

**SUMMARY OF THE EXPLORATION WORKS ON THE TEQUILA PROJECT,
MUNICIPALITY OF TEQUILA,
JALISCO, MEXICO.**

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By:

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The Tequila gold site project is located 50 km in straight line at the N65°W of the city of Guadalajara, capital city of the state of Jalisco and 8 km and N15°W in straight line of the city of Tequila, in central Mexico. The access from the city of Guadalajara is paved road practically up to the town of San Martin de las Cañas the nearest town to the project, and from this, 4 km of dirt road where is needed a vehicle 4 x 4 wheel drive to access to the project site.

Physiographically, the property lies in the southwest margin of the Sierra Madre Occidental, practically in a transition ground between the Sierra Madre Occidental Province and the Neo-Volcanic Axis Province, close to the property occurs volcanic cones associated to the strong Quaternary volcanic activity which formed the belt of the volcanoes along a belt that is crossing in direction west-east all central Mexico. Regionally the area is dominated by acid volcanics rocks belonging to the Upper Volcanic Series of the SMO and basalts and andesite-basalts in form of flows, breccias and tuffs belonging to the Quaternary.

The Tequila project consist of a series of quartz veins structures, systems of microveins and veinlets (stockworks) containing gold and silver mineralization, the mineral systems were emplaced along of two main structural patterns, the first one and most important, at least locally, is the Veta Grande vein system emplaced along of fissures of 35° - 40° azimuth and 70°-80° dipping to the SE in widths which varies from centimeters up to 1 m, but forming locally ore-shoots formed by quartz stockworks up to 40 m width going narrow in its extremes up to 2 to 3 meters. The second one structural pattern along which has been emplaced gold mineralization is of the 315° azimuth dipping 80° SW and in this are located the San Sebastian, Guadalupe and Lupita veins, this system is more prolific in quartz veins, but in general narrow veins, varying from centimeters to a maximum of 1 m width, doesn't were identified ore-shoots more than 1.5 m wide. The host rock is a sequence of tuffs and flows of rhyolite-dacite composition lying on a conglomeratic andesitic sequence, seems to be the upper portion of the Lower Volcanic Series which not outcrops within the property

The main alteration is the silicification, of which can be recognized at least three stages, one of them is carrying the gold and silver mineralization into the fissures. The gold mineralization found in the site of the project correspond to the upper portion of an epithermal system with gold values related to a model type "Low Sulfidation Hot Spring", characterized by the presence of colloidal quartz and strong argillic alteration and poor presence of pyrite.

The exploration works consisted in geology mapping and sampling and a drill program of 3,829 m of core drilling distributed in 18 holes along strike of the main mineral system, the Veta Grande vein, and along the NW trend (La Lupita, San Sebastian). In all cases the drilling was focused to intersect at depth the projection of the high gold values detected on surface and into the shallow underground works existing in the site.

The reviews of the assay results of the gold and multielements allow us conclude that don't exist specific pathfinder elements, which is normal in this type of gold deposits, converting to the last one in the best indicator for drill targeting.

On basis of the analysis of the drilling results it is concluded that of the 15 core holes programmed to intercept the Veta Grande vein system, 9 had successful intersections in relationship to the mineral structure, 4 core holes don't intersected or well intersected poor evidence of mineral structure and 2 were drilled from a very difficult position and the results were negative.

About the holes to explore the NW mineral system, particularly the projection at depth and along strike of the San Sebastian and Guadalupe vein the results were negative if is considered that the objective was intersect the high values reported by the previous works on the existing underground works along these mineral structures.

The explored zone comprises approximately 500 meters along strike of the Veta Grande vein system which is a ore-shoot with the best gold occurrences on surface (gold grade and width) and within the existing underground works. The total longitude of the Veta Grande vein system is unknown, the exploration works on and from surface really were concentrated in this portion of the system, but in its projection at the NE, although the system continues, it is very narrow and the gold values from the sampling on the outcrops and from the holes BD-03 and BD-04 were absent, besides in this direction the proper limits of the claims under the agreement are limiting the exploration potential. In direction to the SW, the Veta Grande vein system outcrops in margin of the Rio Grande as a system of parallel quartz veins with a total width of 6 meters, the outcrop is limited to the nearest meters to the margin of the river, however can be appreciated that the topography contours are reflecting the continuity of structural conditions, but not evidences of mineralization were found, Chips sampling was done intensively along of the outcrops detecting interesting gold values seem to be related to quartz veins and veinlets 0.20 to 0.50 m width, but no more like a forma vein as is seen in the north margin in the underground works known like Mina Veta Grande.

On basis the results of the drilling, including the core logging and re-logging, gold and silver assays, was interpreted that the best gold values are associated to a parallel veins system with a general azimuth of 35°-40° dipping to the SE, 65° to 80°, with an average width of 1 m but

forming in its central portion an important ore-shoot, optimistically 240 m long and 15 m width and two splits or secondary veins located at the footwall of the main vein, 160 and 75 m long, respectively, with widths varying between 1 m and 33 m, but going narrowest in both extremes of the system, none of the holes drilled in the immediate cross sections in its projection along strike demonstrated the continuity of the ore-shoots; in its NE projection the holes BD-03 and BD-04, (Section 1), were negative in the sense of intersect a mineral interval so long than the holes BD-01 and BD-02 (Section 2). At the southwest projection, the closest drilling site is located almost 250 m and from this was drilled the hole BD-18 (Section 3) which intersected an interval of 4 m width with values of 4.43 g/t Au and 48.12 g/t Ag belonging to the Veta Grande vein and then linked longitudinally to the interpretation of the Section 1. The rest of the holes focused to explore the projection along strike and down dip of the Veta Grande vein really looks, in agree with the interpretation, shorter in its objectives, but intersected mineral intervals related to secondary veins considered branches or splits of the main Veta Grande vein system, as is shown in the attached figures. (Section 4 to Section 9), it is possible link longitudinally some of these intersections and then estimate with high risk an inferred resource for the vein system located at the footwall of the main Veta Grande vein. (Veta Madre)

In agree with this interpretation it is possible estimate a mineral resource in the order of 1.924 million tons grading 2.563 g/t Au and 15.8 g/t Ag with contents of 174,913 ounces of gold and 978,094 ounces of silver.

The support of the resource estimation and the results are as follows:

VETA GRANDE VEIN:

Mineral Intersections on the Veta Grande Vein System

Hole No.	Mineral Intersections				
	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
BD-01	23.00	41.00	18.00	1.14	7.64
BD-02	20.20	44.00	23.80	1.46	6.13
BD-07	22.00	45.35	23.35	1.78	9.10
BD-04	27.00	30.00	3.00	0.66	8.35
BD-18	96.00	100.00	4.00	4.43	48.13

The resource estimated from these intersections is as follows:

Tons	Au g/t	Ag g/t	Ounces Gold	Ounces Silver
1,130,000	1.615	9.9	58,690	359,245

RAMAL I (SPLIT I)

Mineral Intersections on the Footwall Split I Veta Grande Vein System

Hole No.	Mineral Intersections				
	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
BD-01	90.50	126.80	36.30	4.14	24.30
BD-03	123.00	124.00	1.00	1.33	1.20

Estimated Resource:

Tons	Au g/t	Ag g/t	Ounces Gold	Ounces Silver
681,734	4.065	23.7	89,090	519,040

RAMAL II (SPLIT II)

Mineral Intersections on the Footwall Split II Veta Grande Vein System

Hole No.	Mineral Intersections				
	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
BD-09	75.00	78.00	3.00	6.08	31.80
BD-09	104.50	110.50	6.00	1.43	25.29

Resource estimated:

Tons	Au g/t	Ag g/t	Ounces Gold	Ounces Silver
113,049	2.980	27.5	10,831	99,089

Grand Total (Veta Grande + Split I + Split II. Inferred Resources on the Veta Grande Vein System

Tons	Au g/t	Ag g/t	Ounces Gold	Ounces Silver
1,924,913	2.563	15.8	158,611	978,094

This resource estimation was done in a manual way, by the method of long sections, as is used conventionally for gold, silver and polymetallic deposits in veins. Projecting on a long section (Attach A of this report) the drill intersections, previously interpreted on the cross sections for each hole and/or each set of holes when were drilled more than one on the same cross

section. (Attach B of this report), in base of the intersections on the long section and the extension down and up dip in the cross sections were constructed polygons following the mineral intersections along strike. The area of each polygon was converted to a volume in function of the average width and, finally using a factor of 2.5 for the specific gravity was obtained the respective tonnages for each one of the polygons interpreted.

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Material Probe	Analysenwerte in g/t			
	Gold	Platin	Palladium	Silber
Probe 1: Gesteinsrest Gewicht: 0,519 kg	99	12	13	2680
Probe 2: Gesteinsrest Gewicht: 0,198 kg	201	6	10	4400
Probe 3: Gesteinsrest Gewicht: 0,109 kg	193	8	n.n.	3200

Analysenmethode:

100% Vermahlung des Materials in Scheibenschwingmühle Fa. Retsch, Säubern der Mühle mit ausgekochtem Quarzsand (Königswasser) und Säubern der Mühle mit diesem Quarzsand (5 min)
 Analyt.: Druckaufschluß mittels Königswasser in Teflongefäß
 ICP-MS Detektion, Silber: ICP-OES

Material Probe	Analysenwerte in mg/kg		
	Gold	Platin	Palladium
Metallproben HOXTO 20-11-07			
A1	3,0	< 1	0,3
AB	0,5	< 1	< 0,1
CA	9,0	< 1	n.n.
CB	7,0	< 1	< 0,1

Analysenmethode:

Anfertigung von Sägespänen, Königswasser-aufschluß
 ICP-MS Detektion

Die angegebenen Analysenwerte beziehen sich ausschließlich auf die an uns übergebenen Originalproben.
 n.n. = nicht detektierbar

M. Bernhardt



REPORTE DE ANALISIS

Analysis's Report



LAQ-11-03/2011

Identificación del documento

N° de Reporte Report number	LAQ-11-03/2011	N° de servicio Service number	1-03/2011
Fecha del Reporte Report date	2011-03-11		

Datos del cliente

Nombre Name	Ernesto Álvarez	Dirección Address	Domicilio conocido Tequila, Jalisco.
Teléfono Telephone			

Datos del Material

Muestra a analizar Sample to consider	Mineral	Marca/Fabricante Manufacturer	NA
Número de lote Lot number	NA	Identificación Id number	Veta grande
Fecha de recepción Reception date	23 de Febrero de 2011	Fecha de Medición Measure date	Del 23 de feb. al 11 de marzo de 2011

Método y procedimiento utilizado en la medición

Método Method	Ensayo de cuantificación	Procedimiento Procedure	P-5.4-01 Cuantificación de oro y plata por copelación.
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Patrones de referencia
Reference standard

Midió:
Measured by

MCTC. Ma. Remedios Cisneros Magaña
Técnico Académico Asociado
del Laboratorio de Análisis Químico del IIM

Aprobó:
Approved by

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LMS 11-03/2011

a) Procedimiento

P-5.4-01 Cuantificación de oro y plata por copelación.

b) Patrones de referencia y otros instrumentos utilizados:

Molinos, Balanza analítica, Mufla, parrilla eléctrica y Espectrómetro de absorción atómica.

c) Descripción de la muestra

Piedra en cuarzo color blanco.

d) Desarrollo del método

1. Se preparo la muestra y se peso 40 g.
2. Se mezclo con los fundentes apropiados
3. Se fundio a una temperatura de 1100°C
4. Ya fria se separo la escoria y se le dio forma de cubo
5. Se coloco en na copela y se fundio a 950°C
6. La perla resultante de Au y Ag se peso
7. Posteriormente se separo la plata para cuantificar el oro
8. Las soluciones de Ag y Au se analizaron por absorción atómica para corroborar el contenido de Au y Ag.

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e) Resultados

	Descripción de la muestra	Au g/Ton	Ag g/Ton	Nota
1	Mineral veta ruca rica trabajado por amalgación por el Sr. Carlos Duran	3,592.8000	33,048.6960	Posibilidad amplia de una gran cantidad de platino
2	M3 interior de mina, mineral de tronada cabeza columna 6	7.4000	35.0000	-
3	M1 Frente de mina	0.4560	3.4000	-
4	M2 parte alta de la mina	8.9500	145.3000	-
5	Mineral parte de abajo en el camino, mineral oxidado de hierro	0.3500	2.3000	-
6	Parte alta del camino mineral oxidado de hierro	7.5400	1.5000	-

f) Referencias Bibliográficas

Análisis de Minerales
Comisión de Fomento Minero
5ª. Edición 1977

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REPORTE DE ANALISIS

Analysis's Report



LAQ-23-03/2011

Identificación del documento

N° de Reporte Report number	LAQ-23-03/2011	N° de servicio Service number	2-03/2011
Fecha del Reporte Report date	2011-03-23		

Datos del cliente

Nombre Name	Ernesto Alvarez/ Juan Enrique Michel A	Dirección Address	Domicilio conocido Teguilia, Jalisco
Teléfono Telephone			

Datos del Material

Muestra a analizar Sample to consider	Mineral	Marca/Fabricante Manufacturer	NA
Número de lote Lot number	NA	Identificación Identification (number)	Veta grande
Fecha de recepción Reception date	10 de Febrero de 2011	Fecha de Medición Measure date	Del 11 de feb. al 28 de marzo de 2011

Método y procedimiento utilizado en la medición

Método Method	Prueba de columna	Procedimiento Procedure	P-5.4-02 Prueba de columna para cuantificación de Au
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REPORTE DE ANALISIS

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LAF/ 33-03/2015

a) Procedimiento

P-5.4-02 Prueba de column para cuantificación de oro.

b) Patrones de referencia y otros instrumentos utilizados:

Molinos, Balanza, Columna y Espectrómetro de absorción atómica.

c) Descripción de la muestra

Columna 4 Mineral superficial rico en óxidos de hierro. Mineral a -1/4 plg.

Columna 5 Mineral superficial rico en óxidos de hierro y cuarzo. Mineral a -1/4 plg

Columna 6 Piedra en cuarzo blanco de interior de mina (tronada). Mineral a -1/2 plg

d) Desarrollo del método

1. Se muele la muestra a diferentes tamaños de partícula
2. Se pesa y se procede a cargar 3 columnas
3. Se ajusta el flujo de la solución de cianuro.
4. Después de transcurrido el tiempo del periodo establecido
5. Se recolecta la solución preñada
6. Se toma una muestra de 50 ml para medir y controlar pH y cianuros libres
7. En el resto de la muestra, se cuantifica la cantidad de oro mediante espectrometría de absorción atómica
8. Se realizan los cálculos correspondientes para reportar en g/Ton de Au.

e) Resultados

g/Ton de Au en 4 periodos por columna

Columna 4 "Veta grande" Mineral sobre el camino parte de abajo.	Columna 5 "Veta grande" Mineral sobre el camino parte de arriba.	Columna 6 "Veta grande" M3 Muestra interior de mina.
0.229	0.058	3.475

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Columna 4 "Veta grande" Mineral sobre el camino parte de abajo

Periodo	g/Ton Au	% Acumulado
1	0.076	12.58
2	0.032	30.46
3	0.083	62.08
4	0.038	100



Columna 5 "Veta grande" Mineral sobre el camino parte de arriba.

Periodo	g/Ton Au	% Acumulado
1	0.019	11.11
2	0.021	34.50
3	0.014	66.08
4	0.004	100



Columna 6 "Veta grande" M3 Muestra interior de mina

Periodo	g/Ton Au	% Acumulado
1	2.89	22.7
2	0.174	46.8
3	0.205	72.6
4	0.206	100



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REPORTE DE ANALISIS *Analysis's Report*



LAQ-23-03/2013

f) Referencias Bibliográficas

- 1.- Solution Mining Robert Bartlett
- 2.- Laboratorio de Fideicomiso Fomento Minero de Tecamachalco

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