS AND LIABILITIES OF SHARES

General Meetings

Shareholders are entitled to attend and vote at general meetings of the Company. Shareholders may requisition meetings of the Company.

Voting Rights

- Each Shareholder is entitled to vote;
- On a show of hands every Shareholder has one vote; and
- On a poll every Shareholder has one vote for each Share held.

Dividend Rights

- The Directors may from time to time declare a dividend.
- The Directors may set aside amounts as reserves to be applied for any purpose.
- The Directors may grant to Shareholders the right to reinvest cash dividends paid by the Company by subscribing for Shares in the Company.

Winding-up

If the Company is wound up, the liquidator may divide among the Shareholders any part of the Company.

Transfer of Shares

Shares in the Company are transferable, subject to the registration of the transfer being lawful and not breaching the Corporations Act and the ASX Listing Rules.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting.

12. RISK FACTORS

INTRODUCTION

This Entitlements Issue is part of an effort to transform and revitalise the Company, thereby improving the prospect of creating value for Shareholders. This process is not risk free.

Shareholders should understand that investing in the Company should be considered to be **speculative**.

The Directors strongly recommend Shareholders consider the risk factors described below, together with all other information in this Prospectus, before deciding whether to apply for New Shares.

The risks identified in this Section 12, as well as other risks, may have a material impact on the financial performance of the Company and the market price of the New Shares. The Section is not intended to set out an exhaustive list of the risk factors.

COMPANY SPECIFIC CONTRACTUAL RISKS

The ability of the Company to achieve its objectives will depend on the counterparties to any agreements with the Company. If any party defaults in the performance of their obligations, the Company may approach a court to seek remedy. Legal action can be costly. Contracts to which the Company is a party are governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will be granted on the appropriate terms.

The Company is exposed to some particular risks in respect to the Purchase Option with BiFox/SCM. To transfer effective title to the Company the vendor needs to resolve the outstanding fine and environmental restitution at the mine site. Should this not be resolved by the end of the agreed lease period with BiFox/SCM then there is uncertainty regarding ongoing mining at the site. In the event that BiFox/SCM are unable to provide good title then the Company is not required to pay the purchase price for the Bahia Inglesa mine.

The sales arrangements with distributors of the BiFox phosphate product need to be renewed once the Company takes over the operations of the mine. Contact with each of the parties has indicated that all wish to increase the offtake however this is undocumented until such time as the mining operations commence. It is possible that no distributor would wish to renew the sales contracts and this would leave the Company without any known distribution capability.

The Company is exposed to the ongoing contractual arrangement with Emgesa in Colombia in respect of its coal delivery contract with Carbhid. In the event that a default under the contract were to occur there is little prospect of an alternative offtake agreement being available in the short term.

GENERAL RISKS

The Management Team

The day-to-day operations and strategic management of the Company depends on its senior management and its key personnel. There can be no assurance that there will be no impact on the Company if one or more of these employees cease employment. The Company's ability to recruit and retain qualified management will also be critical to its success.

Legal environment

Each of the Colombian and Chilean legal systems is less developed than more established countries and this could result in the following risks:

- Political difficulties in obtaining legal redress in the courts in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

Government and Political Factors

The introduction of new mining and/or mining exploration legislation, or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and the financial performance of the Company. Any adverse developments in political and regulatory conditions in Colombia or Chile could adversely affect the Company's prospects. Government policy changes, such as changes in both monetary and fiscal policies, resource expropriation, methods of taxation and currency exchange controls may negatively impact the performance of the Company as a whole.

Exploration Success

The Coal Assets and Phosphate Assets are at varying levels of exploration and development. Potential investors should understand that mineral exploration and development projects carry a high degree of risk. Even if an apparently viable mineral deposit is held or identified, there is no guarantee that it can be economically exploited.

Environmental Risks

The Company will be operating in multiple jurisdictions with variable environmental requirements. The operations in Chile at Bahia Inglesa have limited environmental conditions as it is located in the Atacama Desert and the environment is essentially sand and rock. There is little discernible difference between mined areas and pristine desert. However BiFox incurred a fine from mining in a preserved paleontological area. This needs to be monitored. Should the Company undertake such an error then the Company would be liable for any fine and or requirement to restitution.

The operations in Colombia are underground coal mines. This presents a higher level of potential risk as the world becomes progressively more active regarding decreasing the use of fossil fuel usage. In the event of any adverse movements then it is the view of the Company that it would shut down its operations. Currently the community is dependent upon the local coal fired power station for electricity supply which Carbhid supplies with coal. In the short to medium term this is not considered to be a major concern but in due course different arrangements will need to be instituted.

Dilution Risks

The Company may need to raise further capital after this Offer has closed to continue its development plan. Should this be necessary then it may be that existing shareholders will be diluted by the extent of any further shares that are issued as a result of further shares being issued. The Directors note that this does not apply in respect of the Kiwanda Convertible Note holders where conversion occurs there is no dilutionary effect other than for Kiwanda Mines.

Approval to Issue Shares and Acquire the Assets

The approval to acquire the assets expired on 14 August and the capacity for this to be renewed is dependent upon ASX providing a waiver. In the event that ASX is unable or unwilling to provide the waiver then the acquisition of the assets will need to be reviewed. In order for completion to occur in that instance the Company will need to seek the approval of Kiwanda and Lara to an extension and call a subsequent meeting of shareholders to approve the acquisition. There is the risk that Kiwanda or Lara do not agree to the amendment settlement date or that Shareholders do not approve the acquisition. In this instance any subscription money under the Offer would be returned however the Company would have no business.

Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve resource or reserve estimates, predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. The Company may never achieve commercial viability through the successful exploration and/or mining of the Coal and Phosphate Assets. Until the Company is able to realise value from the Coal and Phosphate Assets or any other projects, it is likely to incur ongoing operating losses. The mining operation is carried under contract with a local contractor. The terms of the mining contract will not be finalised until the Company takes over the operations of the mine. The Company is reliant on this contractor or a replacement contractor to carry out the mining operations as the Company has no direct mining employees of its own. Should the existing contractor cease mining or be unable to continue mining for whatever reason then the Company will have to cease mining operations until a replacement mining contractor can be retained. There is no guarantee that any new or replacement contractor will have the same skill or experience in carrying out the mining on the site and this may lead to decreased mining output. Or indeed there is no guarantee that any replacement mining contractor could be found at all.

License Renewal Risk

The Company has the risk that its various exploration, exploitation and mining licenses will not be renewed. While these have no current conditions there is the possibility that conditions could be added which may make the licenses uneconomic or not capable of renewal.

The 66 exploration licenses at KI have various renewal dates ranging from September 2016 to June 2017. The renewal occurs each two years and is only subject to payment of the fee.

The various coal mining licenses held by Carbhid and associates expire in 2042 and are not considered at risk.

The exploitation licenses at Bahia Inglesa are renewed each two years and are only subject to payment of the renewal fee.

Commodity Price Volatility

Commodity price fluctuations. Namely Phosphate Rock and Coal. Historically, commodity prices have been volatile and subject to wide fluctuations for many reasons, including but not limited to:

- Global and regional supply and demand, and expectations regarding future supply and demand for commodities;
- Geopolitical uncertainty;
- Proximity to, and capacity and cost of, transportation;
- Price, availability and government subsidies of alternative fuels;
- Price and availability of new technologies;
- Political, economic and military developments in the Company's operational jurisdiction, domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations;
- Global and regional economic conditions; and
- Weather conditions and natural disasters.

It is impossible to predict accurately future commodities price movements and commodities prices may not remain at their current levels.

Other risks include:

Other risks related to the resource sector include:

- Changes in global supply and demand due to an economic downturn.
- Currency exchange rate fluctuations.
- Inflation and other cost increases.
- Safety, health and environmental exposures and related regulations.
- Regulation affecting greenhouse gas emissions.
- Inaccurate estimates of a target's resources.
- Failure to discover commercially viable resources and/or reserves.
- Inability to maintain necessary exploration licenses and concessions.
- Delays or suspensions in drilling and/or exploration operations due to use of independent contractors.
- Vulnerability of drilling and mining operations to natural disasters, operating difficulties and loss of physical assets.
- Labour disruptions.

- Inadequate access to necessary infrastructure services, including transportation and utilities.
- Shortages and long delivery lead times for key inputs.
- Poor relationships with local communities, government and non-government organisations.
- Uncertainty in outcome of exploration, development and production activities.

13. INVESTIGATING ACCOUNTANTS REPORT

On 17 December 2015 the Company received an Investigating Accountants Report prepared by Nexia Court Financial Solutions. The report is attached at Annexure 1.

14. INDEPENDENT GEOLOGIST'S REPORTS

On 10 February 2016 the Company obtained two geologist's reports from Andre Gauthier attached at Annexure 2

Mr Gauthier has received no professional fees from Phillips River for preparing the report or otherwise. Mr Gauthier's fees were paid by Lara Exploration.

Mr Gauthier has provided his written consent to the inclusion of the reports in this Supplementary Prospectus in the form and context in which it is set out in Annexure 2.

In June and July 2015 the Company completed a trenching program at Bahia Inglesa. The results of the trenching program are included as part of Annexure 2.

15. LEGAL OPINION – COLUMBIAN TENEMENTS

On 9 March 2016 the Company obtained a legal opinion from Lloreda Camacho & Co. (Solicitors) in relation to the Colombian tenements, attached at Annexure 3

Lloreda Camacho & Co. has received professional fees of US\$15,047 for preparing the legal opinion. During the 24 months preceding lodgment of this Second Supplementary Prospectus with ASIC, Lloreda Camacho & Co. has earned no other fees from the Company.

Lloreda Camacho & Co. has provided its written consent to the inclusion of the opinion in this Second Supplementary Prospectus in the form and context in which it is set out in Annexure 3.

16. LEGAL OPINION – CHILEAN MINING CONCESSIONS

On 9 March 2016 the Company obtained a legal opinion from Carcelen, Desmadryl, Guzman & Tapia (Solicitors) in relation to the Chilean tenements, attached at Annexure 4.

Carcelen, Desmadryl, Guzman & Tapia have received professional fees of US\$9,386 for preparing the legal opinion. During the 24 months preceding lodgment of this Second Supplementary Prospectus with ASIC, Carcelen, Desmadryl, Guzman & Tapia has earned no other fees from the Company.

Carcelen, Desmadryl, Guzman & Tapia have provided its written consent to the inclusion of the opinion in this Second Supplementary Prospectus in the form and context in which it is set out in Annexure 4.

17. EXPERT'S REPORT – CHILEAN EXPLORATION CONCESSIONS

On 7 March 2016 the Company obtained a report from Tecnomin Servicios Tecnicos Para La Mineria (Engineers) in relation to the Chilean exploration concessions, attached at Annexure 5.

Tecnomin Servicios Tecnicos Para La Mineria has received professional fees of US\$5,000 for preparing the report. During the 24 months preceding lodgment of this Second Supplementary Prospectus with ASIC, Tecnomin Servicios Tecnicos Para La Mineria has earned no other fees from the Company.

Tecnomin Servicios Tecnicos Para La Mineria has provided its written consent to the inclusion of the report in this Second Supplementary Prospectus in the form and context in which it is set out in Annexure 5.

18. ADDITIONAL INFORMATION

Underwriting

Kiwanda Mines (being the Underwriter), has agreed to partially underwrite the Entitlement Offer (**Underwritten Shares**). Kiwanda Mines will not receive any fees or commissions for underwriting the Entitlement Offer.

Kiwanda Mines has provided loans to the Company (**Loans**). By the Closing Date the loan amount is expected to be higher as the Company continues to undertake its business. The loans are used to maintain the Company (including accounting, audit, working capital, tax advice and returns, legal costs and various other expenses and to enable it to complete due diligence plus the advancement of the projects including mine planning, JORC estimation, capital acquisitions and similar).

Loans are issued at a 30% discount to face value and repayable at 1.5 times face value. Interest on the loans accrues at 15% p.a. on the face value.

The Company may elect to repay these loans in cash. Alternatively, Kiwanda Mines may elect to set-off any amounts that the Company owes to Kiwanda Mines for the repayment of these loans on the terms of the loans at the Offer price as payment for the Underwritten Shares. These are the investors in the Kiwanda Mines Convertible Note issue. There are 141 investors in the program and each will become a shareholder in Phillips River.

Litigation

At the date of this Replacement Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

Market Price of Shares

The Company's shares are currently suspended and do not carry a quoted price.

Interests of Directors – Security Holdings

The Directors of the Company are associates. The relevant interest of each of the Directors in the securities of the Company (both direct and indirect), as of the date of this Replacement Prospectus, together with their respective Entitlement, is as follows:

Name of Existing Director	Holder of Relevant Interest	Nature of Relevant Interest	Number of Existing Fully Paid Shares Held by Holder	Percentage Interest in Voting Shares*
Christopher John West	Kiwanda Group	Director of Kiwanda Group	637,801	19.9
Timothy Hanley Koster	Kiwanda Group	Director of Kiwanda Group	637,801	19.9
Mark Douglas Sumner	Kiwanda Group	Director of Kiwanda Group	637,801	19.9
TOTAL			637,801	19.9

Remuneration of Directors

The remuneration of the Directors is decided by the Board. The total maximum remuneration of the non-executive Directors is initially set by the Constitution and subsequently varied by an ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules. The total maximum remuneration of non-executive Directors can be varied by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial year ending 30 June 2014, the Company paid by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$240,000.

The proposed annual remuneration of the Directors for the financial year ending 30 June 2016 is set out in the table below. These amounts do not include superannuation and other statutory contributions which will be in addition to these amounts.

Director	Total Remuneration
Chris West	\$150,000
Mark Sumner	\$150,000
Timothy Koster	\$150,000

The Directors intend to draw remuneration once the Offer of New Shares is completed.

Material Contracts

(i) Heads of Agreement

The Heads of Agreement provides the Company with the rights to acquire the Kiwanda Assets for a mixture of cash and Shares. Pursuant to the Heads of

Agreement, the price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

A further detailed description of the Heads of Agreement is contained in the Explanatory Statement.

(ii) Underwriting Agreement

Kiwanda Mines (being the Underwriter), has agreed to partially underwrite the Entitlement Offer (Underwritten Shares). Kiwanda Mines will not receive any fees or commissions for underwriting the Entitlement Offer up to a maximum of \$2,500,000. Kiwanda Mines has provided loans to the Company (Loans). By the Closing Date the loan amount is expected to be higher as the Company continues to undertake its business. The loans are used to maintain the Company (including accounting, audit, working capital, tax advice and returns, legal costs and various other expenses and to enable it to complete due diligence plus the advancement of the projects including mine planning, JORC estimation, capital acquisitions and similar).

The Company may elect to repay these loans in cash. Alternatively, Kiwanda Mines may elect to set-off any amounts that the Company owes to Kiwanda Mines for the repayment of these loans on the terms of the loans at the Offer price as payment for the Underwritten Shares up to a maximum of \$2,500,000. These are the investors in the Kiwanda Mines Convertible Note issue. There are 141 investors in the programme and each will become a shareholder in Phillips River.

(iii) BiFox Option Agreement

The "Fourth Extension Agreement" was entered into 1 October 2014 between Kiwanda Chile SA, SCM Bahia Inglesa (SCMI) and Compania Minera De Fosfatos Naturales Limitada (BiFox Ltda) (BiFox Option Agreement). The BiFox Option Agreement grants Kiwanda Chile SA an option to purchase 280 phosphate mining tenements owned by SCMI and 941 phosphate mining tenements owned by BiFox located in Santiago, Chile, in consideration for certain scheduled payments and royalties as set out in the BiFox Option.

(iv) Pelaya Option Agreement

The "Letter of Intent ("LOI") Option over Coal Mining Concession Area located in Pelaya (Colombia)" was entered into 10 August 2013 between Andean Coal (BVI) Ltd and Marlen T Coronado, Miguel O J Rodriquez, Carlos A C Giron, German Reyes and Gustavo A Sanchez (Pelaya Option Agreement). The Pelaya Option agreement grants Andean Coal (BVI) Ltd (a related entity of Kiwanda) an option to acquire all interests in Carbones De Pelaya S.A.S (Carbonos). Carbonos holds certain mining interests in Colombia as set out in the Pelaya Option Agreement.

(v) Andean Phosphate Alliance Agreement

The "South American Phosphate Alliance Agreement" was entered into on 12 December 2011 between Kiwanda Group LLC and Lara Exploration Ltd (Phosphate Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Chile and Colombia.

(vi) South American Coal Alliance Agreement

The "South American Coal Alliance Agreement" was entered into on 9 July 2012 between Kiwanda Mining Partners LP (Kiwanda Partners) and Lara Exploration Ltd (Coal Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda Partners and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Peru and Colombia.

Interests of Experts and Advisors

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus. And no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the promotion of the Company; or
- (b) the Offer.

K & L Gates has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay K & L Gates \$90,000 (excluding GST and disbursements) for these services.

Consents

Each of the parties referred to in this Section 18 (*Consents*):

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 18; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 18.

K & L Gates has given its written consent to being named as the solicitors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Deloitte has given its written consent to being named as the auditors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Lonergan Edwards and Associates provided the Independent Experts Report for the Explanatory Memorandum prepared for the EGM and has given its consent to being named and the report included by reference in the Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Mr Manish Garg and HDR Salva provided the Valuation for the Kiwanda Assets in the Explanatory Memorandum for the EGM and have given their consent to being named and the report included by reference in the Prospectus and have not withdrawn the consent prior to the lodgment of this Prospectus with the ASIC.

Mr Andre Gauthier provided the Competent Persons Report for the Explanatory Memorandum for the EGM and for this Prospectus and has given his consent to being named and the report included by reference in the Prospectus and has not withdrawn his consent prior to the lodgment of this Prospectus with the ASIC.

Nexia Court Financial Solutions Pty Ltd has given its written consent to being named as the auditors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgment of this Prospectus with the ASIC.

Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$519,124 (excluding GST) and are expected to be applied towards the items set out in the table below:

Expense	\$
ASIC fees (paid)	2,320
ASX fees (paid)	5,804
Legal and Accounting fees (paid)	105,000
Broker fees	371,000
Printing and distribution (paid)	35,000
Miscellaneous	876
TOTAL	520,000

Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus and electronic application form on the basis of a paper Prospectus lodged with the ASIC, and the publication of notices referring to an electronic Prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure you have received the entire Prospectus accompanied by the Entitlement and Acceptance Forms.

If you have not, please phone the Company on +61 2 92 622 922 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.phillipsriver.com.au

CHESS and Issuer Sponsorship

The Company is a participant in CHESS, for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company.

The Company will not issue share certificates.

Instead, the Company will provide Shareholders with a statement setting out the number of New Shares allotted to them under this Prospectus. The statement will include the Shareholder's Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their shareholding in the Company during the preceding month.

Privacy Act

If you complete an application for New Shares, you will provide personal information to the Company (directly or to Advanced Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and Advanced Share Registry.

You can access, correct and update the personal information we hold about you. Please contact the Company or Advanced Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Please note, if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

Compliance with the JORC Code and Competent Persons Statement

Information in relation to the Phosphate Assets and the Coal Assets have been compiled in accordance with the **JORC Code, 2012 Edition**:

- (a) Table 1 report Phosphate, Section 1 Sampling Techniques and Data;
- (b) Table 1 report Phosphate, Section 2 Reporting of Exploration Report;
- (c) Table 1 report Coal, Section 1 Sampling Techniques and Data; and
- (d) Table 1 report Coal, Section 2 Reporting of Exploration Report,

as detailed in Annexure B (Competent Person's Report) to the Explanatory Statement (unless otherwise stated in the notes for a particular resource and reserve). Section 2 of Table 1 of Annexure B of the Explanatory Statement to the Notice of General Meeting contains information prepared by Mr Andre Gauthier, a Competent Person for JORC purposes.

The Company advises that the relevant professional body to which Mr Andre Gauthier belongs to qualify him as a Competent Person for JORC purposes is the Ordre des Ingénieurs du Québec (Quebec Institute of Engineers) which is a JORC Recognised Professional Organisation. None of the Company's assets have complying resources under the JORC Code. Please refer to the Explanatory Statement.

Corporate Governance Statement

The Board is responsible for the governance of the Company, and recognise the need for the highest standards of behaviour and accountability.

The Board will continue to develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives.

The overall goals of the corporate governance process are to:

- drive Shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.
- Consistent with these goals, the Board's primary responsibilities are:
- setting the strategic direction of the Company;

- monitoring the financial performance of the Company, including approving the financial statements;
- ensuring adequate internal control systems and procedures exist and compliance with these systems and procedures;
- identifying significant business risks and ensuring those risks are adequately managed;
- reviewing the performance and remuneration of executive Directors; and
- establishing and maintaining appropriate ethical standards.

The Board has in place policies and practices consistent, where considered appropriate having regard to the Company's current size and structure, with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Recommendations". Such policies include, the Board Charter, Board Code of Conduct, Audit Committee Charter, Continuous Disclosure, Trading in Securities and Risk Management Policies.

Taxation Considerations

It is the responsibility of all potential Shareholders to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before taking up their Entitlements and investing in New Shares. Taxation consequences will depend on particular Eligible Shareholders or Entitlement Holder's circumstances.

Neither the Company nor any of its officers, employees, agents and advisers accept any liability or responsibility in respect of taxation consequences connected with an investment in New Shares or dealing with an Entitlement offered in this Prospectus.

Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

Representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the information in this Prospectus.

19. APPLICATION FOR OFFICIAL QUOTATION BY ASX

The following information is provided in accordance with the Listing Rules and the ASX Information Form and Checklist (**ASX Checklist**) for the purposes of the Company's application for readmission to official quotation by the ASX.

(a) Audit Committee

- (i) In accordance with Listing Rule 1.1 Condition 13 and Item 6 of the ASX Checklist, the Company has established an audit committee.
- (ii) In accordance with Listing Rule 1.1 Condition 13 and Item 7 of the ASX Checklist, the Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to composition and operation of the audit committee.

(b) Remuneration Committee

Given the early stage of the Company's redevelopment and by reason of the Company currently engaging no employees, the Company has not currently established a remuneration committee. The Company, however, intends to establish a remuneration committee in due course.

(c) Existing and Proposed Capital Structure

In accordance with Item 19 of the ASX Checklist, the following Table illustrates the movement in the issued capital of the Company where the Company issues the Entitlement where the Offer is **fully subscribed**:

Securities	Number
Fully paid ordinary shares currently on issue	3,205,339
Entitlement issue ⁽¹⁾	21,200,000
Total	24,405,339

Note 1: Where the Offer is fully subscribed.

(d) Dividend/distribution policy

The Company does not currently have a dividend policy given the early stage of the Company's redevelopment.

20. DIRECTORS' STATEMENT

The Directors state for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe any statements by them in this Prospectus are true and not misleading or deceptive, and with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe the persons making the statement(s) were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgment of this Prospectus with ASIC.

Each Director consents to the lodgment of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- Certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- Information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated **21 March 2016**.



Christopher West
Director
For and on behalf of
Phillips River Mining Limited

21. GLOSSARY

\$, A\$, or AUD	means the lawful currency of the Commonwealth of Australia.
Acquisition	means the acquisition by the Company of the Coal Assets and Phosphate Assets from Kiwanda and Lara pursuant to the Kiwanda Transaction Documents.
Advanced Share Registry	means Advanced Share Registry Limited (ABN 14 127 175 946).
AEST	means Australian Eastern Standard time
Annual Report	means an Annual Report of the Company.
Applicant	means a person who applies for New Shares in accordance with this Prospectus.
Application Monies	means money received by the Company pursuant to the Offer being the issue price of \$0.25 per New Share multiplied by the number of New Shares applied for.
Assets	means the Coal Assets and the Phosphate Assets.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.
ASX Information Form	means the document entitled "Information Form and Checklist (ASX Listing)" contained in Appendix 1A of the ASX Listing Application and Agreement.
ASX Listing Rules	means the listing rules of the ASX.
ASX Settlement Operating Rules	means the settlement rules of the securities clearing house which operates CHESS.
BiFox	means Compania Minera de Fosfatos Naturales BiFox Ltda.
Board	means the board of Directors unless the context indicates otherwise.
BiFox/SCM Option	means the option granted to Phosphate Alliance pursuant to an agreement between Phosphate Alliance and BiFox and SCM (as amended and varied from time to time including but not limited to by the Fourth Extension Agreement).
Business Day	means Monday to Friday (inclusive) in Sydney, Australia, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
Carbhid	means Carbhid SAS, a Colombia based coal mining company.
CDE	means Consejo de Defensa del Estado.
CHESS	means Clearing House Electronic Sub-Register System.
Closing Date	means 12 April 2016, being the date specified in Section 5 (<i>Timetable</i>) and in Section 7 (<i>Closing Date</i>).
Coal Alliance	means Andean Coal Alliance (BVI) Ltd.
Coal Assets	has the meaning given to it in Section 7 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Company	means Phillips River Mining Limited (ACN 004 287 790).
Constitution	means the constitution of the Company at the date of this Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company at the date of this Prospectus.
Eligible Shareholder	means a Shareholder of the Company as at the Record Date.
Entitlement	means the entitlement of each Eligible Shareholder (and each Entitlement Holder) to 10,000 New Shares at an issue price of \$0.25 per New Share.
Entitlement and Acceptance Form	means the form entitled "Entitlement and Acceptance Form" in "Annexure A" to this Prospectus.
Existing Share	Means a fully paid ordinary share in the capital of the Company on

	issue as at the Record Date.
Explanatory Statement	means the Notice of Meeting and Explanatory Statement issued to Shareholders by the Company for the purpose of the extraordinary general meeting convened 15 May 2015.
Escalones Mining Lease	means the Escalones Mining Lease from Carbhid described in the "Coal Assets" details in Section 9 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Escalones Option	means the option granted in favour of Coal Alliance pursuant to an agreement between Coal Alliance and Carbhid in respect of the Escalones Mining Lease.
Fourth Extension Agreement	means the agreement entitled "Fourth Extension Agreement" between Kiwanda Chile S.A. (a Kiwanda Group controlled entity), SCM Bahia Inglesa and Compania Minera de Fosfatos Naturales Limitada or Bifox LTDA dated 1 October 2014.
Heads of Agreement	means the agreement entitled "Definitive Agreement" entered by the Company, Kiwanda and Lara on 14 October 2014 in connection with the Acquisition
Independent Valuer	means HDR Exploration Pty Ltd (ACN 126 035 541) (previously known as "Salva Resources Pty Ltd").
JORC	means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
JORC Code	means the 2012 Edition of the ' <i>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves</i> '.
JORC Report	means a written report which complies with the JORC Code.
Kiwanda Australia	means Kiwanda Australia Pty Limited (ACN 169 130 214).
Kiwanda Assets	has the same meaning ascribed to it in the Explanatory Statement.
Kiwanda Group	means Kiwanda Group LLC.
Kiwanda Mines	means Kiwanda Mines (NA) LLC.
Kiwanda Transaction	means the transaction described in Section 7 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Kiwanda Transaction Documents	means the transaction documents in connection with the Kiwanda Transaction.
Ki Exploration Licenses	has the meaning given to it in the "Phosphate Assets" details of Section 7 (<i>Proposed Kiwanda Transaction</i>).
Lara	means Lara Exploration Limited.
Loans	means certain loans provided by Kiwanda Mines to the Company as described in Section 12 (<i>Additional Information</i>).
New Share Offer	means a Share offered in this Prospectus.
Official Quotation	means official quotation on ASX.
Options	means the BiFox/SCM Option and the Pelaya Option.
Pelaya Coal Project	means the means the project referred to as the "Pelaya Coal Project" and described in the "Coal Assets" details in Section 7 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Pelaya Letter of Intent	means the agreement entitled "Letter of Intent ("LOI") Option over Coal Mining Concession Area Located in Pelara (Colombia) between (amongst others, Andean Coal (BVI), Ltd, Mils Thompson, Marlen T Coronado, Miguel Orlando, Jaramillo Rodriguez, Carlos A C Giron, German Reyes, G A Sanchez dated 10 August 2013.
Pelaya License	means the mining exploration licence in connection with the Pelaya Coal Project.
Pelaya Option	means the option in favour of Kiwanda to acquire all the interest in the Pelaya Licence pursuant to the Pelaya Letter of Intent and as described in the "Coal Assets" details in Section 7 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Pelaya Option Agreement	means the agreement to be entered into for the purchase of 100% interest in Carbones de Pelaya S.A.S, as detailed in, and pursuant

	to, the Pelaya Letter of Intent.
Phosphate Alliance	means Kiwanda Phosphate Alliance (BVI) Limited.
Phosphate Assets	has the meaning given in Section 7 (<i>Proposed Kiwanda Transaction</i>) of this Prospectus.
Prospectus	means this Prospectus dated 21 March 2016.
Purchase Option Agreement	means the agreement to be entered into for the purchase of certain tenements held by BiFox and SCM as detailed in, and pursuant to, the Fourth Extension Agreement.
Record Date	means the date which is 3 days after the date of the Prospectus.
Relevant Financial Statements	means the following documents: <ul style="list-style-type: none"> (a) the 2014 Annual Report lodged with the ASX on 1 October 2014; (b) the 2013 Annual Report lodged with the ASX on 30 September 2013; and (c) the 2012 Annual Report lodged with the ASX on 1 October 2012.
SCM	means SCM Bahia Inglesa Ltda.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Shareholder Meeting	means the extraordinary general meeting of Shareholders convened on 15 May 2015 and referred to in Section 3 (<i>Timetable</i>).
Timetable	means the timetable set out in Section 3 of this Prospectus.
Transaction	means the transaction detailed in, and pursuant to, the Heads of Agreement.
Underwriter	means Kiwanda Mines.
Underwritten Shares	means the New Shares for which valid Application Monies have not been received by the Company by the Closing Date.
Vendors	means Kiwanda Mines and Lara.

PHILLIPS RIVER MINING LIMITED
ACN 004 287 790

WARNING: This document is important. If you do not Understand this form, you should consult your professional adviser before investing.

SRN/HIN

Entitlement and Acceptance Form

In this Sale of Entitlement Form, a word or phrase defined in the Prospectus issued by the Company on 21 March 2016 (Prospectus) has the same meaning as in the Prospectus.

As an Eligible Shareholder you are entitled to acquire New Shares at an issue price of \$0.25 per New Share. You will receive an allocation of 10,000 New Shares. You may apply for more than 10,000 New Shares and these will be allocated subject to demand.

IF YOU ELECT TO PAY BY BPAY YOU DO NOT NEED TO COMPLETE AND RETURN THIS FORM YOUR APPLICATION WILL BE DETERMINED BASED UPON THE AMOUNT YOU SUBSCRIBE.

If you decide not to take up your Entitlement at all, you do not need to take any action. This Offer closes at 5:00pm (AEST) on 12 April 2016.

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this form.

I/We apply for the following number of shares and attach a cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount payable:

A	Entitlements applied for		at	Price per New Share		B	Application Monies
	<input type="text"/>			A\$	<input type="text"/>		<input type="text"/>

Email Address (only used for purpose of electronic communication of shareholder information)

Telephone Number where you can be contacted during Business Hours

Contact Name (PRINT)

For payment by BPAY®, please follow the instructions:

D	 <div>Bill Code: Ref:</div> <div>Telephone & Internet Banking – BPAY® Contact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction account. More info: www.bpay.com.au</div>
----------	---

Cheques or bank drafts to be attached to this form and returned to admin@advancedshare.com.au

C	Cheque Number	BSB	Account Number
	<input type="text"/>	<input type="text"/>	<input type="text"/>
		Total Amount	A\$ <input type="text"/>

PHILLIPS RIVER MINING LIMITED

ACN 004 287 790

ENTITLEMENTS ISSUE CLOSES 5:00PM (AEST) ON 12 April 2016.

1. Completion of the Entitlement and Acceptance Form

If you are paying by BPAY just follow the BPAY instructions

DO NOT COMPLETE THE FORM OR RETURN THE FORM IF PAYING BY BPAY.

Only complete the Entitlement and Acceptance Form if you are paying by cheque or bank draft.

If paying by cheque complete all relevant sections of the Entitlement and Acceptance Form **USING BLOCK LETTERS.**

A. Application for New Shares

If paying by cheque, please enter into Section A the number of shares you wish to apply for.

B. Payment amount

Please enter into Section B the total amount of the cheque or bank draft for payment of your shares at the issue price of A\$0.25 per share. To calculate the total amount required for payment, multiply the number of shares you wish to apply for in Section A by A\$0.25.

C. Contact Details

Please enter the notice details of the applicant, including details of the address and e-mail.

D. CHESSE details

CHESSE HIN (if you want to add this holding to a specific CHESSE holder, write the number in Section E).

E. Contact details

Please enter your contact telephone number where we may contact you regarding your acceptance, if necessary.

F. Cheque, money order or bank draft details

Please enter your cheque, money order or bank draft details in Section C. Cheques, money orders or bank drafts must be drawn on an Australian branch of an Australian bank in Australian currency, made payable to: **"Phillips River Mining Limited Share Issue A/C"** and crossed "Not Negotiable".

G. Payment by BPAY®

For payment by BPAY®, please follow the instructions in Section D.

2. How to lodge your Entitlement and Acceptance Form

The completed Entitlement and Acceptance Form with the Application Monies may be mailed to the postal address, set out below.

Postal Delivery

Phillips River Mining Limited
C/- Advanced Share Registry Limited,
PO Box 1156,
Nedlands
WA 6909

Your completed Entitlement and Acceptance Form and Application Monies must be received by the Company no later than 5:00pm (AEST) on 12 April 2016. Entitlement and Acceptance Forms received after 5:00pm (AEST) on **12 April 2016** will be rejected and Application Monies (without interest) returned to the Applicant.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Company on (02) 9262 2922 during business hours.

A completed Entitlement and Acceptance Form is an offer by an Eligible Shareholder or Entitlement Holder to the Company to subscribe for New Shares in the Australian dollar amount specified in the Entitlement and Acceptance Form at the price on the terms and conditions set out in this Prospectus and the Entitlement and Acceptance Form. To the extent permitted by law, an application by an Eligible Shareholder or Entitlement Holder under the Offer is irrevocable.

The Company reserves the right to decline any Entitlement and Acceptance Form in whole or in part, without giving any reason. An Entitlement and Acceptance Form may be accepted by the Company (at its absolute discretion) in respect of the full number, or selected number, of New Shares specified in the Entitlement and Acceptance Form or any of them, without further notice to an Eligible Shareholder or Entitlement Holder. Acceptance of an Entitlement and Acceptance Form will give rise to a binding contract.

We advise that the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the securities you hold) to be included in the register of Phillips River Mining Limited. If some or all of the information is not collected, it might not be possible to administer your shareholding. Information must continue to be included in the register if you cease to be a shareholder. Information in the register is available for inspection by you and the public (upon payment of a fee) as permitted under the *Corporations Act 2001*. These obligations are not altered by the Privacy Amendment (Private Sector) Act. The information is collected by the Phillips River Mining Limited, Advanced Share Registry Limited, and may also be disclosed to regulatory bodies (such as the Australian Taxation Office), print service providers and mail houses.

ANNEXURE 1
Investigating Accountant's Report

17 December 2015

The Directors
Phillips River Mining Limited
Level 7
92 Pitt Street
Sydney NSW 2000

Dear Sirs

Investigating Accountant's Report on Phillips River Mining Limited's Compilation of Pro Forma Historical Financial Information

We have been engaged by Phillips River Mining Limited ("PRH" or the "Company") to report on the pro forma historical financial information of the Company for inclusion in the prospectus dated on or about 17 December 2015 (the "Prospectus"). The pro forma financial information consists of the pro forma balance sheet as at 30 June 2015 and related notes as set out in section 8.5 of the prospectus issued by the Company (the "pro forma financial information"). The applicable criteria on which the Directors have compiled the pro forma financial information are specified in section 8.5 ("applicable criteria").

Expressions and terms defined in the Prospectus have the same meaning in this report.

Nexia Court Financial Solutions Pty Ltd holds an Australia Financial Services Licence (AFS Licence Number 247300) issued by Australian Securities and Investments Commission for providing financial product advice, including investigating accountant's reports.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the transactions described in section 8.5 on the Company's financial position as at 30 June 2015 as if the transactions had taken place at 30 June 2015. As part of this process, information about the Company's financial position has been extracted by the Directors from the company's financial statements for the year ended 30 June 2015, on which an audit report has been published.

The Directors Responsibilities for the Pro Forma Financial Information

The Directors of the Company are responsible for properly compiling the pro forma financial information on the basis of the applicable criteria.

Our responsibility

Our responsibility is to express a conclusion on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, by the Directors on the basis of the applicable criteria, as described in section 8.5 of the Prospectus.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document (ASAE 3420), issued by the Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain limited assurance about whether anything has come the assurance practitioner's attention that causes the assurance practitioner to believe that the Directors have not compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information, or of the pro forma financial information itself.

The purpose of the compilation of the pro forma financial information being included in a prospectus is solely to illustrate the impact of significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A limited assurance engagement to report on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing limited procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information does not provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the pro forma financial information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the pro forma financial information is not compiled, in all material respects, by the Directors of the Company on the basis of the applicable criteria as described in section 8.5 of the Prospectus.

Consent

Nexia Court Financial Solutions Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it is included.

Declaration of Interest

Nexia Court Financial Solutions Pty Ltd does not have any interest in the outcome of this offer other than in the advisory services performed in preparing this report for which normal professional fees will be received.

Yours faithfully

Nexia Court Financial Solutions Pty Ltd (AFSL 247300)

A handwritten signature in black ink, appearing to read 'B. Goldman', with a long horizontal flourish extending to the right.

Brent Goldman

Authorised Representative

FINANCIAL SERVICES GUIDE

Dated: 17 December 2015

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300 ("NCFS").

This FSG includes information about:

- NCFS and how they can be contacted
- the services NCFS is authorised to provide
- how NCFS are paid
- any relevant associations or relationships of NCFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NCFS has in place.

Where you have engaged NCFS we act on your behalf when providing financial services. Where you have not engaged NCFS, NCFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NCFS.

Financial services that NCFS is authorised to provide

NCFS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio serves, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

NCFS's responsibility to you

NCFS has been engaged by the independent directors of Phillips River Mining Limited ("PRH" or the "Client") to provide general financial product advice in the form of an Investigating Accountant's Report ("Report") to be included in the Prospectus.

You have not engaged NCFS directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. NCFS or the employees of NCFS are not acting for any person other than the Client.

NCFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NCFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Fees NCFS may receive

NCFS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS \$15,000 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NCFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures NCFS is controlled by and operates as part of the Nexia Court & Co Partnership. NCFS's directors and authorised representative may be partners in the Nexia Court & Co Partnership. Mr Brent Goldman, authorised representative of NCFS and partner in the Nexia Court & Co Partnership, has prepared this report. The financial product advice in the Report is provided by NCFS and not by the Nexia Court & Co Partnership.

From time to time NCFS, the Nexia Court & Co Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints resolution

If you have a complaint, please let either NCFS know. Formal complaints should be sent in writing to:

Nexia Court Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing,

External complaints resolution process

If NCFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established

to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 56 55 62
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

NCFS has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NCFS at:
Nexia Court Financial Solutions Pty Ltd
PO Box H195
Australia Square NSW 1215

ANNEXURE 2
Geologists Reports



Independent Geologist Report- Chilean Phosphate Assets

Phillips River Mining Limited

February
2016

Phillips River Mining Limited

Independent Geologists Report - Chilean Phosphate Assets

10 February 2016

Competent Person:

Andre Gauthier
Gold Holdings Limited
Member Quebec Institute of Engineers

Competent Person's Statement

The information in this Report is based on information compiled by Andre Gauthier who is qualified to provide such information under the 2012 edition of the JORC Code. Andre Gauthier is a consultant to Gold Holdings Limited and has been retained by Phillips River. Andre Gauthier is a Member of the Quebec Institute of Engineers which is a 'Recognised Professional Organisation' under the JORC Code.

Andre Gauthier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which is being undertaken to qualify as a Competent Person as defined in the JORC Code.

Andre Gauthier has consented in writing to the inclusion of this Report in the Prospectus.

Also attached is the Table 1 Checklist of Assessment and Reporting Criteria in accordance with the JORC Code.

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ASL	Above Sea Level
Anticline	An anticline is a fold that is convex, with older layers closer to the centre or core
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Kiwanda	Kiwanda Chile SA
AUD	Australian dollars
AusIMM	Australian Institute of Mining and Metallurgy
Cc	Cubic Centimetre
CCHEN	Comisión Chilena de Energía Nuclear
Cretaceous	Geological period (70 million years to 140 million years ago)
CORFO	Corporación de Fomento
EEM	Exploration expenditure multiples (method of mineral valuation)
Formation	A formation consists of a certain number of rock strata units that have a comparable lithology, facies, or other similar properties
gm.	Gram
ha	Hectare(s)
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km	Kilometre(s)
km ²	Square kilometre(s)
M	Million
Member	A lithostratigraphic unit of subordinate rank, comprising some specially developed part of a Formation
MEC	MEC Mining Pty Ltd
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
NPV	Net present value
NTA	Net tangible assets
Phillips	Phillips River Mining Ltd
RD	Relative density
T	Tonne
\$ or USD	United States Dollar

Phillips River Mining Limited ("Phillips") has engaged Andre Gauthier to prepare an Independent Geologist Report for the Bahia Inglesa phosphate mine and surrounding exploration tenements in Chile (collectively termed as the "BI Project").

This report will be lodged with the Australian Securities and Investment Commission (ASIC) as part of the proposed capital raising and re-listing of the shares in Phillips River Mining Limited (Phillips River) on ASX. Phillips River is a publicly listed explorer and developer (ASX: PRH). Phillips River has signed a Heads of Agreement with Lara Exploration Ltd (TSXV: LRA) and its partner Kiwanda Mines LLC ("Kiwanda") to acquire certain rights and options associated with the BI Project.

The Bahia Inglesa phosphate project (the "BI Project") is located south of Bahia Inglesa on the Chilean coast near the town of Caldera in the Atacama region of Chile. The BI Project is well connected to the major Chilean highway "Panamericano Norte" by access roads.

Phosphate mineralisation at the BI Project is typical of sedimentary hosted phosphate deposits known as fosforitas of marine sedimentary origin. The limited exploration conducted so far has provided significant evidence of extensive mineralisation. Historical exploration was mostly conducted by government agencies during the 1970s and 1980s including drilling and subsequent Mineral Resource modelling, however a Mineral Resource has not been reported to the guidelines of an internationally recognised reporting standard like the JORC Code 2012. The mineral grades were estimated to be at or above 10% P_2O_5 .

At the time of writing of this report small scale artisan mining activity was going on the BIFOX sub-project. The current mining operation is neither methodical nor based on technical studies and does not follow any mining sequence. The mined rock phosphate ore is processed in a small scale processing plant with no other beneficiation needed to produce a saleable product. The process plant is currently processing an average of 10,000 to 12,000 tonnes of natural phosphate per year across two 2 different products.

While some resource modelling has been completed in the past, there is insufficient information about the resource to provide a JORC estimate.

The KI Exploration area (KI sub-project) is an early stage exploration project.

1 Introduction

Phillips River Mining Limited ("Phillips") has requested an Independent Geologist Report on the SCM Bahia Inglesa phosphate mine and the surrounding exploration tenements (BIFOX and KI sub-projects) in Chile (collectively termed as "BI Project").

Phillips is a publicly listed explorer and developer (ASX: PRH) currently suspended. Phillips has signed a Heads of Agreement with Lara Exploration Ltd (TSXV: LRA) and its partner Kiwanda Mines LLC ("Kiwanda") to acquire certain rights and options associated with the BI Project.

1.1 Data sources

This report is based on the information provided by Philips River Mining, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. The report includes to a limited extent independent assessment of the quality of the geological data. The status of agreements, royalties or concession standing pertaining to the projects was not investigated.

The Report has relied upon information provided by the Company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section. All information supplied has been accepted in good faith as being true, accurate and complete, after having made due enquiry as of February 2016.

1.2 Disclaimer and warranty

A draft version of this report was provided to the directors of Phillips River Mining for comment in respect of omissions and factual accuracy. Phillips River Mining has provided the author with an indemnity under which it provides compensation for any liability and/or any additional work or expenditure, which:

- Results from reliance on information provided by Philips River Mining and/or Independent consultants that is materially inaccurate or incomplete; or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

This report may contain or refer to forward-looking information based on current expectations, including, but not limited to timing of mineral Resource estimates, future exploration or project development programs and the impact of these events on the Phillips River Mining. Forward-looking information is subject to significant risks and uncertainties, as actual results may differ materially from forecasted results.

The conclusions expressed in this Report are appropriate as at February 2016. All monetary values outlined in this report are expressed in United States dollars (\$) unless otherwise stated.

Note on Concession Status and Material Contracts

The author has not independently verified the current ownership status and legal standing of the material tenements that are the subject of this Report. Instead it has relied on the advice provided to Phillips River Mining Limited by:

- Grasty Quintana Majlis & Cía Lawyers for KI
- Carcelen, Desmadryl, Guzman & Tapia Lawyers for BIFOX

that the material tenements underlying the mineral assets and this Report confirms that the material tenements are in good standing in all material respects.

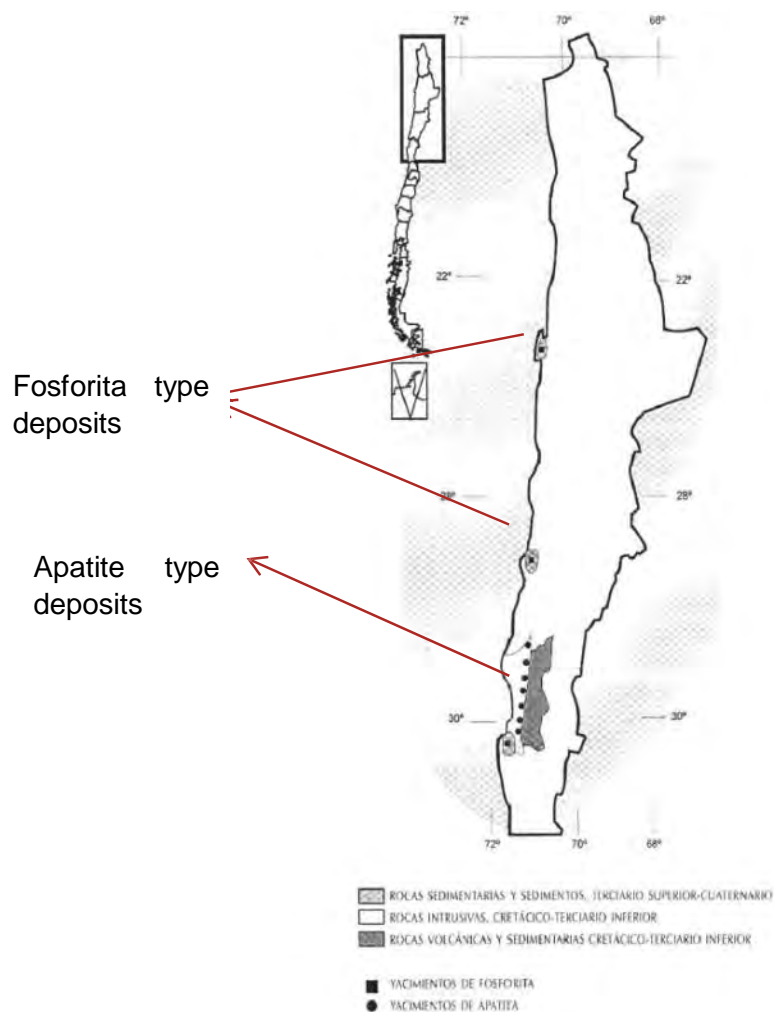
2 Phosphate in Chile

Chile has abundant mineral resources which are mostly confined to its northern desert region. The most important metal for Chile's mining industry is copper, for which Chile is known as the world largest producer. Other than copper, Chile is also known for its gold and Rare Earth Elements (REE) production.

Significant quantities of phosphate resources have been identified in Chile, the majority of which are yet to be developed. The National Service of Geology and Mining in Chile (SERNAGEOMIN) began the exploration of phosphatic deposits in Chile around 1963 beginning by Bahia Tongoy and in 1976 with the Project "Fosforitas de Mejillones", detecting the first large phosphate deposit in Chile. Later, between 1982 and 1985, Corporación de Fomento de la Producción and the Comisión Chilena de Energía Nuclear studied the area of Bahia Inglesa, detecting the second large phosphate deposit in Chile.

The majority of Chilean phosphate deposits can be considered of moderate quality. They are mainly located to the north from Mejillones (III Region to 23° 06'S and 70° 27'W), Bahia Inglesa, Bahia Salado, Bahia Tongoy, Puerto Aldea and Pachingo to the south (Figure 2:1).

Figure 2:1 Phosphate Deposits in Chile



Source: Guarachi, 1989

Two major types of phosphatic mineral are found in Chilean phosphate deposits. One is fosforitas of marine sedimentary origin (secondary) with some associated apatite deposits and other is Apatitic igneous and metamorphic rocks of plutonic contact with associated granites (primary) Table 2:1 below show their distribution and grade.

Table 2:1 Distribution and Grade of Phosphate Deposits

Phosphatic Mineral	Associated Rocks	Location of Deposits	Average
			P ₂ O ₅ %
Apatite	Igneous and Metamorphic granitical contacts with plutons	Western Sector of III and IV regions	12-30%
		Pampa Soledad	12-30%
Fosforites	Marine Sedimentary Rock, Fluorine carbonates apatites or francolites	Mejillones, II region	6.2
		Bahia Inglesa	7-17%
		Bahia Salado	7-17%
		III Region	5-20%
		Tongoy Guanaqueros-IV	4-22%
		Arauco, VIII region	Up to 3%

The phosphoric matrix of rocks of Mejillones and Bahia Inglesa are comprised of fluorine-carbonate apatite. They are “francolitas” of marine sedimentary origin with a high degree of isomorphic phosphate substitution by carbonate, therefore with good fertilizing value.

The annual production of phosphate is small scale and often poorly reported. Most of the phosphate resources are currently being exploited by artisanal mining method or with smaller equipment. The key phosphate producing regions in Chile are Bahia Inglesa and the deposits of Mejillones. Domestic production of phosphate in Chile has not been adequate to fill demand for fertilisers, which is rising, and Chile is a net importer of phosphate based fertilisers.

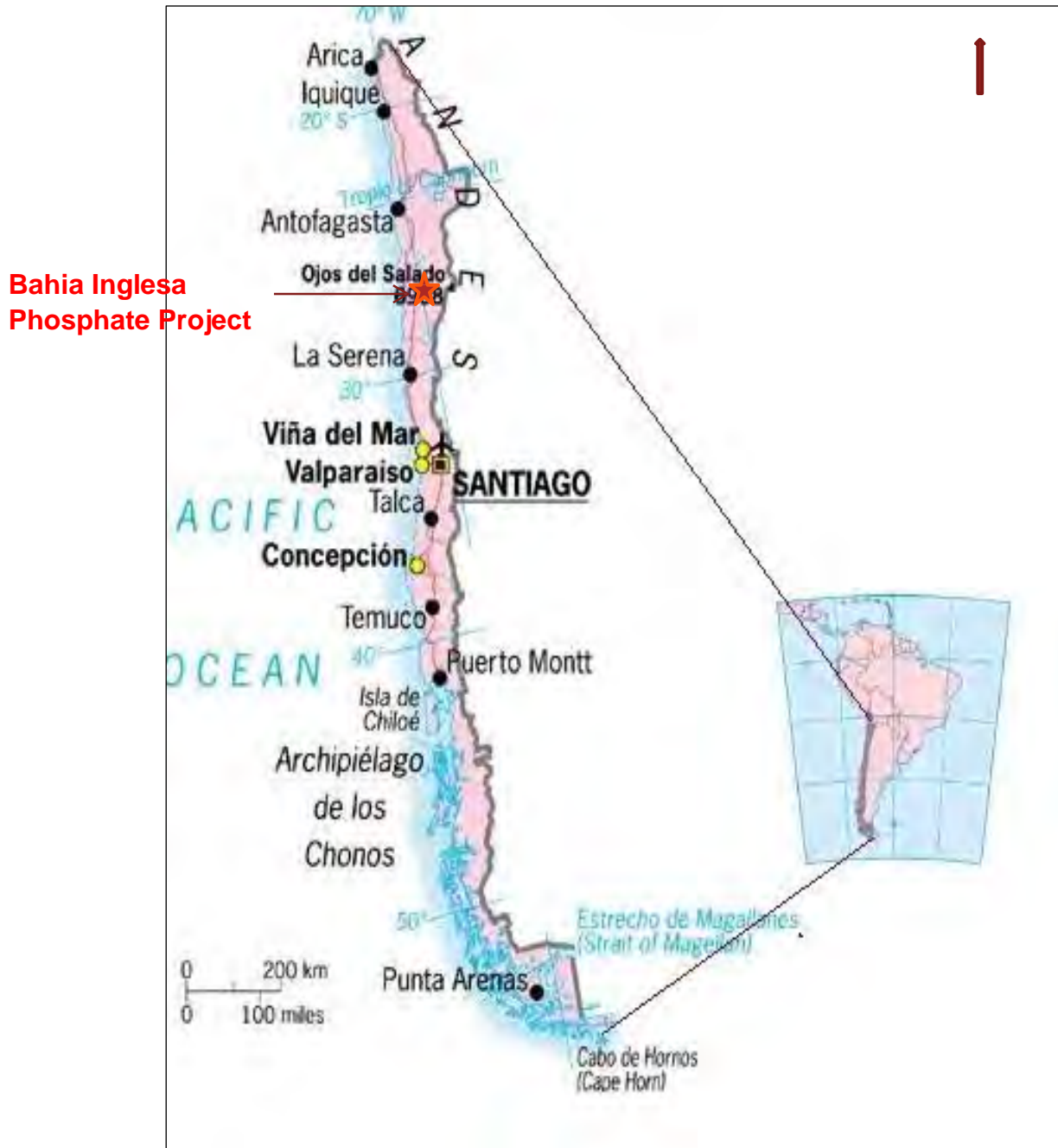
3 Bahia Inglesa Phosphate Project

3.1 Location, Infrastructure and Tenure

The Bahia Inglesa phosphate project ("BI Project") is located south of Bahia Inglesa on the Chilean coast near the town of Caldera in the Atacama region of Chile (Figure 3:1).

The regional capital of Atacama region, Copiapó, is located 806 km north to the Chilean capital city of Santiago. Majority of the Atacama region falls within the southern portion of the Atacama Desert. The Atacama Region is the third least populated region of the country, after Aysen and Magallanes. Of its total population, over 50% are located in the cities of Copiapó and Vallenar.

Figure 3:1 BI Project Location



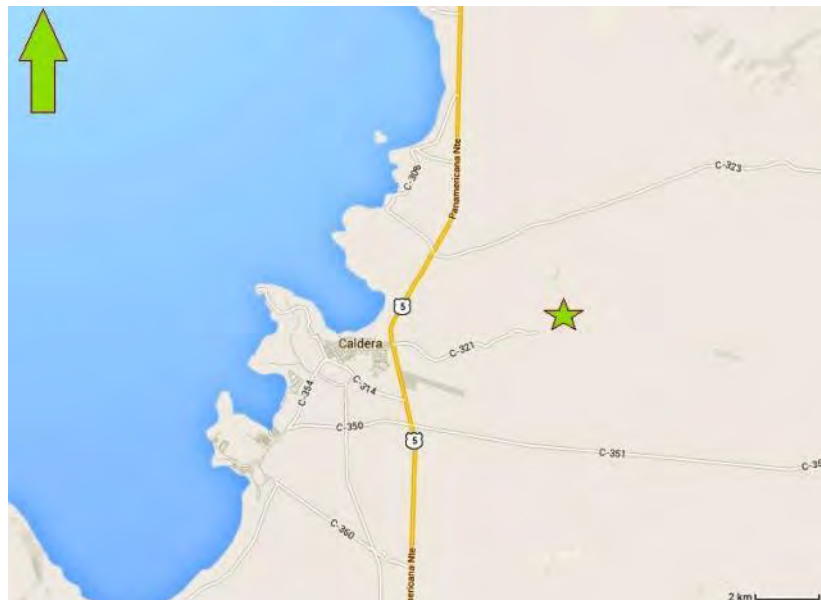
The BI Project lies within the central western part of the state and located approximately 8 km straight south to the Port of Caldera. The port of Caldera is currently capable of loading copper and iron ore in handymax vessels with capacity up to 40,000t size (Figure 3:2).

Figure 3:2 Port of Caldera



Accessibility to the mine site is very good as it is connected to the Chilean highway “Panamericana Norte” by access road C-321 of approximately 5 km in length (Figure 3:3).

Figure 3:3 Location and Access to the BI Project



Source: Google Maps,

The region has an arid climate and is one of the driest deserts in the world with average rainfall of about 15 mm per year . The only significant surface water is the Copiapó River which runs along the south edge of the project area.

3.2 Ownership and Licenses

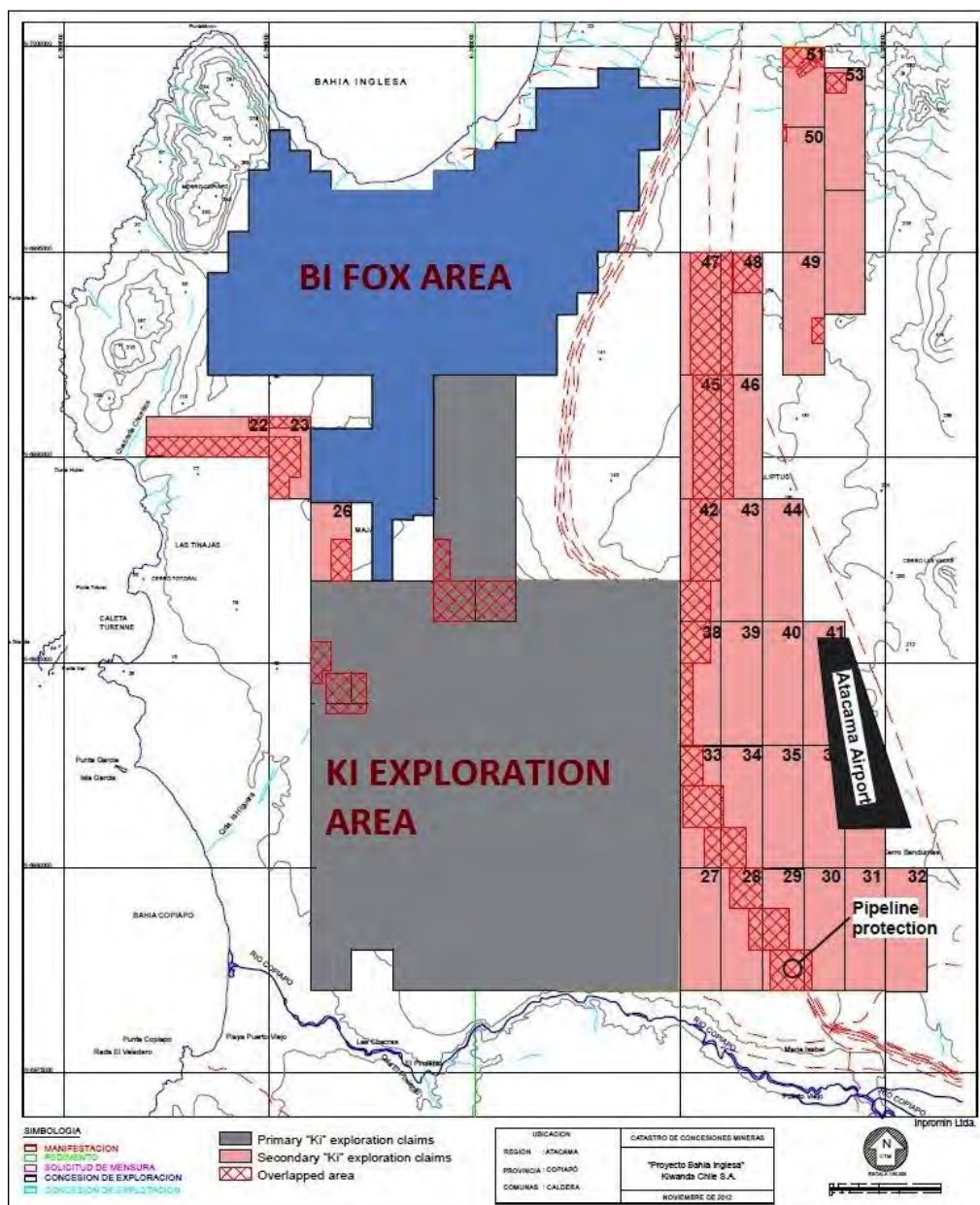
This report is prepared on the basis that Phillips River has an option to acquire the BI Project.

The project consists of two areas:

- The BIFOX sub-project (61.1 km²), which includes the SCM Bahia Inglesa Mine; and
- A package of 64 exploration licenses covering 186 km² (KI Exploration Licenses or the KI sub-project)

Figure 3:4 and Table 3:1 shows the project tenement holdings which covering a total land area of approximately 247.1 km².

Figure 3:4 BI Project Tenements



Source: Kiwanda SA

Table 3:1 BI Project Tenements

Tenement Package	Area (km ²)
BIFOX	61.1
KI	186.0
Total Granted Area	247.1

The author has not independently verified the current ownership status and legal standing of the tenements that are the subject of this Report. Instead it has relied on the advice provided by:

- Grasty Quintana Majlis & Cía Lawyers for KI
- Carcelen, Desmadryl, Guzman & Tapia Lawyers for BIFOX

that the material tenements underlying the mineral assets and this Report confirms that the material tenements are in good standing in all material respects.

4 Geology

4.1 Deposit Type

The Bahia Inglesa phosphate deposits are typical of sedimentary hosted phosphate deposits worldwide. The primary mechanism for the formation of these deposits is the warming of cold phosphate rich upwelled deep ocean waters within shallow marine environments. The solubility of phosphate in cold sea water is about 0.3ppm whereas in warm saline water it's solubility decreases to <0.05 ppm, so phosphate precipitates as the sea water warms. Important factors controlling mineralization are the presence and scale of upwelling, current directions and coastal and sea floor geomorphology.

An important mechanism in producing economic deposits is the mechanical upgrading of the precipitated phosphate by current and wave action. The phosphate precipitates form layers which break into fragments (pellets) which are hard, heavy and possess a low aspect ratio relative to calcareous sand grains. Wave and current action is thought to winnow the finer material and concentrate the phosphate pellets.

Another factor contributing to the formation of economic phosphate deposits is the development of sea floor irregularities due to active structures. For example down dropping across a fault or rocky outcrop may focus winnowing ocean currents and also create a trap where phosphate pellets can accumulate.

A close analogue to the Bahia Inglesa deposits is the Sechura phosphate deposits in Peru. At Sechura, phosphate mineralization is hosted in Miocene shallow marine sediments in a 100 km by 40 km wide basin adjacent to the coast. Similar to Bahia Inglesa, the phosphate mineralization is largely pelletal and associated with diatomites and other bioclastic sediments. Also, like Bahia Inglesa, the host basin is partially separated from the coast by an outlier of basement rocks.

The Sechura Phosphate deposits are considered to be the largest phosphate resource in the world. The Bayovar phosphate mine was recently developed there by Vale, Mosaic and Mitsubishi and was due to have an annual production capacity of 3.9 million tons of phosphate rock by 2012 and eventually increase to up to 5.9 million tons/year.

4.2 Geological Setting and Mineralisation

The phosphate deposits are hosted in the Miocene to Pliocene Bahia Inglesa formation. The Bahia Inglesa formation is comprised of up to 42 m of siltstones, fine sands, shelly coquinas, pebble beds, and phosphatites, and represents a near shore shallow marine setting. It overlies crystalline basement composed of Palaeozoic metamorphic rocks and Cretaceous granitic rocks. It is partially covered in some localities by a thin cover of Pleistocene clastic and chemical sediments.

The principal target area lies in a 20 km by 12 km graben like area along the coast between Bahia Inglesa and the Copiapó River. The western boundary of this area is the Pacific Ocean except for the northern part where an outlier of basement rocks outcrops along the coast.

Within the broad target area outliers of basement occur and there are a number of sub-basins separated by basement highs. This is shown on the 3D fence diagram (Figure 4:2) reproduced from a CORFO/CCHEN reports and is interpreted from drilling data.

Phosphate mineralization occurs in the upper part of the Bahia Inglesa formation in 3 different stratigraphic locations. The Lower Phosphate Manto is an extensive unit 0.1 to 0.4 meters thick and is located above a sandy unit within the lower part of a siltstone unit. One to 2 meters above the Lower Phosphate Manto is the Main Manto which is up to 2 meters thick and consists of phosphate pebble conglomerate. The third type of mineralization is described as fluvial deposits which are up to 7 meters thick and consist of conglomeratic units interbedded with phosphatic sandstones. Clasts in the conglomerates are described as consisting of 70% phosphorite and 30% basement lithologies.

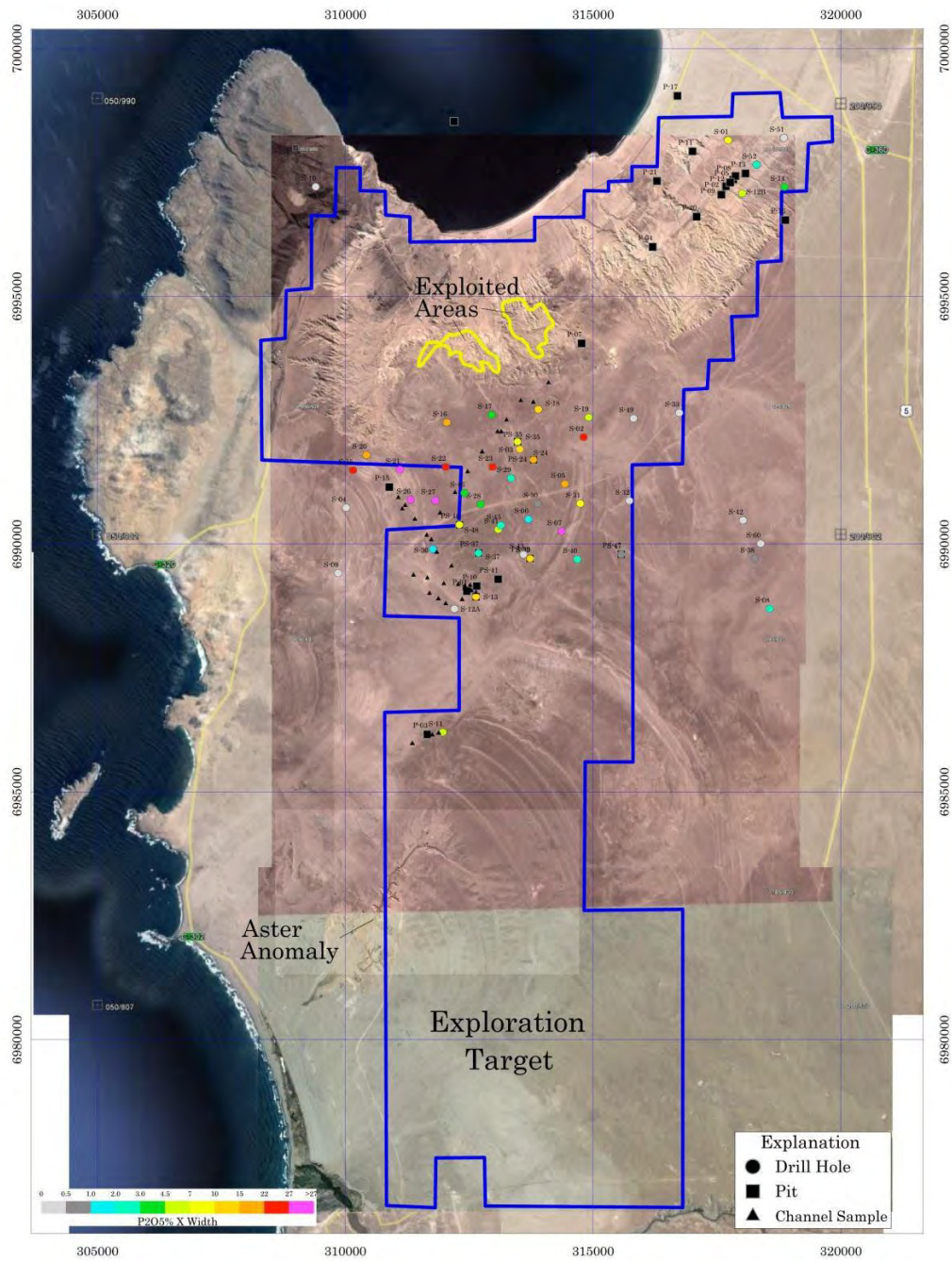
The climate of the BI Project area is hyper arid, with an average annual rainfall of 15mm. The only significant surface water is the Copiapó River which runs along the south edge of the project area. The Miocene-Pliocene Bahia Inglesa formation is a potential aquifer as an industrial development. A quebrada cutting into the Bahia Inglesa formation in the west central part of the area has encountered water. The Bahia Inglesa formation is potentially 100+ meters thick in the southern part of the area and depending on its thickness it could hold significant quantities of water.

4.3 Historical Exploration and Mineral Resource

The phosphate mineralisation was initially located on a follow up of airborne radiometric anomalies by the Chilean state agencies, Corporación de Fomento (CORFO) and Comisión Chilena de Energía Nuclear (CCHEN), looking for uranium

CORFO/CCHEN conducted an extensive exploration program in the project area from 1983 to 1985. Work included geological mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical test works and resource studies. The location of the surface sampling, pits and drill holes are shown in the Figure 4:2. The cumulative P_2O_5 % time's width is shown as a colour scale for the drill holes.

Figure 4:1 Historical Drilling



Since the CORFO/CCHEN work was undertaken, at and near surface phosphate deposits have been exploited in some areas. A satellite image of the surface mining is shown below.

Figure 4:2 Topography Render showing Sporadic Areas of Extraction



Source: MEC, BI(Bahia Inglesa) Assessment Report, May2014

5 Current Artisanal Mining

The tenement has been the subject of intermittent historical mining. Currently a small scale mining activity was occurring on the BI mining area. The current mining operation is neither methodical nor supported by technical studies and does not follow any mining sequence.

The mined out areas consist of variable excavation sizes and depths, ranging from a 20m x 20m area with 2 to 5 meters of depth, up to 100 m x 60 m area and 4 meters of depth. More than 100 small scale individual mining areas were located during the preliminary investigation by MEC mining. The mined ore seam ranges from 20 cm up to 1 m over the previously exploited areas of the BI tenements (Figure 5:1).

5.1 Mining

The mining method used to date consists of excavating the overburden overlying the phosphate using a small machine and side casting to form a waste stockpile adjacent to the excavation. The extent of each excavation is bounded by how much waste can be piled up before the excavator can no longer spoil the material. This method has resulted in a poor resource recovery in the previously exploited areas, with large areas of land being possibly downgraded by the placement of waste piles and the need to remove this extra material should the phosphate in these areas be mined.

Figure 5:1 Exploited Area

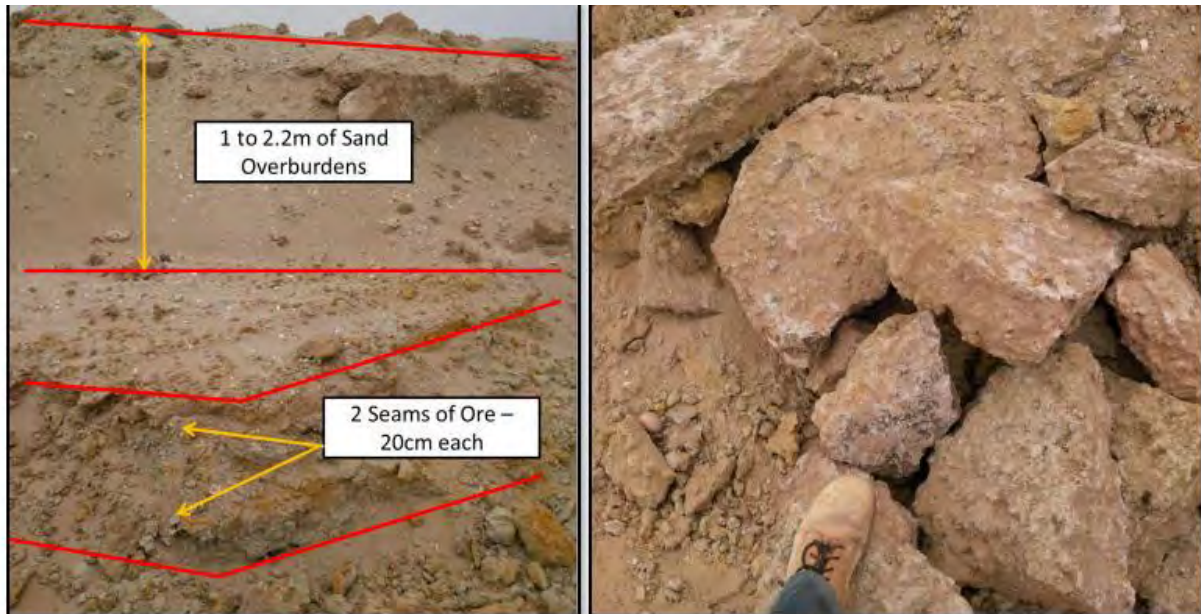


Source: MEC, BI(Bahia Inglesa) Assessment Report, May 2014

Figure 5:2 shows the typical ore body profile. The overburden or waste cap cover is estimated to range from 1 m up to 2.2 m in the current mining areas. This waste material typical has been mined/removed with a 20 tonne to 30 tonne excavator or 5 tonne backhoe machinery.

The ore body typically breaks up easily with the bucket of the excavator. According to informationsupplied by BI, no blasting or hydraulic rock hammers have ever been used in the BI area to minethe ore body rock.

Figure 5:2 Typical Stratigraphic Profile



Source: MEC, BI(Bahia Inglesa) Assessment Report, May2014

The current mining operation area is run as a haphazard and unplanned operation. This currently has the effect of downgrading potential resources through placement of spoil on top of phosphate bearing strata. In addition, the current mining operation may not be targeting the resource in a way that maximises economic value. There is therefore potential to increase the value of the current operation by investing in exploration and planning work to determine the best mine plan going forward.

5.2 Downstream Processing and Export Infrastructure

5.2.1 Crushing and Screening Plant

A general inspection of the Process Plant has been completed by MEC Mining Pty Ltd (MEC). Although a small scale crushing and screening plant does exist at site, the majority of the processing plant equipment has been decommissioned. The most significant decommissioned components are the 2 large vertical elevator lifters, 2 x mills, 2 x bins, cyclones and connecting infrastructure as circled in red in Figure 5:3. The original Jaw crusher has also been de- commissioned as marked by the black circle in Figure 5:3.

Figure 5:3 Current Processing Facilities



Decommissioned Components Circled in Red

Source: MEC, BI(Bahia Inglesa) Assessment Report, May2014

The quality and reliability of existing crushing and grinding equipment are estimated to be low at present. To increase the plant throughput, some key equipment would need to be repaired, upgraded or replaced to bring it back into service. Process plant is currently processing an average of 10,000 to 12,000 tonnes of natural phosphate per year across two 2 different product types:

- Fines/Powder product (1000kg bags); and
- Granular product (50kg bags).

The current working roster is 14 days working and 7 days off, working day shift only for an estimated 10 hours per day.

5.2.2 Process Plant Observations

The size and distribution of feed material from the mining operations is observed to be inconsistent. While no crusher stoppages were observed during the site visit, it is reasonable to expect that oversize feed would result in stoppages at the small jaw crusher, with the potential to slow production rates.

Figure 5:4 Crusher Feed Material



Source: MEC, BI(Bahia Inglesa) Assessment Report, May2014

Figure 5:5 Typical Product



Source: MEC, BI(Bahia Inglesa) Assessment Report, May2014

5.3 Export Infrastructure

There is an existing basic port facility at the town of Caldera, within a few kilometres of the mine. The facility is suitable for small coastal boats, but could potentially allow shipping of the product along the coast. Currently the product is trucked to local customers and approvals would need to be sought in order to use the port as an export facility. The mine is located within 5km of the main highway that runs the length of the Chilean coast.

6 Recent Exploration by Philips River Mining during 2015

Philips River Mining carried out a trenching programme in June 2015 to confirm, the results obtained during the historical drilling carried out by the Chilean state agencies, Corporación de Fomento and Comisión Chilena de Energía Nuclear as well as previous owner of the project.

The sample collected during the trenching scheme was checked at the onsite laboratory in Bahía Inglesa and further tested at a recognised laboratory in Canada.

The result obtained from the trenching program showed that the P_2O_5 grade, which is the main ingredient of rock phosphate is consistent with the previous results obtained during the earlier exploration program.

Relevant details of the report are included as part of this report in the attachment.

However, the exploration works conducted in the trenching programme by Philips River project do not provide the necessary information to estimate a JORC compliant Resource and Reserve Statement.

Philips River Mining is planning to conduct an exploration program in 2016/2017 to define a JORC compliant Resource on both the BIFOX mine and KI exploration area.

7 Budget Considerations

7.1 Future Activities

Phillips River has prepared a work programme and refurbishment schedule with MEC Mining as follows:

Upgrade to 50,000 tonnes per annum production

- 3 x 8 hour Shifts and a 24 hour operation.
- 6 days working, and Sunday Off.
- 1 shift per week for Maintenance.
- Basis of 4,166 tonnes per month or 50,000 tonnes per year.
- Estimated – 10 tonnes to 12 tonnes per hour average production.
- Feed Bin and Jaw Crushers
 - ROM Feed Bin - to be replaced and to include a grizzly - US\$22,000
 - Receptacle Feeder/Grizzly Feeder – to be replaced - US\$22,000
 - Jaw Crusher – to be replaced - US\$36,000
 - Structures to support three new items - US\$23,000

SUB Total Primary Crushing - US\$103,000

- Conveyor 1 - Replacement - US\$12,000

Plant A “Fines”

- a. No expenditure required

Plant B “Granular – Pelletizer”

- b. Grid Separator Cyclone – US\$5,000
- c. Granular Formation Drum - Repaired and relocated - US\$10,000
- d. Conveyors - to be refurbished or replaced US\$25,000
- e. Over Bin Screen - to be Replaced and Diverting Chutes to be Installed US\$25,000

Other

Delivery of Items to Site - US\$10,000

Installations and Support – cranes, tooling and specialist people US\$25,000

General repairs of Electrical System, Chutes, Conveyors US\$30,000

SUB Total Processing US\$142,000

Total – US\$245,000

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Attachment
Bahia Inglesa
Trench Sample Campaign Report
July 2015

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1 DISCLAIMER

The opinions expressed in this Report have been based on the information supplied by MEC Mining Latin America (MEC) and Phillips River Mining Limited (PRH) and its representatives in Chile and Australia, and have been provided in response to a specific request from PRH to do so.

2 INTRODUCTION

Phillips River Mining in June 2015 commissioned a sampling program at the BiFox phosphate mining area at Bahia Inglesa. The purpose of the sampling program was to enhance understanding of the ore body and enable the preparation of a preliminary mining strategy to produce 5,000 tonnes of run of mine ore per month, the maximum allowable under Chilean law without completing an Environmental Impact Declaration. A series of sample locations were planned, based on drill results from the exploration programs completed by CORFO (Work Development Corporation) and CCHEN (Chilean Nuclear Commission) in the 1980's, together with observations from the current mining pits. The sampling program was designed to target areas that were thought to contain readily mineable phosphate occurring close to the surface. Shallow trenching and sample collection was conducted between 23rd and 26th June 2015 under the supervision of MEC Mining geologist Roman Tejero and Phillips River Mining Geologist Carlos Theune.

3 PROJECT OVERVIEW

The Bahia Inglesa Phosphate project ("Bi Project") is located south of Bahia Inglesa on the Chilean coast near the town of Caldera in the Atacama Region of Chile. Caldera is 883 km north of the Chilean capital city of Santiago and 77 kilometers west of the regional capital of Atacama Region, Copiapó. The majority of the Atacama Region falls within the southern portion of the Atacama Desert. The Atacama Region is the third most sparsely populated region of Chile.

The nearest town to the project area is the coastal town of Caldera, located 8 km north of the BiFox mining area on the Panamerican Highway. Caldera is a port town having first exported silver from the rich Chañarcillo mine during the late 19th century. The port is equipped with a modern conveyor belt facility, loading iron ore and copper concentrates into 40,000t capacity handymax vessels. Caldera's population is 14,000 people and its economy is supported by the port facilities, fishing, aquaculture industries and tourism.

The project consists of two areas:

- The BiFox Area (61.1 km²), which includes SCM Bahia Inglesa Mine; and
- A package of 64 exploration licenses covering 186 km² (KI Exploration Licenses or the KI sub-Project) adjacent to the BiFox Area

Tenement Package	Area (km ²)
BIFOX	61.1
KI	186.0
Total Granted Area	247.1

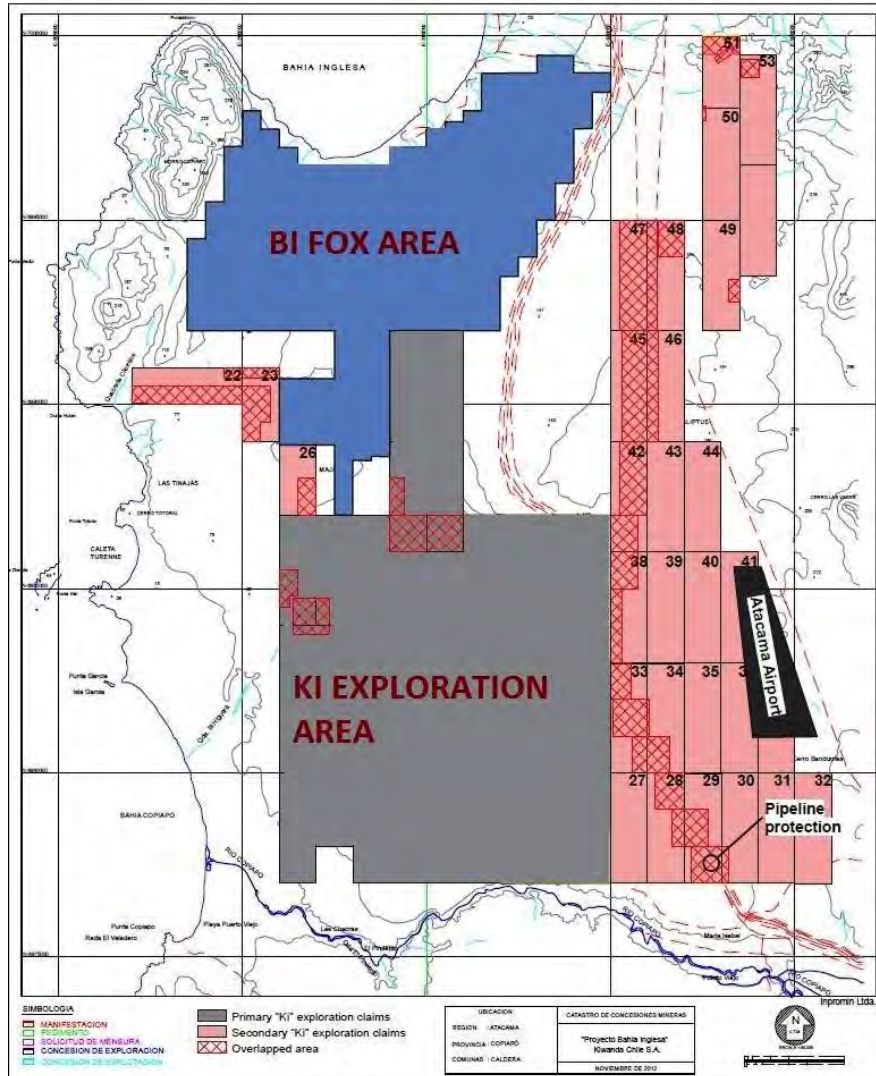


Figure 1 - Phillips River Mining Bahia Inglesa Tenements

4 SAMPLING PROGRAM DESIGN

A review of the historical geological studies of CORFO and CCHEN was conducted, and phosphate grade contour maps were created separately for both drilling and trench samples. Although not readily verifiable, it is thought that the drill sample phosphate grades from the historical drilling are not directly comparable to the historic trench sample grades due to sample contamination in the drill samples. To avoid confusion, separate maps were prepared for the drill hole P_2O_5 grades and the trench sample P_2O_5 grades (Figure 2 and Figure3).

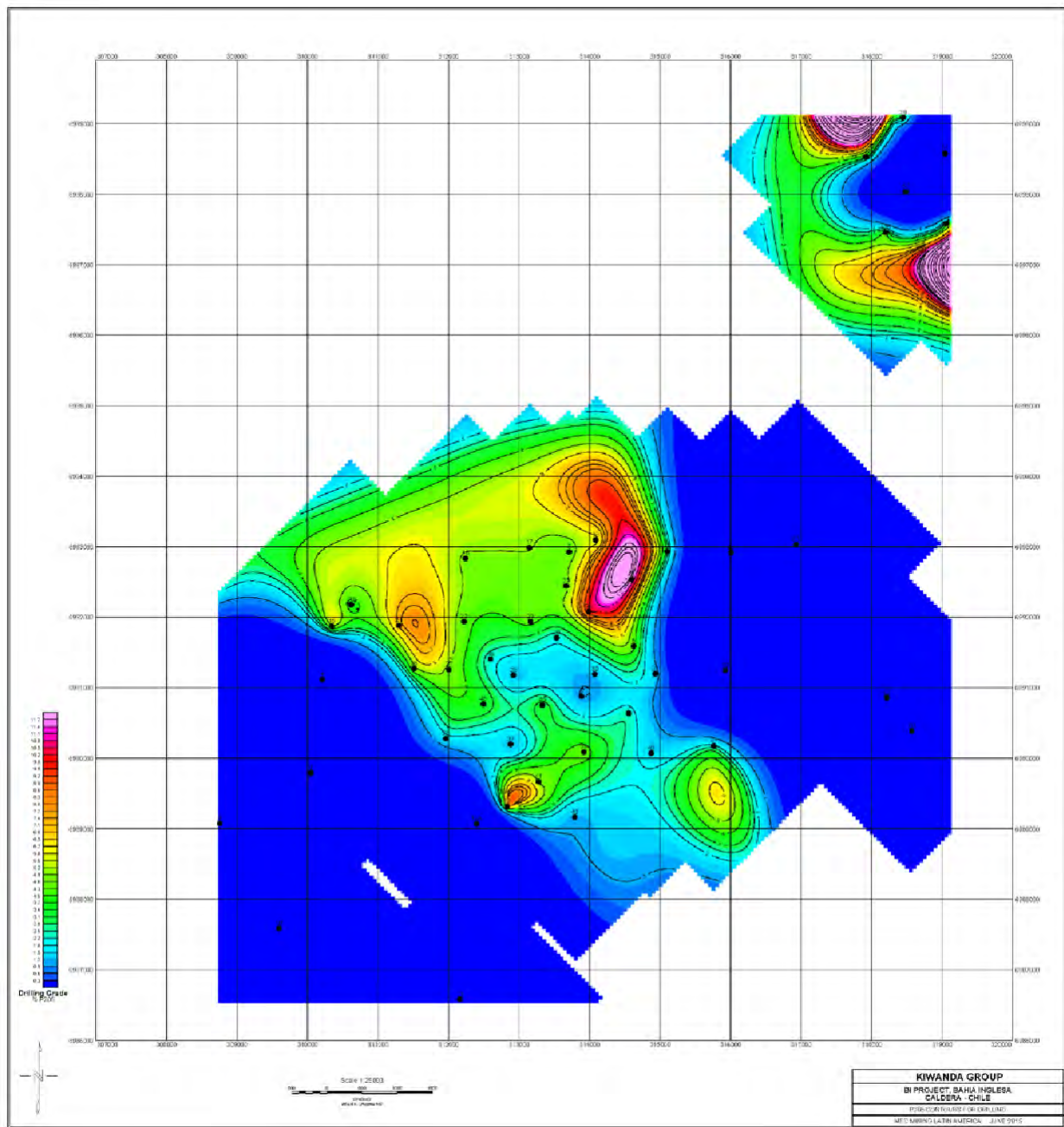


Figure 2 - Contour of P_2O_5 Grade for the CORFO and CCHEN Drill Holes

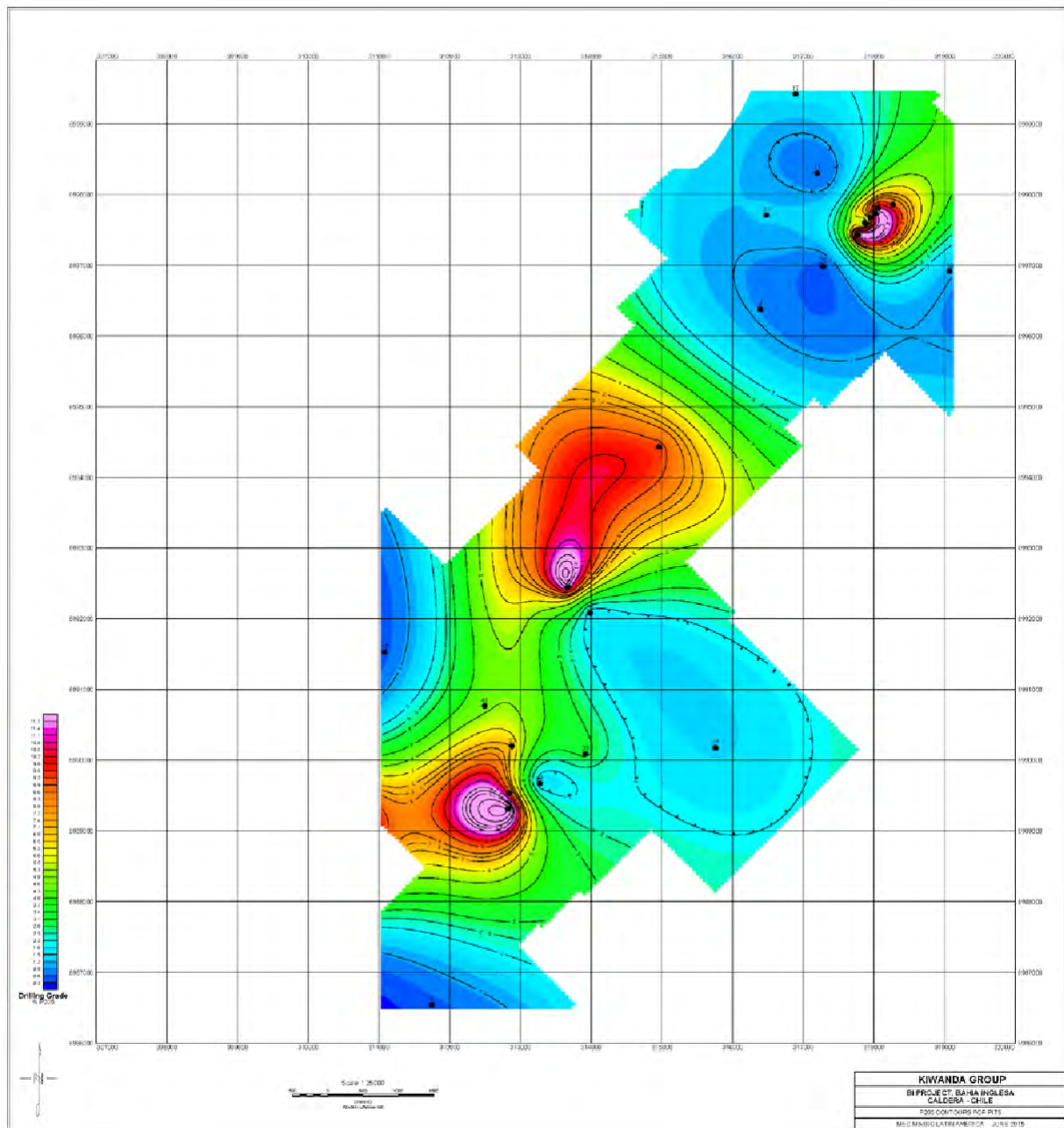


Figure 3 - Contour of P_2O_5 Grade for CORFO and CCHENTrenches

Based on the historical drill and trench sample results, initially two targets areas were selected for testing by trenching. The “Central Target” is located southwest of the current mining area, and the “Northern Target” is located 5 km north-east of the current mining area (Figure4).

In the “Central Target” area, 3 adjacent historic high grade P_2O_5 intercepts were recorded across an area measuring approximately 1.5km x 0.75km. A total of 12 trenches were proposed to test the continuity and grade of the ore body in the “Central Target” area. The proposed trenches were located in a cross pattern with each trench located 200 meters from an historic high grade drill hole or trench.

In the “Northern Target” area, 3 historic trenches recorded high grade P_2O_5 over a strike length of approximately 0.7km. A total of 6 trenches were proposed for the “Northern Target” to test the continuity and extent of high grade ore in all directions (Figure 4).

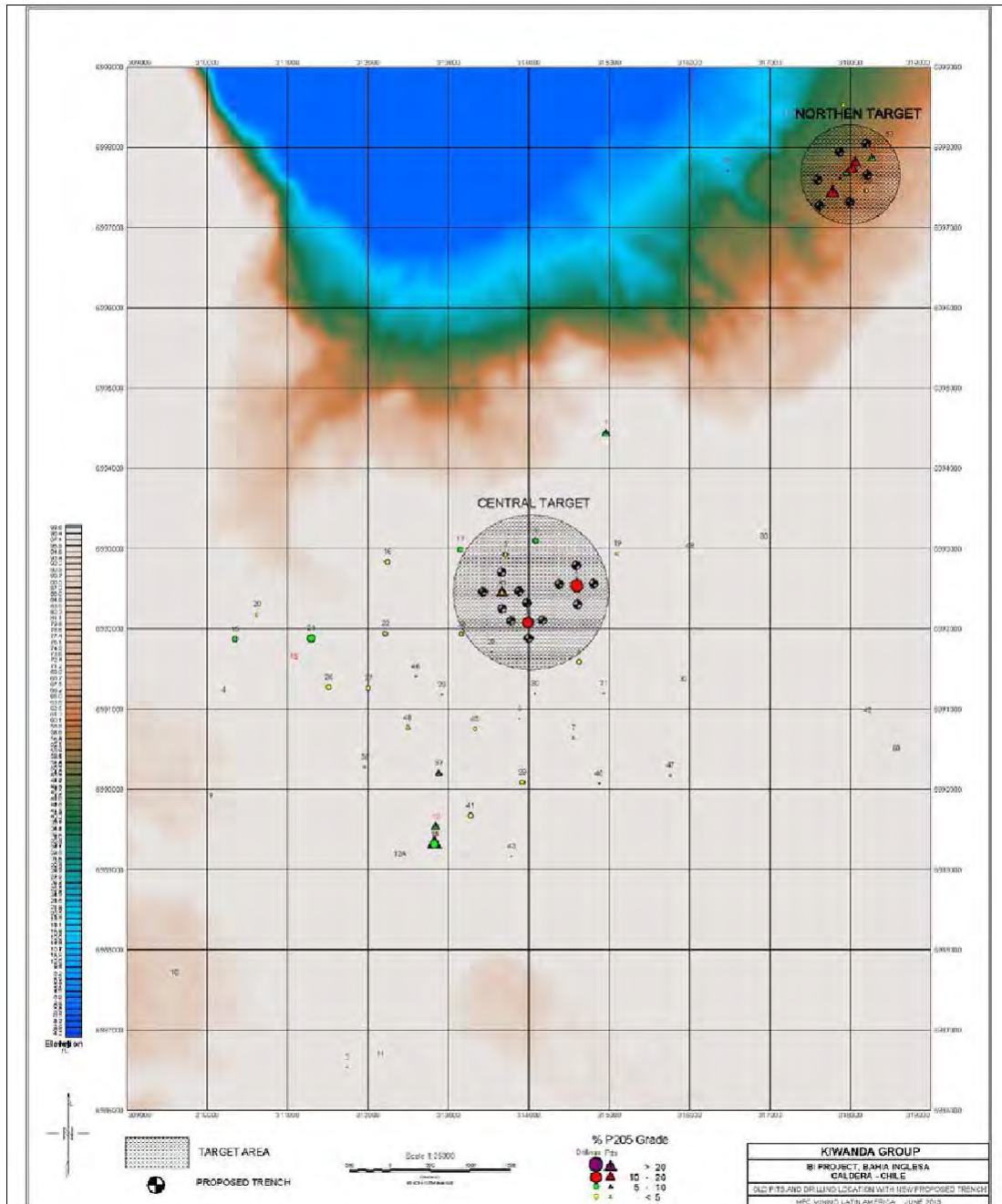


Figure 4 - Proposed Trenching Program

The coordinate system was first calibrated by locating an historic trench in the field to test its physical location against the historically recorded coordinates. An adjustment of 56m in the Northing, 31m in the Easting and 6m in relative level was necessary to calibrate the historic coordinate system to WGS84. The locations of the planned trenches were adjusted accordingly.

The final number and location of trenches was adjusted by the supervising geologist throughout the program as observations enabled a better understanding of the geology. The actual trench locations are shown in Figure 5. The “Central Target” was tested largely as planned, however due to the limited time and 5km travel distance to the “Northern Target”, several trenches were instead completed in each of two additional target areas located closer to the processing plant.

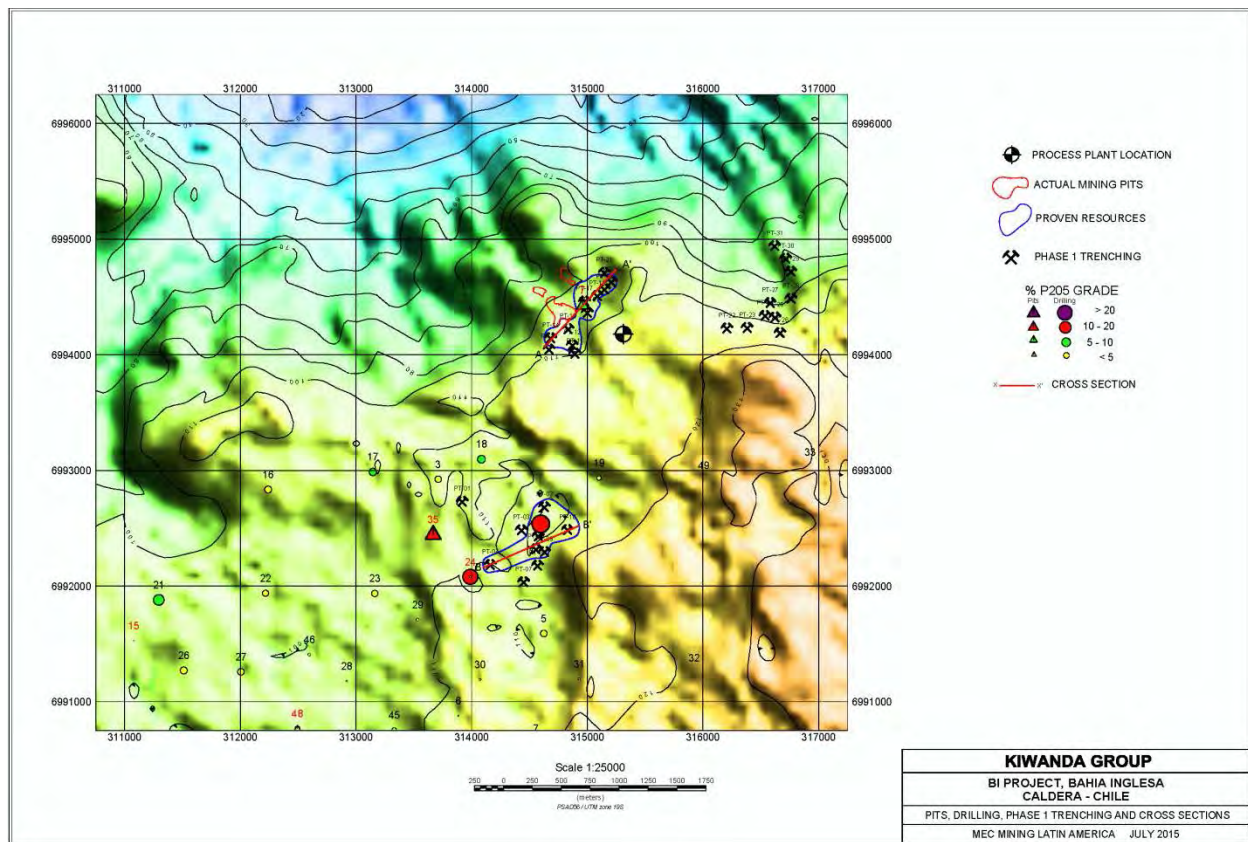


Figure 5 - Sample Trench Locations

The trenching program was conducted at the BI FOX Project from June 23rd to June 26, 2015. The equipment used for the trenching was a 34 ton Doosan excavator, hired from the current mining contractor on the BIFox property. In order to complete the maximum number of trenches possible within the limited time available for the program, access ramps into the trenches were not installed. Samples were taken by collecting selecting samples from the material excavated from the trench. The phosphate ore is readily distinguishable from the overlying and underlying waste due to its hardness and nature of the phosphoritic crusts, see Fig.6.



Figure 6 – Phosphorite sample.

In the Central Target area 10 trenches were completed. The trench locations were adjusted to focus on the areas near the crystalline basement outcrop in the east side of the Central Target area, where it was thought the phosphorite horizons would be shallower and more likely to be located by the excavator. Trenches PT-02, PT-04, PT-05, PT-06, PT-09 and PT-10 encountered phosphorite horizons.

Due to the 5km distance to the planned “Northern Target” area and the excavator travel time required, the decision was made to focus efforts on areas closer to the processing plant. No trenching was completed at the Northern Target.

Trenches PT-11 to PT-21 were completed adjacent to the current mining area in an area referred to as the “Mining Area” target. Eight of the 11 trenches dug in this area intersected phosphorite horizons.

The final campaign of trenching was conducted to the east of the process plant in an area where no previous exploration data was available, referred to as the “Eastern Target”. Ten trenches, PT-22 to PT-31 were completed. Three of the 10 trenches intersected relatively thick phosphate bearing horizons.

5 TRENCHING RESULTS

A summary of the location of the completed trenches is shown in Table 1.

Trench_ID	UTM mN	UTM mE	rL (m)	Depth (m)	Intercepts (m)
PT-01	6992726	0313919	101	3.0	
PT-02	6992679	0314630	103	10.5	4.50 – 4.70
PT-03	6992480	0314430	93	4.0	
PT-04	6992179	0314262	99	5.0	2.25 – 2.55
					2.95 – 3.25
					3.45 – 3.55
PT-05	6992314	0314556	98	2.7	1.90 – 2.30
PT-06	6992426	0314576	103	3.0	1.80 – 2.10
PT-07	6992030	0314450	107	4.0	
PT-08	6992173	0314571	104	4.0	
PT-09	6992291	0314631	105	3.0	2.00 – 2.20
PT-10	6992481	0314829	111	3.0	1.95 – 2.05
PT-11	6994006	0314893	99	3.0	
PT-12	6994079	0314871	102	3.0	1.95 – 2.15
PT-13	6994043	0314670	108	3.0	
PT-14	6994140	0314684	106	4.0	3.00 – 3.30
PT-15	6994219	0314835	104	1.0	0.40 – 0.70
PT-16	6994360	0315000	104	2.0	0.30 – 0.45
PT-17	6994457	0314977	104	2.0	0.75 – 0.90
PT-18	6994505	0315086	105	3.0	2.10 – 2.30
PT-19	6994561	0315149	104	1.7	1.00 – 1.30
PT-20	6994624	0315208	105	2.0	1.20 – 1.30
PT-21	6994705	0315148	105	2.0	
PT-22	6994224	0316208	108	1.0	
PT-23	6994228	0316382	107	2.0	
PT-24	6994333	0316537	108	3.0	1.5 – 2.20*
PT-25	6994318	0316624	107	2.0	
PT-26	6994185	0316667	110	3.20	
PT-27	6994444	0316581	98	1.5	0.00 – 0.60
PT-28	6994481	0316761	95	12.0	10.00 – 10.30
PT-29	6994716	0316760	90	3.0	
PT-30	6994827	0316715	93	4.0	
PT-31	6994937	0316621	89	4.0	

* = This intercept refers to a conglomerate with reworked phosphorite pebbles/boulders.

Table 1 - MEC Trench Locations and Mineralized Intercepts

A total of 33 samples were collected from the trenches for analysis. These samples were sent to the AcmeLabs facility in Santiago. AcmeLabs is an internationally certified laboratory. The samples were prepared in the Acme preparation facility in Santiago and sent to Acme's Vancouver lab for P₂O₅ content analysis. Some duplicates of these samples were sent to the Bifox laboratory at the process plant for check analyses. A list of the samples and a brief description of each sample is provided below (Table 2).

Sample_ID	PT Number	Description	Thickness of P seams	% P ₂ O ₅ AcmeLabs	% P ₂ O ₅ BiFox
5430	PT-02	Phosphorite crust	0.20 m	18.65	19.4
5431	PT-02	Limonitic Sandstone	-	0.21	1.6
5432	PT-02	High Limonitic Sandstone	-	0.46	0.3
5433	PT-04	Conglomerate	-	1.28	1.4
5434	PT-04	Phosphorite crust 1	0.30 m	15.56	16.4
5435	PT-04	Phosphorite crust 2	0.30 m	13.14	13.6
5436	PT-04	Phosphorite crust 3	0.10 m	8.16	8.5
5437	PT-04	Limonitic sandstone	-	7.91	8.2
5438	PT-05	Phosphorite crust	0.40 m	14.62	14.9
5439	PT-05	Limonitic Sandstone	-	1.40	1.5
5440	PT-06	Phosphorite crust	0.30 m	10.88	11.1
5441	PT-06	Limonitic Sandstone	-	0.44	1.6
5442	PT-07	Conglomerate	-	2.96	3.8
5443	PT-08	Limonitic Sandstone	-	0.33	3.7
5444	PT-09	Phosphorite crust	0.20 m	15.89	17.6
5445	PT-10	Phosphorite crust	0.20 m	18.06	18.3
5446	PT-10	Limonitic Sandstone	-	0.80	0.9
5447	PT-12	Phosphorite crust	0.20 m	17.56	18.0
5448	PT-14	Phosphorite crust	0.30 m	14.23	14.5
5449	PT-15	Phosphorite crust	0.30 m	17.10	17.7
5450	PT-16	Phosphorite crust	0.15 m	18.87	18.5
5451	PT-17	Phosphorite crust	0.15 m	21.59	20.2
5452	PT-18	Phosphorite crust	0.20 m	22.40	22.5
5453	PT-19	Phosphorite crust	0.30 m	23.55	24.0
5454	PT-20	Phosphorite crust	0.10 m	17.63	17.2
5455	PT-24	Conglomerate	-	18.58	18.7
5456	PT-26	Coquina Limestone	-	0.37	0.7
5457	PT-27	Phosphorite crust	0.60 m	19.15	19.0
5458	PT-27	Limestone (Mudstone)	-	1.08	1.0
5459	PT-27	Limonitic Sandstone	-	0.25	0.4
5460	PT-28	Phosphorite crust	0.30 m	16.59	17.1
5461	PT-28	Limestone (Mudstone)	-	2.65	2.7
5462	Hand_S	Phosphorite crust	-	17.46	17.7

Table 2 - Samples Taken for Analysis

6 POTENTIAL PHOSPHATE

Trench sampling campaigns were completed in 3 areas on the BIFox Area. The location of the trenches relative to historical work and current mining activities is shown on Figure 8. The trenching intersected phosphorite in all 3 areas where trenching was conducted. Based on the phosphorite intersections, the phosphorite was established for the Central and Current mining Area Targets. The phosphorite areas are open ended in some directions and there remains significant potential for expansion both within these areas and in other areas.

- Central Area Target of potential shallow depth phosphate expansion will be from PT-10 to the north-east, east and south-east.
- Current Mining Area Target of potential shallow depth phosphate expansion will be from PT-14 to the west.

In the Eastern Target area, the trenching identified relatively thick phosphorite horizons, however additional testing will be required to delineate the extent of this mineralization.

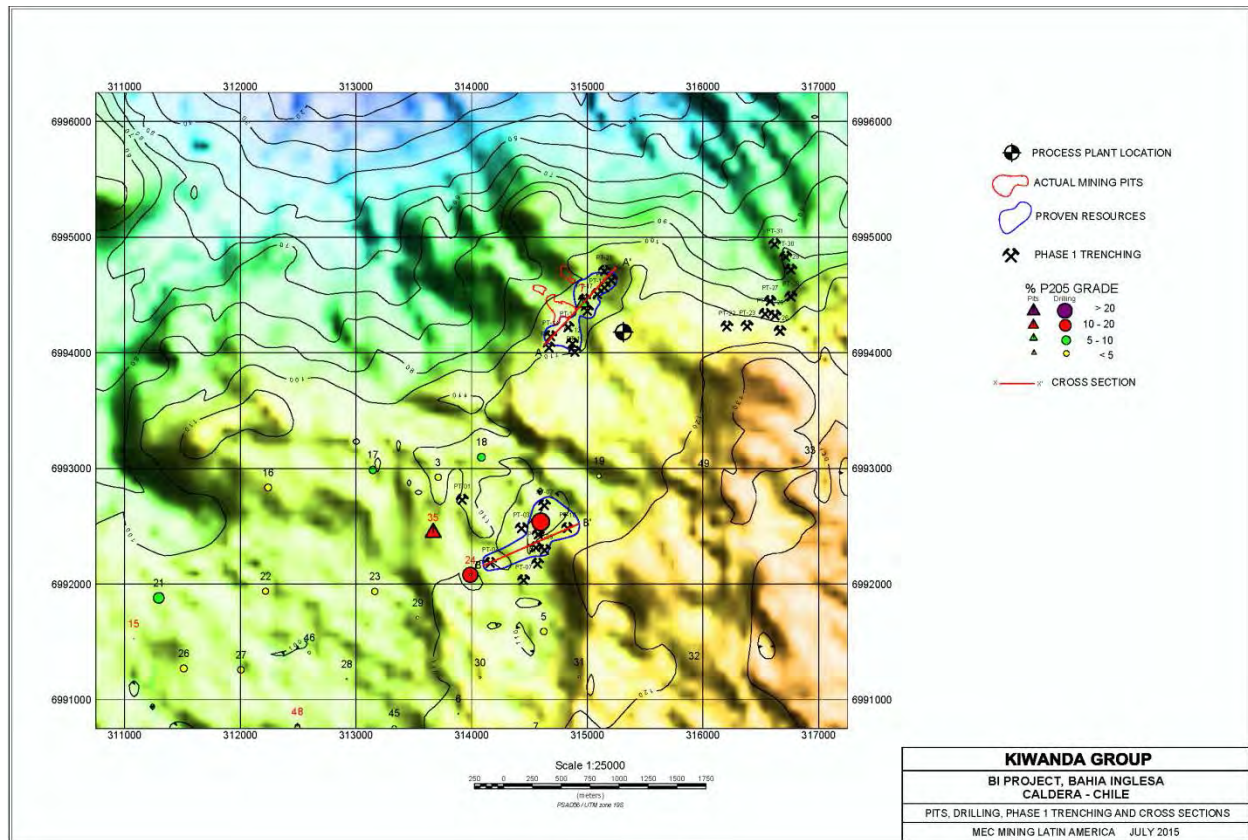


Figure 8 - Location of Trenches Relative to the Process Plant and Mining Area.

6.1 Central Target

The Central Target is located 1.6 km southwest of the current BiFox mining operation. At the Central Target, 6 of the 10 trenches intersected phosphorite at depths of between 1.8 and 4.5 meters. The widths of the phosphorite intersections varied from 0.1 to 0.4 meters. One trench, PT-04, intersected 3 different phosphorite layers with a cumulative width of 0.7 metres. The location of the trenches is shown on Figure 9 below.

The trenches intersecting phosphorite mineralization define an area measuring 1000 meters long by 150 to 400 meters wide. The mineralization is open to the west and northeast and could potentially be significantly expanded with additional work. Of note is the occurrence of 3 different close spaced shallow horizons with a cumulative width of 0.7 meters in trench PT-04. The CORFO pit #35 which is located 500 meters northwest of PT-04 intersected 5 different close spaced phosphorite horizons also at shallow depth.

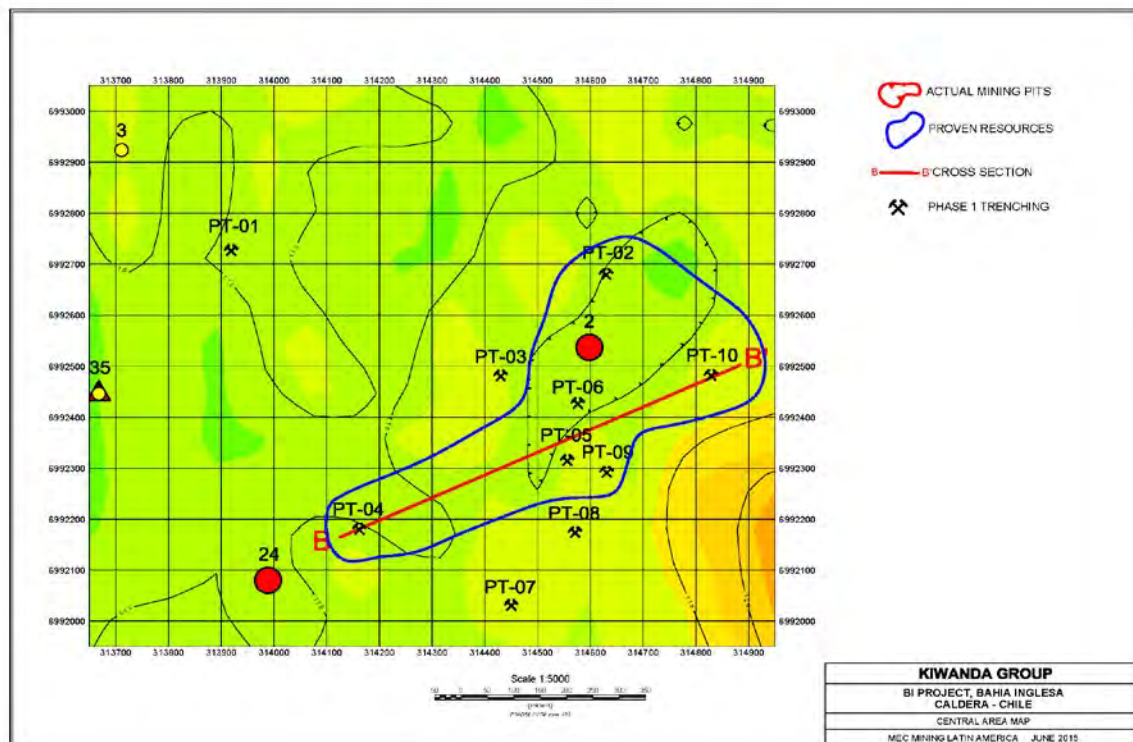


Figure 9 - Central Target Area Trench Locations and Historic Trenches and Drilling

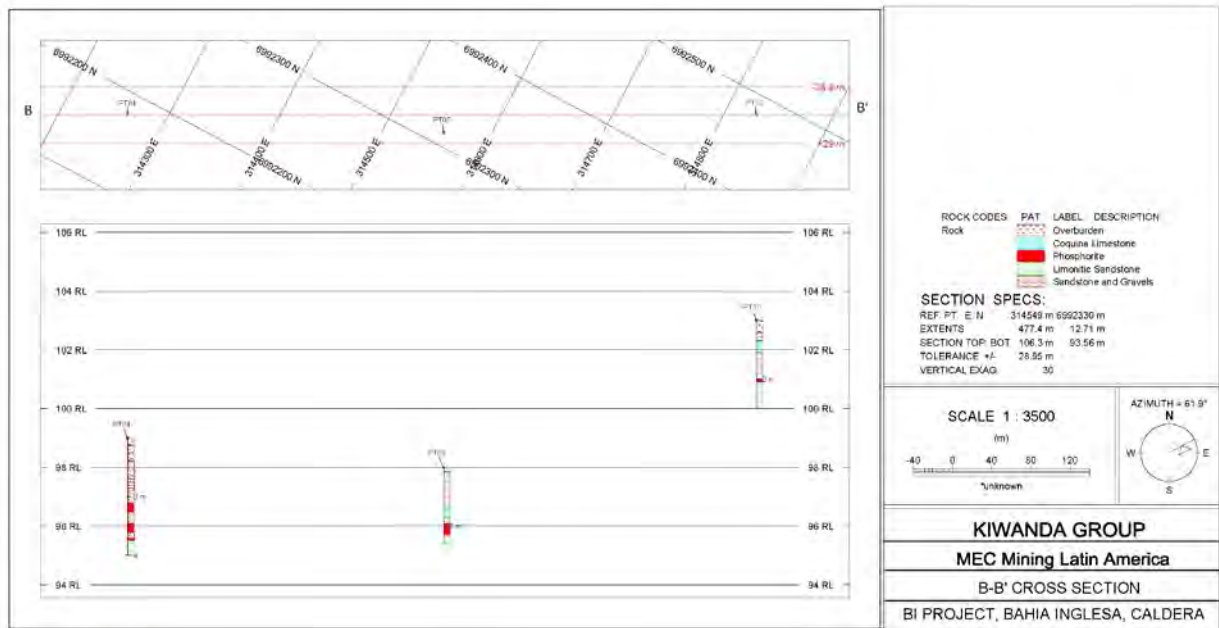


Figure 10 - B-B' Cross section

6.2 Current Mining Area Target

The Current Mining Area Target is located immediately to the Southeast of the current BiFox Mining operation (highlighted by the red boundaries within Fig.11). At the Mining Area Target, 11 trenches were dug to depths of 1 to 4 meters. Eight of these trenches intersected phosphorite at depths varying from 0.3 to 3.0 meters. The mineralized trenches delineate an area 800m long and 100m to 300m wide. The overburden thickness increases toward the Southeast where economic extraction will be ultimately limited by depth of the overburden. To the North of PT-21, the phosphorite has been uplifted by the crystalline outcrop and then eroded by historical events.

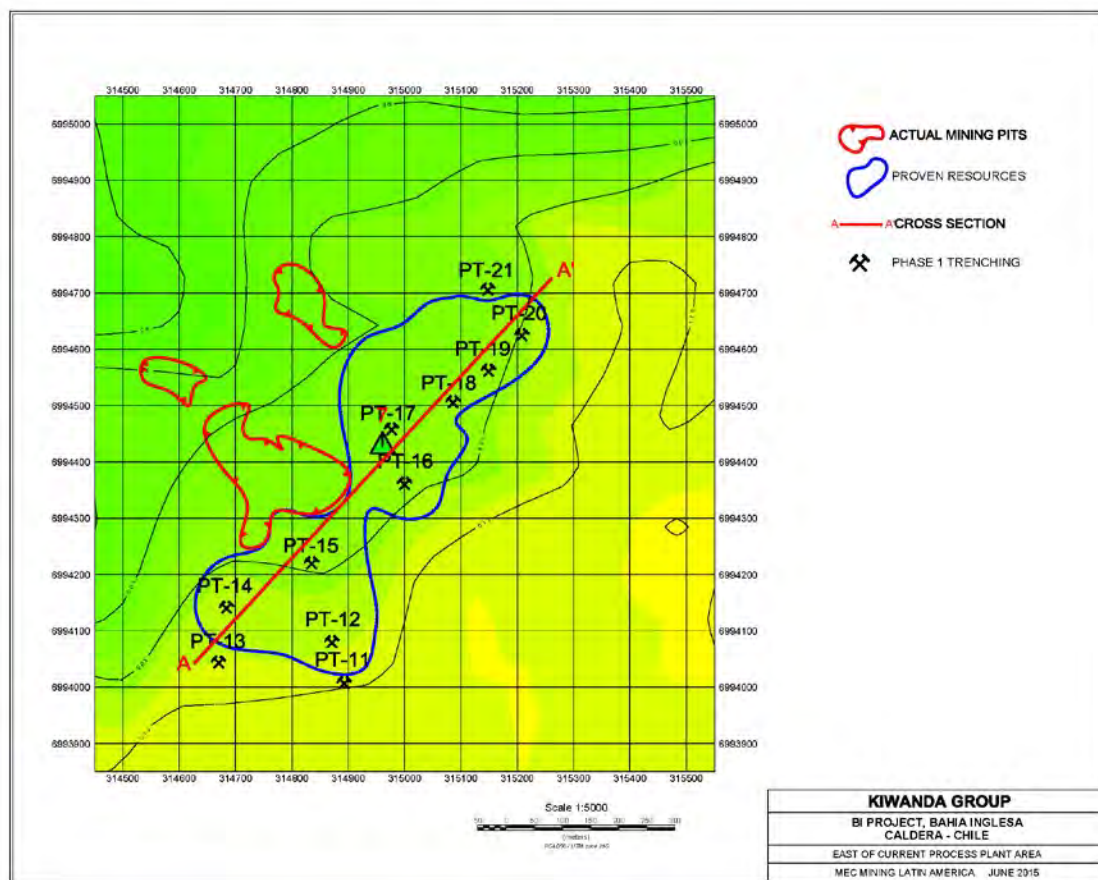


Figure 11 –Current mining Area New Trenches and Historic Trenches

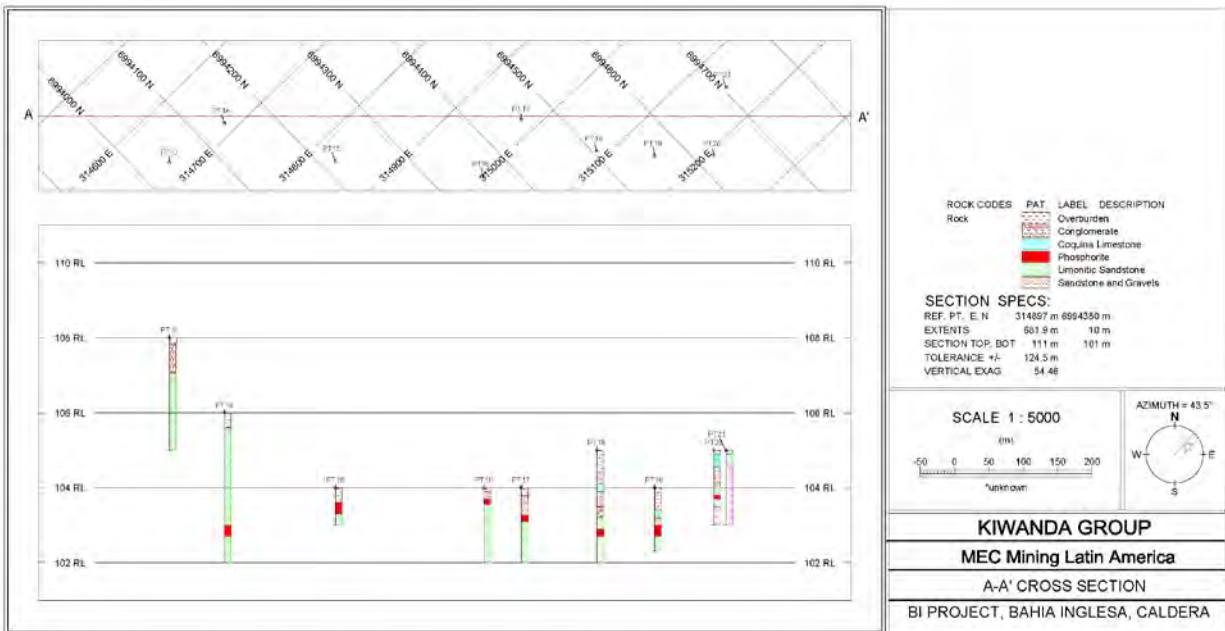


Figure 12 - A-A' Cross section

6.3 Eastern Target

The Eastern Target is located 1.5 km to the east of the BiFox mining area. Ten trenches were dug in this area to depths of 1 to 12 meters. Three of the trenches intersected phosphorite horizons ranging in thickness from 0.3 to 0.7 meters.

Some of the mineralization in the Eastern Target consists of nodular phosphorite within conglomeratic sediments. The mineralization probably represents concentrations of phosphate nodules by current action in tidal channels. This style of mineralization could potentially result in multi-metre phosphorite bodies which can be easily concentrated by screening.

6.4 Potential Resource Calculations

The Central Area phosphate intersection thicknesses are shown in Table 3.

Trench ID	Thickness of Seams
PT-02	0.20
PT-04	0.70
PT-05	0.40
PT-06	0.30
PT-09	0.20
PT-10	0.10
Average	0.3

Table 3 - Thickness of Seams for Central Area

The Mining Area phosphate intersection thicknesses are shown in Table 4.

Trench ID	Thickness of Seams
PT-12	0.20
PT-14	0.30
PT-15	0.30
PT-16	0.15
PT-17	0.25
PT-18	0.20
PT-19	0.30
PT-20	0.10
Average	0.225

Table 4 - Thickness of Seams for the Current Mining Area

An estimate of potential phosphate bearing volumes for the Central and Mining areas are shown in Table 5.

Mining Area	Area (m ²)	Average thickness	Volume (m ³)	Average Density	In situ Tonnes	Mining Rate (t/mth)	Months of Mining	Years of Mining
Central Area	217,274	0.25	54,138	2.4	130,364	5,000	26.07	2.17
Current Mining	155,258	0.225	34,933	2.4	83,839	5,000	16.77	1.40
Total	372,532	-	89,251	2.4	214,203	5,000	43	3.6

Table 5 - Estimated Production Potential from the Trenching Areas

No estimate of potential resources has been made for the Eastern area until follow-up investigations can be undertaken, however there is strong potential for a recoverable resource to exist in this area. The Northern area contains historical drilling indicating the presence of high grade phosphate, however this area was not trenched as part of this campaign. There is strong potential that the Northern area will contain further phosphate.

7 CONCLUSIONS

The trenching campaign was successful in intersecting phosphate in all of the target areas. The extent of the phosphate seams delineated in the initial trenching campaign is sufficient to support a mining operation producing 5000 ROM tonnes per month for 3.6 years. During the 4 day trenching program, less than 1% of the total tenement area was tested, and it is likely that known extent of the phosphate ore can be significantly expanded with additional exploration.

Due to a focus on locating close to surface ore to underpin near term production, deep trenching was not undertaken. Trenching below the first group of phosphate seam intercepts in the shallow trenches was also not pursued, leaving open the possibility of further phosphate existing below the floor of the trenches.

Based on field observations, the phosphorite seams generally outcrop at the surface near the crystalline basement outcrops. Mapping of the basement outcrops and adjacent Bahia Inglesa formation could be undertaken to provide an indicator to efficiently delineate quality exploration targets for shallow phosphorite.

A 60 cm phosphorite seam, composed of nodules and layers, was found outcropping in the Eastern Target area. There is no historical mining or exploration data for this occurrence so the grade is unknown. However based on the new trenches (PT-27 and PT28) minable phosphate could be associated with this phosphorite seam. Further work is needed to determine the extent of this seam and the amount of overburden overlying it.

The results from the initial trenching program have provided significant insight into the geology of the basin and location of future mining areas. The sampling methods used were designed to provide a fast indication of the potential of the area. Additional sampling, surveying and QA/QC will need to be undertaken in order to use the data toward the calculation of a JORC compliant resource estimate.

8 APPENDIX

8.1 CORFO AND CCHEN DRILL HOLES AND PITS

- Drill Holes

Drill	UTM (PSAD56)		P thick.	P2O5	
Nbr.	E [m]	N [m]	[m]	[%]	
S	1	317,917	6,998,528	0.50	3.6
S	2	314,598	6,992,537	1.25	12.0
S	3	313,711	6,992,924	3.60	4.5
S	4	310,207	6,991,113	0.00	0.0
S	5	314,624	6,991,590	2.75	4.6
S	6	313,885	6,990,879	0.50	0.9
S	7	314,556	6,990,638	0.50	2.4
S	8	308,754	6,989,076	0.00	0.0
S	9	310,047	6,989,792	0.00	0.0
S	10	309,594	6,987,589	0.00	0.0
S	11	312,157	6,986,583	0.00	0.0
S	12A	312,395	6,989,070	0.00	0.0
S	12B	318,199	6,997,458	1.00	4.1
S	13	312,828	6,989,315	0.90	8.2
S	14	319,057	6,997,585	1.00	3.6
S	15	310,346	6,991,871	2.25	5.2
S	16	312,240	6,992,835	3.00	4.8
S	17	313,146	6,992,987	0.50	5.1
S	18	314,085	6,993,097	1.50	5.4
S	19	315,101	6,992,934	0.50	3.0
S	20	310,619	6,992,178	0.50	3.3
S	21	311,295	6,991,880	6.50	7.3
S	22	312,218	6,991,938	3.00	4.3
S	23	313,162	6,991,936	0.50	4.4
S	24	313,989	6,992,080	1.00	10.3
S	26	311,511	6,991,271	5.00	4.8
S	27	312,005	6,991,258	4.50	4.6
S	28	312,920	6,991,179	1.75	1.3
S	29	313,533	6,991,709	1.00	2.1
S	30	314,074	6,991,193	0.50	1.3
S	31	314,931	6,991,197	0.50	1.4

S	32	315,925	6,991,250	0.00	0.0
S	33	316,928	6,993,027	0.00	0.0
S	35	313,668	6,992,446	1.50	4.5
S	36	311,960	6,990,278	1.00	1.8
S	37	312,881	6,990,198	0.25	1.1
S	38	318,448	6,999,085	0.25	3.4
S	39	313,919	6,990,088	0.50	4.6
S	40	314,873	6,990,072	2.00	1.5
S	41	313,277	6,989,671	0.25	4.8
S	42	318,216	6,990,859	0.00	0.0
S	43	313,789	6,989,166	0.50	1.1
S	45	313,331	6,990,754	0.75	3.3
S	46	312,597	6,991,408	1.00	2.1
S	47	315,761	6,990,172	1.00	2.3
S	48	312,494	6,990,767	1.00	3.5
S	49	316,007	6,992,914	0.00	0.0
S	51	319,043	6,998,575	0.00	0.0
S	52	318,486	6,998,034	0.00	0.0
S	60	318,571	6,990,387	0.00	0.0

Pits

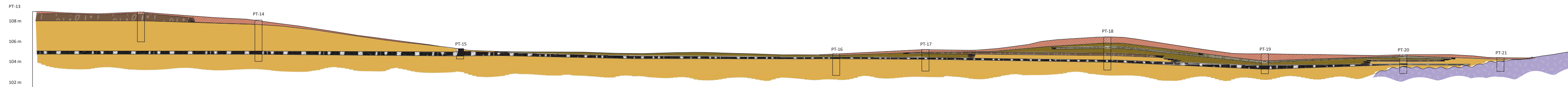
Pit	UTM (PSAD56)		P thick.	P2O5
Nbr.	E [m]	N [m]	[m]	[%]
P 1	312,643	6,489,430	2.80	10.1
P 2	317,871	6,997,599	0.10	4.6
P 3	311,746	6,986,538	0.70	0.5
P 4	316,392	6,996,376	0.25	0.9
P 5	318,021	6,997,732	1.50	12.0
P 6	312,385	6,998,907	1.20	5.7
P 7	314,961	6,994,428	2.00	9.4
P 8	318,065	6,997,807	0.70	11.0
P 9	317,780	6,997,430	0.20	14.2
P 10	312,842	6,989,533	0.90	9.3
P 11	317,198	6,998,304	1.00	0.6
P 12	317,955	6,997,675	0.90	7.6
P 13	318,268	6,997,856	0.01	8.9
P 14	312,828	6,989,315	0.70	15.1
P 15	311,078	6,991,529	0.50	0.5
P 16	319,071	6,996,917	0.50	1.1
P 17	316,892	6,999,423	0.15	1.8
P 20	317,280	6,996,986	0.80	0.5
P 21	316,480	6,997,707	0.65	1.3
PS 24	313,989	6,992,080	0.92	1.7
P 30B	322,530	7,005,110	0.80	0.7
PS 35	313,668	6,992,446	0.13	12.5
PS 37	312,881	6,990,198	0.19	6.9
PS 39	313,919	6,990,088	0.20	3.2
PS 41	313,277	6,989,670	0.19	1.7
PS 47	315,761	6,990,172	0.20	1.5
PS 48	312,494	6,990,767	0.34	4.7

8.3 GEOLOGICAL INTERPRETATION FOR CROSS SECTIONS

SW-NE

A

A'





Granitoid Basement

Limonitic Sands



Phosphorite

levels

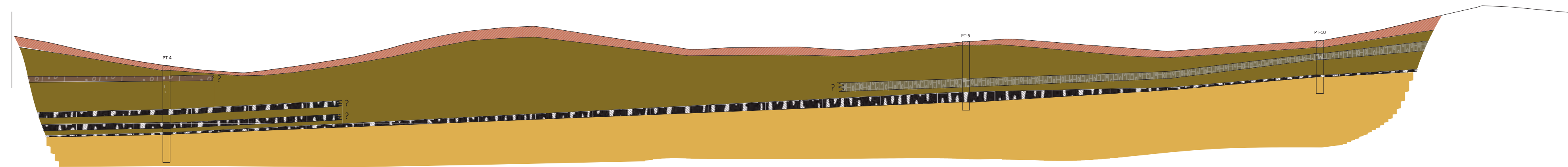
BI PROJECT, BAHIA INGLESIA, CALDERA - CHILE

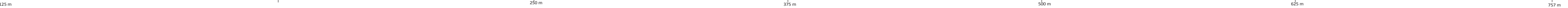
MEC MINING LATIN AMERICA

KIWANDA GROUP
A-A' CROSS SECTION
JULY 2015

SW-NE
B

112 m
111 m
110 m
109 m





Granitoid Basement

Limonitic Sands



Sedimentary Levels

Phosphorite

BI PROJECT, BAHIA INGLESA, CALDERA - CHILE

MEC MINING LATIN AMERICA

KIWANDA GROUP

B-B' CROSS SECTION

JULY 2015

8.5 ACME LABS RESULTS



**BUREAU
VERITAS**

MINERAL LABORATORIES
Canada

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Bureau Veritas Commodities Canada Ltd.

9050 Shaughnessy St Vancouver BC V6P 6E5 CANADA

PHONE (604) 253-3158

Client: MEC Mining Latin America SpA

Av. Vitacura 2771, Las Condes Santiago

METROPOLITANA CHILE

Submitted By: Roman TejeroChile -

Receiving Lab: Copiapo July 03,

Received: 2015

Report Date: July 28, 2015

Page: 1 of 3

CERTIFICATE OF ANALYSIS

COP15000717.1

CLIENT JOB INFORMATION

Project:Shipment	Sin Referencia	Procedure Code
ID:		
P.O. NumberNumber	Sin Referencia	PRP70-250
of Samples:	33	Ship
		ADDIT_TAX

SAMPLE DISPOSAL

RTRN-PLP	Return
RTRN-RJT	Return

SAMPLE PREPARATION AND ANALYTICAL PROCEDURES

	Number of Samples	Code Description	Test Wgt (g)	Report Status	Lab
	33	Crush, split and pulverize 250 g rock to 200 mesh			COP
	33	Shipping charges for collect packages			VAN
	33	Additional custom tax			VAN
MISC	1	Miscellaneous			SAN
LF740	33	Li2B4O7/LiBO2 fusion, analysis of Phosphate by XRF		Completed	VAN

ADDITIONAL COMMENTS

Bureau Veritas does not accept responsibility for samples left at the laboratory after 90 days without prior written instructions for sample storage or return.

Invoice To: Mining Latin America SpA Av.
Vitacura 2771, Las Condes
Santiago METROPOLITANA
CHILE

Brant Peters

CC:
M
E
C



This report supersedes all previous preliminary and final reports with this file number dated prior to the date on this certificate. Signature indicates final approval; preliminary reports are unsigned and should be used for reference only. All results are considered the confidential property of the client. Bureau Veritas assumes the liabilities for actual cost of analysis only. Results apply to samples as submitted.
ast asterisk indicates that an analytical result could not be provided due to unusually high levels of interference from other elements.

C
At


BUREAU VERITAS
MINERAL LABORATORIES
Canada

CHILE

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MEC Mining Latin America SpA

Project:Report Sin ReferenciaJuly
Date: 28, 2015

Bureau Veritas Commodities Canada Ltd.
9050 Shaughnessy St Vancouver BC V6P 6E5 CANADA
PHONE (604) 253-3158

CERTIFICATE OF ANALYSIS

COP15000717.1

Method Analyte		WGHT	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740
Unit MDL		Wgt	LOI	SiO2	Al2O3	Fe2O3	CaO	MgO	K2O	MnO	Na2O	TiO2	P2O5	Cr2O3	Ba	Cu	Ni	Pb	S	Sr	Zn
		kg	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
		0.01	-5.11	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.001	0.01	0.001	0.001	0.01	0.01	0.002	0.002
5430	Rock	3.96	6.40	27.73	6.20	2.51	30.96	1.06	1.00	0.03	2.43	0.33	18.65	0.010	0.02	0.003	0.002	<0.01	0.56	0.155	0.005
5431	Rock	1.90	1.62	67.32	14.60	5.83	2.37	0.94	2.69	0.05	4.09	0.43	0.21	0.007	0.05	0.002	0.008	0.01	<0.01	0.034	0.009
5432	Rock	3.86	3.65	59.62	15.22	8.36	2.62	2.27	2.95	0.06	3.88	0.74	0.46	0.007	0.05	0.008	0.003	<0.01	0.04	0.035	0.009
5433	Rock	6.98	18.65	39.25	7.88	1.94	25.36	0.87	1.53	0.04	2.24	0.30	1.28	0.004	0.03	0.003	<0.001	0.01	0.08	0.056	0.003
5434	Rock	4.22	5.12	35.62	7.69	2.70	25.61	1.05	1.29	0.03	2.71	0.39	15.56	0.008	0.04	0.002	0.001	<0.01	0.43	0.124	0.004
5435	Rock	6.08	6.39	35.47	7.61	2.64	25.37	1.11	1.19	0.03	2.66	0.39	13.14	0.008	0.03	0.002	<0.001	<0.01	1.10	0.118	0.004
5436	Rock	4.52	3.83	50.07	11.20	3.70	14.69	1.25	1.83	0.03	3.43	0.58	8.16	0.009	0.04	0.002	0.002	<0.01	0.15	0.085	0.004
5437	Rock	4.82	4.05	50.55	11.10	3.44	14.78	1.12	1.87	0.04	3.36	0.53	7.91	0.007	0.04	0.002	0.002	<0.01	0.14	0.083	0.004
5438	Rock	5.82	8.71	31.63	6.55	2.42	28.95	0.89	1.13	0.03	2.44	0.32	14.62	0.007	0.02	0.002	0.002	<0.01	0.45	0.130	0.004
5439	Rock	3.74	6.01	56.57	12.89	4.23	10.32	1.56	1.86	0.05	3.56	0.71	1.40	0.009	0.04	0.002	<0.001	<0.01	0.06	0.051	0.005
5440	Rock	4.58	13.77	29.38	6.46	2.74	28.10	2.86	1.07	0.05	2.17	0.31	10.88	0.008	0.03	0.002	0.001	<0.01	0.44	0.114	0.004
5441	Rock	3.78	3.53	63.70	14.22	4.21	4.24	1.71	2.84	0.03	3.93	0.58	0.44	0.007	0.06	0.003	<0.001	<0.01	0.04	0.036	0.004
5442	Rock	5.38	19.59	35.29	7.68	3.00	19.74	6.95	1.43	0.11	2.17	0.35	2.96	0.006	0.03	0.003	<0.001	<0.01	0.11	0.064	0.003
5443	Rock	2.64	5.61	59.98	13.20	4.42	7.01	1.66	2.54	0.04	3.52	0.70	0.33	0.007	0.04	0.002	0.001	<0.01	0.26	0.034	0.006
5444	Rock	4.64	8.76	28.74	6.13	2.50	30.29	0.95	0.95	0.03	2.30	0.31	15.89	0.006	0.02	0.003	0.001	0.02	0.55	0.134	0.004
5445	Rock	6.08	6.35	28.10	6.08	2.87	30.42	0.97	0.94	0.02	2.42	0.31	18.06	0.008	0.02	0.003	0.002	<0.01	0.91	0.152	0.004
5446	Rock	4.34	10.49	51.58	11.33	2.67	14.87	1.16	1.89	0.04	3.17	0.51	0.80	0.005	0.03	0.004	0.002	<0.01	0.42	0.048	0.004
5447	Rock	3.82	5.82	31.22	6.74	2.02	28.64	0.90	1.06	0.02	2.61	0.32	17.56	0.008	0.03	0.002	<0.001	<0.01	0.54	0.148	0.003
5448	Rock	4.28	5.20	37.66	8.37	2.91	23.80	1.03	1.22	0.03	3.07	0.40	14.23	0.007	0.05	0.004	0.002	<0.01	0.39	0.135	0.004
5449	Rock	4.16	6.21	31.40	6.72	2.20	28.65	0.99	1.10	0.02	2.57	0.28	17.10	0.009	0.03	0.003	0.001	<0.01	0.57	0.139	0.003
5450	Rock	4.12	6.35	28.30	6.13	2.01	31.03	0.95	0.93	0.02	2.42	0.27	18.87	0.010	0.02	0.002	0.001	<0.01	0.60	0.144	0.003
5451	Rock	4.48	8.18	21.02	4.72	1.33	36.36	0.95	0.67	0.02	1.98	0.18	21.59	0.012	0.03	0.004	0.003	<0.01	0.52	0.166	0.004
5452	Rock	3.76	6.92	19.19	4.18	1.62	36.96	0.89	0.61	0.02	2.13	0.16	22.40	0.013	0.03	0.004	0.001	<0.01	1.35	0.203	0.003
5453	Rock	3.84	7.95	17.07	3.90	1.74	38.54	0.94	0.58	0.02	1.91	0.15	23.55	0.011	0.03	0.004	0.003	<0.01	0.77	0.188	0.003
5454	Rock	4.36	7.29	28.29	6.37	2.43	30.41	1.19	0.96	0.02	2.26	0.28	17.63	0.008	0.03	0.003	0.004	<0.01	0.52	0.142	0.004
5455	Rock	2.90	6.95	27.01	5.89	2.26	31.59	0.96	0.91	0.02	2.28	0.24	18.58	0.007	0.02	0.002	0.001	<0.01	0.79	0.152	0.003
5456	Rock	3.08	20.94	36.12	7.67	2.35	27.25	0.98	1.17	0.03	2.11	0.36	0.37	0.006	0.03	0.004	<0.001	<0.01	0.13	0.087	0.003
5457	Rock	2.30	6.45	27.18	6.06	2.20	31.20	1.10	0.83	0.02	2.50	0.24	19.15	0.009	0.02	0.004	<0.001	<0.01	0.67	0.156	0.003
5458	Rock	3.42	34.81	16.26	4.26	1.79	25.79	14.48	0.23	0.06	0.80	0.21	1.08	0.005	0.02	0.003	0.002	<0.01	0.10	0.044	0.003
5459	Rock	3.36	22.74	28.87	4.47	9.76	23.04	8.39	0.15	0.18	1.21	0.32	0.25	0.182	<0.01	0.007	0.078	<0.01	0.09	0.016	0.011



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Date: 28, 2015

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CERTIFICATE OF ANALYSIS

COP15000717.1

Method Analyte		LF740	LF740	LF740
Unit MDL		Zr	V2O5	SUM
		%	%	%
		0.002	0.1	0.01
5430	Rock	0.015	<0.1	97.33
5431	Rock	0.015	<0.1	100.22
5432	Rock	0.019	<0.1	99.88
5433	Rock	0.013	<0.1	99.36
5434	Rock	0.014	<0.1	97.81
5435	Rock	0.015	<0.1	96.04
5436	Rock	0.021	<0.1	98.81
5437	Rock	0.018	<0.1	98.78
5438	Rock	0.014	<0.1	97.71
5439	Rock	0.017	<0.1	99.20
5440	Rock	0.011	<0.1	97.83
5441	Rock	0.017	<0.1	99.50
5442	Rock	0.011	<0.1	99.30
5443	Rock	0.023	<0.1	99.07
5444	Rock	0.015	<0.1	96.87
5445	Rock	0.014	<0.1	96.55
5446	Rock	0.017	<0.1	98.55
5447	Rock	0.008	<0.1	96.94
5448	Rock	0.015	<0.1	97.99
5449	Rock	0.013	<0.1	97.27
5450	Rock	0.011	<0.1	97.29
5451	Rock	0.007	<0.1	97.02
5452	Rock	0.007	<0.1	95.10
5453	Rock	0.009	<0.1	96.39
5454	Rock	0.012	<0.1	97.16
5455	Rock	0.011	<0.1	96.72
5456	Rock	0.016	<0.1	99.40
5457	Rock	0.009	<0.1	96.96
5458	Rock	0.007	<0.1	99.79
5459	Rock	0.004	<0.1	99.39

This report supersedes all previous preliminary and final reports with this file number dated prior to the date on this certificate. Signature indicates final approval; preliminary reports are unsigned and should be used for reference only.



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CERTIFICATE OF ANALYSIS

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Method Analyte Unit MDL			WGHT	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740
			Wgt	LOI	SiO2	Al2O3	Fe2O3	CaO	MgO	K2O	MnO	Na2O	TiO2	P2O5	Cr2O3	Ba	Cu	Ni	Pb	S	Sr	Zn
			kg	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
			0.01	-5.11	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.001	0.01	0.001	0.001	0.01	0.01	0.002	0.002
5460	Rock		2.82	6.74	31.85	6.89	2.24	27.57	1.21	0.91	0.04	2.80	0.32	16.59	0.008	0.06	0.002	0.001	<0.01	0.44	0.146	0.003
5461	Rock		2.38	26.76	26.04	5.98	2.47	22.05	10.93	0.63	0.11	1.56	0.27	2.65	0.004	0.02	0.004	0.001	<0.01	0.11	0.050	0.003
				7.04	27.10	6.00	2.07	30.57	1.21	0.86	0.04	2.59	0.26	17.46	0.001	0.01	0.001	0.001	<0.01	0.191	0.003	
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CERTIFICATE OF ANALYSIS

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Method Analyte		LF740	LF740	LF740
Unit MDL		Zr	V2O5	SUM
		%	%	%
		0.002	0.1	0.01
5460	Rock	0.012	<0.1	97.23
5461	Rock	0.009	<0.1	99.46
5462	Rock	0.010	<0.1	95.25



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METROPOLITANA CHILE

Project: Report Sin Referencia
Date: July 28, 2015

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QUALITY CONTROL REPORT

COP15000717.1

		Method	WGHT	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740	LF740
		Analyte	Wgt	LOI	SiO2	Al2O3	Fe2O3	CaO	MgO	K2O	MnO	Na2O	TiO2	P2O5	Cr2O3	Ba	Cu	Ni	Pb	S	Sr
		Unit	kg	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
		MDL	0.01	-5.11	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.001	0.01	0.001	0.001	0.01	0.01	0.002
Pulp Duplicates																					
5432	Rock		3.86	3.65	59.62	15.22	8.36	2.62	2.27	2.95	0.06	3.88	0.74	0.46	0.007	0.05	0.008	0.003	<0.01	0.04	0.035
REP 5432	QC			3.66	59.55	15.23	8.31	2.60	2.28	2.96	0.06	3.90	0.76	0.46	0.009	0.05	0.005	0.002	<0.01	0.04	0.037
Core Reject Duplicates																					
5442	Rock		5.38	19.59	35.29	7.68	3.00	19.74	6.95	1.43	0.11	2.17	0.35	2.96	0.006	0.03	0.003	<0.001	<0.01	0.11	0.064
DUP 5442	QC		19.67		35.29	7.73	3.02	19.84	6.97	1.43	0.11	2.16	0.35	2.99	0.004	0.03	0.003	<0.001	0.01	0.11	0.059
Reference Materials																					
STD GIOP-55	Standard			3.39	4.04	2.18	89.66	0.03	0.05	0.01	0.10	0.02	0.10	0.16	0.025	0.02	0.003	<0.001	0.01	<0.01	0.004
STD NIST120C(D)	Standard			5.20	6.28	1.30	1.08	48.10	0.32	0.15	0.03	0.55	0.11	32.91	0.009	0.01	0.026	0.003	0.01	0.42	0.110
STD GIOP-55 Expected		3.389		4.085	2.18	89.804	0.0393	0.047	0.0131	0.103	0.02089	0.0977	0.173	0.00771	0.0053	0.0042	0.0036	0.0074	0.0223	0.0029	0.0024
STD NIST120C(D) Expected				5.5	1.3	1.08	48.02	0.318	0.147	0.027	0.52	0.103	33.34								
BLK	Blank			0.00	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.001	<0.01	<0.001	<0.001	<0.01	<0.01	<0.002
Prep Wash																					
QUARTZ_CP	Prep Blank		-0.38		97.55	0.40	1.39	0.02	<0.01	0.11	<0.01	0.13	0.02	<0.01	0.004	<0.01	0.002	<0.001	<0.01	<0.01	<0.002
QUARTZ_CP	Prep Blank		-0.32		98.07	0.40	1.15	0.03	<0.01	0.10	<0.01	0.09	0.06	<0.01	0.003	<0.01	0.002	<0.001	<0.01	<0.01	<0.002



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Av. Vitacura 2771, Las Condes Santiago
METROPOLITANA CHILE

Project: Report Sin Referencia July
Date: 28, 2015

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Part:

JORC Code, 2012 Edition – Table 1 report Phosphate

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Phillips River has completed limited phosphate rock sampling on the Bifox projects (approx. 1% of tenement area) as per the 2015 trenching programme. The samples were sent to independent laboratories which confirmed the level of phosphate and other materials. The trench sampling was selected based upon the historical drill data produced by CORFO and CCHEN the Chilean government authorities which carried out work on the tenements in the 1980s. The work included geologic mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical testwork and resource studies. The Trench sampling was carried out adjacent to selected original drill holes to compare the results from the original study and current sampling. The laboratory work on the trench samples is consistent with the historical production levels at the mine. The laboratory work on the trench samples is not consistent with the historical drill programme at the mine as it is thought that sample contamination occurred in the drill samples. Trench samples ranged up to 24% P2O5 content. Historical drill samples ranged up to 17% P2O5 content. Bifox Ltda has a 20+ year history of small-scale open-pit mining through producing and selling direct application phosphate rock fertilizer with a nominal 16-19% P2O5 content into the local Chilean markets. An on-site laboratory at Bifox runs routine P2O5 analyses on the granular phosphate and fine powder phosphate products that are shipped to end users.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> The on-site laboratory co-tested the sampled product from the trenching programme and results were comparable to the independent laboratory tests. The samples and laboratory results are consistent with the information relating to the P2O5 content, the contents of some selected oxides (K2O, CaO, MgO, CO3 and SO4) and the upper limits of contents of several elements (B, Zn, Mn, Ni, Cu, Cd, As Pb, Hg) that is branded on the 50-kg bags of granular phosphate and on the 1000 kg big-bags of powdered phosphate sold by Bifox. Insufficient work has been completed to provide a JORC estimate of resource.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Phillips River has not drilled the Bifox or the Ki project areas. The original study by the Chilean Government carried out 929 metres of reverse circulation drilling. There has also been some historic drilling and pitting on the Bifox project during phosphate exploration programs by the current owners. These results are unknown. The historical information would not be usable in a JORC compliant mineral resource but is relevant from an exploration perspective as it can be used to guide future exploration work.
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Samples from the trench programme were sent to Acme Laboratories in Santiago Chile for assessment. P2O5 content was undertaken at the Vancouver lab of Acme. The samples were duplicated and co-checked by the Bifox laboratory with similar results across the range of samples with minor variations. Samples at each trench were bagged and labelled on site at each location. They were sent directly to the Acme Santiago office which then split the samples for the various on testing. This was a blind test regime.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support 	<ul style="list-style-type: none"> Not applicable. No mineral resource was established

Criteria	JORC Code explanation	Commentary
	<p><i>appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature.</i> <i>Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> 31 trenches were dug at various distances around the core mining area – however representing less than 1% of the whole tenement area. 33 samples were taken Trenches generally ranged from 1 metre to 5 metres and were typically less than 3 metres in depth Trenching was stopped when significant intersection of Phosphorite was encountered. One trench tested to 12 metres to establish deeper intersections of Phosphorite.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> The primary test was for P2O5 content. Each sample had as its primary objective a measure of phosphate. In addition as an industrial mineral other chemicals were tested (eg K2O, CaO, MgO, CO3 and SO4) and the upper limits of contents of several elements (B, Zn, Mn, Ni, Cu, Cd, As Pb, Hg) The largest contents of all samples were Silicon Dioxide (in the form of sand – generally ranging up to 60% of each sample, and Calcium Oxide in the form of degraded seashells consistent with the sedimentary form of the samples and ranging up to 30%. The next largest component was P2O5. Quality control was established against original CORFO samples and the test samples between the two laboratories.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> 	<ul style="list-style-type: none"> No verification was specifically undertaken due to the nature of the trench programme objective.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The location of historical co-ordinates was undertaken to compile comparative data. The co-ordinate system was calibrated by locating one of the historical drill holes and adjusting for WGS84 (Geodetic Reference System) and the co-ordinates were then calibrated for all other drill holes. Adjustments were necessary.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not sufficient to establish Exploration Results.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable – however it is noted in the trench profiles and the historical data set from CORFO that the mineralisation is laid down as sedimentary deposits and they are largely still in horizontal plane. The geological profiles are linear in nature across the basin for the tested areas.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No specific security for samples was undertaken. Basic transport by road to the laboratory and then separated. As it was test sampling to show compliance with original studies of fertiliser and no JORC estimate was planned no specific security was considered necessary.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Not applicable. The test was authenticated by being tested in 2 different unrelated laboratories.

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Bifox project covering 6090 ha is collectively owned by SCM Bahia Inglesa Ltda and Compania Minera de Fosfatos Naturales Bifox Ltda. This area is located immediately south of the town of Caldeira on the Bahia Inglesa in northern Chile. The Ki project, 53 licenses covering 19,900ha is adjacent south and east from the Bifox mining ground and is 100% owned by the Kiwanda Alliance BVI Ltd. (Lara-Kiwanda). Phillips River has an option to acquire 100% interest in the Bifox mining rights and the right to acquire 100% of the Kiwanda Phosphate Alliance project. The documentation related to mining and exploration properties associated with the BiFox and Ki projects as presented in the reports, is accurate and the information is up to date.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The phosphate mineralization was initially located on follow up of airborne radiometric anomalies by the Chilean state agencies CORFO (Corporación de Fomento) and CCHEN (Comisión Chilena de Energía Nuclear). The focus of initial investigation was to locate a potential uranium resource. Phosphate was subsequently discovered at the site. CORFO/CCHEN conducted an extensive exploration program in the project area from 1983 to 1985. Work included geologic mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical testwork and resource studies.

Criteria	JORC Code explanation	Commentary
		<p>CORFO/CCHEN calculated total resources in all categories [deletion of original calculation of resource size as not JORC compliant] at greater than 7.5% P2O5. This estimate was competed in the 1980's and is not compliant with the JORC mineral reporting code.</p>
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Bahia Inglesa phosphate deposits are typical of sedimentary hosted phosphate deposits and are hosted in the Miocene to Pliocene formations of the Bahia Inglesa Formation. This is comprised of up to 42 m siltstones, fine sands, shelly coquinas pebble beds, and phosphate-rich rocks deposited on a crystalline basement, composed of Paleozoic metamorphic rocks and Cretaceous granitoids. These deposits represent a near shore shallow marine setting. It is partially covered in some localities by a thin cover of Pliocene clastic and chemical sediments. The principal target area lies in a 20 km by 12 km graben-like basin along the coast between Bahia Inglesa and the Copiapó River. Within the broad target area outliers of basement occur and there are a number of sub-basins separated by basement highs. Phosphate mineralization occurs in the upper part of the Bahia Inglesa Formation in 3 different stratigraphic locations. The Lower Phosphate Manto is an extensive unit 0.1 to 0.4 meters thick and is hosted within the lower part of a sandstone-siltstone unit. One to 2 meters above the Lower Phosphate Manto is the Main Manto which is up to 2 meters thick and consists of a phosphate pebble conglomerate. The third type of mineralization is described as fluvial deposits which are up to 7 meters thick and

Criteria	JORC Code explanation	Commentary
		consist of conglomeratic units interbedded with phosphatic sandstones. Clasts in the conglomerates are described as consisting of 70% phosphorite and 30% basement lithologies.
Drill hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ 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. • 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. 	<ul style="list-style-type: none"> • No drill hole activity has been undertaken by the Company. • The trenching programme established that the historical drill programme results were consistent with the historical mining pattern. • The sampling programme was not designed to provide detailed knowledge of the mineralisation but rather to confirm the field observations, mapping of basement outcrops and to provide insight to the geology of the basin and location of future mining areas. • The sampling was primarily designed to provide confirmation to the Company of the potential of the area. • The Current Mining Area Target is located immediately to the Southeast of the current BiFox Mining operation. • At the Mining Area Target, 11 trenches were dug to depths of 1 to 4 meters. Eight of these trenches intersected phosphorite at depths varying from 0.3 to 3.0 meters. • The mineralized trenches delineate an area 800m long and 100m to 300m wide. • The overburden thickness increases toward the Southeast where economic extraction will be ultimately limited by depth of the overburden. • To the North of PT-21, the phosphorite has been uplifted by the crystalline outcrop and then eroded by historical events. • The Eastern Target is located 1.5 km to the east of the BiFox mining area. • Ten trenches were dug in this area to depths of 1 to 12

Criteria	JORC Code explanation	Commentary																																																																					
		<p>meters. Three of the trenches intersected phosphorite horizons ranging in thickness from 0.3 to 0.7 meters.</p> <ul style="list-style-type: none"> Some of the mineralization in the Eastern Target consists of nodular phosphorite within conglomeratic sediments. The mineralization probably represents concentrations of phosphate nodules by current action in tidal channels. This style of mineralization could potentially result in multi-metre phosphorite bodies which can be easily concentrated by screening. Results of the various targets are included below <table> <tr> <th>rL (m)</th><th>Depth (m)</th><th>Intercepts (m)</th></tr> <tr><td>101</td><td>3.0</td><td></td></tr> <tr><td>103</td><td>10.5</td><td>4.50 – 4.70</td></tr> <tr><td>93</td><td>4.0</td><td></td></tr> <tr><td>99</td><td>5.0</td><td>2.25 – 2.55</td></tr> <tr><td>98</td><td>2.7</td><td>1.90 – 2.30</td></tr> <tr><td>103</td><td>3.0</td><td>1.80 – 2.10</td></tr> <tr><td>107</td><td>4.0</td><td></td></tr> <tr><td>104</td><td>4.0</td><td></td></tr> <tr><td>105</td><td>3.0</td><td>2.00 – 2.20</td></tr> <tr><td>111</td><td>3.0</td><td>1.95 – 2.05</td></tr> <tr><td>99</td><td>3.0</td><td></td></tr> <tr><td>102</td><td>3.0</td><td>1.95 – 2.15</td></tr> <tr><td>108</td><td>3.0</td><td></td></tr> <tr><td>106</td><td>4.0</td><td>3.00 – 3.30</td></tr> <tr><td>104</td><td>1.0</td><td>0.40 – 0.70</td></tr> <tr><td>104</td><td>2.0</td><td>0.30 – 0.45</td></tr> <tr><td>104</td><td>2.0</td><td>0.75 – 0.90</td></tr> <tr><td>105</td><td>3.0</td><td>2.10 – 2.30</td></tr> <tr><td>104</td><td>1.7</td><td>1.00 – 1.30</td></tr> <tr><td>105</td><td>2.0</td><td>1.20 – 1.30</td></tr> <tr><td>105</td><td>2.0</td><td></td></tr> <tr><td>108</td><td>1.0</td><td></td></tr> </table>	rL (m)	Depth (m)	Intercepts (m)	101	3.0		103	10.5	4.50 – 4.70	93	4.0		99	5.0	2.25 – 2.55	98	2.7	1.90 – 2.30	103	3.0	1.80 – 2.10	107	4.0		104	4.0		105	3.0	2.00 – 2.20	111	3.0	1.95 – 2.05	99	3.0		102	3.0	1.95 – 2.15	108	3.0		106	4.0	3.00 – 3.30	104	1.0	0.40 – 0.70	104	2.0	0.30 – 0.45	104	2.0	0.75 – 0.90	105	3.0	2.10 – 2.30	104	1.7	1.00 – 1.30	105	2.0	1.20 – 1.30	105	2.0		108	1.0	
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Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> All results are included – no truncation or grade cut-offs were established 																											
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</i> 	<ul style="list-style-type: none"> Not applicable. 																											
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> No discovery is being reported. No JORC resource is being reported 																											
Balanced reporting	<ul style="list-style-type: none"> <i>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</i> 	<ul style="list-style-type: none"> The various samples were tested by 2 labs. Comparative results follow. 																											

Criteria	JORC Code explanation	Commentary		
	misleading reporting of Exploration Results.	Thickness of P seams	% P ₂ O ₅ AcmeLabs	% P ₂ O ₅ BiFox
		0.20 m	18.65	19.4
		-	0.21	1.6
		-	0.46	0.3
		-	1.28	1.4
		0.30 m	15.56	16.4
		0.30 m	13.14	13.6
		0.10 m	8.16	8.5
		-	7.91	8.2
		0.40 m	14.62	14.9
		-	1.40	1.5
		0.30 m	10.88	11.1
		-	0.44	1.6
		-	2.96	3.8
		-	0.33	3.7
		0.20 m	15.89	17.6
		0.20 m	18.06	18.3
		-	0.80	0.9
		0.20 m	17.56	18.0
		0.30 m	14.23	14.5
		0.30 m	17.10	17.7
		0.15 m	18.87	18.5
		0.15 m	21.59	20.2
		0.20 m	22.40	22.5
		0.30 m	23.55	24.0
		0.10 m	17.63	17.2
		-	18.58	18.7
		-	0.37	0.7
		0.60 m	19.15	19.0
		-	1.08	1.0
		-	0.25	0.4
		0.30 m	16.59	17.1
		-	2.65	2.7
-	17.46	17.7		
Other substantive exploration	<ul style="list-style-type: none">Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical	<ul style="list-style-type: none">No other exploration data is reported.		

Criteria	JORC Code explanation	Commentary
data	<i>survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> A programme to establish a JORC resource is planned for 2016/17. No plan has yet been established for the drill programme.

Independent Geologists Report

Carbhid SAS, Escalones and Pelaya

February 2016



Phillips River Mining Limited

Independent Geologists Report – Andean Coal Assets

10 February 2016

Competent Person:

Andre Gauthier
Consultant
Gold Holdings Limited

Competent Person's Statement

The information in this Report is based on information compiled by Andre Gauthier who is qualified to provide such information under the 2012 edition of the JORC Code. Andre Gauthier is a consultant to Gold Holdings Limited and has been retained by Phillips River. Andre Gauthier is a Member of the Quebec Institute of Engineers which is a 'Recognised Professional Organisation' under the JORC Code.

Andre Gauthier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which is being undertaken to qualify as a Competent Person as defined in the JORC Code.

Andre Gauthier has consented in writing to the inclusion of this Report in the Prospectus.

Also attached is the Table 1 Checklist of Assessment and Reporting Criteria in accordance with the JORC Code.

Part 1 - Carbhid SAS and Escalones

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1. SUMMARY

The Escalones Property is wholly held by Hector Vargas Cruz, a Colombian citizen. Carbhid SAS (“Carbhid”), a Colombian company, signed an operating contract for the property in 2013. In 2013, Andean Coal (BVI) Ltd., (“Andean Coal” and to be a wholly owned subsidiary of Phillips River Mining Limited) signed two separate agreements to acquire new shares in Carbhid, representing an aggregate 19.91% interest in the Company, in exchange for investments of approximately US\$409,000 (approximately US\$332,000 of which had been cash called and invested in the development of the Escalones Property. In January 2014, Andean Coal entered into an option agreement to earn a 51% direct interest in all of Carbhid’s rights to the Escalones Property, by investing US\$830,000 in exploration and development works.

Upon completion of the purchase of shares representing a 19.91% ownership interest in Carbhid and the purchase of a direct 51% interest in the Escalones Property, Andean Coal will have a net 60.75% beneficial interest in the Escalones Property.

The original property comprises Mining Concession Agreement FGL-111, covering 154.237 hectares in area, located in the Department of Boyacá, near the town of Tunja, in central Colombia. The Escalones Property covers a 98.58 hectare portion of Mining Concession Agreement FGL-111.

El Diamante and Carbhid-2 are operating mines that have in part been developed and put into production with the funds invested by Andean Coal. The mines both have inclined shafts accessing target coal seams, above ground production facilities, approved and valid Operating (“PTO”) and Environmental Licenses. They are located inside the Escalones Property and are the property of Carbhid.

The Escalones Property can be easily accessed from the historic town of Tunja, which itself is reached from Bogota on an excellent paved road (National highway 55) in approximately 3 hours depending on traffic. The town of Tunja is located on the eastern range of the Colombian Andes, in the region known as the Altiplano Cundiboyacense, 130 km northeast of Bogotá. In 2012, it had an estimated population of 181,407 inhabitants. It is the capital of Boyacá department and the Central Boyacá Province. Tunja is an important educational center and university town, originally founded by the Spanish in 1539.

The host Guaduas Formation was deposited during the Cretaceous - Tertiary transition, in the central part of the Colombian Eastern Cordillera and it has been recognized as a mudstone succession, with some sandstone levels and coal seams.

The Guaduas Formation is divided into three mudstone members separated by sandstone units. The Upper Member is separated from the Middle Member by the La Lajosa sandstone, while the Middle Member is separated from the Lower Member by the La Guia sandstone. The Middle and Upper Members of the formation are the main hosts for the coal beds in the region, although local production is currently served exclusively from the Middle Member. The Upper Member is not observed on the property. In the area, the Middle Member is known to host up to 11 different, gently ESE dipping, coal seams (known locally as “mantos”) for a cumulative average thickness of approximately 15 metres.

Carbhid has not done any drilling on the property. Given an active mining history in the district of over 50 years position and comportment of the coal seams is well understood and Carbhid’s approach has been to fast-track production following the known seams with underground workings, which it considers cheaper than diamond drilling. However, diamond drilling is recommended here as part of the investment by Andean Coal, to accelerate larger-scale development and assess the long-term resource potential of the Escalones Property.

Carbhid's personnel refer to the presence of both metallurgical and thermal quality coals in the area. Coal beds can extend for tens of kilometres although thicknesses, which range from centimeters to a few metres, may vary considerably laterally. The cumulative average thickness of coal beds in the region is approximately 15 metres. Individual beds rarely exceed 4-5 metres and are usually much thinner. Seams thicker than 0.8 m are considered potentially economically exploitable.

Since 2013, Carbhid operates a small scale mine at the El Diamante mine site located in the northern portion of the property. The El Diamante mine site includes, an office and dry, a hoist room, a 180 metre long inclined shaft (-35°) with tracks, a 120 tonnes ore bin, a waste pad and water treatment facilities. The current mining rate at El Diamante is 300 tonnes per month, though development is sufficient to produce 500 tonnes per month.

Mining at El Diamante is being carried out from various levels developed perpendicular to the inclined shaft (all less than 2 m in height). Coal is broken manually with picks and shovels while waste rock is often broken with an electrical jack hammer. Mining method is Room and Pillar along individual coal seams.

Since the beginning of the mining operations, all the coal being extracted at El Diamante has been sold to local thermal power stations. The goal for El Diamante is to reach a production rate of 1,500 tonne per month in the short term (within a year). Longer term the goal is to reach a monthly production rate of 15,000 tonnes per month from the Escalones Property. Mine life is estimated at 22 years (the current limit of the Mining Concession Agreement).

A second operating front has been developed at Carbhid 2, using the funds invested by Andean Coal, which began producing in 2014. An inclined shaft was developed at Carbhid 2 to access various coal beds and construction of remaining above-ground facilities, a new hoist room and ore bin, was completed in early 2014.

A third mine, denominated Carbhid 4, is being planned in the northern portion of the property. Carbhid 4 is targeting the La Cisquera coal seams (mantos 1 and 2) which are believed to have an average thickness of 4.5 metres according to information coming from outcrops and drilling intercepts outside, but proximal enough to be relevant to the property.

Andean Coal's short term objective is to explore and develop several coal beds from four locations on the Escalones property. A \$1,000,000 budget is proposed, with the main priorities as follows:

- Complete one 140 meters long vertical diamond drill hole to study the stratigraphy and evaluate its coal potential;
 - Increase underground development of Manto 7 at the El Diamante mine, to increase production capacity from 300 tonnes per month (t/m) to reach a production rate of 800 t/m
 - Continue the development at the Carbhid 2 mine to build the production up to a rate of 800 t/m from various coal beds (Mantos 1 to 7)
 - Initiate development of the Carbhid 4 and 5 mines in order to explore and develop underground access to the La Cisquera seams (Mantos 1 and 2)
 - Develop a coal gathering system
-

2. INTRODUCTION

The Escalones Property is wholly held by Hector Vargas Cruz, a Colombian citizen. Carbhid SAS (“Carbhid”), a Colombian company, signed an operating contract for the Escalones Property in 2013. In 2013, Andean Coal (BVI) Ltd., (“Andean Coal” to be a wholly owned subsidiary of Phillips River Mining Limited) signed two separate agreements to acquire new shares in Carbhid, representing an aggregate 19.91% interest in the Company, in exchange for investments of approximately US\$409,000 (approximately US\$332,000 of which had been cash called and invested as at January 30, 2014) in the development of the Escalones Property. In 2014, Andean Coal entered into another option agreement, to earn a 51% direct interest in all of Carbhid’s rights to the Escalones Property.

Upon completion of the purchase of shares representing a 19.91% ownership interest in Carbhid and the purchase of a direct 51% interest in the Escalones Property, Andean Coal will have a net 60.75% beneficial interest in the Escalones Property. Andean Coal (BVI) Ltd., is equally owned by Lara Exploration Ltd. (“Lara”) and Kiwanda Mining Partners LP (“Kiwanda”) and is proposed to be sold in total to Phillips River Mining Limited.

SOURCES OF INFORMATION

A previous an independent geologist report was prepared in accordance with NI 43-101 and Form 43-101F1, in respect of the assets.

The Author has drawn on that report and other investigations to form this report. The conclusions, recommendations with exploration programs and budgets outlined in that reference report and in this report are valid, are consistent with those of other junior mineral exploration companies previously and currently

operating in the area, and that are required to determine the full potential of the Property.

LIST OF ABBREVIATIONS AND CONVERSION FACTORS (Tables 2.1 and 2.2)

Units of measurement used in this report conform to the SI (metric) system. All currency in this report is US dollars (\$) unless otherwise noted. \$1 is approximately 1,940 Colombian Pesos (COP) as of the date of this report.

FIGURE 2.1

MAP OF COLOMBIA SHOWING
THE LOCATION OF THE ESCALONES PROPERTY



TABLE 2.1
LIST OF ABBREVIATIONS

°C	Degrees Celsius	BTU/lb	British Thermal Unit per pound
g	Grams	st	Short tons
ha	Hectares	t	Metric tons
kg	Kilograms	lbs/ton	Pounds per short ton
km	Kilometres	\$	Australian dollars
masl	Meters above sea level	US\$	US dollars
m	Meters	COP	Colombian pesos
cm	Centimetres	ASTM	American Society for Testing and Materials
mm	Millimetres		
'	Foot		
"	Inch		

TABLE 2.2
LIST OF CONVERSION FACTORS

1 inch =	25.4	mm	1 mm =	0.3937	inch
1 foot =	0.305	m	1 m =	3.28083	foot
1 mile =	1.609	km	1 km =	0.6214	mile
1 acre =	0.405	ha	1 ha =	2.471	acre
1 acre =	4046.82	m ²	1 ha =	0.01	km ²
	5				
1 pound (avdp) (lb)	0.454	kg	kg =	2.205	lb
	=				
1 pound (avdp) (lb)	1.215	pound (troy)	kg =	2.679	pound (troy)
	=				
1 ton (short) =	0.907	t	t =	1.102	1 ton (short)
1 Btu/lb =	1.79957	kcal/kg (1.8)			

3. RELIANCE ON OTHER EXPERTS

This report has been prepared for Phillips River Mining Limited. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available at the time of preparation of this report;
- Assumptions, conditions, and qualifications as set forth in this report;
- Data, reports, and other information supplied by Carbhid, Andean Coal and other third party sources; and
- Title legal opinion and summary of Colombia's mining law provided by lawyers Alexandria Abogados and Consultores, Bogota, Colombia

This report has relied on ownership information provided by Phillips River from its investigations.

4. PROPERTY DESCRIPTION AND LOCATION

CONCESSION FGL-111

The original property consists of one mineral concession (FGL-111) covering 154 hectares and located in the Department of Boyacá near the town of Tunja, central Colombia (**Figures 4.1 and 4.2**).

Mining Concession Agreement FGL-111 refers to a mining property devoted to the extraction of mineral coal, located in the rural settlements known as Lluviosos and Pijaos in the municipality of Cucaita, department of Boyacá, which comprises 154.2352 hectares, defined by the Mining Concession Agreement entered into on November 27, 2012 and filed before the National Mining Registry under the same number (FGL-111), with validity as of December 06, 2012 up to December 05, 2042, and subject to renewal. The titleholder (Hector Vargas Cruz) received an operating licence or PTO (Programa de Trabajo y Obras) from Ingeminas in 2012.

Escalones Property

The Escalones Property covers part of Mining Concession Agreement FGL-111, totally 98.58 hectares, as evidenced in the Mining Operation Sub-Agreement entered into between Hector Vargas Cruz and Carbhid signed on September 11, 2013. The Mining Operation Sub-Agreement is valid up to the termination of the Mining Concession Agreement FGL-111. As provided for in the Mining Operation Sub-Agreement, Carbhid shall be in charge of carrying out all the mining operations in the Escalones Property and shall pay all the costs and expenses related to the same in exchange for remuneration in kind, which shall be paid with the corresponding production derived from the Property.

Ownership of production and remuneration received by Carbhid in return for operating the Escalones Property, is defined in the Fifth Clause of the Mining Operation Sub-Agreement, which reads as follows:

“The parties herein agree that all the mineral which should be extracted by the Contractor or Operator of the area subject matter of the present agreement, shall be commercialized by the Contractor or Operator, directly or by means of agents, and the corresponding collection derived from the sale of the same shall be distributed as follows:

- a. Ninety four point five percent (94.5%) of the commercial value of the coal production (placed on vehicle) shall be the property of the Contractor or Operator, and
- b. The remaining five point five percent (5.5%) shall be the exclusive property of the Contracting Party.”

An Exclusion Area refers to a sector within the Escalones Property, as defined in the Mining Operation Sub-Agreement, in which Hector Vargas Cruz has retained the right to exploit, at his own expense or at the expense of a third party, the uppermost coal seam of the area identified in the Operating License (PTO, as per its Spanish acronym) as Manto 4 and which, both Hector Vargas Cruz and Carbhid refer to as Cerrjoncito Dos (**Picture 2**).

Carbhid may explore and exploit at any time, any or all the coal seams in the Exclusion Area referred to above, except the Manto 4 seam as defined in the Cerrejoncito PTO. Said layers make integral part of the purpose of the Mining Operation Sub-Agreement.

El Diamante and Carbhid-2 are two mines currently operating mine shafts with production facilities, as well as with approved and valid Operating (PTO) and

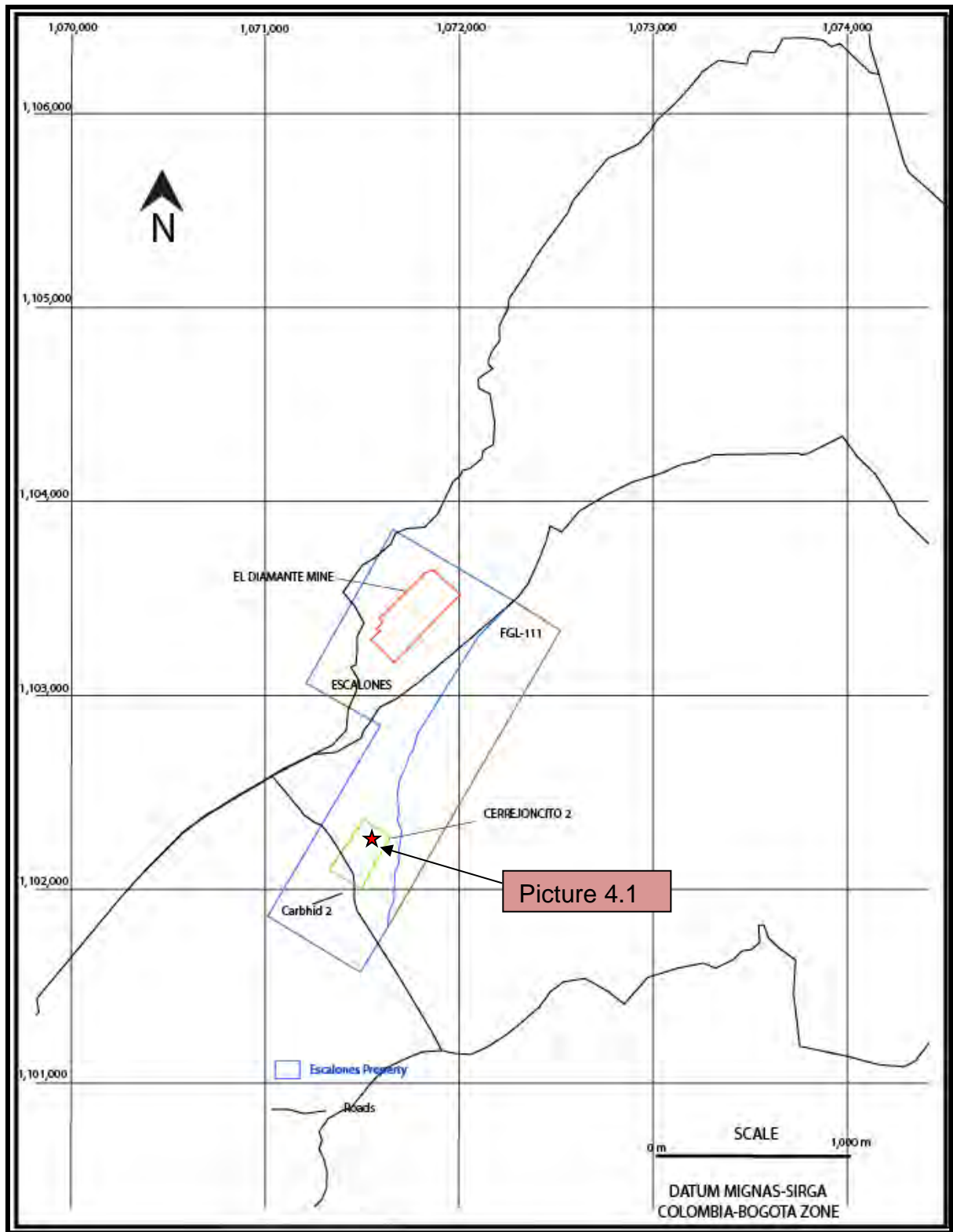
Environmental Licenses are located inside the Escalones Property and are the property of Carbhid, and the 94.5% attributable coal production derived from them comprises part of the agreement between Andean Coal and Carbhid.

The Area of Interest defined in the Option Agreement between Andean Coal and Carbhid refers to the area pertaining to the Escalones Property, the exploration and production projects that any of the Parties develop within it, as well as anything that falls anywhere within 5 kilometres from the limits of the Escalones Property.

Upon Phillips River closing this transaction, it will own 100% of Andean Coal, which in turn will own direct and indirect (through its ownership of Carbhid shares) interests in the Escalones Property, representing a net 60.75% beneficial ownership interest.

FIGURE 4.1
LOCATION MAP





PICTURE 4.1
CERREJONCITE 2 MINE



To the author's knowledge there is no environmental liability related to the property.

MINING REGIME IN COLOMBIA

(latinlawyer.com)

Mining regulations in Colombia follow the principle that (with limited exceptions) all mineral deposits are property of the state and therefore may only be exploited with the permission of the relevant mining authority, the National Mining Agency.

According to Colombian regulations, any person and public or private entity which expressly includes in its object mining exploration and exploitation may apply for a mining title. Notwithstanding the foregoing, territorial entities (i.e.

municipal or regional governments), companies or contractors which intend to construct, repair, maintain or improve a national, departmental or municipal public roads or to develop a major infrastructure project declared of national interest by the government, will be able to, subject to the environmental regulation, request before the mining authorities a temporary authorisation to extract from neighbouring rural properties to the working site, the necessary construction materials to perform the mentioned activities.

There are two main bodies of law that regulate mining titles that are in force in Colombia: Decree 2655 of 1988, which is the former mining code, which still governs mining titles issued before 9 February 2001; and Law 685 of 2001, which is the current mining code. Law 685 was amended in 2010 by Law 1382 of 2010, which was declared unconstitutional and which is no longer in force. Therefore, Law 685 as issued in 2001 is the primary source of mining law in Colombia.

Under Decree 2655 of 1988, mining activities were divided into (i) small-scale activities; (ii) medium-scale activities and (iii) large-scale activities. For (ii) and (iii), concession agreements were granted; otherwise, exploitation licences were granted for production.

Exploration licences

This authorisation grants the holder the right to explore a determined area for a limited term, which is determined by the size of the requested area. Once the term of the exploration licence is complete and if the title holder has complied with all of its obligations, it has the right to request the corresponding exploitation licence (if the exploitation project is considered small-scale) or concession agreement (for medium or large-scale mining projects).

Exploitation licences

Once the area had been explored in accordance with the exploration licence and if as a result the mining project was classified as a small mining project, the title holder is entitled to request an exploitation licence. This title permits the exploitation of the area for an initial term of 10 years. Two months before the initial term lapses the title holder is entitled to request the extension of the exploitation licence for 10 years or to apply for a concession agreement.

Concession agreement

This title grants the holder the exclusive right to extract the corresponding minerals and to conduct the necessary work to explore, exploit, process, transport and ship the relevant minerals. These titles have a 30-year term.

Aporte Minero

The Ministry of Mines and Energy grants entities having as part of their purpose the development of mining activities, the exclusive and temporary right to explore and exploit the deposits located in a determined area. The entities that are granted this right were entitled by law to subcontract the mining activities with any third party.

In 2001, Congress issued Law 685 (the Mining Code). This law established that, from that date, the rights to explore and exploit mining reserves would only be granted solely through mining concession agreements, regardless of the expected production. This new form of contracting did not affect the pre-existing mining titles (licences, aportes and concessions) which continue to be in force until their term lapses and are governed by Decree 2655 of 1988.

The 2001 Concession Agreement includes the exploration, construction, exploitation and mine closure phases and are granted for periods of up to 30

years. This term is extendable for thirty years, subject to compliance with certain economic and technical requirements as set forth by Decree 943 of 14 2013. According to the Mining Code, the initial term was divided into three different phases:

- **Exploration:** During the first three years of the concession agreement, the title holder will have to perform the exploration of the concession area, this term may be extended for two additional years upon request from the title holder. Pursuant to Law 1450 of 2011 (National Development Plan), the titleholder may request subsequent two-year extensions for up to a total of 11 years of exploration.
- **Construction:** Once the exploration term expires the title holder, subject to the necessary permitting, may begin the construction of the infrastructure to perform exploitation and related activities. This phase has an initial three-year term which may be extended for one additional year.
- **Exploitation:** During the remainder of the initial term minus the two previous phases, the title holder will be entitled to perform exploitation activities.

As per Law 1450 of 2011, the government established the possibility to determine areas of 'strategic interest' which would be granted in concession by an objective selection or tender process. The government announced the first tender would take place by the end of 2012, but new announcements have now delayed the first bidding process until the first quarter of 2014.

With respect to the minerals included in a mining title, it is important to note that mining rights are usually granted for specific minerals within the concession area; however if the title holder finds other minerals within the granted area, it may request the mining authorities to extend the object of the agreement to include

them. It is also possible for the applicant for a mining concession agreement to request the concession of 'other minerals', which would entitle the titleholder to extract other minerals found in the relevant mining area.

Environment

In relation to the environmental requirements, Colombian laws have distinguished between the environmental requirements for exploration activities and those that have to be fulfilled for construction and exploitation works. During the exploration phase, the title holder does not require a specific environmental permit or licence (unless it plans to use natural resources during this phase, case in which the respective permit will have to be obtained with the relevant environmental authority); however, it will have to comply with the mining and environmental guides issued by the Mines and Energy Ministry and the Environmental Ministry.

In order to begin and perform construction and exploitation operations, the title holder must obtain an environmental licence. Environmental licences may include all the necessary permits, authorisations and concessions for the use of natural renewable resources in the development or operation of the mining project, construction or activity.

In order to obtain an environmental licence, the applicant must file an environmental impact assessment which includes among others; a description of the project, the natural renewable resources to be used and a report of the possible environmental impacts and the measures that are going to be taken to prevent, mitigate, correct or compensate them. Depending on the size of the mining project, the relevant authority to issue the environmental licence may be the Environmental Ministry or the Regional Environmental Authority (CAR). Starting in 2011, the Environmental Licences Agency was created as part of the central government, and will now be in charge of issuing environmental licences.

Fees

There are different government fees and royalties payable by mining titleholders. During the exploration and construction phases, the holder of a concession agreement must pay a surface fee. For concession agreements granted before 9 February 2010 and after 12 May 2013 (the date on which Law 1382 of 2010 became ineffective by decision of the Constitutional Court) the surface fee is equivalent to one Colombian minimum daily wage (approximately US\$10.80 in 2012) per hectare per year for areas up to 2,000 hectares, two minimum daily wages per hectare per year for areas of 2,000 to 5,000 hectares, and three minimum daily wages per hectare per year for areas between 5,000 and 10,000 hectares.

Concession agreements granted after the enactment of Law 1382 of 2010 and up until 12 May 2013 will have to pay a surface fee equivalent to one Colombian minimum daily wage per hectare per year for the first five years of exploration. Thereafter, the surface fee for exploration shall increase every two years of exploration in 0.25 minimum daily wages per hectare per year. For the construction phase, the title holder will have to pay a surface fee at the same rate that it paid during the last year of exploration

Royalties

During exploitation, the title holder will have to pay a royalty equivalent to a determined percentage of the value of the production at the mine pit depending on the extracted mineral as follows:

- coal (exploitation of more than 3 million tons/year): 10 per cent;
- coal (exploitation of less than 3 million tons/year): 5 per cent;

Surface Rights

Mining titles do not grant their holder any surface rights. However, provided that mining has been declared a public interest activity, if the title holder does not reach an agreement with the surface right owner, it may request the Mayor of the municipality where the property is located to impose a mining easement over the affected property. Mining easements may be established for the efficient exercise of the mining industry in all its phases and stages including transport and transformation and may extend to areas outside of the mining title. Mining easements are, unless otherwise determined by the parties, established for the same term as the concession it benefits.

Expropriation may also be requested by the title holder over the properties that may be indispensable for the development of the mining project. The mining expropriations may be requested before the mining authorities who will perform an evaluation to verify that the property to be expropriated is necessary to establish and operate the mining project and to determine the value of the compensation that must be paid to the surface rights owners.

As concerns transportation, operators must make all efforts to accommodate third parties in need of such transportation provided the relevant feasibility studies confirm the need to expand the relevant transportation method.

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

The Property can be easily accessed from the historic town of Tunja, which itself is reached from Bogota on an excellent paved road (National highway 55) in approximately 3 hours depending on traffic. Tunja is located on the eastern range of the Colombian Andes, in the region known as the Altiplano Cundiboyacense, 130 km northeast of Bogotá. In 2012, it had an estimated population of 181,407 inhabitants. It is the capital of Boyacá department and the Central Boyacá Province. Tunja is an important educational center of known universities, originally founded by the Spanish in 1539 (**Picture 5.1**).

PICTURE 5.1

VIEW OF THE TOWN OF TUNJA FROM SURROUNDING HILLS



From Tunja, the property can be reached in 15 minutes on dirt roads leading to the rural community of Cucaita. The property is located approximately 6 km from Cucaita (**Picture 5.2**). The elevation on the property ranges from 3,000 and 3,200 masl. Topography is moderate and access to all portions of the property is easy.

The area appears to be mostly dedicated to potato crops and small scale coal mining. Some remnants of acacia and pine forests can be observed. The fauna consists of birds and few small reptiles. Native species are long gone because of intensive deforestation.

Climate in the Escalones Property area is described as High Altitude Cold Climate. It consists of dry periods in January and February and again from June to September and wet periods from March to May and from October to December. Maximum monthly rainfall in the wet months reaches 95 mm while January, the driest month of the year, only gets 20 mm on average. Average annual rainfall is 681 mm (from the PTO). Temperature is quite stable all year round with an average of approximately 19-20 °C during the day and 6-9 °C at night. Average yearly temperature is 12.8° C.

The property is large enough to sustain small scale mining operations. Waste material is either stored near the mine shaft or trucked to a nearby location.

PICTURE 5.2

VIEW OF CUCAITA FROM THE EL DIAMANTE MINE, LOOKING NW



6. HISTORY

Coal has been known to occur in the area for centuries and small scale artisanal operations dedicated to the local market have been active for a very long time. On the Escalones Property, it is believed that informal artisanal miners have been actively producing on a small scale since the early 60's. Carbhid estimates that prior to 2003, the property was host to least 6 small and mostly informal operations. These operations were limited by lack of capital, technology, power, knowledgeable operators, etc.

The concession (FGL-111: 154.2 ha) was temporally granted to the actual title holder Hector Vargas Cruz in 2004 in order to re-organize and legalize the mining activity on the property. Mr. Vargas finally validated the title in November of 2012 and obtained an Operating Contract (Contrato de Concesion) valid until December 5th 2042.

Mr Vargas developed (himself or under sub-contracts) three small scale mining operations including Cerrejoncito 1, Cerrejoncito Dos that is lies within the Exclusion Zone within the Escalones Property and a third one near to Carbhids El Diamante mine. The Escalones Property and the El Diamante mine (located in the northern portion of the property), were originally optioned to a third party. Carbhid acquired the El Diamante mine from that third party in 2010. Subsequently, that third party lost its option on the Escalones Property which reverted to Mr. Vargas.

An Operating Contract for the Escalones Property was then signed over to Carbhid in September 2013 (under the same conditions obtained by Mr. Vargas in 2012) for a 98.58 ha portion of the concession held by Hector Vargas (out of the 154.2 ha). The upper coal level of the Cerrejoncito Dos PTO (within the 98.58 ha Escalones Property) was contracted to a third party by Mr. Vargas and is currently in operation (working coal seam or Manto 4). The lower coal beds within

the Exclusion Zone and all of the coal beds elsewhere in the Escalones Property are included in Carbhid's Operating Contract.

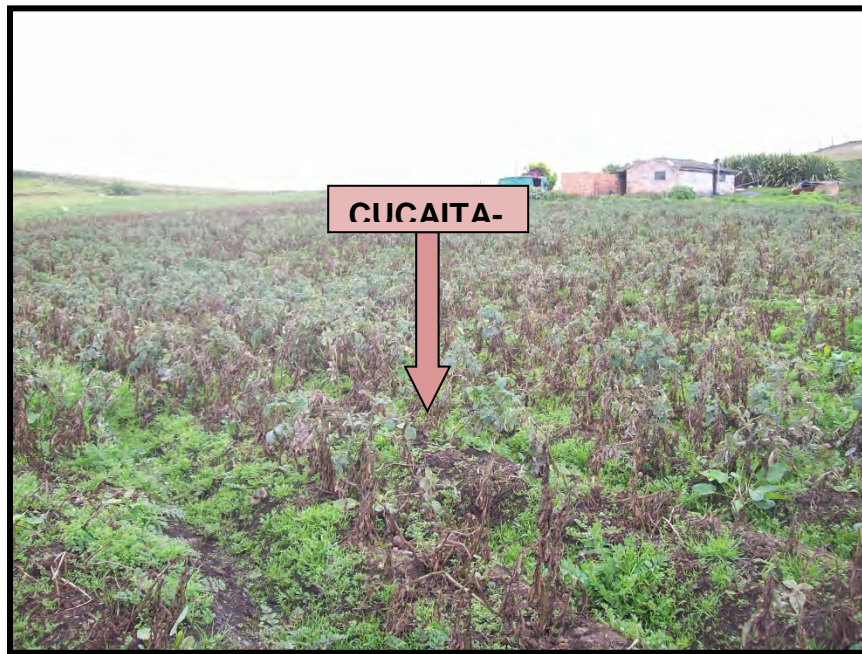
At the El Diamante and Carbhid 2 mine areas, rental contracts have been negotiated with surface right owners for the duration of the Operating Contract. An agreement has been finalized for Carbhid 2 and El Diamante.

The El Diamante mine has an actual rate of production of 300 tonnes per month. Recently, Carbhid has been developing a second producing area called Carbhid 2 (in the southern portion of the property near Cerrejoncito Dos), which has began production.

Carbhid has not done any drilling on the property. The approach is to follow the known coal beds with underground workings. Carbhid considers this cheaper than diamond drilling and is comfortable based on the 50 years of mining history in the area that the location and comportment of the coal seams are understood. However a government agency in partnership with a local university drilled a diamond drill hole on the property just east of the El Diamante mine in early 2011. The goal was to explore for oil and gas within the Guaduas Formation.

The vertical hole (Cucaita-1) hit a fault and was abandoned at around 290 metres. However, Carbhid was able to obtain the geological description of the core and was able to confirm that various coal beds were intersected (**Picture 6.1**). The author and Carbhid personnel were not able to see the core and no casing was left in place in the potato field where it was apparently drilled. The author had to rely on the word of Carbhid personnel. No analyses were made available to Carbhid.

PICTURE 6.1
LOCATION OF DRILL HOLE CUCAITA-1



7. GEOLOGICAL SETTING AND MINERALIZATION

Geological descriptions are taken from the PTO (Programa de Trabajo y Obras) elaborated by Ingeominas (Instituto Colombiano de Geología y Minería, a government mining agency) and Universidad Pedagógica y Tecnológica de Colombia for the development of concession FGL-111 in 2010. Another excellent reference for the geology of the area is Ingeominas report on Guateque (Plancha 210).

The main structural feature observed in the region is the NE-SW striking asymmetrical Albarracin-Tunja syncline centered on the property (**Figure 7.1**). The syncline affects various sedimentary units of Cretaceous to Eocene age. Over most of the property, the sedimentary units dip gently to the ESE being almost flat lying in the core of the syncline.

The oldest units, outcropping to the NW of the project, consist of the Plaeners and Arenisca Tierna Formations of the Upper Cretaceous Guadalupe Group. They create a topographic high directly to the west of the property. The Planears Formation is approximately 180 m thick in the area and mainly consists of yellow to grey “lutites” (mudstones-siltstones) with lesser, sandstones and porcelanites.

The Arenisca Tierna Formation overlays the Plaeners Formation. It mostly consists of sandstones with minor yellow to grey mudstones. Its average thickness is also of 180 metres. These units do not contain significant coal seams.

These units are overlain by the Guaduas Formation which averages 500 m in thickness (**Figures 7.2 and 7.3**). The Guaduas Formation was deposited during the Cretaceous - Tertiary transition, in the central part of the Colombian Eastern Cordillera, and it has been recognized as a mudstone succession, with some sandstone levels, and carboniferous layers.

The Guaduas Formation is divided into three mudstone members separated by sandstone units. The Upper member is separated from the Middle Member by the La Lajosa sandstone while the Middle Member is separated from the Lower Member by the La Guia sandstone.

The Middle and Upper Members of the formation are the main hosts for the coal seams in the region, although local production is currently derived exclusively from the Middle Member. The Upper Member is not observed on the property.

In the area, the Middle Member is known to host up to 11 different gently ESE dipping coal seams (known locally as “Mantos”) for a average cumulative thickness of approximately 15 metres. The upper most coal beds (8 and 11) are not present on the property. **Figures 7.2 and 7.3** only show the productive portion of the Guaduas Fm.

A number of NE-SW striking and E-W striking faults have been interpreted or mapped regionally or from inside the mines (in red on **Figure 7.1**). Although displacements rarely exceed 5-10 metres, they create major problems for small scale miners who develop their operation without prior surface exploration.

The area of the Escalones Property hosts several small producers which extract both thermal and metallurgical quality coals.

FIGURE 7.1
GEOLOGICAL MAP OF THE AREA

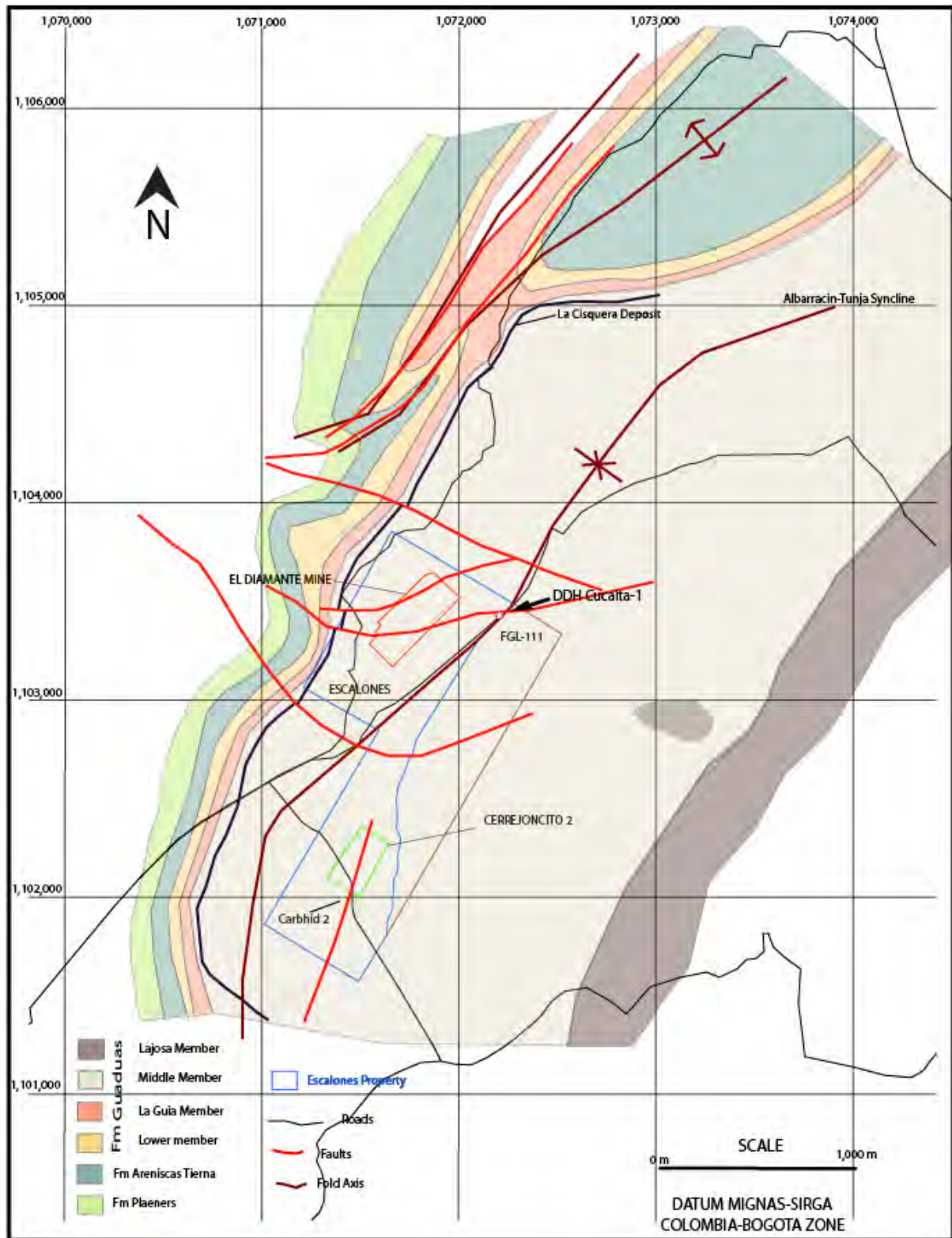


FIGURE 7.2
SCHEMATIC SECTION, PRODUCING EL DIAMANTE AND PLANNED
CARBHID 4 MINE AREAS

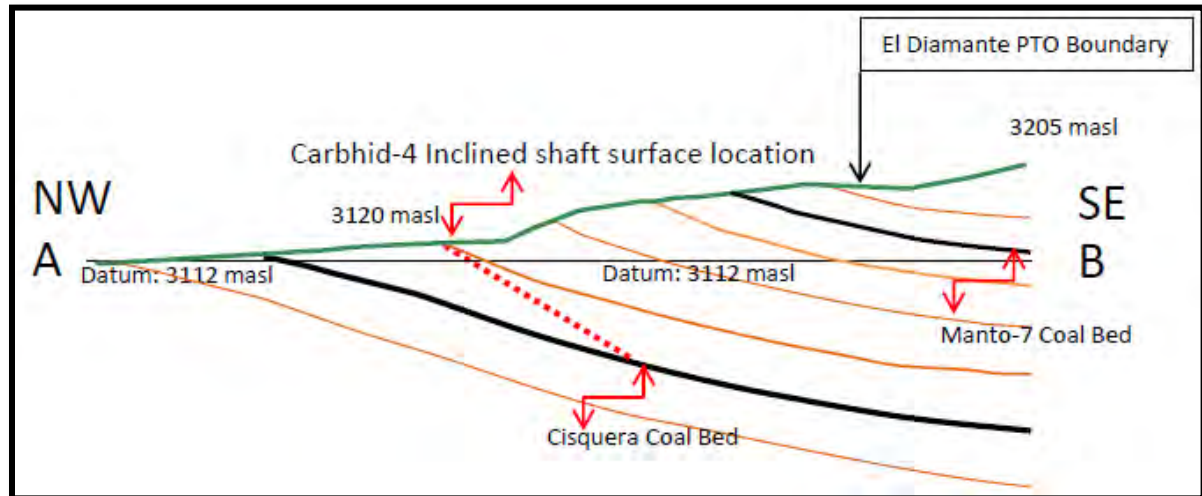
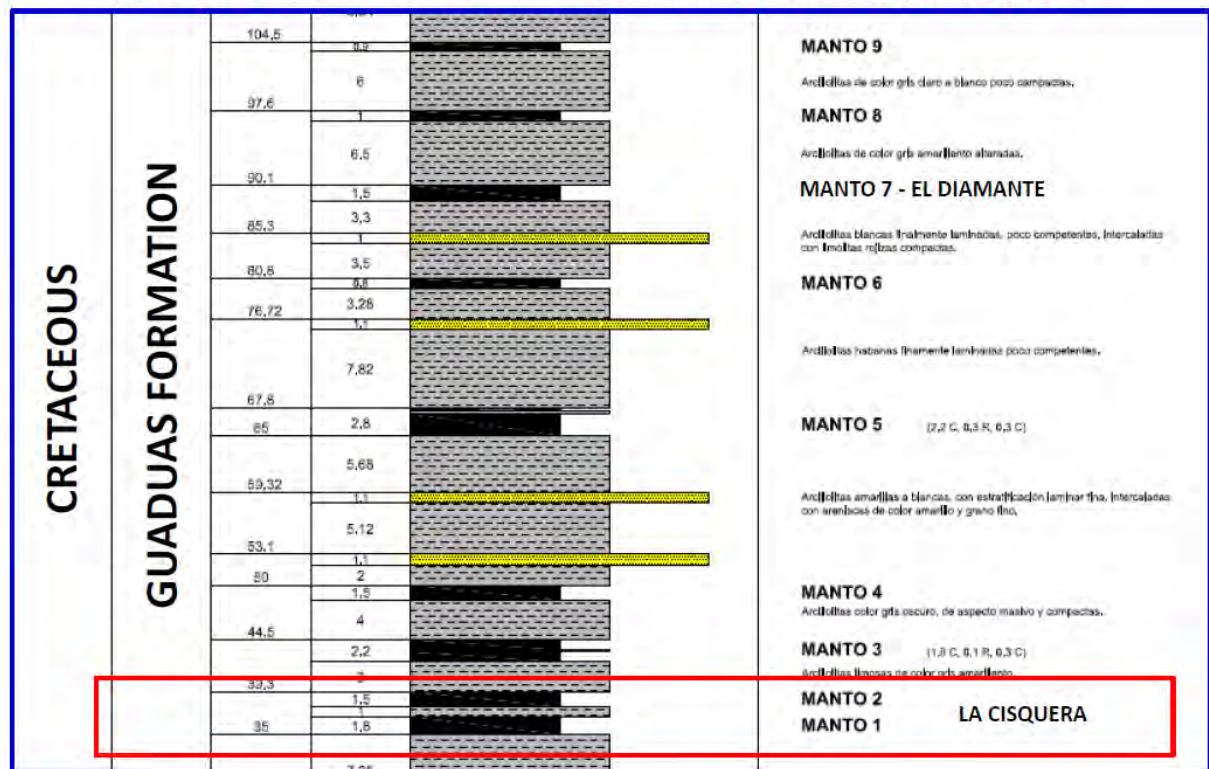


FIGURE 7.3
REGIONAL STRATIGRAPHIC COLUMN IN THE CARBHID-2 MINE AREA



8. DEPOSIT TYPE

At various times in the geologic past, the Earth had dense forests in low-lying wetland areas. Due to natural processes such as flooding, these forests were buried under the soil. As more and more soil deposited over them, they were compressed. The temperature also rose as they sank deeper and deeper. As the process continued, the plant matter was protected from biodegradation and oxidation, usually by mud or acidic water. This trapped the carbon in immense peat bogs that were eventually covered and deeply buried by sediments. Under high pressure and high temperature, dead vegetation was slowly converted to coal. As coal contains mainly carbon, the conversion of dead vegetation into coal is called carbonization.

The wide, shallow seas of the Carboniferous Period provided ideal conditions for coal formation, although coal is known from most geological periods. The exception is the coal gap in the Permian–Triassic extinction event, where coal is rare. Coal is known from Precambrian strata, which predate land plants — this coal is presumed to have originated from residues of algae.

Types of Coal (Figures 8.1 and 8.2)

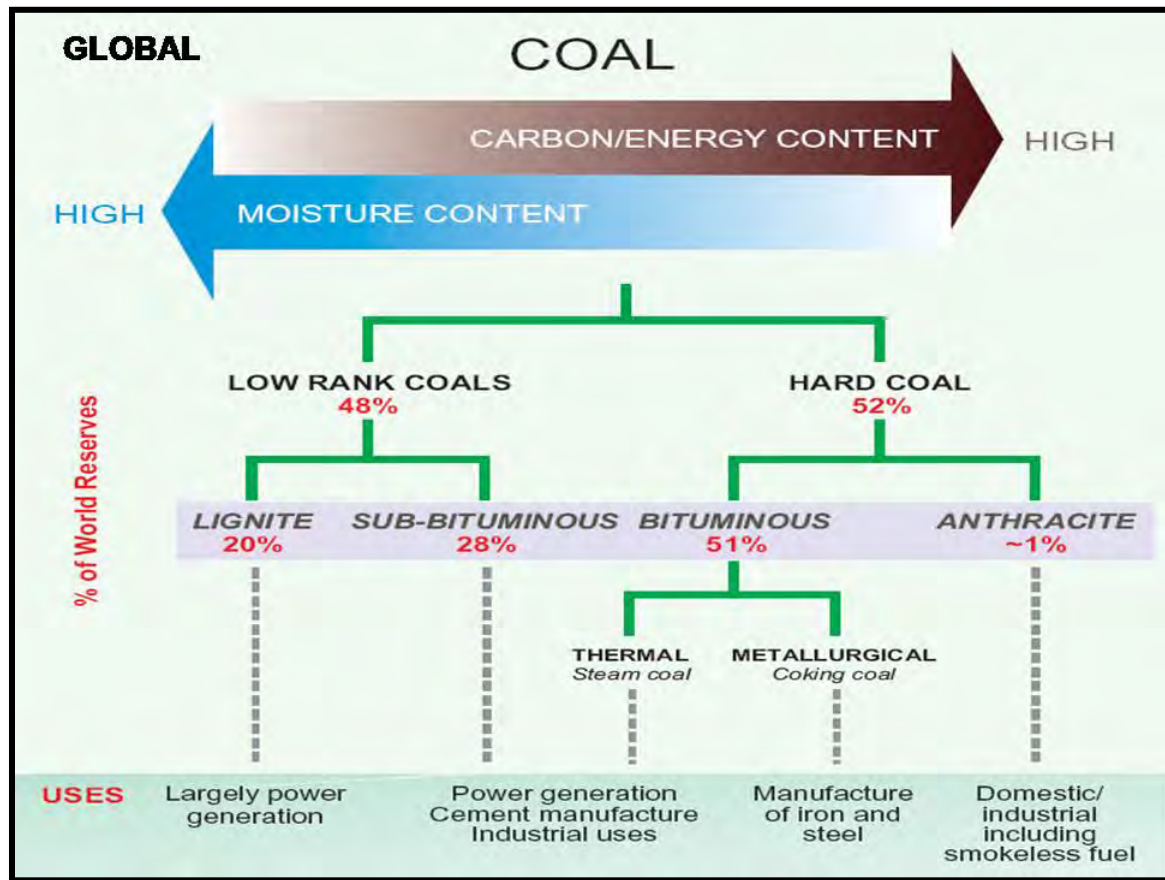
As geological processes apply pressure to dead biotic material over time, under suitable conditions it is transformed successively into:

- Peat, considered to be a precursor of coal, has industrial importance as a fuel in some regions, for example, Ireland and Finland. In its dehydrated form, peat is a highly effective absorbent for fuel and oil spills on land and water. It is also used as a conditioner for soil to make it more able to retain and slowly release water.
 - Lignite, or brown coal, is the lowest rank of coal and used almost exclusively as fuel for electric power generation. Jet, a compact form of
-

lignite, is sometimes polished and has been used as an ornamental stone since the Upper Palaeolithic.

- Sub-bituminous coal, whose properties range from those of lignite to those of bituminous coal, is used primarily as fuel for steam-electric power generation and is an important source of light aromatic hydrocarbons for the chemical synthesis industry.
 - Bituminous coal is a dense sedimentary rock, usually black, but sometimes dark brown, often with well-defined bands of bright and dull material; it is used primarily as fuel in steam-electric power generation, with substantial quantities used for heat and power applications in manufacturing and to make coke. Bituminous coal is the most common coal. Bituminous and sub-bituminous coals together represent more than 90 percent of all the coal consumed in the U.S. When burned, bituminous coal produces a high, white flame. Bituminous coal includes two subtypes: thermal and metallurgical.
 - Thermal coal is sometimes called steam coal because it is used to fire power plants that produce steam for electricity and industrial uses.
 - Metallurgical coal is sometimes referred to as coking coal, because it is used in the process of creating coke necessary for iron and steel-making. Coke is a porous, hard black rock of concentrated carbon that is created by heating bituminous coal without air to extremely high temperatures. This process of melting the coal in the absence of oxygen to remove impurities is called pyrolysis.
 - Anthracite, the highest rank of coal, is a harder, glossy black coal used primarily for residential and commercial space heating. It may be divided further into metamorphically altered bituminous coal and "petrified oil", as from the deposits in Pennsylvania.
 - Graphite, technically the highest rank, is difficult to ignite and is not commonly used as fuel — it is mostly used in pencils and, when powdered, as a lubricant.
-

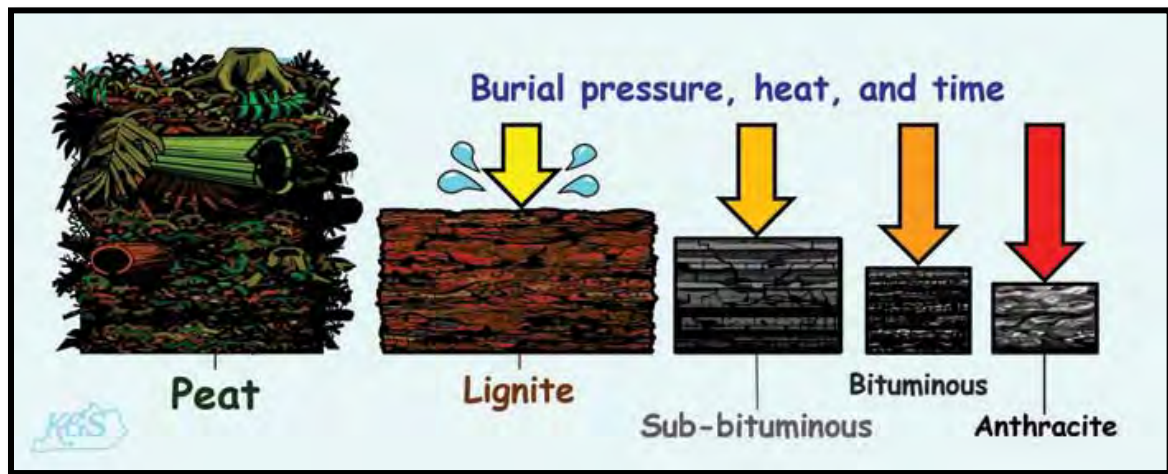
**FIGURE 8.1
TYPES OF COAL**



Source: worldcoal.org

Carbhid's personnel refer to the coal seams present in the Escalones Property as hosting both Thermal and Metallurgical Coals. The coal in the Tunja region is of Late Cretaceous age. Coal seams can extend for tens of kilometres although thicknesses, which range from centimeters to a few metres, may vary considerably laterally. The average cumulative thickness of coal beds in the region is approximately 15 metres. Individual beds rarely exceed 4-5 metres and are usually much thinner, with 0.8 m the usual cut off thickness for mining. Geology Type can be qualified as Moderately Complex while Deposit Type is Underground Mining (GSC Paper 88-21).

FIGURE 8.2
FORMATION OF THE COAL



Source: Kentucky Geological Survey

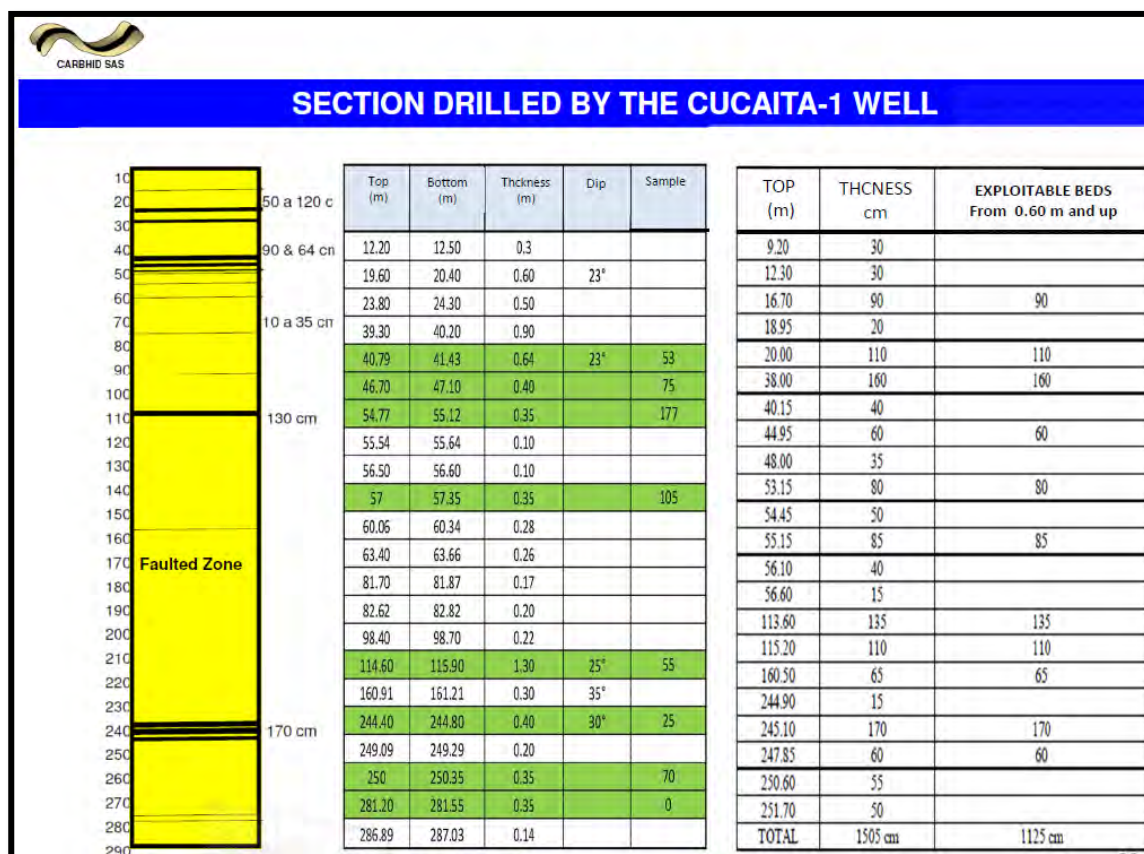
9. EXPLORATION

Carbhid has not done any significant surface exploration or drilling on the property. The approach for all operators in the region is to follow known coal beds with underground workings. Any displacement of the coal horizon by faulting can result in the loss of the coal bed and pinching can also adversely affect the economics of the operation since development is done without any precise geological control.

10. DRILLING

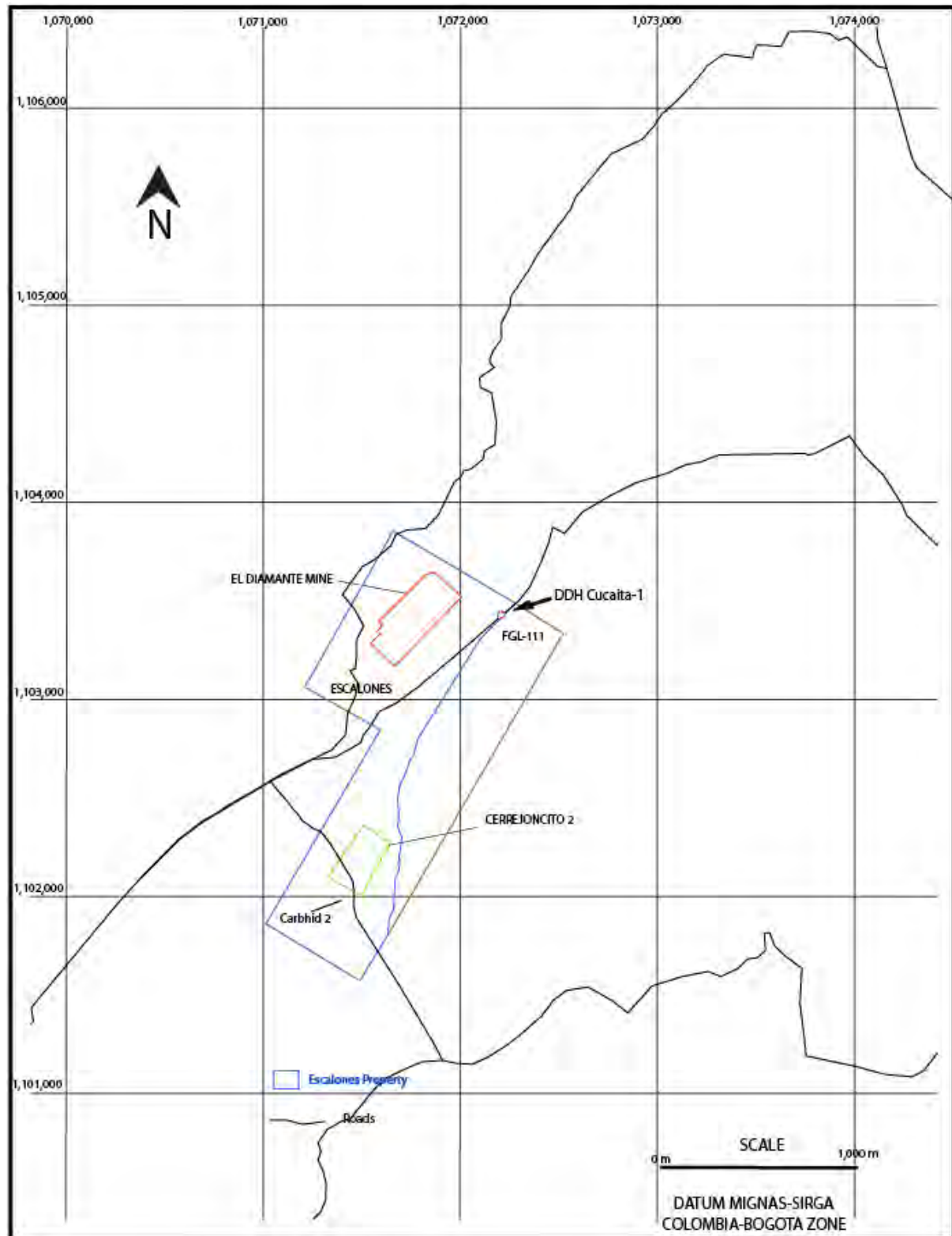
Carbhid has not done any drilling on the property. In early 2011, a government agency in partnership with a local university drilled a diamond drill hole on the property east of the El Diamante mine (**Figures 10.1 and 10.2**). The goal was to explore for oil and gas. The vertical hole (Cucaita-1) hit a fault and was abandoned at around 290 metres. However, Carbhid was able to obtain the geological description of the core and confirm that various coal beds were intersected. The author and Carbhid personnel were not able to see the core and no casing was left in place in the potato field where it was apparently drilled. The author had to rely on the word of Carbhid personnel. No analysis was made available to Carbhid and it is not known if samples from the coal seams were actually analysed.

FIGURE 10.1



Coal beds in black

FIGURE 10.2
LOCATION OF DDH CUCAITA-1



11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

The quality of the coal beds in the region has been well known for decades by mine operators and local buyers. Coal beds are usually fairly homogeneous in composition and very limited sampling is done in the mines. According to Carbhid's personnel, quality control sampling is carried out on a routine basis by the buyers and end-users, but typically not by the miners. The Carbhid's client is a local power generating plant that samples all deliveries to ensure the coal meets its specifications and adjusting the amount paid depending on the quality.

Carbhid has carried out very limited sampling on its property since its acquisition. In fact, two samples were taken from producing areas at the El Diamante mine and two more were taken from development areas at the Carbhid 2 mine in 2012 and 2013 (**Figures 11.1 to 11.4, Table 11.1**). Samples consisted of a minimum of 4 kilograms of representative material collected from the ore bin at El Diamante and from a stock pile at Carbhid 2.

Samples were sealed and sent to Interlabco S.A.S. Laboratorio Quimico Internacional, Ubaté, Cundinamarca, Colombia, a laboratory specialized in coal analysis. This laboratory conforms to the following industry standards: ASTM, ISO 9001:2008 and ICONTEC. Samples were submitted for Proximate Analysis and determination of the FSI and results are presented as follows for the 'As Received' and 'Dry Basis':

- % Moisture total (Humedad Total)
 - % Ash (Cenizas)
 - % Volatile matters (Materia volatil)
 - % Fixed carbon (Carbono fijo)
 - Gross Calorific Value Kcal/kg (Poder Calorifico Bruto)
 - % Sulfur (Azufre total)
 - Free Swelling index, FSI (Indice De Hinchamiento) also called Crucible Swelling Number (CSN)
-

It shall be noted that Carbhid does not have a QAQC program and that no data verification was done to validate assay results.

Results obtained by Carbhid are summarized in **Table 11.1**. Analysis methods are indicated on assays certificates (ASTM Standards). We note that the Gross Calorific Value of the samples corresponds to High Volatile A Bituminous (El Diamante -1 and Carbhid 2-1) and High Volatile B Bituminous (El diamante-2 and Carbhid 2-2) according to international standard ASTM D-388 (**Table 11.2**).

TABLE 11.1
CARBHID'S ASSAY RESULTS

SAMPLE	MOISTURE	ASH	VOLATILE	FIXED CARBON	S	GCV (BTU/Lb)	FSI ASTM D-720
	%	% dry	% dry	% dry	% dry	Kcal/Kg dry	dry
El Diamante -1	3.73	6.22	33.09	60.69	0.69	7981 (14,366)	4
Carbhid 2- 1	2.62	7.40	40.23	52.37	0.94	7868 (14,162)	5
El Diamante -2	2.6	10.28	36.51	53.21	0.85	7592 (13,666)	2.5
Carbhid 2- 2	2.02	10.54	39.89	49.58	0.89	7567 (13,620)	3.5

Dry: dry mineral matter free basis

TABLE 11.2
CLASSIFICATION OF COALS BY RANK (ASTM D-388)

Coal Rank	Volatile Content	Gross Calorific Value Limits		Agglomerating Characteristics
	%	Btu/ lb	MJ/kg	
	dmmf	moisture mmf	moisture mmf	
I. Anthracites Class				Non-agglomerating
Meta-Anthracite	< 2%			
Anthracite	2 to 8%			
Semi-Anthracite (Lean Coal)	8 to 14%			
II Bituminous				Commonly agglomerating
Low Volatile Bituminous	14 to 22%			
Medium Volatile Bituminous	22 to 31%			
High Volatile A Bituminous	> 31%	≥ 14,000	≥ 32.6	
High Volatile B Bituminous	>31%	13,000 to 14,000	30.2 to 32.6	
High Volatile C Bituminous	>31%	10,500 to 13,000	24.4 to 30.2	
III Subbituminous	>31%			Non-agglomerating
Subbituminous A Coal		10,500 to 11,500	24.4 to 26.7	
Subbituminous B Coal		9,500 to 10,500	22.1 to 24.4	
Subbituminous C Coal		8,300 to 9,500	19.3 to 22.1	
IV Lignite				Non-agglomerating
Lignite A		6,300 to 8,300	14.7 to 19.3	
Lignite B		< 6,300	< 14.7	

FIGURE 11.1
ANALYSIS FROM EL DIAMANTE, APRIL 2012



Interlabco S.A.S.
LABORATORIO QUÍMICO INTERNACIONAL

Código: F1038/MD
Página: 1 de 1
Vigencia desde: 26- Feb-12

Villa de San Diego de Ubaté, Abril 23 de 2012

Ref. 36527
O.T.11528

Señores
CARBID S.A.S.
ATN. SR. Gildardo Perez
Ciudad

CERTIFICADO DE CALIDAD
*¡Mejoramos continuamente:
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al servicio de nuestros clientes*

Nosotros INTERLABCO S.A.S., certificamos que hemos ANALIZADO una (1) muestra (s) de
de CARBON, recibidas los días 20 de Abril de 2012 a las 02:30 horas y los
resultados obtenidos son los siguientes según normas ASTM.

IDENTIFICACION:

**MUESTRA COLECTADA INSITU MANTO 7, MINA EL DIAMANTE
CUCAITA - BOYACA**

FECHA DE ANALISIS:

Abril 23 de 2012

RESULTADOS

DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	3,73		D 3302-02a
CENIZAS, %	5,99	6,22	D 3174- 04
MATERIA VOLATIL, %	31,86	33,09	D 3175-02
CARBONO FIJO, %	58,42	60,69	D 3172
AZUFRE, %	0,66	0,69	D 4239 04a
PODER CALORIFICO, Kcal/kg	7683	7981	D 5865-10 a
FGI		4	D 720-091 (2004)
FOSFORO COMO P EN CENIZAS, %		0,24	D 3682
FOSFORO COMO P EN MUESTRA, %		0,015	



EDGAR J. GONZALEZ M.
Jefe de Laboratorio

APROBADO POR:

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General
M.P. 1354



FLOR EMILCE CARRILLO
Directora Gestión Calidad
FIRMA AUTORIZADA

NOTA 1: Los resultados analíticos corresponden única y exclusivamente a las muestras recibidas en el LABORATORIO y no a las (s) de la misma procedencia.

NOTA 2: Los resultados expresados en el certificado corresponden a las condiciones y las condiciones particulares del momento en que se realizó la muestra.

NOTA 3: INTERLABCO S.A.S. no se hace responsable por los perjuicios derivados de cualquier uso no autorizado del presente certificado por parte del cliente.

NOTA 4: La muestra de reserva se conserva en INTERLABCO S.A.S. durante 30 días calendario después de los cuales será desechada. Igualmente se aceptará cualquier reclamación sobre los resultados emitidos única y exclusivamente durante este periodo.

NOTA 5: Si se desea en este certificado, información de resultados, tipo de base, fecha o otra información comunicarse con INTERLABCO S.A.S. para verificar la autenticidad.

NOTA 6: El laboratorio no es responsable de los posibles inconvenientes surgidos por la reproducción parcial de presente certificado.

Muestreo, Preparación y Análisis Físicoquímicos de carbones, coques,
minerales, aguas, suelos, alimentos, forraje, lácteos, y medios filtrantes como
gravas, arenas, antracitas y Productos Químicos en General.

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LINEA DE ATENCIÓN AL CLIENTE: SUGERENCIAS, QUEJAS Y RECLAMOS. CEL.: 321 453 1296 GERENCIA GENERAL

FIGURE 11.2
ANALYSIS FORM CARBHID 2, JUNE 2013



Interlabco S.A.S.
LABORATORIO QUÍMICO INTERNACIONAL

Código: FT034/V04
Página: 1 de 1
Vigente desde: 26- Feb-12

Villa de San Diego de Ubaté, Junio 19 de 2013

Ref: 30605
O T 12763

Señores
CARBHID S.A.S.
Ciudad

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Nosotros INTERLABCO S.A.S. certificamos que hemos Preparado y Analizado Una(s) MUESTRA(S)
de CARBON, recibida(s) el día 17 de Junio de 2013 a las 14:30 horas y los resultados obtenidos
son los siguientes según normas ASTM

IDENTIFICACION: MUESTRA 1, MINA CARBHID 2, VEREDA PIJAOS, MUNICIPIO DE CUCAITA BOYACA.

FECHA DE ANALISIS: Junio 19 de 2013

RESULTADOS

DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	2,62		D 3302/D3302M-12
CENIZAS, %	7,20	7,40	D 3174-11
MATERIA VOLATIL, %	39,18	40,23	D 3175-11
CARBONO FIJO, %	51,00	52,37	D 3172-07a
AZUFRE, %	0,92	0,94	D 4239-12
P. CALORIFICO, Kcal/Kg	7662	7868	D 5865-11a
FSI		5	D 720-91(2010)

APROBADO POR:

EDGAR J. GONZÁLEZ MELO
Jefe de Laboratorio

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General y Operativo
M.P. 1154



FLOR EMICCE CARRILLO
Directora Gestión Calidad
Firma Autorizada

NOTA 1: Los resultados obtenidos corresponden única y exclusivamente a la(s) muestra(s) sometida(s) al laboratorio y no a otra(s) de la misma procedencia.
NOTA 2: Los resultados expresados en el certificado corresponden a las condiciones y las condiciones particulares del momento en que se realizó la muestra.
NOTA 3: El presente certificado es válido por los parámetros expresados en el presente certificado y no por los parámetros expresados en el presente certificado.
NOTA 4: Los resultados expresados en el presente certificado son los resultados obtenidos única y exclusivamente durante este período.
NOTA 5: Si se desea en todo momento, atención de resultados, tipo de letra, tamaño, etc. comunicarse con INTERLABCO S.A.S. para verificar disponibilidad.
NOTA 6: El presente certificado no es responsable de las posibles interpretaciones surgidas por la reproducción parcial del presente certificado.

Muestreo, Preparación y Análisis Físicoquímicos de carbones, coques, minerales, aguas, suelos, alimentos, foliar, lácteos, y medios filtrantes como gravas, arenas, antracitas y Productos Químicos en General.

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LÍNEA DE ATENCIÓN AL CLIENTE: SUGERENCIAS, QUEJAS Y RECLAMOS. CEL.: 321 453 1296 GERENCIA GENERAL

FIGURE 11.3
ANALYSIS FROM EL DIAMANTE, NOVEMBER 2013



Fundada en
1996

Interlabco S.A.S.

LABORATORIO QUÍMICO INTERNACIONAL

Código: FT034/V04
 Página: 1 de 1
 Vigente desde: 26- Feb-12

Villa de San Diego de Ubaté, Noviembre 07 de 2013

Ref. 40585
O.T. 13100

Señores
CARBHID S.A.S.
 Boyaca

CERTIFICADO DE CALIDAD
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Nosotros INTERLABCO S.A.S. certificamos que hemos PREPARADO y ANALIZADO UNA (01)
 MUESTRA(S) de CARBON, recibida(s) el día 01 de Noviembre de 2013 a las 15:00 horas
 y los resultados obtenidos son los siguientes según normas ASTM.

IDENTIFICACION:	MUESTRA 1 MINA DIAMANTE		
FECHA DE ANALISIS:	Noviembre 07 de 2013		

RESULTADOS

DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	2,60		D 3302/D3302M-12
CENIZAS, %	10,01	10,28	D 3174- 11
MATERIA VOLATIL, %	35,57	36,51	D 3175-11
CARBONO FIJO, %	51,82	53,21	D 3172-07a
AZUFRE, %	0,83	0,85	D 4239-12
P. CALORIFICO, Kcal/Kg	7395	7592	D 5865-11a
FSI		2 1/2	D 720-91(2010)

APROBADO POR:



EDGAR J. GONZALEZ MELO
Jefe de Laboratorio

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General y Operativo
M.P. 1354



FLOR EMILCE CARRILLO
Directora Gestión Calidad
Firma Autorizada

NOTA 1: Los resultados analíticos corresponden única y exclusivamente a la(s) muestra(s) traída(s) al LABORATORIO y no a otra (s) de la misma procedencia.
 NOTA 2: Los resultados expresados en el certificado corresponden a las circunstancias y las condiciones particulares del momento en que se analiza la muestra.
 NOTA 3: INTERLABCO S.A.S. no se hace responsable por los perjuicios derivados de uso indebido del presente certificado por parte del cliente.
 NOTA 4: La muestra de reserva se conserva en INTERLABCO S.A.S. durante 30 días calendario después de los cuales será desechada. Igualmente se aceptará cualquier reclamación sobre los resultados emitidos única y exclusivamente durante este período.
 NOTA 5: Si se detecta en este certificado, alteración de resultados, tipo de letra, fecha u otra anomalía comuníquese con INTERLABCO S.A.S. para verificar autenticidad.
 NOTA 6: El laboratorio no es responsable de las posibles interpretaciones surgidas por la reproducción parcial del presente certificado.

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LINEA DE ATENCIÓN AL CLIENTE: SUGERENCIAS, QUEJAS Y RECLAMOS. CEL.: 321 453 1296 GERENCIA GENERAL

FIGURE 11.4
ANALYSIS FROM CARBHID 2, NOVEMBER 2013



Interlabco S.A.S.
LABORATORIO QUÍMICO INTERNACIONAL

Código: FT034/V04
Páginas: 1 de 1
Vigente desde: 26-Feb-12

Villa de San Diego de Ubalé, Noviembre 07 de 2013

Ref. 40584
Q.T. 13100

Señores
CARBHID S.A.S.
Boyacá

CERTIFICADO DE CALIDAD
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Nosotros INTERLABCO S.A.S. certificamos que hemos PREPARADO y ANALIZADO UNA (01)
MUESTRA(S) de CARBON, recibida(s) el día 01 de Noviembre de 2013 a las 15:00 horas
y los resultados obtenidos son los siguientes según normas ASTM.

IDENTIFICACION:	MUESTRA 2 MINA CARBHID 2		
FECHA DE ANALISIS:	Noviembre 07 de 2013		

RESULTADOS			
DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	2,02		D 3302/D3302M-12
CENIZAS, %	10,32	10,54	D 3174- 11
MATERIA VOLATIL, %	39,08	39,89	D 3175-11
CARBONO FIJO, %	48,57	49,58	D 3172-07a
AZUFRE, %	0,87	0,89	D 4239-12
P. CALORIFICO, Kcal/Kg	7414	7567	D 5865-11a
FSI		3 1/2	D 720-91(2010)



EDGAR J. GONZALEZ MELE
Jefe de Laboratorio

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General y Operativo
M.P. 1354



FLOR EMILCE CARRILLO
Directora Gestión Calidad
Firma Autorizada

NOTA 1: Los resultados analíticos corresponden única y exclusivamente a la(s) muestra(s) tratada(s) en el LABORATORIO y no a otra (s) de la misma procedencia.
NOTA 2: Los resultados expresados en el certificado corresponden a las condiciones y las condiciones particulares del momento en que se analizó la muestra.
NOTA 3: INTERLABCO S.A.S. no se hace responsable por las pérdidas derivadas de una rotación del presente certificado por parte del cliente.
NOTA 4: La muestra de referencia se conserva en INTERLABCO S.A.S. durante 30 días naturales después de los cuales será destruida, quemando
se excepta cualquier reclamo dentro los resultados referidos única y exclusivamente durante este periodo.
NOTA 5: Si se detecta en este certificado, alteración de contenido, tipo de letra, fecha o otro anomalía comuníquese con INTERLABCO S.A.S. para verificar autenticidad.
NOTA 6: El laboratorio no es responsable de las posibles interpretaciones, surgidas por la reproducción parcial del presente certificado.

Muestras, Preparación y Análisis Fisicoquímicos de carbones, coques, minerales, aguas, suelos, alimentos, foliar, lácteos, y medios filtrantes como gravas, arenas, extracciones y Productos Químicos en General.

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LINEA DE ATENCIÓN AL CLIENTE: SUGERENCIAS, QUEJAS Y RECLAMOS. CEL.: 321 453 1296 GERENCIA GENERAL

12. DATA VERIFICATION

The following data verification on the Escalones coal project has been undertaken:

- Compile and evaluate all technical documents provided by Carbhid.
- Meeting with Carbhid's legal counsel to confirm the status of mining titles, various agreements related to the property and mining laws in Colombia. Obtain a letter of comfort.
- Review the various contracts and agreements related to the project
- Meeting with coal industry experts (consultants) to validate technical data and national industry statistics.
- Visit the property and the surrounding area; including underground workings where production is currently being carried out (El Diamante mine, level 1) and the Carbhid 2 development project and a coal outcrop uncovered along the access road.
- Discuss with professional personnel working at the mine site (mine engineers and supervisor)
- Measure thicknesses of two coal **plys and one parting** [CW3][CW4] observed underground at El Diamante
- Collect one sample (± 2 kg) from a producing area at El Diamante (El Diamante-1, **Picture 12.1**)
- Collect one sample (± 2 kg) from a stock pile at Carbhid 2 (Carbhid-2, **Picture 12.2**)
- Send the samples to the Interlabco S.A.S. laboratory for Proximate Analysis and FSI
- Compare Carbhid's results to those obtained (**Table 12.1**)
- Verify the certifications of the laboratory used by Carbhid

The upper portion of **Table 12.1** gives an average of results obtained by Carbhid over the #7 coal seam at El Diamante mine and material coming from the Carbhid-2

mine (seam # 4). The lower portion shows results from the two samples collected at El Diamante and Carbhid-2. Results obtained by the author are clearly consistent with Carbhid's.

TABLE 12.1
SAMPLING RESULTS - CARBHID VS AUTHOR

CARBHID'S	MOISTURE	ASH	VOLATILE	FIXED CARBON	S	GCV (BTU/Lb)	FSI
SAMPLES	%	% dry	% dry	% dry	% dry	Kcal/Kg dry	dry
El Diamante	3,17	8,25	34,8	56,95	0,77	7787 (14,017)	3,3
Carbhid-2	2,32	8,97	40,06	50,98	0,92	7718 (13,892)	4,3
AUTHOR'S	MOISTURE	ASH	VOLATILE	FIXED CARBON	S	GCV (BTU/Lb)	FSI
SAMPLES	%	% dry	% dry	% dry	% dry	Kcal/Kg dry	dry
El Diamante	2,03	8,98	39,57	51,45	0,82	7717 (13,890)	4
Carbhid-2	3,08	11,1	36,27	52,62	0,75	7515 (13,527)	4,5

TABLE 12.2
COKING COAL CLASSIFICATION

Coal Type	Ash % air dried	Volatile Matter % air dried	Crucible Swelling Number	Gieseler Maximum Fluidity ddpm	Coke Strength after Reaction %	Mean Maximum Reflectance %
Premium hard coking	<8.5	19 - 38	8 - 9	500 - 30,000	55 - 74	0.80 - 1.60
Standard hard coking	<9.7	19 - 38	6 - 9	200 - 25,000	>55	0.80 - 1.60
Semi-hard coking	8.0 - 10.5	17 - 26	4 - 6	200 - 5,000	50 - 60	0.80 - 1.70
Semi-soft coking	8.0 - 11.0	25 - 41	3 - 8	50 - 30,000	45 - 55	0.70 - 0.95
Low-volatile PCI	6.0 - 10.5	10 - 19	1 - 2	n/a	n/a	1.20 - 3.00
High-volatile PCI	4.0 - 10.0	26 - 42	1 - 5	n/a	n/a	0.70 - 0.95

Source: AME

Source: smgc.co.id/presentations/KDW%20Coaltrans%20Singapore%202011.SMGc.webs.pdf

As mentioned in chapter 8 of this report, Carbhid's personnel refer to the coal produced in the region as both thermal and metallurgical quality (depending on the seam). It is the understanding of the author that a moderate quality metallurgical (or coking) coal needs a FSI of 5 and higher and Fixed Carbon above 60%. Analysis of the coal currently being produced at Escalones appears to indicate that it would qualify as Semi-Soft Coking Coal (**Table 12.2**), hence a low ranking coking coal.

The author is satisfied with its data verification and believes that the technical report contains all legitimate information pertaining to the Escalones Property.

PICTURE 12.1
SAMPLE EL DIAMANTE-1



PICTURE 12.2
SAMPLE CARBHID-2



13. MINERAL PROCESSING AND METALLURGICAL TESTING

Carbhid does limited sampling of its coal seams. When it does, it runs Proximate Analysis and FSI from a certified laboratory with expertise in coal analysis.

The Proximate Analysis of coal was developed as a simple means of determining the distribution of products obtained when the coal sample is heated under specified conditions. As defined by ASTM D 121, proximate analysis separates the products into four groups: (1) moisture, (2) volatile matter, consisting of gases and vapors driven off during pyrolysis, (3) fixed carbon, the non-volatile fraction of coal, and (4) ash, the inorganic residue remaining after combustion. Proximate analysis is the most often used analysis for characterizing coals in connection with their utilization. Differences in the type of information required by coal producers and consumers have led to variations in the kind and number of tests included under the rubric proximate analysis. Other terms used in the coal industry are short prox and prox. Common usage in the field tends to favor short prox, which is the determination of moisture, ash, Btu, and sulfur, while prox means the determination of moisture, ash, volatile matter, fixed carbon, Btu, and sulfur.

Proximate Analysis + FSI:

- % Moisture total
- % Ash
- % Volatile matters
- % Fixed carbon
- Gross Calorific Value Kcal/kg or Btu/Lb
- % Sulfur
- Free Swelling index, FSI also called Crucible Swelling Number (CSN)

In the coal industry, consumers routinely carry out their own analysis. Carbhid's client, a local power generation plant, runs its own analyses to ensure the coal delivered is within agreed specifications and pays out on a sliding scale based on the Gross Calorific Value and other factors.

14. MINERAL RESOURCE ESTIMATES

There were no JORC compliant mineral resource estimates done on the Property.

Estimates were performed and provided by Carbhid but they are not mentioned in this report as they do not conform to JORC Code.

15. ADJACENT PROPERTIES

The area surrounding the Escalones property is known for its small scale coal mining activity for centuries. There are several small mines, mostly directly to the north, east and one within the property boundary (within a small block, where the uppermost seam is excluded from the Escalones property) (**Pictures 15.1 to 15.4**).

All these mines are currently operated by local artisanal miners and rate of production do not exceed 1,000 tonnes per month. In most of the area, between 7 and 11 coal seams are known to occur. Some mines were developed to exploit only one coal seam, while others produce from several seams at the time.

Figure 15.1 provides a stratigraphic column from exploration work carried out to the south of the property (unknown source). It can be noted that all seven seams present of the property (locally 9 in the Carbid 2 area) and in the mines to the north of the property extend further south and that more coal seams can be found higher in the stratigraphy (to the east of Escalones, levels 8 to 11). Coal seams are usually extensive and homogenous in composition over tens of kilometres laterally and each coal seam exhibits a specific composition, which is slightly different from the others. Thickness is the one parameter that can be quite variable laterally.

The presence of all those small scale operations is witness to the extensive nature of the coal beds and the quality of the coal in the vicinity of the property. It also provides with a relatively good regional stratigraphic control within the productive geological unit. Systematic diamond drilling, in such an environment, is not as critical as in other deposit types or less well understood coal producing regions.

PICTURE 15.1
COAL MINING OPERATION NORTH OF ESCALONES



PICTURE 15.2
COAL MINING OPERATION NORTH OF ESCALONES



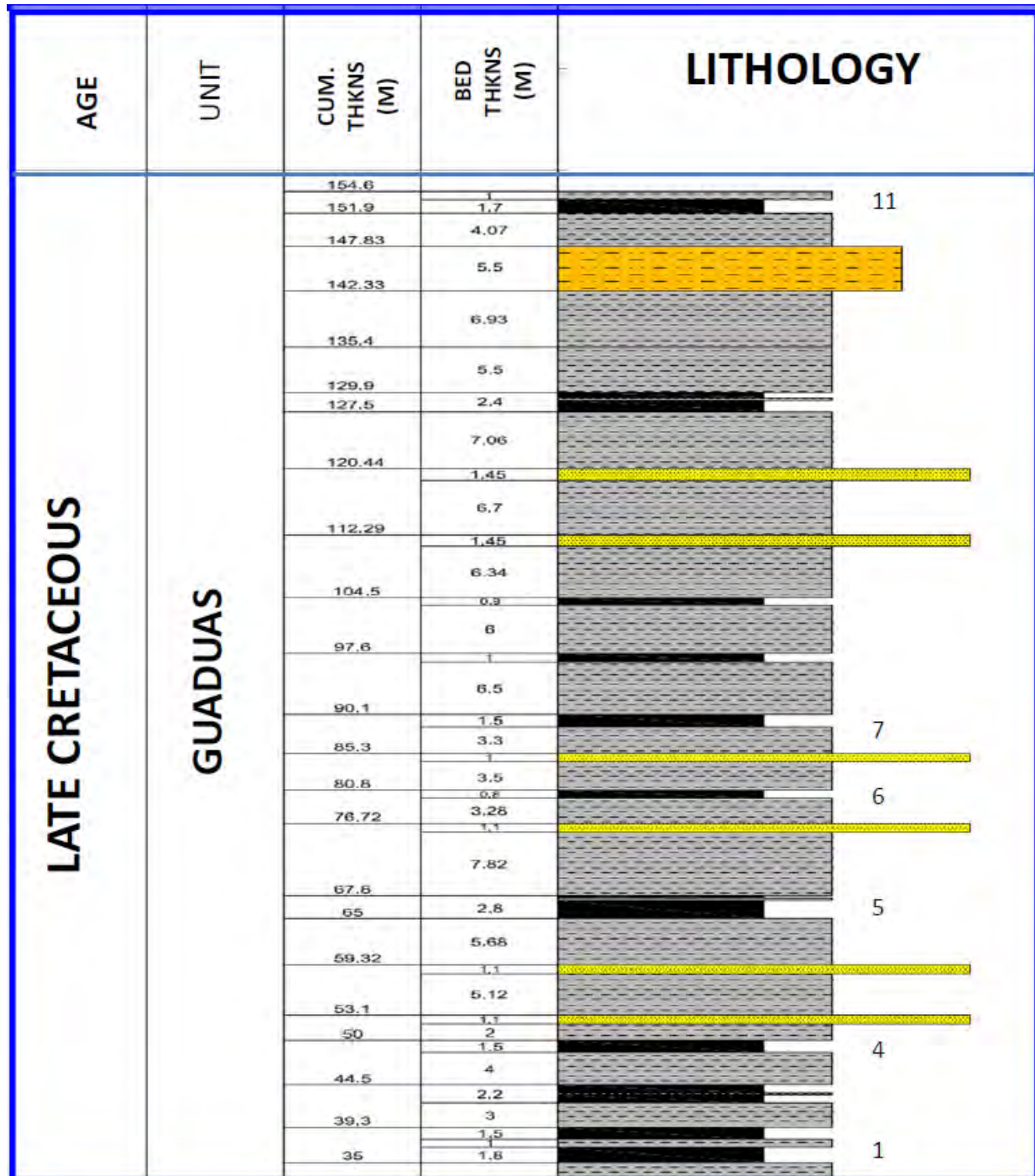
PICTURE 15.3
OPERATION ON CERREJONCITO 2



PICTURE 15.4
VARIOUS OPERATIONS NORTH OF ESCALONES



FIGURE 15.1
STRATIGRAPHIC COLUMN SOUTH OF ESCALONES



Coal seams in black

16. OTHER RELEVANT DATA AND INFORMATION

According to Worldcoal.org, coal provides around 30% of global primary energy needs, generates 41% of the world's electricity and is used in the production of 70% of the world's steel. The same source indicates that Colombia is the ninth thermal coal producer with a total output for 2011 of 85 Mt (**Figure 16.1**), 1.41% of the world total. Simco (Sistema de Informacion Minero Colombiano) estimates that Colombia produced 63.7 Mt of thermal coal, 3.8 Mt of metallurgical coal and 1.7 Mt of coke in 2012.

FIGURE 16.1
TOP TEN THERMAL PRODUCERS BY COUNTRIES

PR China	3039Mt	Russia	201Mt
USA	782Mt	Australia	200Mt
India	504Mt	Kazakhstan	108Mt
Indonesia	440Mt	Colombia	85Mt
South Africa	258Mt	Poland	68Mt

Colombia has the largest coal reserves in Latin America. According to the 2012 BP Statistical Energy Survey, in 2011 Colombia had coal reserves of 6,746 million tonnes, equivalent to 78 years of current production and 0.78% of the world total. This coal consists of high-quality bituminous coal and a smaller quantity of metallurgical coal. Most of those reserves are concentrated in the Guajira peninsula in the north and the Andean foothills (**Figures 16.2 and 16.3**)

FIGURE 16.2
LOCATION OF COAL FIELDS IN COLOMBIA

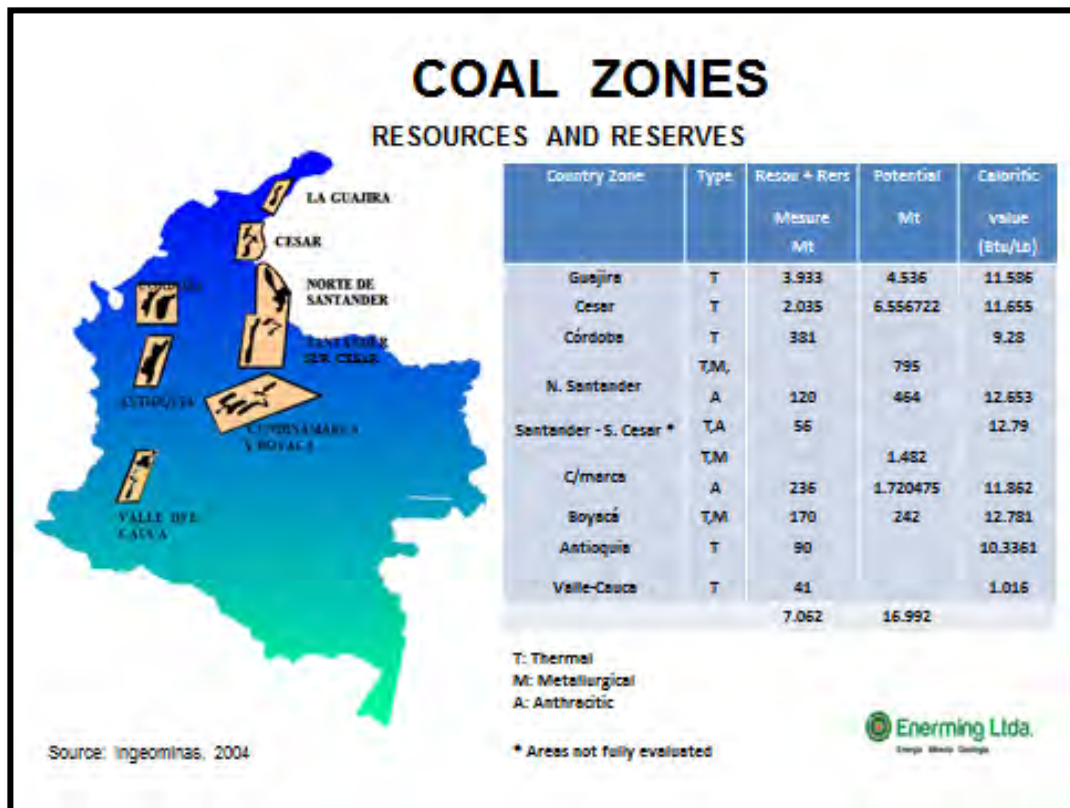
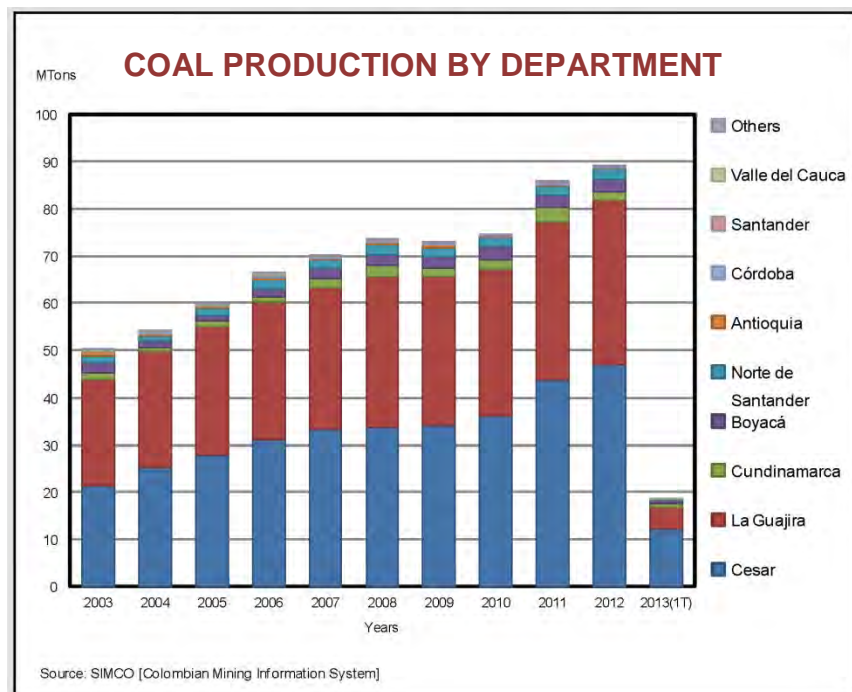


FIGURE 16.3



17. ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

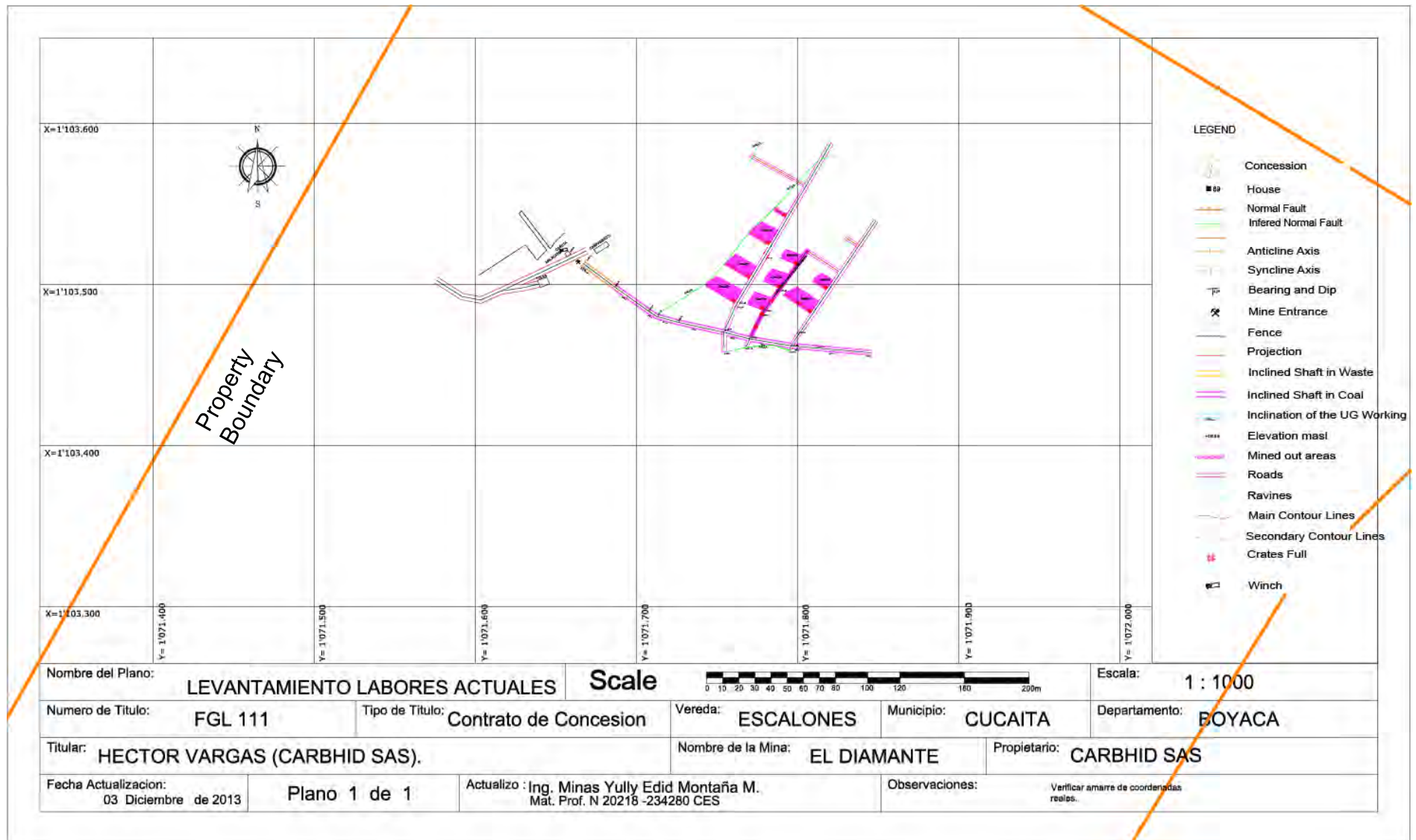
Since 2013, Carbid operates a small scale mine at the El Diamante mine site located in the northern portion of the property (**Figure 17.1 and Picture 17.1**). The mine site includes, an office and dry, a hoist room, a 180 metre long inclined shaft (-35°) with tracks (**Picture 17.2**), a 120 tonnes ore bin (**Picture 17.5**), and a waste pad and a water treatment plant. A second waste pad is located away from the mine site. Actual mining rate is 300 t/m.

Mining is being carried out from various levels developed perpendicular to the inclined shaft (all less than 2 m in height). Coal is being extracted manually with picks and shovels while waste rock is often broken with an electrical jack hammer (**Picture 17.3**). The mining method is Room and Pillar along individual coal seams (**Picture 17.4**). In room-and-pillar mining, coal deposits are mined by cutting a network of 'rooms' into the coal seam and leaving behind 'pillars' of coal to support the roof of the mine. These pillars can be up to 40% of the total coal in the seam, although this coal can sometimes be recovered at a later stage.

At El Diamante, each room is about 7 m by 7 m. Pillars are approximately the same which results in a recovery of approximately 40-65% of coal in the seams. Coal is hoisted to surface in a small rail car (700 kg) and dumped on a conveyor belt that take the material to a screening table (to separate the fines if necessary) then to the ore bin and loading facility.

The roof of the various underground openings is not highly stable and a large amount of wood beams is required to stabilize it. Maintenance of the roof supports is a demanding and continuous process. Flooding of the mine has occurred recently causing delays in the mining operation.

FIGURE 17.1
EL DIAMANTE MINE – U/G WORKINGS



Since the beginning of the operation, all material being extracted at El Diamante was sold to local power generation plants. New markets are being evaluated. According to Carbhid, the operation can be profitable at a production rate of 800 tonnes per month. The goal for El Diamante is to reach a production of 1,500 tonne per month in the short term (within a year). The long term goal is to reach a monthly production rate of 15,000 tonnes per month. Mine life is estimated at 22 years (the extent of the mining lease).

Current staff consists of a general manager and two assistants in Bogotá, two engineers at El Diamante and approximately 10 laborers on the property.

The mining operation at El Diamante is a very small scale mine. Even with the planned production increase to 1,500 tonnes per month, it will remain a small operation and its impacts on the environment are very limited. Sedimentation basins have been installed at El Diamante and Carbhid 2 mines to clean water coming from the mine but the size of the operations will probably never lead to any major problem. Landscaping work has been carried out around the mine in order to limit the visual impact of the mining operation at El Diamante.

The Carbhid 2 operation began producing in January 2014. An inclined shaft has been developed to access various coal beds and construction of the hoist room and ore bin are complete (**Pictures 17.6 to 17.9**).

A third mine is being planned in the northern portion of the property. Carbhid 4 will access the La Cisquera coal seams (Mantos 1 and 2), which are believed to have an average thickness of 4.5 metres, based to information coming from outside the property. Preliminary access work is also planned at Carbhid 5 (SW of El Diamante).

PICTURE 17.1

VIEW OF THE EL DIAMANTE MINE SITE



PICTURE 17.2

EL DIAMANTE INCLINED SHAFT



PICTURE 17.3

MINERS, 1ST LEVEL, EL DIAMANTE



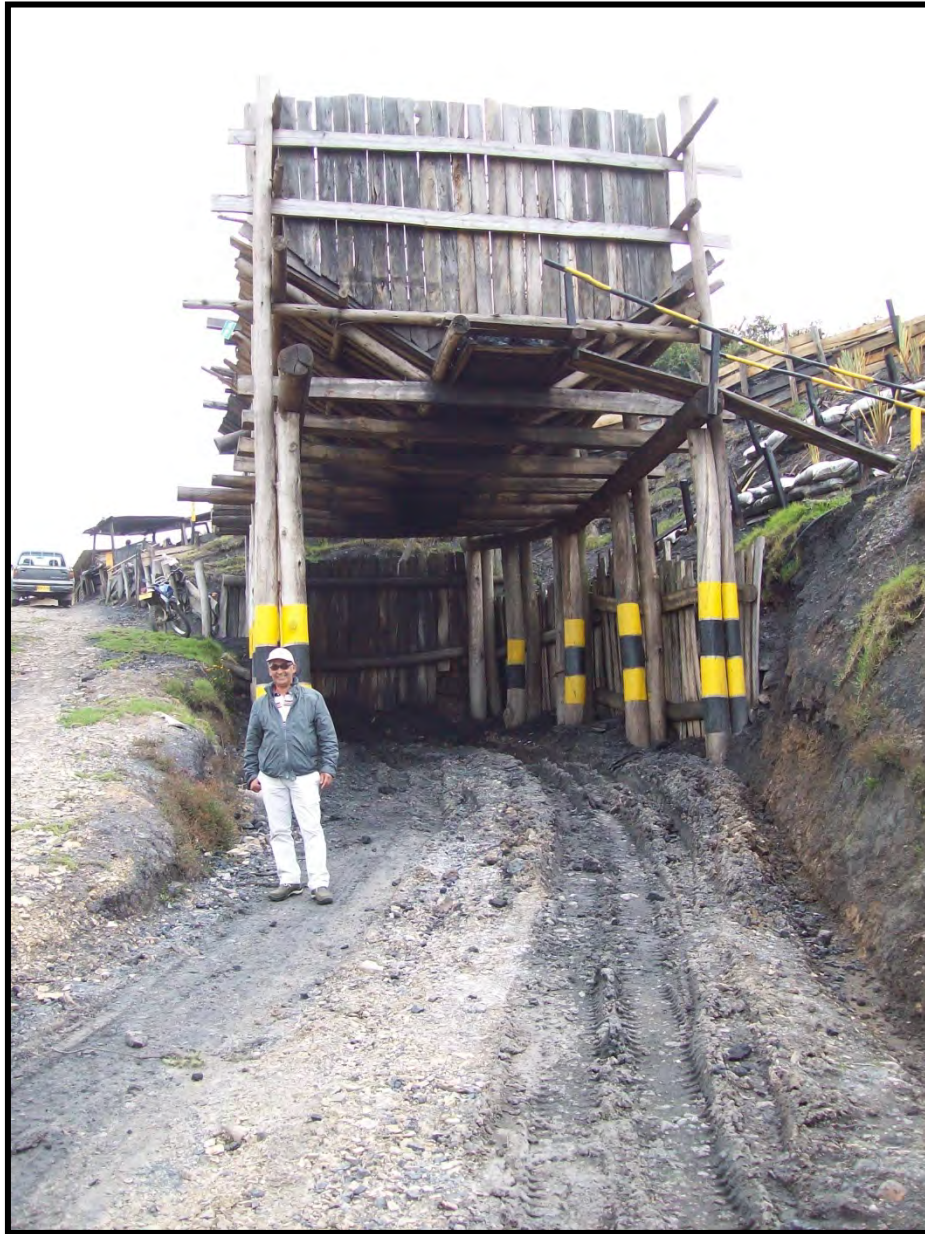
PICTURE 17.4

TYPICAL ROOM AND PILLAR STOPE, PLY 1.1 M HIGH



PICTURE 17.5

ORE BIN, 120 TONNES – LOADING FACILITY



PICTURE 17.6

CARBHID 2 MINE SITE



PICTURE 17.7

CARBHID 2 INCLINED SHAFT



PICTURE 17.8

CARBHID 2 TEMPORARY HOIST FACILITY



PICTURE 17.9

CARBHID 2, CONSTRUCTION OF NEW HOIST ROOM



18. INTERPRETATION AND CONCLUSIONS

The Boyacá Department of Colombia is a proven thermal-metallurgical coal producing area. The Escalones Property is located in the centre of this coal field and small scale former and active mines are observed all around the property. Through underground workings, diamond drilling, outcrops or historical information, it has been demonstrated that the property hosts between 7 and 9 shallow to flat dipping coal seams, some exhibiting multi metric thicknesses.

Coal seams in the area are extensive (several kilometres) but often displaced by small faults. One of the main challenges of the operators is to locate these faults and determine the displacement along the coal seams. Individual mines (an inclined shaft with related underground development) appear to be bounded by these faults. For that reason, underground workings rarely exceed a few hundreds of metres in length laterally or at depth. Pinching or thinning of coal seams can also limit underground development along a particular horizon. Even on a property as small as Escalones (98.58 ha), numerous mines have to be developed to access all the productive levels (coal seams) and areas.

The author is of the opinion that the Escalones property has the potential to host viable coal producing operations. However, the rate of production has to be increased significantly. The company has to ensure that proposed accelerated development work and production will be carried out under the safest possible conditions for the workers.

The author is of the opinion that the work program recommended and the proposed budget included in this report are justified and sufficient to properly assess the potential of the property and reach a viable rate of production.

19. RECOMMENDATIONS

Andean Coal's short term objective is to explore and develop several coal beds from four locations on the Escalones property (**Figure 19.1**). A \$1,000,000 budget is proposed (**Table 19.1**). The main priorities are as follows:

- Complete one 140 metre long vertical diamond drill hole to study the stratigraphy and evaluate its coal potential
- Increase underground development of Manto 7 at the El Diamante mine from 300 tonnes per month (t/m) to a production rate of 800 t/m
- Continue the development of the Carbid 2 mine and ramp up production to a rate of 800 t/m from various coal beds (Mantos 1 to 7)
- Initiate development of Carbid 4 and 5 mines in order to explore and develop underground La Cisquera seams (Mantos 1 and 2)
- Develop a coal gathering system

TABLE 19.1

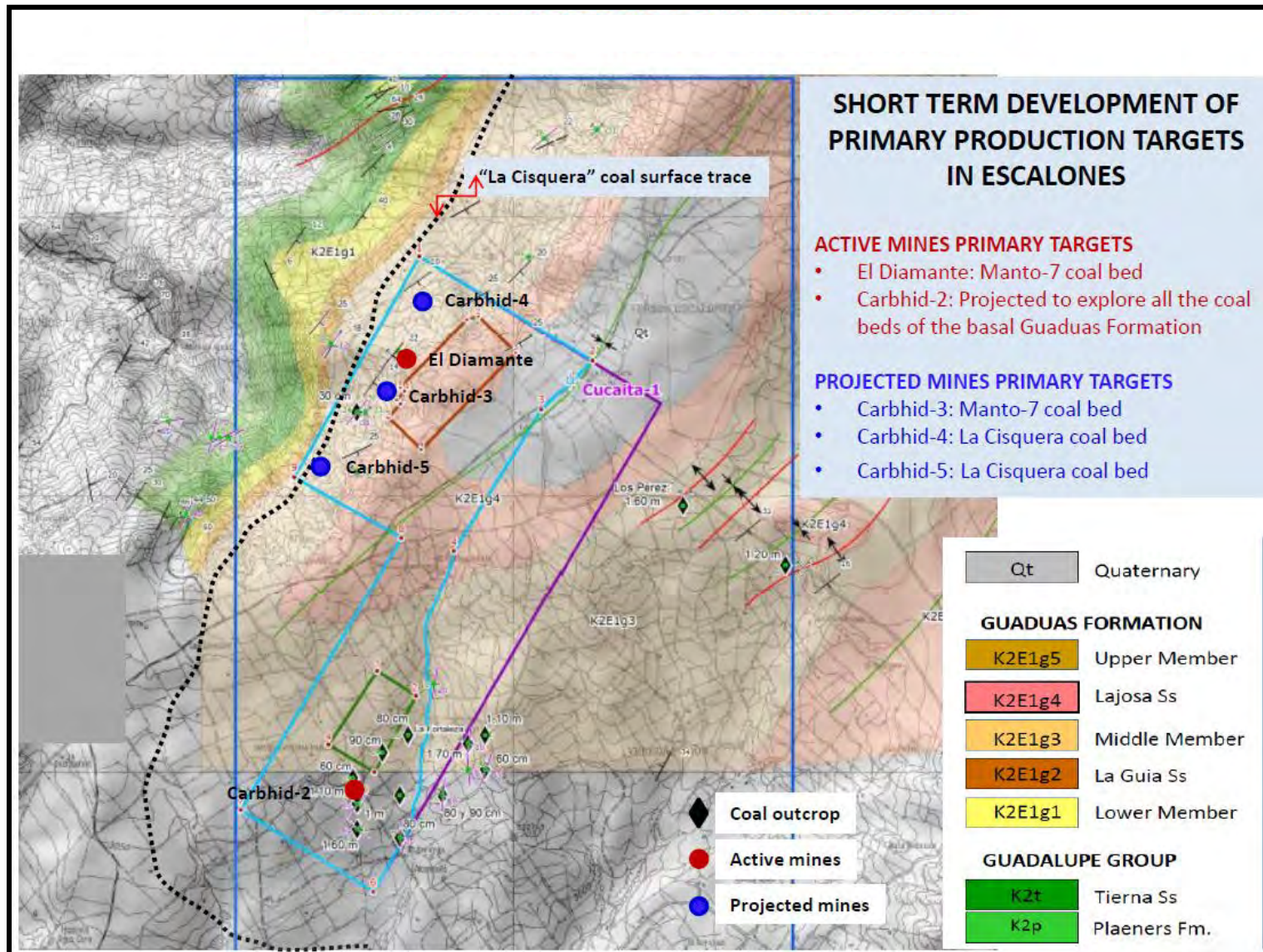
ESCALONES PROPERTY- EXPLORATION AND DEVELOPMENT BUDGET						
EXPLORATION DRILLING						
				TRM	\$ 1 930	
Item	Number of Units	Cost per unit COP\$	Cost per unit USD\$	Total COP\$	Total USD\$	
Land rental and damages payment	1	\$ 23 000 000	\$ 11 917	\$ 23 000 000	\$ 11 917	
Access & location building	1	\$ 16 000 000	\$ 8 290	\$ 16 000 000	\$ 8 290	
Rig Mob. & Demob.	1	\$ 45 000 000	\$ 23 316	\$ 45 000 000	\$ 23 316	
Drilling (meters)	30	\$ 190 000	\$ 98	\$ 5 700 000	\$ 2 953	
Coring (meters)	140	\$ 950 000	\$ 492	\$ 133 000 000	\$ 68 912	
Sample analysis (samples)	15	\$ 470 000	\$ 244	\$ 7 050 000	\$ 3 653	
Administration	1	\$ 39 000 000	\$ 20 207	\$ 39 000 000	\$ 20 207	
TOTAL DRILLING					\$ 139 249	\$ 139 249
CONSULTANT FEES						
PMA update	1	\$ 30 000 000	\$ 15 544	\$ 30 000 000	\$ 15 544	

PTO update	1	\$ 52 000 000	\$ 26 943	\$ 52 000 000	\$ 26 943	
Professional consulting (Mining Engineer)	1	\$ 22 000 000	\$ 11 399	\$ 22 000 000	\$ 11 399	
TOTAL CONSULTANT FEES					\$ 53 886	\$ 53 886
TRANSPORTATION						
Pick-up truck	1	\$ 55 000 000	\$ 28 497	\$ 55 000 000	\$ 28 497	
TOTAL TRANSPORTATION					\$ 28 497	\$ 28 497
DEVELOPMENT OF NEW MINING FRONTS						
CARBHID-4						
Labor (per meter)	50	\$ 542 000	\$ 281	\$ 27 100 000	\$ 14 041	
Equipment Supplies	1	\$ 29 000 000	\$ 15 026	\$ 29 000 000	\$ 15 026	
Land & Facilities	1	\$ 20 000 000	\$ 10 363	\$ 20 000 000	\$ 10 363	
Utilities	1	\$ 3 500 000	\$ 1 813	\$ 3 500 000	\$ 1 813	
Administration	50	\$ 525 000	\$ 272	\$ 26 250 000	\$ 13 601	
TOTAL CARBHID-4				\$ 105 850 000	\$ 54 845	\$ 54 845
CARBHID-5						
Access road	1	\$ 35 000 000	\$ 18 135	\$ 35 000 000	\$ 18 135	
Labor (per meter)	85	\$ 542 000	\$ 281	\$ 46 070 000	\$ 23 870	
Equipment Supplies	1	\$ 47 000 000	\$ 24 352	\$ 47 000 000	\$ 24 352	
Land & Facilities	1	\$ 47 000 000	\$ 24 352	\$ 47 000 000	\$ 24 352	
Utilities	1	\$ 3 500 000	\$ 1 813	\$ 3 500 000	\$ 1 813	
Administration	85	\$ 525 000	\$ 272	\$ 44 625 000	\$ 23 122	
TOTAL CARBHID-5				\$ 223 195 000	\$ 115 645	\$ 115 645
UNDERGROUND MINE DEVELOPMENT						
EL DIAMANTE						
Compressor 850 CFM, 12 BAR	1	\$ 25 000 000	\$ 12 953	\$ 25 000 000	\$ 12 953	
Hydraulic Hammers	12	\$ 1 700 000	\$ 881	\$ 20 400 000	\$ 10 570	
Stainless steel Braided hydraulic Hose	500	\$ 44 390	\$ 23	\$ 22 195 000	\$ 11 500	
Air storage unit	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
Steel hose hooks and clamps (set)	1	\$ 7 600 000	\$ 3 938	\$ 7 600 000	\$ 3 938	
Rails & clamps (meters)	230	\$ 25 000	\$ 13	\$ 5 750 000	\$ 2 979	
Steel arch supports	20	\$ 3 250 000	\$ 1 684	\$ 65 000 000	\$ 33 679	
Steel cable (meters)	550	\$ 14 000	\$ 7	\$ 7 700 000	\$ 3 990	
Internal wicks	2	\$ 5 300 000	\$ 2 746	\$ 10 600 000	\$ 5 492	
Facilities updating	1	\$ 18 000 000	\$ 9 326	\$ 18 000 000	\$ 9 326	
Reforestation	1	\$ 3 000 000	\$ 1 554	\$ 3 000 000	\$ 1 554	
Mine development	75	\$ 542 000	\$ 281	\$ 40 650 000	\$ 21 062	
Administration	75	\$ 525 000	\$ 272	\$ 39 375 000	\$ 20 402	
Water treatment improvement	1	\$ 4 500 000	\$ 2 332	\$ 4 500 000	\$ 2 332	

Fuel supply (gallons)	5400	\$ 9 900	\$ 5	\$ 53 460 000	\$ 27 699	
Utilities	1	\$ 3 500 000	\$ 1 813	\$ 3 500 000	\$ 1 813	
Administration	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
TOTAL EL DIAMANTE				\$ 356 730 000	\$ 184 834	\$ 184 834
CARBHID-2						
Compressor 850 CFM, 20 BAR	1	\$ 48 000 000	\$ 24 870	\$ 48 000 000	\$ 24 870	
Hydraulic Hammers	8	\$ 1 700 000	\$ 881	\$ 13 600 000	\$ 7 047	
Stainless steel Braided hydraulic Hose	300	\$ 44 390	\$ 23	\$ 13 317 000	\$ 6 900	
Air storage unit	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
Steel hose hooks and clamps (set)	1	\$ 5 200 000	\$ 2 694	\$ 5 200 000	\$ 2 694	
Rails & clamps (meters)	190	\$ 25 000	\$ 13	\$ 4 750 000	\$ 2 461	
Steel arch supports	12	\$ 3 250 000	\$ 1 684	\$ 39 000 000	\$ 20 207	
Steel cable (meters)	350	\$ 14 000	\$ 7	\$ 4 900 000	\$ 2 539	
Internal wicks	1	\$ 5 300 000	\$ 2 746	\$ 5 300 000	\$ 2 746	
Reforestation	1	\$ 2 000 000	\$ 1 036	\$ 2 000 000	\$ 1 036	
Exploratory digging	45	\$ 615 000	\$ 319	\$ 27 675 000	\$ 14 339	
Mine development	70	\$ 542 000	\$ 281	\$ 37 940 000	\$ 19 658	
Administration	70	\$ 525 000	\$ 272	\$ 36 750 000	\$ 19 041	
Water treatment improvement	1	\$ 4 500 000	\$ 2 332	\$ 4 500 000	\$ 2 332	
Fuel supply (gallons)	5400	\$ 9 900	\$ 5	\$ 53 460 000	\$ 27 699	
Utilities	1	\$ 3 500 000	\$ 1 813	\$ 3 500 000	\$ 1 813	
Administration	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
TOTAL CARBHID-2				\$ 329 892 000	\$ 170 928	\$ 170 928
COAL GATHERING SYSTEM						
Land (hectare)	1,8	\$ 18 000 000	\$ 9 326	\$ 32 400 000	\$ 16 788	
Fence (Sq. Meter)	650	\$ 98 000	\$ 51	\$ 63 700 000	\$ 33 005	
Environmental license	1	\$ 40 000 000	\$ 20 725	\$ 40 000 000	\$ 20 725	
Gate	1	\$ 8 500 000	\$ 4 404	\$ 8 500 000	\$ 4 404	
Electric connection	1	\$ 17 000 000	\$ 8 808	\$ 17 000 000	\$ 8 808	
Electric wiring	1	\$ 7 500 000	\$ 3 886	\$ 7 500 000	\$ 3 886	
Illumination	1	\$ 3 500 000	\$ 1 813	\$ 3 500 000	\$ 1 813	
Video security	7	\$ 400 000	\$ 207	\$ 2 800 000	\$ 1 451	
Office equipment	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
Access road	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
Office (Sq. Meter)	20	\$ 2 100 000	\$ 1 088	\$ 42 000 000	\$ 21 762	
Platform scale (60 tons)	1	\$ 75 000 000	\$ 38 860	\$ 75 000 000	\$ 38 860	
Land conditioning	1	\$ 12 500 000	\$ 6 477	\$ 12 500 000	\$ 6 477	
Loading equipment	1	\$ 65 000 000	\$ 33 679	\$ 65 000 000	\$ 33 679	
Ash Probe	1	\$ 45 000 000	\$ 23 316	\$ 45 000 000	\$ 23 316	
Labor (man/day)	350	\$ 54 000	\$ 28	\$ 18 900 000	\$ 9 793	

Administration	1	\$ 15 000 000	\$ 7 772	\$ 15 000 000	\$ 7 772	
TOTAL COAL GATHERING SYSTEM				\$ 478 800 000	\$ 248 083	\$ 248 083
				GRAND TOTAL		\$ 995 967

FIGURE 19.1
LOCATION OF PROPOSED DEVELOPMENT WORK



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ANNEX 1

CERTIFICATES OF ANALYSIS



Interlabco S.A.S.

LABORATORIO QUÍMICO INTERNACIONAL

Código: FT034/V04
Página: 1 de 1
Vigente desde: 26- Feb-12

Villa de San Diego de Ubaté, Enero 08 de 2014

Ref. 40863
O.T. 13225

Señores
TERRENOS DIGITALES S.A.S.
Ciudad

CERTIFICADO DE CALIDAD

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Nosotros INTERLABCO S.A.S. certificamos que hemos PREPARADO Y ANALIZADO UNA (01)
MUESTRA(S) de CARBON, recibida(s) el día 07 de Enero de 2014 a las 14:00 horas y los
resultados obtenidos son los siguientes según normas ASTM.

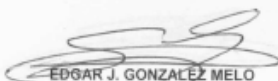
IDENTIFICACION: MUESTRA CARBHID # 2.

FECHA DE ANALISIS: Enero 08 de 2014

RESULTADOS

DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	2,03		D 3302/D3302M-12
CENIZAS, %	8,80	8,98	D 3174- 11
MATERIA VOLATIL, %	38,77	39,57	D 3175-11
CARBONO FIJO, %	50,40	51,45	D 3172-07a
AZUFRE, %	0,81	0,82	D 4239-12
P. CALORIFICO, Kcal/Kg	7560	7717	D 5865-11a
FSI		4	D 720-91(2010)

APROBADO POR:


EDGAR J. GONZALEZ MELO
Jefe de Laboratorio

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General y Operativo
M.P. 1354


FLOR EMILCE CARRILLO
Directora Gestión Calidad
Firma Autorizada

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LÍNEA DE ATENCIÓN AL CLIENTE: SUGERENCIAS, QUEJAS Y RECLAMOS. CEL.: 321 453 1296 GERENCIA GENERAL



Interlabco S.A.S.

LABORATORIO QUÍMICO INTERNACIONAL

Código: FT034/V04

Página: 1 de 1

Vigente desde: 26-Feb-12

Villa de San Diego de Ubaté, Enero 08 de 2014

Ref. 40862

O.T. 13225

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Ciudad

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MUESTRA(S) de CARBON, recibida(s) el día 07 de Enero de 2014 a las 14:00 horas y los
resultados obtenidos son los siguientes según normas ASTM.

IDENTIFICACION: MUESTRA DIAMANTE # 1.

FECHA DE ANALISIS: Enero 08 de 2014

RESULTADOS

DETERMINACION	COMO SE RECIBE	BASE SECA	METODO ASTM
HUMEDAD TOTAL, %	3,08		D 3302/D3302M-12
CENIZAS, %	10,78	11,12	D 3174- 11
MATERIA VOLATIL, %	35,15	36,27	D 3175-11
CARBONO FIJO, %	50,99	52,62	D 3172-07a
AZUFRE, %	0,73	0,75	D 4239-12
P. CALORIFICO, Kcal/Kg	7280	7512	D 5865-11a
FSI		4 1/2	D 720-91(2010)

APROBADO POR:

EDGAR J. GONZALEZ MELO
Jefe de Laboratorio

Ing. Q. EDELMIRA PEÑA DE ARCO
Gerente General y Operativo
M.P. 1354

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Part 2 - "PELAYA" PROJECT

COAL EXPLORATION

SCALE 1:10.000

Location: La Gloria and Pelaya – Municipalities, Cesar



Bogotá D.C.

1. INTRODUCTION

The **PELAYA PROJECT** is currently developed in the claims identified with license plates as follows: KDT-14341 (1,632 ha.), KCA-09491 (1,656 ha., with cutting) and KES-14311 (1,632) with an area of 3,288 ha. (Figure No. 1). In order to determinate the coal potential within the "Umir formation", an updated corresponding to the cartographic database has been performed, as well as a geological map scale to 1:10.000, the interpretation of the seismic lines and the geoelectric prospection.

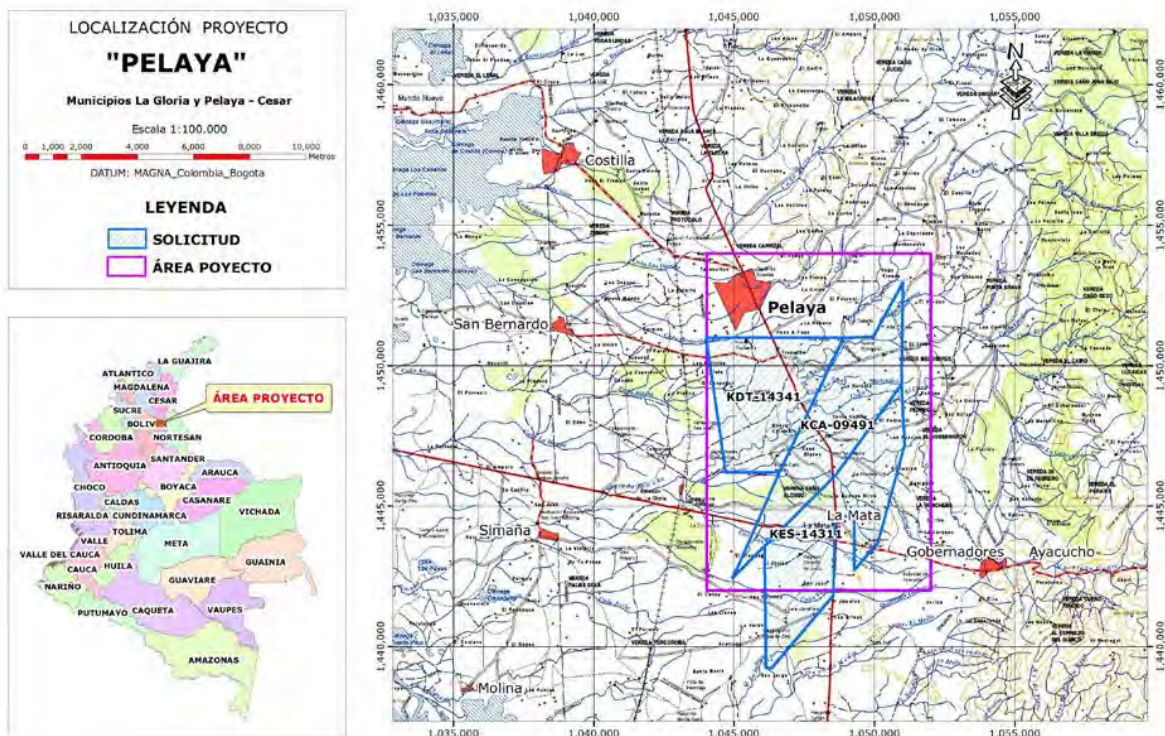


Figure No. 1 –Localization MAP- **"PELAYA" PROJECT**

The application area corresponds to an alluvial plain mainly in its eastern edge outcrops cretaceous rocks; the performed geological mapping led to the separation of the quaternaries and also to the late cretaceous formations.

According to the geological structure recognized by the outcrops of the formation (K1s), La Luna (k2l) and also from the lower part of the Umir formation (k2ui) and with an interpretation of two seismic lines, several geological sections were assembled under the quaternary deposits, which did not have more of 20 m thick.



Based on known regional information related to the Umir formation, which is subdivided in three lithological segments, being the medium segment (k2um), the element that represents the mayor economical interest, due to it holds 20 coal seams with a thickness of 40cm and more, a subdivision in the geological sections was performed, in order to determinate the areas and depth where coal seams may be found.

The performed geoelectric prospection, allowed to determinate that the clastic unconsolidated deposits covering the cretaceous units, have less 20m thick. The present report clearly represents a perforation program of 2000m, divided into five (5) drill holes, which have been carefully preselected based on the geological features of the area, the regional geology factors, and the interpretation of the two seismic lines.

2. GEOLOGY

The lithostratigraphic units presented in this area are sedimentaries of the cretaceous age, quaternary and volcanoclastic from the Jurassic age. The sedimentaries cretaceous have a genetic relation with the formations that have been established at the Middle Magdalena Valley area but not at the Cesar basin, Rancheria and Maracaibo

In this regard, the cretaceous sedimentary sequence in this area corresponds to the formations, El Tablazo, , La Luna, Umir and Lisama, and the Umir formation has have been considered the one that holds the coal seams; In the figure No 2, the regional sequence is shown, which is considered in the San Luis area, in the municipality of Santander, but it is at the same time considered as valid for the whole Middle Magdalena Valley. To these units the Norean volcanoclastic unit of Jurassic age should be added, that outcrops at the western area; besides, there are quaternaries clastics that cover the mayor part of the area, creating large alluvial plains and terraces that fossilize the rocks corresponding to the Jurassic and cretaceous units.

2.1. Volcanoclastics Units

These units correspond to the named Norean Volcanoclastic that outcrops in the north-west area, and are made up by rhyolitic and riodacitic lavas with medium and thick stratification, and for pyroclastic rocks such as tuffs, dacites, breccias and agglomerates. This unit and the Singarare fault caused a limit to W, the continuity of the Umir formation and its coal; the fault that made contact between the volcanoclastics and Umir formation, has not been observed due to it is covered by the quaternary deposits.

2.2. Cretaceous sedimentary Units

The formations, Tablazo, Simití, La Luna and Umir will be mentioned in this segment, due to the importance that they clearly represent to the exploration activities.

2.2.1. The Tablazo formation outcrops (k1t) at the south east part of this area, covered by clastic deposits, which gives the corresponding morphology of the area; The Tablazo formation does not present an outstanding morphology, but lower elongated ridges, depending on the layers directions.

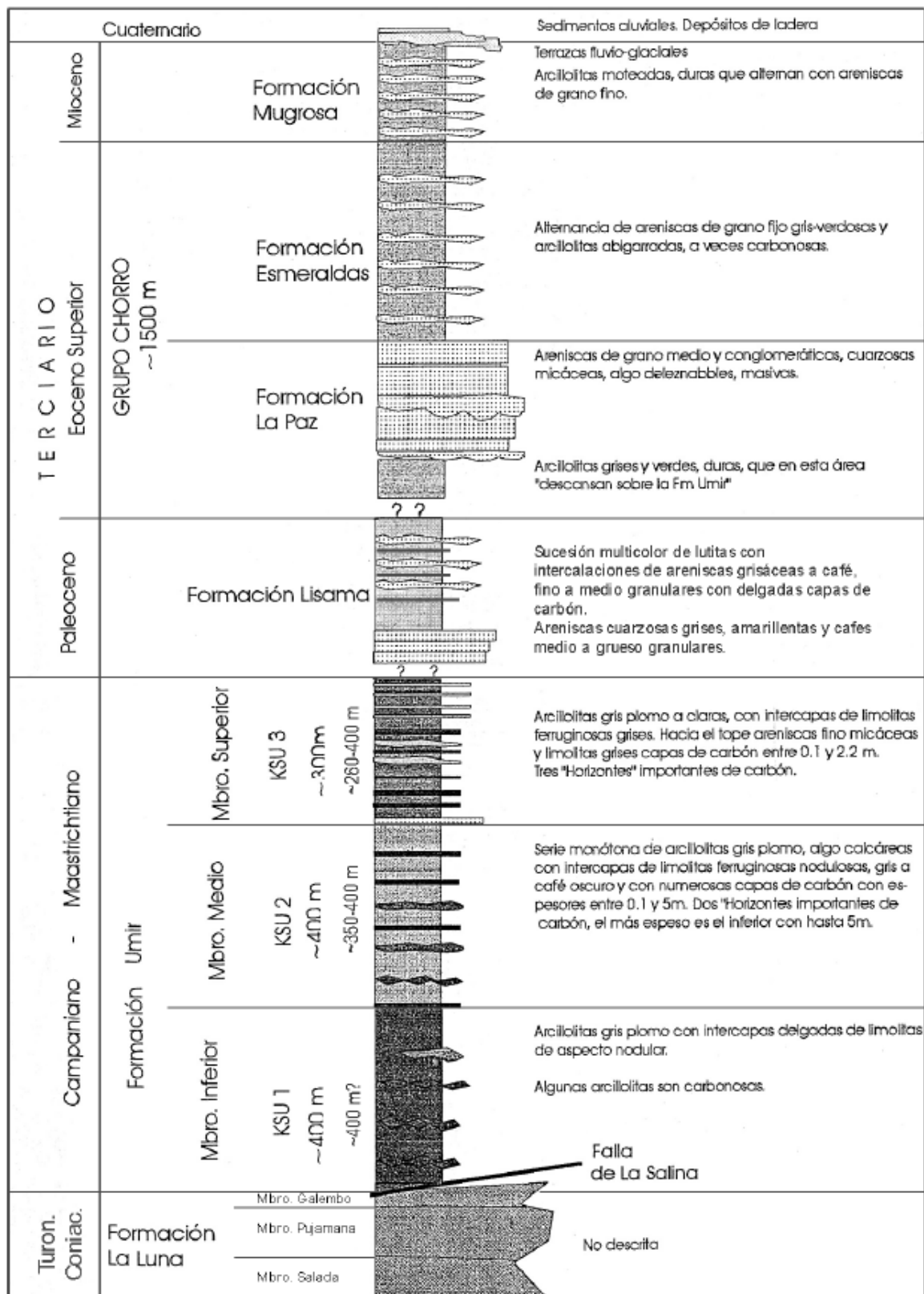


Figure No. 2. Generalized Column of the San Luis Area. (Santander).

Only the higher section has been exposed, formed by micritics solid black limestones in thick layers and calcareous siltstone laminated in medium and thin layers. It is very common to find loose blocks that looked like an outcrop. The age corresponding to the Tablazo formation is Aptian-Albian.

2.2.2. The Simití formation (K1s) outcrops at the southeast part over the Tablazo formation. Morphologically, it looks a bit softer than the El Tablazo formation, but because such formation is partially covered by clastics deposits, it is actually these ones that give them the morphology. There are not much outcrops, very few has been observed of the lower part as well as on the top, that clearly indicate the Simiti formation are formed by grey and black mudstones, in medium and thin plane layers, that interlays in thin layers and laminated medium silstones with a soft yellow color. (Figure No. 3).



Figure No.3. Grey mudstones laminated by its superior part of the Simiti formation.

There is no evidence of the top and base relationship, apparently looks concordant or conformable, estimated thickness by structural section is 300m. The age of the Simiti formation is Albian-Cenomanian.

2.2.3. La Luna formation (k2l)

Clearly shows an outcrop at the eastern part of the area. Due to the hardness of the limestones that are part of, it is more evident that the previous units; furthermore, are partially cover by the clastics deposits.

Formed by the dark calcareous grey mudstones, clayey limestones, micritic bio-micritic, dark grey and with nodules and calcareous concretions. In the medium segment there are packages of lydites, chert and interbedded siliceous siltstones, with calcareous siltstones.

At the upper layer, there are interbedded micritic limestones, calcareous siltstones, levels of calcareous concretions, and ending with several layers of calcarenitas that because of the weathering they looks so porous by washing carbonate. The stratification in general is thin and the nodules present major diameters greater than 1m, they present a flat structure, driven according the stratification. (figure No.4).

The thickness measured in the structural section is approximately 150m. The age of this unit is Santonian and/or Turonian.



Figure No. 4 - At the left side the calcareous siltstones from the base of the La Luna. At the right side- calcareous levels presenting concretions.

2.2.4. Umir formation (K2u).

In previous works, at the Pelaya area, the Umir formation no outcrops have been reported. Due to the afore mentioned, an stratigraphic column measured at the San Luis area, will be taken as reference for the Umir formation exploration. (Figure No. 5), where the Umir formation subdivides, in three segments with the characteristics as follows:

- Lower segment section (k2ui). Constituted by 270m approximately, is a sequence of black laminated mudstone with siltstone interlays. Also presents, medium layers closer to the base of fine grained sandstones as well as conglomerate.
- Middle segment (K2Um): Approximately, 390m of black carbonaceous mudstones with 20 coal seams with major thickness of 40cm. One of them considered as outstanding due to it can reach 5m.
- Upper segment (K2US): It is formed by thick layers of sandstones of fine grained quartz, with siltstone intercalations and black carbonaceous mudstones, in this segment are reported around six coal seams with a thickness higher than 40cm. The segment thickness is 420m approximately.

In the field work performed at the Pelaya, four outcrops have been observed, small but weathered, corresponding to the lower part of low segment of the Umir formation. The lowest outcrop is formed by grey laminated mudstones, in fine and medium layers, under clastics quaternary deposits. (Figure No 6).

Stratigraphically, far above of the aforementioned, three outcrops formed by fine grained sandstones, quartzose in medium and thin layers, with grey laminated mudstone intercalations, in the upper part of these two outcrops have been found and over the sandstones a thick layer of conglomerate sand-supported was observed. The age of the Umir formation is considered as Campanian-maastrichtian.

2.3. Quaternary Units

The quaternary deposits are related with the elevation of the eastern mountain range, and are defined by deposits in an alluvial fan, alluvial terraces, and colluvials; that due to its morphological and lithological characteristics can easily be distinguished in two. The acquired results, in the geoelectric prospection, with 20 survey conducted, shows that the thickness of the quaternary units vary between 1.34m and 19.3 m.

2.3.1. Alluvial fan deposits. (Qa).

They outcrop in the north and south part of such area, and correspond to fluvial alluvial and colluviums deposits from the eastern mountain range, as a result of its elevation. Also, are formed by clasts with a diameter of 40cm of porphyritic volcanic rocks of andesitic, granodiorities, quartzite and sandstones composition. (figure No.7). Morphologically, correspond to the units of alluvial fans as well as colluvium. They are also covering the



FIGURE No 5. Umir fomatation colum, at the Santander, section.





Figure No. 6 -. Outcrop of laminated grey and yellow mudstones corresponding to the lower part of the Umir formation.



Figure No. 7 - To the left. Morphology of small hills-To the right. Semi-consolidated gravels corresponding to the quaternary deposit Qa.

2.3.2. Alluvial terrace deposits-(Qta)

Concentrated in the central and south part of the area, been related to large



alluvial plains formed by unconsolidated sands and gravels. The gravels are made of volcanic, sandstones and intrusive rocks. (Figure No. 8).



Figure No. 8 -. To the left and at the background morphology of alluvial plains- To the right- sands and unconsolidated gravels corresponding to the quaternary deposit Qal.

2.3.3. Recent alluvial deposits (Qal)

These deposits have a relation with the current rivers flow and are located at the edge of its channels. Formed by thick layers of sand with plane and inclined laminations. They also present gravels levels with clasts up to 10cm mainly formed by volcanic and sandstones rock fragments.

3. STRUCTURAL GEOLOGY

The disposition of the outcrop cretaceous units corresponds to dipping layers between 15° and 28° to the northwest side. The dips and strikes of the layers are stable and they seem not to be affected by the surface faults. Therefore, it shall be said that the layers from the Umir formation, present a small dip under the alluvial plain (Qta).

To the Northeast side, the Singarare fault is cover by the quaternaries, is normal, dipping the west, and at the same time made contact with the volcanoclastic units of the Jurassic, with the upper part of the Umir formation (?).

The interpretation of the seismic lines taken perpendicular to the formations and structures, La Luna, continue at the subsurface to the west with a dip less than 20° and consequently, having in mind this tendency, it has been considered the Umir formation is in a normal position over the la Luna formation and covered by thin alluvial deposits.

In the structural sections that are clearly showed along with the geological map, two structures, one synclinal and the other one anticline, are observed in the seismic lines AY-1990-04 y AY-1990-06, under the quaternary deposits.

In the attachment No 1 a geological map as well as the structural sections, scale 1:10.000, has been shown, from the field information and complemented with the seismic lines information.



4. ECONOMIC GEOLOGY

The economic purpose of this Project is basically based on the coal content within the Umir formation; nevertheless, the mining history in this part of the country does not exist whatsoever, due to the lack of coal unit outcrop. The geological analysis in this region allows to determinate that the Umir formation is located under a thin layer (less than 20m) of alluvial deposits.

Having in mind the interpretation performed regarding electrical database survey at the Reses-1 well or drill hole, about 60km from the south side of the area, it has been considered that within the Umir formation there are around 30 coal layers between 0.4 y 5m thickness.

According to the geological statements, based on the local and regional geology, the interpretation related to the seismic lines, it is a fact that the main part corresponding to the sequence of the Umir formation is located under the quaternary deposits. In the structural section, A-A´(attachment No 1), located at the north side of the area, at the sub-surface the lower segments (K2Ui) and the middle (K2Um), all complete, and a section of the upper segment (K2Us); and in the section B-B (attachment No 1), , the lower segment (K2Ui) and the lower part of the intermediate segment of the Umir formation (K2Um), are located at the sub-surface.

According to the previous statement, we will have the medium segment with its coal seams in approximately 900ha, within the field area.

5. GEOPHYSICS

In order to achieve an accurate geologic interpretation of the sub-surface several seismic lines corresponding to the Ayacucho program developed in 1990, which allows making an interpretation continuity of the cretaceous sedimentary sequence at the sub-surface. Besides, a survey for a vertical electric drilling was performed, in order to determinate the thickness of the unconsolidated clastic deposit that cover the rocks corresponding to the Umir formation.

5.1. Seismic

In order to give a geology interpretation for the sub-surface, seismic lines were acquired, from a project which was held in 1990 named "Ayacucho". The quality of such information is not good enough, consequently it is almost impossible to determinate the continuity of the reflectors and others several multiples which seriously detract the real information.

The seismic lines AY-1990-04 and AY-1990-06 were selected, to perform the interpretation, since, such lines cross the work area in the NW-SE direction, and have geological mooring on surface and the reflectors definition is considered as acceptable.

Only in two lines, the reflector was fine defined and corresponds to the layer formation (La Luna (K2l), which was verified with its projection on surface, and calcareous and siliceous rocks that are part of this geologic unit.

This reflector was taken as reference to make an interpretation of the presence corresponding to the Umir formation, (K2u), with its 3 lithological segments, having in mind the known regional vein thickness and furthermore, the determination of a new reflector that match with the base of the superior segment of the Umir formation (K2us), formed by sandstone quartz packages.

In the figures No 9th and 10th, the interpretation carried out and that it was useful along with the surface database projection in order to perform the structural sections A-A' y B-B. With the mentioned two sections a third one was performed C-C in northwest direction, transversally that will allow a proper mooring.

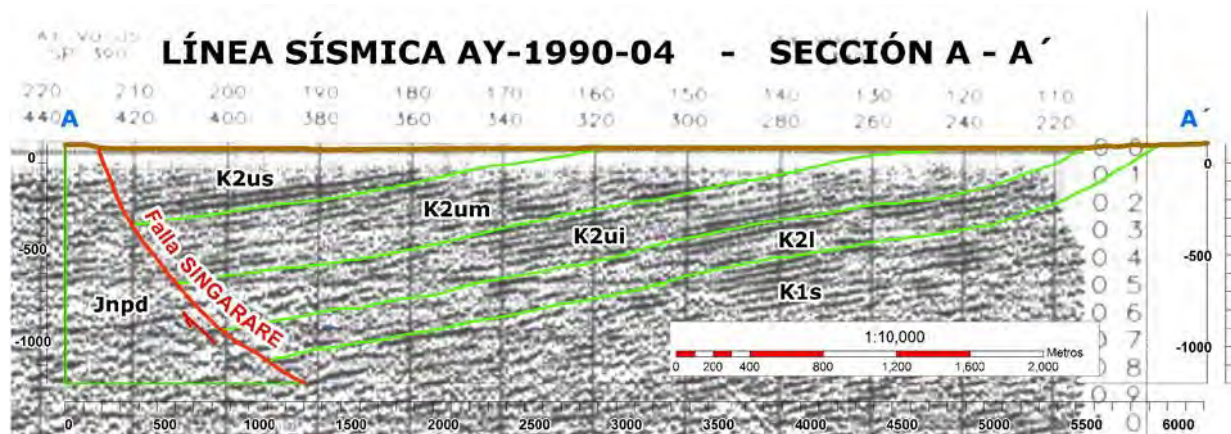


Figure No. 9 - Seismic line AY-1990-04, with geological interpretation.

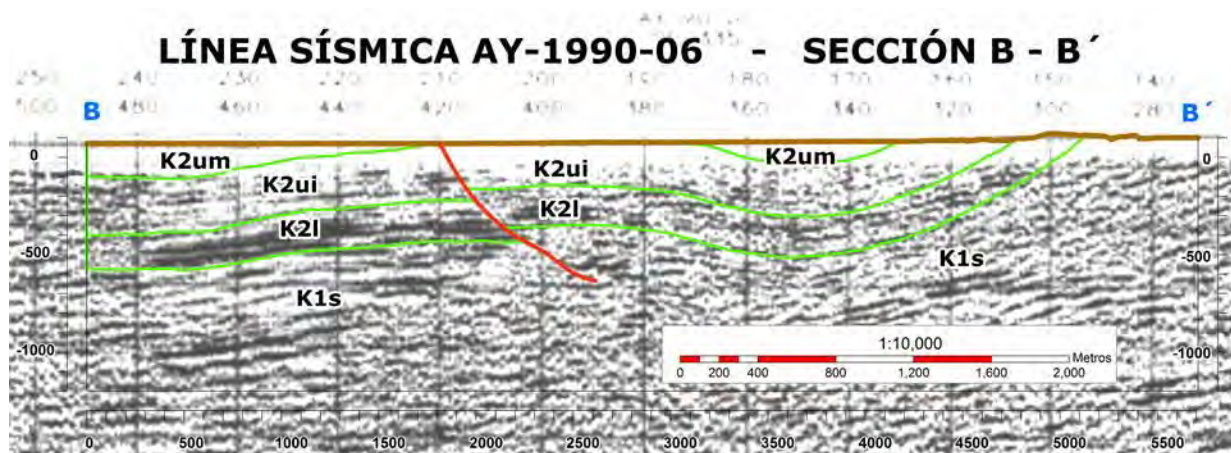


Figure No. 10 - Seismic Line AY-1990-06, with geological interpretation.

5.2. Geoelectric Prospection

The geophysics exploration related to vertical electric Sev's drilling, it is performed in order to evaluate the geometrical conditions as well as deep conditions corresponding to the geological units to give an estimation of their continuity.

The phase of geophysics prospection started with the network vertical electric drilling that was adjusted according to the field physical conditions, once it was on site.

5.2.1. Theoretical foundation

The methodology corresponding to the electric resistance, and/ or property that holds the different types of materials, artificial, or natural to go against

of the electric flow, in presence of an electric field, in any direction X, Y and/or Z. Throughout, the contrast from the obtained values, is possible to make a distinction between the existing material and thickness calculation. The methodology is based on the physical principle, where the electric potential distribution at the sub-surface from a point (electrode) of an electrical flow induction, depends on the electric resistance as well as the lithological characteristics of the sub-surface and rocks surrounding such electrode.

The measurement is performed, from the surface, of the electric resistance, ostensible of the diverse geologic sub-surface layers, under the drilling point, (central point of the device), named "drilling" because of its similarity to the information that might be obtained throughout a perforation or mechanical drilling.

The evaluation corresponding to the resistance is performed inducing a continuous electric flow (I) to the field, throughout two electrodes (A y B) from different lengths, of centre division (O), due to the flow depth (of investigation) raises once the electrodes separation is higher, and measuring the potential difference (ΔV) generated by the get the flow through the sub-surface between the electrodes M y N. (Figure No. 11).

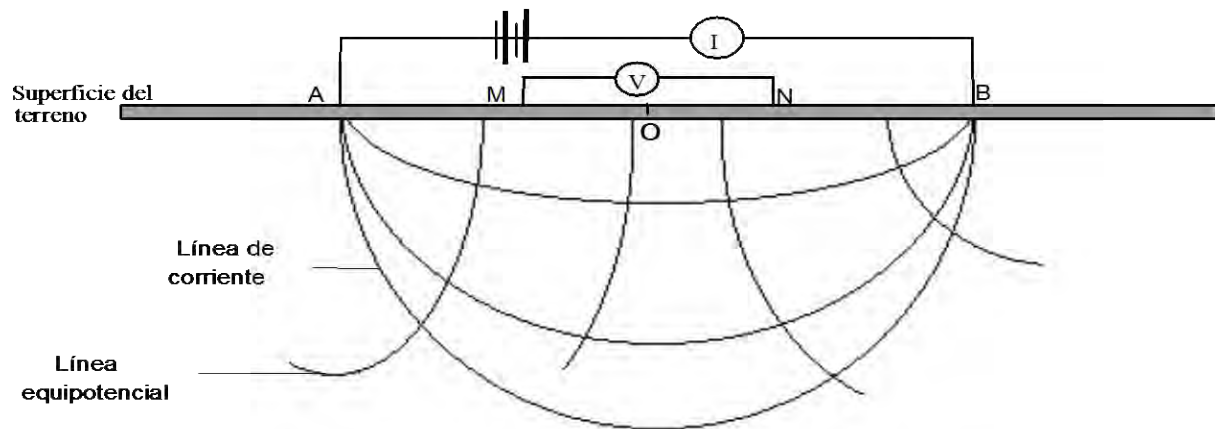


Figure No. 11 - Scheme of the electric configuration Schlumberger type.

The different specific resistivity's that had been calculated corresponds to many other geologic layers, which level of depth can be determined. As long as the geologic information is available, will be possible to determinate its lithology. The obtained data field (apparent resistance vs distance $AB/2$) are hand drawn over log-log paper, showing "curves" graphics to be interpreted. This procedure can also be performed by computer software.



Even though, there is evidence of typical resistance values data for some kind of rocks, sediments and fluids that frequently are within the earth's crust; these values may present fluctuations locally, mainly depending on the water quality of the aquiferous. Chart no 1, Resistance typical values for some rocks, sediments and fluids that frequently are found within the earth crust.

Chart No 1. Real resistivity corresponding to different sediments and rocks.

Rocks and/or sediments	Resistivity (Ohm/m)
Clay	2 – 15
Dry clay	>1000
Saturated Sand with fresh water	20-150
Saturated sand with brackish water	5 - 15
Saturated sand with brine spring water	< 5
Saturated gravel with fresh water	50-300
Sandstone with fresh water	30 - 50
Porous limestone with brackish water	< 500
Compact limestone	> 500
Igneous and/ or metamorphic rock Saturated, fracture with fresh water	200 - 1000
Igneous and/ or metamorphic rock compact	> 1000

As all the physical sciences, the geoelectric, has a series of laws that in a specific moment, might be defeating in the final result of the interpretation, if such laws are not considered. These laws in general states as follows:

5.2.1. Equivalence Law

A Layer with light thickness as well as high resistance, may be equivalent to one layer of moderate thickness. These effects decreased, having lithology data, that allowed to obtain the real thickness of such layers.

5.2.2. Layer repression Law

There are two types of repressions, the most important states as follows: If the initial resistivity is very high and with a considerable thickness, many thin layers can remain repressed, while the resistivity decreases. Likewise, it states that to certain deep levels, when the increases spacing, thin layer can be repressed ad/or averaged. In order to minimize such effects electric registrations are to be used.

5.2.3. Declivity basement effects law

When declivated layers are covered by horizontal layers such as alluvial deposits; if the direction of the electric drilling does not match with the stratum direction, some mistakes can be presented in the geophysics obtained parameters.

5.2.4. Execution law

The Sev's were performed following the electric configurations type Schlumberger, with a media division of flow electrodes (AB/2) 150mt, with a preferential direction NE-SW, in order to obtain clear and coincident information with the different geoelectric layers that form the sub-surface. An equipment of resistivity, branch AZ with 500 watts of power. Transmission unit of 1000 watts, receiver digital unit . The equipment has roughly dressed ashlar for power measure with a wire of 200m. 20vertical electric drilling were executed- SEV's and identified accordingly, from SV-1 to SEV.20; in the chart number 2, there is a relation and location of them, as well as in the figure No 12 where the locations is shown. In the pictures 1 to 4, acquisition details (figure No 13).



CHART NO. 2. - VERTICAL ELECTRIC DRILLING LOCATION

SEV	X(este)	Y (norte)	RUMBO
	Coordeadas origen Bogotá		
1	1044840	1450764	N15E
2	1050306	1450521	N35E
3	1049290	1450208	N25E
4	1047650	1452810	N25E
5	1047113	1449581	N15E
6	1047846	1448423	N25E
7	1048942	1447983	N25E
8	1048440	1444792	N40W
9	1046322	1444101	N30E
10	1047144	1446810	N25E
11	1046855	1443956	N30E
12	1046648	1447135	N20E
13	1046776	1451191	N35E
14	1050248	1455638	N35E
15	1049488	1449784	N30E
16	1048708	1451646	N25E
17	1048576	1451344	N30E
18	1049277	1449350	N18E
19	1048596	1447351	N20E
20	1046414	1446591	N25E

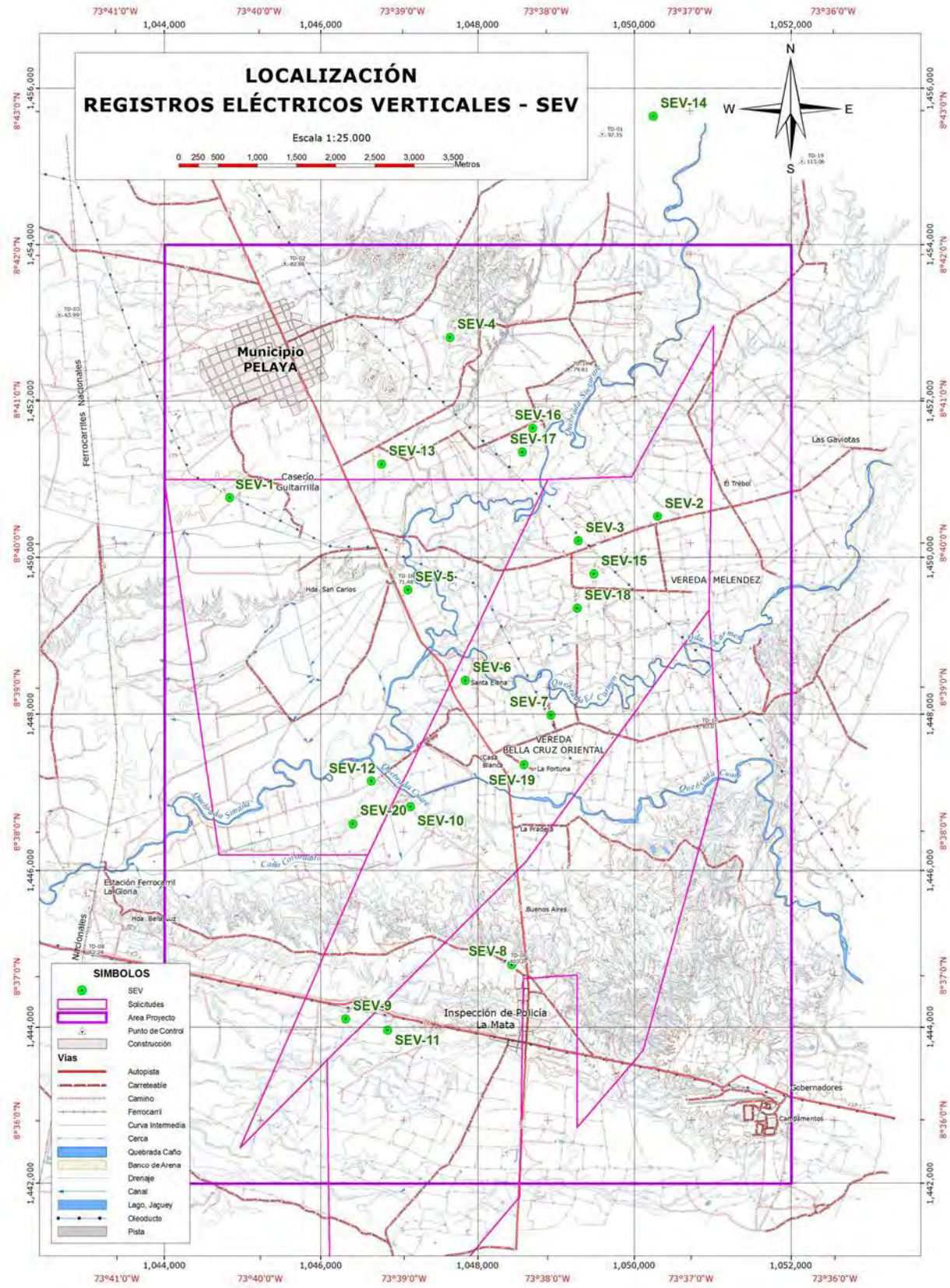


Figure No. 12 - SEV-Vertical electric drilling location.



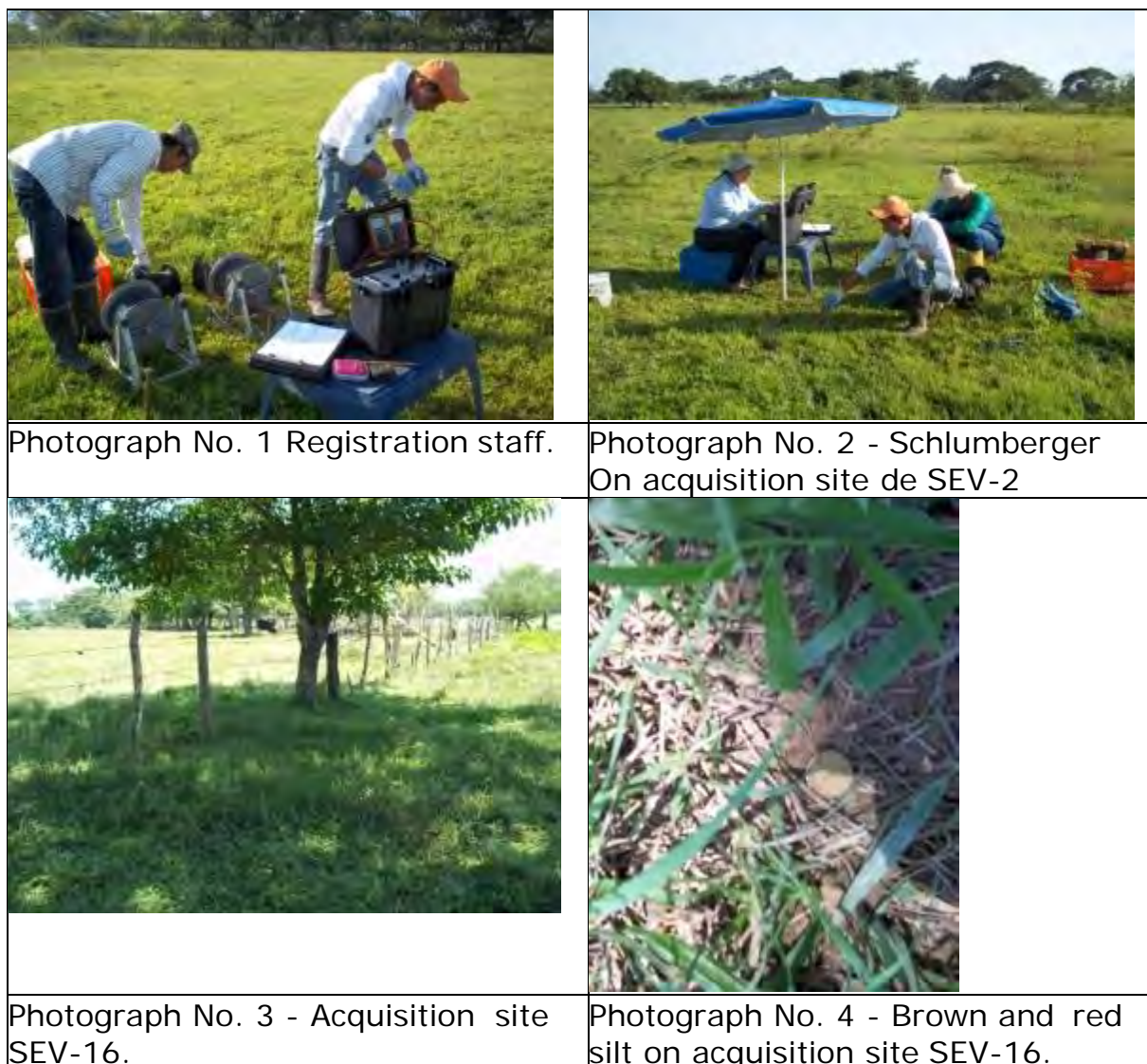


Figure No. 13 - Vertical acquisition of electric SEV.

5.2.5. Interpretation and data process

The interpretation of the geoelectric layers model has been executed, in order to perform correlations with the geologic information available.

The resistivity values registered for each electrode division, are represented through a curve in function of the distances between the induction electrodes AB/2. The perceptible resistivity are placed in the abscissa and ordinates. The medium distances between the flow electrodes (AB/"), drawn in bi-logarithmic paper. The curve shall be interpreted through

algorithms, to determinate the vertical distribution of the real resistivity and layers related to the center measure.

In general, the geoelectric drilling is interpreted in two stages. In the first one the geoelectric stratification and the real resistivity of each layer, starting from the physical- mathematical laws, based on the prospection methodology. In the second stage, the lithological meaning as well as its resistivity has been researched. The first interpretation stage is performed with the aid of a computer analytic algorithm (IPI Win Vr 3.0.1 a 7.0.1, Moscow State University, 2003), that made the adjustment corresponding from a field curves to geoelectric model field, generating different layers presented at the sub-surface, defining for each one of them the thickness, depth and real resistivity. The second stage is performed correlating the geologic information of the field.

5.2.6. Geoelectric model and Lithologic correlation

For each one of the executed drilling, the data field, the graphics with the theoretical curve, belonging to the interpretation model as well as the final results of the obtained model (indicating thickness), depth and real resistivity of the different geoelectric layers); Also, the respective lithological correlation that is suitable for the geological conditions of the area are presented. (please refer to attachment II)

Nevertheless, differences can be easily identified within the quaternary deposits at least from two resistivity areas, one more shallow, interpreted as the non saturated vadose area, even though this one is not very clear in many drillings, with resistivity between 5.9 and 1533 ohm/M and thickness of 3 and 18mt, with an average of 10mt and resistivity levels between 46.5 and 1754 ohm7M, which presents contrasts in the underlying resistivities corresponding to the Umir formation, with low resistivities.

Within the Umir formation, two levels can be differentiated with different resistivity, one higher level that was interpreted as shales, with interlays of sandy levels, that will reach thickness between 14 and 73mt, with resistivity between 8 and 106 ohm/m, but in general from 30 to 40 ohm/m and a low level , interpreted with clayey levels, with resistivity under 10 Ohm/m.

According to the afore mentioned, in the chart no. 3, the two areas of resistivity, with its respective differentiations making the corresponding differentiation of the present units by the lithology and the saturation level, that were reflected in the electric resistivity of the rocks and present sediments.

Chart No 3 - Correlation between different geoelectric areas.

Resistivity Area	Geologic Unit	Resistivity range - Ohm/m	Thickness (mt)	Geological Description
1	Quaternary Deposit - Qca	5.9 - 1533	0.8 – 6.7	Silts, sands and dry gravels
		46.5 - 1754	3 - 18	Sands, gravels and saturated silts.
2	—Umir Formation - Ksu	7.8 - 106	14.6 – 73.3	Shales and sands with a low saturation level
		0.39 - 16.5	Indeterminate	Shales with a low saturation level.

5.2.8. Isopach corresponding to the quaternary deposits

Based on the layer models information related to the whole performed drillings, the thickness fluctuation of the quaternary deposits were between 1.34 and 19.3mts, with an average of 11.73mts. (chart No 4).



Chart No 1. Estimated values corresponding to the quaternary thickness and the slab water level

SEV	X (este)	Y (norte)	Espesor de los Depósitos Cuaternario (m)	Nivel de la tabla de agua
	Coordenadas origen Bogotá			
1	1044840	1450764	5,73	5,73
2	1050306	1450521	16,1	0,95
3	1049290	1450208	19,3	1,34
4	1047650	1452810	15	6,7
5	1047113	1449581	15,5	1,41
6	1047846	1448423	15	6,72
7	1048942	1447983	5,91	1,93
8	1048440	1444792	12	2,54
9	1046322	1444101	1,34	1,34
10	1047144	1446810	13,3	6,73
11	1046855	1443956	10,8	0,82
12	1046648	1447135	12, 3	3,94
13	1046776	1451191	15,9	6,2
14	1050248	1455638	7,91	1,89
15	1049488	1449784	15	3
16	1048708	1451646	6,24	6,24
17	1048576	1451344	9,37	1,71
18	1049277	1449350	18,6	1,86
19	1048596	1447351	7,05	4,07
20	1046414	1446591	12,9	3,5

In order to show the thickness variation of these sediments, an isopach map related to the colluviums-alluvial deposit, has been performed as shown in the figure No 14, observing an irregular relief stick (palorelieve), with tendency to decrease from south to southeast

It has been estimated that the level of the water slab would be between 0.82 and 6.7mt depth with an average of 3.4mt under the top soil.



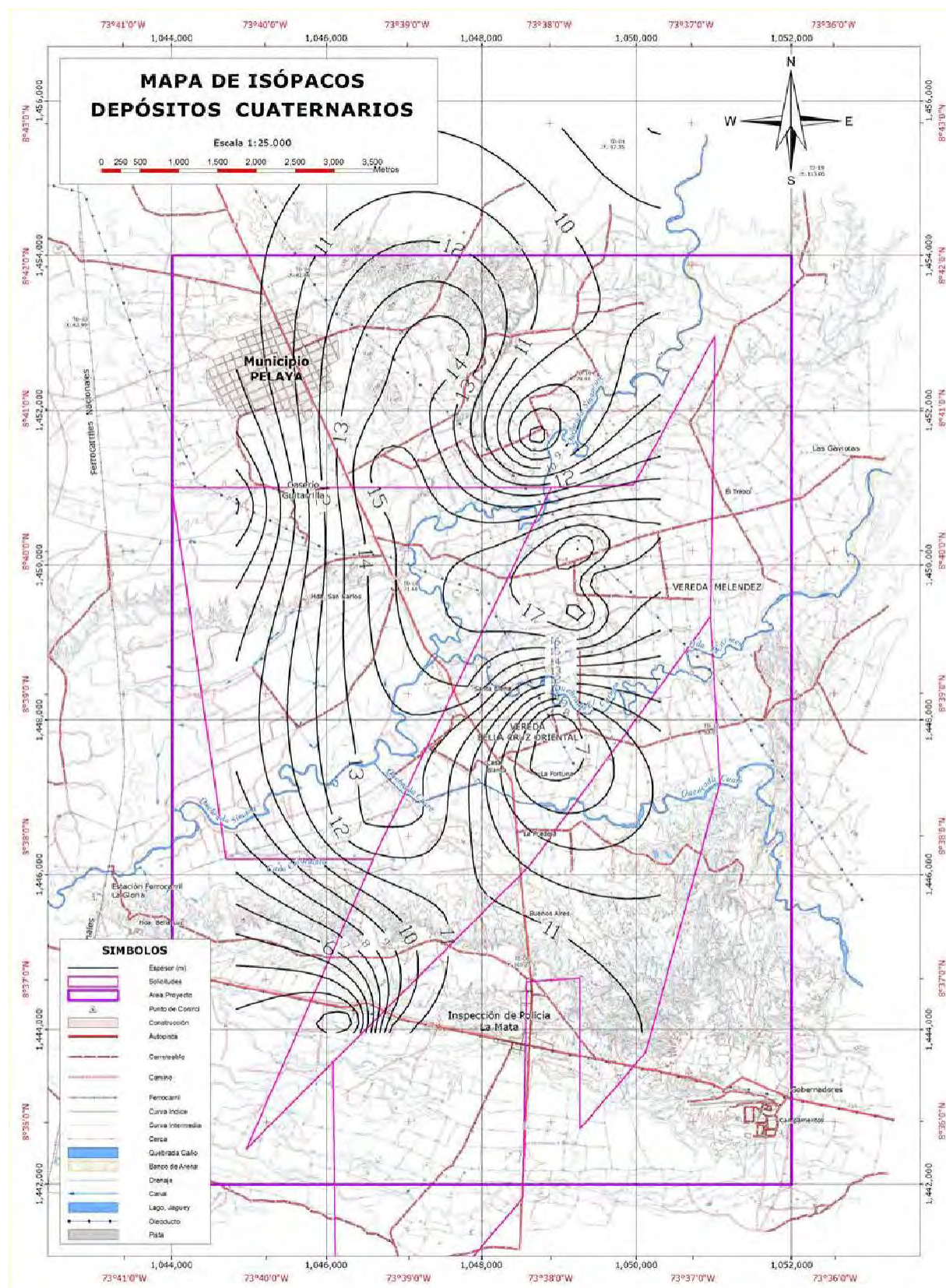


Figure No.14. Isopach map corresponding to the quaternary deposits.

6. DRILLING PROGRAM

After the analysis of the compiled data obtained on field, the intended proposal is to perform five (5) exploratory drillings within the application KCA-09491, at the north area, with a total of 2000m, which will allow to execute the cut at the intermedium segment of the Umir formation; having in mind that is the one that contains the major amount of coal material (Figure No. 15).

For the drilling plan design, the sub-surface structure was determinate, the lithological segments corresponding to the Umir formation projected as well as the La Luna formation, under the unconsolidated alluvial deposits. This interpretation was mainly based on the collected information at the outcrops of the El Tablazo, Simití, La Luna, and Umir formations accordingly, along with information provided related to the seismic lines AY-1990-04 and AY-1990-06.

The Geoelectric drilling allowed to determinate that the thickness of the unconsolidated quaternary deposits are under 20m, and specifically close to the perforation sites selected for the drilling present fluctuation levels between 13m and 19.3m; this thickness levels are to be considered as relatively "thin" and a lack of any inconvenient in drilling activity is expected, since, the observed outcrops in the river cuts are mainly formed by loose sands with some gravels up to 5cm.

6.1. Selected site

Initially, an area corresponding to 900ha, was determinate, in which is to be expected to be present the middle segment of the Umir formation. Within this area the drilling has been scheduled, in those locations where the lithological segment will be cut off in part and/or completely; and consequently, the coal (Please refer to figure No 16).

The five (5) selected sites, were strategically located, in order to keep them together throughout two(2) geological sections, one all the way through the seismic line AY-1990-04, in direction NW-SE

The perforations are identified as follows: Pelaya-1, Pelaya-2, Pelaya-3, Pelaya 4 y Pelaya-5, with depth levels between 300 and 500m (please refer to chart no 5).



SECCIONES ESTRUCTURALES Y PERFORACIONES PROGRAMADAS

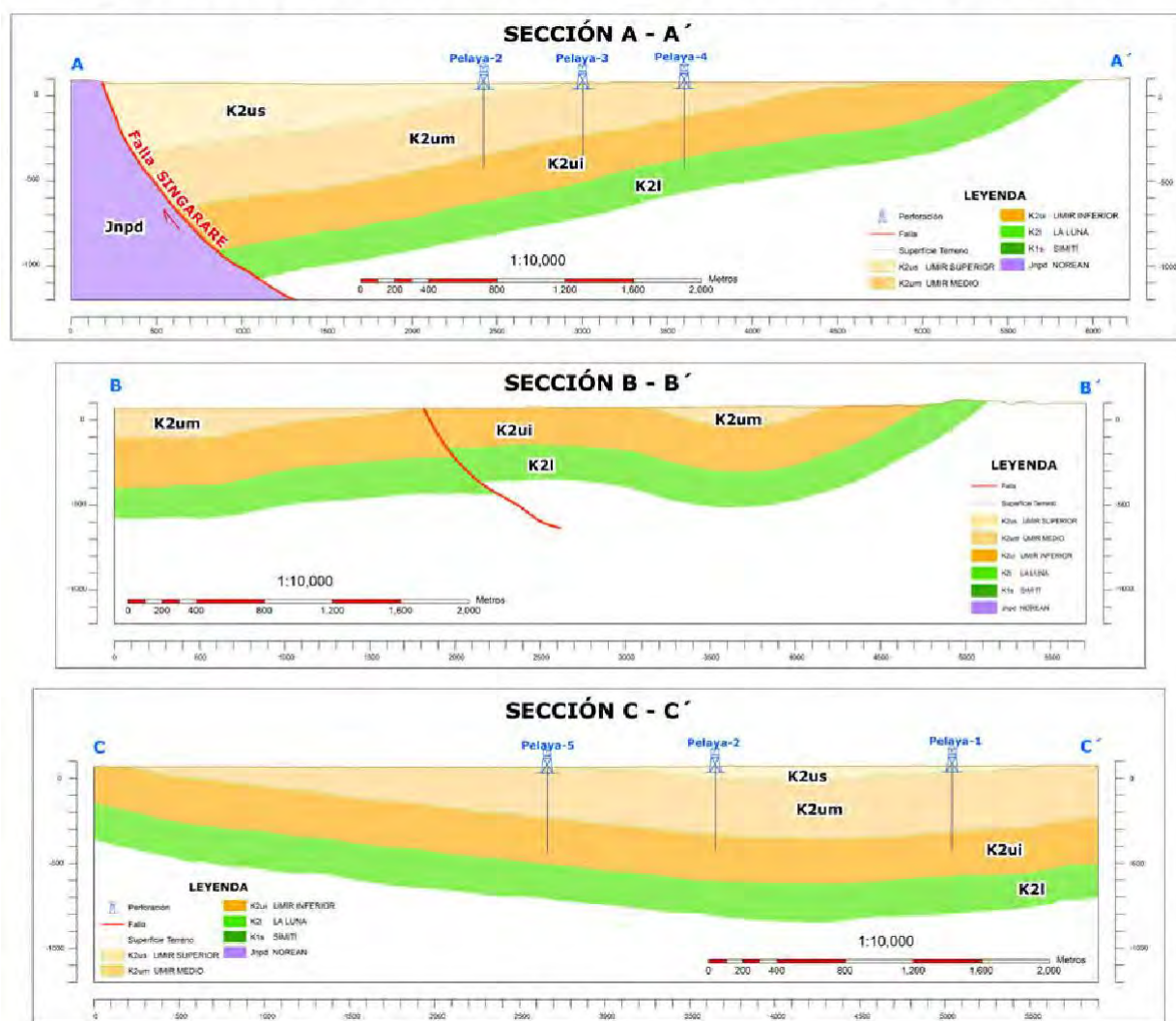


Figure No. 16. Structural sections with locations and depth levels corresponding to the scheduled drilling activity. - Sections A-A', B-B' and C-C'.

Chart No 5. Scheduled drilling activity and depth levels.

DRILLING	EAST	NORTH	DEPTH (m)
Pelaya-1	1050675	1451790	450
Pelaya-2	1049760	1450750	500
Pelaya-3	1050260	1450450	400
Pelaya-4	1050770	1450140	300
Pelaya-5	1049100	1450000	350



7. CONCLUSIONS

- In the geological field prospecting, a survey was performed for the units Norean, Tablazo, , La Luna, Umir as well as the quaternary deposits.

Mudstone outcrops, and sandstones at the stratigraphic location corresponding to the Umir formation, have been found, which clearly evidence the presence of the mentioned unit but covered by quaternaries.

- The geoelectrical prospection study was a key tool to determinate a clear contrast between the resistivity's and the quaternary deposits from moderate to high, and the underlying Umir formation presenting low resistivity levels
- The information obtained from the geophysics prospection, allows identifying the quaternary deposits in the assessment area, with fluctuations between 1.3m and 19m, with an average of 11.7m.
- Within the quaternary deposits, it is possible to differentiate from two(2) resistivity areas at least one a quite bit more shallow, considered as a vadoze non-saturated area, with levels of resistivity between 5.9 and 1533 ohm/m and thickness levels between 0.8m and 6.7m approximately, as well as a deepest area related with a thin saturated aquiferous level with fresh water, with a thickness average of 10mt and resistivity levels between 46 and 1754 ohm/m.
- It has been estimated that the water table level would be between 0.82m and 6.7 m depth with an average of 3.4m under the surface.
- The seismic lines interpretation along with the geology has confirmed that the Umir formation is located under the quaternary in a shallow depth and all its sequence has a low structural deformation.
- Along with the surface geology, the seismic interpretation, the geoelectric prospection and the generated structural sections, five (5) drilling activity have been scheduled between 300m and 500m, for a total of 2000m.
- There are serious expectations to perform a cutting in the middle segment of the Umir formation as well as in the coal seams, throughout the five (5) perforations.
- The recommendations regarding to Security, Health and environment must be followed accurately (SSMA).

ATTACHMENT

GEOELECTRIC MODEL HYDROGEOLOGIC CORRELATION AND SEV DATAFIELD

Excel Files



**GEOELECTRICAL STUDY IN ORDER TO ESTIMATE THE COLUVIM ALLUVIAL DEPOSIT THICKNESS, OVER THE
UMIR FORMATION ON BLOCKS KCA-09491 AND KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

GEOELECTRICAL DRILLING SEV-1

PELAYA

DATA FIELD

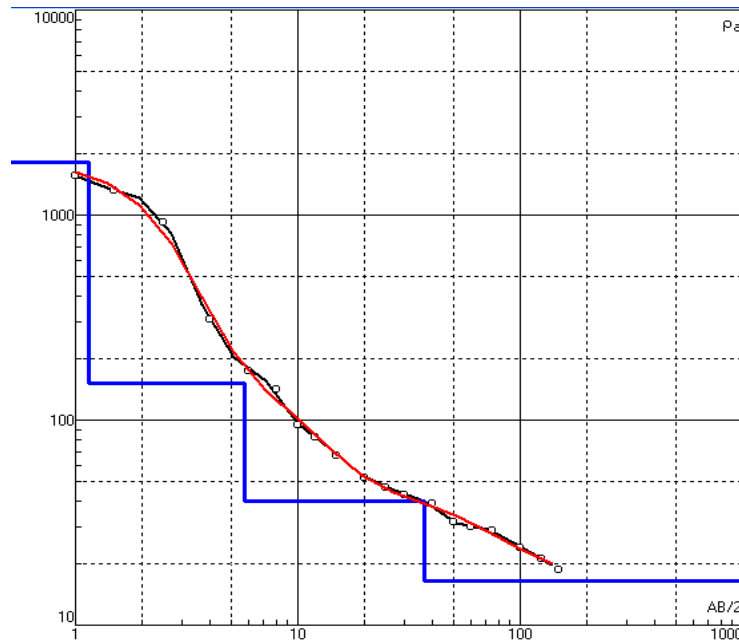
MUNICIPALITY: Pelaya, Department of Cesar DIRECTION : N15E
EQUIPMENT : AZ Instruments
OPERADOR: C. Suárez.
PATTERN : Schlumberger
DATE July 24th, 2011
COORDINATES (Origin Bogotá) 1,450,764 m. N. 1,044,840 m. E.

DISPOSITION		DATA READING 1		DATA READING 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	3310	5.0	3400	5.1	1559.8	1570.8	1565.3
0.5	1.5	744	3.5	743	3.6	1335.6	1296.8	1316.2
0.5	2.5	194.2	3.9	189.1	3.9	938.6	914.0	926.3
0.5	4	30.1	4.9	31.1	4.9	303.9	314.0	309.0
0.5	6	5.6	3.9	6.5	3.9	161.3	187.2	174.2
0.5	8	1.3	1.7	1.1	1.7	153.2	129.6	141.4
0.5	10	2	7.0	2.1	6.5	89.5	101.2	95.4
0.5	12	1.2	6.5	1.2	6.5	83.4	83.4	83.4
0.5	15	0.3	4.0	0.5	4.0	53.0	88.3	70.6
5	15	24	22.8	23	22.5	66.1	64.2	65.2
5	20	3.5	7.7	3.4	7.7	53.6	52.0	52.8
5	25	2.0	7.6	1.8	7.5	49.6	45.2	47.4
5	30	1	7.8	1.5	7.8	35.2	52.9	44.1
10	30	2.8	7.8	2.5	7.8	45.1	40.3	42.7
10	40	0.9	5.1	0.8	5.1	41.6	37.0	39.3
10	50	0.8	8.6	0.7	8.7	35.1	30.3	32.7
10	60	0.5	7.4	0.3	7.2	37.1	22.9	30.0
10	75	0.2	6.1	0.2	6.1	28.5	28.5	28.5
25	75	0.6	6.2	0.6	6.2	30.4	30.4	30.4
25	100	0.2	4.7	0.2	4.8	25.1	24.5	24.8
25	125	0.2	8.8	0.2	8.8	21.4	21.4	21.4
25	150	0.2	11.0	0.1	10.2	25.0	13.5	19.2
50	150	0.2	8.5	0.3	8.2	14.8	23.0	18.9

GEOELECTRICAL STUDY IN ORDER TO ESTIMATE THE COLUVIM ALLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491AND KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-1

PELAYA



Error= 6,07%

GEOELECTRIC MODEL AND HYDROGEOLOGIC CORRELATION

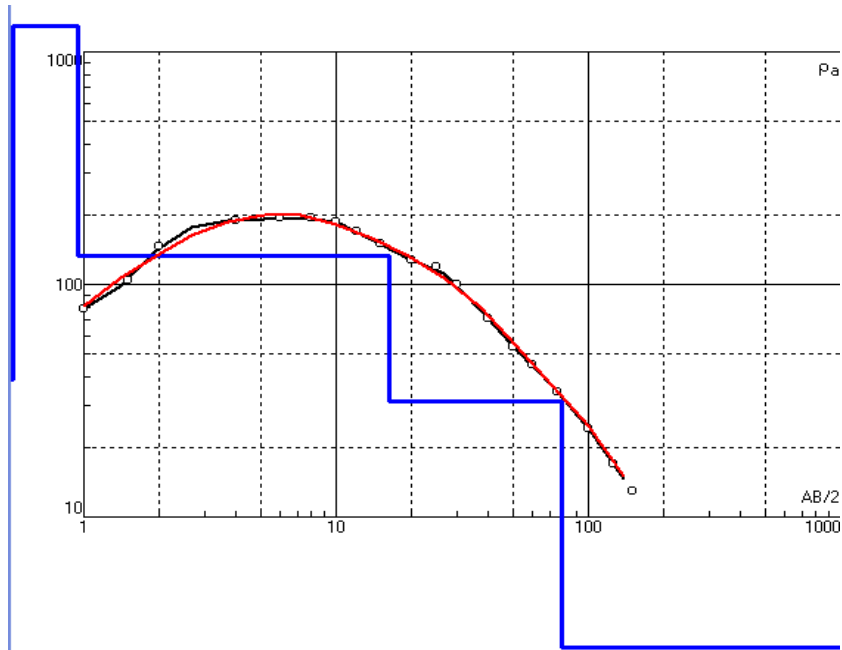
Layer No	Resistivity Ohm-m	Thicknessm	Depth	Hydrogeologic correlation
1	1801	1.16	1.16	Dry silts - Qca
2	152	4.58	5.73	Dry sandstones with low saturation levels - Qca
3	40.5	31.2	36.9	Shales and sandstones with low saturation levels. - Ksu
4	16.5	Indeterminated	Indeterminated	Shales and sandstones with poor saturation levels. - Ksu

GEOELECTRIC STUDY IN ORDER TO ESTIMATE THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, LA PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-2								
PELAYA								
DATA FIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION : N35E		
EQUIPMENT : AZ Instruments								
OPERATOR C. Suárez.								
CONFIGURACIÓN : Schlumberger								
DATE: July 22th, 2011								
COORDINATES (Orígin Bogotá)			1,450,521 m. N.		1,050,306 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm-m)	RESIST (Ohm-m)
0.5	1	1153	34.9	1180	34.7	77.8	80.1	79.0
0.5	1.5	553	34.1	576	33.8	101.9	107.1	104.5
0.5	2.5	285	37.6	296	37.2	142.9	150.0	146.4
0.5	4	117	31.8	118	30.1	182.0	194.0	188.0
0.5	6	47	27.1	46.4	27.0	194.8	193.0	193.9
0.5	8	23	22.0	20	22.2	209.4	180.4	194.9
0.5	10	12	20.0	12	20.5	188.0	183.4	185.7
0.5	12	7	19.0	6.8	17.9	166.4	171.6	169.0
0.5	15	3.5	15.0	3	15.0	164.8	141.2	153.0
5	15	61	27.3	62.7	26.2	140.4	150.4	145.4
5	20	42.2	38.5	36.6	34.4	129.1	125.3	127.2
5	25	15.9	26.3	17.2	26.0	114.0	124.7	119.3
5	30	11.5	32.8	11.5	30.1	96.4	105.0	100.7
10	30	24.6	31.1	24.4	30.6	99.4	100.2	99.8
10	40	7.5	28.8	9.4	27.4	61.4	80.8	71.1
10	50	7.2	47.0	6.4	46.5	57.8	51.9	54.8
10	60	3.4	34.5	2.2	33.1	54.2	36.5	45.4
10	75	1.4	31.9	1.2	29.7	38.1	35.1	36.6
25	75	3.3	33.3	3.5	31.5	31.1	34.9	33.0
25	100	1	25.5	1	23.3	23.1	25.3	24.2
25	125	0.4	19.1	0.3	19.0	19.7	14.9	17.3
25	150	0.2	20.1	0.2	19.9	13.7	13.8	13.7

GEOELECTRIC STUDY IN ORDER TO ESTIMATE THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, LA PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-2

PELAYA



Error= 4,14%

GEOELECTRIC MODEL AND HYDROGEOLOGIC CORRELATION

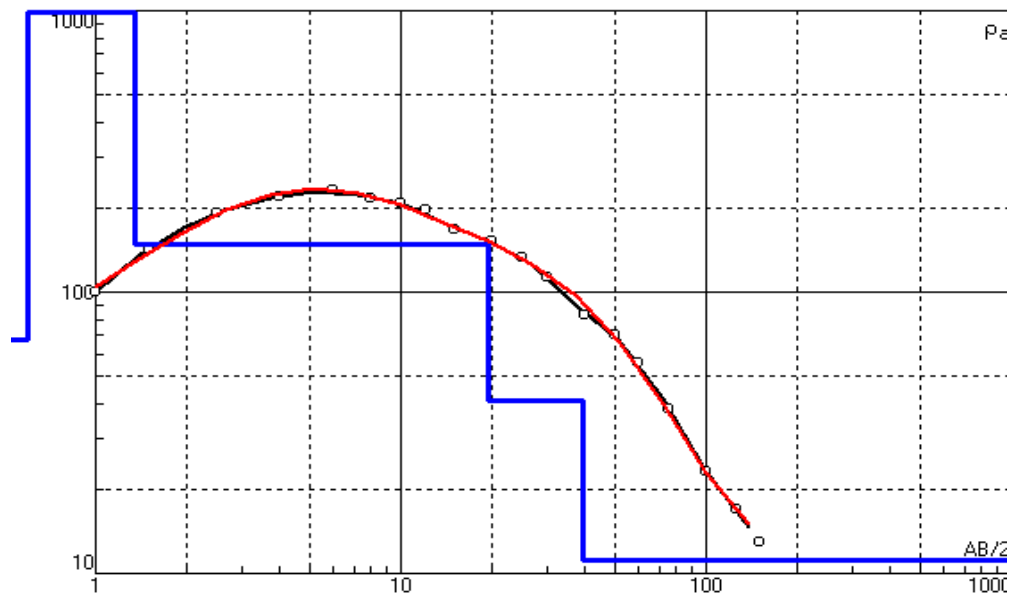
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeologic correlation
1	38.9	0.438	0.438	Dry silts and sandstones - Qca
2	1290	0.512	0.95	Dry sands and gravels - Qca
3	133	15.2	16.1	Saturated sand and gravels - Qca
4	31.4	62.5	78.7	Shales and sandstones with a poor saturation level- Ksu
5	0.399	Indeterminated	Indeterminated	Non saturated shales- Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-3								
PELAYA								
DATAFIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION : N25E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
PATTERN : Schlumberger								
DATE: July 23rd, 2011								
COORDINATES(Orígin Bogotá)			1,450,208 m. N.		1,049,290 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	4430	103.6	4450	105.5	100.8	99.4	100.1
0.5	1.5	2380	102.8	2270	102.2	145.5	139.6	142.5
0.5	2.5	1060	105.0	1067	103.0	190.3	195.3	192.8
0.5	4	480	109.2	497	111.4	217.5	220.8	219.1
0.5	6	297	144.1	297	147.2	231.5	226.6	229.0
0.5	8	170	158.2	173	159.3	215.2	217.5	216.4
0.5	10	75	113.4	77	115.8	207.3	208.4	207.8
0.5	12	49	112.6	50	114.4	196.5	197.4	197.0
0.5	15	31.0	118.5	29	119.8	184.7	170.9	177.8
5	15	292	118.2	303	117.3	155.2	162.3	158.8
5	20	213.0	162.5	210	167.2	154.4	148.0	151.2
5	25	143.7	202.0	147.1	208.0	134.1	133.3	133.7
5	30	75.2	180.2	85.4	185.0	114.7	126.9	120.8
10	30	155	177.8	148.5	177.3	109.5	105.3	107.4
10	40	66.8	189.6	67.4	190.7	83.0	83.3	83.1
10	50	25	134.1	25.9	136.9	70.3	71.3	70.8
10	60	13	125.1	12.7	123.2	57.1	56.7	56.9
10	75	7.4	153.1	6.8	154.4	41.9	38.2	40.1
25	75	18.1	153.6	18.0	152.3	37.0	37.1	37.1
25	100	6.4	156.5	5.9	156.0	24.1	22.3	23.2
25	125	3.4	213.0	4.7	213.0	15.0	20.8	17.9
25	150	1.5	168.0	1.8	175.0	12.3	14.1	13.2

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-3

PELAYA



Error= 3,13%

GEOELECTRIC MODEL AND HYDROGEOLOGIC CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeologic correlation
1	67.2	0.6	0.6	Dry silts and sandstones - Qca
2	986	0.74	1.34	Dry Sands and gravels - Qca
3	147	18.00	19.3	Sands and saturated gravels - Qca
4	41.1	20.1	39.5	Shales and sandstones with low saturated levels- Ksu
5	11.1	Indeterminado	Indeterminado	Shales with poor saturation levels - Ksu

**GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS,
OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

GEOELECTRIC DRILLING. SEV4

PELAYA

DATA FIELD

MUNICIPALITY: Pelaya, Department of Cesar

DIRECTION: N25E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 24th, 2011

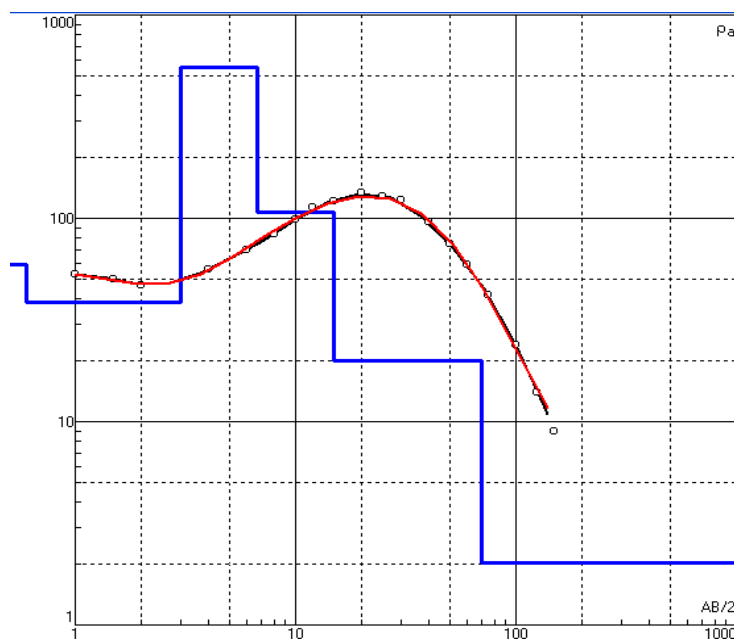
COORDINATES (Origin Bogotá) 1,452,810 m. N. 1,047,650 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	1286	56.5	1304	56.9	53.6	54.0	53.8
0.5	1.5	501	65.3	540	65.5	48.2	51.8	50.0
0.5	2.5	118.6	46.9	117.4	46.9	47.7	47.2	47.4
0.5	4	58.1	50.2	56.7	50.3	57.3	55.8	56.5
0.5	6	30	48.8	31	48.9	69.0	71.2	70.1
0.5	8	21.1	50.7	21.7	51.2	83.3	84.9	84.1
0.5	10	18.7	59.4	19.2	59.5	98.7	101.1	99.9
0.5	12	8.8	35.7	9.3	36.4	111.3	115.4	113.4
0.5	15	9.0	51.6	9	52.2	123.2	121.7	122.4
5	15	101.2	52.7	104.7	52.9	120.7	124.4	122.5
5	20	50.7	44.6	50.3	44.9	133.9	132.0	133.0
5	25	32.0	49.0	35	49.2	123.1	134.1	128.6
5	30	18.4	43.7	19.5	43.7	115.7	122.7	119.2
10	30	40.4	43.7	47.3	43.7	116.2	136.0	126.1
10	40	13.2	31.4	12.5	31.5	99.1	93.5	96.3
10	50	9.4	42.0	7.5	42.1	84.4	67.2	75.8
10	60	5.5	46.7	4.6	46.7	64.7	54.2	59.5
10	75	1.2	26.0	1	26.5	40.1	32.7	36.4
25	75	4.3	26.1	3.9	26.4	51.8	46.4	49.1
25	100	1	30.0	1.5	30.1	19.6	29.4	24.5
25	125	0.9	48.3	0.6	47.7	17.6	11.9	14.7
25	150	0.2	46.0	0.4	45.8	6.0	12.0	9.0
50	150	0.8	46.1	0.6	46.2	10.9	8.2	9.5

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING. SEV4

PELAYA



Error= 2,79%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeologic correlation
1	59.3	0.6	0.6	Dry silts and sandstones - Qca
2	38.5	2.41	3.01	Dry silts - Qca
3	555	3.71	6.7	Dry sands and conglomerate- Qca
4	107	8.29	15	Arenas saturadas - Qca
5	19.9	54.9	69.9	Silts and sandstones with a poor saturation level- Ksu
6	2.0	Indeterminado	Indeterminado	Non saturated Silts - Ksu

**GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS,
OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

GEOELECTRIC DRILLING. SEV. 5

PELAYA

DATA FIELD

MUNICIPALITY: Pelaya, Department of Cesar

DIRECTION : N15E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 23rd, 2011

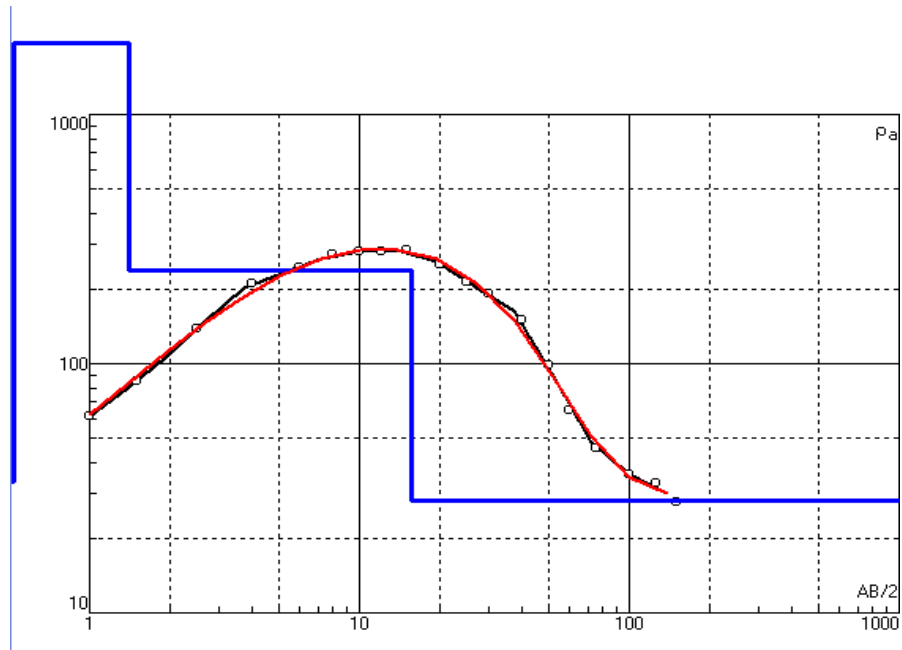
COORDINATES(Origen Bogotá) 1,419,581 m. N. 1,047,113 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	1180	43.5	1100	42.7	63.9	60.7	62.3
0.5	1.5	421	31.5	419	30.6	84.0	86.0	85.0
0.5	2.5	201	27.7	203	27.4	136.8	139.7	138.2
0.5	4	110	26.1	108	25.2	208.5	212.1	210.3
0.5	6	65	31.3	70	31.1	233.2	252.8	243.0
0.5	8	40	30.0	43	30.1	267.0	286.1	276.6
0.5	10	23	26.4	24.7	26.4	273.0	293.2	283.1
0.5	12	22	35.5	22	35.1	279.9	283.1	281.5
0.5	15	13.4	32.1	13	31.9	294.7	287.7	291.2
5	15	141.2	32.3	146.5	32.5	274.7	283.2	278.9
5	20	73.1	33.5	72.8	34.9	257.1	245.7	251.4
5	25	80.3	70.1	79.3	70.8	215.9	211.1	213.5
5	30	40.5	60.0	39.6	58.4	185.6	186.4	186.0
10	30	88	60.2	98.6	58.6	183.7	211.4	197.6
10	40	21	41.1	30.6	40.4	120.4	178.5	149.4
10	50	8.2	35.6	9.4	31.5	86.8	112.5	99.7
10	60	3	29.2	3.9	29.0	56.5	73.9	65.2
10	75	2.5	45.7	2.3	45.3	47.5	44.1	45.8
25	75	7.4	45.6	6.3	45.3	51.0	43.7	47.3
25	100	2.8	37.0	1.8	37.0	44.6	28.7	36.6
25	125	1.1	37.8	1.6	37.6	27.4	40.1	33.8
25	150	1.3	60.1	1.2	59.7	29.7	27.6	28.7
50	150	2.5	60.2	2.9	60.0	26.1	30.4	28.2

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING. SEV.5

PELAYA



Error= 3,79%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	33.4	0.523	0.523	Dry silts - Qca
2	1947	0.884	1.41	dry Sands and conglomerates - Qca
3	237	14.1	15.5	Saturated sands and gravels - Qca
4	28.2	Indeterminated	Indeterminated	Silts and sandstoneswith a poor saturation level - Ksu

**GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS,
OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

GEOELECTRIC DRILLING. SEV-6

PELAYA

DATAFIELD

MUNICIPALITY: Pelaya, Department of Cesar

DIRECTION : N25E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE July 24th, 2011

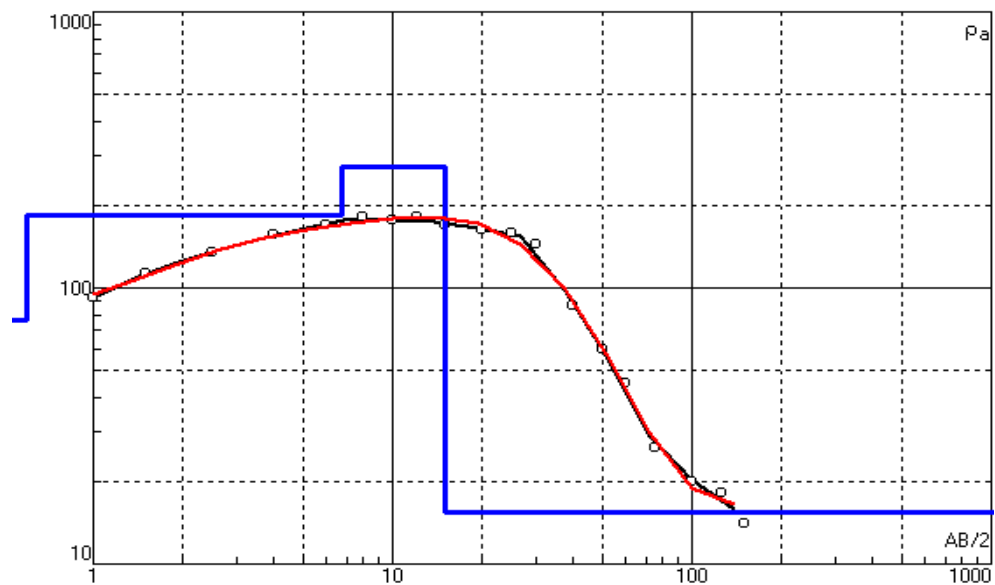
COORDINATES(Origin Bogotá) 1,448,423 m. N. 1,047,846 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2(Ohm- m)	RESIST (Ohm- m)
0.5	1	4720	120.2	4700	119.2	92.5	92.9	92.7
0.5	1.5	1120	62.4	1120	62.0	112.8	113.5	113.1
0.5	2.5	310	43.3	312	43.4	135.0	135.5	135.2
0.5	4	54.2	17.5	57	17.8	153.2	158.4	155.8
0.5	6	5.2	3.5	5.5	3.6	166.9	171.6	169.2
0.5	8	11.8	13.9	13.1	13.8	170.0	190.1	180.1
0.5	10	16.2	30.2	17.6	30.0	168.1	183.8	176.0
0.5	12	3.2	8.0	3.3	8.2	180.6	181.7	181.2
0.5	15	4.4	18.4	4.3	18.5	168.8	164.1	166.5
5	15	51	18.4	52	18.7	174.2	174.7	174.4
5	20	13.6	8.6	12	10.0	186.3	141.4	163.8
5	25	5.5	6.6	5.4	6.4	157.1	159.0	158.1
5	30	8	15.6	8.8	15.7	141.0	154.1	147.5
10	30	19.6	15.6	15.6	15.9	157.9	123.3	140.6
10	40	19.5	51.6	18.3	51.6	89.0	83.6	86.3
10	50	5.5	32.5	4.9	32.3	63.8	57.2	60.5
10	60	3.5	36.0	2.5	36.2	53.5	38.0	45.7
10	75	1.5	48.7	1.5	48.5	26.7	26.8	26.8
25	75	4	48.8	4.6	48.6	25.8	29.7	27.7
25	100	1.4	40.8	1.4	40.2	20.2	20.5	20.4
25	125	0.6	31.0	0.6	32.0	18.2	17.7	18.0
25	150	0.4	33.1	0.3	33.4	16.6	12.3	14.5
50	150	0.8	34.1	0.8	33.9	14.7	14.8	14.8

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING. SEV-6

PELAYA



Error= 3,19%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

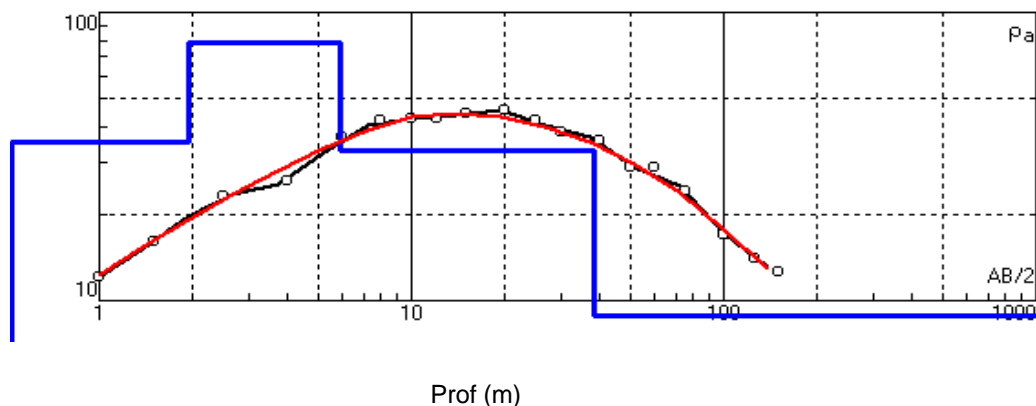
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	76.3	0.6	0.6	Dry silts - Qca
2	183	6.12	6.72	Dry Sands - Qca
3	275	8.29	15.0	Sands and saturated gravels - Qca
4	15.4	Indetermined	Indetermined	Shales and fine sandstones with a poor saturation level - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-7								
PELAYA								
DATAFIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION : N25E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
CONFIGURATION : Schlumberger								
DATE: July 26th, 2011								
COORDINATES (Origin Bogotá)			1,447,983 m. N.		1,048,942		m. E.	
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	420	90.0	558	90.7	11.0	14.5	12.7
0.5	1.5	168.9	67.7	189.2	67.3	15.7	17.7	16.7
0.5	2.5	50.1	38.8	79	66.6	24.3	22.4	23.3
0.5	4	18.6	27.8	11.7	27.9	33.1	20.7	26.9
0.5	6	9.4	24.4	7	24.1	43.3	32.6	37.9
0.5	8	19.9	90.0	18.4	89.4	44.3	41.2	42.8
0.5	10	10.4	76.4	10.9	77.7	42.7	44.0	43.3
0.5	12	6.9	63.2	5.3	64.1	49.3	37.3	43.3
0.5	15	4.5	75.6	4.5	76.3	42.0	41.6	41.8
5	15	58	76.3	60.2	75.9	47.8	49.8	48.8
5	20	31.6	71.6	27.2	76.8	52.0	41.7	46.9
5	25	14.7	61.4	13.2	61.6	45.1	40.4	42.8
5	30	10	69.5	9.1	70.4	39.6	35.5	37.5
10	30	21.4	69.5	23.7	70.1	38.7	42.5	40.6
10	40	7.3	52.1	9	52.2	33.0	40.6	36.8
10	50	4.1	61.4	5.4	61.4	25.2	33.2	29.2
10	60	2.8	52.7	2.8	52.7	29.2	29.2	29.2
10	75	1.4	58.0	1.7	58.4	20.9	25.3	23.1
25	75	4.4	55.0	4.7	56.0	25.1	26.4	25.7
25	100	1.5	53.7	1.7	53.9	16.5	18.6	17.5
25	125	0.8	54.8	0.9	54.5	13.8	15.6	14.7
25	150	0.3	26.3	0.2	26.6	15.7	10.3	13.0
50	150	0.6	27.8	0.5	28.1	13.6	11.2	12.4

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-7

PELAYA



Error= 4,3%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	6.22	0.379	0.379	Dry silts - Qca
2	35.6	1.56	1.93	Sands and dry silts s - Qca
3	78.5	3.98	5.91	Saturated sands - Qca
4	33.2	32.5	38.4	Shales and sandstones with a poor saturation level - Ksu
5	8.9	Indeterminated	Indeterminated	Non saturated shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-8

PELAYA

DATAFIELD

MUNICIPALITY: La Mata, Department of Cesar

DIRECTION : N40W

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 25th, 2011

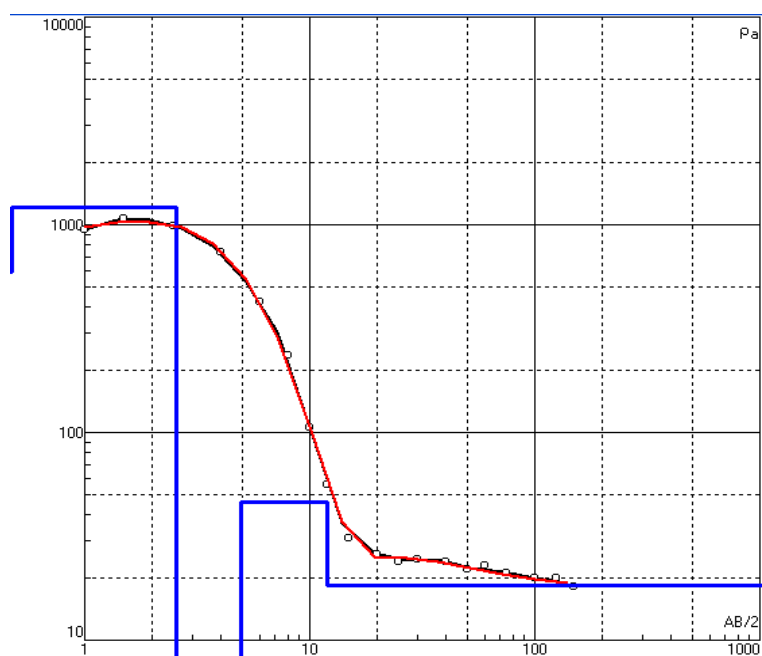
COORDINATES (Origin Bogotá) 1,444,792 m. N. 1,048,440 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	1572	3.8	1516	3.9	974.7	915.9	945.3
0.5	1.5	521	3.1	524	3.0	1056.0	1097.5	1076.7
0.5	2.5	86.8	1.7	96.4	1.8	962.4	1009.5	986.0
0.5	4	80.5	5.4	80.6	5.4	737.6	738.5	738.1
0.5	6	18.1	4.9	18.8	4.8	414.9	439.9	427.4
0.5	8	4.8	4.9	6.6	4.8	196.2	275.4	235.8
0.5	10	1.4	4.7	1.8	4.7	93.3	120.0	106.7
0.5	12	0.8	7.2	1	7.1	50.2	63.6	56.9
0.5	15	0.3	7.0	0.3	6.9	30.3	30.7	30.5
5	15	3.5	7.0	3.6	6.9	31.4	32.8	32.1
5	20	2.6	11.2	2.6	11.8	27.3	26.0	26.7
5	25	1.2	9.0	1.1	9.0	25.1	23.0	24.1
5	30	0.9	9.2	0.8	9.3	26.9	23.6	25.3
10	30	1.9	9.0	1.6	9.1	26.5	22.1	24.3
10	40	1	8.6	0.8	8.6	27.4	21.9	24.7
10	50	0.6	10.9	0.7	10.7	20.8	24.7	22.7
10	60	0.5	13.0	0.6	12.5	21.1	26.4	23.8
10	75	0.6	20.1	0.4	20.0	25.9	17.4	21.6
25	75	1.8	24.5	1.5	24.4	23.1	19.3	21.2
25	100	0.5	14.4	0.5	14.1	20.5	20.9	20.7
25	125	0.3	14.1	0.3	14.2	20.1	19.9	20.0
25	150	0.1	11.0	0.2	11.5	12.5	23.9	18.2
50	150	0.4	15.0	0.4	12.9	16.8	19.5	18.1

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-8

PELAYA



Error= 2,84%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

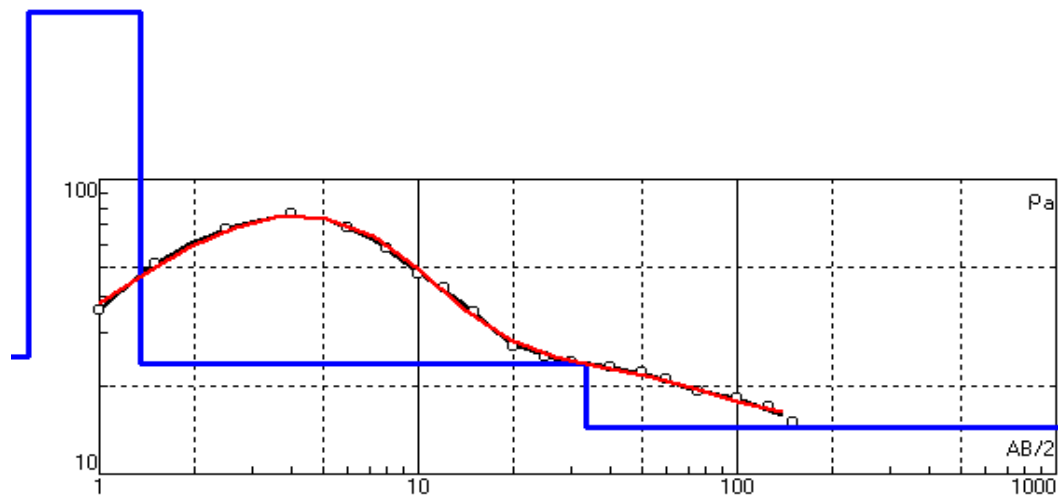
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	590	0.208	0.208	Silts and dry sands - Qca
2	1206	2.33	2.54	Dry sands - Qca
3	6.87	2.41	5.0	Clay and Silts - Qca
4	46.5	7.01	12.0	Sands and saturated silts - Qca
5	18.3	Indetermined	Indetermined	Shales and fine sandstoneswith a low saturation level. - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING					SEV-9			
PELAYA								
DATAFIELD								
MUNICIPALITY: La Gloria, Department of Cesar						DIRECTION: N30E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
CONFIGURATION: Schlumberger								
DATE: July, 25th, 2011								
COORDINATES (Origin Bogotá)			1,444,101 m. N.		1,046,322 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	618	40.0	629	40.0	36.4	37.1	36.7
0.5	1.5	285	34.5	288	34.8	51.9	52.0	52.0
0.5	2.5	76.2	20.7	75.3	20.9	69.4	67.9	68.7
0.5	4	43.9	27.8	41.6	27.9	78.1	73.8	76.0
0.5	6	13.4	22.7	14.8	22.8	66.3	72.9	69.6
0.5	8	5.6	19.4	5.7	19.3	57.8	59.1	58.5
0.5	10	3.9	23.4	3.3	23.3	52.2	44.4	48.3
0.5	12	2.8	27.2	2.5	27.5	46.5	41.1	43.8
0.5	15	1.0	22.1	1.2	21.9	31.9	38.7	35.3
5	15	12.8	22.0	13	22.1	36.6	37.0	36.8
5	20	4.4	21.3	5.6	21.4	24.3	30.8	27.6
5	25	2.3	17.6	2.5	17.5	24.6	26.9	25.8
5	30	1.8	18.8	1.6	19.0	26.3	23.1	24.7
10	30	3.7	19.1	3.7	19.1	24.3	24.3	24.3
10	40	1	12.7	1.5	12.6	18.6	28.1	23.3
10	50	0.7	11.7	0.7	11.5	22.6	22.9	22.8
10	60	0.5	10.2	0.2	7.3	27.0	15.1	21.0
10	75	0.2	8.5	0.2	9.3	20.4	18.7	19.5
25	75	1	16.0	1.0	17.0	19.6	18.5	19.1
25	100	0.6	18.0	0.5	17.0	19.6	17.3	18.5
25	125	0.3	16.8	0.3	16.5	16.8	17.1	17.0
25	150	0.2	14.0	0.1	12.5	19.6	11.0	15.3

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-9

PELAYA



Error= 2,62%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

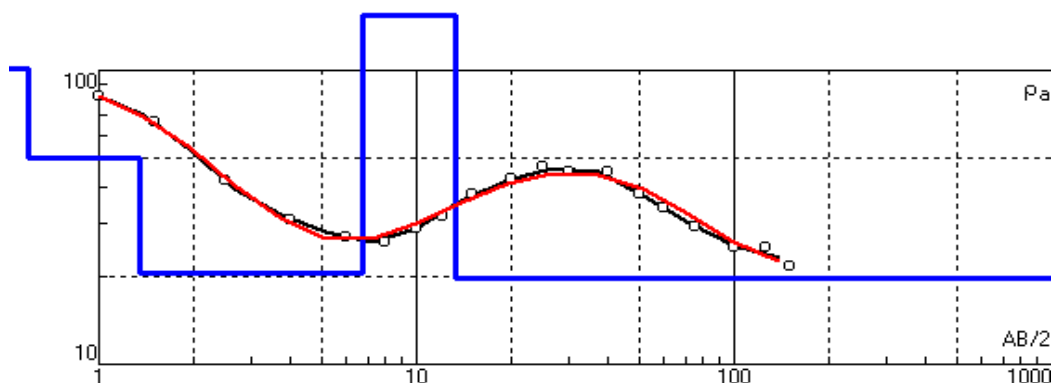
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	25	0.6	0.6	Dry Silts - Qca
2	368	0.74	1.34	Silts and dry sands - Qca
3	24	32.20	33.5	Shales and fine sandstones with a low saturation level- Ksu
4	14	Indeterminated	Indeterminated	Non saturated shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-10								
PELAYA								
DATAFIELD								
MUNICIPALITY: La Gloria, Department of Cesar						DIRECTION : N25E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
PATTERN : Schlumberger								
DATE: July 25th, 2011								
COORDINATES (Origin Bogotá)			1,446,810	m. N.	1,047,144	m. E.		
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2(Ohm- m)	RESIST(Ohm- m)
0.5	1	1563.6	50.1	1554.6	40.5	73.5	90.4	82.0
0.5	1.5	700.3	60.8	700.8	70.2	72.4	62.7	67.5
0.5	2.5	143	65.5	146.3	64.5	41.2	42.8	42.0
0.5	4	40.3	63.9	40.4	62.1	31.2	32.2	31.7
0.5	6	31	117.5	26	116.1	29.6	25.2	27.4
0.5	8	20.1	161.4	22.3	160.3	24.9	27.9	26.4
0.5	10	6.8	65.2	5.8	68.5	32.7	26.5	29.6
0.5	12	8.1	125.8	9.9	125.2	29.1	35.7	32.4
0.5	15	7.5	129.0	6.5	124.1	41.1	37.0	39.0
5	15	76.9	123.9	70	123.6	39.0	35.6	37.3
5	20	46.8	130.8	49.6	131.7	42.2	44.4	43.3
5	25	32.2	141.6	39.1	143.9	42.9	51.2	47.0
5	30	20.1	139.1	25	138.7	39.7	49.5	44.6
10	30	50.8	140.0	52	139.4	45.6	46.9	46.2
10	40	29	160.5	32	159.2	42.6	47.4	45.0
10	50	18.3	161.9	15	164.2	42.6	34.4	38.5
10	60	9.8	147.2	8.8	147.3	36.6	32.8	34.7
10	75	4	128.5	4.6	129.5	27.0	30.8	28.9
25	75	13.4	128.7	12.4	129.6	32.7	30.1	31.4
25	100	5.4	130.6	5.9	130.7	24.4	26.6	25.5
25	125	3.7	132.5	3.6	135.9	26.3	25.0	25.6
25	150	3.3	189.3	3	190.2	24.0	21.7	22.8
50	150	6.4	187.4	6.3	188.8	21.5	21.0	21.2

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-10

PELAYA



Error= 3,63%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

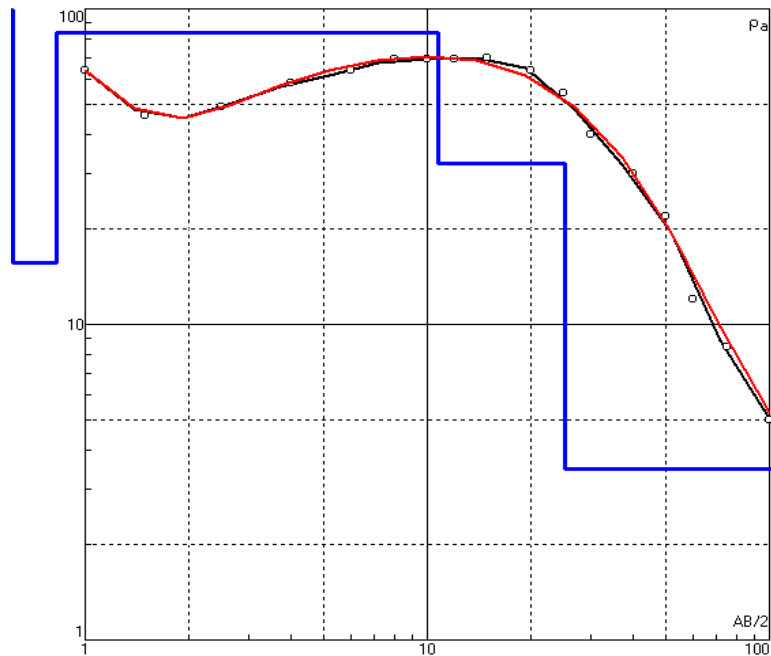
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	101	0.6	0.6	Silts and dry sands - Qca
2	50.6	0.742	1.34	Dry sands - Qca
3	20.4	5.39	6.73	Dry Silts - Qca
4	154	6.54	13.3	Saturated sands - Qca
5	19.6	Indeterminated	Indeterminated	Shales and sands with a low saturation level - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-11								
PELAYA								
DATAFIELD								
MUNICIPALITY: La Gloria, Department of Cesar						DIRECTION: N30E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
PATTERN : Schlumberger								
DATE: JULY 25th 2011								
COORDINATES (Origin Bogotá)			1,443,956 m. N.		1,046,855 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	230	8.4	226	8.4	64.5	63.4	64.0
0.5	1.5	66.8	9.1	68.3	9.2	46.1	46.6	46.4
0.5	2.5	23.4	9.4	26	9.5	46.9	51.6	49.3
0.5	4	23.2	20.0	24.2	20.0	57.4	59.9	58.6
0.5	6	6.9	10.9	5.7	11.0	71.1	58.2	64.6
0.5	8	6.8	17.7	5.5	17.9	76.9	61.5	69.2
0.5	10	9.4	40.1	7.6	36.6	73.5	65.1	69.3
0.5	12	2.6	17.3	2.6	16.7	67.9	70.3	69.1
0.5	15	1.4	12.2	1.1	12.6	81.0	61.6	71.3
5	15	13.6	12.5	13	11.6	68.4	70.4	69.4
5	20	8.9	16.4	8.8	16.2	63.9	64.0	64.0
5	25	3.4	10.9	3	11.1	58.8	50.9	54.9
5	30	2.4	16.6	2.6	16.8	39.7	42.5	41.1
10	30	5	16.8	5.5	16.9	37.4	40.9	39.1
10	40	2.4	17.0	2.6	22.2	33.3	27.6	30.4
10	50	1.3	23.0	1.5	23.0	21.3	24.6	22.9
10	60	0.5	20.6	0.4	20.6	13.3	10.7	12.0
10	75	0.2	19.0	0.2	19.4	9.1	8.9	9.0
25	75	0.5	19.5	0.5	19.6	8.1	8.0	8.0
25	100	0.1	17.2	0.2	17.3	3.4	6.8	5.1

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-11

PELAYA



Error= 3,67%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	131	0.422	0.422	Silts and dry sands - Qca
2	15.7	0.402	0.82	Dry silts - Qca
3	84	9.94	10.8	Sands and saturated silts - Qca
4	32.4	14.6	25.3	Shales and fine sandstones with a poor saturation level - Ksu
5	3.49	Indeterminated	Indeterminated	Non saturated shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM ALLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-12

PELAYA

DATAFIELD

MUNICIPALITY La Gloria, Department of Cesar

DIRECTION: N20E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 25th, 2011

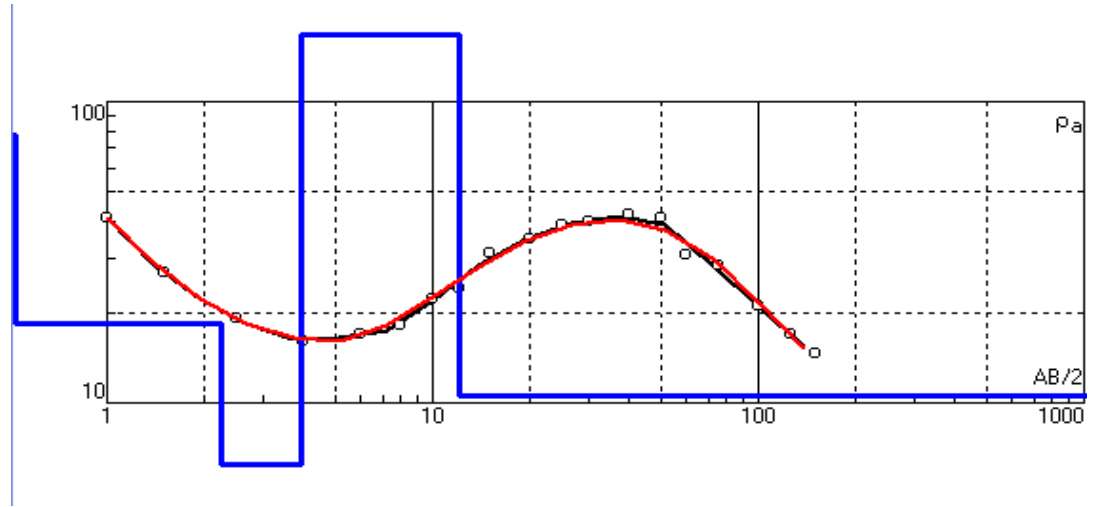
COORDENADAS (Origen Bogotá) 1,447,135 m. N. 1,046,648 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm-m)	RESIST (Ohm-m)
0.5	1	266	14.4	276	16.3	43.5	39.9	41.7
0.5	1.5	148.2	35.0	156.5	35.4	26.6	27.8	27.2
0.5	2.5	31.6	30.5	31.9	30.1	19.5	20.0	19.8
0.5	4	6	17.5	6.1	18.8	17.0	16.1	16.5
0.5	6	14.9	92.8	13.9	92.8	18.0	16.8	17.4
0.5	8	4.5	38.2	3.1	45.5	23.6	13.6	18.6
0.5	10	2.1	32.0	2.5	32.1	20.6	24.4	22.5
0.5	12	7.4	129.7	8	157.8	25.8	22.9	24.3
0.5	15	12.0	240.0	10	246.0	35.3	28.7	32.0
5	15	110.4	240.0	132.2	245.0	28.9	33.9	31.4
5	20	79.4	280.0	89.4	276.0	33.4	38.2	35.8
5	25	46.6	193.1	33.8	190.2	45.5	33.5	39.5
5	30	24.4	180.8	28.8	180.1	37.1	44.0	40.5
10	30	60.3	179.5	55.3	179.5	42.2	38.7	40.5
10	40	34.5	192.3	34.9	192.6	42.3	42.7	42.5
10	50	19.6	166.4	16.5	164.2	44.4	37.9	41.1
10	60	13.2	210.0	11.1	209.0	34.6	29.2	31.9
10	75	6.5	198.2	5.4	164.7	28.5	28.5	28.5
25	75	18.9	166.0	12.5	164.6	35.8	23.9	29.8
25	100	7.8	196.8	6.5	195.3	23.3	19.6	21.5
25	125	0.9	63.3	1.3	59.2	13.4	20.7	17.0
25	150	0.7	55.3	0.4	51.1	17.4	10.8	14.1
50	150	1.4	53.8	1.2	54.1	16.4	13.9	15.1

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-12

PELAYA



Error= 2,37%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	77.9	0.418	0.418	Silts and dry sands - Qca
2	18.4	1.83	2.25	Dry silts - Qca
3	6.3	1.69	3.94	Dry clays - Qca
4	166	8.15	12.1	Saturated sands- Qca
5	10.6	Indeterminated	Indeterminated	Shales with a poor saturation level - Ksu

**GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS,
OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

SONDEO GEOELÉCTRICO SEV-13

PELAYA

DATAFIELD

MUNICIPALITY: Pelaya, Department of Cesar

DIRECTION: N35E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN: Schlumberger

DATE: July 23rd, 2011

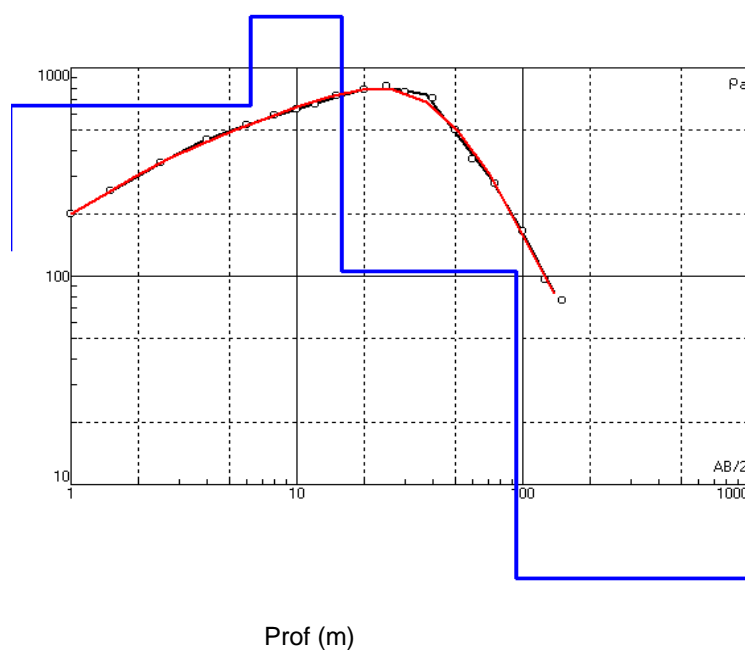
COORDINATES (Origin Bogotá) 1,451,191 m. N. 1,046,776 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	420	5.5	513	5.5	179.9	219.8	199.8
0.5	1.5	138	3.3	134	3.4	262.8	247.6	255.2
0.5	2.5	91	5.0	96	5.1	343.1	354.8	348.9
0.5	4	28	3.1	29	3.1	446.9	462.9	454.9
0.5	6	20.6	4.2	19	4.2	550.9	508.1	529.5
0.5	8	14.3	4.5	12.3	4.5	636.4	547.4	591.9
0.5	10	7.8	4.2	8.2	3.8	582.0	676.2	629.1
0.5	12	6.5	4.8	7.2	4.5	611.5	722.6	667.1
0.5	15	3.8	3.9	3.7	3.5	688.0	746.4	717.2
5	15	42.3	3.9	45	3.5	681.5	807.8	744.7
5	20	22.0	3.7	24.6	3.3	700.5	878.2	789.4
5	25	14.7	3.3	12.5	3.0	839.7	785.4	812.5
5	30	7	2.9	8	2.5	663.5	879.6	771.6
10	30	17.2	3.0	17.4	2.7	720.5	809.8	765.2
10	40	7.8	2.7	7	2.2	680.7	749.7	715.2
10	50	3	2.5	3.5	2.4	452.4	549.8	501.1
10	60	1.7	2.7	1.8	2.6	346.2	380.6	363.4
10	75	0.7	2.9	1	2.9	209.5	299.3	254.4
25	75	1.9	2.0	1.9	1.9	298.5	314.2	306.3
25	100	0.6	2.5	0.8	2.5	141.4	188.5	164.9
25	125	0.2	3.0	0.4	2.9	62.8	130.0	96.4
25	150	0.2	3.6	0.2	3.6	76.4	76.4	76.4

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-13

PELAYA



Error= 3,31%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

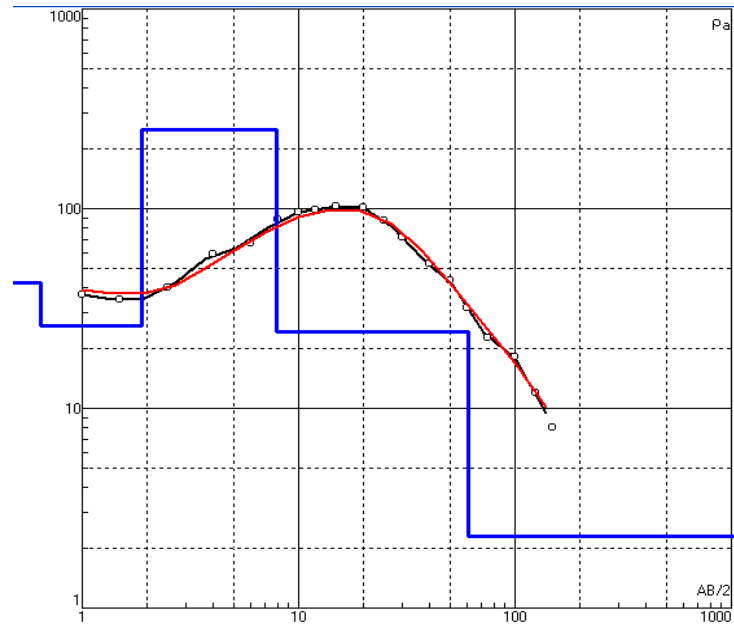
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1.00	132.0	0.5	0.54	Silts and dry sands - Qca
2.0	655.00	5.69	6.2	Sands and dry gravels- Qca
3.00	1754.0	9.6	15.90	Sands and saturated conglomerates - Qca
4.00	106.0	77.3	93.20	Shales and sandstones with a low saturation level - Ksu
5.00	3.6	Indeterminated	Indeterminated	Non saturated shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRICAL DRILLING SEV-14								
PELAYA								
DATA FIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION: N35E		
EQUIPMENT : AZ Instruments								
OPERATOR C. Suárez.								
PATTERN : Schlumberger								
DATA: Julio 23 de 2011								
COORDINATES (Origin Bogotá)			1,455,638 m. N.		1,050,248		m. E.	
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2(Ohm- m)	RESIST (Ohm- m)
0.5	1	1119	69.6	1120	70.2	37.9	37.6	37.7
0.5	1.5	408	73.2	415	74.4	35.0	35.0	35.0
0.5	2.5	122.5	58.1	126.9	59.1	39.7	40.5	40.1
0.5	4	70.2	58.6	71.2	59.0	59.3	59.7	59.5
0.5	6	32.3	51.2	30	53.1	70.9	63.5	67.2
0.5	8	23	53.3	25.3	55.8	86.4	90.8	88.6
0.5	10	17	53.1	16.1	54.2	100.3	93.1	96.7
0.5	12	12.3	58.6	13.5	59.2	94.8	103.0	98.9
0.5	15	8.7	52.0	7	52.5	118.1	94.1	106.1
5	15	83.3	52.5	85	52.8	99.7	101.2	100.4
5	20	45.0	52.4	50	57.7	101.2	102.1	101.6
5	25	25.7	59.3	29.4	58.9	81.7	94.1	87.9
5	30	15.8	59.4	17.7	60.2	73.1	80.8	77.0
10	30	31.6	60.0	33.9	61.4	66.2	69.4	67.8
10	40	12	57.2	14.7	59.7	49.4	58.0	53.7
10	50	5.1	42.7	5.5	46.6	45.0	44.5	44.8
10	60	3.3	52.5	3.1	54.5	34.6	31.3	32.9
10	75	1.2	53.2	1.6	54.6	19.6	25.4	22.5
25	75	4.4	57.2	4.0	55.0	24.2	22.8	23.5
25	100	2.4	65.7	1.7	66.1	21.5	15.1	18.3
25	125	0.7	53.8	0.7	55.1	12.3	12.0	12.1
25	150	0.5	78.4	0.5	78.8	8.8	8.7	8.7

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRICAL DRILLING SEV-14

PELAYA



Error=6,04%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

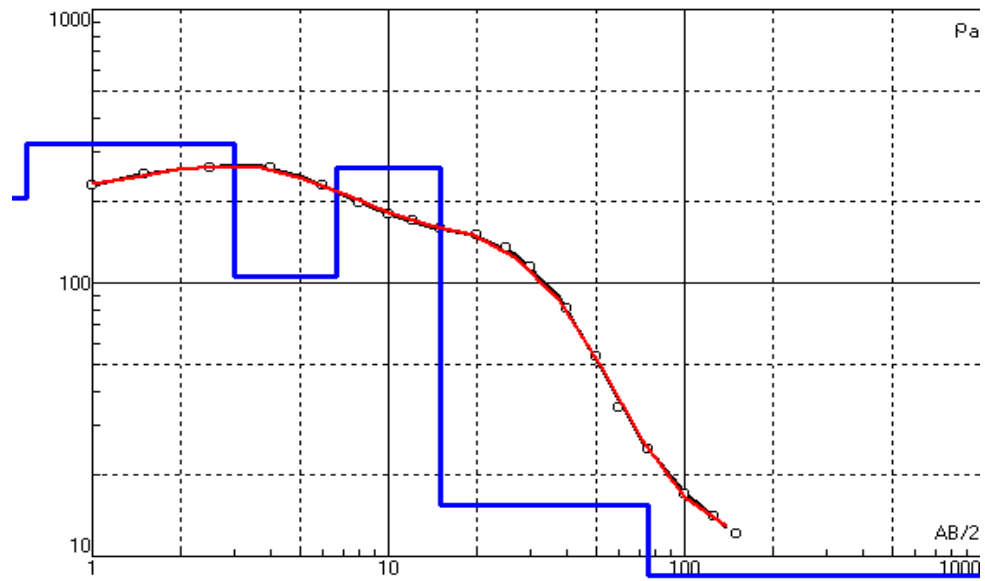
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	42.7	0.64	0.64	Silts and dry sands - Qca
2	25.9	1.24	1.89	Dry silts - Qca
3	248.0	6.02	7.91	Sands and saturated conglomerates - Qca
4	24.3	53.00	60.90	Shales and sandstones with low saturation levels- Ksu
5	2.3	Indetermined	Indetermined	Shales with a poor saturation level- Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-15								
PELAYA								
DATAFIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION : N30E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
PATTERN : Schlumberger								
DATE: Julio 24 de 2011								
COORDINATES (Origin Bogotá)			1,449,784	m. N.	1,049,488	m. E.		
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm-m)	RESIST (Ohm-m)
0.5	1	2920	30.3	2920	30.2	227.1	227.8	227.4
0.5	1.5	1023	25.7	1026	25.7	250.1	250.8	250.5
0.5	2.5	293	20.9	295	21.0	264.3	264.8	264.5
0.5	4	145.3	27.4	147.1	27.4	262.4	265.6	264.0
0.5	6	51.1	25.5	51.3	25.1	225.1	229.5	227.3
0.5	8	25.1	25.5	24.7	25.3	197.1	195.5	196.3
0.5	10	17.6	30.9	17.6	30.8	178.5	179.1	178.8
0.5	12	10.5	27.4	10.1	27.4	173.1	166.5	169.8
0.5	15	8.1	38.2	8.9	38.3	149.7	164.1	156.9
5	15	95.9	38.3	98.2	38.2	157.3	161.5	159.4
5	20	56.8	45.8	58.9	45.7	146.1	151.8	149.0
5	25	44.8	62.1	43.5	62.0	136.0	132.3	134.1
5	30	19.5	50.3	21.7	50.4	106.6	118.4	112.5
10	30	44.9	50.3	49.7	50.3	112.2	124.2	118.2
10	40	15.1	45.0	15.8	44.9	79.1	82.9	81.0
10	50	5.4	41.2	6.5	41.2	49.4	59.5	54.4
10	60	3.9	55.8	3.3	55.2	38.4	32.9	35.6
10	75	1.4	61.9	2	61.3	19.6	28.3	24.0
25	75	4.9	63.2	5.5	63.0	24.4	27.4	25.9
25	100	1.6	50.7	1.4	50.7	18.6	16.3	17.4
25	125	1	53.8	0.7	53.8	17.5	12.3	14.9
25	150	0.5	37.2	0.2	37.3	18.5	7.4	12.9
50	150	0.7	37.2	0.8	37.3	11.8	13.5	12.6

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-15

PELAYA



Error= 1,55%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

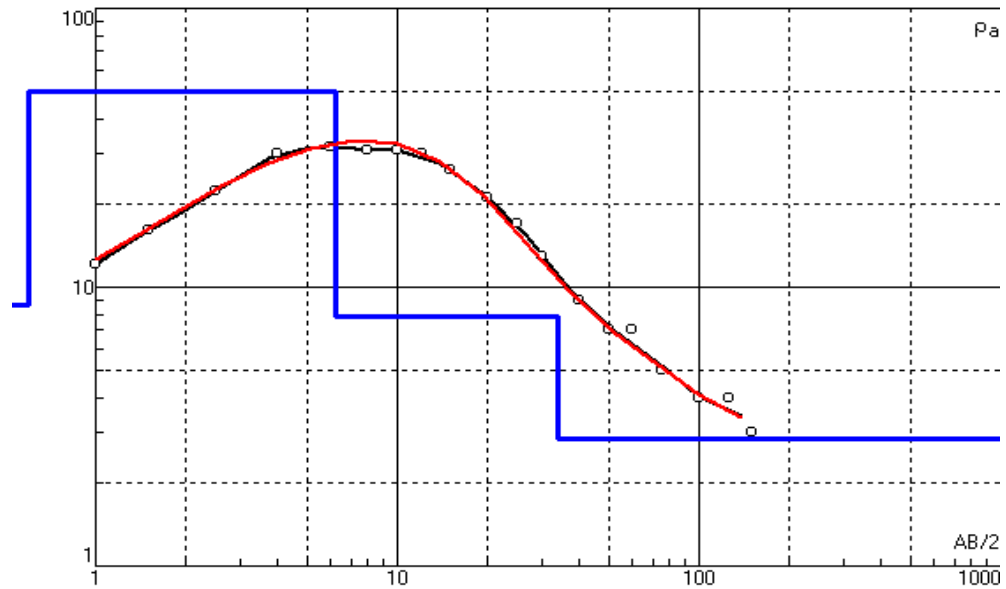
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	205.4	0.6	0.6	Dry silts - Qca
2	320.7	2.406	3.006	Sands and dry silts - Qca
3	105.2	3.708	6.714	Saturated sands - Qca
4	264.5	8.292	15.01	Sands and saturated gravels -Qca
5	15.33	60.01	75.01	Shales and sandstones with a poor saturation level - Ksu
6	8.451	Indeterminated	Indeterminated	Non saturated shales- Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-16								
PELAYA								
DATAFIELD								
MUNICIPALITY: Pelaya, Department of Cesar						DIRECTION: N25E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
PATTERN : Schlumberger								
DATE: July 23rd, 2011								
COORDINATES (Origin Bogotá)			1,451,648 m. N.		1,048,708 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2(Ohm- m)	RESIST (Ohm- m)
0.5	1	190	32.4	170	37.0	13.8	10.8	12.3
0.5	1.5	72.4	27.5	70.2	27.6	16.5	16.0	16.3
0.5	2.5	33.8	29.2	34.8	28.9	21.8	22.7	22.3
0.5	4	15	21.2	14.1	27.8	35.0	25.1	30.1
0.5	6	6.6	21.7	5.6	21.0	34.2	29.9	32.1
0.5	8	4.4	26.5	4	26.5	33.3	30.2	31.7
0.5	10	3	30.0	3.1	30.0	31.3	32.4	31.9
0.5	12	2.5	34.7	2.1	34.5	32.5	27.5	30.0
0.5	15	1.7	35.8	1.2	35.4	33.5	23.9	28.7
5	15	15.3	36.2	14	34.8	26.6	25.3	25.9
5	20	4.2	21.0	4.6	26.9	23.6	20.1	21.9
5	25	2.5	29.6	3	28.8	15.9	19.6	17.8
5	30	1.8	37.2	1.6	37.0	13.3	11.9	12.6
10	30	4.6	37.1	4	36.6	15.6	13.7	14.7
10	40	1.4	32.1	1	30.9	10.3	7.6	9.0
10	50	0.6	26.0	0.5	26.3	8.7	7.2	7.9
10	60	0.3	27.6	0.4	27.7	6.0	7.9	7.0
10	75	0.2	29.0	0.2	30.0	6.0	5.8	5.9
25	75	1.2	69.0	1.3	70.0	5.5	5.8	5.6
25	100	0.5	69.0	0.6	71.0	4.3	5.0	4.6
25	125	0.3	57.0	0.2	60.0	5.0	3.1	4.1
25	150	0.1	40.0	0.1	41.0	3.4	3.4	3.4

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-16

PELAYA



Error= 3,37%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	8.66	0.6	0.6	Dry silts - Qca
2	50.3	5.64	6.24	Sands and dry silts- Qca
3	7.81	27.8	34.1	Shales - Ksu
4	2.87	Indeterminado	Indeterminado	Shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-17

PELAYA

DATAFIELD

MUNICIPALITY: Pelaya, Department of Cesar

DIRECTION : N25E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 24th, 2011

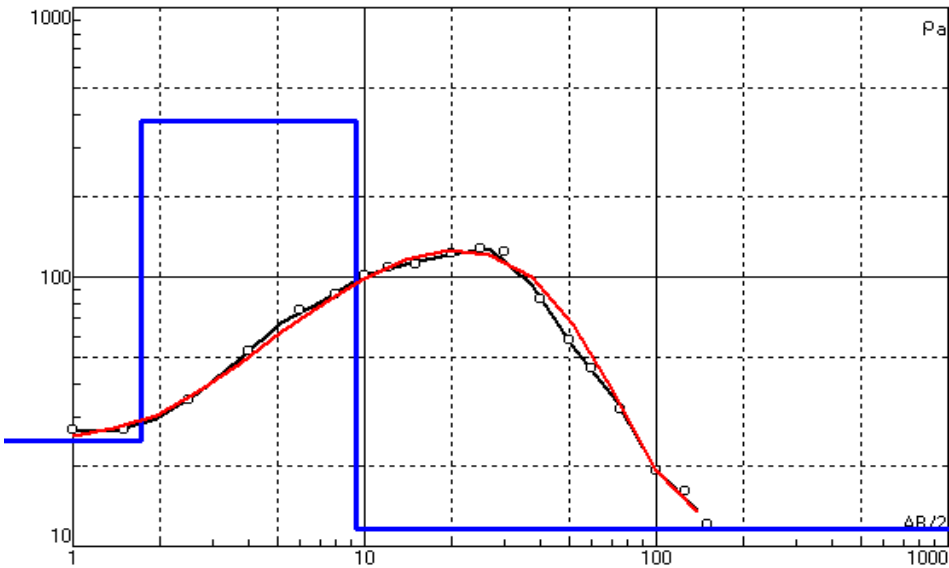
COORDINATES (Origin Bogotá) 1,449,350 m. N. 1,049,277 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm-m)	RESIST (Ohm-m)
0.5	1	1282	108.7	1271	108.3	27.8	27.7	27.7
0.5	1.5	346	80.2	343	79.8	27.1	27.0	27.1
0.5	2.5	147.1	76.5	148.8	79.8	36.2	35.1	35.7
0.5	4	60.9	55.8	58.8	55.9	54.0	52.0	53.0
0.5	6	38.9	58.1	39.3	58.1	75.2	76.0	75.6
0.5	8	28.5	65.9	28	64.9	86.6	86.4	86.5
0.5	10	17.5	51.9	16	51.5	105.7	97.4	101.5
0.5	12	13	54.6	13.6	55.1	107.5	111.5	109.5
0.5	15	7.6	45.0	6	44.0	119.2	96.3	107.8
5	15	46	25.2	48	25.3	114.7	119.2	117.0
5	20	28.8	27.2	27	26.6	124.7	119.6	122.2
5	25	17.0	25.7	17.5	25.3	124.7	130.4	127.5
5	30	17.6	37.4	16.8	39.2	129.4	117.8	123.6
10	30	36.2	37.3	39.6	39.1	122.0	127.3	124.6
10	40	8.5	26.0	10.1	26.4	77.0	90.1	83.6
10	50	4.9	31.8	4.9	31.7	58.1	58.3	58.2
10	60	3.2	36.1	2.9	36.2	48.7	44.0	46.4
10	75	1	36.4	1.9	36.1	23.8	45.7	34.8
25	75	3.5	36.4	3.8	36.1	30.2	33.1	31.6
25	100	1.7	47.8	1.4	47.8	20.9	17.3	19.1
25	125	0.4	32.8	0.7	32.3	11.5	20.4	16.0
25	150	0.2	28.3	0.3	28.6	9.7	14.4	12.1
50	150	0.5	28.3	0.6	28.4	11.1	13.3	12.2

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-17

PELAYA



Error= 6%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

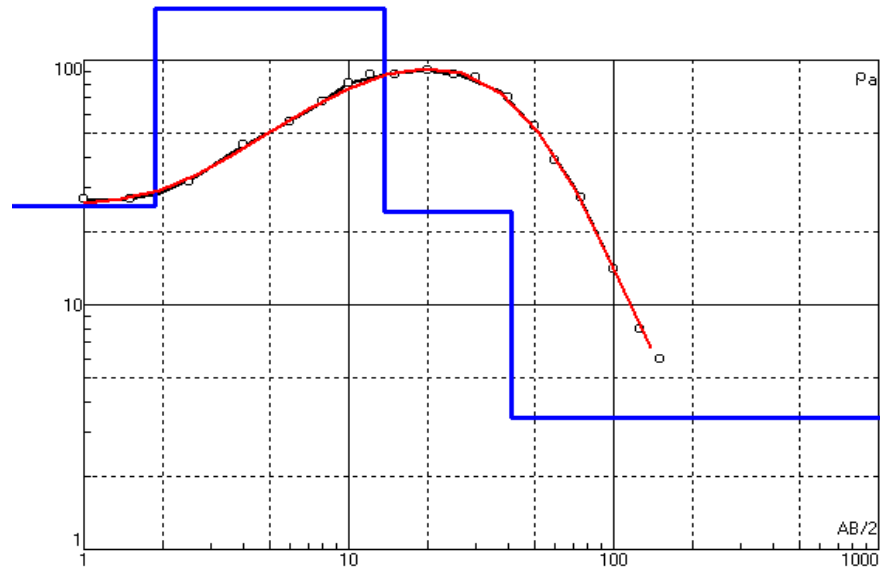
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	24.6	1.71	1.71	Dry silts - Qca
2	379	7.63	9.35	Sands and saturated conglomerate- Qca
3	11.6	Indeterminated	Indeterminated	Non saturated shales - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING					SEV-18			
PELAYA								
DATAFIELD								
MUNICIPALITY: Pelaya, Department of Cesar					DIRECTION : N18E			
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
CONFIGURACIÓN : Schlumberger								
DATE: July 24th, 2011								
COORDINATES (Origin Bogotá)			1,449,350	m. N.	1,049,277	m. E.		
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm-m)	RESIST (Ohm-m)
0.5	1	1282	108.7	1271	108.3	27.8	27.7	27.7
0.5	1.5	346	80.2	343	79.8	27.1	27.0	27.1
0.5	2.5	127	76.5	138.8	79.8	31.3	32.8	32.0
0.5	4	50	55.8	51.8	55.9	44.3	45.9	45.1
0.5	6	29	58.1	29.3	58.1	56.1	56.6	56.3
0.5	8	23.5	65.9	21.4	64.9	71.4	66.0	68.7
0.5	10	13.3	51.9	13.5	51.5	80.3	82.1	81.2
0.5	12	10.6	54.6	10.6	55.1	87.7	86.9	87.3
0.5	15	9.0	70.6	9.1	71.3	90.0	90.1	90.1
5	15	96	71.4	102	71.8	84.5	89.3	86.9
5	20	45.0	56.9	43	57.0	93.2	88.9	91.0
5	25	21.7	46.4	21.1	46.2	88.2	86.1	87.1
5	30	16.2	51.0	15.9	50.8	87.3	86.0	86.7
10	30	30.8	50.8	38.1	50.7	76.2	94.4	85.3
10	40	16.2	54.7	16.5	55.0	69.8	70.7	70.2
10	50	5.6	39.8	5.9	40.2	53.0	55.3	54.2
10	60	1.1	17.3	1.4	17.3	35.0	44.5	39.7
10	75	1.1	31.8	1.1	32.2	30.0	29.6	29.8
25	75	3.1	31.4	2.3	32.1	31.0	22.5	26.8
25	100	1.2	46.3	1	46.3	15.3	12.7	14.0
25	125	0.3	26.8	0.2	27.1	10.6	7.0	8.8
25	150	0.2	50.0	0.3	53.0	5.5	7.8	6.6

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-18

PELAYA



Error= 1,18%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	25	1.86	1.86	Silts and dry sands - Qca
2	162	11.80	13.60	Saturated sands - Qca
3	24	27.40	41.10	Shales and sandstones with a poor saturation level. - Ksu
4	3	Indeterminated	Indeterminated	Non saturated shales- Ksu

**GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLUVIAL DEPOSIT THICKNESS, OVER
THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES,
DEPARTMENT OF CESAR**

GEOELECTRIC DRILLING SEV-19

PELAYA

DATAFIELD

MUNICIPALITY: La Gloria, Department of Cesar

DIRECTION: N20E

EQUIPMENT : AZ Instruments

OPERATOR: C. Suárez.

PATTERN : Schlumberger

DATE: July 26th, 2011

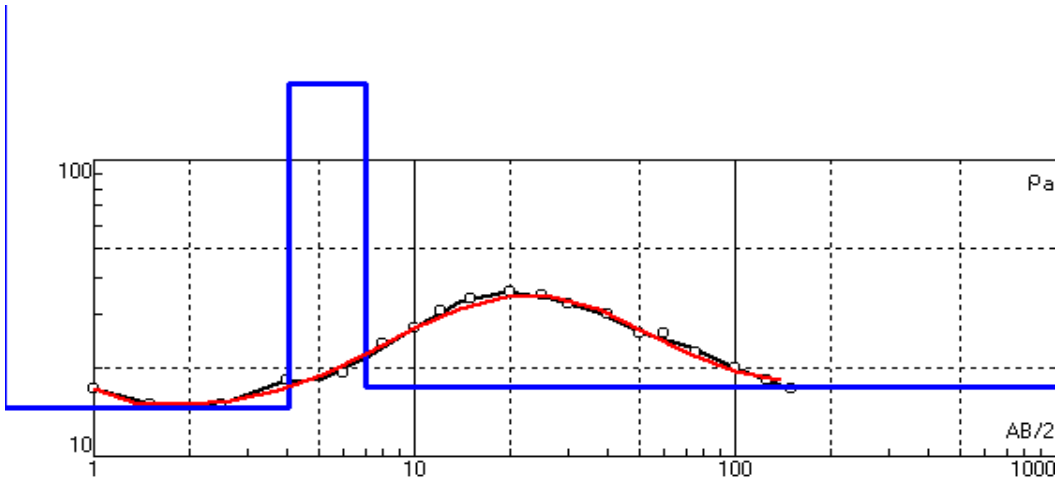
COORDINATES (Origin Bogotá) 1,447,351 m. N. 1,048,596 m. E.

DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5		1778	102.4	755	102.2	17.9	17.4	17.7
0.5	1.5	201	86.4	215	86.4	14.6	15.6	15.1
0.5	2.5	44.5	62.3	58.5	61.2	13.5	18.0	15.7
0.5	4	21.8	58.8	21.4	58.7	18.3	18.0	18.2
0.5	6	15.6	78.1	12.5	80.9	22.4	17.4	19.9
0.5	8	7.4	66.8	9.2	67.4	22.2	27.3	24.8
0.5	10	4.4	53.0	5	52.9	26.0	29.6	27.8
0.5	12	4.3	62.7	4.3	62.6	31.0	31.0	31.0
0.5	15	2.8	57.2	2.9	57.8	34.6	35.4	35.0
5	15	29	55.3	30.2	56.3	32.9	33.7	33.3
5	20	20.1	65.3	20.1	65.4	36.3	36.2	36.2
5	25	9.0	48.8	9	48.1	34.8	35.3	35.0
5	30	6.9	54.6	6.5	55.3	34.7	32.3	33.5
10	30	14.1	55.0	14	55.0	32.2	32.0	32.1
10	40	7	55.1	7.5	56.8	29.9	31.1	30.5
10	50	4.5	61.2	4.2	60.9	27.7	26.0	26.9
10	60	3.1	64.7	3	64.3	26.3	25.7	26.0
10	75	2.5	89.0	2.4	89.2	24.4	23.4	23.9
25	75	6.8	89.0	6.1	88.6	24.0	21.6	22.8
25	100	2.3	63.2	2.2	63.5	21.4	20.4	20.9
25	125	1.1	55.3	1.1	54.9	18.7	18.9	18.8
25	150	0.6	48.3	0.6	47.3	17.1	17.4	17.3
50	150	1.4	50.1	1.3	48.1	17.6	17.0	17.3

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-19

PELAYA



Error=3, 2%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

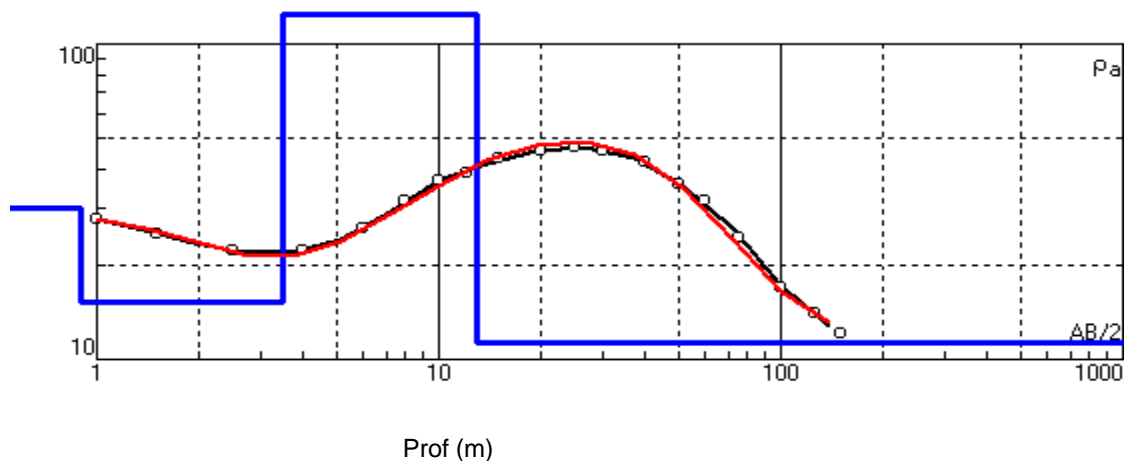
Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	15330	0.116	0.116	Dry silts - Qca
2	14.5	3.95	4.07	Dry silts- Qca
3	181	2.98	7.05	Sands and saturated gravels - Qca
4	17.1	Indetermined	Indetermined	Shales and sandstones with a low saturation level - Ksu

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR								
GEOELECTRIC DRILLING SEV-20								
PELAYA								
DATAFIELD								
MUNICIPALITY: La Gloria, Department of Cesar						DIRECTION : N25E		
EQUIPMENT : AZ Instruments								
OPERATOR: C. Suárez.								
CONFIGURATION : Schlumberger								
DATE: July 25th, 2011								
COORDINATES (Origin Bogotá)			1,446,591 m. N.		1,046,414 m. E.			
DISPOSITION		READING DATA 1		READING DATA 2		RESULTS		
MN/2	AB/2	V1	A1	V2	A2	RESIST. 1 (Ohm-m)	RESIST. 2 (Ohm- m)	RESIST (Ohm- m)
0.5	1	619	50.6	619	50.6	28.8	28.8	28.8
0.5	1.5	152.8	37.8	154.9	37.9	25.4	25.7	25.5
0.5	2.5	31.9	27.1	31.5	25.8	22.2	23.0	22.6
0.5	4	12.9	27.6	12.7	27.6	23.1	22.8	22.9
0.5	6	2	8.4	1.8	7.6	26.7	26.6	26.7
0.5	8	3.7	20.1	2.8	20.2	36.9	27.8	32.3
0.5	10	3.6	30.8	3.8	31.3	36.6	38.0	37.3
0.5	12	3.4	35.9	2.8	34.1	42.8	37.1	39.9
0.5	15	2.7	45.3	3.1	45.6	42.1	48.0	45.0
5	15	32	45.4	30.1	46.3	44.3	40.8	42.6
5	20	21.9	58.6	24.1	58.8	44.0	48.3	46.2
5	25	13.7	54.1	13.4	54.1	47.7	46.7	47.2
5	30	9	54.9	9.7	55.1	45.1	48.4	46.7
10	30	20.6	54.8	18.8	51.1	47.2	46.2	46.7
10	40	10.8	58.2	10.3	58.5	43.7	41.5	42.6
10	50	8.6	80.2	6.8	80.6	40.4	31.8	36.1
10	60	6.3	99.1	5.4	99.3	35.0	29.9	32.4
10	75	4.3	133.6	3.7	133.8	27.9	24.0	26.0
25	75	10.9	134.0	9.2	133.0	25.6	21.7	23.6
25	100	3.4	122.4	3.9	122.4	16.4	18.8	17.6
25	125	1	106.0	2.2	105.7	8.9	19.6	14.3
25	150	0.7	75.8	0.7	75.3	12.7	12.8	12.7

GEOELECTRIC STUDY IN ORDER TO GIVE AN ESTIMATE TO THE COLLUVIUM AFLLUVIAL DEPOSIT THICKNESS, OVER THE UMIR FORMATION ON BLOCKS KCA-09491 Y KDT-14341, PELAYA AND LA GLORIA MUNICIPALITIES, DEPARTMENT OF CESAR

GEOELECTRIC DRILLING SEV-20

PELAYA



Error= 2,94%

GEOELECTRIC MODEL AND HYDROGEOLOGICAL CORRELATION

Layer No	Resistivity Ohm-m	Thicknessm	Depth m	Hydrogeological correlation
1	30.0	0.89	0.89	Dry silts - Qca
2	15.2	2.60	3.50	Dry silts - Qca
3	124.0	9.42	12.90	saturated sands - Qca
4	11.3	Indetermined	Indetermined	Shales with poor saturation level- Ksu

JORC Code, 2012 Edition – Table 1 report Coal

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none">• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>• <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	<ul style="list-style-type: none">• Escalones Project: Phillips River has not taken any coal samples for quality control purposes from the Escalones project area. Carbhid SA has been conducting small-scale underground coal mining since 2013 and selling the product to a local thermal power generator. Carbhid, as most other coal producers in the district, uses underground workings to locate and follow the coal seams. It is believed that the power generator does carryout frequent coal quality analyses on the coal it is purchasing from Carbhid and its other suppliers. Mr. P. O'Dowd, who prepared a NI 43-101 report in Jan 14 on the Escalones project for the Andean Coal Alliance, reports the analyses of coal quality for four samples collected by Carbhid in 2012 and 2013, two from the coal seam 7 (El Diamante mine) and two from the coal seam 4 (Carbhid 2 mine) that Carbhid is exploiting in the Escalones project. O'Dowd also reports the results of two coal samples he collected, one from each of the same two coal seams sampled by Carbhid, and found that his results were in close agreement to those obtained by Carbhid. (Further details in the section below "Exploration done by other parties").• Pelaya Project: No coal sampling has been carried out by Phillips River and there are no records of any coal occurrences on the property. The project is located to the south from a well known coal producing area in the Cesar District of northern Colombia. This project is a conceptual

Criteria	JORC Code explanation	Commentary
		exploration play. Geological data and interpretation of seismic data from the northern part of the Pelaya area is suggestive that the widespread Quaternary alluvium cover may be covering coal-bearing units of the Umir Formation which is known to host multiple coal beds elsewhere.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • Escalones Project: No drilling has been done by Phillips River however one historic diamond core hole (Cucaita 1) is reported to have been drilled in 2011 in the northern part of the project as part of an oil and gas exploration program (details below). • Pelaya Coal Property: Phillips River has not carried out any drilling on this project.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Not applicable

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable.
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable.
Sample	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Not applicable.

Criteria	JORC Code explanation	Commentary
security		
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Not applicable

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Escalones Project: the project comprises 90.58 ha and is part of the mining agreement FGL-111 (area of 154.237 ha) issued to Mr. Hector Vargas Cruz on Dec 6, 2012 and valid through to Dec 5, 2042. Carbhid SA signed an operating contract with Mr. Cruz on Sept 11, 2013, valid through to Dec 5, 2042. Under the operation agreement Carbhid is entitled to the income from 95% of the coal sold from Escalones and Mr.Cruz to the remaining 5%. Additionally, the contract contains an exclusion zone to the north of the Carbhid 2 mine that refers to the coal layer number 4 (or Cerrejoncito Dos) from which production is the exclusive right of Mr. Cruz. Andean Coal (BVI) Ltd. holds a 25% interest in Carbhid S.A.. Kiwanda and Lara formed the Andean Coal Alliance in 2013 and have since negotiated an option to acquire a 51% interest in the Carbhid Escalones mining rights. The Escalones mining area is fully licensed for mining and Carbhid is producing from three separate mines. Phillips River has the right to acquire the Andean Coal

Criteria	JORC Code explanation	Commentary
		<p>Alliance's option to earn 51% interest in the Carbhid's Escalones mining rights and to acquire Andean's 25% interest in Carbhid S.A.</p> <ul style="list-style-type: none"> Lara Exploration has a net product royalty of 2% of coal production, which is payable on all coal production above 50,000 tons of annual production. Pelaya Project: The Pelaya project is formed by two licenses; KCA 09491 (1609 ha) and KCA 09492X (33 ha). Carbones de Pelaya SAS has negotiated an operating contract with the underlying owner of these two licences. The Andean Coal Alliance has negotiated an option to acquire from Carbones de Pelaya up to a 100% interest in the Pelaya coal property. Phillips River has the right to acquire the Andean Coal Alliance's option to earn up to a 100% interest in the Pelaya coal property. Lara is entitled a 2% net product royalty on all production from the Pelaya coal project.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Escalones Project: Carbhid has obtained data and drill logs for a vertical diamond core drill hole (Cucaita 1) drilled on the Escalones project in 2011 by a government agency in partnership with a local university in the area to the east of the position of the El Diamante coal mine portal. The hole was abandoned at 290 m after passing

Criteria	JORC Code explanation	Commentary
		<p>through a zone of faulting. Coal seams are reported both above and below the fault zone with a cumulative 11.25m of coal. Carbhid has not been able to locate any of the drill core nor has Carbhid been able to determine the exact location of the hole as the general area indicated by local residents has since been disturbed for potato cropping.</p> <ul style="list-style-type: none"> • Carbhid has been producing and selling coal since 2013 and now has three underground fronts (El Diamante, Carbhid 2 and Carbhid 4) developed for artisanal coal extraction utilizing room and pillar extraction techniques for a combined mining rate of over 800 tonnes per month and plans to bring this to 1000 tpm to full-fill a contract with a local thermal power plant. The mining shafts, inclined 35 degrees, range in depths from 100 meters to 120 meters and are lined with tracks for rail cars to hoist the coal. • Carbhid analysed four (4) coal samples, two of 4 kg each from the ore bin at the El Diamante mine (producing area in coal seam # 7) and two of 4 kg each from the stockpile at the Carbhid 2 mine (coal seam #4). These were analyzed at Interlabco SAS Laboratorio Quimico International, Ubale, Cundinamarca, Columbia, a laboratory conforming to international standards ASTM, ISO9001:2008 and ICONTEC. • The samples were analyzed for Proximate Analysis and determination of the FSI (Free Swelling Index). Results were reported for % Moisture total, % Ash, % Volatile matter, % Fixed carbon, % Sulfur, Gross Calorific value (Kcal/kg), and FSI. O'Dowd collected two samples of 2 kg each, one from the El Diamante ore bin and the other from the stock pile at Carbhid 2 and had Interlabco do

Criteria	JORC Code explanation	Commentary
		<p>the same Proximate Analysis and determination of FSI as done for the Carbhid samples. Results for the O'Dowd samples were very similar to those of Carbhid. From the data O'Dowd concluded that the coal, although classified by Carbhid personnel as metallurgical or coking coal, should more correctly be classified as a Semi-soft Coking Coal. Based on the gross calorific value (7,700 kcal/kg dry) the Carbhid samples correspond to High Volatile A bituminous coal and High Volatile B bituminous coal according to international standard SSTM D-388.</p> <ul style="list-style-type: none"> • Pelaya Coal Property: An extensive Quaternary alluvium covers the Pelaya property. Shallow west-ward dipping Cretaceous age sediments of the Simiti and La Laguna Formations are reported along the eastern margin of the property and field mapping by Carbhid has tentatively identified tropically weathered outcrops of Lower Umir sedimentary strata supposedly in the Pelaya Property. In the Cesar coal field to the north from Pelaya the Umir Formation is the host to multitude of open-cut coal mines. • Carbhid have obtained two seismic sections from a survey covering part of the northern part of the Pelaya property. Interpretation of these two sections indicates that the alluvial cover is relatively thin and is possibly underlain by shallow-dipping sedimentary sequences possibly correlating with the coal-bearing strata of the Umir Formation. Carbhid have also obtained results for a series of 20 resistivity depth soundings in the Pelaya area carried out in order to attempt to determine the depth of the Quaternary Alluvium which overlies the interpreted sedimentary sequences. Most readings are in the 8 to 14 m range with a maximum of 20 m. While the

Criteria	JORC Code explanation	Commentary
		technique utilized to collect this data is relatively reliable, simple to execute and analyze, it is not infallible and a false depth to basement may be caused by variations in the salinity of groundwater or conductive layers (such as clay beds) within the profile.

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralization</i> 	<ul style="list-style-type: none"> Escalones project: The project is underlain by Upper Cretaceous to Tertiary terrigenous sediments forming the axial zone of the Albarracin-Tunja syncline. The oldest units, outcropping to the NW of the project, consist of up to 350 m of sandstones and mudstones-siltstones of the Plaeners Fm and Arenisca Tierna Fm of the Upper Cretaceous Guadalupe Group. The coal seams in the Escalones project are hosted in the Middle Mudstone succession. The Upper Member is not observed on the property. At Escalones 11 different, gently ESE-dipping coal seams (known locally as “Mantos”) are present and have an average cumulative thickness of approximately 15 metres. Individual seams can be up to 5 m thick but are generally much thinner at of the seams by faulting to 2 m thickness. Lateral continuity of seams can be for kilometers but small-scale faults frequently cause off-setting of the seams. Pelaya Coal property: This property is underlain by extensive Quaternary alluvium and outcrops of shallow-west-dipping sediments of the Simiti and La Lunar Formations (Cretaceous age) are known along the eastern margin of the property. In the Cesar coal fields the La Lunar Formation is overlain by the Umir Formation (Campanian-Maastrichtian age)which is dominantly carbonaceous mudstones and hosts multiple coal seams as indicated below:

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> • Interpretation of the seismic sections are suggestive that the stratigraphy underlying the widespread Quaternary Alluvium present at Pelaya is represented by the La Lunar and the Lower, Middle and Upper Umir Formations. • This is very much a grass roots /greenfields project based on conceptual geological targets.

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ 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. • 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. 	<ul style="list-style-type: none"> • Not applicable
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg 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. 	<ul style="list-style-type: none"> • Not applicable.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Not applicable

Criteria	JORC Code explanation	Commentary
	<i>this effect (eg 'down hole length, true width not known').</i>	
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • Not applicable
Balanced reporting	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable
Other substantive exploration data	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</i> 	<ul style="list-style-type: none"> • Not applicable.

ANNEXURE 3
Legal Opinion (Columbian Tenements)

LLOREDA-CAMACHO & CO

March 9, 2016

Phillips River Mining Ltd
Level 7
92 Pitt Street
Sydney, NSW 2000
Australia

(the "**Addressee**")

Dear Sirs:

Re: PHILLIPS RIVER MINING LTD (the "Company")

We are solicitors in the Republic of Colombia ("**Colombia**") and we have acted as local counsel to the **Company**. We have been requested by the **Company** to conduct title searches and opine on its Colombian mining interests.

This opinion is being furnished with respect to the Company's commercial operations in **Colombia** on the terms as provided for herein.

A. Examination of Documents

Agreements

1. In rendering the opinions set forth below, we have examined and relied upon copies provided by the Company of the following agreements:
 - (i) Photocopy of the Heads of Agreements executed by and between Kiwanda Mines (NA) LLC, Lara Exploration Ltd. and Phillips River Mining Limited (The "**Heads of Agreement**");
 - (ii) Photocopy of the Letter attesting the transfer of 100 Million Shares of Carbhid S.A.S. to Andean Coal BVI;
 - (iii) Photocopy of the Letter of Intent entered into by and between Carbhid S.A.S. and Andean Coal (BVI) Ltd. for the Option to acquire 51% of the rights and obligations derived from the **Escalones Block Operation Subcontract**, as well as 51% of the production pertaining to the mines known as el Diamante and Carbhid-2, and 51% of the rights and obligations derived from any interest owned by Carbhid S.A.S. over the Escalones Block within an area comprised in a 5 kilometres radius around the Escalones Block (The "**Escalones Letter of Intent**");
 - (iv) Photocopy of the Operation Agreement over the exploitation of mining concession contract FGL-111 executed by and between Carbhid S.A.S. and

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Héctor Vargas Cruz (the "**Escalones Block Operation Subcontract**") attached to the **Escalones Letter of Intent** as Annex IV;

(v) Letter of Intent for an Option over Coal Mining Concession Area located in Pelaya (Colombia) (The "**Pelaya Letter of Intent**") (collectively, the "**Colombian Coal Assets Agreements**") (see Schedule "A");¹

Searches and Registrations

2. We have conducted, or have caused to be conducted, on February 22, 2016, the searches (the "**Searches**") identified in the search report attached hereto as Schedule "A" (the "**Search Report**") for filings or registrations made in those offices of public record, in each case as of the dates set forth in the Search Report.

B. Assumptions

We have assumed (without making any investigation thereof):

1. with respect to all documents examined by us, the genuineness of all signatures, the legal capacity of individuals signing any documents, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us, conformed, telecopied or photocopied copies;
2. the accuracy and completeness of all the agreements we have seen;
3. all relevant individuals had full legal capacity and authority at all relevant times to execute, deliver and perform their obligations pursuant to the **Colombian Coal Assets Agreements** to which they are a party under all applicable laws, and have taken all necessary action and all statutory, regulatory and other action under all applicable laws, to authorize the execution, delivery and performance by them of the **Colombian Coal Assets Agreements** to which they are a party; and
4. each party to the **Colombian Coal Assets Agreements**, is duly organized, incorporated or otherwise formed, as the case may be, and validly existing under the laws of the jurisdiction in which it is stated to be incorporated or otherwise formed; has all requisite capacity, power and authority to execute, deliver and perform the **Colombian Coal Assets Agreements** to which it is party under all applicable laws; and has taken all necessary action and all statutory, regulatory and other action under all applicable laws, to authorize the execution, delivery and performance by it of the **Colombian Coal Assets Agreements** to which it is party.

¹ Lloreda Camacho & Co drafted the following documents: (i) The Escalones Letter of Intent, and (ii) The Pelaya Letter of Intent for Andean Coal (BVI) Ltd.

C. Opinions on the Agreements

Based upon and subject to the assumptions and qualifications set out in this opinion, we are of the opinion that:

Regulatory Approval Opinion

1. No authorization, consent, permit or approval, (different than the written notice of assignment to the competent mining authority required by Article 22 of Law 685 of 2001, and the corresponding registration of the assignment at the National Mining Registry, regarding Mining Concession contracts), or other action by, or filing with or notice to, any governmental agency or authority, regulatory body or other similar authority, court, tribunal or other similar entity of **Colombia** having jurisdiction, is required in connection with the execution, delivery, performance or enforcement of the **Colombian Coal Assets Agreements** by the **Company**.

Enforceability Opinion

2. The **Colombian Coal Assets Agreements** to which the **Company** is a party, together with all ancillary transactions and documents provided for therein, constitute legal, valid, **but non-binding obligations** of the **Company**, not enforceable against it in accordance with their terms, until final binding agreements are executed.
3. All parties to the **Colombian Coal Assets Agreements** are in compliance with their obligations under the applicable payment clause; all actions, assignments and registrations under such transactions have been complied with or are in the process of being complied with diligently; and there are no disputes, current or imminent, nor any reason for there to be any dispute, in connection with such transactions.

Search Review Opinion

4. As far as we are aware of, there are no judgments served against the **Company**, or to which the **Colombian Coal Assets Agreements** are subject, by any Colombian court, which judgments might reasonably be expected to result in a material adverse effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof.

D. Colombian Mining Law & Mineral Tenure

1. In **Colombia**, most of the mineral rights are the property of the government of **Colombia**. Obtaining a mineral right does not transfer ownership of the mineral estate, but creates a temporary right to explore for, and to exploit,

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minerals in exchange for surface fees at the exploration stage and royalty payments at the production stage, so long as the mineral title remains in good standing.

2. Under Colombian mining law, foreign individuals and corporations have the same rights as Colombian individuals and corporations, and Colombian governmental regulatory bodies are specifically prohibited from requiring any additional or different requirements than would be required of a Colombian individual or corporation.
3. Mineral property rights are governed by the Colombian Mining Code. The statute applicable to the Corporation's mineral rights is Law 685 passed in 2001 (the "**2001 Law**").
4. Until 1988, the Colombian Ministry of Mines and Energy (the "**MME**") was directly responsible for the administration of mining law as it related to mining titles. In 1988, these duties were transferred to a separate agency, Minercol. On January 27, 2004, under Resolution 180074 these responsibilities were transferred to INGEOMINAS. On November 3, 2011, the Government created the National Mining Agency (*Agencia Nacional de Minería*), the entity to which administration of the mining law (as it relates to mining titles) was transferred. Notwithstanding the foregoing, the Governorship of the Department of Antioquia also has capabilities related to the administration of the mining law and mining titles.

Mineral Tenure

5. Under the **2001 Law** there is a single type of mineral tenure granted by the Colombian government, a concession contract (also referred to herein as 'mineral titles', 'titles', 'tenures' or 'claims'), covering exploration, construction and exploitation. The initial term of a concession contract is 30 years and this may be extended for up to 30 additional years. A concession contract has three distinct phases: exploration, construction, and exploitation. Prospecting activities do not require holding a mineral title. However, exploration (including drilling), development, and mining activities require holding a valid and current mineral title.
6. Once the contract is registered before the Colombian National Mining Registry (*Registro Minero Nacional*) the exploration phase lasts for the first three years, extendable four times for periods of up to two years each for a total of 11 years. Extensions must be requested at least three months prior to the expiration of the exploration stage. During this phase the holder has the right to carry out the studies necessary to establish the existence of minerals within the given area, which may include prospecting, sampling of stream sediments, rock chips and soil, localized surface trenching or pitting, drilling and geophysical surveys, among others. These studies should include a determination of the existence, location, geometry, and economic

viability of the mineral deposit. In order to proceed to the construction phase, 30 days prior to the completion of the exploration phase the concession contract holder must submit a building and works plan (*Plan de Trabajos y Obras*, or a "**PTO**") to the relevant local mining authority in that particular jurisdiction of Colombia (the "**Mining Authority**") for approval, and must concurrently submit an environmental impact study (*Estudio de Impacto Ambiental*, or an "**EIA**") to the environmental authority. The **PTO** must define the area within that of the concession contract where construction and exploitation will be conducted. The rest of the original area of the concession contract shall be deemed relinquished. If the title holder wants to continue exploratory activities in areas not included in the **PTO**, according to Article 83 of the Mining Code the holder must obtain authorization from the Mining Authority to develop technical exploratory activities for a period that cannot exceed two years. If these areas become productive areas, they have to be included as such in the **PTO**, and a modification of the environmental license must be requested. The **PTO** is based upon the results of surveys and works undertaken during the exploration stage and includes the final delineation of the area to be exploited; cartographic information of the area; location, calculation and characterization of minerals to be exploited; a description and location of all facilities and mining infrastructure; geomorphologic, landscape and forest rehabilitation plan; a description of the escalation and duration of the expected exploitation phase; physical and chemical features of minerals to be exploited; a closure plan; and an exploitation reclamation plan. The **EIA** provides the technical support parameters to obtain an environmental license. Depending on the commodity being produced and the level of production, this study must be submitted to the Ministry of the Environment or to the environmental authority of the jurisdiction in which the mining project is located. The environmental license grants the environmental permits, including concessions and authorizations, necessary to make use of and profit from the renewable natural resources necessary to move the project forward, including resources such as water and timber. Neither the construction nor exploitation stages can begin until the environmental license is obtained.

7. The construction phase lasts for three years, commencing upon acceptance of the **PTO**, and may be extended for an additional year. During this phase, the holder has the right to prepare the mining area and install the services, equipment, and fixed machinery necessary to start and carry out the extraction, storage, transportation and processing of minerals. The construction, installations and mining assemblies should have the characteristics, dimensions and quality set forth in the approved **PTO**.
8. In order to proceed to the construction phase, during the exploration phase the concession contract holder must submit a **PTO**, which should include an **EIA** for issuance of an environmental license. The submittal of the **EIA** is a prerequisite for the issuance of the environmental license required to initiate

the construction phase. Once the **PTO** is approved and the environmental license is issued, the holder has the right to exploit the minerals within the given area according to the principles, rules and criteria of accepted geology and mining engineering. The holder is obligated to comply with all legal, technical, operational and environmental rules set forth in the Colombian Mining Code, with all buildings, facilities and mining assemblies designed and installed according to the approved **PTO**. The exploitation phase lasts for the remaining duration of the concession contract.

Environmental Aspects

9. Exploration and mining activities in Colombia are subject to zoning restrictions and environmental permits and licenses.

In principle, exploration and mining activities are not allowed on:

- (a) Areas belonging to the National Natural Parks System;
- (b) Regional natural parks;
- (c) Protected forest reserves;
- (d) Other forest reserves such as protection-production forest reserves, production forest reserves and moorlands - *páramo*; and,
- (e) Wetlands of international importance (recognized in the Ramsar Convention on Wetlands of 1971).

In other areas, such as non-protection forest reserves, exploration and mining activities are restricted and are subject to subtraction of the defined exploration or construction/mining area under the special zoning regime. Subtraction requires technical justification by the applicant; it is subject to an environmental assessment and is decided by the relevant environmental authorities.

In areas with no zoning restrictions, exploration activities are not subject to environmental licenses or permits, only to compliance with general environmental guidelines issued from time to time by environmental and mining authorities. However, ancillary environmental permits may be required if exploration includes specific activities such as the use of water from natural sources, discharges of liquids, construction of roads, etc.

The construction of mine and mining facilities and the conducting of mining/processing operations require prior issuance of an environmental license by the relevant environmental authority. Environmental licenses are subject to the preparation and approval of an **EIA** demonstrating the environmental feasibility of the project. Certain mining operations, especially those which have been in place before the enactment of current environmental regulations or which are formalizations of illegal mining operations, may not be subject to an environmental license, but rather to an environmental management plan (*Plan de Manejo Ambiental*, or a "**PMA**")

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approved by the environmental authority and updated from time to time. However, a fundamental change in the volume or characteristics of a mining operation conducted under a **PMA** may make it subject to an environmental license.

Social Considerations

10. Prior to the development of any mining project within indigenous reserves/territories, areas awarded as collective property to afro-descendent communities, or any other area permanently inhabited by such ethnic groups, the Government shall consult with these communities regarding the economic, environmental, social and cultural impacts and possible outcomes that may result from the production of mineral resources within such territories.

The authority responsible for certifying the presence and location of ethnic communities within the national territory is the Ministry of the Interior. In turn, the Colombian Institute for Rural Development, INCODER, is in charge of certifying indigenous or afro-descendent territories duly awarded to any of these communities.

A request must be made to both entities to certify whether the area of the mining title is affected by any of these circumstances. This is in order to integrate these communities and their representatives in the prior consultation process, and therefore to determine the conditions under which the project be developed.

Surface Rights and Surface Tenure

11. Colombian law specifically provides that the owner of a concession contract is entitled to use as much of the surface as is necessary to carry out activities under the given mining title. Colombian law grants exclusive temporary possession of mineral deposits; provides mandatory easements to ensure efficient exploration and exploitation of legal mining titles; and further provides the authority to impose appropriate easements as necessary both within and outside the limits of the mining title. The holder of a mining title must agree with the surface owner (or other party against which such easement is enforceable, including other mining title holders) on the time and appropriate remuneration for the use and occupancy of the surface. Colombian law provides that the remuneration payable to the surface owner is to be based on the reasonable fair market value of the land and is not to include any value attributable to the development of the "mineral wealth"; it should only be for so much of the surface as is actually affected, consumed or occupied by the exploration or mining activity. Should the use of the surface affect the value of areas not subject to the easement, this loss of value will also be taken into account when fixing the remuneration payable to the land owners.

12. Furthermore, since the mining industry is one of public interest, it is also possible for the concession contract holder to request that the Mining Authority expropriate the lands necessary for mining activities. The acquisition of land through expropriation is also subject to prior indemnification of the owner(s).

Taxes and Royalties

13. During the exploration and construction phases, the holder of a concession contract registered under the 2001 Law must pay a property fee (*canon superficiario*) equivalent to one minimum daily wage per hectare per year for areas up to 2,000 ha; two minimum daily wages per hectare per year for areas of 2,000 to 5,000 ha; and three minimum daily wages per hectare per year for areas of 5,000 to 10,000 ha. The fee is payable annually in advance upon the contract's execution. The minimum wage is currently COP\$22.981 per day (approximately \$7.04). Concession contract holders must also file an annual report on mining activities (*Formato Basico Minero*, or an "FBM") with the appropriate authorities.
14. In Colombia, the production of coal is subject to a royalty payable to the state equal to 5% of the gross value of the minerals as calculated at the mine-mouth for coal, and subject to certain deductions and adjustments.

Assignment of Mineral Concession Contracts

15. Mining authorities and the National Mining Registry in **Colombia** have been overwhelmed in the past few years with an exponential increase in applications for mining concessions and in assignments of concessions, mostly derived from the country's success in attracting investment (foreign and domestic) to the sector on the basis of sensible regulations and improved security, which has allowed access to highly prospective areas that had not been explored before. As a result the mining authorities' ability (and the ability of their staff) to respond promptly and fulfill all of its duties and obligations in a timely manner has been somewhat compromised. The mining administration in **Colombia** is modernizing, enhancing and updating its structure in order to cope with the increased demand, but it will take some time for the back log of applications to be brought up to date. Meanwhile, participants in the Colombian mining industry have adopted contractual structures to effect commercial transactions related to mining properties during the registration process of assignment of mineral rights.
16. In **Colombia**, the holder of a mining concession contract can assign the concession contract to another party, which involves various steps. First, the assignor must file a notice of assignment with the Mining Authority. Following the filing of the notice of assignment, the assignment agreement

is also filed with the Mining Authority. Once the assignment agreement is filed with the Mining Authority, it has a period of 45 days during which it may object to the assignment. The determination to object to a particular assignment is based on whether the obligations under the concession contract have been fulfilled (generally such obligations can include the payment of surface fees and royalties, maintaining an up-to-date insurance policy, and the possession of a valid environmental license, if applicable). Other than the non-compliance with the obligations imposed by the underlying concession contracts, there is nothing that would be reasonably foreseeable to prevent the approval of an assignment of a concession contract by the Mining Authority. Once the 45 day period has elapsed without an objection to the assignment from the Mining Authority, the assignment is deemed as not objected to by the Mining Authority and can be submitted for registration with the National Mining Registry.

17. Despite the lapse of the 45 day period, and the assignment therefore being deemed as not objected to, in practice the Mining Authority will still issue a resolution declaring the assignment effective, and this often occurs well after the 45 day period has elapsed. Although the rights in favour of the assignee are created by the assignment agreement and become effective 45 days after the filing of the assignment agreement, the resolution issued by the Mining Authority declares the acceptance of the legal assignment of the concession contract.
18. Once a resolution has been issued by the Mining Authority, the assignment is recorded in a public registry by the National Mining Registry. Registration of a mining concession contract assignment with the National Mining Registry is an administrative process and not a contentious process, and generally takes between two months and one year. Registration with the National Mining Registry is a necessary procedure to evidence the assignment and to make it public to third parties, but it does not create the rights in favour of the assignee.

E. Opinions on Title Matters

1. Attached hereto as Schedule "B" is a list of the mineral property rights (collectively the "**Mineral Rights**") in which the **Company** will have a beneficial interest pursuant to the **Colombian Coal Assets Agreements**. The Mineral Rights related to the **Colombian Coal Assets Agreements** are comprised of the following mining concession contract and mining applications:
 - Mining Concession Contract FGL-111 (90.5836 Ha)
 - Mining Application KCA-09491 (1,609.3066 Ha)
 - Mining Application KCA-09492X (32.7093 Ha)

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2. Based on Searches as specified in the Search Report, and subject to the qualifications set forth herein and except as otherwise specified in Schedule "B" hereto, we are of the opinion that:
 - a. the **Mineral Rights** are in good standing.
 - b. to our knowledge all taxes, assessments, rentals, royalties, levies and other payments, as well as reports, relating to the **Mineral Rights** and required to be made, performed and filed to and with any governmental authority in order to maintain such **Mineral Rights** in good standing, have been so made, performed or filed, as the case may be.
 - c. there are no agreements creating a royalty or other interest whatsoever in the **Mineral Rights**, except for any royalties imposed by law, the respective mining title, or the **Colombian Coal Asset Agreements**.
 - d. the **Company**, through the **Colombian Coal Asset Agreements**, has interests, directly or indirectly, on the mineral rights arising from mining concession contract FGL-111;
 - e. to our knowledge the **Company**, through **Andean Coal (BVI) Ltd.**, will be the sole beneficial holder and /or will have an interest of each of the **Mineral Rights** free of any recorded liens, charges, and encumbrances, except as specified in Schedule "B" attached hereto.
 - f. We are not aware of any litigation, claims or lawsuits that may affect mining concession contract FGL-111 and mining applications KCA-09491 and KCA-09492X.

F. Qualifications

The foregoing opinions are subject to the following qualifications:

General Enforceability

1. The enforceability of the **Colombian Coal Assets Agreements** is subject to the execution of **final and binding agreements** and to bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application affecting the enforcement of creditors' rights generally.

Scope

2. The opinions expressed herein are limited to the matters expressly set forth in this opinion letter, and no opinion is given or may be inferred beyond the matters expressly set forth in this opinion letter.

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3. We do not purport to be qualified to pass upon, and do not express any opinion herein as to, the laws of any jurisdiction other than those of **Colombia**.
4. The opinions expressed herein are as of the date of this opinion letter only, and as such we assume no obligation to update or supplement such opinion to reflect any facts or circumstances that may come to our attention after that date, or any changes in law that occur or become effective after that date.

Knowledge

5. Wherever an opinion in this opinion letter is qualified by the phrase "to our knowledge" or "so far as we are aware" with respect to the existence or absence, as the case may be, of facts, it is intended to indicate that during the course of our representation of the **Company**, no information has come to our attention that would give us actual knowledge of the existence or absence, as the case may be, of such facts and, except as expressly set out in this letter, we have not undertaken any independent investigation to determine the existence or absence of any facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from the fact of our representation of the **Company**.

G. RELIANCE

This opinion is provided solely for the benefit of the Addressees hereto and each successor or assignee of any Addressee, and not for the benefit of any other person. It is rendered solely in connection with the transaction described herein. It may not be quoted, in whole or in part, or otherwise referred to or used for any other purposes without our prior written consent.

Yours faithfully,

JOSE LLOREDA CAMACHO & CO.

Ángela María Salazar Blanco

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SCHEDULE "A" SEARCH REPORT

Name of Search	Date of Search	Search Details	Search Results
1. Searches of the Colombian Coal Assets Agreements	February 22, 2016	We reviewed the Heads of Agreements executed by and between Kiwanda Mines (NA) llc, Lara Exploration Ltd and Phillips River Mining Limited on May 15, 2014. (the " Heads of Agreement ").	<p>The Heads of Agreement is not intended to be legally binding.</p> <p>The Heads of Agreement exclusively establishes the framework for a transaction which purpose is for the Company to acquire Kiwanda Australia, which will be the owner of the following coal assets:</p> <ul style="list-style-type: none"> a. 19.9% ownership of the issued and outstanding securities of Carbhid S.A.S.; b. An option to acquire a 51% stake in the Escalones Block Operation Subcontract (the "Escalones Letter of Intent"); c. An option to acquire a 75% interest in an exploration licence covering 1,642.01887 hectares of prospective coking coal ground (The "Pelaya Project"), located in the Cesar Department of Colombia (the "Pelaya Letter of Intent"), the remaining 25% interest being held by Lara Exploration Ltd (Suite 501 - 543 Granville Street, Vancouver, British Columbia V6C1X8, Canada) ;

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			and d. 100% interest in Andean Coal BVI Ltd (Tropic Isle Building, PO Box 3423, Road Town, Tortola, British Virgin Island).
		We reviewed the Letter attesting the transfer of 100 Million Shares of Carbhid S.A.S. to Andean Coal BVI Ltd, dated December 4, 2013.	Therefore, in accordance with said Letter Andean Coal (BVI) Ltd is a Carbhid S.A.S.' shareholder.
		We reviewed an Operation Agreement over the exploitation of mining concession contract FGL-111 executed on September 11, 2013 by and between Carbhid S.A.S. and the FGL-111 Title Holder (the " Escalones Block Operation Subcontract ").	As per the Escalones Block Operation Subcontract's terms, Carbhid S.A.S. is granted with the right to exploit the coal arising from part of the area covered by mining concession contract FGL-111 (the " Escalones Block "), only an area called "Cerrejoncito Dos" is partially excluded from the Escalones Block Operation Subcontract . Also according to the Escalones Block Operation Subcontract's terms, Carbhid S.A.S. is in charge of the coal commercialization, the profits shall be distributed as follows: (i) 94.5% of the commercial value of coal as calculated at the mine-mouth ("once it is loaded at the vehicle") shall

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				<p>belong to Carbhid S.A.S.</p> <p>(ii) 5.5% of the commercial value of coal as calculated at the mine-mouth ("once it is loaded at the vehicle") shall belong to Title Holder.</p> <p>In principle and due to the fact that the Title Holder has not assigned mining concession contract FGL-111 itself, the responsible for mining concession contract FGL-111 before the Mining Authority continues to be the Title Holder.</p> <p>The Escalones Block Operation Subcontract shall last as long as mining concession contract FGL-111 does.</p> <p>The Escalones Letter of Intent is not intended to be legally binding.</p> <p>The agreements contained in the Escalones Letter of Intent will be binding as of the time on which an option agreement is executed.</p> <p>The purpose of the option agreement shall be for Carbhid S.A.S. to grant to Andean Coal (BVI) LTD. an irrevocable option for:</p>
				<p>We reviewed the Letter of Intent entered into by and between Carbhid S.A.S. and Andean Coal (BVI) LTD. For the option to acquire 51% of the rights and obligations derived from the Escalones Block Operation Subcontract, as well as 51% of the production pertaining to the mines known as el Diamante and Carbhid -2,</p>

		<p>and 51% of the rights and obligations derived from any interest owned by Carbhid S.A.S. over the Escalones Block executed on September 15, 2014. (the "Escalones Letter of Intent").</p>	<p>(a) The assignment of 51% of the rights and obligations derived from the Escalones Block Operation Subcontract.</p> <p>(b) 51% of the corresponding production derived from El Diamante and Carbhid -2 Mines located inside the Escalones Block. as defined in the Escalones Letter of Intent.</p> <p>(c) 51% of the rights derived from any interest owned by Carbhid S.A.S. over the Escalones Block, and within an area comprised in a 5 kilometer radius around the Escalones Block.</p>
	<p>We reviewed the Letter of Intent Option over Coal Mining Concession Area located in Pelaya, executed on August 9, 2013 (the "Pelaya Letter of Intent").</p>	<p>The Pelaya Letter of Intent is not intended to be legally binding.</p> <p>The agreements contained in the Pelaya Letter of Intent will be binding as of the time on which an option agreement is executed.</p> <p>The purpose of the option agreement shall be for the applicants of mining application KCA-09491 (the "Pelaya Application") to grant to Andean Coal (BVI) Ltd the option to acquire 100%</p>	

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			interest of Carbones de Pelaya S.A.S. Carbones de Pelaya S.A.S. shall be a Simplified Joint Stock Company that will be established once the mining concession agreement or agreements arising from the Pelaya Application are granted by the National Mining Agency. Carbones de Pelaya S.A.S. shall act as the assignee of the concession agreement or agreements which should arise from the Pelaya Application .
2. Mineral Title Searches at the Colombian competent mining authority	February 22, 2016	<p>We reviewed the copies of the following files that we obtained directly from the competent mining authority:</p> <ul style="list-style-type: none"> a) Environmental file for mining concession contract FGL-111. (Copies up to date until November 27, 2013) b) Mining file for mining concession contract FGL-111. c) Mining file for mining application KCA -09491. d) Mining file for mining application KCA-09492X. 	As far as we are aware of, the Mineral Titles are in good standing as of February 22, 2016.

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Schedule "B"

Mineral Rights

Concession Contract: FGL-111.

Titleholder: Héctor Vargas Cruz.

Date of Execution of the Mining Concession Contract: November 27, 2012.

Date of Registration of the Mining Concession Contract: December 6, 2012.

Minerals: Coal.

Location: Cucaita, Boyacá.

Area: 154.2372 Ha

Royalty payments: The Titleholder is gathering the proof of the payment.

Insurance Policy: Valid until January 4th, 2017.

Basic Mining Forms: Up to date.

Duration: 30 years counted as from its registration date, extendable for 20 more years.

Mining File:

- Mining concession contract FGL-111 was executed on November 27, 2012, as a result of a legalization process.
- Mining concession contract FGL-111 was executed between the Mining Authority and Héctor Vargas Cruz (the "**Title Holder**").
- Mining concession contract FGL-111 was registered with the mining registry on December 6, 2012.
- Mining concession contract FGL-111 was granted for a thirty (30) year period counted as from its registration date (December 6, 2012).
- The area covered by mining concession contract FGL-111 is 154. 2372 hectares.
- Mining concession contract FGL-111 is currently in the exploitation phase.
- An Operation Agreement over 90.5836 ha out of the total of 154.2372 ha of the exploitation of mining concession contract FGL-111 was executed on September 11, 2013, between Carbhid S.A.S. and the FGL-111 **Title Holder** (the "**Escalones Block Operation Subcontract**").
- Operation agreements do not have to be registered with the National Mining Registry or to comply with any formal requirement before the Mining Authority to be enforceable.
- As per the **Escalones Block Operation Subcontract's** terms, Carbhid S.A.S. is granted with the right to exploit the coal arising from the area covered by mining concession contract FGL-111 (the "**Escalones Block**"), only an area called "Cerrejoncito Dos" is partially excluded from the **Escalones Block Operation Subcontract**.

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- Also according to the **Escalones Block Operation Subcontract's** terms, Carbhid S.A.S. is in charge of the coal commercialization, the profits shall be distributed as follows:
 - (i) 94.5% of the commercial value of coal as calculated at the mine-mouth ("once it is loaded at the vehicle") shall belong to Carbhid S.A.S.
 - (ii) 5.5% of the commercial value of coal as calculated at the mine-mouth ("once it is loaded at the vehicle") shall belong to **Title Holder**.
- In principle and due to the fact that the **Title Holder** has not assigned mining concession contract FGL-111 itself, the responsible for mining concession contract FGL-111 before the Mining Authority continues to be the **Title Holder**.
- The **Escalones Block Operation Subcontract** shall last as long as mining concession contract FGL-111 does.
- A Letter of Intent for the option to acquire 51% of the rights and obligations derived from the **Escalones Block Operation Subcontract**, as well as 51% of the production pertaining to the mines known as el Diamante and Carbhid-2, and 51% of the rights and obligations derived from any interest owned by Carbhid S.A.S. over the **Escalones Block** within an area comprised in a 5 kilometers radius around the **Escalones Block** was executed on September 15, 2014, between Carbhid S.A.S. and Andean Coal (the "**Escalones Letter of Intent**").
- As per the **Escalones Letter of Intent**, the parties to the same established a period of sixty (60) calendar days from February 15, 2016, to enter into an option agreement, and if the option agreement is not executed during such period, Carbhid S.A.S. shall be free to commit itself to third parties to carry out partial or total disposal or assignment of any interest in the project.
- By means of decision of February 18, 2016, that apparently has not been served to the **Title Holder**, the Mining Authority required the **Title Holder** to:
 1. File the Annual Basic Mining Form corresponding to year 2015;
 2. File a report to demonstrate that the **Title Holder** has taken the measures to comply with the recommendations made by the Mining Authority during the field visit made on May 26, 2014;
Timeframe to comply: Thirty (30) business days counted as from the serving date.
Consequence of not compliance: Fines imposition.
 3. File the proof of payment of the royalties mentioned in the Biannual Basic Mining Form corresponding to year 2015, which have not

been informed;

4. File of the proof of payment of the royalties mentioned in the Annual Basic Mining Form corresponding to year 2012, which have not been informed;

5. File of the proof of payment of the royalties mentioned in the Annual Basic Mining Form corresponding to year 2014, which have not been informed.

Timeframe to comply: Fifteen (15) business days counted as from the serving date.

Consequence of not compliance: Unilateral termination of the Mining Concession Contract (In Spanish "Caducidad").

6. File the mining insurance policy corresponding to the current annuity.

Timeframe to comply: Fifteen (15) business days counted as from the serving date.

Consequence of not compliance: Unilateral termination of the Mining Concession Contract (In Spanish "Caducidad").

- To our knowledge, there are no conditions other than environmental matters or non- execution of the final and binding agreements that should arise from the **Escalones Letter of Intent** that should impede the **Company** to acquire 51% of the rights and obligations derived from the **Escalones Block Operation Subcontract**, as well as 51% of the production pertaining to the mines known as el Diamante and Carbhid-2, and 51% of the rights and obligations derived from any interest owned by Carbhid S.A.S. over the **Escalones Block** within an area comprised in a 5 kilometers radius around the **Escalones Block**.

Environmental File:

The report regarding the environmental issues is being prepared by the client.

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Mining Application: KCA-09491.

Applicants: Miguel Orlando Jaramillo Rodríguez.

Date of Filing of the Mining Application: March 10, 2009.

Minerals: Coal.

Location: Pelaya and la Gloria, Cesar Department.

Area: 1,609.3066 Ha.

- Mining Application KCA-09491 was filed by Marlen Torres Coronado and Miguel Orlando Jaramillo Rodríguez on March 10, 2009.
- By means of Technical Evaluation of April 22, 2014 the Mining Authority concluded that the mining application has a free area of 1,642.01887 Ha, distributed in two areas.
- As a consequence of Technical Evaluation of April 22, 2014, the Mining Authority decided to create an alternate mining application by means of Auto GCM No. 533 of May 28, 2014, as follows:

Area 1: 32.71253 Ha.

Area 2: 1,609.30633 Ha.

Hence, the file for Mining Application KCA-09492X was created.

- As per Technical Evaluation of April 22, 2014, there is no overlapping with forestry reserve areas or with indigenous or black community areas.
- As per Technical Evaluation of October 20, 2014, Mining Application KCA-09492X partially overlaps with an area "micro-focused" by the Land Restitution Administrative Unit, which means that in the future, the area could be involved in a Land Restitution Process.
- An opposition against Mining Application KCA-09491 was filed by the alleged land owner.

By means of Resolution 001205 of June 25 of 2015, the Mining Authority denied the aforementioned opposition.

- As per Resolution 002711 of October 26 of 2015, the Mining Authority decided to continue the procedure of Mining Application KCA-09491 only with Mr. Miguel Orlando Jaramillo Rodríguez, due to the fact that Marlen Torres Coronado is unable to execute agreements with the Colombian State.
- As per legal evaluation of February 10 of 2016, the Mining Authority established that Mining Application KCA-09491 complies with the conditions required by law to be turned into a mining concession contract, hence, the minutes of the mining concession contract should be prepared.
- A Letter of Intent for an Option over Coal Mining Concession Area located in Pelaya was executed on August 9, 2013, between Andean Coal, Marlen Torres Coronado,

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Miguel Orlando Jaramillo (the "Applicants") and Carlos Alfredo Caceres Girón, Germán Reyes and Gustavo Agustin Sanchez (the "Future Shareholders") (the "**Pelaya Letter of Intent**").

- The purpose of the option agreement shall be for the Future Shareholders and for the applicants of mining application KCA-09491 (the "**Pelaya Application**") to grant to Andean Coal (BVI) Ltd the option to acquire 100% interest of Carbones de Pelaya S.A.S.
- Carbones de Pelaya S.A.S. shall be a Simplified Joint Stock Company that will be established once the mining concession agreement or agreements arising from the Application are granted by the National Mining Agency.
- Carbones de Pelaya S.A.S. shall act as the assignee of the concession agreement or agreements which should arise from the proposal.
- To our knowledge, there are no conditions other than (i) the Mining Authority granting the mining concession contract or contracts arising from the **Pelaya Application**; (ii) the non- execution of the final and binding agreement that should arise from the **Pelaya Letter of Intent**; (iii) the Mining Authority rejecting the assignment of the mining concession contract or contracts arising from the **Pelaya Application**, that should impede the **Company** to acquire 100% of Carbones de Pelaya S.A.S.

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Mining Application: KCA-09492X.

Applicants: Miguel Orlando Jaramillo Rodríguez.

Date of Filing of the Mining Application: March 10, 2009.

Minerals: Coal.

Location: La Gloria, Cesar Department.

Area: 32.7093 Ha.

- Mining Application KCA-09491 was filed by Marlen Torres Coronado and Miguel Orlando Jaramillo Rodríguez on March 10, 2009.
- By means of Technical Evaluation of April 22, 2014 the Mining Authority concluded that the mining application has a free area of 1,642.01887 Ha, distributed in two areas.
- As a consequence of Technical Evaluation of April 22, 2014, the Mining Authority decided to create an alternate mining application by means of Auto GCM No. 533 of May 28, 2014, as follows:

Area 1: 32.71253 Ha.

Area 2: 1,609.30633 Ha.

Hence, the file for Mining Application KCA-09492X was created.

- As per Resolution 002710 of October 26 of 2015, the Mining Authority decided to continue the procedure of Mining Application KCA-09492X only with Mr. Miguel Orlando Jaramillo Rodríguez, due to the fact that Marlen Torres Coronado is unable to execute agreements with the Colombian State.
- By means of Technical Evaluation of February 8, 2016, the Mining Authority determined that the area of Mining Application KCA-09492X is 32.7093 Ha.
- By means of Legal Evaluation of February 17, 2016, the Mining Authority advised to require the applicant to accept the free area.
- Mining Application KCA-09492X seems to be in good standing.
- A Letter of Intent for an Option over Coal Mining Concession Area located in Pelaya was executed on August 9, 2013, between Andean Coal, Marlen Torres Coronado, Miguel Orlando Jaramillo (the "Applicants") and Carlos Alfredo Caceres Girón, Germán Reyes and Gustavo Agustin Sanchez (the "Future Shareholders") (the "**Pelaya Letter of Intent**").
- The purpose of the option agreement shall be for the Future Shareholders and for the applicants of mining application KCA-09491 (the "**Pelaya Application**") to grant to Andean Coal (BVI) Ltd the option to acquire 100% interest of Carbones de Pelaya S.A.S.
- Carbones de Pelaya S.A.S. shall be a Simplified Joint Stock Company that will be established once the mining concession agreement or agreements arising from the

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Application are granted by the National Mining Agency.

- Carbones de Pelaya S.A.S. shall act as the assignee of the concession agreement or agreements which should arise from the proposal.
- To our knowledge, there are no conditions other than (i) the Mining Authority granting the mining concession contract or contracts arising from the **Pelaya Application**; (ii) the non- execution of the final and binding agreement that should arise from the **Pelaya Letter of Intent**; (iii) the Mining Authority rejecting the assignment of the mining concession contract or contracts arising from the **Pelaya Application**, that should impede the **Company** to acquire 100% of Carbones de Pelaya S.A.S.

Respectfully submitted,

JOSE LLOREDA CAMACHO & CO.

By:


Angela Salazar
Associate

ANNEXURE 4
Legal Opinion (Chilean mining concessions)



Santiago, March 9th, 2016

Messrs.

Phillips River Mining Limited

Level 7

92 Pitt Street

Sydney, NSW 2000

Australia

Re.: *Selaqueos* Project.

Dear Sirs,

We have acted as special Chilean counsels for Phillips River Mining Limited (hereinafter, "PRML") with respect to a legal opinion regarding the legal status of the mining concessions named "*Selaqueos 1 – 2000*" (the "Mining Properties") currently held by *Compañía Minera de Fosfatos Naturales Limitada* (hereinafter, "CMDFNL") and by *Sociedad Contractual Minera Bahía Inglesa* (hereinafter, "SCMBI") and jointly with CMDFNL, the "Companies"), according to the registrations and files that we have reviewed at the Custodian of Mines of Copiapó and at the Court of Copiapó and Caldera respectively on February 23rd and 24th, 2016. Therefore, our legal opinion does not refer to other mining concessions different than the Mining Properties.

We express no opinion with respect to the good standing of the Companies or to any other corporate matter related to the Companies such as compliance with legal requirements for its incorporation, appointment of officers or representatives, tax or labor compliance, or any other matter whatsoever.



In rendering this opinion, we have examined originals, copies, or photocopies of the documents and records and such questions of law as we have deemed necessary. We have reviewed the pertinent registries and files of incorporation of the Mining Properties, at the Custodian of Mines of Copiapó and at the Court of Caldera and Copiapó respectively.

With respect to the documents and records reviewed, we have assumed the genuineness of all signatures, the capacity and authority of the agents or representatives, the accuracy and completeness of the factual representations made in the documents reviewed, and the authenticity of all items submitted to us as originals and the conformity with originals of all items submitted to us as copies or photocopies. With respect to all such items submitted to us as executed by public officers, we have assumed that each such officer had the authorization, took all requisite action and duly delivered such items. With respect to the registrations, we have assumed that all of them were made with the competent public registries.

Based on the foregoing, and having regard to legal considerations we deem relevant, we advise you with respect to the legal status of the Mining Properties located in the III Region of Atacama, Chile, as follows:

1. Compañía Minera de Fosfatos Naturales Limitada.

CMDFNL has good and valid title to the Exploitation Mining Concessions named “Selaqueos 169 – 193”, “Selaqueos 254 – 288”, “Selaqueos 349 – 398”, “Selaqueos 459 – 518”, “Selaqueos 569 – 623”, “Selaqueos 707-723”, “Selaqueos 737 – 754”, “Selaqueos 802 – 818”, “Selaqueos 832 – 849”, “Selaqueos 897 – 913”, “Selaqueos 927 – 944”, “Selaqueos 996 – 1062”, “Selaqueos 1095 – 1146”, “Selaqueos 1194 – 1244”, “Selaqueos 1298 – 1314”, “Selaqueos 1398 – 1414”, “Selaqueos 1503 – 1519”, “Selaqueos 1570 – 1626”, “Selaqueos 1658 – 1717”, “Selaqueos 1723 – 1792” and “Selaqueos 1798 – 2000” (hereinafter, the “CMDFNL Mining Properties”), mentioned in the Due Diligence Report attached hereto, as



evidenced by the registrations made respectively under its name before the relevant registries. The exploitation mining concessions before mentioned are duly incorporated and registered under the name of the CMDFNL.

Please note that the registration at the Custodian of Mines contains a mistake because it establishes that CMDFNL acquired the before mentioned Mining Properties from CMDFNL, in circumstances that the Mining Properties were acquired from SCMBI.

In order to amend the before mentioned mistake in the registration, it is required to file the corresponding purchase public deed at the Custodian of Mines of Copiapó so it can rectify such mistake as corresponds.

Moreover, the Mining Properties before mentioned and also a processing minerals plant, are subject to a precautionary measure which consists in the prohibition for the owner of the Mining Properties and processing minerals plant to sell or to grant any kind of encumbrances over them. Said precautionary measure was declared by the Second Civil Court of Copiapó in order to cover the effective payment of the ruling dated June 10th, 2014, by which the Court declared that the Companies were liable to pay the amount of \$3,122,360,340.- because of the environmental damage produced by them (USD4.479.714 approximately corresponding to the exchange rate as of March 1st, 2016).

The before mentioned precautionary measure over the Mining Properties is duly registered at the Liens and Encumbrances Registry of the Custodian of Mines of Copiapó at page 44, number 20 corresponding to 2005.

Until February 23rd, 2016, said precautionary measure was not lifted in the corresponding Registry and therefore any act or contract executed over the Mining Properties which purpose is to sell or grant encumbrances over them, will be consider null and void for all legal purposes.



2. Sociedad Contractual Minera Bahía Inglesa.

SCMBI has good and valid title to the Exploitation Mining Concessions named “Selaqueos 674 – 706”, “Selaqueos 774 - 801”, “Selaqueos 869 – 896”, “Selaqueos 968 – 995”, “Selaqueos 1067 – 1094”, “Selaqueos 1166 – 1193”, “Selaqueos 1265 – 1297”, “Selaqueos 1365 – 1397” and “Selaqueos 1465 – 1502” (hereinafter, the “SCMBI Mining Properties”), mentioned in the Due Diligence Report attached hereto, as evidenced by the registrations made respectively under its name before the relevant registries. The exploitation mining concessions before mentioned are duly incorporated and registered under the name of SCMBI.

Notwithstanding the before mentioned and according to the information provided by the National Geology and Mining Service and the Mining Properties’ Technical Report issued by Terradap Chile Limitada dated February 22nd, 2016 (hereinafter, the “Technical Report”), the SCMBI Mining Properties “Selaqueos 965 – 967” are not included in the National Mining Cadaster, which jointly have a surface of 15 hectares. On the other hand and according to our review at the Custodian of Mines of Copiapó on February 23rd, 2016, these mining concessions belong to SCMBI.

According to articles 91 and 92 of the Chilean Mining Code, what gives property over a mining concession is its registration at the corresponding registry of the Custodian of Mines. Therefore SCMBI is the owner of the Mining Properties “Selaqueos 965 – 967” until there is a marginal annotation in its registration at the Custodian of Mines, evidencing that said Mining Properties were cancelled.

Please note that the SCMBI Mining Properties and a processing minerals plant, are subject to a precautionary measure which consists in the prohibition for the owner of the Mining Properties and the processing mineral plant to sell or to grant any kind of encumbrances over



them. Said precautionary measure was declared by the Second Ordinary Court of Copiapó in order to cover the effective payment of the ruling dated June 10th, 2014, in which the Court ruled that the Companies were liable to pay the amount of 3,122,360,340.- because of the environmental damage produced by them (USD4.479.714 approximately corresponding to the exchange rate as of March 1st, 2016).

The before mentioned precautionary measure over the Mining Properties is duly registered at the Liens and Encumbrances Registry of the Custodian of Mines of Copiapó at page 45 overleaf, number 21 corresponding to 2005.

Until February 23rd, 2016, said precautionary measure was not lifted in the corresponding Registry and therefore any act or contract executed over the Mining Properties which purpose is to sell or grant encumbrances over them, will be consider null and void for all legal purposes.

3. Technical Report on Mining Properties.

The Due Diligence Report includes a reference to the Technical Report which shows the Mining Properties that overlap or are overlapped by third parties' mining concessions.

According to the Technical Report, the Mining Properties are overlapped by the following third parties mining concessions:

- a) "Pampa Tres A 1/60", owned by *Compañía Minera Casale*, overlaps the Mining Properties "Selaqueos 1853 – 1872" and "Selaqueos 1902 – 1926" in a surface of 225 hectares;
- b) "Pampa Dos A 1/60", owned by *Compañía Minera Casale*, overlaps the Mining Properties "Selaqueos 1818 – 1847" and "Selaqueos 1873 – 1901" in a surface of 295 hectares;



- c) “Pampa Una A 1/40”, owned by *Compañía Minera Casale*, overlaps the Mining Properties “Selaqueos 1698 – 1717” and “Selaqueos 1773 – 1792” in a surface of 200 hectares;
- d) “Espacio 1/8”, owned by *Sociedad Gardner y Stefan*, overlaps the Mining Properties “Selaqueos 1146” in a surface of 2,4 hectares;
- e) “Rocas 2 1/10”, owned by *SLM Rocas 2 Sector Rocas Negras*, overlaps the Mining Properties “Selaqueos 1572 – 1576” and “Selaqueos 1663 – 1667” in a surface of 20 hectares;
- f) “Malvilla 8C 1/40”, owned by *Compañía Minera Casale* overlaps the Mining Properties “Selaqueos 1848 – 1852” in a surface of 25 hectares;
- g) “Coral 1/18”, owned by *Empresa Nacional de Minería* overlaps the Mining Properties “Selaqueos 1746 – 1748”, “Selaqueos 1815 – 1828”, “Selaqueos 1864 – 1887”, “Selaqueos 1912 – 1945”, “Selaqueos 1951 – 1980”, “Selaqueos 1981 – 1995” and “Selaqueos 1996 – 2000” in a surface of 482 hectares;
- h) “Corteza 1/33”, owned by *Empresa Nacional de Minería* overlaps the Mining Properties “Selaqueos 1996 – 2000” in a surface of 12, 8 hectares;
- i) “Alondra I, 1 -3”, owned by Mr. José Durán Gana overlaps the Mining Properties “Selaqueos 869 – 872” and “Selaqueos 968 – 971” in a surface of 11 hectares; and,
- j) “Alondra II, 1 – 4”, owned by Mr. José Durán Gana overlaps the Mining Properties “Selaqueos 774 – 777” and Selaqueos 869 – 872” in a surface of 15 hectares.



Regarding the third parties concessions mentioned in letters g) and h) above they were granted in 1979 under the 1932 Chilean Mining Code and therefore, prior to the incorporation of the Mining Properties.

Please note that according to the temporary articles of the 1983 Chilean Mining Code there are some rules according to which it can be decided which mining concessions have preferential rights over the area in collision or regarding the survivor of different mining concessions for different kind of minerals. For this purposes, note that the mining concessions mentioned in letters g) and h) are paying non metallic mining fees for such kind of minerals.

Notwithstanding that, we have not reviewed the “Coral 1/18” and the “Corteza 1/33” incorporation mining files and therefore we are not able to issue an opinion regarding which of the mining concessions have preferential rights in the overlapped area.

Please note that the mining concessions that are overlapping the Mining Properties do not have preferential rights in the area and therefore shall respect the Mining Properties in the area where are overlapping them (with the only exception of those mining concessions mentioned in letters g) and h) above which need further review of their files).

In the case of the mining concession “Malvilla 8C 1/40”, the last act in the incorporation process conducted by *Compañía Minera Casale* was the file at the Court of the article 83 excerpt publication. For the purposes before mentioned, article 83 of the Chilean Mining Code sets forth:

“Article 83.- Should the Service indicate in its report that one or more of the events referred to in Article 80 have occurred, the judge shall order that, within 30 days from the date of said order, the interested party publish an excerpt prepared by the Secretary of the Court, stating that the Service has



reported said events, the U.T.M. (Universal Transverse Mercator) coordinates of the corners indicated in the request or record of the survey, both of the mining claims of the interested party as well as those of the party or parties affected by said circumstances, the names of either or both and, if it is possible, the name of the affected parties or party.

Once the publication have been done, its content should be notified to the person or persons under the name or names the mining claims are registered in the corresponding Register of Mines.

The notice shall be practiced personally according to Title VI, First part of the Civil Procedure Code”.

Such excerpt was published at the Official Mining Gazette on August 7th, 2013.

On the other hand, please note that article 80 of the Chilean Mining Code establishes:

“Article 80. The Service shall in the same report mentioned in article 79, state whether the survey embraces, wholly or partially, one or more previously claimed mining properties, the corners whereof are determined or have been indicated to said Service by U.T.M. coordinates or one or more mining tracts being claimed and whose claimants of record have preferential rights to survey and is a party in one of the suits referred to in articles 62 and 62.

The report shall state the M.U.T coordinates of the corners referred to in Article 83”.

Finally and regarding the same matter, article 84 of the Chilean Mining Code establishes:



“Article 84.- Within sixty days of the date of the mentioned publication each of the affected may submit a writ to be included in the file of the interested party objection to the establishment of a mining claim or claims by the latter.

The objection may shall be dismissed outright if not supported by a certified copy of the request for a survey or the record of said survey and, when applicable, a copy of the pertinent plan, if the law at that time would have made it mandatory to do so.

The objection shall be governed by the rules of procedure stated in Article 233 and the objector shall be considered as plaintiff. The Service’s report will serve as basis for a refutable presumption and it is the defendant who must prove that the land included in the survey of his mining claims is not totally or partially occupied by the mining claim or claims of the plaintiff or, as pertinent, that the rights of the parties over the land in which the preference has been alleged have been extinguished.

Provisions of Article 70 shall be applicable to the defendant in these proceedings.

A decision ordering the establishment of the mining claim by the defendant shall be given when the decision dismissing each and every submitted in the suit becomes final.

The decision accepting part of a claim made in the suit shall determine the tracts which the defendant may again survey.

The decision allowing the entire suit shall declare void the rights of the interested party and shall order the cancellation of the pertinent records.



The affected party bringing forward an action based on this Article may not later claim the nullity number 6 or 7, as pertinent, of Article 95.”

We have not reviewed the file of “Malvilla 8C 1/40”, so we have not information whether CMDFNL was properly notified of such overlapping and also submitted the opposition above mentioned within the legal term of 60 days since it was served. Notwithstanding the before mentioned, according to the resolution dated April 4th, 2014, the incorporation claim of this mining concession was filed in the Court due to the lack of its judicial processing.

The general rule according to the Chilean Mining Code, establishes that the date stamped by the Court over a mining application (petition or claim) duly registered, will determine who is the first right holder and therefore who has preferential right over the concession requested; thus, the earliest application will prevail over other concessions requested after if the latter covers the same surface comprised by the first application, totally or in a portion.

According to the Chilean law, the titleholder with preferential right has a legal action to request the nullity of the concession subsequently granted which affects totally or partially its previously granted claim or concession right.

4. Mining Fees.

All the mining fees for the hectares and surface indicated below have been timely and properly paid and the next period (2016-2017) dues on March 31, 2016. Please bear in mind that the lack of payment could trigger a judicial procedure for publicly auctioning the unpaid properties.

According to the Technical Report, the area covered by the 277 CMDFNL Mining Properties is 1385 hectares for which CMDFNL has paid the corresponding mining fees.



On the other hand and according to the Technical Report, the area covered by the 941 SCMBI Mining properties is 4705 hectares for which SCMBI has paid the corresponding mining fees.

Considering the CMDFNL Mining Properties and the SCMBI Mining Properties, the entire project considers 6090 hectares corresponding to 1218 Mining Properties of the Companies.

The Mining Properties are of perpetual duration, subject only to timely payment of the annual mining taxes payable to the relevant Governmental Authorities of Chile in respect thereof. The Mining Properties have been in force since its incorporation judgment (April 5th, 1984) and its duration is indefinite as long as the mining fees are duly and timely paid.

Please note that the Mining Properties are currently paying mining fees for non metallic minerals.

5. Environmental Matters.

a) Findings of facts.

As mentioned in sections 1. and 2. of this legal opinion, there is an environmental issue related to the intervention of a paleontological site with mining machinery, as a result of the mining activities carried out by the defendants on lands owned by the State of Chile at *Sector Los Dedos*, south of *Bahía Inglesa*. The estimation of the intervened area is approximately 50 hectares.

On the other hand, it is important to note that the project was not granted with an environmental license in the context of the environmental assessment system currently in place, because its operation is prior to the enforcement of law No. 19,300 which established the aforesaid system.



b) Rulings of Copiapó's Court.

On this regard and along with requesting repair of the environment, the State Defense Council (equivalent to the attorney general) also claimed for the payment of the damages generated on the affected components. The Copiapó's Court Judgment established the follows:

b.1 On the environmental damage matter.

The ruling dated April 27th, 2008 accepted the lawsuit with costs, and condemns the defendants jointly as perpetrators of environmental damage to the execution of the following remedies:

- Perform a rescue of the paleontological parts that were not destroyed in the zones taken over by the Companies within the area of protection as defined by the National Monuments Council;
- Clean and remove excess material generated by the extractive activities in the same area;
- Repair the destroyed zone of the paleontological monument by stabilizing slopes and other actions timely defined so as to reduce erosion processes and landscape impact;
- Close and/or mark the national monument, using materials that are in harmony with the landscape of the area; and,
- Mark out the site by signs indicating the condition of National Monument protected by Act No. 17,288.

b.2 On the damage compensation matter.

Pursuant to the judgment of April 27th, 2008, an incidental claim was filed on May 18th, 2012, for the determination of the kind and amount of the damages suffered by the State of Chile.



By ruling dated June 10th, 2014, the lawsuit filed to determine the type and amount of the damages suffered by the Chilean Treasury was accepted with costs. As a result, the defendants were condemned to indemnify the Chilean Treasury with the sum of CH\$ 3,122,360,340. (USD4,479.714 approximately regarding the exchange rate of March 1st, 2016) for consequential damage and extra patrimonial damage, having to adjust this sum according to the variations in the CPI between the date on which the ruling became final and its actual payment, with the ordinary interests in the same period.

c) Liability Regime for the Acquirer of the Mining Properties.

In our opinion there are no liabilities for the acquirer of the Mining Properties both in relation to compliance of the remedies and the payment of compensation for damages. This, for the following reasons:

- Liability for environmental damage is personal, which is clear from the provisions of Articles 3 and 51 of Act No. 19,300, in relation to the provisions of Articles 2314 and 2316, both of the Chilean Civil Code; and,
- As a general principle of our legal system the judicial rulings have a relative effect, i.e., they are binding and enforceable only to those who were part of the trial, as is inferred from Article 3 of the Chilean Civil Code.

d) Effects of the Ruling that delivers on tort environmental damage from the point of view of the Mining Properties' Area.

As stated in the judicial process, the National Monuments Council in due course notified the defendant about the existence of a paleontological or archaeological site, with a total surface of 159 hectares. In the same communication, the National Monuments Council requested the defendants to refrain from conducting mining activities in the area.



According to the expert report, the damaged area is 10 hectares. As was stated, the ruling established the materialization by the defendants of various obligations to do.

Based on the above and on the analysis of all the background it can be concluded that:

- The reparation measures refer to actions that must be performed on the land subject to the Mining Properties;
- Given the nature of these actions, they will limit the use of the concession, since the affected site (10 hectares) will be subject to an operating ban; and,
- Disregarding the surface subject to the measures (10 hectares), by order of the National Monuments Council, it is not possible to use the rest of the paleontological or archaeological site (i.e. the remaining 149 hectares).

6. Custodian of Mines of Copiapó and Caldera.

On February 23rd, 2016, we were informed by the new Custodian of Mines of Copiapó, Mr. Luis Alberto Contreras Fuentes that the Mining Properties are not further under his jurisdiction, because in 1995 the Custodian of Mines of Caldera was created and therefore said Custodian of Mines is competent regarding any question of law related to the Mining Properties.

According to the Chilean Mining Code, the Mining Properties are under the jurisdiction of the Custodian of Mines of where they are located, in this case, Caldera.

Therefore, a new registration of the Mining Properties at the Custodian of Mines of Caldera needs to be requested by any interested person, because as informed by the Custodian of Mines of Copiapó he will not register any act over the Mining Properties nor issue any kind



of certificates regarding them, due to the lack of jurisdiction since the incorporation of the Custodian of Mines of Caldera.

7. Seizure over the Mining Properties and lawsuit status.

a. Seizure over the Mining Properties.

On July 5th, 2015 a seizure over the Mining Properties was granted in order to secure the results of the judgment. However, when the seizure over the Mining Properties was notified to the Custodian of Mines of Copiapó, he rejected its registration due to arguments explained in number 6. of this legal opinion.

Therefore, until February 24th, the seizure over the Mining Properties has not been duly registered in the Liens Registry of the Custodian of Mines of Copiapó, nor in the Custodian of Mines of Caldera.

Moreover, please note that article 226 of the Chilean Mining Code establishes:

“Article 226: Notwithstanding the rights of mortgage creditors, the concession of the debtor, property considered to be immovables by accession under article 3 hereof, and supplies located in the concession may not be seizure nor sold.

The foregoing rules shall not apply when the debtor is a corporation.

The debtor may, however, consent the seizure and sale, provided said consent is evidenced during the same proceedings”.

Therefore and according to article 226 of the Chilean Mining Code, as a general rule, the mining concessions shall not be subject to a seizure, except in the cases expressly authorized by the law, which is not the situation of the Mining Properties, because its owner is not a



corporation, the Mining Properties are not subject to a mortgage and the owners of them have not authorized their seizure and sale.

b. Environmental Lawsuit Status.

On December 19th, 2014, a seizure over different movable assets was granted to secure the results of the judgment. However, according to the certificate issued by the judicial certifying officer Ms. María Campillay dated March 20th, 2015, the remove of the different equipment's and movable assets for their auction, was not possible due that the only access to where they are located was closed.

Later and according to the certificates issued by the judicial certifying officer Mr. Hernán Guerrero Araya dated January 15th, 2016 and February 11th, 2016, the remove of the different equipment's and movable assets for their auction, was not possible due to the opposition of Bifox Limitada employees.

8. Other Rights.

Although we express no opinion on surface rights, easements, or water rights belonging to the Companies for the development of a mining project based on the Mining Properties, we inform that up to this date and in accordance with the Chilean law, surface and mineral rights are different and the Companies, as owners of mining rights, are entitled to request and obtain rights of roads or other means of access to the Mining Properties subject to the compliance with pertinent legal requirements.

* * * * *

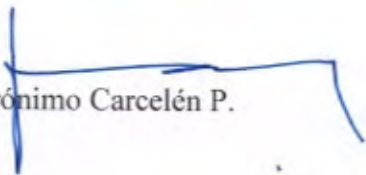
We are attorneys duly qualified to practice law in Chile, and we express no opinion herein as to any laws other than the laws of Chile as in effect on the date hereof. Therefore, any



references to applicable law and approvals are limited to the applicable laws of Chile and approvals by Governmental Agencies of Chile.

This opinion is furnished to you solely and may not be relied upon by anyone other than you and your counsel and the directors, officers and counsel of Phillips River Mining Limited, as well as by any external consultant expressly authorized by them.

Sincerely yours,



Jerónimo Carcelén P.



ANNEX: DUE DILIGENCE REPORT

“Selaqueos 1 - 2000”

Type of Concession	Exploitation incorporated
Name	“Selaqueos 1-2000”, as they correspond to the CMDFNL and SCMBI.
Location	Copiapó, Atacama
Surface	As of February 23 rd , 2016, 6090 hectares.
Petitioner	Corporación de Fomento de la Producción and Comisión Chilena de Energía Nuclear.
Registered Owner	Compañía Minera de Fosfatos Naturales Limitada and Sociedad Contractual Minera Bahía Inglesa.
Claim Presentation Date	July 14 th , 1982
Judgment Registration Data	April 5 th , 1984
National No.	03202-0780-0

a) Ownership:

- The CMDFNL Mining Properties are registered under the name of CMDFNL at page 1563 number 414 of the Property Registry of the Custodian of Mines of Copiapó corresponding to 1992;
- The SCMBI Mining Properties are registered under the name of SCMBI at page 283 overleaf number 88 at the property Registry of the Custodian of Mines of Copiapó corresponding to 1989.

b) Transferences:

The Mining Properties have been transferred as follows:

1. By the sole minister of the law and according to article 176 of the 1983 Mining Code, the Mining Properties were registered under the name of *Sociedad Legal Minera Selaqueos Una de Bahía Inglesa*, with *Corporación de Fomento de la Producción* and *Comisión Nacional de Energía Nuclear* as sole shareholders as evidenced at page 95 number 126 of the Shareholders Registry number 53 of the Custodian of Mines of Copiapó corresponding to 1982.



The Legal Mining Company before mentioned was registered at page 288 number 253 of the Discovery Registry at the Custodian of Mines of Copiapó corresponding to 1982.

2. The Mining Properties were transferred to *Industrias de Tecnología Hidráulica en Minería y Construcción Limitada* by public deed granted at the Notary Public Office of Mr. José Alberto Vicencio Díaz, dated May 20, 1987 and duly registered at page 549 overleaf number 152 at the Property Registry of the Custodian of Mines of Copiapó corresponding to 1987.
3. The Mining Properties were transferred to Mr. Víctor Petermann Fernández by public deed granted at the Notary Public Office of Mr. Patricio Raby Benavente, dated November 4th, 1988 and duly registered at page 485 overleaf number 180 at the Property Registry of the Custodian of Mines of Copiapó corresponding to 1988.
4. The following Mining Properties were transferred to SCMBI: “Selaqueos 169 – 193”, “Selaqueos 254 – 288”, “Selaqueos 349 – 398”, “Selaqueos 459 – 518”, “Selaqueos 569 – 623”, “Selaqueos 674 – 723”, “Selaqueos 737 – 754”, “Selaqueos 774 – 818”, “Selaqueos 832 – 849”, “Selaqueos 869 – 913”, “Selaqueos 927 – 944”, “Selaqueos 965 – 1062”, “Selaqueos 1067 – 1146”, “Selaqueos 1166 – 1244”, “Selaqueos 1265 – 1314”, “Selaqueos 1365 – 1414”, “Selaqueos 1465 – 1519”, “Selaqueos 1570 – 1626”, “Selaqueos 1658 – 1717”, “Selaqueos 1723 – 1792” and “Selaqueos 1798 – 2000”.

The before mentioned Mining Properties were transferred by public deed granted at the Notary Public Office of Mr. Patricio Raby Benavente, dated December 5th, 1988 and duly registered at page 283 overleaf number 88 at the Property Registry of the Custodian of Mines of Copiapó corresponding to 1989.

5. The following Mining Properties were transferred to CMDFNL: “Selaqueos 169 – 193”, “Selaqueos 254 – 288”, “Selaqueos 349 – 398”, “Selaqueos 459 – 518”, “Selaqueos 569 – 623”, “Selaqueos 707 – 723”, “Selaqueos 737 – 754”, “Selaqueos 802 – 818”, “Selaqueos 832 – 849”, “Selaqueos 897 – 913”, “Selaqueos 927 – 944”, “Selaqueos 996 – 1062”, “Selaqueos 1095 – 1146”, “Selaqueos 1194 – 1244”, “Selaqueos 1298 – 1314”, “Selaqueos 1398 – 1414”, “Selaqueos 1503 – 1519”, “Selaqueos 1570 – 1626”, “Selaqueos 1658 – 1717”, “Selaqueos 1723 – 1792” and “Selaqueos 1798 – 2000”.

The before mentioned Mining Properties were transferred by public deed granted at the Notary Public Office of Mr. Patricio Raby Benavente dated March 3rd, 1992 and duly registered at page 1563 overleaf number 414 at the Property Registry of the Custodian of Mines of Copiapó corresponding to 1992.



Please note that the registration at the Custodian of Mines contains a mistake because it establishes that CMDFNL acquired the before mentioned Mining Properties from CMDFNL, in circumstances that the Mining Properties were acquired from SCMBI.

In order to amend the before mentioned mistake in the registration, it is required to file the corresponding purchase public deed at the Custodian of Mines of Copiapó so it can rectify such mistake as corresponds.

c) Good Standing:

1. Based on the information contained in the Property Registry of the Custodian of Mines of Copiapó, at February 23rd and February 24th, 2016, respectively: (i) the Mining Properties are properly and currently registered under the name of the Companies as respectively corresponds, who are the only and exclusive owner, and (ii) the Mining Properties are subject to the precautionary measures mentioned in numbers 1. and 3. of the legal opinion and therefore it is forbidden to grant liens or sell the Mining Properties and they are also subject to a seizure that has not been duly registered at the corresponding Custodian of Mines as informed in number 7. of the legal opinion.
2. In addition, please note that according to the information provided by the National Geology and Mining Service and the Technical Report, the SCMBI Mining Properties "Selaqueos 965 – 967" are not currently in force, which jointly have a surface of 15 hectares.
3. Please note that the following mining concessions were declared free areas as per the judicial judgment of the First Civil Court of Copiapó dated October 9th, 1991, under number 796, and therefore they were cancelled: "Selaqueos 1 – 168", "Selaqueos 194 – 253", "Selaqueos 289 – 348", "Selaqueos 399 – 458", "Selaqueos 519 – 568", "Selaqueos 624 – 673", "Selaqueos 724 – 736", "Selaqueos 755 – 773", "Selaqueos 819 – 831", "Selaqueos 850 – 868", "Selaqueos 914 – 926", "Selaqueos 945 – 967", "Selaqueos 1063 – 1066", "Selaqueos 1147 – 1165", "Selaqueos 1245 – 1264", "Selaqueos 1315 – 1364", "Selaqueos 1415 – 1464", "Selaqueos 1520 – 1569", "Selaqueos 1627 – 1657", "Selaqueos 1718 – 1722" and "Selaqueos 1793 – 1797".

d) Mining fees:

In accordance with the information provided, the mining fees for the period March 2015 – 2016 have been properly and timely paid for the areas and hectares mentioned in numbers 5. and 7 of the legal opinion. The payment for the next period dues on March 31, 2016.



e) Current Status:

The Mining Properties are duly incorporated and registered under the name of CMDFNL and under the name of SCMBI.

ANNEXURE 5
Expert Report (Chilean exploration concessions)

REPORT ON MINING CADASTRE

PROJECT “KI”

Phillips River Mining Limited has requested Tecnomín S.A. (“Tecnomín”) to update the report on mining cadastre “Project KI” dated October 23, 2014, with respect to the exploration concessions within the area of interest. The report includes: (i) The name of the owner of the tenement; (ii) Status of approval; (iii) Date of grant and expiry date of permit; (iv) Size of each tenement; and (v) Statement that tenement is in good standing (*vigente*).

This revision includes 32 exploration concessions that have been constituted and 32 exploration concessions that are in the process of being constituted.

This report contains the findings and conclusions of the tenements with the information available to this date.

I. AREA OF INTEREST

The project analyzed further on in this report, hereinafter the “Project”, is located at the Atacama Region, Province of Copiapó, Borough of Caldera, approximately 25 kilometers south of the city of Caldera, at a height of 100 meters above sea level, in the following coordinates:

Vertex	UTM Coordinates PSAD-56	
	North	East
V1	6.991.000	307.000
V2	7.000.000	324.000
V3	6.977.000	326.000
V4	6.977.000	311.000



II. QUALIFICATIONS

The opinions set forth in this report are qualified as follows:

- This report does not constitute a study of titles of the mining concessions that are part of the Project; but rather has the sole purpose of determining the current status of the exploration mining concessions that form part of it, their incorporation or constitution according to the applicable law, the eventual existence of causes for their expiration that could affect the mining concessions in process of incorporation and the overlaps with other mining concessions that are not part of the Project and the determination of priority rights.
- This report refers only to the date hereof, unless otherwise expressly referred to.
- The current report has been prepared based on: (i) the information and evidence provided by the client; and (ii) the information gathered by Tecnomín from public registries for these purposes. We reviewed the corresponding registries of the Caldera Mining Registrar, the processing records of the *Juzgado de Letras y Garantía de Caldera* (Caldera Court) and the payment of mining fees before the General Treasury of the Republic of Chile (*Tesorería General de la República*). In undertaking our analysis, we have assumed the genuineness of all information provided and signatures; the legal capacity of all natural persons; the authenticity of all documents and records submitted to us as originals and the completeness of and conformity with the original of all documents and records submitted to us as certified or reproduction copies.

- This report may not be used, circulated, quoted or relied upon by you for any other purpose or relied upon by any other person without our prior written consent.

III. ANALYSIS OF EXPLORATION CONCESSIONS CURRENTLY IN THEIR PROCESS OF BEING CONSTITUTED

1- **Concession Name:** KI 133 (replaces concession KI 22)

Mining Code Number: 03202-2834-4

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-192-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 280 N° 191 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

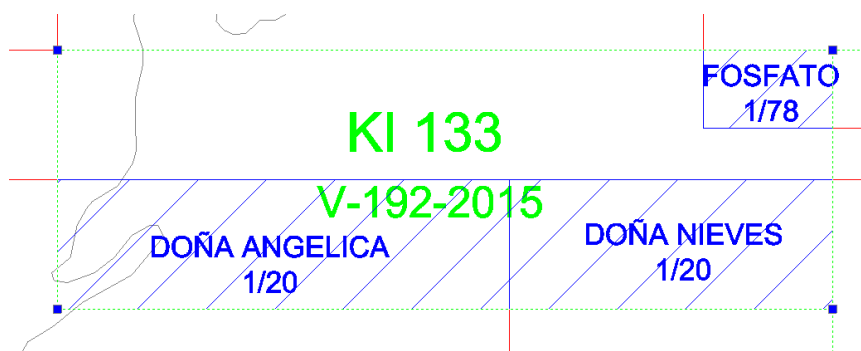
Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploitation Concession named “DOÑA ANGÉLICA 1/20” on 87.5 Hectares.
- 2- Exploitation Concession named “DOÑA NIEVES 1/20” on 62,5 Hectares.
- 3- Exploitation Concession named “FOSFATO 1/78” on 15 Hectares.



Conclusions:

- The 3 concessions overlapping KI 133 have a priority right over the overlapped area.
- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 133 is the renewal of the KI 22 concession, which ended on September 3, 2015.

2- **Concession Name:** KI 134 (replaces concession KI 23)

Mining Code Number: 03202-2835-2

Concession Area: 200 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-193-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 281 N° 192 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

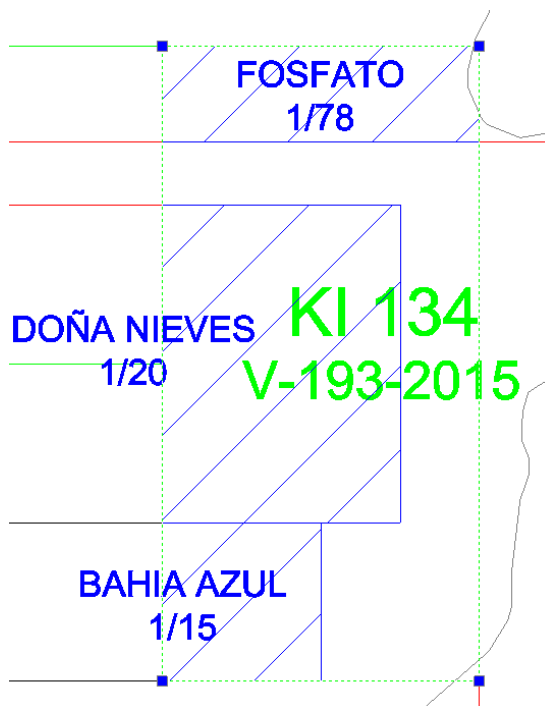
Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploitation Concession named **"DOÑA NIEVES 1/20"** on 75 Hectares.
- 2- Exploitation Concession named **"FOSFATO 1/78"** on 30 Hectares.
- 3- Exploitation Concession named **"BAHIA AZUL 1/15"** on 25 Hectares.



Conclusions:

- The 3 concessions overlapping KI 134 have a priority right over the overlapped area.
- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 134 is the renewal of the KI 23 concession, which ended on August 26, 2015.

3- Concession Name: KI 135 (replaces concession KI 24)

Mining Code Number: 03202-2836-0

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-194-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 282 N° 193 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

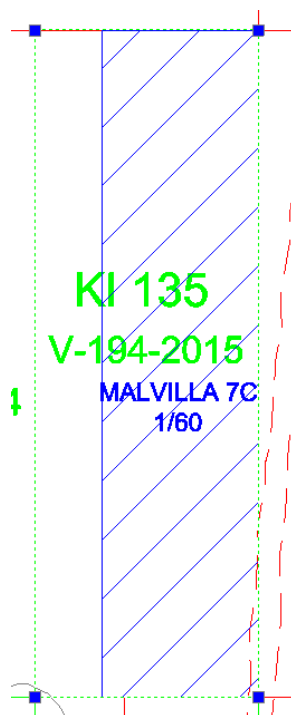
Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploitation Concession named "**MALVILLA 7C 1 to 60**" on 210 Hectares.



Conclusions:

- The Malvilla 7C 1/60 concession has a priority right over the overlapped area with KI 135.
- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 135 is the renewal of the KI 24 concession, which ended on July 17, 2015.

4- **Concession name:** KI 136 (replaces concession KI 26)

Mining Code Number: 03202-2837-9

Concession Area: 200 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-195-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 283 N° 194 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

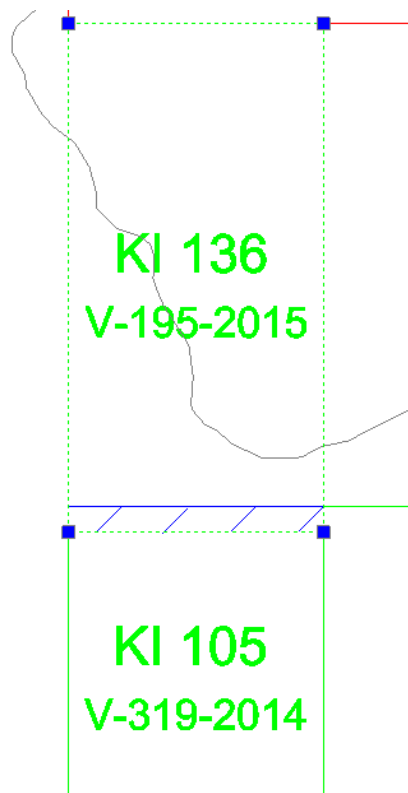
Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concession:

- Exploration Concession named "KI 105" on 10 Hectares. Notwithstanding the overlapping, there is no contingency because both concessions belong to Kiwanda Chile S.A.



Conclusions:

- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 136 is the renewal of the KI 26 concession, which ended on September 3, 2015.

5- **Concession name:** KI 137 (replaces concession KI 27)

Mining Code Number: 03202-2838-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-196-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 284 N° 195 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 137 is the renewal of the KI 27 concession, which ended on September 3, 2015.

6- **Concession name:** KI 138 (replaces concession KI 28)

Mining Code Number: 03202-2839-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-197-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 285 N° 196 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016

Final resolution's registration date: Pending

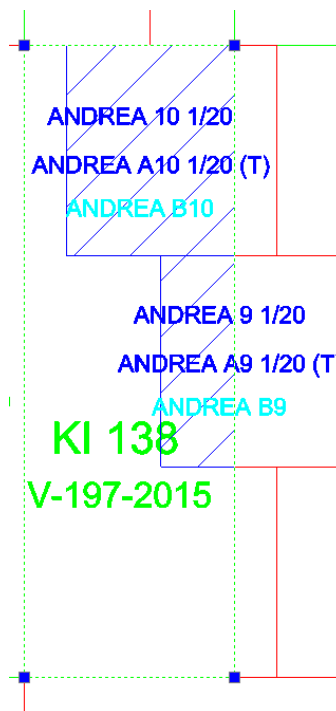
Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "**ANDREA B10**" on 80 Hectares.
Valid until October 5, 2017.
- 2- Exploration Concession named "**ANDREA B9**" on 35 Hectares.
Valid until October 5, 2017.
- 3- Exploitation Concession named "**ANDREA 10 1/20**" on 80 Hectares.

- 4- Exploitation Concession named “**ANDREA 9 1/20**” on 35 Hectares.
- 5- Exploitation Concession in process of being incorporated named “**ANDREA A10 1/20**” on 80 Hectares. Affected by lapse causes.
- 6- Exploitation Concession in process of being incorporated named “**ANDREA A9 1/20**” on 35 Hectares. Affected by lapse causes.



Conclusion:

- The 6 concessions overlapping KI 138 have a priority right over the overlapped area.
- No request has been made for the survey of concessions **ANDREA A9 1/20** y **ANDREA A 10 1/20** in a timely manner, so both of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute these mining concessions. The application to a tribunal to declare the lapse and expiration of said concessions may be submitted by any third party, always prior to the date of the final resolution of the concession.

- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist. KI 138 is the renewal of the KI 28 concession, which ended on September 3, 2015.

7- **Concession name:** KI 139 (replaces concession KI 29)

Mining Code Number: 03202-2840-9

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-198-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 286 N° 197 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

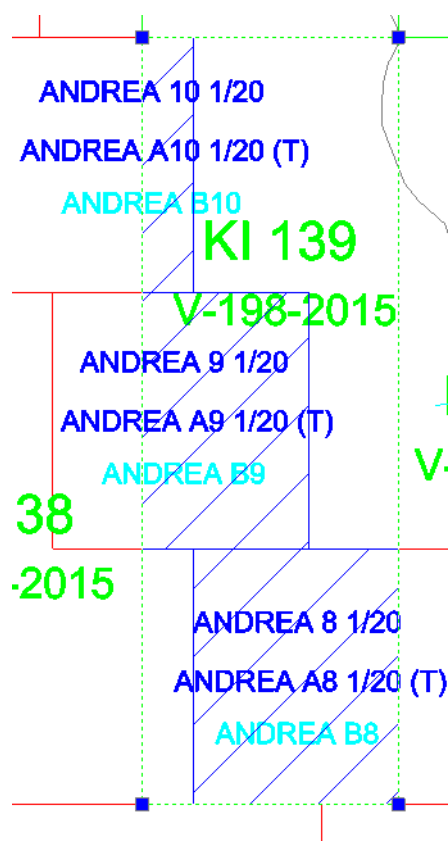
Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "**ANDREA B8**" on 80 Hectares.
- 2- Exploration Concession named "**ANDREA B9**" on 65 Hectares.
- 3- Exploration Concession named "**ANDREA B10**" on 20 Hectares.
- 4- Exploitation Concession named "**ANDREA 8 1/20**" on 80 Hectares.

- 5- Exploitation Concession named "ANDREA 9 1/20" on 65 Hectares.
- 6- Exploitation Concession named "ANDREA 10 1/20" on 20 Hectares.
- 7- Exploitation Concession in process of being incorporated named "ANDREA A8 1/20" on 80 Hectares. Affected by lapse causes.
- 8- Exploitation Concession in process of being incorporated named "ANDREA A9 1/20" on 65 Hectares. Affected by lapse causes.
- 9- Exploitation Concession in process of being incorporated named "ANDREA A10 1/20" on 20 Hectares. Affected by lapse causes.



Conclusions:

- The 9 concessions overlapping KI 139 have a priority right over the overlapped area.

- No request has been made for the survey of concessions **ANDREA A8 1/20, ANDREA A9 1/20** and **ANDREA A 10 1/20** in a timely manner, so all of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute these mining concessions. The application to a tribunal to declare the lapse and expiration of said concessions may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 139 is the renewal of the KI 29 concession, which ended on August 26, 2015.

8- **Concession name:** KI 140 (replaces concession KI 30)

Mining Code Number: 03202-2841-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-199-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 287 N° 198 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

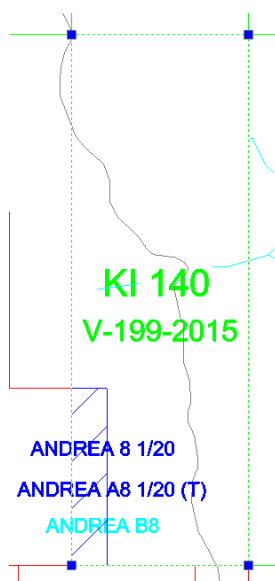
Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

1- Exploration Concession named "**ANDREA B8**" on 20 Hectares. Valid until October 5, 2017.

2- Exploitation Concession named "**ANDREA 8 1/20**" on 20 Hectares.

3- Exploitation Concession in process of being incorporated named "**ANDREA A8 1/20**" on 20 Hectares. Affected by lapse causes.



Conclusions:

- The 3 concessions overlapping KI 140 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A8 1/20** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 140 is the renewal of the KI 30 concession, which ended on August 26, 2015.

9- **Concession name:** KI 141 (replaces concession KI 31)

Mining Code Number: 03202-2842-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-200-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 288 N° 199 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 141 is the renewal of the KI 31 concession, which ended on August 26, 2015.

10- Concession name: KI 142 (replaces concession KI 41)

Mining Code Number: 03202-2843-3

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-201-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 289 N° 200 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 14, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 14, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 14, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 142 is the renewal of the KI 41 concession, which ended on August 8, 2015.

11- Concession name: KI 143 (replaces concession KI 43)

Mining Code Number: 03202-2844-1

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-202-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 290 N° 201 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

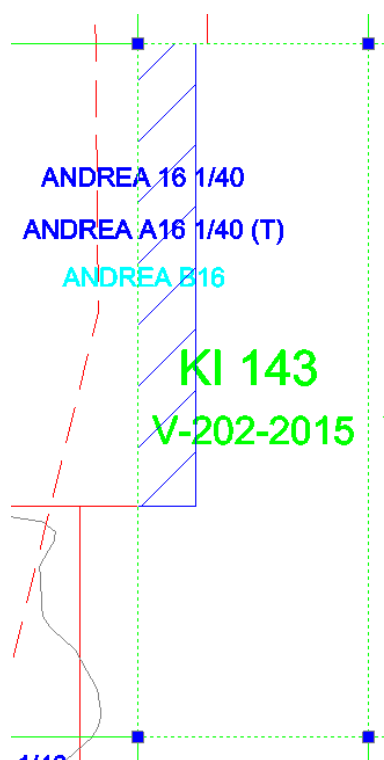
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "**ANDREA B16**" on 50 Hectares.
Valid until October 5, 2017.
- 2- Exploitation Concession named "**ANDREA 16 1/40**" on 50 Hectares.
- 3- Exploitation Concession in process of being incorporated named "**ANDREA A16 1/40**" on 50 Hectares. Affected by lapse causes.



Conclusions:

- The 3 concessions overlapping KI 143 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A16 1/40** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concessions may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 143 is the renewal of the KI 43 concession, which ended on August 8, 2015.

12- Concession name: KI 144 (replaces concession KI 44)

Mining Code Number: 03202-2845-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-203-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 291 N° 202 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 144 is the renewal of the KI 44 concession, which ended on August 9, 2015.

13- Concession name: KI 145 (replaces concession KI 48)

Mining Code Number: 03202-2846-8

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-204-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 292 N° 203 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

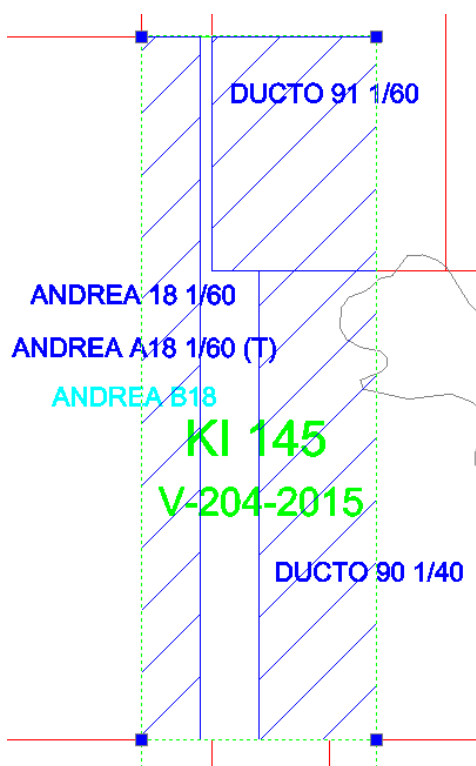
Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "**ANDREA B18**" on 75 Hectares. Valid until October 5, 2017.
- 2- Exploitation Concession named "**ANDREA 18 1/60**" on 75 Hectares.
- 3- Exploitation Concession in of being incorporated named "**ANDREA A18 1/60**" on 75 Hectares. Affected by lapse causes.

- 4- Exploitation Concession named “DUCTO 90 1/40” on 100 Hectares.
- 5- Exploitation Concession named “DUCTO 91 1/60” on 70 Hectares.



Conclusions:

- The 5 concessions overlapping KI 145 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A18 1/60** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final

resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 145 is the renewal of the KI 48 concession, which ended on August 16, 2015.

14- Concession name: KI 146 (replaces concession KI 49)

Mining Code Number: 03202-2847-6

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-205-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 293 N° 204 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

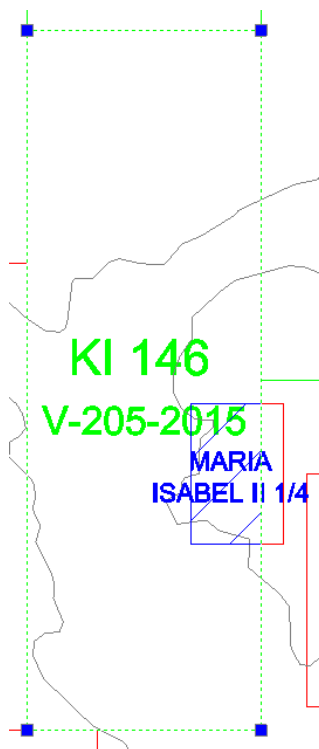
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concession:

1- Exploitation Concession named "**MARIA ISABEL II ¼**" on 18 Hectares.



Conclusions:

- The **MARÍA ISABEL II 1/4** overlapping with KI 146 has a priority right over the overlapped area.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 146 is the renewal of the KI 49 concession, which ended on August 16, 2015.

15- Concession name: KI 147 (replaces concession KI 32)

Mining Code Number: 03202-2848-4

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-206-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 294 N° 205 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

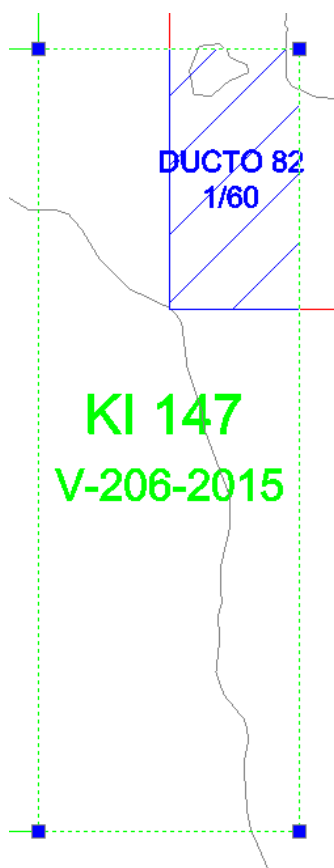
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concession:

- 1- Exploitation Concession named **"DUCTO 82 1/60"** on 50 Hectares.



Conclusions:

- The overlapping concession has a priority right over KI 147 on the overlapped area.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 147 is the renewal of the KI 32 concession, which ended on September 3, 2015.

16- Concession name: KI 148 (replaces concession KI 33)

Mining Code Number: 03202-2849-2

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-207-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 295 N° 206 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

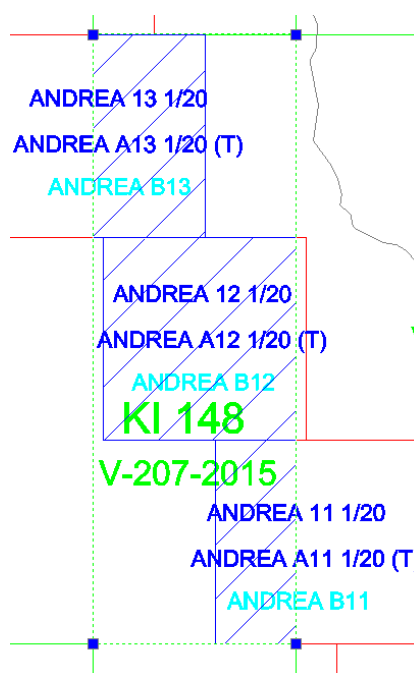
Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "**ANDREA B11**" on 40 Hectares. Valid until October 5, 2017.
- 2- Exploration Concession named "**ANDREA B12**" on 95 Hectares. Valid until October 5, 2017.

- 3- Exploration Concession named “**ANDREA B13**” on 55 Hectares. Valid until October 5, 2017.
- 4- Exploitation Concession named “**ANDREA 11 1/20**” on 40 Hectares.
- 5- Exploitation Concession named “**ANDREA 12 1/20**” on 95 Hectares.
- 6- Exploitation Concession named “**ANDREA 13 1 1/20**” on 55 Hectares.
- 7- Exploitation Concession in process of being incorporated named “**ANDREA A11 1/20**” on 40 Hectares. Affected by lapse causes.
- 8- Exploitation Concession in process of being incorporated named “**ANDREA A12 1/20**” on 95 Hectares. Affected by lapse causes.
- 9- Exploitation Concession in process of being incorporated named “**ANDREA A13 1 1/20**” on 55 Hectares. Affected by lapse causes.



Conclusions:

- The 9 concessions overlapping KI 148 have a priority right over the overlapped area.
- No request has been made for the survey of concessions **ANDREA A13 1/20**, **ANDREA A12 1/20** and **ANDREA A11 1/20** in a timely

manner, so all of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute these mining concessions. The application to a tribunal to declare the lapse and expiration of said concessions may be submitted by any third party, always prior to the date of the final resolution of the concession.

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 148 is the renewal of the KI 33 concession, which ended on August 26, 2015.

17- Concession name: KI 149 (replaces concession KI 34)

Mining Code Number: 03202-2850-6

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-208-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 296 N° 207 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

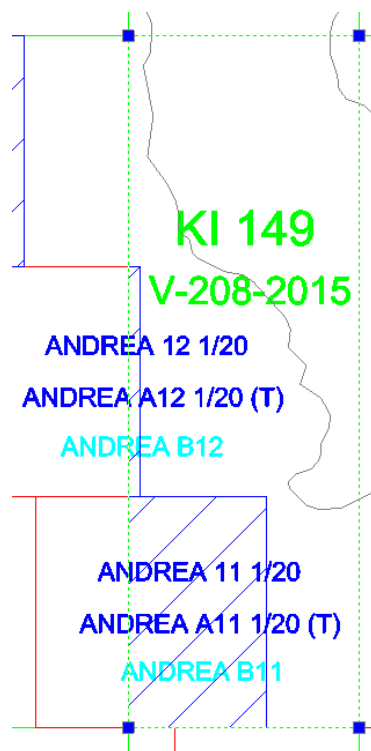
Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B11" on 60 Hectares. Valid until October 5, 2017.
- 2- Exploration Concession named "ANDREA B12" on 5 Hectares. Valid until October 5, 2017.
- 3- Exploitation Concession named "ANDREA 11 1/20" on 60 Hectares.

- 4- Exploitation Concession named “**ANDREA 12 1/20**” on 5 Hectares.
- 5- Exploitation Concession in process of being incorporated named “**ANDREA A11 1/20**” on 60 Hectares. Affected by lapse causes.
- 6- Exploitation Concession in process of being incorporated named “**ANDREA A12 1/20**” on 5 Hectares. Affected by lapse causes.



Conclusion:

- The 6 concessions overlapping KI 149 have a priority right over the overlapped area.
- No request has been made for the survey of concessions **ANDREA A11 1/20** and **ANDREA A12 1/20** in a timely manner, so both of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute these mining concessions. The application to a tribunal to declare the lapse and expiration of said concessions may

be submitted by any third party, always prior to the date of the final resolution of the concession.

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 149 is the renewal of the KI 34 concession, which ended on September 3, 2015.

18- Concession name: KI 150 (replaces concession KI 35)

Mining Code Number: 03202-2851-4

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-209-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 297 N° 208 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 150 is the renewal of the KI 35 concession, which ended on September 3, 2015.

19- Concession name: KI 151 (replaces concession KI 36)

Mining Code Number: 03202-2852-2

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-210-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 298 N° 209 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 151 is the renewal of the KI 36 concession, which ended on September 3, 2015.

20- Concession name: KI 152 (replaces concession KI 37)

Mining Code Number: 03202-2853-0

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-211-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 299 N° 210 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 152 is the renewal of the KI 37 concession, which ended on September 3, 2015. Therefore, the priority given by the date of KI 37 has been lost.

21- Concession name: KI 153 (replaces concession KI 38)

Mining Code Number: 03202-2854-9

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-212-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 300 N° 211 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

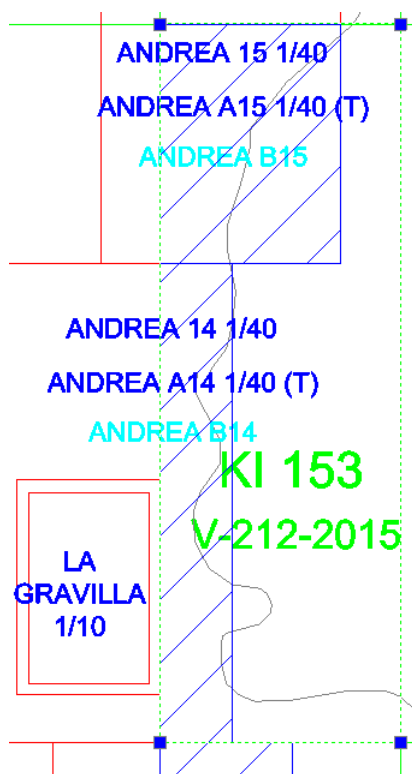
Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B15" on 75 Hectares.
Valid until October 5, 2017.
- 2- Exploration Concession named "ANDREA B14" on 60 Hectares.
Valid until October 5, 2017.
- 3- Exploitation Concession named "ANDREA 15 1/40" on 75 Hectares

- 4- Exploitation Concession named “**ANDREA 14 1/40**” on 60 Hectares
- 5- Exploitation Concession in process of being incorporated named “**ANDREA A15 1/40**” on 75 Hectares. Affected by lapse causes.
- 6- Exploitation Concession in process of being incorporated named “**ANDREA A14 1/40**” on 60 Hectares. Affected by lapse causes.



Conclusion:

- The 6 concessions overlapping KI 153 have a priority right over the overlapped area.
- No request has been made for the survey of concessions **ANDREA A14 1/40 and ANDREA A15 1/40** in a timely manner, so both of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute these mining concessions. The application to a tribunal to declare the lapse and expiration of said concessions may

be submitted by any third party, always prior to the date of the final resolution of the concession.

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 153 is the renewal of the KI 38 concession, which ended on September 3, 2015.

22- Concession name: KI 154 (replaces concession KI 39)

Mining Code Number: 03202-2855-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-213-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 301 N° 212 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 154 is the renewal of the KI 39 concession, which ended on August 8, 2015.

23- Concession name: KI 155 (replaces concession KI 45)

Mining Code Number: 03202-2856-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-214-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 302 N° 213 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

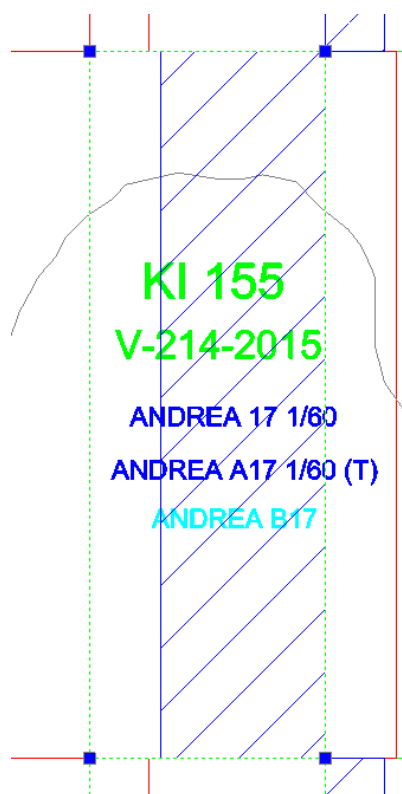
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B17" on 210 Hectares. Valid until October 5, 2017.
- 2- Exploitation Concession named "ANDREA 17 1/60" on 210 Hectares.
- 3- Exploitation Concession in process of being incorporated named "ANDREA A17 1/60" on 210 Hectares. Affected by lapse causes.



Conclusions:

- The 3 concessions overlapping KI 155 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A17 1/60** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 155 is the renewal of the KI 45 concession, which ended on August 9, 2015.

24- Concession name: KI 156 (replaces concession KI 46)

Mining Code Number: 03202-2857-3

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-215-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 303 N° 214 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

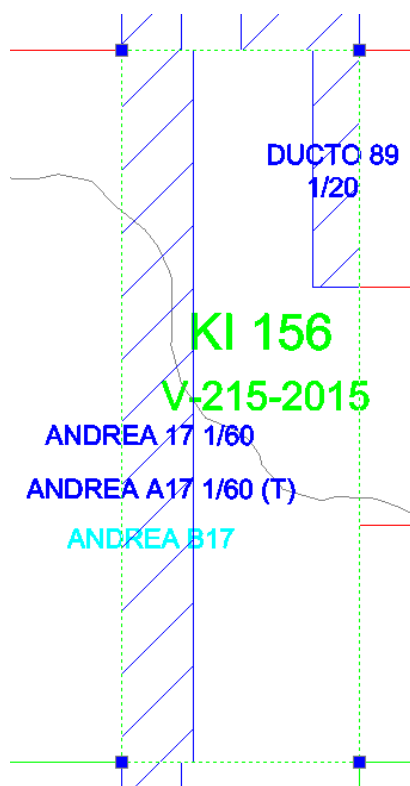
Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B17" on 90 Hectares. Valid until October 5, 2017.
- 2- Exploitation Concession named "ANDREA 17 1/60" on 90 Hectares.
- 3- Exploitation Concession named "DUCTO 89 1/20" on 20 Hectares.

- 4- Exploitation Concession in process of being incorporated named “ANDREA A17 1/60” on 90 Hectares. Affected by lapse causes.



Conclusions:

- The 4 concessions overlapping KI 156 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A17 1/60** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 156 is the renewal of the KI 46 concession, which ended on August 9, 2015.

25- Concession name: KI 157 (replaces concession KI 47)

Mining Code Number: 03202-2858-1

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-216-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 304 N° 215 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

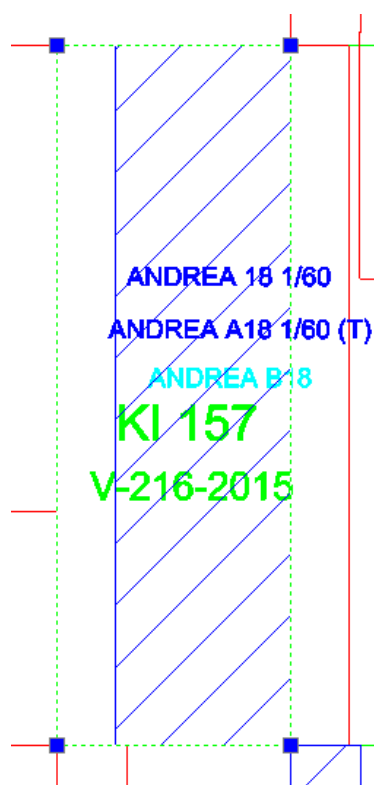
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B18" on 225 Hectares. Valid until October 5, 2017.
- 2- Exploitation Concession named "ANDREA 18 1/60" on 225 Hectares.
- 3- Exploitation Concession in process of being incorporated named "ANDREA A18 1/60" on 225 Hectares. Affected by lapse causes.



Conclusions:

- The 3 concessions overlapping KI 157 have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A17 1/60** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 157 is the renewal of the KI 47 concession, which ended on August 9, 2015.

26- Concession name: KI 158 (replaces concession KI 40)

Mining Code Number: 03202-2859-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-217-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 305 N° 216 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 158 is the renewal of the KI 40 concession, which ended on August 8, 2015.

27- Concession name: KI 159 (replaces concession KI 50)

Mining Code Number: 03202-2860-3

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-218-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 306 N° 217 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 159 is the renewal of the KI 50 concession, which ended on August 16, 2015.

28- Concession name: KI 160 (replaces concession KI 51)

Mining Code Number: 03202-2861-1

Concession Area: 200 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-219-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 307 N° 218 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

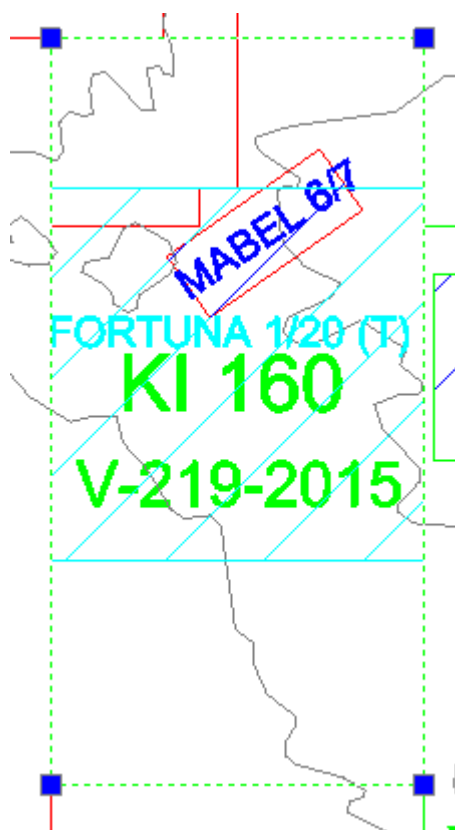
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploitation Concession named "MABEL 6/7" on 10 Hectares.
- 2- Exploitation Concession in process of being incorporated named "FORTUNA 1/20" on 100 Hectares.



Conclusions:

- The concession Mabel 6/7 overlapping KI 160 has a priority right over the overlapped area.
- KI 160 overlapping Fortuna 1/20 has a priority right over the overlapped area. In order to maintain the priority right, the petitioner has to object to the request of survey of Fortuna 1/20 within 30 days as from the date of its publication. The term to submit the objection commences on May 24, 2016 and terminates on June, 13, 2016.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 160 is the renewal of the KI 51 concession, which ended on August 16, 2015. Therefore, the priority given by the date of KI 51 has been lost.

29- Concession name: KI 161 (replaces concession KI 52)

Mining Code Number: 03202-2862-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-220-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 308 N° 219 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015, Gazette N° 8.599.

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015, rectified by resolution dated on January 20, 2016.

Date of publication of the final resolution's excerpt: March 1, 2016, Gazette N° 8.648.

Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusions:

- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said

resolution. If said registration is not requested within the referred term, the concession ceases to exist.

- KI 161 is the renewal of the KI 52 concession, which ended on August 16, 2015.

30- Concession name: KI 162 (replaces concession KI 53)

Mining Code Number: 03202-2863-8

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-221-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: June 4, 2015

Date of the resolution that orders registration and publication: June 5, 2015

Application's registration date: June 24, 2015, on page 309 N° 220 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: July 3, 2015

Proportional fee payment date: July 30, 2015

Final resolution's request date: August 19, 2015

Final resolution date: December 18, 2015

Date of publication of the final resolution's excerpt: February 1, 2016, Gazette N° 8.643.

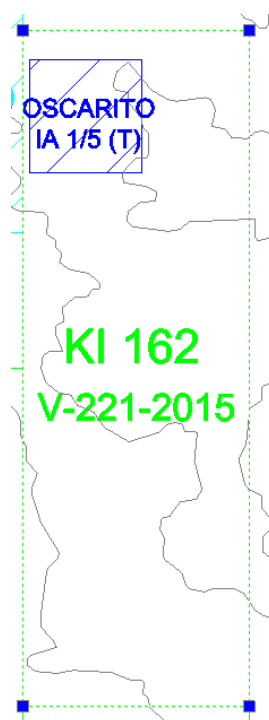
Final resolution's registration date: Pending

Expiration date of the concession: December 18, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concession:

- 1- Exploitation Concession in process of being incorporated named "OSCARITO IA 1/5" on 25 Hectares.



Conclusions:

- The concession OSCARITO IA 1/5 overlapping KI 162 has a priority right over the overlapped area.
- The final resolution was granted on December 18, 2015, upon which date all procedural defects and lapse causes are extinguished. Notwithstanding the aforementioned, the registration of the final resolution must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.
- KI 162 is the renewal of the KI 53 concession, which ended on August 16, 2015.

31- Concession name: KI 106

Mining Code Number: 03202-2879-4

Concession Area: 300 Has

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-357-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: October 09, 2015

Date of the resolution that orders registration and publication: October 13, 2015

Application's registration date: October 26, 2015 on page 527 N° 345 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: November 09, 2015, Gazette N° 8628.

Proportional fee payment date: January 05, 2016

Final resolution request date: January 06, 2016

Final resolution date: Pending

Date of publication of the final resolution's excerpt: Pending

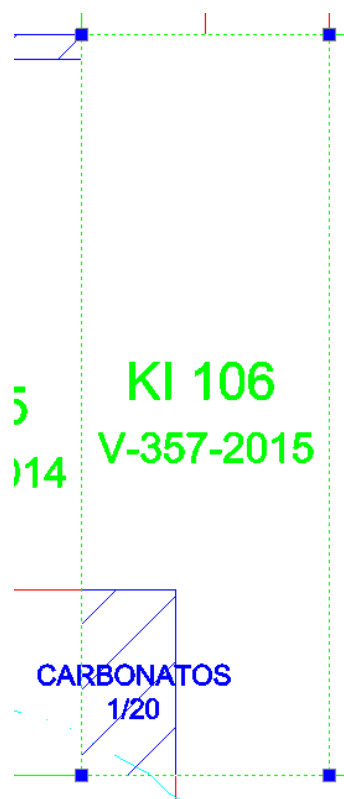
Final resolution's registration date: Pending

Expiration date for the concession:

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concession:

- 1- Exploitation Concession named "**CARBONATOS 1/20**" on 28.5 Hectares.



Conclusion:

- The concession CARBONATOS 1/20 overlapping KI 106 has a priority right over the overlapped area.
- The concession is in process of incorporation. To the date hereof, we are of the opinion that no expiration causes currently affect it.

32- Concession name: KI 107

Mining Code Number: 03202-2878-6

Concession Area: 300 Has

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-358-2015

Competent Court: Caldera Civil Tribunal

Application's submission date: October 09, 2015

Date of the resolution that orders registration and publication: October 13, 2015

Application's registration date: October 26, 2015 on page 528 (back) N° 346 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Application's publication date: November 09, 2015, Gazette N° 8628.

Proportional fee payment date: January 05, 2016

Final resolution request date: January 06, 2016

Final resolution date: Pending

Date of publication of the final resolution's excerpt: Pending

Final resolution's registration date: Pending

Expiration date for the concession: Pending

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusion:

- The concession is in process of incorporation. To the date hereof, we are of the opinion that no expiration causes currently affect it.

IV. ANALYSIS OF EXPLORATION CONCESSIONS CURRENTLY CONSTITUTED

1- Concession name: KI 101

Mining Code Number: 03202-2726-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-315-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 452 N° 317 of the Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015, Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 403 N° 275 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusion:

- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

2- Concession name: KI 102

Mining Code Number: 03202-2727-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-316-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 454 N° 318 of the Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015, Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 405 N° 276 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusion: The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

3- Concession name: KI 103

Mining Code Number: 03202-2728-3

Concession Area: 200 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-317-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 456 N° 319 of
the Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

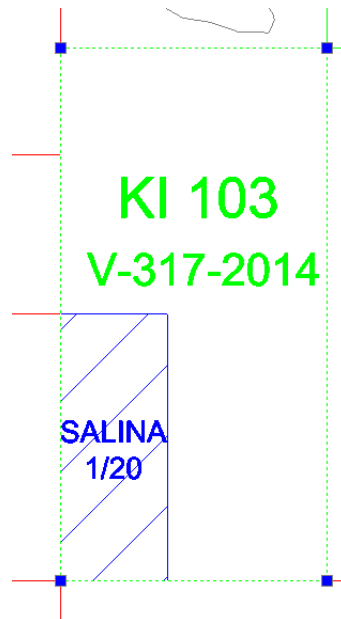
Final resolution's registration date: August 26, 2015 on page 407 N° 277
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concession:

1- Exploitation Concession named "SALINA 1/20" on 40 Hectares.



Conclusion:

- The concession **SALINA 1/20** overlapping KI 103 has a priority right over the overlapped area.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

4- Concession name: KI 104

Mining Code Number: 03202-2729-1

Concession Area: 200 Has

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-318-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 458 N° 320 of the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015, Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 409 N° 278 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusion: The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

5- Concession name: KI 105

Mining Code Number: 03202-2730-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-319-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on pages 460 N° 321 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 411 N° 279
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

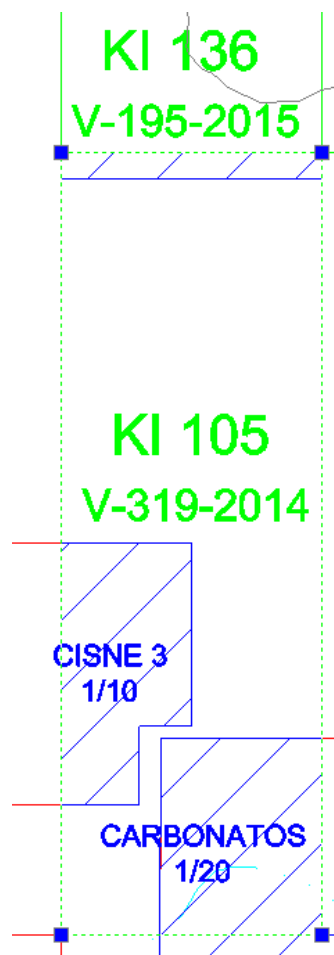
Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concessions:

1- Exploitation Concession named "**CISNE 3 1/10**" on 44 Hectares.

2- Exploitation Concession named "**CARBONATOS 1/20**" on 46,5
Hectares.

- 3- Exploration Concession named “KI 136” on 10 Hectares. Notwithstanding the overlapping, there is no contingency because both concessions belong to Kiwanda Chile S.A.



Conclusion:

- Exploitation Concessions CISNE 3 1/10 and CARBONATOS 1/20, currently overlapping KI 105, have a priority right over the overlapped area.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

6- Concession name: KI 108

Mining Code Number: 03202-2733-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-322-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 466 N° 324 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 413 N° 280
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

7- Concession name: KI 109

Mining Code Number: 03202-2734-8

Concession Area: 300 Has

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-323-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 page 468 N° 325 of the
2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: May 19, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

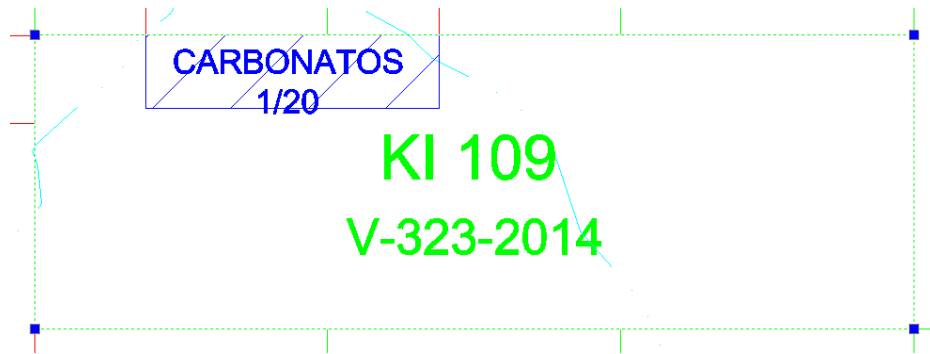
Final resolution's registration date: August 26, 2015 on page 415 N° 281
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: May 19, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concession:

- 1- Exploitation Concession named "**CARBONATOS 1/20**" on 25 Hectares.



Conclusions:

- The concession **CARBONATOS 1/20** overlapping KI 109 has a priority right over the overlapped area.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

8- Concession name: KI 110

Mining Code Number: 03202-2735-6

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-324-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 470 N° 326 of the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015, Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 417 N° 282 of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession does not currently overlap with any other concession.

Conclusion: The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

9- Concession name: KI 111

Mining Code Number: 03202-2736-4

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-325-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 472 N° 327 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 419 N° 283
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

10- Concession name: KI 112

Mining Code Number: 03202-2737-2

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-326-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 pages 474 N° 328 of the
2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 421 N° 284
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

11- Concession name: KI 113

Mining Code Number: 03202-2738-0

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-327-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 476 N° 329 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 423 N° 285
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

12- Concession name: KI 114

Mining Code Number: 03202-2739-9

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-328-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 478 N° 330 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 425 N° 286
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

13- Concession name: KI 115

Mining Code Number: 03202-2740-2

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-329-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 480 N° 331 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 427 N° 287
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

14- Concession name: KI 116

Mining Code Number: 03202-2741-0

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-330-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 482 N° 332 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 429 N° 288
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

15- Concession name: KI 117

Mining Code Number: 03202-2742-9

Concession Area: 200 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-331-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 484 N° 333 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: April 30, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 431 N° 289
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: April 30, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

16- Concession name: KI 118

Mining Code Number: 03202-2743-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-332-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 486 N° 334 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 433 N° 290
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

17- Concession name: KI 119

Mining Code Number: 03202-2744-5

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-333-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 488 N° 335 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 435 N° 291
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

18- Concession name: KI 120

Mining Code Number: 03202-2745-3

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-334-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 490 N° 336 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 437 N° 292
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

19- Concession name: KI 121

Mining Code Number: 03202-2746-1

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-335-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 492 N° 337 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 439 N° 293
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

20- Concession name: KI 122

Mining Code Number: 03202-2747-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-336-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 494 N° 338 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 441 N° 294
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concessions:

- 1- Exploration Concession named "ANDREA B15" on 25 Hectares.
Valid until October 5, 2017.
- 2- Exploitation Concession named "ANDREA 15 1/40" on 25
Hectares.

3- Exploitation Concession in process of being incorporated named “ANDREA A15 1/40” on 25 Hectares. Affected by lapse causes.



Conclusion:

- The concessions **ANDREA 15 1/40** y **ANDREA A15 1/40** overlapping KI 122 have a priority right over the overlapped area.
- No request has been made for the survey of concession ANDREA A15 1/40 in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

21- Concession name: KI 123

Mining Code Number: 03202-2748-8

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-337-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 496 N° 339 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 443 N° 295
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

22- Concession name: KI 124

Mining Code Number: 03202-2749-6

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-338-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 498 N° 340 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

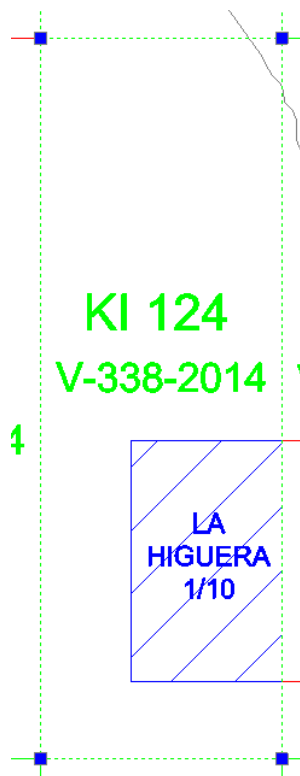
Final resolution's registration date: August 26, 2015 on page 445 N° 296
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concession:

1- Exploitation Concession in process of being incorporated named "LA
HIGUERA 1/10" on 62,4 Hectares. Affected by lapse causes.



Conclusion:

- The publication of the request for the survey of concession **LA HIGUERA 1/10** was not made in a timely manner, so it is affected by lapse causes. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

23- Concession name: KI 125

Mining Code Number: 03202-2750-K

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-339-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 500 N° 341 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

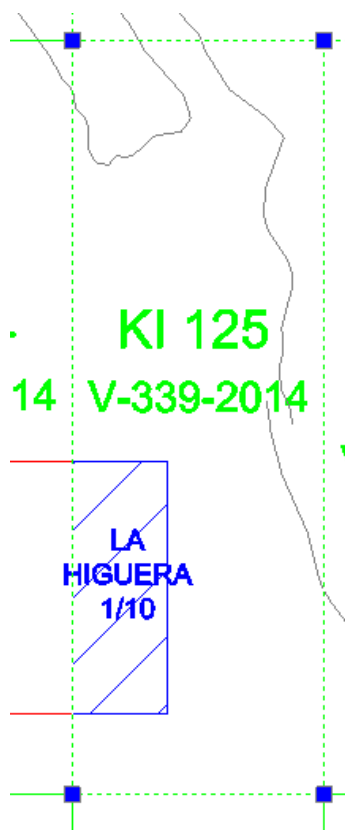
Final resolution's registration date: August 26, 2015 on page 447 N° 297
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession currently overlaps with the
following concession:

1- Exploitation Concession in process of being incorporated named "LA
HIGUERA 1/10" on 37,6 Hectares. Affected by lapse causes.



Conclusion:

- The publication of the request for the survey of concession **LA HIGUERA 1/10** was not made in a timely manner, so it is affected by lapse causes. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

24- Concession name: KI 126

Mining Code Number: 03202-2751-8

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-340-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 502 N° 342 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 449 N° 298
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

25- Concession name: KI 127

Mining Code Number: 03202-2752-6

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-341-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 504 N° 343 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 451 N° 299
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

26- Concession name: KI 128

Mining Code Number: 03202-2753-4

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-342-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 506 N° 344 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 453 N° 300
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

27- Concession name: KI 129

Mining Code Number: 03202-2754-2

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-343-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 508 N° 345 of the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015, Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 455 N° 301 of the 2015 Discoveries Registry, Caldera Mining Registrar.

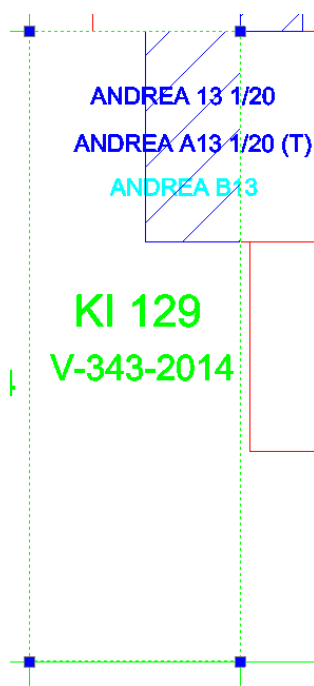
Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named "ANDREA B13" on 45 Hectares. Valid until October 5, 2017.
- 2- Exploitation Concession named "ANDREA 13 1 1/20" on 45 Hectares.

3- Exploitation Concession in process of being incorporated named “**ANDREA A13 1 1/20**” on 45 Hectares. Affected by lapse causes.



Conclusion

- The concessions **ANDREA 13 1/20** y **ANDREA A13 1/20** overlapping **KI 129** have a priority right over the overlapped area.
- No request has been made for the survey of concession **ANDREA A13 1/20** in a timely manner, so it is affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

28- Concession name: KI 130

Mining Code Number: 03202-2755-0

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-344-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 510 N° 346 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 457 N° 302
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

29- Concession name: KI 131

Mining Code Number: 03202-2756-9

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-345-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on pages 512 N° 347 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: June 09, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 459 N° 303
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: June 09, 2017

Payment of mining licenses: The Mining License for the 2015 is paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

30- Concession name: KI 132

Mining Code Number: 03202-2757-7

Concession Area: 300 Hectares

Petitioner: Kiwanda Chile S.A.

Judicial File Code Number: V-346-2014

Competent Court: Caldera Civil Tribunal

Application's submission date: September 12, 2014

Date of the resolution that orders registration and publication:
September 15, 2014

Application's registration date: October 1, 2014 on page 514 N° 348 of
the 2014 Discoveries Registry, Caldera Mining Registrar

Application's publication date: October 13, 2014, Gazette N° 8.542

Proportional fee payment date: November 27, 2014

Final resolution request date: December 11, 2014

Final resolution date: May 05, 2015

Date of publication of the final resolution's excerpt: August 01, 2015,
Gazette N° 8.606

Final resolution's registration date: August 26, 2015 on page 461 N° 304
of the 2015 Discoveries Registry, Caldera Mining Registrar.

Expiration date for the concession: May 05, 2017

Payment of mining licenses: The Mining License for the 2015 period is
paid.

Overlapping: The examined concession does not currently overlap with
any other concession.

Conclusion: The examined concession was incorporated in accordance
with all the applicable norms contained in the Chilean Mining Code.
Once the incorporation final resolution of the concession is granted, all
procedural defects and lapse causes are extinct.

31- Concession name: KI 25

Mining Code Number: 03202-2642-2

Concession Area: 300 Hectares

Current Holder: Kiwanda Chile S.A.

Acquisition Title: Rendering of mandate by public deed dated September 9, 2014, issued before the Notary Public Néstor Riquelme Contreras, alternate of the Notary Public Mr. Pedro Ricardo Reveco Hormazábal, in Santiago.

Current Registration: page 516 N° 349 of the 2014 Discoveries Registry, Caldera Mining Registrar

Petitioner: Carlos Theune Horst.

Judicial File Code Number: V-1005-2012

Competent Court: Caldera Civil Tribunal

Application's submission date: December 12, 2012

Date of the resolution that orders the registration and publication: December 13, 2012

Application's registration date: December 31, 2012 on page 978 (back) N°878 of the 2012 Discoveries Registry, Caldera Mining Registrar

Application's publication date: January 7, 2013, Gazette N° 8.403

Proportional fee payment date: February 28, 2013

Final resolution's request date: March 7, 2013

Final resolution date: May 19, 2014

Date of publication of the final resolution's excerpt: August 1, 2014, Gazette N° 8.527

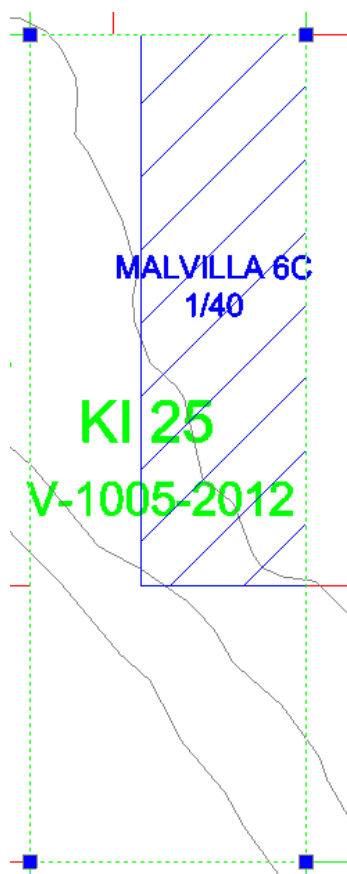
Final resolution's registration date: September 2, 2014 on page 406 N° 286 of the 2014 Discoveries Registry, Caldera Mining Registrar

Expiration date of the concession: May 19, 2016

Payment of mining licenses: The Mining License for the 2015 period is paid

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploitation Concession in process of being incorporated named “MALVILLA 6C 1 AL 40” on 120 Hectares.



Conclusions:

- The concession Malvilla 6C 1/40 overlapping KI 25 has a priority right with respect to the overlapped area. There is no final resolution for Malvilla 6C 1/40, but any attempt to declare the lapse and expiration of said concession would be notified to the petitioner, who would take action to revive said concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the

incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.

32- Concession name: KI 42

Mining Code Number: 03202-2674-0

Concession Area: 300 Hectares

Current Holder: Kiwanda Chile S.A.

Acquisition Title: Rendering of mandate by public deed dated September 9, 2014, issued before the Notary Public Néstor Riquelme Contreras, alternate of the Notary Public Mr. Pedro Ricardo Reveco Hormazábal, in Santiago.

Current Registration: page 516 (back) N° 350 of the 2014 Discoveries Registry, Caldera Mining Registrar.

Petitioner: Carlos Theune Horst.

Judicial File Code Number: V-644-2013

Competent Court: Caldera Civil Tribunal

Application's submission date: November 11, 2013

Date of the resolution that orders the registration and publication:
November 13, 2013

Application's registration date: November 29, 2013 on page 634 (back)
N° 480 of the 2013 Discoveries Registry, Caldera Mining Registrar

Application's publication date: December 9, 2013, Gazette N° 8.470.

Proportional fee payment date: January 24, 2014

Final resolution request date: January 29, 2014

Final resolution date: May 19, 2014

Date of publication of the final resolution's excerpt: August 1, 2014,
Gazette N° 8.527

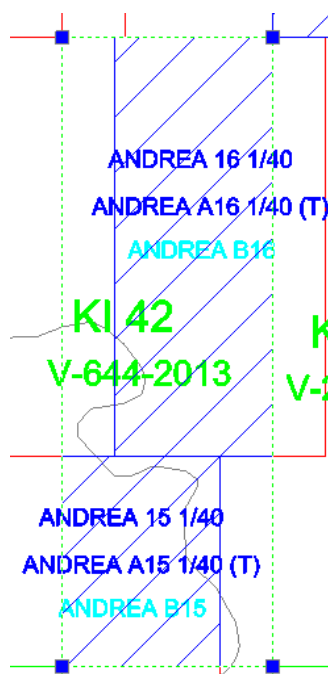
Final resolution's registration date: September 2, 2014 on page 408
N°287 of the 2014 Discoveries Registry, Caldera Mining Registrar

Expiration date of the concession: May 19, 2016

Payment of mining licenses: The Mining License for the 2015 period has not been paid.

Overlapping: The examined concession currently overlaps with the following concessions:

- 1- Exploration Concession named “**ANDREA B15**” on 75 Hectares.
Valid until October 5, 2017.
- 2- Exploration Concession named “**ANDREA B16**” on 150 Hectares.
Valid until October 5, 2017.
- 3- Exploitation Concession named “**ANDREA 15 1/40**” on 75 Hectares
- 4- Exploitation Concession named “**ANDREA 16 1/40**” on 150 Hectares.
- 5- Exploitation Concession in process of being incorporated named “**ANDREA 15 1/40**” on 75 Hectares Affected by lapse causes.
- 6- Exploitation Concession in process of being incorporated named “**ANDREA 16 1/40**” on 150 Hectares. Affected by lapse causes.



Conclusions:

- The concessions **ANDREA 16 1/40, ANDREA 15 1/40, ANDREA A16 1/40, ANDREA A15 1/40** overlapping KI 42 have a priority right over the overlapped area.
- No request has been made for the survey of concessions **ANDREA A15 1/40** and **ANDREA A16 1/40** in a timely manner, so both of them are affected by lapse causes. The petitioner has abandoned the procedure to constitute that mining concession. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party, always prior to the date of the final resolution of the concession.
- The examined concession was incorporated in accordance with all the applicable norms contained in the Chilean Mining Code. Once the incorporation final resolution of the concession is granted, all procedural defects and lapse causes are extinct.
- The Mining License for the 2015 period has not been paid, so the concession could be affected by judicial procedure in order to auction the concession. The payment can be made at any time prior to the auction, but the due amount payable is double the unpaid amount.

V. SUMMARY CHART

CONCESSION NUMBER	CONCESSION OWNER	GRANT DATE	EXPIRY DATE	AREA (HAS)
KI 133	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 134	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	200
KI 135	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 136	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	200
KI 137	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 138	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 139	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 140	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 141	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 142	KIWANDA CHILE S.A.	14/12/2015	14/12/2017	300
KI 143	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 144	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 145	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 146	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 147	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 148	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 149	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 150	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 151	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 152	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 153	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 154	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 155	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 156	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 157	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 158	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 159	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 160	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	200
KI 161	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 162	KIWANDA CHILE S.A.	18/12/2015	18/12/2017	300
KI 106	KIWANDA CHILE S.A.	PENDING		300
KI 107	KIWANDA CHILE S.A.	PENDING		300
KI 101	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 102	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 103	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	200
KI 104	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	200
KI 105	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 108	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 109	KIWANDA CHILE S.A.	19/05/2015	19/05/2017	300

KI 110	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 111	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 112	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 113	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 114	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 115	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 116	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	300
KI 117	KIWANDA CHILE S.A.	30/04/2015	30/04/2017	200
KI 118	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 119	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 120	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 121	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 122	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 123	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 124	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 125	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 126	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 127	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 128	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 129	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 130	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 131	KIWANDA CHILE S.A.	09/06/2015	09/06/2017	300
KI 132	KIWANDA CHILE S.A.	05/05/2015	05/05/2017	300
KI 25	KIWANDA CHILE S.A.	19/05/2014	19/05/2016	300
KI 42	KIWANDA CHILE S.A.	19/05/2014	19/05/2016	300
TOTAL				18.600

VI. SUMMARY CHART CONCESSIONS OTHERS HOLDERS

NAME CONCESSION	DATE SUBMISSION	DATE FINAL RESOLUTION	PETITIONER	MINING CODE NUMBER	PAYMENT OF MINING LICENSE
FOSFATO 1/78		25/08/1998	BERNARDO FORMAS	03202-0917-K	OK
DOÑA ANGELICA 1/20	04/10/2003	25/01/2007	MARIA ANGELICA GASTO	03202-117-4	NON-PAYMENT
DOÑA NIEVES 1/20	26/10/2005	06/07/2007	MARIA ANGELICA GASTO	03202-1248-0	NON-PAYMENT
BAHIA AZUL 1/15	04/10/2003	09/06/2005	ROBERTO REBOLLEDO	03202-1116-6	NON-PAYMENT
CISNE 3 1/10	03/09/2005	01/02/2007	CRISTALERIAS TORO	03202-1210-3	OK
CARBONATOS 1/20	19/05/2005	09/11/2006	LLANOS DE CALDERA S.A	03202-1196-4	NON-PAYMENT
SALINA 1/20	26/07/2004	09/11/2006	LEONEL MARTINEZ	03202-1159-K	NON-PAYMENT
MALVILLA 6C 1/60	11/08/2008		CIA MRA CASALE	03202-1440-8	NON-PAYMENT
MALVILLA 7C 1/60	11/08/2008	26/04/2012	CIA MRA CASALE	03202-1441-6	NON-PAYMENT
ANDREA 8 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1984-1	OK
ANDREA 9 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1985-K	OK
ANDREA 10 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1986-8	OK
ANDREA 11 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1987-6	OK
ANDREA 12 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1988-4	OK
ANDREA 13 1/20	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1989-2	OK
ANDREA 14 1/40	08/11/2012	03/07/2015	C.C.M. CANDELARIA	03202-1990-6	OK
ANDREA 15 1/40	08/11/2012	11/05/2015	C.C.M. CANDELARIA	03202-1991-4	OK
ANDREA 16 1/40	08/11/2012	05/05/2015	C.C.M. CANDELARIA	03202-1992-2	OK
ANDREA 17 1/60	08/11/2012	05/05/2015	C.C.M. CANDELARIA	03202-1993-0	OK
ANDREA 18 1/60	08/11/2012	05/05/2015	C.C.M. CANDELARIA	03202-1994-9	OK
ANDREA A8 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A9 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A10 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A11 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A12 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A13 1/20	24/03/2015		C.C.M. CANDELARIA		
ANDREA A14 1/40	24/03/2015		C.C.M. CANDELARIA		
ANDREA A15 1/40	24/03/2015		C.C.M. CANDELARIA		
ANDREA A16 1/40	24/03/2015		C.C.M. CANDELARIA		
ANDREA A17 1/60	24/03/2015		C.C.M. CANDELARIA		
ANDREA A18 1/60	24/03/2015		C.C.M. CANDELARIA		
ANDREA B8	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2803-4	OK
ANDREA B9	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2804-2	OK
ANDREA B10	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2805-0	OK
ANDREA B11	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2806-9	OK
ANDREA B12	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2807-7	OK
ANDREA B13	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2809-3	OK
ANDREA B14	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2808-5	OK
ANDREA B15	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2810-7	OK
ANDREA B16	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2811-5	OK
ANDREA B17	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2812-3	OK
ANDREA B18	24/03/2015	05/10/2015	C.C.M. CANDELARIA	03202-2813-1	OK
DUCTO 91 1/60	18/03/2010	21/08/2012	CIA MRA. DEL PACIFICO	03202-1608-7	OK
DUCTO 90 1/40	18/03/2010	10/08/2012	CIA MRA. DEL PACIFICO	03202-1607-9	OK

DUCTO 89 1/20	18/03/2010	15/01/2013	CIA MRA. DEL PACIFICO	03202-1606-0	OK
DUCTO 82 1/60	18/03/2010	18/07/2012	CIA MRA. DEL PACIFICO	03202-1599-4	OK
MARIA ISABEL II 1/4	14/06/2002	13/05/2004	CARLOS JESUS ZULETA	03202-1086-0	OK
BAHIA 1/9	14/06/2002	13/05/2004	CARLOS JESUS ZULETA	03202-1085-2	OK
MABEL 6/7			GUAITA ERNESTO Y OTR	03202-0387-2	OK
OSCARITO IA 1/5	13/08/2014		PABLO TOBAR GUTIERREZ	03202-2158-7	OK
FORTUNA 1/20	06/11/2015		IVAN ARAYA RODRIGUEZ		
LA HIGUERA 1/10	20/01/2015		SLM LA HIGUERA UNO		

VII. CONCLUSIONS

1.- According to the information and documentation reviewed, all the constituted concessions (32) that form part of the Project were constituted in accordance with the applicable legal regulations established by the Mining Code and the corresponding mining licenses (*patentes*) have been paid for the year 2015, except KI 42 which has not been paid for the referred period. It must be noted that said concession could be affected by judicial procedure in order to auction the concession. The payment can be made at any time prior to the auction, but the due amount payable is double the unpaid amount.

2.- As of the date hereof, the concessions in process of being constituted (32) are not subject to lapse causes, but the final validity will depend upon the completion of the constitution process in a proper and timely manner. Currently the registration of the final resolution is the only pending matter, which must be requested within 120 days as from the date of said resolution. If said registration is not requested within the referred term, the concession ceases to exist.

3.- The concessions in process of being constituted KI 133 to KI 162 correspond to the renewal of the exploration concessions KI 22 to KI 53, except KI 25 and KI 42, which are constituted and valid until May 19, 2016. In order for Kiwanda Chile S.A. to hold the priority rights granted by its previous exploration concessions KI 25, KI 42 and KI 22 to KI 53, it should have requested the respective exploitation concessions based on the previous exploration concessions, but this did not occur with respect to KI 22 to KI 53; therefore, the priority rights have been lost. It must be

noted that the exploitation concession provides its owner with a greater degree of certainty as it is granted for an unlimited time period and, in case of overlapping with an exploitation concession in process of being constituted, it is not mandatory for the owner of the exploitation concession with priority right to object the later dated application to survey. In contrast, the owner of an exploration concession would always have to object to a later dated application to survey in order to retain its priority right.

4.- According to the certificates extended by the Mining Registrar of Caldera dated March 3, 2016 and March 5, 2016, the 32 exploration concessions constituted and the 32 exploration concessions that are in process of being constituted are in good standing (*vigentes*) and registered in the name of Kiwanda Chile S.A.

5.- In all examined cases in which an overlap of concessions is presented (9 constituted concessions and 19 concessions in process of constituted) which includes 2.937 Hectares; the third party has a priority right over the KI concessions. The only exception is concession KI 160 which overlaps with Fortuna 1/20 on 100 Hectares. In order to maintain the priority right, the petitioner has to object to the request of survey of Fortuna 1/20 within 30 days as from the date of its publication. The term to submit the objection commences on May 24, 2016 and terminates on June, 13, 2016.

6.- The exploitation concession in process of being constituted La Higuera 1/10, which overlaps with KI 124 and KI 125 on 100 Hectares, would be subject to a lapse cause based on the fact that no publication was made of the request of survey of concession La Higuera 1/10 within

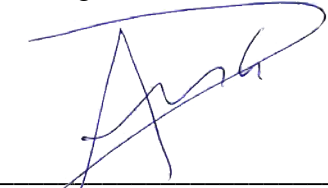
the legal term. The application to a tribunal to declare the lapse and expiration of said concession may be submitted by any third party.

7. There are 7 concessions in the interest area which have not paid the Mining Licenses for different periods, as follows:

- Doña Angélica 1/20: 2009, 2010, 2011, 2012, 2013, 2014 and 2015;
- Doña Nieves 1/20: 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015;
- Bahía Azul 1/5: 2008, 2009, 2010, 2011, 2012, 2013, 2014 and 2015;
- Carbonatos 1/20: 2006, 2007, 2008, 2013 and 2015;
- Salina 1/20: 2005, 2006, 2007, 2009, 2010, 2011, 2012, 2013, 2014 and 2015;
- Malvilla 6C 1/60: 2015; and
- Malvilla 7C 1/60: 2015.

Regarding the mentioned concessions, it must be noted that the concessions could be affected by a judicial procedure in order to auction said concessions. If there are no bidders in auction, the Court shall declare the lands to be free and order that the pertinent registration in the Mining Registrar be cancelled. The application to a tribunal to declare the lapse and expiration of the said concession may be submitted by any third party.

Santiago, March 07, 2016.



Alvaro Guerrero
Land Survey Engineer
Tecnomin S.A.