TECHNICAL REPORT 2020 UPDATE

ON THE PAJARITO GOLD / SILVER PROPERTY,

MORELOS MUNICIPALITY, CHIHUAHUA, MEXICO

Latitude 26°25’41.4” N, Longitude -107°54’37.7”

Prepared for:

Grupo Minero Diflor S.A. de C.V.
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Delegación Benito Juárez
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William Feyerabend

CPG - 11047

April 13, 2020

DATE AND SIGNATURE PAGE

I, William Feyerabend, do certify that:

1) *I am a consulting geologist located at 4218 Kachina Way, Prescott Valley, AZ 86314*
2) *The title of this report is "Technical Report 2019 Update on the Pajarito Gold Property, Morelos Municipality, Chihuahua, Mexico" dated April 13, 2020.*
3) *I graduated with a Bachelor of Science degree from the University of Southern California in 1972. I am a member in good standing of the American Institute of Professional Geologists.- I have worked as a geologist for over 30 years since my graduation from university. That experience includes over twenty five years of exploration and development for gold/silver on four continents. I meet the definition of Qualified Person for the purposed of this instrument .*
4) *The current report is based on the last of multiple field visits from February 3 thru February 5, 2020.*
5) *I am responsible for the entire contents of this report.*
6) *I am independent of Grup Minero Diflor applying all of the tests in Section 1.5 of NI 43-101.*
7) *I have read NI 43-101 and Form 43-101F1, and this Technical Report has been prepared in compliance with that instrument and form.*
8) *As of the effective date of April 13, 2020, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.*
9) *This report is addressed to: Grupo Minero Diflor.*
10) *I have read this document and certify that it fairly and accurately represents the information in this report.*

April 13, 2020

AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS
CERTIFICATE NUMBER
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AIPG
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CERTIFIED PROFESSIONAL GEOLOGIST

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1.0 SUMMARY

The Pajarito Property is within the Sierra Madre Gold Belt which hosts multiple +million gold ounce and +100 million silver ounce deposits. The current Property of Grupo Minero Diflor SA de CV consists of eleven concessions totaling 11,348.4979 hectares in the southwestern corner of the state of Chihuahua, Mexico. Historical mines and extensive alteration have been mapped over +15 kilometers of the Property. The Company is willing to subdivide the concession to make it feasible for a company to select the target of interest to them and that fits in their budget.

This report updates earlier technical reports dated August 30, 2016, March 3, 2017, January 4, 2018 and April 28, 2019. The first Technical Report documents the significant amount of work done on the Property including mapping, sampling of stream sediments, soils and rocks and an induced polarization geophysical survey and (from the Mexican Geological Survey) an aero-magnetic survey. The March 3, 2017 report details the work and drilling targeting the known mines. The January 4, 2018 and April 28, 2019 reports update work completed.

Previously epithermal veins had been mined on an artisanal scale. The past year's work shows the historical mines and extensive alteration can be interpreted as one large mineral system with a bonanza silver – base metal core and a peripheral zone of gold mineralization. Broadly, while the metal commodity might change by zoning, mineralization can be hosted wherever permeability and porosity exist from shearing, brecciation or sandstones. Three target areas are considered:

- Porvenir North - gold
- Reyes – Pajarito - gold
- MVZ – silver, base metals, gold

and a work plan is presented for each to show that it is reasonable to develop and drill target (s) in each within a timeline of one year and a direct cost budget of $US 325-390,000.

Further work will depend upon the results of the proposed program and would fall under a separate budget.

2.0 INTRODUCTION

At the request of Mr. Salomón Calderón of Grupo Minero Diflor (“Company”), Mr. William Feyerabend, CPG (“Feyerabend”} has been retained to prepare a technical report (“Report”) with respect to the 11 mining concessions which compose the Pajarito Project located in Morelos Municipality, Chihuahua, Mexico (“Project” or “Property”). This report is to be used for marketing and internal purposes by Grupo Minero Diflor.

Statement of person for whom the report was prepared: **“**Mr. Feyerabend was contracted to provide an independent professional geological overview of the Company’s Pajarito property. All available data and site access were provided to him so as to have a complete picture of the merits of the project.”

This Report incorporates the results of work completed by employees and consultants over approximately the past year. Feyerabend last spent the days of February 9-11, 2020 in the field.

Feyerabend is a consulting geologist with over forty years of experience at all levels of exploration and development for several commodities in twelve countries. He has been a member of AIPG since 2008 and provides his services through his office in Prescott Valley, Arizona.

Neither the author of this Report nor any family members have any financial interest in the outcome of any transaction involving the Property, other than the payment of normal professional fees for the work undertaken in the preparation of this Report, which is based on upon daily rate charge and reimbursement of expenses. The payment of such fees is not dependent upon the content or conclusions of either this Report or consequences of any potential transaction.

The Company has reviewed a draft copy of the Report for factual errors. Hence, the statement and opinions expressed in this Report are given in good faith and in the belief that such statements and opinions are not false and misleading at the date of this Report.

Feyerabend’s opinion is provided solely for the purposes outlined in the Introduction and Terms of Reference section of this report. He reserves the right, but will not be obliged to, revise this Report and the conclusions therein if additional information becomes known to the author subsequent to the date of this report.

3.0 RELIANCE ON OTHER EXPERTS

The scope of this report does not include verification of mineral title, compliance with Mexican laws and regulations or the underlying company or inter-company agreements and title transfers and legal, political, environmental and tax matters.

William Feyerabend is solely responsible for the technical contents of this report.

To the best of the author's knowledge, there are no known environmental liabilities to which the property is subject.

4.0 PROPERTY LOCATION AND DESCRIPTION

4.1 Location

The Pajarito Project is located in the Morelos Municipality, near the southwest corner of the state of Chihuahua, Mexico (Figure 1). It is in the Sierra Madre Occidental Mountains, about 300km southwest of the city of Chihuahua and about 130km northeast of Los Mochis, Sinaloa. The camp at Pajarito is a designated place (Figure 2).

The geographic coordinates of the central area of the El Pajarito Concessions are 26°25'41.4''N latitude and -107°54'37.7''W longitude.

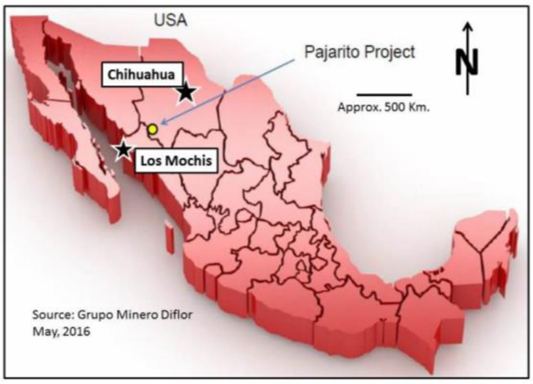


Figure 1. Location Map.

Figure 2. El Pajarito Road Sign.

4.2 Mining Concessions

The Company maintains eleven concessions totaling 11,348.4979 hectares comprising the Project (Table 1 and Figure 3). Title to the concession El Porvenir is in process.

Mining concessions require marking by a conspicuous monument (mojonera). Mexican law allows the monuments to be up to three kilometers from the concessions boundaries. The Company states that they have photos and coordinates of the mojoneras of their concessions.

CONCESSION	TITLE	AREA	DOCUMENT	DATE
AMP. CERRO EL PAJARITO	243603	4,596.6819	Title	16/10/2064
AMP. CERRO EL PAJARITO II	243604	768.2818	Title	16/10/2064
AMP. CERRO EL PAJARITO III	243605	40.0000	Title	16/10/2064
AMP. CERRO EL PAJARITO IV	243606	20.0000	Title	16/10/2064
AMP. CERRO EL PAJARITO V	246127	892.0712	Title	27/02/2068
CERRO EL PAJARITO	241726	2969.5630	Title	25/03/2063
LA ZORRA	224429	500.0000	Title	9/5/2055
SANTO NIÑO	In Process	167.0000	Title	20/06/2057
EL MILAGRO	In Process	47.0000	Title	26/06/2057
El MILAGRO FRACCION 1	In Process	23.9000	Title	19/05/2055
EL PORVENIR	In Process	1,324.00	16/48742	20/05/2069
		11,348.4979		

Table 1. List of Mining Concessions.

Mineral rights are separate from surface rights in Mexico.

Mineral rights are held in Mexico by the federal government as per the Mining Law of 1992. That law established that all minerals found in Mexican territory are owned by the Mexican nation and that private parties may exploit those minerals (except for oil and nuclear fuel minerals) through mining licenses or concessions granted by the Federal government.

Amendments to that law were published on April 29, 2005. Those amendments replaced the separate exploration and exploitation concessions by a single type – the mining concession. That gives the holder both exploration and exploitation rights subject to the payment of appropriate taxes. Old concessions were automatically converted into the new type with a life of 50 years from the date the exploration concession was originally registered with the Public Registry of Mines.

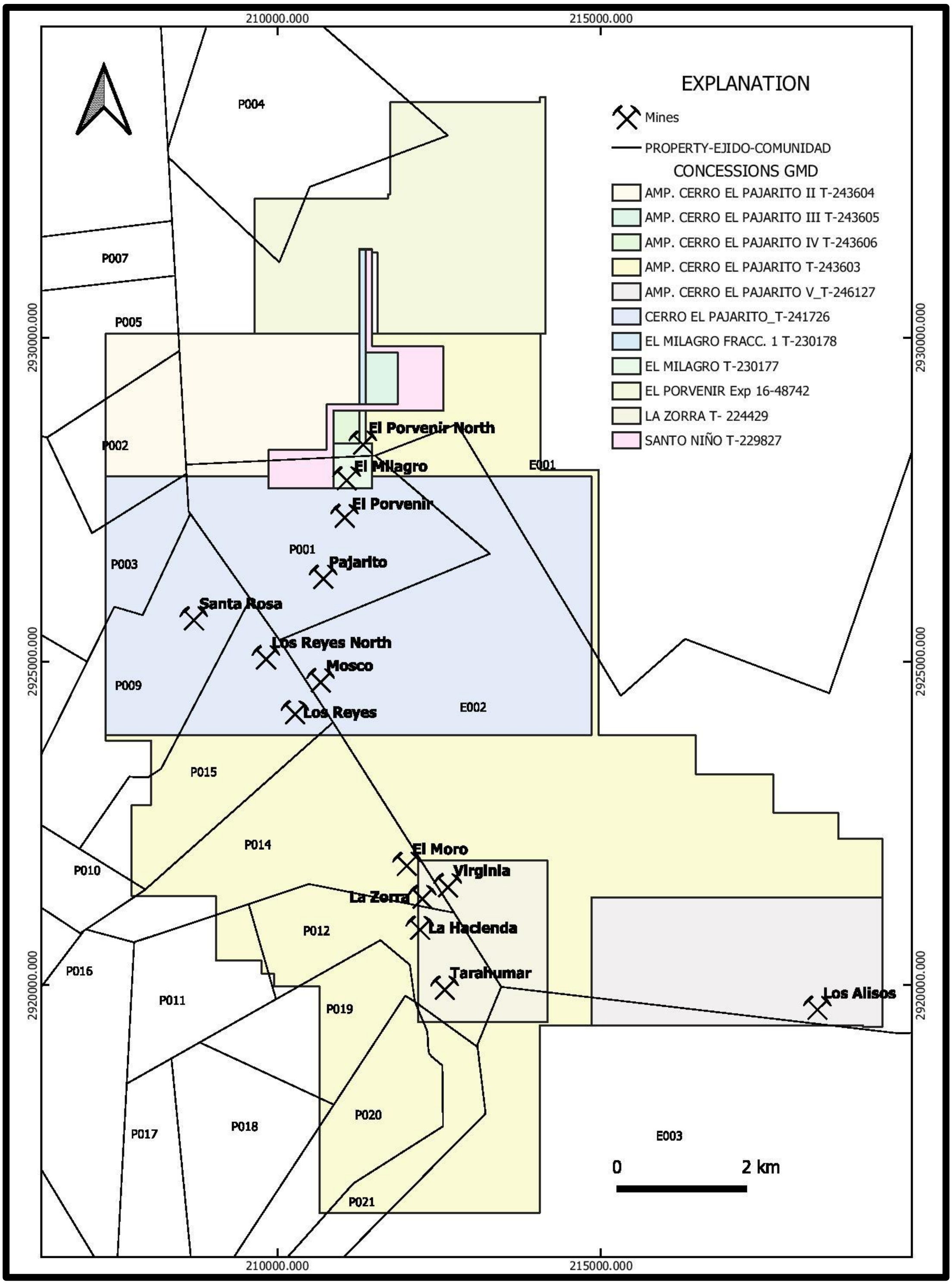


Figure 3. Mining Concessions and Surface Rights Map.

Concessions are transferable and may be granted or acquired by Mexican individuals, local communities with collective ownership of lands known as ejidos and companies organized under Mexican law with no limits on foreign ownership. Foreigners wanting to participate in mining in Mexico must establish a Mexican corporation or enter into a joint venture with Mexican individuals or corporations.

Mining concessions have maintenance obligations which must be kept current to avoid cancellation. They are the Performance of Assessment Work (Informe de Comprobacion de Obras), the payment of mining taxes (semi-annual), compliance with environmental laws and filing each January of a production/activity report called the Informe Estadistico de Produccion. The Company states that it is compliance with all claim maintenance obligations.

To the best of the author's knowledge, there are no known environmental liabilities to which the Property is subject.

To the best of the author's knowledge, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

The Company maintains that it has had the permits needed to conduct drilling on its concessions and can easily re-apply for permits.

4.3 Surface Ownership

Surface ownership is a mix of private ranches, communal and Ejido lands (Table 2 and Figure 3). In Table 2, the E parcels are Ejido owned, the C parcels are communal owned and the P parcels are Private ranch lands. Ejido lands date from the land redistribution following the Mexican Revolution and follow the traditional system of communal ownership with families having use rights to individual plots but not ownerships rights. Communal lands pre-date the Revolution.

Grupo Minero Diflor has good relations with the community, the Ejido and the ranches and has signed agreements and presented them to the corresponding Mexican authorities, thereby ensuring the viability of any operation

4.4 Royalties and Other Payments

There are no royalties associated with the Project**.**

Mexico has a new 7-9% tax on production which would apply if production were happening today.

There are no other known royalties, back-in-payments or other agreements and encumbrances to which the property is subject.

ID GMD	NAME	HECTARES
E001	San Ignacio y Anexos	7829.72
C002	Mesa de Los Leales	9644.95
P001	Pajarito	766.3218
P002	El Terrero	338.34
P003	Los Placeres	953.49
P004	Tira Larga	789.9
P009	Santa Rosa	770.66
P010	Mesa de la Guitarra	289.74
P011	La Chirimoya	395
P012	Noche Buena	498.83
P014	La Tuna	792.9
P015	Los Reyes	778.68
P018	Las Sabanillas	547.56
P019	El Pinito	359.24
P020	Los Veneros	561.09
P021	El Palo Dulce	571.94
P022	Agua Caliente de los Peñas	17341.39

Table 2. List of Surface Rights Owners.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

The Pajarito Project is located in the Morelos Municipality, in the southwest corner of the state of Chihuahua, Mexico. It is about 300 km southwest of the city of Chihuahua and 130 km northeast of Los Mochis, Sinaloa (Figure 4). Both cities have commercial air services and full logistics services such as highways and rail service. Los Mochis has port facilities nearby. There is a small airstrip at La Lajita near the camp which has previously been used for charter flights from Chihuahua and Los Mochis.

Figure 4. Los Mochis, Sinaloa.

Road access is generally via Los Mochis and about a six hour drive to the Project area. The first 80 kilometers to El Fuerte begins as four lane paved and narrows to two lanes (Figures 5 and 6).

Figure 5. Four Lane Paved Road Near Los Mochis.

Figure 6. Paved Road Near El Fuerte.

El Fuerte (Figure 7) is the nearest commercial center with a hotel, restaurants and commercial suppliers. The Chihuahua to Los Mochis Railroad (El Chepe) passes by the town (Figure 8).

Figure 7. El Fuerte, Sinaloa.

Figure 8. Railroad.

From El Fuerte it is about 80 kilometers by unpaved road to the Project area. The road is graded for a short distance (Figure 9) changing to a rough dirt two lane road (Figure 10).

Figure 9. Graded Road.

Figure 10. Dirt Road.

Local dirt track roads exist to some areas of the concessions (Figure 11). Those may be washed out in places.

Figure 11. Access Road.

5.2 Climate

The climate ranges from moderately hot (+30°C) to freezing (to -5°C), with a rainy season from August through September. The annual rainfall is about 47 cm. Work can be difficult during rain events with roads locally washed out. About every five years there is a storm which cuts major access and it takes two or three days to restore the roads.

The first field examination was done at the end of the dry season. A flowing river is about 10 kilometers from the Property (Figure 12) and rarely arroyos within the Property had surface water (Figure 13).

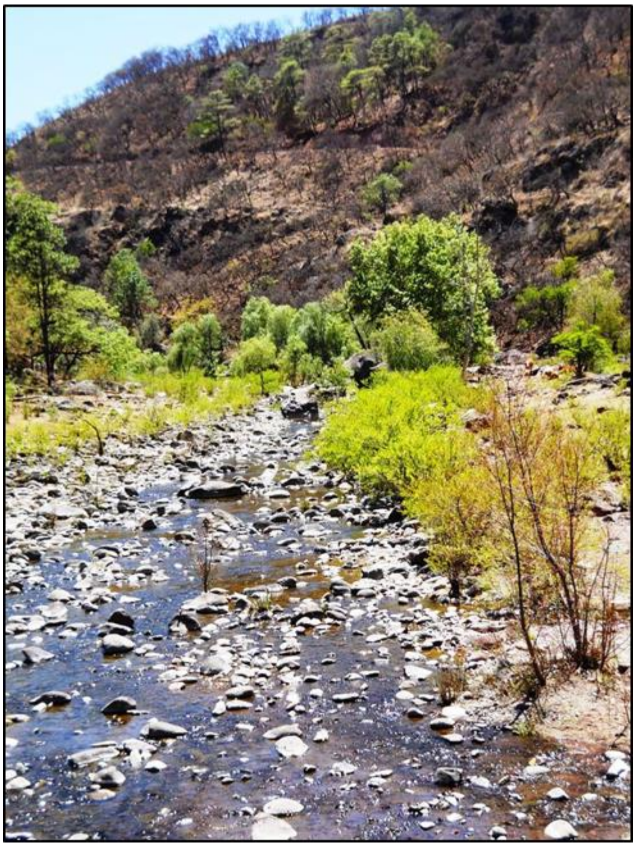


Figure 12. El Rio.

Figure 13. Local Arroyo.

5.3 Local Resources and Infrastructure

The Morelos Municipality has a population of about 8350 (INEGI, 2010). Small agricultural plots fill the valleys (Figure 14). People raise crops such as corn and tomatoes and raise chickens, turkeys and cattle to feed themselves. Plowing is still done by animal power and you still see people using horses and mules for transportation.

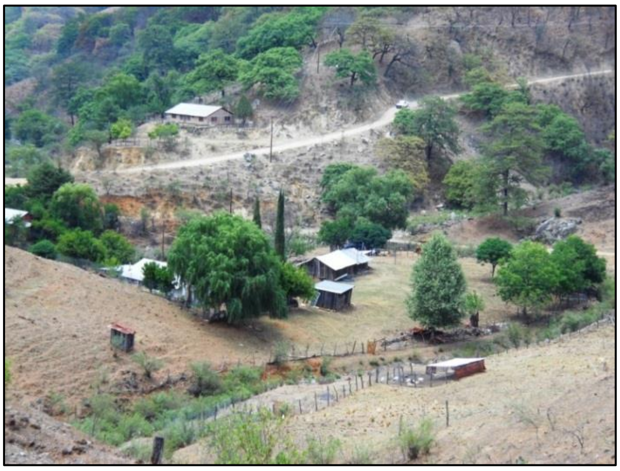


Figure 14. Small Plots in Valleys.

Most of the land tenure is private ranches, while about 28% is common land. Within the Pajarito concessions almost all of the land is privately held by ranches and the rest is “comunidad” and “ejido” lands.

There are limited supplies of drinks and food available thru local small shops, often in homes.

Ranch buildings provide the existing Project housing and storage.

The company maintains a bunkhouse with three bedrooms and bathroom with hot shower at a ranch (Figure 15). Visitors are fed by ranch personnel in the kitchen/eating area.

Figure 15. Ranch House (L) with Bunkhouse Behind.

There is an able local workforce quite suited to exploration needs. Logging and lumber mills are the largest local employers (Figure 16). Wages in 2016 were between 200 and 500 pesos per day.

Figure 16. Lumber Mill.

Electrical power is supplied through the Mexican central grid from the Mexican Federal Electricity Commission. Electricity and drinking water are available at all the villages and ranches. Sewage service is limited to the largest villages and trash disposal is locally handled. A post office and public satellite telephones are available. Cell phone service is generally poor, but at certain high-points a cell phone signal can be obtained. Television by satellite is popular in the area. There is now Wi-Fi at the ranch.

5.4 Physiography

The terrain is mountainous, with local broad and hilly valleys. The vegetation is primarily pine and oak forest with grass. The prevailing elevations vary from about 1,200 to 1,400 m. There are local areas suitable for mineral processing operations (Figure 17).

Figure 17. Powerline.

6.0 HISTORY

There is only oral history of the Pajarito Project area and early ownership refers only to someone's grandfather mining a deposit. According to that history, production of gold from high grade (reportedly about 12 ppm) veins in the area occurred in three primary areas from the 1800s until the 1930s. Scattered primitive grinding stones (Figure 18) support that production was for free-milling gold.

Figure 18. Millstone for Hand Grinding

Estimates of historical production of 15,000 metric tonnes come from stope measurements at the Pajarito mine which has stope lengths of about 200 m. to depths of up to 30 m. Porvenir has stoped lengths to about 90 m. and depths of 20 m. to 30 m. where no production estimates have been made. No production estimates have been made at Reyes which has three stoped areas, each along 40 m. to 60 m. lengths of veins, to depths up to 50 m. Vein thicknesses range from a few 10s of centimeters to about 1m.

There are no historical estimates of resources or reserves.

Modern mineral exploration commenced in April, 2012, when Eng. Luis Ernesto Olvera, professor at the Universidad Autonome de Zacatecas, reconnoitered the area's mineral potential. His samples analyzed up to 12 ppm gold and he observed significant alteration. He successfully presented the area to Salomón Calderón, the CEO of Grupo Minero Diflor.

Mr. Calderon negotiated terms with a pre-existing concession holder and filed additional concessions in the immediate area, forming a consolidated land package.

Subsequent geological mapping, sampling, and a limited IP/Resistivity geophysical survey resulted in sites where four core holes (total 381.35m) were completed, with notable gold intercepts (up to 6.90m at 10.06 ppm, assayed by ALS Chemex) in two of the four drill holes. Later, the Mexican exploration services company EGEX, headed by Dr. Miguel Miranda PhD, conducted a rock, soil, and drainage sampling program, which further defined and expanded areas of mineralization.

Due diligence for the first technical report questioned results from the four core holes. A second drill campaign of seven holes totaling 700 meters in 2017 twinned earlier results and tested new epithermal vein potential found in the course of the due diligence work. While intersections of the veins were narrow and lower grade, the alteration and vein textures sparked interest in looking higher in the large mineral system. Those results from that new focus are what are driving the project now.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Property Geology

The Pajarito Project is located in the Tertiary Sierra Madre Occidental volcanic province, a plateau of Tertiary volcanics lying on older sedimentary, intrusive and volcanic rocks. The complex geology of the region shows several ages of intrusives, tectonics and mineralization.

Figure 19 shows the Property geology as mapped by Mexican Geological Survey (Servicio Geologico Mexicano, (2011). Maps and rock descriptions were taken from that report and from Campa and Coney, (1983). The outside property boundary is shown in blue.

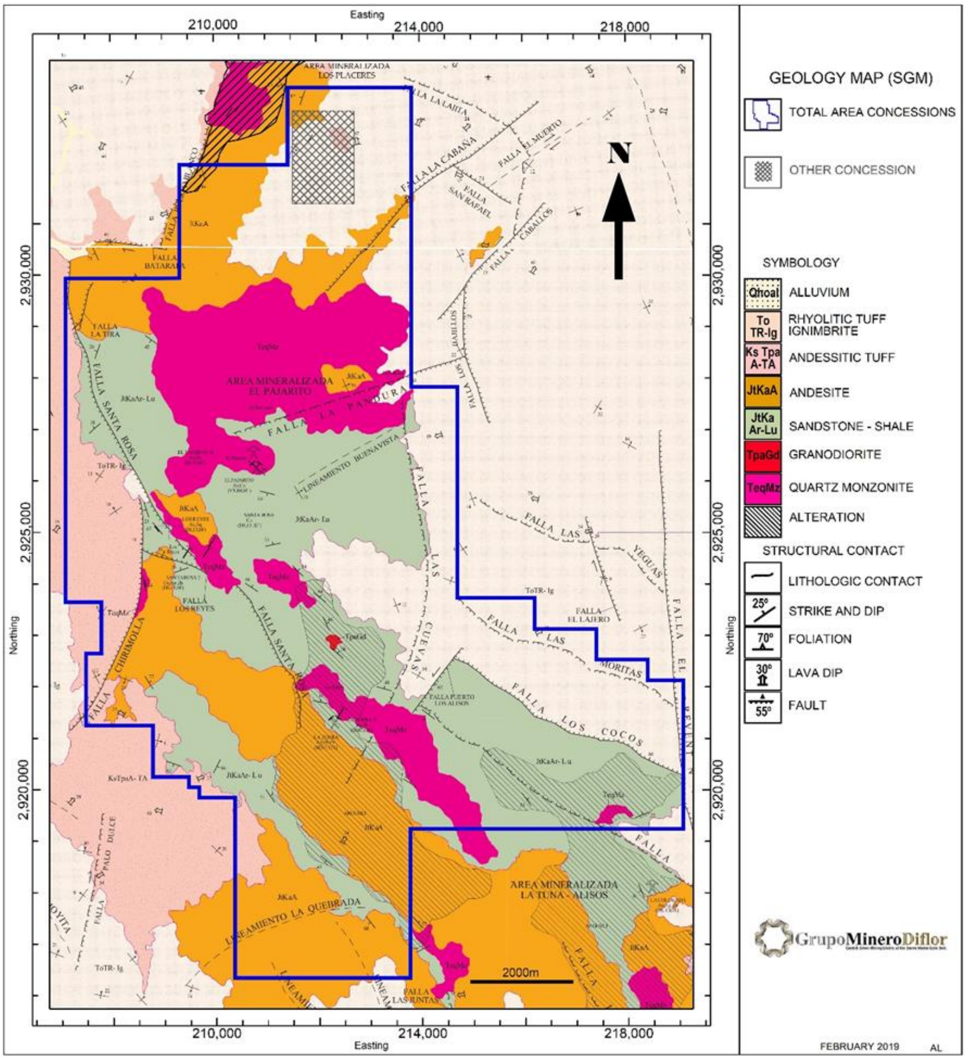


Figure 19. Property Geology.

That map is dissembled with color changes to clearly illustrate the geology in Figures 20 thru 24.

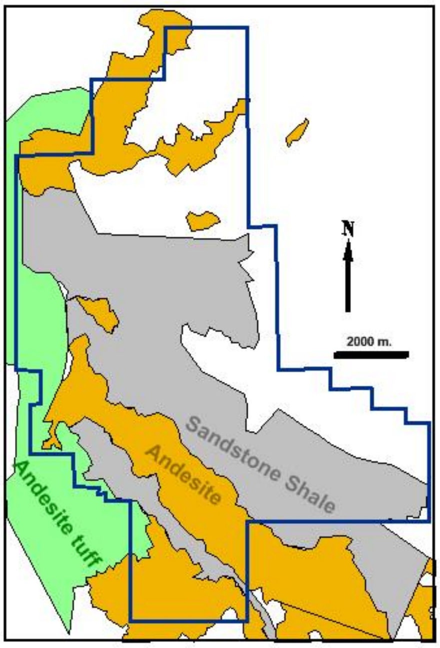
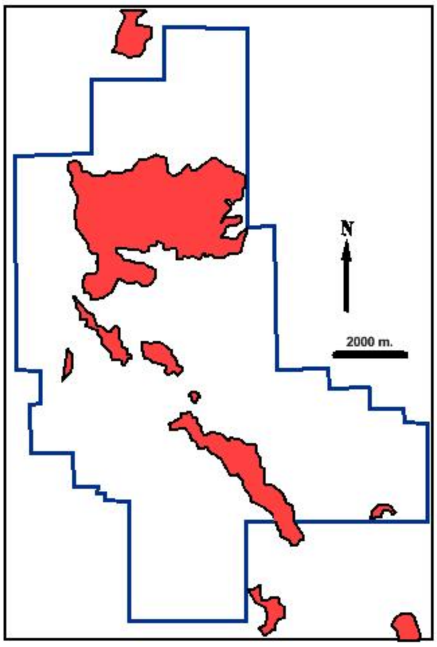


Figure 20. Sediments and Volcanics.

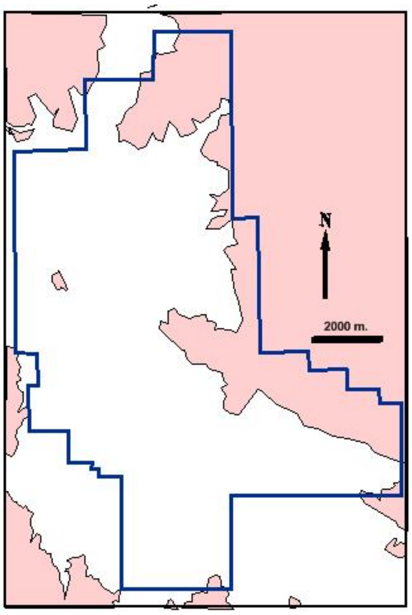
Figure 20 shows the late Paleozoic to Mesozoic sediments and volcanic rocks of flysch suture and foreland rocks. The mapping is consistent with current knowledge and theories about the regional geology of the Guerrero Terrain, a major host of mineralization in Mexico (Elias-Herrera et al, 2000 and Centeno et al, 2000). Triassic(?) to pre-late Jurassic/Cretaceous deep ocean basin sediments (black shales interbedded with greywackes, quartzites, conglomerates) were shifted east-northeast by plate tectonics against and over island arc andesites. The northwest-southeast undulating geologic pattern is consistent with that concept. Note that the apparent northeast pattern at the northwestern corner may be more a function of intrusive and overlying volcanic boundaries than original sedimentary patterns. There clearly is some north-south element along the western edge which has a strong impact on the pattern.

With more detailed mapping, open to tight folds with northwest-southeast hinge lines can reasonably be expected. The age of folding has been interpreted to be either the late Triassic – early Jurassic collision tectonics (basin against volcanics) or during Cretaceous-early Tertiary Laramide deformation. The rocks show dynamic metamorphism.



Rose colored stock-sized early Tertiary quartz monzonite – granodiorite intrusives (Figure 21) clearly show a northwest alignment across the center of the Property which strongly suggest a major structural control. There are wispy hints of northeast cross controls. The 8-10 km^2 stock in the northwest part of the concession clearly suggests some sort of a different east-west trending intrusive center. It is bounded to the east by Tertiary volcanics. The intrusives terminate to the west along the north-south break noted above.

Figure 21. Tertiary Intrusives



Oligocene rhyolite ash flow tuffs (pink) covered the area (Figure 22). Much of the district is an erosional window thru those tuffs. The erosional pattern gives the sense of the NW-SE pattern thru the center, but there also is a sense of a N-S pattern running up the center of the map.

Figure 22. Rhyolite Tuffs.

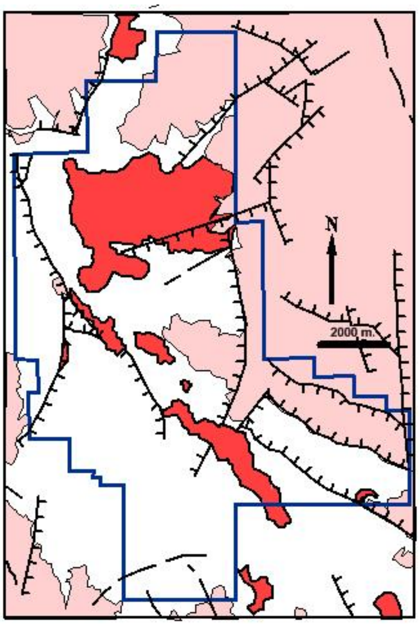
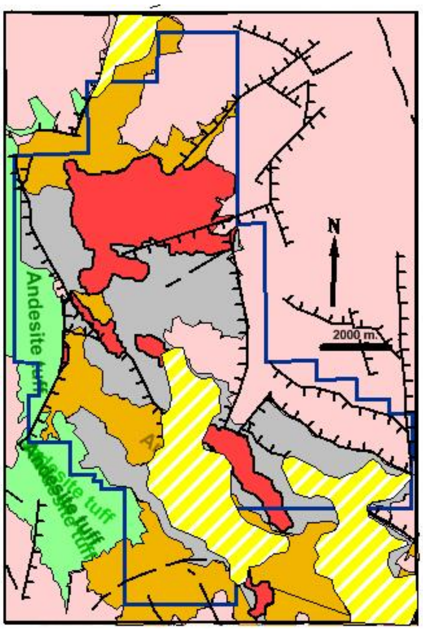


Figure 23. Extensional Faults.

There is a common global geologic pattern of faulting caused by compressional forces followed millions of years later by relaxation of compressional forces and the rock pile is subjected to extensional or 'pull apart' forces. The compressional episode was discussed above for the Triassic to Jurassic sedimentary and volcanic rocks. Curviplanar extensional faults crisscross the district (Figure 23). They generally have a more north-south trend, but clearly also follow the northwest zone of weakness which controlled the intrusive trend and a zone of northeast trends in the northern quadrant. There is some sense of the N-S trend cutting the NW trend and the NE trend cutting the N-S trend. They are clearly post-rhyolite but, as mapped, at least some intrusives appear to be post-faulting and therefore post-rhyolite. This raises the possibility of a more complicated intrusive history. That is supported by mineralized Miocene volcanic clasts at the Santa Rosa prospect.



Large areas of alteration (yellow diagonals) were mapped without detailed explanation (Figure 24). The pattern is difficult to interpret with no clear focus or cause. As mapped, it appears as a mix of pre-rhyolite and post intrusive – i.e. post-rhyolite. It may be a mix of dynamic metamorphic alteration and hydrothermal alteration.

Figure 24. Alteration.

About 15 % of the area was mapped in more detail (shown in red outline) early in the program by EGEX consultants (Figure 25).

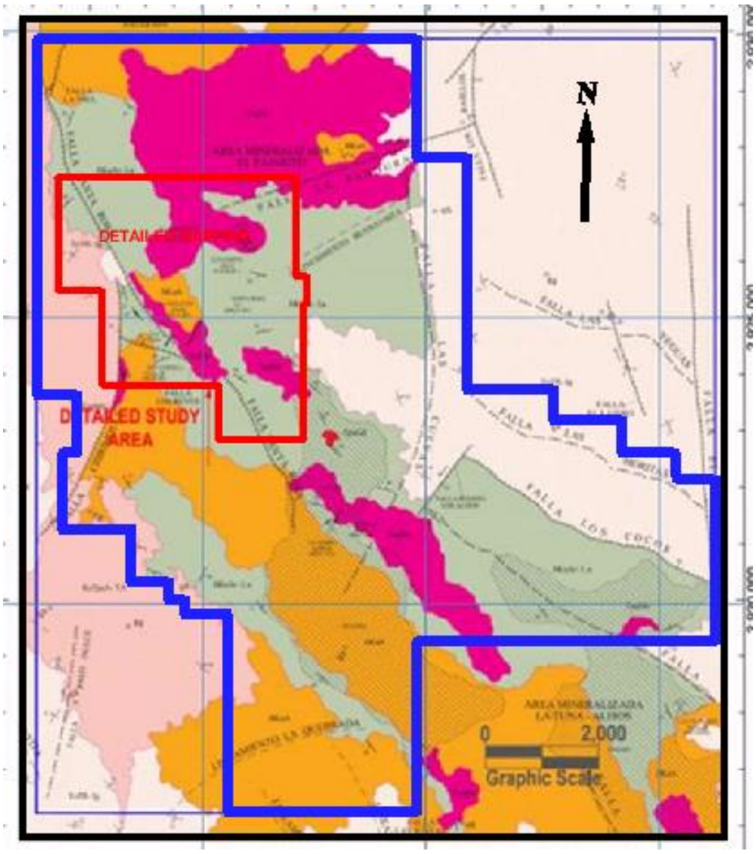


Figure 25. Area of Detailed Mapping.

Figure 26 shows the detailed geologic map from the 2013-14 mapping campaign..

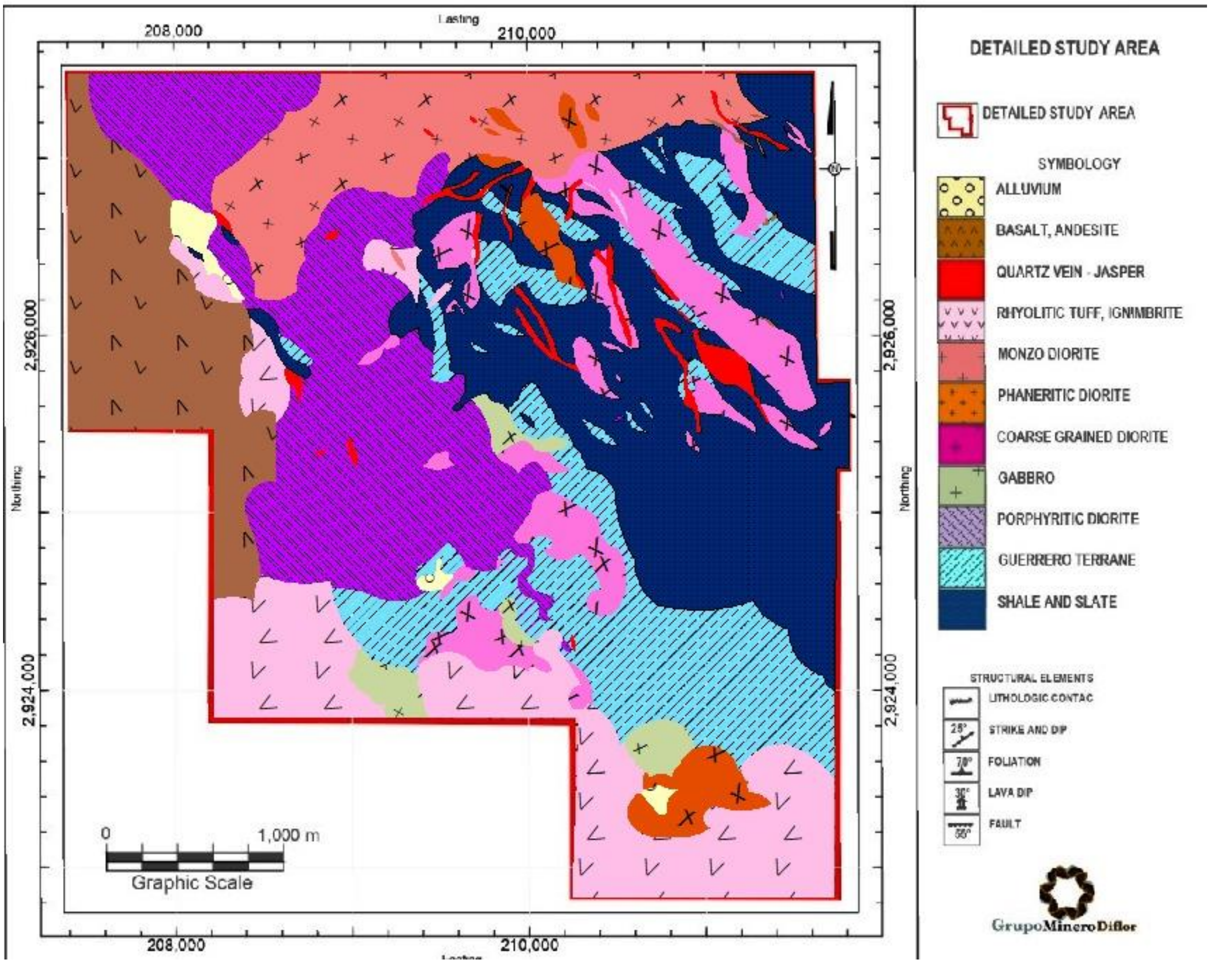


Figure 26. Detailed Geologic Map.

The geologic pattern is a reasonable fit with the northwest pattern with one glaring exception: the northeast-trending body mapped as monzo-diorite. Separating faulting and quartz veins shows that event affected both structures and quartz veining (Figure 27).

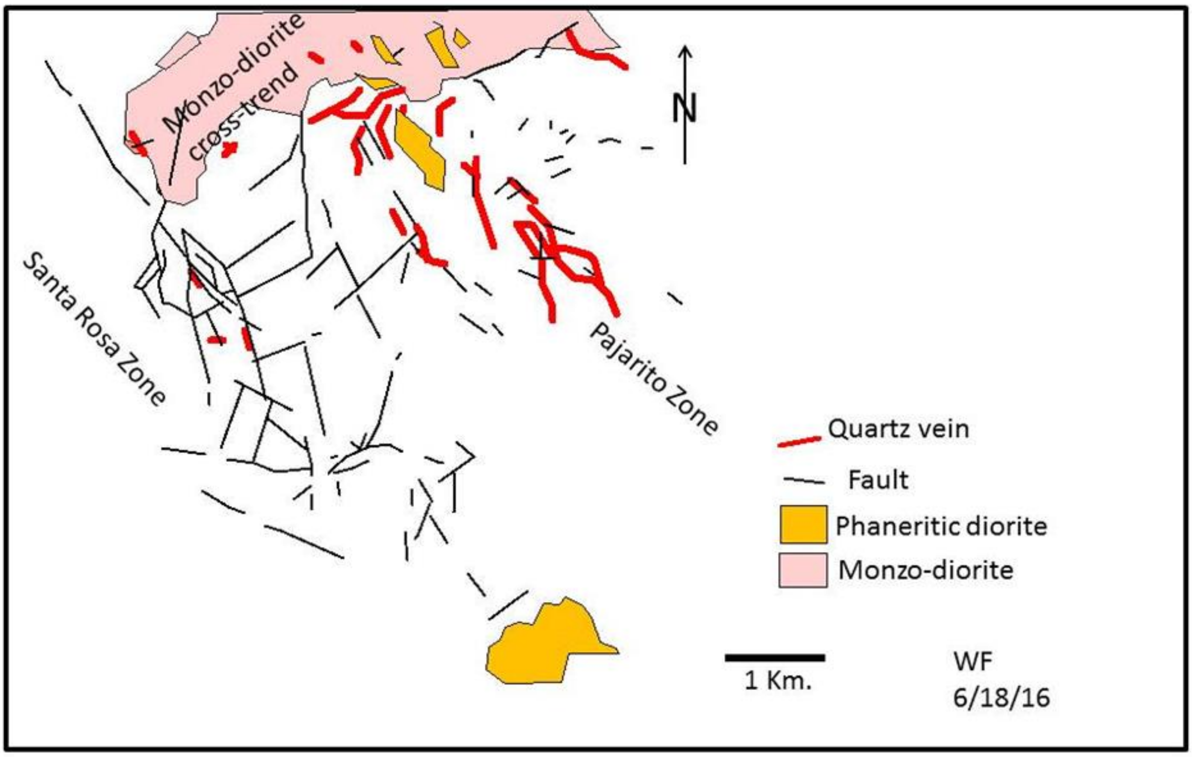


Figure 27. Faults, Veins and Monzo-diorite Intrusive.

There are various intrusives of broadly gabbro-diorite composition. The gabbro outcrops as bodies up to 200 m. bounded by faults or younger intrusives. It is coarse grained and is intruded by the coarse grained diorite. There are magnetic diabase (dolerite) dikes of about 50 cm in thickness that intrude the coarse grained and porphyritic diorite. A coarse grained diorite crops out in isolated places. It has been weakly chloritized and contains scarce disseminated pyrite. Fine grained, phaneritic diorite is a textural variation of the same diorite. This diorite is locally intruded by the porphyritic granodiorite. The apparently oldest intrusive is a porphyritic diorite stock, which crops out along the Santa Rosa Creek. Its eastern limit is oriented N30W along the Santa Rosa fault but younger than it. It locally contains stockworks of quartz-chlorite, quartz-magnetite-specularite and rarely calcite-pyrite. Potassic alteration is rare but present as disseminated biotite and fine grained orthoclase.

That complex geology is intruded by younger late Cretaceous to early Tertiary granodioritic plutons and mid-Tertiary (?) intrusive rocks. There are isolated outcrops of porphyritic granodiorite which intrudes the porphyritic diorite and is commonly altered to chlorite and locally weakly silicified. A quartz diorite porphyry – dacite in the southeast project area is silicified and chloritized with rare disseminated pyrite. A monzo-diorite outcropping along El Pajarito Creek intrudes the sediments and porphyritic diorite is strongly silicified along its northeastern section and has common xenoliths of previously altered intrusive rocks.

Detailed mapping of alteration is summarized in Figure 28. There are several types of alteration originally mapped which all fall into two assemblages. The first is the prograde stage (potassic and propyllitic) as a hydrothermal system is increasing and includes the alteration minerals potassium feldspar, biotite and albite at the highest intensity and chlorite and epidote at lower intensity. The second alteration is associated with the epithermal stage of 'collapse' of the system (argillic and silica) which is when economic minerals can also be deposited. The term 'collapse' in geology does not carry an instantaneous connotation, only that the system is subsiding and cooling over an extended time. Some of the great historical mines in the world such as the Comstock Lode in Nevada and Guanajuato in Mexico were formed during the 'collapse' of a mineral system.

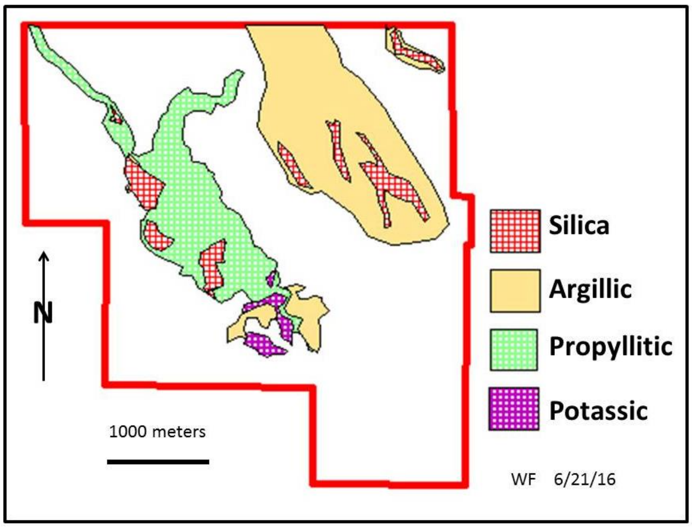


Figure 28. Alteration Patterns.

A 2019 structural study began the basic model of Guerrero Terrain volcanic and sedimentary rocks, the complex intrusives and the overlying upper volcanic rocks (Garcia, 2019). Analyses of land forms and drainages led to identification of structural blocks. Field checks of the block boundaries at over 100 stations for sense of motion indicators led to a structural framework shown in Figure 29.

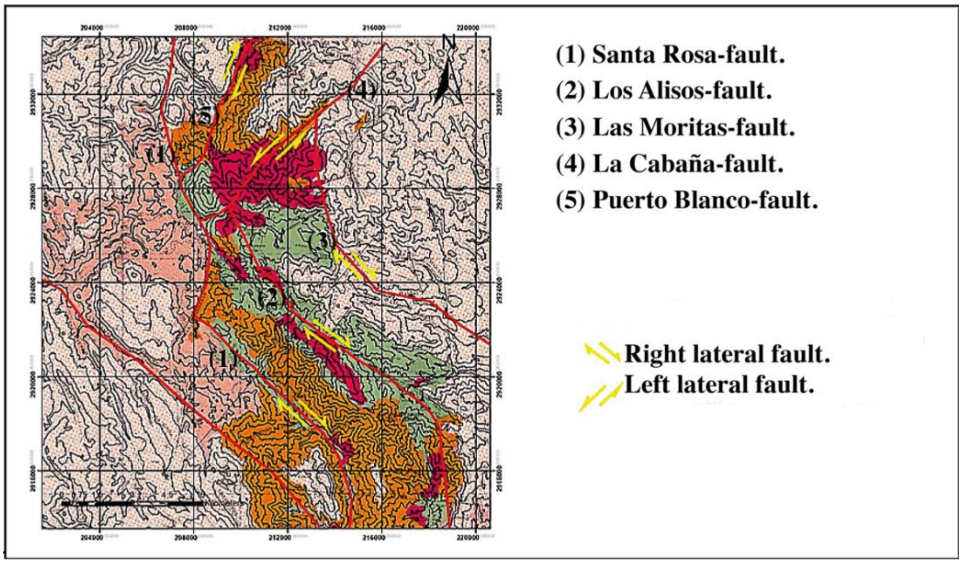


Figure 29. Interpreted Structures.

Data from the Geological Survey of Mexico aeromagnetic map of the district was processed by Grupo Minero Diflor staff in early 2020 to provide a framework for the district. Interpreted lineaments plotted on total intensity are shown on Figure 30. They show a NW-SE and NE-SW pattern.

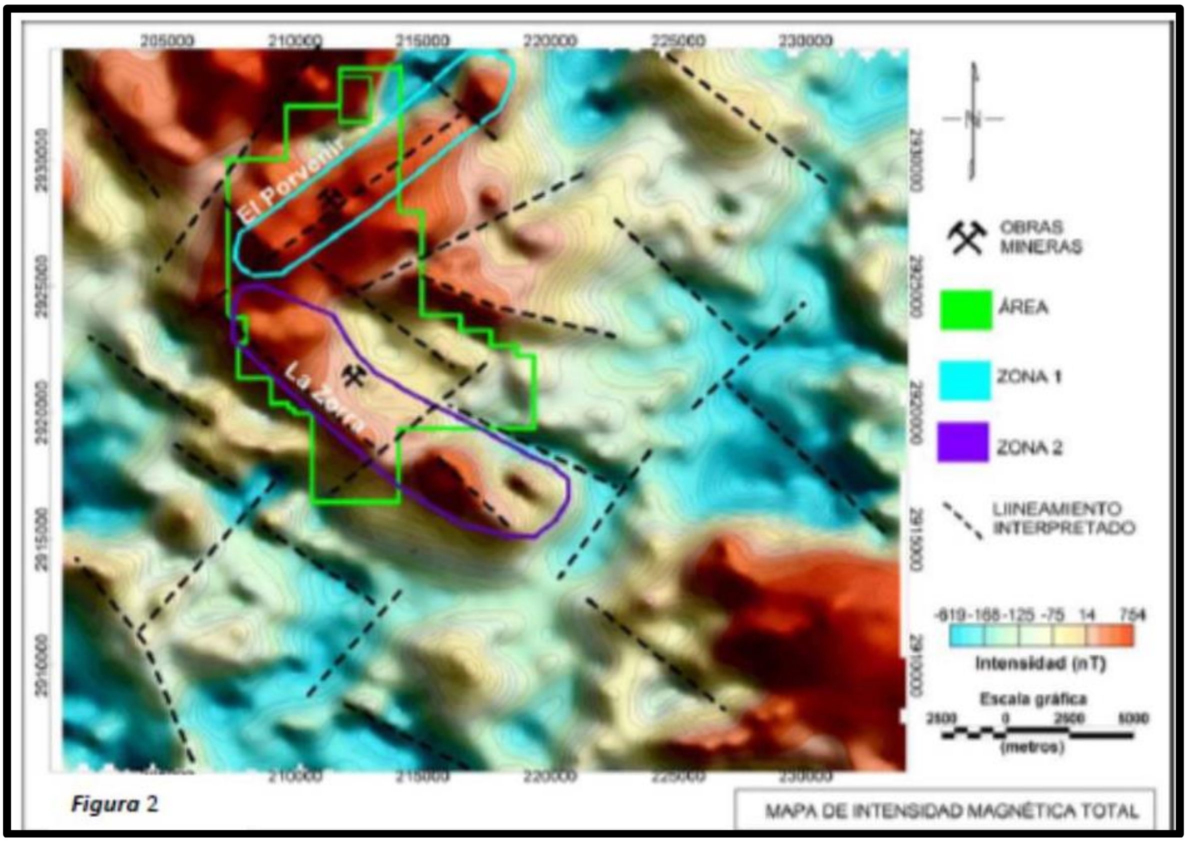


Figure 30. Magnetic Map and Structural Framework.

Plotting the interpreted structural block boundaries (dashed red lines) on total intensity magnetics shows a reasonable correspondence. They look like they are expressions of the same geologic history (Figure 31).

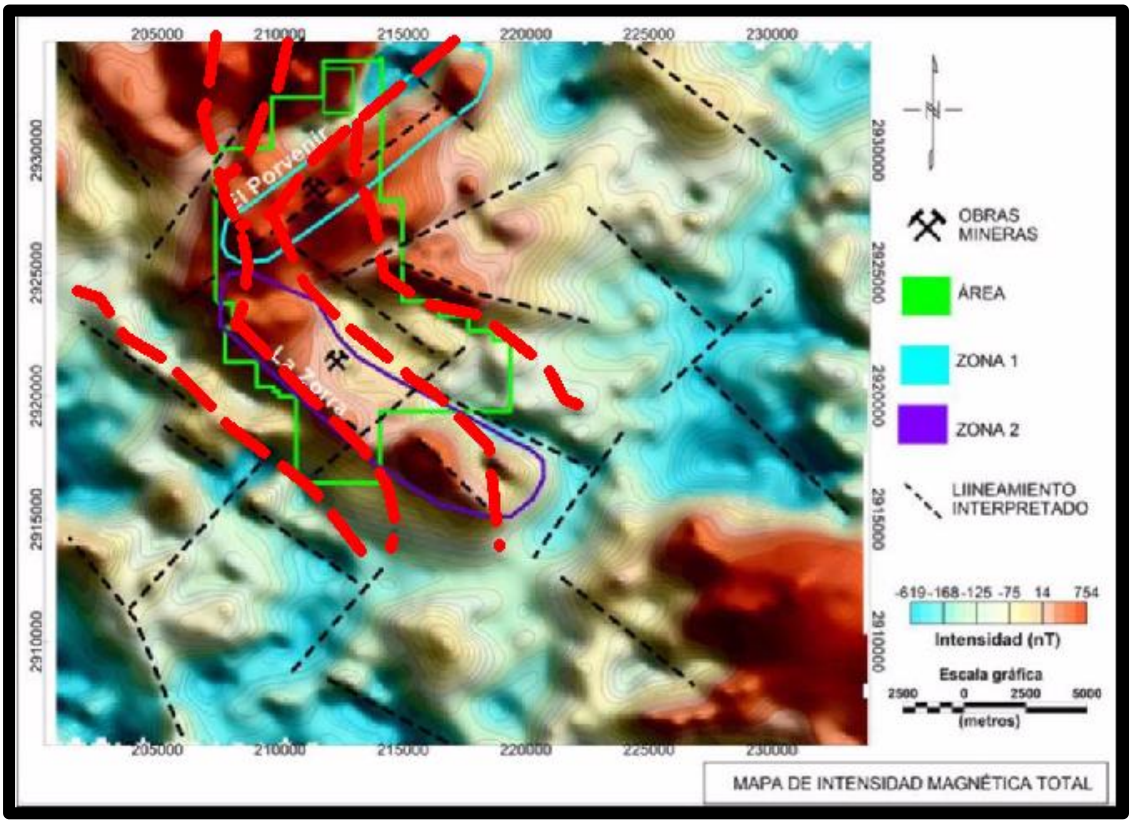


Figure 31. Magnetic Map and Structural Boundaries.

7.2 Mineralization

Historic mines are shown on Figure 32. They align generally in a northerly trend which cross cuts the obvious NW-SE geologic patterns but broadly follows the N-S extensional structures and the alteration trend. The northern cluster from Reyes to Porvenir North are gold-dominant while the southern cluster from Moro to Hacienda are more silver-base metal rich.

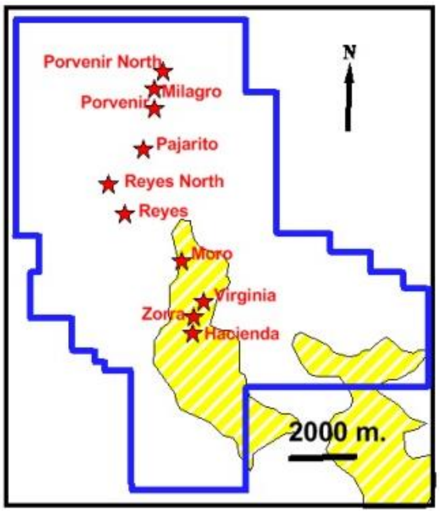


Figure 32. Map of Mines.

7.3 XRD and SEM Analyses

Twenty five dumps and tailings samples were taken from the five mines shown on Figure 33. Sometimes the raw samples provided new information, such as pegmatite quartz (Figure 34) from the La Zorra mine. A pegmatite component had not been identified before.

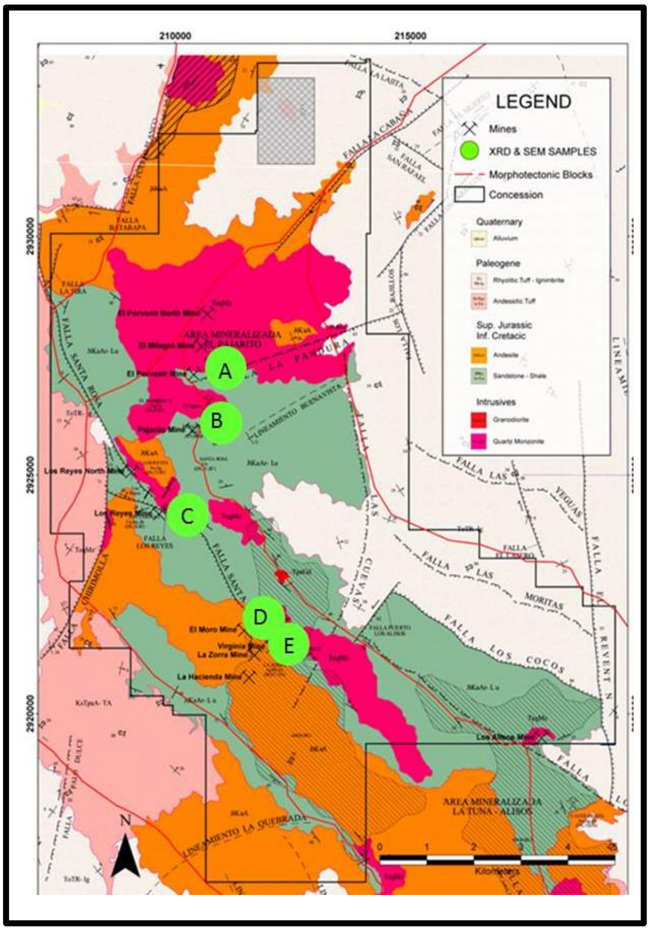


Figure 33. Mines Sampled.

The samples were pulverized into a powder and homogenized for x-ray diffraction (XRD) and Scanning Electronic Microscope (SEM) analyses.

In XRD analyses, an x-ray beam is pointed at a sample. When the beam enters a mineral crystal, it is scattered into a characteristic diffraction pattern. The diffractogram patterns can be interpreted to identify fine minerals that are difficult to identify under a microscope.

Nine samples were pulverized into a powder and homogenized for x-ray diffraction analyses (XRD). Mineral identifications are listed in Table 3.

Figure 34. La Zorra Mine Pegmatite Quartz.

Sample ID	Mine	Mineral	Mineral 2	Mineral 3	Mineral 4	Mineral 5	Mineral 6	Mineral 7	Mineral 8	Environment
EPN0719	Porvenir	Quartz	Hematite	Grossularite[1]	Feroxyhite[2]					High temperature, reducing environment
EPS0719	Pajarito	Pyrite	Chalcopyrite	Hematite	Quartz					
EPS0719 magnetic	Pajarito	Magnetite	Cassiterite	Quartz	Tin oxide	Hematite				High temperature, oxidizing
Pajarito clay	Pajarito	Quartz	Anorthoclase	Kaolin	Montmorillanite					Clays can be weathering or shallow hydrothermal, one paper on hydrothermal fluids converting montmorilonite to feldspar (anorthoclase?}
Placeres[3]	NA	Hematite	Goetite	Rubicline	Magnetite	Quartz	Ilmenite			Rubicline found in rare earth pegmatites
O3	Los Reyes	Pyrite	Quartz	Hematite						Pyrite shows reducing environment
LRS079	Los Reyes	Pyrite	Hematite	Quartz						
O3	El Moro	Quartz	Goetite	Hematite	Pyrophyllite[4]	Dravite[5]	Fullopite[6]	Hydroxyl apatite[7]	Galena	Mix of sulfides and primary oxides with pegmatite component
O1	La Zorra	Schorl[8]	Pyrite	Quartz	Wurtzite[9]					Pegmatite component with hydrothermal veins
Grossularite[1 -]		A garnet found in skarns								
Feroxyhite[2]		A weathering mineral								
Placeres[3]		Placer gold area north part of claims								
Pyrophyllite[4]		Aluminum silicate hydrothermal alteration mineral								
Dravite[5]		Magnesium tourmalene								
Fullopite[6]		Antimony lead sulfide in veins								
Hydroxyl apatite[7]		Late stage granite pegmatite								
Schorl[8]		Tourmalene								
Wurtzite[9]		Zinc irom sulfide in veins.								

Table 3. XRD Mineral Identification.

With scanning electron microscopy (SEM), the objective was characterizing metal ores. This method provides far greater resolution than optical microscopy and can provide information on elemental contents. Modes of operation such as Backscattered Electron (BSE) imaging and Energy Dispersive X-ray Spectroscopy (EDX) can provide insights into an ore's geochemical composition, its mineralogy and textural relationships between mineral phases such as intergrowths and grain-size.

Seven scans of Porvenir samples identified silica, iron, oxygen, carbon, aluminum, iron, gold, silver, barium, indium, phosphorus and magnesium. Seven scans of the Pajarito sample showed carbon, oxygen, silica, aluminum, iron, calcium, titanium, calcium, chlorine, copper, cobalt, gold, silver, tin and lanthanum. The Placeres five scans found oxygen, silicon, aluminum, iron, calcium, sodium, potassium, carbon, magnesium, titanium, rubidium, manganese, vanadium, bromine, sulfur, vanadium, indium, gold and silver. The gold is with indium, kaolin and organic matter. The five Los Reyes scans identified carbon, oxygen, aluminum, iron, silica, sulfur, gold, silver, zinc, chlorine, indium, lanthanum, rhenium and indium. The lanthanum, indium and rhenium occur with clays and organic matter. El Moro scans show carbon, oxygen, aluminum, iron, silica, sulfur, sodium, chlorine, silver, lead, arsenic and phosphorus. Three scans from La Zorra listed carbon, oxygen, iron, silicon, aluminum, calcium, magnesium, sodium, iron, sulfur, gold, silver, lead, zinc and arsenic.

Most of the elements are reasonably explained. The most common elements on earth are oxygen, silicon, aluminum, iron, calcium, sodium, potassium and magnesium and are everywhere. Expected elements in quartz veins with sulfides would be silica, iron, copper, gold, silver, lead, zinc, barium, manganese and sulfur. Arsenic indicates a category of mineralization. Indium, rubidium, chlorine, lanthanum, vanadium, bromine, chlorine, rhenium and phosphorus do not fit so easily into common groups.

7.4 Structural Analysis

A plot of the structural blocks identified in 2019 and mines (Figure 35) and gold/bismuth geochemical values (Figure 36) suggests mineralization might have some control along the NW boundary of the two central blocks.

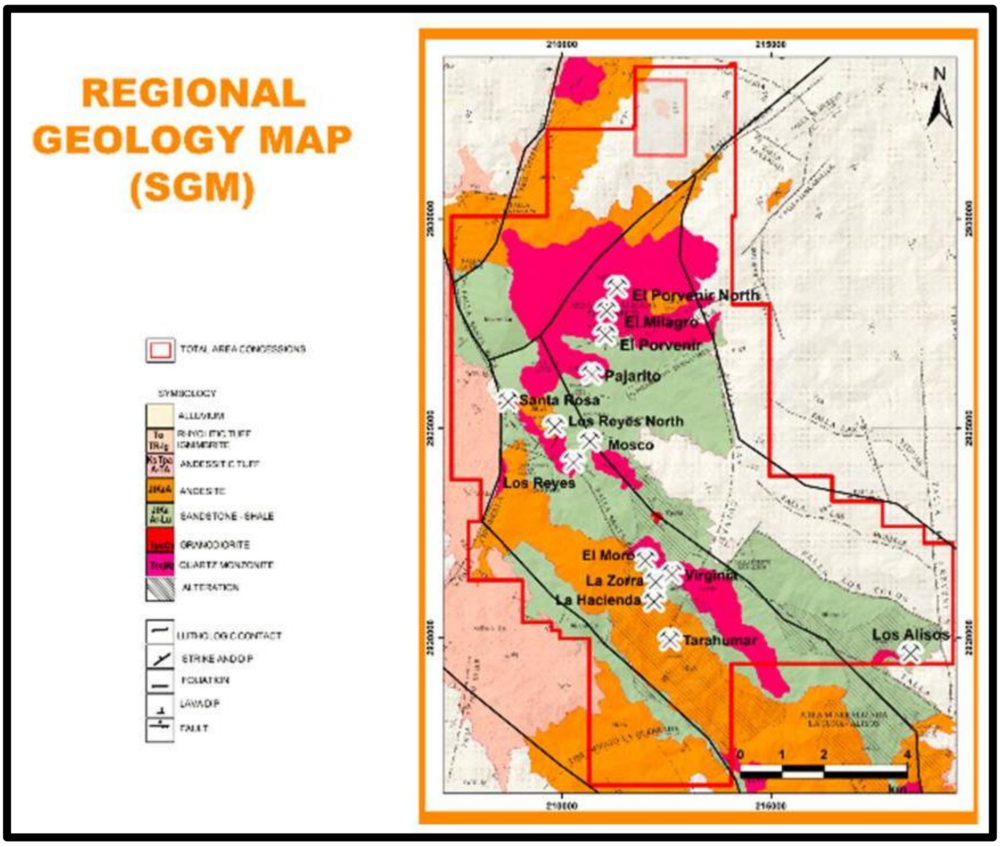


Figure 35. Structural Blocks and Mines.

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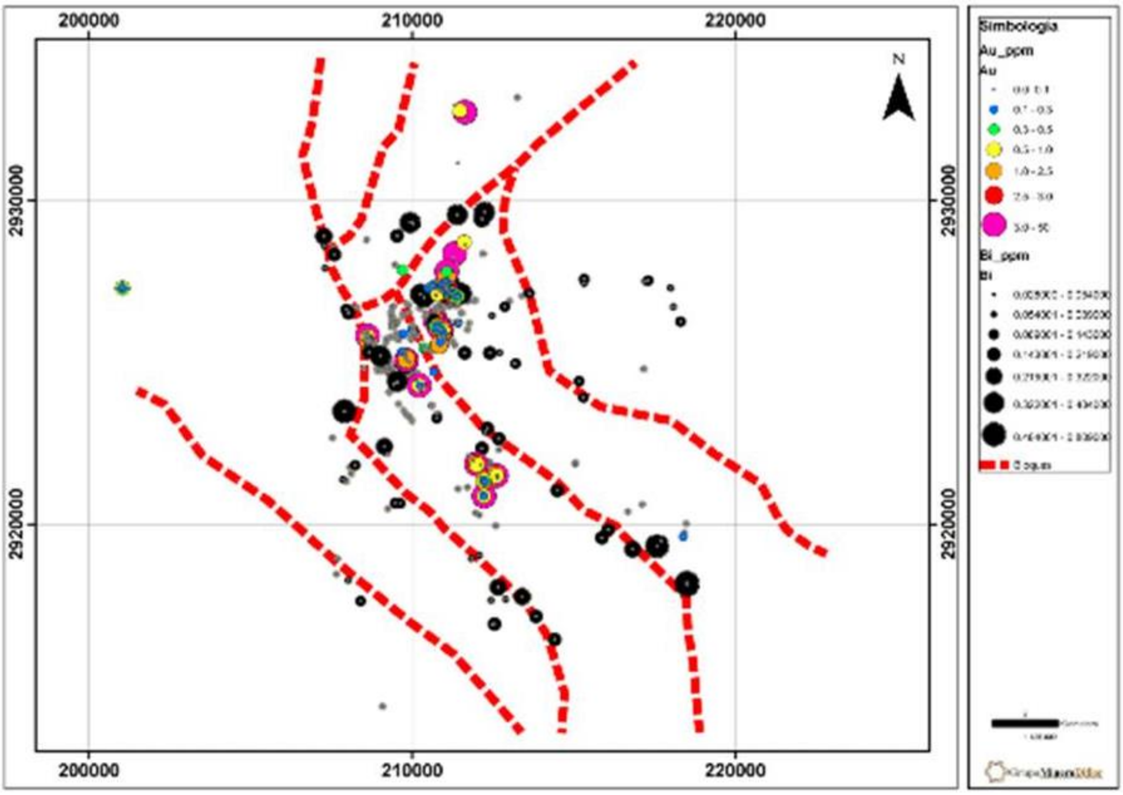


Figure 36. Structural Blocks with Geochemical Gold and Bismuth.

8.0 DEPOSIT TYPES

The Pajarito Project covers a very large mineral system (Figure 37) with widespread porphyry style potassic and propyllitic alteration and multiple examples of epithermal mineralization. Intrusive-hosted Au mineralization dominates in the north, with silica+hematite veins and stockworks spatially related to late north to northwesterly trending diorite dikes. The northern intrusive-hosted Au mineralization is associated broadly with Bi, W and Mo enrichment and potassic/silica/hematite alteration, as compared to the southern MVZ area. High sulfidation styles of alteration and mineralization occur also in the northwestern area. The MVZ area is different in nature, with acanthite and rhodocrosite and enrichment in Ag, Pb, Zn, As, Bi, Cd, Hg, Mn and Sb, as compared to the northwestern area. While not the focus as in the north, there also can be significant gold. This is common in places like Colorado.

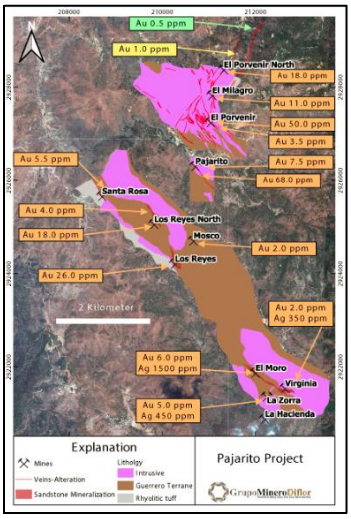


Figure 37. Summary Geology and Mineralization.

Samples from the Porvenir area were used for a 2018 petrographic study. The rocks are intermediate intrusives (diorites, quartz diorites, quartz monzonites, granodiorites and dacites) and sediments - both platform sediments and sediments derived from volcanic protoliths and intermediate volcanics. Alteration types from the multi-phase mineral system are potassic, silicification, sericitization, chloritization (propyllitic including epidote) and a high sulfidation phase with subsequent supergene oxidation. Quartz veins show several different textures such as colliform and crustiform. The diorite intrusive is the primary host for gold. Dacites, monzonites and granodiorites are secondary. Gold is not associated with the rhyolites. Primary hematite is associated with gold in fractures with incipient hydrothermal brecciation. Hydrothermal breccias have the best gold grades. Limonite would be a good field guide. Gold was not seen using optical or electronic microscopes or when mapping crystal surfaces. It probably is finely distributed in sulfide grains which can be either disseminated, with quartz veins or replacing ferromagnesian minerals.

9.0 EXPLORATION

9.1 Porvenir North

The Porvenir Vein was a focus of work reported in the last Technical Report.

The historic mine adit was mapped and sampled. The vein follows an undulating structural plane with a breccia developed for 20-25 meters along a warp. The adit is like a horizontal drill hole following exactly along a vein. The data is a bit biased because crosscutting workings away from the vein were not sampled. Sampling totals 83.6 m and averaged 2.50 ppm gold. Samples from the 20-25 meter length of the breccia gave:

1.2 m @ 7.93 ppm Au
1.5 m @ 5.66 ppm Au
2.2 m @ 8.59 ppm Au
0.9 m @ 8.87 ppm Au

The underground samples without the higher grade breccia analyses averaged 1.59 ppm Au.

Ten trenches were hand dug across the outcrop of the vein Figure 38).

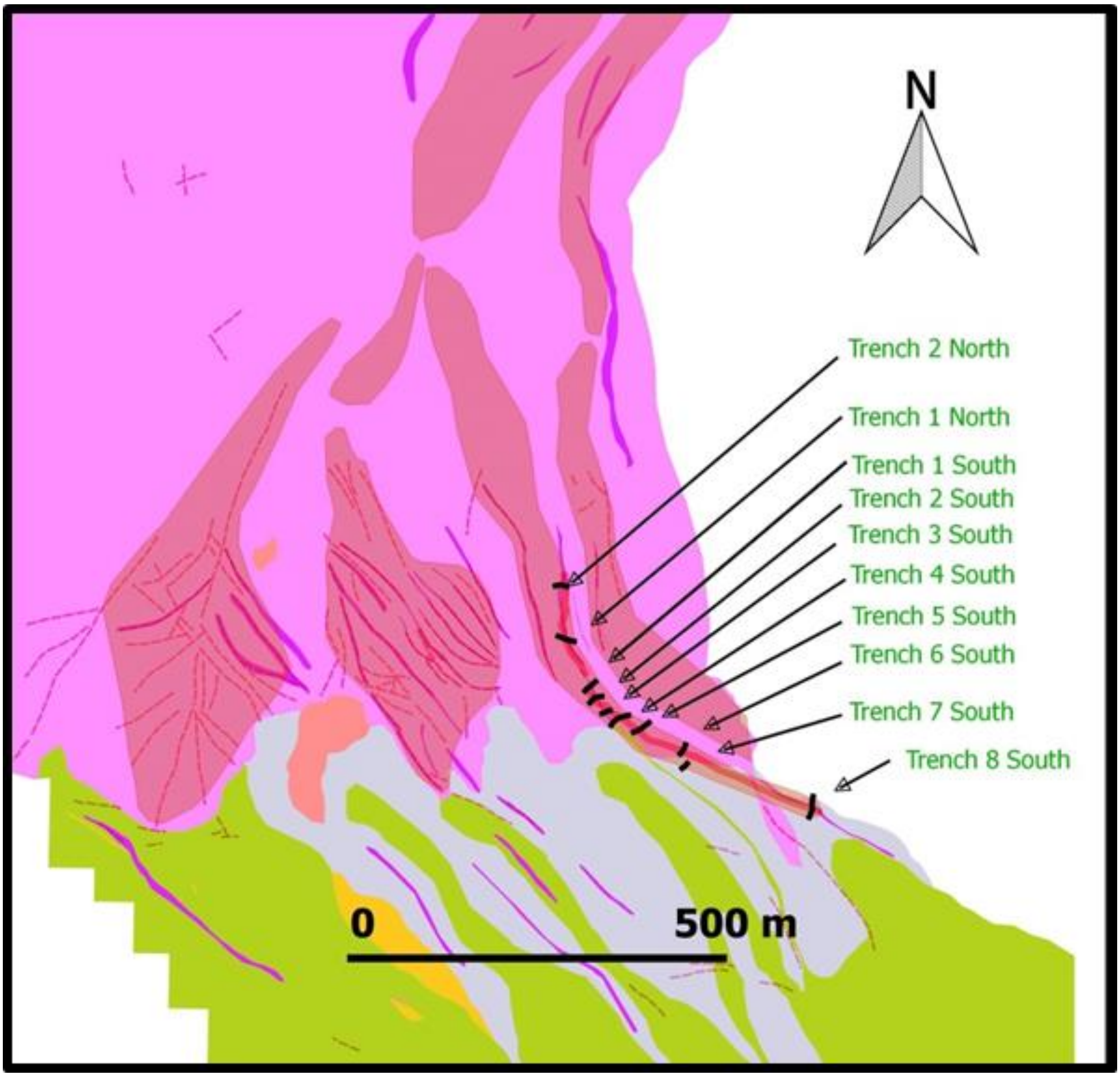


Figure 38. Trenches.

The trenching shows high angle shears 0.5 to 3.8 m thick hosting 1.2 – 5.24 ppm gold in wall rock which itself has insignificant gold. The pattern is in reasonable alignment with the underground results.

Mapping further north show the mineralization continues at least two kilometers north-northeast (Figure 39).

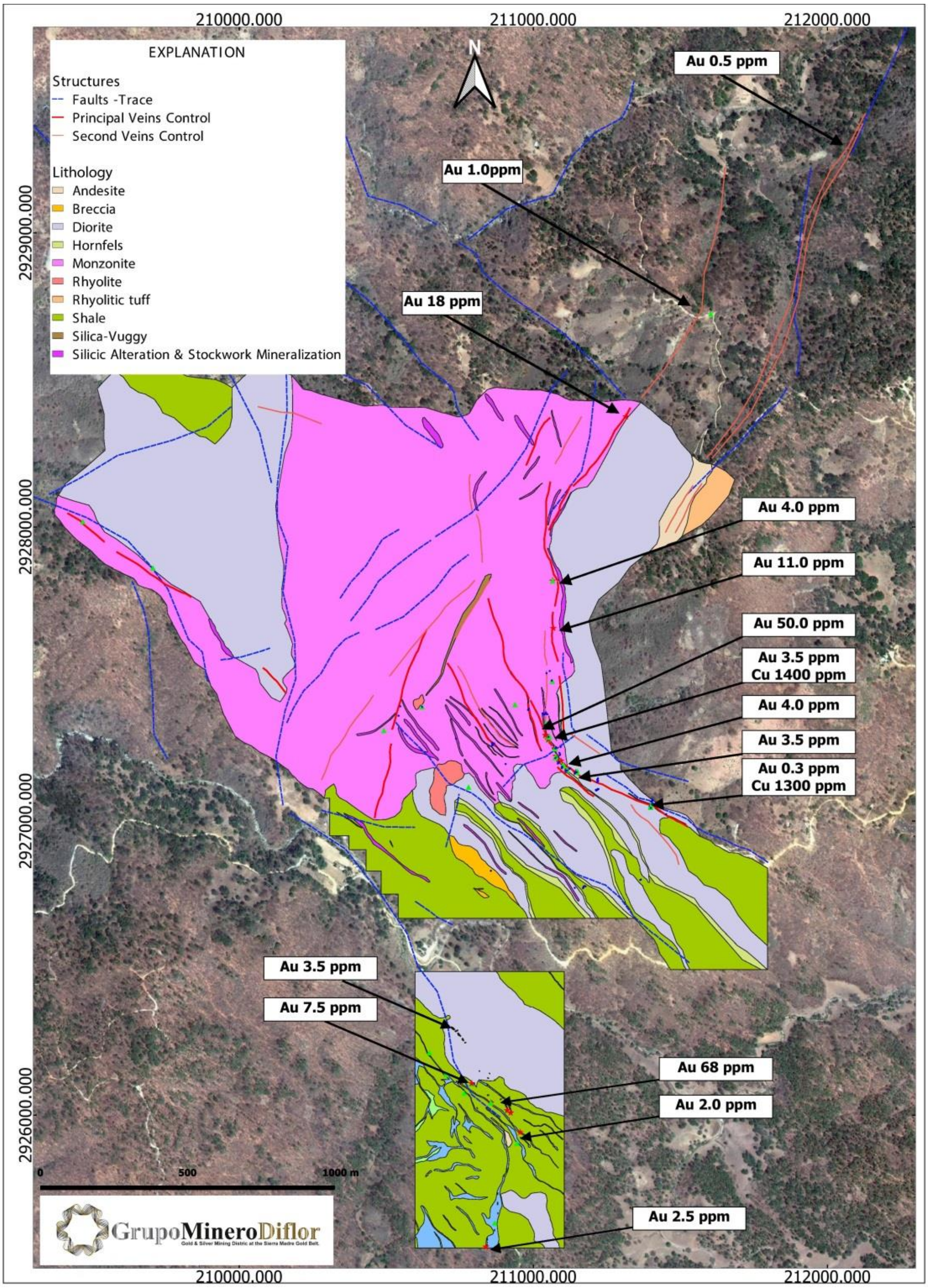


Figure 39. Mineral Trend.

9.2 Pajarito

The Pajarito mine is a small scale historical mine which produced from a narrow

shear-vein (Figure 40). Two holes were drilled in 2016 to test the vein. The best intersection was 1.3 m. @ 1.85 ppm Au. Additional mapping and sampling in 2019 showed previously unsuspected gold mineralization in sandstone beds (Figure 41). Visual cues to mineralization were silicification and iron oxides. The sandstone target has never been explored.

Figure 40. Pajarito Mine.

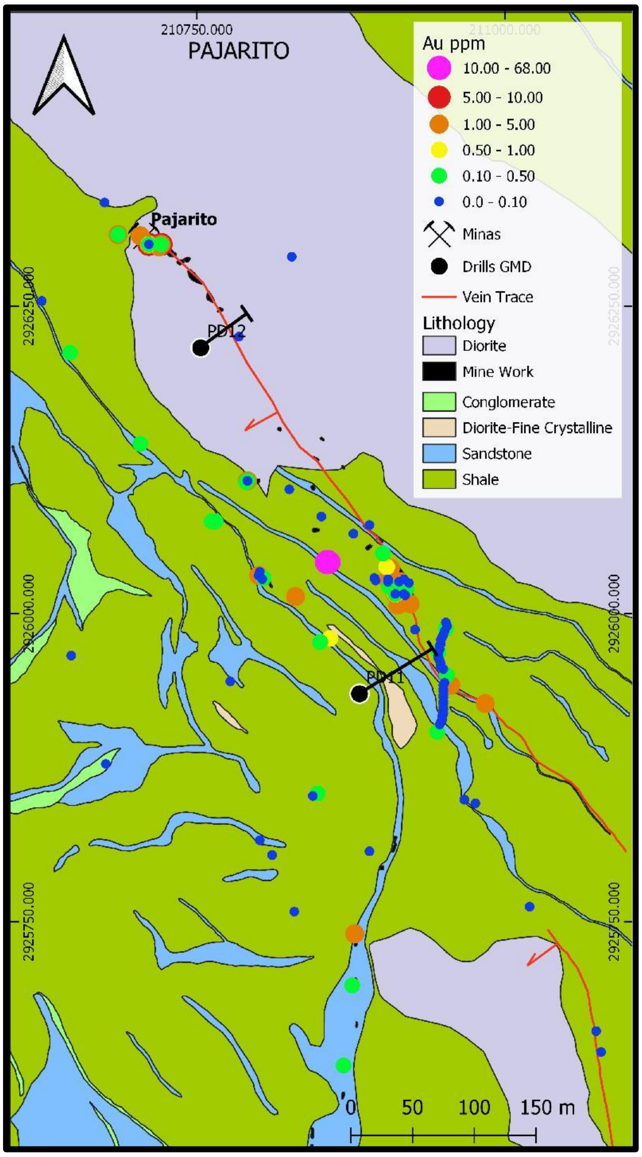


Figure 41. Pajarito Gold Analyses.

9.3 Reconnaissance Float Gold Mineralization

A sample of gossan collected during a field check of mapping for the first technical report (Figure 42) assayed 15 ppm gold. The original mapping showed no alteration or mineralization. White sericite-calcite fracture fillings, now recognized as a visual cue to mineralization, were noted in the area of the float sample. The sample was taken north of the Reyes and south of the Pajarito mine.

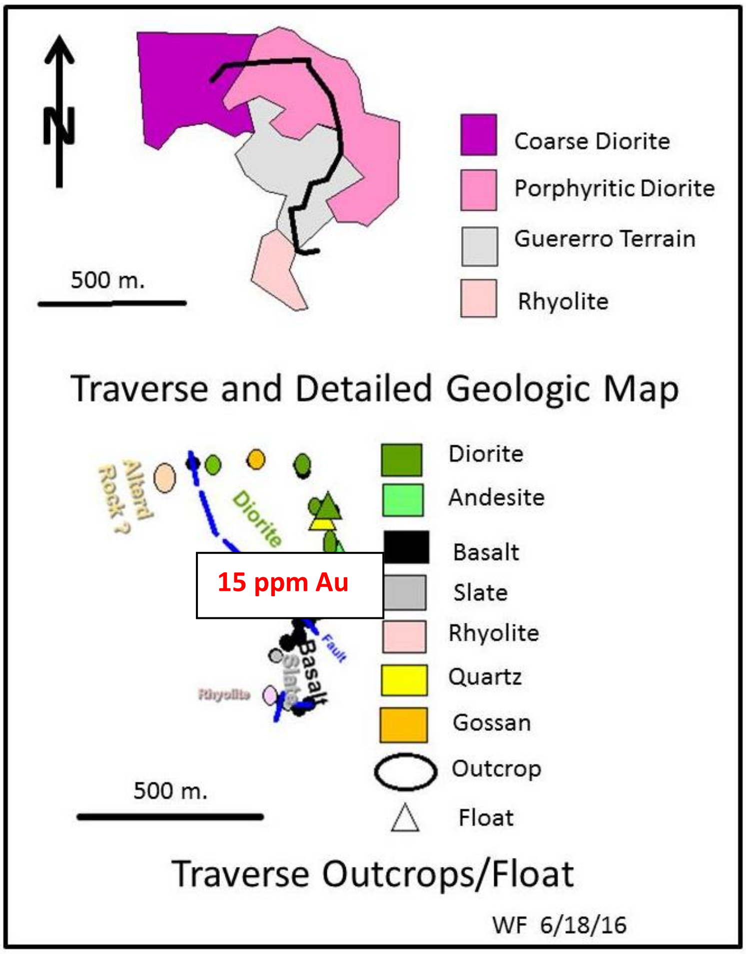


Figure 42. Gold Mineralized Float Sample.

9.4 LOS REYES MINE

The Los Reyes mine has a steeply inclined shaft that cannot be accessed without equipment. The workings were accessed in 2019 and show a high gold grade quartz vein (Figures 43 and 44).

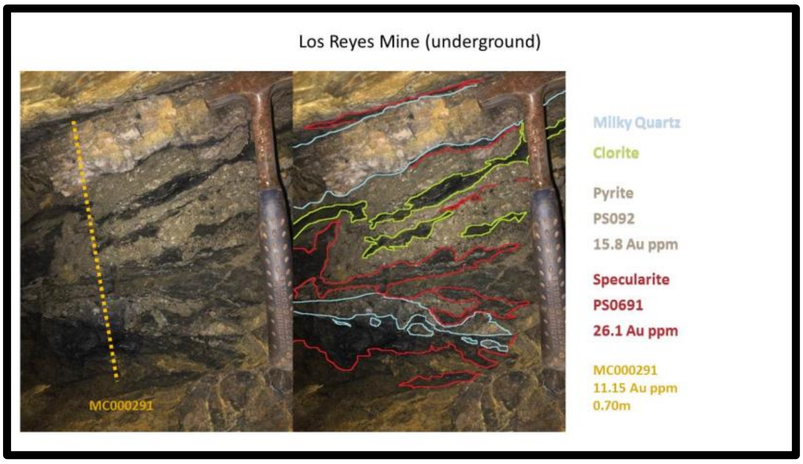


Figure 43. Los Reyes Mine Face.

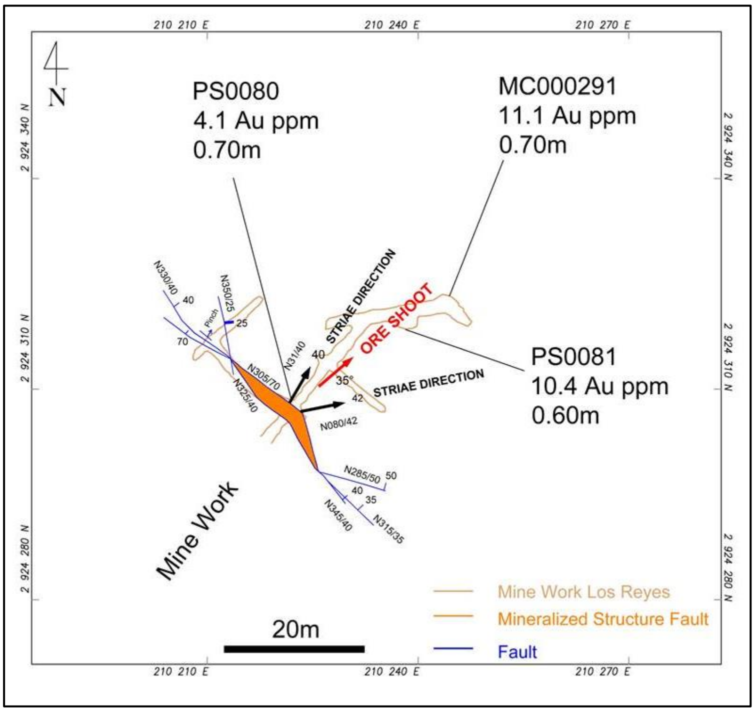


Figure 44. Los Reyes Mine Level Map.

A measured section of the Reyes hillside shows how much additional potential is added when sandstones and breccias are considered as potential hosts of more subtle mineralization (Figure 45).

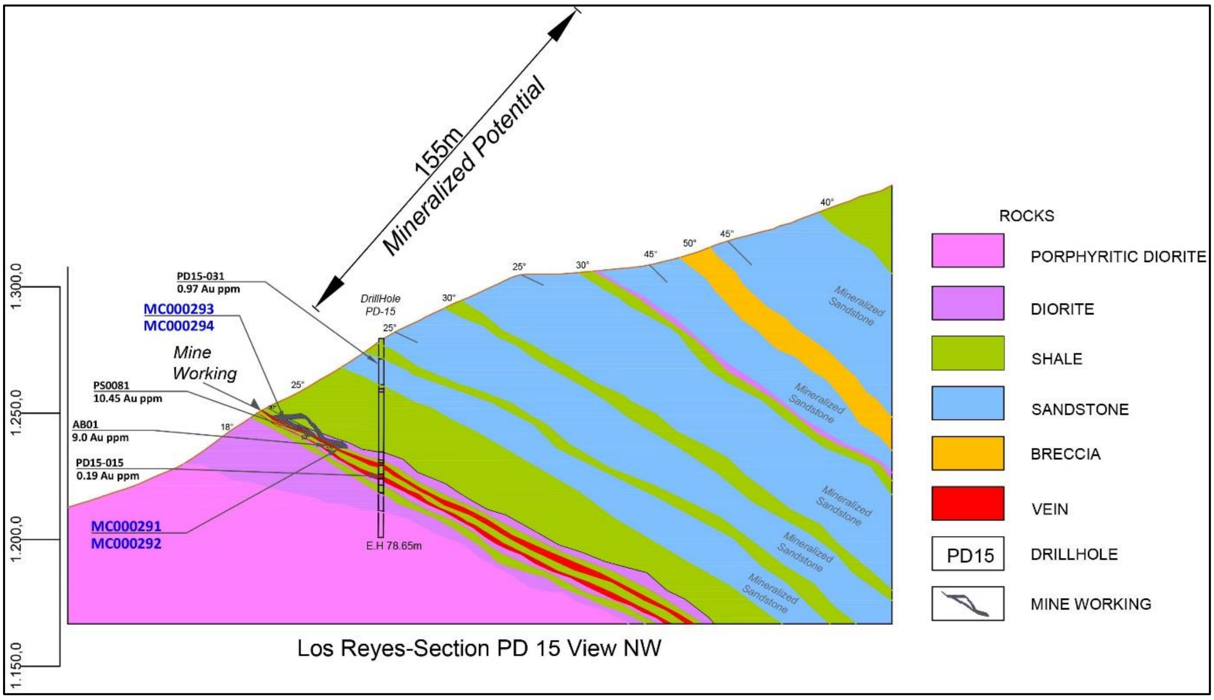


Figure 45. Los Reyes Mine Geological Section.

9.5 Santa Rosa

The structurally controlled Santa Rosa breccia (Figure 46) is about 350m long and mainly oriented NNW changing to NE at one end. It is generally medium gray, tan to reddish brown color, and consists of 40 to 80 % subangular clasts of quartz veins, sediments and minor diorite with weak to strong silicification. The matrix is weakly silicified rock flour with specularite and hematite. There is little to no clast rotation. This structure is cross-cut by a road exposing a breccia with significant alunite / kaolin alteration (Figure 47).

Figure 46. Santa Rosa Breccia.

Weak to moderate propyllitic alteration and incipient silicification occurs subparallel to the southern contact with a discontinuous weak to locally strongly silicified halo cut by quartz-specularite stringers at contact with sediments. Four (4) samples have been collected during preliminary reconnaissance of this target with Au results up to 5 ppm.

Figure 47. Road Cut.

9.6 MVZ Area (El Moro, La Virginia and La Zorra Mines)

The three MVZ mines are located in a tightly folded 500 m X 1000 m triangular wedge of sandstones and shales (Figure 48).

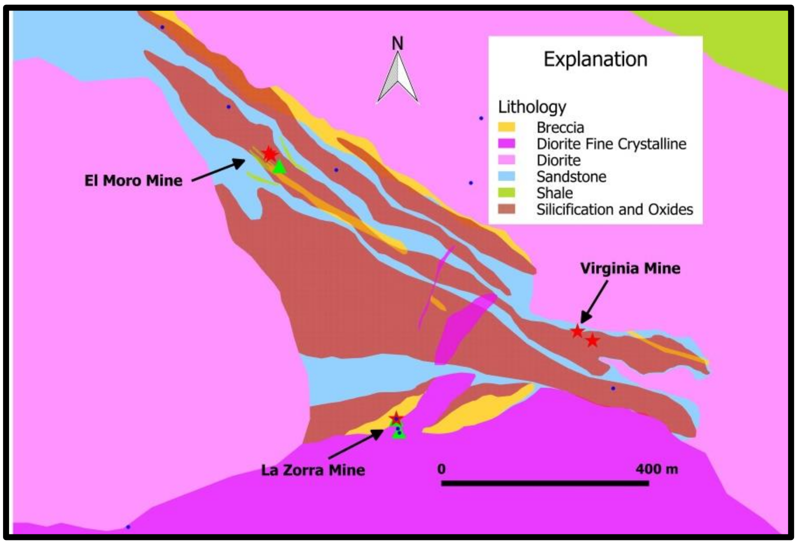


Figure 48. Geology of the MVZ Area.

Additionally, nearby there are two gold prospects, La Hacienda and Tarahumar, which have only had a recon first pass examination.

A drone photo best shows most clearly that all are part of one mineral system (Figure 49) where there is mineralization wherever there is porosity and permeability, whether from structures, sandstones or a hydrothermal breccia.

Figure 49. Drone Photo of Mineral System.

A slight 'bump' in the total magnetic field directly under the La Zorra mine could show the causative intrusive for the mineralization (Figure 50).

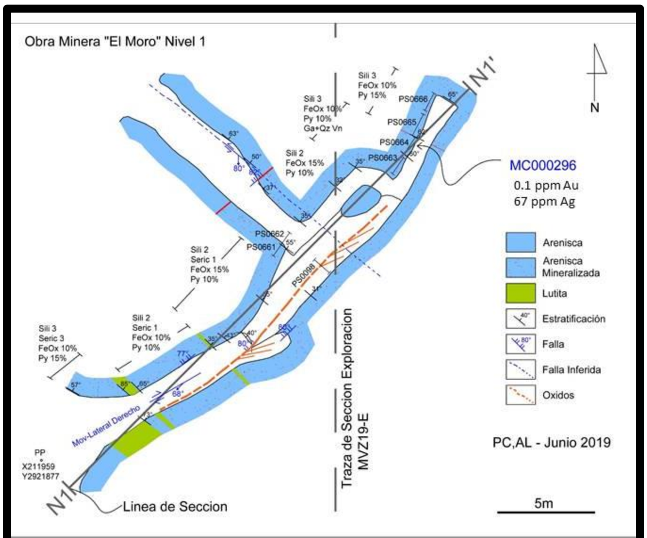
Figure 50. La Zorra Mine Magnetic Feature.

Four short adits at the El Moro mine penetrate a steep hillside and show splashy sulfide mineralization.(Figure 51). Initial sampling results were encouraging:

Level 1.	Au	0.64 ppm	Ag	160 ppm
Level 2.	Au	3.21 ppm	Ag	1552 ppm
Level 3.	Au	3.00 ppm	Ag	1200 ppm
Level 4.	Au	3.82 ppm	Ag	700 ppm

Figure 51. Sulfide Mineralization in Adit.

Detailed mapping in 2019 showed structurally controlled mineralization bleeding out into the sandstones (Figure 52).



ID	Au ppm	Ag ppm	Pb ppm	Litologia
PS0661	0.436	111	13800	Arenisca
PS0662	0.506	81.3	9430	Arenisca
PS0663	0.192	139	22100	Arenisca
PS0664	0.132	101	11300	Arenisca
PS0665	0.025	21	5110	Arenisca
PS0666	0.095	35.9	4120	Arenisca
PS0098	3.82	301	9890	Veta

Figure 52. El Moro Mine Level Map.

A La Virginia mine visit in 1979 is documented in a technical archive (Flores, Benjamin et al, undated). They reported the mineral zone is 20 m. wide and trends E-W and dips 75^{o} S. They found argentite, native silver, pyargyrite, galena, chalcopyrite and pyrite and noted silicification, epidote and clay alteration. They took nine samples of which five were mineralized:

Width	0.7 – 1.0 m.
Au	1.5 – 10 ppm
Ag	344 – 6,080 ppm
Pb	1.3 – 6.5 %

The mine has caved and there only is dump material and some exposures on the caved faces. Figure 53 shows a panorama with north workings in photos 1 and 2 and south workings in photos 3 and 4. A Diflor dump sample of a rhodocrosite vein assayed 1.14 ppm Au and 547 ppm Ag.

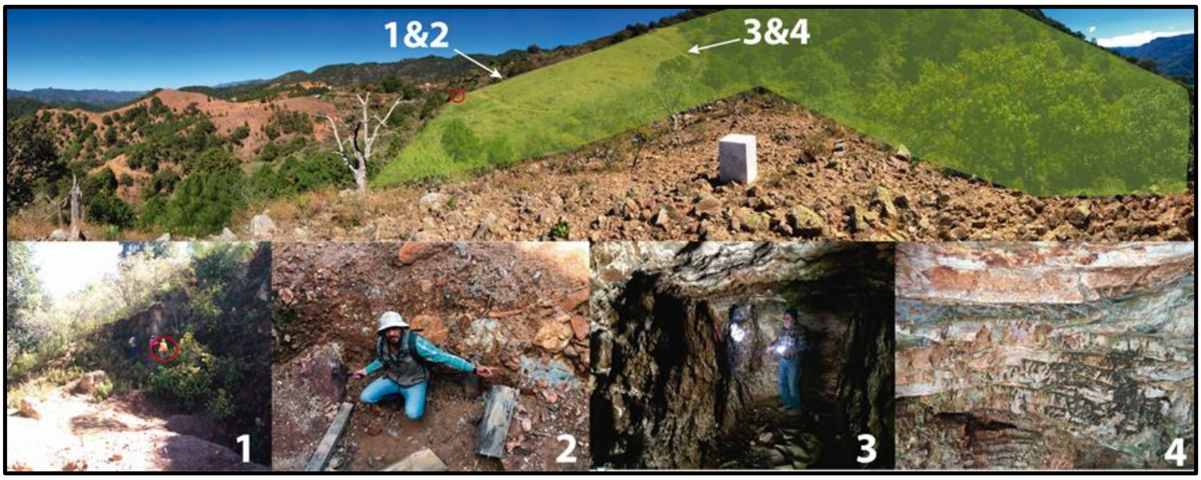


Figure 53. La Virginia Mine.

La Zorra is an impressive mine to visit. Historical information is sketchy, but it was worked 1985 to 1990 by a partnership. The material was trucked direct to mills at Choix and Parral.

Diflor de-watered the workings to map and sample the mine (Figure 54). Production came from breccia hosted mineralization. Ten samples averaged 174 ppm silver (49 to 451 ppm), gold from nil to 1.57 ppm, lead from nil to 12,850 ppm and zinc from nil to 26,100 ppm. Sampling old workings like this can be underestimating because what is left is not what was produced. The mine does not have large dumps, so much of the production must have been direct shipping ore, as the history relates.

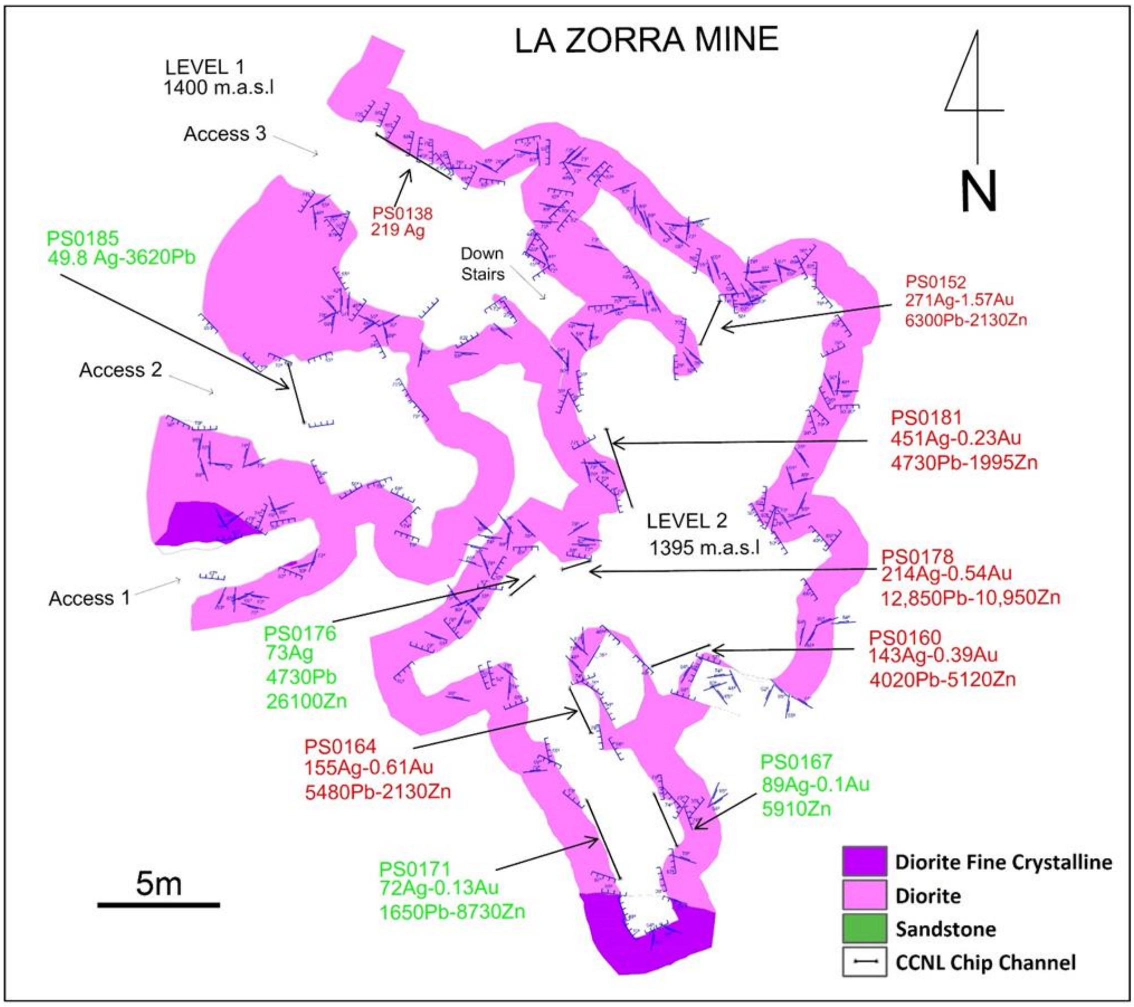


Figure 54. La Zorra Geology and Sample Map.

10. DRILLING

There was no drilling during the reporting period.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

Five samples were collected during the field check. Samples were stored in the author's space at the ranch bunkhouse before taking to Los Mochis for shipment to ALS Laboratories branch office in Chihuahua at: Av. de las Industrias 6500, Nombre de Dios, 31156 Chihuahua, Chihuahua. It operates under the Canadian ISO certifications.

The samples were weighed (WEI) and pulverized split using a ring mill pulverizer to 250 g with 85% <75 microns (PUL-31). Trace gold and multi-elements were by agua regia solution and analyses by ICP with a mass spectrometer (ICP-MS). Gold over analyses was by simple ICP.

12. DATA VERIFICATION

Five samples (WF – 1 thru – 5) were taken during the field verification (Table 4 and Figures 55 and 56).

SAMPLE	WGS 84 Zone 13		Au	Ag	Bi	W
DESCRIPTION	East	North	ppm	ppm	ppm	ppm
WF-1	211000	2928244	0.0203	0.245	3.21	0.062
WF-2	211090	2928177	0.019	1.495	4.72	0.018
WF-3	211113	2928109	2.34	0.589	1.72	12.55
WF-4	211379	2928260	0.0113	0.07	0.483	0.022
WF-5	211512	2928032	0.0013	0.388	0.485	0.02

Table 4. Sample Data and Analyses.

In addition to showing the gold mineralization does continue to the north, the bismuth and silver values on other structures suggest that the system could be more complex and have more potential than one simple structural zone. The bismuth and tungsten anomalies support that the mineralization is a high level expression of a porphyry-like system at depth.

Also note in Figure 57 that the area is +90% covered by soil and vegetative material. Simple spot digging with a geology pick showed that cover is not thick and grid sampling with a shovel could be a very effective methodology.

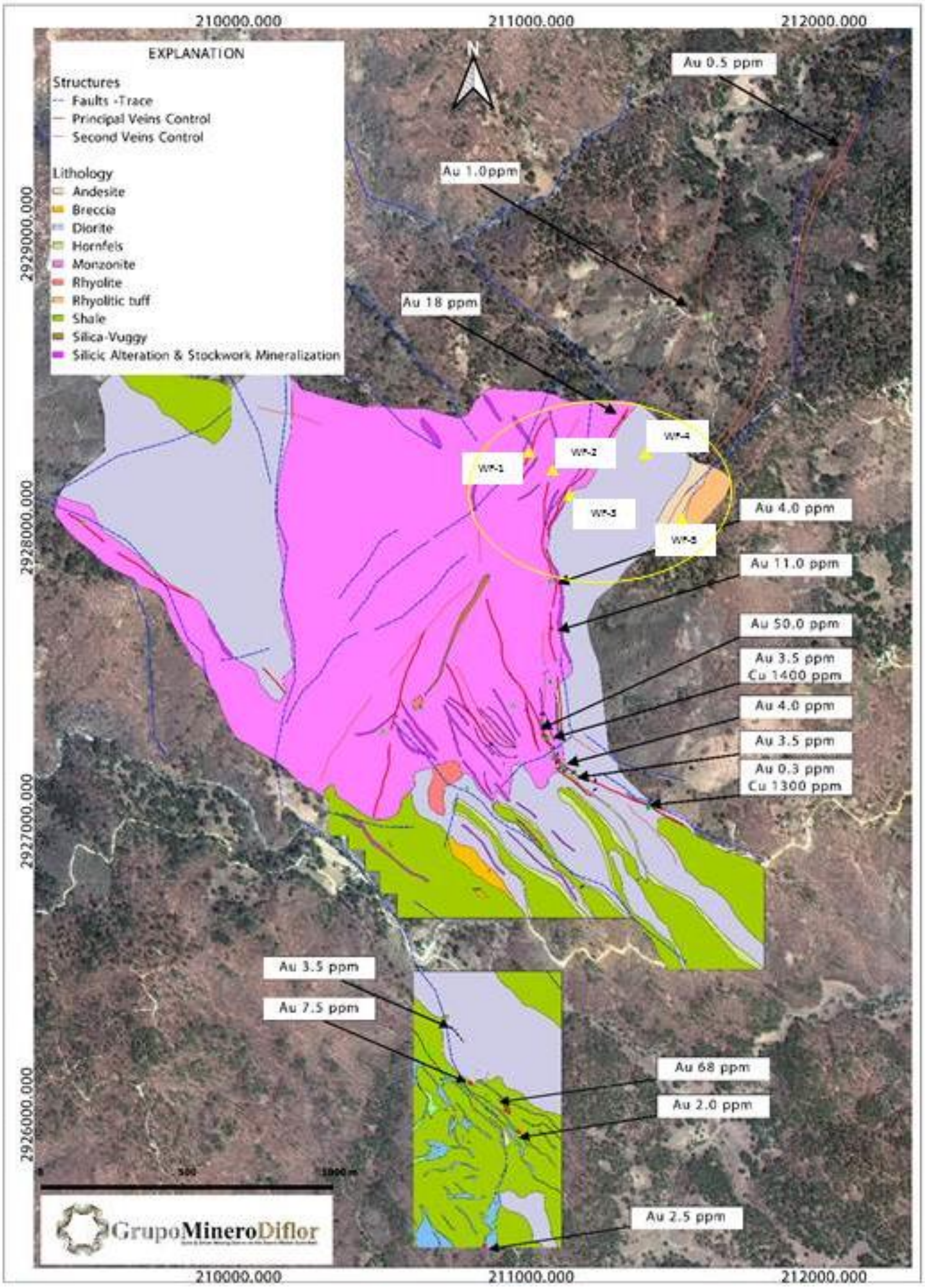


Figure 55. Check Samples Map.

Figure 56. Soil and Plant Cover.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

The following was reported in an earlier technical report and is repeated to compare with petrographic observations.

A 20 kilogram sample was collected from an adit at the Pajarito mine workings. The vein material was oxidized and cannot be considered representative on any mineralization at depth. The sample was sent to RDI in Denver, CO. Gravity separation and flotation were not effective, but the sample leached easily with 93.4% gold recovery. The sample is an initial check of gold in the district and gives some encouragement that gold from oxide ores can be recovered. More testing would need to be done for more than a very general conclusion.

The metallurgical testing was conducted by Resource Development Inc., in Denver, Colorado. Testing was completed with various processes to determine the maximum gold recovery. Gravity separation and flotation were not effective at recovering the gold, but the sample leached easily with a gold extraction of 93.4%.

The sample was stage crushed to 100% passing 6 mesh for the metallurgical test work. The material was thoroughly blended and representative samples were split out for testing. The calculated Au head grade was 1.217 ppm. A representative portion of the sample was split out and pulverized for head grade assaying. The sample was submitted for Au, Ag, Cu, forms of sulfur, and ICP analysis. The sample was tested utilizing gravity separation, rougher flotation, and cyanide leaching to determine the best process for gold recovery.

A gravity separation test was completed with a 1 kilogram charge stage ground to P80 100 mesh. The sample was initially processed utilizing a Knelson laboratory concentrator. The gravity concentrate recovered was then cleaned on a Gemeni table to produce a final gravity concentrate. All gravity products were submitted for gold assay. The Au recovery was poor, at 10.8%.

An initial rougher flotation test was completed with a 1 kilogram charge stage ground to P80 200 mesh. Reagents were selected to promote recovery of sulfides and free gold (PAX, and AP404). A total of three concentrates were collected to determine flotation kinetics. All flotation products were be submitted for gold assay. Gold recovery was 59.5%.

A cyanide bottle roll leach test was completed with a 1 kilogram charge stage ground to P80 100 mesh at 40% solids. Hydrated lime was added to increase the pH to 11.0 and sodium cyanide was added to a calculated level of 1 g/L. The slurry was agitated and checked periodically to maintain pH and cyanide levels. Kinetic solution samples were taken at 6, 24, and 48 hours for assay determination of gold. Once the test was complete, a representative sample of the leach residue was submitted for assay of Au. The material leached quickly, with over 90% gold extraction after 24 hours of leach time. The final Au recovery was good, at 93.4%. Lime consumption was high, at about 41kg/mt, due to the high acidic sulfate mineral concentrations.

14.0 MINERAL RESOURCE ESTIMATES

The project is early stage and no mineral resource estimate has been done.

15.0 MINERAL RESERVE ESTIMATES

The project is early stage and no mineral reserve estimate has been done.

16.0 MINING METHODS

Does not apply. Project is early stage.

17.0 RECOVERY METHODS

Does not apply. Project is early stage.

18.0 PROJECT INFRASTRUCTURE

Does not apply. Project is early stage.

19.0 MARKET STUDIES AND CONTRACTS

Does not apply. Project is early stage.

20.0 ENVIRONMENTAL STUDIES, PERMITTING AND COMMUNITY IMPACT

The only environmental permitting and studies done to date relates to the exploration drilling. At this early stage the impact to the community is minimal.

Exploration permitting requires only two federal permits. One called the Cambio Uso de Suelo or Change of Land Use. The second is one of two processes depending upon the area of disturbance: Manifiesto de Impacto Ambiental (MIA) or Informe Preventivo (IP). No federal permits can be issued without an agreement with the owner of the surface rights. The Company states that they have those agreements with the owners.

The Company states that the only applicable environmental permit relates to drilling and was granted in 2013 by the Secretariat of Environment and Natural Resources (SEMARNAT). The permit has since expired and was renewed with a new environmental permit, which was granted during November 2017 to support last drilling campaign.

The relationship with the community and ranches in the Project area are very good. People seem friendly with the Company and appreciate the work it has brought.

21.0 CAPITAL AND OPERATING COSTS

Does not apply. Project is early stage.

22.0 ECONOMIC ANALYSIS

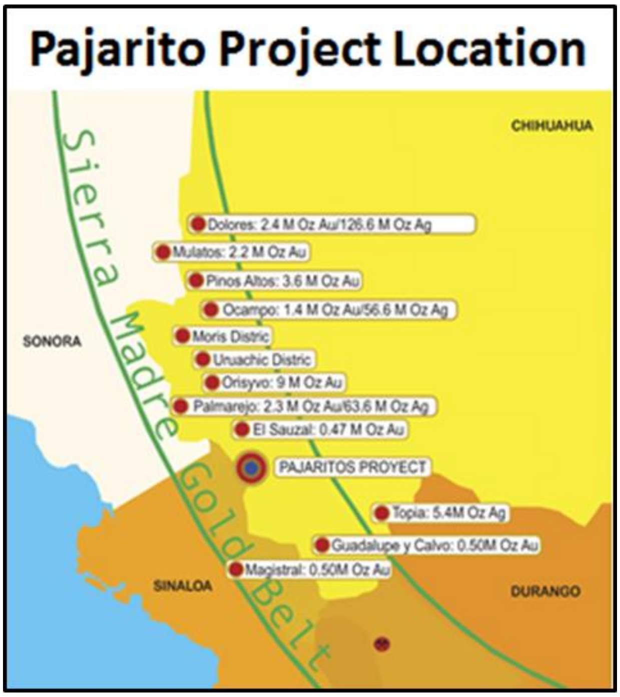
Does not apply. Project is early stage.

23.0 ADJACENT PROPERTIES

The Property is located in the Sierra Madre Gold Belt (Figure 57).

There are several +1 million gold ounce and +100 million silver ounce deposits within the trend.

Goldcorp's El Sauzal mine about sixty kilometers to the north produced by open pit about 1.75 million ounces of gold from 2004 to 2014. Grades during the last years were about 1.4 ppm gold. It is an epithermal deposit hosted in volcanics.



Dyna Resources / Gold Group's San Jose de Gracias mine is about 30 kilometers to the south. It has multiple veins hosted in lower volcanics. A 2012 Technical Report credited it with indicated and inferred resources of 2.5 million ounces of gold.

The Author has not been able to confirm the above information and it is not indicative of mineralization on the Property which is the subject of this report.

Figure 57. Adjacent Properties.

24.0 OTHER RELEVENT DATA AND INFORMATION

There is no other relevant data or information known to the author.

25.0 INTERPRETATION AND CONCLUSIONS

It is best to interpret the results from the 2019 work in the context of geologic patterns seen and understood elsewhere in the world.

For mineral systems, Pirajno's model (2009) is easily understood. A hydrothermal system begins with multiple intrusions of magmas, resulting in a least some rocks with a porphyritic texture. Therefore the name porphyries. The mineralization is formed from high temperature magmatic / hydrothermal fluids. The mineralized body is characterized by an extremely large volume of rocks altered into distinctive envelopes and each envelope with its distinctive sets of minerals. The outer propyllitic alteration (chlorite, epidote, etc.) can extend for kilometers from the deposit. Veins, veinlets and disseminations of sulfide minerals of iron, copper, molybdenum, zinc and lead with native gold and anomalous tungsten, bismuth and tin form the economic core.

To transport all the metals, fluid flow is needed. Fluid flowing laterally from the porphyry-proper can form skarn deposits and flowing vertically can form vein deposits. The fluids flowing vertically can vent at the old paleo surface as hot springs with extensive high sulfidation alteration (clays). Epithermal systems are low to moderate temperatures (50 – 350^{o} C) and lower pressure, generally within 1.5 km. of the surface vs. +2 km. than the porphyry mineralization. Epithermal veins are characterized by various textures of silica from aphanitic silica to silica replacing calcite to different crystal habits, calcite and hydrothermal breccias. Common elements include gold, silver, arsenic, antimony, mercury, tellurium, lead, zinc and copper.

Figure 58 shows a simplified version of the spatial relationships.

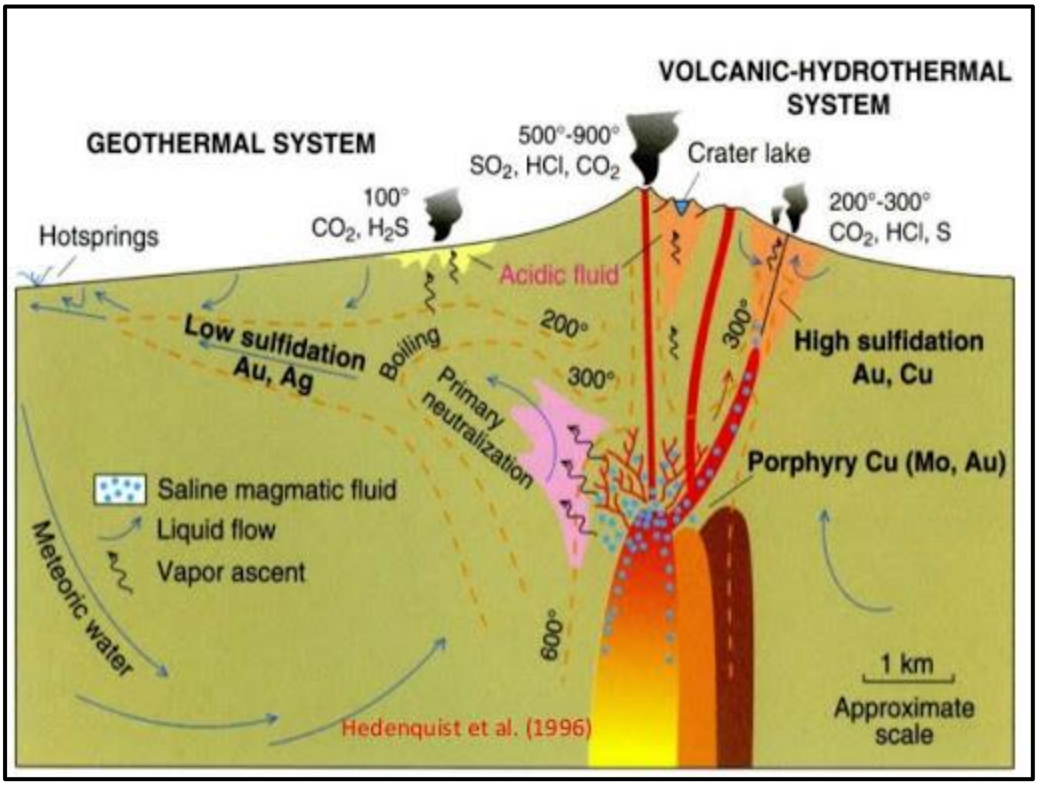


Figure 58. Large Scale Mineral System.

Probably because the regional scale structural patterns which prepare the ground for a porphyry system can remain a focus of weakness and can be exploited by a later epithermal mineralizing system which has nothing to do with the porphyry except location. It is not that unusual to find a porphyry deposit and an genetically unrelated epithermal deposit together. Age dating and careful geochemical characterization can usually separate the two.

The second component to Pajarito could be a granitic melt differentiating into pegmatites. A molten magma moves inside the earth from high stress to low stress. Most commonly that would be upward in where there is less pressure of overlying rock and generally to lower temperatures. Lower temperatures cause crystals to begin forming. The entire melt does not crystallize at once, but in a well-defined chemical order of iron and magnesium silicate minerals such as olivine, pyroxene and amphiboles and calcium feldspars first. The separation of those crystals changes the chemistry of the remaining magma. Repeat the process with crystallization of more calcium and potassium and sodium feldspars with quartz and continue until what is left last is silica and vapors with all the “incompatible” elements which because of their atomic size and charge do not fit well into common rock minerals. The last fluids and vapors with the incompatible elements tend to accumulate at the top of the intrusive body or move out along faults into the surrounding rocks (Figure 59). They form pegmatites. Pegmatites are known to occupy the same structures as epithermal mineralization. A pathway for one can be the pathway for the other.

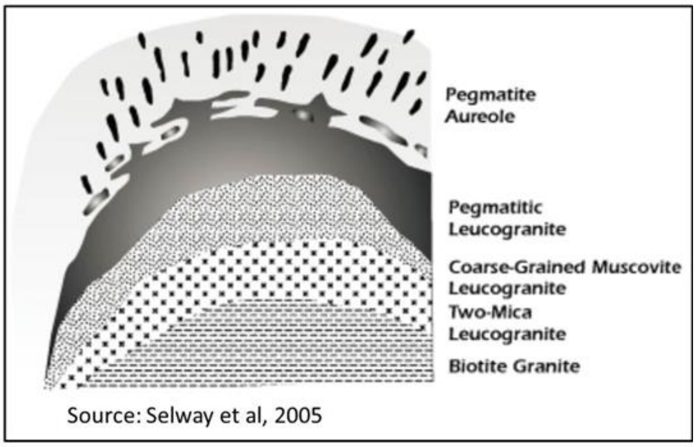


Figure 59. Pegmatites.

Pegmatites occur at the Cananea open pit and especially at the nearby Maria porphyry prospect and closer at the Santo Tomás minig district in Choix, Sinaloa. They occupy the same structures as epithermal veins at Chloride north of the Mineral Park porphyry mine. They usually are small features and are easily mapped if of any significant size.

Pegmatites are enriched with and sometimes can be mined for odd minerals such as cassiterite (tin), garnets, tourmaline, cesium and rare earth elements. The migration along faults of pegmatitic fluids and vapor could explain the rare elements and minerals found in the XRD and SEM studies. The photo of pegmatite quartz at La Zorra is clear evidence of this.

The porphyry and pegmatite concepts can be combined (Figure 60) into a pegmatite and porphyry / epithermal / high sulfidation mineralization model related to intrusives. The preponderance of evidence and analyses to date suggest the gold mineralization is intrusive – related and not a separate epithermal event.

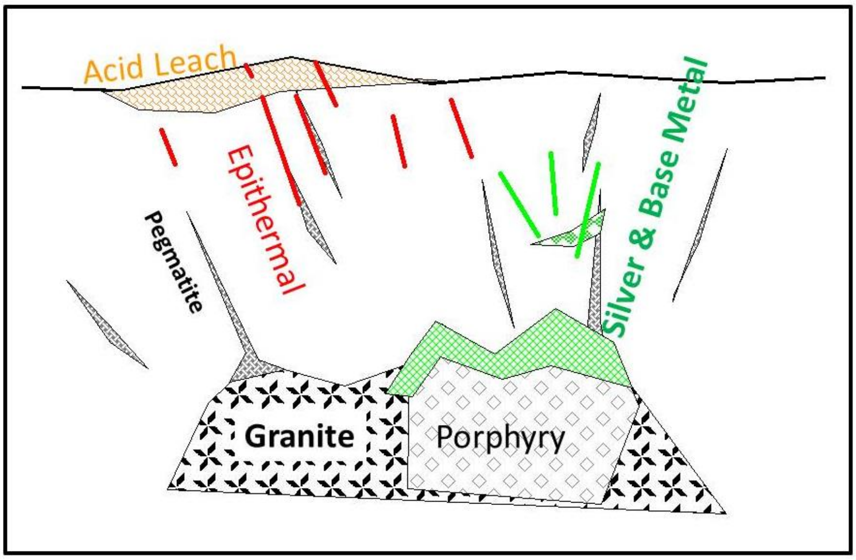


Figure 60. Intrusive Related Pegmatites and Mineralization.

Erosion helped created the current exposures (Figure 61).

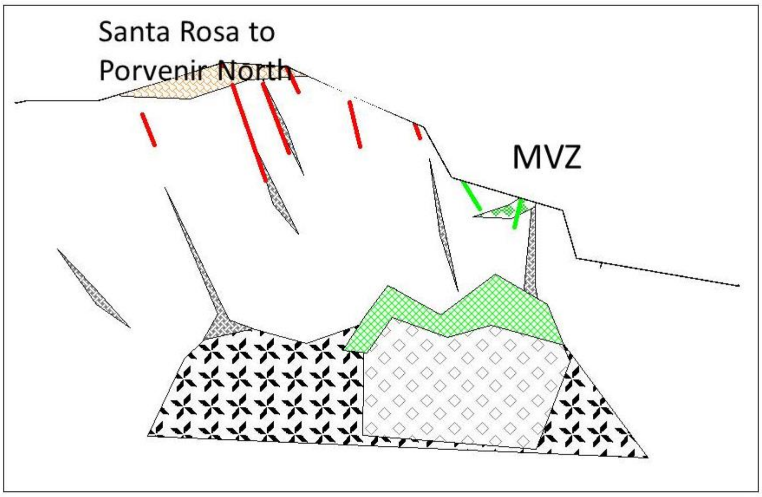


Figure 63. Current Geology.

The map view of the two different domains is shown on Figure 62

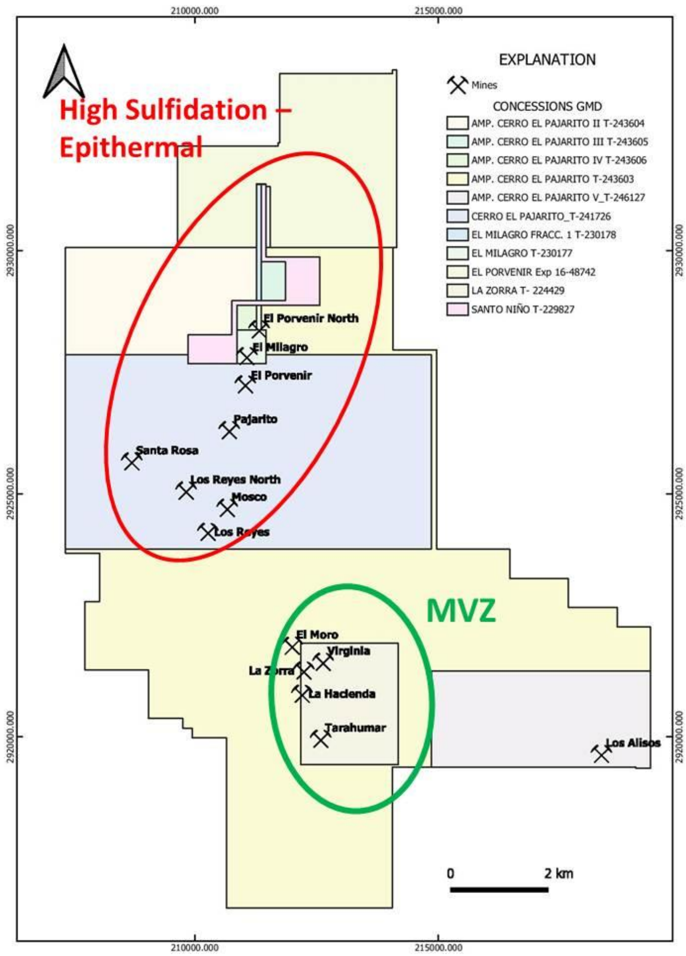


Figure 62. Map View of Domains.

The 2019 campaign developed several specific exploration targets which fit within the porphyry – pegmatite concept.

A two km. gold trend north from the Porvenir adit was identified. There is sufficient sampling to show that more detailed field work is justified. That work could be outcrop/float/soil sampling and trenching to identify specific drill targets.

The discovery of sandstone hosted gold mineralization at Pajarito, a high grade gold recon sample and the excellent assays from the bottom of the Reyes shaft together bring attention to the area where the structural interpretation and plot of data base gold and bismuth values show a focus of mineralization. The Reyes-Pajarito area with the new information is now recognized as under-explored and a plan of field mapping and sampling with trenching and drilling is proposed.

Last year's work at MVZ brought together the concept that the deposits and nearby gold prospects are part of one mineral system probably focused on the La Zorra mine and where mineralization occurs wherever there is a plumbing system formed by structures, breccias or sandstone porosity. Because the system is sulfide-rich, a ground geophysical survey could work to identify drill target(s).

These results can reasonably be projected into a general work plan and budget for the next phase.

26.0 RECOMMENDATIONS

With the work completed in 2019, it is reasonable to organize and budget exploration by target areas.

The current work has defined a north-south zone from Porvenir to Porvenir North defined by historic prospects following the mapped geologic pattern (Figure 63). Gold values of potential economic interest have been demonstrated by sampling. The data does not yet justify drilling, but warrants additional mapping and sampling / soil sampling grid / trenching to explore thru the extensive soil and vegetative cover. Trenches (Figure 63) at prospects would be approximately spaced at 150 m intervals and each perhaps 100-200 m. long. Intermediate trenches could then be put in any areas with interesting results. This would ensure that drilling goes to the best targets.

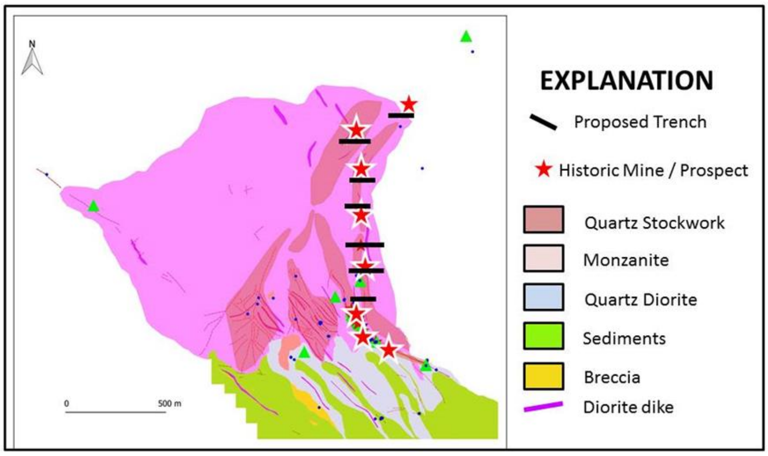


Figure 63. Porvenir Gold Trend.

A budget for the proposed work is shown in Table 5.

PROPOSED EXPLORATION PROGRAM 2020 PORVENIR TARGET			
ACTIVITY/CONCEPT	PERSONAL	TIME	ESTIMATED BUDGET USD
COMPILATION & INTERPRETATION OF PREVIOUS DATA	(2) GEOLOGIST-SOFTWARE TECHNICIAN	10 DAYS	7,000
GEOLOGICAL MAPPING-SAMPLING	(2) GEOLOGIST-FIELD CRE	30 DAYS	24,000
ASSAYS 100 SAMPLES			5,000
SOIL SAMPLING	(1) GEOLOGIST-FIELD CRE	15 DAYS	3,900
ASSAYS 150 SAMPLES			7,500
TRENCHING-HAND	(1) GEOLOGIST-FIELD CRE	30 DAYS	8,400
ASSAYS 300 SAMPLES			15,000
EXPLORATION DRILLING PROGRAM	(2) GEOLOGIST-SOFTWAI	7 DAYS	4,900
ENVIRONMENTAL REPORTS-PERMITS	ENVIRONMENTAL CONSU	60 DAYS	18,000
PATHS & ACCESS ROAD CONSTRUCTION	CONTRACTOR		15,000
1,000 m DDH@130 USD	DRILLING CONTRACTOR-(	45 DAYS	150,000
ASSAYS 500 SAMPLES			25,000
		SUBTOTAL	283,700
		CONTINGENCY	42,555
		TOTAL	**326,255**

Table 5. Proposed Porvenir North Budget.

The Reyes-Pajarito area deserves field samplings followed by trenching / drilling of identified target(s). The new targets developed by mapping mineralized sandstones at Pajarito, the half-ounce gold float found where there was supposed to be nothing and the assays and information generated from accessing the shaft at Reyes show that additional exploration targeting this area is justified. Additionally, the interpretation of structural blocks ties in well with the historical rock geochemistry. The yellow rectangle on the map (Figure 64) puts reasonable limits on the work area.

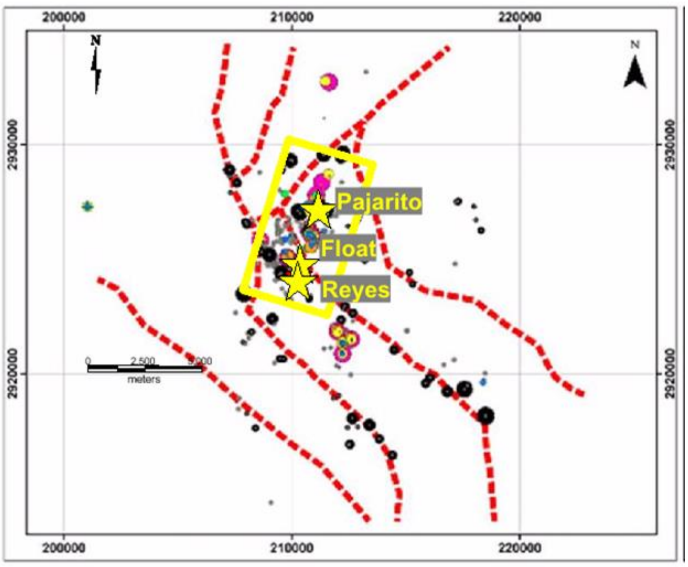


Figure 64. Reyes-Pajarito Target Area.

Within those limits, this is a classic case of the best exploration is simply walking the ground, noting alteration and sampling mineralized rock. A plan of NE-SW traverses approximately every 150 meters is proposed with follow-up sampling of interesting areas, trenching the best occurrences and drilling the best targets is proposed. Santa Rosa is a nearby but separate prospect and a well-defined target which would be straight forward to map, sample and move to drilling if justified.

A proposed budget to accomplish that is shown in Table 6.

PROPOSED EXPLORATION PROGRAM 2020 PAJARITO-REYES AREA				
TARGET	ACTIVITY/CONCEPT	PERSONAL	TIMMING	ESTIMATED BUDGET USD
LOS REYES NORTH	COMPILATION & INTERPRETATION OF PREVIOUS DATA	(2) GEOLOGIST-SOFTWARE TECHNICIAN	6 DAYS	4,200
	REPORT		2 DAYS	1,400
LOS REYES - PAJARITO	GEOLOGICAL MAPPING-SAMPLING	(1) GEOLOGIST-FIELD CREW	15 DAYS	6,600
	ASSAYS 100 SAMPLES			5,000
	TRENCHING - HAND	(1) GEOLOGIST-FIELD CREW	30 DAYS	8,400
	ASSAYS 300 SAMPLES			15,000
	REPORT	(2) GEOLOGIST-SOFTWARE TECHNICIAN	6 DAYS	4,200
LOS REYES MINE AREA	MINE ACCESS REHABILITATION	MINING TECHNICIAN-FIELD CREW	10 DAYS	1,800
	GEOLOGICAL MAPPING-SAMPLING	(2) GEOLOGIST-FIELD CREW	15 DAYS	10,200
	ASSAYS 50 SAMPLES			2,500
	REPORT	(2) GEOLOGIST-SOFTWARE TECHNICIAN	6 DAYS	4,200
SANTA ROSA	GEOLOGICAL MAPPING-SAMPLING	(1) GEOLOGIST-FIELD CREW	12 DAYS	2,280
	ASSAYS 50 SAMPLES			2,500
	REPORT	(1) GEOLOGIST-SOFTWARE TECHNICIAN	3 DAYS	900
DDH	EXPLORATION DRILLING PROGRAM	(2) GEOLOGIST-SOFTWARE TECHNICIAN	7 DAYS	4,900
	ENVIRONMENTAL REPORTS-PERMITS	ENVIRONMENTAL CONSULTANT-GOVERNMENT AGENCY (SEMARNAT)	60 DAYS	18,000
	PATHS & ACCESS ROAD CONSTRUCTION	CONTRACTOR		15,000
	1,000 m DDH@130 USD	DRILLING CONTRACTOR-GEOLOGIST	45 DAYS	150,000
	ASSAYS 500 SAMPLES			25,000
			SUBTOTAL	282,080
			CONTINGENCY	42,320
			TOTAL	**324,400**

Table 6. Proposed Pajarito - Reyes Budget.

There now is enough information to consider the MVZ area as one mineral system where mineralization can occur whenever there is porosity and permeability caused by shearing, sandstones or hydrothermal brecciation. Mineralogy suggests the system is centered at the La Zorra mine which is situated over a warp in the total field magnetic survey that may represent the causative intrusive. There are nearby prospects south of La Zorra where sampling during a rapid recon pass showed gold mineralization. The proximity of the gold deposits suggests they may be part of the same mineral system.

Because mineralization at MVZ is dominanty sulfide, a ground geophysical survey such as induced polarization is logical. Magnetic data can be measured at the same time at minor additional cost. That is proposed for the area shown in Figure 65. Also one week of a geologist traversing the area would provide a good geologic framework for interpreting the geophysics.

That reasonably should lead to one or two drill holes.

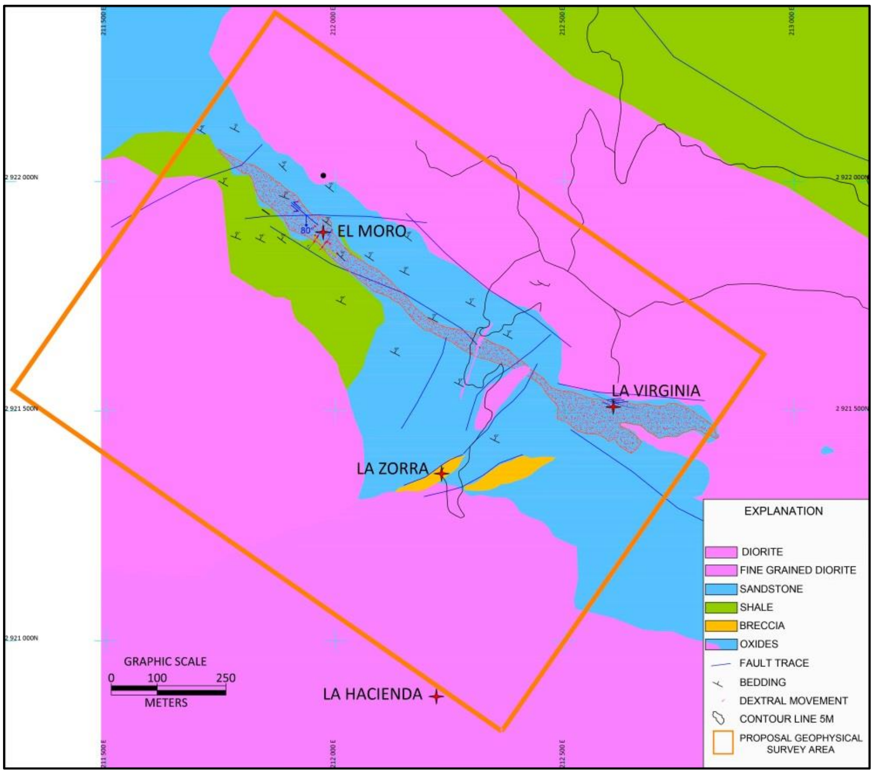


Figure 65. MVZ Target Area.

A budget for field and geophysical work including potential drilling is shown in Table 7.

PROPOSED EXPLORATION PROGRAM 2020 MVZ AREA				
TARGET	**ACTIVITY/CONCEPT**	**PERSONAL**	**TIMMING**	**ESTIMATED BUDGET USD**
MVZ	COMPILATION & INTERPRETATION OF PREVIOUS DATA	(2) GEOLOGIST-SOFTWARE TECHNICIAN	10 DAYS	7,000
	GEOPHYSICAL SURVEY PROGRAM	(1) GEOLOGIST-SOFTWARE TECHNICIAN	5 DAYS	2,500
	TDIP-RESISTIVITY & GROUND MAGNETOMETRY SURVEY PROPOSAL AREA 130 HAS. 14 LINES @1,000m LENGHT	CONTRACTOR	40 DAYS	100,000
	EXPLORATION DRILLING PROGRAM	(2) GEOLOGIST-SOFTWARE TECHNICIAN	7 DAYS	4,900
	ENVIRONMENTAL REPORTS-PERMITS	ENVIRONMENTAL CONSULTANT-GOVERNMENT AGENCY (SEMARNAT)	60 DAYS	18,000
	1,000 m DDH@130 USD	DRILLING CONTRACTOR-GEOLOGIST	45 DAYS	150,000
	ASSAYS 500 SAMPLES			25,000
	PATHS & ACCESS ROAD CONSTRUCTION	CONTRACTOR		15,000
LA HACIENDA-EL TARAHUMAR	MINE ACCESS REHABILITATION	MINING TECHNICIAN-FIELD CREW	15 DAYS	2,400
	GEOLOGICAL RECONNAISSANCE	(1) GEOLOGIST-FIELD CREW	5 DAYS	2,200
	GEOLOGICAL MAPPING	(1) GEOLOGIST-FIELD CREW	15 DAYS	6,600
	SAMPLING 50 SAMPLES			2,500
	REPORT	(1) GEOLOGIST-SOFTWARE TECHNICIAN	7 DAYS	3,500
			SUBTOTAL	339,600
			CONTINGENCY	51,000
			TOTAL	**390,600**

Table 7. Proposed MVZ Budget.

Drill hole targeting would be a straight forward process with trenching/mapping information (Figure 66) or simply pointing at a geophysical target.

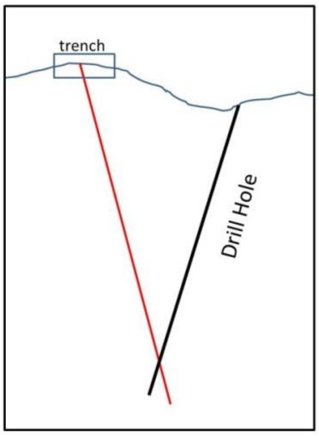


Figure 66. Drill Hole Planning.

Further future work would depend upon results and fall under another budget.

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