

2018 report card: Oroco Reseorce Corp.

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## Highlights

\$0.08 Share price Jan 1, 2018

Acquires 77.5% of the properties surrounding Santo Tomas

Raised 1.65 million for acquisition costs and working capital

Purchased Santo Tomas historical data at a fantastic discount to cost

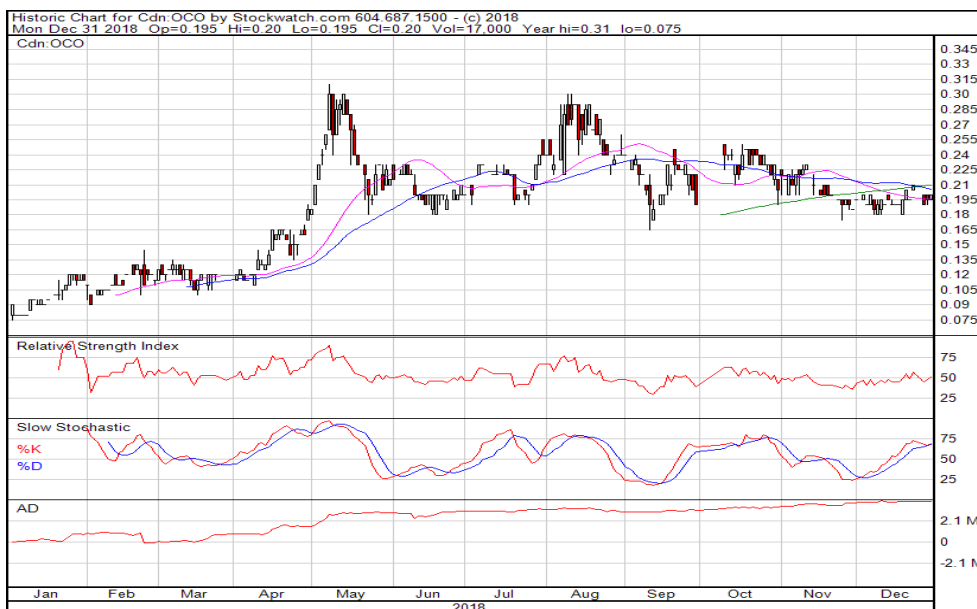
Signed option agreement to acquire Santo Tomas Core Properties

Moved the transfer of title significantly forward

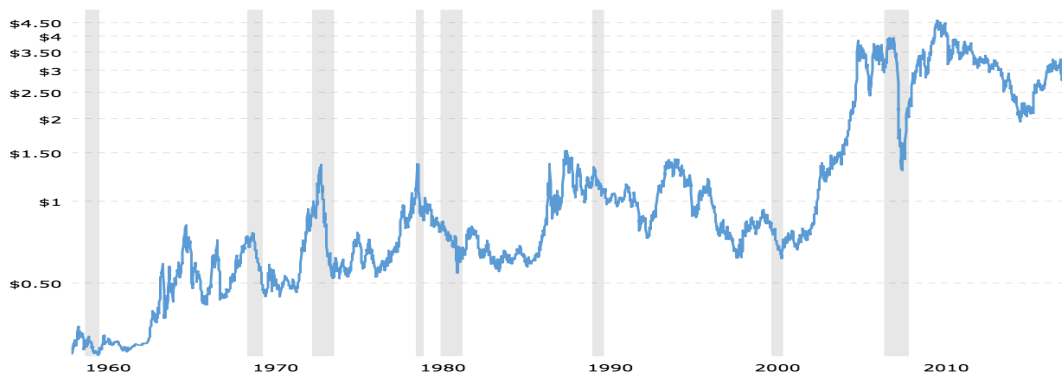
\$0.20 Share price Dec 31,2018

Gain of 150% for the year

It has been a tumultuous year in the venture market. With massive early gains in bitcoin and weed followed by crushing losses in both of those, and the broader markets, Oroco has managed a very healthy 150% gain!

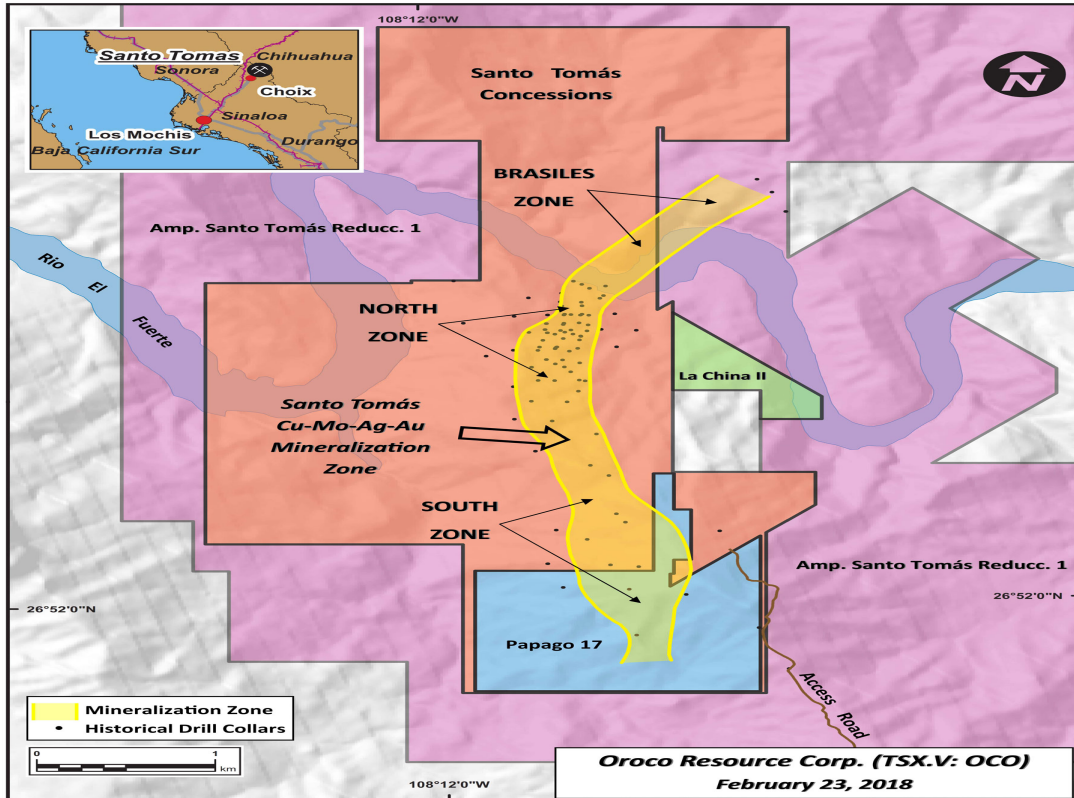


Oroco started the year with a sub dime share price and the promise of locking up one of the largest un-developed copper deposits in the Americas, Santo Tomas in Northern Mexico. The deposit is part of the Laramide Orogeny, a massive Late Cretaceous mountain building event that emplaced some of the largest copper porphyry deposits in the world. Discovered in the late 1960's work continued off and on until the mid 1990's when copper prices tumbled below a dollar a pound.



A subsequent legal battle has kept the deposit out of the capital markets, arguably to Oroco's benefit. Had there been no legal encumbrance to the title, Santo Tomas would have been scooped up and be many orders of magnitude out of the reach of a company Oroco's size. Luckily things played out to our benefit.

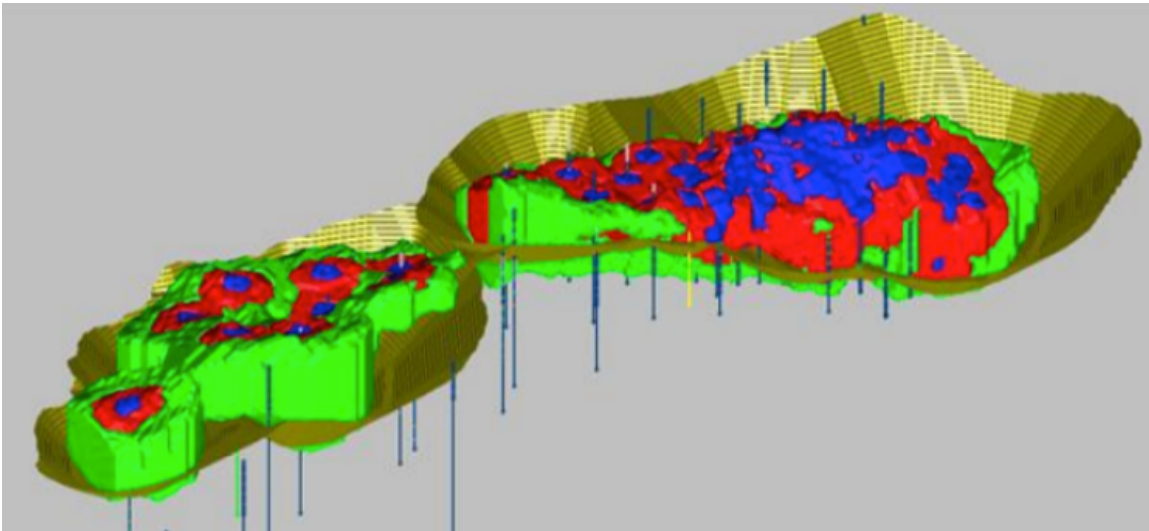
The past year has been spent building a foundation for the year to come. Oroco has systematically and methodically put pieces in motion to secure its hold on Santo Tomas. Early in the year it announced it had come to an agreement with local landowners for 77.5% ownership of the properties adjoining and surrounding the core deposit. The importance of the news went largely unrecognized as one of the acquired properties is directly on trend with the copper mineralization and could contain as much as 20% of the main deposit!



Work done to date on Santo Tomas includes over 30,000 meters of drilling in 100 core and RC drill holes. Assays, metallurgical studies, interpretations, sections and digital models have been used to create resource estimates and pre feasibility reports. The estimated value of all this historical work is about 20 million dollars! Oroco was able to secure all that work for some shares and a heavily back ended payment of \$500K in several tranches. Along with all this data they have also gained the valuable experience, enthusiasm and insight of one of the most respected names in the business John Thornton. Mr. Thornton has come out of retirement to act as Oroco's Project Manager for the Santo Tomas deposit.

The Santo Tomas resource estimate shows approximately a billion tons of ore containing a massive 8 billion pounds of copper. Its big! The strip ratio is low due to the dip of the deposit approximating the surface topography. Metallurgy shows about 90% recovery at a 200 mesh grind with conventional flotation. It is close to

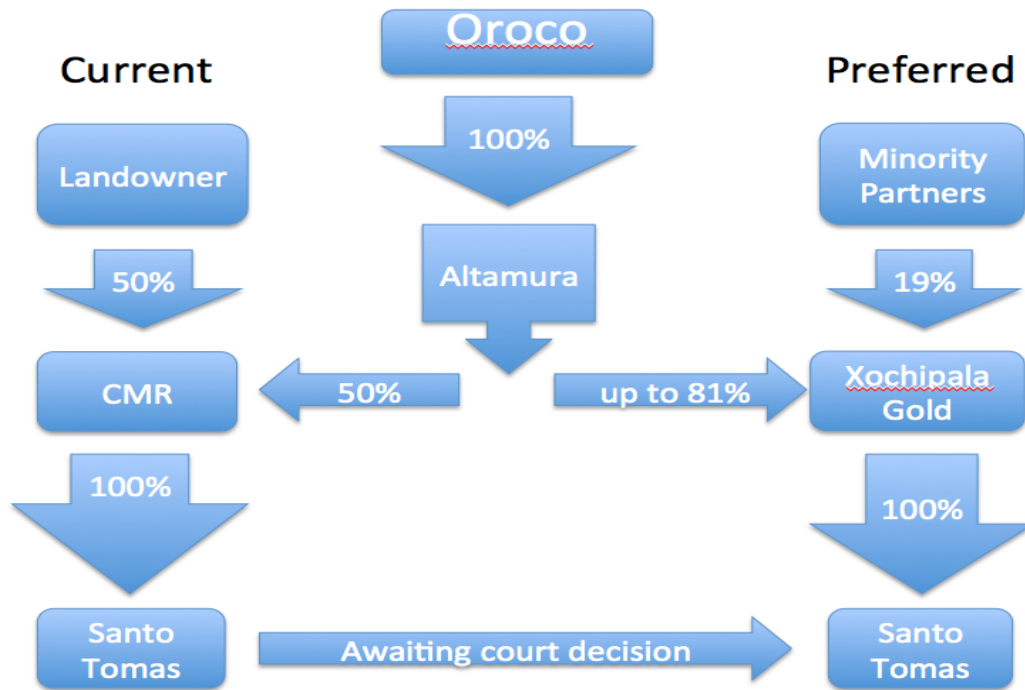
infrastructure and in a mining friendly jurisdiction. The pre feasibility report shows a positive NPV. With a moderate drill program of 5 to 10 thousand meters I can see how it would be easy to infill, upgrade and possibly double the ore tonnage and corresponding copper poundage to ~14 billion pounds! The deposit is open to the North, South, West and to depth with half of the previously drilled holes ending in mineralization!



Most importantly, Oroco management secured ownership of Santo Tomas through an option agreement with Altamura Copper. This was another news release almost completely ignored by the market, partly because of the complexity of the wording and partly because the option, as yet, doesn't give Oroco more than 50% ownership. Altamura holds a 50% interest in CMR, which holds a 100% interest in the main Santo Tomas concessions, the remaining 50% of CMR is owned by the vendor of Santo Tomas. Oroco can purchase his 50% for 18 million US dollars up front (24.5 million cdn). Altamura also holds the rights to acquire up to 81% of Xochipala Gold. Xochipala Gold can acquire 100% in the Santo Tomas concessions after favorable conclusion of legal actions, allowing a transfer of Santo Tomas between CMR and Xochipala Gold. The terms of the Xochipala Gold option are more favorable to Oroco since we can earn up to 81% over time while spending money advancing the project. The remaining 19% will be owned by a number of minority partners, who will be

able to benefit from the eventual sale of the deposit at many multiples of its acquisition cost, win/win for everyone involved!

## Santo Tomas Ownership



All of the above has set the stage for a very exciting 2019! The legals will resolve allowing transfer to Xochipala Gold, which will allow us to earn a greater percentage as we spend to develop the property. The spending could double the resource, just as existing copper deposits are depleted and scarce new ones are bought by producers. A recent report out this summer outlined about 20 deposits they are watching, some have what Brent Cooke would call fatal flaws, some have already been bought and of the remaining 6 or 7 Santo Tomas stands out as a very desirable easily expandable world class asset! Transactions involving assets of this size and scope can occur at between 7 to 10 cents per pound, I will let you do the math! Will a transaction to acquire Santo Tomas happen in 2019? The foundations have been laid all it will take is the decision in Mexico, after that events will unfold quickly as will the rapid ascent in share price.