

PUNJAB MINERAL COMPANY - PHASE II OF EXPLORATION & RESOURCE ESTIMATION IN PUNJAB

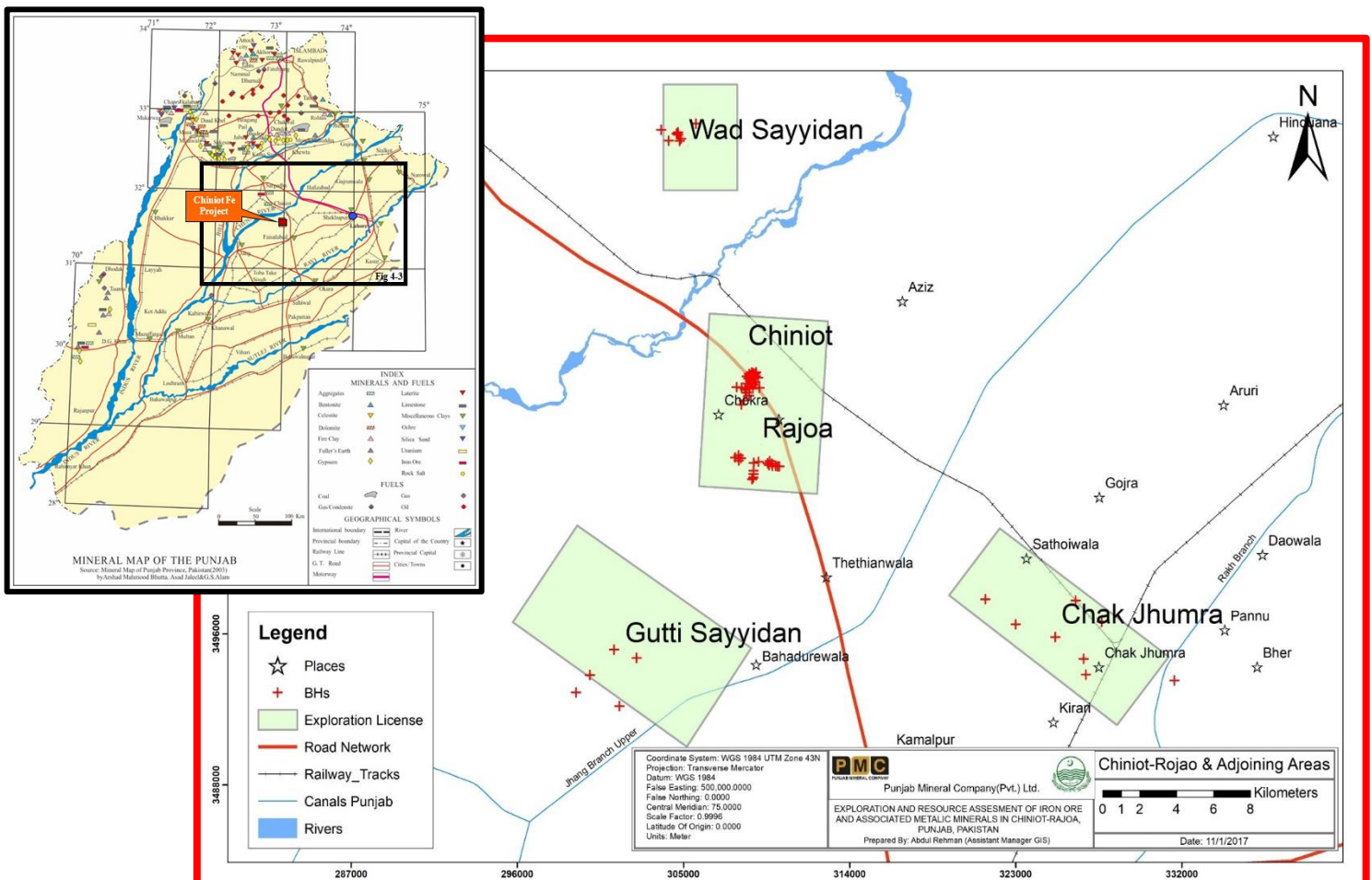
Exploration to development is high risk, cash intensive & long-term endeavor involving sequential data collection & assessment leading to potential resources. Identification of mineral deposits, especially with economic significance occurs after sequential screening and assessment of large areas and data.

PHASE I

In Phase I of the exploration program, M/s MCC, China (Project Contractor) under the Supervision of GEOS, Germany (Project Consultant) carried out exploration and resource estimation at 5 areas at Chiniot Region, namely:

1. Chiniot
2. Rajoa
3. Chak Jhumra
4. Gutti Sayedan
5. Wad Sayedan

As a part of Exploration Program - Phase I, 62,000 meters drilling was done through 71 boreholes. Over 9,000 core samples were analysed at SGS Labs (PAK) and ACME Labs (Canada) as shown in figure below.



Work in Phase I concluded with Iron Ore Resource estimate at Chiniot of **149.8 Mt at an average grade of 30.79% TFe** (NI 43-101 Canadian Standards) with following resource category:

Indicated

35.2 Mt @ 36.88% TFe

Inferred

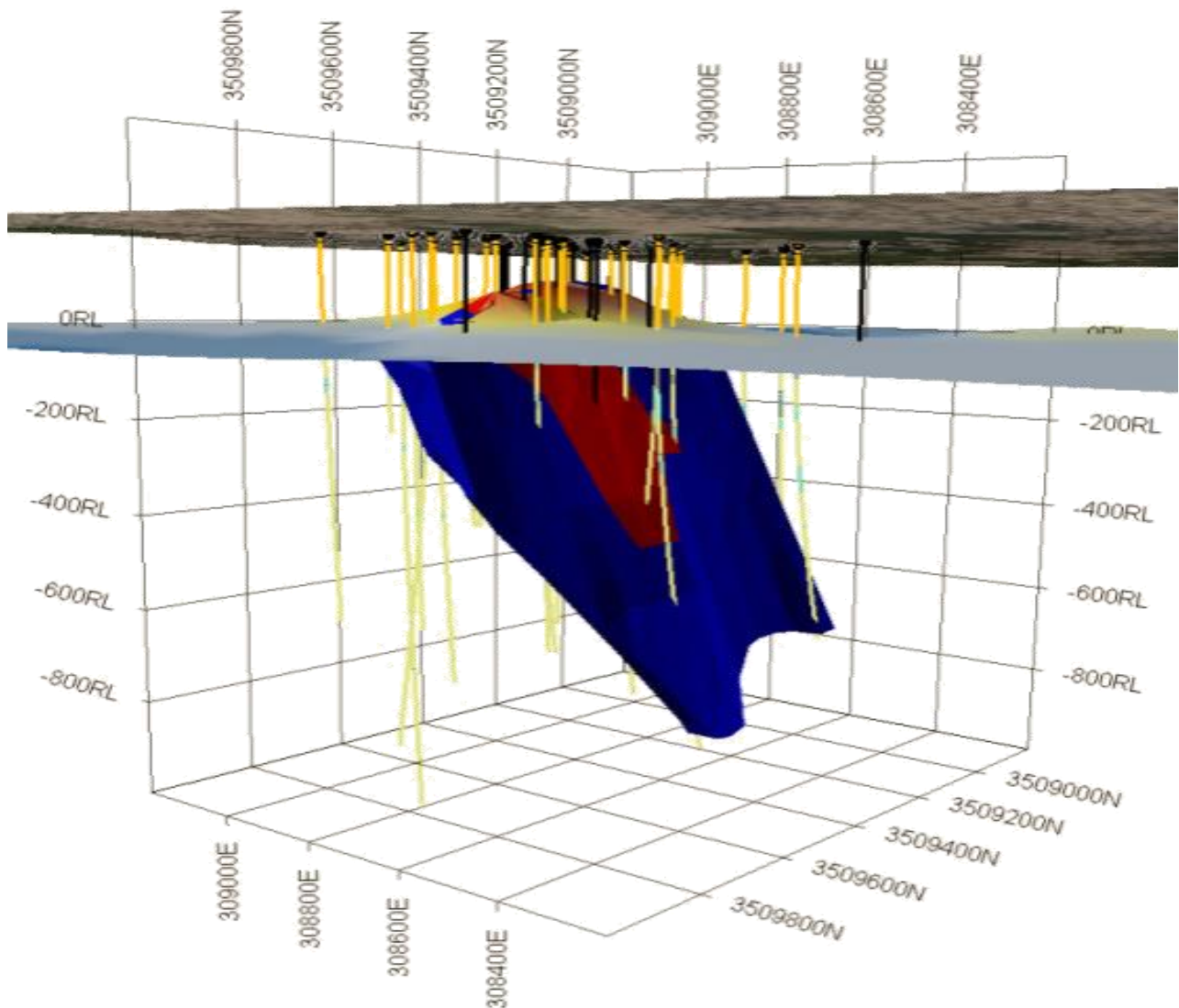
114.6 Mt @ 28.92% TFe

TFe Cut-off at 20% magnetite + 25% hematite

That summarizes as:

149.8 Mt @ 31% TFe

Combined Indicated & Inferred



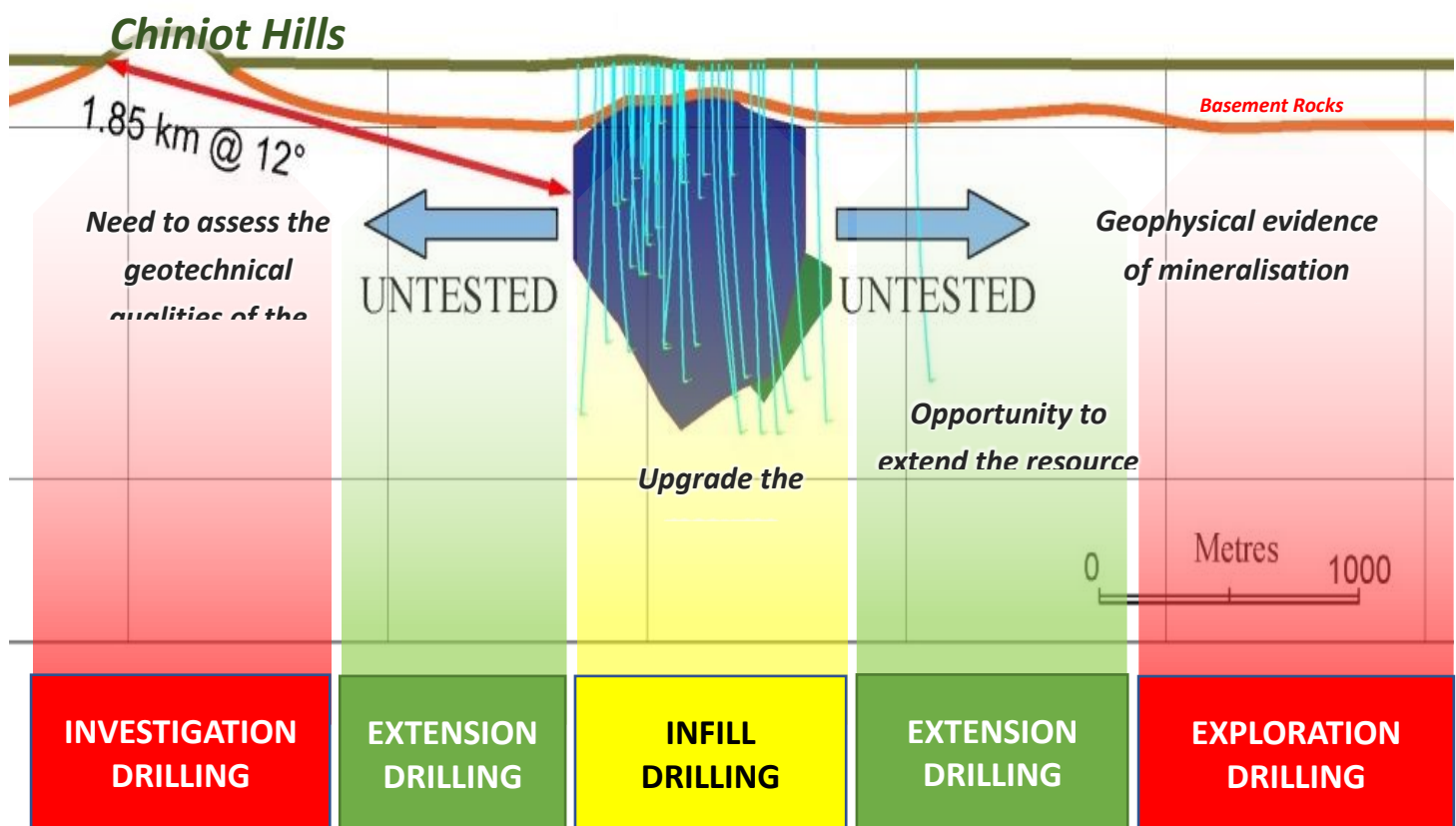
PHASE II

In order to exploit the full potential of resource further, work was required to assess the potential extension of the resource towards North and to increase the confidence level in resource estimate through infill drilling as shown in figure below. In this context, Phase II of exploration and resource estimation started in January, 2017 and its scope extends to the whole of Punjab.

M/s Fugro of Germany has been appointed as Project Consultant as a result of competitive bidding process in January, 2017 and M/s Ortadogu Consortium as Project Contractor in October 2017.

Based on past studies and available data following estimated work was conceived for the project:

- Infill and extension drilling at Chiniot (Definite + Optional)
- Adjoining areas within Chiniot mineralized corridor (Conceptual)
- Whole of the Punjab including 29 regional exploration targets (Conceptual)



Based on the maturity level of resource from results of Phase I, the consultant adopted an iterative approach to upgrade Chiniot Mineral Resource Estimate:

- ❑ **Stage 1:** consists of the drill phases 101 (Infill) and 104 (Extension) at Chiniot and its assumed northern extension for a ***better demarcation of the Chiniot Inferred Resource***;
- ❑ **Stage 2:** consists of the drill phases 102 (Infill) and 105 (Extension) in the same area in order to elevate the identified deposit into an ***Indicated Resource***;
- ❑ **Stage 3 (Optional Work):** consists of the drill phases 103 (Infill) and 106 (Extension) to take main ore body to a **Measured Resource**.

Synopsis of drilling outlay for resource drilling at Chiniot is as follows:

Drill Phase	Contracted			Revised Plan		
	Drill holes	Meters		Drill holes	Meters	
		Avg. Depth	Total		Avg. Depth	Total
Infill Drilling (Phase I Ore Body)						
101	21	930	19,500	21	930	19,530
102	29	730	21,100	20	730	14,600
103	32	560	18,100	-	560	-
Total	82	715.85	58,700	41	832.44	34,130
Extension Drilling (Northern Extension To Outcrop)						
104	6	800	4,800	6	1,000	6,000
105	8	800	6,400	-	800	-
106	28	800	22,400	-	800	-
Total	42	800.00	33,600	6	1,000.00	6,000
Grand Total	124	744.35	92,300	47	853.83	40,130

The drilling has been started from January 2018. So far, thirty five (35) out of forty seven (47) boreholes has been completed as of February, 2019. All relevant drilling data has been incorporated into newly updated 3D model as shown in image below.

