

# An Independent Expert Report of the El Bagre Project, Antioquia District, Colombia

Report Prepared for

**Bacata Resources Pty Limited**



Report Prepared by

 **srk** consulting

SRK Consulting (Australasia) Pty Ltd

BAP001

July 2018

# **An Independent Expert Report of the El Bagre Project, Antioquia District, Colombia**

## **Bacata Resources Pty Limited**

Level 12, 10 Market Street  
Brisbane, QLD 4220

## **SRK Consulting (Australasia) Pty Ltd**

**Level 1, 10 Richardson St, West Perth, WA 6005**

e-mail: perth@srk.com.au  
website: srk.com.au

Tel: +61 8 9288 2000  
Fax: +61 8 9288 2001

**SRK Project Number BAP001**

**July 2018**

**Compiled by**

Michael Cunningham  
Principal Consultant

Email: [mcunningham@srk.com.au](mailto:mcunningham@srk.com.au)

**Author:**

Michael Cunningham

**Peer Reviewed by**

Karen Lloyd  
Associate Principal Consultant

The Directors

Bacata Resources Pty Ltd

Level 12, 10 Market Street

Brisbane, QLD 4220

Dear Directors,

Bacata Resources Pty Limited (henceforth known as “Bacata” or the “Company” the “Client”) has commissioned SRK Consulting (Australasia) Pty Ltd (“SRK”) to provide an Independent Experts Report (“IER”) on their exploration asset in northern Colombia which is considered prospective for vein and placer-alluvial gold mineralisation. Bacata is engaged in the exploration and development of their flagship El Bagra mineral project in the Antioquia District of Colombia.

It is SRK’s understanding that this IER is to be included in the Company’s Prospectus in support of a proposed listing on the Australian Securities Exchange (“ASX”). The purpose of this Prospectus is to offer up to 50,000,000 shares at an issue price of A\$0.20 per share, to raise a total of A\$10,000,000 before the costs of issue. The offer has a minimum subscription of \$8,000,000.

Bacata proposes to lodge the Prospectus with the Australian Securities and Investment Commission (ASIC) on or about 1 October 2018.

The key mineral asset to be considered in this IER comprise the El Bagre Project. The Project currently belongs to a Colombian company called El Bagre Mining SAS. Bacata has signed an option agreement to purchase 100 percent of the shares of the here before mentioned company (El Bagre SAS) including all its assets once the due diligence investigations have been conducted Bacata’s 100 percent interest in the El Bagre Project located in Antioquia District, Colombia.

The objective of this IER is to summarise the status of Bacata’s mineral asset and in particular to present a geological description, outline of previous mining and/or exploration work, and provide an opinion on the exploration potential and commentary on the Company’s proposed costed exploration programs over the next two years post-listing.

The IER was completed by Dr Michael Cunningham BSc (Hons), PhD (Geology), MAIG, MAusIMM – Principal Consultant (Geology). Dr Cunningham is a full-time employee of SRK, and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration, and to the activity to which they are undertaking, to qualify as Competent Person as defined in the 2012 Edition of the JORC Code. Internal peer review of the IER was completed by Ms Karen Lloyd BSc (Hons), MBA – Associate Principal Consultant (Valuations). Ms Lloyd is a part-time employee of SRK.

**Comentado [CM1]:** To be finalised by Client

Dr Cunningham and Ms Lloyd consent to the inclusion in the Prospectus of the matters based on this information in the form and context in which they appear.

### **Standard of the Report**

This IER has been prepared to the standard of, and is considered by SRK to be, an Independent Experts Report (IER) under the guidelines of the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code). The VALMIN Code incorporates the 2012 Edition of the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

In addition, this IER has been prepared in accordance with the relevant requirements of the Listing Rules of the ASX and relevant ASIC Regulatory Guidelines.

### **Statement of Independence**

Neither SRK nor any of the authors of this IER have any material present or contingent interest in the mineral assets considered or the outcome of this IER, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK. SRK has no prior association with the Company concerning the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. SRK's fee for completing this IER is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the IER.

### **Information basis of this IER**

For the preparation of this IER, Bacata has made available all relevant information held by the Company. SRK has supplemented this information, where necessary, with information from its own geological databases, or information available within the public domain. The principal sources of information are included in a reference list at the end of the IER. The IER includes information available up to the date of this IER. Bacata has stated that all information provided may be presented in the IER and that none of the information is regarded as being confidential.

Activities undertaken as part of this assignment included a 2-day site visit to Bacata's (excluding travel) El Bagre asset in Colombia. SRK conducted background research, including searches of government datasets and public domain data sources. The work included a review of Bacata's proposed exploration program and budget.

### **Legal matters**

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations in regard to the ownership and legal

standing of the **Permits** that are the subject of this IER. SRK has not attempted to confirm the legal status of the tenements with respect to acquisition or joint venture agreements, permits, local heritage or potential environmental or land access restrictions. Instead, SRK has relied on information provided by Bacata. SRK has prepared this IER on the understanding that all the tenements of Bacata are currently in good standing.

SRK understands that the current ownership status and legal standing of the tenements are dealt with in a separate Solicitor's Report prepared by \*\*\*\* and contained in Section 3 of this Prospectus.

**Comentado [CM2]:** To be finalised by Company

## Warranties and Indemnities

Bacata has warranted in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended by the VALMIN Code, Bacata has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Bacata or to Bacata not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this IER.

## Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$38,000. The payment of this professional fee is not contingent upon the outcome of the Report.

## Consents

SRK consents to this IER being included, in full, in the Company's IPO, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

SRK confirms that to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the IER is in accordance with the facts and does not omit anything likely to affect the import of such information.

SRK confirms that nothing has come to its attention to indicate any material change to what is reported in the IER.

SRK confirms that it has reviewed the information contained elsewhere within the Prospectus relating to the information contained within the IER and confirms that the information presented is accurate, balanced, complete and not inconsistent with the IER.

Yours faithfully

**SRK Consulting (Australasia) Pty Ltd**

Michael Cunningham MAIG, MAusIMM

Principal Consultant (Geology)

\*\* August 2018

Karen Lloyd FAusIMM

Associate Principal Consultant (Geology)

\*\* August 2018





## Table of Contents

Table of Contents .....	viii
Disclaimer.....	xi
List of Abbreviations .....	xii
<b>Executive Summary.....</b>	<b>1</b>
<b>1 Introduction .....</b>	<b>3</b>
1.1 Background.....	3
1.1.1 Reporting Standard .....	4
1.1.2 Reliance on SRK.....	4
1.2 Base Technical Information, Effective Date and Publication Date .....	4
1.3 Verification and Validation.....	5
1.4 Limitation, Reliance on Information, Declaration, Consent and Cautionary Statements.....	5
1.4.1 Limitations .....	5
1.4.2 Reliance on Information .....	6
1.4.3 Declaration .....	7
1.4.4 Consent.....	8
1.5 Indemnities provided by the Company.....	8
1.6 Qualifications of Consultants and Competent Persons .....	8
<b>2 Overview of Bacata Resources .....</b>	<b>10</b>
2.1 Introduction .....	10
2.2 Company strategy.....	10
2.3 Review .....	12
<b>3 El Bagre Project.....</b>	<b>13</b>
3.1 Project description .....	13
3.2 Topography, Climate and Vegetation.....	15
3.3 Tenure .....	17
3.3.1 Property and Title in Colombia .....	17
3.4 Property Ownership, Rights and Obligations .....	18
3.5 General.....	18
3.6 Royalties, Agreements and Encumbrances .....	21
3.7 Environmental Liabilities .....	21
3.7.1 General .....	21
3.8 Regional Setting.....	22
3.8.1 Geological Framework .....	22

3.8.2 Mineralisation Framework .....	24
3.9 Nearby mines and deposits.....	27
3.10 Previous exploration .....	31
3.10.1 Snowden Consultants.....	31
3.10.2 Brexia Resources .....	31
<b>4 El Bagre target area.....</b>	<b>33</b>
4.1.1 Prospect geology and mineralisation.....	33
4.2 SRK Site Visit.....	34
4.2.1 Station A.....	36
4.2.2 Station B.....	36
4.2.3 Station C & Station D .....	37
4.2.4 Comment.....	39
4.3 Validation of Results .....	39
4.4 Exploration potential and mineralisation targeting.....	40
4.5 Proposed exploration .....	40
<b>5 Work Programme and Exploration Budget .....</b>	<b>41</b>
5.1 Proposed Exploration Work Programme.....	41
5.2 SRK's opinion on plan and budget.....	41
<b>6 Conclusions and Recommendations.....</b>	<b>43</b>
6.1 El Bagre Project .....	43
6.2 Summary.....	43
<b>7 References .....</b>	<b>45</b>

## List of Tables

Table 1-1: Responsibility table summarising the Competent Persons and key contributors	9
Table 3-1: Summary of tenure.....	17
<b>Table 3-3: Tax Payment Scheme for Concession Contracts Registered after the PND.....</b>	<b>19</b>
Table 3-5: List of nearby mines and deposits .....	30
Table 5-1: Bacata's proposed two-year exploration budget based on a maximum capital raising of A\$ 10,000,000 .....	41
Table 5-2: Bacata's proposed two-year exploration budget based on a minimum capital raising of A\$8,000,000 .....	42

## List of Figures

Figure 2-1: Bacata's Ownership structure .....	10
Figure 2-2: Location map.....	11
Figure 3-1: Location of Bacata's El Bagre Project .....	14
Figure 3-2: Regional Topography .....	15
Figure 3-3: Typical drainage of the El Bagre tenement .....	16
Figure 3-4: Example of land cover and informal mining – El Bagre Project.....	17
Figure 3-5: Principal gold belts and districts, northern Colombia .....	23
Figure 3-6: Regional geology of Segovia Belt .....	24
Figure 3-7: Example of placer-alluvial gold depositional environment .....	25
Figure 3-8: Subduction related mineralisation .....	26
Figure 3-9: Artisanal operations on the River Nechi .....	27
Figure 3-10: Nearby Mineral deposits of Colombia .....	29
Figure 3-11: Interpreted geology.....	32
Figure 4-1: Simplified geology over El Bagre Project .....	34
Figure 4-2: Access routes and site visit locations, El Bagre Project area .....	35
Figure 4-3: Artisanal Working. A: View looking towards pit; B: Exposed quartz vein in pit	36
Figure 4-4: Outcropping vein in trench .....	37
Figure 4-5: Outcropping vein in old shaft and adit .....	39
Figure 4-6: Abandoned core .....	39

## List of Appendices

Appendix A: Table 1 - JORC Code 2012

## Disclaimer

The opinions expressed in this Competent Person's Independent Expert Report ("IER") is based on the information supplied to SRK Consulting (Australasia) Pty Ltd by Bacata Resources Pty Ltd ("Bacata" or "Company"). The opinions in this Report are provided in response to a specific request from the Company to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

## List of Abbreviations

<b>Term</b>	<b>Meaning</b>
Acid Igneous Rock	An igneous rock with more than 63% SiO <sub>2</sub> .
AIG	Australian Institute of Geoscientists.
Andesite	A pale coloured volcanic rock with 52%-63% SiO <sub>2</sub> .
ANLA	National Environmental Licensing Authority (Autoridad Nacional de Licencias Ambientales)
Antiform	The opposite of a synform in that the strata are folded with the strata convex upwards.
asl	Above sea-level.
ASIC	Australian Securities and Investment Commission.
ASX	Australian Securities Exchange.
AusIMM	Australasian Institute of Mining and Metallurgy.
Au	Gold.
Basalt	A dark-coloured volcanic rock with 45%-52% SiO <sub>2</sub> .
Breccia	Fragmented rock.
Cainozoic	A period of geological time (1.5 million years ago to 65.5 million years ago).
Calc-alkaline	A group of igneous rocks, common in volcanic arcs, high in calcium and potassium.
CAR	Regional Autonomous Corporations
Chalcocite	A copper-sulphide mineral (Cu <sub>2</sub> S).
Chalcopyrite	A copper-iron-sulphide mineral (CuFeS <sub>2</sub> ).
cm	Centimetre.
COP	Colombian peso (US\$1 is approximately 2,900 COP)
Cretaceous	A period of geological time (65.5 million years ago to 145.5 million years ago).
Cu	Copper.
DD	Diamond core drilling.
Diorite	An intrusive igneous rock with similar composition to andesite.
Dyke	A narrow tabular intrusive rock body.
EIS	Environmental Impact Assessment
Fault	A fracture in earth materials, along which the opposite sides has been displaced parallel to the plane of the movement.

<b>Term</b>	<b>Meaning</b>
g/t	Gram per tonne.
Ga	Billions of years ago.
Geophysics	The study of the Earth using quantitative physical methods to measure its electrical conductivity, gravitational and magnetic fields.
GMA	Environmental guide (Guías Minero Ambientales)
Granite	An acid intrusive rock.
Granodiorite	A type of granitic rock with abundant feldspar.
Granulite	An equigranular coarse grained metamorphic rock.
Greenstone belt	Precambrian supracrustal rocks that include komatiite, basalt, andesite, and sedimentary rocks.
Hydrothermal breccia	A breccia formed by explosion of superheated water migrating from depth to the surface.
Hydrothermal Fluid	Upward flowing fluids originating from igneous or metamorphic geological events.
Hypogene	Formed from water ascending from within the Earth.
Igneous	An igneous rock formed entirely within the Earth's crust.
Induced Polarisation (IP) survey	A geophysical survey method to measure the electrical property of rocks in the Earth
Intermediate Igneous Rock	An igneous rock with roughly even mixtures of felsic minerals (mainly plagioclase) and mafic minerals (mainly hornblende, pyroxene and/or biotite). There is little or no quartz.
Intrusive	An igneous rock formed entirely within the Earth's crust.
IER	Independent Experts Report
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
km	Kilometre.
Laramide Orogeny	The Laramide orogeny was a period of mountain building in western North America, which began in the Late Cretaceous (70 to 80 Ma) and ended 35 to 55 Ma.
Ma	Millions of years ago.
MADS	Ministry of Environment and Sustainable Development
Magmatic	Formed from molten rock.

<b>Term</b>	<b>Meaning</b>
Mesozoic	A period of geological time (65.5 million years ago to 252 million years ago).
MDW	Minimum daily wage
Meta-	A prefix used to indicate the precursor rock type of a metamorphic rock.
Metamorphic rock	A rock altered by temperature and pressure within the earth.
Mineral Resource	A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there is reasonable prospect for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge including sampling. Mineral Resources are sub-divided in order of increasing geological confidence into Inferred, Indicated and Measured categories.
Mineralisation	Geological occurrence of mineral of potential economic interest.
mm	Millimetre.
MME	Ministry of Mines and Energy (Ministerio de Minas y Energia)
Myr	Millions of years.
Plutonic	An igneous rock crystallised at depth in the earth's crust.
PND	Plan Nacional de Desarrollo
Porphyry	An intermediate or acid igneous rock of fine-grained size, with some larger crystals, usually feldspar, scattered in the finer-grained groundmass.
ppb	Parts per billion.
ppm	Parts per million
Precambrian	The Precambrian is the earliest period of Earth's history. It spans from the formation of Earth about 4.567 billion years ago to the beginning of the Cambrian Period about 541 million years ago, when hard-shelled creatures first appeared in abundance.
Proterozoic	The Proterozoic is a geological eon representing the time just before the proliferation of complex life on Earth. The Proterozoic Eon extended from 2,500 to 541 millions of years ago, and is the most recent part

<b>Term</b>	<b>Meaning</b>
	of the Precambrian Supereon. It is subdivided into three geologic eras: the Paleoproterozoic, Mesoproterozoic, and Neoproterozoic.
PTO	Present a mine plan
Pyrite	A mineral of iron sulphide (FeS <sub>2</sub> ).
Quartz	A silicon-rich mineral SiO <sub>2</sub> .
Quartz-vein	Planar occurrences of quartz infilling fractures in the rock at a late stage of metamorphic activity or formed from hydrothermal fluid deposition.
RMN	National Mining Registry (Registro Minero Naciona)
Sample	The removal of a small amount of rock pertaining to the deposit which is used to evaluate the presence, and/or estimate the grade, of mineralisation and other geological parameters.
Sericite	A mineral composed of fine-grained white mica.
Shear zone	Structural deformation of rock by shearing stress under brittle-ductile or ductile conditions at depths in high pressure metamorphic zones.
Silicified	A rock altered by addition of quartz.
Siltstone	A fine-grained granular sedimentary rock.
SRK	SRK Consulting (Australasia) Pty Ltd.
SRTM	Shuttle Radar Topographic Mission
Subduction	A geological process whereby oceanic rocks are thrust beneath other rocks (either continental or oceanic).
Supergene	Formed at or near the Earth's surface.
Synform	The opposite of an antiform in that the strata are folded with the strata convex downwards.
Tholeiite	A type of basalt commonly formed on the ocean floor.
USGS	United States Geological Survey.
VALMIN Code	Australasian Code for Public Reporting of technical assessments and valuations of mineral assets.
Volcanic	Formed by or associated with a volcano.
VMS	Volcanogenic Massive Sulphide.
Volcaniclastic	Debris or rock formed from volcanic eruptions.
VTEM	Versatile Time Domain Electromagnetic survey, a geophysical survey technique.



<b>Term</b>	<b>Meaning</b>
Weathered Rock	Rock which has been broken down by the influence of water and air causing it to become softened and partially decomposed.

## Executive Summary

Bacata Resources Pty Limited (henceforth known as “Bacata” or the “Company”) has commissioned SRK Consulting (Australasia) Pty Ltd (“SRK”) to provide an Independent Experts Report (“IER”) on a prospective gold metal exploration asset (known as the El Bagre Project) located in the Antioquia District, Colombia.

The purpose of SRK’s IER is to provide an impartial assessment of the technical data and merits of the El Bagre Project, as well as to comment on the exploration program proposed by Bacata.

The El Bagre Project belongs to a Colombian company called El Bagre Mining SAS. Bacata Resources Pty Ltd has signed an option agreement to purchase 100 percent of the shares of the here before mentioned company (El Bagre SAS) including all its assets once the due diligence investigations have been conducted

North-western Colombia is a significant producer of gold, hosting numerous mines. The El Bagre Project is located at the northern extension of the Andes Mountain range. The region has been affected by recent Cainozoic compressive stresses and surface uplift as a result of subduction of the Nazca oceanic plate beneath the Guiana Shield and coupled interaction with the Caribbean plate to the north.

The Company’s proposed exploration programme includes:

- Geological studies of the vein systems, and conceptual studies to develop the placer-alluvial gold leading to shallow mining;
- Develop exploration targets by conducting geophysics, mapping and surface geochemistry; and
- Drill targets; and if results permit, develop mineral resource estimates leading to mining and feasibility studies;

The tenement offers prospectivity for economically extractable gold, and in SRK’s opinion, further exploration is justified at the budgetary levels proposed by the Company (Table ES-1). Table ES-2 outlines the case should only the minimum subscription be met. SRK considers this reduced budget adequate to cover the proposed exploration within the context of the proposed scaling back in activities proposed by Bacata. The biggest reduction in this case would be directed towards the level of drilling proposed.

**Table ES-1: Bacata’s proposed two-year exploration budget based on a maximum capital raising of A\$ 10,000,000**

Activity	Year 1	Year 2	Total (A\$)
Geological Studies	162,000	101,250	263,250
Conceptual Studies - Alluvial	101,250	202,500	303,750
Geophysics	162,000	125,000	287,000

Surface Geochemistry	101,250	27,000	128,250
Drilling programme	1,350,000	650,000	2,000,000
Environmental / Social Studies	101,250	-	101,250
<b>Total (A\$)</b>	<b>1,977,750</b>	<b>1,105,750</b>	<b>3,083,500</b>

Table ES-2 outlines the budgeted work program should only the minimum subscription be met. SRK considers this reduced budget adequate to cover the Company's proposed exploration within the context of the proposed scaling back in activities proposed by Bacata. The biggest reduction in this case would be directed towards the level of drilling proposed.

**Table ES-2: Bacata's proposed two-year exploration budget based on a minimum capital raising of A\$8,000,000**

Activity	Year 1	Year 2	Total (A\$)
Geological Studies	120,000	75,000	195,000
Conceptual Studies - Alluvial	75,000	150,000	225,000
Geophysics	120,000	-	120,000
Surface Geochemistry	75,000	20,000	95,000
Drilling programme	750,000	350,000	1,100,000
Environmental / Social Studies	75,000	-	75,000
<b>Total (A\$)</b>	<b>1,215,000</b>	<b>595,000</b>	<b>1,810,000</b>

In SRK's opinion, Bacata's proposed expenditures are realistic in the context of the amounts to be raised under the IPO. It should be possible to evaluate the potential of the main alluvial and vein gold prospects at El Bagre in the two-year period. Furthermore, the budget proposed should permit a meaningful assessment of the potential of open pit mining of the alluvials. However, SRK cautions that the proposed exploration programs may change in Year 2 from that currently stated and will be dependent upon the results from the Year 1 program.

# 1 Introduction

## 1.1 Background

SRK Consulting (Australasia) Pty Ltd (“SRK”) is an associate company of the international group holding company, SRK Consulting (Global) Limited (the “SRK Group”). SRK was requested by Bacata Resources Pty Limited (“Bacata”, hereinafter also referred to as the “Company” or the “Client”) to prepare an Independent Experts Report (“IER”) in accordance with the Listing Rules of the Australian Securities Exchange (“ASX”) and the Australian Securities and Investment Commission (“ASIC”) Regulatory Guides.

SRK has been informed that Bacata is intending to publish a Prospectus seeking admission of the Company’s shares on the ASX.

This IER is addressed to the Directors of Bacata Resources Pty Limited. SRK understands that this IER will be included as part of an initial public offer (“IPO”) document to be published by Bacata (the “Prospectus”). For the purposes of the ASX Listing Rules, SRK is responsible for this IER as part of the Prospectus and declares that it has taken all reasonable care to ensure that the information contained in this IER is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import and no material change has occurred from 1 June 2018 to 1<sup>st</sup> October 2018 that would require any amendment to the IER. SRK consents to the inclusion of this IER and reference to any part of the report in the Prospectus.

This IER presents the following key Technical Information as at the Effective Date (defined below):

- An overview of the geological setting of Bacata’s El Bagre Project and the associated mineralisation;
- Outline the historical and recent exploration work undertaken at El Bagre;
- Express SRK’s opinion on the exploration and development potential of the El Bagre Project,
- Provide a summary of the key technical risks and opportunities; and
- Consider the appropriateness of Bacata’s budgeted work programmes.

This IER is intended to properly inform readers of Bacata’s Prospectus about the status and exploration potential of the El Bagre Project and to provide commentary on the Company’s proposed future exploration and development programmes.

Certain units of measurements, abbreviations and technical terms are defined in the glossary of this IER. Unless otherwise explicitly stated all quantitative data as reported in this IER are reported on a 100 percent basis.

### 1.1.1 Reporting Standard

This IER has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the *2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets* (the "VALMIN Code").

The VALMIN Code incorporates the *"2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia"* (the "JORC Code").

As per Clause 19 of the JORC Code (*for significant projects the reporting of all criteria of sections 1 and 2 of Table 1 on an 'if not, why not' basis is required, preferably as an appendix*), the required sections are included in Appendix A.

### 1.1.2 Reliance on SRK

SRK is responsible for this IER and for all the technical information that has been directly extracted from the IER and reported in the Prospectus to be released by the Company in connection with the proposed ASX listing and to be dated around the same date as the IER.

SRK declares that it has taken all reasonable care to ensure that the information contained in the IER and included in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

SRK confirms that the presentation of information contained elsewhere in the Prospectus which relates to information in the IER is accurate, balanced and not inconsistent with the IER.

SRK considers that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this IER. The preparation of a IER is a complex process and does not lend itself to partial analysis or summary.

SRK has no obligation or undertaking to advise any person of any development in relation to the mineral assets which comes to its attention after the date of this IER or to review, revise or update the IER or opinion in respect of any such development occurring after the date of this IER.

## 1.2 Base Technical Information, Effective Date and Publication Date

The base technical information date, and the effective date of the IER is \*\* August 2018 (the "Effective Date"). The Technical Information contained in this IER has been prepared as at the Effective Date.

As at the publication date of this IER, this being on or around the 1st October 2018 (the "Publication Date"), SRK is not aware that any material change has occurred since the Effective Date. This includes, inter alia, no material changes to the Technical Information as reported in this IER.

### 1.3 Verification and Validation

This IER is dependent upon technical, financial and legal input. In respect of the Technical Information as provided by the Company and taken in good faith by SRK, and other than where expressly stated, any figures presented have not been independently verified by means of re-calculation. SRK has however conducted a review and assessment of all material technical issues likely to influence the Technical Information included in this IER, which included the following:

- An examination of the historical data made available by the Company in respect of the El Bagre Project
- Inspection visits to the El Bagre Project including historic artisanal workings and associated infrastructure in June 2018;
- Enquiry of key project and head office personnel of Bacata during Q2 2018 in respect of the Mineral Assets and other related matters; and
- An examination, review and where appropriate identification of the key technical risks and opportunities as they relate to the Technical Information reported herein.

Accordingly, Bacata has provided technical data (geological information, assay information, exploration programmes) to SRK for the purpose of this review and inclusion in the IER. SRK confirms that it has performed all necessary validation and verification procedures deemed necessary and/or appropriate by SRK in order to place an appropriate level of reliance on such technical information.

### 1.4 Limitation, Reliance on Information, Declaration, Consent and Cautionary Statements

#### 1.4.1 Limitations

The Technical Information presented here within relies on assumptions regarding certain forward-looking statements. These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially. The projections as presented and discussed herein have been proposed by Bacata's management and cannot be assured; they are necessarily based on economic assumptions, many of which are beyond the control of the Company. Future cashflows and profits derived from such forecasts are inherently uncertain and actual results may be significantly more or less favourable. Unless

otherwise expressly stated all the opinions and conclusions expressed in this IER are those of SRK.

#### **1.4.2 Reliance on Information**

SRK has relied upon the accuracy and completeness of technical, financial and legal information and data furnished by or through Bacata.

Bacata has confirmed to SRK that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. SRK has no reason to believe that any material facts have been withheld. Whilst SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK's assessment of exploration results for the Mineral Assets is based on information provided by Bacata throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. Should these change materially the assumptions could be materially different in these changed circumstances.

This IER specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/or contracts Bacata may have entered into.

This IER includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

##### **Technical Reliance**

SRK places reliance on the Company and its technical representatives that all technical information provided to SRK as at the Effective Date is accurate.

##### **Financial Reliance**

In considering all financial aspects relating to Bacata's mineral assets, SRK has placed reliance on the Company that the following information is appropriate as at the Effective Date (defined below):

- Operating expenditures as included in the Company's development strategy and exploration programmes
- Capital expenditures as included in the Company's development strategy and exploration programmes
- All statutory and regulatory payments as may be necessary to execute the Company's development strategy and exploration programmes.

The financial information referred to above has been prepared under the direction of \*\* on behalf of the Board of Directors of the Company.

### **Legal Reliance**

In consideration of all legal aspects relating to Bacata's mineral assets, SRK has placed reliance on the representations of the Company that the following are correct as of the Effective Date (defined below) and remain correct until the Publication Date (defined below):

- That, save as disclosed in the Prospectus, the Company Directors are not aware of any legal proceedings that may have any influence on the rights to explore, develop and mine the minerals present within and associated with the Company's mineral assets;
- That the legal owners of all mineral and surface rights have been verified; and
- That save as expressly mentioned in the Risk Factors of the main body of the Prospectus, no significant legal issue exists which would affect the likely viability of the exploration and production licences as reported herein.

The legal representative of the Company is Mr Aaron Jonathon Revelle of 201 Charlotte Street, Brisbane, Queensland 4000, Australia.

### **1.4.3 Declaration**

SRK will receive a professional fee of approximately A\$38,990 for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this IER and SRK will receive no other benefit for the preparation of this IER. Neither SRK nor any of the authors have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the mineral assets opined upon by SRK and reported herein.

Neither SRK nor the Competent Persons (as identified below) who are responsible for authoring this IER, nor any Directors of SRK have at the date of this report, nor have had within the previous two years, any shareholding in the Company, the Mineral Assets, or any other economic or beneficial interest (present or contingent) in any of the assets being reported on. SRK is not a group, holding or associated company of the Company. None of SRK's partners or officers are officers or proposed officers of any group, holding or associated company of the Company.

Further, no Competent Person involved in the preparation of this IER is an officer, employee or proposed officer of the Company or any group, holding or associated company of the Company. Consequently, SRK, the Competent Persons and the Directors of SRK consider themselves to be independent of the Company, its directors, and senior management.



In this IER, SRK provides assurances to the Board of Directors of the Company, in compliance with the Reporting Standard that the exploration potential of the mineral assets as provided to SRK by Bacata and reviewed and, where appropriate, modified by SRK are reasonable, given the information currently available.

#### **1.4.4 Consent**

SRK will give its written consent to the inclusion of this IER in the Prospectus and all of the information to be contained in the Prospectus which has been extracted directly from this IER.

### **1.5 Indemnities provided by the Company**

Bacata has warranted, in writing to SRK, that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. As recommended by the VALMIN Code, Bacata has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Bacata or from Bacata not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this IER.

In addition, Bacata has provided the following indemnity to SRK:

### **1.6 Qualifications of Consultants and Competent Persons**

The SRK Group comprises over 1,200 staff, offering expertise in a wide range of mining and resource engineering disciplines with 45 offices located on six continents. The SRK Group prides itself on its independence and objectivity in providing clients with resources and advice to assist them in making crucial judgment decisions. For SRK this is assured by the fact that it holds no equity in either client companies/subsidiaries or mineral assets.

SRK has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Competent Persons' Reports, Mineral Resource and Ore Reserve Compliance Audits, Independent Valuation Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. SRK has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. SRK also has specific experience in commissions of this nature.

This IER has been prepared based on a technical and economic review by a team of consultants sourced from SRK's offices in the Australia and USA. These consultants

have extensive experience in the mining and metals sector and are members in good standing of appropriate professional institutions. The consultants comprise specialists in the fields of: geology and resource estimation; mining engineering; metallurgy and project evaluation (hereinafter the “Technical Disciplines”).

The Competent Person who has reviewed the exploration results as reported by Bacata and conducted the site visit to the El Bagre Project is Dr Michael Cunningham, PhD (Geology), Grade Cert (Geostatistics), MAusIMM, MAIG, who is a full-time employee of and Principal Consultant (Geology and Resources) at SRK’s Perth office. He is a Member of the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”). Dr Cunningham is a Geologist with over 15 years’ experience in the mining industry, including operational experience in gold, copper, silver, lead, zinc and other metals, and as such qualifies as a Competent Person as defined in the JORC Code (2012).

The Competent Person who has overall responsibility for the peer review of this IER is Ms Karen Lloyd, BSc (Hons), MBA, FAusIMM, who is an Associate Principal Consultant at SRK. She is a Fellow of the AusIMM. Ms Lloyd has more than 20 years’ international resource industry experience and has experience in the preparation of Competent Persons’ Reports comprising technical valuations and evaluations of mineral projects worldwide, which is relevant to the activity which she is undertaking to qualify as a Competent Person as defined in the JORC Code (2012).

Table 1-1 provides a summary of the designated Competent Persons and other key contributors for completion of this IER.

**Table 1-1: Responsibility table summarising the Competent Persons and key contributors**

Competent Persons					
Competent Person	Position / Company	Responsibility	Independent of Eagle	Date of last site visit	Professional designation
Michael Cunningham	Principal Consultant (Geology & Resources)	Overall IER	Yes	June 2018	BSc (Hons), PhD, MAusIMM, MAIG,
Karen Lloyd	Associate Principal Consultant (Valuations)	Peer review	Yes	None	BSc (Hons), FAusIMM

## 2 Overview of Bacata Resources

### 2.1 Introduction

Bacata Resources Limited is a mineral resource company focused on the exploration and development of gold assets in Colombia. Bacata was incorporated on 18 February 2018 and has its head offices in Brisbane, Australia.

The current corporate structure of Bacata is 4 directors including an executive, summarised in Figure 2-1.

#### Figure 2-1: Bacata's Ownership structure

The Company's current board members and senior management comprise:

- Chairman
- Executive Director
- Non-Executive Director
- Non-Executive Director
- Non-Executive Director
- Company Secretary

**Comentado [MC3]:** Please update, perhaps names in a table or a flow chart figure?

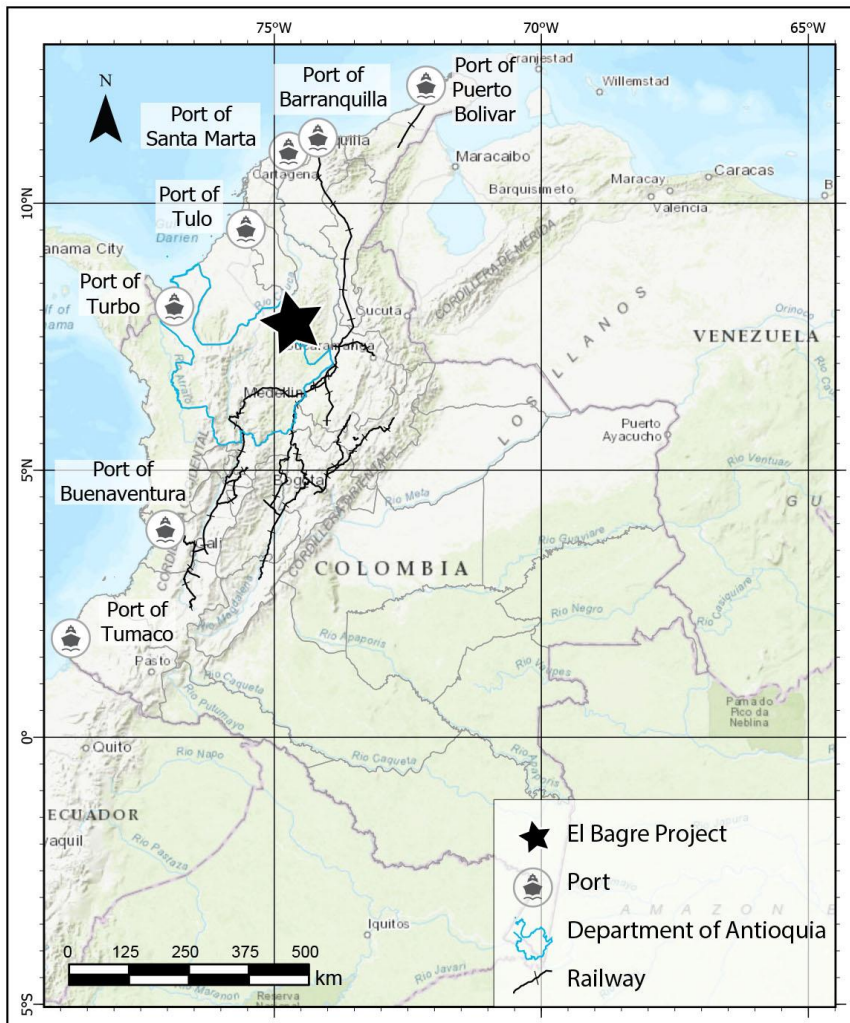
### 2.2 Company strategy

Bacata Resources is a South American gold focused exploration and development company whose business involves identifying, securing, acquiring the development of promising mining and resources projects predominately within South America. The Company expects to focus principally on regions and commodities where it can leverage the strong prior experience, extensive network and investment experience of the Bacata management team within the sector. Bacata's vision is to acquire an exploration gold project to list on a globally recognised stock exchange, subsequently advancing the project through the exploration and feasibility stages to eventually reach producer status. Bacata has the mining and operational in country experience to become a significant new producer of gold in an already producing region of Colombia.

**Comentado [MC4]:** check

Bacata's flagship El Bagre Project is located in the Medellin region (Antioquia) of Colombia (Figure 2-2). In parallel with work to further define the gold resource at the El Bagre Project, Bacata intends to seek to commercialise the alluvial gold prospects generating cashflow for the Company on a near term basis. Bacata aims to establish itself as a new junior gold producer in an up and coming gold producing region through the acquisition and development of the El Bagre Gold Project whilst considering additional strategic acquisitions to complement Bacata's project portfolio

The Company is now seeking to list on the ASX to fund the future evaluation and assessment of its El Bagre Project.



**Figure 2-2: Location map**

Bacata’s principal focus is the exploration for, and assessment of vein and placer-alluvial gold at the El Bagre Project, which lies adjacent to an already producing asset owned by Mineros S.A. The El Bagre Project belongs to a Colombian company called El Bagre Mining SAS. Bacata Resources Pty Ltd has signed an option agreement to purchase 100 percent of the shares of the here before mentioned company (El Bagre SAS) including all its assets once the due diligence investigations have been conducted.

SRK understands that the current ownership status and legal standing of the tenement is dealt with in a separate Solicitor's Report prepared by Francisco Lemus and contained in Section 3 of this Prospectus

**Comentado [CM5]:** To be finalised by Company

Bacata's plans to increase shareholder value by spending up to A\$6.33 million from the funds raised under this Prospectus on an intensive exploration programme over the two years following listing, including more than 10,000 metres of drilling. The Company has identified several targets on which it will commence immediate work following listing.

During the first 12 months, the Company will use the new exploration data collected to identify and rank the development priorities for the Company. In addition, the Company will continually assess strategic corporate opportunities that may have the potential to create additional value for all Shareholders.

### 2.3 Review

The purpose of SRK's Report is to provide an impartial assessment of the technical data and merits of the El Bagre Project, as well as to comment on the exploration program proposed by the Company.

A review of the prospect areas within the project area by previous exploration consultants have identified veins and alluvial gold deposits within the El Bagre Project area (as noted below in Section 3):

## 3 El Bagre Project

### 3.1 Project description

Bacata's El Bagre Project is located in the Antioquia District of Colombia, approximately 200 km northeast of the city of Medellin and 35 km north of the town of El Bagre (latitude 7° 50' 17" N and longitude 79° 45' 5" W longitude W, datum WGS84), situated at the northern end of the Andes Mountains, near the border with Bolivar District (Figure 3-1). The project is located to the east of the Nechi River. It comprises one Exploration tenement (HHQK-01) covering a total area of 1743 hectare.

The closest community is the town of El Bagre located 30 km south of the Project, at an elevation of approximately 57 m above sea-level (asl). It has an estimated population of 40,798 in 2018 (<http://worldpopulationreview.com/countries/colombia-population/cities/>). The town has basic services including health care centres, schools, supermarkets, hotels and an airport with a daily flight from Medellin. Other nearby population centres include Nechi to the north (population 20,668 in 2005), and Caucasia to the northwest (population of 83,710 in 2012).

The project can be accessed by travelling up river from El Bagre for approximately 45 minutes. The route then turns east from the river bank for approximately 5 km. The best mode of transport is by horse or mule (Figure 3-1).

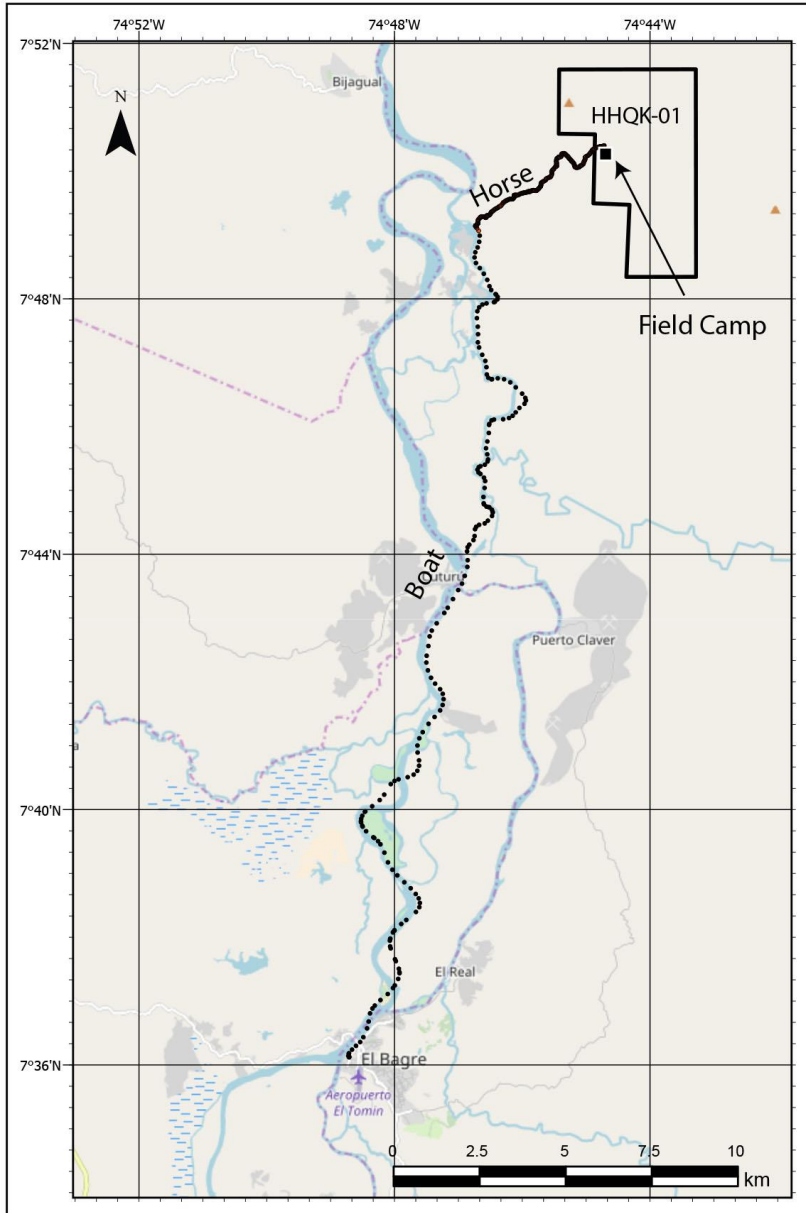


Figure 3-1: Location of Bacata's El Bagre Project

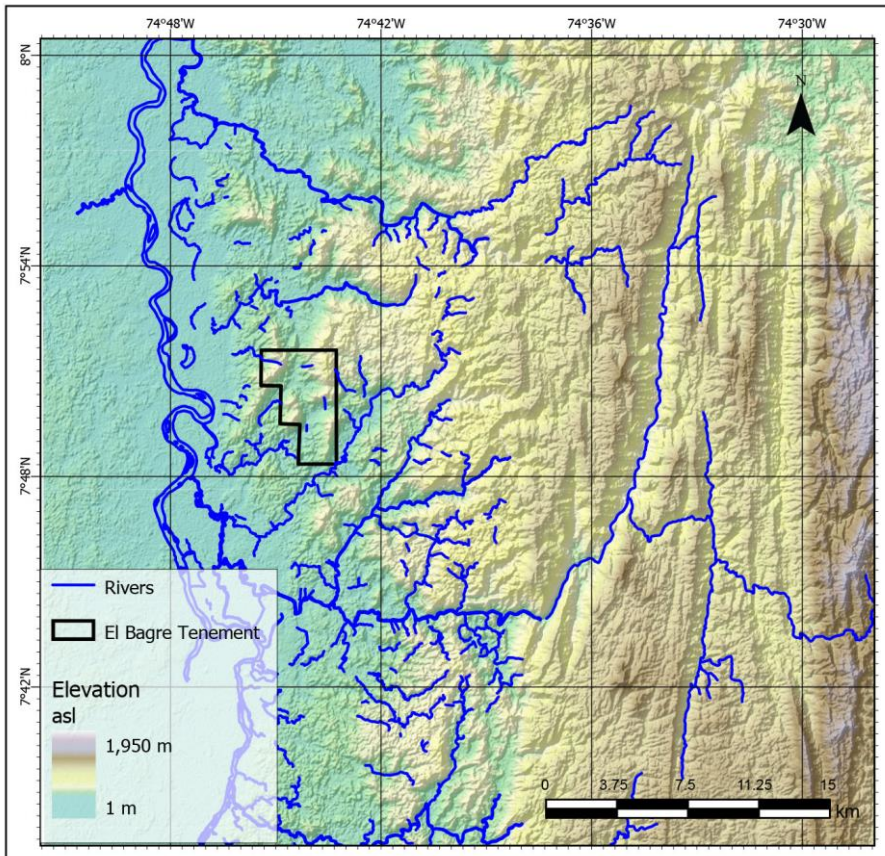


### 3.2 Topography, Climate and Vegetation

The Antioquia District is located in the central northern part of Colombia. It is divided into 124 municipalities with approximately 75 percent of the population living in and around the city of Milligan.

Comentado [MC6]: Double check

The regional topography of the El Bagre project and surrounds shows strong relief to the east, with steep mountainous terrain. Elevations increase from almost 0 to 2 km asl (Figure 3-2). The topography forms a branch of the Andes Mountain chain at its northern termination. There is a strong north-south trend to the topography. Rivers drain to the west-southwest and have incised fluvial channels into the hillslopes. These mostly flow to the north and south of the El Bagre tenement (Figure 3-3) and in to the Nechi River in the west, which flows north into the Caribbean Sea.



**Figure 3-2: Regional Topography**

Source: Shuttle Radar Topography Mission (SRTM), USGS (2006)





**Figure 3-3: Typical drainage of the El Bagre tenement**

Location: Photo taken from latitude 7° 50' 20" N and longitude 74° 45' 15" W, datum WGS84

Because of the high variation of elevation, there are numerous climatic zones. However, at the elevation (50 to 150 m) and location of the El Bagre project, the climate can be classified as tropical. In general, the area is warm-tropical, with an average temperature of 37 ° C., and high relative humidity. Most of the precipitation falls between May and November. The area experiences extreme seasonal variations in monthly rainfall, with up to 4,280 mm annual fall.

Much of the primary jungle cover has been deforested for agriculture and grazing, particularly at lower elevations. The land is used for grazing, coffee, sugar cane, citrus fruit, bananas, and informal (artisanal) mining (Figure 3-4).



**Figure 3-4: Example of land cover and informal mining – El Bagre Project**

Location: Photo taken from latitude 7° 49' 42" N and longitude 74° 44' 1" W, datum WGS84

### 3.3 Tenure

#### 3.3.1 Property and Title in Colombia

The current El Bagre Project area is made up of a single concession named HHQK-01 (Table 3-1). The start date of the tenement was 12<sup>th</sup> September 2007 and it expires 11 September 2037. The registration date was on 12<sup>th</sup> September 2007. It is in the name of El Bagre Gold Mining S.A.S. with identification number 9003803245.

**Table 3-1: Summary of tenure**

Tenement	Type	Granted	Expires	Company	Area (ha)	Minerals
HHQK-01	Exploration – RMN Decree 2655, 1988	12/09/2017	11/09/2037	El Bagre Gold Mining S.A.S	1743	Au, Ag & other permissible minerals, in vein and alluvium

The tenement information (or certificate of registration) was supplied by Mr Francisco Lemus.

### 3.4 Property Ownership, Rights and Obligations

The holder of the El Bagre licence has the rights to placer-alluvial and vein gold. Other minerals are not covered by the license unless the mineral is linked, associated, obtained as a sub-product of the exploitation of gold, or in the event the company files for an addition of minerals. Thus, if a mineral is linked, associated, obtained as a sub-product of gold, or is granted per an addition request, Bacata also has rights to that mineral.

Colombian mining law considers minerals to be considered a sub-product of exploitation when they are extracted together with the mineral of the contract, but their quality and amount would not be economically exploitable in a separate form and can only be separated by physical or chemical beneficiation processes. The law recognises that associated minerals form an integral part of the mineralised body, which is the object of the concession contract.

### 3.5 General

Exploration and mining in Colombia is governed by Mining Law 685 of 2001 and its regulatory Decrees (the “2001 Code”). Colombia has several authorities and entities which enforce exploration and mining law:

- Ministry of Mines and Energy (Ministerio de Minas y Energía, MME);
- The Agencia Nacional de Minería (the National Mining Agency) is responsible for the administration of Mineral Resources except where the responsibility is delegated to a different authority, as it occurs in the Antioquia Department (District) which has a Mining Delegation;
- The Antioquia Department Mining Delegation administers mining concessions in Antioquia, which is a Department with significant mining activity;
- Mining Energy Planning Unit (Unidad de Planeación Minero Energética), which provides support to the MME and maintains the System of Colombian Mining Information (Sistema de Información Minero Colombiano) as well as information regarding government royalties; and
- Servicio Geológico Colombiano, a technical government entity in charge of scientific investigation of non-renewable natural resources.

All Mineral Resources are the property of the state and under the 2001 Code, there is only one type of concession that allows exploration, construction and exploitation. This type of concession is valid for 30 years and can be extended for an additional 30 years. The 2001 Code allows for the continued existence of mining titles acquired under previous legislation. These licenses and permits have been grandfathered in and are still governed by the terms and conditions of the previous legislation.

The location of a concession is given by a reference point with distances and bearing, or by map coordinates.

A surface tax (canon superficial) is due annually upon contract registration with the Mining Registry during the exploration and construction phases of the concession. It is calculated per hectare as multiples of the minimum daily wage (MDW), which is adjusted annually (for 2016, COP22,982 or approximately US\$6.96).

Comentado [MC7]: Check

For mining concession contracts executed and registered before the enactment of the National Development Plan Law 1753, 2015 (Plan Nacional de Desarrollo (PND)), the tax is equivalent to the MDW per hectare per year for areas up to 2,000 ha, two times the MDW per hectare per year for areas of 2,000 to 5,000 ha, and three times the MDW per hectare per year for areas of 5,000 to 10,000 ha.

For mining concession contracts executed and registered after the enactment of the National Development Plan, the tax is paid as shown in **Table 3-2**.

**Table 3-2: Tax Payment Scheme for Concession Contracts Registered after the PND**

Comentado [MC8]: Double check

Area (hectares)	0 to 5 years	More Than 5 Years to 8 Years	More Than 8 Years to 11 Years
	MDW/ha	MDW/ha	MDW/ha
0-150	0.5	0.75	1
151-5.000	0.75	1.25	2
5,001-10,000	1	1.75	3

Source Law 1753/2015

In special cases, some of the tenements are governed by regulations prior to the enactment of the 2001 Code. Under Decree 2655, 1988, tenements were issued in the form of exploration licenses, exploitation licenses, concession agreements and public entity granting agreements. Under said Decree, Bacata's tenement is in the exploration or exploitation phase.

Under an exploration license, the title holder can explore the area for the purpose of determining the existence of Mineral Reserves for a term of one to five years, depending on the area to be explored. Upon expiry of the exploration license, the title holder has a right to file for an exploitation license. In the case of precious minerals, exploitation licenses were granted for the following open pit mining operations: small-scale (not exceeding 250,000 m<sup>3</sup>), medium-scale (between 250,000 to 1,500,000 m<sup>3</sup>), and large scale (over 1,500,000 m<sup>3</sup>). of extraction per year per exploitation license. Exploitation licenses were also granted for the following underground mining operations: small-scale (not exceeding 8,000 tonnes (t)), medium-scale (between 8,000 to 200,000 t) and large scale (over 200,000 t) of extraction per year per license.

Under an exploitation license, a title holder is allowed to exploit minerals for an initial term of ten years, which can be extended for additional 10-year periods or converted into a concession agreement under the 2001 Code.

The primary obligations to be complied with to maintain a tenement in good standing are in three parts:

- Exploration Phase:
  - Starts once the contract is inscribed in the National Mining Registry (Registro Minero Nacional, RMN);
  - Valid for 3 years, plus a 2-year extension;
  - Annual property tax;
  - Requires an annual Environmental Mining Insurance Policy for 5% of the value of the planned exploration expenditure for the year; and
  - Present a mine plan (“PTO”) and an Environmental Impact Assessment (EIA) for the next phase.
- Construction Phase:
  - Valid for 3 years plus a 1-year extension;
  - Annual property tax payments continue as in Exploration Phase;
  - Requires an annual Environmental Mining Insurance Policy for 5% of the value of the planned investment as defined in the PTO for the year; and Environmental License issued on approval of Environmental Impact Study.
- Exploitation Phase:
  - Valid for 30 years minus the time taken in the exploration and construction phases, and is renewable for 30 years;
  - Annual Environmental Mining Insurance Policy required;
  - No annual property tax;
  - Pay royalty based on regulations at time of granting of the Contract; and
  - Royalties payable to the state are 4% of gross value at the mine mouth for gold and silver and 5% for copper (Law 141 of 1994, modified by Law 756 of 2002). For the purposes of royalties, the gold and silver price is 80% of the average of the London afternoon fix price for the previous month.

Surface rights are not considered a part of the mining titles or rights and are not governed by mining laws even though the mining regime provides for expropriation of real property and the imposition of easements and rights-of-way. Surface rights must be acquired directly from the owners of such rights, but it is possible to request

that judicial authorities facilitate expropriation and/or grant easements or rights-of-way necessary for a mining operation.

Once an application or contract is dropped or expires for whatever reason, the area does not become free for staking again for a period of 30 days.

The Mining Law of 2001 allows for mining titles granted under previous laws to continue to be governed by the terms of the previous laws, including Decree-Law 2655 of 1988.

In addition, applications made under the 1988 Mining Law can continue the application process under the terms of the old law and be granted a license under the 1988 law. Under the 1988 law, an exploration license is issued for 2 years and is renewable for 1 year. This is followed by an exploitation license which is valid for 10 years and may be renewed for another 10 years.

Mining Law of 2010 was declared unconstitutional by the Constitutional Court through judgment C-366 of 2011, as such, Mining Law 685 of 2001 currently regulates the foregoing matters.

### **3.6 Royalties, Agreements and Encumbrances**

Once the concession has entered the exploitation phase, the concession fees are replaced by a royalty. In the event that the concessionaire keeps an area under exploration after entering into the exploitation phase, concession fees and royalties must be paid simultaneously by the concessionaire. It is possible to initiate anticipated exploitation during the construction phase, in which case, surface tax and royalties will be payable.

Royalties are payable to the state (Royalties National Fund) at 4% of the gross value at the mine mouth for gold and silver, and 5% for copper. Gold and silver royalties are based on 80% of the London Metal Exchange afternoon fixed price for the previous month.

To the extent known by SRK, there are no known obligations on land covered by claims comprising the property.

### **3.7 Environmental Liabilities**

#### **3.7.1 General**

The principal environmental authority in Colombia is the Ministry of Environment and Sustainable Development (MADS), with national jurisdiction, responsible for formulating environmental and renewable natural resources policies and defining regulations focused on reclamation, conservation, management and use of natural resources, and surveillance of all activities that may have an environmental impact. All activities associated with environmental permitting and control have been delegated to the National Environmental Licensing Authority (Autoridad Nacional de Licencias Ambientales or "ANLA"). At a regional level, the MADS and ANLA functions are executed by Regional Autonomous Corporations (CAR). Together they constitute

the principal environmental authorities. In Bacata's area of operation, there are several Regional Autonomous Corporations in charge of environmental surveillance, such as **Corantioquia and CORPOURABA**. The MADS is entitled to take control over Regional Autonomous Corporations at its discretion, on a case by case basis, when circumstances require it to do so. Both authorities have the following functions: (i) prevent and/or suspend any activity it deems contrary to environmental standards; (ii) reserve and define areas excluded from mining activities (i.e. forest Reserves and páramo ecosystem); and (iii) approve environmental instruments, such as environmental management plans (Planes de Manejo Ambiental or "PMAs"), mining and environmental guides (Guías Minero Ambientales or "GMAs" and Environmental Impact Assessments (Estudios de Impacto Ambiental or "EIAs")), environmental licenses and permits.

**Comentado [MC9]:** Check with Carlos or Aaron

Exploration activities may be performed without the need for approval of an EIA. A company will only need to file for a GMA. If renewable natural resources are needed during the exploration activities, a company must file for the corresponding permits (i.e. water concessions and discharge permits).

An EIA needs to be prepared, presented and approved at the end of the exploration phase if the concession is to proceed to the construction and exploitation phases. The EIA comprises the use of renewable natural resources under the form of a global environmental license. An environmental license is issued, and an update of the EIA should be prepared following approval of the environmental license, if additional activities are to be undertaken. The EIA must include details of the baseline study, an assessment of the overall environmental impacts of the Project and plans to prevent mitigate or compensate for them.

A concession holder is liable for environmental remediation and other liabilities based on concession holders actions and/or omissions occurring after the date of the concession contract. The owner is not liable for environmental liabilities which occurred before the concession contract, from historical activity, or from those resulting from illegal mining activity.

## 3.8 Regional Setting

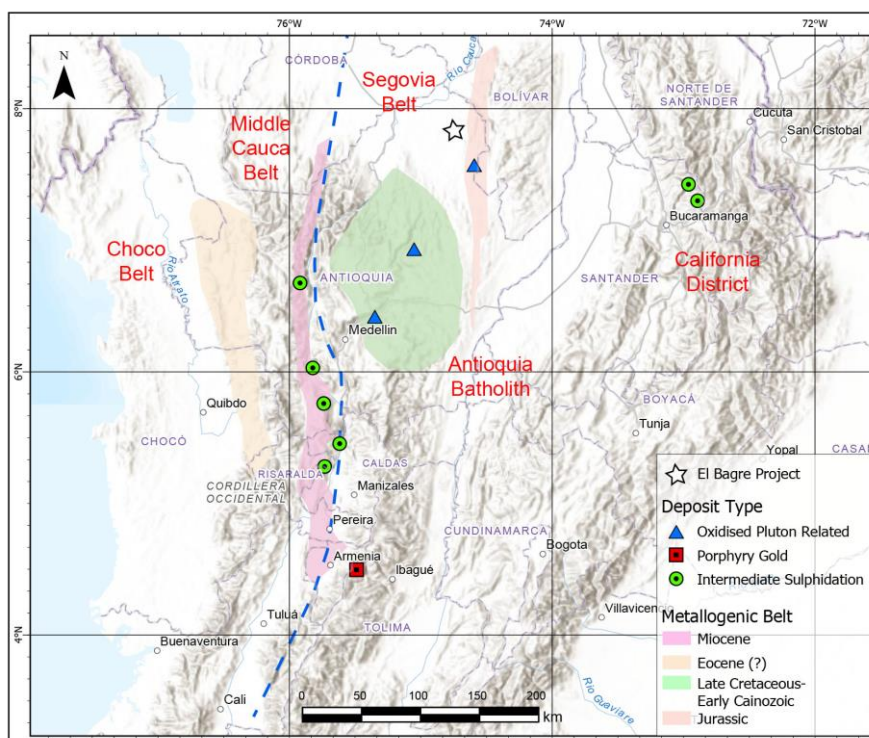
### 3.8.1 Geological Framework

The Colombian Andes are part of the Northern Andean Block which includes the Northern Volcanic Zone of the Andes (Gansser, 1973; Shagam, 1975). The area has been uplifted by the subduction of the Nazca oceanic plate beneath the Guiana Shield along with interaction with the Caribbean plate to the north. This resulted in the formation of major magmatic arcs of Miocene-aged, i.e. central magmatic arcs that hosts the El Bagre Project, in the Segovia Belt (Figure 3-5).

The northern Andean cordillera in Colombia is formed of three north to north-northeast trending mountain ranges, the Western, Central and Eastern Cordilleras, separated by two major intermontane basins, the Cauca-Patía Depression and the Magdalena Depression, which represent terrane boundaries.



The Colombian Andes have a complex history of volcanism, subduction, accretion and faulting, represented by the juxtaposition of metamorphic, igneous and sedimentary rocks of various ages from the Precambrian to the present (Aspden et al., 1987; Restrepo and Toussaint, 1988). The ultramafic-mafic-sedimentary assemblages likely originated in an oceanic volcanic arc setting around middle Cretaceous time.



**Figure 3-5: Principal gold belts and districts, northern Colombia**

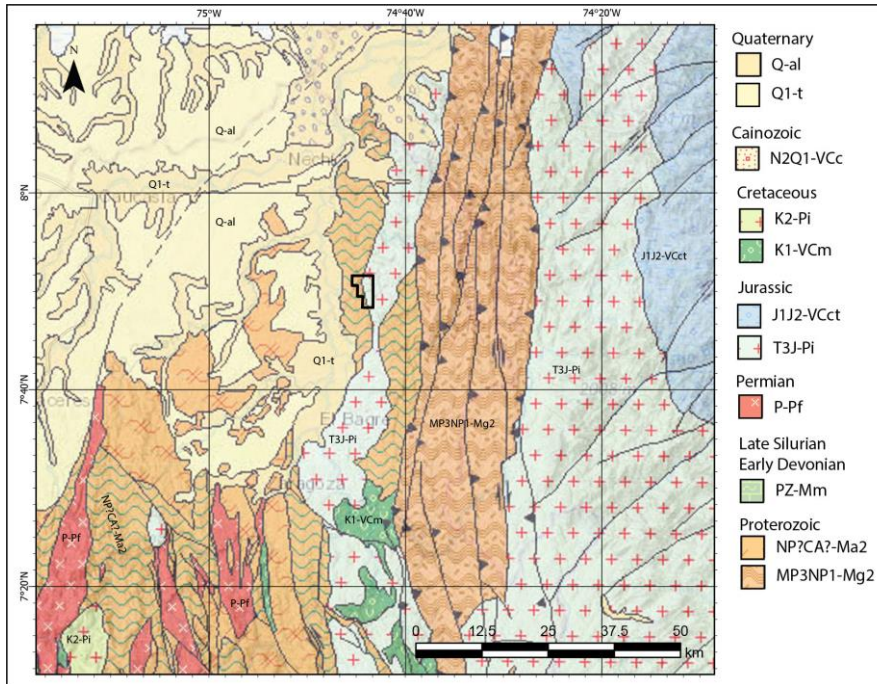
Source: After JDS, 2016

The El Bagre Project is situated in an area featuring Proterozoic aged high-grade metamorphic sequences which include migmatites and amphibolites, granulites, gneiss and quartzite. These are intruded by younger (mid-Jurassic age) granodiorites. To the north and west, most of the sequences are blanketed by Quaternary river alluvials. Further south basalt and andesite lava flows occur, intercalated with limestones of early Cretaceous age (Figure 3-6).

The main structural grain is north-south with Proterozoic aged rocks shown to be intruded by younger Mesozoic granodiorites and locally covered by lava flows. These have been interspersed with transgression and regression of the ocean, with the



intercalation and deposition of carbonates and limestones. The main area to the east, is strongly deformed with east-west thrusting and north-south dextral slip.



**Figure 3-6: Regional geology of Segovia Belt**

**3.8.2 Mineralisation Framework**

The active continental margin of South America has resulted in Cainozoic mineralization events along the “Pacific Rim of Fire”. This includes western Colombia, with the main styles of mineralisation being primarily Epithermal to Mesothermal to Porphyry. As a result of rapid uplift, exposed veins that contain mineralised gold have experienced denudation, with the deposition and formation of alluvial gold systems within placer-alluvial type deposits.

The two main styles of gold mineralisation within the El Bagre Project are placer-alluvial and vein type deposits.

**Placer-Alluvial Gold Mineralisation**

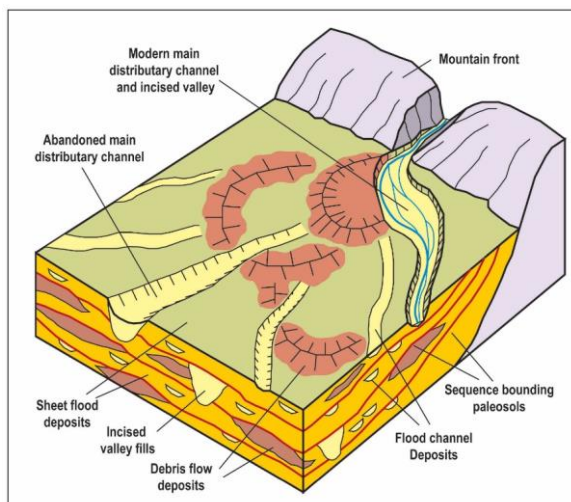
Placer-alluvial gold deposits form as a result of weathering and erosion of pre-existing gold deposits, by stream or river transport, and concentration away from the source, normally in areas where there is a decrease in flow velocity. These may be within the stream associated with channel irregularities, bedrock depressions and natural riffles. Deposits of this type tend to be very variable in size and laterally discontinuous. More

extensive deposits occur where high energy streams exit elevated regions and form braided alluvial fans on the adjacent alluvial plains or on the insides of meanders.

The high specific gravity of gold means it is transported at the base of currents and will be deposited by changes in flow velocity. Larger gold nuggets occur closer to the source in upper reaches of a river or creek, whereas finer gold will be located further from the source or in the lower reaches of a river.

Figure 3-7 shows a typical model of a placer-alluvial gold deposit. Gold is typically deposited with other heavy minerals such as magnetite and is due to a change in velocity or direction of water flow. For example:

- Inside bends of a river
- On the lee side of large boulders in the water flow
- Slowdown in water as it flows into a pool, estuary or lake, and in
- Fissures, holes or natural traps in the stream



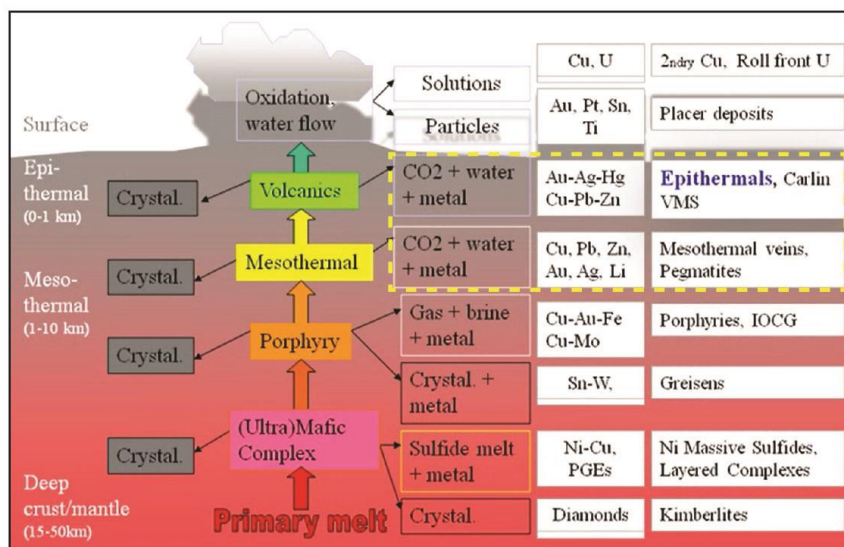
**Figure 3-7: Example of placer-alluvial gold depositional environment**

### Vein Gold mineralisation

The presence of placer-alluvial gold is an excellent indicator for the presence of primary gold deposits including those associated with quartz veins and fossil placers. These can be associated with several metallogenic environments such as:

- Lode / Orogenic gold – normally in ancient Archean greenstone belts, and
- Epithermal (0 to 1 km) or Mesothermal systems (1 to 10 km)

As indicated on Figure 3-5, the oldest metallogenic belt in western Colombia is Jurassic, with the youngest of Miocene (Neogene or Early Cainozoic) age. Therefore, vein gold mineralisation is relatively young, and likely to be associated with volcanism (Figure 3-8).



**Figure 3-8: Subduction related mineralisation**

**Epithermal gold deposits** are characterised by quartz veins, stockworks and breccias associated with gold, pyrite and sphalerite, chalcopyrite and galena. Mineralisation is typically in the form of open space filling associated with multiple brecciation typically localised within structurally controlled hydrothermal conduits. Deposits are typically vertically zoned over several hundred metres from a base-metal poor, gold-silver rich upper part to a lower, base metal rich zone grading at depth into a sparse base metal poor, pyritic zone (Panteleyev, 1995).

**Mesothermal gold deposits** are characterised by gold-bearing quartz veins with minor sulphides developed within a wide variety of host rocks, and largely localised along high-order dilational structures related to major regional faults within a predominantly collision style environment. Wallrock alteration typically consists of silica-pyrite-muscovite within a broader carbonate halo. Gold is deposited near the brittle-ductile transition zone, but deposits may have a vertical extent of 2 km and they lack pronounced zoning.

The mesothermal deposits are commonly associated with late syn-tectonic activity and intermediate to felsic magmatism. The vein systems tend to occur as an echelon

veins on all scales. Tabular veins occur in less competent lithologies with stockworks in more competent lithologies. Vein systems are often spatially associated with contacts between lithotypes displaying competency contrasts. Lower-grade bulk tonnage mineralisation with disseminated sulphides may develop in areas close to veins.

While the origins of the primary gold mineralisation may not be fully understood at this stage, basic observations of veins from pits and old adits were verified by SRK during a 2-day visit in June 2018 to the project site.

### 3.9 Nearby mines and deposits

Bacata's El Bagre Project is located about 6.5 km southeast of the third-party owned Antioquia active gold mine, 100 percent owned by Mineros S.A., which has a contained resource of 1,658,000 oz of gold and 149,500 oz of silver (SNL Database, accessed 20/07/2018).

On the way to site from the town of El Bagre, SRK observed a number of placer-alluvium operations on the Nechi River (Figure 3-9). A similar pattern was observed within the El Bagre Project, from informal artisan operations.



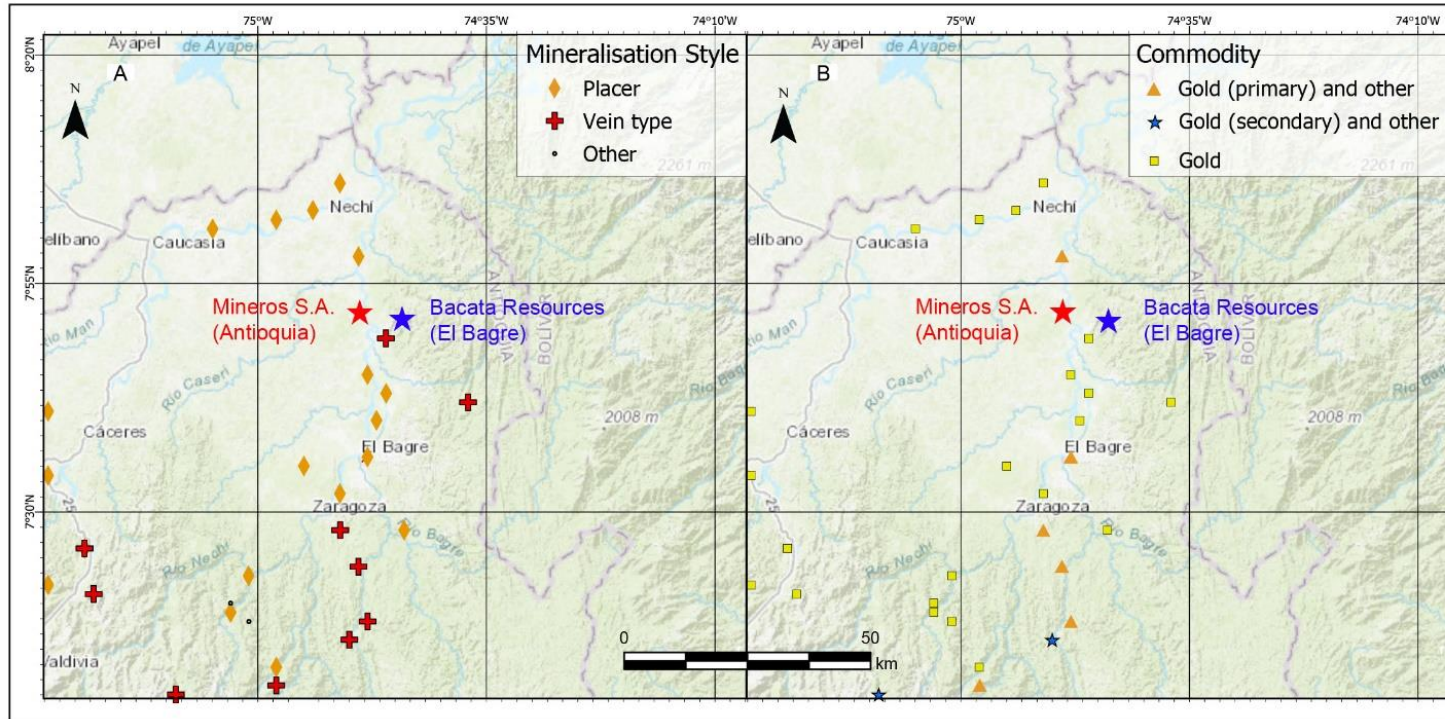
**Figure 3-9: Artisanal operations on the River Nechi**

Figure 3-10 shows a map displaying known gold mineralisation within close proximity to the El Bagre Project. Figure 3-10A shows all known occurrences of vein and placer-alluvial gold and Figure 3-10B shows the same projects by commodity as follows:

- Gold – where gold is the only commodity exploited;
- Gold (primary) – gold and other commodities where gold is the main commodity, e.g. Au-Ag;
- Gold (secondary) – gold and other commodities but where gold is not the main commodity, e.g. Cu-Ag-Au

Based on the SNL database, there are 21 known gold mines and deposits (Table 3-3) within a 50 km radius of the El Bagre Project. This demonstrates the rich gold endowment associated with the geology and structure of the area.





**Figure 3-10: Nearby Mineral deposits of Colombia**

A: Style of gold mineralisation; B: Association of gold mineralisation.

Note: Mineros S.A.'s Antioquia asset is a gold and silver operating Project from placer and underground, with a remaining mine life of 13 years (<http://www.mineros.com.co/en/institutional/about-us>).

Gold – sole commodity

Gold (primary) – where gold is the main commodity but also associated with other metals e.g. silver, copper etc

Gold (secondary) – where gold is not the main commodity, e.g. copper, lead, zinc

Source: SNL Database (accessed 20/07/2018).

**Table 3-3: List of nearby mines and deposits**

Name	Commodity	Model	Status	Style	Latitude	Longitude
Antioquia	Au	unknown	Operating	Not known	7.861	-74.796
Colorado Deposits	Au	Placer	Operating - uncertain	Not known	8.050	-74.900
Cuturu Alluvial Deposits	Au	Placer	Prospect	Not applicable	7.717	-74.767
Cuturu Property	Au	Placer	Closed	Not known	7.750	-74.800
El Carmen	Au	unknown	Reserves Development	Not known	7.494	-74.792
El Chivo Deposits	Au	Placer	Operating - uncertain	Not known	8.017	-75.083
El Limon Mine	Au Pb Zn Ag	Vein type	Prospect	Not applicable	7.467	-74.850
El Pocune Deposits	Au	Placer	Not known	Not known	7.467	-74.733
El Tupe Mine	Au	Vein type	Operating - uncertain	Underground	7.700	-74.617
La Alondra Mine	Au	Vein type	Closed	Not known	7.817	-74.767
La Concha - Caseri Mines	Au Ag Sb	Placer	Prospect	Not applicable	7.967	-74.817
La Tapada	Au	unknown	Target Outline	Not known	7.543	-74.841
Los Chorros	Au	unknown	Limited Production	Not known	7.450	-74.800
Nichi River Placer	Au	Placer	Prospect	Not applicable	7.583	-74.917
Palomar Deposits	Au	Placer	Operating - uncertain	Not known	8.033	-74.967
Pato Consolidated Dredging Co.	Au Ag Pt PGE	Placer	Operating - uncertain	Not known	7.600	-74.800
Puerto Claver Alluvial s	Au	Placer	Prospect	Not applicable	7.667	-74.783
San Lucas	Au	unknown	Exploration	Not known	7.614	-74.442
Santa Gertrudis	Au	unknown	Target Outline	Not known	7.857	-75.208
Santa Paublina	Au	unknown	Operating	Not known	7.672	-74.868
Zaragoza Alluvial s	Au	Placer	Not applicable	Not applicable	7.533	-74.850

Source: SNL Database (accessed 20/07/2018)

### 3.10 Previous exploration

Bacata's El Bagre Project is in a relatively remote area characterised by high relief. As a result, limited modern exploration has been carried out except for some historical workings dating back to the early 20<sup>th</sup> Century.

Early exploration focussed on the potential of alluvium deposits with numerous informal artisanal workers exploiting gold.

#### 3.10.1 Snowden Consultants

In 2009, Tribecapital Partners S.A. commissioned Snowden Mining Industry Consultants (Snowden) to conduct an evaluation of 3 gold veins and the alluvium potential of the Project. The property owners at the time were Hugo Albiero Atehorua (50 percent) and Latin America Worldwide Mining (50 percent). The property was informally named "Los Pizonos".

Snowden conducted a 2-day site visit in September 2009. They excavated a two m<sup>3</sup> sample of alluvial material which was sampled and then processed through an artisanal sluice box. The test sample yielded was estimated to have a grade 2 g/t Au. Samples taken of a narrow gold vein ranged from a low of 1.77 g/t to a high of 40.2 g/t Au

Additionally, sampled vein material taken from artisanal drifts yielded anomalous gold values, in harmony with the veins on the property acting as the gold source for the alluvial mineralisation. Sampled veins ranged in thickness from 25 to 40 cm and contained variable gold grades.

Three veins were visited and sampled. Two of the veins were oriented near horizontal and striking east-west. One vein however, was steeply dipping toward the northwest.

#### 3.10.2 Brexia Resources

Brexia Resources began exploring the El Bagre Project from 2010 to 20XX including numerous mapping and sampling. Figure 3-11 shows an example of mapped geology within the El Bagre Project, including interpreted faults.

Much of this work was conducted through Brexia's local Topographic and Drilling company. The company collected 15 surface samples in 2010 corresponding to vein and rock chip. Thirteen of these samples returned high gold grades.

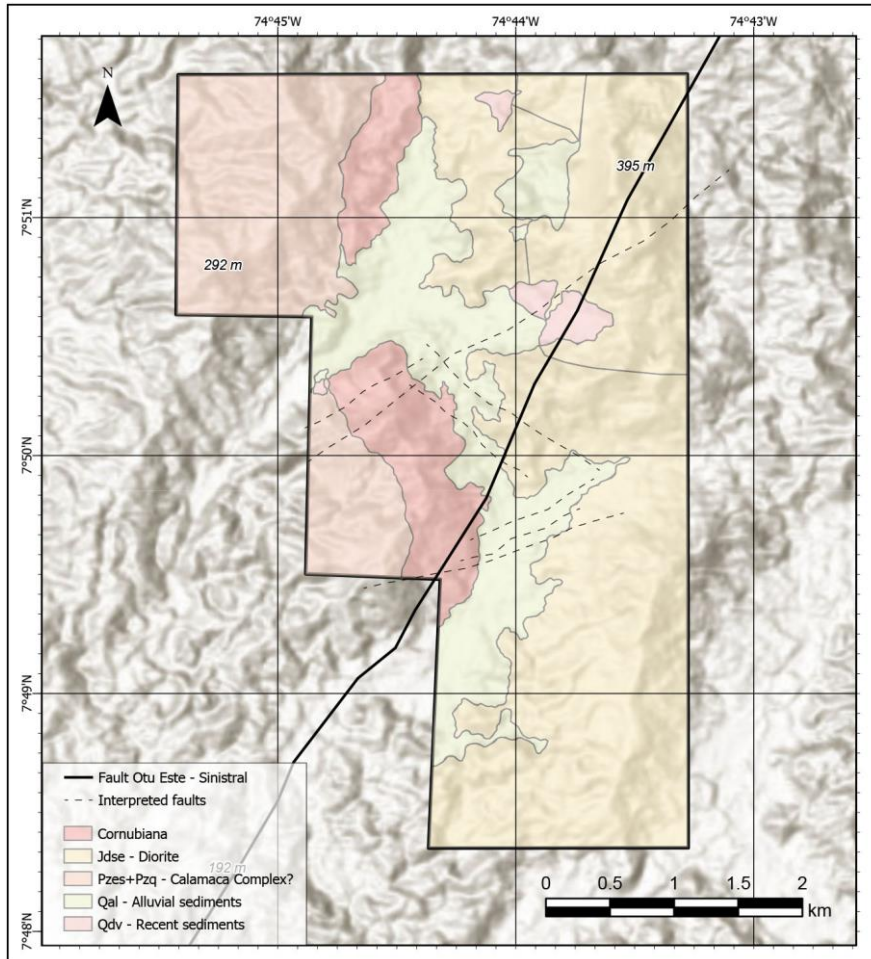
A further sampling campaign in 2011 was carried out by Geominas. Samples taken were obtained from outcrop and alluvium. Rock outcrop samples included both heavily weathered (saproliised) and fresh material.

In 2012, six diamond holes were drilled. One of the objectives was to identify and model out the continuity of the veins within the Project. In general, vein continuity was demonstrated. Four veins could be correlated with confidence. Unfortunately, the

Comentado [MC10]: Confirm if client knows



coordinates were not made available to SRK and therefore the models have not been verified.



**Figure 3-11: Interpreted geology**

Source: **Brexia Resources**, 2012

Vein and alluvium samples were collected and sent to an SGS laboratory where the results were highly encouraging and confirmed the previous findings by Snowden. More details are given in Appendix A, JORC Code Table 1.

**Comentado [MC11]:** The hand drawn map, I don't know who did the mapping

## 4 El Bagre target area

The El Bagre target area is centred at latitude 7° 50' 9" North and longitude 74° 44' 11" W. It is comprised of 1 exploration tenement. The Project has potential for vein gold and placer-alluvial gold.

### 4.1.1 Prospect geology and mineralisation

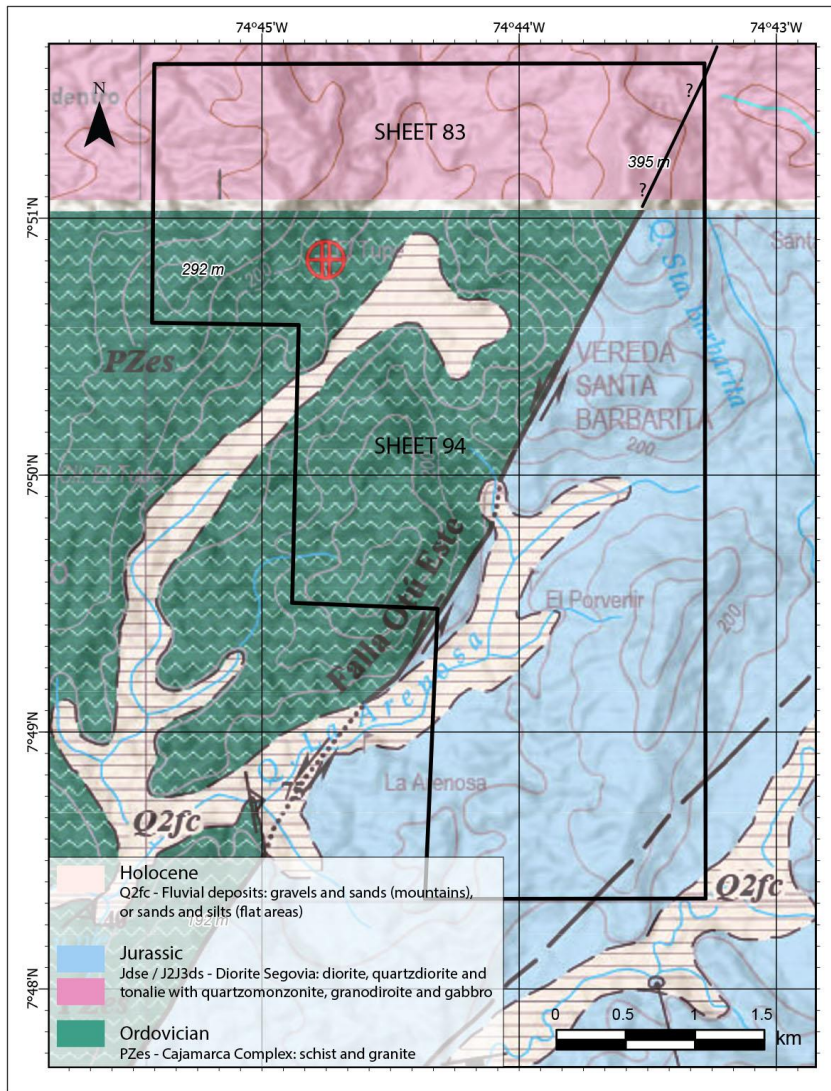
According to the published maps by the Colombian Geological Service, the tenement consists of Ordovician aged Cajamara Complex consisting of heterogeneous sequences of schist and granite intrusion (Figure 4-1: Simplified geology over El Bagre Project Figure 4-1). These metamorphic rocks primarily consist of schist, quartz sericites and quartzite. In places, regional metamorphism has been overprinted by a contact aureole which shows evidence for recrystallisation, epidotisation, kaolinisation and pyritisation as zones of alteration (Brexia, 2012).

Note the age of the Cajamara Complex differs from what is shown on the regional geology map (see Figure 3-6) where the age is shown as much older (Proterozoic).

The Cajamara Complex has a northeast faulted contact against a younger Jurassic age diorite intrusion (Segovia Diorite). The fault is known as the Otu East Fault and has been interpreted as having a component of sinistral sense of shear.

The Segovia Diorite is mostly composed of diorite, granodiorite, tonalite and gabbro. These rocks commonly exhibit strong saprolitic weathering. Quartz veins containing gold in the project area are hosted in these units.

The youngest sediments in the El Bagre Project are of Holocene age and are related to fluvial deposition from rivers and streams draining from east to west. The sediments consist of alluvial gravels, sands and silts, and in favourable locations, host placer gold deposits.



**Figure 4-1: Simplified geology over El Bagre Project**

Source: Colombian Geological Service., 2015 (Map Sheet 94); Arango et al., 2012 (Map Sheet 83). Note the map sheets do not joint seamlessly.

**4.2 SRK Site Visit**

In support of the current IER, the El Bagre Project area was visited by Dr Michael Cunningham from 30 June to 1 July 2018 (not including travel) to verify geological observations reported by previous workers. The visit was led by Mr Oswaldo Isaza

Meneses, a geological engineer, acting on behalf of the project vendor. Mr Andres F Valencia of KPMG (based in the capital Bogota) also accompanied the site team.

The visit was staged out of the company vendor's mine camp located on the western border of the tenement (Mine Camp, Figure 4-2).

An active informal artisanal work site was visited during the afternoon of 30 June 2018 (Station A, Figure 4-2). A partially excavated trench was also visited in the late afternoon (Station B, Figure 4-2), on the way back to the camp. The following day, a quick inspection of the placer-alluvial deposit (which is situated next to the mine camp) was followed by visiting an abandoned artisanal working which consisted of an adit and shaft (Station C and Station D, Figure 4-2).

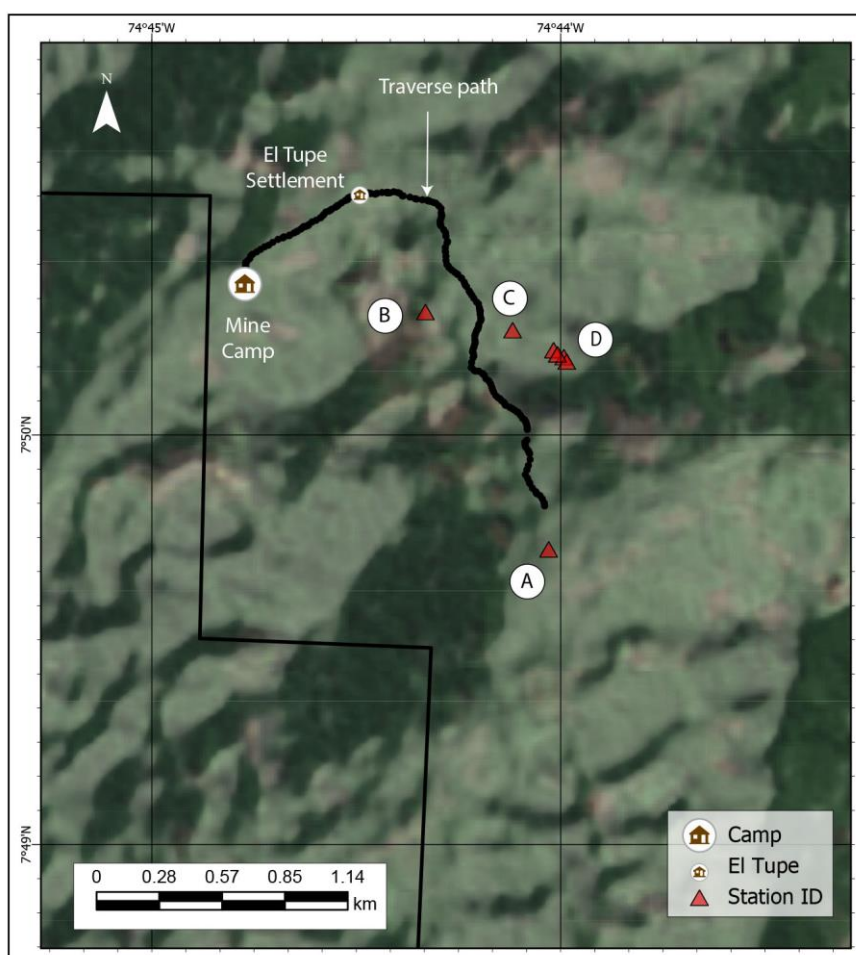


Figure 4-2: Access routes and site visit locations, El Bagre Project area



#### 4.2.1 Station A

The veins within the El Bagre Project have limited exposure. Therefore, visiting an informal mining activity was useful in providing direct exposure (Figure 4-3). The vein, about 20 cm thick, was composed of milky white quartz with abundant sulphide mineralisation including pyrite, and chalcopyrite. Visible gold was also observed with the aid of a hand lens. The host lithologies were of fine-grained sandstone. The vein had a shallow dip of around  $012^\circ$  towards  $315^\circ$ .



**Figure 4-3: Artisanal Working. A: View looking towards pit; B: Exposed quartz vein in pit**

Coordinates: Latitude  $7^\circ 49' 42''$  North and Longitude  $74^\circ 44' 1''$  West

#### 4.2.2 Station B

A second exposure of vein was observed in an old partially infilled trench (Figure 4-4). The vein exposure was in the trench walls and was  $< 10$  cm thick. In hand specimen no visible gold was observed but abundant large euhedral pyrite and some galena was observed. The vein had a steeper dip than the previous station, dipping at  $030^\circ$  toward  $296^\circ$ .



**Figure 4-4: Outcropping vein in trench**

Coordinates: Latitude 7° 50' 17" North and Longitude 74° 44'20" West

#### 4.2.3 Station C & Station D

Most of the observed informal workers had quite a complex operation which is manually labour intense, and using rudimentary tools. This means that once conditions become more challenging due to harder fresher rock, or from flooding, the site is abandoned. However, it means that much of the vein is intact and should be fairly straightforward to exploit following mineral resource estimates and accompanying mine studies.

The example at Station C and D is of an old camp next to an artisanal working with fairly robust infrastructure which has allowed the sinking of shafts and adits (Figure 4-5). The host rocks are equigranular granodiorite which was heavily weathered and oxidised, and in places, saprolitic and partial kaolinization of the fedsars.

The abandoned adit (Figure 4-5A) had some well exposed quartz vein in the walls (Figure 4-5B), and at the back (Figure 4-5C). A measurement from this vein, (< 10 cm thickness) showed it was dipping toward 230° at 030°. The vein formed part of a vein system, approximately 1 m wide. The vein material had the same characteristics as those observed at Stations A and B the previous day despite the different host lithology.

About 100 m higher up the hill, there is an abandoned shaft (Figure 4-5D). Although it was deemed unsafe to descend the ladder, there were many fragments and boulders of vein quartz with abundant sulphide mineralisation including pyrite, galena, sphalerite and chalcopyrite. Flecks of gold were also visible in most specimens.





**Figure 4-5: Outcropping vein in old shaft and adit**

A: Entrance to old adit; B: Outcropping vein just inside adit; C: Vein outcrop at back of adit; D: Shaft at top of hill

Coordinates: Latitude 7° 50' 12" North and Longitude 74° 44' West

**4.2.4 Comment**

One of the objectives of the site visit was to obtain the collar coordinates, down-hole survey, assay, lithology and to inspect the core. Unfortunately, the drillhole records were not available for verification. Similarly, the diamond core was abandoned a few years ago, either discarded or used to make steps and sidewalks in the mine camp (Figure 4-6). If the drillhole data still exists, the results can be used for future planning of drill targets. But, new holes will need to be drilled for mineral resource estimation purposes.



**Figure 4-6: Core either abandoned or used as construction materials for sidewalk (path)**

**4.3 Validation of Results**

For the purposes of validation, SRK conducted a site visit to the El Bagre Project. Whilst no samples were obtained from either vein or placer-alluvial material, it is clear that gold is present as was observed in hand specimen, and the numerous informal artisanal workers who are currently exploiting gold from both vein and alluvium. The results obtained from Snowden's site visit and the work done by Brexia Resources has demonstrated the gold potential as was observed first hand during the site visit.



Hence, SRK's observations broadly confirm the focus and results of previous exploration. On this basis, SRK considers further exploration to be in line with the proposed exploration potential and budget.

#### **4.4 Exploration potential and mineralisation targeting**

The El Bagre Project presents occurrences of gold mineralisation associated with 1) veins primarily embedded in granodioritic rocks and 2) placer-alluvial systems. Hitherto, only four veins have been identified with lateral continuity (Snowden, 2009). Sample results from both vein and placer-alluvial have returned relatively high gold grade.

SRK recommends detailed structural mapping of all vein outcrop. Areas of poor exposure can then have exploratory drill testing conducted. An Induced Polarisation-Resistivity study may also help realise the vein geometries. The resistivity would be strong for non-conductive quartz vein, but the IP would easily detect the high degree of sulphide mineralisation.

#### **4.5 Proposed exploration**

Bacata's short-term strategy is to conduct geological studies as well as conceptual studies for the placer-alluvial mineralisation. The placer-alluvial mineralisation should have the potential for a low cost operation, whilst at the same time, developing a better understanding of the vein systems through geophysics, surface geochemistry and drilling. Based on positive results, the aim would then be to undertake mineral resource estimation.

In the longer term, it may be feasible for the development of the vein gold systems to be financed from the placer-alluvial operation and thus add value to shareholders.

## 5 Work Programme and Exploration Budget

SRK has verified the presence of quartz veins and confirmed the presence of visible gold. The numerous dredging operations on the main river as well as the many informal artisanal workings within the El Bagre Project have also demonstrated the potential and presence of gold within placer-alluvium systems. Therefore, SRK is of the opinion that the potential for gold mineralisation adequately supports the Company's conclusion that the El Bagre Project is worthy of further exploration expenditure.

### 5.1 Proposed Exploration Work Programme

Bacata has proposed a staged exploration programme over a 2-year period following its listing on the ASX. The exploration program going forward will focus on geological studies and conceptual studies of small mining operations for the placer-alluvial gold. Geophysical surveys, surface geochemistry will also help better model and understand the extent, and geometry of the gold hosting quartz veins. This will allow for the planning of a drill program that will have the ultimate objective of defining Mineral Resources. This in turn will underpin mine technical studies and estimates of the potential economic mineral reserves.

### 5.2 SRK's opinion on plan and budget

SRK considers that the proposed 2-year exploration work programme being advanced by Bacata is well conceived and provides adequate consideration of the two main styles of mineralisation and maturity of the targets identified to-date within the Project area.

SRK has reviewed Bacata's exploration budget which is summarised in Table 5-1. SRK notes that the amounts outlined are sufficient to meet the minimum expenditure obligations of the two prospects namely vein and placer-alluvial gold. Additionally, should Bacata only achieve the minimum subscription, the curtailed budget illustrated in Table 5-2; **Error! No se encuentra el origen de la referencia.** should be sufficient to obtain enough results to determine the feasibility of each prospect. The biggest reduction in this case would be directed towards the level of drilling proposed.

**Table 5-1: Bacata's proposed two-year exploration budget based on a maximum capital raising of A\$ 10,000,000**

Activity	Year 1	Year 2	Total (A\$)
Geological Studies	162,000	101,250	263,250
Conceptual Studies - Alluvial	101,250	202,500	303,750
Geophysics	162,000	125,000	287,000
Surface Geochemistry	101,250	27,000	128,250
Drilling programme	1,350,000	650,000	2,000,000
Environmental / Social Studies	101,250	-	101,250

<sup>1</sup> Totals (A\$)	1,977,750	1,105,750	3,083,500
---------------------------	-----------	-----------	-----------

**Table 5-2: Bacata's proposed two-year exploration budget based on a minimum capital raising of A\$8,000,000**

Activity	Year 1	Year 2	Total (A\$)
Geological Studies	120,000	75,000	195,000
Conceptual Studies - Alluvial	75,000	150,000	225,000
Geophysics	120,000	-	120,000
Surface Geochemistry	75,000	20,000	95,000
Drilling programme	750,000	350,000	1,100,000
Environmental / Social Studies	75,000	-	75,000
<sup>1</sup> Totals (A\$)	1,215,000	595,000	1,810,000

<sup>1</sup>Totals rounded to the nearest thousand

In SRK's opinion, Bacata's proposed expenditures are realistic in the context of the amounts to be raised under the IPO. It should be possible to evaluate the potential of the main alluvial and vein gold prospects at El Bagre in the two-year period. Furthermore, the budget proposed should permit a meaningful assessment of the potential of open pit mining of the alluvial. However, SRK cautions that the proposed exploration programs may change in Year 2 from that currently stated and will be dependent upon the results from the Year 1 program.

## 6 Conclusions and Recommendations

Bacata's El Bagre Project is located in the Antioquia District of Colombia. The asset is located approximately 200 km northeast of the city of Medellin and 35 km north of the town of El Bagre.

The region is a significant producer of gold hosting numerous placer-alluvial and vein deposits within a 50 km radius of Bacata's El Bagre Project. The Project is also located at the northern end of the Andes Mountains, near the border with Bolivar Department. The region has been affected by recent Cainozoic stresses leading to volcanism, dyke intrusion, normal, thrust and strike-slip faulting, which may have further modified and concentrated mineral deposits.

### 6.1 El Bagre Project

The El Bagre Project is prospective for vein gold mineralisation, and placer-alluvial gold. There hasn't been much modern exploration conducted on the Project due to its remoteness. Therefore, the project is at a relatively early-stage of exploration, and there is a certain degree of risk. However, based on historical and current mining in the surrounding regions, as well as the results of exploration activities conducted to date, and knowledge of vein and placer-alluvial gold in Western Colombia (in general), SRK considers there is reasonable expectation for the discovery of economic deposits of gold mineralisation.

### 6.2 Summary

To properly evaluate the likely size, style and continuity of gold mineralisation, SRK makes the following recommendations:

- Desktop review of all existing public datasets, reports, and in particular, the previous drillhole information that was done in 2012;
- Geological and structural mapping (with trenching in areas of poor outcrop)
- Geophysical surveys (IP-Resistivity, and/or ground magnetics) based on the results of the desktop review and mapping
- Drilling at PQ then HQ (including oriented diamond core) and bulk sampling to overcome the challenges of high nugget gold.

In SRK's opinion, further exploration is justified at the budgetary levels proposed by Bacata Resources.

**Compiled by**

Michael Cunningham  
Principal Consultant

**Peer Reviewed by**

Karen Lloyd  
Associate Principal Consultant

## 7 References

- Aspden, J.A., McCourt, W.J., and Brook, M., 1987, Geometrical control of subduction-related magmatism: the Mesozoic and Cenozoic plutonic history of western Colombia: *Journal of the Geological Society, London*, v. 144, p. 893-905.
- Arango et al., 2012, Geology Sheet 83 Nechi, Scale 1:100,000, Ministry of Mines and Energy, Colombian Geological Service, Republic of Colombia, [www.sgc.gov.co](http://www.sgc.gov.co)
- Brexia Resources, 2012, Report of Results on the Geological Evaluation of El Bagre Project, El Bagre, Antioquia (Colombia), dated December 2012.
- Colombian Geological Service., 2015, Geology Map 94 El Bagre, Scale 1:100,000, Consorcio GSG (Geominas – Serviminas – GEMI), [www.sgc.gov.co](http://www.sgc.gov.co).
- Gansser, A., 1973. Facts and theories on the Andes: *Journal of the Geological Society of London*, v. 129, p. 93-131.
- Geomina, 2011. Professional services geological cartography mining title HHQK-01 (El Bagre, Antioquia) - report field works. Report prepared for Brexia Resources. 49 p.
- JDS Energy & Mining Inc, 2016, Buritica Project NI 43-101 Technical Report Feasibility Study Antioquia, Colombia, Effective Date: February 24, 2016. Prepared for Continental Gold Inc.
- Restrepo, J.J., and Toussaint, J.F., 1988. Terrains and continental accretion in the Northern Andes: *Episodes*, v. 11, n. 3, p. 189-193.
- Shagam, R., 1975. The northern termination of the Andes, in Nairn, A.E.M., and Stehli, F.G., eds., *The Ocean Basins and Margins*: New York, Plenum Pres, v. 3, p. 325–420.
- Snowden Mining Industry Consultants, 2009, Los Pizones Property, Antioquia, Colombia, November 2009, Tribecapital Partners S.A.: Assessment Report, Project No. V657
- The JORC Code 2012 Edition, Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, ([http://jorc.org/docs/JORC\\_code\\_2012.pdf](http://jorc.org/docs/JORC_code_2012.pdf)).
- The VALMIN Code 2015 Edition, Australasian Code For Public Reporting of Technical Assessments and Valuations of Mineral Assets. Prepared by The VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists ([http://valmin.org/docs/VALMIN\\_Code\\_2015\\_final.pdf](http://valmin.org/docs/VALMIN_Code_2015_final.pdf)).

## Appendices

**Appendix A: Table 1 - JORC Code 2012**



**JORC Code, 2012 Edition – Table 1**

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done, this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>All data presented herein are from past exploration activities prior to Bacata Resources Limited's (Bacata) involvement and have been obtained from propriety reports. Bacata is undertaking a full validation of the nature and quality of the sampling undertaken. At time of writing such information was not yet available. Samples are from early stage exploration work comprising surface soil and rock samples, diamond drilling (DH), geochemical sampling. Snowden collected a bulk sample of alluvial material from near El Tupe village. They used a sluice box approximately 2.5 m in length with matting covered by expanded metal to recover gold.</li> <li>All references to mineralisation are taken from reports and documents prepared by previous explorers and have been reviewed by Bacata and considered to be fit for purpose The authors of the Independent Experts Report (IER) concluded that the results highlighted by Bacata are anomalous and warrant further investigation based on their experience in the areas of the Company project</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>. Limited DH but no documentation cited by the Competent Person. Hence, at this time, hole diameters and detailed information regarding drilling has not been compiled for all projects and are not considered material to supporting the assessment of the prospectivity of the Projects</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>.Bacata is undertaking validation of the data to determine whether this information has been collected in full.</li> <li>Not Known</li> <li>. The Competent Person is satisfied that the data is fit for purpose of planning exploration programs and generating targets for investigation</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>All holes have been geologically logged to various degrees of detail.</li> <li>Bacata has done sufficient verification of the data, in the Competent Person's opinion to provide sufficient confidence that the logging was performed to adequate industry standards and is fit for the purpose of planning exploration programs and generating targets for investigation.</li> <li>There were no records discovered indicating total length and percentage of the relevant intersections logged.</li> </ul>

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>It is unknown how sampling was done in 2011. However, SRK observed discarded cut core at site and it is likely that core were sawn and sampled according to industry standard (half core),</li> <li>Not known.</li> <li>No spot checks undertaken by the Competent Person due to absence of appropriate data</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Bacata has not done verification of the assay data, in the Competent Person's opinion to provide sufficient confidence that the assaying was appropriate for the mineralisation present and is fit for the purpose of planning exploration programs and generating targets for investigation. Bacata needs to fully verify the data first.</li> <li>Not applicable</li> <li>Not Known</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> <li>No twinned holes to-date</li> <li>Unknown</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Bacata has yet to complete sufficient verification of the data, in the Competent Person's opinion to provide sufficient confidence in the accuracy and quality of survey data and that it is fit for the purpose of planning exploration programmes and generating targets for investigation. Norwest continues to fully verify the data.</li> <li>Map Grid of Bogota, Transverse Mercator Australia (MGA) GDA94 Zone 50 Local grid coordinates have been transformed to GDA94, though some issues at Mount Laws with accuracy have been noted</li> <li>Local topographic control at the project is variable but fit for the purpose of planning future exploration programs.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Various data spacing has been used .Examples of data spacing are provided in the IERR</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable as a Mineral Resource or Ore Reserve is not determine</li> <li>Not applicable as a Mineral Resource or Ore Reserve is not determined</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>The orientation of controlling structures has not been fully. Bacata recognises the importance of understanding the structural controls on vein mineralisation and will prioritise the collection of oriented drill core early in test programs to address these criteria.</li> <li>Unable to be addressed due to insufficient data at this stage</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Due to the historical nature of the data, this has not and may not be determinable. There are no indications that there have been any issues with sample security.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>Neither SRK or Bacata have performed any audits at this time.</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The details and status of Bacata's exploration licence is provided in the relevant sections of the IER. Issues relating to royalties, historical sites, forestry etc are covered in the Independent Solicitors Report found elsewhere in the prospectus</li> <li>The current El Bagre Project area is made up of a single concession named HHQK-01. Bacata Resources Pty Ltd has signed an option agreement to purchase 100 percent of the shares of the here before mentioned company (El Bagre SAS) including all its assets once the due diligence investigations have been conducted (Please see the Independent Solicitors' Report for full details)</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Previous exploration has been completed on Bacata's project by a variety of companies. Please refer to the IER for details and references to the previous work</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The project is located in Western Colombia. The northern Andean cordillera in Colombia is formed of three north to north-northeast trending mountain ranges, the Western, Central and Eastern Cordilleras, separated by two major intermontane basins, the Cauca-Patia Depression and the Magdalena Depression, which represent terrane boundaries.</li> <li>The El Bagre Project is situated in an area featuring Proterozoic aged high-grade metamorphic sequences which include migmatites and amphibolites, granulites, gneiss and quartzite.</li> <li>The two main styles of gold mineralisation within the El Bagre Project are placer-alluvial and vein type deposits</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>downhole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not</li> </ul>	<ul style="list-style-type: none"> <li>Only limited drilling has taken place. The core has been discarded, and SRK did not have access to the drillhole dataase, other than results from the exploration report prepared by Brexia Resources.</li> </ul>

Criteria	JORC Code explanation	Commentary
	Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>.Not applicable</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.</li> <li>If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>Previous drilling has been undertaken on various drill orientations, and thus does not represent true width intersections. Future work by Bacata will involve validation and reinterpretation of previous results and the drilling of additional holes to determine the orientation of mineralisation and thus true widths</li> <li>Not applicable, as the geometry of the mineralisation with respect to the drill angles has yet to be verified</li> <li>Not applicable</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Please refer to the IER for details</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>No exploration results reported.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>All data presented herein are previous and Bacata is yet to complete a full validation of the nature and quality of the previous work undertaken within the project tenement. All material data encountered by Bacata to date has been reported herein</li> </ul>
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling</li> </ul>	<ul style="list-style-type: none"> <li>Bacata will undertake extensive validation and field confirmation of previous drill and sampling data. Once the previous data review is completed and the results from detailed geological studies, surface geochemistry and interpretation of geophysics,, it is</li> </ul>

Criteria	JORC Code explanation	Commentary
	areas, provided this information is not commercially sensitive.	planned that Bacata will undertake drilling programs to test the targets identified. Please refer to the IER.

## SRK Report Client Distribution Record

Project Number: BAP001

Report Title: An Independent Expert Report of the El Bagre Project, Antioquia District, Colombia

Date Issued: 25/07/2018

Name/Title	Company
Aaron Revelle	Bacata Resources Pty Ltd

Rev No.	Date	Revised By	Revision Details
[External revision number]	[Date]	[Name]	[Description of revision]

This Report is protected by copyright vested in SRK Consulting (Australasia) Pty Ltd. It may not be reproduced or transmitted in any form or by any means whatsoever to any person without the written permission of the copyright holder, SRK.

