TECHNICAL REPORT - CABALLO BLANCO PROJECT

RESOURCE UPDATE - LA PAILA ZONE

Veracruz State

MEXICO

(Longitude 96° 27' 30" W, Latitude 19° 40' 44" N)

Prepared for:

CANDELARIA MINING CORPORATION.
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Date: **April 20, 2017**

Effective Date of Report: **March 20, 2017**

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CERTIFICATE OF QUALIFIED PERSON, G.H Giroux

This certificate applies to the technical report entitled "**Technical Report – Caballo Blanco Project. Resource update – La Paila Zone**", with effective date March 20, 2017 (the "Technical Report")

I, G.H. Giroux, of 982 Broadview Drive, North Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer with an office at 982 Broadview Drive, North Vancouver, British Columbia.
2. I am a graduate of the University of British Columbia in 1970 with a B.A. Sc. and in 1984 with a M.A. Sc., both in Geological Engineering.
3. I am a member in good standing of the Association of Professional Engineers and Geoscientists of the Province of British Columbia.
4. I have practiced my profession continuously since 1970. I have had over 40 years' experience estimating mineral resources. I have previously completed resource estimations on a wide variety of precious metal deposits both in B.C. and around the world, including La Colorada, La Jojoba and Livia de Oro, La India and Kisladag.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I have made a site visit the property on Nov. 7 to 9, 2011.
7. I am the co-author of this Technical Report and responsible for the preparation of Section 14 on the resource estimations completed in Vancouver during 2017.
8. I am independent of Candelaria Mining Corp. as described in section 1.5 of NI 43-101.
9. I have previously worked on this property, completing a resource estimate in 2010 and 2012.
10. I have read NI 43-101, and the portions of the Technical Report for which I am responsible have been prepared in compliance with NI 43-101.
11. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the portions of the Technical Report for which I am responsible for contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 20th day of April 2017.

G. H. Giroux, P.Eng., MASc.

PROFESSIONAL PROVINCE OF G. H. GIROUX BRITISH COLUMBIA ENGINEER

CERTIFICATE OF QUALIFIED PERSON, J. Cuttle

I, Jim Cuttle, of the Municipality of Whistler, British Columbia, Canada, do certify that;

1. I am a consulting geologist with an address at 86 Cloudburst Road, Black Tusk Village, Whistler, British Columbia, Canada V0N-1B1.
2. I am a graduate of the University of New Brunswick (1980) with a Bachelor of Science Degree in Geology.
3. I have practiced as an exploration and consulting geologist continuously for over 36 years. I have experience with project generation, mineral property assessment, project management and data compilation for various public and private mineral exploration companies in Canada and internationally. I specialize in precious and base metal exploration and have experience in different styles and models of gold mineralization, including the types that may be found on the Caballo Blanco property.
4. I have been a registered member in good standing of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (registration number 19313), since July 1992.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 – *Disclosure Standards for Mineral Projects* ("NI 43-101") and certify that because of my education, past relevant work experience, and affiliation with a professional organization I am a "qualified person" as defined in NI 43-101.
6. I am responsible for all parts of the report titled **"TECHNICAL REPORT - CABALLO BLANCO PROJECT, RESOURCE UPDATE, LA PAILA ZONE, Veracruz State, MEXICO"** compiled and written for Candelaria Mining Corp., and dated effective of March 20, 2017, excluding Section 14 on "Mineral Resource Estimate".
7. I have previously worked on the Caballo Blanco property and co-authored a NI 43-101 technical report in 2010 and 2012.
8. I am independent of Candelaria Mining Corp. as described in Section 1.5 of NI 43 -101.
9. This Technical Report on the Caballo Blanco Property is based on the author's data research and site visits to the property from May 21 to May 24, 2009 and January 6, 2012 and subsequent preparation of this report.
10. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 20th day of April 2017

Jim F. Cuttle, P.Geo

1.SUMMARY

This technical report was prepared for Candelaria Mining Corp. (“Candelaria” or CMC) to document an updated NI 43-101 compliant mineral resource estimate on the La Paila zone located in the north portion of the Candelaria’s Caballo Blanco property (“the Property”), Veracruz, Mexico. This update includes information collected from 55 new drill holes since the last technical report dated February 10, 2012.

1.1 Property Location and Description

The Caballo Blanco property is located next to the Gulf of Mexico approximately sixty-five kilometres by paved road north northwest of the city of Veracruz in the state of Veracruz, Mexico. The property consists of thirteen mineral claims covering an area of 19,923 hectares centered at Longitude 96˚ 27’ 30” West and Latitude 19˚ 40’ 44” North.

In July 2016 Timmins Gold through its subsidiary Molimentales Del Noroeste SA de CV sold 100 percent interest in the Caballo Blanco project to Minera Caballo Blanco S.A. de C.V., a100% wholly-owned Mexican subsidiary of Candelaria for a total cash consideration US$17.5 million. There has been no work completed on the property since the acquisition by CMC.

1.2 Geology and Mineralization

The Caballo Blanco property lies at the eastern end of the Trans Mexican Volcanic Belt and is underlain by sub-aerial basalts, andesites and diorite dykes of Miocene age covered by a sequence of felsic quartz tuffs, andesitic ‘dome’ complexes, volcaniclastics and younger intrusive dacitic plugs. Capping this volcanic package are Pliocene alkaline basalt flows that are commonly well preserved as small flat highland plateaus.

Two large areas of epithermal gold mineralization have been discovered within the current Caballo Blanco property, referred to as the Northern Zone and Highway Zone. Both are prominent epithermal gold prospects that occur within extensive areas of clay and silica alteration. A third area known as the Central Grid Zone (El Porvenir) is off the property directly to the south and is considered a porphyry copper-gold target.

The discovery of gold mineralization at La Paila in the Northern Zone is relatively new for this region of Mexico. The gold is very fine and occurs within a vuggy and brecciated silica alteration of an original andesite host rock in the upper levels of the surrounding epithermal system. The elongate and silicified gold rich mineralization at La Paila likely formed from fluid rising along a north trending fault structure well above a deeper intrusive ‘heat source’. Similar silica and clay alteration zones have been recognized at La Cruz, Las Cuevas and the Highway Zone that lie along a north-south linear trend greater than nine kilometres. La Paila, located on the north end of this trend, contains significant gold mineralization with drill intercepts of 2.194 grams per tonne gold over 89.91 metres (08CDN-04) and 0.584 grams per tonne gold over 216.41 metres (07CBN-02).

1.3 Exploration

A variety of geophysical, geochemical, and geological surveys have been useful in identifying drill targets throughout the property; most importantly, airborne magnetics, induced polarization resistivity anomalies, clay alteration haloes identified by TerraSpec® spectrometry, mineralized surface rock geochemistry and detailed geological and structural mapping. These surveys remain an integral part of any future exploration program at Caballo Blanco.

At the date of this report a total of two hundred and thirty-three core holes and thirty-six reverse circulation holes have been drilled since the discovery of gold at Caballo Blanco including the neighbouring Central Grid Zone now owned 100% by Almaden Minerals. This report documents 55 diamond drill results since the completion of last NI 43-101 by Cuttle and Giroux, February 2012.

1.4 Mineral Resources

This study documents information from an additional 55 drill holes since the last mineral resource estimate contained in the NI 43-101 Technical Report compiled by Cuttle and Giroux in February 2012. The resource estimate is based on the constraints of a geological solid surrounding the mineralized sections of a silica breccia. It follows up initial estimates completed by Cuttle and Giroux, March 2010, and February 2012.

The resource estimate is based on 200 diamond drill holes completed since the discovery of the La Paila mineralized zone. The drill hole density is not sufficient to establish any blocks in the measured category and all blocks are considered either indicated or inferred. Below is the resource available for blocks contained within a conceptual open pit using metal prices of $1150 US / oz gold and $21 US / oz silver. Estimations using a cut-off of 0.11 grams per tonne (g/t) gold can be separated into the following categories for La Paila:

- Indicated – 31,220,000 tonnes, 0.52 g/t gold, 2.16 g/t silver or 521,000 ounces gold and 2,170,000 ounces silver within the conceptual pit.

- Inferred – 8,630,000 tonnes, 0.34 g/t gold, 2.14 g/t silver or 95,000 ounces gold and 590,000 ounces silver within the conceptual pit.

1.5 Conclusions and Recommendations

Geological field work since 1995 has identified at least three large areas of epithermal precious metal and porphyry style copper gold mineralization on and beside the Caballo Blanco Project. In the north and central part of the property, two large areas of epithermal alteration have been discovered, locally named the Northern Zone (La Paila, las Cuevas, La Cruz, Bandera Red Valley) and the Highway Zone (Highway N, S and La Luz areas). In the south and southwest of the property and currently not part of the Candelaria claim holdings, the Central Grid area hosts what is believed to be at least two porphyry copper-gold prospects.

The elongate and silicified gold rich mineralization at La Paila, in the Northern Zone, and its associated alteration patterns likely formed from fluid rising along a north trending fault structure well above a deeper intrusive ‘heat source’ (Sillitoe, 2008). Similar geochemical and geophysical anomalies and silica/clay alteration patterns have been recognized at La Cruz, Red Valley, and Highway Zone, all of which lie along a north-south trend for over nine kilometres. This corridor represents an important exploration target for the future.

Geophysical, geochemical, and geological surveys continue to be extremely useful to identify drill targets in and around the Northern and Highway zones; most importantly airborne magnetic, IP resistivity high anomalies, clay alteration haloes identified by a TerraSpec® spectrometer, location of mineralized surface rock geochemistry and detailed geological and structural mapping. These surveys have not only been used to outline a classic zonation of clay minerals representative of a large epithermal system but they have more importantly been useful in defining zones of silica flooding and associated gold mineralization. These surveys should remain principle exploration tools for future work at Caballo Blanco.

An additional 55 diamond drill holes were completed at La Paila since the last resource update, namely holes 11CBN-179-181, 183,185-187 and 12CBN-188 to 197, 197A, 12CBN-198 to CBN-235. This 2012 drill program continued to test the extents of the low-grade bulk mineable gold at La Paila in the Northern Zone. Assay results from selected holes in the north, central and southern portions of La Paila suggest that areas remain open to be tested with tighter infill and definition drilling.

Previous metallurgical work on mineralized core and surface samples from La Paila has been favourable. Initial bottle roll testing indicates that the gold mineralization is highly amenable to leaching. The mineralization is totally oxidised to at least 300 metres depth and is benign in leaching since there appears to be no other minerals or deleterious materials present. This indicates low reagent consumption in the commercial heap leach process. CMC should continue metallurgical testing to confirm extraction results, reagent consumption, leach time and ideal particle size.

The authors do not see any risks and uncertainties that could affect future exploration information, resource estimates or economic projections by Candelaria.

A recommended budget of $US 6 million is proposed for further exploration at the Caballo Blanco. This test work would consist of 40,000 metres of core drilling, focusing primarily on infill and definition drilling at La Paila, including the drill testing or investigation of less developed gold targets outside La, Paila such as Bandera, Las Cuevas, La Cruz and Red Valley in the Northern Zone, and Highway N and S, La Luz areas of the Highway Zone.

2 INTRODUCTION and SCOPE OF REPORT

This technical report has been prepared by Jim Cuttle, P. Geo. (Qualified Person) and Gary Giroux, P. Eng. (Qualified Person) of Giroux Consultants Ltd. for Candelaria Mining Corp (Candelaria or CMC) of Vancouver, B.C. It presents an updated resource estimation that includes 55 new drill holes at the La Paila zone on the Caballo Blanco Project in Veracruz State, Mexico.

2.1 Personal Inspection and Terms of Reference

Two 'on-site' field visits to the Caballo Blanco Project area were completed by Cuttle on November 1st to November 3rd, 2009 and January 6, 2012, as a guest of Goldgroup Mining, the previous owner of the Caballo Blanco project. Giroux also visited Caballo Blanco November 7th to November 9th, 2011 with Goldgroup. The authors have not visited the property with representatives of CMC.

During the initial field visits Cuttle collected several rock and drill core samples from La Paila (Northern Zone), verified drill hole collar locations, visit the core logging and storage buildings, column leach facilities and inspected the geological field offices at the coastal community of Villa Rica. The Highway Zone, in the south of the property was not visited during either of these field trips.

Technical data for this report at Caballo Blanco is based on information provided by CMC and by previous project operators and consultants as well as government agencies including the Mexican Geological Survey or SGM (Servicio Geológico Mexicano).

Electronic data from CMC databases contained the bulk of the geological, geophysical, geochemical and drilling information generated since the beginning of the project. All regional and local property maps, figures and diagrams in this report were generated by the authors, using a UTM NAD27 US (Zone 14N) projection or NAD27 Longitude / Latitude (Mex) where the scale dictates.

The authors have drawn their own conclusions for this report and have prepared it based on information believed accurate at the time of completion.

3. RELIANCE ON OTHER EXPERTS

The authors of this report have not relied on other experts concerning the Caballo Blanco Project.

4. PROPERTY DESCRIPTION AND LOCATION

The Caballo Blanco Property covers a horizontal surface area of 19,823 hectares (198.23 square kilometers) and is centered next to the Gulf of Mexico at Longitude 96˚ 27' 30" W, Latitude 19˚ 40' 44" N. It is 65 kilometers by paved road north northwest of the city of Veracruz in Veracruz State, Mexico.

As of the date of this report the property is comprised of thirteen mining claims described below.

Table 1 Mineral Claim Details

	CLAIM NAME	TITLE #	RECORDED	HECTARES	COSTS -2016
1	Caballo Blanco	216694	17/05/2002	600.00	MXN 171,996
2	Reduccion Caballo Blanco II	224414	14/06/2002	504.8125	MXN 144,710
3	Caballo Blanco IV	218176	11/10/2002	1,634.00	MXN 470,982
4	Reduccion Caballo Blanco VI	224415	28/05/2004	1,014.1711	MXN 290,722
5	Caballo Blanco VII	223282	23/11/2004	231.7764	MXN 66,441
6	Caballo Blanco VIII Fraccion 2	243938	03/12/2004	68.7280	MXN 19,702
7	Reyna Negra Fraccion 3	221374	03/02/2004	1,015.5726	MXN 291,124
8	Caballo Blanco IX Fraccion 1	240776	28/06/2012	7,424.2597	MXN 300,683
9	Caballo Blanco IX Fraccion 2	234277	10/06/2009	663.1832	MXN 54,023
10	Caballo Blanco IX Fraccion 3	pending		0.3752	MXN 15.20
11	C.B.2	234324	12/06/2009	244.0336	MXN 19,879
12	C.B.6	239740	15/02/2012	377.3421	MXN 15,282
13	C.B.12 Reduccion	243889	16/12/2010	6,036.5051	MXN 491,734
Totals				**19,823.7595**	MXN 2,337,293

Title to each of the mineral claims listed above is held by Minera Caballo Blanco S.A. de C.V., a100% wholly-owned subsidiary of CMC. As of the date of this report, information obtained from CMC indicates the claims are in good standing. The authors did not independently confirm this claim status.

CMC owns 100% of these claims subject to 2 separate underlying royalty commitments as defined below;

1. Almaden Minerals Limited of Vancouver retains a 1.5% net smelter royalty (NSR)
2. Charlie Edward Warren retains an NSR as follows;
   a) - 1.25% NSR up to 1,000 tons per day
   b) - 1.00% NSR from 1,001 to 1,500 tons per day
   c) - 0.75% NSR from 1501 to 10,000 tons per day
   d) - 0.5% NSR from 10,001 or more tons per day

In the case of access to surface lands in the Northern Zone area including La Paila, Minera Caballo Blanco is the current owner of nine land parcels with no rental agreements or leases of land. As of the date of this report Minera Caballo Blanco is negotiating the lease and/or acquisition of thirteen more parcels of land as well as the access rights for a conveyor belt on an additional eight parcels of land.

The lease agreements include a yearly payment for access to their lands as well as additional compensation for any disturbance the company may cause from geological surveying, road building and/or drilling activity.

Legal rights to these lands have not been verified by the authors however it is understood these agreements are in good standing for exploration and development work during and beyond 2017.

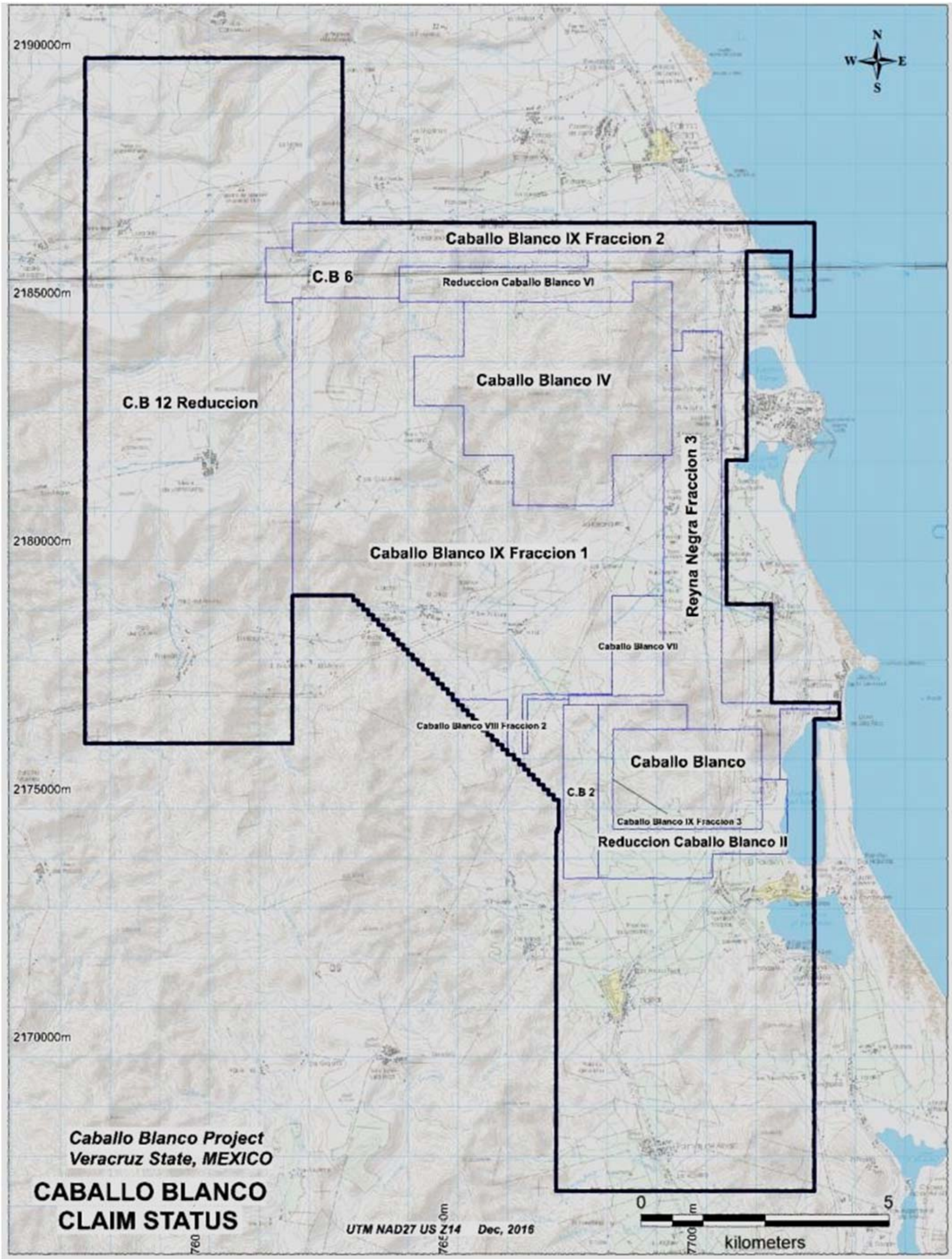
As of the date of this report the authors are not aware if drilling, road building, water use or any other necessary federal, state or municipal permits have been applied for or granted to CMC.

There are no environmental liabilities known to the authors on the Caballo Blanco property.

Figure 1 Country Location Map

Figure 2 Veracruz State Location Map

Figure 3 Claim Tenure Map



5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

Veracruz is a major port and is well connected with daily flights to Mexico City and other national and international destinations. The property is reached by driving 65 kilometres north from Veracruz to Villa Rica, using the Pan American Highway which transects the eastern portion of the claim block. From here a network of dirt roads access most of the current areas of interest. New drill roads have been constructed to support the most recent drill campaigns, particularly in the Northern Zone areas.

The nearest supply center is Cardel, a town of 20,000 residents located approximately 30 kilometers south of the Caballo Blanco claim block. The town offers an abundant supply of mining personnel. On the northeastern edge of the property sits Mexico’s only nuclear power plant at Laguna Verde. Its location allows easy access to the Mexican electrical power grid. Water is relatively abundant in small creeks at elevations below 200 meters, throughout most of the year.

A well-organized field office and villa style houses are available for a small crew at the coastal community of Villa Rica. Many other villas are currently empty and likely available for rent.

The topography is semi-rugged with elevations from sea level up to 700 meters on the higher mountain tops. The climate is semi-tropical with a distinct rain season from June to November.

6. HISTORY

The first record of gold in the Caballo Blanco claim area dates to 1995 when Charlie Warren of Whitehorse, Yukon sampled a small quartz vein outcrop in a road cut along the Pan American Highway. Through his Mexican wife, he staked several mineral claims to cover what is known today as the Highway Zone.

The property was subsequently optioned to Almaden Minerals Ltd. in 1997 (through Minera Gavilán S.A. de C.V.) who staked additional claims to cover two other areas known as the Central Grid Zone (El Povenir) and the Northern Zone. Almaden completed a variety of geophysical, geochemical, and geological surveys and drilled 17 reverse circulation drill holes in the Central Grid Zone ‘porphyry’ target.

In 2001, Almaden optioned the property to Noranda who drilled nine core holes in the Highway and Central Grid zones and returned the property to Almaden later that year. Results were not encouraging.

In December 2002, Almaden signed a joint-venture agreement with Comaplex Minerals Corp. proposing to spend US$ 2 million over four years to explore the Caballo Blanco claims. Comaplex carried out a variety of geological work throughout the property, targeting the Central Grid Zone, the Highway Zone, and the Northern Zone. From 2004 through 2006 Comaplex drilled ten core holes, and in 2005 discovered wide low grade gold mineralization in drill hole CB05-03 at La Paila in the

Northern Zone. Comaplex completed the required expenditures of the joint venture agreement and went on to earn a 60 percent interest in the property. In February 2007, Almaden purchased Comaplex Minerals Corp’s 60 percent interest for a cash payment of US$ 1.25 million.

In April 2007 Almaden optioned Caballo Blanco to Canadian Gold Hunter Corp. of Vancouver, B.C who in turn completed a variety of surveys and additional drilling in the Northern Zone and Central Grid areas under its Mexican subsidiary, Mineral Cardel S.A de C.V. From 2007 to 2009, 42 core holes were drilled, with at least 30 holes targeting the new gold area at La Paila, discovered by Comaplex in 2005.

In September 2009, Canadian Gold Hunter Corp changed its name to NGEx Resources Inc. and later in November signed a ‘share purchase agreement’ allowing Goldgroup Resources to earn a 70 percent interest in the Caballo Blanco Project.

From 2010 to mid-2012 Goldgroup completed 193 drill holes during several drill campaigns in seven areas within the Northern Zone of the Caballo Blanco Property, including La Paila, Red Valley, Las Cuevas SW, Las Cuevas, Bandera S and N, and Cerro Blanco (holes 10CBRC-43 to 67, 10CBN-68 to 12CBN235). Much of this drilling targeted the La Paila zone. In October 2011 Goldgroup completed the acquisition of the remaining 30 percent interest in the Caballo Blanco project held by Almaden Minerals Ltd. (Almaden) and became 100 percent owner of the Caballo Blanco project. Goldgroup commissioned K.D Engineering of Tucson, Arizona to complete a Preliminary Economic Assessment (PEA) report dated May 7, 2012. Goldgroup did not do any work after mid-2012.

In December 2014 Goldgroup Mining Inc. sold 100 percent of the Caballo Blanco project to Timmins Gold Corp for US$10 million in cash and 16 million shares and the PEA was subsequently re-addressed to Timmins. No additional work was completed on the Caballo Blanco property by Timmins.

In July 2016 Timmins Gold through its subsidiary Molimentales Del Noroeste SA de CV sold 100 percent interest in the Caballo Blanco project to Candelaria for a total cash consideration US$17.5 million. Since that time there has been no work completed on the property.

6.1 Resource History

Two resource estimates have been completed on the Caballo Blanco Property for Goldgroup Resources, detailed in 43-101 Technical Reports by Cuttle and Giroux, and dated March 2010 and February 2012.

For the March 2010 report, Gary Giroux of Giroux Consultants was retained to estimate a resource for the La Paila zone in the Northern Zone. The estimate is based on the constraints of a geological solid surrounding the mineralized sections of a mineralized silica breccia. The drill hole density was not sufficient to establish any blocks in the measured category and all blocks were considered either

Indicated or Inferred. Estimates used a cut-off of 0.2 grams per tonne gold to identify 139,000 ounces gold in the indicated category and 517,000 ounces gold in the inferred category:

Indicated - 6,710,000 tonnes, 0.645 g/t gold, or 139,000 ozs gold
Inferred - 27,600,000 tonnes, 0.583 g/t gold, or 517,000 ozs gold

For the February 2012 report, Gary Giroux of Giroux Consultants was retained to estimate an updated resource for La Paila, based on the constraints of a geological solid surrounding the mineralized sections of a silica breccia. The update is based on an additional 112 drill holes completed since the last 2010 estimate. The drill hole density was not sufficient to establish any blocks in the measured category and all blocks are considered either Indicated or Inferred.

Below is the resource available if one could mine to the limits of the mineralized solid. It includes no edge dilution. Estimations in this report using a cut-off of 0.2 grams per tonne gold are separated into the following categories for La Paila:

Indicated – 28,890,000 tonnes, 0.62 g/t Au, 2.32 g/t Ag or 575,000 ozs Au and 2,150,000 ozs Ag
Inferred – 24,020,000 tonnes, 0.54 g/t Au, 2.50 g/t Ag or 419,000 ozs Au and 1,930,000 ozs Ag

Both estimates were completed in accordance with industry standards and were reliable at the time. They were both estimated using similar procedures as outlined in Section 14 of this report. The categories and classification parameters were in accordance with Section 1.2 and 1.3 of NI 43-101. With the additional drilling, they have been replaced by the resource estimate presented in Section 14 of this report. Candelaria is not treating these two historic resources as current.

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

During the visits to the Caballo Blanco property the author was time constrained to become familiar with geological interpretations of the regional and local geology. For this report, he has relied on regional reports from other sources, specifically summaries and descriptions by Richard Sillitoe (Sillitoe, R.H. 2008) and geologists for Canadian Gold Hunter (internal report by, Téliz, F., Hernandez, H., Mehner, D., and Christoffersen, J., 2008). Geological descriptions from the latter follow:

"The Caballo Blanco project is located at the intersection of the Trans-Mexican Volcanic Belt (at its eastern extremity) and the NNW-SSE trending Eastern Alkaline Province. Regionally the area is located over a tectonic high known as the Teziutlan Massif, which has a Paleozoic (metamorphic-intrusive-metasedimentary) basement. This massif divides the Tampico-Misantla Basin and the Veracruz Basin, respectively to the north and south. Such basement underlies marine Mesozoic rocks (Gómez-Tuena, et al., 2003).

The Trans-Mexican Volcanic Belt (TMVB) has been defined as a continental magmatic arc formed by more than 8,000 volcanic edifices and a few intrusive bodies that extends from the Pacific to the Gulf coast in Central Mexico (1,000 km long and up to 230 km wide), with a general E-W orientation. The TMVB is controlled by a complex extensional tectonic regime, whose volcanic products are underlain by basements with widely different ages, compositions, and thicknesses. Calc-alkaline and alkaline rocks are distributed all along the TMVB; however alkaline rocks (Na-K) tend to be more abundant at both the west and east ends of the TMVB (Orozco-Esquivel, et al., 2007).

The evolution of the TMVB is related to the re-orientation of the magmatic arc and directly associated with the change in the general composition from felsic (Sierra Madre Occidental) to intermediate and mafic. This change has been considered as being related to the re-organization of the subduction system associated with large-scale tectonism during the early Miocene. In the middle Miocene (17-12 Ma), the volcanic arc extended to the east, to the coast of the Gulf of México (Ferrari, et al., 1999).

The Eastern Alkaline Province (EAP) was considered as an independent Cenozoic magmatic province with alkaline rocks, related to extensional faulting parallel to the Gulf of México coast, extending from the state of Tamaulipas in the north southward to the Los Tuxtlas Range in the State of Veracruz (Demant and Robin, 1975 in Orozco-Esquivel, et al., 2007). Originally, the EAP was interpreted as a progressively southward migration of alkaline volcanism from the Oligocene-Eocene in Tamaulipas to the Quaternary in Los Tuxtlas. However, based on recent data (dating and geochemistry), such kind of migration model is not likely nor is the mafic volcanism in Tamaulipas considered to be directly linked to magmatism in the Caballo Blanco area. Based on new data (Orozco-Esquivel, et al., 2007), the volcanism near the Caballo Blanco project area is linked to the evolution of the TMVB and not really to intra-plate tectonism of the EAP. Several geological episodes have been distinguished during the time evolution of the TMV B (Orozco Esquivel, et al., 2007 and Ferrari, et al., 2005). These episodes are well represented around the Caballo Blanco property:

- *Middle to late Miocene episode: This stage is defined by the emplacement of plutonic and sub-volcanic bodies of gabbroic to dioritic, calc-alkaline composition (15-11 Ma), with an adakitic geochemical signature (implying partial fusion of a subducted slab during a period of sub-horizontal to shallow-dipping subduction) (Gomez-Tuena, et al., 2003). In this way, the earliest magmatic activity around the Caballo Blanco project was strongly influenced by melting of the subducted oceanic crust. At the end of the adakitic period, there followed a regional uplift, correlated to an episode of sub-volcanic and intrusion emplacement (Gomez-Tuena, et al., 2003).*

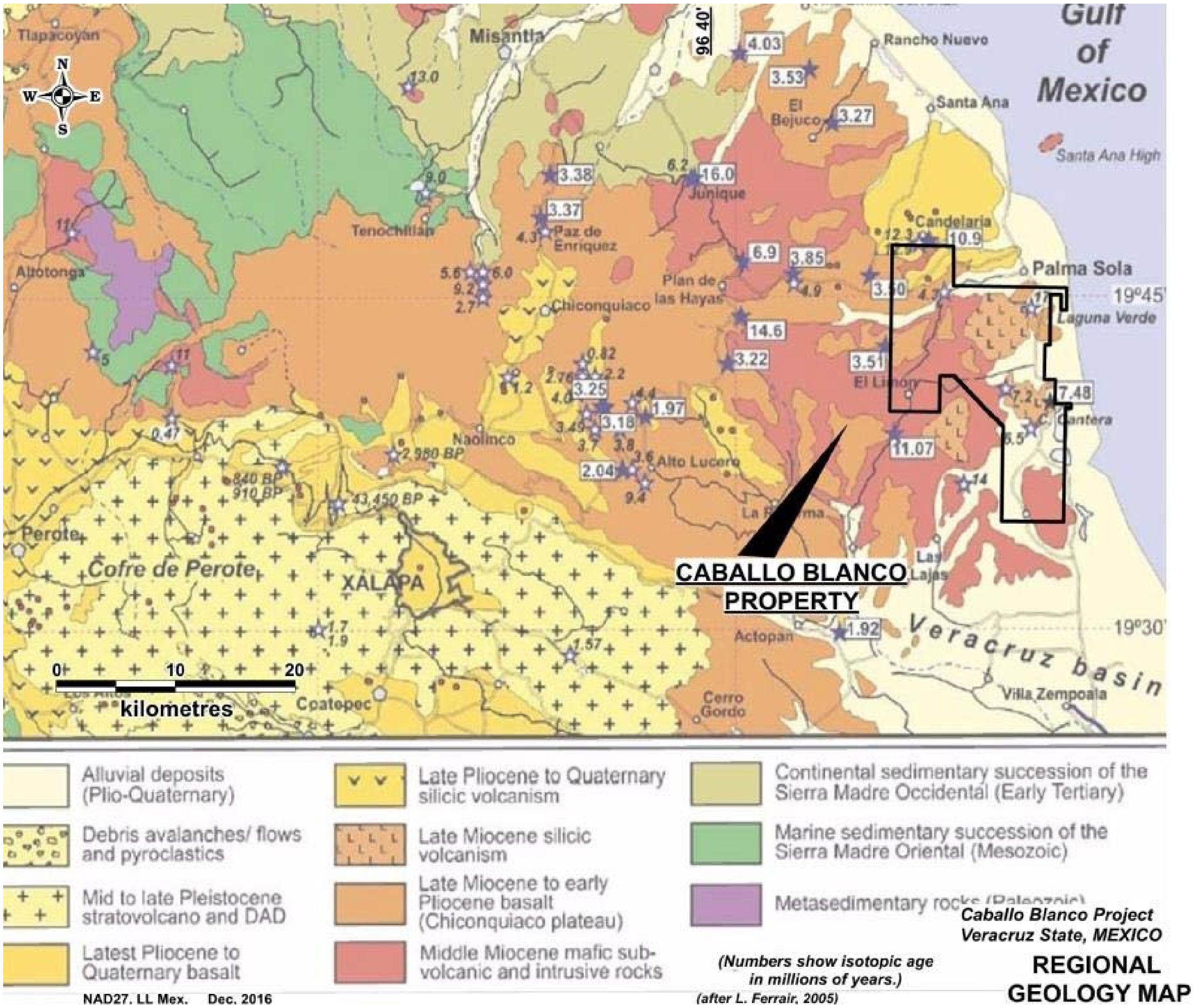
  The intrusive rocks are described as micro-porphyritic to microcrystalline (hypabyssal), found with sulphides, propyllitic alteration and normally cut by mafic dikes. These rocks have been dated as 17 Ma (Laguna Verde microdiorite, NE corner of the property), 14.6 Ma (Plan de las Hayas, north of the project) and 13-11 Ma (El Limón, western edge of the property) for some gabbros. This initial phase of magmatism in the area resulted in some products being emplaced to the east within the present Gulf of Mexico (Ferrari, et al., 2005).

- *Late Miocene episode: Mafic volcanic rocks were emplaced as fissure basaltic flows, commonly forming plateaus or mesas, with ages reported in the area between 7.5 to 6.5 Ma (López-Infanzón, 1991; Ferrair et al., 2005). Intermediate, sub-alkaline, subduction-related volcanism changed at about 7.5 Ma to mafic alkaline volcanism in the area (Chiconquiaco– Palma Sola volcanic fields to the north of Caballo Blanco). Such an abrupt change in the nature of the volcanism has been ascribed to a sudden change in the magma source (Orozco-Esquivel, et al., 2007).*

  An unconformity, associated with several tens of meters of volcaniclastic rocks is reported between the Middle to late Miocene intrusions and late Miocene lava flows. Dating done by Cantagrel and Robin (1979) (in Gómez-Tuena, 2007) has reported ages of 6.5 Ma and 7.5 Ma for dacite domes in Cerro Metates (eastern part of the property) and Cerro Cantera (SE zone of the claim block). A dioritic intrusion has been dated as 7.3 Ma (Zempoala, 20 km to the south of the property). This intrusion is considered as hypabyssal magmatism, the time equivalent to the basaltic plateau volcanism in the area (Ferrari, et al., 2005).

- *Early–Late Pliocene bimodal volcanism episode: The magmatic products around the Caballo Blanco area derive from the partial fusion of a relatively deeper mantle with the geochemical signature of an enriched mantle wedge (Orozco-Esquivel, et al., 2007). Ages of 4.0 and 3.1 Ma were obtained for plateau basalt to the north of the property (Plan de Hayas). A few kilometers to the south of the property (Actopan and Alto Lucero), highly potassic younger volcanic rocks overlying the plateau succession have been dated at 2.24 to 1.97 Ma. d) Late Pliocene to Quaternary episode: Basaltic to andesitic volcanic products of alkaline composition occur in the Palma Sola region (north edge of the Caballo Blanco property). The most recent volcanic rocks do not show signs of the subducted oceanic crust but have been influenced by contamination with the local continental crust (Orozco-Esquivel, et al., 2007). Quaternary volcanic rocks reach a thickness of up to 800 meters (to the west of the property area), abruptly thinning to the east to tens of meters in the coastal zone (Ferrari, et al., 2005)".*

Figure 4 Regional Geology Map (Modified after L. Ferrair, 2005)



7.2 Property Geology

The Caballo Blanco property lies at the eastern end of the Trans Mexican Volcanic Belt and is underlain by sub-aerial basalts, andesites and diorite dykes of Miocene age that are in turn covered by a sequence of felsic quartz tuffs, andesitic 'dome' complexes, volcaniclastics and younger intrusive dacitic plugs. Capping the volcanic package are Pliocene alkaline basalt flows that are commonly well preserved as small flat highland plateaus.

At least two large areas of epithermal precious metal occur within the current Caballo Blanco property, referred to as the Northern Zone and Highway Zone. Gold and silver mineralization is confined to altered varieties of upper Miocene andesitic domes and dacitic intrusives.

7.2.1 Northern Zone – High Sulphidation Epithermal Gold Targets with massive silica ledges

Geological mapping, rock chip sampling, geophysical surveying and core drilling have identified a large area of silica and associated silica clay alteration within an andesitic dome complex along the northern portion of the property. Altered feldspar andesite that hosts gold mineralization is spread over an area of 5 by 4 kilometres and occurs in close association to a prominent magnetic ring structure with at least five prominent silica caps forming distinct 600-meter-high hilltops.

Rock exposures in these areas include mixtures and overprints of classic vuggy, brecciated and or massive silica with associated and flanking haloes of advanced argillic to argillic alteration. These diverse clay alteration zones have been identified and mapped in part using a TerraSpec® spectrometer. Drill testing at three of these 'silica cap' features, La Paila, Bandera, and La Cruz, suggest that acid leaching from hydrothermal fluids extend to depths of over 300 meters. The Red Valley target lies at lower elevations on the outside fringe of the circular ring feature and has been identified with soil geochemistry.

Corbett (2011) describes targets within this Northern Zone area as follows; *"La Cruz - Las Cuevas - La Bandera zones of advanced argillic alteration are dominated by barren silicification classed as barren shoulders. La Paila zoned advanced argillic alteration is typical of high sulphidation Au mineralisation, in which Au is preferentially localised within the core silica zone. While much of the massive silica is barren, pseudomorphous pervasive vuggy silica displays low Au grades in the order of 0.1-0.2 g/t Au, progressively rising within brecciated vuggy silica, to 1 g/t Au, especially where proximal to fluid plumbing systems."*

Photo 1 Looking west at La Paila and the approximate location of broad alteration haloes, Northern Zone area (Almaden Minerals)

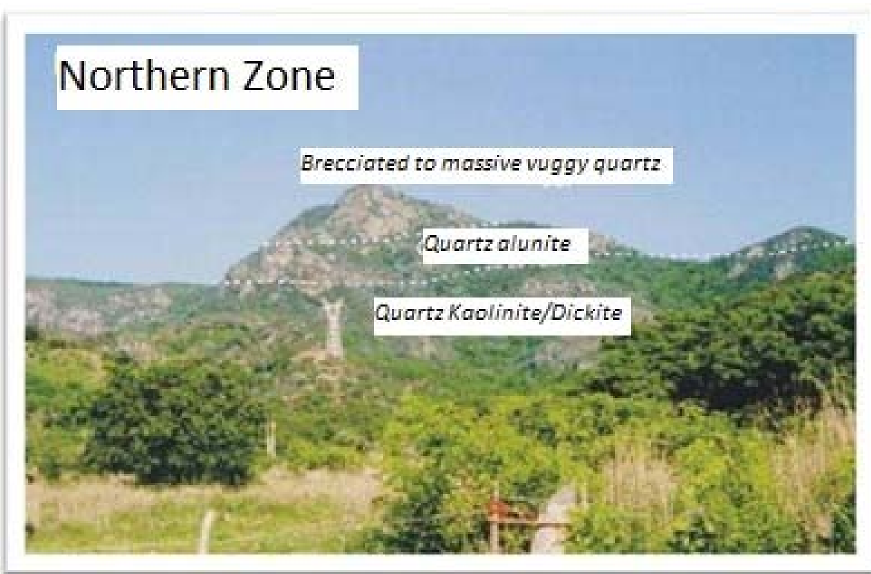


Photo 2 Typical 'vuggy silica' with associated gold mineralization - La Paila area (from Cuttle, 2010)

7.2.2 Highway Zone – Low and High Sulphidation Epithermal Gold Targets

This area is roughly 3 kilometres by 4 kilometres in size and is located along the eastern edge of the Caballo Blanco Property where road cuts for the Pan American Highway first exposed strong argillic alteration and small quartz veins that form part of the original discovery in 1995.

Here alteration of the local dacitic tuffs and volcaniclastic host rock is like the Northern Zone, but located approximately nine kilometres further to the south and southeast. Geophysical and geochemical surveys suggest that high resistivity, extensive silica and silica-clay alteration and various geochemical gold anomalies associated with Ag, Zn and Pb as well as gold anomalies associated with As and Ba coincide with recognized ‘signatures of both low and high-sulphidation epithermal systems respectively.

Several areas of vuggy silica alteration have been identified by geophysical and geological surveying in the southern area of the Highway Zone, however the area remains under-explored and is a valid exploration target for future work.

Corbett (2011) described the following. *“Low sulphidation epithermal Au mineralisation is interpreted to occur at Highway North, La Luz NE and La Luz South, from the illite-dominant style of clay alteration and metal ratios, in which Au is associated with Ag, Zn and Pb rather than As and Ba. Highway North should be first targeted at a high priority. Two small high sulphidation epithermal Au drill targets occur within* *the Highway South advanced argillic alteration."*

Encouraging drill core assays from hole CB02-7 drilled by Noranda in 2002 and collared in 'flanking' clay alteration and vuggy silica intersected a gold bearing zone grading up to 2.52 g/t gold over 3 meters close to the bottom of the hole. Other isolated resistivity anomalies approximately two kilometres to the north of this drilling suggest significant potential remains open for additional work.

7.3 Alteration and Property Mineralization

In the Northern Zone and Highway Zone, epithermal gold mineralization is associated with vuggy silica breccia surrounded by large and distinct haloes of various mixtures of clay alteration including alunite, dickite, pyrophylite, kaolin and illite. These diverse clay alteration zones have been identified and mapped in part using a TerraSpec® spectrometer.

The elongate and silicified gold rich mineralization at La Paila in the Northern Zone likely formed from hydrothermal fluids rising along a north trending fault structure well above a deeper differentiated intrusive 'heat source'. Gold at La Paila is interpreted as 'high sulphidation' epithermal gold mineralization. The gold here is very fine and occurs within vuggy and brecciated silica alteration of the original andesitic flows and domes. The mineralization is clean and has little if any mercury or arsenic signatures. Drill core intervals contain significant gold mineralization with assays up to 2.19 g/t gold over 89.91 meters (08CDN-04).

Areas within the Highway Zone exhibit both illite dominated clay alteration and gold associated metal geochemistry with silver, zinc, and lead, in addition to other areas of advanced argillic alteration. These 'overprints' represent examples of both low sulphidation and high sulphidation epithermal mineralization respectively.

It is interesting that similar silica and clay alteration zones and/or associated gold in soil anomalies have been recognized at La Cruz, Las Cuevas, and Red Valley of the Northern Zone as well as the several target areas within the Highway Zone, all of which lie along a north-south linear trend greater than nine kilometres in length. This corridor represents an attractive target for exploration.

Figure 5 Property Geology Map (modified after the Geological Survey of Mexico, SGM)

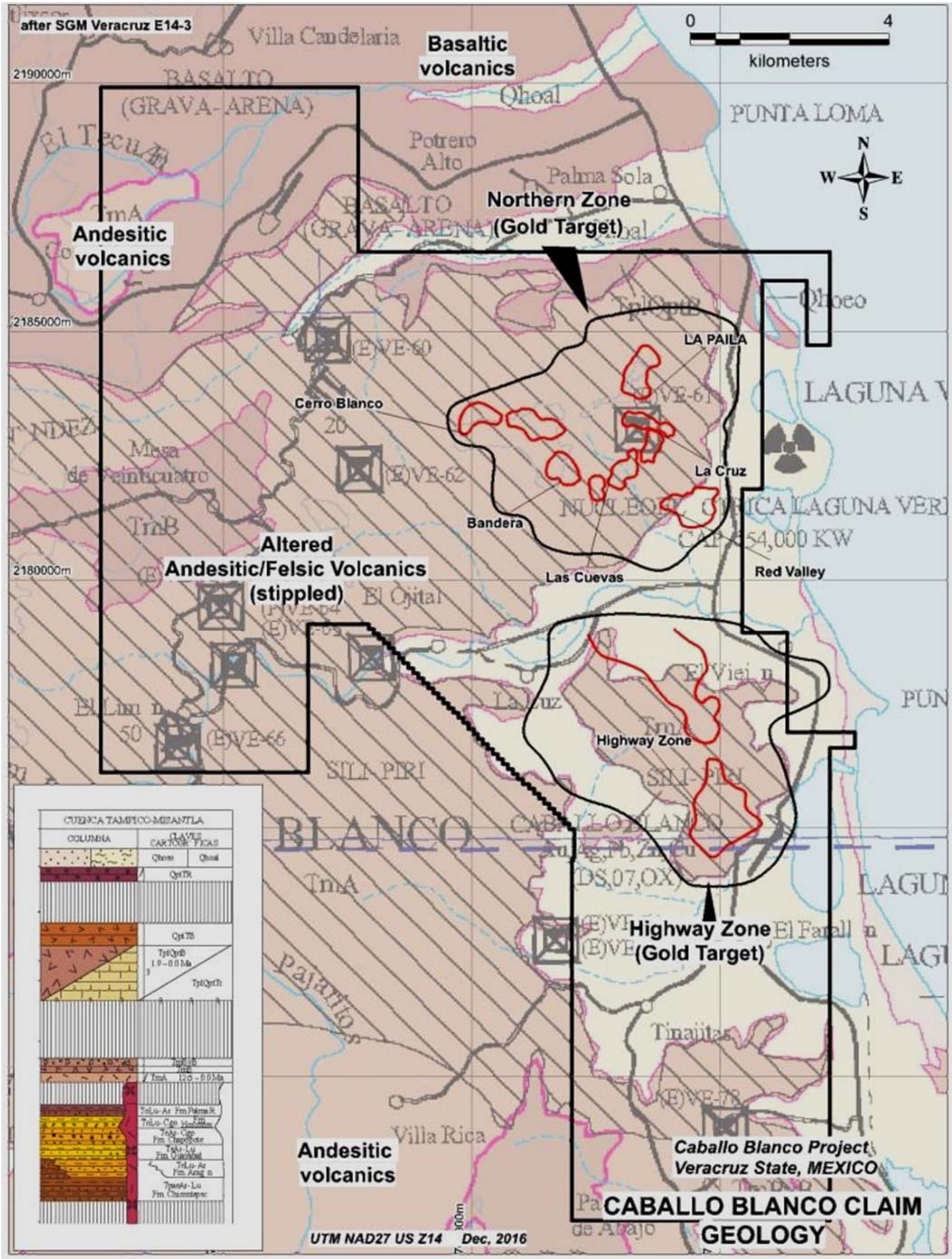


Figure 6 Northern Zone Geology Map (after Goldgroup, 2010)

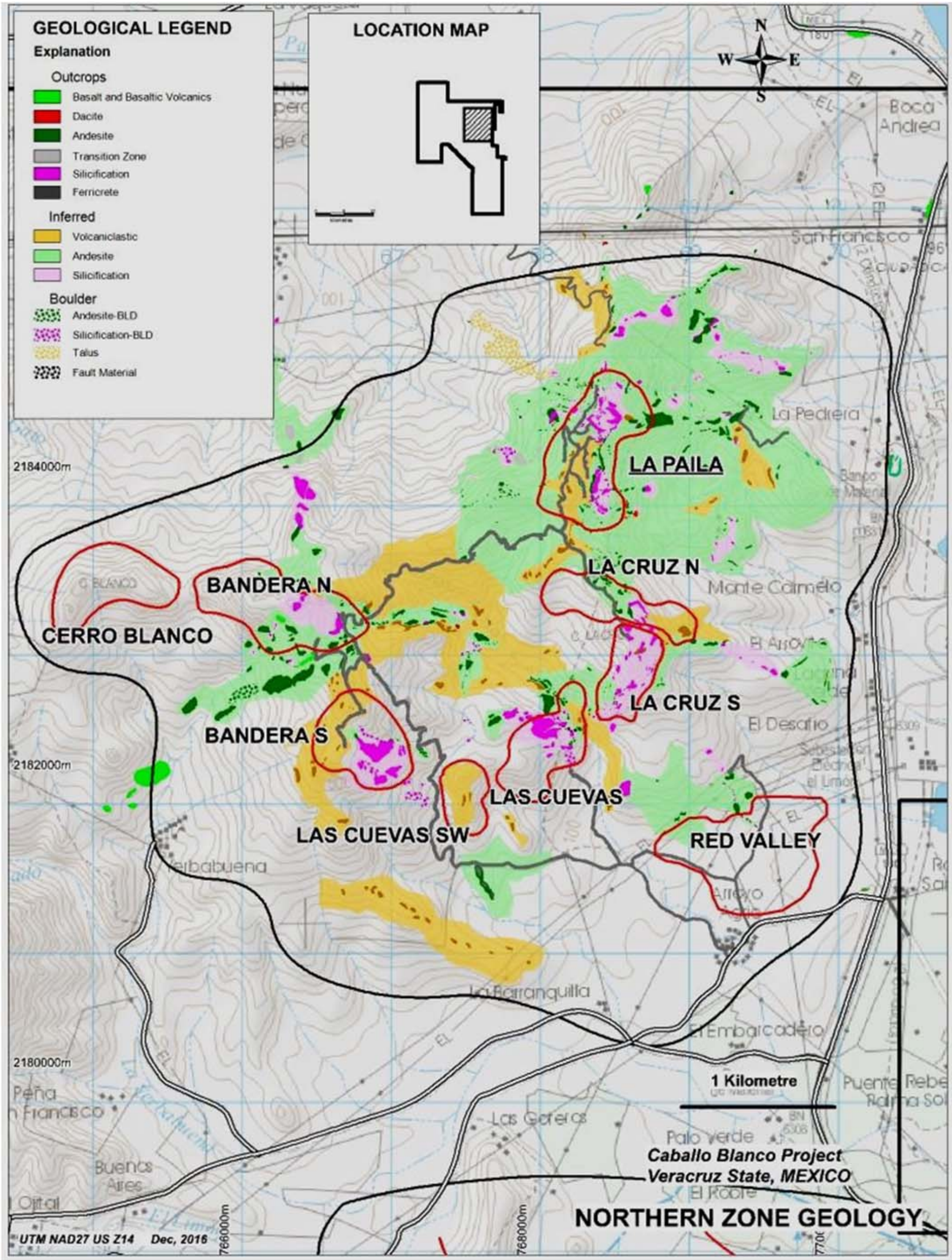
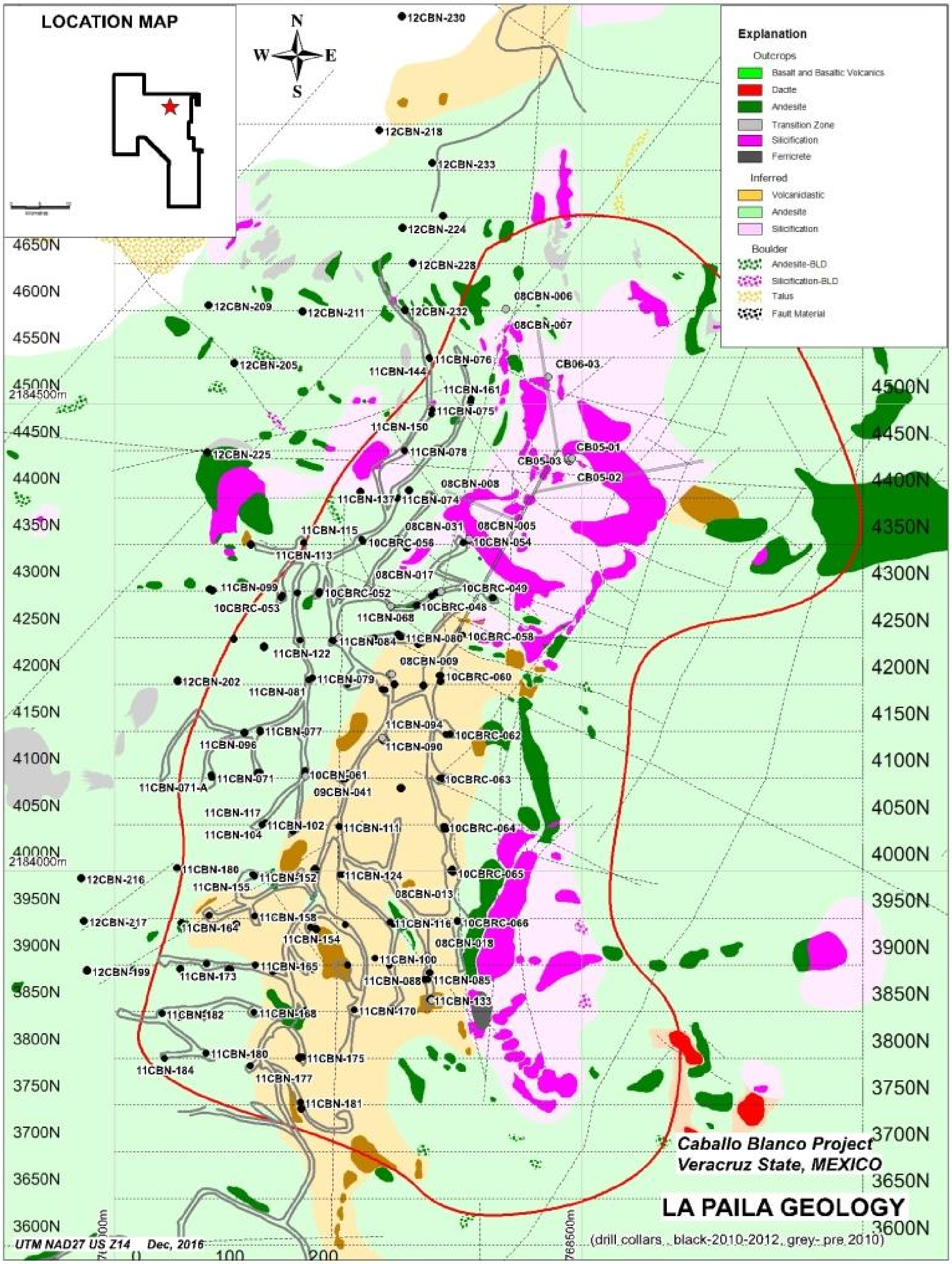


Figure 7 La Paila Geology Map (after Goldgroup, 2012)



8. DEPOSIT TYPES

The Caballo Blanco property and the neighboring El Cobre (El Porvenir) property of Almaden includes at least two deposit types, defined as epithermal gold and porphyry copper gold respectively. The Central Grid Zone (part of the El Porvenir target) is located to the south of the Caballo Blanco Property and was part of the El-Cobre Joint Venture between Almaden Minerals and Goldgroup in 2010.

Here it is suggested the porphyry Cu-Au mineralization seen in drill core at El Porvenir represents the deepest level of mineralization exposed by erosion. Moving northward onto the Caballo Blanco property Corbett (2011) best describes the following observations and interpreted model types.

*"**Low sulphidation epithermal gold mineralisation** is interpreted to occur at Highway North, La Luz NE and La Luz South, from the illite-dominant style of clay alteration and metal ratios, in which Au is associated with Ag, Zn and Pb rather than As and Ba."*

"La Cruz-Las Cuevas-La Bandera zones of advanced argillic alteration are dominated by barren silicification classed as barren shoulders (Corbett and Leach, 1998). The form of silica ledges is indicative of a steep dipping structural control at La Cruz interpreted as a feeder structure for the flat dipping lithologically controlled alteration at Las Cuevas, discernible as a shallow east dipping silica ledge. This style of alteration is interpreted to have developed by reaction with wall rocks of volatile rich magmatic fluids venting early in the cooling history of porphyry intrusions. By contrast, hydrothermal fluids responsible for the development of high sulphidation epithermal Au occurrences vent later from more evolved intrusions and contain mineralisation within a liquid-rich phase of the magmatic hydrothermal fluid."

*"La Paila zoned advanced argillic alteration is typical of **high sulphidation epithermal gold mineralisation**, in which gold is preferentially localised within the core silica zone. Much of the coarse grained vuggy silica has developed by the pseudomorphous leaching of coarse porphyritic andesite. By contrast massive silica dominates within fine grained protore rock types. While much of the massive silica is barren, pseudomorphous pervasive vuggy silica displays low Au grades in the order of 0.1-0.2 g/t Au, progressively rising within brecciated vuggy silica, to 1 g/t Au, especially where proximal to fluid plumbing systems."*

Figure 8 Long section showing selected prospects at Caballo Blanco, looking east (Corbett 2011)

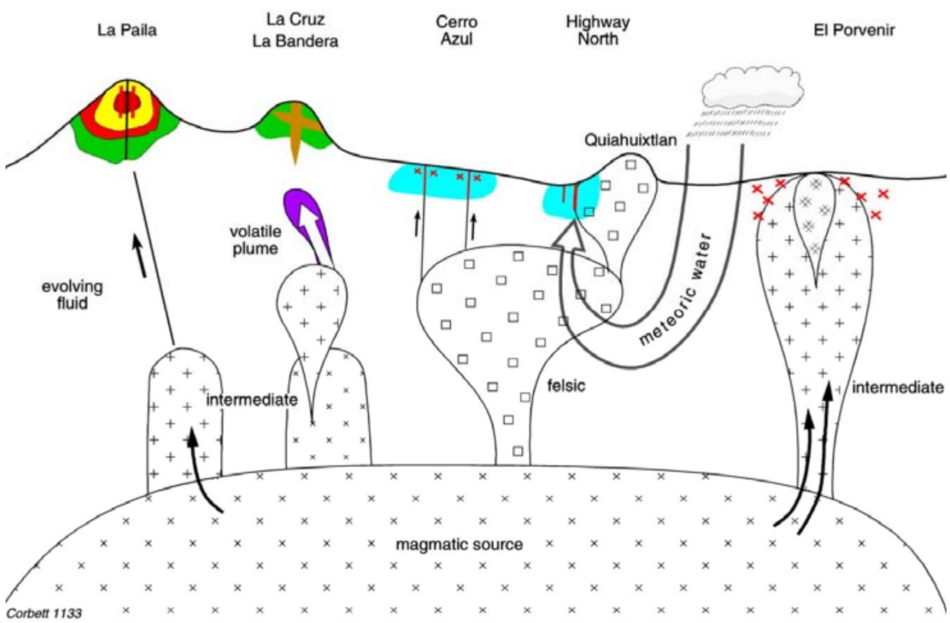
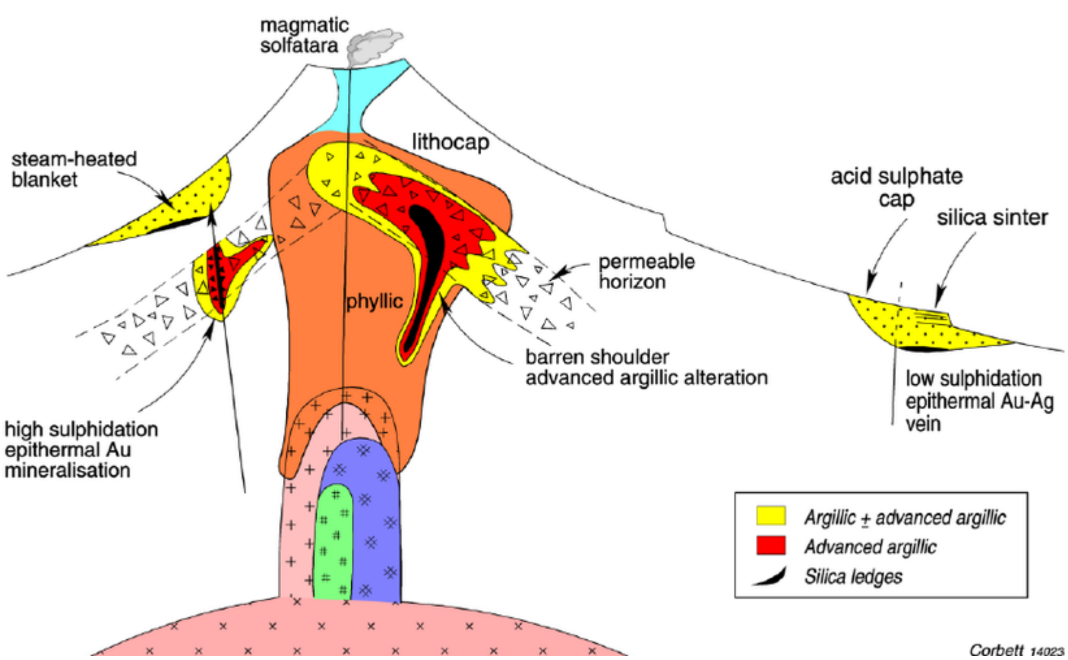


Figure 9 Mineralization Model (Corbett, 2013)



9. RECENT EXPLORATION

Work on the original Caballo Blanco property had outlined at least three large areas of interest since the initial discovery of gold at the Highway Zone in 1995. In the north and central part of the property, two large areas of epithermal alteration have been discovered, locally named the Northern Zone (4 by 5 kilometres in area) and the Highway Zone (4 by 2 kilometres in area). In the southwest of the property and currently not part of the CMC claim holdings, the Central Grid area hosts what is believed to be at least two porphyry copper-gold prospects (Pedrero, El Porvenir). These two porphyry prospects likely formed similar ‘high level’ argillic and silicic haloes and caps to the Northern and Highway zones. The degree of erosion here is deeper, and likely reveals the underlying porphyry intrusive plugs with stock-work copper-gold mineralization and associated alteration in the host rock.

From 1995 to 2005 Almaden Minerals Ltd, Noranda and Comaplex Minerals (all through Minera Gavilán) conducted a variety of surveys including an airborne magnetic / radiometric survey in 1997 (by Aerodat), extensive geochemical soil and rock sampling, induced polarization resistivity and chargeability (by Marc Beaupre Geophysics) and detailed geological mapping surveys (in house consultants). Follow up on anomalies developed from these surveys led to the drilling of 34 holes (6446 meters) in all three areas described above. Contractors for this drilling were Minera Gavilán and Energold de Mexico.

From 2006 to 2009 Canadian Gold Hunter through Minera Cardel completed an aerial photographic survey on the northern two-thirds of the Caballo Blanco property and during 2008 the geophysics department of the Servicio Geológico de Mexico (SGM) completed a helicopter-borne magnetic and radiometric survey (60-meter instrument terrain clearance) over the northern half of the property. The survey overlapped by three kilometres an earlier airborne magnetic, and radiometric survey completed by Aerodat over the southern half of the claims from 1997. Minera Cardel continued to collect soil and rock samples and improve upon previous geological mapping that now covers most of the property area.

New road construction was completed to gain access to Cerro La Paila as well as the northern portion of the Central Grid Zone (part of a joint venture agreement between Goldgroup and Almaden). Goldgroup through an option agreement with NGEx (Canadian Gold Hunter) drilled a total of 42 core holes, concentrating primarily on testing for epithermal gold mineralization at La Paila, Bandera and La Cruz areas in the Northern Zone as well as testing for porphyry mineralization twelve kilometres to the southwest at Pedrero and Porvenir areas in the Central Grid Zone. Drill contractors included Minera Gavilán, Energold de Mexico and Major Drilling de Mexico.

Since the first NI 43-101 report by Cuttle and Giroux in March 2010 Goldgroup drilled an additional 193 holes (19 RC, 174 core), including holes 10CBRC-43 through 12CBN-235. Goldgroup also completed detailed 3-dimensional induced polarization (IP) surveys as infill and extensions to previous surveys completed by Almaden and Comaplex Minerals. In late 2011 and 2012 a 123-meter-long 3 meter by 3-meter underground access route was driven into the north central portion of the La Paila mineralized body by Goldgroup.

The complete database since 1995 is summarized in point form below:

- **Stream Sediments -** 308 stream sediment samples have been collected sporadically on the property and each analysed for gold by fire assay and 41 additional elements by ICP methods. Results show 66 samples are above the 80-percentile threshold of 8 ppb gold with a range up to a high of 205 ppb gold. The anomalous zones are generally confined to the three areas (Northern, Highway, and Central Grid Zones) but also include two other areas, one 4 kilometres southwest of Bandera (Northern Zone) and 2.3 kilometres west of Pedrero (Central Grid Zone) as seen in Fig. 17 in Cuttle and Giroux, 2010.
- **Rocks** - 2441 rock grab samples have been taken from many surface locations throughout the property, however most come from the Northern, Highway and Central Grid Zones. Approximately 492 samples (20 percent) are above the 80 percentile of 88 ppb gold and many of these general areas; particularly along east trending ridges at La Paila that are indicative of low grade epithermal mineralization (0.5 to 1.5 g/t gold) have yet to be drill tested. Other isolated and higher grade gold samples (up to 14.6 g/t gold) occur outside the three main areas of interest and are located two and four kilometres southwest of Bandera and four kilometres south of the Highway Zone (refer to Fig. 17 and Fig. 21 in Cuttle and Giroux, 2010).
- **Soil Geochemistry** - 8578 soil samples have been collected over 3 general areas in the Northern Zone, Highway Zone, and the Central Grid Zone, covering a total of over 52 square kilometres. All samples were analysed by fire assay for gold and 41 additional elements by ICP methods. The grid spacing is dominantly 200m by 50m however local infill sampling has improved grid density in specific interest areas to 100m by 50m and 50m by 50m spacing. Geochemically positive correlation from soils over the high epithermal prospects in the Northern and Highway Zones includes Ag, As, Bi, Sb, Pb and lesser Mo, Sn. In the porphyry environment of the Central Grid Zone, Au, Cu, Mo, Pb, Zn, and Sn. Results for gold in soils identify several anomalous areas that have in some but not all cases been followed up by drill testing. Several local anomalies above an 80-percentile threshold of 22 ppb gold remain valid exploration targets. Strong acid soil pH anomalies are located one kilometre west of La Paila and may be indicative of acid leaching from an undiscovered or blind epithermal system (refer to Fig. 16 in Cuttle and Giroux, 2010).
- **Geophysics** - Ninety percent of the property has been covered with two stages of airborne magnetics, and radiometrics with flight line spacing of 200 meters. On the ground, approximately 34 square kilometres of area (Northern Zone, Highway Zone, and Central Grid Zone) has been surveyed with IP resistivity and chargeability on a grid line spacing of generally 200 meters. Local step outs on 400 meter spaced lines and infill spaced lines at 100 meters isolate some areas of interest or known gold mineralization. It is reasonable to suggest with the large volumes of silica alteration and associated gold mineralization in a deeply oxidized environment such as La Paila in the Northern Zone, high resistivity anomalies have been instrumental in defining specific drill targets. Deeper un-oxidized

rocks that contain primary sulphide and possible higher grade gold feeder zones may be represented by chargeability high anomalies underlying resistivity high anomalies found closer to surface (refer to Fig. 18 in Cuttle and Giroux, 2010). In 2010, Goldgroup contracted SJ Geophysics to complete approximately 100 line kilometres of 3D IP over the Northern Zone and Highway Zone at Caballo Blanco. The surveys were completed on 100 meter and 200-meter line separation. Modelling of the resistivity and chargeability data has since helped refine new and improved targets for further drill testing.

- **Lithogeochemistry** - 1065 surface rock specimens have been collected and analysed for clay alteration products using a company owned Terra Spec® spectrometer. These data are critical in defining distinct alteration haloes around mineralization and will help to vector exploration targets in the future.
- **Drilling –** Two hundred and thirty-three core holes and thirty-six reverse circulation holes have been drilled since the discovery of gold at Caballo Blanco (Northern Zone and Highway Zone) including the neighbouring Central Grid Zone which, as of October 2011, was owned 100 percent by Almaden Minerals. Due to small open cavities and intense alteration and oxidation to at least 300 meters, reverse circulation (RC) drilling and diamond drilling at Caballo Blanco was at times problematic and consequently several holes were either lost, had poor recovery, or never attained their projected depths. When comparing the two drilling methods, diamond drill core recoveries were consistently higher.
- **Underground Development** - As of 4 January 2012, Goldgroup had driven a 123-meter-long 3-meter by 3-meter underground access drift into the north central portion of the La Paila mineralized body. This is a portion of the planned underground development which is designed to give more detailed geological information on mineralization controls and to provide more material for large ongoing column leach tests. At the time of Cuttle's visit in 2012, the walls of this new underground access had been chip sampled, however assay results for these samples and corresponding geological mapping and maps showing additional development were not available to the author for this report.

Since the completion of this work described above no additional work has been completed by subsequent owners or by Candelaria Mining.

10 DRILLING

Two hundred and thirty-three core holes and thirty-six reverse circulation holes have been drilled since the discovery of gold at the Caballo Blanco Property. These 269 holes have been drilled in the Northern Zone, Highway Zone, and the neighbouring Central Grid Zone which was part of the El Cobre project sold by Goldgroup to Almaden Minerals in 2011.

The current Caballo Blanco property (excluding the Central Grid Zone) has had a total of 236 holes completed (217 diamond drill holes, 19 reverse circulation holes).

Previous drill testing throughout the Caballo Blanco Property has identified many areas with gold mineralization, however the La Paila prospect in the Northern Zone is considered the most significant area of gold mineralization discovered to date. Descriptions of other mineralized locations are described in detail in a previous report by Cuttle and Giroux, dated March 22, 2010.

Table 2 Historical Drilling on the Northern and Highway Zones at Caballo Blanco

Company	Year	Zone	Holes	Metres drilled
Noranda	2002	Highway	3	641
Comaplex	2004-2006	Northern/Highways	8	1898
Canadian Hunter	2007-2009	Northern	32	6701
Goldgroup	2010-2012	Northern	193	51551

Due to small open cavities and intense alteration and oxidation to at least 300 meters depth, drilling has been problematic and several drill holes were either lost or never attained their projected depths. Drill core recovery is generally good (80%+).

The authors believe that the many methods of collecting and presenting the historical data obtained by various companies since La Paila's discovery have been thorough and of high calibre.

10.1 Pre-2010 Drilling – La Paila

Besides the mineralized rock chip samples and extensive alteration assemblages found on the top and along the upper slopes of Cerro La Paila, the first significant gold mineralization associated with this alteration was intersected in drill hole CB05-03 by Comaplex Minerals in 2005. The discovery hole cut 58 meters grading 1.772 g/t gold and is located at relatively shallow depths along the north end of an irregular northerly trending body of vuggy silica breccia.

Additional core holes were drilled by Canadian Hunter (through Minera Cardel) in 2007 to 2009, targeting the extents of the low-grade bulk mineable gold at La Paila. These drill holes were collared along 50 and 100 meter sections extending over a horizontal distance of 800 meters to the north, 280 meters east and extend to vertical depths of 250 metres (or 200 metres above sea level). The principal unit hosting the gold mineralization outcrops at surface in the north ends of the property and plunges gently to the south. It is not clear however if this perceived plunge of the gold zone at La Paila is the direct result of local block faulting or the result of insufficient drill data.

Earlier in 2002, Noranda drilled three widely spaced exploration diamond drill holes in the Highway zone where hole CB02-7 intersected 2.52 g/t gold over 3 metres towards the bottom of the hole at a vertical depth of 192 to 195 metres.

10.2 Goldgroup Drilling – 2010 to 2012

In 2010 through 2012 Goldgroup drill tested seven areas within the Northern Zone of the Caballo Blanco Property (La Paila, Red Valley, Las Cuevas SW, Las Cuevas, Bandera S and N, and Cerro Blanco. Much of this drilling targeted the La Paila zone.

Table 3 All drilling by Goldgroup at Caballo Blanco

Zone	Area	Total Meterage	Holes
Northern	La Paila	48454.82	181
Northern	Bandera N/S	1022	4
Northern	Las Cuevas SW	612.1	2
Northern	Red Valley	612.1	3
Northern	Cerro Blanco	250.5	2
Northern	Las Cuevas	600	1
	Totals	**51551.52**	193

The 2010 Goldgroup's drill program began with a reverse circulation percussion rig contracted from Layne Drilling in Hermosillo. Hard abrasive conditions and intense fracturing encountered in the siliceous alteration lead to very poor sample recoveries of less than 50 percent, in the mineralized assemblage. The reverse circulation program was abandoned after 19 holes due to the poor recoveries and targeted depths not intersected.

The ongoing drill program was then changed from reverse circulation to all diamond core with two rigs, one supplied by Corebeil and the other by Landdrill. As the program progressed another rig was added by Corebeil and two more by Landdrill bringing the total to 5 machines in July of 2011. This program lasted to May 2012.

Fourteen original reverse circulation holes drilled at La Paila were twinned with diamond core and a table of comparative results is shown below. None of the reverse circulation drill holes have been included in the resource estimation.

Table 4 Assay Comparison - Reverse Circulation vs Diamond drill core from twinned holes - La Paila

RC Hole	From (m)	To (m)	Interval (m)	Au grade (g/t)	DIAMOND HOLE	From (m)	To (m)	Interval (m)	Au grade (g/t)
10 CBRC 48	42	174	132	0.57	11 CBN 68	37	171	134	0.61
10 CBRC 49	22	150	128	0.4	11 CBN 70	22	151.5	129.5	0.49
10 CBRC 52	80	86	6	0.33	11 CBN 110	89.5	94.3	4.8	0.17
and	92	96	4	0.26					
10 CBRC 53	60	68	8	0.26	11 CBN 99	65.85	69.85	4	0.41
and	76	82	6	0.38	and	79.85	83.3	3.45	0.52
10 CBRC 56	88	94	6	0.23	11 CBN 115	87.05	93.76	6.71	0.2
and	164	174	10	0.27	and	163.1	173.1	10	0.2
and	180	192	12	0.24	and	179.1	197.1	18	0.3
10 CBRC 58	30	186	156	0.42	11 CBN 69	29.8	203.8	175	0.45
10 CBRC 59	26	140	114	0.6	11 CBN 120	13.75	140	126.25	0.69
10 CBRC 60	56	170	114	0.58	11 CBN 72	56	178	122	0.8
10 CBRC 62	48	58	10	0.34	11 CBN 90	48.3	54.3	6	0.22
and	84	146	62	0.68	and	86.3	134.3	48	0.77
10 CBRC 63	94	104	10	0.22	11 CBN 97	88.3	104.3	16	0.25
and	112	174	62	0.35	and	110.3	172.3	62	0.37
10 CBRC 64	46	110	64	0.59	11 CBN 101	43.78	109.74	65.96	0.85
and	146	176	30	0.68	and	139.74	189.95	50.21	0.41
and	188	194	6	0.28					
10 CBRC 65	102	128	26	0.75	11 CBN 95	85.15	101.15	20	0.83
					and	111.15	163.35	52.2	0.31
10 CBRC 66	38	144	106	0.71	11 CBN 91	38.15	112.5	74.35	0.6
10 CBRC 67	92	96	4	0.71	11 CBN 100	97.5	109.5	12.05	0.34
and	106	126	20	0.35	and	143.55	157.55	14	0.7
and	154	170	16	0.35	and	233.55	281.55	48	0.51

All diamond drill holes including the 55 new holes listed below were collared with either PQ or HQ size rods and reduced to HQ or NQ as drilling conditions dictated. Much of the core is HQ size. All drill holes were surveyed using a Reflex EZ shot.

10.3 New diamond drill holes completed after January 2012

Since the last 43-101 report dated February 2012 by Cuttle and Giroux, Goldgroup drilled and received results for an additional 55 drill holes from La Paila namely holes 11CBN-179-181, 183,185-187 and 12CBN-188 to 197, 197A, 12CBN-198 to CBN-235. This ongoing 2012 drill program continued to test the extents of the low-grade bulk mineable gold at La Paila in the Northern Zone.

The 55 new drill holes were collared along 50 and 100 meter sections over a horizontal distance of 1170 meters north/south, and 350 meters east/west. The deepest hole extends to a maximum vertical depth of 430 metres (hole 11CBN-217). Of all this drilling, 31 holes were vertical, 21 holes were drilled due east at dips of -30 to -81 and 3 holes at azimuth 045 and 270 with dips of -45 to -83 respectively.

Cuttle could not verify the exact location of the 55 drill holes completed after his property visit

January 6th, 2012 however several large clearings and flattened drill pads and access roads to these new holes had been prepared in advance of the author's property visit.

These 55 new drill holes are tabled below.

Table 5 New diamond drill holes completed since the last NI-43-101 report dated, January 2012

Number	HOLE_ID	N_utm27	E_utm27	ELEVATION m	DEPTH m	AREA	TYPE
1	11CBN-179	2184089	768305.4	497.355	320.3	LA_PAILA	DDH
2	11CBN-180	2184004	768066.5	486.187	396.42	LA_PAILA	DDH
3	11CBN-181	2183951	768167.4	484.349	262.5	LA_PAILA	DDH
4	11CBN-183	2184089	768306.6	497.243	281	LA_PAILA	DDH
5	11CBN-185	2183944	768129.6	463.349	320.05	LA_PAILA	DDH
6	11CBN-186	2184001	768214	521.957	364	LA_PAILA	DDH
7	11CBN-187	2183943	768021.1	448.439	245.06	LA_PAILA	DDH
8	12CBN-188	2183939	768215.2	492.128	173.6	LA_PAILA	DDH
9	12CBN-189	2183848	768173.7	454.01	119.5	LA_PAILA	DDH
10	12CBN-190	2184003	768214.3	521.886	176.5	LA_PAILA	DDH
11	12CBN-191	2183893	768169.2	460.958	322.5	LA_PAILA	DDH
12	12CBN-192	2183896	768070.2	438.124	415.5	LA_PAILA	DDH
13	12CBN-193	2183844	768069.1	429.549	396.1	LA_PAILA	DDH
14	12CBN-194	2183895	768123.3	451.373	154.5	LA_PAILA	DDH
15	12CBN-195	2183945	768071.5	450.974	400	LA_PAILA	DDH
16	12CBN-196	2183895	768020.3	428.87	118.5	LA_PAILA	DDH
17	12CBN-197	2183848	768206	471.516	123.75	LA_PAILA	DDH
18	12CBN-197-A	2183847	768204.7	471.55	453	LA_PAILA	DDH
19	12CBN-198	2184241	768159.8	508.91	353.6	LA_PAILA	DDH
20	12CBN-199	2183894	767970.2	426.155	51	LA_PAILA	DDH
21	12CBN-200	2184302	768101.4	479.756	172.5	LA_PAILA	DDH
22	12CBN-201	2183746	768199.6	474.602	291	LA_PAILA	DDH
23	12CBN-202	2184205	768067.2	502.137	224.64	LA_PAILA	DDH
24	12CBN-203	2184148	768138.8	537.766	433.5	LA_PAILA	DDH
25	12CBN-204	2184301	768104.1	480.063	48	LA_PAILA	DDH
26	12CBN-205	2184544	768128.1	488.683	454.5	LA_PAILA	DDH
27	12CBN-206	2183801	768197.5	465.134	369.58	LA_PAILA	DDH
28	12CBN-207	2183896	768212.2	478.482	441.8	LA_PAILA	DDH
29	12CBN-208	2184204	768067.5	502.144	233.48	LA_PAILA	DDH
30	12CBN-209	2184606	768100.4	464.967	322.5	LA_PAILA	DDH
31	12CBN-210	2183895	767970.2	426.237	57.4	LA_PAILA	DDH
32	12CBN-211	2184599	768200.8	476.423	338.3	LA_PAILA	DDH
33	12CBN-212	2184350	768145.3	485.302	293.6	LA_PAILA	DDH
34	12CBN-213	2184200	768298.8	496.349	343.5	LA_PAILA	DDH

Number	HOLE_ID	N_utm27	E_utm27	ELEVATION m	DEPTH m	AREA	TYPE
35	12CBN-214	2184254	768302.9	486.811	285.29	LA_PAILA	DDH
36	12CBN-215	2184249	768126.9	495.356	300.2	LA_PAILA	DDH
37	12CBN-216	2183993	767964.1	458.832	282	LA_PAILA	DDH
38	12CBN-217	2183947	767967.1	443.131	431	LA_PAILA	DDH
39	12CBN-218	2184793	768283.1	468.1	360.27	LA_PAILA	DDH
40	12CBN-219	2184243	768324.3	484.357	296.27	LA_PAILA	DDH
41	12CBN-220	2184002	768214.5	521.838	319.8	LA_PAILA	DDH
42	12CBN-221	2184199	768330	487.901	310.5	LA_PAILA	DDH
43	12CBN-222	2184408	768314.3	485.408	250.4	LA_PAILA	DDH
44	12CBN-223	2184002	768213.4	521.804	339.7	LA_PAILA	DDH
45	12CBN-224	2184689	768307.8	481.443	331.1	LA_PAILA	DDH
46	12CBN-225	2184448	768098.9	461.507	272.1	LA_PAILA	DDH
47	12CBN-226	2184346	768312.7	483.245	289	LA_PAILA	DDH
48	12CBN-227	2184407	768262.5	496.568	301.5	LA_PAILA	DDH
49	12CBN-228	2184651	768318.8	511.813	323.3	LA_PAILA	DDH
50	12CBN-230	2184915	768307.2	461.972	268.4	LA_PAILA	DDH
51	12CBN-231	2184240	768159.7	508.788	332	LA_PAILA	DDH
52	12CBN-232	2184601	768310.2	513.327	372.1	LA_PAILA	DDH
53	12CBN-233	2184758	768339.7	499.233	271.3	LA_PAILA	DDH
54	12CBN-234	2183895	768121.9	451.419	105.3	LA_PAILA	DDH
55	12CBN-235	2184701	768351.1	508.042	250.1	LA_PAILA	DDH

Drill intercepts for gold were obtained in holes from the southern, the central and northern portion of La Paila. Assay results suggest areas in north near hole 12CBN-222, 227 and 232, in the central area near 11CBN-179,183 and in the south area near holes 11CBN-180,182 and 12CBN-192 remain to be tested with tighter infill drilling.

A complete list of assay composites from the 55 new drill holes is listed in Appendix II. The composites were derived using a 0.2 g/t gold cut-off, a 0.2 metre minimum sample length and a 4-metre maximum barren zone.

11 SAMPLE PREPARATION, ANALYSIS, AND SECURITY

Sampling methods used by Canadian Gold Hunter geologists between 2007 and 2009 on 32 of the 38 drill holes in the Northern Zone are described in the following paragraphs in addition to sampling methods used by Goldgroup during their drill campaigns from 2010 to 2012.

Sampling methods used by Comaplex during 2004 to 2006 core drilling in the Northern Zone are unknown to the author; however according to Candelaria, check assays on split core samples collected on mineralized core intercepts from three Comaplex core holes during their due-diligence suggest no significant differences in assay results. The author cannot verify these results.

11.1 Sample Preparation and Analysis – Canadian Gold Hunter, 2007 to 2009

Canadian Gold Hunter sent the drill core samples to ALS Chemex preparation Lab in Guadalajara, Mexico where they were dried and crushed to minus 150 mesh and the pulps were then air couriered to ALS Chemex Laboratories in North Vancouver, BC, Canada (ISO 17025 accredited). Each were then dissolved in an aqua regia leach and analyzed for gold by fire assay methods and 35 other trace elements by ICP - MS methods (inductively coupled plasma with mass spectroscopy).

11.2 Quality Assurance / Quality Control (QA/QC) – Canadian Gold Hunter, 2007 to 2009

The three different standard reference materials used in this drilling campaign were purchased from CDN Resource Laboratories Ltd. in Vancouver, Canada by Canadian Gold Hunter (Minera Cardel). Control charts suggest most all the assay data on these three different standards fall within two standard deviation of the norm. Specific outliers exist just outside 2SD; however, these are not considered influential to the overall data package.

- Standard P1 - 6% or 3 samples out of 49 - above / below 2SD
- Standard 3C - 4% or 2 samples out of 48 - above / below 2SD
- Standard P7A - 4% or 2 samples out of 46 - above / below 2SD

Source material for the 48 blanks inserted into the assays in the Northern Zone comes from two locations. Inserts into assay shipments for drill holes CB06-01 to CB-06-03 and 07CBN-01 to 08CBN-05 used local blank gravel and inserts for holes 08CBN-06 to 09CBN-042 used previously drilled core from barren andesite in the Northern Zone. Exact location and the average reference analysis of the barren andesite inserts and local gravels are unknown; however, assay data on the blanks generally vary from minimum detection of less than 5 parts per billion (ppb) of gold to 44 ppb gold with 3 samples above two standard deviation of 31 ppb gold. The authors do not consider these outliers to be problematic.

Although three outlier samples from 141 duplicates show abnormal results, the duplicate assaying program reflects an acceptable degree of correlation. The author believes sample preparation, security, and general analytical procedures to be adequate for the core drilling at Caballo Blanco.

11.3 Sample Security – Canadian Gold Hunter, 2007 to 2009

A variety of HQ, NQ and / or BQ size drill core was delivered daily from the drill rig to the Company's on-site core logging and storage facility near the small community of Arroyo Agrio in the north-eastern part of the claim block. Company geologists then recorded geotechnical and geological data, including recovery, specific gravity, rock quality designation (RQD), alteration defined by spectrometer readings and specific geological rock type.

Core samples were selected and marked by the same geologists, with company technicians later using a diamond saw to half the core and secure each half sample with self-locking clips. Sample lengths varied generally from 1 to 3 meters long and up to 6 meters in length and were chosen primarily along on recognized alteration or lithological boundaries.

Three different standard reference samples, as well as locally derived 'blank' material and core duplicates were inserted into each lab shipment in regular frequency; generally, a different standard reference material every 20 samples, a blank every 80 samples and core duplicates every 20 to 30 samples. A complete library of split core remains protected inside a fenced compound near the small village of Arroyo Agrio.

11.4 Sample Preparation and Analysis – Goldgroup Mining, 2010 to 2012

During the 2010/2012 drilling campaign conducted by Goldgroup samples of half core and riffle split reverse circulation percussion chips from drill holes 10CBRC43 to 11CBN113 were collected from site by Inspectorate and taken to their Durango preparation facility where they were dried, crushed and a 250g split was pulverized to -75 microns. The rejects were returned to site 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. In addition, a 30 element Inductively Coupled Plasma (ICP) analysis (aqua regia digest) was conducted on all samples.

Samples of half core from drill holes 11CBN114 to 12CBN235 were collected from site by ALS Global and taken to their Guadalajara preparation facility where they were dried, crushed and a 250-gram split was pulverized to minus 75 microns. The rejects were returned to site while the pulps were air couriered to their Vancouver facility and analyzed for gold by fire assay with AAS finish. In addition, a 35 element ICP analysis was conducted on all samples.

11.5 Quality Assurance / Quality Control (QA/QC) – Goldgroup Mining, 2010 to 2012

The three different standard reference materials used in this drilling campaign were prepared by CDN Resource Laboratories Ltd. in Vancouver, Canada from mineralized material from the La Paila deposit supplied by Goldgroup. Control charts suggest most all the assay data on these three different standards fall within two standard deviation of the norm. Specific outliers exist outside 2SD; however, these are not considered influential to the overall data package.

- Standard GS-1E -2% or 4 samples out of 222 - above / below 2SD

- Standard GS-P8 – 1.5% or 3 samples out of 217 - above / below 2SD
- Standard CGH-1 -1% or 2 samples out of 228 - above / below 2SD

One standard, one blank or one duplicate was inserted per group of 10 samples sent to the laboratory.

11.6 Sample Security – Goldgroup Mining, 2010 to 2012

A variety of HQ and/or NQ size drill core was delivered daily from the drill rig to the Company's on-site core logging and core storage facility near the small community of Arroyo Agrio in the north-eastern part of the claim block. Company geologists recorded geotechnical and geological data, including recovery, specific gravity, rock quality designation (RQD), alteration defined by spectrometer readings and specific geological rock type.

Core samples were selected and marked by the same geologists, with company technicians later using a diamond saw to halve the core and secure each half sample with self-locking clips. Sample lengths varied generally from 1 to 3 meters long and up to 6 meters in length and were chosen primarily along on recognized alteration or lithological boundaries. The samples were sealed and shipped via ALS Global to ALS Chemex Preparation Laboratories in Guadalajara (holes 11CBN114 to 12CBN235) or picked up by Inspectorate Labs and driven to their preparation laboratories in Durango State (holes 10CBRC43 to 11CBN113).

11.7 Opinion

The author reviewed all lab certificates for the 55 new drill holes completed in 2012 and found no changes to the standard insert names, sample preparation, sample analysis codes or the laboratory used for the sample analysis from the previous. Certificate records match records in the database given to the authors.

It is the author's opinion that sample preparation, sample security and analytical procedures used by Canadian Gold Hunter and Goldgroup Mining during their 2009 to 2012 drill campaigns are adequate and have been completed to industry standard.

12 DATA VERIFICATION

12.1 Site Visit – 2009

Cuttle completed an on-site field visit to the Caballo Blanco Project area from November 1st to November 3rd, 2009, as a guest of Keith Piggott, CEO of Goldgroup, Kevin Sullivan, VP Exploration Goldgroup, Fernando Téliz, Project Manager, Minera Cardel, and Humberto Hernández Senior Geologist, Minera Cardel.

During the field visit the author collected rock and drill core samples from La Paila (Northern Zone), verified drill hole collar locations as well as visited the core logging / storage facilities near Arroyo Agrio and the geological field offices at Villa Rica. The author did not visit the Highway on the Caballo Blanco property.

Photo 3 Core storage facilities near Arroyo Agrio, Caballo Blanco Project (Cuttle, 2009)

Photo 4 Canadian Hunter cement carne used to identify drill hole collar 08CBN-008 (Cuttle, 2009)

Five rock samples were collected by the author, one rock chip sample from surface exposure of the gold zone at La Paila and four rock samples from mineralized intervals in four drill holes at La Paila. The rocks were later hand delivered to Acme Labs of Vancouver for analysis (*ISO 9001:2008 accredited*).

The five check assays show good correlation to previous assays obtained by Canadian Gold Hunter (Minera Cardel) as shown in the table below and the author verifies that gold mineralization does exist at 'point' locations in drill core and surface exposures at the La Paila Area. No other samples were taken by the author outside the La Paila area at the Caballo Blanco property.

Table 6 Check Assays by Author, 2009

Sample	Location La Paila	Length	Original Assay g/t Au	Check Assay g/t Au	Comments
JCCB-1	La Paila area	1.5m chip	Not relevant	3.246	1.5m surface chip, along o/c of vuggy silica gold zone. 768415E, 2184513N
JCCB-2	DDH CB05-03 120m-122m	2.0m	0.36	0.34	¼ core was cut by rock saw during field visit
JCCB-3	DDH 07CBN 02 146.7-148.44m	1.74m	0.266	0.5	¼ core was cut by rock saw during field visit
JCCB-4	DDH 08CBN 11 150.26-151.79m	1.53m	1.01	1.013	¼ core was cut by rock saw during field visit
JCCB-5	DDH 08CBN 18 105.16-106.68m	1.52m	0.701	0.653	¼ core was cut by rock saw during field visit

12.2 Site Visit – January 2012

Cuttle visited the Caballo Blanco Property a second time on January 6th, 2012 in the company of Kevin Sullivan, VP Exploration of Goldgroup Mining.

During the field trip the author visited the La Paila prospect in the Northern Zone to verify new drill hole collar locations as well as visit the Company's core logging/storage facilities and column leach pads near Arroyo Agrio, and the geological field offices at Villa Rica.

No additional samples were taken during this site visit, however Cuttle could verify that exploration work and drill testing at La Paila was ongoing by Goldgroup and the column leach pads were loaded.

Cuttle has not verified the exact collar location of the 55 new holes completed after his property site visit January 6th, 2012 however many large clearings and flattened drill pads and access roads to these new holes had already been prepared to receive drill equipment, particularly in the south and central portions of La Paila.

These clearings and previously constructed drill access roads were seen by the author and generally match drill collar locations in the current drill database. This is relevant for new holes 11CBN-179 thru 12CBN-204, 206-207, 210, 220,223 in the south and 12CBN-205, 208, 212-215, 219, 221-222,226-227 in the central portion of La Paila. Completed access roads and/or drill pads to the north of La Paila were not seen by the author. This is relevant for new holes 12CBN-205, 209,211, 218,224-225,228,230, 232-233, and 235.

Photo 5 Goldgroup cement carne used to identify drill hole collar 11CBN-151 (Cuttle, 2012)

13 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Metallurgical 'Bottle Roll' Testing by Goldgroup - 2009

As part of Goldgroup's 2009 due diligence work at Caballo Blanco, the Company cut eight samples from previously split drill core from the La Paila Zone. These samples were taken to represent different characteristics from low grade (<0.5 g/t Au), to medium grade (0.5 to 1.5 g/t Au) and high grade material (>1.5g/t Au).

The samples were crushed to -1/2 inch and were leached for 144 hours by standard 'bottle roll' with cyanide solutions at the Company's in-house facility. Results show that the five samples with head grades below 1 gram gold gave high recoveries within 24 to 48 hours, while three samples above 1 gram gold gave slower recovery after the 144 hours. The three higher grade samples were then crushed to -1/4 inch and run for a further 48 hours improving their recoveries to 74.5%, 89% and 91%. Recoveries for the low-grade material were close to 100%.

Table 7 Caballo Blanco (La Paila Zone). Preliminary 'in-house' Bottle Roll tests by Goldgroup - 2009

	INITIAL	RECOVERED	TAILS	CALCULATED		LEACH	CRUSH
SAMPLE	FIRE ASSAY g/t	GOLD g/t	ASSAY g/t	HEAD GRADE g/t	% RECOVERY	TIME hrs	SIZE
CBN-1	0.78	1.1			141	144	-1/2"
CBN-2	2.79	2.83	0.97	3.8	74.5	196	-1/2", to 1/4"
CBN-3	0.46	0.45			98	144	-1/2"
CBN-4	0.25	0.22			88	144	-1/2"
CBN-5	0.47	0.5			106	144	-1/2"
CBN-6	1.32	1.6	0.185	1.79	89	196	-1/2", to 1/4"
CBN-7	0.27	0.32			118	144	-1/2"
CBN-8	1.21	1.37	0.125	1.5	91	196	-1/2", to 1/4"

All samples were run for an initial 144 hrs, at which time samples 2, 6 and 8 showed recoveries of 59%, 78% and 79% respectively. Samples 2, 6 and 8 were again dried and re-crushed to minus ¼" and leached for another 48 hrs and gave additional recoveries.

Mining engineers from Goldgroup concluded; "These initial bottle rolls indicate that the mineralization is highly amenable to leaching. The gold mineralization is totally oxidised to at least 300 metres depth and is benign in leaching since there appears to be no other minerals or deleterious materials present. This indicates low reagent consumption in the commercial heap leach process."

The author cautions that the initial 'bottle roll' test work described in this section for La Paila is preliminary in nature and may not be representative of true recoveries obtained in the future.

13.2 Column Test work in 2010 thru 2012 – Goldgroup

After the initial success of the preliminary bottle roll testing Goldgroup constructed an onsite laboratory to conduct column leach testing on mineralized material under local conditions. The laboratory contained a crushing and screening facility, a Perkin Elmer Analyst 200 Atomic Absorption Spectrometer for reading gold and silver contained in solution, and test columns of 6 inch, 16 inch and 40 inch diameters.

Photo 6 Goldgroup's onsite 'Column leach' laboratory at Arroyo Agrio - Caballo Blanco Project - 2012 (photo- Cuttle)

A total of twenty-four column tests were completed on bulk surface sample and reverse circulation drill cuttings showing gold recoveries from 76% to 94% based on atomic absorption analysis of the recovered solution and a final fire assay of the column residue. Leach times were run for an average of 40 days and average cyanide and lime consumptions are low at 0.14kg and 1.6kg per tonne of sample respectively (K D Engineering, 2012).

Table 8 Preliminary 'in house' Column Tests, Caballo Blanco (La Paila Zone) - Goldgroup 2010/2011

Column No	Crush size	Initial Head Assay (g/t Au)	Recovered gold in solution (g/t Au)	Residue Tails Assay (g/t Au)	Calculated Head Assay (g/t Au)	Recovery
1	-1"	0.806	0.910	0.065	0.975	93.33%
2	-1"	0.806	0.896	0.061	0.957	93.63%
3	-1"	0.806	0.867	0.057	0.924	93.83%

Column No	Crush size	Initial Head Assay (g/t Au)	Recovered gold in solution (g/t Au)	Residue Tails Assay (g/t Au)	Calculated Head Assay (g/t Au)	Recovery
4	-1/2"	0.546	0.618	0.050	0.668	92.51%
5	-1/2"	3.528	2.888	0.365	3.253	88.78%
6	-1/2"	0.681	0.728	0.104	0.832	87.50%
7	-1 1/4"	0.628	0.789	0.051	0.840	93.93%
8	-1 1/4"	0.628	0.747	0.060	0.807	92.57%
9	-4" + 1 1/4"	0.683	0.777	0.065	0.842	92.28%
10	-1/2"	0.670	0.666	0.113	0.779	85.49%
11	-3/4"	0.265	0.285	0.063	0.348	81.90%
12	-3/4"	0.283	0.278	0.068	0.346	80.35%
13	-3/4"	0.261	0.289	0.055	0.344	84.01%
14	-3/4"	0.613	0.709	0.100	0.809	87.64%
15	-3/4"	0.859	0.723	0.088	0.811	89.15%
16	-3/4"	0.823	0.664	0.084	0.748	88.77%
17	-3/4"	1.760	1.666	0.290	1.956	85.17%
18	-3/4"	1.634	1.656	0.247	1.903	87.02%
19	-3/4"	1.547	1.730	0.204	1.934	89.45%
20	-8"	0.271	0.262	0.081	0.343	76.38%
21	-3/4"	0.698	0.696	0.154	0.850	81.88%
22	-3/4"	0.672	0.744	0.142	0.886	83.97%
23	-3/4"	0.682	0.704	0.074	0.778	90.49%
24	-3/4"	0.637	0.753	0.088	0.841	89.54%

All fire assays have been conducted by Inspectorate or ALS Global.

In late 2011 METCON Research Inc. had been supporting this test work with analysis, test programs and other metallurgical procedures. The column test samples used reverse circulation drill cuttings, coarse rejects, surface rock chip samples and bulk sampling from tunneling.

By June 2012, a total of 50 column-leach tests had either been completed or were in progress of completion by Goldgroup. Of the 24 tests described above, the authors did not obtain any information on the additional 26 column testing by Goldgroup (K D Engineering 2012).

The author cautions that these are “in house” column tests conducted by Goldgroup’s metallurgical staff and have yet to be verified by an independent outside consultant.

14 MINERAL RESOURCE ESTIMATE

At the request of Candelaria Mining Corp. a resource estimate for the La Paila zone was completed on the Caballo Blanco property in Mexico by Giroux Consultants Ltd. This follows up initial estimates completed by Cuttle and Giroux, March 2010, and February 2012. This update is based on an additional 55 drill holes completed since the 2012 estimate with an effective date for this update of March 20, 2017.

G.H. Giroux is the qualified person responsible for the resource estimate. Mr. Giroux is a qualified person by virtue of education, experience, and membership in a professional association. He is independent of both the issuer and the vendor applying all the tests in Section 1.5 of National Instrument 43-101. Mr. Giroux visited the Caballo Blanco property on 7 to 9 November 2011.

The authors are not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing or political factors that could materially affect this mineral resource estimate.

14.1 Data Analysis

For this updated mineral resource, a total of 200 drill holes were available for analysis with 1,193 downhole surveys and 18,504 assays for gold and silver.

Two hundred and sixty-one assays with values reported as -1.0 or NS were set to 0.001 g/t gold and 0.05 g/t silver. Two gaps in the assay record were found and values of 0.001 g/t gold and 0.1 g/t silver were inserted.

Hector Mendivil-Quijada, Geo, RS/GIS, M.Sc. from GEO Digital Imaging de Mexico, S.A. de C.V., has updated the three-dimensional solid model based on the mineralized silica breccia as identified in drill logging and a 0.1 g/t Au cut-off. La Paila is considered a high sulphidation epithermal system with fine gold hosted within a massive silica breccia alteration of an andesitic host. The solid is shown below in Figure 10 and Figure 11.

Figure 10 Isometric View Looking North Showing Mineralized Solid, Drill Traces and Surface Topo La Paila

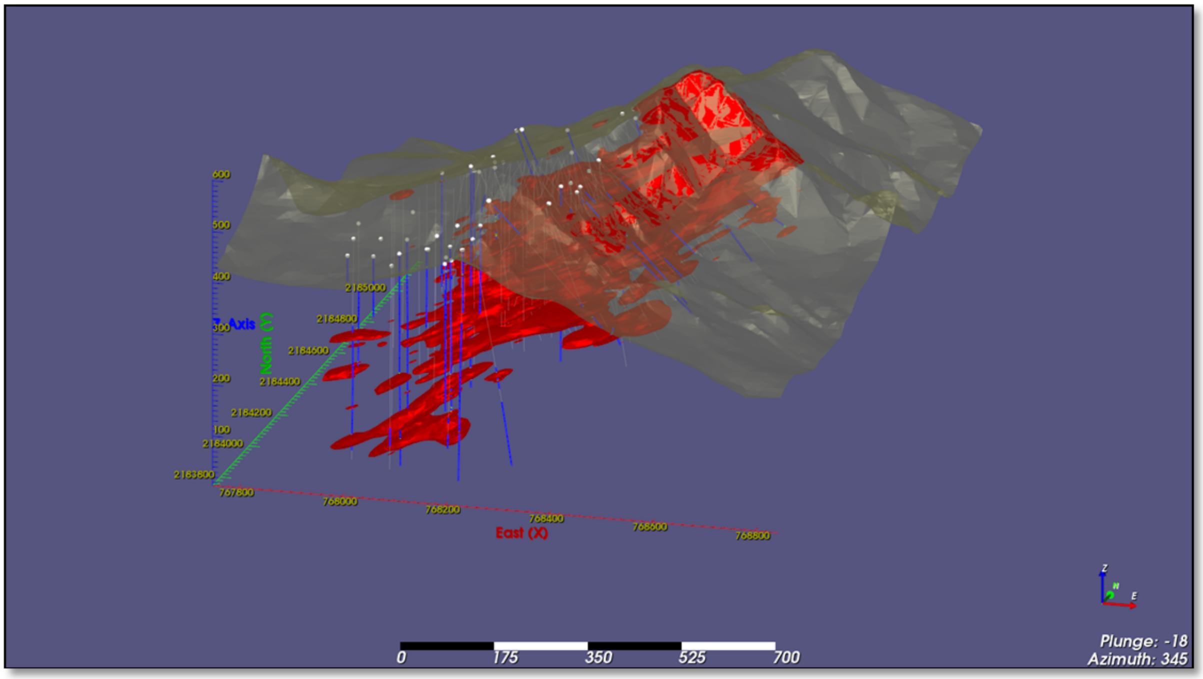
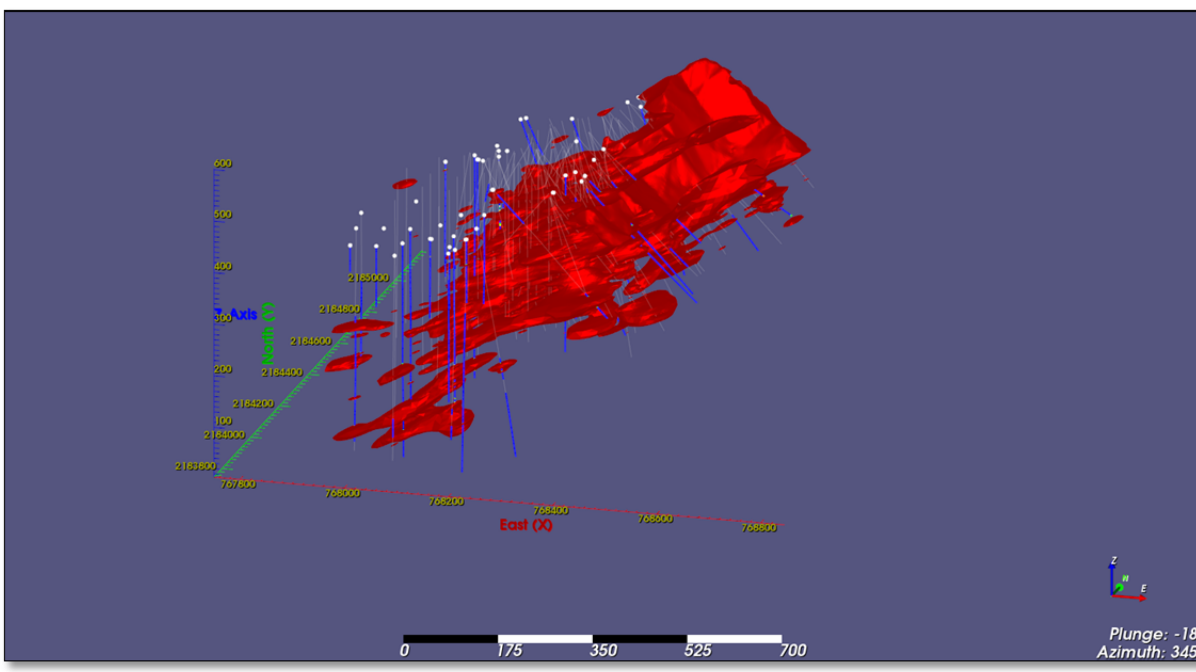


Figure 11 Isometric View Looking North Showing the Mineralized Solid, Drill Traces at La Paila (holes completed since the 2012 Estimate are shown in blue)



Drill hole assays were back tagged if inside or outside this solid. The statistics for gold and silver inside and outside the mineralized solid are tabulated below.

Table 9 Assay statistics for Au and Ag inside and outside Mineralized Solid - La Paila

	Inside Mineralized Solid		Outside Mineralized Solid	
	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)
Number of Assays	7,438	7,438	10,175	10,175
Mean Value	0.513	2.34	0.030	0.75
Standard Deviation	0.648	15.74	0.044	16.47
Minimum Value	0.001	0.05	0.001	0.05
Maximum Value	11.10	1106.0	1.26	1085.00
Coefficient of Variation	1.26	6.72	1.51	22.00

The grade distributions for gold and silver were examined both inside and outside the mineralized solid. Lognormal cumulative frequency plots were used to evaluate the distribution of metals. In each case for each variable multiple overlapping lognormal populations were found. Top cap levels were established for gold and silver within the mineralized solid and waste

Table 10 Cap levels for Gold and Silver - La Paila

Zone	Variable	Cap Level	Number Capped
Mineralized Solid	Au	6.0 g/t	11
	Ag	70.0 g/t	8
Waste	Au	0.26 g/t	48
	Ag	20.0 g/t	14

The results from capping are shown in Table 11. Mean values are slightly lower but so are standard deviations and coefficients of variation which make the results more suitable, for resource estimation.

Table 11 Assay Statistics for Capped Gold and Silver Inside and Outside Mineralized Solid - La Paila

	Inside Mineralized Solid		Outside Mineralized Solid	
	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)
Number of Assays	7,438	7,438	10,175	10,175
Mean Value	0.512	2.05	0.029	0.46
Standard Deviation	0.631	3.86	0.035	1.23
Minimum Value	0.001	0.05	0.001	0.05
Maximum Value	6.00	70.00	0.26	20.00
Coefficient of Variation	1.23	1.88	1.21	2.69

14.2 Composites

Uniform down hole composites, 5 meters in length, were produced for La Paila that honored the mineralized solid. Small intervals near the solid boundary were combined with adjoining samples if less than 2.5 meters in length. Those greater than or equal to 2.5 meters were left alone. As a result, the composite produced were of uniform support 5 ± 2.5 meters. The data outside the breccia solid were also composited in a similar manner. The statistics for 5 meter composites are tabulated below.

Table 12 Statistics for Gold and Silver - 5 metre Composites

	Inside Mineralized Solid		Outside Mineralized Solid	
	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)
Number of Assays	3,194	3,194	6,804	6,804
Mean Value	0.472	1.93	0.020	0.35
Standard Deviation	0.538	3.15	0.028	0.90
Minimum Value	0.001	0.05	0.001	0.05
Maximum Value	5.44	65.07	0.26	20.00
Coefficient of Variation	1.14	1.63	1.43	2.68

14.3 Variography

Pairwise relative semivariograms were produced for gold and silver from composites within the mineralized solid. The four principal horizontal directions were modeled first: azimuth 90°, 0°, 45° and 135°. The directions with the longest continuity (range) were at 0° and 45° so azimuths between 0° and 45° were modeled. The direction of longest continuity in both gold and silver was found to be along azimuth 05°. The vertical plane perpendicular to azimuth 05° was then examined and the longest range for gold and silver was found along azimuth 95° dip -78°. In all cases, nested spherical models were fit to the data. The nugget to sill ratio was 30 percent for gold and 31 percent for silver showing reasonable sampling variability. Next the composites outside the mineralized solid were modeled and for both gold and silver isotropic nested structures were indicated. The semivariogram parameters are summarized below.

Table 13 Summary of Semivariograms for Gold and Silver

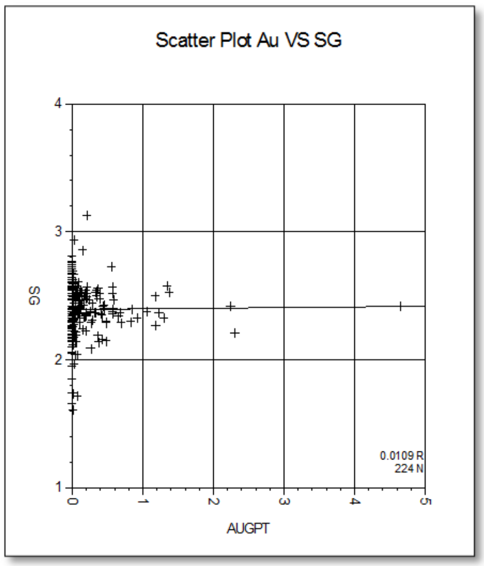
Zone	Variable	Azi / Dip	C0	C1	C2	Short Range (m)	Long Range (m)
Mineralized Solid	Au	05° / 0°	0.15	0.25	0.10	25	110
		275° / -12°	0.15	0.25	0.10	10	20
		095° / -78°	0.15	0.25	0.10	36	250
	Ag	05° / 0°	0.20	0.22	0.22	26	160
		275° / -12°	0.20	0.22	0.22	30	40
		095° / -78°	0.20	0.22	0.22	40	140
Waste	Au	Omni Directional	0.12	0.40	0.28	46	100
	Ag	Omni Directional	0.08	0.24	0.14	40	100

14.4 Bulk Density

A total of 267 specific gravity measurements were made on drill core using the weight. in water/weight in air method. Samples were taken from holes 08CBN003 to 09CBN041 and from a variety of mineralized and waste lithologies. The results can be sorted by rock type into mineralized units and waste. Samples, from within the mineralized solid, numbered 148 with a minimum of 1.73, maximum of 2.73 and an average specific gravity of 2.39. A total of 119 samples from outside the mineralized solid had a minimum of 1.61, a maximum of 3.13 and an average of 2.38.

The specific gravity measurements were compared to gold grades to see if a relationship between grade and density existed. A scatter plot between gold and specific gravity (SG) is shown below and it is clear there is no relationship between grades and density with a correlation coefficient of 0.0109.

Figure 12 Scatter Plot Showing Gold versus Specific Gravity



As a result, the average specific gravity of 2.39 was applied to material within the mineralized solid and 2.38 to material outside the solid. Blocks straddling the contact were given a weighted average.

14.5 Block Model

A block model consisting of blocks 20 x 20 x 5 meters in dimension was superimposed over the drill hole data and 3D solids. Within each block the percentage of material below surface topography and within the breccia solid was recorded. The block model origin was as follows:

Lower Left Corner

767980 E	Column size = 20 m	36 columns
2183940 N	Row size = 20 m	44 rows

Top of Model

605 Elevation	Level size = 5 m	94 levels

No Rotation

14.6 Grade Interpretation

Grades for Au and Ag were interpolated into all blocks with some percentage within the mineralized solid by ordinary kriging. Kriging within the mineralized solid was completed in 4 passes with the search ellipse for each pass oriented in the principal directions of continuity as defined by the semivariograms and the ellipse dimensions a function of the semivariogram range. For the first pass a minimum of 4 composites were required from within a search ellipse with dimensions equal to 1/4 of the semivariogram range. For blocks not estimated in Pass 1, a second pass with the search ellipse expanded to 1/2 the semivariogram range was completed. A third pass using the full range and a fourth pass using twice the range completed the kriging exercise. Only composite within the mineralized zone were used for this estimate. In all passes a maximum of 12 composites were allowed and if more than 12 were found the closest 12 were used. In all passes a maximum of 3 composites from any one hole were allowed thereby assuring that a minimum of 2 drill holes were always used.

For blocks estimated within the mineralized zone but containing some percentage of waste a second kriging run was made using only composites outside the mineralized solid. These blocks were estimated in a similar manner using the semivariograms for gold and silver in waste. Blocks containing both a mineralized grade and waste grade were given the weighted average.

The kriging parameters are summarized below, with the search direction and distances as well as the number of blocks estimated, given for each pass.

Based on the study herein reported, delineated mineralization at La Paila Deposit is classified as a resource according to the following definitions from National Instrument 43-101 and from CIM (2014):

> *"In this Instrument, 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 (May 2014) on Mineral Resources and Mineral Reserves adopted by CIM Council, as those definitions may be amended."*

The terms Measured, Indicated, and Inferred are defined by CIM (2014) as follows:

> *"A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling."*

> *"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 Modifying Factors. The phrase 'reasonable prospects for economic extraction' implies a*

judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. The Qualified Person should consider and clearly state the basis for determining that the material has reasonable prospects for eventual economic extraction. Assumptions should include estimates of cut-off grade and geological continuity at the selected cut-off, metallurgical recovery, smelter payments, commodity price or product value, mining and processing method and mining, processing, and general and administrative costs. The Qualified Person should state if the assessment is based on any direct evidence and testing. Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time."

Inferred Mineral Resource

"An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration."

"An 'Inferred Mineral Resource' is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101."

"There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report an Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource."

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 are estimated with sufficient confidence

to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve."

"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 estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve."

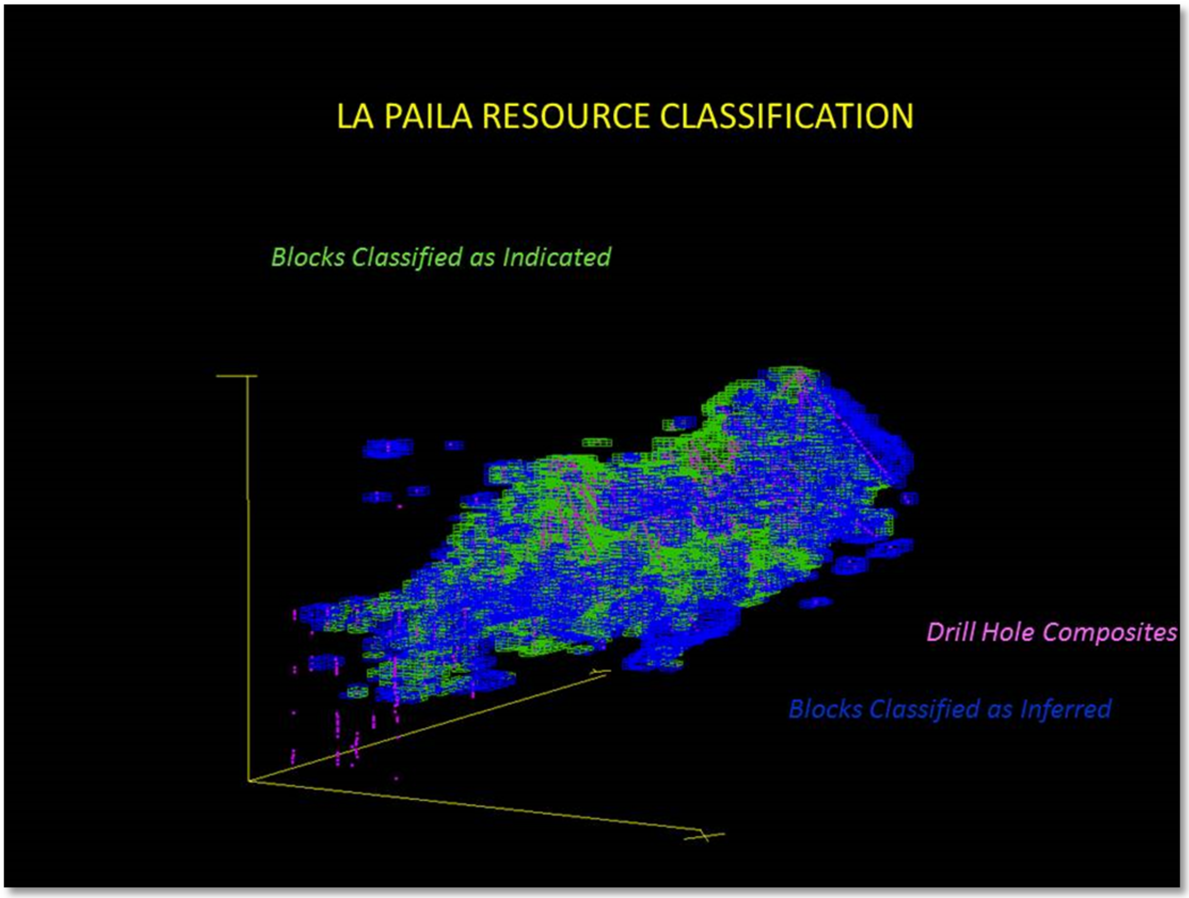
"Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit."

Modifying Factors

"Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors."

Geologic continuity has been established through drill core logging and geologic mapping both on surface and underground. The geologic solid is used to constrain the resource estimate. Grade continuity can be quantified by the semivariogram for each variable. By tying the search ellipse to the semivariogram range, the blocks estimated during pass 1 and pass 2 with up to 1/2 the semivariogram range used are considered Indicated. The drill hole density is not sufficient to establish any blocks at measured at this time. All other blocks were considered Inferred.

Figure 13 Isometric View Looking Northwest Showing Classified Blocks (Blue-inferred, Green-indicated, Magenta-Drill Hole composites)



The resource is tabulated below at a range of gold cut-offs constrained within a conceptual open pit using metal prices of $1150 US / oz Au and $21 US / oz Ag. A cut-off of 0.11 g/t gold has been highlighted as a possible open pit cut-off in the following Tables.

Table 14 Indicated Resource within Total Blocks inside the conceptual pit

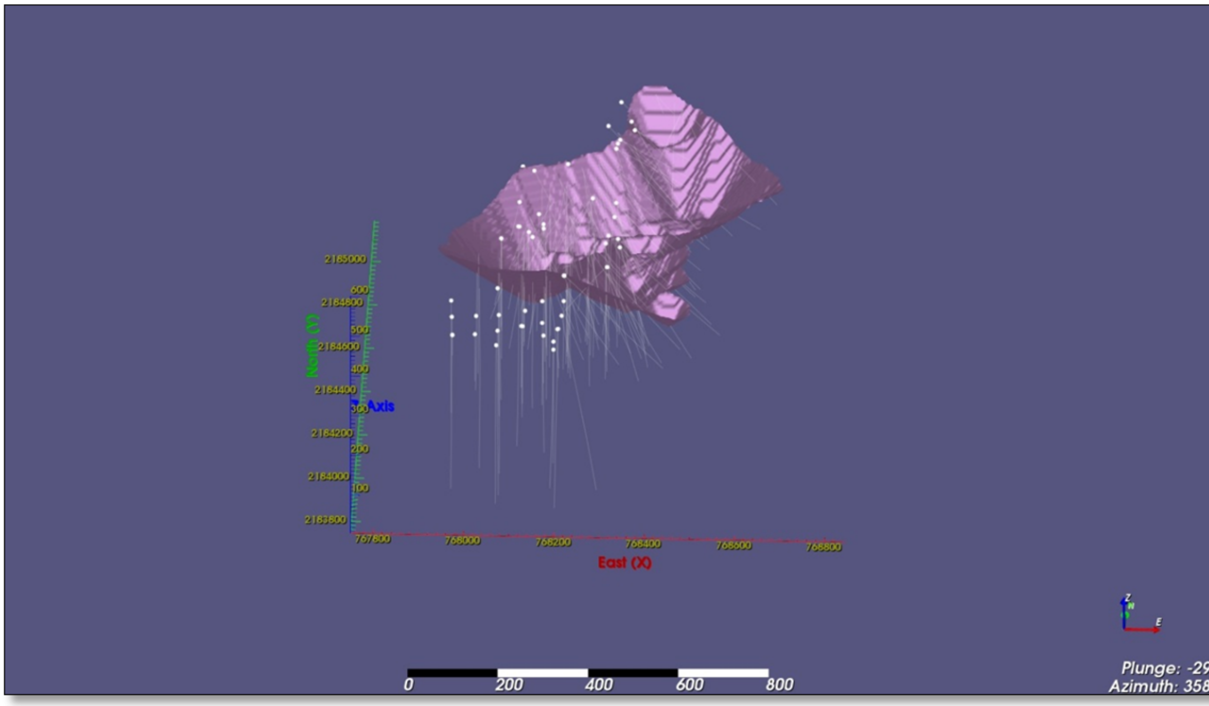
Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade>Cut-off		Contained Metal	
		Au (g/t)	Ag (g/t)	Au (ozs)	Ag (ozs)
0.11	**31,220,000**	**0.52**	**2.16**	**521,000**	**2,170,000**
0.12	30,740,000	0.53	2.18	519,000	2,150,000
0.14	29,960,000	0.54	2.19	515,000	2,110,000
0.15	29,600,000	0.54	2.20	514,000	2,090,000

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade>Cut-off		Contained Metal	
		Au (g/t)	Ag (g/t)	Au (ozs)	Ag (ozs)
0.20	27,190,000	0.57	2.25	500,000	1,970,000
0.30	22,140,000	0.65	2.35	460,000	1,670,000
0.40	17,330,000	0.73	2.45	406,000	1,370,000
0.50	12,820,000	0.83	2.58	341,000	1,060,000
0.60	9,250,000	0.94	2.71	278,000	810,000
0.70	6,840,000	1.04	2.92	228,000	640,000
0.80	4,980,000	1.14	3.14	183,000	500,000
0.90	3,640,000	1.25	3.35	147,000	390,000

Table 15 Inferred Resource within Total Blocks inside the conceptual pit

Au Cut-off (g/t)	Tonnes >Cut-off (tonnes)	Grade>Cut-off		Contained Metal	
		Au (g/t)	Ag (g/t)	Au (ozs)	Ag (ozs)
0.11	**8,630,000**	**0.34**	**2.14**	**95,000**	**590,000**
0.12	8,490,000	0.35	2.16	94,000	590,000
0.14	8,220,000	0.35	2.20	93,000	580,000
0.15	8,050,000	0.36	2.22	92,000	580,000
0.20	6,910,000	0.39	2.33	86,000	520,000
0.30	4,270,000	0.47	2.92	64,000	400,000
0.40	2,330,000	0.57	3.16	43,000	240,000
0.50	1,380,000	0.66	3.62	29,000	160,000
0.60	780,000	0.75	4.50	19,000	110,000
0.70	390,000	0.85	5.25	11,000	70,000
0.80	170,000	0.99	4.11	5,000	20,000
0.90	110,000	1.08	2.70	4,000	10,000

Figure 14 Isometric View Looking North Showing the Conceptual Pit and drill hole traces



14.8 Model Verification

The block model estimation was verified by swath plots. These are slices through the deposit in three directions N-S (40 m slices), E-W (40 m slices) and Vertical (10 m slices) where the average grade from composites is calculated and plotted against the average grade for estimated blocks. The shape of the relative curves should be similar.

In general, the agreement is good with composite grades spiking above and below the estimates in some areas with fewer composites. There is no bias indicated and the resource seems reasonable.

Figure 15 Swath Plot for Gold by Northing. Slices of 40 metres

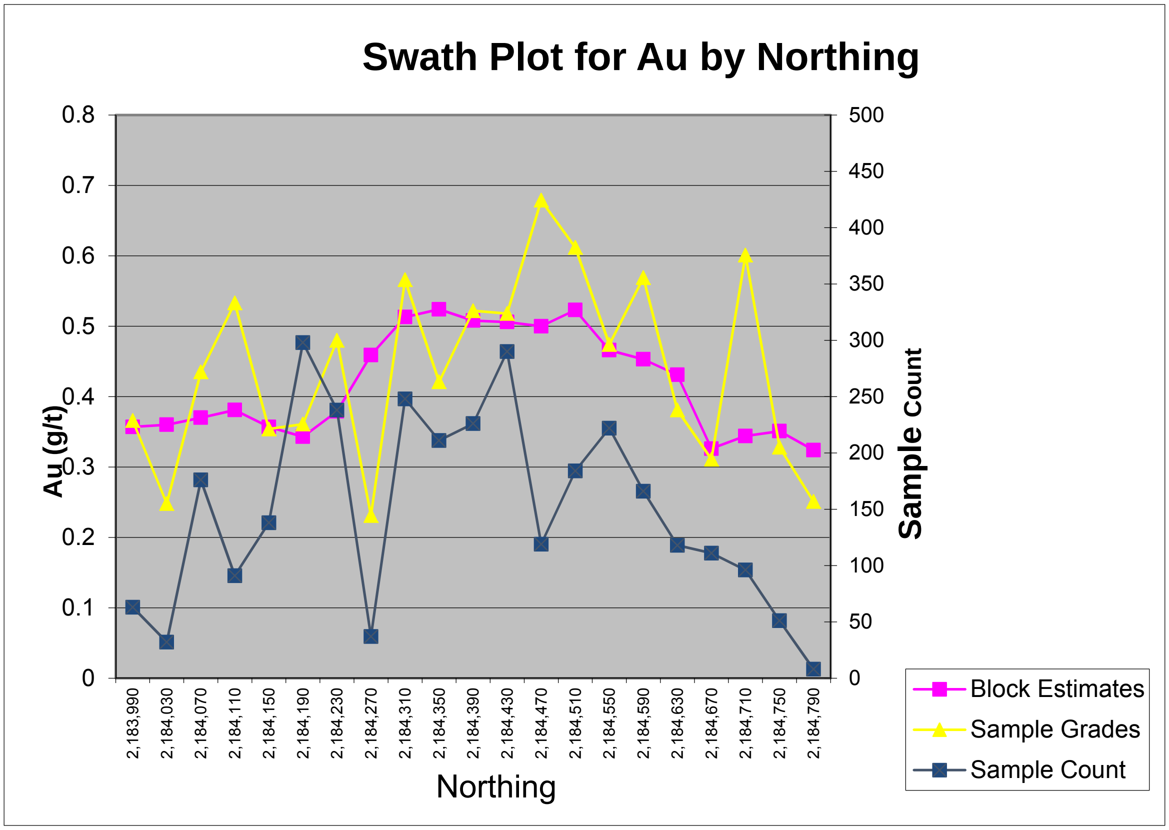


Figure 16 Swath Plot for Gold by Easting. Slices of 40 metres

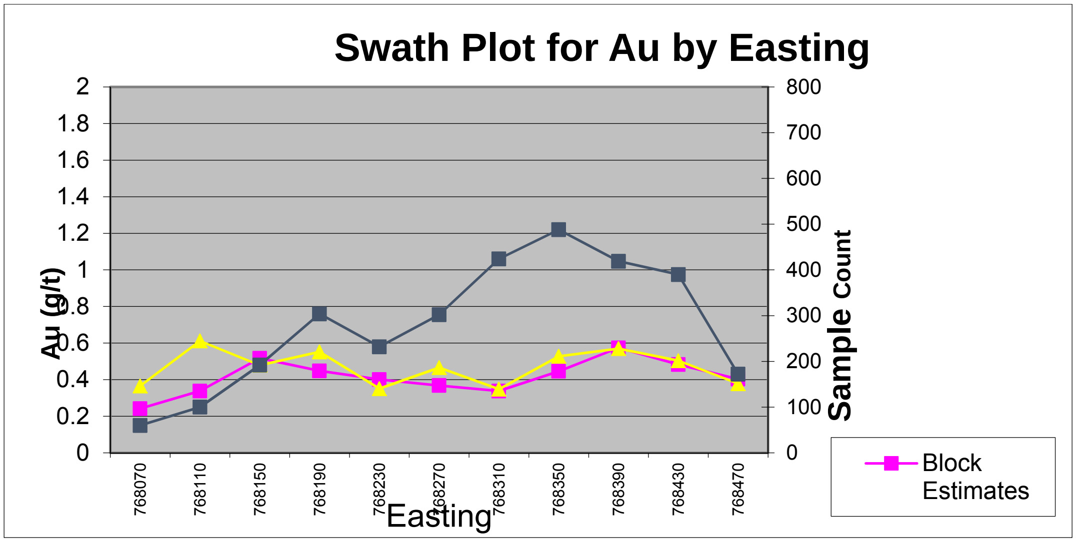
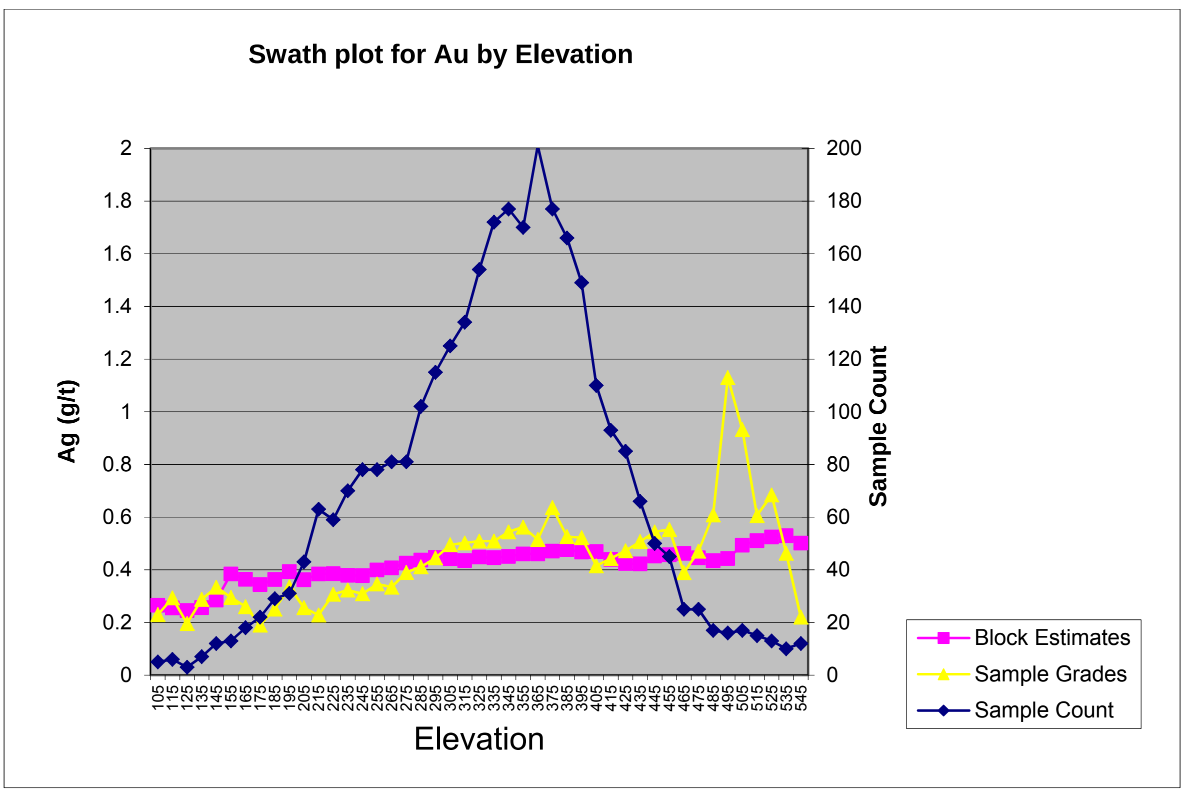


Figure 17 Swath Plot for Gold by Elevation. Slices of 10 metres



15 ADJACENT PROPERTIES

There are no current records of any other neighbouring mineral properties of merit in the Caballo Blanco Project area, however the author was not able to verify this fact. If mineralization is known adjacent to the property it is not necessarily indicative of mineralization found on the Caballo Blanco property.

16 OTHER RELEVANT DATA AND INFORMATION

There is no other relevant data.

17 CONCLUSIONS

1) Geological field work since 1995 has identified at least three large areas of epithermal precious metal and porphyry style copper gold mineralization on and beside the Caballo Blanco Project. These areas are known as the Northern Zone, Highway Zone as well as the Central Grid Zone which is located immediately south of the current Caballo Blanco claim boundary.
2) In the north and central part of the property, two large areas of epithermal alteration have been discovered, locally named the Northern Zone (4 by 5 kilometres in area) and the Highway Zone (4 by 2 kilometres in area). In the south and southwest of the property and currently not part of the Candelaria claim holdings, the Central Grid area hosts what is believed to be at least two porphyry copper-gold prospects (Pedrero, El Porvenir). These two porphyry prospects likely formed similar 'high level' argillic and silicic alteration haloes and topographic 'caps' similar to the Northern and Highway zones. The degree of erosion in the Central Grid area is deeper, and likely reveals the underlying porphyry intrusive plugs with stock-work copper-gold mineralization and associated alteration in the host rock.
3) The elongate and silicified gold rich mineralization at La Paila, in the Northern Zone, and its associated alteration patterns likely formed from fluid rising along a north trending fault structure well above a deeper intrusive 'heat source' (Sillitoe, 2008). Similar geochemical and geophysical anomalies and silica/clay alteration patterns have been recognized at La Cruz, Las Cuevas, Red Valley, and Highway Zone, all of which lie along a north-south trend for over nine kilometres. This corridor represents an important exploration target for the future.
4) Since 1998, four different companies have drilled 236 drill holes (217 diamond holes and 19 reverse circulation holes) on the CMC property described in this report. Much of this drilling was completed by Goldgroup Mining from 2010 to 2012 in the Northern Zone at La Paila. The RC holes proved very problematic with low sample recoveries and slow rates of advance particularly within the mineralized siliceous zones. The RC technique was abandoned in favour of large diameter diamond drill core. All fourteen RC holes at La Paila were twinned with diamond drill core and recoveries improved significantly.
5) In December 2014 Goldgroup Mining Inc. sold 100 percent of the Caballo Blanco project to Timmins Gold Corp for US$10 million in cash and 16 million shares No additional work was completed on the Caballo Blanco property by Timmins. In July 2016 Timmins Gold through its subsidiary Molimentales Del Noroeste SA de CV sold 100 percent interest in the Caballo Blanco project to CMC for a total cash consideration US$17.5 million. There has been no work completed on the property since.
6) A variety of geophysical, geochemical, and geological surveys continue to be extremely useful in identifying drill targets in and around the Northern Zone; most importantly airborne magnetic, IP resistivity high anomalies, clay alteration haloes identified by a TerraSpec® spectrometer, location of mineralized surface rock geochemistry and detailed geological and structural mapping. These surveys have not only been used to outline a classic zonation of clay minerals representative of a large epithermal system but they have more importantly been useful in defining zones of silica flooding and associated gold mineralization. These surveys

should remain principle exploration tools for future work at Caballo Blanco.

7) Rock exposures in these areas include mixtures and overprints of classic vuggy, brecciated and or massive silica with associated and flanking haloes of advanced argillic to argillic alteration. These diverse clay alteration zones have been identified and mapped in part using a TerraSpec® spectrometer. Drill testing at three of these 'silica cap' features in the Northern Zone at La Paila, Bandera and La Cruz, suggest that acid leaching from hydrothermal fluids extend to depths of over 300 meters. The Red Valley target lies at lower elevations on the outside fringe of the circular ring feature and has been identified with soil geochemistry.
8) Mining engineers from Goldgroup working with mineralized samples from La Paila concluded; "These initial bottle rolls indicate that the mineralization is highly amenable to leaching. The gold mineralization is totally oxidised to at least 300 metres depth and is benign in leaching since there appears to be no other minerals or deleterious materials present. This indicates low reagent consumption in the commercial heap leach process.
9) Candelaria Mining should continue metallurgical testing during the next phase of work to confirm extraction results, reagent consumption, leach time and ideal particle size on mineral resource samples. Previous bottle-roll test-work by Goldgroup suggest variations of gold extraction from different particle size and should be investigated.
10) After January 2012, an additional 55 diamond drill holes were completed La Paila namely holes 11CBN-179-181, 183,185-187 and 12CBN-188 to 197, 197A, 12CBN-198 to CBN-235. This ongoing 2012 drill program continued to test the extents of the low-grade bulk mineable gold at La Paila in the Northern Zone. Assay results suggest areas in north near hole 12CBN-222, 227 and 232, in the central area near 11CBN-179,183 and in the south area near holes 11CBN-180,182 and 12CBN-192 remain to be tested with tighter infill drilling.
11) In 2017 Giroux Consultants was retained by CMC to complete an updated mineral resource at La Paila. The resource estimate is based on 200 diamond drill holes completed since the discovery of the La Paila mineralized zone, including some of the new holes described above. The drill hole density is not sufficient to establish any blocks in the measured category and all blocks are considered either indicated or inferred. Below is the resource available for blocks contained within a conceptual open pit using metal prices of $1150 US / oz Au and $21 US / oz Ag. Estimations using a cut-off of 0.11 grams per tonne (g/t) gold can be separated into the following categories for La Paila: <u>**Indicated** – 31,220,000 tonnes, 0.52 g/t gold, 2.16 g/t silver or 521,000 ounces gold and 2,170,000 ounces silver within conceptual pit 36. **Inferred** – 8,630,000 tonnes, 0.34 g/t gold, 2.14 g/t silver or 95,000 ounces gold and 590,000 ounces silver within the conceptual pit.</u>
12) At least eleven other areas outside of the La Paila zone justify further geological work at Caballo Blanco. These areas include; four large IP resistivity high anomalies on the inner flanks of a 3 kilometre round magnetic high 'ring structure' in the Northern Zone; strong 'acid' PH anomalies 1.5 kilometres west of La Paila in the Northern Zone; three separate areas where isolated rock chip samples assay up to 14.6 grams per tonne gold along the northwest and south portions of the Caballo Blanco property; and three other separate areas with encouraging 'new'

soil anomalies, extensive rock alteration and untested IP chargeability and resistivity anomalies at the Highway Zone. These are described in detail by Cuttle and Giroux, 2010.

13) The authors do not see any risks and uncertainties that could affect future exploration information, resource estimates or economic projections by Candelaria.

18 RECOMMENDATIONS

1) Further work is recommended at Caballo Blanco. The campaign would involve a two-rig diamond drill program of infill and definition drilling at La Paila, targeting the down plunge of gold mineralization to the southwest and lateral extents of gold mineralization to the north and east.

2) A third mobile track mounted diamond drill rig would be designated a ‘roaming machine’ to test targets outside of the La Paila area. These drill target areas would include untested IP resistivity ‘high’ anomalies along the inner flanks of a 3 kilometre round magnetic high ring structure including Bandera, Las Cuevas, La Cruz and Red Valley in the Northern Zone as well as the isolated gold intercepts in previous historical drilling in the Highway Zone. These targets were not sufficiently tested during previous drill campaigns in 2010 and 2012.

3) Prospect, geologically map and sample areas with rock assays of 2 g/t gold to 14.6 g/t gold as described in Cuttle and Giroux, 2010. These areas have yet to be investigated.

Table 16 Cost estimate

Item	**Estimated cost $US**
Core Drilling – 40,000 metres (assays and drill support costs)	$4,500,000
Geological support, manpower, permits/agreements	$1,000,000
Contingency	$500,000
Total Cost	**$6,000,000**

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APPENDIX I All diamond drill and reverse circulation collar locations, Caballo Blanco (Northern and Highway Zones)

	HOLE_ID	x_27	y_27	Z	LENGTH	AZI	DIP	AREA	YEAR	TYPE	ZONE	COMPANY
1	CB02-5	769627.00	2175383.00	70.00	231.00	0	-90	HIGHWAY	2002	DDH	HIGHWAY	Noranda
2	CB02-6	769620.00	2174615.00	120.00	198.00	0	-90	HIGHWAY	2002	DDH	HIGHWAY	Noranda
3	CB02-7	770250.00	2175140.00	120.00	212.00	0	-90	HIGHWAY	2002	DDH	HIGHWAY	Noranda
4	DDH04CB3	770036.00	2175498.00	175.00	303.58	270	-50	HIGHWAY	2004	DDH	HIGHWAY	Comaplex
5	DDH04CB4	770214.00	2176511.00	100.00	327.36	255	-50	HIGHWAY	2004	DDH	HIGHWAY	Comaplex
6	CB05-01	768485.00	2184440.00	596.00	136.50	0	-90	LA PAILA	2005	DDH	NORTE	Comaplex
7	CB05-02	768486.00	2184439.00	596.00	72.85	110	-65	LA PAILA	2005	DDH	NORTE	Comaplex
8	CB05-03	768485.00	2184441.00	596.00	314.00	342	-50	LA PAILA	2005	DDH	NORTE	Comaplex
9	CB06-01	768485.00	2184443.00	596.00	206.65	217	-48	LA PAILA	2006	DDH	NORTE	Comaplex
10	CB06-02	768489.00	2184442.00	597.00	301.14	100	-48	LA PAILA	2006	DDH	NORTE	Comaplex
11	CB06-03	768463.00	2184529.00	596.00	236.25	180	-48	LA PAILA	2006	DDH	NORTE	Comaplex
12	07CBN-001	766726.00	2182199.00	591.00	109.12	0	-90	BANDERA	2007	DDH	NORTE	Can Hunter
13	07CBN-002	768349.00	2184299.00	516.00	293.50	79	-45	LA PAILA	2007	DDH	NORTE	Can Hunter
14	08CBN-003	768349.00	2184299.00	516.00	246.89	90	-80	LA PAILA	2008	DDH	NORTE	Can Hunter
15	08CBN-004	768295.00	2184284.00	521.00	203.60	90	-80	LA PAILA	2008	DDH	NORTE	Can Hunter
16	08CBN-005	768379.00	2184356.00	552.00	273.71	90	-70	LA PAILA	2008	DDH	NORTE	Can Hunter
17	08CBN-006	768418.00	2184602.00	546.00	173.20	90	-70	LA PAILA	2008	DDH	NORTE	Can Hunter
18	08CBN-007	768418.00	2184602.00	546.00	187.45	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
19	08CBN-008	768340.00	2184401.00	518.00	213.66	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
20	08CBN-009	768296.00	2184211.00	504.00	135.03	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
21	08CBN-010	768296.00	2184211.00	504.00	22.25	90	-70	LA PAILA	2008	DDH	NORTE	Can Hunter
22	08CBN-011	768294.00	2184211.00	504.00	189.89	270	-60	LA PAILA	2008	DDH	NORTE	Can Hunter
23	08CBN-012	768250.00	2184104.00	510.00	227.08	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
24	08CBN-013	768291.00	2183993.00	507.00	118.26	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
25	08CBN-014	768247.00	2184104.00	510.00	103.63	270	-70	LA PAILA	2008	DDH	NORTE	Can Hunter
26	08CBN-015	768290.00	2183993.00	507.00	157.89	90	-80	LA PAILA	2008	DDH	NORTE	Can Hunter
27	08CBN-016	768339.00	2183862.00	496.00	201.17	120	-60	LA PAILA	2008	DDH	NORTE	Can Hunter
28	08CBN-017	768270.00	2184303.00	511.00	227.99	90	-85	LA PAILA	2008	DDH	NORTE	Can Hunter
29	08CBN-018	768334.00	2183909.00	497.00	179.83	90	-50	LA PAILA	2008	DDH	NORTE	Can Hunter
30	08CBN-020	768296.00	2184211.00	504.00	199.64	90	-70	LA PAILA	2008	DDH	NORTE	Can Hunter
31	08CBN-029	768338.00	2184400.00	518.00	268.22	82	-75	LA PAILA	2008	DDH	NORTE	Can Hunter
32	08CBN-030	768288.00	2184141.00	507.00	332.46	77	-71	LA PAILA	2008	DDH	NORTE	Can Hunter
33	08CBN-031	768302.00	2184355.00	509.00	334.98	88	-57	LA PAILA	2008	DDH	NORTE	Can Hunter
34	08CBN-032	768301.00	2184355.00	509.00	256.03	95	-76	LA PAILA	2008	DDH	NORTE	Can Hunter
35	08CBN-033	768286.00	2184143.00	507.00	246.89	272	-66	LA PAILA	2008	DDH	NORTE	Can Hunter
36	09CBN-034	768240.00	2184250.00	508.00	153.62	86	-60	LA PAILA	2009	DDH	NORTE	Can Hunter
37	09CBN-035	768251.00	2184104.00	511.00	299.17	221	-88	LA PAILA	2009	DDH	NORTE	Can Hunter
38	09CBN-036	768618.00	2182928.00	473.00	206.04	135	-50	LA_CRUZ	2009	DDH	NORTE	Can Hunter
39	09CBN-037	768296.00	2184211.00	504.00	298.70	280	-84	LA PAILA	2009	DDH	NORTE	Can Hunter
40	09CBN-038	766727.00	2182193.00	591.00	257.25	270	-52	BANDERA	2009	DDH	NORTE	Can Hunter
41	09CBN-039	766688.00	2182317.00	573.00	172.82	255	-65	BANDERA	2009	DDH	NORTE	Can Hunter
42	09CBN-040	766539.00	2182881.00	615.00	213.36	117	-60	BANDERA	2009	DDH	NORTE	Can Hunter

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43	09CBN-041	768204.00	2184102.00	502.00	198.12	270	-68	LA PAILA	2009	DDH	NORTE	Can Hunter
44	10CBRC-043	766724.85	2182193.94	591.18	334.00	0	-90	BANDERA S	2010	RC	NORTE	Goldgroup
45	10CBRC-044	766728.31	2182193.83	591.04	224.00	90	-65	BANDERA S	2010	RC	NORTE	Goldgroup
46	10CBRC-045	766730.31	2182803.17	577.35	214.00	270	-80	BANDERA N	2010	RC	NORTE	Goldgroup
47	10CBRC-046	766728.91	2182802.97	577.43	250.00	260	-50	BANDERA N	2010	RC	NORTE	Goldgroup
48	10CBN-047	767702.48	2181378.69	133.12	301.50	180	-45	LAS CUEVAS SW	2010	DDH	NORTE	Goldgroup
49	10CBRC-048	768322.06	2184284.76	520.90	218.00	90	-80	LA PAILA	2010	RC	NORTE	Goldgroup
50	10CBRC-049	768404.90	2184292.79	523.27	202.00	80	-50	LA PAILA	2010	RC	NORTE	Goldgroup
51	10CBN-050	768004.81	2181387.29	114.82	301.50	140	-50	LAS CUEVAS SW	2010	DDH	NORTE	Goldgroup
52	10CBN-051	768587.72	2181159.07	45.54	301.50	310	-50	RED VALLEY	2010	DDH	NORTE	Goldgroup
53	10CBRC-052	768218.96	2184299.28	496.73	124.00	110	-80	LA PAILA	2010	RC	NORTE	Goldgroup
54	10CBRC-053	768178.77	2184295.04	476.43	256.00	0	-90	LA PAILA	2010	RC	NORTE	Goldgroup
55	10CBN-054	768378.35	2184354.00	548.27	217.10	90	-45	LA PAILA	2010	DDH	NORTE	Goldgroup
56	10CBN-055	768599.00	2181072.02	600.00	9.10	0	-90	RED VALLEY	2010	DDH	NORTE	Goldgroup
57	10CBRC-056	768265.46	2184353.21	494.35	232.00	90	-75	LA PAILA	2010	RC	NORTE	Goldgroup
58	10CBN-057	769364.05	2181364.47	26.71	301.50	310	-45	RED VALLEY	2010	RC	NORTE	Goldgroup
59	10CBRC-058	768371.90	2184252.89	487.36	216.00	90	-60	LA PAILA	2010	RC	NORTE	Goldgroup
60	10CBRC-059	768370.35	2184251.97	487.39	172.00	90	-45	LA PAILA	2010	RC	NORTE	Goldgroup
61	10CBRC-060	768348.67	2184209.92	481.91	214.00	90	-50	LA PAILA	2010	RC	NORTE	Goldgroup
62	10CBN-061	768203.35	2184104.41	498.76	294.00	0	-90	LA PAILA	2010	DDH	NORTE	Goldgroup
63	10CBRC-062	768358.60	2184146.84	479.82	146.00	90	-65	LA PAILA	2010	RC	NORTE	Goldgroup
64	10CBRC-063	768347.74	2184099.83	489.29	200.00	90	-65	LA PAILA	2010	RC	NORTE	Goldgroup
65	10CBRC-064	768352.84	2184047.88	484.33	240.00	0	-90	LA PAILA	2010	RC	NORTE	Goldgroup
66	10CBRC-065	768361.40	2183998.72	488.04	260.00	90	-50	LA PAILA	2010	RC	NORTE	Goldgroup
67	10CBRC-066	768366.65	2183946.00	489.32	144.00	80	-60	LA PAILA	2010	RC	NORTE	Goldgroup
68	10CBRC-067	768246.64	2184098.38	510.57	246.00	90	-65	LA PAILA	2010	RC	NORTE	Goldgroup
69	11CBN-068	768323.54	2184285.21	520.92	235.50	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
70	11CBN-069	768368.89	2184251.93	487.36	287.80	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
71	11CBN-070	768404.16	2184292.58	523.16	191.50	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
72	11CBN-071	768103.84	2184100.28	471.19	45.00	90	-65	LA PAILA	2011	DDH	NORTE	Goldgroup
73	11CBN-071-A	768102.68	2184103.02	470.96	73.30	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
74	11CBN-072	768346.75	2184209.90	481.99	212.00	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
75	11CBN-073	768155.74	2184106.29	484.36	178.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
76	11CBN-074	768301.55	2184398.80	497.35	201.00	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
77	11CBN-075	768339.38	2184494.29	481.33	234.00	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
78	11CBN-076	768336.26	2184549.61	476.63	364.50	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
79	11CBN-077	768155.18	2184151.08	479.87	301.50	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
80	11CBN-078	768309.90	2184450.01	485.55	229.20	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
81	11CBN-079	768211.27	2184206.88	488.23	202.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
82	11CBN-080	768305.52	2184250.89	502.79	315.30	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
83	11CBN-081	768207.53	2184205.16	488.27	184.50	270	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
84	11CBN-082	768306.51	2184250.85	502.83	335.00	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup

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85	11CBN-083	768204.12	2184146.90	494.61	310.50	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
86	11CBN-084	768234.19	2184247.31	504.73	314.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
87	11CBN-085	768334.95	2183884.59	497.41	220.60	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
88	11CBN-086	768152.32	2184104.47	484.18	253.50	270	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
89	11CBN-087	768249.16	2184200.35	501.48	245.10	270	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
90	11CBN-088	768331.24	2183884.34	497.72	139.37	270	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
91	11CBN-090	768354.16	2184146.67	479.71	134.30	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
92	11CBN-091	768366.30	2183947.47	489.18	160.02	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
93	11CBN-092	767962.01	2182030.01	600.00	117.00	44	-60	LAS CUEVAS	2011	DDH	NORTE	Goldgroup
94	11CBN-093	768152.72	2184106.09	483.77	229.50	0	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
95	11CBN-094	768354.16	2184146.67	479.71	377.40	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
96	11CBN-095	768360.37	2184001.07	487.96	320.04	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
97	11CBN-096	768155.28	2184148.98	479.76	301.50	135	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
98	11CBN-097	768349.68	2184099.35	489.08	271.80	90	-65	LA PAILA	2011	DDH	NORTE	Goldgroup
99	11CBN-098	768359.13	2184000.97	488.03	219.98	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
100	11CBN-099	768177.95	2184293.34	476.37	162.20	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
101	11CBN-100	768278.00	2183907.16	513.00	370.50	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
102	11CBN-101	768352.03	2184046.98	484.17	273.49	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
103	11CBN-102	768157.16	2184050.37	495.52	186.20	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
104	11CBN-103	763596.04	2181619.02	391.00	132.00	0	-90	CERRO BLANCO	2011	DDH	NORTE	Goldgroup
105	11CBN-104	768160.53	2184052.35	495.40	377.85	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
106	11CBN-105	768286.74	2184140.06	499.54	310.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
107	11CBN-106	763573.04	2182630.02	379.00	118.50	0	-90	CERRO BLANCO	2011	DDH	NORTE	Goldgroup
108	11CBN-107	768352.01	2184045.23	484.17	14.21	180	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
109	11CBN-108	768351.76	2184048.07	484.31	237.98	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
110	11CBN-109	768328.99	2183945.47	496.31	252.00	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
111	11CBN-110	768218.08	2184297.47	496.70	211.30	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
112	11CBN-111	768239.73	2184048.23	520.03	334.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
113	11CBN-112	768348.51	2184203.93	481.80	200.44	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
114	11CBN-113	768201.78	2184351.94	489.11	170.40	90	-65	LA PAILA	2011	DDH	NORTE	Goldgroup
115	11CBN-114	768195.39	2184297.99	483.02	182.20	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
116	11CBN-115	768263.99	2184354.99	494.13	256.30	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
117	11CBN-116	768293.97	2183945.82	512.53	240.30	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
118	11CBN-117	768160.53	2184052.35	495.40	340.40	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
119	11CBN-118	768348.09	2184203.30	482.10	351.00	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
120	11CBN-119	768247.92	2184099.80	510.60	340.50	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
121	11CBN-120	768366.76	2184250.83	487.37	193.70	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
122	11CBN-121	768297.43	2183943.36	512.30	235.50	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
123	11CBN-122	768233.82	2184246.68	504.72	260.50	90	-76	LA PAILA	2011	DDH	NORTE	Goldgroup
124	11CBN-123	768289.36	2184139.77	499.49	272.30	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
125	11CBN-124	768240.71	2183997.00	515.05	332.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
126	11CBN-125	768231.94	2184247.15	504.81	215.70	270	-80	LA PAILA	2011	DDH	NORTE	Goldgroup

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127	11CBN-126	768293.30	2183899.95	517.86	214.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
128	11CBN-127	768344.22	2184298.87	519.82	299.60	90	-63	LA PAILA	2011	DDH	NORTE	Goldgroup
129	11CBN-128	768302.50	2184045.44	496.25	310.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
130	11CBN-129	768373.67	2184544.52	499.36	3.20	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
131	11CBN-130	768348.69	2184451.73	511.96	290.17	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
132	11CBN-131	768286.04	2184194.84	496.47	251.40	270	-72	LA PAILA	2011	DDH	NORTE	Goldgroup
133	11CBN-132	768338.67	2184294.80	519.99	373.80	180	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
134	11CBN-133	768336.51	2183862.75	496.98	247.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
135	11CBN-134	768302.62	2184044.89	496.43	274.50	180	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
136	11CBN-135	768288.91	2184194.32	496.34	284.60	90	-85	LA PAILA	2011	DDH	NORTE	Goldgroup
137	11CBN-136	768246.71	2183942.81	530.46	308.20	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
138	11CBN-137	768302.87	2184399.52	497.49	305.71	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
139	11CBN-138	768354.13	2184045.59	484.22	224.00	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
140	11CBN-139	768203.49	2184108.01	497.92	291.50	270	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
141	11CBN-140	768336.04	2183891.47	497.39	241.50	90	-70	LA PAILA	2011	DDH	NORTE	Goldgroup
142	11CBN-141	768197.91	2183994.79	536.32	338.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
143	11CBN-142	768360.88	2184003.05	487.88	256.50	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
144	11CBN-143	768349.98	2184100.10	489.17	250.50	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
145	11CBN-144	768336.71	2184548.49	476.64	284.68	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
146	11CBN-145	768243.36	2183997.14	514.83	268.50	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
147	11CBN-146	768248.79	2183899.76	543.00	319.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
148	11CBN-147	768243.92	2184098.83	510.75	290.50	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
149	11CBN-148	768301.38	2184351.18	504.89	314.50	90	-65	LA PAILA	2011	DDH	NORTE	Goldgroup
150	11CBN-149	768338.05	2183862.59	497.49	253.50	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
151	11CBN-150	768338.84	2184489.21	481.33	318.21	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
152	11CBN-151-A	768305.01	2184251.30	503.03	347.50	90	-60	LA PAILA	2011	DDH	NORTE	Goldgroup
153	11CBN-152	768149.28	2183994.62	527.44	277.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
154	11CBN-153	768372.47	2184351.80	544.08	257.00	90	-57	LA PAILA	2011	DDH	NORTE	Goldgroup
155	11CBN-154	768209.08	2183940.55	536.22	321.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
156	11CBN-155	768147.51	2183996.87	527.50	201.50	270	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
157	11CBN-156	768374.18	2184544.12	499.47	300.42	135	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
158	11CBN-157	768190.49	2184042.65	508.87	308.40	270	-84	LA PAILA	2011	DDH	NORTE	Goldgroup
159	11CBN-158	768149.29	2183952.45	535.73	274.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
160	11CBN-159	768277.68	2184249.94	503.50	311.00	90	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
161	11CBN-160	768202.58	2183898.75	522.22	233.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
162	11CBN-161	768380.93	2184505.20	508.26	302.67	90	-45	LA PAILA	2011	DDH	NORTE	Goldgroup
163	11CBN-162	768197.76	2184247.63	484.84	305.40	270	-80	LA PAILA	2011	DDH	NORTE	Goldgroup
164	11CBN-163	768252.55	2184205.32	501.31	356.40	180	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
165	11CBN-164	768100.73	2183952.85	527.40	299.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
166	11CBN-165	768150.35	2183900.01	510.35	367.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
167	11CBN-166	768241.29	2184294.79	505.94	317.35	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
168	11CBN-167	768380.73	2184502.20	508.54	281.33	130	-45	LA PAILA	2011	DDH	NORTE	Goldgroup

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169	11CBN-168	768148.90	2183849.20	499.98	363.70	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
170	11CBN-169	768296.61	2183853.24	514.52	299.78	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
171	11CBN-170	768255.53	2183852.07	536.48	299.62	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
172	11CBN-171	768203.11	2183851.32	505.58	322.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
173	11CBN-172	768338.05	2183863.96	497.48	278.70	90	-75	LA PAILA	2011	DDH	NORTE	Goldgroup
174	11CBN-173	768098.43	2183900.87	511.38	358.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
175	11CBN-174	768097.82	2183848.11	502.10	361.49	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
176	11CBN-175	768200.51	2183801.55	495.94	301.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
177	11CBN-176	768339.00	2183863.16	497.46	249.90	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
178	11CBN-177	768144.85	2183791.83	484.93	388.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
179	11CBN-178	768336.42	2183891.45	497.36	301.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
180	11CBN-179	768337.60	2183891.54	497.24	320.30	90	-81	LA PAILA	2011	DDH	NORTE	Goldgroup
181	11CBN-180	768097.50	2183805.69	486.19	396.42	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
182	11CBN-181	768198.41	2183752.88	484.35	262.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
183	11CBN-182	768050.13	2183847.97	501.99	298.50	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
184	11CBN-183	768337.60	2183891.54	497.24	281.00	90	-50	LA PAILA	2011	DDH	NORTE	Goldgroup
185	11CBN-184	768053.00	2183800.16	487.00	200.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
186	11CBN-185	768129.56	2183943.8	463.35	320.05	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
187	11CBN-186	768214.05	2184000.9	521.96	364.00	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
188	11CBN-187	768021.08	2183943.1	448.44	245.06	0	-90	LA PAILA	2011	DDH	NORTE	Goldgroup
189	12CBN-188	768215.18	2183938.5	492.13	173.60	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
190	12CBN-189	768173.71	2183847.8	454.01	119.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
191	12CBN-190	768214.28	2184002.7	521.89	176.50	90	-75	LA PAILA	2012	DDH	NORTE	Goldgroup
192	12CBN-191	768169.18	2183893.3	460.96	322.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
193	12CBN-192	768070.2	2183895.7	438.12	415.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
194	12CBN-193	768069.14	2183844.5	429.55	396.10	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
195	12CBN-194	768123.25	2183895.3	451.37	154.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
196	12CBN-195	768071.46	2183944.9	450.97	400.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
197	12CBN-196	768020.27	2183894.5	428.87	118.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
198	12CBN-197	768205.97	2183848.3	471.52	123.75	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
199	12CBN-197-A	768204.69	2183846.7	471.55	453.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
200	12CBN-198	768159.78	2184240.8	508.91	353.60	90	-84	LA PAILA	2012	DDH	NORTE	Goldgroup
201	12CBN-199	767970.23	2183893.6	426.15	51.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
202	12CBN-200	768101.37	2184302	479.76	172.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
203	12CBN-201	768199.55	2183746.1	474.6	291.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
204	12CBN-202	768067.16	2184204.6	502.14	224.64	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
205	12CBN-203	768138.79	2184148.2	537.77	433.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
206	12CBN-204	768104.14	2184300.7	480.06	48.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
207	12CBN-205	768128.1	2184543.6	488.68	454.50	90	-65	LA PAILA	2012	DDH	NORTE	Goldgroup
208	12CBN-206	768197.48	2183800.6	465.13	369.58	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
209	12CBN-207	768212.15	2183895.9	478.48	441.80	90	-80	LA PAILA	2012	DDH	NORTE	Goldgroup
210	12CBN-208	768067.52	2184203.5	502.14	233.48	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup

	HOLE_ID	x_27	y_27	Z	LENGTH	AZI	DIP	AREA	YEAR	TYPE	ZONE	COMPANY
211	12CBN-209	768100.44	2184605.7	464.97	322.50	90	-70	LA PAILA	2012	DDH	NORTE	Goldgroup
212	12CBN-210	767970.16	2183894.8	426.24	57.40	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
213	12CBN-211	768200.82	2184599.4	476.42	338.30	90	-70	LA PAILA	2012	DDH	NORTE	Goldgroup
214	12CBN-212	768145.32	2184350.1	485.3	293.60	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
215	12CBN-213	768298.84	2184200.3	496.35	343.50	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
216	12CBN-214	768302.93	2184253.7	486.81	285.29	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
217	12CBN-215	768126.88	2184249.1	495.36	300.20	270	-83	LA PAILA	2012	DDH	NORTE	Goldgroup
218	12CBN-216	767964.13	2183993	458.83	282.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
219	12CBN-217	767967.07	2183946.7	443.13	431.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
220	12CBN-218	768283.1	2184793.4	468.1	360.27	90	-50	LA PAILA	2012	DDH	NORTE	Goldgroup
221	12CBN-219	768324.33	2184243.5	484.36	296.27	90	-45	LA PAILA	2012	DDH	NORTE	Goldgroup
222	12CBN-220	768214.55	2184001.6	521.84	319.80	90	-45	LA PAILA	2012	DDH	NORTE	Goldgroup
223	12CBN-221	768329.97	2184198.8	487.9	310.50	90	-45	LA PAILA	2012	DDH	NORTE	Goldgroup
224	12CBN-222	768314.32	2184407.9	485.41	250.40	90	-40	LA PAILA	2012	DDH	NORTE	Goldgroup
225	12CBN-223	768213.35	2184001.6	521.8	339.70	90	-75	LA PAILA	2012	DDH	NORTE	Goldgroup
226	12CBN-224	768307.83	2184688.6	481.44	331.10	90	-75	LA PAILA	2012	DDH	NORTE	Goldgroup
227	12CBN-225	768098.9	2184447.9	461.51	272.10	270	-79	LA PAILA	2012	DDH	NORTE	Goldgroup
228	12CBN-226	768312.75	2184346.5	483.25	289.00	90	-49	LA PAILA	2012	DDH	NORTE	Goldgroup
229	12CBN-227	768262.52	2184406.6	496.57	301.50	90	-77	LA PAILA	2012	DDH	NORTE	Goldgroup
230	12CBN-228	768318.8	2184650.7	511.81	323.30	90	-30	LA PAILA	2012	DDH	NORTE	Goldgroup
231	12CBN-230	768307.21	2184915.2	461.97	268.40	90	-45	LA PAILA	2012	DDH	NORTE	Goldgroup
232	12CBN-231	768159.68	2184240.3	508.79	332.00	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
233	12CBN-232	768310.19	2184600.6	513.33	372.10	90	-30	LA PAILA	2012	DDH	NORTE	Goldgroup
234	12CBN-233	768339.67	2184758.2	499.23	271.30	45	-45	LA PAILA	2012	DDH	NORTE	Goldgroup
235	12CBN-234	768121.94	2183895.2	451.42	105.30	0	-90	LA PAILA	2012	DDH	NORTE	Goldgroup
236	12CBN-235	768351.07	2184701.5	508.04	250.10	90	-30	LA PAILA	2012	DDH	NORTE	Goldgroup

APPENDIX II Mineralized intervals from 55 new holes drilled during first half of 2012. Holes 11CBN-179 to 181, 11CBN-183, 11CDN-185 to 12CDN-190 to 12CBN-235 (Composited with 0.2 g/t Au cut-off, 0.2 metre minimum sample, and 4 metre maximum barren interval)

HOLE-ID	FROM m	TO m	LENGTH m	AU_G/T	AG_G/T
11CBN-179	23.28	41.28	18	0.358	0.9
11CBN-179	63.28	65.28	2	0.214	1.6
11CBN-179	111.28	140.3	29.02	0.614	2
11CBN-180	61.05	62.25	1.2	0.28	0.2
11CBN-180	213.25	225.25	12	0.277	0.8
11CBN-180	273.25	275.25	2	0.461	1.1
11CBN-180	291.25	293.25	2	0.737	0.3
11CBN-180	377.25	396.42	19.17	0.563	3.4
11CBN-181	48	51	3	0.235	0.1
11CBN-181	238.95	246.95	8	0.326	5.2
11CBN-181	258.95	262.5	3.55	2.058	12.4
11CBN-183	27.3	45.3	18	1.285	0.9
11CBN-183	55.3	61.3	6	0.186	0.5
11CBN-183	89.3	149	59.7	1.078	0.8
11CBN-184	449.24	452.93	3.69	2.971	2.5
11CBN-186	233.4	237.55	4.15	0.825	14.8
11CBN-186	251.04	267.18	16.14	0.44	2.2
11CBN-186	289	292.7	3.7	0.295	0.5
11CBN-187	186.05	192.05	6	0.488	1.3
12CBN-191	247.5	262.5	15	0.323	6.6
12CBN-191	267.2	274.7	7.5	0.293	1.5
12CBN-191	280.5	286.5	6	0.487	0.4
12CBN-191	292.1	294.1	2	1.325	1.5
12CBN-191	311.1	313.5	2.4	0.235	0.1
12CBN-191	318.75	322.5	3.75	0.5	0.1
12CBN-192	233.05	239.05	6	0.201	2.8
12CBN-192	243.26	255.95	12.69	0.51	2.8
12CBN-192	309.5	311.5	2	0.269	0.7
12CBN-192	319.5	340.5	21	1.375	3
12CBN-192	361.5	382.5	21	0.364	1.2
12CBN-195	196.5	198.5	2	0.283	2.3
12CBN-195	296.5	298.5	2	0.309	0.4
12CBN-195	356.5	358.5	2	0.28	0.6
12CBN-195	372.5	391	18.5	0.794	6.4
12CBN-197	48	51	3	0.229	0.1
12CBN-197-A	357.05	359.05	2	0.24	0.4
12CBN-198	99.9	113.65	13.75	2.372	0.7
12CBN-198	125.3	129.24	3.94	0.591	0.3
12CBN-198	145.24	151.24	6	0.241	0.2
12CBN-198	159.25	260.3	101.05	0.518	1.1

HOLE-ID	FROM m	TO m	LENGTH m	AU_G/T	AG_G/T
12CBN-198	268.3	282.3	14	0.277	1.1
12CBN-198	286.6	298.95	12.35	0.497	1.5
12CBN-198	305.1	313.1	8	0.276	1.3
12CBN-198	322.55	324.55	2	0.442	0.1
12CBN-202	14.33	17.37	3.04	0.301	0.1
12CBN-203	293.5	295.5	2	0.277	0.8
12CBN-203	372.5	374.5	2	0.472	0.1
12CBN-203	394.5	406.5	12	0.456	2.2
12CBN-203	411.5	419	7.5	0.168	0.9
12CBN-205	97.8	111.3	13.5	0.219	0.1
12CBN-205	262.65	267.8	5.15	0.701	8.3
12CBN-205	320.2	322.2	2	0.227	1
12CBN-205	340.6	342.6	2	0.288	5.1
12CBN-205	358.3	360.3	2	0.601	7.8
12CBN-207	260.1	270.4	10.3	0.432	0.8
12CBN-207	275.7	277.7	2	0.385	1.5
12CBN-212	143.5	144.5	1	0.211	0.1
12CBN-212	154	165.7	11.7	0.953	1.6
12CBN-213	39	41.1	2.1	0.469	1.4
12CBN-213	199.26	201.63	2.37	0.377	1.2
12CBN-213	208.5	222.5	14	0.279	0.7
12CBN-213	271.5	274.5	3	0.504	1.2
12CBN-214	89.3	131.75	42.45	0.379	3.4
12CBN-214	147.9	151.9	4	0.285	0.5
12CBN-214	170.7	176.7	6	0.191	0.6
12CBN-214	210	214	4	0.368	1
12CBN-214	224	230	6	0.286	1.2
12CBN-214	260.7	264.25	3.55	0.903	1
12CBN-216	233.7	237.95	4.25	0.427	2
12CBN-216	270.11	273.11	3	0.227	0.1
12CBN-216	279	282	3	1.43	2.3
12CBN-217	183.6	195.6	12	0.386	0.2
12CBN-217	327.6	329.6	2	0.462	2.2
12CBN-217	381.6	383.6	2	0.223	1.3
12CBN-217	391.6	399.6	8	0.266	1.8
12CBN-218	107.2	108.6	1.4	0.226	1.6
12CBN-219	41.25	60.5	19.25	0.306	1
12CBN-219	70	95	25	0.651	2.1
12CBN-219	103	111	8	0.188	0.2
12CBN-219	125.1	137.1	12	0.17	0.6

HOLE-ID	FROM m	TO m	LENGTH m	AU_G/T	AG_G/T
12CBN-220	264.6	291.6	27	0.682	1.4
12CBN-221	70.8	106.5	35.7	0.763	0.9
12CBN-221	120.5	129	8.5	1.196	0.7
12CBN-221	133.3	135.3	2	0.237	1.6
12CBN-221	145.95	157.95	12	0.262	0.5
12CBN-221	169.95	171.95	2	0.286	0.5
12CBN-222	82.6	176.6	94	1.24	3.3
12CBN-226	67.3	214.6	147.3	0.572	3.6
12CBN-227	102.8	166.8	64	0.482	0.8
12CBN-227	174.8	180.8	6	0.227	0.7
12CBN-227	198.8	200.8	2	0.321	2.4
12CBN-227	208.8	226.8	18	0.289	1.1
12CBN-227	232.8	236.8	4	0.28	0.8
12CBN-227	244.8	252.8	8	0.204	1.9
12CBN-227	290.8	292.8	2	0.305	1.8
12CBN-228	118.16	157.16	39	0.518	4.5
12CBN-228	167.16	169.16	2	0.279	0.1
12CBN-228	191.16	193.16	2	0.403	0.2
12CBN-228	211.16	213.16	2	0.23	0.4
12CBN-228	227.7	237.7	10	0.279	0.2
12CBN-228	251	256.2	5.2	1.152	0.1
12CBN-228	278	282.9	4.9	0.327	0.3
12CBN-230	145.8	146.75	0.95	0.205	0.1
12CBN-231	106.35	122.44	16.09	0.417	0.4
12CBN-231	139.8	145.8	6	0.651	0.2
12CBN-231	176.25	255.92	79.67	0.758	1
12CBN-231	269.92	273.8	3.88	0.232	0.8
12CBN-231	280	284	4	0.539	0.9
12CBN-231	290	292	2	0.204	0.7
12CBN-231	313.1	319	5.9	0.251	0.2
12CBN-232	42.55	133.1	90.55	1.082	1.9
12CBN-232	147.1	149.1	2	0.411	0.9
12CBN-232	155.6	183.6	28	0.746	2.8
12CBN-232	189.6	191.6	2	0.204	1.3
12CBN-232	199.6	204.12	4.52	0.475	0.8
12CBN-232	254.12	256.12	2	0.206	0.3
12CBN-232	269.7	280.55	10.85	0.366	0.6
12CBN-232	305	314.15	9.15	1.15	0.3
12CBN-232	320.25	328.35	8.1	0.302	0.2
12CBN-232	334.35	336.35	2	0.596	0.3

HOLE-ID	FROM m	TO m	LENGTH m	AU_G/T	AG_G/T
12CBN-232	343.02	344.73	1.71	0.226	0.1
12CBN-232	369.05	372.1	3.05	0.227	0.2
12CBN-233	34.8	40.8	6	0.797	0.2
12CBN-235	51.85	59.5	7.65	0.291	0.7
12CBN-235	82.35	141.9	59.55	0.462	4.1
12CBN-235	153.9	155.5	1.6	0.214	0.4
12CBN-235	162.6	166.6	4	0.218	0.3
12CBN-235	176.6	183.85	7.25	0.515	0.6