

**Geology and Exploration of the Palos Verdes Property**  
**Municipality of Concordia**  
**Sinaloa State, Mexico**

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**In Compliance with NI 43-101 and Form 43-101F1**

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## CERTIFICATE OF AUTHOR AND STATEMENT OF QUALIFICATIONS:

The effective date of this report is October 4, 2019.

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I, F. Carranza, hereby certify:

1. That I am a Certified Professional Geologist #11933 with the American Institute of Professional Geologists of Westminster, Colorado since 2018.
2. That I graduated with a BS degree in Geology in 1985 from the Universidad de Sonora.
3. That I have accrued more than 33 years of experience in exploration, evaluation, discovery and research of mineral deposits in Mexico. Relevant experience includes evaluation and exploration of multiple types of mineral systems throughout Mexico.
4. That I have personally conducted an examination of the Palos Verdes Property on April 3, 2019.
5. That I am the Author of the Technical Report titled "GEOLOGY AND EXPLORATION OF THE PALOS VERDES PROPERTY, MUNICIPALITY OF CONCORDIA, SINALOA STATE, MEXICO" dated October 4, 2019 and am solely responsible for its content.
6. That I have read the definition of "qualified person" set out in National Instrument 43-101 – Standards of Disclosure for Mineral Properties ("NI 43-101") and certify that by reason of my education, affiliation with a "Professional Association" (as defined by NI 43-101) and experience in geology, mineral exploration and past relevant work experience, I fulfil the requirements to be a "Qualified Person" for the purposes of NI 43-101.
7. That I am independent of Prismo Metals Inc. (Prismo) as described in Part 1.5 of NI 43-101 and in Part 1.5 of the Companion Policy 43-101CP.
8. That I am acting as a Qualified Person to Prismo Metals, Inc. (Prismo), and that I do not have any present interest or involvement in the Palos Verdes Property or Property other than remuneration for consulting services, nor shares or interest in Prismo or in any adjacent properties, nor do I expect to receive any such interest or shares.
9. As of the dates of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all such scientific and technical information that is required to be disclosed to make this Technical Report complete and accurate, and not misleading. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report which is not reflected in the Technical Report.
10. I have read NI 43-101, and the Technical Report has been prepared in compliance with NI 43-101 and Form 43-101F1

DATED this 4th day of October, 2019

**(Original signed) "Francisco M. Carranza, CPG."**

Francisco M. Carranza, CPG.

## GLOSSARY OF TERMS

TERM	DESCRIPTION
%	Percent
<	Less than
>	More than
±	More or less
#N	UTM grid measurement in metres north of the equator
#E	UTM grid measurement in metres east of the central Meridian
Ag, As, Au, Bi, Co, Cu, Fe, Hg, K, Mo, Pb, Sb, Te, U, and Zn	Chemical symbols from the periodic group of elements. silver (Ag), arsenic (As), gold (Au), bismuth (Bi), cobalt (Co), copper (Cu), iron (Fe), mercury (Hg), potassium (K), molybdenum (Mo), lead (Pb), antimony (Sb), tellurium (Te), uranium (U) and zinc (Zn).
ALS Chemex	ALS Chemex, a division of ALS Global Ltd through Chemex De Mexico, S.A. De C.V., located in Mexico and Vancouver.
Alteration	Physical and chemical changes to the original composition of rocks due to the introduction of hydrothermal fluids, of ore forming solutions, to changes in the confining temperature and pressures or to any combination of these. The original rock composition is considered “altered” by these changes, and the product of change is considered an “alteration”. (From Hacettepe University online dictionary, after AGI)
Anomalous (anomaly)	a. A departure from the expected or normal. b. The difference between an observed value and the corresponding computed value (background value). c. A geological feature, esp. in the subsurface, distinguished by geological, geophysical, or geochemical means, which is different from the general surroundings and is often of potential economic value; e.g., a magnetic anomaly. (From Hacettepe University online dictionary, after AGI)
Prismo or Company	Prismo Metals Inc., a private company incorporated in Canada.
Background	A measured or calculated geochemical, geophysical, petrological or other threshold considered representative of an area. The “Normal” or “not anomalous”.
Body	Generally irregularly shaped mass of mineralized rock in the form of mantos or chimney consisting of massive sulfides or the oxidized equivalent
Breccia	Means fragmental rocks whose components are angular and, therefore, as distinguished from conglomerates as not water worn. May be sedimentary or formed by crushing or grinding along faults or by hydrothermal explosions.
CAD\$ and US\$	Canadian dollars, United States of America dollars, as applicable.
CRM, SGM	Consejo de Recursos Minerales (also Coremi). The former Mexican Geological Survey now renamed the Servicio Geológico Mexicana or “SGM”
CuOX	Oxide copper minerals
Diario Oficial	Official gazette of the Mexican Government

Epithermal	Said of a hydrothermal mineral deposit formed within about 1 km of the Earth's surface and in the temperature range of 50 to 200 degrees C, occurring mainly as veins. Also, said of that depositional environment.
FeOX	Iron oxide minerals
Fg, fg	Fine grained, referring to rock or mineral texture
g/t or Gm/Tonne	Grams per Tonne. Where a gramme (also gram) is a unit of measure equal to 1/1000 <sup>th</sup> of a kilogram. A Tonne is a metric Tonne having a unit weight of 1,000 kilograms.
GPS	An electronic device that records the data transmitted by the geographic positioning satellite system.
F13-A37	Mapping index system for Mexico, 1:50,000 scale maps; this designation is the Copala sheet.
Km, Kms	Kilometre, Kilometres
Ltd, Inc.	Limited, Incorporated
M, Ma & My, MT, Moz	million, million years, million tonnes, million ounces
Mineralization (mineralizing)	The presence of minerals of possible economic value – and also the process by which concentration of economic minerals occurs.
MnOX	Manganese oxide minerals
N, S, E, W, NW, etc.	North, south, east, west, northwest, northeast etc.
NAD27, NAD83	Ellipsoid projection models of the earth, North America Datum, from 1927 and 1983; NAD27 is commonly used in Mexico and was formerly required by the Federal Mines Department, and NAD83 is an update very similar to WGS84.
NI 43-101	National Instrument 43-101 <i>Standards of Disclosure for Mineral Properties</i>
No.	Number
oz., ppm, ppb, °C, mm, cm, m, Km, Km <sup>2</sup>	Units of measure: ounce, parts per million, parts per billion, degrees Celsius, millimetre, centimetre, metre, kilometre and square kilometres.
Property	Palos Verdes Property comprised of 1 mining concession located in Sinaloa State, Mexico
QAQC	A quality assurance and quality control program
S.A de C.V	Sociedad Anónima de Capital Variable, a corporation in Mexico
SEDAR	Canadian System for Electronic Document Analysis and Retrieval (SEDAR)
SGM	Servicio Geológico Mexicano, the Mexican Geological Survey, also formerly known as the Consejo de Recursos Minerales, CRM.
Target	A focus or loci for exploration.
UTM	Universal Transverse Mercator.
WGS84	An ellipsoid model of the earth, used for UTM coordinates in this report.

## CONVERSIONS

The following table sets forth certain standard conversions from the Standard Imperial units to the International System of Units (or metric units). Unless otherwise stated United States currency (US\$) is used throughout this report. Canadian dollars (\$CAD) where used if necessary are converted at 1.3 for one for the purposes of this Report.

To Convert From	To	Multiply By
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Grams	Ounce (troy)	0.032
Ounce (troy)	Grams	31.103
Tonnes (T)	Short tons (t)	1.102
Short tons (t)	Tonnes (T)	0.907
Grams per ton	Ounces (troy) per Tonne	0.290
Ounces (troy) per Tonne	Grams per ton	34.438

## **1.0 SUMMARY**

### **1.1 Introduction and Terms of Reference**

The following Technical Report was prepared by Francisco M Carranza (the Author), Certified Professional Geologist (CPG 11933) of the American Institute of Professional Geologists and Qualified Person under NI43-101 requirements, undertaken on behalf of Prismo Metals, Inc. (Prismo or the Company). Prismo has an option to acquire a 75% interest in a certain mining concession known as the Palos Verdes Property (Property or Property) located in the Panuco-Copala mining region, Concordia municipality of Sinaloa State (Fig. 4.1). Prismo contracted the Author, Francisco Manuel Carranza Heredia, to carry out an examination of the property and to prepare this report.

This Technical Report was prepared in compliance with NI 43-101. The Technical Report is based in internal and public geologic information, historic data from Servicio Geológico Mexicana (SGM) and other public sources and is an accurate representation of geologic potential of Palos Verdes which the Author visited on April 3, 2019. At the present time the Property is an early stage exploration project and there are no resources or reserves defined at the Property. Work recommended herein was planned by and will need to be supervised by a Qualified Person(s) as defined by NI-43-101.

### **1.2 Reliance on Other Experts**

The Author is responsible for this Technical Report. The Author was accompanied by Ings. Guillermo Florenzani and Hector Velo of Prospección y Desarrollo Minero del Norte, S.A. de C.V. (ProDeMin) during the site visit for this Technical Report completed on April 3, 2019 during which 9 samples for audit were taken.

The mineral rights to the concessions constituting the Property are considered to be valid by the Mining Department in México as of the date of this Technical Report. The Author has reviewed legal documentation provided by the Company, but has not performed an exhaustive legal investigation into the status of the concessions including legal filings, tax payments and assessment work filings for past years. The Author has relied upon legal documents provided by ProDeMin and Prismo. It was not within the scope of this Technical Report to examine in detail or to independently verify the legal status or ownership of the Property. The Author has no reason to believe that ownership and status are other than has been represented. Determination of secure mineral title and surface estate ownership is solely the responsibility of the Company.

Information from prior exploration at the Property was provided by ProDeMin and Prismo. This information was generated during several campaigns and the Author has used this data as a general reference for the field visits as discussed in the sections on 9.0 Exploration. The interpretation of the available geological data and the conclusions of this study are solely those of the Author.

### **1.3 Property Description and Location**

#### **1.3.1 Mineral Rights**

Prismo has entered into an option agreement with ProDeMin to acquire its 75% interest in certain mineral rights and concessions that make up the Property (Table 1.1). The terms of the option agreement are as follows: in consideration for being granted the Option, Prismo (a) issued 2,000,000 units of Prismo at a deemed price of CAD \$0.05 per unit, with each unit consisting of one common share and one share purchase warrants of Prismo, each warrant being exercisable at a price of CAD \$0.10; and (b) made a cash payment of \$25,000 to ProDeMin; and (c) reimbursed to ProDeMin a portion of the expenditures incurred to date by ProDeMin in the amount of CAD \$25,000 on a shares for debt basis by the issuance to ProDeMin of 500,000 common shares of Prismo at a deemed price of CAD \$0.05 per share. Prismo also agreed to make the outstanding payments under an agreement between the original owner of the property

and ProDeMin (the details below), incur a total of \$1.5 million in expenditures on the Property over a first year period, pay to ProDeMin an additional amount of \$46,823 and issue to ProDeMin an additional 2,000,000 common shares. Prismo also agreed to pay bi-annual taxes and file the necessary forms to keep the concession in good standing.

ProDeMin originally acquired 75% of the rights to the concession under two agreements. The First Agreement consisted of the right to acquire 50% of the rights to the Property by completing a minimum 400 meter diamond drill program. The drill program was completed in May, 2018, and each of the two the property owners assigned 25% of the concession to ProDeMin. This agreement has been registered with the Public Mining Registry and the 50% interest is shown in the online database of the Mining Directorate. Under the Second Agreement, ProDeMin has acquired an additional 25% interest in the Property from one of the two original owners, Mr. Ernesto Guzman, by agreeing to make staged payments totaling \$240,000 over a 42 month period.

Mexican Mining Law requires certain mineral rights payments, paid each January and July, and an annual minimum exploration work obligation (assessment work), is filed each May for the preceding calendar year. The required amounts are subject to modification as annual fee schedules are published by the Mines Office in the Diario Oficial, the official gazette of the Mexican Government.

The Mines Department in Mexico issued new regulations effective January 1, 2006, whereby all the Exploration and Exploitation concessions that existed in good standing under the old system were automatically transformed to a single type of Mining Concession valid for 50 years, beginning from the date of their registration in the Public Mining Registry. Under the new decree, all claims in good standing are renewable for an additional 50 year term.

Table 1.1 shows the relevant data including the expiry dates of the mining concession forming the Property. The Author of this report has not verified the good standing of the concessions and has relied on representations made by ProDeMin.

Table 1.1. Mining Concession of the Palos Verdes Property

CLAIM	HECTARES	GRANTED	TITLE	EXPIRATION
Palos Verdes	22.7707	October 17, 1979	165453	October 17, 2029
<b>TOTAL</b>	<b>22.7707</b>			

Title to the concession is registered to ProDeMin (50%), Jose Manuel Gayon Aragon (25%) and Ernesto Guzman Ramirez (25%). Registration of the title to Mr. Guzman's 25% to ProDeMin is pending.

### 1.3.2 Surface Access Rights

Mining concession licenses in Mexico are separate from surface rights. Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. In Mexico surface rights are owned by private persons or ejidos (local communal organizations), and agreements for access must be made with the surface owners to do significant work.

The surface rights covering the Property belong to the San Miguel Carrizal Ejido. A formal access agreement was made with ProDeMin to allow access for the exploration work through September 30, 2020 and can be assigned to a third party. To the best of the Author's knowledge, Prismo enjoys the right of surface access to the Property granted to ProDeMin under the access agreement.

### 1.3.3 Permitting

The Property is an early stage exploration project and the Company has not completed any exploration work to date. Limited surface examinations, sampling and drilling as described in this report were undertaken under an environmental permit (Preventative Notice or *Informe Preventivo*) issued to



ProDeMin that enables drilling the Property from existing roads until February, 2020. An extension to the permit will need to be filed prior to February, 2020. No new road construction has been permitted at this time. No potential past environmental liabilities are known.

With respect to surface exploration at the Property, at the present time, and up until exploration activities have progressed further to include surface disturbance, no other permits are required. Additional permits that need to be obtained in the future as exploration advances to require removal of soil and vegetation, include an Environmental Impact Statement (*Manifiesto de Impacto Ambiental*, or MIA) and Change of Soil Use (*Estudio Justicativo Para Cambio de Uso de Suelos EJCUS*) permit would be required for new surface disturbance, including construction of new roads and drill sites. The required permits are shown in Table 1.2.

To the Author’s knowledge there are no other permits or agreements that are needed to explore the Property, and there are no other significant factors or risks that may affect access, title or the right to perform work on the Property.

Table 1.2. Permitting Requirements for the Palos Verdes Property

Permit	Relevant to	Status
Letter of Initiation of exploration activities and Preventative Notice (Informe Preventivo);	Early exploration/drilling	Valid permit in hand
The Permit for Change of Soil Use in Forested Area and Environmental Impact Statement issued by the State Delegations of Secretary of the Environment, Natural Resources and Fisheries (SEMARNAT)	Transitional, advanced exploration to development	Not necessary until surface area is to be disturbed

#### 1.3.4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Property is located on the western slope of the Sierra Madre Occidental of northwestern Mexico. Topography is abrupt and ranges from about 1250 meters above sea level in canyons to about 1500 metres above sea level in the nearby ranges. The Company’s exploration activities will be conducted primarily between 1250 and 1300 metres elevation.

The climate in the region is classified as arid to semi-tropical, and according to the national Meteorological Service, with an average annual temperature of 23.4 degrees Celsius with average highs in summer of 34 degrees Celsius and average lows in winter of 11 degrees Celsius, but temperatures can range from about 8 degrees Celsius to over 35 degrees Celsius. Precipitation averages 896 millimetres per year, and rainfall occurs mainly from late June to early October during a monsoonal tropical wet season that includes the influence of hurricanes mainly from the Pacific coast. Winters are relatively dry.

Vegetation on the Property is classified as dry to semi-humid deciduous tropical forest with both desert and jungle type plants. Surface land use is dominantly grazing for goats and cattle. Some timber is harvested from the surrounding region.

The Property is accessed via highway 40 or 40D from Mazatlán to Durango, both of which pass through the Property near the village of Santa Lucia. The nearest major city and international airport is Mazatlán, an approximately 60 to 90 minute drive from the Property.

### 1.4 History

The Mining Districts of Panuco, Copala and Santa Lucia were well known natives before 1560 due to the high-grade Au-Ag veins and they exploited the richest portions of the veins. In 1565 Capt. Francisco de Ibarra, who founded Durango and Nombre de Dios as Nueva Vizcaya governor, founded the municipality

named San Sebastian, now known as Concordia with the purpose to support the mining works of the Panuco-Copala Mining District. Mining activities have continued intermittently for 5 centuries to the present.

## **1.5 Exploration and Drilling**

The Company has completed no exploration at the Property. ProDeMin, the optionor, has performed mapping and sampling at the Property as part of a due diligence program and subsequently completed a 5 hole diamond drill program.

### **1.5.1 Geochemical Sampling**

The Company has completed no sampling at the Property other than that completed by the Author. Several campaigns of historical sampling have been carried out and partial data has been obtained by the Company. This data is useful as a general guide to mineralization on the Property but should not be relied upon. ProDeMin completed exploration sampling under the supervision of Dr. Craig Gibson, a Qualified Person under NI 43-101 guidelines.

### **1.5.2 Drilling**

No drilling has been carried out on the Property by the Company. ProDeMin completed a 5 hole diamond drill program in 2018. All holes intersected mineralization along the trace of the Palos Verdes vein, and two holes yielded high grade intercepts and show potential for developing a mineralize ore shoot.

### **1.5.3 Sample Preparation, Analyses, and Security**

The Company has completed no sampling at the project to date. The Author of this report took 9 samples during a field visit to confirm the presence of mineralization at the Property as identified by previous workers. Rock samples generally consisted of 1-3 kg of material that was taken as chips across mineralized exposures. The samples are described and localized with a GPS. Four of the samples were of pulps and coarse rejects from the ProDeMin drill program and stored at the Property.

Once collected, the samples were in the possession of the Author until delivered to the laboratory. Because the sampling was in areas where results of previous samples are available or were duplicate core samples from pulps and coarse rejects, standards were not included. As standard procedure and as sampling becomes more systematic project geologists should insert control samples in numerical sequence prior to submission to the laboratory.

For assays by the Author, the samples were analyzed by ALS Global, an industry leading analytical lab, using a multi-element ICP-ES/MS package that included gold. A 25g sample charge was used for the digestion for a more representative gold assay.

The Property sample database is maintained in an Excel spreadsheet. The database includes the sample number, prospect or target, location of the sample site, sampler, date collected, width or area for channel or chip channel samples, lithologic description, structural details (if observed), analytical certificate and results.

It is the opinion of the Author that the procedures and methods of sample collection, security, preparation and analysis, as well as data handling, are adequate and appropriate for the geochemical sampling program that has been conducted on the Property to date.

## 1.6 Conclusions and Recommendations

### 1.6.1 Data Verification and QAQC

The rock samples taken by the Author remained in the Author's custody until they were delivered to ALS Labs in Hermosillo, Sonora. The analytical results from the samples taken by the Author and compared to past results from other workers are shown in Table 12.1. The analytical results from these samples confirm the presence of metal values at similar levels as reported in the analytical data from the historical exploration work.

For the samples taken by other workers during historical exploration work, no data for control samples were reported. For future work by the Company, standards and blanks should be inserted into the sample stream at approximately 1 every 20<sup>th</sup> sample.

Based on the field review and sampling results, it is the Author's opinion that the current database is adequate and appropriate for continued evaluation of the Property.

### 1.6.2 Results of Exploration

Based on the geology, historical exploration and the field review completed for this Technical Report, the Palos Verdes Property warrants further exploration.

In the opinion of the Author of this Technical Report, the Palos Verdes Property has exploration potential. Continued mapping, sampling, surveying and exploration drilling systematically on evenly spaced cross sections is recommended. Future diamond drill testing is warranted and necessary to determine the tenor and extent of mineralization, as well as the future economic viability of the Property.

### 1.6.3 Recommendations

Work completed at the Property has been successful in demonstrating potential for encountering precious- and base-metal mineralization by exploration at the Property. Recommendations for further work are included below.

- Detailed re-logging of core combined with surface mapping of specific areas to help further define the controls on mineralization and structures and lay out new drill holes.
- Further sampling of zones with quartz veins and/or strong alteration in core.
- Use analytical package that has lower detection limits for indicator elements.
- Lay out regularly spaced sections for drill hole planning.

The table below presents a proposed budget for the planning and carrying out a drill program at the Property. The program includes 500 meters of diamond drilling along existing roads and disturbed areas to facilitate initial environmental permitting.

Table 1.3. Proposed budget for the Palos Verdes Property.

<u>Proposed exploration budget, geology and drilling, 2 months (amounts in CAD).....</u>	
<b><u>Geology and drill program</u></b> (approx. 2 months)	
Personnel and vehicles.....	32,500
Road rehabilitation (20 hrs at 75/hr).....	1,500
Drilling (500 meters at 130/meter).....	65,000
Samples (200 at 40 per sample).....	8,000
Expenses: travel, fuel, office supplies .....	6,500
Contingencies.....	6,500
<b>Total geology and drilling .....</b>	<b>120,000</b>

## **2.0 INTRODUCTION AND TERMS OF REFERENCE**

Preparation of this Technical Report was undertaken on behalf of Prismo Metals Inc. (Prismo or the Company). Prismo has an option to acquire 75% of the rights to the Palos Verdes concession that makes up the Property, located in the Concordia municipality of Sinaloa State (Figures 4.1 and 4.2). Prismo contracted the Author, Francisco M. Carranza, a Certified Professional Geologist of the American Institute of Professional Geologists (CPG 11933) and Qualified Person under NI 43-101 requirements, to carry out an examination of the property and to prepare this report.

This Technical Report was prepared in compliance with Canadian National Instrument 43-101 (NI 43-101). The Technical Report is based in internal and public geologic information, historic data from Servicio Geológico Mexicano (SGM) and other public sources, as well as data from the property visit made by the Author on April 3, 2019. This Technical Report is an accurate description of geologic potential of Palos Verdes based on the property visit and available information.

At the present time the Property is an early stage exploration project and the Company has completed no exploration at the Property, but has reports and sample data generated during past exploration by several companies, mainly the vendor, Prospección y Desarrollo Minero del Norte, S.A. de C.V. (ProDeMin). At the present time there are no resources or reserves defined at the Property, and limited drilling has been completed.

The Author visited the Property for this Technical Report on April 3, 2019, during which nine samples were taken. Ings. Guillermo Florenzani and Hector Velo of ProDeMin accompanied the Author during the visit.

## **3.0 RELIANCE ON OTHER EXPERTS**

This Technical Report is an accurate representation of the status and geologic potential of the Property based on the information available to the Author and the site visit. Work recommended herein was planned by and will need to be supervised by a Qualified Person(s) as defined by NI-43-101.

The mineral rights to the concession constituting the Property are valid based on information available from the Mining Department (*Dirección de Minas*) in México as of the date of this Technical Report. The Author has reviewed legal documents provided by the company showing ownership of the rights to the Property, but an exhaustive legal investigation was not undertaken. The Author has not investigated the status of legal filings including tax payments and assessment work filings. It was not within the scope of this Technical Report to examine in detail or to independently verify the legal status or ownership of the Property, but the Author has no reason to believe that ownership and status are other than has been represented. Determination of secure mineral title and surface ownership is solely the responsibility of the Company.

Information from historical exploration conducted was provided to the Author for review in preparation of this Technical Report. Much of this information was generated by exploration programs of ProDeMin under the supervision of Dr. Craig Gibson, Technical Director of ProDeMin and a Qualified Person for the purpose of NI 43-101. The Author used this data during the field visit and for the preparation of this report. The Author is solely responsible for the interpretation of the available geological data and the conclusions of this study.

## 4.0 PROPERTY DESCRIPTION AND LOCATION

### 4.1 Location

The Palos Verdes Property is located in the southern part of the State of Sinaloa in northwestern Mexico, approximately 65 kilometers NE of Mazatlán, Sinaloa, in the Municipality of Concordia (Fig. 4.1). For the purposes of this report, the Palos Verdes Property or Property includes only the Palos Verdes concession that covers 22.7707 hectares (Fig. 4.2). The Palos Verdes Property centroid is located at approximately UTM Zone 13 WGS84, 413,736m E and 2,593,175m N or by 105° 50.673' west longitude and 23° 26.775' north latitude.

Figure 4.1 shows the location of the Palos Verdes Property in relation to geographic points in the state of Sinaloa, and Figure 4.2 shows the location of Company's mineral rights within the concessions in the area.

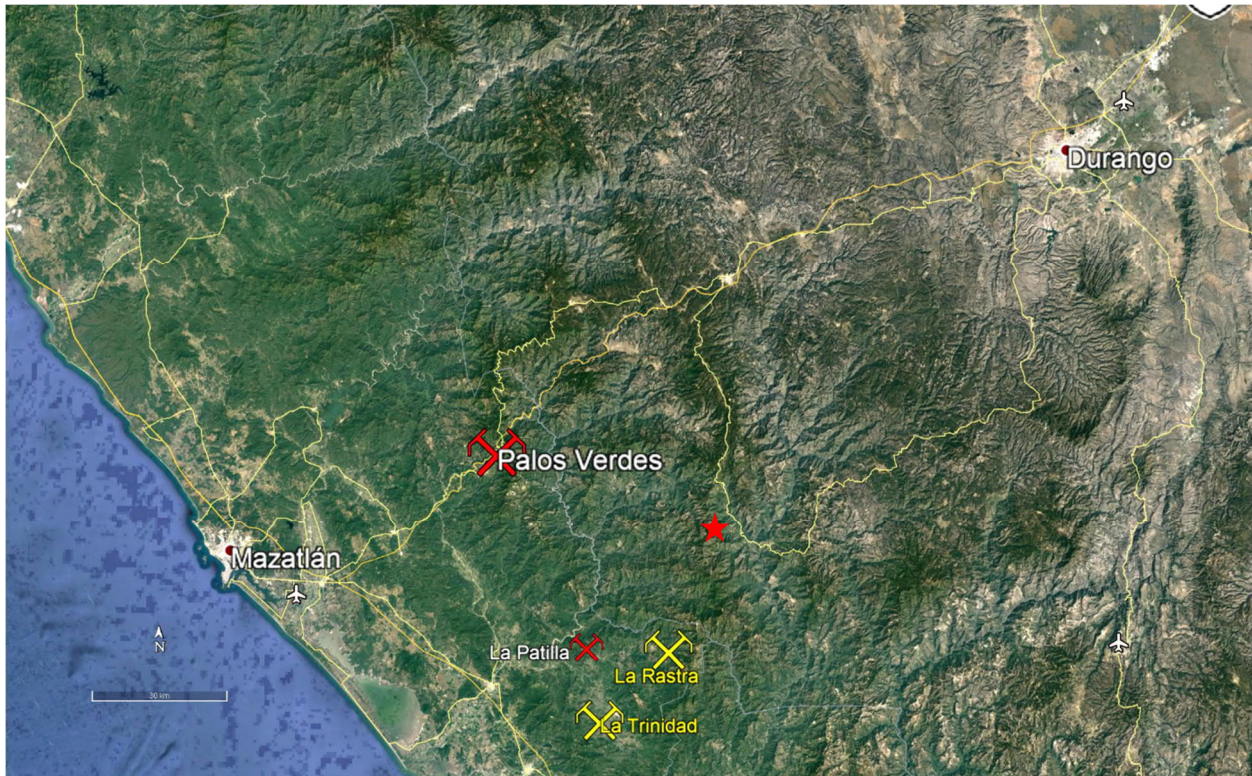


Figure 4.1. The Palos Verdes Property location in Sinaloa State, northwestern Mexico. The Palos Verdes Property is located in west central Sinaloa, about 50 km northeast of Mazatlán.

### 4.2 Mineral Concessions and Agreements

A new Mining Law was passed by the Mexican Legislature in 1993 and opened the industry to increased exploration by foreign interest. Mineral concessions in Mexico can only be held by Mexican Nationals or Mexican incorporated companies, but there are virtually no restrictions on foreign ownership of such companies. To acquire a concession, a principal monument must be erected and located and an application submitted to the Federal Mining Directorate. The concession must subsequently be located by an official surveyor and the concessions are registered with the Public Registry of Mining when titled.

In the past, two types of concessions were in effect: Exploration and Exploitation. An Exploration Concession can be valid for up to six years if work is performed on the ground, assessment reports are filed in May of each year, and taxes are paid in advance in January and July of each year. The tax amount

and assessment is based on the area and age of the concession. An Exploration concession may be converted to an Exploitation concession prior to expiry. An Exploitation concession is valid for fifty years and can be renewed, and the taxes are higher. The types of concessions were changed with the Mining Law Reform in 1999, and now only one type of concession, Mining, is recognized, with a renewable 50 year term from the original title date as long as taxes are paid and assessments are filed; this 50 year period was retroactive for concessions in good standing including the concession that comprises the Property. Concessions titled prior to 1999 are still commonly referred to as Exploration or Exploitation.

The Mexican Constitution maintains a direct non-transferable ownership of the nation's mineral wealth (considered a national resource) that is governed under established Mining Law. The use and exploitation of such national resources is provided for through clear title to a mineral rights concession ("lot" or "concession") that is granted by the Federal Executive Branch for a fee and under prescribed conditions. Mining concessions are only granted to Mexican companies and nationals or Ejidos (agrarian communities, communes, and indigenous communities). Foreign companies can hold mining concessions through their 100% owned Mexican companies.

The main obligations to maintain title to a concession in good standing are performance of work expenditures, payment of mining fees and compliance with environmental laws. Mineral rights fees are paid bi-annually in January and July, and annual proof of exploration work expenditures is done via a work report filed by the end of May of the following year ("assessment" report or "comprobación de obras"). The amount of the mineral rights fees and the amount of expenditures required varies each year. It is calculated based on a per hectare rate that typically increases annually in line with annual inflation rates. The new rates are published each year in advance in the Official Gazette of the Mexican Federation ("Diario Oficial"). The Author has reviewed legal documentation provided by the Company, but has not performed an exhaustive legal investigation into the status of the concessions including legal filings, tax payments and assessment work filings for past years. The Author has relied upon legal documents provided by ProDeMin and Prismo. It was not within the scope of this Technical Report to examine in detail or to independently verify the legal status or ownership of the Property. The Author has no reason to believe that ownership and status are other than has been represented. Determination of secure mineral title and surface estate ownership is solely the responsibility of the Company.

The Mexican Senate approved Tax Reform changes in Mexico that became effective January 1, 2014 affect operating mining companies in Mexico. The changes include: the corporate income tax remaining at 30%; a new mining royalty fee of 7.5% on income before tax, depreciation and interest; an extraordinary governmental fee on precious metals, including gold and silver, of 0.5% of gross revenues; and, changes affecting the timing of various expense deduction for tax purposes. This implies an effective combined tax and royalty rate of 35.25% depending on how deductions will be applied. The new rates put Mexico in line with the primary mineral producing nations of the world. Should the tax reform changes remain in place as is, the Property will be subjected to the new tax regime.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

#### 4.2.1 Mineral Rights

Prismo has entered into an option agreement dated May 7, 2019 with Prospección y Desarrollo Minero del Norte, S.A. de C.V. (ProDeMin) to acquire 75% of the rights to the Palos Verdes concession that makes up the Palos Verdes Property covering 22.7707 hectares and constitutes ProDeMin's interest acquired from private individuals (Table 4.1, Fig. 4.2). ProDeMin acquired 75% of the rights to the concession under two agreements. The First Agreement consisted of the right to acquire 50% of the rights to the Property by completing a minimum 400 meter diamond drill program. The drill program



was completed in May, 2018, and each of the two the property owners assigned 25% of the concession to ProDeMin. This agreement has been registered with the Public Mining Registry and the 50% interest is shown in the online database of the Mining Directorate. Under the Second Agreement, ProDeMin has acquired an additional 25% interest in the Property from one of the two original owners, Ernesto Guzman, by agreeing to make staged payments totaling 240,000 over a 42 month period. Application for the registration of the second agreement with the Public Mining Registry has been made, but final registry is pending.

Table 4.1. Mining Concessions of the Palos Verdes Property included in the joint venture

CLAIM	HECTARES	GRANTED	TITLE	EXPIRATION
Palos Verdes	22.7707	October 17, 1979	165453	October 17, 2029
<b>TOTAL</b>	<b>22.7707</b>			

Title to the concession is registered to ProDeMin (50%), Jose Manuel Gayon Aragon (25%) and Ernesto Guzman Ramirez (25%). Registration of the title to Mr. Guzman’s 25% to ProDeMin is pending.



Figure 4.2. Palos Verdes Property.

The Palos Verdes Property consists of the Palos Verdes concession, shown in yellow, near the village of Santa Lucía. The concession is surrounded by other concessions controlled by third parties. The new and old highways between Mazatlán and Durango cross the property.

The terms of the option agreement between Prismo and ProDeMin are as follows: in consideration for being granted the Option, Prismo (a) issued 2,000,000 units of Prismo at a deemed price of CAD \$0.05 per unit, with each unit consisting of one common share and one share purchase warrants of Prismo, each warrant being exercisable at a price of CAD \$0.10; and (b) made a cash payment of \$25,000 to ProDeMin; and (c) reimbursed to ProDeMin a portion of the expenditures incurred to date by ProDeMin in the amount of CAD \$25,000 on a shares for debt basis by the issuance to ProDeMin of 500,000 common shares of Prismo at a deemed price of CAD \$0.05 per share.

Prismo also agreed to make the outstanding payments under an agreement between the original owner of the property and ProDeMin (the Second Agreement above), incurring a total of \$1.5 million in expenditures on the Property over a five (5) year period, pay to ProDeMin an additional amount of \$46,823 and issue to ProDeMin an additional 2,000,000 common shares, as follows.

- (a) Assuming the outstanding obligations of ProDeMin under the Second Agreement, including making the bi-annual tax payments on the mineral concession, completing the minimum amount of exploration expenditures required by applicable law to keep the mineral concession in good standing and making payments totalling \$240,000 to the vendor as follows: \$15,000 on or before May 20th, 2019 (paid), \$25,000 on or before November 20th, 2019, \$25,000 on or before May 20th, 2020, \$25,000 on or before November 20<sup>th</sup>, 2020, \$25,000 on or before May 20th, 2021, \$25,000 on or before November 20th, 2021, \$50,000 on or before May 20<sup>th</sup>, 2022, and \$50,000 on or before November 20th, 2022;
- (b) Paying ProDeMin an amount of \$21,823 on the date of the closing of Prismo's first financing following the listing of its common shares on a recognized Canadian stock exchange;
- (c) Incurring a minimum of CAD \$100,000 in expenditures within the first two (2) years following the date of this Agreement, and also paying during such period all fees and duties required to maintain the mineral concession in good standing.
- (d) Paying an amount of \$25,000 to ProDeMin and incurring a minimum of \$100,000 in expenditures on the Property for each of the third and fourth year following the date of this Agreement, and also paying during such period all fees and duties required to maintain the mineral concession in good standing ; and
- (e) Issuing to ProDeMin, or as directed by ProDeMin, 2,000,000 common shares and incurring a minimum of \$500,000 in expenditures on the Property in the fifth year following the date of this Agreement, and also paying during such period all fees and duties required to maintain the mineral concession in good standing; and

Table 4.1 shows the relevant data including the expiry date of the mining concession forming the Palos Verdes Property. The Author of this report has not examined the detailed legal agreements nor verified the good standing of the concessions and has relied on representations made by the Company. To the best of the Author's knowledge the Company has a valid option to acquire the stated interest in this concession and the other rights as mentioned.

#### 4.2.2 Surface Exploration Rights

Mining concession licenses in Mexico are separate from surface rights. Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. In Mexico surface rights are owned by private persons or ejidos (local communal organizations), and agreements for access must be made with the surface owners to do significant work. The surface rights that cover the property are controlled by the San Miguel Carrizal Ejido as shown in Figure 4.3. ProDeMin has a formal surface rights agreement covering the Property that allows exploration work to be carried out for a period of three years, terminating on 30 September, 2020. A new agreement will need to be made for further exploration work after that date.



The Author has not examined the details of the surface ownership and has relied on the representations of the Company and on public information available on government websites. To the best of the knowledge of the Author, Prismo has the necessary rights for surface access and exploration work on the Property.

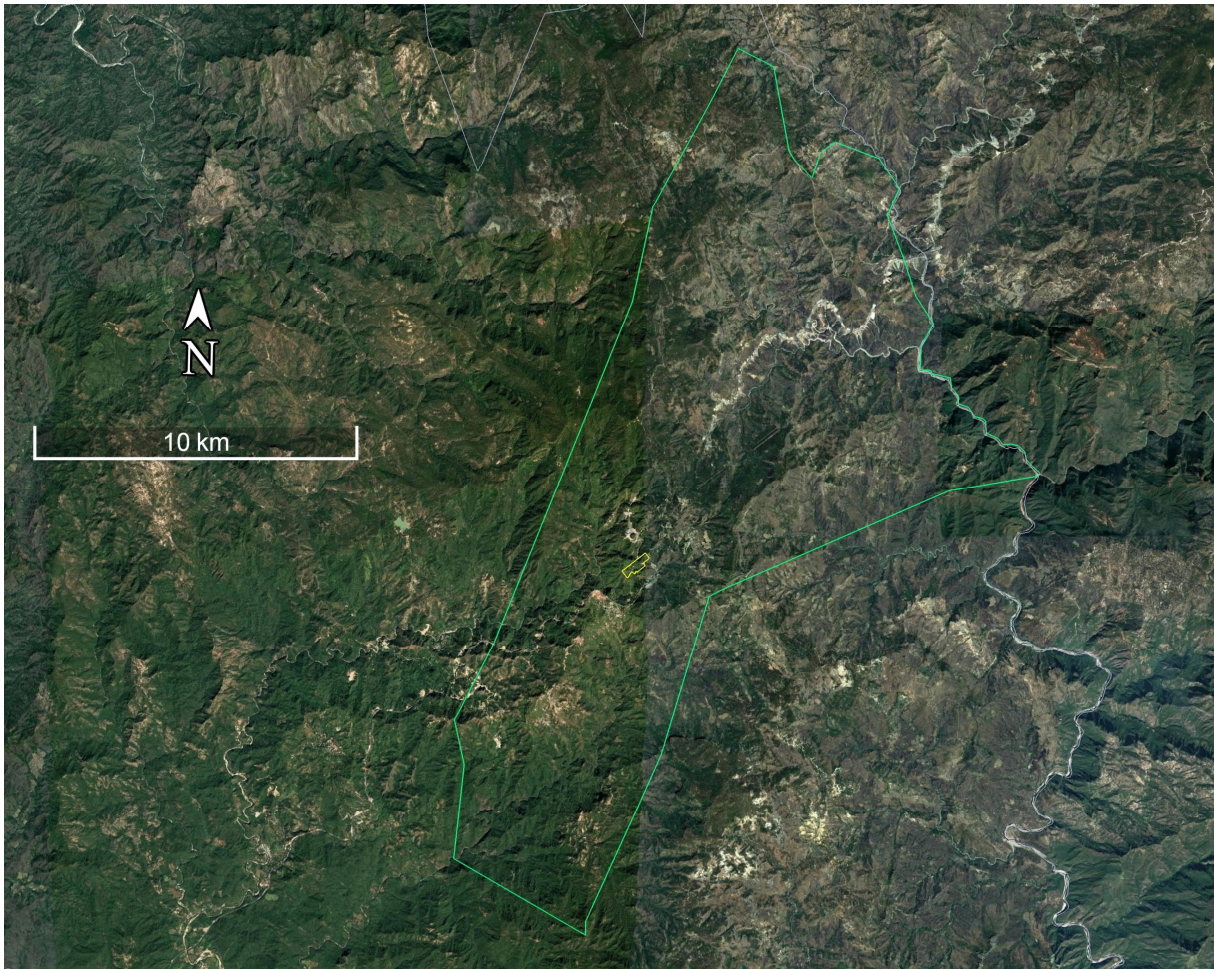


Figure 4.3. Surface rights for the Palos Verdes Property.

The Palos Verdes concession, yellow lies completely within the San Miguel del Carrizal Ejido, green.

#### 4.2.1 Permits and other Considerations

All permissions and applications required for the exploitation and exploration process must be performed in accordance with the applicable Mexican Official Laws and Standards (*Normas Oficiales Mexicanas*). The Palos Verdes Property does not fall within any Natural Protected Area (*Area Natural Protegida*). Exploration work including drilling on existing roads but with no new road construction or other surface disturbance requires the filing of a Preventative Notice (*Informe Preventivo*) filed with the SEMARNAT the agency responsible for issuing environmental permits. Once filed, the agency has 20 calendar days to respond, issuing approval or a requirement for more information; the response is called a resolution (*resolutivo*) and details requirements and or limitations for the permit. If there is no response in the given time the permit is taken as approved. With the approval of the Preventative Notice preventive and generally a letter of initiation of activities (*Aviso de Inicio de Actividades*) received and stamped by the government Authority work can begin. In the case of new surface disturbance such as road construction, studies that must be filed and approved include a Technical Study Justifying a Change of Soil Use (*Estudio Técnico Justificativo para Cambio de Uso de Suelos*) and an Environmental Impact Statement

(*Manifiesto de Impacto Ambiental*) over the areas to be affected. The required permits and the stage when they are required are shown in Table 4.2.

ProDeMin applied for a permit to allow drilling by filing a Preventative Notice (Informe Preventivo) in January, 2018, and received limited approval for two years on Feb 20, 2018 with a request for further information. Further information was provided in April, 2018. Filing for an extension to the environmental permit will be necessary before February, 2020. At the present time, and up until exploration activities have progressed further to require construction of new roads and/or drill pads, no other permits are required for exploration activities at the project. For road construction and drilling in the future, the permits that are generally required for exploration activities are those mentioned previously and shown in Table 4.2.

To the Author’s knowledge there are no other permits or agreements that are needed to explore the Property, and there are no other significant factors or risks that may affect access, title or the right to perform work on the Property.

Table 4.2. Permitting Requirements for the Palos Verdes Property

Permit	Relevant to	Status
Letter of Initiation of exploration activities and Preventative Notice (Informe Preventivo);	Early exploration/drilling	Valid permit in hand
The Permit for Change of Soil Use in Forested Area and Environmental Impact Statement issued by the State Delegations of Secretary of the Environment, Natural Resources and Fisheries (SEMARNAT)	Transitional, advanced exploration to development	Not necessary until surface area is to be disturbed

## 5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

### 5.1 Topography, Climate, Physiography

The Palos Verdes Property is located in the Physiographic Province of the Sierra Madre Occidental as part of the Southern Canyons and Mesas sub province. The property is located on the western slope of the Sierra Madre Occidental near the transition to the Coastal Plain of Sinaloa State (Fig. 5.1). Topography is moderately abrupt with elevations of as much as 1500 meters above sea level rising from low elevations of about 1250 meters in the southwestern part of the concession. Mountain peaks to the east rise to over 2000 meters in elevation. The Company’s activities are conducted primarily between about 1250 and 1300 metres elevation. The Property is located in the Concordia Municipality and lies in a tributary of the Los Chirimollos valley that drains to the coastal plains and Pacific Ocean and is part of the Rio San Pablo and Rio Baluarte catchment basins.

The climate in the region is classified as arid to semi-tropical, and according to the national Meteorological Service, with an average annual temperature of 23.4 degrees Celsius with average highs in summer of 34 degrees Celsius and average lows in winter of 11 degrees Celsius, but temperatures can range from about 8 degrees Celsius to over 35 degrees Celsius. Precipitation averages 896 millimetres per year, and rainfall occurs mainly from late June to early October during a monsoonal tropical wet season that includes the influence of hurricanes mainly from the Pacific coast. Winters are relatively dry.



## 5.2 Vegetation

Vegetation on the Property is classified as dry to semi-humid deciduous tropical forest with both desert and jungle type plants (Fig. 5.2). Thorny plants and cacti dominating the vegetation during the dry season with abundant thorny bushes and small trees such as acacia in arroyos, with oak and pine forests at higher elevations in the surrounding region. The foliage becomes green and dense near water dams and streams and jungle-like during the rainy season. Surface land use is dominantly grazing for goats and cattle. Some timber is harvested from the surrounding region.

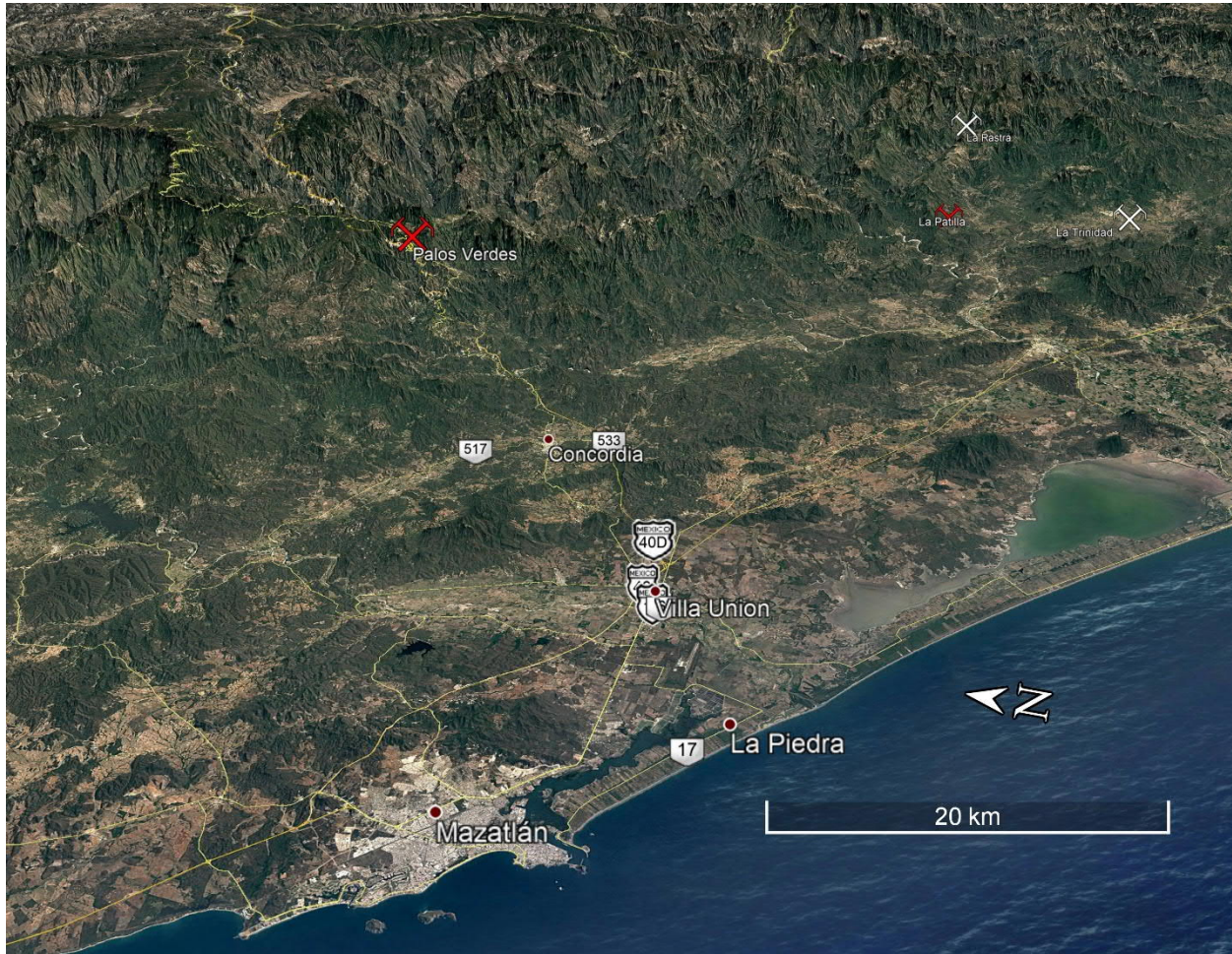


Figure 5.1. Aerial view of the Palos Verdes Property region.

Oblique aerial view from Google Earth showing the region surrounding the Palos Verdes Property, shown in red. The property is located at the slopes of the Sierra Madre Occidental near the transition to the coastal plain. Some other mineral deposits in the Rosario district are shown in the upper right corner of the image. Mazatlán is located on the coast in the left foreground of the image.

## 5.3 Accessibility

The village of Santa Lucia lies about 1 km southwest of the limits of the Palos Verdes Property with an estimated population of a few hundred (Figs. 4.2). Santa Lucia is on both the old highway (40) and new toll highway (40D) between Mazatlán to Durango, but the formal exit on the new highway is about 2km to the northeast. The nearest major city is Mazatlán, an approximately 60 to 90 minute drive from the Property, Figure 4.1. The nearest fuel station is located at Concordia on the old highway or at the new and old highway junction. The Property is accessible by the old interstate highway 40 from Mazatlán to Durango, with a poor quality dirt road crossing the central part of the Palos Verdes concession and

providing access to the small tunnel on the property. The Company has rented a small house as a field office and core storage area in Santa Lucia. Exploration activities can be carried out year round.

#### **5.4 Local Resources and Infrastructure**

The Property is about 65 kilometers northeast of the city Mazatlán, with the most significant infrastructure in the area, although Villa Union and Concordia have markets, service stations and lodging available. The population of the municipality is about 27,000, with large population centers mainly outside the municipality at Mazatlán, Villa Union and Rosario. A semi-skilled work force for a variety of technical personnel and mining staff and an unskilled work force are available in communities close to the Property, and are probably sufficient to provide laborers throughout exploration stages. The nearest international airport is General Rafael Buelna International Airport (MZT) at Mazatlán, a tourist destination with multiple daily national and international flights located approximately 1.5 hours from the Property.

The local economy consists of small scale timber, livestock and tourism services, and the area is known as an important mining center with historic small scale mining evident and several small mills in operation. All major supplies and services are available from Mazatlán, Villa Union or Concordia.

Power from the national grid is available at Santa Lucia, 1 km from the Property. There is no local water system but water is available in streams near the Property. This water is sufficient for the needs of a small drill program.



Figure 5.2. Panorama of the Palos Verdes Property.  
View of the Palos Verdes Property, looking southwest from the old highway  
in the northwestern portion of the concession.

#### **6.0 HISTORY**

The early history of the Property is not known. The Sinaloa region was inhabited by several Mesoamerican cultures during the pre-Hispanic period. The Mining Districts of Panuco, Copala and Santa Lucia were well known natives before 1560 due to the high-grade Au-Ag veins and they exploited the richest portions of the veins. In 1565 Capt. Francisco de Ibarra, who founded Durango and Nombre de Dios as Nueva Vizcaya governor, founded the municipality named San Sebastian, now known as Concordia with the purpose to support the mining works of the Panuco-Copala Mining District. Mining activities have continued intermittently for 5 centuries to the present. Even during the Mexican



Revolution mining activities remained with 7 mills operating in the region. After Mexican independence the State of Sinaloa was formed and Villa de San Sebastian was changed to Concordia in 1831.

Concerning the Santa Lucia mining area, where the Palos Verdes Property is located, the old workings are small compared with Panuco and Copala, with historic workings mainly as small digs and adits that were developed to extract Au and Ag ore.

Sinaloa State is perhaps better known by the general population for agriculture than for metal mining. The western part of the state at the edge of the Sierra Madre Occidental is the coastal plain where large scale irrigation occurs with water provided from dams on the large rivers draining the mountains. Mining is important, however, and numerous important mineralized areas are known. The Panuco-Copala mining district is historically the most important silver producer in Sinaloa with abundant mines and prospects. Currently several small mines produce mineral for a few mills in operation in the region.

## **6.1 Exploration**

Various companies as well as the previous owners of the property have performed limited exploration at the property, mainly sampling (Fig. 6.1, Table 6.1). ProDeMin has compiled a sample database with 61 samples taken by Oremex Silver, the property owners and others with values of as much as 4.15 g/t Au and 732.7 g/t Ag. Little or no data on sampling methodology and laboratory preparation and analytical procedures are available, nor are lab certificates for all of the samples. Therefore these data were not relied upon, and this sampling was used only as a general guide for further work. At some time in the past, reportedly near the end of the 1900's, a 70 meter long tunnel was driven along the vein from near the bottom of the Palos Verdes arroyo. The owners of the concession leased the property to a small miner prior to the initial agreement with ProDeMin, but limited work was completed. Exploration carried out by ProDeMin is discussed in Section 9. Exploration, as this was done recently under the supervision of a Qualified Person and supporting documents are available.

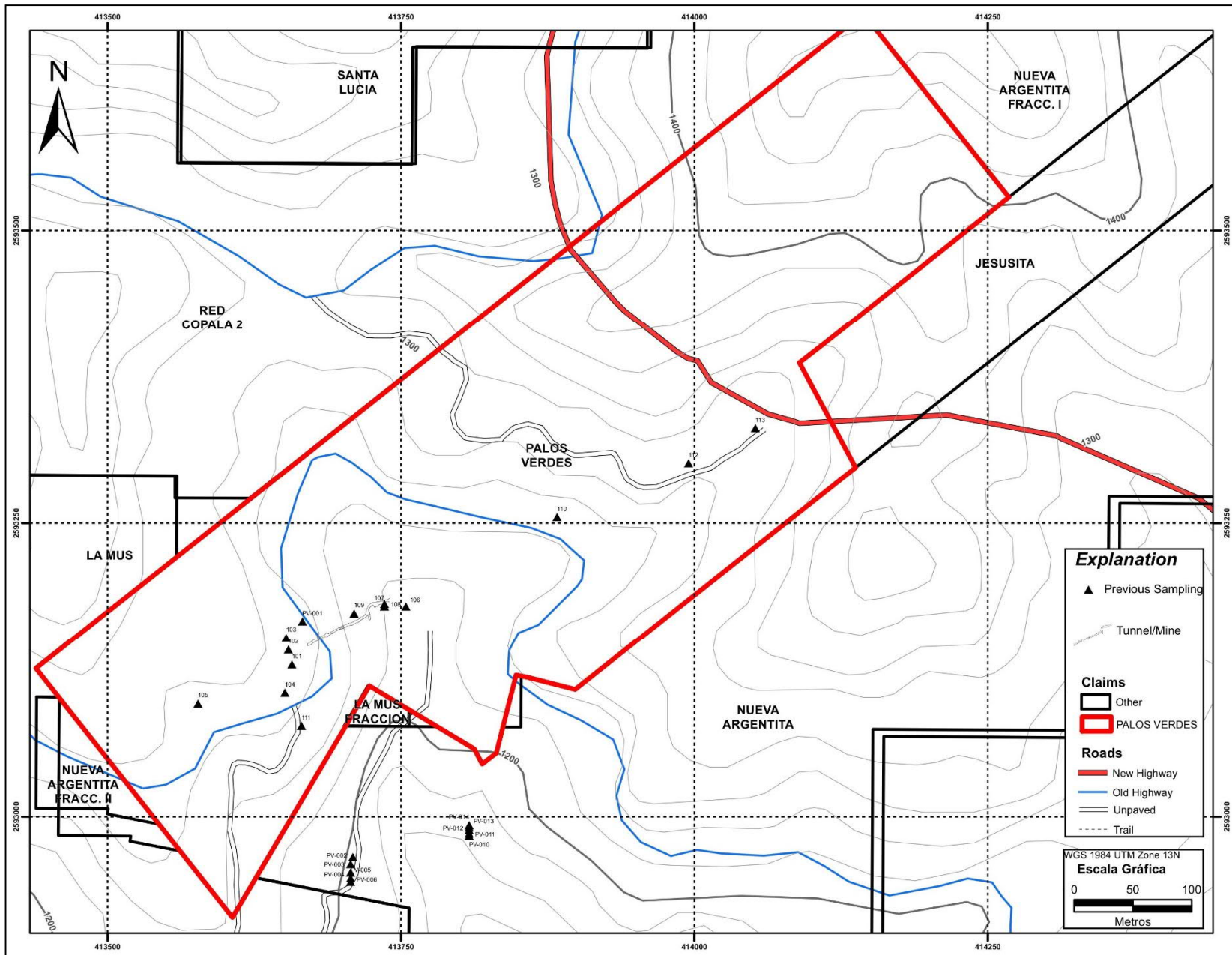


Figure 6.1. Historic sampling at the Palos Verdes Property.

Topographic map of the Palos Verdes Property showing the Property boundary and locations of rock samples taken by previous workers.

Table 6.1. Assay values for historic sampling at the Palos Verdes Property

Sample	Area	Width m	Au g/t	Ag g/t	Pb ppm	Zn ppm	Cu ppm
PV-001	Palos Verdes	1.2	0.022	14.3	743	610	399
PV-002	Palos Verdes	1	0.05	18.6	573	232	360
PV-003	Palos Verdes	0.6	0.172	0	39	690	80
PV-004	Palos Verdes	0.7	0.3	0	32	1130	42
PV-005	Palos Verdes	1	-0.001	0	22	245	24
PV-006	Palos Verdes	0.5	0.125	20.7	996	1110	415
PV-007	Palos Verdes	0.7	0.405	87.5	68	66	27
PV-008	Palos Verdes	1	0.132	28.5	113	99	197
PV-009	Palos Verdes	0.7	0.018	0	1050	1070	280
PV-010	Palos Verdes	2.5	0.012	0	199	1110	150
PV-010A	Palos Verdes		1.201	87.8	739	115	77
PV-011	Palos Verdes	2.5	0.029	11.5	1940	4590	1530
PV-012	Palos Verdes	2.5	0.016	0	2590	9890	284
PV-013	Palos Verdes	2.5	1.032	222	3350	12000	3450
PV-014	Palos Verdes	2.5	0.019	0	841	1870	793
101	Palos Verdes		0.42	92	2200	2100	
102	Palos Verdes		0.01	22	1300	2200	
103	Palos Verdes		0.01	19	800	100	
104	Palos Verdes		0	0	600	1000	
105	Palos Verdes		0.19	33	1500	2000	
106	Palos Verdes		0.01	7	5400	13000	
107	Palos Verdes		2.13	474	20300	64000	
108	Palos Verdes		1.21	259	2300	5400	
109	Palos Verdes		0.01	21	4000	19200	
110	Palos Verdes		0.43	76	1200	1700	
111	Palos Verdes		0.15	48	900	1700	
112	Palos Verdes		0	0	600	100	
113	Palos Verdes		0	0	500	700	
114	Palos Verdes		0.01	44	600	300	
115	Palos Verdes		0.38	70	1500	1200	
649	Palos Verdes	0.7 m	4.15	732.7	2906	324	1502
859	Palos Verdes	1.8 m	0.8	72.8	16791	28127	1983
860	Palos Verdes		0.608	50.1	1542	4030	737
1050	Palos Verdes	1.6 m	0.079	18.9	3847	8808	898
1051	Palos Verdes	1.5 m	0.013	20.1	1322	1544	3148
1052	Palos Verdes	2.1 m	0.196	23.6	1342	1708	441
1053	Palos Verdes	1.3 m	0.243	32.5	2858	5460	423
1054	Palos Verdes	1.3 m	0.297	39.8	849	4285	252
1055	Palos Verdes	1.8 m	0.11	16.7	1628	1982	561
1056	Palos Verdes	2.2 m	0.798	30.7	8849	4551	516
1057	Palos Verdes	2.5 m	0.362	38.9	2573	4329	551
1058	Palos Verdes	1.9 m	0.201	25	3080	8856	671
1059	Palos Verdes	1.9 m	0.362	55.9	1962	3489	786
1060	Palos Verdes	1.8 m	0.29	35.7	3257	7403	841
1061	Palos Verdes	1.6 m	0.212	34.3	590	2147	207
1062	Palos Verdes	1.3 m	0.351	59.2	4189	2223	1871
1063	Palos Verdes	1.5 m	0.129	11.9	1748	1760	602
1064	Palos Verdes	0.7 m	0.298	17.4	398	1258	340
1065	Palos Verdes	1.8 m	0.212	7.3	331	2018	253
1066	Palos Verdes	1.1 m	0.022	14.1	1270	1615	1336
1067	Palos Verdes	1.1 m	0.059	4.7	251	1891	521
1068	Palos Verdes	1.5 m	0.288	4.5	229	3510	240
1069	Palos Verdes	1.3 m	0.139	9.6	419	1302	177
1070	Palos Verdes	1.6 m	0.146	8.7	484	1461	280
1071	Palos Verdes	1.2 m	0.067	9	484	751	286
1072	Palos Verdes	1.4 m	0.09	16.7	1269	2356	738
1073	Palos Verdes	1.3 m	0.078	13.1	329	870	478
1074	Palos Verdes	3.2 m	0.03	18.5	1250	510	733
1075	Palos Verdes	3.6 m	0.378	37	1772	4032	2401
1076	Palos Verdes	2.8 m	4.05	77.5	22350	46482	3703
1077	Palos Verdes	2.5 m	0.081	37.7	2170	2379	677

Sample data provided by M. Gayon, one of the original vendors of the Property. Blanks indicate data not available.

## 7.0 GEOLOGICAL SETTING AND MINERALIZATION

### 7.1 Regional Geology

The tectonostratigraphic framework of western Mexico is characterized by the Sierra Madre Occidental geologic province. The region is underlain by several tectonostratigraphic terranes as defined by Campa and Coney (1983) and Sedlock et al. (1993). The Guerrero terrain is probably the basement of the region and was covered during volcanism of the Sierra Madre Occidental during the Tertiary (Fig. 7.1). The area was affected by later extension and opening of the Gulf of California.

The regional geology consists mostly of Tertiary volcanic rocks (Fig. 7.2). Metamorphosed basement rocks of the Sonobari Complex of Precambrian age constituted of gneiss, amphibolite, pegmatite and migmatite outcrop in the northern portion of Sinaloa State (Fig. 7.3). These rocks are overlain by metamorphosed rocks such as schists, amphibolite and quartzite of Lower Paleozoic age and metamorphosed sedimentary rocks such as shale, quartzite, limestone and chert of Upper Paleozoic age. These probably comprise the basement rocks in the region, but are not exposed on the Property or the immediately surrounding area (Fig. 7.2). The closest outcrops of these basement rocks close to the property are located south of Copala village and northeast of Magistral Ranch, and are constituted of quartzite and black shales of Upper Paleozoic age.

A thick sequence of volcanic rocks overlies the basement rocks. The lowermost unit, termed the Lower Volcanic Group of Late Mesozoic to Early Cenozoic age (McDowell and Clabaugh, 1979), is composed mainly of flows and tuffs of andesitic composition. This sequence shows textural changes such as aphanitic, porphyritic, holocrystalline and diabase with locally important flow breccia. Generally this sequence exhibits propylitic alteration, and locally is associated with intrusive rocks of microdioritic, monzonitic and pyroxenite composition. These rocks are exposed in the Rio Florido valley.

The Lower Volcanic Group is very important, economically, due this sequence hosts numerous mineral deposits in the zone and along Sierra Madre Occidental mining districts. Some outcrops of this sequence host some mineralized orebodies in the Copala- Panuco- Santa Lucia Mining District. In this zone the sequence is intruded by granodioritic bodies with  $56.5 \pm 0.7$  My in age (Lopez, 1999).



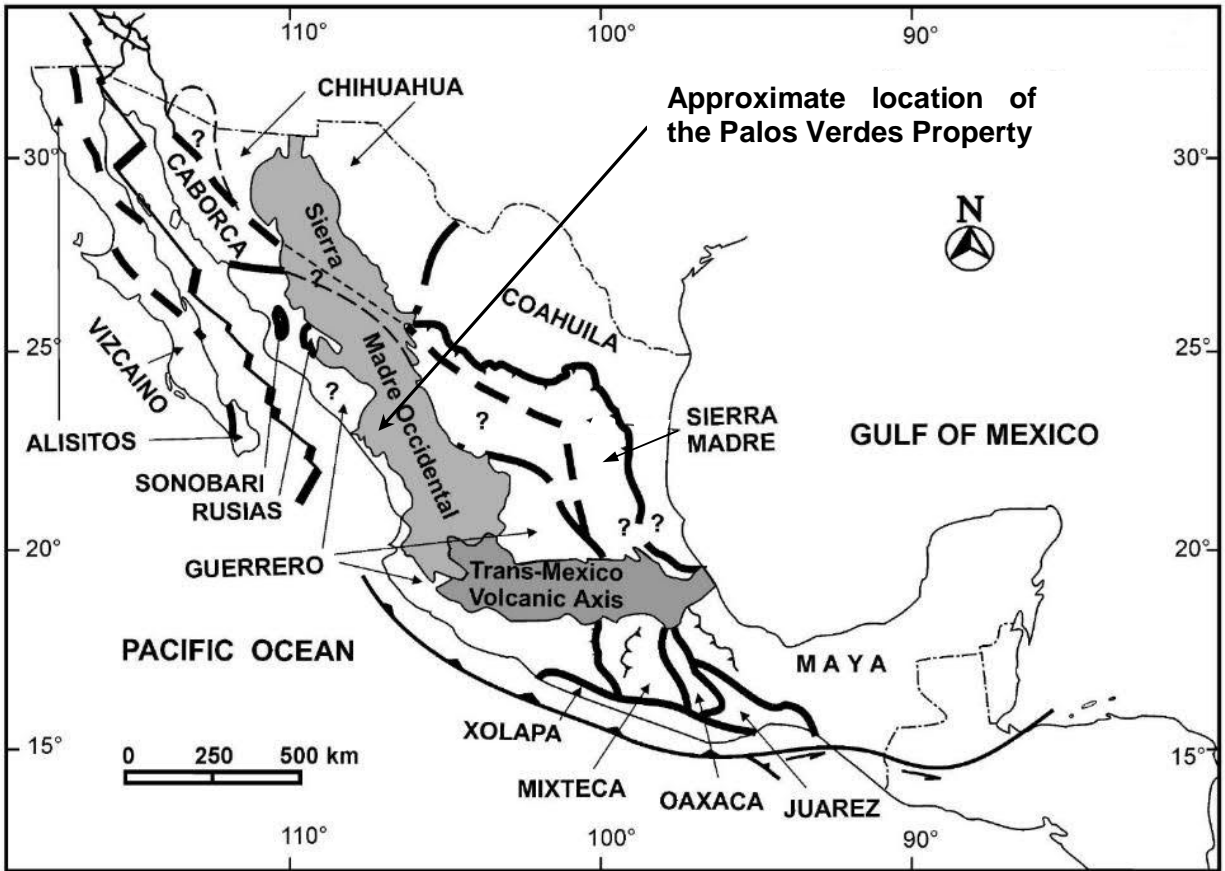


Figure 7.1. Tectonostratigraphic terranes of Mexico.

Map showing the terranes and plate tectonic framework for Mexico as well as the Sierra Madre Occidental and Trans-Mexico volcanic belts. After Campa and Coney (1983).

Rocks of the Upper Volcanic Group unconformably overlie the Lower Volcanic Group. The rocks are of Early to Middle Tertiary age and have been divided into three main units: Older, Intermediate and Upper Ignimbrite Units. Interbedded with these units are purple to reddish andesitic flows. The younger ignimbritic sequence consists of a thick package of breccia and rhyolitic to andesitic tuffs. Alteration observed in these units is mainly argillic due to weathering. In some places the Upper Volcanic Group is intruded by rhyolitic porphyry domes.

In the Upper Tertiary (Pliocene), sandstone and polymictic conglomerate filled basins that originated during extension in the region.

Regionally two main intrusive events are recognized. The older, of granodioritic to granitic composition (56.6 +/- 0.7 My) is associated with the La Costa Batholith of Laramide age. Intrusive rocks of similar composition, but Oligocene in age, locally intruded the Upper Volcanic Group. The second intrusive event consists of younger andesitic to rhyolitic porphyry and domes formed in the Upper Volcanic Group.

The older rocks in the region were affected by the Jaliscoan Orogeny of Jurassic age. The main tectonic event in the region is the Laramide orogeny of late Cretaceous to early Tertiary age related to volcanism and intrusive activity in the region.

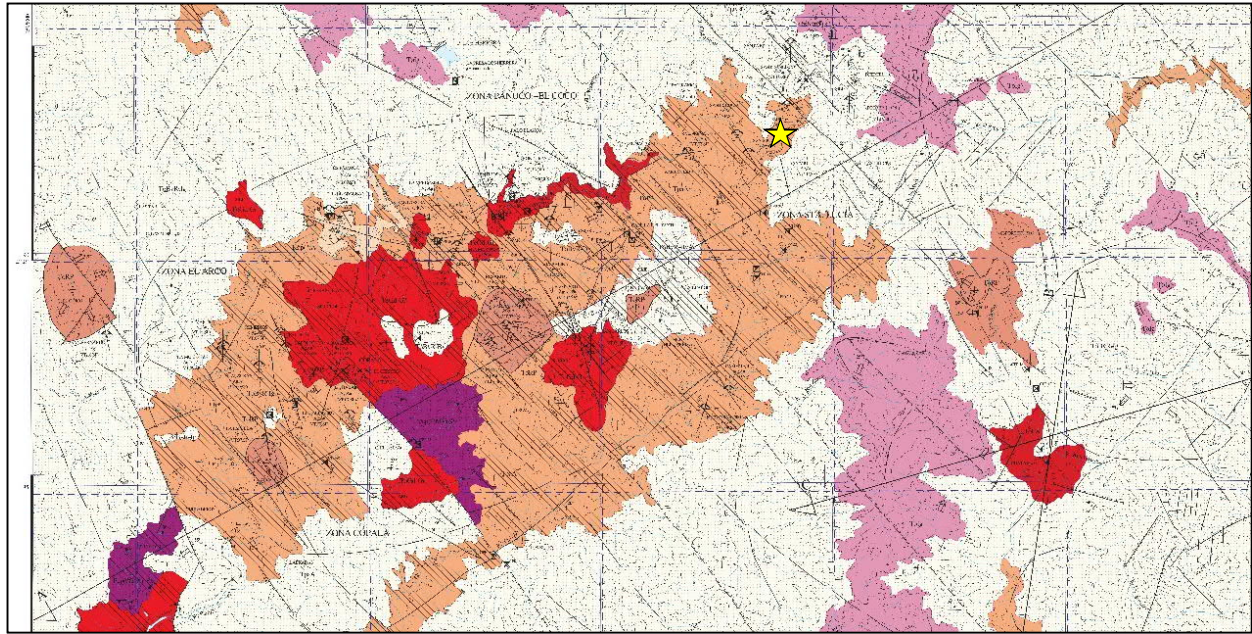


Figure 7.2. Government geologic map of the area around the Palos Verdes Property.

Dark purple colors are Precambrian and Paleozoic basement rocks. Volcanic rocks are in shades of brown, with older andesitic rocks in orange-brown and younger rhyolitic tuffs light colored with a pattern and rhyolite ignimbrites in pink. Granodioritic intrusive rocks are in red. The location of the Property is indicated by the yellow star. Geology from Mexican Geological Survey, 1:50,000 Copala sheet (SGM, 1999).

Regional structures are characterized by fault systems with northwest and northeast strikes. The northwest fault system is probably related to extensional tectonism related to the opening of the Gulf of California.

Mineralization in the region consists of low sulfidation epithermal and polymetallic veins that are part of the Sierra Madre Occidental precious-metal province (Fig. 7.4). The Santa Lucia mining region is part of the Copala-Panuco district that has been an important silver producer for several hundred years from many mines and prospects (Fig. 7.5).

Formation	Lithology	Age (Ma)	Mineralization
Surficial deposits	Alluvium and colluvium	Recent	
Felsic volcanic rocks and intrusive	Rhyolite tuffs and ignimbrite, local plugs	Mid to Late Tertiary	Unknown
Intermediate intrusions	Diorite to granodiorite	Mid to Late Tertiary	Veins, contact related
Undifferentiated andesitic volcanic rocks	Flow, flow breccia	Early to mid-Tertiary	Low sulfidation epithermal quartz veins with precious- and base-metal values
Metamorphic basement	Metamorphosed sandstone and shale (phyllite)	Paleozoic (?)	Low sulfidation veins
Sonobari Complex	Gneiss, amphibolite, pegmatite, migmatite	Precambrian	

Figure 7.3. Summary of stratigraphy and associated mineralization in the region.

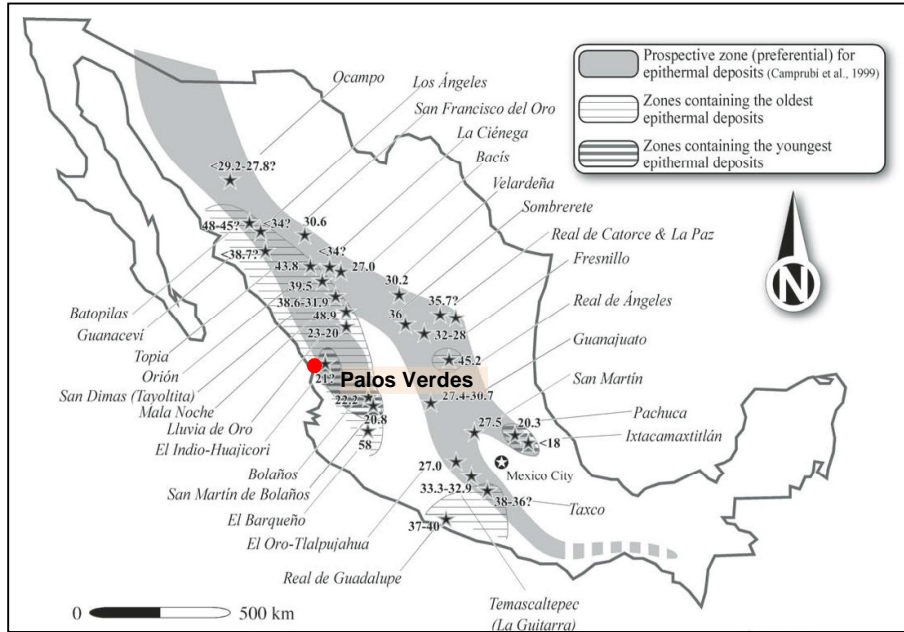


Figure 7.4. Epithermal Precious Metal belt, Northern Mexico. Distribution and ages of epithermal precious metal deposits in Mexico with the location of the Property. After Camprubi and Albinson (2005).

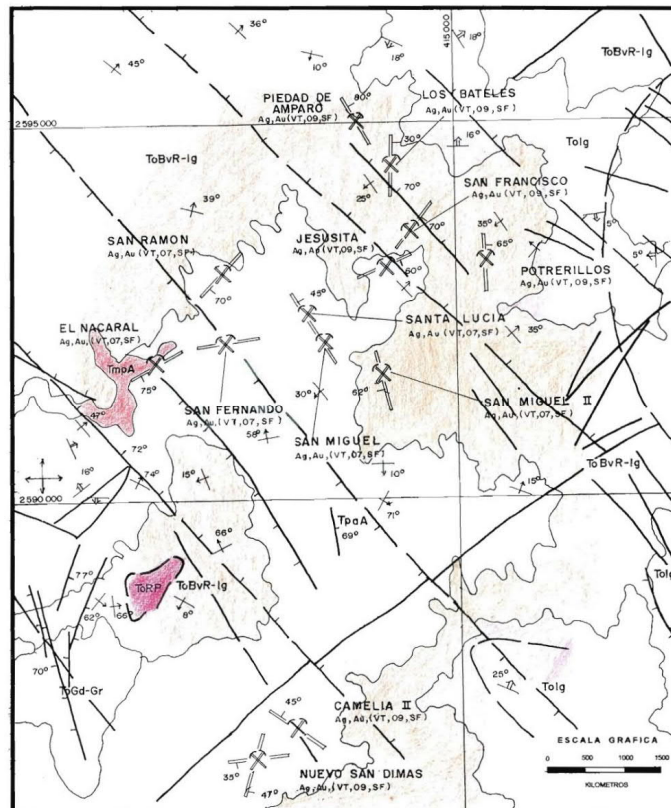


Figure 7.5. Small mines and prospects near Palos Verdes Property. Mineral occurrences catalogued by the SGM in the area of the Property. The Palos Verdes vein lies in the general area of the Jesuita mine shown on the map. From Servicio Geológico Mexicano, 1999.



Table 7.1. Small mines and prospects, Palos Verdes Property area

Mine/Prospect	Orientation	Width	Length	Host rock	Metals	Assays	Size
La Esperanza	N 30°W al 80°	0.6	1000	Granodiorita	Ag, Pb, Au en Q	Ag: 250.0 gr/ton	Niveles grandes
El Bule	N 45°W al 70°NE	0.6	1000	Granodiorita	Ag, Pb, Au en Q	Sin muestreo	Niveles grandes
El Alcatrán	N 30°W al 80°NE	0.6	1000	Granodiorita	Ag, Pb, Au en Q	Au: 0.85 gr/ton	Nivel aterrado y
San Nicolás	N 45°W al 70°NE	0.6	800	Granodiorita	Ag, Pb, Au en Q	Ag: 180.6 gr/ton Au: 30.0 gr/ton	catas Nivel corto
Los Remedios	N 15°W al 56°SW	2	800	Andesita	Ag, Au, Pb y Zn	Ag: 1000 gr/ton Au: 2.4 gr/ton	Un nivel grande
Napoleón	N 15°W al 56°SW	2	800	Andesita	en Q Ag, Pb, Zn y Au	Ag: 369.9 gr/ton Au: 1.23 gr/ton	Nivel y tajo
El Gallinero	N 15°W al 56°SW	2	800	Andesita	en Q Ag, Pb, Zn y Au	Ag: 205.0 gr/ton Au: 1.8 gr/ton	Niveles cortos
Manzanilla	N 20°W al 68°NE	0.3	85	Diorita	Ag, Pb, Cu en Q	Ag: 280.0 gr/ton Au: 0.69 gr/ton	Dos niveles 80 y
Santa Ana	N 30°E al 75°SE	1	550	Diorita	Ag, Pb, Cu en Q	Ag: 117.2 gr/ton Ag: 250 gr/ton	40 m Nivel con 550 m
Agua Zarca	N 40°E al 45°	20	80	Diorita	Ag, Pb, Cu en Q	Au: 2.0 gr/ton Au: 1.1% Ag: 180 gr/ton Pb: 2.9% Zn: 4.5%	Dos niveles 30 y 60 m
Santa Rosa	N 47°W al NE	4	500	Granodiorita	Ag, Pb, Zn y Au	Ag 300 a	Ocho niveles
El Marquez	N 45°E al NW	2	900	Granodiorita	en Q Ag, Pb, Zn en Q	600 gr/ton Sin Muestreo	grandes Aterrada
El Porvenir	S 45°E al 45°SW	4		Granodiorita	Ag, Pb, Zn en Q	Sin Muestreo	Manto Ánimas
La Bomba	S 45°E al 45°SW	4	100	Granodiorita	Au y Ag en Q	Sin muestreo	muy importante Aterrado
La Francisca	N 45°E al NW	2	300	Granodiorita	Au y Ag en Q	Sin muestreo	continuidad manteo Aterrado
El Muerto	S 45°E al 45°SW	4	230	Toba andesítica	Au y Ag en Q	Au: 1.5 gr/ton	Dos niveles 300 m
El Refugio	N-S al 80°W	2.5	100	Granodiorita	Au y Ag en Q	Ag: 240.4 gr/ton Au: 0.43 gr/ton	y tajo Seis niveles bien
Oro Fino	N 75°W al 62°NE	2	70	Riolita	Au y Ag en Q	Ag: 105.7 gr/ton Au: 0.5 gr/ton	desarrollados Nivel 70 m
Ampl.	N 75°E al 60°NW	8	150	Andesita	Au y Ag en Q	Ag: 26.0 gr/ton Au: 0.66 gr/ton	Varios niveles
Mojojuan	N 15°E al 83°NW	1.5	300	Toba riolítica	Au y Ag en Q	Ag: 200 gr/ton Au: 1.6 gr/ton	cortos Dos niveles cortos
Las Amapas	N 10°E al 64°	1	70	Toba cristalina	Au y Ag en Q	Ag: 124.8 gr/ton Au: 0.8 gr/ton Ag: 860 gr/ton	Nivel 7 m
Colomos	N 15° vertical	2	20	Toba cristalina	Au y Ag en Q	Au: 1.93 gr/ton	Nivel 20 m
El Nacaral	N 40°E al 75° SE	2	180	Toba cristalina	Au y Ag en Q	Ag: 186 gr/ton Au: 2.34 gr/ton	Dos niveles 70 y
La Higuera	S 40° W vertical	8	80	Toba riolítica	Au y Ag en Q	Ag: 234.1 gr/ton Au: 1.5 gr/ton	103 m Cruceros y pozos
San Fernando	S 40°W vertical	4	600	Toba cristalina	Au y Ag en Q	Ag: 100 gr/ton Au: 1.3 gr/ton	80 m Obras aterradas
Veta Chica	N 40°W al 75° NE	0.6	60	Toba riolítica	Au, Ag, Pb y Zn	Ag: 253.6 gr/ton Au: 17 gr/ ton	Dos Niveles con
Tres Amigos	N 60°W al 50°SW	3	30	Toba riolítica	en Q Au, Ag, Pb y Zn	Ag: 1848 gr/ton Pb: 6.8, Zn: 9.2 Ag: 18 gr/ton	60 m Catas chicas
Ojo de Agua	N 15°W al 69°NE	1.3	15	Andesita	en Q Ag y Pb en Q	Ag: 246 gr/ton 2 kg/ton. Clavo	Catas superficiales
Los Negritos	N-S al 55°W	1	25	Andesita	Au y Ag en Q	Au: 2.6 gr/ton	Nivel 25 m
Angelita	N 40°W al 80°	1	50	Andesita	Au, Ag, Pb y Zn en Q	Ag: 171 gr/ton Au: 2 gr/ton Ag: 500 gr/ton Pb: 10 %, Zn 14%	Nivel 50 m

From SGM, 2008.

## 7.1 Geology of the Palos Verdes Property

The volcanic rocks in the area of the Property are not well studied. In general, andesitic volcanic rocks consisting of flows and flow breccia underlie most of the property and are overlain by felsic tuffs in the northeastern portion (Figs. 7.6). Outcrop is generally relatively good over the Property, but geologic mapping of the area has not been completed in detail.

### 7.1.1 Andesitic rocks

Andesite is the main rock type that crops out at the Palos Verdes Property. It corresponds to the Lower Volcanic Group and is the main host for mineralized structures in the Mining District and the Property. The andesite is gray to greenish in color (Fig. 7.7), and aphanitic to porphyritic in texture with plagioclase phenocrysts. Flow breccia and local agglomeratic textures are commonly observed. Wide variations in lithology are observed in the core, but the rocks have not been mapped in sufficient detail to identify specific units within the andesitic package on the surface.

### 7.1.1 Structure

Structurally there are two main trends, northeasterly and north to northwesterly, the northeasterly system being the most common, although numerous mineralized structures are emplaced in the northerly to northwesterly trending system. The main structural feature at the Palos Verdes Property is a northeast trending vein system, the Palos Verdes Vein, hosting much of the known mineralization at the Property. The vein crops out along about 700 meter strike length and is discontinuous at the surface (Fig. 7.6). This northeast trending structural zone is cut by a north-northwesterly trending fault interpreted due to clay alteration and an apparent offset of the Palos Verdes vein. North-northwesterly striking veins are locally observed, and this structural orientation is important in several mines in the region (Fig. 7.5).

### 7.1.2 Alteration and mineralization

Propylitic alteration with chlorite, epidote and pyrite, is the most widespread alteration on the property, affecting the andesite in a regional sense. Argillic alteration is observed in fault zones with the presence of kaolinite and gouge. Strong silicification and bleaching of the rock is restricted to zones near quartz veins, hydrothermal breccia and quartz stockworks (Fig. 7.7). Mineralized structures occur as veins, stockworks, and hydrothermal breccias filling fractures or faults with preferred orientations striking northeasterly and northwesterly (Fig. 7.6, 7.8). The northeast system is the main mineralized trend and is the orientation of the Palos Verdes vein. The width of the vein is generally 0.20 to 5.0 meters, but sometimes up to 10.0 meters. The mineralized structure outcrops along 650 to 750 meters on the Palos Verdes Property (Fig. 7.6).

The Palos Verdes Vein consists of banded quartz vein material and hydrothermal breccia and is multistage with milky quartz, light gray quartz and sulfide rich material (Figs. 7.7-7.11). Breccia fragments consist mostly of angular fragments of strongly silicified andesite. The structure has N60°E strike and dips to the southeast at 78 to 82°, although vein flexures and a possible sigmoid structure are observed (Fig. 7.6). Economic minerals consist of argentiferous galena, possible electrum, gold, sphalerite, chalcopyrite and pyrite. The vein is well exposed in the Palos Verdes adit, an approximately 75 meter long working with a shallow winze about halfway along the tunnel (Fig. 7.9, 7.10). Sampling carried out at the surface and old workings yield as much as 2 g/ton Au and 116 g/ton Ag in surface exposures and 6.7 g/ton Au and 544 g/ton Ag in old workings (Fig. 7.9, 7.10). The wall rocks to the main structure commonly host veinlets and stockworks (Fig. 7.8, 7.10). Sulfide rich bands or discrete veins locally cut the main quartz vein and are locally included as fragments in more massive quartz (Fig. 7.11). Local bladed textures presumably of quartz after tabular calcite are observed (Fig. 7.11).

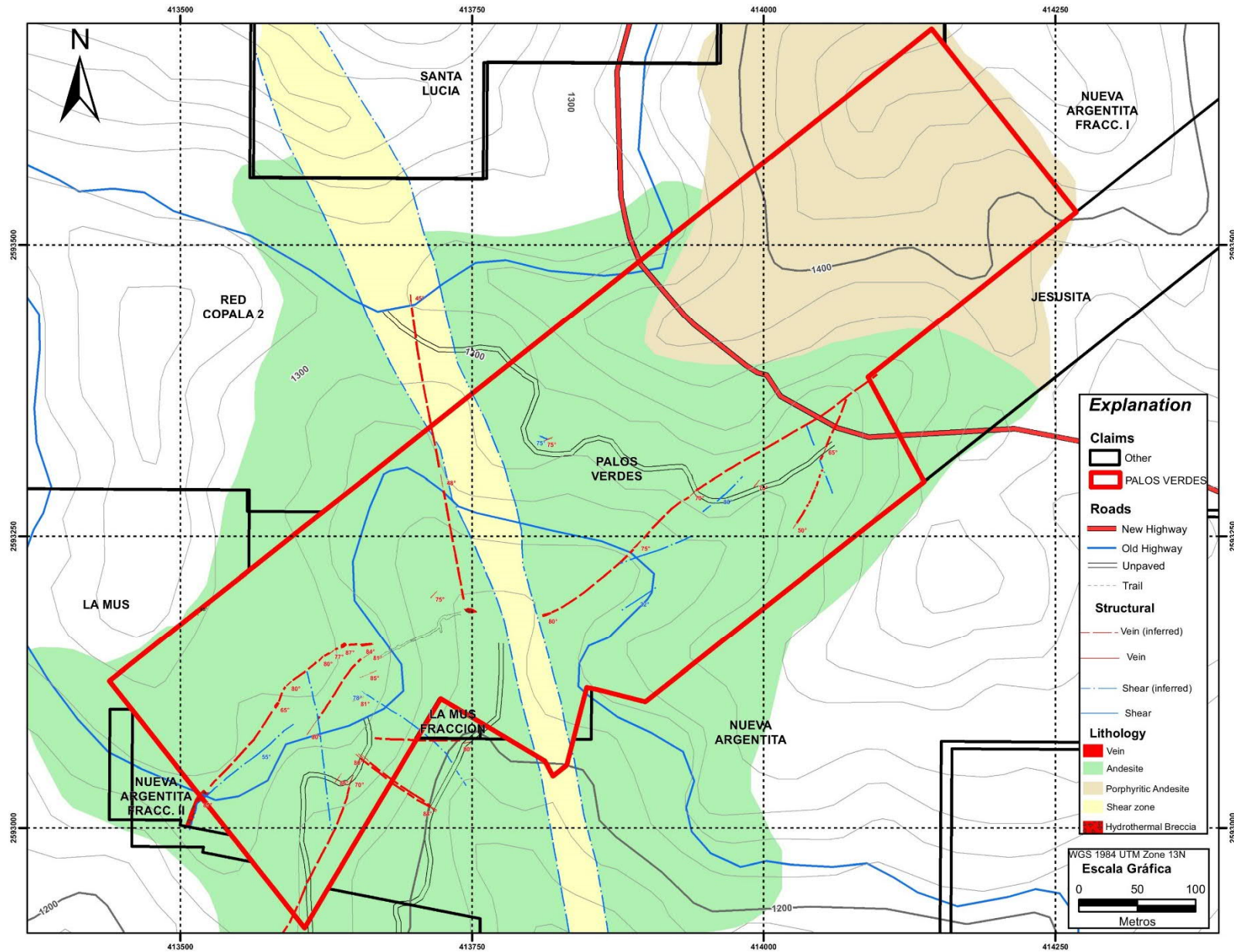


Figure 7.6. Geologic map of the Palos Verdes Property.  
Geologic map of the area of the Property from Velo and Torres (2018).  
The concession that makes up the Property is indicated by the red outline.





Figure 7.7. Photo of andesitic rocks.

View of andesitic rocks hosting sulfide-rich vein near the portal of the Palos Verdes adit.  
The andesite is dark farther from the structure but becomes bleached adjacent to it.



Figure 7.8. Photo of the Palos Verdes Vein.  
Photo of sample the Palos Verdes vein exposed  
in the road cut of the old highway.

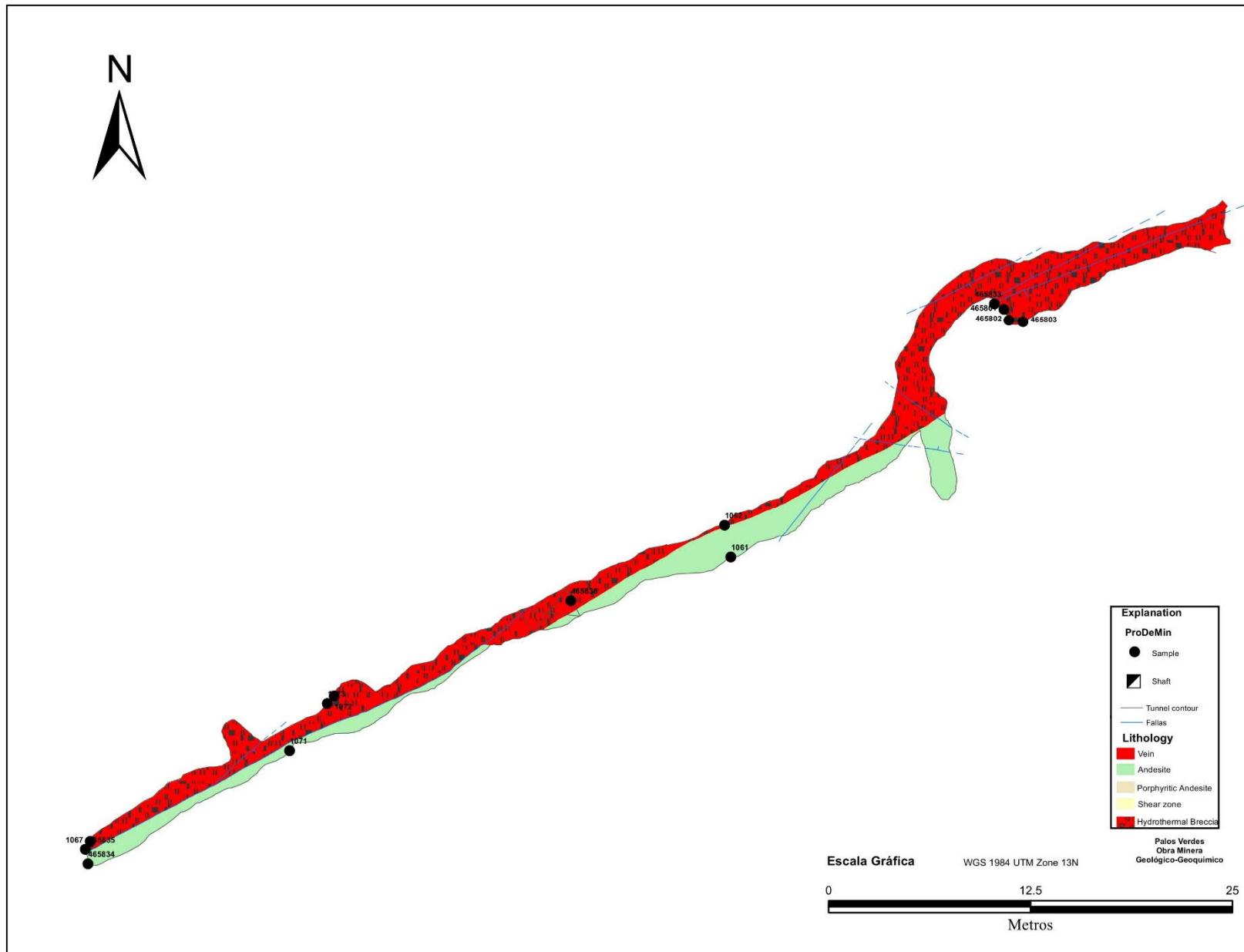


Figure 7.9. Geologic map of the Palos Verdes adit.  
 Geologic map of the Palos Verdes adit, from Velo and Torres (2018).



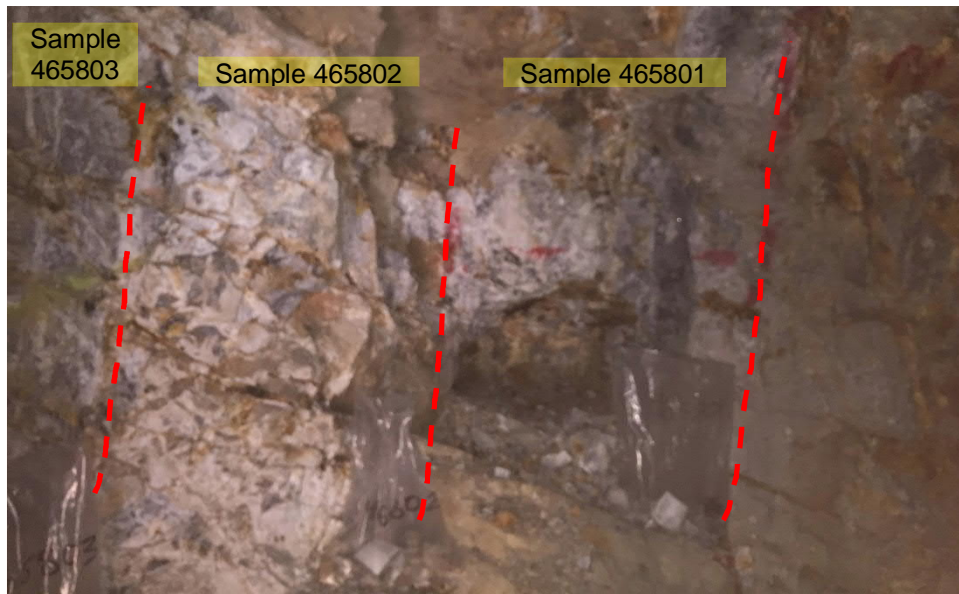


Figure 7.10. Photo of the Palos Verdes vein.

Multistage veining with breccias and sulfide rich veins near the portal of the Palos Verdes adit showing ProDeMin samples 465801 to 465803. Sample 465801 is mainly quartz vein cut by a sulfide rich vein. Sample 465802 is a quartz vein breccia with abundant wall rock fragments. Sample 465803 is hanging wall andesite cut by stockwork quartz. Looking northwest along the trend of the vein.

Photo by C. Gibson



Figure 7.11. Samples of the Palos Verdes vein.

Hand samples of vein types and textures from the exposures in Fig. 7.10.

Left sample is 465801 and right sample is 465802.

Photos by C. Gibson.

## 8.0 DEPOSIT TYPES

The mineralization at the Palos Verdes Property consists of low sulfidation or polymetallic epithermal veins. These types of deposits have been described by Buchanan, 1981 (Fig 8.1). In this model, veins with base metal values formed lower in the epithermal system. These deposits have been termed intermediate sulfidation (Einaudi, et al., 2003), but others prefer the term polymetallic because the mineralization can be a continuum from shallower mineralization of the low sulfidation type (Corbett, 2005, 2013). The Palos Verdes vein has some features of low sulfidation and polymetallic types, and may have telescoped mineralization as quartz veins with textures indicative of relatively shallow depth of formation are exposed in a road cut on the Mazatlán-Durango highway (Fig. 7.8) about 20 to 30 meters above polymetallic veining in the Palos Verdes adit (Fig. 7.10).

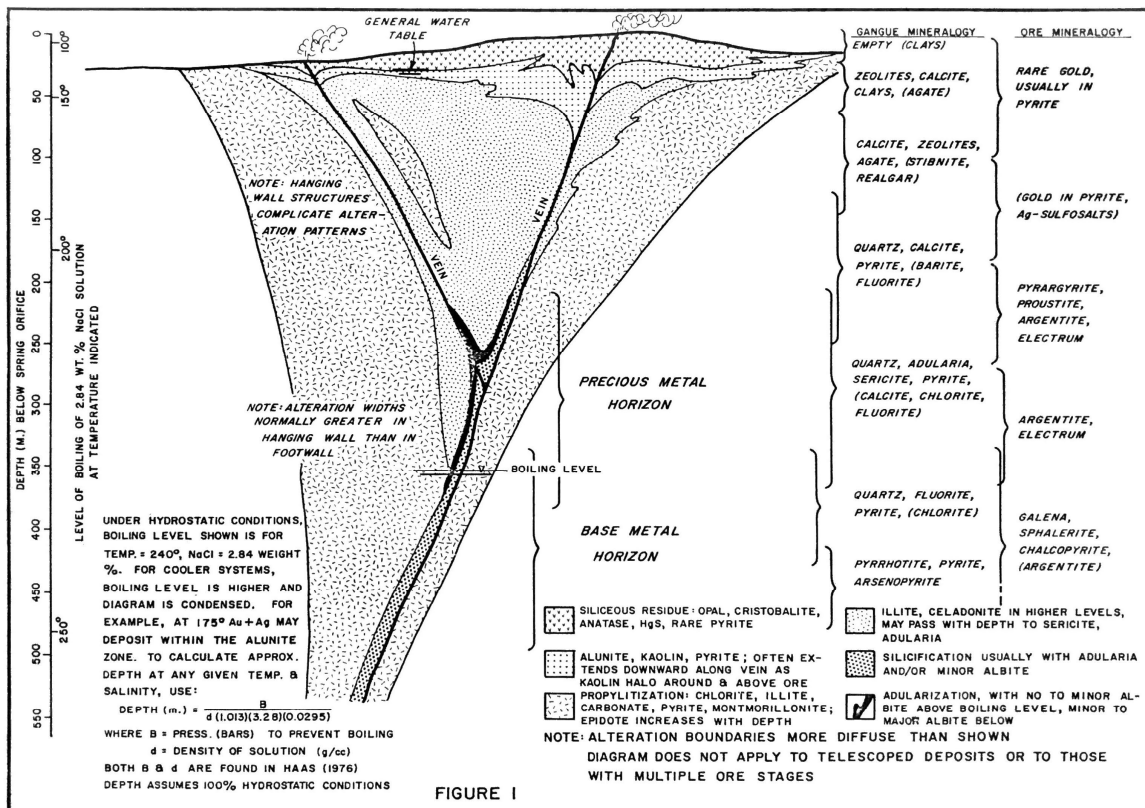


Figure 8.1. Mineralization model for low sulfidation epithermal veins  
Schematic model for mineralization related to low sulfidation epithermal veins. From Buchanan, 1981.

## 9.0 EXPLORATION

The Company has not undertaken exploration at the Property to date other than the examination by the Author and reported in this Technical Report. The Property was previously explored by the original owners of the concessions as well as mining companies as described in section 6.0 History. ProDeMin completed the most exploration to date as part of its due diligence and earn-in agreement for a 50% interest in the Property. This section describes the exploration performed by ProDeMin under the supervision of Dr. Craig Gibson, CPG, a Qualified Person under NI 43-101.

A cursory examination of the geology of the property was made by the Author for this report, and exposures of the vein at the surface and in underground workings were visited. Drill core was also reviewed at a field office located in the Santa Lucia village. Recommendations for further work are included in the appropriate sections of this Technical Report.

## 9.1 Geochemical Sampling

ProDeMin collected 41 samples at the project. Three samples were taken as part of a due diligence review of the Property, and an additional 38 samples were taken as part of the geologic mapping program to define drill targets (Velo and Torres, 2017). This work was completed under the supervision of Dr. Craig Gibson, CPG, Qualified Person under NI 43-101. Table 9.1 list the samples with locations and descriptions, and Fig. 9.1 shows the locations of the samples taken by ProDeMin. The rock samples are all chip-channel samples across mineralized structures, as well as selected samples of mineralized coarse rejects and pulps from previously analyzed core. Sampling was completed with a rock hammer by breaking off chips of rock, with the continuity of sampling moderately continuous in the direction of sampling perpendicular to the principal structure. The rock sampling completed was for the purpose of confirming the presence of mineralization as previously reported and thus was not systematic. About 400 meters of strike length on the vein system was samples, and a few samples were taken on other structures. Channel samples are taken to be a nearly continuous strip of rock sampled between two points with the length based on geology, while chip channels are similar but not as continuous. Chip samples are taken by taking fragments over an area of interest and not all material is sampled.

## 9.2 Geophysics

There has been no geophysics conducted at the property other than that completed as part of a regional program conducted by the SGM that is not useful at the scale of the Property.

## 9.3 Drilling

ProDeMin completed a diamond drilling program in May, 2018. Five holes for a total of 457.1 meters of HQ core were drilled as part of the agreement to earn 50% of the rights to the Property. Drill hole information is shown in table 9.2 and drill hole locations are shown in Fig. 9.2. Drill holes were logged and sampled by ProDeMin geologists according to procedures outlined in an internal company manual (Gibson, 2018). Drill core was handled using industry standard practices. The core was picked up at the drill rig once or twice a day during the 24 hour per day drill operation. The core was subsequently measured for recoveries and RQD determinations, and then logged and samples were marked on the core and core boxes. Recoveries were generally greater than 95%. The intervals sampled were selected based on the presence of veining and focused on the Palos Verdes vein intercepts, and not all of the core was sampled. Core was cut into two equal halves using a diamond saw blade, with half of the core being double bagged for transport to the laboratory, and half of the core remaining in the core boxes. Samples remained in the custody of ProDeMin until delivered to the lab in Durango, and the core has been stored in facilities controlled by ProDeMin.

### 9.1 Results of ProDeMin Exploration Program

The exploration program undertaken by ProDeMin was successful in delineating the Palos Verdes vein system. Rock samples along the vein outcrops and in underground workings yielded interesting precious and base metal values in several areas (Table 9.3, Figs. 9.3 to 9.7). Based on the results of the mapping and sampling program, ProDeMin decided to continue the exploration with a drill campaign that would allow it to earn 50% of the rights to the Property.

Table 9.1. Sample data for ProDeMin exploration program, Palos Verdes Property

Sample	Location	Easting	Northing	Elev	Type	Sampler	Date	Width(m)	Description
465801	Palos Verdes adit				Chip-channel	CG	5/30/2017	0.5	Hydrothermal vein breccia, multistage, mainly quartz vein with quartz + sulfide fragments, pyrite, galena, sphalerite, chalcopyrite, at footwall side 10cm sulfide-rich vein, galena + sphalerite, taken near entrance to main tunnel, 0.5 m chip on footwall side of vein.
465802	Palos Verdes adit				Chip-channel	CG	5/30/2017	0.5	Hydrothermal vein breccia, multistage, quartz, local bladed texture, some sulfide-rich fragments, galena, sphalerite, taken near entrance to main tunnel, 0.5 m chip on hangingwall side of vein, adjacent to 465801.
465803	Palos Verdes adit				Chip-channel	CG	5/30/2017	0.5	Stockwork milky quartz veins in gray andesite, taken near entrance to main tunnel, 0.5 m chip, in hangingwall of vein, adjacent to 465802.
465804		413,651	2,593,164	1,287	Chip	H.V./K.H.	20/05/2017	3.0	Andesite, gray-green, fine grained, pervasive chlorite, disseminated pyrite, milky quartz veins (N40E/88NW, -N45E/75SE) with drusy cavities.
465805		413,650	2,593,163	1,284	Channel	H.V./K.H.	20/05/2017	3.0	Andesite, pale green, fg argillized and chloritized, jarosite and hematite on fractures, fine quartz veinlets <1mm
465806		413,652	2,593,158	1,283	Channel	H.V./K.H.	20/05/2017	3.0	Andesite, pale green, fg, strongly argillized, jarosite and hematite on fractures, fine quartz veinlets <1mm
465807		413,655	2,593,157	1,276	Channel	H.V./K.H.	20/05/2017	3.0	White quartz vein with FeOX, drusy cavities, pyrolusite on fractures, chrysocolla, chalcopyrite, possible Pb-Ag sulfides
465808		413,657	2,593,154	1,277	Channel	H.V./K.H.	20/05/2017	3.0	Andesite, dark gray, fg, pervasive oxidation, hematite-jarosite, quartz veining, locally stockwork, tr chalcopyrite.
465809		413,655	2,593,147	1,276	Chip	H.V./K.H.	20/05/2017	4.0	Andesite, gray-green, fg, pervasive chloritization, moderate oxidation, hematite-jarosite, white crustiform quartz veins/veinlets, N68E/80SE.
465810		413,659	2,593,147	1,276	Channel	H.V./K.H.	20/05/2017	0.7	White quartz vein, patches of FeOX, jarosite.
465811		413,656	2,593,144	1,276	Chip	H.V./K.H.	20/05/2017	3.5	Andesite. black to green, pervasive oxidation, hematite-jarosite, moderate chloritization, weakly magnetic, apparently less altered.
465812		413,661	2,593,140	1,276	Chip	H.V./K.H.	20/05/2017	3.5	Andesite, green when fresh, fg. orange color due to weathering, weakly magnetic, FeOX + jarosite on fractures, weak milky quartz veining (2cm), moderately fractured.
465813		413,659	2,593,136	1,275	Channel	H.V./K.H.	20/05/2017	3.5	Andesite, green when fresh, orange due to weathering, med grained, porphyritic with plagioclase phenocrysts, weakly magnetic, FeOX on fractures, local milky quartz veining (3mm).
465814		413,659	2,593,134	1,275	Channel	H.V./K.H.	20/05/2017	0.65	Milky quartz vein, tr FeOX, banded, crustiform and drusy quartz.
465815		413,618	2,593,150	1,296	Channel	H.V./K.H.	21/05/2017	1.1	Milky quartz vein, tr FeOX + jarosite, local crustiform and drusy quartz, massive texture.
465816		413,632	2,593,152	1,295	Channel	H.V./K.H.	21/05/2017	0.7	Milky quartz vein, weak FeOX, weak brecciation with drusy cavities.
465817		413,725	2,593,297	1,265	Channel	H.V./K.H.	21/05/2017	0.6	Milky quartz vein, tr FeOX, hematite + jarosite, banding and crustiform translucent quartz, tr pyrite.
465818		413,650	2,593,110	1,273	Channel	H.V./K.H.	21/05/2017	0.6	Milky quartz vein, massive texture, locally drusy and crustiform, chalcopyrite and possible covellite, MnOX.
465819		413,614	2,593,085	1,274	Chip	H.V./K.H.	21/05/2017	0.2	Milky quartz vein, patches of FeOX, jarosite, tr disseminated chalcopyrite + galena.
465820		413,571	2,593,067	1,280	Channel	H.V./K.H.	21/05/2017	2.2	Fault with fragments of milky quartz vein with patches of MnOX, FeOX and jarosite.

**Table 9.1 (cont.)**

465821		413,518	2,593,022	1,281	Channel	H.V./K.H.	21/05/2017	1.7	Milky quartz vein with FeOX, pyrolusite on fractures.
465822		413,520	2,593,030	1,283	Chip	H.V./K.H.	21/05/2017	4.4	Hydrothermal breccia with andesite fragments cemented with milky quartz with disseminated galena, patches of FeOX and MnOX.
465823		413,659	2,593,060	1,263	Channel	H.V./K.H.	22/05/2017	0.3	Milky quartz vein, massive texture, locally drusy, patches of FeOX and jarosite.
465824		413,646	2,593,041	1,262	Channel	H.V./K.H.	22/05/2017	0.6	Milky quartz vein with FeOX, hematite-jarosite, banded translucent crustiform quartz, patches of MnOX.
465825		413,635	2,593,042	1,257	Channel	H.V./K.H.	22/05/2017	0.4	Milky quartz vein with FeOX, hematite-jarosite, patches of MnOX.
465826		413,564	2,592,875	1,247	Channel	H.V./K.H.	22/05/2017	0.5	Milky quartz vein with FeOX, hematite-jarosite, drusy cavities, tr chrysocolla and chalcopryrite, veinlets of possible Pb-Ag sulfides.
465827		413,564	2,592,877	1,247	Channel	H.V./K.H.	22/05/2017	0.8	Andesite, strongly chloritized, with quartz veinlets and patches of FeOX and jarosite on fractures, in footwall of milky quartz vein.
465828	Underground SW working	413,505	2,593,002	-	Channel	H.V./K.H.	5/23/2017	1.2	Milky quartz vein with FeOX and abundant malachite and chrysocolla, possible Ag-Pb sulfides, in mine.
465829		413,703	2,593,448	1,307	Channel	H.V./K.H.	5/25/2017	1.0	Brecciated white quartz vein, FeOX, (hematite-jarosite), drusy cavities, possible Cu sulfides.
465830		413,774	2,593,259	1,288	Chip	H.V./K.H.	5/25/2017	5.0	Fault zone, strongly argillized, with milky quartz vein fragments and bleached argillized andesite, reddish orange, trending NW.
465831		413,779	2,593,263	1,287	Chip	H.V./K.H.	5/25/2017	5.0	Fault zone, strongly argillized, with milky quartz vein fragments and bleached argillized andesite, reddish orange, trending NW.
465832		413,737	2,592,583	1,193	Chip	H.V./K.H.	5/25/2017	1.4	Hydrothermal breccia with milky quartz cement, with disseminated chalcopryrite and pyrite, with patches of de FeOX, MnOX and jarosite.
465833	Mine working			-	Channel	H.V./K.H.	5/26/2017	1.1	Hydrothermal breccia with fragments of possible andesite, cemented by milky quartz and strongly mineralized with galena, sphalerite and scarce chalcopryrite.
465834	Mine working			-	Channel	H.V./K.H.	5/27/2017	0.6	Fault breccia, clay matrix from argillized andesite with limonite, jarosite and patches of black MnOX, with angular clasts of milky quartz, trace Pb sulfides(?).
465835	Mine working			-	Channel	H.V./K.H.	5/27/2017	1.8	Hydrothermal breccia with angular clasts of milky quartz cemented by translucent quartz and sulfides of Pb-Cu (galena-chalcopryrite), tr possible Ag sulfide, weak oxidation with jarosite.
465836	Mine working, in winze			-	Channel	H.V./K.H.	5/27/2017	1.3	Hydrothermal breccia cemented by milky quartz with disseminated galena, sphalerite and sparse chalcopryrite.
465837		413,814	2,593,182	1,221	Channel	H.V./K.H.	5/27/2017	2.3	Milky quartz vein, local disseminated galena and chalcopryrite, with patches of FeOX.
465838	Mine working	413,754	2,593,183	1,214	Chip	H.V./K.H.	5/28/2017	3.0	Stockwork of milky quartz in light brown andesite with disseminated pyrite (1mm), locally with weakly disseminated galena and chalcopryrite.
465839	Mine working	413,749	2,593,184	1,215	Chip	H.V./K.H.	5/28/2017	2.6	Hydrothermal breccia, cemented by quartz and galena, with white quartz veinlets, disseminated chalcopryrite 5%.
465840	Mine working	413,746	2,593,187	1,215	Channel	H.V./K.H.	5/28/2017	1.6	Hydrothermal breccia, cemented by quartz and galena, local chalcopryrite with malachite.
465841	Mine working	413,744	2,593,188	1,216	Channel	H.V./K.H.	5/28/2017	0.9	Hydrothermal breccia, cemented by milky quartz, with disseminated fine galena y sphalerite, with quartz veining.

Samplers: C.G. – Craig Gibson, H.V. – Ing. Hector Velo, K.H. – Ing. Kevin Hiram Torres



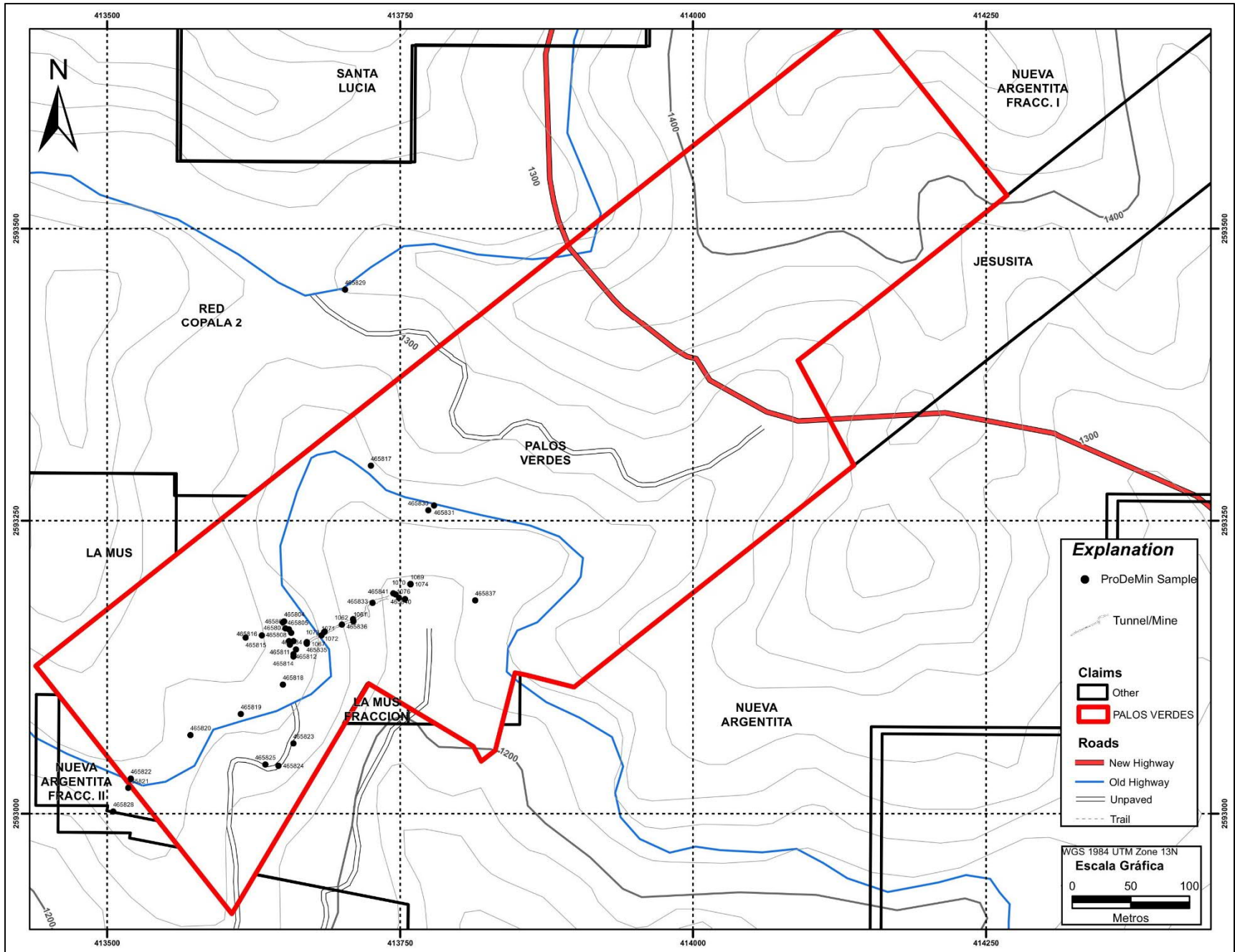


Figure 9.1. Rock sample locations for the Palos Verdes Property.  
 Geologic map of the Palos Verdes Property showing the locations of rock samples taken by ProDeMin.

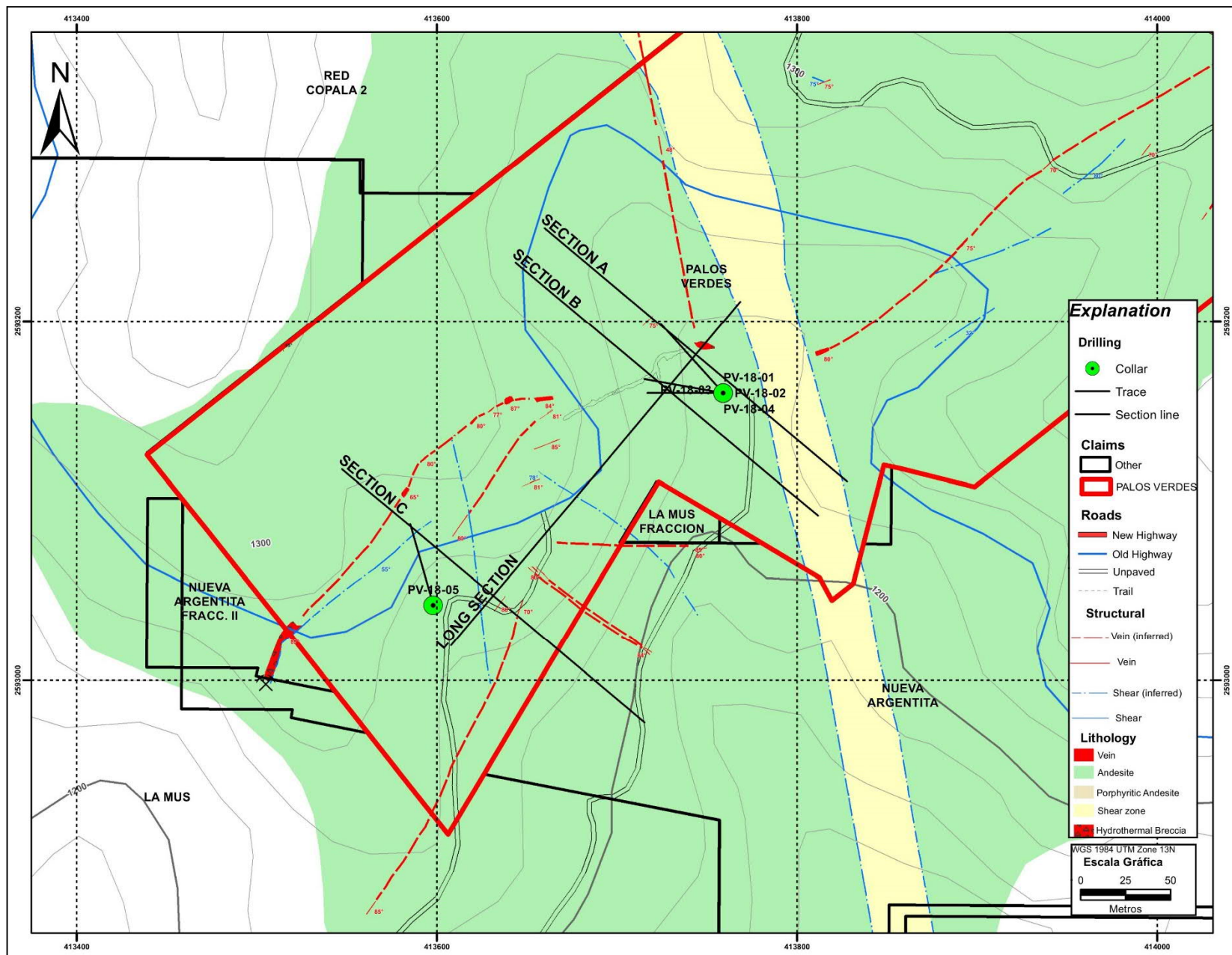


Figure 9.2. Drill hole locations for the Palos Verdes Property.  
 Geologic map of the Palos Verdes Property showing the locations of drill holes completed by ProDeMin.



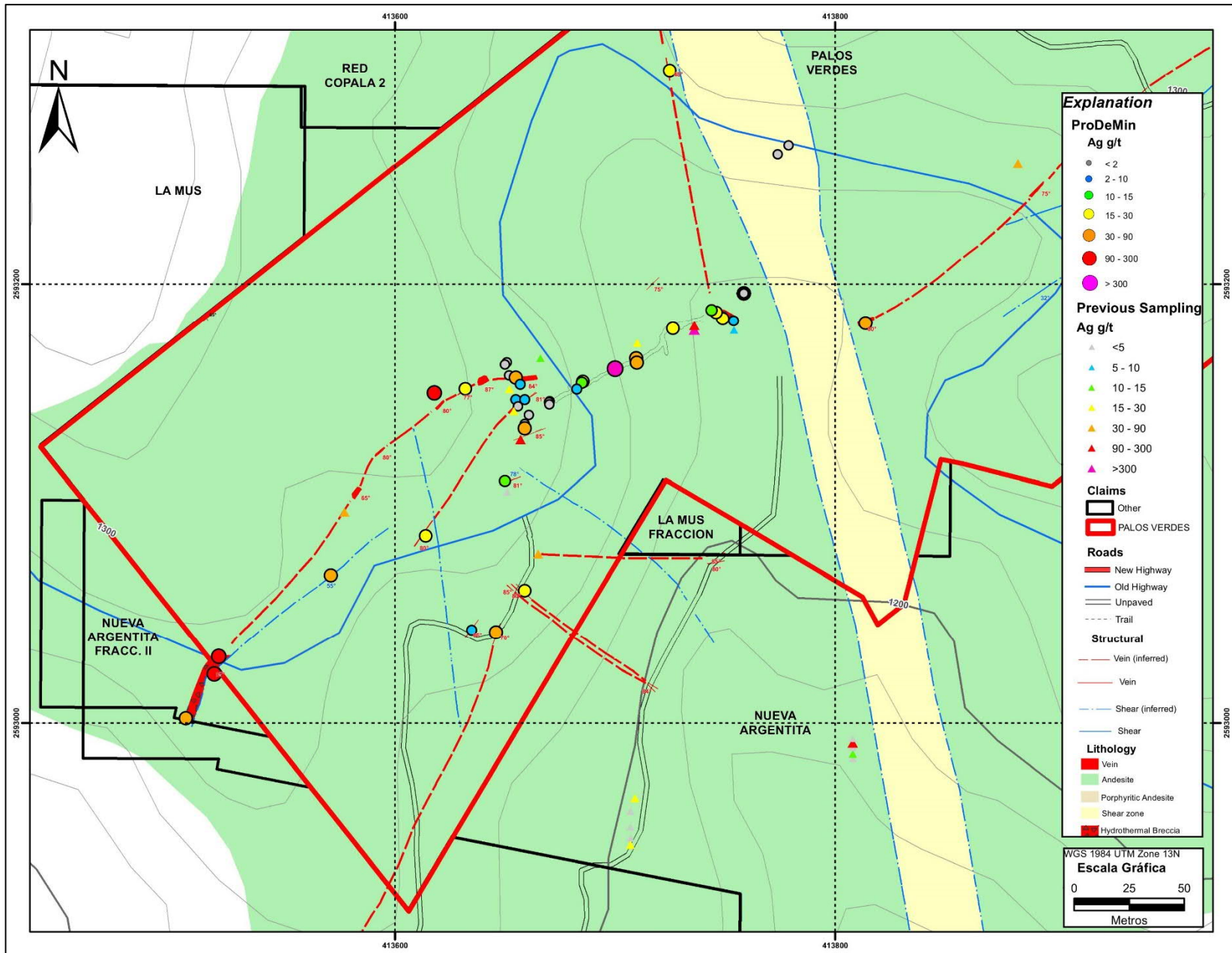


Figure 9.3. Silver rock geochemistry for the Palos Verdes Property.  
 Silver geochemistry for rock samples from ProDeMin and previous workers.  
 Samples from underground workings are shown projected vertically to the surface.



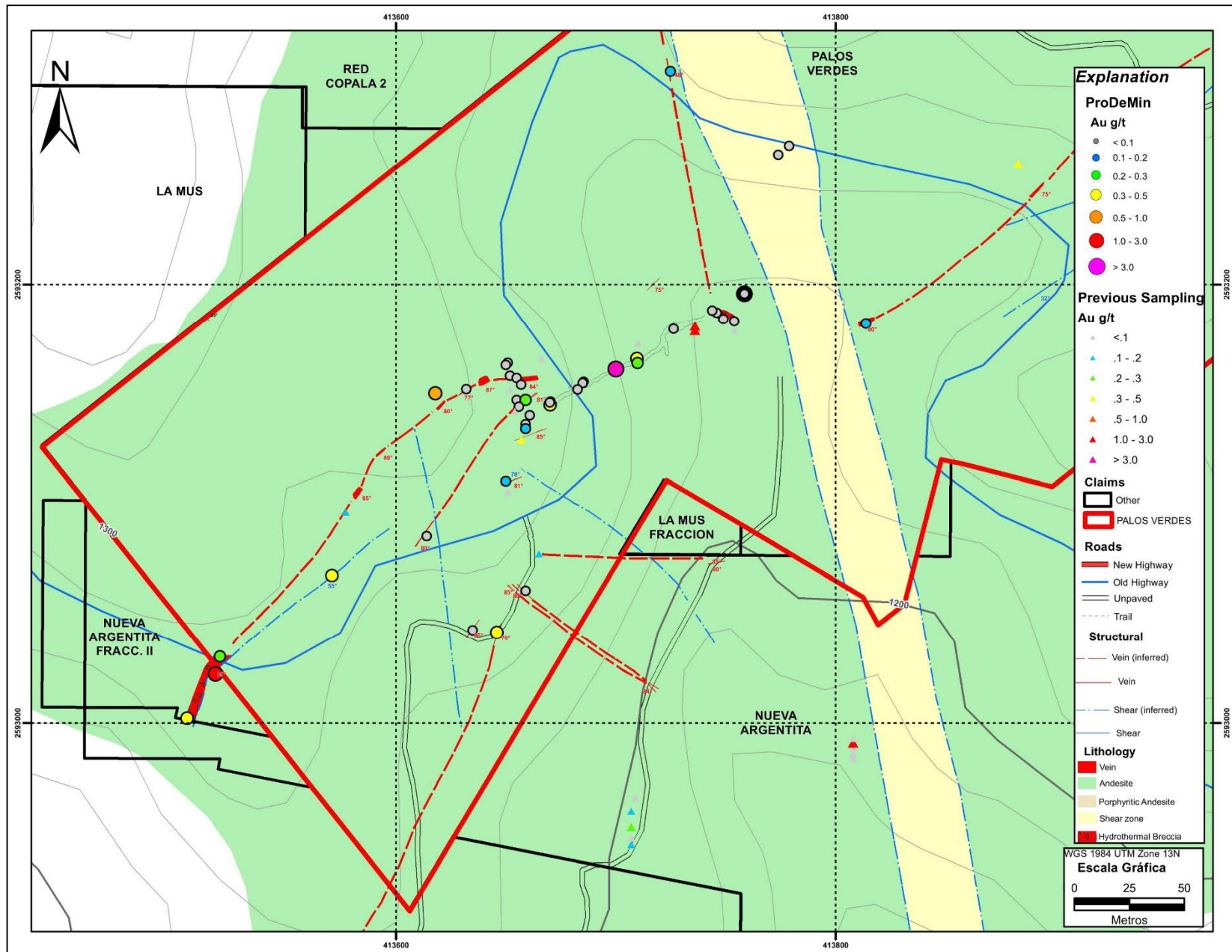


Figure 9.4. Gold rock geochemistry for the Palos Verdes Property.  
Gold geochemistry for rock samples from ProDeMin and previous workers.  
Samples from underground workings are shown projected vertically to the surface.

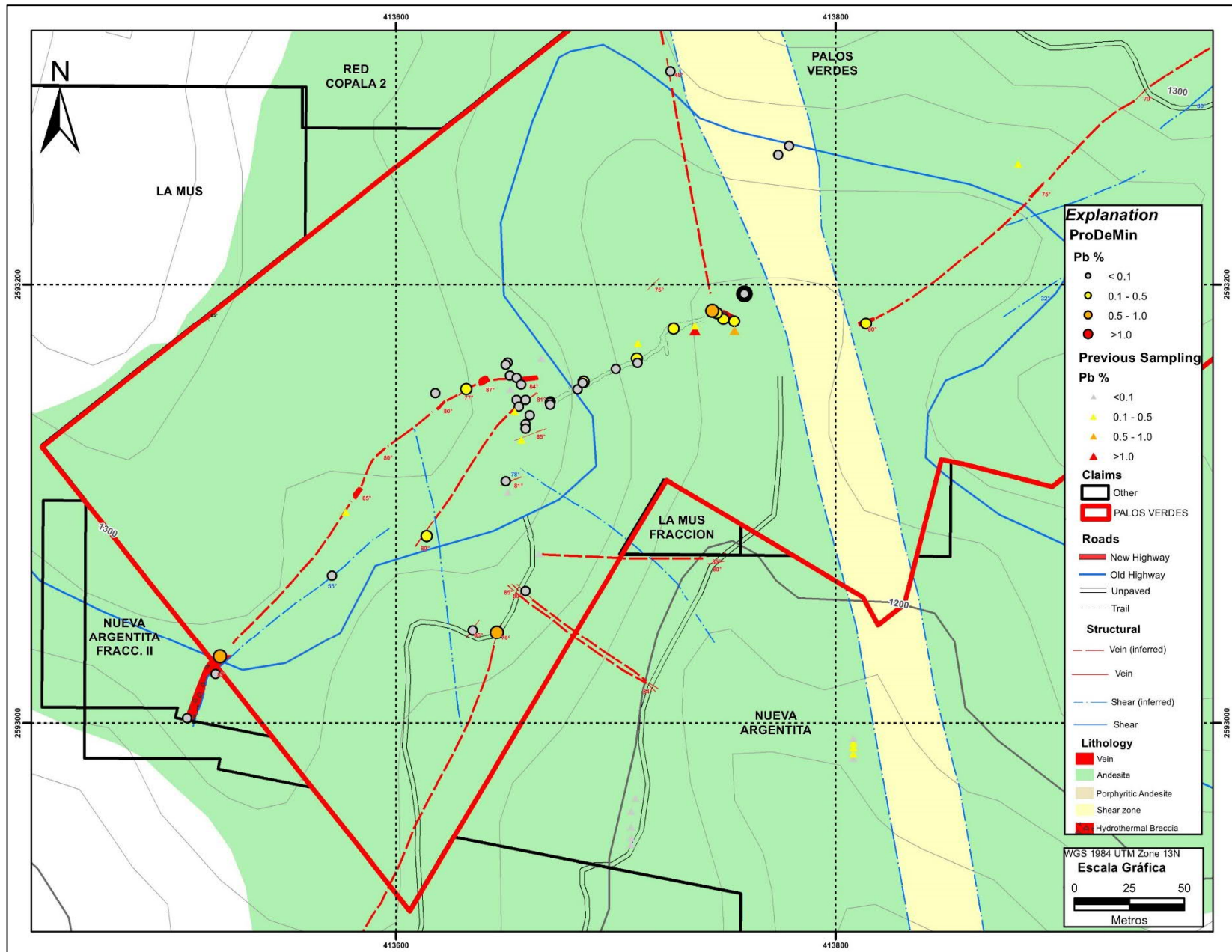


Figure 9.5. Lead rock geochemistry for the Palos Verdes Property.  
Lead geochemistry for rock samples from ProDeMin and previous workers.  
Samples from underground workings are shown projected vertically to the surface.

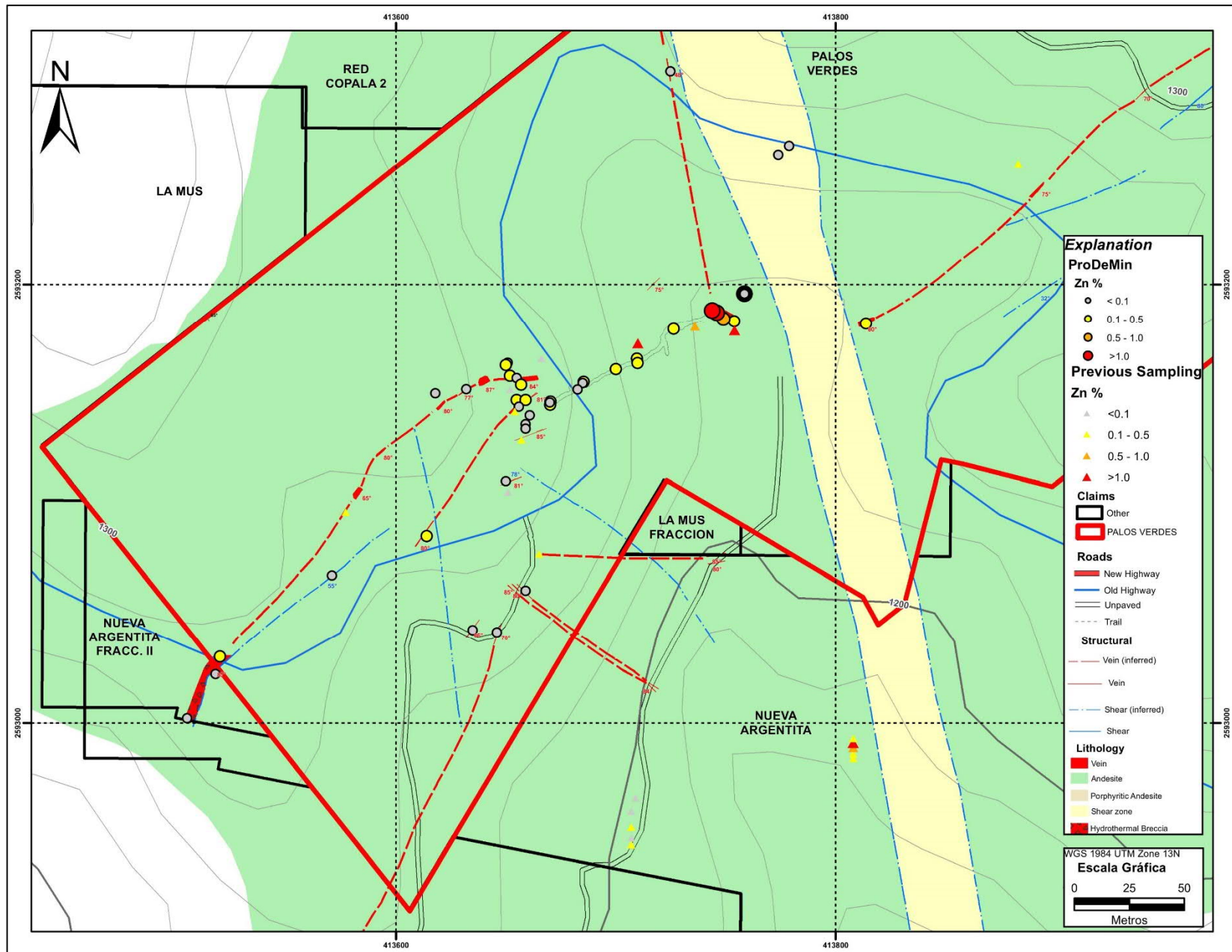


Figure 9.6. Zinc rock geochemistry for the Palos Verdes Property.  
Zinc geochemistry for rock samples from ProDeMin and previous workers.  
Samples from underground workings are shown projected vertically to the surface.



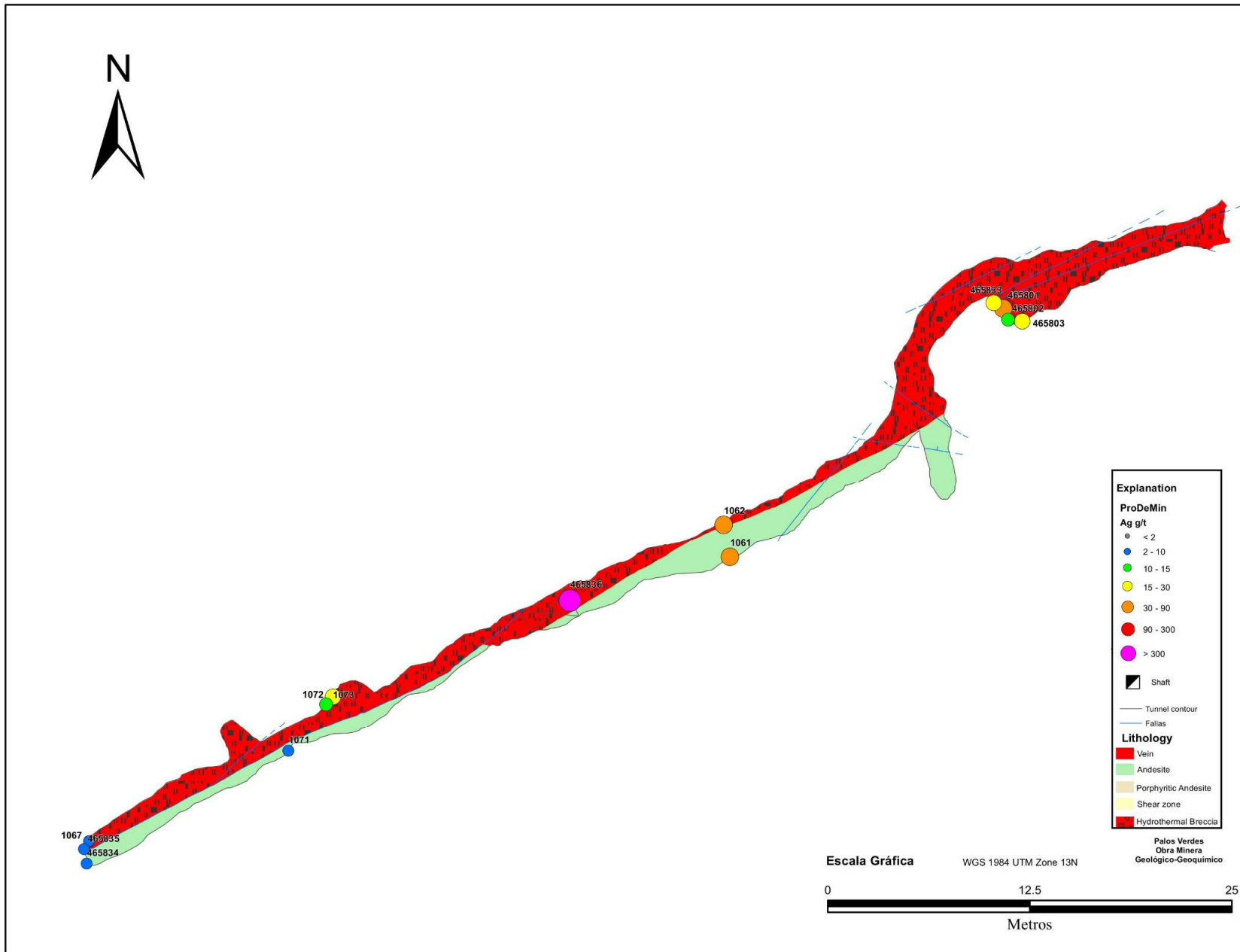


Figure 9.7. Silver rock geochemistry for samples in the Palos Verdes adit.  
Silver geochemistry for rock samples from ProDeMin and previous workers taken in the Palos Verdes adit.

Table 9.2. Drill hole data for ProDeMin drill program, Palos Verdes Property

Drill Hole	Date		Coordinates UTM WGS84			Orientation		TD (m)
	Start	Finish	E	N	Elev	Azimuth	Inclination	
PV-18-01	5/8/2018	5/11/2018	413,759	2,593,160	1,222	318	-50°	80.00
PV-18-02	5/11/2018	5/13/2018	413,759	2,593,160	1,222	318	-75°	120.10
PV-18-03	5/13/2018	5/15/2018	413,759	2,593,160	1,222	280	-45°	63.00
PV-18-04	5/16/2018	5/18/2018	413,759	2,593,160	1,222	270	-65°	100.00
PV-18-05	5/19/2018	5/21/2018	413,598	2,593,042	1,257	335	-60°	94.00

Table 9.3. Assay values for ProDeMin samples from Palos Verdes Property

Sample	Area	Width m	Au g/t	Ag g/t	Pb ppm	Zn ppm	Cu ppm
465801	Tunnel entrance	0.5	6.17	45.1	11150	16200	1470
465802	Tunnel entrance	0.5	0.06	10.8	1740	4970	481
465803	Tunnel entrance	0.5	0.124	17.9	4260	14100	1220
465804	Surface	3.0	0.008	5	30	419	144
465805	Surface	3.0	0.008	<2	38	1021	132
465806	Surface	3.0	0.005	4	74	1230	338
465807	Surface	3.0	0.038	34	883	562	486
465808	Surface	3.0	0.02	8	283	1016	149
465809	Surface	4.0	0.014	6	88	1057	163
465810	Surface	0.7	0.218	10	78	1102	82.2
465811	Surface	3.5	<0.005	<2	13	215	23.6
465812	Surface	3.5	0.011	2	19	241	29.8
465813	Surface	3.5	<0.005	2	302	576	74.8
465814	Surface	0.65	0.197	37	574	222	140
465815	Surface	1.1	0.836	102	889	122	63.4
465816	Surface	0.7	0.052	19	1377	547	230
465817	Surface	0.6	0.112	19	326	20	25.8
465818	Surface	0.6	0.168	11	307	191	367
465819	Surface	0.2	0.09	26	1001	1074	634
465820	Surface	2.2	0.493	49	844	326	162
465821	Surface	1.7	2.035	118	325	111	38
465822	Surface	4.4	0.299	116	6032	4241	579
465823	Surface	0.3	0.05	20	617	111	61.3
465824	Surface	0.6	0.319	82	6621	191	135
465825	Surface	0.4	0.08	10	65	84	30.8
465826	Surface	0.5	0.193	30	658	393	604
465827	Surface	0.8	0.031	5	4056	690	587
465828	Mine	1.2	0.339	75	485	538	226
465829	Surface	1.0	0.045	6	67	50	19.4
465830	Surface	5.0	0.019	2	67	21	14.8
465831	Surface	5.0	0.018	<2	15	19	20.8
465832	Surface	1.4	0.018	14	743	53	171
465833	Mine	1.1	0.09	24	2595	2814	1304
465834	Mine	0.6	0.341	3	66	1596	98.7
465835	Mine	1.8	0.016	4	172	538	272
465836	Mine Winze	1.3	6.705	544	771	1303	629
465837	Surface	2.3	0.108	31	1090	1929	117
465838	Mine	3.0	0.026	8	1777	4222	843
465839	Mine	2.6	0.06	22	4097	8417	3404
465840	Mine	1.6	0.029	21	1559	10300	2711
465841	Mine	0.9	0.045	15	5950	18100	2465

First three samples taken by C. Gibson, the rest by H. Velo and K. Torres (Velo and Torres, 2017).



ProDeMin subsequently completed a 5 hole diamond drill program consisting of 457.1 meters of HQ core on three sections (Fig. 9.2, Table 9.2). The Palos Verdes vein was intersected in all holes and geologic interpretations are shown in Figs. 9.8-9.10. Table 9.4 shows the summary assay data for the mineralized intervals in each hole, and Figs. 9.11 to 9.16 show these intervals on the cross sections. True widths are less than the intercept and are estimated in Table 9.4; however, more data on possible fluctuations in the strike and dip of the veins are needed to obtain a more accurate true width. Figure 9.17 shows a longitudinal projection of the drill hole intercepts; all holes were mineralized in the interval at the intersection with the Palos Verdes vein. Photos of the highest grade portions of the intervals in drill holes PV-02 and PV-03 are shown in Figs. 9.18, 9.19. The mineralization is associated with sulfide rich zones within quartz vein breccia with multiple stages of mineralization visible. The sections with drill holes PV-1 and PV-2, section A, and PV-3 and PV-4, section B, are closer together than originally planned due to problems with moving the drill rig during the drill program. Nevertheless, the intercepts indicate that there is potential for developing a mineralized shoot along the vein system with more drilling.

The multistage nature of the Palos Verdes vein is evident in the drill results. Sulfide-rich vein intervals are generally higher in grade than intervals with less sulfide content and more quartz (Figs. 9.18, 9.19). Wider intercepts of lower grade mineralization generally surround the higher grade intervals.

Table 9.4. Assay values for ProDeMin drill hole intercepts from Palos Verdes Property

Hole	From (m)	To (m)	Width (m)	Est. True Width (m)*	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
PV-01	23.90	28.8	4.90	4.2	0.89	31	0.21	0.30	2.63
PV-02	40.35	48.7	8.35	5.5	1.69	474	0.54	1.09	3.84
incl.	45.25	48.7	3.45	2.3	3.75	1098	0.67	1.99	3.00
incl.	46.55	47.7	1.15	0.8	8.42	2336	0.265	1.72	2.46
PV-03	31.30	40.65	9.35	7.0	1.45	15	0.05	0.11	1.04
incl.	39.55	40.65	1.10	0.8	12.15	50	0.26	0.53	5.01
PV-04	55.45	59.00	3.55	3.0	0.12	37	0.31	0.12	0.74
PV-05	54.25	57.40	3.15	2.0	0.25	23	0.06	0.32	0.62

\*True width estimated based on the drill hole azimuth and inclination and vein dip.

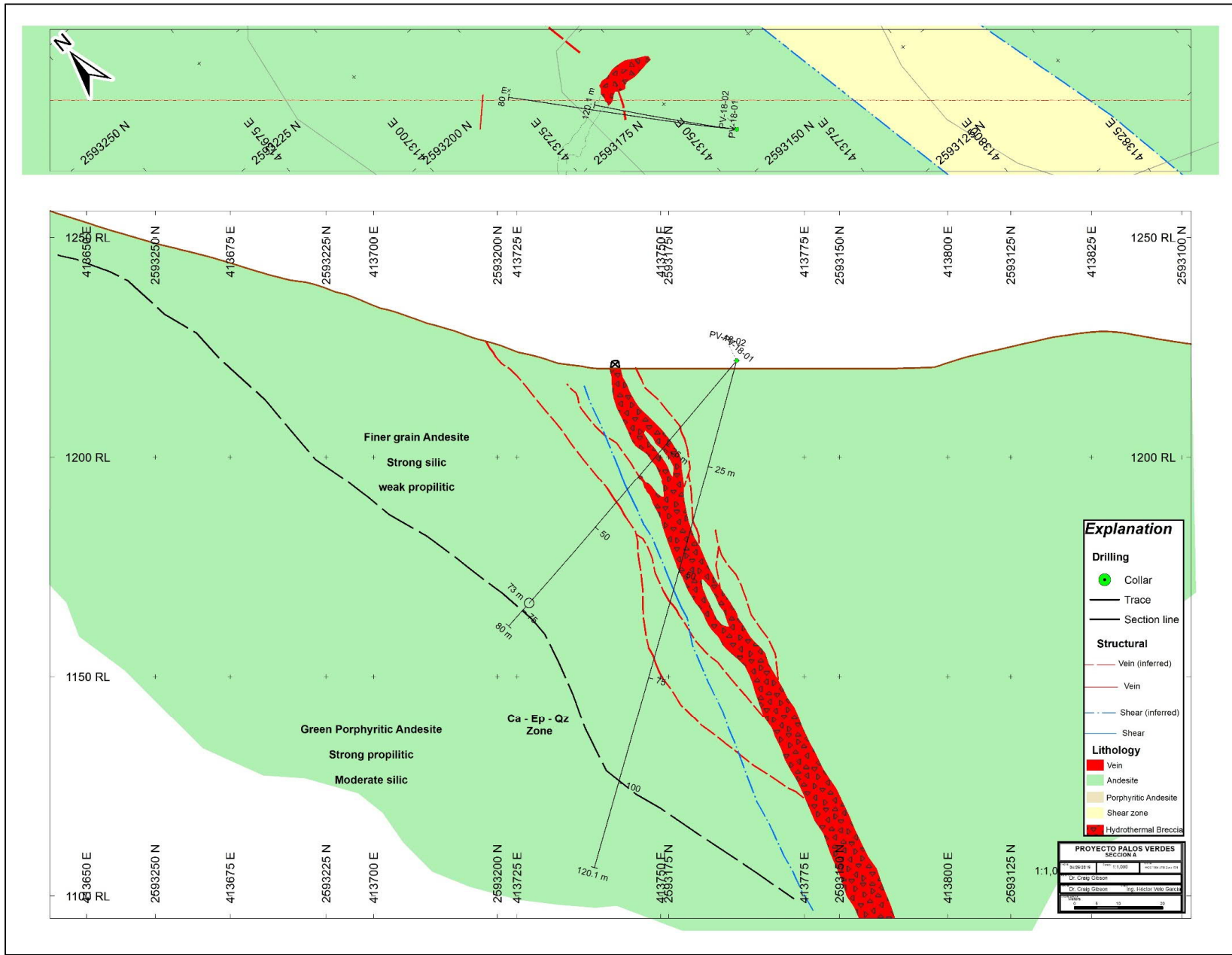


Figure 9.8. Cross section A, Palos Verdes Property.  
 Geologic interpretation on Section A showing ProDeMin drill holes PV-01 and PV-02.

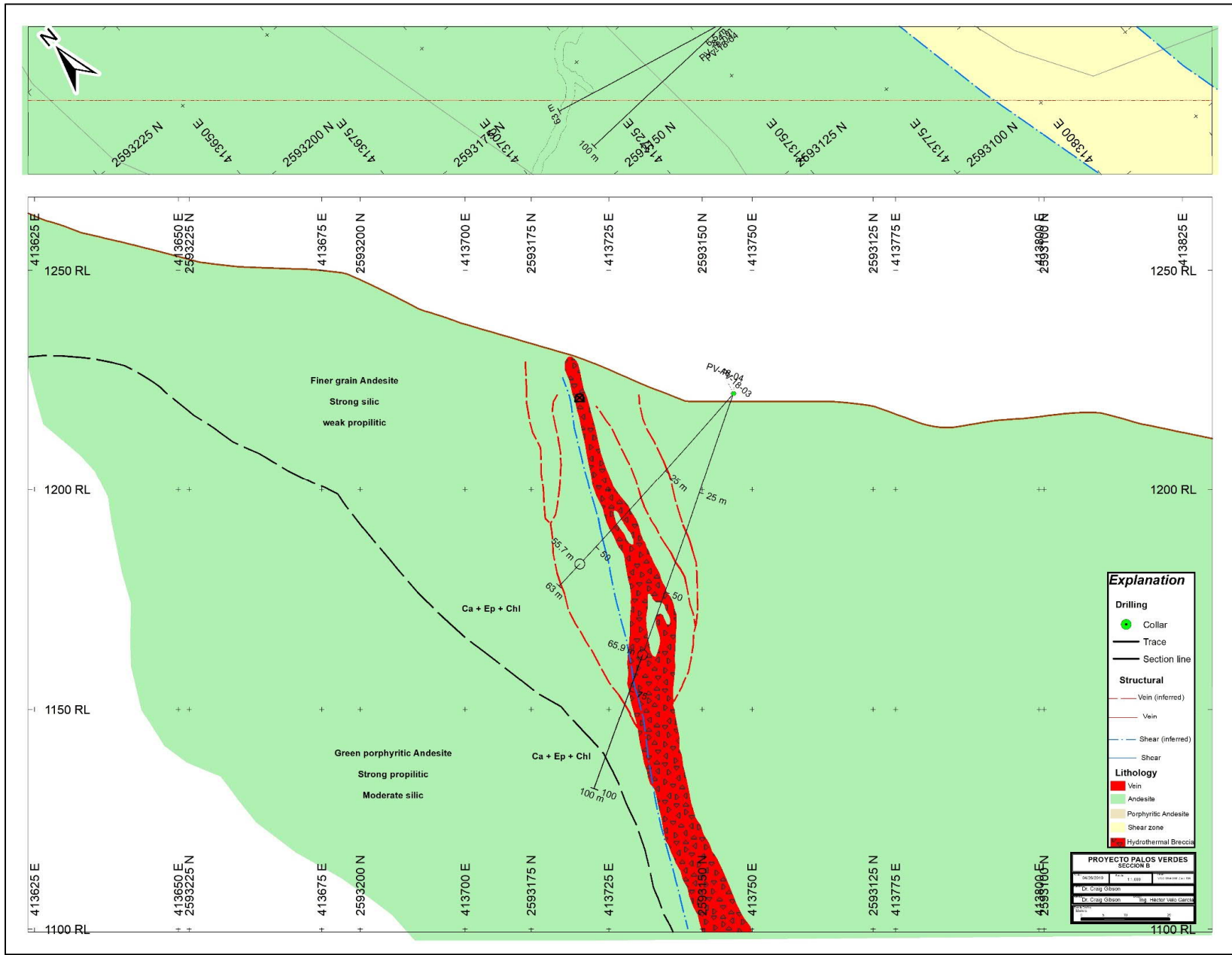


Figure 9.9. Cross section B, Palos Verdes Property.  
 Geologic interpretation on Section B showing ProDeMin drill holes PV-03 and PV-04.

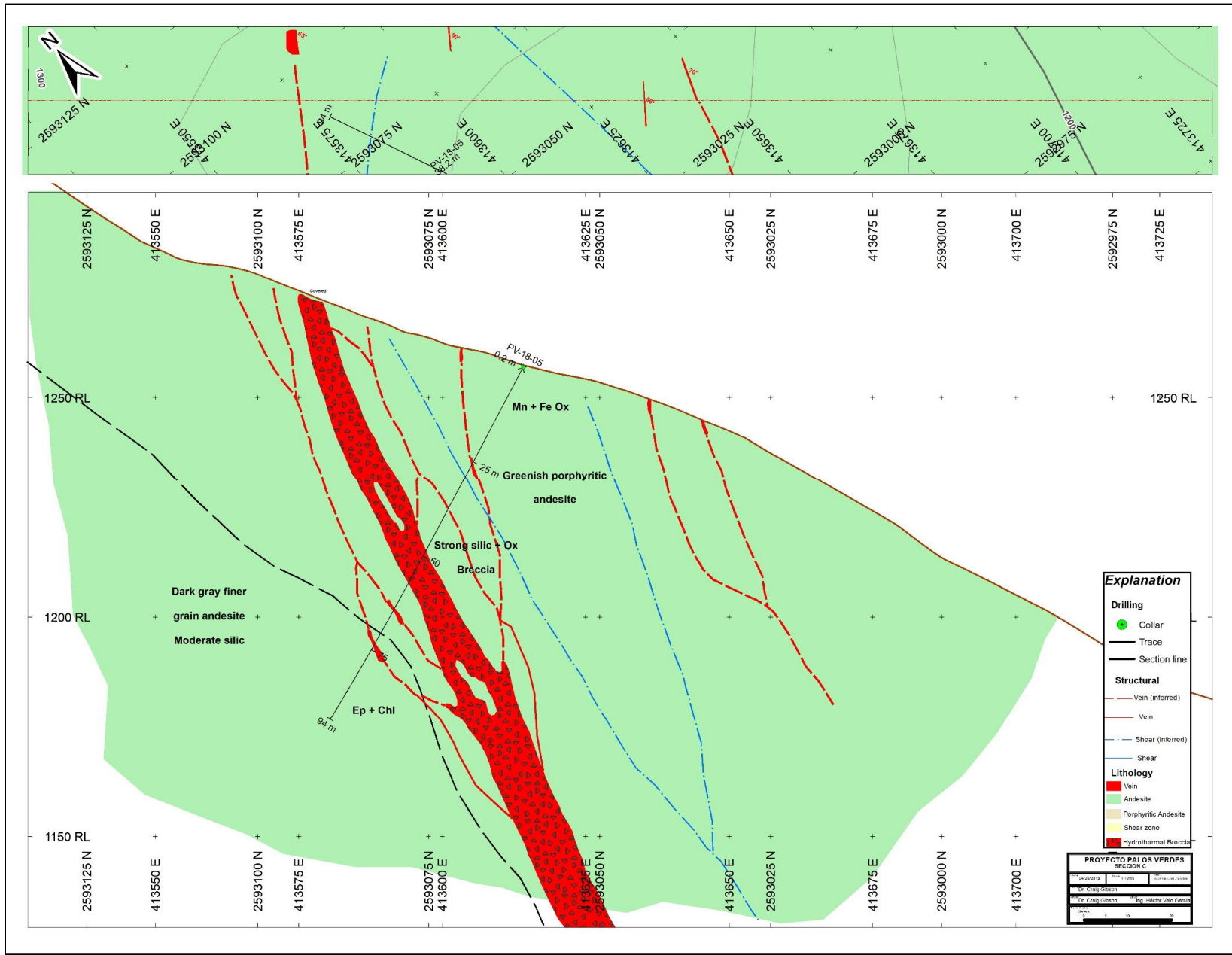


Figure 9.10. Cross section C, Palos Verdes Property. Geologic interpretation on Section C showing ProDeMin drill hole PV-05.

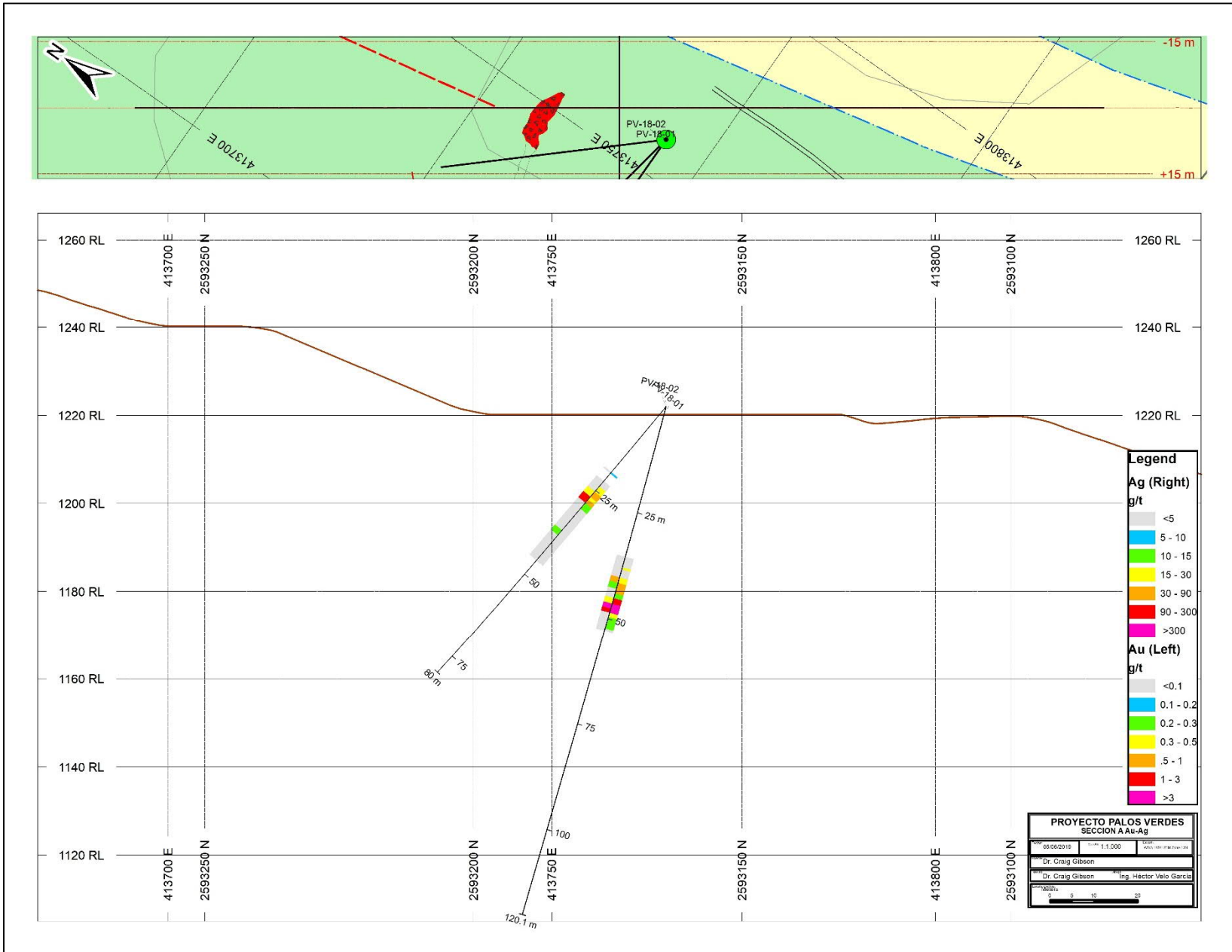


Figure 9.11. Cross section A with Precious Metal assays, Palos Verdes Property.  
 Gold and silver assays in ProDeMin drill holes PV-01 and PV-02.  
 Only intervals that were sampled are shown with a color on Figs. 9.11 to 9.16.



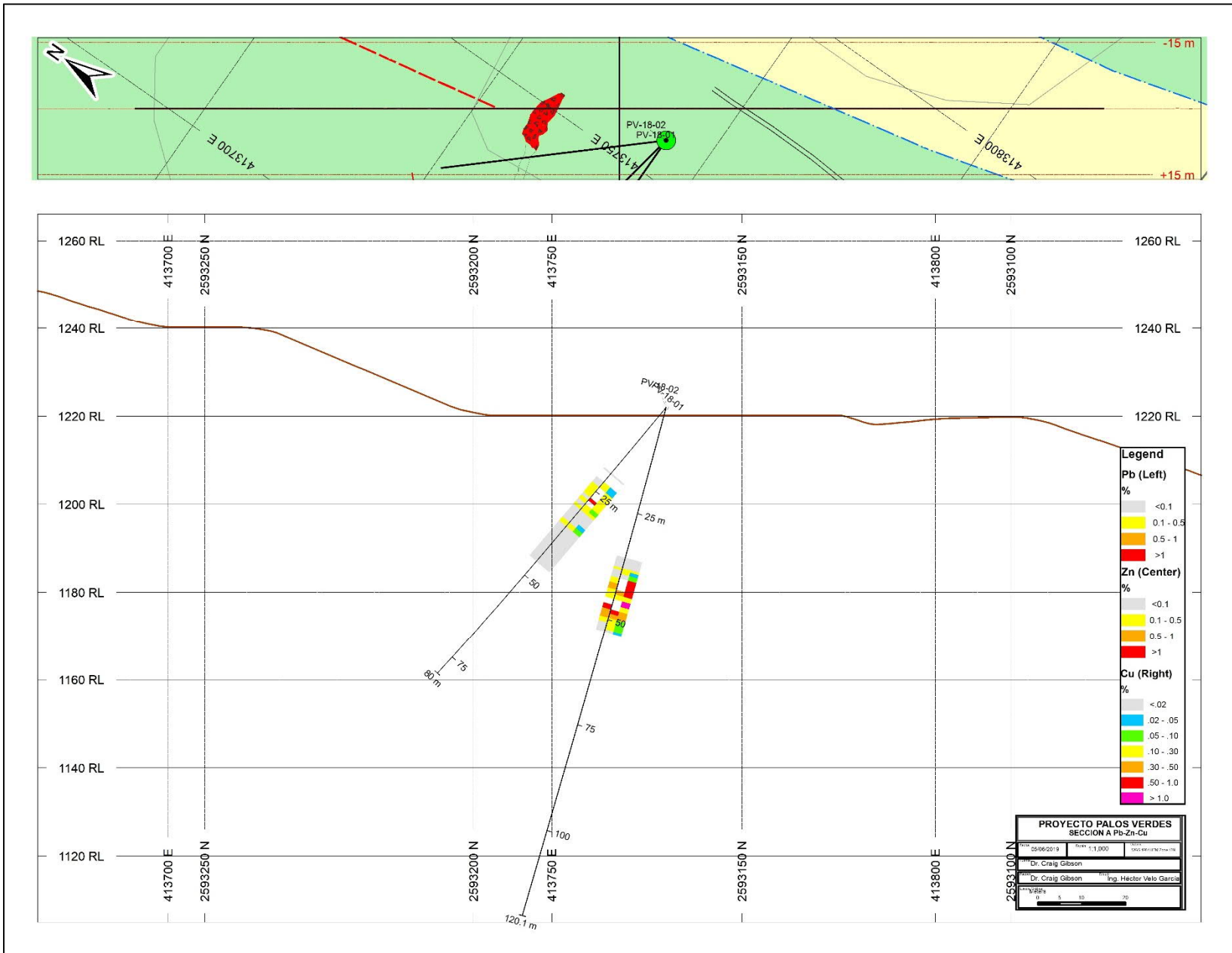


Figure 9.12. Cross section A with base metal assays, Palos Verdes Property.  
 Base metal assays in ProDeMin drill holes PV-01 and PV-02.



Figure 9.13. Cross section B with precious metal assays, Palos Verdes Property.  
Gold and silver assays in ProDeMin drill holes PV-03 and PV-04.



Figure 9.14. Cross section B with base metal assays, Palos Verdes Property.  
Base metal assays in ProDeMin drill holes PV-03 and PV-04.

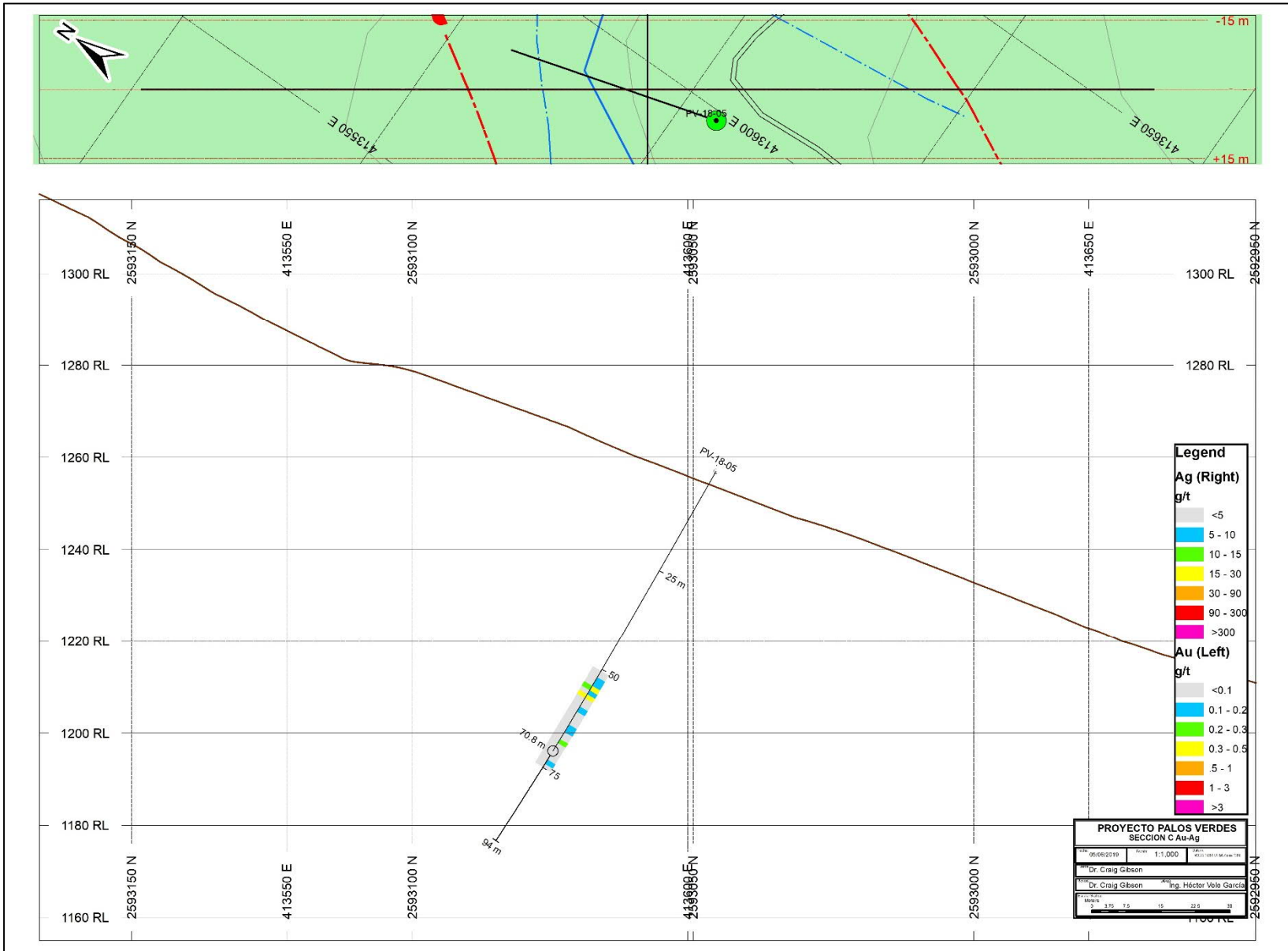


Figure 9.15. Cross section C with precious metal assays, Palos Verdes Property.  
Gold and silver assays in ProDeMin drill hole PV-05.



Figure 9.16. Cross section A with base metal assays, Palos Verdes Property.  
Base metal assays in ProDeMin drill hole PV-05.





Figure 9.17. Longitudinal projection of the Palos Verdes vein.  
ProDeMin drill holes projected to a vertical section, showing intercepts described in text and area of possible ore shoot.

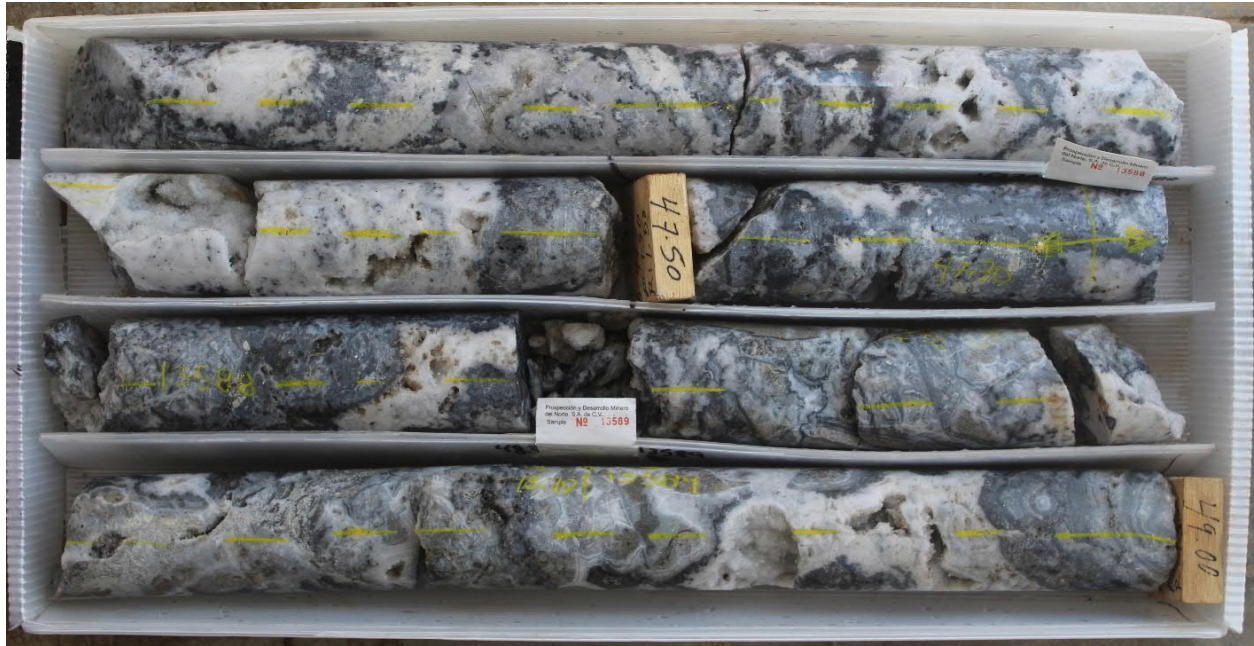


Figure 9.18. Core from Palos Verdes drill hole PV-02.

Core box 23 from hole PV-02, showing interval from Box 23 46.65 -49.00 meters, containing most of sample 13587, assaying 8.42 g/t Au, 2335.98 g/t Ag, 0.27% Cu, 1.72% Pb and 2.46% Zn over 1.15 m.  
Photo by ProDeMin staff.



Figure 9.19. Core from Palos Verdes drill hole PV-03.

Core box 19 from hole PV-03, showing interval from 39.25-41.35 meters, containing sample 13410, assaying 12.15 g/t Au, 50 g/t Ag, 0.26% Cu, 0.53% Pb, and 5.01% Zn over 1.1 meters.  
Photo by ProDeMin staff.

## 10.0 DRILLING

There has been no drilling carried out by the Company on the property to date. Drilling carried out by ProDeMin is described in Section 9.0 Exploration.

## 11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

The Company has not taken samples at the Property other than samples taken by the Author of this Technical Report. The Author took 9 samples of outcrops and underground exposures as well as pulps and coarse rejects of drill core samples during a visit to the Property. The rock samples are all chip-channel samples across mineralized structures, as well as selected samples of mineralized coarse rejects and pulps from previously analyzed core. Sampling was completed with a rock hammer by breaking off chips of rock, with the continuity of sampling moderately continuous in the direction of sampling perpendicular to the principal structure. The rock sampling completed was for the purpose of confirming the presence of mineralization as previously reported and thus was not systematic. Channel samples are taken to be a nearly continuous strip of rock sampled between two point with the length based on geology, while chip channels are similar but not as continuous. Selected samples are taken of a particular feature and thus are variable in size, and may include samples of areas separated by unsampled material.

Samples taken by the Author remained in the possession of the Author until delivered to the sample preparation facility in Hermosillo. Sample preparation and analyses were carried out by ALS Global (ALS), at their facilities in Hermosillo and Vancouver, respectively. ALS is a worldwide analytical laboratory with completed registration for Quality Management Systems to ISO 9001:2008 for the Mexico preparation facilities and the North American analytical laboratories.

The samples were analyzed for 43 elements as a multi-element ICP-ES/MS package, method AuMe-TL43. The sample digestion used was 25g as gold was analyzed as part of the multi-element package. Samples with values over the detection limit for Au (1 g/t), Ag (100 g/t), Pb (10,000 ppm) and Zn (10,000 ppm) were rerun, for Au by the AROR43 method and for Ag and base metals by the OG46 method with an aqua regia digestion using ICP-AES. One silver value greater than 1500 g/t was analyzed by the GRA21 method, a 30 gm fire assay with a gravimetric finish.

Assays completed previously by ProDeMin on rock and core samples were completed by SGS at their lab in Durango, Mexico. SGS is a worldwide analytical laboratory with completed registration for Quality Management Systems to ISO 9001:2008 for the Mexico preparation and analytical facilities. The samples were run by method ICP-14b, including 34 elements run as a package by ICP-OES using an aqua regia digestion. The detection limits for some of the indicator elements are higher than for labs outside of Mexico but these are not of economic interest. Overlimits for Ag (>100 g/t) were analyzed by the FAG313 method, consisting of a 30 gm fire assay with a gravimetric finish, and Pb and Zn overlimits (>10,000 ppm) were analyzed by the ICP90Q method using a sodium peroxide fusion and ICP-OES. Gold was analyzed by the FAA313 method, consisting of a fire assay of a 30 gram sample aliquot with an atomic absorption finish. Overlimits for Au (>10 g/t) were analyzed by the FAG303 method, using a 30 gm fire assay and a gravimetric finish. Control samples consisting of coarse blanks and standard pulps were inserted in the sample stream for core samples at an approximate rate of one control sample for every 20 samples. Analytical results on the control samples submitted by ProDeMin as well as those used by the laboratory for internal QA/QC show acceptable results when compared to the accepted values.

Both labs use similar standard sample preparation procedures:

Sample preparation - The sample is logged in the system, weighed, dried and the entire sample is finely crushed to better than 70 % passing a 2 mm (Tyler 9 mesh, US Std. No.10) screen. A split of 250 g is taken and pulverized to better than 85 % passing a 75 micron (Tyler 200 mesh, US Std. No. 200) screen.

It is the author's opinion that the sample security, preparation and analytical procedures are adequate for the continued evaluation of the Palos Verdes Property. Future analyses should include a lower detection limit for the indicator elements such as As, Sb and Bi to aid in exploration.

## **12.0 DATA VERIFICATION**

The Author visited the Property on April 3, 2019, and reviewed the geology of the Property. Nine samples from mineralized areas and coarse reject and pulps from previous sampling were collected during this visit (Table 12.1). The samples were taken in several mineralized areas in the Palos Verdes adit and at the surface that had been sampled previously by others in the past (Fig. 12.1) and from coarse rejects or pulps from previously analyzed core samples in order to verify the presence of metals at the concentrations indicated in those studies. The samples taken by the Author remained in the Author's custody until they were delivered to ALS in Hermosillo, Mexico. Control samples were not used as the samples taken by the Author were taken in areas previously sampled or were duplicates of pulps or coarse rejects.

Samples collected by the Author were prepared and analyzed ALS (also known as Chemex and ALS-Chemex) at their facilities in Hermosillo and Vancouver, respectively. ALS is a worldwide analytical laboratory with completed registration to ISO 9001:2008. The samples were analyzed for 43 elements as a multi-element ICP-ES/MS package, AuMe-TL43 previously described in section 11.0 Sample Analysis and Security. The sample digestion used was 25g as gold was analyzed as part of the multi-element package.

The analytical results from the samples taken by the Author are shown in table 12.2 below and the rock sample sites are shown in Fig. 12.1. Sample descriptions are presented below and photos of some samples are shown in Figs. 12.2 to 12.5 as well as Fig. 9.18. The results confirm the presence of metal values in the samples and are very similar to the original assays for the pulps and coarse rejects of core.

Based on the field review and review of the mapping and sampling results, it is the Author's opinion that the current database is adequate and appropriate for continued evaluation of the Palos Verdes Property. As described further in the Interpretation and Conclusions and Recommendations sections, more systematic sampling and mapping is required to begin to develop sufficient data to complete the exploration program. Also, a geochemical method to allow lower detection limits for the indicator elements As, Sb and Bi should be used. Additional sampling of core with quartz veining is also recommended.

## **13.0 MINERAL PROCESSING AND METALLURGICAL TESTING**

The Company has performed no metallurgical testing at the Property, and there is no information that would allow for a determination of mineral processing.

## **14.0 MINERAL RESOURCE ESTIMATES**

The property is early stage and there is no information available that would allow for estimation of mineral resources.

## **15.0 ADJACENT PROPERTIES**

There are several adjacent concessions with small historic mines, but little or no information is available other than that compiled in SGM (2008) and Avila et al., (1999).

## **16.0 OTHER RELEVANT DATA AND INFORMATION**

The Author knows of no other relevant data or information.

Table 16.1. Data and descriptions for samples taken by the Author.

SAMPLE	LOCATION	EASTING	NORTHING	ELEV	WIDTH m	TYPE	DESCRIPTION
13354	Tunnel	417,700	2,593,160	1221	1.45	channel	PV Mine , channel sample taken in 1.8x3x3m shaft, NE wall, quartz vein, stockwork and breccia, Az 59° -78° dip, white and gray veining, silicified andesite fragments, sulfides sphalerite, minor pyrite and chalcopyrite, silver, gold, MnOx and iron oxides
13355	Tunnel	417,708	2,593,162	1225	0.75	channel	PV Mine, sample taken in hangingwall, breccia and quartz veins, white and gray quartz, sphalerite, galena, chalcopyrite, Az 60° -76°.
13356	Tunnel	417,708	2,593,163	1224	0.85	channel	PV Mine, sample taken in footwall, white quartz vein, minor sulfides, Az 60° -75°.
13357	Surface	413,744	2,593,184	1229	0.14	channel	Narrow vein, 0.14 m width, Az 20° - 78°, gray to light gray quartz, sphalerite, galena pyrite and chalcopyrite.
13358	Surface	414,056	2,593,338	1311	2.60	channel	Quartz vein and stockwork, white color, minor sulfides visible <2%, sample taken close to main highway, in this portion the structure shows at least 8-10m width, include vein and stockwork, Ax 15° -80°.
13436	PV-18-05				1.00	pulp, core	Hydrothermal breccia, occasional andesite clasts, angular to subangular 2-50mm, majorly cemented by white-gray quartz, Fe, Ag, Cu sulfides associated to gray quartz, sporadic drusy cavities, strongly fractured rock, abundant hem-jar on fractures due to sulfide lixiviation.
13587	PV-18-02				1.15	pulp, core	Hydrothermal breccia, mostly quartz with a few angular to subangular greenish andesite clasts form 5 to 35mm, drusy crustiform texture and short chalcedonic intervals, major gray to white quartz cementation, abundant Ag sulfides diss and minor amounts of py - cpy
13558	PV-18-01				0.80	coarse reject, core	Hydrothermal breccia, angular to subangular light green andesite clasts from 2 to 50 mm cemented by gray quartz and Cu, Zn, Fe, Ag sulfides, vuggy qtz cavities, strong silicification in andesite clasts, @ 27-27.8m andesite interval assimilated in breccia
13581	PV-18-02				1.30	coarse reject, core	Hydrothermal breccia, greenish andesite angular clasts from 5- 80 mm, chaotic texture, cemented by white to gray drusy crustiform quartz, also cemented by abundant pyrite, sphalerite galena and minor amounts of cpy-argentite

Sample coordinates are in UTM, WGS84.



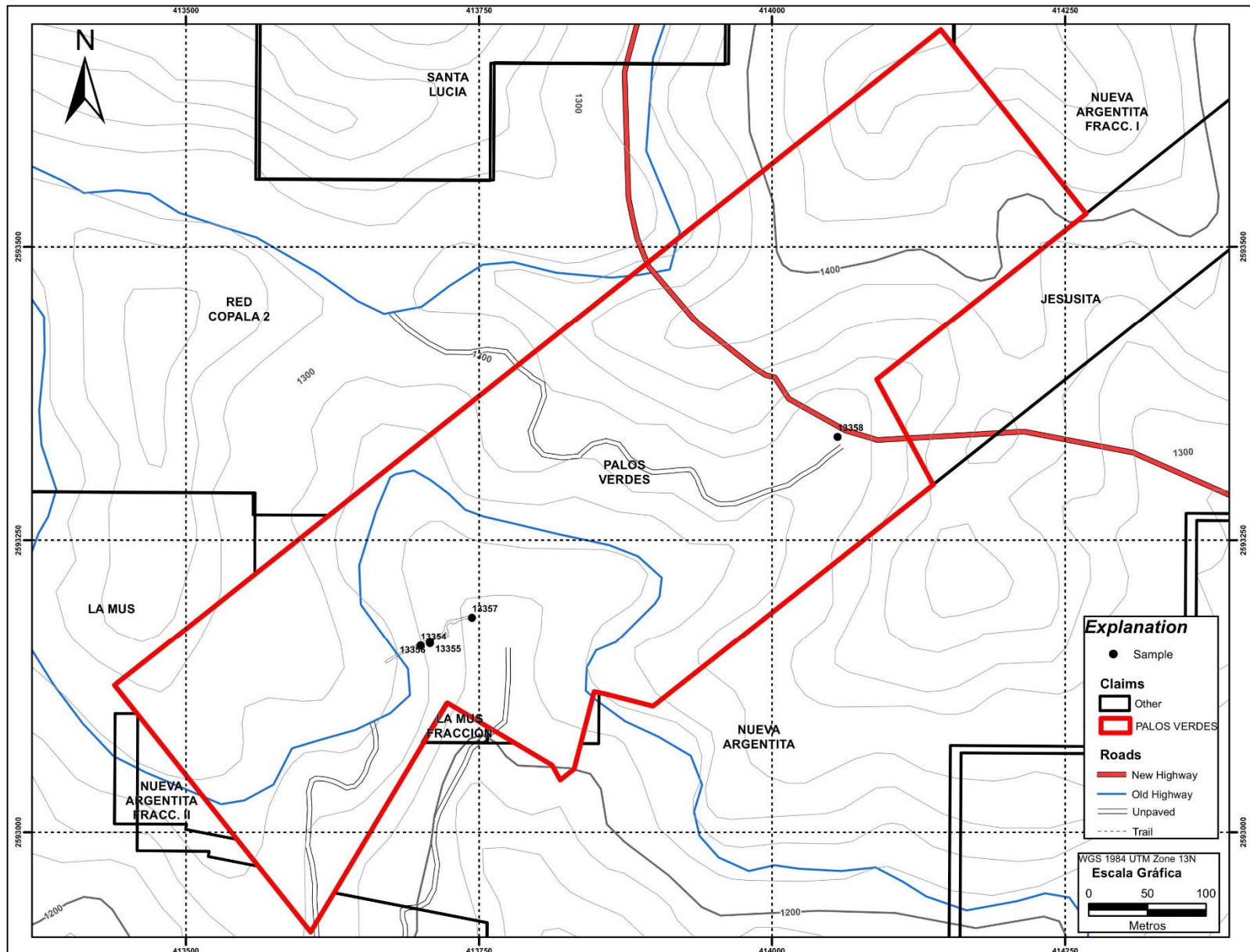


Figure 12.1. Locations for samples taken by the Author.  
 Locations for samples taken by the Author during the Property inspection on April 3, 2019.  
 Samples of pulps and coarse rejects from drill core not shown.

Table 16.2. Analytical results for samples taken by Author, with comparisons for re-assays of core.

Sample	Weight kg	Type	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm	As ppm	Sb ppm	Hg ppm	Bi ppm	S ppm
13354	6.19	Channel	0.528	62.5	376	446	1140	10.1	5.87	0.05	0.08	0.08
13355	6.30	Channel	3.33	429	314	1775	903	7.1	4.82	0.03	0.24	0.07
13356	2.84	Channel	0.079	7.94	243	581	1030	3.3	1.83	0.04	0.16	0.27
13357	1.41	Channel	0.136	98.7	1920	9120	159500	14.4	445	0.33	15.6	>10.0
13358	4.11	Channel	0.105	26.1	50.9	345	120	13	1.34	0.02	0.01	<0.01
13436	0.17	Pulp	0.402	27.1	1290	8340	12950	3.3	5.17	0.04	0.46	1.24
SGS*		Core	0.418	30	1220	8270	12700	<10	5	0.043	<10	1.29
13587	0.06	Pulp	8.33	>1500	2680	17500	24100	4.6	6.44	0.14	0.22	2.17
SGS*		Core	8.42	2335.98	2650	17200	24600	<10	6	0.18	<10	1.89
13558	2.75	Coarse reject	1.97	23.4	1430	1015	20100	4.5	1.51	0.02	0.31	1.68
SGS*		Core	1.95	22	1220	927	19000	<10	<5	0.022	<10	1.78
13581	4.88	Coarse reject	0.585	25.2	5530	5030	125500	4.6	11.85	0.1	39.7	7.69
SGS*		Core	0.594	25	5250	4790	131000	<10	13	0.138	41	>5

Samples of the Author were run by multi-element ICP-ES/MS for all elements by ALS as described in section 11. Sample Preparation, Analysis and Security.

\*Previous SGS sample results are shown for the re-assays of core samples from coarse rejects and pulps.



Figure 16.2. Photo of samples 13354 to 13356, Palos Verdes Property.  
View of samples 13354 to 13356 taken by the Author from the Palos Verdes adit.



Figure 16.3. Photo of sample 13358 Palos Verdes Property.  
View of sample site 13358 taken by the Author from the Palos Verdes Property.





Figure 16.4. Core from the Palos Verdes Property.  
View of sample 13581; a coarse reject of this sample was assayed by the Author.



Figure 16.5. Core from the Palos Verdes Property.  
View of sample 13558 across two boxes; a coarse reject of this interval was assayed by the Author.

## 17.0 INTERPRETATION AND CONCLUSIONS

Based on the information obtained during the Author's visit and on historic exploration work completed mainly by ProDeMin, the Palos Verdes Property warrants further exploration. Assays from surface and underground samples and from drill core show precious and base metal values of interest. Some high grade intercepts in drill holes show potential for encountering economic mineralization with continued exploration.

More detailed mapping and sampling is needed to determine the local stratigraphy of the volcanic rocks to aid in structural interpretation. Further sampling of core is also necessary as current sampling has been limited to the main Palos Verdes vein and immediately adjacent rock, but some intervals with significant alteration and quartz veining were not sampled.

The greatest potential risks to the completion of a successful exploration program at the Property include the possibility of not being able to extend the surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling. Based on the data available and the visit to the project, it is the Author's opinion that there is no reason to believe that surface access agreements cannot be completed or that an environmental permit will not be issued.

## 18.0 RECOMMENDATIONS

Work completed at the Property has been successful in demonstrating potential for encountering precious- and base-metal mineralization by exploration at the Property. Recommendations for further work are included below.

- Detailed re-logging of core combined with surface mapping of specific areas to help further define the controls on mineralization and structures and lay out new drill holes.
- Further sampling of zones with quartz veins and/or strong alteration in core.
- Use analytical package that has lower detection limits for indicator elements.
- Lay out regularly spaced sections for drill hole planning.

Table 26.1 below presents a proposed 2 month budget for the Palos Verdes Property. The program includes 500 meters of diamond drilling along existing roads and disturbed areas included in the current environmental permit. The costs for the line items in the budget are presented for the proposed exploration program.

Table 18.1. Proposed budget for the Palos Verdes Property.

<u>Proposed exploration budget, geology and drilling, 2 months (amounts in CAD).....</u>	
<b><u>Geology and drill program</u></b> (approx. 2 months)	
Personnel and vehicles.....	32,500
Road rehabilitation (20 hrs at 75/hr).....	1,500
Drilling (500 meters at 130/meter).....	65,000
Samples (200 at 40 per sample).....	8,000
Expenses: travel, fuel, office supplies.....	6,500
Contingencies.....	6,500
<b>Total geology and drilling .....</b>	<b>120,000</b>



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