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**NI 43-101 TECHNICAL REPORT  
AND  
UPDATED MINERAL RESOURCE ESTIMATE  
ON THE  
EL TIGRE PROJECT  
SONORA, MEXICO**

**FOR**

**OCEANUS RESOURCES CORP.**

**LAT 30°35'15" N LONG 109°13'23"W  
UTM WGS84 12R 670,380mE 3,385,230mN**

**NI-43-101 & 43-101F1  
TECHNICAL REPORT**

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**P&E Mining Consultants Inc.,  
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## 1.0 SUMMARY

Oceanus Resources Corp. (“Oceanus” or the “Company”) retained P&E Mining Consultants Inc. (“P&E”) to complete an independent National Instrument 43-101 (“NI 43-101”) Technical Report and Updated Mineral Resource Estimate on the El Tigre Property (the “Property”), located in the Sonora State of Mexico. The Mineral Resource Estimate considers gold and silver mineralization at the El Tigre Property that is potentially amenable to open pit and underground mining.

The El Tigre Property covers 21,842.78 hectares (218 km<sup>2</sup>) and consists of eight contiguous Federal mining concessions: the Tigre Suertudo (66 ha), El Aguila (38 ha), La Fundadora (20 ha), Jorge (288.48 ha), Nik1 Fraccion 1 (21,156.3 ha), Nik1 Fraccion 2 (50 ha), La Cabrina Fraccion 1 (36 ha) and La Cabrina Fraccion2 (188 ha). The Company, through its affiliate Pacemaker Silver Mining SA de C.V. (“Pacemaker”), owns 100% of the El Tigre Property.

Access to the El Tigre Property is via a 45 km dirt road from the town of Esqueda with a population of 6,749 (2010). The Property is 236 km northeast of Hermosillo, Sonora and 230 km southeast of Tucson, Arizona. El Tigre is approximately 40 km northeast of the La Caridad Mine, a large, open pit copper mine.

The Property hosts the past-producing Lucky Tiger Mine that operated intermittently producing gold and silver between 1903 and 1938. Modern exploration was initiated in 1981 by Anaconda Minerals Company through its wholly owned subsidiary Cobre de Hercules (Cobre). Anaconda’s exploration efforts lasted 29 months and ended around the time Anaconda shut down all mining and exploration activities.

The Sierra El Tigre is one of the large mountain ranges that are part of the Basin and Range Province that is found from northern Nevada to Zacatecas and Jalisco in Mexico. The Sierra El Tigre is part of the massif of the Sierra Madre Occidental and was formed during Cenozoic extensional faulting, which consists of northerly-trending horsts and grabens. Pre-Cenozoic granite and limestone are the oldest rocks exposed in the range and are overlain by remnants of the vast Tertiary rhyolite ignimbrite field of the Sierra Madre Occidental.

Silver, gold, lead, zinc, and copper mineralization occurs in the El Tigre District mostly in fissure veins within a narrow, north-trending belt approximately 5.3 kilometres long. The district contains nine known veins. These include the Sooy, El Tigre, Seitz-Kelly and Combination Veins in the southern area and the Aquila, Caleigh, Fundadora, Protectora and Escondida Veins in the northern portion of El Tigre. Silver and gold mineralization in the El Tigre area occurs in both the fissure veins and in a low grade stockwork halo near the veins.

The veins formed along structurally prepared fissures that generally dip steeply to the west. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides with silicified or argillized fragments of host rock. Gold in minor amounts is associated with copper-silver sulfides. The mineralization occurs in discontinuous lenses of elongated high-grade sulfides along the veins and as low-grade impregnations in the vein gangue material. In order of abundance, mineralization consists of pyrite, sphalerite, galena, argentiferous galena, chalcopyrite, tetrahedrite, and covellite. The vein host rocks exhibit adularia replacement, with minor silicification, argillization, and propylitization. The veins at El Tigre closely resemble those forming quartz-adularia, low sulphidation epithermal deposits.

Exploration by El Tigre Silver Corporation and Oceanus has included channel sampling of surface mineralization and underground workings, sampling of historical tailings, IP geophysics and diamond drilling. Between 1982 and 2013 Anaconda, Mineras Cordilleras and El Tigre Silver Corporation completed a total of 18,113.7 m of drilling. In 2016 to 2017 Oceanus completed 62 diamond drillholes for a total of 11,923.1 m.

Mr. David Burga, P.Ge., a qualified person under the terms of NI 43-101, conducted a site visit of the Property from January 19 to 21, 2016. Mr. Fred Brown, P.Ge., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Property from June 19 to 20, 2016 and May 24 to 25, 2017.

Mr. Yungang Wu, P.Ge., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Property from July 13 to 14, 2017. Data verification sampling programs were conducted as part of the on-site review. General data acquisition procedures, core logging procedures and quality assurance/quality control (QA/QC) were discussed during the visits. P&E has reviewed sampling procedures for the drilling programs carried out by Oceanus and it is P&E's opinion that the sampling method, analyses and security were sufficient to ensure robust results for use in the Mineral Resource Estimates.

Mr. Burga collected 13 verification samples from 13 diamond drillholes and eight tailings samples in January of 2016. Mr. Brown collected 12 verification samples from five diamond drillholes in May of 2017. Mr. Wu collected 25 verification samples in July of 2017 from one diamond drillhole and underground tunnels. Drill core samples were collected by taking the half core remaining in the core box to independently confirm the presence and tenor of gold mineralization and taken by P&E representatives to ALS Minerals (ALS) in Hermosillo, Mexico for preparation and analysis. P&E considers that there is good correlation between gold and silver assay values in the Oceanus database and the independent verification samples collected by P&E and analyzed at ALS. It is P&E's opinion that the data are of good quality and appropriate for use in the current Mineral Resource Estimate.

The Mineral Resources presented herein are comprised of three distinct areas: the El Tigre Veins, Fundadora Veins, and the El Tigre Tailings. The data used to define the El Tigre Mineral Resource consists of 120 unique drillhole collar records and 17,123 assay records. A total of 1,239 historical chip sample records were also available. Historical underground chip samples were used to define the vein limits only and not to estimate grades for the El Tigre Veins. The data used to define the Fundadora Vein system consists of sixteen historical drillholes, four Oceanus drillholes, and 585 Oceanus underground channel sample traverses, representing 605 unique collar records and 4,373 assay records. Underground channel sample traverses have been treated as drillholes for the purposes of Fundadora Vein modeling.

Hanging wall and footwall contacts for the El Tigre and Seitz-Kelly Veins were identified from drillhole logs using historical records, drilling logs identifying void intersections, underground sampling locations, and a nominal 0.30 g/t AuEq assay cut-off. Oceanus geologists have identified a low-grade mineralization halo around the El Tigre Vein, confined primarily to the Tigre Formation. For the low-grade mineralization halo, a three-dimensional mineralized solid was generated within or adjacent to the Tigre Formation based on a nominal cut-off of 0.30 g/t AuEq and aligned with the general orientation of the El Tigre Vein. The Fundadora modelled area consists of the Aquila, Caleigh, Fundadora and Protectora Veins.

A total of 978 bulk density measurements were collected from drillhole core by Oceanus for the El Tigre domain and the resulting average bulk density of 2.44 tonnes per cubic metre was used for the El Tigre Mineral Resource Estimate. The same value was used for the Fundadora Mineral Resource Estimate. In order to ensure equal sample support a compositing length of 1.50 m was selected for Mineral Resource Estimate for the El Tigre domains and 1.0 m for the Fundadora domains. Grade capping analysis was conducted on the composited grade intervals in order to evaluate the potential influence of extreme values during grade estimation. The presence of high-grade outliers was identified by examination of histograms and log-probability plots. Composites were capped to the selected value prior to grade estimation. For the El Tigre domains an additional range restriction of 100 m was placed on Au composites of 5.0 g/t or higher, and on Ag composites of 500 g/t or higher.

An orthogonal block model was established across the property with the block model limits selected so as to cover the extent of the vein structures and reflect the generally narrow widths of the mineralized zone. The block model consists of separate models for estimated grades, rock code, volume percent, density and classification attributes. All block grades were estimated using anisotropic Inverse Distance cubed (“ID3”) weighting of between four and twelve capped composite grades from two or more drillholes within the applicable wireframe. A gold-equivalent (“AuEq”) model was calculated directly from the estimated block grades, based on a AuEq ratio of 1:84.

Mineral Resources in the El Tigre and Fundadora domains estimate are based on the approximate two year trailing average metal prices of US\$1,250/oz Au and US\$17/oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and US\$45/t for underground were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t. Pit optimization slopes were 50 degrees. An Open Pit Mineral Resource has been constrained within an optimized pit shell, and only blocks above cut-off and within the pit shell have been reported. Underground Mineral Resources have been tabulated beneath the optimized pit shell.

P&E considers that the information available for the El Tigre and Fundadora Vein Deposits demonstrates consistent geological and grade continuity, and satisfies the requirements for a Mineral Resource Estimate. Known areas of historical mining were depleted from the block model.

For the El Tigre Tailings Mineral Resource Estimation, the supplied drillhole database contains 53 Hollow Stem Auger drillhole collar records and 277 associated assay records. An additional 95 pit and trench records were used for determination of the lithological boundaries, however, were not used for grade estimation. P&E has used a bulk density of 1.60 t/m<sup>3</sup>, being the bulk density of dry sand, for the tailings Mineral Resource estimation. A total of 71% of the samples are exactly 1.50 m in length, and assay sample lengths were therefore not composited prior to grade estimation. Grade capping analysis was conducted to evaluate the potential influence of extreme values during estimation and tailings assay samples were capped to 1.0 g/t Au and 100 g/t Ag prior to estimation. All block grades were estimated using Inverse Distance Squared (“ID2”) linear weighting of the nearest four to twelve capped assay samples from two or more drillholes. Ag and Au grades were estimated separately. The cut-off of 0.37 g/t AuEq used is based on a total operating cost of \$10.30/tonne, gold recovery of 78% and silver recovery of 70%.

P&E's NI 43-101 Mineral Resource Estimate for the El Tigre and Fundadora Veins and the El Tigre Tailings on the El Tigre Property includes Indicated Resources of 661,000 Gold Equivalent Ounces and Inferred Resources of 341,000 Gold Equivalent Ounces. The effective date of this Mineral Resource Estimate is September 7, 2017. The Mineral Resource Estimate has been prepared in compliance with NI 43-101 and Form 43-101F1 which require that all estimates be prepared in accordance with the "CIM Definition Standards on Mineral Resources and Mineral Reserves as prepared by the CIM Standing Committee on Reserve Definitions" and in effect as of the effective date of this report.

**TABLE 1.1**  
**EL TIGRE PROJECT MINERAL RESOURCE ESTIMATE<sup>(1-11)</sup>**

Zone	Class	AuEq Cut-Off g/t	Tonnes (000's)	Ag g/t	Ag ozs (000's)	Au g/t	Au ozs (000's)	AuEq g/t	AuEq ozs (000's)
El Tigre Constrained Pit1	Indicated	0.20	25,170	15	11,906	0.51	416	0.69	559
	Inferred	0.20	2,791	12	1,093	0.38	34	0.52	47
El Tigre Underground	Indicated	1.50	207	156	1,041	0.46	3	2.33	16
	Inferred	1.50	11	82	29	1.27	0	2.26	1
Fundadora Constrained Pit2	Indicated	0.20	451	167	2,428	0.93	14	2.94	43
	Inferred	0.20	1,774	150	8,554	0.69	39	2.49	142
Fundadora Underground	Indicated	1.50	80	118	306	1.03	3	2.45	6
	Inferred	1.50	2,003	140	9,044	0.60	38	2.28	147
Sub Total Indicated		0.20, 1.50	25,908	19	15,681	0.52	436	0.75	624
Sub Total Inferred		0.20, 1.50	6,579	89	18,720	0.52	111	1.59	337
El Tigre Tailings <sup>3</sup>	Indicated	0.37	939	78	2,345	0.27	8	1.21	37
	Inferred	0.37	101	79	254	0.27	1	1.22	4
<b>Total Indicated</b>		<b>0.20,0.37,1.50</b>	<b>26,847</b>	<b>21</b>	<b>18,026</b>	<b>0.51</b>	<b>444</b>	<b>0.77</b>	<b>661</b>
<b>Total Inferred</b>		<b>0.20,0.37,1.50</b>	<b>6,680</b>	<b>88</b>	<b>18,974</b>	<b>0.52</b>	<b>112</b>	<b>1.59</b>	<b>341</b>

- (1) El Tigre Deposit Mineral Resources are comprised of the El Tigre and Seitz Kelly Veins.
- (2) Fundadora Deposit Mineral Resources are comprised of the Aquila, Fundadora, Protectora and Caleigh Veins.
- (3) El Tigre Tailings Deposit Mineral Resources are comprised of the tailings from the former El Tigre operation.
- (4) Mineral Resources are reported within a constraining pit shell.
- (5) The Mineral Resource Estimate is reported in accordance with the Canadian Securities Administrators National Instrument 43-101 and has been estimated using the CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and CIM "Definition Standards for Mineral Resources and Mineral Reserves.
- (6) Au:Ag ratio = (\$1250/\$17)/(70% Ag Rec/80% Au Rec)= 84:1 Therefore, AuEq=(Ag/84) + Au
- (7) Mineral Resources in this estimate are based on approx. two year trailing average metal prices of US\$1,250 oz Au and US\$17 /oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and \$45/t for underground and tailings mining costs of US\$5.50/t were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t and 0.37g/t. Pit optimization slopes were 50 degrees
- (8) The Mineral Resource Estimate uses drillhole data available as of September 1, 2017.
- (9) Totals may not add correctly due to rounding.
- (10) 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.
- (11) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.

The El Tigre Project contains a significant precious metal Mineral Resource and P&E recommends that Oceanus proceed with additional drilling. The drilling should be a combination of step out drilling to extend the limits of known mineralization plus infill drilling to increase the confidence level of Mineral Resources, particularly on the Fundadora. Oceanus should also proceed with further metallurgical testwork to confirm expectations based on previous limited metallurgical investigations of the El Tigre Project Deposits.

A program budgeted at USD\$6M is presented in Table 1.2

<b>TABLE 1.2 RECOMMENDED PROGRAM AND BUDGET</b>			
<b>Program</b>	<b>Units (m)</b>	<b>Unit Cost (US\$/m)</b>	<b>Budget US\$</b>
<b>Phase 1 – Step out drilling near known resource area</b>	5,000	200	1,000,000
- Geophysical IP survey			150,000
- Road and drill pad construction			250,000
- Metallurgical Study			250,000
- Consultants			200,000
- Structural mapping program			150,000
<b>Phase 1 Subtotal</b>			<b>2,000,000</b>
<b>Phase 2 – Step out drilling along trend of Protectora, Caleigh, Fundadora, Santa Maria</b>	15,000	200	3,000,000
- Metallurgical Study			350,000
- Environmental Baseline Study			350,000
- Consultants			300,000
<b>Phase 2 Subtotal</b>			<b>4,000,000</b>
<b>Total</b>	<b>20,000</b>		<b>6,000,000</b>

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

### **2.1 TERMS OF REFERENCE**

Oceanus Resources Corporation retained P&E Mining Consultants Inc. (“P&E”) to complete an updated, independent NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Property, located in the State of Sonora in Mexico. The Resource Estimate considers gold and silver mineralization at the El Tigre Property that is potentially amenable to open pit and underground mining.

The current P&E Mineral Resource Estimate presented in this Technical Report has been prepared in full conformance and compliance with the “CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines” as referred to in NI 43-101 and Form 43-101F, Standards of Disclosure for Mineral Projects and in force as of the effective date of this Technical Report.

This Technical Report was prepared by P&E, at the request of Mr. Glenn Jessome, President and CEO of Oceanus Resources Corporation, a company incorporated pursuant to the Canada Business Corporations Act, trading under the symbol of “OCN” on the TSX-V Exchange with its corporate office at:

Suite 2108, 1969 Upper Water St.  
Purdy's Wharf Tower II  
Halifax, NS  
Canada  
B3J 3N2

This Technical Report is considered current as of September 7, 2017.

Mr. David Burga, P.Geo., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Property from January 19 to 21, 2016. Mr. Fred Brown, P.Geo., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Property on from June 19 to 20 2016 and May 24 to 25, 2017. Mr. Yungang Wu, P.Geo., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Property from July 13 to 14, 2017. Data verification sampling programs were conducted as part of the on-site review.

### **2.2 SOURCES OF INFORMATION**

This Technical Report is based, in part, on internal company technical reports, and maps, company letters, memoranda, public disclosure and public information as listed in the References at the conclusion of this Technical Report. Sections from reports authored by other consultants have been directly quoted or summarized in this Technical Report, and are so indicated where appropriate.

The present Technical Report is prepared in accordance with the requirements of NI 43-101 and in compliance with Form NI 43-101F1 of the Ontario Securities Commission (OSC) and the Canadian Securities Administrators (CSA). The Mineral Resource Estimate is prepared in compliance with the CIM Definitions and Standards on Mineral Resources and Mineral Reserves that are in force as of the effective date of this Technical Report.

## 2.3 UNITS AND CURRENCY

Unless otherwise stated all units used in this report are metric. Gold (Au) and Silver (Ag) assay values are reported in grams of metal per tonne (“g/t Au”). Values reported in Au, based on a Au price of US\$1250/oz which was the approximate two year trailing average at Aug 31, 2017. The US\$ is used throughout this report unless otherwise specified.

The coordinate system used by Oceanus for locating and reporting drillhole information is the UTM system. The property is in UTM Zone 12 and the WGS84 datum is used. Maps in this Report use the UTM coordinate system.

The following list shows the meaning of the abbreviations for technical terms used throughout the text of this report.

<b>Abbreviation</b>	<b>Meaning</b>
“AAS”	atomic absorption spectrometry
“Ag”	silver
“As”	arsenic
“Au”	gold
“ALS”	ALS Geochemistry
“CIM”	Canadian Institute of Mining, Metallurgy and Petroleum
“cm”	centimetre(s)
“DDH”	diamond drillhole
“DGPS”	differential global positioning system
“ETS”	El Tigre Silver Corporation
“g/t”	grams per tonne
“gal/min”	gallons per minute
“ha”	hectare(s)
“HRC”	Hard Rock Consulting
“ICP”	inductively coupled plasma
“km”	kilometre(s)
“l/min”	liters per minute
“m”	metre(s)
“Ma”	millions of years
“NI”	National Instrument
“NSR”	Net Smelter Royalty
“OSC”	Ontario Securities Commission
“oz”	Troy ounce
“Pacemaker”	Pacemaker Silver Mining S.A. de C.V.
“QA”	Quality assurance
“QC”	Quality control
“RC”	Reverse Circulation
“t”	metric tonne(s)
“tpd”	Tonnes per day
“Talaman”	Compania Minera Talaman S.A. de C.V.
“USD”	United States dollar
“UTM”	Universal Transverse Mercator

### **3.0 RELIANCE ON OTHER EXPERTS**

P&E has assumed, and relied on the fact, that all the information and existing technical documents listed in the References section of this Technical Report are accurate and complete in all material aspects. While we carefully reviewed all the available information presented to us, we cannot guarantee its accuracy and completeness. We reserve the right, but will not be obligated to revise our Report and conclusions if additional information becomes known to us subsequent to the date of this Technical Report.

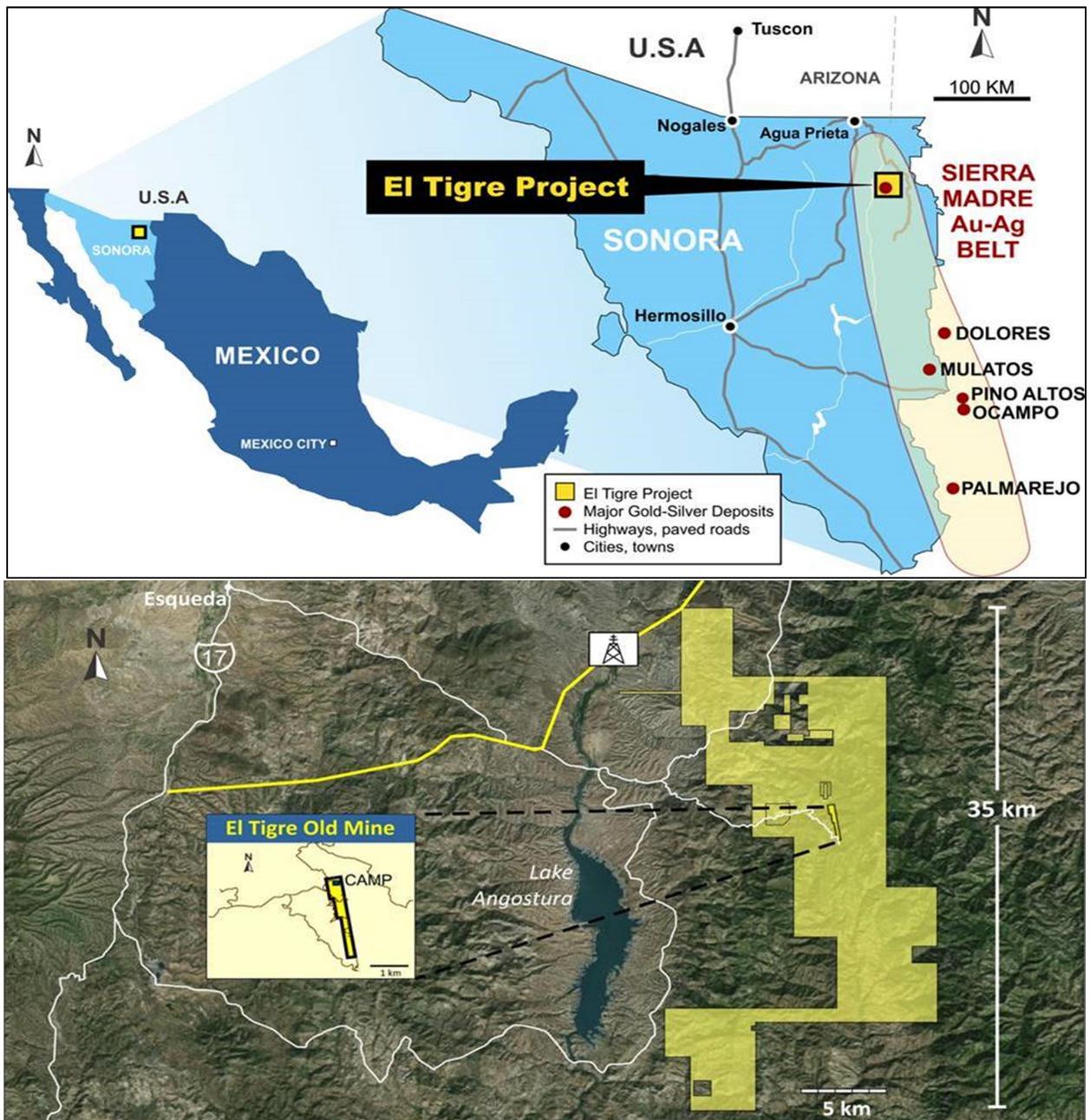
Copies of the tenure documents, operating licenses, permits, and work contracts were not reviewed. Information on tenure was obtained from Oceanus and included a legal due diligence opinion dated September 7, 2017 supplied by Oceanus' Mexican legal counsel, BGM Consultores Legales. P&E has relied upon tenure information from Oceanus and has not undertaken an independent detailed legal verification of title and ownership of the El Tigre Project. P&E has not verified the legality of any underlying agreement(s) that may exist concerning the licenses or other agreement(s) between third parties but has relied on, and believes it has a reasonable basis to rely upon Oceanus to have conducted the proper legal due diligence.

A draft copy of this Technical Report has been reviewed for factual errors by Oceanus and P&E has relied on Oceanus's historical and current knowledge of the Property in this regard. Any statements and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false and misleading at the date of this Technical Report.

#### 4.0 PROPERTY DESCRIPTION AND LOCATION

The El Tigre Property is located in the Sierra El Tigre area of northeastern Sonora State, Mexico. The Property is approximately 90 km south-southeast of the border town of Agua Prieta. From Agua Prieta, the El Tigre Property can be reached by driving 75 km south along Mexican Highway 17 to the town of Esqueda, and 45 km east from Esqueda over dirt road to the El Tigre camp. The Property is centered at 30°35'15" north latitude and 109°13'23" west longitude on the Colonia Oaxaca 1:50,000 topographic map sheet (H12B66) of the Servicio Geologica Mexicano (SGM). The Property is comprised of eight Mexican Federal mining concessions totalling 21,842.78 ha (Table 4.1). The location of the Property is presented in Figure 4.1.

Figure 4.1 El Tigre Property Location Maps



(Source: Oceanus)

## 4.1 MEXICAN MINERAL POLICY

Mining exploration in Mexico is regulated by the Mining Law of 1992, amended in 2005, which establishes that all minerals are owned by the Mexican nation and that private parties may exploit such minerals (except oil, gas and nuclear fuel minerals) through mining licenses, or concessions granted by the federal government.

A mining concession gives the holder both exploration and exploitation rights subject to the payment of relevant taxes. Mining concessions have a term of 50 years from the date the exploration or exploitation concession was registered and are renewable for an additional 50 year term. Concessions may be granted to (or acquired by, since they are transferable) Mexican individuals, local communities with collective ownership of the land, known as “ejidos”, and companies incorporated in Mexico in accordance with Mexican law.

Mining concessions must be registered with the Registro Público de Minería as either an exploration, exploitation, or beneficial plant concession. The 2005 amendment changed the term of exploration concessions from 6 years to 50 years, matching the term granted for exploitation concessions. The amendment also allowed for exploration concessions to be renewed for an additional 50-year term.

Mexican mining law requires a concession applicant to hire a licensed land surveyor (a “Perito Minero”) to locate the corners and boundaries of the concession with respect to a substantial physical concession location monument (a “punto partido”). The punto partido is constructed at a prominent location within the concession by the applicant. It is painted white and then name of the claim is painted, engraved or affixed in some other permanent manner to it. The land surveyor locates the Punto Partido in UTM coordinates with a specified datum. The corners of the concession are surveyed in UTM coordinates using the Punto Partido as the principal reference point. The survey data collected becomes the legal description of the concession with the concession is granted. After the concession has been granted, the concession number must be affixed to the Punto Partido. Although some corner markers may become lost or destroyed over time, these locations can be re-established via the Punto Partido, which the owner is obliged to maintain in an identifiable condition.

## 4.2 LAND TENURE

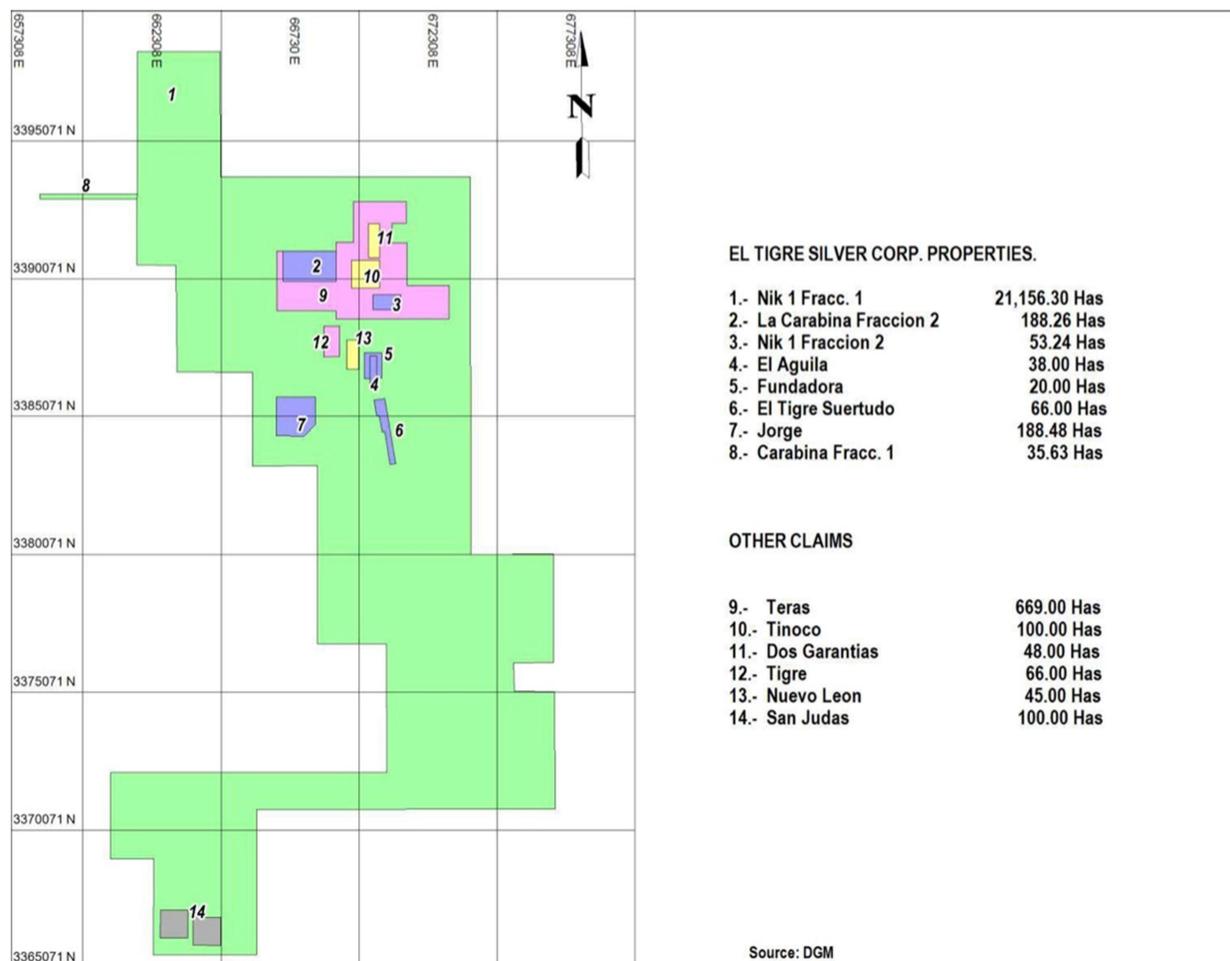
Oceanus acquired the Property in November 2015, through the acquisition of all the issued and outstanding common shares of El Tigre Silver Corporation (“ETS”) whereby each outstanding ETS share was exchanged for 0.2839 of one common share of Oceanus.

Following the acquisition of ETS, Pacemaker, became a 100% indirectly owned Mexican subsidiary of Oceanus. Pacemaker directly holds a 100% interest in four concessions comprising the El Tigre property and indirectly holds 100% interest in the four remaining concessions through 100% ownership of Cia Minera Talaman (“Talaman”)(Table 4.1).

The eight concessions of the El Tigre property are all registered with the Registro Público de Minería as exploitation concessions. BGM Consultores Legales, Oceanus’ Mexican counsel,

have confirmed that as of September 7, 2017 the concessions are in good standing. See Figure 4.2.

**Figure 4.2 El Tigre Mineral Concession Map**



(Source: Black, Z., Choquette, W., 2013)

### 4.3 SURFACE RIGHTS

Under Mexican mining law, tailings revert to the owner of the surface estate once the concession owner who created the tailings allows the concession to lapse. Currently, ownership and responsibility for the tailings at El Tigre belongs to the owner of the surface estate, who is a private land owner. On May 11, 2017, ETS completed full consolidation of the El Tigre property by signing a Lease/Purchase agreement with Martin Lopez Lauterio's executor, Mrs. Maria Angelica Mares Mungaray, for the surface land and tailings from the historic operation of the Lucky Tiger Combination Gold Mining Company. The tailings are located on the El Tigre mining concessions. Under the terms of the Lease/Purchase Agreement, ETS, through its wholly owned Mexican subsidiary, Pacemaker, can process the tailings and extract the contained metal at any time. Under the terms of the agreement, Pacemaker will pay the owner \$1,030,000 USD in 84 equal monthly payments. Pacemaker is also required to pay the owner a fee of either \$0.50 USD, \$1.00 USD, \$1.50 USD or \$2.00 USD per tonne extracted depending on the commercial price of gold (below \$1,300 USD, from \$1,301 USD to \$1,500 USD, from \$1,501 USD to \$1,800 USD, and above \$1,801 USD). Upon reaching commercial production, Pacemaker is

required to pay the owner \$500,000 USD as a bonus payment with the payment to be made in 12 equal monthly installments.

Oceanus controls 21,842.78 ha of mineral rights and has agreements in place with local ranchers sufficient to support a mining operation including areas for mining, leaching, processing and waste rock disposal.

<b>Concession</b>	<b>File #</b>	<b>Title Date</b>	<b>Title #</b>	<b>Type</b>	<b>Area (ha)</b>	<b>Owner</b>
Tigre Suertudo	81/1072	26-06-1981	168334	Exploitation	66	Cia. MineraTalaman
El Aguila	81/7808	26-09-1983	172113	Exploitation	38	Cia. MineraTalaman
La Fundadora	81/7801	28-09-1983	172112	Exploitation	20	Cia. MineraTalaman
Jorge	321.1/4-373	19-12-1991	194087	Exploitation	288.48	Cia. MineraTalaman
Nik1 Fraccion 1	82/30583	5/7/2007	230000	Exploitation	21,156.3*	Pacemaker Silver Mining
Nik1 Fraccion 2	82/30582	5/7/2007	230001	Exploitation	50	Pacemaker Silver Mining
La Carabina Fraccion 1	82/30738	29-03-2007	229274	Exploitation	36	Pacemaker Silver Mining
La Carabina Fraccion 2	82/30738	29-03-2007	229275	Exploitation	188	Pacemaker Silver Mining

#### **4.4 ENVIRONMENTAL LIABILITIES**

The El Tigre mining district is typical of many historic mining districts throughout Mexico, it has numerous open shafts, open stopes, tunnels, old buildings and foundations, tailings, and water draining out of flooded workings. Water drains from the Level 7 portal at an average rate of 38 l/min (10 US gal/min).

There are no known cultural restrictions on exploration activity but it is important to respect the historic mining ruins. A small historic church is near the main camp and is maintained and visited by residents of the region. A graveyard is also present near the main camp and appropriate care will need to be taken to prevent disturbance to the site.

#### **4.5 PERMITTING**

An Environmental Impact Statement (an “informe preventiva”) must be issued, and filed with SEMARNAT, for any expected surface land disturbance, such as road building or mining. This statement must outline the work to be done, state any surface disturbance planned and what measures will be taken to mitigate surface and other environmental disturbances. If SEMARNAT determines that the environmental disturbance will be significant, a reclamation bond may be required before work can resume. If extensive road-building is required, a “Cambio

de Suelos” plan may need to be filed with the Procuraduria Federal de Protección (PROFEPA). Extensive road building is not considered as necessary for exploration at El Tigre. P&E knows of no other factors that may affect access, title or the right to perform work on the El Tigre Property.

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

### **5.1 TOPOGRAPHY, ELEVATION AND VEGETATION**

The El Tigre Property is situated on the western slope of the Sierra El Tigre. Elevation on the property ranges between 1500 and 200 m above sea level and the terrain is mountainous and rugged. Drainage is via tributaries of the Rio Bavispe, many of which are seasonal, through several cliff-forming bedrock formations. Vegetation types are zoned in bands on mountains reflecting increased rainfall and decrease temperatures and areas at higher elevations, with vegetation requiring more water are found above drier vegetation and species richness generally increases at higher elevations. Oak woodlands and pine-oak forests are found at higher elevations and have more species of vegetation than lowland areas. Vegetation varies from the upper Sonoran yucca-ocotillo, to manzanit-oak-pinyon-chaparral.

### **5.2 ACCESS**

Access to the El Tigre Property is via a 45 km dirt road from the town of Esqueda. Large stretches of the road from Esqueda are intermittently maintained by local ranchers on either side of Lake Angostura. Alternate access routes include a crossing at the Lake Angostura dam to the south or at Colonio Morelles or Fresno Ranch to the north. These alternate routes are only viable when the Rio Bavispe is low or dry. Access during the monsoon season is often hindered by flash floods, which periodically wash out sections of road and generally cause rough road conditions.

Road improvements were made during the final 5 km of road leading to the Property to allow safe access of drilling and support equipment. These improvements included grading, widening the road in places, adding fill in spots and installing some ditches and water bars. Although the area is dry for much of the year, provisions have been made for drainage during the monsoon season in order to ensure long term use of the road surface.

### **5.3 CLIMATE**

The climate of the El Tigre area is typical of the Madrean Archipilego/Sky Island Region, which is semi-arid with bi-seasonal precipitation. Winter precipitation is associated with frontal storms coming in from the Pacific Ocean. Winter conditions generally last from October through May with the most intense storms occurring between mid-November through mid-April. Late spring and early summer are typically dry and summer monsoon moisture begins to enter the region in late June to early July. Storms are the result of tropical air flowing over heated mountain terrain with frequent torrential rains occurring during the afternoon and thunderstorms in the evenings.

Temperatures are elevation dependent. In the lowlands, near La Angostura Reservoir, summer temperatures can reach 50°C and winter temperatures as low 0°C are very rare. At the El Tigre camp site, summer temperatures rarely exceed 40°C and winter temperatures can reach as low as

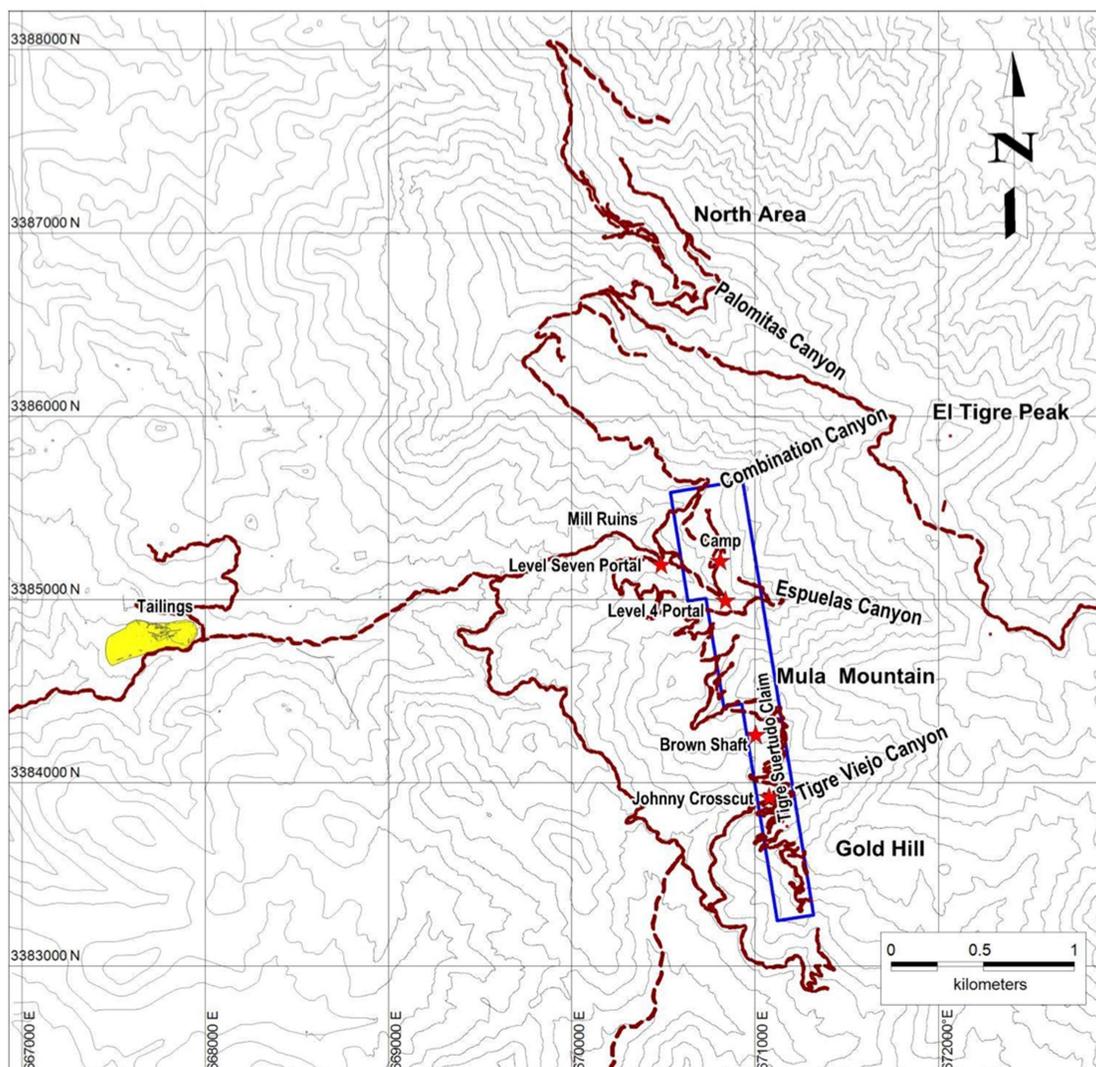
-15°C on the coldest nights. Winter precipitation generally falls as rain but the higher peaks of the Sierra El Tigre are occasionally snow covered.

#### 5.4 LOCAL RESOURCES AND INFRASTRUCTURE

The El Tigre Property is remote with food, fuel and lodging available in Esqueda, a two to three hour drive from the camp. Personnel are lodged at the camp that consists of a 25-person residence including office, shower, bathroom and kitchen facilities. A core logging and storage area are also present. Cellular reception is sporadic around the main camp and although satellite internet equipment is present at the camp, a tower would be required to improve reception.

Supplies can be acquired from Esqueda or other nearby communities with proper planning. Heavy equipment or construction materials may require transport from larger cities like Hermosillo. The general site layout is shown in Figure 5.1.

**Figure 5.1 El Tigre Site Layout**



(Source: Black, Z., Choquette, W., 2013)

## **5.5 POWER**

Electricity at the El Tigre camp is provided by a portable generator. Oceanus will need to upgrade the generators or acquire external power for any future mining operations.

## **5.6 WATER**

Sufficient water for camp, exploration and operating purposes comes from a spring uphill of the camp and from the level 7 workings outflow of about 38 l/m (US 10 gal/min).

## **5.7 MINING PERSONNEL**

Mining personnel can be sourced locally or from Hermosillo. The town of Esqueda, to the west of the camp, has historically supplied labour for the mining activities at El Tigre. Experienced mining and mill personnel can come from the nearby mining towns of Nacozari and Agua Prieta where the La Caridad and the Cananea copper mines operate, respectively.

## 6.0 HISTORY

### 6.1 EARLY EL TIGRE HISTORY

Visible gold was discovered in red hematite, iron-clay gangue near Gold Hill, approximately 1 km south of the present El Tigre Mine. The Lucky Tiger Combination Gold Mining Company of Kansas City, Missouri began mining in 1903. Initial production was focused on gold recovery and switched to silver.

The mineralization was rich enough to warrant direct shipment to the Douglas Smelter in Arizona. A stamp mill, concentrating tables and vanners were constructed on-site to increase the recovery of the lower grade ores. The silver was associated with cerargyrite (silver chloride) and could not be concentrated by this method.

A 100 tpd mill was constructed to use stage crushing with rollers to minimize the loss of slime associated with cerargyrite ore. The new mill in conjunction with the older stamp mill was capable of processing 175 tpd. This operation was profitable for several years.

A 250 tpd cyanide mill was constructed on site in 1911 to treat the tailings from the two older mills. The mineralized material was ground to at least 200 mesh to leach the silver. Copper in the mineralized material significantly increased cyanide consumption, however, by maximizing copper recovery in the concentrating mills, cyanide consumption was reduced and the operation was profitable.

A 65-mile long electrical power line was constructed from the Douglas Smelter in Arizona to the El Tigre process plant in 1911 to power the new process plant and cyanide treatment plant. Tailings were discharged directly into Tigre Canyon during the first year of operating the cyanide leach plant which washed downstream by rains and Lucky Tiger was forced by the Mexican government to develop a tailings impoundment due to downstream cyanide contamination was killing cattle. The tailings impoundment was built in 1912 on a small mesa above the canyon (16.2 ha), approximately two miles west of the process plant. Dam berms were constructed from dried tailings. The impoundment was divided into two cells, one for active storage of wet tailings and one for drying. Lucky Tiger was able to continue operations after the tailings impoundment area was completed.

During the early years of mining, milling and cyanide leaching of the tails, the operation shipped hand-sorted high-grade ore, gravity concentrates and bullion. It was reported that overall silver and gold recovery was 93% to 95%. The feed to the process plant was approximately 30 to 40 opt Ag and 0.10 to 0.15 opt Au. The high-grade hand-sorted mineralized material and gravity concentrate each were about 350 opt Ag and 1.5 opt Au.

In the 1920's, mining at greater depths resulted in less oxidized material and cyanide leaching of the tailings became impractical. The process plant was modified to accommodate a new floatation process and only flotation tailings were discharged.

Mineral Reserves were mainly depleted by 1930 and Lucky Tiger closed the operation in 1931. Operations were resumed with the introduction of unionized labourers. The mine closed permanently in 1938 due to low silver prices, increased union demands and a new 11% production royalty that caused the mine to become uneconomic. Unregulated mining continued

by informal miners, known as gambusinos, and eventually anything of value had been removed from the mine and process plant site.

## **6.2 HISTORY OF EL TIGRE OWNERSHIP**

In the late 1960s, the El Tigre mining concessions and the tailings were acquired by Sr. Higenio Garcia of Agua Prieta, Sonora and were subsequently incorporated into a Mexican mining company known as Cia. Jaleros del Tigre, S.A. de C.V. In 1972, the property was optioned to a U.S.-financed company known as Cia. Minera Sonrisa, S.A. de C.V. Sonrisa conducted a major evaluation of the El Tigre tailings, however, due to the untimely death of one of its principals, did not exercise its option.

Talaman was formed specifically to acquire the El Tigre Properties and tailings. Talaman optioned the property from Jaleros del Tigre in 1978, continued the evaluation of the tailings and commenced preliminary work to put the tailings into production.

In 1981 Anaconda Minerals entered into an option agreement with Talaman to acquire the Property. Anaconda assumed and fulfilled Talaman's contractual obligations to Jaleros del Tigre. The property position was expanded and consolidated. In 1984, citing unsatisfactory exploration results, Anaconda withdrew from the Talaman agreement. Talaman has maintained the property after 1984. Pacemaker Silver Mining S.A. de C.V. ("Pacemaker") acquired Talaman, who holds title to the concessions as of June 24<sup>th</sup>, 2008.

On January 28<sup>th</sup>, 2010, Herdron Capital Corp. (Herdron) a capital pool company listed on the TSX-V exchange, agreed to acquire 100% of the issued and outstanding shares of Pacemaker. Upon completion of the transaction in February 2010, Pacemaker became a wholly-owned subsidiary of Herdron. Upon completion of the acquisition, as agreed, Herdron changed its name to "El Tigre Silver Corp."

## **6.3 ANACONDA**

Modern exploration was initiated in 1981 by Anaconda Minerals Company through its wholly owned subsidiary Cobre de Hercules (Cobre). Their exploration efforts lasted 29 months and ended around the time Anaconda shut down all mining and exploration activities.

The 29-month exploration program included surface geological mapping at 1:10,000 and 1:2,000 scales, underground prospect surveying, underground geological mapping at 1:500 scale, diamond drilling of the vein structures with 22 holes totaling 7,812 metres, 352 metres of exploration drifting at the Fundadora Vein, road rebuilding from Esqueda, drill pad road construction, aerial photography, petrographic studies, tailings surveying, sampling and metallurgical test work of the tailings, maintenance of the legal land status of the concessions, and production of land-controlled photogrammetric base maps.

Anaconda's exploration program was based on three main objectives:

- 1) Identify extensions of known veins for a high-grade underground operation;
- 2) Explore the lower-grade silver mineralization for its bulk tonnage potential; and
- 3) Evaluate the economic viability of reprocessing the tailings.

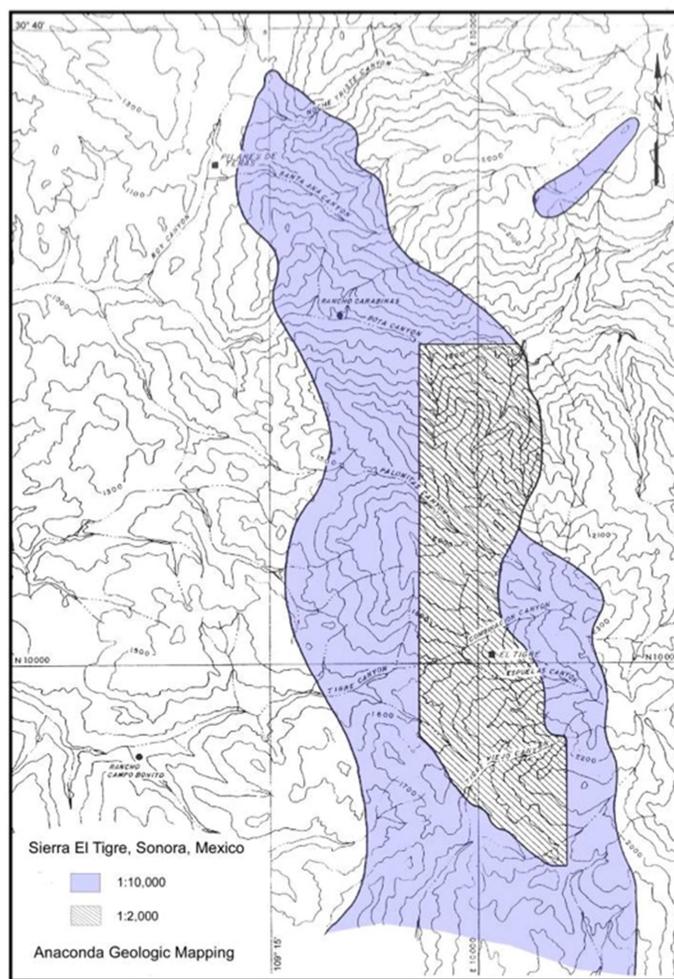
Objective 2 was abandoned early in the program and attention was focused on objectives 1 and 3. Activities were halted in 1984 "due to a lack of sufficiently encouraging results." However, during this time silver prices were fluctuating downward and almost all of Anaconda's exploration activities were halted and Atlantic Richfield Company disbanded Anaconda Minerals Company shortly thereafter.

Much of the technical information produced by Cobre de Hercules, as well as other related information that was held by Anaconda Minerals Company, has been recovered by Pacemaker.

### 6.3.1 Anaconda Mapping

District scale mapping of the area was done between 1981 and 1984. Surface geologic maps of the project area were made at scales of 1:10,000 and 1:2,000, covering an area from slightly south of the El Tigre Suertudo concession, north to the Pilares de Teras area (Figure 6.1). Pacemaker recovered excellent copies of Anaconda's mapping from the Anaconda Collection at the University of Wyoming, and maintains them in project files. Pacemaker has converted scans of both the Anaconda 1:10,000 and 1:2,000 scale geologic maps into precise AutoCAD drawings.

**Figure 6.1 Anaconda Geological Mapping Coverage, El Tigre Project**



(Source: Black, Z., Choquette, W., 2013)

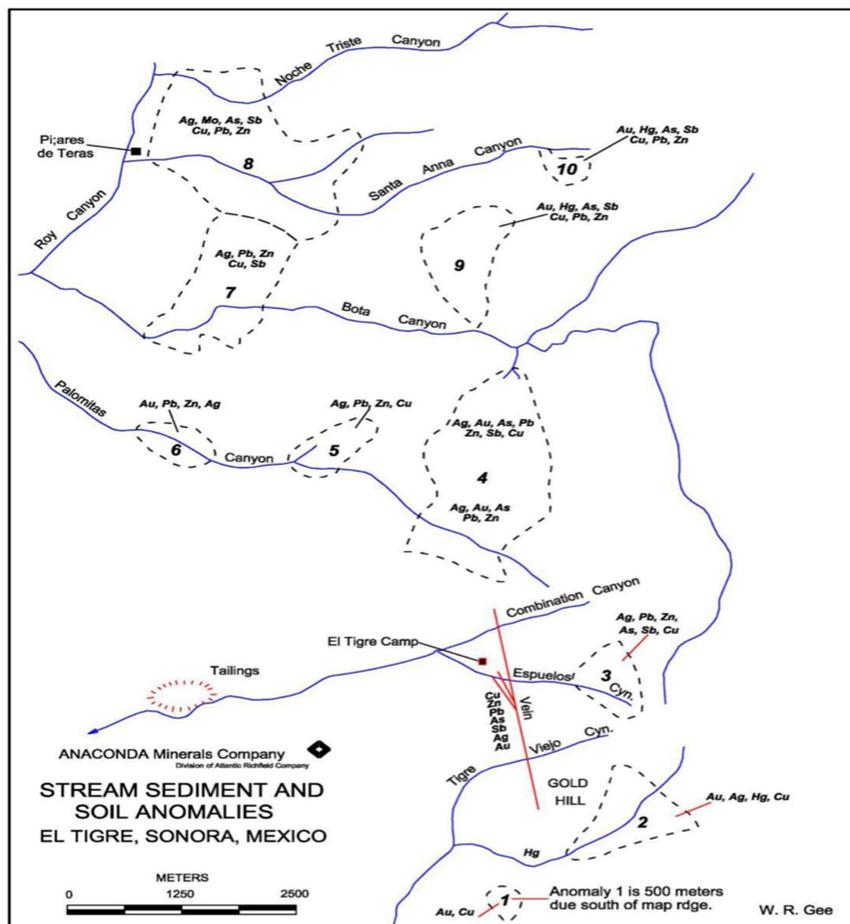
### 6.3.2 Geochemical Data

Anaconda also conducted surface soil and stream sediment geochemical surveying. Unfortunately, most of the records of that work have not been recovered. The only document relating to that work that has been recovered is a short progress report on the work (Gee, 1982). In that summary, ten geochemical anomalies are identified in the larger El Tigre region (Figure 6.2). The spacing of soil and stream sediment samples is unknown, but the progress report suggests that the sampling was sparse and is assumed to be a first-pass sampling program. It is unknown whether Anaconda did any follow-up work based on the results of the initial geochemical survey.

Although Anaconda's geochemical work on the property cannot be verified, the work was completed by exploration professionals of good repute and the anomalies they have identified can reasonably be used as a guide to further exploration.

Since the Sep 7, 2017 effective date of this Technical Report, Oceanus has recovered all of the maps and multi-element assay records for the Anaconda geochemical soil and silt surveys from the Anaconda Collection at the University of Wyoming Records which comprised analyses for 850 samples for Au, Ag, Cu, Pb, Zn, Sb, Mo, Hg, Mn and Fe.

**Figure 6.2 Anaconda Geological Mapping Coverage, El Tigre Project**



(Source: Black, Z., Choquette, W., 2013)

### 6.3.3 Drill Data

The database of historical drilling compiled by Pacemaker contains collar locations, geological drillhole logs and down-hole assay information for 22 diamond drillholes totaling 7,812.65 m that were drilled by Cobre. All holes were surveyed in a local mine grid with down-the-hole Sperry-Sun instrument surveys to determine the location of vein intercepts and other geologic features at depth. All drillholes were inclined, between minus 40 and minus 61 degrees, and hole lengths varied from 140 m to 650 m. A summary of Anaconda's significant drillhole assay intervals is provided in Table 6.1.

**TABLE 6.1**  
**ANACONDA DRILLING – SIGNIFICANT INTERSECTIONS**

Hole	From (m)	To (m)	Length (m)	Ag (g/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Target
T-1	166.85	168.85	2	316	0.03	NR	NR	NR	Tigre Vein
T-2	70	80	94	0.04	0.04	NR	NR	NR	Tigre Vein
T-3	125	134	9	55	1.5	*	*	*	Tigre Vein
T-4	59.55	59.8	0.25	292	0.06	0.14	0.47	*	Sooy Vein
	167.45	169.66	2.21	98	0.1	*	0.22	0.32	Tigre Vein
T-5	144.15	144.25	0.1	350	0.19	0.2	0.7	4.65	Sooy Vein
T-6	30	33	3	*	0.91	*	*	*	Fe stained zone
T-7	282	282.2	0.2	250	0.89	0.54	6.8	1.01	Aguila Vein
	368	368.25	0.25	258	0.07	1.65	9.8	22.5	Escondida Vein
T-8	217.7	217.9	0.2	29	0.21	*	2.26	7.44	Fundadora Vein
T-9	127.3	130	2.7	28	2.19	*	*	*	Unknown Vein
T-10	275.8	276.15	0.35	147	0.07	0.48	0.9	1.6	Sooy Vein
T-11	112	113.45	1.45	303	0.08	0.22	1.2	1.8	Fundadora Vein
	364.4	364.7	0.3	34	0.05	*	0.14	2.2	Escondida Vein
T-12	114	116.5	2.5	256	1.1	*	*	*	Aguila Vein
	212.1	212.3	0.2	1700	0.3	0.39	0.89	1.1	Escondida Vein
T-14	473	473.15	0.15	408	1.8	4	8.4	9.3	Fundadora Vein
T-15	172	173.5	1.5	570	13.7	*	0.23	0.76	Fundadora Vein
T-16	192.65	192.8	0.15	153	4.6	5.4	*	0.4	Fundadora Vein
T-17	70.35	70.95	0.6	103	0.1	*	0.22	0.26	Unknown Vein
T-18	179.22	179.37	0.15	375	2	*	*	*	
	193.5	193.6	0.1	2902	43.4	*	0.4	*	Aguila Vein
T-19	86.35	87.4	1.05	773	2.7	*	*	0.11	Unknown Vein
T-21	167.1	167.32	0.22	23	0.05	*	0.21	0.65	Aguila Vein
T-22	98.1	98.2	0.2	275	*	*	1.19	0.45	Unknown Vein

### 6.3.4 Anaconda Exploration Results

Anaconda's work improved the understanding of the geology of the district as well as the major prospect-scale mineralization controls. Anaconda's program was focused on the high-grade

potential of the principal veins in the 100 to 200 m down-dip extensions of interest to Anaconda, which was then a subsidiary of the Atlantic Richfield Company. Low precious metals prices in 1984 influenced their decision to terminate the Project.

Anaconda's work produced a solid base of knowledge from which to continue exploration of the district. Considerable advances have been made in exploration, mining and mineral processing technology since 1984 and the potential for the discovery of a number of different types of precious metals deposits in the El Tigre District has new appeal today.

Drillholes sites were widely spaced and only one drillhole was drilled from each site. Anaconda's selection of drill sites appears to have been based largely on a structural analysis of vein deflections in the horizontal plane. However, underground data and maps of stoping in the El Tigre mine show that vein deflections in the vertical plane were the major control on the localization of mineralized bodies. Drilling widely spaced, single drillholes from each site was not an appropriate strategy for detecting mineralized bodies of the type known to have been present in the El Tigre Mine. Many of those bodies were "spindle-shaped", with their long axis horizontal. To detect those bodies and characterize them well enough to evaluate the potential for down-dip extensions of mineralization would have required drilling fans of holes that intersected the vein at regular or semi-regular vertical intervals in any drill section.

Anaconda's work did not prove or disprove the existence of down-dip mineralization of interest in the veins. As shown in Table 6.1, high-grade mineralization was encountered down-dip in the veins, but the intercepts were thin. In the mine, it was seen that vein widths varied more vertically than horizontally. It appears that Anaconda's drill program was the victim of "gambler's ruin", where not enough holes were drilled to intersect one of the spindle-shaped bodies of high-grade mineralization of mineable thickness.

It is unfortunate that records of the geochemical sampling completed by Anaconda have not survived. Although geochemical anomalies were detected, it is not known how many samples were taken or at what intervals sampling was done. It remains to be seen how adequately spaced geochemical sampling could resolve those anomalies and how many more anomalies may be detected.

Despite these shortcomings, Anaconda's work advanced the knowledge of geology and precious metal mineralization in the El Tigre area and left the district well prepared for the next round of exploration.

#### **6.4 MINERA DE CORDILLERAS**

In June 1995, consulting firm Minera de Cordillaras completed a four-hole RC drilling program for a total of 890 metres on behalf of a third party. These holes were intended to test the concept that the deeper part of the vein system was faulted bringing the veins closer to the surface. Assays are available for these holes, however, the collar locations are unknown.

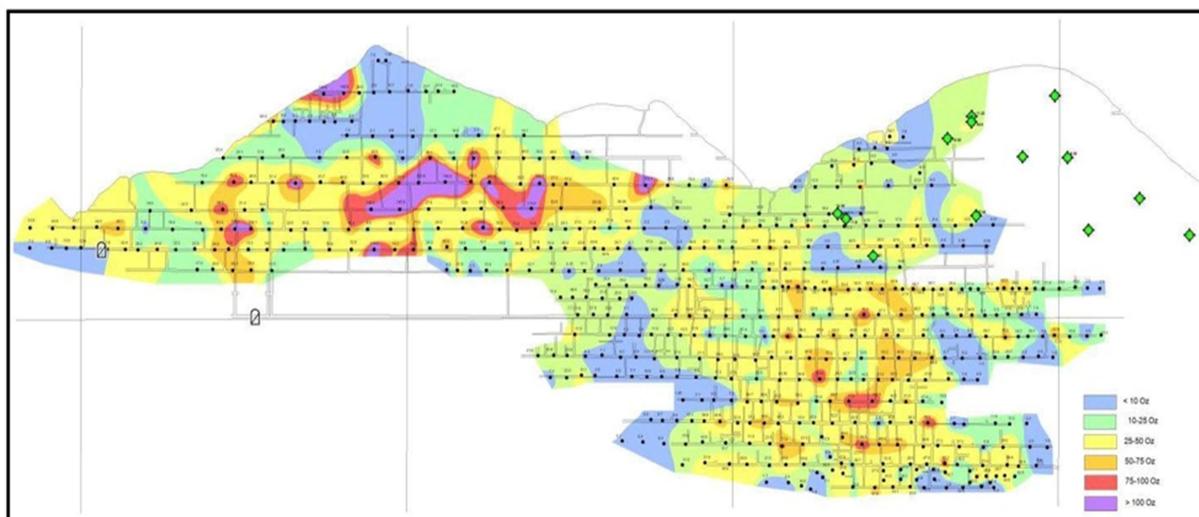
#### **6.5 HISTORIC PRODUCTION**

Many of the known veins in the district have been mined or prospected to some extent, leaving mineralized exposures open for examination. The old El Tigre Mine was a silver-gold producer developed on the three veins of the belt's southern half. Mining in the district was active from

1903 to 1938. The El Tigre Mine's reported production through 1927 (Mining Journal, 1928 and Thoms, 1988) was 1,198,447 tonnes averaging 1,308 g/t Ag, 7.54 g/t Au, 0.4% Cu, 1.1% Pb, and 1.5% Zn. This is equivalent to 50.4 million ounces of silver and 290,500 ounces of gold produced through 1927. Minor tonnages were produced from the Aguila, Fundadora, Protectora and Escondida Veins.

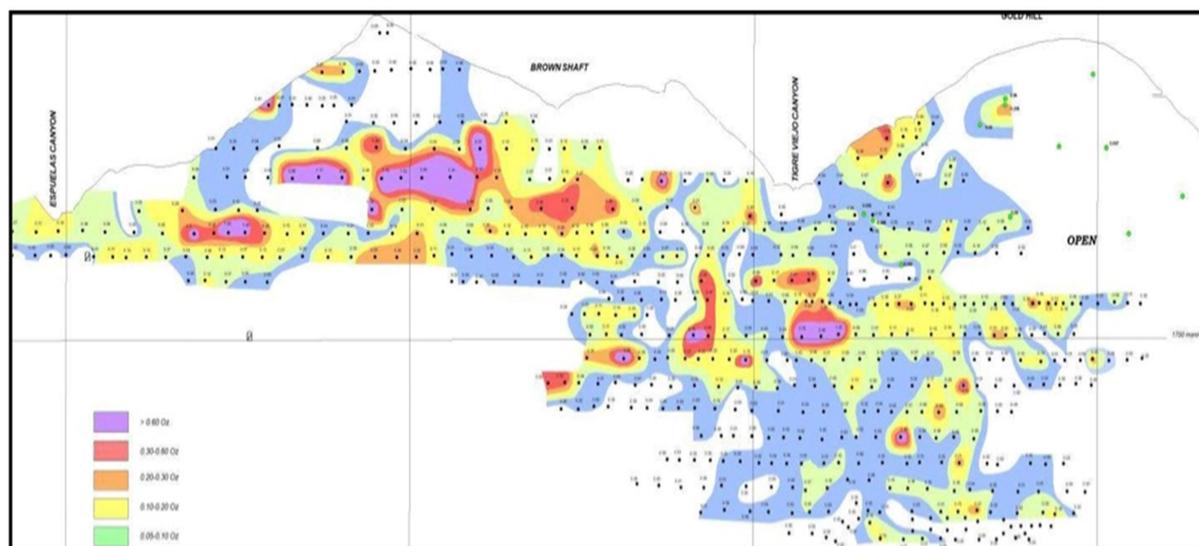
The El Tigre Vein was the largest silver producer in the district during its operation. Figure 6.3 and Figure 6.4 show the average silver and gold grades of the El Tigre Vein based on historic underground assay information that was recovered by Anaconda's geologists.

**Figure 6.3 Longitudinal Projection of the El Tigre Vein Historic Workings with Average Silver Grade Distribution**



(Source: Black, Z., Choquette, W., 2013)

**Figure 6.4 Longitudinal Projection of the El Tigre Vein Historic Workings with Average Gold Grade Distribution**



(Source: Black, Z., Choquette, W., 2013)

## 7.0 GEOLOGICAL SETTING AND MINERALIZATION

The following section is based on the report by Black and Choquette (2013) for El Tigre Silver Corp.

### 7.1 REGIONAL GEOLOGY

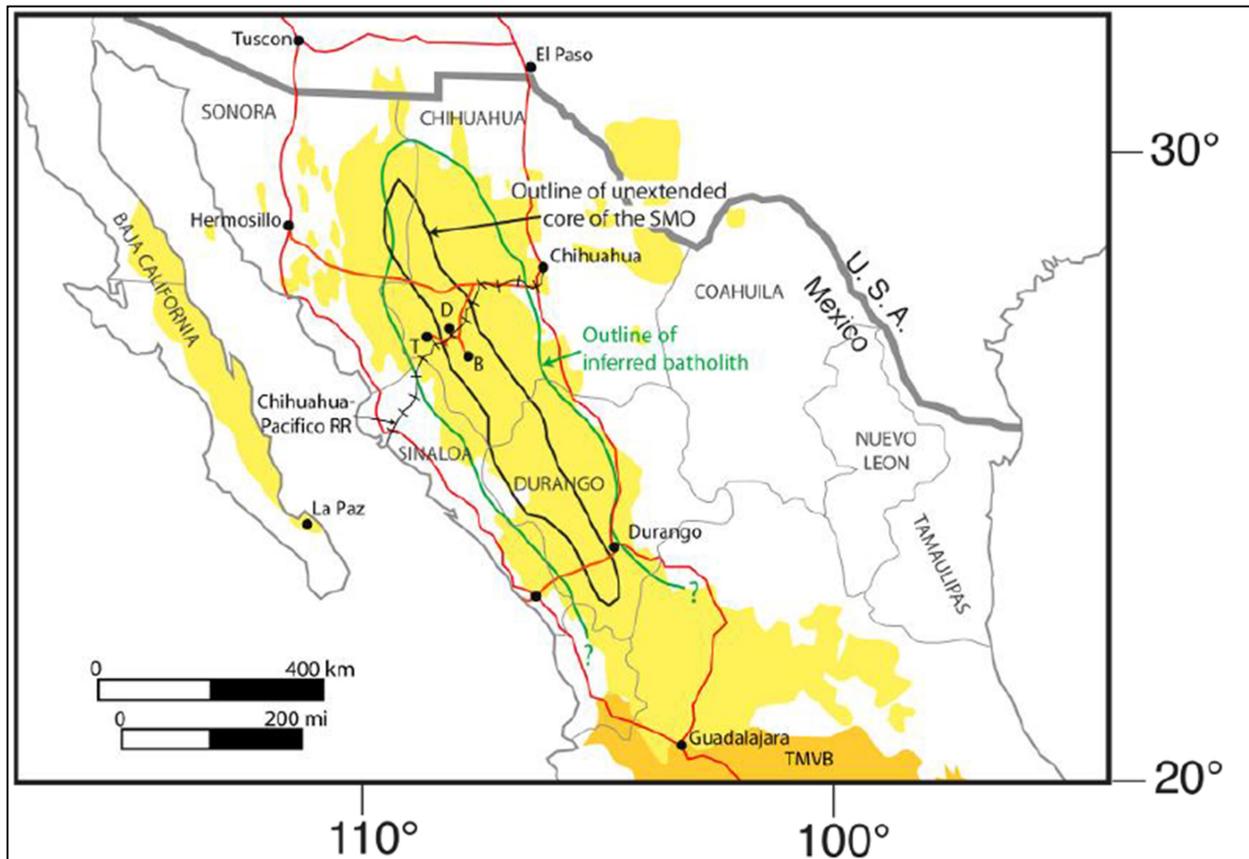
El Tigre is located on the eastern flank of the Sierra El Tigre within the Basin and Range physiographic province, extending from northern Nevada to Zacatecas and Jalisco in Mexico. The Sierra El Tigre is part of the massif of the Sierra Madre Occidental. The Sierra Madre Occidental belt is a 1,200 km by 300 km northwest trending volcanic plateau composed of thick accumulations of andesitic to rhyolitic volcanic rocks extending from southeastern Sonora to Queretaro (Figure 7.1). The range hosts a number of Mexico's most historically important mineral deposits. This belt is characterized by a northwest trending broad anticline with shallowly dipping units to the east, and steeply dipping units to the west.

The geology of the Sierra Madre Occidental is characterized by a series of volcanic rocks known as the Upper Volcanic Series (UVS) and the Lower Volcanic Series (LVS). The UVS and LVS are thought to reflect subduction-related continental arc magmatism that slowly migrated eastward during the early Tertiary and then retreated westward more quickly, reaching the western margin of the continent by the end of the Oligocene (Sedlock et al., 1993). The eastward migration is represented in the Sierra Madre Occidental by the LVS. The LVS are primarily andesitic in composition with interlayered felsic ash flow deposits (46 to 35 Ma) aggregating to over 2,000 m with occasional intrusions.

The westward retreat of the subduction-related continental arc magmatism is represented by the UVS of caldera-related, large-volume rhyolitic ash flow tuffs of Oligocene age (35 to 27 Ma) lying unconformably atop the Lower series. The UVS generally consists of calc-alkalic rhyolitic ignimbrites with lesser andesite, dacite, and basalt (Overbay et al, 2001). The UVS aggregates up to 1,600 metres in thickness.

Cenozoic extensional faulting, which consists of northerly-trending horsts and grabens exposes Precambrian granite and Paleozoic limestone, the oldest rocks in the range. The Teras Fault Zone was the locus of the 7.5 magnitude Sonoran earthquake of May 3, 1887, when dip-slip movements of as much as 14 metres were measured on scarps in the Sierra El Tigre (Suter, 2008). This same fault system transects the El Tigre mining district and mineralization appears to be hosted in associated graben bounding faults. The fault zone forms the eastern boundary of the central horst block of the Sierra El Tigre. The horst block is an anomalous structural high in the region, exposing Paleozoic limestone and Precambrian granite. The presence of high-grade, epithermal precious metals veins in graben bounding faults is a common occurrence in many major epithermal Au-Ag districts worldwide.

**Figure 7.1 Tertiary Volcanic Rocks of the Sierra Madre Occidental (green outline)**



(Source: Busby 2008)

## 7.2 LOCAL GEOLOGY

The central Sierra El Tigre consists of a thick sequence of Tertiary volcanic rocks overlying granitic basement in the south, Pre-Cenozoic alluvial conglomerates in the west, and Paleozoic bedded limestones in the north. Block faulting and the intrusion of several andesitic and rhyodacite stocks and dikes have broken up much of the original volcanic stratigraphy.

The entire volcanic sequence in the central portion of the El Tigre mining district is folded into a gentle anticline where the southern limb is tilted about 15 degrees to the south. The axis of the anticline is approximately east-west and passes halfway between the El Tigre camp area and the northern veins. Stratigraphic relationships indicate that the tilting occurred during or prior to deposition of the volcanic sequence (Figures 7.2 and 7.3).

Figure 7.2 Anaconda Geologic Map of the El Tigre Mining District

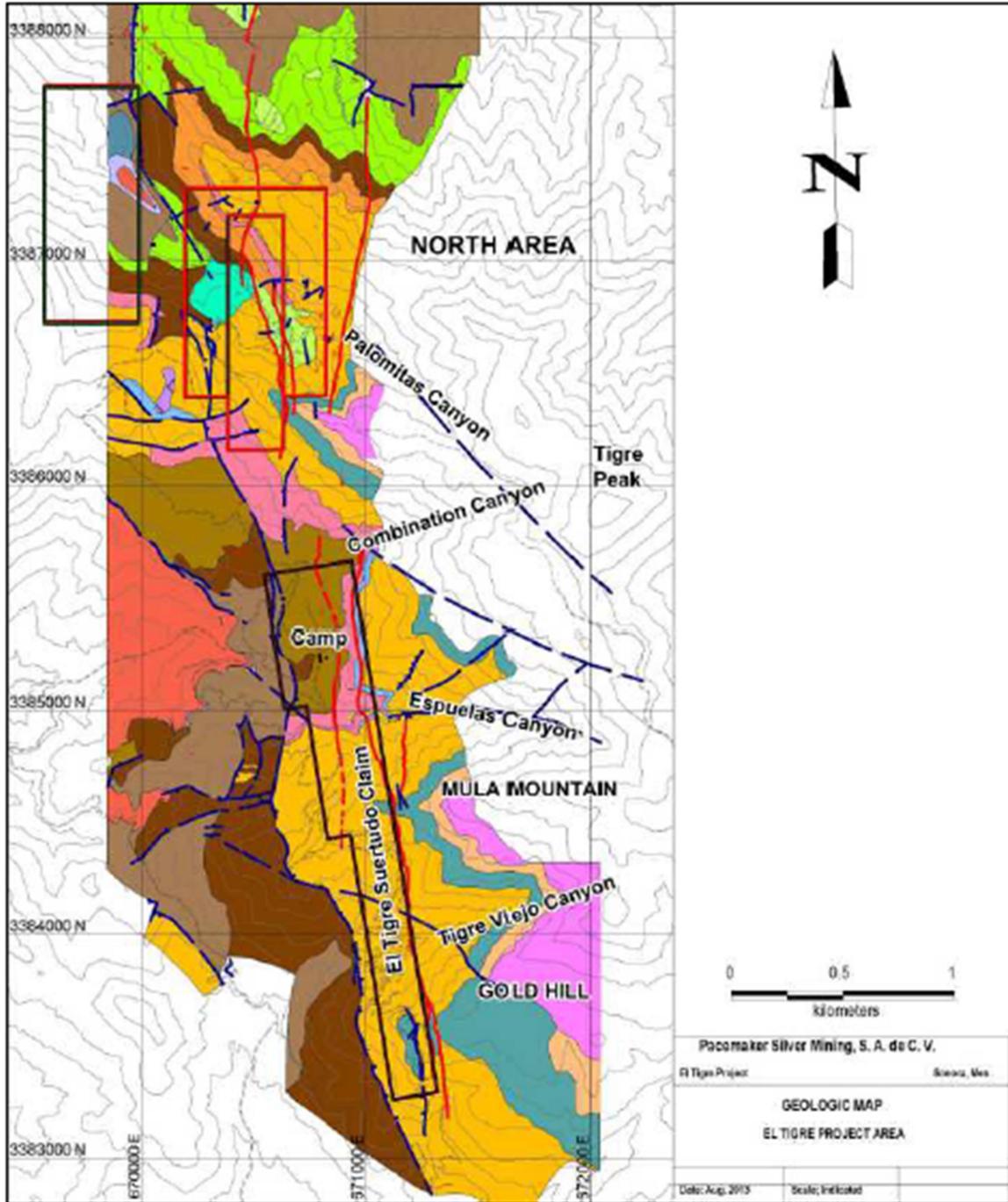


Figure 7.3 Geologic Map Legend



The El Tigre area is underlain by a major, complex normal fault zone (the Teras Fault Zone) that forms the boundary between a horst block to the west and a graben block to the east. The fault zone runs north-south through the entire Sierra El Tigre mountain range. The Teras fault is visibly identifiable at ground surface by an abrupt change in both rock formations and topographic relief at the mouth of the El Tigre canyon. On the footwall (eastern side) of the structure, the El Tigre Formation sits 300 metres above the base of the canyon and on the

hanging wall (western side) very young andesitic agglomerates and breccias sit 20 to 30 metres above the stream bed.

### 7.3 PROPERTY GEOLOGY

The results of original exploration of the district by Mishler (1920) defined the basic geologic framework which was used to great advantage by the Lucky Tiger Combination Gold Mining Company to locate and develop mineralization in the El Tigre Mine.

#### 7.3.1 Stratigraphy

Pre-Cenozoic basement rocks in the Sierra El Tigre include massive limestones and a coarse grained granite intrusive of presumed Precambrian age. Mishler (1920) describes the granite as “consisting mainly of microcline, sanidine, quartz and phlogopite mica, the last now largely changed to serpentine and iron oxide”.

The Cenozoic volcanic stratigraphy of the Sierra El Tigre in the El Tigre Property area was first described by Mishler in 1920. The Mishler work became the basis of Anaconda’s exploration work from 1981 to 1984. Their field work extended the known volcanic stratigraphy away from the main district, and they added several previously unknown units that lie outside the main mining area.

The following volcanic and intrusive units are found in the main El Tigre area, the area of approximately six square miles represented in Figures 7.2 and 7.3 and are described in stratigraphic order.

**Granite (PCgr)** - The oldest lithologic unit at the El Tigre area is a dark reddish-brown, medium-to coarse-grained, hypidiomorphic-granular, biotite quartz monzonite to granite of Precambrian age. Exposures are found along the bottom of Tigre canyon. The granite is strongly chloritized in many places and may have undergone regional metamorphism. It outcrops as badly weathered, crumbly masses that are poorly resistant to erosion. It outcrops in areas as lower relief plains, or is covered with a 3 to 5 metre thick "paleo-soil" of coarse arkosic sandstone with limestone cobbles.

**Nodular Formation (Tn)** - In outcrop the Nodular Formation forms nearly vertical cliffs up to 150 metre high. Within the central part of the El Tigre area, outcrops commonly contain numerous spherulites ("nodules") varying between 3 millimetres and 35 centimetres in diameter (Park, 1982). The Nodular Formation is found throughout much of the El Tigre area, varying in thickness up to 200 metres in the vicinity of Mula Mountain.

The Nodular Formation is a light grey, coarse- to fine-ash, rhyolitic, welded, crystal-vitric tuff containing 2 to 10% K-feldspar and quartz crystals in a homogeneous, aphanitic matrix. The crystals average 1 to 3 millimetres in diameter and are usually anhedral or broken. Compaction layering, defined by the parallel alignment of flattened lenses filled with spherulites and quartz crystals, is also visible in thin section.

**Fragmental Andesite (Tfa)** - The Fragmental Andesite conformably overlies the Nodular Formation and is exposed in the Tigre Viejo canyon west of the Fortuna fault and in ta fault slab in the Combinación canyon. In both locations the thickness is estimated at no more than 10

metres. The Fragmental Andesite is a light greenish-grey, rhyodacitic, block-lapilli-ash, crystalline agglomerate. Rock fragments are 0.2 to 15 centimetres in size and make up 35 to 45% in volume. The matrix is a fine-grained, rhyodacitic ash tuff with 0.5 to 2 millimetre sericitized plagioclase crystals.

**Flat Formation (Tf)** - The Flat Formation outcrops in an area bounded by Mula Mountain to the south and Palomitas canyon to the north. Thick exposures of the Flat Formation are observed in Combination Canyon and Espuelas Canyon, but are not seen south of Mule Mountain due to faulting and the general southerly dip of the volcanic rocks in the range.

Drillholes have intersected varying thicknesses of the Flat Formation, ranging from 40 to 100 metres. The formation may be interfingered with the nearby Mula Mountain flow dome unit (Tabular Formation), as evidenced in Espuelas Canyon in exposures adjacent to the Level 4 main dump. The unit is very prominently bedded, with individual beds averaging 10 to 15 centimetres in thickness. Sedimentary features such as graded bedding ripple marks, and flame structures are common.

The upper part of the Flat Formation is composed of gravel to fine-sand sized, angular to sub-angular fragments of white, siliceous volcanic rock set in a light tan or green, clay-rich matrix. Other matrix constituents include calcite, chlorite, silica, and hydro-biotite (Lujan et al., 1984). The lower part of the Flat consists of thinly bedded, calcareous black shale and is a noticeable change in deposition environment from the upper portion of the Flat Formation. In surface exposures, the shale occurs either as discontinuous, ripple-marked beds 2 to 5 millimetres thick or, more frequently, as reworked, cornflake-shaped clasts within sandy, poorly-graded beds.

The Flat Formation is interpreted as a water-laid tuff, which together with volcanoclastic sediments was probably deposited in a lacustrine environment. The absence of cross-bedding and stream channel features, the angularity and relatively small size of the lithic clasts, and the thinness and continuity of individual beds suggests that the depositional medium was quiet water. When the unit was formed, it is suggested that the tuffs were deposited into a lake adjacent to the Tabular flow dome.

There are three different time units that have been mapped together as Flat Formation. The thickest is the "true" Flat Formation as described by Mishler (1920). This outcrops in the northern portion of the El Tigre Suertudo concession in the Espuelas and Combinacion Canyons and appears to be syn- to post-Tabular in age or, these exposures are found in the deepest portion of the lake and were physically removed from the Tabular eruption. The other two are lithologically similar, but are only a few tens of metres thick. The older of these is pre-Tabular, post-Nodular in age. The younger of these is contemporaneous with the Tabular Formation. Both of these older Flat Formation units are also water-laid tuff and probably formed in shallow lakes that existed intermittently throughout the time required for the deposition of the Tabular Formation.

**Cliff Formation (Tc)** - The Cliff Formation is a rhyolitic, coarse-to fine-ash, moderately welded, crystal-vitric tuff which outcrops in the central part of the El Tigre area, in the northern portion of the El Tigre Suertudo concession. The Cliff Formation is relatively thin in Palomitas canyon in the northern portion of the El Tigre area, and pinches out entirely before reaching Bota canyon. It conformably overlies Flat Formation south of Palomitas canyon.

The Cliff Formation forms massive cliffs up to 50 metres high, commonly with moderately well-developed, pseudo-columnar jointing. The massive nature of the Cliff Formation, together with the abundance of glass seen in thin section, suggests that the Cliff was deposited as a pyroclastic ash flow or ignimbrite.

In hand specimen, the Cliff Formation is a greyish-white, homogeneous, very fine-grained rock with few visible crystals and no lithic fragments. Dark crystallites are locally abundant in some drill intercepts. It is commonly stained with reddish-purple iron oxides. In thin section, it contains 10% to 12% coarse-ash-sized (1 to 2 millimetre) crystals of quartz and strongly sericitized feldspars. The matrix is composed of fine-ash-sized crystals and abundant glass spicules. As its name suggests,

**Tuff Formation (Ttf)** - The Tuff Formation is a thin and restricted unit that outcrops only in the northeast part of the El Tigre Suertudo concession, and is found in drillholes as far south as Tigre Viejo Canyon. It conformably overlies the Cliff Formation and has a maximum thickness of 18.3 metres (Park, 1982). It is thinly foliated or stratified, and contains 25 to 30% angular lithic clasts, averaging two centimetres or so in diameter. The clasts are set in a light grey, fine-ash matrix. The Tuff Formation is probably a lapilli- to fine-ash lithic tuff deposited as a pyroclastic ash fall.

**Tigre Formation (Ttg)** - The Tigre Formation crops out east of the Fortuna fault, from southern Bota canyon southward to the southern boundary of the El Tigre area. In addition it crops out in several small grabens and plateaus west of the Fortuna fault. Its thickness varies from 250 metres in the central portion of the El Tigre Suertudo concession to 180 metres in Palomitas canyon. The Tigre Formation conformably overlies the Cliff Formation or the Tuff Formations. Unaltered biotite from the Tigre ash-flow tuff was dated radiometrically at 31.7 (+/-1.3) my (Thoms 1988).

The Tigre Formation consists of two distinct ash units. The lower unit is lavender colored and massive; the upper is a light tan massive ash flow that is similar in texture and composition to the Cliff Formation. The composition of the lower Tigre varies from rhyodacitic to quartz latitic and contains 15% to 40% subhedral, coarse-ash-sized (1 to 3 millimeter) crystals, mostly plagioclase and K-feldspar, 2% to 4% anhedral quartz, and 4 to 5% subhedral biotite are typically present.

The crystals are set in a bluish-grey, glass-rich, fine-ash matrix. The rock also commonly contains 10 to 20% lapilli-sized (1 to 3 centimetre) fragments of flattened pumice. These fiamme define a crude foliation within the Tigre that is especially pronounced in the upper part of the lower unit.

The upper part of the Tigre Formation is massive lapilli-to fine-ash, moderately welded, lithic-vitric-crystal tuff that was probably deposited as several separate, but compositionally similar, ash flows. Although vertical changes in texture and composition are not strong, they are sufficiently pronounced to suggest that the Tigre was not deposited by a single ash flow.

**Quartz Rhyolite Formation (Tqr)** - The Quartz Rhyolite Formation is 30 to 80 metres thick. It is a coarse-to fine-ash, rhyolitic, crystal tuff that conformably overlies the Tigre Formation. Its main outcrop is in the eastern portion of the property, notably capping Gold Hill.

The Quartz Rhyolite contains 10% to 15% anhedral, coarse-ash-sized (2 to 3 mm) crystals of quartz and K-feldspar. Although slightly less than half of the crystals are quartz, the quartz

stands out much more clearly than the K-feldspar and gives the rock the appearance of quartz-eye porphyry. The crystals are set in a yellowish-tan, poorly welded, faintly banded matrix of glassy fine-ash. The banding within the matrix is defined by 2 to 3mm thick yellow-gold layers alternating with 5 to 10 mm-thick light tan layers. In thin section, thin quartz lenses parallel this layering.

**Agglomerate Formation (Tag)** - The Agglomerate Formation conformably overlies the Quartz Rhyolite Formation and crops out in essentially the same areas. Its thickness can vary from 30 to 110 m, but is typically only 30 to 50 metres.

The Agglomerate Formation is a red-brown, block-to fine-ash, vitric-crystal-lithic tuff with a quartz latite composition. It contains 30% to 40% mostly lapilli-sized (0.5 to 1.5 cm), angular, grey lithic fragments set in a red-brown, crystal-rich matrix. The crystals in the matrix are ash-sized (0.2 to 0.5mm), irregular fragments of quartz (10% of total rock), plagioclase (10%), and K-feldspar (8%). The rest of the matrix is dominantly glass shards, with some clay.

**Quartz Mica Rhyolite Tuff (Tqmr)** - The Quartz-Mica Rhyolite Tuff covers most of the tops of Tigre Peak and Gold Hill. It conformably overlies the Agglomerate Formation, and has a thickness of approximately 140 metres.

In both hand specimen and thin section, the texture of the Quartz-Mica Rhyolite closely resembles that of the Tigre Formation. Both formations are dark lavender or greyish-purple and contain abundant coarse-ash-sized crystals of feldspar. The crystals are set in a glass-rich, fine-ash matrix. The Quartz-Mica Rhyolite typically contains slightly more crystals than the Tigre Formation, averaging about 30% to 35%. Also, the Quartz-Mica Rhyolite is more rhyolitic, with 7% to 10% quartz, 15% to 20% K-feldspar, and only 5% to 6% plagioclase crystals. Mafics totalling 2% to 4%, (mostly biotite) are also present. The rock is a coarse-to-fine ash, rhyolitic, crystal-vitric tuff.

The Quartz-Mica Rhyolite, the Agglomerate Formation, and the Quartz Rhyolite Formation are all fairly massive in outcrop, although the Agglomerate exhibits a poorly developed foliation similar to that of the Tigre Formation. The three formations are also very glass-rich and contain numerous broken crystals. It is probable that all three were deposited as pyroclastic ash-flow tuffs, with each from a different source or from a single source with changing magmas over time.

All the volcanic rocks in the El Tigre district appear to have been deposited before the mineralization event took place that formed the veins.

**Intrusive Rocks** - There are two types of intrusive rocks within the El Tigre area. One is the flow banded Tabular Formation (Tta) found on Mula Mountain and along the Fortuna Fault and the other is a nearly aphanitic greenish-black andesite (Ta) found as dikes throughout the El Tigre area.

**Tabular Formation** - The Tabular Formation averages about 120 metres in thickness, ranging from zero to 180 metres. The unit alternately thickens and thins from Gold Hill northward to Bota canyon. The Tabular Formation has previously been labeled as a rhyolitic, coarse-to fine-ash, vitric-crystal tuff containing 10% to 15% anhedral crystals of quartz, K-feldspar, and minor plagioclase in a fine-ash matrix. However, work by Lujan (2010) recognized it as a flow dome

rhyolite that both erupted onto the surface and aggressively replaced any enclosing rocks while it was actively being intruded.

The most conspicuous feature of the Tabular Formation is a well-developed tabular parting or foliation that allows the rock to be cleaved into 1 cm to 2 cm thick, wavy plates. The foliation is probably the result of multiple intrusions of the viscous rhyolite into previously injected magma. Each parting is denoted by ½ millimetre thick, planar lenses of quartz which run parallel to the foliation.

At several localities, the Tabular Formation is marked by a 2 to 3 metre-thick, laterally discontinuous breccia containing blocks of foliated Tabular Formation up to one-half meter in diameter. These could indicate dome debris breccias falling down the side of a growing dome. In Tigre Viejo Canyon near the Fortuna Fault the Tabular is assimilating Nodular Formation, which suggests that the Tabular Formation may have been extruded onto a surface consisting of Nodular Formation. Outcrops of Tabular are located near major faults, also suggesting that underlying magmas used these older fault zones as magma conduits.

**Andesite** - The other intrusive is the andesite (Ta), which is mostly-aphanitic, but it rarely contains more than 1% to 2% megascopic phenocrysts. In thin section, 5% pyroxene and 30% plagioclase crystals are visible, set in a finer groundmass of feldspar. The rock is commonly propylitized and may contain 5% to 10% chlorite and equal amounts of secondary calcite. The Palomitas canyon andesite is rimmed by an intrusion breccia of cobble-sized andesite fragments in a clayey, weathered matrix. The andesite typically outcrops in the bottoms of canyons, or else forms low, steep-sided ridges covered with thick, clayey soil. Andesite is found to intrude all of the lower volcanic units up through the Tigre Formation. Commonly, the andesite is found as narrow dikes found within vein structures. An example of this occurs in Espuelas Canyon

### 7.3.2 Structure

The dominant structural feature in the El Tigre District is a north-northwest-trending, south-pointing, wedge-like horst limited by two large fault systems. The larger, the Corral fault, cuts through 7 kilometres of the El Tigre area in a northwesterly direction. The block west of the fault has been downthrown 450 to 950 metres, depressing the entire flank of the Sierra El Tigre (Mishler 1920). The second largest fault, the Fortuna fault, traverses the center of the El Tigre area in a north-northwesterly direction for 7 kilometres where its vertical displacement ranges from 190 to 330 metres. The combination of these faults has given the southern portion of the horst block a maximum, topographic elevation so as to expose the Precambrian Granite, the oldest rock in the region. The El Tigre vein mineralization is lodged in the eastern hanging wall graben block.

The entire lower portion of the volcanic sequence is tilted to the south with a dip of 15°. The upper units are all thicker toward the south suggesting that the tilting was completed before the end of the volcanic period.

The veins are hosted in minor, north-trending faults that represent the first fracturing in the region. Secondary, steeper faults parallel to the El Tigre Vein and contemporaneous with the mineralization are indicated by Mishler (1920), to have contributed to form the high grade mineralized bodies in the southern half of the mine. In the northern portion of the historic mine east-west faults correlate with the high grade mineralized bodies (Mishler, 1920). Possibly

associated with the Corral and Fortuna faults described above are a number of northwest-trending normal faults that have affected the horst blocks and, with fewer incidences, the vein-bearing block on the east side.

Second order fault structures are driven off the main faults hosting the veins as sigmoid-loop-type structures. Abundant evidence suggests that the vein structures underwent both right lateral strike slip and dip slip displacement at different periods of regional stress. Both directions of displacement developed areas of widening in the veins, which prepared the rock for mineralization. Historic records suggest that normal stoping widths along discrete veins were about 1 meter in width while some wider mineralized shoots were mined up to 3 to 5 metres wide (Mishler 1925).

### **7.3.3 Mineralization**

Silver, gold, lead, zinc, and copper mineralization occurs in the El Tigre District mostly in fissure veins within a narrow, north-trending belt approximately 5.3 kilometres long. The district is made up of 8 known veins. The veins are grouped according to their location within the district. The Sooy, El Tigre, Seitz-Kelly and Combination Veins comprise the southern area. The Aquila, Escondida, Fundadora and Protectora Veins are in the northern portion of El Tigre. The location of the veins is presented in Figure 7.4.

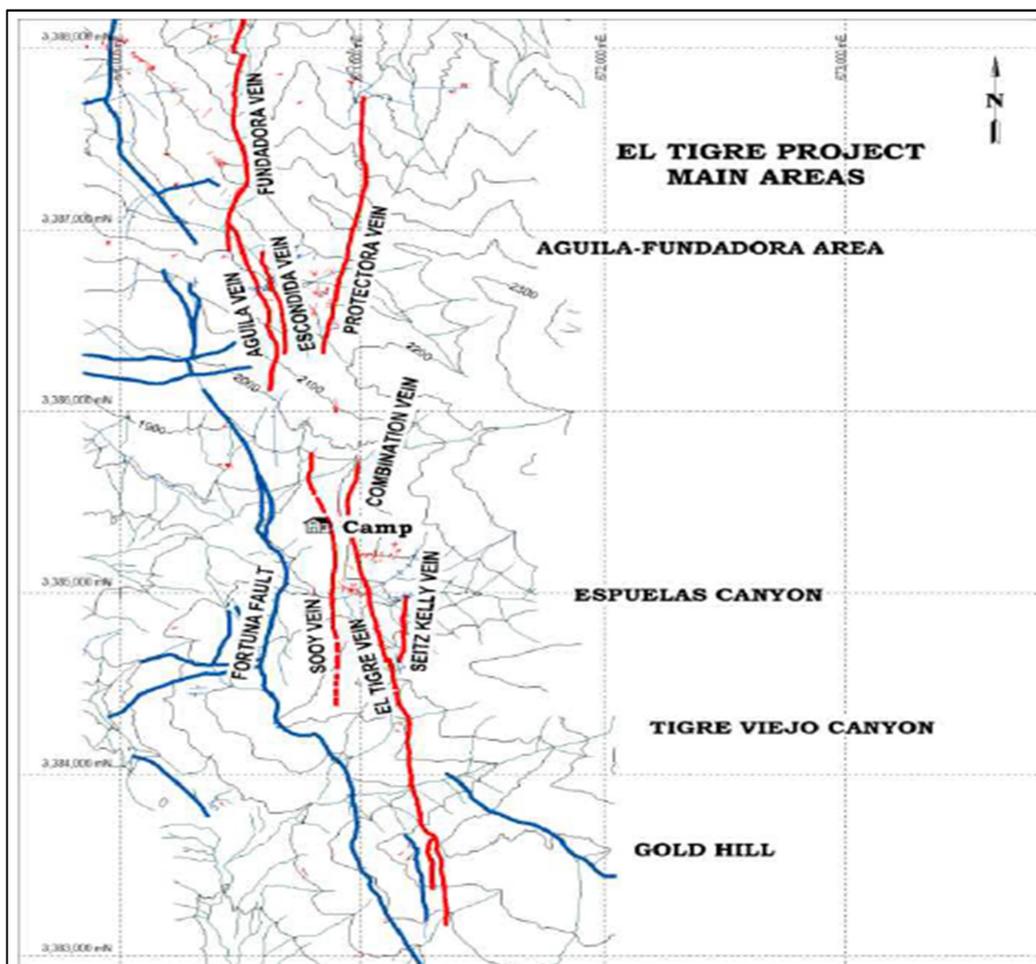
The veins formed along structurally prepared fissures that generally dip steeply to the west although steep dip reversals to the east occur in some sections of the veins. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides with silicified or argillized fragments of host rock. Gold in minor amounts is associated with copper-silver sulfides. The mineralization occurs in discontinuous lenses of elongated high-grade sulfides along the veins and as low-grade impregnations in the vein gangue material. A common feature of many of the mineralized bodies in the historic mine was that they were often much longer along strike than down dip. Mishler identified vein dilatency as one of the primary mineralization controls in the mine and showed that deflections of the vein gave rise to the characteristic horizontal elongation of the higher-grade mineralized bodies (Mishler, 1920). Intense alteration and fracturing of the brittle volcanic units along the veins hosts oxidized disseminated stockwork mineralization.

Metal zoning data collected during Anaconda's investigation suggest that the upper portions of the veins, which are at higher elevations on the property (Gold Hill where the original high-grade gold discovery was made) host bonanza grade gold mineralization in discrete veins and disseminated lower grade material in the altered stockwork zones.

The principal veins consist predominantly of gangue material, up to 80% to 90% of vein volume, including silicified rock fragments, quartz, gouge, rock flour, clays and minor calcite, in that order of abundance. The silicified fragments are angular to subangular, ranging in size from a few millimetres to 15 to 20 centimetres across. Larger blocks or slabs, detached from the walls by faulting, occur in places and are crisscrossed by hairline fractures, with or without quartz or sulfide filling. Quartz occurs in lenses, bands, fragments, dissemination, and breccia matrix and is the major single gangue mineral in the vein. Rock flour, partially indurated, gouge, and clays occur throughout the vein in minor amounts as breccia matrix and fault linings. Minor calcite occurs in irregular veinlets and locally associated with mineralized sulfides.

Mineralization consists of pyrite, sphalerite, galena, argentiferous galena, chalcopyrite, tetrahedrite, and covellite, in order of abundance. Tetrahedrite is represented by its argentian variety, freibergite. Gold occurs in the native state as micron-sized specks, or as impurities in galena and chalcopyrite. Sulfides occur in small amounts in the vein, averaging about 5% to 8% in volume, although in places they may reach 60% in lenses with banded structure. Massive, coarse-grained, sphalerite and galena intergrowths are observed locally in those lenses with subordinate amounts of coarse-grained chalcopyrite and pyrite. Tetrahedrite is usually associated with chalcopyrite but may occur with any other sulfide. Fine-grained argentiferous galena is found associated with pyrite and quartz with little or no sphalerite in places. Pyrite occurs alone or with other sulfides in lenses and in clusters or patches of strong dissemination. It also fills numerous irregular veinlets in large rock fragments and slabs in the vein and in the wall rock. Quartz, in substantial amounts, is essential in all the occurrences mentioned above. An important amount of mineralized sulfides occur as vein fragments and crushed sulfides; grain size varies from virtually pulverized to fragments ranging in size from a few millimetres to a few centimetres. Larger fragments usually preserve their textures, but are subordinate in volume to crushed sulfides. Pulverized sulfides, mostly pyrite, occur along the walls of the vein. Sulfide dissemination is, except for pyrite, restricted to rock fragments or massive quartz in the vein. Occasional drusy structures near the center of the vein are typically lined with pyrite.

**Figure 7.4 Mineralized Veins and Post-Mineral Faults of El Tigre**



*Source: Black and Choquette (2013)*

### 7.3.4 Geologic Controls

Mineralization in the El Tigre District is controlled almost entirely by secondary structural features: faults and their concomitant breccias, fissures, fractures, and fracture zones. All of the veins described in the district, host mineralization in one or more of the structural features listed above. Lithologies of the volcanic sequence appear to have had little or no chemical control on mineralization. On the other hand, the various physical properties of volcanic sequence have influenced the nature and extent of openings available for mineralization.

A structural analysis of the El Tigre Vein has assisted in the understanding of the structure and its relation with mineralized shoot locations. The El Tigre Vein, developed over 1,950 metres laterally and 450 metres vertically, is a composite structure that comprises two alternating sets of faults with varying dips. The main set consists of three long segments striking  $8^{\circ}$  to  $342^{\circ}$ , which are interconnected by two shorter segments striking  $3^{\circ}$  to  $358^{\circ}$ .

The dislocations, or variations in strike, occur only within the lower level workings of the mine. The vein is relatively consistent at a strike of  $\sim 352^{\circ}$  over the entire length of mine levels 2 and 3 (1,380 metres). Previously mined mineralized shoots, defined as “a pipelike, ribbonlike, or chimneylike mass of mineralization within a deposit (usually a vein) representing the more valuable part of the deposit”, occur largely on the NNW portions of the vein, in the lower levels of the historic mine workings, where dilation prior to mineralization resulted in greater vein width and increased potential for fluid flow. Where strike of the vein deflects to the north, in the upper levels of the mine, vein width (and width of mineralization) decreases significantly, representing ‘tighter’ portions of the vein structure that likely prevented the flow of mineralizing fluids.

Ore shoots occur in El Tigre Vein within the entire lower volcanic series from Nodular to Tigre Formations. There appears to be no definite correlation of high grade mineralization with one particular rock unit that could be interpreted as chemical control; however, the character of the wall rock has affected the local shape and extent of mineralized shoots. Mishler (1920) describes the behavior of the structure within different host rocks as fairly uniform width in the Tigre Formation and extremely variable in Tuff Formation. Mineralization occurs in two or more veins in the brittle Cliff Formation, whereas the more ductile Flat Formation provides irregular veins and widths

### 7.3.5 Alteration

Adularia replacement, minor silicification, argillization, and propylitization are alteration styles that affect the wallrocks of the veins of the district. Although there is a general alteration zoning pattern outward from the vein in the order listed above, the distribution and width of alteration types appear to be controlled by the nature of the host rock.

In the Level 4 area at the northern end of the southern vein system, the Cliff formation stands out prominently due to the intense adularization of the rock. In this area veins containing quartz and mineralization sometimes show pink adularia rims on rock fragments that have also been adularized. In the El Tigre Vein evidence of some intense silicification is found adjacent to vein.

Further to the south along the vein system, adularization declines and a broad argillic halo becomes evident. The internal character of the veins also changes as mineralization is found in crushed host rock and minor quartz vein material. Oxidation becomes dominate because the rocks are broken and brecciation.

Fine-grained pyritization is widespread but is stronger immediately next to the veins. The complete alteration assemblage is found in silicified rock fragments inside the vein. The author further noted that some of the fine grained silicification is due to adularia flooding of a receptive rock type. Argillization occurs as wide, bleached envelopes around the veins, and consists of illite, kaolinite, and montmorillonite.

Propylitization is typically seen outside the argillic zones, although it may occur next to the veins. It consists of a mixture of quartz, chlorite, calcite, sericite, and illite and gives the rock a characteristic greenish light-grey color. Medium-grained pyrite, slightly coarser than in the silicified zone, invariably accompanies both argillic and propylitic alteration.

## 8.0 DEPOSIT TYPES

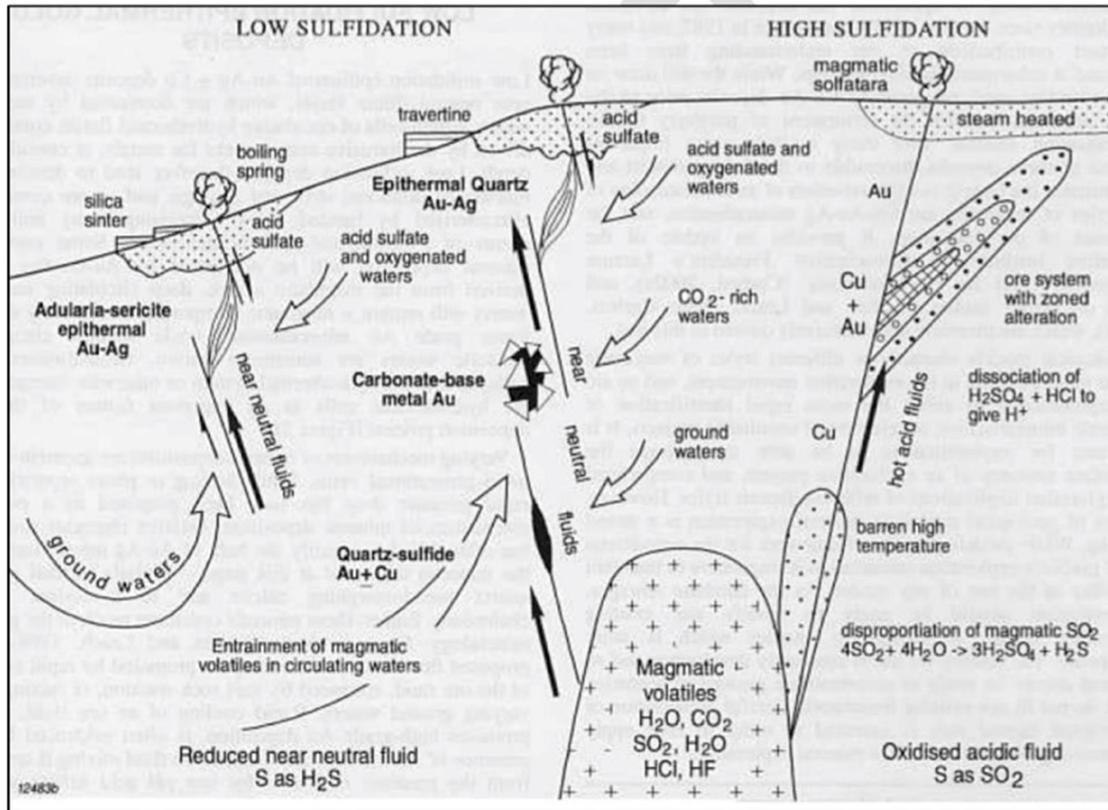
Epithermal systems may be classified as high, intermediate, and low sulfidation styles. They are characterised by the sulfidation state of the hypogene sulfide mineral assemblage, and show general relations in volcano- tectonic setting, precious and base metal content, igneous rock association, proximal hypogene alteration, and sulfide abundance (Sillitoe and Hedenquist, 2003).

The veins at El Tigre closely resemble those forming quartz-adularia, low sulphidation epithermal deposits. Epithermal deposits, as classically defined, are the products of igneous-related hydrothermal activity at shallow depths and low temperatures, with deposition normally taking place within approximately 1km of the surface in the temperature range of 50°C to 300 °C. Most deposits are in the form of quartz veining and related stockworks and breccias. These open-space fillings are common and, in most deposits, is the dominant mode of mineralization. Drusy cavities, cockade structures, crustifications, and symmetrical banding are generally conspicuous. Colloform textures characteristic of epithermal environments presumably reflect relatively low temperatures (e.g., shallow depths) and hydrothermal fluid circulation through open spaces formed by mechanical anisotropies such as networks of fractures, contacts between units with dissimilar mechanical properties, and/or cross-cutting structures, intrusive bodies, and shears. (Summarized from Guilbert and Park, 1986).

There are two types or styles of silver and gold mineralization found in the El Tigre area. The first and best-known are the fissure veins that host silver, lead, zinc, copper and gold mineralization within a narrow, 5.3 km-long, north-trending belt. The second is the undeveloped low grade stockwork halo near the veins. This mineralization is associated with fractured volcanic rocks and occurs as stockwork veinlets containing minor quartz, pyrite, chalcopyrite, sphalerite and galena. These systems usually have basic to neutral pH fluids enriched in potassium and silica. Very little evidence of boiling has been found in the El Tigre Vein as it appears that the quartz and sulfides were deposited in a passive, low energy environment.

The veins occur along fissures that generally dip steeply to the west, although steep dip reversals to the east occur in some sections of the veins. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides; silicified/adularized or argillized fragments of host rock are usually part of the vein material. Gold in minor amounts is associated with copper-silver sulfides. The mineralization occurs in discontinuous lenses of high-grade sulfides along the veins and as low-grade impregnations in the vein material.

**Figure 8.1 Epithermal Deposit Model**



(Source: Corbett, 2004)

## 9.0 EXPLORATION

The following section addresses the exploration work completed by ETS and Oceanus beginning in 1997. Work by ETS is based on report by Black and Choquette (2013).

### 9.1 EXPLORATION BY EL TIGRE SILVER CORP (“ETS”)

In 2008 and 2009, Pacemaker, ETS’s subsidiary Pacemaker recovered many of the old Anaconda exploration files from the Anaconda Collection at the University of Wyoming. In the fall of 2007, James A. Bradbury, P.E. (Bradbury, 2007), analyzed the Anaconda and other data and proposed a low-grade silver mineralization target between the El Tigre and Seitz-Kelly Veins. Bradbury stated that Anaconda reports had proposed that a low-grade mineral potential may exist that could be considered an exploration target. Bradbury analyzed sample data from Anaconda surface sampling in the Espuelas Canyon area, as well as pre-1939 sample results from underground sampling on the 400 and 700 levels of the El Tigre Mine. This target was the focus of ETS exploration with surface rock chip sampling and drilling.

Data synthesis and field work completed by ETS identified five exploration targets on the El Tigre property that warranted additional detailed field work. The five targets are listed below and are prioritized in order of ETS’s expected potential. Exploration commenced on the El Tigre-Seitz-Kelly and Gold Hill targets beginning 2010 and culminated with a drilling program ending in May of 2013.

- El Tigre-Seitz-Kelly Veins and stockwork mineralization;
- Gold Hill disseminated gold in altered El Tigre formation;
- Fundadora–Aguila Veins and breccia pipes;
- Porvenir Canyon Vein target on south side of Gold Hill;
- Main El Tigre high grade vein target.

### 9.1 SATELLITE IMAGERY

ETS contracted Photosat Information, Ltd (Photosat) of Vancouver, British Columbia, to generate a series of base maps for El Tigre. Using data from the Geoeye satellite, Photosat produced 100 km<sup>2</sup> of digital imagery with a 0.5-metre pixel resolution as well as a 45 km<sup>2</sup> of topographic coverage with a 10 cm vertical accuracy and 0.5 m x 0.5 m pixel size Digital Terrain Model (DTM). Contour maps with 1m, 5m and 10m contour intervals were produced in Mapinfo formats. All El Tigre work completed by ETS following receipt of the digital products from Photosat was completed using the World Geodetic System (WGS) 84, UTM zone 12 projection in metres.

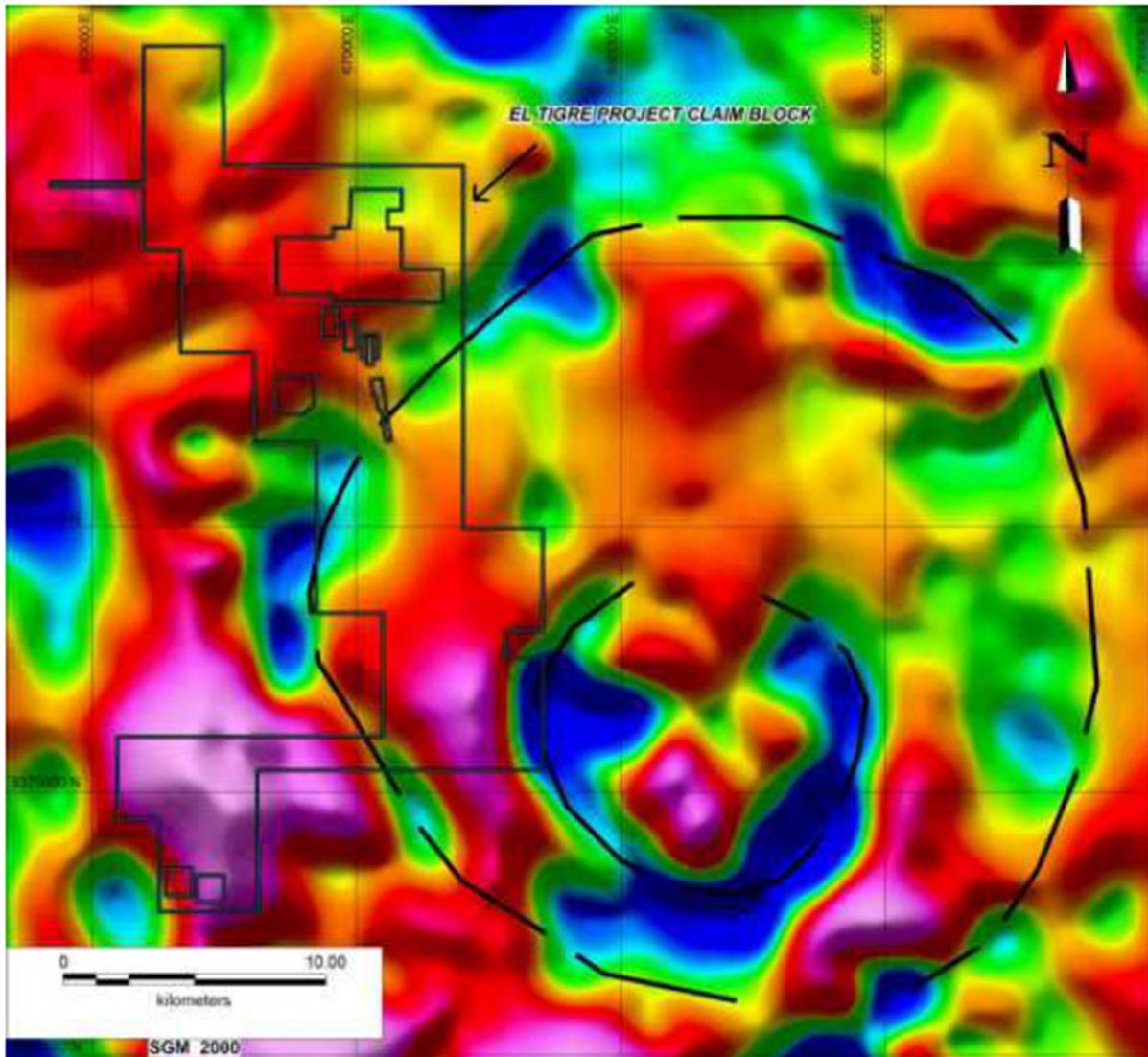
In addition, Hard Rock Consulting (HRC) was provided with a 1 meter resolution aerial topography of the tailings from historical production. The provided topography covered approximately 494.53 hectares. HRC created a 3D topography surface for the entire area, and draped the images over the topography to assist in delineating the boundaries of the tailings pile.

### 9.2 GEOPHYSICAL INTERPRETATION

Regional magnetics indicate two circular features possibly related to collapsed calderas to the east of the El Tigre Property. The larger one trends through the camp area and the faults that host

mineralization may be associated with or be caldera collapse structures. A second smaller potential caldera resides inside the larger one and is represented by a strong magnetic low. Several circular tectonic features, possibly collapsed calderas, and associated north-trending linear fractures, are readily observed on band 5, TM landsat images and on regional magnetics (Figure 9.2).

**Figure 9.1 SGM Regional Magnetic Map (SGM 2000)**



*(Source: Black and Cho)*

### **9.3 GEOLOGIC MAPPING PROGRAM**

During October 2009, Lucas Ochoa Landin (2009) conducted a field review including mapping and sampling. He mapped the Espuelas Canyon area, where the veins cross the canyon bottom, and a portion of Mula Mountain and Gold Hill in order to better identify the geology and sources of mineralization.

El Tigre geologists observed intense silicification, sericitization, iron oxides and fine dark sulfide mineralization in faults, veinlets and shears semi-concordant to the El Tigre, Sooy and Seitz-

Kelly Veins. This alteration extends southward for two kilometres to Gold Hill and offered a perspective on the potential size of the mineralized system.

#### **9.4 ETS SAMPLING METHOD AND APPROACH**

In order to establish exploration drillhole targets and support mineral resource estimates within the 2 km strike length of the El Tigre Vein system, ETS collected surface outcrop, dump, underground channel, and surface channel samples. Additionally test pit and trench samples were collected on historical tailings impoundment.

Surface chip channel samples are marked by a line at each end of the channel and are collected across zones of mineralization, alteration, and structure by taking continuous (approximately 10 cm width) chips from a saw cut, geologically defined traverse. The sample is chipped from the face with a mallet and chisel and captured by a large canvas. The canvas is cleaned after each sample has been taken and a lithologic description is recorded. The samples range from 1 to 2 metres long, depending on degree of mineralization and weigh approximately 3 to 6 kilograms. Their location is recorded by a Garmin hand-held GPS unit.

Underground channel samples are marked by a line at each end of the channel and are separated by structure and rock type. The sample site is cleaned with a wire brush to remove any dust and a 3 kg to 6 kg sample is chipped from the face with a mallet and chisel and captured by a large canvas. The canvas is cleaned after each sample has been taken and a lithologic description is recorded. The sample bags are numbered and sealed with a sample tag inside. Individual samples are placed into numbered sacks of 10 each along with the appropriate blanks and standards and stored in a locked warehouse at the camp site until shipped. Samples are transported by ETS personnel to Hermosillo where they are shipped by a contractor to the assay lab facility. The samples are located on underground maps and usually associated with a surface point by GPS.

As with the channel samples, single point rock chip samples are collected from an area of 1 to 2 metres in diameter. Multiple chips are collected from different points in the sampling area with a resulting weight from 1 to 3 kilograms. The chips are bagged and the same protocol is applied as with the channel samples. The location is recorded with a hand held Garmin GPS unit.

Six test pits in the tailings impoundment were either hand dug or a vertical channel of an eroded gully were sampled. These 6 samples were generally short due to poor access to either higher levels of the gully or depth to be hand dug. Samples were collected and placed into a large plastic bag. Samples generally weighed between 10 to 30 kilograms. Because of the size, they were taken to the camp storage facility and split with a Gilson splitter down to 5 kilograms. These smaller sample bags were then placed into a large transport bag along with the other tailing samples derived from the long channel sampling effort.

22 channel samples were collected down the flanks of the tailings pile. A total of 37 samples were collected. . The channel sampling consisted of digging a 10 cm wide by 10 cm deep channel from the top of the pile to the bottom. The sample interval was applied to the colored layer that the channel taken. Essentially, most of the channels crossed the three color layers so each layer could be analyzed separately. The samples were taken to the camp storage facility and split down with a Gilson splitter to about 5 kilograms if they were too large. Once split, they were placed into a transport bag for delivery to the ALS sample prep lab in Hermosillo.

## **9.5 2010 EXPLORATION PROGRAM**

ETS conducted a detailed, alteration and mineralization mapping program focused on the Gold Hill and Johnny Crosscut areas from July through September 2010. The Gold Hill area is an iron-stained, pyritized and weakly silicified wall rocks along the El Tigre Vein that extends 1 km along strike and is up 0.7 km in exposed width. A high density of surface pits and shallow workings on Gold Hill, six assays ranging from 3.4 to 34.2 g/t gold in the Johnny Crosscut Mine, and anomalous 0.315 to 0.412 g/t gold in 80 to 118 metres intervals in historical Anaconda core holes T-2 and T-3 combine to support a strong gold target in the Gold Hill area.

Rock chip samples were collected of individual altered and mineralized zones. Lithology, alteration, and mineralization are noted on maps and sample cards for geochemical analysis. Approximately 170 rock chip samples were collected in July 2010 and were sent to Skyline Laboratory in Tucson, Arizona. Reconnaissance sampling tested numerous targets over a 1.5 x 2.0 kilometer area covering Mula Mountain and Gold Hill. Four smaller targets within the Gold Hill area were identified from the 2010 exploration program;

- Johnny Crosscut Mine;
- Gold Hill – El Tigre Vein hanging and foot wall mineralization;
- Porvenir Crosscut - Tabular and El Tigre formation contact on the southern end of Gold Hill;
- Mula Mountain dome (Tabular formation) just west of the Browns Shaft area.

### **9.5.1 Johnny Crosscut**

Mine records and level maps from the Lucky Tiger Combination Gold Mining Company show that the southern half of the El Tigre Vein contains four mined-out historical mineralized shoots with a reported 1 opt average gold grade. The four areas extend over 550 metres through Mula Mountain from Brown's shaft on the northern side to the Johnny crosscut on the south. Seven surface samples were collected in the Johnny crosscut area during the 2010 sampling program. Both the hanging wall and footwall of the El Tigre Vein was sampled with grades ranging from 0.144 to 1.465 g/t gold and 3 to 74 g/t silver. The samples are not representative of the thickness or average grades encountered at specific sample locations. This mineralization has been postulated to be the northern extension of the intercepts in the historical Anaconda holes T-2 and T-3, 400 metres to the south.

### **9.5.2 Gold Hill**

Surface cover obscures the outcrop of the projected mineralization of historical Anaconda holes T-2 and T-3. However, three samples collected from the limited surface rock outcrops in the hanging wall of the El Tigre Vein yielded assays from 0.169 to 0.284 g/t gold and 0.7 to 163 g/t silver. The samples are not representative of the thickness or average grades encountered at specific sample locations.

## **9.6 2011 EXPLORATION PROGRAM**

Field work continued to target the hanging wall alteration zone of the El Tigre vein structure at Gold Hill. 215 rock chip samples were collected along this prospective zone ranging from 0.009 to 3.5 g/t gold and 1.0 to 412 g/t silver. The samples are not representative of the thickness or average grades encountered at specific sample locations. Additionally, a large rock outcrop of stockwork fractures and brecciated zones in the El Tigre Vein hanging wall tuffs was sampled.

## **9.7 2012 EXPLORATION PROGRAM**

The 2012 exploration program was again focused on the 1 kilometre long zone centered on south Mula Mountain to Gold Hill. New sampling was done on several waste dumps to determine their average gold and silver grades. These dumps included the Level 7 main haulage dump, a second Level 7 waste dump past the old mill area, the Level 4 waste dump, and Tigre Viejo Canyon waste dump. Some of the sampling also included rock-sawed channel samples that were collected within the Johnny Crosscut Mine, along some road cuts, and the Level 4 portal area. The total number of samples collected during the year was 645 samples. These samples were sent to Inspectorate in Hermosillo, Mexico for sample prep and Reno, Nevada for gold and silver analysis.

## **9.8 HISTORICAL MINE DUMPS**

The Level 7 dump was first constructed with material from a portal designed to intersect the El Tigre Vein and was later used as the main haulage level to transport mineralization from the Gold Hill area to the mill. Waste material was discarded near the portal entrance on the flanks of the canyon. The Level 7 dump contains considerable vein material that was mined but was either too low grade to go to the mill or was mixed with waste material. The Level 7 Dump is 145 metres long and 45 metres wide across the top and down to the creek drainage.

Rock chip sampling focused on the better exposed material on the top edge and down the flanks of the dump. The sampling program of the level 7 dump was conducted over the top and front face of the dump and spaced every 10 to 20 metres. Each of the 44 samples consisted of 10 kilograms of representative material at each site. The average silver assay of the 44 samples was 230 g/t (6.7 oz/ton), and ranged from 16.3 to 937 g/t. Gold averaged 0.89 g/t (0.026 oz/ton) within a range of 0.064 to 5.3 g/t. The samples are not representative of the thickness or average grades encountered at specific sample locations.

## **9.9 HISTORICAL TAILINGS IMPOUNDMENT**

In the summer of 2011 ETS collected 43 channel and pit samples. The sample material consists of very fine crushed rock with the consistency of coarse flour. Channel sampling was completed by channelling a total of 410 metres down the sides of the tailings pile at 25 metre spacing with 1.5 metre intervals from the top of the impoundment to the base. Sample intervals were broken at material color changes that correspond to different levels of oxidation from the original ores. These layers, from the bottom to the top, are red (fully oxidized, mined first), grey (partially oxidized), and yellow (sulfide, mined last). The following table reports the average silver and gold values from each layer reported in grams per ton. Silver values ranged from of 54 to 157 g/t, and gold values ranged from 0.164 to 0.988 g/t.

## 9.10 OCEANUS EXPLORATION PROGRAM

Oceanus mapped and sampled the historical workings north of the El Tigre Mine during the summer 2017 exploration program. The goals of the program were to map and identify the styles of mineralization and alterations exposed in the old workings and to collect a suite of channel samples to document the gold, silver and base metal grades. This work combined with field mapping would facilitate selecting drill targets for the fall 2017 drilling program. A total of 990 channel samples have been collected to date.

Channel samples were collected from nine underground exploration tunnels over a 2.0 kilometre strike length of the Protectora vein between Section 5650 and Section 7600 North and from additional exploration tunnels on the Fundadora and Caleigh Veins. None of these veins have been mined. The first exploration tunnel on the Protectora Vein is located 650m north along strike from the northern end of the old El Tigre Mine workings.

After surveying the tunnels, the geologists mapped the quartz veins and then collected channel samples across the back (roof) of the tunnels. The majority of the mine openings are between 1.0 to 2.0 metres wide and so the channel widths are limited to this approximate length. The geologists collected samples of the hanging wall alteration zone, the quartz vein material and the footwall alteration zones and the reported result is the weighted average grade across the width of the mine opening. The high grade silver values are related to the quartz vein material. The quartz veins and alteration zones exposed in these exploration workings are similar to those found in the historical El Tigre Mine workings.

In December 2016, Oceanus retained Geofisica TMC to carry out an orientation IP survey at El Tigre. A total of 7.4 line kilometres of pole:dipole survey was completed on 5 lines crossing the vein, stockwork and fracture system. The surveys were completed in January 2017. Lines 7315N and 6745N tested the Fundadora and Protectora Veins located several kilometres to the north of the El Tigre Mine while the three southern Lines 5150N, 4150N and 3310N tested the Camp, Mula Mountain and Gold Hill zones respectively. All five lines are showing chargeability highs and resistivity lows associated with the vein and stockwork/fracture zones.

## 10.0 DRILLING

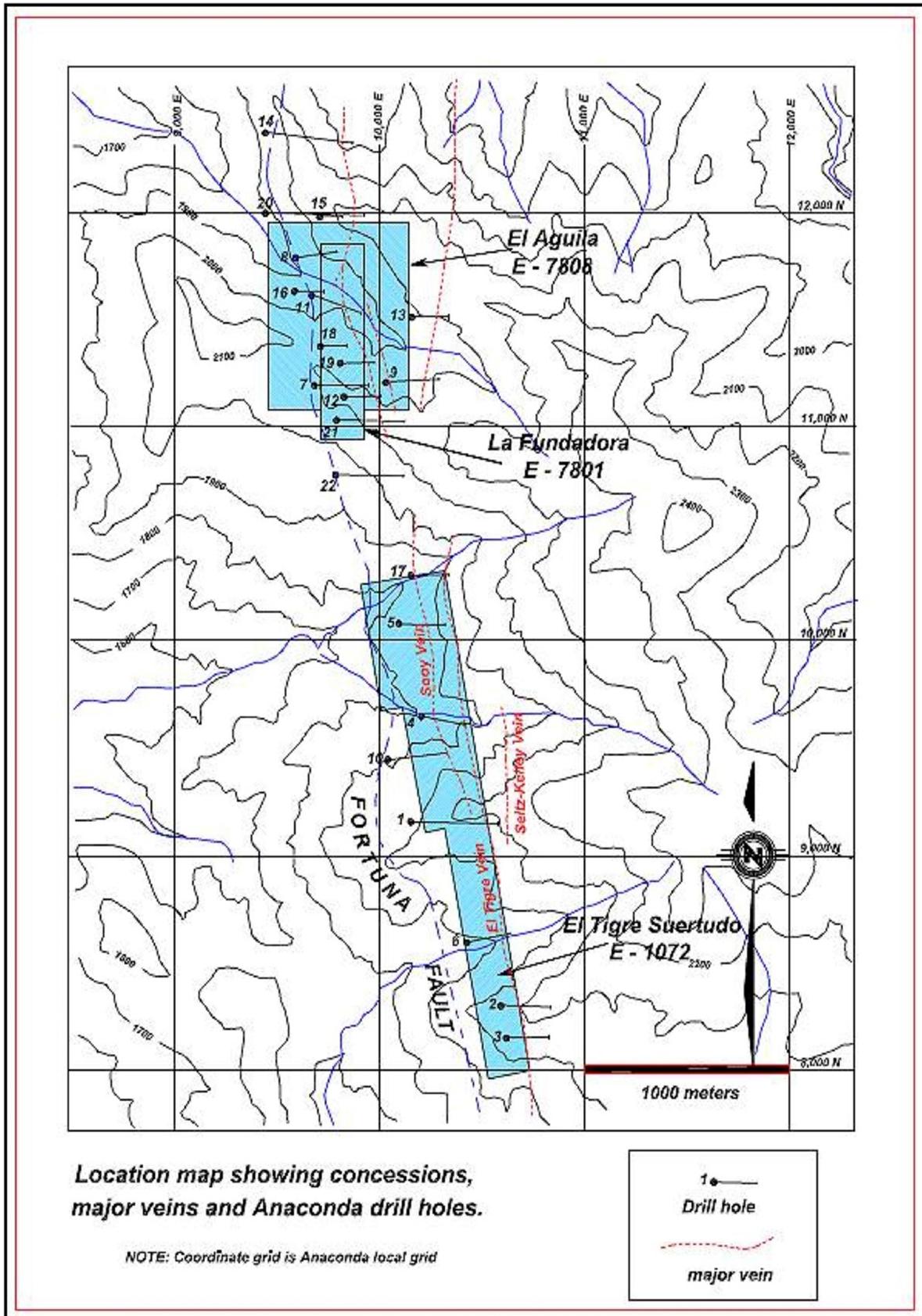
The information covering drilling between 2011 and 2013 is summarized from the 2013 Feasibility Report (Black, Z. Choquette, J., 2013).

### 10.1 NATURE AND EXTENT OF WORK

A total of six drilling campaigns have been completed on the test various targets and veins on the El Tigre Project property between 1982 and 2017 (Table 10.1). The first two drill programs were completed prior to ETS' acquisition of the Property. In the 1980's, Anaconda (Cobre de Hercules) completed 22 HQ and NQ diamond core holes (Figure 10.1) and in 1995 Minera de Cordilleras completed a four-hole RC drilling program for a total of 890 m on behalf of a third party. The final four programs were completed by ETS in 2011, 2012, 2013 and Oceanus in 2016-2017. Figure 10.2 shows the spatial distribution of the holes from these drill campaigns. ETS conducted two additional drilling campaigns on the material within the historical tailings impoundment. The first program was conducted in 2011 and consisted of 46 straight stem auger holes totalling 315.4 m. The second campaign included 7 core holes completed in 2013 for 129.9 m.

<b>Company</b>	<b>Year</b>	<b>Number of Holes</b>	<b>Metres Drilled</b>
Anaconda	1982-83	22	7,812.65
Minera de Cordilleras	1995	4 (RC)	890.00
El Tigre Silver	2011	10	2,313.35
El Tigre Silver	2012	11	2,235.77
El Tigre Silver	2013	38	4,861.90
Oceanus	2016 - 2017	62	11,923.1
<b>Total</b>		<b>147</b>	<b>30,036.77</b>

**Figure 10.1 Anaconda Drillhole Location Map**



(Source: Black, Z., Choquette, W., 2013)

## 10.2 EL TIGRE 2011 DRILLING

Based on the results of the 2010 exploration program, ETS drilled 10 core holes into four targets (Figure 10.2) along the southern projection of the El Tigre Vein system in early 2011. Mineralization in the veins was projected at least 300 m vertically below the surface to Level 7 of the El Tigre Mine. The results confirmed that the El Tigre Vein, along with other intercepted veins and stockwork zones, continued both down dip and along strike of the overall mineralized system. The individual drill targets are as follows:

- Espuelas Canyon – Disseminated argentite-galena mineralization encountered on the surface and in the Level 4 crosscut;
- Mule Mountain - Quartz-sericite-pyrite-galena stockwork, veins and veinlets in the hanging wall of the Seitz Kelly Vein on Level 7; Dip (inclination)
- Tigre Viejo Canyon - Quartz-sericite-pyrite-galena stockwork, veins and veinlets near the intersection of the El Tigre, Seitz Kelly, and Sooy Veins on Level 7; [SEP]
- Gold Hill - Disseminated and quartz veinlet controlled gold mineralization outcropping in the Tigre Viejo Canyon, and mined in stopes on Gold Hill. [SEP]

The drilling was conducted by Major Drilling de Mexico SA de CV of Hermosillo, Sonora from January 27, 2011 to March 7, 2011. The drilling program consisted of 11 HQ diameter core holes totaling 2313.35 m. Select significant intercepts from the 2011 drilling program, over 1 m true width and over 100 g/t Ag or 1.50 g/t Au, are presented in Table 10.2.

**TABLE 10.2**  
**ETS 2011 DRILLING SIGNIFICANT INTERCEPTS**

Drillhole	From (m)	To (m)	Length (m)	True Width (m)	Ag g/t	Au g/t
ET-23	142.00	144.00	2.00	1.28	121	0.58
ET-24	69.00	78.25	9.25	5.92	136	0.22
	124.00	128.00	4.00	2.56	108	0.12
ET-25	40.00	50.00	10.00	5.70	188	0.35
	43.00	45.00	2.00	1.14	713	0.68
ET-26	86.70	88.45	1.75	1.13	133	0.365
	90.15	91.90	1.75	1.13	142	0.23
	102.60	120.10	15.50	11.69	180	0.217
ET-27	107.00	111.00	4.00	2.80	242	3.17
ET-28	221.60	226.00	4.40	3.11	165	0.702
ET-31	85.00	102.50	17.5	11.24	129	0.861
	104.00	111.00	7.00	4.49	295	0.274
ET-32	104.00	108.50	4.50	2.88	146	0.076

## 10.3 EL TIGRE 2012 DRILLING

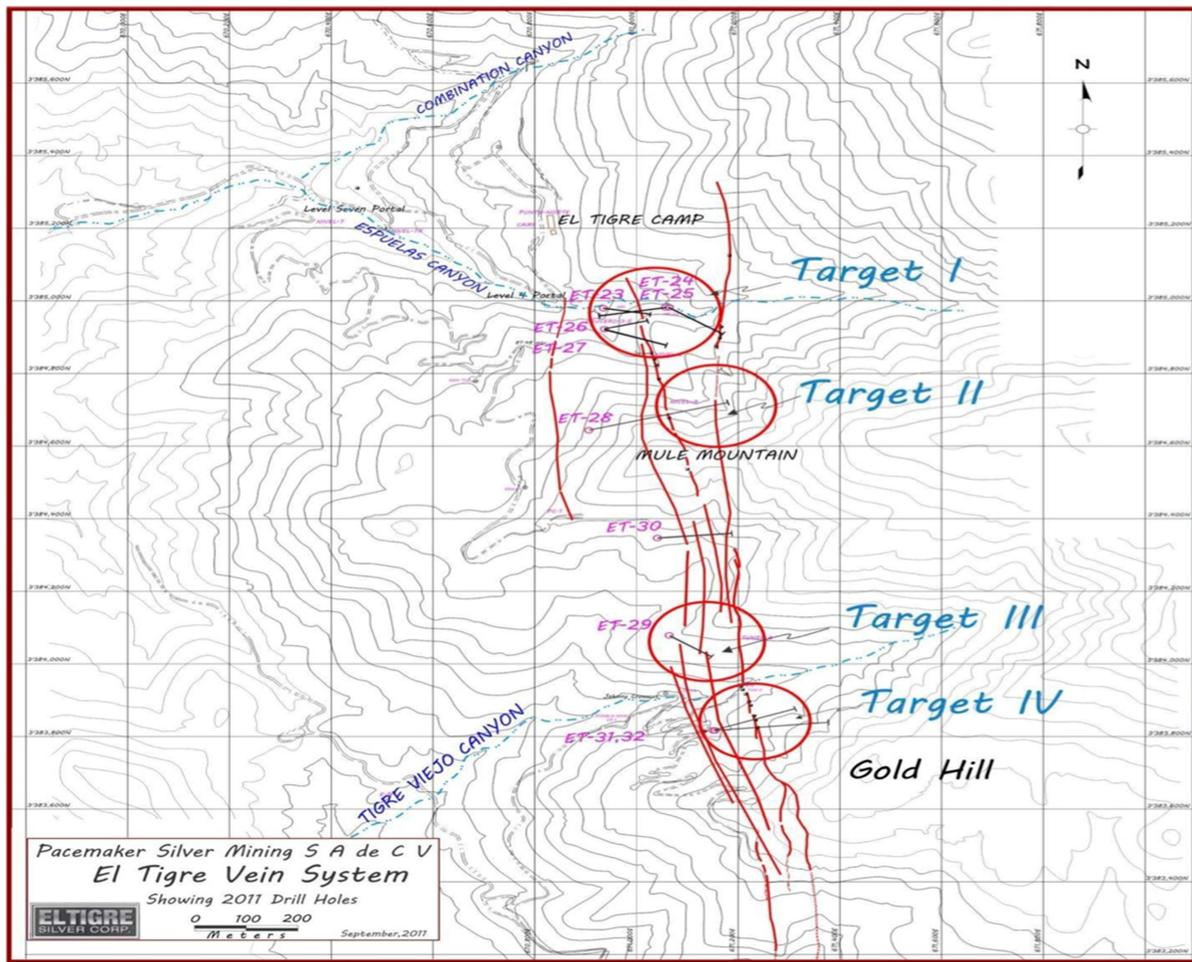
The 2012 ETS drilling program was focused entirely on Gold Hill to follow up on the wide lower grade gold intercepts found in ET-31, ET-32 (Table 10.2) and the historic holes of T-2 and T-3 (Table 6.1). Land Drill International Mexico, SA de CV of Hermosillo, Sonora, Mexico was commissioned to complete the HQ diameter diamond core holes. The program began in March of 2012 and

concluded in mid-May. The drilling program consisted of 10 HQ diameter core holes totalling 2235.77 metres. Select significant intercepts from the 2011 drilling program, over 1 m true width and over 100 g/t Ag or 1.50 g/t Au, are presented in Table 10.3.

TABLE 10.3 ETS 2012 DRILLING SIGNIFICANT INTERCEPTS						
Drillhole	From (m)	To (m)	Length (m)	True Width (m)	Ag g/t	Au g/t
ET-33	9	11.5	2.5	1.6	134.7	*
	67.9	85	17.1	11	168.7	1.11
ET-34	111.4	113	1.6	1.02	152.2	6.82
ET-37	175.5	185.5	10	1.74	336.3	0.22
Includes	176.42	177	0.58	0.1	2013.6	1.15
Includes	183	184	1.00	0.17	506.1	0.22
ET-38	46.4	51	4.6	2.89	*	6.38
Includes	48	50	2	1.26	*	5.76
ET-39	116.8	118.4	1.6	1.03	*	1.55
ET-42	107	108.9	1.9	1.22	133.61	1.004

\*Below Detection Limit

Figure 10.2 2011 Drillhole Location Map



(Source: Black, Z., Choquette, W., 2013)

## 10.4 EL TIGRE 2013 DRILLING

An expanded drilling program was conducted over the northern portion of Gold Hill with most of the effort expended on the southern flank of Mule Mountain, both north and south of the Brown Shaft. The last drillhole of the 2013 campaign was drilled near the summit of Mula Mountain overlooking the Camp area. The 2013 drilling program was conducted by Major Drilling de Mexico SA de CV of Hermosillo, Sonora from January 18, 2013 to April 10, 2013. The drilling program consisted of 38 HQ diameter core holes totalling 4,862 m. Select significant intercepts from the 2013 drilling program, over 1 m true width and over 100 g/t Ag or 1.50 g/t Au, as well as other select high grade intersections, are presented in Table 10.4 and drillhole locations are presented on Figure 10.3.

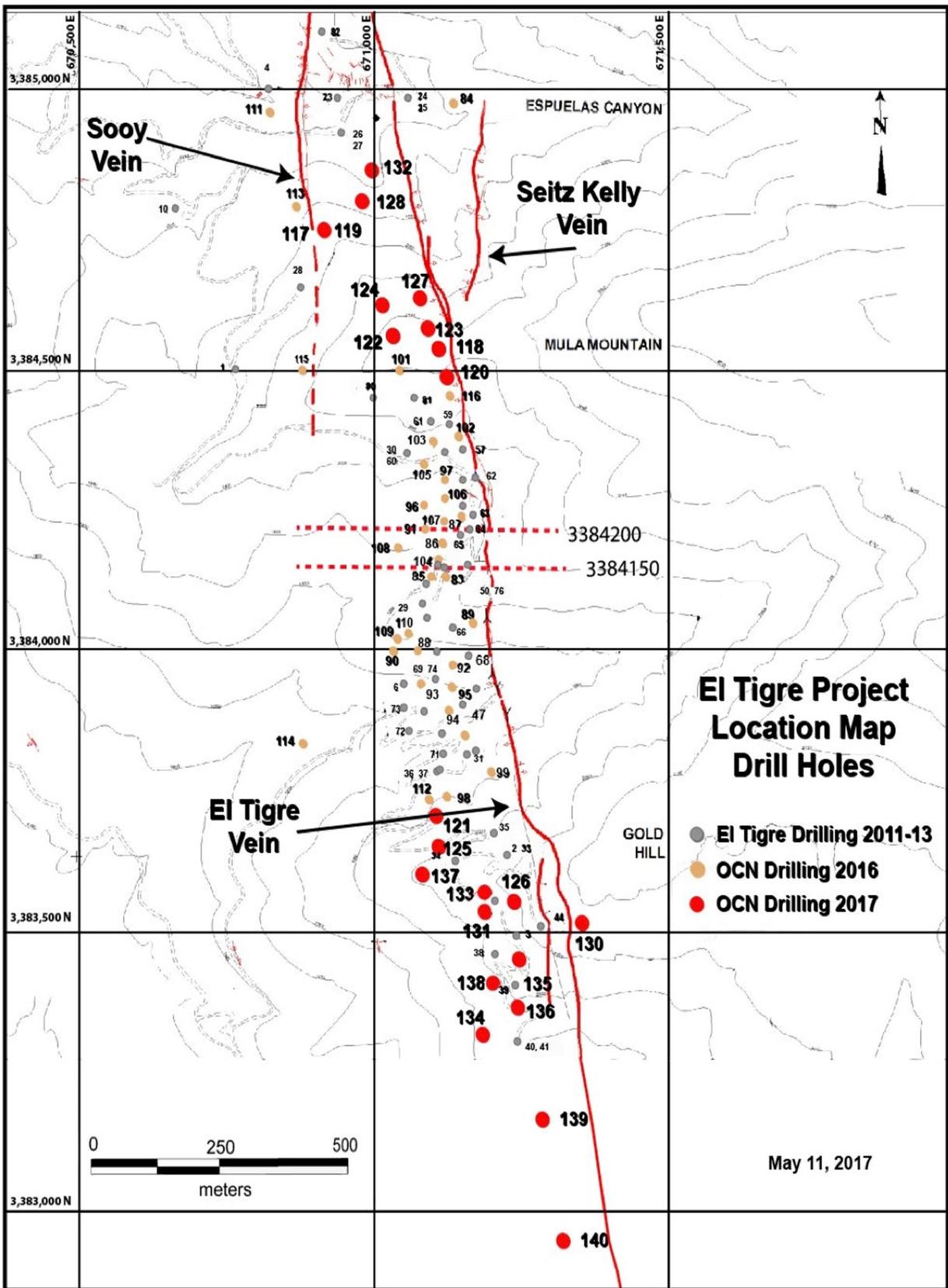
**TABLE 10.4**  
**ETS 2012 DRILLING SIGNIFICANT INTERCEPTS**

Drillhole	From (m)	To (m)	Length (m)	True Width (m)	Ag g/t	Au g/t
ET13-45	54.25	55.75	1.5	1.04	*	4.59
	60.05	61.5	1.45	1	*	1.58
ET13-46	27	30	3	2.12	11.75	3.28
Includes	28.5	30	1.5	1.06	12.3	5.86
	56.5	58	1.5	1.06	*	1.51
	71.5	74.5	3	2.12	117.7	0.27
ET13-48	116	117.5	1.5	1.07	106.5	0.14
ET13-49	3	22.5	19.50	13.55	29.52	1.211
Includes	4.5	13.67	9.17	6.37	58.77	1.056
Includes	15.15	16.50	1.35	0.94	4.9	2.82
	33	35	2	1.39	4	2.491
ET13-50	60.6	68.50	7.90	5.63	103.34	1.907
Includes	60.6	63.10	2.9	2.07	220.4	5.544
ET13-51	48.5	73	25.5	10.79	20.9	2.93
Includes	55.5	60.5	5	2.11	38.1	5.58
ET13-53	64.05	66.7	2.65	1.29	9.54	1.79
	71.6	81.6	10	4.85	109.55	1.26
Includes	75.5	80.15	4.65	2.25	427	2.42
ET13-55	41.5	46.35	4.85	2.05	201.82	0.76
ET13-56	35	51.3	16.3	10.04	129.79	0.61
	63	69.4	6.4	3.94	231.2	0.54
ET13-58	54.05	59	4.95	3.18	204.7	2.02
	69.5	72.5	3	1.93	35.8	2.77
	117.7	122.15	4.45	2.86	107.4	0.24
ET13-60	180.3	190.95	10.65	7.14	187.5	0.6
Includes	181.3	185.1	3.8	2.55	519.9	0.81
ET13-62	0	7	7	4.99	164.9	0.2
ET13-64	13	18.7	5.7	3.89	60.7	1.89
ET13-66	91.6	93	1.4	0.78	2057.5	74.19
Includes	92.1	92.5	0.4	0.22	3030	235
Includes	92.5	93	0.5	0.28	2920	5.34
ET13-67	19	45	26	17.89	6.7	1.65

**TABLE 10.4**  
**ETS 2012 DRILLING SIGNIFICANT INTERCEPTS**

<b>Drillhole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>True Width (m)</b>	<b>Ag g/t</b>	<b>Au g/t</b>
	81	83.5	2.5	1.72	235.6	0.45
	108.25	110.2	1.95	1.34	133.3	0.23
ET13-69	92	102	10	7.4	157.2	0.17
	98.5	100.65	2.15	1.59	571	0.45
ET13-71	101.25	104.65	3.4	2.14	270.7	0.22
	103.3	104.65	1.35	0.85	590.4	0.47
	103.6	103.9	0.3	0.19	1940	1.88
	120	137.3	17.3	10.88	109.5	*
Includes	124.95	125.4	0.45	0.28	291	0.86
Includes	129.9	130.5	0.6	0.38	1320	0.17
ET13-72	72.5	74.5	2	1.38	*	6.03
ET13-75	65.5	68.5	3	1.74	7.93	2.05
	137.65	138.65	1	0.58	767.45	3.95
	137.65	138.1	0.45	0.26	1,340.00	7.67
ET13-76	100.7	114.35	13.65	4.32	504.77	1.05
	102.85	104.25	1.4	0.44	4,143.21	5.41
Includes	103.8	104.25	0.45	0.14	8,660.00	6.97
	112.15	112.85	0.7	0.22	1,122.14	1.5
ET13-81	79.6	82.8	3.2	2.32	193.8	2.9

Figure 10.3 Updated Drillhole Location Map



(Source: Oceanus)

## 10.5 TAILINGS IMPOUNDMENT DRILLING

### 10.5.1 Hollow Stem Auger Drilling

As part of ETS' 2011 exploration program, a full examination of the tailings impoundment was continued. ETS drilled hollow stem auger holes to obtain samples in the thicker area of the impoundment. The tailings consist of three color types and from bottom to top are red oxide, grey mixed oxide-sulfide and yellow sulfide. The drilling program was designed to obtain sufficient samples from each of the color types to be composited for metallurgical test work.

At the end of November 2011, a 46-hole hollow stem auger drilling program was completed on the tailings pile. The holes were drilled with a 30 cm diameter auger bit and averaged about 7.5 m in depth.

Assays from the auger drilling program (silver, gold and other minor elements) were conducted by ALS Worldwide Labs, North Vancouver, Canada. This program produced 212 samples from the 46 auger holes totaling 315.4 m. Due to the homogenous nature of the tailings pile the results from hole to hole were similar. Table 10.4 summarizes the average grades from the 212 samples submitted for analysis.

<b>Element</b>	<b>Red Layer</b>	<b>Grey Layer</b>	<b>Yellow Layer</b>
Au (g/t)	103.6	81.0	87.7
Ag (g/t)	0.425	0.336	0.264

### 10.5.2 Diamond Drilling

At the completion of the 2013 in-situ vein area drilling, ETS moved the core rig down to the tailings impoundment to obtain additional samples for assaying and to intercept the contact of the tailings to the underlying soil horizon. This was done to assist in building a more reliable volume calculation for the resource model of the tailings pile. A total 7 HQ diameter diamond core holes totalling 132 m were completed.

### 10.5.3 Waste Dump Auger Hole Drilling

Three auger holes were also drilled into the 700 level dump in a line 15 m apart along the top edge. The holes were 1.5, 3.0 and 4.5 m deep with each sample collected representing a 1.5 m interval. The average silver assay of the 9 auger samples was 259 g/t (7.5 opt) within a range of 124 to 465 g/t. Gold averaged 0.71 g/t (0.021 opt) within a range of 0.26 to 1.26 g/t.

## 10.6 2016-2017 OCEANUS DRILLING PROGRAM

Oceanus completed the 2016-17 infill drilling program at El Tigre in May 2017 having drilled a total of 62 diamond drillholes totalling 11,923.1 m of HQ size. The purpose of this drill program was to support an NI 43-101 Mineral Resource estimation for the El Tigre Property. The results from the Oceanus drilling, prior drilling and other data were incorporated into the Mineral Resource estimation presented in Section 14. [SEP]The initial phase of the drill program consisted

of drilling several new holes near drillholes ET-13-051 and ET-13-064 to cross the entire width of the mineralized zone and end in the barren footwall rock; drilling several holes to test the extension of the high grade clavos; and completing a fence of drillholes across the entire mineralized zone consisting of the Sooy Vein in the hanging wall, the central El Tigre Vein and the Seitz-Kelly Vein in the footwall.

Azimuth locations are listed on Table 10.5 and presented on Figure 10.3. Select significant intersections are presented in Table 10.6.

Several step-out drillholes completed at the end of the 2016-2017 drill program returned encouraging results 400 m to the South and 800 m to the North of the old El Tigre Mine. These step-out holes are presented on Figure 10.4.

Highlights from the step-out drilling to the South of the old El Tigre Mine include:

- Hole ET-17-133 – 67.6 m of 1.49 g/t gold equivalent from 78.5 m to 146.1 metres consisting of 1.24 g/t gold and 19.1 g/t silver, including 23.4 m of 3.31 g/t gold equivalent consisting of 2.77 g/t gold and 40.5 g/t silver;
- Hole ET-17-139 – 5.2 m of 0.98 g/t gold equivalent from 10.6 m to 15.8 m consisting of 0.96 g/t gold and 1.7 g/t silver;
- Hole ET-17-140 – 9.0 m of 1.86 g/t gold equivalent from 35.0 m to 44.0 m consisting of 0.18 g/t gold and 125.5 g/t silver, including 1.5 m of 9.54 g/t gold equivalent consisting of 0.43 g/t gold and 683.2 g/t silver, in a step out hole approximately 400 m to the south of the Main Deposit past Gold Hill.

Step-out hole ET-17-144 intersected high-grade gold and silver mineralization in the Protectora vein located 800 m to the North of the old El Tigre Mine.

- Hole ET-17-144 returned 3.15 m of 36.6 g/t gold equivalent from a depth of 88.25 m to 91.40 m consisting of 10.1 g/t gold and 1990.9 g/t silver. This intercept included 0.85 m of 135.1 g/t gold equivalent consisting of 37.2 g/t gold and 7,338.9 g/t silver. The 0.85 m intercept also returned 2.84% copper, 4.06% zinc and 1.38% lead;
- Hole ET-17-144 also returned 1,107.36 g/t silver and 0.024 g/t gold over 1.5 m from a depth of 188.65 m to 190.15 m.

These drill results demonstrated wide oxidized zones of precious-metals mineralization at El Tigre that outcrop at surface.

	<b>Northing</b>	<b>Easting</b>	<b>Elevation</b>	<b>Azimuth</b>	<b>Dip</b>	<b>Length</b>
ET-16-083	3384150	671110	1862	90	-65	197.1
ET-16-084	3384975	671113	1885	90	-45	142.3
ET-16-085	3384125	671097	1958.2	90	-45	260.7
ET-16-086	3384175	671122	1961	90	-45	151.1
ET-16-087	3384225	671149	1965.6	90	-50	199.9
ET-16-087A	3384225	671149	1965.6	90	-45	62.3

**TABLE 10.6**  
**OCEANUS DRILLING 2016-2017**

	<b>Northing</b>	<b>Easting</b>	<b>Elevation</b>	<b>Azimuth</b>	<b>Dip</b>	<b>Length</b>
ET-16-088	3384000	671074	1905.7	90	-48	178.9
ET-16-089	3384050	671164	1951	90	-55	144.9
ET-16-090	3384000	671051	1904	90	-45	220.7
ET-16-091	3384200	671104	1904	90	-50	157.1
ET-16-092	3383975	671141	1900	90	-45	150.9
ET-16-093	3383950	671080	1872	90	-45	137
ET-16-094	3383900	671136	1876.0	90	-45	144.5
ET-16-095	3383975	671091	1893.0	90	-45	199.5
ET-16-096	3384250	671112	1949.0	90	-50	178.3
ET-16-097	3384300	671129	1964.0	90	-45	150.1
ET-16-098	3383750	671157	1942.0	90	-45	153.7
ET-16-099	3383800	671187	1934	90	-45	150.5
ET-16-100	3383875	371151	1986	90	-45	148.3
ET-16-101	3384500	671055	2074.0	90	-45	239.0
ET-16-102	3384375	671140	2007.0	90	-45	150.3
ET-16-103	3384375	671121	1976.0	90	-45	212.65
ET-16-104	3384125	671145	1986.0	90	-45	138.45
ET-16-105	3384325	671121	1976.0	90	-45	129.6
ET-16-106	3384275	671130	1959.0	90	-55	160.1
ET-16-107	3384225	671108	1944.0	90	-45	150.65
ET-16-108	3384175	671086	1935.0	90	-45	180.95
ET-16-109	3384025	671035	1925.0	90	-50	254.45
ET-16-110	3384025	671115	1930.0	90	-45	169.1
ET-16-111	3384975	670858	1819.0	90	-45	252.05
ET-16-112	3383750	671130	1942.0	90	-45	244.5
ET-16-113	3384800	670902	1954.0	90	-45	224.65
ET-16-114	3383850	670900	1814.0	90	-45	342.45
ET-16-115	3384500	670898	2049.0	90	-45	313.05
ET-16-116	3384425	671144	2027.0	90	-45	177.75
ET-17-117	3384704	670888	1970	90	-45	205.1
ET-17-118	3384500	671120	2065	90	-45	211.6
ET-17-119	3384704	670888	1970	90	-60	50.0
ET-17-120	3384445	671118	2036	90	-45	200.7
ET-17-121	3384900	670987	1884	90	-45	221.0
ET-17-122	3384550	671037	2099	90	-45	147.6
ET-17-123	3384550	671096	2097	90	-45	184.3
ET-17-124	3384600	671021	2096	90	-45	150.6
ET-17-125	3383725	671155	1960	90	-45	215.0
ET-17-126	3383600	671217	2034	90	-45	149.0
ET-17-127	3384600	671112	2077	90	-45	182.6
ET-17-128	3384800	670994	1938	90	-45	156.6
ET-17-129	3384527	667178	1300	0	-90	275.5
ET-17-130	3383550	671269	2041	90	-45	101.9
ET-17-131	3383350	671212	2013	90	-68	259.1

**TABLE 10.6**  
**OCEANUS DRILLING 2016-2017**

	<b>Northing</b>	<b>Easting</b>	<b>Elevation</b>	<b>Azimuth</b>	<b>Dip</b>	<b>Length</b>
ET-17-132	3384900	670987	1884	90	-45	80.0
ET-17-133	3383500	671236	2020	90	-45	169.1
ET-17-134	3383300	671185	1940	90	-50	302.0
ET-17-135	3383450	671232	1994	90	-45	223.7
ET-17-136	3383350	671239	1960	90	-45	221.0
ET-17-137	3383600	671099	1988	90	-55	144.2
ET-17-138	3383400	671220	1973	90	-60	275.4
ET-17-139	3383150	671303	1830	90	-45	116.0
ET-17-140	3382950	671313	1797	90	-45	212.0
ET-17-141	3387684	670011	1927	90	-45	299.0
ET-17-142	3387700	670277	1939	90	-45	247.4
ET-17-143	3385650	670740	1840	90	-45	232.0
ET-17-144	3386645	670680	2040	90	-45	224.0

**TABLE 10.7  
OCEANUS DRILLING 2016-2017**

<b>Drill Section</b>	<b>Hole ID</b>	<b>Comment</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length<sup>(1)</sup> (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>AuEq<sup>(2)</sup> (g/t)</b>
4150	ET-16-083		12.4	133.5	121.1	1.02	27.0	1.38
		including	16.7	74.4	57.8	1.51	28.9	1.90
		including	38.2	57.9	19.7	2.63	40.3	3.17
		including	68.8	74.4	5.7	1.87	10.5	2.01
4975	ET-16-084		13.4	53.0	39.7	0.25	1.0	0.26
		including	13.4	25.0	11.7	0.40	1.0	0.41
		and	64.3	68.0	3.7	0.14	120.5	1.75
4125	ET-16-085		39.6	129.3	89.7	0.62	30.3	1.02
		including	80.5	129.3	48.8	0.74	48.9	1.40
		including	97.3	118.4	21.1	1.38	73.6	2.36
4175	ET-16-086		0.0	6.2	6.2	1.21	37.1	1.71
		including	41.4	49.0	7.6	1.28	30.0	1.68
		including	60.3	71.8	11.5	1.14	27.7	1.51
4225	ET-16-087		0.0	79.2	79.2	0.80	16.7	1.02
		including	14.6	42.1	27.5	1.14	38.7	1.66
		including	52.5	59.0	6.5	2.86	5.1	2.92
4000	ET-16-088		22.6	30.0	7.5	0.82	1.3	0.84
		and	64.7	126.3	61.6	0.49	12.5	0.66
		including	98.2	107.3	9.1	1.15	19.5	1.41
		including	146.6	154.1	7.5	1.18	1.1	1.19
4050	ET-16-089		0.0	60.8	60.8	0.31	21.8	0.60
		including	46.6	54.8	8.3	0.74	47.9	1.37
4000	ET-16-088		22.6	30.0	7.5	0.82	1.3	0.84
		and	64.7	154.1	89.4	0.48	9.5	0.61
		including	98.2	107.3	9.1	1.15	19.5	1.41
			166.7	168.1	1.4	0.07	397.3	5.37
4000	ET-16-090		43.1	51.8	8.7	0.62	0.6	0.62
		and	96.2	125.3	29.1	0.46	3.0	0.50
4200	ET-16-091		33.4	146.3	112.9	0.39	9.9	0.52
3975	ET-16-092		0.0	95.6	95.6	1.17	13.2	1.35
		including	0.0	42.1	42.1	2.40	17.1	2.62
3950	ET-16-093		39.4	57.8	18.4	0.37	3.3	0.41
		including	40.6	44.0	3.4	0.99	4.2	1.04
3900	ET-16-094		0.0	94.7	94.7	0.35	11.7	0.51
		including	60.0	73.8	13.9	1.00	2.7	1.03
		and	114.0	118.7	4.7	0.09	77.9	1.13
3975	ET-16-095		27.8	123.2	95.5	0.42	26.3	0.77
		including	48.7	57.0	8.3	1.59	8.0	1.70
		including	69.9	80.4	10.5	0.40	67.5	1.30
		including	106.5	109.5	3.0	0.25	410.4	5.72
4250	ET-16-096		9.0	34.0	25.0	0.33	5.2	0.38
		and	54.0	59.4	5.4	1.71	29.4	2.11
		including	81.0	109.7	28.7	1.06	15.1	1.26

**TABLE 10.7  
OCEANUS DRILLING 2016-2017**

Drill Section	Hole ID	Comment	From (m)	To (m)	Length <sup>(1)</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>(2)</sup> (g/t)
		and	140.2	142.8	2.7	1.16	0.7	1.16
4300	ET-16-097		0.0	25.0	25.0	0.23	17.7	0.46
		and	85.2	91.8	6.6	0.45	192.4	3.01
		and	110.0	125.0	15.0	0.44	2.2	0.47
3800	ET-16-099		21.9	36.8	14.9	0.76	12.4	0.92
		and	50.4	70.5	20.2	0.22	20.3	0.49
		and	80.4	98.6	18.3	0.36	92.3	1.60
		including	81.0	86.2	5.2	0.74	292.6	4.64
3875	ET-16-100		3.8	28.1	24.3	0.60	11.0	0.74
		and	66.7	100.1	33.4	0.33	26.1	0.68
		including	97.5	98.8	1.3	0.30	476.0	6.64
4500	ET-16-101		41.5	62.0	20.6	0.59	3.9	0.64
		and	72.0	95.3	23.3	0.80	6.7	0.89
		and	136.8	138.4	1.6	1.08	3.8	1.13
4375	ET-16-102		15.5	32.5	17.0	0.38	2.7	0.41
		and	39.9	57.5	17.7	0.28	6.8	0.37
		and	78.0	92.0	14.1	0.32	0.8	0.33
4375	ET-16-103		57.7	88.4	30.7	0.44	5.8	0.52
		and	153.2	164.0	10.8	0.60	1.1	0.61
		and	173.0	179.6	6.6	0.65	60.8	1.46
4125	ET-16-104		22.6	138.5	115.9	0.43	11.4	0.58
		including	35.8	102.8	67.0	0.56	18.3	0.81
		including	54.0	70.7	16.8	0.63	48.8	1.28
			95.3	98.2	2.9	5.01	10.1	5.15
4325	ET-16-105		14.5	93.5	79.0	0.54	10.6	0.68
		including	41.5	58.5	17.0	0.64	29.4	1.04
		including	54.2	58.5	4.4	0.84	79.5	1.90
		including	81.0	93.5	12.5	1.25	3.1	1.29
4275	ET-16-106		0.0	54.9	54.9	0.30	14.4	0.49
		including	32.3	42.3	10.0	0.45	42.8	1.02
		and	64.5	66.0	1.5	2.35	4.2	2.41
4275	ET-16-106		0.0	54.9	54.9	0.30	14.4	0.49
4225	ET-16-107		2.3	9.5	7.2	0.62	3.3	0.67
		and	18.3	81.9	63.7	0.36	34.9	0.83
		including	19.4	30.6	11.2	0.67	33.3	1.11
		including	59.5	65.9	6.5	1.04	129.9	2.77
		including	71.1	74.4	3.4	0.27	117.0	1.83
		and	101.9	120.7	18.8	0.54	6.9	0.64
4175	ET-16-108		42.7	152.7	110.0	0.60	14.5	0.79
		including	49.9	55.0	5.1	2.16	3.1	2.20
		including	74.1	86.0	11.9	1.11	7.1	1.20
		including	102.5	118.5	16.0	0.82	64.7	1.69
		including	136.5	144.0	7.5	1.20	2.6	1.23

**TABLE 10.7  
OCEANUS DRILLING 2016-2017**

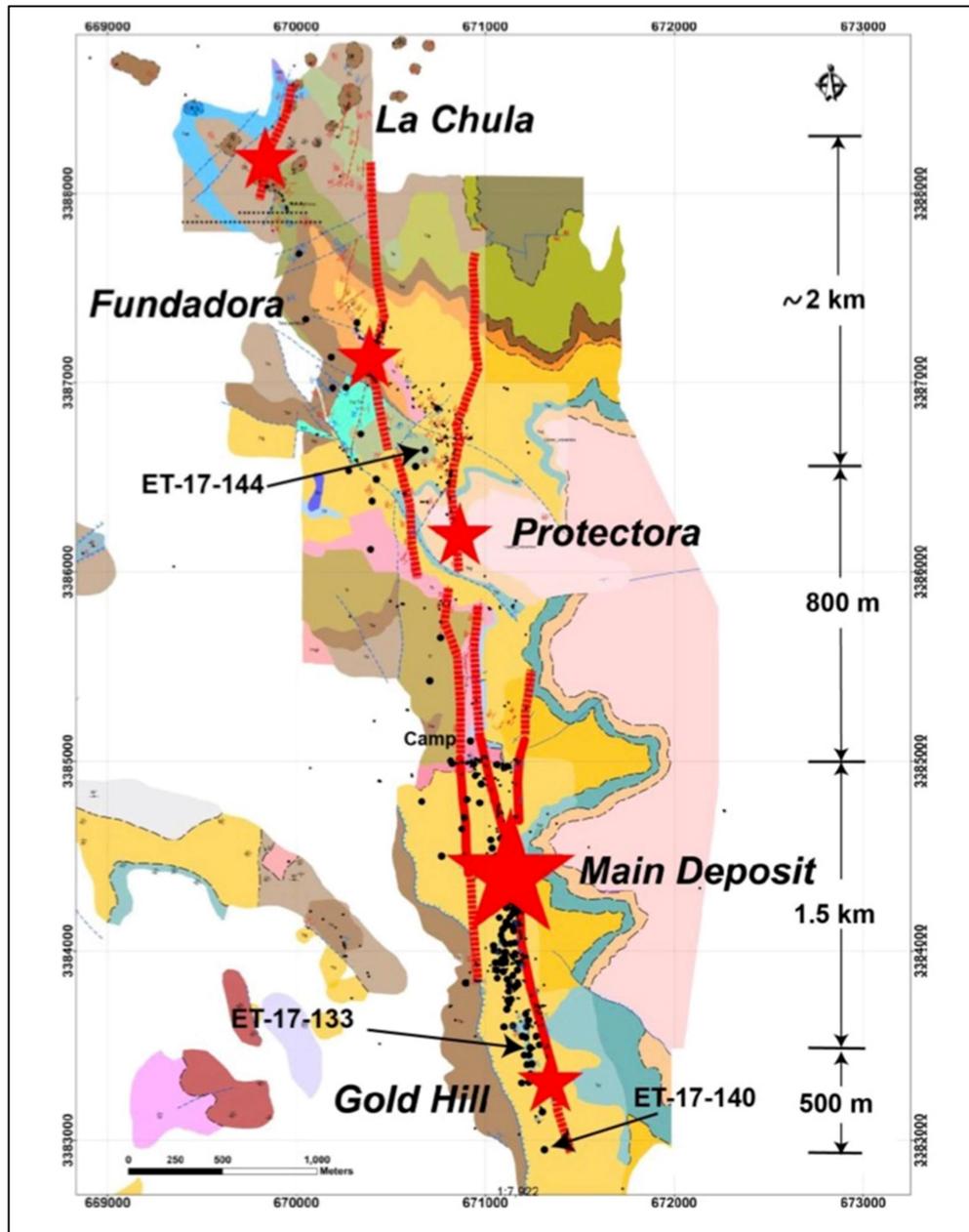
<b>Drill Section</b>	<b>Hole ID</b>	<b>Comment</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length<sup>(1)</sup> (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>AuEq<sup>(2)</sup> (g/t)</b>
4025	ET-16-109		111.9	140.7	28.8	0.70	3.1	0.75
		including	117.2	124.2	7.0	1.57	4.4	1.63
		and	160.9	181.3	20.4	0.40	212.0	3.23
		including	163.6	167.6	4.0	0.82	981.2	13.90
		including	163.6	164.3	0.7	2.12	2964.5	41.65
		and	196.5	199.9	3.3	0.30	6.0	0.38
		and	210.9	215.0	4.1	0.19	14.2	0.38
4550	ET-17-123		76.4	80.6	4.2	0.42	0.8	0.43
		and	133.5	149.5	16.0	0.20	13.5	0.38
4600	ET-17-124		64.5	82.7	18.2	0.23	87.3	1.39
		and	94.8	120.6	25.8	0.41	20.9	0.69
4600	ET-17-124		64.5	82.7	18.2	0.23	87.3	1.39
3700	ET-17-125		13.9	19.1	5.3	0.74	0.5	0.75
		and	58.7	62.0	3.4	0.42	33.0	0.86
		and	134.0	142.2	8.2	0.37	37.1	0.87
3600	ET-17-126		4.5	23.0	18.5	0.17	72.1	1.13
		including	15.8	21.5	5.8	0.48	182.8	2.92
		and	87.0	105.0	18.0	0.35	32.3	0.78
		and	112.0	118.0	6.0	0.19	11.3	0.34
4600	ET-17-127		35.0	58.6	23.6	0.35	27.9	0.72
		including	51.1	52.7	1.6	1.30	395.9	6.57
4775	ET-17-128		86.4	112.2	25.8	0.63	28.0	1.00
		including	100.4	105.1	4.7	1.06	106.6	2.48
3550	ET-17-130		53.8	55.7	1.9	0.34	11.9	0.49
3550	ET-17-131		58.0	67.3	9.3	0.74	9.1	0.86
		and	77.9	86.3	8.4	0.27	2.7	0.30
		and	142.5	147.0	4.5	0.80	74.6	1.80
		and	178.0	202.2	24.2	0.35	22.0	0.65
4900	ET-17-132		37.5	48.2	10.7	0.20	22.1	0.50
		and	53.0	68.0	15.0	0.33	10.9	0.47
3500	ET-17-133		65.4	68.4	3.0	0.98	1.0	0.99
		and	78.5	146.1	67.6	1.24	19.1	1.49
		including	97.5	120.9	23.4	2.77	40.5	3.31
		and	137.0	146.1	9.1	0.29	4.7	0.35
		and	156.9	160.0	3.1	0.48	0.7	0.49
3300	ET-17-134		98.2	105.5	7.3	0.62	9.6	0.75
		and	133.2	147.5	14.3	1.01	0.5	1.02
		including	134.0	135.8	1.8	6.33	2.1	6.36
		and	223.4	226.1	2.7	0.50	0.6	0.51
		and	239.9	242.0	2.1	1.06	80.6	2.13
3450	ET-17-135		71.9	109.6	37.7	0.62	12.4	0.78
		including	77.6	96.4	18.8	0.91	18.9	1.16
		and	121.4	134.3	13.0	0.60	12.9	0.77

**TABLE 10.7  
OCEANUS DRILLING 2016-2017**

<b>Drill Section</b>	<b>Hole ID</b>	<b>Comment</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length<sup>(1)</sup> (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>AuEq<sup>(2)</sup> (g/t)</b>
		and	140.3	154.6	14.3	0.68	4.7	0.74
		and	215.3	223.7	8.4	1.52	32.4	1.95
3350	ET-17-136		26.0	44.0	18.0	0.94	3.5	0.99
		and	137.0	146.5	9.5	1.57	3.1	1.62
		and	155.4	164.8	9.4	0.40	0.5	0.41
		and	174.0	180.0	6.0	0.35	0.8	0.36
		and	195.5	206.0	10.5	0.33	0.9	0.34
3600	ET-17-137		98.5	129.5	31.0	0.41	1.3	0.43
			145.2	175.3	30.1	0.38	13.0	0.55
			268.6	276.1	7.5	0.32	1.3	0.33
3400	ET-17-138		20.0	25.0	5.0	0.42	0.7	0.43
		and	66.7	83.4	16.8	0.21	6.9	0.31
		and	103.1	104.6	1.5	0.46	1.2	0.48
		and	178.0	185.0	7.0	0.24	1.2	0.26
		and	238.0	246.3	8.3	0.28	5.1	0.35
3150	ET-17-139		10.6	15.8	5.2	0.96	1.7	0.98
2950	ET-17-140		35.0	44.0	9.0	0.18	125.5	1.86
		including	36.5	38.0	1.5	0.43	683.2	9.54

- 1) True width has not been calculated for each individual intercept, but true width is generally estimated at 75-90% of drilled width. Metallurgical recoveries and net smelter returns are assumed to be 100%.
- 2) Gold Equivalent ratio based on gold to silver price ratio of 75:1 Ag: Au.

**Figure 10.4 Exploration Hole ET-17-144 Location**



*(Source: Oceanus)*

## **10.7 DRILLING PROCEDURES**

All drill core for the ETS and Oceanus campaigns are HQ diameter. All drilling activities are monitored by an onsite geologist. Drilling sites are prepared by a contractor with heavy equipment suitable for making and maintaining exploration roads. Drillhole orientation is marked out with wooden stakes for the drill crew. Once the drill rig is in position the onsite geologist verifies the azimuth and inclination of the drillhole with the drilling contractor and the hole is initiated.

Drill core is retrieved as needed by ETS technicians under the direction of the geologist. The core is placed at the drill in wax impregnated cardboard boxes holding 2m of core. An El Tigre

technician transports the core boxes to a dedicated onsite core facility where it is processed for assaying. At the core shed, the core is washed and the technician writes the beginning and ending depths in metres of each core box on the front of each box with a marking pen.

Next, the technician examines measures and records geotechnical information including recovery and rock quality designation (RQD) >10 cm. Core recoveries are generally 90% or better.

Geologists describe the core on paper logs with graphic and prose entry methods. The paper log has sections for lithology and alteration description and another comment area for mineralization, veins, and structure. There is an area for sample interval and number. The geologist selects intervals for analytical sampling. Sample length varies with changes in lithology, alteration, and mineralization. The geologist marks each sample interval in the core box and writes the sample number at the end of each interval. A sample tag is also stapled in the core box at the end of each sample interval.

## **10.8 DRILLHOLE COLLAR SURVEYS**

All drillhole collars were surveyed following the completion of the drilling program. The surveys were completed by various registered surveyors using a high quality and accurate GPS system that locates a point within a few centimetres.

## **10.9 DOWN-HOLE SURVEYS**

Every diamond drillhole was down-hole surveyed at the end of drilling each hole. The readings were taken every 50 metres, beginning at the first 50 metres below the collar. Depending on the depth of the hole, each hole has at least two surveys. The down-hole instruments recorded azimuth and declination of the holes and have been used to confirm the orientation of the drill rig at the surface. This information is recorded in an excel work sheet.

## **10.10 INTERPRETATION**

It is the author's opinion that Oceanus used industry standards in conducting its drilling and logging programs

## **11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY**

### **11.1 2010 – 2013 SAMPLE PREPARATION, ANALYSES AND SECURITY**

The following information relating to sample preparation, analyses and security undertaken by El Tigre Silver Corp (“ETS”), has largely been taken from the 2009 (Wood 2009), 2011 (Gibson 2011) and 2013 (Black and Choquette 2013) Reports on the El Tigre Property.

The author has not reviewed information relating to quality control/quality analysis (“QA/QC”) prior to 2010, due to a lack of information relating to protocol, sampling methods and analytical procedures. Additionally, the author has not reviewed the raw data relating to QA/QC for the 2010 through 2013 exploration work and has relied upon the aforementioned 2009, 2011 and 2013 reports. Information relating to sampling procedures, analyses and security for ETS’ 2010 to 2013 exploration programs is discussed herein.

#### **11.1.1 SAMPLING PROTOCOL AND SECURITY**

ETS conducted extensive geochemical rock chip sampling and completed three core-drilling campaigns from 2010 to 2013.

Drill core was collected from the drill rig site by authorized company personnel and taken to the on-site, fenced storage facility behind the main office/camp building. Core samples were marked during collection and logging with a unique sample number and the marked intervals sawed with a diamond core saw. Half of the sample was placed in a plastic sample bag, then tagged (with it’s unique sample number), labeled and sealed. The remaining half of the drill core was returned to the core boxes and stored in the steel core shed on site.

Sample shipments consisted of 60 to 200 samples and details of all samples were documented on a lab submittal sheet, which was sent with the sample shipment. The bagged samples were then taken by truck to Hermosillo to either the Pacemaker Silver (a subsidiary of ETS) office storage area in Hermosillo for temporary storage or taken directly to the lab. Samples were under the control of authorized ETS personnel at all times until received by the lab.

Samples were analyzed at two different laboratories throughout 2010 to 2013. ETS used Skyline Assayers and Laboratories Inc., of Tucson, Arizona (“Skyline”) in the first half of 2010, ALS Minerals (“ALS”) of Vancouver, British Columbia from mid-2010 through 2011, Skyline again in 2012, as well as Inspectorate of Reno, Nevada.

When required, ALS personnel transported the samples from ETS’ Hermosillo office to the ALS sample preparation facility in Hermosillo. The prepared sample pulps were then sent for gold and silver analysis to the ALS assaying facility in either Canada or the United States.

#### **11.1.2 SAMPLE PREPARATION AND ANALYSIS**

ETS used three different labs including Skyline in 2010, ALS Global in 2010 and 2011, Inspectorate in 2012 and Skyline in 2012. Sample preparation by each of these labs is generally similar.

Once a sample arrives in the assay laboratory, it is given a unique bar code for tracking, weighed and dried. Samples were then prepared for assaying by crushing with a jaw crusher to >80% minus 10 mesh, split; and pulverized to >90% minus 150 mesh. This pulped material is then bagged and the samples are assayed from a 250 gram sample split. Gold is assayed by 30 gram fire assay followed by an atomic absorption (AA) analysis. Values over 10 ppm gold are fire assayed with gravimetric finish. For silver and other trace elements, pulp is digested either in an aqua regia solution or a four acid total digestion and leach followed by either an AA scan for silver and/or an ICP-AES ICP Scan for 33 elements. Silver over limits are fire assayed. Pulps and rejects are returned to El Tigre's office and stored.

### **11.1.3 QUALITY ASSURANCE/QUALITY CONTROL**

ETS' exploration program in 2010 included transporting 300 rock chip samples to Skyline laboratory, a reputable laboratory, in the first half of the year. ETS relied upon Skyline laboratory's own internal QA/QC protocol.

In the second half of 2010, ETS submitted further rock chip samples for analysis and again relied upon the laboratory's own internal QA/QC protocol.

In 2011 ETS conducted its first drilling program, comprising ten drillholes. ETS began inserting a limited number of standards, duplicates and blanks into the sample stream for analysis. In total, 20 blanks, 11 duplicates and 3 standards were submitted with the drill samples. ALS completed all analyses. Performance of the QC samples was largely acceptable.

The 2012 drill program consisted of 11 drillholes and the QA/QC program was greatly improved over earlier efforts. A total of 18 blanks, 23 duplicates and 7 standards were submitted with the drill samples. Again, for the most part, these samples passed quality control. Analysis was carried out by Inspectorate, with sample preparation completed in Hermosillo.

The 2013 drill program consisted of 38 drillholes and the volume of QA/QC samples tripled compared to earlier drilling programs. The number of standards and blanks increased for each submittal of drill samples. Field duplicate sampling ceased soon after the drill program commenced and by the end of the sampling program, a total of 65 blanks, 4 duplicates and 65 standards were submitted with the drill samples to Skyline for analysis. Performance of the QC samples was largely acceptable.

## **11.2 2016 – 2017 SAMPLE PREPARATION, ANALYSES AND SECURITY**

### **11.2.1 SAMPLING PROTOCOL AND SECURITY**

The diamond drill core (HQ size) is geologically logged, photographed and marked for sampling. When the sample lengths are determined, the full core is sawn with a diamond blade core saw with one-half of the core being bagged and tagged for assay. The remaining portion is returned to the core trays for storage and/or for metallurgical test work.

The sealed and tagged sample bags are transported to the ActLabs facility in Zacatecas, Mexico.

## 11.2.2 SAMPLE PREPARATION AND ANALYSIS

ActLabs crushes the samples and prepares 200-300 gram pulp samples with ninety percent passing Tyler 150 mesh (106µm). The pulps are assayed for gold using a 50 gram charge by fire assay (Code 1A2-50) and over limits greater than 10 grams per tonne are re-assayed using a gravimetric finish (Code 1A3-50). Silver and multi-element analysis is completed using total digestion (Code 1F2 Total Digestion ICP). Over limits greater than 100 grams per tonne silver are re-assayed using a gravimetric finish (Code 8 Ag FA-GRAV Ag).

It is P&E's opinion that sample preparation, security and analytical procedures for the El Tigre Project 2016 and 2017 drilling were adequate for the purposes of this Resource Estimate.

## 11.2.3 QUALITY ASSURANCE/QUALITY CONTROL

Quality assurance and quality control ("QA/QC") procedures monitor the chain-of-custody of the samples and include the systematic insertion and monitoring of appropriate reference materials (certified standards, blanks and duplicates) into the sample strings. The results of the assaying of the QA/QC material included in each batch are tracked to ensure the integrity of the assay data.

A total of 3,129 samples were sent for analysis during the 2016 and 2017 drill program, 2,672 of which were drill core samples. 253 Certified Reference Materials (CRMs or standards), 126 blanks and 78 field duplicates (¼ core duplicate) were inserted routinely into the samples stream.

## 11.2.4 Performance of Certified Reference Materials

Four different standards were used during the 2016 and 2017 drill program to monitor gold accuracy; the OxG83, OxD108 and CDN-GS-P7E and the SQ47 standard. The author has reviewed Actlab's internal QA/QC data to determine the quality of silver results throughout the drill program.

Criteria for assessing CRM performance are based as follows. Data falling within  $\pm 2$  standard deviations from the accepted mean value pass. Data falling outside  $\pm 3$  standard deviations from the accepted mean value fail.

A summary of results for the gold standards are presented in Table 11.1 below.

REFERENCE MATERIAL	Certified Mean Value (ppm)	+/- 1SD (ppm)	+/- 2SD (ppm)	ActLabs Results			
				No. Results	No. (-3SD) Failures	No. (+3SD) Failures	Average Result (ppm)
OxG83	1.002	0.027	0.054	125	12	0	0.943
OxD108	0.414	0.012	0.024	20	0	0	0.412
CDN-GS-P7E	0.766	0.043	0.086	107	2	0	0.768
SQ47	39.88	0.85	1.70	4	0	0	39.49

There were no failures for either the OxD108 or SQ47 gold standards.

There were a total of 12 failures for the OxG83 gold standard and a low bias was noted for this standard (see Figure 11.1). All 12 failures plotted below minus three times the standard deviation from the mean and the author does not consider these to be of material impact to the current resource estimate.

There were also two low failures recorded for the CDN-GS-P7E standard (see Figure 11.3), however these values correspond with the OxD108 standard and are likely to be misallocations. Both results pass for the OxD108 standard and no further action is required.

Results for the gold standards are presented in Figures 11.1 to 11.4.

**Figure 11.1 Performance of OxG83 Gold Standard for 2016/17 Drilling at El Tigre**

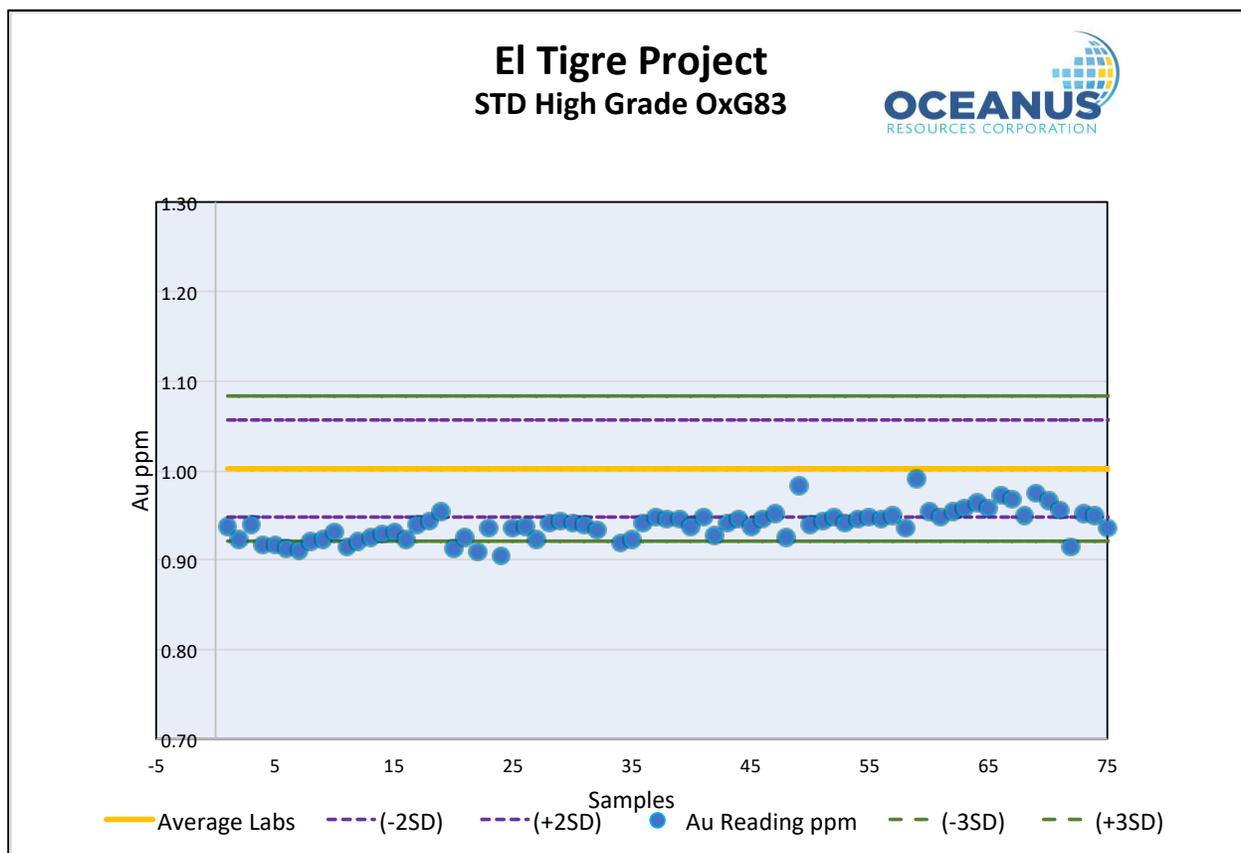
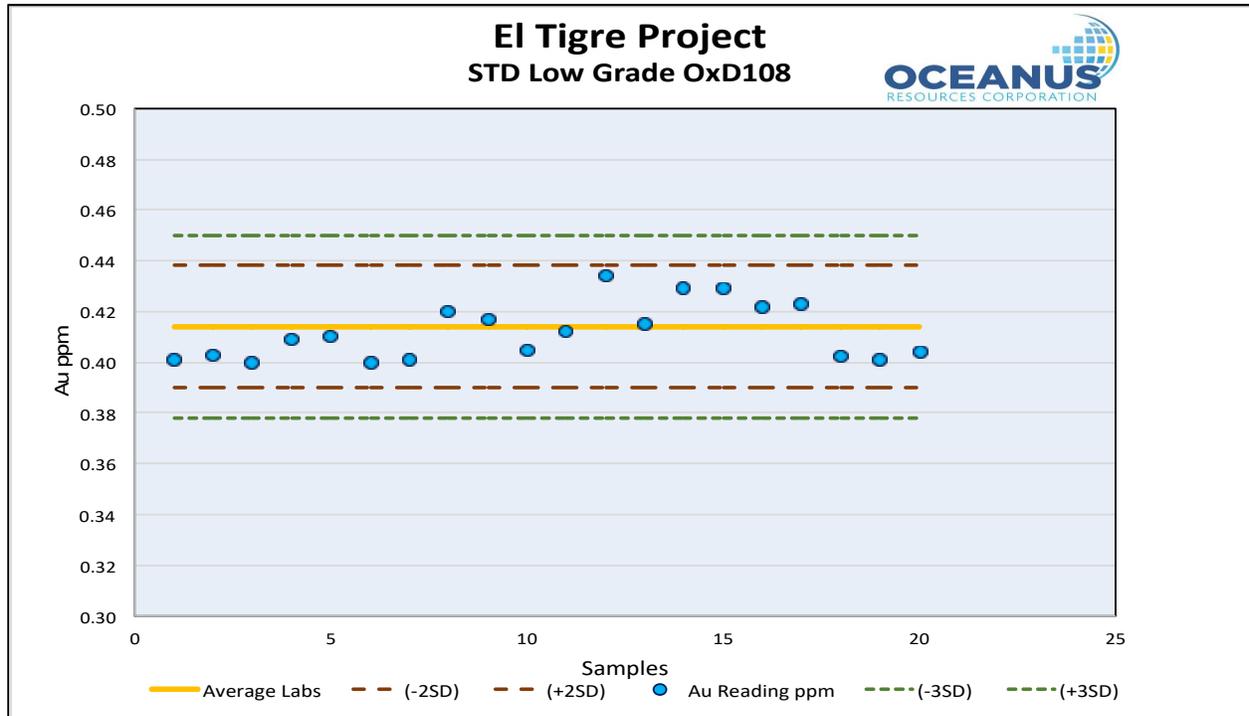
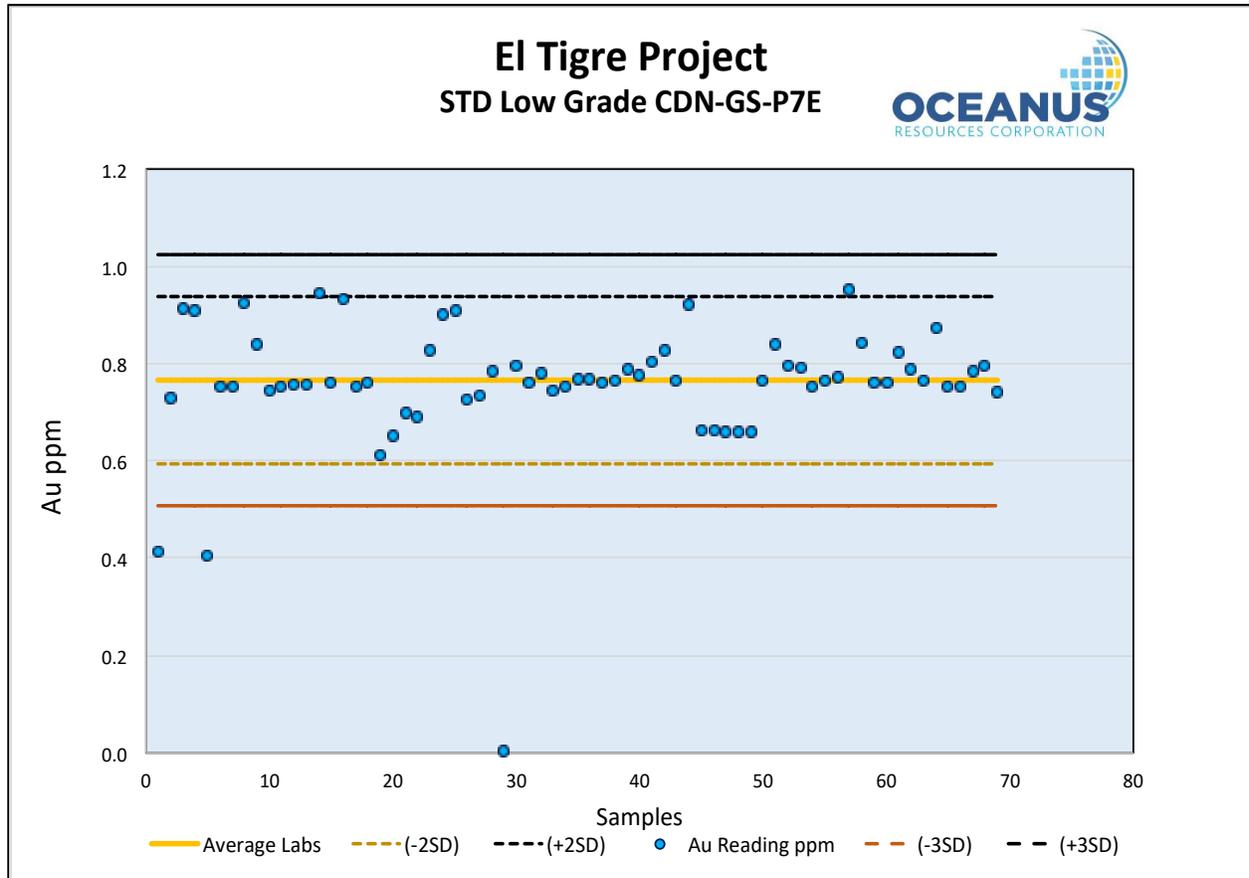


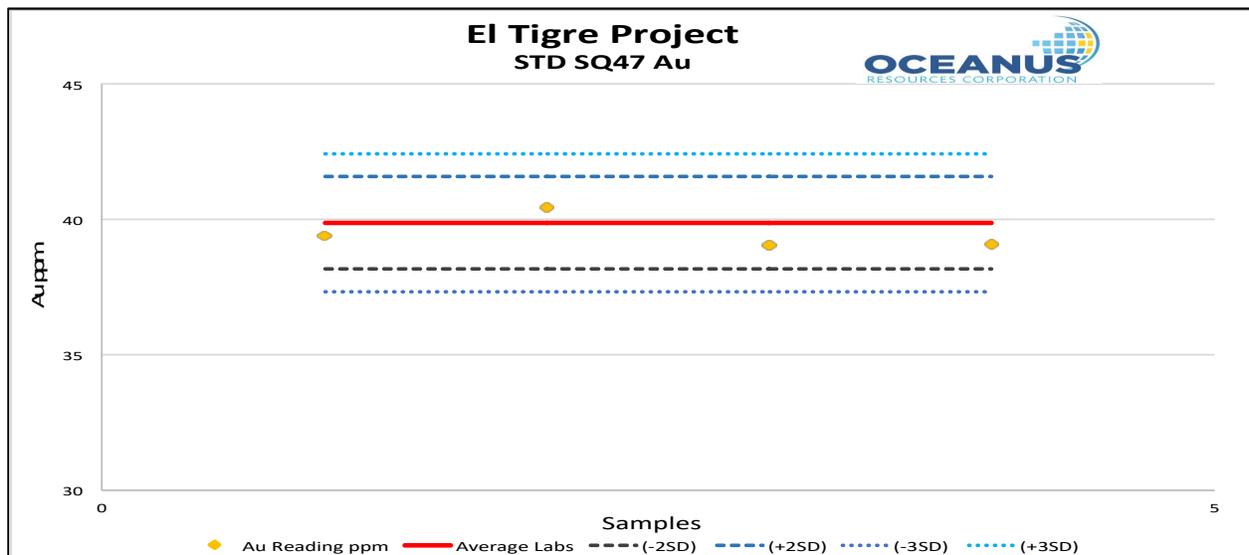
Figure 11.2 Performance of OxD108 Gold Standard for 2016/17 Drilling at El Tigre



**Figure 11.3 Performance of CDN-GS-P7E Gold Standard for 2016/17 Drilling at El Tigre**



**Figure 11.4 Performance of SQ47 Gold Standard for 2016/17 Drilling at El Tigre**



The author reviewed the performance of Actlabs' internal silver standards for the 2016 to 2017 drill program and, of the 368 standards inserted by the lab, there were three high failures and 20 low failures. The majority of the low failures were for the GXR-6 standard, likely due to the mean standard value being too close to the lower detection limit, and the author does not

consider these to have a significant impact on the current resource estimate. All failures, except one low failure in batch Z16-293, had multiple other standards in the same batch and no further action was considered necessary. The single standard in batch Z16-293 failed low and was also not considered to be of material impact to the current resource estimate.

Table 11.2 summarizes Actlabs' internal standard performance.

Reference Material	Certified Mean Value (ppm)	+/- 1SD (ppm)	+/- 2SD (ppm)	ActLabs Results			
				No. Results	No. (-3SD) Failures	No. (+3SD) Failures	Average Result (ppm)
CDN-GS-P5D	66	2.85	5.7	3	0	0	64.7
CDN-ME-1201	37.6	1.7	3.4	1	0	0	38.3
CDN-ME-1301	26.1	1.1	2.2	3	2	0	18.4
CDN-ME-1305	231	6	12	41	0	0	231.6
CDN-ME-1306	104	3.5	7	19	0	0	101.4
CDN-ME-1408	396	6.5	13	15	0	0	392.3
CDN-ME-16	30.8	1.1	2.2	1	0	1	48.9
CDN-ME-1602	137	3	6	14	0	0	136.4
CDN-ME-19	103	3.5	7	14	0	0	102.0
GXR-1	31	1.2*	2.4	91	0	1	31.2
GXR-4	4	0.4*	0.7	64	2	0	3.4
GXR-6	1.3	0.4	0.7	95	16	1	0.5
PM1145	811	36.5	73.0	1	0	0	792.2
PM1146	1586	68.98	137.96	6	0	0	1578.0

\*Standard deviation calculated from Actlabs data

P&E considers that standard performance throughout the 2016/2017 drill program demonstrates reasonable accuracy.

### 11.2.5 Performance of Blank Material

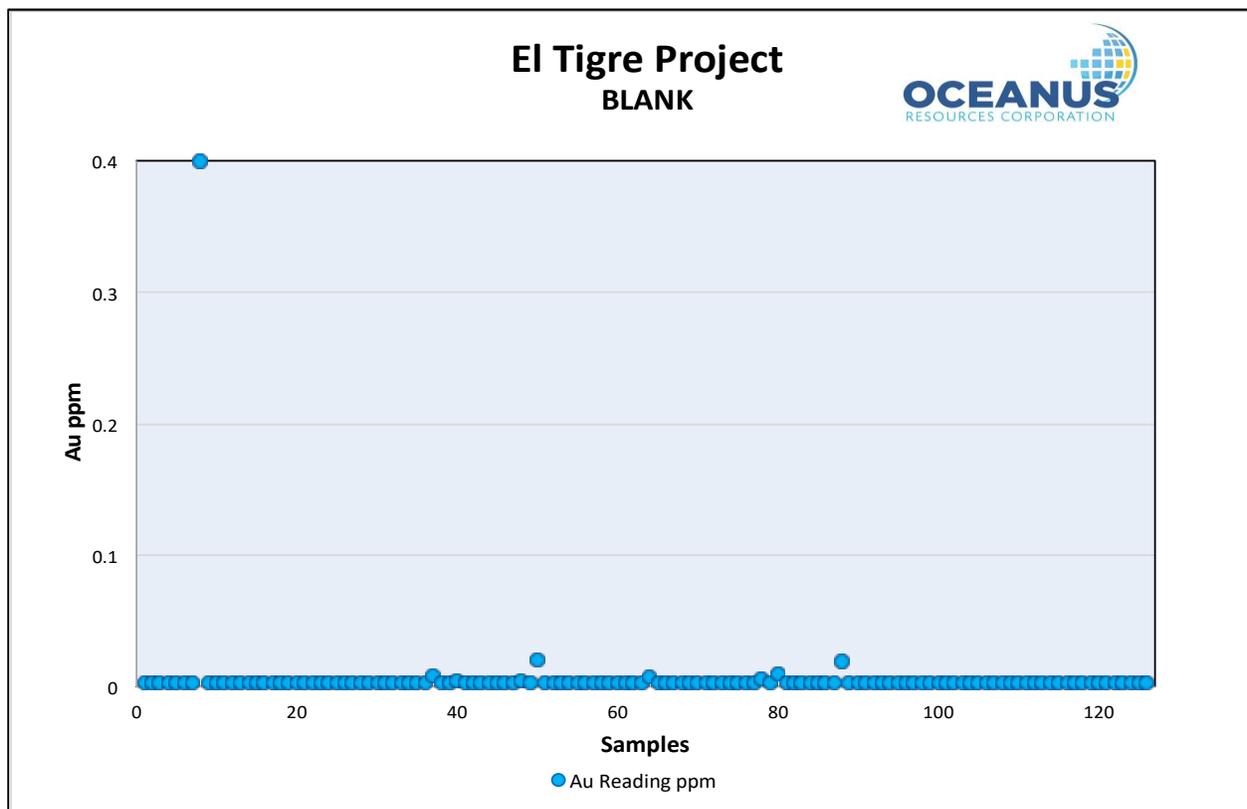
The blank material used by the Company was used to monitor for both gold and silver contamination.

All blank data for gold were graphed (Figure 11.5). If the assayed value in the certificate was indicated as being less than detection limit the value was assigned the value of half the detection limit for data treatment purposes. An upper tolerance limit of three times the detection limit was set. There were a total of 126 data points to examine.

The majority of the data plotted below the set tolerance limit, with only three points falling above. Two of the data points returned results of 0.021 and 0.19 ppm falling just outside of the set tolerance limit and the author does not consider these to be significant to the integrity of the data. A third data point (sample ETC-640 returning a value of 0.400 ppm) plots well above the upper tolerance limit. On review of this certificate, the high blank result appears to be carry-over contamination from preceding high-grade samples and the author considers this within reasonable limits of contamination and of no impact to the current resource estimate. One other

blank sample, as well as eight internal laboratory blanks return values around the lower detection limit within this batch of samples and no further action is deemed necessary.

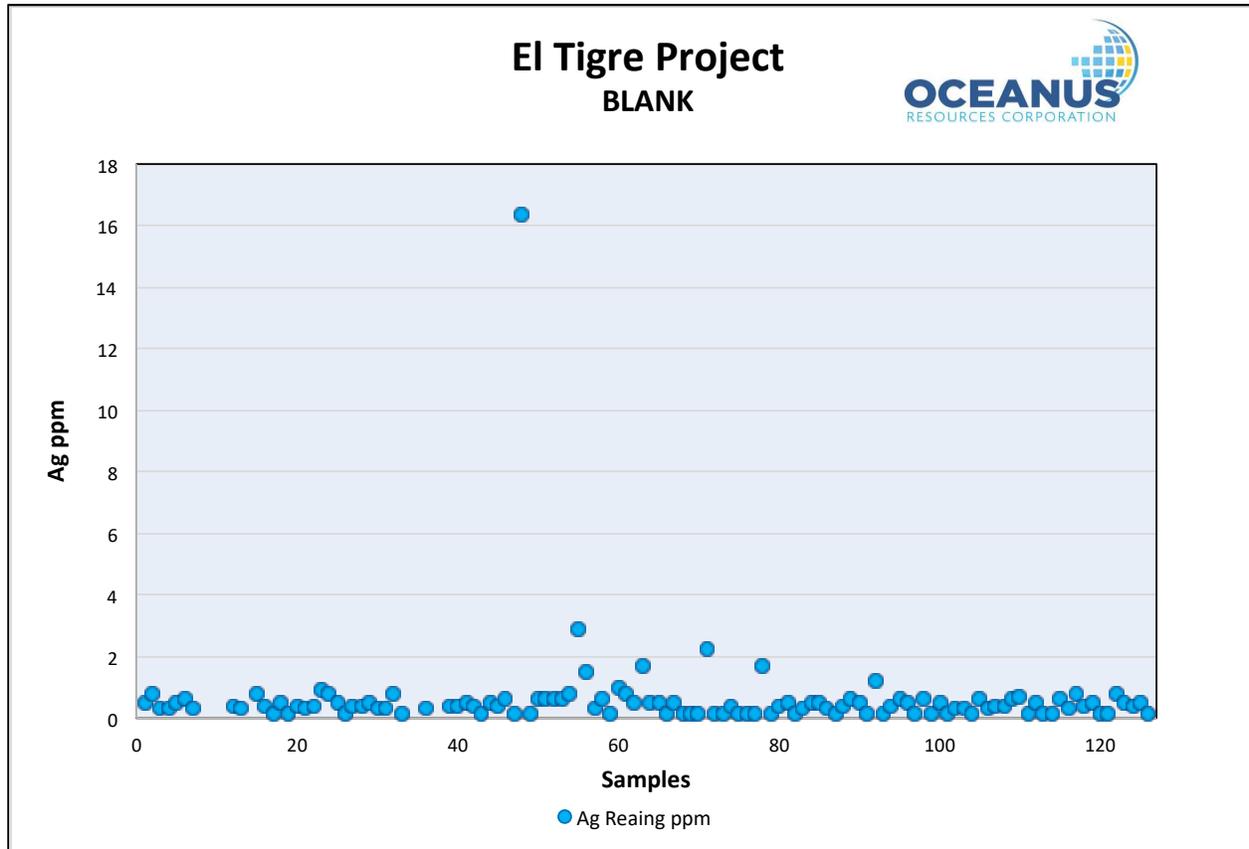
**Figure 11.5 Performance of Blank for Gold for 2016/17 Drilling at El Tigre**



All blank data for silver were also graphed (Figure 11.6). If the assayed value in the certificate was indicated as being less than detection limit the value was assigned the value of half the detection limit for data treatment purposes. An upper tolerance limit of 0.9 ppm (three times the detection limit) was set. There were a total of 117 data points to examine.

The majority of the data plotted below the set tolerance limit, with only eight points falling above. Seven of the data points returned results falling just outside of the set tolerance limit and the author does not consider these to be significant to the integrity of the data. An eighth data point (sample ETC-3920 returning a value of 16.4 ppm) plots higher above the upper tolerance limit. On review of this certificate, the high blank result follows several high-grade samples and appears to be carry-over contamination that the author considers within reasonable limits and of no impact to the current resource estimate. Another two blank samples, as well as ten internal laboratory blanks return values around the lower detection limit within this batch of samples and no further action is deemed necessary.

**Figure 11.6 Performance of Blank for Silver for 2016/17 Drilling at El Tigre**



P&E does not consider contamination to be an issue for the 2016/2017 drill data.

### 11.2.6 Performance of Field Duplicates

Field duplicate data were examined for 2016 and 2017 for both gold and silver. There were a total of 78 duplicate pairs for Au and a total of 67 for Ag in the data set. Data were scatter graphed (Figures 11.7 and 11.8) and, aside from a small number of outliers, both data sets were found to have reasonable precision at the field level.

Figure 11.7 Performance of Field Duplicates for Gold for 2016/17 Drilling at El Tigre

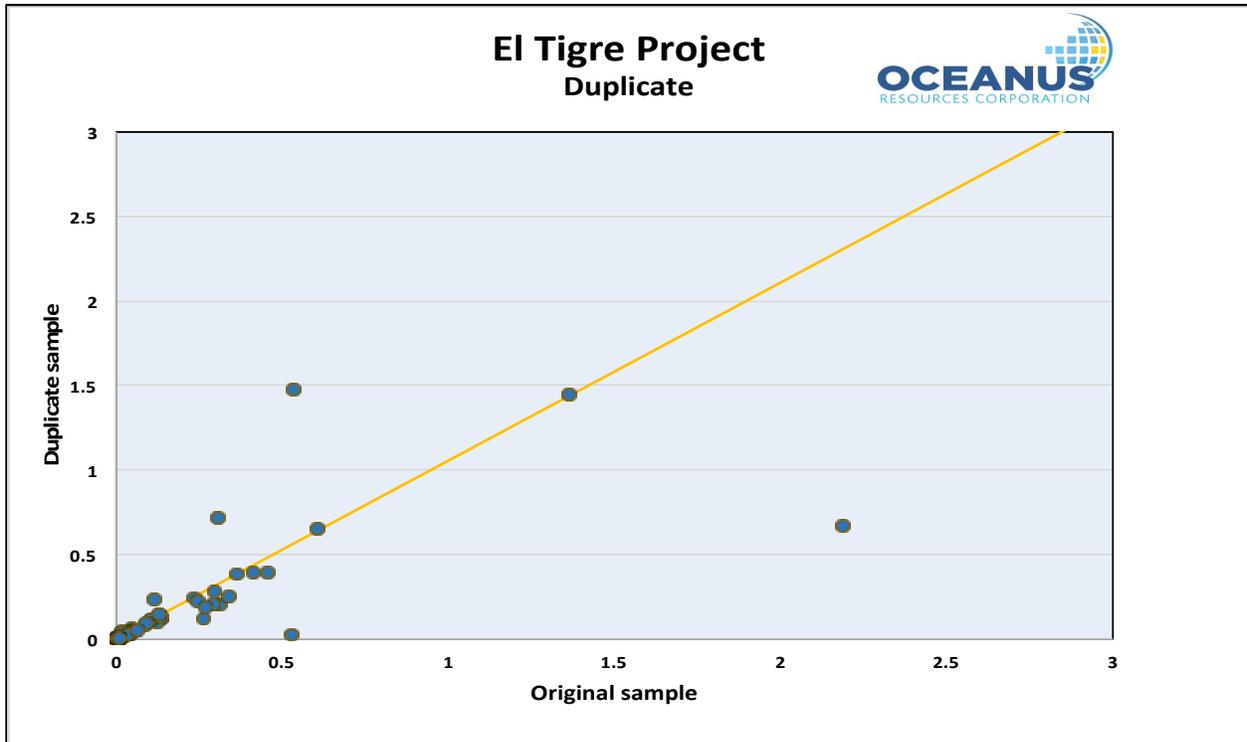
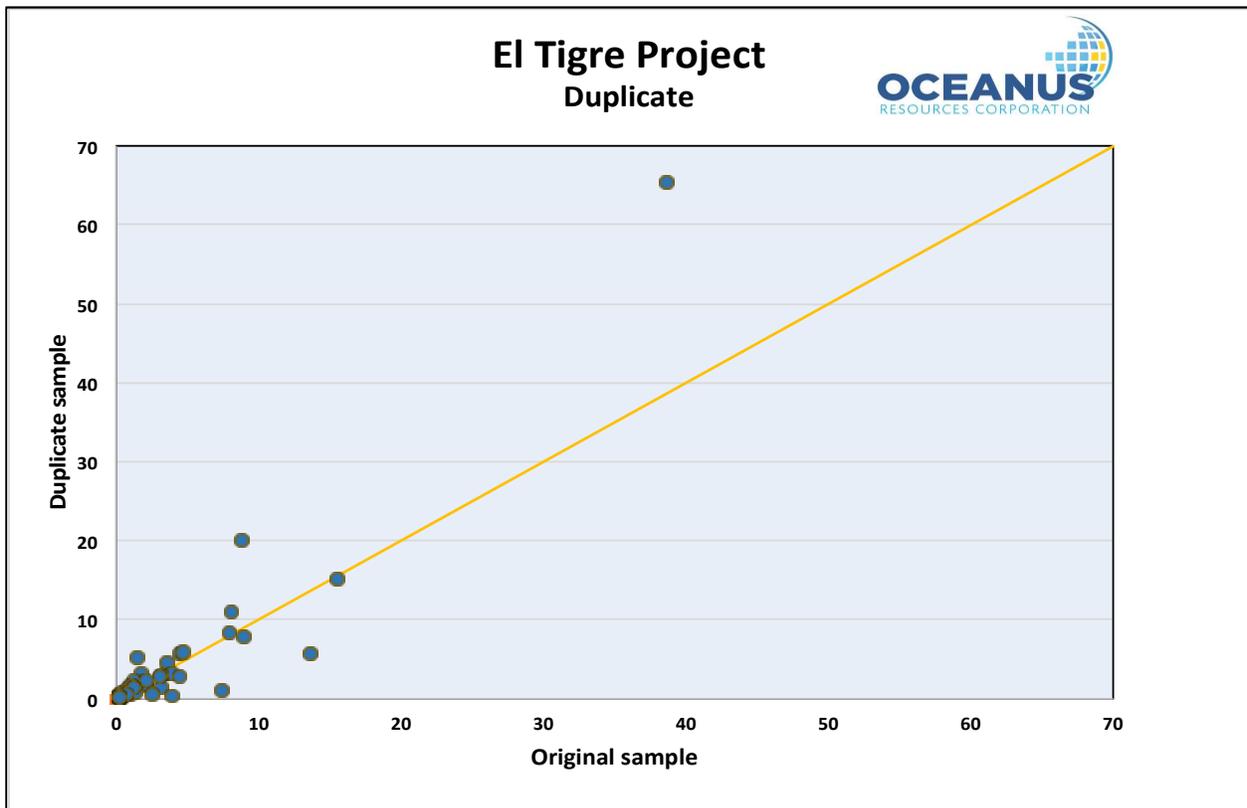


Figure 11.8 Performance of Field Duplicates for Silver for 2016/17 Drilling at El Tigre



### 11.2.7 Performance of Laboratory Duplicate Samples

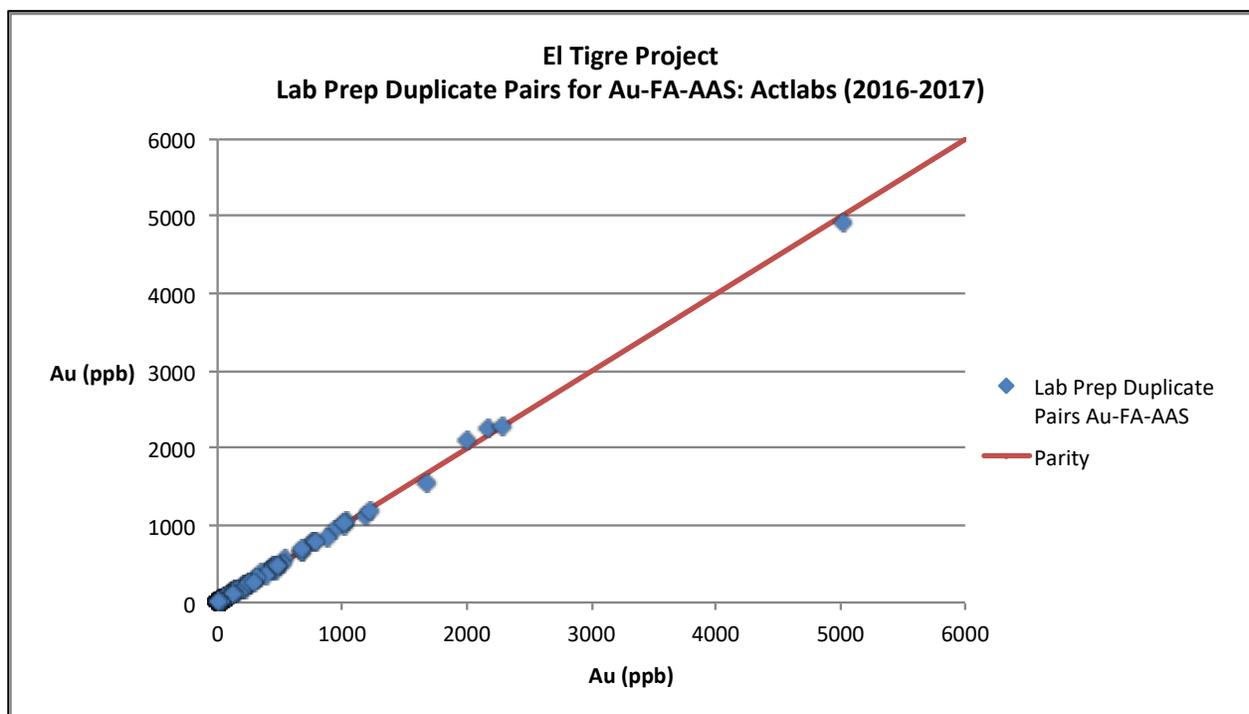
The author reviewed Actlabs' internal prep duplicate (coarse or crusher duplicate) and pulp duplicate samples for the two different types of gold and silver analyses performed. Actlabs inserted duplicate samples into the sample stream throughout the QC program at El Tigre to monitor precision for both gold and silver.

Duplicate data reviewed for gold included 230 prep duplicate samples analyzed by FA-AAS method and one by FA-GRAV method, as well as 412 pulp duplicate samples analyzed by FA-AAS method and six by FA-GRAV method.

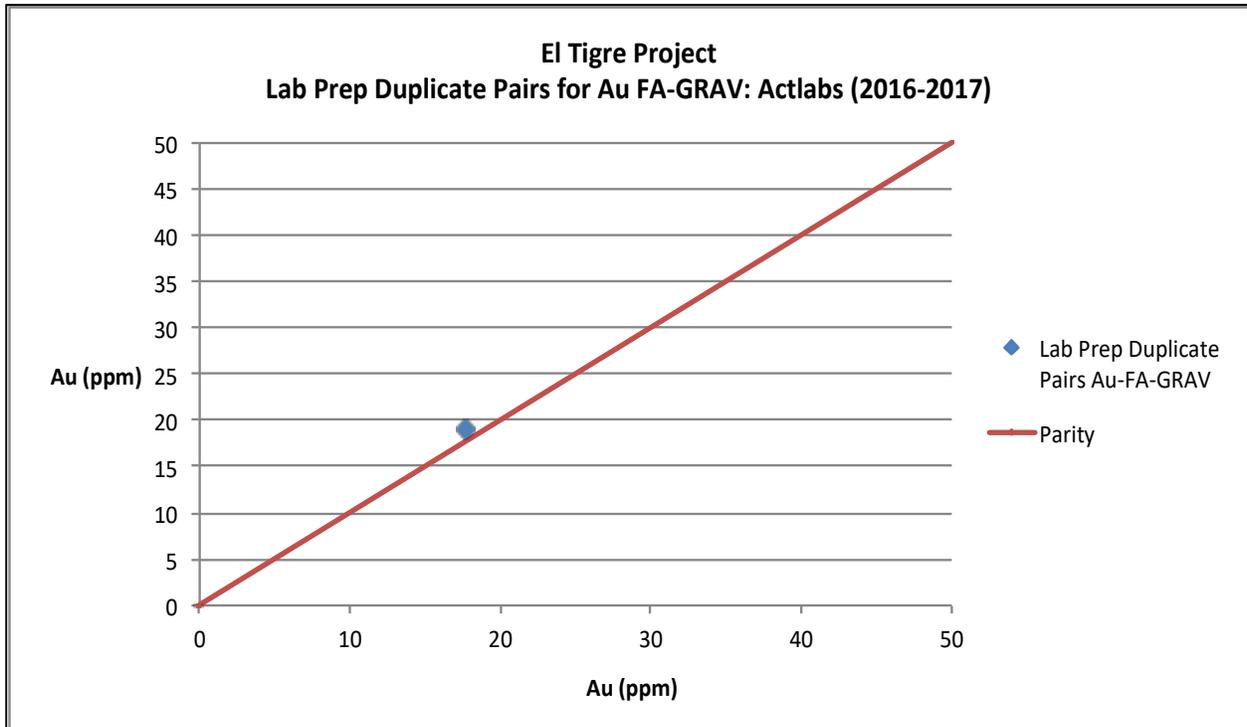
Duplicate data reviewed for silver included 232 prep duplicate samples analyzed by TD-ICP method and one by FA-GRAV method, as well as 598 pulp duplicate samples analyzed by TD-ICP method and nine by FA-GRAV method.

Figures 11.9 through 11.16 show scatter plots of the original versus duplicate samples for both elements. The plots reveal precision to be of an acceptable level at both grain-sizes, for both gold and silver.

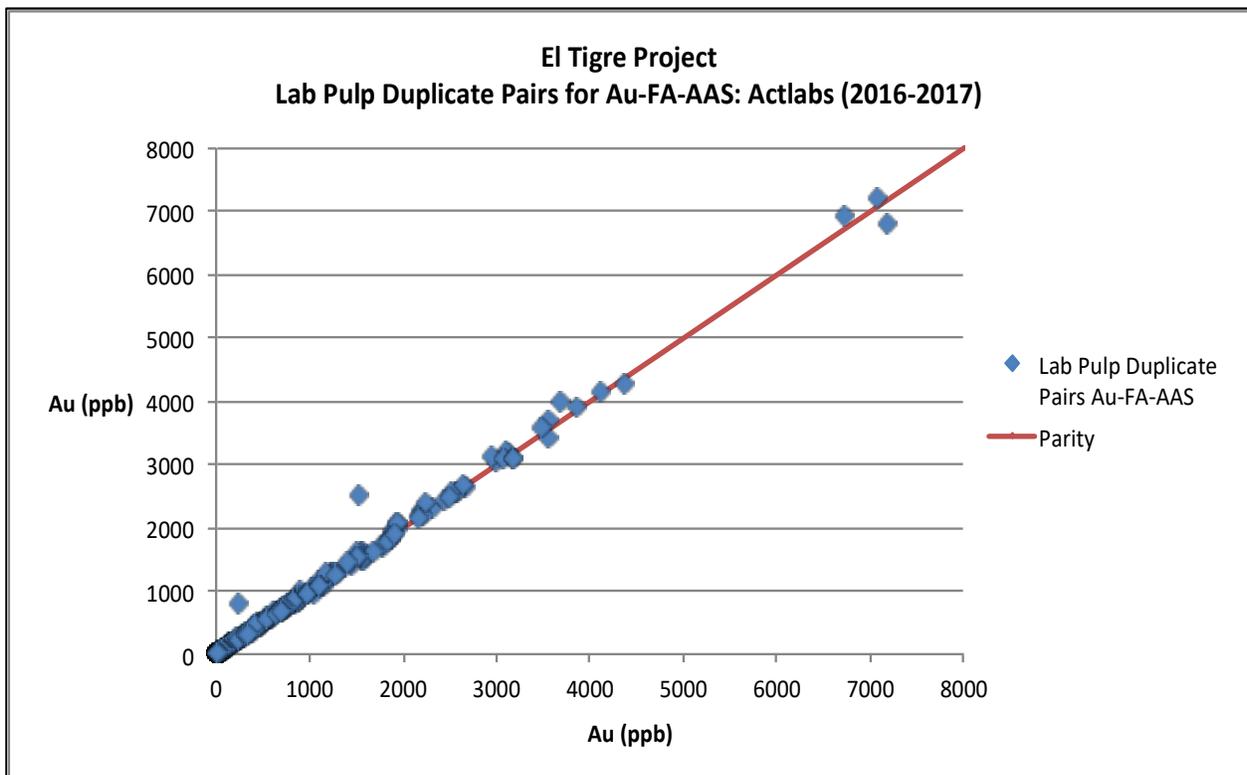
**Figure 11.9 Performance of Actlabs' Prep Duplicates for Au FA-AAS**



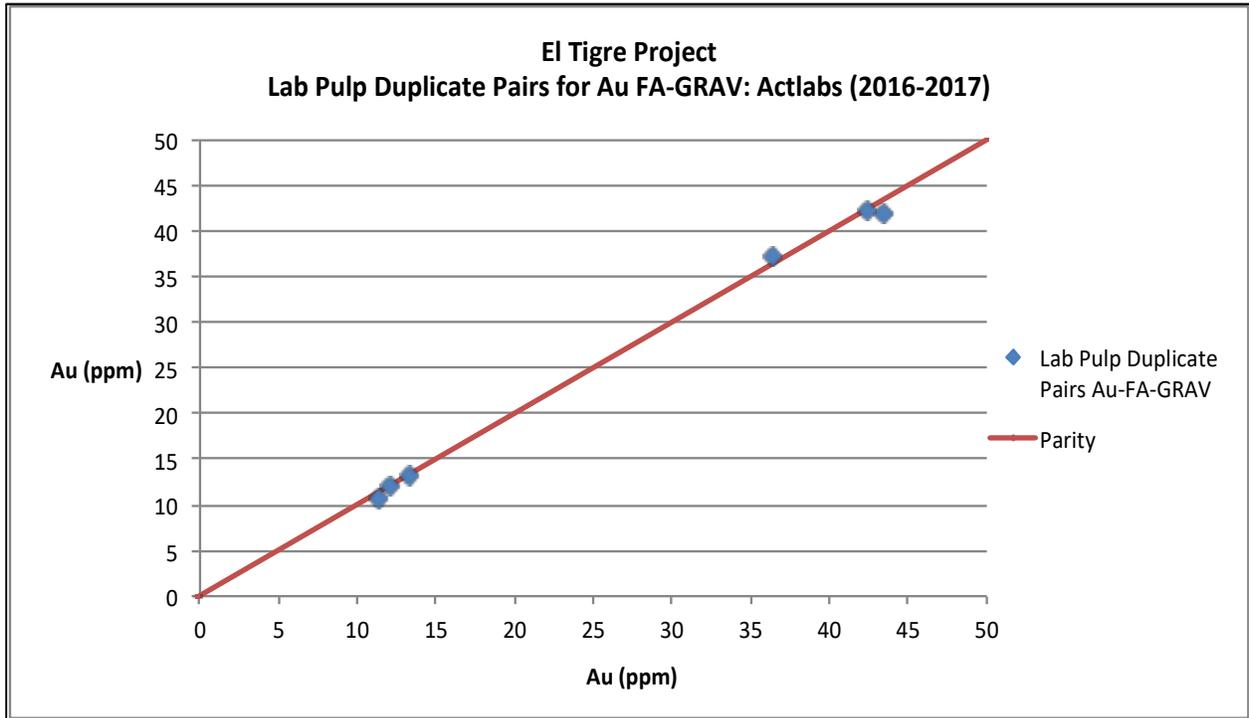
**Figure 11.10 Performance of Actlabs' Prep Duplicates for Au FA-GRAV**



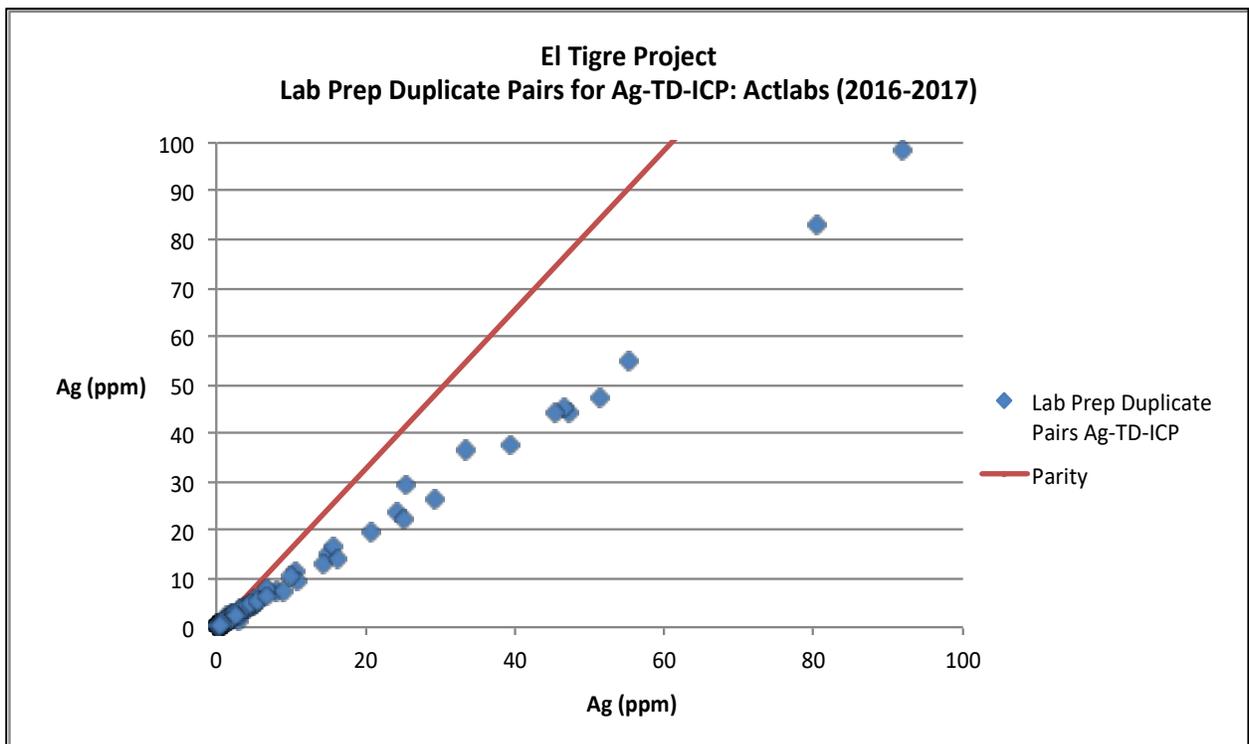
**Figure 11.11 Performance of Actlabs' Pulp Duplicates for Au FA-AAS**



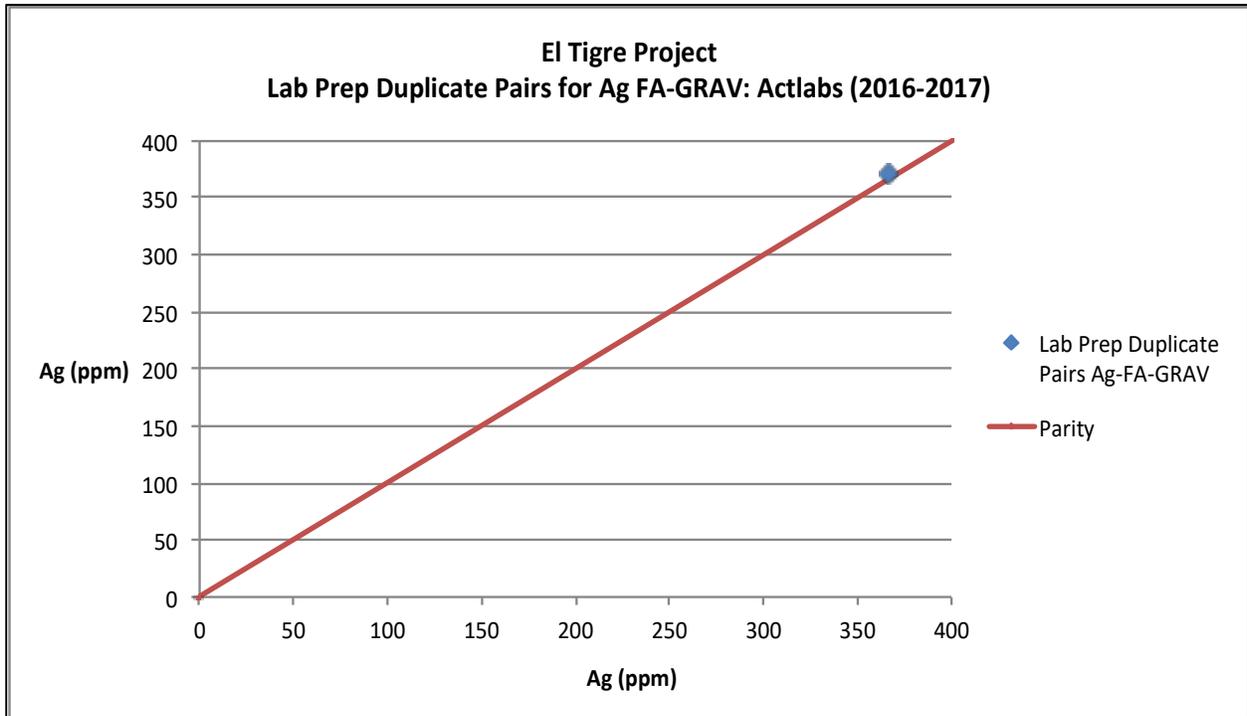
**Figure 11.12 Performance of Actlabs' Pulp Duplicates for Au FA-GRAV**



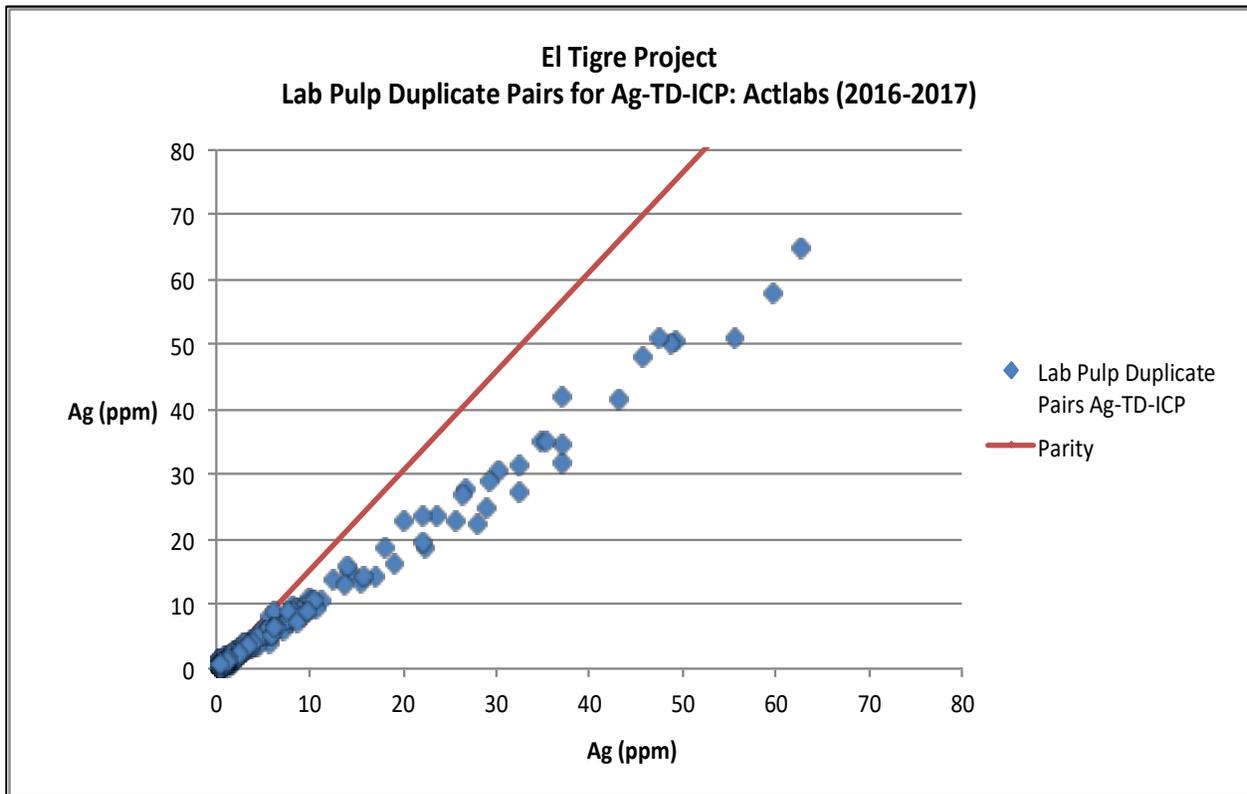
**Figure 11.13 Performance of Actlabs' Prep Duplicates for Ag TD-ICP**



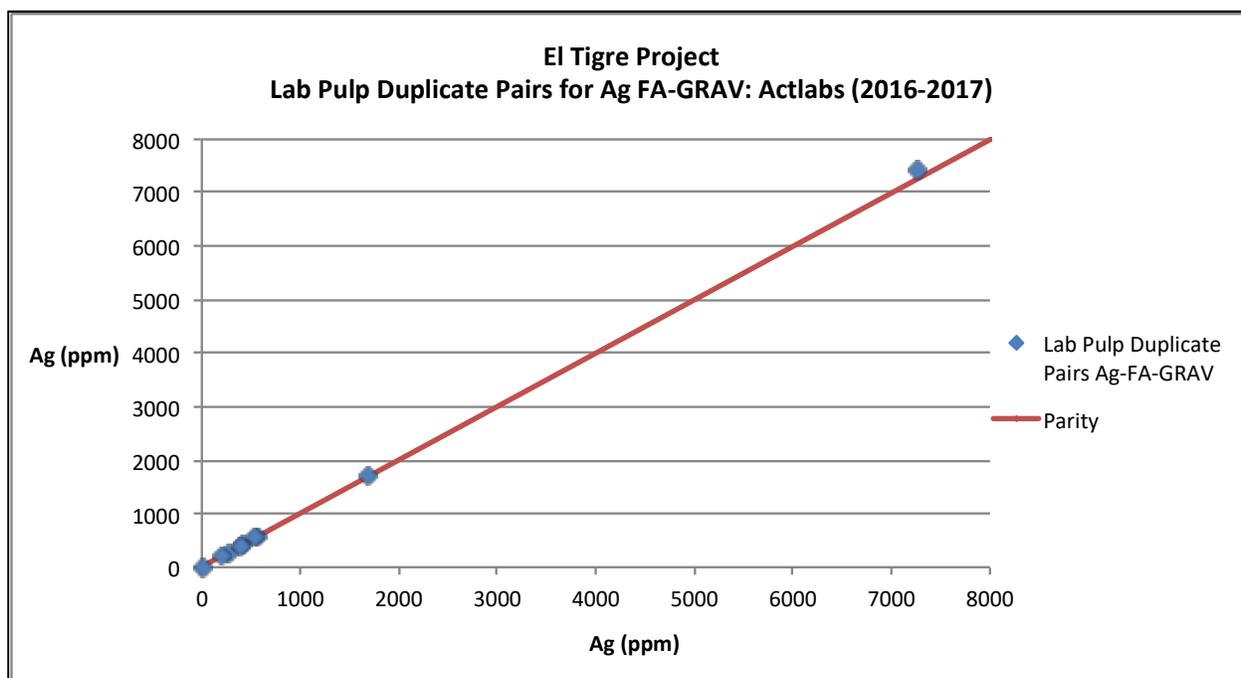
**Figure 11.14 Performance of Actlabs' Prep Duplicates for Ag FA-GRAV**



**Figure 11.15 Performance of Actlabs' Pulp Duplicates for Ag TD-ICP**



**Figure 11.16 Performance of Actlabs' Pulp Duplicates for Ag FA-GRAV**



It is P&E's opinion that sample preparation, security and analytical procedures for the El Tigre Project drill program were adequate and that the data is of good quality and satisfactory for use in the current Mineral Resource Estimate.

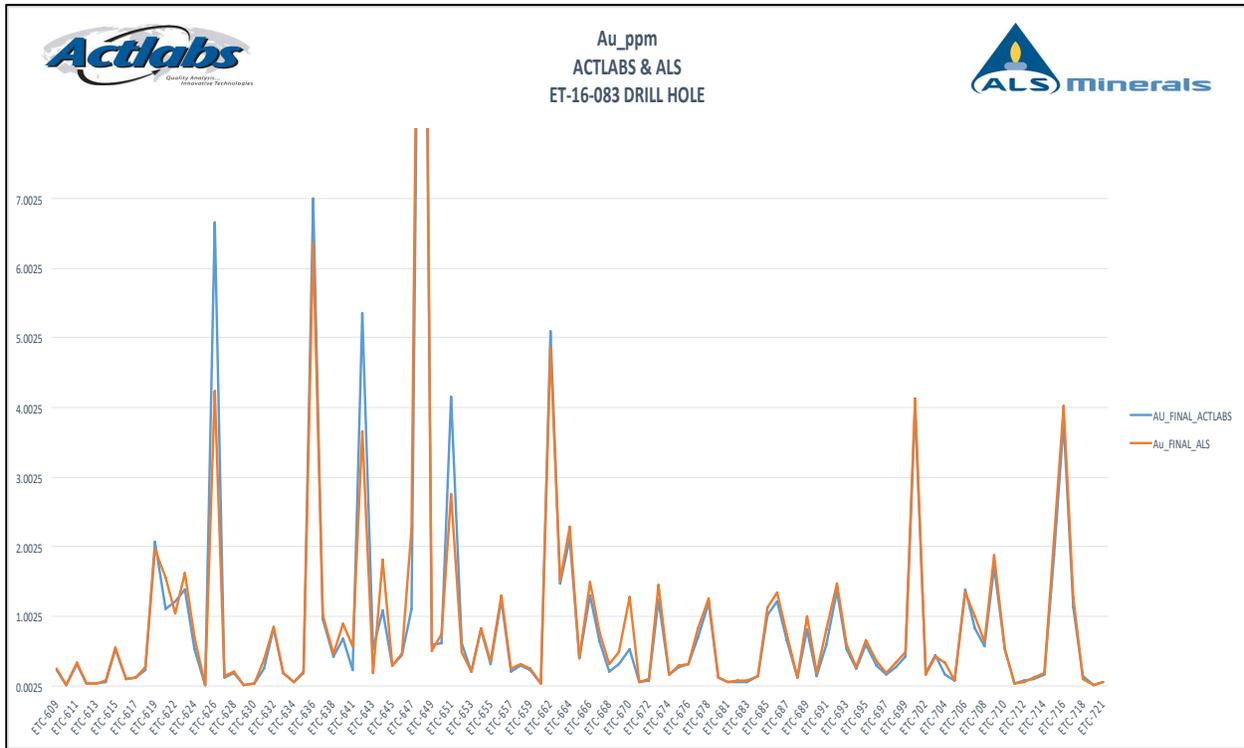
### 11.2.8 Oceanus 2017 Check Assaying: Actlabs vs ALS

Oceanus undertook check assaying at ALS in Hermosillo, Mexico in 2017 and selected 201 representative pulp samples over varying grades from three El Tigre drillholes. Samples were selected from drillholes ET-16-083, ET-16-101 and ET-17-133 and were analyzed for gold by fire assay method with an AA finish and silver by fire assay with ICP or gravimetric finish.

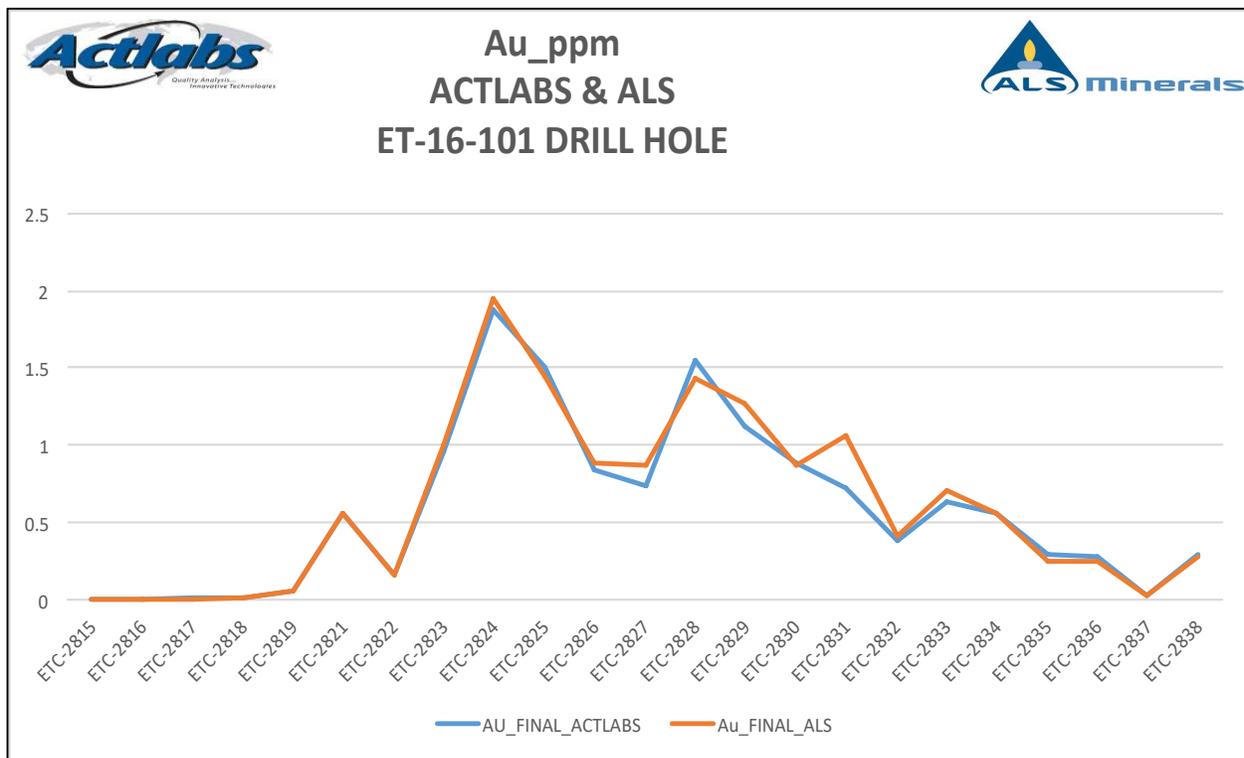
Results from ALS were compared to the original Actlabs results in order to confirm the original reported grades.

Oceanus plotted results for the three drillholes on individual line graphs for both gold and silver (see Figures 11.17 to 11.22) and comparison between the original and check assays is excellent for all drillholes and both elements. Some of the charts have been intentionally truncated along their vertical axis due to extremely high-grade results that make interpretation of the majority of data difficult if shown. It is the author's opinion that comparison of all duplicate samples not displayed on the charts is also acceptable.

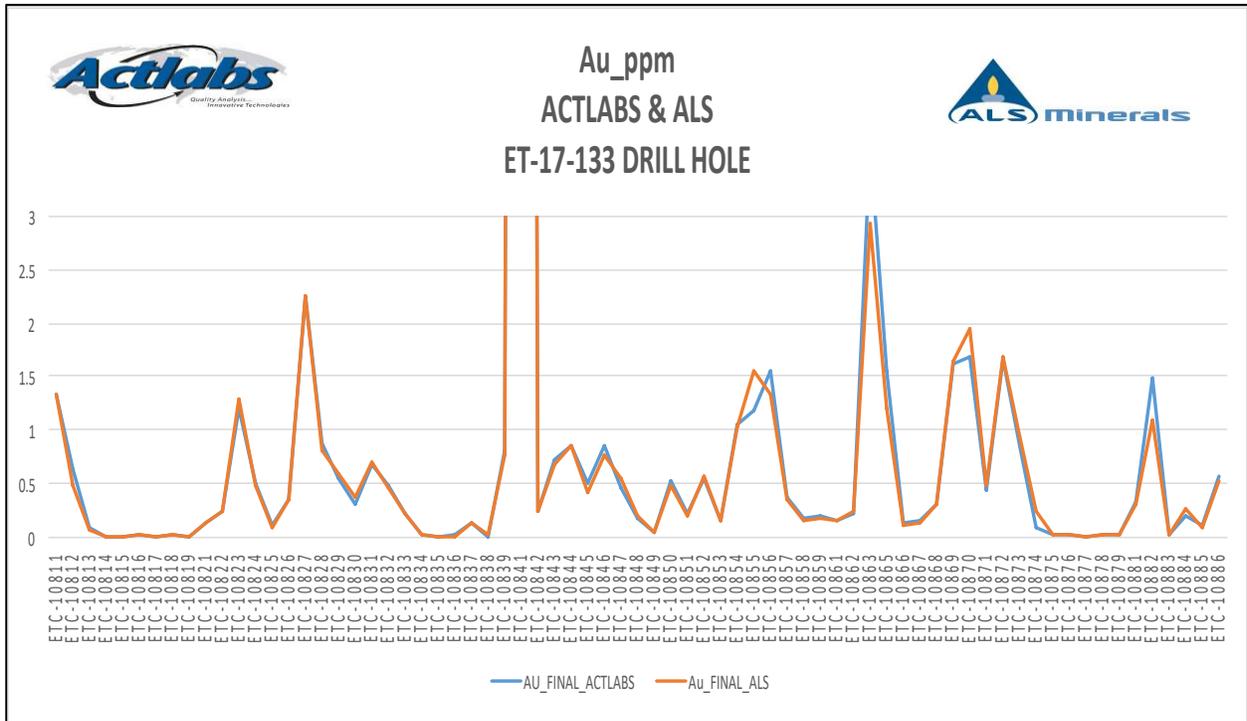
**Figure 11.17 2017 Actlabs vs ALS Check Assay: ET-16-083 for Gold**



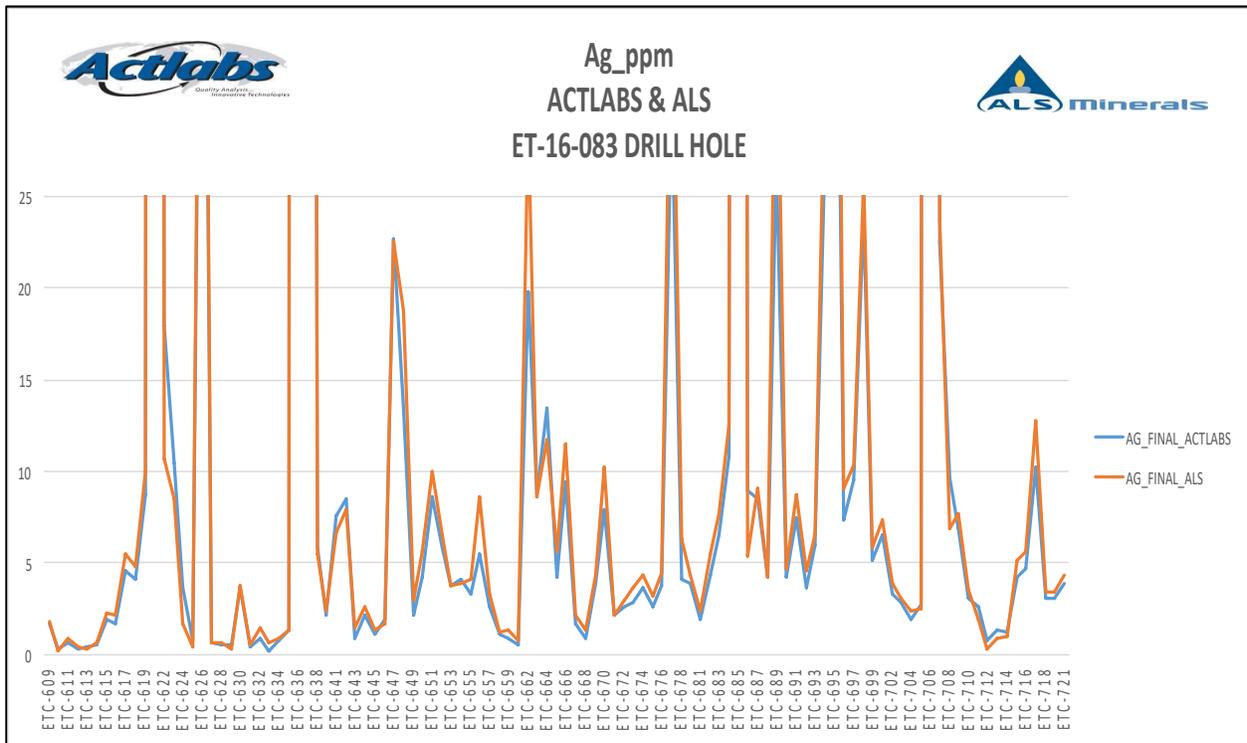
**Figure 11.18 2017 Actlabs vs ALS Check Assay: ET-16-101 for Gold**



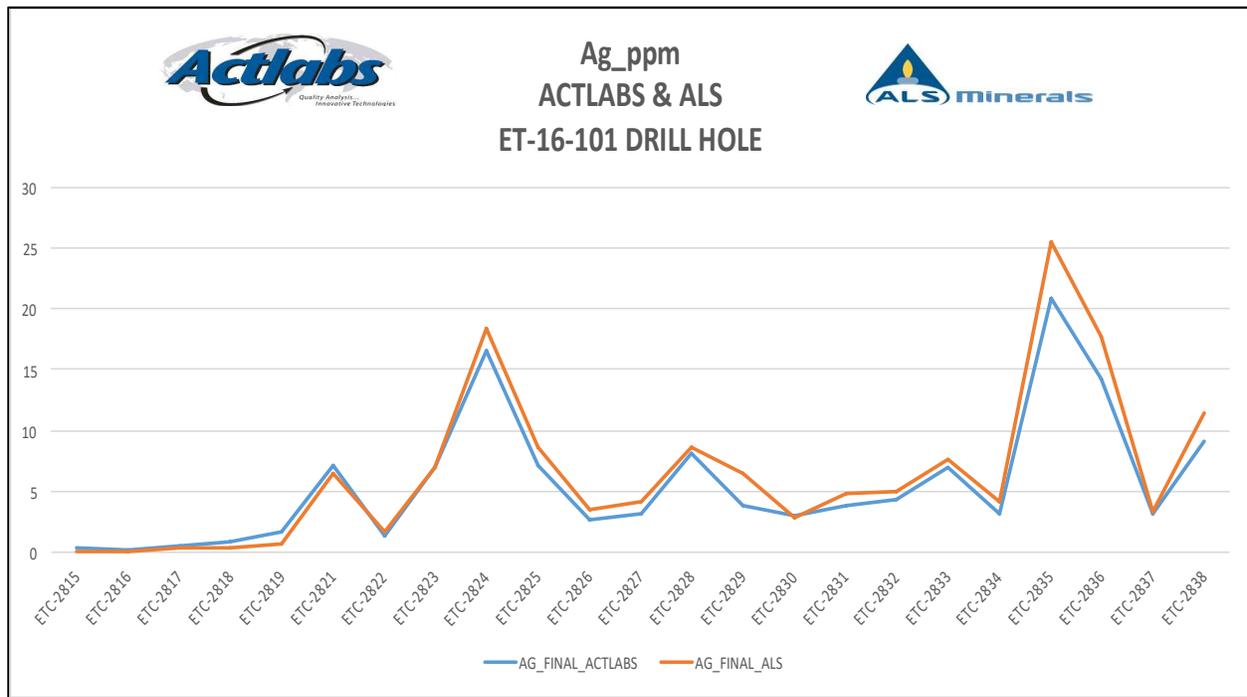
**Figure 11.19 2017 Actlabs vs ALS Check Assay: ET-17-133 for Gold**



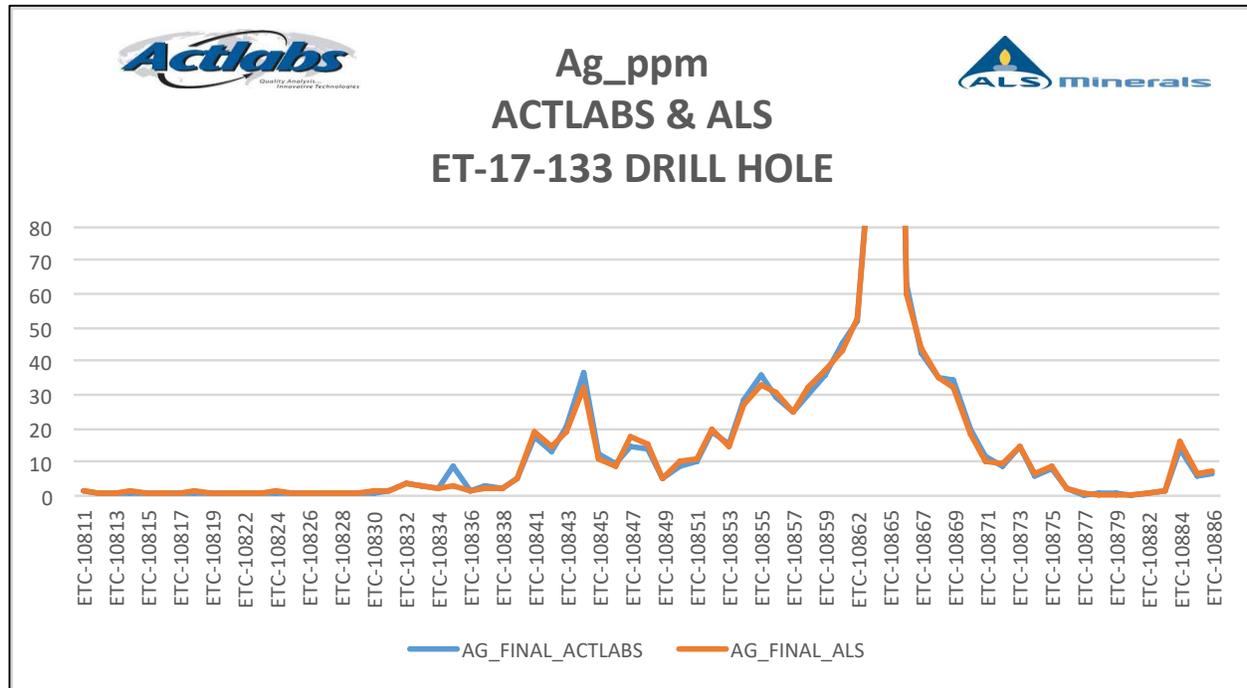
**Figure 11.20 2017 Actlabs vs ALS Check Assay: ET-16-083 for Silver**



**Figure 11.21 2017 Actlabs vs ALS Check Assay: ET-16-101 for Silver**



**Figure 11.22 2017 Actlabs vs ALS Check Assay: ET-17-133 for Silver**



The author considers the data to be of good quality and satisfactory for use in a resource estimate.

## **12.0 DATA VERIFICATION**

### **12.1 DATABASE VERIFICATION**

P&E conducted verification of the drillhole assay database by comparison of the database entries with the assay certificates. The assay certificates were obtained in digital format directly from the assay laboratory and compiled.

Assay data ranging from 2016 through 2017 were verified for the El Tigre Project. 48% (2,752 out of 5,742) of the constrained drilling assay data were checked for Au, and 47% (2,670 out of 5,742) were checked for Ag, against the original laboratory certificates from Actlabs of Hermosillo, Mexico. One minor error only, in the Ag data, was observed and corrected, with the overall impact to the database being negligible.

### **12.2 P&E SITE VISIT AND INDEPENDENT SAMPLING**

The El Tigre Property was visited by Mr. David Burga, P.Geo., from January 20 to 21, 2016, by Mr. Fred Brown, P.Geo., from from June 19 to 20 2016 and May 24 to 25, 2017 and again by Mr. Yungang Wu, P. Geo. from July 13 to 14, 2017, for the purposes of completing site visits and due diligence sampling. During the site visits Mr. Burga, Mr. Brown and Mr. Wu discussed data acquisition procedures, core logging procedures and quality assurance/quality control (QA/QC).

Mr. Burga collected 13 verification samples from 13 diamond drillholes and eight tailings samples in January of 2016. Drill core samples were collected by taking the half core remaining in the core box to independently confirm the presence and tenor of gold mineralization. Once the samples were collected, they were placed in a large bag and taken by Mr. Burga to ALS Minerals (ALS) in Hermosillo, Mexico for preparation and analysis.

Mr. Brown collected 12 verification samples from five diamond drillholes in May of 2017. Samples were collected by taking the half core remaining in the core box to independently confirm the presence and tenor of gold mineralization. Once the samples were collected, they were placed in a large bag and taken by Mr. Brown to ALS Minerals (ALS) in Hermosillo, Mexico for preparation and analysis.

Mr. Wu collected 25 verification samples in July of 2017. One diamond drillhole was sampled and the remainder of the samples were to verify historical underground sampling. The drill sample was collected by taking the half core remaining in the core box to independently confirm the presence and tenor of gold mineralization. The underground samples were taken directly beneath the client channels which were marked by tags. Once the samples were collected, they were placed in a large bag and taken by Mr. Wu to ALS Minerals (ALS) in Hermosillo, Mexico for preparation and analysis.

All samples at ALS were analyzed for gold and silver by fire assay with a gravimetric finish and bulk densities were determined.

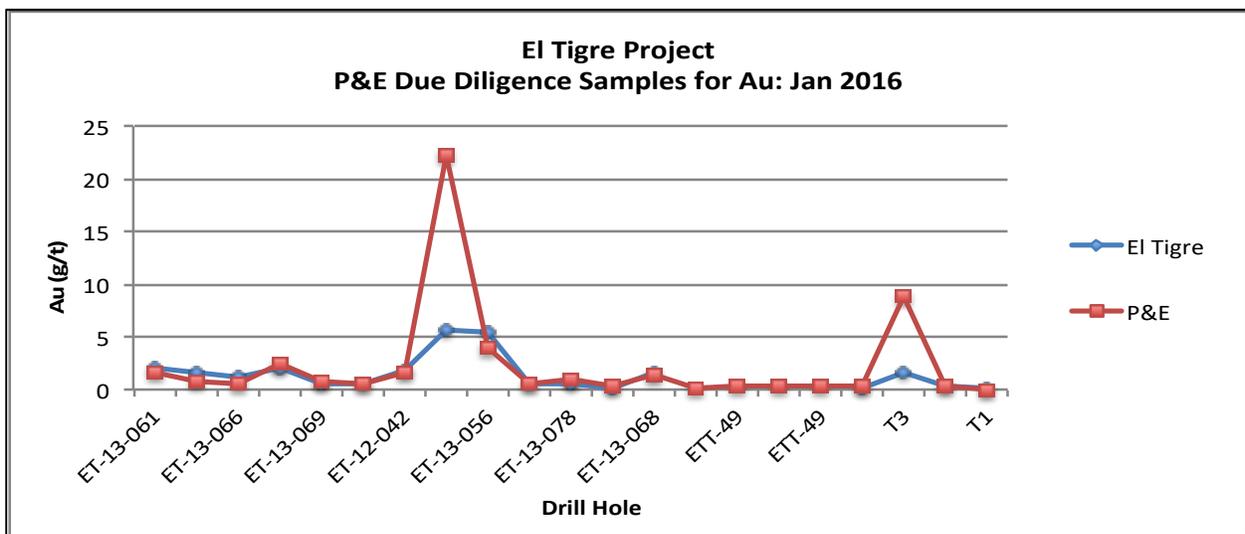
ALS has developed and implemented at each of its locations a Quality Management System (QMS) designed to ensure the production of consistently reliable data. The system covers all laboratory activities and takes into consideration the requirements of ISO standards.

The QMS operates under global and regional Quality Control (QC) teams responsible for the execution and monitoring of the Quality Assurance (QA) and Quality Control programs in each department, on a regular basis. Audited both internally and by outside parties, these programs include, but are not limited to, proficiency testing of a variety of parameters, ensuring that all key methods have standard operating procedures (SOPs) that are in place and being followed properly, and ensuring that quality control standards are producing consistent results.

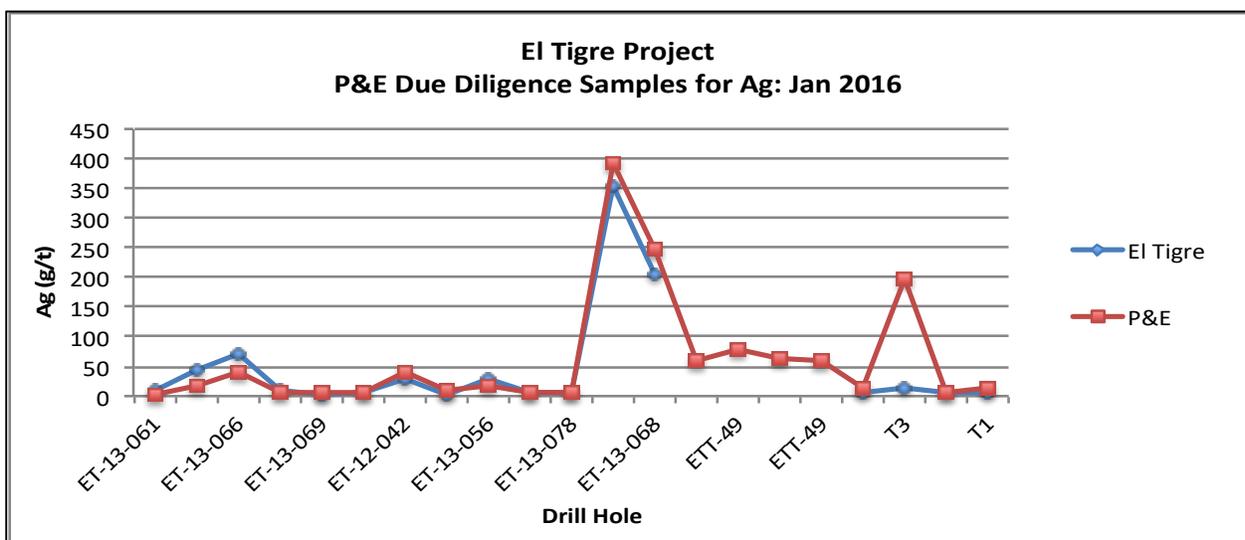
ALS maintains ISO registrations and accreditations. ISO registration and accreditation provides independent verification that a QMS is in operation at the location in question. All ALS laboratories are either certified to ISO 9001:2008 or accredited to ISO 17025:2005.

Results of the El Tigre site visit verification samples for Au and Ag are presented in Figures 12.1 to 12.8.

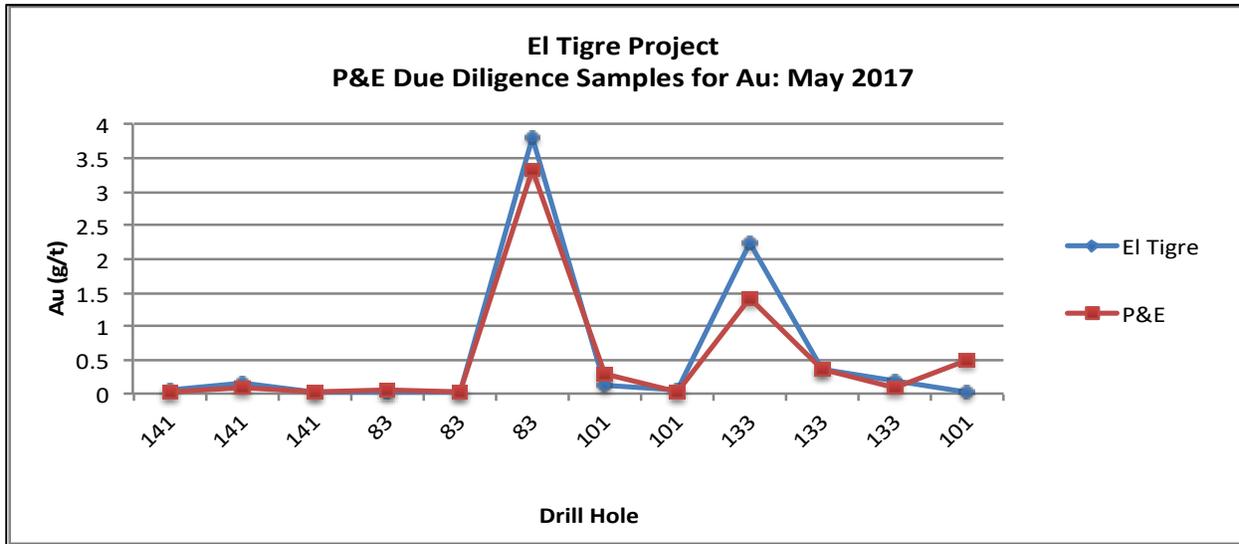
**Figure 12.1 Results of January 2016 Gold Verification Sampling by P&E**



**Figure 12.2 Results of January 2016 Silver Verification Sampling by P&E**



**Figure 12.3 Results of May 2017 Gold Verification Sampling by P&E**



**Figure 12.4 Results of May 2017 Silver Verification Sampling by P&E**

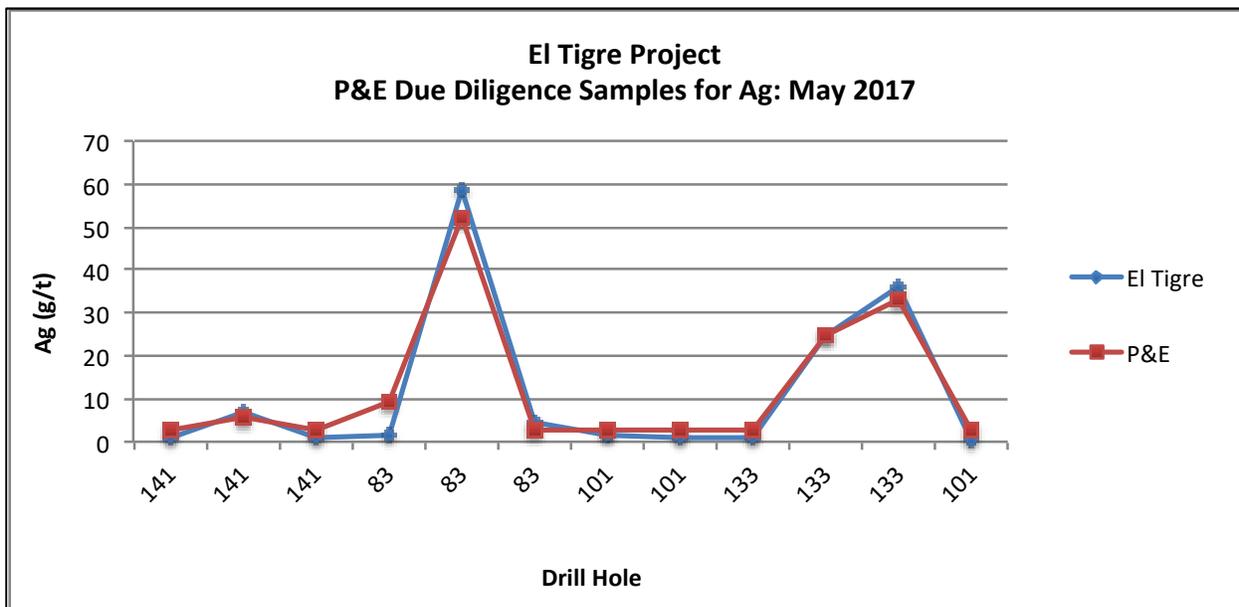


Figure 12.5 Results of July 2017 Gold Verification Sampling by P&E

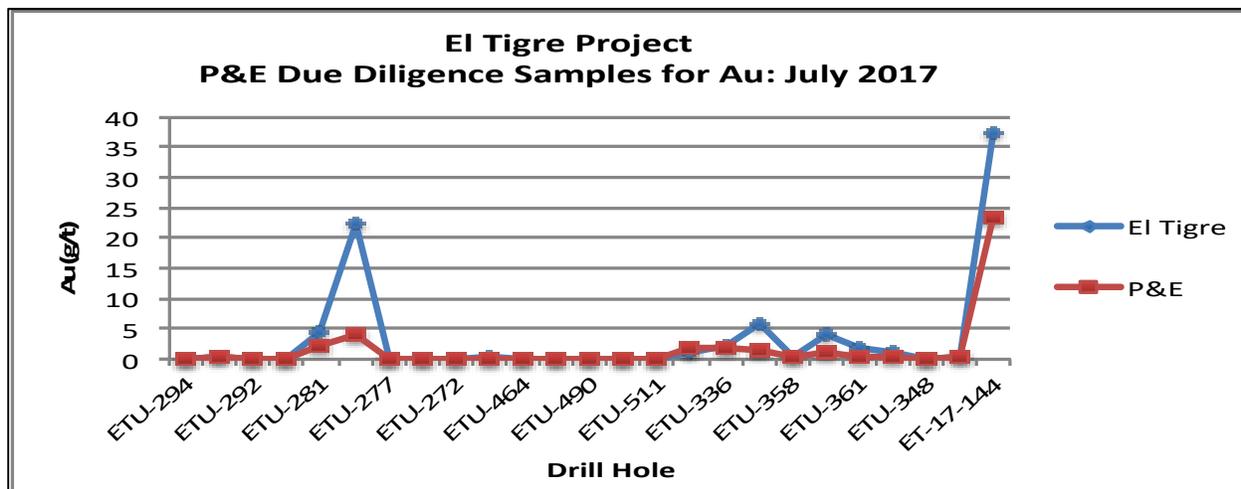


Figure 12.6 Results of July 2017 Gold Verification Sampling by P&E (close up)

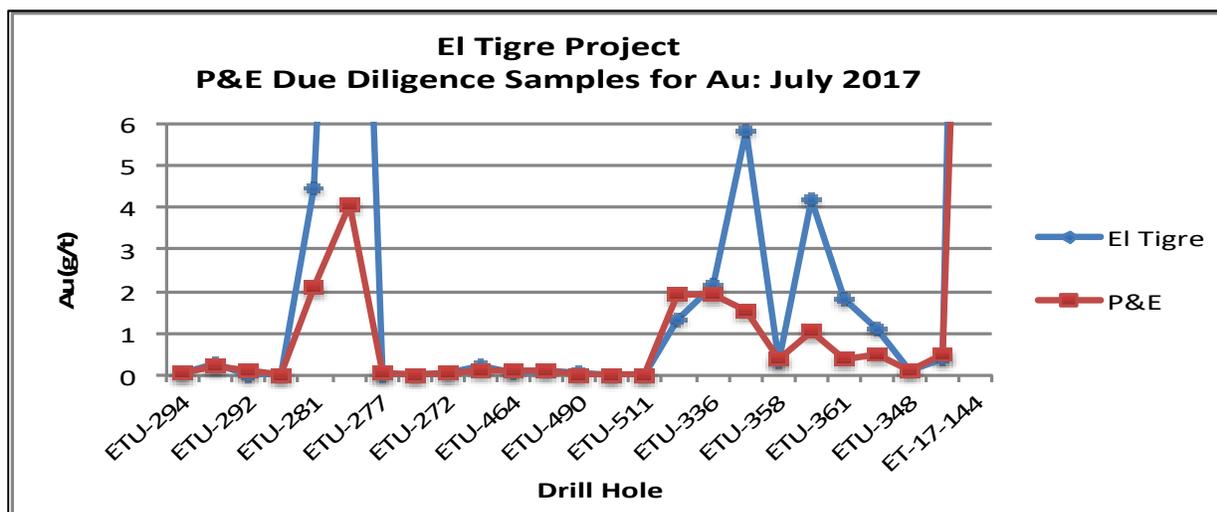
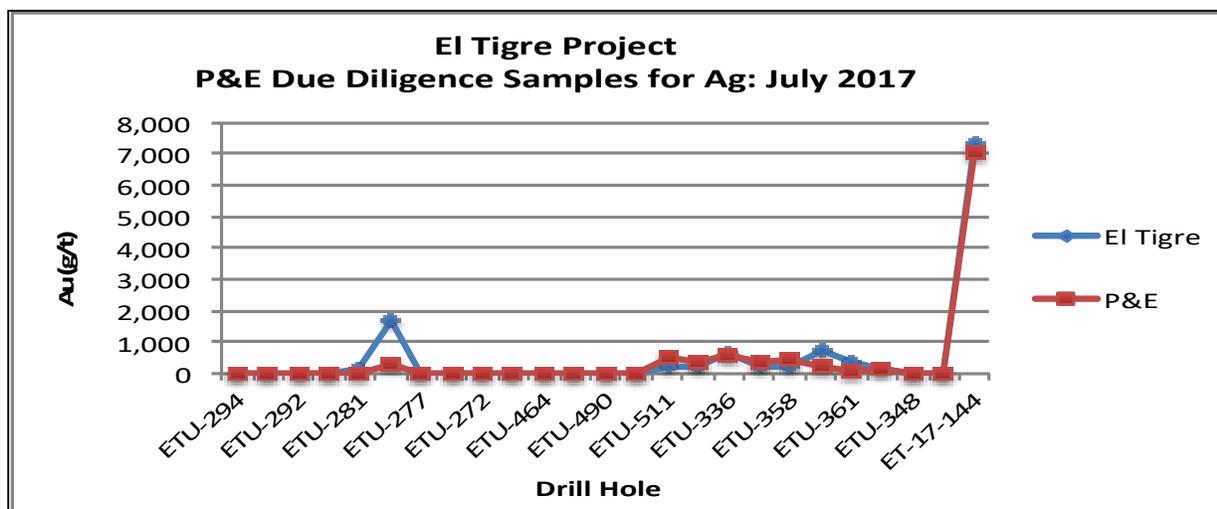
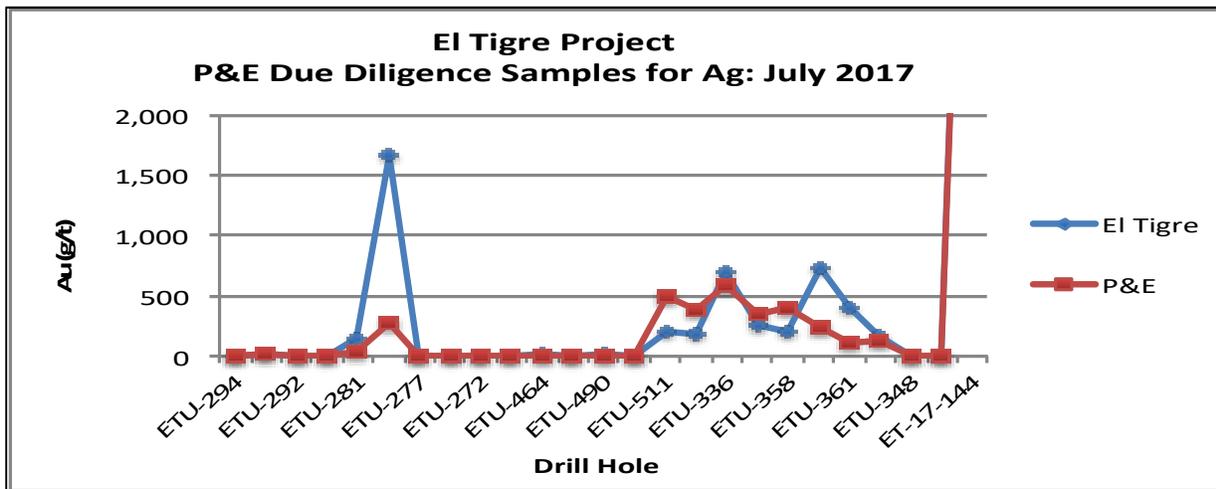


Figure 12.7 Results of July 2017 Silver Verification Sampling by P&E



**Figure 12.8 Results of July 2017 Silver Verification Sampling by P&E (close up)**



P&E considers that there is good correlation between gold and silver assay values in Oceanus' database and the independent verification samples collected by P&E and analyzed at ALS. It is P&E's opinion that the data are of good quality and appropriate for use in the current Mineral Resource Estimate.

### 13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

A Technical Report dated August 15, 2013 "Preliminary Feasibility Study for the El Tigre Silver Project" summarizes the results of preliminary testwork for the project. The selected process included direct cyanidation followed by Merrill-Crowe recovery of Au and Ag at an initial throughput of 200 t/d with future expansion to 400 t/d.

The limited amount of cyanidation testwork was undertaken on three composite tailings samples representing visually distinguishable characteristics. Metallurgical testwork details are not available; however the technical report summarizes the extractions apparently obtained. Au extractions averaged 96.7 % from feed grades of 0.23 to 0.50 g/t. Ag extractions ranged from 69.6 % to 84.0 % from feed grades of 62.8 g/t to 105.3 g/t. Lime consumption was moderate at an average of 1 kg/t and cyanide consumption averaged 2.5 kg/t. Leach conditions were not reported; however the available data suggests that response to typical cyanidation process is satisfactory. More definitive testwork will be required to confirm expectations.

## 14.0 MINERAL RESOURCE ESTIMATE

### 14.1 INTRODUCTION

The Mineral Resource Estimate presented herein has been prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and in conformity with generally accepted "CIM Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Mineral Resources have been classified in accordance with the "CIM Standards on Mineral Resources and Reserves: Definition and Guidelines" as adopted by CIM Council on May 10, 2014:

*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.*

*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.*

*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.*

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a Mineral Reserve.

P&E reports Mineral Resources at cutoff grades that are reasonable for deposits of this nature based on the anticipated mining methods and relevant operating costs.

All Mineral Resource estimation work reported herein was carried out or reviewed by Fred Brown, P.Geo., and Eugene Puritch, P.Eng., FEC, CET, both independent Qualified Persons as defined by National Instrument 43-101 by reason of education, affiliation with a professional association and past relevant work experience. This Mineral Resource Estimate is based on information and data supplied by Oceanus Resources Corporation (“Oceanus”). A draft copy of this report was reviewed by Oceanus for factual errors.

Mineral Resource modeling and grade estimation used Dassault Systèmes GEMS and Snowden Supervisor software. Pit optimization was carried out with Whittle software.

The Mineral Resources presented herein are comprised of three distinct areas: the El Tigre Veins (Section 14.2), Fundadora Veins (Section 14.3), and the El Tigre Tailings (Section 14.4). Information and data used for the El Tigre and Fundadora Mineral Resource Estimate takes into account a total of 140 drillholes and 752 underground chip samples available as of September 1, 2017 (Table 14.1). The effective date of this Mineral Resource Estimate is September 7, 2017.

<b>Zone</b>	<b>Class</b>	<b>AuEq g/t Cut-Off</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>	<b>AuEq g/t</b>	<b>AuEq ozs (000's)</b>
El Tigre Constrained Pit1	Indicated	0.20	25,170	15	11,906	0.51	416	0.69	559
	Inferred	0.20	2,791	12	1,093	0.38	34	0.52	47
El Tigre Underground	Indicated	1.50	207	156	1,041	0.46	3	2.33	16
	Inferred	1.50	11	82	29	1.27	0	2.26	1
Fundadora Constrained Pit2	Indicated	0.20	451	167	2,428	0.93	14	2.94	43
	Inferred	0.20	1,774	150	8,554	0.69	39	2.49	142
Fundadora Underground	Indicated	1.50	80	118	306	1.03	3	2.45	6
	Inferred	1.50	2,003	140	9,044	0.60	38	2.28	147
Sub Total Indicated		0.20, 1.50	25,908	19	15,681	0.52	436	0.75	624
Sub Total Inferred		0.20, 1.50	6,579	89	18,720	0.52	111	1.59	337
El Tigre Tailings <sup>3</sup>	Indicated	0.37	939	78	2,345	0.27	8	1.21	37
	Inferred	0.37	101	79	254	0.27	1	1.22	4
<b>Total Indicated</b>		<b>0.20,0.37,1.50</b>	<b>26,847</b>	<b>21</b>	<b>18,026</b>	<b>0.51</b>	<b>444</b>	<b>0.77</b>	<b>661</b>
<b>Total Inferred</b>		<b>0.20,0.37,1.50</b>	<b>6,680</b>	<b>88</b>	<b>18,974</b>	<b>0.52</b>	<b>112</b>	<b>1.59</b>	<b>341</b>

- (1) El Tigre Deposit Mineral Resources are comprised of the El Tigre and Seitz Kelly Veins.
- (2) Fundadora Deposit Mineral Resources are comprised of the Aquila, Fundadora, Protectora and Caleigh Veins.
- (3) El Tigre Tailings Mineral Resources are comprised of the tailings from the former El Tigre operation.
- (4) Mineral Resources are reported within a constraining pit shell.
- (5) The Mineral Resource Estimate is reported in accordance with the Canadian Securities Administrators National Instrument 43-101 and has been estimated using the CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines and CIM “Definition Standards for Mineral Resources and Mineral Reserves.
- (6)  $Au:Ag \text{ ratio} = (\$1250/\$17)/(70\% \text{ Ag Rec}/80\% \text{ Au Rec}) = 84:1$  Therefore,  $AuEq = (Ag/84) + Au$
- (7) Mineral Resources in this estimate are based on approx. two year trailing average metal prices of US\$1,250 oz Au and US\$17 /oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and \$45/t for underground and tailings mining costs of US\$5.50/t were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t and 0.37g/t. Pit optimization slopes were 50 degrees
- (8) The Mineral Resource Estimate uses drillhole data available as of September 1, 2017.
- (9) Totals may not add correctly due to rounding.

- (10) *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.*
- (11) *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.*

## 14.2 EL TIGRE DOMAINS

### 14.2.1 Previous Resource Estimates

A previous public Mineral Resource Estimate for the El Tigre Mineral Resource with an effective date of June 1, 2013 was prepared for the El Tigre Silver Corporation. The Technical Report as published reported an in-situ Indicated Mineral Resource of 24.7 million Indicated silver-equivalent ounces and 16.1 million Inferred silver-equivalent ounces. Silver-equivalents were calculated using a gross metal silver-to-gold ratio of 60:1 and reported against a silver-equivalent cutoff of 50 g/t (Table 14.2). The previous Mineral Resource Estimate prepared for El Tigre Silver Corporation is replaced in its entirety by the Mineral Resource Estimate reported herein.

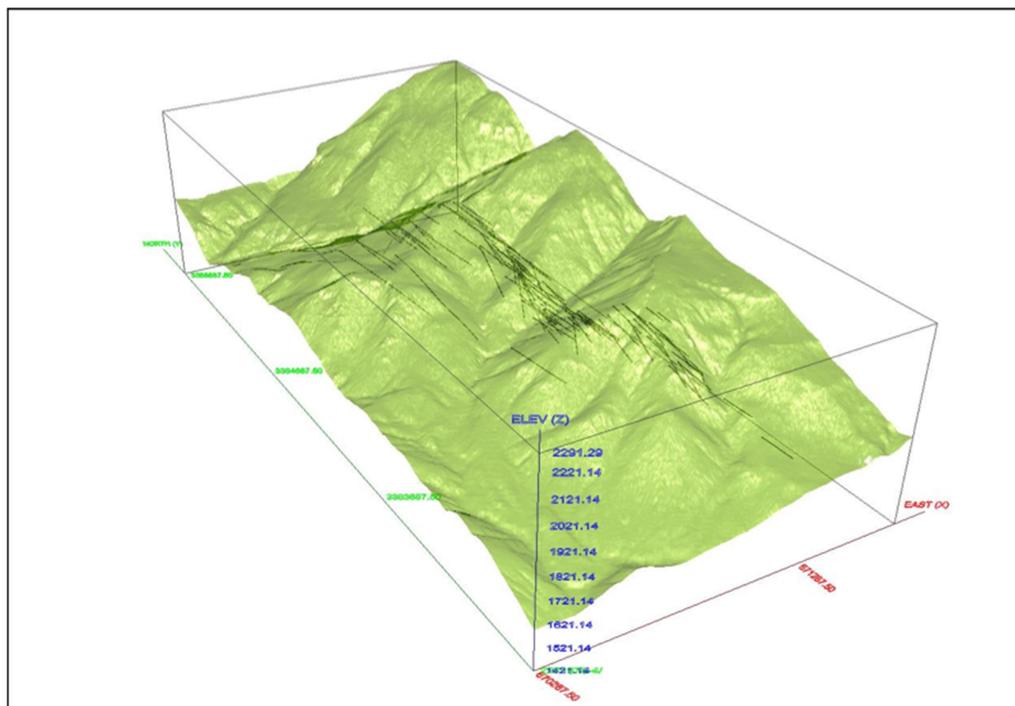
<b>Class</b>	<b>AgEq g/t Cut-Off</b>	<b>Tonnes (000's)</b>	<b>AgEq g/t</b>	<b>AgEq (000's)</b>	<b>Ag g/t</b>	<b>Ag ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>
Indicated	50	9,875	77.8	24,713	39.7	12,614	0.63	200
Inferred	50	7,042	71.0	16,075	36.1	8,173	0.59	133

### 14.2.2 Data Supplied

Drilling data were provided electronically by Oceanus as ASCII format csv tables, AutoCAD format dxf files, and pdf assay certificates. Assay certificates were also received directly from the issuing laboratory for Oceanus drillholes. Distance units are reported in metres, and gold and silver grade units are reported in ppm. The collar coordinates were provided in Universal Transverse Mercator (UTM) coordinate space relative to WGS 1984 UTM Zone 12.

The data used to define the El Tigre Mineral Resource consists of 120 unique drillhole collar records and 17,123 assay records (Figure 14.1). A total of 1,239 historical chip sample records were also available. Historical underground chip samples were used to define the vein limits only, not grades.

**Figure 14.1 Isometric View of El Tigre Local Drillholes (looking northeast)**



Industry standard validation checks were carried out on the supplied databases, and minor corrections made where necessary. P&E typically validates a Mineral Resource database by checking for inconsistencies in naming conventions or analytical units, duplicate entries, interval, length or distance values less than or equal to zero, blank or zero-value assay results, out-of-sequence intervals, intervals or distances greater than the reported drillhole length, inappropriate collar locations, and missing interval and coordinate fields.

No significant discrepancies with the supplied data were noted. P&E considers that the databases are suitable for Mineral Resource estimation. Au and Ag grades reported as below detection limit were assigned a value of 0.001.

A high resolution 1.0 m contour interval map with a 10.0 cm vertical accuracy produced by Photosat Information, Ltd of Vancouver, British Columbia, was used to generate a topographic surface.

### **14.2.3 Assay Data**

Summary assay data for the supplied database (Table 14.3) and for assay samples constrained to the El Tigre mineralized domains (Table 14.4) are provided below. The correlation coefficient between constrained Au and Ag assay samples is 0.29.

<b>TABLE 14.3</b>			
<b>SUMMARY STATISTICS FOR ALL ASSAY DATA</b>			
	<b>Length m</b>	<b>Au g/t</b>	<b>Ag g/t</b>
Mean	1.24	0.23	10.76
CV	0.31	4.15	9.25
Median	1.15	0.04	1.00
Mode	1.50	0.001	0.15
Std Deviation	0.38	0.95	99.56
Skewness	0.99	29.18	47.94
Minimum	0.10	0.001	0.03
Maximum	6.10	46.82	8,660
Count	17,123	17,123	17,123

<b>TABLE 14.4</b>			
<b>SUMMARY STATISTICS FOR CONSTRAINED ASSAY DATA</b>			
	<b>Length m</b>	<b>Au g/t</b>	<b>Ag g/t</b>
Mean	1.20	0.51	23.61
CV	0.31	3.02	6.78
Median	1.05	0.21	3.40
Mode	1.00	0.02	0.15
Std Deviation	0.37	1.53	160.07
Skewness	1.58	20.00	33.05
Minimum	0.10	0.001	0.05
Maximum	6.10	46.82	8660
Count	5,733	5,733	5,733

#### **14.2.4 Bulk Density**

A total of 978 bulk density values were collected from drillhole core by Oceanus, ranging from 0.72 tonnes per cubic metre to 4.04 tonnes per cubic metre, with an average value of 2.43 tonnes per cubic metre and a mode of 2.50 tonnes per cubic metre. The lowest recorded value of 0.72 tonnes per cubic metre was discarded as an outlier, and the resulting average bulk density of 2.44 tonnes per cubic metre was used for Mineral Resource estimation.

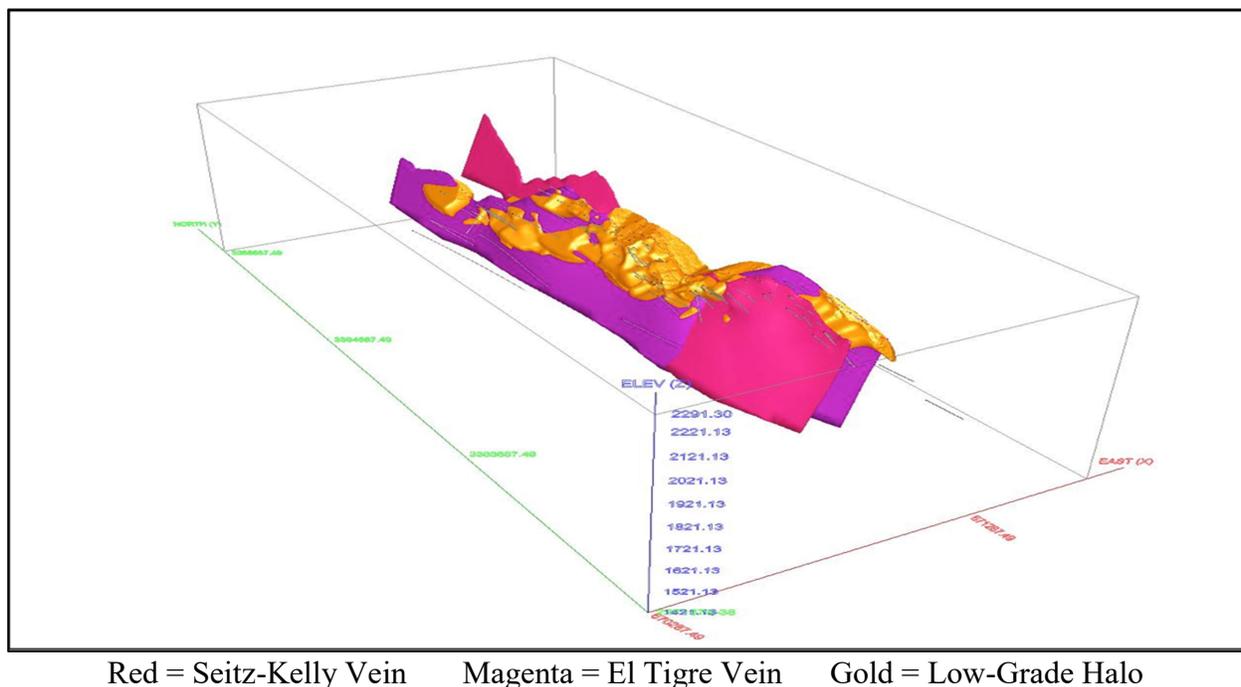
#### **14.2.5 Domain Modeling**

Hanging wall and footwall contacts for the El Tigre and Seitz-Kelly Veins were identified from drillhole logs using historical records, drilling logs identifying void intersections, underground sampling locations, and a nominal 0.30 g/t AuEq assay cut-off. Where necessary, lower grade intervals were included in the domain in order to maintain zonal continuity. Gridded surfaces were subsequently generated for each hanging wall and footwall surface and were combined into three-dimensional wireframes.

Oceanus geologists have identified a low-grade mineralization halo around the El Tigre Vein, confined primarily to the Tigre Formation. For the low-grade mineralization halo a three-dimensional solid was generated within or adjacent to the Tigre Formation based on a nominal

cut-off of 0.30 g/t AuEq and aligned with the general orientation of the El Tigre Vein (Figure 14.2).

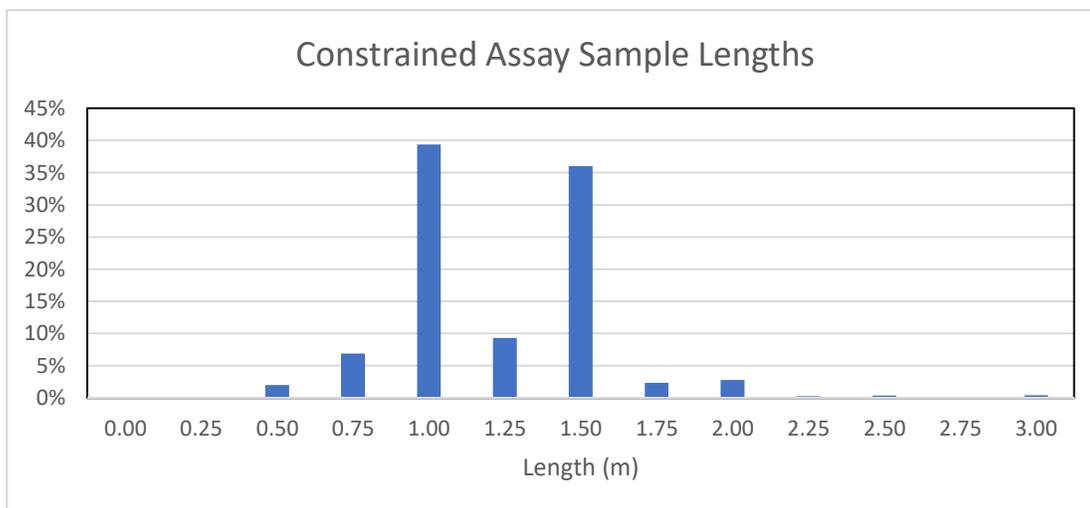
**Figure 14.2 El Tigre Veins (looking northeast)**



### 14.2.6 Compositing

Assay sample lengths within the defined mineralization domains range from 0.10 m to 6.10, with an average sample length of 1.20 m. (Figure 14.3). The assay lengths demonstrate a bimodal distribution, with 39% of the lengths equal to 1.00 m and 36% equal to 1.50 m. In order to ensure equal sample support a compositing length of 1.50 m was selected for Mineral Resource estimation.

**Figure 14.3 Histogram of Constrained Assay Sample Lengths**



Length-weighted composites were calculated within the each domain (Table 14.5). A small number of missing sample intervals were assigned a value of 0.001. The compositing process started at the first point of intersection between the drillhole and the wireframe intersection, and halted upon exit from the wireframe. Residual composites less than 0.75 m in length were discarded. The wireframes that represent the interpreted domains were also used to back-tag a rock code field into the assay and composite workspaces. The composite data were visually validated against the vein wireframes, and then extracted for analysis and grade estimation.

<b>Au Composites</b>	<b>Total</b>	<b>El Tigre</b>	<b>Seitz-Kelly</b>	<b>Halo</b>
Samples	4566	372	285	3909
Minimum g/t	0.001	0.001	0.001	0.001
Maximum g/t	40.24	7.34	6.82	40.24
Mean g/t	0.48	0.38	0.31	0.51
Std Deviation	1.25	0.77	0.58	1.31
CV	2.57	2.02	1.89	2.59
Skewness	20.18	5.01	6.15	19.89
<b>Ag Composites</b>	<b>Total</b>	<b>El Tigre</b>	<b>Seitz-Kelly</b>	<b>Halo</b>
Samples	4566	372	285	3909
Minimum g/t	0.001	0.001	0.001	0.001
Maximum g/t	3,247.95	3,247.95	924.61	2,594.59
Mean g/t	18.94	60.71	38.42	13.54
Std Deviation	85.84	201.52	105.26	61.02
CV	4.53	3.32	2.74	4.51
Skewness	21.08	11.47	5.28	25.47

#### 14.2.6 Treatment of Extreme Values

Grade capping analysis was conducted on the tagged and composited grade intervals in order to evaluate the potential influence of extreme values during grade estimation. The presence of high-grade outliers was identified by examination of histograms and log-probability plots (See Appendix I). Composites were capped to the selected value prior to grade estimation (Table 14.6). An additional range restriction of 100 m was placed on Au composites of 5.00 g/t or higher, and on Ag composites of 500 g/t or higher.

<b>Vein</b>	<b>Rock Code</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>
El Tigre	100	No Cap	1,000
Seitz-Kelly	110	No Cap	1,000
Halo	150	10	No Cap

A total of eight Au composites and four Ag composite were capped. The average grade of the capped Au composites is 23.01 g/t, and the average grade of the capped Ag composites is 2,093 g/t.

#### 14.2.7 Block Model

An orthogonal block model was established across the property with the block model limits selected so as to cover the extent of the vein structures and reflect the generally narrow widths of the mineralized zone (Table 14.7). The block model consists of separate models for estimated grades, rock code, volume percent, density and classification attributes. The volume percent block model was used to accurately represent the volume and tonnage contained within the constraining mineralized structure. For rock code assignment and block percent calculations, overlapping solids were assigned by precedence; where the El Tigre and Seitz-Kelly Veins intersect, the El Tigre Vein was given precedence, and both vein structures were given precedence over the low-grade halo.

TABLE 14.7 EL TIGRE BLOCK MODEL SETUP				
	Minimum	Maximum	Size (m)	Count
Easting	670,300	671,700	5.0	280
Northing	3,382,700	3,385,700	5.0	600
Elevation	1,400	2500	5.0	220

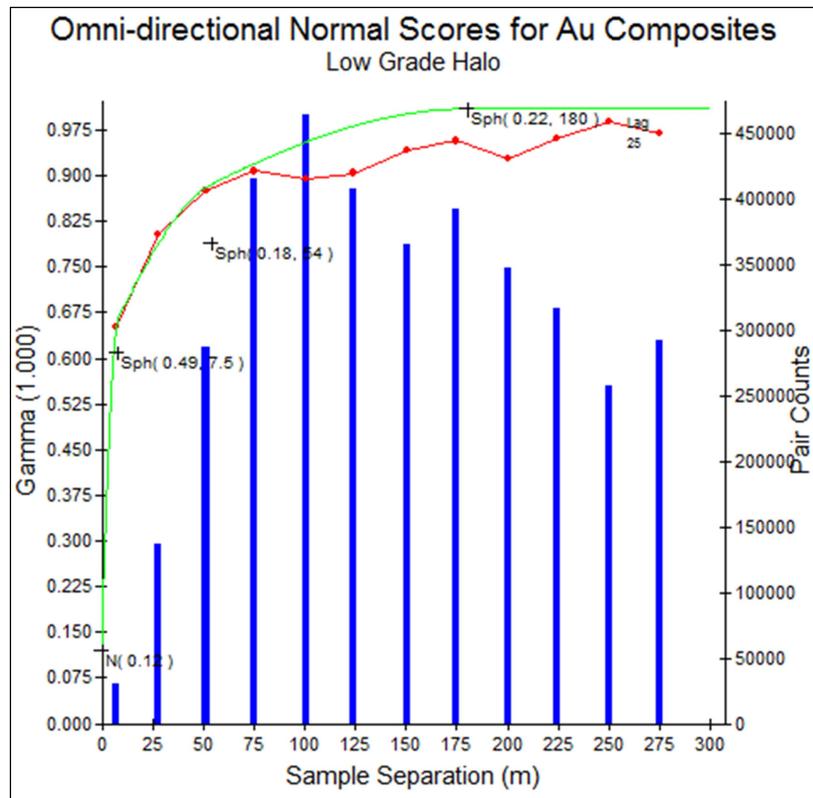
#### 14.2.8 Grade Estimation & Classification

The Mineral Resource Estimate was constrained within the defined veins. All block grades were estimated using anisotropic Inverse Distance cubed (“ID<sup>3</sup>”) weighting of between four and twelve capped composite grades from two or more drillholes within the applicable wireframe. The search ellipse was rotated parallel to the general orientation of the individual veins, with an extended wireframe constrained range of up to 500 m x 500 m x 50 m in order to ensure that the majority of blocks within the defined veins were estimated. A small number of grade blocks at the periphery of the defined veins were not estimated. For Au and Ag, a Nearest Neighbor model (“NN”) was also generated using the same estimation search parameters. (See Appendix II) A gold-equivalent (“AuEq”) model was calculated directly from the estimated block grades, based on the parameters given below:

- Gold Price: \$1250/oz
- Silver Price: \$17/oz
- Gold Recovery: 80%
- Silver Recovery: 70%
- AuEq ratio: 1:84

Oceanus considers that classification of the Mineral Resources at El Tigre should incorporate the extensive local mining history, historical documentation, underground workings, surface outcrops, geological model, strike continuity, extent of the economic pit-shell and drillhole spacing. Classification also takes into account the range of the omni-directional semi-variogram generated for the low-grade Halo of approximately 180 m (Figure 14.4).

**Figure 14.4 Low Grade Halo Experimental Gold Semi-Variogram**



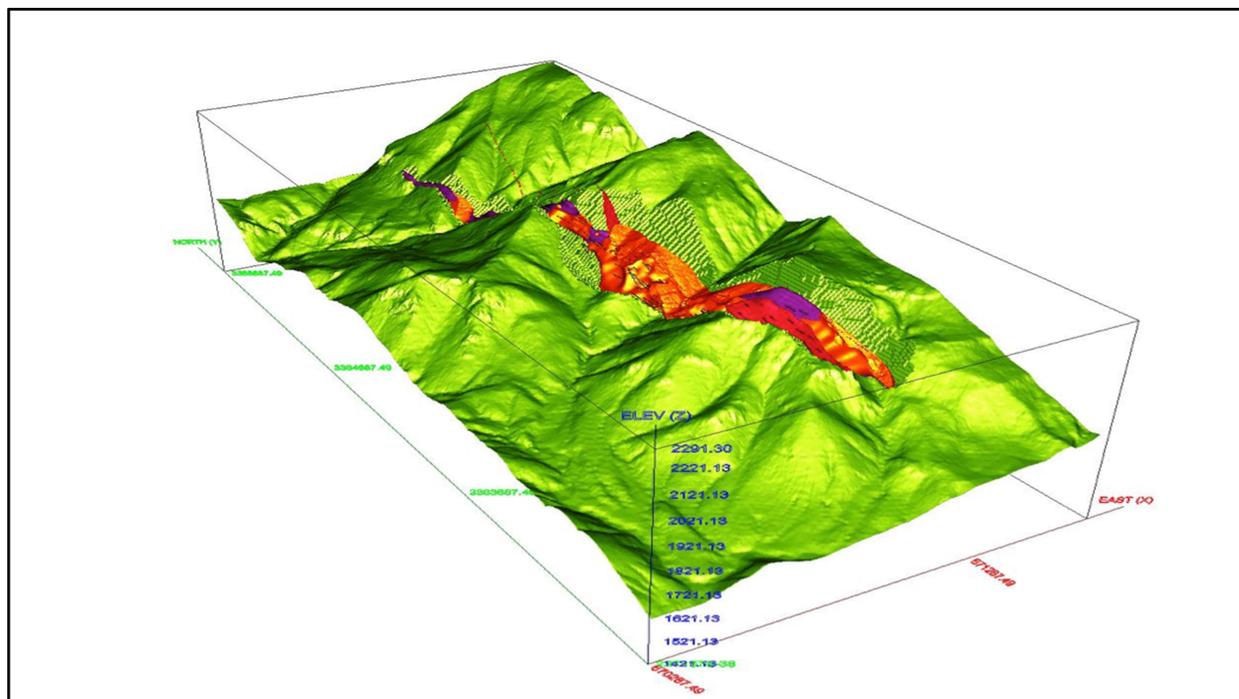
Model blocks were classified using an independent drillhole spacing pass that recorded the number of drillholes within 90 m of a block, equal to 50% of the low-grade halo experimental semi-variogram. Blocks with two or more drillholes within 90 m were algorithmically classified as Indicated. All other estimated blocks were classified as Inferred. Blocks classified as Indicated were then manually consolidated into coherent zones where necessary in order to remove isolated classification outliers. (See Appendix III)

### 14.2.9 El Tigre Mineral Resource Estimate

Mineral Resources in this estimate are based on the approximate two year trailing average metal prices of US\$1,250/oz Au and US\$17/oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and US\$45/t for underground were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t. Pit optimization slopes were 50 degrees.

Open Pit Mineral Resource has been constrained within an optimized pit shell (Figure 14.5), and only blocks above cut-off and within the pit shell have been reported. Underground Mineral Resources have been tabulated beneath the optimized pit shell.

**Figure 14.5 El Tigre Optimized Pit Shell (looking northeast)**



P&E considers that the information available for the El Tigre Veins Deposit demonstrates consistent geological and grade continuity, and satisfies the minimum requirements for a Mineral Resource (Table 14.8). Known areas of historical mining were depleted from the block model.

**TABLE 14.8  
EL TIGRE MINERAL RESOURCE ESTIMATE<sup>(1-5)</sup>**

Zone	Class	AuEq g/t Cut-Off	Tonnes (000's)	Ag g/t	Ag ozs (000's)	Au g/t	Au ozs (000's)	AuEq g/t	AuEq ozs (000's)
El Tigre Pit Constrained	Indicated	0.2	25,170	15	11,906	0.51	416	0.69	559
	Inferred	0.2	2,791	12	1,093	0.38	34	0.52	47
El Tigre Underground	Indicated	1.5	207	156	1,041	0.46	3	2.33	16
	Inferred	1.5	11	82	29	1.27	0	2.26	1
<b>Total Indicated</b>		<b>0.2 &amp; 1.5</b>	<b>25,377</b>	<b>16</b>	<b>12,947</b>	<b>0.51</b>	<b>419</b>	<b>0.70</b>	<b>575</b>
<b>Total Inferred</b>		<b>0.2 &amp; 1.5</b>	<b>2,802</b>	<b>12</b>	<b>1,122</b>	<b>0.38</b>	<b>34</b>	<b>0.53</b>	<b>48</b>

- 1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.
- 2) Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- 3) The quantity and grade of the Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration..
- 4) Contained metal may differ due to rounding.
- 5) Mineral Resources are reported within an optimized pit shell.

## 14.2.10 El Tigre Mineral Resource Cut-off Sensitivity

The sensitivity of the Mineral Resource model to changes in cut-off grade was examined by summarizing tons, grade and metal content within the optimized pit shell at varying cut-off grades (Table 14.9). The results indicate that the Mineral Resource model is relatively insensitive to changes in cut-off grade.

<b>Indicated</b>							
<b>Cutoff AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag oz (000's)</b>	<b>Au g/t</b>	<b>Au oz (000's)</b>	<b>AuEq g/t</b>	<b>AuEq oz (000's)</b>
1.00	4,029	48	6,238	1.09	141	1.67	216
0.50	13,998	22	9,938	0.69	312	0.96	432
0.35	19,711	18	11,140	0.59	376	0.8	510
0.30	21,585	17	11,450	0.56	392	0.76	529
0.28	22,506	16	11,574	0.55	399	0.74	538
0.26	23,334	16	11,686	0.54	405	0.73	545
0.24	24,017	15	11,773	0.53	409	0.71	550
0.22	24,623	15	11,845	0.52	413	0.7	555
<b>0.20</b>	<b>25,170</b>	<b>15</b>	<b>11,906</b>	<b>0.51</b>	<b>416</b>	<b>0.69</b>	<b>559</b>
0.19	25,433	15	11,934	0.51	417	0.69	560
0.18	25,696	14	11,961	0.51	418	0.68	562
0.17	25,934	14	11,983	0.5	419	0.68	563
0.16	26,148	14	12,005	0.5	420	0.67	564
0.15	26,365	14	12,023	0.5	421	0.67	565
<b>Inferred</b>							
<b>Cutoff AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag oz (000's)</b>	<b>Au g/t</b>	<b>Au oz (000's)</b>	<b>AuEq g/t</b>	<b>AuEq oz (000's)</b>
1.00	61.1	16	31	1.23	2	1.42	3
0.50	1,595	15	783	0.46	23	0.64	33
0.35	2,314	13	982	0.42	31	0.57	43
0.30	2,510	13	1,043	0.4	32	0.55	45
0.28	2,583	13	1,059	0.39	33	0.55	45
0.26	2,636	13	1,070	0.39	33	0.54	46
0.24	2,693	12	1,077	0.39	33	0.54	46
0.22	2,735	12	1,084	0.38	34	0.53	47
<b>0.20</b>	<b>2,791</b>	<b>12</b>	<b>1,093</b>	<b>0.38</b>	<b>34</b>	<b>0.52</b>	<b>47</b>
0.19	2,808	12	1,096	0.38	34	0.52	47
0.18	2,833	12	1,098	0.37	34	0.52	47
0.17	2,853	12	1,102	0.37	34	0.52	47
0.16	2,872	12	1,105	0.37	34	0.51	48
0.15	2,900	12	1,109	0.37	34	0.51	48

## 14.2.11 Validation

The block model was validated visually by the inspection of successive section lines in order to confirm that the block models correctly reflect the distribution of high-grade and low-grade values. An additional validation check was completed by comparing the average grade of the uncapped composites to the model block grade estimates at zero cut-off. Composite grades and

block grades were also compared to the average Nearest Neighbor block assignment (Table 14.10).

<b>TABLE 14.10</b>			
<b>VALIDATION STATISTICS FOR EL TIGRE GRADE BLOCK ESTIMATE</b>			
<b>Vein</b>	<b>Composite Mean Au g/t Original/Capped</b>	<b>Avg Block Grade Au g/t</b>	<b>Avg NN Grade Au g/t</b>
El Tigre Vein	0.38/0.38	0.44	0.44
Seitz-Kelly Vein	0.31/0.31	0.34	0.29
Low-grade Halo	0.51/0.46	0.44	0.27
<b>Total</b>	<b>0.48/0.45</b>	<b>0.39</b>	<b>0.26</b>
<b>Vein</b>	<b>Composite Mean Ag g/t Original/Capped</b>	<b>Avg Block Grade Ag g/t</b>	<b>Avg NN Grade Ag g/t</b>
El Tigre Vein	61/52	40	37
Seitz-Kelly Vein	38/38	22	18
Low-grade Halo	14/12	11	8
<b>Total</b>	<b>19/17</b>	<b>16</b>	<b>13</b>

As a further check of the Mineral Resource model limits the total volume reported at zero cut-off was compared with the calculated volume of the defining mineralization wireframe. Total volume estimated is 20.0 million m<sup>3</sup>, and the total volume of the wireframes is 19.9 million m<sup>3</sup>, a difference of less than 1%. The reported volumes fall within acceptable tolerances.

### 14.3 FUNDADORA VEINS

#### 14.3.1 Previous Resource Estimates

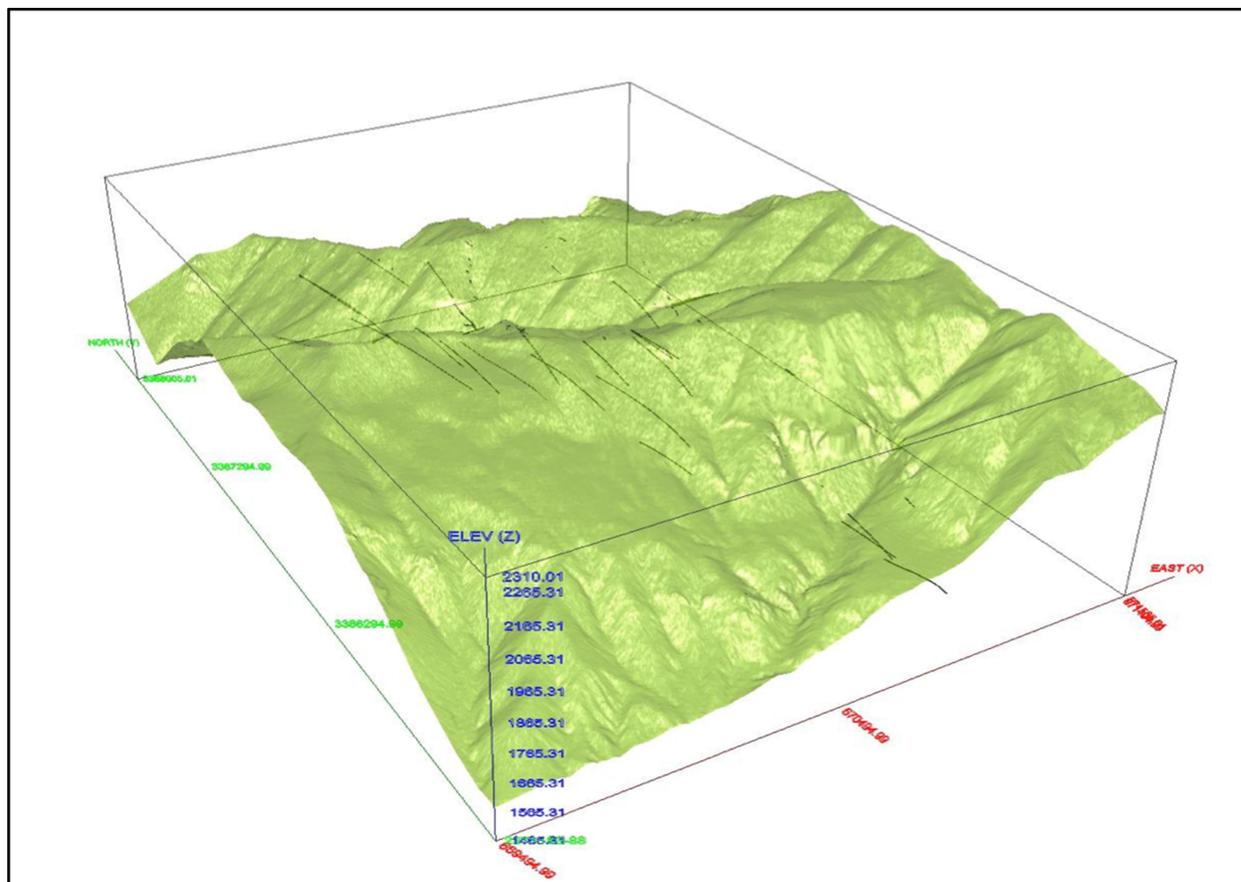
P&E is not aware of any previous publicly disclosed Mineral Resource Estimate for the Fundadora Veins.

#### 14.3.2 Data Supplied

Drilling data were provided electronically by Oceanus as ASCII format csv tables, AutoCAD format dxf files, and pdf assay certificates. Assay certificates were also received directly from the issuing laboratory. Distance units are reported in metres, and gold and silver grade units are reported in ppm. The collar coordinates were provided in Universal Transverse Mercator (UTM) coordinate space relative to WGS 1984 UTM Zone 12.

The data used to define the Fundadora Vein system consists of sixteen historical drillholes, four Oceanus drillholes, and 585 Oceanus underground channel sample traverses, representing 605 unique collar records and 4,373 assay records (Figure 14.6). Underground channel sample traverses have been treated as drillholes for the purposes of modeling.

**Figure 14.6 Isometric Plot of Local Fundadora Drillholes (looking northeast)**



Industry standard validation checks were carried out on the supplied databases, and minor corrections made where necessary. P&E typically validates a Mineral Resource Estimate database by checking for inconsistencies in naming conventions or analytical units, duplicate entries, interval, length or distance values less than or equal to zero, blank or zero-value assay results, out-of-sequence intervals, intervals or distances greater than the reported drillhole length, inappropriate collar locations, and missing interval and coordinate fields.

No significant discrepancies with the supplied data were noted. P&E considers that the database is suitable for Mineral Resource estimation. Grades reported below detection limit were assigned a value of 0.001.

A high resolution 1.0 m contour interval map with a 10.0 cm vertical accuracy produced by Photosat Information, Ltd of Vancouver, British Columbia, was used to generate a topographic surface.

### **14.3.3 Assay Data**

Summary assay data for the supplied Fundadora database (Table 14.11) and for assay samples constrained to the Fundadora Veins (Table 14.12) are provided below. The correlation coefficient between constrained Au and Ag assay samples is 0.39.

	<b>Length m</b>	<b>Au g/t</b>	<b>Ag g/t</b>
Mean	1.237	0.297	40.911
CV	0.559	7.811	5.395
Median	1.000	0.026	1.200
Mode	2.000	0.003	0.250
Std Deviation	0.691	2.320	220.712
Skewness	0.389	23.595	14.733
Minimum	0.090	0.001	0.010
Maximum	9.100	92.600	7338.880
Count	4373	4373	4373

	<b>Length m</b>	<b>Au g/t</b>	<b>Ag g/t</b>
Mean	0.641	0.789	112.742
CV	0.671	4.843	3.282
Median	0.500	0.137	13.700
Mode	0.500	0.050	0.250
Std Deviation	0.430	3.821	370.005
Skewness	7.531	15.412	9.704
Minimum	0.100	0.002	0.040
Maximum	9.100	92.60	7,338.88
Count	1185	1185	1185

#### **14.3.4 Bulk Density**

A small number of independent bulk density measurements averaging 2.64 t/m<sup>3</sup> were available for the Fundadora model, however, the more conservative El Tigre bulk density value of 2.44 t/m<sup>3</sup> was used for Fundadora.

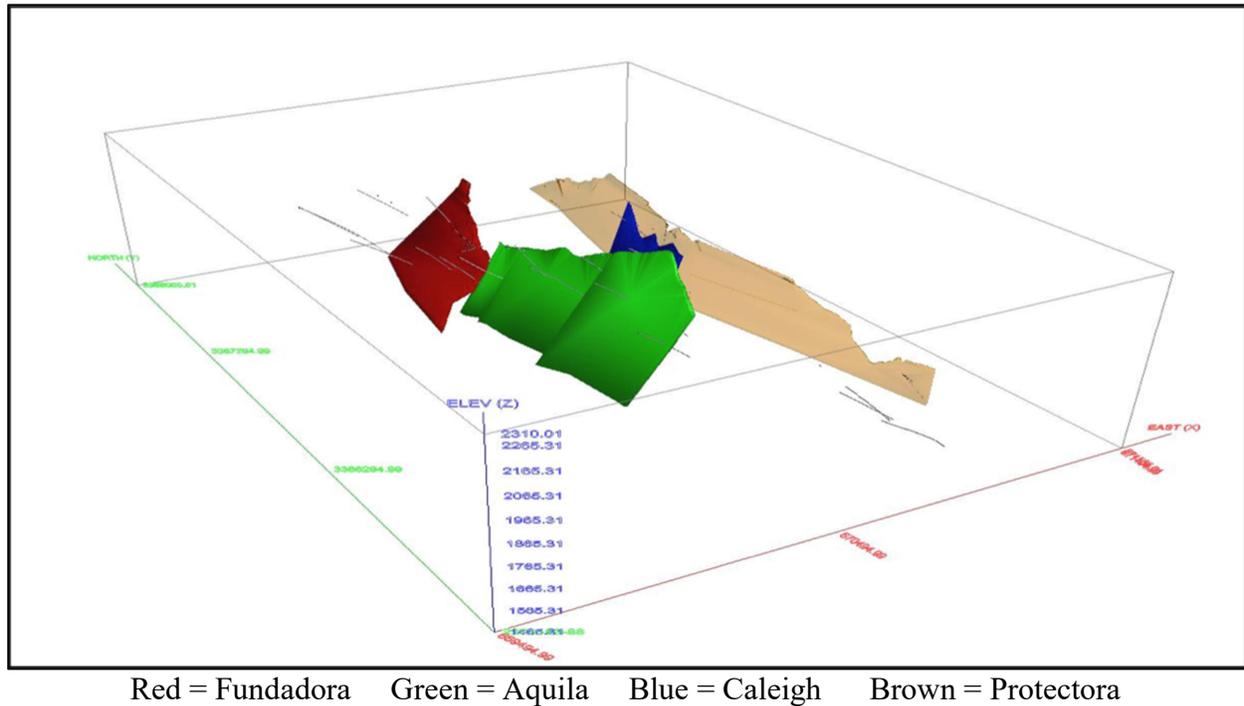
#### **14.3.5 Domain Modeling**

The Fundadora modeled area consists of the Aquila, Caleigh, Fundadora and Protectora Veins, which Oceanus has identified as being predominately an oxide deposit. The constraining mineralized domain boundaries for the identified veins were determined from lithology, structure and grade boundary interpretations based on the visual inspection of drillhole information in vertical and horizontal sections.

Outlines for the mineralization domains were influenced by the selection of mineralized material above a nominal 0.30 g/t AuEq grade that demonstrated zonal continuity. A minimum horizontal width of 1.20 m was maintained for each section, and in some cases mineralization below the selected nominal threshold was included for the purpose of maintaining zonal continuity between sections. Iterative smoothing was utilized to remove excessive deviations in the resulting wireframes in order to minimize potential triangulation errors. All polyline vertices were

snapped directly to drillhole assay intervals, and polyline interpretations were digitized from drillhole to drillhole but not typically extended more than the predominant local drill spacing into untested territory. Interpreted polylines were then consolidated into three-dimensional triangulated wireframes, which were clipped to the local topographic surface. The resulting mineralization domains were assigned a unique rock code and used for statistical analysis, grade interpolation, and Mineral Resource reporting.

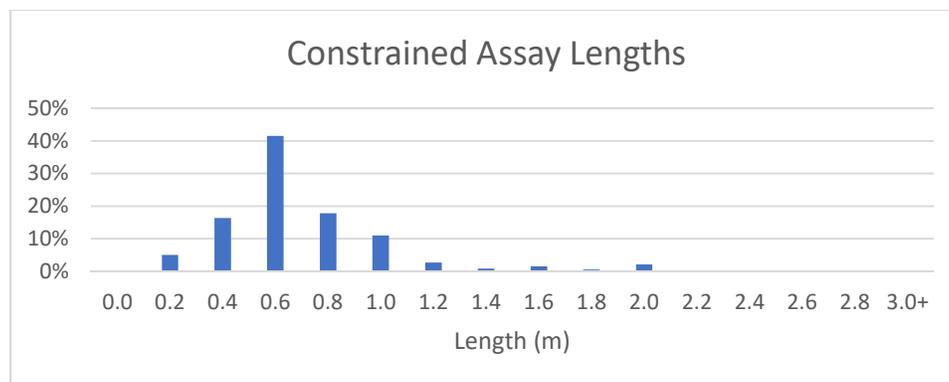
**Figure 14.7 Fundadora Veins (looking northeast)**



### 14.3.6 Compositing

Assay sample lengths within the defined veins range from 0.10 m to 9.10 m, with an average sample length of 0.64. (Figure 14.8). A total of 92% of the constrained assay lengths are 1.00 m or less. In order to ensure equal sample support a compositing length of 1.00 was selected for grade estimation.

**Figure 14.8 Histogram of Constrained Assay Sample Lengths**



Length-weighted composites were calculated within the each vein (Table 14.13). A small number of missing sample intervals were assigned a value of 0.001. The compositing process started at the first point of intersection between the drillhole and the wireframe intersection, and halted upon exit from the wireframe. Residual composites less than 0.50 m in length were discarded. The wireframes that represent the interpreted veins were also used to back-tag a rock code field into the assay and composite workspaces. The composite data were visually validated against the vein wireframes, and then extracted for analysis and estimation.

<b>Au Composites</b>	<b>Fundadora</b>	<b>Aquila</b>	<b>Protectora</b>	<b>Caleigh</b>	<b>Total</b>
Samples	323	91	218	12	644
Minimum g/t	0.003	0.002	0.005	0.051	0.002
Maximum g/t	17.894	74.196	3.103	35.137	74.196
Mean g/t	0.654	1.292	0.331	3.749	0.692
Std Deviation	1.818	7.767	0.473	9.936	2.355
CV	2.782	6.011	1.429	2.650	2.778
Skewness	6.892	9.394	3.206	3.402	5.933
<b>Ag Composites</b>	<b>Fundadora</b>	<b>Aquila</b>	<b>Protectora</b>	<b>Caleigh</b>	<b>Total</b>
Samples	323	91	218	12	644
Minimum g/t	0.25	0.25	0.40	3.60	0.25
Maximum g/t	695.83	777.57	2,842.95	6,931.64	6931.64
Mean g/t	64.40	58.92	130.43	680.29	97.46
Std Deviation	107.33	119.28	280.03	1979.50	202.37
CV	1.667	2.025	2.147	2.910	1.903
Skewness	3.097	3.595	5.626	3.400	4.029

### 14.3.7 Treatment of Extreme Values

Grade capping analysis was conducted on the tagged and composited grade intervals in order to evaluate the potential influence of extreme values during grade estimation. The presence of high-

grade outliers was identified by examination of histograms and log-probability plots (See Appendix I). Composites were reduced to the selected threshold prior to estimation (Table 14.14), and the influence of capped composites was also limited to 100 m.

<b>Vein</b>	<b>Rock Code</b>	<b>Au Cap g/t</b>	<b>Ag Cap g/t</b>
Aquila	210	12	No Cap
Caleigh	250	12	1,000
Fundadora	200	12	No Cap
Protectora	240	No Cap	1,000

A total of five Au composites and five Ag composites were capped. The average grade of the capped Au composites is 31.63 g/t, and the average grade of the capped Ag composites is 2,739 g/t.

### 14.3.8 Block Model

An orthogonal block model was established across the property with the block model limits selected so as to cover the extent of the vein structures and to reflect the generally narrow widths of the mineralized zones (Table 14.15). The block model consists of separate models for estimated grades, rock code, volume percent, bulk density and classification attributes. The volume percent block model was used to accurately represent the volume and tonnage contained within the constraining mineralized structure. Due to the very small volumes involved the sampled exploration drives were not depleted from the estimates.

	<b>Minimum</b>	<b>Maximum</b>	<b>Size (m)</b>	<b>Count</b>
Easting	669,500	671,500	5.0	400
Northing	3,385,300	3,388,000	5.0	540
Elevation	1,400	2,500	5.0	220

### 14.3.9 Estimation & Classification

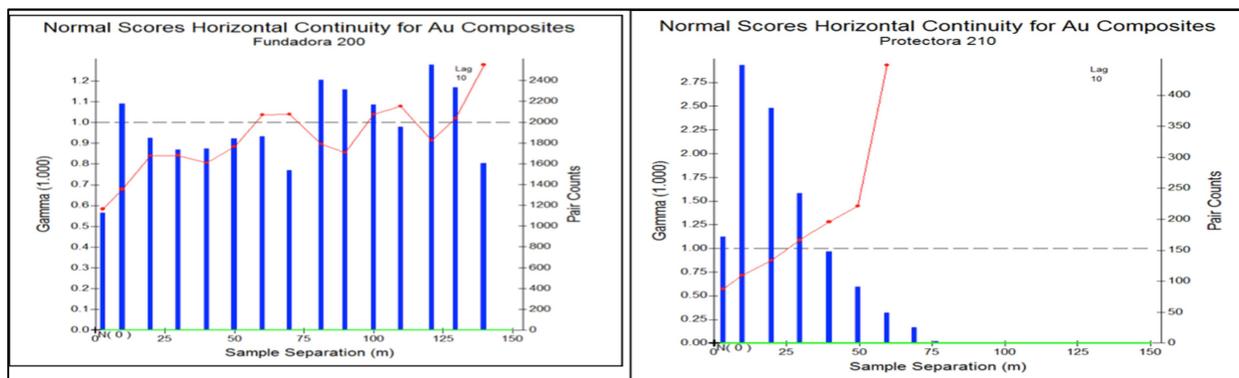
The Mineral Resource Estimate was constrained within the defined veins. All block grades were estimated using anisotropic Inverse Distance cubed (“ID<sup>3</sup>”) weighting of between four and twelve capped composite grades from two or more drillholes within the applicable wireframe. The search ellipse was rotated parallel to the general orientation of the individual veins, with an extended maximum range within wireframes of 500 m x 500 m x 50 m in order to ensure that the majority of blocks within the defined veins were estimated. (See Appendix II) A small number of blocks at the periphery of the defined veins were not estimated. For each grade element a Nearest Neighbor model (“NN”) was also generated using the same estimation search parameters. A gold-equivalent (“AuEq”) model was calculated directly from the estimated block grades, based on the parameters given below:

- Gold Price: \$1250/oz
- Silver Price: \$17/oz

- Gold Recovery: 80%
- Silver Recovery: 70%
- AuEq Ratio: 1:84

Oceanus considers that classification of the Mineral Resources at Fundadora should incorporate the extensive local mining history, historical documentation, underground workings, surface outcrops, geological model, strike continuity, extent of the economic pit-shell and drillhole spacing. Classification also takes into account the horizontal semi-variogram range of approximately 50 m, derived primarily from underground channel sampling at the Fundadora and Protectora Veins (See Appendix III) and (Figure 14.9).

**Figure 14.9 Experimental Gold Semi-Variograms**



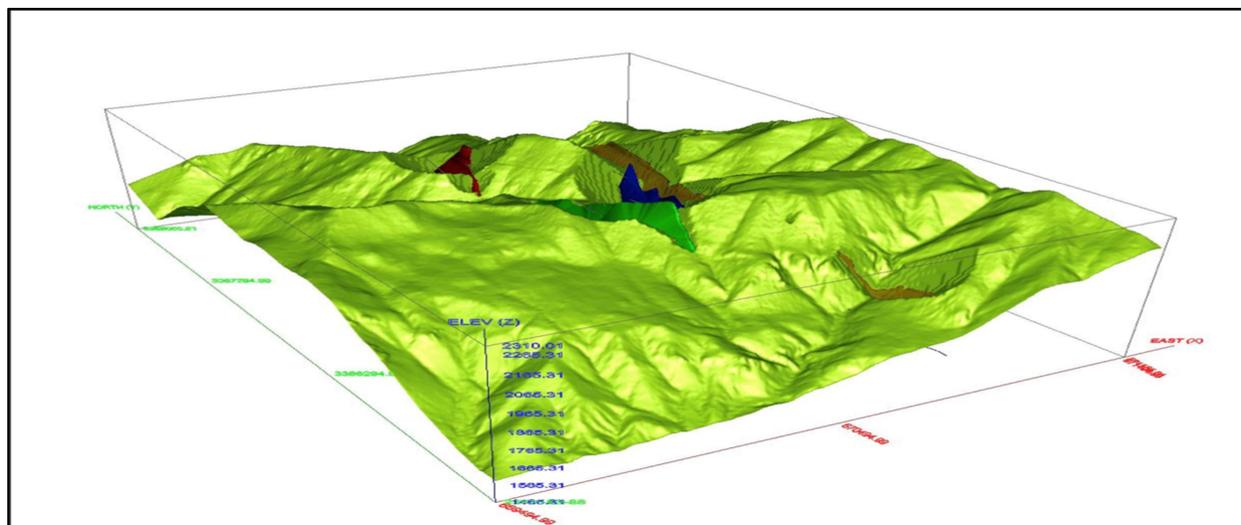
Grade blocks were classified using an independent drillhole spacing pass that recorded the number of drillholes within 50 m of a block. Blocks with two or more drillholes within 50 m were algorithmically classified as Indicated. All other estimated blocks were classified as Inferred. Blocks classified as Indicated were then consolidated into coherent zones where necessary in order to remove isolated classification outliers.

#### 14.3.10 Fundadora Mineral Resource Estimate

Mineral Resources in this estimate are based on the approximate two year trailing average metal prices of US\$1,250 /oz Au and US\$17 /oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and US\$45/t for underground were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t. Pit optimization slopes were 50 degrees.

Open pit Mineral Resources have been constrained within an optimized pit shell (Figure 14.10), and only blocks above cut-off and within the pit shell have been reported. Underground Mineral Resources have been tabulated beneath the optimized pit shell. P&E considers that the information available for the Fundadora Deposit demonstrates consistent geological and grade continuity, and satisfies the requirements for a Mineral Resource (Table 14.16).

**Figure 14.10 Fundadora Optimized Pit Shell (looking northeast)**



**TABLE 14.16  
FUNDADORA MINERAL RESOURCE ESTIMATE<sup>(1-5)</sup>**

Zone	Class	AuEq g/t Cut- Off	Tonnes (000's)	Ag g/t	Ag ozs (000's)	Au g/t	Au ozs (000's)	AuEq g/t	AuEq ozs (000's)
Fundadora Pit Constrained	Indicated	0.2	451	167	2,428	0.93	14	2.94	43
	Inferred	0.2	1,774	150	8,554	0.69	39	2.49	142
Fundadora Underground	Indicated	1.5	80	118	306	1.03	3	2.45	6
	Inferred	1.5	2,003	140	9,044	0.60	38	2.28	147
<b>Total Indicated</b>		<b>0.2 &amp; 1.5</b>	<b>531</b>	<b>160</b>	<b>2,734</b>	<b>1.00</b>	<b>17</b>	<b>2.87</b>	<b>49</b>
<b>Total Inferred</b>		<b>0.2 &amp; 1.5</b>	<b>3,777</b>	<b>145</b>	<b>17,598</b>	<b>0.63</b>	<b>77</b>	<b>2.38</b>	<b>289</b>

- 1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.
- 2) Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- 3) The quantity and grade of the Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured mineral resource. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- 4) Contained metal may differ due to rounding.
- 5) Open Pit Mineral Resource is reported within an optimized pit shell.

### **14.3.11 Fundadora Mineral Resource Estimate Cut-off Sensitivity**

The sensitivity of the Mineral Resource model to changes in cut-off grade was also examined by summarizing tonnes, grade and metal content within the optimized pit shell at varying cut-off grades (Table 14.17). The results indicate that the Mineral Resource model is relatively insensitive to changes in cut-off grade.

### **14.3.12 Validation**

The block model was validated visually by the inspection of successive section lines in order to confirm that the block models correctly reflect the distribution of high-grade and low-grade values. An additional validation check was completed by comparing the average grade of the uncapped composites to the model block grade estimates at zero cut-off. Composite grades and block grades were also compared to the average Nearest Neighbor block assignment (Table 14.18). The high average grade for the Caleigh vein is attributed to two isolated historical drillholes (ET-83-109 and ET-17-144) located in the center of the structure.

**TABLE 14.17**  
**FUNDADORA PIT CONSTRAINED MINERAL RESOURCE SENSITIVITY TO**  
**CUT-OFF GRADE**

<b>Indicated</b>							
<b>Cut-Off AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag oz (000's)</b>	<b>Au g/t</b>	<b>Au oz (000's)</b>	<b>AuEq g/t</b>	<b>AuEq oz (000's)</b>
1.00	374	196	2,354	1.10	13	3.45	41
0.50	401	185	2,393	1.04	13	3.26	42
0.35	437	173	2,421	0.96	14	3.03	43
0.30	440	171	2,423	0.96	14	3.01	43
0.28	443	170	2,424	0.95	14	3.00	43
0.26	445	170	2,425	0.95	14	2.98	43
0.24	448	169	2,426	0.94	14	2.96	43
0.22	449	168	2,427	0.94	14	2.95	43
<b>0.20</b>	<b>451</b>	<b>167</b>	<b>2,428</b>	<b>0.93</b>	<b>14</b>	<b>2.94</b>	<b>43</b>
0.19	452	167	2,428	0.93	14	2.94	43
0.18	452	167	2,428	0.93	14	2.94	43
0.17	452	167	2,428	0.93	14	2.94	43
0.16	453	167	2,428	0.93	14	2.93	43
0.15	453	167	2,428	0.93	14	2.93	43
<b>Inferred</b>							
<b>Cut-Off AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag oz (000's)</b>	<b>Au g/t</b>	<b>Au oz (000's)</b>	<b>AuEq g/t</b>	<b>AuEq oz (000's)</b>
1.00	1563	164	8,224	0.76	38	2.73	137
0.50	1756	151	8,544	0.70	39	2.51	142
0.35	1774	150	8,554	0.69	39	2.49	142
0.30	1774	150	8,554	0.69	39	2.49	142
0.28	1774	150	8,554	0.69	39	2.49	142
0.26	1774	150	8,554	0.69	39	2.49	142
0.24	1774	150	8,554	0.69	39	2.49	142
0.22	1774	150	8,554	0.69	39	2.49	142
<b>0.20</b>	<b>1774</b>	<b>150</b>	<b>8,554</b>	<b>0.69</b>	<b>39</b>	<b>2.49</b>	<b>142</b>
0.19	1774	150	8,554	0.69	39	2.49	142
0.18	1774	150	8,554	0.69	39	2.49	142
0.17	1774	150	8,554	0.69	39	2.49	142
0.16	1774	150	8,554	0.69	39	2.49	142
0.15	1774	150	8,554	0.69	39	2.49	142

**TABLE 14.18**  
**VALIDATION STATISTICS FOR FUNDADORA GRADE BLOCK ESTIMATE**

<b>Vein</b>	<b>Composite Mean Au g/t Original/Capped</b>	<b>Avg Block Grade Au g/t</b>	<b>Avg NN Grade Au g/t</b>
Aquila	1.29/0.48	0.34	0.12
Caleigh	3.75/0.90	1.44	0.96
Fundadora	0.65/0.51	0.47	0.88
Protectora	0.33/0.33	0.26	0.18
<b>Total</b>	<b>0.69/0.45</b>	<b>0.40</b>	<b>0.31</b>
<b>Vein</b>	<b>Composite Mean Ag g/t Original/Capped</b>	<b>Avg Block Grade Ag g/t</b>	<b>Avg NN Grade Ag g/t</b>
Aquila	59/59	53	40
Caleigh	680/112	146	203
Fundadora	64/64	53	35
Protectora	130/101	107	88
<b>Total</b>	<b>97/77</b>	<b>78</b>	<b>66</b>

As a further check of the Mineral Resource model limits the total volume reported at zero cut-off was compared with the calculated volume of the defining mineralization wireframe. Total volume estimated is 4.40 million m<sup>3</sup>, and the total volume of the wireframes is 4.31 million m<sup>3</sup>, a difference of 2%. The reported volumes fall within acceptable tolerances.

## 14.4 EL TIGRE TAILINGS

### 14.4.1 Previous Resource Estimates

A previous public Mineral Resource Estimate for the El Tigre tailings impoundment with an effective date of June 1, 2013 was prepared for the El Tigre Silver Corporation (Black & Choquette 2013). The Technical Report as published reported a Measured Mineral Resource of 4.15 million Measured and Indicated silver-equivalent ounces and 0.894 million Inferred silver-equivalent ounces. Silver-equivalents were calculated using a gross metal silver-to-gold ratio of 60:1 and reported against a silver-equivalent cut-off of 40 g/t (Table 14.19).

The previous Mineral Resource Estimate prepared for El Tigre Silver Corporation is replaced in its entirety by the Mineral Resource Estimate reported herein.

**TABLE 14.19**  
**PREVIOUS MINERAL RESOURCE ESTIMATE FOR EL TIGRE TAILINGS**

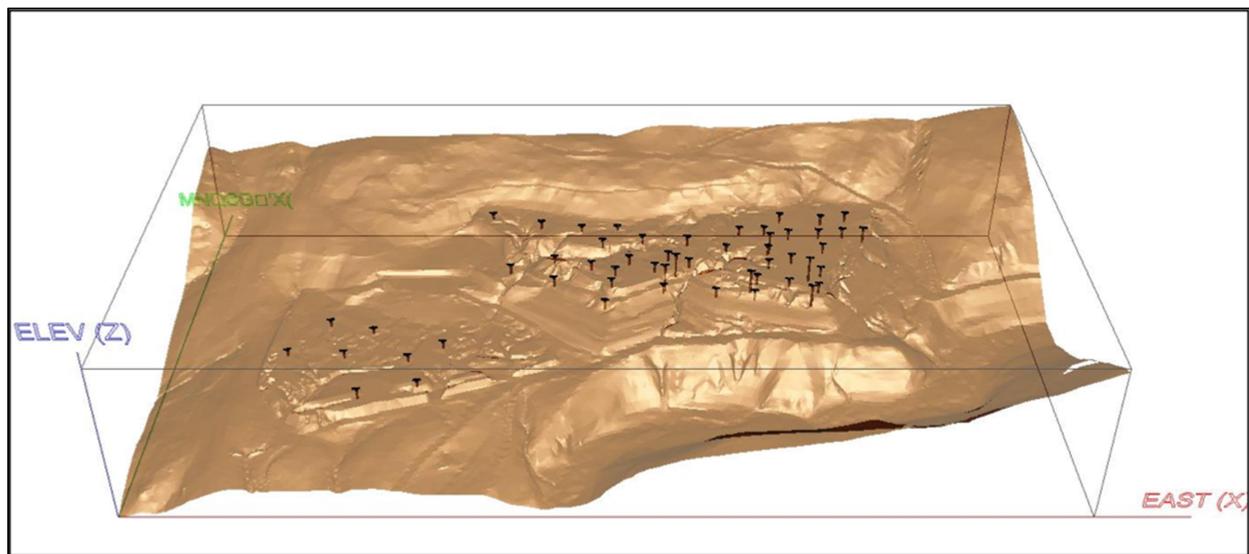
<b>Class</b>	<b>AgEq g/t Cut-Off</b>	<b>Tonnes (000's)</b>	<b>AgEq g/t</b>	<b>AgEq (000's)</b>	<b>Ag g/t</b>	<b>Aug ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>
Measured	40	855	101.3	2,785	84.2	2,316	0.285	7.84
Indicated	40	439	96.7	1,364	80.6	1,138	0.267	3.77
<b>Meas &amp; Ind</b>	<b>40</b>	<b>1,294</b>	<b>99.7</b>	<b>4,150</b>	<b>83.0</b>	<b>3,454</b>	<b>0.279</b>	<b>11.61</b>
Inferred	40	289	96.3	894	80.6	749	0.262	2.43

## 14.4.2 Data Supplied

Drilling data were provided electronically by Oceanus as ASCII format csv tables, AutoCAD format dxf files, and pdf assay certificates. Distance units are reported in metres, and gold and silver grade units are reported in ppm. Lithological units as logged as metallurgical domains or bedrock. The collar coordinates were provided in Universal Transverse Mercator (UTM) coordinate space relative to WGS 1984 UTM Zone 12.

The supplied drillhole database contains 53 Hollow Stem Auger drillhole collar records and 277 associated assay records (Figure 14.11). An additional 95 pit and trench records were used for determination of the lithological boundaries, but were not used for grade estimation.

**Figure 14.11 Isometric Plot of Local El Tigre Tailings Drillholes (looking north)**



Industry standard validation checks were carried out on the supplied databases, and minor corrections made where necessary. P&E typically validates a Mineral Resource database by checking for inconsistencies in naming conventions or analytical units, duplicate entries, interval, length or distance values less than or equal to zero, blank or zero-value assay results, out-of-sequence intervals, intervals or distances greater than the reported drillhole length, inappropriate collar locations, and missing interval and coordinate fields. No significant discrepancies with the supplied data were noted. P&E considers that the database is suitable for Mineral Resource estimation.

A high resolution 1.0 m contour interval map with a 10.0 cm vertical accuracy produced by Photosat Information, Ltd of Vancouver, British Columbia, was used to generate a topographic surface.

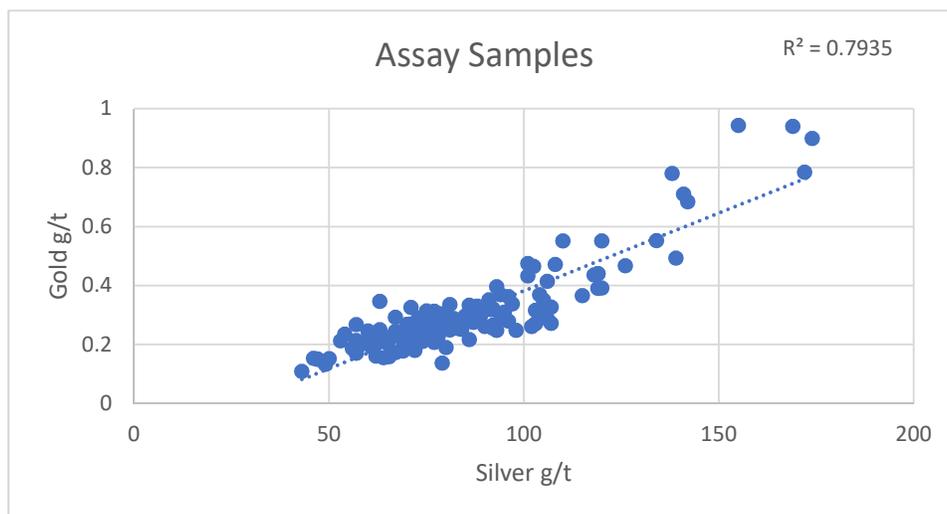
## 14.4.3 Assay Data

Summary assay data for the supplied database (Table 14.20) are provided below. P&E also noted a strong correlation between Au and Ag grades (Figure 14.12).

<b>TABLE 14.20</b>				
<b>SUMMARY STATISTICS FOR ALL ASSAY DATA</b>				
<b>Length</b>	<b>Total</b>	<b>Grey*</b>	<b>Red*</b>	<b>Orange*</b>
Samples	277	114	27	136
Minimum g/t	0.50	0.50	1.30	0.60
Maximum g/t	3.10	3.05	3.10	2.40
Mean g/t	1.61	1.57	1.92	1.58
Std deviation	0.31	0.30	0.50	0.22
CV	0.19	0.19	0.26	0.14
<b>Au</b>	<b>Total</b>	<b>Grey*</b>	<b>Red*</b>	<b>Orange*</b>
Samples	277	114	27	136
Minimum g/t	0.08	0.14	0.08	0.11
Maximum g/t	1.27	0.78	0.45	1.27
Mean g/t	0.30	0.30	0.22	0.32
Std deviation	0.15	0.09	0.11	0.19
CV	0.51	0.31	0.51	0.60
<b>Ag</b>	<b>Total</b>	<b>Grey*</b>	<b>Red*</b>	<b>Orange*</b>
Samples	276	114	27	135
Minimum g/t	8.10	59.30	8.10	42.00
Maximum g/t	191.00	150.00	108.21	191.00
Mean g/t	85.49	87.98	70.22	86.45
Std deviation	25.20	16.37	21.42	30.57
CV	0.29	0.19	0.31	0.35

\*See Figure 14-22 for Grey, Red and Orange Colour Domain Reference

**Figure 14.12 Correlation Between Au and Ag Assay Samples**



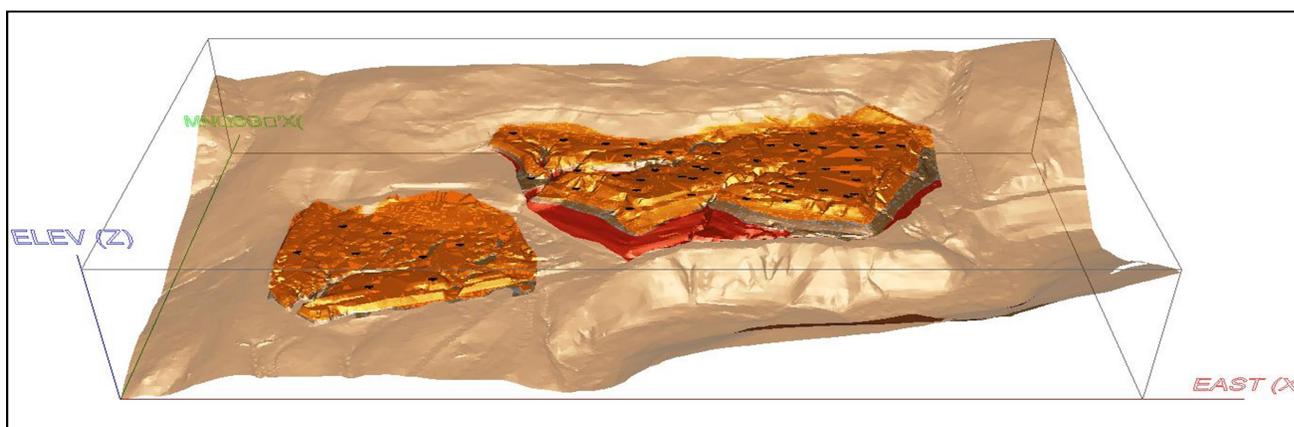
#### 14.4.4 Bulk Density

Black & Choquette (2013) reported bulk densities derived from metallurgical samples for the tailings impoundment ranging from 2.56 to 2.76 t/m<sup>3</sup>. P&E has used a bulk density of 1.60 t/m<sup>3</sup>, the bulk density of dry sand, for Mineral Resource estimation.

#### 14.4.5 Domain Modeling

A gridded surface representing the tailings impoundment's base elevation was constructed from lithological logs. The basal surface was subsequently combined with the current topographic surface to generate a three-dimensional representation of the tailings impoundment. Three internal subdivisions of the tailings impoundment representing metallurgical domains with differing oxidation levels have been identified and are logged as Red, Grey or Orange intervals in the geologic tailings database. Gridded surfaces corresponding to the base of the upper two domains were constructed from the drillhole logs, and used to subdivide the tailings impoundment (Figure 14.13). The resulting mineralization domains were assigned a unique rock code and used for statistical analysis, grade interpolation, and Mineral Resource estimation.

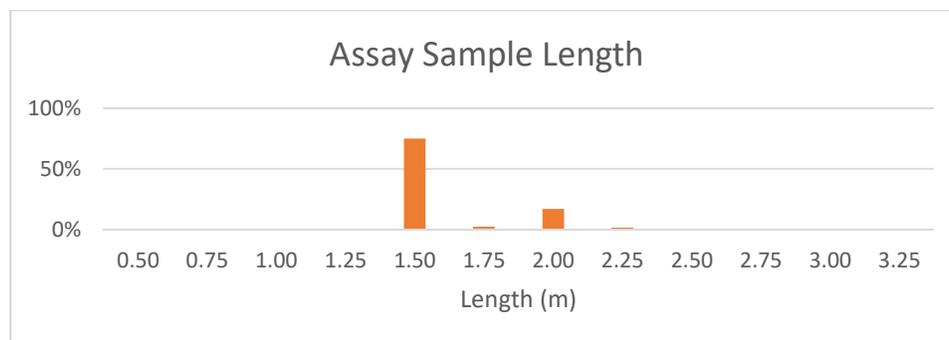
**Figure 14.13 Isometric Plot of the El Tigre Tailings Impoundment (looking north)**



#### 14.4.6 Compositing

Assay sample lengths within the impoundment average 1.61 m. A total of 71% of the samples are exactly 1.50 m in length, and assay sample lengths were therefore not composited prior to grade estimation (Figure 14.14).

**Figure 14.14 Histogram of Assay Lengths**



#### 14.4.6 Treatment of Extreme Values

Grade capping analysis was conducted on the tagged assay grade intervals in order to evaluate the potential influence of extreme values during estimation. The presence of high-grade outliers was identified by examination of histograms and log-probability plots (See Appendix I). In order to reduce the influence of high-grade outliers during estimation, all assay samples were capped to 1.0 g/t Au and 100 g/t Ag prior to estimation. A range restriction of 40 m was implemented for Au grades of 0.60 g/t or greater, and for Ag grades of 120 g/t or greater.

A total of 1 Au sample and 68 Ag samples were capped. The grade of the capped Au sample was 1.27 g/t, and the average grade of the capped Ag samples was 119 g/t.

#### 14.4.7 Block Model

An orthogonal block model was established across the property with the block model limits selected so as to cover the extent of the tailings impoundment and reflect the horizontal nature of the deposit (Table 14.21). The block model consists of separate models for estimated grades, rock code, volume percent, density and classification attributes. The volume percent block model was used to accurately represent the volume and tonnage contained within the constraining mineralized structure.

	<b>Minimum</b>	<b>Maximum</b>	<b>Size (m)</b>	<b>Count</b>
Easting	667,400	668,070	5.0	134
Northing	3,384,600	3,384,950	5.0	70
Elevation	1,320	1,470	5.0	30

#### 14.4.8 Estimation & Classification

The Mineral Resource Estimates for the El Tigre Tailings Impoundment Area were constrained within the defined estimation domains. All block grades were estimated using Inverse Distance Squared (“ID2”) linear weighting of the nearest four to twelve capped assay samples from two or more drillholes. Ag and Au grades were estimated separately. The search ellipse was rotated horizontally, with an extended maximum range of 360 m x 360 m x 30 m in order to ensure that all blocks within the defined domains were estimated. For each grade element a Nearest Neighbor model (“NN”) was also generated using the same estimation search parameters. A gold-equivalent (“AuEq”) model was calculated directly from the estimated block grades, based on the parameters given below:

- Gold Price: \$1,250/oz
- Silver Price: \$17/oz
- Gold Recovery: 78%
- Silver Recovery: 70%
- AuEq ratio: 82:1

Classification was based on the observed material and grade continuity of the defined estimation domains.

#### 14.4.9 El Tigre Tailings Mineral Resource Estimate

The cut-off of 0.37 g/t AuEq used is based on a total operating cost of \$10.30/tonne, gold recovery of 78% and silver recovery of 70%.

P&E considers that the information available for the El Tigre Tailings Impoundment Area demonstrates consistent depositional and grade continuity, and satisfies the requirements for a Mineral Resource Estimate. (Table 14.22).

<b>Class</b>	<b>AuEq g/t Cut- Off</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>	<b>Au Eq g/t</b>	<b>AuEq ozs (000's)</b>
Indicated	0.37	939	78	2,345	0.27	8	1.21	37
Inferred	0.37	101	79	254	0.27	1	1.22	4

- 1) *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.*
- 2) *Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.*
- 3) *The quantity and grade of the Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*
- 4) *Contained metal may differ due to rounding.*

#### 14.4.10 El Tigre Tailings Impoundment Area Mineral Resource Estimate Cut-off Sensitivity

The sensitivity of the Mineral Resource model to changes in cut-off grade was also examined by summarizing tonnes, grade and metal content within the resource pit shell at varying cut-off grades (Table 14.23). The results indicate that the Mineral Resource model is insensitive to changes in cut-off grade.

<b>TABLE 14.23</b>							
<b>EL TIGRE TAILINGS IMPOUNDMENT MINERAL RESOURCE ESTIMATE</b>							
<b>SENSITIVITY TO CUT-OFF GRADE</b>							
<b>Indicated</b>							
<b>Cut-off AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>	<b>Au Eq g/t</b>	<b>AuEq ozs (000's)</b>
1.00	807	81	2,092	0.28	7	1.26	33
0.90	881	79	2,244	0.27	8	1.24	35
0.80	922	78	2,317	0.27	8	1.22	36
0.70	939	78	2,345	0.27	8	1.21	37
0.60	939	78	2,345	0.27	8	1.21	37
0.50	939	78	2,345	0.27	8	1.21	37
0.40	939	78	2,345	0.27	8	1.21	37
<b>0.37</b>	<b>939</b>	<b>78</b>	<b>2,345</b>	<b>0.27</b>	<b>8</b>	<b>1.21</b>	<b>37</b>
0.30	939	78	2,345	0.27	8	1.21	37
0.20	939	78	2,345	0.27	8	1.21	37
0.10	939	78	2,345	0.27	8	1.21	37
<b>Inferred</b>							
<b>Cut-Off AuEq g/t</b>	<b>Tonnes (000's)</b>	<b>Ag g/t</b>	<b>Ag ozs (000's)</b>	<b>Au g/t</b>	<b>Au ozs (000's)</b>	<b>Au Eq g/t</b>	<b>AuEq ozs (000's)</b>
1.00	94	80	241	0.27	1	1.24	4
0.90	100	79	253	0.27	1	1.23	4
0.80	101	79	254	0.27	1	1.22	4
0.70	101	79	254	0.27	1	1.22	4
0.60	101	79	254	0.27	1	1.22	4
0.50	101	79	254	0.27	1	1.22	4
0.40	101	79	254	0.27	1	1.22	4
<b>0.37</b>	<b>101</b>	<b>79</b>	<b>254</b>	<b>0.27</b>	<b>1</b>	<b>1.22</b>	<b>4</b>
0.30	101	79	254	0.27	1	1.22	4
0.20	101	79	254	0.27	1	1.22	4
0.10	101	79	254	0.27	1	1.22	4

#### 14.4.11 Validation

The block model was validated visually by the inspection of successive section lines in order to confirm that the block models correctly reflect the distribution of high-grade and low-grade values. An additional validation check was completed by comparing the average grade of the uncapped composites to the model block grade estimates at zero cut-off. Composite grades and block grades were also compared to the average Nearest Neighbor block assignment (Table 14.24).

**TABLE 14.24**  
**VALIDATION STATISTICS FOR BLOCK ESTIMATES**

<b>Domain</b>	<b>Au Sample Mean g/t Original/Capped</b>	<b>Avg Block Grade Au g/t</b>	<b>Avg NN Grade Au g/t</b>
Grey	0.30/0.30	0.29	0.28
Red	0.22/0.21	0.22	0.22
Orange	0.32/0.32	0.33	0.35
<b>Total</b>	<b>0.30/0.30</b>	<b>0.28</b>	<b>0.28</b>
<b>Domain</b>	<b>Ag Sample Mean g/t Original/Capped</b>	<b>Avg Block Grade Ag g/t</b>	<b>Avg NN Grade Ag g/t</b>
Grey	88/85	85	83
Red	87/70	71	75
Orange	86/79	81	83
<b>Total</b>	<b>85/81</b>	<b>78</b>	<b>80</b>

As a further check of the Mineral Resource model limits the total volume reported at zero cut-off was compared with the calculated volume of the defining mineralization wireframe. Total volume estimated is 649,800 m<sup>3</sup>, and the total volume of the wireframes is 650,000 m<sup>3</sup>, a difference of less than 1%. The reported volumes fall within acceptable tolerances.

## **15.0 MINERAL RESERVE ESTIMATE**

This section is not applicable to the report.

## **16.0 MINING METHODS**

This section is not applicable to the report.

## **17.0 RECOVERY METHODS**

This section is not applicable to the report.

## **18.0 PROJECT INFRASTRUCTURE**

This section is not applicable to the report.

## **19.0 MARKET STUDIES AND CONTRACTS**

This section is not applicable to the report.

## **20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT**

The following are potential environmental liabilities, as follows:

- Any new surface disturbances for roads, processing facilities, or buildings will need to be reclaimed. [L]  
[SEP]
- The planned tailings impoundment will need to be reclaimed. [L]  
[SEP]
- Any new disturbance in the area of the tailings to be mined will need to be reclaimed after mining is completed. [L]  
[SEP]

Necessary reclamation actions are planned to be undertaken by ETS to mitigate the above identified disturbances during or following the tailings operation, as well as to take appropriate actions to avoid environmental impacts during operations.

### **20.1 TAILINGS AREA REMEDIATION**

The current tailings pile is planned to be mined, processed and placed onto a new tailings impoundment. The old tailings area will be contoured and recovered to proper standards at the end of the mining operation.

Remediation of the new tailings dam is to take place at the end of the reprocessing of the tailings and would consist of covering the entire surface of the dam with a layer of topsoil, water diversion away from the dam, and revegetation with indigenous flora of the region.

### **20.2 REMEDIATION OF THE OPERATING AREA**

The disturbance for new roads, the processing plant and ancillary facilities, infrastructure and buildings and surface storage areas are scheduled to be reclaimed at the end of all operations. The lands would be contoured and reseeded. Structures would be dismantled and disposed of. Infrastructure would be removed or buried. Fencing would be removed and discarded.

### **20.3 PERMITTING**

As of the effective date of this report, El Tigre Silver had or had in-process all the permits and registrations required to operate the tailings reprocessing as shown in Table 20-1. The authorization from SEMARNAT gave approval for Environmental Impact Statement, the Change of Land Use, the Local Zoning for the Tailings Impoundment and granted the Permit to Operate and the Mill Construction Permit. The final release letter from the Archeological Society (Instituto Nacional de Antropología e Historia) for documentation is the sole item left outstanding and is expected soon.

Table 20.1 summarizes the permits required for mining development.

<b>TABLE 20.1 PERMITS</b>		
<b>Permit</b>	<b>Agency</b>	<b>Status</b>
Environmental Impact Statement DTU (MIA + ETJ)	SEMARNAT	Granted July 17, 2013
Land Use Change	SEMARNAT	Granted July 17, 2013
Local Zoning for Tailings Dam	SEMARNAT	Granted July 17, 2013
Contract for Land Use	Landowner	Contract dated May 11, 2017
Water Use Registry	CONAGUA	Registration In Process
Water Rights Permit		Water Owned by El Tigre
Construction Permit	Local Government	In-process
Mill Construction Permit	SEMARNAT	Granted July 17, 2013
Explosives Purchase and Use Permit (Expansion) - Permit No. 4042	Secretaria de la Defensa Nacional (SEDENA)	Not Required or Needed
Archeological Release Letter	National institute of Archeology and History (INAH)	In Process

## **21.0 CAPITAL AND OPERATING COSTS**

This section is not applicable to the report.

## **22.0 ECONOMIC ANALYSIS**

This section is not applicable to the report.

## **23.0 ADJACENT PROPERTIES**

This section is not applicable to the report.

## **24.0 OTHER RELEVANT DATA AND INFORMATION**

This section is not applicable to the report.

## 25.0 INTERPRETATION AND CONCLUSIONS

Oceanus Resources' 100% owned El Tigre Property, in northern Sonora State, Mexico, is situated in the Santa Teresa mining district. The Property hosts the past-producing Lucky Tiger Mine that operated intermittently producing gold and silver between 1903 and 1938. The El Tigre Property covers 21,842.78 hectares (218 km<sup>2</sup>) and consists of eight contiguous Federal mining concessions. The Property is 236 km northeast of Hermosillo, Sonora, 230 km southeast of Tucson, Arizona, and 40 km north east of the La Caridad Mine, a large, open pit copper mine.

The Property is located in the Sierra El Tigre that is part of the Basin and Range Province that is found from northern Nevada to Zacatacus and Jalisco in Mexico. The Sierra El Tigre is part of the massif of the Sierra Madre Occidental and was formed during Cenozoic extensional faulting, which consists of northerly-trending horsts and grabens. Silver, gold, lead, zinc, and copper mineralization occurs in the El Tigre District mostly in fissure veins within a narrow, north-trending belt approximately 5.3 kilometres long.

Modern exploration was initiated in 1981 by Anaconda Minerals Company through its wholly owned subsidiary Cobre de Hercules (Cobre). Exploration by ETS and Oceanus has included channel sampling of surface mineralization and underground workings, sampling of historical tailings, IP geophysics and diamond drilling. Between 1982 and 2017 Anaconda, Mineras Cordilleras and El Tigre Silver Corporation completed a total of 18,113.7 metres of drilling. In 2016 to 2017 Oceanus completed 62 diamond drillholes for a total of 11,923.1 m.

The district contains 8 known veins. These include the Sooy, El Tigre, Seitz-Kelly and Combination Veins in the southern area and the Aquila, Escondida, Fundadora and Protectora veins in the northern portion of El Tigre. Silver and gold mineralization in the El Tigre area occurs in both the fissure veins and in a low grade stockwork halo near the veins. The veins at El Tigre closely resemble those forming quartz-adularia, low sulphidation epithermal deposits.

P&E has evaluated drilling procedures, sample preparation, analyses and security and is of the opinion that the core logging procedures employed, and the sampling methods used were thorough and have provided sufficient geotechnical and geological information. The authors consider the data to be of good quality and satisfactory for use in a Mineral Resource Estimate. P&E compared independent sample verification results versus the original assay results for gold and silver. The P&E results demonstrate that the results obtained and reported by Oceanus were reproducible.

The Mineral Resource Estimates presented herein are comprised of three distinct areas: the El Tigre Veins, Fundadora Veins, and the El Tigre Tailings. Mineral Resources in the El Tigre and Fundadora domains estimate are based on the approximate two year trailing average metal prices of US\$1,250/oz Au and US\$17/oz Ag, estimated process recoveries 80% Au and 70% Ag, US\$5.70/t process cost and US\$0.80/t G&A cost. Mining costs of US\$1.55/t for open pit and US\$45/t for underground were used to derive the respective Mineral Resource Estimate AuEq cut-offs of 0.20 g/t and 1.5 g/t. Pit optimization slopes were 50 degrees. Open Pit Mineral Resource has been constrained within an optimized pit shell, and only blocks above cut-off and within the pit shell have been reported. Underground Mineral Resources have been tabulated beneath the optimized pit shell. For the El Tigre Tailings resource estimation a cut-off of 0.37 g/t AuEq is based on a total operating cost of \$10.30/tonne, gold recovery of 78% and silver recovery of 70%.

P&E considers that the information available for the El Tigre and Fundadora Vein Deposits and El Tigre Tailings demonstrate consistent geological and grade continuity, and satisfies the requirements for a Mineral Resource. Known areas of historical mining were depleted from the block model. P&E's NI 43-101 Mineral Resource Estimate for the El Tigre and Fundadora Veins and the El Tigre Tailings on the El Tigre Property includes Indicated Resources of 661,000 Gold Equivalent Ounces and Inferred Resources of 341,000 Gold Equivalent Ounces. The effective date of this Mineral Resource Estimate is September 7, 2017.

The Mineral Resources in this Technical Report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council. Mineral Resources which are not Mineral reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The Inferred Mineral Resources in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

## 26.0 RECOMMENDATIONS

The El Tigre Project contains a significant precious metal resource and P&E recommends that Oceanus proceed with additional drilling. The drilling should be a combination of step out drilling to extend the limits of known mineralization plus infill drilling to increase the confidence level of resources, particularly on the Fundadora. Oceanus should also proceed with further metallurgical test work to confirm expectations based on previous limited metallurgical investigations of the El Tigre Project deposits. A budget at \$6M is presented in Table 26.1.

<b>TABLE 26.1</b>			
<b>RECOMMENDED PROGRAM AND BUDGET</b>			
<b>Program</b>	<b>Units (m)</b>	<b>Unit Cost (US\$/m)</b>	<b>Budget US\$</b>
<b>Phase 1 – Step out drilling near known resource area</b>	5,000	200	1,000,000
- Geophysical IP survey			150,000
- Road and drill pad construction			250,000
- Metallurgical Study			250,000
- Consultants			200,000
- Structural mapping program			150,000
<b>Phase 1 Subtotal</b>			<b>2,000,000</b>
<b>Phase 2 – Step out drilling along trend of Protectora, Caleigh, Fundadora, Santa Maria</b>	15,000	200	3,000,000
- Metallurgical Study			350,000
- Environmental Baseline Study			350,000
- Consultants			300,000
<b>Phase 2 Subtotal</b>			<b>4,000,000</b>
<b>Total</b>	<b>20,000</b>		<b>6,000,000</b>

## 27.0 REFERENCES

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## 28.0 CERTIFICATES

### CERTIFICATE OF QUALIFIED PERSON

#### EUGENE J. PURITCH, P. ENG., FEC, CET

I, Eugene J. Puritch, P. Eng., FEC, CET residing at 44 Turtlecreek Blvd., Brampton, Ontario, L6W 3X7, do hereby certify that:

1. I am an independent mining consultant and President of P&E Mining Consultants Inc.
2. This certificate applies to the Technical Report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I am a graduate of The Haileybury School of Mines, with a Technologist Diploma in Mining, as well as obtaining an additional year of undergraduate education in Mine Engineering at Queen’s University. In addition I have also met the Professional Engineers of Ontario Academic Requirement Committee’s Examination requirement for Bachelor’s Degree in Engineering Equivalency. I am a mining consultant currently licensed by Professional Engineers and Geoscientists New Brunswick (License No. 4778), Professional Engineers and Geoscientists Newfoundland & Labrador (License No. 5998), Association of Professional Engineers and Geoscientists Saskatchewan (License No. 16216) and Ontario Association of Certified Engineering Technicians and Technologists (License No. 45252) the Professional Engineers of Ontario (License No. 100014010) and registered with the Ontario Association of Certified Engineering Technicians and Technologists as a Senior Engineering Technologist. I am also a member of the National and Toronto Canadian Institute of Mining and Metallurgy.

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.

I have practiced my profession continuously since 1978. My summarized career experience is as follows:

- Mining Technologist - H.B.M. & S. and Inco Ltd.,..... 1978-1980
- Open Pit Mine Engineer – Cassiar Asbestos/Brinco Ltd.,..... 1981-1983
- Pit Engineer/Drill & Blast Supervisor – Detour Lake Mine,..... 1984-1986
- Self-Employed Mining Consultant – Timmins Area,..... 1987-1988
- Mine Designer/Resource Estimator – Dynatec/CMD/Bharti, ..... 1989-1995
- Self-Employed Mining Consultant/Resource-Reserve Estimator,..... 1995-2004
- President – P&E Mining Consultants Inc,..... 2004-Present

4. I have not visited the Property that is the subject of this report.
5. I am responsible for coauthoring Section 1, 14, 25 and 26 of the Technical Report.
6. I am independent of the Issuer applying the test in Section 1.5 of NI 43-101.
7. I have not had prior involvement with the project that is the subject of this Technical Report.
8. I have read NI 43-101 and Form 43-101F1. This Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signing Date: October 26, 2017

**{SIGNED AND SEALED}**

*[Eugene J. Puritch]*

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Eugene J. Puritch, P.Eng., FEC, CET

# CERTIFICATE OF QUALIFIED PERSON

**DAVID BURGA, P.GEO.**

I, David Burga, P. Geo., residing at 3884 Freeman Terrace, Mississauga, Ontario, do hereby certify that:

1. I am an independent geological consultant contracted by P & E Mining Consultants Inc.
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I am a graduate of the University of Toronto with a Bachelor of Science degree in Geological Sciences (1997). I have worked as a geologist for a total of 12 years since obtaining my B.Sc. degree. I am a geological consultant currently licensed by the Association of Professional Geoscientists of Ontario (License No 1836).

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.

My relevant experience for the purpose of the Technical Report is:

Exploration Geologist, Cameco Gold.....	1997-1998
Field Geophysicist, Quantec Geoscience .....	1998-1999
Geological Consultant, Andeburg Consulting Ltd.....	1999-2003
Geologist, Aeon Egmond Ltd.....	2003-2005
Project Manager, Jacques Whitford.....	2005-2008
Exploration Manager – Chile, Red Metal Resources.....	2008-2009
Consulting Geologist.....	2009-Present

4. I visited the Property that is the subject of this report on January 19 to 21, 2016.
5. I am responsible for authoring Sections 4, 5, 6, 8, 10, 20 and co-authoring Sections 1, 12, 25 and 26 of the Technical Report.
6. I am independent of the Issuer applying the test in Section 1.5 of NI 43-101.
7. I have not had prior involvement with the project that is the subject of this Technical Report.
8. I have read NI 43-101 and Form 43-101F1 and this Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signing Date: October 26, 2017

**{SIGNED AND SEALED}**

*[David Burga]*

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David Burga, P.Geo.

## CERTIFICATE OF QUALIFIED PERSON

**YUNGANG WU, P.GEO.**

I, Yungang Wu, P. Geo., residing at 3246 Preserve Drive, Oakville, Ontario, L6M 0X3, do hereby certify that:

1. I am an independent consulting geologist contracted by P&E Mining Consultants Inc.
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I am a graduate of Jilin University, China with a Master Degree in Mineral Deposits (1992). I am a geological consultant and a registered practising member of the Association of Professional Geoscientist of Ontario (Registration No. 1681). I am also a member of the Ontario Prospectors Association.

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.

My relevant experience for the purpose of the Technical Report is as follows:

- Geologist –Geology and Mineral Bureau, Liaoning Province, China..... 1992-1993
- Senior Geologist – Committee of Mineral Resources and Reserves of Liaoning, China... 1993-1998
- VP – Institute of Mineral Resources and Land Planning, Liaoning, China..... 1998-2001
- Project Geologist–Exploration Division, De Beers Canada..... 2003-2009
- Mine Geologist – Victor Diamond Mine, De Beers Canada..... 2009-2011
- Resource Geologist– Coffey Mining Canada.....2011-2012
- Consulting Geologist.....Present

4. I have visited the property that is the subject of this Technical Report on July 13 and 14, 2017.
5. I am responsible for co-authoring Sections 1, 12, 25 and 26 of the Technical Report.
6. I am independent of the Issuer applying the test in Section 1.5 of NI 43-101.
7. I have not had prior involvement with the project that is the subject of the Technical Report.
8. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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;

Effective Date: September 7, 2017

Signing Date: October 26, 2017

***{SIGNED AND SEALED}***

*[Yungang Wu]*

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Yungang Wu, P.Geo.

## CERTIFICATE OF QUALIFIED PERSON

### RICHARD SUTCLIFFE, Ph.D., P. GEO.

I, Richard Sutcliffe, Ph.D., P. Geo., residing at 100 Broadleaf Crescent, Ancaster, Ontario, do hereby certify that:

1. I am an independent geological consultant and Sr. Geological Advisor, P&E Mining Consultants Inc.
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I am a graduate of the University of Toronto with a Bachelor of Science degree in Geology (1977). In addition, I have a Master of Science in Geology (1980) from University of Toronto and a Ph.D. in Geology (1986) from the University of Western Ontario. I have worked as a geologist for a total of 36 years since obtaining my M.Sc. degree. I am a geological consultant currently licensed by the Association of Professional Geoscientists of Ontario (License No 852).

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.

My relevant experience for the purpose of the Technical Report is:

- Precambrian Geologist, Ontario Geological Survey ..... 1980-1989
- Senior Research Geologist, Ontario Geological Survey ..... 1989-1991
- Associate Professor of Geology, University of Western Ontario ..... 1990-1992
- President and CEO, URSA Major Minerals Inc..... 1992-2012
- President and CEO, Patricia Mining Corp..... 1998-2008
- President and CEO, Auriga Gold Corp. .... 2010-2012
- Consulting Geologist..... 1992-Present

4. I have not visited the Property that is the subject of this report.
5. I am responsible for co-authoring Sections 1, 25, 26 and authoring sections 2, 3, 7, 9, 15 to 19, 21 to 24 of the Technical Report.
6. I am independent of the Issuer applying the test in Section 1.5 of NI 43-101.
7. I have had no prior involvement with the Property that is the subject of the Technical Report.
8. I have read NI 43-101 and Form 43-101F1 and this Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signed Date: October 26, 2017

***{SIGNED AND SEALED}***  
*[Richard Sutcliffe]*

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Dr. Richard H. Sutcliffe, Ph.D., P. Geo.

# CERTIFICATE OF QUALIFIED PERSON

**JARITA BARRY, P.GEO.**

I, Jarita Barry, P.Geo., residing at 2485B Hwy 3A, Nelson, British Columbia, V1L 6K7, do hereby certify that:

1. I am an independent geological consultant contracted by P&E Mining Consultants Inc.
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I am a graduate of RMIT University of Melbourne, Victoria, Australia, with a B.Sc. in Applied Geology. I have worked as a geologist for a total of 9 years since obtaining my B.Sc. degree. I am a geological consultant currently licensed by the Association of Professional Engineers and Geoscientists of British Columbia (License No. 40875). I am also a member of the Australasian Institute of Mining and Metallurgy of Australia (Member No. 305397);

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.

My relevant experience for the purpose of the Technical Report is:

- Geologist, Foran Mining Corp. ....2004
- Geologist, Aurelian Resources Inc. ....2004
- Geologist, Linear Gold Corp. ....2005-2006
- Geologist, Búscore Consulting. ....2006-2007
- Consulting Geologist (AusIMM) .....2008-2014
- Consulting Geologist, P.Geo. (APEGBC/AusIMM) .....2014-Present.

4. I have not visited the Property that is the subject of this Technical Report.
5. I am responsible for co-authoring Sections 1, 12, 25, 26 and authoring section 11 of the Technical Report.
6. I am independent of the Issuer applying all of the tests in section 1.5 of National Instrument 43-101.
7. I have had no prior involvement with the Property that is the subject of the Technical Report.
8. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signed Date: October 26, 2017

***{SIGNED AND SEALED}***

*[Jarita Barry]*

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Jarita Barry, P.Geo.

## CERTIFICATE OF QUALIFIED PERSON

**FRED H. BROWN, P.GEO.**

I, Fred H. Brown, of PO Box 332, Lynden, WA, USA, do hereby certify that:

1. I am an independent geological consultant and have worked as a geologist continuously since my graduation from university in 1987.
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I graduated with a Bachelor of Science degree in Geology from New Mexico State University in 1987. I obtained a Graduate Diploma in Engineering (Mining) in 1997 from the University of the Witwatersrand and a Master of Science in Engineering (Civil) from the University of the Witwatersrand in 2005. I am registered with the South African Council for Natural Scientific Professions as a Professional Geological Scientist (registration number 400008/04), the Association of Professional Engineers and Geoscientists of British Columbia as a Professional Geoscientist (171602) and the Society for Mining, Metallurgy and Exploration as a Registered Member (#4152172).

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

My relevant experience for the purpose of the Technical Report is:

- Resident Geologist, Venetia Mine, De Beers ..... 1997-2000
- Chief Geologist, De Beers Consolidated Mines ..... 2000-2004
- Consulting Geologist ..... 2004-2008
- P&E Mining Consultants Inc. – Sr. Associate Geologist .....2008-Present

4. I visited the Property that is the subject of this Technical Report on October 4 and 5, 2016.
5. I am responsible for co-authoring Sections 1, 12, 14, 25 and 26 of the Technical Report.
6. I am independent of the issuer applying the test in Section 1.5 of NI 43-101.
7. I have had no prior involvement with the project that is the subject of the Technical Report.
8. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signed Date: October 26, 2017

**{SIGNED AND SEALED}**

*[Fred H. Brown]*

---

Fred H. Brown, P.Geo.

## CERTIFICATE OF QUALIFIED PERSON

**ALFRED S. HAYDEN, P. ENG.**

I, Alfred S. Hayden, P. Eng., residing at 284 Rushbrook Drive, Ontario, L3X 2C9, do hereby certify that:

1. I am currently President of:  
EHA Engineering Ltd.,  
Consulting Metallurgical Engineers  
Box 2711, Postal Stn. B.  
Richmond Hill, Ontario, L4E 1A7
2. This certificate applies to the technical report titled “NI 43-101 Technical Report and Updated Mineral Resource Estimate on the El Tigre Project Sonora, Mexico”, (the “Technical Report”) with an effective date of September 7, 2017.
3. I graduated from the University of British Columbia, Vancouver, B.C. in 1967 with a Bachelor of Applied Science in Metallurgical Engineering. I am a member of the Canadian Institute of Mining, Metallurgy and Petroleum and a Professional Engineer and Designated Consulting Engineer registered with Professional Engineers Ontario. I have worked as a metallurgical engineer for over 49 years since my graduation from university.

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.

4. I have not visited the Property that is the subject of this report.
5. I am responsible for authoring of Section 13 and co-authoring Sections 1, 25 and 26 of the Technical Report.
6. I am independent of the issuer applying the test in Section 1.5 of NI 43-101. I am independent of the Vendor and the Property.
7. I have not had prior involvement with the Property that is the subject of the Technical Report
8. I have read NI 43-101 and Form 43-101F1 and the Technical Report has been prepared in compliance therewith.
9. As of the effective date of this 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.

Effective Date: September 7, 2017

Signing Date: October 26, 2017

***{SIGNED AND SEALED}***

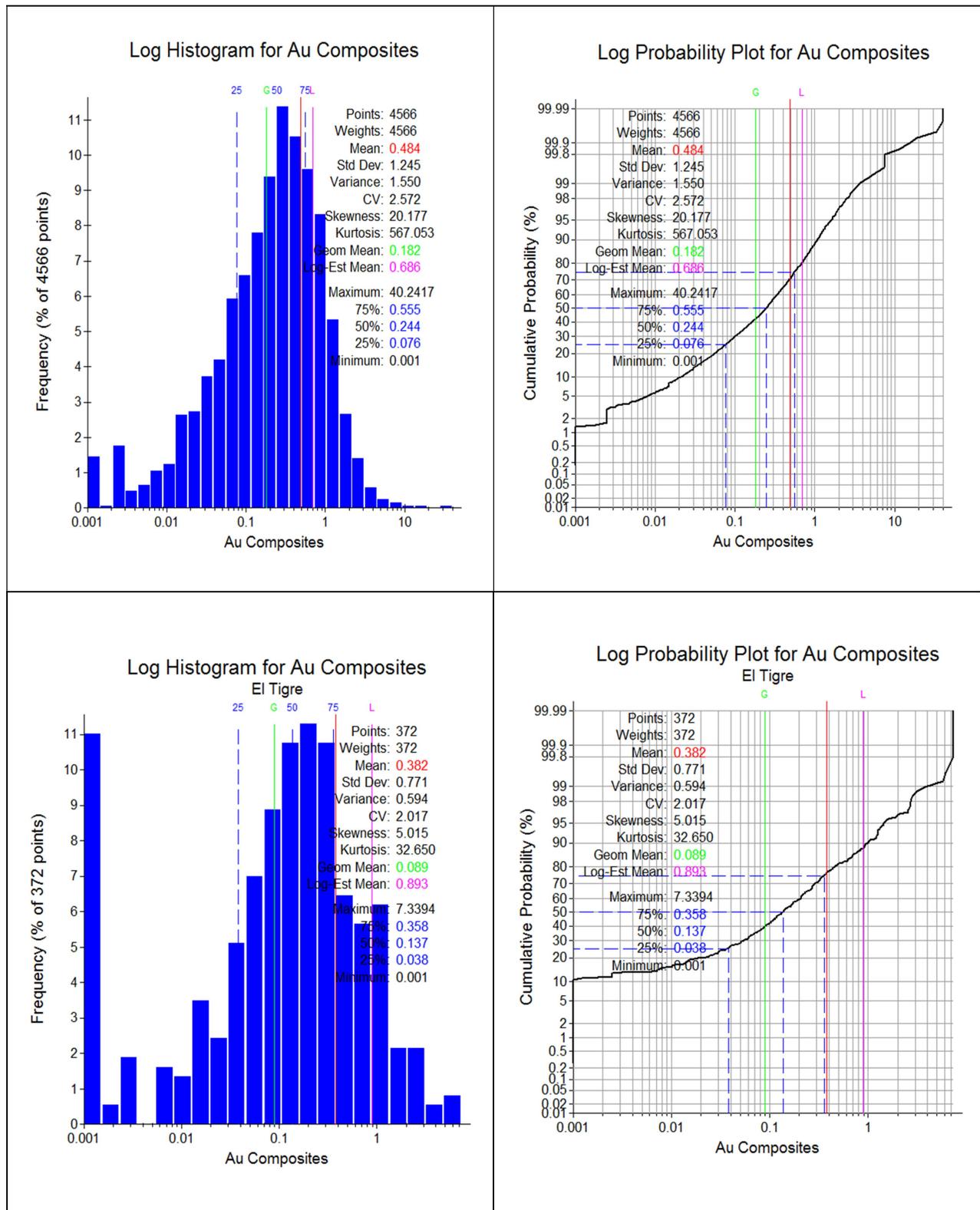
*[Alfred Hayden]*

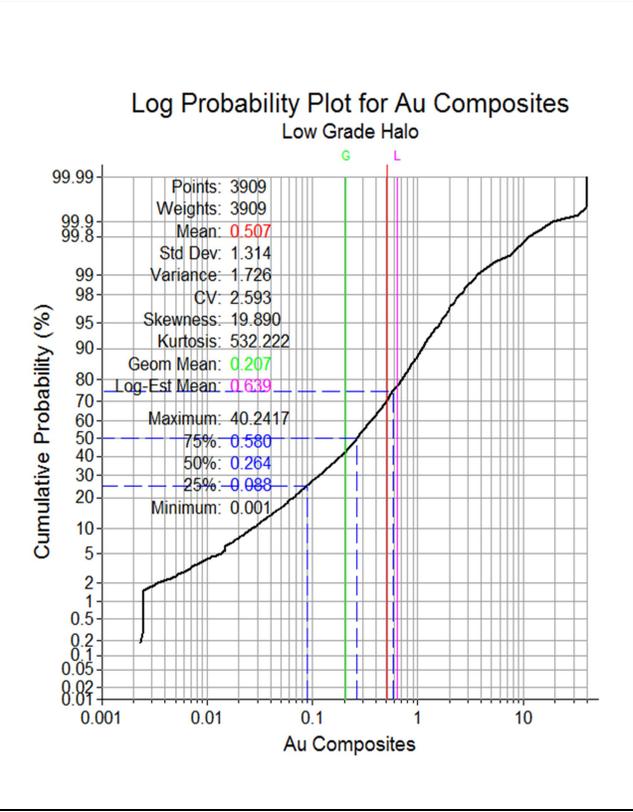
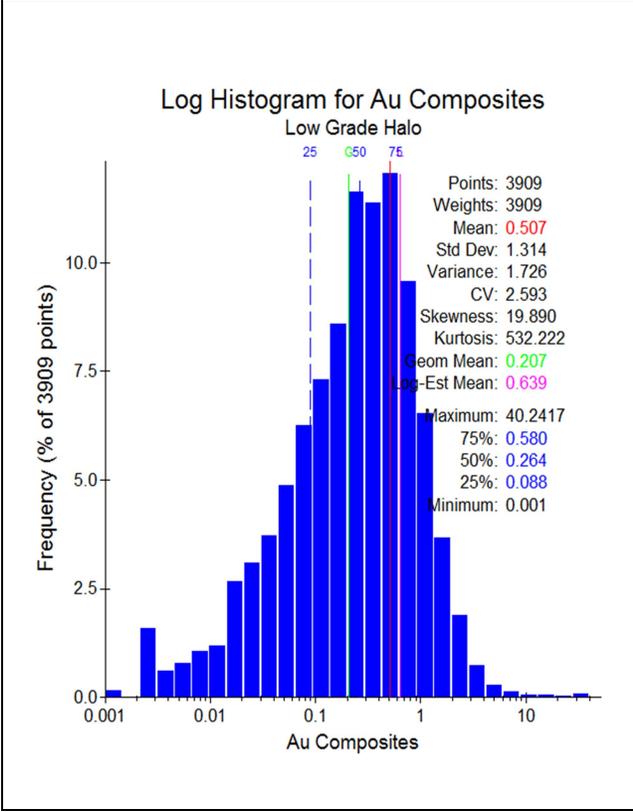
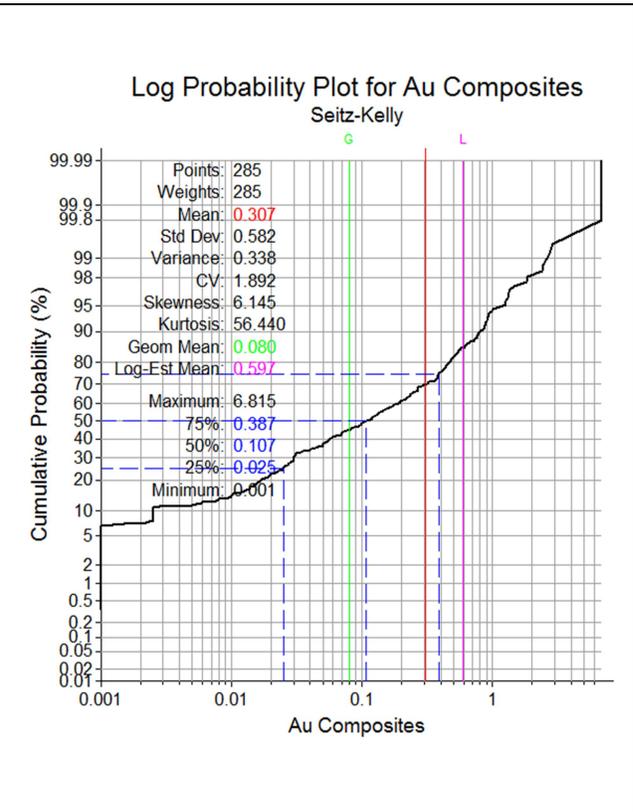
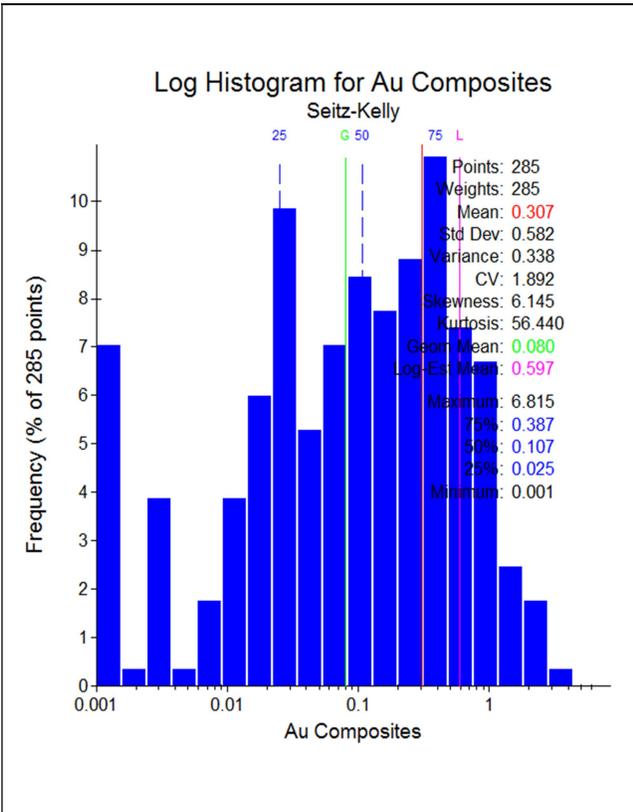
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Alfred S. Hayden, P.Eng.

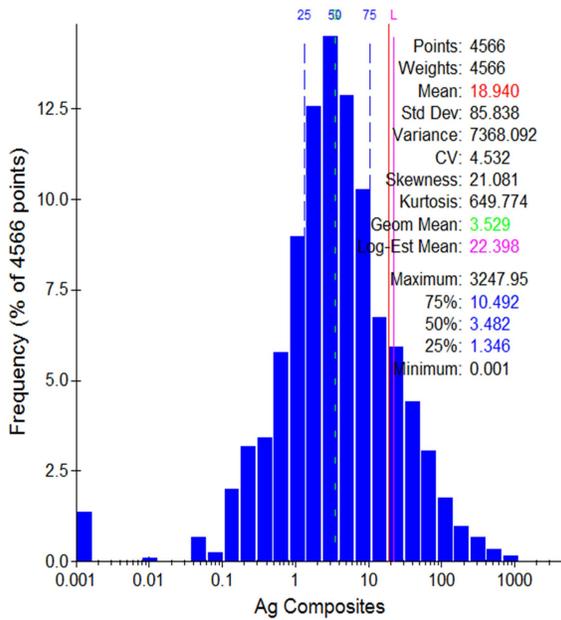
## **APPENDIX I. HISTOGRAMS AND PROBABILITY PLOTS**

# EL TIGRE

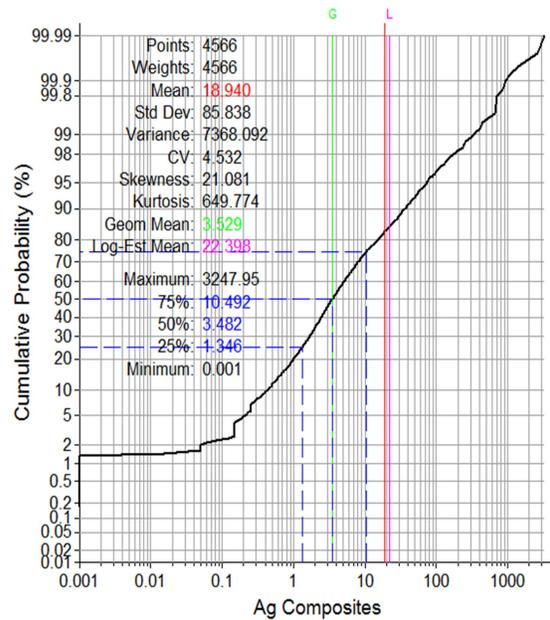




Log Histogram for Ag Composites

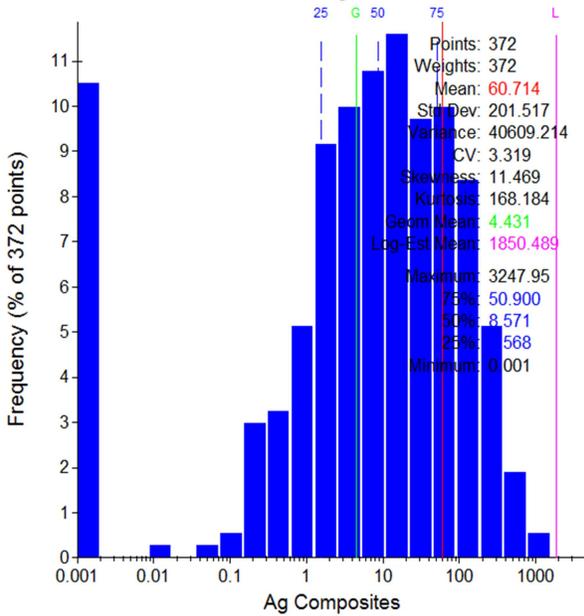


Log Probability Plot for Ag Composites



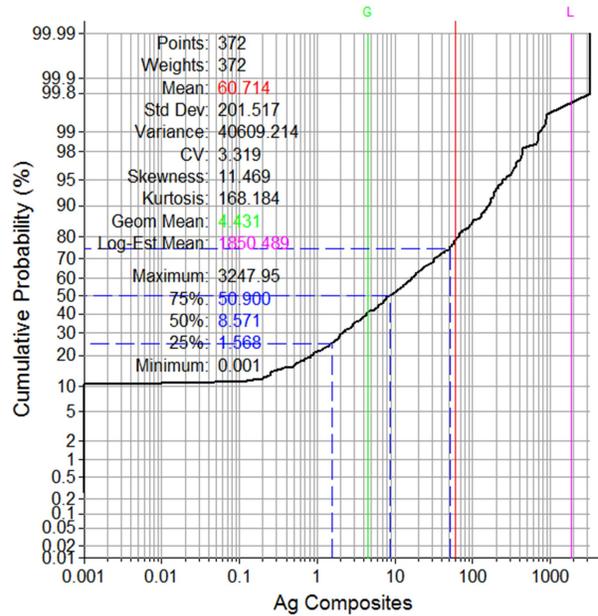
Log Histogram for Ag Composites

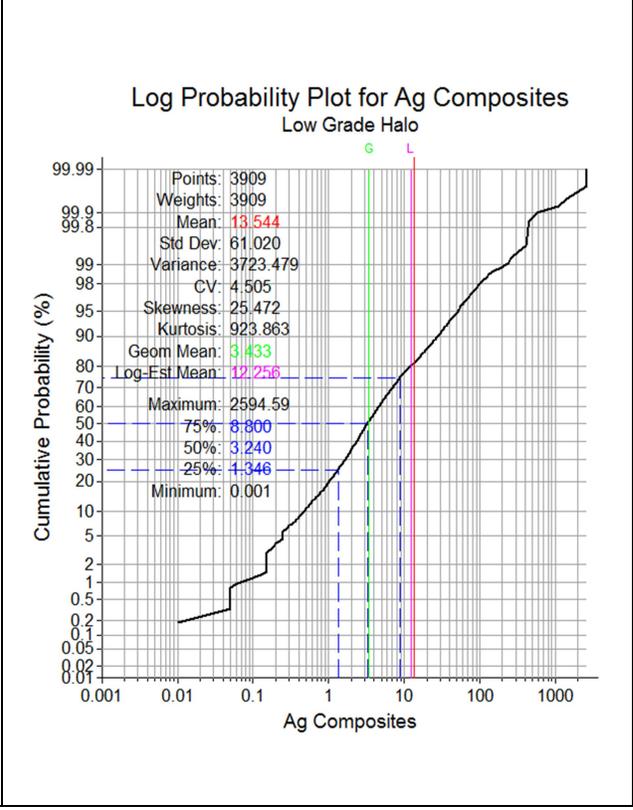
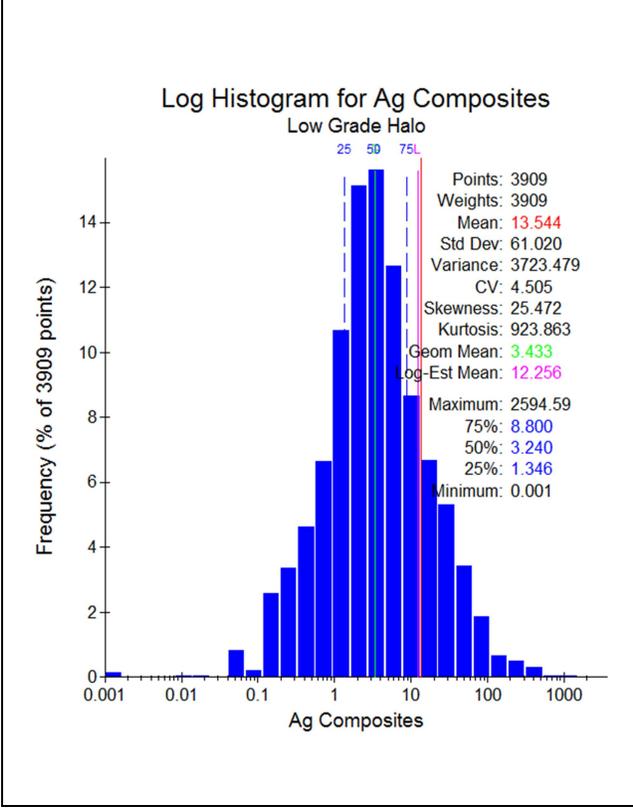
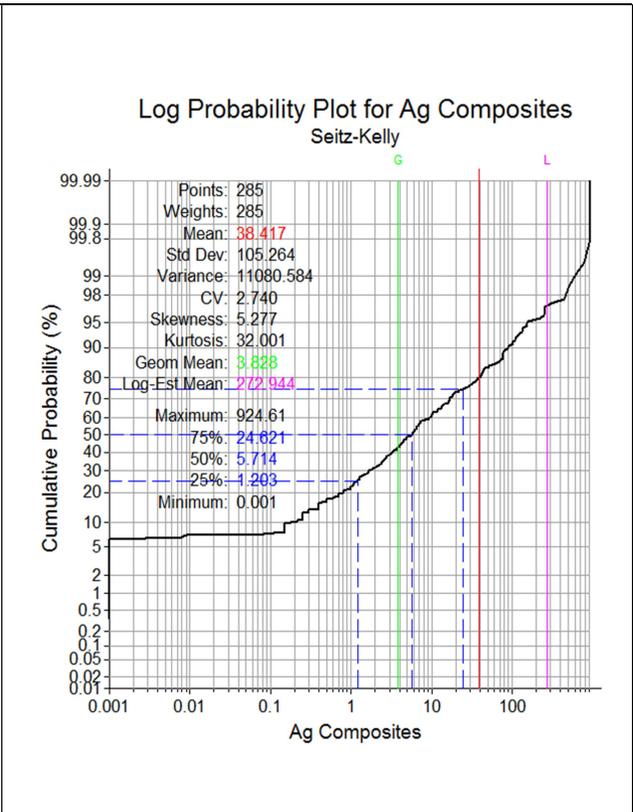
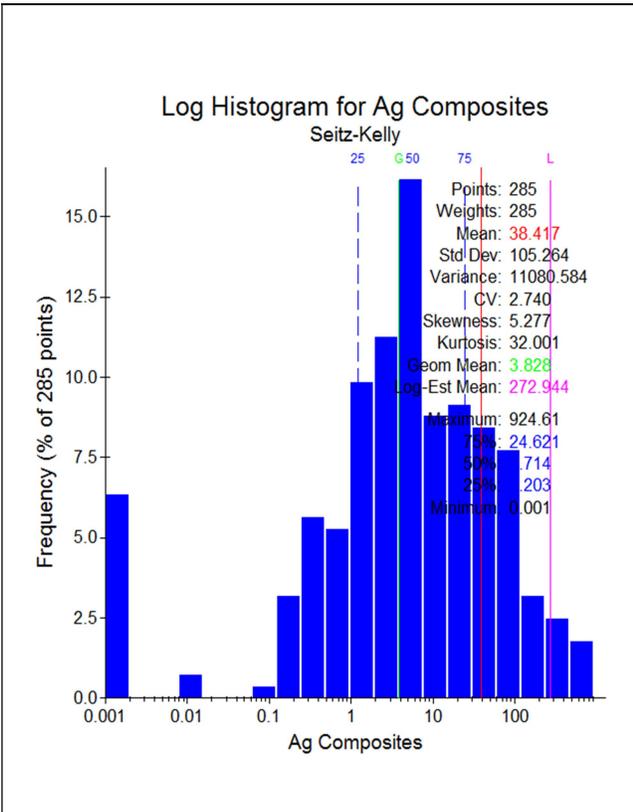
El Tigre



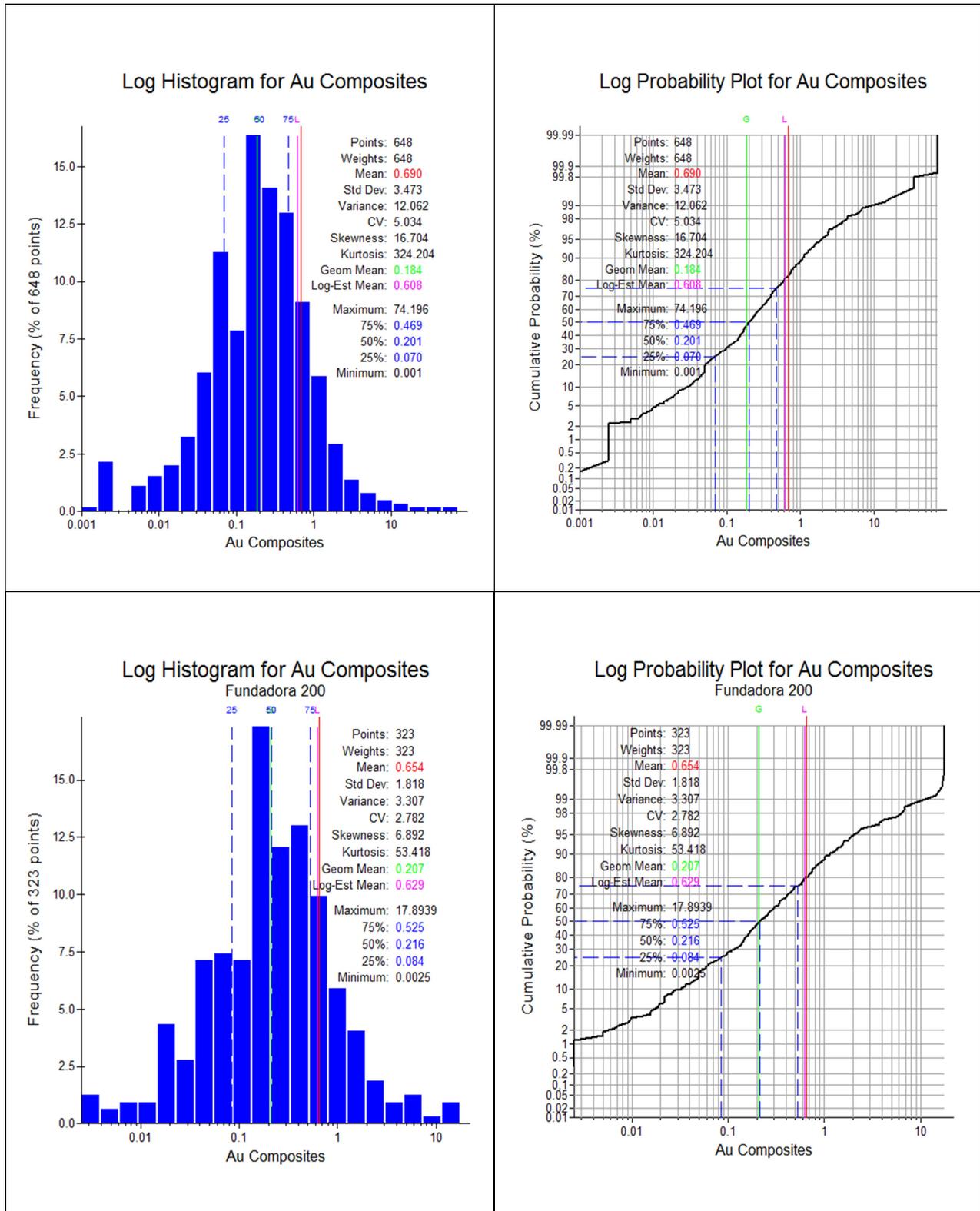
Log Probability Plot for Ag Composites

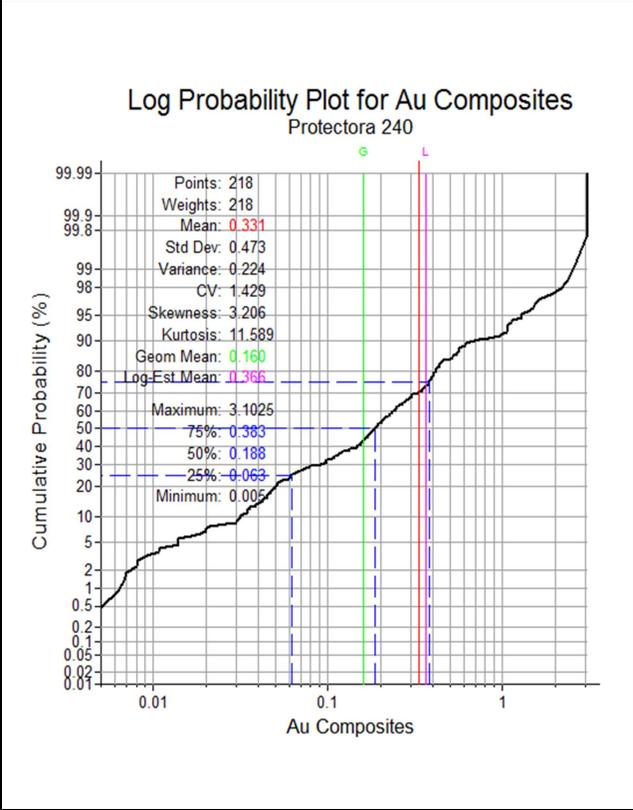
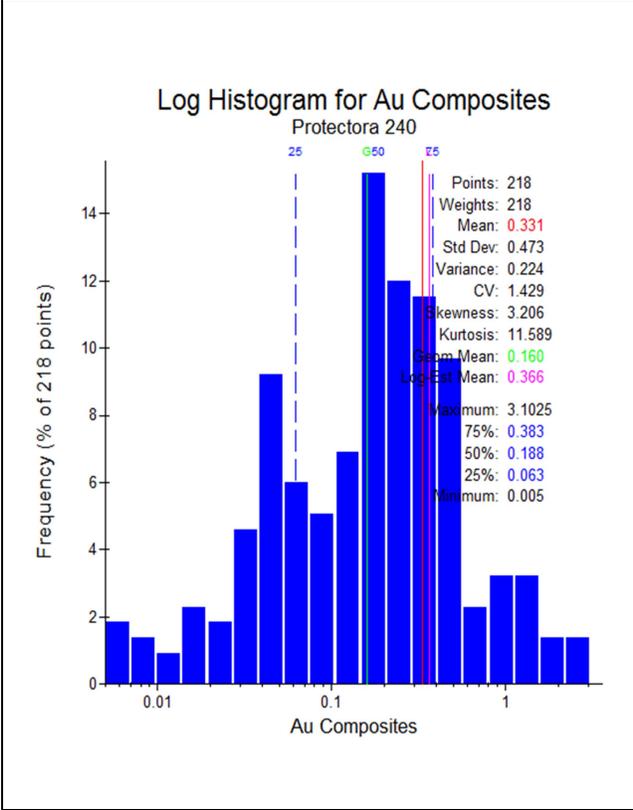
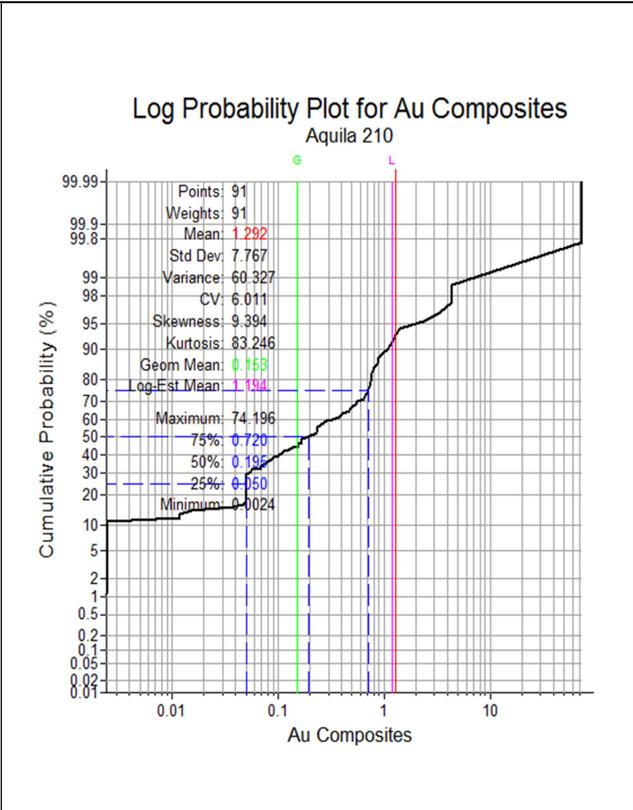
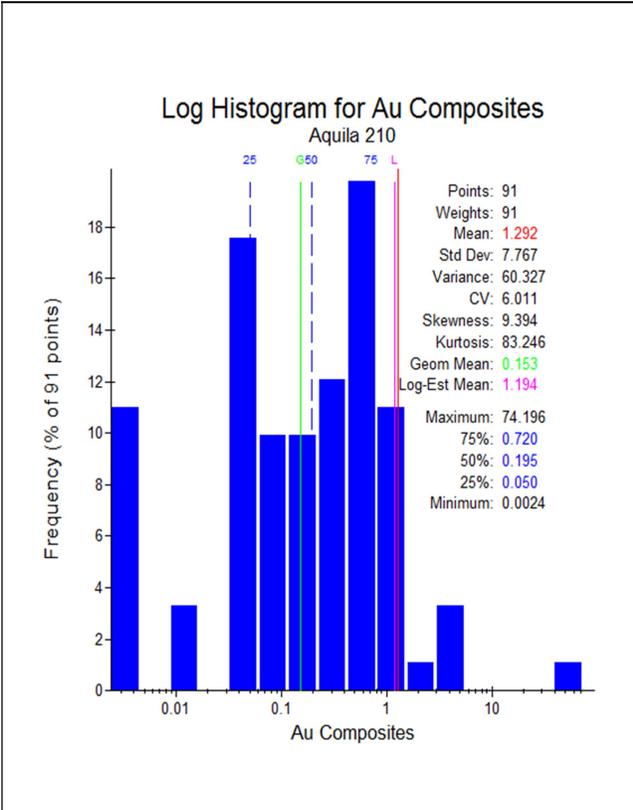
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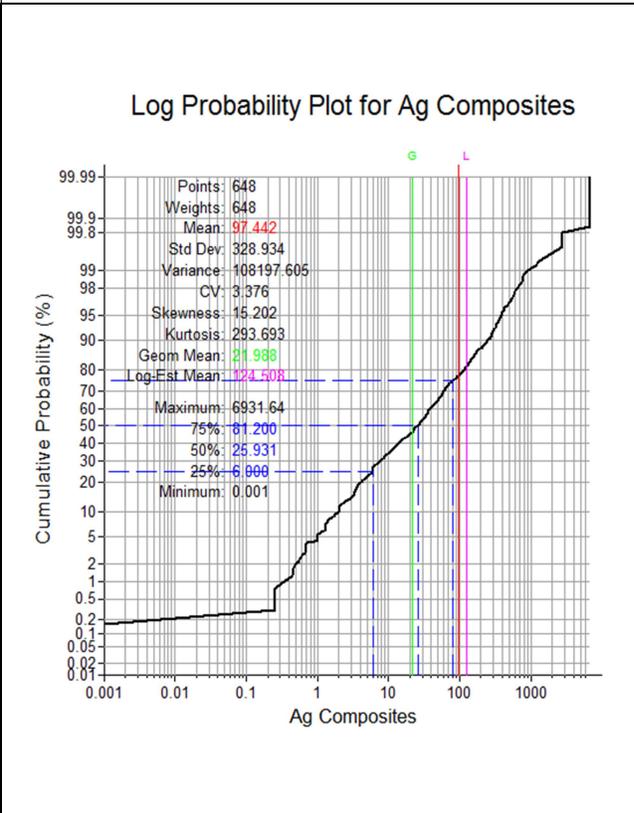
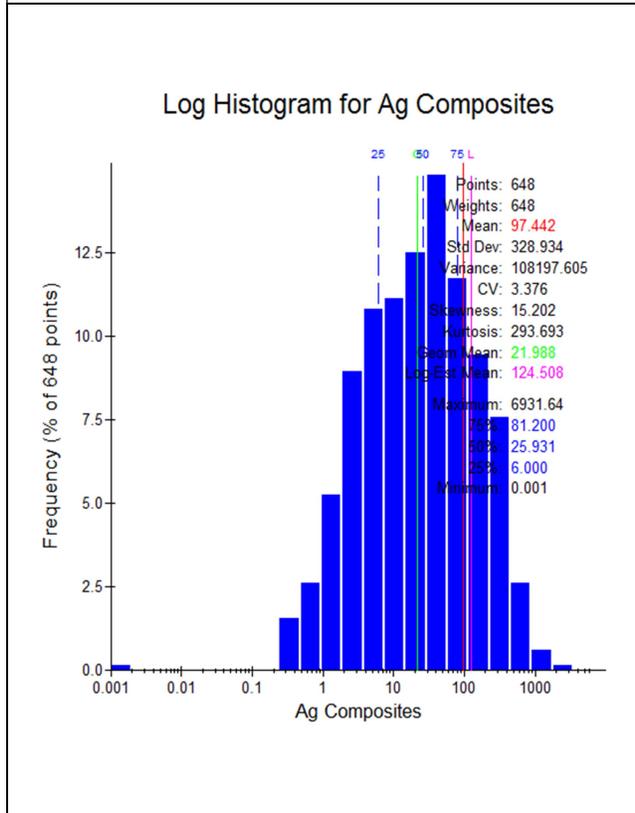
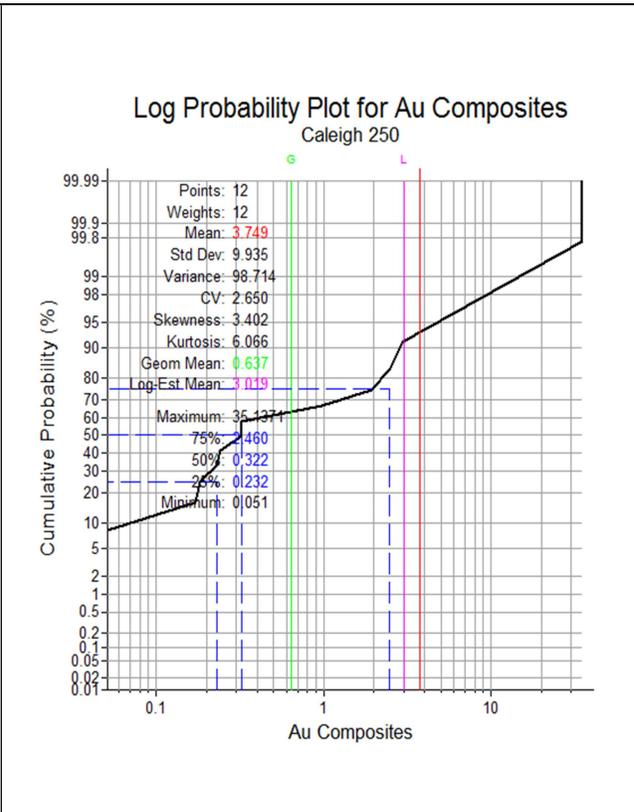
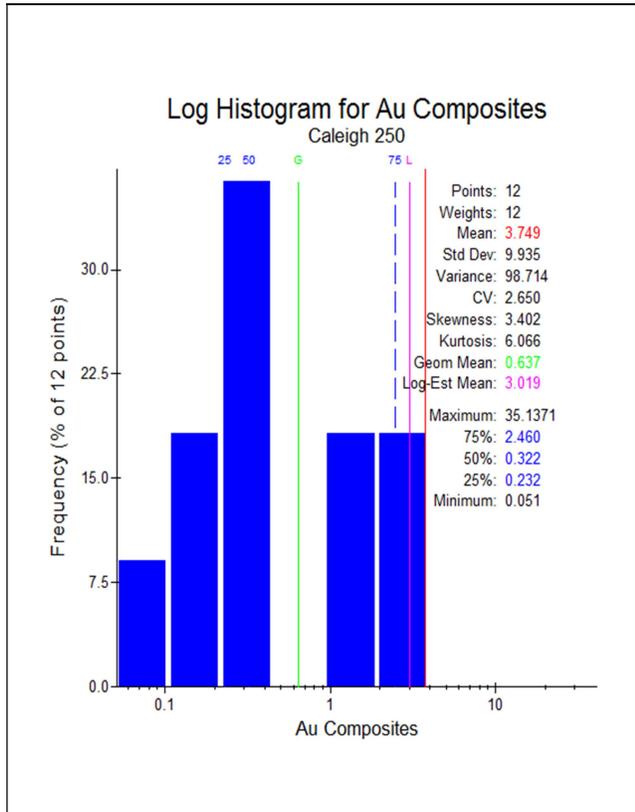


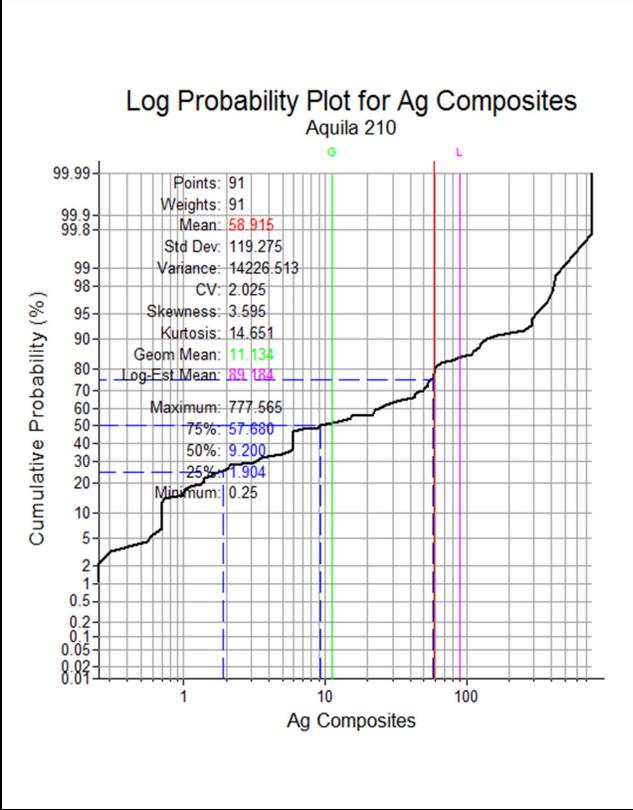
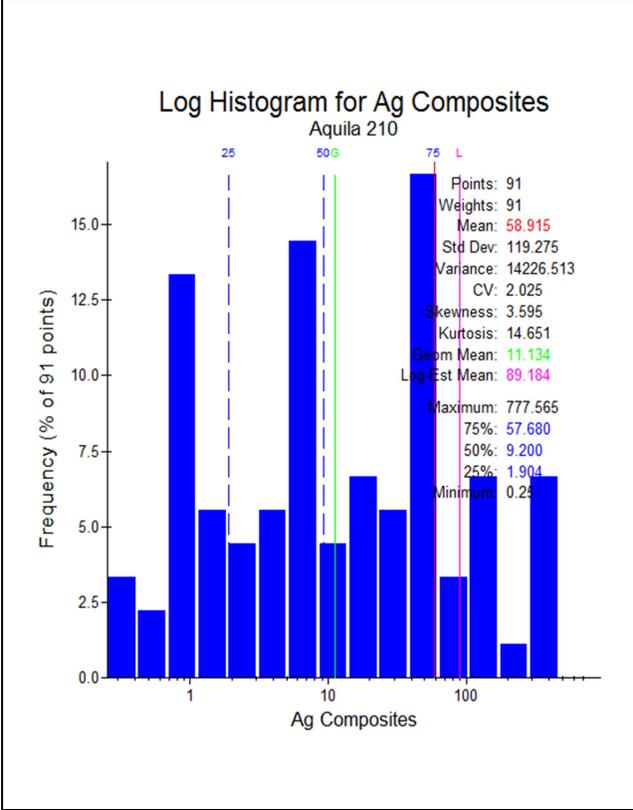
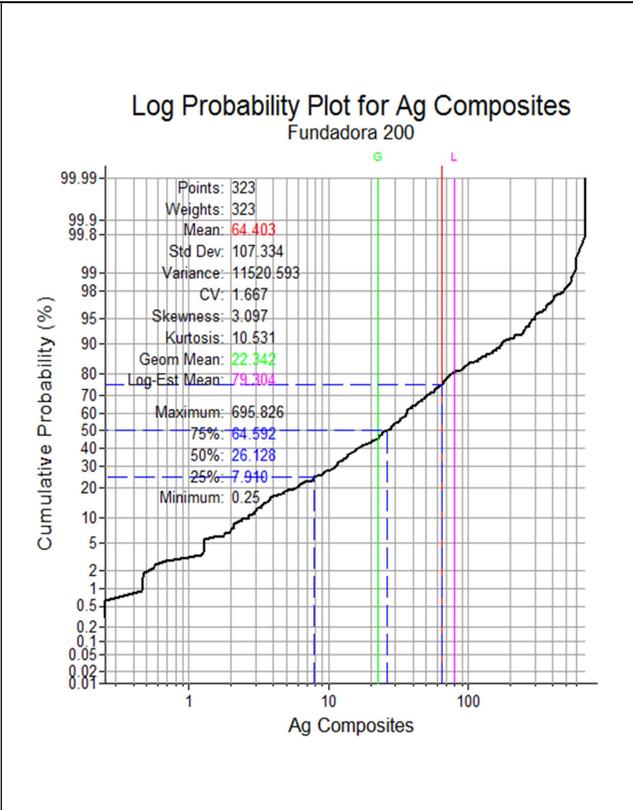
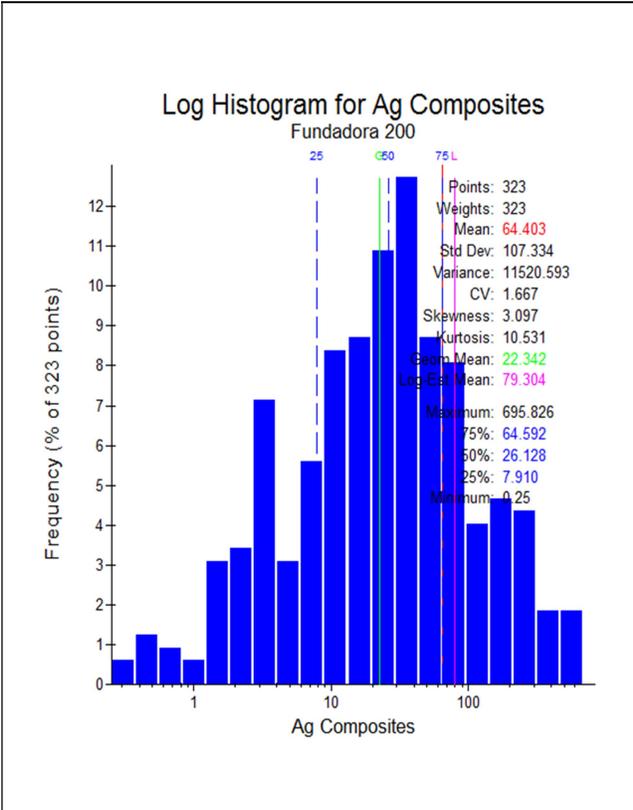


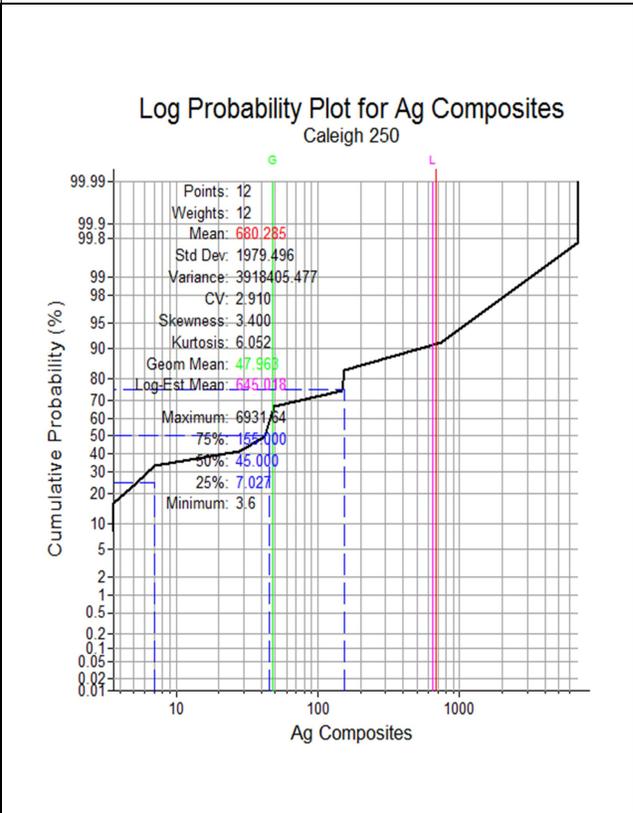
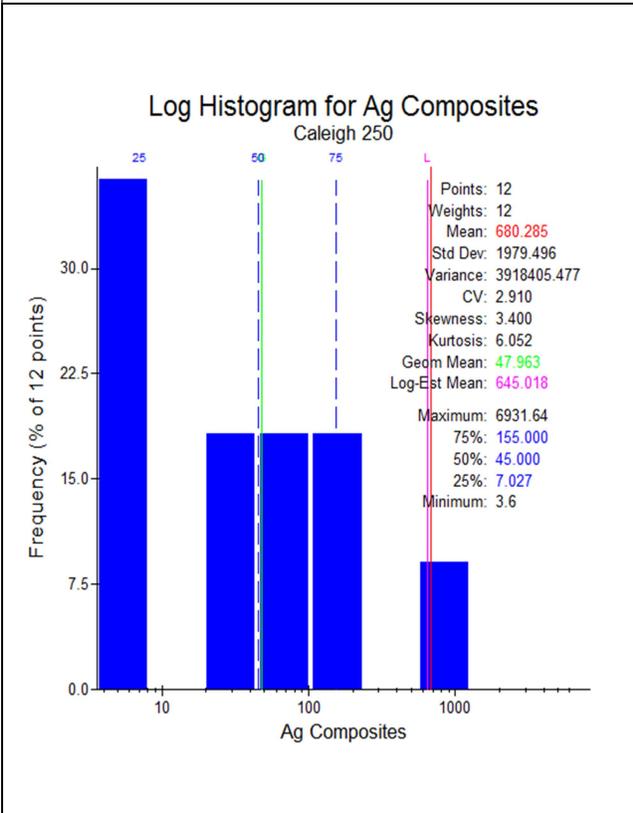
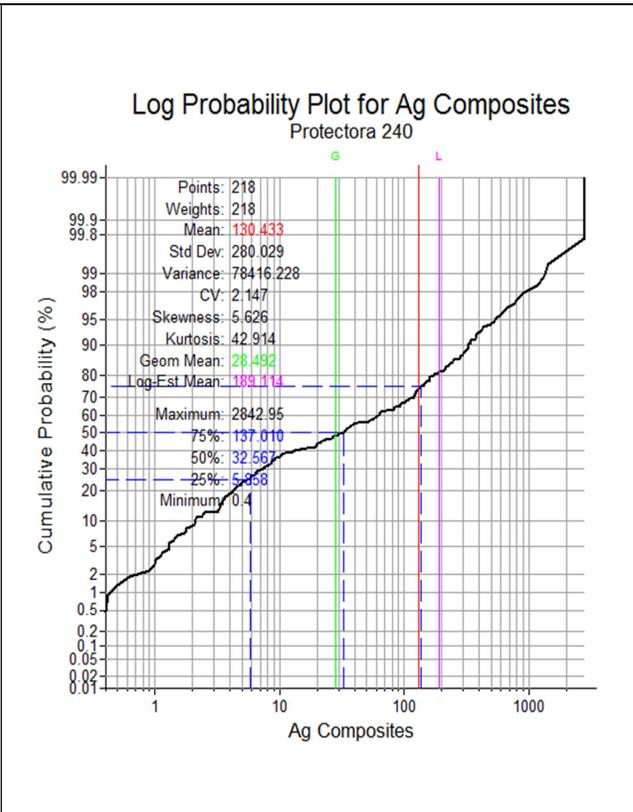
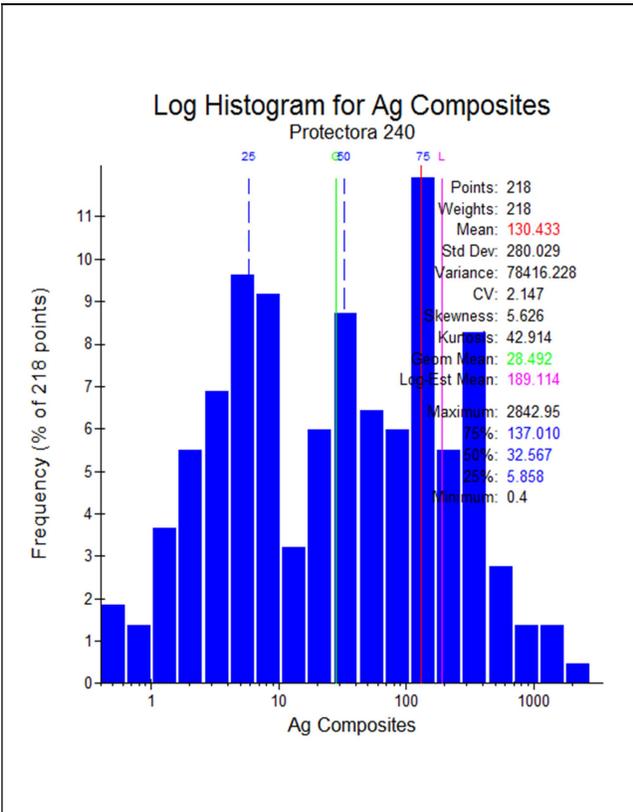
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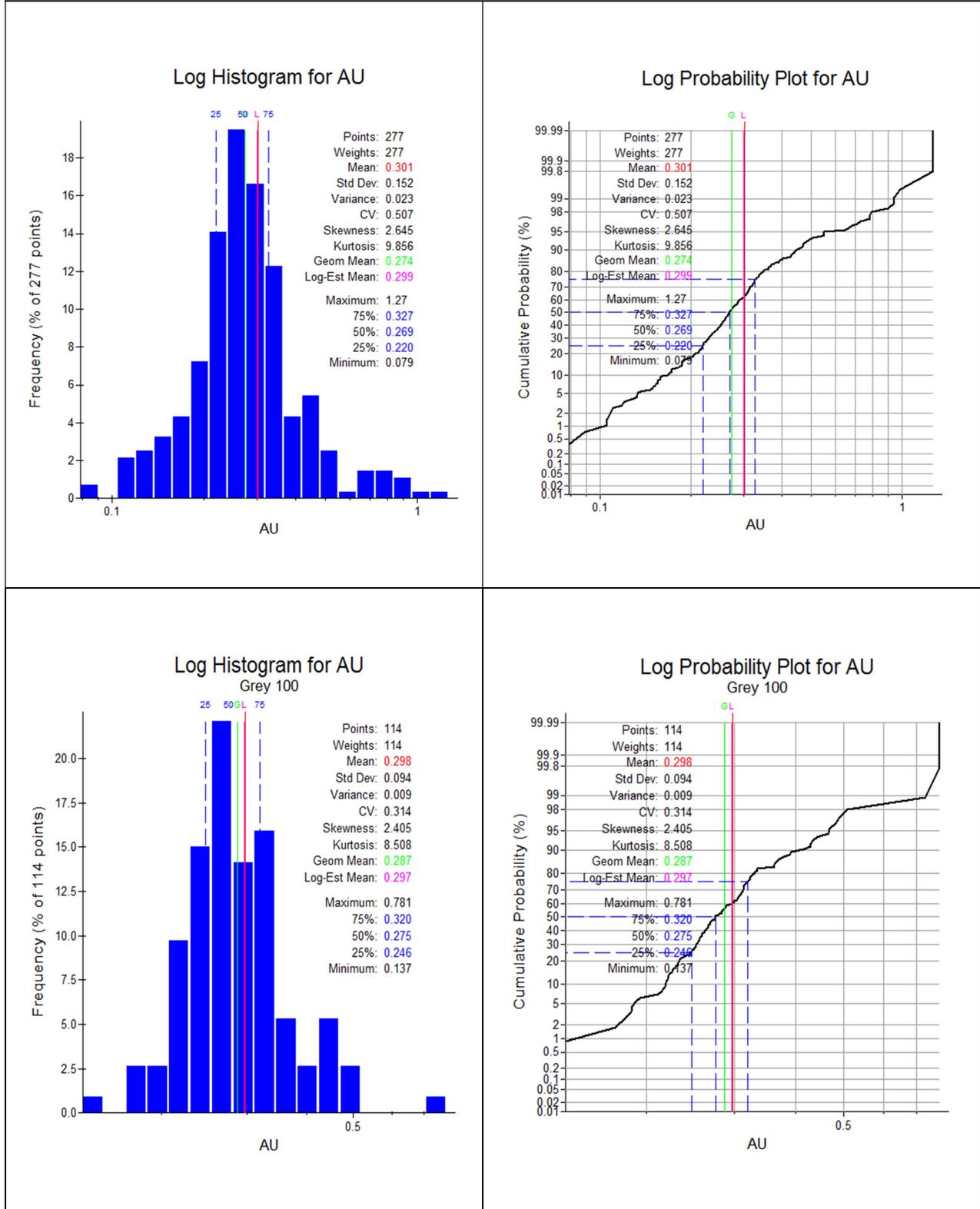


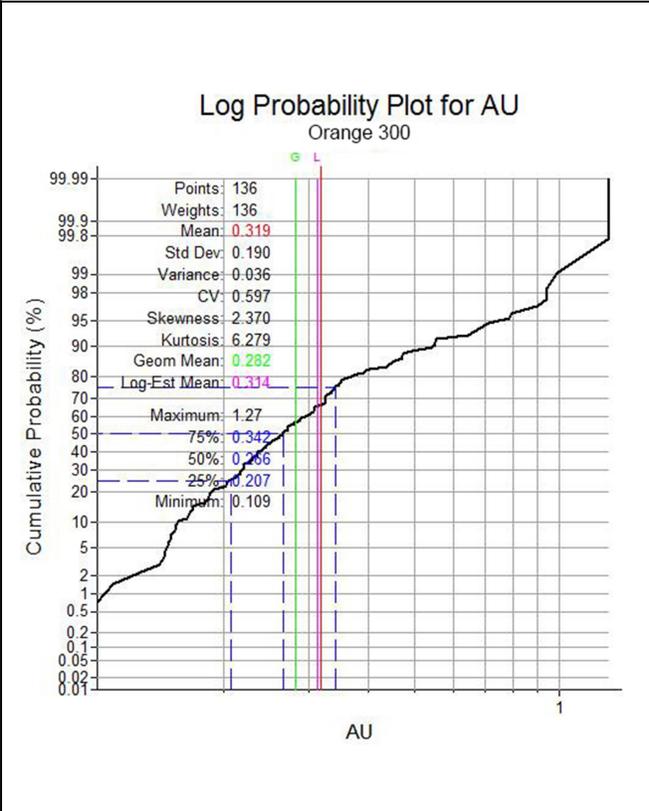
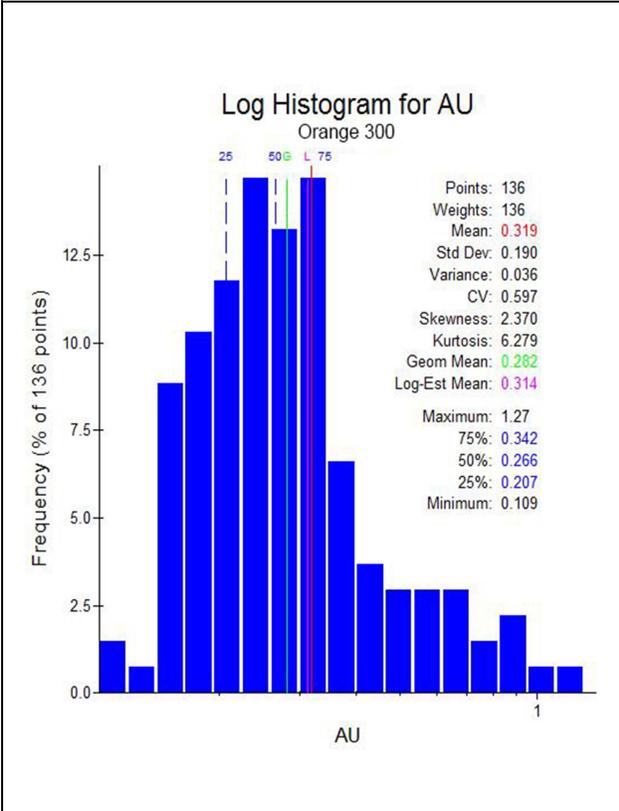
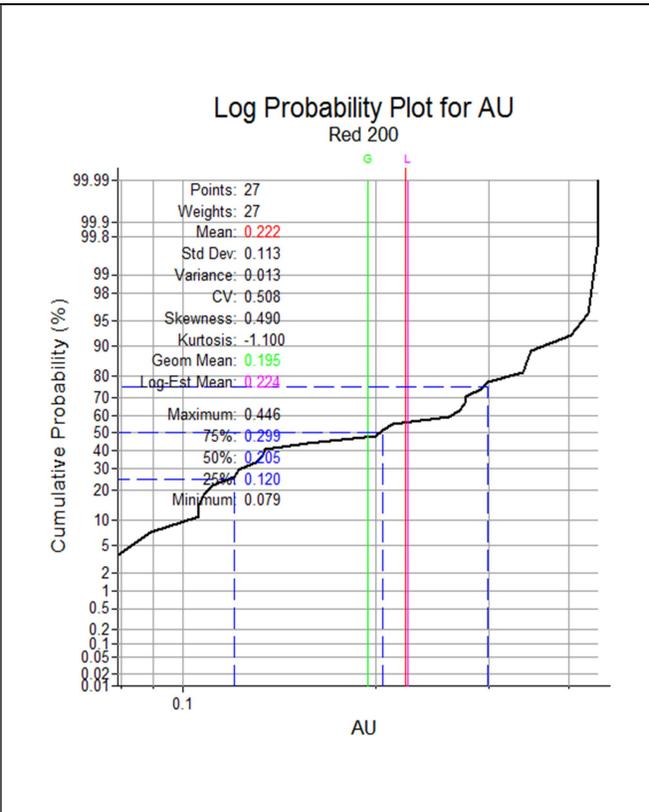
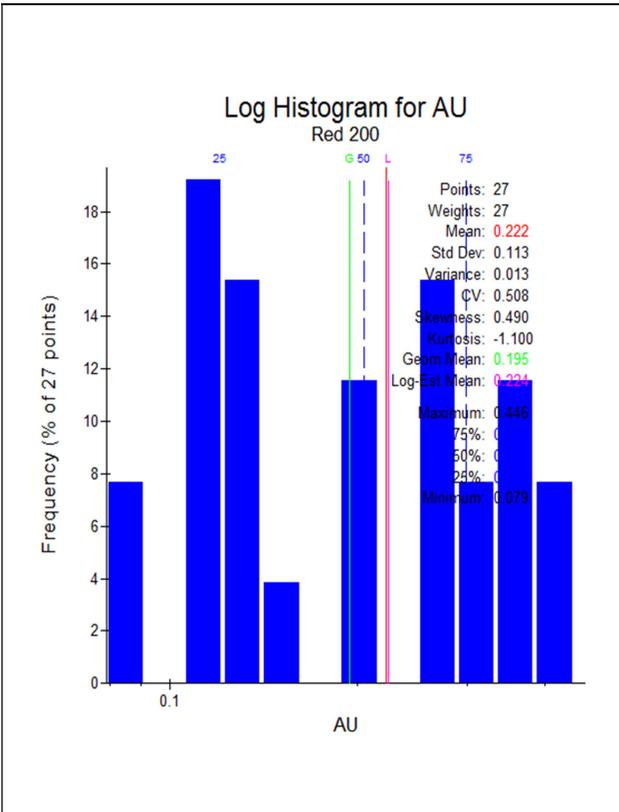


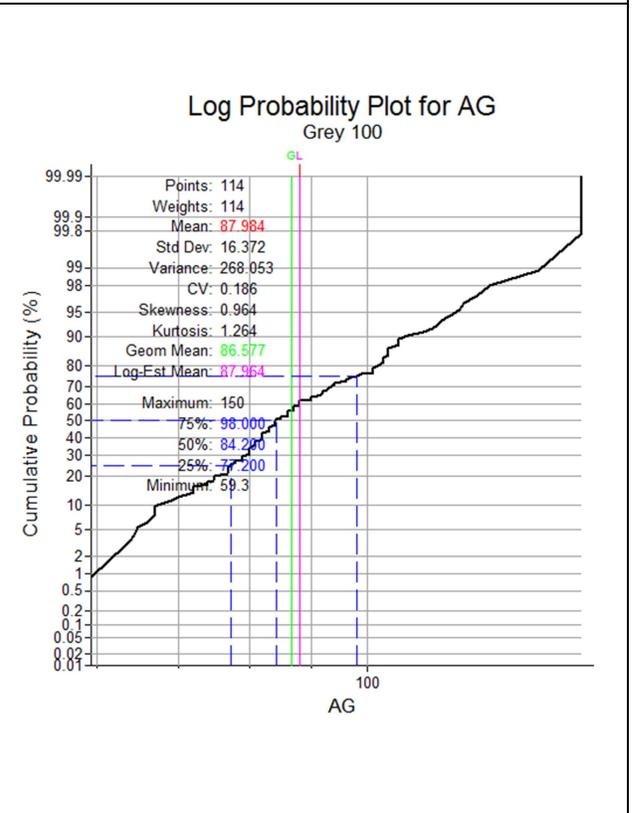
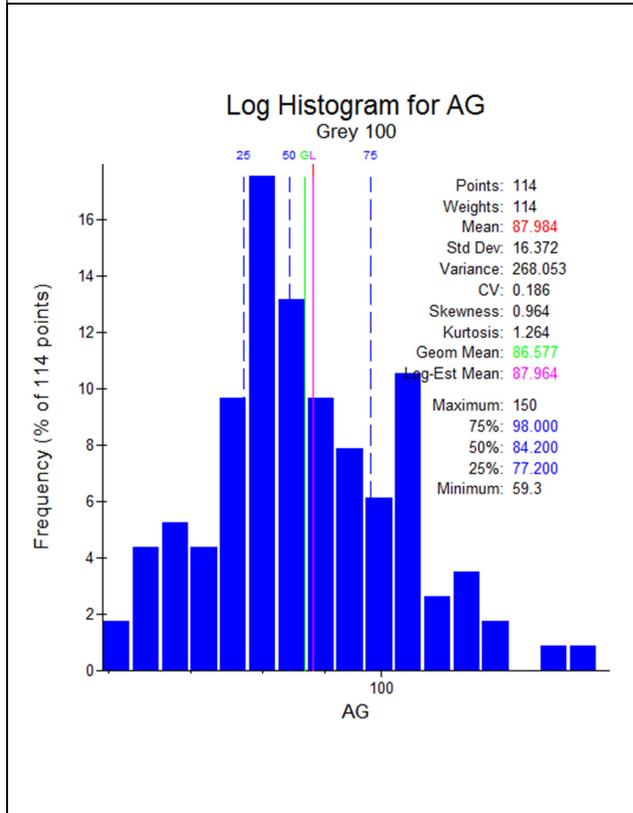
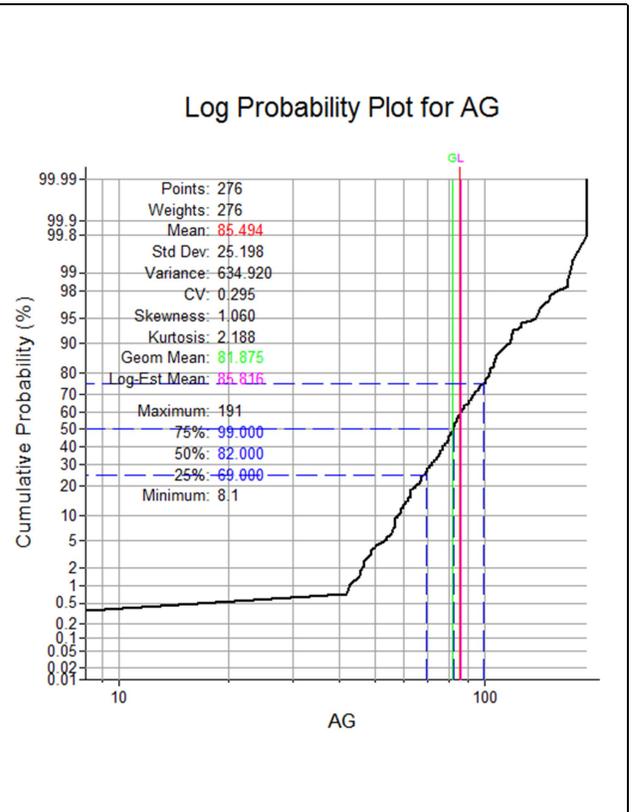
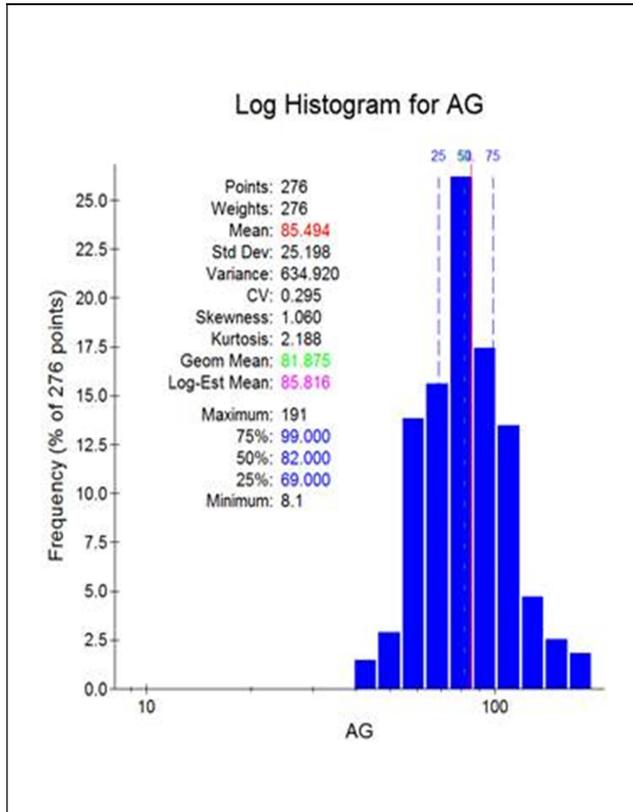


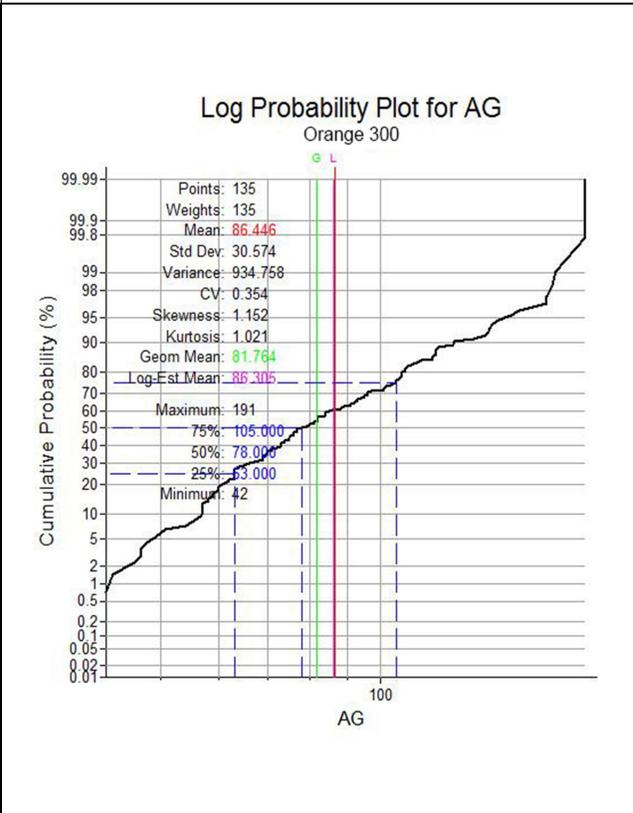
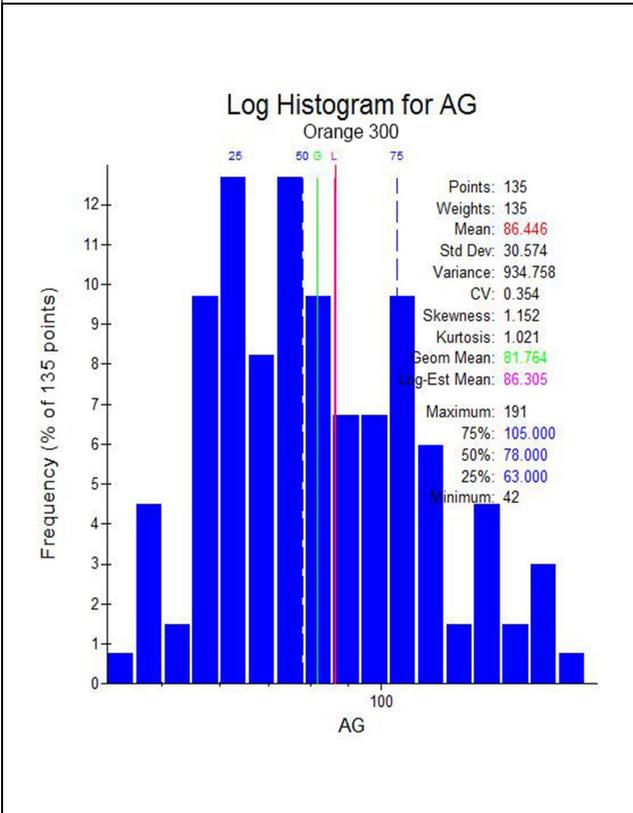
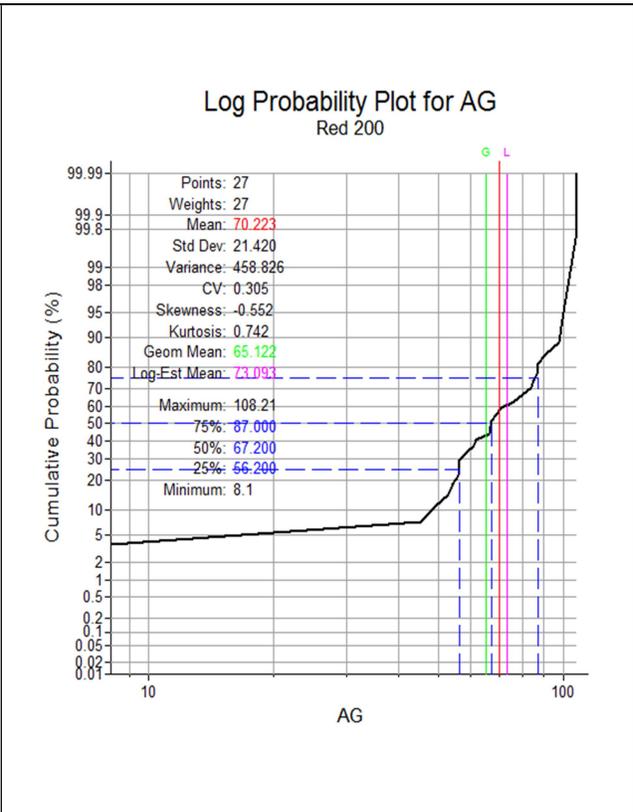
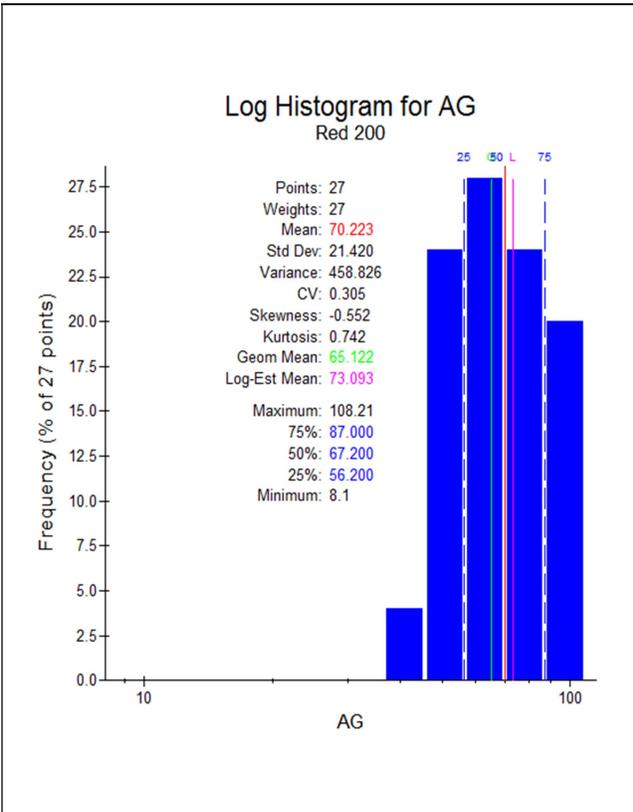


# EL TIGRE TAILINGS

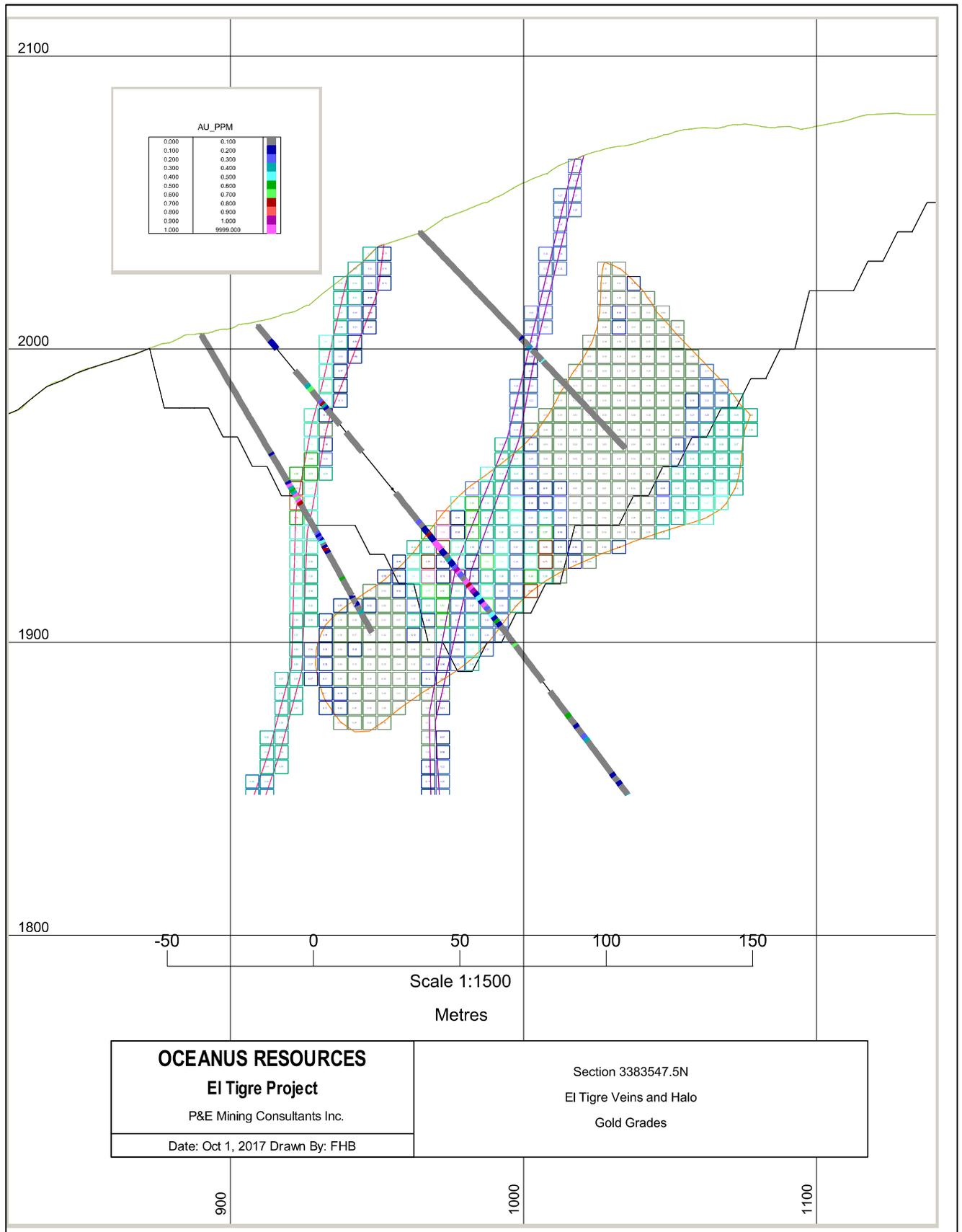


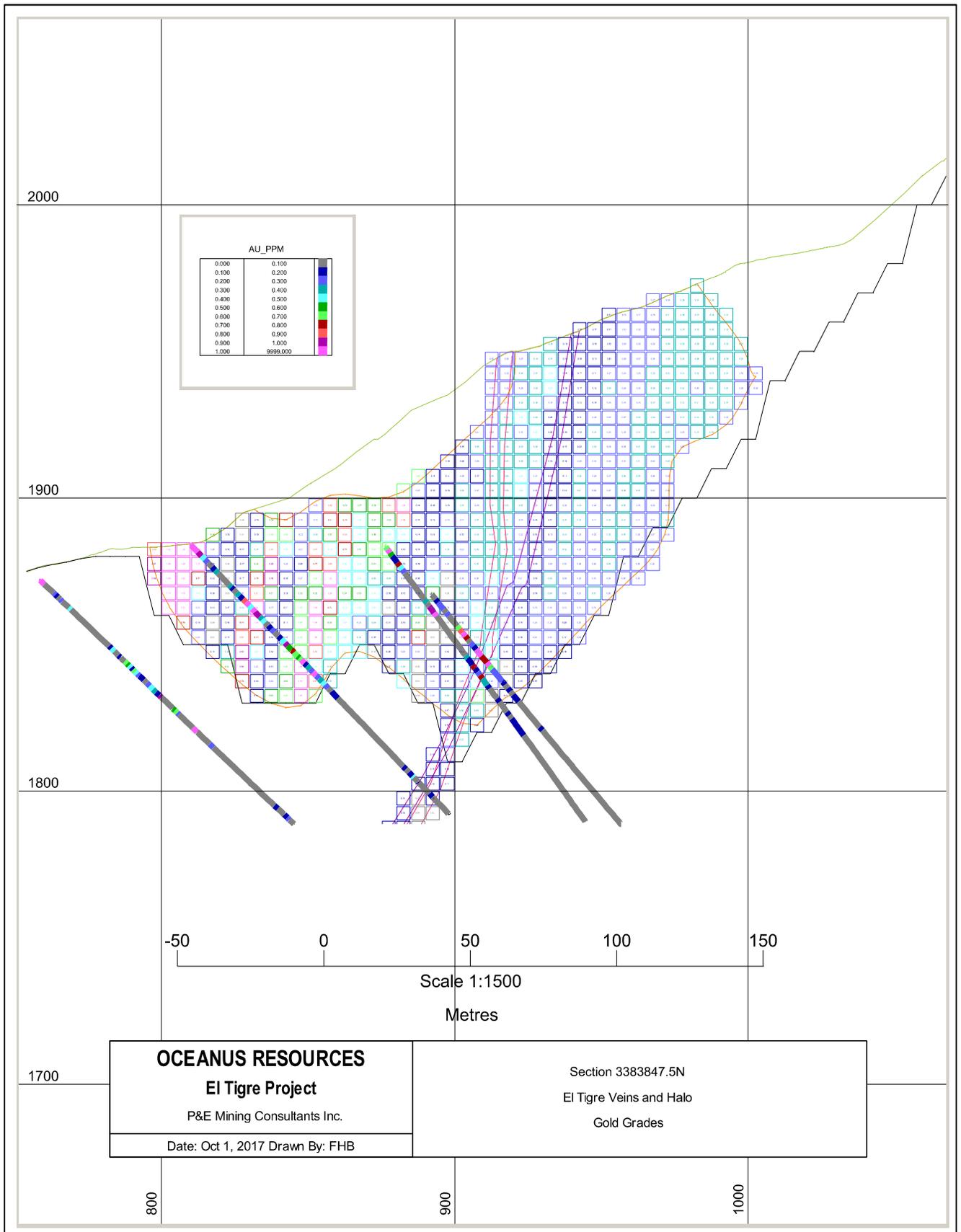


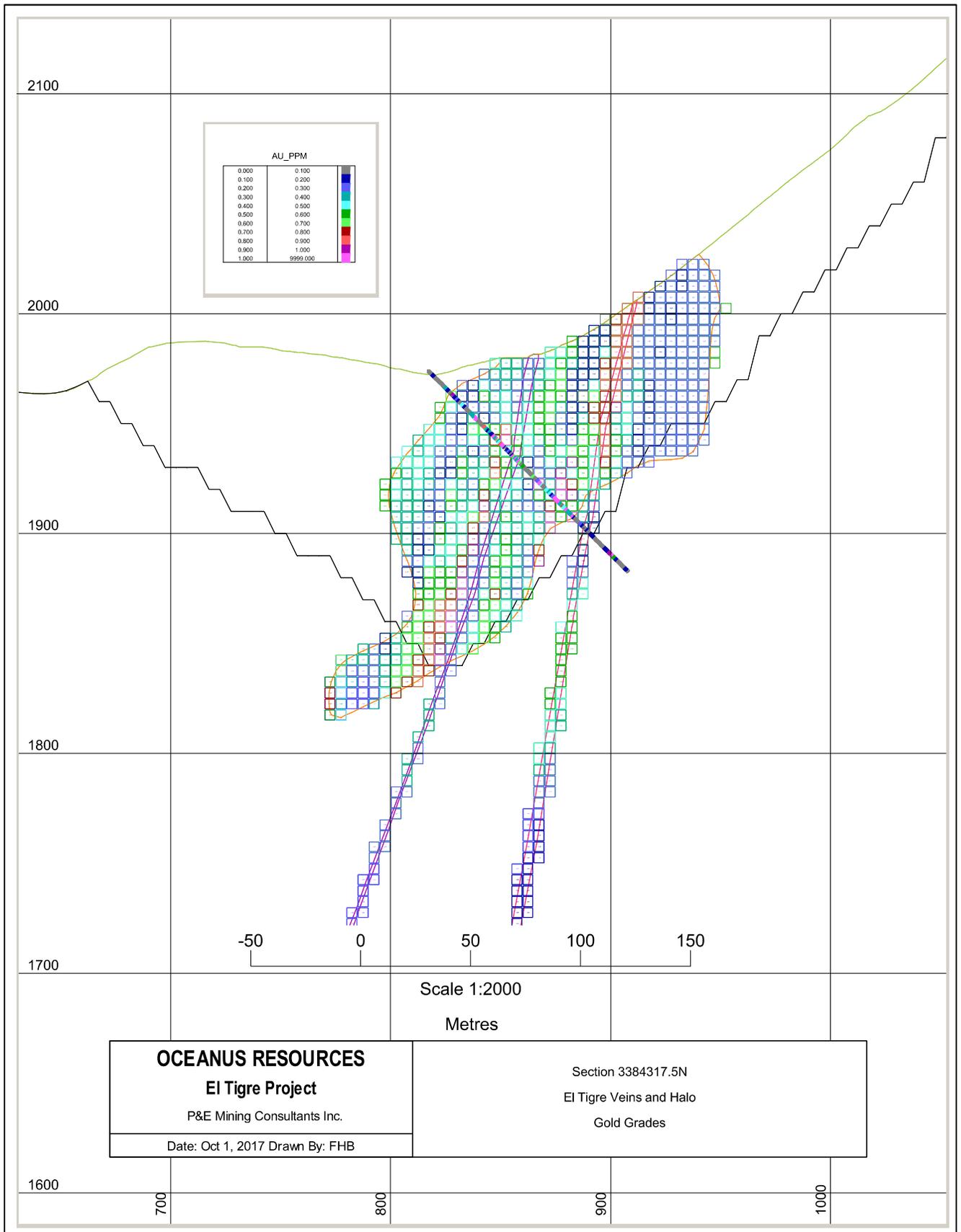


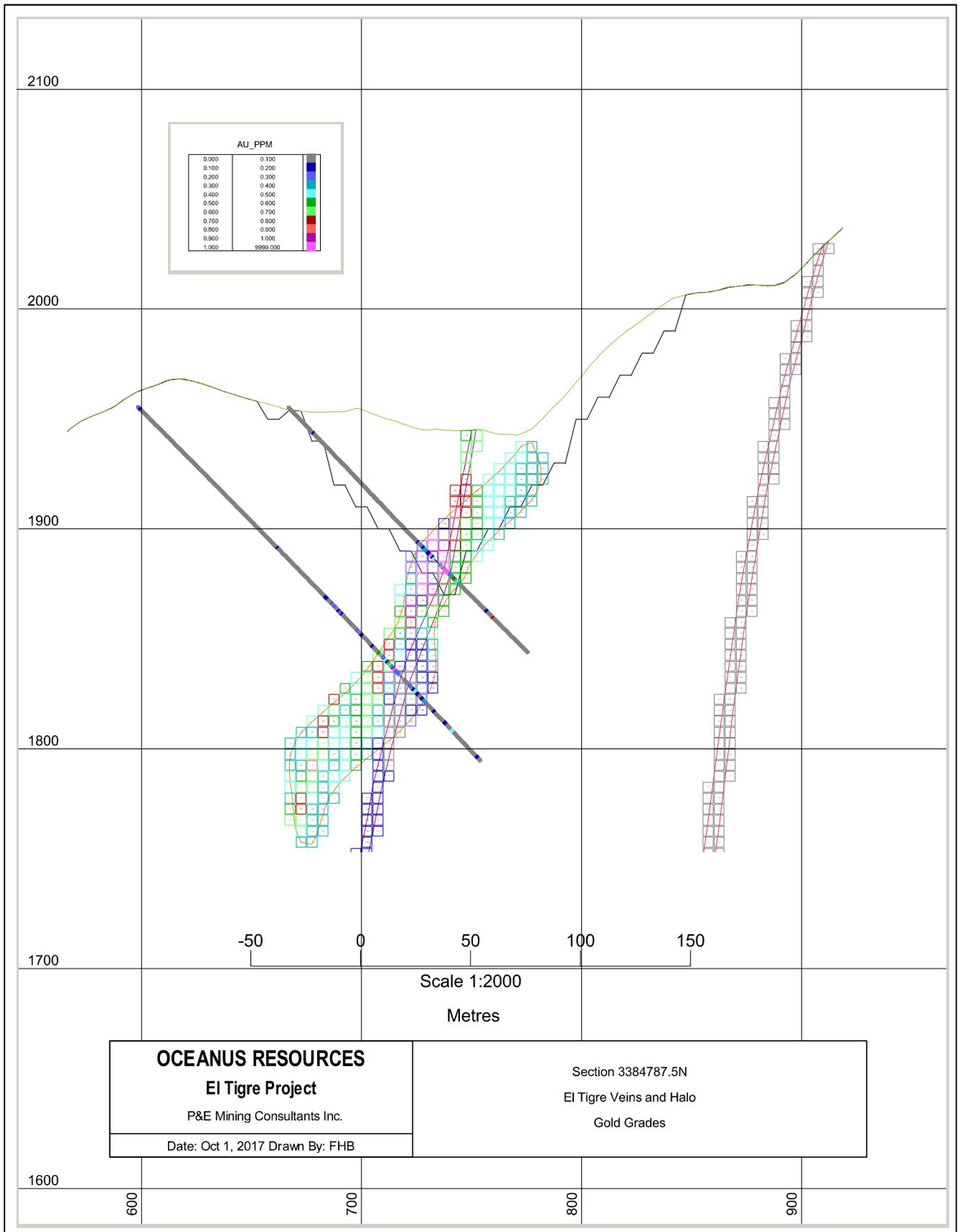


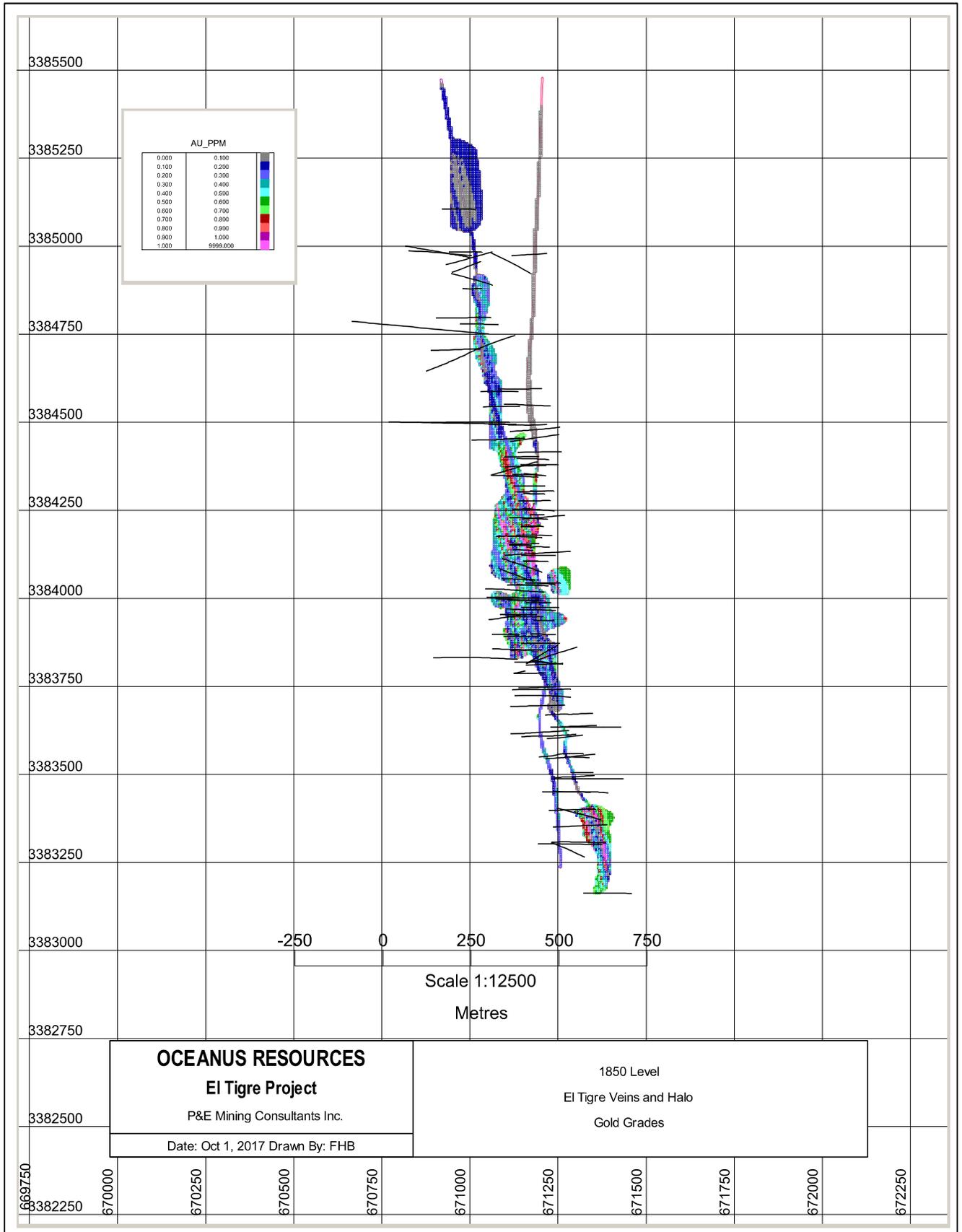
**APPENDIX II. AU BLOCK MODEL CROSS SECTION AND PLANS**

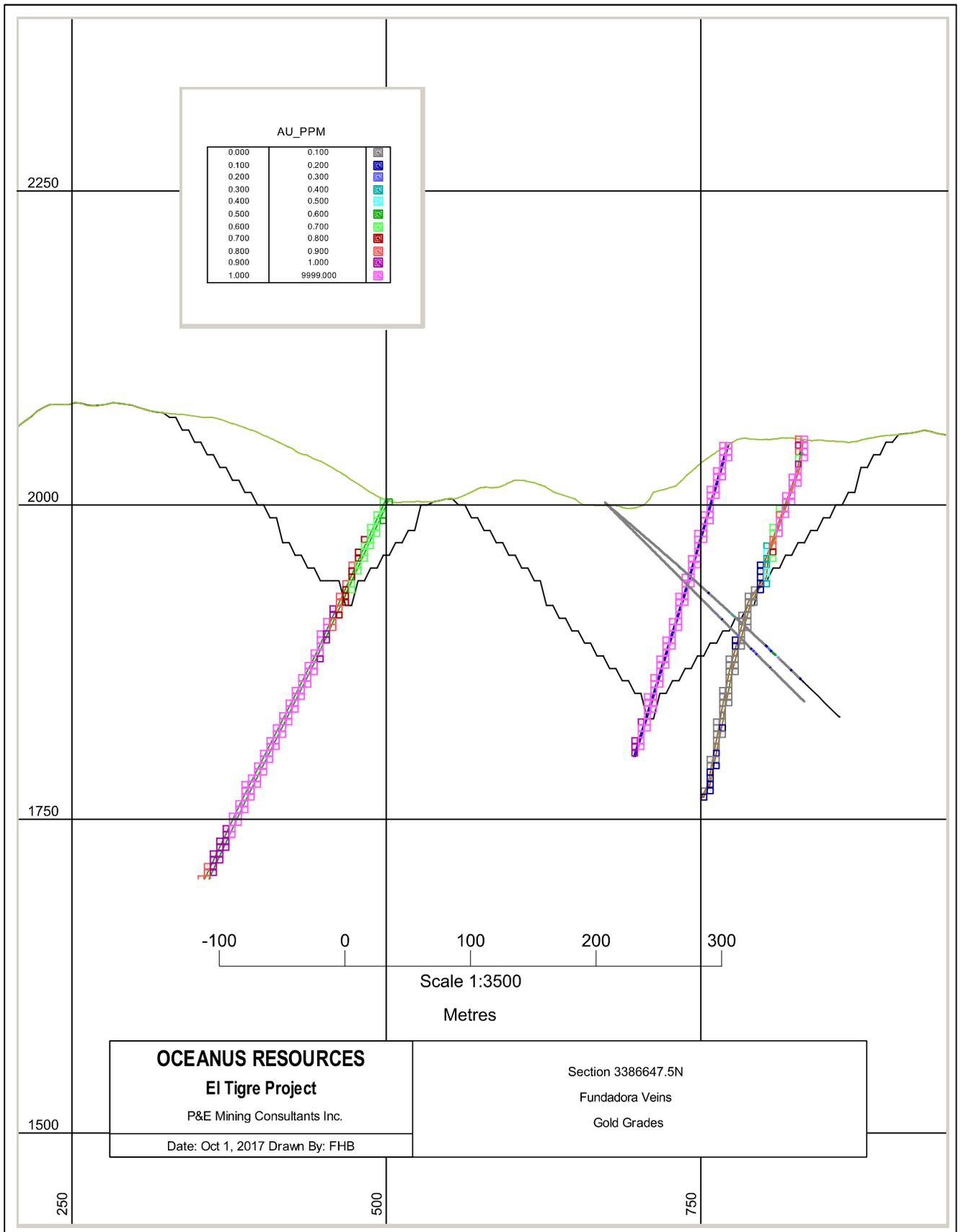


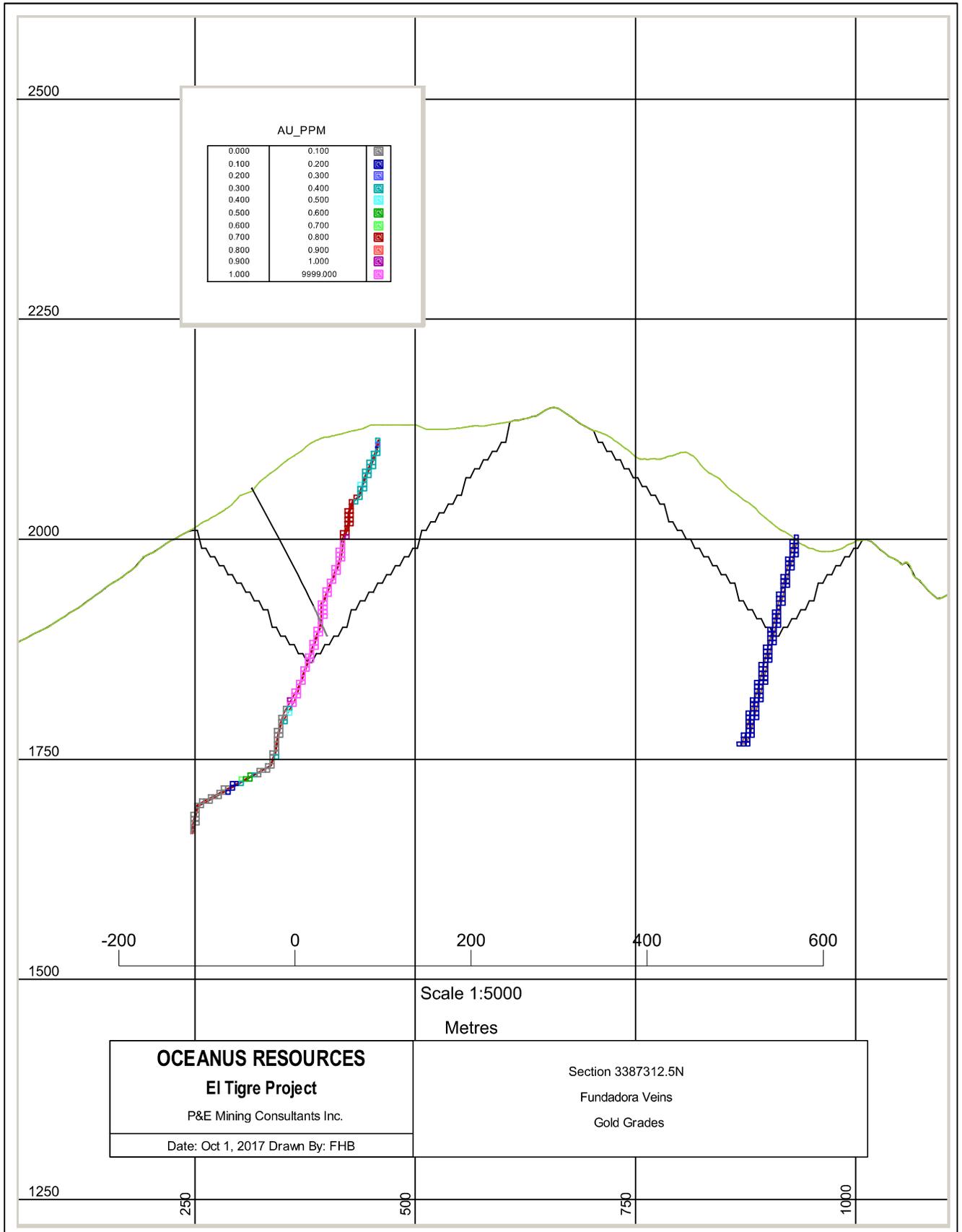


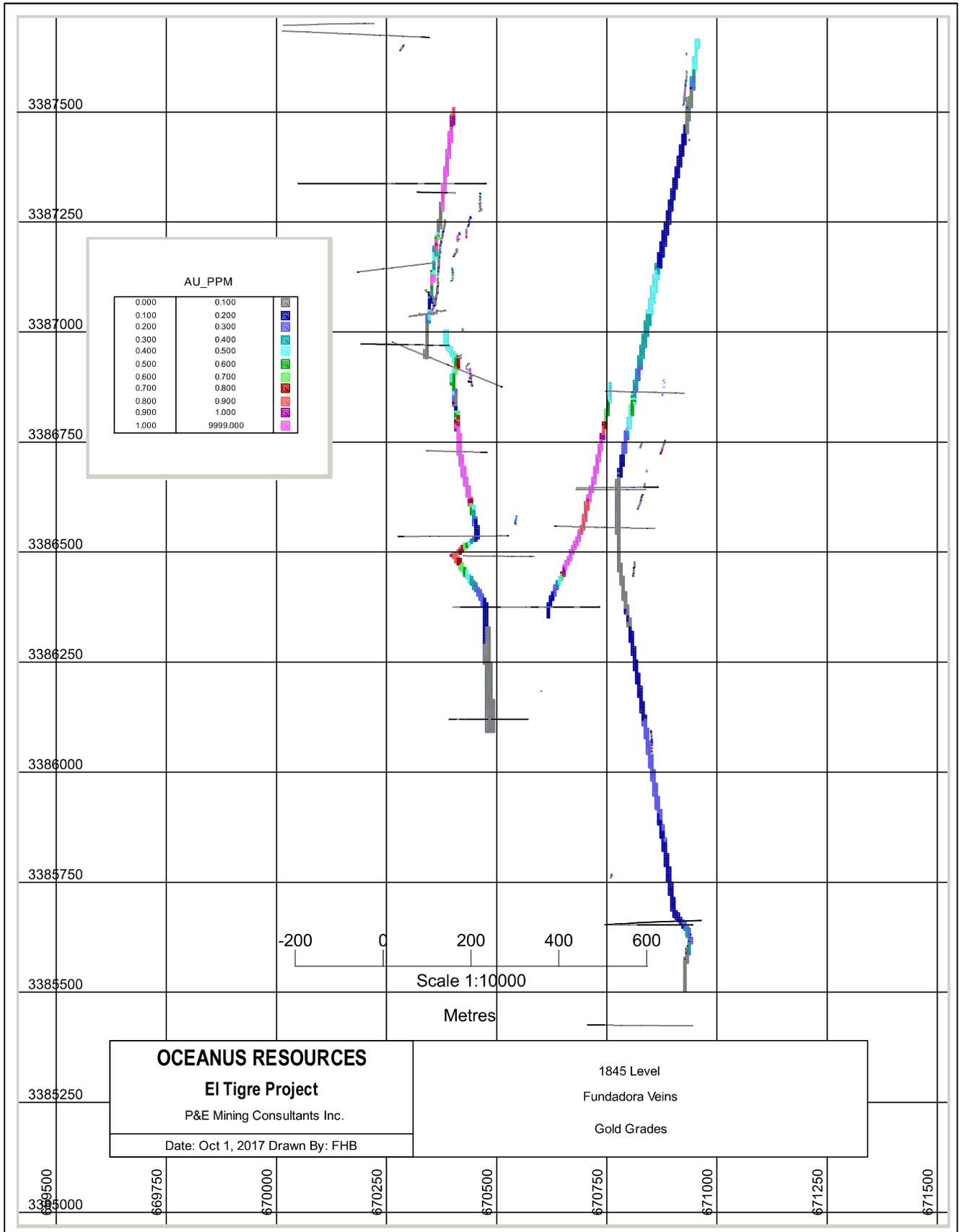












**APPENDIX III. CLASSIFICATION BLOCK MODEL CROSS SECTIONS AND PLANS**

