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Project No. 678 C / Report I.D. KCA0130057 / Mainfile No.8738

Subject: Report of Head Analyses.

Dear Mr. Kappes,

On 9 April 2013, the laboratory facility of Kappes, Cassiday & Associates (KCA) in Reno, NV received one box of sample material from Mr. Pedro Rosales along with assay data from previous test work. The box contained seven (7) individually bagged samples from the El Oroito Project near Naco Sonora, Mexico. Each sample was individually prepared and utilized for head analyses.

Upon receipt, each sample was individually weighed, photographed, described geologically and assigned a unique sample number (KCA Sample Nos. 67532 through 67538).

Each sample was air dried and stage crushed to 100% passing 6.3 millimeters. From the 6.3 millimeter crushed material, two (2) 100 gram portions were split out and ring and puck pulverized to 100% passing 0.106 millimeters. Each pulverized portion was then individually assayed for total gold and silver, and cyanide soluble gold and silver.

The received sample information with calculated moisture content is presented in Table 1.

A photograph and geological description of each sample is presented in Figures 1 through 7.

Table 1.
El Oroito Project
Received Samples and Moisture Content

KCA Sample No.	Client I.D.	Received Weight, kg	Dry Weight, kg	Calculated Moisture Content, %
67532	Tunnel 1, Sample No. 1	1.42	1.42	0.0%
67533	Tunnel 1, Sample No. 1A	1.18	1.17	0.9%
67534	Tunnel 1, Sample No. 2A	0.88	0.88	0.5%
67535	Tunnel 1, Sample No. 3	1.22	1.18	3.2%
67536	Tunnel 2, Sample No. 2A	1.04	1.03	0.7%
67537	Tunnel 2, Sample No. 2B	1.16	1.15	0.7%
67538	Tunnel 3, Sample No. 3A	2.50	2.49	0.5%

**Figure 1.
El Oroito Project
Tunnel 1, Sample No. 1
KCA Sample No. 67532**



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 1, Sample No. 1 (KCA Sample No. 67532) consisted of one Ziplock bag of dry, quartz material with rock particles ranging in size from 75 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 15% of the sample. Overall, the sample consisted of white quartz rocks with light tan fines. The quartz rock was white in color with large crystals, and contained brown, red, orange, yellow and green oxidation. The rock was hard to break, and broke into angular pieces and fines. A small amount of sulfide mineralization was visible. No organic material was visible.

Figure 2.
El Oroito Project
Tunnel 1, Sample No. 1A
KCA Sample No. 67533



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 1, Sample No. 1A (KCA Sample No. 67533) consisted of one Ziplock bag of dry, quartz material with rock particles ranging in size from 75 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 25% of the sample. Overall, the sample consisted of light tan and white quartz rocks with light tan fines, and was identified as transition material. The quartz rock contained large crystals, and brown, red and orange oxidation areas. The rock was easy to break, and broke into angular pieces. Heavy sulfide mineralization was visible. No organic material was visible.

Figure 3.
El Oroito Project
Tunnel 1, Sample No. 2A
KCA Sample No. 67534



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 1, Sample No. 2A (KCA Sample No. 67534) consisted of one Ziplock bag of slightly damp material with rock particles ranging in size from 50 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 75% of the sample. Overall, the sample consisted of brown fines and white and brown rocks, and was identified as transition material. The white rock was quartz and contained large crystals, with red, orange and yellow oxidation areas. The brown rock contained heavy sulfide mineralization with red oxidation. The rock was easy to break, and broke into crumbly pieces and fines. No organic material was visible.

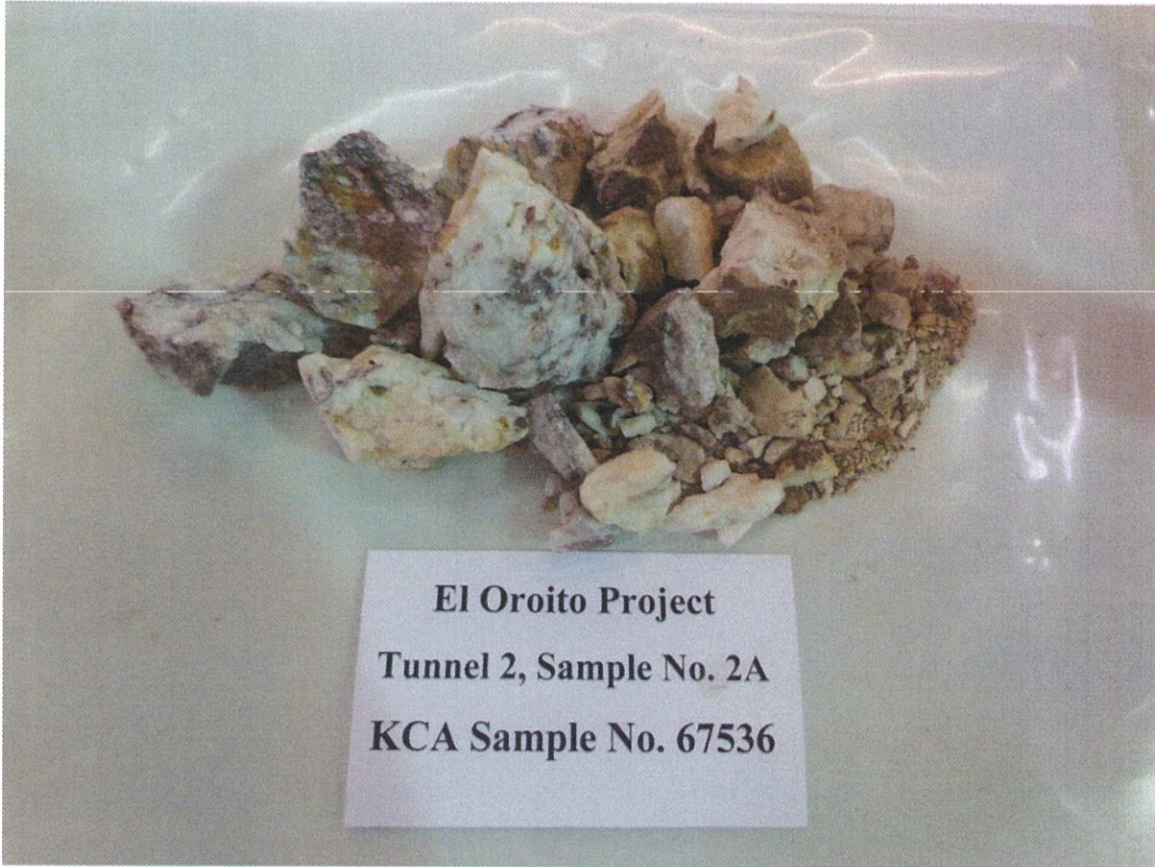
Figure 4.
El Oroito Project
Tunnel 1, Sample No. 3
KCA Sample No. 67535



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 1, Sample No. 3 (KCA Sample No. 67535) consisted of one Ziplock bag of damp, quartz material with rock particles ranging in size from 50 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 25% of the sample. Overall, the sample consisted of dark brown and white quartz rocks with dark brown fines, and was identified as transition material. The quartz rock contained large crystals, and red and brown oxidation areas. The rock was slightly hard to break, and broke into angular and crumbly pieces. Sulfide mineralization was visible. No organic material was visible.

**Figure 5.
El Oroito Project
Tunnel 2, Sample No. 2A
KCA Sample No. 67536**



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 2, Sample No. 2A (KCA Sample No. 67536) consisted of one Ziplock bag of dry, quartz material with rock particles ranging in size from 75 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 15% of the sample. Overall, the sample consisted of white and brown quartz rocks with light brown fines. The quartz rock contained large crystals and purplish brown, yellow and orange oxidation areas. The rock was slightly hard to break, and broke into angular pieces. No sulfide or organic material was visible.

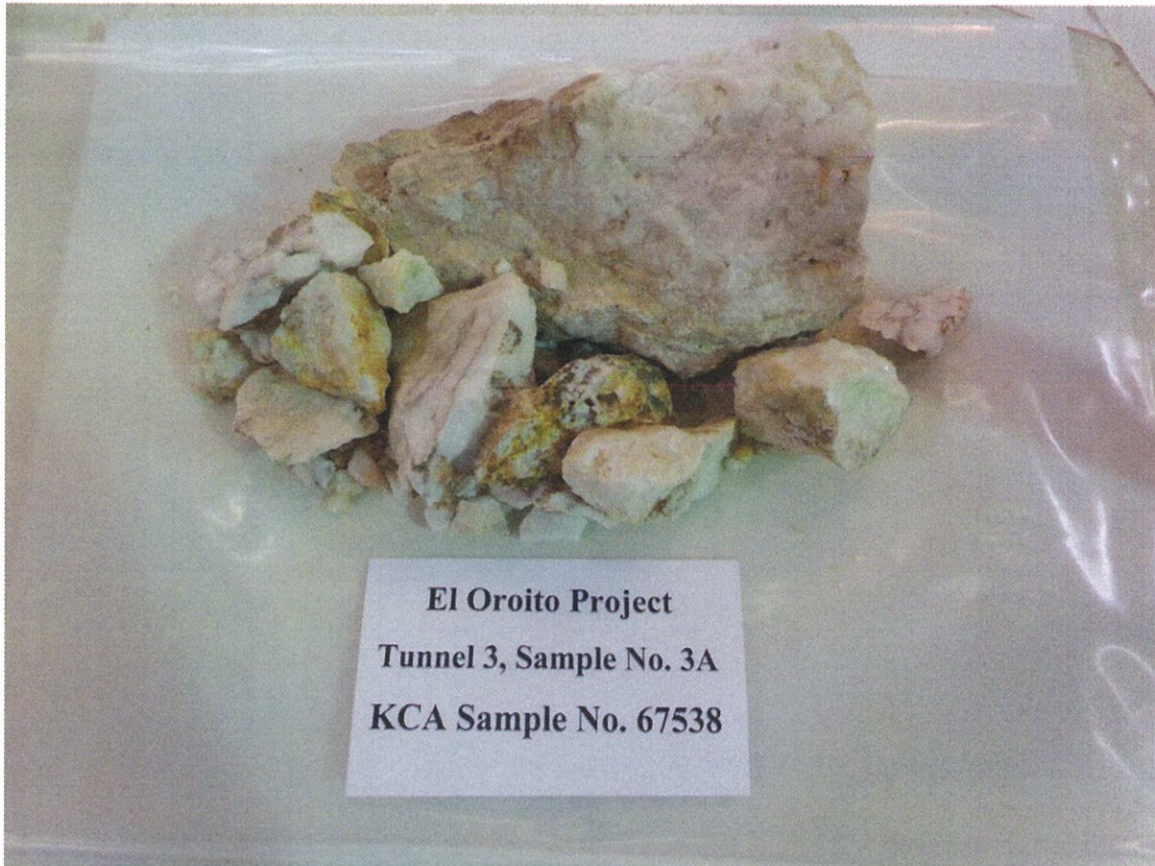
Figure 6.
El Oroito Project
Tunnel 2, Sample No. 2B
KCA Sample No. 67537



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 2, Sample No. 2B (KCA Sample No. 67537) consisted of one Ziplock bag of dry, quartz material with rock particles ranging in size from 75 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 15% of the sample. Overall, the sample consisted of white quartz rocks. The quartz rock contained green, brown and orange oxidation areas. The rock was slightly hard to break, and broke into angular pieces. No sulfide or organic material was visible.

Figure 7.
El Oroito Project
Tunnel 3, Sample No. 3A
KCA Sample No. 67538



Note: Sample label in photograph is a standard 75 by 125 millimeter card.

The sample identified as Tunnel 3, Sample No. 3A (KCA Sample No. 67538) consisted of one Ziplock bag of dry, quartz material with rock particles ranging in size from 150 millimeters down to fines under 1.70 millimeters. The fines composed an estimated 5% of the sample. Overall, the sample consisted of one large 150 millimeter rock and several smaller white quartz rocks with white fines. The rock contained yellow, brown, green and red oxidation areas, was hard to break, and broke into angular pieces. Sulfide mineralization was visible. No organic material was visible.

Portions of the head material were ring and puck pulverized and analyzed for gold and silver by standard fire assay and wet chemistry methods. A cyanide shake test was also conducted on a portion of the pulverized head material. The results from these tests were then compared to the assay data received by the client.

Head analyses for gold and silver were conducted on the sample material. A portion of the head material was crushed to 100% passing 6.3 millimeters. From the blended minus 6.3 millimeter material, duplicate 100 gram splits were individually ring and puck pulverized to a target size of 100% passing 0.106 millimeters.

Head assays for gold were run as one assay ton (1AT) fire assays by standard fire assay methods with flame atomic absorption spectrophotometric (FAAS) finish. Head assays for silver were run as a four (4) acid digestion of a 0.2 gram sample with FAAS finish.

The results of the head analyses for gold and silver are presented in Table 2.

Table 2.
El Oroito Project
Head Analyses – Gold and Silver

KCA Sample No.	Description	Assay 1, gms Au/MT	Assay 2, gms Au/MT	Average Assay, gms Au/MT
67532	Tunnel 1, Sample No. 1	4.809	5.177	4.993
67533	Tunnel 1, Sample No. 1A	11.366	11.109	11.237
67534	Tunnel 1, Sample No. 2A	30.069	30.309	30.189
67535	Tunnel 1, Sample No. 3	0.703	0.696	0.699
67536	Tunnel 2, Sample No. 2A	0.672	0.699	0.686
67537	Tunnel 2, Sample No. 2B	0.449	0.463	0.456
67538	Tunnel 3, Sample No. 3A	3.216	3.178	3.197

KCA Sample No.	Description	Assay 1, gms Ag/MT	Assay 2, gms Ag/MT	Average Assay, gms Ag/MT
67532	Tunnel 1, Sample No. 1	6.10	6.21	6.15
67533	Tunnel 1, Sample No. 1A	8.19	8.40	8.30
67534	Tunnel 1, Sample No. 2A	16.39	16.01	16.20
67535	Tunnel 1, Sample No. 3	1.41	1.41	1.41
67536	Tunnel 2, Sample No. 2A	1.41	1.41	1.41
67537	Tunnel 2, Sample No. 2B	1.61	1.82	1.71
67538	Tunnel 3, Sample No. 3A	7.41	7.82	7.61

Cyanide shake tests were conducted utilizing portions of the pulverized head material. These tests provided preliminary indications of cyanide soluble metal extractions from pulverized material.

The cyanide shake tests were conducted as follows:

1. A 15 gram portion of the pulverized material was placed into a 50 milliliter centrifuge tube with a screw cap.
2. A volume equivalent to 30 milliliters of 5 gram per liter sodium cyanide (gpL NaCN) solution at ambient temperature was then added.
3. The pulp and cyanide solution were mixed well by shaking.
4. The slurry was then agitated on a table action shaker for a 24 hour leach test at room temperature.
5. The slurry was then centrifuged and the resulting clear solution was analyzed for pH and gold, silver and copper utilizing FAAS methods.
6. If the pH of the solution was less than pH 9.0 the test was re-run with the addition of 0.1 grams of hydrated lime ($\text{Ca}(\text{OH})_2$).
7. The residue was discarded.

The results of individual cyanide shake tests are presented in Table 3.

**Table 3.
El Oroito Project
Head Analyses – Cyanide Shake Tests**

KCA Sample No.	Description	Avg. Head Assay, gms Au/MT	Avg. Head Assay, gms A g/MT	Final pH	Leach Results							
					Au, mg/L	Ag, mg/L	Cu, mg/L	Extraction, gms Au/MT	Extraction, gms Ag/MT	Extraction, mg Cu/kg	Est. Ext., Au, %	Est. Ext., Ag, %
67532	Tunnel 1, Sample No. 1	4.993	6.15	10.1	2.27	1.76	129.00	4.540	3.52	258.00	91%	57%
67533	Tunnel 1, Sample No. 1A	11.237	8.30	9.9	4.87	2.55	56.30	9.740	5.10	112.60	87%	61%
67534	Tunnel 1, Sample No. 2A	30.189	16.20	9.8	12.55	5.75	116.50	25.100	11.50	233.00	83%	71%
67535	Tunnel 1, Sample No. 3	0.699	1.41	10.1	0.31	0.46	67.90	0.620	0.92	135.80	89%	65%
67536	Tunnel 2, Sample No. 2A	0.686	1.41	10.0	0.31	0.45	33.40	0.620	0.90	66.80	90%	64%
67537	Tunnel 2, Sample No. 2B	0.456	1.71	10.2	0.17	0.55	201.00	0.340	1.10	402.00	75%	64%
67538	Tunnel 3, Sample No. 3A	3.197	7.61	10.5	0.98	1.02	2045.00	1.960	2.04	4090.00	61%	27%
67532	Tunnel 1, Sample No. 1	4.993	6.15	10.0	2.36	1.80	131.50	4.720	3.60	263.00	95%	58%
67533	Tunnel 1, Sample No. 1A	11.237	8.30	9.9	4.76	2.58	55.70	9.520	5.16	111.40	85%	62%
67534	Tunnel 1, Sample No. 2A	30.189	16.20	9.9	12.75	5.60	114.50	25.500	11.20	229.00	84%	69%
67535	Tunnel 1, Sample No. 3	0.699	1.41	10.1	0.32	0.44	66.80	0.640	0.88	133.60	92%	63%
67536	Tunnel 2, Sample No. 2A	0.686	1.41	10.0	0.33	0.42	34.50	0.660	0.84	69.00	96%	60%
67537	Tunnel 2, Sample No. 2B	0.456	1.71	10.2	0.18	0.59	206.00	0.360	1.18	412.00	79%	69%
67538	Tunnel 3, Sample No. 3A	3.197	7.61	10.4	0.94	1.06	2065.00	1.880	2.12	4130.00	59%	28%

A comparison of the assays conducted by KCA with the assay data received by the client is presented in Table 4.

Table 4.
El Oroito Project
Assay Comparison

KCA Sample No.	Description	Previous Assay, gms Au/MT	KCA Average Assay, gms Au/MT
67532	Tunnel 1, Sample No. 1	13.714	4.993
67533	Tunnel 1, Sample No. 1A	19.269	11.237
67534	Tunnel 1, Sample No. 2A	34.595	30.189
67535	Tunnel 1, Sample No. 3	15.292	0.699
67536	Tunnel 2, Sample No. 2A	7.234	0.686
67537	Tunnel 2, Sample No. 2B	--	0.456
67538	Tunnel 3, Sample No. 3A	14.434	3.197

KCA Sample No.	Description	Previous Assay, gms Ag/MT	KCA Average Assay, gms Ag/MT
67532	Tunnel 1, Sample No. 1	3.43	6.15
67533	Tunnel 1, Sample No. 1A	--	8.30
67534	Tunnel 1, Sample No. 2A	--	16.20
67535	Tunnel 1, Sample No. 3	25.71	1.41
67536	Tunnel 2, Sample No. 2A	32.57	1.41
67537	Tunnel 2, Sample No. 2B	--	1.71
67538	Tunnel 3, Sample No. 3A	37.71	7.61

Submitted by,

Nick Valdez