



# CANDELARIA

MINING CORP



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TSXV : CAND

# CAUTIONARY STATEMENT



**Forward-Looking Statements:** This presentation contains forward-looking information about Candelaria within the meaning of the Securities Act (British Columbia). Forward-looking statements relate to future events or future performance and reflect Candelaria's expectations regarding the future growth, results of operations, business prospects and opportunities of Candelaria. These statements reflect Candelaria's current internal projections, expectations or beliefs and are based on information currently available to Candelaria. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. Many of these assumptions are based on factors and events that are not within the control of Candelaria and there is no assurance they will prove to be correct. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, and are developed based on assumptions about such risks, uncertainties and other factors including, without limitation: fluctuations in precious and base metal prices; inherent hazards and risks associated with mining operations; inherent uncertainties associated with mineral exploration and development activities; uncertainties inherent in the estimation of mineral reserves and/or resources and precious metal recoveries; uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from Candelaria's projects; uncertainties related to current global financial conditions; uncertainties related to the availability of future financing necessary to undertake exploration, development, mining and processing activities on Candelaria's properties; risks related to the integration of businesses and assets acquired by Candelaria; uncertainties related to the competitiveness of the mining industry; risks associated with Candelaria being subject to government regulation, including changes in law and regulation; risks associated with Candelaria's need for governmental licenses and permits; risks associated with Candelaria being subject to extensive environmental laws and regulations, including a change in regulation; risks that Candelaria's title to its property could be challenged; political and country risk; risk of water shortages and risks associated with competition for water; Candelaria's need to attract and retain qualified personnel; increases in off-site transportation and concentrate processing costs; risks related to the need for reclamation activities on Candelaria's properties, including the nature of reclamation required and uncertainty of costs estimates related thereto; risks associated with potential conflicts of interest; risks associated with potential labour disputes; and risks associated with potential blockades of mining operations as well as "Risks and Uncertainties" included in the Annual Information Form and MD&A for Candelaria available at [www.sedar.com](http://www.sedar.com). Forward-looking information is not a guarantee of future performance and actual results and future events could differ materially from those discussed in the forward-looking information. All of the forward-looking information contained in this presentation is qualified by these cautionary statements. Although Candelaria believes that the forward-looking information contained in this presentation is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on forward-looking information. Candelaria expressly disclaims any intention or obligation to update or revise any forward-looking information contained in this presentation, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws. The information contained herein does not constitute an offer of securities for sale in the United States and securities may not be offered or sold in the United States absent registration or exemption from registration.

**Cautionary note to U.S. investors concerning measured, indicated or inferred resources:** We advise U.S. investors that while the terms "measured resources", "indicated resources" and "inferred resources" are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize these terms and these terms do not comply with SEC Guide 7 requirements. Investors are cautioned not to assume that any part or all of the material in these categories will be converted into reserves. It should not be assumed that any part of an inferred mineral resource will ever be upgraded to a higher category.

## **Qualified Person**

Jim Cuttle, Certified Professional Geologist, a consultant to Candelaria and a Qualified Person under NI 43-101, has approved the content related to Caballo Blanco of this presentation.

Mr. Jose Antonio Olmedo, Eng. Geol. MSc. Is an Independent Consultant, located in Mexico City, Mexico, who is an "Independent Qualified Person" as defined by NI 43-101 and the lead person responsible for completing the Pinos resource has reviewed this presentation as it relates to the Pinos project.

Mr. David Salari, P.Eng. of DENM Engineering Ltd. located in Oakville, Ontario, Canada who is an "Independent Qualified Person" as defined by NI 43-101 and the lead person responsible for reviewing the metallurgical work for the Pinos resource has reviewed this presentation as it relates to the Pinos project and has overseen the metallurgical and recovery methods and infrastructure.

# BOARD & MANAGEMENT



## MANAGEMENT

### **Curtis Turner** *MBA – CEO & Director*

Over 15 yrs in the mining industry including significant experience in Mexico overseeing permitting and technical work. He was a key member of the team at Argonaut Gold that successfully completed four acquisitions totaling over \$700 million.

### **Ramon Perez** *MBA – President & Director*

Former VP and co-manager of Carrelton Horizon Natural Resource Fund. Previously Senior Analyst in the Latin American division of Salomon Smith Barney Asset Management.

### **Sam Wong** *CA. - CFO*

Former controller at Luna Gold, Mr Wong oversaw the finance division during Luna's transition from development through to commercial production. Mr. Wong is a Chartered Accountant and articulated at Deloitte & Touche LLP in Vancouver, BC where he specialized in assurance and advisory for mining companies

### **Armando Alexandri** *M.Eng., MBA - COO*

Mining engineer, over 30 yrs experience in mining and metallurgical design. COO for Impact Silver and formerly Sierra Metals

### **Hector Felix Gonzalez Ramirez** – *VP Exploration*

Senior Geologist with over 15 yrs experience. Previously Dia Bras Exploration senior mine geologist, MAG Silver project geologist and Minaurum Gold chief geologist.

## NON-EXECUTIVE DIRECTORS

**Mark Backens (Chairman)** – Over 30 years of global mining experience including, most recently, as CEO of Alio Gold Inc. Mr. Backens has 10 years of investment banking experience most recently as Director of Investment Banking - Mining for Scotia Capital. Mr. Backens also has 20 years of senior management experience.

**Wayne Hubert** – CEO and director of Andean Resources Limited from 2006 until December 2010, taking the Company from a market capitalization of \$70 million to over \$3.5 billion. Prior to Andean worked as Vice-President Corporate Development and Investor Relations with Meridian Gold Inc.

**Javier Reyes** – Entrepreneur who founded and ran several Mexican financial services firms. Currently manages and is Founder of Credipresto, S.A. de C.V. ENR.

**Javier Montañó** *CPA* - CEO of company that owns chain of retail stores in Mexico and South America. Director of organizations supporting economic development across Mexico and other growth markets.

**Manuel Gomez** *CFA* - Portfolio manager and MBA-level finance professor. Previously with Bank of America, JPMorgan Chase, UBS and Credit Suisse.

# CAPITAL STRUCTURE



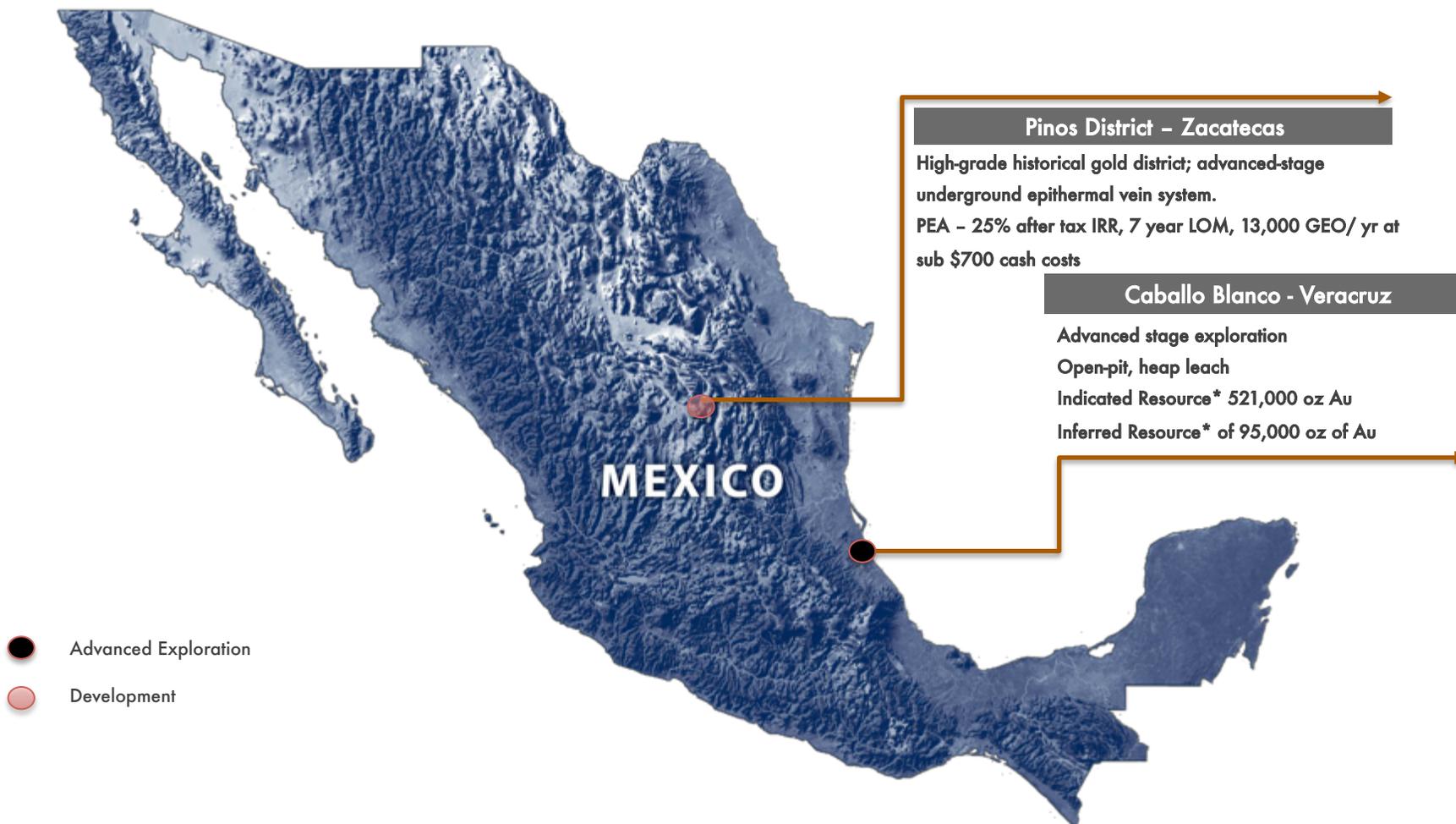
## Strategic Partner in Agnico Eagle\*

(Invested \$9.75 million CAD for 9.95% ownership)

Capital Structure	\$CAD
Current Price (Sept 13, 2018)	\$0.40
Shares Outstanding (Basic)	113.0m
Market Capitalization	\$45m
Warrants @ \$0.60	12.6m
Options	6.6m
Cash (as of July 31, 2018)	\$1.4m
Shares Fully Diluted	132.2m

\*For more information, please see news release entitled "CANDELARIA ANNOUNCES \$9.7 MILLION STRATEGIC INVESTMENT BY AGNICO EAGLE" dated June 6, 2017. All dollar amounts are in Canadian Dollars.

# PROJECT LOCATIONS - MEXICO



\*For more information, please see news release entitled "CANDELARIA MINING ANNOUNCES UPDATED NI 43-101 TECHNICAL REPORT AND RESOURCE ESTIMATE FOR CABALLO BLANCO" dated May 8, 2017.

# OVERVIEW

## Caballo Blanco Project

- Simple Open Pit Heap Leach Gold Project
- Current oxide resource is contained in one zone – La Paila.
  - Indicated Resource of 521,000 oz Au
  - Inferred Resource of 95,000 oz Au
  - Deposit remains open to the south, southwest, northeast and at depth
- Gold mineralization is highly amenable to leaching.
- 7 exploration targets with similar anomalies to La Paila located within a 3km wide magnetic high ring structure.
- 19,815 hectare land package with attractive regional targets

Strategic Investment by Agnico Eagle (\$9.75m CAD for 9.95%).

## Pinos Underground Gold Project (1)

- Fully Permitted underground epithermal gold project with robust economic returns
- Targeted annual production approx 12,700 oz AuEq commencing 4Q19
- Low Capex USD \$13.5 million; After-tax IRR 25%
- Debt facility in final stages

\*For more information, please see news release entitled "CANDELARIA MINING ANNOUNCES UPDATED NI 43-101 TECHNICAL REPORT AND RESOURCE ESTIMATE FOR CABALLO BLANCO" dated May 8, 2017.

1) Based on Pinos Gold Project PEA September 2018. Assumes \$1,250/oz Au and \$17/oz Ag.

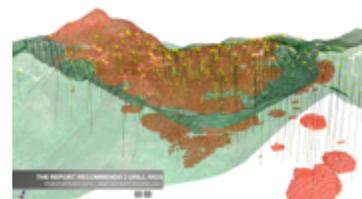
# CANDELARIA - PORTFOLIO



## Development & Exploration

### CABALLO BLANCO – OPEN PIT HEAP LEACH

- Over 600k oz heap leachable gold mineral resource
- Potential for “Quick Wins” at 7 exploration targets
- Vuggy silica breccias, high sulphidation fully oxidized, epithermal gold system
- Current resource open to south, southwest, and northeast with significant growth potential



**0.6 Moz**  
Au Indicated & Inferred

**7**  
High Impact Targets



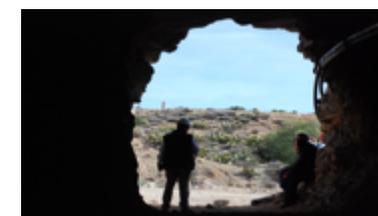
### PINOS – UNDERGROUND / MERRILL CROWE

- Robust Preliminary Economic Assessment completed
- Projecting ~ 12,700 AuEq oz/yr production
- Low sulphidation epithermal gold system
- Low Capex
- 85% of district yet to be explored



**4Q 2019**  
Est. Production Date

**12,700**  
AuEq oz/yr



(1) Gold equivalent based on 74:1 silver:gold ratio



# ADVANCED EXPLORATION

CABALLO BLANCO  
VERACRUZ  
MEXICO



# CABALLO BLANCO

- Located 65 km northwest of the port city of Veracruz.
- 14 contiguous mining claims covering 19,815 hectares (198 sq. km).
- Pan American Highway transects the eastern boundary of the project.
- Power, water, supplies and materials are readily available.
- Communications are well established (phone and high speed internet access)



Classification	Tonnes (000s)	Au g/t	Ag g/t	Au oz	Ag oz
Indicated	31,220	0.52	2.16	521,000	2,170,000
Inferred	8,630	0.34	2.14	95,000	590,000

\*For more information, please see news release entitled "CANDELARIA MINING ANNOUNCES UPDATED NI 43-101 TECHNICAL REPORT AND RESOURCE ESTIMATE FOR CABALLO BLANCO" dated May 8, 2017.

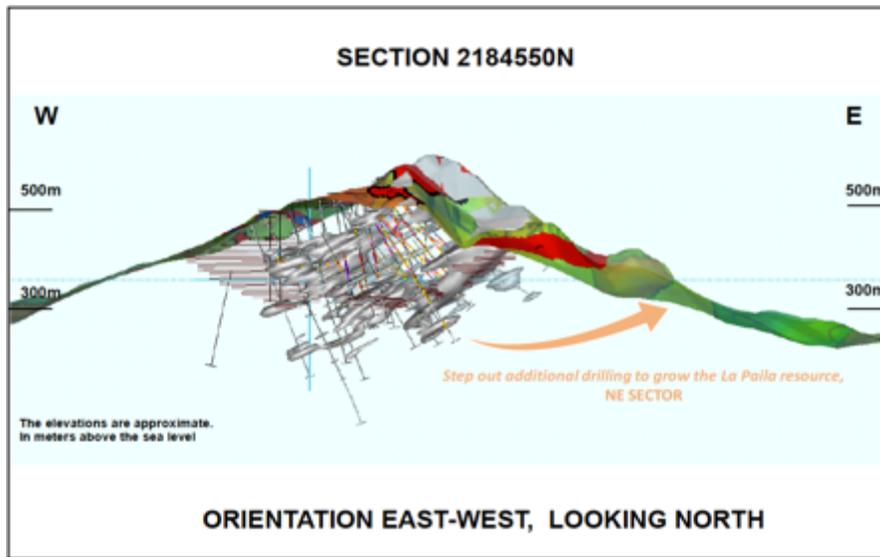
# GEOLOGY – CABALLO BLANCO

- High sulphidation, fully oxidized epithermal gold zones.
- Andesite host rock with very fine Au contained in 4 different ore types:
  - Vuggy silica
  - Massive Silica
  - Poly lithic Breccia
  - Monolithic Breccia
- La Paila Zone located on a large magnetic high ring structure that measures approx. 3 km in diameter.
- At least four other large induced polarization (IP) resistivity high anomalies, with similar silica alteration to La Paila, have been identified on the property.
- The La Paila Zone currently remains open to the south, southwest, northeast and at depth.



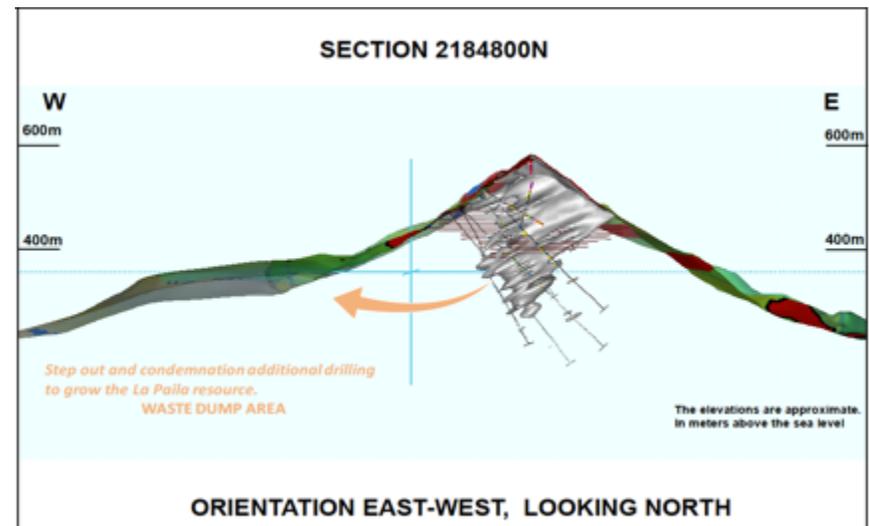
Prior Activity	Comments
Geological Mapping	128 km <sup>2</sup> of reconnaissance, and detailed mapping.
Geochemistry	16,000 stream sediment, soil and rock samples.
Geophysics	322 km of IP surveying, 1,240 km of magnetic surveying.
Drilling	60,000+ m of total drilling, 52,000+ m of which is DDH.
Column Testing	65 Column tests performed from 6" – 40" dia.

# LA PAILA - RESOURCE GROWTH POTENTIAL

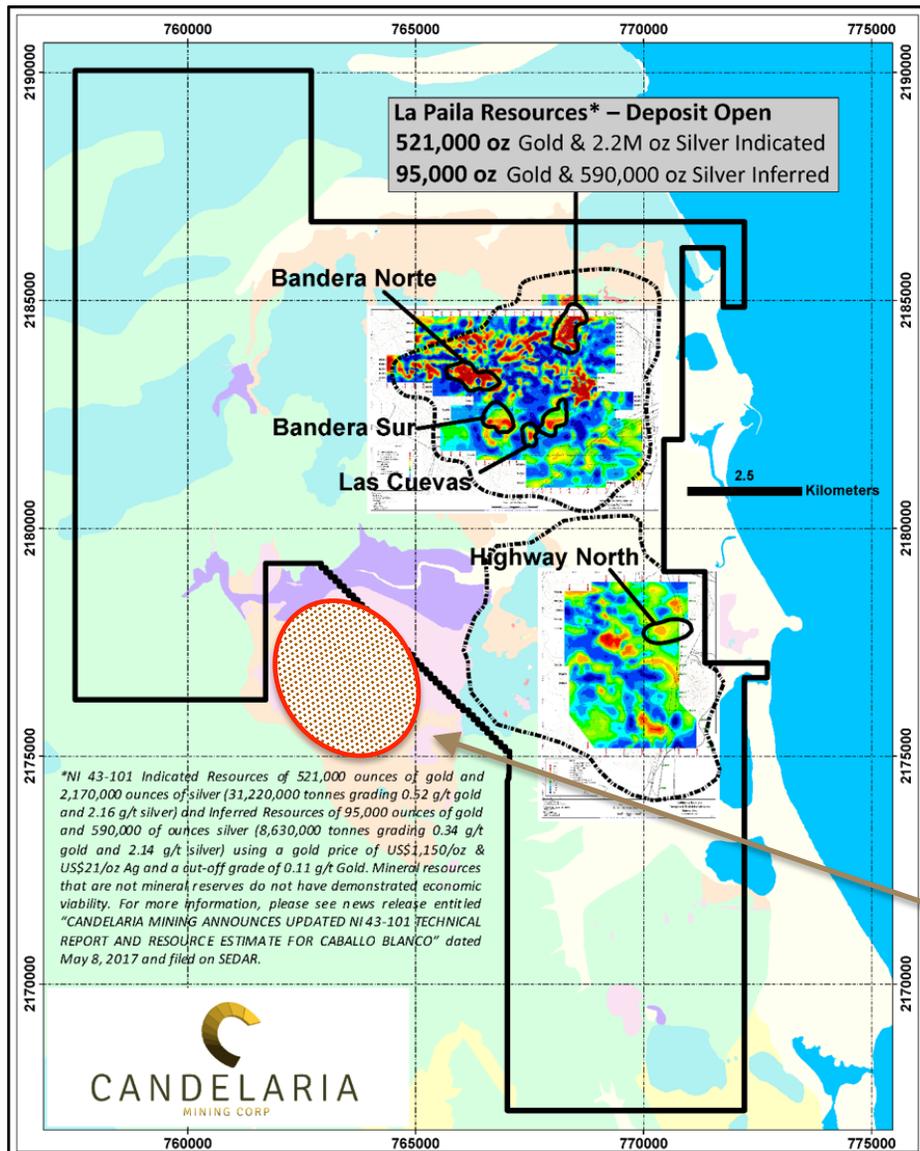


- Potential to add ounces exists to the north and east
- Land previously not explored due to inaccessibility of land

- Potential exist to expand resource to the west and south
- Area previously designated as waste dump area, but drilling has identified that the ore body dips to the west
- Drilling will test the extension of the dip



# EXPLORATION TARGETS – CABALLO BLANCO



There are seven high priority targets in proximity to the current La Paila resources:

- Highway North
  - Low Sulphidation system
  - Surface Anomaly measures 1.5 x 0.7 km.
  - Detailed geochemical work yielded grades up to 4 g/t Au
- Las Cuevas
- Bandera Norte
- Bandera Sur

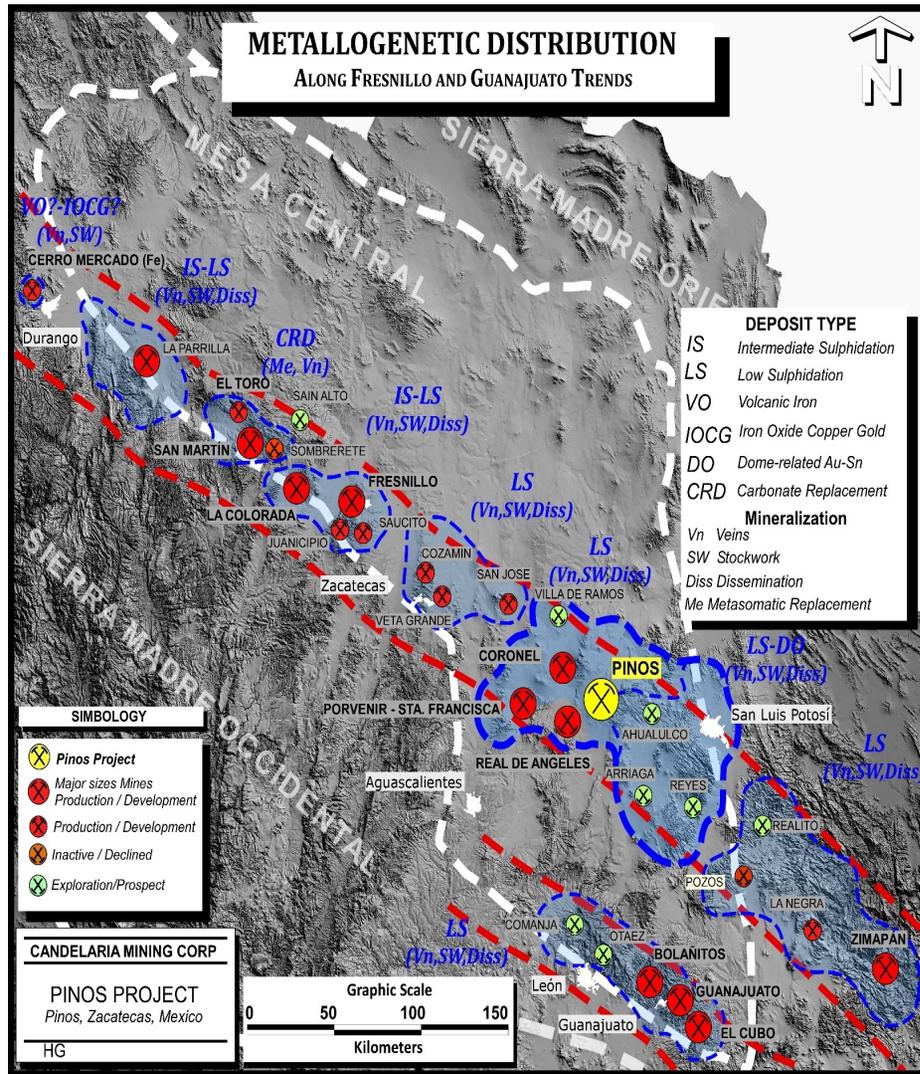
**Azucar Minerals** actively drilling "EL Cobre" a copper-gold porphyry target. **Newcrest Mining** acquired 19.99% of Azucar Minerals (May 2018)

A landscape photograph showing a paved road winding through a dry, hilly region. In the background, there are large, rounded mountains under a clear blue sky. Several utility poles with power lines are visible along the road. The foreground is filled with dry, yellowish-brown grass and some small cacti. The overall scene is bright and clear, suggesting a sunny day.

# DEVELOPMENT PROJECT

PINOS  
ZACATECAS,  
MEXICO

# PINOS GOLD DISTRICT



# PINOS GOLD DISTRICT



**Property** 29 concessions comprising 3,816 hectares in southeastern region of Zacatecas, Mexico.

**Location** 67 km NW of San Luis Potosi. Paved road to entry of mine.

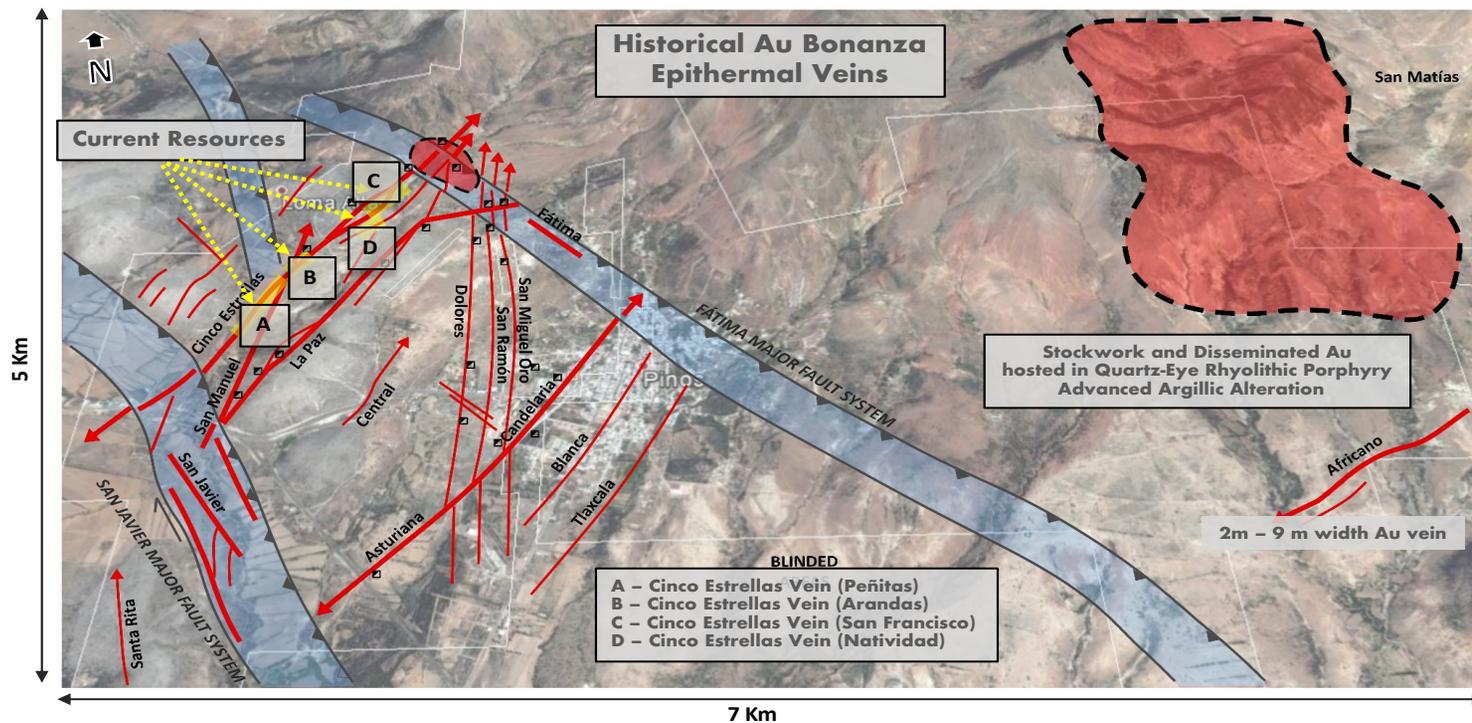
**Geology** Low-sulphidation epithermal Au and Ag. Veins follow multiple primary structures related to compressional and extensional phases associated with the early Cretaceous Laramide orogeny.

**Historical Production** 33 shafts located throughout district accessing veins varying from less than 1m to over 10 m in width (avg. 1.2 - 1.5 m true width).

**Resource** Roughly 90,000 ounces grading 4.7 g/t AuEg

**Metallurgy** Recoveries demonstrate +90% Au recovery via dynamic cyanide leaching.

**Exploration.** Expansion of mineral resources along San Manuel Vein, San Ramón, San Javier, Candelaria, La Paz, Fátima, Africano and San Matías Au Disseminated Target



- 1) Source: Pinos Gold Project Preliminary Economic Assessment September 2018. Assumes \$1,250/oz Au and \$17/oz Ag.
- 2) Gold equivalent based on 74:1 gold:silver ratio

# PINOS GOLD DISTRICT – ECONOMICS <sup>(3)</sup>



**Preliminary Economic Assessment** - Robust economic returns with potential to scale through success of exploration program. Over 80% of district has yet to be explored.

- Low capital expenditure – USD \$13.5 million
- Low operating costs:
  - \$77 per tonne including: \$39/tn mining, \$28/tn processing, \$10/tn G&A
- Total cash costs - \$666 per Au Eq oz<sup>(1)</sup>
- All-in sustaining costs <sup>(2)</sup> – \$835 per Au Eq oz
- Operating Metrics
  - Plant design for 400 tpd
  - Mining Method - Cut and fill
  - Processing – Conventional Cyanide using Merrill Crowe

Au Price	Ag Price	Post Tax IRR	Post Tax NPV5	Payback Period (yr)
\$1,150	\$14	17%	\$6.9m	3.9
\$1,250	\$17	25%	\$12.2m	3.2
\$1,350	\$19	32%	\$16.9m	2.8

PEA ECONOMIC SUMMARY		
	Unit	Values
Average AuEq grade	g/t	4.7
Average annual gold production	oz	12,700
Life of Mine from production start	Yr	7
Au Price	\$/oz	1250
Ag Price	\$/oz	17
IRR Pre tax	%	33
IRR Post tax	%	25
NPV Pretax (5% discount rate)	\$M	19
NPV Post tax (5% discount rate)	\$M	12.2
Payback period from start of production	Yr	3.2
Initial Capital Cost	\$M	13.5
Cash Operating Cost	\$/oz	666
All In Sustaining Cost <sup>(2)</sup>	\$/oz	835
Metallurgical Recovery, Au	%	90
Total Mined Gold AuEq	oz	88,934

(1) Gold equivalent based on 74:1 silver:gold ratio

(2) All-in sustaining costs (AISC) include mining, processing, direct overhead, on-site exploration,, reclamation, mill expansion to 400 tpd, refining costs, and government and third party royalties. AISC excludes Corporate G&A.

(3) Source: Pinos Gold Project Preliminary Economic Assessment , September 2018

# PINOS GOLD DISTRICT



## PINOS UNDERGROUND MINERAL RESOURCES

Classification	Cutoff Grade (Au g/t)	Mine Dilution (%)	Area	Tonnes Above Cutoff	AuEq g/t	Au g/t	Ag g/t	Vein Width (m)	AuEq ounces
Indicated	2.2	10	San José de Peñitas	98,448	4.0	3.0	51.3	1.3	12,661
			San Francisco	52,177	6.2	5.0	43.3	1.8	10,319
			San Carlos de Arandas	19,174	3.2	2.6	29.0	2.1	1,964
			Natividad	5,897	7.5	5.8	78.5	1.1	1,414
<b>Total Indicated</b>	<b>2.2</b>	<b>10</b>		<b>175,697</b>	<b>4.7</b>	<b>3.6</b>	<b>47.4</b>	<b>1.5</b>	<b>26,358</b>

Classification	Cutoff Grade (g Au/t)	Mine Dilution (%)	Area	Tonnes Above Cutoff	AuEq g/t	Au g/t	Ag g/t	Vein Width (m)	AuEq ounces
Inferred	2.2	10	San José de Peñitas	328,770	4.0	3.0	51.3	1.3	29,610
			San Francisco	145,478	6.2	5.0	43.3	1.8	19,599
			San Carlos de Arandas	45,539	3.2	2.6	29.0	2.1	4,664
			Natividad	9,479	7.5	5.8	78.5	1.1	2,273
<b>Total Inferred</b>	<b>2.2</b>	<b>10</b>		<b>529,267</b>	<b>4.6</b>	<b>3.6</b>	<b>47.7</b>	<b>1.5</b>	<b>56,146</b>

## PINOS MINERAL RESOURCES ON SURFACE - DUMPS

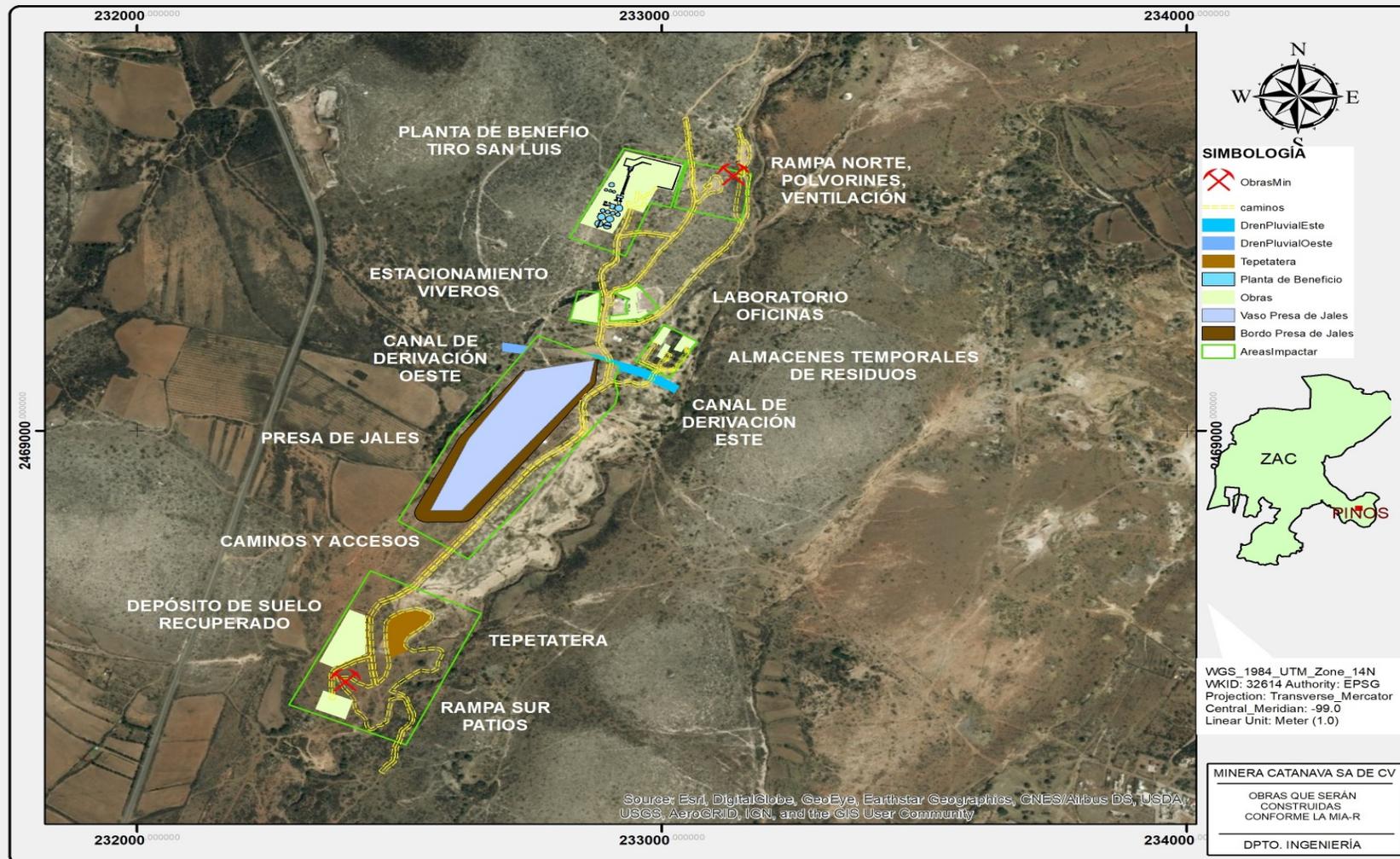
Classification	Cutoff Grade (g Au/t)	Mine Dilution (%)	Area	Tonnes Above Cutoff	AuEq g/t	Au g/t	Ag g/t	Vein Width (m)	AuEq ounces
Measured			Candelaria Dumps	85,847	2.6	1.6	82.9	n/a	7,176
<b>Total Measured</b>				<b>85,847</b>	<b>2.6</b>	<b>1.6</b>	<b>82.9</b>	<b>n/a</b>	<b>7,176</b>

(1) Gold equivalent based on 74:1 gold : silver ratio

(2) Mineral Resources are as defined by CIM Definition Standards on Mineral Resources

(3) Please refer to Pinos Gold Project Preliminary Economic Assessment September 2018 for full mineral resource details

# PINOS GOLD DISTRICT - SITE LAYOUT



# SUMMARY

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- Pinos Gold Project fully permitted
- Finance & advance Pinos to construction stage before year end 2018.
- Production from Pinos expected to commence 4Q19
- Self fund advancement of Caballo Blanco with proceeds from Pinos operation.
- Caballo Blanco project envisions a low CAPEX, simple heap-leach open pit mining operation targeting ~100,000 oz/year.
- Caballo Blanco Deposit remains open to the south, southwest, northeast and at depth.
- 7 exploration targets within magnetic ring at Caballo Blanco with characteristics that resemble the current resource.



**CAND: TSX.V | CDEF: OTC PINK**

[www.candelariamining.com](http://www.candelariamining.com)

**Vancouver Office**

Suite 1201 - 1166 Alberni Street

Vancouver, BC V6E 3Z3 Canada

Email: [info@candelariamining.com](mailto:info@candelariamining.com)

Phone: 604-349-5992 Fax: 604-682-5596