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Cerro De Maimon

overview

Cerro de Maimón, is an operating copper/gold mine in the Dominican Republic. Cerro de Maimón hosts approximately 6 million tonnes of open-pit copper/gold reserves, as reported in a National Instrument 43-101 compliant technical report dated August 2007 by independent consultants. The Cerro de Maimón property, and surrounding 3,391 hectare exploitation concession, was acquired from Falconbridge Dominicana (Falcondo) in April 2002. Falcondo retained a 2% NSR of which Perilya purchased 50% in 2008. The company owns 100% of the deposit, subject to the remaining 1% NSR retained by Falcondo. The Dominican Secretary of State of Environment and Natural Resources granted the Environmental License to Perilya to mine the Cerro de Maimón mineral deposit in 2004.

There is potential for expanding the reserve base of the operation from satellite deposits in Perilya's 100% owned Maimón Concession surrounding the Cerro de Maimón deposit. The Maimón Concession covers approximately 85% of the Maimón massive sulphide belt.

operations

Construction of the approximately $69 million open pit mine, processing facilities and related infrastructure began in December 2006 and was completed in October 2008. The operation has separate processing facilities for the sulphide and oxide ores. Copper is recovered from the sulphide ores with co-product gold and silver. The oxide ore is treated to recover gold-silver doré.

Mining is done by a contractor using a fleet of articulated trucks, rigid body trucks and hydraulic excavators. The mined ore is sent to the appropriate sulphide or oxide ore stockpiles and waste rock to one of the several waste rock disposal piles on the property.

Both the sulphide and oxide plants use the same crushing and conveying system. The two-stage crushing system reduces the ore to minus ¾ inch.

The sulphide ore is processed through a 1,300 tonne per day flotation circuit using large capacity circular flotation cells followed by a re-cleaner flotation column. Primary grinding is done with a 12' x 14' ball mill with 80% passing 150 microns. A second 11' x 13' regrind mill grinds the rougher flotation concentrate to 80% passing 35 microns. The overflow from the regrind cyclone passes directly to the cleaner cells before going to the flotation column. The concentrate from the flotation column is then thickened and filtered in order to reduce the final moisture content of the concentrate to about 6%.

Concentrate is trucked to the port of Río Haina on the southern coast of the Dominican Republic where it is loaded and shipped to customers overseas.

The oxide ore is processed via grinding in an 8' x 15' ball mill followed by conventional agitated cyanide leaching, counter current decantation thickening and Merrill-Crowe gold and silver recovery at a rate of 700 tonnes per day.

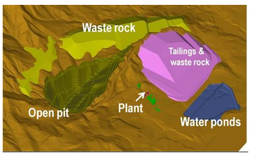
Tailings and potentially acid generating (PAG) waste rock are deposited in a co-disposal facility designed by Golder Associates.

Perilya practices concurrent reclamation at the Cerro de Maimón property. As soon as an affected area is ready for reclamation, previously reserved topsoil is replaced and the area is re-planted with native species grown in the Company's nursery. At mine closure all infrastructure will be removed and affected areas covered with topsoil and re-vegetated.

At Cerro de Maimón, Perilya has been working with local government and communities since 2005 in order to meet the Company's environmental and sustainable development objectives. Activities undertaken by Perilya include:

- Over 80% percent of employees at Cerro de Maimón come from within Monseñor Nouel Province. Perilya is committed to employment and training of people from local communities.
- The Fundación Mina Cerro de Maimón (the Cerro de Maimón Mine Foundation) has been established as a non-profit foundation dedicated to improving education and healthcare in the nearby villages of El Copey and Las Martinez. Perilya will provide funding for this foundation and the communities will participate in decisions on distribution of the funds.
- Improvements to the main access road through the villages of El Copey and Los Martinez.
- Sponsorship of classes in agriculture, accounting, computer skills, concrete block-laying and cookery and nutrition in the local communities.
- Provision of direct support to churches and schools in El Copey and Los Martinez.
- Delivery of food baskets to families in need at Christmas time.

location and access



The Cerro de Maimón property is located in the municipality of Maimón, in Monseñor Nouel Province, approximately 70 kilometers northwest of Santo Domingo, the capital of the Dominican Republic. The operation is approximately 4 kilometers east of the town of Maimón, home to around 25,000 people.

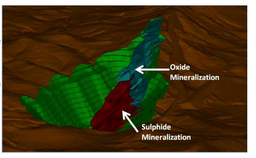
The town is centrally located in a mining district, with operations based on two major mineral deposits, the Falcondo nickel mine/smelter complex and the Pueblo Viejo gold operation of Barrick Gold/Goldcorp Inc., both within 15 kilometers of Maimón. Cerro de Maimón can be reached via the paved Maimón-Cotui road southeast from Maimón for a distance of about 2 kilometers, and a further 2 kilometers on a surfaced road that leads directly to the operation.

geology and mineralisaton

The Cerro de Maimón deposit is a typical volcanic-hosted exhalative massive sulphide body (VMS type). It contains sulphide ores with recoverable copper, gold and silver, overlain by a gold and silver rich oxide cap.

The deposit is hosted by the Maimón Formation, part of the Early Cretaceous Caribbean volcanic island arc, that trends northwest-southeast across the central part of Hispaniola. The Cerro de Maimón deposit is found within inter-bedded chlorite and sericite schists with thin beds of graphitic and siliceous exhalite. The Cerro de Maimón orebody is the largest known volcanic massive sulphide occurrence in the Maimón Formation. The original felsic volcanoclastic rocks (lapilli rhyolites and lapilli tuffs) have been metamorphosed to greenschist facies through seawater hydrothermal alteration and occur in both the hanging and the footwall to the orebody. In the hanging wall, felsic rocks are intercalated with mafic chlorite schists. Weathering of the massive sulphide has resulted in the oxide cap enriched in gold and silver.

The deposit outcrops at surface, plunges southeast at 25° and dips 30° southwest. The dip flattens to 20° down plunge. It is 200 meters wide, 1,000 meters long, up to 40 meters thick near surface and narrows to 5 meters down plunge. The average thickness is approximately 12 meters.



Mineralization occurs in three types: a near-surface gold/silver rich oxide cap, a supergene enriched sulphide zone, where the unaltered massive sulphide has been preferentially enriched in copper, and the unaltered massive sulphide mineralisation deeper in the deposit, below the effect of weathering and where the copper to zinc ratio approaches 1:1. The oxide cap comprises goethite enriched in gold and silver and averages 30 meters in thickness. Mineralisation in the sulphide material consists of massive to semi-massive, rounded to angular pyrite with interstitial chalcopyrite and sphalerite. Bornite, tennantite, tetrahedrite and galena occur as trace minerals. Gangue minerals include quartz, sericite, chlorite, minor calcite and barite. Secondary copper minerals, including chalcocite and covellite, partially replace the primary sulphide minerals. Supergene enrichment has locally raised the copper content to as much as 10%. Copper grades in the un-weathered sulphide mineralisation are generally between 2% and 3%.

reserves

The Cerro de Maimón massive sulphide body contains 4.8 million tonnes of proven and probable ore grading 2.54% copper, 0.96 grams per tonne gold and 34.9 grams per tonne silver. The oxide body contains 1.2 million tonnes of proven and probable ore grading 1.86 grams per tonne gold and 34.5 grams per tonne silver. The reserves for Cerro de Maimón are summarized in the table below:

View technical report here

Mineral Type	Tonnes	Cu (%)	Ag (g/t)	Au (g/t)
Total Oxide				
Proven	927,274		37.1	1.95
Probable	230,093		23.9	1.48
Proven + Probable Total	1,157,367		34.5	1.86
Total Sulphide				
Proven	4,285,800	2.66	35.7	0.98
Probable	538,760	1.52	28.7	0.78
Proven + Probable Total	4,824,560	2.54	34.9	0.96