

ASX Announcement | 31 December 2025

## FLAGSHIP RECEIVES \$1.25M FROM XINHAI AS DD COMPLETES EIA BASELINE STUDIES COMMENCE AT PANTANILLO

**Global EPC company Xinhai completes due diligence with five senior representatives visiting Flagship's Pantanillo Gold Project. Second \$1.25m strategic allocation completes. Xinhai to bring its mineral processing, engineering and mine construction expertise to Flagship's Board, providing a pathway to final feasibility, funding and construction.**

Flagship Minerals Limited (ASX:FLG) ("Flagship" or "the Company") is pleased to advise that **Shandong Xinhai Mining Technology & Equipment Inc.** ("Xinhai"), a global minerals EPC services firm to the mining industry, has completed its due diligence of Flagship's Pantanillo Gold Project with a site visit in mid December and subsequent investment committee approval, second tranche funding and strategic share allocation this week, and Board appointment in January. Flagship has appointed **Ambiental Y Sectorial SpA** ("AyS"), a leading mid tier environmental consulting firm with a strong track record in the mining sector and in the Atacama region, to conduct the Environmental Impact Assessment ("EIA") for Pantanillo, with baseline studies initiated and EIA submission targeted for early 2027. Flagship's update of the current 1.05Moz Au foreign estimate (QFE<sup>1,2</sup>, NI 43-101) to a Mineral Resource Estimate in accordance with the JORC Code 2012 is progressing well with **Bmining Desarrollo e Innovacion Para La Minera SpA** ("Bmining"), a leading Chilean based minerals consulting firm, conducting core shed and site visits during December. The updated MRE is expected in 3-6 weeks.

### KEY POINTS

- Xinhai completes due diligence** on Pantanillo, **second \$1.25m funding tranche and strategic share allocation completed** this week, Board appointment scheduled for January.
- Flagship appoints Ambiental Y Sectorial, a leading mid tier environmental consulting firm to conduct the Pantanillo EIA, **baseline studies initiated with EIA submission targeted for early 2027**.
- Conversion of **current 1.05Moz Au foreign estimate (QFE, NI 43-101)** to a Mineral Resource Estimate (MRE) in accordance with the JORC Code 2012 scheduled for delivery in 3-6 weeks.

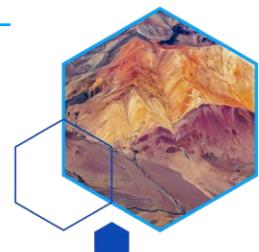
<sup>1</sup> The qualifying foreign estimates (QFE) are not reported in accordance with the JORC Code (2012). The Competent Person has not done sufficient work to classify the qualifying foreign estimates in accordance with the JORC Code (2012) and it is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code. The QFE was first reported in ASX announcement dated 14 April 2025 and titled "Pantanillo Gold Project - Advanced Large Scale Oxide Gold Project - Maricunga Gold Belt, Chile - Binding Option Agreement to Purchase 100%".

<sup>2</sup> The Company is not in possession of any new information or data relating to the QFE that materially impacts on the reliability of the QFE or Flagship's ability to verify the QFE as Mineral Resources or Ore Reserves in accordance with Appendix 5 (JORC Code). Flagship also confirms that the supporting information provided in the initial market announcement in accordance with Listing Rule 5.12 continues to apply and has not materially changed.

**Flagship Minerals Limited**

36 Robinson Road #20-01 City House Singapore 068877  
 Level M, 388 George Street, Sydney, NSW, 2000

ASX:  [flagshipminerals.com](http://flagshipminerals.com)



### Flagship Minerals' Managing Director, Paul Lock, commented:

*“We’re pleased to confirm receipt of the second \$1.25 million tranche from our strategic partner Xinhai, following their on-site due diligence and board-level review. Their support affirms the scale and potential of Pantanillo as a future gold development.”*

*“Baseline environmental studies are now underway with Ambiental Y Sectorial, marking a key milestone as we position the project for the next phase of growth under Chile’s streamlined approvals framework.”*

*“Joining Flagship’s Board will be a key Xinhai representative and major shareholder, Mr John Zhang, who brings broad intellectual rigor and a wealth of hands on business development expertise. I am personally looking forward to working with Mr Zhang.”*

*“Overall, Flagship is making strong progress at Pantanillo and momentum is gaining.”*

### BACKGROUND

Flagship is initially concentrating its efforts on the drillhole data associated with Pantanillo Norte and the 1.05Moz of Au @ 0.69g/t Au foreign estimate (QFE, NI 43-101) in order to expedite the preparation of a JORC (2012) Mineral Resource Estimate for the project. This process formally began with the acquisition of the Anglo exploration dataset announced in August 2025<sup>3</sup> and subsequent appointment of Bmining Desarrollo e Innovacion Para La Minera Spa (“Bmining”), a leading Chilean based minerals consulting firm. Aside of the comprehensive electronic data contained in the dataset, the drillhole dataset contains 183 holes for a total of 32,827m, including 13,949m of diamond drill core from 48 holes drilled. Bmining is using this data and other supporting information to prepare a JORC (2012) Mineral Resource Estimate (MRE) for the Pantanillo Norte deposit. Flagship is also preparing for a subsequent MRE upgrade later in 2026 through a targeted drilling program, along with metallurgical testwork and preliminary planning and engineering in preparation for initial feasibility studies in 2026.

### GENERAL COMMENTARY

#### **Xinhai completes due diligence on Pantanillo, with the second \$1.25m funding tranche and strategic share allocation completed this week.**

Flagship is pleased to advise that Xinhai, a global minerals EPC services firm to the mining industry, has completed its due diligence of Flagship’s Pantanillo Gold Project with a site visit in mid December and subsequent investment committee approval and second A\$1.25 million funding tranche and strategic share allocation this week.

Along with this approval, Xinhai has nominated Zhongyi (John) Zhang, a key representative and one of Xinhai’s major shareholders, to represent it on Flagship’s Board of Directors, with formal appointment to take place later in January, 2026. Mr Zhang will bring a range of expertise to Flagship, which will facilitate an accelerated feasibility program during 2026. Mr Zhang has a Bachelor and Master degree of Mathematics from the University of Oxford and is an Industry MBA Mentor at the University of International Business and Economics in China. Mr

<sup>3</sup> See Flagship’s ASX Release dated 27 August, 2025, and titled “Pantanillo Gold Project - Anglo Exploration Dataset Secured”.

Zhang's has substantial experience in mining and processing technologies, EPC, and investment, and has played a key role in developing Xinhai's services business in 102 countries and Xinhai's resources business in 7 countries.

The Xinhai due diligence delegation of five was led by Qingmin Wang, Vice President and Mineral Processing Engineer. The visit began with a visit to Flagship's core shed located in Copiapo, followed by a field trip to the Pantanillo Gold Project and surrounding areas to consider the geology, topography, access and infrastructure. These considerations were key in Xinhai's final investment committee approval.

In addition to Mr Wang, Xinhai's representatives included Qingbao Ma, Director of Xinhai's Geological Exploration Department and Geological Engineer; Ruiqing Gong, Director of Xinhai's Mining Engineering Department and Mining Engineer; Zhenhua Gao, Deputy Director of Xinhai's Engineering Office and Plot Plan Engineer; and Haoyu Li, Project Manager.



Figure 1: LHS – Xinhai in Flagship's Core Shed, Copiapo. RHS – Xinhai at Pantanillo, from left to right: i. Haoyu Li, Project Manager; ii. Ruiqing Gong, Director of the Mining Engineering Department, Mining Engineer; iii. Qingbao Ma, Director of the Geological Exploration Department, Geological Engineer; iv. Zhenhua Gao, Deputy Director of the Engineer's Office, Plot Plan Engineer; v. Qingmin Wang, Vice President of Xinhai, Mineral Processing Engineer; vi. David Hobby, Flagship's Technical Director and Chief Geologist. Located at Drill Collar PN02: 320.3m @ 0.62g/t Au from 126m including 116m @ 1.03g/t Au from 134m<sup>4</sup>

Flagship's Board and Management thanks Xinhai for its interest in Flagship and Pantanillo and looks forward to developing a productive and symbiotic relationship.

<sup>4</sup> See Flagship's ASX Release dated 03 September, 2025, and titled "Flagship Commences Review of Anglo Dataset at 1Moz+ Pantanillo Gold Project, Chile".

## **Environmental Impact Assessment (“EIA”) for Pantanillo, with baseline studies initiated and EIA submission targeted for early 2027**

Flagship recently appointed Ambiental Y Sectorial SpA (“AyS”) to conduct the Environmental Impact Assessment (“EIA”) for Pantanillo. AyS is a leading mid tier environmental consulting firm with a strong track record for positive study outcomes in the mining sector and in the Atacama region.

AyS was appointed due to its track record successfully completing minerals extraction related EIAs in the Atacama region. The firm has initiated baseline studies and is targeting an EIA submission in early 2027, which fits Flagship’s planned timeline for completion of advanced feasibility studies and hence Flagship’s work plan to advance the Pantanillo project towards production.

AyS will work closely with Flagship’s recently appointed Community Relations Manager, Ms Alejandra Tapia, who was formerly employed by Lundin Group in a similar role in relation to its Candelaria Mining Complex. Ms Tapia’s role is to help Flagship manage community relationships, navigate social license matters, and attend to other project related matters.

## **Flagship’s update of the current 1.05Moz Au QFE to a Mineral Resource Estimate in accordance with the JORC Code 2012 is on track for completion in 3-6 weeks.**

Flagship has engaged Bmining Desarrollo e Innovacion Para La Minera SpA (“Bmining”) to conduct the conversion of the current 1.05Moz Au QFE to an MRE in accordance with JORC. Flagship is also considering releasing an NI 43-101 compliant MRE simultaneously to help broaden its investor footprint. Bmining is a leading Chilean based minerals consulting firm which was selected by Flagship as several of its consultants were employed by AMEC, the firm that led the original NI 43-101 based qualifying foreign estimates.<sup>5</sup> Bmining also has experience on other nearby oxide and sulphide gold projects in the Maricunga Gold Belt.

## **Other matters**

In Flagship’s ASX release dated the 4<sup>th</sup> of November, 2025<sup>6</sup>, Flagship advised the preparation of a 690kg metallurgical sample comprising separate oxide, mixed and sulphide components for testing by Xinhai. This sample has been received in China and the test work program has commenced.

In the same release Flagship advised commencement of discussions with drilling contractors in preparation for post MRE metallurgical drilling and MRE extensional drilling during 2026. Formal drilling quotes have been received and Flagship is in now in a position to engage for a drill start as required post the MRE conversion currently underway.

<sup>5</sup> See Appendix 5 - JORC Code, 2012 Edition – Table 1 Pantanillo AMEC QFE 2010 in Flagship’s ASX Release dated 14 April, 2025, and titled “*Pantanillo Gold Project: Advanced Large Scale Oxide Gold Project - Maricunga Gold Belt, Chile - Binding Option Agreement to Purchase 100%*”.

<sup>6</sup> See Flagship’s ASX Release dated 4 November, 2025, and titled “*Copiapo Warehouse Secured – Met Samples Prepared and Ready to be Shipped*”.

## Strategy and Work Plan

Flagship's strategy for the Pantanillo project is to define sufficient Mineral Resources that will support considerations for project development consisting of open pit mining and heap leach processing of the gold mineralisation which begins at surface.

Flagship's work plan for the Pantanillo Gold Project will focus on the following:

1. **Updating and expanding the existing QFE into a Mineral Resource Estimate** reported in accordance with the **JORC Code (2012)**. This will include validating existing drill data and, as required, additional resampling of drill core, confirmatory and infill drilling and other supporting technical work. Flagship does expect to increase the Mineral Resource without immediate drilling, leveraging the newly acquired data and updated economics and previous metallurgical testwork.
2. **Advancing metallurgical testwork and project studies** for input into a techno-economic assessment.
3. **Extensional drilling in early 2026 for an anticipated MRE upgrade later in 2026.**

As the techno-economic assessment progresses, Flagship will consider opportunities to bring in additional oxide and higher-grade sulphide gold mineralisation resources that may exist throughout the broader ~110km<sup>2</sup> holding, see Figure 2.

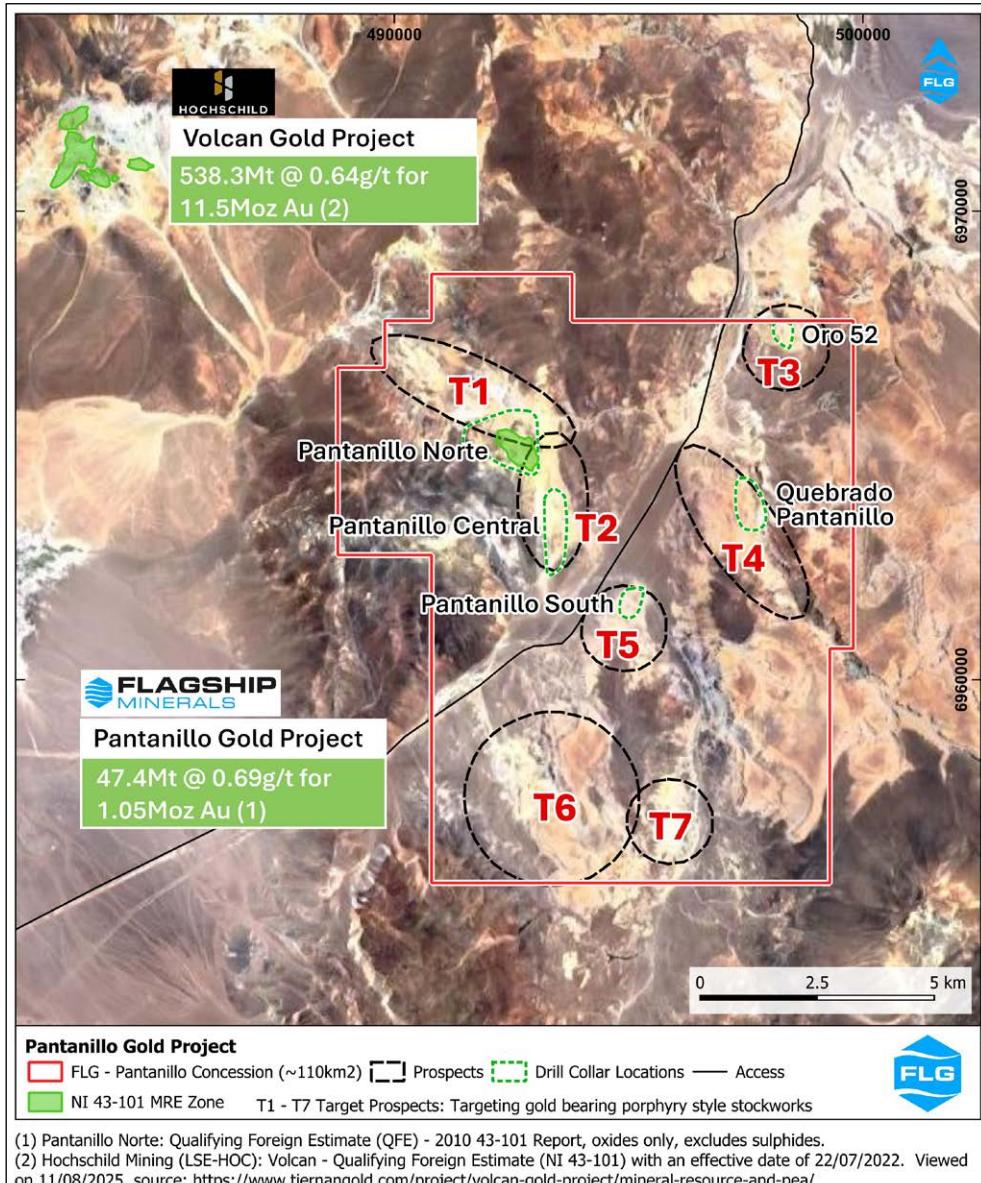


Figure 2: Pantanillo Gold Project – Local Setting and Prospects

Flagship looks forward to providing shareholders and the market with regular updates regarding activities associated with the ongoing evaluation of the Pantanillo gold project.

- Ends -

Authorised by the Chairman and Managing Director

**For further information please contact:**

**Paul Lock**

Managing Director

ceo@flagshipminerals.com

Phone: +61 2 7228 7994

**Elissa Hansen**

Company Secretary

cosec@flagshipminerals.com

**For media or investor-related inquiries:**

**Robert Williams**

Financial & Corporate Relations (FCR):

r.williams@fcr.com.au +61 (0) 477 666 255

## IMPORTANT INFORMATION

### **Competent Persons Statement - General**

The Exploration Results and information in this announcement reported under Listing Rule 5.12 that relates to foreign estimates of mineralisation at the Pantanillo Project is based on and fairly represents information compiled by Mr David Hobby and is an accurate representation of the available data and studies for the Project. Mr Hobby is a Member of the Australasian Institute of Mining and Metallurgy and is an employee and Executive Director of Flagship Minerals Limited. Mr Hobby has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results and Mineral Resources, and Ore Reserves. Mr Hobby consents to the inclusion in the announcement of the matters based on the information in the form and context in which it appears.

### **Forward Looking Statements**

Various statements in this document constitute statements relating to intentions, future acts and events which are generally classified as "forward looking statements". These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other important factors (many of which are beyond the Company's control) that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed in this document. For example, future reserves or resources or exploration targets described in this document may be based, in part, on market prices that may vary significantly from current levels. These variations may materially affect the timing or feasibility of particular developments. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Flagship Minerals Limited cautions security holders and prospective security holders to not place undue reliance on these forward-looking statements, which reflect the view of Flagship Minerals Limited only as of the date of this document. The forward-looking statements made in this document relate only to events as of the date on which the statements are made. Except as required by applicable regulations or by law, Flagship Minerals Limited does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

### **Important**

To the extent permitted by law, Flagship Minerals Limited and its officers, employees, related bodies corporate and agents (Agents) disclaim all liability, direct, indirect or consequential (and whether or not arising out of the negligence, default or lack of care of Flagship Minerals Limited and/or any of its Agents) for any loss or damage suffered by a Recipient or other persons arising out of, or in connection with, any use or reliance on this document or information.

## Appendix 1 - JORC Code, 2012 Edition – Table 1 Pantanillo drilling

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘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 (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>Anglo American RC drilling acquired 2m RC split samples and 2m DD ½ core samples</li> <li>Kinross RC drilling acquired 2m RC split samples and 2m DD ½ core samples</li> </ul> <p>Whole samples were crushed, and a 1kg split was pulverized. Samples assayed for Au by fire assay with 50g charge, and Cu, as well as cyanide soluble copper and cyanide soluble gold</p> <ul style="list-style-type: none"> <li>Orosur drilling: 1m split RC samples, 2m ½ core DD samples. Samples assayed by 50g fire assay plus Cu and multielements by ICPAES.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).</i></li> </ul>	<ul style="list-style-type: none"> <li>Anglo was all RC drilling. Kinross drilled 5 ¾ inch RC and HQ diamond core. Orosur drilled 5 ½ inch RC and HQ3 diamond core</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>No records for Anglo drilling. Kinross did not record RC recovery, Kinross stated HQ core recoveries &gt;90% in all but two holes.</li> <li>Orosur RC recoveries by weight estimated average recovery of 86%. Core recoveries from HQ3 stated as 93% average.</li> </ul>
Logging	<ul style="list-style-type: none"> <li><i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>The quantity and quality of lithological and geotechnical data collected by the Kinross and Orosur personnel are sufficient to support Mineral Resource estimation in the opinion of the</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>studies.</p> <ul style="list-style-type: none"> <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>	<p>QPs. All core was photographed.</p> <ul style="list-style-type: none"> <li>• All core was photographed and 100% of all intersections are assumed to be logged, as QP did not identify logging as an issue.</li> </ul>
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>• Anglo procedures are unknown</li> <li>• All 1/2 core samples were sawn on cut line</li> <li>• All RC samples were riffle split</li> <li>• Kinross RC and core samples were crushed to 100% &lt;2mm, a 1kg sub-sample was split off and pulverized to 85% &lt;0.075mm. QC procedures are unknown at this point.</li> <li>• Orosur RC and core samples were crushed to 100% &lt;12mm with this sample split in half. One spit was crushed to 80% &lt; 2mm with a split 500g sub-sample then pulverized to 85% &lt;0.075mm.</li> <li>• For Orosur drilling field duplicates were inserted at 2.8% ratio.</li> <li>• In all cases sample sizes are considered appropriate</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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• Anglo American/EMMB methods are not documented, other than the analysis was conducted by GEOLABS.</li> <li>• Kinross samples assayed by ALS Chemex in La Serena for Au by method AA24, which is fire assay with 50g charge and AAS finish, and Cu by method AA61 which is four acid digestion and AAS finish). These would be considered total extraction. Cyanide soluble copper and cyanide soluble gold analysis were also performed, using 20g aliquot with AAS finish. These methods are considered partial. Kinross QA/QC during the 2006 drilling program, the QC program implemented by Kinross included the analysis of pulp duplicates with a frequency of one duplicate in 20 samples (5%). In 2007, blanks and three reference materials were also inserted at irregular frequencies, but the detailed QC data were not available to the QP.</li> <li>• During the 2008 drilling program, Kinross implemented a QC program consisting of the insertion of four SRMs (5.2%), pulp blanks (4.5%) and pulp duplicates (4.1%). AMEC processed the available QC data. The pulp duplicate error rate was 2.5%, reasonable considering an acceptable</li> </ul>

Criteria	JORC Code explanation	Commentary
		<p>duplicate error rate limit of 10%. Most SRM values were in control (only one outlier for one of the SRMs) and the bias values ranged between -0.3% and 3.6%.</p> <ul style="list-style-type: none"> <li>• Orosur samples assayed by ACME with 50g fire assay for gold with AAS finish plus ICPAES for copper and 33 other elements with 4-acid digestion. These methods considered total extraction for metals of interest. The Orosur QC protocol included the insertion of 425 control samples for 2,925 ordinary samples, as follows: 83 twin (and field duplicate) samples (2.8% average insertion rate), 185 pulp duplicates (6.3% average insertion rate), 99 coarse blanks (2.6% average insertion rate), and 80 reference material samples belonging to four standard reference materials (SRMs) prepared by CDN (2.7% average insertion rate). The programs did not include the resubmission of check samples to a secondary laboratory.</li> <li>• According to the QP, the QA/QC program results do not indicate any problems with the analytical programs and the data appear to be sufficiently precise and accurate for Mineral Resource estimation purposes.</li> <li>• Drill data were checked for the Anglo American program by resubmission of 100 Anglo pulps. As a result of this resampling test, AMEC is of the opinion that the Anglo American assay data appear to be sufficiently precise and accurate for Mineral Resource estimation purposes.</li> <li>• A total of 16 drill samples from the Kinross 2006 program were subjected to independent FA assays in ALS Chemex and Acme using 50 g aliquots, and most of values gave only small differences from original assays.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• AMEC checked hard copy lab assay reports for gold against the assay 'database' provided by Orosur and found no material issues.</li> <li>• There is no discussion about twinned holes by AMEC. However, in the 2009 NI 43/101 does show an RC hole twinned with a diamond hole. The results of the same 50m interval in both holes showed a 238% grade increase from the RC to the DDH intersection, 0.99 to 2.38g/t Au respectively. However, a review of RC v DD intersections would appear to indicate limited if</li> </ul>

Criteria	JORC Code explanation	Commentary
		<p>any assay bias.</p> <ul style="list-style-type: none"> <li>Orosur provided AMEC with Microsoft Excel® files with survey, assay and lithology data corresponding to Anglo American, Kinross and Orosur drilling campaigns. AMEC reviewed, completed and validated the available information, and prepared a comprehensive database, which was the basis for the current resource estimation.</li> <li>AMEC performed a review of selected drill collar, down-hole survey, data, lithology records and assay data incorporated into Orosur's database. A review of potential contamination of the RC drill data was undertaken, in addition to a QA/QC review.</li> <li>AMEC considers that a reasonable level of verification has been completed during the 2010 data review and no material issues would have been left unidentified from the verification programs undertaken. No problems with the database, sampling protocols, flowsheets, check analysis program, or data storage were identified that were sufficient to preclude the use of the database for estimation purposes.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>Collar surveys were performed for the Kinross and Orosur drill programs by registered surveyors using differential GPS equipment. No information is available on the collar survey methods for the Anglo American drilling. Down-hole survey methods included a gyroscope/accelerometer (Kinross programs) and Reflex down-hole dip and magnetic azimuth survey equipment (Orosur program).</li> <li>All the project coordinates were subsequently transformed into the WGS-84 19S system from PSAD 56.</li> <li>AMEC received a digital topography from Orosur as 5 m- and 10 m-spaced contour lines that were the product of photo-interpretation. AMEC imported the contour lines into GEMS® and compared the surveyed drill-hole collar elevations against the topographic surface, and found that significant differences did occur for all drill holes. with 60% of the differences above 10 m. AMEC updated portions of the topographic surface using surveyed drill-hole collar elevations</li> </ul>

Criteria	JORC Code explanation	Commentary
		as a preliminary fix; however, AMEC recommends that a new digital topographic surface be generated to correct any problems and enable an accurate topographic clip to the block model.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The drilling grid was approximately 50 m spaced sections with 50m-100m hole spacing. AMEC considered this adequate for the “resources” reported.</li> <li>• The nominal sample length for assays was 2 m, corresponding to 82.6% of total samples; 17.0% of the samples are less than 2 m long, and only 0.4% of the samples are longer than 2 m. For estimation purposes, the original assayed interval length was used to honour the grade-shell contacts and variability observed in the deposit.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill orientations are generally appropriate for the mineralisation style, and have been drilled at orientations that are optimal/near optimal for the orientation of mineralisation for the bulk of the deposit area.</li> <li>• Some holes were drilled in the opposite direction and are sub-parallel to the key mineralised structures. However, grades in these holes are not materially different to other holes drilled orthogonal to mineralisation on that cross section or the block model grades..</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• AMEC state, sample security appears to be appropriate for gold-copper porphyry deposits for the Anglo American and Kinross drill programs, and are appropriate for the 2010 Orosur drill program for the purposes of Mineral Resource estimation on the Pantanillo Norte deposit.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Independent data audits have been conducted, and indicate that the sample collection and database entry procedures are acceptable</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>The Pantanillo Project comprises 3 exploitation concessions corresponding to an area of 11,000 hectares the ("Mining Rights"). These Mining Rights are exclusively held by Compañía Minera Atahualpa SpA ("CMA"). The concessions are GUILLERMO ANTONIO 1 AL 400, GABRIELA 1 AL 1000 and CECILIA 1 AL 950. Flagship has a 5-year Option agreement to acquire a 100% interest in the project or a total consideration of \$US 12.6 Million.</li> <li>The tenure is secure as long as annual fees and rents are paid to the Government.</li> <li>Project development will require submission of a full Environmental Impact Statement (EIS). The Project is situated in an area of environmental significance and is adjacent the Nevado Tres Cruces National Park. Certain sectors are classed as Ramsar sites. An application to modify the Ramsar site boundaries was made in 2009. Consequently, any Project development activities will require consideration of endemic flora and fauna, wetlands, Astaburuaga River, the proximity of the Project to Nevado Tres Cruces National Park, its biological corridor and proposed buffer extensions.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>In the early 1980s, Anaconda conducted initial exploration activities on the project; however, no details were available on these programs. Modern exploration has been conducted by Anglo American, Kinross, and Orosur Mining Inc. Work completed in the period 1983 to 2011 has included geological mapping, soil and rock geochemical surveys, trenching, Quickbird topography, reverse circulation (RC) and core drilling, ground magnetics, Mineral Resource estimation, metallurgical testwork and project studies . In the opinion of the AMEC QPs, the exploration programs completed to date are appropriate to the style of mineralisation within the project. The Pantanillo deposit may have</li> </ul>

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p>additional exploration potential for sulphide mineralization down-dip to the southwest, and below the ignimbritic cover in the southeast. Other prospects in the project area also need follow-up. Much of this data has not been seen by Flagship.</p> <ul style="list-style-type: none"> <li>The Maricunga belt represents a 200 km long by 50 km wide metallogenic district, located along a NNE-SSW-trending chain of Upper-Oligocene to Mid-Miocene age andesitic to dacitic volcanoes running along the Argentine-Chile border. The volcanoplutonic arc developed on a Pennsylvanian to Triassic basement composed of granitoids and intermediate to silicic volcanic rocks, overlain by Mesozoic to early Tertiary continental volcanic and clastic rocks. Subsequent erosion of late Tertiary volcanoes exposed the frequently hydrothermally altered sub-volcanic porphyry stocks. The overall geological setting of the Maricunga belt corresponds to compounded, interfingering, discontinuous and texturally highly variable strato-volcanic accumulations. Although active volcanism is present in Northern and Southern Chile, there is no 'recent' volcanic activity in the Maricunga belt.</li> <li>The Property is located in the central part of the Maricunga Belt, directly between the Maricunga Mine (Ex-Refugio) and the Marte-Lobo project, both owned and operated by Kinross. The Maricunga Belt hosts numerous porphyry and epithermal style Au and Au-Cu style deposits.</li> <li>The Pantanillo gold deposit is over 850m long and between 200m-600m wide and remains open along strike and down-dip. The mineralised zone strikes NE-SW and dips at 30-45 deg to the southwest. Mineralisation is hosted in weathered and altered andesitic porphyry with sheeted and stockwork quartz veins. Oxide zones contain kaolinite, alunite, with limonite/goethite and hematite after pyrite. Fresh rock has a chlorite +/- magnetite +/- pyrite +/- quartz alteration assemblage, with denser vein swarms, local breccia zones and late quartz-alunite veins hosting mineralisation, commonly with higher gold grades.</li> </ul>

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> <li><i>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:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole information is provided in the document</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>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.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>The drillhole intersections are weighted averages reported at downhole widths. The basis of reporting the intersections is not stated. However, it is fair to assume a lower cutoff of around 0.30g/t Au (maybe allowing for some internal dilution) has been used to generate the broader intersections, with contained higher grade zones also being reported at maybe <math>\geq 0.5\text{g/t Au}</math>. Examples of these intersections are shown in the document.</li> <li>The bulk intersection reported hole ARDDH-PN02 is reported at a 0.1g/t AU cutoff allowing for 3m of internal dilution.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>Mineralized zone over 850 m long and strikes in a 300 degree direction and is 200-600 m wide, dipping 30° to 45° to the southwest. The drilling is generally oriented between 0 and 20 degrees or N-NNE. Hole dips are generally 60 degrees, some slightly steeper and shallower. Most of the mineralised intersections are estimated to be approximately 75-90% of true width.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li><i>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 drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Cross sections and a level plan are shown in the report as Figures 2 to 6.</li> <li>Drill intersections are reported on the Cross sections in the document</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<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>All data currently available to the Company that relates to drilling has been reported most of which is available in the NI43/101 reports that are referenced in the document, with links provided.</li> </ul>
<i>Other substantive exploration data</i>	<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>The drilling data and QFE reported is supported by metallurgical testwork of drill samples which have indicated much of the mineralisation is amenable to heap leach treatment after crushing to 80% -25mm. Bulk density measurements have been performed and sufficient drill core has been geotechnically logged. An assessment of copper and arsenic has been undertaken as potentially deleterious or contaminating substances. No material issues were identified.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg 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 areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Key activities proposed to ensure the qualifying foreign estimate complies with the JORC Code (2012 Edition) will include: Detailed verification and validation of information contained in the NI 43-101 report, particularly information relating to the drillhole database including sampling and assaying QA/QC, verification re-sampling and assaying of available ½ drill-core and sample pulps, verification of location/survey data, improving the geological model relevant to the mineralisation, verification of density measurements applied to the different styles of mineralisation as well modelling of the oxide, mixed and fresh rock components of the mineralisation</li> <li>The completion of additional diamond core drilling maybe required to assist in validating the historical drill data that will be applied to a new Mineral Resource estimate. The application of updated modifying factors, such as metallurgical testwork on new drill core will assist in determining cut-off parameters. Pit optimisations may also be conducted on the new Mineral Resource leading to further technical studies to potentially define Ore Reserves.</li> </ul>