CUIABÁ – POCONÉ GOLD BELT
GOLD EXPLORATION PROJECT
MATO GROSSO STATE - BRAZIL
Introduction

- Gold was discovered in the early XVIII Century in the Baixada Cuiabana by the “bandeirantes”. Since then and up to the present days, gold is being produced from alluvial, elluvial and saprolitic rocks.

- In the 80`s informal miners “garimpeiros” started to mine high grade quartz vein structures. Major and junior mining companies carried out reconnaissance geological work aiming to discover larger economic deposits.

- Conventional exploration methods and standard diamond drilling always showed poor results.
- Salinas Gold Ltd (SGM) developed a systematic exploration program between 2007 and 2010 which encompassed geological mapping, trenching, drilling, sampling and trial mining in the Salinas Project, 30 km NE of Poconé.

- A new approach was used for the evaluation of the SGM deposits. The existence of extensive shear zones with hydrothermal alteration associated to quartz vein systems defined important mineralized systems with lower gold grade and higher tonnages.

- The Cuiabá-Poconé Gold Belt with 120 km long and 12 clusters of “garimpos” with similar geology, is considered to be one of the most prospective and under-explored gold districts in Brazil, with potential for discovery of several multimillion ounces gold deposits.
CUIABÁ - POCONÉ GOLD BELT
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Location:
CUIABÁ - POCONÉ GOLD BELT
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Air MAG Geophysical Survey
Regional Geology

Regional geological unit: Cuiabá Group- Neo-Proterozoic marine to epicontinental environment. Main lithologies: conglomerate, quartzite, slate and carbonatic rocks with subordinated iron-rich, carbonaceous meta-sediments and felsic volcanics.

Deformation and metamorphic dewatering are responsible for formation of quartz veining systems along the main NE structural trends of the Cuiabá Group rocks.
Local Geology and Mineralization

Gold mineralized systems are associated with sheared and hydrothermally altered detritic metasediments of the Cuiabá Group (metasandstones, metargilites, metasiltstones, metaconglomerates, metadiamictites, and carbonatic meta sediments with intercalations of felsic tuffaceous volcanics.

Thrust faults with associated shear zones along NE direction were locally recognized in the region with the development of intensive hydrothermal alteration and quartz veining systems. The association of quartz veins and hydrothermal alteration zones with dissemination of iron carbonates (ankerite/siderite) and sulfide (py) define thick mineralized packages.

Excellent potential for low gold grade bulk mineable deposits.
Cangas Mine
Tuiuiu Mine
Conformable and unconformable quartz veins defining a thick mineralized system
Salinas Property- Sucupira Pit
Conformable NE quartz veins along sheared and hydrothermally altered meta-sediments
Mineração Tuiuui

Pit along quartz vein (filão) showing mineralized system in the wall
Casa de Pedra Mine
Bulk mining. Quartz veins hosted by carbonaceous phyllites
GOLD TAILINGS

- RTZ determined along 1989, a tonnage close to 100 million tons of tailings along the Cuiabá-Poconé Gold Belt. Since then, that tonnage has increased, at least, to **200 million tons of tailings**: 

- Tailings have been previously milled at hammer mills. Average size: 3-5 mm;
- Average gold grade 0.5 g/t Au
- Only gravity process has been used to recover coarse gold: 30-35% recovery;
- There is an opportunity for introduction of modern techniques: Flotation and cyanidation to recover fine gold;
- Expected metallurgical recovery: 90%
- Flotation and agitated leaching - CIP (Carbon in pulp) already tested at the Salinas property with excellent results.
Mineral Resources Potential

Previous evaluations carried out by RTZ along 1987 and the exploration and evaluation work carried out by Salinas Gold Ltd (regional geological reconnaissance plus detailed exploration and bulk mining work at the Salinas Property), allow to estimate the gold potential in only 5 out of 12 garimpo’s cluster as being:

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Material</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salinas -</td>
<td>(saprolite + tailings)</td>
<td>1.5 million ounces</td>
</tr>
<tr>
<td>Poconé Area</td>
<td>(saprolite + tailings)</td>
<td>2.5 million ounces</td>
</tr>
<tr>
<td>Tuiuiu Mine</td>
<td>(saprolite + tailings)</td>
<td>1.5 million ounces</td>
</tr>
<tr>
<td>Cangas -</td>
<td>(saprolite + tailings)</td>
<td>1.5 million ounces</td>
</tr>
<tr>
<td>Casa de Pedra-Jatobá</td>
<td>(saprolite + tailings)</td>
<td>2.0 million ounces</td>
</tr>
</tbody>
</table>

**Total** 9 million gold ounces
Business Opportunity - Strategy

• To negotiate, explore and define mineral resources at a number of properties around a central point, in a radius of 30-40 kms, where a cyanidation plant (CIP & electrowinning) will be built so as to process flotation concentrates which will be produced from tailings & primary material being processed at cheap gravity/flotation plants (rougher/scavenger) to be built at each individual mining property;

• Gold from gravity concs. for immediate sale. Flotation concentrates (their mass being 5-6% of the original tonnage) being hauled to the central cyanidation plant for leaching/electrowinning. Overall recovery 90%.

• 4 individual mine-plant gravity/flotation plant units can process 3,000 TPD at a headgrade of 0.5 g/t (using tailings) or 0.9 g/t (using ores) with average recovery rate of 88% to generate a total gold production between 75,000 ounces/year and 110,000 ounces/year. Expected cash cost: US$ 400-500/ounce.
THE QUAD (4 PLANT UNITS) PROJECT HAS 3 PHASES

PHASE 1:

Purchase and option contracts on 4 of the targeted sites after a 2 month tailing report study. Deployment of the first plant in the tailings flats. This plant will be the only plant to have Leaching process. It will be the “Master Plant” and process 3000 Tons per day of tailings and Saprolite @ 0.5-0.9 gr/tn

Capital required: $20 M for claim agreements and Master Plant plant start up.

Duration: 12-18 months. In operation 12 months from funding in place.

Estimated production: 18,000-25,000 onces per year.
Phase 2:

- ordering and building 3 additional plants which will be deployed in the same region with similar capacity. Their concentrated production from the floatation plant will be directed into the MASTER PLANT with the leaching process. 5% of the daily tonnage (150 tons of concentrated ore product coming from the floatation plant, will be hauled to the Master Plant with central cyanidation plant for leaching and electrowinning. The leaching for all the plants will be done in the Master Plant.

**Capital required:** $12 M for each plants start up x 3.

**Duration:** 12 months.

**Estimated production:** 4 x 18,000-25,000 = 72,000-100,000 ounces per year combined.
3rd Phase – Duplication or expansion

A similar Quad unit with 4 additional plants will be deployed in the same region with similar capacity, repeating the QUAD model (4 plants which are linked together under one central plant). Their concentrated production from the floatation plant will be directed into the MASTER PLANT with the leaching process. 5% of the daily tonnage (150 tons of concentrated ore product coming from the floatation plant with 150-200 grams per ton will be hauled to the central cyanidation plant for leaching/electrowinning. The leaching for all the plants will be done in the Master Plant. The Master Plant will process 600 tons per day of leaching ore. (150 tons x from 4 plants combined).

**Capital required:** $56 M for 4 plant start up.

**Duration:** In operation 12 months from funding in place.

**Estimated combined production:** 4 x 18,000-25,000 = 72,000-100,000 ounces per year combined. Working on Saprolite ore will increase project’s potential to 120,000 ounces a year.
Project main features

• Modular:
  Since all the tailings within the Cuiaba Pocone gold belt have the same metallurgical features, the plants will be standardized and be bought following the prototype Master Plant.

• Speed:
  The modular operation and quick deployment, allow immediate production and revenues to be generated as early as 12 months from funding in place!

• Low operating cost:
  While hard rock mining cost anywhere from $700-$1100 to produce 1 ounce of gold, mining the tailings costs only $400-$500 per ounce to produce.

• Facilitating Maintenance:
  Since all the plants are basically the same, they will be easier to maintain and parts will be used by one maintenance team.

• Sistematic Quad model:
  It can be repeated along the 120 km of the Cuiaba Poconé gold belt. Over dozen sites have been targeted. This project can be repeated in other gold regions of Brazil.
The Cuiaba–Poconé gold belt project have asphalt road and electrical grid. The Master Plant will serve as a field HQ and coordinate logistic and operations.

Enhanced Security – Since gold will be transferred to the Master Plant, the security will be focused mainly on it. All the plants will have special Israeli satellite monitoring equipment and allow a real time “virtual visits” of the investors. And most importantly:
Cuiabá - Poconé Gold Belt

Gold Exploration Project

Continuous Expansion:

- Cuiaba-Poconé gold belt has over 200,000,000 tons of tailings @ 0.5-0.9 grams per ton. The project’s intent is to explore all of it (3M ounces of gold ONLY from the tailings and 6M ounces of Saprolite ore). If we only work on the tailings, it will take us about 32 years to exhaust the entire gold reserve at a rate of 100,000 ounces per year. ($100M EBITDA). On the other hand, we can double the production by investing a similar 4 plant QUAD unit in a location nearby, thus doubling the projects capacity and income potential.