Information regarding Mineral Resource Estimates (MRE's)

The terms "indicated mineral resource" and "inferred mineral resource" are defined in the Canadian Institute of Mining, Metallurgy and Petroleum Standards.

Only part or perhaps none of the mineral resources will ever be converted into mineral reserves.

An inferred mineral resource has a lower level of confidence than an indicated mineral resource.

It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.

The MRE's may be materially impacted by environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant factors.

MRE's are done using Seequent Edge and estimated using an inverse distance estimator.

Search ellipses are oriented along the veins and a variable orientation tool adjusts the ellipse along local variations in direction.

Where the average distance between samples is less than 50 meters the resources are classified as indicated. Where the distance is less than 100 meters they are classified as inferred.

Metal Price Assumptions

Metal	USD/gram	USD/oz	USD/pound
Gold	$59.68	$1850.00	
Silver	$0.7742	$24.00	
Copper	$0.0070		$3.20
Molybdenum	$0.0264		$12.00
Zinc	$0.0022		$1.00
Lead	$0.0018		$0.80

Assumptions for cut-off grade estimation for underground mining of gold

Estimated Parameter	**USD**
Underground mining cost per tonne	$45.00
Processing cost per tonne	$30.00
General and Admin	$20.00
Estimated Metallurgical Recovery	95%
Mining Loss/Dilution	10%
Estimated Cost per tonne	$109.25
Gold price per gram	$59.68
Cost per tonne expressed as Au (g/t) or AuEq (g/t)	1.83 g/t

Formulae for metal-equivalent grades. These formulae assume 100% metallurgical recovery. No metallurgical studies have been completed for the Picachos Project.

Name	**Meaning**	**Formula**
AuEq	Gold-equivalent metal grade in g/t	Au (g/t) + [Ag (g/t) *0.01297] + [Cu (ppm) *0.000118] + [Pb (ppm) *0.00002953] + Zn [(ppm) *0.00003691]
CuEq	Copper-equivalent metal grade in ppm	Cu (ppm) + [Mo (ppm) *3.75] + [Au (g/t) *8467] + [Ag (g/t) *110]