COPPERSTONE PROJECT: PROGRESS REPORT DECEMBER 2016

1.0 INTRODUCTION

Horizon Blue Resources AB ("HBRab) is providing professional geological services to Copperstone Resources AB ("Copperstone") regarding the Copperstone exploration property in southern Norrbotten County.

Following on from the autumn 2016 structural core drilling campaign at Svartliden (4 drill holes on fence-line F1) it was recommended to Copperstone that a detailed study be carried out of the extensive hydrothermal halo present around the Svartliden area. In order to facilitate this study and create a dynamic team to implement the intended programme, it was also recommended that additional professional personnel be arranged. In this regard, three (3) additional geologists have been engaged by Copperstone under recommendation from HBRab. Personnel are David Dodd, Karsten Drescher and Maurice Zongo.

Based on detailed geological knowledge of the Copperstone property, HBRab is of the opinion that local geology reflects large-scale alteration halos that have developed due to inferred magmatic emplacement into NE-SW trending dilational structural zones. Where located it is believed that cu-zn-au sulphide-hosted vein-style mineralization represents leakage from larger blind mineralization bodies developed around discreet stock emplacements.

Recognition of alteration styles developed in the host volcanogenic stratigraphy bears resemblance to porphyry-style copper-gold mineralization systems, and it maintained that the property remains highly prospective for discovery of such potential.

2.0 PROGRESS

By the end of November 2016, the following work had been completed.

- All drill cores required for the Svartliden study (56) have been examined at the SGU Archive in Malå. Work commenced in mid-October 2016 with the arrival of personnel. During logging the major styles of alteration were mapped for each drill hole.
- The Access database has been created and is updated on a regular basis onto the Copperstone Server. The database has also been expanded to include all available information for the 260 drill holes spread out across the entire Copperstone project area.
- In November 2016, Dr Chris Carlon visited the SGU Archive and held detailed discussions with the team.
- 3D modelling work and interpretation is currently underway. The intended report and drill design to interrogate the potential of the target area will be presented on the 22nd December 2016 as planned.

3.0 ADDITIONAL WORKS

During the programme to date, the following additional work has also been carried out:

- Selection of 36 representative samples for **mineralogical study** work. It has become imperative to identify various minerals / micro-textures for each of the major alteration styles in order to formulate an understanding of the system. Thin section and polished thin sections have been prepared by, and currently being examined by Dr Ted Thatcher in Pretoria, South Africa. Clay identification in a few samples is also being carried out using XRD techniques.
- Clarification and ground-truthing of historic magnetic mapping of the Svartliden area. Geovista (of Luleå) was retained by Copperstone to carry out a limited **magnetic survey** and also to provide an interpretive map of the results. HBRab also carried out **magnetic susceptibility** readings on drill core to establish the likely cause of magnetic anomalies.
- **Additional assay** of two drill holes in order to establish the geochemical patterns developed in the more intensely altered litho-types. 151 samples (including qaqc) have been selected from drill hole COS07339. A further 23 samples have also been selected from COS05281. Results are outstanding.

4.0 HIGHLIGHT

Preliminary mapping and modelling work indicates that the Svartliden area is indeed underlain by a NE-SW trending boundary between broader propyllitic and more intensively brecciated silicic/phyllic alteration styles. This trend is coincident with the general strike of the sulphide vein swarms found at shallow depth (10-200m) around Svartliden. Mapping of hydrothermal breccia also indicates a similar trend and dip. Vector analysis of the modelling suggests that the causative stock is located at depth below the southern area of the Svartliden concession.
It is believed that the Svartliden mineralization is leakage within a large alteration halo developed around a blind magmatic emplacement. This halo effect is also envisaged to include the more gold-rich mineralization at Eva.

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09 December 2016