

**TECHNICAL REPORT
on the
EL COLOMO PROPERTY**

**EL COLOMO MINE PROJECT
NAYARIT STATE, MEXICO**

PREPARED FOR:

GAINEY CAPITAL CORP.
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CERTIFICATE OF QUALIFIED PERSON

I, David G. DuPre, P. Geo., HEREBY CERTIFY THAT:

- 1) I am an independent consulting geologist with a business address at 203- 5350 Sayward Hill Crescent Victoria, BC V8Y 3H9
- 2) I am a graduate of the University of Calgary with a B.Sc. Honours with a Subject of Specialization in Geology (1969).
- 3) I am a registered Professional Geologist in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC) with member number 19888.
- 4) I have worked as a geologist for a total of 47 years since graduation from university. I have work experience Canada, and throughout the world. In particular I have significant experience working in Mexico and have visited and studied many epithermal deposits.
- 5) I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirement to be a "qualified person" for the purposes of NI 43-101.
- 6) I am responsible for the preparation of all sections, except section 2.2 (Details of Inspection)- of the report titled "TECHNICAL REPORT on the EL COLOMO PROPERTY" and dated 11 July 2017 prepared for Gainey Capital Corp. (the "Technical Report").
- 7) I co-authored a report entitled "TECHNICAL REPORT on the EL COLOMO PROPERTY" and dated July 11, 2017. My most recent site visit was during the period of October 27th and November 13th, 2012.
- 8) I acknowledge that, at the effective date of the technical report, to the best of the my knowledge, information, and belief, the technical report, or part that the qualified person is responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- 9) I am fully independent of the issuer and the vendor applying all of the tests in section 1.5 of National Instrument 43-101.
- 10) I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
- 11) I consent to the filing of the Technical Report with any stock exchange or other regulatory Authority and any publication by them, including electronic publication in the public company files on their websites accessible to the public, provided that I am given the opportunity to read the written disclose before filed to ensure its authenticity.
- 12) I have read this the document entitled ""TECHNICAL REPORT on the EL COLOMO PROPERTY" and dated and dated July 11, 2017



Signature of Qualified Person

David G. DuPre P. Geo.

Dated this Day: July 11, 2017

Effective Date: June 23, 2017

CERTIFICATE OF QUALIFIED PERSON

I, John R. Wilson, CPG 11525, HEREBY CERTIFY THAT:

- 1) I am an independent consulting geologist with a business address at 4279 Birch Valley Road, Hermantown, MN 55811, USA
- 2) I am a graduate of the University of Minnesota, Duluth with a B.Sc. in Geology (1967) and the University of Arizona with a M.Sc. in Geosciences (1976).
- 3) I am a Certified Professional Geologist in good standing with the American Institute of Professional Geologists (AIPG) with CPG number 11525.
- 4) I have worked as a geologist for a total of approximately 48 years since graduation from the University of Minnesota, Duluth. I have work experience in the United States, Mexico, Central and South America, and throughout the world. I have significant working experience in Mexico and have visited and studied many epithermal, Carlin-like, porphyry, and VMS-type deposits.
- 5) I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirement to be a "qualified person" for the purposes of NI 43-101.
- 6) This certificate applies to Section 2.2 (Details of Inspection) of the technical report dated 11 July 2017 and titled TECHNICAL REPORT on the EL COLOMO PROPERTY by GAINNEY CAPITAL CORPORATION.
- 7) This certificate is based on a personal visit made to the Colomo property on 13 through 15 March 2017
- 8) The Colomo property also was visited previously in the field on 27 through 29 July 2016 in conjunction with a third party evaluation of the property
- 9) I am only responsible for that part of the preparation that refers to me personally in section 2.2 (Details of Inspection) of the technical report titled "TECHNICAL REPORT on the EL COLOMO PROPERTY" and dated 11 July 2017 prepared for Gainey Capital Corp.
10. As of the effective date of the technical report, to the best of my knowledge, information, and belief, that part of the technical report that I am responsible for (Section 2.2, "Details of Inspection"), contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- 11) I am fully independent of the issuer and the vendor applying all of the tests in section 1.5 of National Instrument 43-101
- 12) I have read the document entitled "TECHNICAL REPORT on the EL COLOMO PROPERTY" and dated 11 July 2017



Signature of Qualified Person

John R. Wilson, CPG 11525

Dated: 11 July 2017

1 SUMMARY

This technical report was commissioned by Gainey Capital Corp. of Vancouver, B.C., Canada (Gainey), at the request of Mr. David Coburn, CEO of Gainey. As geologists, the authors were asked to undertake a review of the available data, visit the site and assess the precious metal potential of the property. The mandate also called for the authors to recommend specific areas and methodologies (if warranted) for further exploration. The identification of these areas would be based on their observations and interpretations.

This technical report describes the El Colomo mineral property presently controlled by Minera Buena Fortuna (a wholly owned Mexican subsidiary of Gainey Capital Corp.) By way of extensive experience working on epithermal gold/silver exploration projects in many parts of the world, including Mexico, the authors fulfill the requirement to be “qualified persons” for the purposes of NI 43-101. This report is based upon data and information compiled by the authors from published and unpublished reports and maps, much of which was provided by Gainey Capital Corp. Several personal inspection visits were made to the site. Mr. John R. Wilson made personal inspection visits of the Property on July 27-29, 2016 and March 12-15, 2017.

The El Colomo mineral property is located approximately 135 km east-southeast of Mazatlan, straddling the border of the States of Nayarit and Durango. It consists of six mineral concessions, totaling 18,766 hectares.

The El Colomo deposits occurs in the central part of the Sierra Madre Occidental volcanic pile which displays two major volcanic successions and a number of intrusive events. The Eocene aged Lower Volcanic Group (LVG) is predominantly composed of andesitic and rhyolitic flows and tuffs, and is intruded by a number of intrusions including the dominant Piaxtla Granite (part of the Sinaloa composite batholith). The Tertiary aged Upper Volcanic Group (UVG) is composed of a lower andesitic horizon capped by rhyolitic ash flows and tuffs, and is separated from the LVG by an erosional and depositional unconformity. Subsequent rhyolitic and basic dykes intrude both the LVG and UVG.

Structurally, the Colomo district lies within an area of complex normal faulting along the western edge of the Sierra Madre Occidental. Compressive forces first formed predominantly east-west and north-northeast tension gashes that were later cut by transgressive north-northwest striking slip faults. The strike-slip movements caused the development of secondary north-northeast faults, with right lateral displacement.

Gold and silver mineralization is predominantly hosted by low-sulphidation, epithermal quartz veins, breccias and siliceous realms enveloping faults zones. The precious metals also occur as blankets where the ascending hydrothermal fluids meet an impermeable aquitard and spread laterally in porous volcanic units. At La Higuera, the mineralization is hosted by an intrusive stock.

Previous exploration work conducted on the property includes sixteen reverse-circulation drill holes, a geochemistry program covering an area measuring 15 km by 13.5 km (total 20,250 hectares), and 13 or 14 historic trenches, conducted on behalf of ASARCO in the 1990’s. Work conducted since that time includes a petrographic and metallurgical study (in 2002), a small amount of trenching, sampling on La Higuera and Las Minitas zones (2011), plus open pit mining and processing of several thousand tonnes of material from the Nueva Victoria Prospect (2007 to 2011).

Since the 2013 acquisition of the property by Gainey, an exploration program of detailed mapping, geochemical rock sampling and diamond drilling has been carried out.

Three diamond drill holes totaling 515.50 meters were carried out in 2016. All of these holes tested the Nueva Victoria Zone. The holes in Nueva Victoria intersected moderate grade gold and silver mineralization. These results are highlighted below.

Table 1 Significant intersections from the Drilling Program

HOLE ID	FROM (m)	TO (m)	Width (m)	Au_g/t	Ag_g/t
DHEC160001	5.15	76.00	70.85	0.65	5.31
DHEC160002	19.40	91.60	72.20	0.41	20.21
DHEC160003	10.50	44.70	34.20	1.19	86.57

Based on the results obtained to date, El Colomo is a meritorious property and continued exploration is recommended. Exploration work and mining has successfully identified significant silver and gold mineralization in low-sulphidation epithermal quartz veins and areally extensive blanket zones. The work done to date has not determined the controls of mineralization with any great degree of confidence. For this reason, It is recommended that the next phase of exploration comprise a detailed IP survey over the known mineralization at La Nueva Victoria and a more broadly spaced survey between there and La Higuera. This geophysical program should be followed up by drill-testing of any IP anomalies and also to determine the extent of the mineralization at La Nueva Victoria. This cost of this program is estimated at \$1,000,000.

2 Introduction

2.1 Terms of Reference and Purpose of the Report

The authors were asked by Gainey to prepare this report. The quality of information, conclusions, and estimates contained herein is based on: i) information available at the time of preparation, ii) It is also based on discussions and data supplied to the author by Mr. David Coburn, the President of Gainey, iii) data supplied by outside sources, and iv) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Gainey, subject to the terms and conditions of its contract with D.G. Dupre and Associates Inc. (“DGD”) and relevant securities legislation. The authors are independent mining consultants and hold no interest in Gainey nor “their partners or affiliated companies”. As independent geologists, the authors were asked to undertake a review of the available data, visit and assess the gold and silver potential of the Colomo property. The mandate also called for the authors to recommend specific areas (if warranted) for further exploration. The identification of these areas would be based on their observations and interpretations. Results from the QA/QC program support the quality and objective sampling by Gainey, as well as the analysis completed by ALS Global.

The Authors have no reason to doubt the reliability of the information provided by Mr. Coburn or Gainey. The Authors have not independently reviewed legal title to the mineral properties described in this report. The contract permits Gainey to file this report as a Technical Report with Canadian securities regulatory authorities. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party’s sole risk. This report provides a geological interpretation of the controls of the gold mineralization on the Colomo Property and a proposal for future work.

2.2 Details of Inspection

Mr. David G. Dupre visited the Colomo Property on May 10, 2012 and during the period between October 27th and November 13th, 2012. During these visits, he examined the geological setting, the previous workings, and the mill complex. He collected 5 rock samples for analysis.

Mr. John R. Wilson made personal site visits to the Colomo Property on July 27-29, 2016 and March 13-15, 2017. During these visits, he reviewed the project with the local Mexican staff, visited many old prospects and workings, and field reviewed the overall general geology and more specifically, the El Arrayan, La Higuera, and La Nueva Victoria prospects. During the first visit in 2016, the Colomo field camp was in full operation and a drill rig was on site and drilling on the La Nueva Victoria prospect. During the second visit, the camp was on standby status, and no semi-permanent technical staff or drill machines were on site. Although the camp was not in operation during the second visit, all previously seen infrastructure was still on site and in good repair. Based on these site visits, Mr. Wilson believes that the geology, mineralization, and deposit type as described in this report in Sections 7 (Geology) and 8 (Deposit Type) are fair and accurate.

2.3 Sources of Information

Gainey and Golden Anvil have provided copies of all the relevant maps, analytical data, presentations, assessment reports, photographs and documents relating to the Property. Reports and memoranda on their strategies and plans for exploration with budgets have also been reviewed. The author has no reason to believe that any of the data supplied by Gainey and Golden Anvil is neither incorrect nor incomplete. This report is based upon personal examination by the Authors of all available reports and maps on the El Colomo property, as well the site examinations to appraise the geological setting and assess its precious metal potential.

The information, opinions and conclusions contained herein are based on:

- Information available to the Authors at the time of preparation of this report;
- Assumptions, conditions, and qualifications as set forth in this report; and
- Data, reports, and other information supplied by Gainey, Golden Anvil and other third party sources
- Drill logs, assay results and geological notes prepared by contractors

The Authors relied upon the work of other consultants in the project areas in support of this Technical Report. The sources of information include data and reports, as well as documents referenced in Section 20 (References). The Authors used their experience to determine if the information from previous reports was suitable for inclusion in this technical report and adjusted information that required amending.

2.4 Effective Date

The effective date of this report is June 23, 2017.

2.5 Units of Measure

The metric system has been used throughout this report. Tonnes are metric of 1,000 kg, or 2,204.6 lb. Gold content is presented as grams per tonne (gpt). Gold content originally expressed as ounces per ton (opt) have been converted to grams per tonne (gpt) by using a multiplication factor of 34.28. All currency is in US dollars (\$) unless otherwise stated.

3 RELIANCE ON OTHER EXPERTS

We are entirely reliant upon the legal firm of RB Abogados who wrote the “MINING CONCESSION LEGAL TITLE REPORT” and dated June 22, 2017 addressing the status of Gainey’s concessions. This report was authored by José Bosque. This disclaimer applies to Section 4 of this report. The authors are not aware of any legal, political, environmental or tax matters that would affect the status of the Property.

The technical information regarding the property is presented to demonstrate that the El Colomo property hosts significant potential to host epithermal precious metals.

4 PROPERTY LOCATION AND DESCRIPTION

The El Colomo Mineral property straddles the boundaries of the states of Nayarit and Durango, Mexico, some 140 km ESE of Mazatlan (Fig. 1) It consists of the mining rights to six contiguous mineral concessions, with a total area of 18,766 hectares (46,372 acres). The mine camp-site, used as the main point of reference for the property, is centered at 22°56'57" N. Latitude, 105°07'0.35" W Longitude (UTM coordinates: 537,750 N, 488,000 E.



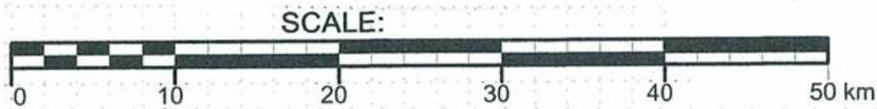
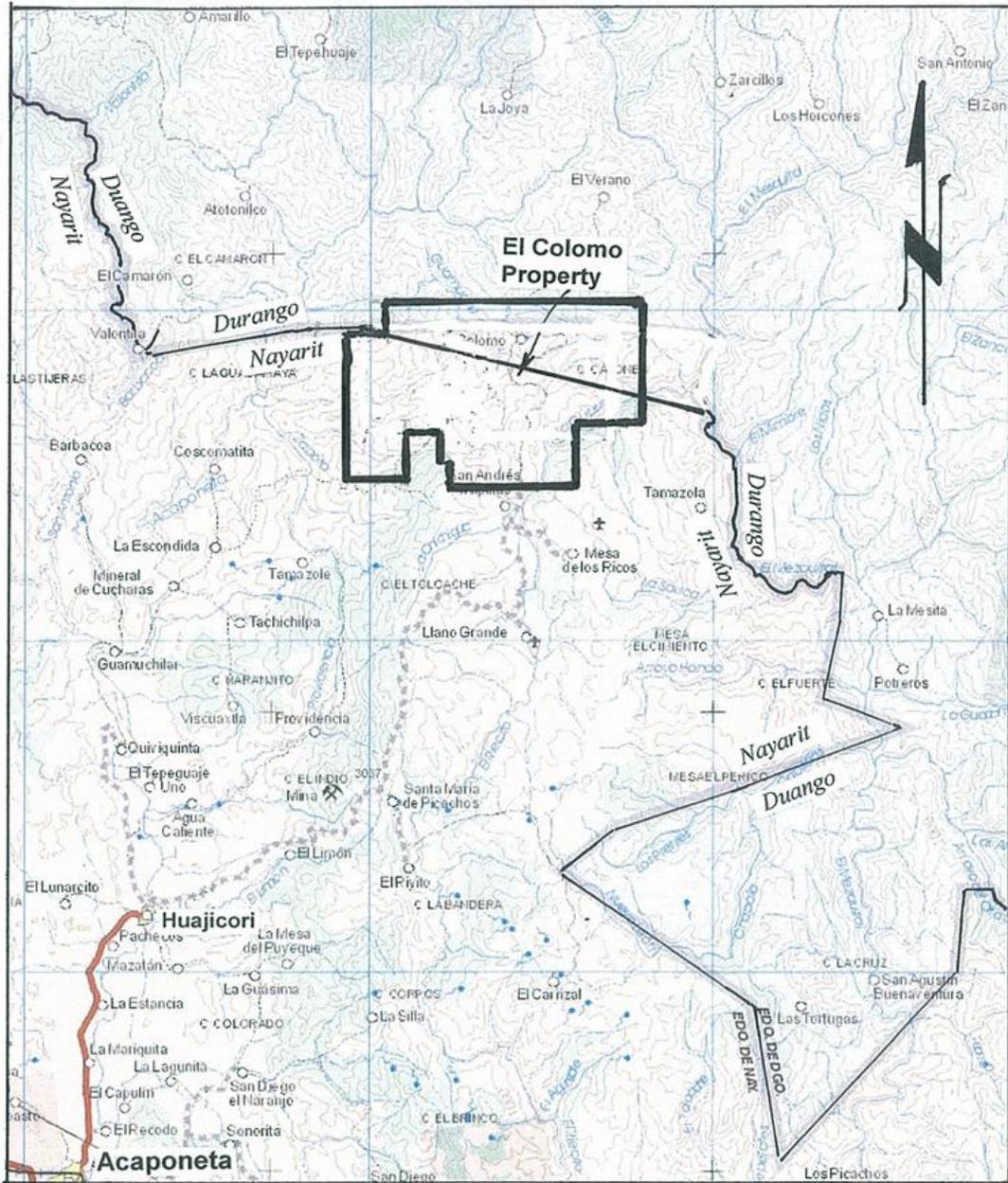
Figure 1 Location Map - El Colomo Property (Nayarit State Tourist Map (2008)

The property contains 6 independent but contiguous mine properties granted by a Concession Title. All of the six concessions are 100% owned by Minera Buena Fortuna (a wholly-owned Mexican subsidiary of Cainey Capital Corp.). The Original Concession Titles are registered at the Public Registry of Mining in Mexico. The concessions are shown on figure 3. The El Colomo Property consists of the concessions listed in Tables 2 and 3. The authors have reviewed the Title Opinion dated June 22, 2017 by RB Abogados in Mexico City confirming that all Mining Concessions are in Good Standing and 100% owned by Minera Buena Fortuna/Gainey Capital. The details provided are summarized in table 2.

LOT	HOLDER	SURFACE (Hectares)	CONCESSI ON TITLE OR FILE NUMBER	TERM FROM / TO	LOCATION
La Bufa	Minera Buena Fortuna, S.A. de C.V. (" <u>Minera Buena Fortuna</u> ") *Please see note 2.	14.7669	213609	May 18, 2001 to May 17, 2051	Huajicori, Nayarit
El Arrayán	Minera Buena Fortuna *Please see note 2	50.0000	213744	June 12, 2001 to June 11, 2051	Huajicori, Nayarit
La Nueva Victoria	Minera Buena Fortuna *Please see note 2	59.0000	226062	November 16, 2005 to November 15, 2055	Huajicori, Nayarit
Filomeno	Minera Buena Fortuna *Please see note 2	403.2535	227844	August 22, 2006 to August 21, 2056	Huajicori, Nayarit
Manos Arriba	Minera Buena Fortuna *Please see note 2	4,748.0000	214908	December 11, 2001 to December 10, 2051	Huajicori, Nayarit
La Chata	Minera Buena Fortuna *Please see note 3	13,491.2177	240266	April 27, 2012 to April 26, 2062	Huajicori, Nayarit and Pueblo Nuevo, Durango

Table 2 Colomo Concession Title Opinion Summary

- Note 1. We did not have access to this Agreement. Please be informed that except for royalties included in agreements subject to registration under the Mexican Mining Law and its rules, the PRM does not register royalty obligations. As soon as this Firm has access to the Agreements involving these Mining Concessions, we will be able to issue an opinion regarding royalties payable over said Mining Concessions, if any. Please be informed that except for royalties included in agreements subject to registration under the Mexican Mining Law and its rules, the PRM does not register royalty obligations.
- Note 2. Through an assignment agreement entered into. by and between Golden Anvil and Minera Buena Fortuna a wholly-owned Mexican Subsidiary of Gainey. it acquired 100o/o interest over this Mining Concession. The before mentioned assignment agreement is pending of registration before the PRM: said assignment agreement is existing and enforceable before the seller of this Mining Concession.
- Note 3. Through an assignment agreement entered into" by and between Mr. Rincón and Minera Buena Fortuna a wholly-owned Mexican Subsidiary of Gainey" it acquired 1000/o interest over this Mining Concession. The before mentioned assignment agreement is pending of registration before the PRM: said assisnment asreement is existins and enforceable before the seller of this Mining Concession.



Ash & Associates Consulting Ltd. West Vancouver, B.C. V7T 1A7 Ph 778-279-4403 wash1@shaw.ca

CLIENT	GOLDEN ANVIL S.A. de C.V.	PROJ:	El Colomo, Mexico	SCALE:	as shown
Northern Nayarit with Property Locatin with Respect to Acaponeta				DATE:	Apr 20, 2011
				DR: WA	Fig. 2

Figure 2 El Colomo Location Map

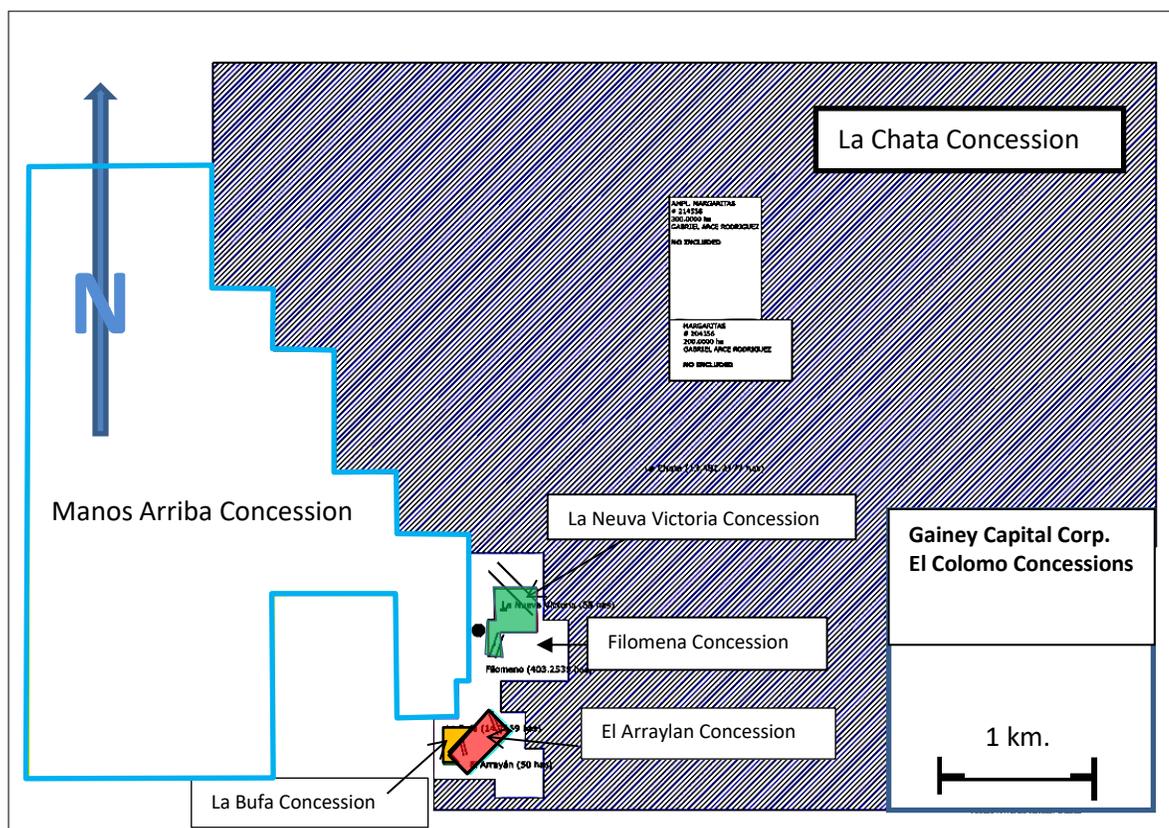


Figure 3 Map Showing El Colomo Concessions

Concession Title	Concession No.	Area hectares	Concession Issue Date	Concession Expiry Date
La Bufo	213609	14.77	May 18, 2001	May 17, 2051
El Arraylan	213744	50.00	June 12, 2001	June 11, 2051
Manos Arriba	214908	4,748.00	Dec 11, 2001	Dec 10, 2051
La Nueva Victoria	226062	59.00	Nov 16, 2005	Nov 15, 2056
Filomeno	227844	403.25	Aug 22, 2006	Aug 21, 2056
La Chata	240266	13,491.22	Apr 27, 2012	Apr 26, 2177
TOTAL AREA		18,766.24		

Table 3 Significant Information - El Colomo Concessions

To maintain ownership of mineral concessions in Mexico semi-annual taxes (‘vigencias’ in Mexico) are payable to the Government of Mexico. The semi-annual payments are due every year by the end of July and the end of January (the following year). Payments are based on the area (per hectare) of the concession and increase yearly.

The Letter of Intent (LOI) (signed October 21, 2011) between Golden Anvil and Gainey states that Gainey shall, upon conclusion of a 45-calendar-day grace period for the due diligence review, and purchase shall form a wholly-owned Mexican Corporation, thereby directly or indirectly owning a 100% interest in the El Colomo Mineral Concessions, plus hard assets including the pilot plant and all stationary and mobile equipment presently owned by Golden Anvil. This agreement

was extended until August, 2012. The terms of sale include 12,000,000 (twelve million) shares of Gainey, plus the issue of a Special Warrant to Golden Anvil, awarding Golden Anvil one additional share per ounce of gold (or gold equivalent), categorized as a Mineral Reserve, defined as of October 21, 2015, up to a maximum of additional 3,000,000 shares. Shares will be subject to Exchange Escrow Restrictions, and those not subject to Escrow Restrictions will be subject to a Voluntary Pooling Agreement. Mexican Mine Law grants the rights to the concession owner for control of all the area within the concession. Note that, if there is no mining work on surface, the Mexican Agricultural Law grants the surface rights to the Ejidos or small “private owners”. Permits are not needed for early stage exploration such as the exploration that Golden Anvil is undertaking within the El Colomo property. San Andres Milpillias is an Indian community located on land owned by the Mexican Government. No individual can own that land. However, the Mexican Government grants the right for both activities to co-exist in the same area. The entire El Colomo Property is located on the San Andres Milpillias agrarian community land and as such, the owner of the mineral concessions must be a Mexican citizen or a Mexican corporation. In order to accommodate this rule, Gainey formed a wholly-owned Mexican Corporation (Minera Buena Fortuna) into which the assets fell. The present rates of taxation on the property are as follows:

PERIOD	PERIOD DESCRIPTION	FEES PER HECTARE (Mx\$)
I	1 st and 2 nd year	\$5.08
II	3 rd and 4 th year	\$7.60
III	5 th and 6 th year	\$15.72
IV	7 th and 8 th year	\$31.62
V	9 th and 10 th year	\$63.22
VI	Greater than 10 th year	\$111.27

Table 4 Concession Taxation Rates

Minimum exploration required per hectare:

Range Area (hectares)	Fixed Annual Quota (Mx\$)	First Period	Second to fourth Period	Fifth and Sixth Period
0 to 30	0	\$5	\$20	\$30
30 to 100	0	\$10	\$40	\$60
100 to 500	\$500	\$20	\$60	\$120
500 to 1,000	\$1,500	\$18.50	\$57	\$120
1,000 to 5,000	\$3,000	\$17	\$55	\$120
5,000 to 50,000	\$10,500	\$15.50	\$53	\$120
>50,000	\$100,000	\$14	\$50	\$120

Table 5 Minimum Annual Exploration Expenditures

In the case of clusters of exploration concession, the following additional fees are applied per hectare, based on the validity of the oldest concession within the grouping:

RANGE AREA (hectares)	FIXED ANNUAL Quota (Mx\$)	Additional Annual fee /hectare (Mx\$)
0 to 30	0	\$30
30 to 100	0	\$60
100 to 500	\$500	\$120
500 to 1,000	\$1,500	\$240
1,000 to 5,000	\$3,000	\$480
>5,000	\$10,500	\$960

Table 6 Annual Fees for Grouped Concessions

Taxes on the holding of mineral concessions are required to be paid twice per year. There are no Net Smelter Returns or Royalty rights on production. All required exploration and production permits are in place.

There are no environmental liabilities presently associated with the property. The Environmental authorization for exploration and exploitation at El Colomo is in place until 2019 and an Explosives Use authorization is in place under annual renewal. Gainey will be required to apply for the renewal. The combination of the two authorizations will permit Golden Anvil to conduct either open pit or underground mining operations at El Colomo. However, those authorizations are for the El Colomo concession only and apply only to a specific entity (in this case, Gainey Capital).

DRB Abogados (Legal Firm based in Mexico City) acknowledges that it has received a copy of the Work Reports with the official seal, which confirms that the reports have been submitted to the PRM. DRB Abogados offered an opinion that the Work Reports might also be submitted to the GBM.

The only other obligations on the property are fairly standard international environmental rules and regulations regarding abandonment and reclamation requirements, during exploration, development, production and post-operations. Note that these environmental permits are company-specific and are assigned to Golden Anvil only. It will be necessary for Gainey (or its Mexican subsidiary) to re-apply.

To the extent known, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

The author is unaware of any environmental liabilities within the boundaries of the property. Permits are not needed for early stage exploration such as the exploration that Sierra Madre has undertaken within the Colomo South property.

Minera Buena Fortuna directly or indirectly owns a 100% interest in the El Colomo Mineral Concessions, plus hard assets including the pilot plant and all stationary and mobile equipment.

Mexican Mine Law grants the rights to the concession owner for control of all the area within the concession. Note that, if there is no mining work on surface, the Mexican Agricultural Law grants the surface rights to the Ejidos or small "private owners". Permits are not needed for early stage exploration such as the exploration that Golden Anvil is undertaking within the El Colomo property.

San Andres Milpillias is an Indian community located on land owned by the Mexican Government. No individual can own that land. However, the Mexican Government grants the right for both activities to co-exist in the same area. The entire El Colomo Property is located on the San Andres Milpillias agrarian community land and as such, the owner of the mineral concessions must be a Mexican citizen or a Mexican corporation. Note that, if there is no mining work on surface, the Mexican Agricultural Law grants the surface rights to the Ejidos or small "private owners". Permits are not needed for early stage exploration such as the exploration that Gainey is undertaking within the El Colomo property.

Taxes on the holding of mineral concessions are required to be paid twice per year. There are no Net Smelter Returns or Royalty rights on production.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Nayarit is considered one of the poorest and least developed states in Mexico. The leading industries are agriculture and livestock, which comprise some 20% of the economy. Tobacco and sugarcane are the primary export crops. Fruit crops include avocado, mango, papaya, coconuts and bananas. Other crops grown include corn, beans, peanuts and agave. Livestock is raised for local consumption and export includes cattle, sheep, pigs and chickens. The fishing industry produces tuna, snapper, oysters and shrimp. . The minerals industry presently accounts for just 1% of the state economy, with production of gold, silver and lead. However, Nayarit has recently become the focus of several mining ventures from both exploration and production points-of-view. Canadian-based companies presently conducting exploration or production include (but are not limited to) Silvermac Resources (SMR), Almaden Minerals (AMM), Rochester Resources (RCT), Propero Silver (PSL) and Sierra Madre Developments, Inc. In addition, production and/or exploration are being conducted by several American and Mexico-based consortiums.

The location of the property is depicted in Figures 1 and 2. Recent infrastructure improvements including upgrading of the access road and construction of a power transmission line by the State of Nayarit have significantly improved the project's logistics. Access to the property from the City of Mazatlan (in Sinaloa) is by paved Highway #15, SE along the coastal plain to Acaponeta (in the state of Nayarit), and a distance of approximately 130 km (80 miles). Then, about 17 km (11 mi.) to Huajicori, then NNE to Minera Buena Fortuna's beneficiation (pilot) plant (2.0 km), and finally, by 4-wheel drive vehicle to the mine-site, for approximately 63 km (39 mi.) along a winding, one-lane gravel road which passes through the small native villages of Los Picachos and San Andres Milpillias on route to the property.

Travel time (by road) from Mazatlan to the pilot-plant-site is in the range of 90 minutes, and to the mine-site, an additional three hours (Note that the road between the mill and mine is presently under major upgrading so it may be expected that with time, the travel-time may be reduced substantially). While the minesite is located at an elevation in the range of 1,000 m (3,300 ft.) above sea level, the access road reaches elevations in excess of 2,000 m (6,600 ft.).



Figure 4 Photo of El Colomo Property Topography - View from Las Minitas Showing looking toward the El Colomo Camp

The climate of the region is arid to semi-arid, typical of the Sierra Madre Occidental. Exploration work can be carried out on a year round basis however there is a rainy season that extends from July to October. The climatological data for the nearest (80 km. SE) weather station (Huajicori) is shown below in Table 6. The majority of the precipitation occurs between the months of July and September.

Climate data for Huajicori													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Average high °C (°F)	31.5 (88.7)	32.3 (90.1)	34.0 (93.2)	35.4 (95.7)	36.9 (98.4)	36.9 (98.4)	35.5 (95.9)	34.7 (94.5)	34.6 (94.3)	34.6 (94.3)	33.4 (92.1)	31.9 (89.4)	34.31 (93.75)
Average low °C (°F)	14.0 (57.2)	14 (57)	15.2 (59.4)	16.3 (61.3)	19.2 (66.6)	22.5 (72.5)	22 (72)	22.1 (71.8)	22.3 (72.1)	21 (70)	17.5 (63.5)	14.9 (58.8)	18.44 (65.18)
<u>Precipitation</u> mm (inches)	23 (0.9)	10 (0.4)	3 (0.1)	3 (0.1)	5 (0.2)	107 (4.2)	343 (13.5)	399 (15.7)	348 (13.7)	81 (3.2)	25 (1)	20 (0.8)	1,367 (53.8)

Source: Weatherbase [\[1\]](#)

Table 7 Climatological Information for Huajicori, Nayarit, Mexico (Source, Weatherbase)

The project area (fig. 1) lies within the Sierra Madre Occidental and the physiography of the property is moderate to rugged. In general, most of the project area is covered by overburden and vegetation. Only the highest parts of local ridges

and steeply incised creeks expose local bedrock formations. Elevations on the property range from 900 metres to 1,550 metres.

Much of the uplands are covered by a layer of volcanic ash, which turns to slippery mud and seriously hampers transport during the rainy season. Consequently, Golden Anvil opted to suspend work at the mine and plant sites during the rainy season.

As this is an early stage exploration project, the Gainey has yet to determine if there is a sufficiency of surface rights for mining operations, areas for tailings storage areas, waste disposal areas, plant site and heap leach pad areas. Surface rights in Mexico are either owned by individuals (typically farmers or ranchers) or by an Ejido, which is an agrarian community.

A high tension power line (Fig. 4) runs through the center of the property and it appears that there is fresh water year round. Laborers for field work such as trenching, sampling and drilling can be found from local communities. Should a large scale operation or even a mining operation need to be staffed, there are several larger communities within several hours drive of the project area – such as the town of Acaponeta.

While the general slopes of the hillsides are considered fairly rugged, a visual inspection (*Fig. 4*) and the topographical map suggest that there are areas (generally within 500 m) of each of the three principle deposits suitable for the deposition of very significant volumes of mine waste. There appear to be larger areas on gently sloping hilltops for the installation of possible leach pads. However, none of these possibilities have yet been investigated by an on-site inspection since specific sites will be assessed once a mineral resource has been defined.

6 HISTORY

Although the El Colomo area of Nayarit encompasses many epithermal precious metals deposits, none appear to have been exploited prior to the 20th Century. Mineral exploration and exploitation have increased with increasing intensity since precious metals prices began to rise in the early 1970's. Indications are that intermittent small-scale mining operations by prospectors (gambusinos) may have commenced on veins within the property limits as early as the 1940's. Several private mining companies (as well as the Mineral Resources Board), apparently conducted exploration activities between 1960 and 1980 and it is believed that the two short adits on La Nueva Victoria were driven during that period. However, the results of those activities are not readily available.

The Higuera zone has been mined intermittently up to the present by a local gambusino since 1970, although he holds no legal right to the property. The specific tonnage produced, the grade mined, or the precious metals recovery are not known but is considered by the author to be low (i.e. probably less than 1,000 tonnes).

In 1989, Consejo de Recursos Minerales (Mexican Geological Survey) or Servicio Geologico Mexicanos took one channel-sample each from:

- La Nueva Victoria deposit (8 m width @ 6.7 g/t Au, 240 g/t Ag) ,
- Higuera deposit (12 m width @ 5 g/t Au, 300 g/t Ag) and
- El Arrayan deposit (1.4 m width @ 1.46 g/t Au, 51 g/t Ag).

In 1993, Mineral Santa Regina, S.A. de C.V., a contracting firm for ASARCO, drilled a total of sixteen reverse-circulation holes in three areas [El Arrayan (7 holes), La Higuera (1 hole), and La Nueva Victoria (8 holes)]. Fire assays of the drill-hole cuttings were conducted by Skyline Labs, of Tucson. The assay results from these holes are summarized in table 7. Most of the holes returned low precious metal values. Hole #1 at La Nueva Victoria returned several good grade intersections including 6.0m assaying 11.65 g/t gold and 769.17 g/t silver.

T-AH	359	360	361	362	363	364	365	366						
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5	10.5-12.0						
Au, g/ton	1.83	3.35	2.43	2.08	5.84	4.29	3.63	0.34	3.35	10.5				
Ag, g/ton	509.70	674.30	461.40	343.90	564.00	383.20	221.10	31.50	451.09	10.5				
T-L	367	368	369	370	371	372	373	374	375	376	377			
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5	10.5-12.0	12.0-13.5	13.5-15.0	15.0-16.5			
Au, g/ton	1.37	5.61	11.09	11.09	3.70	3.57	4.86	0.52	1.24	1.44				
Ag, g/ton	131.60	221.30	129.30	139.90	189.20	82.40	211.10	63.60	57.00	40.30	29.80			
T-K	397	396	395	394	393	392	448	449						
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5	10.5-12.0						
Au, g/ton	7.77	6.56	2.88	2.74	2.78	2.70	1.09	0.56	3.79	10.5				
Ag, g/ton	571.80	235.00	100.80	132.50	165.70	133.30	65.10	64.50	200.60	10.5				
T-J	378	379	380	381	382	383	384	385	386	387	388	389	390	391
meters	-4.5	-3	-1.5	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5	10.5-12.0	12.0-13.5	13.5-15.0	15.0-16.5
Au, g/ton	0.65	3.49	1.50	3.95	8.28	1.27	1.64	0.76	6.14	1.88	1.52	3.56	6.14	0.41
Ag, g/ton	21.20	38.90	44.10	191.00	198.00	26.00	52.60	61.20	115.40	70.40	59.10	118.40	100.00	10.50
T-I Upper	426	427	428	429	430	431	432	433	434					
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5	10.5-12.0	12.0-13.5					
Au, g/ton	0.54	0.40	0.78	0.97	1.40	8.39	0.15	0.26	0.34	2.89	6.0			
Ag, g/ton	26.30	24.40	27.50	21.10	52.30	335.50	20.70	11.10	9.80	109.10	6.0			
T-I Lower	425	424	423	422	421	420	419							
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	9.0-10.5							
Au, g/ton	0.51	0.13	0.19	1.30	0.21	0.04	0.14	0.54	4.5					
Ag, g/ton	5.50	9.20	23.20	35.60	10.50	4.30	11.80	22.67	4.5					
T-H	438	437	436	435										
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0										
Au, g/ton	0.19	0.69	0.64	0.97										
Ag, g/ton	10.50	61.30	43.70	38.30										
T-G	442	441	440	439										
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0										
Au, g/ton	1.19	1.43	3.25	2.00										
Ag, g/ton	165.10	156.40	294.80	180.20										
T-F	447	446	445	444	443									
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5									
Au, g/ton	0.90	1.31	1.02	9.94	0.63									
Ag, g/ton	57.30	104.60	88.60	286.90	72.70									
T-E	454	453	452	451										
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0										
Au, g/ton	1.25	3.07	8.35	2.32										
Ag, g/ton	121.30	167.40	934.70	210.90										
T-Z	415	414	413	412	411	410	415/419	414/417	413	412	411			
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5			
Au, g/ton	1.77	1.72	3.72	2.47	1.07	0.89	7.25	4.74	3.72	2.47	1.07			
Ag, g/ton	174.60	121.50	260.00	356.30	90.50	54.10	410.20	253.90	260.00	356.30	90.50			
T-D	418	417												
meters	0.0-1.5	1.5-3.0												
Au, g/ton	12.72	7.76												
Ag, g/ton	645.80	386.30												
The Assays T-D were taken at 0-1.5m and at 1.5-3.0 m East of the Hanging contact of the Wall The Assays were made in a connected curve with the corresponding assay taken along the parallel intercepted by T-Z & T-C														
T-C	409	408	407	406	405	404	408/418	407/417	406	405	404			
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5	7.5-9.0			
Au, g/ton	0.89	0.83	2.78	0.83	2.89	1.09	6.68	5.27	0.83	2.89	1.09			
Ag, g/ton	137.90	182.90	260.20	97.50	267.40	119.30	414.35	323.25	97.50	267.40	119.30			
T-B	355	356	357	358										
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0										
Au, g/ton	6.90	6.02	5.40	1.13										
Ag, g/ton	370.20	460.60	436.00	90.70										
T-A	351	352	353	354										
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0										
Au, g/ton	9.31	7.14	8.08	3.58										
Ag, g/ton	711.20	892.40	1,004.70	234.10										
C-1	c1a	c1b	c1c	c1d	c1e	c1f								
meters	40.5-48.0	48.0-49.5	49.5-51.0	51.0-52.5	52.5-54.0	54.0-55.5								
Au, g/ton	19.50	7.60	2.10	20.00	19.00	2.30								
Ag, g/ton	915.00	470.00	110.00	1,450.00	1,550.00	120.00								
C-3	c3a	c3b	c3c	c3d										
meters	34.5-36.0	36.0-37.5	37.5-39.0	39.0-40.5										
Au, g/ton	0.35	0.30	0.20	7.30										
Ag, g/ton	18.00	16.00	9.00	50.00										
C-2	c2a	c2b	c2c	c2d	c2e									
meters	0.0-1.5	1.5-3.0	3.0-4.5	4.5-6.0	6.0-7.5									
Au, g/ton	1.00	5.40	0.50	0.35	0.50									
Ag, g/ton	10.00	155.00	32.00	12.00	48.00									

A soil geochemical recognition program was conducted in 1995/96 by ASARCO over an area of 527 hectares. A total of 104 soil samples were collected. They encountered strong gold/silver anomalies over the Higuera zone and along strike to the south. The initial sample grid covered by the area was approximately 2,300 sq. meters. The results appear to have been followed up in 1996 by closer-spaced sampling in what seemed to be an anomalous area. This was reported by Ing. Jose Bravo Nieto (1997). This survey outlined a gold anomaly (>3 ppb) over the Higuera zone and an ESE on-strike extension measuring some 700 m by 150 m (and open to the ESE) (Fig 9). In 2000, Golden Anvil obtained ownership of its first concession at El Colomo and has progressively increased its land position until the La Chata concession was granted to Mr. Rincon-Valdez (CEO of Golden Anvil) in 2012.

In 2000, fifteen historic cross-trenches (at approximately 10-m intervals) were excavated and sampled on behalf of Golden Anvil (Holladay 2000), over La Nueva Victoria deposit. The trench locations are depicted on Fig. 9 and the analytical results are summarized on Table 7.

Table 8 Summary of Assay Results from Drilling (Ash, 2012) ASARCO Drilling and Golden Anvil 2000

These were discontinuously chip sampled at 1.5 m spacing and the samples sent to Acme Labs in Vancouver for gold and silver assays. All trenches were laid out so that each trench crossed the mineralized structure as close to perpendicular as possible hard rock was found to exist at approximately 0.8 to 1.5 m below surface. After cleaning out the trench with broom and shovel, the geologists completed the sampling. Sampling of the first and last trench in the series included the footwall and hangingwall. The technique showed that the bulk of the mineralization is contained within a coarse-grained lithic lapilli tuff.

In total, 104 samples were taken and submitted to Acme Labs for assay. All samples weighed approximately 2.5 kg. Sample chips were collected along the bottom portion of the wall of each trench. Chips were taken consecutively on an average of every 10 cm throughout the 1.5 m sample. Chip samples were generally thumb-size to less than 1/3 fist size. Each

sample bag contained between 20 and 25 sample chips. Loose dirt and organic material were not included. Colors ranged from whitish samples taken from the overlying and underlying fine-grained ash tuffs, to dark reddish brown samples taken from the mineralized coarse grained lithic tuff. The chip sample assay results varied from 4.5m @ 0.54 g/t Au and 22.67 g/t Ag in trench T4 to 6.0m @ 7.03 g/t Au and 710.60 g/t Ag in trench T-A.

The trenches were sufficiently close to one another to confirm continuity, along strike but no drilling was conducted to substantiate the down-dip continuity projections that were made. The assessment was not conducted in accordance with Sections 1.2 and 1.3 of the Instrument. Therefore, the property is deemed to have no established mineral resource at this time. However, based on the tonnage and grade estimate in the Holladay Report, Golden Anvil proceeded to install a permanent camp adjacent to La Nueva Victoria deposit in 2001/02.

In addition, three rock chip samples from RC drill hole # C2 were re-assayed for gold and silver by Acme Labs in Vancouver. They returned gold values of 15.4, 17.6 and 27.4 g/t respectively. The percentage difference in the gold assays of the Acme assays with respect to the ASARCO assays were -21%, -12% and +30%. Re-assays of samples C2d and C2e were rechecked as well. Sample C2e returned a value of 25.9% higher (from 1550 to 2093 g/t). Sample C2d returned a value of 1,327 g/t (8.5% less than the ASARCO sample of 1450 g/t).

The author has summarized the assay data in *Table 7*. In the report written by Robert (Bob) Holladay (2002), the "Sample Integrity and Representivity" was described in professional detail. However, no mention was made in the report as to the precautions taken to protect the security of the samples between the trench and Acme Labs. Therefore, some risk remains in the assessment.

Sampling of the trench cross-cutting through the Higuera zone was conducted by Mr. Juan Carlos Davila in March, 2011. This yielded two vein intercepts, over the fault width of approximately 10 m. The first measured 2.40 m assaying 11 g/t Au and 570.5 g/t Ag and the second assayed 4 g/t Au and 45.5 g/t Ag over a width of 2.75 m. These are discussed in more detail in Section 9.

A Metallurgical/Petrographic study (Valdivieso, 2002) conducted on La Nueva Victoria mineralization by Instituto de Metalurgia was performed in 2002.

Between 2002 and April, 2007, mining and milling equipment were purchased, the ground was prepared, and the process plant, a tailings pond and water pond were installed. Open pit mining commenced in May, 2007. The gravity/flotation mill, with a nominal capacity in the range of 300 tonnes per day, was installed adjacent to La Nueva Victoria deposit. Mr. Rincon-Valdes (CEO – Golden Anvil) estimated that some 6,000 tonnes of mineral from La Nueva Victoria were mined and milled between 2007 and 2009. Reliable records are not available for the operation of the process plant. Ash (2011) viewed the tailings pond but, in the absence of drill information indicating the depth of tailings, the tonnage processed could not be established. Ash (2011) viewed gravity and flotation concentrates and inspected assays (taken by the purchaser) on 21 tonnes of concentrate purchased in 2010.

Can Cal (Press Release) dated December 9, 2003) did trench sampling across the Nueva Victoria mineralized zone at three locations. These returned grades ranging from 0.41 to 6.77 g/t gold and from 40.3 to 191.5 g/t silver across widths of between 8 and 11 meters.

Between April of 2007 and February of 2010, Minera Sierra Madre Exploracion SA de CV and Sierra Madre Developments Inc. funded an initial program of due diligence and exploration work on the Colomo South Property. The objectives of the program were to confirm that the mineralization identified by Asarco is consistent with a low sulphidation epithermal exploration model and to identify priority target areas for follow-up exploration. The exploration work that was carried out consisted of satellite imaging (ASTER), digital topographic mapping, structural mapping based on elevation models, a reconnaissance stream sediment sampling and prospecting program in the central and north central parts of the property and verification sampling at the Nueva Victoria Prospect to verify the mineralization reported by Can Cal in 2003. Verification sampling (Foreman, 2010) across a ten metre wide section of exposed mineralized breccia zone within the Nueva Victoria Prospect (consisting of five continuous, 2 metre long channel samples across the mineralized zone) returned a weighted average grade of 3.71 g/t gold and 94 g/t silver. Several specimens of the mineralization were submitted for petrographic analysis by an independent consulting firm, Vancouver Petrographics, of Vancouver.

In 2010, the mill was dismantled, hauled to the vicinity of the town of Huajicori, some 63 km by road from the mine, and re-erected as a pilot plant. Although the mineral brought to the pilot plant requires a long truck-haul, Golden Anvil considered that the extra haul cost will be offset by the mitigating circumstances (available grid electrical power vs. diesel-generated power, improved labor availability, year-round water supply, and significantly-increased tailings depositional room).

According to Mr. Marco Antonio Rincon-Valdes (personal communication) one hundred truckloads of mineral had been hauled from the mine-site to the pilot plant in February and March, 2011. In addition to this, a small amount of surface vein mining was being done on the newly stripped southern extension of La Nueva Victoria pit. An excavator cut was made into Higuera zone and samples were taken. The on-site geologist took samples from Las Minitas zone and several truckloads of mineral from this zone were stockpiled on the road which cut La Minitas deposit. When visited by the author in 2012, stockpiling of hand-picked mineral was being conducted at the Nueva Victoria and Las Minitas deposits.

Pilot plant production commenced April 4, 2011 and continued until June 25, 2011. According to documentation submitted to the author by Mr. Marco Antonio Rincon-Valdes, 4,276 tonnes were processed, yielding 61.3 dry tonnes of concentrate averaging 60.82 g/t Au and 2,874 g/t Ag. This was sold to Canana de Oro at a discount of 30% on the average gold and silver assay. Percentage recoveries cannot be assessed because the weigh-scales were inoperable during the period and neither the grades of the heads or tails were firmly established.

According to Mr. Marco Antonio Rincon-Valdes (personal communication), Golden relocated and improved the new pilot plant. In April of 2011, and a Metallurgical Engineer, Mario Curiel had just been hired as Mill Manager. An experienced Geologist/Mining Engineer, Juan Carlos Davila-Rivero was employed by Golden Anvil (hired October, 2010) and was supervising trenching at La Nueva Victoria, Las Minitas and Higuera deposits. All exploration ceased immediately after October, 2011. Juan Carlos Davila's activities between early April and June 25, 2012 were limited to public relations with the Indian Community. Jorge Guillermo Waldemar Morales Gomez, a geochemist was employed as a laboratory supervisor. Since cessation of operations at the mine and pilot plant in late June, 2011, the workmen and staff (other than watchmen), were laid off.

7 Geology

7.1 Regional Geology

The Colomo Property is located near the southern end of the Sierra Madre Occidental ("SMO") where it is overlain by the Trans-Mexican volcanic belt. According to Blair, 2010, the Cenozoic aged igneous rocks in northern Mexico, including the SMO, are generally thought to reflect subduction-related continental arc magmatism that slowly migrated eastward during the early Tertiary and then retreated westward more rapidly, reaching the western margin of the continent by the end of the Oligocene (Sedlock et al., 1993). Regional scale geological maps published by the Consejo de Recursos Minerales (Mexican Geological Survey or Servicio Geologico Mexicanos) show that the El Colomo District is underlain by Cretaceous aged andesites and tuffs (referred to as the Lower Volcanic Sequence or "LVS") and a relatively undeformed sequence of Tertiary aged rhyolites and ignimbrites (referred to as the Upper Volcanic Sequence or Supergroup "UVS") that have been intruded by various felsic intrusive rock units (fig. 7). This assemblage is typical of the Sierra Madre Occidental ("SMO") and extends for over 2,000 kilometers through eastern Sonora State, western Chihuahua State, western Durango State, Sinaloa State and Nayarit State.

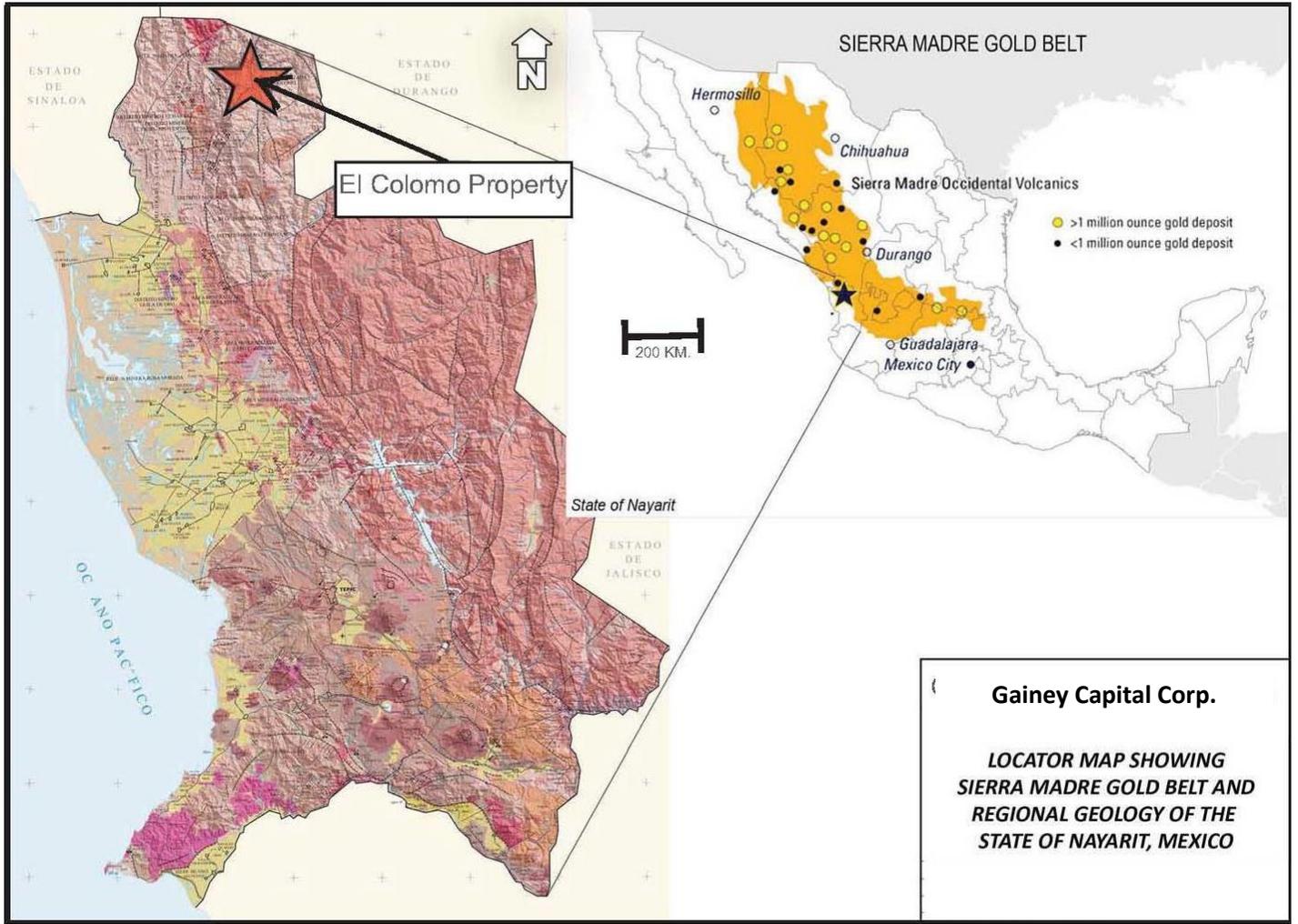


Figure 5 District Geology of Nayarit State

In the central part of the SMO, these volcanic rocks form a one kilometer thick pile. According to Blair et al. (2010), the geology of northern Nayarit State is characterized by Early to Mid-Tertiary volcanic rocks locally cut by shallow, fine-grained to porphyritic intrusive rocks. This assemblage is typical of the SMO. Based on this map and publicly filed documents, the author has extrapolated that gold and silver mineralization documented within the El Colomo Mining District has characteristics that are similar to the models for low sulphidation epithermal mineralization of other epithermal gold and silver prospects and deposits throughout the Sierra Madre District.

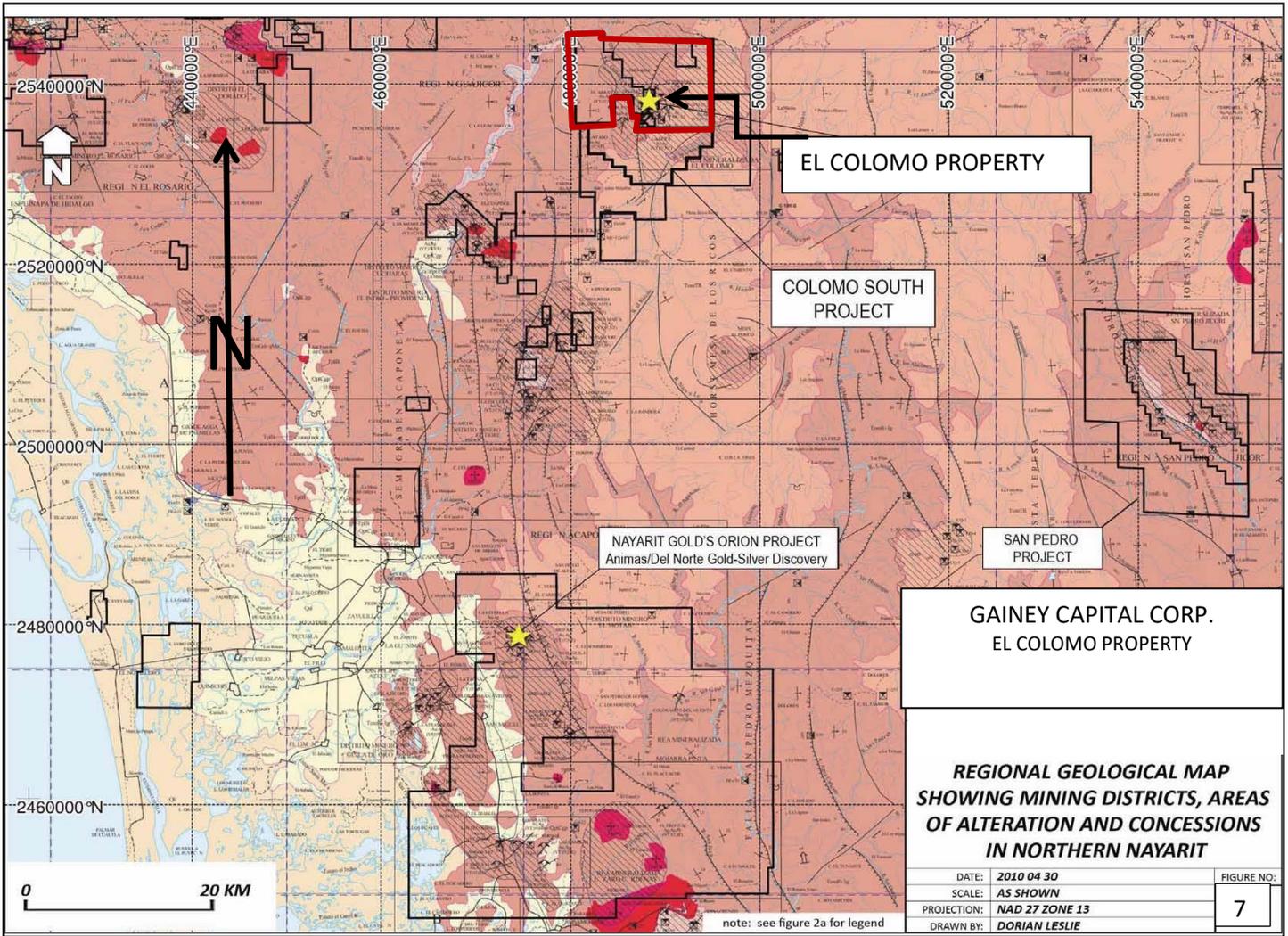
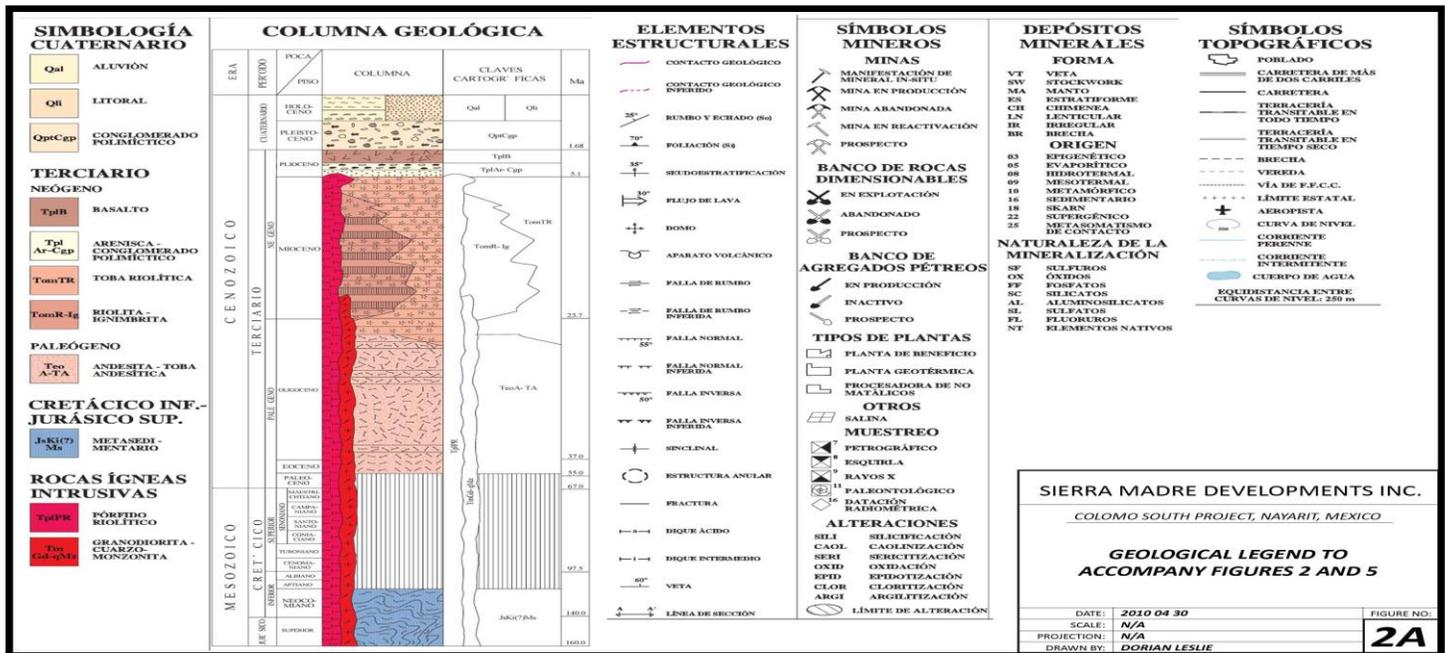


Figure 6 Regional Geological Map of Northern Nayarit State



In Fig. 7 Legend for figures 5 and 6

7.2 Local Geology

The geological setting of the concession area covers the central part of an erosional window which exposes Cretaceous andesite and tuffs (Lower Volcanic Sequence) and a relatively un-deformed sequence of tertiary-aged rhyolite and ignimbrites (Upper Volcanic Sequence) that have been intruded by various felsic intrusive rocks. The area of the main showings exists within an area of Eocene and Oligocene Epoch sequences. The region also contains some Laramide-age intrusive bodies. A major, strong, north-trending normal thrust fault window of Cretaceous volcanic sequences. Regional scale geologic maps published by Consejo de Recursos Minerales According to Blair et al. (2010), the geology of northern Nayarit State is characterized by Early to Mid-Tertiary volcanic rocks locally cut by shallow, fine-grained to porphyritic intrusive rocks. This assemblage is typical of the SMO. Age dates from nearby study areas in Nayarit State (El Indio, El Zopilote, Santa Maria del Oro) suggest that the UVS ignimbrites are younger than those described in Chihuahua and Durango and have ages ranging from 20 – 22 Ma (Camprubi, Ferrari, *et al*, 2003).

Based on this map and publicly filed documents, the authors have extrapolated that gold and silver mineralization documented within the El Colomo Mining District has characteristics that are similar to the exploration models for low sulphidation epithermal mineralization of other epithermal gold and silver prospects and deposits throughout the Sierra Madre District.

7.3 Property Geology

The geological setting of the concession area covers the central part of an erosional window of Cretaceous volcanic sequences. Regional scale geologic maps published by Consejo de Recursos Minerales indicate that the entire district is underlain by Cretaceous andesite and tuffs (Lower Volcanic Sequence) and a relatively un-deformed sequence of tertiary-aged rhyolite and ignimbrites (Upper Volcanic Sequence) that have been intruded by various felsic intrusive rocks. The area of the main showings exists within an area of Eocene and Oligocene Epoch sequences of hydrothermally-altered andesite, intermediate to rhyolitic flows and pyroclastics, and intermediate intrusive dykes. The area also contains some Laramide-age intrusive bodies. A major, strong, north-trending normal thrust fault cuts through the concessions (Fig. 8 & Fig. 9).

Most of the property is underlain by volcanic and subvolcanic rocks. An andesite group in the basal part of the volcanic pile is represented by a sequence of lithic tuffs, agglomerates, locally with thin pseudo-stratification, and fine-grained andesites with moderate to weak magnetism. It is not, however, clear whether this magnetic unit is a late dike or is part of this andesite group, because it is seen only in this andesite complex and not within the upper rhyolitic units. This group outcrops mainly in the southern and east-northeast part of the area. This andesite sequence is locally affected by mineralized quartz structures of less than 30 cm to thin threads, with disseminated pyrite and chloritization. The Andesite around the La Higuera Dome and south of El Guayabo area is more structurally deformed.

Overlying the Andesite, there is a sequence of felsic units consisting of rhyolitic and dacitic lithic tuffs with ash texture in the matrix. In the middle part of the sequence, volcanic flow rock is common while ignimbrites are abundant in the upper part. In some parts, this group presents moderate to strong argillization and oxidation areas. This alteration is more obvious and strong to the southeast part around the El Arrayan structure. The ignimbrites occasionally present weak development of crystalline and white quartz veinlets. To the west of the mapped area there is a unit with vertical to sub-vertical volcanic flows with bands of silica, biotite and quartz eyes, which cut the whole sequence and deposits flows and tufts of the same composition on higher mountains. Small rhyolitic and dacitic domes intrude (contemporaneous) the pumice lithic tuffs between El Arrayan-El Guayabo and La Bufa areas. No significant alteration or mineralization was found within these domes.

The fault structures of the four showings range in width from 6 to 12 m wide, and have steep dips, with the quartz veins following the fault axes in strike and dip (Ash, 2012). All mineralized occurrences contained more than one vein within each fault zone, with the veins being separated by kaolinised breccia and/or pulverized rocks. The veins consist of chalcidonic quartz with minor disseminated sulfides and enclosing breccia fragments. Some of the fragments are themselves mineralized although the majority are not. The author noted that pervasive silicification and kaolinization envelopes the fault structures for 2 to 5 meters. A grab sample of this material at the La Nueva Victoria prospect contained visible fine grained enargite and assayed 2.052 g/t Au and 248 g/t Ag. A discontinuous chip sample returned 1.156 g/t Au and 58 g /t Ag.

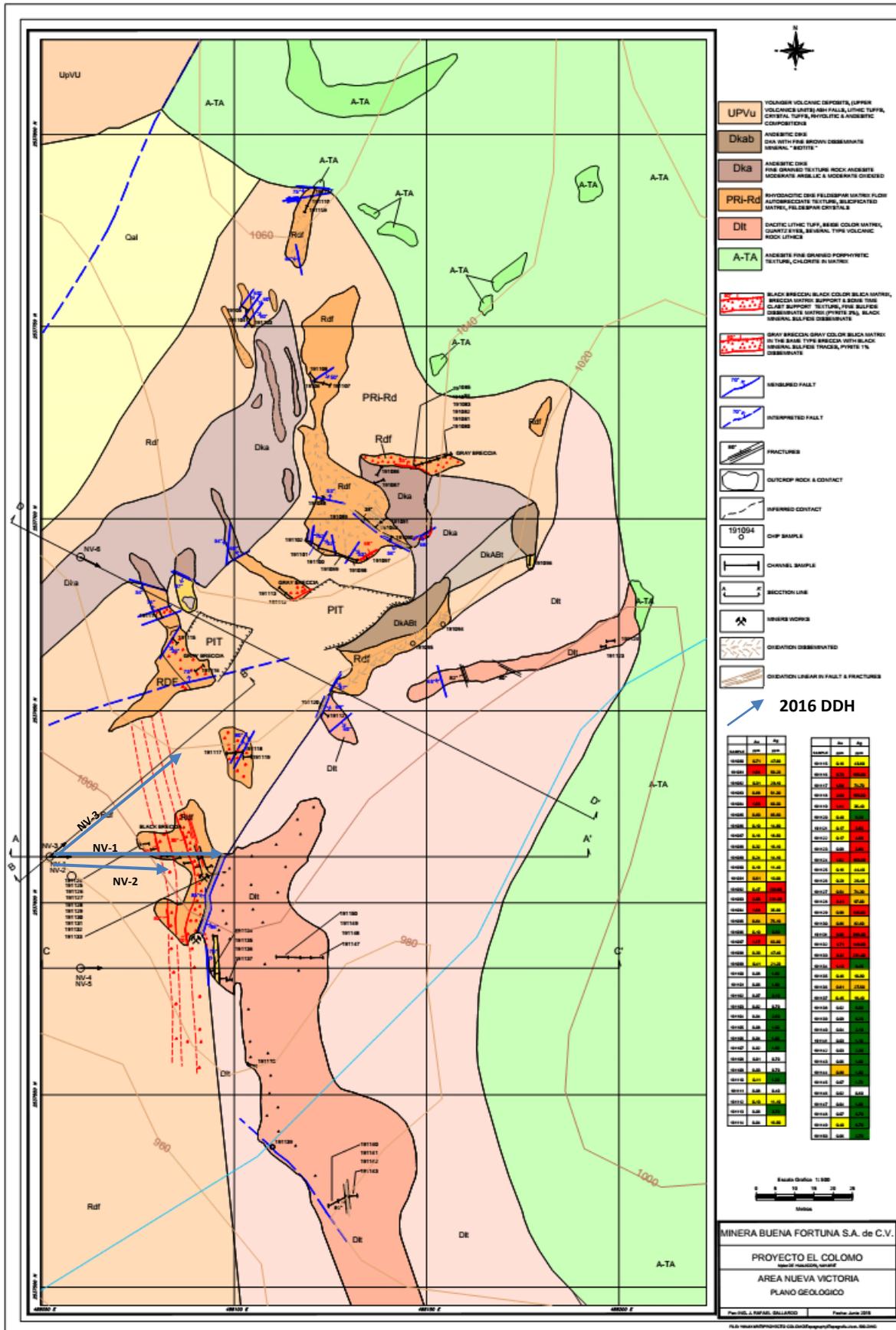


Figure 9 Detailed Geology of the Nueva Victoria Zone

Six known mineralized zones are exposed in the Golden Corridor, and it appears to be open along strike.

7.4 La Higuera:

La Higuera consists of a stock or dome of rhyolitic-rhyodacite composition with porphyritic texture, feldspar and plagioclase phenocrysts, and quartz eyes. The stock has a lenticular form – it is 750 meters long and is 250 meters thick in the center. According to old boreholes performed at La Higuera, the stock becomes narrower at depth and dips to the southwest. Fault structures with silicification and breccia filling of gray quartz hosts silver sulphides, pyrite. The structural control in this area is N30°W, on average, showing dips from 65 to 80° to NE, and there are other structures with the same strike but with 75 to 80° SW dips. There are many small mining works in the area, some of these are old and others are new. These were excavated by small-scale skilled miners and, according to them, these mining works have high grades of electrum type gold.

7.5 La Nueva Victoria:

The majority of the exploration, development and mining have been conducted on La Nueva Victoria deposit (Fig. 8 and 9). Payne, (2009) reports that the siliceous veins appear to bear the majority of the gold and silver. The gold occurred in the native form and in electrum. The silver occurred in the native form, in electrum, and as Acanthite (Ag_2S) in the electrum.



Figure 10 Black Siliceous Breccia from La Neuava Victoria

The fault zones are oxidized at surface but the depth of oxidation is not known. (Payne, 2009) reports that the original silica flooding was white or light tan in color, and was barren. This was followed by a period of further fault movement in which the pale quartz tended to be shattered. The next phase of mineralization appears to have consisted of darker quartz, and included minor disseminations of very fine pyrite and other sulphides. In general, the precious metals content tends to increase as the vein-colour darkens and with an increase in pyrite content. The author observed a wide zone of silicification, brecciation, kaolinitization and weak pyritization (fig. 10 and 11) in the coarse pyroclastics of the footwall. A grab sample of this material, collected by the author, assayed 2.05 g/t gold and 248 g/t silver. The deposit is broken into several segments. The northernmost segment can be followed on surface for some 75 m and consists of two veins which unite at the northernmost end. Both of these veins dip westerly at about 70°, but are cut off by a fault which strikes approximately 290° Az. and dips shallowly to the north. It occurs along a strong, regional fault zone striking NNE (about 250 Azimuth), and dips steeply to the west, but is displaced, offset and fragmented into at least five segments. According to the report Pompeyo Valles Mendoza (2009), the zone has been traced for some 330 meters in length. Based upon the trench sampling conducted by Asarco in 2000, the fault zone appears to have an average width in the range of nine meters. South of this fault, a wide, mineralized segments plays off the general northerly trend of the structure, with a strike of about 50° Az. It dips from north-westerly from 69° to 76°. It has been traced for some 80 m and is lens shaped, varying from about 12 m in the widest (central) section, but pinching out at either end. This segment has been partially mined by open pit methods. The best grade mineralization is hosted by a black siliceous breccia (fig.8) with approximately 5% pyrite and silver sulphides. It is commonly associated with a rhyolitic dyke with rare brecciated porphyry texture, beige in color; with potassium feldspar in the matrix and quartz eyes. In the southern part of Nueva Victoria, the structure and breccia is regularly observed along some 80 meters, with N22°W strike and a 70° dip to the SW. It is apparently interrupted to the south by a fault that cuts it diagonally, and in the middle is cut by some normal listric faults, displacing the body in small blocks. The mineralized structure is truncated in the east and north by faults placing it in contact with andesites and to the east in contact with the upper volcanic unit. (fig. 9). This rhyolitic body is considered as a finger or small stock of the La Higuera dome or it can be an older dyke, cut and displaced by faults. However, the geochemistry of the breccias is similar and the structural control is more or less parallel.

The mineralized zone has been was stripped and partially mined. It is also lens-like, and could, at that time, be traced downhill for some 80 m. It follows the general strike trend of the deposit (striking approximately 10° Az.) and dipping about 75° to the west. Down-hill to the south, the area was covered by overburden but in 2011 was stripped for an additional 50 m down-hill, exposing veins in the fault zone. A geochemical program (silt, soil, rock and chip) was conducted



Figure 11 Excavated Vein at La Nueva Victoria

Open Pit Showing Mineralized and Altered Andesite Overlain by barren Andesite Flows

by Gainey during 2015 and 2016. This was accompanied by detailed geological mapping. These programs have been carried out by Minera Cascabel SA de CV of Hermosillo, Mexico, an exploration consulting group that is considered leaders in precious metals exploration throughout Mexico. Minera Cascabel's Senior Geologist, Rafael Gallardo, led the aforementioned programs and came up with some significant findings.

A vein located at creek level and corresponding to the projection of the zone has a width of 2.0 m. Based on this, it can be deduced that the deposit may have a horizontal length of 330 meters. From the topographic map supplied by McElhanney (2010) the potential vertical range is at least 80 meters. It follows the general striking approximately 10° Az.) and dipping about 75° to the west. Down-hill to the south constitutes the southern extension, and was covered by overburden during the Ash (2010) initial inspection.

However, in February and March, 2011, this section was stripped and excavated down to a depth of approximately 2 m, with the mineralized material being shipped to the pilot plant, thus confirming Mendoza's hypothesis. At the time of the author's visit, gambusinos were cobbing mineralized fist-size pieces from the cut, the trench base and stockpiling it for shipment. In 1993, eight RC hand-cobbing mineralized fist-size pieces from the cut, the trench base and stockpiling it for shipment. In 1993, eight RC holes (aggregate length 1,013 m) were drilled into this deposit by Minera Santa Regina, S.A. de C.V. (the contractor for ASARCO).

7.6 El Arrayan-Las Minitas:

El Arrayan-Las Minitas consists of a breccia structure of gray to dark gray quartz and occasionally black, with 5% pyrite in some areas and silver sulphides scattered in the quartz. It is interpreted as a fault reactivation zone associated with a beige rhyolitic–rhyodacite dike with weak to moderate silicification and brecciation towards the contacts. The vein outcrops along 1200 meters and varies in thickness from 30 cm up to 4 meters with stockwork development. It is localized within a fault which transects a rhyolitic lithic tuff unit. In the SW part, the country rock displays a strong argillization and moderate oxidation, mainly near the top of the structure. To the north, within the Las Minitas area, the vein is lost, possibly due to a fault. In its central part the vein takes an inflexion to a N10°E strike with NW dip, and later returns to its N35°W strike. In this bend, which is about 200 meters long, the structure forms an arch and generates a fracture zone, which is then filled by quartz, forming in the lower and upper part a stockwork development with a width about 30 m around the structure. To the south, the structure no longer outcrops, only small boulders are observed near the last samples. Apparently it thins inside the andesite or it is cut by an inferred fault that places andesites in contact with the rhyolitic units.

7.7 La Bufa-El Guayabo.

La Bufa-El Guayabo is located in the SW corner of the mapped area (fig. 9). La Bufa is a structure with stockwork development which strikes N20°W and dips 80° to the SW, with gray quartz, disseminated oxidized pyrite and traces of black mineral, possibly silver sulphide. The structure sub-outcrops along 150 meters with an approximate width of 1 meter and a halo of weak veinlets in the lower part. Additionally, the structure is cut in the north side by a regional fault and it is apparently thins to the south, showing only weak veinlets hosted in the pumice lithic tuff.

The El Guayabo structure outcrops along 150 meters. It consists of a 50 cm wide structure enveloped by silicification of the pumice lithic tuff. The structure shows strong to moderate gray quartz veinlets, disseminated oxidized pyrite, intense red hematite, possible chalcopryrite, possible silver sulphides, 1% pyrite, traces of chalcopryrite, and traces of malachite, with a N08°E structural control and 75°NW dip. The structure is terminated to the north by a felsic dike possibly originating from a post-mineral dome. To the South, it is characterized by thin I weak quartz veinlets within the agglomerate unit of andesite composition.

7.8 El Penon:

This prospect is located between the El Arrayan and El Guayabo zones. According to Consejo de Recursos Minerales, it apparently has a width of 1.2 meters, strikes almost due north, dips steeply to the east, and has been traced for a distance of some 300 meters. A sample reported by that agency assayed 18.1 g/t Au and 306 g/t Ag. Other than that, no data is presently available regarding this deposit.

7.9 Other Deposits:

Other deposits, noted by the Consejo de Recursos Minerales (CRM), are located within the Nayarit section of the El Colomo Concession, of which no data is readily available but include Cascada de Oro, El Encino, La Prieta, La Cienega, El Colomo, Patanitos, El Currizo and El Pinon. Three deposits plotted within the Durango Section (but not described by the CRM) include the San Gabriel, La Concha, and El Columpio. Mr. Rincon-Valdes (personal communication) has suggested that only 3% of the property has been prospected in more than just cursory detail.

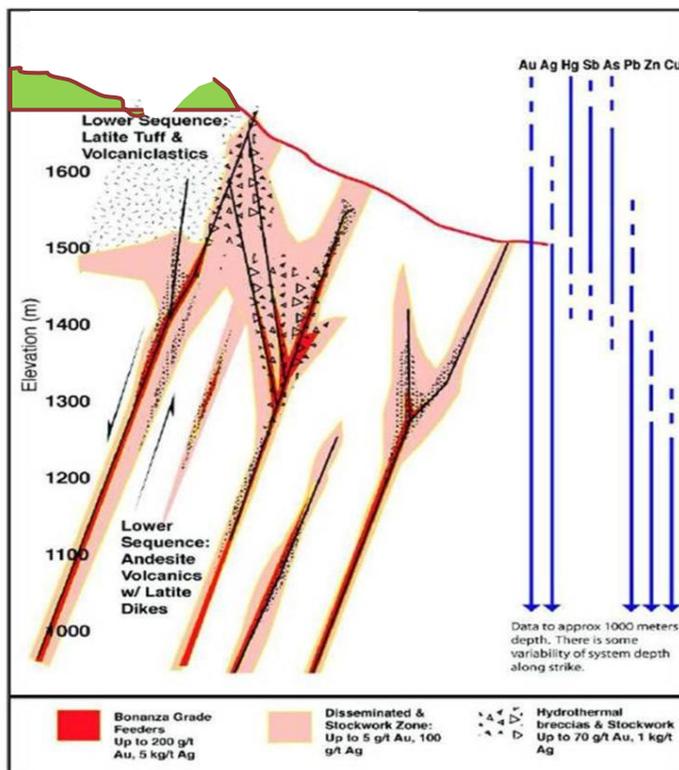
8 Deposit Type

Low Sulphidation Gold and Silver Deposits

The petrographic study carried out by Payne (2009), showed that the samples collected from the Nueva Victoria Prospect are from a low sulphidation, epithermal hydrothermal breccia system in a felsic volcanic center dominated by rhyolite.

In general, the gold and silver mineralization observed by the author on the El Colomo Property has characteristics that are similar to the exploration models for low sulphidation epithermal mineralization of prospects and deposits throughout the Sierra Madre Occidental. This group of precious metal deposits is one of the world's major sources of gold and silver. In the El Colomo area, the mineralized deposits are commonly associated within north-trending faults. From the CRM paper, it appears that the majority of the vein deposits located to-date follows either northerly-trending or easterly-trending faults.

The epithermal veins, stockworks and breccias observed at these types of occurrences were formed during multiple hydrothermal episodes. The principal geologic controls on low sulphidation type mineralization are dilatant structural flexures, shear zones, hydrothermal breccias zones and favorable host rocks. The highest-grade gold and silver mineralization in these types of occurrences is generally localized within a 200 to 400 m vertical range. This favorable horizon is interpreted to be a zone of fluid mixing which was probably principal mechanism of metals deposition. The majority of the epithermal deposits in Mexico exhibits a polyphase and multi-episodic character, and is the product of several phases or stages of vein formation, not all of which are associated with silver-gold mineralization.



The most common characteristics observed within low sulphidation/intermediate sulphidation models include:

- Sub vertical quartz and chalcedony veins and stockwork and breccia development within extensive zones of hydrothermal alteration;
- Veins display banded coliform textures alternating between chalcedonic quartz and crystalline quartz and multi-episodic brecciation;
- Clay alteration is developed for several meters to a few tens of meters away from the vein margins; and Propylitic alteration is present throughout the district as weakly disseminated pyrite in the andesitic rocks and local chloritization.

The brecciation and replacement contains several stages with, in general, earlier replacement being of cherty silica and later replacement of coarser grained quartz. Early replacement contains minor disseminated pyrite. Later replacement and veins contain more abundant pyrite, disseminated argentite and minor chalcopryite

Figure 12 Schematic Drawing Showing Features of Typical Sierra Nevada Epithermal Gold/Silver Deposit

9 Exploration by Gainey Capital Corp.

A geochemical program (silt, soil, rock and chip) was carried out by Gainey during 2015 and 2016. This was accompanied by detailed geological-structural mapping carried out over the La Higuera, La Nueva Victoria, El Arrayan, La Bufa and El Guayabo prospects. A 1:500 scale detailed map of the Nueva Victoria area was completed. During the 1:500 scale mapping, a total of 71 samples were taken, exclusively in the Nueva Victoria area; and during the 1:5000 scale mapping, a total of 190 samples were collected. Channel, chips, boulders, outcrops, alluvial deposits and sub-outcrops were sampled in the alteration zones, old mining works, and mineralized structures.

Width (meters)	Au g/t	Ag g/t
1.00	20.00	895.00
2.00	3.20	147.00
0.50	1.54	491.00
0.40	33.30	1,550.00

These programs have been carried out by Minera Cascabel SA de CV of Hermosillo, Mexico, an exploration consulting group that is considered leaders in precious metals exploration throughout Mexico.

Table 9 Highlighted Assays from Recent Chip Sampling Program

A total of 266 rock samples were collected from the Golden Corridor. The width of these samples varies from 0.15 to 3.0-m wide. The Location and sample numbers of these trenches are shown in figs. 8 and 9. The results are included as Appendix 3.

Minera Cascabel's Senior Geologist, Rafael Gallardo, led the aforementioned programs and concluded that the pervasive veining, argillic and silicic alteration, and size of the intrusive-hosted mineralized area suggests the presence of a strong hydrothermal system with the potential for large volumes of low-grade gold-silver mineralization at shallow depths. He also commented that the field data and geochemical results obtained in this detailed mapping and sampling program suggest that the dikes that host the mineralization at La Nueva Victoria and El Arrayan may be connected at depth with the domes at La Higuera and La Bufa.

10 DRILLING

10.1 Introduction

Starting in June 2016, the Company drilled 3 diamond drill holes on the property at La Nueva Victoria totaling 515.50 meters.

As the mapped mineralized corridors strike N-S, the drill holes were designed to have azimuths perpendicular or as close to perpendicular to the strike as the permitted pad would allow. As this is the first drill program by Gainey at El Colomo, the dip of the main structure is not entirely known but is believed to dip steeply to the west based on mapping and historical work, and thus the intercept is estimated to represent 50-60% of the true width.

The surface topography at the El Colomo Project is rugged and highly variable, and therefore the tracked drill requires platforms to be located on or adjacent to roads. The drill holes were essentially located adjacent to previous mine workings or roads, and required minimal clearing and preparation prior to moving the drill to the location. A plan view of the drill hole locations is shown on Fig. 9.

10.2 Drill Hole Collar and Down-Hole Surveys

Initial drill hole collar locations were surveyed using a hand-held Garmin GPS unit. Drill azimuths (direction) and dips (angle) were set by a hand-help Brunton compass. The location of the collars will be verified using a Total Station GPS at the

conclusion of the first phase of drilling. While drilling, the hole was surveyed every 20 meters from approximately 20 meters depth to the bottom of the hole, using a Devico Survey Instrument.

10.3 Drilling Methodology

Diamond drilling was conducted using HQ equipment. Core recovery was good overall, though could be reduced down to less than 20 percent in zones of intense fracturing or alteration. Overall, the average recovery for the holes was in the high 80 percent to low 90 percent range.

All core was logged in detail on-site for lithology, alteration and structure, with all samples sent to ALS Minerals for analytical analysis. For QA/QC program information and specifics, please refer to section 11, "Sample Preparation, Analysis and Security."

10.4 Interpretation

At Neuva Victoria, 3 holes targeted a mineralized and silicified breccia zone consisting of grey quartz veining and permeable lithic tuff. This zone was successfully encountered in three drill holes, and significant results beginning from near surface include 70.85 meters of 0.65 g/t Au and 35.31 g/t Ag in hole DHEC160001, 72.2 meters of 0.41 g/t Au and 20.21 g/t Ag in hole DHEC160002 and 34.2 meters of 1.19 g/t Au and 86.57 g/t Ag in hole DHEC160003. Figures 13 and 14 show the vertical distribution of the mineralization. It is interesting to note that high lead and zinc values occur beneath the mineralization. The low sulphidation model indicates that these elements are located at the bottom of an epithermal system. The controls on the mineralization are not well understood at La Neuva Victoria and more work is required.

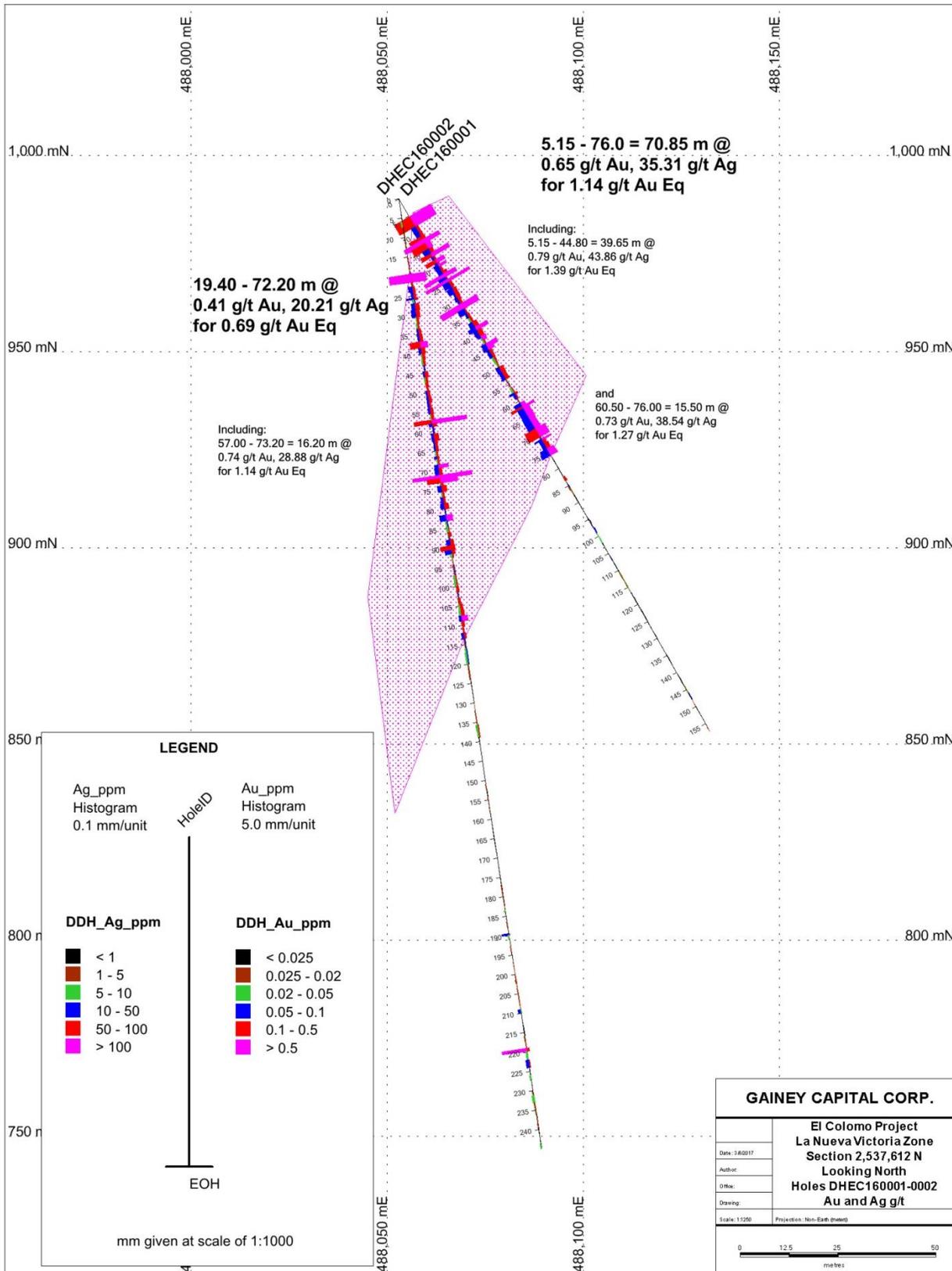


Figure 13. Section 2537612 N Showing Au and Ag g/t values for holes DHEC160001 and -0002

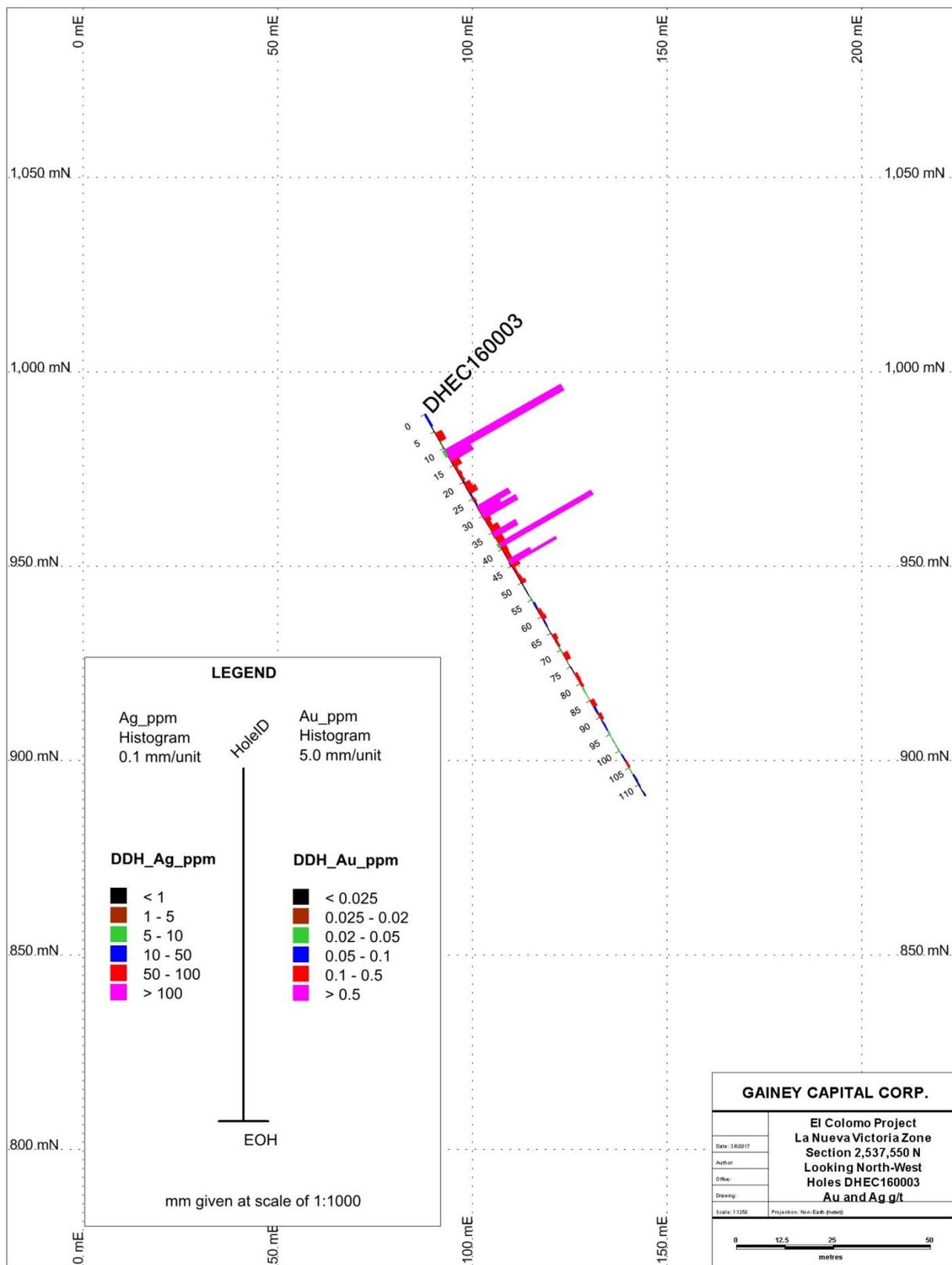


Figure 14. Section 2537550 N Showing Au and Ag g/t values for holes DHEC160003

11 Sample Preparation, Analysis and Security

11.1 Core Sample Preparation

The core samples were logged, and tagged for sampling at the El Colomo camp facility. From there, they were securely transported to the company's processing center outside of Huajicori, Nayarit, where they were split using a manual core splitter. Once a complete drill hole was ready for shipping, they were shipped to the ALS Minerals Prep Lab in Hermosillo, Sonora, Mexico.

11.2 Analytical Procedures

At ALS Minerals, Hermosillo, the samples were crushed to 70% passing 2mm mesh (CRU-31) and a 250 g riffle-split (SPL-31) was pulverized to 85% passing 75 microns (PUL-31). These pulps were then shipped by ALS, Hermosillo to ALS Global, Vancouver for analytical analyses. The analytical procedures are outlined in the table below:

ALS Code	Description	Instrument
ME-ICP61	33 element, four acid ICP-AES	ICP-AES
ME-OG62	Ore Grade Elements - Four Acid	ICP-AES
Au-AA24	Au 50 g Fire Assay, Atomic Absorption finish	AAS
Au-GRA22	Au 50 g Fire Assay, Gravity finish for Over-limits	WST-SIM
Ag-OG62	Ore Grade Ag - Four Acid	Variable

Table 10 Analytical Procedures for ore Analysis at ALS Global, Vancouver

ALS Minerals is an accredited Testing Laboratory and conforms to the requirements ISO/IEC 17025:2005 (CAN-P-4E). It is believed that the security of the samples and shipments were adequate, and the results from the analytical and preparations procedures noted are sufficient in the scope of this technical report.

11.3 Analytical Results

The significant analytical results are summarized in Table 10.

Drill Hole		From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Total Depth (m)
DHEC160001		5.15	76.00	70.85	0.64	35.31	157.20
	including	5.15	44.80	39.65	0.79	43.85	
	including	60.50	76.00	15.50	0.73	38.54	
DHEC160002		19.40	91.60	72.20	0.41	20.20	244.90
	including	57.00	73.20	16.20	0.74	28.80	
DHEC160003		10.50	44.70	34.20	1.26	88.18	113.40
	including	10.50	14.00	3.50	4.32	438.00	
	including	27.10	45.55	17.60	1.29	31.70	

Table 11 Significant Intersections from Recent Drill Holes

11.4 Quality Control and Quality Assurance

All core from the 2016 program was drilled at HQ diameter and is split into equal halves near the site. All samples are assayed using standard 33 element ICP and 50 gram fire assay with atomic absorption finish by ALS in Vancouver, Canada. The quality control measures used for drill core are outlined below:

- 1 core duplicate sample taken every 20 samples in the sample ticket series (5%). This was a 1/4 split of the remaining half core from the previous "parent" sample.

- 1 pulp standard inserted every 20 samples in the sample ticket series (5%). The Company maintained a library of 2 sample standards that were rotated through the series.
- 1 pulp blank material inserted every 20 samples in the sample shipment series (5%).
- 1 preparation duplicate, which consisted of a separate 250 g split taken after the crushing stage, at the ALS Minerals Prep Lab in Hermosillo.

Note that the procedure describing the number of standards, and where they were inserted, varied slightly between holes DHEC160001 and subsequent holes, as detailed below:

- In hole DHEC160001, 1 pulp standard, 1 core duplicate and 1 pulp blank were inserted in series at the end of every 20 samples in the sample ticket series (total 15%).
- In the remainder of the holes, all 4 quality control measures were used, and interspersed with the series of 20 core samples, instead of together at the end of a series of 20.

ALS Global employs standard internal QAQC protocols on all sample shipments, and this protocol must be passed before the analytical results are made available to the Company.

Gainey compiled the drill hole analytical results and reviewed them internally, including a statistical review. The relevant charts and tables are included in Appendix 4.

The review process determined that if any blank or standard sample fell outside of 3 standard deviations of the measured mean, the series including 10 samples before and 10 samples after would be re-analyzed by the lab. These circumstances did not occur, and no re-sampling of the core was required.

No significant data validation issues were noted for the pulp standard, blank and preparation duplicate results from the 3 drill holes. There was a slight discrepancy between 3 of the 17 sets of Field Duplicate samples, where they were in the multi-gram range. However as they were both within a similar range of values, and considering the possible variability produced when splitting broken core with a manual splitter, that the higher value was mixed between the “parent” and “daughter” sample, and the fact that the other QAQC samples in the series were acceptable, allowed the data to be considered valid.

QA/QC programs, using internal standard samples, field and lab duplicates and blanks, indicate good accuracy and precision in a large majority of standards assayed. Therefore, the data verification results are considered valid and acceptable.

12 DATA VERIFICATION

Mr. Dupre has carried out the following data verification procedures to validate information about the property:

- Visited the property on May 10, 2012 and between October 27 and November 13, 2012.
- Reviewed copies of the title opinion as provided by the Vendor
- During the author’s first site visit, he inspected new workings and the stockpile of the southern extension to the Nueva Victoria mineral zone, the open cut at the portal area of the Higuera zone, the face and mineral stockpile of Las Minitas deposit, and the vendor’s metallurgical pilot plant at Huajicori. The author sampled the open-cut face and stockpile. A total of five samples were collected and analyzed at Acme Labs in Vancouver, BC.
- The 3 kilometer – long area between El Arrayan and La Higuera was subjected to reconnaissance – style mapping and prospecting during the author’s second visit. Most of the work was concentrated along the main mineralized trend. Access was mainly by road. A total of 8 representative grab rock samples were collected and assayed. The analytical results and location of these samples are presented in table 8 and shown on figure 9.
- Independently reviewed the geological setting of the property by reference to maps and information on the many mineral occurrences of the property, published by Consejo De Recursos Minerales (Mexican Government), as well as other sources

- Inspected ASARCO and the vendor's reports on samples taken and assayed in the last 20 years.
- Reviewed all of the drill logs, maps, sections and assay results from the recent drill program.

Mr. Wilson has carried out the following data verification procedures to validate information about the property:

Mr. John R. Wilson made personal site visits to the Colomo Property on July 27-29, 2016 and March 13-15, 2017. During these visits, he reviewed the project with the local Mexican staff, visited many old prospects and workings, and field reviewed the overall general geology and more specifically, the El Arrayan, La Higuera, and La Nueva Victoria prospects. During the first visit in 2016, the Colomo field camp was in full operation and a drill rig was on site and drilling on the La Nueva Victoria prospect. During the second visit, the camp was on standby status, and no semi-permanent technical staff or drill machines were on site. Although the camp was not in operation during the second visit, all previously seen infrastructure was still on site and in good repair. Based on these site visits, Mr. Wilson believes that the geology, mineralization, and deposit type as described in this report in Sections 7 (Geology) and 8 (Deposit Type) are fair and accurate.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

(This section is primarily excerpted from Ash (2012).)

A petrographic study by Lopez Valdivieso (2002) was carried out on one sample from the pit and one from an adit driven below the pit. This research suggested that the majority of the gold and silver occurs as particles measuring from 3 to 400 microns in the longest dimension. The gold appears both in the native (yellow) state and in the form of electrum. The same studies show silver appearing in the native form, in electrum, and as acanthite (Ag_2S). However, it is not known as to which material was tested. It was likely the chalcedonic quartz, which would have had different characteristics than the (possible) low grade, crushed and oxidized fault gouge and breccia between the quartz veins.

The petrographic study shows that most of the gold and silver occurs as free minerals. The author's opinion is that this style of mineralization is conducive to gravity and flotation recovery.

A gravity/flotation mill was installed adjacent to the Nueva Victoria open pit in 2007, with a rated capacity in the range of 300 tonnes per day. According to partial information supplied by Mr. Rincon-Valdés, between 2007 and early 2010, Golden Anvil processed in the range of 6,375 tonnes averaging 2.69 g/t Au and 72.09 g/t Ag. They shipped approximately 100 (unsubstantiated) metric tonnes of concentrate to Saturnino Montano, a Penoles intermediary. The exact tonnage or grade processed is not known.

In addition, twenty-one tonnes of concentrate were sold and shipped to Royal Mines & Minerals (RMMC) in Phoenix AZ in late 2009 and early 2010 during a period in which PENOLES was unable to accept concentrate from outside sources. The concentrates were purchased by RMMC, based upon RMMC assays. Ash (2012) viewed the barrels and bags of concentrate at the RMMC plant in Phoenix and the sales receipts for the 21,000 kg of concentrates based upon the RMMC assays (APPENDIX 6).

According to data provided by Mr. Rincon-Valdes, Golden Anvil sold 61.3 tonnes of concentrate from the pilot plant to Canana de Oro in June and July, 2011 averaging 60.82 g/t Au and 2,874 g/t Ag.

Overall, Ash (2012) concluded that the new pilot plant complex appeared to be well-designed and constructed. However, in operation, according to on-site personnel, the weightometer was found to be inaccurate and therefore, the tonnage throughput was based upon the level within the 80 tonne-capacity fine ore bin, a factor which affects the assumed recovery of precious metals as well as the head tonnage. The rated capacity of the 2.13 m x 3.05 m ball mill (7' x 10') and subsequent vibratory mill is 15 tons per hour (360 mt. per 24-hour day). Methods of minerals concentration include gravity (Falcon 750 High-G) and flotation. The new metallurgical complex includes a fire assay lab for analyses, with independent areas for each stage of the testing process. When inspected by the Ash (2012) in April, 2011, the lab still required minor upgrading in its ventilation system and some assay equipment. It was also noted that the existing bead balance measured to the nearest 0.01 microgram, versus a required accuracy 0.001 micrograms.

ICP analyses were conducted at various times on 27 head samples to the process plants from La Nueva Victoria deposit. For brevity, Ash (2012) has tabulated the 14 main elements, which, under certain circumstances, might influence the metallurgical characteristics or disposal of concentrates. Arsenic, the only metal which appears to fall into this category, averaged in the range of 200 ppm but at a concentration ratio of 10:1 would not significantly affect sales of flotation concentrate.

The tonnage and grade of the tailings deposits have not been accurately determined, nor has metallurgical test work been conducted on this. The representivity of the mineral processed cannot be discussed since the method of mining and the amount of waste rock is not known.

Ferdlock (2011) reports that milling, metallurgical and recovery tests were conducted on the property during his visit.

Sample ID	Au (ppm)	Ag (ppm)
GAMM-1 (stockpile)	0.853	13.9
GAMM-2 (ball mill feed)	1.032	31.0
GAMM-3 (cons)	17.418	940.8
GAMM-4 (tails)	0.288	29.0
Recovery %	69.44%	6.5%

Column leach testing was being worked on samples up to 500kg. Initial results indicated 70% recovery for gold in the concentrator and 30% in the cells, silver recovery in the concentrator is about 20% and 80% in the cells. He concluded that the combined recovery is anticipated to be between 80% and 90%. Samples taken from various points in the mill process are shown in Table 8. They generally agree with the above stated results.

Table 12 Sample Analyses at Several Points of the Mill Process

While further metallurgical test work will be necessary, the first and second phases of exploration are for the purpose of substantiating a mineral resource (and possibly a mineral reserve).

Due to the incomplete records that were available, it is not possible to determine the adequacy of the mineral processing and metallurgical testing. In particular the undernoted items cannot be fully endorsed:

- The nature and extent of the testing and analytical procedures and relevant results
- The basis for any assumptions or predictions regarding recovery methods
- To the extent known, the degree to which the test samples are representative of the various types and styles of mineralization and the mineral deposit as a whole; and
- To the extent known, any processing factors or deleterious elements that could have a significant effect on the potential economic extraction.

14 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

The authors concludes that there is insufficient information to carry out a Mineral Resource of Mineral Reserve Estimate on the Colomo Property.

15 ADJACENT PROPERTIES

The South Colomo property held by Sierra Madre Developments, Inc. lies immediately to the south of the El Colomo Property. Several minor gold and silver occurrences are described by the RCM for the South Colomo Property.

16 OTHER RELEVANT DATA AND INFORMATION

Several relevant Issues (excerpted from Ferdlock (2012), are present in point form below:

- Labor is inexpensive. In this part of Mexico, trained mine and mill personnel receive less than \$50/day;
- Unskilled labor is \$8 US per day, mill workers earn \$10 per day and miners receive \$20/ day. Truck drivers are unionized. Prices for goods and services are generally less than those encountered in the USA and Canada, while fuel costs are similar;

TAXES:

- Social security taxes on labor are 23%.
- Income taxes are 17% after a 28% deduction.
- VA (value added) tax is 16% on goods.

- Exporters get tax breaks.
- The Mexican government considers the Net Asset Value of mineral deposits in situ is \$0 (nil).
- A \$6 per truck fee will be assessed by the villages for each time they pass through the town
- Skilled and unskilled labor is readily available locally. The nearest sizeable settlement is Acaponeta which has a population of around 40,000 people. The states of Nayarit and Durango are ancient mining areas and mining professionals are available;
- Acaponeta is 26 km from the Gainey mill site;
- Rail and trucking transfer facilities are available in Acaponeta;
- A working 200 tpd mill is operating near Acaponeta. Current plans call for ROM material to be hauled to this facility for processing. The mill has gravity and floatation circuits;
- Police forces are not overly burdened with the drug war currently embroiling various parts of the country. The region is safe for commerce; the citizenry are friendly, hardworking and proud of their homes and cities.

17 Interpretation and Conclusions

The El Colomo property is situated at the western limits of the Sierra Madre Occidental volcanic assemblage which hosts numerous precious metal deposits. Examples are: Bais-Oraez, Tayolita – San Dimas and Pueblo – Nuevo. The gold and silver mineralization documented within the El Colomo Property exhibits features consistent with low sulphidation epithermal deposits in general, and geologically similar to economically important deposits that are being successfully mined and explored in the general area.

Although, sixteen deposits have been described in the short 1989 report and map by Consejo de Recursos Minerales, significant efforts to date have been concentrated on the three main targets (La Nueva Victoria, Las Minitas, and La Higuera deposits). The apparent reason for the emphasis on these three is related to: the substantial gold and silver values obtained over the greatest widths, the easiest access, and the proximity of these deposits to one another. This does not suggest that another one (or more) of the sixteen may have lesser or greater overall potential. Abundant gold and silver mineralization has been identified on the property by the Mexican government, ASARCO, Golden Anvil, and Gainey. However, exploration work conducted to date is insufficient for assessing the economic potential of the El Colomo property. Gainey's 2016 program of detailed geological mapping, rock sampling and diamond drilling (3 holes totaling 515.50 meters) showed that the holes at Neuva Victoria intersected moderate grade gold and silver mineralization. Several other prospects are known on the property and are described below.

El Arrayan-Las Minitas:

El Arrayan-Las Minitas consists of a breccia structure of gray to dark gray quartz and occasionally black, with 5% pyrite in some areas and silver sulphides scattered in the quartz. It is interpreted as a fault reactivation zone associated with a beige rhyolitic–rhyodacite dike with weak to moderate silicification and brecciation towards the contacts. The vein outcrops along 1200 meters and varies in thickness from 30 cm up to 4 meters with stockwork development. The areal extent of this zone indicates that is worthy of an exploration program comprising geological mapping, soil sampling, geophysics and trenching.

La Bufa-El Guayabo.

La Bufa-El Guayabo zones are thin, weakly altered and mineralized. The strike extensions should be investigated by reconnaissance prospecting.

El Penon:

This prospect is located between the El Arrayan and El Guayabo zones. According to Consejo de Recursos Minerales, it apparently has a width of 1.2 meters, strikes almost due north, dips steeply to the east, and has been traced for a distance of some 300 meters. A sample reported by that agency assayed 18.1 g/t Au and 306 g/t Ag. Other than that, no data is presently available regarding this deposit.

Las Minitas

The author observed the Las Minitas zone over a length of 100 meters and is at least 5 meters thick at the road cut. The apparent width and thickness make this an attractive exploration target.

Based on the results obtained to date, El Colomo is a meritorious property and continued exploration is recommended. Exploration work and mining has successfully identified significant silver and gold mineralization in low-sulphidation epithermal quartz veins and areally extensive blanket zones. The work done to date has not determined the controls of mineralization with any great degree of confidence. For this reason, It is recommended that the next phase of exploration comprise a detailed IP survey over the known mineralization at La Nueva Victoria and a more broadly spaced survey between there and La Higuera. This geophysical program should be followed up by drill-testing of any IP anomalies and also to determine the extent of the mineralization at La Nueva Victoria. Additional geological mapping, trenching, bulk sampling and drilling are required on the various mineralized occurrences and to explore for depth and strike extensions. Sufficient indication exists that the property embraces both high grade and low grade precious metals deposits. In conclusion, it is the author's opinion that, while almost all of the data is historical, the overall potential of the property is of sufficient merit to warrant a significant mineral exploration program. However, there is inherent and substantial risk in mineral exploration. There can be no guarantee that any of the three (or even any of the sixteen) showings will be shown to warrant profitable exploitation.

18 Recommendations

18.1 La Nueva Victoria Zone:

Although all three of the diamond drill holes intersected encouraging grades of gold and silver (see below), the information obtained to date does not provide reliable controls on the distribution of mineralization.

HOLE ID	FROM (m)	TO (m)	Width (m)	Au_g/t	Ag_g/t
DHEC160001	5.15	76.00	70.85	0.65	5.31
DHEC160002	19.40	91.60	72.20	0.41	20.21
DHEC160003	10.50	44.70	34.20	1.19	86.57

In order to determine these controls, it is recommended that a 20 line-kilometer IP survey be carried out. The resultant IP anomalies should be tested by at least six drill holes. The drilling is not contingent upon the IP results.

18.2 Las Minitas:

The outcrop of Las Minitas deposit occurs on a steep slope (greater than 35 degrees) and is the least amenable to cross-trenching. The fault zone may be as much as 20 m wide. It is recommended that a 10 line-kilometer IP survey be done over an area to the northwest of the showing. The resultant anomalies should be tested by six diamond drill holes.

18.3 La Higuera:

A 15 line-kilometer IP survey is recommended for this showing. The resultant anomalies should be tested by six diamond drill holes.

The author makes the assumption that all three showings indicate the potential for extraction and has prepared a budget of \$1,000,000. In total, the budget includes drill site preparation, 3,500 m of diamond drilling including core-sawing, sample transport, and assaying @ \$200/m (all inclusive):

Exploration Cost Estimate:

Induced Polarization Survey: 45 line-kilometers @\$1,000/line-kilometer.....	\$45,000
Diamond drilling, sampling, assaying: 3,500 m @ \$200/m.....	\$700,000
On-site Chief Geologist: 8 mo. @\$6,000/mo.....	\$48,000
Drill, core-shack supervisor: 8 mo. @ \$3,000/mo.....	\$24,000
Travel for QP.....	\$10,000
Report writing.....	\$20,000
Sub-Total	<u>\$847,000</u>
Contingencies & Administration (20%).....	\$153,000
TOTAL Cost.....	\$1,000,000

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APPENDICES

APPENDIX I

20 Glossary of Technical Terms

Adit – common mining term for a horizontal to sub–horizontal tunnel driven into a hillside to access an ore body.

Agglomerate – a volcanic rock consisting of fragments of *pyroclastic* rocks more than 2 cm in size.

Alkaline – a term applied to igneous rocks which are characterised by relatively high concentrations of sodium and potassium.

Alluvial – deposits of sediment, usually sand and gravel transported and deposited by a river.

Argillaceous rocks – a group of detrital, fine grained, sedimentary rocks subdivided into silt grade (particle size range 1/16 to 1/256 mm) and clay grade (particle size < 1/256 mm).

Arsenide – a mineral formed by the combination of arsenic with another chemical

Barite – a white, yellow or colourless mineral, BaSO₄. The principal ore of barium used in paints, drilling muds and as filler for paper and textiles. Syn: baryte, barytes.

Basic – describes an igneous rock with relatively low silica content (between 45–52% SiO₂). Basic rocks are relatively rich in iron, magnesium and calcium and thus include most mafic rocks.

Beneficiation – the process of concentration of the valuable components of an ore or other mineral commodity. Commonly includes multiple stages such as crushing, grinding, washing, screening, flotation, roasting, etc.

Breccia – a rock that has been mechanically, hydraulically or pneumatically broken into angular fragments and re-cemented

Bulk Leach Extractable Gold - more commonly shortened to BLEG is a geochemical sampling/analysis tool used during exploration for gold. It was developed in the early 1980s to address concerns relating to the accurately measuring fine grained gold, and dealing with problems associated with sample heterogeneity.

Calcite – a very common rock forming mineral comprising calcium, carbon and oxygen (CaCO₃).

Cenozoic Era – period of geological time extending from 65 million years ago to the present.

Chert – sedimentary rock that is ultra–fine grained and composed almost entirely of silica. May be of organic or inorganic origin.

Core strategy: sets out the long-term spatial vision for the local planning authority area, the spatial objectives and strategic policies to deliver that vision. The core strategy will have the status of a *development plan document*.

Cretaceous – period of geological time from 142 to 65.5 million years ago. Marks the end of the *Mesozoic Era*.

Devonian – period of geological time from 417 to 354 million years ago.

Electrolytic – the process of extracting metal based on passing an electric current through a solution containing dissolved metals, causing the metals to be deposited on the cathode.

Extrusive – describes igneous rocks that have been formed by solidification of magma on or above the Earth's surface.

Felsic – In modern usage, the term felsic rock, although sometimes used as a synonym, refers to a high-silica-content (greater than 63% SiO₂ by weight) volcanic rock, such as rhyolite. In order to be classified as felsic, it generally needs to contain >75% felsic minerals; namely quartz, orthoclase and plagioclase. Rocks with greater than 90% felsic minerals can also be called *leucocratic*, meaning 'light-colored'.

Footwall – the name given to the host rock of an ore deposit that is physically below the ore deposit.

Gangue – the undesirable or unwanted minerals in an ore deposit.

Graben - An elongated block of the earth's crust lying between two faults and displaced downward relative to the blocks on either side, as in a rift valley.

Hangingwall – the name given to the host rock of an ore deposit that is physically above the ore deposit.

Highwall mining – mining method used to maximize the output of an open–pit coal mine. Remotely operated cutting or boring machines are used to penetrate the coal seam at the foot of the highwall (the final wall in an open–pit) to extract coal.

Hydrometallurgy – the treatment of ores by wet processes, resulting in the dissolution of a particular component and its subsequent recovery by precipitation, adsorption or electrolysis.

Igneous – one of the three main groups of rocks on Earth. They have a crystalline texture and appear to have consolidated from a silicate melt (magma).

Inductively coupled plasma mass spectrometry (ICP-MS) -- a type of mass spectrometry that is highly sensitive and capable of the determination of a range of metals and several non-metals at concentrations below one part in 10^{12} (part per trillion). It is based on coupling together an inductively coupled plasma as a method of producing ions (ionization) with a mass spectrometer as a method of separating and detecting the ions. ICP-MS is also capable of monitoring isotopic specification for the ions of choice.

Intrusion – a body of *igneous* rock emplaced into pre-existing rocks, either along some structural feature such as a fault or by deformation and rupturing of the invaded rocks. (Intrusive, *adj*).

Jurassic – period of geological time from 205.1–142 million years ago.

Kaolin – group of pale coloured clay minerals. In the UK kaolin is an industrial mineral extracted from kaolinitised granites in south-west England. It is used as a paper filler and coater, and for high grade ceramics and pottery (china clay). .

Lenticular – lens shaped body of rock.

Lode – mining term for a mineralized *vein* (used irrespective of whether the *vein* can be economically extracted).

Mesozoic Era – period of geological time from 250 to 65.5 million years ago. Subdivided into the *Triassic*, *Jurassic* and *Cretaceous* periods.

Miocene – period of geological time from 23.8 to 5.32 million years ago.

Mudstone – fine grained sedimentary rocks that are similar to *shales* in their non-plasticity, cohesion and low water content but lack fissility.

Neogene – part of the *Cenozoic Era*, comprising the *Miocene* and *Pliocene* epochs from 23.8 to 1.81 million years ago.

Oligocene – period of geological time from 28.5 to 23.8 million years ago.

Ordovician – period of geological time from 495 to 440 million years ago.

Paleogene – part of the *Cenozoic Era* comprising the *Paleocene*, *Eocene* and *Oligocene* epochs, from 65.5 to 23.8 million years ago.

Paleozoic Era – period of geological time from 545 to 245 million years ago. Subdivided into the *Cambrian*, *Ordovician*, *Silurian*, *Devonian*, *Carboniferous* and *Permian Periods*.

Permian – period of geological time from 280 to 255 million years ago marks the end of the Paleozoic Era. Globally important source of coal.

Pliocene – period of geological time from 5.3 to 1.81 million years ago.

Precambrian - an informal name for the span of time before the current *Phanerozoic Eon*, and is divided into several eons of the geologic time scale. It spans from the formation of Earth around 4600 Ma (million years ago) to the beginning of the Cambrian Period, about 542 Ma, when macroscopic hard-shelled animals first appeared in abundance. Accounts for 90% of all geological time and ends approximately 545 million years ago.

Proterozoic - a geological eon representing a period before the first abundant complex life on Earth. The Proterozoic Eon extended from 2500 Ma to 542.0 ± 1.0 Ma (million years ago), and is the most recent part of the old, informally named 'Precambrian' time.

Pyroclastic – fragmental volcanic material that has been blown into the atmosphere by an explosive eruption.

Pyrometallurgical – the treatment of ores by processes involving heating.

Quarrying (mining) – the extraction of rock from an open pit site.

Quaternary – the uppermost part of the *Cenozoic Era* from 1.81 million years ago to present day.

Refractory – a general term for a material that resists chemical or physical change.

Refractory ore – ore from which it is difficult to extract the valuable constituents. This material may require special treatments, such as pressure leaching, to recover the valuable minerals.

Sedimentary rocks – rocks formed from material derived from other rocks by weathering. Deposited by water, wind or ice.

Silurian – period of geological time from 440 to 417 million years ago.

Stope – mining term for the underground void left after ore extraction has taken place.

Stratabound – an ore deposit that is confined to a single stratigraphic bed or horizon but which does not constitute the entire bed.

Stratiform – an ore deposit that occurs as a specific stratigraphic (i.e. sedimentary) bed.

Sulphide – a mineral formed by the combination of sulphur with another chemical element. Most economic deposits of non-ferrous metals occur as sulphide minerals e.g. galena, PbS; sphalerite, ZnS; chalcopyrite, CuFeS₂.

Triassic – period of geological time from 250 to 205.1 million years ago. This period marks the beginning of the *Mesozoic Era*.

Tuff -- (from the Italian *tuffo*) is a type of rock consisting of consolidated volcanic ash ejected from vents during a volcanic eruption.

Tuff Breccia and Volcanic Agglomerate - as distinguished from the true ashes, these tend to occur in angular fragments; and when they form a large part of the mass the rock is more properly a "volcanic breccia" than a tuff. The ashes vary in size from large blocks ten meters or more in diameter to the minutest impalpable dust. Any ash in which large angular blocks are very abundant is called an agglomerate.

Ultrabasic – describes an igneous rock containing less than 45% silica (SiO₂), including most ultramafic rocks.

Ultramafic – composed chiefly of *ferromagnesian* (Fe–Mg) minerals, such as olivine and pyroxene.

Vein – A tabular or sheet–like assemblage of minerals that has been intruded into a joint or fissure in rocks.

Volcanogenic massive sulphide, VMS – an ore deposit typically comprising a lens of massive sulphide minerals (>60% sulphide) formed by volcanic processes normally on the sea–floor. VMS deposits are important sources of copper, lead and zinc.

Wallrock – an economic geology term used to describe the rock adjacent to an accumulation of ore minerals (veins, layers, disseminations, etc.).

Workings – the current or past underground or surface openings and tunnels of a mine. More specifically, the area where the ore has been extracted.

Zoning – in economic geology, the spatial distribution of distinct mineral assemblages or chemical elements associated with an ore–forming process.

APPENDIX 2

21 Abbreviations

Unless otherwise indicated, the metric system of measure has been used throughout this report, including metric tons (tonnes, t), kilograms (kg) or grams (g) for weight, kilometers (km) or meters (m) for distance, hectares (ha) for area, liters (L) for volume and grams per tonne for gold (g/t Au) and silver (g/t Ag) grades. Base metal grades are usually expressed in weight percent (%). Geochemical results or precious metal grades may be expressed in parts per million (ppm) or parts per billion (ppb) (1 ppm = 1 g/t). Precious metal quantities may also be reported in troy ounces (ounces, oz), a common practice in the mining industry. In the Imperial System, significant gold concentrations are reported as troy ounces per short ton. In the metric system, gold concentration is now reported in grams per metric tonne. One troy ounce per short ton= 34.2857 grams per metric tonne. Currency values are in Canadian dollars (\$CDN).

Description	Abbreviation	Description	Abbreviation
Atomic absorption	AA	Millions of years ago	Ma
Acme Analytical Laboratories	Acme	Inductively coupled plasma mass spec-	ICPAR-UT
Banded Iron Formation	BIF	Kilometer(s)	km
Bulk Leach Extractable Gold	BLEG	Lead	Pb
Canadian Dollars	\$CDN	Methyl isobutyl ketone	MIBK
Canadian National Instrument 43-101	NI 43-101	Ounce(s)/Troy ounce(s)	oz
Centimeter(s)	Cm	Ounce per ton	Oz/t
Gainey Capital Corp.	GCC	Parts per billion	ppb
Degree(s)	°	Parts per million	ppm
Degrees Centigrade/Celsius	°c	Percent	%
Foot/feet	ft.	Qualified Person(s)	QP(s)
Fire Assay	FA	Quality Assurance/Quality Control	QA/QC
Geological Survey of Canada	GSC	Reduced Level	RL
Gold	Au	Rock quality designation	RQD
Gram(s)	g	Silver	Ag
Gram-meters per tonne, meters x	g/t	Specific gravity	SG
Grams per tonne	g/t	Square kilometers	km ²
Micron(s)	μ	Three-dimensional	3D
Metre(s)	m	Tonnes per cubic metre	t/m ³
Meters above sea level	masl	Two-dimensional	2D

APPENDIX 3

22 Rock Sample Analytical Results

SAMPLE	EAST	NORTH	WIDE	TYPE	DESCRIPTION	SAMPLE	Au	Ag
La Bufa-Arrayan			(Mts)				ppm	ppm
191309	488588	2539029	0.80	Channel	La Peñita, North zone, Quartz structure N50°W/70° NE, Sulfide traces, porosity filled by oxides	191309	1.96	28.0
191310	488587	2539029	1.50	Channel	Footwall of previous, lithic tuff, sporadic quartz veinlets.	191310	0.12	5.3
191311	487585	2536108	0.90	Channel	La Bufa, Gray quartz, black mineral tr, PyOx dissem., no clear structural control, aprx N20°W/80°SW	191311	0.22	24.2
191312	487586	2536110	1.50	Channel	Footwall of previous, weak quartz veinlets, weak PyOx, black mineral traces.	191312	0.19	11.6
191313	487587	253611	1.70	Channel	Footwall of previous, argillic lithic tuff, scarce PyOx, sporadic quartz veinlets	191313	0.27	19.1
191314	487588	2537612	0.80	Channel	Fault N15°E/ vertical, crushed rock, oxidized and argillized.	191314	0.32	14.7
191315	487588	2537613	1.00	Channel	Gray qtz vein breccia, laterly white druzzy qtz, mod oxidized rock, structural control aprox N20°W/..?	191315	0.19	43.1
191316	487412	2535839	1.00	Channel	Guayabo zone, Silicified lithic tuff with quartz-hem veinlets, N08°E/70°NE.	191316	2.64	71.8
191317	487413	2535839	1.00	Channel	Footwall of previous, argillized and oxidized lithic tuff.	191317	0.56	12.8
191318	487390	2535810	1.00	Channel	Guayabo zone, fracturing N25°E/75°SE, PyOx, tiny gray quartz veinlets, black mineral & Cpy traces.	191318	0.26	47.2
191319	487392	2535810	0.50	Channel	Gray quartz veinlets, Hematite stron red (CpyOx?), black mineral traces, N08°E/75°NW.	191319	2.09	90.0
191320	487393	2535810	2.00	Channel	Hanging wall of 191319, bxd lithic tuff, weak silicified, sporadic tiny qtz veinlets, with Cpy tr, blk min tr	191320	0.48	44.9
191321	487390	2535813		Dump	Qtz bxa, Cpy tr, blk mineral, chalcedonic qtz walls, druzzy quartz veinlets, Py 1%, Cpy 0.5%. CuOx tr.	191321	3.97	610.0
191322	488280	2536142	1.70	Channel	Arrayan zone, Qtz vein breccia dark gray color, OxSde, PyOx dissem, Py boxworks, N15°W/75°SW.	191322	1.23	31.8
191323	488281	2536142	1.70	Channel	Footwall of previous, wk-mod gray quartz stockwork, PyOx disseminate,	191323	0.08	4.5
191324	488283	2536142	2.00	Channel	Footwall of 191323, weak quartz veinletting, PyOx, white gray color quartz, some times green tone qtz.	191324	0.02	2.6
191325	488285	2536142	2.00	Channel	Footwall of 191324, scarce quartz veinlets, white-pinkish color, PyOx traces, weak oxides in fcs.	191325	0.01	0.4
191326	488287	2536142	2.00	Channel	Footwall of previous, same description with little increasing in qtz veinlets.	191326	0.01	0.7
191327	488279	2536142		Dump	Dark gray color breccia, Py 1%, PyOx, black mineral traces, veinlets black color, argillized fgs rock,	191327	4.25	106.0
191328	488107	2536350	1.00	Channel	Quartz breccia black color matrix, quartz fgs, tiny quartz veinlets, sulfosalts tr, Py 2%, N30°W/60°SW.	191328	12.35	938.0
191080	488156	2537717	2.00	Channel	Weak developed of Breccia matrix support silica cement, gray crystalline color, sub-rounded fgs argillized pinkish beige color	191080	0.714	47.9
191081	488154	2537716	2.00	Channel	Breccia matrix support silica cement, gray crystalline color, subrounded fgs argillized, N20°W/70°SE.	191081	1.035	59.2
191082	488152	2537716	2.00	Channel	Footwall of 191082, same description but with green tones, Ag Chlorides?.	191082	0.314	29.1
191083	488150	2537715	2.00	Channel	Breccia matrix support silica cement, green tones qtz & gray crystalline color, sub-rounded fgs argillized, N20°W/70°SE.	191083	0.676	51.3
191084	488148	2537714	2.00	Channel	Breccia matrix support silica cement, green tones qtz & gray crystalline color, sub-rounded fgs argillized, N20°W/70°SE.	191084	1.025	69.3
191085	488147	2537714	1.50	Channel	Footwall of zone, moderate oxidation in fractures & in matrix, contact N80°W/55° NE?	191085	0.598	85.6
191086	488138	2537713	2.00	Channel	Rhyodacitic dike, strong oxidized in matrix, strong hematite in fractures, orange-brown color rock.	191086	0.102	14.8
191087	488138	2537710	2.00	Channel	Rhyodacitic dike, strong oxidized in matrix, strong hematite in fractures, orange-brown color rock.	191087	0.162	18.5
191088	488124	2537705	0.70	Channel	Fault-fracturing N75°W/60°NE, moderate to stron oxides filling, scarce quartz.	191088	0.322	16.1
191089	488134	2537700	1.00	Channel	Fault-fracturing N50°W/38°NE, moderate to stron oxides filling, scarce quartz.	191089	0.239	14.1
191090	488138	2537699	2.00	Channel	Riodacitic dike feldspar (RDF) with scarce oxides & quartz, yellow oxides, veinlets N35°W/45°NE.	191090	0.186	11.4
191091	488139	2537700	2.00	Channel	Riodacitic dike feldspar (RDF) with scarce oxides & quartz, yellow oxides, veinlets N35°W/45°NE.	191091	0.606	13.0
191092	488141	2537695	1.00	Channel	Fault N65°E/57°SW, cutting breccia yellow oxides / hematite in fractures, fragments gray breccia	191092	0.473	136.0
191093	488150	2537696	0.70	Channel	Breccia gray color, moderate intensity, at footwall of single fault, N55°E/68°NW.	191093	3.030	231.0
191094	488155	2537673		Chip	Breccia clast support quartz gray-crystalline color, scarce pyrite & black sulfides in matrix.	191094	1.675	35.9
191095	488147	2537668		Chip	Breccia clast support quartz gray-crystalline color, scarce pyrite & black sulfides filling tiny pores.	191095	0.635	75.1
191096	488178	2537689	2.00	Channel	Rhyodacitic dike, weak brecciate, different type fragments rock, argillic matrix,	191096	0.102	3.5
191097	488134	2537690	1.00	Channel	Rhyodacitic dike, weak brecciate gray color, moderate to strong hematite-jarosite in patches, hanging wall of the tajo.	191097	1.165	63.8
191098	488131	2375690	2.00	Channel	Rhyodacite dike, weak brecciate by gray quartz & scarce quartz veinlets, moderate argillic.	191098	0.332	47.4
191099	488128	2375691	3.00	Channel	Strong argillized RDF, brecciate by faults, moderate hematite in patches & in fractures, Py boxworks.	191099	0.413	21.2
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191100	488124	2537692	4.00	Channel	Rhyodacitic dike feldspar (RDF) weak oxidized in fractures (hematite-jarosite)	191100	0.075	1.6

191101	488121	2537694	2.10	Channel	RDF, at hanging wall of strong fault, strong argillized, moderate hematite into fractures, PyOx.	191101	0.060	1.8
191102	488120	2537694	1.00	Channel	Strong Fault, N08°W/52°SE, MnOx in fractures, broken material, RDF host rock.	191102	0.067	3.1
191103	488105	2537751	1.10	Channel	Hanging wall of single fault, RDF with development of tiny quartz breccia, moderate oxidized, N40°E/60°SE.	191103	0.016	0.7
191104	488104	2537753	1.80	Channel	Footwall of 191103, weak tiny quartz breccia, into RDF, moderate to strong oxidized-drock.	191104	0.042	2.5
191105	488103	2537755	2.00	Channel	Footwall of 191104, weak tiny quartz breccia, into RDF, moderate to strong oxidized-drock.	191105	0.084	1.9
191106	488123	2537736	2.00	Channel	RDF weak oxidized, moderate argillized at hanging wall of fault N55°E/50°SE.	191106	0.043	1.6
191107	488125	2537736	2.00	Channel	RDF weak oxidized, moderate argillized at hanging wall of 191106.	191107	0.016	1.6
191108	488121	2537738	2.00	Channel	Footwall of fault N55°E/50°SE, lithic tuff, weak brecciate clast support.	191108	0.013	0.7
191109	488119	2537781	1.00	Channel	RDF, weak quartz breccia development, argillized fragments, weak oxidized.	191109	0.032	0.7
191110	488120	2537783	2.70	Channel	RDF, brecciate, weak silicified matrix in some patches, weak to moderate oxides in fractures.	191110	0.112	1.3
191111	488121	2537785	1.50	Channel	RDF, same description above, contact by fault with andesite.	191111	0.078	0.4
191112	488115	2537680	2.00	Channel	Quartz breccia, RDF host rock, moderate silicified, weak oxides in fractures, yellow oxides, blk min tr.	191112	0.129	11.1
191113	488113	2537682	2.00	Channel	Wk quartz breccia, RDF host rock, moderate silicified, weak oxides in fractures, yellow oxides, blk min tr.	191113	0.064	3.7
191114	488081	2537676	2.00	Channel	Fault N70°E/75°NW, moderate oxidation, weak silicified matrix in RDF rock.	191114	0.044	16.5
191115	488085	253769	2.00	Channel	Hanging wall of fault, gray -crystalline quartz brecciated RDF, PyOx dissem, hem in fcs, blk min tr, moved block??	191115	0.161	43.8
191116	488091	2537661	2.60	Channel	Gray breccia, black sulfides 1%, wk oxides in fractures, (faulted-moved block??)	191116	9.730	155.0
191117	488099	2537639	2.25	Channel	Wk breccia, gray-pink color, weak silicification, black mineral tr, scarce Py boxworks.	191117	1.575	74.7
191118	488101	2537639	2.25	Channel	Moderate breccia gray color quartz, strong oxidized fragments rock, Py BxWk, yellow Oxides, blk min tr.	191118	2.630	155.0
191119	488103	2537638	2.00	Channel	RDF, scarce tiny quartz veinlets, scarce oxides veinlets, scarce PyOx.	191119	1.140	36.4
191120	488123	2537651	1.00	Channel	Fault, gouge, sporadic tiny quartz veinlets, moderate oxidation, broken material.	191120	0.401	9.3
191121	488124	2537650	2.00	Channel	Tectonic breccia, hematite veinlets, argillized matrix, several type fragments.	191121	0.166	3.5
191122	488196	2537667	1.00	Channel	Lithic tuff, weak moderate development of qtz breccia, with PyOx 1% into quartz veinlets.	191122	0.170	4.6
191123	488198	2537668	2.50	Channel	Weak development of gray quartz breccia, lithic tuff host rock, scarce oxides in fractures.	191123	0.082	2.8
191124	488077	2537616	2.20	Channel	Wk development of gray qtz breccia, blk mineral 1%, Py boxworks, orange-yellow oxides, RDF host rock.	191124	1.520	100.0
191125	488079	2537614	2.00	Channel	Wk development of gray qtz breccia, blk mineral 1%, Py boxworks, orange-yellow oxides, RDF host rock.	191125	0.163	44.4
191126	488082	2537612	1.70	Channel	Breccia, green tones in the quartz, Py 1%, PyOx, black mineral dissem, xfine black material, sulfides ??.	191126	0.286	26.4
191127	488084	2537612	1.50	Channel	Wk quartz -breccia stwk, N12°W/80°SW, gray color, scarce black material, scarce Py, moderate oxides in patches.	191127	0.535	74.3
191128	488085	2537612	2.00	Channel	Footwall of 191127, fracturing zone, weak crystalline breccia-stockwork, PyOx dissem, blk min tr.	191128	3.410	97.0
191129	488088	2537611	2.00	Channel	Moderate crystalline qtz bxa, black mineral 1%, PyOx, Py BxWk, limonites, yellow oxides.	191129	0.979	135.0
191130	488090	2537609	1.50	Channel	Black breccia, Py 4%, silicificated fragments, limonites, yellow botryoidal shape oxides, beige mineral adularia??.	191130	0.857	82.6
191131	488091	2537612	1.50	Channel	Mine roof, fractured-broken breccia, coarse Py crystals, same description breccia previous but fractured.	191131	5.560	399.0
191132	488094	2537610	1.50	Channel	Footwall of 191131, weak black breccia, Py 2%, black mineral in patches, Py boxworks, yellow oxides.	191132	1.705	149.0
191133	488095	2537608	1.20	Channel	Fault, crushed material, yellowish-red color oxides, wk crystalline-gray quartz stwk, PyOx, Py boxworks.	191133	3.320	231.0
191134	488094	2537583	1.00	Channel	Lithic tuff, weak oxidized in fractures & in patches, weak quartz gray color veinlets, weak PyOx.	191134	1.130	9.4
191135	488096	2537582	1.00	Channel	Brecciate dike, porphyritic, PyOx, scarce Py boxworks, oxides in fractures,	191135	0.455	10.9
191136	489097	2537581	2.00	Channel	Brecciate rock, quartz matrix, rock fragments, PyOx tr, scarce qtz hem veinlets, sporadic Py boxworks.	191136	0.812	27.5
191137	488100	2537580	2.00	Channel	Brecciate rock, quartz matrix, rock fragments, PyOx tr, scarce qtz hem veinlets, sporadic Py boxworks.	191137	0.454	19.4
191138	488105	2537558	2.00	Channel	Wk breccia, quartz stwk, gray color, pinkish fragments, yellow clays, pinkish fragments, (RDF?)	191138	0.022	5.0
191139	488110	2537537		Chip	Wk breccia, quartz stwk, porous quartz, gray color, pinkish fragments, yellow clays, pinkish fragments, (RDF?)	191139	0.086	5.2
191140	488126	2537522	2.00	Channel	Lithic tuff, wk silicificated patches, scarce tiny gray.crystalline quartz veinlets, PyOx 1%.	191140	0.037	2.1
191141	488128	2537523	2.00	Channel	Lithic tuff, wk silicificated patches, scarce tiny gray.crystalline quartz veinlets, PyOx 1%.	191141	0.027	1.1
191142	488129	2537524	1.00	Channel	Tiny crystalline quartz breccias development, oxides in fractures, PyOx 1%, N40°W/84°SW.	191142	0.031	2.3
191143	488131	2537524	2.00	Channel	Lithic tuff, scarce wk silicificated patches, sporadic tiny quartz veinlets, Py tr, hem & MnOx in fractures.	191143	0.062	1.6
191144	488169	2537405	1.50	Channel	Fresh lithic tuff, wk chlorite, wk silicified patches, Py 1%, some green clays patches, fracturing N35°W/75°SW.	191144	0.884	1.9
191145	488167	2537403	2.50	Channel	Hanging wall of 191144, very weak silicification lithic tuff, moderate chloritized matrix, Py 4%.	191145	0.069	1.7
191146	488165	2537401	2.50	Channel	Fresh lithic tuff, wk chlorite, wk silicified patches, Py 1%, some green clays patches, fracturing N35°W/75°SW.	191146	0.019	0.6
191147	488121	2537586	3.00	Channel	Lithic tuff with sporadic tiny quartz veinlets, wk oxides in fcs, scarce PyOx dissem, some weak silicificated patches.	191147	0.038	1.8
191148	488119	2537586	3.00	Channel	Lithic tuff with sporadic tiny quartz veinlets, wk oxides in fcs, scarce PyOx dissem, some weak silicificated patches.	191148	0.068	5.7
191149	488115	2537586	3.00	Channel	Lithic tuff with sporadic tiny quartz veinlets, wk oxides in fcs, scarce PyOx dissem, some weak silicificated patches.	191149	0.399	8.7

Appendix 4

23 Graphical QA/QC Results

