



# DEFIANCE

SILVER CORP

**SILVER, THE FIRST MOVER ADVANTAGE** TSXV:DEF OTC:DNCVF

# DISCLAIMER



## FORWARD-LOOKING INFORMATION AND STATEMENTS

This presentation contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws. This information and statements address future activities, events, plans, developments and projections. All statements, other than statements of historical fact, constitute forward-looking statements or forward-looking information. Such forward-looking information and statements are frequently identified by words such as “may”, “will”, “should”, “anticipate”, “plan”, “expect”, “believe”, “estimate”, “intend” and similar terminology and reflect assumptions, estimates, opinions and analysis made by management of Defiance in light of its experience, current conditions, expectations of future developments and other factors which it believes to be reasonable and relevant. Forward-looking information and statements involve known and unknown risks and uncertainties that may cause Defiance’s actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information and statements and accordingly, undue reliance should not be placed thereon. Risks and uncertainties that may cause actual results to vary include but are not limited to the speculative nature of mineral exploration and development, including the uncertainty of reserve and resource estimates; operational and technical difficulties; the availability of suitable financing alternatives; fluctuations in gold and other commodity prices; changes to and compliance with applicable laws and regulations, including environmental laws and obtaining requisite permits; political, economic and other risks arising from Defiance’s South American activities; fluctuations in foreign exchange rates; as well as other risks and uncertainties which are more fully described in our annual and quarterly Management’s Discussion and Analysis and in other filings made by us with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). Defiance disclaims any obligation to update or revise any forward-looking information or statements except as may be required by law.

### NI43-101 DISCLOSURE:

Peter J. Hawley, P. Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101 is responsible for the technical information in this presentation.

## WHY INVEST IN DEFIANCE?

<p><b>Robust Resource Base and Significant Exploration Potential</b></p>	<ul style="list-style-type: none"> <li>✓ <b>San Acacio Silver Project:</b> Initial inferred mineral resource estimate of:             <ul style="list-style-type: none"> <li>– <b>17 Million (M) oz. Silver</b><sup>(1)</sup></li> <li>– Significant exploration potential with over 4.4km of silver vein not explored</li> </ul> </li> <li>✓ <b>Tepal Gold Copper Project:</b> A 2017 Preliminary Economic Assessment (“PEA”) estimating:             <ul style="list-style-type: none"> <li>– <b>After-tax: NPV5% of \$169 M and 24% IRR with a 2.3-year payback</b><sup>(2)</sup></li> <li>– PEA based on estimated Measured and Indicated Resource containing <b>3.6M Gold equivalent ounces</b><sup>(3)</sup></li> </ul> </li> </ul>
<p><b>Proven Mine Finders</b></p>	<ul style="list-style-type: none"> <li>✓ <b>Demonstrated capabilities</b> to acquire, finance, develop and operate mines</li> <li>✓ <b>A proven track record</b> of exploration successes leading to M&amp;A</li> </ul>
<p><b>Diversified Mexican Portfolio</b></p>	<ul style="list-style-type: none"> <li>✓ <b>Favourable mining jurisdictions, Silver and Gold Focused</b></li> </ul>
<p><b>Tight Share Structure</b></p>	<ul style="list-style-type: none"> <li>✓ <b>50% held by Institutions, 7% by Management, 4% MAG Silver</b></li> </ul>

(1) Please see Defiance news release dated January 15, 2015 and Appendix for 43-101 Inferred Mineral Resource Estimate

(2) Please see ValOro news release dated January 19, 2017 and Appendix for PEA Assumptions

(3) Please see ValOro news releases dated March 27, 2012, March 19, 2013 and Appendix for assumptions

# PROVEN MINE FINDERS

**Chris Wright, BA**  
**CEO, Executive Chairman**

President and Director of Windermere Capital, an investment firm and manager of two private investment funds; the Navigator and Breakaway Strategic Resource Funds, both of which are significant shareholders of Defiance.



**Randy V. J. Smallwood, P. Eng.**  
**Director**

Co-founder and Chief Executive Officer of Wheaton Precious Metals. Worked with Homestake Mining Company, Teck Corp. and Westmin Resources Limited.



**James Bergin, BBA**  
**Director**

President and CIO of Hillhead Capital Inc. with 29 years of experience in the financial markets with Credit Suisse, Barclays capital and Toronto Dominion Bank.



**Darrell Rader, BBA**  
**Director**

Founder of Defiance Silver, raised over \$100 million for mineral exploration and development. Currently the President and CEO of Mexico-focused Minaurum Gold Inc.



**Paul Smith, MA**  
**Director**

Most recently he was a founding shareholder and Finance Director of Ocean Partners Holdings Limited, a global trader of copper, zinc and lead concentrates. Career in non-ferrous mining and smelting industry working with Rio Tinto Zinc, Pasminco, Mount Isa Mines and Pechiney World Trade in the UK and internationally.



**Sherry Roberge, CPA, CA**  
**CFO & Corporate Secretary**

Ms. Roberge, CPA CA is a member of the Institute of Chartered Professional Accountants of British Columbia and holds a Bachelor of Commerce degree from Royal Roads University as well as a Master of Professional Accounting from the University of Saskatchewan. Ms. Roberge has more than 10 years of finance and accounting experience with senior financial roles in the Public mining sector



**Ron Sowerby, CA**  
**Director**

Director of Glentel Inc. which subsequently was purchased by Bell Inc. for \$594 million in May 2015. Comptroller and Chief Financial Officer of TCG International Inc. (Trans Canada Glass Ltd.)



**Dunham L. Craig, P.Geo**  
**Director**

Worked with Cominco Exploration Ltd., Kennecott Canada Inc., Glencairn Gold and most notably was vice president of exploration and corporate development for Wheaton River, and past President and CEO of Valoro.



**Gillian Kearvell, B.Sc.**  
**VP Exploration**

Geologist with over 30 years of experience working with junior and senior mining companies. Worked at Teck Resources' San Nicolas VMS deposit in Zacatecas State and managed the pre-feasibility field program at Goldcorp's Los Filos Mine.



## TIGHT SHARE STRUCTURE

<b>Symbol</b>	<b>DEF:TSX.V ; DNCVF:OTC ; D4E:Frankfurt</b>	
		<b>(\$CDN)</b>
Shares Issued		147,432,843
Options		5,573,836 Price Range: \$0.10 - \$1.13
Warrants		38,438,369 Pricing: \$0.18 - \$1.41
Market Cap		\$47.2M
52 Week Hi-Low		\$0.37 - \$0.16
MAG Silver Corp.		4%
Institutional Ownership		33.16%

# DIVERSIFIED PROJECT PORTFOLIO



	San Acacio Project	Tepal Project
Deposit Type	Silver-Gold-Copper Epithermal Vein	Gold-Copper Porphyry
Stage	Exploration Drilling, Initial 43-101 Inferred Resource	43-101 M&I Resource, PEA & PFS
43-101 Resource	17M oz Silver	1.8M oz Gold, 813,000,000lbs Copper
Location	Zacatecas, MX	Michoacan, MX
Infrastructure	Excellent with road, power grid, water and experienced Mexican labour	Excellent with road, sea port access and low topographical relief
Ownership	Under Option	100%

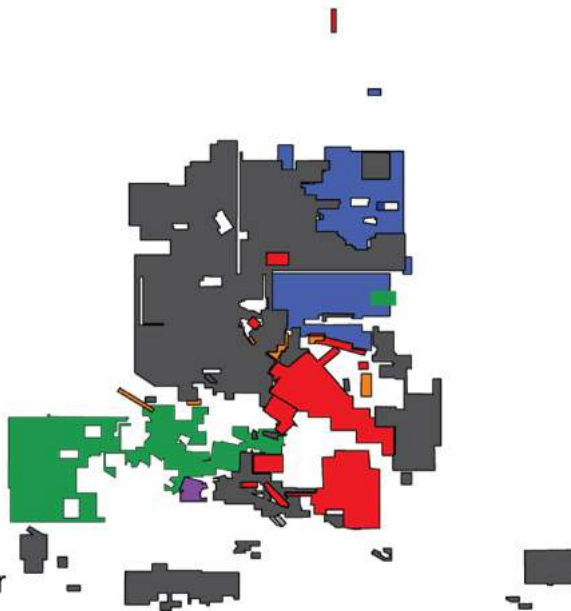
# SAN ACACIO PROJECT

## BILLION OZ ZACATECAS SILVER CAMP



### LEGEND

- Defiance Silver
- Pan American
- Capstone
- Quintana
- Santacruz
- Endeavour Silver



### ✓ Four Major Vein Systems:

- ✓ **Veta Grande Vein:** Over 150M oz Ag historically produced from only a small portion of the Veta Grande vein. Defiance controls 5.6km of the 8.5km Veta Grande Vein including 3.9km of the vein that has never been explored. The remainder of the vein not controlled by Defiance is currently in production.
- ✓ **Malanoche Vein;** Over 50M oz Ag historically produced. Currently being mined by Capstone Mining Corp. (2018 Production: 34M lbs Cu, 15M lbs Zn, 1.15M Oz Ag)
- ✓ **Panuco Vein;** Controlled by Pan American Silver and Santacruz Silver Mining
- ✓ **El Orito;** Historical Producer, Currently being mined by Endeavour Silver
- ✓ **San Acacio Deposit:** 1.2km of Defiance's portion of the Veta Grande vein contains the 17M oz San Acacio Silver Deposit. Current resource doesn't include base metals nor over 5000m of successful drilling since the original calculation.
- ✓ **135,000ha Regional Database;** Defiance owns a database MAG Silver spent over \$10 million to assemble including; 90 holes, core facility, extensive geochemistry, geophysics, satellite imagery, and detailed drill logs stretching from the Zacatecas Silver District to the Fresnillo Silver District.

# SAN ACACIO PROJECT VETA GRANDE VEIN

**Veta Grande Vein**  
**Average Historical Width of 12m**



A Vein system 12m in width, how long is that?

That's one large school bus with capacity for 72 people



That's the length of a full grown Gray Whale





# SAN ACACIO PROJECT

## THREE SIGNIFICANT EXPLORATION TARGETS



### ✓ **Resource Expansion Drilling.**

- ✓ **First 8 step out holes extended mineralization by 140m** below the base of the initial resource.
- ✓ **Holes 9-11 extended mineralization over 550m to the southeast** of the first 8 holes drilled, **and also extended mineralization 140m** below the initial resource.

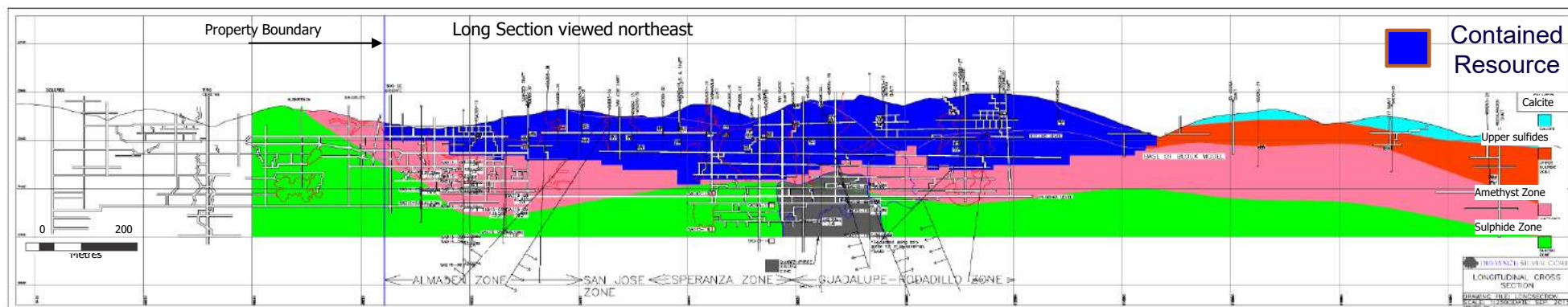
### ✓ **3.9km of Unexplored Veta Grande Vein Extension**

- ✓ Surface mapping and sampling has identified the vein over 3.9km.
- ✓ No Drilling nor geophysics has been conducted on the extension.
- ✓ Veta Grande Extension is exposed at a higher level in the system

### ✓ **Major Copper Target on Underexplored 500m portion of Veta Grande Vein**

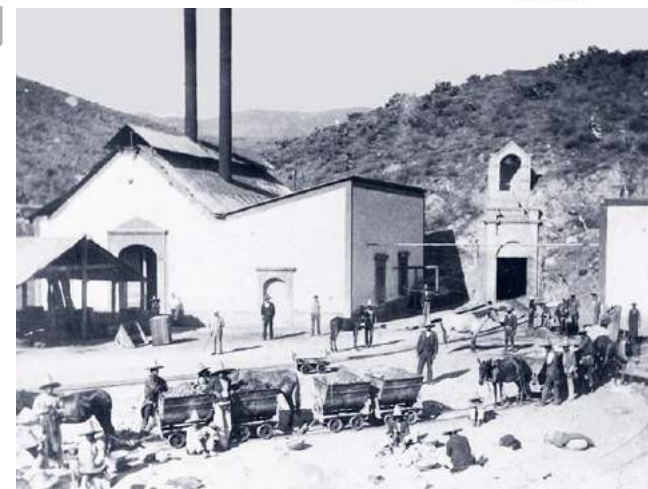
- ✓ Induced Polarization (IP) geophysical survey defined a large target.
- ✓ An Atomic Energy Resonance Imaging (AERI) geophysical program identified numerous anomalies including one coincident with the IP anomaly that is a high priority for drilling.
- Shallow drilling outlined high-level epithermal mineralization under-explored portion that warrants follow up.

# SAN ACACIO PROJECT SIGNIFICANT HISTORICAL PRODUCER



**150M oz Silver Historical Production**

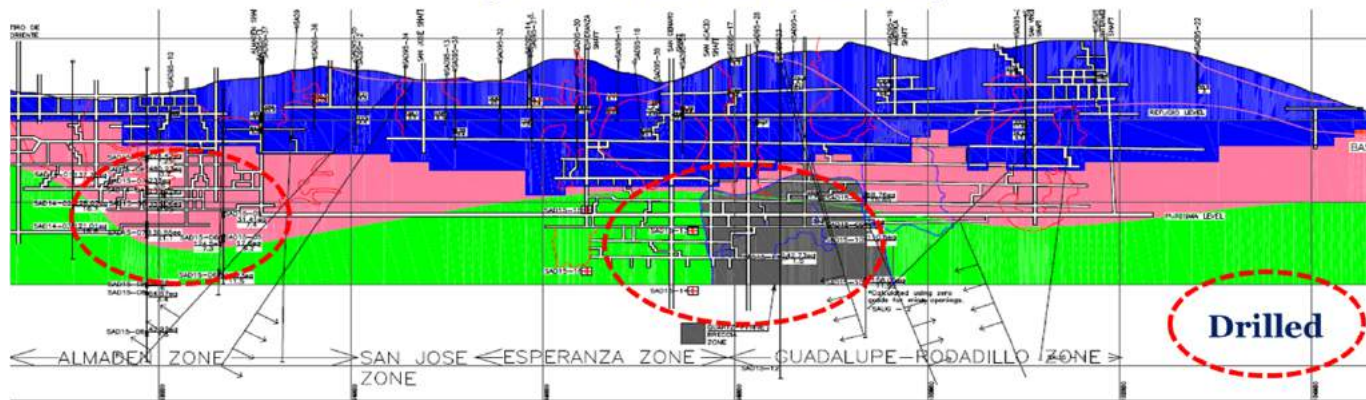
- ✓ Reported historical average grade of 900g/t Ag over widths up to 28m (92ft)



# SAN ACACIO PROJECT RESOURCE EXPANSION DRILLING



1.2km - San Acacio Deposit  
(Contained in Shaded Blue area)

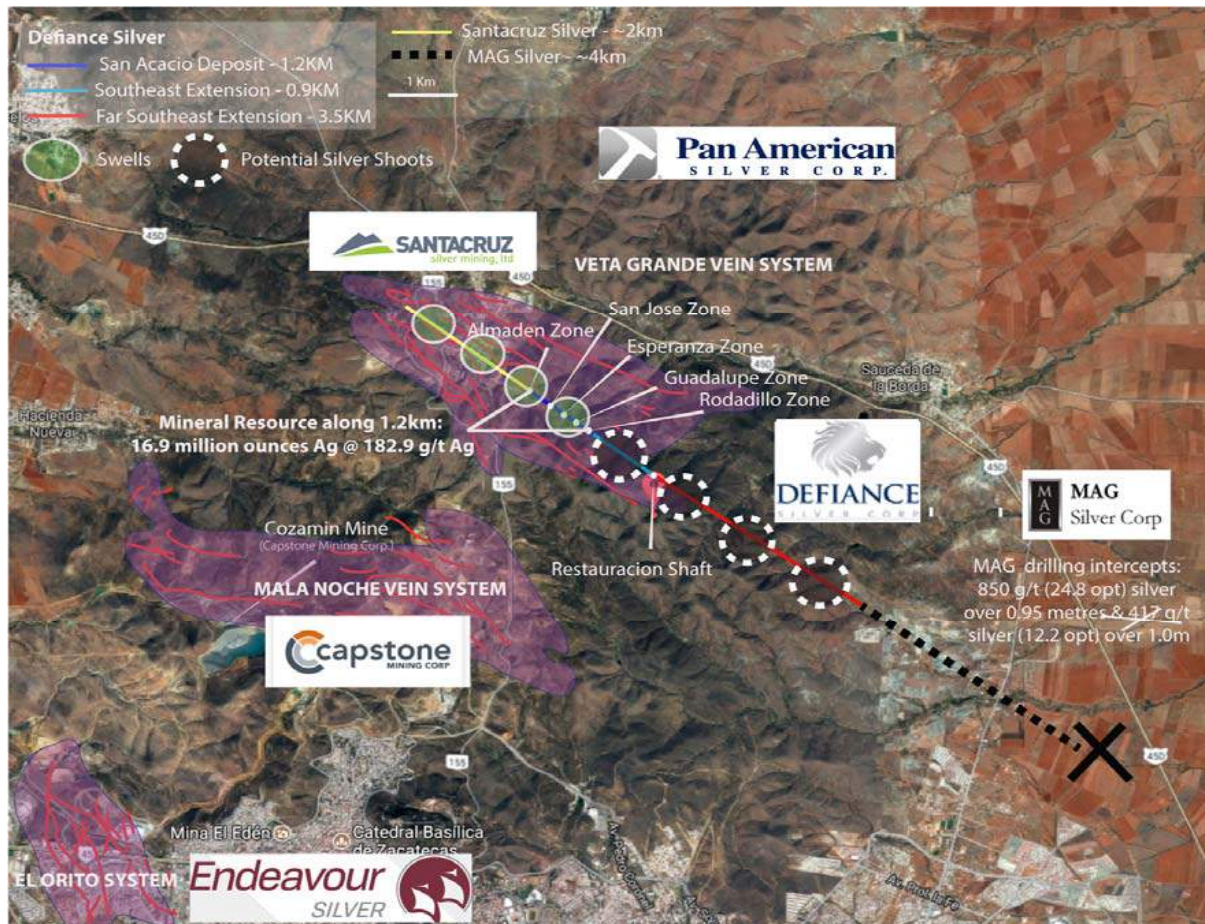


- ✓ 17M oz Ag Resource based on 44 Holes totaling 10,200m of drilling
- ✓ 5000m of Drilling Completed Since Resource Calculation
- ✓ Significant Intersections outside of resource prove mineralization is open to depth and along strike
- ✓ Drilling has returned multiple percent Zinc, Lead and Copper, none of which are included in the initial resource

Hole_ID	Length (m)	Ag g/t	Au g/t	AgEq g/t
SA14-01	8.10	222.12	0.22	268.13
SA14-02	3.20	419.09	0.82	499.43
SA14-03	8.30	42.89	0.92	278.33
SA14-04	6.10	138.35	0.80	340.4
SA15-07	3.60	211.49	0.14	234.17
SA15-08	7.25	631.46	0.43	675.58
SA15-10	2.1	283.31	0.17	337.8
SA17-12	27.03	148.2	0.29	202.99
<b>Includes</b>	7.58	212.9	0.05	230.03
<b>Includes</b>	5.00	230.7	0.51	354.97
<b>Includes</b>	6.05	122.1	0.74	222.59
SA17-13	10.00	171.2	0.08	204.65
<b>Includes</b>	3.00	372.2	0.10	404.03
<b>Includes</b>	5.00	104.4	0.08	136.15
SA17-14	0.60	139.5	0.40	276.74
SA17-14	0.88	213.8	0.30	236.21
SA17-14	0.30	477.6	0.46	520.27
SA17-15	3.18	285.0	0.02	296.30
SA17-16	6.18	7.4	0.25	65.88
SA17-17	1.01	33.9	0.12	187.85

# SAN ACACIO PROJECT

## 3.9KM OF UNEXPLORED VETA GRANDE VEIN EXTENSION

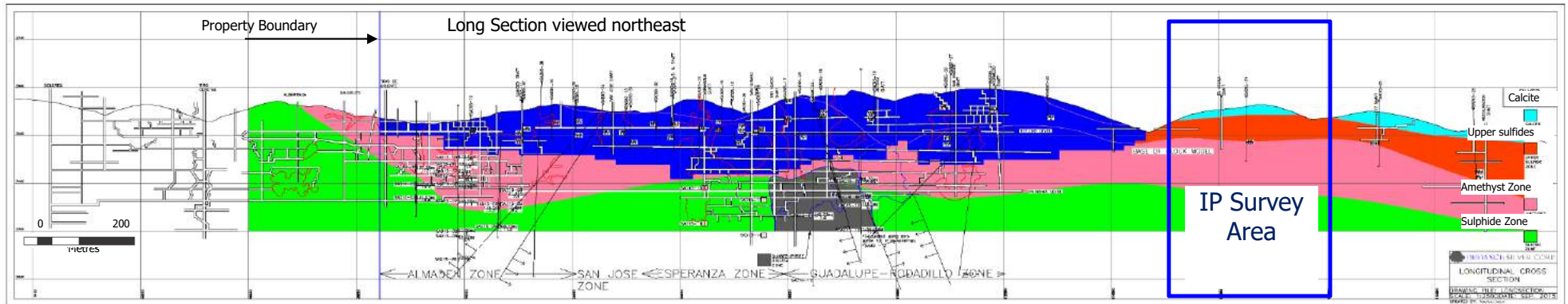


**Dr. Peter Megaw, Chief Exploration Officer MAG Silver Corp.**

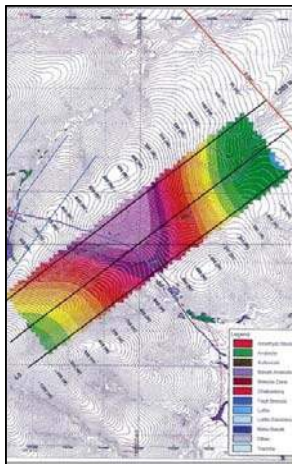
*"...MAG chose to partner with Defiance because of our long-held interest in the exploration potential of the Veta Grande Vein, the second most important vein in the billion-ounce Zacatecas silver district. A number of high-grade ore-shoots have been found along its length and the ability to expand exploration to a continuous 5.6 km stretch of this historically under-explored vein greatly enhances the potential for discovering more. This strategic interest in Defiance provides MAG with exposure to the upside of future discoveries as their exploration of this important vein advances."*

# SAN ACACIO PROJECT

## LARGE IP ANOMALY IDENTIFIED ON 500M OF UNDEREXPLORED VEIN



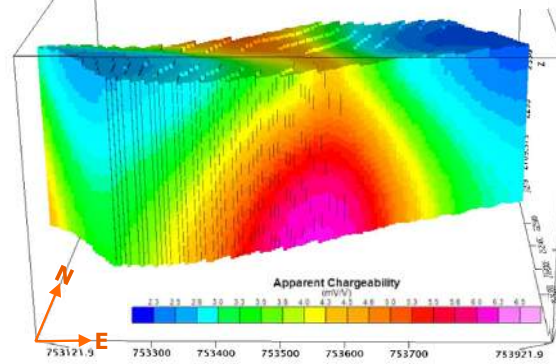
Area of current resource



Plan View

A Significant Anomaly  
300m wide.  
Open on strike  
and at depth

3D IP Chargeability Inversion Voxel

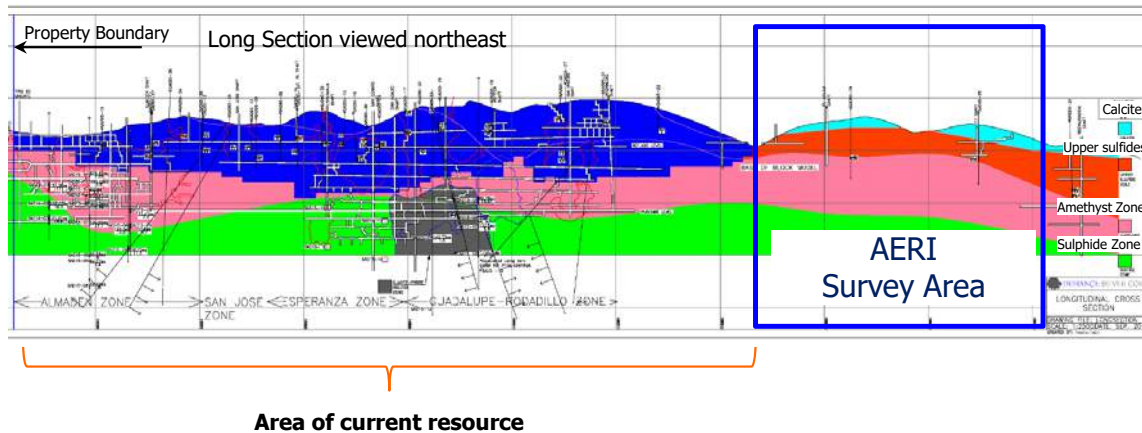


Cross Section  
Oblique View

High Chargeability  
Values  
Detected

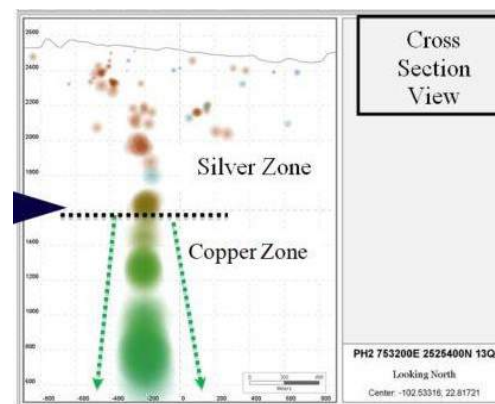
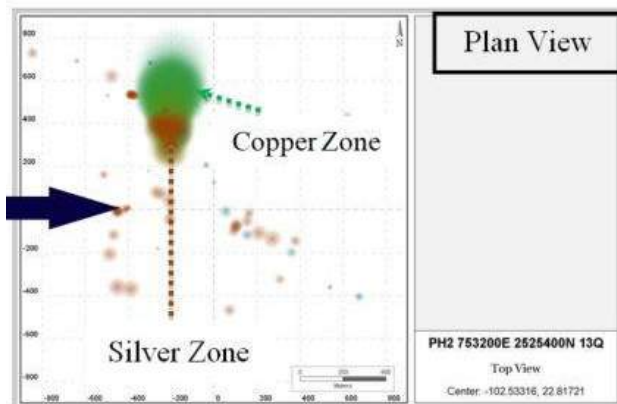
# SAN ACACIO PROJECT

## COINCIDENT AERI ANOMALY ON UNDEREXPLORED 500M OF VEIN



### Atomic Energy Resonance Imaging Survey

- ✓ CoIncident anomaly confirms IP Anomaly
- ✓ Anomaly measures 400m in width, 300m in length, and is open to over 1km in depth
- ✓ Shape, size and mineral zonation compares favourably with geophysical images generated by Capstone Mining (Sept 17, 2018 NR)



# TEPAL GOLD-COPPER PROJECT TECHNICALLY & FINANCIALLY DE-RISKED



- ✓ 100% ownership
- ✓ Current M&I resource of 3.6 Moz. AuEq.  
(Using US\$1285/oz. Au price, US\$2.77/lb. Cu price)
- ✓ C\$27M spent to-date
- ✓ Excellent infrastructure: road accessible with power, water, and port facilities
- ✓ Surface rights currently held by private landowners
- ✓ 50 megawatts available today (28 MW required for mine)
- ✓ Significant Exploration Target: Un-tested, recently discovered High Grade Gold Feeder System



# TEPAL GOLD-COPPER PROJECT

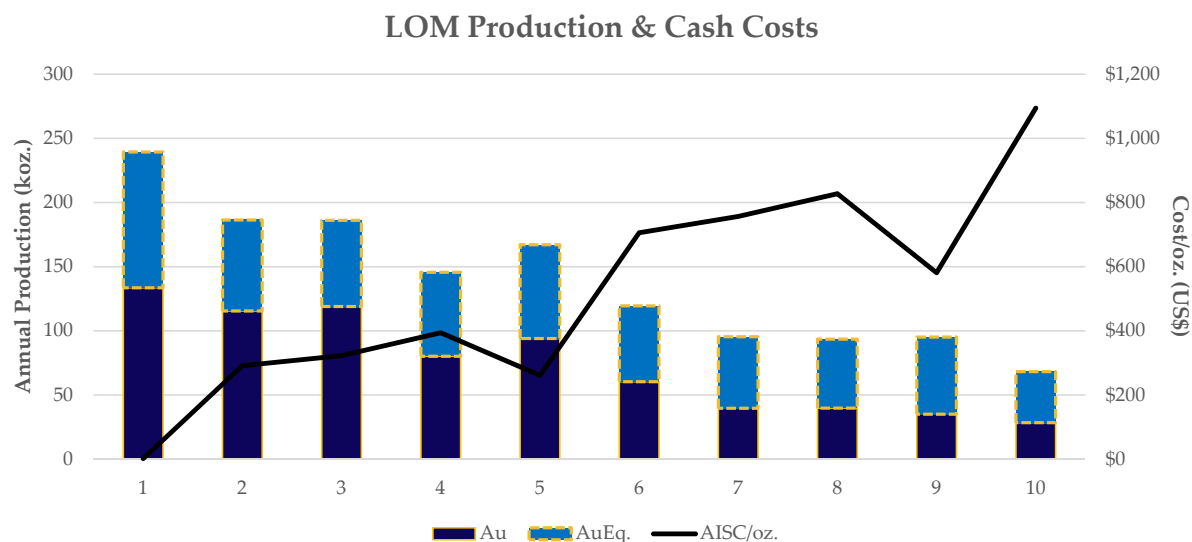
## LOW COST & LARGE SCALE - 2017 PEA HIGHLIGHTS (\$USD)

Pre-tax NPV <sub>5%</sub> <b>\$299M</b>	Pre-tax IRR <b>\$36%</b>	Payback <b>1.6 Yrs</b>	Post-tax NPV <sub>5%</sub> <b>\$169M</b>	Post-tax IRR <b>\$24%</b>	Payback <b>2.3 Yrs</b>
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Production Averages LOM 10 Years <b>Au: 79,000 oz</b> <b>Cu: 32Mlbs</b>	Initial Capital Cost <b>\$214M</b>
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LOM 10 Years Per Oz Au Cost <b>Avg cash cost \$313/oz AISC \$396/oz</b>
--

LOM <b>10 Years</b>
------------------------



- (1) Using US\$1,250/oz. Au price, US\$2.50/lb. Cu price and US\$18.00/oz. Ag price
- (2) Cash cost includes all mining, milling & refining, transport, mine-level G&A, and royalty costs; net of byproduct credits

Using base case price assumptions of \$1,250/oz. gold, \$2.50/lb copper and \$18.00/oz. silver, Tepal has an estimated \$169 million after-tax NPV at a 5% discount rate, an attractive 24% after-tax IRR, and an after-tax payback period of 2.3 years. Base case LOM revenue split is 54% gold/43% copper/3% silver. The base case economic evaluation used metals prices that are close to current spot prices and near the median of current medium to long term analyst forecasts. After-tax economics were prepared using the following assumptions: a 2.5% Net Smelter Return (NSR) royalty, 0.5% Mexican royalty based on precious metals revenue, 7.5% Mexican royalty based on EBITDA, 12% annual depreciation rate, accumulated tax loss carry forward of US\$22.4 million, and a 30% Mexican income tax rate. Please see Valoro News Release dated January 29, 2017

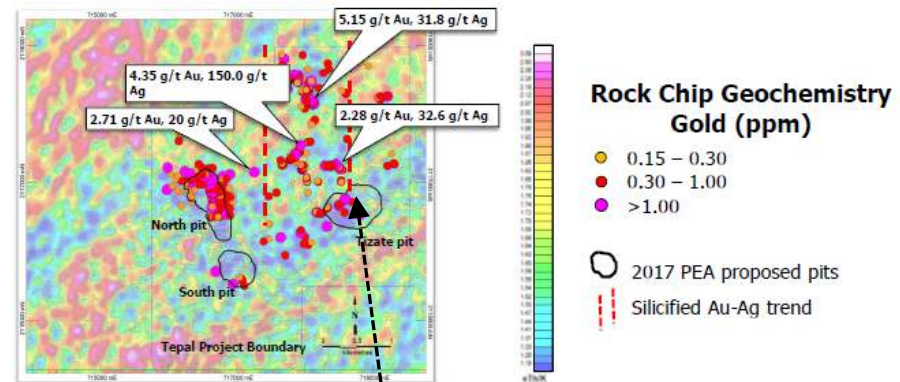
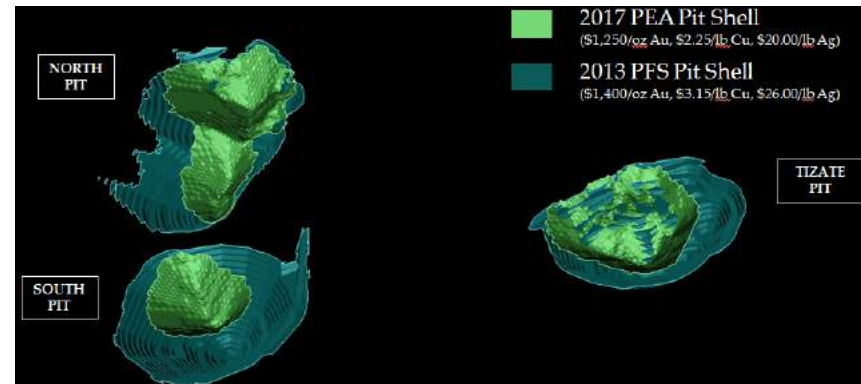


# TEPAL GOLD-COPPER PROJECT

## SIGNIFICANT GOLD-SILVER EXPLORATION UPSIDE



- ✓ Bulk of Tepal Au-Cu resource is related to an underlying intrusive event – a large portion of potential mineralization at depth remains untested
- ✓ Co-incident anomalies provide early positive encouragement (Alteration, geophysical and surface geochemistry anomalies)
- ✓ 2017 exploration campaign highlighted exploration potential in two distinct gold turrets
- ✓ Clear vectors for exploration established – Allows for optimized drill programs to delineate priority targets
- ✓ Tepal presents significant upside – potential for both bulk tonnage and high grade selective mine types



**TIZ-11-018: 282.95 to 284.37m**  
**25.3 g/t Au, 565 g/t Ag**

## CATALYSTS

### **SAN ACACIO Silver Project:**

- ✓ Drill the IP/AERI anomaly along 500m under-explored strike of the Veta Grande Vein
- ✓ Conduct IP surveys and AERI surveys along 3.9km of unexplored Veta Grande Vein to define new anomalies targets
- ✓ Release updated NI-43-101 Resource Estimate

### **TEPAL Gold-Copper Project:**

- ✓ Follow up new high-grade feeder exploration targets



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## **APPENDIX**

# SAN ACACIO PROJECT

## 43-101 COMPLIANT INFERRED MINERAL RESOURCE ESTIMATE

### 43-101 Inferred Mineral Resource Estimate

Vein	Tonnes > Cut-off (tonnes)	Grade > Cut-off			Contained Metal		
		Ag (g/t)	Au (g/t)	AgEq (g/t)	Ag (ozs)	Au (ozs)	AgEq (ozs)
VETA G	2,150,000	192.43	0.19	204.66	13,302,000	10,000	14,147,000
VETA C	739,000	153.28	0.08	158.66	3,642,000	1,900	3,770,000
<b>TOTAL</b>	<b>2,889,000</b>	<b>182.42</b>	<b>0.16</b>	<b>192.89</b>	<b>16,944,000</b>	<b>11,900</b>	<b>17,917,000</b>

The San Acacio Deposit has a 43-101 Inferred Mineral Resource Estimate available on [www.sedar.com](http://www.sedar.com) or [www.defiancesilver.com](http://www.defiancesilver.com). Using a silver equivalent ("AgEq")\* cut-off grade of 100 grams tonne ("g/t"). Using a gold price of \$1270/ oz Au and silver price of \$19.60 the silver equivalent value would be silver content plus 65 times the gold content. (Note: total contained AgEq values may not add exactly because of rounding). Metallurgical recoveries are not taken into account.

- Base Metals not included in initial inferred resource

# SAN ACACIO PROJECT

## "Post-Resource" Drill Results Summary

Hole #	From (m)	To (m)	Length (m)*	Ag (g/t)	Au (g/t)	Cu %	Pb %	Zn %	AgEq (g/t)**
SAD14-01	134.00	142.10	8.10	222.12	0.22	0.01	0.20	0.53	268.13
SAD14-02	168.50	171.70	3.20	419.09	0.82	0.02	0.14	0.30	499.43
SAD14-03	05.00	213.30	8.30	42.89	0.92	0.04	1.87	2.44	278.33
SAD14-04	147.00	153.10	6.10	138.35	0.80	0.19	1.27	1.90	340.4
SAD15-07	136.40	140.00	3.60	211.49	0.14	0.01	0.11	0.20	234.17
SAD15-08	106.05	113.30	7.25	631.46	0.43	0.01	0.09	0.22	675.58
SAD15-10	331.5	333.6	2.1	283.31	0.17	0.01	0.38	0.70	337.8
SAD15-12	226.2	253.65	27.03	148.21	0.29	0.02	0.13	0.67	202.99
SAD15-13	261.00	271.00	10.00	171.22	0.08	0.01	0.27	0.42	204.65
SAD15-15	209.82	213.00	3.18	285.04	0.02	0.01	0.05	0.17	296.30

\*True Widths are approximately 70% to 80% of each intersection \*\*Reported for comparison only, with no assumptions regarding metal recovery or smelter payments. Prices used are Au: \$1210.50/ounce, Ag: \$16.33/ounce, Cu; \$2.80/pound, Pb; \$0.83/pound and Zn \$0.95/pound in US\$. 1 Gram = 0.03215074657 Troy ounce \*\*\*Grade not calculated because of no data for open mine workings

# TEPAL GOLD-COPPER PROJECT

## 43-101 M&I RESOURCE ESTIMATE



**Total Tepal Project Resource Estimate<sup>(1)</sup> - March 2012**

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Measured	34,100,000	0.48	0.25	0.95	528,000	185,000,000
Indicated	153,700,000	0.26	0.19	1.67	1,276,000	628,000,000
Measured & Indicated	187,800,000	0.3	0.2	1.54	1,804,000	813,000,000
Inferred	35,700,000	0.16	0.15	1.68	182,000	120,000,000

**Oxide and Sulphide Resources<sup>(1)</sup> - March 2012**

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Oxide Measured & Indicated	21,100,000	0.34	0.21	1.18	233,000	96,000,000
Oxide Inferred	700,000	0.19	0.13	2.01	4,000	2,000,000
Sulphide Measured & Indicated	166,700,000	0.29	0.2	1.59	1,571,000	717,000,000
Sulphide Inferred	35,000,000	0.16	0.15	1.67	177,000	118,000,000

(1) The resource stated in the table conforms to CIM guidelines for reasonable potential for economic extraction and is not to be confused as reserves. Resource numbers above are rounded to nearest 100,000 tonnes, 1,000 oz Au and 1,000,000 lbs Cu

**Mineral Resource (Mine Diluted) Included in PEA Mine Plan<sup>(1)(2)</sup>**

Resource Classification	Tonnes	Au Grade (g/t)	Cu Grade (%)	Ag Grade (g/t)	Contained Au (oz)	Contained Cu (lbs)
Measured	26,800,000	0.51	0.25	0.95	438,000	150,000,000
Indicated	61,700,000	0.28	0.20	1.58	550,000	269,000,000
Measured & Indicated	88,500,000	0.35	0.21	1.39	988,000	419,000,000
Inferred	2,000,000	0.19	0.18	2.73	12,000	8,000,000

(1) The resource stated in the table conforms to CIM guidelines for reasonable potential for economic extraction and is not to be confused as reserves. Resource numbers above are rounded to nearest 100,000 tonnes, 1,000 oz Au and 1,000,000 lbs Cu

(2) NSR cut-off for sulphide material is \$8.19/tonne milled and for oxide material is \$10.13/tonne milled

Source: JDS Mining & Engineering

# TEPAL GOLD-COPPER PROJECT 2017 OPTIMIZED PEA DETAILS



2017 PEA Operating Assumptions	(\$USD) Millions
Pre-Production Capital Costs	\$214.2
Sustaining Capital Costs	\$86.7
Mine Life	9.8 years
Total Material Mined	142.9 Mt
Strip Ratio	0.6 : 1
Average Plant Throughput (Sulphide + Oxide)	9.6 Mtpa
Average Au Sulphide Head Grade	0.33 g/t
Average Cu Sulphide Head Grade	0.21%
Average Au Oxide Head Grade	0.45 g/t
LOM Average Au Sulphide Recovery (combined Flotation & CIL)	77%
LOM Average Cu Sulphide Recovery	87%
LOM Average Au Oxide Recovery	81%

2017 PEA Financial Highlights			
% Δ in Base Case Metals Prices	-10%	0%	10%
Gold Price (US\$/oz)	\$1,125	\$1,250	\$1,375
Copper Price (US\$/lb)	\$2.25	\$2.50	\$2.75
Silver Price (US\$/oz)	\$16.20	\$18.00	\$19.80
<b>All-In Sustaining Costs (net of byproducts):</b>			
Gold (US\$/oz)	\$497	\$396	\$296
Copper (US\$/lb)	\$0.69	\$0.38	\$0.07
<b>Pre-Tax:</b>			
NPV <sub>5%</sub> (US\$ millions)	\$165.6	\$299.4	\$433.3
IRR (%)	25%	36%	46%
Payback Period (years)	2.2	1.6	1.3
<b>After-Tax:</b>			
NPV <sub>5%</sub> (US\$ millions)	\$77.5	\$169.4	\$257.2
IRR (%)	15%	24%	31%
Payback Period (years)	3.0	2.3	1.9

PEA Production Highlights	
Average Oxide Milling Rate: 5,500 tonnes per day	
Average Sulphide Milling Rate: 22,000 tonnes per day	
Years 1-5 Average Payable Production: <b>108,000 oz./yr Au</b> and <b>37 Mlbs./yr Cu</b>	
Life of Mine Average Payable Production: <b>79,000 oz./yr Au</b> and <b>32 Mlbs./yr Cu</b>	
Life of Mine Payable Production: 766,000 oz. Au and 308 Mlbs. Cu	
All-in Cash Cost plus Sustaining Cost <sup>(1)</sup> , net of by-product credits: <b>\$396/oz. Au</b>	

(1) Cash cost includes all mining, milling & refining, transport, mine-level G&A, and royalty costs



# TEPAL GOLD-COPPER PROJECT

## 43-101 M&I RESOURCE ESTIMATE CONT'D



Updated Total Tepal Project Resource Estimate<sup>1</sup> - March 2012

Category	Tonnes (t)	Au (g/t)	Cu (%)	Ag (g/t)	Mo (%)	Au (oz.)	Cu (lbs)	AuEq <sup>2</sup> (oz.)
Measured	34,100,000	0.48	0.25	0.95	0.002	528,000	185,000,000	1,037,000
Indicated	153,700,000	0.26	0.19	1.67	0.004	1,276,000	628,000,000	3,003,000
Meas & Ind	187,800,000	0.30	0.20	1.54	0.004	1,804,000	813,000,000	4,040,000
Inferred	35,700,000	0.16	0.15	1.68	0.006	182,000	120,000,000	512,000

Au = gold, Cu = copper, Ag = silver, Mo = molybdenum, g/t = grams per tonne, % = percent, oz. = ounces, lbs. = pounds, <sup>1</sup>The in situ resource stated in the table conforms to CIM guidelines for reasonable potential for economic extraction and is not to be confused as reserves. Resource numbers above are rounded to nearest 100,000 tonnes, 1,000 oz Au, 1,000,000 lbs Cu and 1,000 oz. AuEq <sup>2</sup> AuEq = gold equivalent and is calculated using gold and copper only using \$1000 Au, \$2.75 Cu metal prices (AuEq = (lbs. Cu\*\$2.75/\$1000) + Au oz.). All dollar values stated are \$USD

Assumptions used to estimate the 2017 PEA economics:

98% of the mine plan material is Measured and Indicated, 2% of the mine plan material is Inferred.  
The base case used metals prices of \$1,250/oz. for gold, \$2.50/lb for copper, \$18.00/oz. for silver.  
Recoveries are based on the following tables 1-2:

Table 1: Flotation Concentrate & Tails Cyanidation Recovery Estimates

Tepal Recovery		Flotation	Tails Cyanidation	Combined Recovery
Copper	%	88.2		88.2
Gold	%	62.4	16.5	78.9
Silver	%	27.4	15.5	40.2
Tizate Recovery				
Copper	%	85.9		85.9
Gold	%	58.0	16.0	74.0
Silver	%	59.6	18.5	78.1

Table 2: Oxide Leach Recovery Estimates

Tepal		
Gold	%	83.2
Silver	%	63.3
Tizate		
Gold	%	75.2
Silver	%	55.9

Table 3: Operating Cost Estimates

Parameter	Unit	Sulphide Flotation	Sulphide Cyanidation	Oxide Cyanidation
Mining Cost - waste	US\$/t mined	1.80		
Mining Cost - mineralized material	US\$/t mined			
Processing Cost	US\$/t milled	5.79	1.06	8.70
G&A	US\$/t milled	0.90	-	0.90
Tailings Cost	US\$/t milled	0.05	-	0.05

# TEPAL GOLD-COPPER PROJECT

## PEA PRODUCTION PROFILE



<b>Production Year</b>	<b>units</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>LOM</b>
Resource Mined	<i>Mt</i>	12.2	10.4	8.5	8.7	9.5	9.5	8.1	8.1	8.0	6.0	<b>90</b>
Waste Mined	<i>Mt</i>	3.0	6.7	3.3	4.7	6.1	6.9	3.8	3.9	1.7	0.2	<b>52</b>
Strip Ratio	<i>w : o</i>	0.2	0.6	0.4	0.5	0.6	0.7	0.5	0.5	0.2	0.0	<b>0.6</b>
Payable Gold	<i>koz.</i>	133	115	119	80	94	60	40	40	35	28	<b>766</b>
Payable Copper	<i>Mlbs.</i>	52	34	33	32	36	27	25	24	28	18	<b>308</b>
Payable Silver	<i>koz.</i>	123	136	156	123	108	353	461	357	345	271	<b>2,458</b>
Gold Equivalent <sup>(1)</sup>	<i>koz.</i>	239	186	186	146	167	119	95	93	95	68	<b>1,418</b>
All-In Sustaining Cash Cost <sup>(2)</sup>	<i>US\$/oz.</i>	\$1	\$291	\$322	\$394	\$261	\$705	\$757	\$828	\$581	\$1,094	<b>\$396</b>

(1) Using US\$1,250/oz. Au price, US\$2.50/lb. Cu price and US\$18.00/oz. Ag price

(2) Cash cost includes all mining, milling & refining, transport, mine-level G&A, and royalty costs; net of byproduct credits