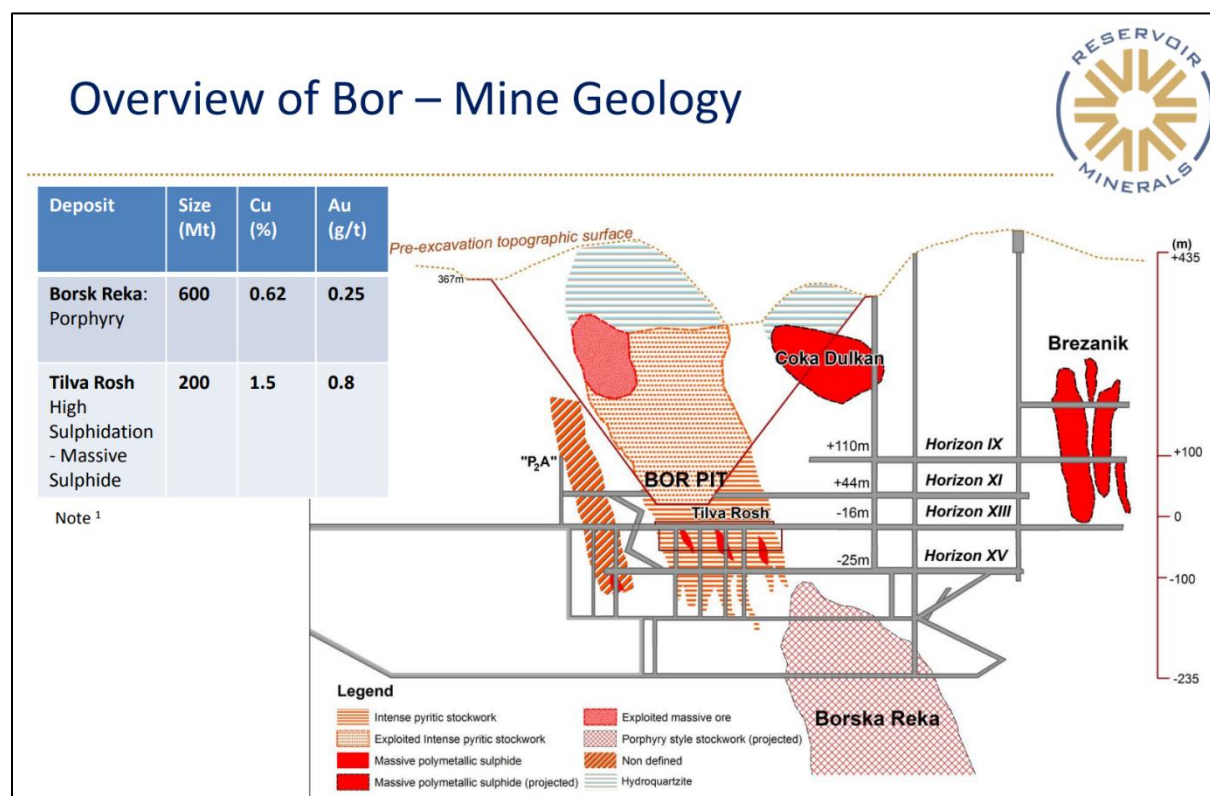


The Timok copper-gold discovery story

On Sunday, March 4, 2012, at the Metro Toronto Convention Centre in downtown Toronto, over 30,000 investors from around the world converged for the PDAC annual trade show. Miles Thompson, an exploration geologist with 30 years of experience stands in front of the audience and talks about their exploration work in Serbia:

“We have gone into the Timok district with Freeport (McMoRan), where there are two very large copper mines that have been operating on and off as industrial operations for over 50 years. This is a very substantial and well-endowed copper-gold district with very little recent exploration. Because of the prevailing copper prices, no one has done deep exploration. We have been looking at the recent discoveries in places like Mongolia with Oyu Tolgoi, and the availability of bulk underground mining technologies. We are drilling down with Freeport to depths of 1200m using geophysics to look deep, and are actually finding things. We put out a couple of results just last week. We have hit in two different places within our property package, with gold in one and copper in the other. These are not deposits yet, but they are good intercepts and they demonstrate that technologies we are using are working. We are able to discover blind deposits through substantial amounts of cover.”



Overview of Bor mine geology

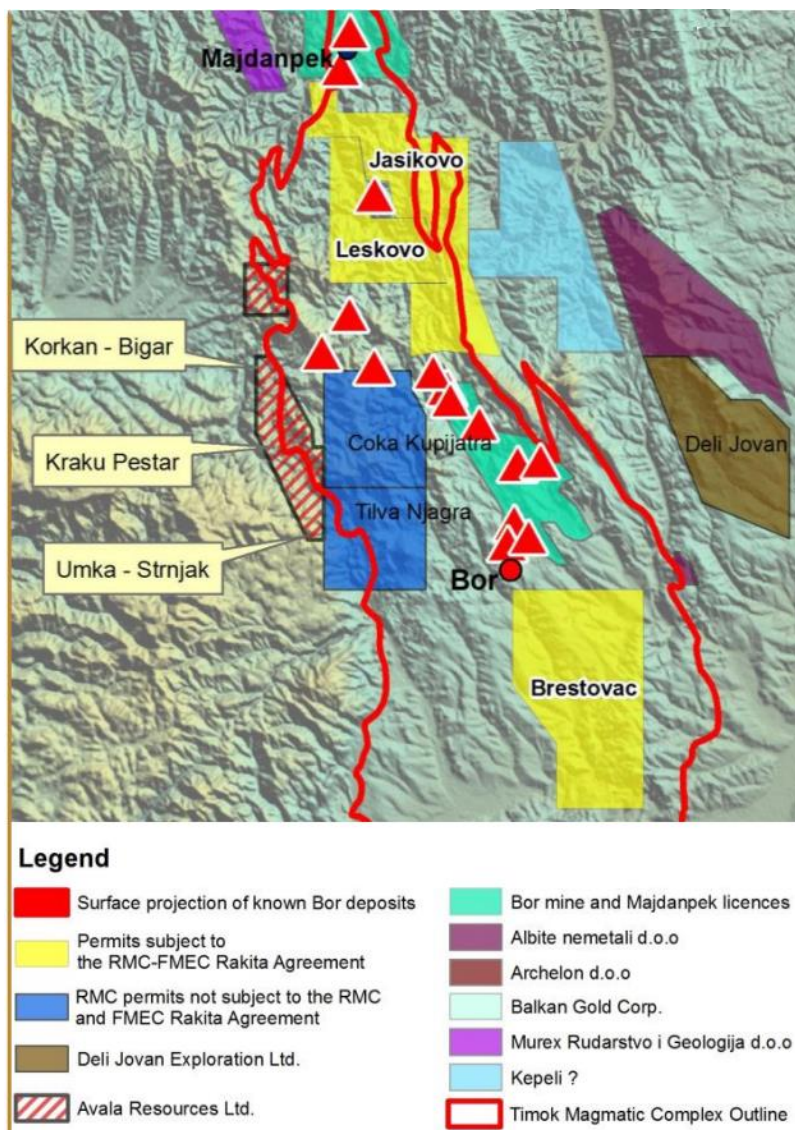
Six years earlier, in 2006, Miles Thompson co-founded Reservoir Capital and acquired South European Exploration (SEE), a Serbian subsidiary from Eurasian Minerals (now EMX Royalty Corp). SEE employed 5 geologists, 2 technicians, and an administrative assistant, and acquired the Brestovac exploration permit for its prospectivity for epithermal and porphyry copper mineralization. The nearby operating Bor and Majdanpek copper-gold mines were in the process of privatization, and Dundee Precious Metals and Phelps Dodge secured the adjacent ground.

Miles Thompson stated: “To be in a belt that well-endowed is unique for a junior. These are the largest copper mines in Europe and nobody has done any exploration over 20 years because of the

collapse of former Yugoslavia. We had the ability to acquire ground that you would normally get nowhere near to if you were in the Andres or another well-known copper belt. We picked up any prospective property we could and were persistent. We originally picked up ground that has turned out to be not worth very much. But bit by bit we added to the portfolio.”

In February 2007 the company listed on the TSX-V with 13.3 million shares outstanding, after completing a \$2m private placement at \$0.50 per unit. Miles Thompson and Serbian-based Miljana Vidovic both reported an 11.95% equity ownership stake in the company. After a year of trading and reporting positive exploration results, Reservoir applied for two energy licenses to develop hydroelectric generating capacity. Investing in renewable energy became more popular and Reservoir’s experience in the country allowed them to start a second business model. Reservoir continued this hybrid business model for the years to come.

In 2010, Reservoir acquired two properties from Euromax and added them to the Serbia portfolio. Reservoir then signed an earn-in agreement with Freeport to explore and develop the Brestovac and Jasikovo projects. Freeport had the right to earn in to an initial 55% by funding US\$3m and an additional 20% by completing a PEA, a pre-feasibility study, and a feasibility study. In 2011, Reservoir Capital decided to spin out the exploration business into a new vehicle called Reservoir Minerals.



The Reservoir-Freeport licenses (yellow) and 100% Reservoir licenses (blue) in the Bor district

In November of 2011, Reservoir Minerals listed on the TSX-V with 26.1m shares outstanding. It opened at a share price of \$0.45 (below the \$0.65 financing price), which gave the company a market capitalization of \$11.7m. At that point Reservoir and Freeport geologists completed detailed mapping, surface sampling, IP surveys, and geophysical surveys to target copper mineralization. This field work led to the first drill program, and in March 2012 Reservoir reported 2.49 g/t gold over 34m in one hole from a depth of 281m, and 0.38% copper over 84m from a depth of 188m in another hole. Since this was prove that Freeport and Reservoir were able to generate valid drill targets through substantial amounts of cover, drilling continued into the summer. On Monday, July 16, 2012, Reservoir reported a major discovery in hole number 10 at the Timok project (within the Brestovac licenses):

266m @ 1.07% Copper and 0.27 g/t Gold (1.23% CuEq)

The share price jumped from the previous close of \$0.65 to \$1.14 on the day of the announcement. In a conversation with Miles Thompson, the author asked how certain a team can be about sitting on an economic discovery after such a drill hole. Miles Thompson answered:

“When we logged the drill core we saw similarities to the Bor mine. There was no question this was a significant discovery”

Old Bor mine/new Timok discovery



Bor mine



Tilva Rosh 15%
Cu specimen

Timok project



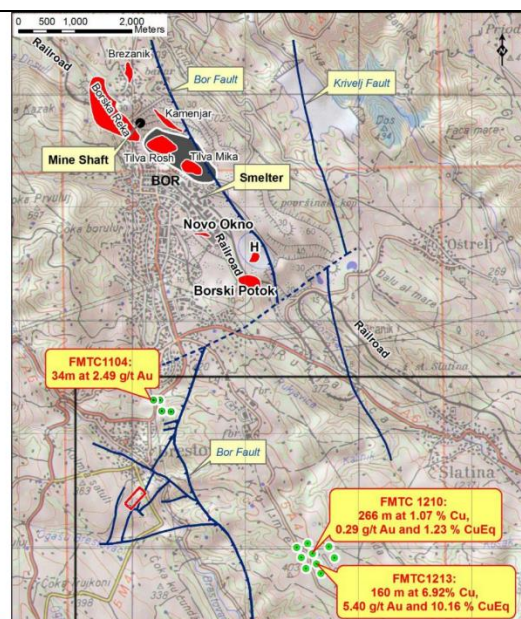
FMTC 1213 Drill core specimen.
508-509m 36.51% Cu, 8.50 g/t Au. 41.61% CuEq

It took another week before the share price gradually started moving towards \$2.00 as the market digested the drill results. On Thursday, August 30, 2012, the company halted the stock. It remained silent until Tuesday the 4th of September when Reservoir reported new drill results from hole 13:

160m @ 6.92% Copper and 5.40 g/t Gold (10.16% CuEq)

Dr. Simon Ingram, President and CEO of Reservoir, stated in the news release: "We believe that the Timok project is entering a very exciting stage, and that the results to date from wide-spaced drill holes provide confirmation of the project's potential as a significant copper-gold epithermal and porphyry system."

- New Discovery 7.5 Km south of Bor pit
- FMTC 1210 -**266 metres @ 1.23% CuEq**
1.07 % Cu, 0.28 g/t Au
- FMTC 1213 -**160 metres @ 10.16% CuEq**
6.92 % Cu, 5.50 g/t Au
- Close to existing large scale mining infrastructure
- Road, Rail, Electricity, water, new smelter and an experienced trained mining workforce.
- Discovery central to exploration permit with prospectively in all directions



Overview of Bor – Infrastructure, and location of drill holes

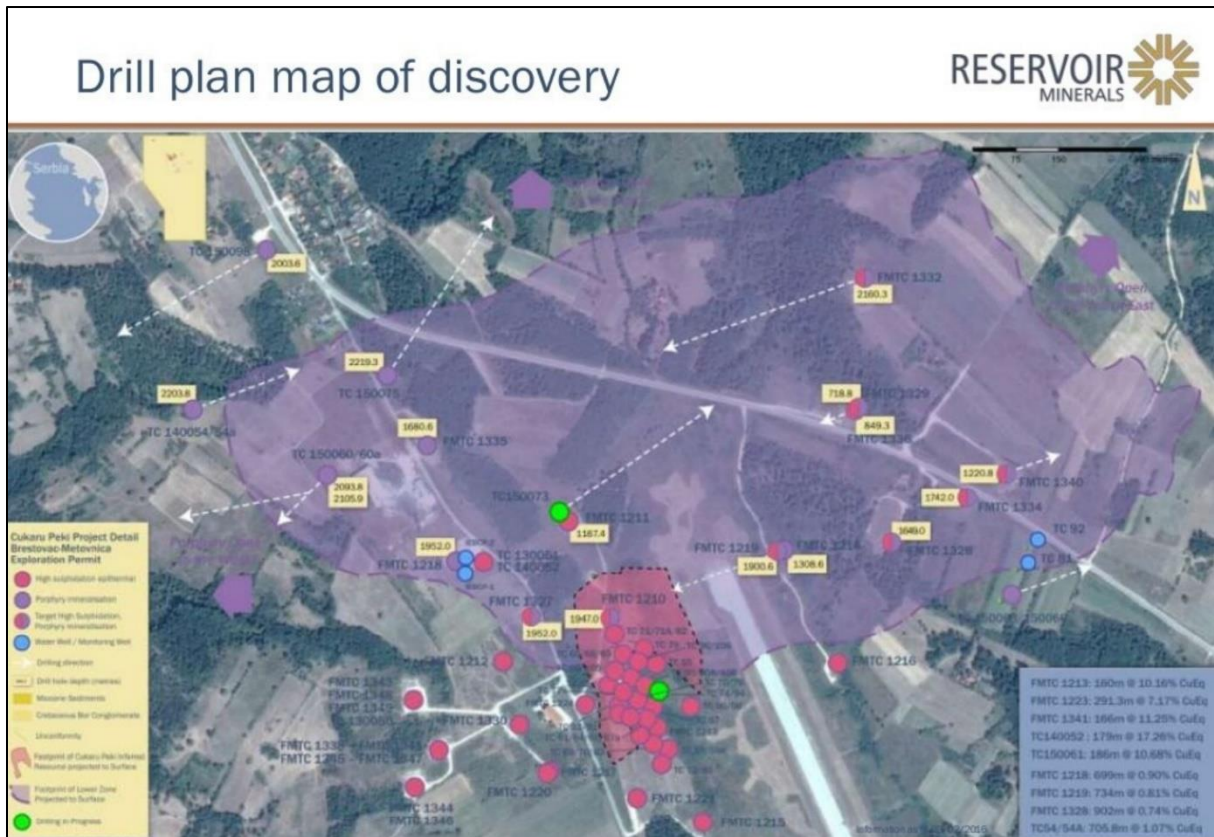
Events following the assays of hole 13:

September 5, 2012:	Reservoir raises \$5.55m from exercise of 2011 warrants
October 15, 2012:	Reservoir raises \$13.65m from exercise of 2011 warrants
December 10, 2012:	Reservoir drills 100m @ 4.31% CuEq and 204m @ 1.63% CuEq
November 1, 2012:	Reservoir identifies 20 kilometre gold soil anomaly at Bibemi in Cameroon
January 30, 2013:	Reservoir granted two exploration permits in Gabon
April 8, 2013:	Reservoir drills 291m @ 7.17% CuEq at Timok
July 22, 2013:	Reservoir drills 733.8m @ 0.81% CuEq at Timok
October 16, 2013:	Reservoir trenches 30m @ 2.17 g/t Au at Bibemi in Cameroon
December 2, 2013:	Reservoir drills 166m @ 11.29% CuEq and 128m @ 8.41% CuEq at Timok
January 9, 2014:	Reservoir options 75% of Parlozi lead-zinc-silver project to Midlands Minerals

After 1.5 years of releasing spectacular drill results, Reservoir announced an initial resource estimate for Cukaru Peki deposit (within the Timok project):

65.3 million tonnes at an avg grade of 2.6% Cu and 1.5 g/t Au (3.5% CuEq)
at current gold/copper prices this is 10m oz AuEq at a grade of 4.7 g/t AuEq

All drilling has been completed from surface with hole lengths typically over 1,000m reaching a maximum of 2,160m. The geological model of the mineralization was created from only 26 drill holes that intersected the high sulphidation epithermal mineralization. Two estimation domains were used: high-grade massive sulphide and semi-massive sulphide. The underlying porphyry was not modelled.



Drill plan map showing with the “high sulphidation epithermal” in magenta, and the porphyry lower zone outline (not in the initial resource estimate) in purple

In February 2014 Reservoir announced even more impressive drill intersections such as 114.5m of 10.25% CuEq. In the same release there were a number of long porphyry mineralization intercepts such as 902m of 0.74% CuEq. The market capitalization grew to C\$250 million and this was followed by a private placement to raise C\$33 million (C\$23m non-brokered).

Events following the private placement:

- June 4, 2014: Reservoir drills 244m @ 0.37% CuEq on new prospect
- July 31, 2014: Reservoir receives 4 exploration licenses in Serbia, Romania, and Macedonia
- August 27, 2014: Reservoir appoints Tim Levesey and Dr Tim Fletcher
- September 3, 2014: Midlands & Reservoir drill 2.95m @ 340 g/t AgEq
- September 29, 2014: Reservoir drills 28m @ 2.26% Zn and 1.7 g/t Au at Bobija in Serbia
- November 18, 2014: Reservoir samples 6.2m @ 8.05 g/t Au at Bibemi in Cameroon
- November 24, 2014: Reservoir drills 15.1m @ 4.73% Zn at Bobija in Serbia
- July 27, 2015: Reservoir drills **84m @ 17.26% CuEq** at Cukaru Peki (Timok)
- October 19, 2015: Reservoir drills **705m @ 1.07% CuEq** at Cukaru Peki (Timok)
- November 12, 2015: Reservoir options 75% of 4 projects to Rio Tinto for \$75m expenditures
- December 1, 2015: Reservoir drills **186m @ 10.6% CuEq** at Cukaru Peki (Timok)

On March 7, 2016, an important news release came out:

Lundin Mining agreement to acquire interest in Timok from Freeport
Under the contract, Reservoir has the right of first offer

This news came on the first day of the PDAC in 2016, and rumors started quickly about Lundin Mining planning to transport an existing mill from Spain to Serbia as part of a plan of bringing this project into production. For Reservoir the clock started ticking, as it had 60 days to come up with US\$ 135m dollars to match Lundin's offer to Freeport under the right of first offer (ROFO).

Investor's realized the significance of the news, and the share price moved from \$4.94 to \$6.46 three days after the news. In the month following the Lundin news, Reservoir announced more impressive drill results (835m of 1.05% CuEq and 136m @ 10.1% CuEq), but also released the PEA results:

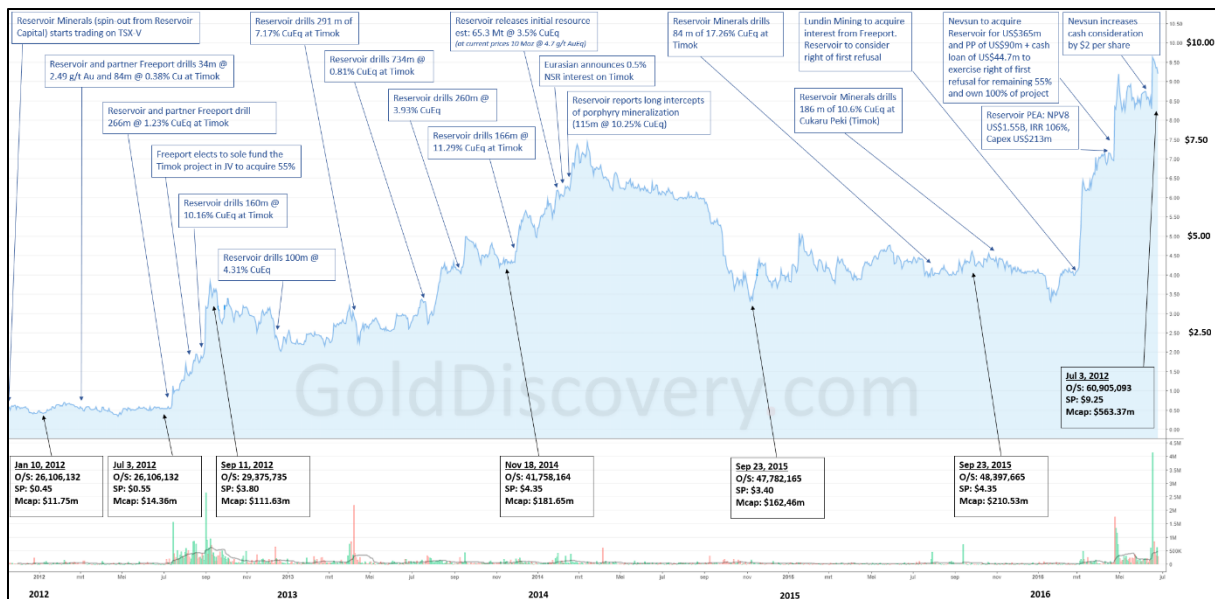
Post tax NPV8: US\$ 1.55 billion, IRR 106%, Capex, US\$213 million

Six days later, on April 25, 2016, news came out announcing that Nevsun Resources would acquire Reservoir Minerals for US\$365 million (2 common shares and 0.1 cent in cash for each Reservoir share). To make sure Reservoir could exercise its right of first offer, Reservoir and Nevsun entered into a private placement financing, where Nevsun subscribed for 12,174,928 shares at a price of \$9.40 per Nevsun share for a total subscription price of C\$114m (US\$90m). In addition to that, Nevsun would provide an unsecured cash loan of US\$44.7m to Reservoir. This combined financing transaction provided US\$135m to enable Reservoir to exercise its right of first offer (ROFO) in respect of its joint venture with Freeport. Upon exercise, Reservoir would have a 100% interest in the upper zone, and a 60.4% interest in the lower zone of the Timok copper project.

Miles Thompson stated: "Lundin obviously found Reservoir too expensive, and went hostile. Since we did not have much time to match the offer, we were working 24 hours per day with lawyers in Vancouver, Toronto and London, and we came to the conclusion that the deal with Nevsun was the best outcome for our shareholders".

In June of 2016 an anonymous representative of Mega Profit Worldwide Ltd, an affiliate of Shandong Xiangguang Group Co. Ltd acquired ownership of 2,178,800 Reservoir Minerals shares, through the alternative trading facilities of Chi-X. This represented approximately 3.5% of the 60,905,093 issued and outstanding shares. Before the transaction Mega Profit and other affiliates owned and controlled approximately 2.93%. In the news release this group mentioned that it would vote against the takeover together with Jing Bao (Asia) Ltd, and others.

One day later Nevsun increased its bid by \$2.00 cash per share, which increased the consideration by approximately US\$75 million. A couple of days later the acquisition was approved and closed.



Nevsun moved the project forward for the two years to come. In May of 2018, Lundin started its second attempt to acquire Timok, by launching a US\$1.5 billion hostile bid together with Euro Sun Mining to split Nevsun’s Bisha mine (to Euro Sun) and Timok project (to Lundin). Nevsun rejected the offer. They were ultimately acquired by the Chinese company Zijin Mining Group in a US\$1.41 billion deal. In June 2021, Zijin Mining announced that trial production started at the upper zone of the Cukaru Peki project and that it plans to process 3.3 million tonnes of ore per annum.

Conclusion

There are a number of key decisions that led to Reservoir’s success:

- They attracted a partner with deep pockets to fund deep drill holes (> 1,000m), to make a blind discovery;
- They managed to keep a very tight share structure which made the company ready for success. When success came, the share price reacted and investors were rewarded;
- When the market was excited about the discovery, they financed the company to make sure it would not get into trouble in more difficult times;
- When another company went hostile by making a deal with Reservoir’s partner, Reservoir was prepared to act quickly and managed to find the best deal possible in the form of a deal with Nevsun.

Making a significant discovery is something most companies will never experience. But even after making a discovery there are many problems to be solved. The Reservoir team did all that. Miles Thompson now runs Lara Exploration, following a similar model, but now looking for copper in the well-endowed districts of the Carajás of northern Brazil and the Andes of Peru and Chile.