

# Principal Property



- A highly prospective Epi-thermal Precious Metal Project in the Province of Salta in northwestern Argentina
- The property covers an area of 79km<sup>2</sup>
- ~85,000m of drilling in 448 drill holes
- Indicated Resource of 27.7m tonnes @91.2g/t Ag and 0.85g/t Au
- Containing 81.3m oz Ag and 755k oz Au
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## Silver Standard Agreement

AbraPlata has the rights to Diablillos through a definitive agreement with Silver Standard. Under the terms of this Agreement, Silver Standard will be eligible to receive:

Cash payments to Silver Standard of approximately USD \$1.5 million over the first two years and USD \$12.5 million over the following three to five years - and 1.0% net smelter return royalty on production;

A 19.9% equity stake in AbraPlata, with a carried interest until the completion of a public offering of USD \$5.0 million or more;

The right to participate in future equity financings after the Public Offering to maintain its ownership level in AbraPlata for as long as Silver Standard continues to hold more than ten percent of the then issued and outstanding shares of AbraPlata on a non-diluted basis;

The right to nominate one member to the Board of Directors of AbraPlata for up to three years after the closing date, provided that Silver Standard continues to hold more than ten percent of the then issued and outstanding shares of AbraPlata on a non-diluted basis.

## Location & Infrastructure

**Mineral District:** Located in a rapidly developing mineral province in northwestern Argentina that includes, TacaTaca (First Quantum), Lindero and Arizaro (Fortuna), Rio Grande (Regulus), and Samenta (AbraPlata).

**Mining Camp:** The Project lies in an established mining camp that includes FMC's Hombre Muerto lithium operations, Borax's (now Orocobre) Sijes, Ratonas, and Tincalayu borate mines and concentrating plants, and Ulex's Sal de Manana plant, as well as Galaxy's Sal de Vida and LIX's Sal de los Angeles advanced lithium projects.

**Road Access:** The area is accessible by good, all-weather, gravel roads, and FMC maintains a serviceable airstrip at their Hombre Muerto operation.

**Water:** Sufficient subterranean water available on and near to the project.

**Gas & Electricity:** An electrical transmission line and natural gas pipeline located 34 km from project in anticipation of development at Diablillos.

**Rail:** There is a railway station at the town of Pocitos on the currently abandoned line between Salta and the Chilean port of Antofagasta.

## Project History

Epithermal alteration at Diablillos was first recognized during the UNDP-sponsored NOA program in northwestern Argentina in the late 1970s, however, the first property-wide exploration effort started in 1994 when Abra de Mina staked the Diablillos alteration anomalies.

BHP, who optioned the property from Abra de Mina between 1989 and 1991, drilled the discovery hole in the Oculito deposit on the Diablillos property.

PacRim then acquired the property in 1992 and drilled an additional 17 holes in the Oculito body before optioning it to Barrick who proceeded to drill the bulk of the deposit between 1996 and 1997.

In 2001, Silver Standard acquired the Diablillos property and all the other Argentine assets of PacRim through the acquisition of the shares of the local company, PacRim Argentina.

Silver Standard continued with drilling campaigns in 2003, 2005, 2007, 2008, and 2012, and issued a 43-101 compliant resource estimate carried out by Wardrop of 21.6m tonnes at 111g/t Ag and 0.92g/t Au containing 77.1m oz Ag and 639k oz Au.

An updated 43-101 compliant resource estimate was carried out by RPA for AbraPlata in December 2016. RPA's Technical Report estimated an Indicated Resource of 27.7m tonnes at 91.2g/t Ag and 0.85g/t Au containing 81.3m oz Ag and 755k oz Au.

AbraPlata has developed considerable experience and expertise in the same mineral district over the last decade, and with fresh eyes together with the results of the recent metallurgical test work were able to better recognize, not only the growth potential of resources on the Diablillos properties, but also the clear production possibilities.

## Geology

The Diablillos project hosts several zones of high to intermediate sulphidation epithermal alteration and mineralization.

The main zone of Au-Ag mineralization, called 'Oculto', is hosted by a subaerial volcanic sequence of Middle Miocene age. The deeper mineralization is hosted by Ordovician-age granitoids and metasedimentary rocks.

Small, well altered dacitic bodies have also intruded the basement and andesitic sequence, some of which host porphyry-style Cu-Au mineralization.

Some 85,000m of drilling in 448 drill holes on the property has resulted in a resource of some 27.7m tonnes @91.2g/t Ag and 0.85g/t Au containing 81.3m oz. Ag and 755k oz. Au.

Preliminary metallurgical test work has indicated that excellent recoveries can be achieved (81% for Ag; 86% for Au) by employing a process flowsheet comprising crushing, grinding, and agitated vat leaching.

# Mineral Resource

**Indicated Resources of 27.7m tonnes @ 91.2g/t Ag and 0.85g/t Au containing 81.3m oz Ag and 755k oz Au**

Mineral resources were estimated by RPA in December 2016. The resource estimates were undertaken in accordance with CIM Guidelines and reported in compliance with NI 43-101.

Resources were estimated at an incremental net smelter return cut-off grade of US\$10/t and using long-term metal prices of US\$1400/oz Au and US\$20/oz Ag. Average bulk densities of 2.22t/m<sup>3</sup> were applied for the Indicated category and for 2.32t/m<sup>3</sup> for Inferred.

At an Au:Ag ratio of 70, the indicated resources can be recast as 1.92m oz AuEq or, alternatively, 134.2m oz AgEq. Similarly, the grades can be converted to 2.15g/t AuEq or 150.7g/t AgEq.

In comparison, Golden Arrow's Chinchillas project (30km east of Silver Standard's Piriquitas mine some 250km north of Diablillos) has a Measured & Indicated Resource of 155 oz AgEq from 34.2m tonnes @ 88g/t Ag, 0.82%Pb, and 0.57% Zn or –to recast that into silver equivalence– 142g/t AgEq. Last quarter (QII 2016), Piriquitas reported mining at a grade of 189g/t.

With respect to strip ratios, Chinchillas strip ratio is estimated at 3.1 to 1, whereas Pirquitas is 2.5.

Pirquitas uses a mine cut-off of 90 g/t, while Chinchillas uses a resource cut-off of 45g/t AgEq (and generates its pit shell at 25g/t AgEq). At Providencia (silver prospect 70km south of Pirquitas on which Huayra drilled-off some 6m oz of Ag in 2012) RPA calculated the resource using a 50g/t cut-off.

## Exploration Potential

In addition to Oculito, the property hosts a number of other prospects including Fantasma, Cerro Viejo Este, Pedernales, and Laderas. Of these, Fantasma and Cerro Viejo Este are the most important.

At Fantasma, Ag-rich mineralization has been intersected by trenches and four 1st stage drill holes. This work has outlined two, relatively, flat-lying, mineralized horizons with the upper horizon of 20m and outcropping at surface, and a lower horizon of 10m with a barren zone of 15 meters separating them. Silver grades of up to 186g/t were obtained in the holes drilled. The mineralization is open in three directions, namely east, west and to the south. With an additional 2000 meters drilling it is possible to prove an additional resource of some 2m tonnes at an estimated grade of between 100g/t – 120g/t Ag (about 10m oz Ag).

In Cerro Viejo Este, a gold porphyry has been discovered. Only five holes have been drilled in an area of 100 x 100 meters and the mineralization is open in all directions. The best intersection being 31 meters at 0.87g/t Au including 10.45 meters at 1.88g/t Au. The average of all intersections is 32.37 meters at 0.38g/t Au.

There are a number of other mineral occurrences held by private individuals in the vicinity of the Diablillos project and that if acquired could add considerable value.

Some 1.9m oz AuEq (or, alternatively stated, 134m oz AgEq) have been delineated to date on the property - all from the Oculito zone. There is clearly potential to organically grow the resource, and it is estimated that AbraPlata could increase the resources from the property to a global amount of somewhere between 2 – 2.5m oz Au Eq in the near future.

## Program & Timeline

The Agreement with Silver Standard has been structured so that payments are made at completion of feasibility (in three years) and at the start of construction (five years from now).

Accordingly the program for 2017 is to:

- Drill off resources at Fantasma
- Complete the exploration and additional drilling at Cerro Viejo Este
- Update a PEA started by Silver Standard and convert that to a PFS
- Continue with the permitting process.

Thereafter, in 2018, the task will be to finalize the feasibility study before the major payment to Silver Standard is due in 2019.

This will allow a further two years to complete a bankable document, finalize permitting, and arrange financing for construction.