



## NEWS RELEASE

### CHAKANA PROVIDES INITIAL RESULTS OF A TECHNICAL REVIEW OF BRECCIA PIPE 1: CONTROLS ON METAL DISTRIBUTION AND GOLD-RICH NATURE OF MINERALIZATION

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Vancouver, B.C., May 19, 2020 – Chakana Copper Corp. (TSX-V: PERU; OTCQB: CHKCF; FRA: 1ZX) (the “Company” or “Chakana”), has advanced the mineral occurrence and geological model of Breccia Pipe 1 (Bx 1, Fig. 1) at its Soledad project in Ancash, Peru. Bx 1 is one of twenty-three outcropping breccia pipes at Soledad and part of a cluster of 92 targets awaiting drill testing. This in-house study was conducted to document the controls on mineralization, to detail the distribution of gold, silver and copper within the upper-most part of the breccia pipe, and to look at various metal-mineralogical domains that will factor into the eventual resource models. Drill assays, mineralogy, and detailed core logs from the top 215m of the breccia pipe between an elevation of 4,345m (surface) and 4,130m were included in the study. This interval was selected because of the density of drill information and corresponding control on the pipe geometry, contacts, metal distribution, and breccia characteristics. The study is based on 6,787 assay intervals from diamond drill core previously reported between October 25, 2017 and October 18, 2018 (see Chakana’s website and associated disclosure documents filed on Sedar for details). Sample intervals are dominantly 1 metre in length; some shorter sample intervals down to 0.1m were also collected to honor geologic contacts.

**Advisory:** This is not a resource estimate. It is based upon the entire suite of continuous core samples from Bx 1. Average values quoted refer exclusively to said core samples and not the volume of enclosing rock. No advanced geostatistical treatment of the data, similar to that undertaken during resource estimation, has been applied. The results of this study are viewed in the light of exploration guidelines, including potential metal and mineral zoning relationships and what is required to test similar targets elsewhere at Soledad.

#### Summary of Findings

Based on this study, several important controls are recognized:

- Gold is relatively enriched in the top 70 metres of the breccia pipe, with assay intervals averaging 4.76 g/t from surface to 4,275m elevation. Assays intervals located from the edge of the breccia pipe toward the interior of the pipe, show increasing gold to 7 metres, averaging 2.61 g/t. Samples located from 7 to 15 metres average 1.65g/t, and then drop below 0.5 g/t for samples located in the inner-most part of the pipe.
- Copper and Silver content are most elevated in assay intervals within the margin of the breccia pipe, averaging 1.11% copper and 76.6 g/t silver from the contact to 3 metres into the breccia. Assay intervals located from 3 to 15 metres from the margin of the breccia, have copper and silver averages of 0.95% and 51.5 g/t, respectively. Like gold, samples located in the inner most part of the pipe have lower copper and silver values, averaging 0.42% and 25.5 g/t, respectively.

- The two most common breccia types observed in drill core are shingle and mosaic. Samples of shingle breccia average 2.55 g/t gold, 71.3 g/t silver, and 1.25% copper; samples of mosaic breccia averages 1.81 g/t gold, 50.9 g/t silver, and 0.91 % copper.
- Distinct vertical zoning is observed with higher gold near the surface and increasing copper and silver at depth with local elevated gold.

“These results improve our understanding of mineralization at Soledad, and in particular the geological controls on gold distribution and zones with very high metal concentrations,” said President and CEO David Kelley. “The potential of this project is enormous when you consider the number of targets to be tested and the fact that we have never seen the bottom of a breccia pipe yet or the causative intrusion. We look forward to testing these targets with an improved understanding of how these mineral systems form,” added Kelley.

### **Tourmaline Breccia Pipes**

Chakana has now identified twenty-three tourmaline breccia pipes on the Soledad land package and drill tested seven pipes to date. A unique aspect of tourmaline breccia pipe formation is that they do not reach the paleosurface; they occur at different elevations and are exposed at surface by erosion of the overlying rock column. They originate from a fluid-saturated intrusion at depth due to the accumulation of over-pressured volatile gases leading to a violent eruption that breaks the overlying rock column above the intrusion. Subsequently hydrothermal fluids invade the brecciated rock column, precipitating sulfide mineral assemblages in the void spaces in the breccia (cement) and often replacing clasts and matrix. Typical characteristics of tourmaline breccia pipes include 1) they continuously span vertical heights of 500 metres and more, 2) shapes that increase in diameter at depth toward the causative intrusion, 3) angular to flat tabular breccia clasts demonstrating minimal transport, 4) high amount of open space between the breccia fragments due to limited development of fine rock debris (“rock flour”), 5) sub-horizontal shingle breccia textures from clasts collapsing downward in the breccia pipe, and 6) high porosity of the breccia, particularly at the margin where the breccia contacts the wall rock. Elsewhere in South America, alteration mineral assemblages transition from quartz-tourmaline-sericite in the upper portion of the breccia pipe, to quartz-tourmaline-magnetite-secondary biotite in the deeper portion of the breccia pipe closer to the intrusion. Secondary biotite has not been seen within the breccia at Soledad in drilling to date, suggesting that the lower portions of the breccia pipes and the causative intrusion are preserved at depth.

### **Mineralogy**

Petrographic studies are ongoing and have been carried out on drill core from different breccia pipes to determine mineralogy and paragenesis. Pyrite and chalcopyrite are the most common sulfide minerals, followed by varying amounts of sphalerite, galena and tetrahedrite, plus trace bournonite, boulangerite, and cosalite. Gold occurs both as free grains and inclusions in early pyrite, and in Bx 5, as a late free gold event that cross cuts all previous sulfide phases. This late free gold event has not yet been observed in Bx 1 but is suspected to exist based on the high gold assays in portions of the pipe. Arsenopyrite is abundant in the upper parts of Bx 1, but only occurs in trace amounts in Bx 5 and Bx 6. Gold has not been observed in association with arsenopyrite to date. Silver occurs primarily in galena, tetrahedrite and perhaps other yet recognized phases.

## Breccia Pipe 1 (Main and North Zones)

Previous drilling at Bx 1 outlined mineralization to a depth of approximately 490m. During drilling, the shape of the breccia pipe was modeled using observed contacts measured by geologists logging core. The breccia pipe and mineralization are open at depth. The pipe forms a prominent bulge in the hill side at surface where it has been exposed by erosion. A second, blind breccia pipe was discovered 40m north of the main pipe (North Zone, Fig. 1) while drilling Bx 1 (Main Zone). The top of the North Zone is approximately 125m below surface. Given the proximity of the Main and North zones, data from each pipe were evaluated together.

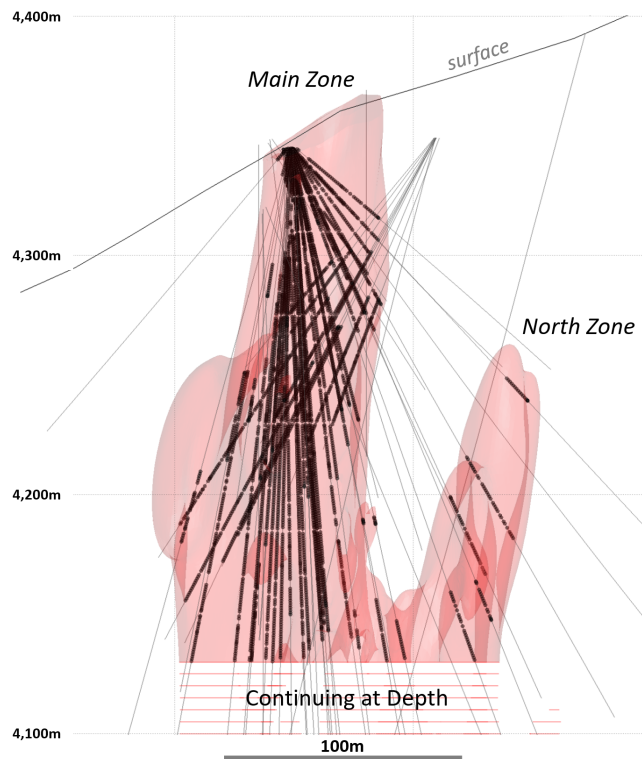


Figure 1 – View looking west at Bx 1 Main and North Zones showing distribution of drill traces (gray lines) and sample interval points (black dots) investigated in this study.

### Metal Distribution Versus Breccia Characteristics

All clasts observed to date at Bx 1 are from the enclosing wall rock, consisting of andesitic lithic tuff, andesite, and pre-mineral monzodiorite. Two primary breccia textures are logged at Soledad: 1) shingle breccia, and 2) mosaic breccia (Fig. 2). Shingle breccia has flat tabular angular clasts in general alignment due to settling or downward transport within the breccia pipe. Mosaic breccia has more equant angular to sub-rounded clasts due to greater transport of the clasts during formation (fluidization). Basic statistics for gold, silver and copper assays for each breccia type are shown in the table below. The higher results from shingle breccia are interpreted to reflect greater open space between the breccia fragments (higher porosity) compared to the mosaic breccia that often has a higher amount of rock flour matrix.

In addition to breccia texture, the type of cement and matrix of the breccia is also logged. The two most common types of cement are sulfide minerals and tourmaline. Except near surface the

strongest mineralization is in shingle breccia with sulfide cement, followed by mosaic breccia with sulfide cement.

	Shingle	Mosaic	Shingle Sulfide Cement	Shingle Tourmaline Cement	Mosaic Sulfide Cement	Mosaic Tourmaline Cement
<i>n</i>	1,896	4,152	1,014	881	2,117	2,063
Au g/t min	0.018	0.003	0.21	0.18	0.003	0.003
Au g/t max	33.60	42.30	33.60	17.87	42.30	35.45
<b>Au g/t mean</b>	<b>2.55</b>	<b>1.81</b>	<b>3.46</b>	<b>1.45</b>	<b>1.68</b>	<b>1.94</b>
Au g/t median	0.74	0.45	1.27	0.51	0.54	0.34
Ag g/t min	0.09	0.05	0.22	0.09	0.05	0.07
Ag g/t max	2,590.0	1,780.0	2,590.0	649.0	1,345.0	1,780.0
<b>Ag g/t mean</b>	<b>71.3</b>	<b>50.9</b>	<b>86.8</b>	<b>52.9</b>	<b>69.2</b>	<b>31.3</b>
Ag g/t median	32.4	14.3	40.0	21.9	25.3	6.5
Cu % min	0.001	<0.001	0.001	0.001	<0.001	<0.001
Cu % max	10.50	15.70	10.50	6.79	15.70	13.05
<b>Cu % mean</b>	<b>1.25</b>	<b>0.91</b>	<b>1.61</b>	<b>0.81</b>	<b>1.44</b>	<b>0.34</b>
Cu % median	0.77	0.12	1.12	0.35	0.86	0.02



Figure 2 – Example of breccia texture and cement type: a) shingle breccia with sulfide cement, b) shingle breccia with tourmaline cement, c) mosaic breccia with sulfide cement, and d) mosaic breccia with tourmaline cement.

### Metal Distribution Versus Pipe Geometry

Individual core samples were assessed relative to their location within the breccia pipe based on measuring the horizontal distance from the edge of the breccia pipe to the center of the sample interval. In this way, samples can be compared at various distances from the margin of the breccia pipe. Assay results for samples grouped by one metre intervals were averaged to see if the breccia pipe geometry affects the metal concentration (Fig. 3). Gold shows two distinct patterns: 1) increasing concentrations from the margin to 7m, then 2) decreasing concentrations towards the interior of the pipe. Copper and silver are elevated in samples located within three metres of the margin, then have relatively consistent concentrations to 15m. Samples from the inner-most part of the breccia pipe have the lowest values.

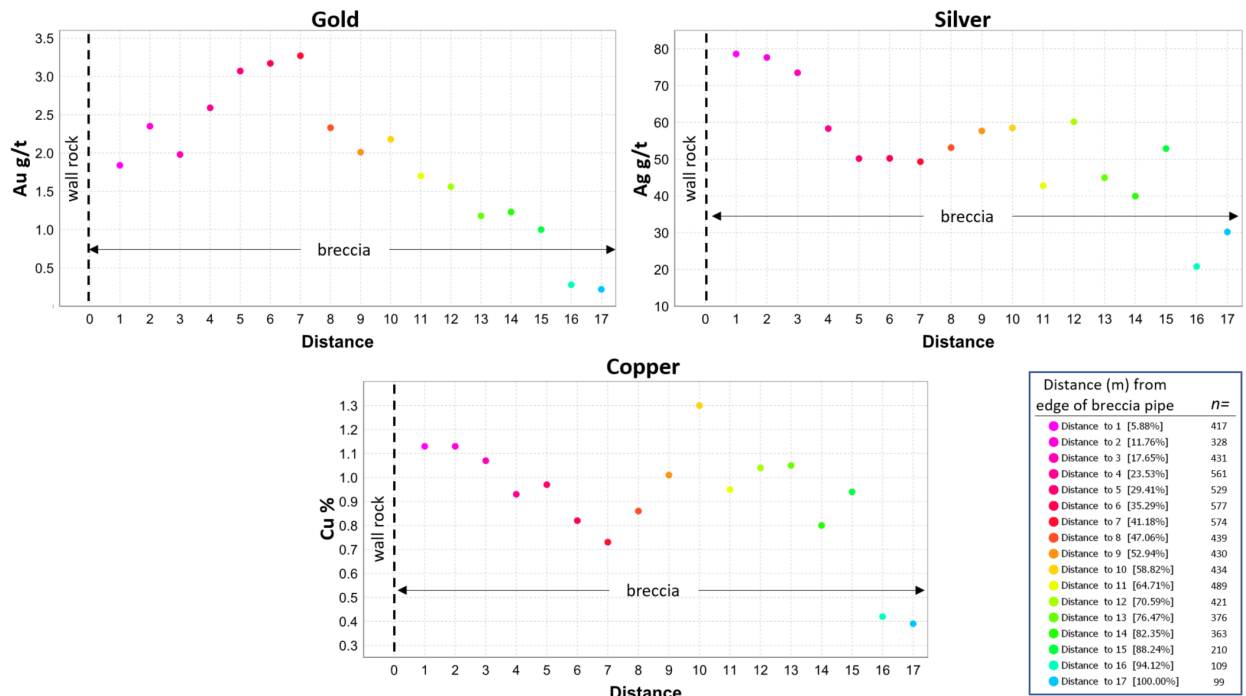


Figure 3 – Average metal values in core samples located at various distances (m) from margin of breccia pipe (relative position of contact with wall rock shown as vertical dashed line) for gold, silver and copper. Number of samples included in each interval distance shown in legend.

### Metal Distribution Versus Elevation

While logging core from Bx 1 it was apparent that distinct mineral zones exist. Corresponding drill assays showed that some intervals are elevated in gold, while others are elevated in copper + silver, and still others are elevated in all three metals. To examine metal distribution versus elevation, ternary diagrams were constructed to show the relative contribution of gold, silver and copper within a given elevation range. These plots emphasize zoning of metals within a given elevation and between elevations.

No allowance for mining and processing recoveries are made. Results are shown for 5 elevation zones (Fig. 4). The highest elevation interval, from surface (4,345m) to the base of partial oxidation (4,310m), shows that gold is enriched with relatively minor contributions from silver and copper. In this zone pyrite is present but chalcopyrite, the dominant copper mineral, is completely oxidized. The second interval, from 4,310m to 4,275m, shows gold is still dominant, with increasing

contribution from copper and silver. This interval contains moderate supergene copper enrichment (chalcocite and covellite) and primary sulfide mineralization. The third interval, from 4,275m to 4,225m has moderate to high metal values, equally distributed between copper, gold, and silver. This and the two lower elevation zones consist of primary mineralization. The interval from 4,225m to 4,175m has moderate to high metal values dominated by copper and silver. The deepest interval evaluated, from 4,175m to 4,117m, shows moderate to high metal values distributed between copper, silver and gold. This distinct metal zoning is shown spatially in Figure 5.

Metal prices used are gold: USD\$1,500/oz, silver: USD\$18/oz, and copper: USD\$2.50/lb

**Metal Value Calculation Formula:**  
 $[Au (g-m) \div (31.1035 \times 1500)] + [Ag (g-m) \div (31.1035 \times 18)] + [Cu (\% - m) \div (2204.62 \div 100 \times 2.5)] = \text{Sum Metal Value (SMV)}$

**Percent of Metal Values Formula:**  
 $[Au (g-m) \div (31.1035 \times 1500)] \div \text{SMV} \times 100 = \text{Au Value\%}$   
 $[Ag (g-m) \div (31.1035 \times 18)] \div \text{SMV} \times 100 = \text{Ag Value\%}$   
 $[Cu (\% - m) \div (2204.62 \div 100 \times 2.5)] \div \text{SMV} \times 100 = \text{Cu Value\%}$

The percentage of the total value for gold, copper and silver were then plotted on the ternary diagrams.  
 This approach emphasizes metal zoning patterns that are suitable for exploration modelling. It has no bearing on mineral resources and none are implied.

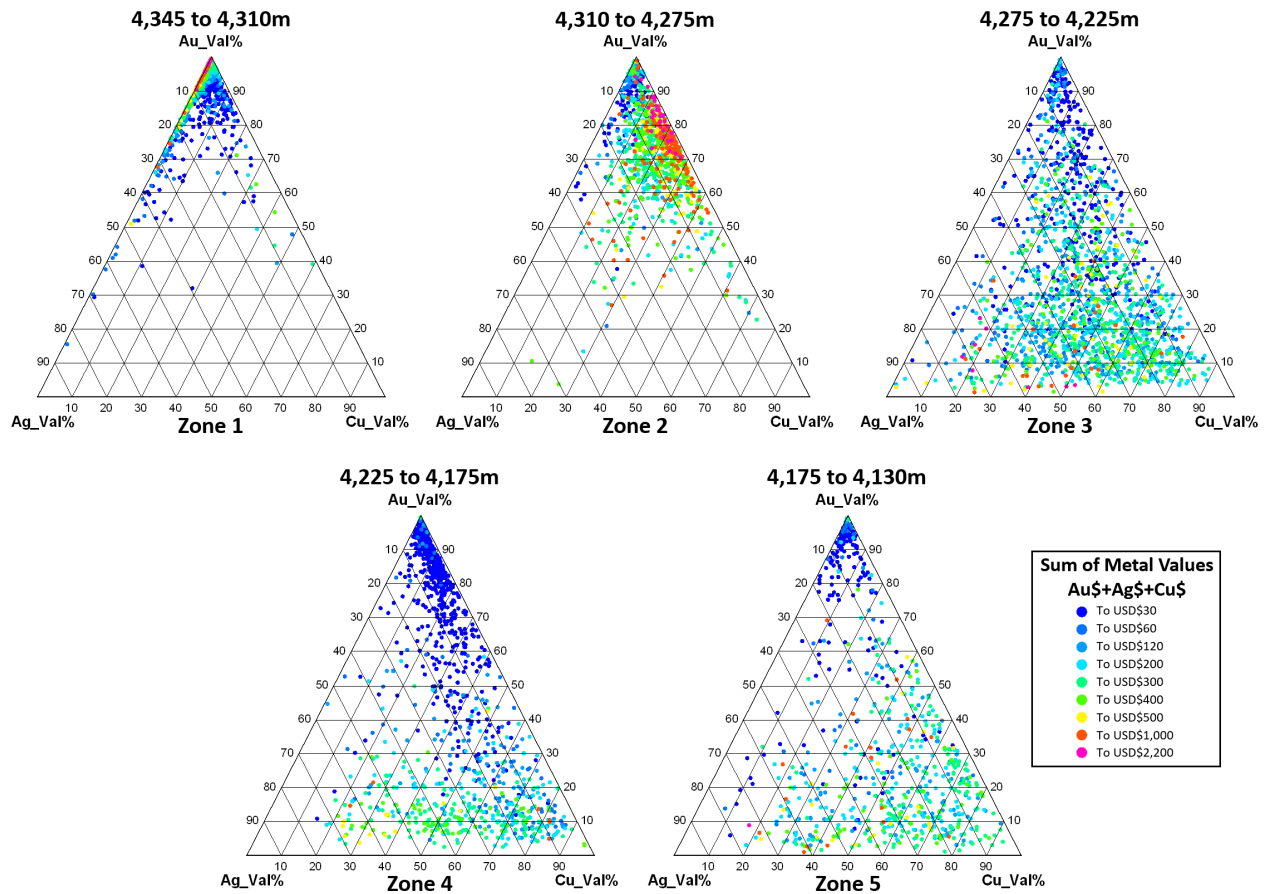


Figure 4 – Ternary plots showing relative metal value for gold, silver, and copper for the five elevation zones (above sea level). Colored dots represent total metal value for each sample interval using USD\$1,500 oz gold, USD\$18 oz silver, and USD\$2.50 lb copper.

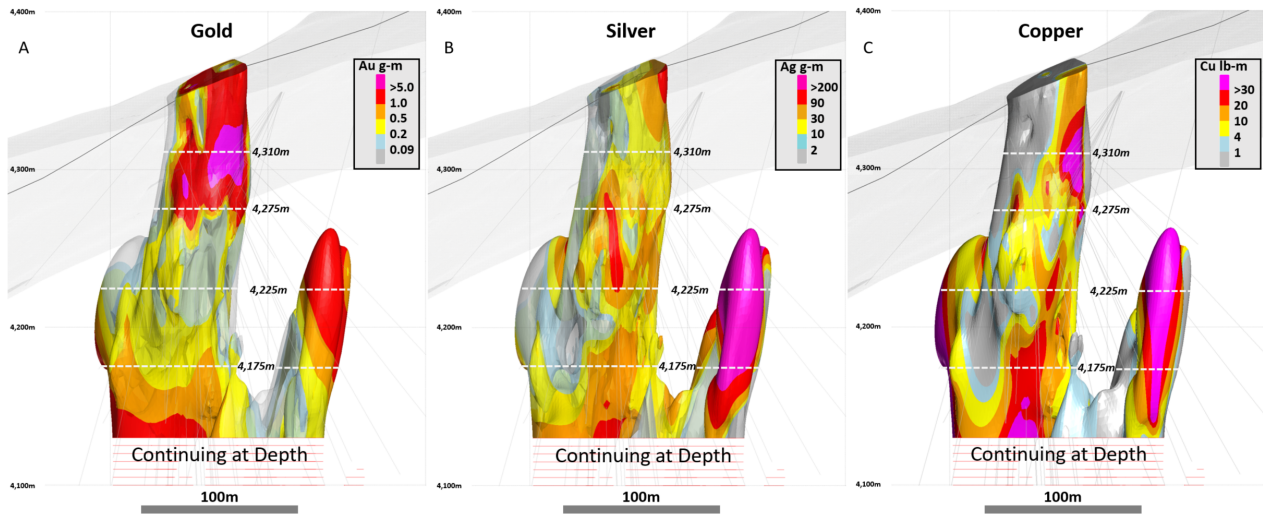


Figure 5 – View looking west showing distribution of: A) gold, B) silver, and C) copper in the top 215 metre extent of Bx 1. Values plotted are gram-metre for gold and silver, and pound-metre for copper. Elevation ranges shown in Figure 4 indicated by dashed white lines.

## Conclusions

Mineralization at Bx 1 is polymetallic with attractive concentrations of gold, silver and copper. Higher concentration intervals tend to cluster, creating domains of rock that will become key features within a resource estimate. Higher concentrations of metals occur in breccia types with high primary porosity. These zones are often located around the margin or outer extent of the breccia pipe. Distinct metal-mineralogical zoning is observed and likely relates to temperature variation with distance from the underlying fluid source. The Bx 1 model helps to set baselines and certain thresholds for the on-going exploration at Soledad and will be key to moving the project forward.

## Sampling and Analytical Procedures

Chakana follows rigorous sampling and analytical protocols that meet or exceed industry standards. Core samples are stored in a secured area until transport in batches to the ALS facility in Callao, Lima, Peru. Sample batches include certified reference materials, blank, and duplicate samples that are then processed under the control of ALS. All samples are analyzed using the ME-MS41 (ICP technique that provides a comprehensive multi-element overview of the rock geochemistry), while gold is analyzed by AA24 and GRA22 when values exceed 10 g/t. Over limit silver, copper, lead and zinc are analyzed using the OG-46 procedure.

Results of previous drilling and additional information concerning the Project, including a technical report prepared in accordance with National Instrument 43-101, are made available on Chakana's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **Qualified Person**

David Kelley, an officer and a director of Chakana, and a Qualified Person as defined by NI 43-101, reviewed and approved the technical information in this news release.

## **ON BEHALF OF THE BOARD**

(signed) “David Kelley”

David Kelley  
President and CEO

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