National Instrument 43-101 Technical Report on the San José de Gracia Project, Northeast Sinaloa, Mexico

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And

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<u>Prepared By:</u>

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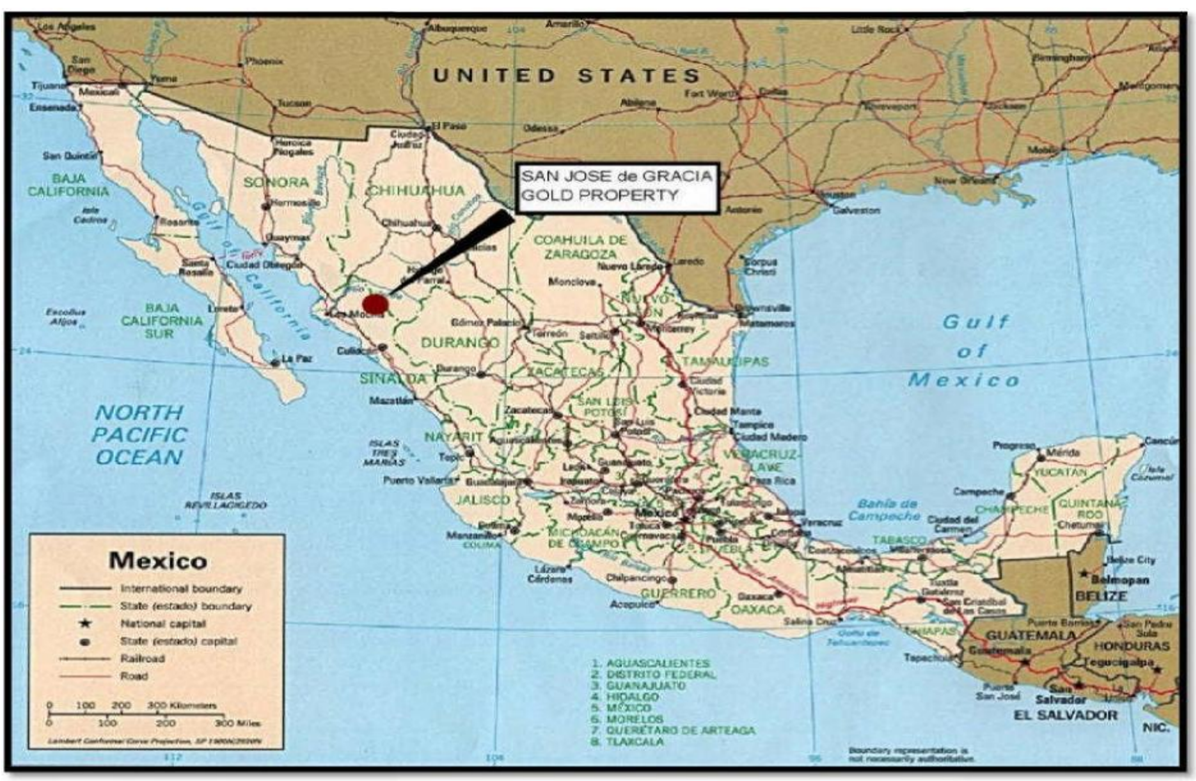
ITEM 1.0 SUMMARY

1.1 Introduction

The San José de Gracia Property (the "**San Jose de Gracia Property**", the "**SJG Property**", the "**Property**", or "**SJG**") is located at Latitude 26˚, 9' N, Longitude 107˚, 53' W, in the northeast portion of Sinaloa State, Mexico and also the western portion of the Chihuahua State, Mexico, approximately 120 kilometers east northeast of the coastal city of Los Mochis (Figure 1). The SJG Property consists of 33 continuous mining concessions covering 69,121.40 hectares (170,802.43 Acres). The four vein systems being the primary subject of this Technical Report form what is called as the "SJG Project" which is located in the lower middle portion of the SJG Property (see Figure 3). The title to all but one of the 33 mining concessions forming the Property is registered in the sole name of DynaResource de Mexico, S.A. de C.V. ("**DynaMexico**"). With respect to the San Miguel (t.183504) mining concession not registered in the sole name of DynaMexico, DynaMexico has advised Mr. Luna that it will endeavour to takes those steps necessary to complete the transfer of the title to the mining concession to DynaMexico. See Item 4.2 *Mining Titles and Surface Rights* for further details and see Figure 4 for the location of the San Miguel mining concession. At the date of this Technical Report, 50% of the outstanding shares of DynaMexico are held by DynaResource Inc. ("**DynaUSA**" or the "**Issuer**"), a Delaware, US Corporation, and 50% of the outstanding shares of DynaMexico are held, directly and indirectly, by Goldgroup Mining Inc. ("**Goldgroup**"), a British Columbia, Canada Corporation. Under the terms of an "Earn-In/Option Agreement" between DynaMexico, DynaUSA, and Goldgroup Resources Inc. (now a Goldgroup direct or indirect subsidiary) dated September 1, 2006, Goldgroup acquired, directly and indirectly, 50% of the outstanding shares of DynaMexico, between September 2006 and March 2011, in exchange for total capital contributions to DynaMexico and expenditures related to the exploration and development and maintenance of the SJG Property of US $18,000,000.

Figure 1. San Jose de Gracia, General Location Map



Regionally, the San José de Gracia Property is situated on the western portion of the Sierra Madre Occidental ("**SMO**") geological province, a linear belt of volcanic rocks approximately 1500 kilometers long by 250 kilometers wide, which hosts many important and economically profitable epithermal gold and silver deposits in western Mexico. The SMO rests on Carboniferous sediments that are unconformably overlain by two principle Tertiary and Cretaceous volcanic units referred to as the Upper and Lower Volcanic Groups, respectively.

Gold mineralization at San José de Gracia is found in vein structures hosted by andesite and rhyodacite of the Lower Volcanic sequence of rocks within the Sierra Madre Occidental. Common wall rock alteration and vein mineralogy seen in drill core and surface exposures resemble in many ways other well known low-sulphidation epithermal systems such as Tayoltita, Mexico and El Peñón, Chile.

At the SJG Project, primarily gold, but including other mineralization (Ag-Cu-Pb-Zn) occurs within vein and breccia structures found in the Lower Volcanic Group and to a lesser extent the underlying Carboniferous sediments. Gold rich structures are numerous, occurring along seven basic trends: Orange Tree, Los Hilos-Tres Amigos, La Prieta, San Pablo, La Union-La Parilla-Veta Tierra, Palos Chinos, and La Purisima (See Figure 8). These trends pinch and swell over an area of approximately 12 square kilometers and are interpreted as re-activated structures that parallel bounding normal faults related to a major depression termed the "Graben". The principal veins strike northeast and dip northwest and are referred to as Tres Amigos, San Pablo and La Union. A secondary vein set strikes north and northwest with moderate dips to the southwest and include the Orange Tree, Palos Chinos and La Purisima structures (See Figure 8). Intersections of these two major vein sets commonly occur at most prospects, where they act as an ideal location for the deposition of gold mineralization. Mineralized shoots commonly plunge to the southwest but the continuity of the shoots along these zones of structural intersection is not fully defined.

The La Prieta structure is a unique occurrence where gold sits in the deeper Carboniferous sediments just below the Lower Volcanic unconformity. The gold veins here occur as flat lying 'ladder veins' between sub parallel northeast trending fault systems.

Gold was originally discovered on the property in 1828 near the small settlement of El Rosario in the north central portion of the area. Work was restricted to the Mina Grande and Mina San Pablo sectors during this period. Further work from other mines in the area in the 1870's led to additional production. In 1893 the first ore body in the Purisima Creek area was discovered. From 1893-1895 these ore bodies are reported to have produced some 470,000 ounces of gold at an average grade of 3.48 oz Au/ton (this historical information has not been verified by Mr. Luna). In 1895 the La Prieta area was discovered which resulted in additional production. The mines produced until 1910 when the Mexican Revolution halted mining activities. Total production during the period 1828-1910 is estimated at 1,000,000 oz (this historical estimate has not been verified by Mr. Luna). The mines were returned to private control in 1918 with resulting sporadic production through the 1990's. This production appears to have been hampered by lack of financial and technical resources. Material mined during this later period was salvaged from old operations, with no organized attempt to define new reserves. By 1977 the underlying owners to mining concessions and subsequent vendors to Minera Finisterre SA de CV. ("**Finesterre**") succeeded in acquiring control of most of the district, and installed a 70 ton per day flotation concentrator. Results from this period are not available to Mr. Luna.

Modern geological surveys of the area were started in the 1990's by Asarco and Industrial Peñoles, the Mexican state mining company. Finisterre subsequently acquired the property through option agreements with the underlying vendors and continued some exploration work, although most of its financial resources were expended in erecting a 200 ton per day concentrator. Results from this period are not available to Mr. Luna.

Golden Hemlock Explorations Ltd., then a Vancouver, British Columbia company but subsequently struck from the British Columbia corporate registry in 2002 ("**Golden Hemlock**"), obtained an option to acquire majority control of Finisterre and commenced work on the property in 1997. This exploration and development work, performed for Golden Hemlock and Finesterre by the company Perforaciónes Quest de Mexico ("**PQM**"), under contract to Finesterre, consisted primarily of core drilling, along with trenching and mapping. A 63 hole, + 6,000 meter core drilling program was completed in 1997. In 1998-1999, Pamicon Developments Ltd., of Vancouver, British Columbia ("**Pamicon**") examined the results of the 1997 drilling program and, including PQM's work and reviewed the general status of the property. Based on that review, Pamicon subsequently prepared a report dated September, 1999 (the "**Pamicon Report**") which included a "historical resource estimate" (for further details on that historical resource estimate see Section 6.4 – *Historical Resource Estimate – Pamicon – Tres Amigos* under Item 6 - *History* of this Technical Report).

Subsequently, during the first half of 1999, DynaUSA and its agents arranged to collect samples for metallurgical testing (See Item 13- *Mineral Processing and Metallurgical Testing*).

In June 2000 DynaUSA formed DynaResource de México S.A. de C.V. ("**DynaMexico**") to acquire and consolidate ownership of the SJG Project from Golden Hemlock and Finesterre. By year end 2003 DynaMexico reported the complete transfer of ownership of the mining concessions and related interests, and the consolidation of the SJG Project, except for one mining concession, the San Miguel mining concession. See the note following the below Table 2 regarding the steps needed to be taken by DynaMexico to obtain title to the San Miguel mining concession and see Figure 4 for the location of the San Miguel mining concession.

In mid 2003, DynaMexico began pilot scale underground mining at San Pablo and related test milling operations, and produced 18,250 ounces of gold from 42,000 tonnes of mill feed material processed over a 3 and 1/2 year span. DynaMexico suspended the mining and milling operations in 2006 to focus on exploration and resource definition in the district.

The SJG Property was substantially increased in size by the acquisition of the Francisco Arturo mining concession which was initially issued on March 28, 2007 and later transferred into the name of DynaMexico. Although the Francisco Arturo mining concession is 62,481.38 hectares, only a small portion forms part of the SJG Project area as the majority of the Francisco Arturo mining concession is situated to the north-east of the SJG Project area (see Figures 3, 4 and 5).

Since September 1, 2006, the date of the Earn In/Option Agreement (the "**Option Agreement**"), among Goldgroup, DynaUSA and DynaMexico, a total of 298 core holes have been completed in seven sectors, including Tres Amigos, San Pablo, La Union, Palos Chinos, La Purisima, La Prieta, and the Argillic Zone. This report highlights four of these areas, Tres Amigos, San Pablo, La Union and La Purisima, which extend for approximately four kilometers in length from north to south.

Several other important drill target areas and under-explored anomalies are identified at the San José de Gracia Property. A full review of all past mining and exploration activity is beyond the scope of this Technical Report; however important compilation of historical data remains a high priority for any future work.

Some key observations point to additional, unrealized exploration potential on the project. In addition to vein- hosted gold mineralization, broad zones of un-mineralized clay alteration, developed southwest of the main mineralized trends near the town of San José de Gracia, may overlie lower-grade, disseminated gold deposits at depth. Current geological work at San José de Gracia covers only two percent of the total claim holdings, suggesting that the opportunity to identify and define additional mineralized targets is good. In particular, several highly anomalous drill hole intercepts and regional rock chip samples for gold have been identified which strongly support proposals for future 'follow-up' regional exploration.

1.2 Mineral Resource Estimate

Mr. Robert Sandefur, a Qualified Person and an author of this Technical Report, and a senior reserve analyst of the consulting firm of Chlumsky, Armbrust & Meyer LLC. ("**CAM**") completed a resource estimate for the San Jose de Gracia Project which is 100% owned by DynaResource de Mexico, SA de CV. ("**DynaMexico**"), with the sole exception of the San Miguel mining concession – please see Item 4.2.1 for further disclosure concerning the title to the San Miguel mining concession and see Figure 4 for the location of the San Miguel mining concession. The following drill holes are located in whole or in part on the San Miguel mining concession: 07-014, 08-119, 08-064, 10-169, 10-170, 10-171, and 10-172; and data therefrom was used to calculate a minimal part of the mineral resources at the Tres Amigos area of the SJG Project. Mineral resources are contained in four main vein system areas and were estimated within wireframes constructed by personnel of Minop, SA de CV. ("**Minop**") which the Issuer believes is a private company controlled by the son-in-law of the former CEO of Goldgroup Mining Inc. ("**Goldgroup**"), a public company. Goldgroup owns 50% of the outstanding shares of DynaMexico. Minop was contracted by Mineras de DynaResource SA de CV., ("**Mineras**"), which is a Mexican corporation and which is the named operating entity at San Jose de Gracia under agreement with DynaMexico. DynaResource, Inc. ("**DynaUSA**") owns 100% of Mineras and DynaUSA owns 50% of the outstanding shares of DynaMexico.

The resource estimate concentrates on the four separate main vein systems at the SJG Project, which are as follows (listed roughly from north to south - see Figure 50):

(a) Tres Amigos;

(b) San Pablo;

(c) La Union, and

(d) La Purisima.

Resource estimation was done in MineSight and MicroModel computer systems with only those composites that were inside the wireframe used in the estimate. Estimation was done using kriging with the omni-directional variogram derived from all the data in each area for gold. High grades were restricted by capping the assays at a breakpoint based on the cumulative frequency curves. Estimation was done using a search box of 100 x 100 x 50 m oriented subparallel to the general strike and dip of the vein system in each area. A sector search, corresponding to the faces of the search box with a maximum of two points per sector was used in estimation. A density of 2.68 based on within vein density samples was used in the resource estimate. Within each of the four areas there are approximately 20 to 40 veins in the vein swarm. Resources were estimated by kriging using data from all veins in the swarm. Resources at Tres Amigos and San Pablo were classified as indicated resources as follows:

(a) they were within a vein within the swarm which contained at least 7 drill holes,

(b) they are within 25 m of the nearest sample point, and

(c) the block was estimated by at least three drill holes.

Because there are no precise quantitative definitions of measured resources, indicated resources and inferred resources, resource classification is subjective and depends on the experience and judgment of the Qualified Person doing the resource estimate. CAM allowed indicated resources at Tres Amigos and San Pablo because of the similarity of the variograms, and the fact that there was recent historical production by DynaMexico from San Pablo of some 42,000 tonnes mill feed processed at an average grade of approximately 15g/t. Three of the individual veins at La Purisima satisfied criteria (1) above but CAM elected not to include this material in indicated resources because of the higher nugget effect at La Purisima, and because there was apparently considerable historic underground mining there. This resource estimate does not include any ore loss or dilution outside wireframes, and is probably most appropriate for a highly selective, small equipment underground operation.

Servicios y Proyectos Mineros performed a database review and considers that a reasonable level of verification has been completed, and that no material issues have been left unidentified from the drilling programs undertaken. As of the date of this Technical Report there has been no preliminary economic assessment completed for the SJG Project, so the precise cutoff grade for possible underground mining has not yet been determined.

The mineral resource estimates prepared by Mr. Robert Sandefur for this Technical Report include Indicated Resources at Tres Amigos of 893,000 tonnes with an average grade of 4.46 g/t (128,000 Oz. Au), and at San Pablo of 1,308,000 tonnes with an average grade of 6.52 g/t (274,000 Oz. Au). The estimate also includes an Inferred Resource of 3,953,000 tonnes in aggregate for the four vein systems, with an average grade of 5.83 g/t (741,000 Oz. Au). The resource estimate is reported using a 2.0 g/t cut off grade, with the effective date of February 6, 2012 (the "**2012 DynaMexico-CAM Mineral Resource Estimate**").

The following tables are summaries of the 2012 DynaMexico-CAM Mineral Resource Estimate of the four main vein systems and also a table summary disclosing the aggregate of the mineral resources of those four vein systems. More detailed results are set out in Item 14.0 - *Mineral Resources Estimates* of this Technical Report.

Table 1. Mineral Resource and Classification for San Jose de Gracia Project

TRES AMIGOS INDICATED											
Au Cut Off (g/t)	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**	**Cu%**	**CuKg**	**Pb%**	**PbKg**	**Zn%**	**ZnKg**
1.00	1,128,000	3.85	139,000	9.18	333,000	0.19	2,137,000	0.05	570,000	0.33	3,774,000
2.00	893,000	4.46	128,000	10.34	297,000	0.21	1,875,000	0.06	499,000	0.37	3,276,000
3.00	608,000	5.37	105,000	11.31	221,000	0.22	1,338,000	0.06	374,000	0.39	2,349,000
TRES AMIGOS INFERRED											
1.00	1,937,000	4.91	306,000	9.46	589,000	0.21	4,028,000	0.05	981,000	0.34	6,600,000
2.00	1,453,000	6.05	282,000	11.01	514,000	0.23	3,390,000	0.06	802,000	0.38	5,460,000
3.00	950,000	7.93	242,000	11.47	350,000	0.20	1,935,000	0.07	620,000	0.43	4,107,000

SAN PABLO INDICATED											
Au Cut Off (g/t)	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**	**Cu%**	**CuKg**	**Pb%**	**PbKg**	**Zn%**	**ZnKg**
1.00	1,482,000	5.94	283,000	11.92	568,000	0.26	3,839,000	0.01	158,000	0.03	500,000
2.00	1,308,000	6.52	274,000	12.72	535,000	0.28	3,607,000	0.01	147,000	0.04	458,000
3.00	1,091,000	7.32	257,000	13.69	480,000	0.30	3,241,000	0.01	132,000	0.04	405,000
SAN PABLO INFERRED											
1.00	756,000	4.65	113,000	9.25	225,000	0.17	1,273,000	0.01	74,000	0.03	227,000
2.00	532,000	6.02	103,000	11.33	194,000	0.20	1,074,000	0.01	51,000	0.03	161,000
3.00	426,000	6.92	95,000	11.89	163,000	0.22	935,000	0.01	40,000	0.03	131,000

LA UNION INFERRED											
Au Cut Off (g/t)	**Tonnes**	**Au g/t**	**Au Oz**	**Ag g/t**	**Ag Oz**	**Cu%**	**CuKg**	**Pb%**	**PbKg**	**Zn%**	**ZnKg**
1.00	1,221,000	4.72	185,000	12.81	503,000	0.15	1,856,000	0.02	250,000	0.04	532,000
2.00	849,000	6.11	167,000	13.71	374,000	0.19	1,579,000	0.03	221,000	0.05	448,000
3.00	580,000	7.79	145,000	16.51	308,000	0.23	1,340,000	0.03	196,000	0.07	403,000

LA PURISIMA INFERRED											
Au Cut Off (g/t)	**Tonnes**	**Au g/t**	**Au OZ**	**Ag g/t**	**Ag OZ**	**Cu%**	**CuKg**	**Pb%**	**PbKg**	**Zn%**	**ZnKg**
1.00	1,767,000	3.83	217,000	4.64	264,000	0.08	1,454,000	0.02	293,000	0.06	1,097,000
2.00	1,119,000	5.25	189,000	5.63	203,000	0.10	1,150,000	0.02	209,000	0.06	707,000
3.00	801,000	6.34	163,000	5.85	151,000	0.11	916,000	0.02	164,000	0.07	585,000

SAN JOSE DE GRACIA TOTAL INDICATED											
Au Cut Off (g/t)	**Tonnes**	**Au g/t**	**Au OZ**	**Ag g/t**	**Ag OZ**	**Cu %**	**CuKg**	**Pb %**	**PbKg**	**Zn %**	**ZnKg**
1.00	2,610,000	5.03	422,000	10.73	901,000	0.23	5,976,000	0.03	728,000	0.16	4,273,000
2.00	2,200,000	5.69	402,000	11.75	831,000	0.25	5,482,000	0.03	646,000	0.17	3,733,000
3.00	1,699,000	6.62	362,000	12.84	701,000	0.27	4,579,000	0.03	506,000	0.16	2,754,000

SAN JOSE DE GRACIA TOTAL INFERRED											
1.00	5,681,000	4.50	822,000	8.66	1,581,000	0.15	8,611,000	0.03	1,599,000	0.15	8,456,000
2.00	3,953,000	5.83	741,000	10.11	1,285,000	0.18	7,193,000	0.03	1,283,000	0.17	6,776,000
3.00	2,757,000	7.28	646,000	10.97	972,000	0.19	5,126,000	0.04	1,021,000	0.19	5,227,000

(Due to rounding the numbers in the above may not check exactly. This is an estimate of in situ resources only and there is no assurance that any part of these resources can be converted to reserves. Grades are given to 2 decimals and contained metal to the nearest 000 for comparative purposes and do not imply this degree of accuracy.)

All references to ounces in the 2012 DynaMexico-CAM Mineral Resource Estimate are references to troy ounces. Tonnes, contained ounces, and contained kilograms of metals are given to the nearest thousand, and grades are reported to two decimals for comparative purposes only and do not imply this degree of accuracy.

Each of the four main vein systems remains open for possible expansion of the current mineral resources. It is expected that continued drilling at each of these areas will not only enhance the confidence of the mineral resources, but also may increase the size of the individual mineral resources and the overall mineral resources.

In addition, Mr. Ramon Luna Espinoza, a Qualified Person and also an author of this Technical Report, believes that the SJG Property exhibits a potential for the discovery of new exploration targets that may also increase the mineral resources of the SJG Property. Each of Mr. Luna and Mr. Sandefur is an author of this Technical Report. Together they are referred to as the "**Authors**".

1.3 Recommendations

Mr. Luna and Mr. Sandefur have made various recommendations for further work on the SJG Property. Many of the recommendations described herein are those of Mr. Luna, and Mr. Sandefur has made more specific recommendations relating to future mineral resource estimates. A brief summary of some of those recommendations are included below:

(a) compilation of historical data;

(b) acquisition and use of a single software system to be used for all future geological modeling, resource estimate and mine planning for the SJG Project. CAM suggests that MineSight would be an appropriate choice;

(c) the potential database issues found by CAM, while not having a global impact on the resource, might have local impact on mine planning and scheduling. The issues raised should be reviewed, and if necessary, corrected;

(d) commencement of channel sampling of the veins in drifts;

(e) extension drilling along strike of the four major vein systems;

(f) drilling down dip of the four major vein systems;

(g) infill drilling at the four major vein systems;

(h) exploratory drilling at specific proposed sites;

(i) extension of IP Surveys;

(j) follow up geochemistry surveys;

(k) underground development including exploration drifting, underground sampling and detailed survey for underground old workings;

(l) commencement of further metallurgical studies at each of the four major vein systems in preparation for a possible Preliminary Economic Assessment Report made pursuant to National Instrument 43-101 (a "**PEA")**;

(m) preparation of a lower cut-off resource estimate at San Pablo for possible open pit mining and for possible related PEA;

(n) acquisition of water rights and water concessions in preparation for a PEA;

(o) completion of one or more PEAs – one relating to a possible underground mining operation and possibly another relating to a combination open pit and underground operation;

(p) preparation of a further resource estimate for a possible underground mine incorporating data obtained as a result of the completion of a number of the items above;

(q) commencement of permitting;

(r) purchase of surface lands;

(s) commencement of environmental impact study; and

(t) commencement of baseline environmental study.

Actual budgeting and carrying out of the above recommendations would be subject to the timing and availability of capital. For further details of the recommendations of Mr. Luna and Mr. Sandefur, please see Item 18 - *Recommendations* of this Technical Report.

ITEM 2.0 INTRODUCTION

Servicios y Proyectos Mineros de Mexico, S.A. de C.V. ("**SPM**") was commissioned on behalf of DynaResource de Mexico S.A. de C.V., ("**DynaMexico**") by its president, K.D. Diepholz and on behalf of DynaUSA by Mr. K.D. Diepholz, the President and CEO of DynaUSA, to prepare an independent National Instrument 43-101 Technical Report for the San Jose de Gracia Property (this "**Technical Report**" or the "**2012 DynaMexico SJG Technical Report**") and Mr. Robert Sandefur, a reserve analyst at Chlumsky, Armbrust & Meyer LLC. ("**CAM**"), was commissioned by DynaMexico to compile the Mineral Resource Estimate for the four main vein systems (Tres Amigo, San Pablo, La Union and La Purisima) comprising the SJG Project located on the south-western portion of the SJG Property (the "**2012 DynaMexico-CAM Mineral Resource Estimate**"). The mineral resource estimate was disclosed in a Technical Report dated March 28, 2012 and filed in SEDAR.com on that same date under the DynaResource, Inc. company profile. This Technical Report is a revision of that technical report, but the 2012 DynaMexico-CAM Mineral Resource Estimate remains unchanged. Mr. Diepholz is also President, CEO & Chairman of the Issuer, DynaResource, Inc., which holds 50% of the outstanding shares of DynaMexico. Goldgroup Mining Inc., directly and indirectly through a wholly owned subsidiary, currently holds the remaining 50% of the outstanding shares of DynaMexico.

Mr. Jim Cuttle and Mr. Gary Giroux have prepared four (4) previous technical reports on the SJG Property, each containing a resource estimate. Those technical reports were dated: (a) August 21, 2009, (b) March 22, 2010, (c) February 28, 2011 and January 3, 2012 (the "**2009, 2010, 2011 & 2012 Cuttle & Giroux Technical Reports**" and the "**2009, 2010, 2011 & 2012 Cuttle & Giroux Mineral Resource Estimates**").

The 2009, 2010 & 2011 Cuttle & Giroux reports all contain the same resource estimates and are based on the drilling of Peñoles in 1992 (11 RC Holes), the drilling of Golden Hemlock in 1997 (63 Core Holes), and the 2007-08 drilling of DynaMexico through drill hole number SJG 08-126.

Each of the 2012 Cuttle & Giroux Technical Report (which had an effective date of September 5, 2011) and the 2012 DynaMexico SJG Technical Report (which has an effective date of February 6, 2012) utilizes this previous database (through SJG 08-126) plus an additional 172 drill holes completed from October 2009 through March, 2011 (through drill hole number SJG 11-298).

The Issuer is not treating the resource estimates in any of the Cuttle & Giroux Technical Reports as current mineral resources or mineral reserves.

DynaMexico has advised each of Ramon Luna and Robert Sandefur that the 2012 Cuttle & Giroux Technical Report was not approved by DynaMexico and that DynaMexico had questioned the resource estimate contained in the 2012 Cuttle & Giroux Technical Report, in particular the resource estimate of the San Pablo vein system, and that such questions and outstanding issues remained unresolved. Accordingly, DynaMexico commissioned each of Mr. Luna and Mr. Sandefur to carefully review the resource estimate in the 2012 Cuttle & Giroux Technical Report and upon completing that review each of Mr. Luna and Mr. Sandefur has determined not to accept the resource estimate contained in the 2012 Cuttle & Giroux Technical Report. As a result, Mr. Luna and Mr. Sandefur having reviewed all available scientific or technical information from San Jose de Gracia to February 6, 2012 (the "**Effective Date**" of this Technical Report and the DynaMexico-CAM Mineral Resource Estimate) and have prepared this 2012 DynaMexico SJG Technical Report for DynaMexico. In particular, Mr. Sandefur has prepared for DynaMexico resource estimates for each of the four main vein systems at SJG, including the San Pablo vein system. For further details on the resource estimates of Mr. Sandefur, please see Item 14.0 *Mineral Resources Estimates* of this Technical Report. DynaMexico has reviewed and approved this 2012 DynaMexico SJG Technical Report and it may be found in SEDAR.com under DynaUSA's company profile.

Mr. Ramon Luna Espinoza (also "**Mr. Luna Espinoza**", and "**Mr. Luna**") is a Qualified Person ("**QP**") as that term is defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and is responsible for all parts of this 2012 DynaMexico SJG Technical Report with the exception of Item 14 – *Mineral Resource Estimates*, which was prepared by Mr. Robert Sandefur of CAM, and excepting references in this Technical Report to the 2012 DynaMexico-CAM Mineral Resource Estimate. Mr. Luna Espinoza is independent (as that term is defined in section 1.5 of NI 43-101) of each of DynaMexico, DynaUSA and Goldgroup.

Mr. Robert Sandefur is also a Qualified Person under NI 43-101 and is responsible for those parts of this 2012 DynaMexico SJG Technical Report which relate to the 2012 DynaMexico-CAM Mineral Resource Estimate, including, the entirety of Item 14 *Mineral Resources Estimates,* that portion of this Item 2.0 *Introduction* relating to the preparation of his resource estimates and that portion of Item 6.0 *History* relating to his resource estimates. Mr. Sandefur is independent (as that term is defined in section 1.5 of NI 43-101) of each of DynaMexico, DynaUSA and Goldgroup.

Mr. Luna conducted a property inspection of the San Jose de Gracia Project in November 2010, and conducted a further property inspection in November 2011. Further, each of Mr. Luna and Mr. Sandefur conducted a property inspection in January 2012. While at the Property in November 2011, Mr. Luna inspected the areas of Tres Amigos, La Prieta, Gossan Cap, San Pablo, La Union, and La Purisima, and historic mining sites. In January 2012, Mr. Sandefur and Mr. Luna inspected the areas of Tres Amigos, San Pablo, La Union, and La Purisima. Pictures of the areas were taken. Many of the drill pads for the drilling programs of 2007 to 2011 were clearly located and identified. Mr. Luna also inspected San José de Gracia's core logging and storage facilities, the geology offices, the meteorological station, the plant nursery, and the mill. Mr. Sandefur also inspected San José de Gracia's core logging and storage facilities, the plant nursery and the geology offices.

This Technical Report is made in compliance with National Instrument 43 -101 *Standards of Disclosure for Mineral Projects* (securities legislation adopted in all jurisdictions in Canada) ("**NI 43-101**") and the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") standards and definitions.

ITEM 3.0 RELIANCE ON OTHER EXPERTS

The Authors have relied upon a legal opinion dated September 15, 2012 ("**2012 SJG Legal Opinion**") written by Abraham Urias, legal counsel to DynaMexico, of the law firm of Urias Romero Y Asociados, S.C., of Mazatlan, Sinaloa, Mexico in disclosing title issues in Items 1.1, 4.2.1, 4.2.2, 4.3, 4.4 and 6.2 and in creating Table 2 (including the note thereto), except for the heading of the column of Table 2 headed, "Title Issuance Date", in which case the Authors have assumed that the "Title Issuance Date" is the date of the beginning of the "Term of Validity" as that term is used in the 2012 SJG Legal Opinion.

The Authors have relied upon a Letter from Eng. Honorio Escobedo, Mining Expert Reg. 497-5, Culiacan, Sinaloa, dated October 6, 2012 (the "Escobedo Letter"), which confirms the land areas, coordinates, and locations of the mining concessions and surface rights areas as described on the maps to the SJG Property (Figures 3-5 below).

The Authors have relied upon DynaMexico's description of its plan of operation intended to achieve the transfer of Title to the San Miguel Concession. Pursuant to signed agreements between DynaMexico and the registered owners of the San Miguel Concession, DynaMexico expects to accomplish the transfer of Title to San Miguel. At the completion of the transfer of Title, DynaMexico would retain exploitation rights to the area of the San Miguel Concession (7 Hectares). (See Item 4.2, and see note to Table 2 below).

ITEM 4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Location

The SJG Project is located on map sheet G13-A81 in the Culiacan mining district of Sinaloa State, Mexico, at Latitude 26˚, 9’ N, Longitude 107˚, 53’ W, approximately 120 kilometers east northeast of the coastal city of Los Mochis. The SJG Property straddles the border separating the Mexican States of Sinaloa and Chihuahua. The SJG Project is located in the south-western portion of the SJG Property and is located entirely within the State of Sinaloa (see Figures 2, 3 and 4).

Figure 2. San Jose de Gracia, Location Map (Sinaloa – Chihuahua- Durango), Kaip, 2000.

4.2 Mining Titles and Surface Rights

<u>4.2.1 Mining Concessions</u>

The San José de Gracia Property consists of 33 contiguous mining concessions and covers an area of approximately 69,121.40 hectares (170,802.43 acres) as illustrated in Figures 3, 4 and 5.

Title to 32 of the 33 mining concessions is registered in the sole name of DynaResource de Mexico, SA de CV (“**DynaMexico**”) and title to one mining concession, San Miguel, is not registered in the name of DynaMexico (see Figure 4 for the location of San Miguel). DynaMexico has entered into transfer agreements with the registered owners to 50% undivided title to the San Miguel (t.183504) mining concession and it has entered into promise to sell and purchase agreements with registered owners to 50% undivided title to the San Miguel (t.183504) mining concession. Under Mexican law, such transfer agreements require the consent or relinquishment of first rights of refusal from the registered owners to

100% undivided title to produce legal effects and be eligible for registration before the Mines Recorders´ Office. The legal steps required to be taken to register title in the name of DynaMexico are disclosed in Note 1 immediately following Table 2 regarding title to the San Miguel mining concession.

Under amendments to the *Mining Act* of Mexico that came into effect on December 2006, the classifications of Mining Exploration Concessions and Mining Exploitation Concessions were replaced by a single classification of Mining Concessions valid for a renewable term of 50 years, commencing from the initial issuance date. To be converted into Mining Concessions at the time these amendments came into force, former exploration and exploitation concessions had to be in good standing at the time of conversion.

All of the SJG concessions were converted to 50-year Mining Concessions at the time the amendments to the Mining Act came into effect.

To renew the 50-year term, Mining Concessions must be in good standing at the time application is filed and application for renewal must be filed within 5 years prior to expiration of the term.

To maintain Mining Concessions in good standing, the registered owner must (a) pay bi-annual mining duties in advance, by January 31 and July 31 each year, (b) file assessment work reports by May 30 each year, for the preceding year (some exception rules apply), and (c) file by January 31 each year, statistical reports on exploration / exploitation work conducted for the preceding year.

Notice of Commencement of Production Activities and Annual Production Reports must be filed annually by January 31 each year for those concessions where mineral ore extraction is taking place. As a general provision, registered owners of Mining Concessions must follow environmental and labor laws and regulations in order to maintain their Mining Concessions in good standing.

As of the date of this Technical Report, all of the 33 mining concessions comprising the SJG Property are in good standing with respect to the payment of taxes and the filing of assessment work obligations imposed by the Mining Act of Mexico and its Regulations.

The following Table 2 contains a full listing of all 33 mining concessions comprising the SJG Property, including the 32 mining concessions currently registered in the sole name of DynaMexico and the one mining concession (San Miguel t.183504) which is subject to transfer agreements for an undivided 100% title that in order to produce legal effects require the consent or relinquishment of first rights of refusal from registered owners to the 50% undivided title, and subject to promise to sell and purchase agreements with registered owners to 50% undivided title to the San Miguel (t.183504) mining concession. See also the note following the below Table 2 regarding the steps needed to be taken by DynaMexico to obtain title to the San Miguel mining concession and see Figure 4 for the location of the San Miguel mining concession.

Table 2. Current Mining Concessions – San José de Gracia – 2012

Claim Name	Claim No.	Title Issuance Date	Expiry Date	Area In Hectares
AMPLIACION DE SAN NICOLAS	183815	22/11/1988	21/11/2038	17.4234
AMPLIACION DE SANTA ROSA	163592	30/10/1978	29/10/2028	25.0000
BUENA VISTA	211087	31/03/2000	30/03/2050	17.9829
EL CASTILLO	214519	02/10/2001	01/10/2051	100.0000
EL REAL	212571	07/11/2000	06/11/2050	2,037.9479
EL REAL 2	216301	30/04/2002	29/04/2052	280.1555

San José de Gracia, Project, Northeast Sinaloa, México

Claim Name	Claim No.	Title Issuance Date	Expiry Date	Area In Hectares
FINISTERRE FRACCION A	219001	28/01/2003	27/01/2053	18.7856
FINISTERRE FRACC. B	219002	28/01/2003	27/01/2053	174.2004
FINISTERRE 4	231166	18/01/2008	17/01/2058	2,142.1302
FRANCISCO ARTURO	230494	06/09/2007	27/03/2057	62,481.3815
GUADALUPE	189470	05/12/1990	04/12/2040	7.0000
LA GRACIA I	215958	02/04/2002	01/04/2052	300.0000
LA GRACIA II	215959	02/04/2002	01/04/2052	230.0000
LA LIBERTAD	172433	15/12/1983	14/12/2033	97.0000
LA NUEVA AURORA	215119	08/02/2002	07/02/2052	89.3021
LA NUEVA ESPERANZA	226289	06/12/2005	05/12/2055	40.0000
LA UNION	176214	26/08/1985	25/08/2035	4.1098
LOS TRES AMIGOS	172216	27/10/1983	26/10/2033	23.0000
MINA GRANDE	163578	10/10/1978	09/10/2028	6.6588
NUEVO ROSARIO	184999	13/12/1989	12/12/2039	32.8781
PIEDRAS DE LUMBRE UNO	215555	05/03/2002	04/03/2052	40.2754
PIEDRAS DE LUMBRE 2	215556	05/03/2002	04/03/2052	34.8493
PIEDRAS DE LUMBRE 3	218992	28/01/2003	27/01/2053	4.3098
PIEDRAS DE LUMBRE No.4	212349	29/09/2000	28/09/2050	0.2034
SAN ANDRES	212143	31/08/2000	30/08/2050	385.0990
SAN JOSÉ	208537	24/11/1998	23/11/2048	27.0000
SAN MIGUEL (1)	183504	26/10/1988	25/10/2038	7.0000
SAN NICOLAS	163913	14/12/1978	13/12/2028	55.5490
SAN SEBASTIAN	184473	06/11/1989	05/11/2039	40.0000
SANTA MARIA	218769	17/01/2003	16/01/2053	4.2030
SANTA ROSA	170557	13/05/1982	12/05/2032	31.4887
SANTO TOMAS	187348	14/06/1990	13/06/2040	312.0000
TRES AMIGOS 2	212142	31/08/2000	30/08/2050	54.4672
TOTAL				69,121.4010

(1) The following note has been extracted from the 2012 SJG Legal Opinion:

According to the records of the Mines Registry, the registered owners to the San Miguel mining concession (title no. 183504) are: María Trinidad Acosta viuda de González (25%), Miguel López Medina (25%), Josefa González Castro (25%) and Otilia Tracy Vizcarra (25%).

In respect to the *San Miguel* mining concession (title no. 183504), DynaMexico has provided to the writer a copy of the following Sell and Purchase Agreements (collectively the "San Miguel Sell and Purchase Agreements"):

1. Sell and Purchase Agreement dated March 8, 2001 signed between DynaMexico (acting as the "Purchaser") and Josefa Gonzalez Castro (acting as the "Vendor") wherein it appears that on that date the Vendor sold and the Purchaser purchased, on payment of $1,250 USD, an undivided 25% title to the *San Miguel* mining concession (t. 183504).
2. Sell and Purchase Agreement dated October 17, 2000 signed between DynaMexico (acting as the "Purchaser") and Miguel Lopez Medina (acting as the "Vendor") wherein it appears that on that date the Vendor sold and the Purchaser purchased, on payment of $1,250 USD, an undivided 25% title to the *San Miguel* mining concession (t. 183504).

In respect to the San Miguel Sell and Purchase Agreements, DynaMexico has been advised that in order for the San Miguel Sell and Purchase Agreements to produce legal effects and be eligible for registration before the Mines Registry, DynaMexico is required to first obtain the legal consent to such transfers, or the written relinquishment of first rights of refusal, from María Trinidad Acosta viuda de González and Otilia Tracy Vizcarra (or court-appointed estate executor).

In addition to the San Miguel Sell and Purchase Agreements, DynaMexico has provided to the writer a copy of the following Promise to Sell and Purchase Agreements (the "San Miguel Promise to Sell and Purchase Agreements"):

1. Promise to Sale and Purchase Agreement dated March 8, 2001 signed between DynaMexico (acting as the "Purchaser") and Maria Trinidad Acosta Salazar viuda de González, the registered owner to 25% undivided title to the San Miguel (t.183504) mining concession, acting in her own rights and also in representation of the estate of Cayetano Gonzalez Castro (collectively acting as the "Vendor") wherein it appears that on that date the Vendor promised to sell to the Purchaser, on payment of $2,250 USD, an undivided 25% title to the *San Miguel* mining concession (t. 183504).
2. Promise to Sale and Purchase Agreement dated December 15, 2000 signed between DynaMexico (acting as the "Purchaser") and Margarita Tracy Vizcarra, sister of the deceased Otilia Tracy Vizcarra, acting in her own rights and also in representation of the estate of Otilia Tracy Vizcarra (acting as the "Vendor") wherein it appears that on that date the Vendor promised to sell to the Purchaser, on payment of $1,750 USD, an undivided 25% title to the *San Miguel* mining concession (t. 183504).

In respect to the San Miguel Promise to Sell and Purchase Agreements, DynaMexico has been advised that:

(a) with respect to the Promise to Sell and Purchase Agreement signed on March 8, 2001 among DynaMexico and Maria Trinidad Acosta Salazar viuda de González, to contact Ms. María Trinidad Acosta Salazar viuda de González to demand compliance with such agreement by executing the definitive transfer to DynaMexico of the 25% undivided title to the San Miguel mining concession (title 183604) registered in her name, and

(b) with respect to the Promise to Sell and Purchase Agreement signed on December 15, 2000 among DynaMexico and Margarita Tracy Vizcarra, the sister of the deceased Otilia Tracy Vizcarra, the estate of Otilia Tracy Vizcarra requires the appointment of a court-appointed executor that would be capable under Mexican law to formally grant the estate´s consent for the execution of the San Miguel Sell and Purchase Agreements, to relinquish the estate´s first rights of refusal or to request court approval for the transfer to DynaMexico of the 25% undivided interest in the San Miguel mining concession (title 183604) registered in the name of the deceased Otilia Tracy Vizcarra.

4.2.2 Surface Lease Agreement

In addition to surface rights DynaMexico retains pursuant to the Mining Act of Mexico and its Regulations (*Ley Minera y su Reglamento*), DynaMexico maintains access and surface rights to virtually all (see Figure 5) of the SJG Project area pursuant to a surface lease agreement entitled "Land Occupation Agreement" between the El Ejido Santa Maria and DynaResource de Mexico, dated May 12, 2002 (the "**SJG Project Surface Lease**"). This lease covers 4,399 hectares, with lease boundaries as shown in Figure 5. The term of the SJG Project Surface Lease is 30 years and, according to the 2012 SJG Legal Opinion, to the best of knowledge, the agreement is currently in good standing. DynaMexico has no future financial obligations in order to maintain the SJG Project Surface Lease. DynaMexico is required to execute mining activities in accordance with applicable Mexican environmental, mining and labor laws and regulations.

4.3 Royalties, Encumbrances and Environmental Liabilities

The SJG Property is not subject to any royalties, encumbrances or environmental liabilities (but note that, as stated in Item 4.2.1 above, one mining concession (San Miguel) is not registered in the name of DynaMexico). The Issuer has advised Mr. Luna that it is proceeding to take those steps necessary in order to accomplish the transfer of Title of the San Miguel concession to DynaMexico. See in particular, the note following Table 2).

4.4 Required Permits for Exploration, Drilling and Mining

In respect of permit requirements for mineral exploration and mining in Mexico, the most relevant applicable laws, regulations and official technical norms are: the *Federal Mining Act*, and its Regulations, the *Federal Environmental Protection and Ecological Equilibrium Act*, and its Regulations, the *Federal Sustainable Forestry Development Act* and its Regulations, the *Federal Explosives and Firearms Act*, the *National Waters Act* and the *Mexican Official Norm 120*.

To carry out mineral exploration activities, holders of mining concessions in Mexico are required to file at the offices of the Federal Secretariat of the Environment and Natural Resources (SEMARNAT) a "Notice of Commencement of Exploration Activities" or "Preventive Exploration Notice ("IP")" in accordance with the guidelines of the *Mexican Official Norm 120* ("NOM-120").

If contemplated mineral exploration activities fall outside of the parameters defined under the NOM-120 (e.g. exploration activities on rain forest areas), a "Change of Soil Use Permit Application" ("CSUP") is required to be filed at SEMARNAT under the guidelines of the *Federal Sustainable Forestry Development Act* and its Regulations. To meet the requirements for issuance of CSUP, the applicant must file together with the CSUP Application a Technical Study ("Technical Justification Study") to justify the change of soil use from forestry to mining and to demonstrate that biodiversity will not be compromised and that there will be no soil erosion or water quality deterioration on completion of the mineral exploration activities.

To carry out mining activities in Mexico, holders of mining concessions are required to file an "Environmental Impact Assessment Study" ("MIA") under the guidelines of the *Federal Environmental Protection and Ecological Equilibrium Act* and its Regulations, in order to evaluate the environmental impact of the contemplated mining activities.

If the use of explosives materials is required for execution of mineral exploration or mining activities, an Application for General Permit for Use, Consumption and Storage of Explosive ("GPCSE") is required to be filed at the offices of the Secretariat of National Defense ("SEDENA") under the guidelines of the *Federal Explosives and Firearms Act.*

Under the *Federal Mining Act,* holders of mining concessions in Mexico have the right to the use of the water coming from the mining works. Certification of water rights and/or issuance of water rights concessions are required from the National Water Commission ("CONAGUA") under the guidelines of the *National Waters Act.*

4.4.1 Fees or bonding requirements necessary to explore or mine.

As a pre-requisite for issuance of a CSUP, Article 118 of the *Federal Sustainable Forestry Development Act* provides the posting of a bond to the Mexican Forestry Fund for remediation, restoration and reforestation of the areas impacted by the mineral exploration activities.

As a pre-requisite for approval of IP and MIA, the *Federal Environmental Protection and Ecological Equilibrium Act* and its Regulations require the posting of a bond to guarantee remediation and rehabilitation of the areas impacted by the mining activities.

4.4.2 Government agencies responsible for any applicable permits.

SEMARNAT is the office of the Federal Government of Mexico responsible for the review and issuance of a CSUP, the review of a Technical Justification Study and the filing of NOM-120. The Federal Attorney´s Office for the Protection of the Environment ("PROFEPA") is the enforcement branch of SEMARNAT responsible for the monitoring and enforcement of environmental laws and regulations.

SEDENA is the office responsible for issuance of a GPCSE.

CONAGUA is the office responsible for certification of water rights and issuance of water rights concessions.

4.4.3 Time frame to obtain any permit or approval to explore or mine.

NOM-120 is a notice to SEMARNAT only and has no processing time.

Processing time for review and approval of a CSUP Application and Technical Justification Study varies depending on workload of SEMARNAT regional office where application is filed, but a processing time of Four (4) months is typical.

Processing time for review and approval of a MIA varies depending on workload of SEMARNAT regional office where application is filed, but a processing time of Six (6) months is typical.

Processing time for issuance of a GPCSE by SEDENA is approximately 6 months.

Processing time for issuance of a Water Rights Concession by CONAGUA is approximately 6 months.

4.4.4 DynaMexico Permits and Bonding Requirements.

Exploration Permit: On June 28, 2010, DynaMexico filed an IP (Preventive Exploration Notice) at the office of SEMARNAT in connection with contemplated mineral exploration activities at the *La Prieta*, *San Pablo*, *La Purísima*, *La Unión*, *Tres Amigos* and *La Ceceña* areas of the San José de Gracia Project, situated in the State of Sinaloa, Mexico ("SJG"). On July 21, 2010, SEMARNAT approved, for a term of 36 months, the execution of the mineral exploration activities at SJG set out in the IP, as it determined that such activities fall within the framework of the NOM-120, subject to the following conditions: (a) filing and approval by SEMARNAT of a CSUP with respect to SJG (see below), and (b) posting of a bond in the amount of $134,487 Pesos to guarantee remediation and rehabilitation measures following the conclusion of the mineral exploration activities.

Change of Soil Use Permit: On August 9, 2010, DynaMexico filed at the offices of SEMARNAT a CSUP Application and Technical Justification Study to carry out certain mineral exploration activities set out in the IP approved by SEMARNAT on July 21, 2010 (see above) at the *La Prieta*, *San Pablo*, *La Purísima*, *La Unión*, *Tres Amigos* and *La Ceceña* areas of SJG). On December 20, 2010, SEMARNAT approved the CSUP Application filed by DynaMexico with respect to SJG and authorized DynaMexico the execution of mineral exploration activities on 5.463 hectares of SJG for a term of 36 months.

Explosives Permit: On February 10, 2003, SEDENA approved a General Permit for Use, Consumption and Storage of Explosives for use and storage of explosives materials in SJG. In June 2006, DynaMexico ceased use of explosives materials in its mining activities at SJG, and requested to SEDENA to suspend the Explosives Permit. The DynaMexico Explosives Permit has been temporarily suspended by SEDENA and DynaMexico is required to file a re-activation application to re-activate Permit.

Water Rights Certification: On March 8, 2012 the Director of Water Administration of CONAGUA certified in writing the rights of DynaMexico to use, exploit and extract 1,000,000 m3 of water per year from the company´s extraction infrastructure located in SJG. CONAGUA determined that DynaMexico´s water rights are not subject to any other water rights concession or any other water extraction restriction. Water extracted by DynaMexico will be subject to applicable levies imposed by the Mexican tax authorities under applicable tax laws.

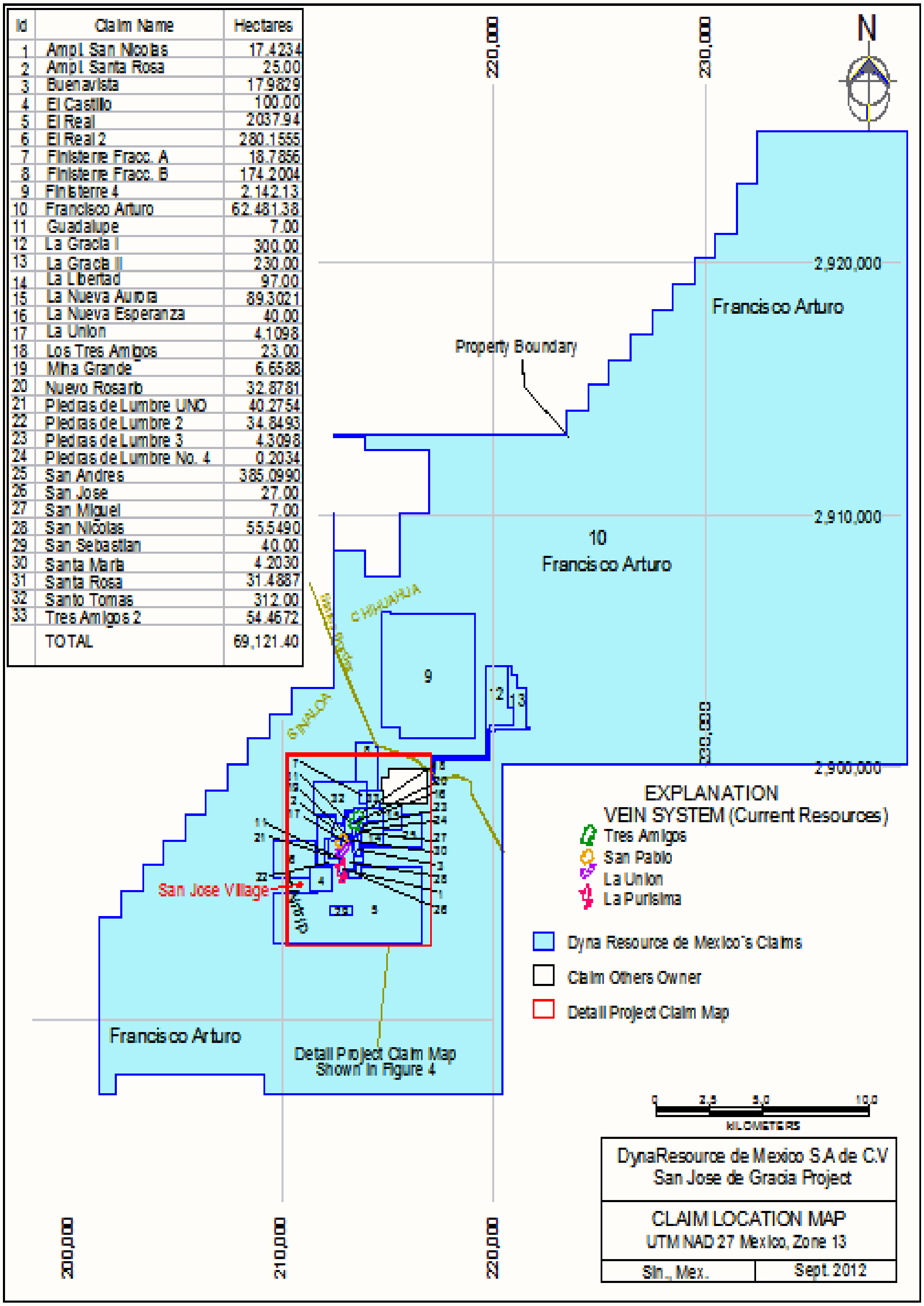
Bonding Requirements:

1) under the CSUP issued to DynaMexico on December 20, 2010, SEMARNAT imposed to DynaMexico a bonding obligation of $116,911 Pesos for reforestation and remediation measures in SJG; The Bond was timely posted by DynaMexico;
2) under IP (Preventive Exploration Notice) approved by SEMARNAT on July 21, 2010, SEMARNAT imposed to DynaMexico a posting obligation in the amount of $134,487 Pesos to guarantee remediation and rehabilitation measures following the conclusion of the mineral exploration activities under the IP. The Bond was timely posted by DynaMexico.

DynaMexico has sought and obtained all required environmental permits, temporary land occupation rights and consent letters from the regulatory agencies, local municipalities and the State of Sinaloa, in order to conduct the recent mining, production, exploration and drilling activities on the four main deposit areas at SJG. DynaMexico will be required to obtain further permits in order to conduct drilling in these four areas and the other areas, and in order to carry out future mining, milling, and production activities.

San José de Gracia, Project, Northeast Sinaloa, México

Figure 3. Claim Location Map (See also "Detail Claim Map - Figure 4")



Id	Claim Name	Hectares
1	Ampl. San Nicolas	17.4234
2	Ampl. Santa Rosa	25.00
3	Buenavista	17.9829
4	El Castillo	100.00
5	El Real	2037.94
6	El Real 2	280.1555
7	Finisterre Fracc. A	18.7856
8	Finisterre Fracc. B	174.2004
9	Finisterre 4	2,142.13
10	Francisco Arturo	62,481.38
11	Guadalupe	7.00
12	La Gracia I	300.00
13	La Gracia II	230.00
14	La Libertad	97.00
15	La Nueva Aurora	89.3021
16	La Nueva Esperanza	40.00
17	La Union	4.1098
18	Los Tres Amigos	23.00
19	Mina Grande	6.6588
20	Nuevo Rosario	32.8781
21	Piedras de Lumbre UNO	40.2754
22	Piedras de Lumbre 2	34.8493
23	Piedras de Lumbre 3	4.3098
24	Piedras de Lumbre No. 4	0.2034
25	San Andres	385.0990
26	San Jose	27.00
27	San Miguel	7.00
28	San Nicolas	55.5490
29	San Sebastian	40.00
30	Santa Maria	4.2030
31	Santa Rosa	31.4887
32	Santo Tomas	312.00
33	Tres Amigos 2	54.4672
	TOTAL	69,121.40

Figure 4. Detailed Claim Location Map

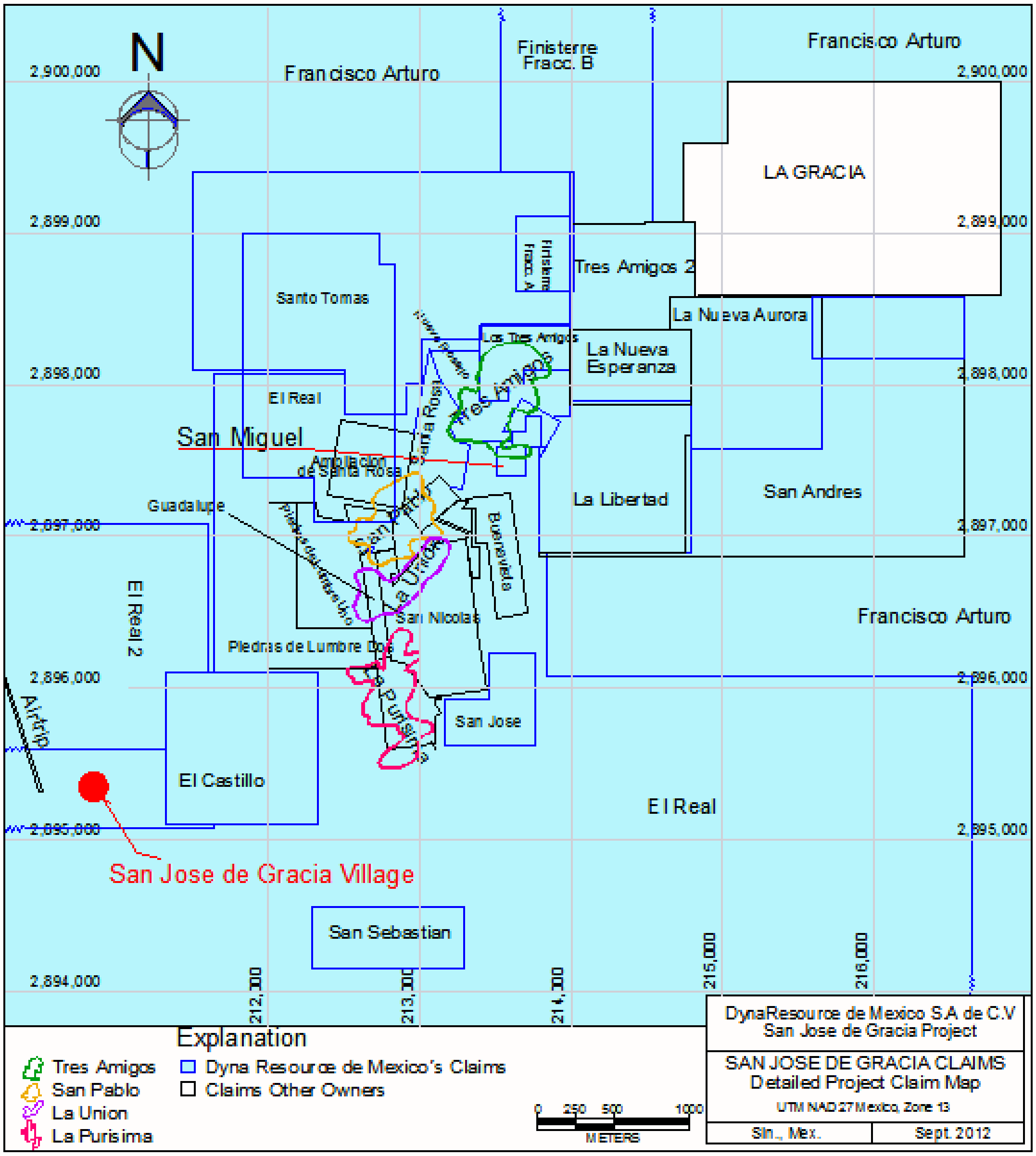
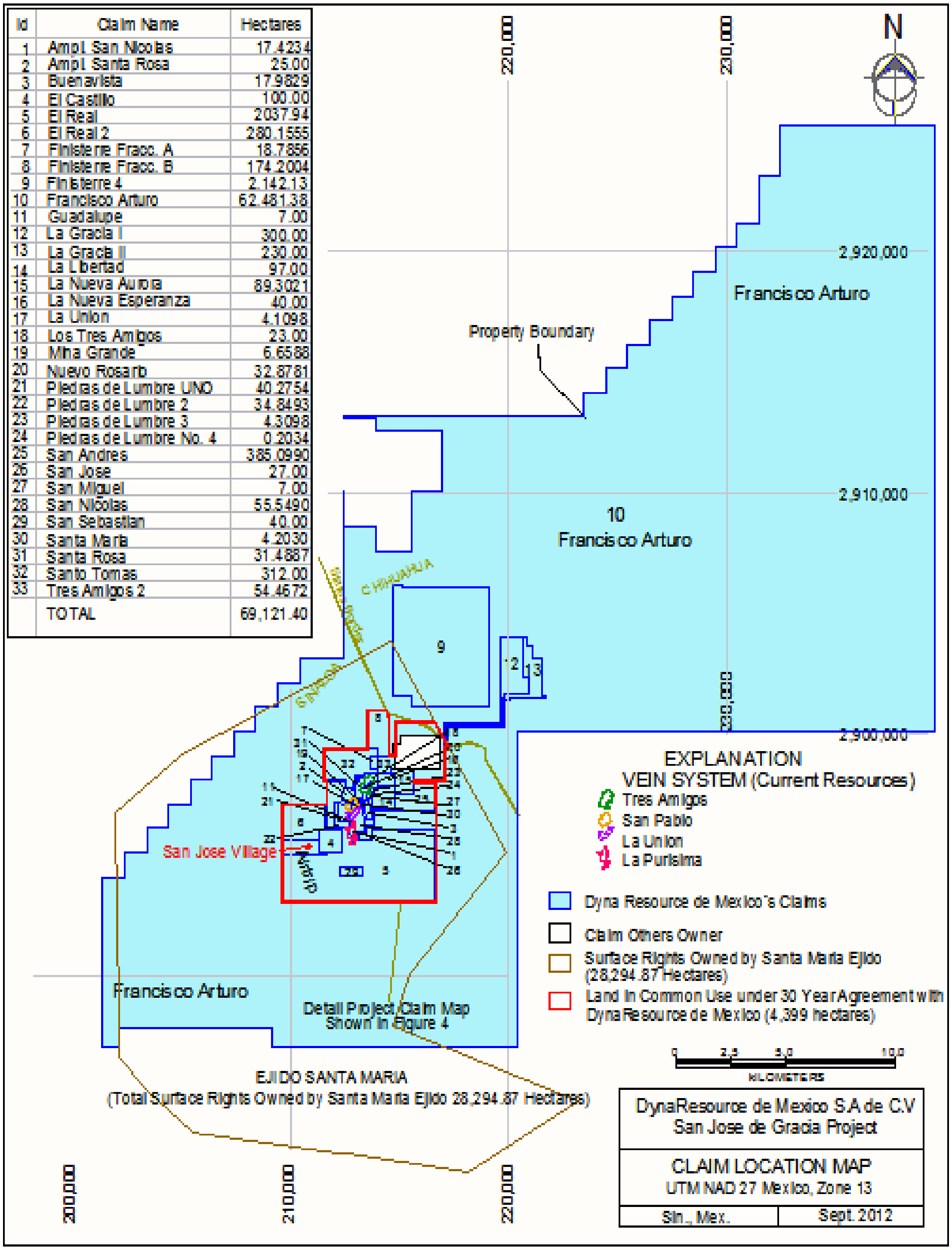


Figure 5. (SJG Property Area, Including Santa Maria Ejido Surface Rights Ownership and Land under Common Use with DynaResource de Mexico)



Id	Claim Name	Hectares
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5	El Real	2037.94
6	El Real 2	280.1555
7	Finisterre Fracc. A	18.7856
8	Finisterre Fracc. B	174.2004
9	Finisterre 4	2,142.13
10	Francisco Arturo	62,481.38
11	Guadalupe	7.00
12	La Gracia I	300.00
13	La Gracia II	230.00
14	La Libertad	97.00
15	La Nueva Aurora	89.3021
16	La Nueva Esperanza	40.00
17	La Union	4.1098
18	Los Tres Amigos	23.00
19	Mina Grande	6.6588
20	Nuevo Rosario	32.8781
21	Piedras de Lumbre UNO	40.2754
22	Piedras de Lumbre 2	34.8493
23	Piedras de Lumbre 3	4.3098
24	Piedras de Lumbre No. 4	0.2034
25	San Andres	385.0990
26	San Jose	27.00
27	San Miguel	7.00
28	San Nicolas	55.5490
29	San Sebastian	40.00
30	Santa Maria	4.2030
31	Santa Rosa	31.4887
32	Santo Tomas	312.00
33	Tres Amigos 2	54.4672
	TOTAL	69,121.40

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

5.1 Topography, Physiography, and Vegetation

The topography of the San José de Gracia district is generally rugged with elevations varying from 400 meters in the valley bottoms to over 1600 meters in the higher Sierra. A network of small roads and tracks winds around areas nearer the old workings at San José de Gracia. Access to the remainder of the large property at the current stage of development is difficult without the use of horse or helicopter.

The vegetation at San Jose de Gracia consists of, in the lower level of the system, of Tropical deciduous forest; and at the higher level of the system of pine forest and oak forest. The most common vegetation at San Jose de Gracia is described in summary list below:

LIST OF VEGETATION AT SAN JOSÉ DE GRACIA				
No.	Common Name	Scientific Name	Family	Estatus en la NOM-059-SEMARNAT-2001
1	Amapa rosa	*Tabebuia palmeri*	Bignoniaceae	Amenazada No endémica
2	Amole	*Sapindus saponaria* L.	Sapindaceae	Ninguno
3	Brasil	*Haematoxylon brasiletto* Karsten	Leguminosae	Ninguno
4	Cacachila	*Citharexylum affine* Don.	Verbenaceae	Ninguno
5	Cardón	*Pachycereus pecten aborigenum*	Cactaceae	Ninguno
6	Chapote	*Casimiroa edulis*	Rutaceae	Ninguno
7	Chile chiltepín	*Capsicum annuum subsp. Glabriusculum*	Solanaceae	Ninguno
8	Chutama blanca	*Jatropha cinerea*	Euphorbiaceae	Ninguno
9	Coloncahui, iguano	*Caesalpinia eriostachys*	Fabaceae	Ninguno
10	Compio	*Combretum fruticosum*	Combretaceae	Ninguno
11	Confiturías	*Lantana camara*	Verbenaceae	Ninguno
12	Copale	*Bursera laxiflora*	Burceraceae	Ninguno
13	Copalquin	*Coutarea pterosperma*	Rubiaceae	Ninguno
14	Day	*Acacia crinita*	Leguminosae	Ninguno
15	Gato	*Martynia annua*	Martyniaceae	Ninguno
16	Guasima	*Guazuma ulmifolia* Lam.	Sterculiaceae	Ninguno
17	Guayabilla	*Salpianthus macrodonthus* Standl.	Nyctaginaceae	Ninguno
18	Hierba de la rata	*Gliricidia sepium* (Jacq.) Kunth ex Walp.	Leguminosae	Ninguno
19	Hierba del toro	*Siphonoglossa pilosella* (Nees) Torr	Acanthaceae	Ninguno
20	Hierba quemadora	*Wigandia kurthii* Choisy	Hydrophyllaceae	Ninguno
21	Huinolo	*Acacia cochliacantha* H. & B. ex Willd.	Leguminosae	Ninguno
22	Huirote (o hierba) de cuichi	*Gouania mexicana*	Rhamnaceae	Ninguno

23	Igualama	*Vitex mollis*	Verbenaceae	Ninguno
24	Jarilla	*Dodonaea viscosa*	Sapindaceae	Ninguno
25	Mala mujer	*Solanum amazonium* Ker.	Solanaceae	Ninguno
26	Malva blanca	*Sida rhombifolia*	Malvaceae	Ninguno
27	Malva escobera	*Sida acuta* Burm.	Malvaceae	Ninguno
28	Matanene	*Mascagnia macroptera* (Moc. & Sesse) N.	Malpighiaceae	Ninguno
29	Mauto	*Lysiloma microphylla*	Fabaceae	Ninguno
30	Mora	*Morus microphylla*	Moraceae	Ninguno
31	Negrito	*Karwinskia humboldtiana* (J.A. Schultes) Zucc	Rhamnaceae	Ninguno
32	Nesco	*Lonchocarpus hermannii*	Fabaceae	Ninguno
33	Nopal	*Opuntia rileyi* G. Ortega	Cactaceae	Ninguno
34	Palo barril	*Cochlospermum vitifolium*	Bixaceae	Ninguno
35	Palo blanco	*Ipomoea arborescens* (Humb. & Bonpl. ex Willd.) G.Don	Convolvulaceae	Ninguno
36	Palo pinto	*Pithecolobium tortum*	Fabaceae	Ninguno
37	Palo piojo	*Caesalpinia pelueri*	Leguminoseae	Ninguno
38	Palo zorrillo	*Petiveria alliaceae* L.	Phytolaccaceae	Ninguno
39	Papache	*Randia echinocarpa* Moc. Et Sess	Rubiaceae	Ninguno
40	Papasolte	*Physodium corymbosum*	Sterculiaceae	Ninguno
41	Rama del toro	*Siphonoglossa pilosella (Nees) Torr*	Acanthaceae	Ninguno
42	Salvia	*Salvia mexicana.*	Labiatae	Ninguno
43	Samo blanco	*Coursetia* sp.	Fabaceae	Ninguno
44	Samo rojo	*Coursetia* sp.	Fabaceae	Ninguno
45	San Juanito	*Jacquinia pungens*	Theophrastaceae	Ninguno
46	Tacote	*Cordia cylindrostachya* Roem & Schult	Boraginaceae	Ninguno
47	Torote	*Bursera odorata*	Burseraceae	Ninguno
48	Vainoro blanco	*Celtis pallida* Torr.	Ulmaceae	Ninguno
49	Vainoro prieto	*Pisonia capitata* L.	Nyctaginaceae	Ninguno
50	Vara blanca	*Croton punctatus* Jacq.	Euphorbiaceae	Ninguno
51	Vara prieta	*Melochia tomentosa* L.	Sterculiaceae	Ninguno
52	Vinorama	*Acacia farnesiana* (L.)Willd.	Leguminosae	Ninguno
53	Zacate espadaño	*Heteropogon contortus* (L.) Beauv. ex Roem. & Schult.	Gramineae	Ninguno
54	Zacate sabanilla	*Enneapogon desvauxii* P. Beauv.	Gramineae	Ninguno

5.2 Access

The SJG Project can be accessed by road and by air.

The SJG Project can be accessed by sealed highway, from either the City of Culiacan (which is located to the south of the SJG Project and is the Capital of the State of Sinaloa) or the City of Guamuchil (which is located to the south-west of the SJG Project). Either route goes through the small town of Sinaloa de Leyva, a distance of 150 kilometers from Culiacan and 50 kilometers from Guamuchil, then from Sinaloa de Leyva by gravel mountainous road to the village of San José de Gracia (population 250), which covers approximately 90 kilometers and is roughly a five hour trip.

The SJG Project can also be accessed by air. A gravel airstrip is located adjacent to the San Jose de Gracia Village which is located at the south-western portion of the property at the SJG Project (see Figure 4 for the location of the airstrip and for the location of the San Jose de Gracia village). The airstrip is suitable for light aircraft and charter flights of 45 minutes duration are available at the airports in the cities of Los Mochis or Culiacan. The village of San José de Gracia is located within the south-western corner of the SJG Project and much of the labor for the recent mining and production activities of DynaMexico was provided by the village residents. Although the village provided approximately 75 employees to DynaMexico, it currently has limited services.

5.3 Climate and Operating Season

The climate is semi-tropical with a rainy season dominating from late June / early July through September. The operating season is dependent on the type of operations and for some activities operations may be suspended during the rainy season.

Summer temperatures vary up to 40˚C with high humidity while the winter temperatures are cooler with night-time lows of 5˚C. Rains in the wet season can range from gentle late afternoon/early evening showers to strong rains, which can last up to a few days. Precipitation averages 550 mm annually.

5.4 Local Resources and Infrastructure

Accommodations

The Village of San Jose de Gracia maintains few stores which offer only minimal goods. The mine site area camp maintains facilities which can accommodate about 50 persons.

Power

A power line to the San José de Gracia Project has been installed by the Comisión Federal de Electricidad, the only authorized power producer in Mexico. The power line was installed in March 2012 from the La Estancia area of the municipality of Sinaloa de Leyva, a distance of approximately 75 kilometers.

The power line is currently 220 volts maximum capacity, which supports domestic use only, including the office and camp facilities at SJG, such as water pump, air conditioning, refrigeration, lights, internet, and fans, as well as local residential use. Currently, the SJG Project produces its own diesel-generated power for industrial use.

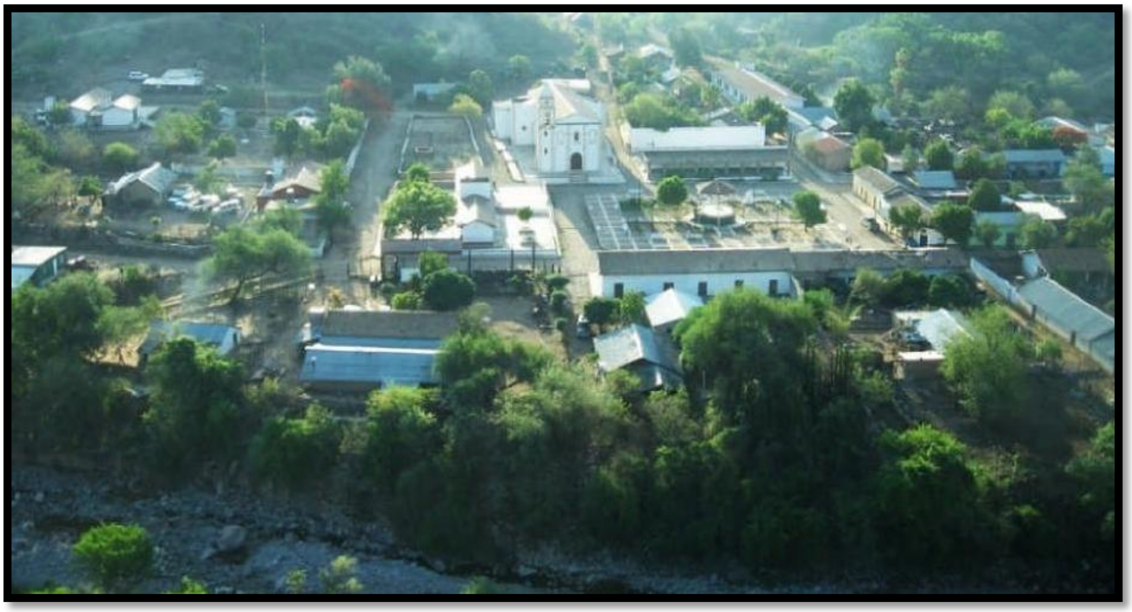
Water

The water source for the SJG camp is from a water well located close to the river which runs just west of the village of San José de Gracia. DynaMexico has obtained the water concession rights for this water source, which provide for usage of 1,000,000 cubic meters per year. Currently, DynaMexico estimates its consumption of water to be approximately 10,000 liters per week.

Offices – Camp Facilities

DynaMexico maintains an administrative and logistics office in Guamuchil which is located 125 kilometers southwest of the SJG Property. The SJG Project sources many of its supplies from Guamuchil, from Los Mochis and from Culiacan. There is a satellite dish installed at the SJG Property, providing communications from the SJG Property to Guamuchil. At the SJG Project, DynaMexico maintains a camp staff, including geologists, field helpers, consultants, security, cooks and cleaners. Most of these employees come from outside of the local community.

Photo 1. San Jose de Gracia (Air Photo)



ITEM 6.0 HISTORY

6.1 Early History

Exploration and mining activity on the SJG project dates back to the early 1800's when gold mineralization was first discovered by Spanish explorers. During the next eighty years over sixty gold occurrences were uncovered; of particular importance were the La Purisima and La Prieta vein structures that were host to high grade gold up to 3.4 ounces per tonne (Pamicon, 1999). The peak period of production from the San José de Gracia camp occurred over the period 1890-1910, with an estimated 1 million ounces of gold produced, mainly from the La Purisima and La Prieta areas (See Table 3; historical estimates of production are not verified by Mr. Luna). Other smaller mines that contributed to production were Palos Chinos, San Pablo, Tres Amigos, La Ceceña, La Union, La Parilla, Veta Tierra, Santa Rosa, Sta. Eduwiges and Los Hilos (See Table 3, and Figure 8).

Photo 2. San José de Gracia – late 1890's

Photo 3. La Purisima Mine – late 1890's (Crushing Plant)

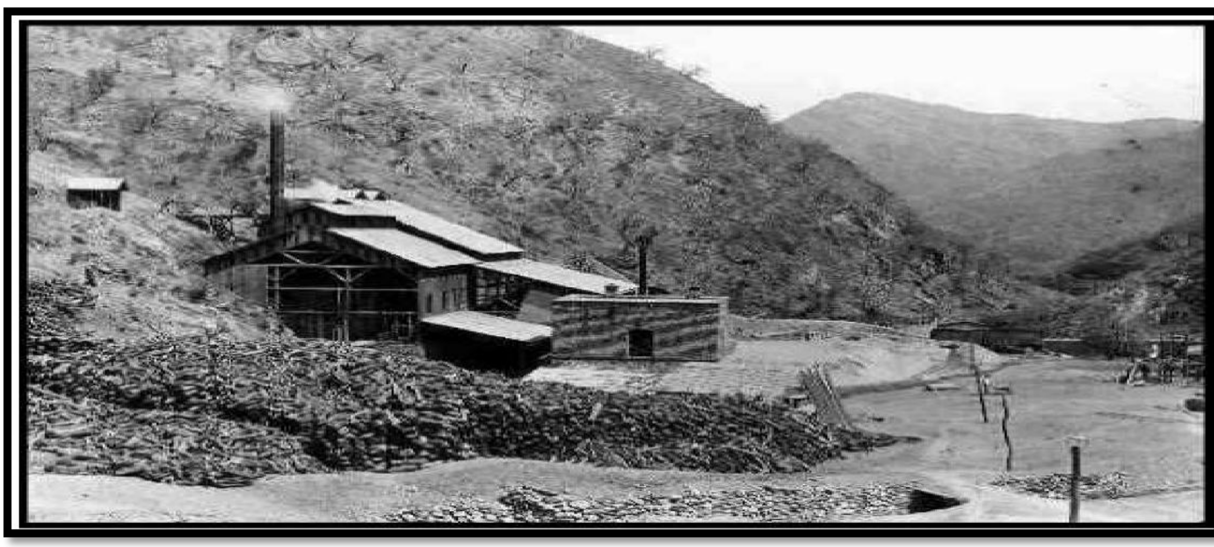
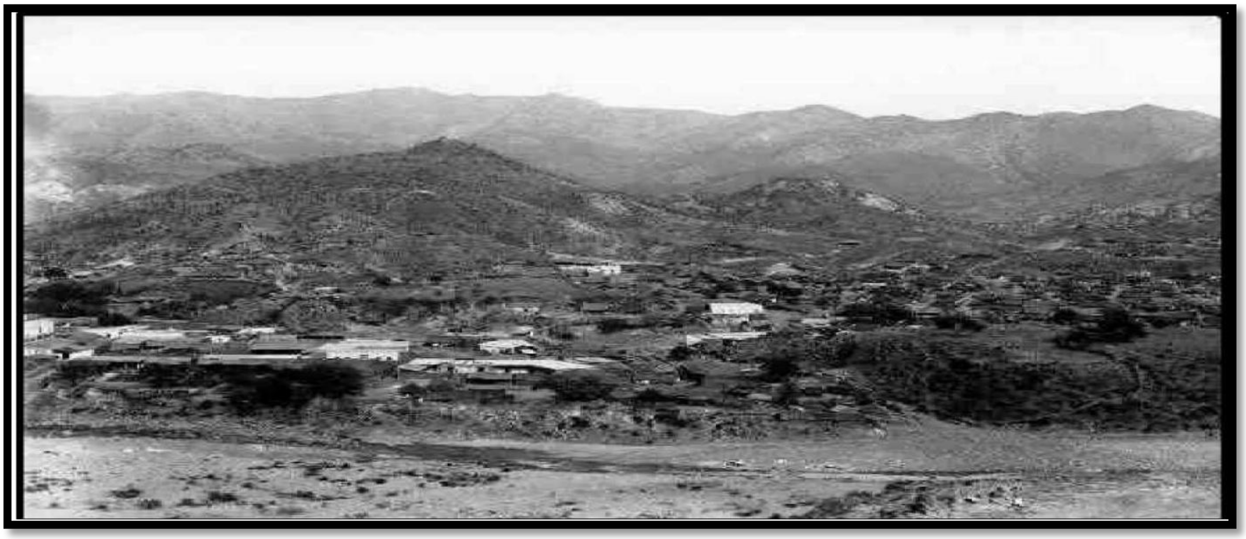


Table 3. Historic Gold Production – San José de Gracia – pre 1970's

Area	Gold Production (oz)	Gold Grade (g/t)	Mined Width (m)
Purisima Ridge trend (includes the Anglo, Rosario, Jesús María & La Cruz Mines)	471,000	67.0	Unknown
La Prieta trend (La Prieta Mine)	215,000	28.0	1.5-3m
Other areas	300,000	Unknown	Unknown

Photo 4. San José de Gracia - early 1900's



The mines produced at San José de Gracia until 1910 when the Mexican Revolution halted mining activities. Mining did not resume immediately after the Mexican Revolution in 1910 due to various logistical problems. It was not until the 1970's when mining could resume at San José de Gracia, when the first road to SJG was opened, allowing Compaňia Rosarito to begin producing gold from the Palos Chinos, San Pablo, Tres Amigos and La Union mines. Several other mining companies had previously been unsuccessful in consolidating the tightly held mining concessions.

6.2 Recent Ownership of the Property

By 1977 the underlying owners to mining concessions and subsequent vendors to Minera Finisterre SA de CV. ("**Finesterre**") succeeded in acquiring control of most of the district, and installed a 70 ton per day flotation concentrator. Modern geological surveys of the area were started in the 1990's by Asarco and Industrial Peñoles, the Mexican state mining company. Finisterre subsequently acquired the property through option agreements with the underlying vendors and continued some exploration work, although most of its financial resources were expended in erecting a 200 ton per day concentrator. Golden Hemlock Explorations Ltd., a Vancouver, British Columbia company ("Golden Hemlock"), obtained an option to acquire majority control of Finisterre and commenced work on the property in 1997. This exploration and development work, performed for Golden Hemlock and Finesterre by the company Perforaciónes Quest de Mexico ("**PQM**"), under contract to Finesterre consisted primarily of core drilling, along with trenching and mapping. A 63 hole, plus 6,000 meter core drilling program was completed in 1997. In 1998-1999, Pamicon Developments Ltd., of Vancouver, British Columbia ("**Pamicon**") examined the results of the 1997 drilling program, including PQM's work, in order to calculate possible mineral reserves developed by the drilling, and to review the general status of the property. Results of this examination were presented in a report dated September, 1999 (the "**Pamicon Report**"). Subsequently, during the first half of 1999, DynaResource, Inc. and its agents arranged to collect samples for metallurgical testing (See Section 13- *Mineral Processing and Metallurgical Testing*)

DynaResource de Mexico was formed by DynaResource, Inc. in June, 2000 to acquire and consolidate ownership of San Jose de Gracia Project. By December, 2003, DynaMexico had completed the acquisition of and consolidation of 100% of the San Jose de Gracia Project from Golden Hemlock and Finisterre with the sole exception of the San Miguel mining concession (for more detail, see Item 4.2 *Mining Titles and Surface Rights*) and see Figure 4 for the location of the San Miguel mining concession.

6.3 Definitions of Historical Resource Estimates and Previous Resource Estimates

An "historical estimate" is defined in NI 43-101 as follows:

> **"historical estimate"** means an estimate of the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit;

In this Technical Report a "previous resource estimate" is a mineral resource estimate prepared previous to the resource estimate of Mr. Sandefur (the 2012 DynaMexico-CAM Mineral Resource Estimate) which is disclosed in this Technical Report (the "2012 DynaMexico SJG Technical Report) which Technical Report is described herein and compiled by authors Mr. Ramon Luna and Mr. Robert Sandefur.

Historical resource estimates and previous resource estimates have been disclosed in the following reports:

(a) Historical resource estimates for SJG are contained in a report dated September 1999 prepared for Golden Hemlock Explorations, prepared by Pamicon Developments Ltd. and authored by Mr. Charles K. Ikona, P.Eng., a mining engineer, and Mr. T. Cameron Scott, B.Sc., FGAC, a geological engineer (the "**1999 Pamicon Report**"); the Issuer is not treating the historical resource estimate in any way as current mineral resources or as current mineral reserves (see item 6.4 below); and

(b) Previous resource estimates for SJG are contained in technical reports prepared by Mr. Jim Cuttle and Mr. Gary Giroux, as follows:

  (i) stated on the cover page as prepared for Goldgroup, dated August 21, 2009 and apparently not SEDAR filed;

  (ii) prepared for Goldgroup and addressed to Goldgroup and Sierra Minerals Inc., dated March 22, 2010, SEDAR filed on March 30, 2010;

  (iii) prepared for Goldgroup, dated "Amended date, February 28, 2011" and SEDAR filed on March 1, 2011; and

  (iv) stated on the cover page to be prepared for DynaResource de Mexico S.A. de C.V. and addressed to DynaResource Inc. and Goldgroup Mining Inc. dated January 3, 2012 with a stated "effective date" of September 5, 2011 and SEDAR filed on January 3, 2012.

The Issuer is not treating the above historical estimates or the above resource estimates in any of the Cuttle & Giroux Technical Reports as current mineral resources or mineral reserves.

6.4 Historical Resource Estimate - Pamicon – Tres Amigos

Pamicon Developments Ltd. produced a report entitled "Summary Report of the San Jose De Gracia Property, Sinaloa State, Mexico" and dated September 1999 for Golden Hemlock Explorations (the "**1999 Pamicon Report").** The authors of the Pamicon Report were Charles K. Ikona, P.Eng. and T. Cameron Scott, B.Sc., FGAC. The Pamicon Report referred to an earlier report dated March 14, 1997, and compiled by C.K. Ikona wherein a historical resource estimate was disclosed. As the resource estimate and report in 1997 were superseded by the resource estimate later compiled by C.K. Ikona and Cameron in the 1999 Pamicon Report, the 1997 estimate and report is not discussed further herein this Technical Report.

The 1999 Pamicon Report disclosed both an inferred mineral resource and an indicated mineral resource in the Tres Amigos area of SJG. Although the 1999 Pamicon Report used the terms "inferred mineral resource" and "indicated mineral resource" which are the same terms used currently in NI 43-101, the 1999 Pamicon Report used definitions from the Canadian Institute of Mining, Metallurgy and Petroleum which are different from the existing definitions for an "Inferred Mineral Resource" and an "Indicated Mineral Resource". Further, the Pamicon Report was dated prior to the National Instrument 43-101 coming into effect. Accordingly the 1999 Pamicon Report would not comply with NI 43-101 and the historical resource estimate contained therein could not be relied upon. The Issuer is not treating the historical resource estimate as current mineral resources or mineral reserves. Nonetheless the existence of an historical resource estimate at the Tres Amigos area is notable as it sets out the historical context of the development of resources and resource estimates at Tres Amigos, and which mineral resource estimates were developed as a result of the 1997 drilling of Golden Hemlock.

6.5 Previous Resource Estimates – Jim Cuttle and Gary Giroux

As stated above, Mr. Jim Cuttle and Mr. Gary Giroux apparently issued four technical reports regarding the SJG Property, as follows:

(a) a technical report dated August 21, 2009 stated to be prepared for Goldgroup and apparently not SEDAR filed (the "**2009 Cuttle & Giroux Technical Report")**;

(b) a similar technical report, dated March 22, 2010 prepared for Goldgroup and addressed to Goldgroup and Sierra Minerals Inc. and SEDAR filed on March 30, 2010 (the "**2010 Cuttle & Giroux Technical Report**");

(c) a similar technical report dated "Amended date, February 28, 2011" prepared for Goldgroup and SEDAR filed on March 30, 2011 (the "**2011 Cuttle & Giroux Technical Report**"); and

(d) a technical report stated on the cover page to be prepared for DynaResource de Mexico S.A. de C.V. and addressed to DynaResource Inc. and Goldgroup Mining Inc. dated January 3, 2012 with a stated "effective date" of September 5, 2011 (the "**2012 Cuttle & Giroux Technical Report**").

The 2009 Cuttle & Giroux Technical Report contained a resource estimate which appears to have been completed in compliance with NI 43-101. The mineral resource estimate contained in the 2009 Cuttle & Giroux Technical Report used data from SJG drill holes up to DDH 2008-126, the drilling of which was completed on December 20, 2008 and the assays for which were received on or before January 22, 2009. The below table extracted from page 51 of the 2009 Cuttle/Giroux Technical Report sets out the mineral resource estimate of the aggregate Inferred Resources of the four main areas of the SJG Property, that is, (a) Tres Amigos, (b) San Pablo, (c) La Union and (d) La Purisima:

Table 4. Inferred Resource Table Extracted From 2009 Cuttle/Giroux Technical Report

San Jose De Gracia Veins - Inferred Resource											
Cut-off (Au	Tonnes > Cut-off	Grade > Cut-off					Contained Metal				
		Au g/t)	Ag	Cu (%)	Zn (%)		Ozs. Au	Ozs. Ag	Lbs Cu	Lbs Zn	
0.50	3,644,000	5.37	9.74	0.19	0.19		629,000	1,141,000	15,267,000	15,267,000	
1.00	3,632,000	5.38	9.76	0.19	0.19		628,000	1,140,000	15,216,000	15,216,000	
1.50	3,574,000	5.45	9.83	0.20	0.18		626,000	1,130,000	15,761,000	14,185,000	
2.00	3,441,000	5.59	10.02	0.20	0.18		618,000	1,109,000	15,175,000	13,657,000	
2.50	3,277,000	5.75	10.16	0.20	0.17		606,000	1,070,000	14,452,000	12,284,000	
3.00	2,957,000	6.08	10.42	0.21	0.16		578,000	991,000	13,692,000	10,432,000	
3.50	2,620,000	6.44	10.63	0.21	0.14		543,000	895,000	12,132,000	8,088,000	
4.00	2,222,000	6.92	11.00	0.21	0.13		495,000	786,000	10,289,000	6,369,000	
4.50	1,723,000	7.70	11.67	0.22	0.13		427,000	646,000	8,358,000	4,939,000	
5.00	1,416,000	8.35	12.44	0.23	0.12		380,000	566,000	7,181,000	3,747,000	

As stated above the 2009 Cuttle & Giroux mineral resource estimate considered data from SJG drill holes through DDH 2008-126, drilled through December, 2008. DynaMexico subsequently drilled a further 172 drill holes through DDH 11-298 (see Table 26 – *Drilling Distribution Table*).

Therefore, the 2009 Cuttle & Giroux resource estimate is no longer relevant other than in determining the changes in the resource estimates from the August, 2009 Cuttle & Giroux Report (and compiled through SJG DDH 08-126) to the mineral resource estimate of Robert Sandefur (the "2012 DynaMexico-Cam Mineral Resource Estimate") and contained in this Technical Report, and which includes information and data on all SJG drill holes through 11-298, with the effective date of February 6, 2012.

The resource estimates contained in the 2010 Cuttle & Giroux Technical Report and the 2011 Cuttle & Giroux Technical Report appear to be repeats (duplication of resource estimtes) of the 2009 Cuttle & Giroux resource estimate and therefore do not reflect more recent drill results. Therefore, the resource estimates contained in the 2010 and 2011 Cuttle & Giroux Technical Reports cannot be relied upon as resources estimates reflective of the dates of those technical reports.

Each of the 2012 Cuttle & Giroux Technical Report (which had an effective date of September 5, 2011) and this 2012 DynaMexico SJG Technical Report (which has an effective date of February 6, 2012) utilizes the previous database through drill hole 08-126 plus an additional 172 drill holes (through 11-298) completed from October 2009 through March, 2011.

The Issuer is not treating the resource estimates in any of the Cuttle & Giroux Technical Reports as current mineral resources or mineral reserves.

DynaMexico has advised each of Ramon Luna and Robert Sandefur that the 2012 Cuttle & Giroux Technical Report was not approved by DynaMexico and that DynaMexico had questioned the resource estimate contained in the 2012 Cuttle & Giroux Technical Report (referred to herein as the "**2012 Goldgroup Mineral Resource Estimate**"), in particular the resource estimate of the San Pablo vein system, and that such questions had remained unresolved. Accordingly, DynaMexico commissioned each of Mr. Luna and Mr. Sandefur to carefully review a draft of the 2012 Cuttle & Giroux Technical Report and then to also review the final version of the 2012 Cuttle & Giroux Technical Report and following such review, each of Mr. Luna and Mr. Sandefur has determined not to adopt the 2012 Goldgroup Mineral Resource Estimate found in the 2012 Cuttle & Giroux Technical Report. As a result, Mr. Luna and Mr. Sandefur have reviewed all available scientific or technical information from San José de Gracia up to February 6, 2012 (the "**Effective Date**" of this

2012 DynaMexico SJG Technical Report) and they have prepared this Technical Report for DynaMexico. In particular, Mr. Sandefur has prepared for DynaMexico resource estimates for each of the four main vein systems at SJG, including the San Pablo vein system (the "2012 DynaMexico-CAM Mineral Resource Estimate"). For further details on Mr. Sandefur's resource estimates, please see Item 14.0 *Mineral Resources Estimates* of this Technical Report. DynaMexico has reviewed and approved this 2012 DynaMexico SJG Technical Report and it may be found in SEDAR.com under DynaUSA's company profile. Further, the 2012 Goldgroup Resource Estimate is not relevant as it was not approved by DynaMexico and questions and outstanding issues with the 2012 Goldgroup Mineral Resource Estimate were not resolved.

The combined total of all mineral resources for the four vein systems disclosed in the 2012 Cuttle & Giroux Technical Report was not materially different from the combined total of all mineral resources for the four vein systems calculated by Mr. Sandefur in this Technical Report, but the amount of mineral resources in the inferred mineral resource classification and the indicated mineral resource classification disclosed in the 2012 Goldgroup Mineral Resource Estimate for the San Pablo vein system varied materially from the amounts in those classifications of the mineral resources calculated by Mr. Sandefur and disclosed in this 2012 DynaMexico SJG Technical Report. The material differences in the indicated and inferred resources calculated at San Pablo vein system resulted in a material difference in the combined total of the indicated mineral resources for the total SJG Project and the combined total of the inferred mineral resources for the total SJG Project. Table 5 below sets out the material differences between the 2012 DynaMexico-CAM Mineral Resource Estimate contained herein this 2012 DynaMexico SJG Technical Report, with the 2012 Goldgroup Mineral Resource Estimate as contained in the 2012 Cuttle & Giroux Technical Report:

Table 5. Comparison of 2012 DynaMexico-CAM Mineral Resource Estimate and 2012 Goldgroup Mineral Resource Estimate at San Pablo Vein System and Overall San José de Gracia Project

Resources Categories (Indicated & Inferred)	**DynaMexico 2012 DynaMexico-CAM Mineral Resource Estimate**		**Goldgroup 2012 Goldgroup Mineral Resource Estimate**	
at 2 g/t Au cut off	**Au Ounces**	**Avg. Au g/t**	**Au Ounces**	**Avg. Au g/t**
San Pablo Indicated	274,000	6.52	0	0.00
San Pablo Inferred	103,000	6.02	381,000	6.49
SJG Total Indicated	402,000	5.69	147,000	5.00
SJG Total Inferred	741,000	5.83	963,000	5.16

6.6 Pilot Production by DynaMexico - San Pablo

Mining activity at the San Pablo area is a relatively recent event with the majority of the work and exploration carried out since the 1980's. The resource area outcrops prominently along the edge of a resistant gossanous hilltop, known as the "Gossan Cap". In 1992 and 1997 the Gossan Cap drew the attention of companies such as Peñoles and Golden Hemlock where they focused their work primarily on drilling shallow holes near the top of the ridge and just beneath the Gossan Cap.

In 2003 DynaMexico opened and refurbished an old drift located approximately 60 meters below the Gossan Cap where at least one vein structure is exposed over a strike length of 135m and vertical extent of 40m. DynaMexico produced 18,250 ounces of gold from 42,000 tonnes of mill feed processed from selected high grade "pockets" of ore, over a 3 and 1/2 year span, until operations were suspended in 2006 to focus on exploration and the defining of resources (See Table 6).

According to Sullivan and McFarlane (2006), "Mining was carried out by drilling along the strike of the vein on multiple levels with up-dip mining of the vein between the strike drifts. The strike drifts were interconnected by ramps and approximately 50% of the vein was left in pillars between the strike drifts. All mining was completed by jackleg and LHD units, which trammed the ore to a stockpile at the portal, a distance of several hundred meters. Dilution of the mineralized veins was estimated to be 40 to 60% in the drifts along strike due to the narrow width of the veins relative to the strike-heading dimensions (3 – 3.5 m)".

Table 6. Recent Production – San Pablo Vein – DynaMexico (2003 – 2006)

Period	Total Production (tonnes)	Reported Mill Grade (g Au/t)	Reported Recovery	Gold Production (oz)
2003	7,500	25	~90%	5,000
2004	13,500	25	~85%	7,500
2005	17,500	15	~75%	5,000
2006 Jan. to June	3,500	15	~75%	750
Total	42,000	~ 15	~85%	18,250

Photo 5. San Pablo, Looking East Towards the Gossan Cap

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

In a physiographic sense, northwestern Mexico can be divided into three provinces. From west to east:

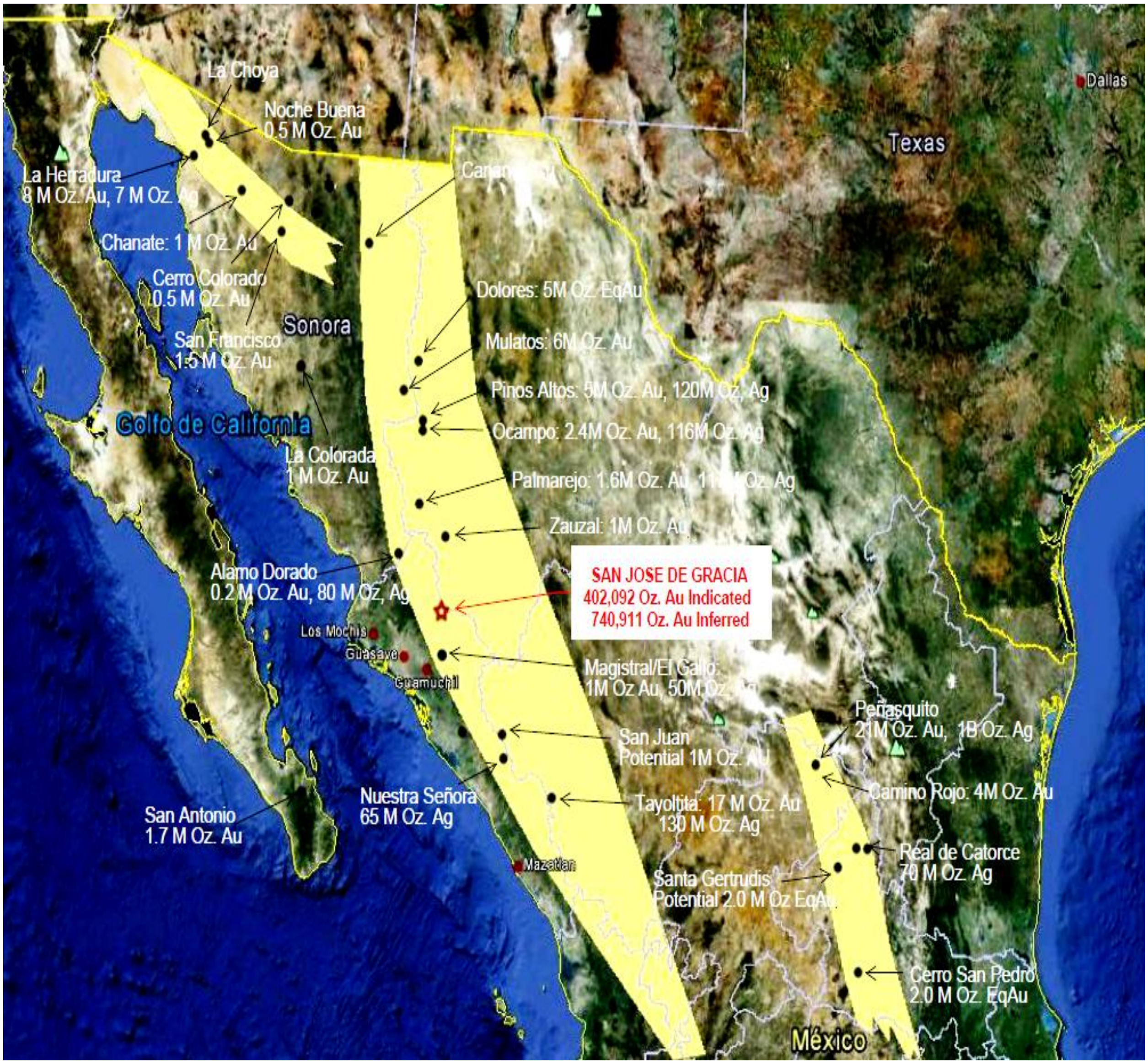
(a) the arid, rugged Baja California peninsula;

(b) the Gulf of California - essentially an extensional province including the eastern margin of the Baja peninsula and the western margin of mainland Mexico; and

(c) the Sierra Madre Occidental, a north-northwest trending plateau of thick tertiary volcanic rocks.

The San José de Gracia Property is situated on the western portion of the Sierra Madre Occidental province. The Sierra Madre Occidental volcanic field is one the largest ignimbrite-dominated felsic provinces in the world which extends in uninterrupted exposures for more than 1,200 km. It is also recognized as a highly prospective mineral belt for gold, silver and poly-metallic deposits (Figure 6).

Figure 6. Map of Sierra Madre Belt, Proximity to Known Projects



Although ancestral basement rocks in northwestern Mexico are poorly exposed, they comprise the Precambrian North America craton together with accreted Phanerozoic terrains. The Phanerozoic evolution of northwestern Mexico is much better constrained because these rocks are better exposed throughout the region, which has been continuously affected by tectono-magmatic activity since the Middle Jurassic. The region was affected a long lasting compressional regime which generated three distinct, though related, volcano-plutonic arcs:

(a) During Jurassic time, a northwest trending volcanic arc was emplaced in the southwestern part of the North America craton in northwest Mexico. Its structure is complex and obscured by later events. This arc is limited to the south by and related to the proposed Mojave-Sonora Mega shear;

(b) During the period of 120 to 90 Ma, another arc more to the south generated subduction related calc-alkaline batholiths which were emplaced in Baja California and Sinaloa State; and

(c) During the Laramide Orogeny (90-40 Ma), a third volcano-plutonic arc formed which stretched from southern Arizona and New Mexico into Durango and Sinaloa states, this arc corresponds to the Lower Volcanic Complex of the Sierra Madre Occidental. Due to the large volume of Tertiary volcanic rocks, almost all the pre-Laramide features have been completely obscured.

By Tertiary time, compressional deformation was replaced by extensional tectonism. This normal faulting represents the Basin and Range event in northwestern Mexico. Certain extension-related faults predate the Oligocene and are the locus for some of the Tertiary volcanic centers within the Sierra Madre Occidental. Such faults disrupted the topography and in places formed pull-apart basins leading to accumulation of Upper Volcanic Series ignimbrites in the resulting topographic lows. By early Miocene time, felsic magmatism evolved into a more bimodal volcanic association contemporaneous with normal faulting; this mafic-dominated, rift-type volcanism associated with the opening of the Gulf of California continues today.

Collectively Upper and Lower Volcanic Series rocks dominate the geology of the SJG project and are therefore described in more detail in the following discussion. Older Volcanic Series rocks are characterized by abundant volcanic rocks and associated intrusions of broadly andesitic composition. They are best exposed where they have been uncovered by erosion in deep canyons in the western margin of the province or along the coastal margin plain of mainland Mexico adjacent to the Gulf of California. The volcanic rocks are generally deformed by faulting and tilting, and display regional propylitic alteration. Only a few hundred meters are usually exposed of the LVC, although the canyon of the Rio Piaxtla, in the state of Sinaloa, exposes more than 2,000 m of section.

During Late Eocene through Late Oligocene, much of western Mexico was affected by calc-alkalic volcanism and associated hypabyssal intrusive activity which constitutes the Upper Volcanic Series. The Upper Volcanic Series (UVS) is an extensive sequence of rhyodacitic to rhyolitic ignimbrites, generally accompanied by rhyolite flows and domes and minor volumes of mafic lavas, with an average thickness approaching 1,000 m. Volcanic rocks of intermediate composition have been reported at the base of the felsic rocks in several localities throughout the SMO. Notably more felsic compared to those of the underlying Lower Volcanic Complex; the two series are separated by an unconformity which represents a hiatus in magmatism. The Upper Volcanic Series ignimbrites are the result of continuous volcanic events between 34 and 27 Ma, although intermittent activity persisted until 23 Ma.

7.2 Property Geology

Basic geology of the SJG Project is described below in the context of the major rock types which comprise the stratigraphic section.

Basement rocks at the SJG property comprise a sequence of upper Paleozoic (Carboniferous) sedimentary rocks including shales, sandstones, limestones and pebble conglomerates. All lithologies are highly deformed, folded, and faulted with an aggregate thicknesses believed to be greater than 800 meters. They are best exposed along the eastern edges of the currently defined SJG Project area (Figure 8).

Sedimentary basement rocks are overlain by calc-alkaline volcanic rocks of the Lower Volcanic Series. They can be roughly divided into a basal sequence of feldspar bearing rhyodacite crystal tuffs and flows grading upwards to a thicker sequence of andesite flows, tuff breccias and related sills.

Higher elevations of the San José de Gracia Property, particularly along its western edges preserve outcrops of rhyolitic ignimbrite and tuffs assigned to the Upper Volcanic Series. These are resistant rock types that most likely act as a cap to mineralization.

Three types of intrusion have been mapped to date in the SJG Project area:

(a) Stocks and plugs quartz feldspar porphyry located near Tres Amigos; possibly comagmatic with rhyodacite tuffs;

(b) Sill-like diorite porphyry occurring in the basement sediments, close to the contact with overlying Lower Volcanic Series rocks;

(c) Mafic Dykes that cut all units and act as possible 'feeders' to the Upper Volcanic Series Hornillos and Navachiste Formations.

Property scale geologic mapping is summarized in Figures 7 and 8.

Figure 7. Regional Geology Map (CRM, 1992)

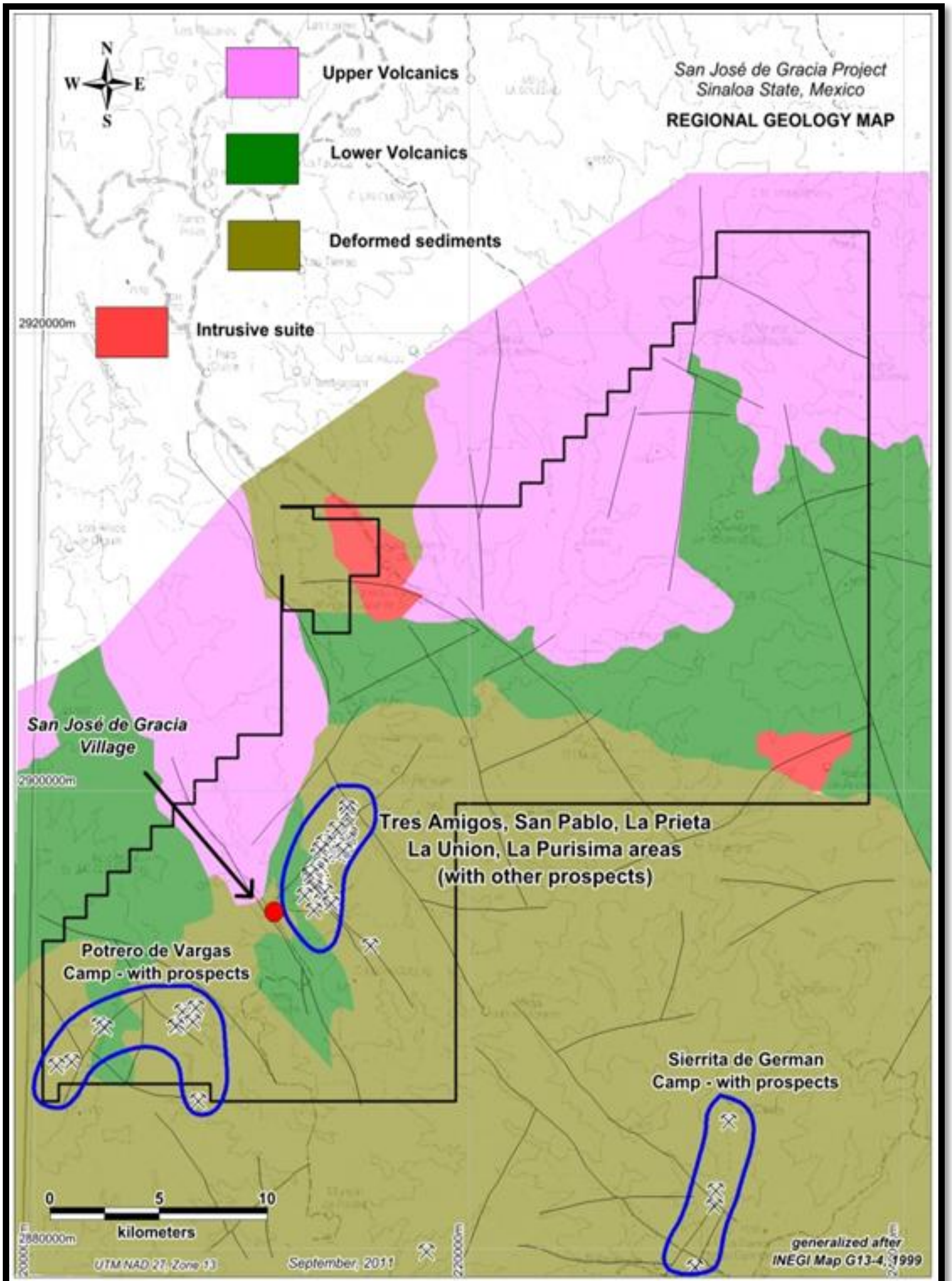
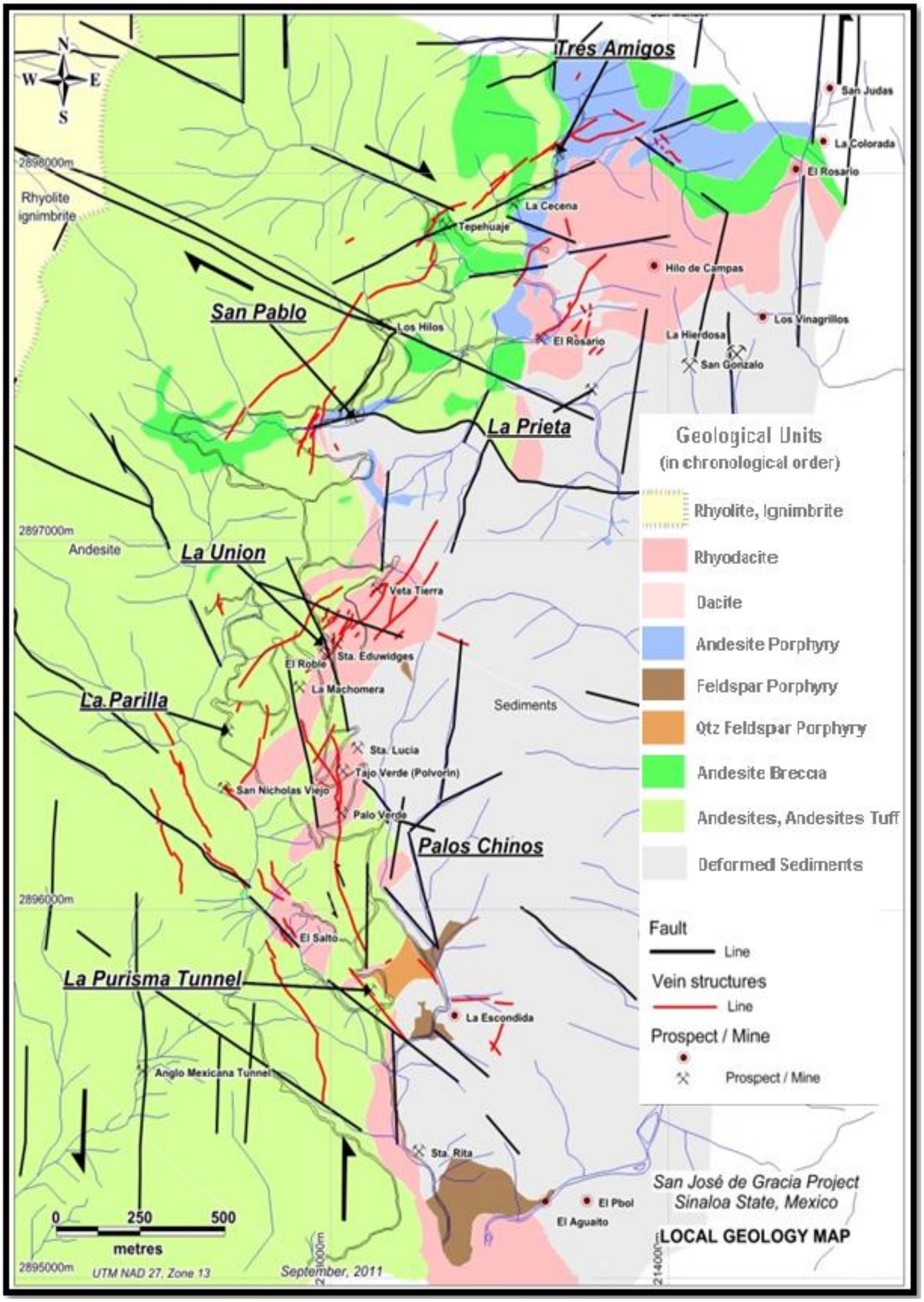


Figure 8. San Jose de Gracia Local Geology Map, Rock Types



7.3 Mineralization

7.3.1 Regional Mineralization

Polymetallic mineralization is abundant and widespread throughout northwestern Mexico and is known to be directly related to tectono-magmatic events which have been active since Jurassic time. Although magmatism and mineralization were active over a prolonged period of time, two principal mineralizing periods are recognized; the older, related to largely compressional tectonism and magmatism that produced the LVC during the Eocene, and a later event related to felsic magmatic activity and formation of the UVS during the Oligocene.

The former category includes intrusion-related mineralizing systems in the northern Sierra Madre Occidental which formed near the end of the Laramide Orogeny. The most common metals of this age are Cu, Mo, W, and Pb-Zn; which occur in skarn-, greissen-, and porphyry-type systems. This age-genetic type relationship is due entirely to erosion, which has exposed the deeper levels of the Laramide hydrothermal systems. Many epithermal Ag-Au-base metals veins are hosted by the LVC and many of them have been inferred to be Laramide in age. They have Ag/Au ratios higher than 100 and commonly > 1000.

Volcanic-related, epithermal precious metal deposits of middle Tertiary age occur throughout the north of the SMO. These include low-sulphidation Ag-Au (±Pb-Zn-Cu) veins, and high-sulphidation Au-(Cu) deposits. Low-sulphidation deposits are mainly quartz ± calcite veins with chlorite + adularia + sericite alteration. These deposits are Ag-dominated at the lower levels of the volcanic column, and Au-dominated towards the top of the sequence. High-sulphidation deposits are less common but several occurrences have been identified in the last few years and are now important targets for mineral exploration because of their large gold content (e.g. Mulatos and El Sauzal). Epithermal Ag-Au mineralization is concentrated towards the western flank of the SMO, whereas Pb-Zn-Ag-Au mineralization occurs in the eastern flank. At any given location, deposits may occur in UVS, LVC, or older basement rocks, depending on level of erosion and the overall thickness of the volcanic pile during mineralization.

7.3.2 Property Mineralization

As described above, the San Jose de Gracia Project is located within the Sierra Madre Occidental (SMO), together with the majority of hydrothermal deposits in Mexico. Deposits located in this trend are typically dominated by quartz veins which trend NW-SE and SW-NE, and thicknesses ranging from 1.5 to 3 meters Gold mineralization at San José de Gracia is hosted within andesite and rhyodacite of the LVG and by underlying Paleozoic sediments. Mineralization occurs as fault breccia veins and crackle breccias that exhibit multiple stages of reactivation and fluid flow, as evidenced by crustiform/colloform textures and cross cutting vein relationships. Locally, veins exhibit sharp, clay gouge hangingwall and footwall contacts with slickensides, indicating reactivation of structurally-hosted veins subsequent to mineralization. Gold grades can also be carried within the mineralized halo adjacent to the principal veins as quartz-chlorite stockworks and it is this type of mineralization that may hold the greatest potential on the SJG Property. In addition to vein - hosted mineralization, broad zones of un-mineralized clay alteration, developed southwest of the main mineralized trends, may overlie undiscovered, disseminated gold mineralization at depth.

Alteration at San José de Gracia is laterally and vertically zoned from discrete zones of silicification to broad zones of illite/clay alteration with increasing elevation and/or distance from the main feeder structures. Faulting and tilting of the mineralized system has affected the surface distribution of alteration and in general has exposed deeper portions of the system in the northeast and shallower, more distal portions in the southwest part of the property.

The characterization of the mineralization at San Jose de Gracia can be described as low sulphidation polymetallic epithermal gold type, and present in the quartz vein-breccia as native gold on and within disseminated sulphide grains within quartz envelopes to breccia clasts and as later stage epithermal veins and veinlets that cross-cut the quartz vein-breccias. The main gangue mineral encountered was calcite and this would have been added to the uprising hydrothermal fluids as they passed through the basement which has some impure meta-limestone content. Base metal mineralization occurs within this rock as stringers and disseminations of bornite, chalcopyrite, galena and sphalerite along the boundaries between the matrix and the clasts and within later stage millimeter sized quartz stockwork, and the Tres Amigos areas are characterized by having higher base metal concentrations.

Mineralization is distributed over an area of approximately four kilometers NS by three kilometers EW. The main areas of recent exploration activity are described in the six principal mineralized trends which have been identified at San José de Gracia, which are from north to south: (1) Tres Amigos / Los Hilos / Santa Rosa, (2) La Prieta / El Rosario, (3) San Pablo, (4) La Union / La Parilla / Veta Tierra, (5) Palos Chinos, and (6) La Purisima Ridge.

Table 7. Target Type and Characteristics of the Main Mineralized Trends

(Kaip, A., 2000, then Sullivan, J.R, MacFarlane, R., 2006.)

Trend	Target Type & Characteristics	Historical Results & Past Production
La Purisima (Anglo, Rosario & La Cruz Mines)	High-grade gold veins, mining interrupted with the onset of the Mexican Revolution in 1910; Three main ore zones developed within dilational jogs and at vein intersections???	Past production of approximately 471,000 oz gold at an average grade of 66.7 g Au/t;
Palos Chinos (Palos Chinos & Tajo Verde and Palo Verde Mines)	High-grade S striking, W dipping veins with SW plunging ore shoots defined by dilational jogs	Old workings 270 m along strike & 70 m down dip; Vein averages: 12.7 g Au/t over 1.3 m, with grades up to 92.5 g Au/t over 0.7 m; Transect from Palos Chinos vein through stockwork mineralization to sub parallel hanging wall vein grades 7.4 g Au/t over 7.6 m, including 13.4 g Au/t over 3.4 m
La Parilla to Veta Tierra (Veta Tierra, Sta. Eduwiges, La Unión, La Mochomera & La Parilla Mines)	5 SW striking, W dipping high-grade gold veins in 150 m wide zone (600 m strike length, open in both directions); Zone cut by S striking, W dipping veins; Located within a structural corridor which may link the La Purisima and La Prieta trends	Combined, the veins average 10.6 g Au/t over 0.86 m; Santa Eduwiges underground averages 20 g Au/t over 0.7 m; La Union West underground averages 17.7 g Au/t over 1.6 m; Multi-gram gold values in float at SW & NE ends of surface exposures; 32.9 g Au/t over 1.3 m from SW-S vein intersection.
San Pablo (San Pablo Mine)	Two subparallel veins, mineralized shoot defined by vein intersections; Stockwork mineralization in footwall points to bulk mineable potential	Quartz-rich, sub-vertical vein averages 28.3 g Au/t over 0.85 m, with grades of up to 91.7 g Au/t over 0.6 m in main vein; Stockwork mineralization in footwall crosscut yielded 8.7 g Au/t over 10 m; Recent Production of 18,250 Oz Au from 42,000 tons processed; average Grade of 15 g/t; with Production Costs of approx. $175 / Oz. in small scale;
La Prieta (La Prieta Mine)	High-grade (>30 g Au/t based on past production) - Flat vein zone, which may have formed between parallel SW striking veins	Past production of approximately 215,000 oz gold at an average grade of 27.6 g/t; Preliminary sampling yields gold values up to 48.84 g/t.
Los Hilos to Tres Amigos (Tres Amigos, West Tres Amigos, La Ceceña, Tepehauje, Los Hilos + Sta. Rosa Mines)	SW striking W dipping high-grade veins with minimum 1.4 km strike length; Variation in vein chemistry along the strike extent, from sulphide-rich at Tres Amigos to low-sulphide, carbonate-rich with bonanza grades around Los Hilos.	Small mines (Tres Amigos, La Ceceña, Tepehauje, Los Hilos + Sta. Rosa) developed intermittently along the trace of the vein, mining often halted at the intersection of W or NW trending faults with right lateral offset; Los Hilos to La Cecena area: surface work traced a low sulphide vein with up to 104 g Au/t gold; Significance of cross structure (Orange Tree trend: 23 g Au/t over 1.6 m in DDH & 210 g/t at surface) not fully evaluated.

7.3.3 Controls on Mineralization

The geological model that is emerging for gold mineralization at San José de Gracia is one in which precious metal bearing low sulphidation fluids exploited steeply to locally moderately dipping northwest to northeast trending faults over a strike length of at least 1.5 km. Although mineralization may have followed pre existing structures, the presence of breccia zones suggests that deformation was at least in part synchronous with mineralization. Underground mapping suggests a high potential for the presence of thick, high-grade, structurally controlled mineralized shoots corresponding to different structural settings (Figure 9):

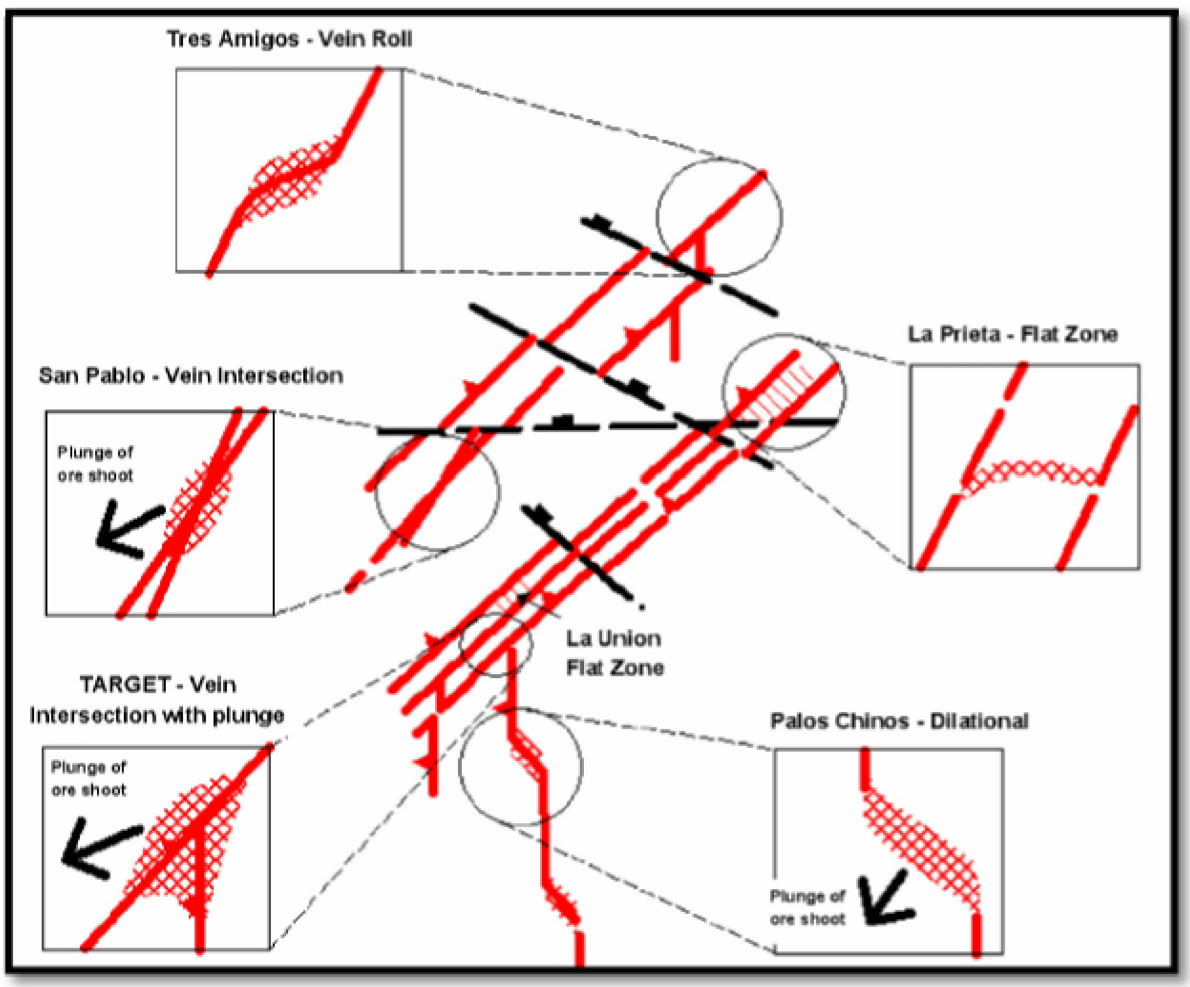
(1) Dilational jogs – Palos Chinos;

(2) Vein intersections – San Pablo;

(3) Vein rolls- Tres Amigos; and

(4) Flat Zones - La Union and La Prieta (La Prieta may be hosted within a pre-existing thrust fault)."

Figure 9. Structural Interpretations at San Jose de Gracia (Kaip, A, 2000)



Mineralized structures comprise principal southwest and secondary south striking fault breccia veins that are cut by late east-west and northwest striking brittle faults with normal displacement.

Gold-bearing siliceous fluids formed tabular or sheet-like quartz, quartz-sulphide and quartz- calcite veins and breccia veins which were subsequently cut by late brittle(?), normal (right lateral) faults, resulting in the small- scale (often < 1 meter) offsets observed on surface and in underground.

Bladed or lattice-textured quartz (replacing bladed barite and possibly calcite) as mapped on surface suggests that boiling was the principal mechanism of gold deposition within the system. The presence of this textural evidence at surface, along with the presence of shallow workings), implies that the zones of gold deposition are well preserved at San José de Gracia.

Precious metal epithermal vein systems, such as at the Tayoltita silver-gold mine, located some 220 km to the south, have been shown to host economic mineralization down dip over distances of 200 - 1000 m , well below the depth of old workings at San José de Gracia. Given the dimensions of the mineralizing system at San José de Gracia, it has the potential to host similar quantities of gold in a similar geological setting as Tayoltita.

7.3.4 More Specific information with regard to the Type, Character, and Distribution of the Mineralization of San Jose de Gracia

In order to provide more detailed information with regard to the Type, Character, and Distribution of the Mineralization at San Jose de Gracia, Mr. Luna has inserted into this Technical Report, information and excerpts below as contained in a report authored by Jonathan Cordery titled "The Control on the Low Sulphidation Epithermal Gold Mineralization in the San Jose de Gracia Project, Sinaloa, Mexico". Mr. Cordery reported the following:

"Mineralization

Economic mineralization in San Jose de Gracia occurs entirely as either quartz vein-breccias or as stockwork above and below quartz vein-breccias. Anomalous gold mineralization that has so far not been rigorously drill-tested was also found as sheeted stockwork within a porphyry rock.

Quartz vein-breccias

Underground visits were made to El Rosario, Tres Amigos, San Pablo, and La Union and in all of these mines mineralization was present within quartz vein-breccias (qvbx) or within quartz stockwork veining above and below the quartz vein-breccias. The quartz vein-breccias are magmatic hydrothermal breccias; the source of both the metal-bearing fluid sand silica being sub-volcanic intrusions at depth. Quartz vein-breccia thicknesses as determined from San Pablo drillhole intersections average 1.6 m and reach a maximum of 4.5 m however mineralized intercepts up to 14 m thick of combined quartz vein-breccia and stockwork can also occur in this area.

The quartz vein-breccia is generally dark green or grey in color, more rarely white, depending on the intensity of the silicification, and consists of 50 to 80% sub-angular clasts of strongly silicified rock within a matrix of silica or silicified milled rock and rock flour (**Fig. 2.1** and **Fig. 2.2**). As the percentage of matrix increases the clasts may display partial to total rotation implying open space emplacement although jigsaw brecciation with little to no clast rotation is the norm (**Fig. 2.3** and **Fig. 2.4**). Veins cross-cutting the qvbx and breccia clast envelopes may demonstrate classic epithermal colloform and euhedral quartz banding.

Brecciation in these bodies is a result of hydro-jacking by over-pressured magmatic hydrothermal fluids. The hydrothermal fluids become compressed during phases of compression induced by transpression thus inextricably linking the structural process to the mineralization event. Such a process usually gives rise to jigsaw breccias at first and as more hydrothermal material is introduced more clast rotated breccias result.

Gold mineralization will be present in the quartz vein-breccia as native gold on and within disseminated sulphide grains within quartz envelopes to breccia clasts and as later stage epithermal veins and veinlets that cross-cut the quartz vein-breccias. There is no economically important silver mineralization associated with the quartz vein-breccias. The main gangue mineral encountered was calcite and this would have been added to the uprising hydrothermal fluids as they passed through the basement which has some impure meta-limestone content.

Base metal mineralization occurs within this rock as stringers and disseminations of bornite, chalcopyrite, galena and sphalerite along the boundaries between the matrix and the clasts and within later stage millimeter sized quartz stockwork. The quartz vein-breccias in the Tres Amigos mine are characterized by having higher base metal concentrations (**Fig. 2.2**). The quartz stockwork zones above and below the quartz vein-breccias are of the order of 2 m thick in the San Pablo mine. Individual stockwork veins average 1 cm in thickness with the maximum thickness being 20 cm - any vein greater than 20 cm was automatically labeled qvbx in the diamond core re-logging exercise.

The mineralization at San Jose de Gracia can be categorized as low sulphidation polymetallic epithermal gold type.

Fig. 2.1 Example of quarter core taken about 30 m down hole SJG08-118 which intercepted the southwestern extremity of the Tres Amigos structure. The Tres Amigos structure is richer in base metal sulphides compared with all other mineralized areas in the district. In the photograph coarse accumulations of galena (Gal) and sphalerite (Sph) are easily visible within the quartz vein-breccia matrix. Finer grained chalcopyrite, also present in this sample, is not visible in this photograph.

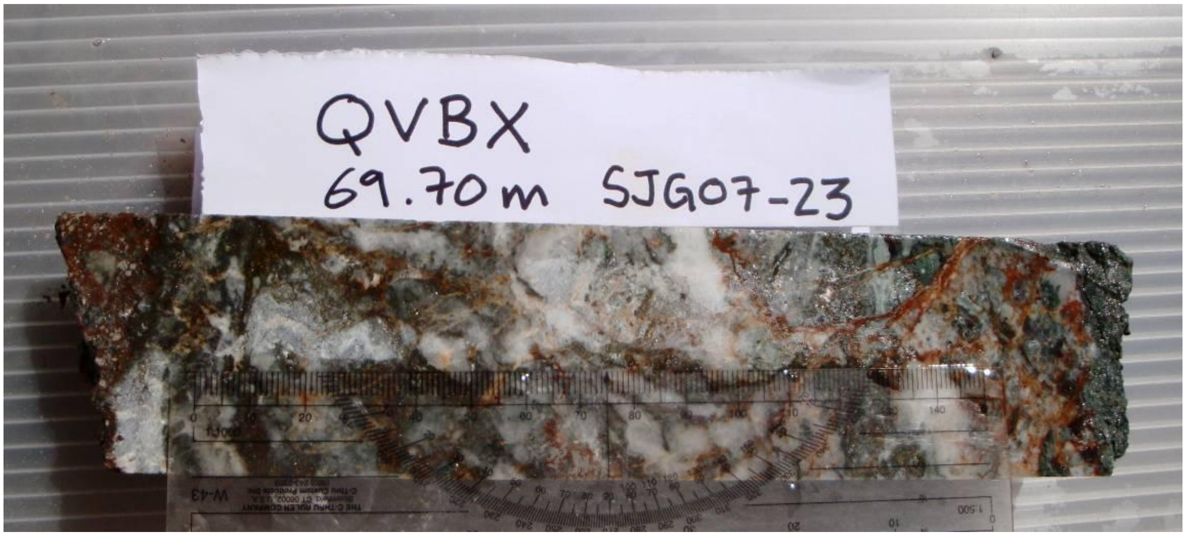


Fig. 2.2 Example of qvbx in core, taken from 69.70 m down hole SJG07-23 which was drilled into the west-central portion of the San Pablo mineralized area. The volcanic wall rock has been brecciated and strongly, but not totally, silicified by the ore-forming hydrothermal fluids, hence the grey color as opposed to the white color associated with total silicification. The breccia clasts are supported by white quartz veinlets and darker quartz veinlets that contain finely disseminated pyrite. The native gold and electrum mineralization will be present on and in cracks within the sulphide grains – usually pyrite, in the latter darker quartz matrix.

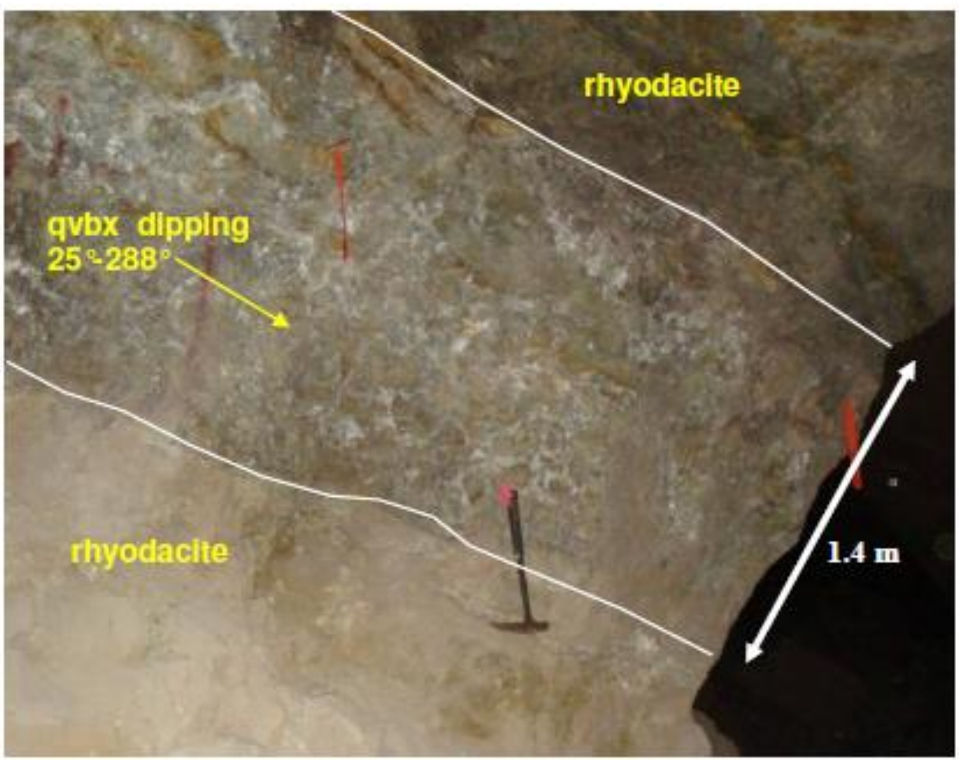


Fig. 2.3 The main San Pablo quartz vein-breccia within rhyodacite as it occurs in the western central portion of the mineralized area. The qvbx consists of 50% 5 to 10 cm sized clasts of moderately silicified, chloritized volcanic wall rock supported by 50% white vein-quartz matrix. The breccia can best be described as a jigsaw breccia here as the clasts show little to no rotation. The qvbx dips 25° towards 288° and is 1.4 m thick. Photograph looks towards 170°.

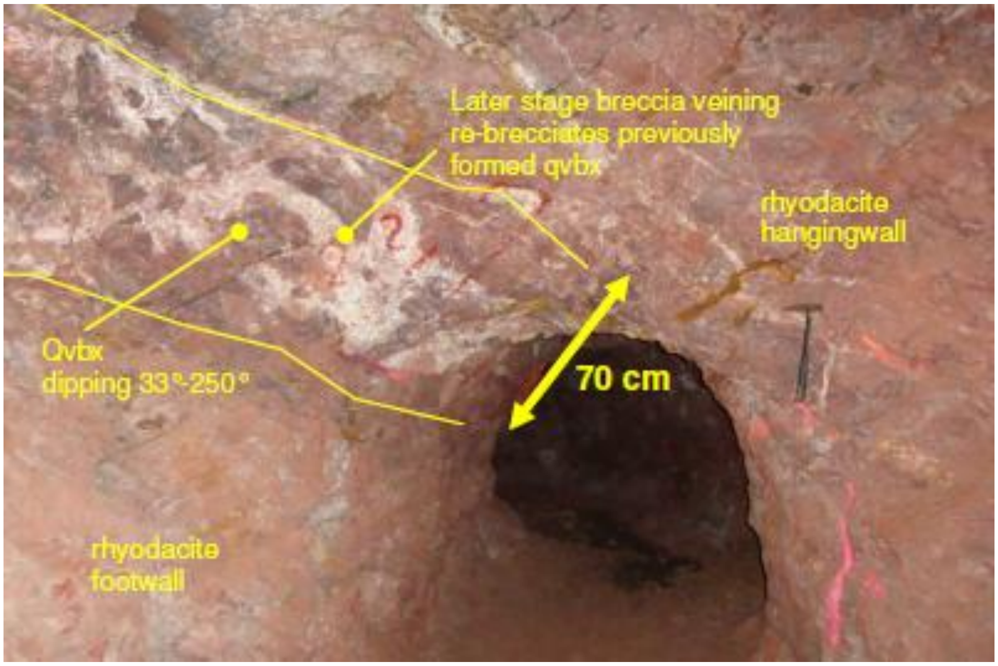


Fig. 2.4 Quartz vein-breccia in the entrance to the El Salto mine on the Purisima trend. The qvbx is 70 cm thick here and dips 33° towards 250°. The vein has, in-turn, been rebrecciated and infilled with irregularly shaped, white quartz-rich vein-breccia material. The host is rhyodacite. The structures in the Purisima trend drilled so far are lower grade and narrower than the San Pablo and Tres Amigos orebodies. 212852 E 2895930 N, looking towards 174°.

Porphyry mineralization

An example of porphyry stockwork mineralization was discovered in a float specimen at 213311 E 2895897 N. The host, the feldspar porphyry (fp), is cross-cut by 1 to 4 mm thick sheeted quartz veinlets which, combined, make up 20% of the volume of the float sample (**Fig. 2.5**). Fracture surfaces within this rock are coated with copper oxide. The feldspar porphyry outcrop that is associated with float specimen has a 050° strike and until stockwork-bearing feldspar porphyry outcrop is found it will be assumed that the sheeted stockwork has the same strike.

Fig. 2.5 Sheeted quartz veinlet mineralization within Feldspar Porphyry (fp). The host is cross-cut by 1 to 4 mm thick sheeted quartz veinlets which, combined, make up 20% of the volume of this rock. Fracture surfaces within this rock are coated with copper oxide.

The Structural Control on the Mineralization in San Jose de Gracia

The main areas of current exploration activity in San Jose de Gracia are San Pablo and Tres Amigos. Potential is also available at La Union, Tajo Verde and along the Purisima trend. La Prieta also has promise but currently lacks underground mapping and has difficult surface drill access.

San Pablo Mineralization

Control at San Pablo the main quartz vein-breccia currently has a strike length of almost 750 m and a down-dip extension of 500 m. The dip ranges between 10 and 39° towards 290° (Fig. 2.3). This low angle, tabular structure, and the narrower, less continuous structures above and below it, were formed during horizontal-oblique compression resolved at some point in a prevailing transpressive phase. Fracture formation occurs within, above and occasionally below the unconformable contact between the rhyodacite volcanics and the meta-sediment basement. As compression was applied parallel to the unconformity extension in the vertical plane occurred and the resulting open spaces were infilled with siliceous hydrothermal bearing gold and base metal sulphides.

The structures are seen to form at or close to the basement–rhyodacite contact and move up through the volcanic sequence towards the east-southeast giving a sigmoidal form to the quartz vein-breccias. The quartz vein-breccias seem to have no favorable footwall or hangingwall lithologies and may be in contact with the andesite porphyry sills, meta-sediments, rhyodacites or andesites. In its distal regions the San Pablo structure can have a very low angle dip). Some footwall veinlets in the Gossan Cap can even be horizontal (Fig. 3.1). The sigmoidal quartz vein-breccias dilate between near-vertical north-trending controlling faults. Although the San Pablo structure has a 018° strike an 80 m wide high grade zone, or shoot, that cuts across the mineralized structure has a strike of 065°. This disparity between the orientation of the vein and the strike of the high grade shoot is caused by the fact that the vein mirrors the dip and dip direction of the basement-volcanics contact, which has a strike of 018°, whereas the hydrothermal fluids are sourced from a more steeply dipping fault down dip that has a 065° strike.

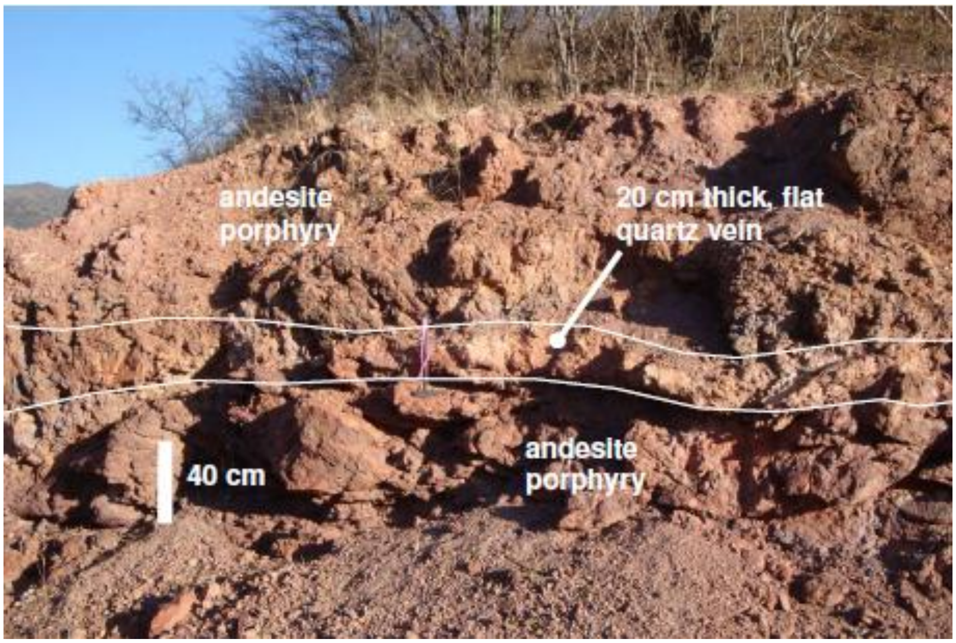


Fig. 3.1 Flat lying 20 cm thick quartz vein-breccia within andesites in the Gossan Cap, the upper, distal, region of the San Pablo mineralized area (see Fig. 1 for location). Flat and shallowly dipping quartz veins indicate emplacement during compression resolved during a period of transpression. The plane of maximum compression is into the page. 213076 E 2897219 N, looking towards 117°.

Tres Amigos Mineralization Control

In the Tres Amigos mine the main quartz vein-breccia with accompanying hangingwall and footwall stockwork currently has a strike length of 365 m and a down dip extension of 210 m. The dip of the quartz vein-breccia at surface is 54° towards 330°, i.e. the strike is 060° (Fig. 3.2 and Fig. 3.3).

Although this is a steeper dip than the San Pablo structure this vein was also emplaced during an episode of compression. The main quartz vein-breccia dips more steeply here as the unconformable contact between the meta-sediments and the volcanics dips more steeply in this area and it is the unconformity and the bedding planes within the volcanics that act as loci for vein emplacement. The 060° strike for this vein corresponds with the 065° striking high grade shoot that cuts across the San Pablo structure. Further evidence that the vein was formed during a phase of compression is shown by the change in dip from 54° to 27° in its central portion with an accompanying increase in thickness. Veins that become thicker as they become more shallowly dipping are formed during reverse fault movement and reverse fault movement implies compression.

Vein extent up and down dip is controlled by sub-vertical faults that have an average strike of 060°. As the mineralized structures approach the controlling faults they gradually reduce in thickness and eventually terminate at negligible thickness when the fault is contacted. It is theoretically possible, however, for more veins to form on the other sides of the controlling faults, both up-dip and down-dip, and this has obvious implications for exploration. The only factor that limits down-dip extension, for that is the one that troubles exploration the most, is the position of the current exploration horizon relative to the mineralization palaeohorizon. In other words the structures may be there but if they are at an elevation that was too deep for the optimum boiling process required for mineral deposition then they will be un-mineralized. In contrast to the San Pablo vein the Tres Amigos structure has a secondary vertical component in its northeastern region (Fig. 3.2). The voids formed subsequently in the secondary Tres Amigos structure would have been exploited by hydrothermal fluids.

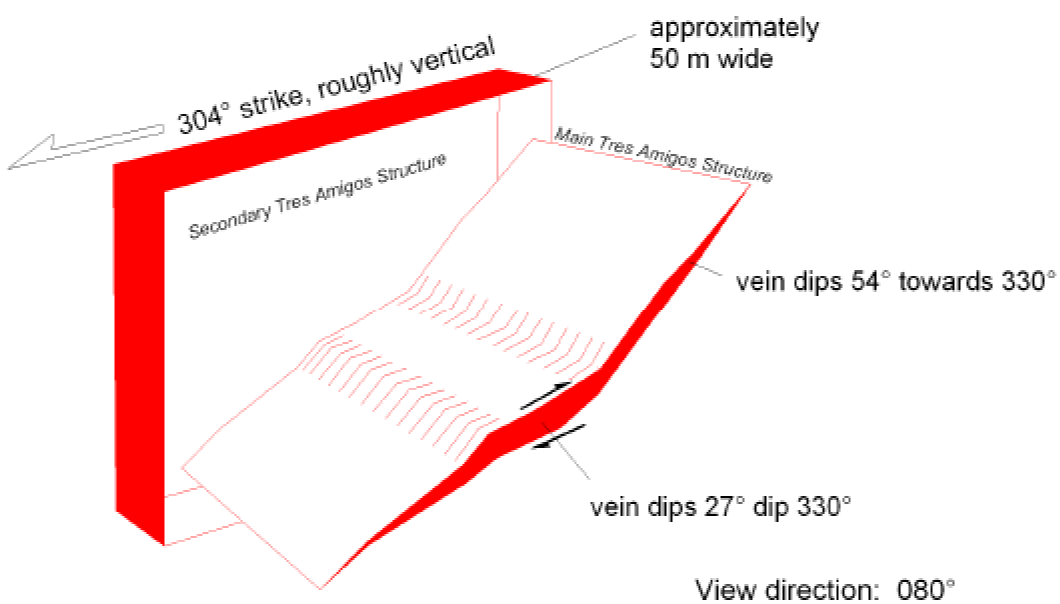


Fig. 3.2 Perspective view of the Tres Amigos structure showing that it is composed of a main, moderately to shallowly inclined structure that dips towards 330° with a secondary zone of mineralization enclosed within a roughly vertical, 304° striking structure. This structure is about 50 m wide and coincides with a straight-line lineament at the surface.

Fig. 3.3 Photograph of the Tres Amigos mine showing how the vein thickness, as indicated by the size of the workings, decreases up-dip. This is caused by the vein terminating against a 060° striking, sub-vertical, oblique, strike-slip. All the veins in the San Jose de Gracia area terminate in this manner and this is the main reason why they are difficult to identify in surface outcrop. 213657 E 2898043 N, looking towards 066°.

La Union Mineralization Control

The mineralization in La Union dips between 10 and 30° towards 305° and so has a similar orientation to the mineralization in the San Pablo structure and would have been formed during the same compressional environment. The structural interpretation of La Union, compared with San Pablo, is hampered by its lower density of drilling, however. The La Union mineralization currently has a strike length of 400 m and a down dip extension of 350 m.

The La Union area differs from San Pablo in that the quartz vein-breccias are narrower, (the thickest quartz vein-breccia drillhole intercept being less than 2 m), and are less easily extrapolated up and down dip or between adjacent sections. In fact only one section in the La Union area, had appreciable inter-drillhole connectivity. Also, in contrast to San Pablo, the veins are mainly emplaced well above the unconformity within the andesites, with no veins occurring at the rhyodacite basement contact. If one extends the La Union area to include the La Parilla mine to the southwest then it is possible to detect a 065° striking alignment in the best Au (g/t x m) drillhole intercepts. This would register with an identical trend in best Au intercepts that cut across the San Pablo structure implying that both mineralized zones are sourced from a similarly trending sub-vertical down-dip fault. More drilling in the La Union area would be needed to confirm the presence of this high grade shoot.

Palos Chinos Trend Mineralization Control

Only seven drillholes intercepted this trend but vein orientation data obtained from underground plans show that the mineralization in this area has a similar trend to a 170° striking strike-slip fault that dips steeply to the west. This strike-slip fault is one of the three sinistral strike-slip faults which progressively displace the volcanics-basement contact progressively southeastwards. The veins underground dip between 41 and 64° to the southwest and were formed during sinistral transpressive movement along the 170° strike-slip fault. The mineralization has not been emplaced within this strike-slip fault however; the fault has acted as a controlling fault for compressive forces that have acted obliquely to it and the mineralization has been emplaced within the moderately dipping open space fractures that have resulted from this compression.

Purisima Trend Mineralization Control

As with the Palos Chinos trend the main controlling features at Purisima are the strike-slip faults that displace the volcanics-basement contact southeastwards. The Purisima trend is bounded by a 133° striking pair of parallel strike-slip faults 320 m apart which act as the controlling faults on the mineralization that occurs between them. Sinistral transpression about these controlling faults causes the bounded strata to pop open in the vertical sense allowing the eventual, and probably simultaneous, emplacement of the epithermal mineralization. Drilling to date has shown that most of the mineralization occurs as 1 to 2 m thick quartz vein-breccias with hanging- and footwall stockwork. Most of the veining appears in the andesites and rhyodacites with no appreciable basement veining. The veins dip very shallowly to the southwest in the south of the and become progressively more steeply dipping northwards where they dip up to 34° to the southwest.

La Prieta Mineralization Control

Underground visits at La Prieta have determined that the worked veins mainly have low angle dips and dip towards the north-northwest. In the majority of cases the stopes occur entirely within the meta-sediment basement in close proximity to, and just above, the unconformable contact with the rhyodacitic units above. The folded meta-sediments dip steeply to the southwest in the stoped areas and at no point are the workings seen to exploit the bedding planes. This proves that despite there being multiple planes of weakness in the sediments to be exploited by vein emplacement the over-riding control on the eventual mineralization event are the low angle voids created during transpression. In the Rosario mine, which connects to the La Prieta workings, veins are present within the rhyodacite unit and dip about 36° to the northwest. Very little remnant vein material is visible in the stopes at La Prieta and so the exact nature of the mineralization in this mine is not known. To date only epithermal veinlets about 5mm thick have been found (Fig. 3.4) in the stope walls and so far no quartz vein-breccia. The low angle of dip shown in the workings implies that the veins were emplaced during a compressive phase. A study of one of the stopes shows that the more shallowly dipping, central portions of the veins have a greater thickness than the steeper dipping up- and down-dip parts of the vein which gives further proof to the theory that they had a compressional mode of formation (Fig. 3.5 and Fig. 3.6).

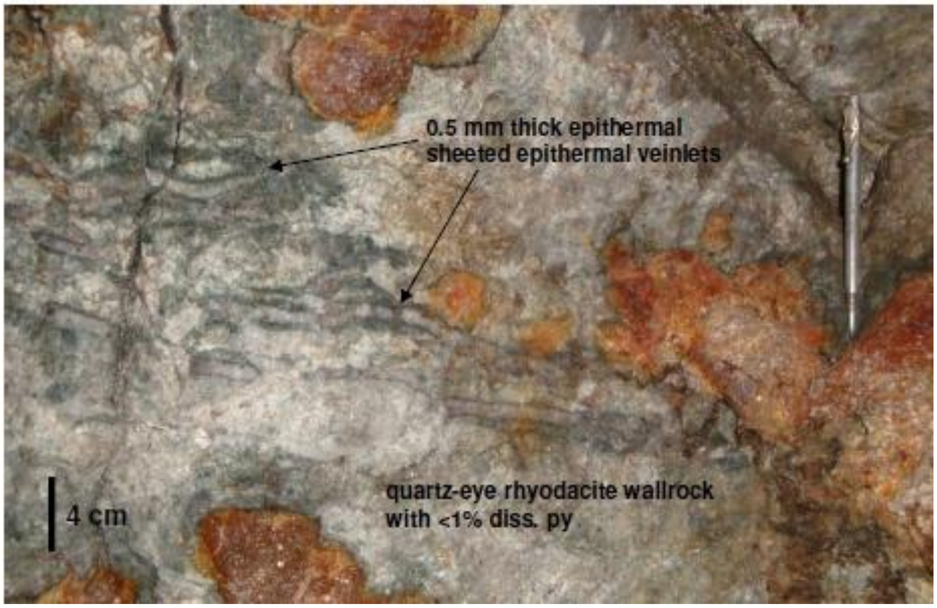


Fig. 3.4 Example of the quartz veinlet mineralization seen in the La Prieta mine. The wall rock, a quartz-eye rhyodacite just above the unconformable basement contact, is crosscut by 0.5 mm thick, white, epithermal quartz veinlets. The wall rock contains <1% disseminated 0.5 mm sized pyrite crystals. The veinlets dip 18° towards 003°. To date no qvbx mineralization has been found in La Prieta so these sheeted quartz veinlets seem to have constituted the main ore target in this mine. Photograph taken in the wall of a stope; looks towards 190°.

Fig. 3.5 18° to 050° dipping stope over 2 m high within the La Prieta mineralized area. Meta-sediments form the footwall and hangingwall of the stope. Photograph looks towards 090°.

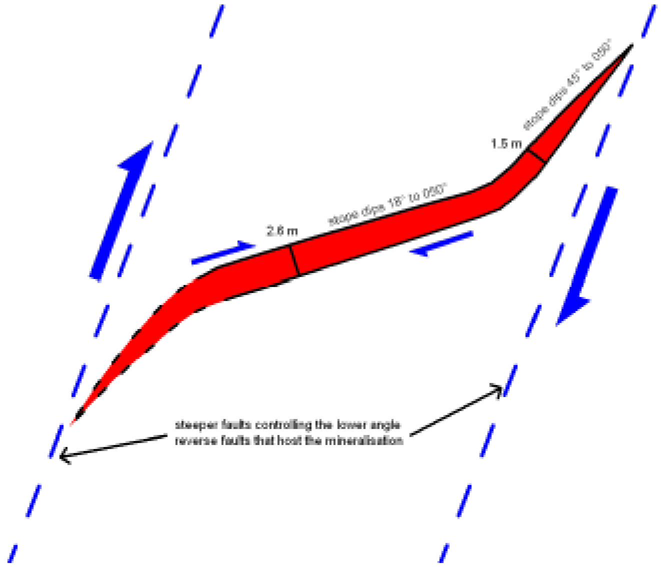


Fig. 3.6 Schematic section through a stope in the La Prieta mineralized area showing how the height of the stope, and therefore the thickness of the mineralization, increases as the dip becomes more shallow. An abrupt change in the dip of the vein from 45° to 18° coincides with an increase in vein thickness from 1.5 m to 2.6 m in the central portion of the vein indicating a formation during a phase of reverse compression resolved during transpression. The vein would have formed between two steeper dipping, possibly vertical, controlling faults. The down-dip region of the stope was not visible and the vein termination at the higher angle is proposed only, although it is also possible that the vein merely continues at the 18° dip and terminates against the controlling fault on the left-hand side of the diagram."”

ITEM 8.0 DEPOSIT TYPE

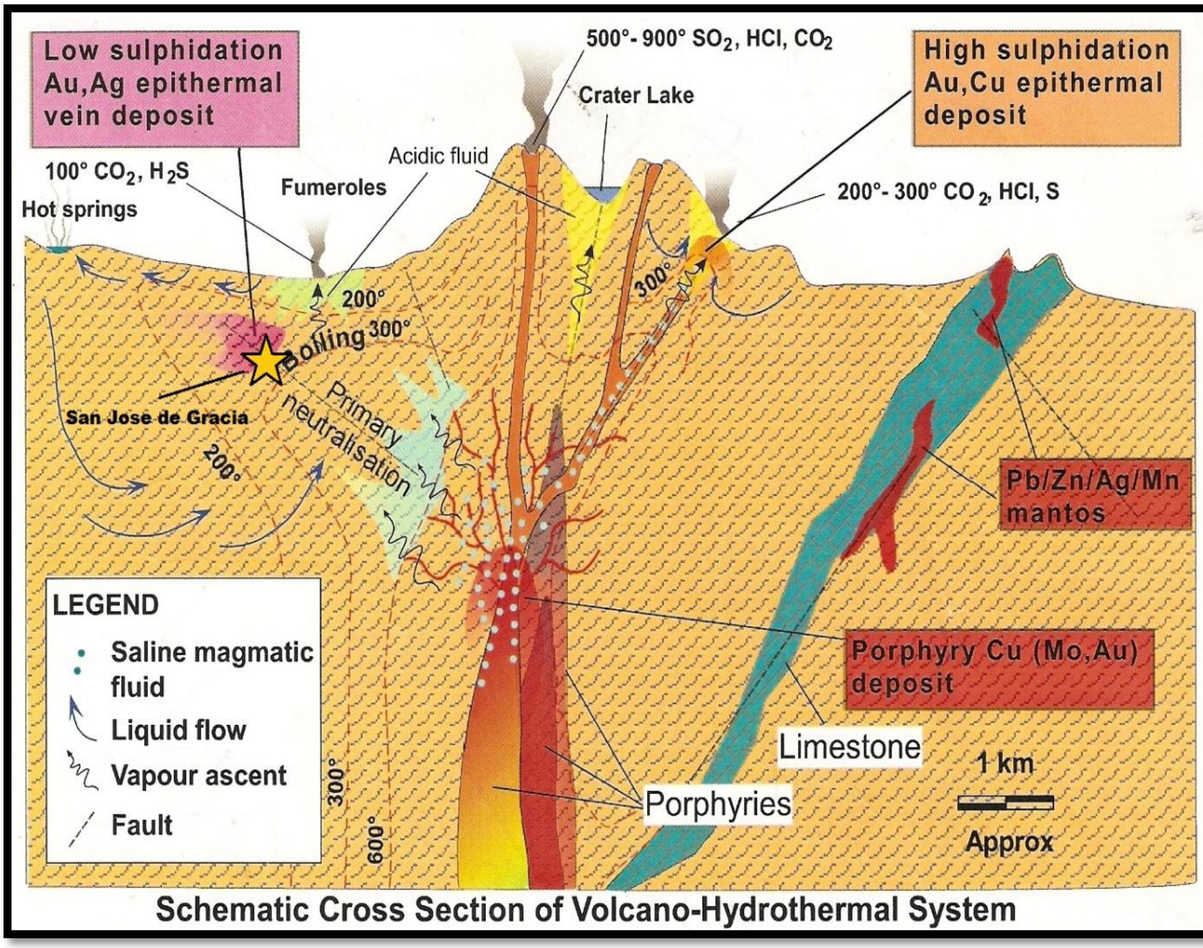
Exploration by DynaMexico and its predecessors has focused principally on discovery and delineation of low sulphidation, Au-Ag epithermal mineralization of the type well documented throughout the SMO.

Studies of alteration patterns and fluid inclusion data show that precious metal precipitation generally occurs between 180 to 240 degrees Celsius, corresponding to depths 150 to 450 meters below the paleosurface (Figure 10). Deposits often exhibit a top to bottom vertical zonation:

- Precious metals poor, paleosurface, sinter (Hg-As-Sb).
- Au-Ag-rich, base metal poor “bonanza zone” (Au-Ag-As-Sb-Hg).
- Ag-rich, base metal zone (Ag-Pb-Zn-Cu).
- Barren pyritic root.

Alteration accompanying low sulphidation epithermal mineralization is controlled by the temperature and pH of the circulating hydrothermal fluids and its distribution therefore can also be spatially zoned. Alteration minerals that occur proximal to mineralization include illite, sericite, calcite and adularia whereas smectite and chlorite typically occur in a more distal setting.

Figure 10. Volcano Hydrothermal System. (Buchanan, L.J., 1981)



In terms of geologic and tectonic setting, the precious and base metal deposits at SJG are typical of those found elsewhere in the Sierra Madre, and indeed of epithermal deposits worldwide. Similarities include:

- Concentration of mineralization within LVS rocks, particularly near the basal contact with underlying sedimentary basement;
- Strong structural controls to veins;
- Association of veins with extensional block faulting (ie. The Graben) and, perhaps, with the onset of bimodal volcanism associated with UVS magmatic activity;
- The localization of a great number of epithermal deposits can be directly associated with the presence of volcanic centers which themselves an important component of regional scale structural control. These faults likely provide the fundamental plumbing system which focused fluids which were ultimately derived from magmatic heat sources.

ITEM 9.0 EXPLORATION

9.1 Exploration - Introduction

The earliest exploration work documented in this Technical Report from San José de Gracia dates back to 1992 and 1997 when Industrial Peñoles and Golden Hemlock completed limited drilling campaigns at Tres Amigos, Gossan Cap, San Pablo, La Union and La Purisima areas. Previous geological work to these dates is unknown to Mr. Luna.

DynaUSA began conducting exploration activities at San Jose de Gracia in 1999; and, since June 2000, this work has continued under the auspices of DynaMexico. These activities have included geological mapping, geochemical stream sediment and rock chip sampling, diamond drilling, and the pilot mining and milling activities of 2003-2006. Geochemical surveys comprise systematic sampling of available outcrops and creeks and analyzing these samples for gold contents. To date the rock chip geochemical surveying has covered an area of approximately 5 kilometers (east-west) by 5.5 kilometers (north-south) with an approximate grid density of 100 meters by 100 meters. There are several areas containing anomalous gold values located in bedrock and creek drainages that include areas that were historically mined as well as new anomalies yet to be investigated.

According to Kaip (Kaip, A. and Childe, F., 2000 ("**Kaip, A. 2000**") reporting the results of the 1999 – 2000 surface and underground sampling work of DynaResource:

> "Fieldwork in 1999-2000 has begun to demonstrate that rather than being discrete mineralized zones, the different areas outlined above represent defined portions of longer mineralized trends, locally displaced by brittle faults. Detailed surface and underground mapping is proving an effective technique in determining the sense of movement and amount of offset on these post-mineralization faults, a critical factor in spotting drill targets to find the extension of these mineralized zones."
>
> The discussion following summarizes surface and underground work conducted on behalf of DynaResource Inc. ("DynaResource") at San José de Gracia in the period between November, 1999 and April, 2000, which included rehabilitation, geological mapping and sampling of several past producing underground mines, as well as geological mapping, trenching and sampling of surface exposures to better delineate the surface trace of mineralization above and between the old workings. "Within this program a total of 544 rock samples (chip channel, grab and float) were collected and analyzed for gold by atomic absorption with a fire assay finish (AA-FA) and 38 additional elements by Inductively Coupled Plasma (ICP) (Appendix E in Kaip). The average gold grade of all 544 rock samples is 6.51 g/t."
>
> All samples collected under this sampling program were placed in sample bags and sealed to prevent contamination. All samples were then submitted for analysis to Bondar-Clegg & Co, North Vancouver, BC. Bondar-Clegg is an internationally recognized laboratory meeting all established criteria as related to reporting requirements for mining and exploration companies under National Instrument 43-101. Bondar-Clegg is independent of DynaMexico and the Issuer.
>
> Mr. Luna recognizes that the average grade reported in assay results by Bondar-Clegg, for the 544 samples reported by Kaip, is consistent with the average grade of the indicated and inferred resources as reported in the Mineral Resource Estimate herein disclosed.
>
> While some of the exploration results reported under this section may be superseded by recent drilling results of 2007-2011; the exploration results and information described here are useful

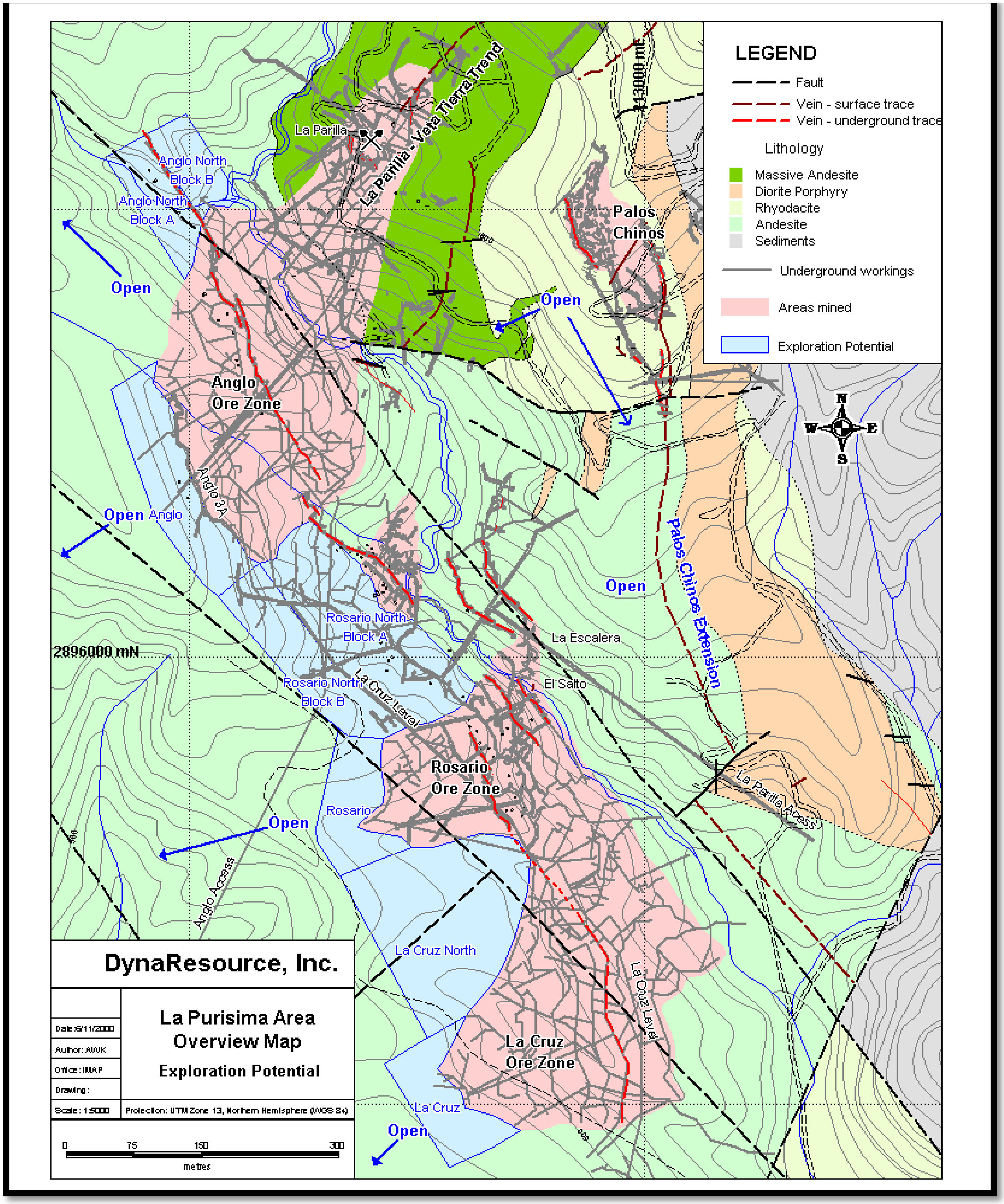
for the overall understanding of the geology at San Jose de Gracia and are expected to assist with planning further drilling programs and overall development of the SJG Project.

9.2 La Purisima Compilation, Kaip, A. 2000

According to Kaip:

> "The La Purisima trend represents the area of greatest past production at San José de Gracia. Prior to termination of mining activities by the Mexican Revolution, approximately 471,000 million ounces of gold was produced from oxidized, high-grade (66.7 g/t average) quartz veins in the Anglo, Rosario and La Cruz ore bodies on Purisima Ridge (See Figure 11). Compilation of historic data has outlined the dimensions of the mined portions of the Purisima Ridge ore bodies and can be used to plan future exploration on the La Purisima trend and to demonstrate the potential for the other main mineralized trends on the property, which have undergone considerably less historic development.
>
> Mining of the La Purisima trend exploited a southeast striking, moderately (45-50º) southwest dipping quartz vein system along a 1.25 kilometer strike length and 400 meters down dip (250 meters vertical extent). A 400 meter down dip extent is approaching the upper limit for gold deposition in epithermal vein systems and is comparable to that of world class epithermal gold deposits such as El Peñon in Chile (up to 275 meters down dip), Emperor in Fiji (up to 700 meters down dip) and Tayoltita in Mexico (up to 600 meters down dip). Based on the spacing of ore bodies along the La Purisima trend, it appears that the mines were exploiting high grade, southeast plunging ore shoots that developed at regular intervals along the trend of the vein system. The orientation of workings in the Anglo suggests that this ore body may have formed at the intersection of southeast and southwest trending vein systems, with the southwest trending veins extending towards mineralization of the La Parilla to Veta Tierra trend (Figures 8 and 11)."

Figure 11. La Purisima Ridge, Underground Workings, Kaip, A. 2000.

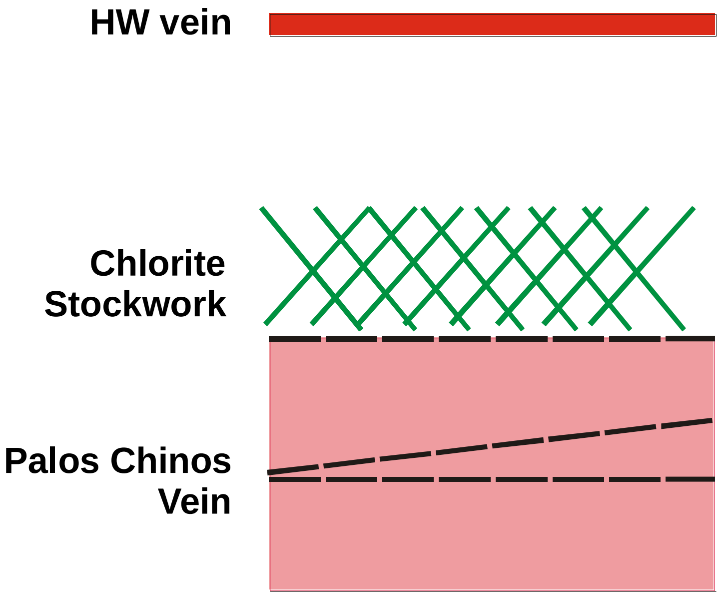


9.3 Palos Chinos Trend (Palos Chinos & Tajo Verde Mines), Kaip, A. 2000

According to Kaip:

> "The Palos Chinos trend consists of the south striking, moderately west dipping quartz-chlorite-sulphide (or oxide) Palos Chinos fault breccia vein, as well as several hangingwall veins, which were previously mined over a 270 meters strike length and 70 meters down dip. A single hole drilled beneath the old workings by Golden Hemlock in 1997 (SJG97-63) intercepted the Palos Chinos vein 100 meters down dip from the deepest workings, extending the known down dip extent of this mineralized trend to 180 meters. Preliminary surface work conducted by DynaResource and limited drilling (SJG97-55) by Golden Hemlock indicates that Palos Chinos trend continues for at least 500 meters to the south, thereby increasing the minimum strike length of the Palos Chinos trend to 800 meters. To the north, the vein is truncated by a northwest striking fault with apparent right lateral displacement. Work has not yet begun to trace the northern continuation of the Palos Chinos trend.
>
> Work in 1999-2000 focused on mapping and sampling the Palos Chinos workings on all levels. This work demonstrated that the mined out area of the Palos Chinos vein averages 1 to 1.5 meters in width and dips 60-80º to the west. However, ore shoots are developed along the trend and are characterized by:
>
> - A change in orientation, from south to southeast striking,
> - shallowing of the dip to 35-40º,
> - thickening to widths of 2 to 4 meters,
> - an increase in the width and intensity of chlorite stockwork adjacent to the vein, and
> - an increase in gold grade.
> - individual samples with up to 92.5 g/t Au over 0.7 m, and;
> - An ore shoot sample transect averaging 7.6 g/t Au. over 7.6 meters, including 13.4 g/t Au over 3.4 meters in the Palos Chinos vein itself (Figure 12).
>
> A total of 180 samples were collected along the Palos Chinos trend from surface exposure and underground workings. Of this number, 74 samples were collected of the Palos Chinos vein and adjacent mineralized hangingwall and footwall. Based on these samples, the Palos Chinos vein averages 11.4 g/t Au over 1.2 meters. Mining above the Palos Chinos level has also exposed a laterally continuous hangingwall vein 4 to 5 meters above the Palos Chinos vein. Three samples collected from this vein returned between 11.3 and 18.5 g/t Au and contain appreciable Cu and locally Pb and Zn concentrations over narrow widths. A summary of significant samples collected from the Palos Chinos vein is presented in Table 8.
>
> The 1.2 meter width of the Palos Chinos vein is based on an average of all sample interval widths and does not reflect the breadth of the stoped-out area between the Palos Chinos and Saramiento levels. To determine the potential width of the Palos Chinos trend, a sample transect, between the Palos Chinos and HW veins, returned 7.4 g/t Au over 7.6 meters (Figure 12). From these results it is apparent that portions of the Palos Chinos trend have the potential to be amenable to mechanized mining."

Figure 12. Sample Transect from the Footwall Contact of the Palos Chinos Vein to the Hangingwall Vein.



Sample	(m)	Au g/t	Ag g/t	Cu %
208929	0.3	11.3	251.0	7.30
208928	1.9	0.8	0.9	0.01
208930	1.2	1.3	5.0	0.14
208926	0.8	5.6	5.8	0.21
208904	1.1	15.0	11.7	0.29
208903	0.8	0.2	1.2	0.04
208907	1.5	19.2	11.3	0.34

Average = 7.4 g/t Au over 7.6 meters (true width)

Photo 6. Chlorite Rich portion of Palos Chinos Vein.

Photo 7. Palos Chinos Underground Workings Showing a Mined Width in Excess of 2 Meters.

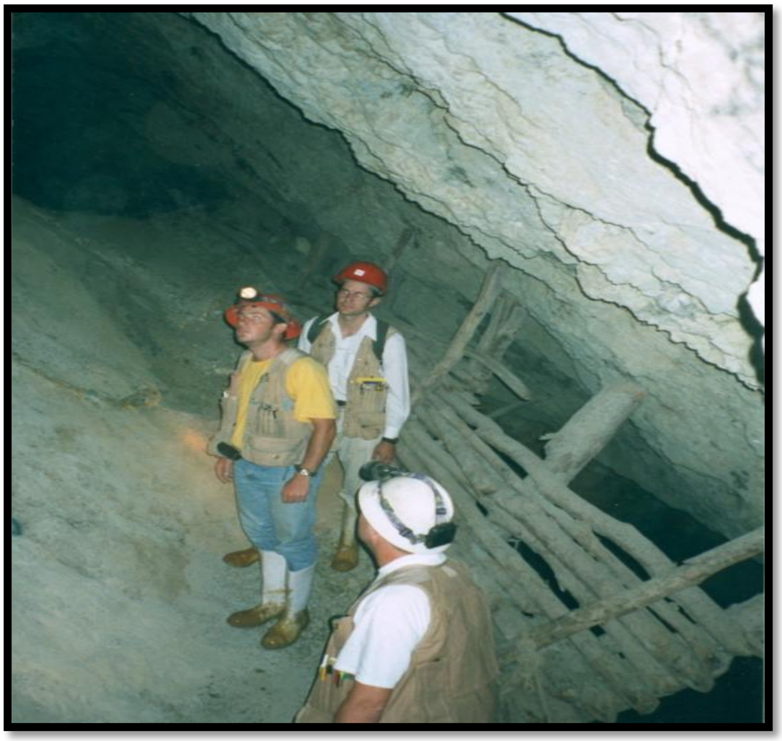


Table 8. Significant Chip Channel Samples from the Palos Chinos Underground

Samples	Level	Interval	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
145748,49 & 145287	Palos Chinos	Vein & HW, FW	3.7	15.0	11.9	4,154	49	131
145188	Palos Chinos	Vein	1.1	19.2	15.6	6,746	237	312
145740	Palos Chinos	Vein	0.5	22.8	15.1	3,553	31	161
209153,55	Palos Chinos	Vein	0.9	24.7	10.2	168	20	20
145747	Palos Chinos	Vein	1	27.6	20.6	12,000	52	272
145733	Palos Chinos	Vein	0.6	62.3	22.4	166	26	11
208921,22	Stopes	Vein & HW	1.8	5.2	9.5	2,896	147	448
208912	Stopes	Vein	1.9	5.6	5.3	1,180	91	206
208937	Stopes	Vein	0.8	6.5	12.5	4,413	103	592
208938,39	Stopes	Vein & HW	1.8	6.6	10.8	3,466	632	251
209754	Stopes	Vein	0.9	6.9	16.8	5,459	198	738
208914	Stopes	Vein	0.9	8.5	8.5	1,994	14	141
209757	Stopes	Vein	0.6	8.5	16.9	5,198	86	141
208906	Stopes	Vein	1.3	9.6	15.2	5,600	63	216
209760	Stopes	Vein	0.5	9.7	45.3	15,000	167	741
208905	Stopes	Vein	1.5	13.7	23.3	2,939	683	2,797

Samples	Level	Interval	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
208904	Stopes	Vein	1.1	15.0	11.7	2,854	28	162
209758	Stopes	Vein	1.2	17.6	8.3	2,445	19	169
208936	Stopes	Vein	0.5	18.4	20.4	6,433	540	501
208907	Stopes	Vein	1.5	19.2	11.3	3,392	33	186
208934,35	Stopes	Vein & HW	1.9	19.3	28.7	6,742	1,472	2,557
208910	Stopes	Vein	0.6	20.3	14.3	4,100	52	258
208933	Stopes	Vein	0.9	27.0	14.3	5,323	180	284
209755	Stopes	Vein	1.2	45.4	35.8	18,000	43	182
209756	Stopes	Vein	0.6	46.4	18.6	2,702	11	99
208956	Saramiento	Vein	1.7	5.8	6.8	1,824	61	184
208955	Saramiento	Vein	1.4	6.0	5.1	1,715	38	158
208957 to 59	Saramiento	Vein & FW	4	8.1	15.3	3,336	1,950	1,460
209769	Tajo Verde	Vein	0.8	13.0	7.6	780	40	23
209764	Tajo Verde	Vein	0.6	23.0	15.7	302	270	36
209768	Tajo Verde	Vein	0.7	35.6	15.5	761	151	19
209763	Tajo Verde	Vein	1	53.6	26.4	333	24	22
209767	Tajo Verde	Vein	0.7	92.5	31.1	1,089	358	36
208924	Stopes	HW vein	0.2	18.5	38.5	6,023	>10,000	>10,000
208927	Stopes	HW vein	0.6	14.2	20.9	4,444	48	213
208929	Stopes	HW vein	0.25	11.3	251.0	>10,000	287	513

9.4 La Parilla to Veta Tierra Trend (Veta Tierra, Sta. Eduwiges, La Unión, La Mochemara & La Parilla Mines), Kaip, A. 2000

9.4.1 Introduction

According to Kaip, 2000:

> “The La Parilla to Veta Tierra trend comprises five southwest striking, moderate to steeply northwest dipping veins that have been traced over a strike length of 600 meters. The veins are exposed on surface by numerous old pits and dumps and by more recent underground workings including, from southwest to northeast, the La Parilla, La Mochemara, Sta. Eduwiges, La Union and Veta Tierra Mines, all of which exhibit small-scale past production. To the southwest, the La Parilla to Veta Tierra trend intersects the La Purisima trend in the region of the Anglo Mine (Figures 8 and 11). Review of historical plans in the Anglo area indicate that in addition to south striking, west dipping veins, mining also exploited southwest striking veins that are likely the continuation of the La Parilla to Veta Tierra trend. Northeast of Veta Tierra, the trend is open towards the La Prieta trend and may form the southwestern continuation of the La Prieta trend. Currently, the La Parilla to Veta Tierra trend exhibits excellent along strike potential between two main areas of past production (La Purisima – 470,000 oz. Au and La Prieta – 215,000 oz. Au). Work to date on the Parilla to Veta Tierra trend has demonstrated potentially economic gold mineralization within all five veins. Sample highlights from the underground workings along the La Parilla to Veta Tierra trend include:

- An average grade of 17.7 g/t Au over an average vein width of 1.6 meters from the La Union West vein;

- An average grade of 20.0 g/t Au over an average vein width of 0.7 meters from the Santa Eduwiges vein;

Of the 94 vein samples collected from surface and underground along the La Parilla to Veta Tierra trend in 1999-2000, the veins average 10.6 g/t Au over an average vein width of 0.86 meters. Alteration and boiling textures within veins near the Veta Tierra Mine suggest that the current level of exposure of the La Parilla to Veta Tierra Trend is near the top of the mineralizing system. If this interpretation proves to be correct, the La Parilla to Veta Tierra trend hosts significant exploration potential below the current level of exposure. Down dip continuity of the veins within the La Parilla to Veta Tierra trend has been confirmed by two phases of drilling completed by Peñoles in 1992 and by Golden Hemlock in 1997. In addition to down dip potential, the vein system is interpreted to coalesce at deeper levels into a central feeder vein, which is likely to host significant gold mineralization through increased vein widths and the development of structurally controlled ore shoots."

9.4.2 Veta Tierra – La Parilla Trend

"The Veta Tierra – La Parilla trend, located north of the Palos Chinos trend, comprises five principal southeast striking veins and several subsidiary south striking veins exposed over a width of 150 meters and a minimum strike length of 700 meters (Figures 8 and 11). The trend is exposed on surface by numerous old pits and dumps and by more recent underground workings including from southwest to northeast: La Parilla, La Mochemara, Santa Eduwiges, La Union and Veta Tierra, all of which have seen small-scale production. The Veta Tierra – La Parilla trend is open along strike to the La Prieta area down the west slope of the Arroyo El Rosario, to the southwest towards the Anglo mine below La Purisima ridge. Currently, the Veta Tierra – La Parilla trend exhibits excellent along strike potential between two main areas of past production.

Veining in the Veta Tierra – La Parilla trend cuts up-section from sedimentary hosted mineralization at its northeast end to rhyodacite hosted mineralization at Veta Tierra. Southwest of Veta Tierra, the Veta Tierra – La Parilla trend appears to be hosted at or near the contact between rhyodacite tuffs and overlying massive andesitic rocks. Between La Mochemara and La Parilla, the trend cuts up into the massive andesite sequence.

Work in 1999-2000 focused on detailed mapping and sampling of the underground workings and surface exposures along the strike of the trend. Re-habilitation of the La Parilla and Santa Eduwiges workings was initiated to facilitate in the mapping and sampling in these areas."

9.4.3 Veta Tierra

"The Veta Tierra mine, last exploited by local miners during the 1980's extends some 60 meters along strike and 60 meters down dip. In the underground the vein is oxidized to a hematite quartz breccia and locally contains chalcanthite after copper sulphides. The vein is hosted within silicified rhyodacite tuffs that grade outward into pervasively illite altered tuffs. To the southwest of Veta Tierra the host rocks are pervasively clay altered.

In the underground, the vein is cut by numerous east-west and northwest faults exhibiting normal displacement of < 5 meters. At the northeast end of the underground, the vein is offset by a north dipping normal fault with 22 meters apparent right lateral displacement, confirmed by surface mapping. To the southwest the underground workings have collapsed.

Surface exploration to the northeast and southwest of the Veta Tierra mine has been successful in increasing the strike length of the vein. To the northeast the vein has been found to extend an additional 200 meters through a series of old workings and outcrop exposures. Samples collected from the vein are locally high grade, including 22.8 g/t Au over 0.5 meters, and 23.6 g/t Au over 0.5 meters. To the southwest the vein has been traced in outcrop and old workings to the La Union – Santa Eduwiges area where it is interpreted to link up with the vein exposed in the Santa Eduwiges mine. Between Tierra and Santa Eduwiges, the trace of the vein is less distinct and occurs as a discrete hematite-stained fault plane bounded by silicification. Reverse circulation drilling (RC) by Peñoles in 1992 intercepted the vein in two drill holes, returning 18.3 meters of 0.3 g/t Au in hole 92-02, and 18 meters of 0.3 g/t Au in hole 92-04 (See Drilling – La Union, Item 10.4).

Of the 18 samples collected from the Veta Tierra workings and on surface, the vein averages 6.0 g/t Au over 0.8 meters (Table 9) and is comparable with the results obtained by CRM in 1981 (8.6 g/t over 0.8 meters)."

Table 9. Significant Channel Sampling Results of the Veta Tierra Vein from Surface and Underground Workings

Sample	Interval	Width (m)	**Au g/t**	Ag g/t	Cu ppm	Pb ppm	Zn ppm
209585	Vein	0.5	5.5	5.0	188	35	121
142015	Vein	2	5.6	4.3	97	22	16
209564	Vein	0.4	10.6	23.4	1,239	34	16
142016	Vein	0.5	22.8	17.5	65	77	17
209558	Vein	1	2.8	12.4	581	19	10
209557	Vein	0	1.6	1.0	38	27	12
208973	Vein	1	1.6	0.6	22	11	8
208980	Vein	1	2.5	24.0	162	413	19
208979	Vein	1.2	4.0	3.8	145	105	16
145105	Vein	0.2	5.6	20.8	4,038	83	139
145106	Vein	0.9	15.5	14.6	256	84	16
145107	Vein	0.5	9.6	25.2	2,954	93	147
145108	Vein	0.5	23.6	32.1	8,009	95	65
145109	Vein	1.2	1.1	5.7	195	138	13
145110	Vein	0.5	13.3	18.8	3,494	85	222
208942	Vein	0.9	4.6	75.0	5,976	145	133
208943	Vein	1.1	1.0	4.8	1,537	97	116
208944	Vein	0.6	3.1	7.9	1,773	19	68
208940	WR	0.4	0.7	8.1	1,507	151	60
208941	WR	0.7	0.1	4.0	151	20	11
145112	FW	2	0.2	3.5	92	65	21
145111	HW	1.5	0.0	0.2	58	5	6
208945	HW	0.4	0.7	2.3	642	37	13

In addition to the vein exposed in the Veta Tierra workings, the area contains two additional targets, informally named the South and Southeast veins. Results of exploration work conducted on these two targets are summarized below."

9.4.4 Southeast Vein

"The Southeast Vein, located 90 meters southeast of Veta Tierra, is a northwest dipping fault breccia vein exposed in a series of old surface workings and in float for 280 meters. The vein is oxidized to hematite-rich quartz breccia. Samples collected from the vein are anomalous and average between 4.7 and 6.8 g/t Au (See Table 10). Drilling by Peñoles in the Veta Tierra area, intersected the Southeast vein in two RC holes (92-05 and 29-02) and returned up to 1.5 meters of 1.8 g/t Au in RC hole 92-05 (See Drilling – La Union, Item 10.4). Continuing exploration of the Southwest vein will involve trenching and sampling along strike to better evaluate this target."

9.4.5 South Vein

"The South vein is a west dipping secondary vein that has been traced 100 meters on surface between the Southwest and Veta Tierra veins. The vein is exposed in a series of small surface workings and consists of hematite-rich quartz breccia material. Samples collected of the vein are generally low in gold, averaging between 1.9 and 4.1 g/t Au (Table 10). However, one sample of the vein at the intersection of the South and Southwest veins returned 32.9 g/t Au over 1.3 meters. The sample was collected from a small stope and suggests that an ore shoot may exist at the junction of these two veins. Additional work in the area will focus on delineating the size of this ore shoot to determine if it warrants drill testing."

Table 10. Significant Vein Intercepts South of the Veta Tierra Workings (Southeast and South Veins)

Sample	**Interval**	**Width (m)**	**Au g/t**	**Ag g/t**	**Cu ppm**	**Pb ppm**	**Zn ppm**
209560	SE vein	1.2	4.7	16.8	144	51	20
209559	SE vein	1	5.3	10.4	197	108	17
145192	SE vein	dump	4.7	15.4	62	102	30
145194	SE vein	1.5	6.8	6.9	151	384	12
145195	S vein	2	4.1	3.8	104	669	22
145193	SE vein	1.3	32.9	19.2	138	1,766	28
142018	S vein	0.5	3.2	3.9	206	1,876	26
145189	S vein	1	1.9	1.6	88	14	17
145190	S vein	1.1	4.2	1.6	96	22	19

9.4.6 La Union – Santa Eduwiges Area

"The Santa Eduwiges and La Union mines expose four northwest dipping fault breccia veins and a flat-zone of mineralization (See Figure 8). These include:

- the La Union and La Union west veins and intervening flat-zone of mineralization in the La Union mine,

- the Santa Eduwiges vein, which is the southeast continuation of the vein exposed in the Veta Tierra mine to the northeast, and

- The Northwest vein, located 65 meters northwest of the La Union portal.

Work in 1999-2000 focused on detailed surface mapping and prospecting, underground re-habilitation of the La Union and Santa Eduwiges workings, and detailed underground mapping and sampling in the La Union mine. Results of this work are summarized in the following sections."

9.4.7 La Union

"The La Union mine has seen recent mining activity owning to the high grade tenor of mineralization hosted in the La Union west vein, a northwest dipping fault breccia vein. Previous sampling of this vein has returned >200 g/t Au (M. Linn, Pers. Comm.). In addition to the La Union West vein, the La Union workings expose a second northwest dipping fault breccia vein 25 meters southeast of the La Union west vein (the La Union vein) and a zone of flat lying mineralization in the intervening ground.

The La Union and La Union west veins are quartz-chlorite fault breccia veins containing pyrite and chalcopyrite mineralization. The La Union vein is exposed for 40 meters in the underground workings. The vein strikes southwest, dips steeply (>70°) to the northwest, and is offset by several normal faults with minor (<0.5 m) displacement. The La Mochemara workings, located 120 meters to the southwest, are inferred to be the continuation of the La Union vein. Samples collected from this La Union vein averaged 3.3 g/t Au over 0.8 meters and are significantly lower in grade than those collected by CRM in 1981 (Table 11). CRM sampling of the same vein returned 202 g/t Au over 0.4 meters, 20.4 g/t Au over 0.6 meters and 38 g/t Au over 0.7 meters. Based on 1999-2000 results additional sampling is planned for the La Union vein. In contrast, the La Union west vein, exposed for 20 meters along strike, dips moderately to the northwest (40°) and is wider and higher grade, averaging 17.7 g/t Au over 1.6 meters (Table 11). The La Union west vein is truncated by a normal fault at the south end of the underground workings with apparent right lateral displacement; the southwest continuation of the vein is offset 6 meters to the west."

"In addition to underground exposure, the La Union veins were targeted by 8 diamond drill holes in 1997 (drill holes SJG '97-27 to 34). Four of the eight drill holes intercepted the La Union vein and returned up to 8.9 g/t Au over 2 meters (SJG '97-34)." (See Drilling - La Union, Item 10.4).

Table 11. Significant Samples from the La Union Workings, Including the La Union Vein, La Union West Vein and the Flat-Zone.

Sample	**Vein**	**Width (m)**	**Au g/t**	**Ag g/t**	**Cu ppm**	**Pb ppm**	**Zn ppm**
208951	La Union	0.7	0.7	8.4	2,165	46	533
208954	La Union	1	1.1	7.1	1,987	28	402
208950	La Union	0.8	2.3	5.9	1,731	83	1092
208953	La Union	0.5	2.8	9.6	2,925	44	142
208946	La Union	0.8	4.9	18	2,894	51	115
208949	La Union	1.5	8.2	23	8,452	50	355
209792	Flat Zone	1.5	0.7	0.7	91	12	1,044

Sample	Vein	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
209794	Flat Zone	2	0.8	1.6	806	14	204
209779	Flat Zone	1.3	1.6	11.3	3,297	29	909
209778	Flat Zone	1.7	3.2	6.6	2,853	25	984
209793	Flat Zone	1.3	3.3	3.4	1,244	25	1834
209784	Flat Zone	1	3.7	28.3	3,530	6,015	6,076
209782	Flat Zone	1	3.9	37.8	5,620	>10,000	>10,000
209780	Flat Zone	0.9	4.4	9.8	4,055	50	809
209783	Flat Zone	1	6.1	5	1,002	1,881	4,913
208949	Flat Zone	1.5	8.2	23	8,452	50	355
209788	La Union west	2	11.6	28.7	12,000	212	978
209786	La Union west	1.7	12.7	14	2,113	1,095	3,909
209789	La Union west	1	17.1	51.2	12,000	760	1,294
209787	La Union west	1.8	29.4	16.1	3,090	405	1,085

"The La Union workings expose a zone of flat-lying mineralization between the La Union and La Union West veins. The flat zone consists of a series of stacked quartz-chlorite veins containing chalcopyrite and pyrite exposed for >3 meters along the walls of the mine. Initial sampling of this style of mineralization returned up to 8.2 g/t Au over 1.5 meters. The width of these flat zones (>3m) and the grade (2.5 g/t Au) represents an attractive target amenable to mechanized mining. Continuing work at La Union will involve additional sampling of the flat-zone to better characterize the size and tenor of this style of mineralization."

9.4.8 Santa Eduwiges

"The Santa Eduwiges mine, located immediately south of the La Union mine, saw production on three levels over 40 meters elevation and 100 meters strike length. The upper two levels have been mined out and are stoped to surface. The lower level was partially caved and was the focus of recent exploration activities. As of the end of the current program cleaning of the underground to permit access was still in progress.

Previous work in the Santa Eduwiges mine, mostly by CRM in 1981, indicates that the vein strikes southwest and dips 60° to the northwest and averages 20 g/t Au, 27 g/t Ag and 0.74% Cu over 0.7 meters. Mapping of the Santa Eduwiges vein on surface has demonstrated that the vein is continuous on surface for 70 meters northeast of the portal through a series of pits and old workings. Northeast of the Santa Eduwiges portal, the vein is truncated by a north dipping fault with 10 meters right lateral displacement. To the northeast the vein is projected through a series of small glory holes south of Veta Tierra.

The Santa Eduwiges vein was intercepted in two drill holes during the 1997 exploration program including 7.5 meters of 2.2 g/t Au (SJG97-31) and 4.3 meters of 1.3 g/t Au (See Drilling – La Union, Item 10.4). Although low grade, these two drill intercepts extended the Santa Eduwiges vein to a depth of 130 meters below the current level of exposure. Continuing exploration at Santa Eduwiges will focus systematic mapping and sampling to confirm the tenor of mineralization and to provide additional geological information to direct future drilling."

9.4.9 Northwest Vein

"The Northwest vein, located 60 meters northwest of La Union is exposed in a series of old pits and workings for 400 meters along strike from north of La Parilla, northeast to the Veta Tierra area. From surface prospecting it is apparent that this vein was extensively pitted on surface, with remaining outcrops invariably comprising intensely silicified wall rock and stockwork veining, with the vein material removed. The vein is interpreted to strike southwest and dip moderately to the northwest, based on prominent fault planes in outcrop which are interpreted to be the footwall or hangingwall contact of the now excavated vein. Abundant vein float, including hematite-quartz breccia vein, crustiform quartz, and bull quartz veining containing galena are present along the trace of the vein. One sample containing bladed quartz (after calcite) was collected from the northeast end of the vein. Float samples collected from vein material along the trace of the Northwest vein range from 0.8 to 5.6 g/t Au and consistently exhibit elevated lead concentrations (Table 12). In addition to surface exposures, the Northwest vein has also been intercepted in drill core. Drill hole SJG 97-29, targeted at the La Union flat-zone, intercepted 3.1 meters averaging 3.6 g/t Au (See Drilling – La Union, Item 10.4), the significance of which was not fully understood until the discovery of the Northwest vein on surface.

Table 12. Significant Samples Collected Along the Trace of the Northwest Vein.

Sample	Type	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
209574	Float	5.3	21.4	342	2,844	388
209587	Float	2.2	7.8	558	681	66
209588	Float	5.3	13.2	231	2,092	117
209589	2 m	1.4	3.1	178	1,287	165
209573	Float	1.6	9.0	291	2,630	305
209570	Float	5.6	20.5	510	>10,000	272
209569	Float	0.8	6.8	187	2,428	181

9.4.10 La Mochemara

"The La Mochemara mines are located in the center of the Veta Tierra – La Parilla trend. Little information exists of past production, and the condition of the workings indicates that they have not been mined in recent history. Work in 1999-2000 concentrated on cleaning of the portals and reconnaissance mapping and sampling of the underground workings. Systematic mapping and sampling efforts had to be postponed during exploration as the main underground is a source of water for livestock and could not be drained.

Based on reconnaissance work, the La Mochemara exposes the southwest continuation of the La Union vein, and a flat-zone, located to the southeast of the vein. Sampling of the two structures returned anomalous gold mineralization including 7.4 g/t Au over 1 meter from the La Union vein, and 4.4 g/t Au over 0.5 meters from the flat-zone (Table 13). Future work in the La Mochemara area will focus on detailed mapping and sampling of the underground workings."

Table 13. Significant Samples Collected from the La Mochemara Underground.

Sample	Type	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
145197	**Vein**	**0.7**	**1.2**	**1.5**	**297**	**39**	**121**
145101	**Vein**	**0.6**	**1.4**	**2.3**	**250**	**9**	**69**
145102	**Vein**	**0.2**	**3.6**	**16.6**	**5,832**	**9**	**86**
145104	**Flat-zone**	**0.5**	**4.4**	**7.5**	**1,110**	**121**	**218**
145200	**Vein**	**1.1**	**7.4**	**29.5**	**9,124**	**29**	**84**
145199	**Stockwork**	**0.3**	**7.5**	**10.9**	**3,542**	**21**	**82**

9.4.11 La Parilla

"La Parilla, located at the southwest end of the Veta Tierra – La Parilla trend, is an old mine with no historical data in the way of underground plans, grade information and vein mineralogy; at the beginning of the 1999-2000 program the portal was blocked by caved material. Work in 2000 focused on cleaning the portal to access the underground workings (Photo 8). As of April, 2000 work had advanced 26 meters along the access drift to a caved area. During excavation, hematite-quartz vein float was from the underground workings was collected for analysis and returned 3 g/t Au (sample 209556). Prospecting in the vicinity of the portal located hematite-quartz vein float in an area near an old surface pit above the trace of the underground workings that returned 18.1 g/t Au."

Photo 8. View of rehabilitation work in progress at the La Parilla portal.

9.5 San Pablo Trend

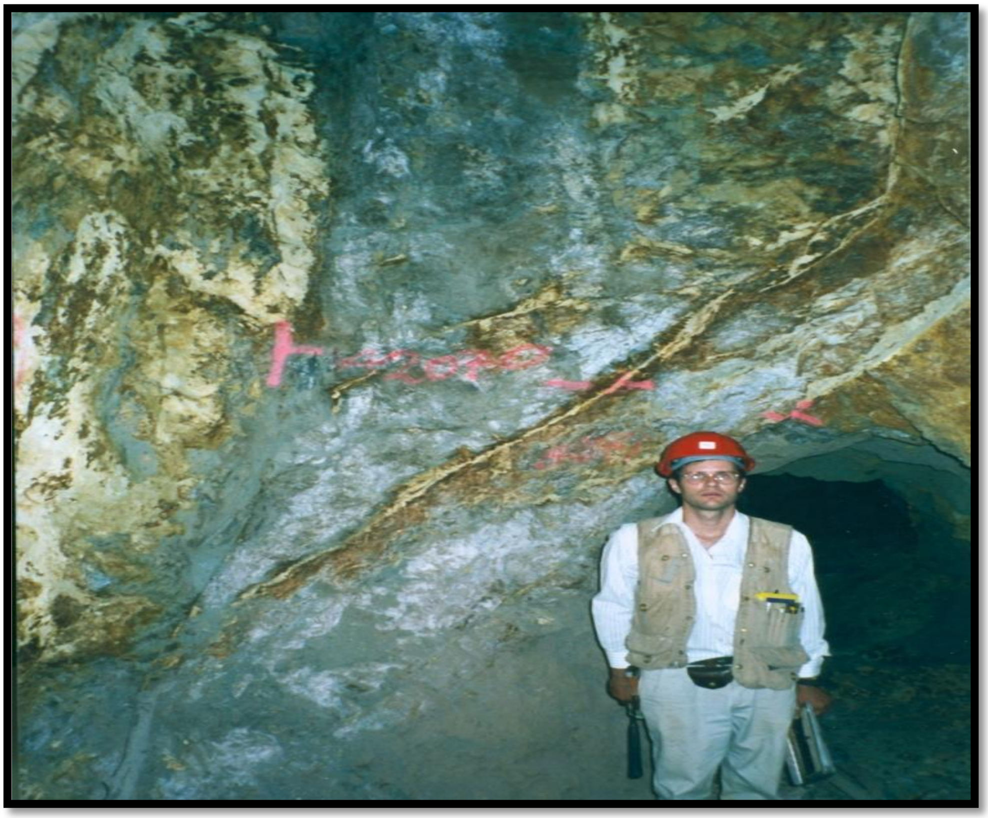
According to Kaip:

> "The San Pablo Mine, located in the central part of the project area, lies north of the La Parilla to Veta Tierra trend and south of the Los Hilos to Tres Amigos trend. San Pablo is a relatively recent discovery at San José de Gracia, with the majority of mining occurring during the 1980's. With the exception of a single outcrop near one of the portals, the San Pablo vein system is exposed only within underground workings for 135 meters along strike and over a vertical extent of 35 meters. The San Pablo trend consists of two southwest striking breccia veins, namely a sub-vertical chlorite-rich breccia vein, and a moderately dipping quartz-rich fault breccia vein; the intersection of the two veins forms a southwest plunging ore shoot.
>
> Sampling of the two veins shows a direct correlation between gold grades and sulphide intensity in the San Pablo trend. To date, the sub-vertical chlorite-rich breccia vein exhibits the greatest continuity of gold mineralization along strike. Of the twenty-three samples collected, the vein averages 28.3 g/t Au over 0.85 meters. Where the two veins intersect a moderately southwest dipping ore shoot is developed and corresponds with an increase in vein widths and gold grade, as well as the development of stockwork mineralization adjacent to the veins. Sampling of footwall mineralization adjacent to the ore shoot has yielded 8.7 g/t Au over 10 meters and 5.4 g/t Au over 10 meters (true widths).
>
> To the northeast, the San Pablo vein system is cut by a west striking, north dipping fault exposed in the underground workings. A lack of old workings on the north side of these faults suggests that no attempt has been made to trace the San Pablo vein system in this area. Similarly, the San Pablo trend appears to be unexplored to the southwest, suggesting that the trend is open along strike, as well as at depth below current workings.
>
> The absence of old workings on the northeast side of this fault indicates that no systematic exploration was completed on the northeast extension of the San Pablo trend. To the southwest, the San Pablo trend appears to be unexplored since no historical information exists. It is possible that the Sapopa adit, 280 meters southwest of the San Pablo workings is the southwest continuation of the San Pablo vein, but this is unsubstantiated. Currently, the San Pablo trend is open in all directions and continuing exploration will be devoted towards exposing these veins through surface exploration and diamond drilling.
>
> Work in 1999-2000 focused on mapping and sampling of the San Pablo veins on all four levels and was oriented towards sampling the veins, footwall and hangingwall at regular intervals. The majority of sampling was completed on the lowest level (Paco level) since mining in the upper levels has removed the majority of vein material. Of the 87 rock samples collected, 45 samples are from the two veins. The quartz-breccia vein consists of wall rock fragments hosted within a matrix of banded quartz (+adularia?) and lesser chlorite with varying concentrations of pyrite and chalcopyrite. Sampling of the quartz-rich breccia vein indicates that it hosts low concentrations of gold in the northern half of the vein. However, gold grades increase near the intersection of the two veins, where a 1 meter chip channel of the quartz-rich breccia vein returned 4.0 g/t Au. In the southern half of the Paco workings, the quartz-rich breccia vein hosts sporadic, but consistently higher concentrations of gold, including 25.3 g/t Au over 1 meter. This increase in gold grade correlates with an increase in the sulphide content of the vein. Over its length the quartz-rich breccia vein averages 2.8 g/t Au over 1 meter (20 samples)."

Table 14. Significant Chip Channel Results from the San Pablo Workings

Sample	Interval	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
142039	Quartz-rich	0.6	4.0	5.7	973	17	111
142054	Quartz-rich	0.5	8.5	26.1	7,128	191	100
142051	Quartz-rich	1	25.3	22	2,723	61	113
142055	Quartz-rich	0.5	25.8	29.2	7,917	71	179
142049	Chlorite-rich	1	6.6	11.8	1,432	37	106
142082	Chlorite-rich	0.6	8.8	5.2	1,869	18	106
142075	Chlorite-rich	1.3	11.8	17.8	10,000	19	84
142047	Chlorite-rich	0.9	12.9	73.2	17,000	116	480
142037	Chlorite-rich	0.4	17.6	20.2	5,046	24	84
142076	Chlorite-rich	0.6	18.1	15.4	8,021	20	103
142041	Chlorite-rich	0.9	18.4	21.8	5,117	6,365	17,000
142081	Chlorite-rich	1	22.4	33.3	1,031	100	31
142040	Chlorite-rich	1	23.3	44.3	13,000	47	143
142038	Chlorite-rich	1	25.1	28.1	6,502	64	227
142083	Chlorite-rich	1.2	36.9	23.6	9,658	47	178
142044	Chlorite-rich	0.7	42.7	42.3	14,000	268	252
142080	Chlorite-rich	1	52.7	29.3	3,160	74	39
142073	Chlorite-rich	0.6	59.2	17.8	6,333	19	128
142046	Chlorite-rich	1.3	65.4	28.2	8,181	60	159
142045	Chlorite-rich	0.9	69.2	40.4	21,000	35	197
142050	Chlorite-rich	0.5	75.1	28.6	8,342	83	233
142043	Chlorite-rich	0.6	91.7	23.8	5,746	136	363
145176	Chlorite-rich	0.5	28.7	79.5	12,330	177	186
142061	FW stockwork	2	4.4	15.4	2,280	140	489
142063	FW stockwork	2	5.0	3.4	477	13	152
142064	FW stockwork	2	8.4	12.3	3,006	23	200
142065	FW stockwork	2	12.0	7.5	1,386	37	205
142066	FW stockwork	2	8.9	13.7	4,364	18	187
145177	FW stockwork	2	5.9	4.9	1,014	11	138
145178	FW stockwork	2	7.4	25.3	6,190	33	171
145179	FW stockwork	2.5	14.5	8.8	1,569	128	603

Photo 9. Underground San Pablo



9.6 La Prieta Trend

According to Kaip:

> "The La Prieta area is reported to have produced approximately 215,000 ounces of gold at an average grade of 28 g Au/t. Mineralization is hosted within a SW striking, moderately NW dipping fault breccia vein and a flat-lying zone between two moderately NW dipping veins. The flat-zone gently plunges to the north and exploits a pre-existing thrust fault. Based on mapping of the underground workings, the flat-zone measures in excess of 100 x 50 m and averages between 1.5 and 2 m in width (See Photo 10).
>
> Limited sampling of the underground workings returned values such as 1.1 g Au/t over 0.9 m , 5.1 g Au/t over 1.0 m up from moderate dipping veins and 48.84 g Au/t over 1.6 m from the flat-lying zone. Maps of the San José de Gracia area show a series of old mines and workings located along strike and to the northeast of the La Prieta mine. These workings are interpreted to form the northeast continuation of the La Prieta Trend."

Figure 13. Underground Workings, La Prieta-El Rosario

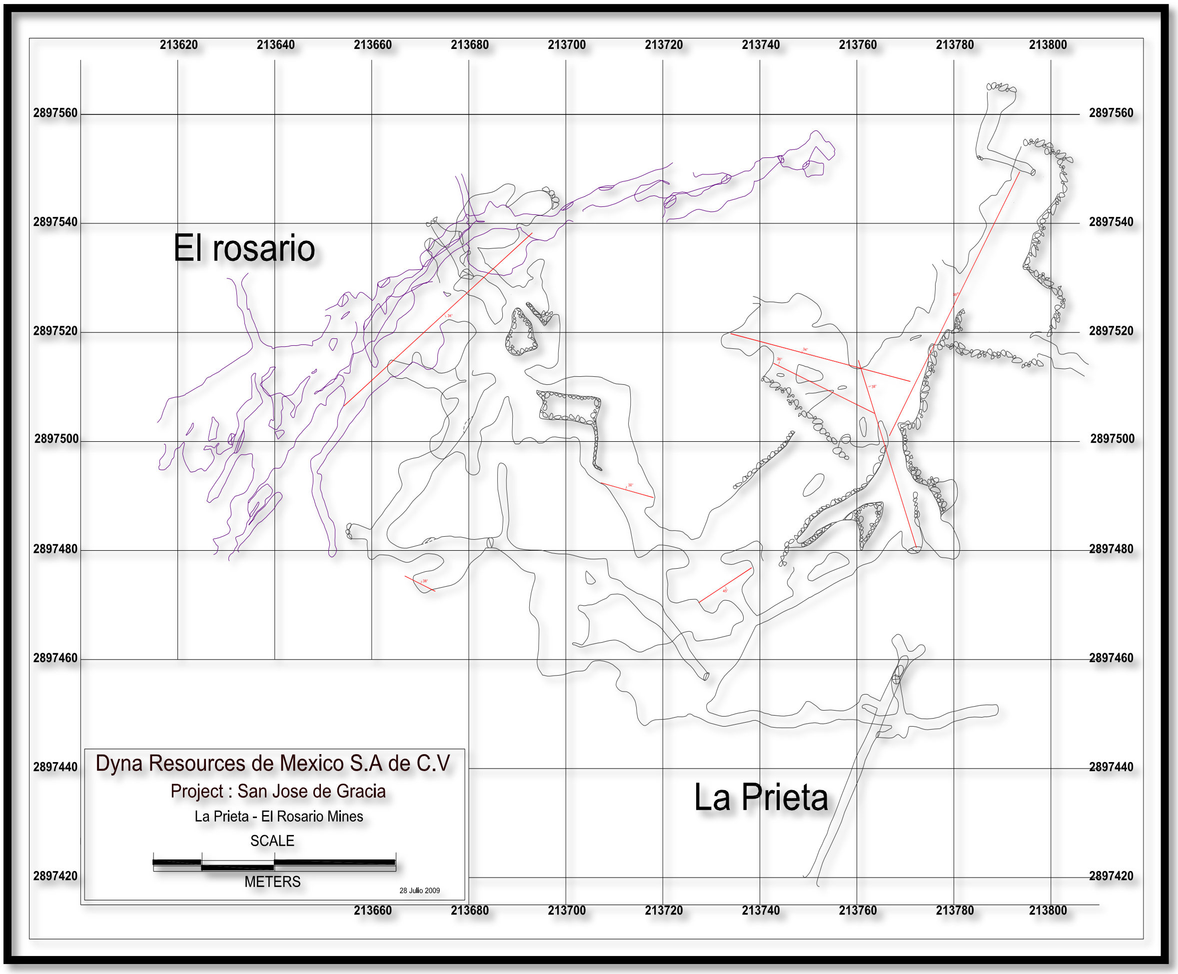
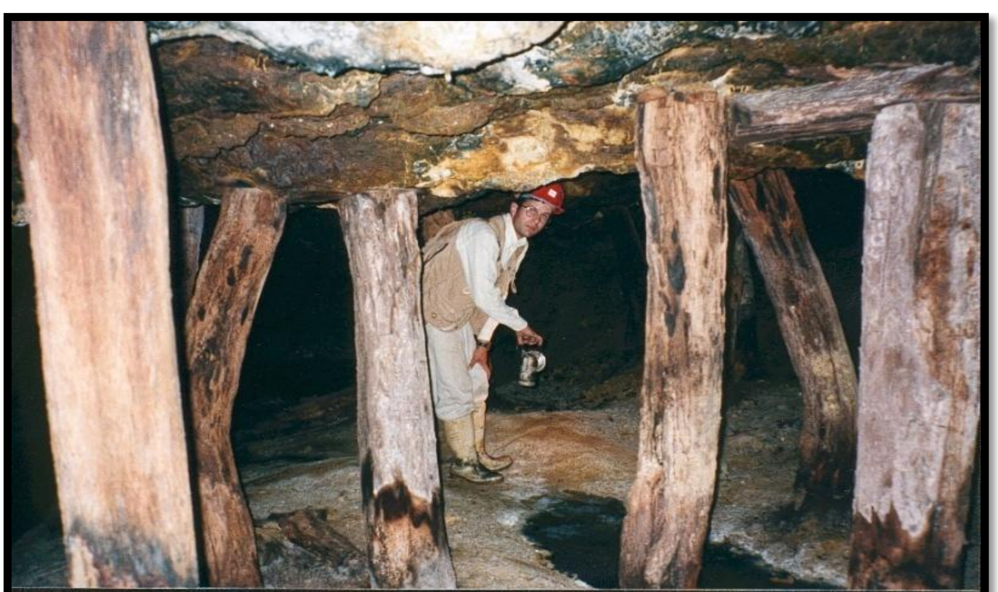


Photo 10. La Prieta Underground, Flat Zone.



"A total of sixteen samples were collected from underground workings. Gold concentrations were generally low, averaging between 0.12 and 5 g/t Au. One sample collected from a northwest dipping vein returned 48.84 g/t Au over 1.6 meters. Of the five samples collected from the flat zone, one sample returned 2.5 g/t over 1.3 meters. Significant assays from 2000 sampling are presented in Table 15.

With the exception of one sample from the northwest dipping fault breccia vein, samples collected during reconnaissance work in the La Prieta mine have returned lower than anticipated values. For the flat-zone this is attributed to effective removal of ore during mining and the inability to reach the working faces since the mine is partially flooded. Future work in the La Prieta workings will concentrate on detailed mapping and systematic sampling to better understand the exploration potential."

Table 15. Significant Assays From the La Prieta Workings.

Sample	Interval	Width (m)	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209173	Flat-zone	1.3	2.5	48.4	12000	26	76
209163	Vein	1.6	48.8	42.8	12000	37	518
209174	Vein	1.0	5.1	9.7	2053	27	90
209169	Vein	0.6	4.1	17.2	4439	20	82
209168	Vein	0.1	1.8	5.8	568	28	146
209167	Vein	0.9	1.1	1.7	70	32	54

9.7 Santa Rosa to Tres Amigos

According to Kaip:

"The Santa Rosa - Tres Amigos Trend, at the northeastern end of the project area, has a minimum strike length of 1.4 km. This trend contains past producing mines at Tres Amigos, Tres Amigos West, La Ceceña, Tepehauje, Los Hilos and Santa Rosa (Photo 11). In general, records indicate that old workings extend no more than 50 meters down dip and 50 to 100 meters along strike. Veining in the Santa Rosa to Tres Amigos Trend is hosted predominantly within tuffaceous to massive andesite, with tuffaceous strata ranging from fine grained lapilli tuff to coarse angular to subrounded tuff breccias. In contrast, the footwall to mineralization at Tres Amigos consists of rhyodacite, which is well exposed in the hills east of Tres Amigos."

Photo 11. View Looking North from the Gossan Cap toward the Tres Amigos to Los Hilos Area

"Work in 1999-2000 in the Santa Rosa to Tres Amigos area focused on mapping veins and associated alteration on surface along the trend and measuring the degree and sense of offset on faults which displace stratigraphy and mineralization. This process was hampered to some degree by past mining which selectively removed surface exposures of the vein. In some areas, such as at Santa Rosa NE, this process was advanced enough that the hematitic, gold-rich portions of the vein were removed and the lower grade quartz-barite portions were left *in situ*. In other areas, such as at Santa Rosa SW and Tres Amigos West the vein was removed in its entirety and all that remains are elongated pits surrounded by outcrop of argillically altered andesite with low precious metal grades and rare vein float. Despite these obstacles, surface mapping was successful in outlining the trace and orientation of the veins, and determining vein offsets as a result of faulting."

9.8 Tres Amigos and Tres Amigos West

"Workings at Tres Amigos, last exploited on a small scale in the mid-1990's, extend along strike for 95 meters and up dip for approximately 40 meters on three levels, the lowest of which opens on surface on a prominent hillside."

Photo 12. View to the Northeast of the Tres Amigos Portals.

"Sulphide-rich quartz vein and quartz breccia vein at Tres Amigos occur along the contact between footwall rhyodacite and hangingwall andesite, with an average orientation of 242º/42NW. Within the old workings the vein is offset in a right lateral sense over distances of less than one meter by northwest striking, shallowly to moderately northeast dipping faults. Alteration at Tres Amigos is asymmetrical, with well developed quartz-sulphide stockwork and intense silicification in the footwall rhyodacite, and weak stock working and silicification in the hangingwall.

Some 30 meters to the southwest, old workings at Tres Amigos West extend along strike for 25 meters and up dip for approximately 2.5 meters, with an average orientation of 241º/57NW. Mineralization at Tres Amigos West is truncated to the northeast by a west to northwest, moderately north to northeast dipping fault, which is interpreted to offset veining at Tres Amigos West from that at Tres Amigos by a distance of some 10 meters.

Abundant historic sampling at Tres Amigos and Tres Amigos West has established that this non-oxidized vein, that averages 5.9 g/t Au over 2.6 meters (Kaip) contains anomalous Ag and high base metal contents (22.0 g/t Ag, 0.56% Cu, 0.61% Pb and 1.07% Zn). The high base metal contents are consistent with the presence of abundant pyrite, chalcopyrite, sphalerite and galena. In 2000 four representative samples were collected from the underground workings to verify past results. Whereas the results from Tres Amigos were comparable to past results, a gold grade of 22.98 g/t over 1 meter at Tres Amigos West is significantly higher than results from historic sampling and warrants follow-up."

Table 16. Underground Channel Sampling at Tres Amigos and Tres Amigos West

Sample #	Area	Width (m)	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209795	Tres Amigos	1.0	5.92	169.9	63,000	387	1,855
209796	Tres Amigos	0.7	3.24	15.2	3,833	2,832	2,809
209797	Tres Amigos	0.8	3.55	21.0	6,231	198	2,808
209798	Tres Amigos West	1.0	22.98	85.5	5,330	>10,000	>10,000

"Tres Amigos was one of the main areas of interest in the 1997 drill program (Golden Hemlock), with a total of 3,122 meters drilled in 26 DDH (SJG97-01 to 14 and SJG97-35 to 47). (See Drilling – Tres Amigos, Item 10.2). Drilling concentrated on defining the tenor of gold mineralization of the Tres Amigos vein along strike and down dip from the underground workings. Drilling confirmed that the Tres Amigos vein extended to depth and along strike of the underground workings and defined a 200 meter long zone of mineralization extending to a depth of 150 meters below the deepest workings. The grade and thickness of mineralization intercepted in the drill holes is comparable to that exposed in the underground workings. In addition to proving the continuity of the vein along strike and down dip, drilling outlined a north trending ore shoot along the trace of the vein. The ore shoot corresponds to a roll, or flattening of the Tres Amigos vein. From re-logging of core, this roll in the Tres Amigos vein is characterized by a central vein bounded by a broad zone of chlorite stockwork alteration and mineralized stockwork veining."

9.9 Orange Tree Vein

"The Orange Tree vein, in the Tres Amigos area, was intercepted in 2 drill holes in the 1997 program. Significant drill intercepts from the vein include 3 meters of 29.5 g/t Au and 1.55 meters of 23.1 g/t Au (See Table 17 and see Drilling – Tres Amigos, Item 10.2). The Orange Tree vein is a northwest striking, sub-vertical dipping massive sulphide vein that cross cuts the Tres Amigos vein. The Orange Tree vein is exposed on surface above the Tres Amigos portal where it returned 210 g/t Au over 0.1 meters. From the Tres Amigos area, the Orange Tree vein is inferred to extend to the La Plumosa adit, located 400 meters to the northwest. Delineating the strike extent of the Orange Tree vein is a priority for the next phases of work."

Table 17. 1997 Diamond Drill Intercepts of Orange Tree Vein

Hole_id	Target	From (m)	To (m)	width (m)*	Au (g/t)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
SJG97-39	OT vn	40.2	43.2	3	29.50	44.6	5,779	9,486	74,500
SJG97-47	OT vn	124.94	126.83	1.89	6.66	10.2	698	1,681	46,000
SJG97-47	OT vn	130.45	132	1.55	23.10	42.5	2,371	8,311	80,000
Average*				2.1	21.26	34.0	3,467	6,912	67,460

* drill indicated width; OT vn = Orange Tree vein

9.10 La Ceceña

"The La Ceceña mine, located some 200 meters southwest of Tres Amigos West, is caved and inaccessible. However, maps of the underground workings produced by the CRM in 1980 are available and have been incorporated into maps produced for this report. CRM maps of La Ceceña show that the workings extended some 70 meters along strike and 25 meters down dip and were accessed by a portal which drifted in some 35 meters northwest to intersect mineralization. These maps, along with historical reports, indicate that mining of this southwest striking, moderately northwest dipping vein was stopped in both directions along strike when faults were hit and mineralization was lost. Surface mapping in 2000 suggests that the zone was offset right laterally on the order of 5-15 meters at each end.

One drill hole in the 1997 program (SJG97-50) targeted the down dip extension of La Ceceña; this hole cut 1.4 meters of 8.5 g/t Au (See Drilling – Tres Amigos, Item 10.2). Surface sampling of abundant quartz vein float immediately southwest of La Ceceña in 2000 has yielded values of up to 21.47 g/t Au, with low base metal contents (Table 18). An exploratory trench aimed at finding the source of this high-grade float failed to reach outcrop at depths of up to 2 meters. Based on the grade and quantity of mineralized float in this area continued trenching is warranted to find, map and sample the near surface exposure of the vein in this area with aims towards drill testing this target in future drill programs."

Table 18. 2000 Float Sampling Directly Southwest of La Ceceña.

Sample #	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209668	9.26	6.9	103	556	85
209669	0.34	3.0	105	537	149
209670	21.47	9.5	98	435	36
209671	1.37	1.8	3557	175	2131

"Quartz vein, offset by a series of northwest and west striking right lateral faults, was traced in outcrop and float intermittently between La Ceceña and Los Hilos. Of particular interest is an area of quartz-hematite stringer veins in outcrop adjacent to very coarse grained calcite-quartz vein float located some 130 meters east northeast of Los Hilos. Although the quartz-hematite stringers is only weakly anomalous for gold (up to 0.078 g/t Au), a sample of the coarse grained calcite-quartz vein float (sample 209682) contains 104.28 g/t Au.

Table 19. Float and Chip Samples Northeast of Los Hilos.

Sample #	Type	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209682	Float	104.28	19.1	41	110	108
209705	0.2m chip	0.078	0.3	13	479	54
209706	0.25m chip	0.075	7.1	34	66	211

9.11 Los Hilos

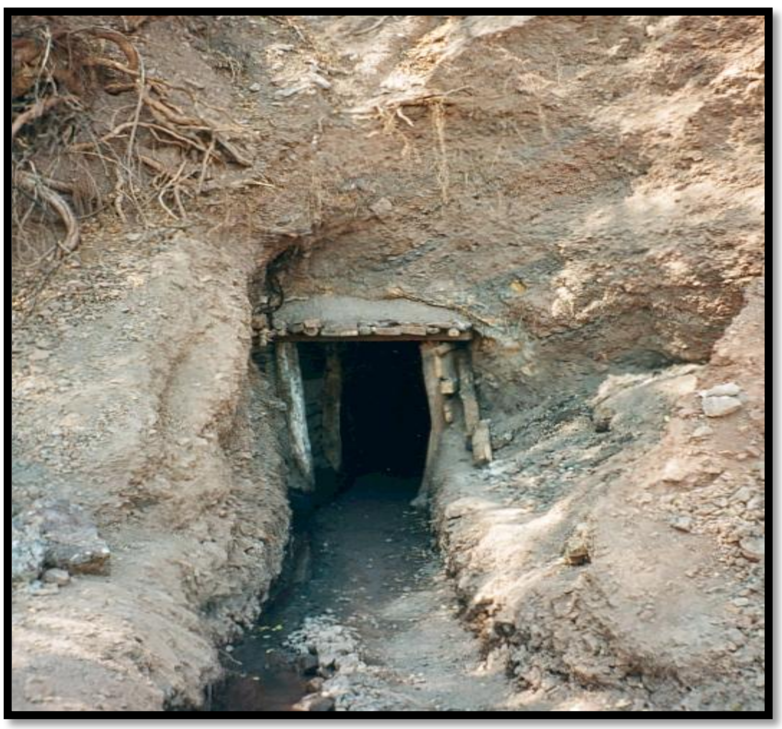
"Los Hilos, located in the center of the Santa Rosa - Tres Amigos trend, represents one of the first mines in the San José de Gracia district. Little historical information exists in the way of underground plans, grade information and vein mineralogy for the mine and although Los Hilos has seen limited production as recently as the 1950's or 60's, the portal, which lies at the base of a steep talus slope, is caved."

"Efforts were made in 2000 to reopen the mine for mapping and sampling; by the time the most recent phase of work was completed in April, 2000 the first 10 meters of the portal was accessible and three samples were collected. This sampling was very encouraging, with a chip sample from a large quartz-calcite vein boulder grading 92.88 g/ Au and a grab sample of quartz stringer mineralization off the back (209799) grading 11.20 g/t Au. The high grade quartz-calcite vein (209799) from the Los Hilos portal is very similar to the high grade vein float sample (209682: 104.28 g/t Au) collected from a zone of similar float some 130 meters to the east northeast. Further work in this area is warranted to define the extent of this high grade mineralization. This can best be achieved through additional efforts to open the Los Hilos underground, as well as via additional surface work in the form of geological mapping, sampling and trenching."

Table 20. 2000 Sampling of the Los Hilos Portal

Sample #	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209702	0.33	2.1	27	8	17
209799	11.20	4.6	69	212	129
209800	92.88	43.6	229	1460	920

Photo 13. View of Los Hilos Portal



9.12 Santa Rosa

"Santa Rosa represents another area of historic production from which little or no information exists on the extent of past work, grade mined or vein mineralogy. Two surface exposures of the mined vein, located some 170 meters apart, have been mapped and sampled. Surface exposures of the vein were mined by hand in the 1980's by Rosarito; the higher grade hematitic portions of the vein were selectively extracted whereas the lower grade quartz with minor calcite and barite was in part left *in situ*. The highest grade sample collected from the Santa Rosa vein in this program was a piece of quartz-hematite vein float (209697), containing 16.19 g/t Au. Other samples collected at Santa Rosa (209696-209701) consist of quartz vein with minor calcite and barite and argillically altered wall rock and contain weakly anomalous gold values (up to 0.377 g/t Au). Trenching and sampling in areas not previously mined is required to assess the relative importance of this target."

Photo 14. View of Old Surface Workings and the Excavation of Vein Float at the Santa Rosa

9.13 Other Targets

9.13.1 Rudolpho Vein

According to Kaip:

"The Rudolfo vein is a southwest striking, moderately northwest dipping massive sulphide vein hosted within strongly silicified and sericite altered volcanic and sedimentary rocks located 300 meters south of Tres Amigos. The vein has been traced for 170 meters on surface from the main exposure, located in the quebrada, southwest towards El Rosarito. Sampling of the vein on surface has returned up to 30.1 g/t Au over 0.8 meters. Two holes were drilled in 1997 to test the down dip extent of the Rudolfo vein below the main showing. Drilling intercepted the Rudolfo vein within a broader zone of silicification and sericite alteration characterized by elevated concentrations of lead and zinc mineralization. Significant vein intercepts from the Rudolpho vein area are listed in Table 21." (See Drilling – Tres Amigos, Item 10.2.).

Table 21. 1997 Drill Intercepts for the Rudolfo Vein Area

Hole_id	**Target**	**From (m)**	**To (m)**	**width (m)***	**Au (g/t)**	**Ag (ppm)**	**Cu (ppm)**	**Pb (ppm)**	**Zn (ppm)**
SJG97-48	RD vnsw	61	66.98	5.98	1.71	4.8	148	4,853	**31,033**
SJG97-48	RD vn	61	64.02	3.02	2.56	7.5	183	8,716	**48,000**
SJG97-48	Unknown	108.84	110.16	1.32	0.95	37.7	16,370	53	1,719
SJG97-49	Unknown	34.5	36.6	2.1	0.57	11.0	2,166	2,914	**58,000**
SJG97-49	RD hwsw	96	100	4	0.38	4.5	891	526	**23,928**
SJG97-49	RD vn	102	104	2	1.05	0.3	58	83	643

* drill indicated width; RD vn = Rudolfo vein, vnsw = vein and adjacent stockwork mineralization, hwsw = hangingwall stockwork zone.

9.13.2 Coralia Vein

"A new vein, the Coralia Vein, was discovered outcropping on a ridge some 190 meters northwest of the Los Hilos portal and at approximately 100 meters greater elevation. The Coralia vein, which cuts moderately hematite stained andesite lapilli tuff, strikes southwest and dips steeply to the northwest (234º/85NW), subparallel to veining in the Santa Rosa - Tres Amigos Trend. The Coralia Vein is a quartz-hematite breccia vein with up to 2% barite. Barite in the vein occurs as coarse grained masses of radiating crystals up to 5 mm in diameter.

A 1 meter wide trench was dug across the vein; two vein samples were collected from the trench and an additional one from float some 50 m down slope from the trench (Table 22). In general, samples collected from the Coralia Vein are characterized by relatively low iron content (0.9-3.3%) and extremely low base metal contents (Cu to 9 ppm, Pb to 7 ppm, and Zn to 11 ppm). Samples of the Coralia Vein collected to date are all anomalous in gold and as such warrant additional work, including mapping and trenching along strike from the areas of known exposure."

Table 22. 2000 sampling of the Coralia vein.

Sample #	type	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
209687	outcrop grab	2.27	1.1	9	4	4
209691	0.8 m chip	1.04	0.2	5	7	8
209692	float	0.46	0.6	7	4	11

9.14 Geochemical Correlations

According to Kaip:

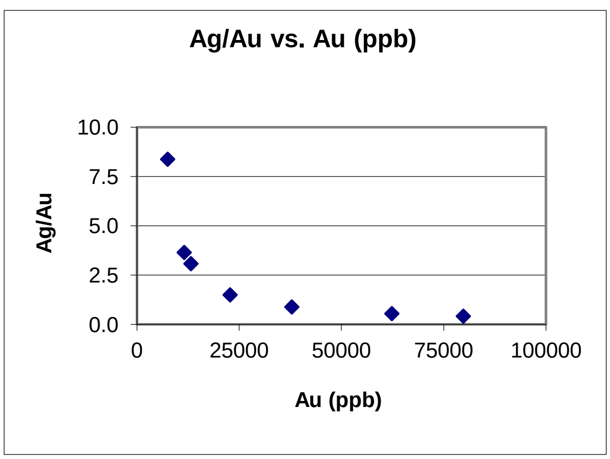
"Analytical data from 1999-2000 rock samples were used to investigate broad scale geochemical correlations at San José de Gracia (Table 23). The average Ag/Au ratio of all rock samples with gold and silver values above detection limit was determined to be 8.36. However, when the Ag/Au is recalculated using increasingly higher threshold values for Au, the Ag/Au ratio drops. Figure 14 illustrates that as both the Au and Ag contents increase the Ag/Au ratio decreases asymptotically. When the average Ag values are plotted against average Au values for each threshold it is apparent that at lower gold and silver grades (>15-20 g/t) the relationship between Ag and Au is roughly linear, or in other words they increase proportionately to each other. However, at higher grades the Au values increases disproportionately to Ag grade, with the overall effect being one of Au enrichment relative to Ag in areas of very high Au grade."

Table 23. Average Gold and Silver Grades and Ag/Au Ratio for Different Gold Thresholds

Threshold	n	Ave. Au (g/t)	Ave. Ag (g/t)	Ag/Au
Au & Ag a.d.l.	469	7.49	10.2	8.36
Au >= 0.5 g/t	302	11.53	14.7	3.64
Au >= 1 g/t	262	13.19	16.1	3.07
Au >= 5 g/t	138	22.76	21.4	1.49
Au >= 15 g/t	67	37.84	26.7	0.88
Au >= 30 g/t	27	62.31	30.8	0.54
Au >= 50 g/t	15	79.78	32.7	0.41

"Studies on Tonopah, Nevada and Tayoltita Mexico, have demonstrated that the geometric center of these epithermal precious metal vein deposits is characterized by the lowest Ag/Au ratios. Data from San José de Gracia were examined to determine if a similar correlation was evident. However, at the property scale vein samples with the lowest Ag/Au ratios (greatest degree of Au enrichment) could be found throughout the property, in the Anglo, La Purisima, Palos Chinos, Veta Tierra, San Pablo, Santa Rosa, Los Hilos, Tres Amigos and Coralia areas. Once drill results are available for San Pablo and Palos Chinos trends, horizontal and vertical variations in the Ag/Au ratio will be examined to attempt to vector towards the geometric center, and most gold enriched portion of these veins."

Figure 14. Plot of Au Versus Au/Ag (Kaip)



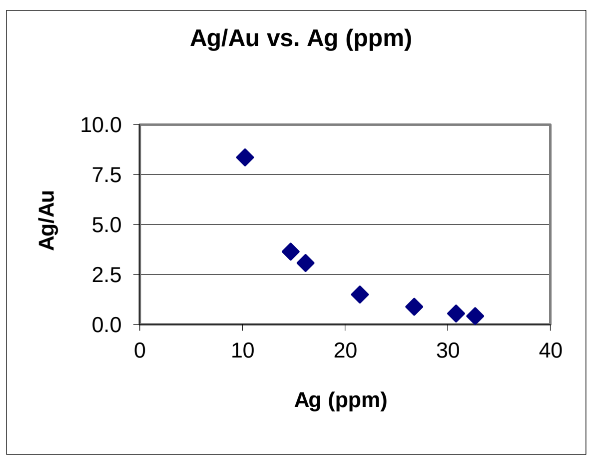
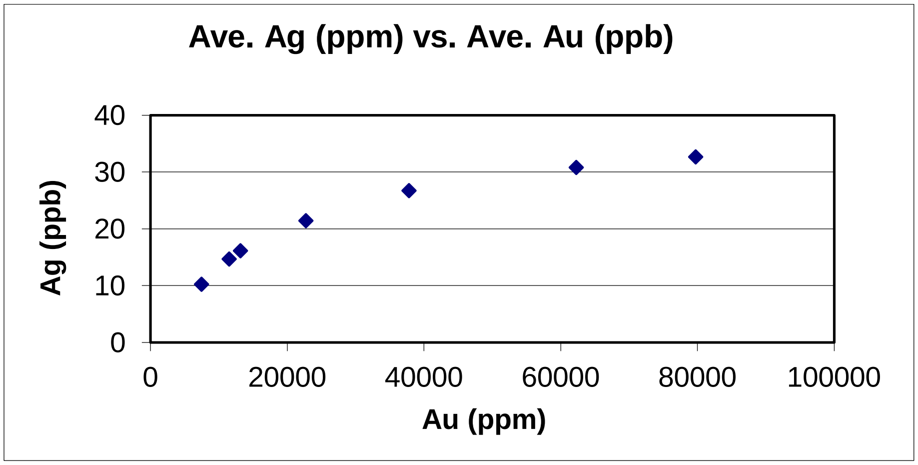


Figure 15. Plot of Au/Ag Gold Correlations for Samples Collected from the San José de Gracia Property (Kaip)



9.15 La Prieta Area - Underground Chip Sampling - Buen Blanco Zone

In 2009 old underground workings at La Prieta were professionally surveyed and locally chip sampled. Assays from several of these chip samples are encouraging for gold, the most significant of which is from a 66 meter section of the north eastern drift, locally known as Buen Blanco. Fourteen chip samples from eight separate sampling stations isolate anomalous shoots assaying up to 20.97 g/t gold across 1.2 meters.

All Samples taken were placed in labeled Kraft bags and sealed to prevent contamination. The samples were then trucked to Hermosillo, Mexico where Inspectorate America Corp. ("Inspectorate") crushed each sample to -150 mesh. The rejects remained with Inspectorate while the pulps were air couriered to Inspectorate's Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption ("AA") finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma ("ICP") analysis (aqua regia digest) was conducted on all samples. A QA/QC program was implemented as part of the sampling procedure for the drill program. One standard, one blank or one duplicate was inserted per group of 20 samples sent the laboratory. These standards were purchased commercially from Rocklabs Ltd. of Auckland, New Zealand.

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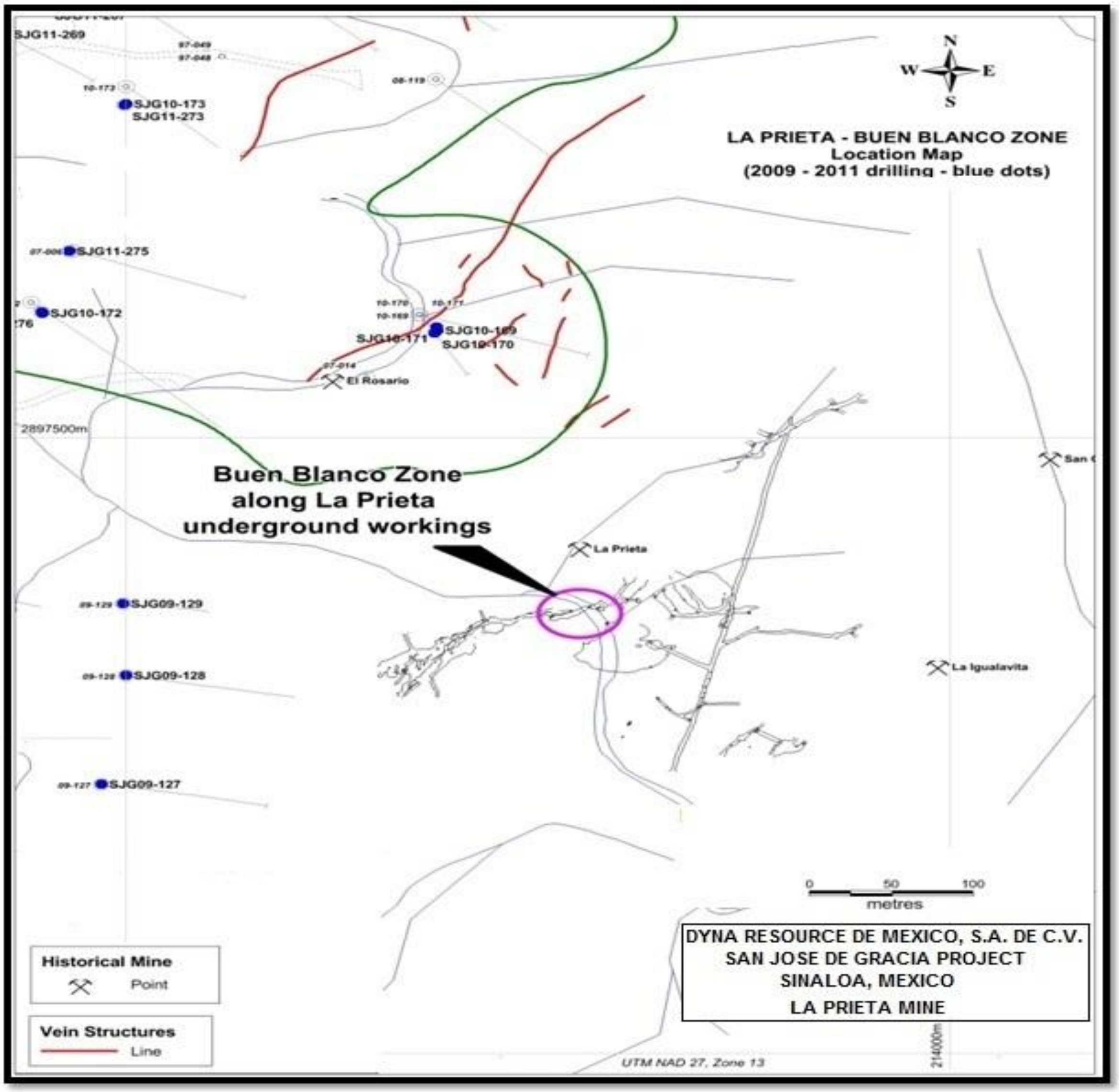
It is not clear if this mineralization is part of the El Rosario vein or a separate structure. The gold vein is located in rough topographic terrain and will be problematic to drill test from the surface.

Table 24. Chip Samples from Buen Blanco Zone - La Prieta. (Station sequence west to east)

Station	Dist W-E	East (start)	North (start)	Elevation	Width	g/t Au	Sample #	Comments
A	0m	213731	2897348	Unknown	0.6	2.28	M-PR-94	Continuous
A	0m	213730	2897348	Unknown	0.8	5.40	M-PR-95	Continuous
A	0m	213730	2897349	Unknown	0.6	16.91	M-PR-96	Continuous
B	4m	213735	2897349	Unknown	1.3	0.99	M-PR-97	Continuous
B	4m	213734	2897351	Unknown	1.2	0.77	M-PR-98	Continuous
C	11m	213741	2897353	Unknown	1.0	0.50	M-PR-99	Continuous
C	11m	213741	2897355	Unknown	1.2	5.19	M-PR-100	Continuous
D	23m	213753	2897355	Unknown	1.5	3.31	M-PR-101	Continuous
E	36m	213767	2897353	Unknown	1.5	2.17	M-PR-102	Continuous
F	40m	213771	2897355	Unknown	1.2	19.24	M-PR-103	Continuous
G	52m	213782	2897361	Unknown	0.8	1.21	M-PR-104	Continuous
G	52m	213782	2897362	Unknown	0.9	1.21	M-PR-105	Continuous
G	52m	213782	2897363	Unknown	1.2	4.52	M-PR-106	Continuous
H	66m	213790	2897360	Unknown	1.4	20.97	M-PR-107	Continuous

Figure 16. La Prieta Buen Blanco Sampling



9.16 Regional Chip Sampling

Several anomalous gold rock samples were collected during 2010. These are located to the northeast and east of Tres Amigos and suggest there are several new mineralized areas that justify additional follow-up field work, including drill testing. All Samples taken were placed in labeled Kraft bags and sealed to prevent contamination. The samples were then trucked to Hermosillo, Mexico where Inspectorate America Corp. (“Inspectorate”) crushed each sample to -150 mesh. The rejects remained with Inspectorate while the pulps were air couriered to Inspectorate’s Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption (“AA”) finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (“ICP”) analysis (aqua regia digest) was conducted on all samples. A QA/QC program was implemented as part of the sampling procedure for the drill program. One standard, one blank or one duplicate was inserted per group of 20 samples sent the laboratory. These standards were purchased commercially from Rocklabs Ltd. of Auckland, New Zealand. Inspectorate’s Metals and Minerals Inspection and Laboratory Testing Services are certified by BSI, in compliance with the ISO 9001:2008

Guidelines for Quality Management**.** Inspectorate's Quality Assurance Program meets all established criteria as related to reporting requirements for mining & exploration companies under National Instrument, NI-43-101, and is compliant with those practices deemed "best industry" in analytical data generation of mineral samples. Inspectorate is independent of DynaMexico and the Issuer.

Selected higher grade gold samples from this rock chip campaign are listed below in Table 25.

Table 25. Anomalous Surface Rock Chip Samples - Tres Amigos Area

East	North	g/t Au	Width m	Sample No	Location
214352	2899270	6.16	0.9	ES-10-095	1.4 kms NE of Tres Amigos
214352	2899270	3.26	1.0	ES-10-096	1.4 kms NE of Tres Amigos
214377	2899252	9.35	1.0	ES-10-091	1.4 kms NE of Tres Amigos
214377	2899252	5.32	0.6	ES-10-092	1.4 kms NE of Tres Amigos
214328	2899143	4.22	0.65	ES-10-088	1.4 kms NE of Tres Amigos
214322	2899133	4.05	0.90	ES-10-085	1.4 kms NE of Tres Amigos
213075	2898145	6.09	1.30	ES-10-097	0.6 kms W of Tres Amigos
213959	2898029	7.08	1.8	STA-204	0.28 kms E of Tres Amigos
213959	2898029	2.96	1.0	STA-205	0.28 kms E of Tres Amigos
213995	2898014	8.91	1.6	STA-209	0.32 kms E of Tres Amigos
213995	2897995	7.22	0.7	STA-220	0.32 kms E of Tres Amigos
213971	2898015	5.83	1.3	STA-222	0.30 kms E of Tres Amigos
214256	2897893	2.26	1.3	ES-10-113	0.61 kms E of Tres Amigos

9.17 Regional Multispectral Satellite Anomalies

Various regional multispectral (FeO, clay) alteration anomalies have been identified in satellite imagery. A number of these anomalies have been targeted for ground follow-up, specifically those occurring close to junctions of regionally interpreted "graben bounding" fault structures.

9.18 Tres Amigos – Bulk Sample

Tres Amigos is a relatively new prospect and the most northerly drilled area. It is located 1.2 kilometers northeast of San Pablo.

In the spring of 1999 personnel under the direction of Mr. Wayne C. Henderson, P.E. of Lockwood Greene Engineers visited the property with the purpose of obtaining samples for metallurgical testing. Six samples were collected and forwarded to Hazen Research in Golden, Colorado for test work under the direction of Mr. Henderson. The following description of the samples was provided by Mr. Henderson.

This is a bulk composite taken from the lower Tres Amigos Adit over about a 3 meter strike distance. This sample contains significant Au, Ag, Cu and Zn grades that are higher than observed or reported from previous Tres Amigos mining and processing efforts. The sample was prepared using hand-gathered, selected vein rock from side-wall and roof fall material in the Adit. (See Pamicon, 1999).

9.19 Regional Stream Sediment Sampling

A stream sediment survey was conducted from January 03 to March 20, 2007, during which a total of 143 samples were taken. The 143 samples were taken over an area of approximately 875 sq. km. DynaMexico obtained strong steam sediment anomalies from numerous locations including, near La Prieta and north of Tres Amigos as well as south of the village of San Jose de Gracia. Additional geochemical anomalies were noted in the areas of Cajoncito, El Peñasco, Arroyo Hondo, and el Aguajito.

The sampling methodology used corresponds to the sampling of the sediments of streams, obtaining the samples in low water conditions and avoiding the time of rain. All samples collected in the field was sifted to -80 mesh and packing in bags of Kraft paper and overprotected in plastic bags for the purpose of avoiding contaminations.

The samples were then trucked to Hermosillo, Mexico where they were air courier to International Plasma Labs' Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption ("AA") finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma ("ICP") analysis (aqua regia digest) was conducted on all samples. (See Figure 17, DynaMexico internal report).

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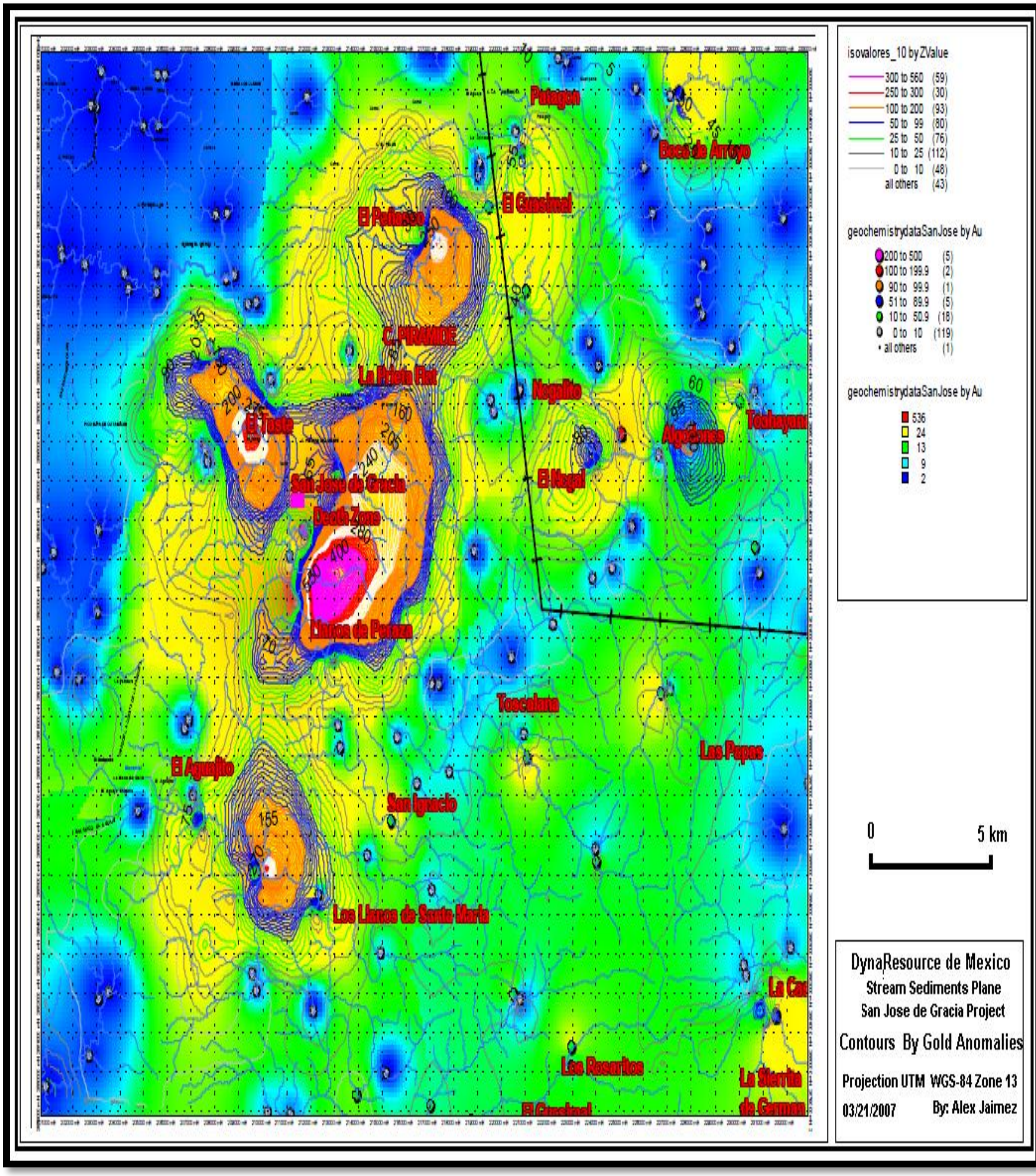
Figure 17. Stream Sediments Map



9.20 Rock and Soil Geochemistry

Field work and sampling was conducted in the period from 2006 to 2009 in two stages, carried out by the team of SJG Project geologists. Sampling covered a total of 4500 hectares, and collected a total of 7,400 rock and soil samples (See Figure 18).

All Samples taken were placed in labeled Kraft bags and sealed to prevent contamination. The samples were then trucked to Hermosillo, Mexico where Inspectorate America Corp. (“Inspectorate”) crushed each sample to -150 mesh. The rejects remained with Inspectorate while the pulps were air couriered to Inspectorate’s Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption (“AA”) finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (“ICP”) analysis (aqua regia digest) was conducted on all samples. A QA/QC program was implemented as part of the sampling procedure for the drill program. One standard, one blank or one duplicate was inserted per group of 20 samples sent the laboratory. These standards were purchased commercially from Rocklabs Ltd. of Auckland, New Zealand.

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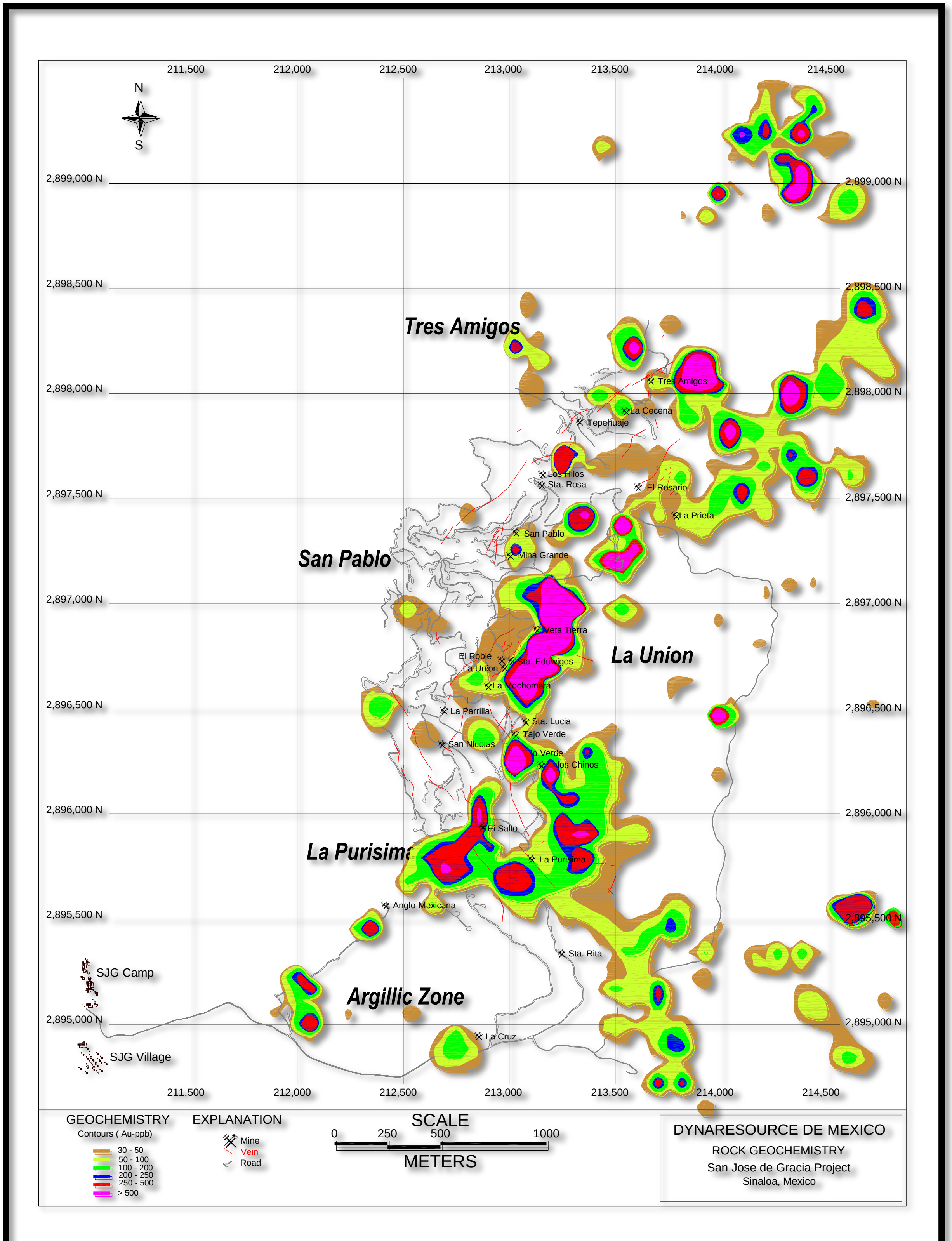
The geochemical response in the vicinity of the Tres Amigos and Orange Tree veins clearly reflects the presence of both structures. In the case of the Tres Amigos structure, the orientation of the anomaly is N10-20E, whereas the anomaly associated with the Orange Tree structure is oriented N30-45W.

To the north and northeast of the Orange Tree / Tres Amigos Areas, geochemical anomalies suggest the presence of buried mineralization which might link the two target areas. The presence of highly anomalous values (> 250ppb Au) to the north could reflect another similar intersection between the two vein systems; scout drilling in this sector is strongly recommended. In the La Prieta /El Rosario sector, geochemical anomalies occur within the sedimentary sequence, near the contact with overlying andesite; this likely reflects an extension (?) of the La Prieta structure which occurs in this lithological setting. The most impressive anomaly occurs in the central part of the survey area, where values in excess of 500 ppb Au define a northeast trending zone more than 1 km long (Figure 18). This trend clearly parallels the general strike of the San Pablo, La Union, Veta Tierra, La Parilla, and Gossan Cap veins. These data suggest additional mineralized veins may be encountered further to the northeast within the SJG Property. Additional strong stream sediment anomalies reflect the northeastern trend of La Purisima-Palos Chinos workings, and suggest additional mineralization will be encountered to the southwest in the vicinity of the Argillic Zone.

Figure 18. Rock and Soil Geochemistry Map



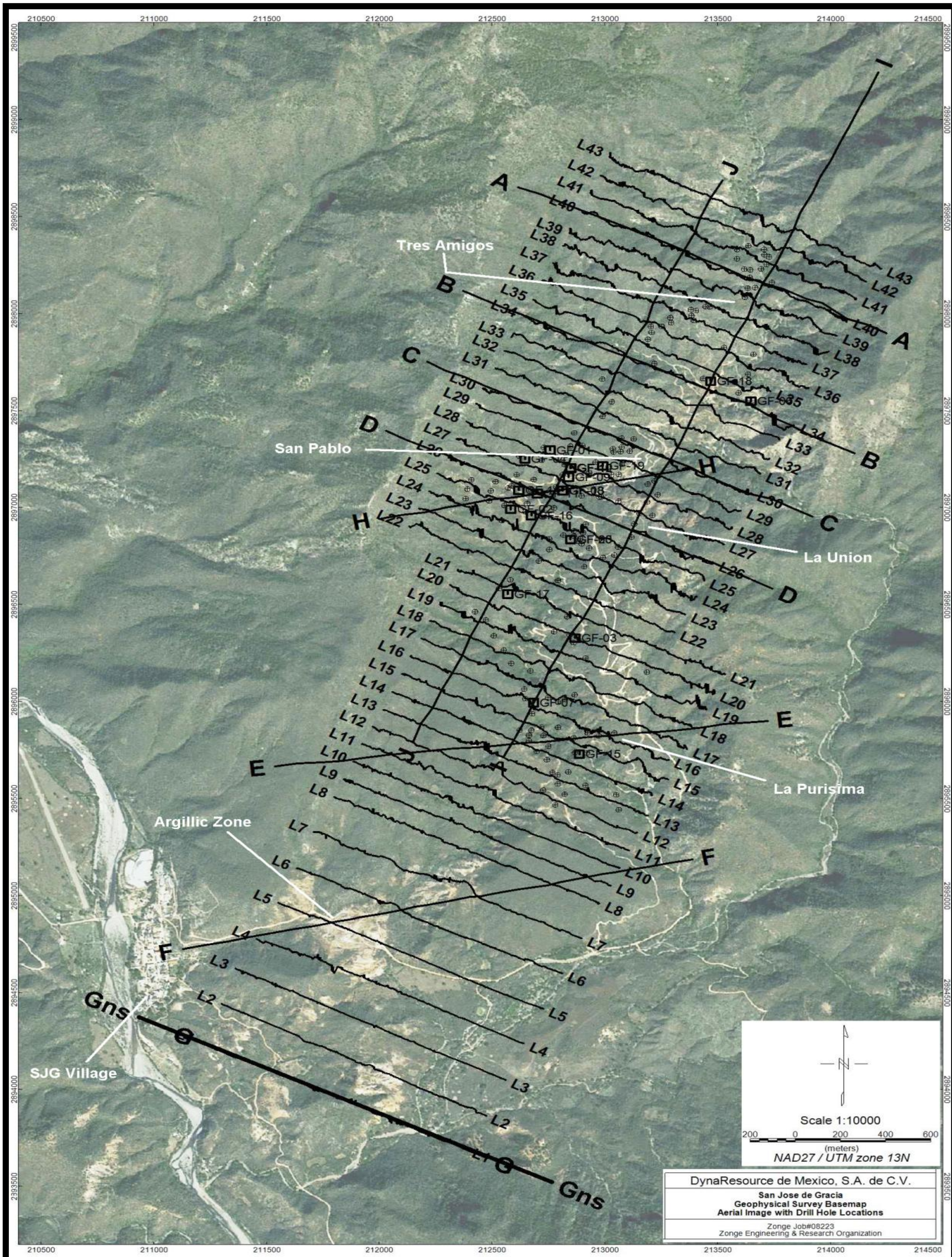
9.21 Dipole – Dipole Complex Resistivity and Natural Source AMT Surveys; Ground Magnetics (2009)

Zonge Engineering and Research Organization (Zonge) was retained by DynaResource de Mexico to conduct dipole-dipole Complex Resistivity IP (CRIP) and Natural Source Audio-frequency Magnetotelluric, NSAMT investigations on the San Jose de Gracia project during the period of March, April and May of 2009. CRIP data were acquired on 10 lines for a total coverage of 22.7 line-km with 82 additional collected stations.

The purpose of this geophysical program was to detect sulfide deposits, with a specific interest in pyrite hosting gold. Zonge crew chief Paco Romero supervised the field operation for this survey under Zonge job number 0914. Geophysicist Emmett Van Reed was responsible for survey oversight and direction from the Zonge Engineering office. The report covered data acquisition, instrumentation, and processing, as well as an interpretive discussion of geophysical model results.

A ground magnetic survey was also conducted by Zonge Engineering on the San Jose de Gracia project. Between January 28 and March 4, 2009, 43 lines of magnetic data were collected under the auspices of Zonge Job #08223. The magnetic survey line tracks are shown on maps and figures for reference.

Figure 19. Grid Lines – Data Points on Mineralized Structures at San Jose de Gracia



San José de Gracia, Project, Northeast Sinaloa, México

Figure 20. Dipole – Dipole IP Data – Depth Slice at 200 M

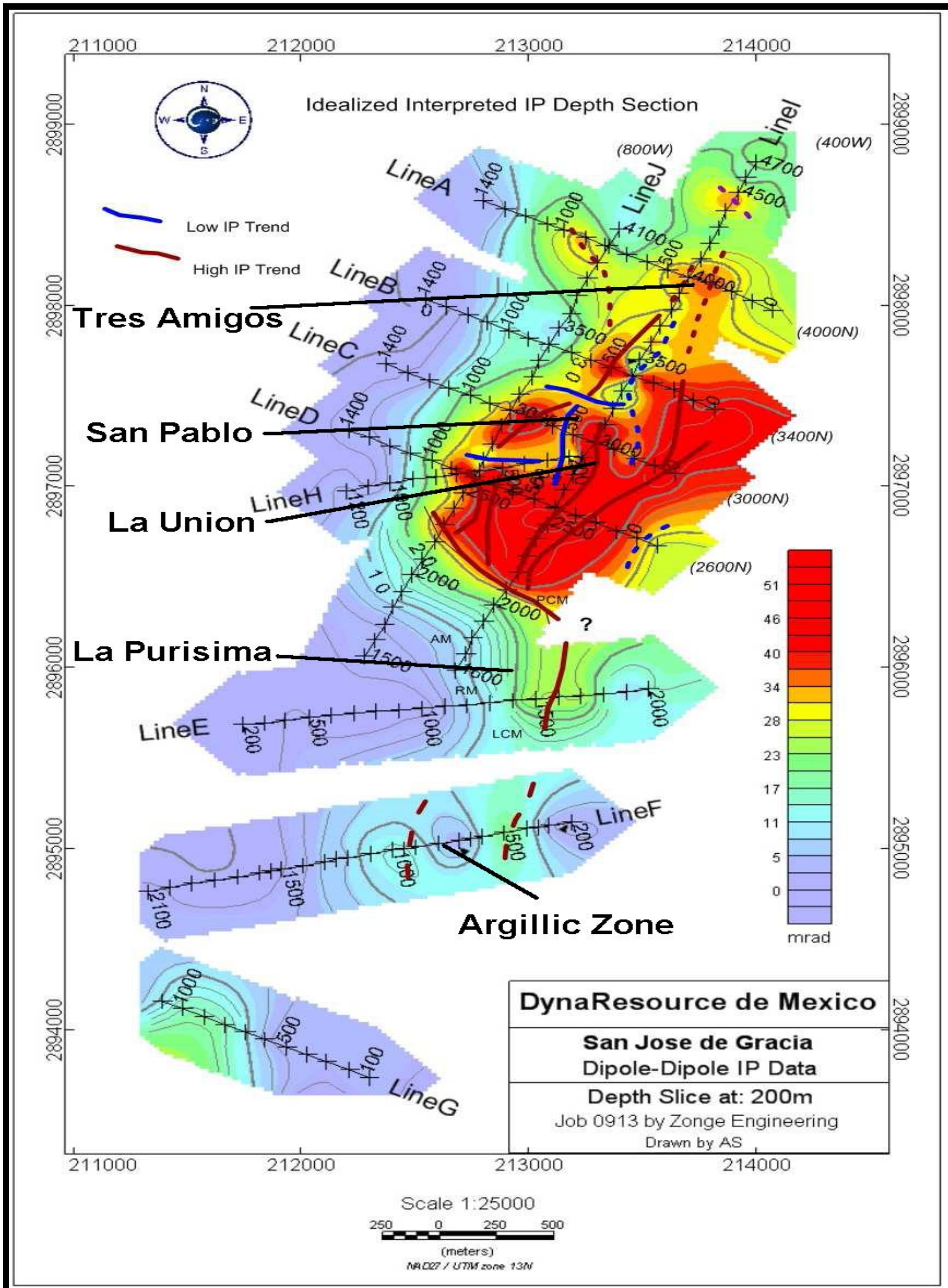
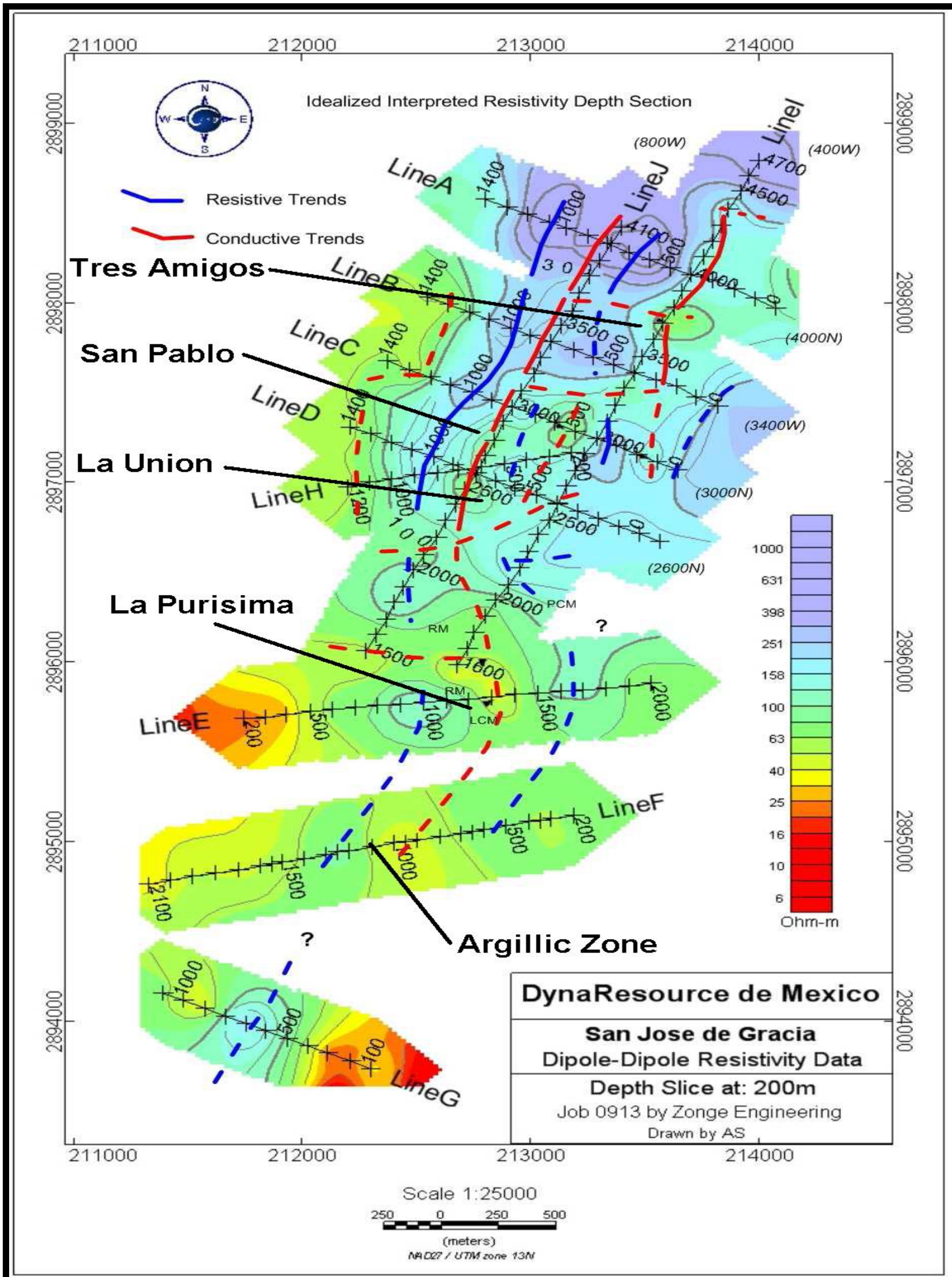


Figure 21. Dipole – Dipole Resistivity Data – Depth Slice at 200 M



San José de Gracia, Project, Northeast Sinaloa, México

Figure 22. RTP Magnetic Intensity w/ San Jose de Gracia Geology Trends (zoomed view)

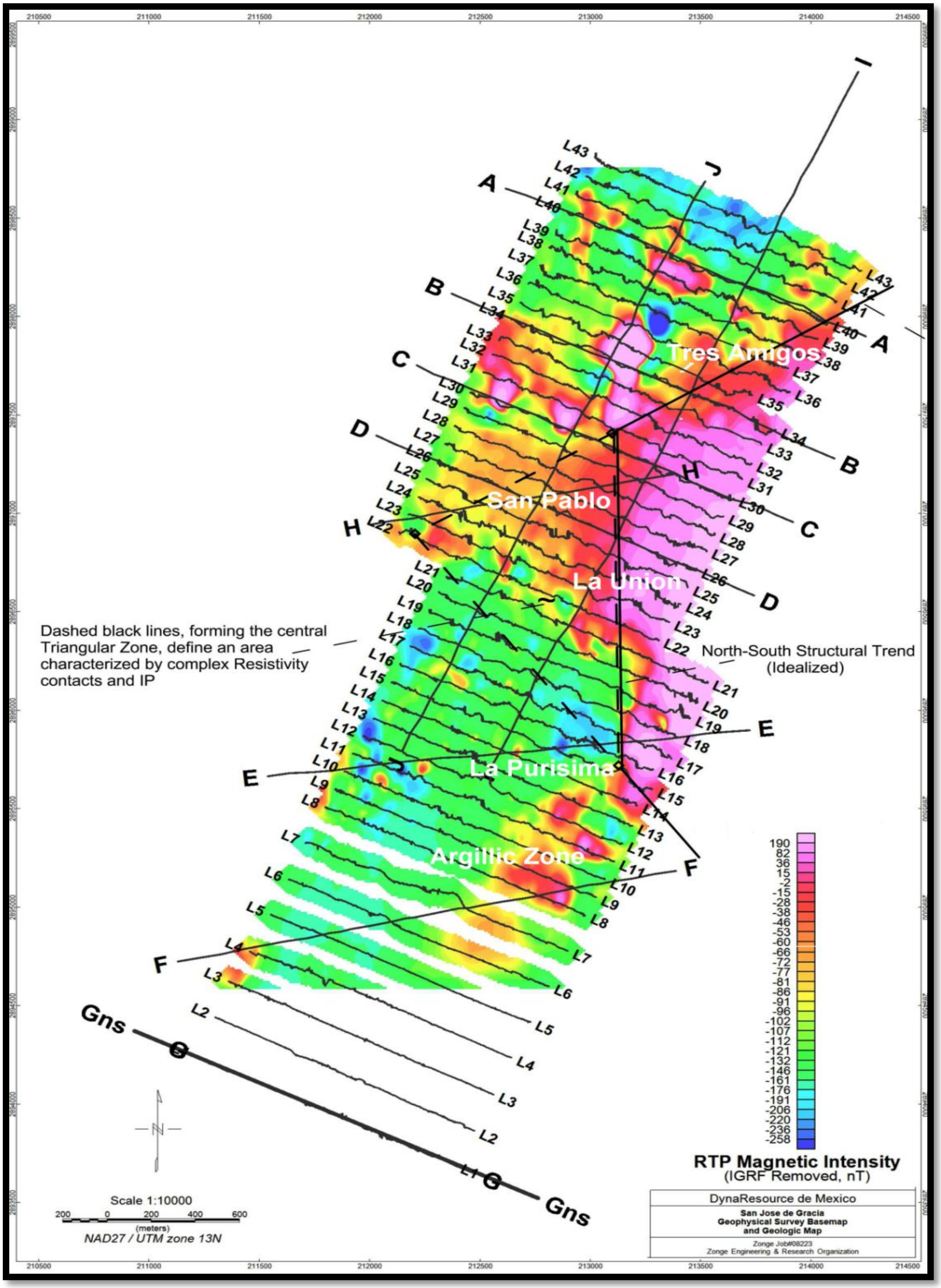
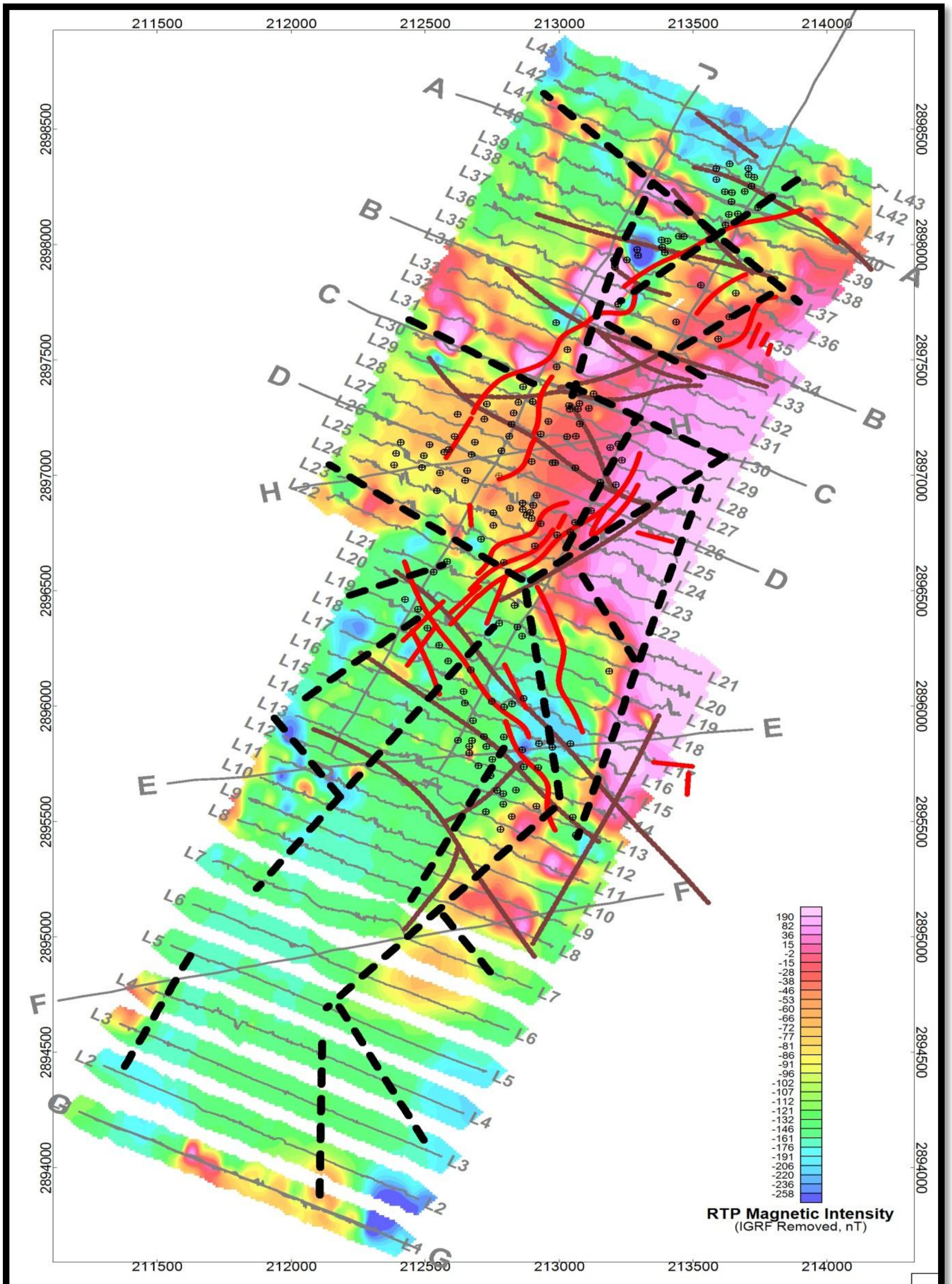


Figure 23. RTP Magnetic Intensity w/ Magnetic Lineament/Zone Interpretation (black dash, and SJG Geology Trends)



Zonge concluded:

Initially the geophysical program completed at San Jose de Gracia involved ground magnetic and dipole-dipole CRIP surveys intended to investigate high-grade pyrite mineralization associated with northeast and southeast structural trends (this pyrite mineralization hosts gold). Laboratory testing of drill core samples (the summary can be found in Appendix B to report) identified the relationship between magnetic susceptibility, induced polarization (IP) and Resistivity, relative to geology on the San Jose de Gracia Grid.

The CRIP field program successfully identified IP anomalies which could be pyrite-like mineralization associated with volcanic rock that appears to be strongly controlled by structure and fracturing. In addition to northeast and southeast structural trends, east-west and south-west fracturing also appear to be present. IP responses of 30 to 50 mrad are consistent with 3 to 5 percent pyrite, even if distributed as small stock-work like veins.

Based on the results of the CRIP data acquired at this time, it is possible that the San Jose de Garcia Grid could be divided into fine distinctly different IP zones (Figure 11 shows four zones – See Zonge Report). The 5th zone would represent IP sources located within the meta-sediments. While the intensities of these anomalies are high, IP features are not well defined. There are three areas in which both ground magnetic and DRIP coverage should be extended:

While CRIP and ground magnetic coverage in the northern half of the San Jose de Gracia Grid is reasonably detailed (this is the area covered by Lines A, B, C and D), there is the suggestion that IP sources may extend towards the north and possibly to the northeast. It may be useful to extend ground magnetic and CRIP coverage further to the north, northeast.

ITEM 10.0 DRILLING

10.1 Introduction

Four drill campaigns have been completed since 1992 in the vicinity of the old mines at San José de Gracia totaling 372 drill holes, aggregating 75,878.22 meters (See Figure 24 and Table 26). All of the drilling has been diamond core with the exception of a single program of reverse circulation drilling, completed by the Mexican Corporation Industrial Peñoles (“Peñoles”) in 1992.

First, Peñoles drilled 11 short reverse circulation (RC) holes in 1992, for a total 1,360.95 meters, targeting shallow mineralization and up-dip potential of previously identified ore bodies. Unfortunately results of this drill program are not well documented and are not reliable.

Second, in 1997 Golden Hemlock drilled 63 core holes for a total of 6,088.77 meters.

Third, DynaMexico conducted drill programs from 2007 to 2008 during which a total of 126 core holes were drilled totaling 30,141.87 meters.

Fourth, DynaMexico conducted drill programs from 2009 to 2011 during which a total of 172 core holes were drilled totaling 38,286.63 meters.

The drilling programs of 2007-2011 have been concentrated on the Tres Amigos, San Pablo, La Union, and La Purisima areas (Figure 24).

10.2 Factors that could Impact Reliability of Results

10.2.1 Previous Drilling (1992 and 1997) Peñoles and Golden Hemlock

In 1992, Peñoles drilled 11 short reverse circulation (RC) holes at various locations near San Pablo and La Union areas. Unfortunately this data was not well kept and the quality of the assays is uncertain. During Golden Hemlock's 1997 drill program no information is available on what Quality Assurance and Quality Control (QA/QC) measures were in place and consequently the 2431 drill core assays from 63 drill holes cannot be verified as to the caliber of laboratory quality control. (See Pamicon, 1999.)

10.2.2 Recent Sample Control (2007 – 2011)

The larger drill programs completed in 2007 to 2008 and 2009 to 2011 incorporated a program of Quality Assurance /Quality Control ("QA/QC") for all of the 40,070 samples taken from 290 of the 298 diamond drill holes (holes 07-09 to 11-298). Project geologists first logged and marked the core at storage facilities in San Jose de Gracia, while technicians later split the individual core lengths with a diamond saw, placed half the core in a plastic bag, numbered the bags for the laboratory and then closed them with security clips. The samples were trucked to Hermosillo, Mexico where Sonora Sample Preparation SA de CV (SSP) crushed each sample to -150 mesh. The rejects remained with SSP while the pulps were air couriered to International Plasma Labs Ltd. ("IPL") of Vancouver, Canada or Inspectorate Labs of Reno, Nevada and analyzed for gold by fire assay with Atomic Absorption (AA) finish. IPL was acquired by Inspectorate and all samples were subsequently sent to the Inspectorate preparation facility in Hermosillo. Samples over 10 gram per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (ICP) analysis (aqua regia digest) was conducted on all samples. The remaining half of the core is stored in warehouse on site at the DynaMexico camp in San Jose de Gracia (See Photo 19).

As far as a Quality Assurance /Quality Control under DynaMexico, one of either of the regular blanks, duplicates, or one of the three different 'reference' standards were inserted into each lab shipment of assays, per 20 samples. Standards were purchased commercially from Rocklabs Ltd., of Auckland, New Zealand.

Inspectorate's Metals and Minerals Inspection and Laboratory Testing Services are certified by BSI, in compliance with the ISO 9001:2008 Guidelines for Quality Management**.** Inspectorate's Quality Assurance Program meets all established criteria as related to reporting requirements for mining & exploration companies under National Instrument NI-43-101, and is compliant with those practices deemed "best industry" in analytical data generation of mineral samples. Inspectorate is independent of DynaMexico and the Issuer.

Figure 24. Drilling Distribution Map

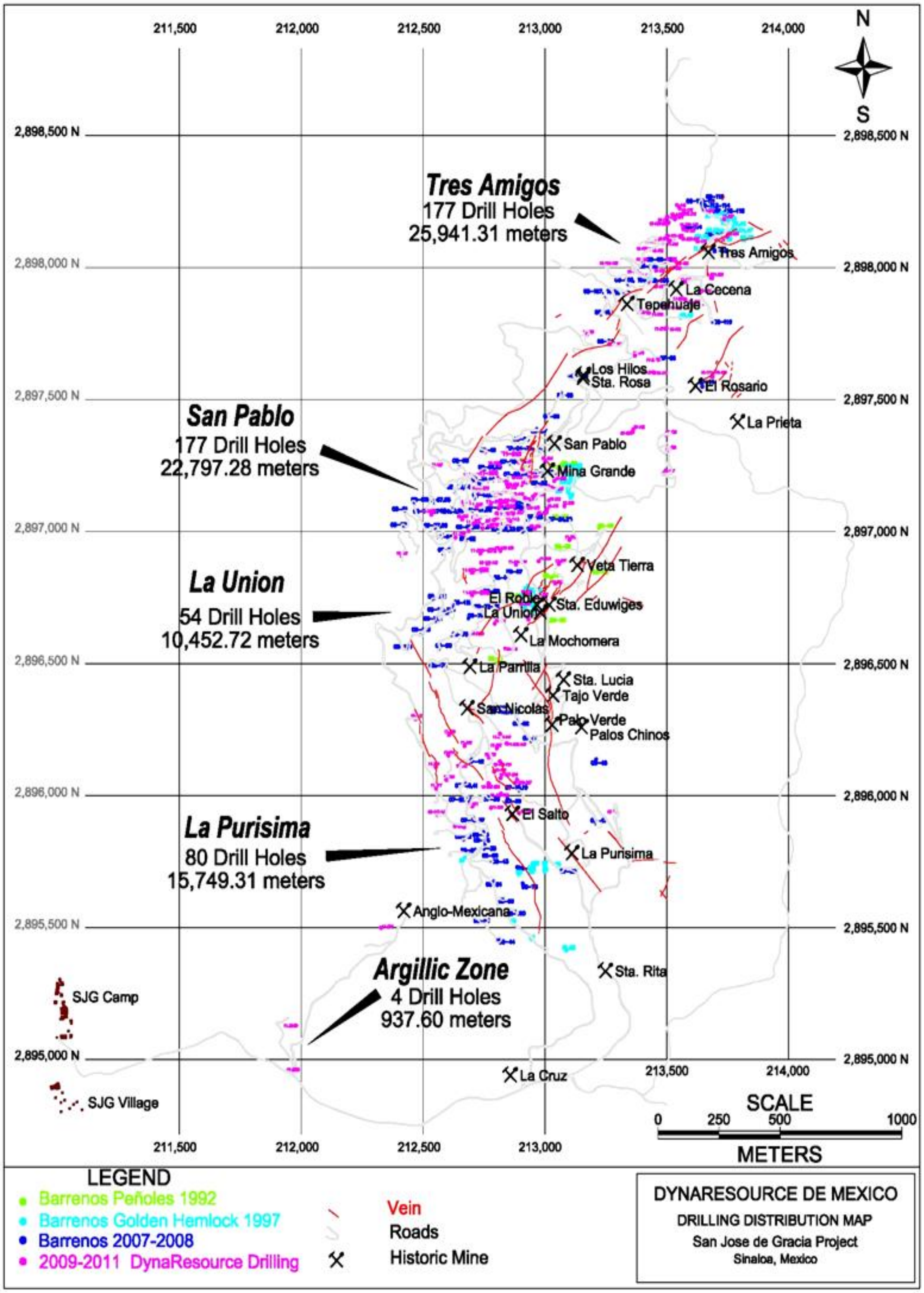


Table 26 sets out the drilling distribution along the four major trends at SJG as well as holes completed in the Argillic Zone; all drilling was diamond core with the exception of the 1992 Peñoles program:

Table 26. Drilling Distribution Table

		Industrial Peñoles 1992		**Golden Hemlock 1997**		**DynaResource de Mexico (2007-2008)**		**DynaResource de Mexico (2009-2011)**			
	Drilling Area	Holes	Meters	Holes	Meters	Holes	Meters	Holes	Meters	Total Drill-holes	Total Meters
1	**Tres Amigos**	0	0.00	29	3,534.55	24	5,445.13	64	16,961.63	117	**25,941.31**
2	**San Pablo**	4	280.43	12	533.95	52	13,108.87	49	8,874.03	117	**22,797.28**
3	**La Union**	6	934.22	8	710.77	16	3,640.15	24	5,167.58	54	**10,452.72**
4	**La Purisima**	1	146.30	13	1,168.95	34	7,947.72	32	6,486.34	80	**15,749.31**
5	**Argillic Zone**	0	0.00	1	140.55	0		3	797.05	4	**937.60**
Totals		**11**	**1,360.95**	**63**	**6,088.77**	**126**	30,141.87	**172**	**38,286.63**	**372**	**75,878.22**

In the consecutive numbering used for the Hole identification during the 1997 drilling campaign (drill hole numbers from 97-001 to 97-064), for unknown reason the number 97-038 was omitted by the geologists of Golden Hemlock, so this hole 97-038 apparently does not exist.

10.3. Drilling at Tres Amigos

One hundred and seventeen core holes (25,941 meters) have been drilled in the Tres Amigos area, twenty six holes by Golden Hemlock in 1997 and ninety one holes by DynaMexico between 2008 and 2011. The vein structures are located in an area with deep valleys and steep terrain making any future drilling problematic unless underground drill platforms are developed. Many of the current holes have two or three collars from one setup, some of which have been turned 180 ° to get additional cuts of the shallow to moderately dipping vein structures. Of the 117 holes drilled in the Tres Amigos area, 99 have been used to define the mineralized zone and to calculate the resource. (See Table 26, and See Tables 27-29). The Tres Amigos mineralized veins remain open down dip and along strike to the northeast and southwest.

Table 27. Selected Composites - Tres Amigos (listed left to right on section)

Section	Hole#	From	To	width m	True width	Au g/t	Vein
2075NE	08-114	162	163.7	1.7	1.35	8.28	Tres Amigos
	97-010	88.4	89.9	1.5	1.02	10.28	Tres Amigos
	97-009	63.5	65	1.5	1.24	4.15	Tres Amigos
2100NE	08-113	190.2	193.3	3.1	2.55	3.42	Tres Amigos
	97-007	57	67	10	8.91	3.41	Tres Amigos
	97-007	71	75	4	3.56	2.68	Tres Amigos
	97-007	83	85.3	2.3	2.05	8.66	Tres Amigos
	97-002	42.7	58.2	15.5	13.81	3.99	Tres Amigos
	97-001	37.5	40	2.5	2.33	7.14	Tres Amigos
2125NE	08-116	134.8	138.1	3.3	2.57	21.74	Tres Amigos

Section	Hole#	From	To	width m	True width	Au g/t	Vein
	97-036	119.5	121.5	2	1.85	6.4	Tres Amigos
	97-041	80	86	6	4.97	3.88	Tres Amigos
2150NE	08-115	153.3	159	5.7	4.7	8.31	Tres Amigos
	97-035	126	132	6	4.97	8.84	Tres Amigos
	97-042	99	105	6	4.97	2.48	Tres Amigos
	97-042	113	117.5	4.5	3.73	5.06	Tres Amigos
	97-013	95	107.5	12.5	10.36	20.78	Tres Amigos
2175NE	97-047	124.9	132	7.1	5.85	7.51	Tres Amigos
	97-004	70	73	3	2.67	2.15	Tres Amigos
	97-003	50	52	2	1.86	2.71	Tres Amigos
	97-005	25.9	27.8	1.9	1.77	3.61	Tres Amigos
2200NE	97-006	27.8	29.65	1.85	1.84	6.46	Tres Amigos
2050NW	97-41	80	86	6	4.97	3.88	Orange Tree
	97-014	50.3	51.5	1.2	0.99	3.59	Orange Tree
2075NW	97-040	104	108	4	2.81	7.2	Orange Tree
	97-040	92	94	2	1.4	10.81	Orange Tree
	97-040	78	80	2	1.4	14.88	Orange Tree
	97-037	35.9	37.2	1.3	1.17	11.97	Orange Tree
	97-039	40.2	43.2	3	2.73	29.5	Orange Tree
2100NW	97-036	119.5	121.5	2	1.85	6.4	Orange Tree
	97-042	67	69	2	1.66	5.16	Orange Tree
	97-042	99	105	6	4.97	2.48	Orange Tree
	97-042	113	117.5	4.5	3.73	5.06	Orange Tree
	97-042	88.7	93	4.3	3.56	3.02	Orange Tree
	97-043	74.7	76	1.3	1.18	4.23	Orange Tree
2125NW	08-116	134.8	138.1	3.3	2.57	21.74	Orange Tree
	08-115	97.6	99.05	1.45	1.19	3.4	Orange Tree
	97-035	84	86	2	1.66	2.06	Orange Tree
	97-044	86	88	2	1.73	7.78	Orange Tree
	97-044	141.5	142.8	1.3	1.12	7.06	Orange Tree
	97-044	118	120	2	1.73	5.17	Orange Tree
2150NW	97-045	100	106	6	5.44	11.46	Orange Tree
	97-045	136	138	2	1.81	12.32	Orange Tree
	97-045	172	176	4	3.63	1.98	Orange Tree
2175NW	97-046	167.9	169.6	1.7	1.5	2.79	Orange Tree
	08-112	167.1	168.82	1.72	1.58	2.35	Orange Tree
2200NW	08-110	165.45	167.25	1.8	1.47	2.64	Orange Tree

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample.)

Table 28. Selected Drill Hole Intercepts – Tres Amigos (1992 through 2011)

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
97-002	Tres Amigos	42.70	58.20	15.50	3.99	15.10	0.38	0.00	0.00
97-006	Tres Amigos	27.80	29.65	1.85	6.46	45.50	1.10	0.03	0.32
97-007	Tres Amigos	57.00	67.00	10.00	3.41	12.20	0.09	0.00	0.00
97-009	Tres Amigos	100.00	102.00	2.00	13.53	3.10	0.02	0.01	0.50
97-012	Tres Amigos	24.50	26.20	1.70	8.57	34.90	0.39	1.00	4.30
97-013	Tres Amigos	95.00	107.50	12.50	20.80	21.80	0.43	0.06	0.15
97-035	Tres Amigos	126.00	132.00	6.00	8.84	14.20	0.28	0.00	0.13
97-037	Tres Amigos	35.90	37.20	1.30	11.97	15.00	0.19	0.22	3.60
97-039	Tres Amigos	40.20	43.20	3.00	29.50	44.60	0.58	0.95	7.45
97-040	Tres Amigos	78.00	80.00	2.00	14.88	10.90	0.19	0.17	0.10
97-040	Tres Amigos	92.00	94.00	2.00	10.81	16.30	0.38	0.01	0.78
97-040	Tres Amigos	104.00	108.00	4.00	7.21	4.80	0.04	0.00	0.25
97-045	Tres Amigos	100.00	106.00	6.00	11.46	3.40	0.03	0.02	0.17
97-047	Tres Amigos	124.94	132.00	7.06	7.51	15.40	0.09	0.27	3.42
97-050	Tres Amigos	78.00	80.00	2.00	8.53	10.80	0.05	0.78	2.00
08-102	Tres Amigos	158.66	162.47	3.81	5.10	6.60	0.14	0.01	0.19
08-104	Tres Amigos	67.45	68.80	1.35	26.20	327.90	1.60	0.23	0.01
08-113	Tres Amigos	25.10	26.70	1.60	13.40	3.20	0.00	0.01	0.90
08-115	Tres Amigos	153.30	159.00	5.70	8.31	8.30	0.17	0.00	0.07
08-116	Tres Amigos	134.80	138.10	3.30	21.74	9.90	0.06	0.04	0.15
08-118	Tres Amigos	27.84	31.88	4.04	5.18	30.50	0.38	0.80	5.68
08-118	Tres Amigos	52.65	53.73	1.08	13.70	13.90	0.06	0.98	4.53
10-150	Tres Amigos	285.61	288.49	2.88	10.93	14.24	0.32	0.01	0.03
10-150	Tres Amigos	312.80	321.81	9.01	3.97	2.35	0.09	0.00	0.03
10-151	Tres Amigos	208.38	216.20	7.82	22.19	14.70	0.36	0.01	0.06
10-152	Tres Amigos	174.42	175.55	1.13	9.85	16.68	0.18	0.05	0.15
10-153	Tres Amigos	207.47	211.10	3.63	5.36	12.92	0.33	0.05	0.23
10-154	Tres Amigos	73.00	74.75	1.75	21.89	9.30	0.00	0.00	0.02
10-175	Tres Amigos	135.93	140.00	4.07	3.41	8.34	0.15	0.28	0.56
10-175	Tres Amigos	241.59	245.40	3.81	6.37	3.41	0.02	0.00	0.03
10-176	Tres Amigos	221.04	228.91	7.87	2.00	7.02	0.18	0.09	1.02
10-177	Tres Amigos	228.63	245.00	16.37	10.58	9.75	0.25	0.02	0.09
10-178	Tres Amigos	222.55	233.45	10.90	4.22	8.11	0.31	0.01	0.13

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
10-179	Tres Amigos	75.3	77.02	1.72	105.51	49.60	0.03	0.01	0.06
10-179	Tres Amigos	174.85	179.52	4.67	5.70	15.89	0.11	0.00	0.16
10-226	Tres Amigos	205.05	213.09	8.04	18.47	19.77	0.42	0.13	0.22
10-227	Tres Amigos	176.95	186.75	9.80	8.42	11.92	0.41	0.04	0.33
10-228	Tres Amigos	164.31	167.29	2.98	3.73	26.21	0.58	0.09	0.35
10-230	Tres Amigos	244.91	249.45	4.54	18.09	15.48	0.53	0.02	0.03
10-231	Tres Amigos	266.70	269.45	2.75	8.99	35.18	0.84	0.00	0.03
10-233	Tres Amigos	177.00	179.40	2.40	5.42	2.87	0.03	0.04	0.41
10-234	Tres Amigos	214.61	217.97	3.36	15.05	13.45	0.23	0.01	0.01
10-235	Tres Amigos	147.65	151.15	3.50	2.95	0.55	0.01	0.00	0.01
10-237	Tres Amigos	92.44	92.84	0.40	883.91	195.00	0.24	0.77	5.35
11-246	Tres Amigos	107.30	108.20	0.90	63.85	10.10	0.03	0.01	0.01
11-257	Tres Amigos	60.84	63.33	2.49	5.37	9.28	0.25	0.01	0.40
11-257	Tres Amigos	92.00	94.66	2.66	5.00	6.74	0.25	0.02	1.16
11-260	Tres Amigos	63.40	71.15	7.75	7.84	10.68	0.16	0.12	2.28
11-265	Tres Amigos	47.95	52.17	4.22	3.07	2.14	0.07	0.00	0.08
11-271	Tres Amigos	115.40	120.15	4.75	13.93	18.56	0.54	0.02	0.14
11-278	Tres Amigos	66.75	67.40	0.65	16.34	2.80	0.02	0.02	0.08
11-280	Tres Amigos	3.05	4.57	1.52	10.67	0.50	0.01	0.00	0.01

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample length. true width not calculated)

Table 29. All Drill Hole Collars – Tres Amigos Area

Hole ID	East	North	Elevation	Length	Azi	Dip	Type
97-001	213713.0	2898104.4	628.0	62.00	150	-60	DDH
97-002	213713.0	2898104.4	628.0	62.50	150	-80	DDH
97-003	213772.4	2898146.8	637.2	76.00	150	-60	DDH
97-004	213772.4	2898146.8	637.2	73.00	150	-80	DDH
97-005	213818.8	2898102.7	671.0	41.20	150	-60	DDH
97-006	213818.8	2898102.7	671.0	41.00	105	-60	DDH
97-007	213699.2	2898121.3	622.8	89.00	150	-80	DDH
97-008	213699.2	2898121.3	622.8	106.70	330	-80	DDH
97-009	213669.4	2898111.1	620.8	152.40	0	-90	DDH
97-010	213669.4	2898111.1	620.8	115.80	330	-74	DDH
97-011	213659.4	2898065.8	620.0	47.70	0	-90	DDH
97-012	213659.4	2898065.8	620.0	91.40	165	-60	DDH

Hole ID	East	North	Elevation	Length	Azi	Dip	Type
97-013	213744.4	2898165.9	629.0	156.40	0	-90	DDH
97-014	213740.6	2898129.2	629.0	73.00	0	-90	DDH
97-035	213717.8	2898197.6	628.0	208.79	0	-90	DDH
97-036	213672.5	2898210.0	632.3	268.22	150	-70	DDH
97-037	213749.8	2898168.6	630.0	118.30	63	-75	DDH
97-039	213749.8	2898168.6	630.0	118.00	63	-60	DDH
97-040	213749.8	2898168.6	630.0	140.50	243	-75	DDH
97-041	213724.3	2898128.4	628.0	93.30	0	-90	DDH
97-042	213726.8	2898183.6	629.0	128.50	0	-90	DDH
97-043	213726.8	2898183.6	629.0	127.13	63	-70	DDH
97-044	213724.8	2898206.6	630.0	150.91	63	-84	DDH
97-045	213672.5	2898210.0	632.3	192.38	63	-72	DDH
97-046	213651.8	2898222.6	633.0	239.30	63	-80	DDH
97-047	213772.4	2898146.8	637.2	137.20	0	-90	DDH
08-052	213490.0	2898016.2	677.9	205.40	0	-90	DDH
08-102	213492.0	2898017.0	678.2	252.07	50	-60	DDH
08-110	213641.7	2898246.7	637.9	249.02	0	-90	DDH
08-111	213641.4	2898246.0	637.8	252.07	200	-75	DDH
08-112	213639.7	2898245.2	637.9	200.25	65	-75	DDH
08-113	213647.6	2898219.8	636.6	200.25	0	-90	DDH
08-114	213647.6	2898218.1	636.8	281.90	200	-75	DDH
08-115	213695.0	2898210.7	633.6	200.10	0	-90	DDH
08-116	213694.8	2898210.3	633.6	250.05	200	-75	DDH
08-117	213690.9	2898114.7	621.9	251.75	238	-60	DDH
08-118	213674.5	2898059.8	617.8	250.15	230	-75	DDH
08-119	213687.9	2897791.0	597.8	200.25	130	-60	DDH
09-127	213485.03	2897218.63	633.07	201.17	100	-60	DDH
09-128	213499.81	2897306.96	622.85	202.69	100	-60	DDH
09-129	213498.02	2897365.21	604.28	202.69	100	-75	DDH
09-130	213359.68	2897376.17	620.76	67.06	0	-90	DDH
09-142	213361.78	2897385.92	620.83	300.23	105	-75	DDH
10-148	213553.1	2898224.55	724.64	355.09	0	-90	DDH
10-149	213562.07	2898196.89	720.39	361.19	0	-90	DDH
10-150	213504.26	2898166.89	716.76	367.28	0	-90	DDH
10-151	213529	2898106.42	725.45	370.33	0	-90	DDH
10-152	213529.46	2898105.78	725.43	336.8	135	-60	DDH
10-153	213480.8	2898094.11	727.7	370.33	0	-90	DDH

Hole ID	East	North	Elevation	Length	Azi	Dip	Type
10-154	213428.92	2898068.75	714.97	367.28	0	-90	DDH
10-155	213401.72	2898019.4	707.82	355.09	0	-90	DDH
10-156	213489.92	2898016.08	678.21	242.32	135	-70	DDH
10-157	213425.74	2897943.56	666.74	241.07	135	-70	DDH
10-163	213172.15	2897745.46	717.85	254.51	0	-90	DDH
10-164	213253.02	2898004.29	666	300.23	0	-90	DDH
10-165	213253.4	2898004.16	665.94	309.37	130	-70	DDH
10-169	213689.1	2897587.06	579.07	208.79	110	-60	DDH
10-170	213687.18	2897585.06	579.61	28.96	145	-60	DDH
10-171	213688.47	2897589.76	579.64	220.98	145	-75	DDH
10-172	213449.11	2897601.18	611.05	300.23	130	-60	DDH
10-173	213499.73	2897770.94	625.06	300.23	130	-60	DDH
10-174	213634.77	2897902.83	615.57	260.6	130	-60	DDH
10-175	213566.68	2898203.14	721.43	361.19	60	-80	DDH
10-176	213568.26	2898204.23	721.39	364.24	135	-70	DDH
10-177	213507.61	2898170.62	716.49	357.19	135	-80	DDH
10-178	213568.01	2898145.66	691.89	352.04	0	-90	DDH
10-179	213568.35	2898145.39	691.89	355.09	135	-75	DDH
10-180	213485.31	2898094.83	727.05	306.32	135	-75	DDH
10-181	213434.56	2897992.17	676.42	309.37	125	-70	DDH
10-182	213428.76	2898069.42	715.57	400.81	135	-75	DDH
10-183	213387.12	2897976.9	686.91	16.96	0	-90	DDH
10-184	213384.93	2897978.15	687.08	309.37	0	-90	DDH
10-185	213538.3	2898019.94	654.17	251.46	0	-90	DDH
10-225	213567.11	2898148.53	692.08	272.8	40	-80	DDH
10-226	213554.56	2898116.32	711.77	300.23	0	-90	DDH
10-227	213567.6	2898146.11	692.03	269.75	115	-75	DDH
10-228	213555.04	2898115.86	711.77	278.89	135	-65	DDH
10-229	213533.23	2898183.61	714.75	400.81	0	-90	DDH
10-230	213507.12	2898169.33	716.38	370.33	205	-80	DDH
10-231	213533.34	2898183.38	714.74	300.23	140	-82	DDH
10-232	213532.55	2898019.77	657.68	272.8	135	-60	DDH
10-233	213513.47	2898101.86	727.17	367.28	140	-65	DDH
10-234	213690.1	2898114.58	621.88	248.41	170	-60	DDH
10-235	213670.57	2898205.32	632.5	272.8	200	-75	DDH
10-237	213682.68	2897960.27	616.52	178.31	0	-90	DDH
10-239	213686.37	2897959.43	616.5	210.31	130	-60	DDH

Hole ID	East	North	Elevation	Length	Azi	Dip	Type
11-242	213507.98	2898102.67	727.6	376.43	210	-80	DDH
11-246	213574.3	2897945.81	612.75	251.46	130	-75	DDH
11-251	213576.73	2897878.43	606.27	202.69	130	-60	DDH
11-254	213576.13	2897878.96	606.36	202.69	0	-90	DDH
11-257	213735.8	2898182.84	626.89	214.88	0	-90	DDH
11-260	213747.53	2898117.31	630.39	172.21	0	-90	DDH
11-262	213747.79	2898116.95	630.56	150.88	130	-60	DDH
11-265	213505.35	2897851.67	621.46	163.07	130	-70	DDH
11-267	213505.03	2897851.95	621.44	220.98	0	-90	DDH
11-269	213426.61	2897827.43	644.3	193.55	130	-70	DDH
11-271	213426.26	2897827.76	644.3	190.5	0	-90	DDH
11-273	213499.11	2897770.15	624.98	160.02	0	-90	DDH
11-275	213465.5	2897651.4	627.44	172.21	0	-90	DDH
11-276	213448.47	2897602.22	611.03	184.4	0	-90	DDH
11-278	213369.15	2897666.22	631.77	260.6	0	-90	DDH
11-280	213264.41	2897709.72	658.93	193.55	130	-70	DDH

10.4 Drilling at San Pablo Area

San Pablo is located south of the Tres Amigos area and north of the La Union area (Figure 24).

One hundred and seventeen holes have been drilled at and around the San Pablo area, for a total of 22,797.28 meters. These programs included four reverse circulation holes by Peñoles in 1992, 12 NQ core holes by Golden Hemlock in 1997 and 101 HQ/NQ core holes by DynaMexico in 2007 – 2011, and more particularly, 52 core holes by DynaMexico during 2007 & 2008 comprising 13,108.87 meters and 49 core holes during 2009 to 2011 comprising 8,874.03 meters (see Table 26 – *Drilling Distribution Table, and see Tables 30-32)*.

The drilling identifies a tabular shaped mineralized zone trending approximately 30 degrees north northeast with variable dips to the northwest between 35 degrees and 55 degrees. Along this plane the mineralized zone plunges to the southwest over 550 meters with roughly 70% of the shoot lying below the underground workings at San Pablo. The San Pablo mineralized veins remain open down dip and along strike northeast and southwest.

Table 30. Selected Composites for San Pablo (listed left to right on section)

Section	Hole#	From	To	width m	True width	Au g/t
1150NE	08-097	227.69	229.75	2.06	2.05	17.04
	08-093	138.40	138.80	0.40	0.40	28.52
1200NE	08-060	235.70	238.60	2.90	2.46	13.88
	08-051	183.55	192.60	9.05	7.50	22.95
	08-092	124.80	125.80	1.00	0.99	23.31
	08-092	144.60	145.00	0.40	0.40	30.45
1250NE	08-048	219.46	228.66	9.20	7.60	4.39
	08-091	191.20	191.40	0.20	0.19	16.80
	07-030	124.95	126.55	1.60	1.33	5.90
	07-030	145.65	146.55	0.90	0.75	4.30
	07-031	94.25	98.05	3.80	3.79	106.00
	07-023	69.10	70.50	1.40	1.40	9.16
1300NE	08-090	190.70	191.90	1.20	1.13	11.55
	08-090	196.40	197.40	1.00	0.94	4.11
	07-027	142.80	148.85	6.05	5.02	13.72
	07-007	85.50	87.50	2.00	1.99	24.55
1350NE	08-089	173.80	175.10	1.30	1.23	4.11
	07-029	114.00	115.20	1.20	0.99	6.57
	07-029	130.60	132.30	1.70	1.41	23.86
	07-028	101.80	104.10	2.30	2.26	4.13
1400NE	07-010	127.15	134.10	6.95	5.76	1.53
	07-009	94.00	96.10	2.10	2.05	7.07
	07-026	51.40	53.30	1.90	1.90	34.00
	07-026	65.90	67.80	1.90	1.90	3.78
1450NE	07-012	19.70	23.90	4.20	3.48	10.45

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample)

Table 31. Selected Drill Intercepts –San Pablo (1992 through 2011)

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
07-007	San Pablo	85.50	87.50	2.00	24.55	45.00	0.49	0.03	0.07
07-008	San Pablo	115.80	118.10	2.30	7.60	18.90	0.02	0.01	0.00
07-009	San Pablo	167.40	170.55	3.15	8.24	2.00	0.00	0.00	0.01
07-012	San Pablo	19.70	23.90	4.20	10.45	10.00	0.15	0.00	0.01
07-023	San Pablo	69.10	70.50	1.40	9.16	24.50	0.63	0.03	0.04
07-026	San Pablo	65.90	67.80	1.90	34.00	18.70	0.21	0.01	0.05
07-027	San Pablo	142.80	148.85	6.05	13.72	28.60	1.06	0.02	0.04
07-029	San Pablo	130.60	132.30	1.70	23.86	43.00	0.94	0.00	0.01
07-031	San Pablo	94.25	98.05	3.80	31.32	69.60	1.01	0.23	0.74
08-048	San Pablo	219.46	228.66	9.20	4.39	7.50	0.28	0.00	0.01
08-051	San Pablo	183.55	192.60	9.05	22.95	13.60	0.40	0.00	0.03
08-060	San Pablo	235.70	238.60	2.90	13.88	12.50	0.58	0.00	0.01
08-089	San Pablo	173.80	175.10	1.30	4.11	35.60	1.00	0.01	0.01
08-090	San Pablo	190.70	191.90	1.20	11.55	48.50	1.00	0.02	0.02
08-092	San Pablo	124.80	125.80	1.00	23.31	0.50	0.00	0.01	0.00
08-097	San Pablo	227.69	229.75	2.06	17.04	20.00	0.56	0.03	0.04
09-131	San Pablo	95.55	96.65	1.10	28.25	20.30	0.26	0.17	0.18
09-133	San Pablo	126.80	129.80	3.00	13.10	10.25	0.32	0.00	0.02
09-134	San Pablo	79.09	81.57	2.48	4.33	9.46	0.36	0.00	0.02
09-135	San Pablo	75.70	79.10	3.40	4.60	24.29	1.22	0.01	0.02
09-137	San Pablo	135.90	140.87	4.97	5.35	12.46	0.31	0.00	0.01
09-137	San Pablo	157.25	158.93	1.68	12.50	16.90	0.39	0.00	0.01
09-138	San Pablo	150.62	153.59	2.97	8.80	10.46	0.28	0.00	0.02
09-139	San Pablo	132.18	137.68	5.50	20.51	25.82	0.70	0.00	0.01
09-140	San Pablo	99.92	102.20	2.28	4.59	67.30	1.77	0.00	0.01
10-195	San Pablo	170.67	173.61	2.94	3.26	10.47	0.32	0.00	0.00
10-197	San Pablo	48.15	51.82	3.67	7.96	13.18	0.49	0.00	0.03
10-197	San Pablo	102.00	105.30	3.30	28.38	14.00	0.00	0.01	0.09
10-199	San Pablo	4.68	6.24	1.56	9.14	4.10	0.02	0.00	0.00
10-201	San Pablo	23.40	25.50	2.10	15.78	17.35	0.19	0.01	0.02
10-203	San Pablo	70.65	76.15	5.50	332.86*	143.90*	0.02	0.00	0.01
10-207	San Pablo	80.15	83.20	3.05	16.74	24.17	0.54	0.01	0.02
10-212	San Pablo	46.80	51.60	4.80	5.90	6.97	0.38	0.01	0.22
10-213	San Pablo	171.75	173.56	1.81	5.78	10.60	0.18	0.00	0.01

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
10-215	San Pablo	186.80	190.27	3.47	15.82	14.68	0.41	0.03	0.02
10-217	San Pablo	182.64	184.06	1.42	89.95	38.70	0.74	0.00	0.01
10-219	San Pablo	155.84	157.25	1.41	10.82	11.84	0.39	0.00	0.01
10-221	San Pablo	69.98	71.98	2.00	13.14	23.93	0.62	0.00	0.01
10-224	San Pablo	122.82	125.05	2.23	5.29	18.70	0.69	0.02	0.04
10-224	San Pablo	148.60	154.95	6.35	7.04	13.31	0.57	0.00	0.01
10-236	San Pablo	112.96	117.03	4.07	11.38	22.92	0.68	0.00	0.01
11-247	San Pablo	63.60	65.45	1.85	10.49	5.92	0.01	0.00	0.02
11-247	San Pablo	80.00	83.47	3.47	5.00	36.71	0.53	0.01	0.02
11-249	San Pablo	108.20	109.93	1.73	8.21	30.29	0.80	0.00	0.02
11-250	San Pablo	101.72	104.81	3.09	20.15	53.44	0.88	0.24	0.54
11-263	San Pablo	119.88	121.13	1.25	9.47	21.70	0.65	0.01	0.04
11-264	San Pablo	145.21	146.45	1.24	21.24	78.80	0.72	0.04	0.01
11-268	San Pablo	92.65	94.25	1.60	11.74	21.13	0.37	0.01	0.04

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample length; true width not calculated)

Table 32. All Drill Hole Collars – San Pablo Area

Hole ID	East	North	Elevation m	Length m	azi	Dip	Type
92-007	213024.0	2897050.0	730.0	124.97	90	-45	RC
92-008	212916.0	2897251.0	670.0	51.82	0	-90	RC
92-009	213101.0	2897240.0	694.8	51.82	0	-90	RC
92-010	213055.0	2897239.0	685.0	51.82	202	-45	RC
97-015	213097.8	2897179.0	710.0	55.77	0	-90	DDH
97-016	213117.8	2897184.0	707.4	48.76	0	-90	DDH
97-017	213094.7	2897149.0	711.8	54.90	0	-90	DDH
97-018	213138.8	2897210.0	698.9	42.67	0	-90	DDH
97-019	213049.8	2897150.0	709.9	39.60	0	-90	DDH
97-020	213072.8	2897176.0	708.8	47.90	0	-90	DDH
97-021	213078.8	2897202.0	703.5	42.70	0	-90	DDH
97-022	213141.8	2897239.0	689.9	22.20	0	-90	DDH
97-023	213087.8	2897236.0	695.0	14.78	0	-90	DDH
97-024	213111.8	2897237.0	695.0	52.50	230	-45	DDH
97-025	213105.8	2897128.0	715.9	45.72	0	-90	DDH
97-026	213106.0	2897205.8	707.0	66.45	0	-90	DDH
07-004	212871.2	2897300.9	653.5	169.90	110	-60	DDH

Hole ID	East	North	Elevation m	Length m	azi	Dip	Type
07-005	212910.6	2896998.6	722.3	197.60	0	-90	DDH
07-007	212927.7	2897110.5	724.2	179.40	110	-60	DDH
07-008	212925.1	2897306.1	647.1	149.60	40	-60	DDH
07-009	212856.1	2897252.4	679.2	180.75	130	-60	DDH
07-010	212855.3	2897253.1	679.4	161.65	0	-90	DDH
07-011	212991.0	2897214.0	689.0	148.10	130	-60	DDH
07-012	212990.4	2897215.3	688.9	103.70	0	-90	DDH
07-023	212929.5	2897044.0	723.5	208.90	110	-60	DDH
07-024	213012.4	2897039.8	740.7	255.50	0	-90	DDH
07-025	213013.3	2897039.5	740.7	201.15	110	-62	DDH
07-026	212963.8	2897168.4	704.8	201.30	110	-60	DDH
07-027	212838.5	2897157.5	727.0	258.10	0	-90	DDH
07-028	212847.5	2897204.5	697.8	210.00	127	-60	DDH
07-029	212846.7	2897205.1	697.8	251.30	0	-90	DDH
07-030	212810.7	2897089.0	695.5	259.50	0	-90	DDH
07-031	212811.6	2897088.6	695.6	213.35	110	-60	DDH
07-032	212810.5	2896994.2	698.3	261.95	0	-90	DDH
07-033	212811.3	2896993.9	698.4	200.90	110	-60	DDH
07-034	212874.3	2897300.1	653.9	251.05	0	-90	DDH
08-046	212731.3	2897182.7	711.9	269.35	0	-90	DDH
08-048	212716.0	2897128.1	708.9	269.70	0	-90	DDH
08-049	212755.6	2897296.8	670.1	258.25	0	-90	DDH
08-050	212750.8	2897229.1	695.4	244.55	0	-90	DDH
08-051	212700.2	2897073.1	685.3	231.80	0	-90	DDH
08-053	212630.7	2897151.0	689.7	302.20	0	-90	DDH
08-056	212686.2	2897003.4	676.8	248.10	0	-90	DDH
08-058	212645.5	2897251.5	693.3	312.70	0	-90	DDH
08-060	212618.3	2897090.5	678.1	296.55	0	-90	DDH
08-062	212673.3	2896960.2	671.5	264.80	0	-90	DDH
08-064	212582.4	2896992.2	662.0	282.05	0	-90	DDH
08-065	212583.1	2896917.1	634.6	268.30	0	-90	DDH
08-067	212544.9	2897106.0	702.2	335.60	0	-90	DDH
08-074	212533.9	2897063.9	701.6	364.85	0	-90	DDH
08-077	212533.8	2897010.4	670.1	352.66	0	-90	DDH
08-079	212417.6	2897021.4	691.0	343.51	0	-90	DDH
08-081	212421.7	2897075.2	682.8	367.89	0	-90	DDH

Hole ID	East	North	Elevation m	Length m	azi	Dip	Type
08-083	212459.7	2897106.9	676.8	346.56	0	-90	DDH
08-085	213068.7	2897527.1	672.4	249.02	0	-90	DDH
08-086	213016.2	2897447.1	677.1	248.41	0	-90	DDH
08-087	212966.7	2897389.1	676.9	249.02	0	-90	DDH
08-088	212892.0	2897357.8	683.2	249.02	0	-90	DDH
08-089	212751.8	2897233.9	695.1	239.88	110	-75	DDH
08-090	212730.3	2897184.8	711.6	249.02	110	-75	DDH
08-091	212712.5	2897120.4	709.0	252.07	110	-75	DDH
08-092	212705.2	2897071.4	684.9	252.07	110	-60	DDH
08-093	212685.5	2897004.7	677.4	246.05	110	-60	DDH
08-094	212628.1	2897157.4	689.5	299.01	110	-75	DDH
08-095	212618.6	2897089.6	677.9	256.03	110	-75	DDH
08-096	212543.5	2897108.6	702.2	344.73	110	-75	DDH
08-097	212534.4	2897063.9	701.7	268.83	110	-60	DDH
08-098	212550.2	2897012.2	670.2	282.55	110	-75	DDH
09-131	212840.32	2897110.78	709.65	150.88	0	-90	DDH
09-132	212840.85	2897110.59	709.67	181.36	110	-70	DDH
09-133	212838.89	2897157.11	726.92	163.07	110	-80	DDH
09-134	212900.11	2897083.30	715.04	129.54	0	-90	DDH
09-135	212900.81	2897083.05	715.10	126.49	110	-60	DDH
09-136	212958.30	2897011.52	728.77	251.46	110	-60	DDH
09-137	212715.74	2897057.60	685.42	211.84	110	-78	DDH
09-138	212660.47	2897045.96	666.81	193.55	110	-75	DDH
09-139	212798.45	2897136.51	712.51	216.41	110	-75	DDH
09-140	212870.97	2897129.91	723.38	105.16	110	-75	DDH
10-166	212825.78	2897296.63	663.09	202.69	0	-90	DDH
10-167	212546.48	2897241.23	714.56	352.04	110	-70	DDH
10-168	212412.03	2896906.74	699.36	400.81	0	-90	DDH
10-189	212892.98	2897260.83	664.94	163.07	105	-60	DDH
10-192	212907.27	2897235.40	673.74	208.79	0	-90	DDH
10-194	213000.83	2897265.10	664.98	64.01	110	-75	DDH
10-195	212813.85	2897250.79	678.97	185.20	0	-90	DDH
10-197	212921.38	2897201.49	685.31	156.97	105	-50	DDH
10-199	213044.47	2897222.65	689.46	64.01	110	-75	DDH
10-200	213039.20	2897192.40	700.01	51.82	110	-60	DDH
10-201	213028.14	2897166.15	706.69	108.20	110	-60	DDH

Hole ID	East	North	Elevation m	Length m	azi	Dip	Type
10-203	212970.26	2897172.06	704.80	175.26	0	-90	DDH
10-205	212951.81	2897133.11	711.97	119.29	110	-60	DDH
10-207	212918.86	2897127.28	717.83	156.97	110	-70	DDH
10-209	212965.65	2897064.08	736.32	129.54	110	-60	DDH
10-210	213009.67	2897086.38	728.28	111.25	110	-75	DDH
10-212	213016.47	2897118.23	723.78	108.20	110	-75	DDH
10-213	212728.92	2897153.44	710.33	217.93	110	-65	DDH
10-215	212728.41	2897153.59	710.33	233.17	110	-80	DDH
10-217	212741.56	2897211.61	696.96	254.41	110	-80	DDH
10-219	212742.10	2897211.45	696.99	227.08	110	-60	DDH
10-221	212905.64	2897173.45	703.18	126.49	115	-50	DDH
10-222	212848.12	2897204.36	698.02	202.69	110	-75	DDH
10-224	212807.67	2897205.21	695.50	220.98	0	-90	DDH
10-236	212843.16	2897181.50	712.15	176.78	120	-75	DDH
10-238	212663.86	2897100.73	685.51	263.65	0	-90	DDH
11-240	212534.50	2897064.41	701.60	317.17	110	-75	DDH
11-243	212859.20	2897040.46	705.90	141.73	110	-60	DDH
11-245	212803.20	2897026.17	697.59	150.88	110	-60	DDH
11-247	212869.78	2897066.49	700.44	150.88	110	-60	DDH
11-249	212811.69	2897089.30	695.52	160.02	110	-75	DDH
11-250	212801.67	2897069.44	689.01	163.07	110	-75	DDH
11-253	212777.80	2897101.79	691.80	181.36	0	-90	DDH
11-255	212720.72	2897093.58	698.37	220.98	110	-65	DDH
11-258	212743.72	2897012.59	683.19	169.16	110	-60	DDH
11-261	212763.02	2897039.70	686.41	153.92	110	-60	DDH
11-263	212707.48	2897030.78	682.15	190.50	110	-75	DDH
11-264	212687.19	2897002.28	677.27	211.84	110	-75	DDH
11-279	212633.01	2896977.71	643.46	251.46	0	-90	DDH

10.5 Drilling at La Union Area

The La Union area is located in the center portion of the four kilometer long stretch of old mines and prospects at San José de Gracia, being south of San Pablo area and north of the La Purisima area (Figure 24). As described previously, the La Union mine is part of the larger La Parilla to Veta Tierra trend with a general southwest striking, northwest dipping (50 degree to 70 degree) series of veins (Veta Tierra, Sta. Eduwiges, La Union, La Mochomera, La Parilla) which can be traced over a 700 meter strike length northeast towards La Prieta.

Drilling at La Union totals 54 holes for 19,452.72 meters. Six holes were drilled at La Union, by Peñoles in 1992 (934.22 meters), eight holes were drilled by Golden Hemlock in 1997 (710.77 meters), and a further 40 holes (8,807.73 meters) by DynaMexico from 2007 To 2011 and more particularly, 16 holes comprising 3,640.14 meters were drilled by DynaMexico in the 2007 to 2008 drilling campaigns and a further 24 holes comprising 6,486.34 meters were drilled by DynaMexico in the 2009 to 2011 drilling campaigns (see Table 26 – *Drilling Distribution Table, and see Tables 33-35).*

Drilling along strike from La Union to the northeast has demonstrated continuity of the vein structure as far as the old Veta Tierra mine. Further drilling in this area is required to determine whether La Union, Veta Tierra and San Pablo are all the same structure. Of the 54 holes drilled in the La Union Veta Tierra trend, 31 have been used to calculate a resource. At the same time in this area additional infill drilling is required in order to upgrade the category of the existing resources and to increase its overall size. The La Union mineralized veins remain open down dip and along strike northeast and southwest.

Table 33. Selected Composites for La Union Area (1992 through 2011)

Drill hole	Area	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
92-001	La Union	14.96	2.58				
97-027	La Union	1	6.14	12.5	0.05	0.24	0.04
97-029	La Union	3.1	3.63	8.6	0.11	0.02	0.06
97-030	La Union	3.1	4.62	9.1	0.5	0	0.01
97-031	La Union	4	2.84	6.7	0.34	0	0.01
97-034	La Union	2	8.87	4.1	0.14	0	0.01
08-061	La Union	3.5	2.01	24.8	0.45	0.22	0.15
08-076	La Union	2.1	36.09	47.8	0.43	0.8	1.06
08-080	La Union	3.1	4.82	4.4	0.11	0	0.01
09-143	La Union	1.4	12.08	8.8	0.13	0.01	0.01
10-208	La Union	2.06	6.6	10.3	0.4	0	0.01
10-216	La Union	2.96	12.36	3.45	0.06	0	0.01
10-218	La Union	1.29	8.42	6.41	0.08	0	0.01
10-223	La Union	1.62	9.9	6.6	0.02	0	0.02
10-223	La Union	3.52	10.24	10.69	0.62	0	0.01
11-244	La Union	1.04	9.79	65.2	1.42	0.03	0.37
11-252	La Union	4.45	4.26	12.05	0.37	0.01	0.04
11-256	La Union	1.24	144.08	138.6	1.06	1.61	1.78
11-256	La Union	1.36	9.04	3.3	0.01	0	0.01
11-298	La Union	0.7	49.39	20.8	0.2	0.01	0.03

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample)

Table 34. Selected Drill Intercepts –La Union (1992 through 2011)

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
92-001	La Union	46.00	60.96	14.96	2.58				
97-027	La Union	20.30	21.30	1.00	6.14	12.50	0.05	0.24	0.04
97-029	La Union	38.10	41.20	3.10	3.63	8.60	0.11	0.02	0.06
97-030	La Union	75.00	78.10	3.10	4.62	9.10	0.50	0.00	0.01
97-031	La Union	87.00	91.00	4.00	2.84	6.70	0.34	0.00	0.01
97-034	La Union	45.70	47.70	2.00	8.87	4.10	0.14	0.00	0.01
08-061	La Union	27.80	31.30	3.50	2.01	24.80	0.45	0.22	0.15
08-076	La Union	32.75	34.85	2.10	36.09	47.80	0.43	0.80	1.06
08-080	La Union	125.30	128.40	3.10	4.82	4.40	0.11	0.00	0.01
09-143	La Union	55.36	56.76	1.40	12.08	8.80	0.13	0.01	0.01
10-208	La Union	150.61	152.67	2.06	6.60	10.30	0.40	0.00	0.01
10-216	La Union	39.24	42.20	2.96	12.36	3.45	0.06	0.00	0.01
10-218	La Union	140.01	141.30	1.29	8.42	6.41	0.08	0.00	0.01
10-223	La Union	29.52	31.14	1.62	9.90	6.60	0.02	0.00	0.02
10-223	La Union	63.90	67.42	3.52	10.24	10.69	0.62	0.00	0.01
11-244	La Union	73.82	74.86	1.04	9.79	65.20	1.42	0.03	0.37
11-252	La Union	55.25	59.70	4.45	4.26	12.05	0.37	0.01	0.04
11-256	La Union	51.61	52.85	1.24	144.08	138.60	1.06	1.61	1.78
11-256	La Union	99.93	101.29	1.36	9.04	3.30	0.01	0.00	0.01
11-298	La Union	49.15	49.85	0.7	49.39	20.80	0.20	0.01	0.03

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample length. True width not calculated)

Table 35. All Drill Hole Collars - La Union Area

Hole ID	east	north	Elevation m	Length m	azi	Dip	Type	Area
92-001	212890.0	2896746.0	685.0	201.17	150	-45	RC	La Union
92-002	213064.0	2896931.0	760.0	201.17	150	-45	RC	La Union
92-003	213018.0	2896661.0	720.0	120.40	150	-45	RC	La Union
92-004	213026.0	2896823.0	765.0	152.40	150	-45	RC	La Union
92-005	213196.0	2896851.0	790.0	100.58	150	-45	RC	La Union
92-006	213221.0	2897014.0	748.0	158.50	150	-45	RC	La Union
97-027	212959.4	2896768.7	730.0	82.30	90	-60	DDH	La Union
97-028	212959.4	2896768.7	730.0	28.04	0	-90	DDH	La Union
97-029	212930.8	2896795.0	730.0	44.20	90	-60	DDH	La Union
97-030	212950.4	2896714.9	698.0	100.58	110	-60	DDH	La Union

Hole ID	east	north	Elevation m	Length m	azi	Dip	Type	Area
97-031	212948.7	2896737.7	710.0	100.58	110	-50	DDH	La Union
97-032	212912.9	2896707.0	690.0	128.00	110	-60	DDH	La Union
97-033	212905.3	2896744.9	692.0	161.54	110	-50	DDH	La Union
97-034	212947.0	2896685.2	688.0	65.53	110	-60	DDH	La Union
08-055	212791.2	2896815.2	637.3	212.45	110	-60	DDH	La Union
08-057	212846.8	2896836.3	662.8	203.35	110	-60	DDH	La Union
08-059	212779.6	2896761.8	653.2	218.95	110	-60	DDH	La Union
08-061	212740.8	2896701.9	622.9	218.90	150	-60	DDH	La Union
08-072	212739.2	2896703.3	622.7	227.30	0	-90	DDH	La Union
08-075	212613.9	2896603.5	588.5	241.90	130	-60	DDH	La Union
08-076	212685.5	2896670.6	603.8	274.60	130	-60	DDH	La Union
08-078	212526.4	2896492.1	572.0	222.60	130	-60	DDH	La Union
08-080	212568.5	2896555.2	595.3	217.55	132	-75	DDH	La Union
08-120	212622.1	2896721.4	610.4	250.85	130	-60	DDH	La Union
08-121	212600.0	2896691.4	623.6	94.15	130	-60	DDH	La Union
08-122	212549.7	2896657.5	629.1	251.25	130	-60	DDH	La Union
08-123	212490.9	2896609.8	631.6	250.70	130	-60	DDH	La Union
08-124	212435.4	2896554.1	623.4	250.90	130	-60	DDH	La Union
08-125	212596.3	2896690.8	623.4	252.35	130	-75	DDH	La Union
08-126	212542.7	2896743.0	647.6	252.35	130	-60	DDH	La Union
09-143	212764.59	2896872.9	631.58	227.08	115	-60	DDH	La Union
09-144	212763.59	2896873.28	631.69	217.93	0	-90	DDH	La Union
10-158	212817.57	2896927.21	664.39	244.42	110	-60	DDH	La Union
10-159	212816.79	2896927.52	664.44	106.68	0	-90	DDH	La Union
10-208	212836.29	2896558.42	642.74	156.97	0	-90	DDH	La Union
10-211	212742.25	2896614.09	637.48	172.21	130	-60	DDH	La Union
10-214	212793.93	2896651.48	649.55	160.02	130	-60	DDH	La Union
10-216	212931.7	2896666.46	683.25	150.88	120	-70	DDH	La Union
10-218	212930.76	2896760.49	701.16	166.12	110	-75	DDH	La Union
10-220	212898.59	2896716.1	687.28	230.12	110	-75	DDH	La Union
10-223	212965.3	2896753.18	714.69	172.21	110	-60	DDH	La Union
11-241	212881.78	2896874.5	708.81	244.32	110	-60	DDH	La Union
11-244	212881.04	2896874.82	708.75	272.8	0	-90	DDH	La Union
11-248	212974.87	2896888.04	740.87	242.32	0	-90	DDH	La Union
11-252	213042.54	2896802.91	756.77	202.69	110	-60	DDH	La Union
11-256	213057.04	2896878.04	757.26	220.98	110	-60	DDH	La Union

Hole ID	east	north	Elevation m	Length m	azi	Dip	Type	Area
11-259	213100.63	2896968.59	732.92	199.64	110	-60	DDH	La Union
11-266	213080.19	2897096.22	722.88	202.69	110	-60	DDH	La Union
11-268	212734.75	2896917.81	671.96	352.04	0	-90	DDH	La Union
11-272	212735.13	2896917.67	671.98	297.18	110	-75	DDH	La Union
11-283	212701.36	2896845.15	638.05	251.46	0	-90	DDH	La Union
11-286	212702.33	2896844.56	637.94	244	110	-60	DDH	La Union
11-292	212701	2896758.98	620.09	220.98	125	-60	DDH	La Union
11-298	212701.92	2896758.66	620.08	211.84	0	-90	DDH	La Union

10.6 Drilling at La Purisima Area

The La Purisima Area is located in the southern portion of the approximately four kilometre long stretch of gold mines and prospects at San Jose de Gracia. La Purisima is located approximately 250 meters south of La Union and 1,800 meters northeast of the village of San Jose de Gracia. (See Figure 24).

Drilling at La Purisima totals 80 holes for 15,749.31 meters. One hole (146.30 meters) was drilled by Industrial Peñoles in 1992, 13 holes were drilled by Golden Hemlock (1,168.95 meters) in 1997 and 66 holes were drilled by DynaMexico (14,434.06 meters) during 2007 to 2011. (See Table 26 – *Drilling Distribution Table, See Tables 36-38.)*

Drilling at La Purisima has established an up dip connection between the old Palos Chinos workings and the main La Purisima zone outlining a mineralized shoot plunging to the southwest. Mineralized intercepts are generally narrower than at Tres Amigos and San Pablo however there is sufficient continuity to calculate an inferred resource in the area.

The La Purisima mineralized zone remains open up dip to the Palos Chinos structure, and remains open down dip and along strike to the northwest and southeast.

Table 36. Selected Composites – La Purisima Trend

Drill hole	Area	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
97-055	La Purisima	3	5.24	28.5	0.63	0.35	1.83
97-063	La Purisima	7	3.13	4	0.07	0.02	0
97-063	La Purisima	2.7	8.45	11.1	0.68	0	0
07-016	La Purisima	2.15	5.2	4.2	0.22	0	0.01
07-021	La Purisima	2.1	75.9	76	1.61	0.07	0
07-036	La Purisima	1.42	4.47	2.6	0.01	0.01	0.06
07-037	La Purisima	2.2	4.88	23	0.01	0.01	0
07-039	La Purisima	3.25	10.93	4.6	0.04	0	0.01
07-042	La Purisima	2.2	3.02	2	0.01	0.01	0.05
08-068	La Purisima	1.6	18.16	8.3	0.04	0.03	0.22

08-070	La Purisima	1.1	9.5	2.7	0.01	0	0.06
08-082	La Purisima	1.7	18.16	0.1	0	0	0.04
10-161	La Purisima	11.97	3.12	4.86	0.36	0	0.01
10-186	La Purisima	1.35	14.73	11.17	0.47	0	0
10-193	La Purisima	5.6	3.96	32.31	0.01	0.1	0.14
10-198	La Purisima	1.53	13.64	6.1	0.14	0	0
10-204	La Purisima	3.84	4.06	3.15	0.09	0	0
10-204	La Purisima	1.43	7.21	5.57	0.08	0	0.01
10-206	La Purisima	2.31	14.63	3.45	0.02	0	0
11-282	La Purisima	3.05	6.21	3.44	0.01	0.02	0.03
11-282	La Purisima	0.91	18.87	10.1	0.03	0	0
11-282	La Purisima	1.52	7.79	1.4	0.04	0	0
11-285	La Purisima	2.86	3.93	0.8	0.03	0	0
11-285	La Purisima	3.65	6.7	3.87	0.2	0	0.01
11-289	La Purisima	3.05	9.5	7.05	0.11	0.02	0
11-293	La Purisima	1.16	10.06	0.5	0.01	0	0
11-293	La Purisima	1.8	12.65	2.84	0.1	0	0.01

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample)

Table 37. Selected Drill Hole Intercepts –La Purisima (1992 through 2011)

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
97-055	La Purisima	24.40	27.40	3.00	5.24	28.50	0.63	0.35	1.83
97-063	La Purisima	54.50	61.50	7.00	3.13	4.00	0.07	0.02	0.00
97-063	La Purisima	67.30	70.00	2.70	8.45	11.10	0.68	0.00	0.00
07-016	La Purisima	32.45	34.60	2.15	5.20	4.20	0.22	0.00	0.01
07-021	La Purisima	158.70	160.80	2.10	75.90	76.00	1.61	0.07	0.00
07-036	La Purisima	91.40	92.82	1.42	4.47	2.60	0.01	0.01	0.06
07-037	La Purisima	251.30	253.50	2.20	4.88	23.00	0.01	0.01	0.00
07-039	La Purisima	197.55	200.80	3.25	10.93	4.60	0.04	0.00	0.01
07-042	La Purisima	16.10	18.30	2.20	3.02	2.00	0.01	0.01	0.05
08-068	La Purisima	135.40	137.00	1.60	18.16	8.30	0.04	0.03	0.22
08-070	La Purisima	120.50	121.60	1.10	9.50	2.70	0.01	0.00	0.06
08-082	La Purisima	151.60	153.30	1.70	18.16	0.10	0.00	0.00	0.04
10-161	La Purisima	87.70	99.67	11.97	3.12	4.86	0.36	0.00	0.01
10-186	La Purisima	92.10	93.45	1.35	14.73	11.17	0.47	0.00	0.00
10-193	La Purisima	41.15	46.75	5.60	3.96	32.31	0.01	0.10	0.14
10-198	La Purisima	35.05	36.58	1.53	13.64	6.10	0.14	0.00	0.00

Drill hole	Area	From m	To m	length (m)	Au g/t	Ag g/t	Cu%	Pb%	Zn%
10-204	La Purisima	128.02	131.86	3.84	4.06	3.15	0.09	0.00	0.00
10-204	La Purisima	173.15	174.58	1.43	7.21	5.57	0.08	0.00	0.01
10-206	La Purisima	121.73	124.04	2.31	14.63	3.45	0.02	0.00	0.00
11-282	La Purisima	27.43	30.48	3.05	6.21	3.44	0.01	0.02	0.03
11-282	La Purisima	74.45	75.36	0.91	18.87	10.10	0.03	0.00	0.00
11-282	La Purisima	152.40	153.92	1.52	7.79	1.40	0.04	0.00	0.00
11-285	La Purisima	85.06	87.92	2.86	3.93	0.80	0.03	0.00	0.00
11-285	La Purisima	98.50	102.15	3.65	6.70	3.87	0.20	0.00	0.01
11-289	La Purisima	109.73	112.78	3.05	9.50	7.05	0.11	0.02	0.00
11-293	La Purisima	38.11	39.27	1.16	10.06	0.50	0.01	0.00	0.00
11-293	La Purisima	158.75	160.55	1.80	12.65	2.84	0.10	0.00	0.01

(intervals calculated with a 2 g/t Au cut, 5 meter barren and 0.1 meter minimum sample length. true width not calculated)

Listed below are the locations of the 80 drill holes currently recorded in the database collared at various points on the La Purisima trend. A total of 48 drill holes have been used in the resource estimate.

Table 38. All Drill Hole Collars – La Purisima Trend

Hole ID	east	north	Elevation m	Length m	azi	dip	type	Area
92-011	212804.0	2896505.0	630.0	146.30	90	-45	RC	La Purisima
97-051	212670.5	2895765.1	540.0	93.90	0	-90	DDH	La Purisima
97-052	212948.6	2895743.0	512.0	26.52	0	-90	DDH	La Purisima
97-053	212869.6	2895515.0	509.0	117.07	0	-90	DDH	La Purisima
97-054	212946.6	2895455.0	510.0	80.50	0	-90	DDH	La Purisima
97-055	213052.0	2895729.0	465.0	150.30	0	-90	DDH	La Purisima
97-056	213000.0	2895711.0	491.0	186.90	0	-90	DDH	La Purisima
97-057	213000.0	2895735.0	485.0	130.80	0	-90	DDH	La Purisima
97-058	212956.0	2895728.0	510.0	35.67	0	-90	DDH	La Purisima
97-059	212956.1	2895718.8	511.8	38.41	0	-90	DDH	La Purisima
97-060	212893.6	2895701.0	511.0	74.09	0	-90	DDH	La Purisima
97-061	213086.9	2895413.4	487.0	38.11	0	-90	DDH	La Purisima
97-062	213086.9	2895413.4	487.0	54.88	62	-60	DDH	La Purisima
97-063	212869.0	2896326.0	590.0	141.80	57	-60	DDH	La Purisima
97-064	211960.0	2895020.0	420.1	140.55	o	-90	DDH	Argillic
07-001	212944.3	2896203.0	596.4	129.20	55	-60	DDH	La Purisima
07-002	212887.9	2896286.7	590.6	167.50	55	-60	DDH	La Purisima
07-003	212800.6	2896342.7	589.8	185.85	55	-60	DDH	La Purisima
07-015	212867.0	2896328.0	591.4	166.70	30	-60	DDH	La Purisima

Hole ID	east	north	Elevation m	Length m	azi	dip	type	Area
07-016	212868.8	2896325.8	590.0	174.50	57	-45	DDH	La Purisima
07-017	212865.9	2896328.3	590.1	137.70	0	-90	DDH	La Purisima
07-018	212891.2	2896015.7	536.1	151.20	0	-90	DDH	La Purisima
07-019	212891.9	2896015.6	536.3	147.65	90	-60	DDH	La Purisima
07-020	213064.4	2895722.7	462.3	156.20	80	-75	DDH	La Purisima
07-021	212683.3	2895994.7	544.7	191.25	90	-75	DDH	La Purisima
07-022	212683.3	2895994.7	544.7	198.85	0	-90	DDH	La Purisima
07-035	212752.1	2895814.0	547.5	254.10	0	-90	DDH	La Purisima
07-036	212711.1	2895919.9	549.3	244.40	60	-75	DDH	La Purisima
07-037	212710.7	2895919.5	549.3	253.50	0	-90	DDH	La Purisima
07-038	212769.7	2895997.5	501.8	205.65	0	-90	DDH	La Purisima
07-039	212845.9	2895989.0	511.7	206.85	0	-90	DDH	La Purisima
07-040	212675.3	2896049.0	541.4	308.05	60	-75	DDH	La Purisima
07-041	212674.9	2896048.8	541.4	309.65	0	-90	DDH	La Purisima
07-042	212698.9	2896142.5	547.5	306.65	0	-90	DDH	La Purisima
08-043	212776.4	2895751.1	529.5	300.65	0	-90	DDH	La Purisima
08-044	212807.5	2895454.8	534.2	301.40	0	-90	DDH	La Purisima
08-045	213210.6	2896136.8	573.6	201.10	0	-90	DDH	La Purisima
08-047	213219.4	2895882.9	535.9	252.85	60	-60	DDH	La Purisima
08-063	212756.4	2895525.4	538.9	353.10	0	-90	DDH	La Purisima
08-066	212691.4	2895779.5	542.8	346.00	0	-90	DDH	La Purisima
08-068	212754.8	2895814.9	547.2	255.12	60	-65	DDH	La Purisima
08-069	212774.7	2895752.1	529.7	282.55	60	-50	DDH	La Purisima
08-070	212747.3	2895861.5	554.2	255.12	60	-70	DDH	La Purisima
08-071	212886.1	2895728.7	514.8	276.45	60	-60	DDH	La Purisima
08-073	212908.7	2895666.7	510.5	230.73	60	-60	DDH	La Purisima
08-082	212666.1	2895830.3	558.2	212.20	60	-70	DDH	La Purisima
08-084	212789.3	2895675.9	530.8	297.30	60	-60	DDH	La Purisima
08-099	212826.9	2895609.8	523.1	252.07	60	-70	DDH	La Purisima
08-100	212880.8	2895565.3	511.7	236.83	60	-60	DDH	La Purisima
09-141	212817.06	2896232.5	541.06	202.69	60	-60	DDH	La Purisima
09-145	212469.85	2896289.92	622.77	172.21	70	-60	DDH	La Purisima
09-146	212556.86	2895925.12	590.35	172.21	60	-70	DDH	La Purisima
09-147	212556.37	2895924.91	590.34	315.47	0	-90	DDH	La Purisima
10-160	212842.13	2896197.21	539.48	211.84	60	-60	DDH	La Purisima
10-161	212815.64	2896129.01	520.17	211.84	60	-60	DDH	La Purisima

Hole ID	east	north	Elevation m	Length m	azi	dip	type	Area
10-162	213285.07	2895941.81	516.03	205.74	140	-60	DDH	La Purisima
10-186	212815.11	2896129.27	520.1	251.46	0	-90	DDH	La Purisima
10-187	212817.9	2896066.66	532.23	205.74	60	-60	DDH	La Purisima
10-188	212893.38	2895934.17	490.32	220.98	0	-90	DDH	La Purisima
10-190	212669.44	2895880.25	569.07	327.66	0	-90	DDH	La Purisima
10-191	212702.02	2895958.43	534.93	202.69	0	-90	DDH	La Purisima
10-193	212656.05	2896123.51	546.47	251.46	0	-90	DDH	La Purisima
10-196	212769.42	2896143.79	518.97	205.74	0	-90	DDH	La Purisima
10-198	212790.95	2896091.38	518.33	202.69	0	-90	DDH	La Purisima
10-202	212767.77	2896045.84	510.72	196.6	0	-90	DDH	La Purisima
10-204	212817.79	2896067.33	532.28	211.84	60	-85	DDH	La Purisima
10-206	212885.21	2896061.06	538.54	140.21	0	-90	DDH	La Purisima
11-270	212606.14	2896228.97	592.38	202.69	0	-90	DDH	La Purisima
11-274	212551.69	2896107.95	590.99	187.45	0	-90	DDH	La Purisima
11-277	212553.76	2896027.08	602.68	202.69	0	-90	DDH	La Purisima
11-281	212595.22	2896059.51	570	112.78	0	-90	DDH	La Purisima
11-282	212814.91	2896234.22	541.18	204.22	0	-90	DDH	La Purisima
11-284	212603.99	2896152.28	564.49	201.17	0	-90	DDH	La Purisima
11-285	212842.53	2896197.05	539.36	202.69	0	-90	DDH	La Purisima
11-287	212885.28	2896061	538.92	202.69	65	-60	DDH	La Purisima
11-288	212670.11	2896187.64	580.43	51.82	0	-90	DDH	La Purisima
11-289	212778.45	2895953.62	524.4	160.02	0	-90	DDH	La Purisima
11-290	212802.04	2896179.09	523.73	202.69	0	-90	DDH	La Purisima
11-291	212327.43	2895499.86	482.79	251.46	135	-60	DDH	Argillic
11-293	212770.24	2896045.01	510.69	227.08	65	-70	DDH	La Purisima
11-294	211978.23	2895129.35	435.77	291.08	60	-60	DDH	Argillic
11-295	212820.12	2896006.92	505.24	207.44	40	-60	DDH	La Purisima
11-296	212819.61	2896006.29	505.08	211.84	0	-90	DDH	La Purisima
11-297	211987	2894962.33	414.62	254.51	60	-60	DDH	Argillic

ITEM 11.0 SAMPLING METHODS, ANALYSIS AND QUALITY ASSURANCE / QUALITY CONTROL

11.1 Introduction

For the purposes of this Item 11, it can be said that the recent history of the project includes four drill programs, 1992, 1997, 2007 to 2008 and 2009 to 2011, totaling 75,872 meters, including 126 holes drilled from 2007 to 2008 totaling 30,141.87 meters and including 172 holes drilled in 2009 to 2011, totaling 38,286.63 meters. The data base of the project also includes rock and chip sampling programs conducted in 1999-2000 by DynaUSA, and in 2007-2011 by DynaMexico, and regional stream sampling programs conducted by DynaMexico in 2007.

11.2 Previous Drilling (1992 and 1997) Peñoles and Golden Hemlock

In 1992, Peñoles drilled 11 short reverse circulation (RC) holes at various locations near San Pablo and La Union areas. Unfortunately this data was not well kept and the quality of the assays is uncertain. During Golden Hemlock's 1997 drill program no information is available on what Quality Assurance and Quality Control (QA/QC) measures were in place and consequently the 2431 drill core assays from 63 drill holes cannot be verified as to the caliber of laboratory quality control. (See Pamicon, 1999.)

11.3 Rock and Chip Sampling of DynaUSA (1999-2000)

"Within this program a total of 544 rock samples (chip channel, grab and float) were collected and analyzed for gold by atomic absorption with a fire assay finish (AA-FA) and 38 additional elements by Inductively Coupled Plasma (ICP) (Appendix E in Kaip). The average gold grade of all 544 rock samples is reported as 6.51 g/t."

All samples were placed in sample bags and sealed to prevent contamination. All samples were then submitted for analysis to Bondar-Clegg & Co, North Vancouver, BC.

Bondar-Clegg is an internationally recognized laboratory meeting all established criteria as related to reporting requirements for mining and exploration companies under National Instrument 43-101. Bondar-Clegg is independent of DynaMexico and the Issuer.

11.4 Rock and Chip Sampling Programs conducted by DynaMexico (2007-2011)

All Samples taken were placed in labeled Kraft bags and sealed to prevent contamination. The samples were then trucked to Hermosillo, Mexico where Inspectorate America Corp. ("Inspectorate") crushed each sample to -150 mesh. The rejects remained with Inspectorate while the pulps were air couriered to Inspectorate's Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption ("AA") finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma ("ICP") analysis (aqua regia digest) was conducted on all samples. A QA/QC program was implemented as part of the sampling procedure for the drill program. One standard, one blank or one duplicate was inserted per group of 20 samples sent the laboratory. These standards were purchased commercially from Rocklabs Ltd. of Auckland, New Zealand.

Inspectorate's Metals and Minerals Inspection and Laboratory Testing Services are certified by BSI, in compliance with the ISO 9001:2008 Guidelines for Quality Management**.** Inspectorate's Quality

Assurance Program meets all established criteria as related to reporting requirements for mining & exploration companies under National Instrument NI-43-101, and is compliant with those practices deemed "best industry" in analytical data generation of mineral samples. Inspectorate is independent of DynaMexico and the Issuer.

11.5 Regional Stream Sediment Sampling (2007)

The sampling methodology used corresponds to the sampling of the sediments of streams, obtaining the samples in low water conditions and avoiding the time of rain. All samples collected in the field was sifted to -80 mesh and packing in bags of Kraft paper and overprotected in plastic bags for the purpose of avoiding contaminations.

The samples were then trucked to Hermosillo, Mexico where they were air courier to International Plasma Labs' Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption ("AA") finish. Samples over 1.0 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma ("ICP") analysis (aqua regia digest) was conducted on all samples.

Inspectorate's Metals and Minerals Inspection and Laboratory Testing Services are certified by BSI, in compliance with the ISO 9001:2008 Guidelines for Quality Management**.** Inspectorate's Quality Assurance Program meets all established criteria as related to reporting requirements for mining & exploration companies under National Instrument, NI-43-101, and is compliant with those practices deemed "best industry" in analytical data generation of mineral samples. Inspectorate is independent of DynaMexico and the Issuer.

11.6 Recent Drilling Program Sample Control (2007 – 2011)

The larger drill programs completed in 2007 to 2008 and 2009 to 2011 incorporated a program of Quality Assurance /Quality Control ("QA/QC") for all of the 40,070 samples taken from 290 of the 298 diamond drill holes (holes 07-09 to 11-298). Project geologists first logged and marked the core at storage facilities in San Jose de Gracia, while technicians later split the individual core lengths with a diamond saw, placed half the core in a plastic bag, numbered the bags for the laboratory and then closed them with security clips. The samples were trucked to Hermosillo, Mexico where Sonora Sample Preparation SA de CV (SSP) crushed each sample to -150 mesh. The rejects remained with SSP while the pulps were air couriered to International Plasma Labs Ltd. ("IPL") of Vancouver, Canada or Inspectorate Labs of Reno, Nevada and analyzed for gold by fire assay with Atomic Absorption (AA) finish. IPL was acquired by Inspectorate and all samples were subsequently sent to the Inspectorate preparation facility in Hermosillo. Samples over 10 gram per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (ICP) analysis (aqua regia digest) was conducted on all samples. The remaining half of the core is stored in warehouse on site at the DynaMexico camp in San Jose de Gracia (See Photo 19).

As far as a Quality Assurance /Quality Control under DynaMexico, one of either of the regular blanks, duplicates, or one of the three different 'reference' standards were inserted into each lab shipment of assays, per 20 samples. Standards were purchased commercially from Rocklabs Ltd., of Auckland, New Zealand.

Inspectorate's Metals and Minerals Inspection and Laboratory Testing Services are certified by BSI, in compliance with the ISO 9001:2008 Guidelines for Quality Management**.** Inspectorate's Quality Assurance Program meets all established criteria as related to reporting requirements for mining & exploration companies under National Instrument, NI-43-101, and is compliant with those practices deemed “best industry” in analytical data generation of mineral samples. Inspectorate is independent of DynaMexico and the Issuer.

11.7 Quality Control, 2007 to 2008

In 2007 and 2008 the assay program and Project QA / QC was reviewed by Caroline Vallat of GeoSpark Consulting, Nanaimo, BC. who concluded, “the review of the San Jose de Gracia 2007 and 2008 analytical results for quality has shown the primary analytical result obtained from IPL “are of sufficient precision and accuracy to represent the project”.

Control charts show most of the assay data on the three different standards to be within two standard deviation of the norm, Re-assay of all batches of samples with standards above and below three standard deviations was undertaken.

The following show assay data variation using a stricter 2 standard deviation control:

- Standard SP-37, 7.1% or 23 samples out of a base of 323 – above/ below 2SD
- Standard SG-31, 5.9% or 15 samples out of a base of 254 – above/ below 2SD
- Standard OxL-51, 6.8% or 18 samples out of a base of 262 – above/ below 2SD

Although most of the ‘blank’ inserts are within acceptable range, control charts with 417 inserted blanks identify 3 outliers that require re-assay. These include sample 11592 (24 ppb Au), sample 14705 (30 ppb Au) and sample 14724 (40 ppb Au).

The duplicate assaying program identifies 2 samples from 226 duplicates that require re-assay. When these two samples are removed from the program, it shows a high degree of correlation with a 50 ppb constant variance. The two samples are #1373 (orig. 297 ppb Au, dup 102 ppb Au) and # 1900 (orig. 320 ppb Au, dup 203 ppb Au).

11.8 Author Opinion on Adequacy (through 2008 Sampling and Drilling Programs)

Although concerns have been identified, Mr. Luna believes sample preparation, security and general analytical procedures followed in the surface sampling, rock and chip sampling, and drilling programs through 2008 have been adequate to confirm the accurate representation of the project. Further, the author understands the quality control issues during the 1997 and 2007 to 2008 drill programs have been addressed. These issues were reviewed and verified by Caroline Vallat of GeoSpark Consulting.

Figure 25. QA / QC Control Chart for Standard SG-31 (Drill Holes 07-08 to 08-126)

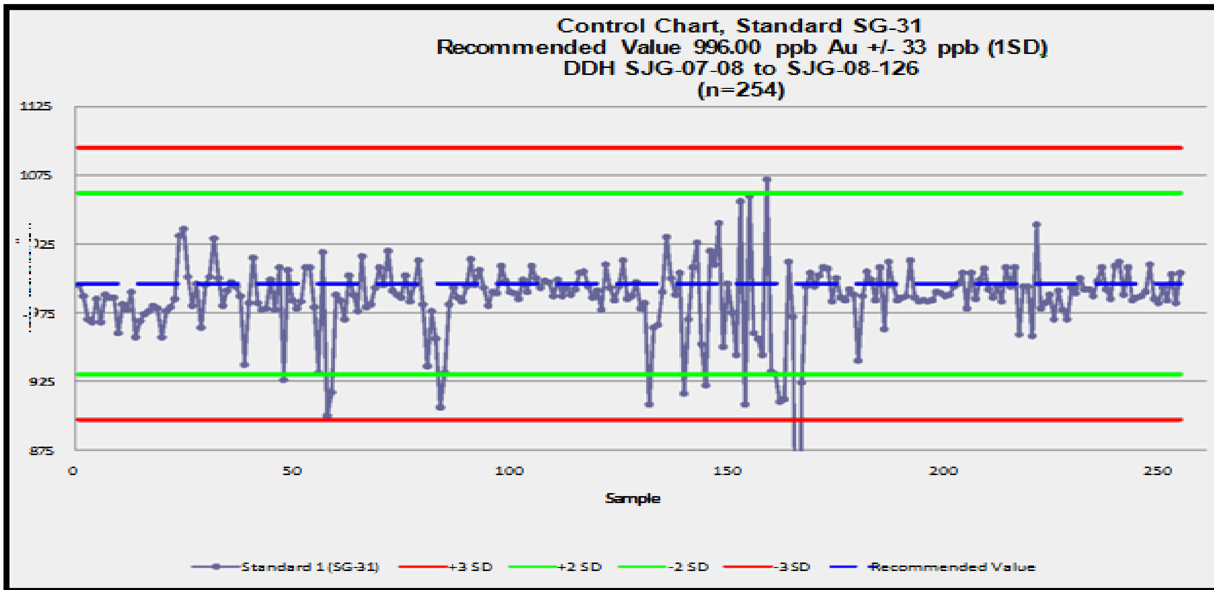


Figure 26. QA / QC Control Chart for Standard OxL 51 (Drill Holes 07-09 to 08-126)

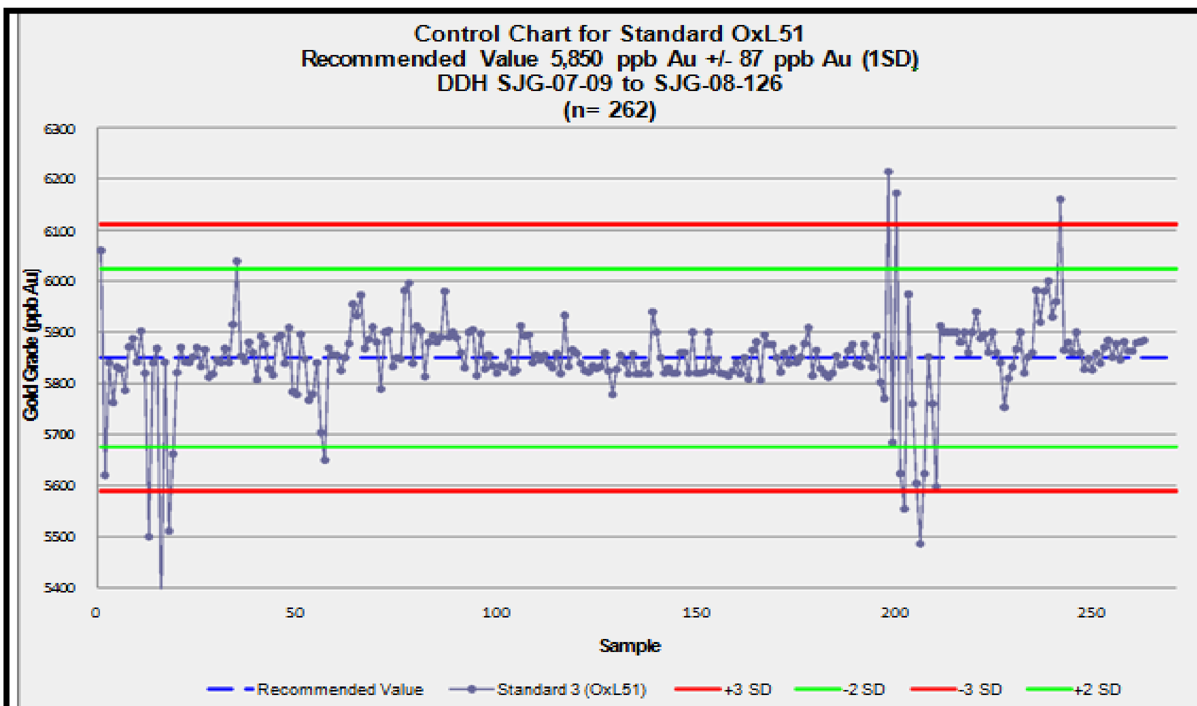


Figure 27. QA / QC Chart, Duplicate Samples (Drill Holes 07-09 to 08-126)

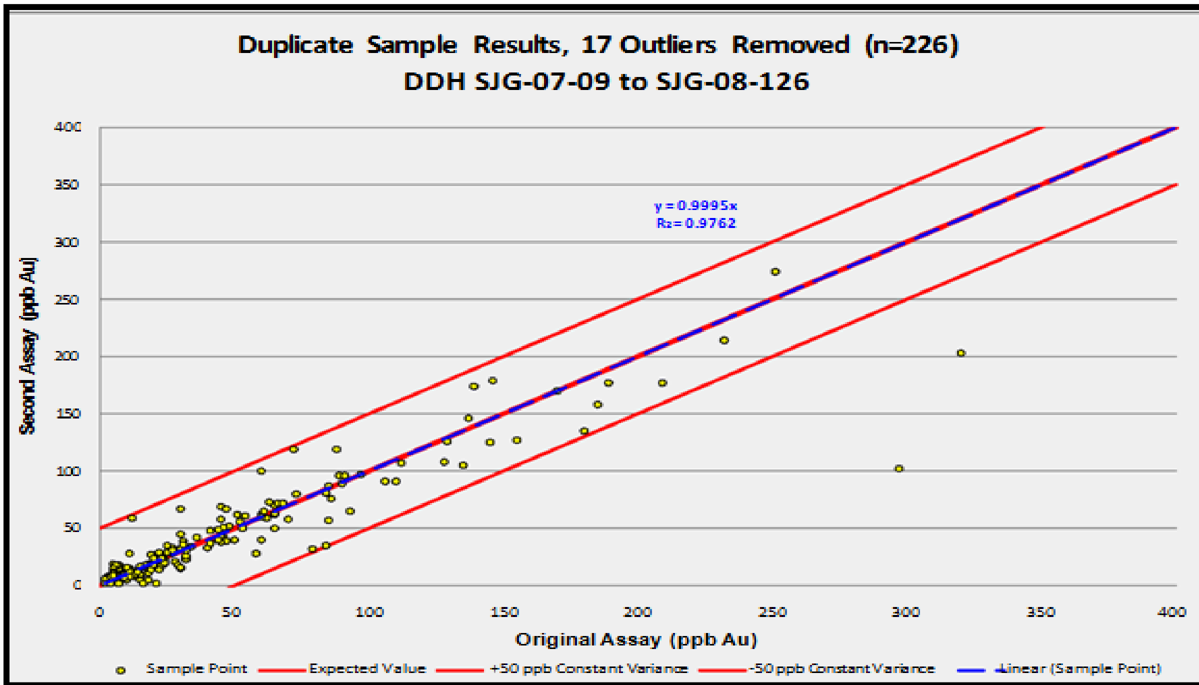
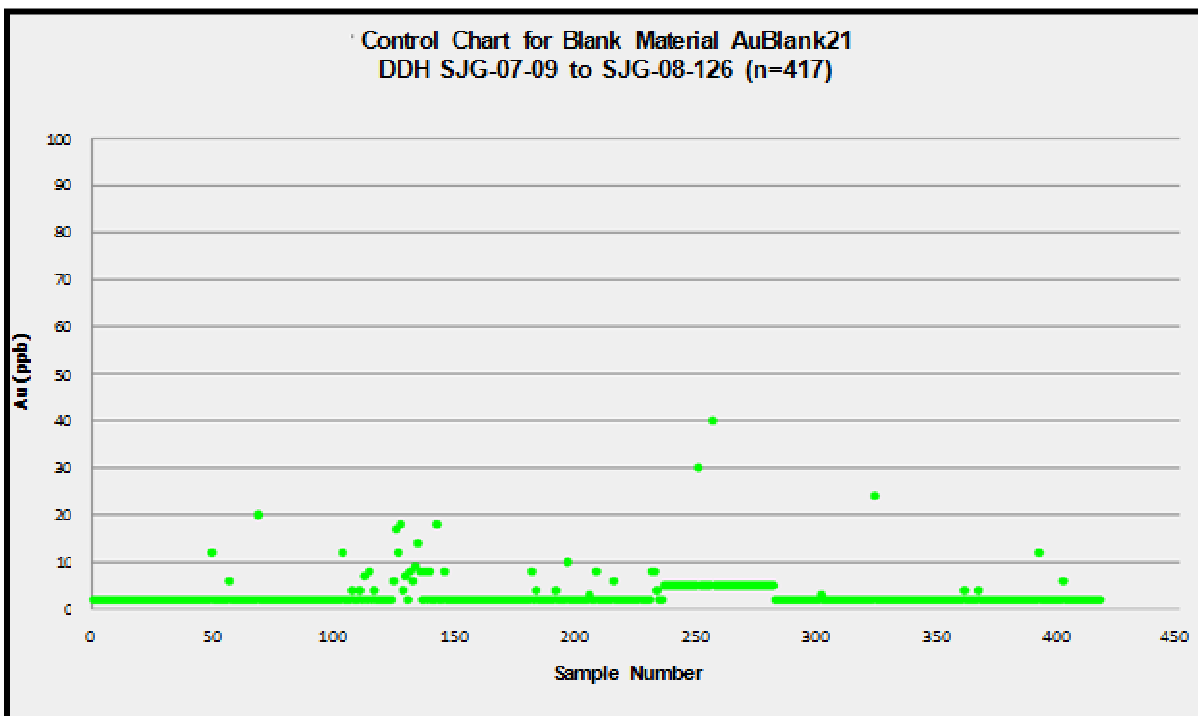


Figure 28. QA / QC Control Chart for Blank Material (Drill Holes 07-09 to 08-126)



11.9 Quality Control, 2009 to 2011

The 2009 to 2011 qualify control on standards submitted to IPL Labs show most of the assay data on seven different standards to be within three standard deviations of the norm. This data is of sufficient accuracy to represent the drilling at San Jose de Gracia.

The following show assay data above or below three standard deviations:

- Standard SG-31, 0.3% or 1 sample out of a base of 283 – above/ below 3SD
- Standard SP-37, 2.2% or 14 samples out of a base of 618 – above/ below 3SD
- Standard OxL-51, 0% or 0 samples out of a base of 80 – above/ below 3SD
- Standard OxL63, 2.3% or 11 samples out of a base of 461 – above/ below 3SD
- Standard SG40, 5.9% or 19 samples out of a base of 320 – above/ below 3SD
- Standard Sj-53, 18.69% or 40 samples out of a base of 214 – above/ below 3SD
- Standard OxP76, 4.3% or 6 samples out of a base of 138 – above/ below 3SD

Figure 29. QA / QC Control Chart for Standard SG-31. (Drill Holes 09-127 to10-186)

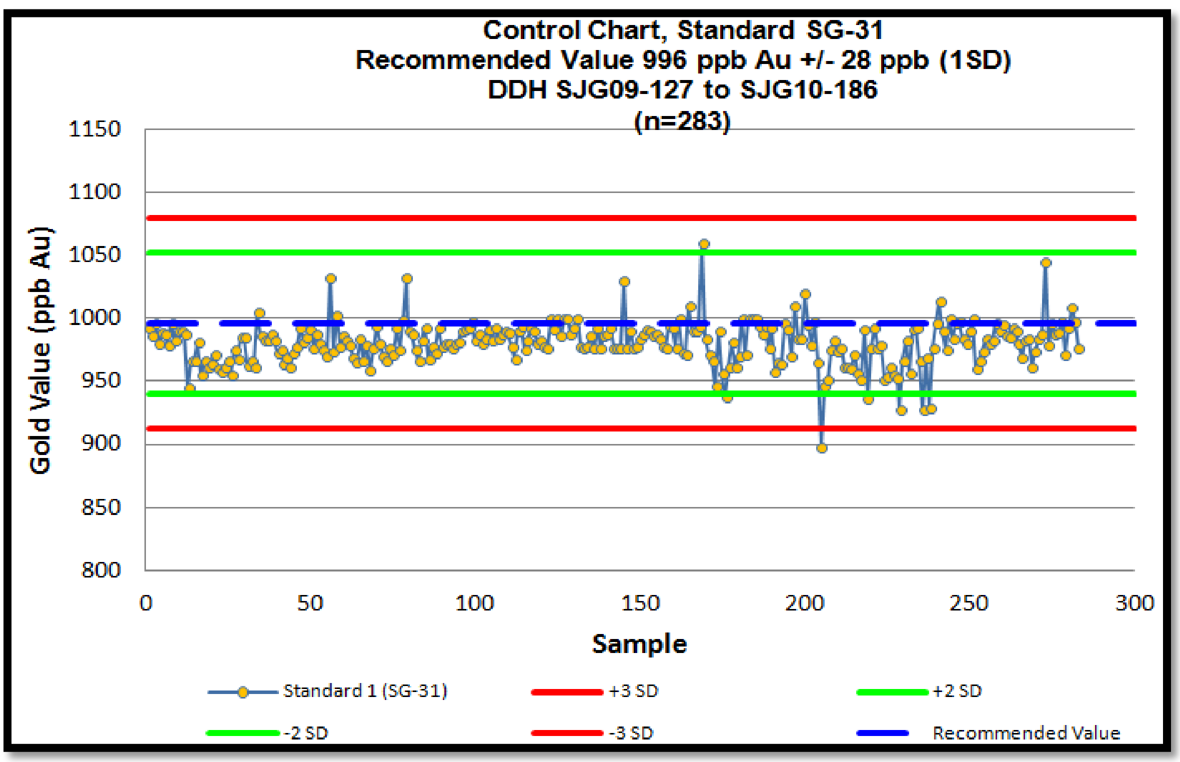


Figure 30. QA / QC Control Chart for Standard SP-37. (Drill Holes 09-127 to 11-298)

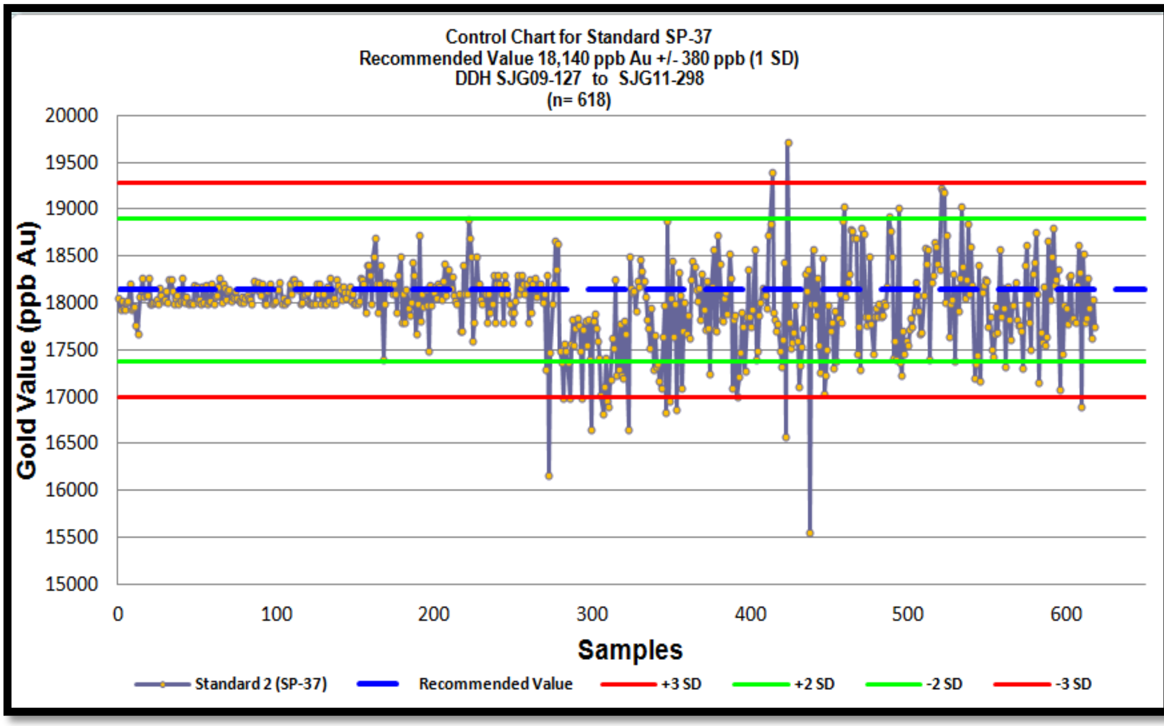


Figure 31. QA / QC Control Chart for Standard OxL-51. (Drill Holes 09-127 to 10-153)

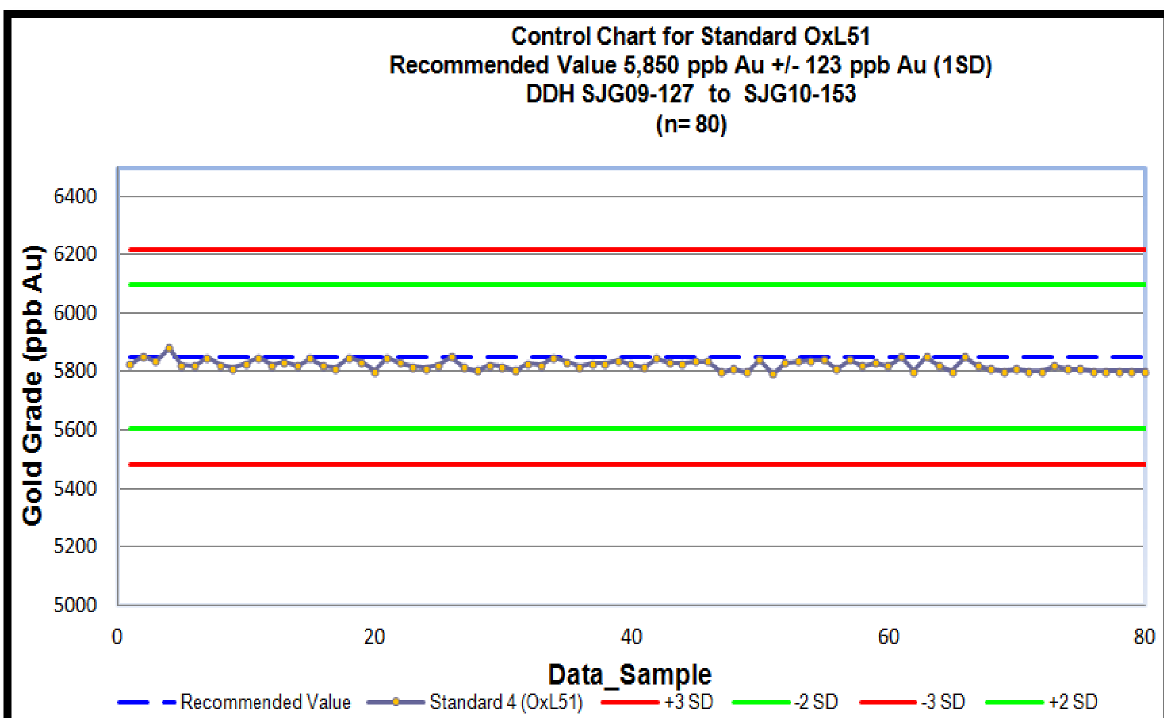


Figure 32. QA / QC Control Chart for Standard OxL-63. (Drill Holes 10-154 to 11-298)

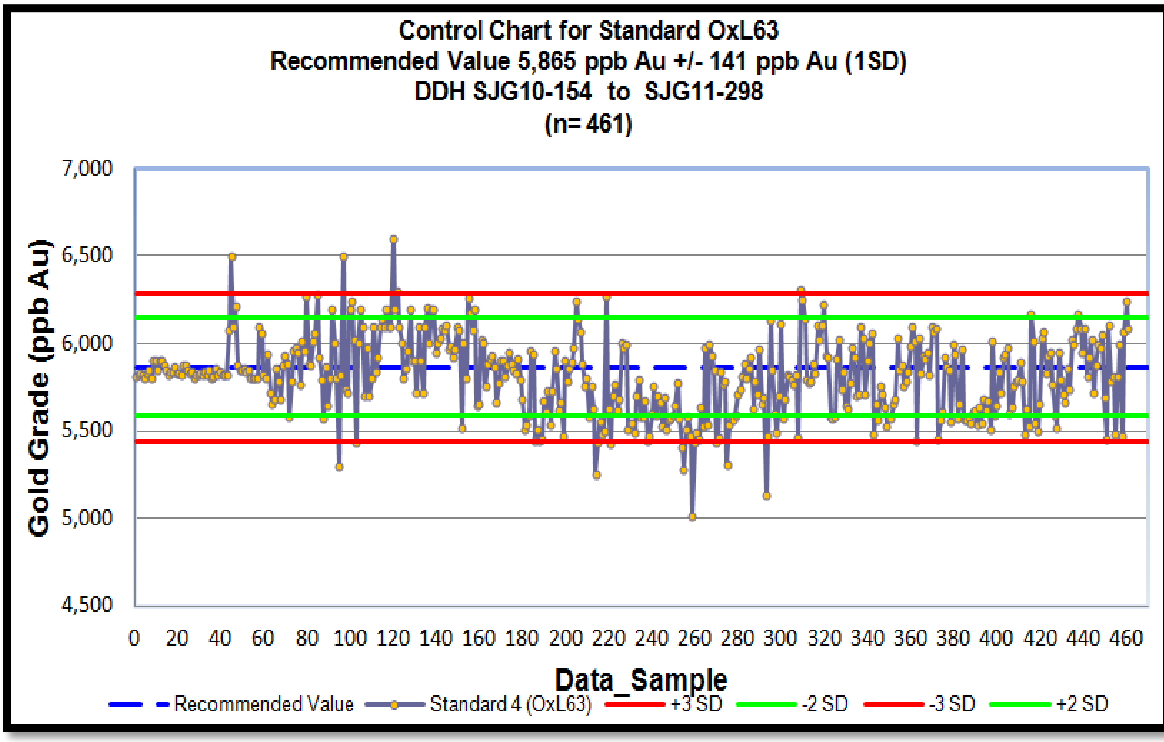


Figure 33. QA / QC Control Chart for Standard SG-40 (Drill Holes 10-187 to 11-298)

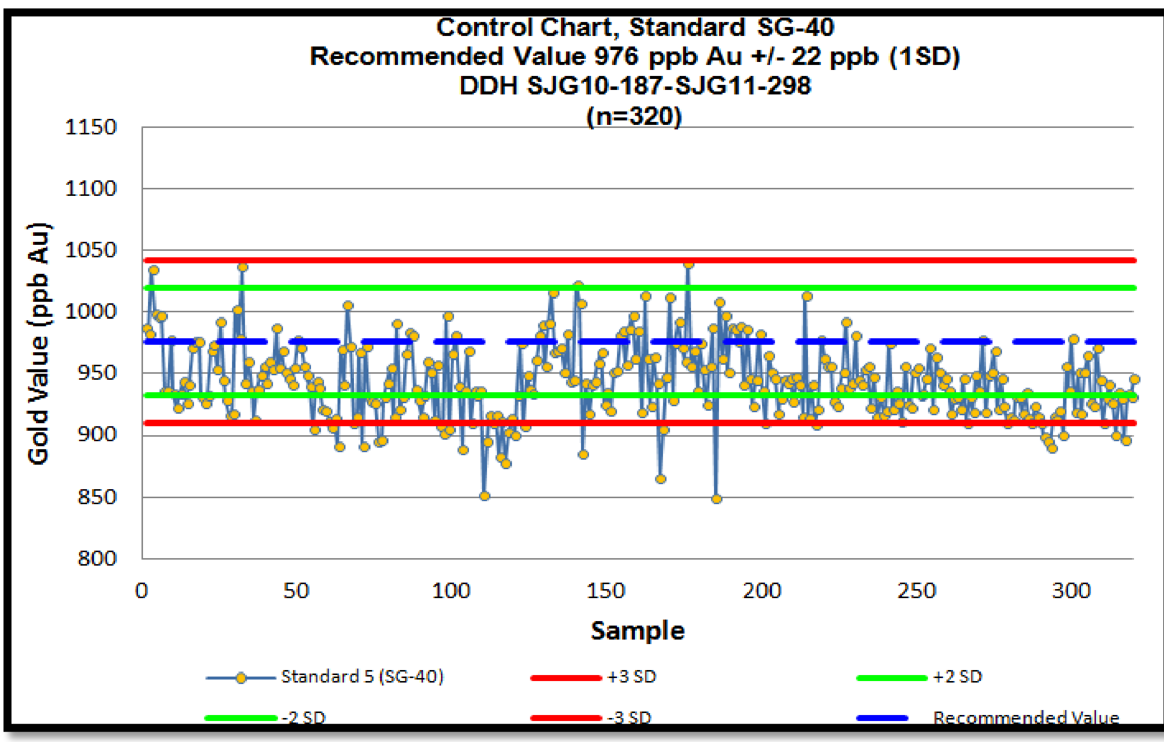


Figure 34. QA / QC Control Chart for Standard Sj-53. (Drill Holes 10-219 to 11-289)

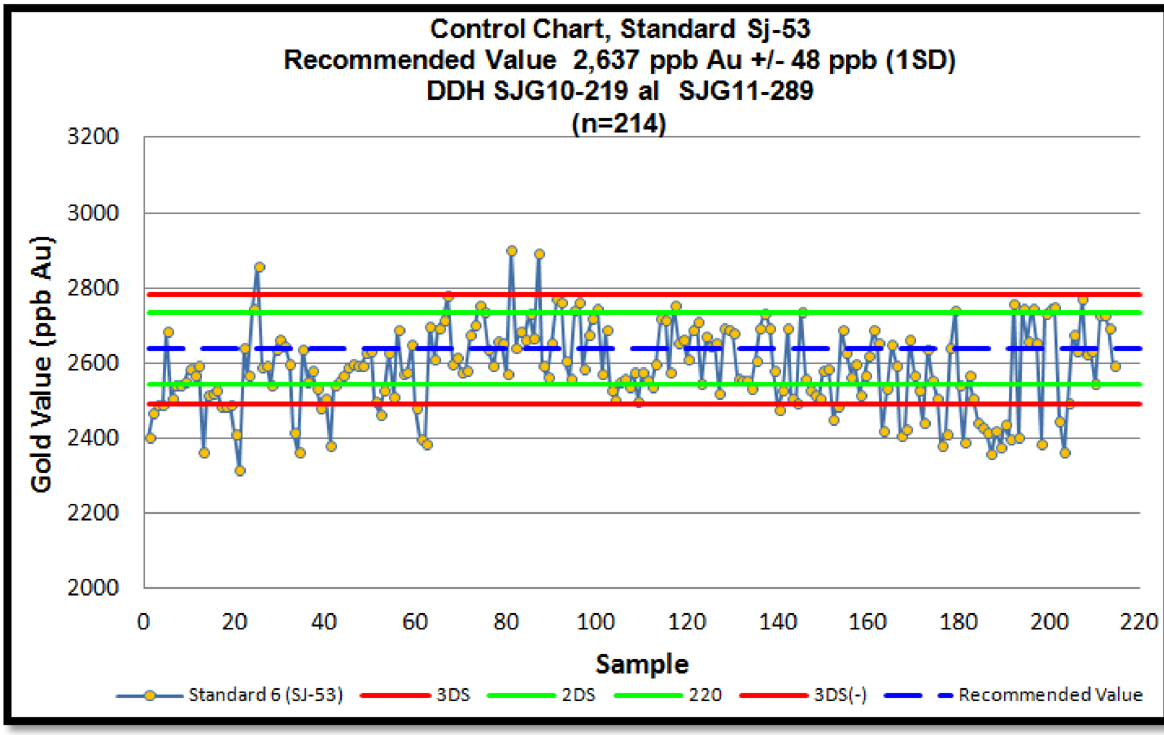


Figure 35. QA / QC Control Chart for Standard OxP76. (Drill Holes 10-225 to 11-298)

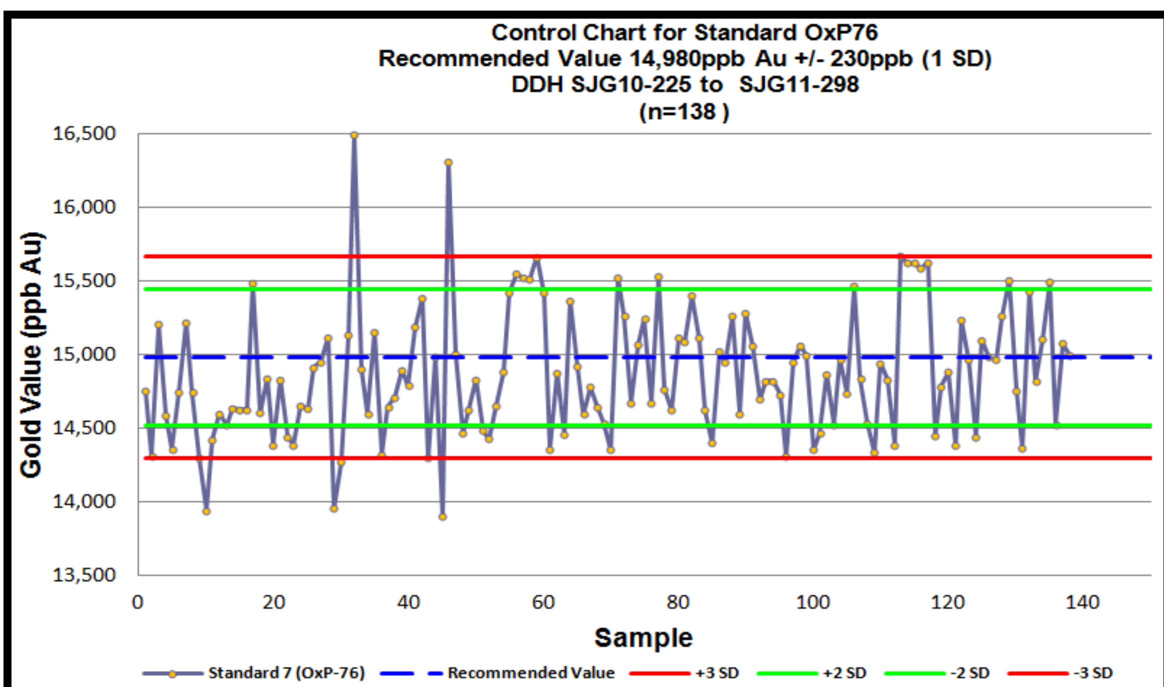


Figure 36. QA / QC Control Chart for Blank Material. (Drill Holes 09-127 to 11-298)

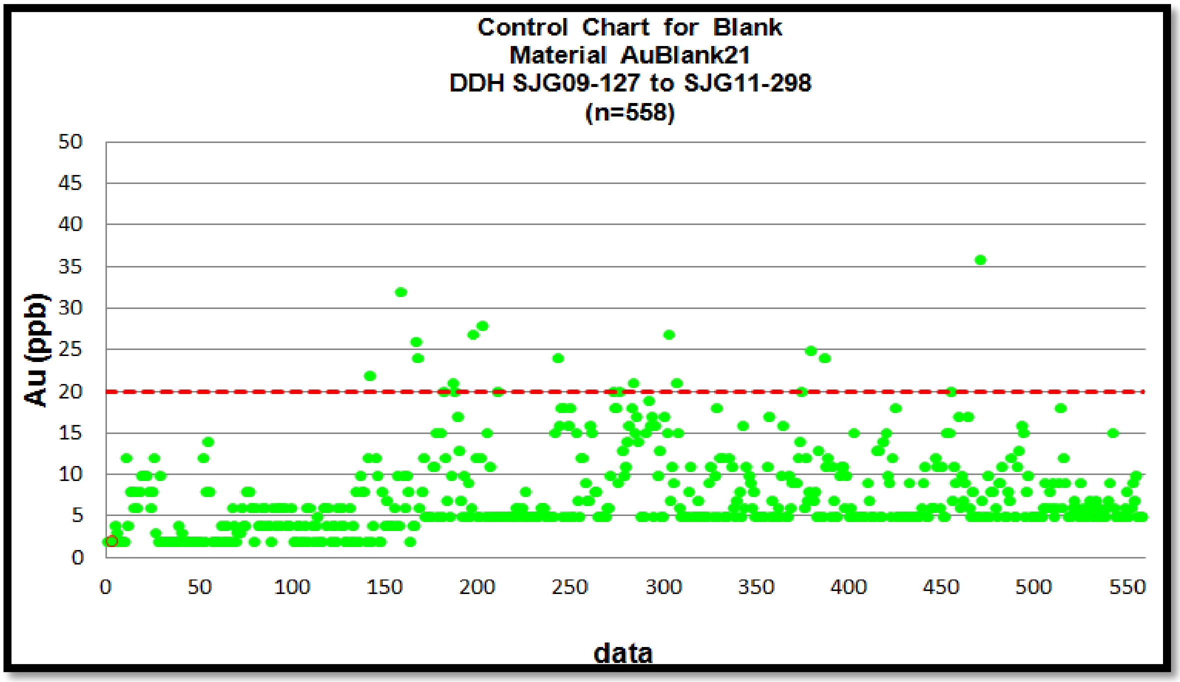
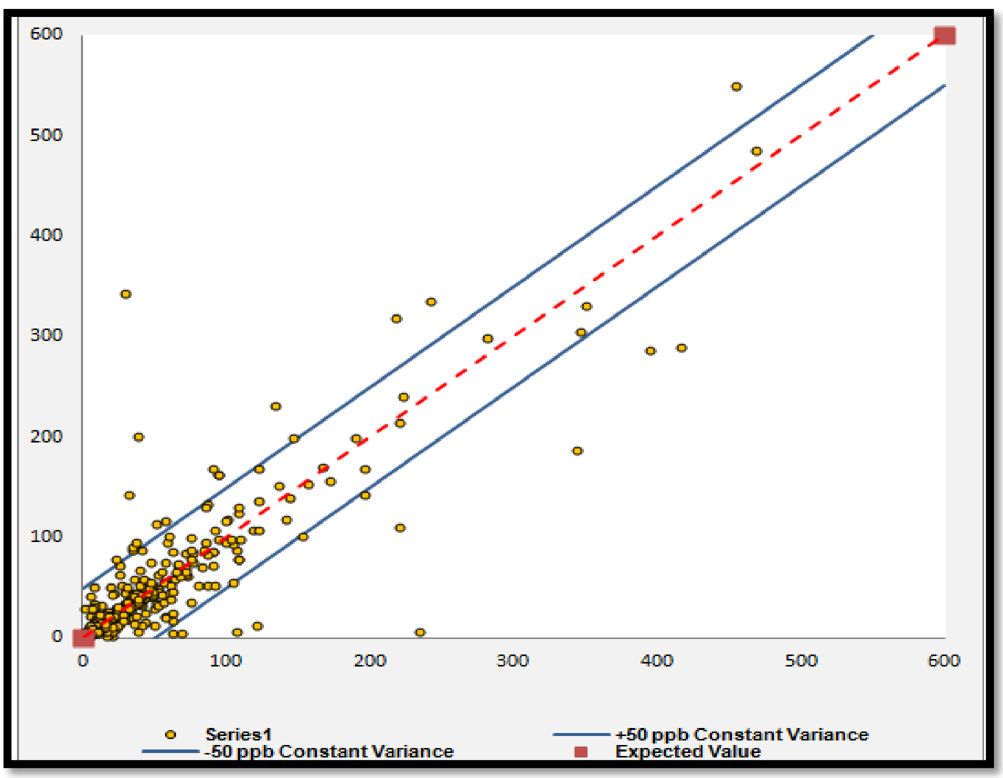


Figure 37. QA / QC Chart, Duplicate Samples. (Drill Holes 09-127 to 11-298)



11.10 Author Opinion on Adequacy (through 2011 Sampling and Drilling Programs)

Mr. Luna believes the sample preparation, security and general analytical procedures followed in the surface sampling, rock and chip sampling, and drilling programs through 2011 have been adequate to confirm the accurate representation of the project, and to the effective date of the Technical Report.

ITEM 12.0 DATA VERIFICATION

12.1 Verification Procedure

12.1.1 Property Inspections by the Qualified Persons

Mr. Luna conducted a property inspection of the San Jose de Gracia Project in November 2010 in the company of Mr. K.D. Diepholz, President of DynaMexico and Dr. Jose Vargas Lugo, Operations Manager for DynaMexico and the San Jose de Gracia Project, under DynaResource Operaciones SA de CV. Mr. Luna conducted a further property inspection in November 2011 who was accompanied by Dr. Vargas and Pedro I. Teran, exploration advisor to DynaMexico, under consulting agreement to DynaResource Operaciones. While at the Property on November 4 and 5 of 2011, Mr. Luna inspected the areas of Tres Amigos, La Prieta, Gossan Cap, San Pablo, La Union, and La Purisima, and historic mining sites.

Further, each of Mr. Luna and Mr. Sandefur conducted a site inspection on January 6, 2012. They were accompanied by K.D. Diepholz, Dr. Vargas and Pedro I. Teran, amongst others. On January 6, 2012, Mr. Sandefur and Mr. Luna inspected the SJG Property including the areas of Tres Amigos, San Pablo, La Union, and La Purisima. Pictures of the areas were taken. Many of the drill pads for the drilling programs of 2007 to 2011 were clearly located and identified. Mr. Luna also inspected San José de Gracia's core logging and storage facilities, the geology offices, the meteorological station, the plant nursery, and the mill. Mr. Sandefur also inspected San José de Gracia's core logging and storage facilities, the plant nursery and the geology offices.

12.1.2 Various Property Area Inspections

While at the Property in November 2011, Mr. Luna's inspection included each of Tres Amigos, La Prieta, the Gossan Cap, San Pablo, La Union, and La Purisima and historic mining sites. Pictures of such areas were taken. Many of the drill pads for the drilling programs of 2007 to 2011 were clearly located and identified.

Photo 15. Property Inspection - Tres Amigos Area

Photo 16. Property Inspection - La Prieta Area

Photo 17. Property Inspection - San Pablo Area Upper Level

Photo 18. Property Inspection - La Purisima Area

12.1.3 Other Inspections

Mr. Luna also inspected San José de Gracia's core logging and storage facilities, the geology offices, the metallurgical station and the mill.

Photo 19. Core Storage

Photo 20. Property Inspection - Core Boxes

12.2 Check Samples

A total of 10 rock samples were collected by Mr. Luna including 1 rock samples of quartered core from drill hole number SJG DDH 10-179 at Tres Amigos (from 176.17 to 177.5 meters), 2 rock samples from of quartered core from drill hole SJG DDH 08-051 at San Pablo (from 183.6 to 184.6 meters) and drill hole number SJG DDH 10-203 at San Pablo (from 36.05 to 36.75 meters), and 2 Ore dump samples from underground workings at the same locations, 0 samples from quartered core from the drill holes from La Prieta, 3 rock samples from quartered core from the drill hole number SJG DDH 10-223 at La Union (from 62.25 to 63.90 meters, and from 63.9 to 65.40 meters and from 65.40 to 66.15 meters) and 0 rock samples from quartered core from the drill holes from La Purisima, and 1 Ore dump sample from La Purisima. These rock samples were hand delivered to ALS Chemex Labs of Hermosillo, Mexico for analysis (see table 39). Below is a list of the assay results from the 10 samples taken at these areas.

Mr. Luna suggests that the 10 check samples listed below support the fact that the quality and grade of gold mineralization can be verified from the 4 "point" locations, in four areas namely, Tres Amigos, San Pablo, La Union and La Purisima.

Table 39. Field Check Assays by Mr. Luna, November 2011

SAMPLE NUMBER (ID)	SAMPLE DESCRIPTION (LOCATION OR HOLE)	RESOURCE AREA	SAMPLE TYPE	INTERVAL (From)	INTERVAL (To)	Au ppm	Ag ppm	Cu %	Pb %	Zn %
SPMSJG-001	Tres Amigos old Mine Portal	TRES AMIGOS	Rock			.41	2.50	0.023	0.046	0.527
SPMSJG-002	San Pablo Mine Dump	SAN PABLO	Rock			97.20	87.50	2.240	0.048	0.114
SPMSJG-003	San Pablo Mine Dump	SAN PABLO	Rock			4.59	28.50	0.675	0.006	0.032
SPMSJG-004	La Purisima old Mine	La PURISIMA	Rock			5.65	5.70	0.048	0.035	0.004
SPMSJG-005	SJG08-51	SAN PABLO	Core	183.6	184.6	43.20	19.90	0.325	0.002	0.012
SPMSJG-006	SJG10-179	TRES AMIGOS	Core	176.17	177.5	5.00	7.60	0.156	0.457	2.550
SPMSJG-007	SJG10-203	SAN PABLO	Core	36.05	36.75	3.09	59.90	1.480	0.152	0.520
SPMSJG-008	SJG10-223	LA UNION	Core	62.25	63.9	0.22	1.90	0.004	0.004	0.015
SPMSJG-009	SJG10-223	LA UNION	Core	63.9	65.4	8.72	10.00	0.426	0.003	0.006
SPMSJG-010	SJG10-223	LA UNION	Core	65.4	66.15	39.80	21.60	1.210	0.006	0.015

12.3 Database Checks

The project's technical staff have kept a well maintained database of all drill hole collars, deviation surveys, assays and geology information in both Microsoft Access and Surpac software formats.

12.4 Drill hole Collar Location Checks

During the Property inspection Mr. Luna was able to verify locations of drill holes at Tres Amigos, La Prieta, San Pablo, La Union and La Purisima.

ITEM 13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Bulk Sample, Hazen Process Development Metallurgical Report

The following description was provided by Mr. Wayne Henderson, a metallurgical consultant and a one-time VP and director of DynaUSA, who acted on DynaUSA's behalf on several occasions regarding metallurgical and processing matters. At the time the metallurgical test work was conducted, Mr. Henderson was employed by Lockwood Greene Engineers but was available to conduct work for personal clients such as DynaUSA on his own time.

Ore and existing mill tailings samples were collected under the supervision of Mr. Henderson prior to DynaMexico's acquisition and consolidation of San Jose de Gracia. The ore samples consisted of a bulk (about 500 kg) of stockpiled ore from the lower adit of the Tres Amigos mine (intercept of the Tres Amigos and Orange Tree veins). In addition, approximately 100 kg of ore as a bulk sample was taken from the surface at the Gossan Cap area. Three additional ore samples (approximately 5-15 kg each) were assembled from splits of the cores from several of the 1997 drilling program core holes to develop samples representing different ore types for testing. These included: 1) composite drill cores from Palos Chinos, 2) massive sulphide from the Tres Amigos vein and 3) disseminated, non-sulphide mineralized zones at the bottom of several Tres Amigos core holes. The logic was that major exploratory test work to define a metallurgical process would be done on the bulk sample from the adit at Tres Amigos and the other samples would have limited testing done at the selected metallurgical process conditions to verify the performance of the selected metallurgical process circuit on other types of San José mineralization. Finally, several bulk samples (50-100 kg) of existing tailings from the Rosarito mill and the old Rosarito mill were collected and used to conduct flotation, gravity, and limited leachability test work on the tailings."

Samples were shipped to the laboratory of Carbonyx Carbon Technologies in Plano, Texas where in 2000 and 2001 Mr. Henderson conducted two separate preliminary test programs, one for the tailings, and the other for a portion of the bulk Tres Amigos ore. He developed a concept for the metallurgical processing to produce both gravity and flotation concentrates (rougher and cleaner). The tests confirmed a metallurgical flow sheet to be utilized at San José to recover up to 90% of the feed gold into the concentrates. The above "in-house" testing established a preliminary flowsheet for a mill circuit for processing either primary ore or for reprocessing the existing tailings. Subsequently Hazen Research Laboratories of Golden, Colorado ("Hazen") was engaged to provide independent verification of the in-house work, and carry out additional optimization test work. Lockwood Greene/ Mr. Henderson prepared and verified completion of the scope of work.

In summary, various interim reports and the final metallurgical report to DynaUSA, the "Official Hazen Test Report, ("Hazen Report")" provided results as follows:

(a) The initial gravity beneficiation/flotation test work on the Tres Amigos and Gossan Cap bulk ore samples were very encouraging with up to 80 % recovery of the feed gold into the gravity concentrates while maintaining a minimum concentrate grade of 100 g Au/t;

(b) The existing tailings samples (feed grades of 3 -8 g Au/t) returned similar recovery results, but had to be cleaned to produce a final concentrate with > 100 g Au/t;

(c) The overall gold recoveries into the gravity cleaner concentrate still were in excess of 50% of the total feed gold;

(d) Flotation tests on primary ore samples resulted in recoveries of 85 - 90 % of the feed gold into the rougher concentrates, however, recoveries after cleaning (to get > 100 g Au/t grade) dropped to the 65-75 % range; and

(e) A combination circuit of a gravity pre-concentration stage with flotation on the gravity tailings indicated the potential to recover > 90% of the feed gold into the gravity concentrate, the rougher flotation and the cleaner flotation concentrates while maintaining a 100 g Au/t grade in all of the concentrates."

This two stage (Gravity – Flotation) concentration circuit became the basis for the subsequent mill circuit design utilized in the 2003 – 2006 pilot production activities at San José de Gracia by DynaMexico.

13.2 DynaMexico Pilot Production Results (2003–2006)

In 2003 DynaMexico opened and refurbished an old drift located approximately 60 meters below the Gossan Cap where at least one vein structure (San Pablo) is exposed over a strike length of 135m and vertical extent of 40m. DynaMexico produced 18,250 ounces of gold from 42,000 tonnes of mill feed processed from selected high grade "pockets" of ore, over a 3 and 1/2 year span, until operations were suspended in 2006 to focus on exploration and the defining of resources (Table 6-repeated).

Table 40 (Repeated Table 6). Recent Production – San Pablo Vein – DynaMexico (2003 – 2006)

Period	Total Production	Reported Mill	Reported	Gold Production
2003	7,500	25	~90%	5,000
2004	13,500	25	~85%	7,500
2005	17,500	15	~75%	5,000
2006 Jan. to June	3,500	15	~75%	750
Total	42,000	~ 15	~85%	18,250

While the Pilot Production operation of 2003-2006 was conducted in small scale, it is considered to be representative of an underground mining operation at San Pablo. Recoveries of approx. 90 % of mineralization were reported by DynaMexico.

13.3 Historical Production

Historical production from pre-Mexican Revolution period is reported at approximately 1,000,000 Oz. Au. The Author is not able to confirm this production reports.

13.4 Author Opinion regarding Recoveries, Estimates, and Representative Mineralization

Mr. Luna believes that the Pilot production operation conducted by DynaMexico at the San Pablo area of the San Jose de Gracia Project is reasonably indicative of an underground, gravity-flotation recovery process which could be implemented in the future.

Mr. Luna also notes that mineralization from other areas of the San Jose de Gracia Project may not be consistent with the mineralization at San Pablo. Further modern metallurgical work will be required in order to confirm economical recovery of mineralization from all resource deposit areas of the San Jose de Gracia Project.

ITEM 14.0 MINERAL RESOURCE ESTIMATES

14.1 Introduction

CAM's geostatistician, Robert Sandefur, BS, MSc, PE, a Qualified Person as defined under National Instrument 43-101 ("**NI 43-101**"), prepared a mineral resource estimate of the San José de Gracia Project for DynaMexico (the "**2012 DynaMexico-CAM Mineral Resource Estimate**"). The resource estimate was prepared using the most appropriate programs in the Surpac, MineSight and MicroModel software systems. In addition to the data vetted and prepared by Servicios y Proyectos Mineros, CAM was assisted by Pedro Ignacio ("**Nacho**") Teran, geologic consultant to DynaMexico, and Alyson Cartwright of MineSight, however Robert Sandefur of CAM is responsible for the resource estimate and those portions of this Technical Report which disclose the 2012 CAM Mineral Resource Estimate.

All references to ounces in the 2012 CAM Mineral Resource Estimate are references to troy ounces. The effective date of the 2012 DynaMexico-CAM Mineral Resource Estimate is February 6, 2012.

14.2 CIM Definition Standards and National Instrument 43-101 Definitions

Definitions used in this section are consistent with those adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Council on 27 November 2010, and prescribed by the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and Form 43-101F1.

CIM Definition Standards state the following:

> "The CIM Definition Standards … provide standards for the classification of Mineral Resource and Mineral Reserve estimates into various categories. The category to which a resource or reserve estimate is assigned depends on the level of confidence in the geological information available on the mineral deposit; the quality and quantity of data available on the deposit; the level of detail of the technical and economic information which has been generated about the deposit, and the interpretation of the data and information."
>
> "Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource."

National Instrument 43-101 provides that for the purposes of National Instrument 43-101, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Reserves, as adopted by CIM Council, as amended.

The CIM Definition Standards on Mineral Resources and Mineral Reserves provide the following definitions (set out in bold) and commentaries (set out in italics) from the CIM Definition Standards (which commentaries immediately follow the definitions):

> **"A Mineral Resource is a concentration or occurrence of diamonds, natural, solid, inorganic material or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such** form and quantity and of such a grade or quality that it has reasonable prospects **for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge."**
>
> *"The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase 'reasonable prospects for economic extraction' implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable. These assumptions must be presented explicitly in both public and technical reports."*
>
> **"An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes."**
>
> *"Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies."*
>
> ***"Indicated Mineral Resource***
>
> **An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed."**

> *"Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions."*
>
> ***"Measured Mineral Resource***
>
> **A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity."**
>
> *"Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit."*

Note that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

In this Technical Report the term "Resources" is deemed to have the same meaning as the term "Mineral Resources".

14.3 Block Models - General

This section describes the preparation of the geologic and grade Block Model for the deposit. In this process, a digital representation of geological interpretation is constructed by assigning geologic codes to small regular space filling rectangular blocks ("Blocks") within a much larger rectangular volume (the Block Model). Grades are assigned to the Blocks from the drillhole samples or composites and all of the Blocks within the Block Model are tabulated at various cutoff grades. Because of the nature and geometry of the deposit, not all of the Blocks have the same degree of certainty in their grade assignment or the possibility of being mined.

This section includes a tabulation of all Blocks within the Block Model without regard to the potential mineability. An unknown number of these Blocks included in these tabulations might not be included in Reserves or in Resources.

The restriction on units of production is interpreted to restrict any implication of economics or reserve status. For this report, ounces are reported as the product of tons and grade without any implication of production. Without a product, averages or sums could not be calculated.

14.4 Database

CAM used a drillhole database provided by DynaMexico in MineSight format and reformatted for use in the MicroModel geological model and mine planning system. Basic statistics on the database as provided are given in Table 41.

Table 41. MineSight Database

DynaMexico MineSight Database Drilling Statistics from Assay Database		
Item	Number	Length (m)
Holes	372	76035.2
Holes with non-collar downhole surveys	238	56602.4
Non-collar survey records	872	49097.1
Downhole surveys up	0	0.0
Downhole surveys down	1244	49097.1
Assay intervals defined (Au)	42017	76035.2
Intervals assayed (Au)	41919	75463.8

Much of the initial checking of the database was done by Servicios y Proyectos Mineros using manual methods.

CAM uses automated data processing procedures as much as possible in constructing and auditing geologic databases to assure consistency and minimize errors and costs. These procedures depend heavily on consistent alphanumeric attribute codes and consistent and non-duplicated field labels and drillhole IDs. While many of the issues flagged by these automated procedures are obvious to a human, CAM requires a clean and consistent database before proceeding with geological modeling. Common inconsistencies include:

- Misspellings.
- Confusion of 0 (zero) and O or o.
- Inconsistent use of upper and lower case.
- Inconsistent usage or space _ and -.
- Trailing, leading or internal blanks. (CAM routinely changes all blanks to _ to positively identify this problem)
- Inconsistent use of leading zeros in hole IDs.
- Inconsistent analytical units (e.g. PPM, PPB, opt, %, etc)

- Inconsistent coordinate systems and units (e.g. NAD27 and state plane and mine grid: ft and m.

For manually generated databases, CAM generally regards an error rate of less than one in 500 good, an error rate of less than one in 100 acceptable and an error rate greater than two in 100 as unacceptable. The acceptability or unacceptability of the database also depends heavily on the impact of the errors. Hence the values for acceptability or unacceptability may easily change by an order of magnitude depending on the nature of the errors. For example a dropped decimal point in a value of 37 for an actual value of 0.37 is much more serious than the entry of a 0.36 for a 0.37. For computer-generated databases any errors may be indicative of problems in data processing procedures, and these require resolution of the source of the problem.

The CAM check procedure generates a number of false positives (possible issue which are actually correct). In general if the number of items flagged is less than 2% of the total records the database is acceptable.

CAM also reviews the procedures used to prepare the database and is particularly critical of the common practice of cutting and pasting to obtain the database. Different companies and even personnel within the same company have different methods for drilling, sampling, sample prep, analysis and record-keeping. In some cases it may be necessary to de-weight the results of certain drilling campaigns or types of drilling.

Over the years CAM personnel have developed a procedure for mathematically and statistically validating exploration databases. This check procedure includes:

- Check for duplicate collars.
- Check for twin holes.
- Check of surface collared holes against surface topography.
- Check for statistically anomalous downhole surveys.
- Calculate approximate difference in XYZ location due to differences in hole desurvey algorithms.
- Check for overlapping assays.
- Check for 0 length assays.
- Check for long assay intervals.
- Review of assay statistics by grade class.
- Review of assay statistics by length class.
- Checks for holes bottomed in mineral.
- Check for assay values successively the same.

- Check for assay spikes.
- Check for downhole contamination by decay analysis.
- Check of total grade thickness in toto and by mineral zone.
- Bias testing between drilling campaigns and drilling type as appropriate.

In evaluating an existing database CAM uses values flagged by these automated procedures as a starting point for database review and has found that if the error rates in the statistically anomalous values is acceptable then the entire database is generally acceptable.

Some anomalies were noted, and were transmitted to DynaMexico for review and if necessary correction, but the number and type of anomalies were within industry norms for databases of this size, particularly in an area with steep topography, and even if the anomalies turn out to be errors, they would have no substantive effect on the overall mineral resource estimate. On the basis of these statistical checks, and the checks of data entry discussed previously, CAM believes that the exploration database has been prepared according to industry norms and is suitable for the development of geological and grade models.

In the course of the review it was noted that a very high-grade interval SJG10-203 from 70.650 to 71.400 with the gold assay value of 2424 gpt Au was missing and could not be examined. While this interval was capped and thus does not greatly impact the grade estimate, the fact that the interval was not available for examination indicates the importance of maintaining security and having multiple personnel present when very high-grade samples are being reviewed.

14.5 Density

A total of 5,540 pieces of core were measured for specific gravity using the weight in air vs. weight in water method. This represents an additional 3,897 measurements taken in the 2010-11 drill seasons with density measurements taken from all mineral zones. Dried samples were coated with paraffin wax before being measured. The results tabulated have been sorted by lithology and mineralized veins. The average specific gravity of 5,051 wall rock samples is 2.59 while the average specific gravity for 489 samples of vein material is 2.68. CAM and Servicios y Proyectos Mineros have reviewed the procedures and results, and opine that the results are suitable for use in mineral resource estimation. CAM suggests a further review of the density data be done to determine if there are significant variations by area by vein and to determine if there is a correlation between sulfide content and density.

Table 42. Rock Specific Gravity

Lithology Code	Number of Samples	Minimum SG	Maximum SG	Average SG
ANDS	3,100	2.02	3.7	2.59
BPVS	73	2.09	2.96	2.59
IDIO	100	2.39	2.89	2.68
MSED	574	2	3.57	2.63

QVBX	61	2.27	3.18	2.61
RHDA	734	2.01	3.34	2.51
TRLL	140	2.14	3.21	2.57
VANP	269	2.22	3.5	2.61
Average Wall Rock	5,051	2	3.7	2.59
Tres Amigos Veins	177	2.04	3.56	2.75
San Pablo Veins	180	2.37	3.22	2.72
La Union Veins	51	2.37	3.18	2.7
La Purisima Veins	81	2.11	2.81	2.44
All Veins	489	2.04	3.56	2.68

Table 43. Rock Specific Gravity in Relation with Cu+ Zn+Pb

Combined Cu+Zn+Pb Range	**Number of Samples**	**Average Cu+Zn+Pb %**	**Minimum SG**	**Maximum SG**	**Average SG**
< 0.10 %	151	0.04	2.11	3.14	2.57
≥ 0.10 < 0.30 %	113	0.19	2.19	3.11	2.66
≥ 0.30 < 0.50 %	54	0.39	2.33	3.08	2.68
≥ 0.50 < 0.75 %	50	0.62	2.27	3.08	2.73
≥ 0.75 < 1.00 %	34	0.87	2.22	3.15	2.77
≥ 1.00 < 2.00 %	55	1.37	2.37	3.22	2.81
□ 2.00 %	32	4.22	2.04	3.56	2.87

14.6 Block Models

Resources are contained in four main areas of San Jose de Gracia which are (roughly from north to south): (a) Tres Amigos, (b) San Pablo, (c) La Union, and (d) La Purisima (see Figure 50). Geometric parameters of the Block Models are shown in Tables 44 though 47.

Table 44. Tres Amigos Block Model Geometric Parameters

Tres Amigos Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Northing	2897500.00	Rows	400	Row	2.00

Tres Amigos Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Easting	213050.00	Columns	425	Column	2.00
Elevation	300.00	Benches	200	Bench	3.00
Rotation Angle (0.00)					

Table 45. San Pablo Block Model Geometric Parameters

San Pablo Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Northing	2896950.00	Rows	245	Row	2.00
Easting	212400.00	Columns	475	Column	2.00
Elevation	300.00	Benches	200	Bench	3.00
Rotation Angle (0.00)					

Table 46. La Union Block Model Geometric Parameters

La Union Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Northing	2896450.00	Rows	280	Row	2.00
Easting	212400.00	Columns	475	Column	2.00
Elevation	300.00	Benches	200	Bench	3.00
Rotation Angle (0.00)					

Table 47. La Purisma Block Model Geometric Parameters

La Purisima Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Northing	2895400.00	Rows	525	Row	2.00

La Purisima Block Model Geometric Parameters					
Origin (m)		**Number of**		**Block Size (m)**	
Easting	212400.00	Columns	375	Column	2.00
Elevation	150.00	Benches	160	Bench	3.00
Rotation Angle (0.00)					

These block sizes are reasonable for a project at this level of development, but may need to be revised as various other mining scenarios are considered. It is CAM's preference that the model be rotated to match the strike of the deposit, but this may be inappropriate given the varied dips and strikes of the four main areas. CAM suggests that the geometric parameters of the models be reviewed prior to the next mineral resource estimate.

14.7 Wireframe Models

At SJG higher grade mineralization occurs in approximately planar veins which group into subparallel swarms. Standard practice is to interpret these on 2 dimensional sections interpreted as continuous veins. Current best practice is to define wireframes in 3 dimensions. Based on the provided wireframes, it appears both sectional and 3 dimensional interpretation was used.

Resources are contained in four areas and were estimated within wireframes constructed by Minop. Within each of the four areas there are approximately 20 to 40 veins in the vein swarm.

These wireframe models of the veins in the vein swarm were constructed in Surpac and exported as DXF files. Initially, CAM attempted to use Surpac to calculate the fraction of each block within the wireframes but this proved difficult and time-consuming. Because CAM was more familiar with MineSight, the calculation of the fraction within each block within the wireframes was done in MineSight. One of the issues immediately noted is that the individual veins within each area swarm were all labeled the same. This is contrary to best practice, as CAM believes that each vein should be individually interpreted and labeled. However, MineSight has the ability when importing a DXF file to label each vein based on its geometry. Vein labels were arbitrarily assigned numeric codes with the hundreds digit representing the area.

Vein labels, along with composite statistics and number of holes in each of the veins (which is discussed later) were used in resource classification, are shown in Tables 48 through 51.

Table 48. Tres Amigos Au Cap Statistics by Vein

Tres Amigos AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
101	5	5.1	5.96	1
102	4	5.0	1.88	3

Tres Amigos AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
103	3	3.8	5.02	2
104	11	10.4	9.56	4
105	2	4.0	4.12	1
106	10	14.6	8.05	4
107	11	16.3	3.57	6
108	12	14.0	5.21	5
109	6	8.5	1.41	2
110	9	12.7	4.75	1
111	7	7.0	2.61	5
112	3	2.5	3.88	2
113	263	401.9	4.14	62
114	13	11.7	5.93	5
115	8	11.2	1.78	4
116	33	35.3	3.76	14
117	13	12.9	1.48	7
118	4	3.7	9.60	2
119	4	3.5	1.57	2
120	27	46.0	1.32	2
121	7	10.1	7.11	2
122	2	0.9	2.49	2
123	4	4.0	2.26	2
124	6	4.5	5.86	3
125	7	4.8	25.82	5
126	4	5.3	2.81	1
127	5	3.7	2.57	2
128	1	0.9	1.44	1
129	2	1.0	1.51	2
130	5	5.5	5.09	3
131	3	3.5	5.70	2
132	2	1.7	21.01	1
133	1	0.5	3.70	1
134	5	4.0	1.74	3
135	9	9.5	2.09	5

Tres Amigos AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
136	3	2.4	2.19	2
137	13	12.2	1.10	6
138	2	1.3	2.39	2
139	1	1.1	2.33	1
140	1	0.7	6.53	1
141	1	1.6	1.90	1
142	2	0.9	3.75	1

Table 49. San Pablo – Au Cap Statistics by Vein

San Pablo AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
201	8	6.7	0.97	4
202	2	0.4	6.72	1
203	8	8.4	0.9	3
204	2	1.5	3.4	1
205	2	1.7	1.86	1
206	14	9.1	4.76	7
207	3	4.6	1.1	1
208	3	2.1	2.12	1
209	354	365.6	5.86	82
210	2	1.2	2.81	1
211	4	5	5.74	2
212	4	3	1.3	2
213	11	18.6	0.78	2
214	3	0.8	2.12	2
215	5	3.1	5.75	2

Table 50. La Union AuCap Statistics by Vein

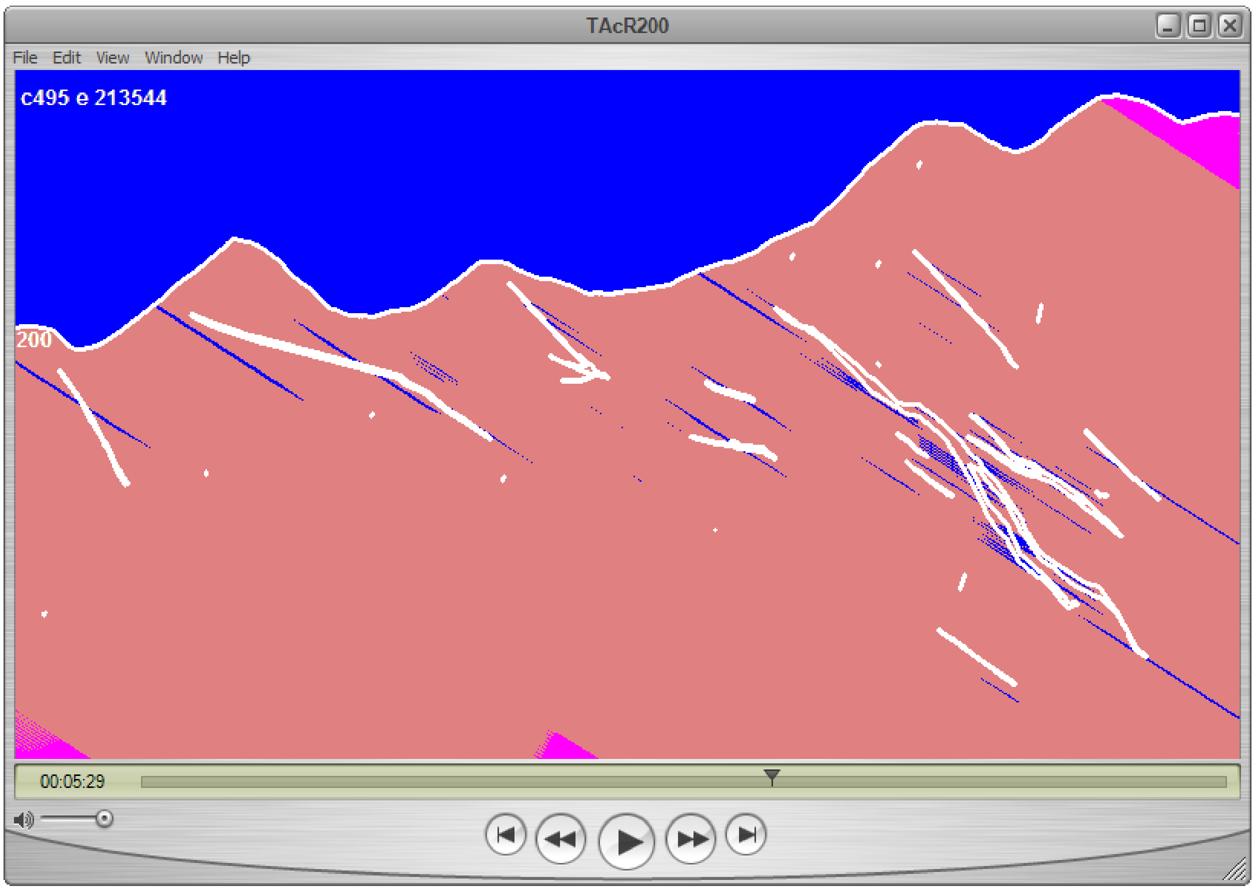
La Union AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
301	4	3.3	3.71	2
302	2	1.1	2.43	1
303	2	0.9	1.12	1
304	1	0.6	9.33	1
305	2	2	6.25	1
306	7	3.3	2.23	5
307	1	1.1	1.01	1
308	16	16.6	6.84	6
309	21	18.1	3.73	5
310	2	1.4	1.83	1
311	4	3	2.13	2
312	3	1.3	3.77	2
313	10	12	0.64	3
314	16	27.4	1.46	2
315	12	13	2.72	4
316	49	46.2	2.68	13
317	7	9.7	3.74	3
318	7	7.2	2.54	3
319	5	3	20.31	2
320	13	9.9	4.94	7
321	1	0.4	1.45	1
322	4	2.7	1.58	1
323	2	1.5	1.48	1
324	2	2.7	1.36	1
325	3	2	1.64	1

Table 51. La Purisima AuCap Statistics by Vein

La Purisima AuCap Statistics by Vein				
Vein Number	Composite			Number of Holes
	Count	Total Length	AvgAuCAP	
401	3	4.3	3.09	1
402	2	3	5.24	1
403	5	6.9	6.53	3
404	1	2	2.18	1
405	2	3	2.22	1
406	4	5	4.16	2
407	2	2.3	13.97	1
408	2	2.1	1.37	1
409	4	3	4.33	1
410	4	2.5	3.32	2
411	81	106.7	4.15	22
412	1	0.4	39.28	1
413	3	2.4	2.45	2
414	10	12	1.79	2
415	6	8.9	2.13	3
416	15	13.4	4.25	10
417	28	31.4	3.55	9
418	1	0.8	3.76	1
419	3	1.9	2.93	2
420	9	12.6	2.61	3
421	4	5.3	0.93	2
450	1	2	1	1
451	8	9.1	0.63	4
452	5	5.5	0.08	2
453	1	1.7	1.11	1
454	3	3.3	0.59	2
455	1	1.5	6.03	1
456	1	1.6	1.66	1
457	1	1.9	1	1
458	1	1.4	1.78	1
459	1	1.7	1.02	1
460	1	2	1.68	1
461	1	1.8	1.11	1

CAM visually reviewed the wireframes in AutoCAD and MineSight, and constructed movies along each column, row and bench for all four areas and in general they appeared not unreasonable. However, with manually interpreted wireframes there is always a risk that there will be volumetric over- or under-estimation. Even though this possibility appeared unlikely, CAM calculated a nearest-neighbor estimate of the volume of vein material and found that this nearest-neighbor estimate (which is geometrically unbiased) was close to the volume within the wireframes. The nature of this check is illustrated in Figure 38 which shows one frame of the check model in a movie. The blue lines inside the light brownish material represent the nearest-neighbor estimate of the vein volume and the white lines (trending generally up and to the left) are the interpreted veins. The short white lines trending down and to the left are the drillholes on that section. In general it appears that the interpreted veins are sub-parallel to the nearest neighbor estimate of the veins and that the volumes are approximately equal.

Figure 38. Typical Wireframe Check Section Along a Column



On the basis of this visual review and the nearest-neighbor check, CAM believes that the wireframes are suitable for use in constraining a mineral resource estimate by veins.

Although the wireframes were apparently prepared by the acceptable engineering practice of interpreting them on section and then validating them to the actual data, CAM believes it best practices to use the wireframes to directly generate the data. This should result in wireframes with fewer points which are consistent with the data. For example, within wireframe 113 located in Tres Amigos there are 62 drill holes, however in the same wireframe there are 1030 unique interpreted points. Under best practices, which only use the actual wireframe data points CAM would expect that there should be about 250 wireframes. CAM strongly suggests that MineSight be used for all future wireframe models.

14.8 Mineral Resource Estimate

14.8.1 Statistics and Geostatistics

14.8.1.1 High Grade Restriction

In most precious metals deposits there are usually some very high grade analyses which may not be recovered in actual mining. For this reason high-grade values are often restricted by limiting the distance high-grade values are projected (outlier restriction), reducing high-grade values to a constant (capping or cutting), or a eliminating the values altogether. The high-grade values may actually be representative of the deposit, but because of the very small number of high-grade samples and their high variability not restricting their influence may lead to an unacceptable risk of grade over estimation. One of the most common methods of determining if high-grade restriction is required is the cumulative frequency plot.

Initial work on high grade restriction was done by Servicios y Proyectos Mineros based on cumulative frequency plots from the assay database. A cumulative frequency plot of assays from Tres Amigos is given in Figure 39.

Figure 39. Tres Amigos Assays Cumulative Frequency Plot Log (Gold+0.001) Cap Line at 86 ppm

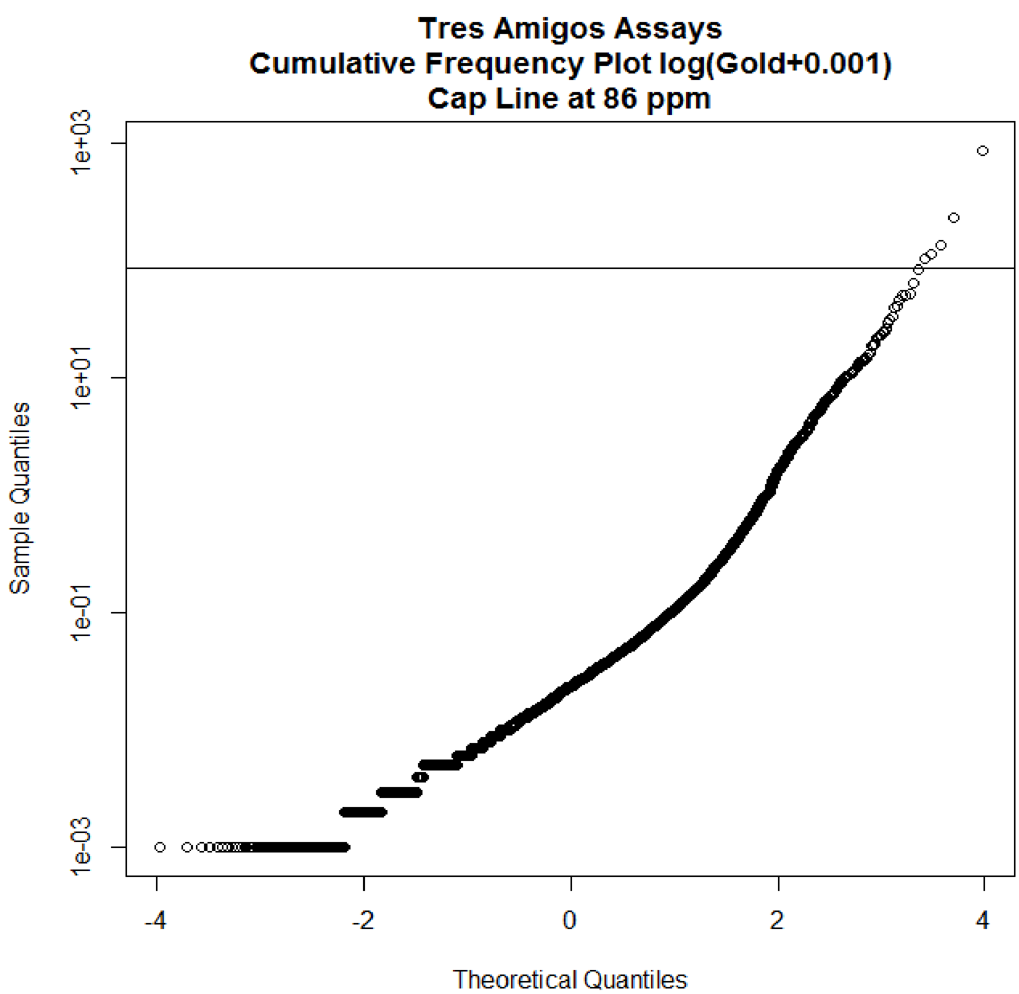


Figure 39 also shows the 86 PPM gold grade cap value selected by Servicios y Proyectos Mineros at Tres Amigos. Gold cap values selected by Servicios y Proyectos Mineros for the 4 main areas of SJG are given in Table 52 below.

Table 52. AuCap Statistics by Area

Au Cap Grades by Area	
Area	Gold Cap (PPM)
Tres Amigos	86
San Pablo	90
La Union	50
La Purisima	78.1

CAM has reviewed cumulative-frequency plots of the assays for all four main areas and believes that the choices made by Servicios y Proyectos Mineros are reasonable. CAM suggests, as the project proceeds, that cap grades be reviewed on the basis of the composite and model as well. CAM also suggests that the need for capping on the true total grade thickness by hole by vein be reviewed, since it is likely that a least a portion of these areas will be mined underground.

<u>14.8.1.2 Variography</u>

The use of variograms to define the range and type of mineable continuity for various mineral deposits is accepted industry practice. The variogram is a graph of one half the average squared difference of sample values separated by a vector direction. The variogram typically shows a jump right at the origin, called the nugget effect, and then a ramp like rise (sometimes several ramp type rises) to a point where it flattens. The flattening point is called the total sill, and usually relates to the total variability of all samples used in the calculation of the variogram.

There are tens of different types of variograms and the nomenclature used by geostatisticians is often inconsistent. For example, because of the one half average squared difference used in the variogram calculation, the variogram should be called the semi-variogram.

If one makes the assumption that the variogram derived from the sample data can be applied to all areas of the deposit that it is possible to get the best estimate of the grade at a point, based on the available data by procedure called kriging, which weights the various samples based on their relative uncertainty derived from the variogram. This assumption, called covariance stationarity, often does not apply to geological phenomenon and hence is theoretically incorrect, but the results obtained by using kriging are usually satisfactory for deposits of this type.

For vein swarm type deposits of this type CAM has generally obtained the best results by using the relative variogram derived from the log variogram. Omindirectional relative variograms derived from logs for all composites in the four main areas are shown in Figures 40 through 43.

Figure 40. Tres Amigos AuCap Omni Relative Variogram From Log

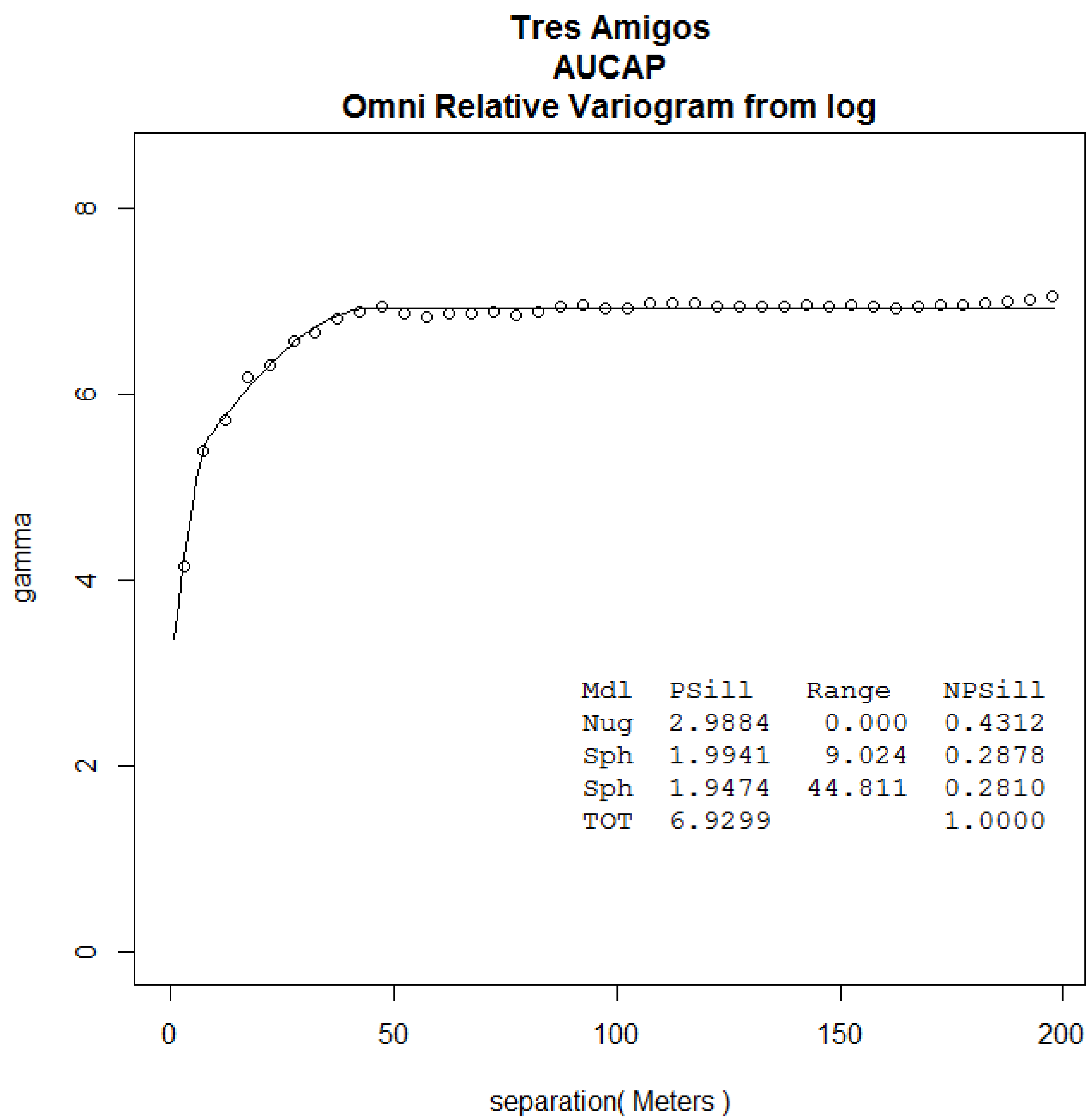


Figure 41. San Pablo AuCap Omni Relative Variogram From Log

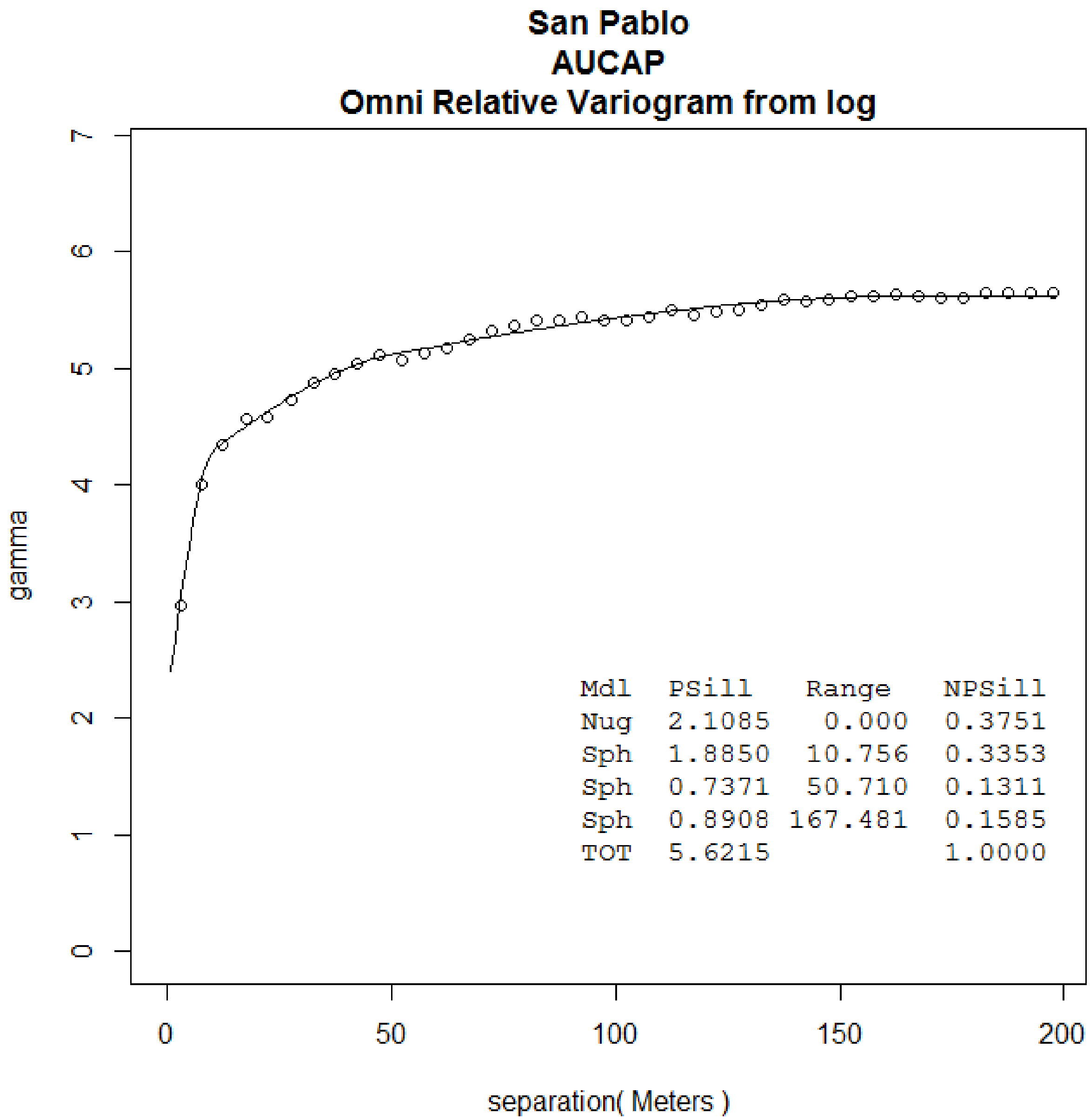


Figure 42. La Union AuCap Omni Relative Variogram From Log

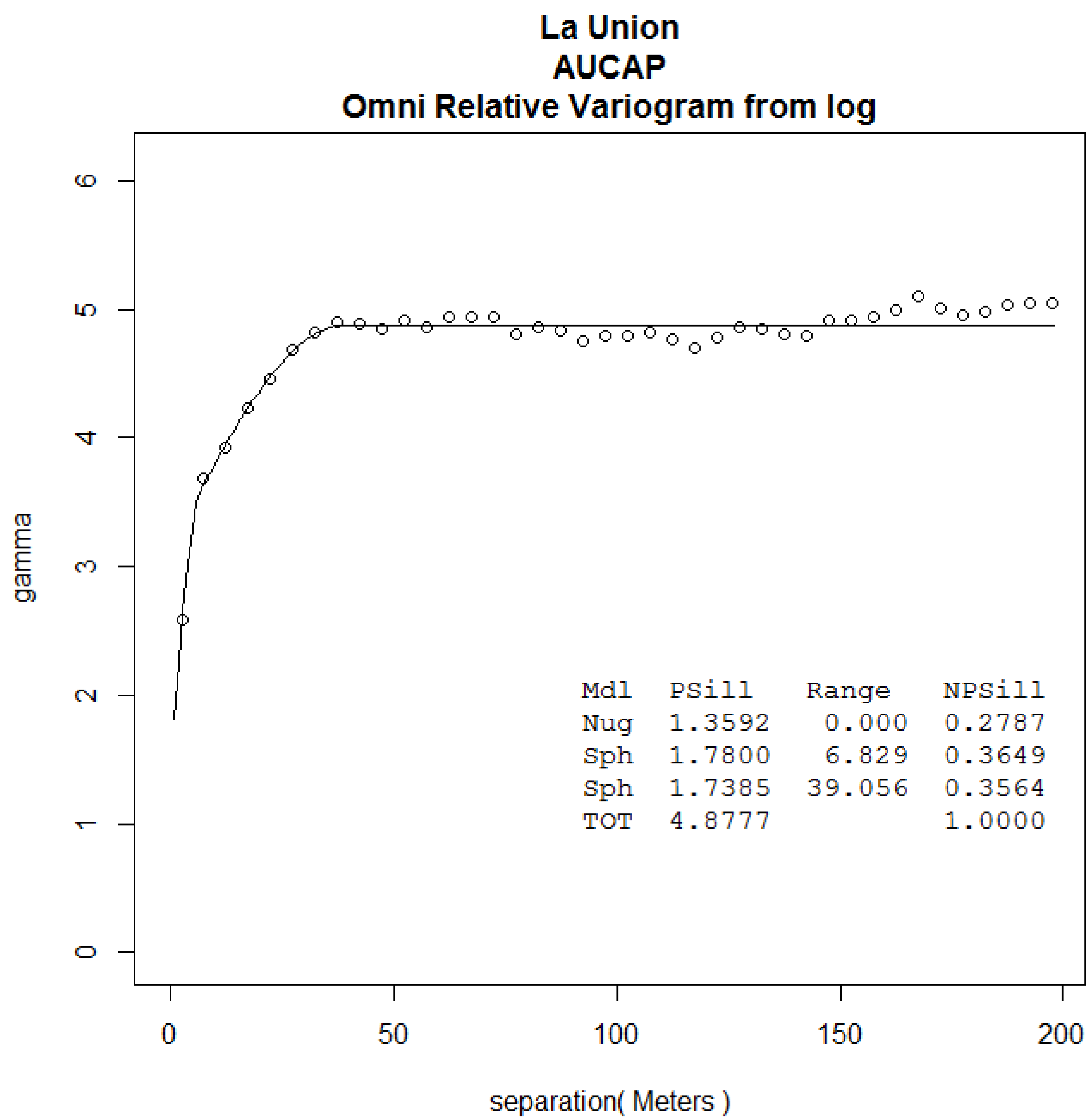
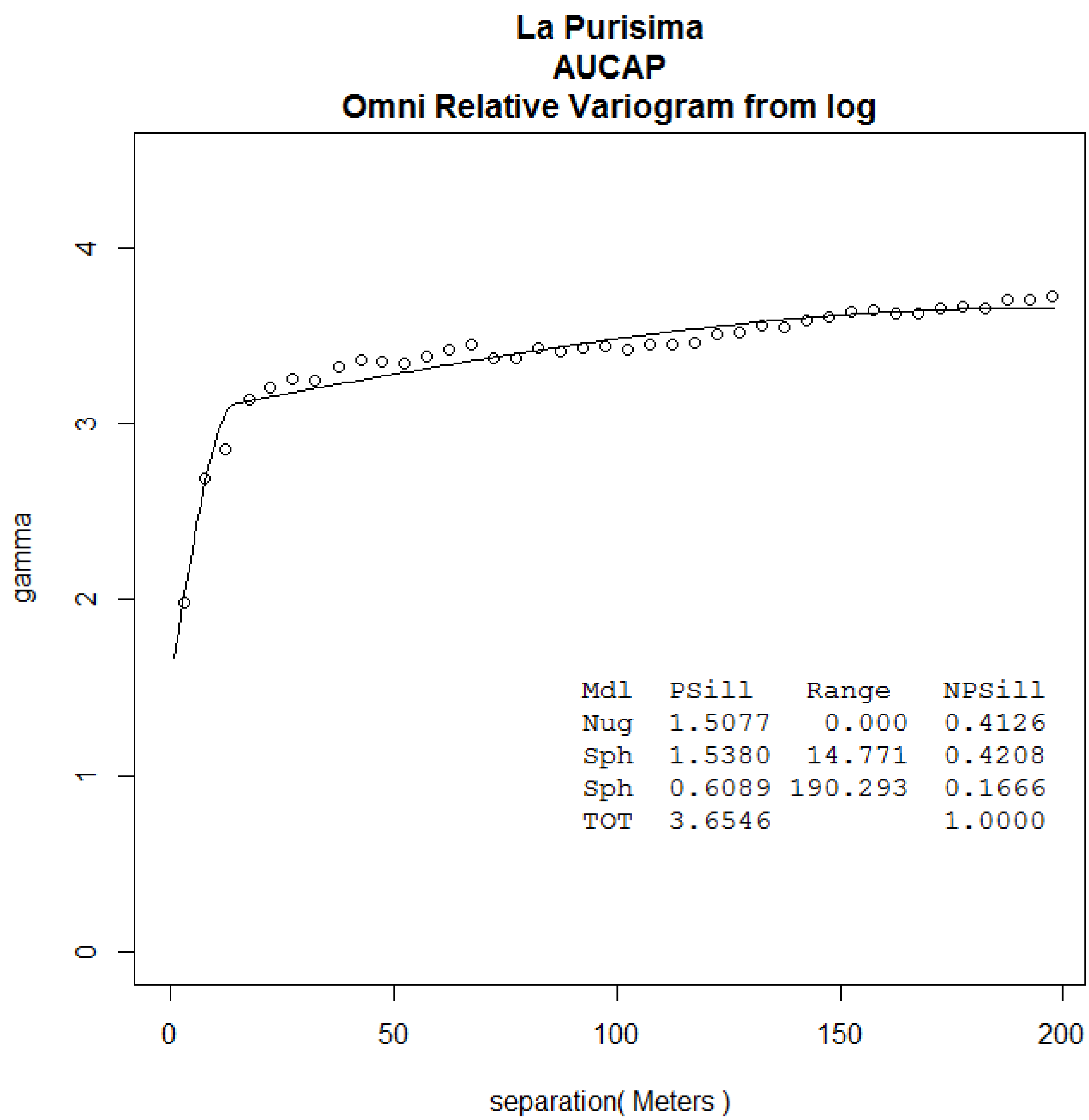


Figure 43. La Purisima AuCap Omni Relative Variogram From Log



With the exception of La Purisima the variograms are typical for precious metals deposits of this type and that they show a nugget of about 20 to 50% of the sill, short range structure with a range of 5 to 15 m, and a longer range structure with a range of from 30 to 50 m. The longer-range structures observed in San Pablo and LP are not as typical but are not uncommon and usually relate to trends in grade across the deposit.

It is possible to do variograms along the principal axes of the deposit with longer ranges usually being obtained down dip and across strike. However, before attempting calculation and interpretation of variograms in different directions CAM prefers to have some close spaced channel samples from drifts or raises as calculation of these ranges based on drillholes only typically has only a limited number of pairs and hence considerable uncertainty.

Variogram parameters used in estimation are given in the PSill and Range columns of each of the Figures 40 to 43.

14.8.2 Resource Estimation

Estimation was done using a search box of 100 x 100 x 50 m oriented subparallel to the general strike and dip of the vein system in each area. A sector search, corresponding to the faces of the search box with a maximum of two points per sector was used in estimation.

Average strike and dip for the four main areas along with numerical codes for the wireframes are given in Table 53.

Table 53. Numeric Codes for Wireframes and Average Strike and Dip

Numeric Codes for Wireframes and Average Strike and Dip			
Wireframe	**Numeric Code**	**Strike (Azimuth)**	**Dip**
Tres Amigos	1xx	40	45 NW
San Pablo	2xx	20	47 NW
La Union	3xx	45	34 NW
La Purisima	4xx	330	35 SW

The grade estimation for all elements was done using the gold variogram. CAM believes this is justified because gold accounts for approximately 90% of the value of the deposit. However, CAM suggests that in the future, variograms of the individual metals estimates be used, and possibly co-kriging as well.

The variogram of all the data was used to estimate just the value in the veins. This is a common industry practice when estimation is done using composites, since typically it is very difficult to get a satisfactory variogram for just the composites within the vein. However, in cases where it appears that the deposit is going to be mined primarily underground, and good vein correlations can be obtained at least for the major veins, then CAM suggests that estimation on the basis of thickness and total grade thickness on individual veins may be appropriate for detailed mine planning.

Resource estimation was done in MineSight and MicroModel computer systems. Only those composites inside the wireframe were used in the estimate. Resources were estimated by kriging using data from all veins in the swarm.

14.8.3 Resource Classification

A block at Tres Amigos and San Pablo was classified as Indicated Resources if it met all these criteria:

- within a vein within the swarm which contained at least 7 drill holes,
- within 25 m of the nearest sample point, and
- estimated by at least three drill holes.

Because there are no precise quantitative definitions of measured, indicated and inferred, resource classification is subjective and depends on the experience and judgment of the Qualified Person ("QP") doing the resource. Veins are normally planar structures and three points determine a plane, with a fourth point providing a check. CAM required a minimum of seven sample-data points. CAM allowed indicated resources at Tres Amigos and San Pablo because of the fact that two of the veins had a significant number of holes (62 and 82 respectively), and the fact that there was historic production by DynaMexico from San Pablo of some 42,000 tonnes of plant feed at an average grade of approximately 15 g/t. Three of the individual veins at La Purisima satisfied criteria (1) above but CAM elected not to include this material in indicated because of the higher nugget effect at la Purisima, and because there was apparently considerable historic underground mining there. As discussed under Sampling, prior underground mining does not appear to be a significant issue as based on the drilling, this mineral resource estimate does not include any ore loss or dilution outside wireframes, and is probably most appropriate for a highly selective, small equipment underground operation.

14.9 Mineral Resource Totals

The Resource totals for each of the four major vein systems found on the SJG Property (that is, (a) Tres Amigos, (b) San Pablo, (c) La Union and (d) La Purisima) are shown in Tables 54 through 57 and the aggregate of those Resources are shown in Table 58. The numbers in the resource tables (54 – 58) may not check exactly due to rounding.

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define an indicated mineral resource on the property and it is uncertain if further exploration will result in discovery of an indicated or measured mineral resource in areas classified as inferred.

A cutoff grade of 2.0 gpt was selected assuming the deposit will be mined by a highly selective underground operation with small equipment. This cutoff is highlighted in yellow. Grades are given to more decimals than in the summary and metal is reported to the nearest ounce or kilogram for comparative purposes and does not imply this degree of accuracy.

All references to ounces in the 2012 DynaMexico-CAM Mineral Resource Estimate are references to troy ounces. Tonnes, contained ounces and contained kilograms of metals are given to the nearest thousand and grades are reported to three decimals (with the exception of silver which is reported to one decimal) for comparative purposes only and do not imply this degree of accuracy. Tables may not check exactly due to rounding.

Table 54. Tres Amigos Mineral Resources

TRES AMIGOS VEIN											
		GRADE					CONTAINED				
Cutoff	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au oz	Ag oz	Cu Kgs.	Pb Kgs.	Zn Kgs.
TRES AMIGOS INDICATED RESOURCES											
0.00	1,166,000	3.747	9.0	0.186	0.050	0.327	140,000	337,000	2,165,000	578,000	3,815,000
0.50	1,166,000	3.747	9.0	0.186	0.050	0.327	140,000	337,000	2,165,000	578,000	3,815,000
1.00	1,128,000	3.845	9.2	0.189	0.051	0.334	139,000	333,000	2,137,000	570,000	3,774,000
1.50	1,019,000	4.124	9.7	0.200	0.053	0.351	135,000	319,000	2,038,000	537,000	3,572,000
2.00	893,000	4.458	10.3	0.210	0.056	0.367	128,000	297,000	1,875,000	499,000	3,276,000
2.50	758,000	4.853	10.8	0.218	0.059	0.385	118,000	263,000	1,652,000	450,000	2,917,000
3.00	608,000	5.366	11.3	0.220	0.061	0.386	105,000	221,000	1,338,000	374,000	2,349,000
TRES AMIGOS INFERRED RESOURCES											
0.00	1,994,000	4.795	9.3	0.204	0.050	0.337	307,000	595,000	4,073,000	996,000	6,725,000
0.50	1,992,000	4.801	9.3	0.205	0.050	0.338	307,000	595,000	4,073,000	996,000	6,722,000
1.00	1,937,000	4.913	9.5	0.208	0.051	0.341	306,000	589,000	4,028,000	981,000	6,600,000
1.50	1,702,000	5.426	10.3	0.223	0.055	0.359	297,000	561,000	3,799,000	929,000	6,114,000
2.00	1,453,000	6.045	11.0	0.233	0.055	0.376	282,000	514,000	3,390,000	802,000	5,460,000
2.50	1,165,000	6.981	11.5	0.225	0.061	0.410	261,000	432,000	2,617,000	710,000	4,781,000
3.00	950,000	7.933	11.5	0.204	0.065	0.432	242,000	350,000	1,935,000	620,000	4,107,000

Table 55. San Pablo Mineral Resources

SAN PABLO VEIN											
		GRADE					CONTAINED				
Cutoff	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au oz	Ag oz	Cu Kgs.	Pb Kgs.	Zn Kgs.
SAN PABLO INDICATED RESOURCES											
0.00	1,530,000	5.773	11.6	0.254	0.011	0.034	283,000	573,000	3,878,000	162,000	513,000
0.50	1,527,000	5.783	11.7	0.254	0.011	0.034	284,000	573,000	3,877,000	162,000	512,000
1.00	1,482,000	5.935	11.9	0.259	0.011	0.034	283,000	568,000	3,839,000	158,000	500,000
1.50	1,401,000	6.204	12.3	0.267	0.011	0.034	279,000	553,000	3,735,000	153,000	478,000
2.00	1,308,000	6.522	12.7	0.276	0.011	0.035	274,000	535,000	3,607,000	147,000	458,000
2.50	1,197,000	6.917	13.2	0.288	0.012	0.036	266,000	508,000	3,441,000	139,000	432,000
3.00	1,091,000	7.320	13.7	0.297	0.012	0.037	257,000	480,000	3,241,000	132,000	405,000
SAN PABLO INFERRED RESOURCES											
0.00	860,000	4.179	3.8	0.159	0.010	0.031	115,000	242,000	1,367,000	84,000	263,000
0.50	842,000	4.262	8.9	0.162	0.010	0.031	115,000	241,000	1,363,000	84,000	261,000
1.00	756,000	4.653	9.3	0.168	0.010	0.030	113,000	225,000	1,273,000	74,000	227,000
1.50	614,000	5.445	10.5	0.188	0.010	0.030	108,000	207,000	1,157,000	60,000	185,000
2.00	532,000	6.016	11.3	0.202	0.010	0.030	103,000	194,000	1,074,000	51,000	161,000
2.50	463,000	6.583	11.6	0.215	0.009	0.031	98,000	172,000	997,000	43,000	143,000
3.00	426,000	6.917	11.9	0.220	0.009	0.031	95,000	163,000	935,000	40,000	131,000

Table 56. La Union Mineral Resources

LA UNION VEIN											
		GRADE					CONTAINED				
Cutoff	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au oz	Ag oz	Cu Kgs.	Pb Kgs.	Zn Kgs.
LA UNION INFERRED RESOURCES											
0.00	1,290,000	4.502	12.4	0.145	0.019	0.041	187,000	515,000	1,876,000	252,000	535,000
0.50	1,269,000	4.572	12.6	0.148	0.020	0.042	187,000	514,000	1,874,000	251,000	535,000
1.00	1,221,000	4.721	12.8	0.152	0.020	0.044	185,000	503,000	1,856,000	250,000	532,000
1.50	1,061,000	5.237	12.4	0.165	0.023	0.046	179,000	422,000	1,755,000	240,000	487,000
2.00	849,000	6.107	13.7	0.186	0.026	0.053	167,000	374,000	1,579,000	221,000	448,000
2.50	713,000	6.843	14.4	0.204	0.028	0.058	157,000	331,000	1,458,000	203,000	417,000
3.00	580,000	7.792	16.5	0.231	0.034	0.069	145,000	308,000	1,340,000	196,000	403,000

Table 57. La Purisima Mineral Resources

LA PURISIMA VEIN											
		GRADE					CONTAINED				
Cutoff	**Tonnes**	**Au g/t**	**Ag g/t**	**Cu %**	**Pb %**	**Zn %**	**Au oz**	**Ag oz**	**Cu Kgs.**	**Pb Kgs.**	**Zn Kgs.**
LA PURISIMA INFERRED RESOURCES											
0.00	1,902,000	3.615	4.4	0.079	0.016	0.060	221,000	271,000	1,495,000	306,000	1,139,000
0.50	1,901,000	3.617	4.4	0.079	0.016	0.060	221,000	271,000	1,495,000	306,000	1,139,000
1.00	1,767,000	3.826	4.6	0.082	0.017	0.062	217,000	264,000	1,454,000	293,000	1,097,000
1.50	1,351,000	4.648	5.1	0.093	0.017	0.059	202,000	223,000	1,255,000	230,000	799,000
2.00	1,119,000	5.251	5.6	0.103	0.019	0.063	189,000	203,000	1,150,000	209,000	707,000
2.50	961,000	5.744	5.7	0.109	0.019	0.065	178,000	177,000	1,048,000	186,000	627,000
3.00	801,000	6.340	5.9	0.114	0.021	0.073	163,000	151,000	916,000	164,000	585,000

Table 58. San Jose De Gracia Total Mineral Resources

TOTAL SAN JOSE DE GRACIA											
		GRADE					CONTAINED				
Cutoff	Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au oz	Ag oz	Cu Kgs.	Pb Kgs.	Zn Kgs.
SAN JOSE DE GRACIA INDICATED RESOURCES											
0.00	2,695,000	4.897	10.495	0.225	0.028	0.161	424,000	910,000	6,043,000	740,000	4,328,000
0.50	2,692,000	4.901	10.505	0.225	0.028	0.161	424,000	909,000	6,042,000	739,000	4,327,000
1.00	2,610,000	5.031	10.734	0.229	0.028	0.164	422,000	901,000	5,976,000	728,000	4,273,000
1.50	2,420,000	5.328	11.209	0.239	0.029	0.167	414,000	872,000	5,773,000	690,000	4,050,000
2.00	2,200,000	5.685	11.800	0.249	0.029	0.170	402,000	831,000	5,482,000	646,000	3,733,000
2.50	1,954,000	6.117	12.270	0.261	0.030	0.171	384,000	771,000	5,093,000	589,000	3,348,000
3.00	1,699,000	6.621	12.838	0.269	0.030	0.162	362,000	701,000	4,579,000	506,000	2,754,000
SAN JOSE DE GRACIA INFERRED RESOURCES											
0.00	6,046,000	4.274	8.351	0.146	0.027	0.143	831,000	1,623,000	8,811,000	1,639,000	8,662,000
0.50	6,003,000	4.302	8.398	0.147	0.027	0.144	830,000	1,621,000	8,805,000	1,638,000	8,657,000
1.00	5,681,000	4.499	8.654	0.151	0.028	0.149	822,000	1,581,000	8,611,000	1,599,000	8,456,000
1.50	4,728,000	5.164	9.293	0.168	0.031	0.160	785,000	1,413,000	7,965,000	1,459,000	7,586,000
2.00	3,953,000	5.830	10.100	0.182	0.033	0.171	741,000	1,285,000	7,193,000	1,283,000	6,776,000
2.50	3,303,000	6.535	10.473	0.185	0.034	0.180	694,000	1,112,000	6,120,000	1,142,000	5,967,000
3.00	2,757,000	7.284	10.965	0.186	0.037	0.189	646,000	972,000	5,126,000	1,021,000	5,227,000

Tonnes, contained ounces and contained kilograms of metals are given to the nearest thousand and grades are reported to three decimals (with the exception of silver which is reported to one decimal) for comparative purposes only and do not imply this degree of accuracy. Tables may not check exactly due to rounding.

Representative plan views of the models along with drilling are shown in Figures 44 thru 49. Overall area of the block models is shown in Figure 50.

Figure 44. Tres Amigos Block Model Plan View.

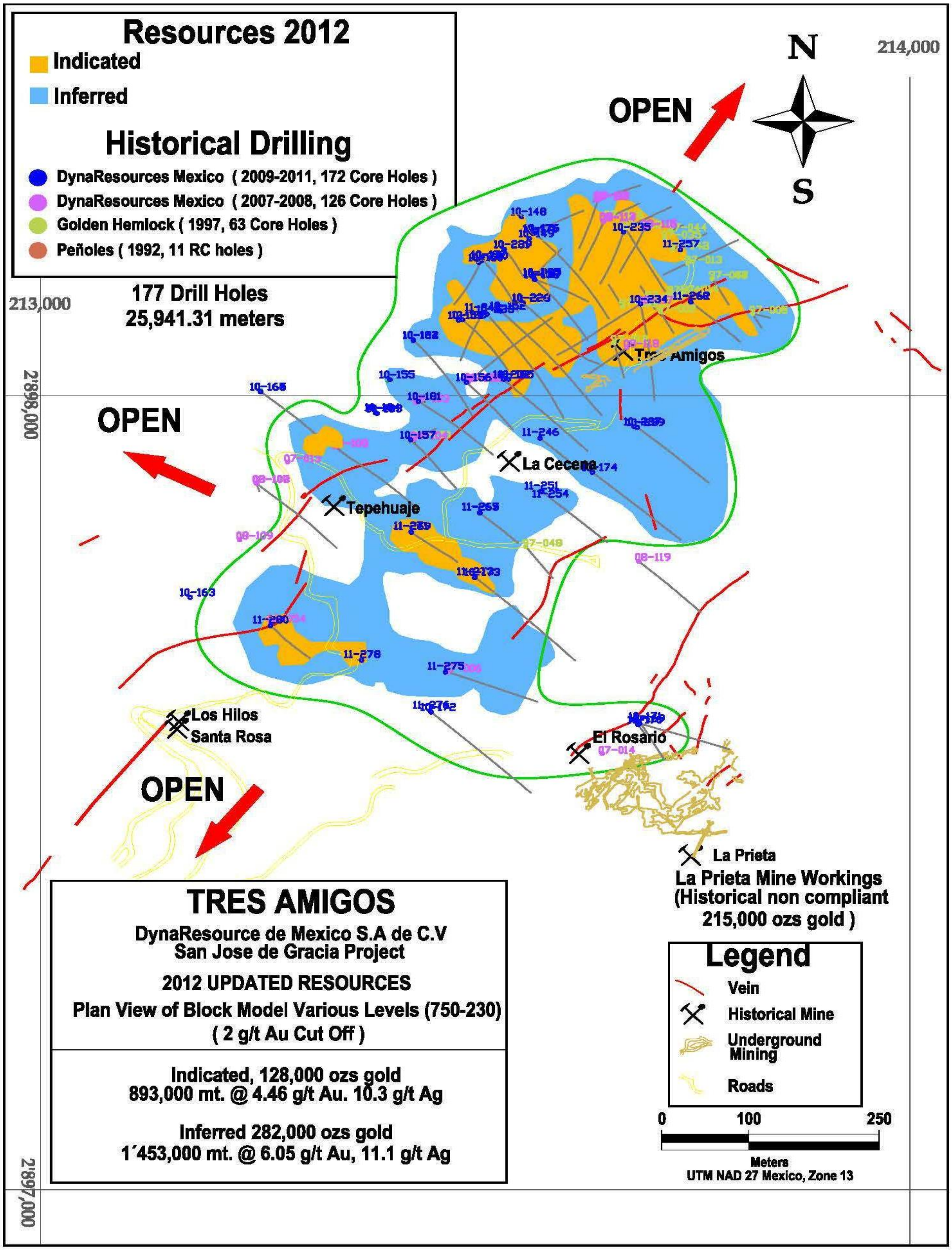


Figure 45. Tres Amigos Block Model (Plan View at 520 mts. level)

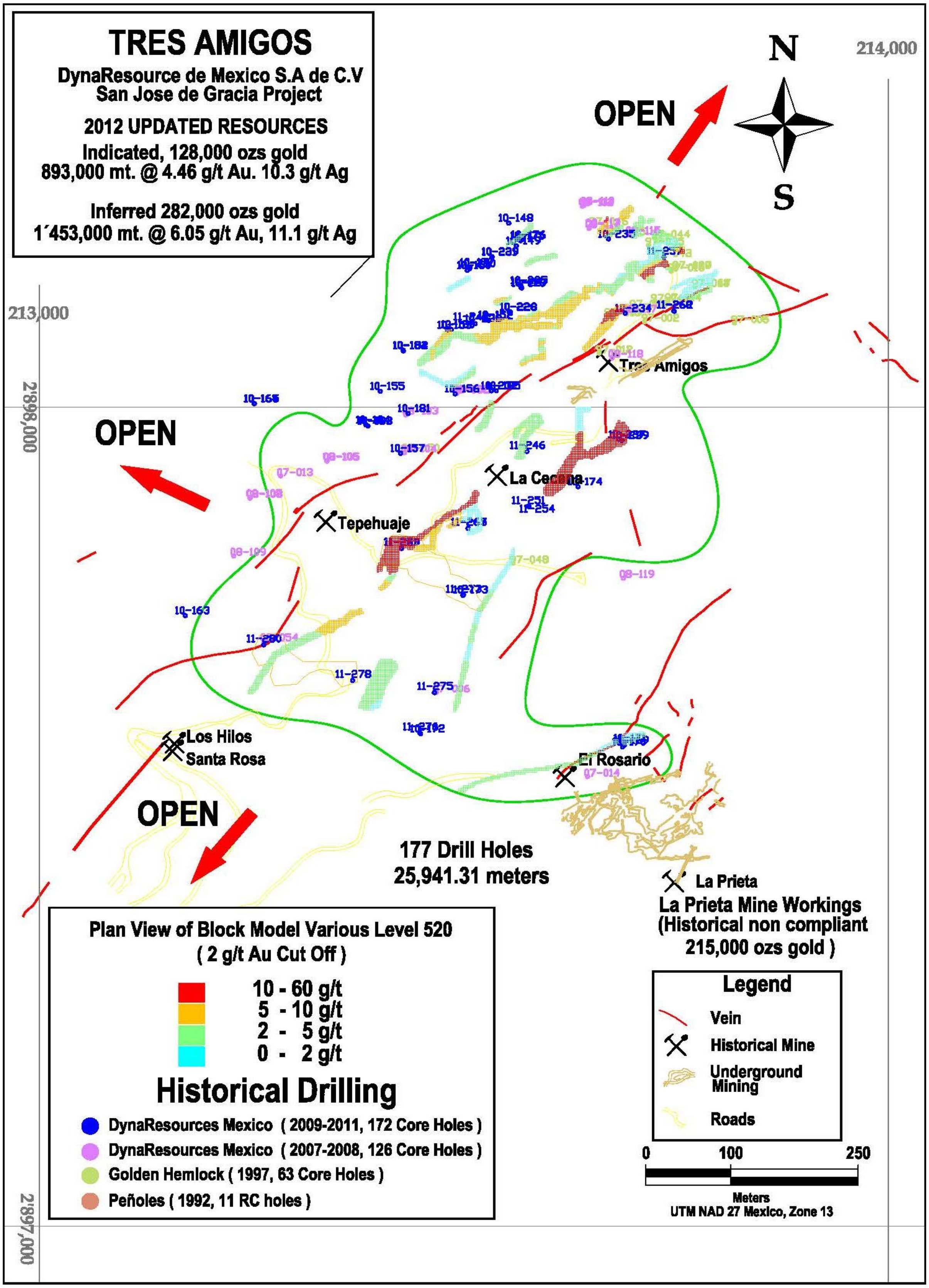


Figure 46. San Pablo / La Union Block Model Plan View

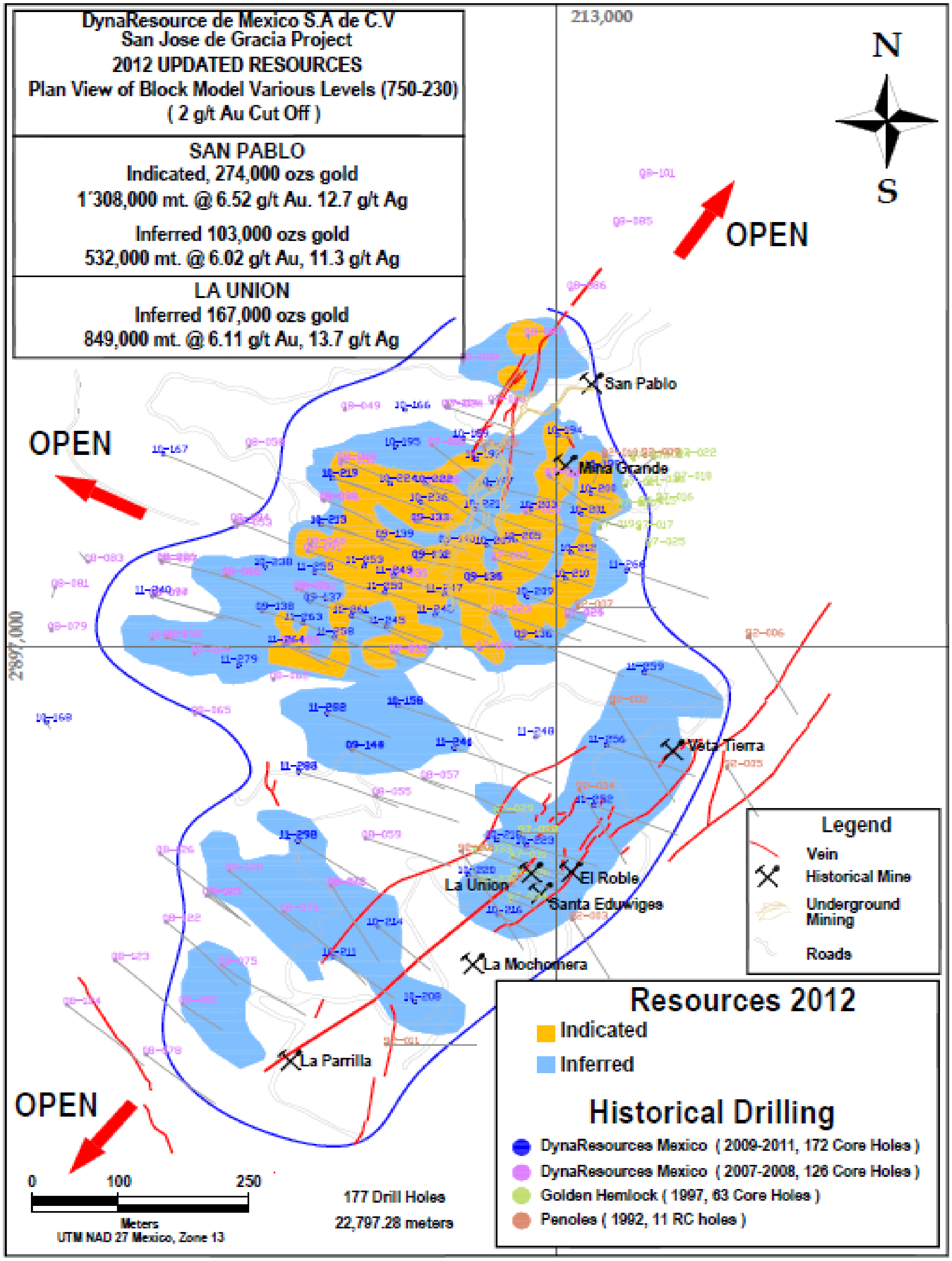


Figure 47. San Pablo / La Union Block Model (plan View at 520 mts. level)

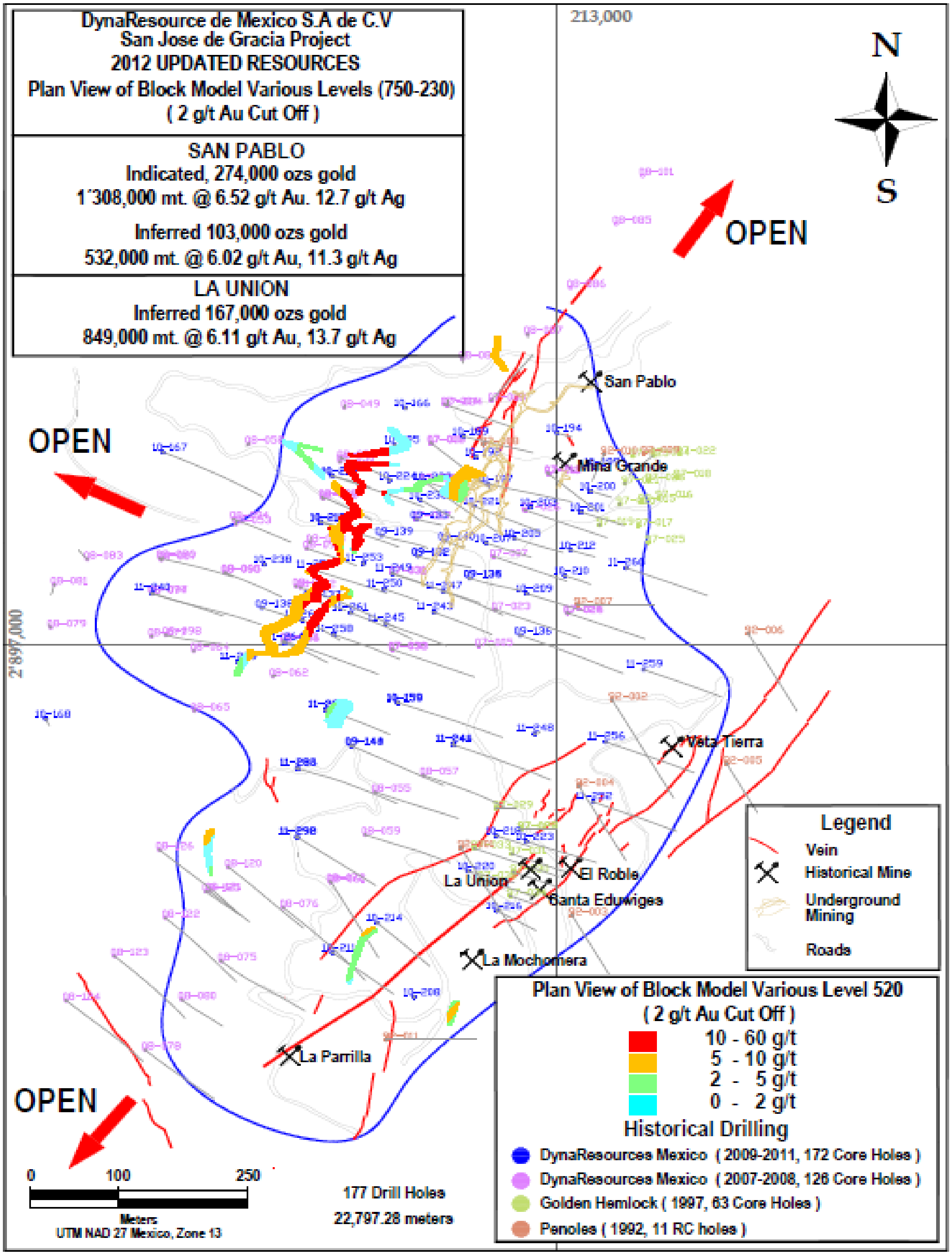


Figure 48. La Purisima Block Model Plan View

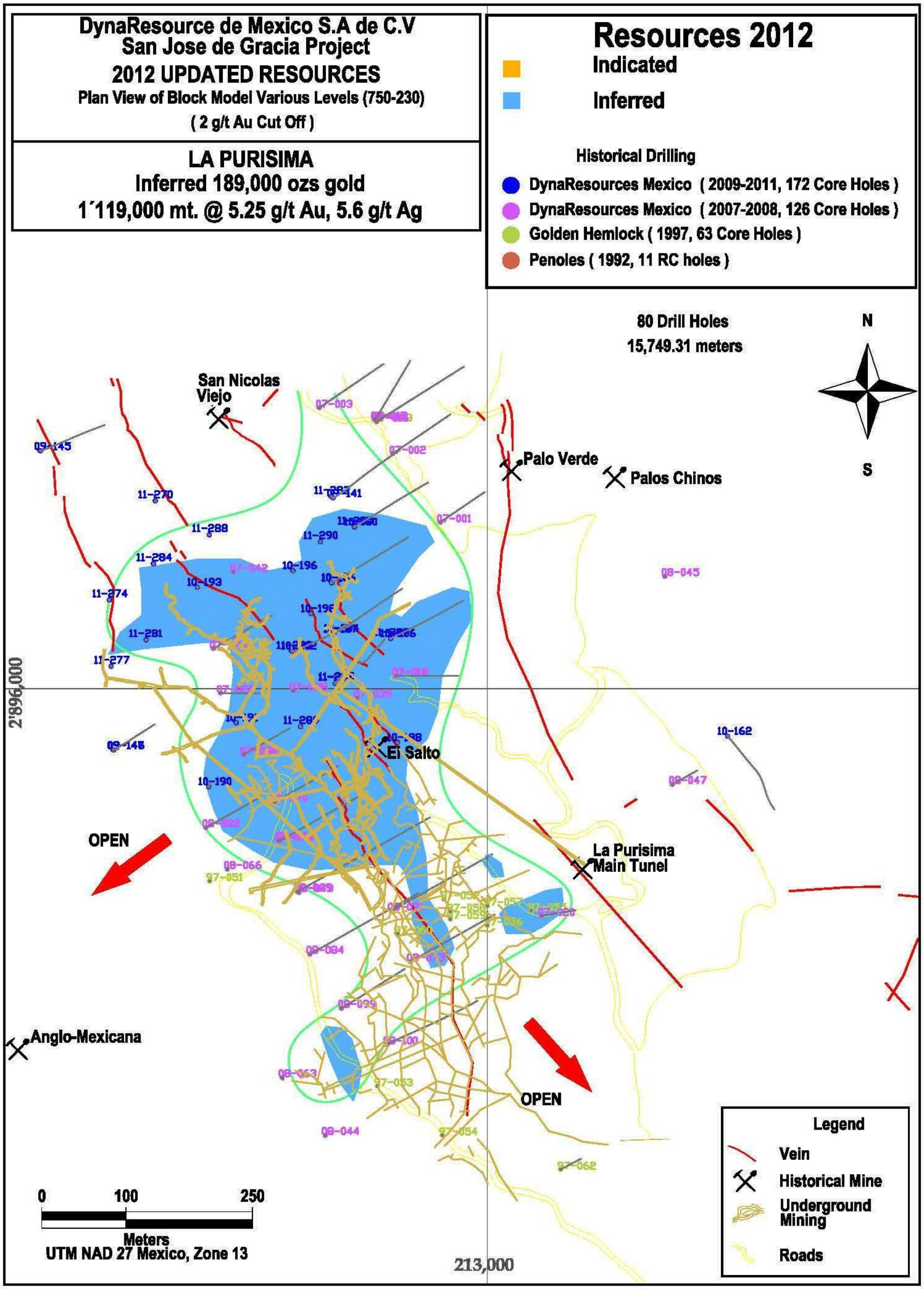


Figure 49. La Purisima Block Model (Plan View at 410 mts. level)

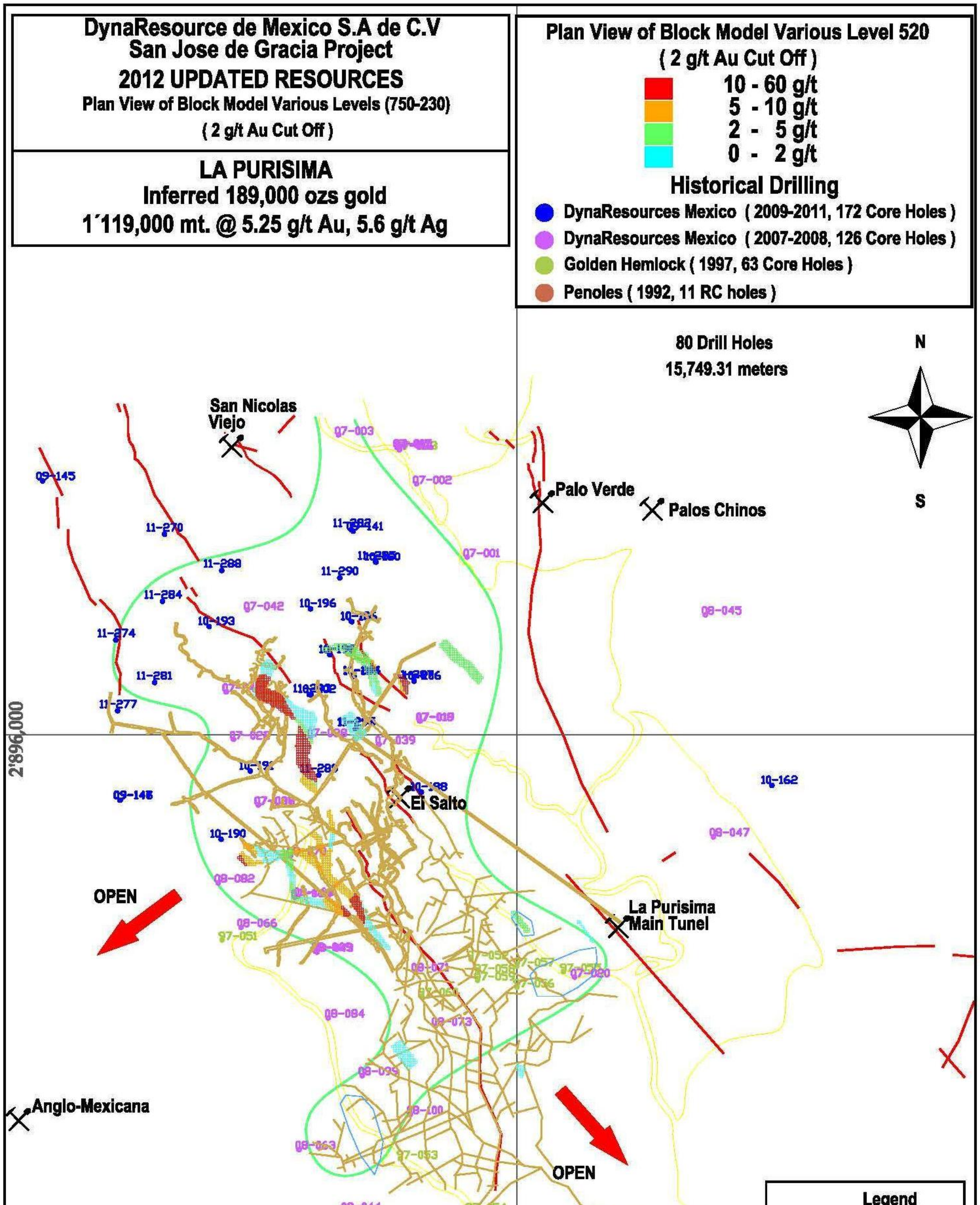
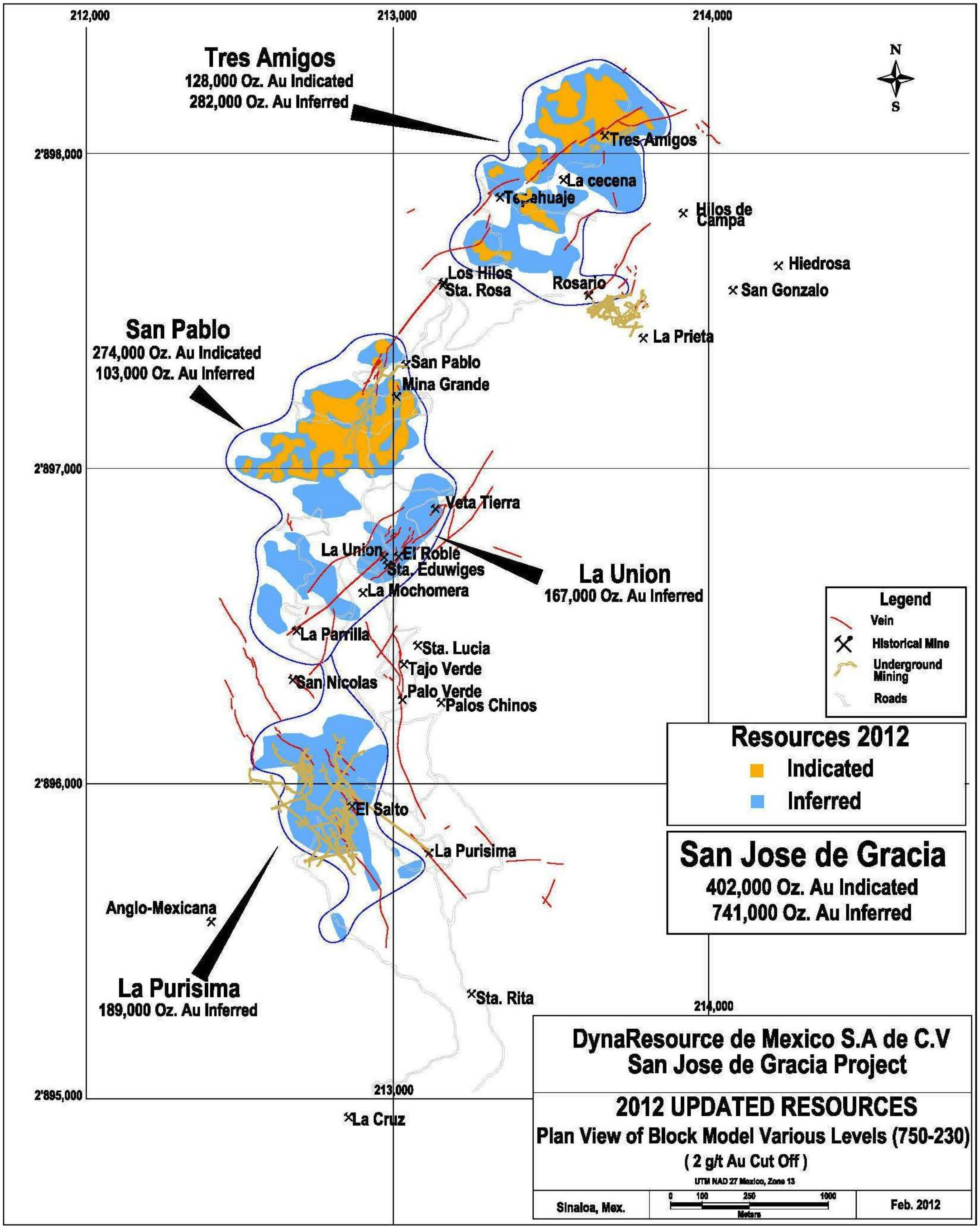


Figure 50. Plan View – San Jose de Gracia Block Model Area.



ITEM 15.0 ADJACENT PROPERTIES

15.1 Other Areas of the San Jose de Gracia Property

The area of the SJG Property outside of the historical production and recent exploration programs, in other words, the area outside the SJG Project area, is unknown to Mr. Luna. Further, Mr. Luna is not aware of any exploration outside of the San Jose Project area.

Published work in the Geological-Mining Monograph of the State of Sinaloa, 1992, identify some of the areas discussed in this report near the village of San José de Gracia.

Other precious metal occurrences have been identified on a new 1:50,000 Government geological map (#560 G13 -A81) of the area. These 'interest areas' include a concentration of prospects known as "Potrero de Vargas, located 9.3 kilometres southwest of San José de Gracia inside the current claim block, La Noria, 15 kilometres south of the village of San José de Gracia and "Sierrita de German" located on the boundary of the claim block roughly 24 kilometres southeast of the village.

These areas are currently outside of the area of review and may not necessarily be indicative of the mineralization to be found on the SJG Project.

15.2 Adjacent Properties

Mr. Luna is not aware of information relating to any adjacent properties, including but not restricted to information relating to the La Gracia mining concession (see Figure 4).

ITEM 16.0 OTHER RELEVANT DATA AND INFORMATION

Mr. Luna and Mr. Sandefur are not aware of any other relevant data or information not disclosed herein.

ITEM 17.0 INTERPRETATIONS AND CONCLUSIONS

The large contiguous claim block comprising the San José de Gracia Property, located in northeast Sinaloa, Mexico covers an area of 69,121 hectares and includes many historic gold mines and prospects located centrally along a north-south strike length of approximately four kilometers. The most recent production in this area has been by DynaMexico when it produced 18,250 ounces of gold between 2003 and mid 2006.

Gold mineralization at San José de Gracia Project is found in vein structures hosted by andesite and rhyodacite of the Lower Volcanic sequence of rocks within the Sierra Madre Occidental. Common wall rock alteration and vein mineralogy seen in drill core and surface exposures resemble in many ways other well known low-sulphidation epithermal system such as Tayoltita, Mexico and El Peñón, Chile.

Inferred Resources and Indicated Resources were estimated at the San Jose de Gracia Project and calculated at each of Tres Amigos, San Pablo, La Union and La Purisima areas as follows: Indicated Resources at: Tres Amigos of 892,534 tonnes with an average grade of 4.46 g/t, totaling 127,921 Oz. Au; and at San Pablo of 1,307,509 tonnes with an average grade of 6.52 g/t, totaling 274,171 Oz. Au. The estimate also includes an Inferred Resource of 3,953,143 tonnes in aggregate for the four vein systems, with an average grade of 5.83 g/t, totaling 740,911 Oz. Au. The resource estimate is reported using a 2.0 g/t cut off, with the effective date of February 6, 2012.

The Resource totals for each of the four major vein systems (a) Tres Amigos, (b) San Pablo, (c) La Union and (d) La Purisima) are shown in Tables 53 through 56 and the aggregate of those Resources are shown in Table 57. The numbers in the resource tables (53 – 56) may not check exactly due to rounding.

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define an indicated mineral resource on the property and it is uncertain if further exploration will result in discovery of an indicated or measured mineral resource in areas classified as inferred.

A cutoff grade of 2.0 gpt was selected assuming the deposit will be mined by a highly selective underground operation with small equipment. This cutoff is highlighted in yellow. Grades are given to more decimals than in the summary and metal is reported to the nearest ounce or kilogram for comparative purposes and does not imply this degree of accuracy.

Continued drilling at all of these areas will likely enhance the quality of the mineral resources, and is likely to increase the size of the mineral resources. Each of the four main deposit areas remains open down dip and along strike for possible further expansion of the SJG Project's current mineral resources.

In addition, the property has multiple, additional exploration targets with significant potential for discovery. Several highly anomalous and under-explored drill hole intercepts and regional rock chip samples have been identified on the San José de Gracia Property. The number and magnitude of geochemical anomalies strongly support future 'follow-up' regional exploration.

Historical and recent production at the SJG Project has demonstrated from a metallurgical point of view that the minerals contained in these four main deposit areas may be recoverable economically and efficiently and thereby add significant confidence to the resources already calculated for these four areas. It is recommended by Mr. Luna to immediately start with all the engineering and further metallurgical studies to confirm the design and plans for exploitation of the SJG Project.

ITEM 18.0 RECOMMENDATIONS

18.1 Proposed Compilation of Historical Data

It is proposed that further historical data concerning the SJG Project be gathered and compiled for various purposes including the additional support for the assumption of minable continuity.

18.2 Acquisition of Single Software System

Robert Sandefur has recommended the acquisition of a single software system to be used for all future geological modeling, resource estimate and mine planning for the SJG Project. Mr. Sandefur and CAM suggest that MineSight would be an appropriate choice.

18.3 Review of Database Issues

Robert Sandefur advises that the potential database issues found by CAM, while not having a global impact on the mineral resource, might have local impact on mine planning and scheduling. The issues raised should be reviewed, and if necessary, corrected.

18.4 Proposed Extension to IP Surveys

The geophysical surveys conducted to date in the SJG Project, have proven to be a very useful tool to define the continuity of the structures down dip and for interpreting the continuation of structures along strike. Mr. Luna recommends further studies, mainly west of the San Pablo and North and West of Tres Amigos areas. It is recommended to extend each line at least 500 meters to the northwest (Figure 55). To the north, northeast of Tres Amigos, there is defined a good area for drilling according to geochemical anomalies (Figure 54), it is recommended to follow with at least 11 lines in length of 1500 meters, and for each 100 meters, in order to cover the extension to the areas (also see Figure 55). With the extension of 500 meters to the northwest of the existing geophysics lines, and the 11 lines in the continuation to the northeast, Mr. Luna estimates a total of 27.5 line km.

18.5 Extension Drilling to all Main Target Areas

Mr. Luna recommends continuing with development drilling at all major resource areas (Tres Amigos, San Pablo, La Union, La Purisima) along strike and down dip of the current resource areas as currently defined in block models. (See Figures 44-50).

18.6 Infill Drilling to Increase Confidence in Mineral Resources

If the owner of the Project wishes to increase the confidence in the inferred resources, the Mr. Luna would recommend infill drilling in order to accomplish the goal. Infill drilling at all major target areas is likely to increase the Measured and Indicated Resources at all targets. (See Figures 44-50).

18.7 Exploratory Drilling to expand Block Model and Resources

Mr. Luna recommends exploratory drilling with the following targets and purpose:

The Detailed interpretation of geochemical and geophysical data identify geologic changes and specific targets of interest that should be tested by drilling. It is therefore recommended to initiate a core drilling program based on these data (See Table 59).

Table 59. Proposed Exploratory Drill Holes

DH-id	Easting	Northing	Elevation	Depth	Dip	Azimuth	Area	Objectives
PDH-01	213200	2896850	790	350	-60	110	San Pablo	Good IP anomaly, East of San Pablo
PDH-02	212450	2897200	715	500	-90	0	San Pablo	Explore Down Dip Of San Pablo
PDH-03	212400	2895000	440	500	-90	0	Argillic Zone	Good IP responde, at Argillic Zone
PDH-04	212750	2895100	480	300	-45	60	Argillic Zone	Good IP responde, at Argillic Zone
PDH-05	214100	2899100	720	350	-60	130	Tres Amigos North	Geochemical Anomalies North of Tres Amigos
PDH-06	214170	2899300	710	350	-60	130	Tres Amigos North	Geochemical Anomalies North of Tres Amigos
PDH-07	213800	2897900	620	350	-60	130	La Prieta North	Geochemical Anomalies along the Strike of La Prieta / El Rosario

PDH-01. The objective is to confirm the correlation that may exist of the Induced Polarization (IP) anomalies, with the possibility of finding structures, parallel to San Pablo, and east of San Pablo area (See Table 59 and Figures 51 and 54).

PDH-02. The objective of this hole is to confirm the presence of a possible dilational zone down dip of the San Pablo structure (See Table 59 and Figures 51 and 54).

PDH-03, PDH-04. The objective is to test the Induced Polarization anomaly (IP) which underlies the Argillic Zone. Possible targets include a continuation of the La Purisima structure down dip, or the existence of an intrusive over approximately 300 meters deep. (See Table 59 and See Figures 52 and 54).

PDH-05, PDH-06. The proposed holes are to investigate geochemical anomalies located approximately 1 km north - northeast of the Orange Tree / Tres Amigos Areas. See Table 59 and See Figures 53 and 54).

PDH-07. The objective of hole number DH-07 is to explore the elevated geochemical anomalies at the La Prieta-El Rosario areas. The geochemistry response shown on the map is related to the sedimentary sequence, near to the andesite. The goal is to intercept the continuation NE of the El Rosario structure and demonstrate the existence of the flat structure La Prieta to the northeast (See Table 59 and Figure 54).

18.8 Proposed Follow up to Geochemistry Surveys

With consideration given to the total land area under Mining Concession to DynaMexico; and the coverage of the stream sediment and soil surveys (Figure 17), it is recommended to expand the geochem coverage throughout the SJG District. (See Figure 55).

18.9 Underground Development

Mr. Luna recommends commencing with an underground development program at SJG. This program would consist of:

- Underground exploration drifting at strategic vein intersections;
- Detail underground sampling for the existing mine developments;
- Detail survey for underground old workings (existing developments).

18.10 Preliminary Evaluation of Open Pit Mining Potential at San Pablo

With consideration given to the Block Models and Resources defined at San Pablo (and to a lesser extent at Tres Amigos), Mr. Luna believes that is that there is a possibility for Open Pit mining at these main areas of SJG. In order to gain a better understanding of the possibility, Mr. Luna recommends that a further resource estimate be compiled for the mineral resources found at San Pablo using a lower grade cut off considering which is more appropriate for an open pit Heap Leach operation.

Mr. Luna also recommends that DynaMexico conduct preliminary leach tests to confirm the leachability of the mineralized material.

18.11 Preparation of One or More Preliminary Economic Assessment Reports; Including Permits and Studies necessary for commencement of Mining and Production Activities

With considerations given to:

- ❖ historical production of + 1,000,000 Oz. Au reported from SJG, with bonanza grade production;
- ❖ recent production at the San Pablo area of SJG Property;
- ❖ economical mining and production from SJG with confirmation of metallurgical recovery and performance;
- ❖ resources and categories of resources as defined in the 2012 DynaMexico-CAM Mineral Resource Estimate;
- ❖ probability for increasing resources and confidence and category of resources;
- ❖ infrastructure and location of SJG;
- ❖ support evident for the Project from local and state communities;

Mr. Luna recommends the immediate start of all those other things needed to facilitate the preparation of the Preliminary Economic Assessment including:

(a) Acquisition of Water Rights and Concessions;

(b) Purchase of Land for Production;

(c) Environmental Impact Study ("**EIA**"); and

(d) Baseline Study.

Mr. Luna advises that DynaMexico may consider obtaining two Preliminary Economic Assessment Reports, one concentrating on the development of the Property as an underground mine and one concentrating on the development of the Property as an open pit mine, or a combination of underground – open pit mine.

Figure 51. Cross Section at San Pablo, Proposed Drill Holes Down Dip and According with IP Anomalies

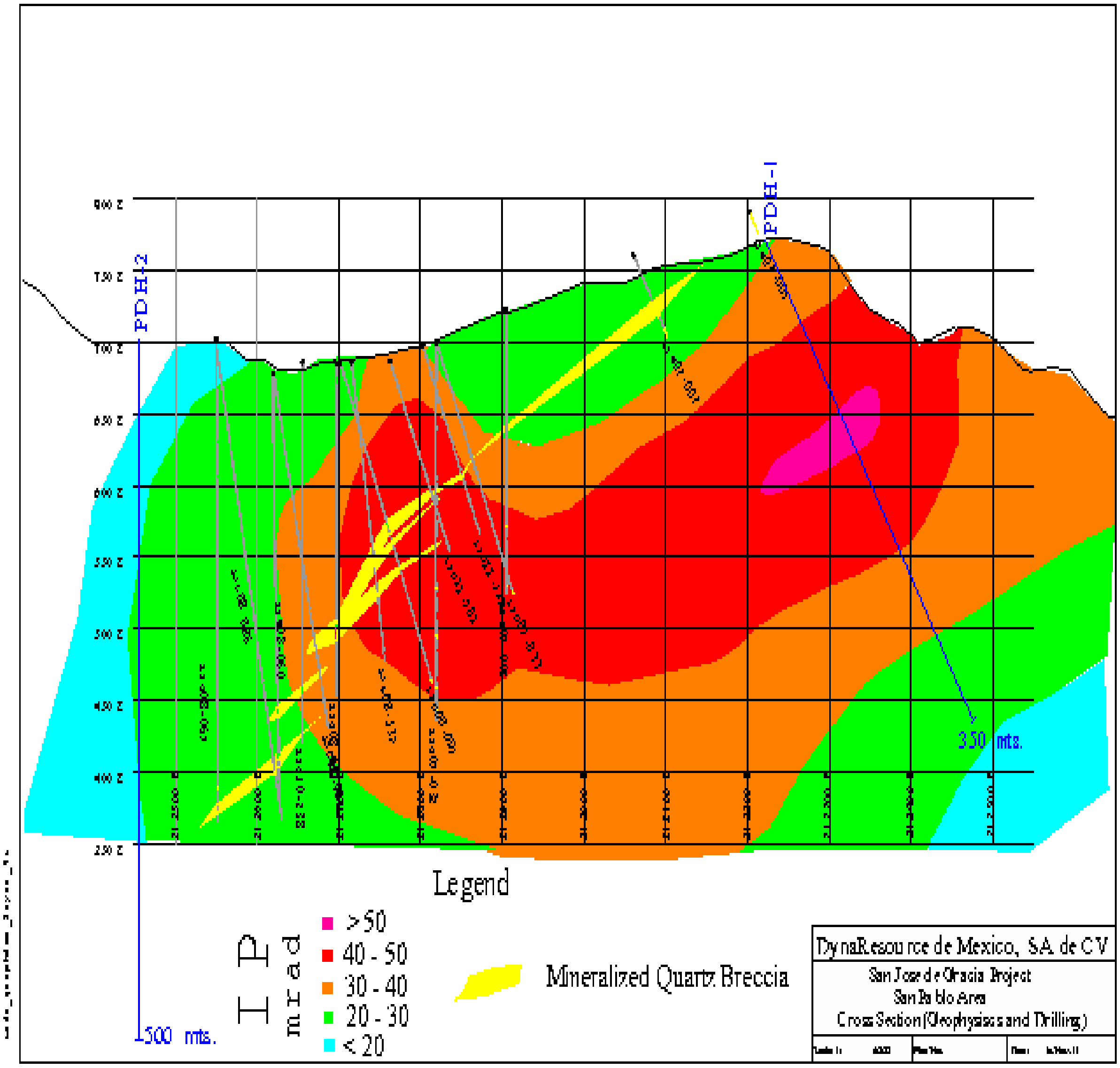


Figure 52. Cross Section at Argillic Zone, Proposed Drill Holes Down Dip to La Purisima and, According with IP Anomalies

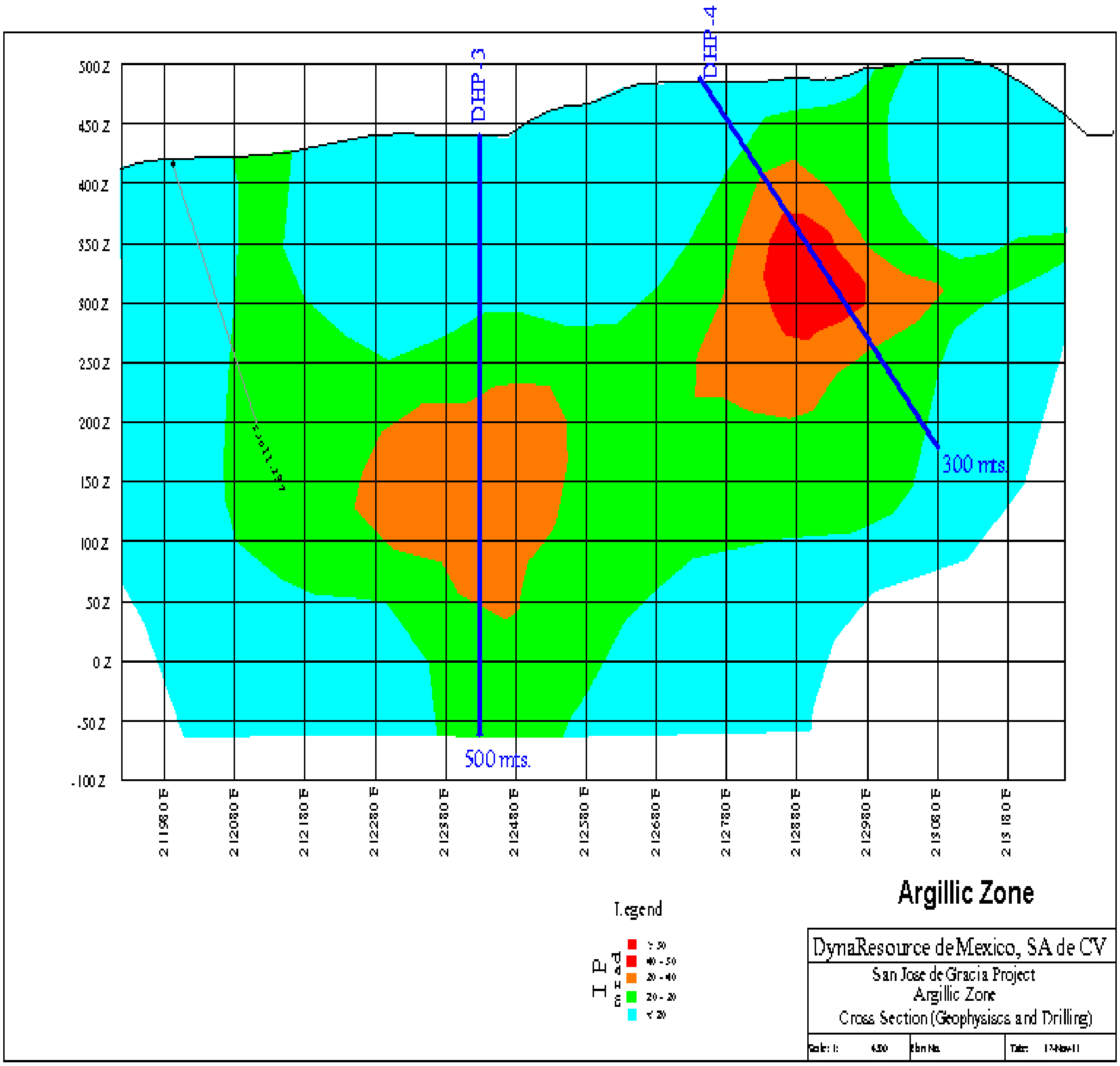


Figure 53. Dipole-Dipole IP, with Proposed Drill Hole

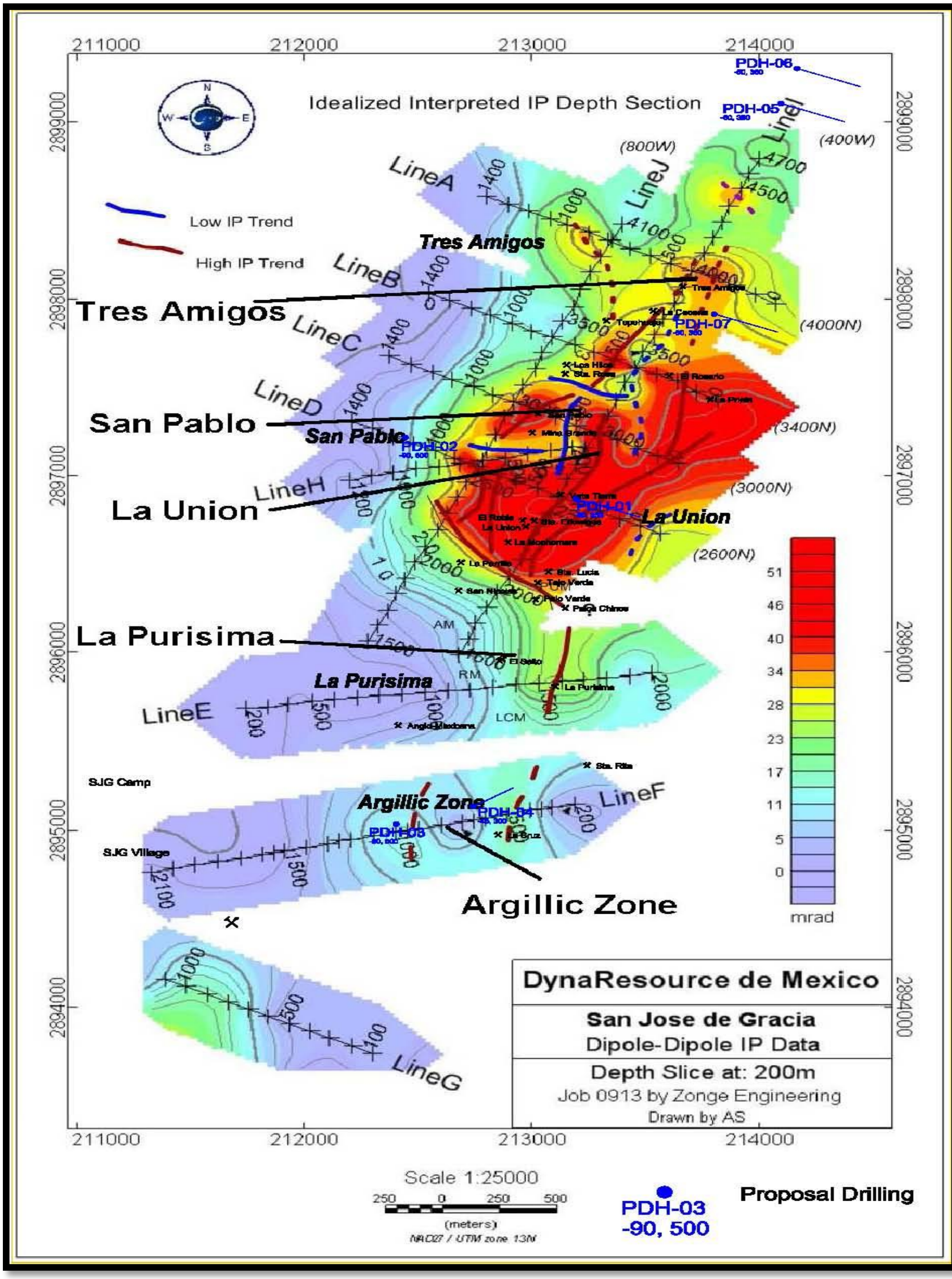


Figure 54. Rock and Soil Geochemistry Map, Shows Drilling Proposal

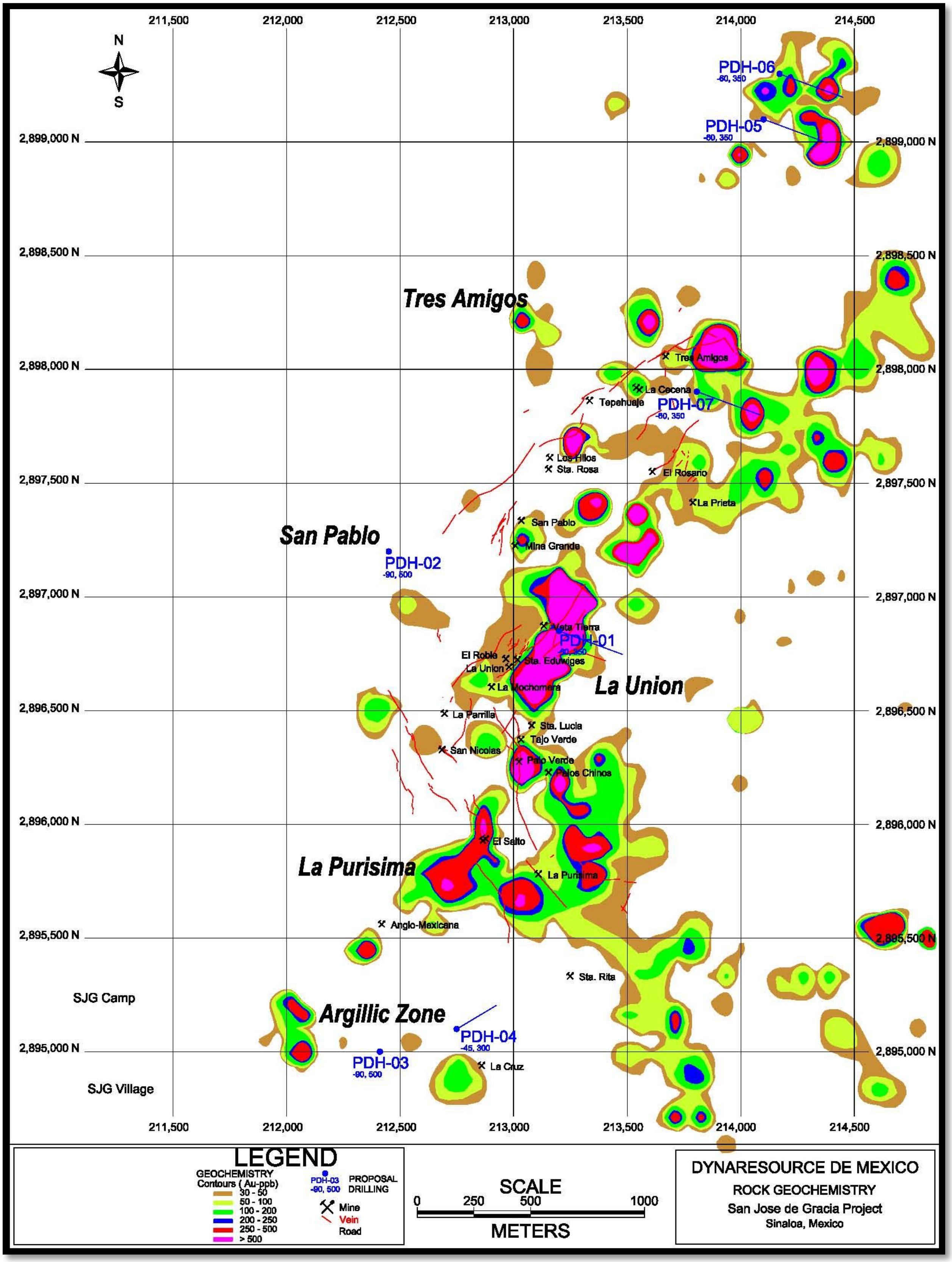
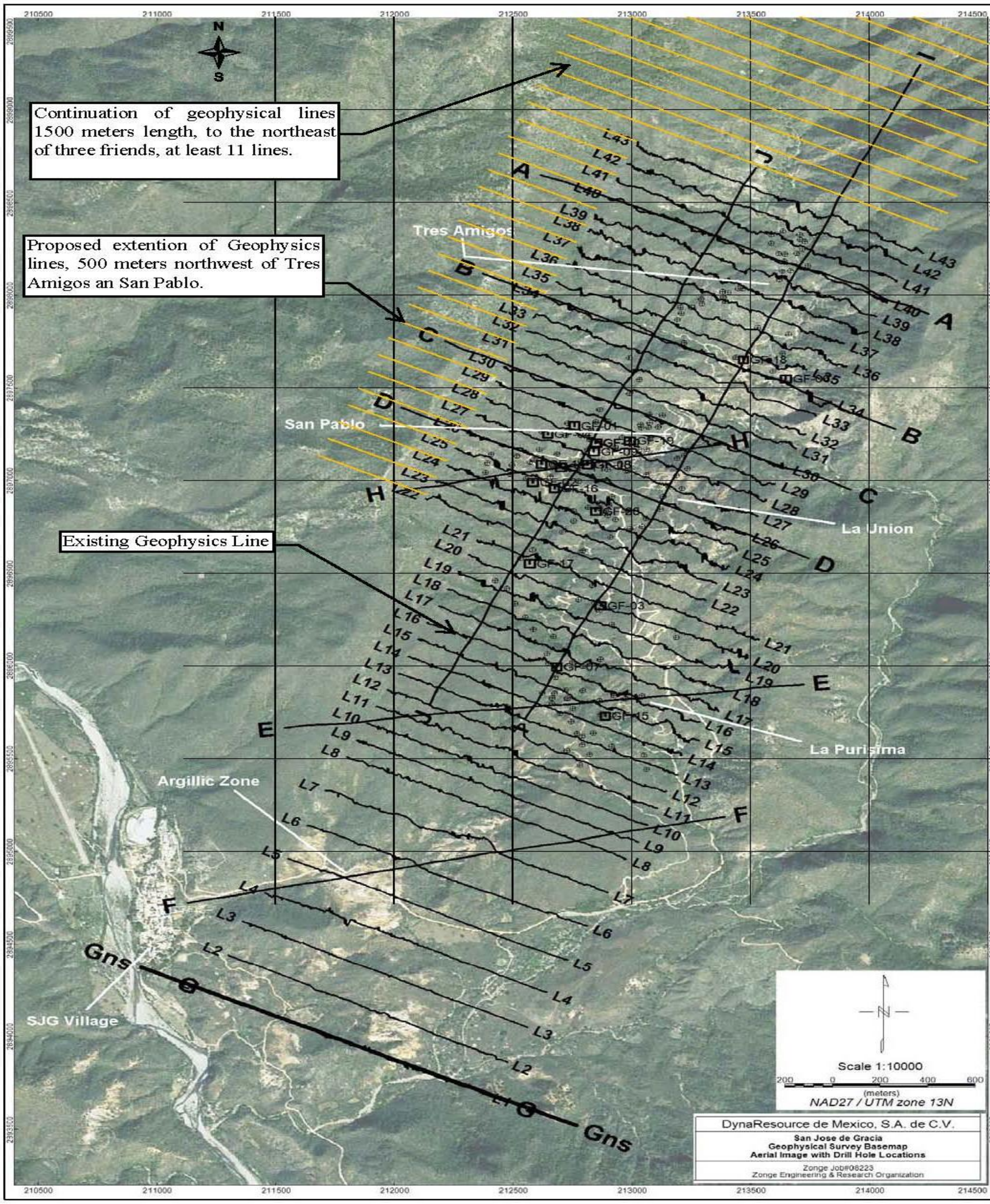


Figure 55. Proposed Extension of Geophysical Lines



BUDGET ESTIMATE – PHASE I and II

The recommended budget for the next phase of work (Phase I) for San Jose de Gracia is USD $ 780,000. In the opinion of Mr. Luna, the Phase I work program would include exploratory drilling in areas outside of existing mineral resource deposits, and the compilation of a lower grade cut off, open pit mineral resource estimate prepared pursuant to National Instrument 43-101. The results of the exploratory drilling program and the lower grade cut off mineral resource estimate would then be considered for finalizing the Phase II drilling and work programs as described in items 18.1 – 18.11 above, and as budgeted below. The budgeting and execution of the Phase II recommended work program is not contingent upon the results of the Phase I recommended work program, and is considered to place particular emphasis on those things necessary for the preparation of a Preliminary Economic Assessment Report prepared pursuant to National Instrument 43-101 (a "**PEA**"). Subsequent to the receipt of the successful PEA, the Company may consider commissioning and obtaining a Prefeasibility Study and Report also made in compliance with National Instrument 43-101.

Mr. Luna advises that DynaMexico should implement drilling programs (under Phase I and Phase II) in order to expand resources, to increase the confidence and category of resources, and possibly to identify additional resource areas.

Mr. Luna recommends a Phase I budget of USD $780,000, and a Phase II budget of USD $7,675,000. The Phase II budget includes commissioning of the PEA(s), obtaining necessary production permits, and rights, access, plans and reports, and approximately 25,000 meters drilling.

Accordingly, Mr. Luna recommends the work programs and budgets as follows:

PHASE 1 WORK PROGRAM (USD):

Exploratory Drilling for IP, Down Dip, Geochem Areas	
3,000 meters drilling @ $ 125 dlls / mts. (approximately 4 months)	$ 375,000
Geologist for supervising drilling	$ 30,000
Sampling, approximately 2,500 samples @ $ 40 dlls each simple	$ 100,000
Access, Site preparation	$ 50,000
Open Pit, Lower Grade Cut Off Mineral Resource Estimate	
Including geologist and engineer for computer design plan (45 days)	$ 25,000
Environmental Impact Study ("EIA")	
Include consulting biologist	$ 100,000
Baseline Study	
Including consulting engineering	$ 100,000
Totals – Phase I Work Program (USD):	**$ 780,000.**

PHASE II WORK PROGRAM (USD):

Preliminary Economic Assessment

Including Metallurgical Analysis Program and Preliminary Economic Assessment

$ 500,000

Other Permits, Rights, Land

Projection of cost (negotiable, uncertain)

$ 1,500,000

Detailed Survey of Underground Old Workings (existing developments)

Include a crew of surveyor and helper to work in the existing and accessible underground developments during 12 months

$ 400,000

Detailed Underground Sampling for the Existing Developments

Include a crew of geologist and helper for make a systematic sampling in all the accessible underground developments during 12 months

$ 200,000

Samples taken and analyzed (8,000 samples @ $ 40 dlls / sample)

$ 320,000

Underground Exploration Drifting for Vein Intersections

Include 300 meters of drifting @ $ 1,500 dlls by meter

$ 450,000

Extension Drilling for all Target Areas

15,000 Meters drilling @ $ 125 dlls / mts (approximately 1 year drilling)

$ 1,875,000

Geologist for supervising drilling (1 Year)

$ 90,000

Sampling, approximately 10,000 Samples @ $ 40 dlls each sample

$ 400,000

Infill Drilling for Confirming Inferred Resources to Measured & Indicated

10,000 mts of drilling @ $ 125 dlls / mts (approximately 8 months)

$ 1,225,000

Geologist for supervising the drilling during 8 months

$ 60,000

Sampling, approximately 7,000 samples @ $ 40 dlls each sample

$ 280,000

Generating Exploration for New Areas

Include a crew of geologist and helper for generating exploration during 12 months

$ 250,000

Extending IP and Geochem Survey

Including crews, samples, analysis

$ 100,000

Total Phase II (USD): **$ 7,650,000.**

ITEM 19.0 REFERENCES

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CERTIFICATE OF QUALIFIED PERSON – RAMON LUNA ESPINOZA

I, **Ramon Luna Espinoza,** of Calle Quinta del Roble, #5 Colonia Las Quintas, Hermosillo, Mexico, certify as follows:

(a) I am a professional geologist employed by Servicios y Proyectos Mineros de Mexico S.A. de C.V. of Calle Quinta del Roble, #5 Colonia Las Quintas, Hermosillo, Sonora, Mexico.

(b) This Certificate applies to the report (the "**Technical Report**") entitled "National Instrument 43-101 Technical Report on the San José de Gracia Project, Northeast Sinaloa, Mexico" dated March 28, 2012, as amended on December 31, 2012.

(c) I am a professional geologist and have been engaged in mineral exploration and mine development for 11 years. I graduated from the Universidad de Sonora, in Hermosillo, Sonora, Mexico, with a Bachelor of Geology degree in 2000. I have been registered as Member (MAIG) with the Australian Institute of Geosciences, since May 26, 2008, registration number 3772. I am a "qualified person" for the purposes set out in National Instrument 43-101.

(d) My most recent personal inspection of the property being the subject of the Technical Report was on November 4, 2011 and November 5, 2011, lasting two days.

(e) I am responsible for all items of the Technical Report, with the exception of Section 14 **-** "Mineral Resources Estimates".

(f) I am independent of each of DynaResource de México, S.A. de C.V., DynaResource, Inc. and Goldgroup Mining Inc.

(g) Other than previous property inspections, I have had no prior involvement with the property being the subject of the Technical Report.

(h) I have read National Instrument 43-101 and Form 43-101F1, and the parts of the Technical Report that I am responsible for, have been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

(i) That, at the effective date of the Technical Report, to the best of my knowledge, information and belief, the parts of the Technical Report for which I am responsible, contain all scientific and technical information that it required to be disclosed to make the Technical Report not misleading.

Dated: December 31, 2012.

(Signed and sealed copy on file)

"Ramon Luna Espinoza"
Ramon Luna Espinoza, Bs., P.Geo

CERTIFICATE OF QUALIFIED PERSON – ROBERT SANDEFUR

I, Robert L. Sandefur, of 5377 Flatrock Ct, Morrison, CO 80465, hereby certify that:

(a) I am a Consulting Geostatistician, affiliated with Chlumsky, Armbrust and Meyer LLC at 12600 West Colfax Avenue, Suite A-140, Lakewood, Colorado 80215, USA.

(b) This Certificate applies to the report (the "**Technical Report**") entitled "National Instrument 43-101 Technical Report on the San José de Gracia Project, Northeast Sinaloa, Mexico" dated March 28, 2012, as amended on December 31, 2012.

(c) I am a Certified Professional Engineer (Number 11370) in the state of Colorado, USA, and a member of the Society for Mining, Metallurgy, and Exploration (SME). I graduated from the Colorado School of Mines with a Professional (BS) degree in engineering physics (geophysics minor) in 1966 and subsequently obtained a Master's of Science degree in physics from the Colorado School of Mines in 1973. I have practiced my profession as a geostatistical resource analyst continuously since 1969. From 1969 to present, I have worked on mining projects in over 20 countries, have statistically analyzed more than 400 mineral deposits, and have personally visited more than 50 operating metal mines. I am a "qualified person" for the purposes set out in National Instrument 43-101.

(d) My most recent personal inspection of the property being the subject of the Technical Report was on January 6, 2012 and that inspection lasted one day.

(e) I am responsible for the preparation of Section 14 - "Mineral Resources Estimates" of the Technical Report and those portions of other sections of the Technical Report that refer to my preparation of the mineral resources estimates.

(f) I am independent of each of DynaResource de México, S.A. de C.V., DynaResource, Inc. and Goldgroup Mining Inc.

(g) I have had no prior involvement with the property being the subject of the Technical Report.

(h) I have read National Instrument 43-101 and Form 43-101F1, and the parts of the Technical Report that I am responsible for, have been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

(i) That, at the effective date of the Technical Report, to the best of my knowledge, information and belief, the parts of the Technical Report for which I am responsible, contain all scientific and technical information that it required to be disclosed to make the Technical Report not misleading.

Dated: December 31, 2012.

(Signed and sealed copy on file)

"Robert Sandefur"

Robert Sandefur, BS, MSc, P.E.

DATE AND SIGNATURE PAGE

The Effective Date (as that term is defined in NI 43-101) of this Technical Report is February 6, 2012.

This Technical Report is dated March 28, 2012, as amended on December 31, 2012

(Signed and sealed copy on file)

"Ramon Luna"

Ramon Luna Espinoza, Bs., P.Geo

(Signed and sealed copy on file)

"Robert Sandefur"

Robert Sandefur, BS, MSc. P.E.

APPENDIX

LIST OF DRILL HOLES (SUMMARY TABLE)

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG07-001	212944.31	2896203.02	596.41	128	La_Purisima	DDH
SJG07-002	212887.86	2896286.7	590.63	167.5	La_Purisima	DDH
SJG07-003	212800.63	2896342.65	589.84	185.85	La_Purisima	DDH
SJG07-004	212871.18	2897300.88	653.5	169.9	San_Pablo	DDH
SJG07-005	212910.64	2896998.6	722.33	197.6	San_Pablo	DDH
SJG07-006	213468.02	2897651.84	627.61	220.4	Tres_Amigos	DDH
SJG07-007	212927.66	2897110.45	724.18	179.4	San_Pablo	DDH
SJG07-008	212925.09	2897306.13	647.11	149.6	San_Pablo	DDH
SJG07-009	212856.08	2897252.38	679.18	180.75	San_Pablo	DDH
SJG07-010	212855.28	2897253.07	679.36	161.65	San_Pablo	DDH
SJG07-011	212991.02	2897214.02	689	148.1	San_Pablo	DDH
SJG07-012	212990.37	2897215.3	688.94	103.7	San_Pablo	DDH
SJG07-013	213284.34	2897915.99	633.59	112.6	Tres_Amigos	DDH
SJG07-014	213645.95	2897549	575.22	94.9	Tres_Amigos	DDH
SJG07-015	212867.03	2896328.04	591.44	166.7	La_Purisima	DDH
SJG07-016	212868.76	2896325.76	590	174.5	La_Purisima	DDH
SJG07-017	212865.86	2896328.34	590.06	137.7	La_Purisima	DDH
SJG07-018	212891.16	2896015.66	536.12	151.2	La_Purisima	DDH
SJG07-019	212891.92	2896015.64	536.31	147.65	La_Purisima	DDH
SJG07-020	213064.43	2895722.65	462.26	156.2	La_Purisima	DDH
SJG07-021	212683.33	2895994.67	544.72	191.25	La_Purisima	DDH
SJG07-022	212683.33	2895994.67	544.72	198.85	La_Purisima	DDH
SJG07-023	212929.54	2897043.99	723.46	208.9	San_Pablo	DDH
SJG07-024	213012.36	2897039.8	740.75	255.5	San_Pablo	DDH
SJG07-025	213013.26	2897039.52	740.67	201.15	San_Pablo	DDH
SJG07-026	212963.82	2897168.43	704.79	201.3	San_Pablo	DDH
SJG07-027	212838.5	2897157.54	726.97	258.1	San_Pablo	DDH
SJG07-028	212847.52	2897204.46	697.82	210	San_Pablo	DDH
SJG07-029	212846.75	2897205.12	697.81	251.3	San_Pablo	DDH
SJG07-030	212810.72	2897089	695.53	259.5	San_Pablo	DDH
SJG07-031	212811.64	2897088.57	695.57	213.35	San_Pablo	DDH
SJG07-032	212810.45	2896994.21	698.3	261.95	San_Pablo	DDH
SJG07-033	212811.32	2896993.92	698.36	200.9	San_Pablo	DDH

San Jose de Gracia Project, Northeast Sinaloa, México

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG07-034	212874.31	2897300.05	653.94	251.05	San_Pablo	DDH
SJG07-035	212752.12	2895814.02	547.48	254.1	La_Purisima	DDH
SJG07-036	212711.12	2895919.86	549.32	244.4	La_Purisima	DDH
SJG07-037	212710.66	2895919.53	549.3	253.5	La_Purisima	DDH
SJG07-038	212769.66	2895997.51	501.81	205.65	La_Purisima	DDH
SJG07-039	212845.87	2895989.02	511.68	206.85	La_Purisima	DDH
SJG07-040	212675.32	2896049.04	541.44	308.05	La_Purisima	DDH
SJG07-041	212674.86	2896048.85	541.45	309.65	La_Purisima	DDH
SJG07-042	212698.91	2896142.46	547.49	306.65	La_Purisima	DDH
SJG08-043	212776.43	2895751.15	529.46	300.65	La_Purisima	DDH
SJG08-044	212807.54	2895454.75	534.25	301.4	La_Purisima	DDH
SJG08-045	213210.58	2896136.82	573.58	201.1	La_Purisima	DDH
SJG08-046	212731.29	2897182.66	711.86	269.35	San_Pablo	DDH
SJG08-047	213219.37	2895882.94	535.9	252.85	La_Purisima	DDH
SJG08-048	212715.97	2897128.11	708.87	269.7	San_Pablo	DDH
SJG08-049	212755.65	2897296.84	670.14	258.25	San_Pablo	DDH
SJG08-050	212750.78	2897229.09	695.41	244.55	San_Pablo	DDH
SJG08-051	212700.19	2897073.14	685.31	231.8	San_Pablo	DDH
SJG08-052	213490.02	2898016.2	677.93	205.4	Tres_Amigos	DDH
SJG08-053	212630.73	2897151.03	689.71	302.2	San_Pablo	DDH
SJG08-054	213264.55	2897713.64	659.19	209.5	Tres_Amigos	DDH
SJG08-055	212791.23	2896815.23	637.32	212.45	La_Union	DDH
SJG08-056	212686.22	2897003.36	676.79	248.1	San_Pablo	DDH
SJG08-057	212846.82	2896836.32	662.77	203.35	La_Union	DDH
SJG08-058	212645.49	2897251.49	693.33	312.7	San_Pablo	DDH
SJG08-059	212779.6	2896761.77	653.19	218.95	La_Union	DDH
SJG08-060	212618.34	2897090.49	678.09	296.55	San_Pablo	DDH
SJG08-061	212740.77	2896701.93	622.9	218.9	La_Union	DDH
SJG08-062	212673.34	2896960.19	671.51	264.8	San_Pablo	DDH
SJG08-063	212756.44	2895525.39	538.92	353.1	La_Purisima	DDH
SJG08-064	212582.44	2896992.2	662.03	282.05	San_Pablo	DDH
SJG08-065	212583.1	2896917.07	634.55	268.3	San_Pablo	DDH
SJG08-066	212691.45	2895779.54	542.82	346	La_Purisima	DDH
SJG08-067	212544.94	2897106.02	702.22	335.6	San_Pablo	DDH
SJG08-068	212754.75	2895814.93	547.24	255.12	La_Purisima	DDH

San Jose de Gracia Project, Northeast Sinaloa, México

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG08-069	212774.67	2895752.09	529.73	282.55	La_Purisima	DDH
SJG08-070	212747.35	2895861.51	554.23	255.12	La_Purisima	DDH
SJG08-071	212886.07	2895728.69	514.82	276.45	La_Purisima	DDH
SJG08-072	212739.2	2896703.29	622.66	227.3	La_Union	DDH
SJG08-073	212908.69	2895666.65	510.51	230.73	La_Purisima	DDH
SJG08-074	212533.9	2897063.94	701.58	364.85	San_Pablo	DDH
SJG08-075	212613.92	2896603.52	588.46	241.9	La_Union	DDH
SJG08-076	212685.46	2896670.57	603.82	274.6	La_Union	DDH
SJG08-077	212533.79	2897010.42	670.1	352.66	San_Pablo	DDH
SJG08-078	212526.45	2896492.06	572	222.6	La_Union	DDH
SJG08-079	212417.63	2897021.44	690.98	343.51	San_Pablo	DDH
SJG08-080	212568.52	2896555.24	595.32	217.55	La_Union	DDH
SJG08-081	212421.66	2897075.23	682.75	367.9	San_Pablo	DDH
SJG08-082	212666.1	2895830.26	558.23	212.2	La_Purisima	DDH
SJG08-083	212459.68	2897106.86	676.79	346.56	San_Pablo	DDH
SJG08-084	212789.27	2895675.87	530.79	297.3	La_Purisima	DDH
SJG08-085	213068.75	2897527.12	672.44	249.02	San_Pablo	DDH
SJG08-086	213016.18	2897447.08	677.08	248.41	San_Pablo	DDH
SJG08-087	212966.67	2897389.14	676.89	249.02	San_Pablo	DDH
SJG08-088	212891.95	2897357.84	683.2	249.02	San_Pablo	DDH
SJG08-089	212751.76	2897233.88	695.1	239.88	San_Pablo	DDH
SJG08-090	212730.35	2897184.8	711.64	249.02	San_Pablo	DDH
SJG08-091	212712.45	2897120.42	708.97	252.1	San_Pablo	DDH
SJG08-092	212705.15	2897071.42	684.88	252.07	San_Pablo	DDH
SJG08-093	212685.45	2897004.72	677.4	246.05	San_Pablo	DDH
SJG08-094	212628.11	2897157.42	689.5	299.01	San_Pablo	DDH
SJG08-095	212618.57	2897089.62	677.9	256.03	San_Pablo	DDH
SJG08-096	212543.47	2897108.56	702.22	344.73	San_Pablo	DDH
SJG08-097	212534.42	2897063.9	701.75	268.83	San_Pablo	DDH
SJG08-098	212550.22	2897012.16	670.24	282.55	San_Pablo	DDH
SJG08-099	212826.93	2895609.81	523.06	252.07	La_Purisima	DDH
SJG08-100	212880.76	2895565.34	511.72	236.83	La_Purisima	DDH
SJG08-101	213099.36	2897587.49	637.49	252.07	Tres_Amigos	DDH
SJG08-102	213492.03	2898017.04	678.24	252.07	Tres_Amigos	DDH
SJG08-103	213431.9	2897990.33	676.09	252.07	Tres_Amigos	DDH

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG08-104	213430.18	2897944.25	666.66	249.97	Tres_Amigos	DDH
SJG08-105	213338.98	2897934.12	652.28	252.07	Tres_Amigos	DDH
SJG08-106	213338.38	2897934.7	652.2	252.07	Tres_Amigos	DDH
SJG08-107	213247.83	2897889.43	656.06	252.07	Tres_Amigos	DDH
SJG08-108	213248.35	2897888.87	656.07	252.07	Tres_Amigos	DDH
SJG08-109	213229.06	2897818.02	665.96	252.07	Tres_Amigos	DDH
SJG08-110	213641.7	2898246.7	637.92	249.03	Tres_Amigos	DDH
SJG08-111	213641.43	2898246.02	637.85	252.07	Tres_Amigos	DDH
SJG08-112	213639.66	2898245.25	637.95	200.25	Tres_Amigos	DDH
SJG08-113	213647.6	2898219.85	636.64	200.25	Tres_Amigos	DDH
SJG08-114	213647.56	2898218.08	636.77	281.9	Tres_Amigos	DDH
SJG08-115	213695	2898210.74	633.56	200.1	Tres_Amigos	DDH
SJG08-116	213694.82	2898210.28	633.58	250.05	Tres_Amigos	DDH
SJG08-117	213690.9	2898114.69	621.94	251.75	Tres_Amigos	DDH
SJG08-118	213674.54	2898059.81	617.78	250.15	Tres_Amigos	DDH
SJG08-119	213687.9	2897791.01	597.8	200.25	Tres_Amigos	DDH
SJG08-120	212622.09	2896721.36	610.45	250.85	La_Union	DDH
SJG08-121	212599.97	2896691.38	623.56	94.15	La_Union	DDH
SJG08-122	212549.74	2896657.54	629.13	251.25	La_Union	DDH
SJG08-123	212490.93	2896609.76	631.64	250.7	La_Union	DDH
SJG08-124	212435.35	2896554.08	623.41	250.9	La_Union	DDH
SJG08-125	212596.27	2896690.77	623.43	252.35	La_Union	DDH
SJG08-126	212542.73	2896742.97	647.61	252.35	La_Union	DDH
SJG09-127	213485.03	2897218.63	633.07	201.17	Tres_Amigos	DDH
SJG09-128	213499.81	2897306.97	622.85	202.69	Tres_Amigos	DDH
SJG09-129	213498.02	2897365.21	604.28	202.69	Tres_Amigos	DDH
SJG09-130	213359.68	2897376.18	620.76	67.06	Tres_Amigos	DDH
SJG09-131	212840.32	2897110.78	709.65	150.88	San_Pablo	DDH
SJG09-132	212840.85	2897110.59	709.67	181.36	San_Pablo	DDH
SJG09-133	212838.89	2897157.11	726.92	163.07	San_Pablo	DDH
SJG09-134	212900.11	2897083.3	715.04	129.54	San_Pablo	DDH
SJG09-135	212900.81	2897083.05	715.1	126.49	San_Pablo	DDH
SJG09-136	212958.3	2897011.52	728.77	251.46	San_Pablo	DDH
SJG09-137	212715.74	2897057.6	685.42	211.84	San_Pablo	DDH
SJG09-138	212660.47	2897045.96	666.81	193.55	San_Pablo	DDH

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG09-139	212798.45	2897136.51	712.51	216.41	San_Pablo	DDH
SJG09-140	212870.97	2897129.91	723.38	105.16	San_Pablo	DDH
SJG09-141	212817.06	2896232.5	541.06	202.69	La_Purisima	DDH
SJG09-142	213361.78	2897385.92	620.83	300.23	Tres_Amigos	DDH
SJG09-143	212764.59	2896872.9	631.58	227.08	La_Union	DDH
SJG09-144	212763.59	2896873.28	631.69	217.93	La_Union	DDH
SJG09-145	212469.85	2896289.92	622.77	172.21	La_Purisima	DDH
SJG09-146	212556.86	2895925.12	590.35	172.21	La_Purisima	DDH
SJG09-147	212556.37	2895924.91	590.34	315.47	La_Purisima	DDH
SJG10-148	213553.1	2898224.55	724.64	355.09	Tres_Amigos	DDH
SJG10-149	213562.07	2898196.89	720.39	361.19	Tres_Amigos	DDH
SJG10-150	213504.26	2898166.89	716.76	367.28	Tres_Amigos	DDH
SJG10-151	213529	2898106.42	725.45	370.33	Tres_Amigos	DDH
SJG10-152	213529.46	2898105.78	725.43	336.8	Tres_Amigos	DDH
SJG10-153	213480.8	2898094.11	727.7	370.33	Tres_Amigos	DDH
SJG10-154	213428.93	2898068.75	714.97	367.28	Tres_Amigos	DDH
SJG10-155	213401.72	2898019.4	707.82	355.09	Tres_Amigos	DDH
SJG10-156	213489.93	2898016.08	678.21	242.32	Tres_Amigos	DDH
SJG10-157	213425.74	2897943.56	666.74	241.07	Tres_Amigos	DDH
SJG10-158	212817.57	2896927.21	664.39	244.42	La_Union	DDH
SJG10-159	212816.79	2896927.52	664.44	106.68	La_Union	DDH
SJG10-160	212842.13	2896197.22	539.48	211.84	La_Purisima	DDH
SJG10-161	212815.64	2896129.01	520.17	211.84	La_Purisima	DDH
SJG10-162	213285.07	2895941.81	516.03	205.74	La_Purisima	DDH
SJG10-163	213172.15	2897745.46	717.85	254.51	Tres_Amigos	DDH
SJG10-164	213253.02	2898004.29	666	300.23	Tres_Amigos	DDH
SJG10-165	213253.4	2898004.16	665.94	309.37	Tres_Amigos	DDH
SJG10-166	212825.78	2897296.63	663.09	202.69	San_Pablo	DDH
SJG10-167	212546.48	2897241.23	714.56	352.04	San_Pablo	DDH
SJG10-168	212412.03	2896906.74	699.36	400.81	San_Pablo	DDH
SJG10-169	213689.1	2897587.06	579.07	208.79	Tres_Amigos	DDH
SJG10-170	213687.18	2897585.06	579.61	28.96	Tres_Amigos	DDH
SJG10-171	213688.47	2897589.76	579.64	220.98	Tres_Amigos	DDH
SJG10-172	213449.11	2897601.18	611.05	300.23	Tres_Amigos	DDH
SJG10-173	213499.73	2897770.94	625.06	300.23	Tres_Amigos	DDH

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG10-174	213634.77	2897902.83	615.57	260.6	Tres_Amigos	DDH
SJG10-175	213566.68	2898203.14	721.43	361.19	Tres_Amigos	DDH
SJG10-176	213568.26	2898204.23	721.4	364.24	Tres_Amigos	DDH
SJG10-177	213507.62	2898170.62	716.49	357.19	Tres_Amigos	DDH
SJG10-178	213568.01	2898145.66	691.89	352.04	Tres_Amigos	DDH
SJG10-179	213568.35	2898145.39	691.89	355.09	Tres_Amigos	DDH
SJG10-180	213485.31	2898094.83	727.05	306.32	Tres_Amigos	DDH
SJG10-181	213434.56	2897992.17	676.42	309.37	Tres_Amigos	DDH
SJG10-182	213428.76	2898069.42	715.57	400.81	Tres_Amigos	DDH
SJG10-183	213387.12	2897976.9	686.91	16.96	Tres_Amigos	DDH
SJG10-184	213384.93	2897978.15	687.08	309.37	Tres_Amigos	DDH
SJG10-185	213538.3	2898019.94	654.17	251.46	Tres_Amigos	DDH
SJG10-186	212815.11	2896129.27	520.1	251.46	La_Purisima	DDH
SJG10-187	212817.9	2896066.66	532.23	205.74	La_Purisima	DDH
SJG10-188	212893.38	2895934.17	490.32	220.98	La_Purisima	DDH
SJG10-189	212892.98	2897260.83	664.94	163.07	San_Pablo	DDH
SJG10-190	212669.44	2895880.25	569.07	327.66	La_Purisima	DDH
SJG10-191	212702.02	2895958.43	534.93	202.69	La_Purisima	DDH
SJG10-192	212907.27	2897235.4	673.74	208.79	San_Pablo	DDH
SJG10-193	212656.05	2896123.51	546.47	251.46	La_Purisima	DDH
SJG10-194	213000.83	2897265.1	664.98	64.01	San_Pablo	DDH
SJG10-195	212813.85	2897250.79	678.97	185.2	San_Pablo	DDH
SJG10-196	212769.42	2896143.79	518.97	205.74	La_Purisima	DDH
SJG10-197	212921.38	2897201.49	685.31	156.97	San_Pablo	DDH
SJG10-198	212790.95	2896091.38	518.33	202.69	La_Purisima	DDH
SJG10-199	213044.47	2897222.65	689.46	64.01	San_Pablo	DDH
SJG10-200	213039.2	2897192.4	700.01	51.82	San_Pablo	DDH
SJG10-201	213028.14	2897166.15	706.69	108.2	San_Pablo	DDH
SJG10-202	212767.77	2896045.84	510.72	196.6	La_Purisima	DDH
SJG10-203	212970.26	2897172.06	704.81	175.26	San_Pablo	DDH
SJG10-204	212817.79	2896067.33	532.28	211.84	La_Purisima	DDH
SJG10-205	212951.81	2897133.11	711.97	119.29	San_Pablo	DDH
SJG10-206	212885.21	2896061.06	538.55	140.21	La_Purisima	DDH
SJG10-207	212918.86	2897127.28	717.83	156.97	San_Pablo	DDH
SJG10-208	212836.29	2896558.42	642.74	156.97	La_Union	DDH

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HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG10-209	212965.65	2897064.08	736.32	129.54	San_Pablo	DDH
SJG10-210	213009.67	2897086.38	728.28	111.25	San_Pablo	DDH
SJG10-211	212742.25	2896614.09	637.48	172.21	La_Union	DDH
SJG10-212	213016.47	2897118.23	723.79	108.2	San_Pablo	DDH
SJG10-213	212728.92	2897153.44	710.33	217.93	San_Pablo	DDH
SJG10-214	212793.93	2896651.48	649.56	160.02	La_Union	DDH
SJG10-215	212728.41	2897153.59	710.33	233.17	San_Pablo	DDH
SJG10-216	212931.7	2896666.46	683.25	150.88	La_Union	DDH
SJG10-217	212741.56	2897211.61	696.96	254.41	San_Pablo	DDH
SJG10-218	212930.76	2896760.49	701.16	166.12	La_Union	DDH
SJG10-219	212742.1	2897211.45	696.99	227.08	San_Pablo	DDH
SJG10-220	212898.59	2896716.1	687.28	230.12	La_Union	DDH
SJG10-221	212905.64	2897173.45	703.18	126.49	San_Pablo	DDH
SJG10-222	212848.12	2897204.36	698.02	202.69	San_Pablo	DDH
SJG10-223	212965.3	2896753.18	714.69	172.21	La_Union	DDH
SJG10-224	212807.67	2897205.21	695.5	220.98	San_Pablo	DDH
SJG10-225	213567.11	2898148.53	692.08	272.8	Tres_Amigos	DDH
SJG10-226	213554.56	2898116.32	711.77	300.23	Tres_Amigos	DDH
SJG10-227	213567.6	2898146.11	692.03	269.75	Tres_Amigos	DDH
SJG10-228	213555.04	2898115.86	711.77	278.89	Tres_Amigos	DDH
SJG10-229	213533.23	2898183.61	714.75	400.81	Tres_Amigos	DDH
SJG10-230	213507.12	2898169.33	716.38	370.33	Tres_Amigos	DDH
SJG10-231	213533.34	2898183.39	714.74	300.23	Tres_Amigos	DDH
SJG10-232	213532.56	2898019.77	657.69	272.8	Tres_Amigos	DDH
SJG10-233	213513.47	2898101.86	727.17	367.28	Tres_Amigos	DDH
SJG10-234	213690.1	2898114.58	621.88	248.41	Tres_Amigos	DDH
SJG10-235	213670.57	2898205.32	632.5	272.8	Tres_Amigos	DDH
SJG10-236	212843.16	2897181.5	712.15	176.78	San_Pablo	DDH
SJG10-237	213682.68	2897960.27	616.52	178.31	Tres_Amigos	DDH
SJG10-238	212663.86	2897100.73	685.51	263.65	San_Pablo	DDH
SJG10-239	213686.37	2897959.43	616.5	210.31	Tres_Amigos	DDH
SJG11-240	212534.5	2897064.41	701.6	317.17	San_Pablo	DDH
SJG11-241	212881.78	2896874.5	708.81	244.32	La_Union	DDH
SJG11-242	213507.98	2898102.68	727.6	376.43	Tres_Amigos	DDH
SJG11-243	212859.2	2897040.46	705.91	141.73	San_Pablo	DDH

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HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG11-244	212881.04	2896874.82	708.75	272.8	La_Union	DDH
SJG11-245	212803.2	2897026.18	697.59	150.88	San_Pablo	DDH
SJG11-246	213574.3	2897945.81	612.75	251.46	Tres_Amigos	DDH
SJG11-247	212869.78	2897066.49	700.44	150.88	San_Pablo	DDH
SJG11-248	212974.87	2896888.04	740.87	242.32	La_Union	DDH
SJG11-249	212811.69	2897089.3	695.52	160.02	San_Pablo	DDH
SJG11-250	212801.67	2897069.44	689.02	163.07	San_Pablo	DDH
SJG11-251	213576.73	2897878.43	606.27	202.69	Tres_Amigos	DDH
SJG11-252	213042.54	2896802.91	756.77	202.69	La_Union	DDH
SJG11-253	212777.8	2897101.79	691.8	181.36	San_Pablo	DDH
SJG11-254	213576.13	2897878.97	606.36	202.69	Tres_Amigos	DDH
SJG11-255	212720.72	2897093.58	698.37	220.98	San_Pablo	DDH
SJG11-256	213057.04	2896878.04	757.26	220.98	La_Union	DDH
SJG11-257	213735.81	2898182.84	626.89	214.88	Tres_Amigos	DDH
SJG11-258	212743.72	2897012.59	683.19	169.16	San_Pablo	DDH
SJG11-259	213100.63	2896968.59	732.92	199.64	La_Union	DDH
SJG11-260	213747.53	2898117.31	630.39	172.21	Tres_Amigos	DDH
SJG11-261	212763.02	2897039.7	686.42	153.92	San_Pablo	DDH
SJG11-262	213747.79	2898116.95	630.56	150.88	Tres_Amigos	DDH
SJG11-263	212707.48	2897030.78	682.15	190.5	San_Pablo	DDH
SJG11-264	212687.19	2897002.28	677.27	211.84	San_Pablo	DDH
SJG11-265	213505.35	2897851.68	621.46	163.07	Tres_Amigos	DDH
SJG11-266	213080.19	2897096.22	722.88	202.69	La_Union	DDH
SJG11-267	213505.03	2897851.95	621.44	220.98	Tres_Amigos	DDH
SJG11-268	212734.75	2896917.81	671.96	352.04	La_Union	DDH
SJG11-269	213426.61	2897827.43	644.3	193.55	Tres_Amigos	DDH
SJG11-270	212606.14	2896228.97	592.38	202.69	La_Purisima	DDH
SJG11-271	213426.26	2897827.76	644.3	190.5	Tres_Amigos	DDH
SJG11-272	212735.13	2896917.67	671.98	297.18	La_Union	DDH
SJG11-273	213499.11	2897770.15	624.98	160.02	Tres_Amigos	DDH
SJG11-274	212551.69	2896107.95	590.99	187.45	La_Purisima	DDH
SJG11-275	213465.5	2897651.41	627.44	172.21	Tres_Amigos	DDH
SJG11-276	213448.47	2897602.22	611.03	184.4	Tres_Amigos	DDH
SJG11-277	212553.76	2896027.08	602.68	202.69	La_Purisima	DDH
SJG11-278	213369.15	2897666.22	631.77	260.6	Tres_Amigos	DDH

San Jose de Gracia Project, Northeast Sinaloa, México

HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG11-279	212633.01	2896977.71	643.46	251.46	San_Pablo	DDH
SJG11-280	213264.41	2897709.72	658.93	193.55	Tres_Amigos	DDH
SJG11-281	212595.22	2896059.51	570	112.78	La_Purisima	DDH
SJG11-282	212814.91	2896234.22	541.18	204.22	La_Purisima	DDH
SJG11-283	212701.36	2896845.15	638.05	251.46	La_Union	DDH
SJG11-284	212603.99	2896152.28	564.49	201.17	La_Purisima	DDH
SJG11-285	212842.53	2896197.05	539.36	202.69	La_Purisima	DDH
SJG11-286	212702.34	2896844.56	637.94	244	La_Union	DDH
SJG11-287	212885.28	2896061	538.92	202.69	La_Purisima	DDH
SJG11-288	212670.11	2896187.64	580.43	51.82	La_Purisima	DDH
SJG11-289	212778.46	2895953.62	524.4	160.02	La_Purisima	DDH
SJG11-290	212802.04	2896179.09	523.73	202.69	La_Purisima	DDH
SJG11-291	212327.43	2895499.86	482.79	251.46	Argillic Zone	DDH
SJG11-292	212701	2896758.98	620.09	220.98	La_Union	DDH
SJG11-293	212770.24	2896045.01	510.69	227.08	La_Purisima	DDH
SJG11-294	211978.23	2895129.35	435.77	291.08	Argillic Zone	DDH
SJG11-295	212820.12	2896006.92	505.24	207.44	La_Purisima	DDH
SJG11-296	212819.61	2896006.29	505.08	211.84	La_Purisima	DDH
SJG11-297	211987	2894962.33	414.62	254.51	Argillic Zone	DDH
SJG11-298	212701.92	2896758.66	620.08	211.84	La_Union	DDH
SJG92-001	212890	2896746	685	201.17	La_Union	RC
SJG92-002	213064	2896931	760	201.17	La_Union	RC
SJG92-003	213018	2896661	720	120.4	La_Union	RC
SJG92-004	213026	2896823	765	152.4	La_Union	RC
SJG92-005	213196	2896851	790	100.58	La_Union	RC
SJG92-006	213221	2897014	748	158.5	La_Union	RC
SJG92-007	213024	2897050	730	124.97	San_Pablo	RC
SJG92-008	212916	2897251	670	51.82	San_Pablo	RC
SJG92-009	213101	2897240	695	51.82	San_Pablo	RC
SJG92-010	213055	2897239	685	51.82	San_Pablo	RC
SJG92-011	212804	2896505	630	146.3	La_Purisima	RC
SJG97-001	213713.02	2898104.35	628	61	Tres_Amigos	DDH
SJG97-002	213713.02	2898104.35	628	62.5	Tres_Amigos	DDH
SJG97-003	213772.37	2898146.82	637.2	76	Tres_Amigos	DDH
SJG97-004	213772.37	2898146.82	637.2	73	Tres_Amigos	DDH

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HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG97-005	213818.81	2898102.7	671	41.5	Tres_Amigos	DDH
SJG97-006	213818.81	2898102.7	671	41	Tres_Amigos	DDH
SJG97-007	213699.21	2898121.26	622.79	89	Tres_Amigos	DDH
SJG97-008	213699.21	2898121.26	622.79	106.7	Tres_Amigos	DDH
SJG97-009	213669.38	2898111.15	620.8	152.4	Tres_Amigos	DDH
SJG97-010	213669.38	2898111.15	620.8	115.8	Tres_Amigos	DDH
SJG97-011	213659.45	2898065.82	620	47.7	Tres_Amigos	DDH
SJG97-012	213659.45	2898065.82	620	91.4	Tres_Amigos	DDH
SJG97-013	213744.42	2898165.9	629	156.4	Tres_Amigos	DDH
SJG97-014	213740.61	2898129.15	629	73	Tres_Amigos	DDH
SJG97-015	213097.83	2897179.01	720	55.77	San_Pablo	DDH
SJG97-016	213117.82	2897184.01	715	48.76	San_Pablo	DDH
SJG97-017	213094.67	2897148.96	721.81	54.9	San_Pablo	DDH
SJG97-018	213138.82	2897210.01	700	42.67	San_Pablo	DDH
SJG97-019	213049.82	2897150	721	39.6	San_Pablo	DDH
SJG97-020	213072.82	2897176.01	715	47.9	San_Pablo	DDH
SJG97-021	213078.82	2897202.01	705	42.7	San_Pablo	DDH
SJG97-022	213141.82	2897239	692	22.2	San_Pablo	DDH
SJG97-023	213087.82	2897236	695	14.78	San_Pablo	DDH
SJG97-024	213111.82	2897237	695	52.5	San_Pablo	DDH
SJG97-025	213105.82	2897128.01	733	45.72	San_Pablo	DDH
SJG97-026	213106.03	2897205.8	709.07	66.45	San_Pablo	DDH
SJG97-027	212959.36	2896768.68	715	82.3	La_Union	DDH
SJG97-028	212959.36	2896768.68	715	28.04	La_Union	DDH
SJG97-029	212930.8	2896795.04	715	44.2	La_Union	DDH
SJG97-030	212950.43	2896714.94	698	100.58	La_Union	DDH
SJG97-031	212948.68	2896737.7	705	100.58	La_Union	DDH
SJG97-032	212912.93	2896706.96	690	128	La_Union	DDH
SJG97-033	212905.33	2896744.88	692	161.54	La_Union	DDH
SJG97-034	212946.97	2896685.16	688	65.53	La_Union	DDH
SJG97-035	213717.76	2898197.62	628	208.79	Tres_Amigos	DDH
SJG97-036	213672.46	2898209.97	632.27	268.22	Tres_Amigos	DDH
SJG97-037	213749.76	2898168.61	630	118.3	Tres_Amigos	DDH
SJG97-039	213749.76	2898168.61	630	118	Tres_Amigos	DDH
SJG97-040	213749.76	2898168.61	630	145	Tres_Amigos	DDH

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HOLE	EASTING	NORTHING	ELEVATION	HOLE LENGTH	AREA	TYPE
SJG97-041	213724.32	2898128.44	628	93.3	Tres_Amigos	DDH
SJG97-042	213726.76	2898183.62	629	128.5	Tres_Amigos	DDH
SJG97-043	213726.76	2898183.62	629	127.13	Tres_Amigos	DDH
SJG97-044	213724.76	2898206.62	630	150.91	Tres_Amigos	DDH
SJG97-045	213672.46	2898209.96	632.27	192.38	Tres_Amigos	DDH
SJG97-046	213651.76	2898222.61	633	239.3	Tres_Amigos	DDH
SJG97-047	213772.37	2898146.82	637.2	137.2	Tres_Amigos	DDH
SJG97-048	213558.02	2897809.47	627.82	118.9	Tres_Amigos	DDH
SJG97-049	213558.02	2897809.47	627.82	145.73	Tres_Amigos	DDH
SJG97-050	213430.76	2897945.62	668	155.49	Tres_Amigos	DDH
SJG97-051	212670.54	2895765.14	540	93.9	La_Purisima	DDH
SJG97-052	212948.56	2895742.98	512	26.52	La_Purisima	DDH
SJG97-053	212869.56	2895514.98	509	117.07	La_Purisima	DDH
SJG97-054	212946.56	2895454.98	510	80.5	La_Purisima	DDH
SJG97-055	213052	2895729	465	150.3	La_Purisima	DDH
SJG97-056	213000	2895711	491	186.9	La_Purisima	DDH
SJG97-057	213000	2895734.97	485	130.8	La_Purisima	DDH
SJG97-058	212956	2895728	510	35.67	La_Purisima	DDH
SJG97-059	212956.05	2895718.85	511.82	38.41	La_Purisima	DDH
SJG97-060	212893.56	2895700.98	511	74.09	La_Purisima	DDH
SJG97-061	213086.93	2895413.41	486.96	38.11	La_Purisima	DDH
SJG97-062	213086.93	2895413.41	486.96	54.88	La_Purisima	DDH
SJG97-063	212869	2896326	590	141.8	La_Purisima	DDH
SJG97-064	211960	2895020	420.13	140.55	Argillic Zone	DDH
			Total	**75,878.22**	**Meters**	