



Pallas Acquires Dzhezkazgan East Sediment-Hosted Copper Project in the Chu-Sarysu Basin of Kazakhstan

Brownfields target next to the Tier 1 Dzhezkazgan Mine (22MtCu)

- » Chu-Sarysu is the third largest sediment-hosted copper basin globally, after the Central African Copperbelt (Zambia, DRC) and the Kupferschiefer (Poland, Germany). The basin hosts ~27 million tonnes of known copper endowment.
- » Dzhezkazgan is the largest deposit in the Chu-Sarysu basin with a global resource estimated to be 2.0Bt @ 1.1% Cu (for 22 million tonnes of copper). It has been mined by mechanized means for approximately the last 100 years.
- » The target horizon which outcrops within the Dzhezkazgan open pit extends undercover through Pallas' Dzhezkazgan East licence. Pallas' project is located 10km from Dzhezkazgan, presenting a brownfields targeting opportunity to test the host horizon under shallow cover.

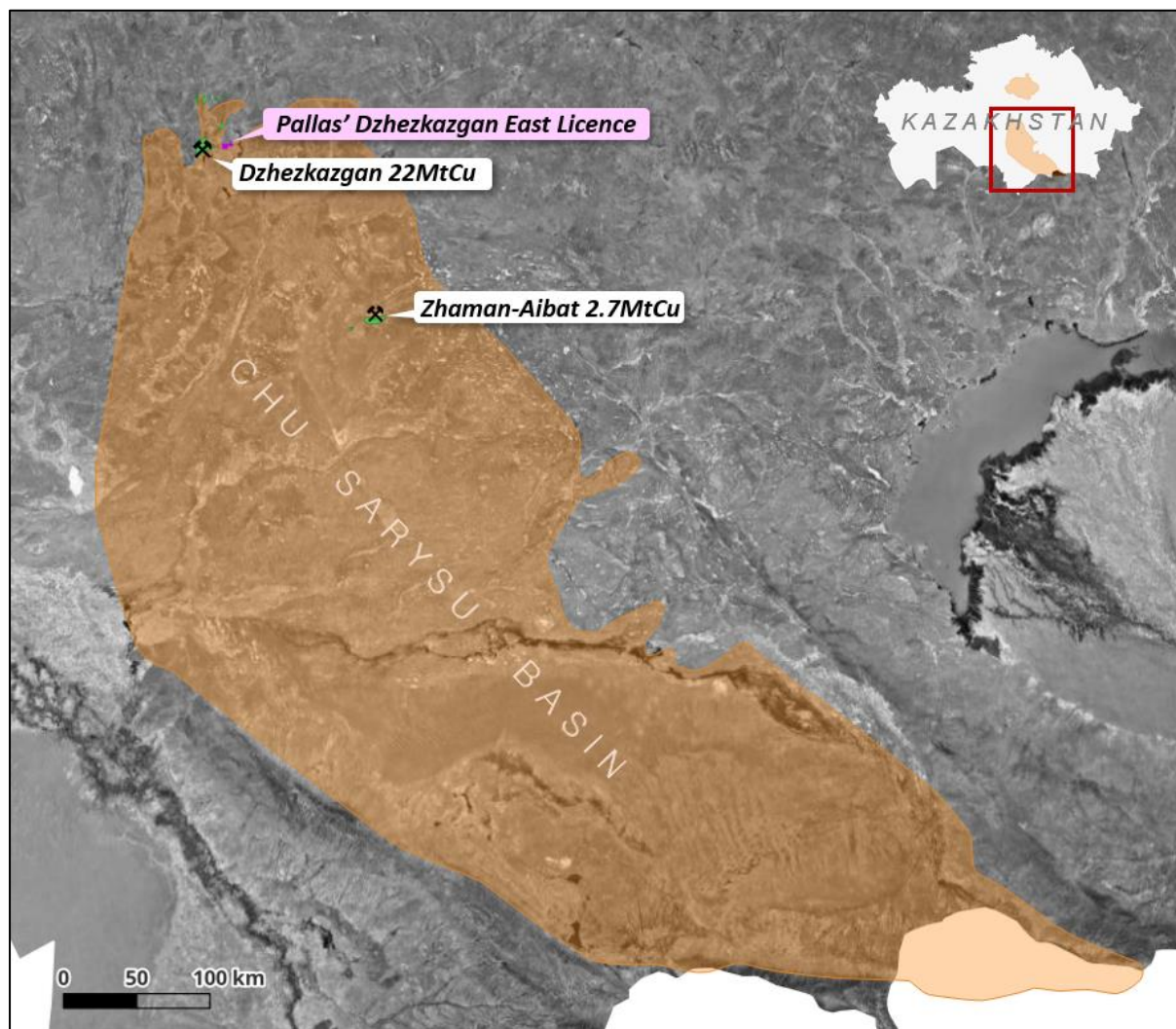


Figure 1: Major deposits of the Chu-Sarysu Basin in South-Central Kazakhstan.

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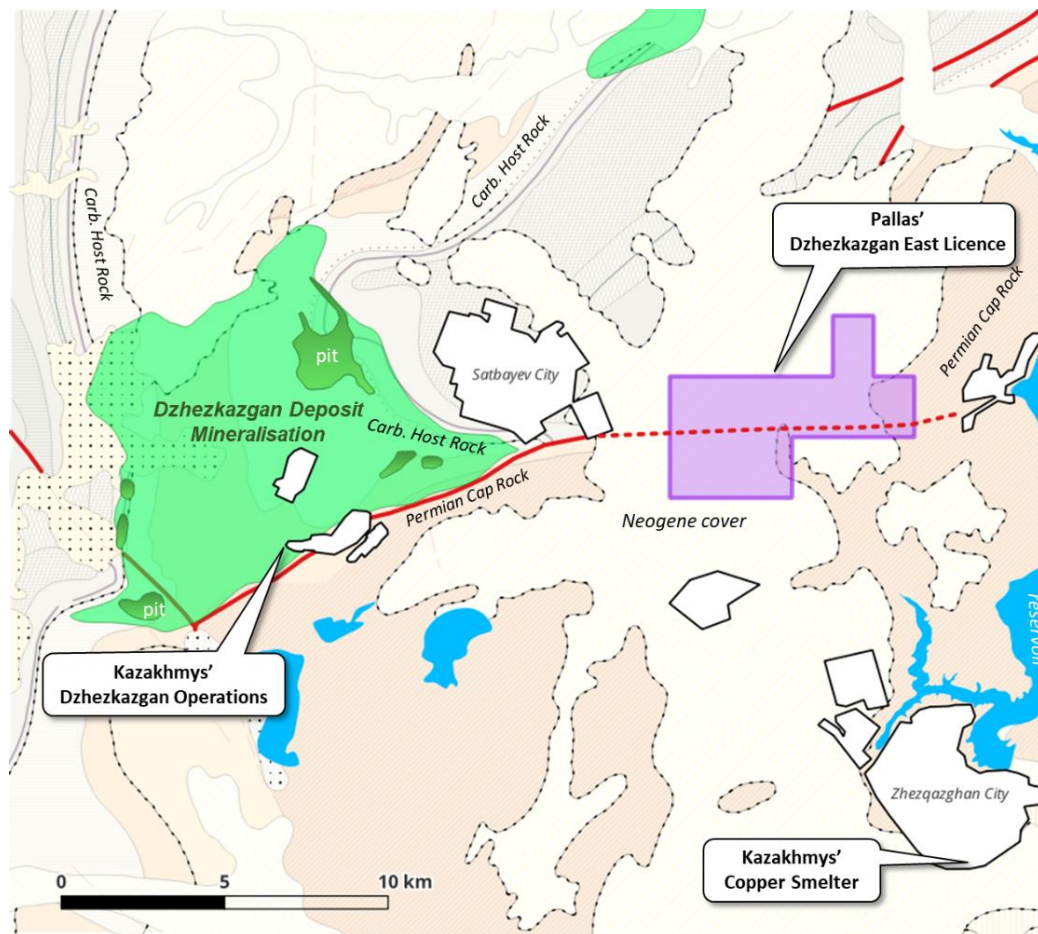


Figure 2: Pallas' Dzhezkazgan East located 10km from the Dzhezkazgan deposit and operations.

Dzhezkazgan East Licence - Target Thesis and Model

The Dzhezkazgan East licence is located approximately 10km to the east of the Dzhezkazgan Deposit (2.0Bt at 1.1%Cu for 22MtCu). The outcropping target horizon that has been mined in open pit and underground at Dzhezkazgan appears to extend under cover through Pallas' licence forming the key target area.

Basin Operations and History

Copper mineralisation is thought to have been mined at Dzhezkazgan since at least the time of the Mongol Empire. Mechanised mining began in the early 20th century under British ownership, then State operations under the Soviet Union. Kazakhmys, a private company, is the current operator. Kazakhmys also operate the Zhomart mine (Zhaman Aibat Deposit), about 150km to the southeast of Dzhezkazgan. Zhaman-Aibat was discovered in 1980 and put into production in 2006.





Figure 3: Dzhezkazgan smelting operation.

Dzhezkazgan Deposit

- » Historic global resources estimated at 2Bt @ 1.1%Cu
- » 2013 Resource 864Mt at 0.93% Cu, 13g/t Ag
- » Known since pre-historic times
- » Mined underground and open pit
- » Orebody several km's long, up to 1km wide and 50m thick
- » Chalcocite and bornite dominant Cu minerals

Zhaman-Aibat Deposit

- » Global resources 170Mt at 1.7% Cu, 18.7g/t Ag
- » 2011 Resource 136Mt at 1.6% Cu, 18.8g/t Ag
- » Discovered 1980, production in 2006
- » Mined underground at 10Kt per day at 1.4% head grade, 540m below surface
- » Resource extent is a 6km x 1.8km flat lying 5-6m thick orebody
- » Chalcocite and bornite dominant Cu minerals





The standard model of sediment hosted copper deposit formation in the Chu Sarysu Basin

In 2012 the USGS completed a report on the basin based on a compilation of Soviet Era sources. This report is the only English language study since independence in 1991 and indicative of the lack of exploration in the basin since that time.

The standard model assumes that copper-rich brines interact with a reductant to produce copper sulphides (mostly chalcocite and bornite). The reductant being hydrocarbons trapped in Carboniferous sandstone capped by a Permian evaporite layer. These brines and hydrocarbons are thought to have interacted most during basin-wide deformation. Optimal sites for this mixing are the roughly perpendicular intersections of syncline-anticline structures that cross the basin.

Basin Wide Targeting

The acquisition represents a significant milestone for Pallas after having built a large digital dataset for the entire Chu Sarysu basin over several years. The basin appears significantly under-explored. In addition to the acquisition of the brownfields Dzhezkazgan East licences, Pallas continues to advance basin-wide targeting and ground acquisition work.

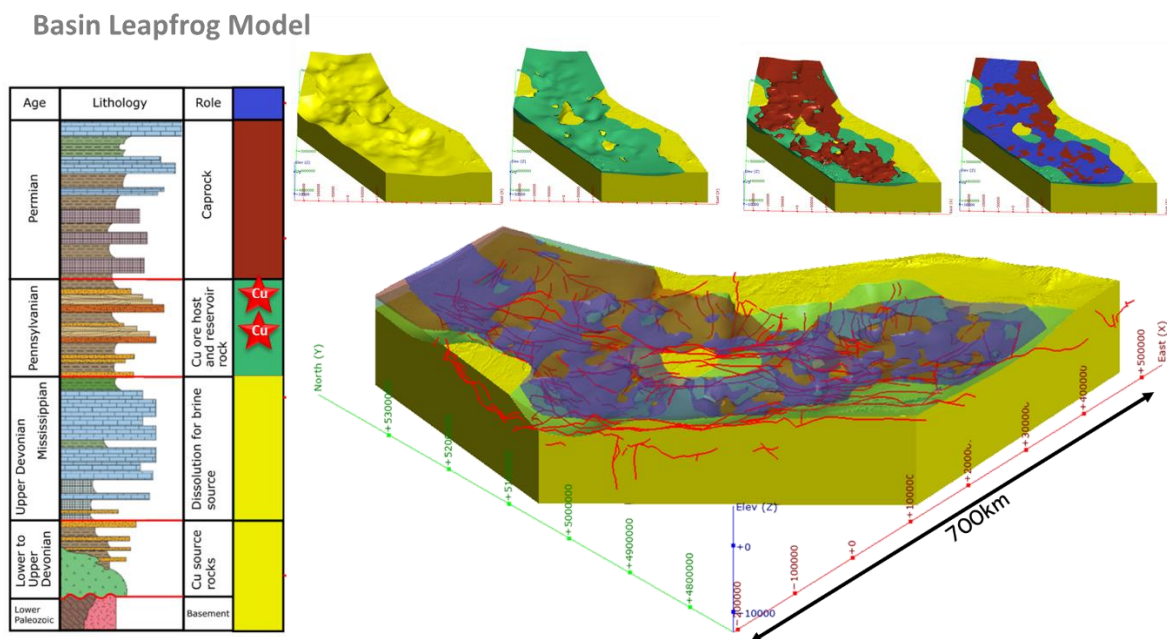


Figure 4: Pallas' 3D structural model of the Chu Sarysu basin.

