Alacrán Project
Sonora, Mexico
NI 43-101 Technical Report

Prepared for:
Bendito Resources Inc.

Prepared by:
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Effective Date:
18 November, 2022

CERTIFICATE OF QUALIFIED PERSON

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This certificate applies to the technical report titled “Alacrán Project, Sonora, Mexico, NI 43-101 Technical Report that has an effective date of 18 November, 2022 (the “technical report”).

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As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43–101 *Standards of Disclosure for Mineral Projects* (NI 43–101) for those sections of the technical report that I am responsible for preparing.

As a result of my experience and qualifications, I am a Qualified Person as defined in National Instrument 43–101 *Standards of Disclosure for Mineral Projects* (NI 43–101) for those sections of the technical report that I am responsible for preparing.

I visited the Alacrán Project from 12–13 September, 2022.

I am responsible for Sections 1 to 27 of the technical report.

I am independent of Bendito Resources Inc. (Bendito) as independence is described by Section 1.5 of NI 43–101.

I have read NI 43–101 and the sections of the technical report for which I am responsible have been prepared in compliance with that Instrument.

As of the effective date of the technical report, to the best of my knowledge, information and belief, the sections of the technical report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated: 28 November, 2022

“Signed and sealed”

David G. Thomas, P.Geo.

This report was prepared as National Instrument 43-101 Technical Report for Bendito Resources Inc. (Bendito) by Mine Technical Services (MTS). The quality of information, conclusions, and estimates contained herein is consistent with the level of effort involved in MTS's services, based on i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Bendito subject to terms and conditions of its contract with MTS. Except for the purposed legislated under Canadian provincial and territorial securities law, any other uses of this report by any third party is at that party's sole risk.

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APPENDICES

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1.0 SUMMARY

1.1 Introduction

Bendito Resources Inc. (Bendito) requested that Mine Technical Services (MTS) prepare a technical report (the Report) on the Alacrán Project (the Project), located in Sonora State, Mexico.

1.2 Terms of Reference

This voluntarily-filed Report provides information on the Alacrán Project.

Units used in the report are metric units unless otherwise noted. Monetary units are in United States dollars (US$) unless otherwise stated.

1.3 Project Setting

The Alacrán Project is located approximately 15 km south of the town of Cananea, Sonora, Mexico, and about 50 km south of the international border with the US.

The primary access to Cananea is by paved road from the Sonoran capital city Hermosillo via Highways 15 and 2. Travel time is approximately five hours. The Alacrán Project area can be reached year-round in a two-wheel drive vehicle by driving 15 km south of the town of Cananea along the two-lane Cananea–Bacanuchi dirt road, a 45-minute drive. Access within the concession block consists of a network of two-track ranch roads.

The Project lies within the Sonora Desert climatic region. It has an arid climate. The majority of the rainfall occurs in the period July–September. Exploration can be conducted year-round. Any future mining operation could also be operated year-round.

The average altitude within the Alacrán Project is 1,475 m, and while the topography is mostly rolling hills, it is more abrupt in the western part of the Project area. There are few springs on the property, and streams only flow from rainwater runoff during the rainy season. Vegetation consists mainly of sparse grasses, mesquite trees, pin oak, junipers, very sparse biznaga cactus, ocotillo, and prickly pear cactus.

The closest major centre is Cananea, a regional commercial centre. The local economy is almost entirely based on large-scale copper mining.

The Project is within proximity of the city of Hermosillo where there are resources supporting the mining industry, including heavy industry, manufacturing, shipping, and warehousing.

1.4 Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

In May 2022, a share purchase agreement was reached between Azure Minerals Limited (Azure), the Azure subsidiary Azure Mexico Pty Ltd, and Bendito Resources Inc. and the Bendito subsidiary, Bendito Resources Mexico Inc for Bendito to acquire eight properties in Mexico, including Alacrán, from Azure, for approximately AUS$20 million of total consideration. The transaction closed in July 2022.

The Project is 100% owned by Bendito. Each of the Bendito subsidiaries Azure Mexico Pty Ltd., and Bendito Resources Mexico Inc hold one share of Minera Tlali SAPI de CV (Minera Tlali). Minera Tlali is the registered owner of the mineral tenure. Minera Tlali, following the Bendito acquisition from Azure, is a wholly-owned Bendito subsidiary.

The Project consists of 21 granted concessions, covering a total area of approximately 5,433 ha. The concessions are in good standing.

The surface area in and around Alacrán mining concessions is primarily used for cattle grazing, with surface rights held by at least 10 private owners. Verbal or written permission from the landowner is required to conduct surface exploration, while a written agreement is usually required to conduct drilling, trenching, road construction and rehabilitation; permits are usually renewing yearly, monthly or by field season.

Bendito currently has verbal agreements with the relevant landowners to support mapping and geochemical sampling.

Water for the Azure drilling programs was sourced from man-made dams that are recharged during the rainy season, via a written agreement with the surface landowner. Bendito plans to use water from a surface dam under agreement with the landowner of that dam for the purposes of the planned drill program.

Grupo Mexico retains a 2% NSR royalty over all of the mineral concessions; this NSR is levied on any commodity that may be produced. In 2019, Minera Tlali granted Teck a 0.5% NSR royalty on any production from the mineral tenures that comprise the Project.

1.5 Permitting, Environmental, and Social

Bendito prepared and submitted an “Informe Preventivo", which resulted in the grant of authorization number 26/IP-0130/05/22 26SO2022MD035 by the Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT). The permit will allow for exploration and drill programs in the Loma Bonita, Mesa de Plata, and surrounding areas, and has a duration of 36 months.

The area has been subject to artisanal mining activities, and there is an expectation that some environmental liabilities may be associated with these workings. Bendito is not responsible for any remediation.

At the completion of exploration and drill programs, each of Grupo Mexico, Teck, and Azure completed the reclamation and rehabilitation required by SEMARNAT, and those reclamation and rehabilitation programs were reported to SEMARNAT as required.

Azure commissioned a baseline environmental study in 2016, which included disciplines areas such as flora, fauna, land use, climate, air quality, soil, hydrology and seismicity. Two protected flora and two protected fauna species were identified in the study area. The area is not classified for crop-growing, and the primary land use is cattle grazing. Soils are shallow and poorly developed. In general, the surface water is not of good quality in any of the sites monitored and is not suitable as a source of drinking water supply or for agricultural irrigation. Most parameters returned from the limited stream sediment sampling program were within expected limits, except arsenic. The highest elevations of arsenic were in the in the Las Laminas sub-micro-basin, and may be related to run-off from the historical La Morita working. The Project is in a moderately seismically active area.

Teck commissioned a social baseline study in 2017. A total of 22 interviews and two focus groups were conducted with the population, government stakeholders, businessmen, activists and other key informants within the city of Cananea and the North Sonora region. A database was set up to record information such as the local economy, copper production, poverty and societal needs, demographic dynamics and crime rates.

1.6 History

Early mining activities in the 1900–1913 period focused on high grade silver–copper mineralization, but were curtailed by the Mexican Revolution. Between 1930 and 2013, Anaconda, Consejo de Recursos Minerales (the Mexican Geological Survey), Impulsora Minera de Sonora, Grupo Mexico and Teck Resources Limited (Teck) undertook copper exploration in the current Project area. Azure acquired the Project in 2014 and completed exploration activities from 2015–2016. Teck exercised its back-in right in 2017. The Cerro Alacrán copper prospect was identified in 1967. The Mesa de Plata deposit was discovered in September, 2015, and Loma Bonita in October, 2015.

Work completed by these parties included: geological mapping, geochemical sampling (stream sediment, rock chip, soil), airborne geophysical surveys (versatile time domain electromagnetic (VTEM), aeromagnetic and aero-radiometric surveys, light detection and ranging (LiDAR) survey) ground geophysical surveys (induced polarization (IP), resistivity, and magnetic; trial controlled source audio magnetotellurics (CSAMT)), reverse circulation (RC) and core drilling, construction

of block models, mineral resource estimates, metallurgical testwork, and initial baseline environmental and social studies.

Bendito acquired the Project in mid-2022. Work completed by Bendito post-acquisition included geological and regional reconnaissance, geological verification mapping, data review and compilation, and core re-logging of selected drill core.

1.7 Geology and Mineralization

A number of mineralization styles are known within the Project area:

- High sulphidation epithermal mineralization at the Mesa de Plata and Loma Bonita deposits, and the San Simon, and La Morita prospects;
- Sub-epithermal vein mineralization at the Palo Seco, Santa Barbara, and Alacrán South prospects;
- Mixed porphyry-style and high sulphidation epithermal mineralization at the Gregors prospect;
- Porphyry-copper mineralization at the Cerro Alacrán prospect.

1.7.1 Regional and Project Geology

The Alacrán Project is situated in north–central Sonora, and lies within the Basin and Range geo-physiographic province, in the Cananea District. The area has undergone structural deformation that began in the Paleoproterozoic and persisted through to the Tertiary. The Laramide Orogeny is associated with basement uplifts bounded by reverse faults, compressive deformation, volcanism, and plutonism.

Stratigraphy exposed within the Project boundaries is dominated by the presence of volcanic and volcaniclastic rocks of the Mesa Formation, isolated outcrops of intrusive bodies of Laramide age in the central portions of the Project area, and felsic volcanics of presumed Miocene age in the south-central Project portion.

Bendito has defined three major structural types within the Project area:

- Post-mineral block faulting;
- Veining;
- Hydrothermal and crackle breccias.

Block faulting represents the main control on the alteration distribution within the Project area. Porphyry-related alteration is present around Cerro Alacrán and the surrounding base metal vein

system, and this is always found to the east of the Mezquite Fault. Between the Mezquite and Pinoso Faults, the alteration style is a transition between porphyry- and high-sulphidation types, preserving characteristics of both. To the north of the Pinoso Fault, the alteration is dominantly high-sulphidation. Alteration characteristic of high-sulphidation systems is noted in the Mesa de Plata and Loma Bonita areas.

Mineralization within the Project area occurs at a number of stratigraphic levels. The deposits that were the focus of previous exploration activity are the silver-bearing Mesa de Plata and gold-bearing Loma Bonita deposits in the northwest of the Project area, which are interpreted to be examples of high-sulphidation epithermal mineralization. The San Simón and La Morita prospects may represent southward extents of the high-sulphidation epithermal mineralization at Mesa de Plata and Loma Bonita. The Gregors prospect displays alteration characteristics of both porphyry and high-sulphidation styles, with a pronounced copper anomalism. The Palo Seco, Santa Bárbara and Alacrán South prospects are prospective for polymetallic vein-hosted and sub-epithermal vein type mineralization surrounding the intrusions at Cerro Alacrán. Porphyry-style copper mineralization was identified in the central–eastern portion of the tenure, at the Cerro Alacrán porphyry prospect. Both porphyry intrusions and country rock host mineralization at Cerro Alacrán.

1.7.2 Loma Bonita

The Loma Bonita deposit extends along the northwest-trending Loma Bonita ridge, has a width of about 250 m, and a strike length of approximately 900 m. Mineralization occurs within a nearly flat-lying, 10–100 m thick lithocap of residual silica. Mineralization is preferentially hosted within the upper dacite member of the Mesa Formation.

Gold is present in the form of native gold at Loma Bonita. The deposit is not well mineralized in silver in comparison to Mesa de Plata.

1.7.3 Mesa de Plata

Mesa de Plata is located 350 m to the west of Loma Bonita and extends along the northwesterly-trending Mesa de Plata ridge. The deposit is about 200 m wide, with a strike length of approximately 1,100 m. As with Loma Bonita, mineralization is preferentially hosted within the upper dacite member of the Mesa Formation. Mineralization occurs within a nearly flat-lying, 10–100 m thick lithocap of residual silica.

As with Loma Bonita, gold, where present, is in the form of native gold. The silver-dominant mineralization has a complex mineralogy, including native silver, acanthine, chlorargyrite, silver sulphosalts (stromeyerite, miargyrite, and polybasite), antimonates (romeite), and supergene minerals such as bromargyrite, plumbojarosite, and antimony oxides (stibiconite).

1.7.4 Prospects

Bendito considers the San Simon/La Morita area to be a single prospect, bounded to the south by the El Pinoso Fault. Gold and silver mineralization is defined by the lithocap alteration environment, hosted by the upper dacite member, and associated with residual silica layers, hydrothermal breccias and crackle zones.

Mineralization identified within the Gregors area is bounded by the El Pinoso and Mezquite Faults. Sericite–pyrophyllite alteration is dominant and is associated with disseminated pyrite with massive sulphide veins and vein-breccias containing chalcopyrite, primary chalcocite–bornite, and possibly covellite.

An area with about 53 artisanal workings, the most significant of which are at Palo Seco, Alacrán, Santa Barbara, La Cobriza, El Pozo, and La Escondida, is considered by Bendito to form the one prospect area. Mineralization is hosted in vein systems that are oriented north–south, east–west, and northwest–southeast. The vein systems are bound on the western margin by the Mezquite Fault. Multiple quartz vein textures were identified including crystalline–cockade and drusy textures, massive white-quartz veins, and quartz stockwork. Sulphides hosted within the veins include pyrite, arsenopyrite, chalcopyrite, galena, and sphalerite.

Several porphyritic intrusive phases occur at Cerro Alacrán, emplaced into Mesa Formation volcanic rocks. A fine-grained sericite ± quartz alteration zone of 5 km^2 is spatially associated with the Cerro Alacrán prospect. A topographic depression in the western–central area of Cerro Alacrán, hosts a 250 m-diameter quartz–feldspar porphyry stock, which shows typical potassic alteration with secondary magnetite and biotite, and copper oxides after chalcopyrite. Most of the copper mineralization at Cerro Alacrán was formed through a supergene enrichment process, which formed a surficial leached cap largely barren of copper that is underlain by an enriched chalcocite zone.

1.8 Exploration

Exploration conducted prior to Bendito's Project interest includes the following:

- Grids and surveys: The grid system used for sample locations is WGS84 Mexico UTM Zone 12N (EPSG: 26712) for easting, northing and RL. A contractor prepared a high-resolution, LiDAR survey-based digital terrain model (DTM) for Azure of the tenement holdings, which provided centimetre-scale accuracy in 3D;
- Geological mapping: completed at 1:500, 1:2,500, 1:4,000, 1:5,000 scales. Identified zones of alteration and silicification;

- Geochemical sampling: rock chip, stream sediment, grid and ridge-and-spur soil sampling, and portable XRF analyser measurements. This identified zones, depending on area, of anomalous gold, silver, copper, lead, zinc, and antimony values and was used to vector into sites for drill testing;
- Airborne geophysics: VTEM, magnetic–radiometric, hyperspectral surveys. Cerro Alacrán is coincident with a spot magnetic high. Several similar magnetic highs occur elsewhere within the Alacrán Project area, some spatially associated with historical workings that exploited near-surface copper oxide mineralization. The mineralogy products from the hyperspectral survey highlight both epithermal and porphyry style alteration zones over the Alacrán Project area;
- Ground geophysics: magnetometric, IP/resistivity surveys; trial CSAMT. Strong and coherent chargeability and resistivity anomalies noted in the vicinity of the historical La Morita and San Simon mine workings. Profiles of the resistivity sections at Loma Bonita and Mesa de Plata show that the silicification is lenticular in nature.

1.9 Drilling

Drilling completed on the Project was done by parties prior to Bendito's Project interest, and totalled 306 core and RC drill holes for 48,903 m. Of this, 31,167 m was core drilling (64% of total) and 17,736 m (36%) was RC.

A number of core sizes have been used, including NX size (54.9 mm core diameter) NXL size (54.7 mm), NQ (47.6 mm), BQ (36.4 mm), HQ (63.5 mm) and PQ (85 mm) sizes.

Logging procedures and protocols varied by campaign. Logging by Azure personnel captured information such as rock type, textures, key minerals, oxidation, and colour. Rock quality designation was logged for the core holes. Azure core was photographed. Geological logging completed by Teck personnel captured information on lithology, structure, texture, veining, alteration, and mineralization. Magnetic susceptibility and shortwave infrared (SWIR) spectral measurements (ASD TerraSpec) were collected at regular 3 m intervals.

In May 2017, Teck reviewed and relogged approximately 1,600 m of drill core and 570 m of RC chip trays from selected drill holes completed in the Mesa de Plata, Loma Bonita and San Simon areas during the 2015–2016 Azure drill campaigns to gain a better understanding of the geology, alteration, and mineralization styles. A second re-logging campaign completed in June 2017 focused on 800 m of core from the San Simon area.

The average core recovery at Mesa de Plata was 86% for all core holes drilled by Azure, with about 20% of core intervals having core recoveries of <70%. At Loma Bonita, the average core recovery was 86% for all core holes drilled with approximately 20% of core intervals having core

recoveries of <70% during the Azure campaigns. Teck's core drilling programs during 2017 and 2018 achieved core recoveries of 93% with only 4% of core intervals having core recovery of <70%.

Drill collars from the Azure and Teck campaigns were picked up using global positioning system (GPS) equipment.

No down hole surveys were completed on vertical RC drill holes, as the down hole deviation for relatively short RC holes (<100 m) was assumed by Azure to be negligible. Core holes could be surveyed using Reflex ACT III, Reflex EZ-shot, or gyroscopic tools. Surveys were commonly taken at 30 m intervals.

Drill holes at Mesa de Plata and Loma Bonita were collared on a 50 x 50 m grid, with some infill drilling at Mesa de Plata to 25 x 50 m. The drill grid was oriented approximately along and across the strike of the mineralized zones. The general trend of the geology and mineralization is flat-lying and, as such, the drilled thicknesses in the vertical drill holes approximate the true mineralized thicknesses.

The QP considers that the drill data collected in the period 1969–1998 can be used to support geological interpretations, but will require additional verification to allow those data to be used for support of any future Mineral Resource estimate. The QP notes, for the Azure and Teck drilling, that the data can be used to guide areas to be drill tested by Bendito, can be used in exploration vectoring and for geological interpretations, and could be used to support future Mineral Resource estimates.

1.10 Sampling

Rock chip sampling was done using hammer and chisel, and most samples were continuous chips averaging 2–3 kg. Soil samples were typically around 0.5–1.5 kg, and the -80-mesh fraction was sent for analysis.

Azure sub-sampled the RC drill hole cuttings over 1.5 m intervals. All RC holes were split dry; no water was encountered.

Core holes were sampled by Azure on nominal 1.5 m intervals. Samples of longer or shorter length (0.15–1 m) were collected as necessary to terminate the sample on geological features of interest. Core was sampled by cutting the core in half with a wet diamond saw blade along the core axis to prepare a ½-core sample. The ½-core sub-sample was then wet-cut along the core axis to prepare a ¼-core sub-sample for laboratory dispatch. The second half of core and residual ¼ core was retained in core trays and was selectively used for density measurements.

Azure measured core volumes using a laser scanning method on 10 cm long ½ and ¼ core specimens. The method was selected in an attempt to account for voids in the core samples.

The core samples were then weighed to determine the sample mass. The final density was calculated as mass divided by volume.

Select Azure drill core and RC chip trays were submitted by Teck for hyperspectral scanning at the CoreScan facilities in Hermosillo, Mexico. Products delivered include high-resolution core photography (50 µm), true and false colour image composites, mineral match images, classification maps, and numerical logs.

Laboratories used during the Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico programs are not known. The Azure and Teck samples were sent to the Bureau Veritas laboratory in Hermosillo, Sonora, Mexico (Bureau Veritas Hermosillo) for sample preparation and the Bureau Veritas laboratory in Vancouver, Canada, for analysis (Bureau Veritas Vancouver). The two Bureau Veritas laboratories were independent of Azure and Teck, and are independent of Bendito. The Bureau Veritas Vancouver laboratory holds ISO17025 accreditations for selected analytical techniques. The Bureau Veritas Hermosillo laboratory had ISO 9001:2008 accreditations.

The same sample preparation methods were used by Azure for all geochemical, RC and core samples. Samples were dried, crushed to 70% passing 2 mm, and pulverized to 85% passing 75 µm. Teck despatched samples to Bureau Veritas Hermosillo, where the laboratory dried, weighed and then crushed the whole sample to 70% passing 2 µm, and pulverized to 85% passing 75 µm.

The same initial analytical methods were used by Azure for all geochemical, RC and core samples. Analytical methods at Bureau Veritas Vancouver included a four-acid digestion of an aliquot from the pulp (collected by spatula) then analysis of the re-dissolved digestion salts using inductively coupled mass spectroscopy (ICP–MS) for silver. The analytical technique used for gold grade determination was a fire assay method followed by atomic absorption spectroscopy (AAS) analysis.

During the Teck campaigns, all analysis was performed at Bureau Veritas Vancouver. The Azure pulps were re-assayed for gold using fire assay. Rock chip and SWIR samples were assayed using either ICP-atomic emission spectroscopy (AES) or ICP-MS determination. Soil and drill samples were assayed using either ICP-AES or ICP-MS. Gold was determined by fire assay.

Teck and Azure used a quality assurance and quality control (QA/QC) program that included submission of standard reference materials, blanks and duplicate samples.

A total of 1,051 pulp samples of Azure drill hole assays were submitted by Teck for re-analyses as part of an umpire sampling program to an independent laboratory to check the reproducibility of results from the original laboratory.

Analysis of trace element geochemistry conducted by Teck in early 2017 indicated the possibility for gold mineralization in previously un-assayed sections of Mesa de Plata drill holes, given

certain pathfinder geochemistry signatures. Teck selected 2,935 pulp samples from previous geochemical laboratory assay of 60 RC drill holes for gold fire-assay analyses in order to evaluate the gold content at Mesa de Plata. Except for two drill holes, all gold assays were <0.1 g/t for the Mesa de Plata area.

Sample security was not historically monitored. Sample collection from drill point to laboratory relied upon the fact that samples were either always attended to, or stored in the locked on-site preparation facility, or stored in a secure area prior to laboratory shipment. Chain-of-custody procedures consisted of sample submittal forms to be sent to the laboratory with sample shipments to ensure that all samples were received by the laboratory.

Core from the Azure programs was stored at Cananea in a fenced and secured core yard.

1.11 Data Verification

At Mesa de Plata, four HQ core holes twinned RC holes and one core hole was inserted into the 50 x 50 m drill pattern. Azure found that the core silver assays were biased negatively when comparing the twin RC holes. This bias is hypothesized to be due to the washing of fine silver-bearing minerals from vuggy and/or porous core during core drilling or core cutting.

Azure contracted Hedenquist Consulting, Inc. in 2016 to examine the Alacrán Project area and comment on the mineralization setting. Observations included "*silicic zones at Mesa de Plata, Loma Bonita, Punta del Oro and San Simon are typical of silicic lithocaps of residual quartz and quartz–alunite of the style that host precious metal high-sulfidation deposits. As a corollary, there are known porphyry copper systems adjacent to the lithocap at La Morita and further east in the district at Palo Seco and El Alacrán; this potential may have to be tested to at least ~1 km depth given this shallow erosion level".*

The QP visited the Project site from 12–13 September, 2022, during which time he:

- Inspected the ridges forming the Mesa de Plata and Loma Bonita prospect areas and confirmed the presence of alteration and mineralization in outcrops and sub-crop;
- Collected hand-held GPS coordinates from eight drill holes on the Project and compared the coordinates with those found in the database;
- Collected two rock chip samples from outcrop or sub-crop at Mesa de Plata and Loma Bonita as independent check samples on the presence of mineralization;
- Reviewed drill core from 11 core drill holes and briefly reviewed RC chips from a single drill hole at Gregors;
- Reviewed the proposed exploration program proposed by Bendito for the Alacrán Project and confirmed that the drill program is of the right order of magnitude to both extend

mineralization at Loma Bonita, Mesa de Plata and also explore the San Simon/La Morita area.

Observations made during the QP's site visit, in conjunction with discussions with Bendito's technical staff, support the geological interpretations made by Bendito when planning exploration and drill programs. The QP considers that the orientation of the proposed drilling adequately takes into consideration the orientation of the structures that potentially control or offset mineralization.

1.12 Metallurgical Testwork

All metallurgical testwork programs were completed prior to Bendito's Project interest.

Laboratories involved in metallurgical testwork included Blue Coast Research in Nanaimo, BC, Canada (Blue Coast); Amtel, London, Canada; Kappes Cassiday and Associates, Reno, Nevada (KCA); Xstrata Process Support in Falconbridge, Ontario, Canada (Xstrata); Hazen Research Inc in Golden, Colorado (Hazen); and FLSmidth in Salt Lake City, Utah. All of the laboratories were independent of Azure and Teck and are independent of Bendito.

1.12.1 Loma Bonita

Testwork completed at Loma Bonita consisted primarily of standard bottle roll tests. The testwork focused on two different size fractions, comprising ground (average size of ground samples is 80% passing 80 µm) and crushed (average size of crushed samples is 80% passing 11.3 mm) particle sizes. These sizes were tested to simulate gold recoveries that might be expected to be achieved from conventional milling (e.g., carbon-in-pulp or carbon-in-leach processing) and heap leach gold processing, respectively. Metallurgical testwork focused on maximizing gold recovery rather than any accessory silver.

High gold recoveries of 88–97% were achieved on ground material, with an overall average recovery of >93%. Tests on crushed material achieved gold recoveries of 42–89%, with an overall average recovery of >73%.

The recovery of silver by cyanide leaching was low, with tests returning average silver recovery of 9–27% for ground material and 1–7% for crushed samples.

1.12.2 Mesa da Plata

Testwork completed at Mesa da Plata consisted of mineralogy, testing of cyanide leaching, flotation and gravity methods, and comminution tests.

A number of mineralogy examinations were performed to quantify the silver deportment, after low silver recoveries were noted by Blue Coast during flotation testwork. This was suggested to be due to the romeite not being amenable to flotation processes. Amtel confirmed bromargyrite was the principal silver-bearing mineral, with romeite as the second most important silver carrier. Amtel noted that:

- Acanthite and bromargyrite if liberated, should be recoverable by flotation. A significant portion of the bromargyrite is in the slimes, and associated with rock particles, therefore a possible silver recovery for the master composite sample is in the range of 48%;
- Romeite will not be recoverable by flotation because it is an antimonite, unless the mineral has a sulphide coating. However, as it has an SG of 5–6, it could be recoverable in a gravity concentrate for further treatment;
- Silver that is enclosed in silicates and silicate composite particles will be non-floatable;
- A portion of the silver remains unaccounted for in the pure mineralogical balance.

Cyanidation work consisted of a series of 48-hour bottle roll tests at various grind sizes, on both the master and the high-grade composites. Results were encouraging with over 50% Ag recovery on the initial master composite test. Silver recovery of 70% was achieved on the high-grade composite. A single bottle roll test was completed on a crushed sample of high-grade composite. The final extraction of 65% of the silver was only slightly less than that achieved after a 75 µm grind, indicating the feasibility of heap leach processing.

Some preliminary flotation and cyanidation tests were completed, in which the flotation tailing slurry was subjected to the standard cyanidation bottle roll conditions. In the test on the master composite flotation tailing, 22% of the remaining silver was extracted by cyanidation, for an overall silver recovery of 62.3%.

Batch rougher flotation testwork was carried out on samples of master composite and high-grade composite material. Results were encouraging, with good recoveries and excellent concentrate grades achieved in most tests.

A simplified, three-stage gravity separation test was undertaken on an un-sized sub-sample of the master composite using a laboratory scale Knelson concentrator. The combined silver recovery to the three products was 12.9%. This suggested that the chloroargyrite was either insufficiently liberated due to grind size, or was of insufficient density.

Hazen was provided with comminution samples that were subjected to semi-autogenous grinding (SAG) mill comminution (SMC), Bond abrasion index (Ai), Bond rod mill work index (RWi), Bond ball mill work index (BWi) at two closing sizes (150 and 270 mesh), and Bond crusher work index (CWi) testing.

1.13 Risks and Opportunities

1.13.1 Risks

The Project is at an initial exploration stage.

The primary risks at this stage of evaluation relate to the ability to perform the recommended exploration and drill programs outlined in Section 26 of the Report:

- Potential conflicts with local landholders that could translate to revocation of surface access for planned programs;
- Potential conflicts over use of water for drill programs;
- Potential environmental contamination from drilling, primarily of water supplies;
- Equating the Project with other operations or operators in the region, and thereby transferring perceptions of those entities to the Project;
- Crime.

A number of companies collected exploration, drill, and metallurgical data in the period 1969–2020, prior to Bendito's Project interest. Bendito is still in the process of reviewing and verifying these data, in particular the metallurgical testwork information. Interpretations of data quality and useability in support of any future Mineral Resource estimates may change as these processes are completed.

1.13.2 Opportunities

The Project area retains significant exploration potential.

There are sufficient gold and silver drill, sampling, and metallurgical data to potentially support Mineral Resource estimates at Loma Bonita and Mesa de Plata once appropriate data verification has been completed.

Geological mapping and regional geochemical data indicate the known high sulphidation epithermal system at Loma Bonita and Mesa de Plata extends outwards from those deposits. Additional exploration to determine the total extent and mineralization tenor of the system is warranted.

Drill, sampling, and metallurgical data availability for the copper mineralization at Cerro Alacrán is still being assessed by Bendito. If there is sufficient quality data identified and verified, there is potential for a Mineral Resource estimate to be completed for this prospect.

Exploration activity by predecessor companies to Bendito focused on the copper mineralization at Cerro Alacrán. As a result, drill core was only selectively analysed for elements such as gold, silver and molybdenum. There is potential with additional assaying, drilling, and metallurgical testwork for a future Mineral Resource estimate to include these elements as co-products with copper.

A number of vein systems are known from outcrop mapping to surround Cerro Alacrán. These vein systems have limited historical workings and have no modern exploration to assess their prospectivity. The veins have potential to host vein-style or structurally-controlled base and precious metals mineralization, and additional exploration should be completed using these hypotheses as the basis for the program.

Geophysical data and geochemical data from widely-spaced drilling and sampling across the Project area have been interpreted to show that multiple levels of porphyry-style mineralization and alteration may be present. Zones of shallow-level mineralization have been identified in the west of the Project, and may represent the surface expression of a major porphyry system, much larger than the known Cerro Alacrán porphyry, at depth. An exploration program to test this concept is warranted.

There may be potential within the Project area to identify copper porphyry mineralization at depth (<500 m), in particular in the Gregors and San Simon/La Morita prospect areas.

1.14 Interpretation and Conclusions

The QP considers that additional exploration and data reviews are warranted.

The QP reviewed the proposed exploration program proposed by Bendito for the Alacrán Project and is of the opinion that the drill program is of the right order of magnitude to both extend mineralization at Loma Bonita, Mesa de Plata and also explore the San Simon/La Morita area for epithermal-style mineralization. The orientation of the proposed drilling takes into consideration the orientation of the currently-identified northeast–southwest striking structural controls to mineralization.

1.15 Recommendations

A two-phase work program is suggested for the Project. A portion of the programs can be conducted concurrently. The collar locations for the proposed drill holes in Phase 2 of the recommendations are dependent on the results of the drilling and exploration activities set out in Phase 1. The Mineral Resource estimate proposed in Phase 2 will require the results of the Phase 1 program to be available.

The first phase, estimated at about US$2.4 million, consists of step-out and reconnaissance drilling in the Loma Bonita, Mesa de Plata and San Simon areas, and data interpretation and modelling to support exploration vectoring and reconnaissance drilling in the Loma Bonita, Mesa de Plata, San Simon, La Morita, Gregors, and Cerro Alacrán areas.

The second phase, estimated at approximately US$1.4 million, is planned to test prospects generated by the drill and exploration programs in Phase 1. A second aim of the Phase 2 program is to generate a Mineral Resource estimate for the Loma Bonita, Mesa de Plata, and San Simon area.

2.0 INTRODUCTION

2.1 Introduction

Bendito Resources Inc. (Bendito) requested that Mine Technical Services (MTS) prepare a technical report (the Report) on the Alacrán Project (the Project), located in Sonora State, Mexico (Figure 2-1).

2.2 Terms of Reference

This voluntarily-filed Report provides information on the Alacrán Project.

Units used in the report are metric units unless otherwise noted. Monetary units are in United States dollars (US$) unless otherwise stated.

2.3 Qualified Persons

The following serve as the qualified persons for this Technical Report as defined in National Instrument 43-101, Standards of Disclosure for Mineral Projects, and in compliance with Form 43-101F1:

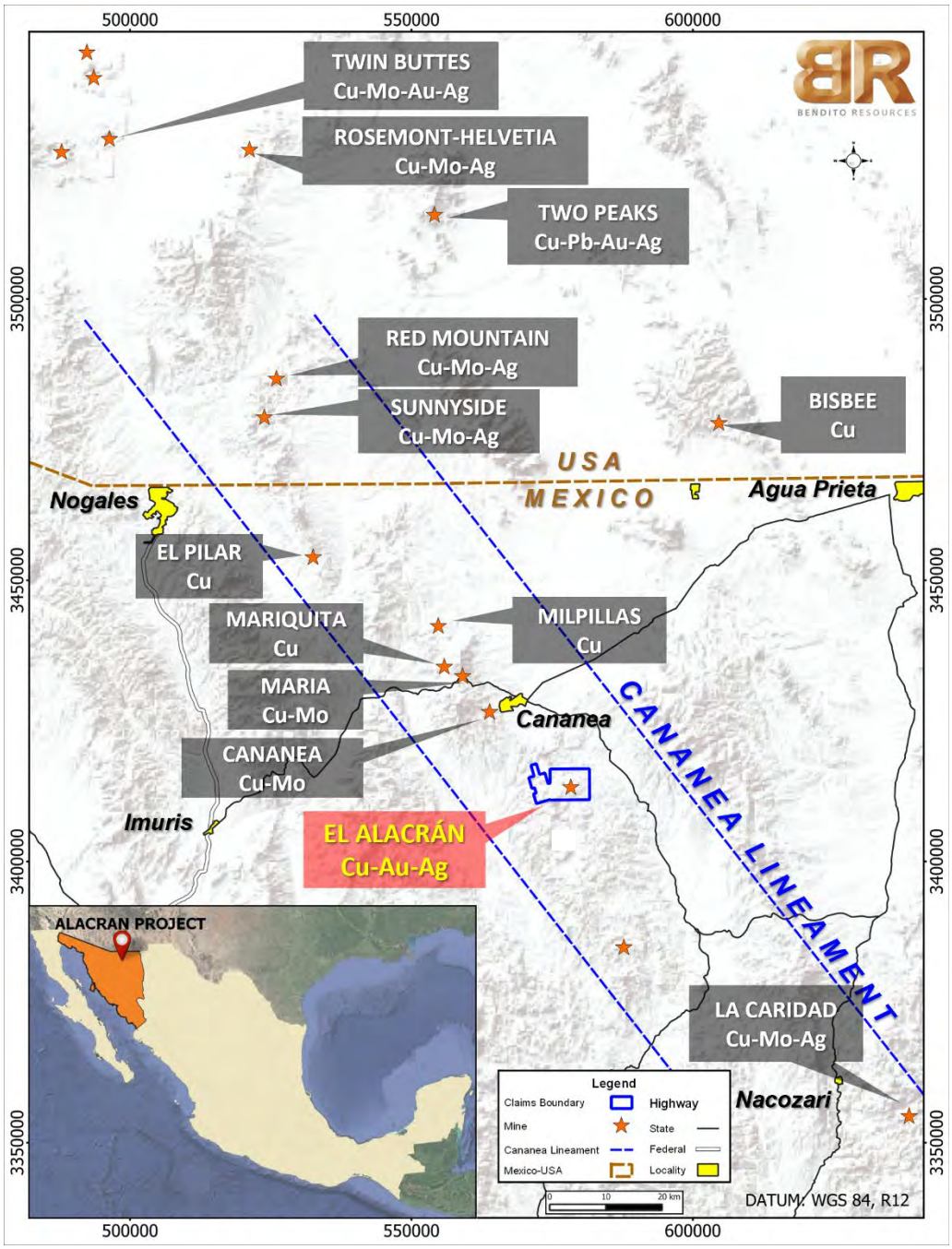
- Mr David Thomas, P.Geo., Associate, Mine Technical Services.

2.4 Site Visits and Scope of Personal Inspection

Mr. Thomas visited the Alacrán Project from 12–13 September, 2022. During that visit he:

- Inspected the ridges forming the Mesa de Plata and Loma Bonita prospect areas and confirmed the presence of alteration and mineralization in outcrops and sub-crop;
- Collected hand-held GPS coordinates from eight drill holes on the Project and compared the coordinates with those found in the database;
- Collected two rock chip samples from outcrop or sub-crop at Mesa de Plata and Loma Bonita as independent check samples on the presence of mineralization;

Figure 2-1: Project Location Map



Note: Figure prepared by Bendito, 2022. Mines shown on figure are operated by third-parties. Note that the mine shown as starred within the Alacrán Project area is a historical mine, and is not currently operating.

- Reviewed drill core from 11 core drill holes and briefly reviewed RC chips from a single drill hole at Gregors;
- Reviewed the proposed exploration program proposed by Bendito for the Alacrán Project and confirmed that the drill program is of the right order of magnitude to both extend mineralization at Loma Bonita, Mesa de Plata and also explore the San Simon/La Morita area:
- Discussed the geological and mineralization settings of known deposits and prospects within the Project area with Bendito staff.

2.5 Effective Dates

The overall Report effective date is 18 November, 2022.

2.6 Information Sources and References

Reports and documents listed in Section 3 and Section 27 of this Report were used to support preparation of the Report. Additional information was provided by Bendito as requested. Supplemental information was also provided to the QP by third-party consultants retained by Bendito in their areas of expertise.

2.7 Previous Technical Reports

Bendito has not previously filed a technical report on the Project.

To the QP's knowledge, no other party has filed technical reports prepared under any edition of NI 43-101 on the Project.

3.0 RELIANCE ON OTHER EXPERTS

3.1 Introduction

The QP has relied upon the following other expert reports, which provided information regarding mineral rights, surface rights, property agreements, royalties, environmental, permitting, and social and community impact for use in sections of this Report.

3.2 Ownership and Mineral Tenure

The QP has not independently reviewed ownership of the Project area and any underlying property agreements, mineral tenure, surface rights, or royalties. The QP has fully relied upon, and disclaims responsibility for, information derived from legal experts retained by Bendito, and on information provided by Bendito, through the following documents:

- Sanchez–Mejorada, R., 2022: Mining Rights Title Report On Certain Concessions: mineral title report prepared by Sanchez Mejorada, Yelasco y Ribe, Abogados for Bendito Resources Inc., 18 July, 2022, 46 p.
- Share Purchase Agreement, 2022: Share Purchase Agreement among Azure Minerals Limited, Bendito Resources Inc. and Bendito Resources Mexico Inc.: dated 27 May, 2022, 91 p.
- Share Purchase Agreement Amendment, 2022: Amending Agreement to the Share Purchase Agreement Dated May 27, 2022 among Azure Minerals Limited, Bendito Resources Inc. and Bendito Resources Mexico Inc.: dated 15 July, 2022, 9 p.
- Minem Teck, S.A. de C.V. and Buenavista del Cobre, S.A. de C.V., 2014: Reciprocal Assignment of Concession Rights and Obligations Agreement: 29 January, 2014, 45 p.
- Minera Tlali S.A.P.I. de C.V and Minera Teck S.A. de C.V., 2019: Net Smelter Return Agreement: agreement dated 27 August, 2019, 30 p.

This information is used in Section 4 of the Report.

3.3 Environmental

The QP has not independently reviewed information pertaining to the environmental setting in the Project area, and has fully relied upon, and disclaims responsibility for, this information through the following documents:

- Aguayo Hurtado, D.P., 2016: Baseline Environmental Study, Proyecto Mesa De Plata, Municipality of Cananea, Sonora: December, 2016, 393 p (English translation);

This information is used in Section 4 of the Report.

3.4 Social and Community Impacts

The QP has not independently reviewed information pertaining to the social setting in the Project area, and have fully relied upon, and disclaims responsibility for, this information through the following document:

- Integralia Consultores SA de CV 2017: Social Baseline Study, El Alacrán, Cananea: December 2017, 121 p.

This information is used in Section 4 of the Report.

3.5 Permitting

The QP has not independently reviewed information pertaining to the exploration permitting for planned drill programs in the Project area, and has fully relied upon, and disclaims responsibility for, this information through the following document:

- SEMARNAT, 2022: EL Alacran 2022 Drilling Authorization, 26/IP-0130/05/22 26SO2022MD035: 15 August, 2022, 14 p.

This information is used in Section 4 of the Report.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Introduction

The Alacrán Project is located approximately 15 km south of the town of Cananea, Sonora, Mexico, and about 50 km south of the international border with the US.

The Project centroid is located at 110° 12' 7.47"W longitude and 30° 51' 18.73" N latitude, or 576,292mE and 3,413,644mN in NAD27 Mexico Zone 12 UTM coordinates.

4.2 Property and Title in Mexico

4.2.1 Mineral Tenure

In Mexico, mining concessions are granted by the Economy Ministry and are considered exploitation concessions with a 50-year term.

Valid mining concessions can be renewed for an additional 50-year term if the mine is active, and the applicant has abided by all appropriate regulations and makes the application within five years prior to the expiration date.

All concessions must be surveyed by a licenced surveyor.

Mining duties, assessed against each mining concession, are calculated by multiplying the correct variable rate set by the government, based on the age of the respective mining concession, by the concession area. Mining duties are payable the Secretariat of Economy (Secretaría de Economía) in January and July of each year. A copy of the receipts of payment must be filed with the DGRM, each February and August. The duties payable are updated annually in accordance with changes to the Mexican Consumer Price Index (CPI).

Owners of mining concessions must file Work Assessment Reports (Informes Para Comprobar La Ejecución de Las Obras y Trabajos) every May with the Dirección de Revisión de Obligaciones, a sub-directorate of the DGRM. These Work Assessment Reports disclose the investments made in, and work undertaken within each mining concession or approved aggretations of concessions, in the immediately preceding calendar year. The required minimum investment amounts for each mining concession are set out in the Regulations to the Mining Law. These minimum investment amounts are updated annually in accordance with changes to the Mexican CPI.

Production Reports (Informes Estadístico Sobre La Producción, Beneficio y Destino de Minerales o Sustancias Concesibles), detailing production, processing, and destination mineral products, must be submitted annually during the first 30 business days of the corresponding year. These Production Reports must be submitted for each mining concession or group from which

production occurs, and be provided for all mining concessions or groups that have been held for six or more years, irrespective of whether production is occurring.

4.2.2 Surface Rights

Surface rights in Mexico are commonly owned either by communities (ejidos) or by private owners. The Mexican Mining Law includes provisions to facilitate purchasing land required for mining activities, installations and development.

4.2.3 Water Rights

The National Water Law and associated regulations control all water use in Mexico. The Comisión Nacional del Agua (CNA) is the responsible agency. Applications are submitted to this agency indicating the annual water needs for the mine operation and the source of water to be used. The CNA grants water concessions based on water availability in the source area.

4.2.4 Fraser Institute Survey

The QP has used the Investment Attractiveness Index from the 2021 Fraser Institute Annual Survey of Mining Companies report (the Fraser Institute survey) as a credible source for the assessment of the overall political risk facing an exploration or mining project in Mexico.

The Fraser Institute survey is globally regarded as an independent report-card style assessment to governments on how attractive their policies are from the point of view of an exploration manager or mining company, and forms a proxy for the assessment by industry of political risk in Mexico from the mining perspective.

Overall, Mexico ranked 34th out of the 84 jurisdictions in the 2021 survey for investment attractiveness, 54th for policy perception, and 28th for best practices mineral potential.

4.3 Project Ownership

4.3.1 Ownership History

The ownership history details over time are provided in Section 6.

The mining concessions were originally held by Grupo Mexico. Teck Resources Limited (Teck) acquired the El Alacrán mining concessions in 2013 through a land swap with Grupo Mexico.

Azure acquired the rights to the Alacrán Project in December 2014 through its fully owned Mexican subsidiary Minera Piedra Azul S.A. de C.V. Azure signed an Option/Shareholders agreement with Minera Teck S.A. de C.V., the Mexican Teck subsidiary to acquire 100% of the

property, subject to an underlying back-in right retained by Teck and a 2% net smelter return (NSR) royalty retained by Grupo Mexico.

Azure completed US$5 million aggregate expenditure on the Alacrán Project and delivered notice to Teck in October 2016 that it had achieved this milestone. Pursuant to the terms of the Agreement, Azure earned a 100% legal and beneficial interest in the project.

Teck notified Azure in December 2016 that it had exercised its back-in right, by which it could re-acquire a 51% interest by sole funding US$10 million of expenditure over a four-year period. This included a US$0.5 million cash payment to Azure. Additionally, upon reaching its 51% interest, Teck could further increase its interest to 65% by sole funding an additional US$5 million of expenditure, including a US$1.5 million cash payment to Azure.

In 2019, an exploration agreement between Minera Tlali SAPI de CV. (Minera Tlali), an Azure subsidiary, and Teck was terminated, with Teck only retaining an interest via way of an NSR (see Section 4.7). The Project became wholly-owned by Azure.

In May 2022, a purchase agreement was reached between Azure Minerals Limited, the Azure subsidiary Azure Mexico Pty Ltd, and Bendito Resources Inc. and the Bendito subsidiary, Bendito Resources Mexico Inc for Bendito to acquire eight properties, including Alacrán, from Azure, for approximately AUS$20 million of total consideration. The transaction closed in July 2022.

4.3.2 Current Ownership

The Project is 100% owned by Bendito. Each of the Bendito subsidiaries Azure Mexico Pty Ltd., and Bendito Resources Mexico Inc hold one share of Minera Tlali. Minera Tlali is the registered owner of the mineral tenure. Minera Tlali, following the Bendito acquisition from Azure, is a wholly-owned Bendito subsidiary.

4.4 Mineral Tenure

The Project consists of 21 granted mining concessions, covering a total area of approximately 5,433 ha (Table 4-1; Figure 4-1).

The legal opinion notes that all 21 mining concessions are registered with the Public Registry of Mining in the name of Minera Tlali, as sole holder.

As per Mexican requirements for grant of tenure, the mining concessions were surveyed on the ground by a licensed surveyor. Duty payments for the concessions have been made as required. Statutory reporting obligations have been met as required. The QP notes, per the legal opinion, that the General Bureau of Mining Regulation takes eight to 12 months to issue official certifications of filing of assessment work reports and payment of mining duties.

4.5 Surface Rights

The surface area in and around the Alacrán mining concessions is primarily used for cattle grazing, with surface rights held by at least 10 private owners (Figure 4-2). Eight owners hold the land covering the Cerro Alacrán prospect, and two corporate entities, including Grupo Mexico, hold the land covering the Loma Bonita and Mesa de Plata deposits.

Verbal or written permission from the landowner is required to conduct surface exploration, while a written agreement is required to conduct drilling, trenching, road construction and rehabilitation. Depending on the agreement, permits can have varying renewal periods, such as yearly, monthly or by field season.

Bendito currently has verbal agreements with the relevant landowners to support mapping and geochemical sampling.

Surface rights agreements that Bendito currently has in place are summarized in Table 4-2.

4.6 Water Rights

Water for the Azure drilling programs was sourced from man-made dams that are recharged during the rainy season, via a written agreement with the surface landowner.

Bendito plans to use water from a surface dam under agreement with the landowner of that dam for the purposes of the planned drill program.

Table 4-1: Mineral Tenure

	Title Name	Title Number	Holder	Area (ha)	Expiry Date
1	Hidalgo	166374	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
2	Hidalgo 2	166369	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
3	Hidalgo 3	166368	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
4	Hidalgo 4	166366	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
5	Hidalgo 5	166370	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
6	Hidalgo 6	166371	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
7	Hidalgo 7	166373	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
8	Hidalgo 8	166372	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
9	Hidalgo 9	166375	Minera Tlali, S.A.P.I de C.V.	99	27 May 2030
10	Kine 2	166313	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
11	Kine 3	166312	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
12	Kine 4	166314	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
13	Kine 8	166315	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
14	Kine 9	166316	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
15	Kine 10	166317	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
16	Kine 11	166318	Minera Tlali, S.A.P.I de C.V.	100	25 May 2030
17	Kine 15	166365	Minera Tlali, S.A.P.I de C.V.	100	27 May 2030
18	Kine 16	166367	Minera Tlali, S.A.P.I de C.V.	100	27 May 2030
19	San Simon	166376	Minera Tlali, S.A.P.I	100	27 May 2030

	Title Name	Title Number	Holder	Area (ha)	Expiry Date
			de C.V.		
20	San Simon 2	166377	Minera Tlali, S.A.P.I de C.V.	100	27 May 2030
21	El Alacran	201817	Minera Tlali, S.A.P.I de C.V.	3,442.3590	10 October 2045
				5,433.359	

Figure 4-1: Mineral Tenure Location Plan

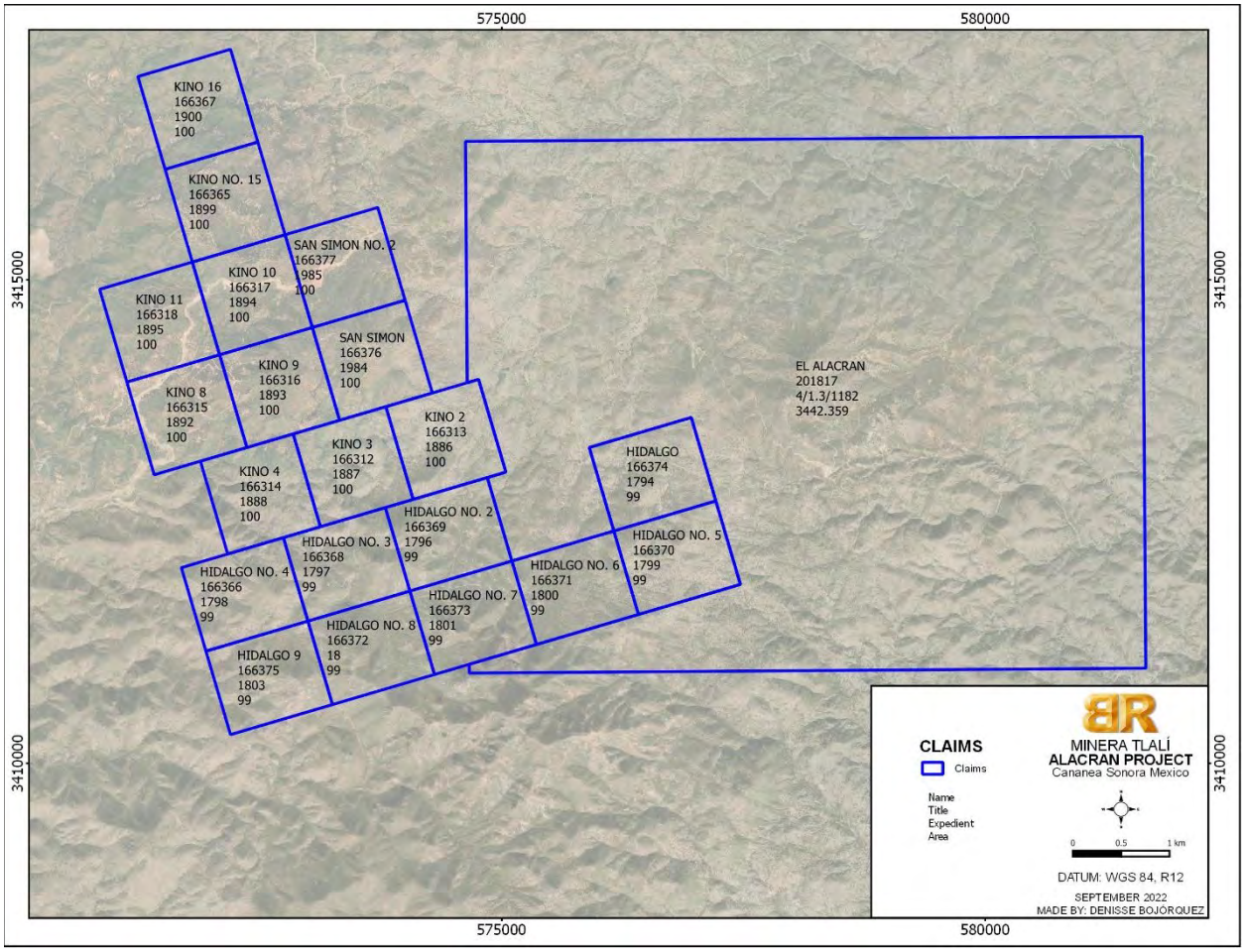


Figure 4-2: Surface Rights Holdings

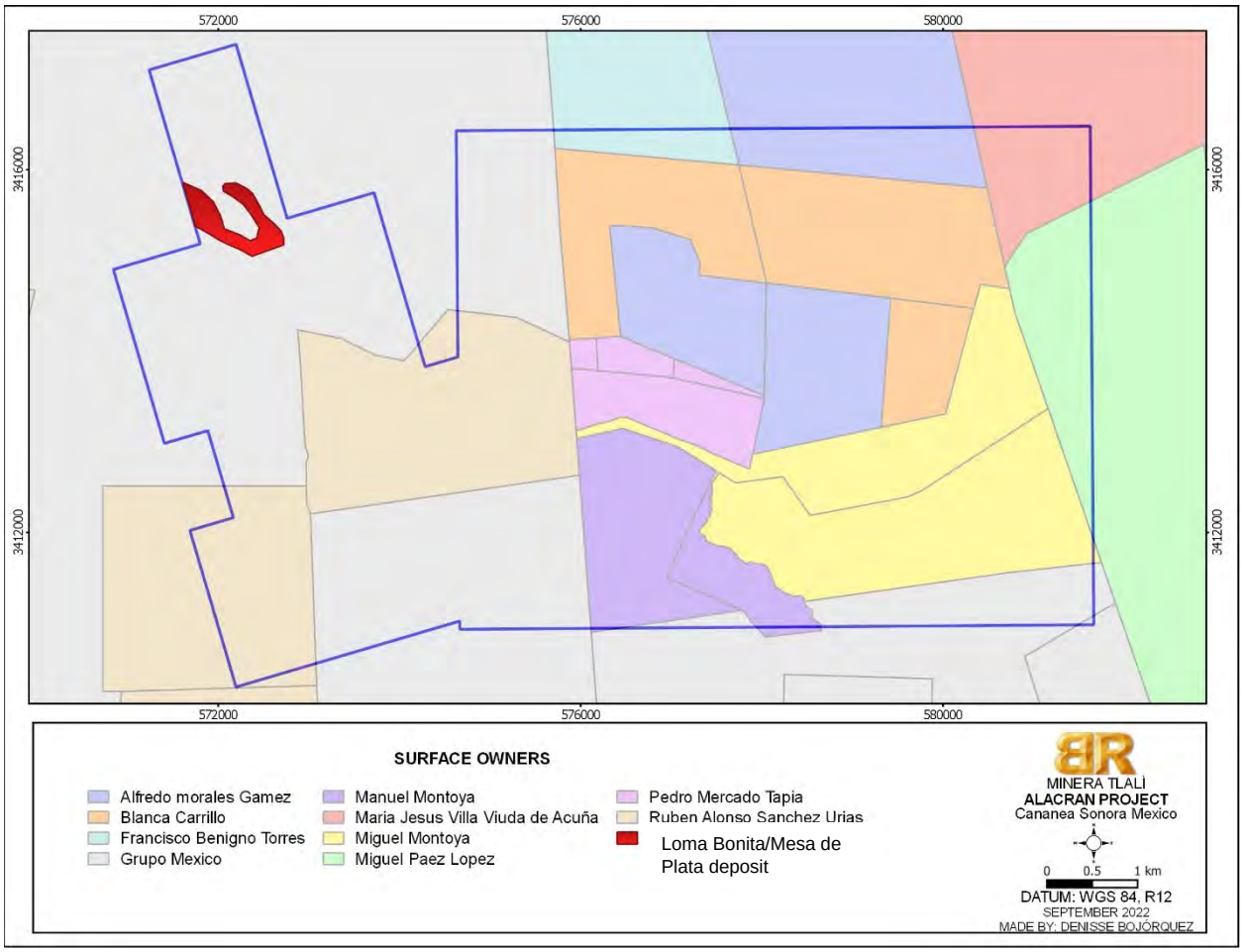


Table 4-2: Current Surface Rights Agreements

Area	Leaseholder	Type	Field Work/Year
Santa Barbara Ranch	Blanca Carrillo	In progress	Surface work 2019–2022
Water supply (Alacrán Ranch)	Rubén Alonso Sanchez Urías	Verbal	Surface work 2019–2022
Buenavista del Cobre	Grupo Mexico	Document	Surface work/drilling 2019–2022
Cerro Alacrán Ranch	Manuel Morales Flores	Verbal	Surface work 2019–2022
San Miguel Ranch	Miguel Montoya	Verbal	Surface work 2019–2022
Palo Seco Ranch	Manuel Montoya	Verbal	Surface work 2019–2022
Tinaja El Barrilito–Las Iglesitas Ranch	Francisco Benigno Torres	Verbal	Surface work 2019–2022
Los Conejos Ranch and La Churea	Miguel Paez Lopez	Verbal	Surface work 2019–2022
Rancho Catarranas	Pedro Mercado Tapia	Verbal	Surface work 2019–2022

4.7 Royalties and Encumbrances

Grupo Mexico retains a 2% NSR royalty over all of the mineral concessions listed in Table 4-1; this NSR is levied on any commodity that may be produced.

In 2019, Minera Tlali granted Teck a 0.5% NSR royalty on any production from the mineral tenures listed in Table 4-1.

4.8 Property Agreements

The only agreements currently in place relate to surface access, see Section 4.5.

The legal opinion provided was based on information contained in the files of the General Bureau of Mining Regulation and the Public Registry of Mining on or before June 22, 2022. The opinion noted that the Public Registry of Mining has a backlog of approximately eight to 10 months in the registration of liens and agreements, so the legal opinion author did not have access to any information submitted at the General Bureau of Mining Regulation during that time frame. However, the legal opinion author was verbally informed by officers of the Public Registry of Mining that no lien or agreement affecting the mineral concessions was filed during that period.

4.9 Permitting Considerations

Drill programs conducted by Azure and Teck in the period 2014–2018 were completed under permits granted by the Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT).

Azure received additional environmental approval for the development of a small-scale mine, processing plant and tailings facility involving the clearance of a surface area of up to five hectares.

Bendito prepared and submitted an “Informe Preventivo", which resulted in the grant of authorization number 26/IP-0130/05/22 26SO2022MD035 by SEMARNAT. The permit will allow for exploration and drill programs in the Loma Bonita, Mesa de Plata, and surrounding areas, and has a duration of 36 months.

4.10 Environmental Considerations

4.10.1 Existing Environmental Liabilities

The area has been subject to artisanal mining activities, and there is an expectation that some environmental liabilities may be associated with these workings. Bendito is not responsible for any remediation.

At the completion of exploration and drill programs, each of Grupo Mexico, Teck, and Azure completed the reclamation and rehabilitation required by SEMARNAT, and those reclamation and rehabilitation programs were reported to SEMARNAT as required.

4.10.2 Environmental Studies

Azure commissioned a baseline environmental study in 2016 (Aguayo, 2016). The study was restricted to the area of three hydrographic micro-basins, forming an approximately rectangular polygon envelope of 18,000 m east–west and 10,000 m north–south, and an area of about 18,000 ha. Two of the micro-basins, the La Morita Vieja stream and the La Hoja stream, drain to the southwest into the Jaralito stream which in turn is a tributary of the Bacanuchi River sub-basin of the Sonora River. The third micro-basin, the El Alacrán stream, drains to the east and belongs to the Río Sonora-Arizpe del Río Sonora sub-basin.

Study disciplines undertaken and notes from the studies are summarized in Table 4-3.

Table 4-3: Environmental Baseline Studies

Discipline	Duration of Study	Notes
Flora	July and September 2016	The characteristic vegetation of the Project area corresponds to oak forest, secondary shrubby vegetation associated with oak forest and natural grassland. Some of the most dominant flora species, which were inventoried in the study area, are: acorn (*Quercus emoryi*), táscate (*Juniperus monosperma*), pine (*Pinus cembroide*), blue oak (*Quercus oblongifolia*), mesquite (*Prosopis velutina*), wild walnut (*Juglans major*), saya (*Amoreuxia palmatifida*), spider grass (*Aristida ternipes*), red grass (*Heteropogon contortus*). Two species of flora are protected: wild walnut (*Juglans major*), in the Threatened category, and saya, a perennial herb (*Amoreuxia palmatifida*).
Fauna	August 2016	Mammals: white-tailed deer (*Odocoileus virginianus*), cougar (*Puma concolor*), squirrel (*Sciurus colliaei*), coyote (*Canis latrans*). Reptiles: horned chameleon (*Phynosoma* sp.), pink-tailed pup (*Aspidoscelis burti*), water snake (*Thamnophis eques*). Birds: Montezuma quail (*Cyrtonyx montezumae*), woodpecker (*Melanerpes formicivorus*), cardinal (*Cardinalis cardinalis*), mourning dove (*Zenaida macroura*). Two species are protected: Montezuma quail (*Cyrtonyx montezumae*) and yavapaiensis frog (*Lithobates yavapaiensis*)
Land use		Cattle grazing. The area is not classified for crop-growing. There is no specific ecological zoning plan for the Project area. The Project area is not included in any urban development plan at the municipal or state level.
Climate		Desktop study.
Air quality		Desktop study.
Soil	September 2016	Six samples. The predominant soil types are lithosols, regosols and luvisols, and are shallow and poorly developed.
Hydrology	September and October 2016	Water and stream sediment samples were analyzed by the Laboratorio Analítica del Noroeste, S.A. de C.V. in Hermosillo. Five surface water samples were collected: two in the La Morita stream micro-basin and four in the El Alacrán stream micro-basin. In general, the surface water is not of good quality in any of the sites monitored in the two sub-micro-basins and is not suitable as a source of drinking water supply or for agricultural irrigation. The water sampled in the El Alacrán sub-micro-basin was of lower quality than that of the La Morita Vieja sub-micro-basin. Nine stream sediment samples were taken: three in streams of the La Morita Vieja sub-micro-basin, two in the Las Laminas sub-micro-basin and four samples in the El Alacrán stream submicro-basin. Most parameters were within expected limits, except arsenic. The highest elevations of arsenic were in the in the Las Laminas sub-micro-basin, and may be related to run-off from the historical La Morita mine.
Seismicity		High (National Risk Atlas, Municipal Indicators of Danger, Exposure and Vulnerability). The Project is located on the border between maximum intensity zones V and VI on the modified Mercalli scale. On this scale, level V corresponds to an earthquake that is not very strong, but is felt by almost the entire area and can

Discipline	Duration of Study	Notes
		break windowpanes and pieces of tableware, cause a few cases of cracking in walls, and cause unstable objects to fall. In intensity VI, the shock is felt by residents, heavy furniture can move about, and there is often light damage to infrastructure.

4.11 Social License Considerations

To meet Teck's social management and responsibility standards and to minimize social risk and impact during exploration work, Teck engaged Integralia Consultores SA de CV (Integralia) in September 2017 to conduct a social baseline study.

Two on-site visits were carried out by Integralia personnel, the first from October 23–27, 2017, and the second from November 12–14, 2017. A total of 22 interviews and two focus groups were conducted with the population, government stakeholders, businessmen, activists and other key informants within the city of Cananea and the North Sonora region. A database was set up to record information such as the local economy, copper production, poverty and societal needs, demographic dynamics and crime rates.

Integralia summarized typical risks that could be encountered by a project such as Alacran in the region. These included:

- Conflicts over water use;
- Environmental contamination, primarily of water supplies;
- Lack of infrastructure, particularly at the municipal level;
- Political concerns, including potential lack of support from governmental departments, or union opposition;
- Equating the Project with other operations or operators in the region, and thereby transferring perceptions of those entities to the Project;
- Crime.

At the Report effective date, Bendito had not initiated any community-related consultation activities or processes.

4.12 QP Comments on "Item 4; Property Description and Location"

The QP notes, per the legal opinion, that the General Bureau of Mining Regulation takes eight to 12 months to issue official certifications of filing of assessment work reports and payment of mining duties.

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

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

5.1 Accessibility

The primary access to Cananea is by paved road from the city of Hermosillo via Highways 15 and 2. The drive time is approximately five hours.

The Alacrán Project area can be reached year-round in a two-wheel drive vehicle by driving 15 km south of the town of Cananea along the two-lane Cananea–Bacanuchi dirt road, a 45-minute drive.

Access within the concession block consists of a network of two-track dirt ranch roads that are generally in good condition. Old drill roads are poorly maintained and would require remediation for use.

5.2 Climate

The Project lies within the Sonora Desert climatic region. It has an arid climate, with summer temperatures sometimes exceeding 47°C. Winter temperatures vary from mild to cool in January and February.

Rainfall is affected by the North American monsoon, with over two-thirds of the average rainfall, 19.3 cm, falling in the period July–September.

Exploration can be conducted year-round. Any future mining operation could also be operated year-round.

5.3 Local Resources and Infrastructure

The closest major centre is Cananea, a regional commercial centre. The local economy is almost entirely based on large-scale copper mining.

The Project is within proximity of the city of Hermosillo where there are resources supporting the mining industry, including heavy industry, manufacturing, shipping, and warehousing.

The nearest bulk commodity export facility is located at the Port of Guaymas. A four-lane concrete highway (National Highway 15) exists between Hermosillo and the Port of Guaymas. Bulk mineral concentrates are currently exported through the Port of Guaymas by several mining companies including Grupo Mexico, BHP Billiton and Freeport McMoran.

Water for exploration purposes is sourced from the local area, see discussion in Section 4.6.

5.4 Physiography

The average altitude on the Alacran property is 1,475 m, and while the topography is mostly rolling hills, it is more abrupt in the western part of the project.

There are few springs on the property, and streams only flow from rainwater runoff during the rainy season.

Vegetation consists mainly of sparse grasses, mesquite trees, pin oak, junipers, very sparse biznaga cactus, ocotillo, and prickly pear cactus.

5.5 Restricted or Protected Areas

The Project is not located within any state protected natural area, the closest being the Abelardo Rodríguez Luján-El Molinito Dam System at an approximate distance of 178.5 km to the south–southwest of the Project.

The Project does not host any Mexican Wetlands of International Importance (RAMSAR sites). The closest is the Sierras de Ajos-Bavispe, approximately 12.1 km to the north of the Project. The Project is also not located within any priority hydrological region. The closest region is the No. 13 Sub-basins of the San Pedro and Santa Cruz Rivers, 9.9 km to the north.

The Project is located within the Priority Terrestrial Region (RTP) 41 Cananea-San Pedro, established by the National Commission for the Knowledge and Use of Biodiversity (CONABIO). The Project is partially located within polygon 564, which has been assigned a medium conservation priority.

The Project is located within the Area of Importance for the Conservation of Birds No. 38, Sierra Madre Occidental Mountain Range.

5.6 QP Comments on "Item 5; Accessibility, Climate, Local Resources, Infrastructure, And Physiography"

In the opinion of the QP, the existing local infrastructure, availability of staff, and methods whereby goods could be transported to the Project area are well-established and well understood by Bendito and can support exploration activities.

Surface rights are discussed in Section 4.5.

6.0 HISTORY

6.1 Exploration History

Early mining activities in the 1900–1910 period focused on high grade gold, silver, and copper mineralization, but was curtailed by the Mexican Revolution. Limited work was conducted from 1910–1920. From 1920–1930, artisanal mining was the predominant activity.

Between 1930 and 2013, Anaconda, Consejo de Recursos Minerales (the Mexican Geological Survey), Grupo Mexico, and Teck undertook exploration activities in the current Project area. Azure acquired the Project in 2014 and completed exploration activities from 2015–2016. Teck exercised its back-in right in 2017, and explored the property during 2017–2018. Teck subsequently terminated their Project interest in 2019, and the Project reverted to Azure.

The El Alacrán (Cerro Alacrán) copper prospect was identified in the period 1967–1970. The Mesa de Plata deposit was discovered in September, 2015, and Loma Bonita in October, 2015.

Exploration activity is summarized in Table 6-1. Figure 6-1 shows the major areas of exploration activity over the Project history.

6.2 Historical Estimates

Historical estimates are discussed in the following subsections for two deposits, Loma Bonita, and Mesa de Plata.

The estimates were performed by third-party consultants on behalf of Azure.

6.2.1 Loma Bonita

6.2.1.1 Estimate Source

A historical estimate was performed on behalf of Azure in February 2017 by third-party consultants, Amec Foster Wheeler:

- Murphy, M., 2017: Loma Bonita, JORC Code Mineral Resource Estimate, Competent Person's Report, Final Draft for Client Review: report prepared by Amec Foster Wheeler for Azure Resources Limited, document no. 606290-0000-1000-0002-RPT, February 2017, 153 p.

The historical estimate is supported by internal documentation, but has not been previously disclosed in a technical report under NI 43-101.

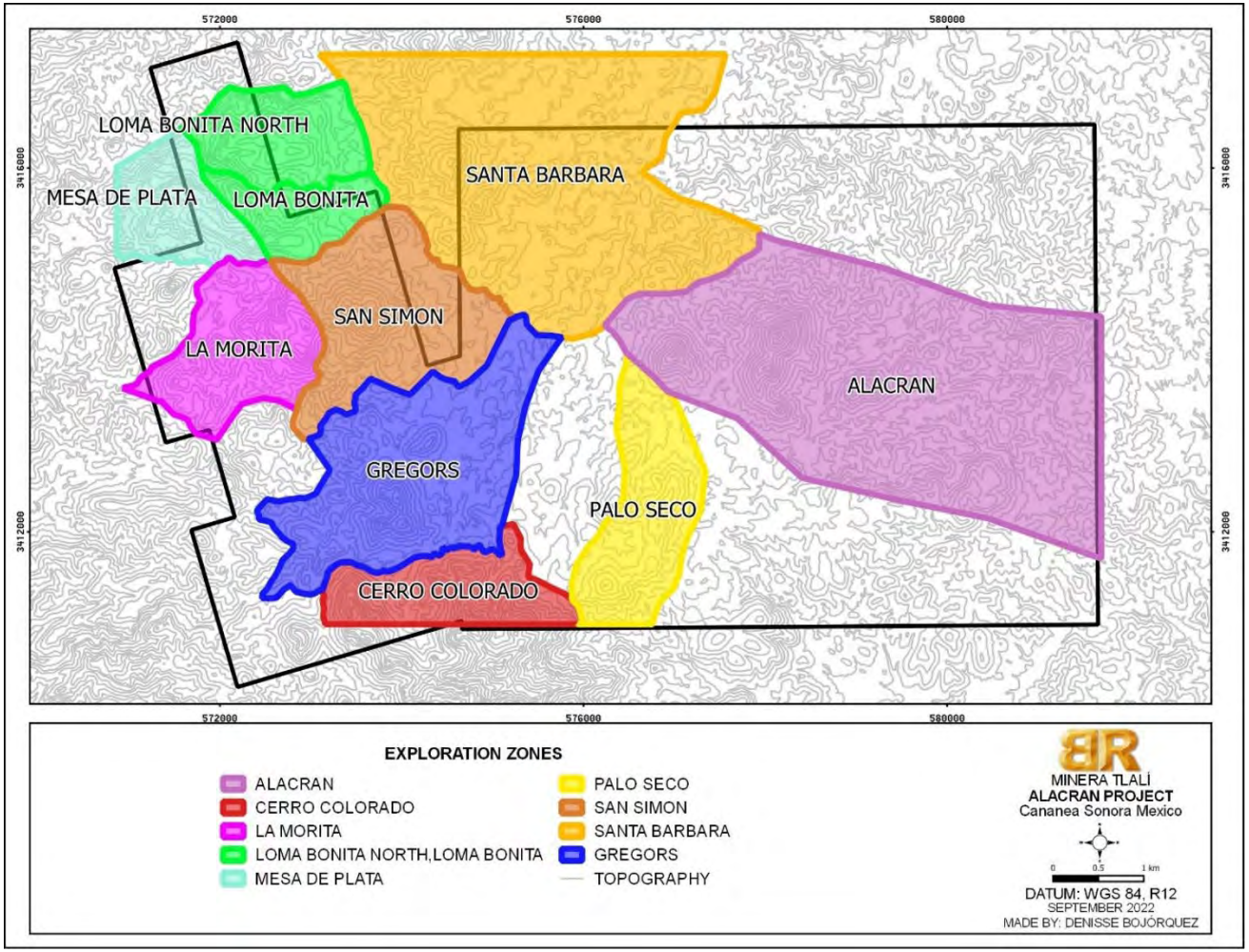
Table 6-1: Exploration History

Company	Year	Activity
Arizpe Mining Company Moctezuma-Arizpe Development Company S.A. Boston Metals Company	1903–1914	Small scale mining efforts at Rey de Cobre, El Alacrán, and Palo Seco. Copper–silver ore dispatched to Cananea and to El Paso, Texas for smelting.
Unknown	1920s–1930s	Development of the La Morita adit, located on the Kino 8 concession, which consists of a 270 m-long tunnel and several stopes. Development of the Santa Barbara mine located in the northwest part of the El Alacrán concession where some silver was produced from vein-style mineralization on three levels. Development of the San Simon mine in the San Simon No. 2 concession where a 105 m-long tunnel was driven. Development of the El Caiman mine located in the northwest part of the El Alacrán concession, consisting of a 60 m-long tunnel.
Anaconda	1930–1966	In 1959, Anaconda drilled two holes at the Palo Seco mine area, in the west–central portion of the El Alacrán concession, metreage unknown. Completed 1:5,000 scale geological mapping over a portion of the Project area, recompiled this to 1:20,000 scale. Geological mapping at 1:500 was completed on the San Simon, La Morita, and Palo Seco workings.
Consejo de Recursos Minerales (Mexican Geological Survey)	1967–1970	Geological mapping over Cerro Alacrán; surface sampling, total of 951 rock chip samples collected. Completed geophysics including 15 line-km of induced polarization (IP) survey. Drilled one shallow core hole (236 m), identifying continuous copper mineralization underneath Cerro Alacrán, including a near-surface 94 m-thick chalcocite blanket.
Impulsora Minera de Sonora, S.A. de C.V.	1970	Completed work under agreement with Consejo de Recursos Minerales. Data compilation of available historical data; completed photointerpretation to produce a limonite concentration map; and completed five core holes (836.75 m) in the Cerro Alacrán area. Compiled a geology map at 1:4,000, based on mapping completed by Consejo de Recursos Minerales and Anaconda.
Grupo Mexico through subsidiaries Industrial Minera México, S.A. de C.V. and Mexicana De Cobre, S.A. de C.V.	1972–2012	Initial stream sediment sampling in the Sierra Manzanal area. Anaconda interests passed to Grupo Mexico in 1972 when the Anaconda interests were nationalized. Photogeological mapping, collection of IP, resistivity, and magnetic geophysical data, and collection of samples for geochemical analysis. Collected a total of 815 rock chip samples. Geological mapping completed in 2001, covering an area of 3 x 2 km at the Cerro Alacrán prospect. Three geological sections were constructed striking N45°E, with a 500 m separation.

Company	Year	Activity
		IP/resistivity survey over Cerro Alacrán; gradient array IP survey (51.15 line-km) over the Palo Seco–Cerro Alacrán area and an IP/resistivity survey (95 line-km) over the La Morita area. Identified Cerro Alacrán prospect in 1967. Completed a core hole (236 m) at Cerro Alacrán prospect. 1991: first phase of drilling at Cerro Alacrán that included 5,884.02 m in 24 core holes. 1998: two 750 m deep core holes at Cerro Alacrán. This drilling, which was restricted to an area of approximately 50 ha, outlined a large body of near-surface, copper oxide and chalcocite (copper sulphide) mineralization. In total, completed 7,384 m of drilling in 26 drill holes. Completed block model and mineral resource estimate for Cerro Alacrán in 2001.
Teck Resources and subsidiary Minera Teck, S.A. de C.V.	2013–2019	Acquired property from Grupo Mexico through a land swap. Completed surface reconnaissance exploration and data compilation. Conducted reconnaissance mapping during 2017 in the northwest portion of the Project area along road outcrops and over an area about 1.5 km2 in the southwest at Cerro Colorado at a scale of 1:2,500. During 2018, 1:2,500 and 1:5,000-scale mapping, covering a total 13 km2 area, was completed over the San Simon, Santa Barbara, Cerro Alacrán and Cerro Colorado areas. Collected 900 rock chip and 1,474 soil samples from a 200 x 200 m (approximate) soil grid. Completed ground-based geophysical survey, and an induced polarization survey consisting of 15 line-km across five east–west transects over the Cerro Alacrán area. Conducted an airborne hyperspectral survey. Conducted a trial Alpha track radon survey at Cerro Alacrán, collecting 70 samples from two east–west and north–south oriented lines. Collected short-wave infrared readings on selected samples. Submitted selected samples for age dating. Relogged selected Azure drill core, and re-analyzed selected drill pulps. In total, completed 35 drill holes (15,456 m).
Azure (Mexican subsidiaries Minera Tlali and Minera Piedra Azul)	2014–2022	1:2,000 geological mapping of select areas, collected 2,781 rock chip samples, and 409 soil samples along 200 m spaced lines or as ridge-and-spur samples, completed versatile time domain electromagnetic (VTEM), aeromagnetic and aero-radiometric surveys, a light detection and ranging (LiDAR) survey, reverse circulation (RC) and core drilling, metallurgical testwork, mineral resource estimation and estimation reviews, and baseline environmental and social studies. In aggregate, Azure drilled a total of 237 holes (24,786 m). Discovered the Mesa de Plata deposit in September, 2015, and Loma Bonita in October, 2015.

Company	Year	Activity
Bendito (Mexican subsidiary Minera Tlali	2022	Geological and regional reconnaissance, geological verification mapping, data review and compilation, core re-logging.

Figure 6-1: Exploration Areas



Bendito requested that the tonnage and grade information be discussed in this Report as it is useful information that supports that the Project has significant exploration potential.

Bendito is not treating the historical estimate as current Mineral Resources. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources.

6.2.1.2 Historical Estimate

The estimate is summarized in Table 6-2, with the original table footnotes. The estimate is located in the area shown in Figure 6-2.

6.2.1.3 Key Parameters and Assumptions

Key parameters and assumptions that were used in the estimate are provided in Table 6-3.

The historical mineral resource estimate was prepared using the guidance and confidence classifications set out in the 2012 edition of the Joint Ore Reserves Committee (JORC) Code (2012 JORC Code).

There is no assurance that the estimate is in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (May 2014; the 2014 CIM Definition Standards) or prepared using the edition of the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 2003; 2003 CIM Best Practice Guidelines) that was promulgated at the time, and the historical estimate should not be regarded as consistent with those standards or guidelines in all aspects.

The 2012 JORC Code and the 2014 CIM Definition Standards use a harmonized definition of mineral resources, and both codes use the same confidence categories for classification of mineral resources: inferred, indicated and measured, and no reconciliation of terms is required. The 2012 JORC Code requires additional disclosure, not required by the 2014 CIM Definition Standards, of the mineral resource estimates that have been extrapolated beyond actual sample data.

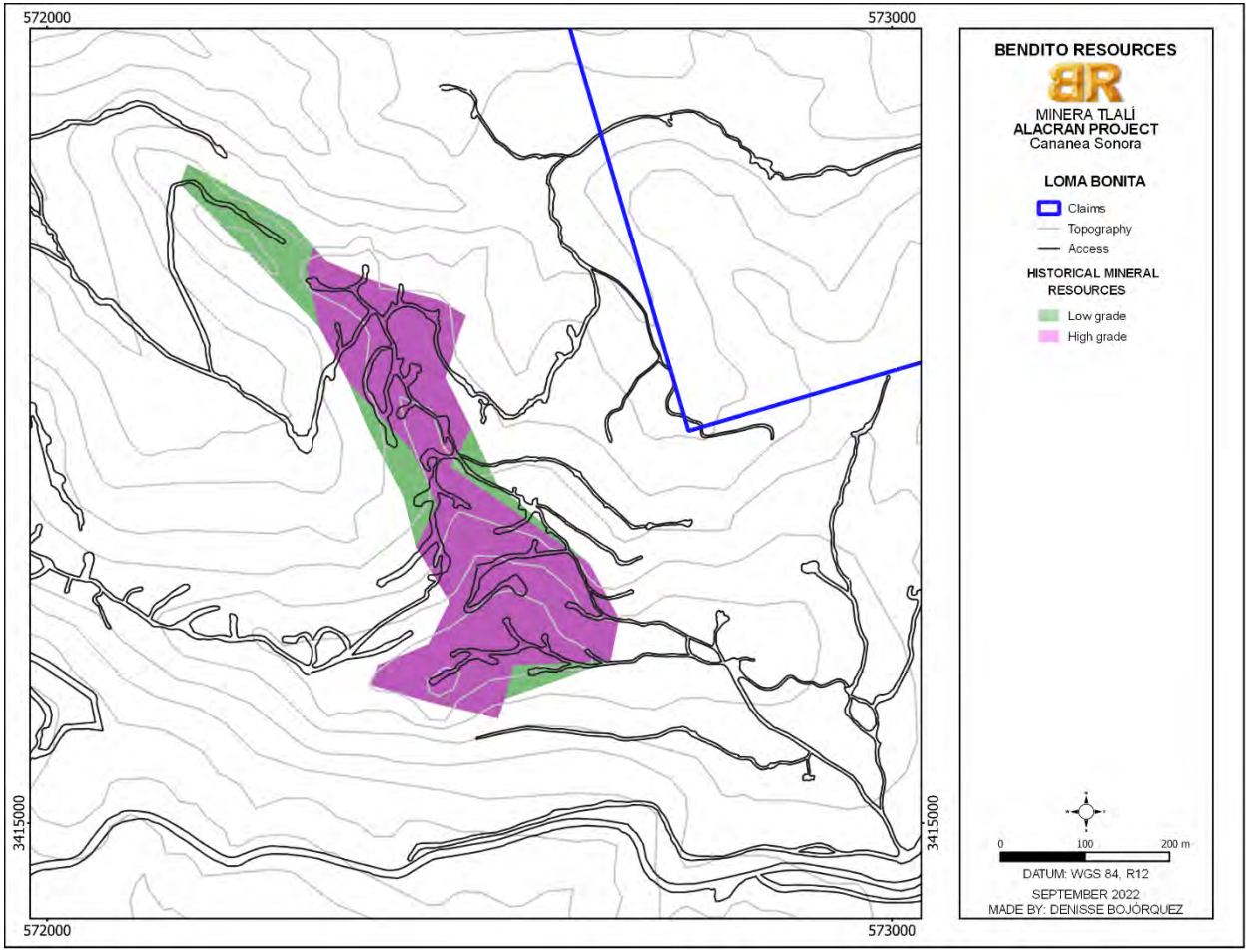
Table 6-2: Historical Mineral Resource Estimate, Loma Bonita

JORC 2012 Mineral Resource Confidence Category	Tonnes (Mt)	Gold		Silver	
		Grade (g/t Au)	Contained Au (koz)	Grade (g/t Ag)	Contained Ag (Moz)
Indicated	4.20	0.95	128.5	30.1	4.07
Inferred	1.2	0.6	22	18	0.7

Notes:

- The mineral resource estimate is reported using a block cut-off grade of ≥0.21 g/t Au;
- Grade estimates are capped grades (capped at the 98th percentile of input data);
- The cut-off grade does not consider silver credits;
- Numbers may not sum precisely due to rounding assumptions (up to three significant figures for indicated resource tonnes and grade and up to two significant figures for inferred resource tonnes and grades).

Figure 6-2: Location, Historical Mineral Resource Estimate, Loma Bonita



Note: The areas demarcated as low-grade and high-grade represent surface projections of the domains used in the historical mineral resource estimate.

Table 6-3: Key Parameters and Assumptions, Loma Bonita

Parameter	Note
Competent Person	Mr Mark P. Murphy, MSc., RPGeo. At the time of the estimate, Mr Murphy's competence statement was that he was "*a geologist and geostatistician with over 25 years of experience in exploration, mining and mineral resource estimation work, and qualified as a Competent Person as defined in the JORC Code (JORC-Code, 2012)*".
Drill hole support	Estimation database contained 27 RC drill holes (3,932.8 m sampled) and 17 core holes (3,121.8 m sampled), of which 26 RC holes (3,701.8 m) and 14 core holes (2,187.7 m) were used in the estimate. One RC and three core holes were outside the interpreted zone of mineralization and were excluded for estimation purposes.
Geological model	Closed digital volumes were created using conventional cross-sectional interpretation and wire framing methods, at gold grade thresholds of ≥0.2 g/t Au and ≥ 0.5 g/t Au, and nesting the higher grade zone inside the lower grade zone. A key assumption of this modelling approach was an assumption of approximate horizontal connectivity of high and lower grade zones between drill holes.
Estimation method	Estimated block grades for silver and gold using the ordinary block kriging algorithms implemented in Datamine Studio RM software (Version 1.1.20.0). Grades for gold, silver, antimony, and sulphur were estimated into blocks of target dimensions of 12.5 mE × 12.5 mN in the horizontal (approximately ¼ of the collar spacing) and 5 m in the vertical (the anticipated mining bench height). Estimation boundaries were treated as hard boundaries during the estimation. Smaller sub-blocks were prepared to match the estimation zone contacts and volumes with sub-block dimensions set to 2.5 m in the horizontal and 0.1 m in the vertical. Sample search controls were set to select four 1.5 m long composites from the nearest drill holes for each block estimate (24 composites in total), using an ellipsoidal search oriented in a manner consistent with the interpreted orientations of gold and silver continuity. The grades of each element were variable in each estimation zone (high-grade and mid-grade), and were capped to limit the influence of extreme values. The caps applied were at the 98th percentile of the 1.5 m composite distributions for the respective estimation zone grade distributions.
Estimation validation	On-screen inspections; comparing the mean grades of the input and output gold and silver grades for each estimation zone; swath plots; comparing both capped and uncapped grade estimates to assess the effect of grade capping.
Reasonable prospects for eventual economic extraction	Conventional truck and backhoe shovel, with drill and blast over 5 m high benches and possible flitch mining of half the blast height. Assumed a 75% heap leach gold recovery given the preliminary test work is not optimised for crush size. The recovery of silver by cyanide leaching is low, with tests returning average silver recovery of between 9% and 27% for ground material and 1% and 7% for crushed samples. The cost of heap leach processing should be considered as the control on break-even grade, with heap leach silver-gold producers in Mexico reporting cash costs (inclusive of process costs) in the order of US$7.50/t.

Parameter	Note
	Amec Foster Wheeler's internal guidance for gold price for a Mineral Resource was US$1,466/oz Au. There are reasonable expectations that approvals for mine development would be given if Azure follows all statutory processes regarding permitting. A ≥0.21 g/t Au block cut-off grade for mineral resource reporting was considered to be consistent with the assumptions of potential future viable extraction; the estimate was not constrained within a conceptual pit shell.
Confidence classification	2012 JORC Code indicated and inferred mineral resources based on assessments of data quality, geological control, complexity and continuity, data spacing and extrapolation, quality of estimation and validation of block model estimation results, and reporting above a ≥0.21 g/t Au block cut-off grade.

6.2.1.4 QP Comments on Historical Estimate

Bendito does not intend to upgrade the mineral resource estimate prepared for Azure, instead, the Bendito would prepare a new estimate from first principles. The QP agrees with Bendito's intended approach, which should include the following steps:

- Update geological, structural and alteration interpretations (in progress at Report effective date);
- Prepare new geological, structural and alteration models (in progress at Report effective date);
- Incorporate 24 drill holes completed by Azure and Teck at Loma Bonita after the drill database closeout date that supports the historical estimate;
- Incorporate results of a planned drill hole program (refer to discussion in Section 26);
- Review the most appropriate modelling methods, including variography, examination of grade cut-offs or outlier restrictions, and interpolation method;
- Review bulk density assignments;
- Apply confidence classifications consistent with the 2014 CIM Definition Standards;
- Apply current assumptions as to reasonable prospects of eventual economic extraction, including confining the estimate within a conceptual mining shape.

6.2.2 Mesa de Plata

6.2.2.1 Estimate Source

A historical estimate was performed on behalf of Azure in February 2017 by third-party consultants, Amec Foster Wheeler:

- Murphy, M., 2017: Mesa de Plata, JORC Code Mineral Resource Estimate, Competent Person's Report: report prepared by Amec Foster Wheeler for Azure Resources Limited, document no. 606290-0000-1000-0002-RPT, May, 2017, 400 p.

The historical estimate is supported by internal documentation, but has not been previously disclosed in a technical report under NI 43-101.

Bendito requested that the tonnage and grade information be discussed in this Report as it is useful information that supports that the Project has significant exploration potential.

Bendito is not treating the historical estimate as current Mineral Resources. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources.

6.2.2.2 Historical Estimate

The estimate is summarized in Table 6-4, with the original table footnotes. The estimate is located in the area shown in Figure 6-3.

6.2.2.3 Key Parameters and Assumptions

Key parameters and assumptions that were used in the estimate are provided in Table 6-5.

The historical mineral resource estimate was prepared using the guidance and confidence classifications set out in the 2012 JORC Code.

There is no assurance that the estimate is in accordance with the 2014 CIM Definition Standards or prepared using the edition of the 2003 CIM Best Practice Guidelines that was promulgated at the time, and the historical estimate should not be regarded as consistent with those standards or guidelines in all aspects.

The 2012 JORC Code and the 2014 CIM Definition Standards use a harmonized definition of mineral resources, and both codes use the same confidence categories for classification of mineral resources: inferred, indicated and measured, and no reconciliation of terms is required. The 2012 JORC Code requires additional disclosure, not required by the 2014 CIM Definition Standards, of the mineral resource estimates that have been extrapolated beyond actual sample data.

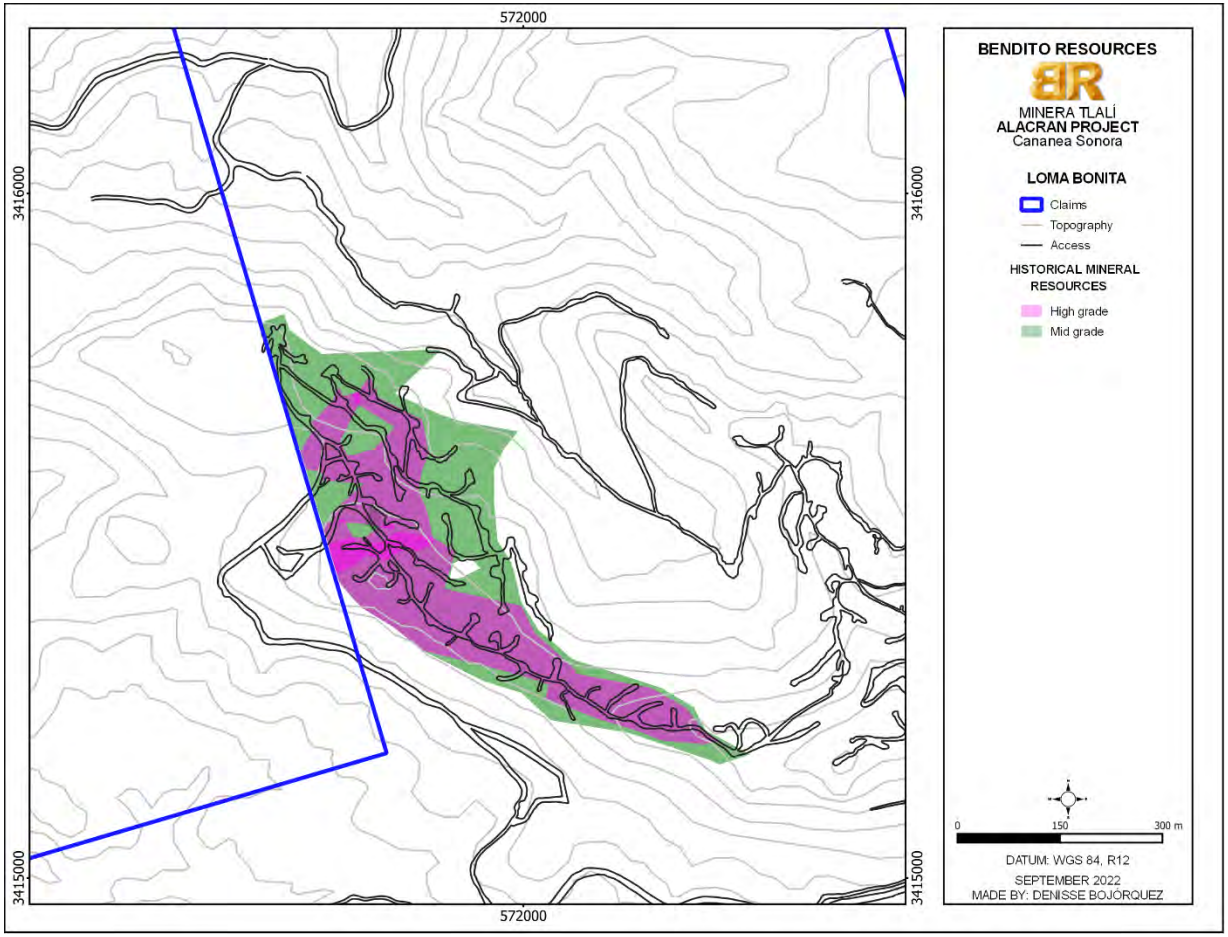
Table 6-4: Historical Mineral Resource Estimate, Mesa de Plata

JORC 2012 Mineral Resource Confidence Category	Estimation Zone	Tonnes (Mt)	Silver	
			Grade (g/t Ag)	Contained Ag (Moz)
Measured	High-grade (90)	1.21	307.4	12.0
	Mid-grade (20)	8.43	43.0	11.7
	Subtotal	*9.64*	*76.2*	*23.6*
Indicated	High-grade (90)	0.54	201.7	3.5
	Mid-grade (20)	0.28	36.2	0.3
	Subtotal	*0.82*	*145.4*	*3.8*
Total measured and indicated	High-grade (90)	1.75	274.7	15.5
	Mid-grade (20)	8.71	42.8	12.0
	Grand Total	***10.46***	***81.6***	***27.4***

Note:

Reported using a ≥ 20 g/t Ag block cut-off grade on capped grade estimates.

Figure 6-3: Location, Historical Mineral Resource Estimate, Mesa de Plata



Note: Mid-grade and high-grade represent surface projections of the domains used in the historical mineral resource estimate.

Table 6-5: Key Parameters and Assumptions, Mesa de Plata

Parameter	Note
Competent Person	Mr Mark P. Murphy, MSc., RPGeo. At the time of the estimate, Mr Murphy's competence statement was that he was "*a geologist and geostatistician with over 25 years of experience in exploration, mining and mineral resource estimation work, and qualified as a Competent Person as defined in the JORC Code (JORC-Code, 2012)*".
Drill hole support	Estimation database contained 116 RC drill holes (8,438.6 m sampled) and 18 core holes (1,450.55 m sampled), of which 116 RC holes (8,438.6 m) and 13 core holes (875.35 m) were used in the estimate. Five core holes were excluded for estimation purposes either because they twinned RC drill holes or were abandoned holes that did not test the full thickness of mineralization. For the core twin-holes, Azure found that the core silver assays were biased negatively when comparing the twin RC holes. Specifically, comparison of the silver grade in core holes to the twinned RC holes revealed on average that the core grades were 17% lower than the RC grades over similar mineralized intervals. This bias is hypothesized to be due to the washing of fine silver-bearing minerals from vuggy and/or porous core during core drilling or core cutting. More work is needed to test and confirm this core bias phenomenon.
Geological model	Closed digital volumes were created using conventional cross-sectional interpretation and wire framing methods, at silver grade thresholds of 5 g/t Ag, 20 g/t Ag and 90 g/t Ag. Murphy (2017) noted: "*A key assumption of this modelling approach is the approximate horizontal connectivity high-grade and mid-grade grade zones between drill holes. The Competent Person has high confidence in the connectivity of the medium grade domain throughout the deposit. For the high-grade zone the connectivity confidence is good in some areas of the deposit and more tenuous in thinner areas. Grade continuity analyses (variography) indicate that additional close-spaced drilling is required to improve silver grade confidence in high-grade zones. However, the Competent Person considers that the level of grade connectivity confidence is acceptable for the estimation of Measured and Indicated Mineral Resources*".
Estimation method	Estimated block grades for silver and gold using the ordinary block kriging algorithms implemented in Datamine Studio RM software (Version 1.1.20.0). Grades were estimated into blocks of target dimensions of 12.5 mE × 12.5 mN in the horizontal (approximately ¼ of the collar spacing) and 5 m in the vertical (the anticipated mining bench height). Estimation boundaries were treated as hard boundaries during the estimation. Smaller sub-blocks were prepared to match the estimation contacts and volumes with sub block dimensions set to 2.5 m in the horizontal and 0.1 m in the vertical. Sample search controls were set to select four 1.5 m long composites from the nearest four drill holes for each block estimate, using a horizontally oriented ellipsoidal search. The silver grades in each estimation domain (high-grade and mid-grade) were capped to limit the influence of extreme values. The caps applied were at the 99th percentile of the respective estimation domain silver grade distributions.
Estimation validation	On-screen inspections; comparing the mean grades of the input and output silver grades for each estimation zone; swath plots; comparing both capped and uncapped grade estimates to assess the effect of grade capping.

Parameter	Note
Reasonable prospects for eventual economic extraction	Conventional truck and backhoe shovel, with drill and blast over 5 m high benches and possible flitch mining of half the blast height. Murphy (2017) notes: "*The mineral resource estimate abuts a tenement boundary, but the Competent Person considers that Azure has reasonable expectations that this boundary will not limit exploitation of the mineral resource estimate assuming ground access could be negotiated or, if not, a mining/geotechnical study needs to be completed to assess the effect of this boundary on expectations for mining*". The assumption of a 55% metallurgical recovery for silver was applied in assessing a reasonable break-even cut-off grade on the basis of a dump leach process method. Heap leach silver producers in Mexico reporting cash costs (inclusive of process costs) in the range of US$6–12/t. Preliminary metallurgical tests indicate silver recoveries in the range 55% to 65% of in situ silver grade and that the mineralization should be amenable to heap leach processing. Public forecasts of silver price range from US$17–19/oz. There are reasonable expectations that approvals for mine development would be given if Azure follows all statutory processes regarding permitting. A ≥ 20 g/t Ag block cut-off grade mineral resource reporting was assumed based on: • Silver metal prices of US$18/oz; • Dump leach costs of US$7.5/t; • Metallurgical recoveries of 55%.
Confidence classification	2012 JORC Code measured and indicated mineral resources based on assessments of data quality, geological control, complexity and continuity, data spacing and extrapolation, quality of estimation and validation of block model estimation results, and reporting above a 20 g/t Ag block cut-off grade.

6.2.2.4 QP Comments on Historical Estimate

Bendito does not intend to upgrade the mineral resource estimate prepared for Azure, instead, the Bendito would prepare a new estimate from first principles. The QP agrees with Bendito's intended approach, which should include the following steps:

- Update geological, structural and alteration interpretations (in progress at Report effective date);
- Prepare new geological, structural and alteration models (in progress at Report effective date);
- Incorporate results of a planned drill hole program (refer to discussion in Section 26);
- Review the most appropriate modelling methods, including variography, examination of grade cut-offs or outlier restrictions, and interpolation method;
- Review bulk density assignments;

- Apply confidence classifications consistent with the 2014 CIM Definition Standards;
- Apply current assumptions as to reasonable prospects of eventual economic extraction, including confining the estimate within a conceptual mining shape.

6.3 Production

No information is available on the historical mine production from the early 1900s. There has been no more recent production.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The Alacrán Project is situated in north–central Sonora, and lies within the Basin and Range geo-physiographic province, in the Cananea District. The area has undergone structural deformation that began in the Paleoproterozoic and persisted through to the Tertiary. The Laramide Orogeny is associated with basement uplifts bounded by reverse faults, compressive deformation, volcanism, and plutonism (Campa and Coney, 1983; Sedlock et al., 1993).

The Cananea District hosts a stratigraphic record ranging in age from Precambrian to Quaternary.

The pre-Laramide rocks exposed within the Cananea District are attributed to the Pinal Schist, (1.6–1.7 Ga; Campa and Coney, 1983) consisting of granulite to greenschist facies gneisses and schists. The Pinal Schist was intruded by a two-phase granitic plutonic suite, dated to about ~1.4 Ga (Anderson and Silver, 1977), consisting of granophyric granitoid and pegmatitic granitoid. Overlying these Proterozoic assemblages are North American platform rocks (Meinert, 1982) consisting of the Bolsa (Cambrian), Abrigo (Cambrian), Martín (Devonian), and Escabrosa (Mississippian) Formations, and the Naco Group of Permian age. The Proterozoic and Paleozoic rocks are unconformably overlain by Mesozoic volcanic rocks (Rodríguez-Castañeda and Anderson, 2011), including the Triassic–Jurassic Elenita Formation and the Jurassic (194 Ma) Henrietta Formation. The volcanic sequence is in turn intruded by Jurassic granites, such as the 175 Ma El Torre syenite (Anderson and Silver, 1977; Wodzicki, 1995).

Rocks associated with the Laramide Orogeny include the Mesa Formation dated at 69 ± 0.2 Ma (Wodzicki, 1995), and the Tinaja Diorite, and the Cuitaca Granodiorite, which are part of the same batholith (Bushnell, 1988; Meinert, 1982), with age dates ranging from 64 ± 3 Ma to 63.8 ± 1.1 Ma (Del Rio-Salas et al., 2013). Small quartz–feldspar porphyry plugs are the source of porphyry copper mineralization and associated alteration in the Cananea District, and range in age from 63.9 ± 1.3 Ma (Valencia et al., 2006) to 62.7 ± 1.3 and 60.4 ± 1.1 (Del Rio Salas et al., 2013).

Younger, post-mineral stratigraphy is represented by Oligocene–Miocene volcanic rocks and conglomerates that are associated with continental rifting and crustal extension. The formation of structural basins triggered the deposition of a continental molasse consisting of polymictic clay- and zeolite-cemented conglomerate and intra-layered intermediate composition calk-alkaline volcanic rocks. Ignimbrites of the Sierra Madre Occidental are a minor presence in the eastern portion of the Cananea District (McDowell and Clabough, 1979; Bartolini et al., 1994).

A period of extensive erosion, including the unroofing of porphyry copper systems, followed the continental rifting and crustal extension, which was in turn followed in the Late Tertiary by Basin and Range extension (Maher, 2008), forming a number of north–northwest to south–southeast-oriented horst and graben structures. The Cananea District shows no evidence of deep

extensional structures, which suggests a low to moderate extensional rates around the Cananea District (Del Rio Salas et al., 2017).

The Alacrán Project is situated in the southeastern portion of the Cananea District, in an area termed the "The Cananea Lineament", which refers to a 350 km-long northwest-oriented linear distribution of porphyry copper deposits of similar age, extending from the La Caridad Mine in Sonora, to the Silverbell Mine in Arizona (Del Rio-Salas et al., 2017). A regional geology map is provided in Figure 7-1 and a regional stratigraphic column is included as Figure 7-2.

7.2 Project Geology

7.2.1 Lithologies

Stratigraphy exposed within the Project boundaries is dominated by the presence of volcanic and volcaniclastic rocks of the Mesa Formation, isolated outcrops of intrusive bodies of Laramide age in the central portions of the Project area, and felsic volcanics of presumed Miocene age in the south-central Project portion. The stratigraphy is summarized in Table 7-1 and Figure 7-3.

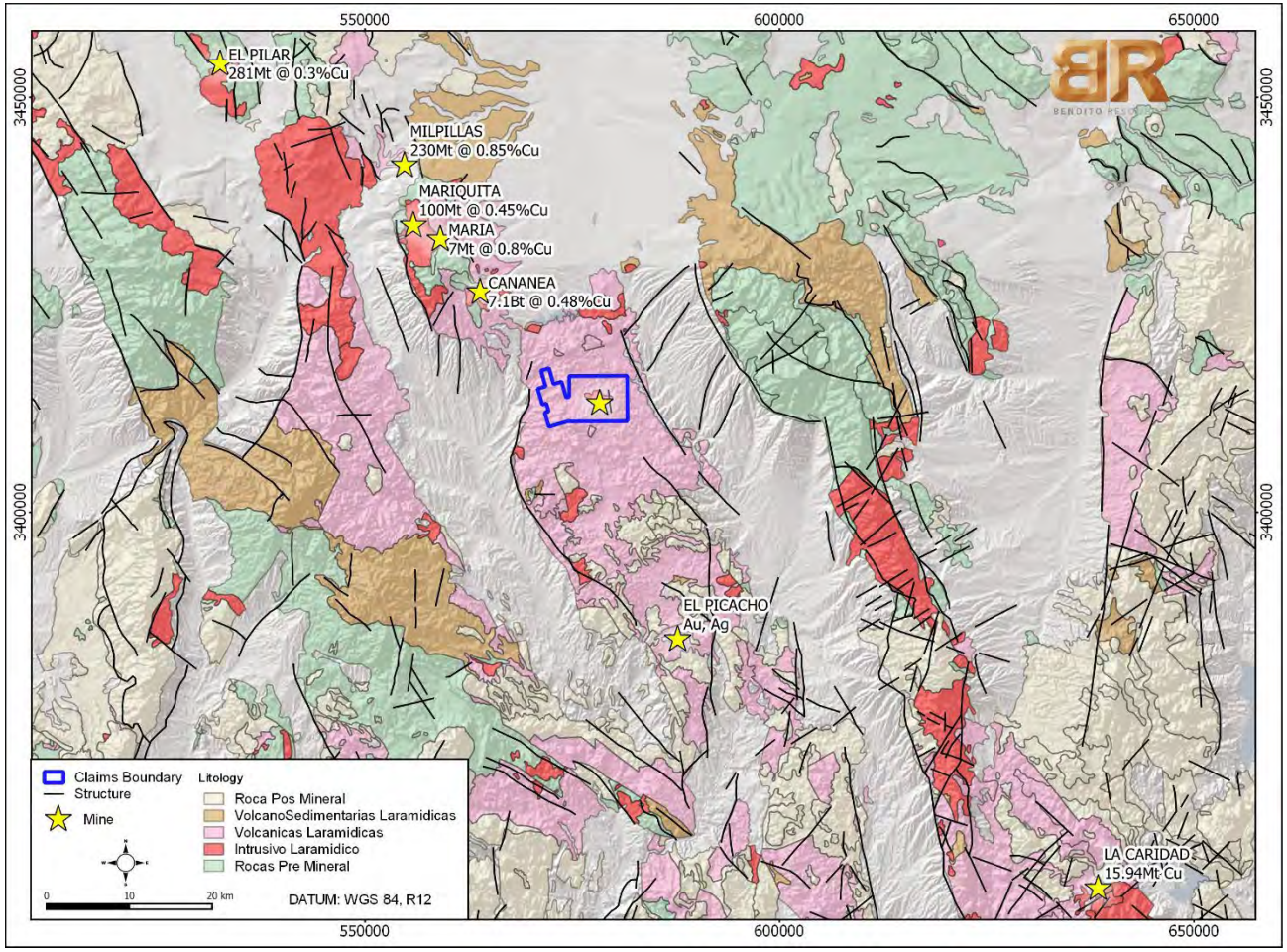
The Mesa Formation is informally subdivided into two members in the Project area: the lower andesite member, and the upper dacite member. The base of the lower andesite is not exposed, and the upper dacite is conformably deposited on top of the andesite with a gradational stratigraphic contact. The lower andesite member typically occurs throughout the Project area, with the best exposures in the eastern foothills of Cerro Alacrán, and the eastern portion of the Santa Barbara prospect. The upper dacite member is widely distributed throughout the Project, with better stratigraphic exposures around the Loma Bonita and Mesa de Plata areas.

Outcropping granitic intrusive units are confined to the Cerro Alacrán area. There is currently insufficient data to determine if the intrusions represent a single magmatic suite with multiple pulses associated with the crystal fractionation of one parental magma.

Post-Laramide rock types include a flow-banded rhyolite, ferricrete and recent soils, sands, and gravels.

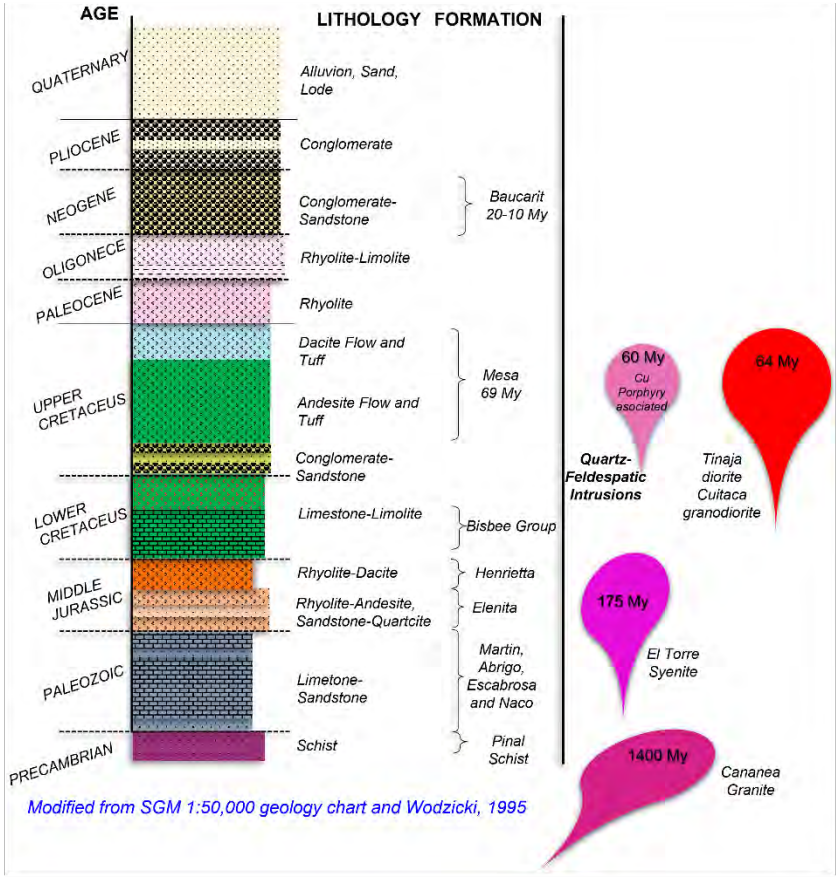
A geological map for the Project area is included as Figure 7-4.

Figure 7-1: Regional Geology



Note: Figure prepared by Bendito, 2022. Mines shown on figure are operated by third-parties.

Figure 7-2: Regional Stratigraphic Column



Note: Figure prepared by Bendito, 2022.

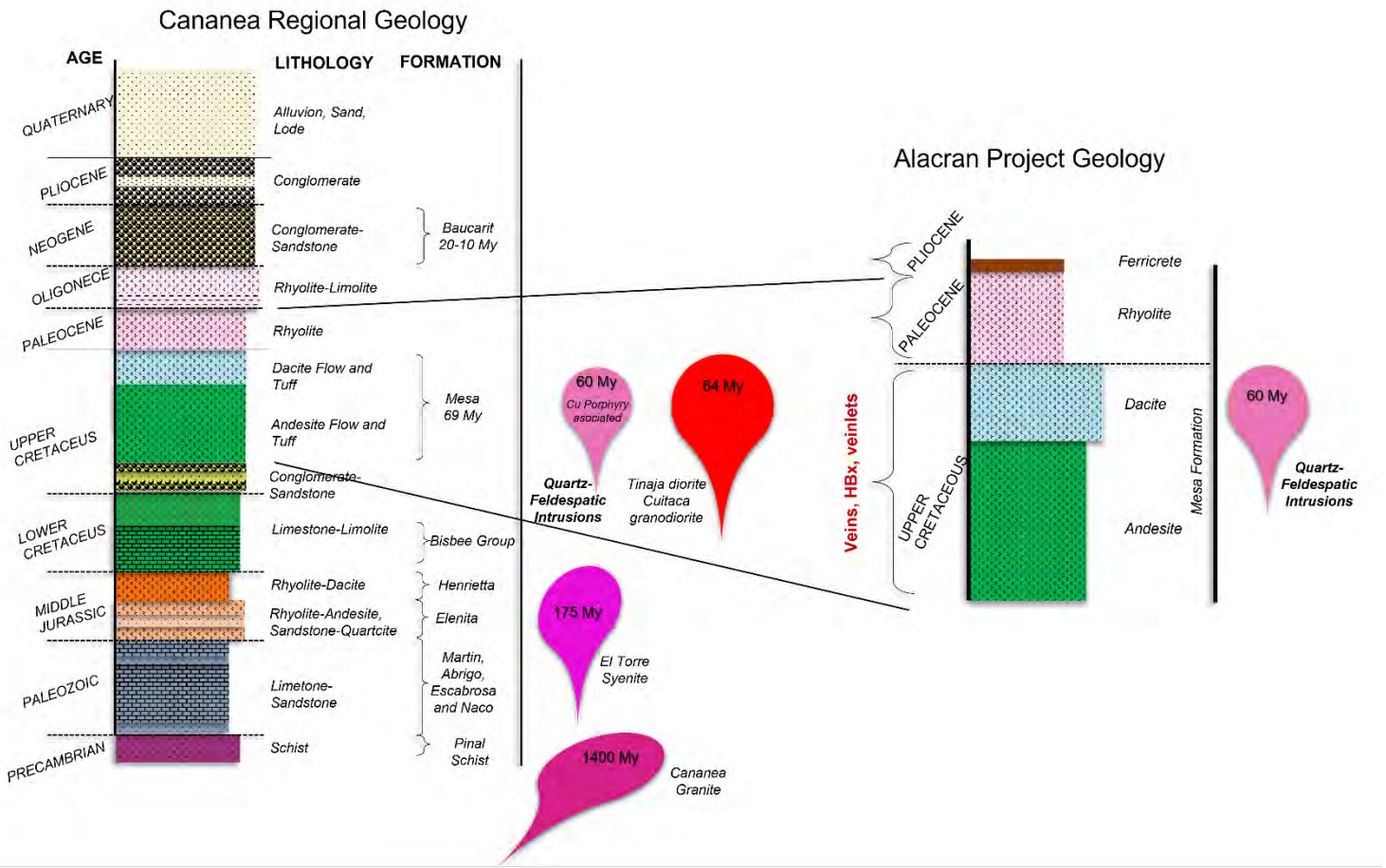
Table 7-1: Project Stratigraphy

Age	Unit	Abbreviation	Description	Comment
Post-mineralization, Miocene to Recent	Overburden	OVR	Gravel, sand, and soil	
	Ferricrete	FEC	Goethite-cemented sedimentary breccia/conglomerate with rare neotocite and manganese in the cement. Clasts include altered dacite, andesite and monzonite.	Thin crust deposited over the altered volcanic rocks that host mineralization at Cerro Alacrán
	Banded rhyolite	RHY	Sub-horizontal body outcropping on the southern edge of Cerro Alacrán, 50–125 m thick, gently dipping to the south. Porphyritic texture with 2–3 mm feldspar phenocrysts. Spherulitic devitrification textures, a few cm in diameter, rarely occur. Flow banding suggests a dome, with flow-banding lineation being dominantly vertical in the centre of the outcrop, and progressively changing dip towards the periphery.	Crosscut by younger quartz–feldspar porphyry dikes and massive quartz veins
Laramide	Feldspar porphyry	FP	Occurs as east–west-oriented dykes of 10–20 m thickness and finger-like intrusions. Often strongly silicified and strong clay/sericite alteration that masks original textures. Compositionally similar to the monzonite unit and may be a textural variant.	
	Quartz-feldspar porphyry	QFP	Occurs as north–south-, northwest- and northeast-oriented dikes, laterally discontinuous and often only found as elongated, irregularly occurring lenses or fingers, that may reach 20 m in thickness. A quartz–feldspar porphyry stock (~250 m diameter) occurs in a topographic depression in the western central portion of the Cerro Alacrán area. Has a distinctly coarse	Cross-cuts rhyolite domes. In several areas, there is a spatial association between large quartz-veins or silicified vein structures and small quartz–feldspar porphyry dikes.

Age	Unit	Abbreviation	Description	Comment
			porphyritic texture and high quartz-eye content. Displays potassic alteration and copper oxides after chalcopyrite.	
	Granodiorite	GD	Semi-porphyritic texture, with feldspar-quartz phenocrysts, and a matrix of quartz–plagioclase–feldspar–biotite.	Monzonite and quartz-feldspar porphyry crosscut this unit. No outcrops have been located by Bendito of this unit, although similar textural descriptions were reported by Teck for a small outcrop west of Cerro Alacrán.
	Monzonite	MZ	Forms a concentric topographic high in the central–eastern portion of the Cerro Alacrán area. Compositionally similar (with a slightly higher quartz content ~20%) to the quartz–feldspar porphyry but is coarser grained and more equigranular. Contains minor 1–2 cm long euhedral feldspar phenocrysts. Often displays moderate, but pervasive, silicification and selective white sericite alteration of feldspar phenocrysts. Relict feldspar phenocrysts visible on weathered surfaces.	No cross-cutting relationships with the quartz–feldspar porphyry observed to date.
	Upper dacite member, Mesa Formation	PFQ	Porphyritic feldspar-biotite tuff. Crystal-tuff with porphyritic texture of plagioclase, K-feldspar, and quartz, where typically plagioclase > K feldspar phenocrysts. Phenocrysts range in size from ~1–5 mm. Quartz eyes are generally rounded, and make up >10% of the rock. Presence of vesicles indicate the unit is a flow	

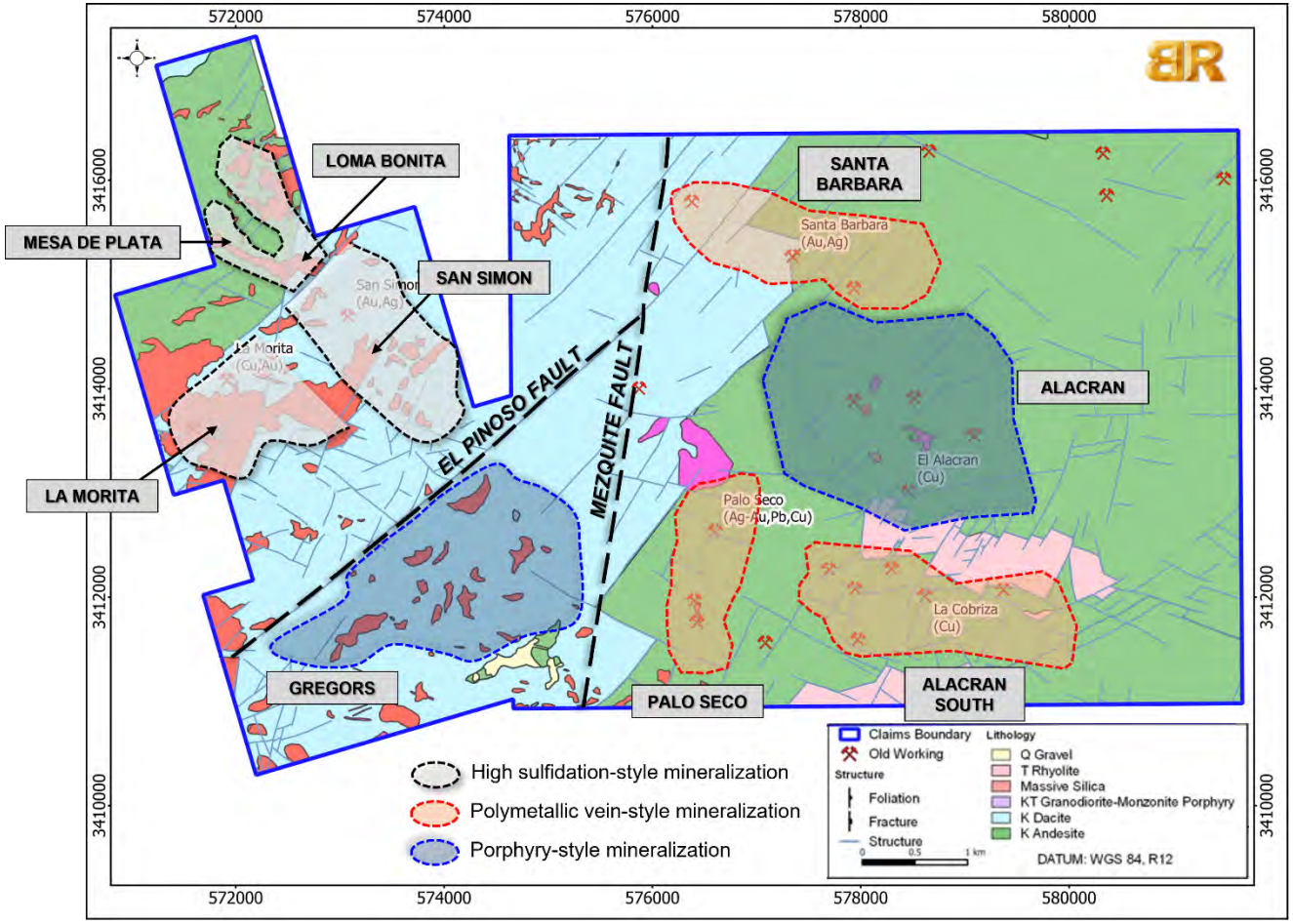
Age	Unit	Abbreviation	Description	Comment
		VFC	Porphyritic feldspar–biotite tuff. Porphyritic texture, consisting of ~10–20% plagioclase crystals, and 0.5–10 cm lithic fragments derived from the PFB unit.	
		PTV	Fine-grained crystal tuff. Porphyritic texture, consisting of 0.5–1.0 cm plagioclase crystals making up ~20–30% of the rock. Sporadic occurrence (<2%) of hornblende–biotite crystals. Commonly silica altered.	Lies conformably on top of the PFB unit.
	Lower andesite member, Mesa Formation	PFB	Porphyritic feldspar–biotite tuff. Mid- to coarse-grained, purple–green colour on fresh surfaces. Typically consists of 20–25% plagioclase, 2–5% K-feldspar, 10–15% biotite>hornblende, 5–10% hornblende. Magnetite crystals are visible when the unit is unaltered. Feldspar crystals are typically subrounded to rounded, ~0.2–0.5 mm in size. Rare occurrences of 0.5–1 cm K-feldspar phenocrysts.	
		FCT	Fine-grained crystal tuff. Fine-grained tuffaceous texture, with 10–15% of broken <1 mm feldspar crystals, <5% hornblende–biotite <0.5 mm in size. May display patchy aphanitic textures. Disseminated magnetite <1%.	

Figure 7-3: Project Stratigraphy



Note: Figure prepared by Bendito, 2022.

Figure 7-4: Project Geology Map



Note: Figure prepared by Bendito, 2022

7.2.1 Structure

Bendito has defined three major structural types within the Project area:

- Post-mineral block faulting;
- Veining;
- Hydrothermal and crackle breccias.

The features of each structural type are summarized in **Error! Not a valid bookmark self-reference.**.

7.2.2 Alteration

The alteration styles identified within the Project area are summarized in Table 7-3. The current interpretations of the alteration setting in the Loma Bonita, Mesa de Plata, San Simon, and La Morita areas, which are the focus of the recommendations provided in Section 26, are provided in Table 7-3: Alteration

Alteration Style	Alteration Type	Alteration Code	Description	Note
High-temperature, porphyry-type	Potassic	Pot	Consists of coarse-grained (1 cm) K-feldspar, and fresh small and disseminated crystals of biotite. Forms thin halos associated with quartz–biotite veinlets, typical of metasomatic fluid-rock interaction. Locally, the potassic alteration can be overprinted by pervasive silicification and weak selective sericite alteration.	Typically found in the middle portion of the Cerro Alacrán area, and preferentially developed within the MZ unit.
	Sericitic	SER	Predominantly formed by minerals of the muscovite group and show variations depending on the sub-type of mineral present in the rock (muscovite, paragonite, glauconite, celadonite). Commonly associated with illite, pyrite, and quartz–pyrite veining. White sericite and illite can overprint K-feldspar phenocrysts in the transitional zones between potassic and sericitic alteration types.	Commonly occurs between the lower andesite and upper dacite members.
	Sericite–argillite stockwork	SSA	Sericite alteration with quartz stockwork and sheeted veinlets. Typically overprinted by supergene clay alteration, including kaolinite, alunite, smectite, and jarosite. Stockwork veinlets consist of crystalline quartz and iron oxides (mix of limonite, goethite, and hematite).	The acid leaching of a pyritic is interpreted to have resulted in a hypogene/supergene mixture of alteration assemblages. The assemblage is common in the Gregors central structural block.

Alteration Style	Alteration Type	Alteration Code	Description	Note
	Quartz–sericite	QZS	Pervasive silica–sericite replacement of the matrix within the upper dacitic member units. No known veins associated.	Primarily located at Cerro Alacran, topographically above the sericite and potassic alteration zones.
	Advanced argillic–pyrophyllite	AAP	Dominantly consists of pyrophyllite. Is associated with sericite, dickite and occasionally with alunite.	Typically occurs with a strong structural control and placed underneath the high-sulphidation lithocap
High-sulphidation	Intermediate argillic	AI	Grey to pale green colour in fresh surface, with low smectite content, low crystallinity, and patches of illite–kaolinite.	Occurs associated with pyrite in the high sulphidation epithermal environment, with fine grain disseminated pyrite as high as 15%
	Advanced argillic	AA1, AA2	Moderate-to-strong silica–alunite > kaolinite–dickite. Alunite can occur as thin veinlets. Dickite present as disseminations and association with hydrothermal breccias. Rare observations of barite and mimetite.	Forms widespread zones within the Mesa Formation volcanic units in the Mesa de Plata and Loma Bonita areas
	Silica residual granular	SR_Gr	Granular-sugary texture composed by >80% silica with Fe–Pb oxides. Typically occurs as replacement bodies in permeable lithologies associated with zones of advanced argillic alteration.	Has a predominant lithological control.
	Silica residual massive	SR_Ms	Pervasive addition of silica, almost replacing 100% of the rock, resulting in full vug replacement. Grey-beige chalcedonic quartz usually related to this alteration style. Commonly associated with crackle brecciation.	Has a predominant lithological control.

Alteration Style	Alteration Type	Alteration Code	Description	Note
	Silica residual vuggy	SR_Vs	Silica replacement of the matrix, lithics and phenocrysts from pre-existing volcanic rocks. A late weathering of the rock washes out the unstable feldspars, leaving behind a network of vugs.	Occurs as replacement bodies in Loma Bonita and Mesa de Plata areas. Has a predominant lithological control.
Supergene clay	Argillic	ARG	Clay-dominant alteration with abundant iron oxides (goethite–hematite–limonite) overprinting primary hypogene alteration by weathering destruction/oxidation assisted by acid leaching. Consists of kaolinite, smectite, iron oxides and supergene alunite. May be present as a zone of alteration between advanced argillic and propylitic alteration. More commonly associated with faults, fractures, and meteoric water circulation.	
Semi-regional metasomatism	Smectite	SMC	Light green in colour, smectite dominant. Associated with traces of chlorite, epidote, calcite. Forms an outer halo to chlorite–epidote alteration.	
	Chlorite–epidote	CLE	Characterized by a selective replacement of feldspars and mafic minerals by chlorite and epidote.	No available evidence to date to determine the timing of this alteration sub-group
	Propylitic	PRO	Characterized by epidote–chlorite disseminations and veinlets. Associated with disseminations and veinlets of quartz–calcite–pyrite and magnetite	No available evidence to date to determine the timing of this alteration sub-group

Figure 7-5 to Figure 7-8.

Block faulting represent the main control on the distribution of the alteration within the Project area. Porphyry-related alteration is present around Cerro Alacrán and the surrounding base-metal vein system, and this is always found to the east of the Mezquite Fault.

Between the Mezquite and Pinoso Faults, the alteration present is a transition between porphyry- and the high-sulphidation types, preserving characteristics of both.

To the north of the Pinoso Fault, the alteration is dominantly high-sulphidation. Lithocap alteration characteristic of high-sulphidation systems is noted in the Mesa de Plata and Loma Bonita areas.

7.2.3 Mineralization

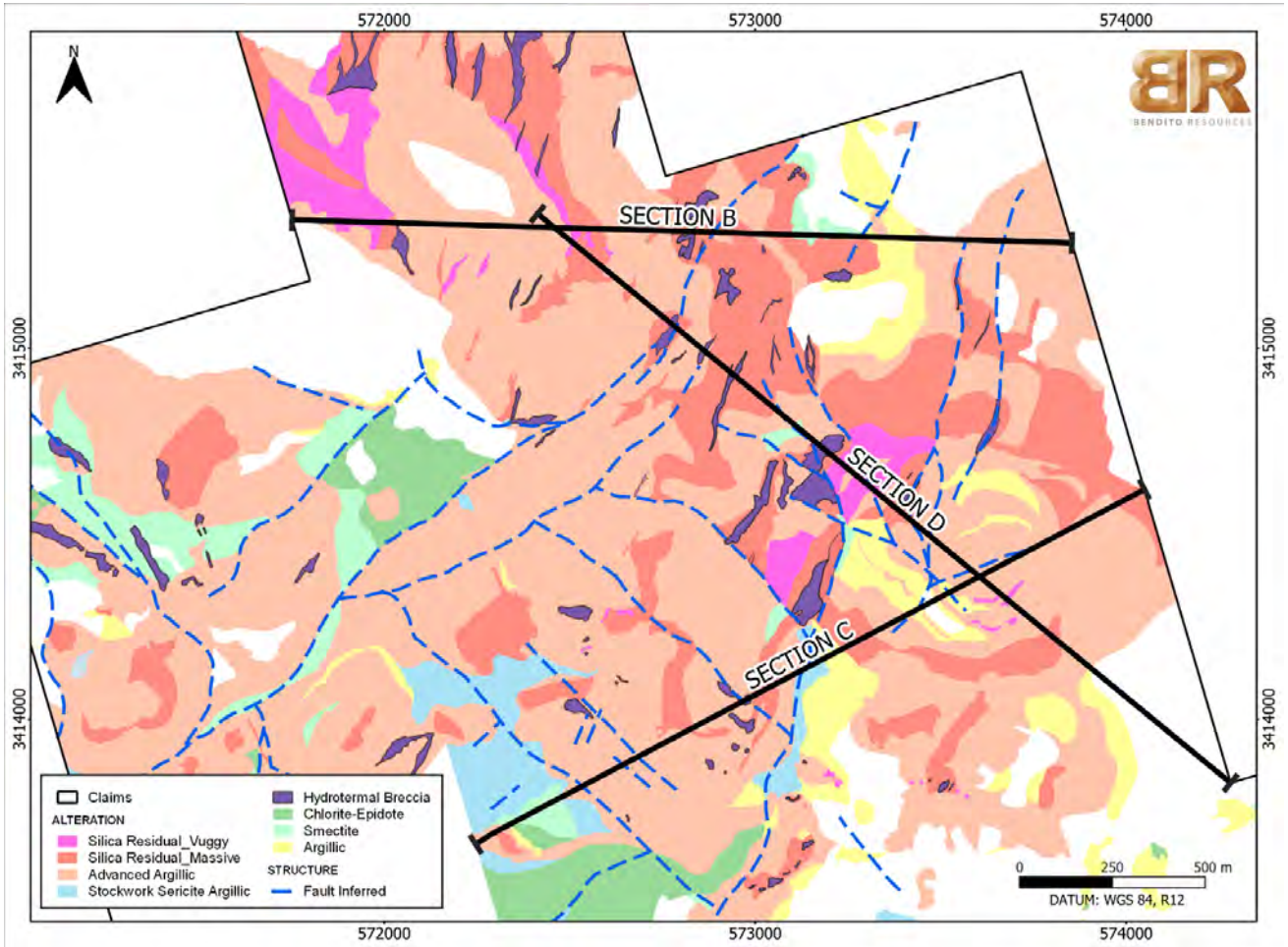
The Project area hosts copper and silver mineralization in a number of geographical areas that are shown in Table 7-3: Alteration

Alteration Style	Alteration Type	Alteration Code	Description	Note
High-temperature, porphyry-type	Potassic	Pot	Consists of coarse-grained (1 cm) K-feldspar, and fresh small and disseminated crystals of biotite. Forms thin halos associated with quartz–biotite veinlets, typical of metasomatic fluid-rock interaction. Locally, the potassic alteration can be overprinted by pervasive silicification and weak selective sericite alteration.	Typically found in the middle portion of the Cerro Alacrán area, and preferentially developed within the MZ unit.
	Sericitic	SER	Predominantly formed by minerals of the muscovite group and show variations depending on the sub-type of mineral present in the rock (muscovite, paragonite, glauconite, celadonite). Commonly associated with illite, pyrite, and quartz–pyrite veining. White sericite and illite can overprint K-feldspar phenocrysts in the transitional zones between potassic and sericitic alteration types.	Commonly occurs between the lower andesite and upper dacite members.
	Sericite–argillite stockwork	SSA	Sericite alteration with quartz stockwork and sheeted veinlets. Typically overprinted by supergene clay alteration, including kaolinite, alunite, smectite, and jarosite. Stockwork veinlets consist of crystalline quartz and iron oxides (mix of limonite, goethite, and hematite).	The acid leaching of a pyritic is interpreted to have resulted in a hypogene/supergene mixture of alteration assemblages. The assemblage is common in the Gregors central structural block.
	Quartz–sericite	QZS	Pervasive silica–sericite replacement of the matrix within the upper dacitic member units. No known veins associated.	Primarily located at Cerro Alacran, topographically above the sericite and potassic alteration zones.

Alteration Style	Alteration Type	Alteration Code	Description	Note
	Advanced argillic–pyrophyllite	AAP	Dominantly consists of pyrophyllite. Is associated with sericite, dickite and occasionally with alunite.	Typically occurs with a strong structural control and placed underneath the high-sulphidation lithocap
High-sulphidation	Intermediate argillic	AI	Grey to pale green colour in fresh surface, with low smectite content, low crystallinity, and patches of illite–kaolinite.	Occurs associated with pyrite in the high sulphidation epithermal environment, with fine grain disseminated pyrite as high as 15%
	Advanced argillic	AA1, AA2	Moderate-to-strong silica–alunite > kaolinite–dickite. Alunite can occur as thin veinlets. Dickite present as disseminations and association with hydrothermal breccias. Rare observations of barite and mimetite.	Forms widespread zones within the Mesa Formation volcanic units in the Mesa de Plata and Loma Bonita areas
	Silica residual granular	SR_Gr	Granular-sugary texture composed by >80% silica with Fe–Pb oxides. Typically occurs as replacement bodies in permeable lithologies associated with zones of advanced argillic alteration.	Has a predominant lithological control.
	Silica residual massive	SR_Ms	Pervasive addition of silica, almost replacing 100% of the rock, resulting in full vug replacement. Grey-beige chalcedonic quartz usually related to this alteration style. Commonly associated with crackle brecciation.	Has a predominant lithological control.
	Silica residual vuggy	SR_Vs	Silica replacement of the matrix, lithics and phenocrysts from pre-existing volcanic rocks. A late weathering of the rock washes out the unstable feldspars, leaving behind a network of vugs.	Occurs as replacement bodies in Loma Bonita and Mesa de Plata areas. Has a predominant lithological control.

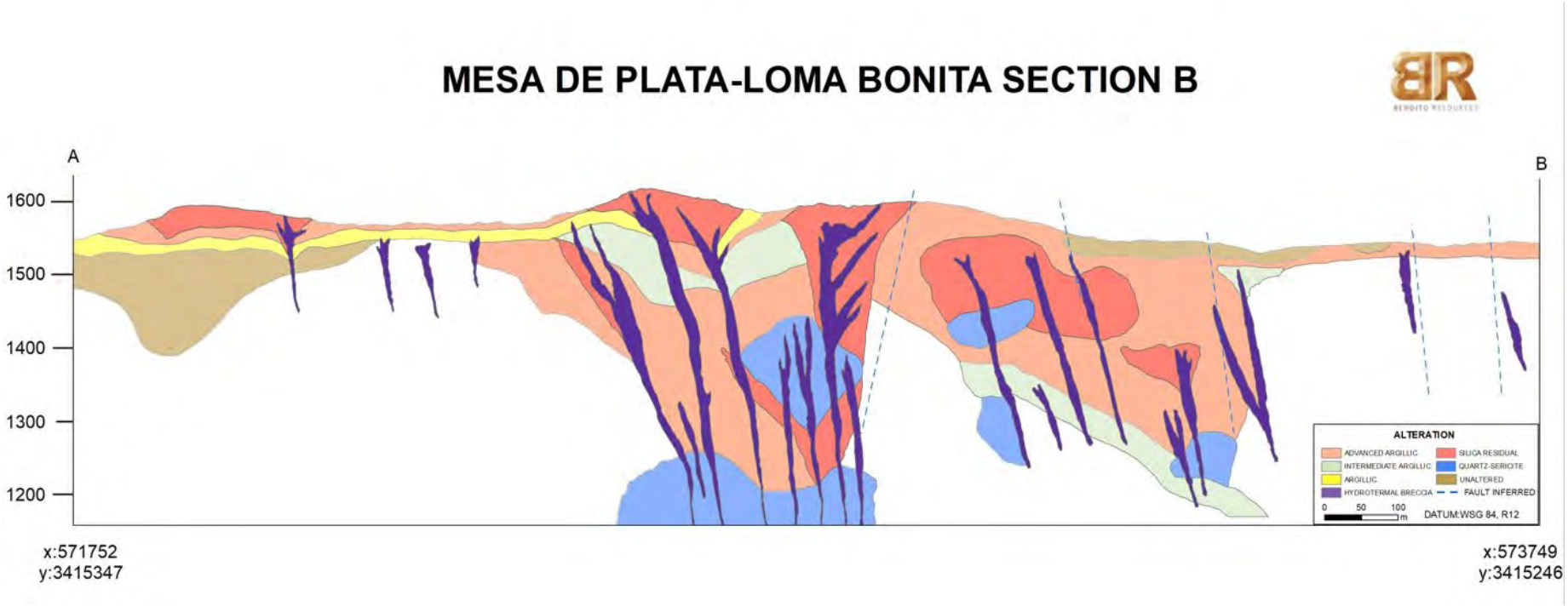
Alteration Style	Alteration Type	Alteration Code	Description	Note
Supergene clay	Argillic	ARG	Clay-dominant alteration with abundant iron oxides (goethite–hematite–limonite) overprinting primary hypogene alteration by weathering destruction/oxidation assisted by acid leaching. Consists of kaolinite, smectite, iron oxides and supergene alunite. May be present as a zone of alteration between advanced argillic and propylitic alteration. More commonly associated with faults, fractures, and meteoric water circulation.	
Semi-regional metasomatism	Smectite	SMC	Light green in colour, smectite dominant. Associated with traces of chlorite, epidote, calcite. Forms an outer halo to chlorite–epidote alteration.	
	Chlorite–epidote	CLE	Characterized by a selective replacement of feldspars and mafic minerals by chlorite and epidote.	No available evidence to date to determine the timing of this alteration sub-group
	Propylitic	PRO	Characterized by epidote–chlorite disseminations and veinlets. Associated with disseminations and veinlets of quartz–calcite–pyrite and magnetite	No available evidence to date to determine the timing of this alteration sub-group

Figure 7-5: Alteration Mapping



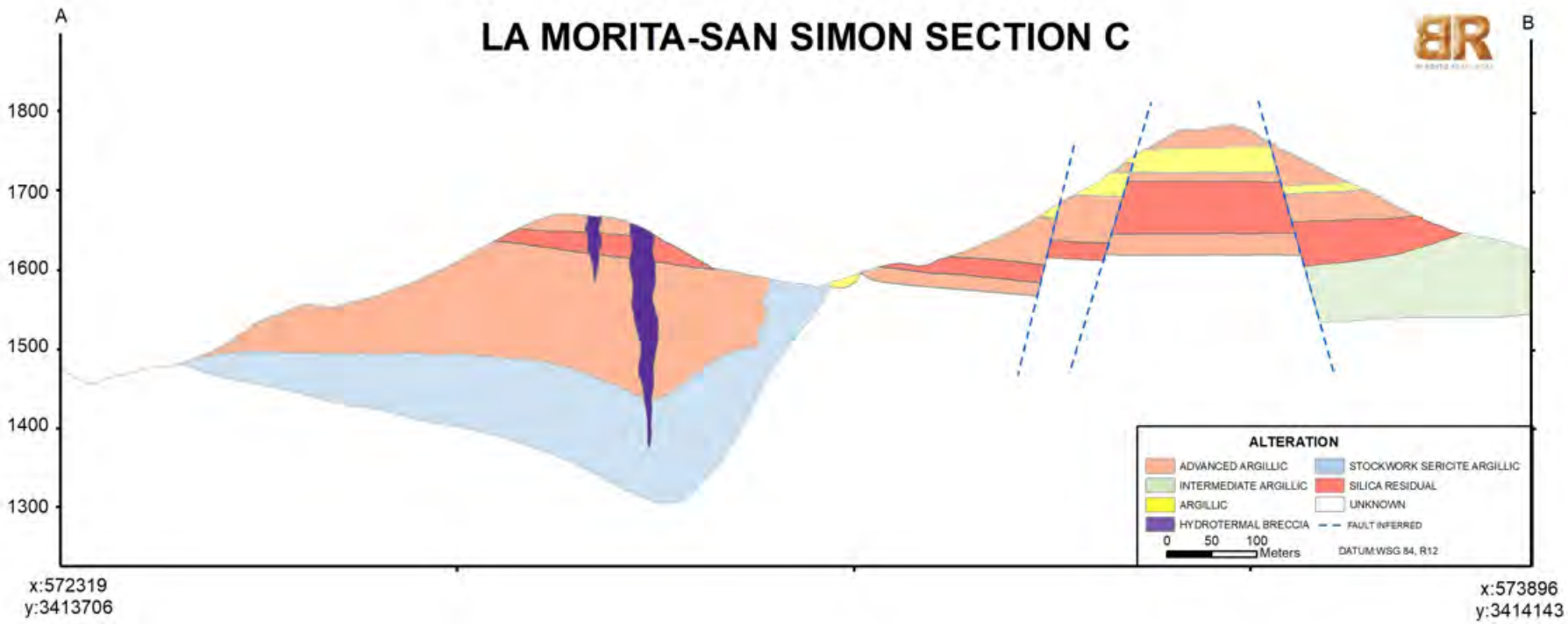
Note: Figure prepared by Bendito, 2022.

Figure 7-6: Alteration Interpretation, Mesa De Plata to Loma Bonita



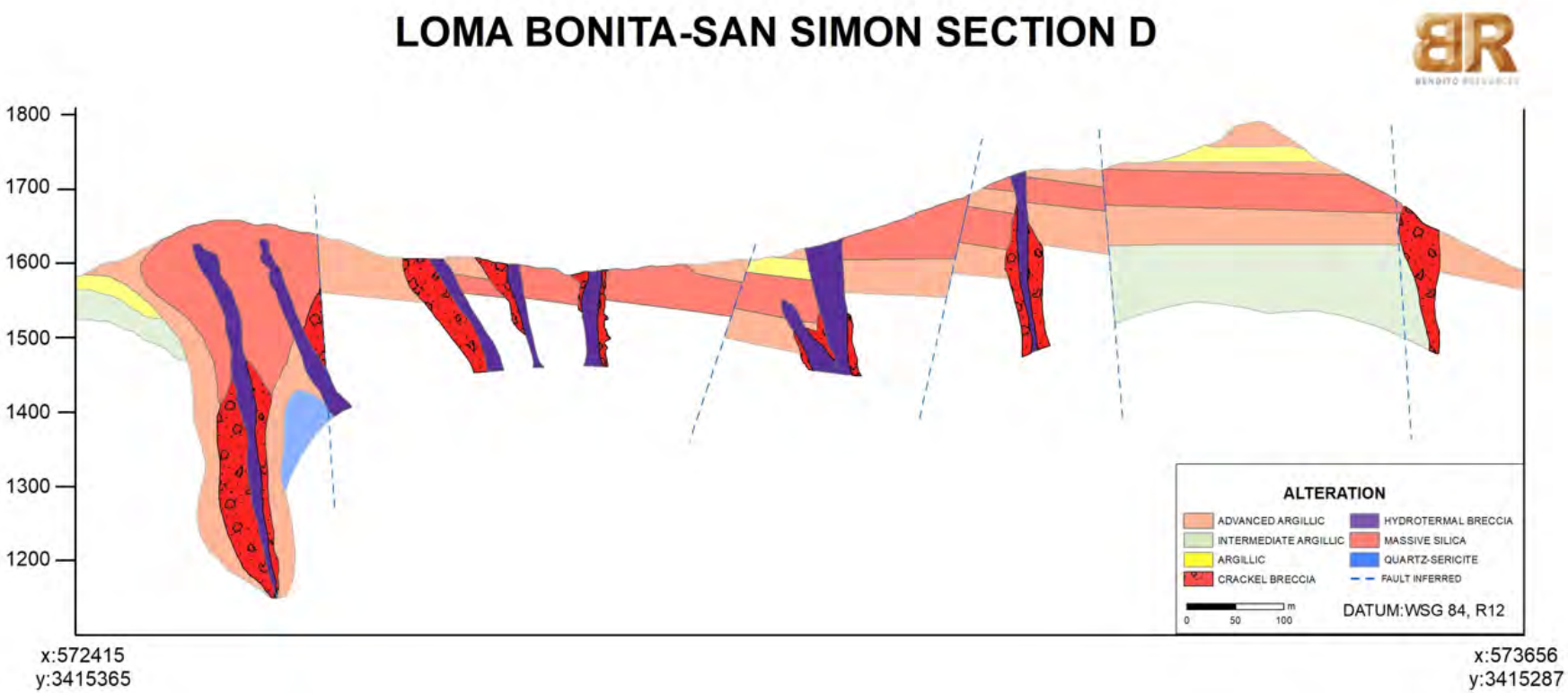
Note: Figure prepared by Bendito, 2022

Figure 7-7: Alteration Interpretation, La Morita to San Simon



Note: Figure prepared by Bendito, 2022.

Figure 7-8: Alteration Interpretation, Loma Bonita to San Simon



Note: Figure prepared by Bendito, 2022.

Figure 7-9.

Mineralization within the Project area occurs at a number of stratigraphic levels, as shown in the deposit model cartoon in Figure 7-10.

Table 7-2: Structures

Structure Type	Description	Note
Faulting	The Mezquite fault is oriented 5–15° NNE and separates the porphyry system at Cerro Alacrán Hill and the western areas with a major westward down-drop. The Pinoso fault is oriented 25–35° NE, intersects the Mezquite fault, and creates a major northwestward down-drop.	The Mezquite and Pinoso faults record stratigraphic breaks with unknown vertical displacements; no evidence of lateral kinematics has been identified. Subdivides the area into three fault-bound structural blocks, the Cerro Alacrán structural block to the east, the Gregors structural block in the central area, and the San Simón structural block to the north.
Veining	East–west, north–south, west–northwest-oriented veins. West–northwest-trending sheeted veins.	East-west oriented veins commonly found on the north and southern sides of Cerro Alacrán, gently to steeply dipping (55–85º) northward. Associated with precious and base metals mineralization. North–south, and west–northwest-oriented veins are found primarily in the Palo Seco prospect area. Veins are steeply dipping to the east and west, crosscutting the east–west system. Associated polymetallic mineralization. West–northwest-trending, steeply-dipping sheeted veins occur primarily within the Gregors central structural block. Associated with base metal mineralization;
Breccias	Hydrothermal breccias are typically oriented 35–45° NE, range in thickness from 20–100 m and can be from 100–500 m long. Form discontinuous, sub-vertical lenses that pinch and swell. Crackle breccias form zones of fracturing and micro-brecciation with no specific orientation.	Hydrothermal breccias carry elevated grade precious metals mineralization. Crackle breccias can be earlier than the hydrothermal breccias or cross-cut those breccias. Crackle breccias are absent from the Cerro Alacran and Gregors central structural blocks.

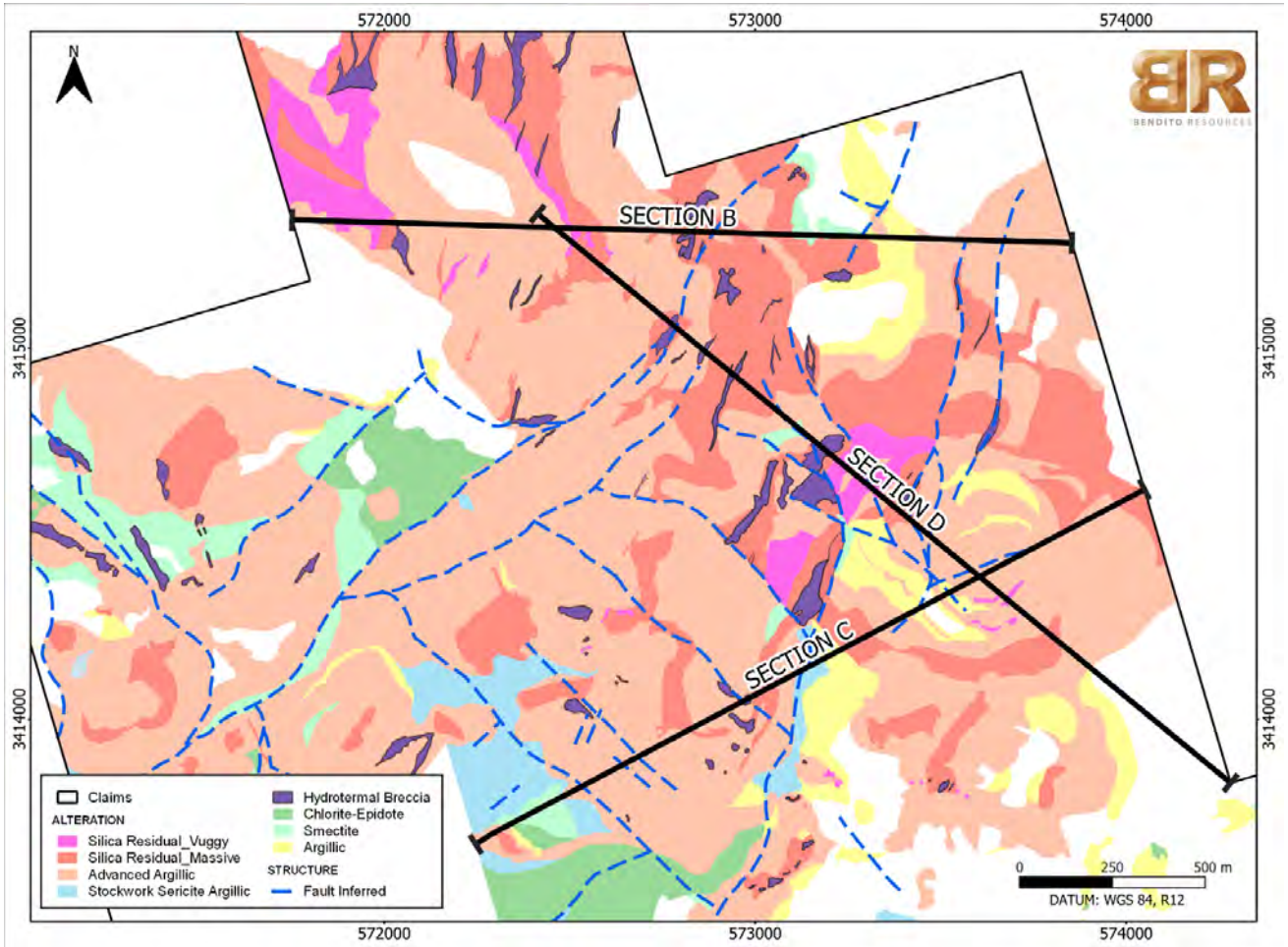
Table 7-3: Alteration

Alteration Style	Alteration Type	Alteration Code	Description	Note
High-temperature, porphyry-type	Potassic	Pot	Consists of coarse-grained (1 cm) K-feldspar, and fresh small and disseminated crystals of biotite. Forms thin halos associated with quartz–biotite veinlets, typical of metasomatic fluid-rock interaction. Locally, the potassic alteration can be overprinted by pervasive silicification and weak selective sericite alteration.	Typically found in the middle portion of the Cerro Alacrán area, and preferentially developed within the MZ unit.
	Sericitic	SER	Predominantly formed by minerals of the muscovite group and show variations depending on the sub-type of mineral present in the rock (muscovite, paragonite, glauconite, celadonite). Commonly associated with illite, pyrite, and quartz–pyrite veining. White sericite and illite can overprint K-feldspar phenocrysts in the transitional zones between potassic and sericitic alteration types.	Commonly occurs between the lower andesite and upper dacite members.
	Sericite–argillite stockwork	SSA	Sericite alteration with quartz stockwork and sheeted veinlets. Typically overprinted by supergene clay alteration, including kaolinite, alunite, smectite, and jarosite. Stockwork veinlets consist of crystalline quartz and iron oxides (mix of limonite, goethite, and hematite).	The acid leaching of a pyritic is interpreted to have resulted in a hypogene/supergene mixture of alteration assemblages. The assemblage is common in the Gregors central structural block.
	Quartz–sericite	QZS	Pervasive silica–sericite replacement of the matrix within the upper dacitic member units. No known veins associated.	Primarily located at Cerro Alacran, topographically above the sericite and potassic alteration zones.

Alteration Style	Alteration Type	Alteration Code	Description	Note
	Advanced argillic–pyrophyllite	AAP	Dominantly consists of pyrophyllite. Is associated with sericite, dickite and occasionally with alunite.	Typically occurs with a strong structural control and placed underneath the high-sulphidation lithocap
High-sulphidation	Intermediate argillic	AI	Grey to pale green colour in fresh surface, with low smectite content, low crystallinity, and patches of illite–kaolinite.	Occurs associated with pyrite in the high sulphidation epithermal environment, with fine grain disseminated pyrite as high as 15%
	Advanced argillic	AA1, AA2	Moderate-to-strong silica–alunite > kaolinite–dickite. Alunite can occur as thin veinlets. Dickite present as disseminations and association with hydrothermal breccias. Rare observations of barite and mimetite.	Forms widespread zones within the Mesa Formation volcanic units in the Mesa de Plata and Loma Bonita areas
	Silica residual granular	SR_Gr	Granular-sugary texture composed by >80% silica with Fe–Pb oxides. Typically occurs as replacement bodies in permeable lithologies associated with zones of advanced argillic alteration.	Has a predominant lithological control.
	Silica residual massive	SR_Ms	Pervasive addition of silica, almost replacing 100% of the rock, resulting in full vug replacement. Grey-beige chalcedonic quartz usually related to this alteration style. Commonly associated with crackle brecciation.	Has a predominant lithological control.
	Silica residual vuggy	SR_Vs	Silica replacement of the matrix, lithics and phenocrysts from pre-existing volcanic rocks. A late weathering of the rock washes out the unstable feldspars, leaving behind a network of vugs.	Occurs as replacement bodies in Loma Bonita and Mesa de Plata areas. Has a predominant lithological control.

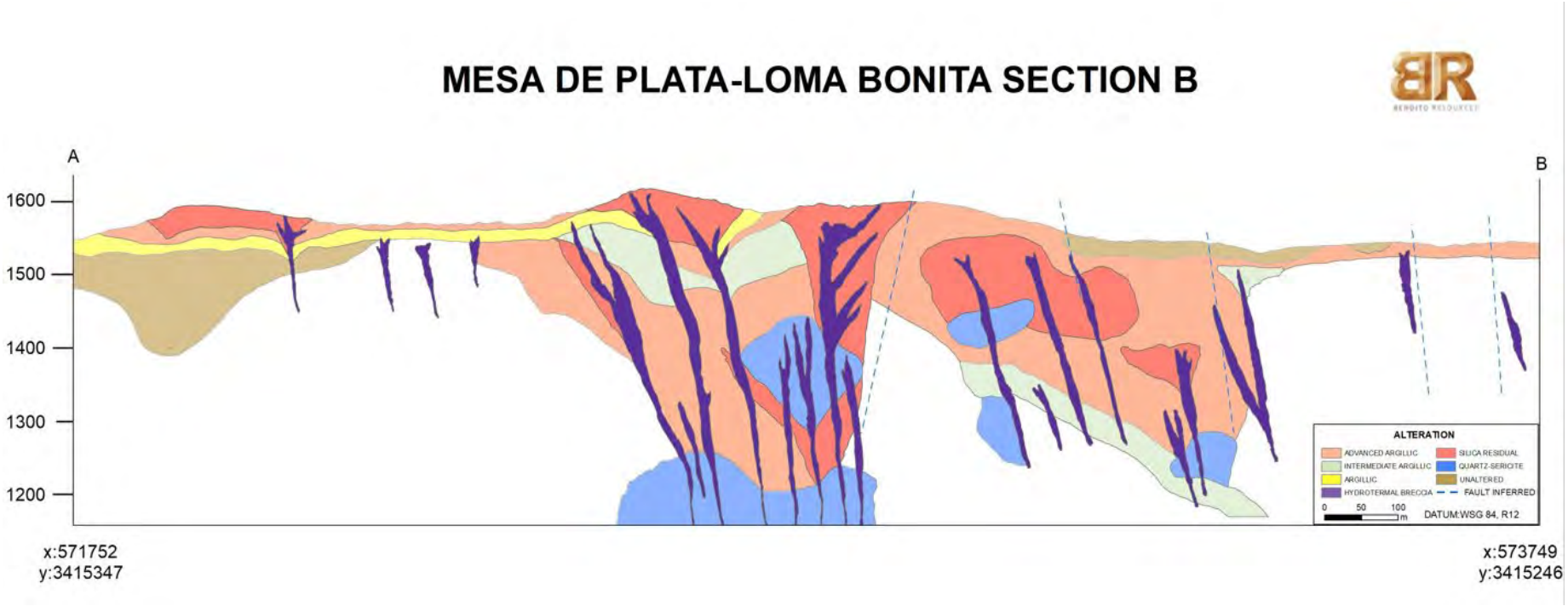
Alteration Style	Alteration Type	Alteration Code	Description	Note
Supergene clay	Argillic	ARG	Clay-dominant alteration with abundant iron oxides (goethite–hematite–limonite) overprinting primary hypogene alteration by weathering destruction/oxidation assisted by acid leaching. Consists of kaolinite, smectite, iron oxides and supergene alunite. May be present as a zone of alteration between advanced argillic and propylitic alteration. More commonly associated with faults, fractures, and meteoric water circulation.	
Semi-regional metasomatism	Smectite	SMC	Light green in colour, smectite dominant. Associated with traces of chlorite, epidote, calcite. Forms an outer halo to chlorite–epidote alteration.	
	Chlorite–epidote	CLE	Characterized by a selective replacement of feldspars and mafic minerals by chlorite and epidote.	No available evidence to date to determine the timing of this alteration sub-group
	Propylitic	PRO	Characterized by epidote–chlorite disseminations and veinlets. Associated with disseminations and veinlets of quartz–calcite–pyrite and magnetite	No available evidence to date to determine the timing of this alteration sub-group

Figure 7-5: Alteration Mapping



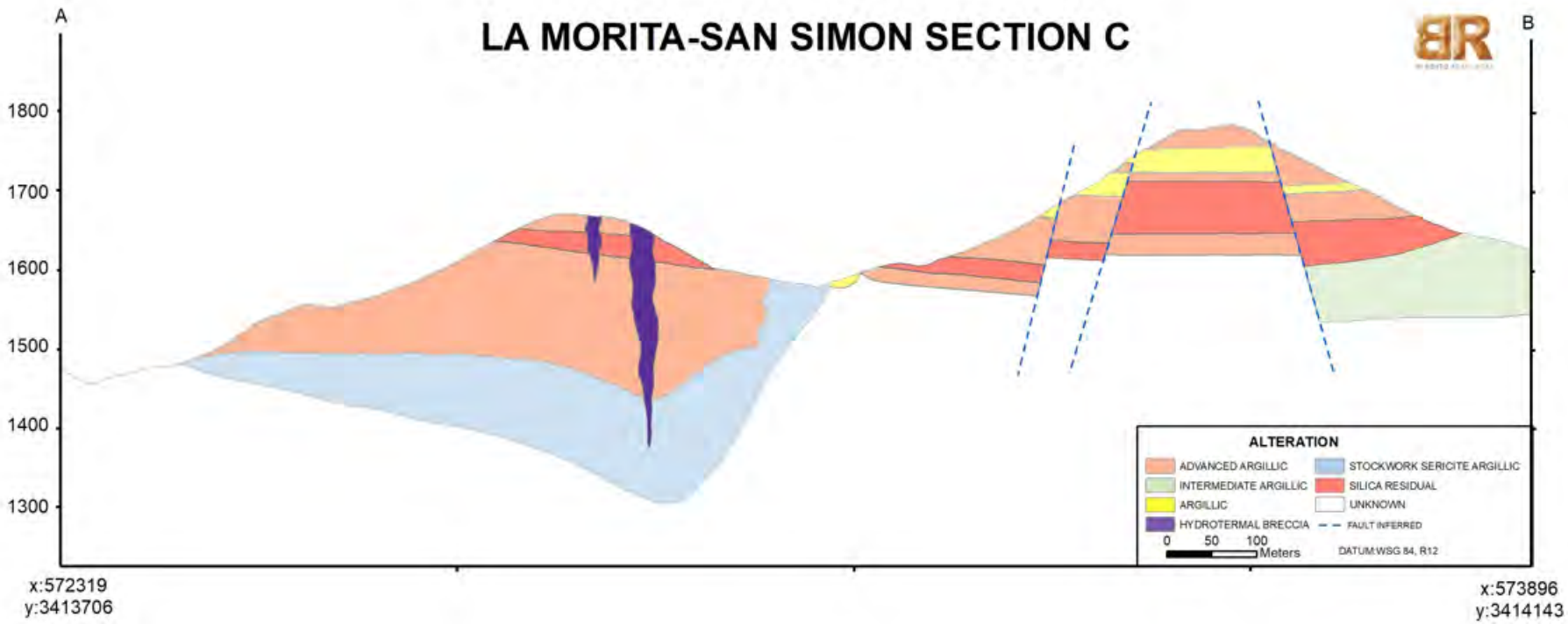
Note: Figure prepared by Bendito, 2022.

Figure 7-6: Alteration Interpretation, Mesa De Plata to Loma Bonita



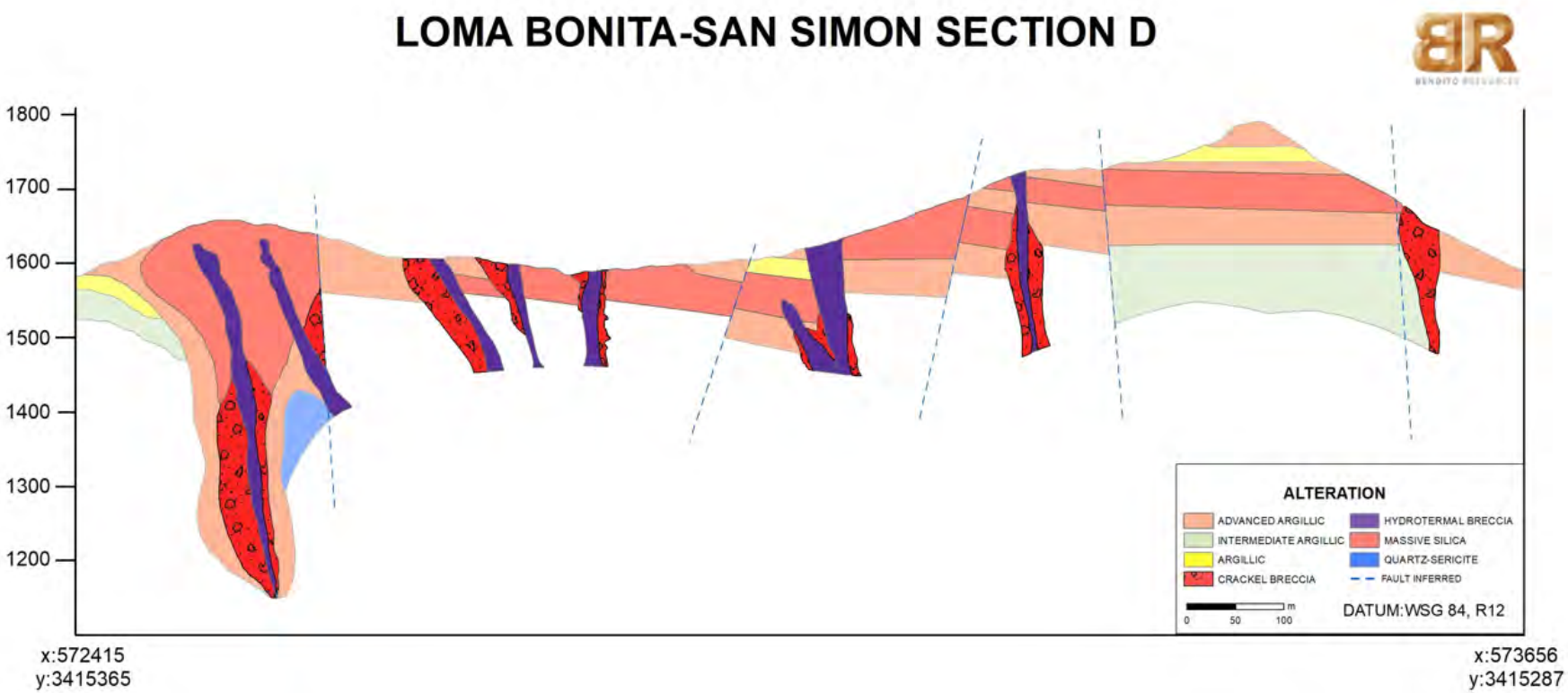
Note: Figure prepared by Bendito, 2022

Figure 7-7: Alteration Interpretation, La Morita to San Simon



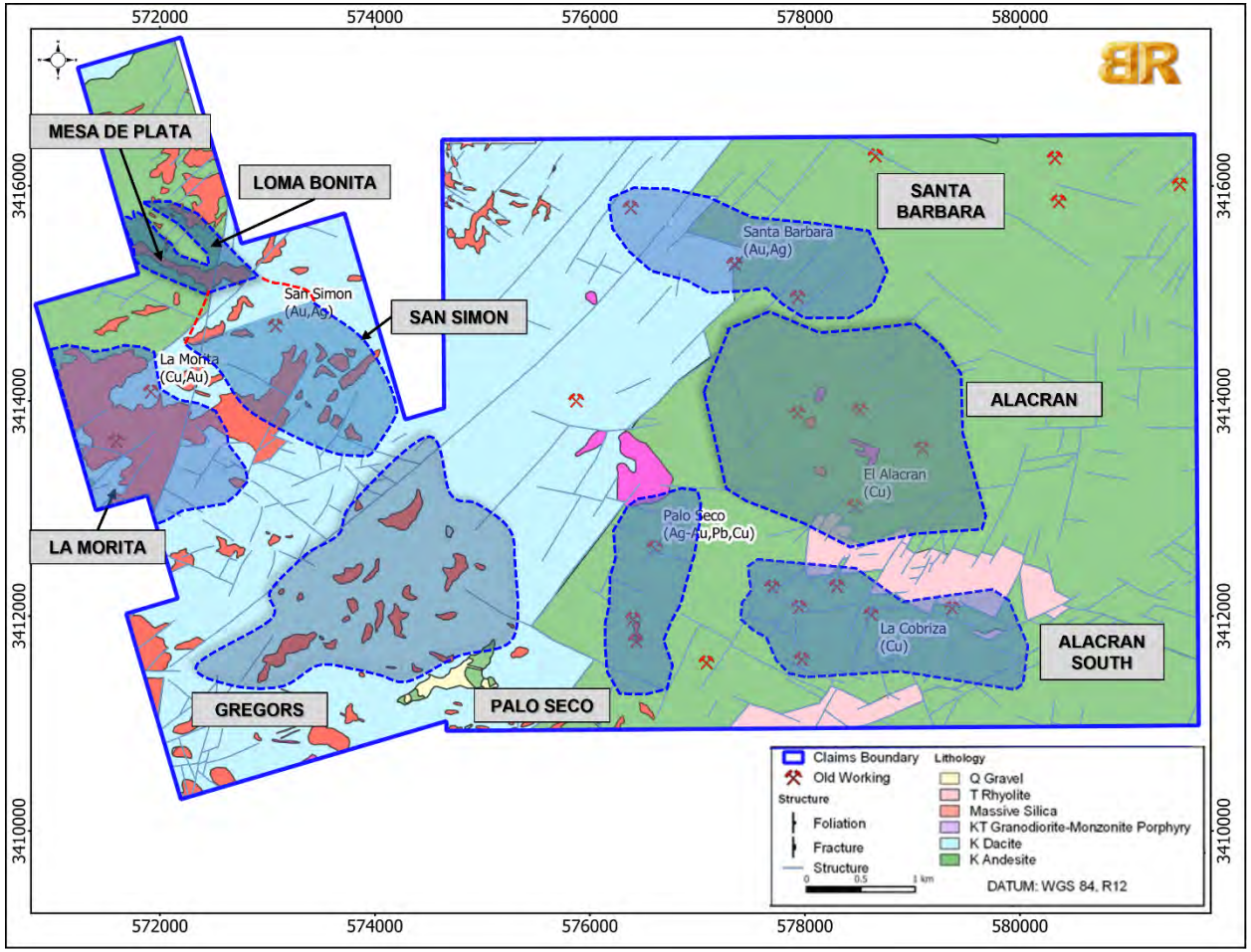
Note: Figure prepared by Bendito, 2022.

Figure 7-8: Alteration Interpretation, Loma Bonita to San Simon



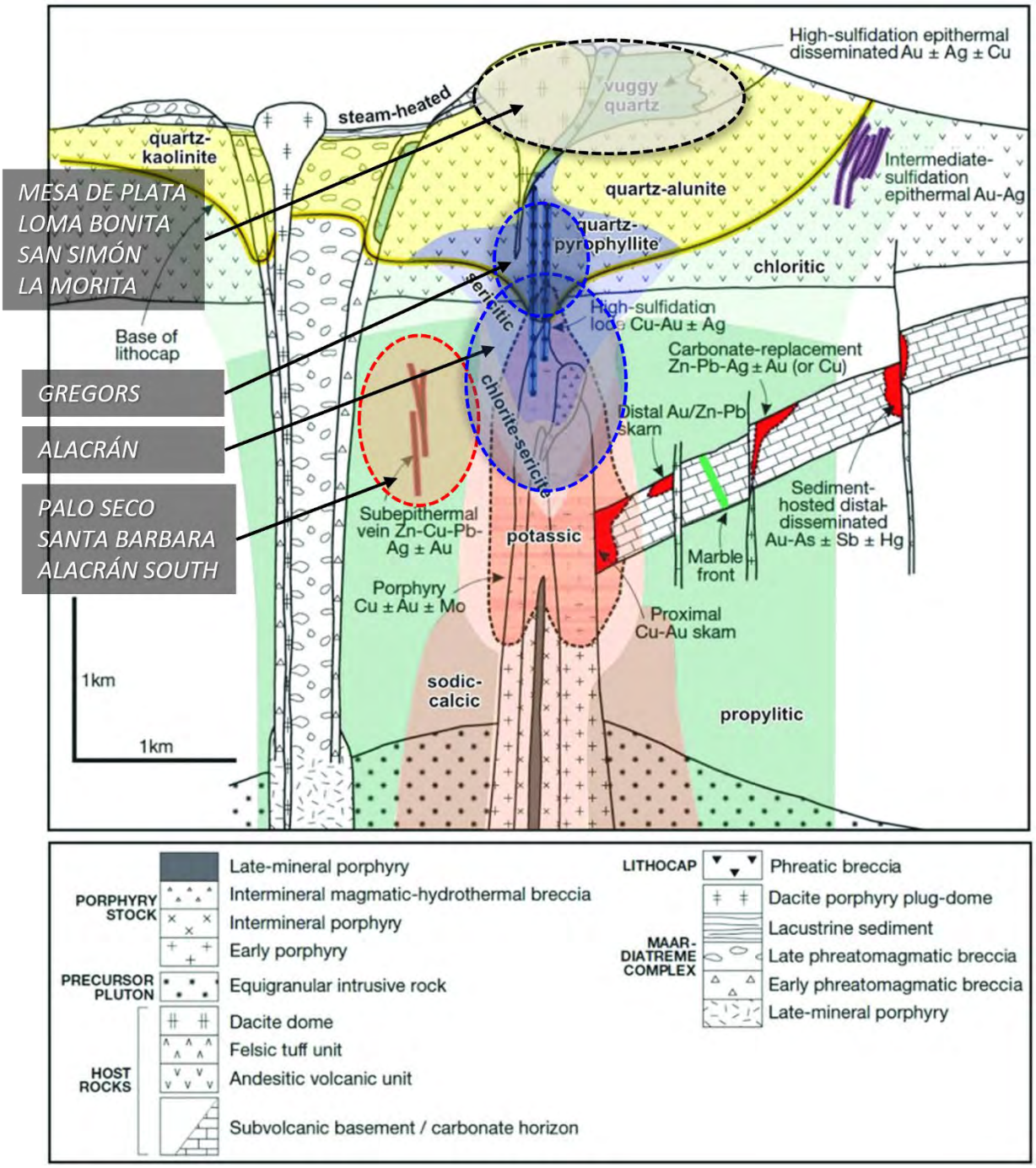
Note: Figure prepared by Bendito, 2022.

Figure 7-9: Deposit and Prospect Locations



Note: Figure prepared by Bendito, 2022.

Figure 7-10: Deposit Model Schematic



Note: Figure modified after Sillitoe, (2010).

The major deposits are the silver-bearing Mesa de Plata and gold-bearing Loma Bonita deposits in the northwest of the Project area, which are interpreted to be examples of high-sulphidation epithermal mineralization.

The San Simón and La Morita prospects may represent southward extents of the high-sulphidation epithermal mineralization at Mesa de Plata and Loma Bonita.

The Gregors prospect displays alteration characteristics of both porphyry and high-sulphidation styles, with a pronounced copper anomalism.

The Palo Seco, Santa Bárbara and Alacrán South prospects are prospective for polymetallic vein-hosted and sub-epithermal vein-type mineralization surrounding the intrusions at Cerro Alacrán.

Porphyry-style copper mineralization was identified in the central–eastern portion of the tenure, at the Cerro Alacrán porphyry prospect. Both porphyry intrusions and country rock host mineralization at Cerro Alacrán.

7.3 Deposit Descriptions

7.3.1 Loma Bonita

7.3.1.1 Deposit Setting

The Loma Bonita deposit extends along the northwest-trending Loma Bonita ridge, has a width of about 250 m, and a strike length of approximately 900 m. Mineralization occurs within a nearly flat-lying, 10–100 m thick lithocap of residual silica.

A geology map for Loma Bonita is provided in Figure 7-11, and an alteration map in Figure 7-12.

Mineralization is preferentially hosted within the VFC and PTV units of the upper dacite member of the Mesa Formation.

Three varieties of silica-related mineralization occur at the Loma Bonita target and key characteristics are summarized in Table 7-4.

7.3.1.2 Mineralization

Gold is present in the form of native gold at Loma Bonita. The deposit is not well mineralized in silver in comparison to Mesa de Plata.

Figure 7-13 is a drill collar location plan showing the locations of the drill section presented in Figure 7-14, Figure 7-15, and Figure 7-16. The selected drill sections show the orientation of the drilling in relation to low-grade (0.2–0.5 g/t Au) and higher-grade (>0.5 g/t Au) mineralization.

Figure 7-11: Geology Map, Loma Bonita

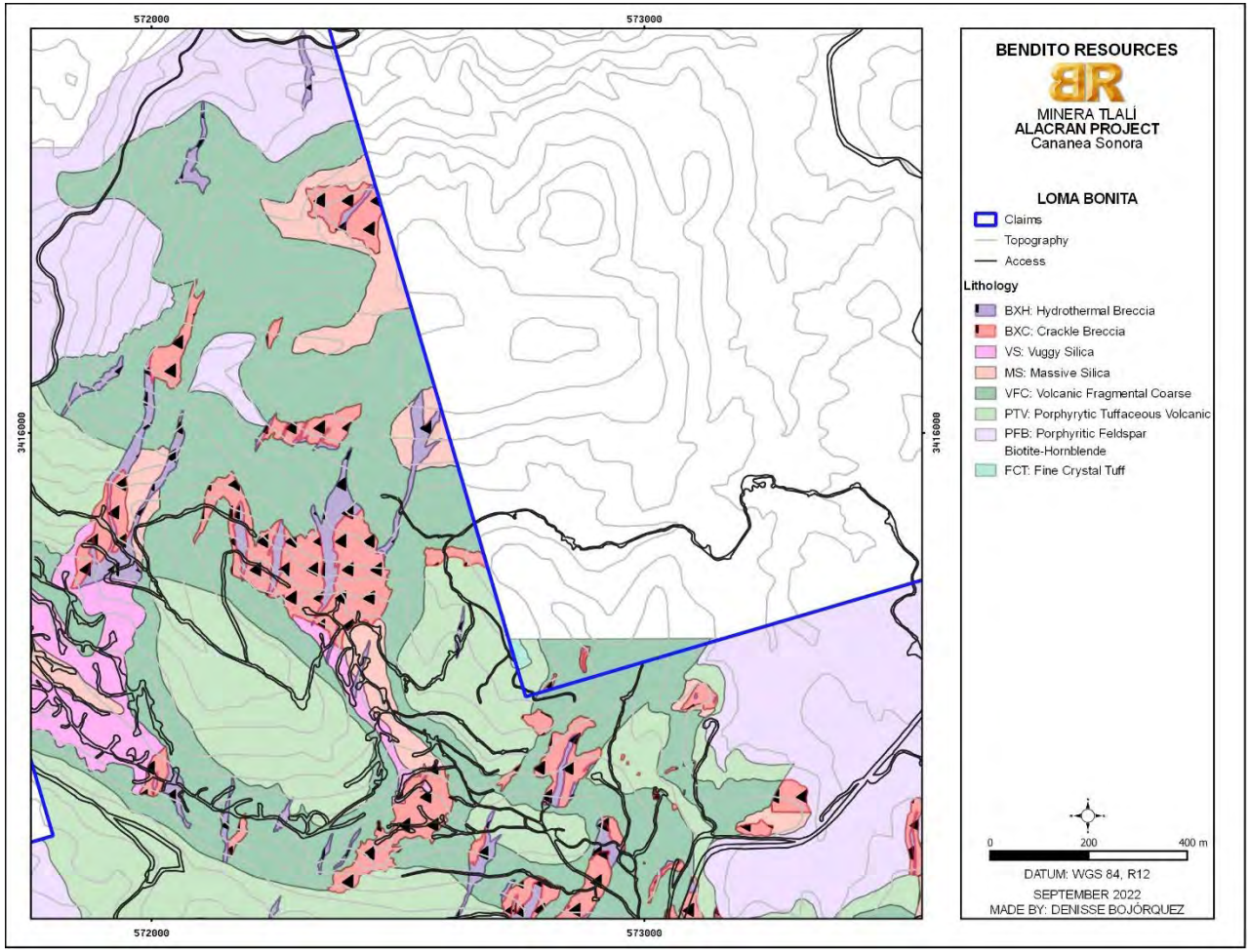


Figure 7-12: Alteration Map, Loma Bonita

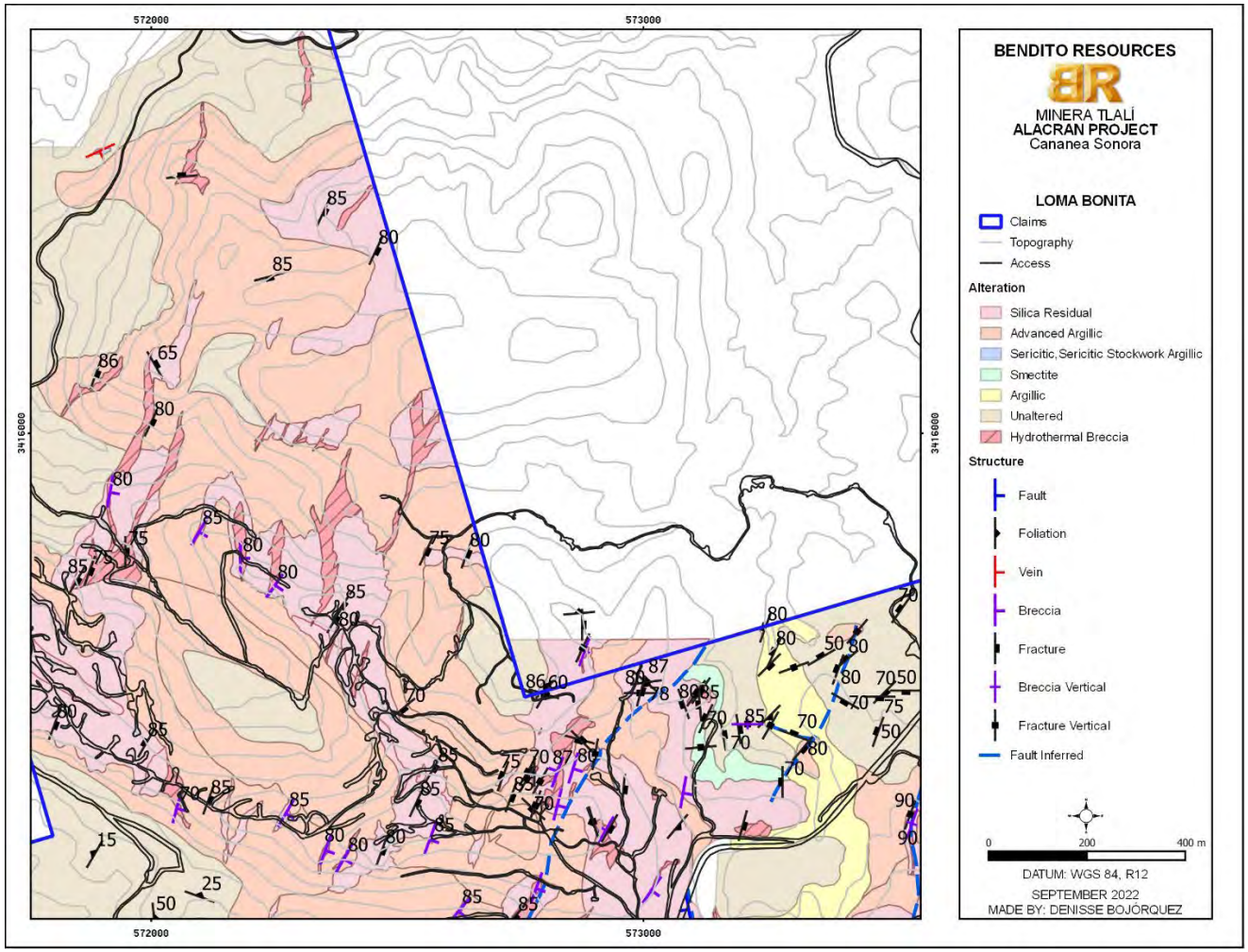
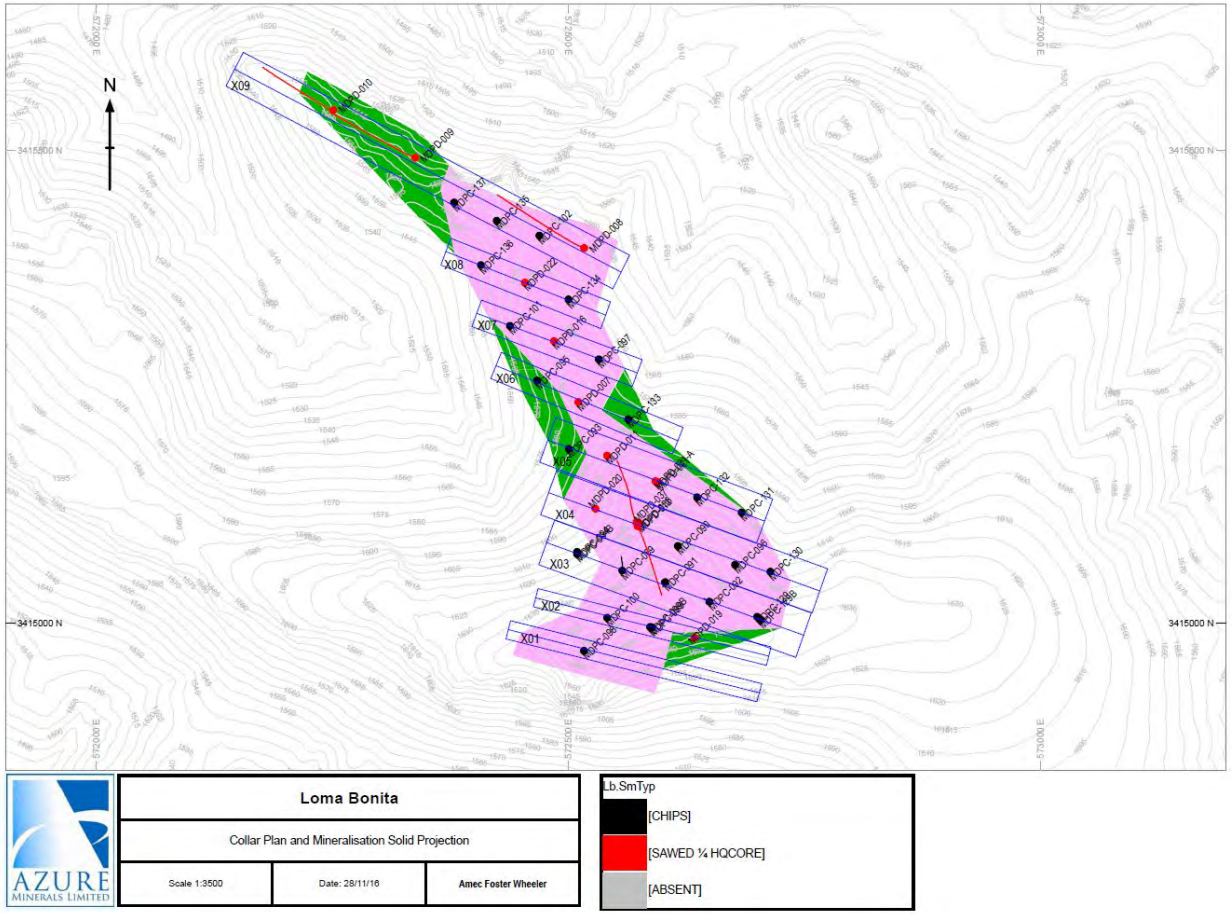


Table 7-4: Silica Related Mineralization, Loma Bonita

Silica Mineralization Type	Description	Note
Sub-horizontal silica replacement	Varying intensities of vuggy, massive, and granular silica replacement of the volcanic matrix, clasts, and crystals. Patchy sections with dark silica are related to fine-grained pyrite and other sulphides/sulphosalts; no other presence of sulphide is observed. In places, an irregular fine-grained whitish to creamy coloured chalcedonic silica can be seen cross-cutting or filling vugs	Primary lithological control. Residual silica layers extend for at least 5 km to the south within the Project boundaries, but the total extent of the residual silica development is not currently known.
Sub-vertical hydrothermal breccia zones	The 5–50 m wide, 20–300 m long breccia bodies have a lensoid shape. Matrix- and clast-supported monomictic breccias and microbreccias with fragments varying from rounded to angular. Cemented matrix consisting of silica–specularite (hypogene hematite). Have been drill tested to at least 400 m depth.	Primary structural control
Crackle zones	Highly irregular, 20–115 m wide, 10–400 m long zones around and/or enclosing hydrothermal breccias. Interpreted to be the result of hydraulic fracturing that permeated low-volumes of silica–specularite to fill fractures and precipitate Au–Ag mineralization. Crackle zones narrow with depth.	

Figure 7-13: Drill Section Location Plan, Loma Bonita



Note: Green surface projection of ≥0.2 g/t Au envelope. Pink surface projection of ≥0.5 g/t Au envelope.

Figure 7-14: Drill Section X-03

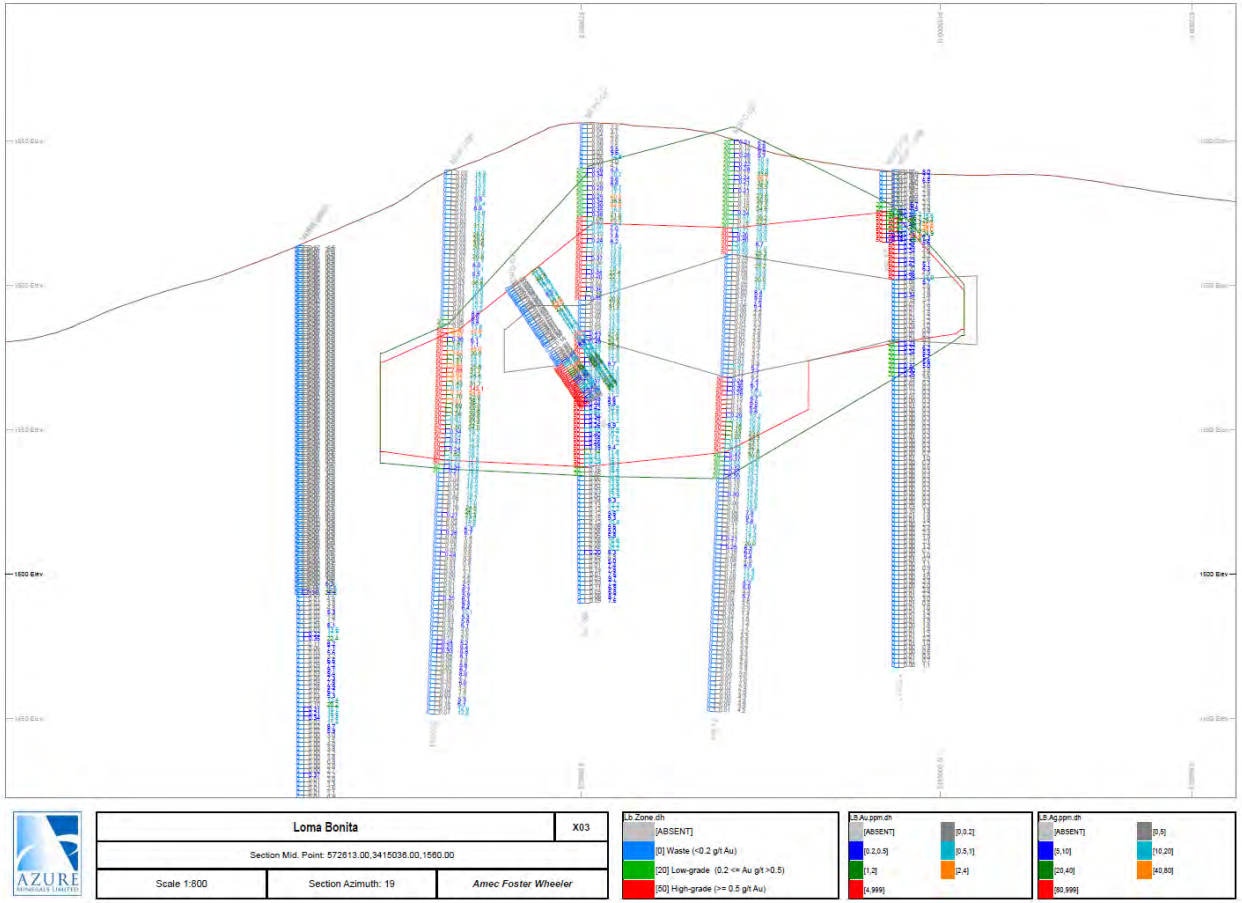


Figure 7-15: Drill Section X-06

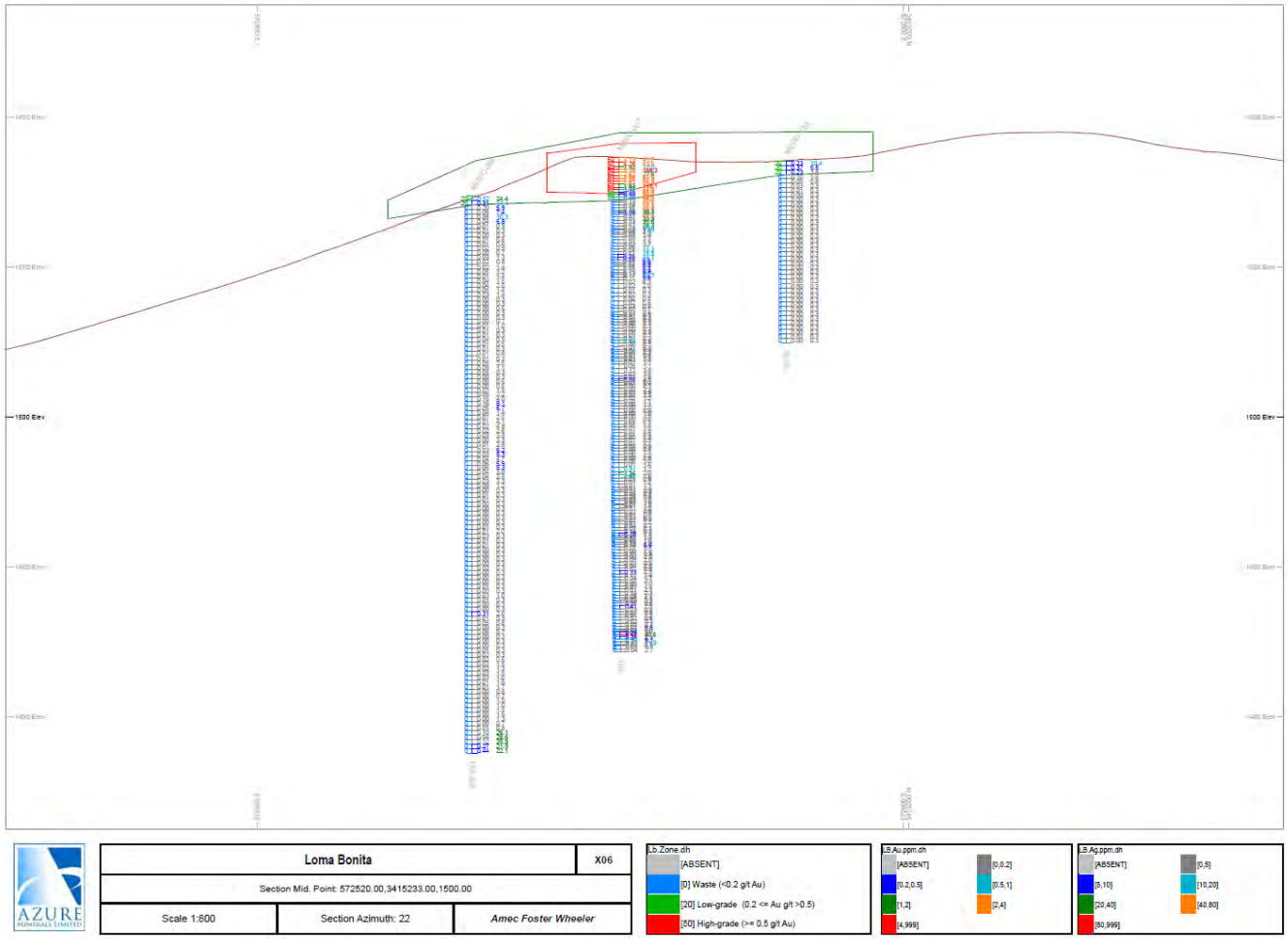
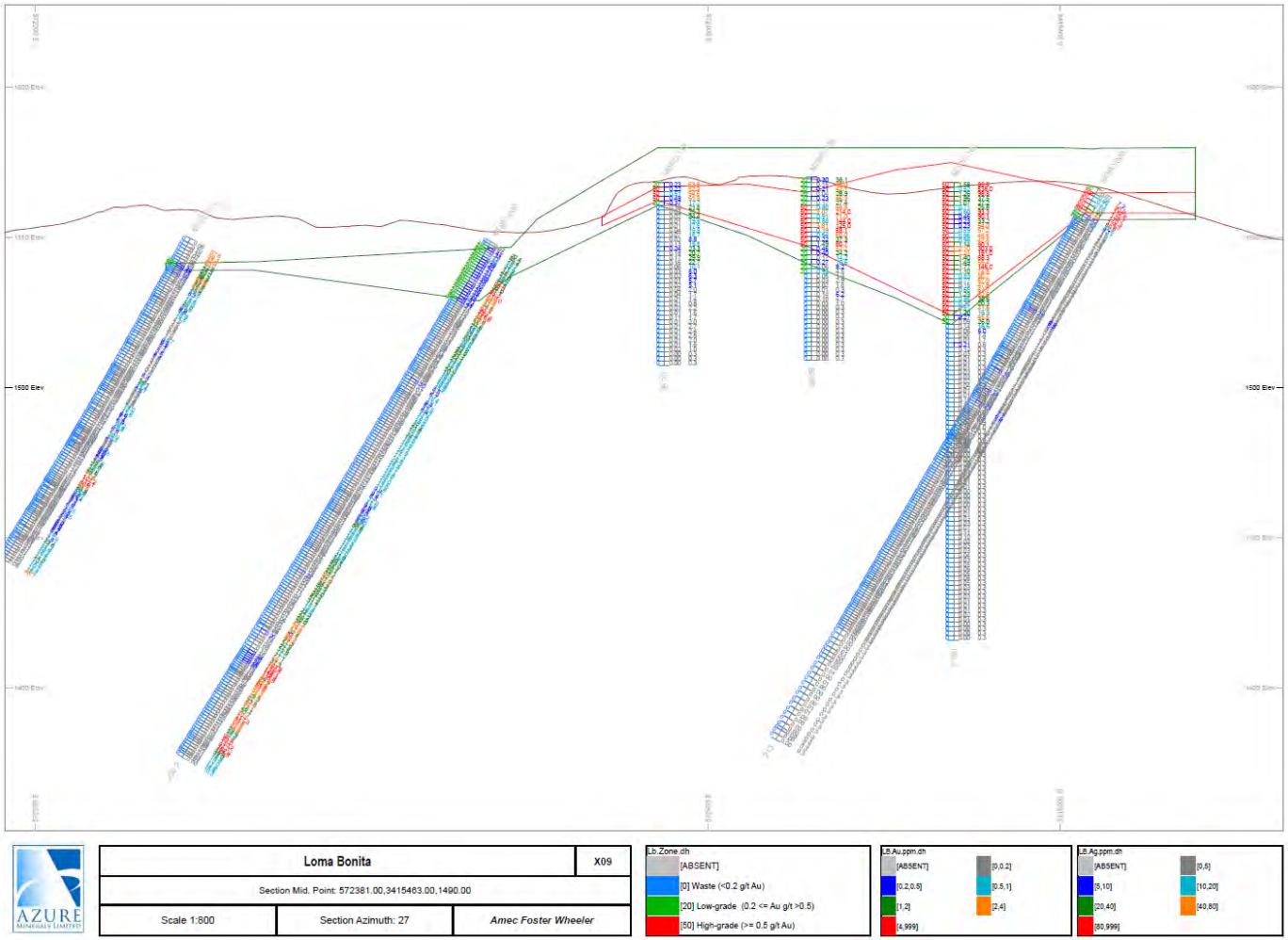


Figure 7-16: Drill Section X-09



7.3.2 Mesa de Plata

7.3.2.1 Deposit Setting

Mesa de Plata is located 350 m to the west of Loma Bonita and extends along the northwesterly-trending Mesa de Plata ridge. The deposit is about 200 m wide, and a strike length of approximately 1,100 m. As with Loma Bonita, mineralization is preferentially hosted within the VFC and PTV units of the upper dacite member of the Mesa Formation.

Mineralization occurs within a nearly flat-lying, 10–100 m thick lithocap of residual silica.

7.3.2.2 Mineralization

As with Loma Bonita, gold, where present, is in the form of native gold. The silver-dominant mineralization has a complex mineralogy, including native silver, acanthine, chlorargyrite, silver sulphosalts (stromeyerite, miargyrite, and polybasite), antimonates (romeite), and supergene minerals such as bromargyrite, plumbojarosite, and antimony oxides (stibiconite).

The high silver values are coincident with the silicified and oxidized zones, but the highest values are generally hosted within the central chalcedony section. Silver is also associated with elevated arsenic values and with iron oxide-rich fractures and fault zones to depths of >150 m. High-grade silver mineralization is weakly correlated with elevated lead and antimony concentrations that range from about 0.2–0.5 wt%.

A geology map for the deposit is provided as Figure 7-17 and an alteration map as Figure 7-18.

During the geological modelling undertaken in 2017, Murphy (2017), noted that:

"there are clearly zones of steps in silver grade resulting in a zoned 'onion-skin' distribution of silver grades, with significant changes in silver grades over short distances at thresholds of approximately 5, 20, and 90 g/t Ag".

Figure 7-19 is a drill collar location plan showing the locations of the drill sections presented in Figure 7-20, Figure 7-21, and Figure 7-22. The selected drill sections show the orientation of the drilling in relation to low-grade (0.2–0.5 g/t Au) and high-grade (>0.5 g/t Au) mineralization.

There is currently no model to explain the difference in metal content between Loma Bonita and Mesa de Plata, particularly given that one of the major controls on vuggy quartz development in high-sulphidation epithermal systems is primary lithology. The volcanic facies within the Mesa de Plata tuffaceous units are insufficiently understood to determine whether there is a strong facies control on silver distribution.

Figure 7-17: Geology Map, Mesa de Plata

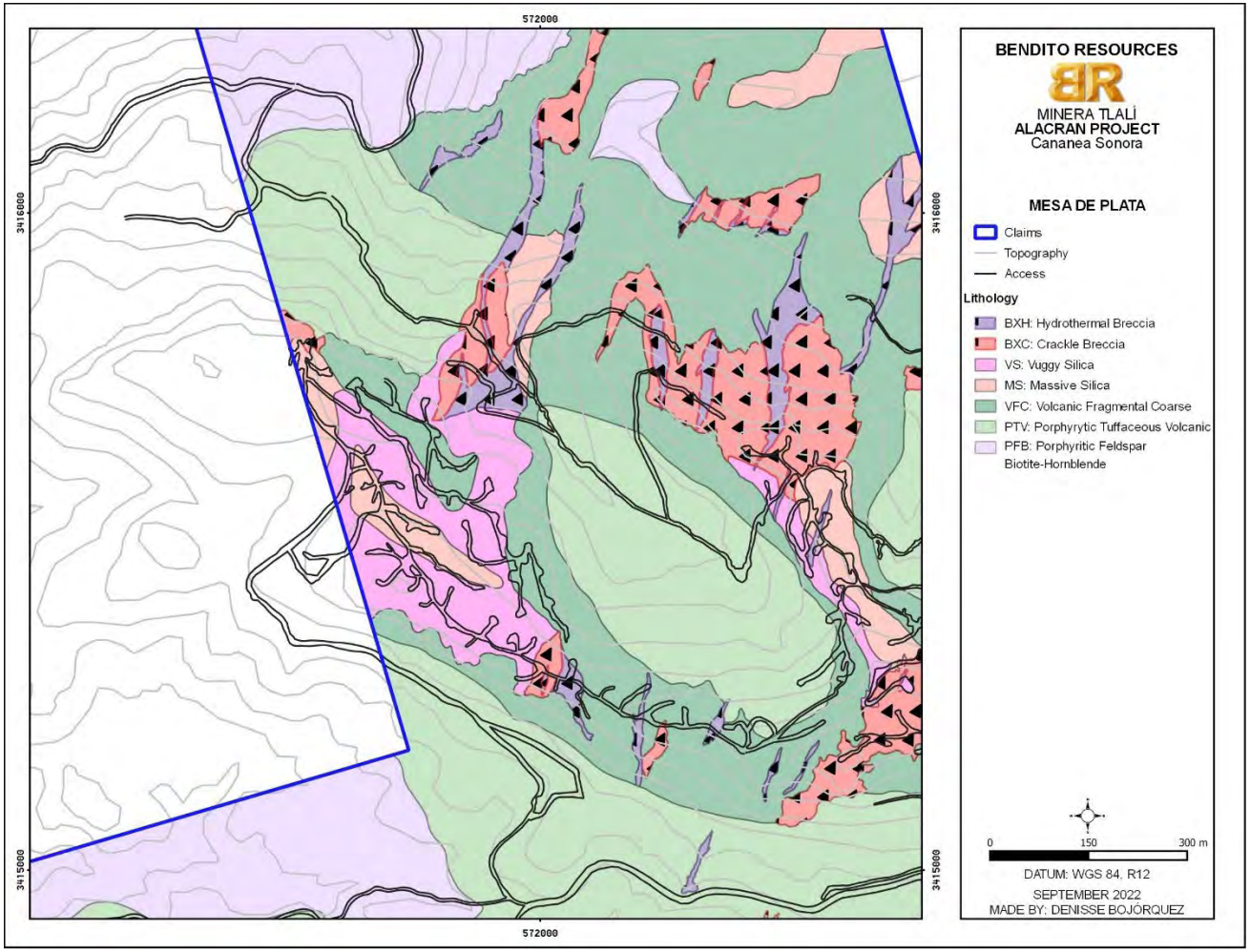


Figure 7-18: Alteration Map, Mesa de Plata

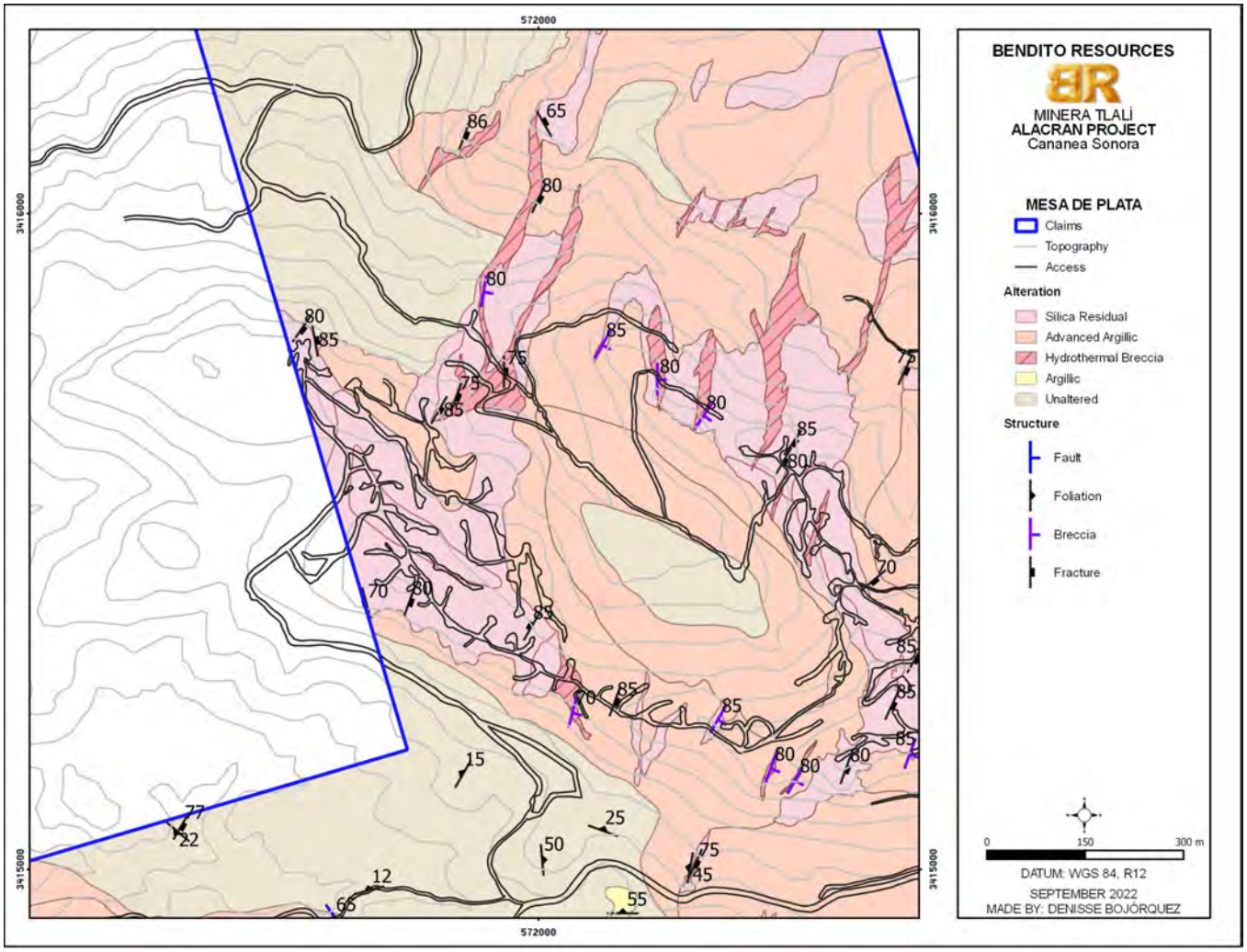


Figure 7-19: Drill Collar Location Plan, Mesa de Plata

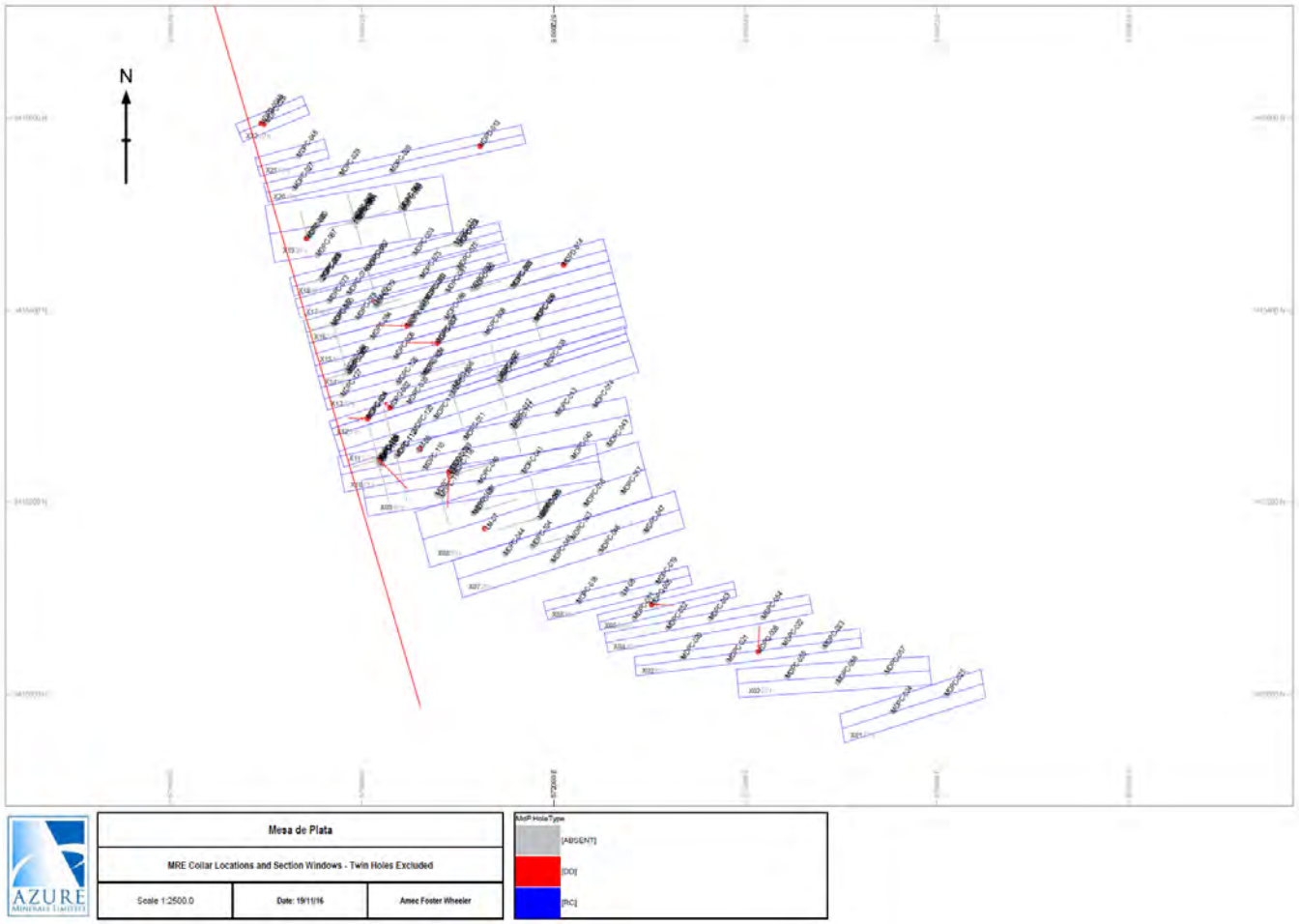


Figure 7-20: Drill Section X-03

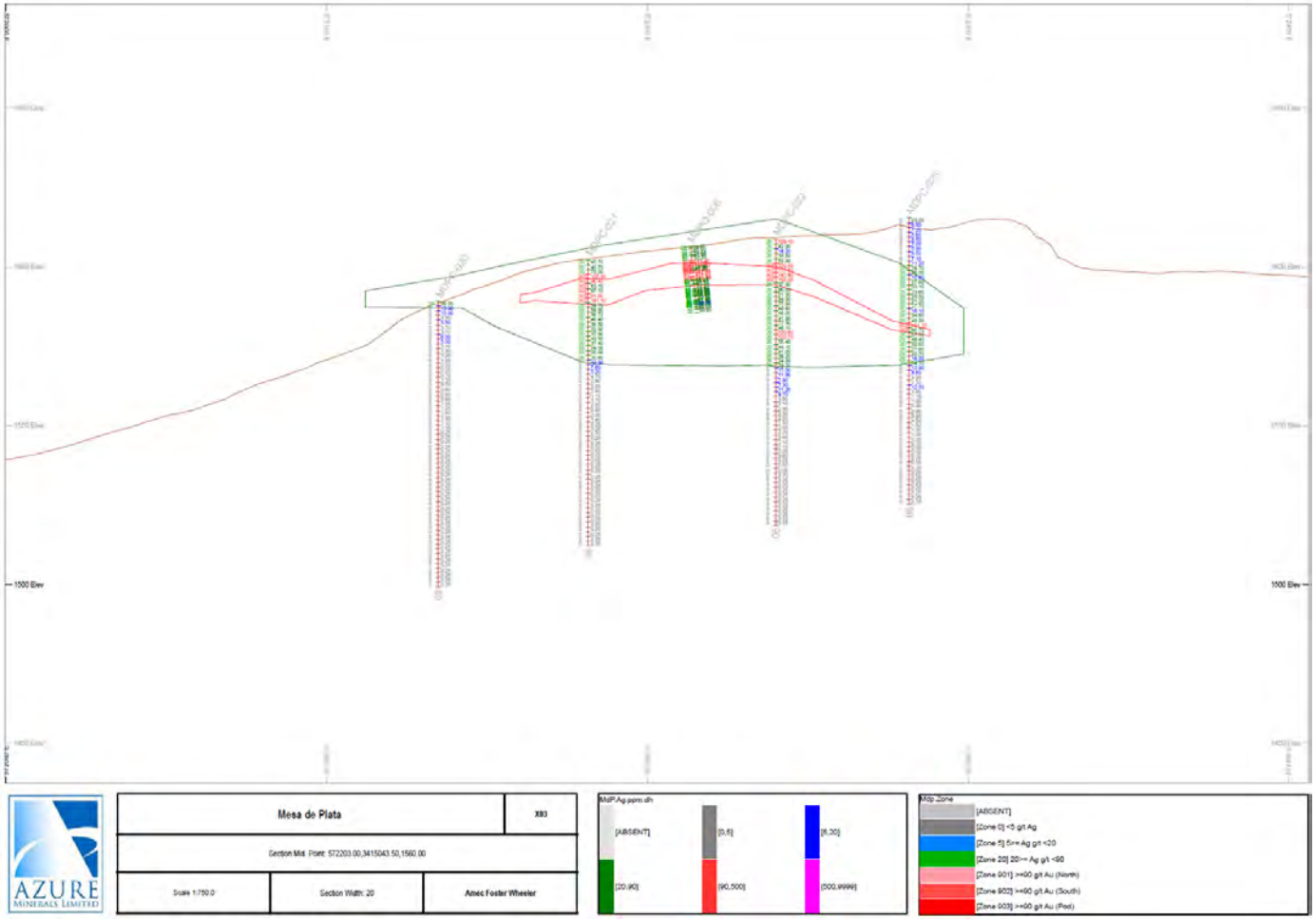


Figure 7-21: Drill Section X-10

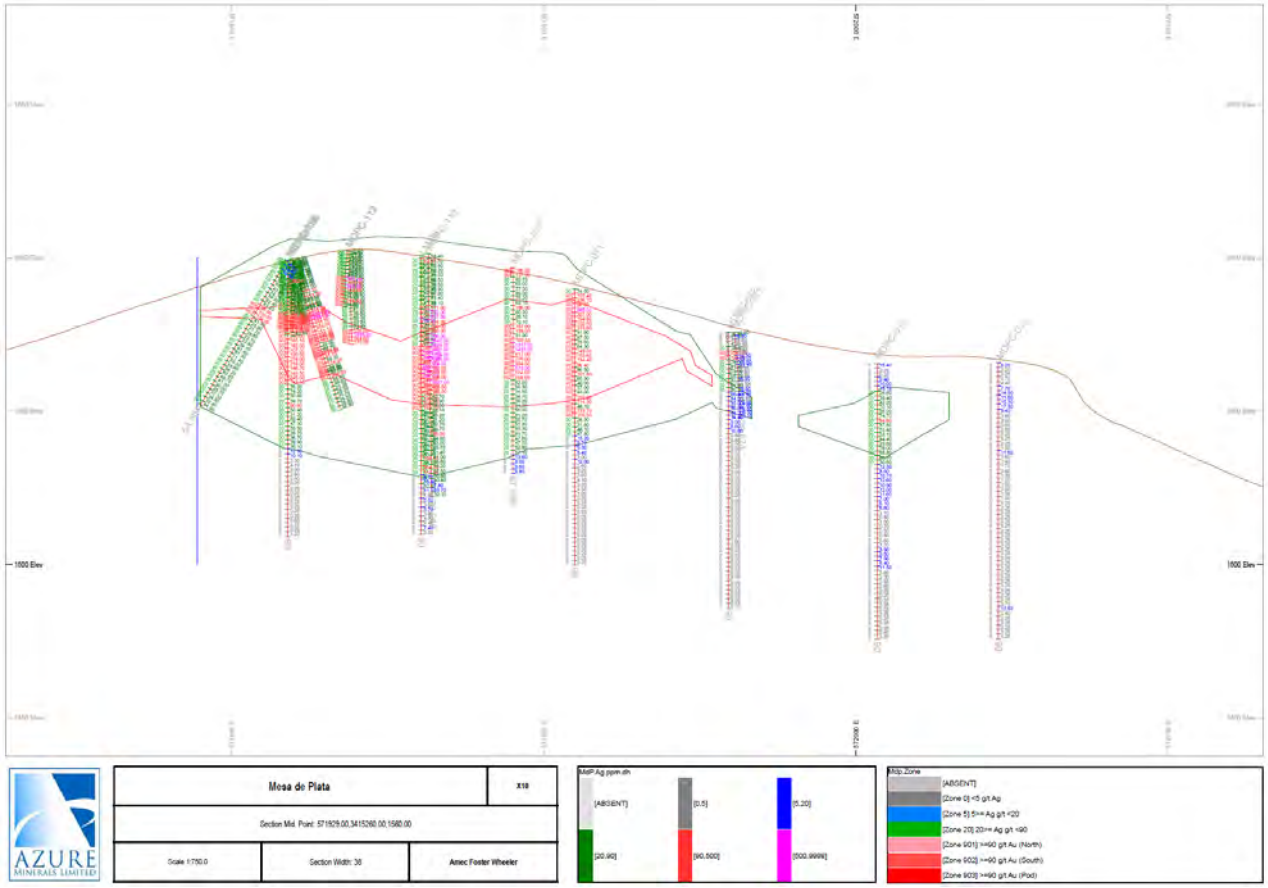
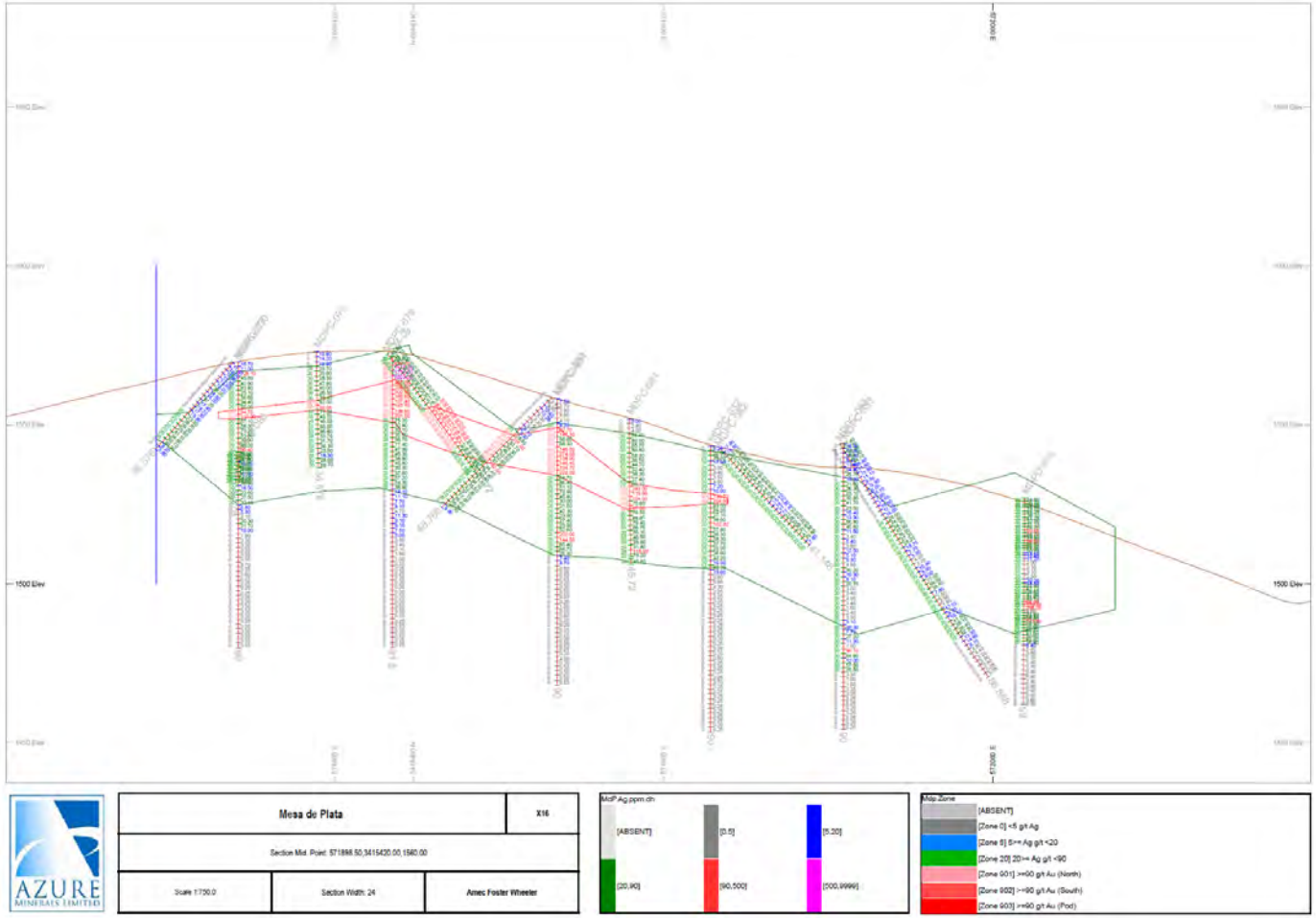


Figure 7-22: Drill Section X-16



7.4 Prospects/Exploration Targets

Bendito's view of the exploration potential for the Project area is described in Section 9.7.

This subsection outlines the known prospect areas identified by previous operators. The prospects are presented by mineralization type moving through the genetic model shown in Figure 7-10.

7.4.1 San Simon/La Morita

The historical San Simon workings included several vertical shafts and two horizontal adits, one 15 m long and the other 105 m long.

At La Morita, historical mine workings range from small former-producing operations to exploratory diggings, associated with extensive zones of outcrop, strongly-altered rocks, gossans and vuggy silica containing visible copper oxide and chalcocite mineralization. Geological mapping located a 271 m long adit excavated through the La Morita zone, entering from the side of a hill, and terminating at a depth of about 100 m beneath the surface. Mapping of this adit revealed a 15 m wide zone of copper oxide and mixed sulphide mineralization located at the end of the adit.

Bendito considers the San Simon/La Morita area to be a single prospect, bounded to the south by the El Pinoso Fault. Gold and silver mineralization is defined by the lithocap alteration environment, hosted by the upper dacite member, and associated with residual silica layers, hydrothermal breccias and crackle zones. A geology map for the San Simon portion of the prospect is provided as Figure 7-23, based on the lithologies summarized in Table 7-1, and for the La Morita portion in Figure 7-24.

The area is characterized by complex faulting with vertically-displaced fault blocks and north–northwest to northeast-trending orientations. East–southeast to west–northwest vein structures are less common. Most structures can be traced on surface for about 200 m. The historical San Simon workings occur at an intersection between two sets of orthogonal vein structures.

The alteration assemblage covers an area of about 2.4 x 1.8 km of intermittent outcrops of residual silica (vuggy, granular, and massive), and northeast-oriented hydrothermal breccias. An alteration map, based on Bendito's re-interpretation of the alteration styles, is included as Figure 7-25.

Figure 7-23: Geology Map, San Simon Sector

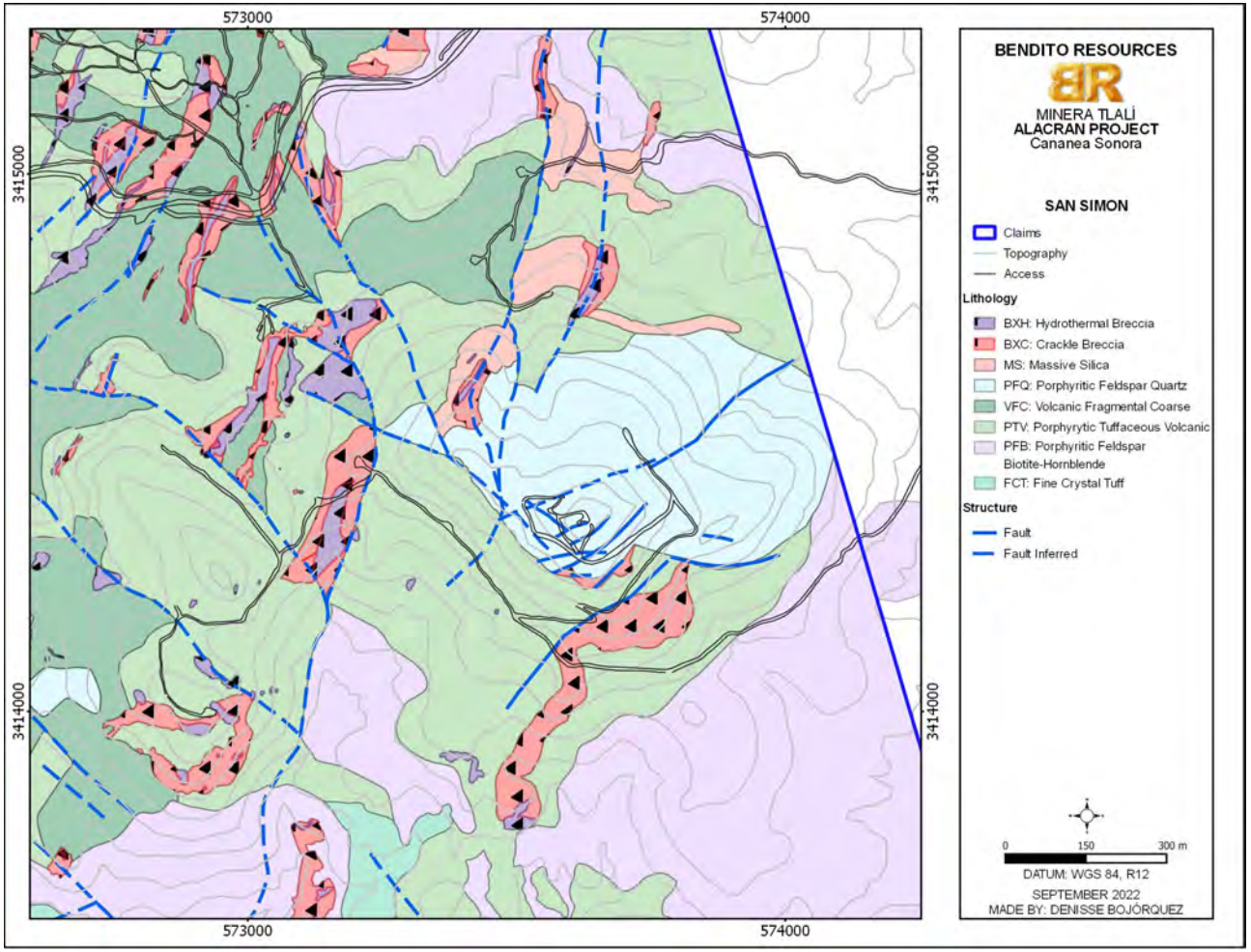


Figure 7-24: Geology Map, La Morita Sector

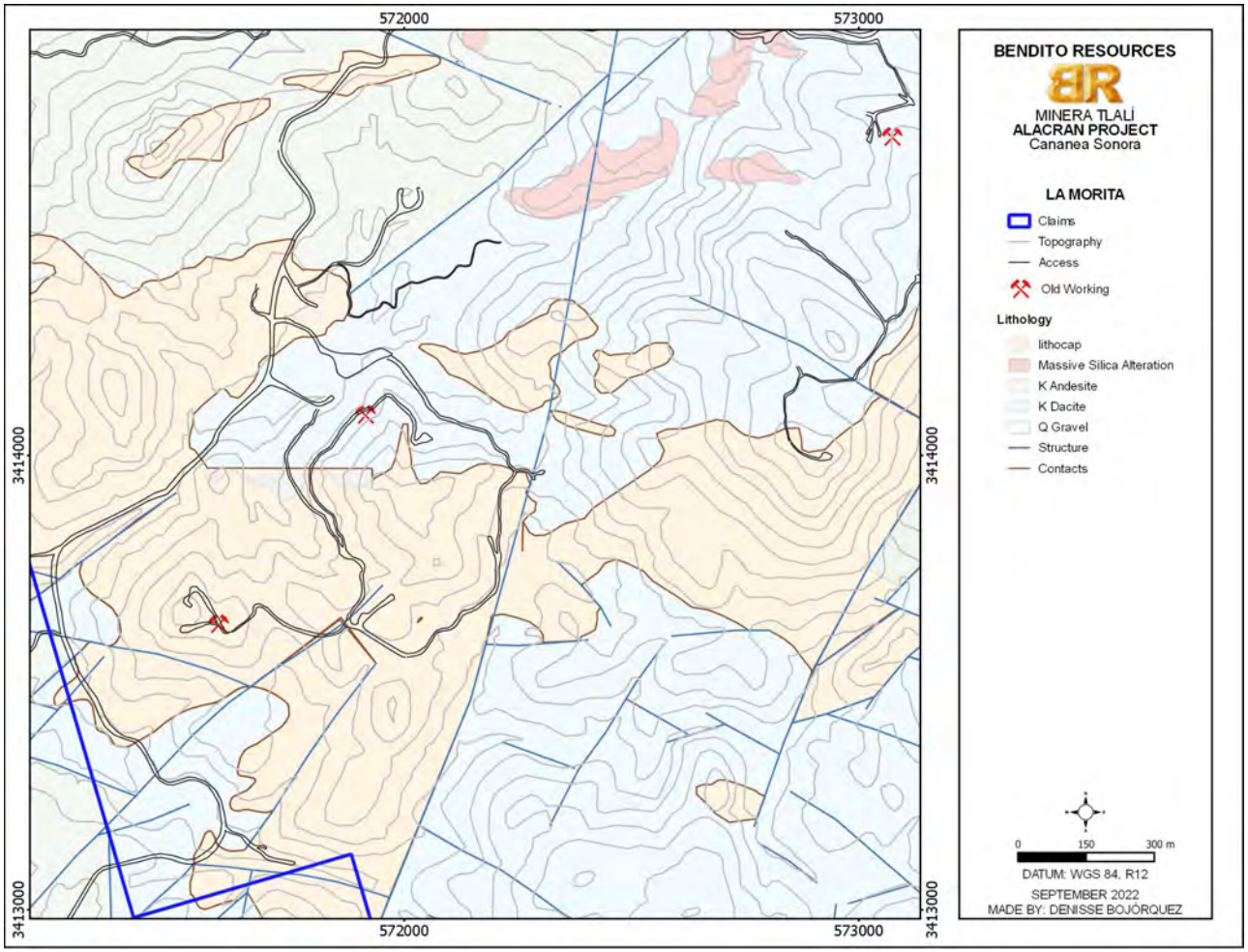
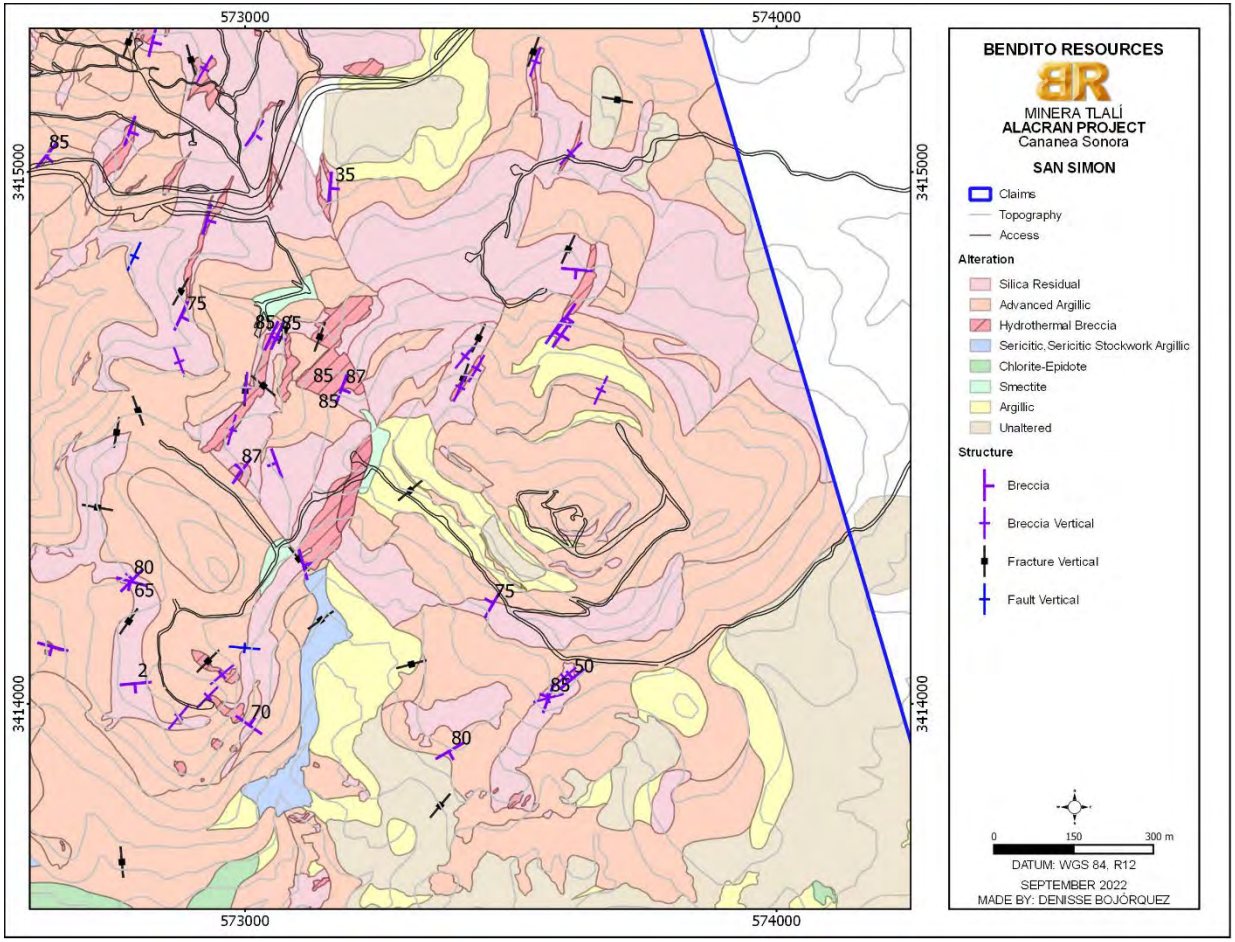


Figure 7-25: Alteration Map, San Simon



The following alteration stages were recognized:

- Early leaching of the host rock, resulting advanced argillic alteration zones containing alunite, kaolinite and pyrophyllite were generated during this event, later replaced partially by residual silica;
- Veining and brecciation (chalcedony breccia) is observed to crosscut all other alteration events and stratigraphic units. These silicified structures typically trend north–northeast to west–southwest.

The chalcedony breccia is interpreted to result from ascending fluids that produced a hydrothermal brecciation along vertical structures. During this process, chalcedony was precipitated and cemented clasts of previously leached and mineralized host rock. These structures have linear geometries, but irregular thicknesses, forming pods up to 10 m thick.

Two silica-rich zones were identified, the first is approximately 150 m thick starting from surface, and the second is a thinner layer of about 50 m thickness beginning at a depth of approximately 300 m.

Several oxide zones coincide with the silicified strata. At the base of oxidized zones, weakly developed copper-enriched chalcocite blankets occur. In other zones, characterized by hypogene sulphides, the primary copper sulphides are enargite and minor sulphosalts (e.g., tennantite–tetrahedrite).

7.4.2 Gregors

Mineralization identified within the Gregors area is bounded by the El Pinoso and Mezquite Faults. Bendito compiled the geology map provided in Figure 7-26.

Sericite–pyrophyllite alteration is dominant and is associated with disseminated pyrite with massive sulphide veins and vein-breccias containing chalcopyrite, primary chalcocite–bornite, and possibly covellite. An alteration map for the prospect area is included as Figure 7-27.

The massive sulphide veins and breccias do not crop out. Surface mapping indicates that sulphides have a northwest-trending primary structural control with a secondary set oriented at 30–40° NE.

Figure 7-26: Geological Map, Gregors

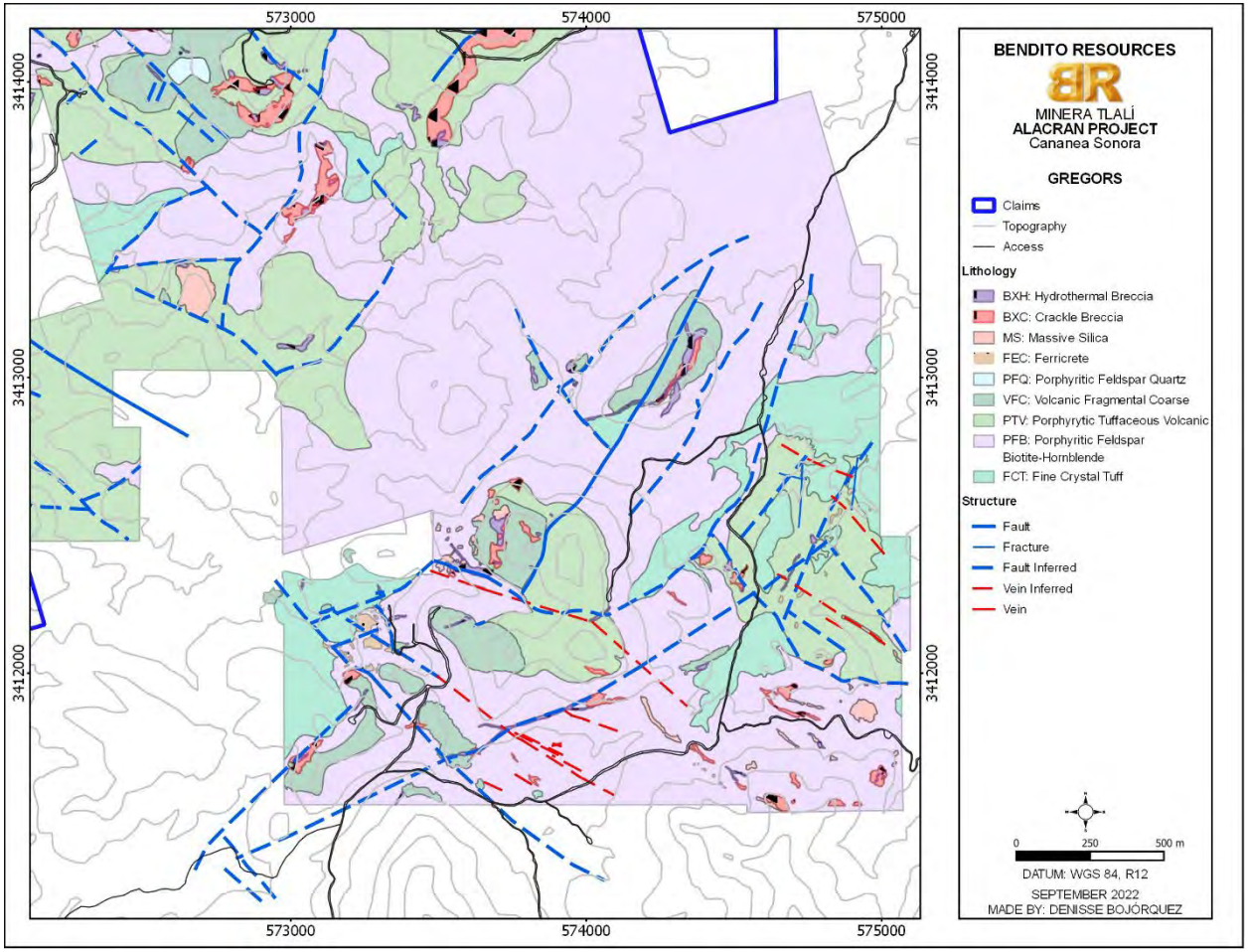
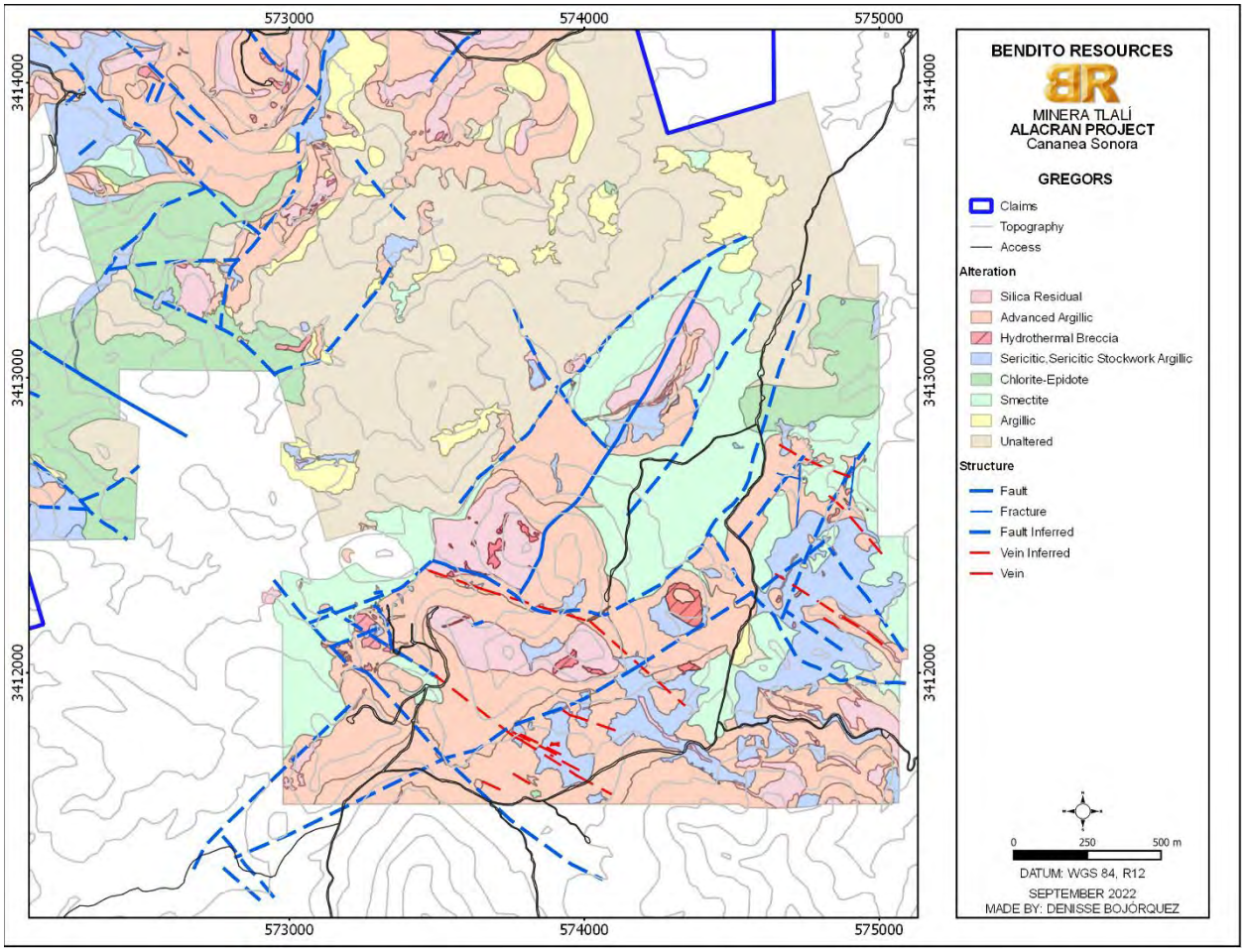


Figure 7-27: Alteration Map, Gregors



7.4.3 Palo Seco, Santa Barbara and Alacran South

An area the contains about 53 artisanal workings, the most significant of which are at Palo Seco, Alacrán South, Santa Barbara, La Cobriza, El Pozo, and La Escondida, is considered by Bendito to form the one prospect area.

Mineralization is hosted in vein systems that are oriented north–south, east–west, and northwest–southeast. The vein systems are bound on the western margin by the Mezquite Fault.

Veins are commonly subvertical, can dip at low angles. In the Palo Seco area, veins can extend over a distance of 1.6 km, and are oriented dominantly 340–360° azimuth. In the Santa Barbara area, the veins are longer, to as much as 3.3 km in length, and are oriented dominantly 300–320° azimuth. In the Alacrán South area, the veins can be 1.2 km in length, are cross-cutting, and have a preferred orientation of 85–110° azimuth.

A geology map is provided, based on Bendito's data compilation, for the Palo Seco area in Figure 7-28. A geology map for the Santa Barbara area was compiled by Bendito, and is included as Figure 7-29.

Multiple quartz vein textures were identified including crystalline–cockade and drusy textures, massive white-quartz veins, and quartz stockwork. Sulphides hosted within the veins include pyrite, arsenopyrite, chalcopyrite, galena, and sphalerite.

7.4.4 Cerro Alacrán

Numerous workings and adits reflect artisanal mining activity at Cerro Alacrán. Historic prospecting and mining focused on base metal vein structures. From the late 2010s, artisanal workers have mined turquoise from several locations at the southern clay-rich boundary of the prospect area. These workings generally occur in intensely clay-altered andesitic units.

Several porphyritic intrusive phases occur at Cerro Alacrán, emplaced into Mesa Formation volcanic rocks. A stratigraphic column for the Cerro Alacrán area is included as Figure 7-30.

A geology map of verification mapping completed and compiled by Bendito, is provided in Figure 7-31.

According to Dean (1975), the alteration and copper mineralization at Cerro Alacrán roughly follows the typical porphyry copper deposit model with a potassic core and subsequent relatively concentric zones of phyllic, argillic, and distal propylitic alteration with copper concentrated in the phyllic alteration zone (Figure 7-32).

Figure 7-28: Geological Map, Palo Seco

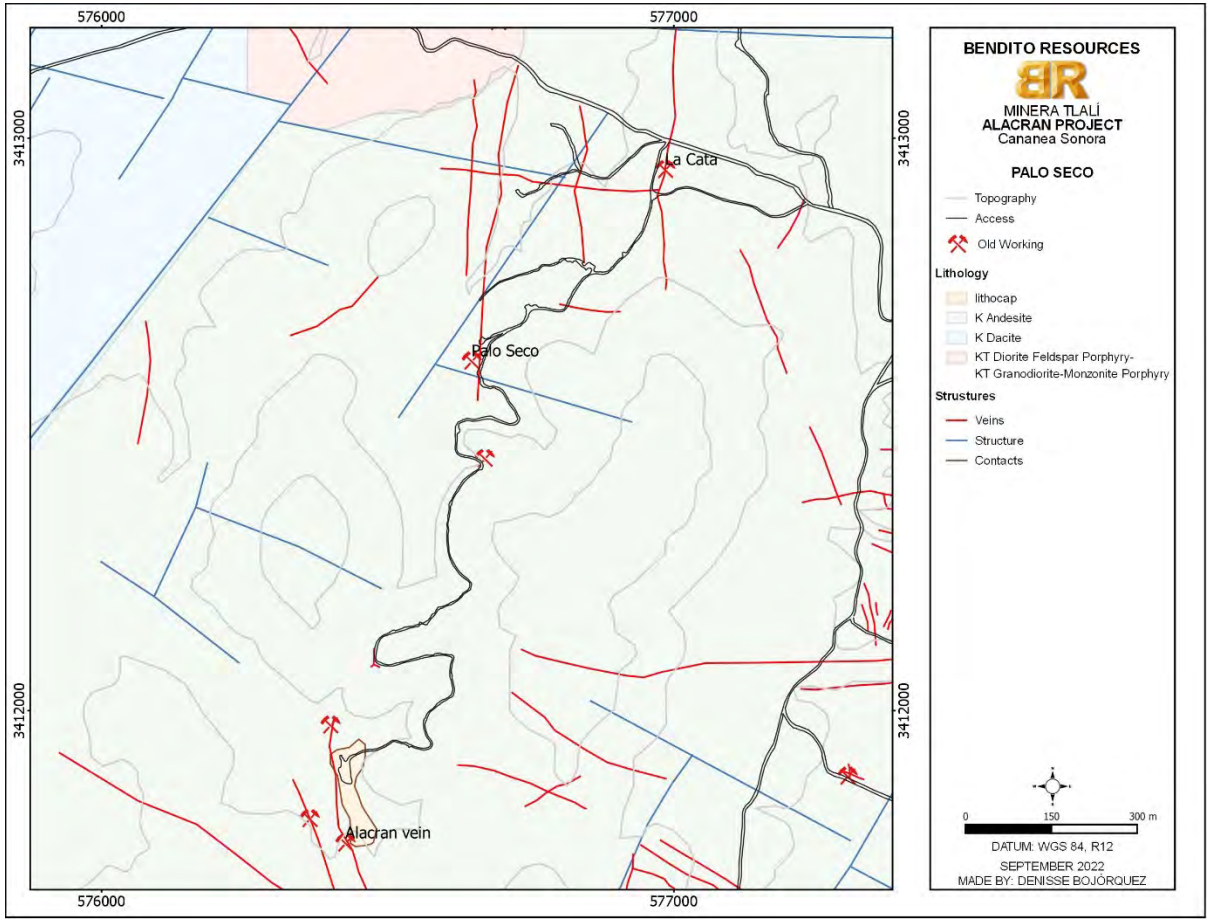


Figure 7-29: Geology Map, Santa Barbara

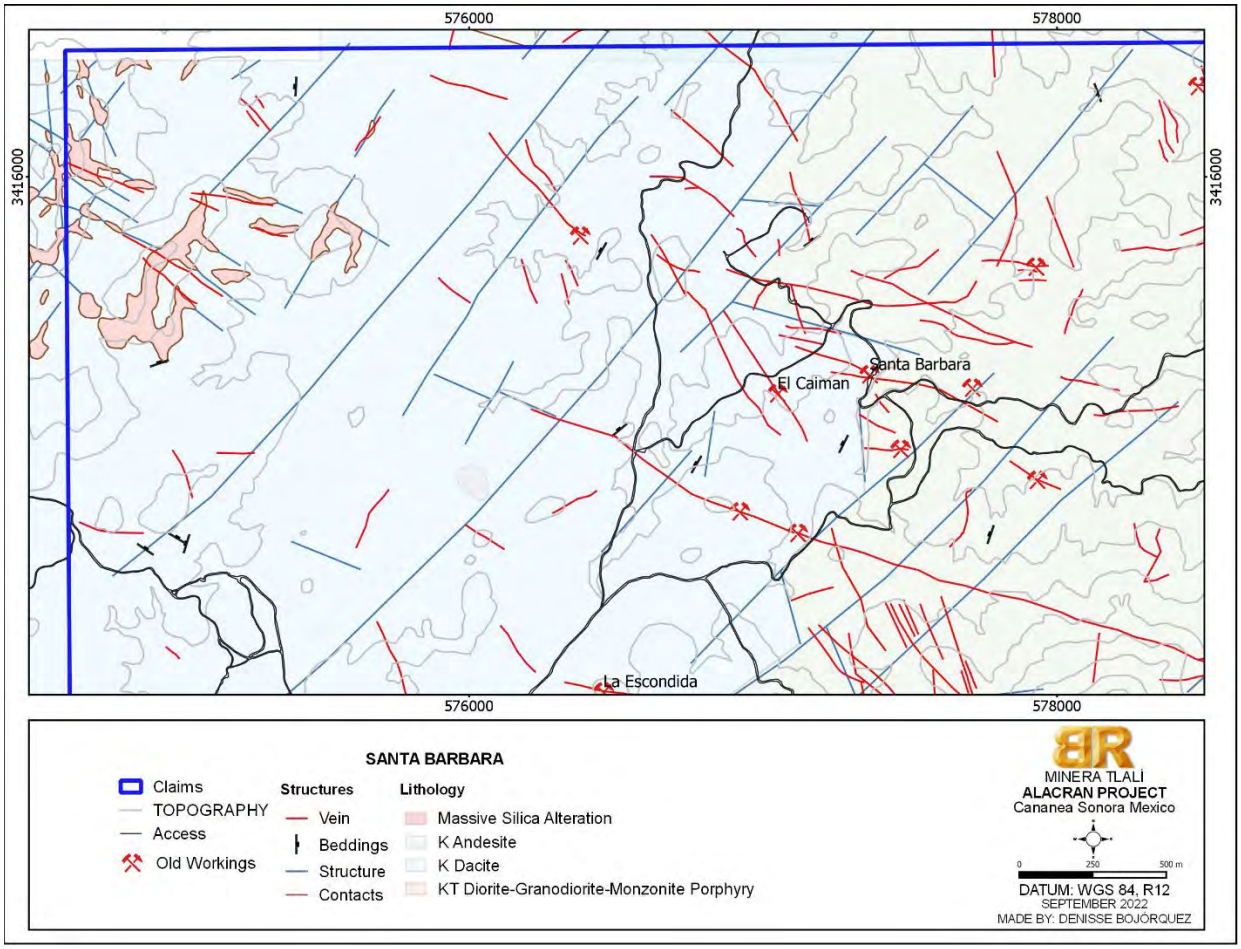


Figure 7-30:Cerro Alacrán Stratigraphy

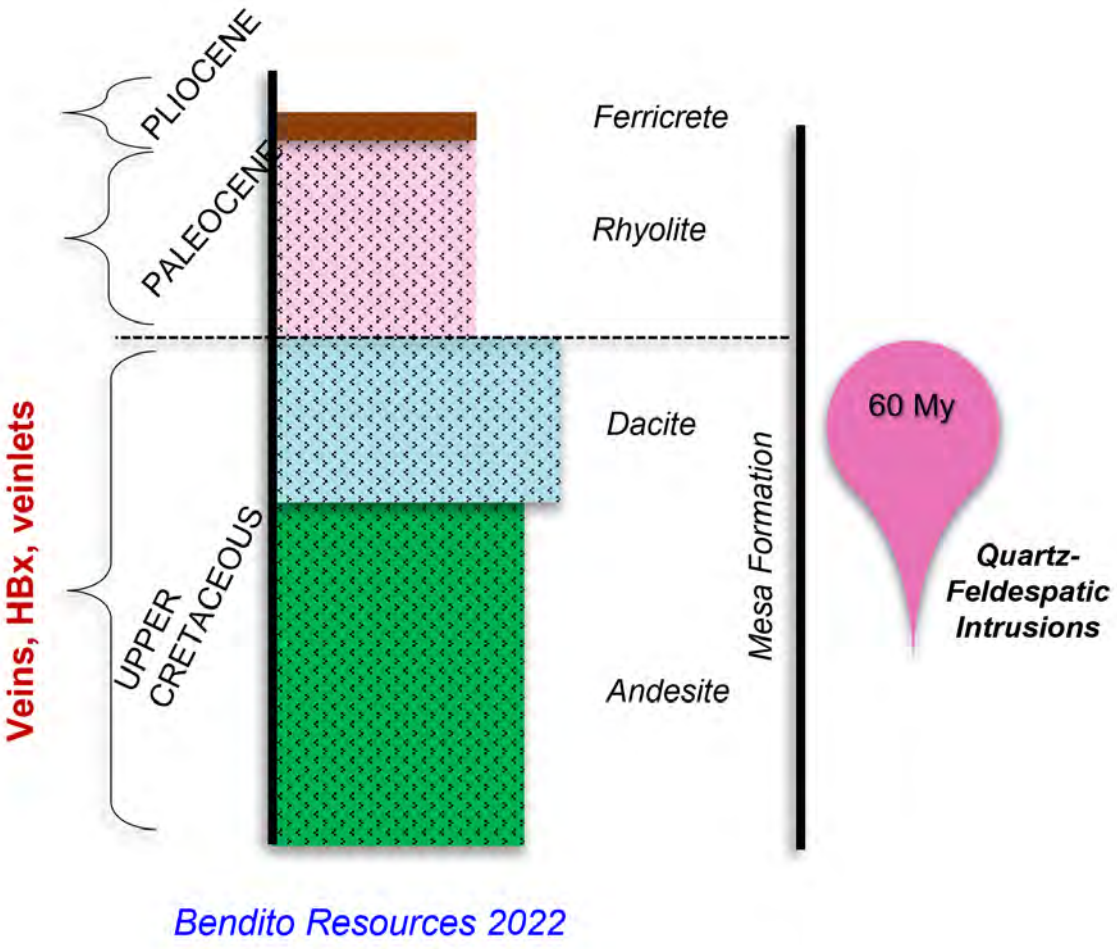


Figure 7-31: Geology Map, Cerro Alacrán

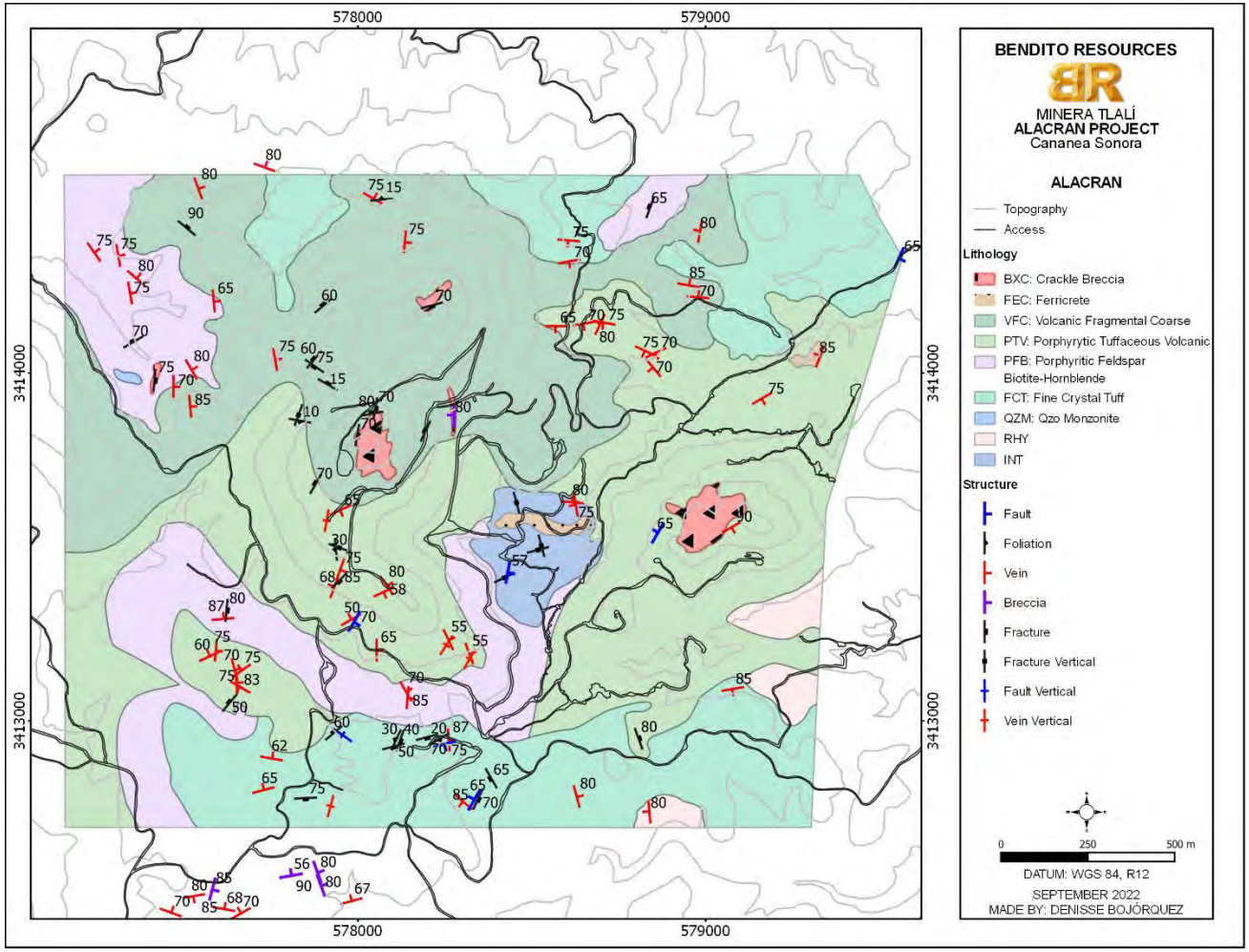
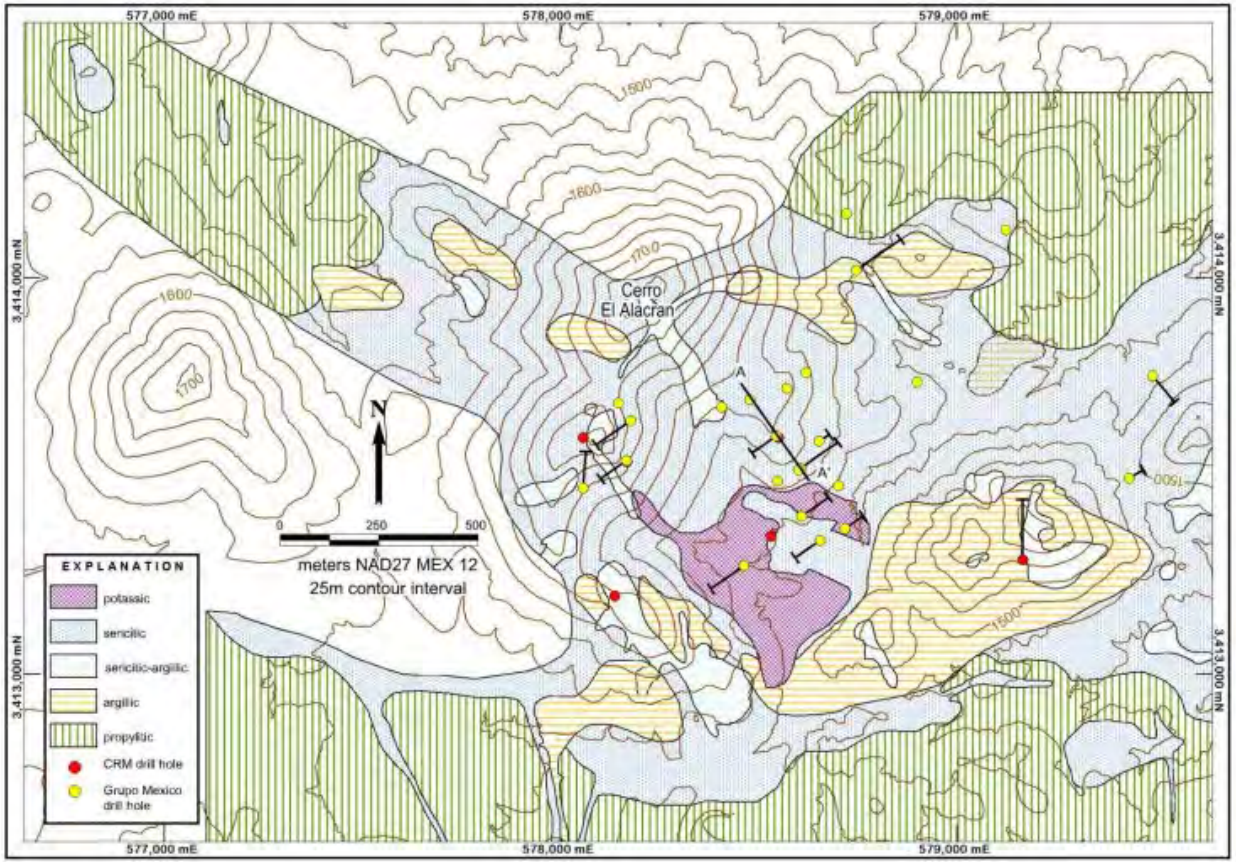


Figure 7-32: Alteration Map, Cerro Alacrán



Note: Figure from Hendrickson (2016).

However, Azure personnel noted numerous differences between the conventional porphyry copper deposit model and the mineralization at Cerro Alacrán. Observations included:

- The potassic core has distinct greisen affinities with the presence of magnetite, siderite, topaz, fluorite, and rare secondary apatite. This characteristic is more common in porphyry molybdenum systems (MacKenzie, 1970);
- The advanced argillic assemblage at Cerro Alacrán includes minerals representative of the combined advanced argillic and phyllic assemblages;
- No hypogene argillic zone is discernible outside the phyllic zone on either a macro- or micro-scale at Cerro Alacrán;
- A transition zone is defined between the phyllic and propylitic zones, where most workers would typically place the argillic zone.

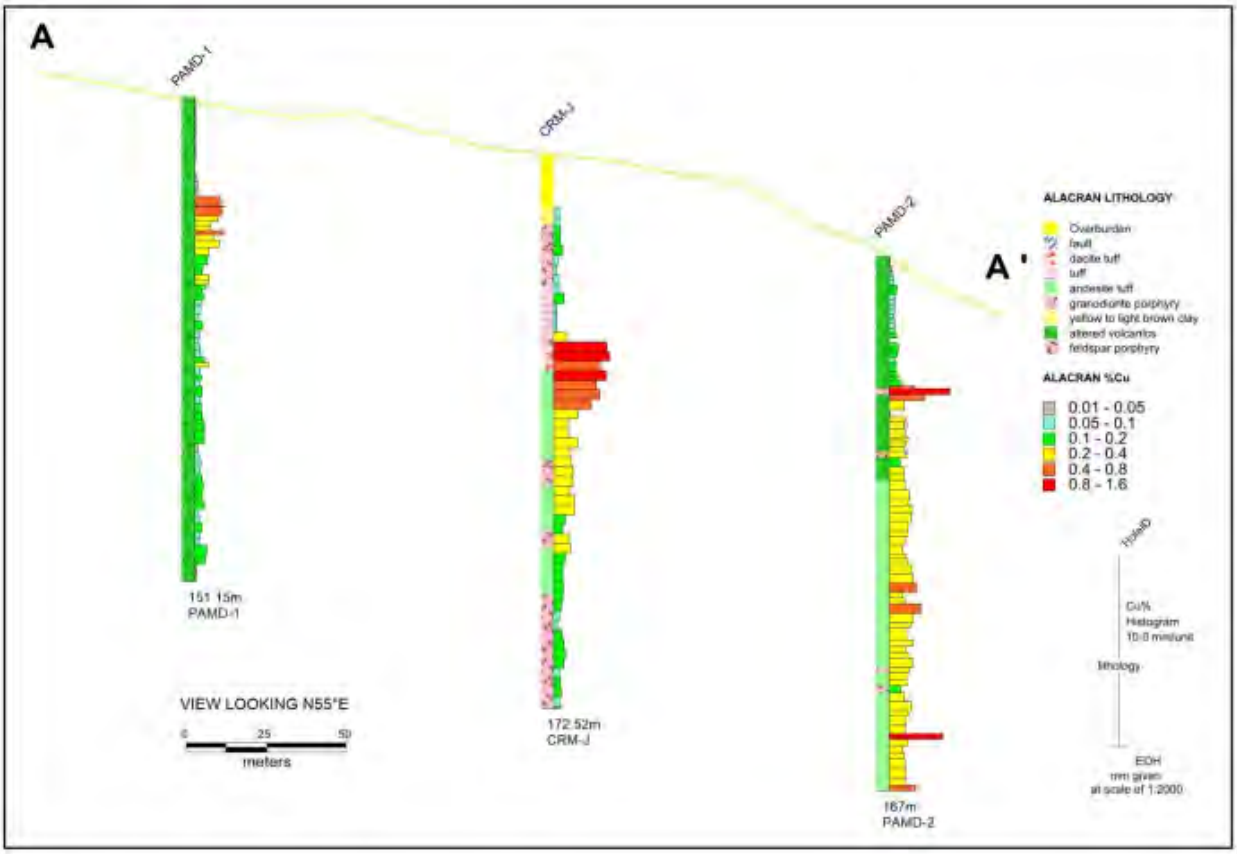
Remapping of the area by Teck in 2018 identified a fine-grained sericite ± quartz alteration zone of 5 km^2 that was spatially associated with the Cerro Alacrán deposit. Supergene weathering overprinted hypogene illite, resulting in a deep clay–illite overprint of the andesite member rocks. Evidence of acid leaching by pyrite decomposition is evidenced by ferricrete development in the southern and southeastern prospect areas.

The topographic depression in the western–central area of Cerro Alacrán, hosting the 250 m-diameter quartz–feldspar porphyry stock described in Table 7-1, shows typical potassic alteration with secondary magnetite and biotite, and copper oxides after chalcopyrite. Outside of the phyllic footprint there is a sharp transition to propylitic alteration mineral assemblages.

Most of the copper mineralization at Cerro Alacrán was formed through a supergene enrichment process, which formed a surficial leached cap largely barren of copper that is underlain by an enriched chalcocite zone. Figure 7-33 shows that the upper part of each drill hole has been leached of hypogene copper, which was then precipitated and concentrated down the hole, possibly along the top of a pre-existing water table.

This zone grades downward into a bornite–digenite–covellite zone and finally into low-grade mineralization. Dean (1975) interpreted that bornite, digenite, and covellite were formed at the expense of chalcopyrite and locally tennantite in the low-grade zone, and chalcocite was formed from bornite, digenite, and covellite or locally directly from chalcopyrite in the upper part of the then actively forming blanket.

Figure 7-33: Example Drill Section Showing Copper Grade Distribution, Cerro Alacrán



Note: Figure from Hendrickson (2016).

7.5 QP Comments on "Item 7: Geological Setting and Mineralization"

The QP has reviewed the information available to Bendito, and considers that the information on Project lithologies, structural setting, alteration and mineralization in the Alacrán Project area are sufficient to support Bendito's planned exploration and drill programs (see Section 26).

8.0 DEPOSIT TYPES

8.1 Overview

A number of mineralization styles are known within the Project area:

- High sulphidation epithermal mineralization at the Mesa de Plata and Loma Bonita deposits, and the San Simon, and La Morita prospects;
- Sub-epithermal vein mineralization at the Palo Seco, Santa Barbara, and Alacrán South prospects;
- Mixed porphyry-style and high sulphidation epithermal mineralization at the Gregors prospect;
- Porphyry-copper mineralization at the Cerro Alacrán prospect.

8.2 High-Sulphidation Epithermal

The terms high-, low- and intermediate-sulphidation are based on the sulphidation state of the sulphide assemblages as defined by Hedenquist et al., (2000).

The description for the high-sulphidation epithermal model is summarized from Corbett (2002). Figure 8-1 is a schematic showing the deposit model for high-sulphidation epithermal deposits.

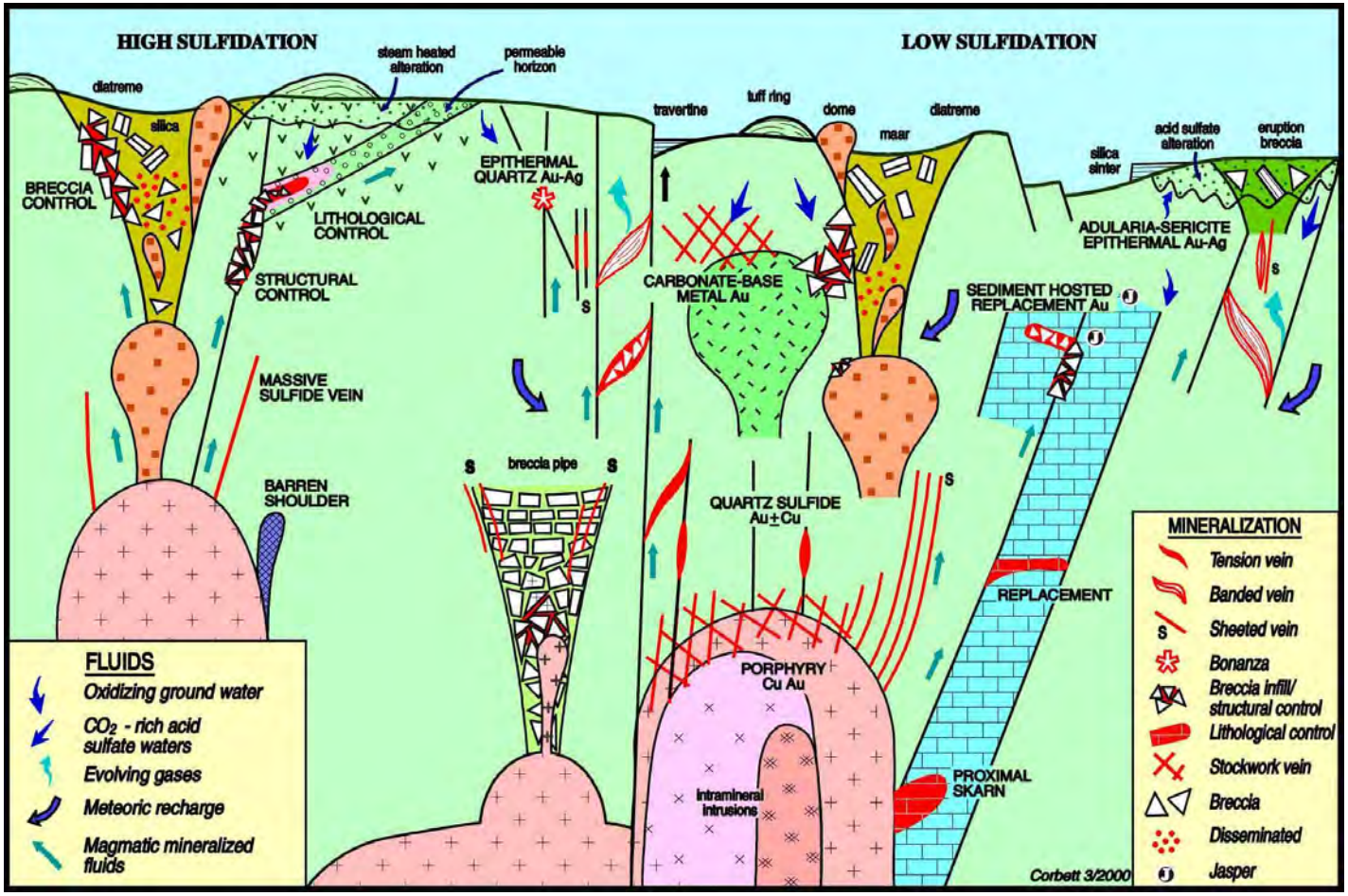
8.2.1.1 Geological Setting

High-sulphidation epithermal deposits are strongly associated with volcanic complexes that show mixed andesitic and dacitic compositions. Pyroclastic volcanic and porphyry flows are typically intruded by later subvolcanic and volcanic flow domes. The deposits are often localized by similar major structural corridors to those that host porphyry copper–gold deposits.

The deposits are commonly characterized by hydrothermal and phreatomagmatic brecciation that form large funnel shaped breccia bodies that can range from 100 m to >1,000 m.

Diatreme flow-dome complexes are generally the most important breccia control, particularly at the contact between the diatreme and brecciated host rocks, although phreatic breccias are locally recognized. Many deposits are associated with dome margins. The rapid fluid depressurization associated with violent diatreme eruptions facilitates dissociation of acid-bearing fluids, resulting in initiation of high sulphidation alteration, and also provides important ground preparation.

Figure 8-1: High Sulphidation Deposit Model



Note: Figure from Corbett, (2002).

Most ore systems display elements of structural, breccia, or lithological control. In many instances structural controls predominate in the deeper portions and pass upwards to a lithological control. The intersection of dilatant structures with diatreme margins or permeable horizons represent ideal ore settings. Structural control commonly extends from major structural corridors which localize the ore to dilatant ore-hosting fractures at outcrop scale.

8.2.1.2 Alteration

High-sulphidation epithermal deposits typically display large laterally and vertically zoned advanced argillic to argillic alteration systems. At the core of high sulphidation systems is a zone of residual or vuggy silica, produced by hot acidic fluids leaching many components from the host rocks. Zonation is characterized progressively outwards by mineral assemblages dominated by alunite, pyrophyllite, kaolinite, and illitic and chloritic clays.

8.2.1.3 Mineralization

Sulphide mineralization is characterized by sulphide assemblages that are dominated by pyrite and enargite–luzonite, with lesser covellite and tennantite–tetrahedrite. Barite and alunite commonly accompany the sulphides.

Vertical metal zonations are apparent as higher copper contents at deeper levels and greater abundances of gold or gold–silver together with local mercury, tellurium and antimony, in the upper portions of poorly-eroded systems, or at the system margins.

Textures include filling of open space in the existing vuggy silica, fissure veins within subsidiary dilatant structures, or matrix to breccias.

8.3 Sub-Epithermal Veins

Sub-epithermal veins were defined by Sillitoe (2010) as distal mineralization to porphyry copper systems (see schematic in Figure 7-10 for typical location).

Veins are commonly located within the pyrophyllitic alteration halo of the porphyry system. Economic elements within the veins can include zinc, lead, copper, silver, ± gold.

Veins are generally fault and fracture controlled. Where wall rocks are permeable, larger tonnage orebodies can form; however, economic mineralization is less common in igneous or siliciclastic wall rocks.

8.4 Porphyry

The following discussion of the typical nature of porphyry-copper deposits is sourced from Sillitoe (2010), Singer et al., (2008), and Sinclair (2006).

8.4.1.1 Geological Setting

Porphyry copper systems commonly define linear belts, some many hundreds of kilometres long, as well as occurring less commonly in apparent isolation. Porphyry copper systems are closely related to underlying large composite plutons, at paleo-depths of 5 km to 15 km, which represent the supply chambers for the magmas and fluids that formed the vertically elongate (>3 km) stocks or dike swarms and associated mineralization.

Commonly, several discrete stocks are emplaced in and above the pluton roof zones, resulting in either clusters or structurally controlled alignments of porphyry copper systems. The rheology and composition of the host rocks may strongly influence the size, grade, and type of mineralization generated in porphyry copper systems. Individual systems have life spans of circa 100,000 years to several million years, whereas deposit clusters or alignments, as well as entire belts, may remain active for 10 million years or longer.

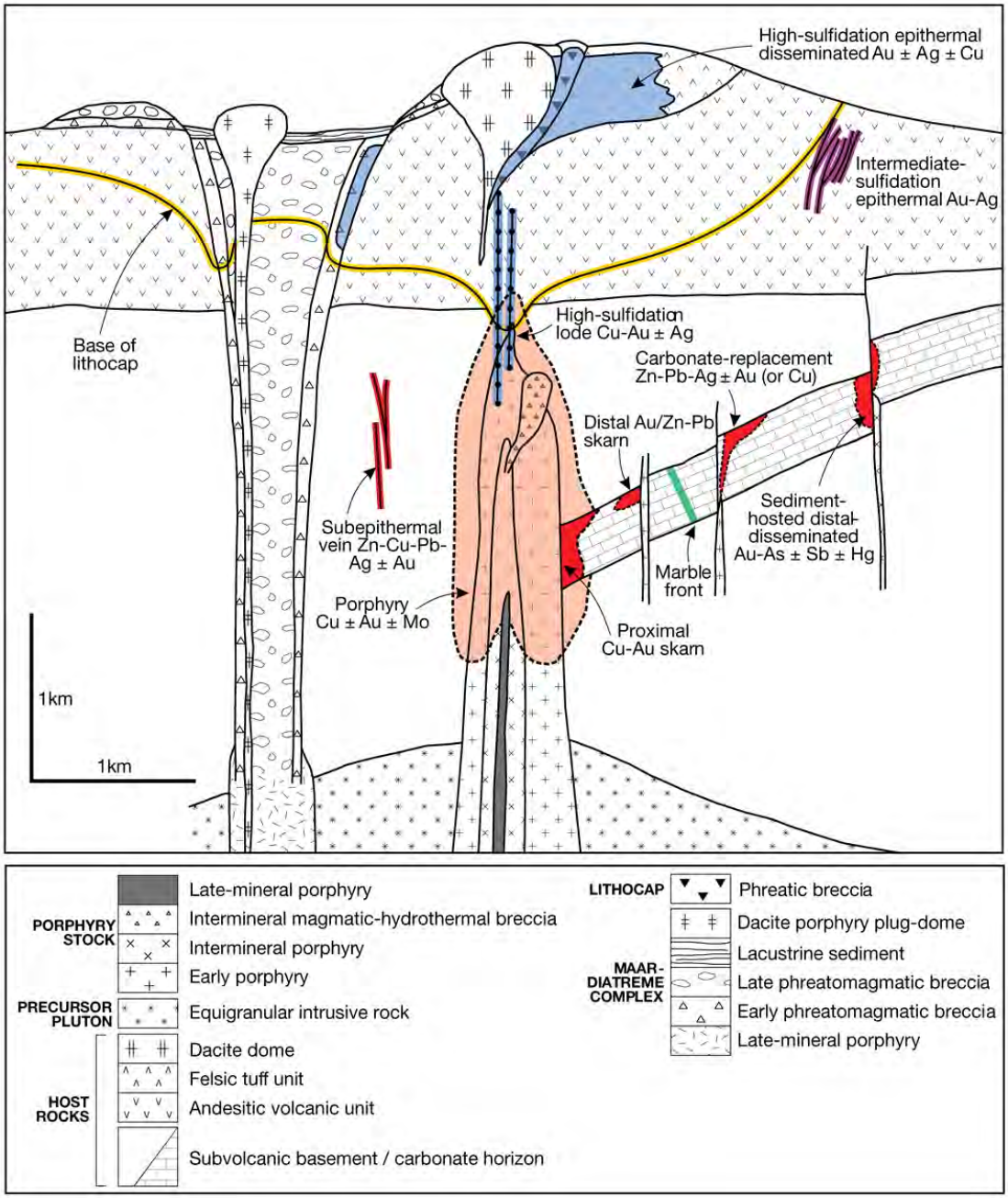
Deposits are typically semicircular to elliptical in plan view. In cross-section, ore-grade material in a deposit typically has the shape of an inverted cone with the altered, but low-grade, interior of the cone referred to as the “barren” core. In some systems, the barren core may be a late-stage intrusion.

Alteration and mineralization in porphyry copper systems are zoned outward from the stocks or dike swarms, which typically comprise several generations of intermediate to felsic porphyry intrusions. Porphyry copper–gold–molybdenum deposits are centred on the intrusions, whereas carbonate wall rocks commonly host proximal copper–gold skarns and less commonly, distal base metal and gold skarn deposits. Beyond the skarn front, carbonate-replacement copper and/or base metal–gold deposits, and/or sediment-hosted (distal-disseminated) gold deposits can form. Peripheral mineralization is less conspicuous in non-carbonate wall rocks, but may include base metal- or gold-bearing veins and mantos. Data compiled by Singer et al. (2008) indicate that the median size of the longest axis of alteration surrounding a porphyry copper deposit is 4–5 km, while the median size alteration area is 7–8 km^2.

High-sulphidation epithermal deposits may occur in lithocaps above porphyry-copper deposits, where massive sulphide lodes tend to develop in their deeper feeder structures, and precious metal-rich, disseminated deposits form within the uppermost 500 m.

Figure 8-2 shows a schematic section of a porphyry copper deposit illustrating the relationships of the lithocap to the porphyry body, and associated mineralization styles.

Figure 8-2: Schematic Section, Porphyry Copper Deposit



Note: Figure from Sillitoe, (2010).

In carbonate rocks, the most common minerals are garnet, pyroxene, epidote, quartz, actinolite, chlorite, biotite, calcite, dolomite, K-feldspar, and wollastonite. Other alteration minerals commonly found in porphyry-copper deposits are tourmaline, andalusite, and actinolite. Figure 8-3 shows the typical alteration assemblage of a porphyry copper system.

Porphyry copper systems are initiated by injection of oxidized magma saturated with sulphur- and metal-rich, aqueous fluids from cupolas on the tops of the subjacent parental plutons. The sequence of alteration–mineralization events is principally a consequence of progressive rock and fluid cooling, from >700° to <250°C, caused by solidification of the underlying parental plutons and downward propagation of the lithostatic–hydrostatic transition. Once the plutonic magmas stagnate, the high temperature, generally two-phase hyper-saline liquid and vapour responsible for the potassic alteration and contained mineralization at depth and early overlying advanced argillic alteration, respectively, gives way, at <350°C, to a single-phase, low-to-moderate salinity liquid that causes the sericite–chlorite and sericitic alteration and associated mineralization. This same liquid also is a source for mineralization of the peripheral parts of systems, including the overlying lithocaps.

The progressive thermal decline of the systems combined with syn-mineral paleo-surface degradation results in the characteristic overprinting (telescoping) and partial to total reconstitution of older by younger alteration–mineralization types. Meteoric water is not required for formation of this alteration–mineralization sequence although its late ingress is common.

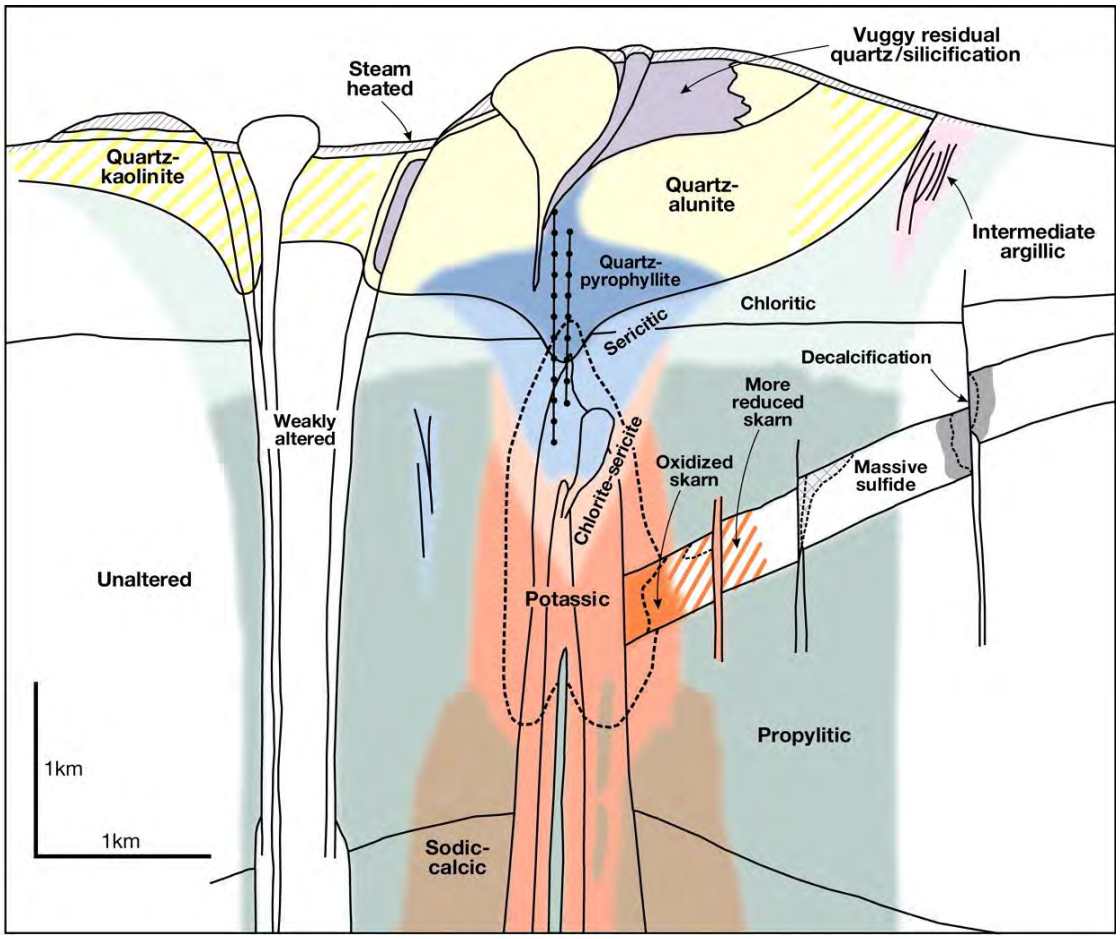
8.4.1.2 Mineralization

Porphyry copper mineralization occurs in a distinctive sequence of quartz-bearing veinlets as well as in disseminated forms in the altered rock between them. Magmatic–hydrothermal breccias may form during porphyry intrusion, with some breccias containing high-grade mineralization because of their intrinsic permeability. In contrast, most phreatomagmatic breccias, constituting maar–diatreme systems, are poorly mineralized at both the porphyry copper and lithocap levels, mainly because many such phreatomagmatic breccias formed late in the evolution of systems, and the explosive nature of their emplacement fails to trap mineralizing solutions.

Copper–ore mineral assemblages are a function of the chemical composition of the fluid phase and the pressure and temperature conditions affecting the fluid. In primary, unoxidized or non-supergene-enriched ores, the most common ore–sulphide assemblage is chalcopyrite ± bornite, with pyrite and minor amounts of molybdenite. In supergene-enriched ores, a typical assemblage is chalcocite + covellite ± bornite, whereas, in oxide ores, a typical assemblage includes malachite + azurite + cuprite + chrysocolla, with minor amounts of minerals such as carbonates, sulphates, phosphates, and silicates.

Typically, the principal copper sulphides consist of millimetre-scale grains, but may be as large as 1–2 cm in diameter and, rarely, pegmatitic (larger than 2 cm).

Figure 8-3: Schematic Section Showing Typical Alteration Assemblages



Note: Figure from Sillitoe (2010).

8.5 QP Comments on "Item 8: Deposit Types"

Exploration programs that use a high-sulphidation, sub-epithermal vein, or porphyry model are considered appropriate for the Project area.

9.0 EXPLORATION

9.1 Grids and Surveys

The grid system used for sample locations is WGS84 Mexico UTM Zone 12N (EPSG: 26712) for easting, northing and elevation.

A contractor prepared a high-resolution, light detection and ranging (LiDAR) survey-based digital terrain model (DTM) for Azure of the tenement holdings, which provided centimetre-scale accuracy in 3D.

In 2018, Teck commissioned Consultoría Geológica GV to survey drill collars. A high-precision Trimble R10 GNSS System was used, and two control points were established that had an observation period of between 5–8 hours. A total of 35 drill holes were surveyed with observation periods of 10 minutes each. All the data obtained during the survey and after the post process are in the WGS-84 R12N system in the case of UTM coordinates and the WGS-84 system for geographic coordinates.

9.2 Geological Mapping

9.2.1 Pre-Bendito

Anaconda completed 1:5,000 scale regional geological and structural mapping during 1957, a portion of which covers the current Project area, and recompiled the information into a 1:20,000 scale regional map. Geologic mapping at 1:500 was completed on the San Simon, La Morita, and Palo Seco prospect areas. Additional mapping was completed in 2001, covering an area of 3 x 2 km at the Cerro Alacrán prospect. Three geological sections were constructed striking N45°E, with a 500 m separation.

Impulsora Minera de Sonora compiled a geology map at 1:4,000, based on mapping completed by Consejo de Recursos Minerales and Anaconda.

D.A. Dean, as part of a Master of Science (M.Sc) thesis, completed geological and alteration mapping of the Cerro Alacrán area in 1972–1973 at a scale of 1 cm:40 m.

Teck conducted reconnaissance mapping during 2017 in the northwest portion of the Project area along road outcrops and over an area about 1.5 km^2 in the southwest at Cerro Colorado at a scale of 1:2,500. During 2018, 1:2,500 and 1:5,000-scale mapping, covering a total 13 km^2 area, was completed over the San Simon, Santa Barbara, Cerro Alacrán and Cerro Colorado areas.

9.2.2 Bendito

Bendito has recompiled the geology of the Project area, and field checked interpretations. The results of this work were summarized in the stratigraphic column in Table 7-1.

Bendito also recompiled the alteration data, and field checked interpretations for selected areas within the Project. The work is ongoing. Results were included where relevant for the deposit and prospect areas covered to date in Figure 7-12 (Loma Bonita) Figure 7-18 (Mesa de Plata) and Figure 7-25 (San Simon).

9.3 Geochemical Sampling

9.3.1 Rock Chip Sampling

A sample location plan for the rock chip sampling programs is provided in Figure 9-1.

9.3.1.1 Consejo de Recursos Minerales

The Consejo de Recursos Minerales rock chip sampling focused on the Cerro Alacrán area, with a total of 727 samples collected.

9.3.1.2 Azure

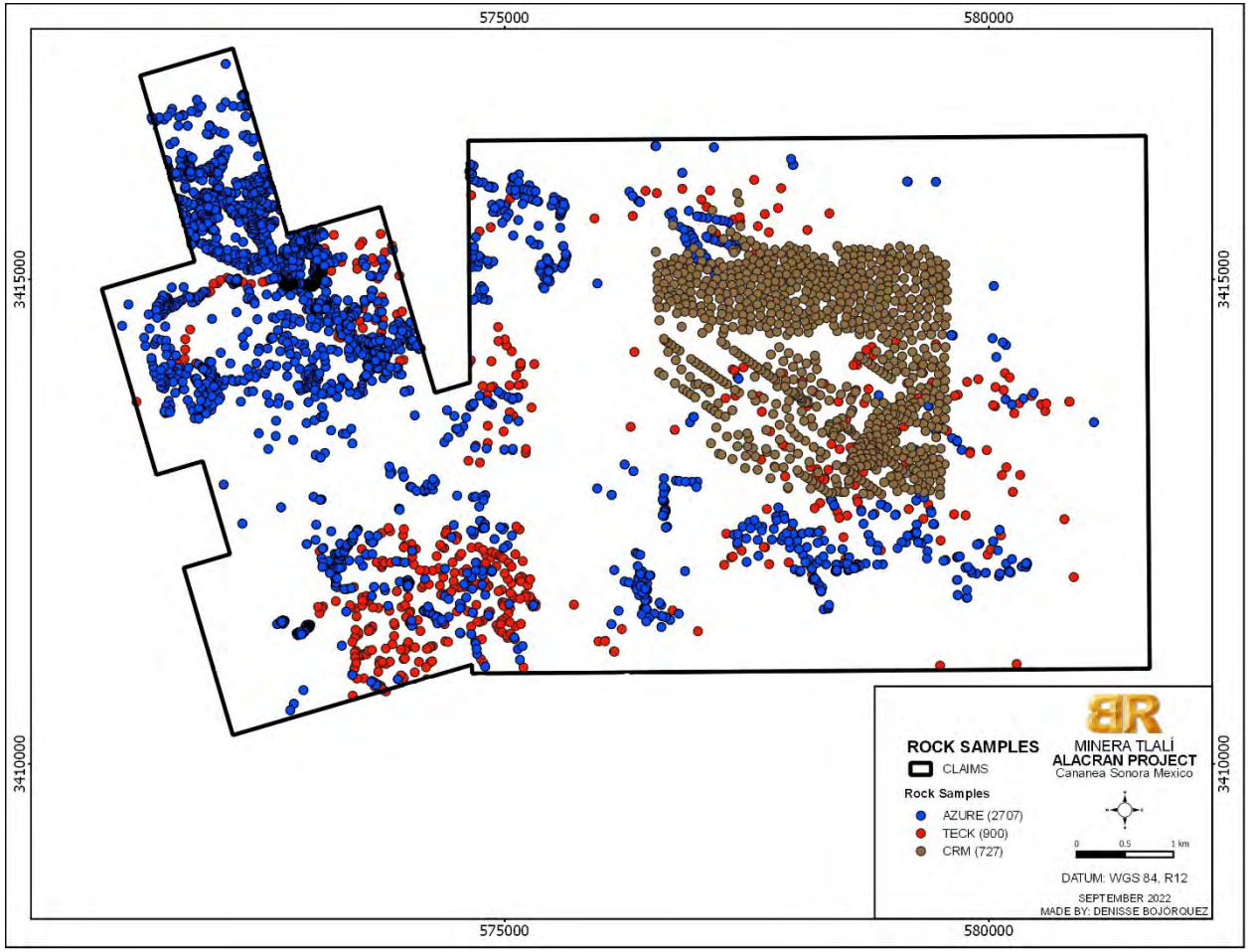
Rock chip sampling was conducted by Azure personnel during geological mapping in 2017–2018, with 2,707 samples collected. Sampling was concentrated in the Mesa de Plata and Loma Bonita areas. Overall, gold and silver values in rock samples, coupled with residual quartz (vuggy silica) or cryptocrystalline quartz lithology, were used to guide near-surface drill targeting.

9.3.1.3 Teck

Grab samples were collected during 2017 in conjunction with field mapping, and focused around the extensions to Loma Bonita, San Simon, and surrounding areas to the northwest, and around Cerro Colorado to the southwest. Sampling focused on silicified and obvious hydrothermally altered rock units. Copper concentrations were low, typically tens of ppm, as were molybdenum values (average 10 ppm). Concentrations for lead and zinc averaged several hundred ppm. Out of all values, only three samples had elevated gold values.

Sampling, comprising channels across defined mineralized zones and selective sampling from mine dumps, was undertaken in and around artisanal mine workings.

Figure 9-1: Rock Chip Sample Location Plan



Note: CRM = Consejo de Recursos Minerales

The Mesa de Plata Norte prospect, which is a small erosion-resistant plateau, characterized by large outcrops of residual silica, silicified breccia and silicified volcanic rocks, forms a northerly continuation of Mesa de Plata and was subject to rock chip sampling. This prospect was sampled over a 350 x 150 m area.

During 2018, rock chip samples were collected during the geological mapping programs, which focused on the San Simon, Santa Barbara and Cerro Alacrán areas. Sampling was directed toward silicified and obvious hydrothermally altered rock units as well as representative lithologies. Elevated gold values were associated with base metal vein structures and artisanal workings at the Cerro Alacrán prospect. Several samples of potassic altered quartz–feldspar porphyry samples with secondary magnetite, biotite and copper oxides contained anomalous gold values. Samples generally contained <50 ppm Mo. Quartz–feldspar porphyry samples generally contained elevated molybdenum concentrations (25–75 ppm) when compared to surrounding lithologies.

A total of 900 rock chip samples were collected during the Teck program.

9.3.1.4 Bendito

Bendito compiled the available rock chip sampling data and reviewed the results. Sample locations and the associated assay values are provided in:

- Figure 9-2: Loma Bonita, gold-equivalent values shown (Ag/Au = 85), samples collected by Teck and Azure;
- Figure 9-3: Mesa de Plata, silver values shown, samples collected by Teck and Azure;
- Figure 9-4: Cerro Alacrán, copper values shown, samples collected by Teck;
- Figure 9-5: San Simon, gold-equivalent values shown (Ag/Au = 85), samples collected by Teck and Azure;
- Figure 9-6: Santa Barbara, silver values shown, samples collected by Teck and Azure;
- Figure 9-7: La Morita, gold-equivalent values shown (Ag/Au = 85), samples collected by Teck and Azure;
- Figure 9-8: La Morita, copper values shown, samples collected by Teck and Azure;
- Figure 9-9: Palo Seco, gold-equivalent values shown (Ag/Au = 85), samples collected by Teck and Azure;
- Figure 9-10: Gregors, gold-equivalent values shown (Ag/Au = 85), samples collected by Teck and Azure.

Figure 9-2: Rock Chip Sampling Compilation Map, Loma Bonita

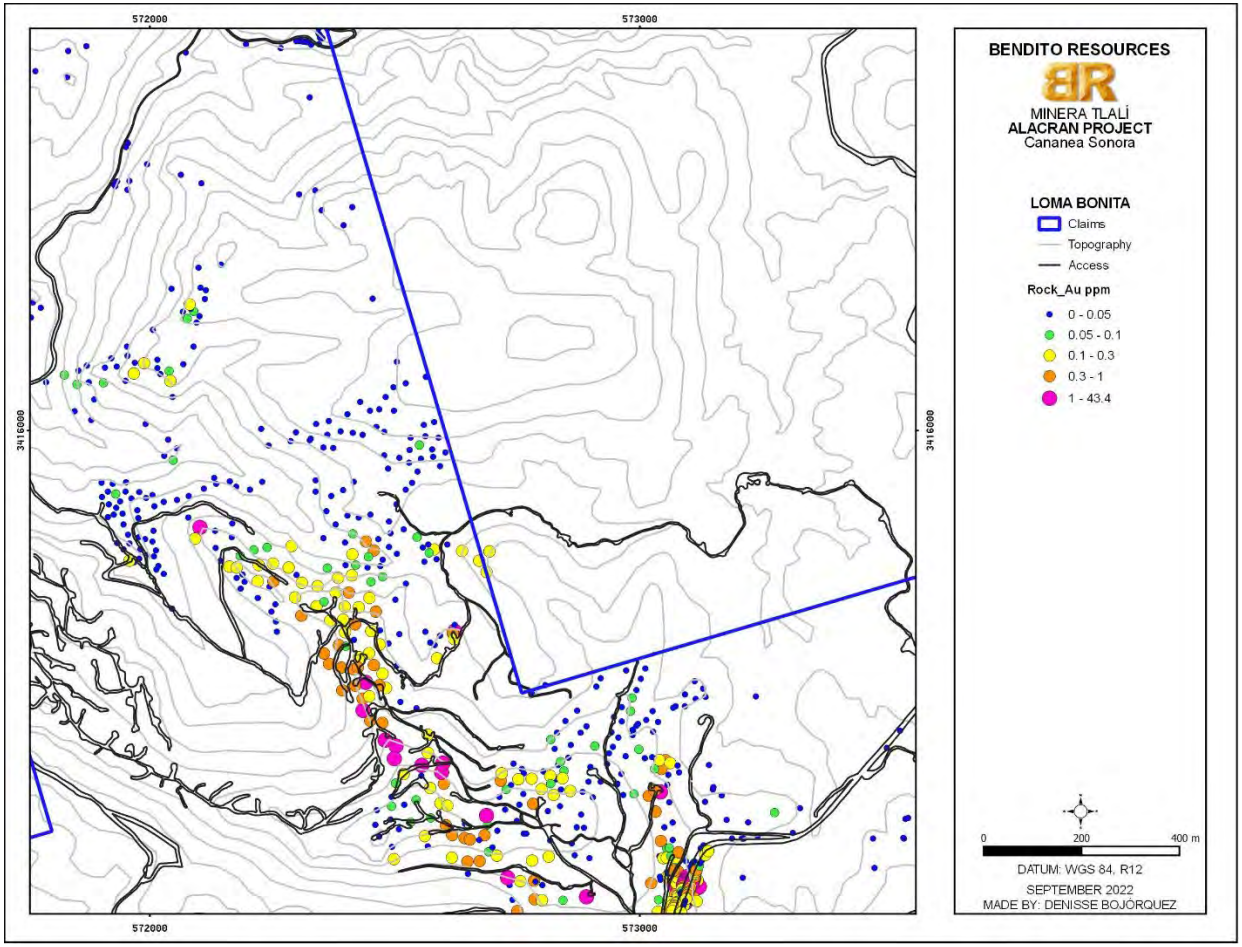


Figure 9-3: Rock Chip Sampling Compilation Map, Mesa de Plata

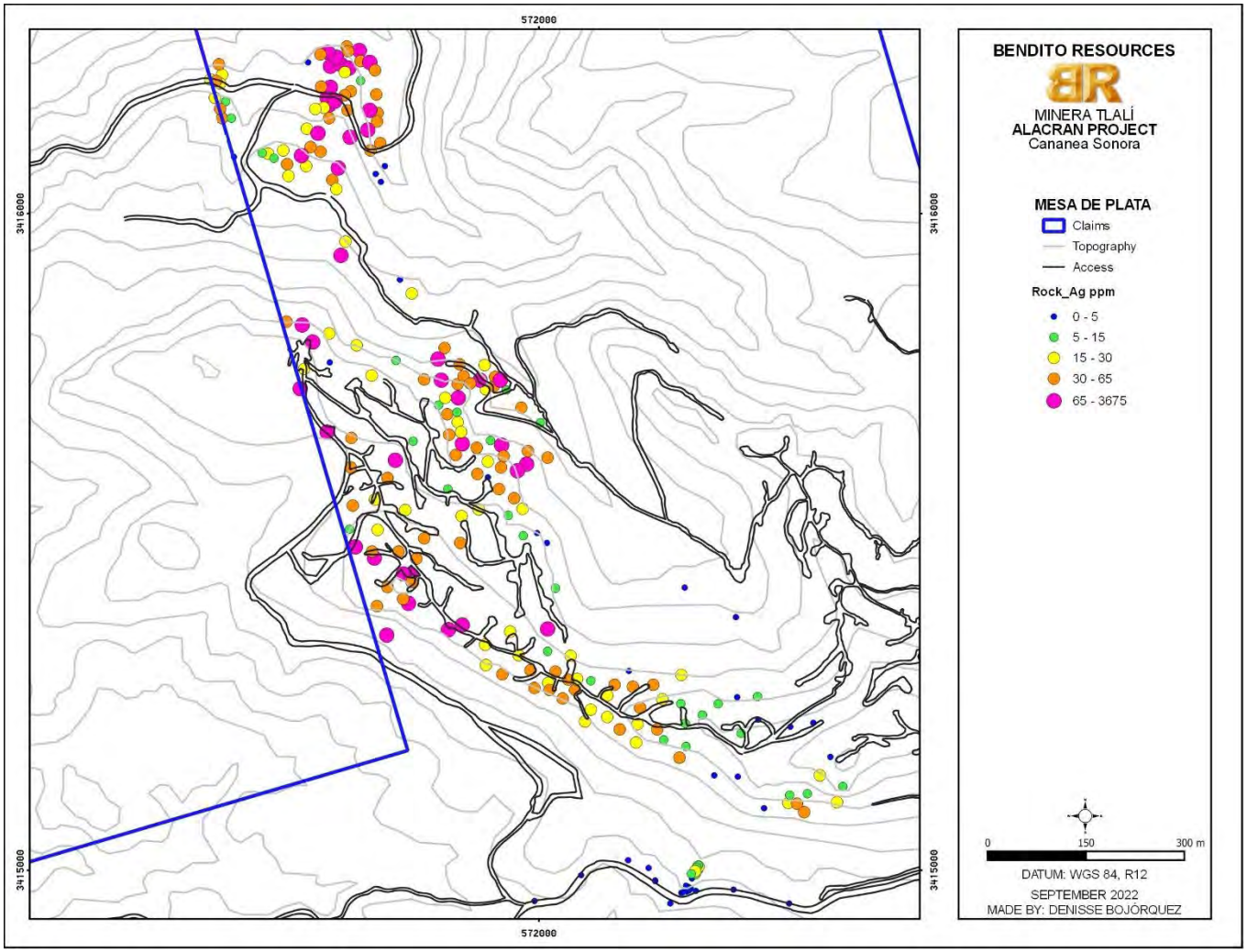


Figure 9-4: Rock Chip Sampling Compilation Map, Cerro Alacrán

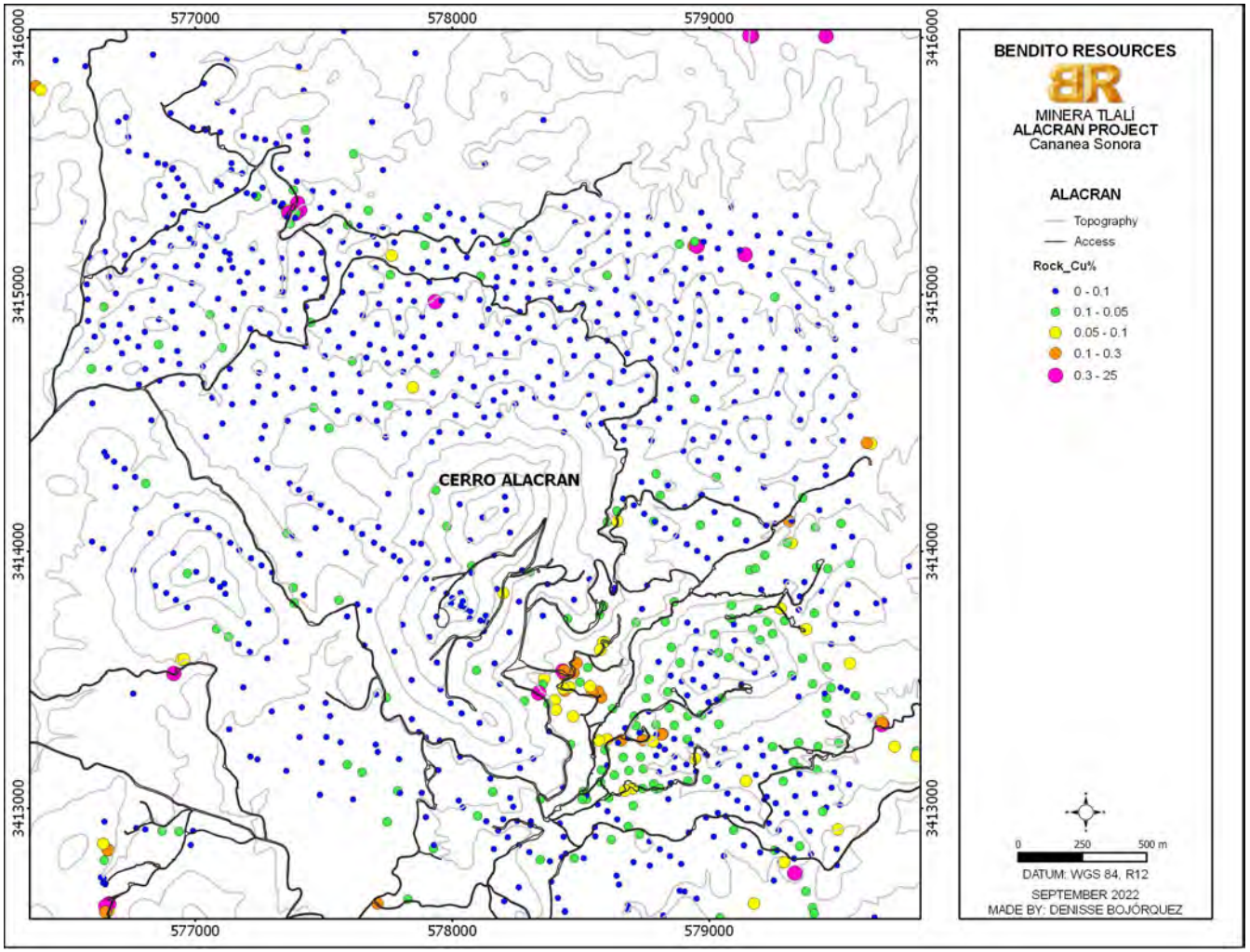


Figure 9-5: Rock Chip Sampling Compilation Map, San Simon

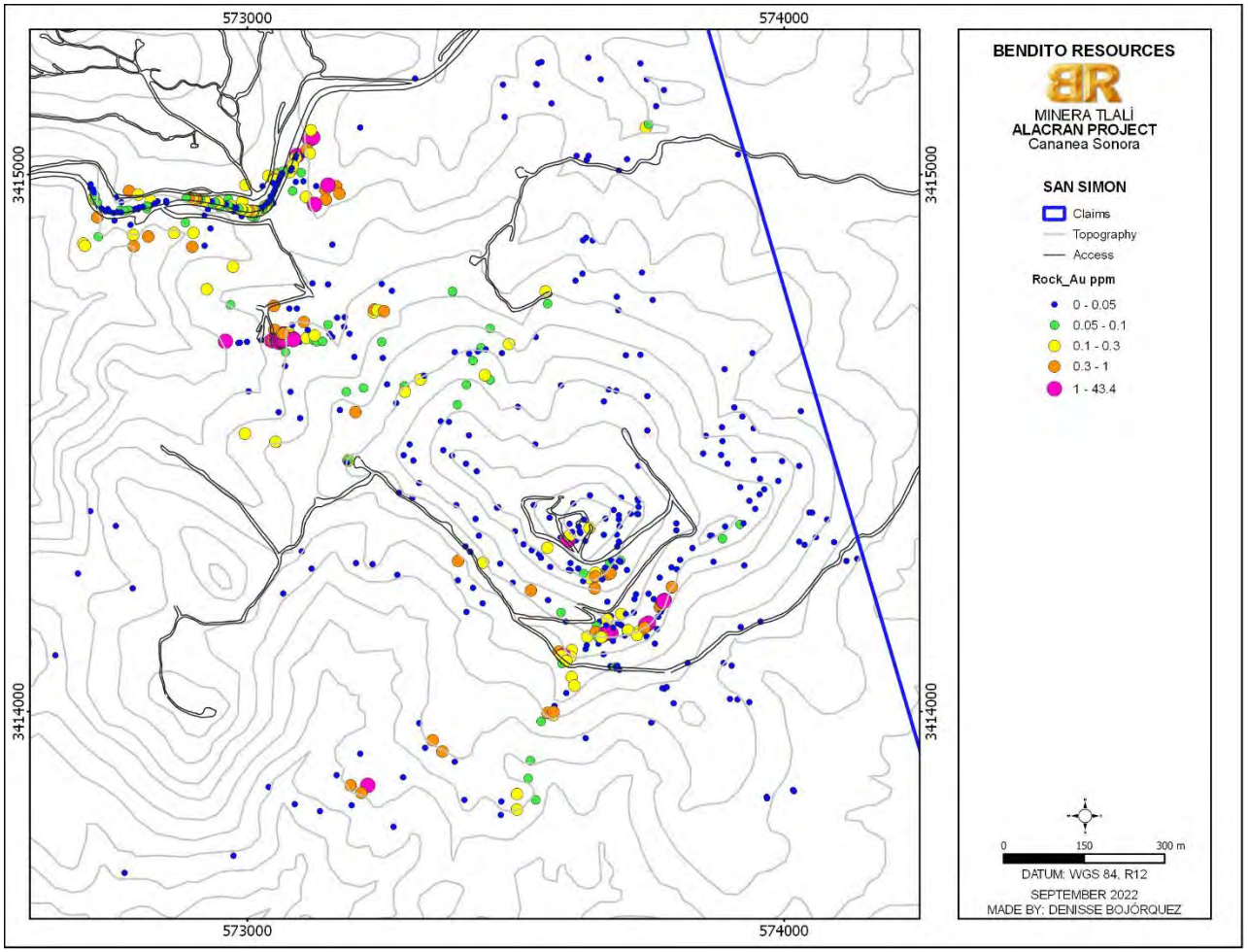


Figure 9-6: Rock Chip Sampling Compilation Map, Santa Barbara

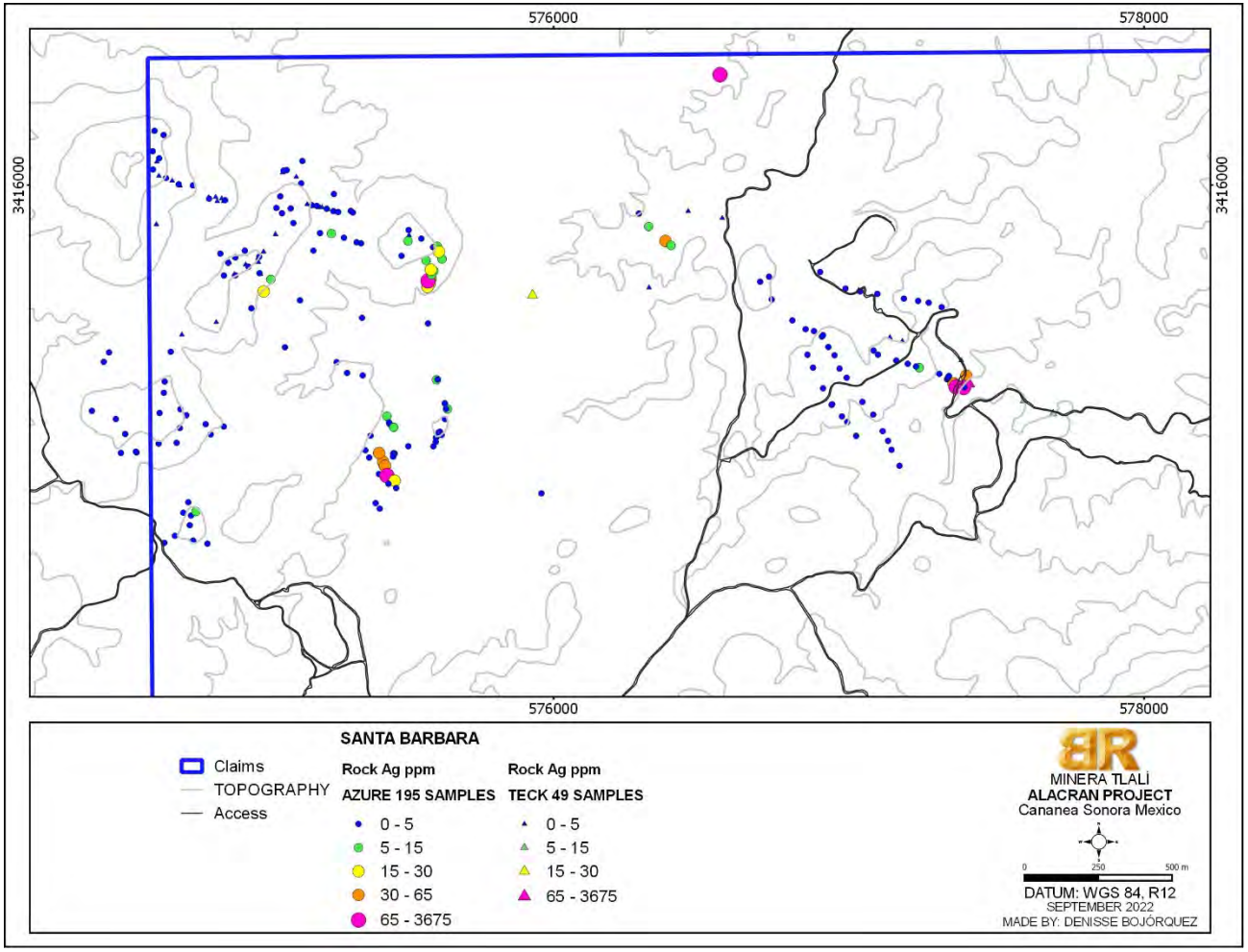


Figure 9-7: Rock Chip Sampling Compilation Map, La Morita (AuEq)

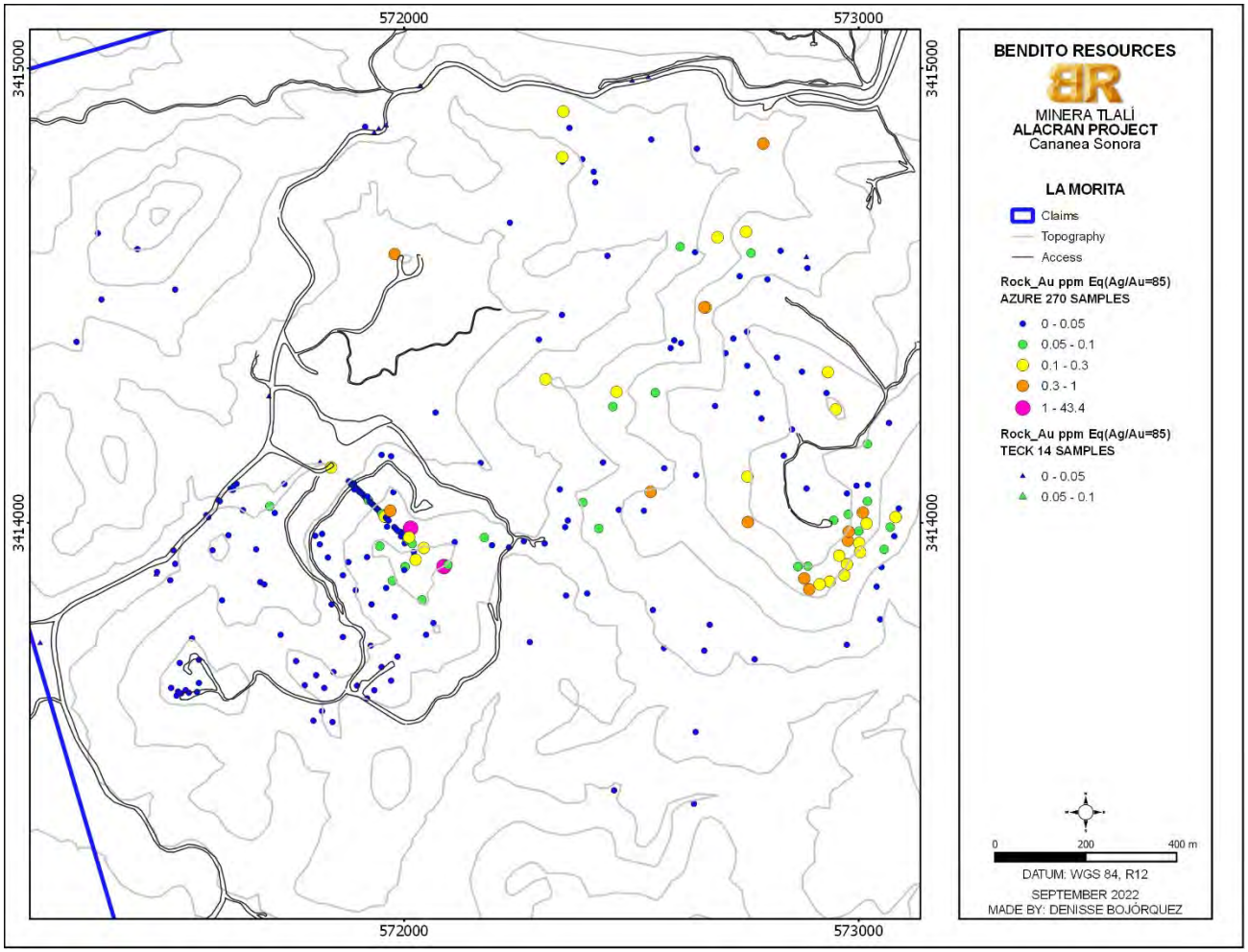


Figure 9-8: Rock Chip Sampling Compilation Map, La Morita (Cu)

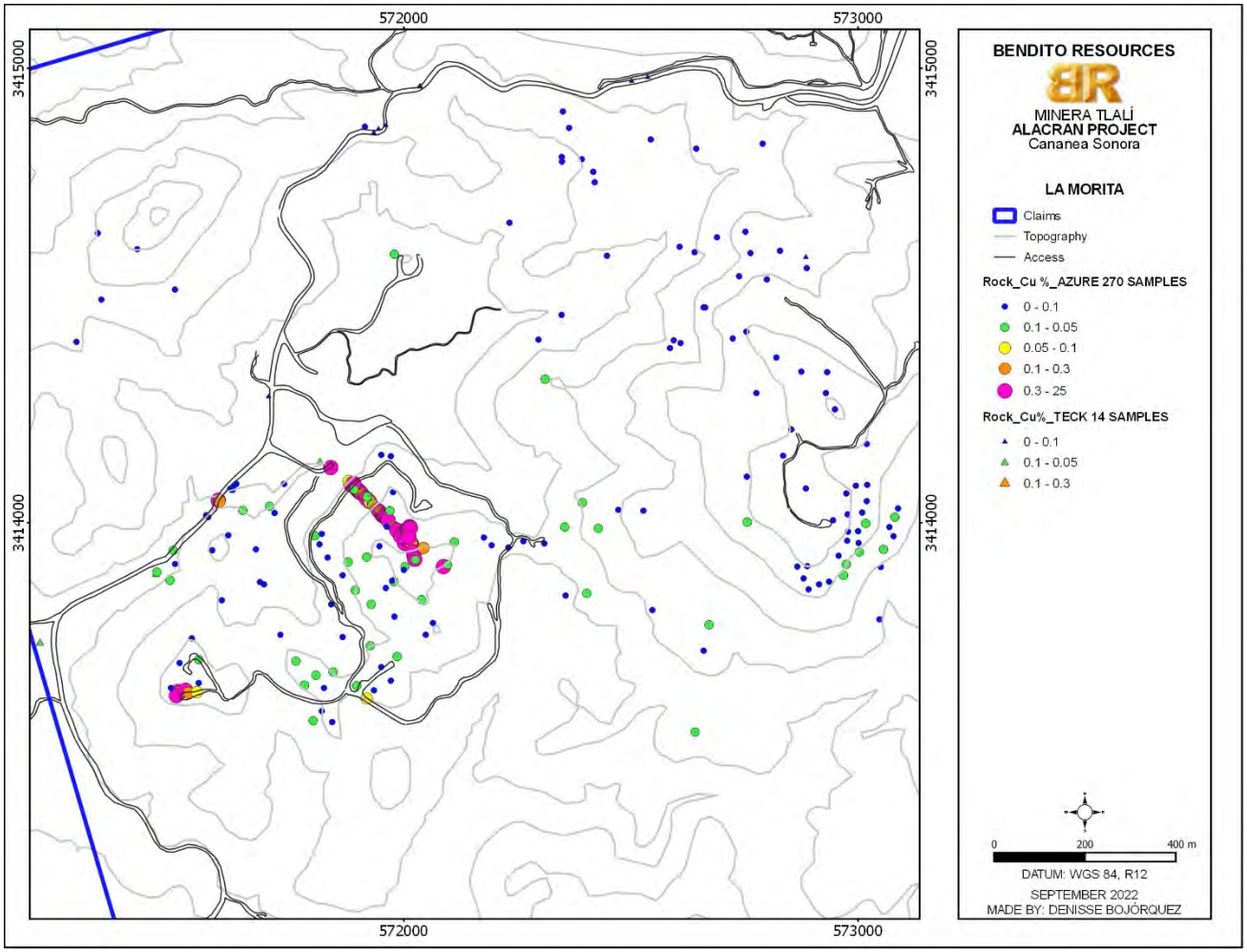


Figure 9-9: Rock Chip Sampling Compilation Map, Palo Seco

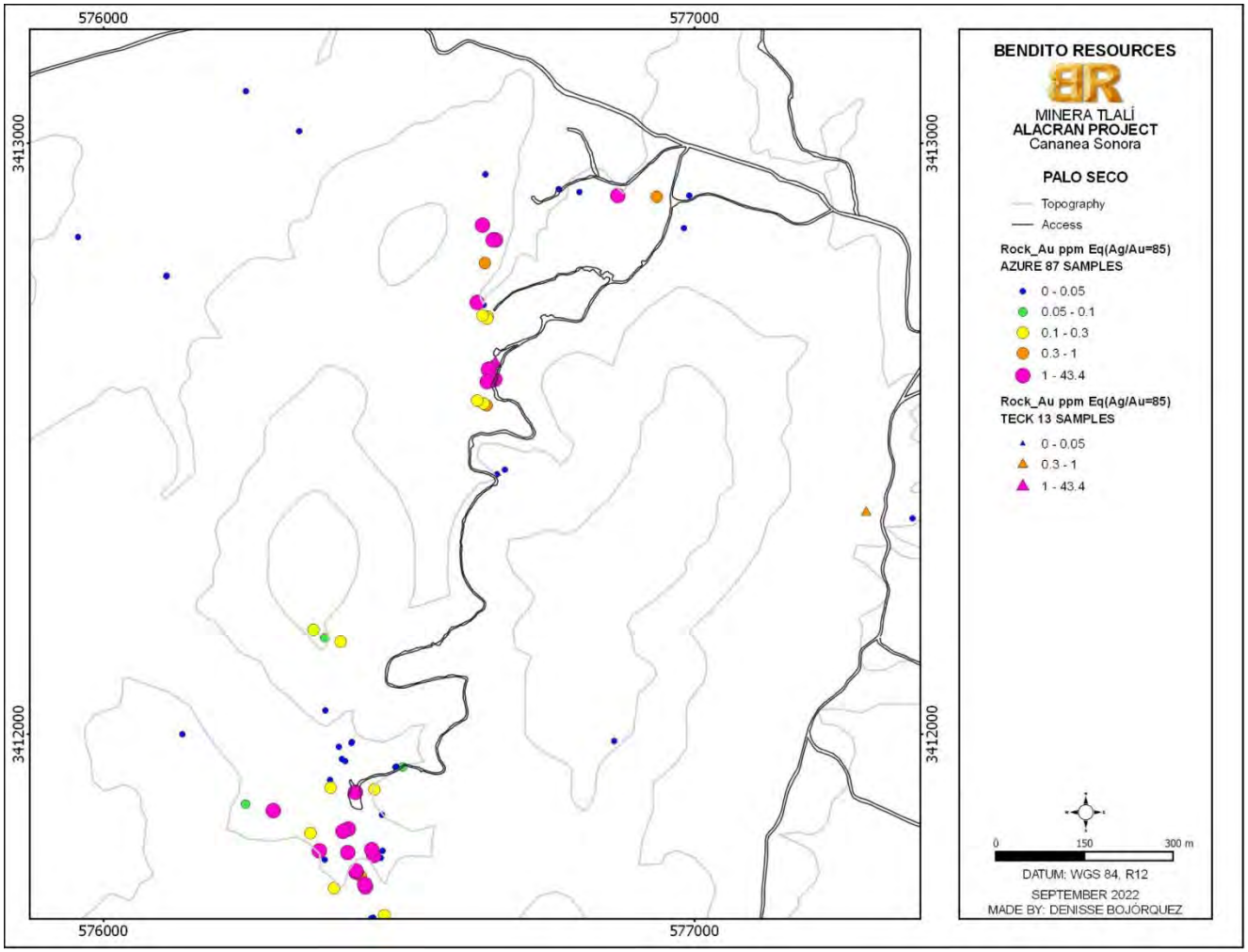
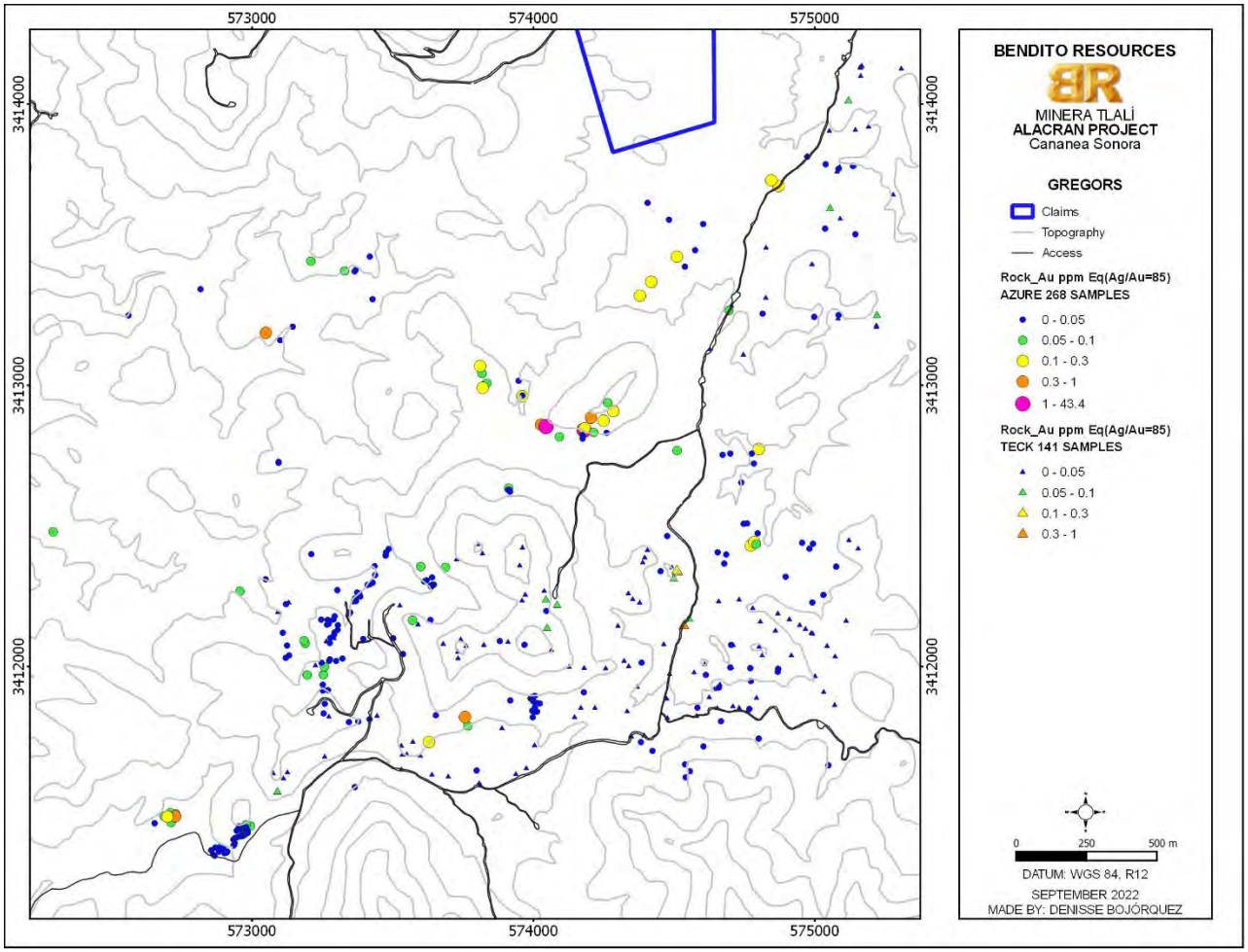


Figure 9-10: Rock Chip Sampling Compilation Map, Gregors



9.4 Soil Sampling

Soil sample locations for the Azure and Teck programs are shown on **Error! Not a valid bookmark self-reference.**.

9.4.1 Azure

Soil samples were collected by Azure personnel as nominal 50 m-spaced ridge and spur samples, or at 50 m intervals along the same 200 m spaced lines as used by the induced polarization (IP) geophysical survey (see Section 9.4.2), and covered an area of about 2.4 x 2.4 km. Separate grids were also completed in the San Simon and Cerro de Enmedio area, as well as at the historical Palo Seco–Cerro Alacrán mine areas.

Samples were tested by a portable XRF analyzer reading 35 different elements, and select check samples were sent to the laboratory for comparative geochemical analysis. The ridge-and-spur sampling identified the Loma Bonita deposit area. High XRF copper values were identified at La Morita.

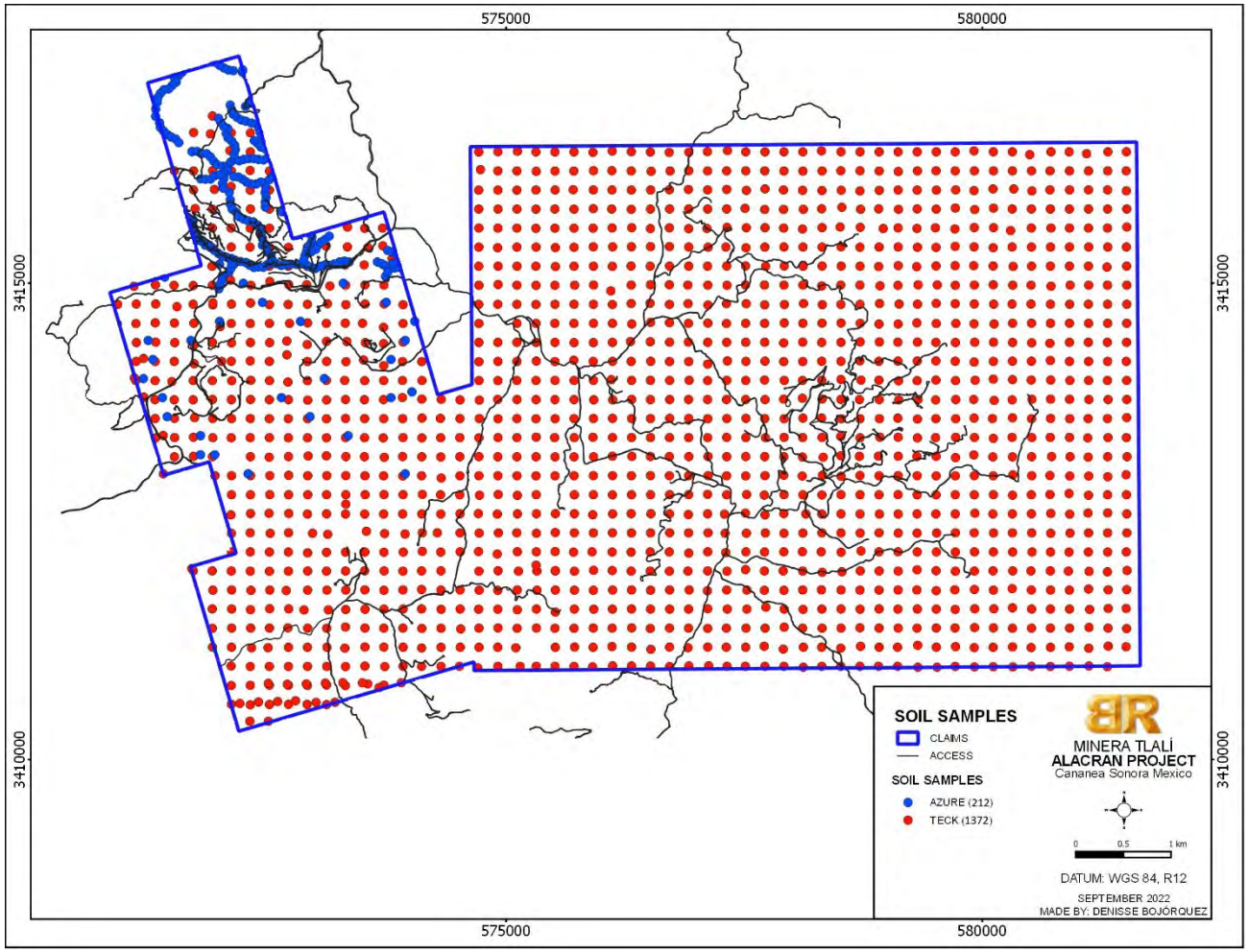
Anomalous XRF copper values coincided quite closely with what is mapped as lithocap. Anomalous XRF zinc values were also associated with the lithocap, and forms a horseshoe-shaped halo around the copper values. The only consistently anomalous high values of XRF silver, bismuth, antimony and lead in soils occurred at Mesa de Plata and on the south flank of Cerro de Enmedio.

The most obvious XRF geochemistry highs in the northeast part of the 2016 geophysics grid included antimony, arsenic and to a lesser extent lead. In general, the high values of these elements were associated with silicification, silica caps, and elevated precious metals values.

There is a north–northeasterly trend in the high XRF values of zinc and lead with a similar but less obvious trend of XRF copper and arsenic highs returned from the Palo Seco–Cerro Alacrán area. The north–northeasterly trend closely coincides with the chargeability highs that resulted from the Consejo de Recursos Minerales gradient array geophysical survey completed in 1981 (see Section 9.4).

Azure collected a total of 409 soil samples. Azure interpreted the geochemical signatures derived from the soil sampling to represent several distinct domains, considered to reflect alteration and mineralization patterns typical of a porphyry copper environment.

Figure 9-11: Soil Sample Location Plan



9.4.2 Teck

During 2017 and 2018, Teck personnel collected soil samples on an approximate 200 x 200 m grid spacing, for a total of 1,474 samples collected.

The soil geochemistry shows clear zonation associated with the known alteration systems within the Project area. Elevated gold in soils is associated with both the Loma Bonita and Cerro Alacrán areas. High silver concentrations are mainly restricted to the Mesa de Plata–Loma Bonita area. Other elevated silver values were identified to the southeast of Cerro Alacrán and to the north and east of Cerro Colorado. Coherent, elevated molybdenum concentrations are spatially associated with the Cerro Colorado and Cerro Alacrán target areas. These same areas are associated with relative depletions in zinc, manganese and calcium. Cerro Colorado is also associated with elevated selenium and tin, while Cerro Alacrán is associated with elevated copper and gold. Copper anomalism is also more widely distributed across the property, spanning both the Cerro Alacrán prospect and areas with artisanal turquoise showings.

9.5 Radon Survey

During August 2018, Teck conducted an Alpha track radon trial survey over the Cerro Alacrán porphyry target. The survey followed recent unpublished studies by University of British Columbia researchers that indicate a correlation of exotic supergene copper and radon gas release. Radon gas concentration can be measured using capsules with a particle sensitive film that records the concentration of fission tracks produced by alpha particles released during decay of radon gas in the soil cover. The aim of the survey was to validate if radon gas as a decay product of uranium and thorium could be used as a proxy for buried copper deposits in the Basin and Range setting of the southwestern USA and northwestern Mexico.

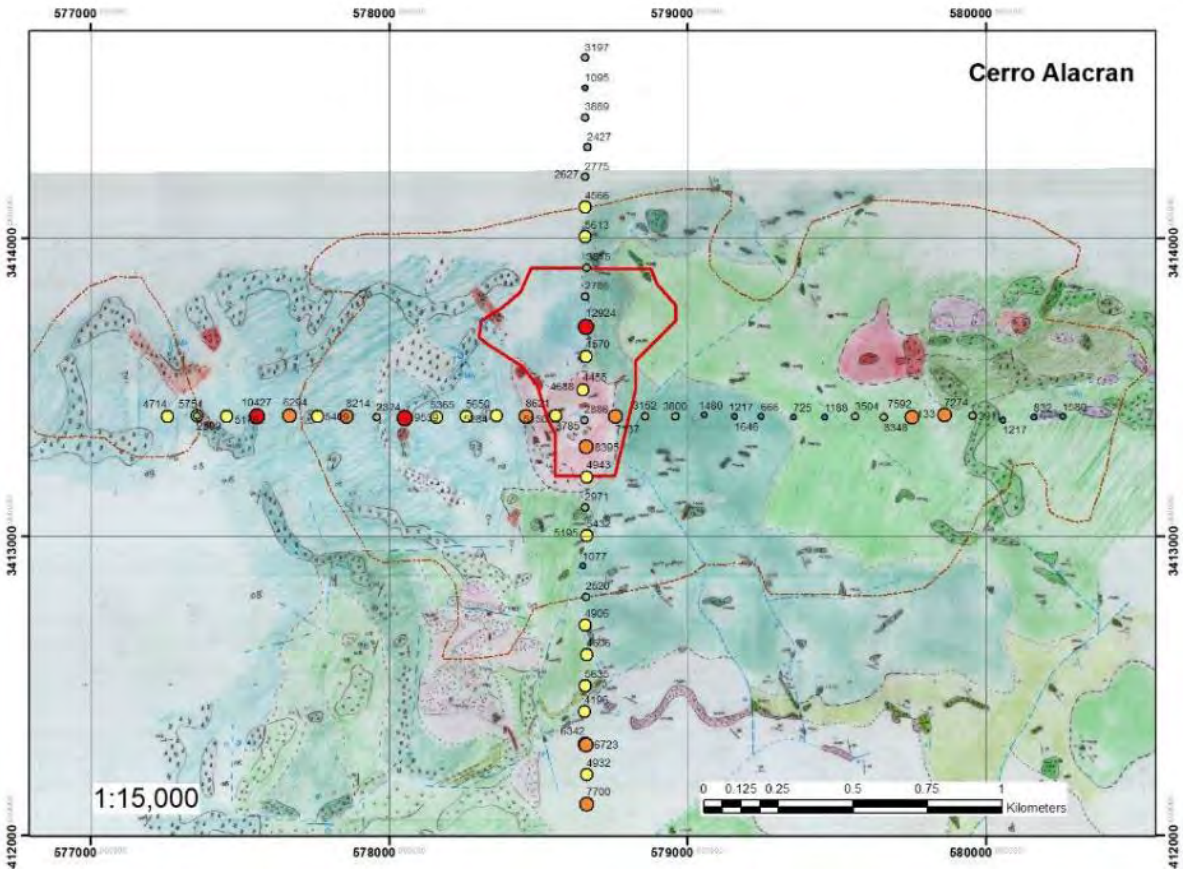
A total of 70 samples including QA/QC samples were collected along two survey lines covering the prospect from east to west and north to south (Figure 9-12).

The dataset used to evaluate the results included the mapped geology, the location of the supergene copper mineralization, and radiometric thorium and uranium surveys.

9.6 Short-Wave Infrared Analysis

Teck completed a program of short-wave infrared analysis on selected samples. This work is discussed in Section 11.4.

Figure 9-12: Radon Survey Lines



Values in Becquerels per cubic metre vary over an order of magnitude from below 1,000 to over 12,000:

- Line 1, north–south survey: there are notable elevated readings in the southernmost sample points collected near a rhyolite dome as well as in the central survey area, dominated by quartz–feldspar porphyry dikes. Thorium and uranium maps also show a strong increase in readings in both of these areas. In contrast, distinctly lower values are associated with andesitic units;
- Line 2, east–west survey: andesitic units to the east exhibit lower readings relative to the western side underlain by a latite breccia crystal-tuff unit. Quartz–feldspar porphyry and latite breccia show similar readings, which is also supported by thorium and uranium radiometric survey data. Elevated readings on the east are possibly related to talus from the granodiorite intrusive plug to the north or intrusive units at depth. Feldspar porphyry plugs/dikes in the easternmost areas appear to have quite low radiometric signatures.

9.7 Geophysics

9.7.1 Airborne

A helicopter-borne aeromagnetic survey was undertaken over the Alacrán Project area in 2001.

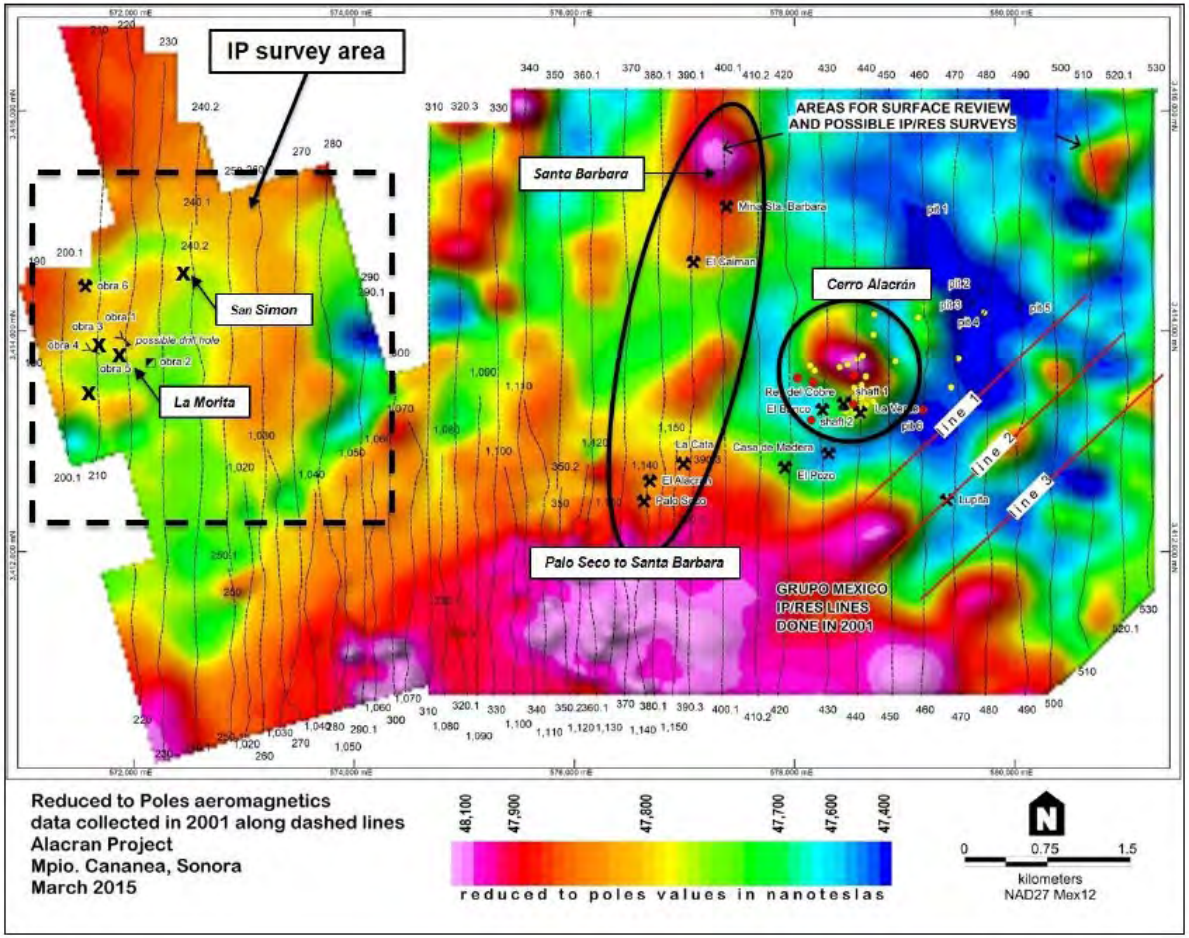
Azure acquired the digital survey data and all background technical specifications of the survey, and sent these to third-party consultants, Southern Geoscience, in Perth, Australia, for reprocessing and image production.

Cerro Alacrán is coincident with a spot magnetic high in the reprocessed images (Figure 9-13).

Several similar magnetic highs occur elsewhere within the Alacrán Project area, some spatially associated with historical workings that exploited near-surface copper oxide mineralization, for example the Santa Barbara prospect in the northern part of the Project area.

In September 2016, a helicopter versatile time domain electromagnetic (VTEM) survey that totaled 1,422 line-km was flown by Geotech Ltd. on behalf of Azure, and a helicopter magnetic–radiometric survey was flown in early October, 2016. Flight lines at 100-m spacing were selected for the survey because the goal of the survey was to identify small footprint sulphide-rich copper mineralization similar that found in the Maria, La Colorada, Duluth, and Bonanza deposits near the city of Cananea.

Figure 9-13: 2001 Geophysical Imagery



Note: Figure prepared by Azure, 2015.

In addition to standard VTEM electromagnetic data, magnetic field and elevation data was also collected, as well as rudimentary video along flight lines. The most obvious anomaly of interest occurs on the southeast flank of Cerro Alacrán, south and east of the historical drilling.

The helicopter magnetic–radiometric survey was offset to the north by 50 m from the helicopter VTEM survey. The largest anomaly is the magnetic high at Cerro Alacrán. Other anomalies of interest occur to the east where there are magnetic highs surrounded by magnetic lows.

Teck contracted Computational Geosciences Inc. to provide a 3D inversion conductivity model of the subsurface based on the 2016 VTEM survey. The resulting model is shown in Figure 9-14.

Teck contracted SpecTIR Remote Sensing to complete an airborne hyperspectral survey over the Alacrán property during April–May, 2018. The survey comprised 26 flight lines with 2 m spatial resolution.

The mineralogy products from the hyperspectral survey highlight both epithermal and porphyry style alterations within the Alacrán Project area (Figure 9-15). The west bound is characterized by two similar epithermal zones with an advanced argillic alteration signature dominated by alunite and minor pyrophyllite, both surrounded by illite/white mica. The pyrophyllite occurrences are more abundant towards the southwest of the Project (e.g., Cerro Colorado) and they may indicate higher temperature feeder zones for epithermal mineralization.

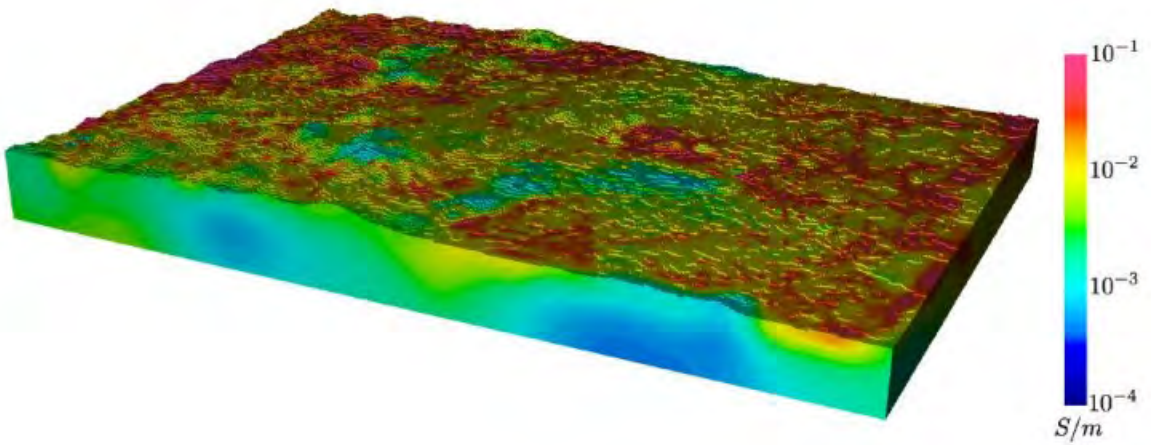
The east bound is characterized by muscovitic to phengitic illite that is mostly concentrated in the area of the Cerro Alacrán prospect. The illite crystallinity of this zone is highly anomalous, coinciding with patches of relatively high jarosite concentrations.

Bendito recompiled the data from the various surveys, and prepared the magnetic tilt angle derivative image included as Figure 9-16, the spectral compilation image in Figure 9-17, and the tau image in Figure 9-18. The spectral compilation image indicates the presence of advanced argillic alteration in a number of areas within the Project. The tau image has a bullseye spot over the Cerro Alacrán porphyry copper prospect.

9.7.2 Ground

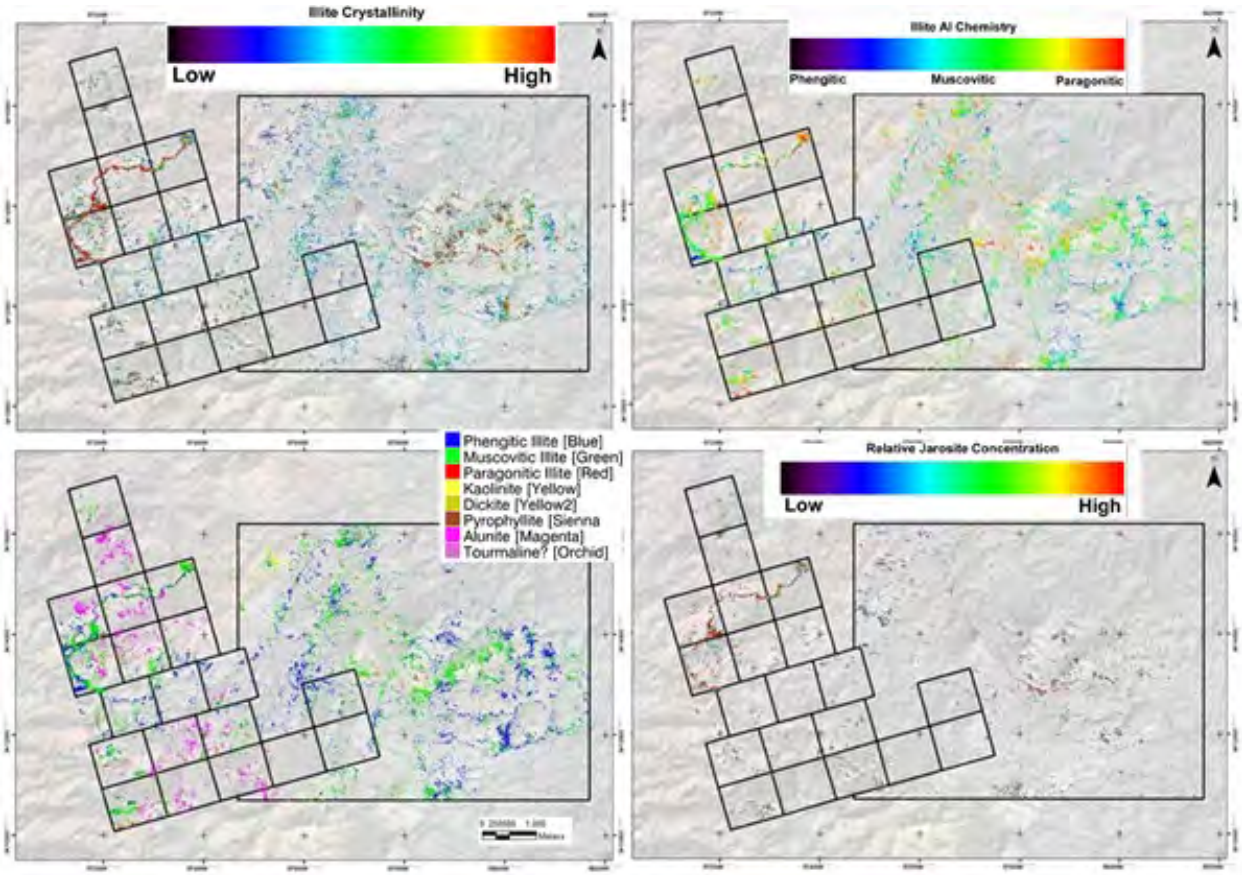
In 1969, a magnetometric survey was carried out by Ing. Juan Velasco Hernández on behalf of Grupo Mexico to identify the quartz latite porphyry (at the time considered to be a granodiorite) intrusive body on surface. Three lines striking NW55°SE with a total length of 8,850 m were surveyed, with readings taken every 25 m. The instrument used was a Fluxgato Model MF-1 magnetometer. The survey was unable to differentiate between intrusive and volcanic rocks.

Figure 9-14: 3D Conductivity Model



Note: Figure from Alfaro et al., (2017). Figure is oblique view and schematic.

Figure 9-15: Mineralogical Products from the Airborne Hyperspectral Survey



Note: Figure from Catchpole et al (2018). From left to right, illite crystallinity, illite chemistry, mineralogical map and relative jarosite concentration.

Figure 9-16: Magnetic Tilt Angle Derivative

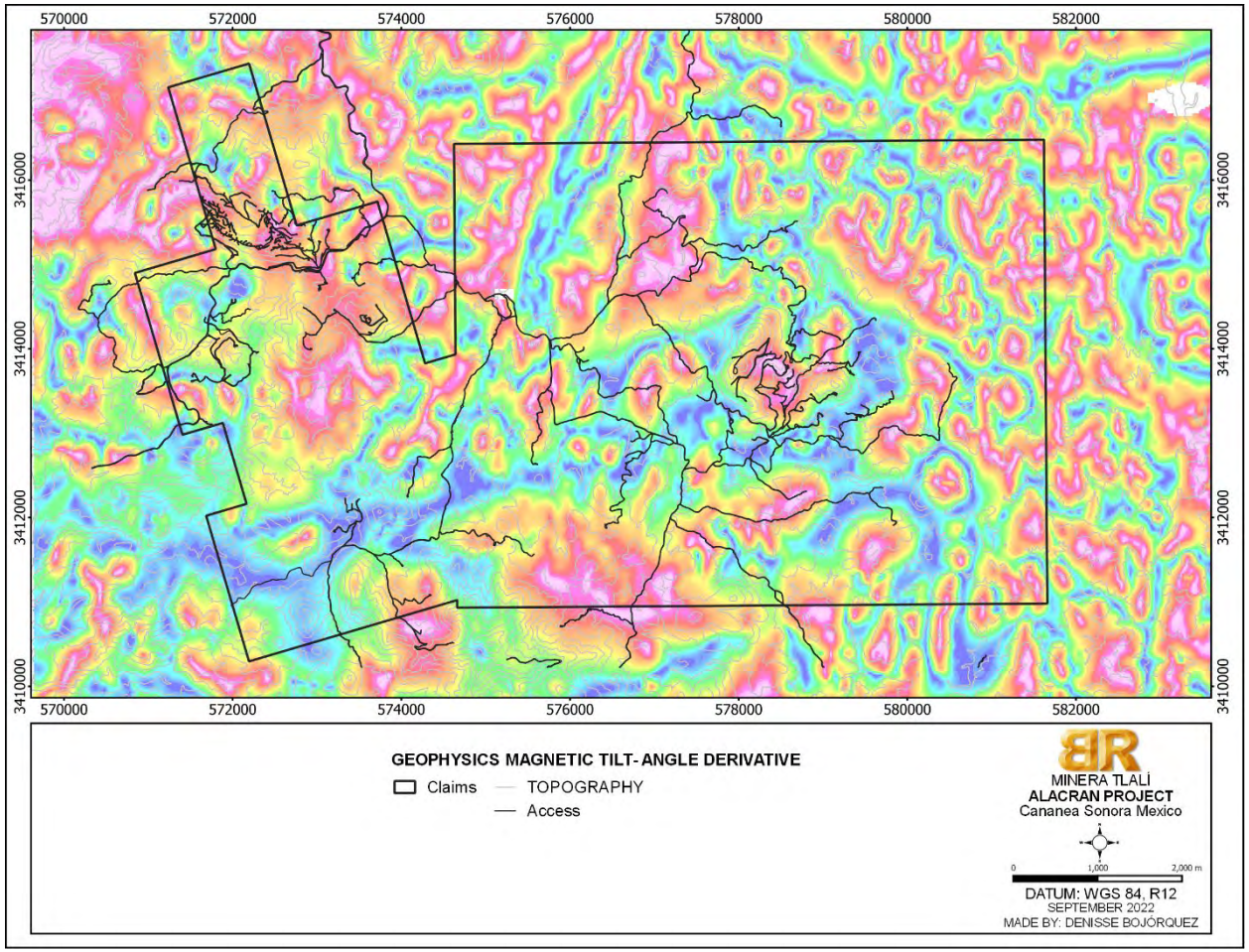


Figure 9-17: Spectral Image with Superimposed Drill Collars

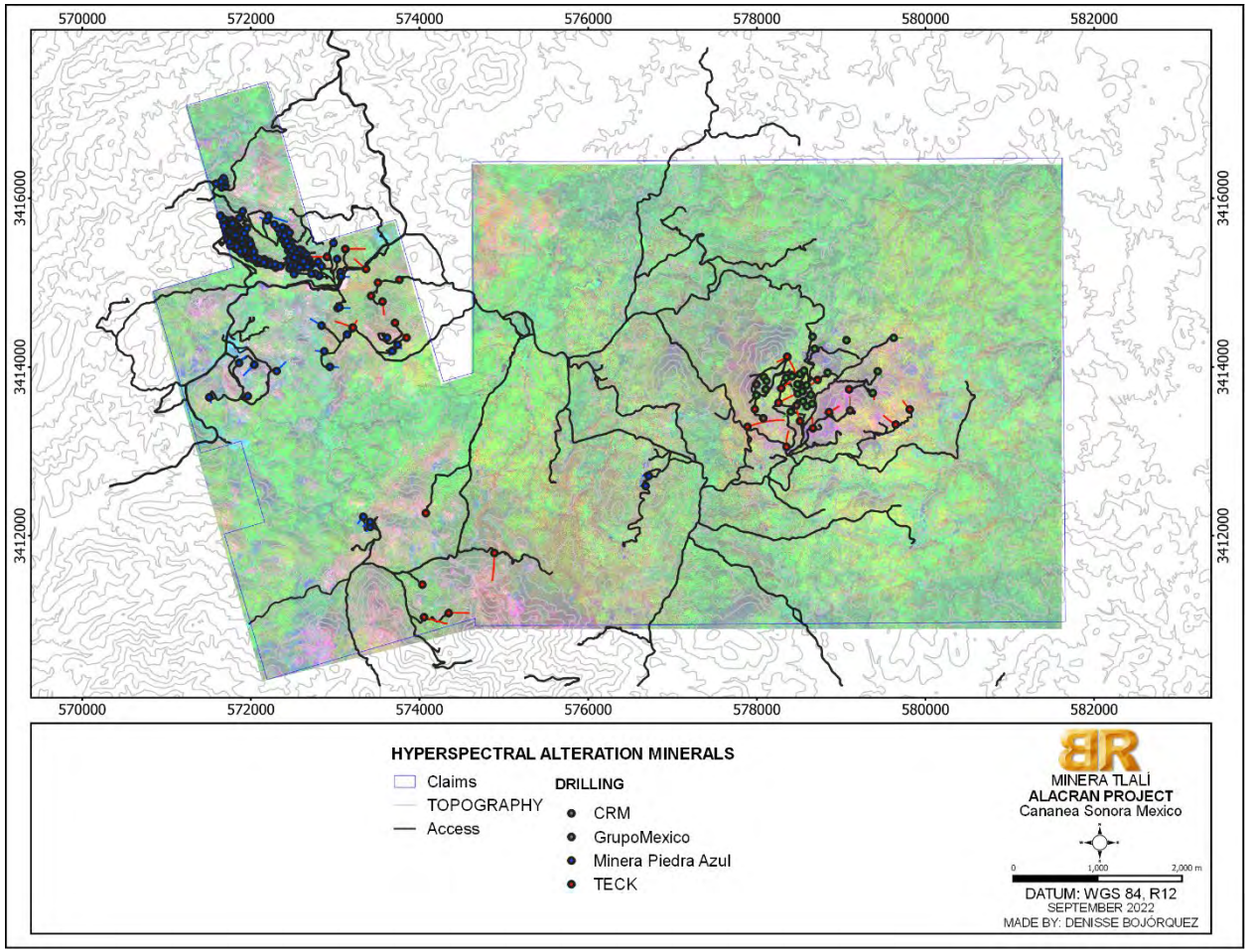
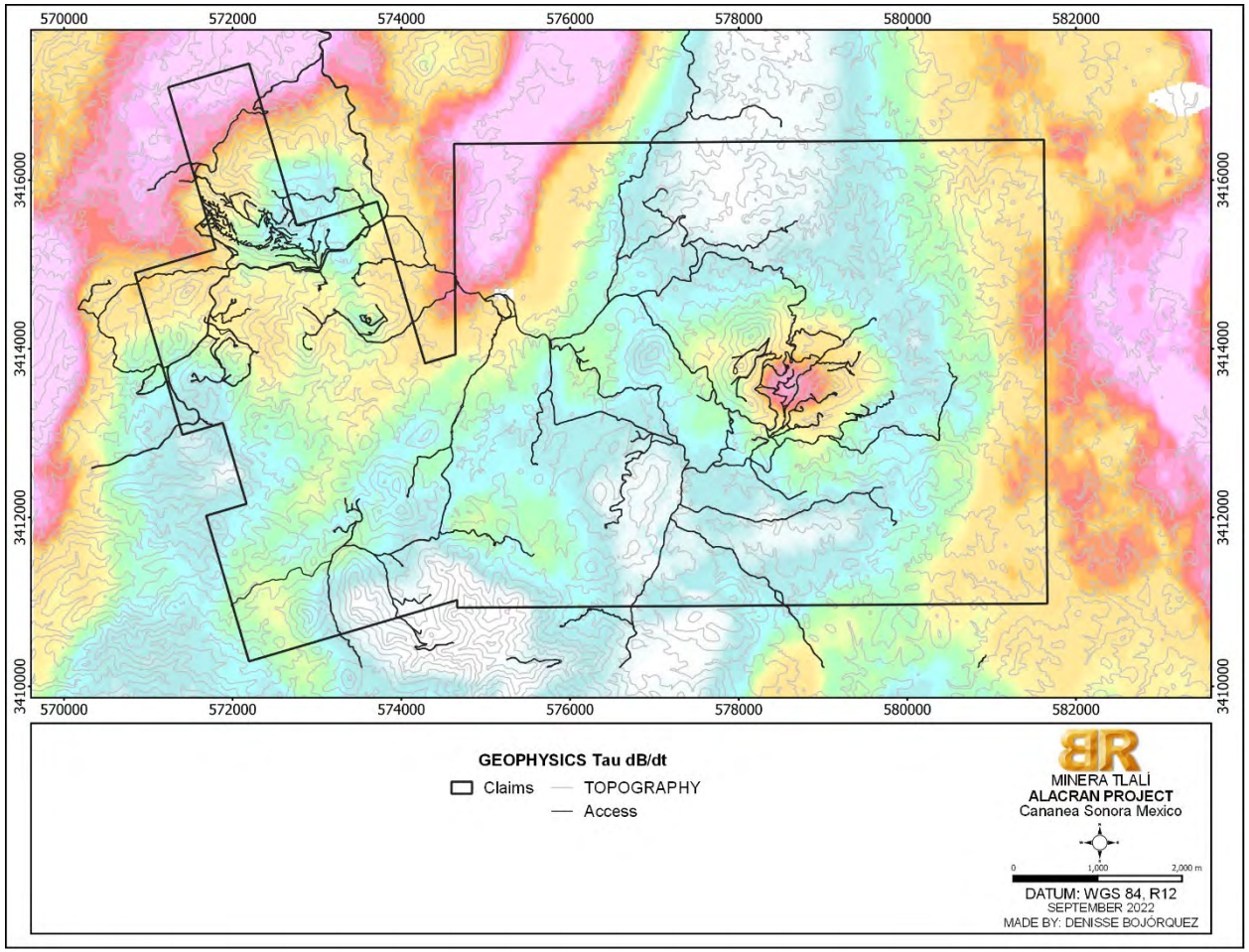


Figure 9-18: Tau Image



Consejo de Recursos Minerales completed an IP/resistivity survey in the Cerro Alacrán area. In 1981, Consejo de Recursos Minerales completed a gradient array IP survey (51.15 line-km) over the Palo Seco–Cerro Alacrán mine area and an IP/resistivity survey (95 line-km) over the La Morita area.

During 1981, the Mexican Geological Survey completed an IP survey in the Cerro Alacrán area. Survey details are not known. The survey identified strong and coherent chargeability and resistivity anomalies in the vicinity of the historical La Morita and San Simon mine workings.

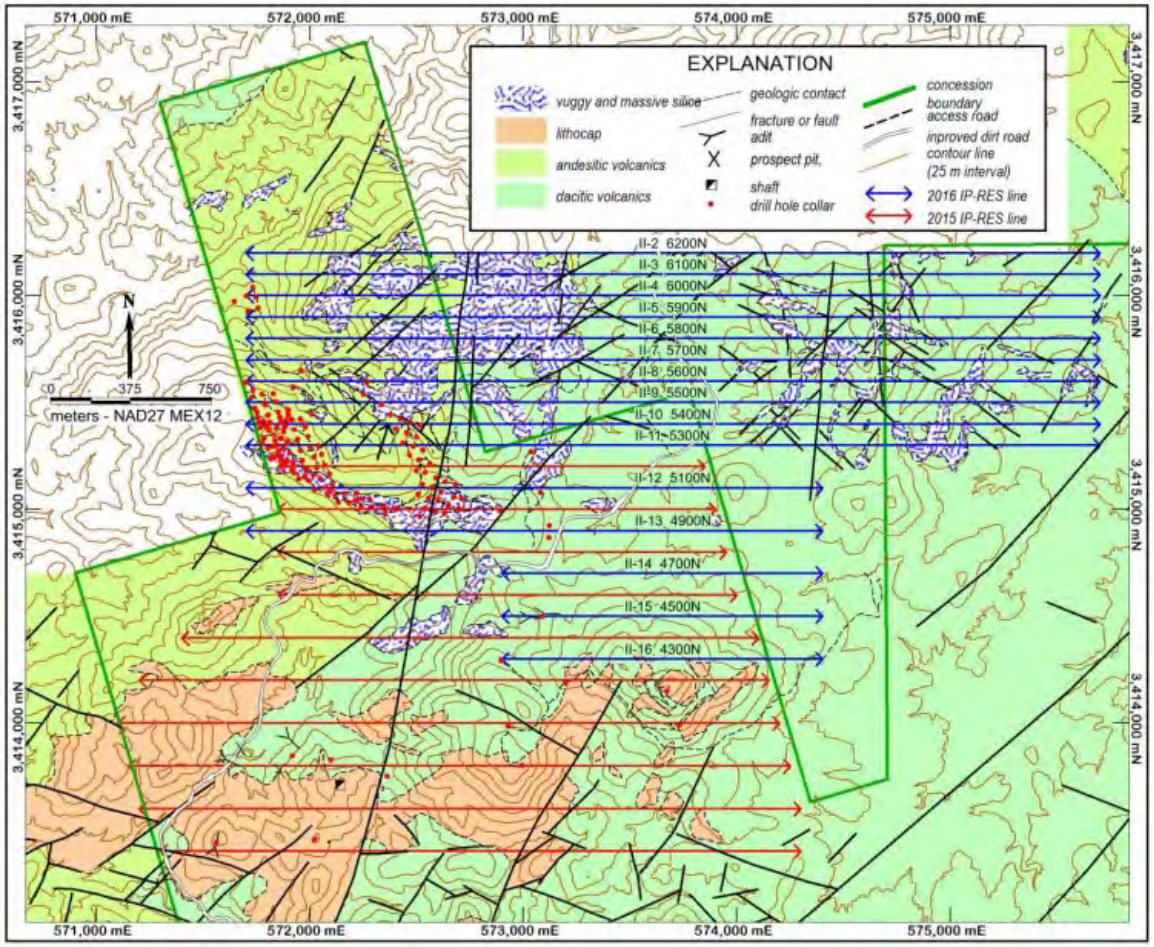
Azure contracted Geofísica TMC S.A. de C.V. (Geofisica) to complete an IP survey in 2015 over the western part of the Project area. Ten east–west lines were located in the La Morita area, essentially from Mesa de Plata to the area south of the La Morita adit. The survey was pole-dipole with 100 m spaced electrodes and readings every 50 m along 200-m spaced lines (Figure 9-19). This survey substantially covered the same area as the 1981 survey.

During April–May, 2016, Geofísica completed an IP–resistivity survey on behalf of Azure in the northwest part of the Alacrán Project. The pole-dipole survey was done with 100 m-spaced electrodes (N = 10) and readings every 50 m. Line spacing was 200 m in the south and 100 m in the north. The goals of the survey were to add more resolution to the resistivity anomalies discovered in the 2015 survey, cover the broad areas of silicification north of Mesa de Plata, and to find any obvious feeders to the hydrothermal system that formed the precious metals deposits at Loma Bonita and Mesa de Plata.

The broadest chargeability high identified in the 2016 survey was drill tested with several holes that indicate that the anomalies are a result of mixed layer clays and disseminated pyrite. Profiles of the resistivity sections at Loma Bonita and Mesa de Plata show that the silicification is lenticular and not very thick. Drilling in both areas supports the results from the resistivity survey profiles and depth slices.

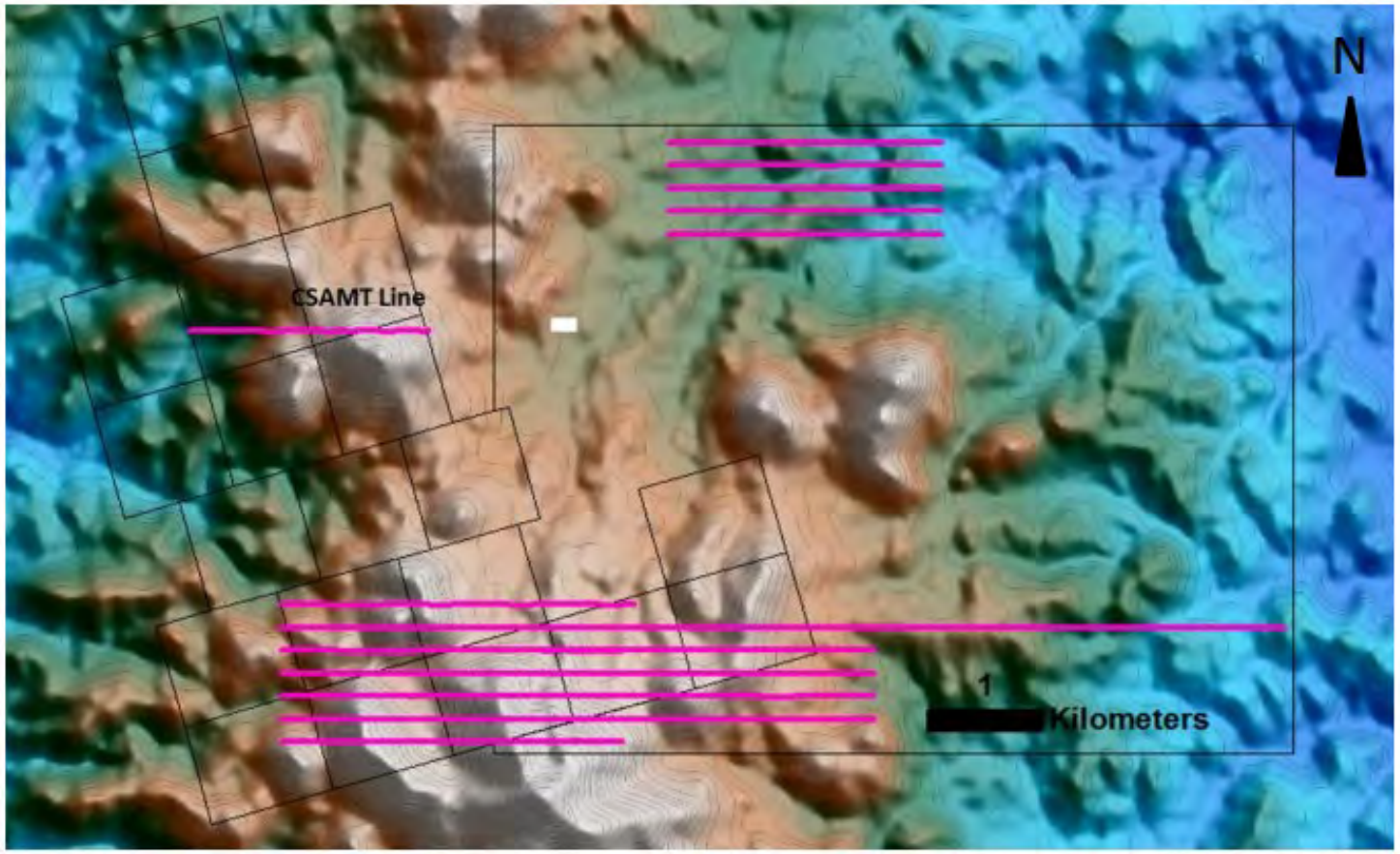
Zonge International (Zonge) was engaged by Teck to provide ground geophysical surveys over the Project area in 2017. In total, ~48 line-kms of IP surveying were completed as shown in Figure 9-20. This included 12 line kilometres over the Santa Barbara prospect, 21.6 line kms in the Cerro Colorado area, and a further 14.4 line kms over the Palo Seco prospect. A single 2.1 km line of controlled source audio magnetotellurics (CSAMT) was also surveyed in the La Morita and San Simon areas as a test of the technique. Induced polarization surveying was completed using a 30 kW Zonge IP system (Zonge GDP 24-bit receiver, Zonge GGT-30 Transmitter, ZMG-30DL generator). Data acquisition was completed in the time domain at a base frequency of 0.125 Hz using an inline pole-dipole array. A-spacing was 100 m, and minimum survey offset was n = 10, ranging to n = 14 in areas of spread overlap.

Figure 9-19: Azure Ground Geophysical Surveys, 2015–2016



Note: Figure from Hendrickson (2016).

Figure 9-20: 2017 Teck Geophysical Surveys



Note: Figure from Alfaro et al., (2017).

CSAMT instrumentation employed the same IP system. A remote grounded dipole (~1.5 km) source, ~ 3 km from the survey grid, and a standard scalar array with a station spacing of 25 m were used. Ex/Hy measurements were made at each station. Data acquisition was performed in the frequency domain across the 1–8,192 Hz range. Although Teck reported the survey criteria to Azure (Alfaro et al., 2017), no information is available to Bendito as to any interpretations of the data collected.

During 2018, Zonge completed a second survey consisting of 15 line-km across five east–west transects at a 200 m spacing array (Figure 9-21). The survey was completed using a 30 kW Zonge IP system (Zonge GDP 24-bit receiver, Zonge GGT-30 Transmitter, ZMG-30DL generator). Data were acquired in the time domain at a base frequency of 0.125 Hz using an inline pole–dipole in a 100 m spacing array. Although Teck reported the survey criteria to Azure (Catchpole et al., 2018), no information is available to Bendito as to any interpretations that were performed on the data collected.

9.8 Petrology

Ten samples were collected from representative host rock and mineralized rock samples by Teck personnel in 2018, and submitted to Vancouver Petrographics for thin and polished thin sections.

9.9 Theses

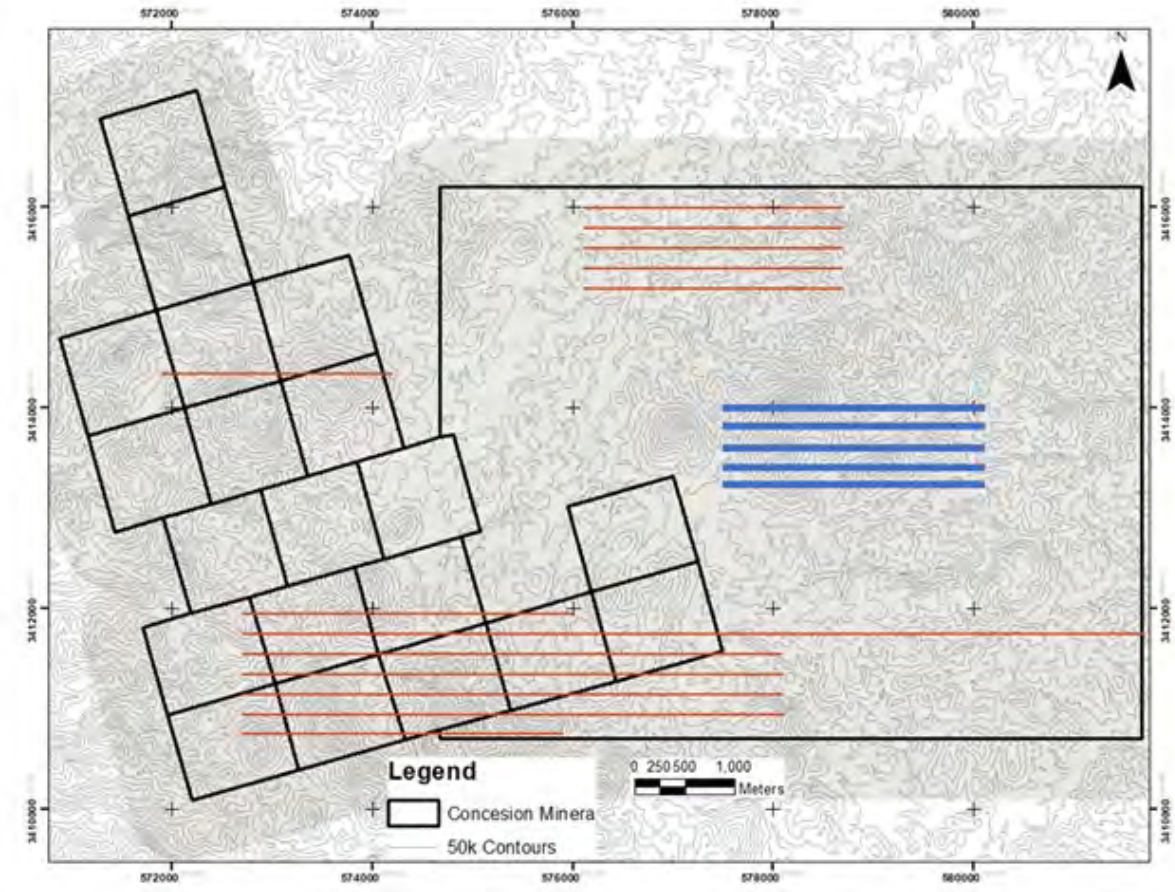
D.A. Dean completed an M.Sc. thesis at the University of Arizona, entitled “Geology, Alteration, and Mineralization of the El Alacran Area, Northern Sonora, Mexico” in 1975. The study focused on the geology and alteration of the Cerro Alacrán deposit, using detailed geological mapping, examination of thin and polished sections, core logging, and identification of mineralogy.

9.10 Age Dating

In an effort to constrain the timing of mineralization within the context of existing published radio isotopic age data of magmatic intrusions, Teck submitted samples of alunite to a commercial laboratory for age dating. Geochronex Analytical Services & Consulting Ltd. performed mineral separation, isotopic and compositional analyses, as well as calculations for K–Ar dates.

Two samples were selected from drill core at San Simon (MDPD-033) and Loma Bonita (MDPD-012). Age dates of 62.6 ± 1.6 Ma and 60.4 Ma ± 1.6 Ma respectively, were calculated from measured isotopic compositions. These dates overlap within error and are consistent with published Re–Os age dates for the Cerro Alacrán molybdenite porphyry mineralization at 60.9 ± 0.2 Ma and 60.8 ± 0.2 Ma (Alfaro et al., 2017).

Figure 9-21: Zonge Geophysical Survey Location Plan



Note: Figure from Catchpole et al (2018). Blue lines completed in 2018, orange lines in 2017.

9.11 Exploration Potential

The deposits and prospects outlined in Section 7.3 and Section 7.4 retain exploration potential. Bendito is actively reviewing available data to generate areas for follow-up exploration and drill targeting.

9.12 QP Comments on "Item 9: Exploration"

Exploration programs conducted to date have identified a number of mineralization styles within the Project area.

Bendito is actively reviewing available data to generate areas for follow-up exploration and drill targeting.

10.0 DRILLING

10.1 Introduction

Drilling completed on the Project was done by parties prior to Bendito's Project interest, and totalled 306 core and RC drill holes for 48,903 m. Of this, 31,167 m was core drilling (64% of total) and 17,736 m (36%) was RC. The drilling in the Project area is summarized in Table 10-1, and drill collar locations for those drill holes are shown in Figure 10-1.

Drilling in the Loma Bonita area is shown on Figure 10-2. Drilling in the Mesa de Plata area is shown on Figure 10-3.

Drilling was performed on a number of the prospects, as illustrated in Figure 10-4 (San Simon) and Figure 10-5 (La Morita).

10.2 Drill Methods

No information is currently available to Bendito on drilling completed prior to Consejo de Recursos Minerales' Project interest.

Consejo de Recursos Minerales drilling was completed at NX size (54.9 mm core diameter) and NXL size (54.7 mm), NQ (47.6 mm) and BQ (36.4 mm) sizing. The drill contractor was Geoca, S.A.

The Azure RC drill programs were completed using a 133 mm (5 ¼") diameter face-sampling bit with holes collared on an approximately 25 x 50 m to 50 x 50 m grid. The drill grid was oriented along strike (bearing approximately 160°) and across the strike (bearing approximately 70°) of the zone of mineralization. All RC drilling was completed in dry ground conditions. Drilling is both vertical and inclined along drill grid line orientations. Core was drilled at HQ (63.5 mm) and PQ (85 mm) sizes.

G4 Drilling Mexico S.A. de C.V. was contracted to complete the 2017 Teck drill program, and used three HTM-2500 drill rigs to collect HQ and NQ size cores.

Major Drilling de Mexico SA de CV was used in the 2018 Teck drill program, using two track-mounted VD6100PC drill rigs to collect HQ size core.

10.3 Logging Procedures

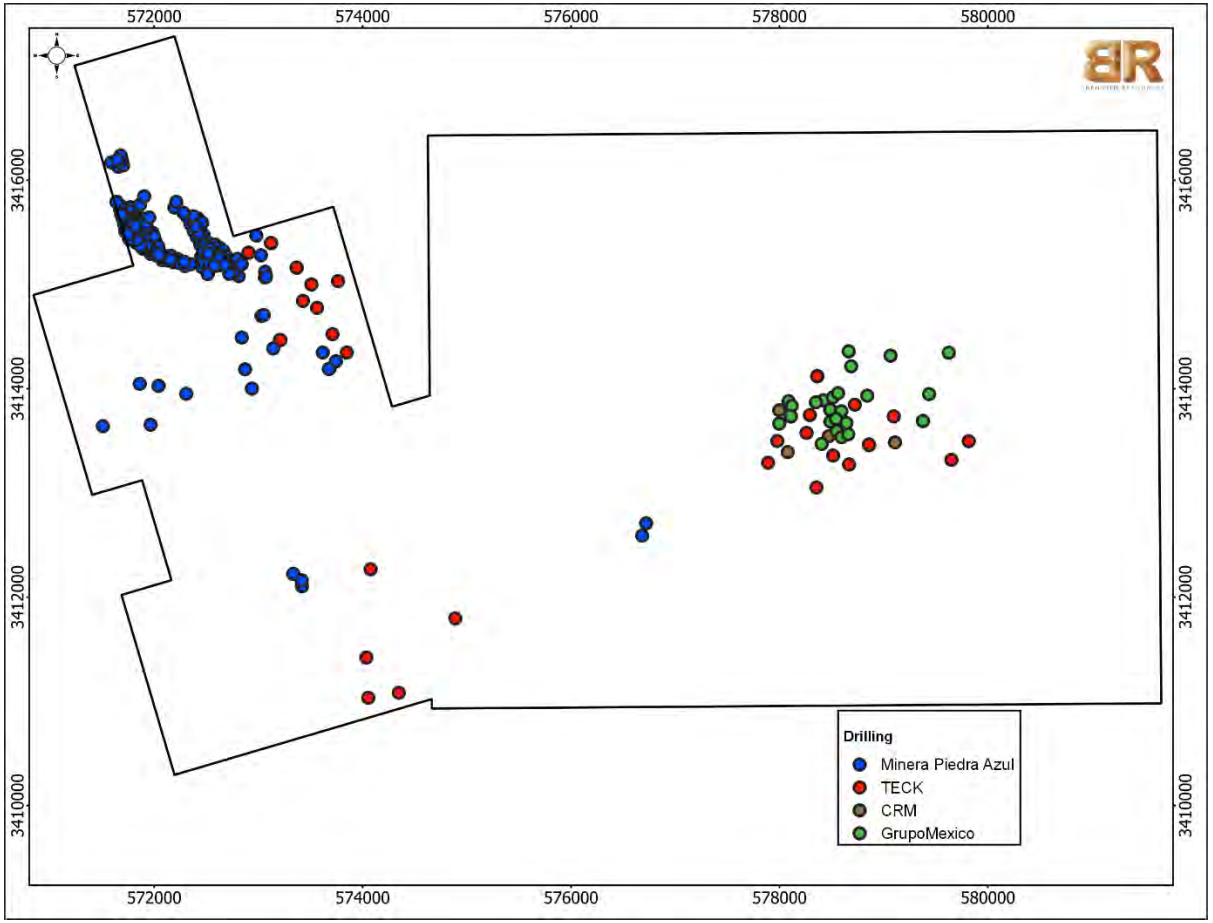
Logging by Azure personnel captured information such as rock type, textures, key minerals, oxidation, and colour. Rock quality designation was logged for the core holes. Azure core was photographed.

Table 10-1: Drill Summary Table

Company	Years	Prospect/Deposit	No. of Holes	Total Metres
Consejo de Recursos Minerales/Impulsora Minera de Sonora	1969–1970	Cerro Alacrán	6	1,073
Subtotal			*6*	*1,073*
Grupo Mexico	1991–1998	Cerro Alacrán	26	7,384
Subtotal			*26*	*7,384*
Azure	2015	Palo Seco	2	207
	2015–2016	La Morita	9	2,101
		Loma Bonita	48	7,838
		Mesa de Plata	140	10,291
		San Simon	4	1,003
Subtotal			*201*	*21,233*
Teck	2017	Loma Bonita	4	1,441
	2017–2018	Alacrán	16	9,148
		Cerro Colorado	5	1,999
		San Simon	10	2,868
Subtotal			*35*	*15,456*
Azure	2019–2020	Loma Bonita	26	2,514
	2020	Gregors	4	627

Company	Years	Prospect/Deposit	No. of Holes	Total Metres
	2020	Mesa de Plata	3	179
	2020	San Simon	3	233
Subtotal			*36*	*3,553*
Total all drilling			***306***	***48,903***

Figure 10-1: Drill Collar Location Plan



Note: Figure prepared by Bendito, 2022.

Figure 10-2: Drill Collar Location Map, Loma Bonita

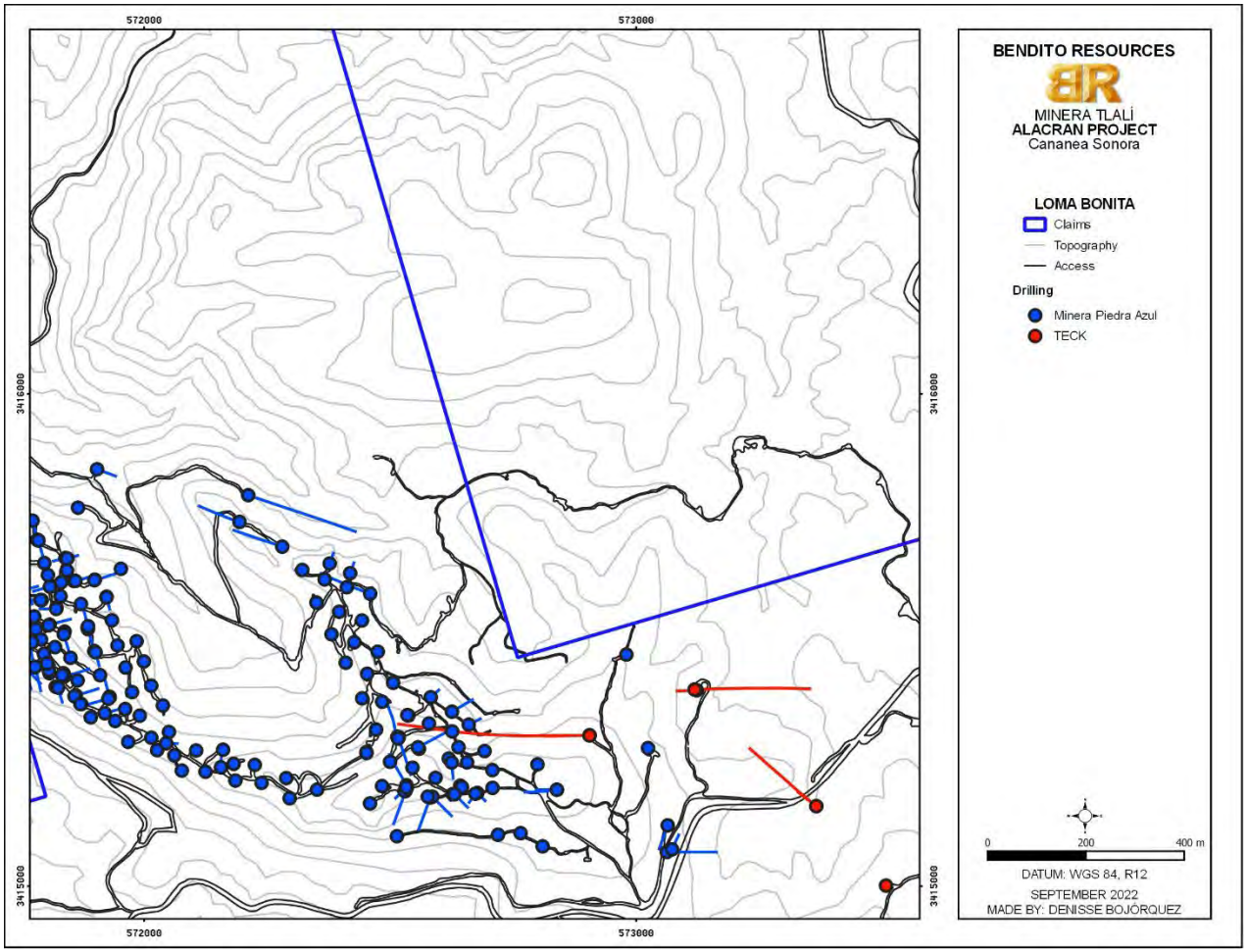


Figure 10-3: Drill Collar Location Map, Mesa de Plata

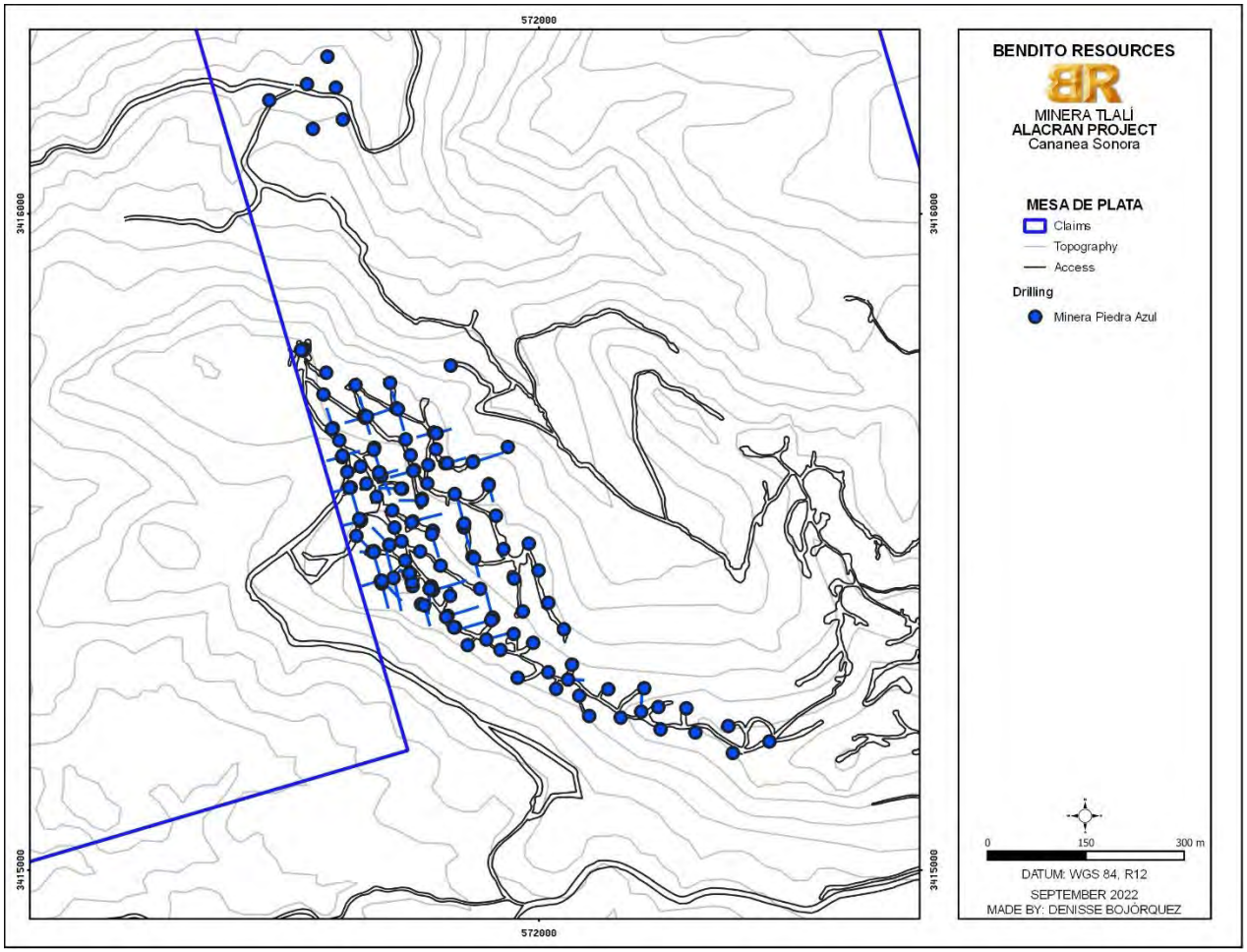


Figure 10-4: Drill Collar Location Plan, San Simon

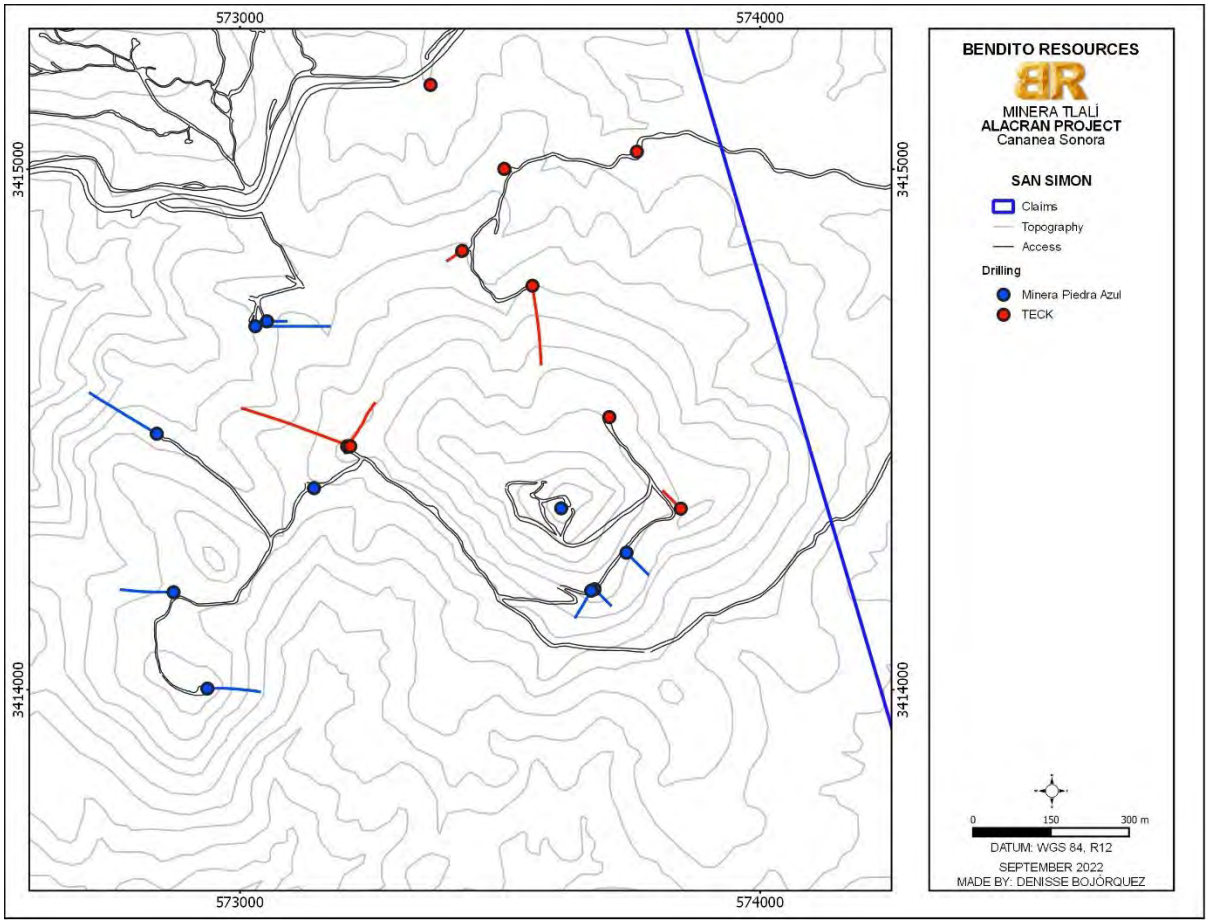
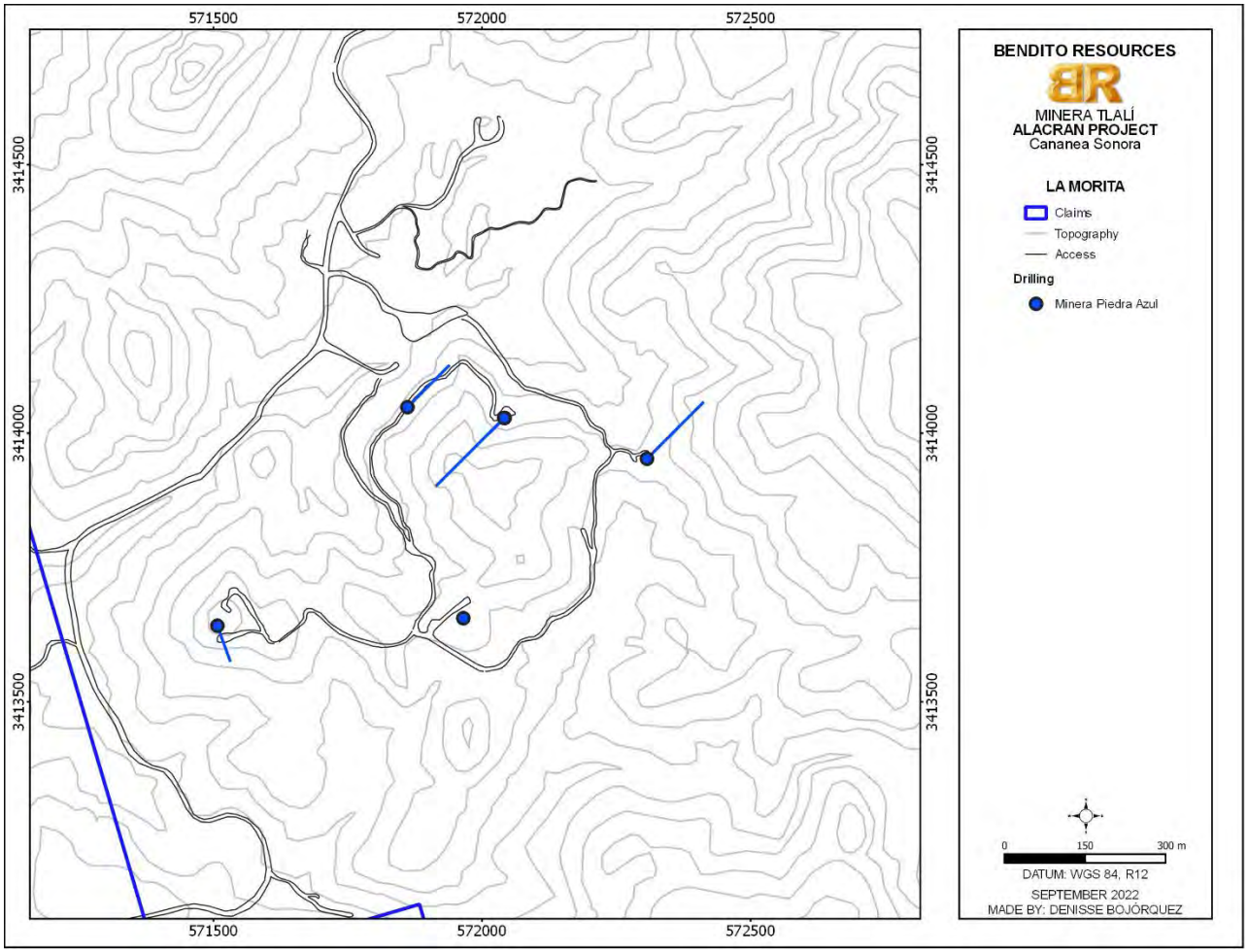


Figure 10-5: Drill Collar Location Plan, La Morita



Geological logging was completed by Teck personnel using electronic tablets with MX Deposit software and paper logs to capture lithology, structure, texture, veining, alteration, and mineralization. Magnetic susceptibility and shortwave infrared (SWIR) spectral measurements (ASD TerraSpec) were collected at regular 3 m intervals.

In May 2017, Teck reviewed and relogged approximately 1,600 m of drill core and 570 m of RC chip trays from selected drill holes completed in the Mesa de Plata, Loma Bonita and San Simon areas during the 2015–2016 Azure drill campaigns to gain a better understanding of the geology, alteration, and mineralization styles. A second re-logging campaign completed in June 2017 focused on 800 m of core from the San Simon area.

10.4 Recovery

Core recovery was estimated by Azure personnel as the recovered core length divided by drill run length, with core blocks in the core trays used as the records of run length. The average core recovery at Mesa de Plata was 86% for all core holes drilled with approximately 20% of core intervals having a core recovery of <70%, whereas at Loma Bonita, the average core recovery was 86% for all core holes drilled with about 20% of core intervals having a core recovery of <70%.

Teck's core drilling programs during 2017 and 2018 achieved core recoveries of 93% with approximately 4% of core intervals having a core recovery of <70%.

10.5 Collar Surveys

Drill collars were initially located in the field by Azure personnel using a hand-held global positioning system (GPS) instrument. Collars were subsequently picked up by a licensed surveyor using differential GPS equipment.

Collar locations during Teck's 2017 and 2018 drill programs were sited and staked by geologists using a hand-held GPS instrument. In 2018, Teck commissioned Consultoría Geológica GV to survey drill collars. A high-precision Trimble R10 GNSS System was used, and two control points were established that had an observation period of between 5–8 hours. A total of 35 drill holes were surveyed with observation periods of 10 minutes each.

10.6 Downhole Surveys

No down hole surveys were completed on vertical RC drill holes, as the down hole deviation for relatively short RC holes (<100 m) was assumed by Azure to be negligible.

Down hole surveys were done on the core holes every 30 m, and all of the PQ holes plus the last two HQ core holes (MDPD-036 and 37) were oriented with a Reflex ACT III tool. A gyroscopic

survey tool was used to do down hole surveys on RC holes MDPC-060 to MDPC-088 and holes MDPC-103 to MDPC-128.

Teck used a Reflex EZ-shot tool to collect down-hole survey deviation measurements every 50 m during the 2017 and 2018 drilling campaigns.

10.7 Sample Length/True Thickness

Drill holes at Mesa de Plata and Loma Bonita were collared on a 50 x 50 m grid, with some infill drilling at Mesa de Plata to 25 x 50 m. The drill grid was oriented approximately along and across the strike of the mineralized zones. The general trend of the geology and mineralization is flat-lying and, as such, the drilled thicknesses in the vertical drill holes approximate the true mineralized thicknesses.

10.8 Drill Intercepts

A complete table of drill intercepts from the drilling completed by parties prior to Bendito's Project interest is provided in Appendix A. This table includes the drill hole location, azimuth and dip and intercept depths with corresponding analytical results.

Example drill sections showing the mineralization were included for Loma Bonita in Figure 7-13 to Figure 7-16, and for Mesa de Plata in Figure 7-19 to Figure 7-22. These sections show examples of the mineralized intercepts, including zones of high grade, zones of low grade, higher-grade intervals within a lower-grade sequence, and zones where no anomalous gold or silver values were intersected.

10.9 Geotechnical Investigations

Azure retained third party consultants SRK Consulting (US) Inc. (SRK) during 2016 to undertake geotechnical core logging of selected drill core and to provide suggestions for slope angles for a potential open pit mining scenario. The 2016 field data collection consisted of geomechanical core logging and discontinuity orientation, point load testing, and laboratory rock strength testing on nine geotechnical drill holes.

SRK noted the following (Hoge and Wellman, 2017):

- *"The core observed and analyzed indicates that the weak andesite will control wall geometry and final wall angles. A harder cap rock consisting of vuggy quartz is present in the pit walls, but the deeper and weaker andesite units will control stability. With the volcanic geology present, the local dip of bedding or foliation features and any clay layers are key to stability. As a result, detailed mapping of flow or foliation features or major*

structures should be completed. These features should be mapped and projected to the final pit wall";

- *"Overall slope angles at 50° to 55° are acceptable for final Interramp wall angles for slope heights less than 75 m. Batter face angles of 65° to 80° may be selected for bench heights of 15 m or less, depending on the mining equipment selected for excavation. These angles are feasible based on rock mass classification alone. More detailed investigation is required if Azure wants to steepen the walls with bolting options".*

10.10 QP Comments on "Item 10: Drilling"

Bendito has completed no drill programs at the Report effective date.

The QP reviewed drill data to:

- Determine if the historical estimate discussed in Section 6.2 that was based on those data was suitable for public disclosure;
- Determine if the drill plans proposed by Bendito are reasonable for exploration purposes.

The QP notes, for the Azure and Teck drilling, that the drill data can be used to guide areas to be drill tested by Bendito, can be used in exploration vectoring and for geological interpretations, and could be used to support future Mineral Resource estimates for gold and silver.

Bendito are still in the process of assessing what historical drilling information is available for Cerro Alacrán. A complete verification of the drill programs completed by Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico is required prior to contemplation of any Mineral Resource estimate for Cerro Alacrán. The QP considers that the drill data collected in the period 1969–1998 can be used to support geological interpretations, but will require additional verification to allow those data to be used for support of any future Mineral Resource estimate.

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

Sampling and analysis completed on the Project was done by parties prior to Bendito's Project interest.

11.1 Sampling Methods

11.1.1 Geochemical Sampling

11.1.1.1 Azure

Rock chip sampling was done using hammer and chisel, and most samples were continuous chips averaging 2–3 kg. Grab samples and select chip samples were also collected and the sample method was noted in the sample books, together with hand-held global positioning system (GPS) coordinates. Samples were sent for assay, and no blanks, standards, or duplicates were inserted into the sample stream.

Azure staff made all efforts to sample the B1 horizon when collecting soils for analysis. Samples were typically around 500 g, and field sifted with a plastic colander to remove coarse rock fragments. The -80-mesh fraction was sent for standard fire assay and inductively-coupled plasma (ICP) analysis. The samples analyzed with the Delta XRF unit were dried before testing.

11.1.1.2 Teck

Rock chip samples contain a minimum of 2 kg of material. For every sample, an additional chip sample is stored separately in chip trays for hyperspectral measurements.

Approximately 1.5 kg of material was collected from mineral soils that occurred below the silica deflation layer and, if applicable, below the organic rich layer. The upper 5–10 cm of the soil horizon was the target layer. To collect the sample, the top 10 cm of material over a 1 m^2 area was loosened and removed, clearing an area for sampling the material below. The following 10 cm of sediment layer was loosened, well homogenized, and sampled.

11.1.2 Drill Sampling

11.1.2.1 Azure

Azure sub-sampled the RC drill hole cuttings over 1.5 m intervals. The primary 1.5 m lot mass was about 48 kg and was reduced to an approximately 6 kg sub-sample using three successive

passes through a single tiered Jones riffle splitter. All RC holes were split dry; no water was encountered.

Core holes were sampled on nominal 1.5 m intervals. One core program used 10 ft rods, which were sampled on 5 ft intervals, which approximated a 1.5 m sample interval. Samples of longer or shorter length (0.15–1 m) were collected as necessary to terminate the sample on geological features of interest.

Core was sampled by cutting the core in half with a wet diamond saw blade along the core axis to prepare a ½-core sample. The ½-core sub-sample was then wet-cut along the core axis to prepare a ¼-core sub-sample for laboratory dispatch. The second half of core and residual ¼ core was retained in core trays and was selectively used for density measurements.

11.1.2.2 Teck

Teck sampled half-core on approximately 1.5 m intervals. Samples could be longer or shorter than 1.5 m, where terminated on geological features of interest.

11.2 Metallurgical Sampling

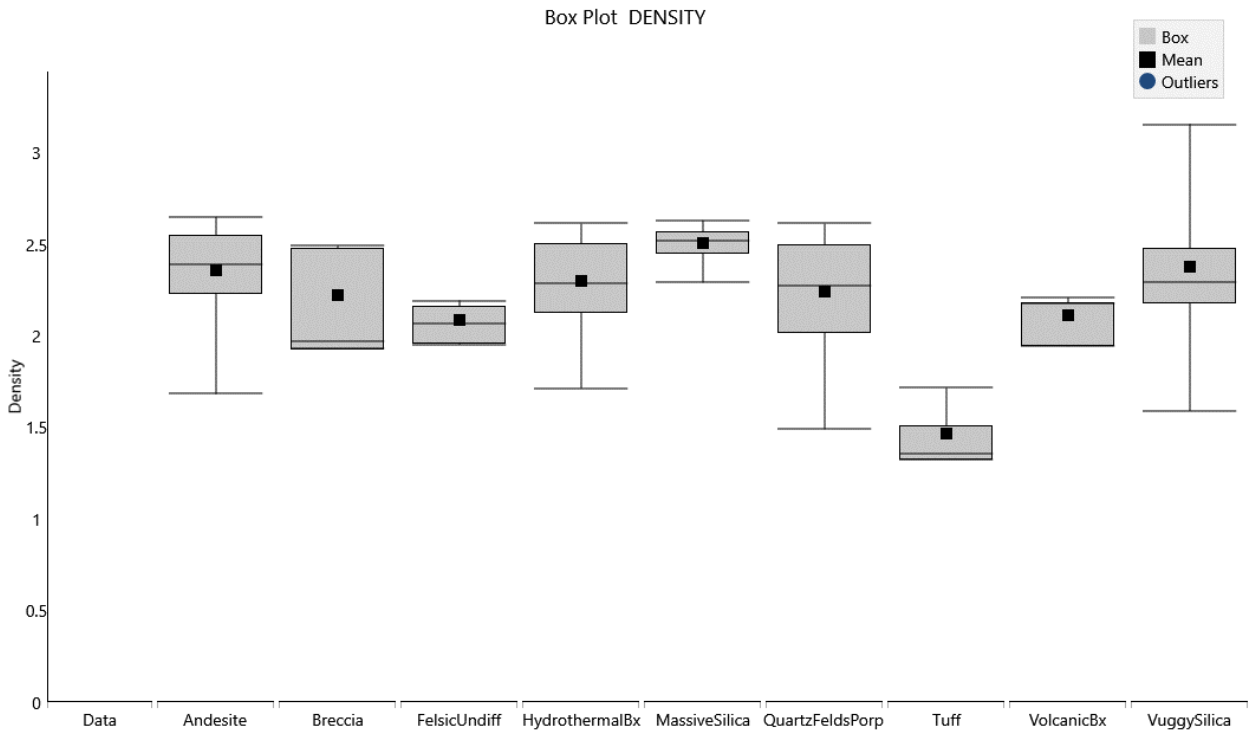
For the PQ holes drilled for metallurgical purposes at Mesa de Plata, Azure collected a fillet sample for assay purposes, so as to retain the bulk of the sample for metallurgical testing. The fillet sample was cut longitudinally along the core axis with a thickness of approximately 25 mm.

11.3 Density Determinations

Azure measured core volumes using a laser scanning method on 10 cm long ½ and ¼ core specimens. The method was selected in an attempt to account for voids in the core samples. The core samples were then weighed to determine the sample mass. The final density was calculated as mass divided by volume.

Density values for Mesa de Plata range from 1.48–4.35 with a mean of 2.37 g/cm^3. Density values for Loma Bonita are lower and range from 1.32–2.61 with a mean of 2.14 g/cm^3. Both populations have an approximate normal distribution. Figure 11-1 shows the density distribution within specific lithologies.

Figure 11-1: Density



Number of samples	83	4	5	28	28	27	5	6	44
Max	3.12	2.48	2.18	2.60	2.63	2.61	1.73	2.20	4.35
97.5% quantile	2.63	2.48	2.18	2.60	2.61	2.60	1.71	2.20	3.13
Upper quartile	2.53	2.47	2.15	2.49	2.55	2.49	1.50	2.17	2.46
Median	2.38	1.95	2.05	2.27	2.50	2.26	1.35	2.16	2.28
Lower quartile	2.22	1.92	1.95	2.11	2.43	2.00	1.32	1.94	2.16
2.5% quantile	1.67	1.92	1.94	1.70	2.27	1.48	1.32	1.93	1.58
Min	1.64	1.92	1.94	1.70	2.27	1.48	1.32	1.93	1.54
Mean	2.34	2.20	2.07	2.28	2.49	2.23	1.46	2.10	2.36
Standard Deviation	0.26	0.27	0.10	0.23	0.09	0.28	0.16	0.11	0.40
CV	0.11	0.12	0.05	0.10	0.03	0.12	0.11	0.05	0.17

Note: Figure prepared by Bendito, 2022.

11.4 Short-Wave Infrared Analysis

Select Azure drill core and RC chip trays were submitted by Teck for hyperspectral scanning at the CoreScan facilities in Hermosillo, Mexico. Products delivered include high-resolution core photography (50 µm), true and false colour image composites, mineral match images, classification maps, and numerical logs.

Preliminary results showed variability in the sodium and potassium composition of alunite, possibly indicating a vector to core areas of the hydrothermal system. Results from Mesa de Plata show a strong positive correlation of silver values and hydrous silica. Alunite distribution was found at the base of the silicified units below the hydrous silica. Based on the results of the study, short-wave infrared (SWIR) analysis is considered an effective exploration tool for the Project area.

Bendito is in the process of compiling the Azure data. Information compiled to 31 August, 2022, are provided in Figure 11-2 (Azure SWIR data collected at La Morita) and Figure 11-3 and Figure 11-4 (Azure and Teck SWIR data collected, respectively, at Gregors).

TerraSpec handheld spot analyses were routinely completed at an interval of 3 m on 2017 Teck core at the Teck core shed in Cananea and submitted to AusSpec. Chip samples were collected in chip trays during grab rock sampling over the Project area, allowing for systematic spectral coverage over the Project area.

Bendito is in the process of compiling the available TerraSpec data. Data compiled as at 31 August, 2022, are shown in Figure 11-5, for the Azure programs and in Figure 11-6 for the Teck programs.

The data indicate a deepening of the alteration systems from alteration styles typical of high sulphidation epithermal settings in the northwest of the Project area at Loma Bonita/Mesa de Plata to a transitional setting to the south and east and may be reflecting the presence of a buried porphyry system. Cerro Alacrán displays typical porphyry alteration styles.

11.5 Analytical and Test Laboratories

Laboratories used during the Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico programs are not known.

The Azure and Teck samples were sent to the Bureau Veritas laboratory in Hermosillo, Sonora, Mexico (Bureau Veritas Hermosillo) for sample preparation and the Bureau Veritas laboratory in Vancouver, Canada, for analysis (Bureau Veritas Vancouver).

Figure 11-2: Short-Wave Infrared Analysis, La Morita

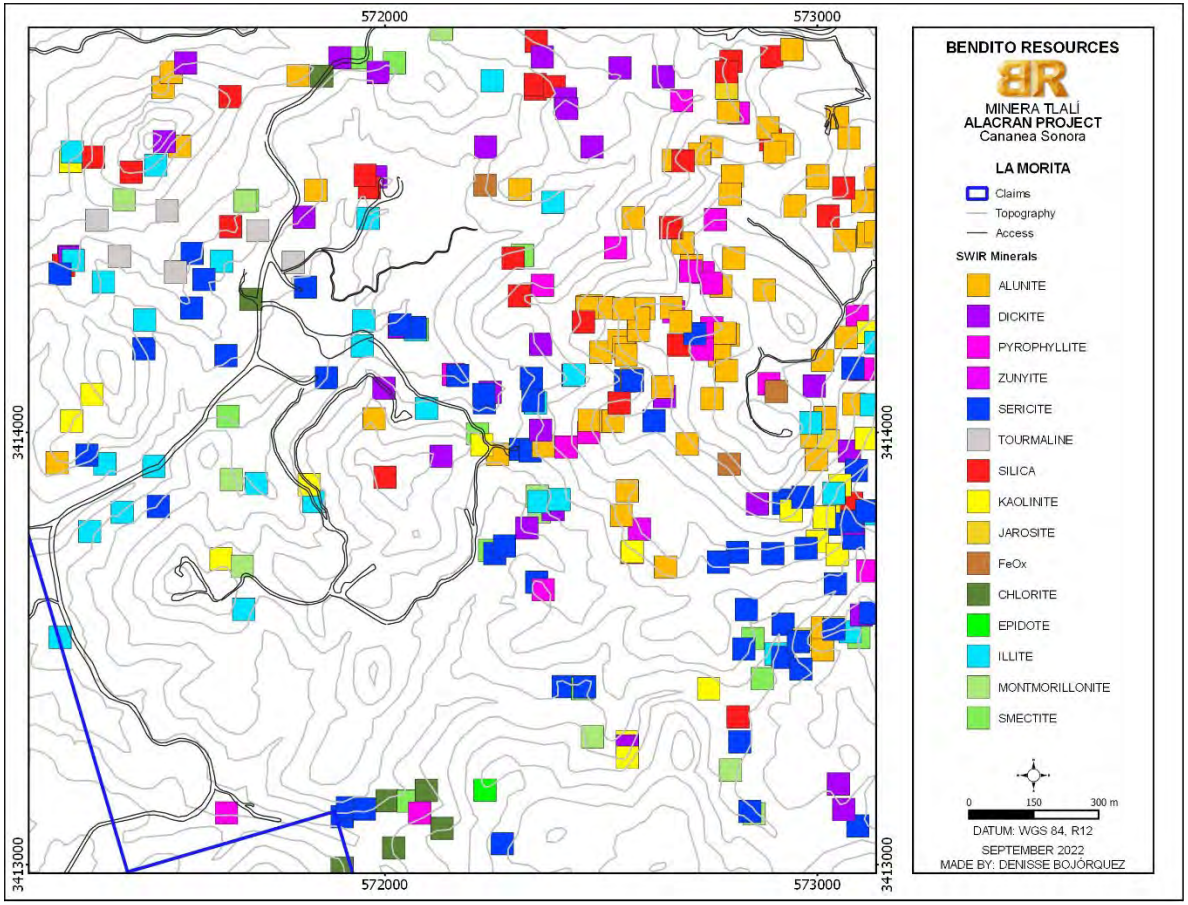


Figure 11-3: Short-Wave Infrared Analysis, Gregor

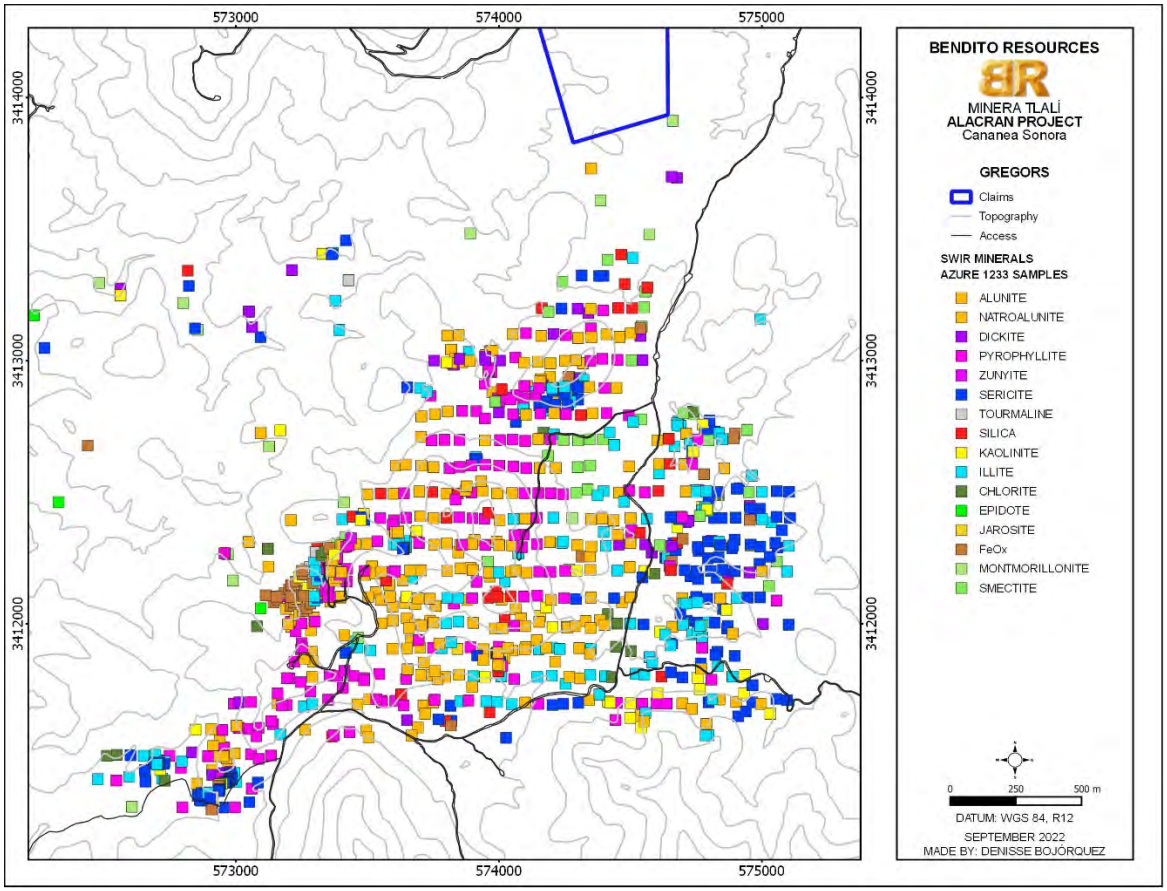


Figure 11-4: Short-Wave Infrared Analysis, Gregor

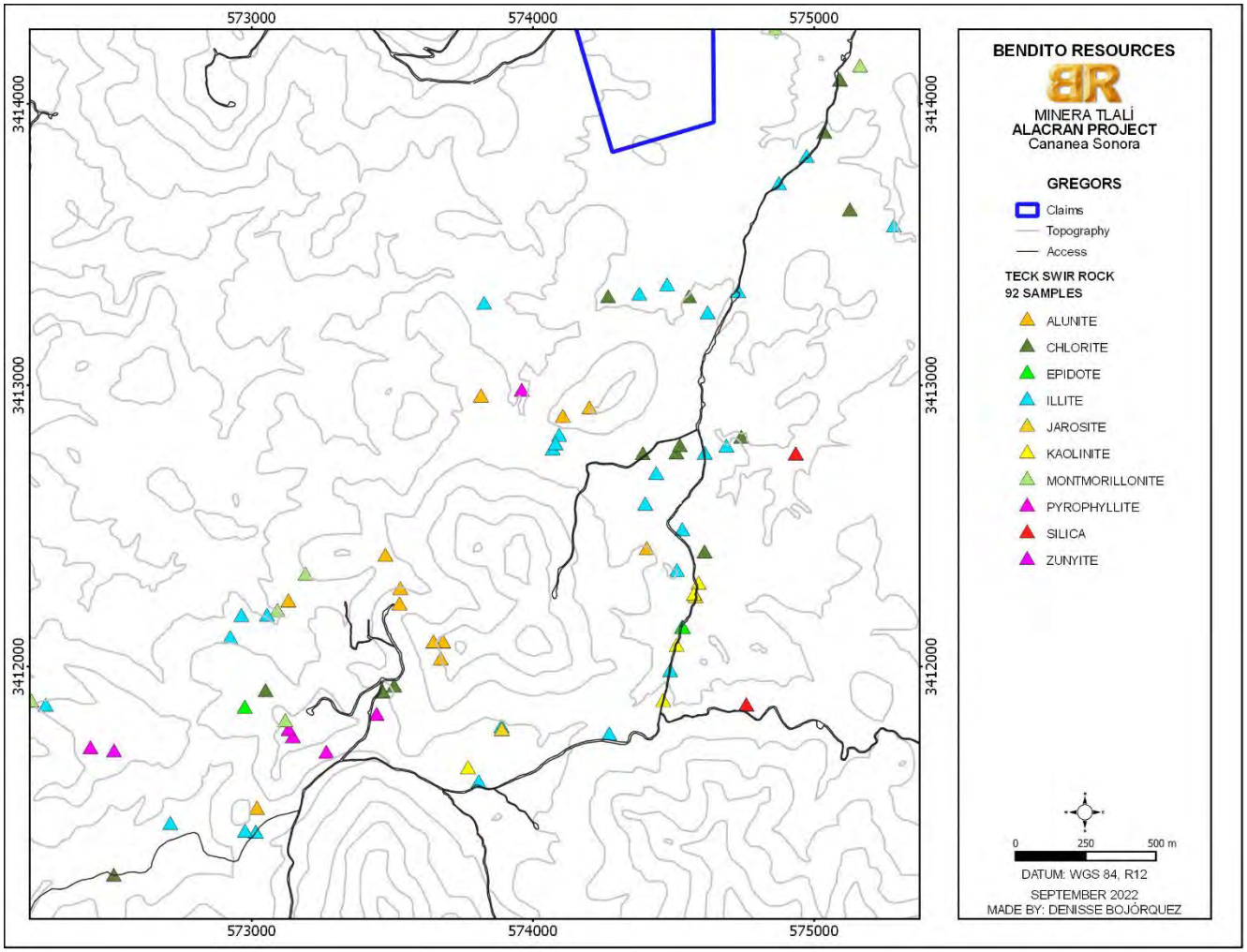


Figure 11-5: TerraSpec Map, Azure

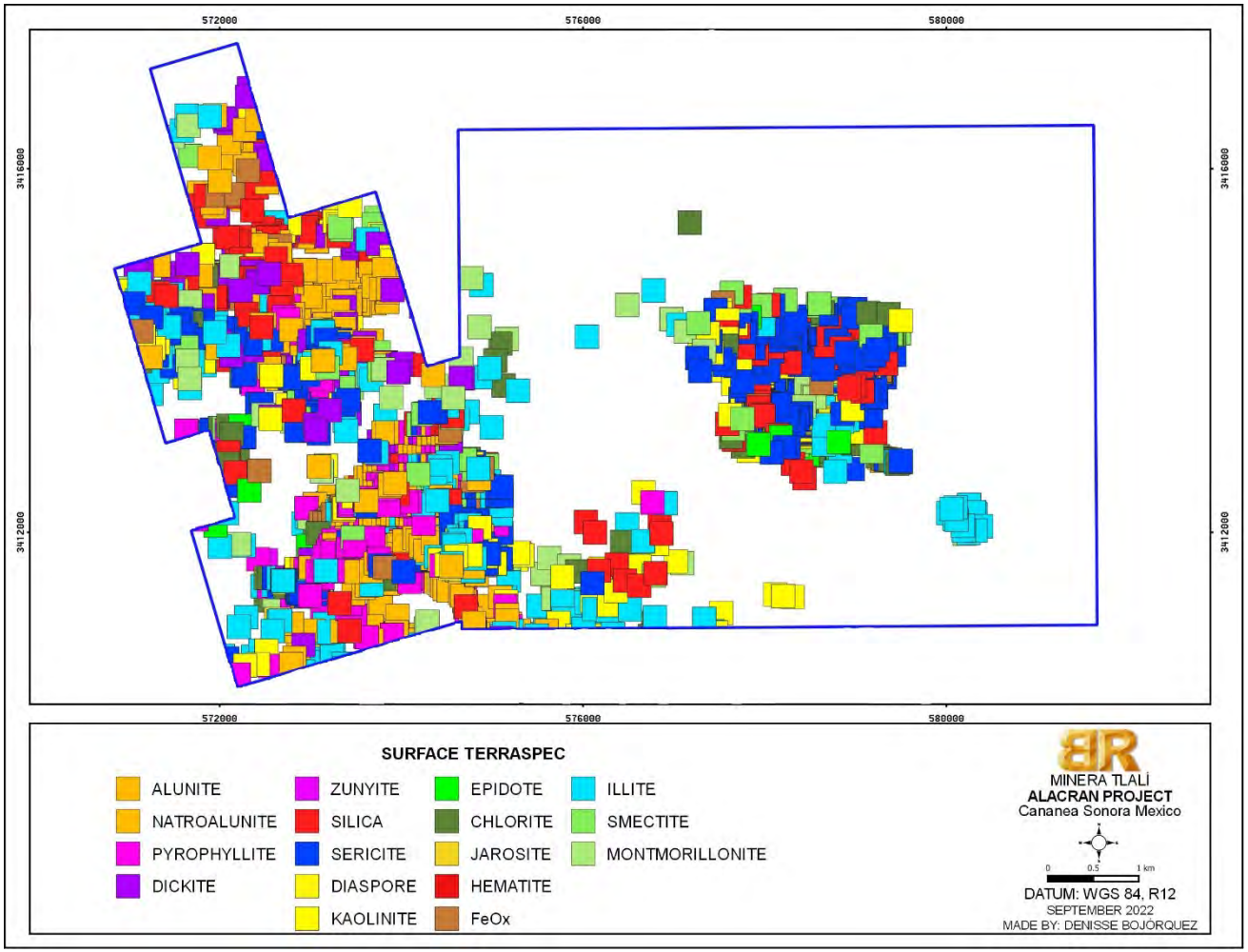
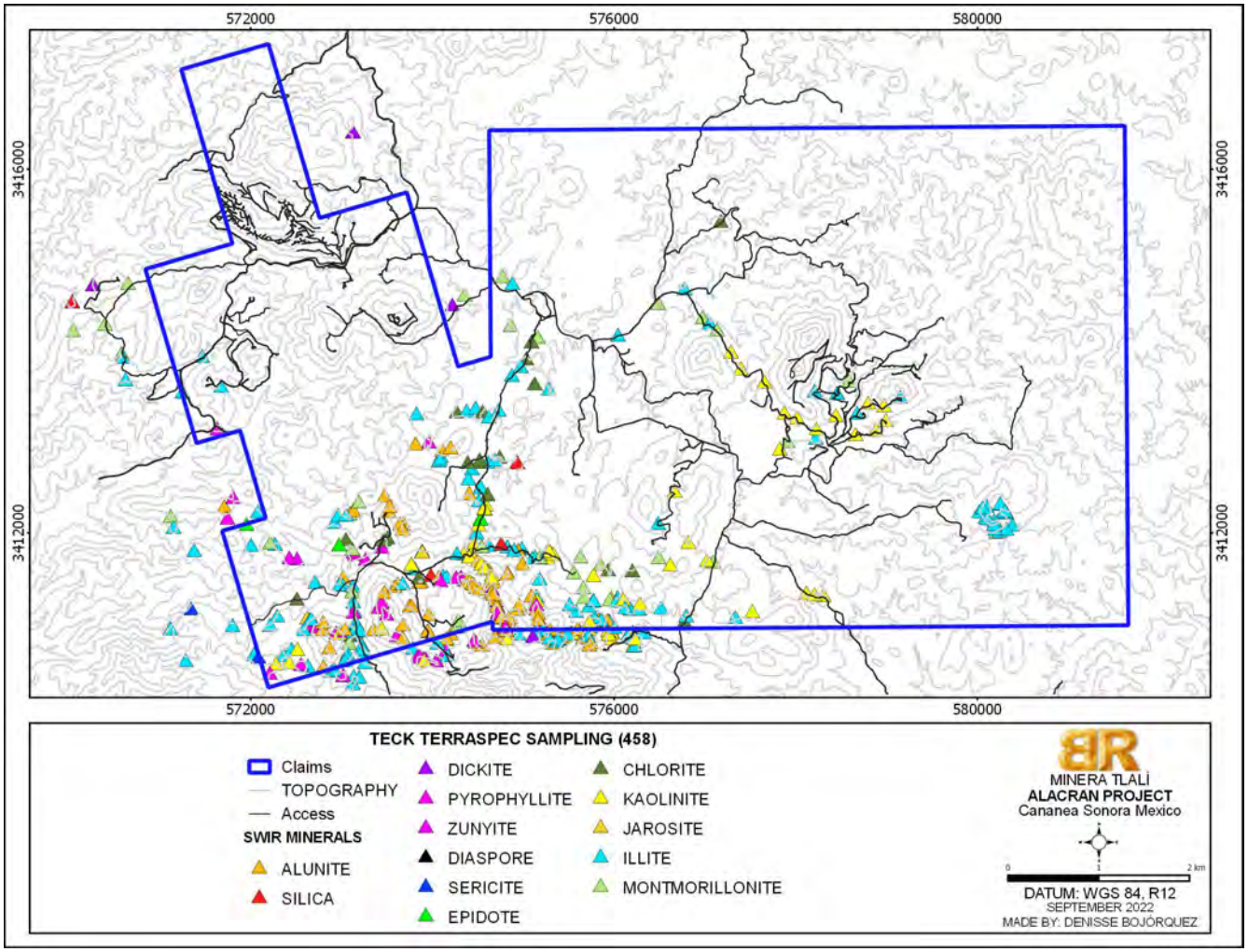


Figure 11-6: TerraSpec Map, Teck



The two Bureau Veritas laboratories were independent of Azure and Teck, and are independent of Bendito. The Bureau Veritas Vancouver laboratory holds ISO17025 accreditations for selected analytical techniques. The Bureau Veritas Hermosillo laboratory had ISO 9001:2008 accreditations.

11.6 Sample Preparation

11.6.1 Azure

The same sample preparation methods were used for all geochemical, RC and core samples.

Azure dispatched all field samples in batches of 60 to 70 samples to Bureau Veritas Hermosillo. The laboratory dried, weighed and then crushed the whole sample to 70% passing 2 mm. A 250 g sub-sample was collected using a riffle splitter or rotary splitter from each sample, and pulverized to 85% passing 75 µm. The 250 g sample pulps were dispatched via courier to Bureau Veritas Vancouver for gold and silver analysis.

11.6.2 Teck

Teck despatched samples to Bureau Veritas Hermosillo, where the laboratory dried, weighed and then crushed the whole sample to 70% passing 2 µm, and pulverized to 85% passing 75 µm. A 300 g sub-sample was collected.

Coarse reject material was sieved to create a 2–4 mm grain size subsample, by sampling material that passed through a 4 mesh and was caught by a 10-mesh sieve. The coarse sample was rinsed, dried and placed in a chip tray for SWIR analysis.

11.7 Analysis

11.7.1 Azure

The same initial analytical methods were used for all geochemical, RC and core samples.

Analytical methods at Bureau Veritas Vancouver included a four-acid digestion of an aliquot from the pulp (collected by spatula) then analysis of the re-dissolved digestion salts using inductively coupled mass spectroscopy (ICP–MS) – method MA300 for silver. The lower detection limit of the MA300 method for silver is 0.5 ppm and the upper precision limit is 200 ppm.

For the geochemical analyses, over-limit assays were re-analyzed by MA370 (by ICP–emission spectroscopy (ES) for base metals grading >1%) and FA530 (by fire assay with gravimetric finish for silver grading >200 ppm).

For the majority of RC and core analyses, if results from MA300 analyses were found to exceed 200 ppm Ag, Bureau Veritas Vancouver collected a second aliquot from the pulp to be analyzed using method FA530-Ag, which is a 30 g charge fire assay method that has a 50 ppm Ag detection limit, followed by gravimetric analysis of the silver in the fire assay prills. For the last batch of assays (the last five RC holes drilled at Loma Bonita) the threshold to trigger a FA530 analysis for silver was reduced to 90 ppm Ag.

The analytical technique used for gold grade determination was a fire assay method followed by atomic absorption spectroscopy (AAS) analysis. The analytical method used was FA430, which is a 30 g charge fire assay with an AAS finish. The maximum detection limit for gold is 10 g/t Au. All AAS results of >10 g/t Au from core and RC samples were re-analyzed by assay method FA530, which is a 30 g charge fire assay with gravimetric finish. Both methods are considered a total digest for gold.

11.7.2 Teck

All analysis was performed at Bureau Veritas Vancouver.

The Azure pulps were re-assayed for gold using fire assay (method FA330).

Rock chip and SWIR samples were assayed using either ICP-atomic emission spectroscopy (AES) or ICP-MS determination. Method MA250 used a multi-acid digest, and reported values for Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, Hf, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, S, Sb, Sc, Se, Sn, Sr, Ta, Th, Ti, U, V, W, Y, Zn, and Zr. Method AQ250 used an aqua regia digest, and reported values for Ag, Al, As, Au, B, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, Hg, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Pd, Pt, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, and Zr.

Soil samples were assayed using either ICP-AES or ICP-MS via method AQ 250.

Drill samples were assayed for a multi-element suite by either ICP-AES or ICP-MS. Methods included AQ250, and MA270. Gold was determined by fire assay (method FA330).

11.8 Quality Assurance and Quality Control

11.8.1 Azure

For sub-sampling and assay quality control monitoring Azure:

- Submitted replicate DC ¼-cores anonymously to the laboratory in order to monitor the precision of this sub-sample type.

- Instructed the sample preparation laboratory to collect replicate riffles splits of samples received, in order to monitor the precision of samples prior to crushing;
- Instructed the laboratory to collect and assay replicates of pulp samples in order to monitor the precision of the pulp material dispatched for assay;
- Submitted known grade value pulp references anonymously to the laboratory in order to monitor the accuracy of grades reported;
- Submitted nominal barren 'blank' samples anonymously to the laboratory in order to monitor potential cross contamination between samples during sample preparation.

11.8.2 Teck

11.8.2.1 Soil and Rock Chip

Each group of 20 rock samples included one standard, one field duplicate and one coarse blank. Three types of certified standard were included at regular intervals to cover low metal concentrations, as well higher gold–silver values and copper.

Each group of 20 soil samples included one standard, one field duplicate and one pulp blank. Field duplicate samples were obtained from a second pit located 2–3 m away from the primary pit. Two types of certified standards for high and low gold concentrations were included at regular intervals.

11.8.2.2 Drilling

The responsible geologists and laboratory technicians inserted QA/QC samples into sample batches at the core shed facility, the preparatory laboratory and assay laboratory. The insertion rate ranged from 17–20 in 100 samples, typically comprising standards, ½ core duplicates, coarse crush duplicates, pulp duplicates, and blanks.

In addition, 5% of the samples were selected as check assays, and Bureau Veritas Vancouver was instructed to set a portion of the pulp reject material aside for to use in umpire sampling.

11.8.2.3 Re-sampling

A total of 1,051 pulp samples of Azure drill hole assays were submitted by Teck for re-analyses as part of an umpire sampling program to an independent laboratory to check the reproducibility of results from the original laboratory. From select drill holes, one primary sample out of every 20 samples was selected. No information is available to Bendito as to any results or interpretations by Teck on these data.

Analysis of trace element geochemistry conducted by Teck in early 2017 indicated the possibility for gold mineralization in previously un-assayed sections of Mesa de Plata drill holes, given certain pathfinder geochemistry signatures. Teck selected 2,935 pulp samples from previous geochemical laboratory assay of 60 RC drill holes for gold fire-assay analyses in order to evaluate the gold content at Mesa de Plata. Except for two drill holes, all gold assays were <0.1 g/t for the Mesa de Plata area.

11.8.3 Amec Foster Wheeler Review

Amec Foster Wheeler performed a review of the available QA/QC data in 2016, in support of the historical mineral resource estimates outlined in Section 6.2. Observations included (Murphy, 2016a, 2016b):

- Loma Bonita:
  - A comparison of RC and core samples indicated no trends in gold or silver grades. Larger samples of core tended to be lower grade, with smaller sample intervals focused on higher grades;
  - 20% of samples have less than 70% recovery. There is no correlation between recovery and gold or silver grades;
  - Evaluation of gold and silver standards gave acceptable results. There is some evidence of some sample mix-ups, likely the result of incorrect identification of the actual standard submitted, and some of the standard best values may not be reliable;
  - Evaluation of blank data indicates no cross-contamination;
  - Evaluation of splitter RC and quarter core replicate data and pulp duplicate data indicates good spatial coverage, and a similar grade/variability to all gold and silver data, with no significant bias between the routine and the replicate samples;
  - Density data show good coverage along strike. Tuff values in the high-grade zone have the lowest density, and density values are generally high in the lower-grade zones
- Mesa de Plata
  - Core holes are reporting lower grades than RC drill holes. The hypothesis is that silver is being lost due to washing of fines from core holes. If washing is not the cause then RC silver grades could be locally overstated by 10 to 15%. The issue remains unresolved;

- A comparison of RC and core samples indicated no trends in silver grades. Larger samples of core tended to be lower grade, with smaller sample intervals focused on higher grades;
- Evaluation of silver standards gave acceptable results. Some of the standard best values may not be reliable;
- Evaluation of blank data indicates limited instances of cross-contamination;
- Evaluation of splitter RC and quarter core replicate data and pulp duplicate data indicates good spatial coverage. There was a similar grade/variability to all RC and quarter core silver data, with no significant bias between the routine and the replicate samples for RC and quarter core samples. In the case of the sample preparation pulp duplicates, the routine sample grade was generally lower than the grade returned by the replicate sample. In the case of duplicate analytical pulps, the duplicate data were biased high relative to all data statistics, with the bias >30 g/t (small on average but increasing with increasing grade). This may indicate poor laboratory sampling practices in the preparation laboratory affecting higher-grade samples.

11.9 Databases

The database is being loaded to an MX Deposit database which is a Seequent product. The database is maintained in a cloud environment for which MX Deposit ensure data security including backups.

In addition to this, Bendito will do regular exports of the database to have their own backed up versions of the data in the database.

11.10 Sample Security

11.10.1 Azure

At the drill sites, Azure personnel collected RC riffle split samples into labelled calico sample bags, with the ticket-book method used to track samples and ensure the calico-bag samples were correctly labelled.

The RC sub-samples were placed into larger polywoven plastic bags, and those bags were tied with a numbered tamper-proof seal which were then used to track sample dispatches.

The polywoven bags were transported by Azure personnel to an interim storage facility (core yard) in the nearby town of Cananea, where Bureau Veritas Hermosillo personnel regularly collected the samples for transport to the laboratory.

Core was collected into plastic sample trays, which were labelled to record the drill hole name and intervals, then secured with a core tray lid and ties before transport to Azure's Cananea core-yard for cutting and sample dispatch. Once cut, core underwent the same sample transport and security protocols as the RC samples.

Bureau Veritas Hermosillo and Azure personnel cross-checked sample dispatch information to ensure all samples were received as expected (according to dispatch sheets) before assay preparation commenced.

Core was stored at Cananea in a fenced and secured core yard. Crusher reject and pulp reject samples were stored in the core yard facility in a well-organized manner on under-cover shelving and racks.

11.10.2 Teck

No information is currently available to Bendito on the sample security measures that Teck used for sample despatch to the laboratories.

11.11 QP Comments on "Item 11: Sample Preparation, Analyses, and Security"

In the opinion of the QP:

- Sample collection, preparation, analysis and security for RC and core drill programs completed by Azure and Teck are in line with industry-standard methods for gold–silver deposits;
- The Azure and Teck drill programs included insertion of blank, duplicate, and standard reference material samples;
- QA/QC results from those programs do not indicate any problems with the analytical programs (refer to discussion in Section 12);
- The Azure and Teck data were subject to validation, which includes checks on surveys, collar co-ordinates, and assay data. The checks are appropriate, and consistent with industry standards at the time the checks were completed (refer to discussion in Section 12);
- Sample security during the Azure and Teck programs was not historically monitored. Sample collection from drill point to laboratory relied upon the fact that samples were either always attended to, or stored in the locked on-site preparation facility, or stored in a secure area prior to laboratory shipment. Chain-of-custody procedures consisted of sample

submittal forms to be sent to the laboratory with sample shipments to ensure that all samples were received by the laboratory.

The QP is of the opinion that the quality of the gold and silver analytical data from the Azure and Teck programs are sufficiently reliable to support future Mineral Resource estimation.

The QP reviewed available analytical data to:

- Determine if the historical estimate discussed in Section 6.2 that were based on those data were suitable for public disclosure;
- Determine if the drill plans proposed by Bendito based on the analytical data available are reasonable for exploration purposes.

Bendito are still in the process of assessing what historical sampling and QA/QC information is available for Cerro Alacrán. A complete verification of the copper data collected in the drill programs completed by Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico is required prior to contemplation of any Mineral Resource estimate for Cerro Alacrán.

12.0 DATA VERIFICATION

12.1 Internal Data Verification, Azure

12.1.1 Twin Hole Drilling

At Mesa de Plata, four HQ diamond holes twinned RC holes and one core hole was inserted into the 50 x 50 m pattern. Azure found that the core silver assays were biased negatively when comparing the twin RC holes. Specifically, comparison of the silver grade in the core holes to the twinned RC holes revealed on average that the core grades were 17% lower than the RC grades over similar mineralized intervals. This bias is hypothesized to be due to the washing of fine silver-bearing minerals from vuggy and/or porous core during core drilling or core cutting. More work is needed to test and confirm the presence and source of any bias.

12.2 External Data Verification

12.2.1 Hedenquist, 2016

Azure contracted Hedenquist Consulting, Inc. in 2016 to examine the Alacrán Project area and comment on the mineralization setting. The northwestern portion of the Alacrán property, north of La Morita, was reviewed in the field during 19 and 20 January, 2016, and drill core and cuttings were also examined.

Hedenquist (2016), noted the following.

> *"The silicic zones at Mesa de Plata, Loma Bonita, Punta del Oro and San Simon are typical of silicic lithocaps of residual quartz and quartz–alunite of the style that host precious metal high-sulfidation deposits. Some silicic zones on the Alacrán property have been mineralized with silver ± gold and then supergene oxidized.*
>
> *Initial mineralogical study of the silver-bearing Mesa de Plata zone shows an association of silver with bromian chlorargyrite and lead–antimony-bearing iron oxides; there is also primary quartz, alunite, aluminum phosphate and aluminum–phosphate–sulfate minerals of the alunite supergroup, barite, kaolinite and supergene jarosite and plumbo-jarosite, all typical alteration minerals of this deposit style.*
>
> *The silicic and quartz–alunite lithocap horizon that is mineralized with silver ± gold at Mesa de Plata is hosted by a crystal tuff (and a dacitic unit at San Simon), and underlain by an andesite that appears variably altered and mineralized locally with zinc and locally lead or copper, but no gold or silver.*

The Loma Bonita area, north of Mesa de Plata, shows highly anomalous gold and silver along a silicic ridge that may constitute, in part, a feeder structure; it projects to the peak of Mesa de Plata, east–southeast of which is also mineralized with gold as well as silver. Initial drilling here suggests that oxidized silicic alteration extends deeper than that along the lithocap to the west–northwest.

Feeder structures, where they occur, are likely to be relatively high angle and may contain higher grades than in adjacent horizons of mineralized lithocap; these structures must be defined and tested with angled holes. The lithocap and feeder-zone potential for silver ± gold must be examined over the whole property, given that the level of erosion in the northwestern portion of Alacrán is relatively shallow, as defined by the outcropping lithocaps of silicic and advanced argillic alteration. Where quartz–alunite alteration outcrops, relatively low Au values (~20–50 ppb) may be marginal to a deeper silicic zone with mineralization potential, and thus such alteration anomalies must be adequately drill tested.

As a corollary, there are known porphyry copper systems adjacent to the lithocap at La Morita and further east in the district at Palo Seco and El Alacrán; this potential may have to be tested to at least ~1 km depth given this shallow erosion level, unless there is tilting of the stratigraphy and/or vertical offset along faults that caused a deeper level to be exposed at the surface.

To the east there are small workings on epithermal quartz veins with precious and base-metal mineralization, typical of the intermediate sulfidation style that are distal to porphyry copper centers; this further supports the relatively shallow depth of erosion, and may provide useful vectors during exploration of the porphyry systems in the district".

12.2.2 Amec Foster Wheeler, 2018

As part of preparation of the historical mineral resource estimate for Loma Bonita discussed in Section 6.2, Murphy (2017) reviewed the quality sample results (replicates, reference and blanks) and confirmed that acceptable levels of precision, accuracy and lack of cross contamination were present in the database that supported that estimate. Murphy (2017) completed a number of reviews as part of the estimation process, including conversations and question-and-answer sessions with Azure's senior geological staff in Perth, e-mail communications with Azure's site personnel, and completed a review of quality data and original data records.

Murphy (2018) supervised hand-held XRF analyses of a selection of core specimens from the Mesa de Plata deposit and found that the cores contained silver concentrations with the same order of magnitude as those determined from assays of the other core half or quarter samples.

12.3 Data Verification by Qualified Person

The QP visited the Alacrán Project from 12–13 September, 2022.

12.3.1 Field Inspection

The QP walked over the ridges forming the Mesa de Plata and Loma Bonita prospect areas and confirmed the presence of alteration and mineralization in outcrops and sub-crop. A strong northeast–southwest structural control to hydrothermal and crackle breccias is evident. This coincides with property-scale northeast–southwest oriented structures and a property-scale lithological contact between andesites and dacite volcanic agglomerates.

12.3.2 Collar Checks

The QP collected hand-held GPS coordinates from eight drill holes on the Project and compared the coordinates with those found in the database (Table 12-1). The differences in the easting and northing coordinates are generally less than 5 m.

In the opinion of the QP, the results adequately verify the accuracy of the drillhole locations at the Project.

12.3.3 Witness Sampling

The QP collected two rock chip samples from outcrop or sub-crop at Mesa de Plata and Loma Bonita. The QP supervised the sampling, and personally delivered the samples to the ALS sample preparation laboratory in Hermosillo on 16 September, 2022.

The samples were analyzed by method Au-AA23 (lead fire assay with a 30 g sample) and ME-ICP41(35 element aqua regia digest followed by ICP-AES). Assay results are shown in Table 12-2.

12.4 Drill Core Review

The QP reviewed drill core from 11 core drill holes and briefly reviewed RC chips from a single drill hole at Gregors. The drill holes reviewed are shown in Table 12-3.

The QP confirmed the presence of epithermal-style mineralization and alteration in the drillholes and the association with gold and silver grades. The QP examined drill sections showing the logged alteration and mineralization, and no inconsistencies were observed.

Table 12-1: Collar Checks

Drill Hole ID	Easting	Northing	Elevation	DB_Easting	DB_Northing	DB_Elevation	Difference in Easting	Difference in Northing	Difference in Elevation
ALA17-006-002	573210.2	3414465.2	1682.0	573205.9	3414467.7	1683	-4.3	2.5	0.6
ALA17-006-002	573210.2	3414465.2	1682.0	573211.9	3414467.9	1682	1.7	2.7	0.0
ALA18-021	578857.4	3413461.3	1541.9	578857.2	3413466.3	1518	-0.3	5.1	-23.9
GGC-002	573336.9	3412222.3	1567.0	573333.6	3412223.2	1563	-3.2	0.9	-4.3
LM-07	571872.1	3415371.1	1595.8	571872.2	3415369.7	1595	0.1	-1.4	-0.4
MDPC-097	572475.2	3415472.4	1583.8	572474.8	3415476.1	1580	-0.5	3.7	-3.4
MDPC-151	571808.9	3415432.9	1601.5	571806.0	3415438.7	1603	-2.8	5.8	1.3
MDPD-020	572469.4	3415315.9	1604.4	572471.5	3415317.9	1606	2.1	2.0	1.4

In the opinion of the QP, the review of drill core confirms the style of alteration and mineralization at the Project and confirms the geological models and interpretations in use by Bendito.

The RC chips from GGC-002 at Gregors are mineralized with a greyish metallic sulphide mineral replacing pyrite. The mineral has been tentatively identified as tennantite (a copper–arsenic–antimony sulphosalt).

12.5 QP's Observations

The QP had the following observations as a result of the site visit:

- Mesa de Plata, Loma Bonita and Cerro San Simon are high-level high-sulphidation gold–silver mineralization systems hosted by sub-horizontal blankets of vuggy silica and silica breccias;
- Massive alunite veins hosting gold and silver mineralization beneath Cerro San Simon (e.g., in MDPD-034, 180 m to 194 m depth) likely represent feeder structures to the higher-level high-sulphidation silica blankets. The orientation of the feeder structures has been interpreted by Bendito to be northeast–southwest striking with a steep dip, the QP agrees with this interpretation;
- High-sulphidation mineralization at Gregors is exposed at a deeper paleo-depth (based on pyrophyllite–zunyite alteration minerals and copper mineralization intersected in pre-Bendito drilling) within the zone of epithermal to porphyry transition. There is potential for porphyry mineralization to exist at depth;
- Alteration at La Morita is exposed at a similar or deeper paleo-depth to Gregors (based on sericite alteration). There is potential for porphyry mineralization to exist at depth;
- Cerro Alacrán is a porphyry copper mineralization system.

Table 12-2: Witness Rock Chip Samples

Sample	Easting	Northing	Elevation	Au (g/t)	Ag (g/t)	As (ppm)	Bi (ppm)	Pb (ppm)	Sb (ppm)	Zn (ppm)
MTS001	571,862.8	3,415,380.4	1,595.5	<0.005	22.3	181	149	926	503	230
MTS002	572,469.6	3,415,472.6	1,583.2	0.283	7	252	194	921	287	51

Table 12-3: Drill Core Reviewed During Site Visit

Drill Hole ID	From (m)	To (m)	Drilled Interval (m)
MDPD-001	0	38	38
MDPD-003	0	45	45
MDPD-012	0	75	75
MDPD-009	0	57	57
MDPD-009	147	166	19
MDPD-007	0	41	41
MDPD-009	164	194	30
MDPD-025	20	55	35
MDPD-034	150	194	44
ALA18-014	650	750	100
ALA18-013	0	200	200
GGC-002	RC chips mineralized interval		

The QP reviewed the proposed exploration program proposed by Bendito for the Alacrán Project and confirmed that the drill program is of the right order of magnitude to both extend mineralization at Loma Bonita, Mesa de Plata and also explore the San Simon/La Morita area.

The orientation of the proposed drilling takes into consideration the orientation of the northeast–southwest striking structural controls to mineralization.

12.6 QP Comments on "Item 12: Data Verification"

The QP reviewed reports on internal and external data verification conducted by third parties. The QP is of the opinion that the data verification programs indicate that the data stored in the Project database are adequate to support geological interpretations and can be used for exploration vectoring and drill program planning.

Observations made during the QP's site visit, in conjunction with discussions with Bendito's technical staff, support the geological interpretations made by Bendito when planning exploration and drill programs. The QP considers that the orientation of the proposed drilling adequately takes into consideration the orientation of the structures that potentially control or offset mineralization.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Introduction

All metallurgical testwork programs were completed prior to Bendito's Project interest.

Laboratories involved in metallurgical testwork included Blue Coast Research in Nanaimo, BC, Canada (Blue Coast); Amtel, London, Canada; Kappes Cassiday and Associates, Reno, Nevada (KCA); Xstrata Process Support in Falconbridge, Ontario, Canada (Xstrata); Hazen Research Inc in Golden, Colorado (Hazen); and FLSmidth in Salt Lake City, Utah. All of the laboratories were independent of Azure and Teck and are independent of Bendito.

No information is currently available to Bendito on any metallurgical testwork that may have been conducted on the porphyry copper-style mineralization at Cerro Alacrán.

13.2 Metallurgical Testwork

13.2.1 Loma Bonita

Industry standard bottle roll tests were undertaken at KCA.

The testwork focused on two different size fractions, comprising ground (average size of ground samples is 80% passing 80 µm) and crushed (average size of crushed samples is 80% passing 11.3 mm) particle sizes. These sizes were tested to simulate gold recoveries that might be expected to be achieved from conventional milling (e.g., carbon-in-pulp or carbon-in-leach processing) and heap leach gold processing, respectively.

Tests were conducted on 20 core samples (10 fine ground and 10 coarse crushed), collected and composited from core drill holes selected from across the deposit. Gold grades of these composite samples ranged from 0.25–3.1 g/t Au and were sourced from depths varying from surface to 74 m below surface. These samples were considered by Azure to be representative of the currently known grade range of the gold mineralization, and the strike and depth extents of the Loma Bonita mineralized zone.

Metallurgical testwork focused on maximizing gold recovery rather than the accessory silver. High gold recoveries of 88–97% were achieved on the ground material, with an overall average recovery of >93%. Tests on the crushed material achieved gold recoveries of 42–89%, with an overall average recovery of >73%.

The recovery of silver by cyanide leaching was low, with tests returning average silver recovery of 9–27% for ground material and 1–7% for crushed samples.

Leach kinetics were excellent with rapid gold recoveries. Final gold recoveries on the ground material were achieved within a 24-hour period, and over a period of 192 hours (eight days) on the crushed material.

13.2.2 Mesa de Plata

Testwork was undertaken by Blue Coast and KCA, and initial mineralogy was carried out by Xstrata over the period September–November 2015.

A series of preliminary mineralogical and metallurgical tests were undertaken to:

- Characterize mineralogy of the mineralization and identify silver-bearing species;
- Extract silver by cyanide leaching, flotation and gravity methods;
- Identify the potentially most favourable processing routes;
- Identify options to improve processing grades and recoveries.

Sample material was selected from four RC drill holes with the aim of creating a “master” composite. Approximately 2 kg of drill cuttings were subsampled from a series of 12 intervals in each hole, for a total sample size of 96 kg. Sample material was despatched to Blue Coast where each hole was composited, crushed to -1.7 mm and homogenized, then 10 kg was removed from each composite to make up the 40 kg master. In addition to the master composite, a number of high-grade intervals were selected to form a high-grade composite of 20 kg mass and approximately 600 g/t Ag grade.

13.2.2.1 Mineralogy

A sample of the master composite was shipped to Xstrata for preliminary mineralogical evaluation. An un-sized sub-sample was measured using QEMSCAN and electron probe micro-analyzer mineralogical equipment. The master composite was found to be mainly quartz (80% by mass), with alunite and various iron oxides making up a further 14% of the sample mass. Two major and two minor silver-bearing species were identified (Table 13-1).

Table 13-1: Silver Species

Mineral	Standard Formula	Major Elements	Avg. Ag Content (%)
Bromian chlorargyrite	Ag(Cl,Br)	Ag, Br, Cl	77.10
Romeite group (lead–iron antimonite)	$Pb_2Sb_2O_6O$ to $(Ca,Na,\square)2Sb_2^{5+}(O,OH)6F$	Sb, Pb, Fe, low As	0.15
Native silver	Ag	Ag	100
Silver sulphide (acanthite)	Ag_2S	Ag, S	87

Amtel completed follow-up mineralogical studies to quantify the silver deportment, after low silver recoveries were noted by Blue Coast during flotation testwork. This was suggested to be due to the romeite not being amenable to flotation processes. Amtel focused on a 7 kg master composite sample grading 138 g/t Ag; 0.64% Pb; 0.80% Sb; 0.14% As and 1.23% S to obtain a complete quantitative characterization of all forms and carriers of silver, in order to predict recovery by direct cyanide leaching and flotation; and to determine the mineralogical factors potentially affecting/limiting recovery. Two small aliquots of ultra-fine ground hot caustic, cyanide leach residues (derived from high- and medium-grade feeds) were sent to Amtel for determination of the forms/carriers of unrecovered silver.

Amtel confirmed bromargyrite was the principal silver-bearing mineral, with romeite as the second most important silver carrier. Romeite imaging showed considerable variation in composition and zoning within single romeite grains. X-ray diffraction analysis also indicated the potential presence of a mineral phase corresponding to the chemical formula $Sb_2O_5(H_2O)_3$, potentially stibiconite. Amtel noted, for the master composite sample:

- 92 g/t Ag was carried by bromargyrite, making the mineral the principal silver carrier in the master composite sample, accounting for 51% of the mineralogically-accounted for silver;
- Romeite carried approximately 39 g/t Ag in the master composite sample;
- The remaining silver grades in the master composite sample are carried by other minerals. The silver in the quartz-dominated fraction liberated fairly systematically with decreasing particle size, correlating with the numerous acanthite, inclusions observed under the microscope; ranging in size down to 2 µm. The acanthite inclusions were so fine that even the finest quartz particles (~10 µm in diameter) still assayed 38 g/t Ag.

Amtel noted that:

- Acanthite and bromargyrite if liberated, should be recoverable by flotation. A significant portion of the bromargyrite is in the slimes, and associated with rock particles, therefore a possible silver recovery for the master composite sample is in the range of 48%;

- Romeite will not be recoverable by flotation because it is an antimonite, unless the mineral has a sulphide coating. However, as it has an SG of 5–6, it could be recoverable in a gravity concentrate for further treatment;
- Silver that is enclosed in silicates and silicate composite particles will be non-floatable;
- A portion of the silver remains unaccounted for in the pure mineralogical balance.

Direct cyanidation of the master composite sample, under intensive bottle roll leach conditions (5 g/L NaCN; 20% solids; 24 hr leach) recovered 62% of the silver. Ultra-fine grinding increased silver recovery by 9–71%. However, 27% of the silver (50 g/t Ag) remained refractory to cyanidation, even after ultra-fine grinding. The majority (21%) of this refractory to direct cyanidation silver is carried by romeite. The master composite sample leached at Amtel gave about 12% higher silver recovery compared to that attained by KCA and may be due to the higher silver grade in the master composite sent to Amtel.

Testing on the ultra-fine ground, high-grade and medium-grade hot caustic, cyanide leach residues indicated:

- Re-leaching of the cyanide leached caustic residues, under intensive cyanidation conditions, recovered a further 20% and 16% of the silver from the high-grade and medium sample respectively;
- Another 6% and 9% of the silver was rendered leachable by further pulverizing and re-leaching;
- 75% of the silver in the two residues was refractory to cyanide leaching regardless of the fineness of pulverizing;
- The high-grade residue (assaying 84 g/t Ag) had significant residual romeite (3.2 wt%), which at 2,055 g/t Ag accounts for 78% of the assayed silver grade;
- In the medium-grade residue (assaying 20.8g/t Ag) the residual romeite is much lower (0.3 wt%), thus the silver ascribable to this carrier is only 6 g/t Ag (29% of the grade);
- The remaining unrecovered silver is primarily carried by quartz particles. The grade of the 'clean' silicate fraction in this residue (devoid of contribution from romeite) is 27 g/t Ag.

Amtel further noted:

- Based on the large quantity of residual romeite in the high-grade residue and the 'intact' romeite grains in the hot caustic ultrafine grind/carbon in leach residue with no dissolution rimmings or coatings, there is no evidence that the hot caustic pre-treatment dissolved romeite; thereby rendering recoverable the enclosed silver;
- If gravity recovery of romeite is proven successful, then an alternative method for dissolution of romeite to release its silver content need be found;

- The additional silver recovered by the hot caustic ultrafine grind/carbon in leach process route comes largely from acanthite liberated as a result of the ultrafine grind;
- Hot caustic pre-treatment followed by cyanide leaching is unlikely to recover the ultrafine acanthite and native silver locked in quartz.

13.2.2.2 Cyanidation

Cyanidation work consisted of a series of 48-hour bottle roll tests at various grind sizes, on both the master and the high-grade composites. Results were encouraging with over 50% Ag recovery on the initial master composite test. Silver recovery of 70% was achieved on the high-grade composite. Additional leach tests were carried out on both the high grade and master composites using whole ore leaching, and also on the flotation test tailings (i.e., combined flotation plus cyanidation testing).

Whole-ore leach curves were used to assess the results of first tests on the master composite and the high-grade composite; both composites were tested at 75 µm grind, 45% solids, 10.5 pH and 1.5 g/l NaCN concentration. The curves indicated that most of the extracted silver leached very quickly (<4 hr) with relatively little leaching thereafter. A finer grind at 60 µm was tested, with very little increase in silver extraction.

A single bottle roll test was completed on a crushed sample of high-grade composite. This test was designed to give an initial indication of the potential for heap leach processing. The resulting leach curve was similar to those shown in Figure 13-1, and the final extraction of 65% of the silver was only slightly less than that achieved after a 75 µm grind, indicating the feasibility of heap leach processing.

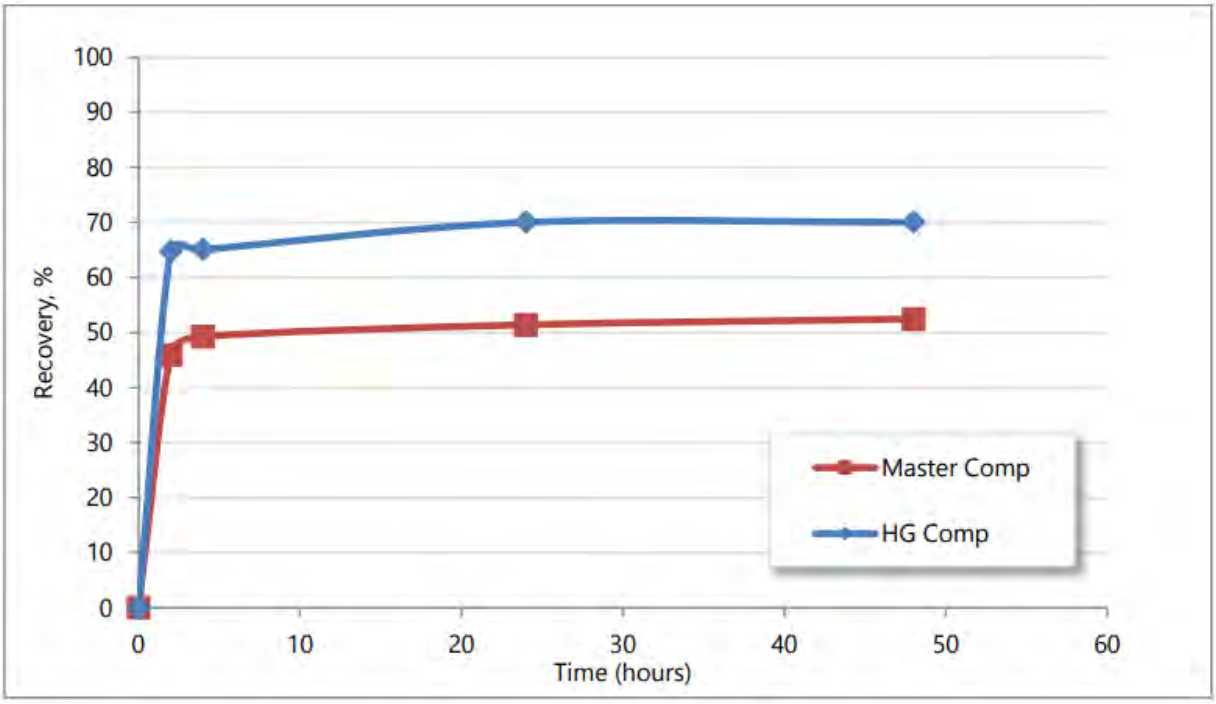
13.2.2.3 Flotation Tails Leaching

In addition to leaching ground samples of high grade and master composites, the work program included some preliminary flotation and cyanidation tests, in which the flotation tailing slurry was subjected to the standard cyanidation bottle roll conditions.

In the test on the master composite flotation tailing, 22% of the remaining silver was extracted by cyanidation, for an overall silver recovery of 62.3%.

For the high-grade composite, the extraction from flotation tailing increased to 26%, giving an overall silver recovery of 75.8%. The combined flotation and cyanidation results are shown in Table 13-2 (note that the cyanidation recoveries are calculated as a percentage of flotation test feed).

Figure 13-1: Initial Leach Curves



Note: Figure prepared by Azure, 2015.

Table 13-2: Combined Flotation and Cyanidation Results

Composite	Composite Flotation Recovery (%)	Cyanidation Recovery (%)	Total Recovery (%)
Master	51.7	10.6	62.3
High Grade	67.3	8.5	75.8

13.2.2.4 Flotation Testwork

Batch rougher flotation testwork was carried out on samples of master composite and high-grade composite material. Results were encouraging, with good recoveries and excellent concentrate grades achieved in most tests. The grade versus recovery curves for the first four rougher flotation tests are shown in Figure 13-2.

Testing of the high-grade composite material returned concentrate grades of 38,205 g/t Ag (3.8% Ag) and 55,600 g/t Ag (5.5% Ag) in the first two minutes of flotation. Overall recoveries (after 14 minutes of flotation) were reasonable at 51–55% for the master composite and 67–72% for the high-grade composite.

Combining the flotation process with a cyanide leach of silver in the flotation tailing slurry increased the overall recovery by 10%.

13.2.2.5 Gravity Testwork

A simplified, three stage gravity separation test was undertaken on an un-sized sub-sample of the master composite using a laboratory scale Knelson concentrator. The combined silver recovery to the three products was 12.9%. This suggested that the chloroargyrite was either insufficiently liberated due to grind size, or was of insufficient density.

13.2.2.6 Comminution Testwork

Hazen was provided with comminution samples that were subjected to semi-autogenous grinding (SAG) mill comminution (SMC), Bond abrasion index (Ai), Bond rod mill work index (RWi), Bond ball mill work index (BWi) at two closing sizes (150 and 270 mesh), and Bond crusher work index (CWi) testing.

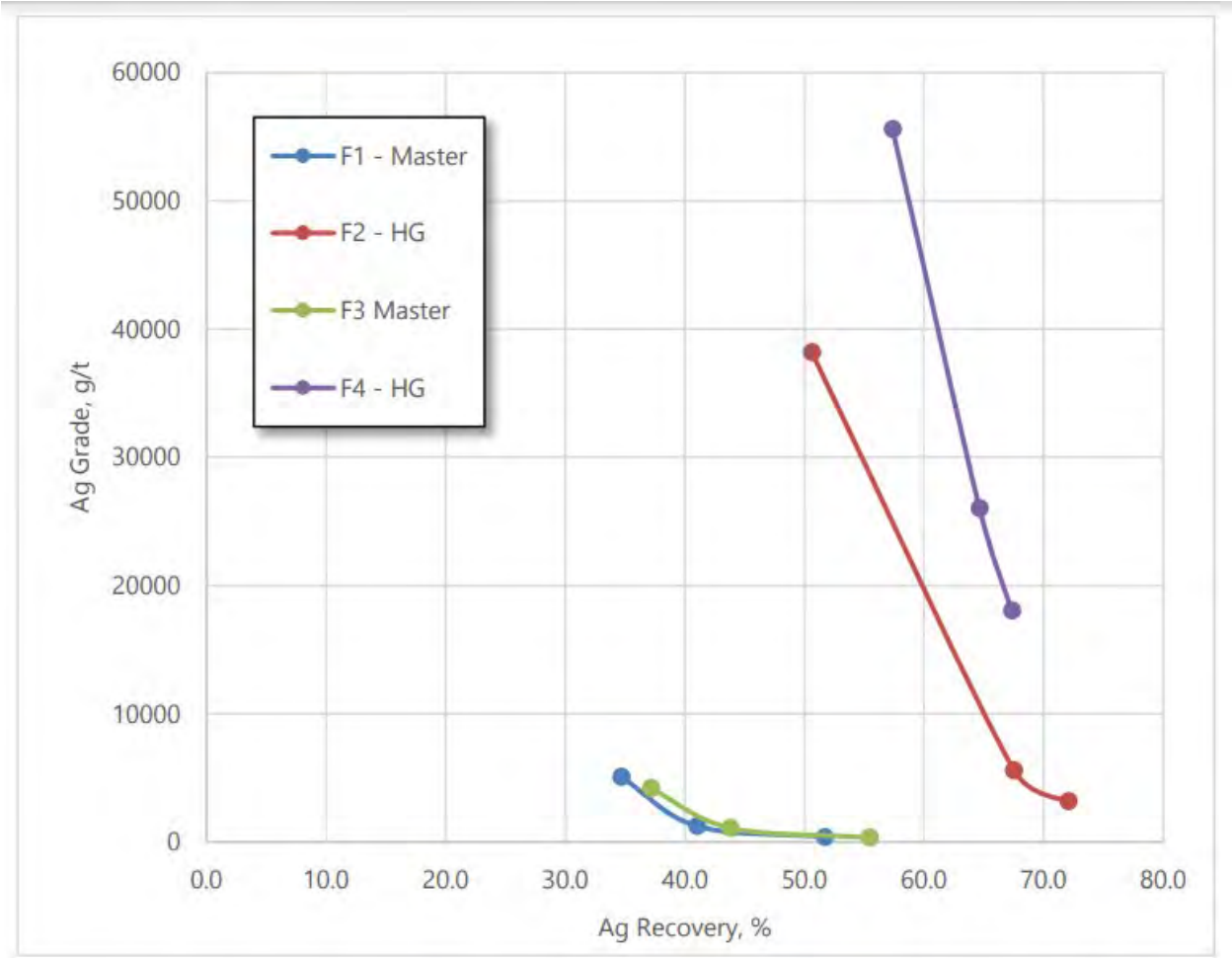
The results of the Hazen testwork are summarized in Table 13-3. CWi tests were performed at FLSmidth, and summarized in Table 13-4. The results of the evaluations were sent to JKTech to determine the JKSimMet parameters.

13.3 Recovery Estimates

Bendito has not performed any assessment at the Report effective date of the metallurgical data that would support recommendations of metallurgical recoveries for gold and silver, or any potential processing routes.

An assessment of the recoverability of gold and silver, and an appropriate process route, will be required to support any future Mineral Resource estimation.

Figure 13-2: Grade–Recovery Curves



Note: Figure prepared by Azure, 2015.

Table 13-3: Comminution Testwork Results

Hazen Sample ID Number	Azure ID	Ai (g)	RWi (kWh/t)	BWi at 150 mesh (kWh/t)	BWi at 270 mesh (kWh/t)	CWi (kWh/t)
54691-1	75857A	1.2640	14.2	16.8	18.0	10.0
54691-2	75858A	1.4204 1	5.0	17.4	18.4	7.7

Table 13-4: SMC Testwork Results

Hazen Sample ID Number	SG	A	b	A × b	DWi (kWh/m^3)	DWi (%)	Mia (kWh/t)	Mih (kWh/t)	Mic (kWh/t)	ta	SCSE (kWh/t)
54691-1	2.42	70.2	0.74	51.95	4.67	26	16.3	11.2	5.8	0.55	8.67
54691-2	2.51	71.4	0.67	47.84	5.20	32	17.1	12.0	6.2	0.50	8.94

Note: A = maximum breakage A × b = overall AG–SAG hardness b = relation between energy and impact breakage DWi = drop-weight index Mia = coarse particle component Mic = crusher component Mih = high-pressure grinding roll component SCSE = SAG circuit specific energy sg = specific gravity of sample ta = low energy abrasion component of breakage.

Table 13-5: Summary of Alacrán Grindability Tests

Test	Feed Material	Result
Crusher work index (kWh/tonne)	Average Grade	8.7
	High Grade	8.4
Bond ball mill work index (kWh/tonne)	Master Comp 1	18.6
	High Grade	13.3
Abrasion Index (g)	Average Grade	0.375
	High Grade	0.163

13.4 Metallurgical Variability

Bendito has not performed any assessment at the Report effective date as to whether the samples that were obtained from drill core in follow-up testwork. selected for metallurgical testing were representative of the various styles of mineralization.

An assessment of the variability of the mineralization within the deposit should be undertaken prior to any future Mineral Resource estimation.

13.5 Deleterious Elements

Bendito has not undertaken any assessment of deleterious elements that could affect any selected process routes, or be present in the doré that may be produced from the Loma Bonita or Mesa de Plata deposits.

13.6 QP Comments on "Item 13: Mineral Processing and Metallurgical Testwork"

Preliminary metallurgical testwork completed primarily by Azure included mineralogy, flotation, bottle roll and comminution testwork.

Bendito has not performed any assessment at the Report effective date of the metallurgical data that would support recommendations of metallurgical recoveries for gold and silver, or any potential processing routes. An assessment of the recoverability of gold and silver, and an appropriate process route, will be required to support any future Mineral Resource estimation.

Bendito has not performed any assessment at the Report effective date as to whether the samples that were obtained from drill core in follow-up testwork. selected for metallurgical testing were representative of the various styles of mineralization. An assessment of the variability of the mineralization within the deposit should be undertaken prior to any future Mineral Resource estimation.

Bendito has not undertaken any assessment of deleterious elements that could affect any selected process routes, or be present in the doré that may be produced from the Loma Bonita or Mesa de Plata deposits.

14.0 MINERAL RESOURCE ESTIMATES

This section is not relevant to this Report.

15.0 MINERAL RESERVE ESTIMATES

This section is not relevant to this Report.

16.0 MINING METHODS

This section is not relevant to this Report.

17.0 RECOVERY METHODS

This section is not relevant to this Report.

18.0 PROJECT INFRASTRUCTURE

This section is not relevant to this Report.

19.0 MARKET STUDIES AND CONTRACTS

This section is not relevant to this Report.

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

This section is not relevant to this Report.

21.0 CAPITAL AND OPERATING COSTS

This section is not relevant to this Report.

22.0 ECONOMIC ANALYSIS

This section is not relevant to this Report.

23.0 ADJACENT PROPERTIES

This section is not relevant to this Report.

24.0 OTHER RELEVANT DATA AND INFORMATION

This section is not relevant to this Report.

25.0 INTERPRETATION AND CONCLUSIONS

25.1 Introduction

The QP notes the following interpretations and conclusions, based on the review of data available for this Report.

25.2 Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

Information from legal experts support that the tenure held is valid.

The QP notes, per the legal opinion, that the General Bureau of Mining Regulation takes eight to 12 months to issue official certifications of filing of assessment work reports and payment of mining duties.

The legal opinion provided was based on information contained in the files of the General Bureau of Mining Regulation and the Public Registry of Mining on or before June 22, 2022. The opinion noted that the Public Registry of Mining has a backlog of approximately eight to 10 months in the registration of liens and agreements, so the legal opinion author did not have access to any information submitted at the General Bureau of Mining Regulation during that time frame. However, the legal opinion author was verbally informed by officers of the Public Registry of Mining that no lien or agreement affecting the mineral concessions was filed during that period.

The surface area in and around the Alacrán mining concessions is primarily used for cattle grazing, with surface rights held by at least 10 private owners. Bendito currently has verbal agreements with the relevant landowners to support mapping and geochemical sampling.

Bendito plans to use water from a surface dam under agreement with the landowner of that dam for the purposes of the planned drill program.

Grupo Mexico retains a 2% NSR royalty over all of the mineral concessions; this NSR is levied on any commodity that may be produced. In 2019, Minera Tlali granted Teck a 0.5% NSR royalty on any production from the mineral tenures that comprise the Project.

25.3 Permitting, Environmental, and Social

Bendito prepared and submitted an “Informe Preventivo", which resulted in the grant of authorization number 26/IP-0130/05/22 26SO2022MD035 by SEMARNAT. The permit will allow for exploration and drill programs in the Loma Bonita, Mesa de Plata, and surrounding areas, and has a duration of 36 months.

The area has been subject to artisanal mining activities, and there is an expectation that some environmental liabilities may be associated with these workings. Bendito is not responsible for any remediation.

Azure commissioned a baseline environmental study in 2016, which included disciplines areas such as flora, fauna, land use, climate, air quality, soil, hydrology and seismicity. Two protected flora and two protected fauna species were identified in the study area. The area is not classified for crop-growing, and the primary land use is cattle grazing. Soils are shallow and poorly developed. In general, the surface water is not of good quality in any of the sites monitored and is not suitable as a source of drinking water supply or for agricultural irrigation. Most parameters returned from the limited stream sediment sampling program were within expected limits, except arsenic. The highest elevations of arsenic were in the in the Las Laminas sub-micro-basin, and may be related to run-off from the historical La Morita working. The Project is in a moderately seismically active area.

Teck commissioned a social baseline study in 2017. A total of 22 interviews and two focus groups were conducted with the population, government stakeholders, businessmen, activists and other key informants within the city of Cananea and the North Sonora region. A database was set up to record information such as the local economy, copper production, poverty and societal needs, demographic dynamics and crime rates.

25.4 Geology and Mineralization

A number of mineralization styles are known within the Project area:

- High sulphidation epithermal mineralization at the Mesa de Plata and Loma Bonita deposits, and the San Simon, and La Morita prospects;
- Intermediate sulphidation epithermal mineralization at the Palo Seco, Santa Barbara, and Cerro Alacrán prospects;
- Mixed porphyry-style and high sulphidation epithermal mineralization at the Gregors prospect;
- Porphyry-copper mineralization at the Cerro Alacrán prospect.

The QP has reviewed the information available to Bendito, and considers that the information on Project lithologies, structural setting, alteration and mineralization in the Alacrán Project area are sufficient to support Bendito's planned exploration and drill programs

25.5 Exploration

A number of companies have conducted exploration activities, including Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, Grupo Mexico, Teck and Azure.

The Cerro Alacrán copper prospect was identified in 1967. The Mesa de Plata deposit was discovered in September, 2015, and Loma Bonita in October, 2015.

Work completed by these parties included: geological mapping, geochemical sampling (stream sediment, rock chip, soil), airborne geophysical surveys, ground geophysical surveys, RC and core drilling, construction of block models, mineral resource estimates, metallurgical testwork, and initial baseline environmental and social studies.

Bendito acquired the Project in mid-2022. Work completed by Bendito post-acquisition included geological and regional reconnaissance, geological verification mapping, data review and compilation, and core re-logging of selected drill core.

Exploration programs conducted to date have identified a number of mineralization styles within the Project area.

Bendito is actively reviewing available data to generate areas for follow-up exploration and drill targeting.

25.6 Drilling

Drilling completed on the Project was done by parties prior to Bendito's Project interest, and totalled 306 core and RC drill holes for 48,903 m. Of this, 31,167 m was core drilling (64% of total) and 17,736 m (36%) was RC.

Bendito has completed no drill programs at the Report effective date.

The QP reviewed drill data to:

- Determine if the historical estimate discussed in Section 6.2 that was based on those data was suitable for public disclosure;
- Determine if the drill plans proposed by Bendito are reasonable for exploration purposes.

The QP notes, for the Azure and Teck drilling, that the drill data can be used to guide areas to be drill tested by Bendito, can be used in exploration vectoring and for geological interpretations, and could be used to support future Mineral Resource estimates for gold and silver.

A complete verification of the drill programs completed by Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico is required prior to contemplation of any Mineral Resource estimate for Cerro Alacrán. The QP considers that the drill data collected in the period 1969–1998 can be used to support geological interpretations, but will require additional verification to allow those data to be used for support of any future Mineral Resource estimate.

25.7 Sampling

Sample collection, preparation, analysis and security for RC and core drill programs completed by Azure and Teck are in line with industry-standard methods for gold–silver deposits. The Azure and Teck drill programs included insertion of blank, duplicate, and standard reference material samples. QA/QC results from those programs do not indicate any problems with the analytical programs.

The Azure and Teck data were subject to validation, which includes checks on surveys, collar co-ordinates, and assay data. The checks are appropriate, and consistent with industry standards at the time the checks were completed.

Sample security during the Azure and Teck programs was not historically monitored. Sample collection from drill point to laboratory relied upon the fact that samples were either always attended to, or stored in the locked on-site preparation facility, or stored in a secure area prior to laboratory shipment. Chain-of-custody procedures consisted of sample submittal forms to be sent to the laboratory with sample shipments to ensure that all samples were received by the laboratory.

The quality of the gold and silver analytical data from the Azure and Teck programs are sufficiently reliable to support future Mineral Resource estimation.

A complete verification of the copper data collected in the drill programs completed by Anaconda, Consejo de Recursos Minerales, Impulsora Minera de Sonora, and Grupo Mexico is required prior to contemplation of any Mineral Resource estimate for Cerro Alacrán.

25.8 Data Verification

The QP reviewed reports on internal and external data verification conducted by third parties. The QP is of the opinion that the data verification programs indicate that the data stored in the Project database are adequate to support geological interpretations and can be used for exploration vectoring and drill program planning.

Observations made during the QP's site visit, in conjunction with discussions with Bendito's technical staff, support the geological interpretations made by Bendito when planning exploration and drill programs. The QP considers that the orientation of the proposed drilling adequately takes into consideration the orientation of the structures that potentially control or offset mineralization.

25.9 Metallurgical Testwork

Preliminary metallurgical testwork completed primarily by Azure included mineralogy, flotation, bottle roll and comminution testwork.

Bendito has not performed any assessment at the Report effective date of the metallurgical data that would support recommendations of metallurgical recoveries for gold and silver, or any potential processing routes. An assessment of the recoverability of gold and silver, and an appropriate process route, will be required to support any future Mineral Resource estimation.

Bendito has not performed any assessment at the Report effective date as to whether the samples that were obtained from drill core in follow-up testwork. selected for metallurgical testing were representative of the various styles of mineralization. An assessment of the variability of the mineralization within the deposit should be undertaken prior to any future Mineral Resource estimation.

Bendito has not undertaken any assessment of deleterious elements that could affect any selected process routes, or be present in the doré that may be produced from the Loma Bonita or Mesa de Plata deposits.

25.10 Risks and Opportunities

25.10.1 Risks

The Project is at an initial exploration stage.

The primary risks at this stage of evaluation relate to the ability to perform the recommended exploration and drill programs outlined in Section 26 of the Report:

- Potential conflicts with local landholders that could translate to revocation of surface access for planned programs;
- Potential conflicts over use of water for drill programs;
- Potential environmental contamination from drilling, primarily of water supplies;
- Equating the Project with other operations or operators in the region, and thereby transferring perceptions of those entities to the Project;
- Crime.

A number of companies collected exploration, drill, and metallurgical data in the period 1969–2020, prior to Bendito's Project interest. Bendito is still in the process of reviewing and verifying these data, in particular the metallurgical testwork information. Interpretations of data quality and useability in support of any future Mineral Resource estimates may change as these processes are completed.

25.10.2 Opportunities

The Project area retains significant exploration potential.

There are sufficient gold and silver drill, sampling, and metallurgical data to potentially support Mineral Resource estimates at Loma Bonita and Mesa de Plata once appropriate data verification has been completed.

Geological mapping and regional geochemical data indicate the known high sulphidation epithermal system at Loma Bonita and Mesa de Plata extends outwards from those deposits. Additional exploration to determine the total extent and mineralization tenor of the system is warranted.

Drill, sampling, and metallurgical data availability for the copper mineralization at Cerro Alacrán is still being assessed by Bendito. If there is sufficient quality data identified and verified, there is potential for a Mineral Resource estimate to be completed for this prospect.

Exploration activity by predecessor companies to Bendito focused on the copper mineralization at Cerro Alacrán. As a result, drill core was only selectively analysed for elements such as gold, silver and molybdenum. There is potential with additional assaying, drilling, and metallurgical testwork for a future Mineral Resource estimate to be include these elements as co-products with copper.

A number of vein systems are known from outcrop mapping to surround Cerro Alacrán. These vein systems have limited historical workings and have no modern exploration to assess their prospectivity. The veins have potential to host vein-style or structurally-controlled base or precious metals mineralization, and additional exploration should be completed using these hypotheses as the basis for the program.

Geophysical data and geochemical data from widely-spaced drilling and sampling across the Project area have been interpreted to show that multiple levels of porphyry-style mineralization and alteration may be present. Zones of shallow-level mineralization have been identified in the west of the Project, and may represent the surface expression of a major porphyry system, much larger than the known Cerro Alacrán porphyry, at depth. An exploration program to test this concept is warranted.

There may be potential within the Project area to identify copper porphyry mineralization at depth (<500 m), in particular in the Gregors and San Simon/La Morita prospect areas.

25.11 Conclusions

The QP considers that additional exploration and data reviews are warranted.

The QP reviewed the proposed exploration program proposed by Bendito for the Alacrán Project and is of the opinion that the drill program is of the right order of magnitude to both extend mineralization at Loma Bonita, Mesa de Plata and also explore the San Simon/La Morita area for epithermal-style mineralization. The orientation of the proposed drilling takes into consideration

the orientation of the currently-identified northeast–southwest striking structural controls to mineralization.

26.0 RECOMMENDATIONS

26.1 Introduction

A two-phase work program is suggested for the Project. A portion of the programs can be conducted concurrently. The collar locations for the proposed drill holes in Phase 2 of the recommendations are dependent on the results of the drilling and exploration activities set out in Phase 1. The Mineral Resource estimate proposed in Phase 2 will require the results of the Phase 1 program to be available.

The first phase, estimated at about US$2.4 million, consists of step-out and reconnaissance drilling in the Loma Bonita, Mesa de Plata and San Simon areas, and data interpretation and modelling to support exploration vectoring and reconnaissance drilling in the Loma Bonita, Mesa de Plata, San Simon, La Morita, Gregors, and Cerro Alacrán areas.

The second phase, estimated at approximately US$1.4 million, is planned to test prospects generated by the drill and exploration programs in Phase 1. A second aim of the Phase 2 program is to generate a Mineral Resource estimate for the Loma Bonita, Mesa de Plata, and San Simon area.

26.2 Recommendations Phase 1

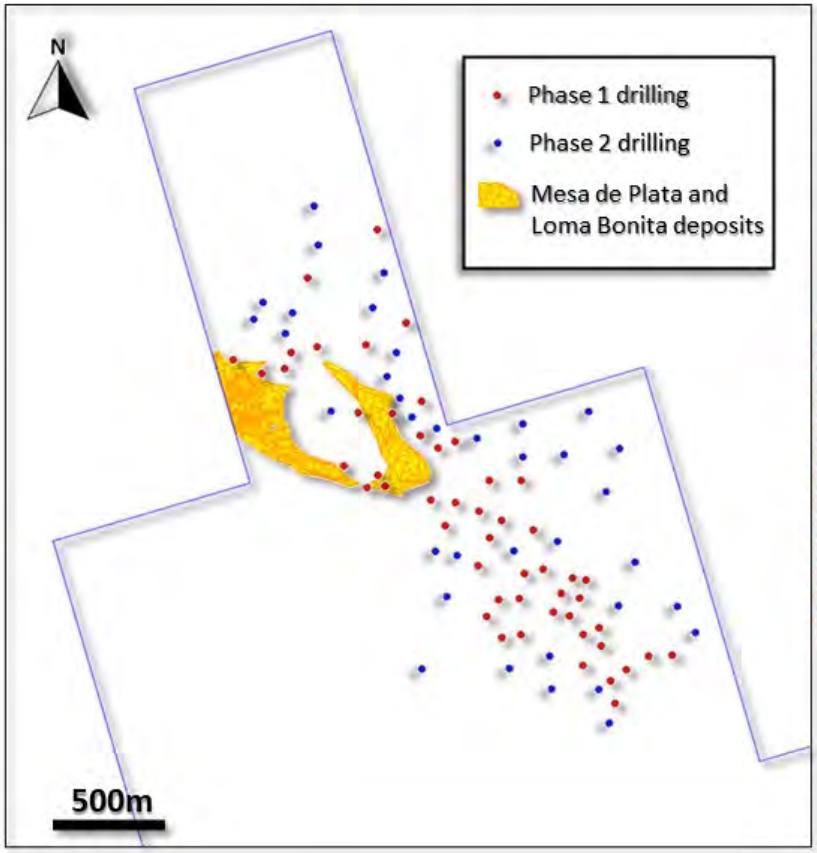
The first recommended work phase is to advance understanding of the mineralization extent and setting in the Loma Bonita, Mesa de Plata and San Simon areas, and to complete additional data review and interpretations in support of exploration and drill targeting for gold, silver, and copper mineralization.

26.2.1 Loma Bonita, Mesa de Plata, and San Simon Proposed Drill Program

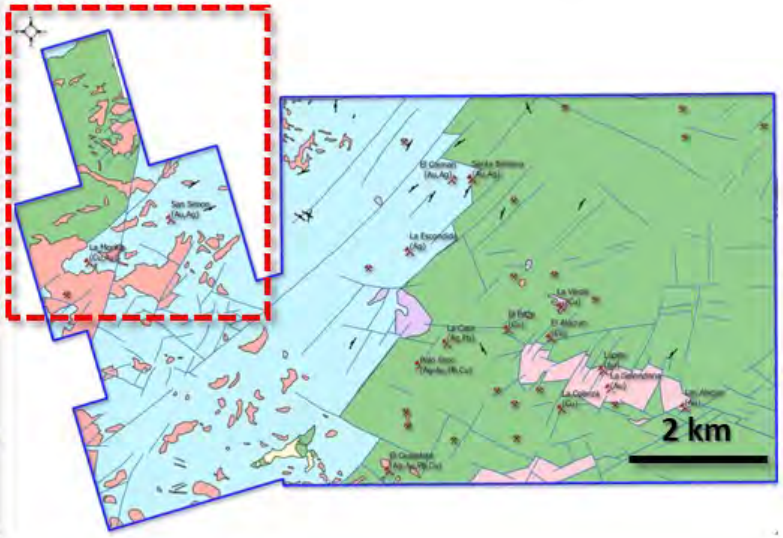
A step-out and reconnaissance shallow drill program is recommended for the Loma Bonita, Mesa de Plata and San Simon areas to test mineralization tenor and the extents of the known high-sulphidation epithermal system.

The program is planned to consist of 31 RC holes (3,025 m) and 21 core holes (1,880 m). Proposed collar locations for the drill holes are shown in Figure 26-1.

Figure 26-1: Proposed Drill Collar Location Plan



ZONE	PHASE 1			PHASE 2		
	RC	DD	TOTAL	RC	DD	TOTAL
LOMA BONITA	1,590	920	2,510	1,250	630	1,880
SAN SIMON	1,355	800	2,155	640	740	1,380
MESA DE PLATA	80	160	240			
TOTAL (m)	**3,025**	**1,880**	**4,905**	**1,890**	**1,370**	**3,260**



Note: Figure prepared by Bendito, 2022.

Each drill hole considered for this work phase will be drilled contingent on the results of the previous drill hole. If no significant alteration, structures, or mineralization are encountered in a drill target area, the drill metres planned for that drill target may be allocated to another drill target.

The drill budget assumes RC drilling costs of US$110/m and core drilling costs of US$200/m. The budget includes allocations of approximately US$385,000 for assay and QA/QC costs, averaging about US$65/sample, and approximately US$182,000 for support services.

The program budget estimated totals about US$1.3 million.

26.2.2 Exploration Vectoring

A program is proposed, and currently underway, to support better understanding of the mineralization setting within the Loma Bonita, Mesa de Plata, San Simon, La Morita and Gregor areas. This should include:

- Re-interpretation of the type and distribution of alteration minerals to provide a detailed alteration map;
- Generation of a unified description of the lithologies within the Project area;
- Establishment of consistent classification criteria for hydrothermal and crackle breccias to support better understanding of mineralization controls;
- Preparation of three-dimensional models of the alteration types, lithologies, and pathfinder elements in support of exploration vectoring;
- Re-processing of available geophysical data to produce geophysical inversion models and depth slices to aid in exploration vectoring;
- Re-logging, where applicable, of existing core and RC chip data, to provide additional information on aspects of lithological descriptions, and alteration.

Zones of shallow-level mineralization that have been identified in the west of the Project, and may represent the surface expression of a major porphyry system at depth will be subject to geological mapping, and reconnaissance rock chip sampling,

Geological mapping, reconnaissance rock chip sampling, and a magneto-telluric ground geophysical survey are proposed for the Cerro Alacrán area to investigate the potential for a copper porphyry deposit at depth and to generate targets at Cerro Alacrán that can be drill tested. The geophysical survey is proposed to cover an area of 5 x 10 km, with 500 m-spaced stations, with about 210 stations in total. The geophysical program costs include costs of the geophysical survey, mobilization of the geophysical contractor, two-dimensional and three-dimensional inversion modelling, and geophysical data interpretation.

The program budget assumes about US$105,000 for the geological mapping, geophysical interpretation and specialist studies, approximately US$900,000 for the magneto-telluric survey and data interpretation, about US$16,000 for assay costs associated with the reconnaissance rock chip sampling programs, and approximately US$165,000 for support services. The overall budget estimate to complete the planned work is about US$1.1 million.

26.3 Recommendations Phase 2

26.3.1 Mineral Resource Estimate

A Mineral Resource estimate should be performed for the the Loma Bonita, Mesa de Plata and San Simon areas once the results of the drill program and relevant portions of the exploration vectoring work outlined in Phase 1 are available.

The budget for the Mineral Resource estimate is approximately US$0.47 million.

26.3.2 Exploration Drilling

The results of the drill program discussed in Section 26.2.1 and the exploration vectoring program outlined in Section 26.2.2.1 for the Loma Bonita, Mesa de Plata, San Simon and La Morita areas should be used to design a second phase of drill testing in that region.

The program is envisaged to consist of about 20 RC holes (1,890 m) and 16 core holes (1,370 m). Provisional drill collar locations were shown in Figure 26-1; however, these collar locations are likely to change based on the results of the first work phase.

Each drill hole in the drill program will be drilled contingent on the results of the previous drill hole. If no significant alteration, structures, or mineralization are encountered in a drill target area, the drill metres planned for that drill target may be allocated to another drill target.

The drill budget assumes RC drilling costs of US$110/m and core drilling costs of US$200/m. The budget includes allocations of approximately US$256,000 for assay and QA/QC costs, averaging about US$65/sample, and approximately US$182,000 for support services.

The program budget estimated totals about US$0.9 million.

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Appendix A: Drill Table

Alacrán

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
CRM-A	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413733	578109	1,654	0	-90	236		0.0	236.0	236.0	0.11	0.24	1.9	36
									Inc.	54.0	144.0	90.0	0.21	0.34	2.2	36
CRM-B	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413794	577997	1,724	0	-90	183		0.0	31.0	31.0	0.05	n/a	n/a	691
										82.0	106.0	24.0	0.11	n/a	n/a	n/a
CRM-D	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413393	578078	1,627	0	-90	176		54.0	60.0	6.0	0.24	n/a	n/a	n/a
CRM-H	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413485	579107	1,555	0	-41	200	No significant intercepts							
CRM-I	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413544	578471	1,502	0	-90	105		18.0	24.0	6.0	0.19	n/a	n/a	n/a

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
CRM-J	Consejo de Recursos Minerales/ Impulsora Minera de Sonora	Core	3413794	578491	1,573	0	-90	173		55.0	172.5	117.5	0.30	n/a	n/a	n/a
									Inc.	58.0	112.0	54.0	0.47	n/a	n/a	n/a
PAMD-1	Grupo Mexico	Core	3413890	578419	1,583	0	-90	151		30.9	151.2	120.3	0.14	0.02	0.9	n/a
									Inc.	30.9	49.2	18.3	0.34	0.04	0.4	n/a
PAMD-10	Grupo Mexico	Core	3414216	578687	1,499	55	-70	400	No significant intercepts							
PAMD-11	Grupo Mexico	Core	3414346	579624	1,418	90	-70	300	No significant intercepts							
PAMD-12	Grupo Mexico	Core	3413595	578549	1,503	55	-65	197		17.1	196.9	179.8	0.20	n/a	n/a	n/a
									Inc.	26.2	43.9	17.7	0.47	n/a	n/a	n/a
PAMD-13	Grupo Mexico	Core	3413471	578404	1,501	235	-70	300		201.9	238.1	36.2	0.17	n/a	n/a	n/a
PAMD-14	Grupo Mexico	Core	3413684	578488	1,532	0	-90	225		134.6	225.2	90.6	0.14	n/a	n/a	n/a
PAMD-15	Grupo Mexico	Core	3413918	578512	1,583	0	-90	300		90.6	160.0	69.4	0.16	n/a	n/a	n/a
										272.3	300.0	27.7	0.16	n/a	n/a	n/a
PAMD-16	Grupo Mexico	Core	3413798	578485	1,573	235	-70	220		62.5	97.5	35.0	0.30	n/a	n/a	n/a
										144.5	187.2	42.7	0.15	n/a	n/a	n/a
PAMD-17	Grupo Mexico	Core	3413535	578596	1,490	235	-75	300		11.0	273.1	262.1	0.19	n/a	n/a	n/a
									Inc.	117.8	157.3	39.5	0.30	n/a	n/a	n/a
PAMD-18	Grupo Mexico	Core	3413564	578659	1,484	55	-75	215		16.2	215.0	198.8	0.20	n/a	n/a	n/a
									Inc.	16.2	31.2	15.0	0.57	n/a	n/a	n/a
									and	188.1	200.4	12.3	0.52	n/a	n/a	n/a
PAMD-19	Grupo Mexico	Core	3413871	578348	1,576	0	-90	187		33.9	187.0	153.1	0.15	n/a	n/a	n/a
PAMD-2	Grupo Mexico	Core	3413715	578547	1,536	0	-90	167		24.0	167.0	143.0	0.29	0.00	1.8	n/a
PAMD-20	Grupo Mexico	Core	3413958	578561	1,555	0	-90	200		0.0	106.8	106.8	0.19	n/a	n/a	n/a
									Inc.	40.4	52.0	11.6	0.29	n/a	n/a	n/a
										131.6	200.0	68.4	0.11	n/a	n/a	n/a
PAMD-21	Grupo Mexico	Core	3413784	578593	1,536	55	-75	118		21.2	117.8	96.6	0.24	n/a	n/a	n/a

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
									Inc.	39.2	72.5	33.3	0.36	n/a	n/a	n/a
PAMD-22	Grupo Mexico	Core	3413949	579435	1,469	140	-75	330		216.3	220.2	3.9	0.59	n/a	n/a	n/a
PAMD-23	Grupo Mexico	Core	3413934	578841	1,485	0	-90	330		28.1	39.2	11.1	0.27	n/a	n/a	n/a
PAMD-24	Grupo Mexico	Core	3414359	578663	1511	0	-90	340	No significant intercepts							
PAMD-25	Grupo Mexico	Core	3413672	578642	1,495	0	-90	750		0.0	472.6	472.6	0.16	0.10	n/a	42
									Inc.	83.2	178.2	95.0	0.25	0.19	n/a	38
PAMD-26	Grupo Mexico	Core	3414318	579065	1,454	0	-90	750	No significant intercepts							
PAMD-3	Grupo Mexico	Core	3413666	577997	1,654	5	-60	186		41.9	85.4	43.5	0.17	0.62	1.9	n/a
PAMD-4	Grupo Mexico	Core	3413666	577997	1,654	0	-90	109		45.9	58.0	12.1	0.25	0.03	3.5	n/a
PAMD-5	Grupo Mexico	Core	3413692	579376	1,495	59	-60	81		0.0	69.2	69.2	0.13	n/a	1.0	n/a
PAMD-6	Grupo Mexico	Core	3413881	578086	1,676	0	-90	500		30.3	39.3	9.0	0.16	n/a	n/a	n/a
PAMD-7	Grupo Mexico	Core	3413836	578117	1,666	235	-65	250		27.8	51.7	23.9	0.20	n/a	n/a	74
									Inc.	29.0	44.2	15.2	0.27	n/a	n/a	80
PAMD-8	Grupo Mexico	Core	3413736	578108	1,657	235	-65	190		48.6	62.7	14.1	0.27	n/a	n/a	n/a
									Inc.	48.6	54.7	6.1	0.45	n/a	n/a	n/a
PAMD-9	Grupo Mexico	Core	3413712	578541	1,536	55	-65	288		0.0	288.4	288.4	0.18	n/a	n/a	n/a
									Inc.	98.2	120.4	22.2	0.30	n/a	n/a	n/a
ALA-18-001	Teck	Core	3413577	578259	1,550	60	-65	540		15.3	76.1	60.8	0.12	0.17	0.4	42
									Inc.	43.5	72.3	28.8	0.21	0.18	0.6	59
										107.0	341.0	234.0	0.14	0.13	0.5	21
									Inc.	173.0	255.5	82.5	0.19	0.19	0.6	25
										367.5	387.8	20.3	0.09	0.05	0.4	20
										460.5	490.0	29.5	0.08	0.05	0.6	11
										503.5	539.7	36.2	0.07	0.05	0.4	11
ALA-18-002	Teck	Core	3413274	578667	1,471	350	-75	501		67.8	184.0	116.3	0.08	0.04	0.3	33
										383.5	500.5	117.0	0.11	0.05	0.8	36
									Inc.	476.0	489.5	13.5	0.18	0.09	0.9	102

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
ALA-18-003	Teck	Core	3413748	578291	1,553	55	-70	404		31.0	205.5	174.5	0.21	0.10	0.7	23
									Inc.	42.3	162.0	119.7	0.26	0.11	0.7	27
										296.5	347.0	50.5	0.09	0.07	0.4	19
ALA-18-004	Teck	Core	3413459	578860	1,538	60	-75	584		66.5	102.0	35.5	0.11	0.05	0.4	6
ALA-18-005	Teck	Core	3414120	578363	1,634	240	-70	407		58.5	81.0	22.5	0.11	0.02	0.6	8
ALA-18-006	Teck	Core	3413690	579376	1,493	160	-80	519		0.0	41.2	41.2	0.12	0.09	0.4	25
										183.4	240.8	57.4	0.08	0.07	0.7	23
ALA-18-007	Teck	Core	3413500	577978	1,635	360	-90	576		30.7	73.8	43.1	0.08	0.06	0.7	2
										487.0	576.4	89.4	0.08	0.09	0.5	68
ALA-18-008	Teck	Core	3413736	579096	1,514	360	-90	602		47.0	74.5	27.5	0.13	0.03	0.2	14
										311.5	354.8	43.3	0.07	0.03	0.4	32
										376.8	440.0	63.2	0.08	0.03	0.5	27
										465.0	506.0	41.0	0.08	0.02	0.5	49
ALA-18-009	Teck	Core	3414123	578361	1,634	150	-65	611		62.4	89.5	27.1	0.10	0.02	0.3	5
										146.5	170.5	24.0	0.08	0.03	0.5	4
										300.3	363.5	63.2	0.08	0.06	0.4	15
										441.5	611.4	169.9	0.14	0.07	0.6	72
									Inc.	512.9	559.5	46.6	0.20	0.09	0.8	67
									and	570.0	581.8	11.8	0.13	0.09	0.5	257
									and	591.9	611.4	19.5	0.16	0.12	0.7	117
ALA-18-010	Teck	Core	3413318	579649	1,429	300	-70	488		399.0	421.6	22.6	0.07	0.04	0.5	18
ALA-18-011	Teck	Core	3413848	578722	1,507	235	-70	587		13.5	587.4	573.9	0.14	0.07	0.7	37
									Inc.	54.0	73.5	19.5	0.18	0.13	0.6	93
									and	520.5	555.9	35.4	0.34	0.13	2.0	16
ALA-18-012	Teck	Core	3413498	579815	1,443	320	-70	402		327.0	401.5	74.5	0.08	0.02	2.6	16
ALA-18-013	Teck	Core	3413360	578514	1,486	340	-70	488		0.0	271.3	271.3	0.13	0.09	0.5	32
									Inc.	79.6	90.7	11.1	0.21	0.13	1.0	42

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
									and	166.5	198.0	31.5	0.17	0.13	0.6	48
										334.2	471.3	137.1	0.15	0.09	0.9	10
									Inc.	339.4	408.5	69.1	0.21	0.14	1.1	15
ALA-18-014	Teck	Core	3413053	578354	1,520	360	-75	765		391.8	764.5	372.7	0.16	0.05	1.7	35
									Inc.	599.5	611.7	12.2	0.24	0.05	2.2	70
									and	627.9	764.5	136.6	0.23	0.05	2.1	40
ALA-18-018	Teck	Core	3413291	577890	1,564	70	-60	935		549.5	682.8	133.3	0.12	0.06	0.6	45
										739.0	935.2	196.2	0.15	0.11	0.8	27
									Inc.	860.2	889.5	29.3	0.13	0.24	1.0	40
									and	913.6	935.2	21.6	0.22	0.10	1.0	24
ALA-18-021	Teck	Core	3413466	578857	1,518	260	-85	737		47.0	120.5	73.5	0.11	0.04	0.3	9
										282.5	321.5	39.0	0.10	0.04	1.4	22
										367.0	405.0	38.0	0.08	0.03	0.3	28
										428.2	523.4	95.2	0.09	0.03	0.5	23
										615.2	737.4	122.2	0.09	0.03	0.3	31

Note: Intercepts reported using 0.1% copper equivalent (CuEq) and no minimum thickness. CuEq % = Cu % + (0.617248 * Au g/t) + (0.008072 * Ag g/t) + (0.000419 * Mo ppm). US$4.30/lb Cu, US$1,820.00/oz Au, US$23.80/oz Ag, US$18.00/lb Mo. Equivalency does not include consideration of metallurgical recovery. Intercepts noted as “including” are higher-grade intercepts based on 0.25% CuEq.

Cerro Colorado

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
ALA-17-005	Teck	Core	3411083	574347	1,660	90	-65	561	10.7	56	45.3	0.11	0.06	0.9	4
									60	67.5	7.5	0.14	0.03	0.6	2
									75.5	96	20.5	0.11	0.05	0.8	4
									129	136.7	7.7	0.07	0.04	1.0	3

									142.5	149.3	6.8	0.08	0.06	1.1	5
									159	165	6	0.08	0.04	0.9	3
ALA-17-009	Teck	Core	3411035	574054	1,610	110	-55	501	14	16.5	2.5	0.54	0.67	1.5	309
ALA-17-010	Teck	Core	3411796	574889	1,626	180	-50	482	No significant intercepts						
ALA-17-012	Teck	Core	3411421	574035	1,602	70	-70	49	48	49	1	0.02	0.01	35.1	4
ALA-18-020	Teck	Core	3412268	574076	1,663	0	-90	406	No significant intercepts						

Note: Intercepts reported using 0.1% copper equivalent (CuEq) and no minimum thickness. CuEq % = Cu % + (0.617248 * Au g/t) + (0.008072 * Ag g/t) + (0.000419 * Mo ppm). US$4.30/lb Cu, US$1,820.00/oz Au, US$23.80/oz Ag, US$18.00/lb Mo. Equivalency does not include consideration of metallurgical recovery. Intercepts noted as “including” are higher-grade intercepts based on 0.25% CuEq.

Gregors

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
GGC-001	Minera Piedra Azul	RC	3412105	573418	1,605	220	-65	152		39.0	42.0	3.0	0.12	0.01	1.6	8
										96.0	100.5	4.5	0.47	0.01	0.7	9
										111.0	118.5	7.5	0.18	0.00	0.3	5
										139.5	148.5	9.0	0.11	0.00	0.3	36
GGC-002	Minera Piedra Azul	RC	3412223	573334	1,563	220	-55	170		22.5	52.5	30.0	0.68	0.02	3.7	n/a
									Inc.	34.5	40.5	6.0	2.30	0.02	10.2	n/a
										58.5	61.5	3.0	0.16	0.02	0.4	1
										120.0	123.0	3.0	0.07	0.00	0.3	164
GGC-003	Minera Piedra Azul	RC	3412224	573336	1,563	220	-80	92		21.0	39.0	18.0	0.96	0.01	4.5	n/a
									Inc.	27.0	28.5	1.5	7.03	0.03	20.0	n/a
									and	36.0	37.5	1.5	2.12	0.04	11.0	n/a
										45.0	49.5	4.5	0.14	0.04	1.0	2
										61.5	64.5	3.0	0.24	0.03	2.8	n/a
										72.0	73.5	1.5	0.23	0.05	1.0	1
GGC-004	Minera Piedra Azul	RC	3412163	573415	1,600	240	-65	215		49.5	60.0	10.5	0.13	0.01	0.4	3

Note: Intercepts reported using 0.1% copper equivalent (CuEq) and no minimum thickness. CuEq % = Cu % + (0.617248 * Au g/t) + (0.008072 * Ag g/t) + (0.000419 * Mo ppm). US$4.30/lb Cu, US$1,820.00/oz Au, US$23.80/oz Ag, US$18.00/lb Mo. Equivalency does not include consideration of metallurgical recovery. Intercepts noted as "including" are higher-grade intercepts based on 0.25% CuEq.

La Morita

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
LM-03	Minera Piedra Azul	RC	3414028	572042	1,478	225	-45	54		No Significant Intercepts						
LM-03B	Minera Piedra Azul	RC	3414028	572041	1,478	225	-45	251		43.5	51.0	7.5	0.00	0.04	12.7	1
										69.0	75.0	6.0	0.18	0.01	0.3	4
										84.0	90.0	6.0	0.17	0.01	0.3	2
										94.5	103.5	9.0	0.24	0.01	0.3	2
									Inc.	102.0	103.5	1.5	0.43	0.01	0.3	1
LM-04	Minera Piedra Azul	RC	3414048	571861	1,450	45	-45	153		No significant intercepts						
LM-05	Minera Piedra Azul	RC	3413641	571507	1,513	160	-70	201		12.0	19.5	7.5	0.12	0.00	0.3	5
										78.0	91.5	13.5	0.25	0.01	0.6	1
									Inc.	78.0	88.5	10.5	0.29	0.01	0.7	1
LM-10	Minera Piedra Azul	RC	3413952	572307	1,492	45	-60	294		24.0	37.5	13.5	0.12	0.00	1.3	1
										115.5	118.5	3.0	0.05	0.01	18.4	1
										193.5	196.5	3.0	0.21	0.04	2.6	1
LM-11	Minera Piedra Azul	RC	3413655	571965	1,502	0	-90	150		3.0	4.5	1.5	0.11	0.09	66.5	5
										45.0	52.5	7.5	0.13	0.01	0.3	3
MDPD-029	Minera Piedra Azul	Core	3414002	572937	1,668	90	-75	378		19.1	25.4	6.3	0.01	0.09	9.0	6
										32.5	39.3	6.8	0.01	0.11	10.0	6
										51.5	52.9	1.4	0.01	0.24	8.4	6
										56.3	78.7	22.4	0.10	0.05	4.6	9
										81.7	84.7	3.0	0.16	0.03	1.2	1
										113.2	114.9	1.7	0.03	0.22	41.6	1

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
										126.8	129.2	2.4	1.15	0.07	5.6	2
									Inc.	128.3	128.6	0.3	6.34	0.19	32.5	3
										136.8	137.0	0.3	0.28	0.45	147.5	1
										153.2	156.1	2.9	0.15	0.02	6.3	2
										161.0	169.7	8.7	0.39	0.01	0.8	2
									Inc.	161.0	163.0	2.0	0.60	0.01	1.7	1
										231.3	231.5	0.2	0.29	0.23	94.6	1
										292.0	295.0	3.0	0.69	0.10	441.5	2
										328.6	331.3	2.7	0.12	0.06	28.9	1
MDPD-032	Minera Piedra Azul	Core	3414492	572840	1,613	300	-60	320		9.7	12.9	3.2	0.00	0.10	10.6	2
										49.3	50.8	1.5	0.00	6.09	1.2	1
									Inc.	49.3	50.0	0.7	0.00	12.80	0.9	1
										212.4	220.0	7.6	0.11	0.02	1.1	2
										250.6	256.8	6.3	0.40	0.01	0.3	4
MDPD-033	Minera Piedra Azul	Core	3414187	572872	1,648	270	-70	301		51.0	55.8	4.8	0.00	0.06	10.1	1
										84.6	86.4	1.8	0.34	0.01	0.6	3
										110.3	111.9	1.6	0.00	0.05	25.8	3
										114.9	137.2	22.4	0.13	0.02	7.3	2
										141.6	157.5	15.9	0.06	0.05	19.1	3
										163.6	167.9	4.3	0.01	0.09	40.3	3
									Inc.	164.4	165.3	1.0	0.02	0.30	130.0	5
										175.8	181.9	6.2	1.05	0.04	9.9	2
									Inc.	178.9	181.9	3.0	1.72	0.06	13.9	1
										186.4	186.7	0.3	0.79	0.04	11.2	1
										187.9	197.6	9.7	0.42	0.02	6.0	1
										208.9	214.3	5.4	0.24	0.02	9.5	3
										223.7	224.5	0.8	0.61	0.03	15.9	8

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)
										238.6	239.8	1.2	0.46	0.02	8.0	3
										244.0	244.8	0.9	0.31	0.03	15.3	2
										248.4	250.2	1.8	0.64	0.01	8.0	3

Note: Intercepts reported using 0.1% copper equivalent (CuEq) and no minimum thickness. CuEq % = Cu % + (0.617248 * Au g/t) + (0.008072 * Ag g/t) + (0.000419 * Mo ppm). US$4.30/lb Cu, US$1,820.00/oz Au, US$23.80/oz Ag, US$18.00/lb Mo. Equivalency does not include consideration of metallurgical recovery. Intercepts noted as “including” are higher-grade intercepts based on 0.25% CuEq.

Loma Bonita

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
LM-01	Minera Piedra Azul	RC	3415069	573062	1,594	90	-60	201	0.0	17.5	17.5	0.39
MDPC-058	Minera Piedra Azul	RC	3415196	572839	1,631	270	-80	231	47.0	65.5	18.5	0.37
MDPC-059	Minera Piedra Azul	RC	3415123	573064	1,593	200	-60	102	53.9	106.2	52.3	1.54
MDPC-089	Minera Piedra Azul	RC	3415253	572500	1,640	360	-87	189	162.1	168.6	6.6	0.21
MDPC-090	Minera Piedra Azul	RC	3415279	572558	1,637	3	-89	149	0.0	101.6	101.6	0.86
									108.7	113.8	5.0	0.51
MDPC-091	Minera Piedra Azul	RC	3415240	572545	1,656	359	-89	166	14.2	62.0	47.7	0.38
									70.6	119.9	49.2	0.48
MDPC-092	Minera Piedra Azul	RC	3415220	572592	1,650	359	-88	198	0.0	19.3	19.3	0.20
									23.4	40.6	17.2	0.44
									76.7	89.4	12.7	0.27
									93.5	124.4	31.0	0.52
MDPC-093	Minera Piedra Azul	RC	3415381	572443	1,584	0	-90	195	0.0	10.1	10.1	0.26
MDPC-094	Minera Piedra Azul	RC	3415272	572452	1,613	0	-90	120	No significant intercepts			

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
MDPC-094B	Minera Piedra Azul	RC	3415270	572452	1,614	0	-90	204	159.0	165.6	6.6	0.21
MDPC-095	Minera Piedra Azul	RC	3415454	572410	1,574	0	-90	186	No significant intercepts			
MDPC-096	Minera Piedra Azul	RC	3415259	572619	1,627	0	-90	162	0.0	68.1	68.1	1.54
MDPC-097	Minera Piedra Azul	RC	3415476	572475	1,580	0	-90	171	0.0	16.2	16.2	0.58
MDPC-098	Minera Piedra Azul	RC	3415168	572459	1,666	0	-90	189	104.2	130.5	26.4	0.67
									134.6	144.3	9.6	0.34
MDPC-099	Minera Piedra Azul	RC	3415193	572531	1,656	0	-90	101	6.6	20.8	14.2	0.27
									29.5	52.8	23.3	0.45
									60.0	87.9	27.9	0.46
MDPC-099B	Minera Piedra Azul	RC	3415193	572529	1,656	0	-90	180	40.1	68.1	27.9	0.30
									79.8	89.4	9.6	0.29
									101.1	122.9	21.8	0.52
MDPC-100	Minera Piedra Azul	RC	3415203	572483	1,655	0	-90	172	93.5	110.7	17.2	1.22
MDPC-101	Minera Piedra Azul	RC	3415512	572381	1,569	0	-90	143	0.0	36.1	36.1	0.71
MDPC-102	Minera Piedra Azul	RC	3415607	572412	1,568	0	-90	152	0.0	46.7	46.7	0.97
MDPC-129	Minera Piedra Azul	RC	3415204	572643	1,639	0	-90	24	12.7	24.4	11.7	1.00
MDPC-129B	Minera Piedra Azul	RC	3415201	572646	1,640	0	-90	172	12.7	45.2	32.5	0.37
									58.4	72.6	14.2	0.20
MDPC-130	Minera Piedra Azul	RC	3415251	572656	1,618	0	-90	174	12.7	22.3	9.6	0.48
MDPC-131	Minera Piedra Azul	RC	3415314	572626	1,605	0	-90	152	0.0	49.8	49.8	2.63
									72.2	86.3	14.2	0.21
									119.4	133.6	14.2	0.20
MDPC-132	Minera Piedra Azul	RC	3415330	572579	1,608	0	-90	187	0.0	31.5	31.5	0.53
									37.1	54.3	17.2	0.45

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
MDPC-133	Minera Piedra Azul	RC	3415413	572506	1,586	0	-90	61	0.0	5.6	5.6	0.23
MDPC-134	Minera Piedra Azul	RC	3415540	572443	1,576	0	-90	70	0.5	20.8	20.3	0.61
MDPC-135	Minera Piedra Azul	RC	3415623	572367	1,570	0	-90	61	0.0	33.0	33.0	0.69
MDPC-136	Minera Piedra Azul	RC	3415576	572350	1,555	0	-90	61	6.6	31.5	24.9	0.63
MDPC-137	Minera Piedra Azul	RC	3415642	572321	1,568	0	-90	61	0.0	8.6	8.6	0.33
MDPC-138	Minera Piedra Azul	RC	3415384	572582	1,598	60	-75	83	0.0	19.0	19.0	0.48
MDPC-139	Minera Piedra Azul	RC	3415354	572626	1,597	60	-75	154	0.0	6.5	6.5	0.88
MDPC-140	Minera Piedra Azul	RC	3415328	572660	1,597	63	-74	101	No significant intercepts			
MDPC-141	Minera Piedra Azul	RC	3415274	572692	1,616	0	-90	197	11.0	49.0	38.0	0.95
MDPC-142	Minera Piedra Azul	RC	3415282	572639	1,615	0	-90	53	0.0	7.0	7.0	0.27
MDPC-143	Minera Piedra Azul	RC	3415282	572556	1,639	62	-56	149	0.5	128.5	128.0	1.93
MDPC-144	Minera Piedra Azul	RC	3415236	572708	1,630	0	-90	203	No significant intercepts			
MDPC-145	Minera Piedra Azul	RC	3415199	572708	1,639	0	-90	137	23.6	30.4	6.8	0.20
									36.5	41.5	5.0	1.20
									63.5	71.5	8.0	0.43
									78.5	89.5	11.0	0.28
MDPC-146	Minera Piedra Azul	RC	3415247	572799	1,627	0	-90	122	No significant intercepts			
MDPC-147	Minera Piedra Azul	RC	3415075	573073	1,592	25	-60	65	0.0	13.0	13.0	0.36
MDPC-153	Minera Piedra Azul	RC	3415199	572534	1,659	200	-60	155	14.0	74.5	60.5	0.66
									83.0	116.5	33.5	0.27
MDPC-154	Minera Piedra Azul	RC	3415180	572582	1,644	200	-60	137	0.0	74.5	74.5	0.71
									83.0	128.5	45.5	0.26
MDPC-155	Minera Piedra Azul	RC	3415187	572627	1,645	200	-65	32	0.0	31.5	31.5	1.67
MDPC-156	Minera Piedra Azul	RC	3415081	572810	1,614	0	-90	71	No significant intercepts			

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
MDPC-157	Minera Piedra Azul	RC	3415636	572419	1,562	20	-65	53	0.0	37.0	37.0	0.37
MDPC-158	Minera Piedra Azul	RC	3415655	572377	1,569	20	-70	65	0.5	38.5	38.0	0.36
MDPC-159	Minera Piedra Azul	RC	3415181	572586	1,644	135	-60	110	0.0	76.0	76.0	0.48
									81.5	101.5	20.0	0.33
MDPC-160	Minera Piedra Azul	RC	3415187	572631	1,644	135	-65	89	0.5	46.0	45.5	1.49
MDPC-161	Minera Piedra Azul	RC	3415251	572625	1,631	175	-65	77	0.0	40.0	40.0	1.00
									44.0	68.5	24.5	0.54
MDPC-162	Minera Piedra Azul	RC	3415205	572533	1,661	330	-65	155	86.0	133.0	47.0	0.96
MDPC-163	Minera Piedra Azul	RC	3415189	572677	1,640	135	-65	53	41.0	50.5	9.5	1.25
MDPC-164	Minera Piedra Azul	RC	3415107	572765	1,614	0	-90	41	0.0	16.0	16.0	0.71
MDPC-165	Minera Piedra Azul	RC	3415104	572719	1,609	0	-90	80	5.0	11.5	6.5	0.27
									21.5	38.5	17.0	1.09
MDPC-166	Minera Piedra Azul	RC	3415200	572532	1,660	225	-55	53	21.5	28.0	6.5	0.32
MDPC-167	Minera Piedra Azul	RC	3415188	572673	1,640	215	-55	38	17.0	26.5	9.5	0.70
MDPC-169	Minera Piedra Azul	RC	3415101	572514	1,608	0	-90	53	No significant intercepts			
MDPD-006	Minera Piedra Azul	Core	3415196	572839	1,631	270	-80	539	259.3	267.9	8.7	0.50
MDPD-007	Minera Piedra Azul	Core	3415431	572453	1,587	0	-90	165	0.0	20.0	20.0	1.63
									102.5	108.0	5.5	0.61
									157.5	162.7	5.2	1.07
MDPD-008	Minera Piedra Azul	Core	3415594	572459	1,566	290	-60	213	1.0	13.1	12.1	0.72
MDPD-009	Minera Piedra Azul	Core	3415689	572281	1,549	290	-60	202	0.8	24.3	23.5	0.30
									156.8	163.5	6.7	0.21
MDPD-010	Minera Piedra Azul	Core	3415740	572194	1,550	270	-60	172	No significant intercepts			
MDPD-011	Minera Piedra Azul	Core	3415374	572484	1,601	0	-90	150	0.0	23.4	23.4	1.27

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
MDPD-012	Minera Piedra Azul	Core	3415303	572518	1,629	0	-90	150	22.2	74.2	52.0	2.37
MDPD-015	Minera Piedra Azul	Core	3415847	571904	1,478	110	-60	80	No significant intercepts			
MDPD-016	Minera Piedra Azul	Core	3415495	572427	1,583	0	-90	201	0.0	26.0	26.0	0.75
MDPD-017	Minera Piedra Azul	Core	3415470	572980	1,580	0	-90	150	No significant intercepts			
MDPD-018	Minera Piedra Azul	Core	3415280	573024	1,589	0	-90	330	0.0	12.6	12.6	0.49
MDPD-019	Minera Piedra Azul	Core	3415182	572576	1,644	0	-90	201	0.0	34.9	34.9	0.40
									65.2	102.1	36.9	0.21
									109.8	115.5	5.6	0.20
MDPD-020	Minera Piedra Azul	Core	3415318	572472	1,606	0	-90	201	0.0	15.0	15.0	1.48
									86.8	96.4	9.7	0.32
MDPD-021	Minera Piedra Azul	Core	3415347	572537	1,609	0	-90	31	0.0	8.5	8.5	0.38
MDPD-021-A	Minera Piedra Azul	Core	3415347	572535	1,609	0	-90	150	0.0	5.9	5.9	0.37
MDPD-022	Minera Piedra Azul	Core	3415557	572396	1,574	0	-90	153	7.0	41.3	34.3	0.39
MDPD-031	Minera Piedra Azul	Core	3415794	572212	1,518	110	-45	315	No significant intercepts			
MDPD-036	Minera Piedra Azul	Core	3415303	572515	1,628	335	-45	95	7.3	52.4	45.1	1.13
MDPD-037	Minera Piedra Azul	Core	3415300	572516	1,629	155	-45	104	82.0	103.9	22.0	0.82
ALA-17-001	Teck	Core	3415307	572905	1,622	270	-50	138	15.5	30.5	15.0	0.69
									66.5	73.0	6.5	0.50
ALA-17-001A	Teck	Core	3415306	572905	1,622	270	-50	601	17.0	28.0	11.0	0.40
									69.0	78.5	9.5	0.21
									297.0	302.0	5.0	0.44
ALA-17-007	Teck	Core	3415398	573123	1,551	270	-80	249	38.0	46.0	8.0	0.42
ALA-17-008	Teck	Core	3415399	573119	1,550	90	-60	453	No significant intercepts			

Note: All intercepts reported using a 0.2 g/t Au cut-off and no minimum thickness.

Mesa de Plata

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
LM-06	Minera Piedra Azul	RC	3415451	571802	1,600	0	-90	90	0	76	76	184.3
LM-07	Minera Piedra Azul	RC	3415370	571872	1,595	0	-90	90	0	46	46	199.7
LM-08	Minera Piedra Azul	RC	3415301	572014	1,591	0	-90	90	0	38.5	38.5	68.1
LM-09	Minera Piedra Azul	RC	3415606	571757	1,572	0	-90	92	0	43	43	317.7
MDPC-001	Minera Piedra Azul	RC	3415629	571700	1,564	0	-90	90	0	43	43	56.4
MDPC-002	Minera Piedra Azul	RC	3415643	571749	1,564	0	-90	90	21.5	41.5	20	28.3
MDPC-003	Minera Piedra Azul	RC	3415656	571797	1,559	0	-90	90	6.5	43	36.5	25.3
MDPC-004	Minera Piedra Azul	RC	3415666	571844	1,546	0	-90	90	8	13	5	25.8
									24.5	37	12.5	80.7
MDPC-005	Minera Piedra Azul	RC	3415533	571729	1,581	0	-90	90	0.5	49	48.5	37.2
MDPC-006	Minera Piedra Azul	RC	3415548	571776	1,581	0	-90	90	0	52	52	79.3
MDPC-007	Minera Piedra Azul	RC	3415566	571821	1,565	0	-90	90	6.5	58	51.5	82.2
MDPC-008	Minera Piedra Azul	RC	3415573	571871	1,557	0	-90	90	9.5	43	33.5	31.8
									51.5	56.5	5	23.8
MDPC-009	Minera Piedra Azul	RC	3415588	571923	1,555	0	-90	90	6.5	71.5	65	49.4
MDPC-010	Minera Piedra Azul	RC	3415439	571759	1,599	0	-90	90	0	62.5	62.5	117.4
MDPC-011	Minera Piedra Azul	RC	3415464	571850	1,590	0	-90	90	0	49	49	124.6
MDPC-012	Minera Piedra Azul	RC	3415477	571899	1,576	0	-90	90	0	20.5	20.5	57.2
MDPC-013	Minera Piedra Azul	RC	3415489	571946	1,566	0	-90	90	8	34	26	53.3
MDPC-014	Minera Piedra Azul	RC	3415497	571985	1,566	0	-90	90	No significant intercepts			

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPC-015	Minera Piedra Azul	RC	3415383	571930	1,591	0	-90	90	9.5	44.5	35	92.7
MDPC-016	Minera Piedra Azul	RC	3415394	571975	1,580	0	-90	90	0	29.5	29.5	45.6
MDPC-017	Minera Piedra Azul	RC	3415407	572014	1,566	0	-90	90	No significant intercepts			
MDPC-018	Minera Piedra Azul	RC	3415293	571967	1,586	0	-90	90	3.5	25	21.5	31.9
MDPC-019	Minera Piedra Azul	RC	3415313	572050	1,585	0	-90	90	0	29.5	29.5	44.3
MDPC-020	Minera Piedra Azul	RC	3415235	572077	1,589	0	-90	90	No significant intercepts			
MDPC-021	Minera Piedra Azul	RC	3415232	572125	1,602	0	-90	90	0	32.5	32.5	58.3
MDPC-022	Minera Piedra Azul	RC	3415248	572182	1,609	0	-90	90	0	41.5	41.5	73.0
MDPC-023	Minera Piedra Azul	RC	3415246	572225	1,615	0	-90	90	14	47.5	33.5	34.5
MDPC-024	Minera Piedra Azul	RC	3415178	572296	1,625	0	-90	90	21.5	62.5	41	25.2
MDPC-025	Minera Piedra Azul	RC	3415196	572351	1,629	0	-90	108	No significant intercepts			
MDPC-026	Minera Piedra Azul	RC	3415794	571643	1,563	0	-90	90	3.5	31	27.5	71.6
MDPC-027	Minera Piedra Azul	RC	3415725	571671	1,561	0	-90	90	17	40	23	21.6
MDPC-028	Minera Piedra Azul	RC	3415739	571720	1,554	0	-90	90	8	34	26	30.0
MDPC-029	Minera Piedra Azul	RC	3415742	571773	1,543	0	-90	90	14	29.5	15.5	24.1
MDPC-030	Minera Piedra Azul	RC	3415583	571713	1,570	0	-90	90	2	53.5	51.5	43.1
MDPC-031	Minera Piedra Azul	RC	3415609	571810	1,558	0	-90	90	8	50.5	42.5	88.1
MDPC-032	Minera Piedra Azul	RC	3415620	571857	1,543	0	-90	90	0.5	5.5	5	22.1
									14	40	26	49.9
MDPC-033	Minera Piedra Azul	RC	3415622	571900	1,544	0	-90	90	8	28	20	26.7
									38.984	45.016	6.032	20.0
									59	73	14	31.6
MDPC-034	Minera Piedra Azul	RC	3415486	571748	1,593	0	-90	90	0	59.5	59.5	221.7

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPC-035	Minera Piedra Azul	RC	3415501	571790	1,591	0	-90	90	0	64	64	85.5
MDPC-036	Minera Piedra Azul	RC	3415517	571838	1,579	0	-90	90	0	67	67	43.0
MDPC-037	Minera Piedra Azul	RC	3415525	571885	1,570	0	-90	90	6.5	40	33.5	32.6
MDPC-038	Minera Piedra Azul	RC	3415540	571934	1,562	0	-90	90	12.5	46	33.5	34.4
									63.5	68.5	5	21.7
MDPC-039	Minera Piedra Azul	RC	3415405	571820	1,597	0	-90	90	0	56.5	56.5	186.8
MDPC-040	Minera Piedra Azul	RC	3415418	571865	1,593	0	-90	90	8	62.5	54.5	83.3
MDPC-041	Minera Piedra Azul	RC	3415428	571910	1,583	0	-90	90	No significant intercepts			
MDPC-042	Minera Piedra Azul	RC	3415444	571962	1,573	0	-90	90	8	37	29	50.0
MDPC-043	Minera Piedra Azul	RC	3415456	571999	1,565	0	-90	90	No significant intercepts			
MDPC-044	Minera Piedra Azul	RC	3415343	571891	1,592	0	-90	90	8	26.5	18.5	125.7
MDPC-045	Minera Piedra Azul	RC	3415335	571941	1,593	0	-90	90	3.5	35.5	32	40.9
MDPC-046	Minera Piedra Azul	RC	3415346	571991	1,586	0	-90	90	0	35.5	35.5	92.3
MDPC-047	Minera Piedra Azul	RC	3415367	572038	1,567	0	-90	90				
MDPC-048	Minera Piedra Azul	RC	3415758	571675	1,558	0	-90	90	23	40	17	36.3
MDPC-049	Minera Piedra Azul	RC	3415692	571733	1,556	0	-90	90	3.5	50.5	47	58.0
MDPC-050	Minera Piedra Azul	RC	3415703	571783	1,548	0	-90	90	2	16	14	34.4
									20	44.5	24.5	48.5
MDPC-051	Minera Piedra Azul	RC	3415276	572026	1,589	0	-90	90	0	34	34	31.8
MDPC-052	Minera Piedra Azul	RC	3415265	572061	1,591	0	-90	90	0	26.5	26.5	56.1
MDPC-053	Minera Piedra Azul	RC	3415275	572106	1,593	0	-90	90	0	29.5	29.5	35.0
MDPC-054	Minera Piedra Azul	RC	3415277	572160	1,597	0	-90	90	0	29.5	29.5	44.3
MDPC-055	Minera Piedra Azul	RC	3415214	572185	1,613	0	-90	90	0	37	37	43.8

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPC-056	Minera Piedra Azul	RC	3415210	572239	1,620	0	-90	90	17	56.5	39.5	50.4
MDPC-057	Minera Piedra Azul	RC	3415219	572289	1,620	0	-90	90	No significant intercepts			
MDPC-060	Minera Piedra Azul	RC	3415673	571686	1,563	344	-62	61	0	48.244	48.244	30.6
MDPC-061	Minera Piedra Azul	RC	3415690	571735	1,556	255	-60	61	0	49.768	49.768	42.7
MDPC-062	Minera Piedra Azul	RC	3415692	571735	1,556	344	-60	56	6.62	48.244	41.624	47.0
MDPC-063	Minera Piedra Azul	RC	3415689	571735	1,556	164	-61.47	52	0	51.292	51.292	36.2
MDPC-064	Minera Piedra Azul	RC	3415691	571738	1,556	75	-59.98	67	0	63.484	63.484	56.7
MDPC-065	Minera Piedra Azul	RC	3415703	571783	1,548	344	-60.93	52	4.28	12.483	8.203	20.0
									37.1	51.292	14.192	57.2
MDPC-066	Minera Piedra Azul	RC	3415702	571785	1547	164	-50.88	52	5.096	29.956	24.86	34.8
									34.052	42.148	8.096	26.5
MDPC-067	Minera Piedra Azul	RC	3415655	571696	1,564	11.76	-88.88	46	0	45.72	45.72	97.9
MDPC-068	Minera Piedra Azul	RC	3415630	571700	1,564	255	-50.59	37	0	36.576	36.576	262.1
MDPC-069	Minera Piedra Azul	RC	3415631	571700	1,564	75	-46.43	37	0	36.576	36.576	234.7
MDPC-070	Minera Piedra Azul	RC	3415640	571748	1,565	164	-51.29	37	9.668	20.812	11.144	20.9
									24.908	36.576	11.668	38.6
MDPC-071	Minera Piedra Azul	RC	3415667	571840	1,547	255	-59.23	49	0	48.768	48.768	89.4
MDPC-072	Minera Piedra Azul	RC	3415666	571843	1,546	75	-60.46	46	27.956	45.72	17.764	25.6
MDPC-073	Minera Piedra Azul	RC	3415607	571708	1,566	0.95	-89.14	26	0	25.908	25.908	73.2
MDPC-074	Minera Piedra Azul	RC	3415615	571728	1,569	0.48	-89.56	30	0	30.48	30.48	208.1
MDPC-075	Minera Piedra Azul	RC	3415632	571804	1,559	0.02	-89.12	37	14.24	36.576	22.336	109.8
MDPC-076	Minera Piedra Azul	RC	3415641	571843	1,547	358.5	-89.63	37	6.62	36.576	29.956	65.4
MDPC-077	Minera Piedra Azul	RC	3415583	571711	1,570	255	-48.6	37	8.144	16.24	8.096	21.6

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
									20.336	34.528	14.192	35.7
MDPC-078	Minera Piedra Azul	RC	3415589	571737	1,573	359.78	-87.86	37	3.572	36.576	33.004	44.2
MDPC-079	Minera Piedra Azul	RC	3415602	571757	1,572	75	-51.32	46	0	45.72	45.72	105.0
MDPC-080	Minera Piedra Azul	RC	3415608	571808	1,559	255	-44.23	49	14.24	48.244	34.004	62.7
MDPC-081	Minera Piedra Azul	RC	3415617	571831	1,552	359.58	-89.49	46	3.572	45.72	42.148	71.0
MDPC-082	Minera Piedra Azul	RC	3415620	571860	1542	75,	-48.58	41	2.048	23.86	21.812	34.2
									27.956	40.624	12.668	31.3
MDPC-083	Minera Piedra Azul	RC	3415621	571899	1,544	75	-59.26	87	0	8.62	8.62	27.2
									26.432	39.1	12.668	31.0
									49.292	55.864	6.572	45.3
									64.532	72.628	8.096	29.8
MDPC-084	Minera Piedra Azul	RC	3415569	571752	1,577	359.45	-89.43	46	0	45.72	45.72	43.4
MDPC-085	Minera Piedra Azul	RC	3415581	571791	1,568	359.86	-89.17	46	5.096	45.72	40.624	89.5
MDPC-086	Minera Piedra Azul	RC	3415589	571830	1,556	359.28	-89.05	43	6.62	42.672	36.052	91.7
MDPC-087	Minera Piedra Azul	RC	3415532	571728	1,581	255	-61.63	52	0	51.816	51.816	37.0
MDPC-088	Minera Piedra Azul	RC	3415535	571726	1,580	344	-46.2	67	12.716	67.056	54.34	34.9
MDPC-103	Minera Piedra Azul	RC	3415360	571961	1,591	6.0872	-89.86	49	0	39.1	39.1	49.4
MDPC-104	Minera Piedra Azul	RC	3415351	571920	1,595	75	-42.66	67	0	67.056	67.056	56.7
MDPC-105	Minera Piedra Azul	RC	3415385	571929	1,591	344	-50.38	61	12.716	57.388	44.672	39.8
MDPC-106	Minera Piedra Azul	RC	3415381	571927	1,592	255	-44.91	64	12.716	63.484	50.768	142.1
MDPC-107	Minera Piedra Azul	RC	3415387	571861	1,595	75	-46.8	73	0	71.104	71.104	299.3
MDPC-108	Minera Piedra Azul	RC	3415386	571858	1,594	359.93	-89.13	43	0	42.672	42.672	253.6
MDPC-109	Minera Piedra Azul	RC	3415432	571836	1,597	0.36	-88.62	67	0	61.96	61.96	172.5

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPC-110	Minera Piedra Azul	RC	3415432	571808	1,601	10.93	-89.49	79	0	79.248	79.248	340.7
MDPC-111	Minera Piedra Azul	RC	3415475	571901	1,576	164	-43.99	40	No significant intercepts			
MDPC-112	Minera Piedra Azul	RC	3415445	571778	1,602	164	-49.37	79	0	79.248	79.248	110.2
MDPC-113	Minera Piedra Azul	RC	3415445	571778	1,602	344	-52.25	88	0	87.868	87.868	152.1
MDPC-114	Minera Piedra Azul	RC	3415436	571760	1,599	164	-48.79	58	0	57.912	57.912	61.5
MDPC-115	Minera Piedra Azul	RC	3415440	571760	1,599	344	-54.56	73	0	73.152	73.152	90.3
MDPC-116	Minera Piedra Azul	RC	3415441	571759	1,599	255	-59.56	55	3.572	54.864	51.292	51.3
MDPC-117	Minera Piedra Azul	RC	3415403	571825	1,597	164	-48.14	46	0	31.48	31.48	161.5
									37.1	45.72	8.62	29.6
MDPC-118	Minera Piedra Azul	RC	3415426	571838	1,597	75	-43.79	70	0	70.104	70.104	111.6
MDPC-119	Minera Piedra Azul	RC	3415485	571819	1,592	333.1	-89.5	67	0	66.532	66.532	91.2
MDPC-120	Minera Piedra Azul	RC	3415472	571796	1,597	91.27	-89.07	61	0	60.96	60.96	90.7
MDPC-121	Minera Piedra Azul	RC	3415522	571886	1570	164	-49.4	46	9.668	14.716	5.048	41.4
									24.036	32.351	8.315	20.0
MDPC-122	Minera Piedra Azul	RC	3415528	571886	1,569	344	-51.94	55	8.144	52.816	44.672	33.4
MDPC-123	Minera Piedra Azul	RC	3415511	571837	1,582	164	-50.87	55	11.192	54.863	43.671	65.6
MDPC-124	Minera Piedra Azul	RC	3415531	571808	1,579	75	-53.74	73	31.004	73.152	42.148	49.2
MDPC-125	Minera Piedra Azul	RC	3415530	571806	1,581	342.03	-89.64	58	24.908	57.912	33.004	88.7
MDPC-126	Minera Piedra Azul	RC	3415522	571780	1,587	73.34	-88.01	46	0	14.716	14.716	32.0
									20.336	45.72	25.384	51.6
MDPC-127	Minera Piedra Azul	RC	3415509	571722	1,583	264.53	-88.92	46	0	42.148	42.148	54.7
MDPC-128	Minera Piedra Azul	RC	3415587	571923	1,555	164	-48.63	37	0	17.764	17.764	29.9
									23.384	36.576	13.192	39.8

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPC-150	Minera Piedra Azul	RC	3415601	571760	1,573	155	-55	53	0	52.5	52.5	214.0
MDPC-151	Minera Piedra Azul	RC	3415439	571806	1,603	315	-70	74	0	67	67	198.7
MDPC-152	Minera Piedra Azul	RC	3415485	571746	1,594	315	-60	53	0	52.5	52.5	282.3
MDPD-001	Minera Piedra Azul	Core	3415606	571756	1,572	0	-90	126	0	43.4	43.4	291.0
MDPD-002	Minera Piedra Azul	Core	3415452	571803	1,599	0	-90	203	0	77.15	77.15	162.7
MDPD-002A	Minera Piedra Azul	Core	3415452	571803	1,599	0	-90	13	0	12.5	12.5	65.4
MDPD-003	Minera Piedra Azul	Core	3415370	571870	1,595	0	-90	200	0	46.15	46.15	127.9
MDPD-004	Minera Piedra Azul	Core	3415791	571640	1,563	0	-90	34	0	33.5	33.5	37.4
MDPD-004B	Minera Piedra Azul	Core	3415792	571637	1,564	0	-90	202	1	50	49	40.9
MDPD-005	Minera Piedra Azul	Core	3415672	571684	1,563	0	-90	75	0	64	64	41.8
MDPD-013	Minera Piedra Azul	Core	3415769	571865	1,506	0	-90	28	No significant intercepts			
MDPD-014	Minera Piedra Azul	Core	3415645	571953	1,527	0	-90	65	0	18.25	18.25	42.9
									26.15	47	20.85	63.4
MDPD-023	Minera Piedra Azul	Core	3416129	571655	1,427	0	-90	102	0	7.15	7.15	139.0
MDPD-024	Minera Piedra Azul	Core	3416144	571701	1,421	0	-90	100	0	5.5	5.5	42.4
MDPD-026	Minera Piedra Azul	Core	3416192	571690	1,412	0	-90	50	0	9.2	9.2	48.6
MDPD-027	Minera Piedra Azul	Core	3416239	571677	1,412	0	-90	50	No significant intercepts			
MDPD-028	Minera Piedra Azul	Core	3416173	571589	1,420	0	-90	50	No significant intercepts			
MDPD-030	Minera Piedra Azul	Core	3416198	571646	1,411	0	-90	50	No significant intercepts			
MDPQ-001	Minera Piedra Azul	Core	3415581	571789	1,569	270	-60	66	1.85	44.95	43.1	514.2
MDPQ-002	Minera Piedra Azul	Core	3415496	571772	1,593	315	-60	12	0	12	12	31.0
MDPQ-002-A	Minera Piedra Azul	Core	3415495	571772	1,593	315	-60	70	0	70.15	70.15	22.5
MDPQ-003	Minera Piedra Azul	Core	3415428	571833	1,597	180	-60	74	0	53	53	275.1

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Ag (g/t)
MDPQ-004	Minera Piedra Azul	Core	3415441	571761	1,600	135	-60	81	0	75.6	75.6	96.1
MDPQ-005	Minera Piedra Azul	Core	3415290	572044	1,589	90	-60	45	0	28.1	28.1	39.2
MDPQ-006	Minera Piedra Azul	Core	3415241	572156	1,606	0	-60	53	0	51.1	51.1	59.5
MDPQ-007	Minera Piedra Azul	Core	3415563	571821	1,566	270	-60	65	6.7	61.6	54.9	97.4
MDPQ-008	Minera Piedra Azul	Core	3415484	571748	1,593	270	-60	40	0	39.6	39.6	442.1

Note: All intercepts reported using a 20 g/t Ag cut-off and no minimum thickness.

Palo Seco

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)		From (m)	To (m)	Drilled Thickness (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
PS-01	Minera Piedra Azul	RC	3412591	576682	1,587	270	-45	87		18.0	63.0	45.0	0.08	14.7	0.04	0.32	1.08
									incl	27.0	45.0	18.0	0.15	31.0	0.07	0.62	1.82
									incl	30.0	31.5	1.5	0.24	41.9	0.09	0.50	4.65
										79.5	87.0	7.5	0.03	3.8	0.02	0.13	0.72
PS-02	Minera Piedra Azul	RC	3412709	576720	1,577	270	-55	120		9.0	16.5	7.5	0.02	12.0	0.02	0.04	0.03
									incl	9.0	10.5	1.5	0.04	28.6	0.04	0.08	0.02
									and	13.5	15.0	1.5	0.02	17.9	0.04	0.08	0.02
										25.5	64.5	39.0	0.01	1.9	0.01	0.01	0.14
									incl	25.5	30.0	4.5	0.01	0.4	0.00	0.00	0.32
										90.0	93.0	3.0	0.25	2.5	0.00	0.00	0.02

Note: All intercepts reported, no minimum cut-off and no minimum thickness used.

San Simon

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
LM-02	Minera Piedra Azul	RC	3414698	573029	1,606	90	-45	201	35.0	47.5	12.5	0.37
MDPC-148	Minera Piedra Azul	RC	3414193	573682	1,709	135	-50	68	11.0	44.5	33.5	0.38
									51.5	58.0	6.5	0.30
MDPC-149	Minera Piedra Azul	RC	3414263	573743	1,706	135	-50	92	51.5	56.5	5.0	0.24
									60.5	79.0	18.5	0.71
MDPC-168	Minera Piedra Azul	RC	3414708	573052	1,616	90	-60	74	18.5	41.5	23.0	1.83
MDPD-025	Minera Piedra Azul	Core	3414190	573675	1,711	210	-70	175	19.8	56.2	36.5	0.52
MDPD-034	Minera Piedra Azul	Core	3414387	573142	1,661	0	-90	376	177.9	194.8	16.9	0.61
									221.5	233.8	12.3	0.21
MDPD-035	Minera Piedra Azul	Core	3414349	573617	1,791	0	-90	250	111.8	126.4	14.7	0.34
ALA-17-002	Teck	Core	3414468	573206	1,683	37	-75	408	76.5	86.0	9.5	0.21
									91.5	96.5	5.0	0.24
									111.0	119.9	8.9	0.20
ALA-17-003	Teck	Core	3414348	573847	1,703	320	-75	174	No significant intercepts			
ALA-17-004	Teck	Core	3414776	573562	1,639	170	-70	443	9.0	15.0	6.0	0.22
									52.0	65.5	13.5	0.58
									69.5	81.0	11.5	0.69
									87.0	117.0	30.0	0.47
									129.1	138.3	9.2	0.20
ALA-17-006	Teck	Core	3414468	573212	1,682	290	-60	449	16.0	22.5	6.5	0.51
									62.5	73.5	11.0	0.38
									160.0	172.5	12.5	0.33
									350.1	355.6	5.5	0.20
ALA-17-011	Teck	Core	3415162	573366	1,545	310	-55	79	No significant intercepts			

Hole_ID	Company	Drill Type	Northing (m)	Easting (m)	Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)	From (m)	To (m)	Drilled Thickness (m)	Au (g/t)
ALA-17-011A	Teck	Core	3415162	573366	1,545	310	-55	327	No significant intercepts			
ALA-18-015	Teck	Core	3415001	573508	1,591	360	-90	267	234.0	239.0	5.0	0.28
ALA-18-016	Teck	Core	3414843	573427	1,616	240	-80	189	No significant intercepts			
ALA-18-017	Teck	Core	3415034	573763	1,542	0	-90	282	No significant intercepts			
ALA-18-019	Teck	Core	3414524	573710	1,715	0	-90	252	75.0	81.7	6.7	0.43

Note: All intercepts reported using a 0.2 g/t Au cut-off and no minimum thickness.