

Jiangsu Changjiang Geological Exploration Institute

Preliminary Valuation Report on Mining Rights

Chile · La Higuera · Carmen 3345 Copper-Gold Deposit

December 2025 · Valuation date: 31 October 2025

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1 Subject and Scope of the Preliminary Valuation

1.1 Valuation Subject

The subject of this preliminary valuation is the mining rights to the Carmen 3345 copper-gold deposit in La Higuera, Chile.

1.2 Valuation Scope

The Carmen 3345 copper-gold deposit is located in the municipality of La Higuera, Elqui Province, Coquimbo Region (Region IV), Chile. Its geographical extent is 29°03'57" to 29°08'43" south latitude and 70°33'40" to 70°36'54" west longitude. The total area of 20.75 km² comprises two mining concessions consisting of 13 blocks. The mining rights have a long-term validity period. The boundary-point coordinates are given in Table 1-1.

Table 1-1 · Boundary-point coordinates

No.	Longitude W	Latitude S	X	Y	Area
1	70°36'16.64"	29°03'56.75"	344000	6784000	14.75 km ²
2	70°34'44.22"	29°03'57.84"	346500	6784000	
3	70°34'45.95"	29°05'51.52"	346500	6780500	
4	70°35'38.87"	29°05'50.91"	345100	6780500	
5	70°35'39.20"	29°07'28.35"	345100	6777500	
6	70°36'53.20"	29°07'27.46"	343100	6777500	
7	70°36'51.69"	29°05'50.02"	343100	6780500	
8	70°36'18.40"	29°05'50.42"	344000	6780500	
9	70°35'13.22"	29°07'22.16"	345800	6777700	6.00 km ²
10	70°33'40.74"	29°07'23.24"	348300	6777700	
11	70°33'41.92"	29°08'41.20"	348300	6775300	
12	70°35'14.43"	29°08'40.11"	345800	6775300	

2 Purpose of the Preliminary Valuation

This preliminary valuation determines the value of the mining rights to the Carmen 3345 copper-gold deposit in La Higuera, Chile, and provides a reference for pricing their transfer for consideration.

3 Valuation Date

Taking account of the valuation purpose and the nature of the economic transaction, the valuation date is 31 October 2025. All quantities and price assumptions used in this report are based on objective standards applicable on that date.

4 Bases of the Valuation

4.1 Legal and Regulatory Bases

- Mineral Resources Law of the People's Republic of China.
- Administrative Measures for the Registration of Mineral Resources Exploitation.
- Administrative Measures for the Transfer of Exploration Rights and Mining Rights.
- Chinese Standards for the Valuation of Mining Rights.
- Classification for Resources and Reserves of Solid Minerals (GB/T 17766-2020).
- General Specifications for Geological Exploration of Solid Mineral Resources (GB/T 13908-2020).
- Specifications for Geological Exploration of Copper, Lead, Zinc, Silver, Nickel and Molybdenum (DZ/T 0214-2020).
- Announcement of the Ministry of Land and Resources on Implementing the Standards for the Valuation of Mining Rights (Announcement No. 6 of 2008).

4.2 Ownership Basis

The project company is MINERA CHANG JIANG S.A. China Coal Changjiang Geological Group Co., Ltd. holds 43% of its shares and Huang Hui holds 57%. The company has no other mining assets and no receivables or liabilities. Ownership of the mining rights is not disputed.

4.3 Other Bases

- Preliminary Reconnaissance Report on the La Higuera 3345 Copper-Gold Deposit, Chile.
- Other geological information collected for the preliminary valuation of the project.

5 Valuation Principles

In addition to independence, objectivity, impartiality and a scientific approach, the following economic principles are applied in view of the particular nature of mining rights:

- The interdependence between mining rights and mineral resources.
- Compliance with geological principles and the economic principles governing mineral resources.
- Rational development and utilization of mineral resources.

6 Overview of the Mining Concession

6.1 Location and Access

The concession lies 40-50 km east of the 600 km point on Chile's main highway, Ruta 5. It is 170 km from La Serena in Region IV and 120 km from Vallenar in Region III. Ruta 5 is a high-standard paved highway. After leaving it, access follows 12 km of paved road and then gravel roads. Transport access is relatively convenient.

6.2 Natural and Economic Conditions

The concession is situated in medium-height mountains, mainly at elevations of 2,000-2,500 m. The highest elevation is approximately 2,540 m and the lowest approximately 2,040 m, with maximum relief of about 500 m. Natural slopes are generally no less than 10°.

Vegetation is sparse and consists mainly of low shrubs, providing good visibility. Much of the surface has a thin cover of residual and colluvial material, while bedrock is well exposed locally.

The area lies in the transition between the Southern Hemisphere's tropical desert climate and a subtropical climate. Conditions are sunny, dry and arid. Rain falls three or four times a year, mainly in winter. Mean annual precipitation in 1961-1990 was 78.5 mm. Evaporation is four to five times precipitation. The annual maximum temperature is 42°C, the minimum 0°C and the mean 13-18°C, with large daily temperature variations.

Surface water is poorly developed. Groundwater springs occur in two valleys in the northern part of the concession and can provide temporary domestic and construction water. The area is uninhabited, with only a few temporary grazing sites used by herders.

6.3 Previous Geological Work

- Chile has a relatively high level of geological investigation. Regional geological surveys at 1:250,000 scale cover almost half of the country. In 1982, the Chilean geological and mining service published the 1:250,000 map HOJA VALLENAR Y PARTE NORTE DE LA SERENA and its explanatory notes.
- No systematic geological work had previously been undertaken within the concession. Small pits and adits worked by local independent miners are present: nine in the north and three in the south. These provided initial information on strata, rock types, mineralization and alteration.
- In 2011-2012, China Coal Changjiang Group commissioned Jiangsu Changjiang Geological Exploration Institute to conduct an expert reconnaissance visit. Inspection of existing exposures indicated favorable metallogenic conditions and suitability for further work.
- In 2012-2013, the same group commissioned the institute to conduct further inspections and initial geological work. Several dozen mineralized alteration zones were identified. The overall assessment indicated favorable conditions and potential for a large porphyry copper deposit.

7 Geological Exploration Work Completed

Since 2014, Jiangsu Changjiang Geological Exploration Institute has conducted systematic geological work in the La Higuera 3345 polymetallic copper area. By 31 October 2025, this included geological mapping, geological profiling, trenching, geophysical effectiveness testing and drilling. The fieldwork was inspected and accepted on site by experts and was judged to be of high quality. Table 7-1 presents the work summary labeled 2014-2016 in the source report.

Table 7-1 · Exploration work completed

Work	Item	Unit	Quantity	Remarks
Geological profiles 1:1,000		km	5.078	2 lines
Geological mapping 1:10,000		km ²	20.75	49.11 points/km ² ; 1,019 points
Geophysics	IP survey	points	94	Geophysical effectiveness tests
Geophysics	IP sounding	points	1	Geophysical effectiveness tests
Geophysics	TEM	points	624	Geophysical effectiveness tests
Trenching	0-3 m	m ³	5,420.14	29 lines; 3,626.10 m
Drilling		m	2,025.86	2 holes in the north; 4 in the south
Chemical analysis (Cu, Au, Ag)		samples	387	
Petrography	Thin sections	pieces	40	
Petrography	Polished sections	pieces	15	

8 Geological Overview

8.1 Regional Geology

The exposed stratigraphic sequence is simple, consisting mainly of Cretaceous continental sedimentary rocks (Ksc) overlain by a thin Quaternary cover.

The Cretaceous sequence is associated with volcanic activity and consists mainly of andesites of various colors and grain sizes, andesitic breccias and conglomerates. The andesite has a porphyritic texture and massive structure. Phenocrysts are predominantly plagioclase, followed by pyroxene and locally small amounts of amphibole. The grayish-white, columnar plagioclase is 0.3-4 mm in size and exhibits zoning and fine twinning.

The groundmass has a hyalopilitic texture and consists of glass, small lath-shaped plagioclase and minor pyroxene, quartz and amphibole. Irregular amygdales locally measure 0.3-2 mm and constitute up to 9% of the rock. Secondary minerals include epidote, chlorite, quartz and minor clay minerals and sericite. Chloritization and epidotization predominate; silicification and clay alteration are subordinate.

The Quaternary cover consists mainly of thin, yellowish-brown to brick-red residual and colluvial sandy soil. It is loose, has low plasticity and is 0-5 m thick.

Structures are subsidiary faults of regional fracture systems. Their overall strike is north-northeast, locally north-south. North-south structures are common, while near-north-south and northwest structures are generally small subsidiary features. The fractures provide favorable pathways and space for the migration and concentration of ore-bearing solutions.

Igneous rocks are widespread and are mainly Tertiary intrusive rocks outside the Cretaceous sedimentary areas in the southeast. Principal types include granodiorite, diorite porphyry, diabase and diabase porphyry. The ages assigned in the source report range from the Miocene (Tertiary) to the Pleistocene.

8.2 Geological Characteristics of the Deposit

(1) Characteristics of the mineralized bodies. Based on preliminary reconnaissance and comparison with adjacent areas, three mineralization concentration zones have been delineated: Bodies 1 and 2 in the north and Body 3 in the south.

In the north, the main host rocks are granodiorite and diorite porphyry. Mineralization occurs mainly in fractures, as veinlets, stockworks, thin layers and lenses. The ores have granular textures and disseminated or stockwork-disseminated structures. The principal ore minerals are malachite and covellite; a few quartz veins contain gold. Tourmalinization, silicification and chloritization are common. Tourmalinization indicates relatively high hydrothermal temperatures. Silicification and limonitization are accompanied by small amounts of gold.

In the south, Body 3 is hosted by continental volcanic-sedimentary andesite and occurs as veinlets, stockworks and stratiform bodies. The ores have granular textures and disseminated, stockwork-disseminated or massive structures. The principal ore mineral is malachite, accompanied by gold and silver. Chloritization and epidotization of the wall rocks are pronounced. Grades are somewhat lower than in the northern area.

(2) Ore types, mineral composition and textures. Copper ore with an oxidation ratio of at least 30% is classified as oxide ore. Ore minerals include malachite, covellite, native copper, chalcopyrite and cuprite; the first two predominate. Other metallic minerals are magnetite, pyrite, hematite and limonite. Gangue minerals include prehnite, epidote, chlorite, quartz and clay minerals.

Ore textures are mainly granular, with subordinate columnar-granoblastic textures. Malachite aggregates are radial or form small nodules, mostly on rock surfaces or in fractures. Native copper is intergrown with cuprite and is enclosed and replaced by it. Magnetite is replaced by hematite along octahedral cleavage planes, locally forming lattice-like replacement textures. Principal ore structures are massive, disseminated and veinlet structures.

(3) Mineralization and wall-rock alteration. Mineralization includes malachite, magnetite, cuprite, native copper, chalcopyrite, hematite, limonite and pyrite. The wall rocks consist mainly of andesite, andesitic breccia, conglomerates and mudstone. Alteration includes tourmalinization, silicification, chloritization, epidotization, carbonatization, sericitization, clay alteration, cataclasis and kaolinization.

8.3 Technical Mining Conditions

(1) Hydrogeology. The main rocks are granodiorite and andesite. The massive granodiorite has little water, few fractures and low permeability and can be considered a relative aquitard. The predominantly massive andesite also has few fractures, locally has an amygdaloidal structure and has weak permeability; it is likewise a relative aquitard.

The colluvial cover consists of gravel, sandy soil and sandy clay. It has low permeability and does not contain groundwater. Given the dry climate, sparse vegetation and strong evaporation, most precipitation returns to the atmosphere through evaporation and transpiration. Only a small proportion infiltrates slowly through Quaternary pore-water aquifers and bedrock fractures to recharge groundwater.

Most of the deposit lies above the local erosion base level. Bedrock fracture water and Quaternary pore water have no significant effect on mining.

(2) Engineering geology. The near-surface unconsolidated rock group comprises yellowish-brown and brick-red Quaternary debris layers of gravel, sandy soil and sandy clay. The clay contains little gravel and is dry and nonplastic. Rock fragments are angular to subangular and generally 3-10 cm in size. The material is loose and has poor engineering properties.

The andesitic rock group consists mainly of andesite, locally with an amygdaloidal structure; its overall stability is relatively good. The massive igneous rock group is relatively intact, has few fractures and comprises hard, stable rocks. Bedding, structure and lithology are simple, without weak interlayers. Near-surface parts are looser due to oxidation, so safety requires continual attention during mining.

(3) Environmental geology. The terrain is uneven, with exposed rock and sparse vegetation. Except in locally steep areas, natural rockfalls or collapses are generally unlikely. The concession is located in uninhabited low to medium-height mountains. According to the source report, future mining will have virtually no effect on human living environments and comparatively minor effects on surface water, groundwater and vegetation.

Under the classification of exploration types for technical mining conditions in the General Specifications for Geological Exploration of Solid Mineral Resources (GB/T 13908-2002) cited in the source report, the technical mining conditions are Type I.

9 Preliminary Valuation Method

The project is at the exploration stage but has already yielded substantial geological results. The income royalty method is therefore suitable for this preliminary valuation and can reflect the value of the mining rights under the current transfer conditions.

Considering the valuation purpose, actual project circumstances, the Chinese Mineral Resources Law and its implementing provisions, the regulations on registration of exploration blocks and mineral exploitation and on transfer of exploration and mining rights, and the Chinese Standards for the Valuation of Mining Rights, the income royalty method is adopted.

$$P = \sum_{t=1}^n [SI_t / (1 + i)^t] \times K$$

P is the assessed value of the mining rights; SI_t is annual sales revenue; K is the mining-rights royalty coefficient; i is the discount rate; t is the year index (1, 2, 3, ..., n); and n is the calculation period.

10 Selection and Calculation of Technical Parameters

10.1 Resources and Reserves

In March 2016, Jiangsu Huadong Nonferrous Deep Geological Exploration Co., Ltd. submitted the Preliminary Reconnaissance Report on the La Higuera 3345 Copper Deposit, which passed expert review. It reported prognostic copper-ore resources in Chinese category 334 for Bodies 1, 2 and 3 totaling approximately 68.765 million tonnes, containing approximately 583,000 tonnes of copper at an average grade of 0.848%. The individual estimates appear in Table 10-1.

Silver and gold were also identified as associated metals: total silver content of 640.90 t; some float-rock samples contain more than 10 g/t of gold. The average gold grade is 0.18 g/t and total gold content is 12.38 t.

Table 10-1 • Estimated copper resources

Body	Area (m ²)	Thickness (m)	Density (t/m ³)	Cu (%)	Resources (million t)	Copper (1,000 t)	Category
1	592,340	7.00	3.00	0.973	12.439	121	334
2	628,350	7.00	3.00	1.142	13.195	151	334
3	2,053,875	7.00	3.00	0.720	43.131	311	334
Total	-	-	-	-	68.765	583	334

The estimate covers only three mineralization concentration zones. Numerous other mineral occurrences in the concession have not been evaluated because of the limited level of exploration. Further exploration may lead to additional discoveries.

10.2 Resources Adopted for the Valuation

Based on the preliminary reconnaissance report and other geological information, only copper resources within the mining concession are included in the valuation: 68.765 million tonnes of ore, containing 583,000 t of copper at an average grade of 0.848%. Associated metals are also reported: 640.90 t of silver at 9.32 g/t and 12.38 t of gold at 0.18 g/t.

10.3 Product Plan, Production Scale and Mining Methods

The product specified in the Chinese source report is copper ore. Planned annual output is 6.5 million tonnes of ore. Oxide copper ore predominates at present; sulfide ore is expected to predominate in the future.

The higher-grade, shallow oxide ore is planned to be mined by open-pit methods and processed by heap leaching, solvent extraction and electrowinning. According to the report, this process requires limited investment, has a small impact on the surrounding environment and permits comprehensive resource utilization. The somewhat deeper, high-grade sulfide ore is planned to be mined by open-pit methods after stripping the overburden and processed by bulk flotation followed by selective flotation.

10.4 Other Technical Parameters

With reference to the production methods and conditions of neighboring mines and technical indicators of comparable Chinese mines, mining losses are set at 10% and ore dilution at 5%.

10.5 Mine Life

Mine life is calculated using the following formula:

$$T = Q / [A \times (1 - \rho)]$$
$$T = 68.765 \times 90\% / [6.5 \times (1 - 5\%)] = 10.02$$

T is mine life; Q is recoverable resources; A is annual production capacity; and ρ is the ore dilution ratio.

At the planned production scale, the source report states a mine life of 10 years and 1 month. The preliminary valuation period is set at 10 years, during which the resources planned for utilization total 61.75 million tonnes.

11 Discount Rate

Under the Guidance on Determining Parameters for the Valuation of Mining Rights, the discount rate for this valuation is 6.84%.

$$i = 1.59\% + (3\% + 1\% + 1.25\%) = 6.84\%$$

The risk-free rate is based on the latest average five-year term-deposit rate of 1.59%. Because the project is at the preliminary reconnaissance to general exploration stage, the exploration and development risk premium is set at the upper limit of 3%. Considering the mineral type and the guidance, and following the principle of prudence, industry risk is set at 1% and financial and operating risk at 1.25%.

12 Mining-Rights Royalty Coefficient

The Guidance on Determining Parameters for the Valuation of Mining Rights specifies a range of 3.5-4.5% for the royalty coefficient applicable to mining rights for nonferrous-metal run-of-mine ore. Considering the technical mining conditions and mining methods of this deposit, the coefficient adopted for this preliminary valuation is 4.2%.