



ADVENTUS MINING

The Ecuadorian opportunity

Ecuador is a relatively small South American country that is rich in natural resources but remains underexplored, despite being located between and sharing geology with the long-established mining jurisdictions of Peru and Colombia. After the discovery of the world-class Fruta del Norte gold deposit in 2006, the broader international mining community opened its eyes to the untapped geological potential of Ecuador, which is now typified by strong government support for mining activity and modern infrastructure. In particular, it took Lundin Gold's entry into Ecuador in 2014 with the acquisition of the Fruta del Norte Project from Kinross Gold to kickstart the influx of several major mining houses including BHP, Codelco, Newcrest Mining, Anglo American, Solgold and Fortescue Metals Group.

TSXV-listed Adventus Mining entered Ecuador two years ago after scouring the world for jurisdictions to build a significant base metals company within. The company's president, CEO and director Christian Kargl-Simard tells RGN that the decision to pivot the company to Ecuador was based on the very strong geological potential of the country.

"We believe it is one of the last frontiers for copper. Located in the Andean Belt, we know about the geological potential to the North in Colombia and Southwards where Peru and Chile are two of the world's largest copper producers. These geological features extend



into Ecuador and it hasn't been properly explored to date."

A new era for Ecuadorian mining

While there remains plenty of unexplored potential in Ecuador, this year has seen the country evolve into an industrial scale metals producer after the opening of two large-scale mines – the Mirador open-pit copper-gold project in July, and the Fruta del Norte underground gold mine – nearly 15 years after its discovery.

The Mirador project is a multi-million ounce copper-gold-silver resource operated by a subsidiary of the Chinese consortium CRCC-Tongguan, while Canada's Lundin Gold has spent over US\$1 billion developing the gold-silver Fruta del Norte deposit over the last five years. Lundin produced first gold in November after receiving the final two permits required to move it into production.

"Ecuador is a mining country with a lot of international funding that continues to help us grow our portfolio of three copper-gold projects. We believe our most advanced project could be the next mine built in Ecuador after these two big ones have reached production."

Kargl-Simard, a professional metallurgical engineer and former investment banker, first visited Ecuador about 10 years ago after the initial discovery of the El Domo volcanogenic massive sulphide (VMS) deposit in central-west Ecuador. Today, El Domo is





the most advanced deposit within Adventus' 21,500-hectare Curipamba Project.

On this initial visit to the deposit, he met one of Ecuador's most influential geologists Fredy Salazar, who had worked with Newmont Mining in the 1990s and now leads an exploration team that has helped discover around 30 million ounces (Moz) of gold in Ecuador over the last 30 years.

Salazar went on to form Salazar Resources - one of the first Ecuador-focused mining companies listed on the TSXV - in 2007, largely keeping the same exploration team together that served Newmont so well in the 90s. And so, when Kargl-Simard came knocking on Salazar's door in 2017, Adventus was able to strike an earn-in agreement with Salazar Resources for the Curipamba project.

"It started with the Curipamba earn-in agreement, but we have also put together what we call the 'Exploration Alliance', which is a joint venture that sees us work together to find attractive projects in Ecuador," says Kargl-Simard.

Throughout the last two years, Adventus has reviewed close to 20 exploration projects in the country and it has signed deals on two with Salazar - the Pijilli & Santiago projects.

Broad in-country expertise

More recently, Adventus has deepened its ties in Ecuador by bringing in one of the country's largest and most respected private organisations - the Nobis Group - as a strategic investor. Nobis has business

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interests across the agricultural, real estate, industrial, commercial, construction and tourism sectors of Ecuador.

"Nobis brings to the table a long history of success and partnerships with government institutions that continue to support project investments which further the economic development of Ecuador.

"They also have an organisation called the Nobis Foundation which is significantly augmenting our community development activities around our projects. In addition, Nobis' trust in us continues to attract other Ecuadorian and Latin American high net worth investors into Adventus."

Curipamba is Adventus' most advanced asset, with early indications pointing to a high grade deposit at El Domo close to surface and mineable both by open pit or underground methods to produce saleable copper, zinc & lead concentrates, with strong precious metals credits

The preliminary economic assessment (PEA) of May 2019 brought together new infill drilling data from the last 12 months, along with new metallurgical test work from this year and various infrastructure trade-off studies.

The result of this new data compilation was an improved post-tax NPV of \$288 million (at 8% discount rate) for the El Domo deposit.



a 40% post-tax IRR and a capital cost of \$165 million for a 1,750 tonnes per day operation over a 15-year mine life.

“We think this is a really good base for us to grow on, and there is significant optimisation ahead of us on capital and operating costs. In fact, this may be a project where the capital cost decreases as we move from PEA to feasibility study,” suggests the Adventus chief.

Introducing geophysics

This year, the company flew an airborne geophysical survey over the entire Curipamba district for the first time and came out with 14 new geophysical targets, some of which are deemed very large targets that could be porphyry systems.

“The goal is to demonstrate that El Domo is not a one resource wonder and that there are multiple deposits within the district, such as additional VMS, epithermal gold, and/or porphyry. If this is the case, our project base and development scale could grow substantially.”

In 2020, Adventus aims to turn these targets into discoveries while advancing the El Domo deposit at the same time. The key hurdles to overcome next year include the completion and submission of the environmental impact assessment (EIA) for El Domo.

The EIA requires up to a year of baseline work and data collection relating to water, fauna, archaeology and other environmental considerations. This detailed programme

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began in Q4 of this year, which adds to the over 10 years of baseline environmental work managed by Salazar since discovery.

Adventus plans to start the full feasibility study in H2 next year and complete it by the summer of 2021. With three roads already to the El Domo deposit, there would then be about a one-year construction period, so the company is targeting first production in 2023.

“In the meantime, if we discover something of a similar size to El Domo, or even a porphyry, that could change the scope of the project and postpone engineering and construction beyond 2023. That’s why we are prioritising the exploration work right now, just to make sure there’s no low hanging fruit that can be discovered after a drill programme.”

Adventus also started geophysics programmes late last year at Pijilli & Santiago – the standout projects from the first collection of properties reviewed by the



Exploration Alliance between Adventus (80%) and Salazar Resources (20%).

From those geophysical programmes, Adventus was able to highlight 20 potential copper-gold porphyry targets and has been consolidating groundwork on the best targets throughout 2019 for drilling, where the eventual goal is to announce one or two significant copper-gold porphyry discoveries.

In good company

In particular, Santiago has the potential to be a +1 billion tonnes copper porphyry discovery according to Kargl-Simard. This view is strengthened by the presence of Newcrest and Solgold at properties close to the Santiago project.

“Geologically the area has very strong endowment with historical drill holes of over 300 metres at 0.5% copper equivalent from surface, with grades picking up to 0.8% copper equivalent at the bottom of the hole. This substantiates that it’s a mineralised system and the recent airborne results suggest it can be a very big system.

“Likewise, the Pijilli project is adjacent to Southern Copper’s billion tonne copper porphyry project. There is a large system there, but we think it could be much larger. We’ve been doing a lot of groundwork there in preparation for drilling, such as building a local team and camp facilities. We’ve also received water permits on the projects so are

very excited to be drilling these projects in 2020. We hope our efforts will lead to major new discoveries.”

When Adventus went public in February 2017, it had \$11 million in the bank and a licence to go anywhere in the world. The company looked at 240 projects across 25 countries and eventually picked Ecuador.

Now, with so many major mining houses ramping up their investment into the emerging exploration sector in Ecuador, the

firm’s decision looks like a masterstroke. The true geological potential of Ecuador is finally being realised, and Adventus is enjoying first mover advantage in one of the world’s last great copper frontiers.



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