

Maalinao-Caigutan-Biyog (MCB) Copper-Gold Project

Background

Located in the Cordillera Administrative Region, the Maalinao-Caigutan-Biyog (MCB) Copper-Gold Project, which is held by CLA's Philippine subsidiary, Makilala Mining Company, Inc., is the flagship project within the Makilala portfolio which also contains other key prospects in the pipeline for permit renewal/extension.

The Exploration Permit for the MCB Project, denominated as EP-003-2006-CAR, was first granted by the Mines and Geosciences Bureau (MGB) in 2006. Now on its third renewal, the permit was issued on 26 November 2020 for a period of two years and has been extended up to May 2023.



MMCI has a longstanding relationship with key stakeholders in the community where it operates. As a development partner, regular meetings with the Balatoc Council of Elders and the Barangay Council are held to keep them abreast on the implementation of project activities and address issues and concerns pertaining to the Company's Exploration, Environment, and Community Development Programs.

Project Location

The project site, popularly known as Batong Buhay, is located within the ancestral domain of the Balatoc Tribe. It is approximately 9 aerial kilometers to the southwest of the town proper of Pasil at Amdalao and about 12 aerial kilometers west of Lubuagan Municipality, and 43 aerial kilometers west-southwest of Tabuk City, the capital of Kalinga.

Travel to the project site is about 60km by road from Tabuk City through Tabuk-Lubuagan-Bontoc Highway. From the Highway junction at Lubuagan, access is through approximately 24km of rough dirt road with steep ravine at the side-slope of the mountain range in Barangay Uma, Lubuagan. Travel time from Tabuk is about three hours.

Tabuk could be reached from Manila via Tuguegarao City. Tuguegarao has daily flights from Manila which takes about 50 minutes. Tuguegarao is located inland along the Cagayan River Valley. Bus ride from Manila to Tuguegarao will take about 12hours.



Exploration Work

Historical exploration work includes surface mapping and sampling (2007), ground magnetic survey (2007), induced polarization (IP) geophysical surveys (2010), and an extended period of diamond drilling from 2006 to 2013. Further research and technical work were completed leading to an updated interpretation of the local geology and associated copper-gold mineralisation.

The current exploration work program aimed at building technical data and information to support the application for the Declaration of Mine Project Feasibility and Mineral Production Sharing Agreement as the project proceeds through the various approval phases. Exploration activities consist of additional geological drilling within the main area of the identified mineralized body. Drill core samples are being collected for metallurgical test work and geotechnical studies. The drill holes are also fitted with vibrating wire piezometers for hydrological studies to support the mine design and modelling.



Drilling Results

The drilling program has been designed to improve the confidence of the existing Mineral Resource in addition to focusing on defining further higher-grade positions.

Copper mineralisation starts at the surface and is now confirmed to depths of over 600m below surface.

The latest drill hole results have further confirmed near surface higher-grade copper mineralisation envelope further to the east for future mine plan expansion.

The culmination of the resource drilling resulted to an updated Mineral Resource statement which will feed into a revised mine plan and ore reserve as a basis for the Feasibility Study.

The confirmation of the shallow high-grade mineralisation will improve the mine plan, and the overall cash flow early in the mine life.

MCB Drilling Assay Results

Hole ID	Total Depth	Depth From	Depth To	Length (m)	Cu (%)	Au (g/t)
MCB-033	730.60	17.00	636.00	619.00	0.41	0.08
	<i>incl.</i>	229.75	604.00	374.25	0.51	0.11
	<i>incl.</i>	305.00	392.85	87.85	1.24	0.36
	<i>incl.</i>	340.00	391.91	51.90	1.58	0.53
MCB-034	607.00	20.00	627.00	607.00	0.44	0.06
	<i>incl.</i>	28.00	94.00	66.00	0.53	0.03
	<i>incl.</i>	349.00	425.00	76.00	0.93	0.14
MCB-036	860.20	19.00	691.00	672.00	0.43	0.12
	<i>incl.</i>	26.50	150.00	123.50	0.92	0.24
	<i>incl.</i>	89.00	102.00	13.00	3.69	0.39
MCB-037	548.20	19.50	548.20	528.70	0.55	0.19
	<i>incl.</i>	19.50	35.00	15.50	1.02	0.07
	<i>incl.</i>	93.00	134.90	41.90	0.87	0.05
	<i>incl.</i>	359.90	510.00	150.10	0.86	0.47
MCB-038	643.90	32.50	643.90	611.40	1.39	0.75
	<i>incl.</i>	207.15	358.00	150.85	1.90	1.57
	<i>incl.</i>	391.55	626.00	234.45	1.90	0.87
	<i>incl.</i>	232.10	309.65	77.55	2.47	2.12
	<i>incl.</i>	574.46	623.84	49.38	2.46	1.33
MCB-039	409.30	18.00	111.00	93.00	0.59	0.05
	<i>incl.</i>	18.00	65.00	47.00	0.79	0.07
	<i>incl.</i>	349.10	356.60	7.40	0.65	0.41
MCB-040	433.80	30.00	191.00	162.00	0.58	0.02
	<i>incl.</i>	42.50	62.00	19.50	0.95	0.05
	<i>incl.</i>	114.00	124.00	10.00	1.17	0.04
	<i>incl.</i>	170.00	192.00	22.00	0.77	0.02
		339.00	351.00	12.00	1.22	0.06
MCB-041	131.00	19.50	30.00	10.50	0.69	0.07
	<i>incl.</i>	66.00	131.00	65.00	1.73	0.37
MCB-042	200.30	7.7	200.3	192.6	0.56	0.04
	<i>incl.</i>	7.7	59	51.3	0.93	0.06
MCB-043	155.70	9.0	110.5	101.5	0.90	0.18
MCB-044	142.10	11.0	142.1	131.1	0.93	0.23

Mineral Resource

The Mineral Resource Estimate (“MRE”) at MCB was based on the information gathered from the diamond drilling that was completed in addition to technical assessment and subsequent internal reports and interpretations.

A maiden JORC compliant MRE was declared for the MCB Project in 2021, comprising of 313.8 million tonnes @0.48% copper and 0.15 g/t gold, for 1.5 million tonnes of contained copper and 1.47 million ounces of gold of which:

- 290.3 million tonnes @ 0.48% copper and 0.15g/t gold is classified as indicated; and
- 23.5 million tonnes @ 0.48% copper and 0.10 g/t gold is classified as inferred.

High-Grade Core of the MRE at MCB at a cut-off grade of 0.5% Cu

CLASSIFICATION	TONNES (MT)	COPPER GRADE (%)	GOLD GRADE (G/T)	COPPER METAL (KT)	GOLD METAL (KOZS)
Indicated	79.8	0.83	0.30	664	780
Inferred	13.9	0.59	0.11	82	51
TOTAL	93.7	0.80	0.28	746	831

The MRE was based on a cut-off grade of 0.2% copper. However, within the MRE, a high-grade core of 93.7 million tonnes @ 0.80% copper and 0.28 g/t gold was defined which was the focus of the Scoping Study. All of the Mineral Resources, which form the basis of the Scoping Study mine plan, are in the Indicated category.

An updated JORC Mineral Resource Estimate was announced in December 2022, comprising:

- A Global Mineral Resource of 338Mt @ 0.47% copper and 0.12g/t gold (0.2% Cu cut-off)
- Total Resource includes 1.6Mt of contained copper and 1.3 oz of gold

Summary Results for the Updated Mineral Resource Estimate at a cut-off grade of 0.20% copper

Type	Classification	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Copper Metal (kt)	Gold Metal (kozs)
Weathered	Measured	2	0.59	0.07	11	4
	Indicated	7	0.56	0.09	41	22
	Inferred	0	0.38	0.12	0	0
Total		9	0.57	0.09	53	26
Fresh	Measured	45	0.59	0.19	263	277
	Indicated	242	0.43	0.11	1044	883
	Inferred	42	0.52	0.11	218	153
Total		328	0.46	0.12	1525	1313
Combined	Measured	47	0.59	0.19	275	282

Type	Classification	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Copper Metal (kt)	Gold Metal (kcozs)
	Indicated	249	0.44	0.11	1085	904
	Inferred	42	0.52	0.11	219	154
Total		338	0.47	0.12	1578	1340

Note: Estimates have been rounded to the nearest MT of ore, two significant figures for Cu and Au grade, and to the nearest kt of Cu metal and kcozs of Au metal. Some errors may occur due to rounding.

Work undertaken as part of the 2022 MRE includes drilling completed by MMCI since early 2021. The most substantial effect of the drilling results was the inclusion of a Measured component to the MRE confirming the continuity of the copper mineralization at key locations throughout the MRE through infill drilling¹.

Scoping Study

A Scoping Study for the MCB Project was announced by CLA on 1 December 2021, which identified the potential for the development of a copper-gold operation with a 25-year mine life. The Scoping Study was based on an underground mining operation and processing facility to produce a saleable copper-gold concentrate. Highlights from the Scoping Study include a Post tax NPV (8%) of US\$464m and IRR of 31%, assuming a copper price of US\$4.00/lb and gold price of US\$1,695/oz. Initial capital expenditure is estimated to be US\$253m with a payback period of approximately 2.7 years. The designed mine production is matched to a 2.28Mtpa processing plant which will treat ore with an estimated average grade of 1.14% copper and 0.54g/t gold for the first 10 years of planned production with a C12 cash costs at just US\$0.73/lb copper, net of gold credits.

Social, Environmental, and Permitting

To gain exclusive rights to conduct mining operations within the MCB Tenement, MMCI will apply for a Mineral Production Sharing Agreement (MPSA) with the Philippine Government.

A key requirement for the agreement is a Declaration of Mining Project Feasibility (DMPF), supported by an Environmental Compliance Certificate and Free, Prior and Informed Consent, along with a Project Feasibility Study/Report and social and environmental plans and programs.

All required technical, social, environmental, and mine closure plans have been submitted and awaiting government approvals by the first quarter of 2023.

The MPSA, if approved, will grant the Company a term not exceeding twenty-five years starting from the execution thereof, renewable for not more than 25 years under such terms and conditions as may be provided by law.

¹ To confirm or define continuity of ore

