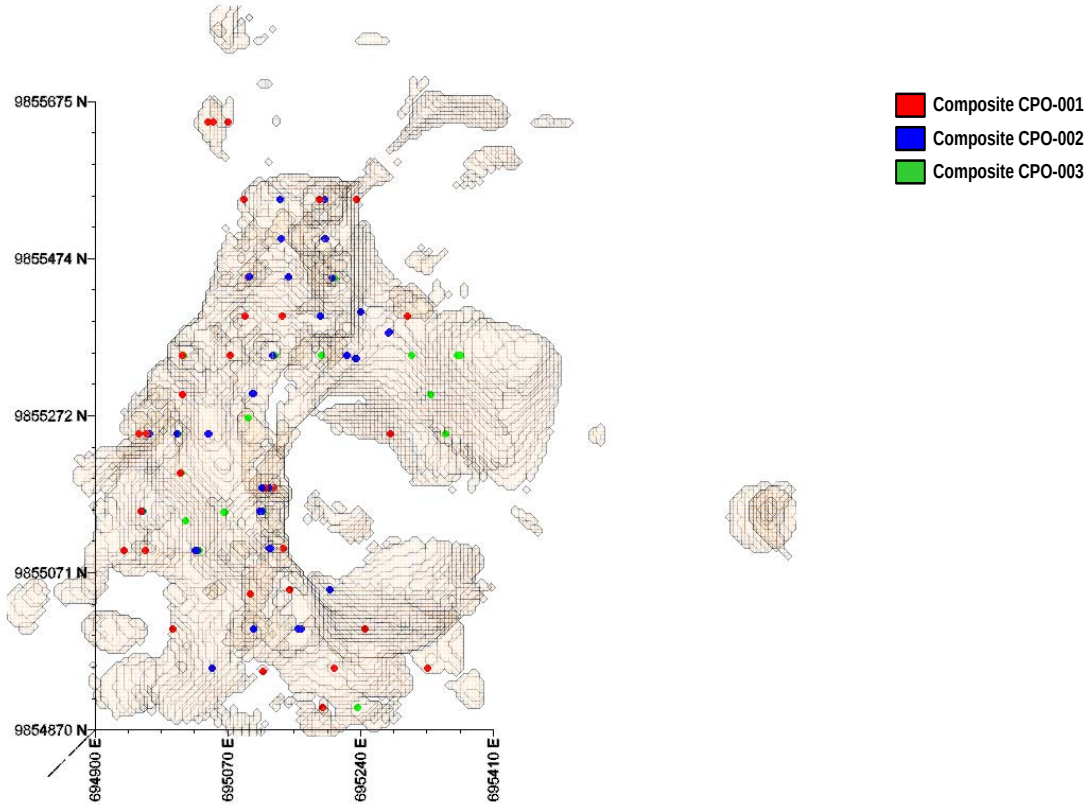
Summary of Metallurgical Testwork

Preliminary metallurgical testwork confirmed the economic production of flotation sulphide concentrates from "El Domo" deposit. The strategy devised to produce commercial concentrates was to split the deposit into geometallurgical domains based on the relative abundance of zinc and copper in the feed; based on this criteria, three composite samples were collected from existing drill holes to represent each of the three major geometallurgical domains at El Domo that were identified as follows.

- Composite CPO-001 : Zinc Feed-type, where Cu/(Zn+Pb) is less than or equal to 0.33
- Composite CPO-002: Mixed Feed-type, where Cu/(Zn+Pb) is between 0.33 and 3.
- Composite CPO-003 : Copper Feed-type, where Cu/(Zn+Pb) is greater than or equal to 3



Plan view of 2013 block model (BISA), El Domo deposit.

While the composites did not cover the entire resource, or range of mineral diversity, it is believed that they did represent the major feed types and grades that are expected to be treated in production. The samples that were used to form the composites were selected by Transmin and extracted by Salazar Resources.

Table No.1: The following table shows the head grades of each composites, as reported by SGS Peru.

ID Composite	Ratio Metal Content Cu/(Zn + Pb)	Cu	Zn	Pb	Au	Ag
		%	%	%	g/t	g/t
CPO-001	[0 - 0.33]	0.84	5.11	0.40	3.26	89.4
CPO-002	[0.33 - 3]	2.15	2.18	0.13	2.17	44.4
CPO-003	[>3]	3.78	0.41	0.03	2.02	19.6

The samples were sent to SGS Minerals laboratory in Lima, Peru for testing. The main objective of the flotation testwork was to develop a robust flowsheet that would yield high recoveries to commercial concentrates for all of the feed types. The tests were mainly focused on improving pay-metal recovery while reducing the recovery of pyrite and gangue minerals through improved selectivity.

The results indicate that conventional flotation technology can be used to upgrade the El Domo feed. The flowsheet developed consists of coarse primary grinding, bulk sulphide flotation, concentrate regrind and selective flotation into zinc, copper and lead concentrates.

While precious metal credits are of economic interest, the flowsheet was optimized for commercial concentrate quality and high overall base metal recovery over optimization for minor element credits.

Table No.2: The metallurgical performance of an efficient flotation concentrator has been projected in the following table.

Composite ID	Products	Mass Pull (%)	Concentrate grade (%) or g/t					Recoveries (%)				
			Cu, %	Zn, %	Pb, %	Au, g/t	Ag, g/t	Cu, %	Zn, %	Pb, %	Au, %	Ag, %
CPO-001 (Composite Zinc)	Concentrate Cu	2.46	**19.7**	**17**	1.31	8.18	**748**	**58.2**	8.24	7.67	6.16	22.6
	Concentrate Pb	0.61	17.7	17	**47.3**	21.8	**1,995**	6.47	0.92	**69**	4.11	15.1
	Concentrate Zn	9.49	1.73	**45.5**	0.31	14	286	19.7	**85.4**	6.9	40.8	33.4
	Final Tail	87.4	0.15	0.31	0.08	1.83	26.9	15.5	5.39	16.4	49	28.9
	Head Calculated	100	0.89	5.11	0.42	3.26	81.2	100	100	100	100	100
CPO-002 (Composite Mixed)	Concentrate Cu	7.62	**21**	8.51	0.94	8.77	230	**75**	29.8	49.6	29.3	40.8
	Concentrate Zn	2.59	6.28	**42**	0.86	19.4	371	7.62	**50**	15.4	22	22.4
	Final Tail	89.8	0.41	0.49	0.06	1.24	17.6	17.4	20.2	35	48.7	36.8
	Head Calculated	100	2.13	2.17	0.14	2.28	42.9	100	100	100	100	100
CPO-003 (Composite Cooper)	Concentrate Cu	13.9	**24.2**	2.34	0.09	3.69	53.1	**89.7**	80.9	43.4	24.4	39.7
	Final Tail	86.1	0.45	0.09	0.02	1.84	13	10.3	19.1	56.6	75.6	60.3
	Head Calculated	100	3.75	0.4	0.03	2.1	18.6	100	100	100	100	100

- Mass Pull (%), weight percentage in the concentrate, relative to the weight of the feed to the concentrator (tons of concentrate produced per 100 tons of feed feed processed).
- Concentrate grade (%), assays of concentrates.
- Recoveries (%), percentage of metal reporting to each concentrate relative to the metal content of the feed to the concentrator.

CPO-001 (Zinc). Three concentrates would be produced. The Cu-concentrate would have a Cu recovery of 58.2% with approximately 20% Cu concentrate grade with high Zn content. It is possible that further testwork will allow the projections for Zn content in the copper concentrate to be reduced further. The Zn-concentrate would have a Zn recovery of 85% with 45% Zn grade and 14 g/t Au grade. Some Pb-concentrate would also be produced from CPO-001 feed-type.

CPO-002 (Mixed Copper-Zinc)Two concentrates would be produced The Cu-concentrate would have 75% Cu recovery with 21% Cu grade while there would be a moderate 50% recovery of Zn to a Zn-concentrate of 42% Zn grade.

CPO-003 (Copper) One concentrate would be produced. This Cu-concentrate would have 90% Cu recovery with a grade of 24% Cu and low As, Sb and Bi grades. No Zn-concentrate would be produced from this type of feed due to low Zn head grade.

With these metallurgical results for El Domo, we can confirm that the feed is amenable to froth flotation. All the improvement opportunities identified along test works will be thoroughly studied in the incoming studies and will add to the projected profitability of the project.

Flowsheet confirmation, feed variability testing and reagent optimization have been recommended for further investigation in the next phase of testing.