

# AFFINITY GOLD CORP.

13570 Grove Drive #310  
Maple Grove, MN 55311

---

**Symbol: AFYG – Pinksheets**

**May 30<sup>th</sup>, 2014**

## **NEWS RELEASE**

### **AFFINITY GOLD CORP. PROVIDES UPDATE ON CAMBALACHE PROJECT IN HUANCVELICA, PERU**

**Maple Grove, Minnesota – May 30<sup>th</sup>, 2014** – Affinity Gold Corp. (AFYG.pk) (“Affinity” or “the Company”) is pleased to provide an update on its Cambalache project, a silver (Ag) and lead (Pb) producing, low sulphidation polymetallic lode deposit, located in District of Lircay, Province of Angaraes, Department of Huancavelica to the southeast of Lima, Peru. The project is located at an elevation of 3,466 – 4,790 m.a.s.l. approximately 519 Km from Lima, capital of Peru, via the South-PanAmerican Highway.

#### **UPDATES & HIGHLIGHTS:**

- Since mid February, mine production increased to 13.8 tpd ore and 17 tpd waste while simultaneously focusing on mine development. A goal of reaching a production rate of 30 tpd was estimated to take 6-8 weeks of development while continuing to ore ship. Mine development during this period advanced on Level 555: 25m of galleries, 15m of raises and winzes, and 45m of sublevels for production. On Level 525, 40m of gallery was advanced. Total was 125m of mine development.
- In mid March, the first Ag-Pb concentrate sale took place from the February production. A total ore tonnage of 333 tonnes was processed at a third party mill generating 22.6 tonnes of concentrate resulting in a 14.7:1 concentration ratio with grades of 40.2% Pb, 113.7 oz Ag, 12.1% Zn and 6.8% Cu per tone. The low Pb and Ag values along with the high Zn and Cu grades were attributed to poor plant supervision, principally in reactives added to the ore during processing, later acknowledge by the third-party toll plant manager. During proper supervision on second lot of ore treated at Minpar plant concentrates were generally assaying at 48-55% Pb and 120-165 oz Ag per tonne
- Back calculating from plant concentrate grades, show estimated face grades of 5% lead (Pb) and 13.74 oz. silver (Ag) per tonne before an estimated 50% dilution during mining.
- Previous grade estimates of the veins/lodes were 10% lead (Pb) and 15 oz. silver (Ag) per tonne (Jalovec, 2013). Since production commenced in February 2014 the average head grades have hovered around 8% lead (Pb) and 12 oz silver (Ag). It is estimated that the veins/lodes carry 10% lead (Pb) and 15 oz silver (Ag) on average (Jalovec 2013). Affinity Gold believes it can consistently realize these grades with a disciplined mine plan.
- Currently, the primary factors influencing economics of the operations via ore shipping are the shipping, toll plant processing fees and inadequate quality of concentrate resulting from lack of technical supervision and process control on behalf of the toll plant. Ore shipping costs are running at \$54/T and toll plant processing costs running an estimated \$53/T.

- The processing results obtained to date support the direction of building a gravimetric concentration plan on site which will virtually eliminate shipping costs and drastically reduce processing costs to one-third of current costs. Furthermore, and more importantly, this will ensure control over the ore processing and drastically reduce costly mistakes due to poor technical supervision and lack of process control by a third-party toll plant.
- 51 additional face and ore samples currently at ALS Laboratories in Lima, Peru pending results
- 50 kg metallurgical sample collected from the active SN 147 and SN 160 fronts in the 555 level and are being processed for gravimetric concentration testing of the ores at the Universidad Nacional de Ingenieria in Lima, Peru
- We are planning to have a Qualified Person (“QP”) on site within the next 60 days to begin the process for delivering an N.I. 43-101 Technical Report on property.

Taking into consideration the issues that can arise from third-party processing as well as the high shipping costs to a third-party plant, the joint venture parties have collectively determined the best course of action is to shift focus towards expediting the building of a 100 tpd gravimetric concentration plant on site. This will drastically change the dynamics of the Project, eliminate roughly 50% of the Project’s costs, and substantially improve the economics at Cambalache.

“Although results from the first phase of production weren’t as expected, we were able to acquire valuable data over the last few months that has helped us to locate adverse cost centers and allowed us to make the necessary changes to reduce those costs. The data has allowed us to further conclude that the Cambalache project can be extremely profitable with the 100 tpd gravimetric concentration plant on site. This will eliminate the high shipping costs, allow us to manage the processing and ore grade control, and add a zinc circuit to capitalize on the higher than expected zinc grades. With the plant on site the Company’s breakeven point is estimated at 16 tons per day, which is very achievable in the near term,” stated Mr. Sandberg, President & CEO. Mr. Sandberg went on to state, “fortunately, we’ve been working towards this end already so we don’t perceive it as a major setback to accomplishing our overall goal with Cambalache in 2014.”

#### **About Project Cambalache:**

The project is a silver (Ag) and lead (Pb) producing, low sulphidation polymetallic lode deposit, located in District of Lircay, Province of Angaraes, Department of Huancavelica to the southeast of Lima, Peru. The project is located at an elevation of 3,466 – 4,790 m.a.s.l. approximately 519 Km from Lima, capital of Peru, via the South-PanAmerican Highway.

- Current production rate of 12 TPD produces approximately 1 ton of concentrate with a head grade of 8%.
- Project was previously producing until being shut down in early 1990’s and only recently re-opened in late 2011. Located in a great silver mining area and just 12 km from Buenaventura’s famous Julcani Mine
- Reported Grades from Assays – (*Report: February, 2013*)
  - 11% Pb/T , 15 oz./T Ag (466 g/T Ag)
  - Varying levels of Zn and Cu as potential products
- Reported high grade Ag ore shoot was developed at depth. It has been reported that on portal at 3,455 m.a.s.l., a high grade ore shoot, of direct shipping ore, was encountered. Some of the waste

dumps found at the caved 3,455 m.a.s.l. portal have shown to be mineralized and are being economically exploited today.

- The 3,515 m.a.s.l crosscut has intercepted two of the three known veins that comprise the Veta Dos vein structure. Fresh cuts across the veins, showing they are there.
- Three identified low sulfidation veins with demonstrated 0.5 m – 10 m widths, 500 m lengths, and 250 m heights
- Project is easily accessible via Pan-American and Libertadores highways
- Project has mining, environmental, social, and plant permits

#### **About Affinity Gold Corp.:**

Affinity Gold Corp. is a mineral exploration and development company engaged in the acquisition and development of near-term precious mineral production properties within Peru. Affinity Gold Corp.'s primary focus is on developing assets that have demonstrated historical production, contain documented and reliable data and can reasonably begin producing within 12-18 months at a cost of less than \$900 per gold equivalent ounce.

[www.affinitygold.com](http://www.affinitygold.com)

CONTACT:

AFFINITY GOLD CORP.

Corey J. Sandberg

763-424-4754

[csandberg@affinitygold.com](mailto:csandberg@affinitygold.com)

*For further information please refer to the Company's filings with the SEC on EDGAR available at [www.sec.gov](http://www.sec.gov)*

#### **FORWARD-LOOKING STATEMENTS**

This news release may include "forward-looking statements" regarding Affinity Gold Corp., and its subsidiaries, business and project plans. Such forward-looking statements are within the meaning of Section 27A of the Securities Act of 1933, as amended, and section 21E of the United States Securities and Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor created by such sections. Where Affinity Gold Corp. expresses or implies an expectation or belief as to future events or results, such expectation or belief is believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Affinity Gold Corp. does not undertake any obligation to update any forward-looking statement, except as required under applicable law.