



1100-1199 West Hastings Street, Vancouver, BC, V6E 3T5

August 24, 2018

Dear Shareholders:

Milestones achieved in the past year are:

- The Company undertook a unit equity raise at a price of \$0.40 to raise gross funds of \$3,518,800 which were utilized for working capital and exploration costs at its Oro, New Mexico property (“Oro”) and at its Cerro Las Minitas property (“CLM”).
- We have advanced the CLM silver-lead-zinc property in Durango, Mexico utilizing earn-in funds provided by our partner, Electrum Global Holdings LP (“Electrum”) which has advanced US\$5 million to earn a 60% indirect interest in the property. Operations continue as a joint venture with our Company as Operator.
- In January 2018, we announced a Revised Mineral Resource Estimate at CLM of (at a **175g/t AgEq cut-off**):
 - **Indicated – 116.1Mozs AgEq:** 33.6Mozs Ag, 319Mlbs Pb and 813Mlbs Zn; and
 - **Inferred – 92.7Mozs AgEq:** 20.7Mozs Ag, 131Mlbs Pb and 870Mlbs Zn

Currently we are conducting operations at CLM with two drill rigs on a US\$3 million drill program with the goal of systematically expanding the mineral resource in the Area of the Cerro as well as greenfield exploration drilling on the larger, recently staked CLM West claim group.

We located by staking contiguous prospective ground to CLM consisting of an additional 20,750 hectares, conducted preliminary exploration work and are currently exploring portions of CLM West by diamond drilling. The intent is to discover a major Ag-Au quartz vein system underneath gravel cover, where surface float sampling has demonstrated precious metal values up to 5,701g/t Ag and 1.46g/t Au and pathfinder assay values up to >1% Sb, 5,550ppm As and 747ppm Hg.

- At Oro, in New Mexico, an exploration program was undertaken consisting of property-wide airborne Z-TEM geophysics and RC drilling at the Stockpond target with the goal of expanding and delineating existing targets along strike and at depth. This exploration program resulted in promising targets which are currently being further evaluated by the company.
- In my reporting letter in 2017 I stated the Company’s strategy remains consistent; we will continue to advance our assets as a direct result of having a strong partner in Electrum, a dedicated Management Team and Board of Directors, and a solid, supportive shareholder base. We will focus on the advancement of the CLM project and use innovative methods to explore for and delineate additional deposits on our highly prospective landholdings, while at the same time continuing to investigate new opportunities that could complement our existing assets and add value to the Company. I am pleased to report that we have strengthened the Company’s assets through exploration and delineation of a Resource which may well lead to potential development of the CLM property as a producer in the mid-term while strengthening the Oro property as a porphyry gold copper target attractive for exploration and development by a major.

I would like to take this opportunity to thank our shareholders for their support as we continue to realize value at CLM and create additional value through new discoveries.

A handwritten signature in blue ink, appearing to read 'L. Page'.

Lawrence Page, Q.C.
President