



## Private Placement Terms

February 4th, 2020

### Terms

Seller:	Vendetta Mining Corp.
Amount	\$550,000
Unit Price	\$0.05 cents
Unit	One share and a 3 yr warrant with a \$0.075 cents strike price
Commission	7% cash or shares

### The Project

Vendetta's 100% owned Pegmont Lead Zinc Project is situated in the Mount Isa – McArthur Mineral Province, Australia which hosts one of the world's richest endowments of lead-zinc-silver mineralization, including several significant lead-zinc-silver mines.

The current Mineral Resource Estimate at the Project:

Indicated	5,758 Kt @ 6.5% Pb, 2.6% Zn, 11 g/t Ag
Inferred	8,277 Kt @ 5.1% Pb, 2.8% Zn, 8 g/t Ag

An initial Preliminary Economic Assessment ("PEA") on Pegmont were released by the Company in January 28, 2019. The PEA outlined a 10-year mine plan that generates a strong economic return with a (base case) pre-tax IRR of 32% (after tax 24%) and NPV<sub>8%</sub> of \$201M (\$128M after tax) using long term consensus metal prices of \$0.91/lb lead, \$1.09/lb zinc and \$16.50/oz silver and a US\$:A\$ exchange rate of \$0.75.

The Company intends to advance the Project by completing the necessary drilling and study work to restate the Pegmont PEA. The following are the key factors that will impact the updated PEA. The net effect of these is expected to result in substantial enhancements to the already strong economics demonstrated in the current PEA.

- updated long term consensus exchange rates ↑
- update using lower Australian Federal Corporate Taxes ↑
- updated CAPEX and OPEX from ore sorting and solar power offtake ↑
- addition of Zone 5 in mine plan, additional 2 years ↑
- bring high grade BHZ forward in mine schedule ↑
- resource grade estimation boundary, expected slight increase in estimated grade ↑
- treatment and refining charges ↓
- long term consensus lead and zinc prices ≈

Specifically, the items that will be undertaken include:

- Drilling to obtain samples for study level material sorting test work at Tomra (Zone 1 transition, Zone 1-3 sulphide and Zone 5 sulphide), **we expect a 20% reduction in mill and flotation plant size, we estimate \$9M CAPEX saving;**
- Complete metallurgical flotation tests on the sorted product, **we expect improved recoveries (≈2%) with higher head grades;**
- Drill several high priority exploration holes on structural targets. **Extensions of the high grade Bridge Zone and repetition of the entire Pegmont System on the basis of the new interpretation in Zone 5.**
- Complete solar power offtake study, we expect CAPEX and OPEX saving; **Currently 6.2 MW natural gas power generation CAPEX \$17.7M and annual OPEX \$9.1M.**
- Complete grade boundary geostatistical study, **we believe we use a very conservative grade boundary that results in a potential slight under estimation in grade;**
- Complete geo-metallurgical review of Transition material, possible reclassification of some transition to sulphide based on metallurgical performance rather than geological logging. **Reducing transition tonnes reduces perceived risk in early years.**
- Update the mineral resource estimate, with the above drilling and 22 holes previously not included in the last resource estimate. **23 holes were from BHZ, Zone 1 transition, and Zone 2/3 sulphide, of which 16 holes intersected high grades.**
- Heritage study over project area, to advance permitting.

If you would like to discuss the terms of the proposed transaction, please contact Michael Williams at (+1 604 484-7855 or Peter Voulgaris (+1 778 994 4500).

Sincerely,

**VENDETTA MINING CORP.**

**Michael Williams**