



HUAHUAPAN PROJECT

POLYMETALLIC AG-ZN-PB-(AU)

The Huahuapan Project is a zinc-rich polymetallic Ag-Zn-Pb (Au) vein/vein breccia spatially and possibly genetically related to a Tertiary quartz feldspar porphyry dyke swarm. The project lies within the Tayoltita Mining District along the Huahuapan River; the same river that supplies water/power to the Tayoltita Mine.

The author has no direct or indirect interest in this property and is solely acting as an agent.

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SUMMARY

The Huahuapan Project is located 127 km west of Cd. de Durango along the new state Highway No. 49 within the Tayoltita Mining District (50K G13-C67) in western Mexico north of the world class Tayoltita Mine (9Moz Au), a Tertiary volcanic-hosted silver-gold epithermal vein deposit. The Huahuapan Project hosts significant base metal sulphides and silver-gold and occupies the lower vertical portion of a larger zinc-rich vein system. The project is comprised of 800 hectares and has recently been ring-staked totaling 5000 hectares by Peñoles a major Mexican mining company.

HISTORY

The project area has been the focus of historic mining by the Spaniards in shallow tunnels, pits, open cuts, arastra (crude grinders) foundations and old established housing platforms. In general, the Spaniards focused on ores that lay close to the surface, were high grade, chiefly silver and were well suited to the patio process. The project has been in the owner's family for several decades.

GEOLOGY

The project lies within the Sierra Madre Occidental volcanic province San Dimas Mining District in western Mexico. The district is underlain by a Late Cretaceous to early Tertiary andesite and rhyolite succession of the Lower Volcanic Group intruded by younger monzonite, quartz monzonite and granodiorite complex that host the early Tertiary mineralization in the area. The higher elevations are capped by the younger Upper Volcanic Group including rhyolitic ignimbrite, flows, welded rhyolitic tuffs and breccias as well as quartz feldspar porphyry. The Remedios River Canyon is exploited by the Piaxtla Batholith near to the La Prieta Mine just south of the San Manuel Mine (part of the Huahuapan project) in the Lower Volcanic Group.

ALTERATION/MINERALIZATION

The Huahuapan veins vary in width from a few centimeters to greater than 2.0 m. The ore-forming minerals are light colored quartz with

PROJECT

Spaniard focus

Zn to 23%; Pb to 12%

Silver to 6000 g/t Ag

Transtensional field

Good access

Water/power/plant

Community on board

Taxes are current

Family owned

Explosive permit

Stockpiling high grade

North of Tayoltita Mine

Bacis Mine is 4 km N

Prieta Mine is 2 km N

SGM mapped in 2014

intergrowths of base metals sulphides (dark brown sphalerite, galena), pyrite, argentite, native silver and electrum. Sulphide cemented vein breccias constitute vein material ranging from 5 to 23% Zinc; 5 to 10% Pb; 100 to 6000 ppm Ag; 2 to 12 ppm Au. The tops and bottoms of these mineralized segments are unknown due to lack of drilling. Currently exploratory underground exploration is following the veins along strike. Vein mineralization formed by deposition of gangue and ore minerals along faults in open spaces created by fault brecciation. Repeated fracturing and brecciation has created complex vein textures cemented by sphalerite, galena, chalcopryite, silver sulphides, native silver and electrum that may be present up to 75 volume % of the vein material (see photo cover).

PROPERTY MAPS AND HIGHLIGHTED RESULTS

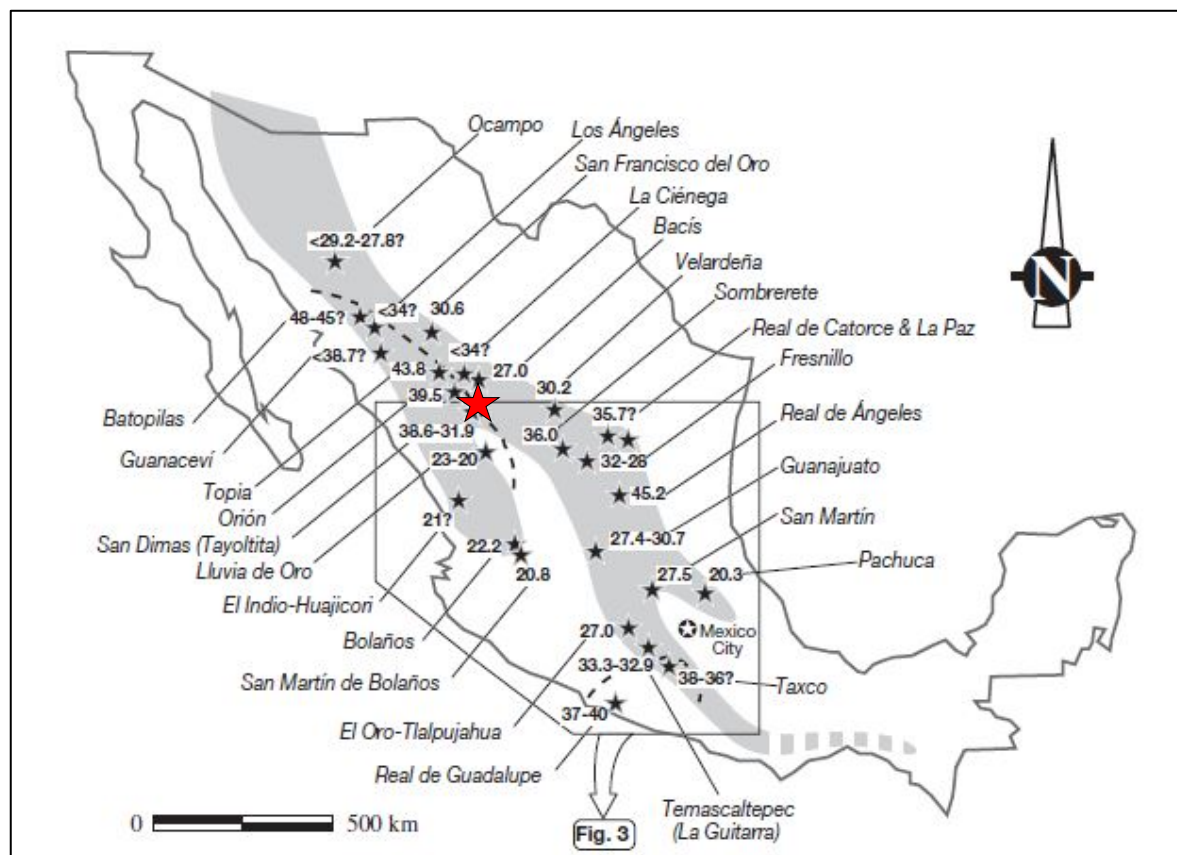


Figure 1: Regional map showing the location of Huahuapan Project relative to Tayoltita (to south) and the Bacis Mines (to north)

Recent surface samples returned 6kg Ag/ton from new native silver showings in steep slide areas. Known veins include: Veta Hueso - trends NW 007° to 010° SE and dips 67° to 77° NE in quartz eye rhyolite porphyry (this mine is actively being explored on two levels); Veta La Lupita Vein trends S NW20-30° SE and dips 67 to 90° NE in rhyolite, slates and rhyolite porphyry dyke and has been defined along a 250 m strike length to a depth of 175 m; Veta Vaca 1 and Veta Vaca 2 trend NE 25-65° SW and dip 45 to 60° SE and are defined along strike for 213 m to a depth of 60 m.

In December of 2014 the Servicio Geologico Mexicano (SGM) geologically mapped one square mile centered on the known mineralized areas of La Mina El Hueso and La Mina La Vaca centered on the

Rio La Trucha. This mapping requires further detail and refinement. Rhyolite quartz feldspar porphyry dykes are not located and are critical to mineralization controls. The samples were taken from mineral showings over the 1 square mile mapped area (Table 1).

No.	Length (m)	Au g/ton	Ag g/ton	Pb %	Zn %
SM-12	0.50	1.3	420.2	3.4	11.0
SM-17	0.65	1.2	356.0	2.6	6.1
SM-27B	0.32	0.6	544.0	0.7	0.9
SM-45	0.35	3.2	70.0	5.5	0.3
SM-46	0.60	5.1	124.0	2.3	0.1
SM-47	0.60	1.0	106.0	2.3	1.4
SM-48B	0.50	2.7	140.0	5.1	12.8
SM-49	0.60	5.2	117.0	3.5	8.8
SM-50	0.50	5.0	187.0	6.9	9.4
SM-51	0.50	1.0	39.0	1.0	10.3
SM-52	0.80	2.0	265.0	2.5	7.5
SM-53	0.90	3.9	62.0	2.1	12.7
SM-54	0.60	3.9	62.0	2.1	12.7

Table 1: Highlights of Chip-Channel Samples by SGM in late 2014

RECOMMENDATIONS

A regional data review; a detailed ASTER/Worldview 2/GeoEye alteration and structural interpretation to define exploration targets within the land package. Ground-truthing of ASTER targets coupled with surface geological mapping and rock sampling to define distribution of known mineral showings, lithologic, alteration and structural context to determine strike extent of vein mineralization as well as to identify new target areas. In addition, contour soil geochemistry to identify anomalies related to the felsic dyke swarm and related veins. Select targets are drill-ready (La Mina El Hueso).