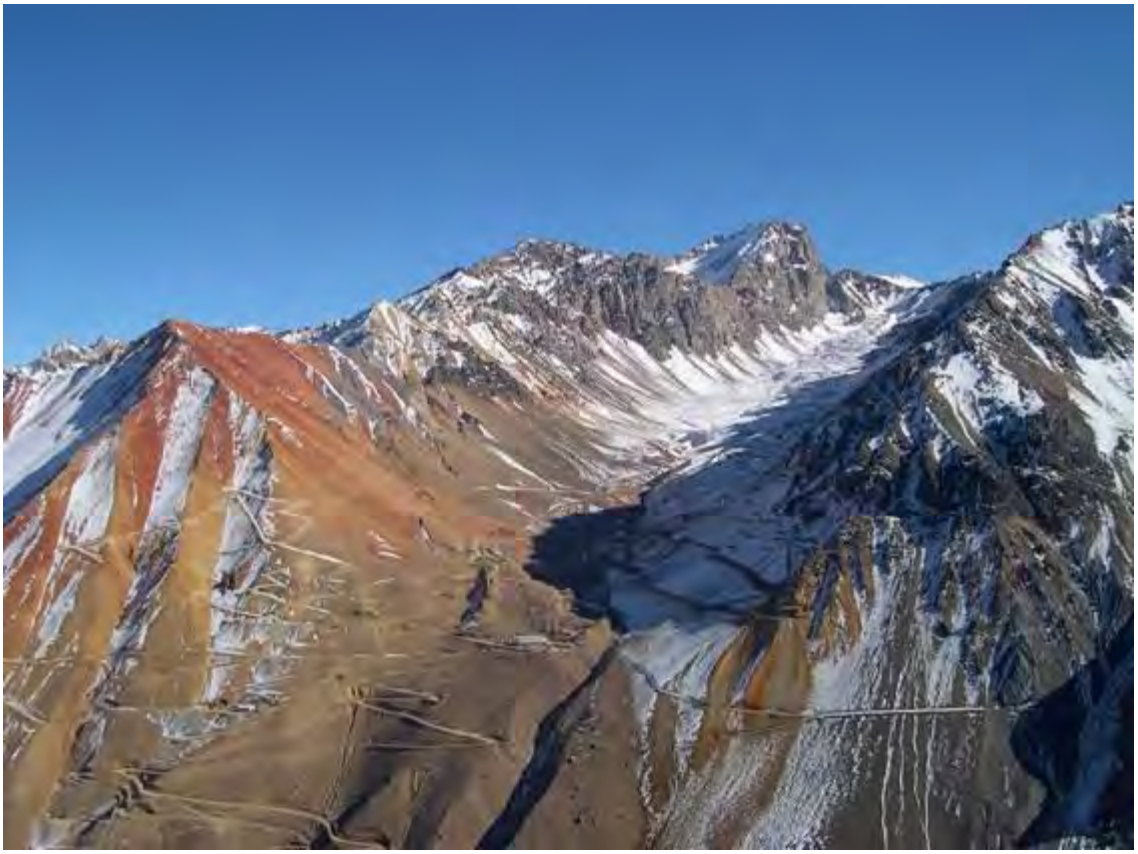
A TECHNICAL REPORT
ON THE
PIMENTON MINE, THE SURROUNDING PIMENTON PROPERTY,
AND THE NEARBY TORDILLO PROPERTY
IN CENTRAL CHILE
FOR
CERRO GRANDE MINING CORPORATION



Pimenton Property

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Watts, Griffis and McOuat
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1. SUMMARY

This Technical Report for Cerro Grande Mining Corporation ("**CEG**") describes mineral properties in Central Chile. It was commissioned in a letter agreement dated September 5, 2013 between Watts, Griffis and McOuat Limited ("**WGM**") and Compania Minera Pimenton ("**CMP**"), a wholly owned subsidiary of CEG. The report incorporates and up-dates information on the Pimenton Mine, the surrounding Pimenton Property and the Tordillo Property, that is in an earlier Technical Review prepared by WGM for South American Gold and Copper Company Limited ("**SAGC**"), dated January 31, 2011.

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

Pimenton Mine

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

Subordinate veining at Pimenton has been reported as being of two types, both carrying <1 g Au/t. In one series, which trend northwest, pyrite is associated with saccharoidal quartz and clay sericite alteration. The other series of veins, which is not uniformly oriented, contains pyrite, magnetite and specularite mineralization, and has gypsum on the margins.

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

Mineral Resources

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

SUMMARY OF RESOURCE ESTIMATE 2013, PIMENTON MINE

Category	Tonnes	Au, g/t	Cu, %
Measured	27,000	12.2	1.3
Indicated	106,000	12.4	1.3
Total Measured + Indicated	133,000	12.3	1.3
Inferred	162,000	12.3	1.3

The present estimation uses the same blocks, procedures and methodology which were applied in 2010 and previously to arrive at the inventory of resources and reserves.

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

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

The vein width is diluted to a minimum mining width of 70 cm.

Mineral Reserves

A summary of Mineral Reserves for the Pimenton Mine, is shown in the table below. The CMP estimate of reserves has been modified by WGM to better reflect observations during the site visit by Brady regarding dilution and future extraction from pillars and other remnants. In all respects the estimate uses blocks, procedures and methodology similar to that which has been applied since 2002 to arrive at the inventory of resources and to determine reserves.

PIMENTON MINE MINERAL RESERVES
Effective October 1, 2013

Category	Tonnes	Au, g/t	Cu, %
Proven			
Stopes	24,000	10.5	1.2
Remnants	4,000	14.0	1.1
Total Proven	**28,000**	**11.0**	**1.2**
Probable			
Stopes	98,000	10.7	1.2
Remnants	12,000	14.7	1.1
Total Probable	**110,000**	**11.1**	**1.2**
Total Proven & Probable	**138,000**	**11.1**	**1.2**

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

Proven Reserves are derived from the Measured Resources, Probable Reserves from Indicated Resources. For conversion to reserves, mining losses in stopes are estimated to be 5% and dilution is estimated to be 10% at nil grade.

Remnants of mined-out stopes include draw cones that will be mined at the end of the mine life. In the case of such draw cone remnants, mining losses are estimated by WGM to be 20% and dilution is estimated to be 10% at nil grade. The remnants are generally higher grade than the rest of the reserves.

It is noteworthy that at January 2011, the date of our previous report, Reserves at the Pimenton Mine were Proven: 26,000 t at grades of 12.8 g Au/t and 1.4% Cu; Probable 113,000 t at grades of 13.7 g Au/t and 1.5% Cu, and that they were estimated over an average width of 0.84 m. Those reserves are largely mined out and have been replaced by the current reserves, which in turn were derived largely from Inferred Resources that amounted to 189,000 t in 2011.

Mining

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

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

Processing

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

General & Administration and Infrastructure

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

Environmental Studies, Permitting, and Social or Community Impact

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

All necessary permits are reported by CEG to be in place for the current operation. The lined tailing storage facility is permitted for a 20 m increase in height, sufficient for over 30 years of mine life. All of the tailings water is contained and recycled to the Plant. A separate circuit from the plant goes to a treatment plant for the camp water.

Although surface rights on the main property are owned by Comunidad Los Campos de Cano Gallego, steep terrain and lack of vegetation mean that there are no residents within 40 km of the mine. In summer, some of the community's farmers take livestock part of the way up the road built by CMP and establish temporary camps within 12 km of the mine site. At present the mine staff is over 97% Chilean. CMP supports local schools, voluntary Fire Brigades and community events for the Los Andes area (5th region). The mine paramedics are the only health providers within reach of the cattle and sheep herders who stay with their animals during the summer months. CMP provides no cost help to anyone in the area who needs assistance. A medical helicopter is on contract and available for any of the more serious injuries that may occur.

Capital and Operating Costs

CMP's operating costs for fiscal 2013 were $17.8 million including smelting and refining costs of $0.3 million and a royalty cost of $1.1 million. Site operating costs (including mining, processing, general and administration) were $14.6 million. Exploration and development costs were $1.7 million. Head office costs were $1.9 million.

To mine out the remaining reserves, only minimal sustaining capital would be required; the WGM estimate is $250,000 per year. However, CMP expects to continue to explore and develop additional reserves in the zone of Inferred Resources. The preliminary capital budget to maintain and increase production averages $655,000 per year for the next four years.

Economic Analysis

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

WGM prepared a cash flow model to validate the Proven and Probable Reserves at The Pimenton Mine. The model, which uses blended metal prices, rising from current prices in the first year to three-average in Year 3, is based on Pimenton Mine historical costs and the estimated grades of reserves. It generates a cash flow of $9.2 million excluding interest. At a discount rate of 10% the Present Value of the cash flow is $7.3 million. The Reserves are sufficient for almost four years of production at 36,000 tpy.

Maria Elena Sector

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

Pimenton Property

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

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

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

The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

Three main target areas (Central, Breccia. and "Vein") were defined in the Pimenton Property area by AAC when they optioned the property in 2007/08. Since then, CEG has modified the interpretations as a result of MMI sampling and CSAMT geophysics and drilling in 2012-13. In particular, the Vein target has been widened to include "Mine Production Area Target", "Esperanza Portal Area Target", "Farellon Negro Target" and "Maria Elena Target". In addition CEG postulates the recognition of others after further exploration and study.

There is no certainty regarding directions of lateral expansion of fronts in the creation of accumulations of sulphide minerals at the Pimenton Property and recent drilling targets have been identified primarily from results of MMI sampling and CSAMT geophysics. Although WGM fully supports the use of these techniques as the best methods to identify targets beneath talus slopes and debris-filled valleys, perhaps more could be done to identify other clues to locating economic mineralization.

The six completed holes drilled in 2012-13 did not encounter economic mineralization, but potential is by no means fully tested. At this time the porphyry in the upper Pimenton Valley, previously explored by RT and AAC, represents an area of economic potential. Here, WGM in their 2010 report estimated an Inferred Resource of 40 million tonnes containing 0.37% Cu and 0.42 g Au/t that was classified by WGM as inferred because it extends to a depth of over 1,000 m; which will limit and may inhibit economic extractability and because it had been explored by only three drill holes. Under disclosure requirements in Section 2.4 of NI 43-101, the qualified person confirms that the resource is current and relevant at inferred reliability of grade and tonnage in the upper region of a mineralized system. It has not been re-evaluated for this report except to note that recent drilling north of the resource failed to encounter similar grades to the depth explored, and that previously recommended drilling to upgrade and verify the resource has not been done.

It has been variously recommended that MMI sampling at Pimenton be extended to cover the entire area of potential porphyry/stock-work/breccia type mineralization. WGM agrees with this recommendation. We recommend that CEG review their exploration mapping and applied methodology to determine whether improvements and revisions may be made (as discussed under Conclusions in this report). Thereafter we endorse exploration in two areas in particular: the Hondo valley and the north-south corridor surrounding the Pimenton mine and extending into the Colorado valley. Included in the budget is drilling of 4,000 m as planned by CEG to further explore CSMAT and MMI anomalies at the Esperanza Portal and Maria Elena targets. There is currently no provision for drilling in the Hondo valley, but,

assuming availability of funds, WGM recommends further detailed assessment, and is confident that exploration drilling will be justified.

WGM repeats their earlier recommendation that consideration be given to drilling a hole from the Colorado Valley in a north-westerly direction. So placed, the drill hole would explore beneath the vein system across their direction of dip. Results from a hole such as is recommended by WGM may alter the conceptual image of the mine geology.

In WGM's opinion, the inferred resources at the Pimenton Valley porphyry should be verified up-dip by a minimum of two 500 m holes, and preferably three holes as recommended in our 2010 report. These, should be sited on sections 100 m apart in the up-dip vicinity of RT-04 to delineate and start expanding the resources reliably. There is no urgency to follow this recommendation and deferral is suggested until funds are more readily available. There is therefore no provision for this item in the budget.

Our previous recommendation is repeated that water analysis by undertaken in the Colorado and Hondo valleys to try to locate sources of metals and sulphur in the streams rather than to just monitor impact from mine effluent.

Tordillo Property

Recommendations for the Tordillo Property included geologically mapping and geochemical talus-fines sampling over the entire property with samples being tested for Cu, Mo, Pb, Zn, Au and Ag. Further investigation of geochemical anomalies by MMI geochemical sampling is expected to pin-point drill targets. This recommendation has not yet been completed and in WGM's opinion should be expanded to include trace-element analyses. CEG plans to drill 600 m to further explore the vein potential. While this may be followed by drifting, WGM has not included that phase in the proposed budget.

Budget

WGM has prepared the following budget on the basis that all of the drilling will be done using the company's rigs. It is assumed that all of the proposed exploration will be completed in three years.

BUDGET ESTIMATE

Description		Cost ($)
Drilling Pimenton (4,000 m) and Tordillo (600 m)	$250/m	$1,150,000
MMI and other surveys:	Pimenton	100,000
	Tordillo	100,000
Contingency (15% approximately)		150,000
Total Budget		**$1,500,000**

2. INTRODUCTION AND TERMS OF REFERENCE

2.1 INTRODUCTION

This Technical Report for Cerro Grande Mining Corporation ("**CEG**") describes mineral properties in Central Chile. It was commissioned in a letter agreement dated September 5, 2013 between Watts, Griffis and McOuat Limited ("**WGM**") and Compania Minera Pimenton ("**CMP**"), a wholly owned subsidiary of CEG. The report incorporates and up-dates information on these properties that is in an earlier Technical Review prepared by WGM for South American Gold and Copper Company Limited ("**SAGC**"), dated January 31, 2011. SAGC was renamed CEG as a result of corporate re-organization in March, 2011.

2.2 TERMS OF REFERENCE

The purpose of the report is to provide CEG with a Technical Report compliant with Canadian National Instrument 43-101 ("NI 43-101") that includes audit of reserves and resources and review mining practices at the Pimenton Mine; and review of exploration of surrounding and nearby properties. The report may then be used by CEG for regulatory filing and preparation of the company's Annual Information Form ("AIF").

2.3 SOURCES OF INFORMATION

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

Pimenton Mine

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

Pimenton Property

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

Tordillo Property

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

2.4 DETAILS OF PERSONAL INSPECTIONS

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

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

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

2.5 UNITS AND CURRENCY

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

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

Currencies used in this report are quoted in US$.

3. RELIANCE ON OTHER EXPERTS

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

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

Company Reports - Pimenton Mine

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

Company Reports on Exploration

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

4. PROPERTY DESCRIPTION AND LOCATION

In Chile, mining rights may be acquired through two forms of concessions: exploration and exploitation (or mining). Exploration concessions are favoured at an early stage because they require payment of only $1.10/ha/yr. An exploration concession is valid for two years by the end of which it must either be "measured" (or surveyed) for conversion to an exploitation concession, or be reduced by 50%. The retained portion is then valid for a further two years while the renounced portion is either relinquished, or submitted to the process of conversion to an exploitation concession. An exploitation concession may be obtained without first being an exploration concession. It is obtained through a process of survey, notarization, court recognition, and publication, and is retained indefinitely by payment to government of $5.80/ha/yr.

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

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

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

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

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

Watts, Griffis and McOuat

Figure 1.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Location Map

SAG SCC / SAG_01_PimentoClaims.dwg (Layout: 125K LP)
Last revision date: Monday 18 November 2013

Watts, Griffis and McOuat

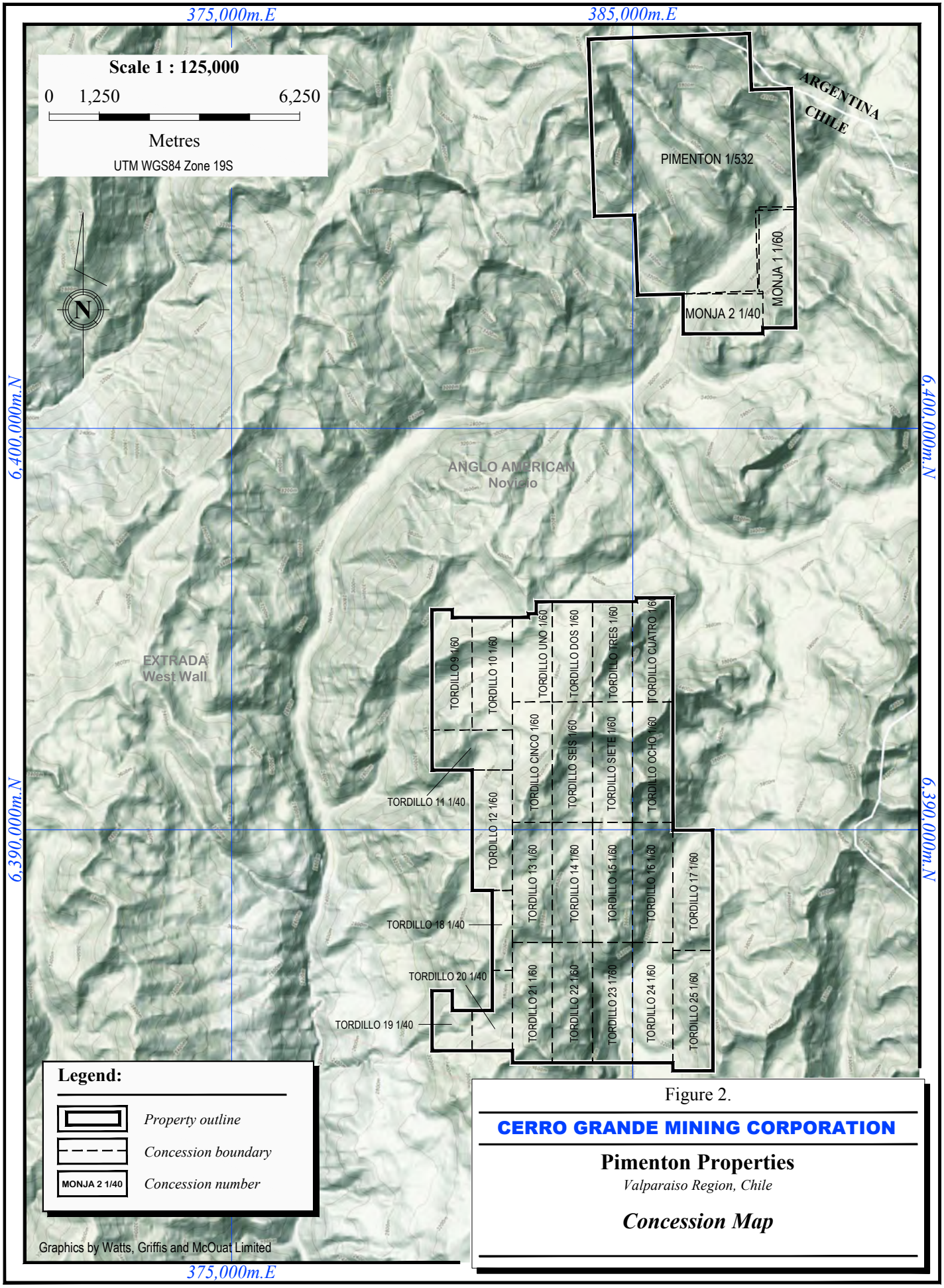

Figure 2.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Concession Map

Pimenton Mine and Surrounding Property

The Pimenton Mine and surrounding property are contained within contiguous exploitation concessions: Pimenton 1/532, Monja 1, 1/60 and Monja 2 1/40 covering approximately 2,750 ha all of which were approved in October, 1995. Since the official records of areas do not match the official map of measured areas (as shown in Table 1), the area may be larger. The concessions were measured (surveyed) by Minera Bernstein & Thompson Ltda. ("**BTX**"), and now are registered in the name of CMP, a subsidiary of CEG.

TABLE 1.
PIMENTON MINE AND SURROUNDING PROPERTY

Name	Official Area (ha)	Measured Area (ha)
Pimenton 1-532	2,550	2,550
Monja 1, 1 to 60	261	300
Monja 2, 1 to 40	200	200

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

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

All necessary permits are reported by CEG to be in place for the current operation.

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

Annual cost to maintain the mining rights is approximately $16,000. The cost of maintaining the surface rights is $4,800.

Tordillo Property

The Tordillo property comprises an official 6,632 ha area in contiguous exploitation concessions all of which were approved in April, 2005, and which are documented in Table 2. It is 13 km ENE of the West Wall property (owned AAC and Xstrata Copper) and 3 km southeast of the Novicio property (owned by AAC).

Cost to maintain the Tordillo concessions is approximately $54,080 p.a.

TABLE 2.
TORDILLO EXPLOITATION CONCESSIONS

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

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

5.1 ACCESS

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

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

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

5.2 CLIMATE

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

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

There are no significant local resources other than at the Pimenton Mine, an underground mine that produced more than 10,000 oz of gold in fiscal 2013. Roads, power and accommodation facilities are maintained year-round.

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

The mine, camp, and administration work on a 9 day in, 6 day out schedule with 10 hour shifts. The processing plant uses 12 hour shifts rotated on a 7 day in, 7 day out schedule. A total of 245 personnel are transported to and from Los Andes where CMP maintains a staging and recruitment facility, along with an office and maintenance garage. The camp has offices and accommodation for 160 persons, plumbing and sanitation, bunking, kitchen, maintenance garage, etc. Data, including VOIP telephone, are transmitted with an 80 Mbps wireless connection. A satellite television system is provided. Electric power is provided by diesel generators, plant: 3 x 600 v, mine: 3 x 380 v, and camp 2 x 380 v. The plant is rated at 150 tpd and is described more fully in Section 17 of this report. It is supported by a separate workshop and assay laboratory.

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

5.4 PHYSIOGRAPHY

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

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

6. HISTORY

6.1 PIMENTON MINE

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

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

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

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

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

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

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

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

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

Period	Copper sales (tonnes)	Gold sales (ounces)	Silver sales (ounces)
1991 - 92	Unknown	1,182	Unknown
Jan-Apr 1996	Unknown	1,046	Unknown
May 96 – Feb 97	110	2,513	Unknown
Mar 97 – Sept 2008	Nil	Nil	Nil
Oct 08 – Sept 2009	254	10,605	8,620
Oct 09 – Sept 2010	132	8,626	3,687
Oct 10 – Sept 2011	408	14,729	8,485
Oct 11 – Sept 2012	381	13,024	8,098
Oct 12 – Sept 2013	321	10,838	6,610

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

6.2 PIMENTON PROPERTY

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

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

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

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

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

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

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

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

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

Work by AAC included the following:

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

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

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

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

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

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

6.3 TORDILLO PROPERTY

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

Three east-west reconnaissance geochemical profiles of talus fines 300 m apart, sampled at 50 m intervals, (2,100 line m) explored the porphyry intrusive. The results were reported as follows:

	Length (m)	Copper (ppm)	Gold (ppb)	Molybdenum (ppm)
Northern-most	650	275	70	2.75
Central (west end)	250	214	65	3.3
(east end)	400	65	65	3.3
Southern-most	700	94	20	3.4

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

Sample No	Width (cm)	Copper (%)	Gold (g/t)
13602	10	18.28	19.51
13618	200	3.94	4.45
13619	200	1.58	3.51
13643	60	1.46	5.45
13711	35	11.27	7.75
13713	10	2.40	7.39
13714	40	17.63	31.49
13754	200	0.89	4.45
13776	200	1.68	3.62
13789	200	2.11	8.06

An excess road was completed in 2013 and exploration resumed (see Exploration Sections of this report).

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1 REGIONAL SETTING

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

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

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

Watts, Griffis and McOuat

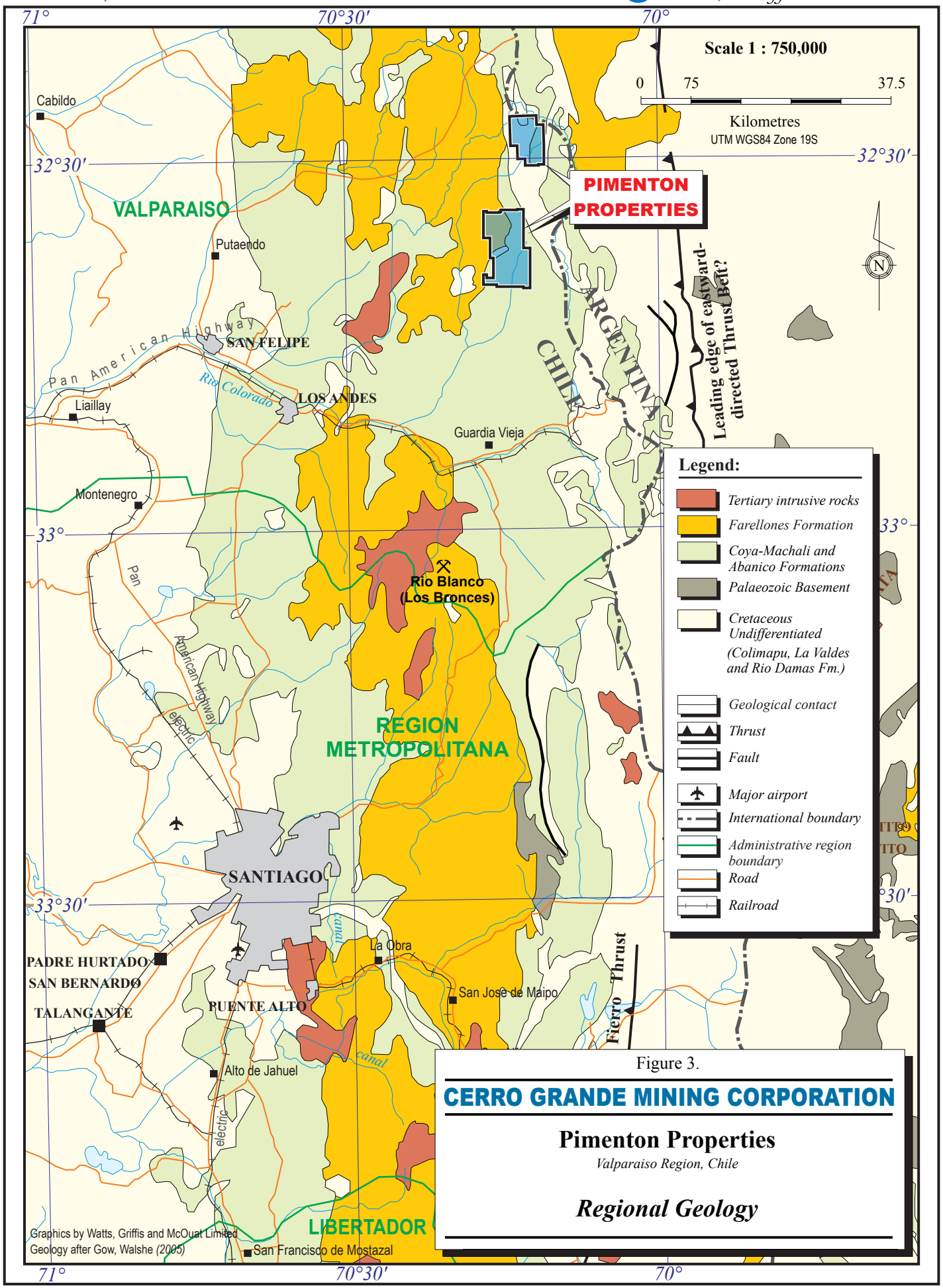

Figure 3.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Regional Geology

SAG SCC / SAG_02_Pimenton_Property_Geol.dwg (Layout: 25k PT)
Last revision date: Monday 18 November 2013

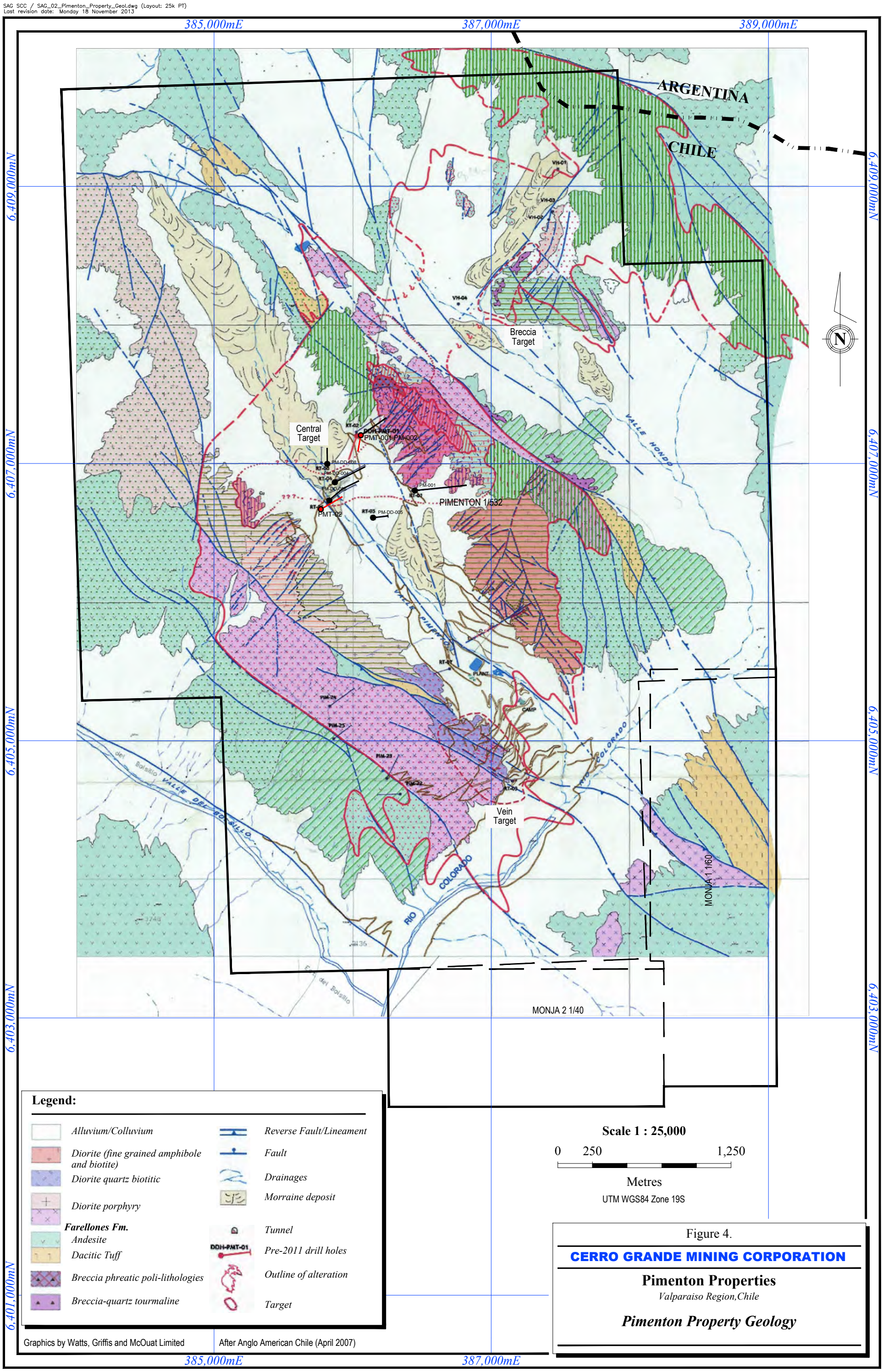

Figure 4.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region,Chile

Pimenton Property Geology

Watts, Griffis and McOuat

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

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

7.2 LOCAL SETTING

7.2.1 PIMENTON MINE

The Pimenton Mine exploits a cluster of D-type epithermal tensional veins that mostly strike N30°E and were formed in response to regional compression. The high-grade Cu-Au veins dip steeply to the east and are mildly sinuous. They are affected by fractures that strike north-south and other narrow tourmaline-bearing fractures that cut obliquely across the veins, but most displacements are minor. The pattern in the lower levels of the mine is illustrated in a view looking upward in a drift on of one of the main veins (Lucho) in Figure 5. Based on previous reports, WGM suspects that in the upper levels the main veins may have sharper margins and that subordinate structures may be less developed than in the illustration.

Similar veins have been mapped approximately 2.5 km farther north.

Figure 5. Photograph of Lucho vein back

The cluster of high-grade epithermal veins at the Pimenton Mine extends between elevation 3,600 to a drilled depth of 2,880 m. Individual veins typically form shoots up to 450 m long, up to 50 cm wide, and have good depth continuity. The dominant vein type contains massive pyrite and chalcopyrite and subordinate barite. Gold is both free and contained in sulphides. Silver generally reports with gold. A typical assay of vein material diluted to actual mining width is 1.5% Cu, 12 g Au/t and 12 g Ag/t.

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

Subordinate veining at Pimenton has been reported as being of two types, both carrying <1 g Au/t. In one series, which trend northwest, pyrite is associated with saccharoidal quartz and clay sericite alteration. The other series of veins, which is not uniformly oriented, contains pyrite, magnetite and specularite mineralization, and has gypsum on the margins. WGM suggests that these conclusions may have been true in the upper levels, but may be misleading in the lower levels currently being developed and mined.

Development on the deeper and northern part of the Lucho vein (the dominant vein being mined) has disclosed brecciation that widens the mineralized portion from approximately 50 cm to perhaps as much as two m. This may be correlated with breccia in earlier hole #6 which assayed 4.04 g Au/t and 1.49% Cu over 1.65 m intersected width at an elevation of 3,100 m. Accompanying, or perhaps in a zone surrounding the brecciation, is alteration resulting in whitening of the volcanic host rocks and coarse-clustering of alteration products such as specularite. There may be potential for high grade gold associated with this alteration that needs study (see also Section 9.1 of this report).

From several published models, WGM has chosen one (Figure 6) to illustrate the relationship of the high sulphidation epithermal vein system at Pimenton to a probable porphyry at depth. The model also illustrates lateral and vertical patterns that can be expected in the surrounding geology. Their presence at Pimenton is thought by WGM to be largely obliterated in the Pimenton valley by unrelated intrusions of diorite to diorite-porphyry composition. The patterns are more likely to be present at depth and north and south of the mine, and may exist to the east prior to being terminated by faulting suspected in the Colorado valley.

7.2.2 MARIA ELENA SECTOR

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

7.2.3 PIMENTON PROPERTY

The geology in the general Pimenton area is complex. Stratigraphic units are folded, faulted and multiply intruded by plutons of similar lithology such that it is difficult or impossible to differentiate between ages and impacts of the different plutons. Combined with the intrusive

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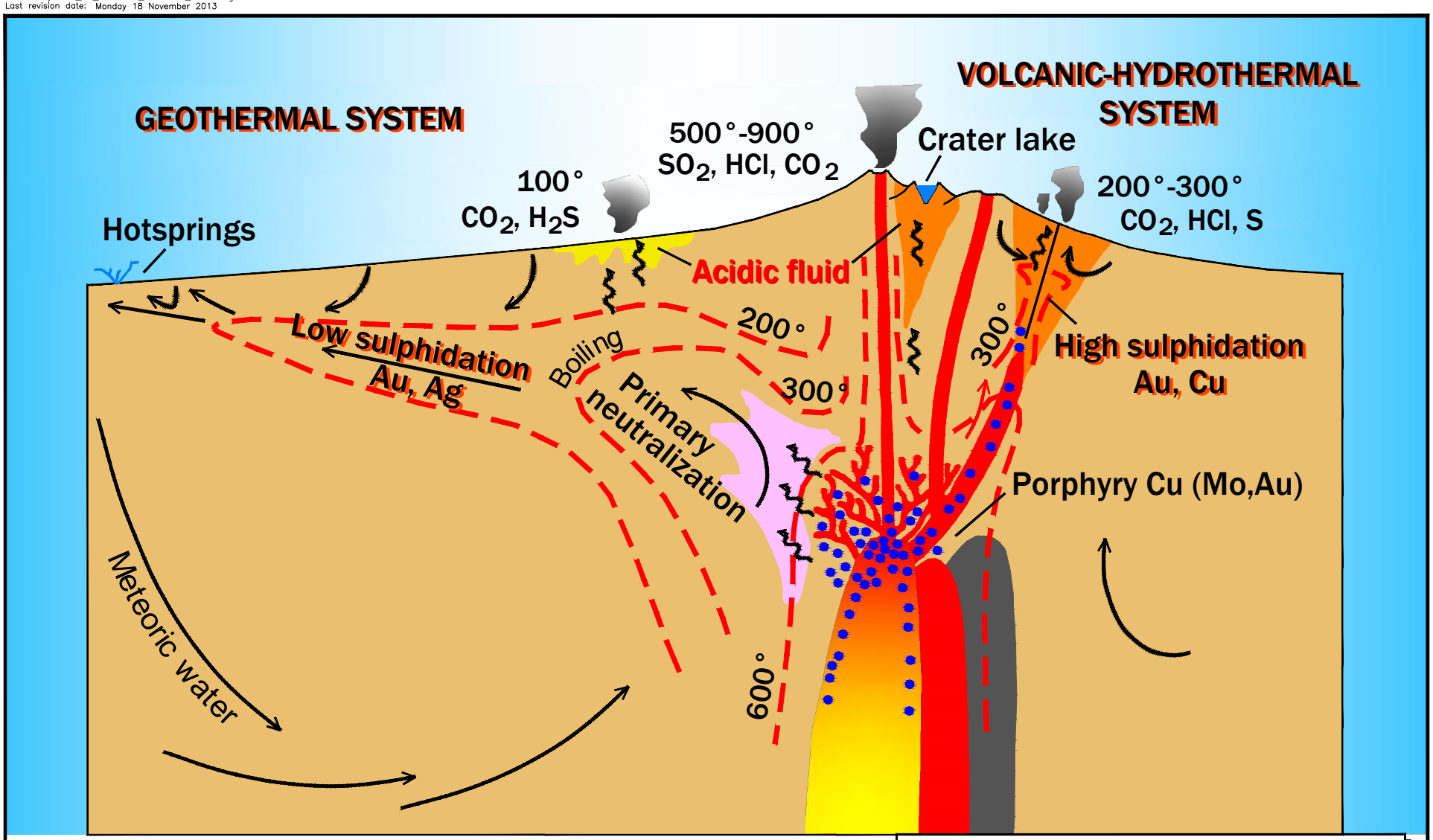
Last revision date: Monday 18 November 2013



Legend:

- *Saline magmatic fluid*
- *Liquide flow*
- *Vapor ascent*

Scale 1 :50,000

0 500 2,500

Metres

Figure 6.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Generalised Model of Porphyry and Epithermal Deposits

Graphics by Watts, Griffis and McOuat Limited After Deb (2007)

Watts, Griffis and McOuat

history is one of alteration that is both widespread and variable in its effects because of structure, ground preparation in relation to structure, porosity variations in brecciated, pyroclastic and volcanic rocks, zoning around intrusive nuclei, and altitude.

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

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

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

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

The Pimenton Property features a striking example of Andean geological alteration (Figure 7). Within an area of approximately 25 km^2 there are red to orange (as well as greenish) propylitic zones, white phyllic, argillic and silica-cap zones, and darker grey to greenish grey zones of potassic and chloritic alteration. The colours are dispersed down talus slopes and are interspersed with unaltered rock at higher altitude and glacial deposits in the valleys. In

addition to topography, the visual effects are influenced by lithology and hydrothermal activity. Porous tuffs and breccias may be pervasively altered while near-by massive andesites may be little affected. The core zone of potassic alteration is directly related to porphyry intrusions which themselves are mineralized with sulphides. The white alteration zones tend to surround the potassic core, but also occur in isolation. Such isolated occurrences are believed to indicate underlying porphyry, but may also result from structurally controlled hydrothermal invasion. The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

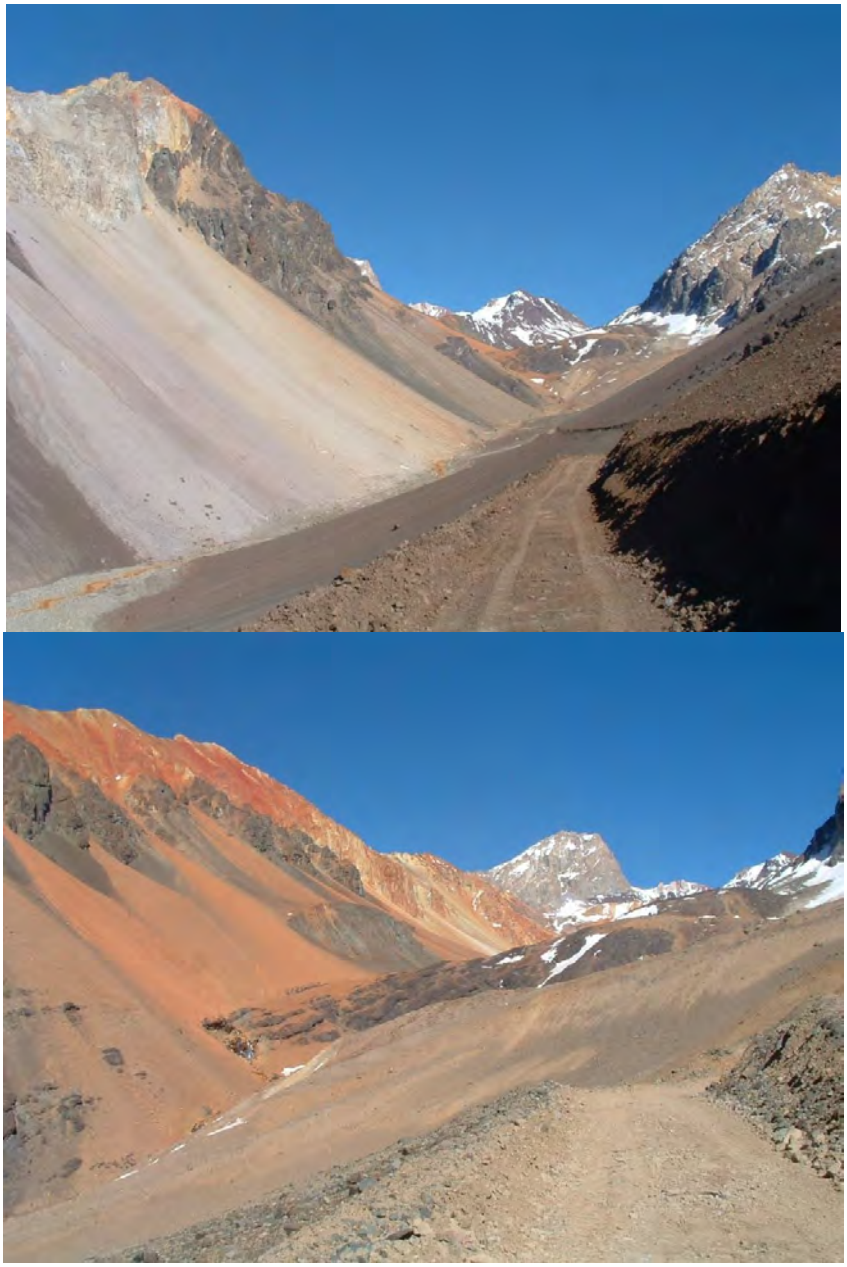


Figure 7. Photographs of white and red alteration in Hondo Valley

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

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

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

Pimenton Valley or Central Target

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

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

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

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

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

Observations by WGM suggest a sequence as follows:

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

The intrusive plastic porphyry rocks were accompanied by hot meteoric water and volatile gasses such as H_2S which spread vertically and laterally behind "fronts", and altered and mineralized the host rocks which, in the Pimenton valley, were early intrusions. It is remarkable the source of the mineralizing fluids does not appear to have changed during the intrusive and mineralizing history in the area of WGM's 2011 resource estimate. The net result appears to be a cumulative effect starting with disseminated mineralization in the plastic phase, shrinkage and early remobilization of sulphides into stockworks, and continued

mineralization (layering) in each successive event. The early intrusions thus become the sites of greatest accumulation of sulphide minerals, and have the best grade. Evidence for this interpretation is the constant ratio of copper to gold and very uniform grade over substantial widths.

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

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

Hondo Valley or Breccia Target

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

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

Hydrothermal alteration is associated with the NE structural trend. This alteration is developed mainly over a quartz-monzonite-monzo-diorite stock, which intrudes a diorite stock. It has a halo of chloritic alteration superimposed in the southern part on Na-Ca-K-Fe metasomatism within the Farellones volcanics. Within the halo, the alteration zone is

extensive and is characterized by pervasive quartz-sericite. Local chlorite-specularite-epidote-calcite facies with pyrite define haloes around centres of tourmaline breccia.

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

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

Vein Target

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

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

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

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

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

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

7.2.4 TORDILLO PROPERTY

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

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

8. DEPOSIT TYPES

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

9. EXPLORATION OTHER THAN DRILLING

9.1 PIMENTON MINE

As described in the History section of this report, mining the veins has been extremely challenging and it is only in the last four years that the mine has achieved industry accepted levels of competence. Other than by drilling, most exploration takes place by accessing veins at locations predicted from mining at higher levels, drifting and sampling along the veins and vertically in raises.

Within the mine area sections have been prepared 20 m apart. These are used to check for vein extensions and new vein possibilities.

In addition, a 2013 review by the Company of past soil sampling and more recent MMI sampling has drawn attention to eleven possible targets for trenching at surface or drilling from underground. A target of particular promise is at the western limit of a very strong MMI anomaly where strongly leached vein material had in the past reported 3.2 g Au/t over 2 m.

9.2 PIMENTON PROPERTY

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

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

9.3 TORDILLO PROPERTY

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

The 2013 fieldwork focussed on areas of alteration and, with use of GPS, veins were located and sampled prior to the drilling program. At the northern end of the amphitheatre at an elevation of around 4,150 m, relatively fresh samples from three conspicuous veins indicated widths of 7 to 40 cm and grades of 10 to 17 g Au/t, 250 to 450 g Ag/t and 6 to 24% Cu. Other veins that are less conspicuous because of leaching and superficial cover generally produced lower assay results but including one of 37 g Au/t across 10 cm.

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

10. DRILLING

10.1 PIMENTON MINE

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

In 2011, hole PP 02 was drilled west from the 3315 level. Recent drilling below the 3195 level has confirmed the continuation of multiple vein mineralization at deeper levels. Results from areas to be developed include high grades over intersected widths as follows:

TABLE 4.
PIMENTON MINE - HIGH GRADE MINERALIZED INTERCEPTS IN DRILL HOLES

Hole Number	Inclination	Intersected Width (m)	Au oz/t	Cu %
PP 2	66º	0.25	21.3	7.05
DDH 100	45º	0.23	21.51	below limit
129	40º	0.13	20.02	1.28
		0.10	80.31	7.38
		0.19	11.35	2.21
		0.28	24.92	3.85
145	20º	0.08	12.50	below limit
148	58º	0.30	29.18	0.10
150	45º	0.20	28.19	0.04
		0.07	36.97	2.46
154	28º	0.27	25.54	0.02

Although the intersected widths are narrow, the mine management and WGM concur with the practice of drifting to explore and sample the intersected veins in order to determine grades over mining widths and for delineation of reserve/resources blocks.

10.2 PIMENTON PROPERTY

Drilling by CEG followed their June 2011 report in which 17 holes were recommended. Work that took place in 2012 and 2013, comprised six completed holes and totalled 4,975.4 m, numbered PP 03, 04, 05, 08, 09 and 10, as shown in Figure 8. Hole PP 01 did not reach its objective, PP 06 was not drilled and PP 07 was abandoned at 22 m. PP 02 is reported upon in Section 10.1 of this report.

Drill hole PP 03 (-55º, 1,012 m) was drilled in the Pimenton mine area to explore beneath matching MMI and CSMT anomalies near the mine, but not in the immediate vicinity. Only near the bottom of the hole were there minor Au and Cu values that are not correlated with the surface MMI data.

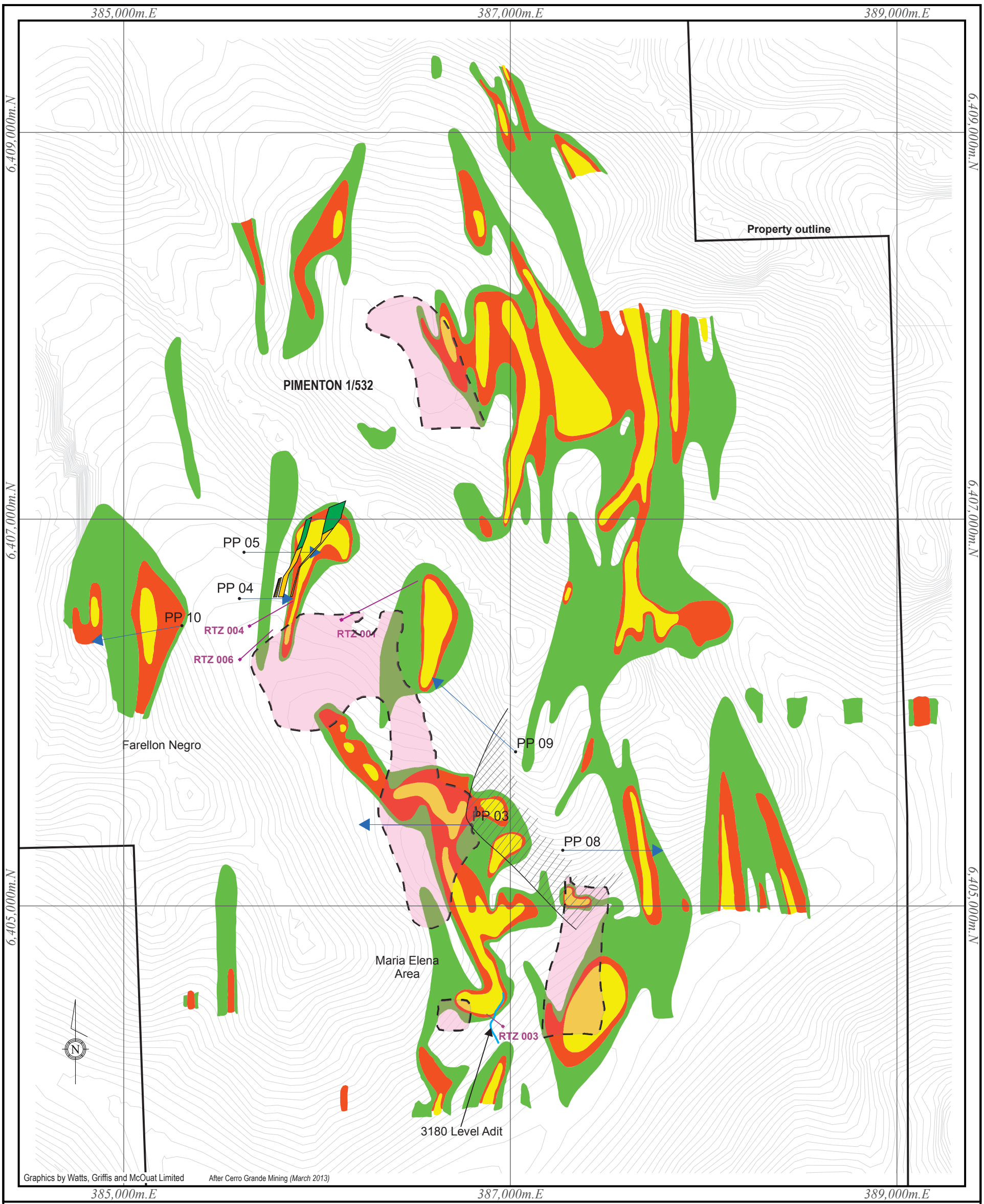
Also within the mine area, PP 09 (-45º, 787.6 m) was drilled from the northern end of the Lucho vein on the 3315 level. Primarily searching for hitherto unknown veins, it failed to encounter significant mineralization.

Some 700 m southeast of the mine area a strong CSAMT anomaly is perhaps related to a second anomaly about 500 m farther south and both have abnormal MMI gold and copper values. Referred to as the "Esperanza Portal Area Target", it was explored by drill hole PP 08 (-45º, 620 m) and confirmed as a location of widespread, but weak gold mineralization associated with disseminated pyrite.

Drilling to verify Inferred Resources at the Pimenton Porphyry, as recommended in the WGM (January 2011) report, was not undertaken, but two holes (PP 04 and PP 05, respectively 657.2 and 792.6 m) were drilled where the resources might have improved in grade to the north. To the depth drilled this was not the case. PP 04 intersected 204 m at a grade of 0.24 g Au/t and 0.37% Cu within diorite. PP 05 encountered what appears to be a pyritic halo around the mineralized diorite with very minor Au-Cu mineralization.

Also in the Pimenton valley, about 1.5 km north of the mine, drill hole PP 10 (-60º, 948.7 m) explored a MMI anomaly. Disseminated pyrite occurred throughout the hole and weak chalcopyrite, observed over 80 m (starting from 281m), explained the anomaly. Assay results were not significant.

SAG SCC / SAG_04_MMI_Copper.cdr
Last revision date: Wednesday 4 December 2013



Legend:

- *RR + 15*
- *RR 10*
- *RR 5*
- ***Completed Porphyry Drill Holes***
- *Drill hole*
- *RTZ drill hole*
- *Area of CSAMT anomaly*
- *Anomalous gold zone*
- *3,180 Level adit*
- *Inferred Resources*
- *Inferred Resources Projected onto Section*

Scale 1:20,000

0 0.2 1

Kilometres
UTM WGS84 Zone 19S

Figure 8.

CERRO GRANDE MINING CORPORATION

Pimenton Property

Valparaiso Region, Chile

Central and Vein Targets,
MMI Copper Contours and Drill Hole Locations

Watts, Griffis and McOuat

10.3 TORDILLO PROPERTY

Six short diamond drill holes (858.4 m total) explored the mineralization at the Tordillo Property in 2013. All are in the northern sector where the explored geology is depicted in Figure 9.

Drill hole TD 03 at -45º intersected veins that were also sampled on surface with similar Au content but noticeably lower Cu and Ag. This suggests to WGM that surface enrichment may be present. The most encouraging intercept was from 59.22 m to 61.16 m (1.94 m intersected width) which averaged 14.6 g Au/t and 0.8% Cu. In drill hole TD 04 at -60º below hole TD 03 the comparable intersected width was 0.36 m at a grade of 4.73 g Au/t and 4.68% Cu.

The other holes did not encounter mineralization of potential economic interest.

Watts, Griffis and McOuat

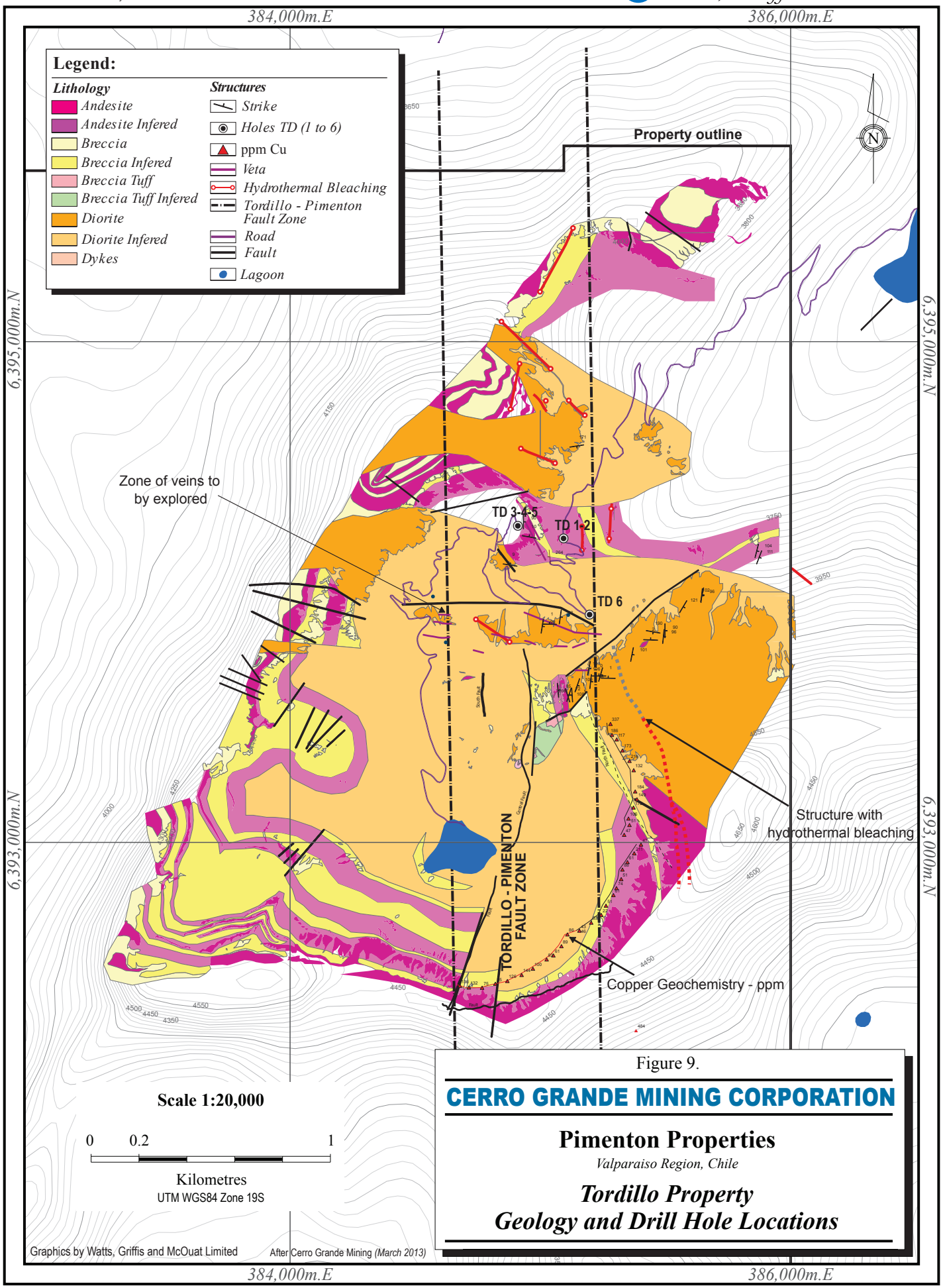


Figure 9.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Tordillo Property
Geology and Drill Hole Locations

11. SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 PIMENTON MINE

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

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

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

- Channel samples are collected on canvas sheets, transferred to plastic bags, tagged with an identification number, stapled and delivered to the laboratory on site. Core samples are split and identified similarly. Crushed and pulverised samples are then analysed for gold by fire assay and Cu, Mo and Ag by AAS. Check samples are sent to Act Labs S.A., an ISO 9001-2000 laboratory in La Serena, Chile, where they too are fire assayed for gold.

11.2 PIMENTON AND TORDILLO PROPERTIES

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

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

duplicate and blanks) was made at the RT offices of in Santiago on batches of 25 samples. Quality control for reference and duplicate samples was performed routinely and results were reported by RT to have met their standards. The two metre core samples were analyses by AAS for Cu and Mo, and by fire assay for Au. ICP30 analyses were also required on all core samples.

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

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

11.3 MMI SAMPLING

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

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

11.4 PIMENTON MINE LABORATORY

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

- Increased dust extraction;
- Installed ceramic tile floor on top of concrete floor (easier to clean);
- Installed second AAS unit as backup;
- Sealed AAS room and installed fume hoods above AAS units;
- Closed off furnace room and increased fume extraction; and
- Installed emergency shower and eyewash.

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

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

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

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

12. DATA VERIFICATION

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

ACTLABS

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

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

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

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

Brady took two samples of vein material in producing stopes on October 30, 2013 and had them analyzed at SGS Mineral Services in Lakefield, Ontario, Canada. The first analysis was 79.4 g Au/t, 29.8 g Ag/t, 5.29% Cu, and 0.0009% Mo. The second was 72.9 g Au/t, 34.7 g Ag/t, 14.20% Cu, and 0.0017% Mo.

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

13. MINERAL PROCESSING AND METALLURGICAL TESTING

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

TABLE 5.
PROCESSING RECOVERIES

Fiscal	Plant Feed	Head Grade			Recovery, %		
Year	t	Au, g/t	Ag, g/t	Cu, %	Au	Ag	Cu
2011	31,253	15.9	9.8	1.5	94.5	86.2	89.2
2012	34,336	12.1	7.8	1.2	94.1	83.3	91.0
2013	35,276	10.6	8.0	1.0	94.3	89.8	92.9

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

14. MINERAL RESOURCE ESTIMATES

14.1 PIMENTON MINE

The Mineral Resource estimate made by CMP and audited by WGM is effective October 1, 2013.

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

The measured grade is the weighted average grade of channel samples across the width of the vein diluted to 70 cm mining width. The cutoff grade used is 8 g Au/t equivalent, with 1% Cu equivalent to 1.63 g Au/t based on NSR calculation and no provision for adding Ag value.

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

As reviewed for this NI 43-101 report, the previous subdivision of inferred resources into two categories is omitted. Instead, WGM concurs with inferred resources estimated for 20 m vertical extension from the existing indicated resource blocks, and a 450 m horizontal extension of the Leyton Vein system. WGM considers that these inferred resources have fairly high probability of being converted to the "indicated" classification in the future.

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

TABLE 6.
SUMMARY OF RESOURCE ESTIMATE 2013, PIMENTON MINE

Category	Tonnes	Au, g/t	Cu, %
Measured	27,000	12.2	1.3
Indicated	106,000	12.4	1.3
Total Measured + Indicated	133,000	12.3	1.3
Inferred	162,000	12.3	1.3

The cutoff grade used is 8 g Au/t equivalent, with 1% Cu equivalent to 1.63 g Au/t based on NSR calculation.

TABLE 7.
DETAILS OF RESOURCE ESTIMATE, PIMENTON MINE
(Tonnes as calculated)

Vein	Block	Section	Measured	Indicated	Au, g/t	Cu, %
Stopes						
Lucho	3135LUNA	Lucho	834.38	4,171.88	11.14	2.06
Lucho	3195LUNB	Lucho	472.50	2,362.50	7.04	0.77
Lucho	3195LUSB	Lucho	486.00	2,430.00	12.18	2.29
Lucho	3195LUNB2	Lucho	141.08	705.38	20.85	2.26
Lucho	3195LUNA	Lucho	1,461.00	7,305.00	15.86	1.51
Lucho	3195LUNA3	Lucho	680.48	3,402.38	19.97	1.09
Lucho	3260LUNB	Lucho	2,977.88	11,315.93	18.84	1.84
Lucho	3260LUNA2	Lucho	135.90	543.60	14.53	1.49
Lucho	3315LUNA2	Lucho	410.40	1,805.76	17.65	2.17
Lucho	3315LUNA5	Lucho	706.10	2,965.60	13.57	1.99
Lucho	3430LUNB3	Lucho	254.70	560.34	23.48	2.96
Leyton	3430LENA2	Lucho	751.50	1,728.45	7.58	0.97
Lucho	3470LUNB	Lucho	206.72	1,033.59	9.08	0.07
Leyton	3470LENA2	Lucho	313.20	814.32	9.59	0.82
Leyton	3510LENB2	Lucho	61.59	307.97	16.67	1.48
Leyton	3510LENB3	Lucho	522.00	2,610.00	9.59	0.82
Lucho	3540LENA2	Lucho	113.40	567.00	16.42	0.91
Michelle	3260MCA2	Michelle	1,014.00	3,549.00	9.09	0.67
Michelle	3315MCB2	Michelle	1,014.00	4,106.70	9.09	0.67
Michelle	3470MCB1	Michelle	293.63	1,468.13	7.89	0.54
Michelle	3470MCB2	Michelle	448.88	89.78	7.60	0.82
Michelle	3470MCA1	Michelle	254.25	1,017.00	12.27	0.73
Michelle	3470MCA3	Michelle	271.13	1,084.50	9.53	0.59
Michelle	3470MCA5	Michelle	54.00	216.00	11.16	1.35
Michelle	3510MCB1	Michelle	254.25	1,017.00	12.27	0.73
Michelle	3510MCB3	Michelle	271.13	1,084.50	9.53	0.59
Michelle	3510MCB5	Michelle	54.00	216.00	11.16	1.35
Nicole	3260NCSB	Nicole	815.40	3,261.60	8.11	0.40
Nicole	3195NCSA	Nicole	815.40	4,077.00	8.11	0.40
Manterola	3375MTA1	Manterola	508.50	2,542.50	20.52	0.36
Marie Elena	3260MEA	Marie Elena	1,764.00	8,820.00	8.13	1.87
Marie Elena	3325MEB	Marie Elena	1,764.00	3,739.68	8.13	1.87
Marie Elena	3355MEB	Marie Elena	1,702.13	6,420.15	7.40	0.82
Roxana	3260RXB1	Roxana	313.65	1,568.25	4.67	2.88
Roxana	3260RXB2	Roxana	243.45	1,217.25	8.30	1.66
Roxana	3195RXA1	Roxana	313.65	1,568.25	4.67	2.88
Roxana	3195RXA2	Roxana	243.45	1,217.25	8.30	1.66
Subtotal			22,941.68	92,910.21		
Measured Grade					11.61	1.35
Indicated Grade					11.79	1.36
Remnants						
Lucho	3260LUSA	Lucho	63.30	240.54	13.82	1.03
Lucho	3260LUNA	Lucho	302.37	1,149.01	14.33	1.53
Lucho	3315LUSB	Lucho	63.30	240.54	13.82	1.03
Lucho	3315LUNB	Lucho	314.37	1,194.61	14.04	1.50
Lucho	3315LUSA	Lucho	67.35	316.55	19.44	0.56
Lucho	3315LUNA	Lucho	97.59	437.91	43.06	3.00
Lucho	3315LUNA4	Lucho	48.75	204.75	21.14	1.74

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

Vein	Block	Section	Measured	Indicated	Au, g/t	Cu, %
Lucho	3375LUSB	Lucho	67.35	282.87	19.44	0.56
Lucho	3375LUNB	Lucho	97.59	409.88	43.06	3.00
Lucho	3375LUNB2	Lucho	45.60	191.52	17.65	2.17
Lucho	3375LUNB4	Lucho	48.75	204.75	21.14	1.74
Lucho	3375LUNB5	Lucho	83.07	348.89	13.57	1.99
Lucho	3375LUNA2	Lucho	200.03	800.10	18.39	1.42
Lucho	3375LUNA3	Lucho	109.58	438.30	9.00	0.96
Lucho	3430LUNB2	Lucho	167.18	367.79	14.35	0.69
Lucho	3430LUNB4	Lucho	78.75	173.25	9.80	1.09
Lucho	3430LUNA	Lucho	19.91	43.81	8.93	0.10
Lucho	3430LUNA3	Lucho	118.06	271.53	9.14	0.47
Leyton	3430LENA	Lucho	118.06	271.53	9.14	0.47
Leyton	3430LENA3	Lucho	50.96	117.21	17.19	1.42
Leyton	3470LENB	Lucho	122.37	305.93	8.91	0.48
Leyton	3470LENB2	Lucho	62.44	156.09	7.70	1.05
Leyton	3470LENB3	Lucho	50.96	127.41	17.19	1.42
Leyton	3470LENA	Lucho	135.79	353.05	22.86	2.14
Leyton	3510LENB	Lucho	111.15	164.52	24.23	2.28
Lucho	3510LUNA	Lucho	39.26	196.31	32.12	0.48
Leyton	3510LENA	Lucho	114.73	174.16	12.68	1.18
Leyton	3540LENB	Lucho	63.00	45.18	10.76	1.11
Lucho	3540LENB2	Lucho	51.73	84.13	15.02	1.26
Lucho	3470LUNB4	LeytonMannonLucho	23.96	71.89	8.18	0.36
Lucho	3430LUNA4	LeytonMannonLucho	23.96	71.89	8.18	0.36
Michelle	3315MCA2	Michelle	24.00	96.00	8.54	0.52
Michelle	3315MCA4	Michelle	96.42	385.68	16.25	1.71
Michelle	3375MCB2	Michelle	24.00	105.60	8.54	0.52
Michelle	3375MCB4	Michelle	96.42	443.53	16.25	1.71
Michelle	3375MCA1	Michelle	51.75	207.00	20.56	2.13
Michelle	3375MCA2	Michelle	93.94	375.75	10.26	0.51
Michelle	3430MCB1	Michelle	51.75	207.00	20.56	2.13
Michelle	3430MCB2	Michelle	93.94	375.75	10.26	0.51
Michelle	3430MCA1	Michelle	74.25	29.70	7.71	0.71
Leyton	3470LESB	LeytonMannonLucho	50.63	253.13	19.35	0.87
Leyton	3430LESA	LeytonMannonLucho	50.63	151.88	19.35	0.87
Leyton	3375LEB	LeytonMannonLucho	34.20	153.90	8.96	0.43
Leyton	3315LEA	LeytonMannonLucho	34.20	171.00	8.96	0.43
Leyton	3375LEA1	LeytonMannonLucho	83.03	373.61	10.90	0.68
Leyton	3430LEB1	LeytonMannonLucho	83.03	249.08	10.90	0.68
Lucho	3470LUNA2	LeytonMannonLucho	34.88	104.63	10.33	0.52
Lucho	3510LUNB2	LeytonMannonLucho	34.88	139.50	10.33	0.52
Subtotal			**3,973.17**	**13,278.60**		
Measured Grade					15.77	1.25
Indicated Grade					16.50	1.29
Total Measured Resources			**26,915**		**12.22**	**1.34**
Total Indicated Resources				**106,189**	**12.38**	**1.35**
Total m + I				**133,104**	**12.35**	**1.35**
Inferred Resources			162,000		12.35	1.35

The main sections that were used in the Resource estimate are in Figures 10 to 15 inclusive. Blocks with a grade below 8 g Au/t equivalent were not used in the Resource estimate.

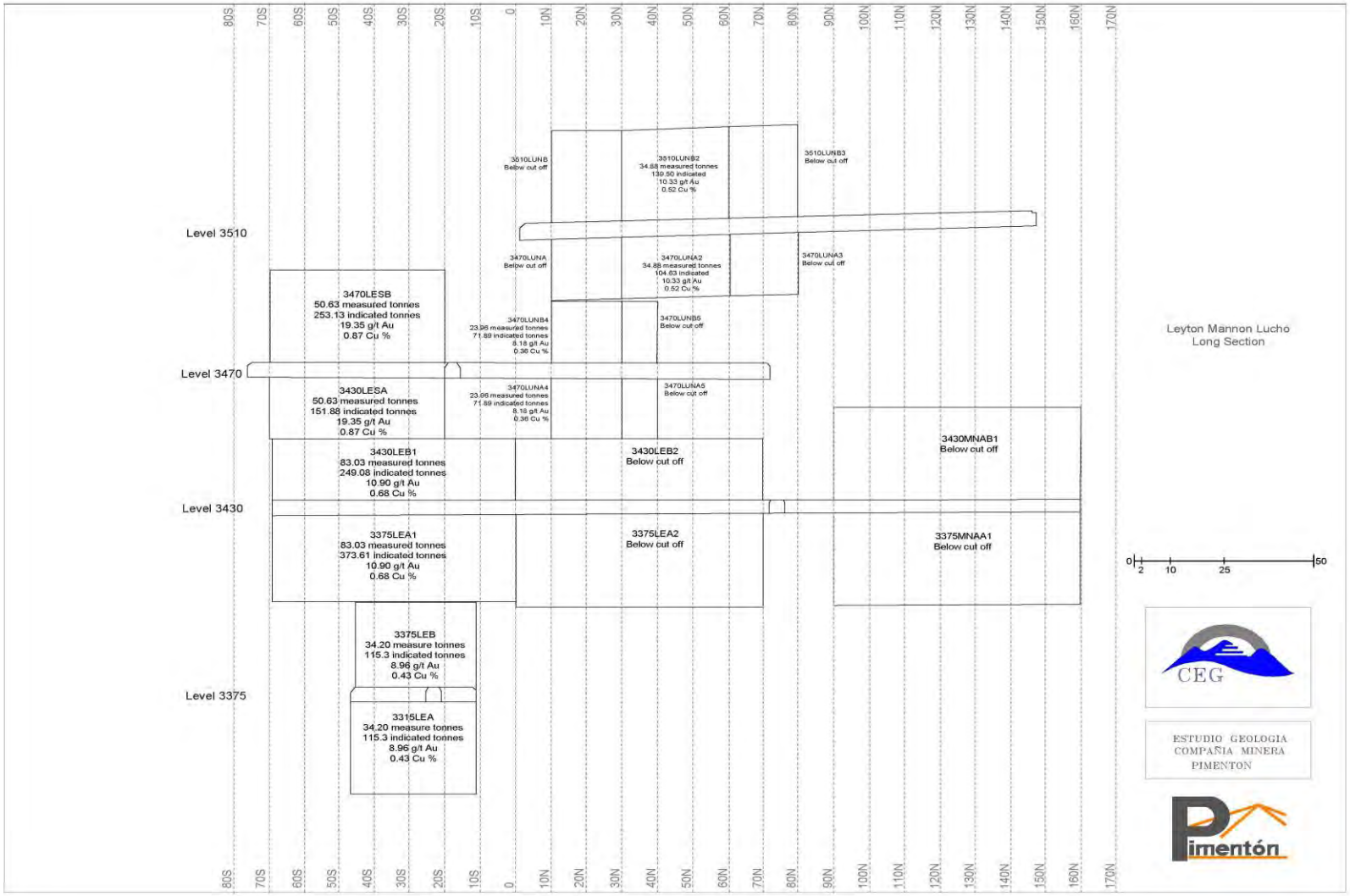


Figure 10. Pimenton Mine resources: Section Leyton-Mannon-Lucho Veins

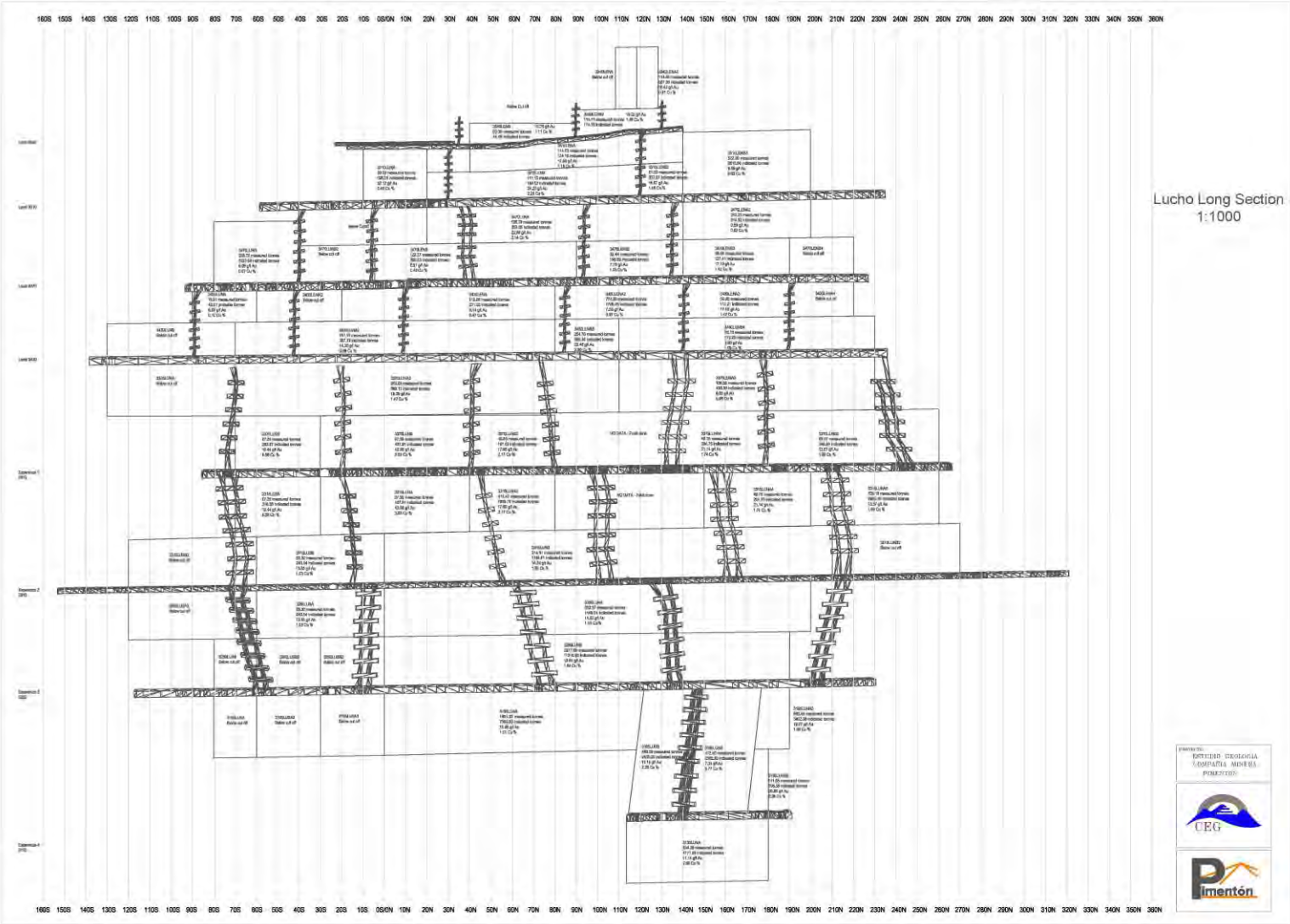


Figure 11. Pimenton Mine Resources: Section Lucho Vein

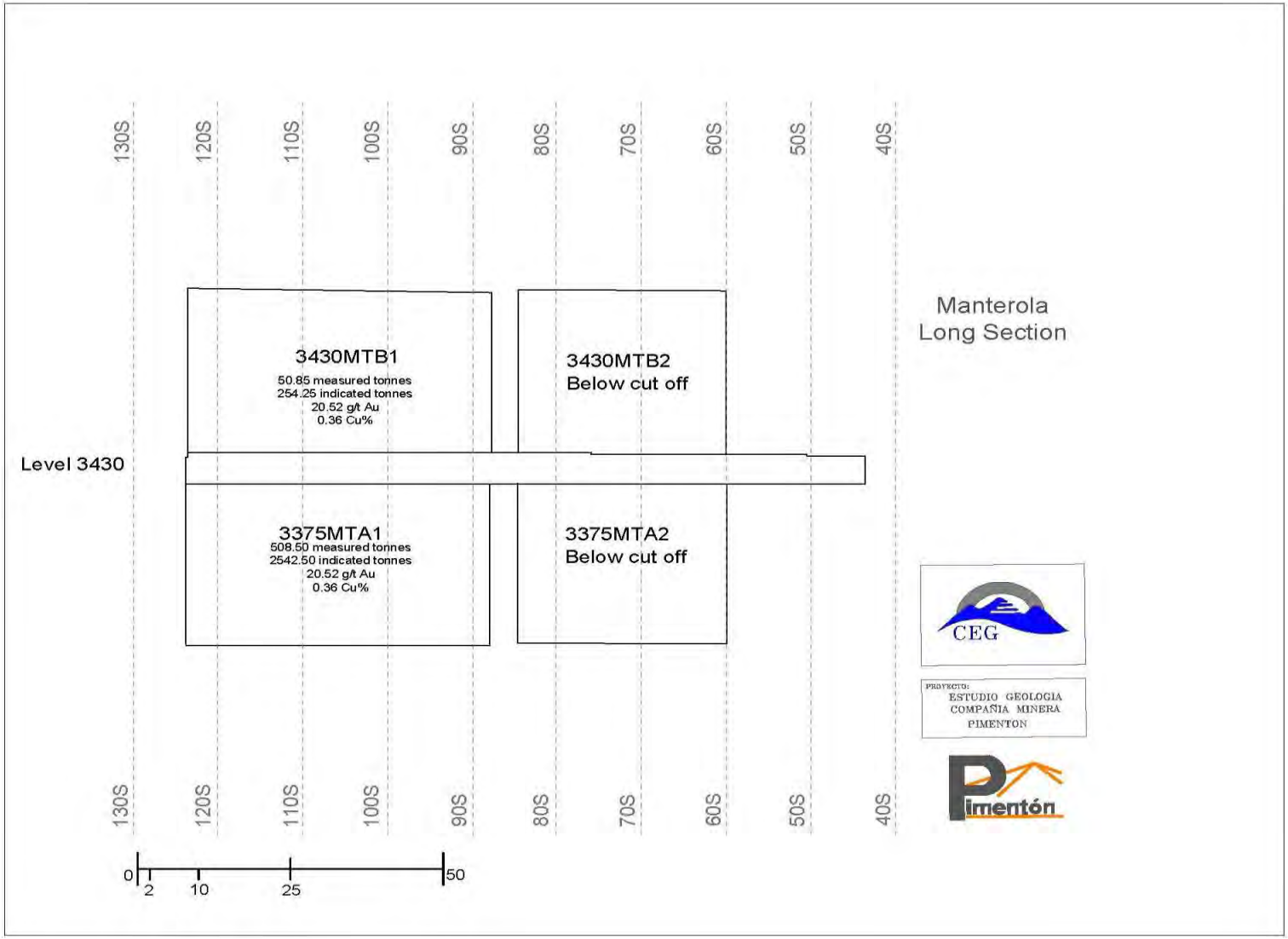


Figure 12. Pimenton Mine Resources: Section Manterola Vein

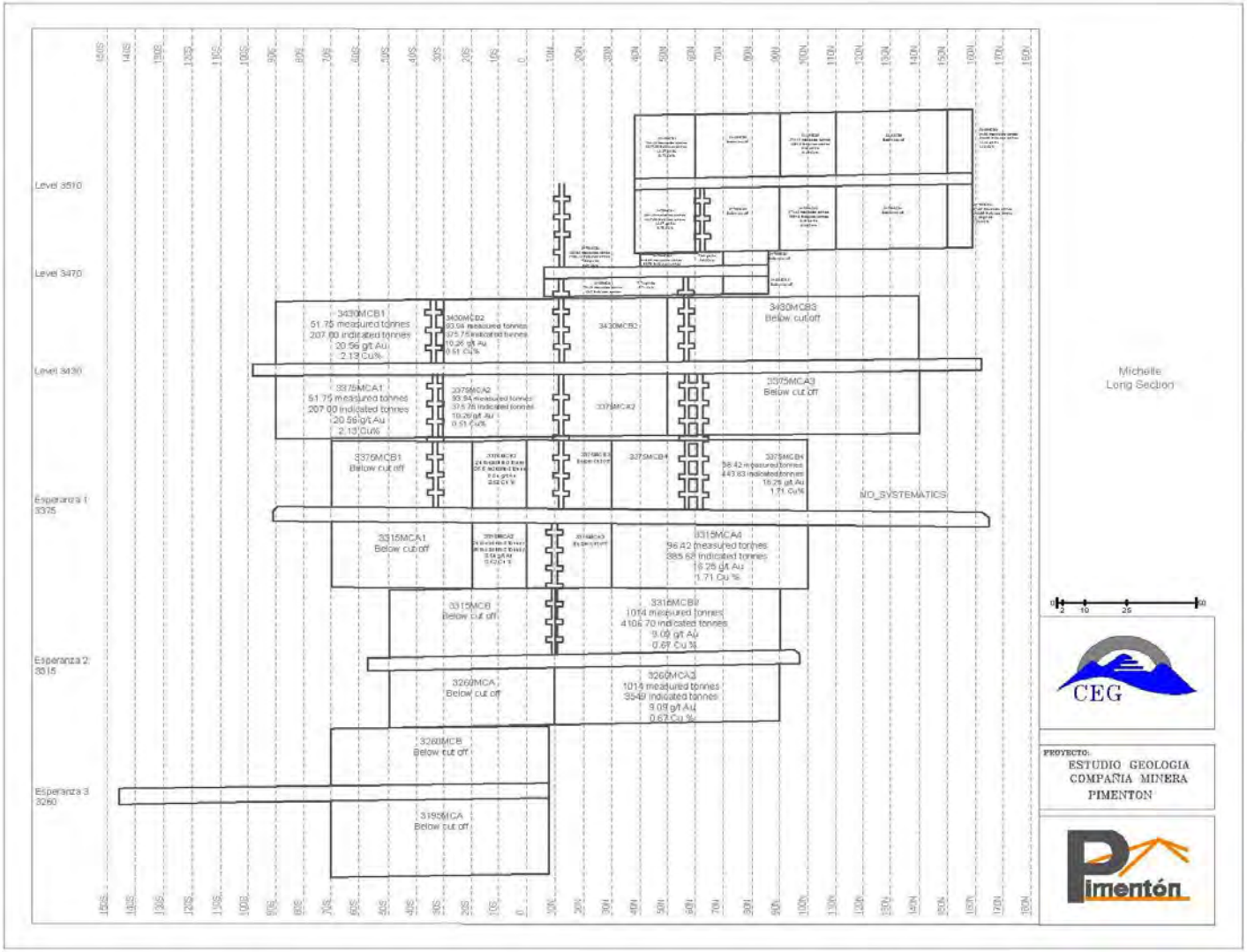


Figure 13. Pimenton Mine Resources: Section Michelle Vein

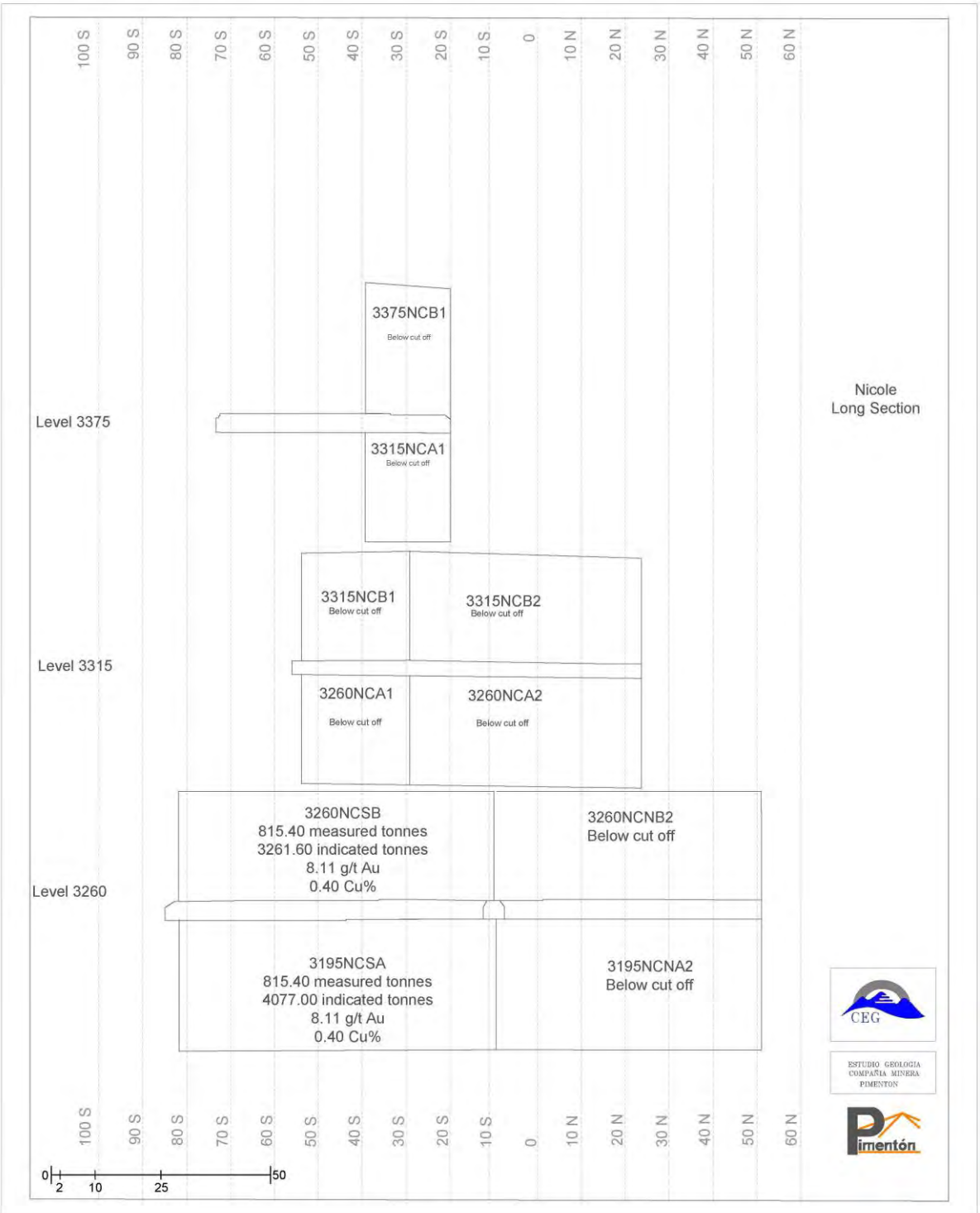


Figure 14. Pimenton Mine Resources: Section Nicole Vein

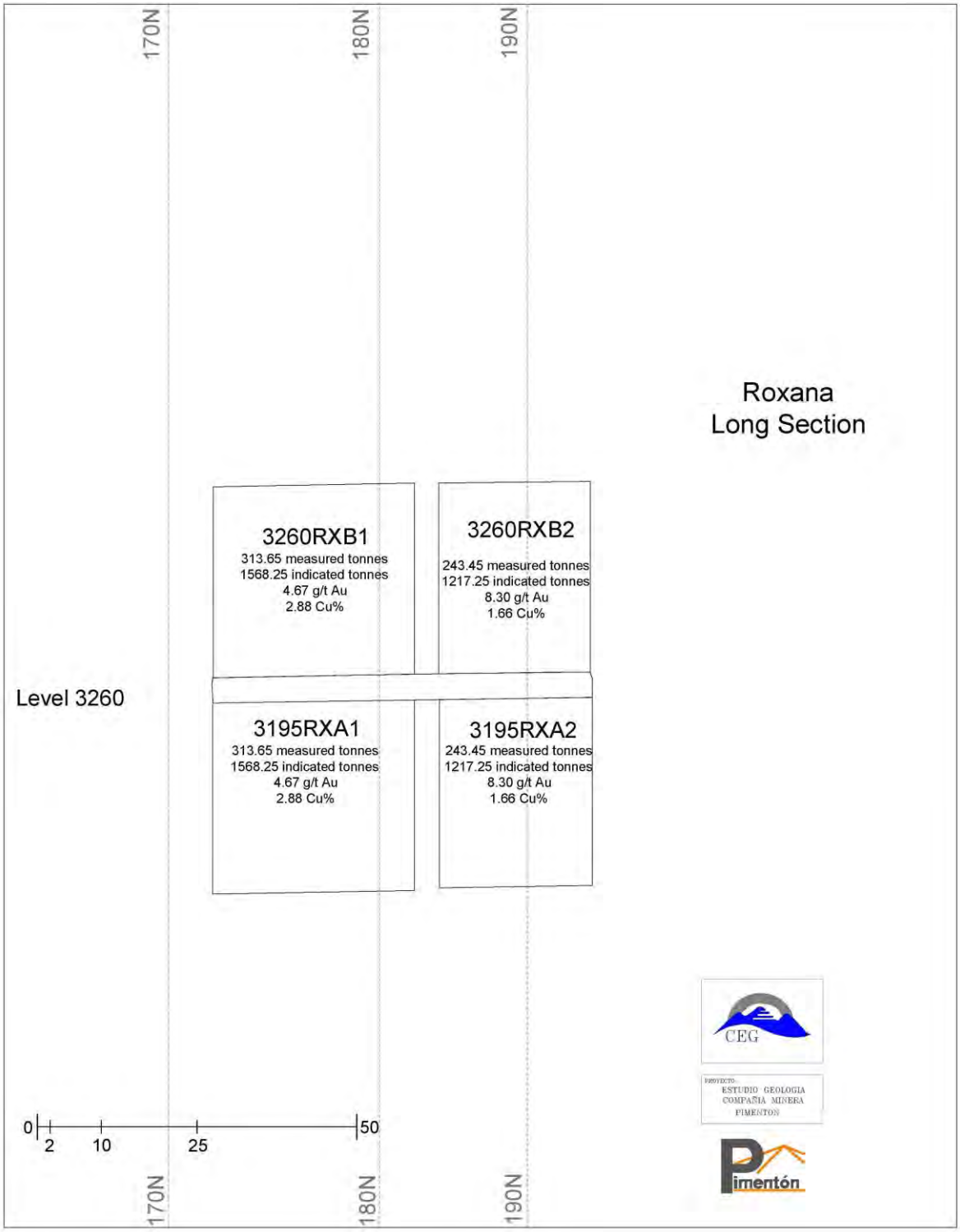


Figure 15. Pimenton Mine Resources: Section Roxana Vein

15. MINERAL RESERVE ESTIMATES

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

The CMP estimate of reserves has been modified by WGM to better reflect observations during the site visit by Brady regarding dilution and future extraction from pillars and other remnants. In all respects the estimate uses blocks, procedures and methodology similar to that which has been applied since 2002 to arrive at the inventory of resources and to determine reserves.

Proven Reserves are derived from the Measured Resources, Probable Reserves from Indicated Resources. For conversion to reserves, mining losses in stopes are estimated to be 5% and dilution is estimated to be 10% at nil grade.

Remnants of mined-out stopes include draw cones that will be mined at the end of the mine life. In the case of such draw cone remnants, mining losses are estimated by WGM to be 20% and dilution is estimated to be 10% at nil grade. The remnants are generally higher grade than the rest of the reserves. Details are shown in Table 8.

TABLE 8.
PIMENTON MINE MINERAL RESERVES
Effective October 1, 2013

Category	Tonnes	Au, g/t	Cu, %
Proven			
Stopes	24,000	10.5	1.2
Remnants	4,000	14.0	1.1
Total Proven	**28,000**	**11.0**	**1.2**
Probable			
Stopes	98,000	10.7	1.2
Remnants	12,000	14.7	1.1
Total Probable	**110,000**	**11.1**	**1.2**
Total Proven & Probable	**138,000**	**11.1**	**1.2**

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

In addition to gold and copper, the silver content is approximately 7.2 g/t.

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

16. MINING METHODS

16.1 INTRODUCTION

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

TABLE 9.
PIMENTON MINE ADITS AND VEINS RECOGNIZED

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

Because of excessive distance from portal to ore, adits will not be developed at lower elevations. Instead, a 2.9 m by 3.2 m ramp will be developed below Esperanza 4 at a 10% decline. The ramp, on the Lucho vein, was started in November 2013.

16.2 MINING METHODS

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

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

Stopes are prepared with 60° draw cones to successive chutes along the drift and are designed to be 70 cm wide, unless the economic zone is wider. Stopes are accessed from raises driven in pairs 5 m apart between stopes. The raises are 1 m by 1.5 m. Every 7 m up the raise, a 1 m by 2 m "window" (horizontal drift) joins the 2 raises and extends a further 2.4 m on either side. The use of twin raises and windows increases safety in driving the long raises and the window extensions provide access to the stopes. In stopes, eucalyptus stulls are installed 1.5 m apart horizontally and are pre-stressed by using Jackpot™ single use hydraulic jacks. The stulls are laid over with 3.2 m long wood or metal planks, then the back is drilled and blasted, the planks being removed and replaced before and after blasting. The next set of stulls is installed 1.2 m higher and the process repeated to the desired height, allowing for a 3 m pillar between the stope and the next higher level. Scrapers are available in case a stope's geometry requires horizontal transfer of ore. Trucks haul ore from the chutes to a portal. The mining method is illustrated in Figures 16 and 17.

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

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

16.3 MINING EQUIPMENT

The main mining equipment is listed in Table 10.

TABLE 10.
MINING EQUIPMENT

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

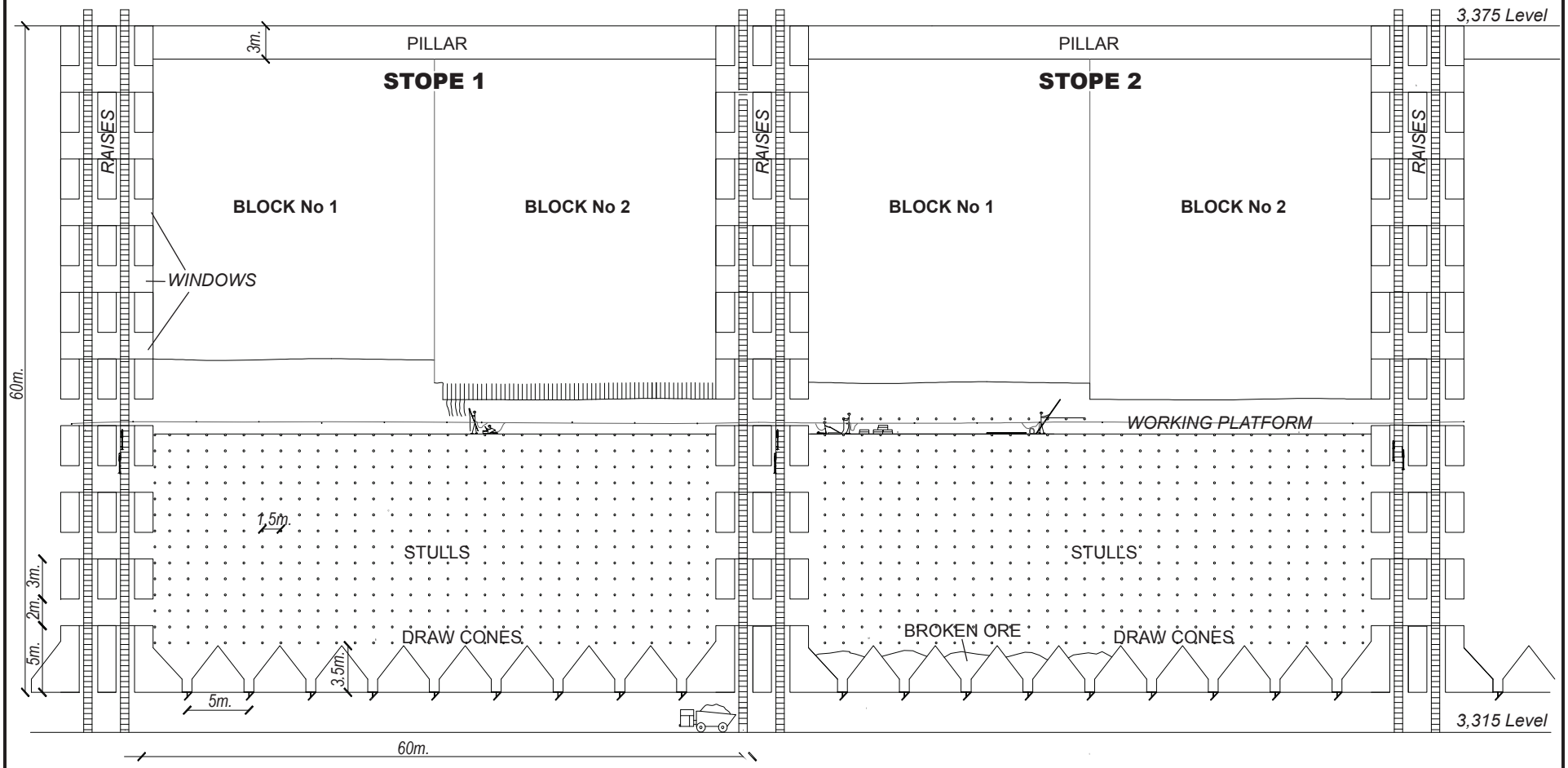


Figure 16.

CERRO GRANDE MINING CORPORATION

Pimenton Mine

Valparaiso Region, Chile

Stoping Method

Graphics by Watts, Griffis and McOuat Limited After CMP *(2013)*

Watts, Griffis and McOuat

PIM SCC / PIM_07_Platform_Plan.cdr
Last revision date: Monday 2 December 2013

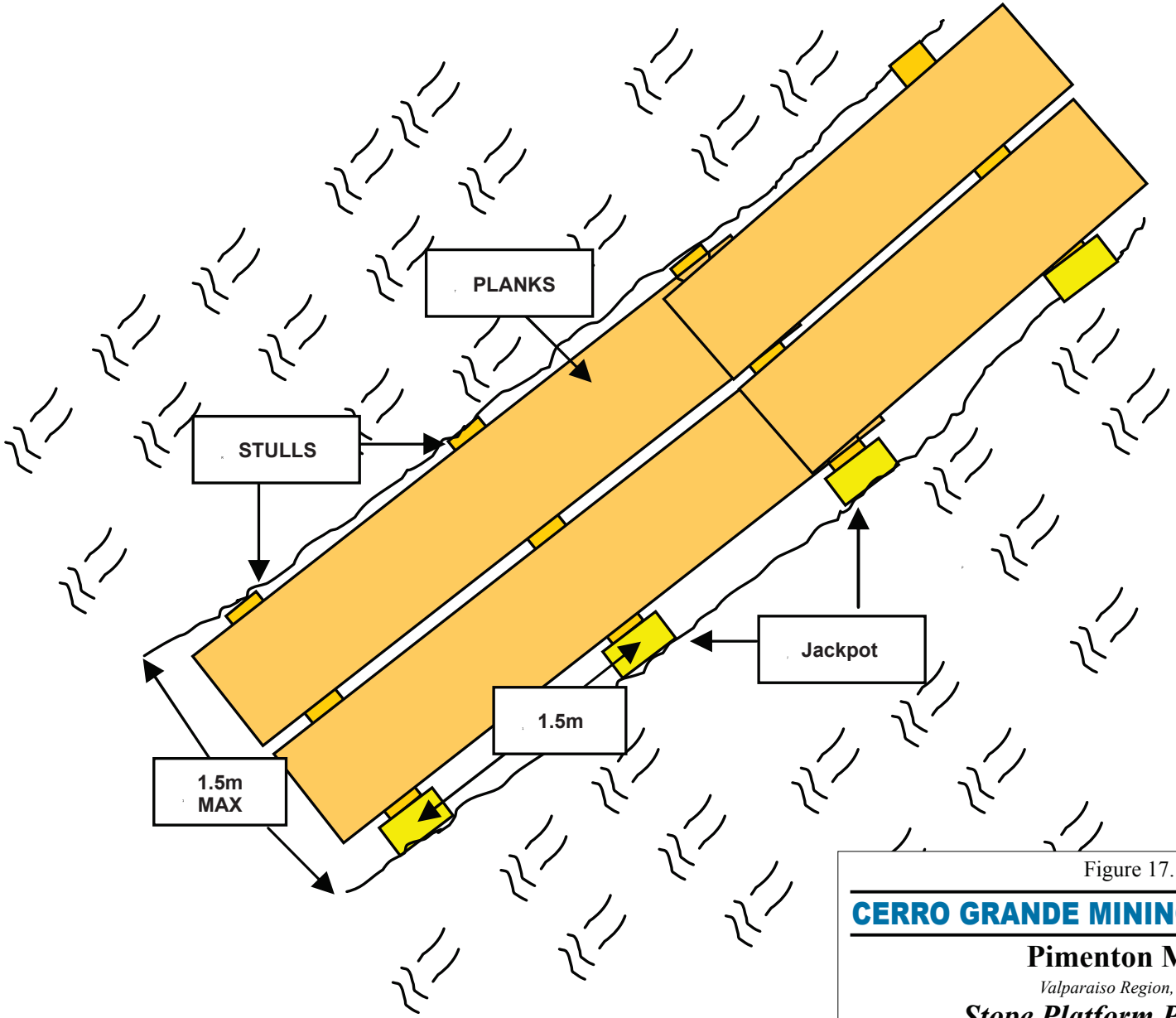


Figure 17.

CERRO GRANDE MINING CORPORATION

Pimenton Mine

Valparaiso Region, Chile

Stope Platform Plan View
Up to 1.5m Width

Graphics by Watts, Griffis and McOuat Limited After CMP *(2013)*

Watts, Griffis and McOuat

16.4 VENTILATION

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

16.5 DEWATERING

Until now, all mine water has flowed out the adits under gravity, pumps have not been required. With the start of the ramp, water will be pumped up to the Esperanza 4 adit. At the start, a pneumatic pump will be used; this may be changed to an electric model. Sumps and electric pumps will be installed as the ramp deepens.

16.6 MINING LOSSES AND DILUTION

Extraction of as much as 80% of pillars is achievable and high-grade veins have a high extraction rate. However, "recoverability" as a whole is dependent on the diluted grade which in turn is dependent on width of the vein. Each situation has to be evaluated in terms of timing, accessibility and metal prices. Estimation of reserves uses a mining loss factor of 5%, or 95% extraction, for stopes and 20% for draw cone remnants. The draw cones can be blasted down into the level drift below, with the work retreating towards the portal. Since this will permanently cutoff access on that level, these remnants will only be taken at the end of the mine life.

Resource estimates use a minimum mining width of 70 cm (planned dilution). Additional dilution occurs mainly in the 3 m wide drifts on each level, the 1 m wide stope raises, and the 1 m wide stope windows. WGM estimates this additional dilution to be 10% at nil grade.

17. RECOVERY METHODS

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

Ore is trucked in 20 t dumpers to an off-load area and fed to a 150 mm (6-inch) grizzly. The primary jaw crusher has an opening size of 500 mm by 860 mm. The 400 mm by 685 mm secondary jaw crusher discharges onto a short conveyor belt that delivers the ore to a tertiary 2-foot cone crusher and thence to a fine-ore bin. Installation of a screen in closed circuit was underway at the time of the 2013 site visit. Then the cone crusher opening size can be optimized and most ball mill discharge oversize eliminated. CMP believes that this will increase the plant capacity to 180 tpd. The plant will then be campaigned according to ore availability and generator fuel savings will result. History has shown that ore can be mined efficiently at an average rate of 100 to 120 tpd, and the increased capacity will provide opportunities for periodic closure rather than increased output.

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

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

The plant flow sheet is shown in Figure 18.

PIM SCC / PIM_05_FlowSheet.cdr
Last revision date: Monday 2 December 2013

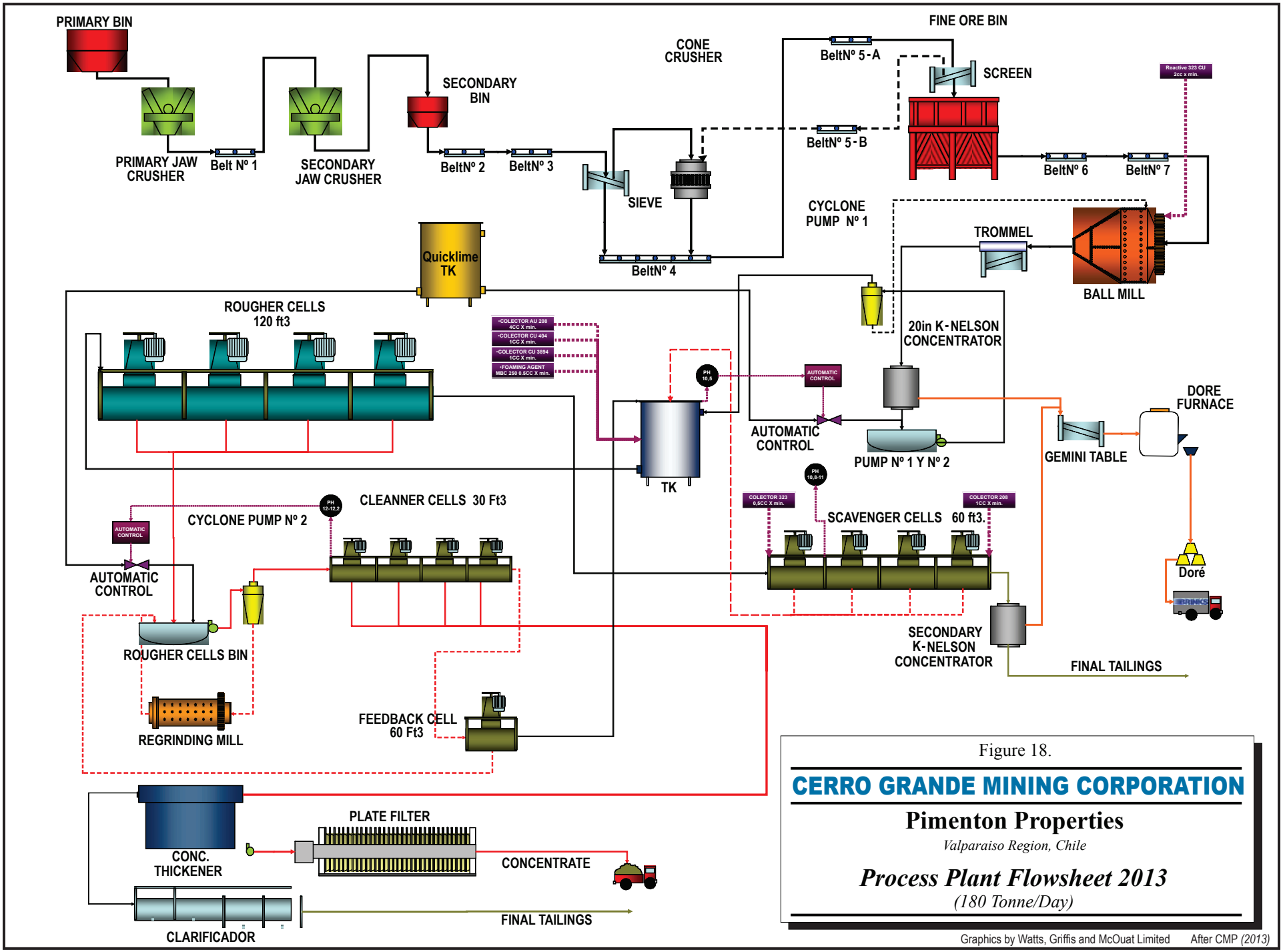


Figure 18.

CERRO GRANDE MINING CORPORATION

Pimenton Properties

Valparaiso Region, Chile

Process Plant Flowsheet 2013

(180 Tonne/Day)

Graphics by Watts, Griffis and McOuat Limited After CMP *(2013)*

Watts, Griffis and McOuat

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

On site recovery of gold is above 94% and copper recovery was close to 93% during the last year. The doré contains approximately 70% of the gold product, with the other 30% reporting to the concentrate.

TABLE 11.
PIMENTON MINE METALLURGICAL BALANCE, Fiscal 2013

Month	Total Mill Feed, t	Head Grade			% Recovery			Metal in Concentrate		
		Au, g/t	Ag, g/t	Cu, %	Au	Ag	Cu	Au, Oz.	Ag, Oz.	Cu, t
Oct-12	3,615	11.27	7.26	0.84	93.5	86.1	93.3	282.68	425.77	30.06
Nov	3,252	12.32	9.64	1.22	94.5	90.3	94.0	314.00	702.65	36.84
Dec	3,222	13.35	10.08	1.40	95.2	90.7	93.0	416.73	867.36	44.00
Jan	3,357	12.71	8.56	1.16	92.9	89.1	86.2	292.59	893.72	34.83
Feb	2,993	11.05	7.07	0.84	92.7	86.8	85.6	188.14	454.79	20.30
Mar	3,006	10.38	6.55	0.90	93.5	86.9	93.0	294.26	450.47	19.62
Apr	3,045	8.87	8.54	0.92	93.5	89.2	94.6	194.73	337.31	21.56
May	1,963	6.09	7.30	0.81	94.1	89.1	94.1	126.95	269.27	13.84
Jun	2,149	8.02	6.02	0.85	95.2	90.8	95.4	220.66	279.95	17.94
Jul	2,973	9.55	8.48	1.01	95.8	92.6	95.5	193.64	296.96	28.52
Aug	2,786	10.20	8.13	0.99	96.0	93.4	95.9	204.23	364.82	27.76
Sep-13	2,914	10.47	7.76	0.92	95.1	93.9	96.2	236.78	301.10	26.00
	35,276	**10.61**	**8.03**	**1.00**	**94.30**	**89.81**	**92.89**	**2,965.39**	**5,644.18**	**321.28**

		Doré	Doré Grade		Au Production		Total Doré and Conc. Production		
		Ounces	Au %	Ag %	Au (Oz)	Ag (Oz)	Au (Oz)	Ag (Oz)	Cu (Ton)
Oct-12	3,615	991.21	83.07	9.85	823.35	97.67	**1106.03**	**523.44**	**30.06**
Nov	3,252	1,100.00	83.10	10.35	914.14	113.87	**1228.14**	**816.52**	**36.84**
Dec	3,222	954.97	78.54	12.89	750.02	123.07	**1166.75**	**990.44**	**44.00**
Jan	3,357	1,515.33	73.91	11.27	1119.97	170.74	**1412.56**	**1,064.46**	**34.83**
Feb	2,993	1,000.42	72.01	11.03	720.39	110.30	**908.53**	**565.10**	**20.30**
Mar	3,006	769.99	83.99	8.46	646.71	65.11	**940.97**	**515.58**	**19.62**
Apr	3,045	690.50	81.12	8.35	560.15	57.64	**754.88**	**394.95**	**21.56**
May	1,963	448.14	75.74	5.77	339.42	25.85	**466.37**	**295.13**	**13.84**
Jun	2,149	198.70	82.47	7.53	163.88	14.97	**384.54**	**294.92**	**17.94**
Jul	2,973	755.78	77.13	7.93	582.90	59.94	**776.54**	**356.90**	**28.52**
Aug	2,786	912.39	81.74	8.32	745.81	75.92	**950.04**	**440.74**	**27.76**
Sep-13	2,914	623.32	81.13	8.16	505.68	50.85	**742.46**	**351.95**	**26.00**
	35,276	**9,960.74**	**79.03**	**9.70**	**7,872.41**	**965.95**	**10,837.80**	**6,610.13**	**321.28**

Figures in red are CMP values and will be revised after final smelter settlement. The recoveries shown include contained metal in doré and concentrate as well as inventory of recoverable metal in doré slag, gravity tails, and mill clean up.

18. GENERAL & ADMINISTRATION AND INFRASTRUCTURE

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

In November 2013, CMP moved its Los Andes facility to a larger site. Because incoming crew members depart for the mine at 09:00 with the return trip arriving at approximately 17:00, the site contains sleeping quarters for incoming employees arriving the previous evening and outgoing employees heading to the city's bus depot in the morning. There are also offices, a recruiting centre, and a maintenance garage.

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

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

19. MARKET STUDIES AND CONTRACTS

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

Contracts

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

Effective January 2, 2013 for the year 2013 for a potential 3,000 t of concentrate in US$.
Specifications (typical):

Cu 20-25%	Au 100-150 g/t	Zn 0.25%
S 40%	Ag 150 g/t	Pb 0.056%
As 0.131%	Mg 0.108%	Hg 6.5 ppm
Sb 0.006%	Cr 0.028%	Te 32 ppm

Cu – LME Settlement Price Cu Grade A in $/MT averaged over one month after delivery. Au and Ag – 96% of London Bullion closing price averaged over one month after delivery.
Deductions: Au 1 g/t, Ag 20 g/t, Cu 3.65% of the Cu content with a minimum of 1 unit.
Penalties if moisture exceeds 10% ($3.00/t for each 1%) and by negotiation if above 12% moisture.
Treatment $125/t concentrate.
Refining Cu $0.125/lb, Ag $0.365/troy oz, Au $6.00/troy oz.
Settlement 90% based on analysis by Enami. 10% after arbitration.

Refining contract between CMP and Argor-Heraeus SA of Switzerland

Effective December 16, 2009.

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

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

Penalties

Hg and radioactivity unacceptable. Others to be advised.
Sb, As, Bi, Cd, Cu (up to 10% acceptable), Pb (0.5%), Mo (0.1%), Se, Te, Sn (0.3%).

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

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

All necessary permits are reported by CEG to be in place for the current operation. The lined tailing storage facility is permitted for a 20 m increase in the height of the earth fill dam, using the downstream construction method. The capacity when complete would be 1.3 million tonnes, sufficient for over 30 years of mine life. The low pH mine water directed to the tailings storage moderates the relatively high pH plant discharge water. All of the tailings water is contained and recycled to the Plant. A separate circuit from the plant goes to a treatment plant for the camp water.

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

A majority of the 245 workers at the Pimenton mine live in the 5th region of Chile. At present the mine staff is over 97% Chilean. CEG supports local schools, voluntary Fire Brigades and community events for the Los Andes area (5th region). It has been supporting public events when requested by the local Mayor and the Municipality such as providing generators or technical assistance.

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

- Donation to the Cancer Foundation $1,000 cash
- San Esteban Fire Brigade $406 cash
- San Esteban Municipality $33,071 consisting of furnished containers to be used as offices.
- San Esteban Fire Brigade $3,678 consisting of a fire ladder and platform
- San Esteban Municipal School $4,143 consisting of 3 notebook computers and laboratory equipment to allow the students (6 to 12 years) to carry out scientific investigations and studies.

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

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

21. CAPITAL AND OPERATING COSTS

Table 12 presents CMP's financial overview.

TABLE 12.
FINANCIAL OVERVIEW

FISCAL YEAR	2011	2012	2013
Tonnes per year	31,253	34,336	35,276
Total Ounces Produced (note: Equivalent Oz)	15,749	12,583	10,899
Au Grade, g/t	15.9	12.1	10.6
Cu, %	1.5	1.2	1.0
REVENUES			
Revenue From Recovered Equivalent Ounces	$24,289,372	$25,548,609	$18,666,867
LESS OPERATIONAL COSTS			
Smelting and Refining and related Costs	$465,663	$370,267	$332,501
NSR Royalty Costs	$1,410,122	$1,478,485	$1,080,492
Mine Operating Costs	$4,362,985	$7,473,860	$5,954,951
Plant Operating Costs	$1,939,572	$2,273,337	$2,454,924
G&A Maintenance/Road Costs	$2,378,464	$3,308,930	$2,743,376
G&A Mine Support Costs	$2,756,979	$3,909,119	$3,476,732
Exploration & Development Costs	$971,632	$1,206,129	$1,739,052
Total Operating Costs including Smelting and Refining, Royalty, Exploration and Development	$14,285,417	$20,020,128	$17,782,028
Santiago and Los Andes Costs	$1,395,582	$1,851,993	$1,894,694
TOTAL COSTS	**$15,680,999**	**$21,872,121**	**$19,676,722**
EBITDA	$8,608,373	$3,676,488	-$1,009,855
Depreciation and Amortization	$2,176,209	$2,266,632	$2,504,038

Although not supported by the present Reserves, CMP expects to continue to explore and develop additional reserves in the zone of Inferred Resources. The preliminary capital budget to maintain and increase production is shown in Table 13 below.

TABLE 13.
PIMENTON MINE CAPITAL BUDGET

Year	2014	2015	2016	2017	2018
Capital Budget, USD	625,000	647,500	635,000	710,000	210,000

The CMP balance sheet is shown in Table 14.

TABLE 14.
COMPAÑIA MINERA PIMENTON BALANCE SHEET

Assets	September 30, 2013 US$(000s)	September 30, 2012 US$(000s)
Current assets		
Cash and cash equivalents	46	1,144
Accounts receivable	1,084	1,967
Recoverable taxes	91	35
Inventory	2,601	2,306
Total current assets	**3,822**	**5,452**
Non-current assets		
Receivable from related parties	7,131	7,575
Mining properties, plant and equipment	17,820	18,508
Total non-current assets	24,951	26,083
Total assets	**28,773**	**31,535**
Liabilities and Partners' equity		
Current liabilities		
Trade and other payables	2,172	3,330
Payable to related parties	75	1,402
Current portion of long-term debt	446	228
Total current liabilities	**2,693**	**4,960**
Non-Current liabilities		
Long-term debt	561	194
Long-term amount due to related parties	28,315	25,255
Reclamation and remediation	2,113	1,727
Deferred income tax liability	-	881
Total non-currents liabilities	**30,989**	**28,057**
Total liabilities	**33,682**	**33,017**
Partners' equity		
Paid-in capital	1	1
Reserve for future capital increases	10,145	10,145
Deficit	(15,055)	(11,628)
TotalPartners' equity	**(4,909)**	**(1,482)**
Total liabilities and partners' equity	**28,773**	**31,535**

22. ECONOMIC ANALYSIS - PIMENTON MINE

22.1 RECONCILIATION OF RESERVES AND MINING

The Pimenton Mine had a before-tax profit of $2.5 million in fiscal 2012, but a before-tax loss of $4.1 million in fiscal 2013. The 2013 result is attributable to world-wide financial conditions which have depressed the gold price as shown in Figure 19.

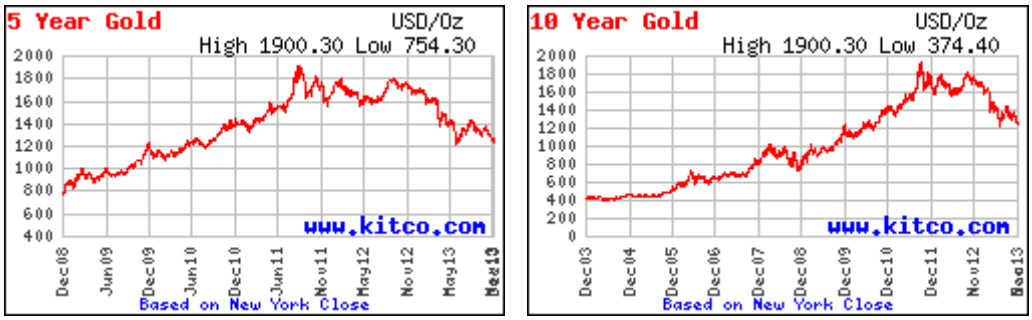


Figure 19. 5 and 10 Year Gold Price Charts

CMP has significantly reduced mine operating costs from $494/t milled in 2012 to $415/t milled in 2013, but there is continued under-utilization of the treatment plant which operated at approximately 70% of capacity.

In the period since WGM's 2011 report, the reserves tonnage has been maintained. The reconciliation of reserves and ore mined for the three fiscal years to the end of September 2013 is shown in Table 15.

WGM notes that the head grade declined in 2012 and 2013 as production increased and development accelerated and attributes this to drift and raise development with much higher dilution than stopes. The estimated grade of the Mineral Reserves is similar to that of achieved in 2013 partly because of dilution added by WGM.

As in all mines like Pimenton, production targets depend on labour productivity, capital, equipment maintenance, elimination of bottle-necks, etc., and WGM does not diminish the difficulties that will be encountered in approaching the target of 150 tpd milled at the reserve grade. However, the mine management is strong, current operations are efficient, and capital is available to meet the mine's requirements. WGM therefore accepts that under the present circumstances, the target is attainable, but cautions that the history over the last year is a concern because it suggests otherwise.

TABLE 15.
RECONCILIATION OF RESERVES AND MINING, 2010 to 2013

	Proven			Probable			Proven + Probable		
	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)
2010 Year End	26,000	12.8	1.4	113,000	13.7	1.5	139,000	13.5	1.5
2013 Year End	28,000	11.0	1.2	110,000	11.1	1.2	138,000	11.1	1.2
Change	**2,000**			**-3,000**			**-1,000**		
Milled - 2011							31,253	15.9	1.5
- 2012							34,336	12.1	1.2
- 2013							35,276	10.6	1.0
- Total							100,865	12.8	1.2
Parameters									
	Metal Prices ($)		1% Cu	Cutoff	Width	S.G.			
	Au (oz)	Cu (lb)	Au Eqiv.	Au Eqiv.	Used				
2010	1,300	3.50	1.76 g/t	5.6 g/t	80 cm	3			
2013	1,300	3.10	1.63 g/t	8.0 g/t	70 cm	3			

22.2 CASH FLOW ASSUMPTIONS

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

The cash flow analysis considers costs needed to mine the present Reserves and close the operation, but excludes expenses forecast by CMP to continue exploring, developing new levels, converting Inferred Resources to Reserves, and thus prolonging mine life. Included in this cash flow analysis for three years is a sustaining capital allowance of $250,000 for equipment. As is standard practice in mining industry cash flow analysis, smelter charges and the royalty are shown as deductions in the revenue section. Head office costs are not included, but we have added $250,000 per year to General and Administration operating costs to cover the Los Andes office, which WGM considers to be mainly site-related.

WGM's base case cash flow (Table 16) is based on proven and probable reserves of 138,000 t at grades of 11.1 g Au/t, and 1.2% Cu, and 7.2 g Ag/t. Other assumptions are listed below:

WGM Cash Flow Assumptions:

- All units of currency are in US dollars.
- All units of measurement are metric unless otherwise stated.
- All dollars are constant dollars, i.e. no inflation.

- The gold and copper prices are based on both the current price and the trailing 36 month average. For gold and silver, the model uses the London Bullion Market metal prices and for the copper price, the London Metal Exchange. The model uses the current price (November 22, 2013) for the first year of production; the average of the current price and the three year trailing average for the second year; and the three year average for the third and fourth years of production.

- Gold price averages $1,420 per troy oz., Silver price $25.28 per troy oz, Copper price $3.42 per lb.
- Mill through-put 120 t of ore per day or 36,000 t per year assuming 300 working days per year.
- Pimenton produces gold/silver doré and a copper/gold concentrate. Recoveries of these two products are based on the metallurgical recoveries achieved over the last 12 months to October 31, 2013 and are as follows:
  - To the doré
    - 71.8% of the contained gold.
    - 19.3% of the contained silver.
  - To the copper/gold concentrate
    - 80.7% of the contained copper.
    - 20.1% of the contained gold.
    - 56.0% of the contained silver.
- Operating costs are based on historical costs and modified by WGM. The basic operating costs are:
  Mining - $185 per tonne of ore.
  Processing - $70 per tonne of ore.
  General and Administration, General - $2,750,000 per year.
  General and Administration, Maintenance and Road - $2,750,000 per year.
  Los Andes Office - $250,000 per year
  - Costs not included:
    CEG's overheads are not included.
    CEG's off mine exploration costs are expected to be met out of cash flow, but are not included.
    Interest on the mine debt is projected at 7.5% and is not included.
    WGM has not included corporate taxes on the understanding that in the current corporate structure they are not applicable to CMP. Should this be incorrect, consideration should be given to the corporate tax rate which is 20% of net income. While intercompany dividends are not taxed, dividends to foreign entities or to individuals incur a dividend tax that raises the overall tax rate to 35%. Projected sustaining capital costs are $250,00 per year for the years 2014 through 2016 based on the mines previous history and do not include costs to develop inferred resources.

- Mine closure and rehabilitation is projected to cost $2.36 million net of working capital recovery.
- Copper concentrate processing terms.
  The assumed copper concentrate grade is 20.8% based on 2013 results.
  - Pay for all of the copper with a deduction of 1%. Pay for all contained gold with a minimum deduction of 1.0 g.
  - Pay for all contained silver with a minimum deduction of 20 g.

- Smelting Charge - $125 per t of concentrate
- Copper refining charge - $0.125 per payable lb. of copper.
- Gold refining charge - $6.00 per oz. of payable gold.
- Silver refining charge - $0.465 per oz. of payable silver.
- Transportation to the smelter - included in G&A.

- Gold bullion smelter and refining terms.
  - Gold
    - Losses in refining – 1% (est. by WGM)
    - Basic gold deduction – 0.1%
    - Refining charge – $0.45 per oz. of payable gold.
    - Freight and insurance - $14.00 per oz. of contained gold.
  - Silver
    - Basic deduction – 2.5%
    - Refining charge - $0.45 per oz. of payable silver.

Other charges included in gold charges.

TABLE 16.
PIMENTON MINE BASE-CASE CASH FLOW CALCULATION

BASE Case Blended Metal Prices	Units	Total/ Average	2014	2015	2016	2017	2018
METAL PRICES							
Gold	**US$/oz**	**1,420**	1,257	1,420	1,583	1,583	-
Copper	**US$/lb**	**3.42**	3.15	3.42	3.69	3.69	-
Silver	**US$/oz**	**25.28**	20.24	25.28	30.33	30.33	-
PRODUCTION							
Ore Mined/Milled	**t**	**138,000**	36,000	36,000	36,000	30,000	
Ore Grades							
Gold	**g/t**	**11.09**	10.64	10.64	10.64	12.71	-
Copper	**%**	**1.22%**	1.23%	1.23%	1.23%	1.18%	-
Silver (est.)	**g/t**	**7.15**	7.15	7.15	7.15	7.15	-
Dore Production							
Gold Recovery to Dore	**%**	**70.9%**	70.9%	70.9%	70.9%	70.9%	-
Dore Produced	**kg**	**1,355.7**	339.3	339.3	339.3	337.8	-
Gold Grade	**%**	**80%**	80%	80%	80%	80%	-
Gold Production	**ozs**	**34,870**	8,727	8,727	8,727	8,688	-
Less: Refining Losses	**ozs**	**349**	87	87	87	87	-
Net Gold Production	**ozs**	**34,521**	8,640	8,640	8,640	8,601	-
Gold Revenue	**k$**	**50,416**	10,861	12,268	13,674	13,613	-
Silver Production	**ozs**	**2,313**	603	603	603	503	-
Silver Revenue	**k$**	**60**	12	15	18	15	-
Total Dore Revenue	**k$**	**50,476**	**10,873**	**12,283**	**13,692**	**13,628**	-
Less: Freight,Ins. & Refining	**k$**	**583**	144	146	147	145	-
Net Dore Revenue	**k$**	**49,893**	10,729	12,137	13,545	13,483	-
Copper Concentrate							
Concentrate Production	**t**	**7,597**	1,998	1,998	1,998	1,603	-
Copper Grade	**%**	**20.8%**	20.8%	20.8%	20.8%	20.8%	-
Gold Grade	**g/t**	**47.9**	45.6	45.6	45.6	56.5	-
Silver Grade	**g/t**	**38**	38	38	38	47	-
Copper Revenue	**k$**	**11,524**	2,746	2,981	3,216	2,580	-
Gold Revenue	**k$**	**16,054**	3,454	3,902	4,349	4,349	-
Silver Revenue	**k$**	**126**	23	28	34	41	-
Total Copper Conc. Revenue	**k$**	**27,704**	6,224	6,911	7,599	6,970	-
Less: Smelting Charges	**k$**	**950**	250	250	250	200	-
Copper Refining	**k$**	**414**	109	109	109	87	-
Gold Refining	**k$**	**66**	16	16	16	16	-
Silver Refining	**k$**	**2**					-
Total Smelter & Refining	**k$**	**1,432**	376	376	376	305	-
Net Smelter Return - Copper Concenetrate	**k$**	**26,273**	5,848	6,536	7,224	6,665	-
Total Revenue	**k$**	**76,166**	16,577	18,673	20,768	20,148	-
Less: NSR Royalty	**k$**	**4,570**	995	1,120	1,246	1,209	-
Net Revenue to Pimenton	**k$**	**71,596**	15,582	17,553	19,522	18,939	-
OPERATING COSTS							
Mining	**k$**	**25,530**	6,660	6,660	6,660	5,550	-
Processing	**k$**	**9,660**	2,520	2,520	2,520	2,100	-
G&A	**k$**	**22,042**	5,750	5,750	5,750	4,792	-
Total Operating Costs	**k$**	**57,232**	14,930	14,930	14,930	12,442	-
EBITDA	**k$**	**14,364**	652	2,623	4,592	6,497	-
NET CASH FLOW to PROJECT							
EBITDA	**k$**	**14,364**	652	2,623	4,592	6,497	-
Less: Sustaining Capital	**k$**	**750**	250	250	250	-	-
Decommissioning	**k$**	**2,360**	-	-	-	-	2,360
Pre-Tax Net Cash Flow to Project	**k$**	**11,254**	402	2,373	4,342	6,497	(2,360)
Less: Corporate Taxes (Rebate)	**k$**	**2,101**	67	444	810	1,251	(472)
Net CASH Flow to Project after Taxes	**k$**	**9,153**	335	1,929	3,532	5,246	(1,888)
Accumulated Post-Tax NCF to Project	**k$**	**9,153**	335	2,263	5,795	11,041	9,153
NET PRESENT VALUE (Post-Tax)	**%**	**-**	5.0%	7.5%	10.0%	12.5%	**15.0%**
	K$	**-**	8,152	7,710	7,302	6,925	**6,576**

22.3 TAXES AND ROYALTIES

Revenue was subject to a 5% NSR, increased to a maximum of 6% at the current gold price, paid to BTX.

Taxes in Chile are different for DL-600 registered and non- registered companies. A DL-600 registered company is subject to minimum tax of 20% on non-distributed income and 45% on distributed income. If it is advantageous to do so, a company may apply to be deregistered. If so, the tax ceiling is decreased to 38%.

CEG's wholly owned Chilean subsidiaries include Compañia Minera Pimenton which is the owner/operator of the mine. A second company, Compañia Minera Til Til Ltda. ("**Til Til**"), is a DL-600 registered company which has made most of the advances to the project (see long-term liabilities in the corporate financial statements). WGM has calculated corporate taxes as 20% of net income after deducting depreciation. The tax rate is 20% and losses can be carried forward or back.

22.4 DISCUSSION OF CASH FLOW

The WGM Base Case (Blended Metal Prices) cash flow calculation yields an undiscounted cash flow of $9.2 million while the present value of the cash flow using mid-year discounting is $8.2 million at a rate of 5% and $7.3 million at 10%. Note that all cash flows are after corporate taxes.

The base case cash flow reflects WGM's opinion of metal prices that will prevail over the four years 2014 to 2017 and is based on WGM's assumption that metal prices will return to the trailing three year average. WGM's base case uses the current price (at Nov 20, 2013) for the first year, the average of current prices and the trailing three year average for the second year (2015) and the three year average for the third and fourth year. These three year trailing average metal prices are higher than metal prices at November 20, 2013 which were Au $1,257/oz, Ag $20.24oz, and Cu $3.15/lb. Calculated as of that date, the comparable undiscounted cash flow is $1.3 million.

The Pimenton Mine derives most of its revenue from gold as illustrated in Figure 20. As a result it is highly sensitive to gold prices that prevail at the time of sales. In order of impact, the cash flow is most sensitive to "all" metal prices, followed closely by the gold price, then operating costs, and then the copper price. The cash flow is least sensitive to changes in capital costs. These sensitivities are illustrated in Figure 21.

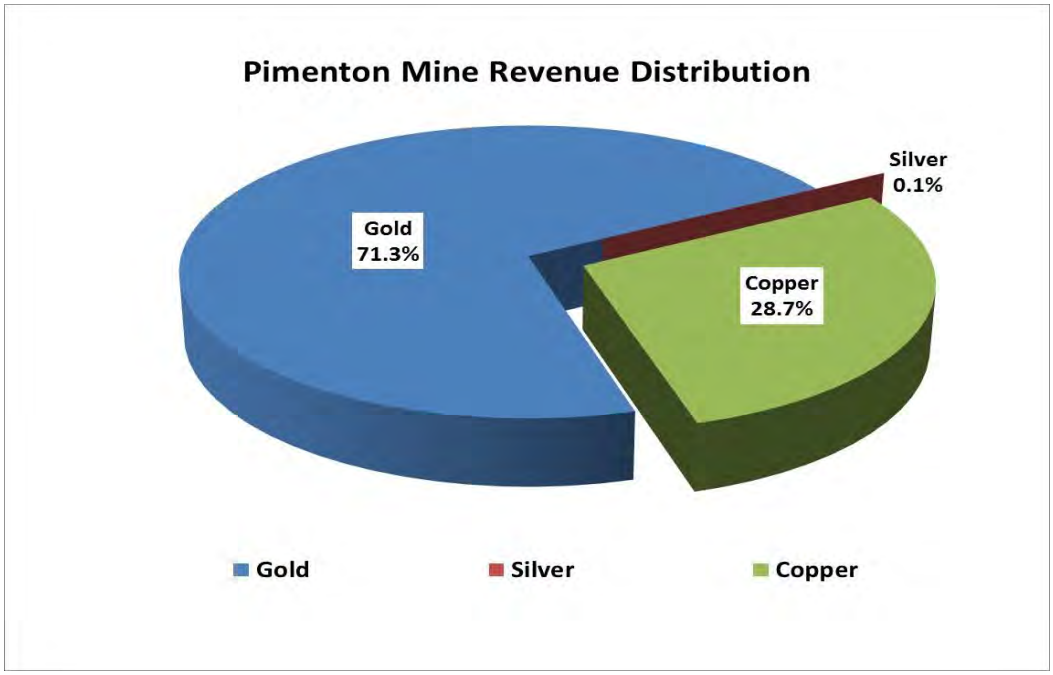


Figure 20. Revenue distribution

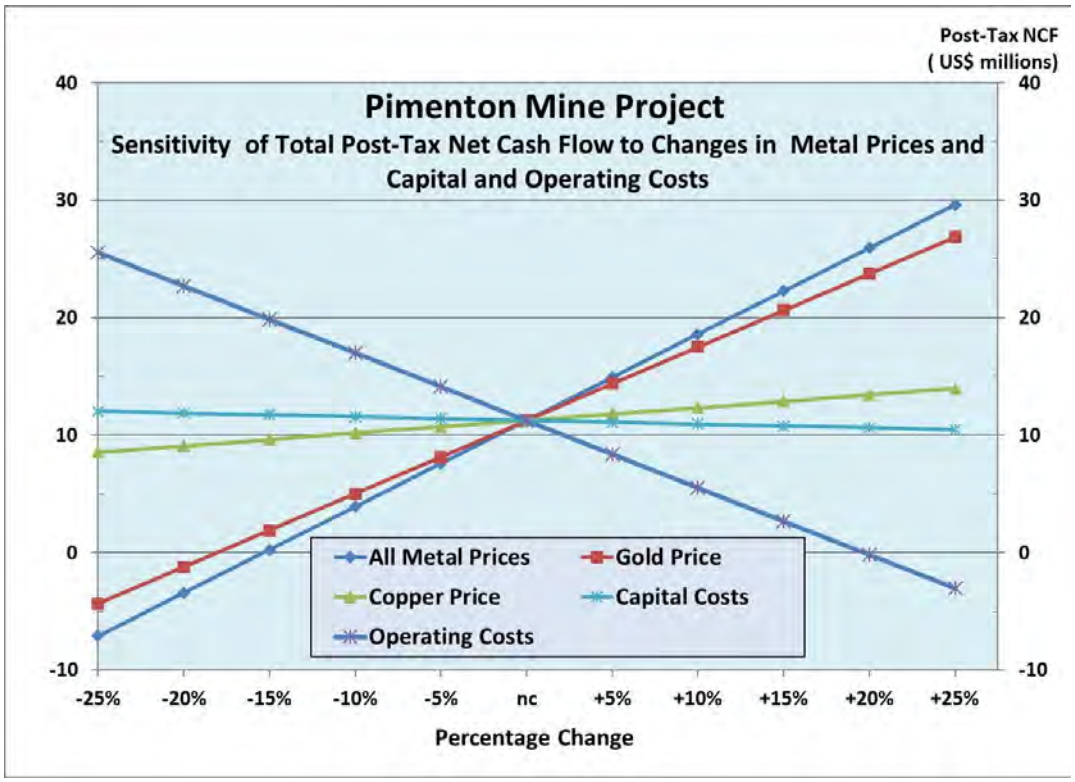


Figure 21. Sensitivity of cash flow to changes in metal prices, capital and operating costs

The proven and probable reserves are sufficient for almost four years of operation. In WGM's opinion, the reserves can be maintained at a similar approximate production level at the expense of inferred resources, however it is uncertain how long such maintenance will continue and how similar the grades will be to the current reserves. Despite WGM's positive view of the long-term outlook under current metal price conditions, WGM base case cash flow is insufficient to retire CMP's long term debt.

22.5 PAYBACK AND MINE LIFE

Mine life based on the reserves is four years. Reserves are likely to be added as exploration and development continue to lower elevations, and the life will be extended. Cash flow is expected to fund off-mine exploration recommended in the reports prepared by WGM at this time. This will delay pay back of the advances by Til Til.

In terms of WGM's four -year cash flow prepared in accordance with NI 43-101. Since the Pimenton Mine is already in operation, the capital costs are minimal and it is not possible to calculate the Internal Rate of Return ("IRR").

23. ADJACENT PROPERTIES

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

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

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

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

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

Novicio Prospect Owned by Anglo American Corp.

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

24. OTHER RELEVANT DATA AND INFORMATION

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

25. INTERPRETATION AND CONCLUSIONS

25.1 PIMENTON MINE

The Pimenton Mine has Proven (28,000 t) and Probable (110,000 t) Reserves totalling138,000 t containing 11.1 g Au/t, 1.2% Cu and 7.2 g Ag/t, sufficient for approximately four years of operations. Based on past performance, mine life is likely to be prolonged by exploration and definition of reserves from inferred resources that are currently estimated to total 162,000 t at a grade of 12.3 g/t Au and 1.3% Cu.

The mine struggles to maintain profitability despite being well managed. This is because the gold price has not maintained a level for easy achievement of profit, and the mine faces constant challenges to minimize dilution, maintain reserves and develop working places. WGM concludes that operations will continue in this manner and that depth extensions of the vein cluster will provide resources for future exploitation. In addition, vein resources may be identified beneath known outcrops north of the mine.

Based on the proven and probable reserves, WGM has developed a cash-flow model which yields an undiscounted cash flow of $9.2 million while the present value of the cash flow using mid-year discounting is $8.2 million at a rate of 5% and $7.3 million at 10%. While insufficient to retire all of the advances made to the project, it demonstrates that the mine has the potential to sustain profitable operations and support exploration.

25.2 PIMENTON PROPERTY

WGM concluded in our 2010 report that the Pimenton Property is host to part of a north-south belt of porphyry systems of strong economic potential. Emplaced on the property are discrete stocks and dyke-like sheets of porphyry that are elongated vertically and may be elongated along structures. Different intrusive, alteration and mineralizing events coupled with erosion of higher levels of the interpreted mineralization model have resulted in variable geology with different exploration opportunities. Recognized among them are:

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

remains potential for moderately expanding the tonnage along strike and for finding additional zones of mineralization.

- Possibly linked beneath volcanics at higher altitude, the porphyry intrusive complex may extend from the Pimenton valley northward into the Hondo valley. With limited exploration, exposed rocks appear to have both similar mineral potential to that described in the Pimenton valley, and unique potential related to possible caldera-type brecciation.

- WGM considers the prime target area to be centred on the mine and to extend several km north and south, and into the Colorado valley to the east. As funds become available, CEG has plans to drill about 4,000 m in the area in a program endorsed by WGM.

The six successful holes drilled in 2012-13 did not encounter economic mineralization, but potential is by no means fully tested. Drilling targets have been identified primarily from results of MMI sampling and CSAMT geophysics. Although WGM fully supports the use of these techniques as the best methods to identify targets beneath talus slopes and debris-filled valleys, perhaps more could be done to identify other clues to locating economic mineralization. Consider for example:

1. IP was used to locate the Pimenton Porphyry and is a well-established method for prioritizing targets over disseminated and stock-work sulphide deposits. Where practicable, it would be reasonable to add a surveyed IP profile to sections prior to drilling targets, and then confirm or reject the target prior to drilling.

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

25.3 TORDILLO PROPERTY

Lacking site knowledge on Tordillo, WGM concludes from CEG's reports that exploration in 2013 has confirmed vein potential at Tordillo and the possibility exists for exploitation and trucking ore to Pimenton. Future exploration in the summer months is expected to include field mapping, drilling and then drifting to determine the economic potential of one promising vein identified to date, and perhaps others. WGM suggests that v.l.f. EM methods could be used effectively to locate and trace the veins and testing is warranted.

Potential for breccia and stock-work mineralization is untested except that MMI sampling and "bleaching" alteration (with identification of related hematite, pyrite and some finely disseminated chalcopyrite) indicates areas where more work is warranted. Conclusions (1) and (2) above may be applicable to Tordillo as well as the Pimenton Property.

26. RECOMMENDATIONS

26.1 PIMENTON MINE

Drilling at depth beneath the workings is strongly recommended, and is covered in the overall exploration program for porphyry deposits.

26.2 PIMENTON PROPERTY

It has been variously recommended that MMI sampling at Pimenton be extended to cover the entire area of potential porphyry/stock-work/breccia type mineralization. WGM agrees with this recommendation. We recommend that CEG review their exploration mapping and applied methodology to determine whether improvements and revisions may be made (as discussed under Conclusions in this report). Thereafter we endorse exploration in two areas in particular: the Hondo valley and the north-south corridor surrounding the Pimenton mine and extending into the Colorado valley. Included in the budget is drilling of 4,000 m as planned by CEG to further explore CSMAT and MMI anomalies at the Esperanza Portal and Maria Elena targets. There is currently no provision for drilling in the Hondo valley, but, assuming availability of funds, WGM recommends further detailed assessment, and is confident that exploration drilling will be justified.

WGM repeats their earlier recommendation that consideration be given to drilling a hole from the Colorado Valley in a north-westerly direction. So placed, the drill hole would explore beneath the vein system across their direction of dip. Results from a hole such as is recommended by WGM may alter the conceptual image of the mine geology.

In WGM's opinion, the inferred resources at the Pimenton Porphyry should be verified up-dip by a minimum of two 500 m holes, and preferably three holes as recommended in our 2010 report. These, should be sited on sections 100 m apart in the up-dip vicinity of RT-04 to delineate and start expanding the resources reliably. There is no urgency to follow this recommendation and deferral is suggested until funds are more readily available. There is therefore no provision for this item in the budget.

Our previous recommendation is repeated that water analysis by undertaken in the Colorado and Hondo valleys to try to locate sources of metals and sulphur in the streams.

26.3 TORDILLO PROPERTY

Thomson has previously recommended that the entire Tordillo amphitheatre be geologically mapped and covered with an 80 m by 40 m geochemical talus-fines sample grid. Samples will be run for copper, molybdenum, lead, zinc, gold and silver. His proposal is based on the history of geochemical sampling of fines in the high Andes of Chile, Peru, and Argentina, which has proven to be very effective with little displacement of anomalies. Based on experience at Pimenton, he proposes further investigation of geochemical anomalies by MMI geochemical sampling to pin-point drill targets. This recommendation has not yet been completed and in WGM's opinion should be expanded to include trace-element analyses.

CEG plans to drill 600 m to further explore the vein potential. While this may be followed by drifting, WGM has not included that phase in the proposed budget.

26.4 BUDGET

WGM has prepared the following budget (Table 17) on the basis that all of the drilling will be done using the company's rigs. It is assumed that all of the proposed exploration will be completed in three years.

TABLE 17.
BUDGET ESTIMATE

Description		Cost ($)
Drilling Pimenton (4,000 m) and Tordillo (600 m)	$250/m	$1,150,000
MMI and other surveys:	Pimenton	100,000
	Tordillo	100,000
Contingency (15% approximately)		150,000
Total Budget		**$1,500,000**

27. SIGNATURE PAGE

This report entitled "*A Technical Review on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central, Chile for Cerro Grande Mining Corporation*" dated December 17, 2013, was prepared and signed by the following authors:

Dated effective as of December 17, 2013.

"Signed By"	*"Signed By"*
James A. McGregor, Ph.D., P.Eng. Senior Associate Geologist	Bruce Brady, P.Eng. Senior Associate Mining Engineer

CERTIFICATE

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

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

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

3. This certificate accompanies the report titled **"***A Technical Review on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central, Chile for Cerro Grande Mining Corporation"* dated December 17, 2013.

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

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

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

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

8. I am responsible for the updating of "A Technical Review of the Pimenton Properties in Central Chile" dated January 31, 2011, which I co-authored with Marco Antonio Alfaros Sironvalle, into this Technical Report. I am responsible for all but Sections 13, 16, 17, 18, 19, 20, 21 and 22 for which Bruce Brady has taken responsibility.

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

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

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

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

"Signed By"

James A. McGregor, Ph.D., P.Eng.
December 17, 2013

CERTIFICATE

I, Bruce Brady, do hereby certify that:

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

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

3. This certificate accompanies the report titled **"***A Technical Review on the Pimenton Mine, the Surrounding Pimenton Property, and the Nearby Tordillo Property in Central Chile for Cerro Grande Mining Corporation"* dated December 17, 2013.

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

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

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

7. I visited the Pimenton Mine during October 29 to 31, 2013.

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

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

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

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

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

"Signed By"

Bruce Brady, P.Eng.
December 17, 2013

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