NI 43-101 Technical Report

Preliminary Feasibility Study for the El Tigre Silver Project

Sonora, Mexico



Prepared for:

El Tigre Silver Corp.

Suite 1000 -355 Burrard Street, The Marine Building

Vancouver, BC, Canada V6C 2G8

Prepared by:

1746 Cole Blvd, Suite 140

Lakewood, Colorado 80401

Endorsed by QP's:

Zachary J. Black, SME-RM

Jeffery W. Choquette, P.E.

Effective Date: June 1, 2013

Report Date: August 15, 2013

1 Summary

El Tigre Silver Corp. (ETS) retained Hard Rock Consulting LLC (HRC) to complete a Preliminary Feasibility Study (PFS) for the El Tigre Silver project (El Tigre) in the state of Sonora, Mexico. ETS is a Canadian company listed on the TSX Venture Exchange. ETS controls 100% interest in El Tigre. The PFS is based on the estimated mineral resources and reserves contained within the onsite tailings material. The PFS is intended to provide a comprehensive technical and economic analysis of the selected development option for the reprocessing of the tailings material, and to document the estimated in-situ mineral resources from the historic El Tigre Mine. This study includes detailed assessments of realistically assumed mining, processing, metallurgical, economic, legal, environmental, social, and other relevant considerations needed to demonstrate the economic viability of El Tigre. All data and interpretations are based on information available prior to the effective date of this report, June 1, 2013.

This report and the resource estimate herein were prepared in compliance with the disclosure and reporting requirements set forth in Canadian National Instrument 43-101 (NI 43-101), Companion Policy 43-101CP, and Form 43-101F1 (June 2011), as well as with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Reserves, Definitions and Guidelines adopted by the CIM Council on November 27, 2010.

1.1 Property Description and Ownership

El Tigre is located in the Sierra El Tigre of northeastern Sonora, Mexico, approximately 90 kilometers south-southeast of the border town of Aqua Prieta. From Aqua Prieta, the El Tigre property can be reached by driving 75 kilometers south over Mexican Highway 17 to the town of Esqueda, and 45 kilometers east from Esqueda over dirt road to the El Tigre camp. The property is centered at 30^{o} 35’ 15” north latitude, 109^{o} 13’ 23” west longitude on the Colonia Oaxaca 1:50,000 topographic map sheet (H12B66) of the Servicio Geologico Mexicano (SGM).

The El Tigre property is situated on the steep western slope of the Sierra El Tigre, at elevations between 1500 and 2000 meters above sea level. Local terrain is rugged, and is drained by tributaries of the Rio Bavispe through several cliff-forming bedrock formations. Vegetation ranges from upper Sonoran yucca-ocotillo, to manzanita-oak-pinyon-chaparral, to pine forests at the highest elevations. There are few permanent streams and human activity is limited to prospecting, game hunting, cattle ranching and local forestry.

The eight concessions of the El Tigre property are all registered in the Registro Público de Mineria as explótacion concessions. Compania Minera Talaman S.A. de C.V. (Talaman) controls 100% of four of the concessions and Pacemaker Silver Mining S.A. de C.V. (Pacemaker) controls 100% of the remaining four concessions comprising El Tigre. Talaman’s concessions are 100% owned by Pacemaker by virtue of Pacemaker’s 100% ownership of Talaman, and all of the concessions are 100% owned by ETS by virtue of ETS’ 100% ownership of Pacemaker.

ETS completed full consolidation of the El Tigre property by signing an option agreement with Martin Lopez Lauterio for the surface land and tailings from the historic operation of the Lucky Tiger Combination Gold Mining Company. On September 27, 2012 the option agreement was extended by 12 months. The tailings are located on the El Tigre mining concessions. Under the terms of the Option Agreement, ETS, through its wholly owned Mexican subsidiary, Pacemaker, will have up to two years to evaluate the tailings and design a procedure to extract the contained metal.

1.2 Geology and Mineralization

The Sierra El Tigre is one of the large mountain ranges that are part of the Basin and Range Province that is found from northern Nevada to Zacatacus and Jalisco in Mexico. The Sierra El Tigre is part of the massif of the Sierra Madre Occidental and was formed during Cenozoic extensional faulting, which consists of northerly-trending horsts and grabens. Pre-Cenozoic granite and limestone are the oldest rocks exposed in the range and are overlain by remnants of the vast Tertiary rhyolite ignimbrite field of the Sierra Madre Occidental. The geology in the region is not well known and the report on the geology of the El Tigre Mine area by Mischler (1920) still stands as the authoritative published work on the geology of the Sierra El Tigre.

The central Sierra El Tigre comprises a thick sequence of Tertiary volcanic rocks overlying granitic basement in the south, Pre-Cenozoic alluvial fanglomerates in the west, and Paleozoic bedded limestones in the north. Block faulting and the intrusion of several andesitic and rhyodacitic stocks and dikes have broken up or destroyed much of the original volcanic stratigraphy, greatly complicating the geology.

Silver and gold mineralization at El Tigre appears to be hosted in faults along the eastern part of a major, north-trending fault system (the Teras Fault Zone), which forms the eastern boundary of the central horst block of the Sierra El Tigre. The horst block is an anomalous structural high in the region, exposing Paleozoic limestone and Precambrian granite in the El Tigre Mining District. The faults that host the productive veins in the district are graben-bounding faults for the graben block on the east side of the Sierra El Tigre (west side up, east side down). The presence of high-grade, epithermal precious metals veins in graben-bounding faults is a common occurrence in many major epithermal Au-Ag districts worldwide. The intersection of the fault zone with the margins of a suspected caldera is a similarly favorable environment seen in many camps, and this relationship should be investigated further in continued exploration in the region.

The landmark report on the geology of the El Tigre area was published by R. T. Mischler in 1920 in the Mining and Scientific Press. During 1981 to 1984, Cobre de Hercules, S.A., the Mexican subsidiary of Anaconda Minerals Company, completed extensive geologic investigations in the Sierra El Tigre and contributed substantially to the geologic knowledge of the area.

Silver, gold, lead, zinc, and copper mineralization occurs in the El Tigre district mostly in fissure veins within a narrow, north-trending belt approximately 5.3 kilometers long. The district is made up of 8 known veins. The veins are grouped according to their location within the district. The Sooy, El Tigre, Seitz-Kelly and Combination veins comprise the southern area. The Aquila, Escondida, Fundadora and Protectora veins reside in the northern portion of El Tigre.

The veins formed along structurally prepared fissures that generally dip steeply to the west although steep dip reversals to the east occur in some sections of the veins. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides with silicified or argillized fragments of host rock. Gold in minor amounts is associated with copper-silver sulfides. The mineralization occurs in discontinuous lenses of elongated high-grade sulfides along the veins and as low-grade impregnations in the vein gangue material. A common feature of many of the ore bodies in the historic mine was that they were often much longer along strike than down dip. Mischler identified vein dilatency as one of the primary ore controls in the mine and showed that deflections of the vein gave rise to the characteristic horizontal elongation of the higher grade ore bodies (Mishler, 1920). Intense alteration and fracturing of the brittle volcanic units along the veins hosts oxidized disseminated stockwork mineralization.

1.3 Status of Exploration

Other than records associated with active mining up to 1938, no records of exploration conducted at El Tigre before 1980 have been recovered, with the exception of the report on the geology of the district by R.T. Mischler (1920). Geologic mapping and exploration drilling was done at El Tigre in the 1980's by Anaconda Minerals Company who, at that time, briefly considered the possibility of a low-grade, near-surface silver target. Pursuit of that target was abandoned in favor of a focus on exploration for high-grade silver vein targets in some of the known principal veins. Eight widely spaced holes were drilled in the El Tigre mine area, two holes were drilled between the north and south veins, and twelve holes were drilled to the north in the Fundadora Vein area. Most of the holes probed the principal veins at depth below mine workings and were only successful in discovering significant mineralization in the Fundadora Vein.

El Tigre has recovered many of the Anaconda exploration files from the Anaconda Collection at the University of Wyoming in Laramie, Wyoming. Since the records were assembled, a number of consulting engineers and geologists have been contracted by Pacemaker to review those files and they have identified mineral potential in the district that was not addressed by Anaconda's work. Based on surface and underground sampling done by Anaconda, low-grade silver mineralization was identified by J. Bradbury (2007) as an exploration target. Another consultant, H. Bradshaw (2008), identified three specific drill targets of that type within a 600 meter length of the central portion of the El Tigre Suertudo concession.

Five drilling programs have been conducted to test various targets and veins on the El Tigre property. The first two drilling programs were completed prior to ETS' acquisition of the El Tigre. In the 1980's Anaconda (Cobre de Hercules) completed 22 HQ and NQ diamond core holes (Figure 10-1) and in 1995 Minera de Cordillaras completed a four-hole Reverse Circulation (RC) drilling program for a total of 890 meters on behalf of a third party interest. The final three programs were completed by ETS in 2011, 2012, and 2013. In total, ETS has drilled 59 diamond core holes totaling 9,411.02 meters of drill length.

Planned exploration in the main El Tigre area, the area in the immediate vicinity of the old El Tigre mine workings, will consist mainly of step-out (down dip and along strike) drilling following the El Tigre, Sooy, Seitz-Kelly and Combination veins, and exploration drilling in the hanging wall and footwall of the El Tigre vein to define potential disseminated mineralization in the volcanic sequence. Presently, mineralization remains open to the north, south, and down dip along the vein system within El Tigre.

The El Tigre district is proven by historical documents and current on-going work to be well mineralized with silver and gold deposits in volcanic rocks. Based on the extensive strike length and width of the system, the exploration potential is excellent.

Historical records indicate that the mining cutoff grade in the old El Tigre Mine was about 15 oz/ton Ag. It is probable that substantial material grading in the range of 5 to 15 oz/ton Ag remains in the mine as un-mined blocks and backfill. Exploring for this material will be difficult, but can be accomplished with an aggressive drilling effort and opening up the underground workings for sampling.

1.4 Mineral Resource Estimate

Zachary J. Black, SME-RM, a Resource Geologist with HRC, is responsible for the mineral resource estimate herein. Mr. Black is a qualified person as defined by NI 43-101 and is independent of El Tigre Silver Corp.

1.4.1 Tailings Impoundment

HRC estimated the mineral resource for the tailings material from drill hole data, using controls from the color designations and a dual kriging approach to model the homogenous tailings material.

A model of the tailings impoundment's lower elevation was completed using Leapfrog mining software. An outline of the tailings impoundment boundary was mapped from the aerial photography provided. The boundary was combined with the 7 core holes' bottom depth to create a surface representing the bottom of the tailings pile. The surface was then checked against the auger holes to ensure that no auger holes penetrated the bottom surface. The surface was tagged to the bottom elevation of the auger holes if it was penetrated by the hole. The total volume of the tailings was estimated to be 632,790 m^3.

Three colors representing metallurgical domains were established in the metallurgical study conducted in 2012. Red, Gray, and Yellow domains representing material of differing oxidation levels from the El Tigre mine have been logged in the geologic tailings database. HRC constructed 3D shapes representing each color within the database and assigned metallurgical recoveries and density based on the domain.

The mineral resource estimate for the tailings impoundment area of El Tigre is summarized in Table 1-1. This mineral resource estimate includes all drill data obtained as of June 1, 2013, and has been independently verified by HRC.

Table 1-1: Mineral Resource Estimate - Tailings

Classification	Volume	Tonnes	AgEq		Silver		Gold	
	m^3	(x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)
Measured	328	855	101.3	2,785	84.2	2,316	0.285	7.84
Indicated	165	439	96.7	1,364	80.6	1,138	0.267	3.77
Measured + Indicated Resources	493	1294	99.7	4,150	83.0	3,454	0.279	11.61
Inferred Resources	107	289	96.3	894	80.6	749	0.262	2.43

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
(2) All resources are stated above a 40 g/t Ag Equivalent cut-off.
(3) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
(4) Gold Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the gold equivalent calculation.

1.4.2 In-Situ Mineral Resource Estimation

HRC estimated the mineral resource for El Tigre from drill hole data, using controls from the main rock types and a single stage indicator approach to model the higher grade vein and lower grade disseminated styles of mineralization.

HRC created a three dimensional (3D) block model in CAE Datamine mining software. The block model was created with individual block dimensions of 3x10x10 meters (xyz). The model origin is located at 670,500 east, 3,383,100 north, and at an elevation of 1,400 meters above sea level (masl). The block model extends 1,200 m (400 blocks) in the easting direction, 2,500 m (250 blocks) in the northing direction, and vertically 1,100 m (110 blocks) to an elevation of 2,500 masl. All of the block model coordinates are stored as UTM WGS 84, Zone 12 meters. All property and minerals within the block model extents are owned or claimed by ETS.

The present database has been built to include 59 HQ diameter core holes totaling 9,411.02 meters from the ETS drilling

campaigns, 16 of 22 historical Anaconda holes totaling 5,546.15 meters, and a single underground channel sample from within the Johnny Crosscut Mine. The drill hole database contains gold and silver assay analytical information for 7,592 sample intervals.

The El Tigre resource is characterized by high grade silver and gold bearing veins, with a halo of relatively lower grade mineralization surrounding the veins, and low grade silver and gold disseminated between the veins. HRC chose a single stage indicator approach to model the portion of high grade vein material within each block, and then a separate estimate for the halo and inter-vein disseminated mineralization grade. This type of estimate limits the extrapolation of high grade mineralization into lower grade hanging wall and footwall units.

The mineral resource estimate for the El Tigre in-situ material is summarized in Table 1-2. This mineral resource estimate includes all drill data obtained as of June 1, 2013, and has been independently verified by HRC. Mineral resources are not mineral reserves and may be materially affected by environmental, permitting, legal, socio-economic, political, or other factors. In Table 1-2, mineral resources are reported above a 50 gpt silver equivalent cut-off, assuming a three year trailing average gold to silver ratio of 60:1. The silver equivalent was calculated using the equation as follows:

$$Ageq = Ag(gpt) + Au(gpt) * 60$$

Table 1-2: Mineral Resource Estimate – In Situ Material

Classification	Tonnage	AgEq	Ag	Au	Contained Metal (ounces) (x1000)		
					AgEq	Ag	Au
	Tonnes(x1000)	gpt	gpt	gpt	t. oz.	t. oz.	t. oz.
Indicated	9,875	77.8	39.7	0.630	24,713	12,614	200
Inferred	7,042	71.0	36.1	0.589	16,075	8,173	133

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
(2) All resources are stated above a 50 gpt Ag Equivalent cut-off
(3) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
(4) Gold Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the gold equivalent calculation.

1.5 Mineral Reserve Estimate

The Prefeasibility Study demonstrates that reprocessing of tailings portion of El Tigre is economically viable, therefore measured and indicated mineral resources within the tailings impoundment are considered proven and probable reserves. No reserves are estimated for the in-situ portion of El Tigre at this time. The final reserves are reported using a 40 gpt Ag Equivalent cut-off which includes all the measured and indicated material inside the tailings impoundment. The portion of the tails that was classified as inferred resource was assumed to be set aside as waste in a stockpile.

The mineral reserve estimate for El Tigre is based on mining the historic tailings and reprocessing the tailings by conventional mill and agitated cyanide leach methods. The mine plan is based on sequentially moving the tails from their current location to the plant site. The mine schedule is designed to progress from the upper levels of the current tailings impoundment to the bottom in 3 meter benches. Since the tailings impoundment is on the surface, there was no requirement to consider geotechnical, hydrological or other parameters in designing the mining production and surface operations.

Proven and probable reserves of 1,294,000 tons at a grade of 83.0 gpt Ag and 0.279 gpt Au are contained within the mineral resource estimate on the tailings impoundment for a total of 4,151,000 AgEq oz of contained metal in the final reserves. Table 15-1 shows the contained reserves by classification category. At this time there are no known mining, metallurgical, infrastructure and permitting factors that could material affect the mineral reserves.

Table 1-3: El Tigre Mineral Reserves Estimate

Classification	Tonnes[2]	Ag Eq[4]	Ag	Au	Contained Metal (x 000)[2]		
					Ag Eq[4]	Ag	Au
	(x 000)	gpt	gpt	gpt	t. oz.	t. oz.	t. oz.
Proven[1],[3]	855	101.3	84.2	0.285	2,786	2,316	7.834
Probable[1],[3]	439	96.7	80.6	0.267	1,364	1,138	3.773
Proven + Probable	1,294	99.8	83.0	0.279	4,151	3,454	11.607

*Notes:
[1])Proven and probable reserves are based on assumed silver and gold prices of US$25/oz. and US$1,289/oz. respectively, on metallurgical recoveries for gold and silver of 93% and 78%, and on mining, processing and G&A cost of US$29.30 per tonne processed.
[2] Mineral reserve tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
[3]All reserves are stated above a 40 gpt Ag Equivalent cut-off
[4]Silver Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the silver equivalent calculation.

1.6 Conclusions and Recommendations

Potential mining and processing of tailings at the site demonstrates an economically robust project, and should be carried forward through permitting and construction. There are no impediments to El Tigre, and the economics of El Tigre indicate a viable mining operation.

ETS has thorough understanding of the El Tigre structures and associate mineralization. ETS is applying the appropriate deposit model for exploration. However; there is a need to construct a geologic model to support the conclusions being made. This will assist in the metallurgical classification, potentially identify preferential host rocks, and delineate additional exploration targets.

HRC is of the opinion that ETS is conducting exploration activities, drilling, and analytical procedures in manner that meets or exceeds industry best practice. Mineralization continues to be open both along strike and down dip.

HRC has reviewed ETS' QA/QC assay programs and believes the programs provide adequate confidence in the data. Samples that are associated with the standard failures and the samples associated with erroneous blank samples must be handled in the same manner each time. A QA/QC manual should be written to document ETS' handling of the program.

HRC finds that the density of data within the resource base adequate for El Tigre to advance. The mineral resource estimation is appropriate for the geology and assumed open pit mining method. Additional modeling should be conducted to define the geology and alteration of the host rocks to support further metallurgical testing.

The El Tigre deposit contains significant ore tonnage with attractive grades of silver and gold which would also support a

mining and processing operation. The mining methods, processing methods, and El Tigre economics of the larger scale mining operation need to be further investigated.

While the risks of the In-Situ model are minimal, there is still concern that the historical mining operations are not accounted for properly. It is difficult to produce an estimate of the material back filled and left as open stopes within an inaccessible aging mine. As a result care should be taken to construct a model of the open stope material and detailed logs should be kept to account for areas where drilling as encountered back fill material.

The metallurgical recoveries of gold in the tailing impoundment indicate that coarse gold is present. As a result the head grade analysis may be affected.

The mining cutoff grade in the old El Tigre Mine was about 15 oz/ton Ag. It is probable that substantial material grading in the range of 5 to 15 oz/ton Ag remains in the mine as un-mined blocks and backfill. Exploring for this material will be difficult but could be done by an aggressive drilling effort and opening up the underground workings for sampling.

El Tigre geologists have done a quality job of advancing El Tigre. HRC recommends the following tasks as part of the next phase of exploration:

- Continue rock chip and compilation efforts to define targets both near surface and underground. This target type includes high grade silver veins and low grade disseminated gold/silver halos to the veins.
- Re-access and rehabilitate existing underground workings at the 400 level to allow mapping and sampling for evaluating the potential for finding significant low grade material (5 to10 oz/ton Ag range) peripheral to the high grade vein material (30 to 50 oz/ton Ag range) left in the workings.
- Re-access and rehabilitate existing underground workings at the 700 level to allow mapping and sampling for evaluating the silver potential of material left in the workings.
- Continue drilling the Gold Hill target with a 2,500 m diamond core drilling program to test the extents of mineralization to the south and down dip of the known mineral resource. Additionally, surface channel samples should be taken across the alteration zone to identify the true thickness of the mineralized lower grade halo.
- Continue drilling the Mula Mountain and Espuelas Canyon targets with a 7,500 m diamond core drilling program to test the extents of mineralization to the north and down dip of the known mineral resource. Drilling should focus on infilling between the two areas and down dip in the Mula Mountain target. Additional, surface channel and underground samples should be taken across the alteration zone to identify the true thickness of the mineralization.
- An effort should be made to evaluate the structural orientation of the mineralization with detailed surface mapping and oriented core. This will assist in targeting “ore shoots” and defining geotechnical information for future studies.
- Construct a model of the open stope material using detailed logs for areas where drilling as encountered back fill material.

The exploration program is anticipated to cost approximately $2,096,250. A more exact budget estimate can be generated when it is known 1) how much re-habilitation will be necessary to access the underground workings, 2) how much necessary access road to build or rehabilitate, and 3) the amount of underground mapping and sampling El Tigre

may elect to complete. Table 26-1 summarizes the recommended exploration budget.

Table 1-4: Recommended Exploration Budget

Exploration Budget			
Diamond Core Drilling	20	10000	$ 1,550,000.00
Channel Sampling	15	750	$ 26,250.00
Rehabilitaion of Underground Workings			$ 500,000.00
Geologic/Structural Mapping			$ 20,000.00
Total			**$ 2,096,250.00**

ETS should complete a detailed metallurgical study conducted by rock type. This study should be designed to identify the most appropriate metallurgical recovery for El Tigre. A typical study of this nature will identify the best suited crush size and should include:

- Gold and Silver Particle Size Analysis
- Acid-Base Accounting
- Mineralogical Evaluation
- Bond Abrasion and Bond Impact Tests
- Bottle Roll Testing
- Agglomeration Testing
- Column Leach Tests

HRC recommends that this work be completed on all rock types with an effort made to evaluate changes in mineralogy. Additionally, work should be completed on elevation basis as there are reports that suggest a metal zonation change with depth.

Additional metallic screen analysis of the samples within the tailings impoundment should be completed to confirm the head grades of gold within the model and metallurgical test work completed.

HRC Recommends that ETS begin to collect geotechnical information pertinent to the evaluation of the potential pit slope angles. This information will be used to identify any critical geotechnical areas and to define a geotechnical exploration program to support the final design of an open pit.

Additionally, HRC recommends that ETS conduct a preliminary hydrogeological study to support the future project water needs and to define a critical path process to achieving the water needs for development.

HRC recommends that ETS continue to work towards meeting the requirements of the State of Sonora, Mexico to permit a mine.

An evaluation of mining methods, approach, and processing methods should be undertaken to investigate the economics of the development of the larger scale mining and processing project. Metallurgical test work will need to be conducted to determine the recommended processing scheme necessary to recover the contained silver and gold from the minable resource. Once metallurgical test work has been completed, an economic analysis can then be prepared. HRC recommends that ETS continue to develop and collect the necessary data and information to bring the in-situ mineral resources to a preliminary feasibility study level. The metallurgical test work and preparation of an economic

analysis for the El Tigre In-Situ large scale mine is likely to cost $250,000.

Finally, HRC recommends that ETS begin to complete final design work to support the development of the tailings impoundment reprocessing portion of El Tigre.

TABLE OF CONTENTS

Section

1 Summary i

1.1 Property Description and Ownership i
1.2 Geology and Mineralization ii
1.3 Status of Exploration iii
1.4 Mineral Resource Estimate iii

1.4.1 Tailings Impoundment iv

1.4.2 In-Situ Mineral Resource Estimation iv

1.5 Mineral Reserve Estimate v
1.6 Conclusions and Recommendations vi

2 Introduction 1

2.1 Terms of Reference and Purpose of Report 1
2.2 Sources of Information 1
2.3 Qualified Persons and Scope of Personal Investigation 1

2.3.1 Site Investigation 2

2.4 Measures and Abbreviation 2

3 Reliance on Other Experts 3

4 Property Description and Location 4

4.1 Project Location 4
4.2 Mining Concessions 4
4.3 Mineral Title 5
4.4 Surface Rights 7
4.5 Environmental Liability 7
4.6 Permitting 7
4.7 Other Significant Factors and Risks 8

5 Accessibility, Climate, Local Resources, Infrastructure, and Physiography 9

5.1 Topography, Elevation and Vegetation 9
5.2 Access 9
5.3 Climate 9
5.4 Local Resources and Infrastructure 9
5.5 Sufficiency of Surface Rights 10
5.6 Power 11
5.7 Water 11
5.8 Mining Personnel 11

6 History (Item 6) 12

6.1 Early El Tigre History 12
6.2 History of El Tigre Ownership 13
6.3 Anaconda 13

6.3.2 Geochemical Data 15

6.3.3 Drilling Data 17

6.3.4 Results of Anaconda Exploration 18

6.4 Minera de Cordilleras 18
6.5 Historic Production 19
7 Geologic Setting 20
7.1 Regional Geology 20
7.2 Local Geology 21
7.3 Property Geology 24
7.3.1 Stratigraphy 24
7.3.2 Structure 28
7.3.3 Mineralization 29
7.3.4 Geologic Controls 32
7.3.5 Alteration 34
8 Deposit Types 35
9 Exploration 36
9.1 Anaconda Files 37
9.2 Satellite Imagery 38
9.2.1 El Tigre Mine Area 38
9.2.2 Tailings Area 38
9.3 Geophysical Interpretation 39
9.4 Geologic Mapping Program 39
9.5 ETS Sampling Method and Approach 40
9.5.1 Surface Channel Samples 40
9.5.2 Underground Mine Channel Samples 40
9.5.3 Rock Chip Samples 40
9.5.4 Tailings Impoundment Test Pit Samples 40
9.5.5 Tailings Impoundment Channel Samples 40
9.6 2010 Exploration Program 41
9.7 2011 Exploration Program 41
9.8 2012 Exploration Program 42
9.9 Historical Mine Dumps 42
9.10 Historical Tailings Impoundment 43
10 Drilling 45
10.1 Type and Extent 45
10.2 El Tigre 2011 Drilling 47
10.3 El Tigre 2012 Drilling 50
10.4 El Tigre 2013 Drilling 54
10.5 Tailings Impoundment Drilling 64
10.5.1 Hollow Stem Auger Drilling 64
10.5.2 Diamond Core Drilling 64
10.6 Waste Dump Auger Hole Drilling 64
10.7 Procedures 64

10.7.1 In-Situ Drilling 64
10.7.2 Tailings Impoundment 65
10.8 Interpretation 66
11 Sample Preparation, Analysis and Security 67
11.1 Sampling Procedures 67
11.2 Sample Preparation and Analysis 67
11.3 Sample Security 67
11.4 Quality Assurance/Quality Control 67
11.4.1 Standards 68
11.4.2 Blanks 72
11.4.3 Duplicates 73
11.5 ALS and Inspectorate Labs -Duplicate Check Assaying 75
11.6 Inspectorate Re-Assay of Eight ALS Certificates 77
11.7 Skyline Re-Assays of ALS Pulps 77
11.8 Summary Critique of Assay Laboratory 78
11.9 Data Entry Validation Controls 78
11.10 Opinion on Adequacy 78
12 Data Validation 79
12.1 Tailings Impoundment Data Verification 79
12.1.1 Tailings Impoundment Exploration Database 79
12.1.2 Certificates 80
12.2 In-Situ Data Verification 80
12.2.1 In-Situ Exploration Database 80
12.2.2 Certificates 82
12.3 Historical Data Comparison 82
12.3.1 Historical Twin Hole Comparison 82
12.3.2 Anaconda Core Duplicate Analysis 84
12.4 Conclusion 86
13 Mineral Processing and Metallurgical Testing 87
13.1 Testing and Procedures 87
13.1.1 Mineralogy 88
13.1.2 Metallurgical Test Results 88
13.2 Mineral Processing 89
14 Mineral Resource Estimates 90
14.1 Tailing Impoundment Resource Estimation 90
14.1.1 Volumetric Analysis 90
14.1.2 Color Model 90
14.1.3 Descriptive Statistics 92

14.1.4 Compositing....92
14.1.5 Capping....92
14.1.6 Variography....94
14.1.7 Estimation....96
14.1.8 Validation....96
14.1.9 Mineral Resource Classification....98
14.1.10 Mineral Resources....100
14.2 In-Situ Mineral Resource Estimation....101
14.2.1 Block Model Physical Limits....101
14.2.2 Data Used for the Grade Estimation....101
14.2.3 Geologic Model....101
14.2.4 Estimation Domains....101
14.2.5 Exploratory Data Analysis....103
14.2.6 Capping....104
14.2.7 Compositing....108
14.2.8 Variograms....109
14.2.9 Estimation Methodology....110
14.2.10 Density....111
14.2.11 Mineral Resource Classification....112
14.2.12 Model Validation....112
14.2.13 Mineral Resources....123
15 Mineral Reserve Estimate....124
15.1.1 Calculation Parameters....124
15.1.2 Mineral Reserve Estimate....124
15.1.3 Cuttoff Grade Equations....125
16 MINING METHODS....126
16.1 Mining Design and Plans....126
16.2 Mine Layout....126
16.3 Pre-Production....128
16.4 Mining and Mobile Equipment....128
16.5 Production Schedule....128
16.6 Mining Manpower....129
17 RECOVERY METHODS....130
17.1 Process Description....130
17.2 Process Equipment and Facilities....133
17.3 Key Process Consumables....134
17.4 Process Manpower....134
18 PROJECT INFRASTRUCTURE....136

18.1 Access and Regional Transportation 136
18.2 Site Transportation 136
18.3 Other Project Infrastructure 136
18.3.1 Tailings Impoundment 136
18.3.2 Mined Material Storage 137
18.3.3 Power 137
18.3.4 Office, Warehousing, Security, Laboratory 137
18.3.5 Water 137
18.3.6 Fuel Storage 137
19 MARKET STUDIES AND CONTRACTS 139
19.1 Market for Metals 139
19.2 Contracts 139
20 Environmental Liabilities 140
20.1 Tailings Area Remediation 140
20.2 Remediation of the Operating Area 140
20.3 Permitting 140
21 Capital and Operating Costs 142
21.1 Tailings Project Capital ("CAPEX") 142
21.1.1 Mining CAPEX 143
21.1.2 Mill and Agitated Cyanide Leach CAPEX 143
21.1.3 General and Administrative CAPEX 144
21.1.4 Working Capital 145
21.1.5 Sustaining Mine CAPEX 145
21.1.6 Sustaining Processing CAPEX 145
21.1.7 Reclamation CAPEX 145
21.2 Tailings Impoundment Operating Costs ("OPEX") 145
21.2.1 Mining OPEX 146
21.2.2 Mill and Agitated Cyanide Leach OPEX 147
21.2.3 General and Administrative OPEX 149
21.3 OPEX Summary 151
22 Economic Analysis 152
22.1 Summary 152
22.2 Taxes 153
22.3 Royalties 153
22.4 Corporate Income Taxes 153
22.5 Economic Model 153
22.5.1 Basis of Evaluation 153
22.6 Sensitivity Analysis 153

22.6.1 Price 153
22.7 Cost and Recovery 154
22.8 Conclusion 155
23 Adjacent Properties 156
24 Other Relevant Data and Information 157
25 Interpretations and Conclusions 158
26 Recommendations 159
26.1 In-Situ Blocks and Backfill 159
26.2 Metallurgical Study 160
26.3 Geotechnical and Hydrogeological Study 160
26.4 Environmental Permitting 160
26.5 Scoping Study of In-Situ Material 161
27 References 162
28 Glossary 164
28.1 Mineral Resources 164
28.2 Mineral Reserves 164

LIST OF FIGURES

Figure ..... Page
Figure 4-1: El Tigre location 4
Figure 4-2: El Tigre Silver Mineral Concession Map; grid blocks are 5 kilometers 5
Figure 5-1: General Site Layout 10
Figure 6-1: Anaconda Geologic Mapping Coverage, Sierra El Tigre, Sonora, Mexico 15
Figure 6-2: Scanned Anaconda Geologic Map, Scale 1:10,000, 1981 to 1984 15
Figure 6-3: Geochemical anomalies identified by Anaconda in 1982 16
Figure 6-4: Long Section of the El Tigre Vein Historic Workings with Average Silver Grade Distribution 19
Figure 6-5: Long Section of the El Tigre Vein Historic Workings with Average Gold Grade Distribution 19
Figure 7-1: Tertiary Volcanic Rocks of the Sierra Madre Occidental (green outline) Busby 2008 21
Figure 7-2: Anaconda Geologic Map of the El Tigre Mining District 22
Figure 7-3: Geologic Map Legend 23
Figure 7-4: Mineralized Veins and Post-Mineral Faults of El Tigre 31
Figure 7-5: Example Section of a Typical El Tigre Dilation Zone 33
Figure 7-6: Anaconda Geologic Long Section of the El Tigre Vein 34
Figure 9-1: Site Layout 37
Figure 9-2 SGM Regional Magnetic Survey (SGM 2000) 39
Figure 10-1: Anaconda Drill Hole Location Map 46
Figure 10-2 ETS 2011 Drill Program Targets 48
Figure 10-3: Drill Location Map of the Gold Hill and Mula Mountain area 63
Figure 11-1: Silver Results for Standard CDN-ME-12 70
Figure 11-2: Gold Results for Standard CDN-ME-12 71
Figure 11-3: Blank Analysis for Silver 72
Figure 11-4: Blank Analysis for Gold 73
Figure 11-5: Silver Duplicate Analysis 74
Figure 11-6: Gold Duplicate Analysis 75
Figure 11-7: Silver Duplicate Inspectorate - ALS Comparison Analysis 76
Figure 11-8: Gold Duplicate Inspectorate - ALS Comparison Analysis 77
Figure 12-1: ET12-33 and DDH T-2 Twin Hole Comparison 83
Figure 12-2: Twin Hole Comparison Section Looking North (ET12-33 is below DDH T-2) 84
Figure 12-3 ETS: Anaconda Core Gold Duplicate Analysis 85
Figure 12-4: Anaconda Core Gold Duplicate Analysis 86
Figure 13-1: Metallurgical Testing Flow Sheet 87
Figure 14-1: Oblique View of Tailings Model by Color 91

Figure 14-2: Gold Cumulative Probability Plot 93
Figure 14-3: Silver Cumulative Probability Plot 93
Figure 14-4: Gold Variogram Spherical Model 95
Figure 14-5: Silver Variogram Spherical Model 95
Figure 14-6: Gold Model Swath Plot 97
Figure 14-7: Silver Swath Plot 98
Figure 14-8: Oblique View of Measured (Red), Indicated (Green), and Inferred (Blue) Material 99
Figure 14-9: In-Situ Estimation Domains 102
Figure 14-10: Gold and Silver Domain Box Plots 105
Figure 14-11: Gold Cumulative Frequency Plot 106
Figure 14-12: Silver Cumulative Frequency Plot 107
Figure 14-13: Sample Interval Length Histogram 108
Figure 14-14: Spherical Gold Variogram (Rotated X Axis) 110
Figure 14-15: Cumulative Frequency Plot - Model Comparison 113
Figure 14-16: Easting Gold Swath Plot 115
Figure 14-17: Northing Gold Swath Plot 116
Figure 14-18: Easting Silver Swath Plot 117
Figure 14-19: Northing Silver Swath Plot 118
Figure 14-20: Silver Equivalent 60:1 Cross Section at 3384055 North 120
Figure 14-21: Silver Cross Section at 3384055 North 121
Figure 14-22: Gold Cross Section at 3384055 North 122
Figure 16-1: Mine and Facilities Plan Layout 127
Figure 17-1: Process Flow Diagram 131
Figure 17-2: Plant Layout 132
Figure 22-1: El Tigre Silver Price Sensitivity Analysis 154
Figure 22-2: Tailings Reprocessing Operating Cost/Recovery Percentage/Capital Cost Sensitivity 155

LIST OF TABLES

Table ..... Page
Table 1-1: Mineral Resource Estimate - Tailings iv
Table 1-2: Mineral Resource Estimate – In Situ Material v
Table 1-3: El Tigre Mineral Reserves Estimate vi
Table 1-4: Recommended Exploration Budget viii
Table 4-1: Mineral Concession Summary 6
Table 6-1: Anaconda Drilling Significant Intercepts 17
Table 9-1: Selected Gold Hill rock chip sampling results 42
Table 9-2: Average Sample Grades of the Waste Dump Sample Program 43
Table 9-3: Average Sample Grades of the Historical Tailings Impoundment Channel Sample Program 43
Table 9-4: Average Sample Grades of the Historical Tailings Impoundment Channel Sample Program 43
Table 10-1: El Tigre Drill Program Summary 45
Table 10-2: ETS 2011 Drill Hole Significant Intercepts 49
Table 10-3: ETS 2012 Drill Hole Significant Intercepts 51
Table 10-4 EST 2013 Drill Hole Significant Intercepts 55
Table 10-6: Auger Hole Drill Program Analytical Summary 64
Table 11-1: Summary of ETS Commercial Standards 69
Table 12-1: Exploration Data Summary 79
Table 12-2: Interval Import Summary 80
Table 12-3: Exploration Data Summary 81
Table 12-4: Interval Import Summary 81
Table 13-1: Metallurgical Sample Summary 88
Table 13-2: Metallurgical Test Results by Tailings Type 88
Table 14-1: Density and Recovery Factors 92
Table 14-2: Descriptive Statistics 92
Table 14-3: Summary of Gold Variogram Model Parameters 94
Table 14-4: Summary of Silver Variogram Model Parameters 94
Table 14-5: Block Model Extents 96
Table 14-6: Block Model Descriptive Statistics 96
Table 14-7: Tailings Mineral Resources 100
Table 14-8: Gold Exploratory Data Analysis Descriptive Statistics within the Block Model Extents 103
Table 14-9: Silver Exploratory Data Analysis Descriptive Statistics within the Block Model Extents 103
Table 14-10: Gold Indicator Descriptive Statistics 104

Table 14-11: Silver Indicator Descriptive Statistics 104
Table 14-12: Gold Indicator Descriptive Statistics 109
Table 14-13: Silver Indicator Descriptive Statistics 109
Table 14-14: Summary of Gold Variogram Parameters 109
Table 14-15: Summary of Silver Variogram Parameters 110
Table 14-16: Density Averages 111
Table 14-17: Mineral Resource Classification Criteria 112
Table 14-18: Gold Model Descriptive Statistical Comparison 112
Table 14-19: Silver Model Descriptive Statistical Comparison 113
Table 14-20: Mineral Resource Statement for the El Tigre Silver Project 123
Table 15-1: El Tigre Mineral Reserves Estimate 124
Table 15-2: El Tigre Cutoff Grade Calculation Parameters 125
Table 16-1 Equipment Requirements for Tailings Reprocessing 128
Table 16-2: Tailings Yearly Production Schedule 128
Table 16-3: Mining Manpower Requirements 129
Table 17-1: Requirements for Processing Plant Equipment and Facilities 133
Table 17-2 Estimated Reagent Consumption 134
Table 17-3: Processing Manpower Requirements 135
Table 20-1: Permits Required for Full Scale Mining in Mexico 141
Table 21-1: El Tigre Initial Capital Cost Summary 142
Table 21-2: El Tigre Initial Capital Cost Summary 143
Table 21-3: El Tigre Mining Capital Cost Estimate 143
Table 21-4: El Tigre Mill and Agitated Cyanide Leach Capital Cost Estimate 144
Table 21-5: El Tigre General and Administrative Capital Estimate 145
Table 21-6: Typical Mining Labor Costs 146
Table 21-7: Typical Non-Labor Costs 147
Table 21-8: Processing Labor Costs 148
Table 21-9: Non-Labor Processing Costs 149
Table 21-10: G&A Manpower Requirements 150
Table 21-11: Non-Labor G&A Costs 150
Table 21-12: Annual Operating Costs 151
Table 22-1: El Tigre Economic Performance versus Silver Price 152
Table 26-1: Recommended Exploration Budget 160

LIST OF APPENDICES

Appendix ..... Page
Appendix 1 Certificates of Author 173
Appendix 2 Legal Opinion on Status of Concessions 177
Appendix 3 Application for Environmental Permit and Permits for Operations 187

2 Introduction

2.1 Terms of Reference and Purpose of Report

ETS retained HRC to complete a Preliminary Feasibility Study (PFS) for the El Tigre Silver project (El Tigre) in the state of Sonora, Mexico. ETS is a Canadian company listed on the TSX Venture Exchange. ETS controls 100% interest in El Tigre. The PFS is based on the estimated mineral resources for the onsite tailings material and is intended to provide a comprehensive technical and economic analysis of the selected development option for the reprocessing of the tailings material, and to document the estimated in-situ mineral resources from the historic El Tigre mine. This study includes detailed assessments of realistically assumed mining, processing, metallurgical, economic, legal, environmental, social, and other relevant considerations needed to demonstrate the economic viability of El Tigre. All data and interpretations are based on information available prior to the effective date of this report, June 1, 2013.

This report and the resource estimate herein were prepared in compliance with the disclosure and reporting requirements set forth in Canadian National Instrument 43-101 (NI 43-101), Companion Policy 43-101CP, and Form 43-101F1 (June 2011), as well as with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Reserves, Definitions and Guidelines adopted by the CIM Council on November 27, 2010.

2.2 Sources of Information

HRC sourced information from referenced documents as cited in the text and summarized in Section 19 of this report. A previous Technical Report, compliant with current NI 43-101 standards, was filed in 2011:

Gibson, Tom, 2011.*National Instrument 43-101, El Tigre Silver Property Municipio de Nacozari de Garcia Sonora, Mexico, Amended Technical Report*, prepared for El Tigre Corporation, October 28, 2011.

A portion of the background information and technical data for this report was obtained from the above report. Additional information was requested from and provided by ETS. With respect to Sections 6, 9 through 13, 15, and 16 of this report, the authors have relied in part on historical information including exploration reports, technical papers, sample descriptions, assay results, computer data, maps and drill logs generated by previous operators and associated third party consultants. The authors cannot guarantee the quality, completeness, or accuracy of historical information, nor its preparation in accordance with NI 43-101 standards. Historical documents and data sources used during the preparation of this report are cited in Section 27.

The scope of this study included a review of pertinent technical reports and data provided to HRC by ETS with regard to the general project setting, geology, history, exploration activities and results, methodology, quality assurance, interpretations, drilling programs, and metallurgy. HRC relied on the data and information provided by ETS during the completion of this report, including the supporting data for the estimation of the mineral resource. Where deemed either inadequate or unreliable, the data were either eliminated from use or procedures were modified to account for lack of confidence in that specific information.

2.3 Qualified Persons and Scope of Personal Investigation

Mr. Zachary J. Black, SME-RM, Resource Geologist for HRC, is a Qualified Person as defined by NI 43-101. Mr. Black has

8+ years' experience working on structurally controlled gold and silver resources in Sierra Madre Occidental of Mexico and the southern United States. Mr. Black completed the resource estimate for El Tigre. He is responsible for Items 1 through 12, 14, 26, and 27. Mr. Black also served as the project manager for the duration of this project.

Mr. Jeff Choquette is a professional mining engineer with more than 17 years of domestic and international experience in mine operations, mine engineering, project evaluation and financial analysis. Mr. Choquette has been involved in industrial minerals, base metals and precious metal mining projects around the world. Mr. Choquette is responsible for Items 13 and 15 through 25.

2.3.1 Site Investigation

Mr. Black visited El Tigre on February 28 and March 1, 2013. While on site, Mr. Black reviewed ETS' current drilling program and associated drilling, logging, sampling, and quality assurance and quality control (QA/QC) procedures. Mr. Black also reviewed El Tigre geology and relevant geologic criteria for modeling, and collected drill collar, survey, assay, and geologic data which were then compiled into a comprehensive project database.

2.4 Measures and Abbreviation

Unless otherwise stated, all measurements reported in this report are in metric units, and currencies are expressed in 2013 Canadian dollars.

3 Reliance on Other Experts

During preparation of this report, HRC relied on ETS for information regarding land agreements, options, claims of accuracy of title, royalty information, and environmental liabilities associated with El Tigre. HRC has not independently conducted any title or other searches, or conducted any sampling, mining, processing, economic studies, permitting or environmental studies on the property. Land and environmental information from the following documents is presented in Section 4 and Section 20 of this report:

Diaz, Buchot & Raya, May 31, 2013, Title Opinion: *Compañia Minera Talaman, S.A. de C.V. and Pacemaker Silver Mining, S.A. de C.V. (the "Companies") mining concessions*, per Lic. Laura Cristina Diaz Nieves.

December, 2012, Application for Environmental Permit and Permits for Operations: *Documento Técnico Unificado de Cambio de Uso de Suelo en Terrenos Forestales Modalidad B., Proyecto Presa de Jales, Municipio de Nacozari de García, Sonora*, submitted on behalf of El Tigre Silver Corp by Estudios y Servicios Forestales Especializados en Restauración Ambiental S.A. de C. V.

4 Property Description and Location

4.1 Project Location

El Tigre is located in the Sierra El Tigre of northeastern Sonora, Mexico, approximately 90 kilometers south-southeast of the border town of Aqua Prieta. From Aqua Prieta, the El Tigre property can be reached by driving 75 kilometers south over Mexican Highway 17 to the town of Esqueda, and 45 kilometers east from Esqueda over dirt road to the El Tigre camp. The property is centered at 30° 35' 15" north latitude, 109° 13' 23" west longitude on the Colonia Oaxaca 1:50,000 topographic map sheet (H12B66) of the Servicio Geologico Mexicano (SGM). The general location of El Tigre is shown in Figure 4-1.

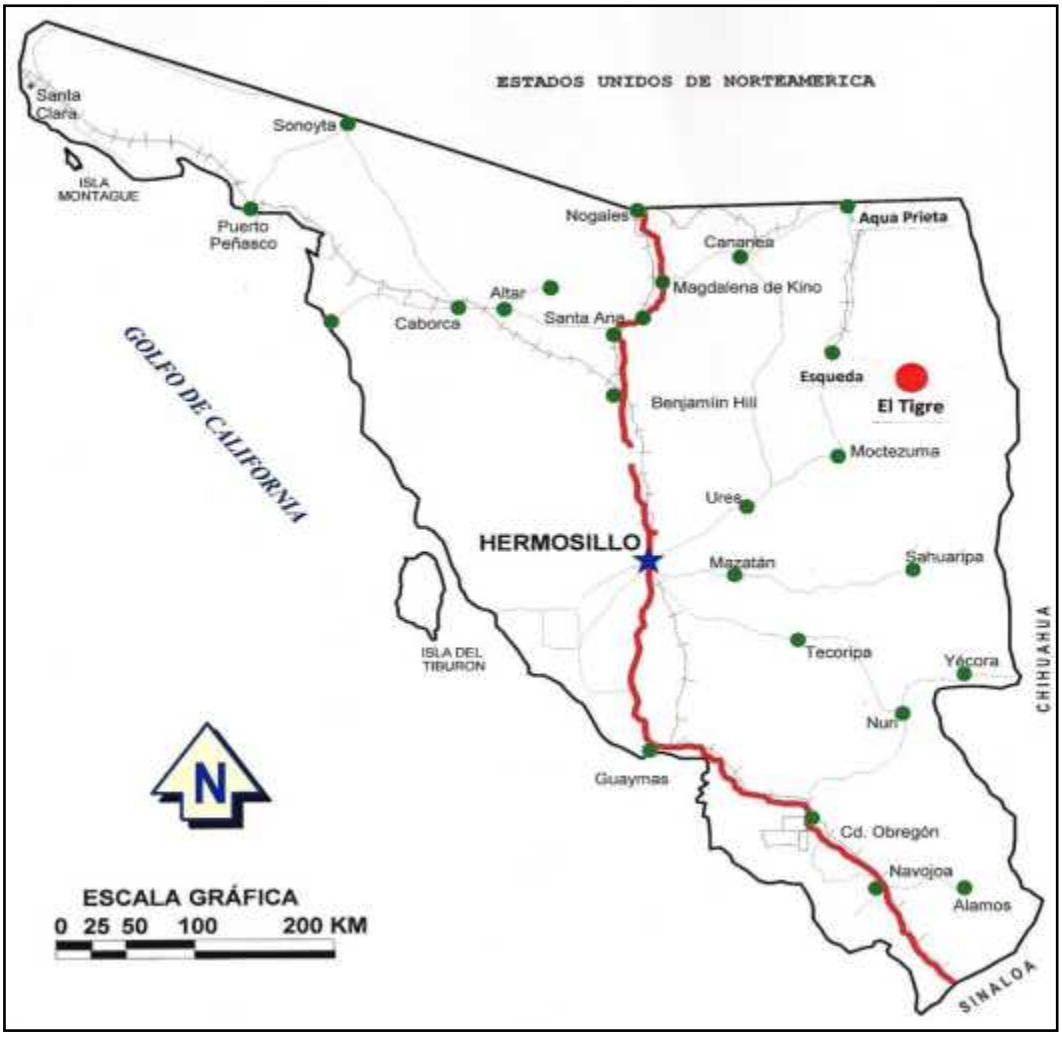


Figure 4-1: El Tigre location

4.2 Mining Concessions

The El Tigre mining concessions are located in the El Tigre mining district in the central portion of the Sierra El Tigre. The property consists of eight Mexican Federal mining concessions encompassing 21,842.78 hectares (218.4 square kilometers).

4.3 Mineral Title

Mineral exploration and mining in Mexico are regulated by the Mining Law of 1992, as amended in 2005, which establishes that all minerals found in Mexican territory are owned by the Mexican nation and that private parties may exploit such minerals (except oil, gas and nuclear fuel minerals) through mining licenses, or concessions, granted by the federal government.

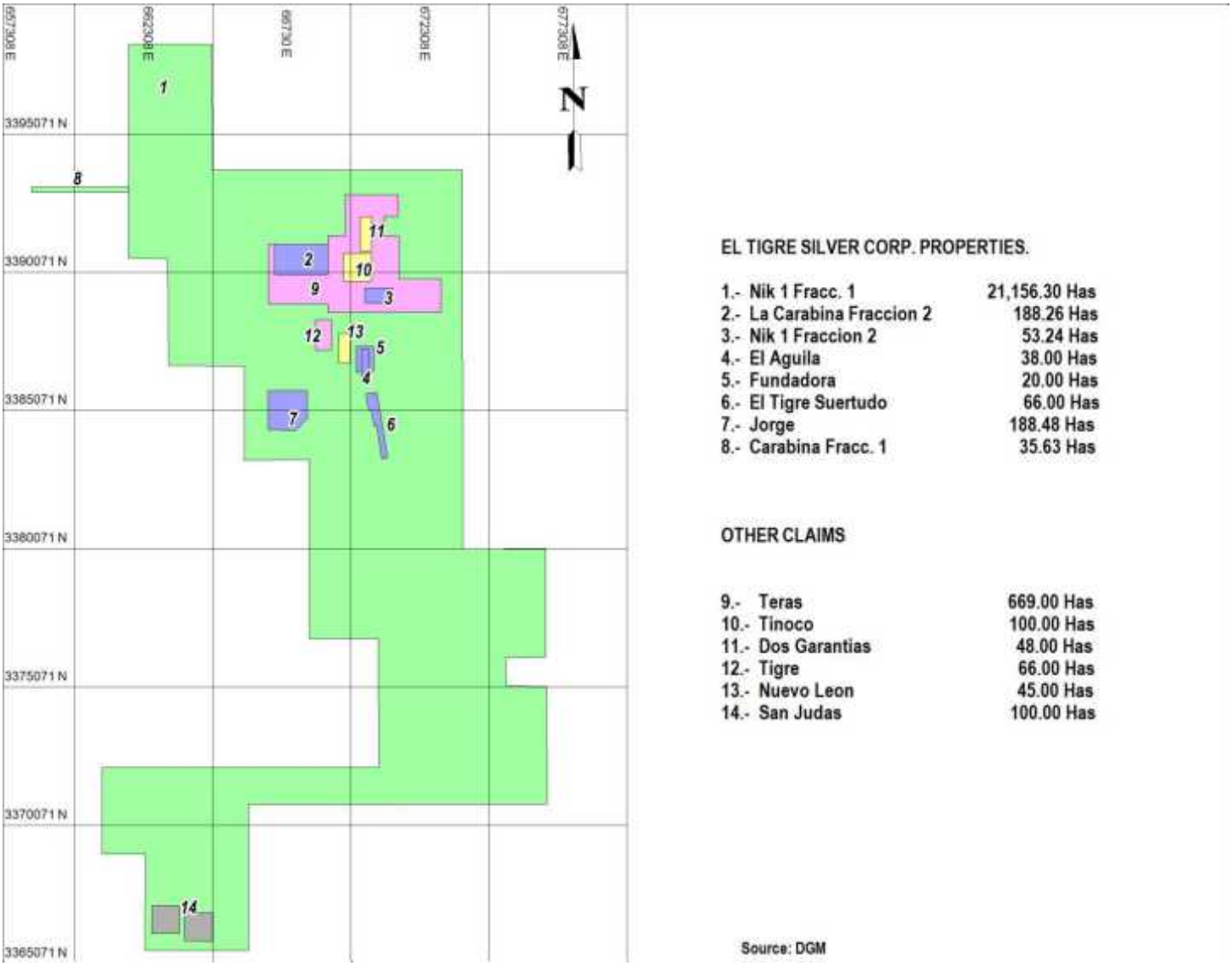


Figure 4-2: El Tigre Silver Mineral Concession Map; grid blocks are 5 kilometers

A mining concession gives the holder both exploration and exploitation rights subject to the payment of relevant taxes. Mining concessions have a term of 50 years from the date the exploration or exploitation concession was registered and are renewable for an additional 50 year term. Concessions may be granted to (or acquired by, since they are freely transferable) Mexican individuals, local communities with collective ownership of the land known as “ejidos”,

and companies incorporated in Mexico pursuant to Mexican law.

Mining concessions may be recorded as exploracion, explótacion, or beneficial plant concessions in the Registro Público de Mineria. The distinction between exploracion and explótacion is a hold-over from provisions of the mining law that were in effect prior to 2005, when exploracion concessions were granted for a term of six years and explótacion concessions had a term of 50 years. In 2005, the law was amended to change the terms of exploracion concessions to 50 years as well, renewable for an additional term.

Responsibility for the mining sector belongs to the Secretaria de Economia (SE), while the environmental permitting responsibility resides with the Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT). Mining concessions must be registered with the Registro Público de Mineria.

The eight concessions of the El Tigre property are all registered in the Registro Público de Mineria as explótacion concessions. Compania Minera Talaman S.A. de C.V. (Talaman) controls 100% of four of the concessions and Pacemaker Silver Mining S.A. de C.V. (Pacemaker) controls 100% of the remaining four concessions comprising El Tigre. Talaman's concessions are 100% owned by Pacemaker by virtue of Pacemaker's 100% ownership of Talaman, and all of the concessions are 100% owned by ETS by virtue of ETS' 100% ownership of Pacemaker. Basic legal information for the eight concessions is summarized in Table 4-1, and the location of each is shown on Figure 4-2.

Table 4-1: Mineral Concession Summary

Name of Concession	File Number	Title Date	Title #	Type	Hectares	Owner
Tigre Suertudo	81/1072	26-06-1981	168334	Exploitation	66	Cia. MineraTalaman
El Aguila	81/7808	26-09-1983	172113	Exploitation	38	Cia. MineraTalaman
La Fundadora	81/7801	28-09-1983	172112	Exploitation	20	Cia. MineraTalaman
Jorge	321.1/4-373	19-12-1991	194087	Exploitation	288.48	Cia. MineraTalaman
Nik1 Fraccion 1	82/30583	5/7/2007	230000	Exploitation	21,156.3*	Pacemaker Silver Mining
Nik1 Fraccion 2	82/30582	5/7/2007	230001	Exploitation	50	Pacemaker Silver Mining
La CarabinaFraccion 1	82/30738	29-03-2007	229274	Exploitation	36	Pacemaker Silver Mining
La CarabinaFraccion 2	82/30738	29-03-2007	229275	Exploitation	188	Pacemaker Silver Mining

*Area of claim reduced in latest concession renewal. Notification of acceptance received after the effective date of this report

The concessions are all duly registered with the Registro Público de Mineria and Federal taxes are current for the year 2012. The concessions are valid and in good standing as affirmed by Lic. Laura Diaz Nieves, an attorney with the law firm of Diaz, Buchot & Raya of Mexico City, Mexico.

Mexican mining law requires a concession applicant to contract a professional land surveyor licensed for that type of work (called a "Perito Minero") to locate the corners and boundaries of the concession with respect to a substantial physical concession location monument (called a "punto partido"). The punto partido is constructed at a prominent location within the concession by the applicant. It is painted white and then the name of the claim is painted, engraved or affixed in some other permanent manner to it. The Perito Minero locates the Punto Partido very accurately in UTM coordinates with a specified datum. Then the corners of the concession are surveyed in and also located in UTM coordinates using the Punto Partido as the principal reference point. The survey data from that location work becomes the legal description of the concession when the concession is granted. Although some corner markers may become lost or destroyed over time, corner locations can always be recovered by survey with respect to the Punto Partido. A concession owner is obliged to maintain the Punto Partido of the concession in identifiable condition

and, after the concession has been granted, the owner must affix the number of the concession to the Punto Partido. Generally, the corners of a concession are not physically located again unless a legal dispute requires it to be done. The precise UTM locations of corners listed in the legal description of the concession serve as location references.

4.4 Surface Rights

Under Mexican mining law, tailings revert to the owner of the surface estate once the concession owner who created the tailings allows the concession to lapse. Currently, ownership and responsibility for the tailings at El Tigre belongs to the owner of the surface estate, which in this is a private land owner. On September 13, 2011, ETS completed full consolidation of the El Tigre property by signing an option agreement with Martin Lopez Lauterio for the surface land and tailings from the historic operation of the Lucky Tiger Combination Gold Mining Company. On September 27, 2012 the option agreement was extended by 12 months. The tailings are located on the El Tigre mining concessions. Under the terms of the Option Agreement, ETS, through its wholly owned Mexican subsidiary, Pacemaker, will have up to two years to evaluate the tailings and design a procedure to extract the contained metal. In order to exercise its option, ETS will pay the owner $20,000 USD and spend $30,000 USD in engineering work during the two year term. At any time during the initial two year phase, if ETS decides to proceed with the option, the owner will receive a payment of 100,000 common shares of El Tigre. The Owner will also receive a Fee consisting of 10% of the net smelter return (NSR), which is defined as: gross proceeds from the sale of mineral, metals and concentrates net of all costs in connection with the operation to obtain minerals from tailings including, smelting, refining, penalties, assay cost, arbitrage, shipping, insurance, trade tax, foreign tax, exploration, engineering, depreciation and amortization and any other.

4.5 Environmental Liability

The El Tigre mining district is typical of many old mining districts throughout Mexico, with numerous open shafts, open stopes, tunnels, broken down buildings and foundations, tailings, and water draining out of flooded workings. Water drains from the Level 7 portal at an average of about 38 liters/minute (10 gal/min).

ETS sampled the water from Level 7 and water found near Campo Bonita three kilometers downstream from Level 7. Laboratory analysis revealed no cyanide contamination and very low heavy metal concentrations at either site. Trace element geochemistry from numerous ore samples shows acceptable concentrations of toxic elements. In the event that operations resume at El Tigre, SEMARNAT may require ETS to do more sampling and possibly to take steps to mitigate any downstream contamination by the mine drainage.

Tailings (1.583 million tonnes) from earlier mining operations are now under option to ETS. Under Mexican mining law, these tailings are not included in the mineral estate of the concessions, and ownership and responsibility for the tailings belongs to the surface owner.

There are no known cultural restrictions on exploration activity, though the need to respect some of the historic mining ruins does exist. A small church near the site of the original main camp of the El Tigre mine is maintained and visited occasionally by residents of the region. A graveyard which contains scores of graves is also present near the site of the main camp, and appropriate care will need to be taken to prevent disturbance to the site.

4.6 Permitting

An Environmental Impact Statement must be issued for any expected surface land disturbance, such as road building or mining. In Mexico this document is called an “informe preventiva” and it must be filed with SEMARNAT. The informe

preventiva must describe the work to be done, any surface disturbance planned and what measures will be taken to mitigate surface and other environmental disturbance. Approval of the informe is not required before work commences, but a receipt for the submittal of the informe should be retained by the project manager. In the event that SEMARNAT determines that environmental disturbance will be significant, posting of a reclamation bond may be required before work can continue. In the event that extensive road-building is considered, it may be necessary to file a "Cambio de Suelos" plan with the Procaduria Federal de Protección al Ambiente (PROFEPA). Extensive road-building is not currently considered necessary for exploration at El Tigre.

ETS, through its Mexican operating entity Pacemaker, completed an Environmental Impact Statement January 2012 for drilling on its concessions. The report was entitled "Preventive Report Environmental Impact for Exploration and Mining on the El Tigre project on the Mining Concessions of Tigre Suertudo and Nik 1 Fraction in the Municipality of Nacozari of Garcia, Sonora." No reclamation bond was required to conduct the work, though ETS has committed to performing reclamation with limited contouring and seeding.

ETS developed a second document An Environmental Impact Statement for development of the tailings pile located about 2 kilometers down the canyon from the El Tigre camp. This document was submitted to SEMARNAT in December 2012 and is entitled "United Technical Document for Change of Ground Use of the Tailings Dam in the Municipality of Nacozari of Garcia, Sonora." Reclamation requirements basically consist of reforestation and removal of some protected species to be stored in a greenhouse and planted following mining activity. Subsequent to the effective date of this report, final review and approval was granted by SEMARNAT on July 18, 2013, allowing ETS to process the tailings pile.

4.7 Other Significant Factors and Risks

HRC knows of no other significant factors or risks that may affect access, title, or the right or ability to perform work on El Tigre.

5 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

5.1 Topography, Elevation and Vegetation

The El Tigre property is situated on the steep western slope of the Sierra El Tigre, at elevations between 1500 and 2000 meters above sea level. Local terrain is rugged, and is drained by tributaries of the Rio Bavispe through several cliff-forming bedrock formations. Vegetation ranges from upper Sonoran yucca-ocotillo, to manzanita-oak-pinyon-chaparral, to pine forests at the highest elevations. There are few permanent streams and human activity is limited to prospecting, game hunting, cattle ranching and local forestry.

5.2 Access

Access to the El Tigre property is provided by 45 miles of dirt road from the town of Esqueda. Much of the road from Esqueda is intermittently maintained by local ranchers on either side of the lake. Alternate access routes include a crossing at the Lake Angostura dam to the south, or at Colonio Morelles or Fresno Ranch to the north, though these alternate routes are only viable when the Rio Bavispe is low or dry. Access during the monsoon season is often hindered by flash floods, which periodically during the rainy season wash out sections of road and generally cause very rough road conditions.

The last 5 kilometers of road leading to the property is steep but traversable, and road improvements were completed in several places to allow safe passage of drilling and support equipment. Improvements included grading, widening the road in a few spots, adding minor fill in a few locations, and installing some ditches and water bars. Although the area is dry most of the year, provisions for drainage during the monsoon period have been employed in order to maintain the road surface for long term use.

5.3 Climate

The climate of the El Tigre property is typical of the island ranges of the Sonoran Desert. Rain falls mainly during the June to September monsoon season, with frequent torrential rains during afternoon and evening thunderstorms. Infrequent rains fall during the winter months. Temperatures at any time of year are elevation dependent. In the lowlands near La Angostura Reservoir, summer temperatures can rise to 50°C, and temperatures as low as 0°C are very rare. At the elevation of the El Tigre camp site, summer temperatures seldom exceed 40°C, even on the hottest summer afternoons, and winter temperatures may fall to minus 15°C on the coldest nights. Winter precipitation generally falls as rain, but the higher peaks of the Sierra El Tigre are occasionally blanketed by snow.

5.4 Local Resources and Infrastructure

The El Tigre property is remote, but food, fuel and lodging are available within a two to three hour drive to Esqueda. Personnel are lodged and fed at the camp site which consists of a 25-person camp including office, shower, bathroom, and kitchen facilities, a core logging and storage area, and wireless internet. Supplies can be scheduled and picked up at Esqueda or other nearby communities with proper planning. Heavy equipment or construction materials may require transport from larger communities such as Hermosillo. The general site layout is shown in Figure 5-1.

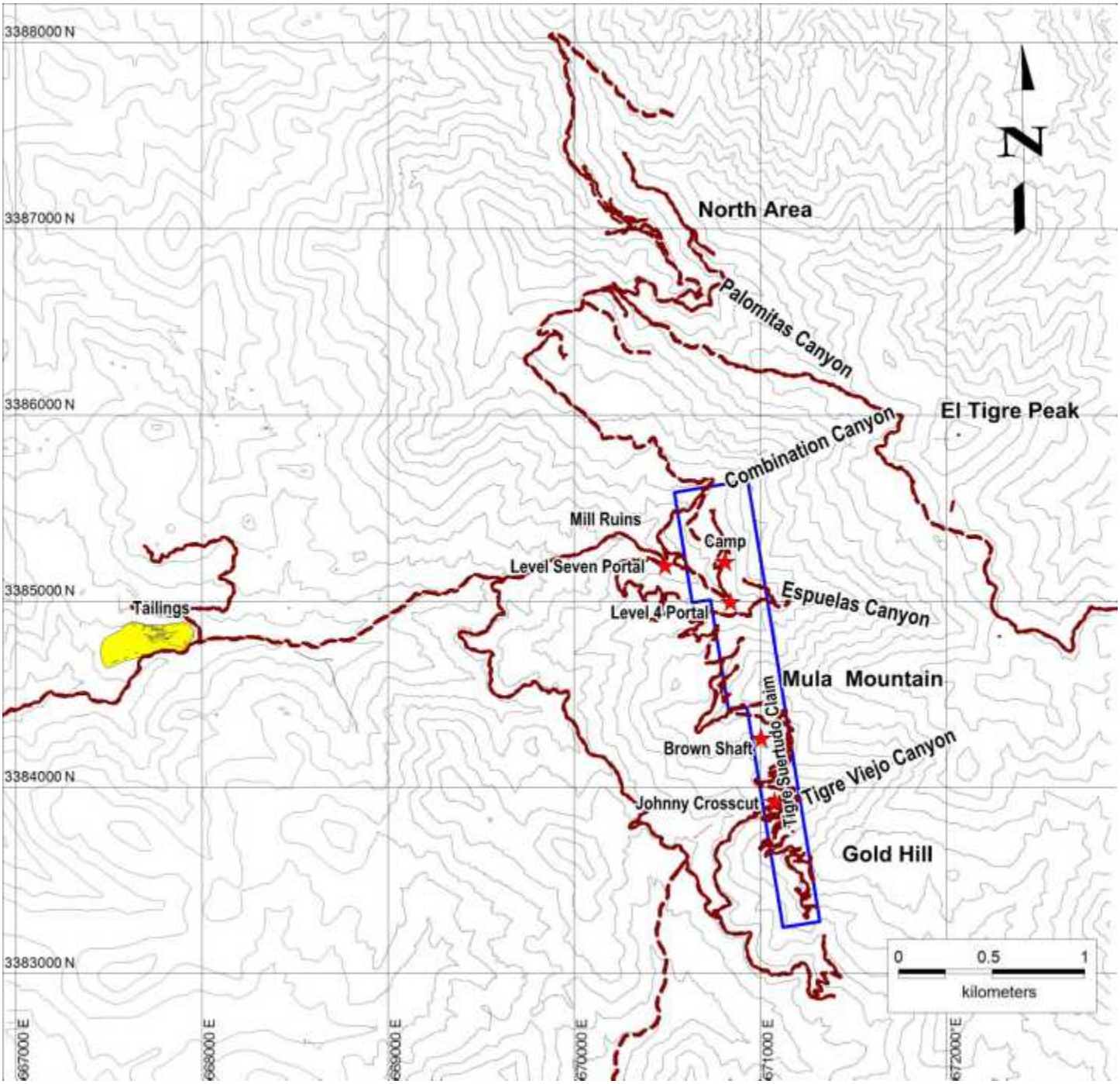


Figure 5-1: General Site Layout

5.5 Sufficiency of Surface Rights

ETS controls 21,842.78 hectares of mineral rights and has agreements in place with local ranchers sufficient to support a mining operation, including areas for mining, leaching, processing and waste disposal.

5.6 Power

Electricity at the El Tigre camp is generated onsite using a portable generator. ETS will need to upgrade the generators or acquire power from the nearby power lines to power any future mining operations.

5.7 Water

Sufficient water for camp, exploration, and operating purposes is currently being sourced from a spring uphill of the camp and from the level 7 workings outflow of about 38 liters/minute (10 gal/min).

5.8 Mining Personnel

In 2013, drilling and camp support crew maintained a rotation of 21 days onsite and 10 days offsite; geologists and geo-technical personnel were typically always onsite. At the peak of the field season, six drillers, seven geo-technicians / laborers, three geologists, and two camp support personnel were onsite. An additional four temporary staff of equipment operators and surveyors were onsite on an as-needed basis for construction of drill pads and roads and surveying requirements.

Exploration activity scheduled for the remainder of 2013 and 2014 will require similar onsite personnel. Additional personnel, if needed, are available locally from the nearby towns or from Hermosillo. The town of Esqueda is west of the camp and has historically supplied labor for the mining activities at El Tigre.

ETS expects to employ an estimated 65 people to operate the tailings processing facility. Some of these will be experienced mining and mill personnel that will come from the nearby mining towns of Nacozari and Agua Prieta where the La Caridad and the Cananea copper mines operate, respectively.

6 History (Item 6)

6.1 Early El Tigre History

In 1886 James Taylor, an American prospector, discovered visible gold in a red hematite, iron-clay gangue near Gold Hill about a ½ mile south of the modern day El Tigre mine. This discovery lead to the formation of the Lucky Tiger Combination Gold Mining Company (Lucky Tiger) of Kansas City, Missouri, and mining began in 1903. Initial production was focused on the recovery of gold, but the silver contained within the ore was found to be of a much higher value, and the focus was shifted toward the recovery of silver.

The ore mined in the first couple of years was of sufficient grade to pay for direct shipment by mule-back to the Douglas Smelter in Arizona. A stamp mill, concentrating tables, and vanners were constructed on-site to increase the recovery of the lower grade ores; however, the silver was associated with cerargyrite (silver chloride), which could not be successfully concentrated by this milling method.

A 100-ton per day mill was constructed to use stage crushing with rollers to minimize the loss of slime associated with cerargyrite ore. The new mill in conjunction with the older stamp mill was capable of processing 175 tons per day, and the method was profitable for a number of years.

After successfully testing cyanide leaching of the El Tigre tailings, a 250-ton/day cyanide mill was constructed and started up in 1911 to treat the tailings from the two mills and the older tailings. The ore was ground to at least 200 mesh to successfully leach the silver. Copper in the ore significantly increased cyanide consumption, but by maximizing copper recovery in the concentrating mills, cyanide consumption was reduced enough to make this method of processing profitable.

The old mill had been powered by wood-fired boilers. There was, however, beginning to be a serious shortage of wood in the immediate area. The cost of transporting cordwood to the mill (13,500 cords per year) was rendering the economics unfeasible, especially when the unsettled political conditions in Sonora (the Mexican Revolution) were escalating. A 65-mile long electrical power line was constructed from the Douglas Smelter in Arizona to the Tigre mill in 1911 to power the new mill and cyanide treatment plant.

During the first year of operating the cyanide leach plant, the tailings were discharged directly into Tigre Canyon and rains would wash the tailings down the canyon. Lucky Tiger was forced by the Mexican government to develop a tailings impoundment because downstream cyanide contamination was killing cattle.

In 1912, a tailings impoundment was built on a small mesa above the canyon (16.2 hectares), about two miles west of the mill. The dam berms were constructed using dried tailings. The impoundment was divided into two areas, one for active storage of wet tailings and one for drying. Completion of the tailings impoundment eliminated the concern of cyanide discharge and Lucky Tiger was allowed to continue operations without interruption.

During the early years of mining, milling and cyanide leaching of the tails, the operation shipped hand-sorted high-grade ore, gravity concentrates and bullion. It was reported that overall silver and gold recovery was 93 to 95%. The feed to the mill was approximately 30 to 40 opt in silver and 0.10 to 0.15 opt gold. The high-grade hand-sorted ore and gravity concentrate each ran about 350 opt silver and 1.5 opt gold.

In the 1920's, mining at greater depths produced less oxidized material, and cyanide leaching of the tailings became

impractical. The mill was modified to accommodate a new flotation process, and the only tailings discharged were flotation tailings.

In early 1930 mineable reserves were quickly being depleted and in 1931 Lucky Tiger closed the operation. However, operations were resumed with the introduction of unionization of laborers. In 1938 the mine was closed permanently. Low silver prices, stronger union demands, and a new 11 percent production royalty combined to make operation uneconomical. Unregulated mining continued by gambusinos (independent miners) and eventually anything of value had been removed from the mine and mill site.

6.2 History of El Tigre Ownership

In the late 1960s, the El Tigre mining concessions and the tailings were acquired by Sr. Higenio Garcia of Agua Prieta, Sonora and were subsequently incorporated into a Mexican mining company known as Cia. Jaleros del Tigre, S.A. de C.V., of which Sr. Garcia was the principal shareholder. In 1972, the property was optioned to a U.S.-financed company known as Cia. Minera Sonrisa, S.A. de C.V. Sonrisa conducted a major evaluation of the El Tigre tailings but, because of the untimely death of one of its principals, did not exercise its option.

Talaman was formed specifically to acquire the El Tigre properties and tailings. Talaman optioned the property from Jaleros del Tigre in the 1978, continued evaluation of the tailings and commenced preliminary work to put the tailings into production.

In 1981 Anaconda Minerals entered into an option agreement with Talaman to acquire the property. Anaconda assumed and fulfilled Talaman's contractual obligations to Jaleros del Tigre. The property position was expanded and consolidated. In 1984, citing unsatisfactory exploration results, Anaconda withdrew from the Talaman agreement. Talaman has maintained the property since 1984, and has paid all applicable taxes and complied with all assessment work requirements.

Pacemaker Silver Mining S.A. de C.V. ("Pacemaker") acquired Talaman, who holds title to the concessions as of June 24th, 2008.

On January 28th, 2010, Herdron Capital Corp. (Herdron) a capital pool company listed on the TSX-V exchange, agreed to acquire 100% of the issued and outstanding shares of Pacemaker. Upon completion of the transaction in February 2010, Pacemaker became a wholly-owned subsidiary of Herdron. Upon completion of the acquisition, as agreed, Herdron changed its name to "El Tigre Silver Corp.".

6.3 Anaconda

Modern exploration was initiated in 1981 by Anaconda Minerals Company through its wholly owned subsidiary Cobre de Hercules (Cobre). Their exploration efforts lasted 29 months and were terminated at about the time that Anaconda shut down all mining and exploration activities.

The 29-month exploration program initiated by Anaconda included surface geological mapping at 1:10,000 and 1:2,000 scales, underground prospect surveying, underground geological mapping at 500 scale, diamond drilling of the vein structures with 22 holes totaling 7,812 meters, 352 meters of exploration drifting of the Fundadora vein, road rebuilding from Esqueda, drill pad road construction, aerial photography, petrographic studies, tailings surveying, sampling and metallurgical test work of the tailings, maintenance of the legal land status of the concessions, and production of land-controlled photogrammetric base maps. The estimated cost of this work today would be over $10

million (Bradbury, 2007).

Anaconda's exploration program was based on three main objectives:

1. Identify extensions of known veins for a high-grade underground operation;
2. Explore the lower-grade silver mineralization for its bulk tonnage potential; and
3. Evaluate the economic viability of reprocessing the tailings.

Objective 2 was abandoned early in the program and attention was focused on objectives 1 and 3. Activities were halted in 1984 "due to a lack of sufficiently encouraging results." However, during this time silver prices were fluctuating downward and almost all exploration activities of Anaconda Minerals Company were halted and Atlantic Richfield Company disbanded Anaconda Minerals Company shortly thereafter.

Much of the technical information produced by Cobre de Hercules, as well as other related information that was held by Anaconda Minerals Company, has been recovered by Pacemaker.

6.3.1.1 Anaconda Mapping

District scale mapping of the area was done by Anaconda geologists during their tenure from 1981 to 1984. Surface geologic maps of the project area were made at scales of 1:10,000 and 1:2000, covering an area from slightly south of the El Tigre Suertudo concession, north to the Pilares de Teras area (Figure 6-1).

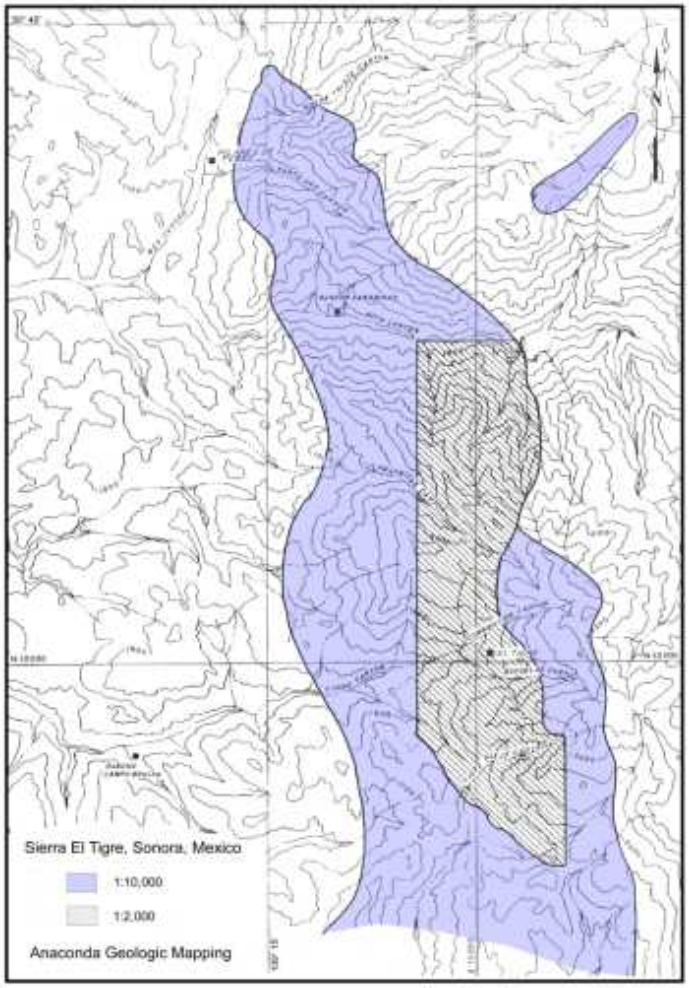


Figure 6-1: Anaconda Geologic Mapping Coverage, Sierra El Tigre, Sonora, Mexico

Pacemaker recovered excellent copies of Anaconda's mapping from the Anaconda Collection at the University of Wyoming, and maintains them in project files. A scanned example of an Anaconda map at 1:10,000 scale is shown in Figure 6-2. Pacemaker has converted scans of both the Anaconda 1:10,000 and 1:2000 scale geologic maps into precise AutoCAD drawings.

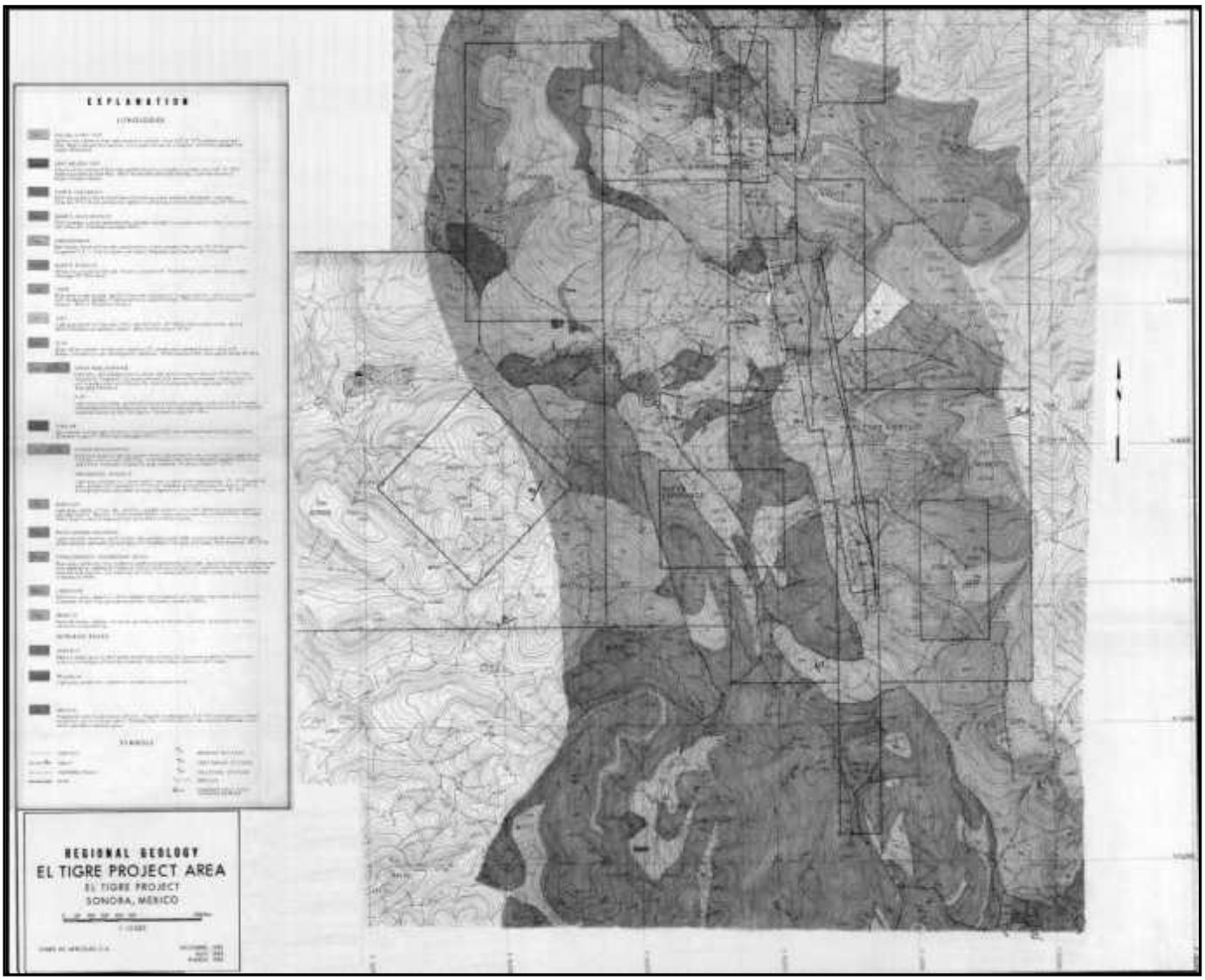


Figure 6-2: Scanned Anaconda Geologic Map, Scale 1:10,000, 1981 to 1984

6.3.2 Geochemical Data

The Anaconda data recovered by Pacemaker contains numerous underground and drill assays. Anaconda also conducted surface soil and stream sediment geochemical surveying. Unfortunately, most of the records of that work have not been recovered. The only document relating to that work that has been recovered is a short progress report on the work (Gee, 1982). In that summary, ten geochemical anomalies are identified in the larger El Tigre region (Figure 6-3). The spacing of soil and stream sediment samples is unknown, but the progress report suggests that the sampling was sparse

and is assumed to be a first-pass sampling program. It is unknown whether Anaconda did any follow-up work based on the results of the initial geochemical survey.

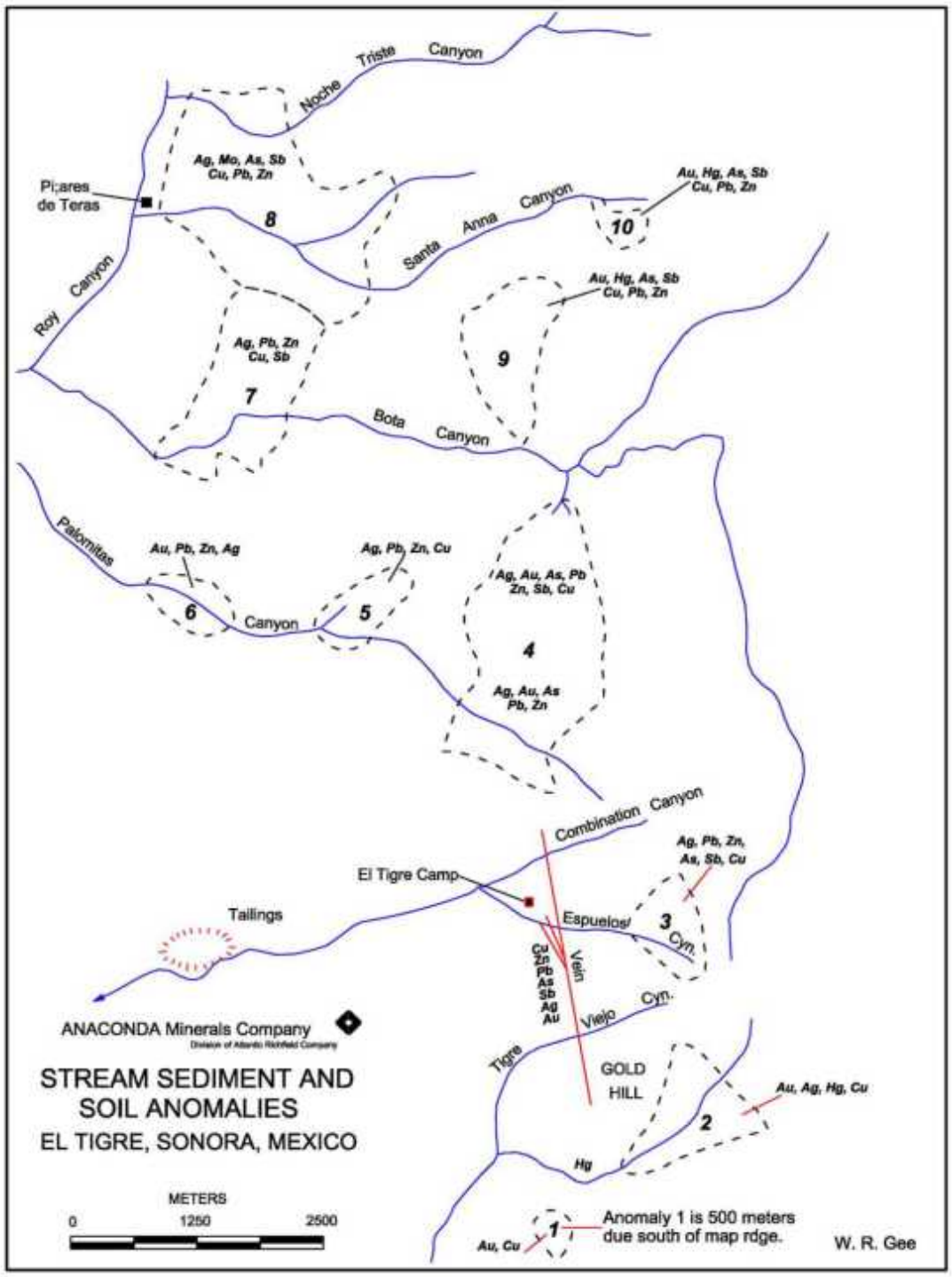


Figure 6-3: Geochemical anomalies identified by Anaconda in 1982

Although Anaconda's geochemical work on the property cannot be verified, the work was completed by exploration professionals of good repute and the anomalies they have identified can reasonably be used as a guide to further

exploration.

6.3.3 Drilling Data

The database of historical drilling compiled by Pacemaker contains collar locations, geological drill hole logs and down-hole assay information for 22 diamond drill holes totaling 7,812.65 meters that were drilled by Cobre. All holes were surveyed in a local mine grid with down-the-hole Sperry-Sun instrument surveys to determine the location of vein intercepts and other geologic features at depth. All drill holes were inclined, between minus 40 and minus 61 degrees, and hole lengths varied from 140 to 650 meters. A summary of Anaconda's significant drill hole assay intervals is provided in Table 6-1.

Table 6-1: Anaconda Drilling Significant Intercepts

Summary of assays of interest from 22 holes drilled at El Tigre by Anaconda Minerals Co.									
Drill Hole	From (m)	To (m)	Length (m)	Ag gpt	Au gpt	Cu %	Pb %	Zn %	Target
T-1	166.85	168.85	2	316	0.03	NR	NR	NR	Tigre Vein
T-2	70	80	10	94	0.04	NR	NR	NR	Tigre Vein
T-3	125	134	9	55	1.5	*	*	*	Tigre Vein
T-4	59.55	59.8	0.25	292	0.06	0.14	0.47	*	Sooy Vein
	167.45	169.66	2.21	98	0.1	*	0.22	0.32	Tigre Vein
T-5	144.15	144.25	0.1	350	0.19	0.2	0.7	4.65	Sooy Vein
T-6	30	33	3	*	0.91	*	*	*	Fe stained zone
T-7	282	282.2	0.2	250	0.89	0.54	6.8	1.01	Aguila Vein
	368	368.25	0.25	258	0.07	1.65	9.8	22.5	Escondida Vein
T-8	217.7	217.9	0.2	29	0.21	*	2.26	7.44	Fundadora Vein
T-9	127.3	130	2.7	28	2.19	*	*	*	Unknown Vein
T-10	275.8	276.15	0.35	147	0.07	0.48	0.9	1.6	Sooy Vein
T-11	112	113.45	1.45	303	0.08	0.22	1.2	1.8	Fundadora Vein
	364.4	364.7	0.3	34	0.05	*	0.14	2.2	Escondida Vein
T-12	114	116.5	2.5	256	1.1	*	*	*	Aguila Vein
	212.1	212.3	0.2	1700	0.3	0.39	0.89	1.1	Escondida Vein
T-14	473	473.15	0.15	408	1.8	4	8.4	9.3	Fundadora Vein
T-15	172	173.5	1.5	570	13.7	*	0.23	0.76	Fundadora Vein
T-16	192.65	192.8	0.15	153	4.6	5.4	*	0.4	Fundadora Vein
T-17	70.35	70.95	0.6	103	0.1	*	0.22	0.26	Unknown Vein
T-18	179.22	179.37	0.15	375	2	*	*	*	
	193.5	193.6	0.1	2902	43.4	*	0.4	35	Aguila Vein
T-19	86.35	87.4	1.05	773	2.7	*	*	0.11	Unknown Vein
T-21	167.1	167.32	0.22	23	0.05	*	0.21	0.65	Aguila Vein
T-22	98.1	98.2	0.2	275	*	**	1.19	0.45	Unknown Vein

* Denotes Below Detection Limit

NR – Rot Reported

6.3.4 Results of Anaconda Exploration

Anaconda's work improved the understanding of the geology of the district as well as the major prospect-scale ore controls. Anaconda's program was focused on the high-grade potential of the principal veins in the 100 to 200 meter down-dip extensions of the interest to Anaconda Minerals Company which, by that time, was a subsidiary of the Atlantic Richfield Company. Precious metals prices in 1984 undoubtedly had an influence in their decision to terminate the project.

Most importantly, Anaconda's work produced a solid base of knowledge from which to continue exploration of the district. Considerable advances have been made in exploration, mining and mineral processing technology since 1984 and the potential for the discovery of a number of different types of precious metals deposits in the El Tigre District has new appeal today.

Although Anaconda's objective was evaluation of down-dip potential for high-grade silver mineralization in the principal veins at El Tigre, critical review of exploration data indicates that they did not achieve that objective.

Drill holes were widely spaced and only one drill hole was drilled from each site. Anaconda's selection of drill sites appears to have been based largely on a structural analysis of vein deflections in the horizontal plane. However, underground data and maps of stoping in the El Tigre mine show that vein deflections in the vertical plane were the major control on the localization of ore bodies. Drilling widely spaced, single drill holes from each site was not an appropriate strategy for detecting ore bodies of the type known to have been present in the El Tigre mine. Many of those bodies were "spindle-shaped", with their long axis horizontal. To detect those bodies and characterize them well enough to evaluate the potential for down-dip extensions of mineralization would have required drilling fans of holes that intersected the vein at regular or semi-regular vertical intervals in any drill section.

Anaconda's work did not prove or disprove the existence of down-dip mineralization of interest in the veins. As shown in Table 6-1, high-grade mineralization was encountered down-dip in the veins, but the intercepts were thin. In the mine, it was seen that vein widths varied rapidly in the vertical dimension, although they varied much more slowly (with distance) in the horizontal dimension. It appears that Anaconda's drill program was the victim of "gambler's ruin", where not enough holes were drilled to intersect one of the spindle-shaped bodies of high-grade ore of mineable thickness.

It is unfortunate that records of the geochemical sampling done by Anaconda have not survived. Although geochemical anomalies were detected, it is not known how many samples were taken or at what interval sampling was done. It remains to be seen how adequately spaced geochemical sampling will resolve those anomalies and how many more anomalies may be detected.

Despite these shortcomings, Anaconda's work advanced the knowledge of geology and precious metal mineralization in the El Tigre area and left the district well prepared for the next round of exploration.

6.4 Minera de Cordilleras

In June 1995, consulting firm Minera de Cordillaras completed a four-hole RC drilling program for a total of 890 meters on behalf of a third party interest. These holes were intended to test the concept that the deeper part of the vein system was faulted bringing the veins closer to the surface. Assays are available for these holes, but the collar location of the holes is unknown.

6.5 Historic Production

Many of the known veins in the district have been mined or prospected to some extent, leaving mineralized exposures open for examination. The old EI Tigre Mine was essentially a silver-gold producer developed on the three veins of the belt's southern half. Mining in the district was active from 1903 to 1938. El Tigre Mine's reported production through 1927 (Mining Journal, 1928 and Thoms, 1988) was 1,198,447 metric tons averaging 1,308 g/ton Ag, 7.54 g/ton Au, 0.4% Cu, 1.1% Pb, and 1.5% Zn. This is equivalent to 50.4 million ounces of silver and 290,500 ounces of gold produced through 1927. Minor tonnages were produced from Aguila, Fundadora, Protectora and Escondida veins.

The El Tigre vein was the largest silver producer in the district during its operation. Figures 6-4 and 6-5 show the average silver and gold grades of the El Tigre vein based on historic underground assay information that was recovered by Anaconda's geologists.

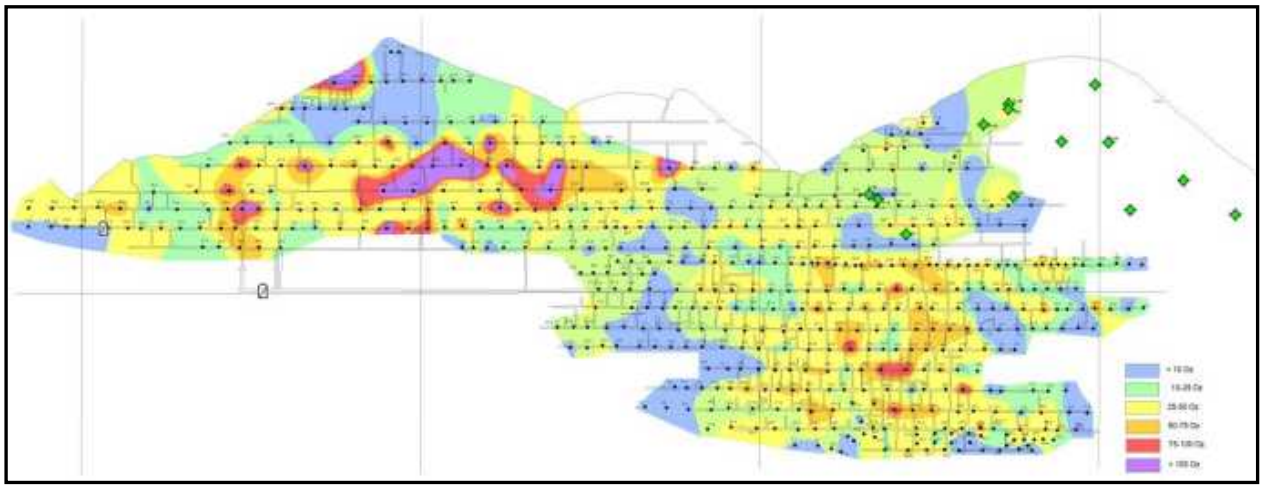


Figure 6-4: Long Section of the El Tigre Vein Historic Workings with Average Silver Grade Distribution

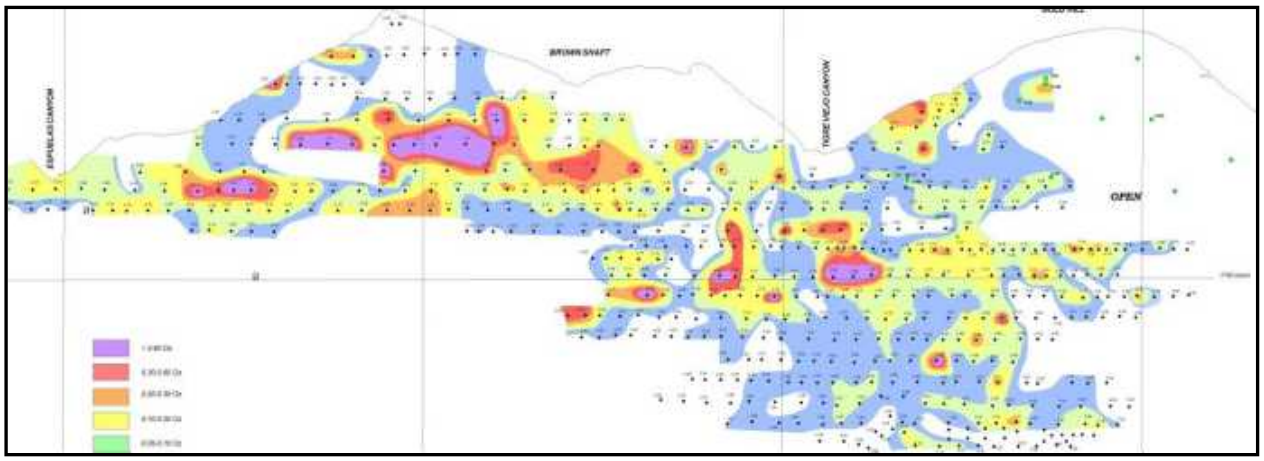


Figure 6-5: Long Section of the El Tigre Vein Historic Workings with Average Gold Grade Distribution

7 Geologic Setting

7.1 Regional Geology

El Tigre is located on the eastern flank of the Sierra El Tigre within the Basin and Range physiographic province, extending from northern Nevada to Zacatecas and Jalisco in Mexico. The Sierra El Tigre is part of the massif of the Sierra Madre Occidental. The Sierra Madre Occidental belt is a 1,200 km by 300 km northwest trending volcanic plateau composed of thick accumulations of andesitic to rhyolitic volcanic rocks extending from southeastern Sonora to Queretaro (Figure 7-1). The range hosts a number of Mexico's most historically important mineral deposits. This belt is characterized by a northwest trending broad anticline with shallowly dipping units to the east, and steeply dipping units to the west.

The geology of the Sierra Madre Occidental is characterized by a series of volcanic rocks known as the Upper Volcanic Series (UVS) and the Lower Volcanic Series (LVS). The UVS and LVS are thought to reflect subduction-related continental arc magmatism that slowly migrated eastward during the early Tertiary and then retreated westward more quickly, reaching the western margin of the continent by the end of the Oligocene (Sedlock et al., 1993). The eastward migration is represented in the Sierra Madre Occidental by the LVS. The LVS are primarily andesitic in composition with interlayered felsic ash flow deposits (46 to 35 Ma) aggregating to over 2,000 m with occasional intrusions.

The westward retreat of the subduction-related continental arc magmatism is represented by the UVS of caldera-related, large-volume rhyolitic ash flow tuffs of Oligocene age (35 to 27 Ma) lying unconformably atop the Lower series. The UVS generally consists of calc-alkalic rhyolitic ignimbrites with lesser andesite, dacite, and basalt (Overbay et al, 2001). The UVS aggregates up to 1600 meters in thickness.

Cenozoic extensional faulting, which consists of northerly-trending horsts and grabens exposes Precambrian granite and Paleozoic limestone, the oldest rocks in the range. The Teras Fault Zone was the locus of the 7.5 magnitude Sonoran earthquake of May 3, 1887, when dip-slip movements of as much as 14 meters were measured on scarps in the Sierra El Tigre (Suter, 2008). This same fault system transects the El Tigre mining district and mineralization appears to be hosted in associated graben bounding faults. The fault zone forms the eastern boundary of the central horst block of the Sierra El Tigre. The horst block is an anomalous structural high in the region, exposing Paleozoic limestone and Precambrian granite. The presence of high-grade, epithermal precious metals veins in graben bounding faults is a common occurrence in many major epithermal Au-Ag districts worldwide.

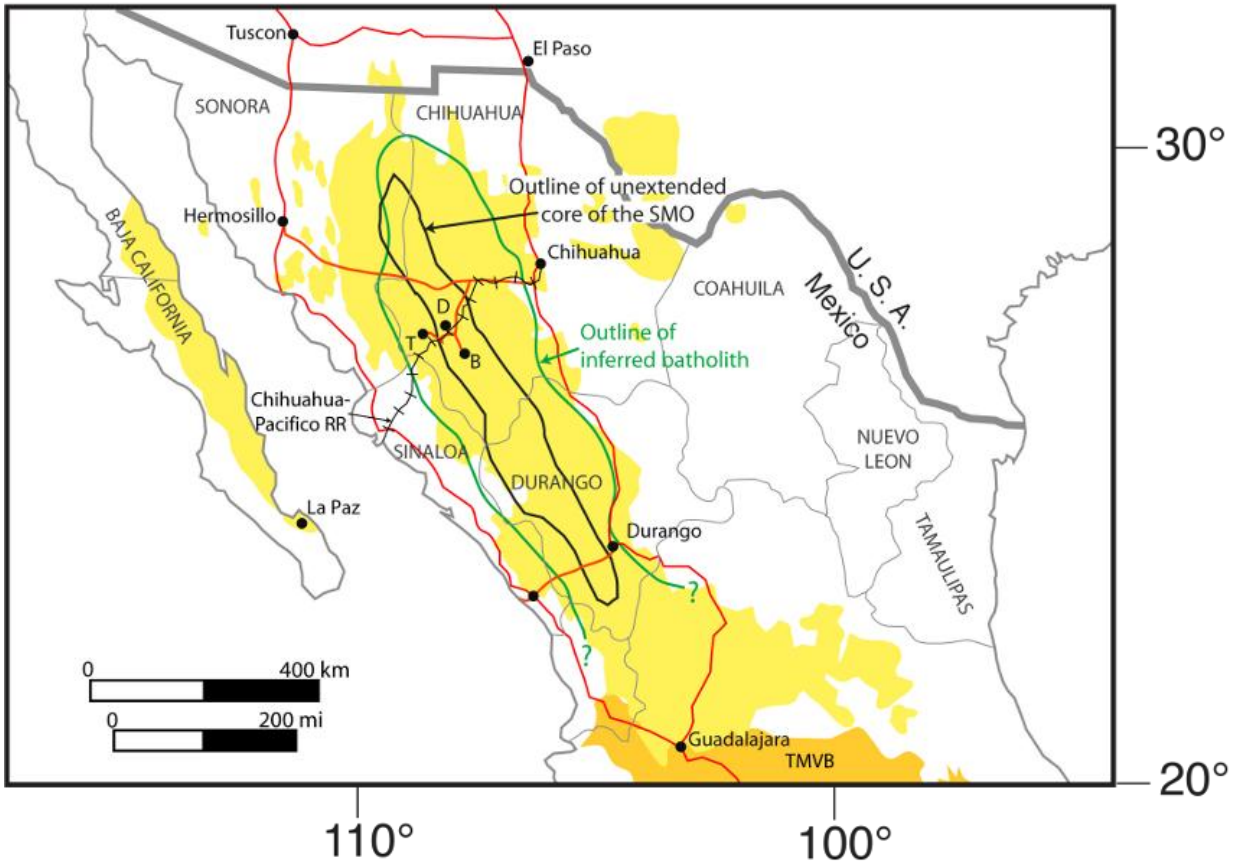


Figure 7-1: Tertiary Volcanic Rocks of the Sierra Madre Occidental (green outline) Busby 2008

7.2 Local Geology

The central Sierra El Tigre consists of a thick sequence of Tertiary volcanic rocks overlying granitic basement in the south, Pre-Cenozoic alluvial fanglomerates in the west, and Paleozoic bedded limestones in the north. Block faulting and the intrusion of several andesitic and rhyodacite stocks and dikes have broken up much of the original volcanic stratigraphy.

The entire volcanic sequence in the central portion of the El Tigre mining district is folded into a gentle anticline where the southern limb is tilted about 15 degrees to the south. The axis of the anticline is approximately east-west and passes halfway between the El Tigre camp area and the northern veins. Stratigraphic relationships indicate that the tilting occurred during or prior to deposition of the volcanic sequence (Figures 7-2 and 7-3).

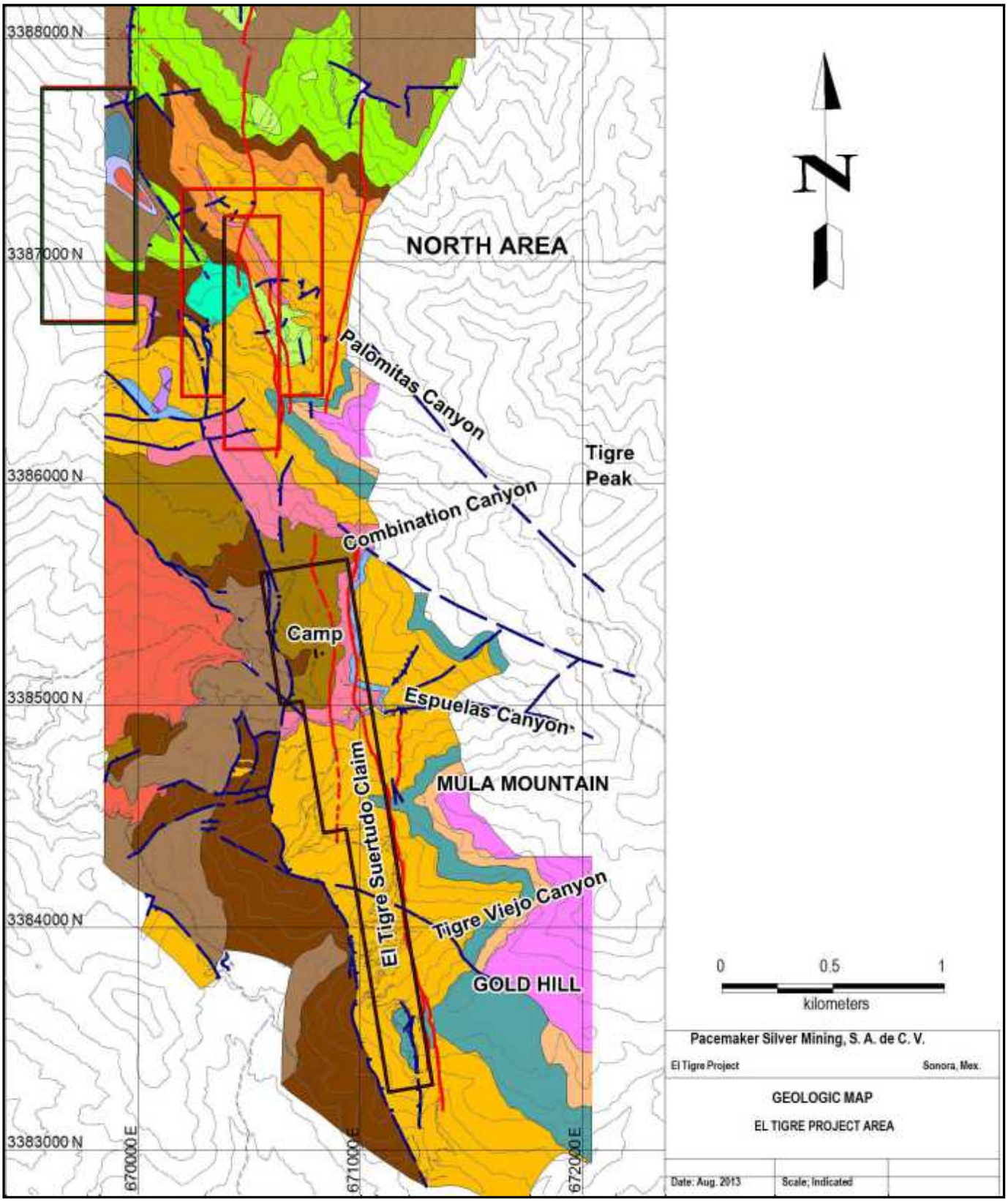


Figure 7-2: Anaconda Geologic Map of the El Tigre Mining District

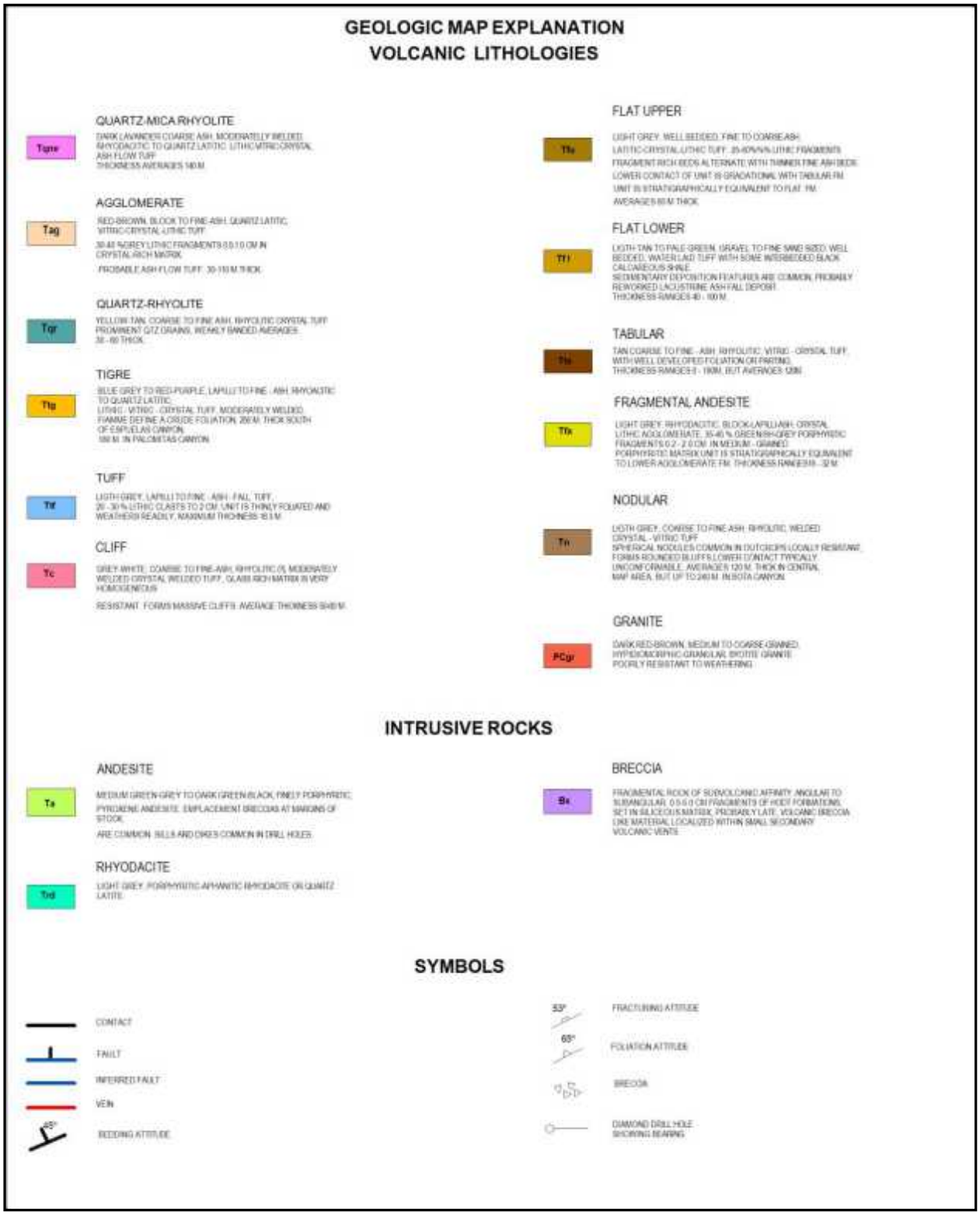


Figure 7-3: Geologic Map Legend

The El Tigre area is underlain by a major, complex normal fault zone (the Teras Fault Zone) that forms the boundary between a horst block to the west and a graben block to the east. The fault zone runs north-south through the entire Sierra El Tigre mountain range. The Teras fault is visibly identifiable at ground surface by an abrupt change in both rock formations and topographic relief at the mouth of the El Tigre canyon. On the footwall (eastern side) of the structure, the El Tigre Formation sits 300 meters above the base of the canyon and on the hanging wall (western side) very young andesitic agglomerates and breccias sit 20 to 30 meters above the stream bed.

7.3 Property Geology

The results of original exploration of the district by Mischler (1920) defined the basic geologic framework which was used to great advantage by the Lucky Tiger Combination Gold Mining Company to locate and develop ore in the El Tigre mine.

7.3.1 Stratigraphy

Pre-Cenozoic basement rocks in the Sierra El Tigre include massive limestones and a course grained granite intrusive of presumed Precambrian age. Mischler (1920) describes the granite as “consisting mainly of microcline, sanidine, quartz and phlogopite mica, the last now largely changed to serpentine and iron oxide”.

The Cenozoic volcanic stratigraphy of the Sierra El Tigre in the El Tigre property area was first described by Mischler in 1920. The Mischler work became the basis of Anaconda’s exploration work from 1981 to 1984. Their field work extended the known volcanic stratigraphy away from the main district, and they added several previously unknown units that lie outside the main mining area.

The following detailed descriptions include volcanic and intrusive units that are found in the main El Tigre area, the area of approximately six square miles represented in Figures 7-2 and 7-3.

7.3.1.1 Granite (P€gr)

The oldest lithologic unit at the El Tigre area is a dark reddish-brown, medium-to coarse-grained, hypidiomorphic-granular, biotite granite of Precambrian age. Exposures are found along the bottom of Tigre canyon. The granite is strongly chloritized in many places and may have undergone regional metamorphism. It outcrops as badly weathered, crumbly masses that are poorly resistant to erosion. Apparently, the granite has been exposed to the surface more than once during its history. Its outcrops in areas as lower relief plains, or is covered with a 3 to 5 meter thick "paleo-soil" of course arkosic sandstone with limestone cobbles.

Compositionally the granite lies on the classification border between a quartz monzonite and a true granite (Lujan et al., 1984).

7.3.1.2 Nodular Formation (Tn)

The Nodular Formation is a light grey, coarse- to fine-ash, rhyolitic, welded, crystal-vitric tuff containing 2 to 10% K-feldspar and quartz crystals in a homogeneous, aphanitic matrix. The crystals average 1 to 3 millimeters in diameter and are usually anhedral or broken. In thin section, the matrix is a nondescript mixture of very fine glassy ash and low-birefrigent crystals (quartz and K-feldspar). Compaction layering, defined by the parallel alignment of flattened lenses filled with spherulites and quartz crystals, is also visible in thin section.

In outcrop the Nodular Formation forms nearly vertical cliffs, some over 150 meters high. Within the central part of the El Tigre area, outcrops commonly contain numerous spherulites ("nodules") varying between 3 millimeters and 35 centimeters in diameter (Park, 1982). The Nodular Formation is found throughout much of the El Tigre area, varying in thickness up to 200 meters in the vicinity of Mula Mountain.

7.3.1.3 Fragmental Andesite (Tfa)

The Fragmental Andesite conformably overlies the Nodular Formation and is exposed in only two locations:

1) Tigre Viejo canyon west of the Fortuna fault, and
2) in a fault slab in Combinación canyon.

In both locations the thickness is estimated at no more than 10 meters. The Fragmental Andesite is a light greenish-grey, rhyodacitic, block-lapilli-ash, crystal-lithic agglomerate. Rock fragments are 0.2 to 15 centimeters in size and make up 35 to 45% in volume. The matrix is a fine-grained, rhyodacitic ash tuff with 0.5 to 2 millimeter sericitized plagioclase crystals.

7.3.1.4 Flat Formation (Tf)

The Flat Formation outcrops in an area bounded by Mula Mountain to the south and Palomitas canyon to the north. Thick exposures of the Flat Formation are observed in Combination Canyon and Espuelas Canyon, but are not seen south of Mule Mountain due to faulting and the general southerly dip of the volcanic rocks in the range.

Drill holes have intersected varying thicknesses of the Flat Formation, ranging from 40 to 100 meters. The formation may be interfingered with the nearby Mula Mountain flow dome unit (Tabular Formation), as evidenced in Espuelas Canyon in exposures adjacent to the Level 4 main dump. The unit is very prominently bedded, with individual beds averaging 10 to 15 centimeters in thickness. Sedimentary features such as graded bedding ripple marks, and flame structures are common.

The upper part of the Flat Formation is composed of gravel to fine-sand sized, angular to sub-angular fragments of white, siliceous volcanic rock set in a light tan or green, clay-rich matrix. Other matrix constituents include calcite, chlorite, silica, and hydro-biotite (Lujan et al., 1984). The lower part of the Flat consists of thinly bedded, calcareous black shale and is a noticeable change in deposition environment from the upper portion of the Flat Formation. In surface exposures, the shale occurs either as discontinuous, ripple-marked beds 2 to 5 millimeters thick or, more frequently, as reworked, cornflake-shaped clasts within sandy, poorly-graded beds.

The Flat Formation is almost certainly a water-laid tuff, which together with volcaniclastic sediments was probably deposited in a lacustrine environment. The absence of cross-bedding and stream channel features, the angularity and relatively small size of the lithic clasts, and the thinness and continuity of individual beds all argue against a fluvial environment of deposition. Rather the evidence suggests that the depositional medium was quiet water. When the unit was formed, it is suggested that the tuffs were deposited into a lake adjacent to the Tabular flow dome.

There are three different time units that have been mapped together as Flat Formation. The thickest is the "true" Flat Formation as described by Mishler (1920). This outcrops in the northern portion of the El Tigre Suertudo concession in the Espuelas and Combinacion Canyons and appears to be syn- to post-Tabular in age or, these exposures are found in

the deepest portion of the lake and were physically removed from the Tabular eruption. The other two are lithologically similar, but are only a few tens of meters thick. The older of these is pre-Tabular, post-Nodular in age. The younger of these is contemporaneous with the Tabular Formation. Both of these older Flat Formation units are also water-laid tuff and probably formed in shallow lakes that existed intermittently throughout the time required for the deposition of the Tabular Formation.

7.3.1.5 Cliff Formation (Tc)

The Cliff Formation is a rhyolitic, coarse-to fine-ash, moderately welded, crystal-vitric tuff which outcrops in the central part of the El Tigre area, in the northern portion of the El Tigre Suertudo concession. The Cliff Formation is relatively thin in Palomitas canyon in the northern portion of the El Tigre area, and pinches out entirely before reaching Bota canyon. It conformably overlies Flat Formation south of Palomitas canyon.

The Cliff Formation is generally 50 to 60 meters thick, though it thins to 20 meters or less locally and is approximately 80 meters thick in the northern portion of the El Tigre Suertudo concession. Similar to the Lower Agglomerate, the thickness of the Cliff Formation varies greatly over short distances.

In hand specimen, the Cliff Formation is a greyish-white, homogeneous, very fine-grained rock with few visible crystals and no lithic fragments. Dark crystallites are locally abundant in some drill intercepts. It is commonly stained with reddish-purple iron oxides. In thin section, it contains 10 to 12% coarse-ash-sized (l to 2 millimeter) crystals of quartz and strongly sericitized feldspars. The matrix is composed of fine-ash-sized crystals and abundant glass spicules. As its name suggests, the Cliff Formation forms massive cliffs up to 50 meters high, commonly with moderately well-developed, pseudo-columnar jointing. The massive nature of the Cliff Formation, together with the abundance of glass seen in thin section, suggests that the Cliff was deposited as a pyroclastic ash flow or ignimbrite.

7.3.1.6 Tuff Formation (Ttf)

The Tuff Formation is a thin and restricted unit that outcrops only in the northeast part of the El Tigre Suertudo concession, and is found in drill holes as far south as Tigre Viejo Canyon. It conformably overlies the Cliff Formation and has a maximum thickness of 18.3 meters (Park, 1982). It is thinly foliated or stratified, and contains 25 to 30% angular lithic clasts, averaging two centimeters or so in diameter. The clasts are set in a light grey, fine-ash matrix. The Tuff Formation is probably a lapilli- to fine-ash lithic tuff deposited as a pyroclastic ash fall.

7.3.1.7 Tigre Formation (Ttg)

The Tigre Formation crops out east of the Fortuna fault, from southern Bota canyon southward to the southern boundary of the El Tigre area. In addition it crops out in several small grabens and plateaus west of the Fortuna fault. Its thickness varies from 250 meters in the central portion of the El Tigre Suertudo concession to 180 meters in Palomitas canyon. The Tigre Formation conformably overlies the Cliff Formation or the Tuff Formations. Unaltered biotite from the Tigre ash-flow tuff was dated radiometrically at 31.7 (+/-1.3) my (Thoms 1988).

The Tigre Formation consists of two distinct ash units. The lower unit is lavender colored and massive; the upper is a light tan massive ash flow that is similar in texture and composition to the Cliff Formation. The composition of the lower Tigre varies from rhyodacitic to quartz latitic and contains 15 to 40% subhedral, coarse-ash-sized (l to 3 millimeter) crystals, mostly plagioclase and K-feldspar, 2 to 4% anhedral quartz, and 4 to 5% subhedralbiotite are typically present.

The crystals are set in a bluish-grey, glass-rich, fine-ash matrix. The rock also commonly contains 10 to 20% lapilli-sized (l to 3 centimeter) fragments of flattened pumice. These fiamme define a crude foliation within the Tigre that is especially pronounced in the upper part of the lower unit.

The upper part of the Tigre Formation is massive lapilli-to fine-ash, moderately welded, lithic-vitric-crystal tuff that was probably deposited as several separate, but compositionally similar, ash flows. Although vertical changes in texture and composition are not strong, they are sufficiently pronounced to suggest that the Tigre was not deposited by a single ash flow.

7.3.1.8 Quartz Rhyolite Formation (Tqr)

The Quartz Rhyolite Formation is 30 to 80m thick. It is a coarse-to fine-ash, rhyolitic, crystal tuff that conformably overlies the Tigre Formation. Its main outcrop is in the eastern portion of the property, notably capping Gold Hill.

The Quartz Rhyolite contains 10 to 15% anhedral, coarse-ash-sized (2 to 3 mm) crystals of quartz and K-feldspar. Although slightly less than half of the crystals are quartz, the quartz stands out much more clearly than the K-feldspar and gives the rock the appearance of quartz-eye porphyry. The crystals are set in a yellowish-tan, poorly welded, faintly banded matrix of glassy fine-ash. The banding within the matrix is defined by 2 to 3mm thick yellow-gold layers alternating with 5 to 10 mm-thick light tan layers. In thin section, thin quartz lenses parallel this layering.

7.3.1.9 Agglomerate Formation (Tag)

The Agglomerate Formation conformably overlies the Quartz Rhyolite Formation and crops out in essentially the same areas. Its thickness can vary from 30 to 110 m, but is typically only 30 to 50 meters.

The Agglomerate Formation is a red-brown, block-to fine-ash, vitric-crystal-lithic tuff with a quartz latite composition. It contains 30 to 40% mostly lapilli-sized (0.5 to 1.5 cm), angular, grey lithic fragments set in a red-brown, crystal-rich matrix. The crystalsin the matrix are ash-sized (0.2 to 0.5mm), irregular fragments of quartz (10% of total rock), plagioclase (10%), and K-feldspar (8%). The rest of the matrix is dominantly glass shards, with some clay.

7.3.1.10 Quartz-Mica Rhyolite Tuff (Tqmr)

The Quartz-Mica Rhyolite Tuff covers most of the tops of Tigre Peak and Gold Hill. It conformably overlies the Agglomerate Formation, and has a fairly constant thickness of approximately 140 meters.

In both hand specimen and thin section, the texture of the Quartz-Mica Rhyolite closely resembles that of the Tigre Formation. Both formations are dark lavender or greyish-purple and contain abundant coarse-ash-sized crystals of feldspar. The crystals are set in a glass-rich, fine-ash matrix. The Quartz-Mica Rhyolite typically contains slightly more crystals than the Tigre Formation, averaging about 30 to 35%. Also, the Quartz-Mica Rhyolite is more rhyolitic, with 7 to 10% quartz, 15 to 20% K-feldspar, and only 5 to 6% plagioclase crystals. Mafics totaling 2 to 4%, (mostly biotite) are also present. The rock is a coarse-to-fine ash, rhyolitic, crystal-vitric tuff.

The Quartz-Mica Rhyolite, the Agglomerate Formation, and the Quartz Rhyolite Formation are all fairly massive in outcrop, although the Agglomerate does exhibit a poorly developed foliation similar to that of the Tigre Formation. The three formations are also very glass-rich and contain numerous broken crystals. It is probable that all three were

deposited as pyroclastic ash-flow tuffs, with each from a different source or from a single source with changing magmas over time.

All the volcanic rocks in the El Tigre district appear to have been deposited before the mineralization event took place that formed the veins.

7.3.1.11 Intrusive Rocks

There are two types of intrusive rocks within the El Tigre area. One is the flow banded Tabular Formation (Tta) found on Mula Mountain and along the Fortuna Fault and the other is a nearly aphanitic greenish-black andesite (Ta) found as dikes throughout the El Tigre area.

7.3.1.11.1 Tabular

The Tabular Formation thickness varies between zero and 180 meters, though it averages about 120 meters. The unit alternately thickens and thins from Gold Hill northward to Bota canyon. The Tabular Formation has previously been labeled as a rhyolitic, coarse-to fine-ash, vitric-crystal tuff containing 10 to 15% anhedral crystals of quartz, K-feldspar, and minor plagioclase in a fine-ash matrix. However, work by Lujan (2010) recognized it as a flow dome rhyolite that both erupted onto the surface and aggressively replaced any enclosing rocks while it was actively being intruded.

The most conspicuous feature of the Tabular Formation is a well-developed tabular parting or foliation that allows the rock to be cleaved into 1 to 2 cm thick, wavy plates. The foliation is probably the result of multiple intrusions of the viscous rhyolite into previously injected magma. Each parting is denoted by ½ millimeter thick, planar lenses of quartz which run parallel to the foliation.

At several localities, the Tabular Formation is marked by a 2 to 3 meter-thick, laterally discontinuous breccia containing blocks of foliated Tabular Formation up to one-half meter in diameter. These could indicate dome debris breccias falling down the side of a growing dome. In Tigre Viejo Canyon near the Fortuna Fault the Tabular is assimilating Nodular Formation, which suggests that the Tabular Formation may have been extruded onto a surface consisting of Nodular Formation. Outcrops of Tabular are located near major faults, also suggesting that underlying magmas used these older fault zones as magma conduits.

7.3.1.11.2 Andesite

The other intrusive is the andesite (Ta), which is mostly-aphanitic, but it rarely contains more than 1 to 2% megascopic phenocrysts. In thin section, 5% pyroxene and 30% plagioclase crystals are visible, set in a finer groundmass of feldspar. The rock is commonly propylitized and may contain 5 to 10% chlorite and equal amounts of secondary calcite. The Palomitas canyon andesite is rimmed by an intrusion breccia of cobble-sized andesite fragments in a clayey, weathered matrix. The andesite typically outcrops in the bottoms of canyons, or else forms low, steep-sided ridges covered with thick, clayey soil. Andesite is found to intrude all of the lower volcanic units up through the Tigre Formation. Commonly, the andesite is found as narrow dikes found within vein structures. An example of this occurs in Espuelas Canyon

7.3.2 Structure

The dominant structural feature in the El Tigre District is a north-northwest-trending, south-pointing, wedge-like horst limited by two large fault systems. The larger, the Corral fault, cuts through 7 kilometers of the El Tigre area in a

northwesterly direction. The block west of the fault has been downthrown 450 to 950 meters, depressing the entire flank of the Sierra El Tigre (Mischler 1920). The second largest fault, the Fortuna fault, traverses the center of the El Tigre area in a north-northwesterly direction for 7 kilometers where its vertical displacement ranges from 190 to 330 meters. The combination of these faults has given the southern portion of the horst block a maximum, topographic elevation so as to expose the Precambrian Granite, the oldest rock in the region. The El Tigre vein mineralization is lodged in the eastern hanging wall graben block.

The entire lower portion of the volcanic sequence is tilted to the south at an angle of 15°. The upper units are all thicker toward the south suggesting that the tilting was completed before the end of the volcanic period.

The veins are hosted in minor, north-trending faults that represent the first fracturing in the region. Secondary, steeper faults parallel to the El Tigre vein and contemporaneous with the mineralization are indicated by Mishler (1920), to have contributed to form the high grade ore bodies in the southern half of the mine. In the northern portion of the historic mine east-west faults correlate with the high grade ore bodies (Mishler, 1920). Possibly associated with the Corral and Fortuna faults described above are a number of northwest-trending normal faults that have affected the horst blocks and, with fewer incidences, the vein-bearing block on the east.

Second order fault structures are driven off the main faults hosting the veins as sigmoid-loop-type structures. Abundant evidence suggests that the vein structures underwent both right lateral strike slip and dip slip displacement at different periods of regional stress. Both directions of displacement developed areas of widening in the veins, which prepared the rock for mineralization. Historic records suggest that normal stoping widths along discrete veins were about 1 meter in width while some wider ore shoots were mined up to 3 to 5 meters wide (Mischler 1925).

7.3.3 Mineralization

Silver, gold, lead, zinc, and copper mineralization occurs in the El Tigre District mostly in fissure veins within a narrow, north-trending belt approximately 5.3 kilometers long. The district is made up of 8 known veins. The veins are grouped according to their location within the district. The Sooy, El Tigre, Seitz-Kelly and Combination veins comprise the southern area. The Aquila, Escondida, Fundadora and Protectora veins reside in the northern portion of El Tigre. The location of the veins is presented in Figure 7-4.

The veins formed along structurally prepared fissures that generally dip steeply to the west although steep dip reversals to the east occur in some sections of the veins. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides with silicified or argillized fragments of host rock. Gold in minor amounts is associated with copper-silver sulfides. The mineralization occurs in discontinuous lenses of elongated high-grade sulfides along the veins and as low-grade impregnations in the vein gangue material. A common feature of many of the ore bodies in the historic mine was that they were often much longer along strike than down dip. Mischler identified vein dilatency as one of the primary ore controls in the mine and showed that deflections of the vein gave rise to the characteristic horizontal elongation of the higher grade ore bodies (Mishler, 1920). Intense alteration and fracturing of the brittle volcanic units along the veins hosts oxidized disseminated stockwork mineralization.

Metal zoning data collected during Anaconda's investigation suggest that the upper portions of the veins, which are at higher elevations on the property (Gold Hill where the original high-grade gold discovery was made) host bonanza grade gold mineralization in discrete veins and disseminated lower grade material in the altered stockwork zones.

The principal veins consist predominantly of gangue material, up to 80 to 90% of vein volume, including silicified rock fragments, quartz, gouge, rock flour, clays and minor calcite, in that order of abundance. The silicified fragments are angular to subangular, ranging in size from a few millimeters to 15 to 20 centimeters across. Larger blocks or slabs, detached from the walls by faulting, occur in places and are crisscrossed by hairline fractures, with or without quartz or sulfide filling. Quartz occurs in lenses, bands, fragments, dissemination, and breccia matrix and is the major single gangue mineral in the vein. Rock flour, partially indurated, gouge, and clays occur throughout the vein in minor amounts as breccia matrix and fault linings. Minor calcite occurs in irregular veinlets and locally associated with ore sulfides.

Mineralization consists of pyrite, sphalerite, galena, argentiferous galena, chalcopyrite, tetrahedrite, and covellite, in order of abundance. Tetrahedrite is represented by its argentian variety, freibergite. Gold occurs in the native state as micron-sized specks, or as impurities in galena and chalcopyrite. Sulfides occur in small amounts in the vein, averaging about 5 to 8% in volume, although in places they may reach 60% in lenses with banded structure. Massive, coarse-grained, sphalerite and galena intergrowths are observed locally in those lenses with subordinate amounts of coarse-grained chalcopyrite and pyrite. Tetrahedrite is usually associated with chalcopyrite but may occur with any other sulfide. Fine-grained argentiferous galena is found associated with pyrite and quartz with little or no sphalerite in places. Pyrite occurs alone or with other sulfides in lenses and in clusters or patches of strong dissemination. It also fills numerous irregular veinlets in large rock fragments and slabs in the vein and in the wall rock. Quartz, in substantial amounts, is essential in all the occurrences mentioned above. An important amount of ore sulfides occur as vein fragments and crushed sulfides; grain size varies from virtually pulverized to fragments ranging in size from a few millimeters to a few centimeters. Larger fragments usually preserve their textures, but are subordinate in volume to crushed sulfides. Pulverized sulfides, mostly pyrite, occur along the walls of the vein. Sulfide dissemination is, except for pyrite, restricted to rock fragments or massive quartz in the vein. Occasional drusy structures near the center of the vein are typically lined with pyrite.

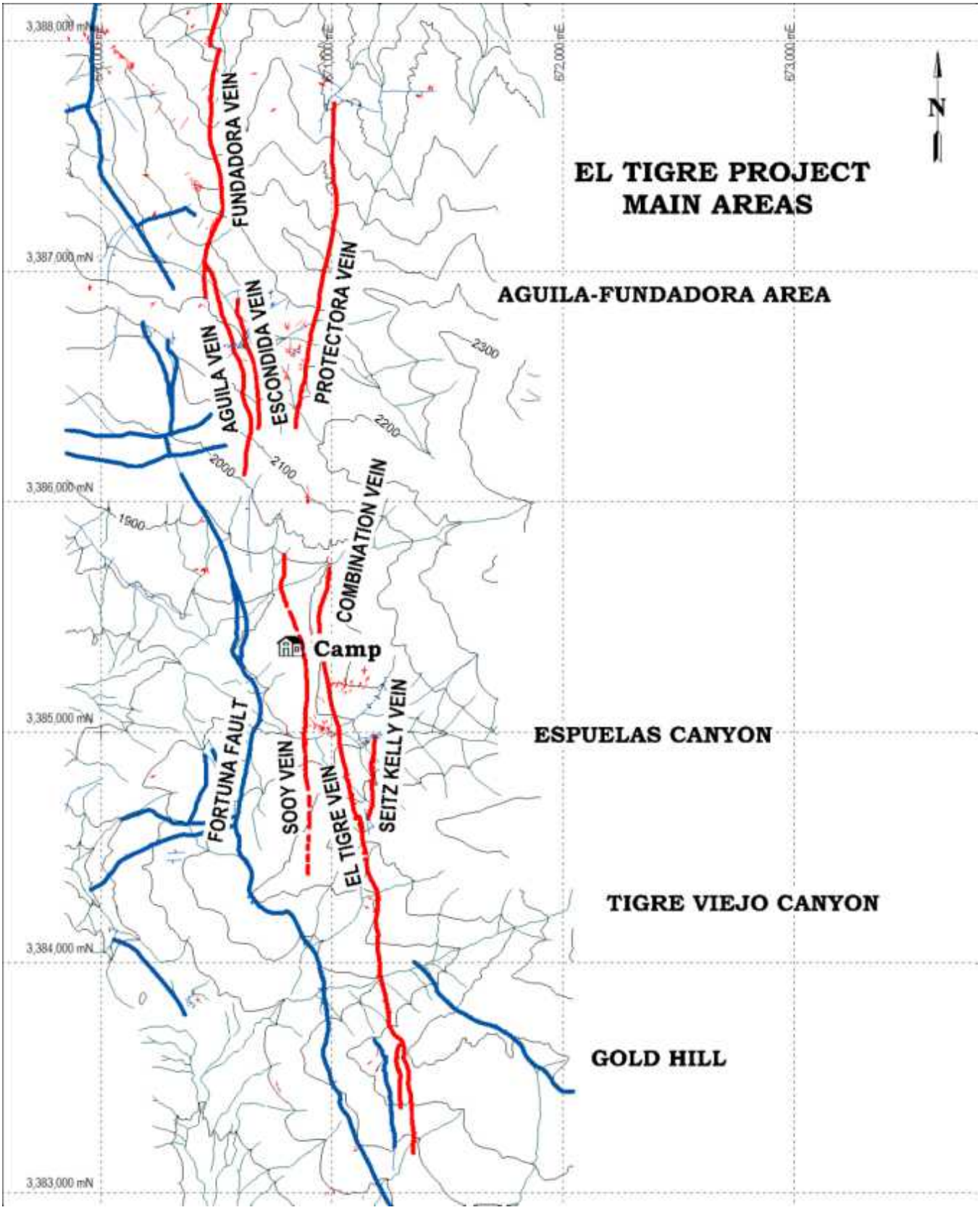


Figure 7-4: Mineralized Veins and Post-Mineral Faults of El Tigre

7.3.4 Geologic Controls

Mineralization in the El Tigre District is controlled almost entirely by secondary structural features: faults and their concomitant breccias, fissures, fractures, and fracture zones. All of the veins described in the district, host mineralization in one or more of the structural features listed above. Lithologies of the volcanic sequence appear to have had little or no chemical control on mineralization. On the other hand, the various physical properties of volcanic sequence has influenced the nature and extent of openings available for mineralization.

A structural analysis of the El Tigre vein has assisted in the understanding of the structure and its relation with ore shoots locations. The El Tigre vein, developed over 1950 meters laterally and 450 meters vertically, is a composite structure that comprises two alternating sets of faults with varying dips. The main set consists of three long segments striking N8° to 18°W, which are interconnected by two shorter segments striking N3°E to N2°W.

The dislocations, or variations in strike, occur only within the lower level workings of the mine. The vein is relatively consistent at a strike of ~N8°W over the entire length of mine levels 2 and 3 (1,380 meters). Previously mined ore shoots, defined as “a pipelike, ribbonlike, or chimneylike mass of ore within a deposit (usually a vein) representing the more valuable part of the deposit”, occur largely on the NNW portions of the vein, in the lower levels of the historic mine workings, where dilation prior to mineralization resulted in greater vein width and increased potential for fluid flow. Where strike of the vein deflects to the north, in the upper levels of the mine, vein width (and width of mineralization) decreases significantly, representing ‘tighter’ portions of the vein structure that likely prevented the flow of mineralizing fluids. A favorable portion of the vein in cross section looks like a wide asymmetric curve with shallow dip at the top and gradually increasing to become vertical at the bottom. Above the curved portion of the vein, a vertical segment contains less ore mineralization. The greatest width and distribution of high grade material occurs in crest of the curve (Figure 7-5).

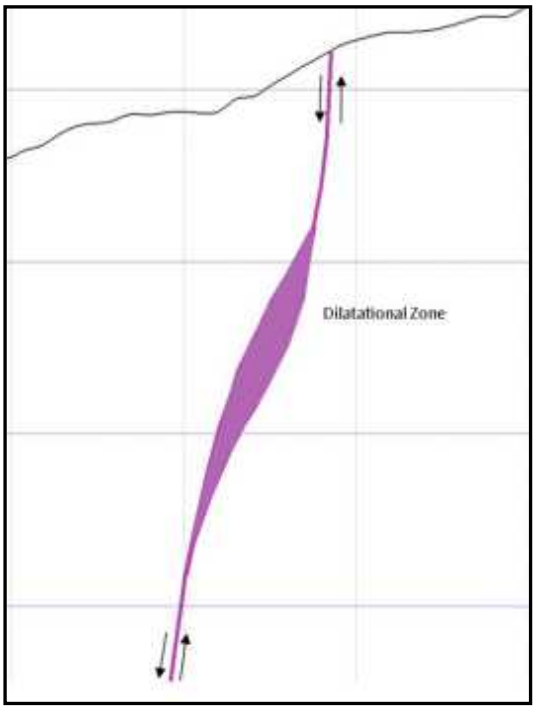


Figure 7-5: Example Section of a Typical El Tigre Dilation Zone

Ore shoots occur in El Tigre vein within the entire lower volcanic series from Nodular to Tigre Formations. There appears to be no definite correlation of high grade ore with one particular rock unit that could be interpreted as chemical control; however, the character of the wall rock has affected the local shape and extent of ore shoots. Mishler (1920) describes the behavior of the structure within different host rocks as fairly uniform width in the Tigre Formation and extremely variable in Tuff Formation. Ore occurs in two or more veins in the brittle Cliff Formation, whereas the more ductile Flat Formation provides irregular veins and widths. Figure 7-6 shows historic assay data taken inside the mine when active with footwall geology to demonstrate mineralization has been encountered in all rock formations.

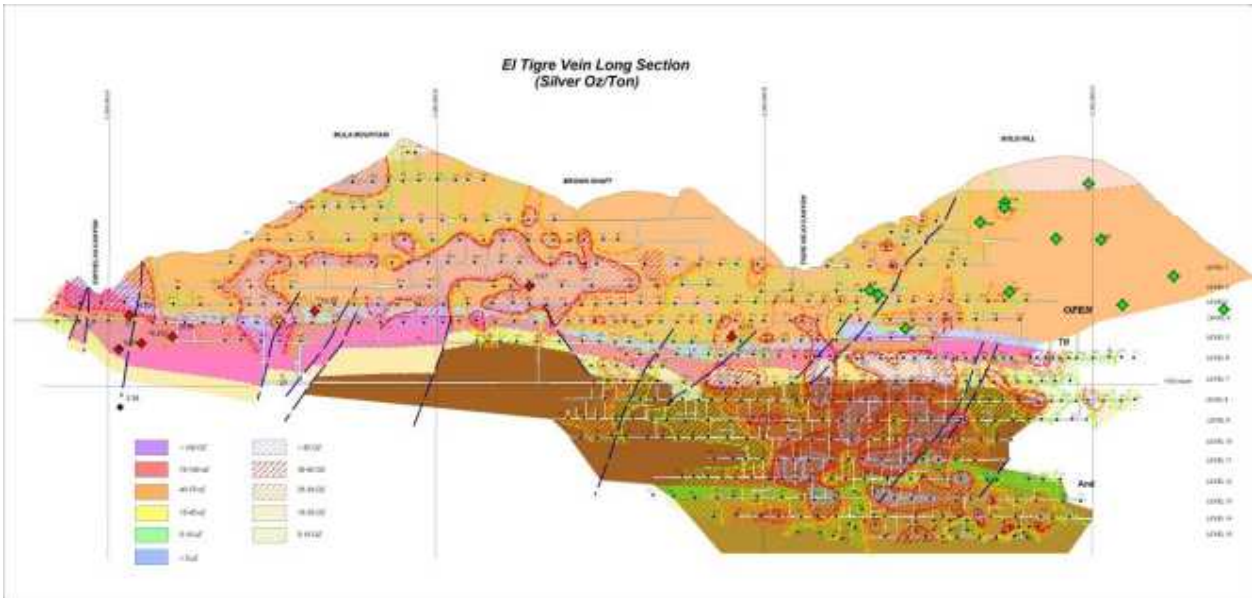


Figure 7-6: Anaconda Geologic Long Section of the El Tigre Vein

7.3.5 Alteration

Adularia replacement, minor silicification, argillization, and propylitization are alteration styles that affect the wallrocks of the veins of the district. Although there is a general alteration zoning pattern outward from the vein in the order listed above, the distribution and width of alteration types appear to be controlled by the nature of the host rock.

In the Level 4 area at the northern end of the southern vein system, the Cliff formation stands out prominently due to the intense adularization of the rock. In this area veins containing quartz and ore minerals sometimes show pink adularia rims on rock fragments that have also been adularized. In the El Tigre vein evidence of some intense silicification is found adjacent to vein.

Further to the south along the vein system, adularization declines and a broad argillic halo becomes evident. The internal character of the veins also changes as mineralization is found in crushed host rock and minor quartz vein material. Oxidation becomes dominate because the rocks are broken and brecciation.

Fine-grained pyritization is widespread but is stronger immediately next to the veins. The complete alteration assemblage is found in silicified rock fragments inside the vein. The author further noted that some of the fine grained silicification is due to adularia flooding of a receptive rock type.

Argillization occurs as wide, bleached envelopes around the veins, and consists of illite, kaolinite, and montmorillonite.

Propylitization is typically seen outside the argillic zones, although it may occur next to the veins. It consists of a mixture of quartz, chlorite, calcite, sericite, and illite and gives the rock a characteristic greenish light-grey color. Medium-grained pyrite, slightly coarser than in the silicified zone, invariably accompanies both argillic and propylitic alteration.

8 Deposit Types

The veins at El Tigre closely resemble those forming quartz-adularia, low sulphidation epithermal deposits. Epithermal deposits, as classically defined, are the products of igneous-related hydrothermal activity at shallow depths and low temperatures, with deposition normally taking place within approximately 1km of the surface in the temperature range of 50 to 300 °C. Most deposits are in the form of quartz veining and related stockworks and breccias. These open-space fillings are common and, in most deposits, is the dominant mode of mineralization. Drusy cavities, cockade structures, crustifications, and symmetrical banding are generally conspicuous. Colloform textures characteristic of epithermal environments presumably reflect relatively low temperatures (e.g., shallow depths) and hydrothermal fluid circulation through open spaces formed by mechanical anisotropies such as networks of fractures, contacts between units with dissimilar mechanical properties, and/or cross-cutting structures, intrusive bodies, and shears. (Summarized from Guilbert and Park, 1986)

There are two types or styles of silver and gold mineralization found in the El Tigre area. The first and best-known are the fissure veins that host silver, lead, zinc, copper and gold mineralization within a narrow, 5.3 km-long, north-trending belt. The second is the undeveloped low grade stockworks halo near the veins. This mineralization is associated with fractured volcanic rocks and occurs as stockwork veinlets containing minor quartz, pyrite, chalcopyrite, sphalerite and galena. These systems usually have basic to neutral pH fluids enriched in potassium and silica. Very little evidence of boiling has been found in the El Tigre vein as it appears that the quartz and sulfides were deposited in a passive, low energy environment.

The veins occur along fissures that generally dip steeply to the west, although steep dip reversals to the east occur in some sections of the veins. Vein mineralization consists of quartz and varying proportions of zinc, iron, lead, copper, and silver sulfides; silicified/adularized or argillized fragments of host rock are usually part of the vein material. Gold in minor amounts is associated with copper-silver sulfides. The ore occurs in discontinuous lenses of high-grade sulfides along the veins and as low-grade impregnations in the vein material.

9 Exploration

The Anaconda Minerals Company initiated modern exploration efforts on the El Tigre silver and gold property in 1981. More detailed discussion of Anaconda's exploration efforts is provided in Section 6 of this report. The following discussion addresses the exploration work completed by ETS and their affiliates beginning in 1997.

Data synthesis and field work completed by ETS has identified five exploration targets on the El Tigre property that warranted additional detailed field work. The five targets are listed below and are prioritized in order of expected potential (Figure 9-1). Exploration commenced on the El Tigre-Seitz-Kelly and Gold Hill targets beginning 2010 and culminated with a drilling program ending in May of 2013.

- El Tigre-Seitz-Kelly veins and stockwork mineralization
- Gold Hill disseminated gold in altered El Tigre formation
- Fundadora–Aguila veins and breccia pipes
- Porvenir Canyon vein target on south side of Gold Hill
- Main El Tigre high grade vein target

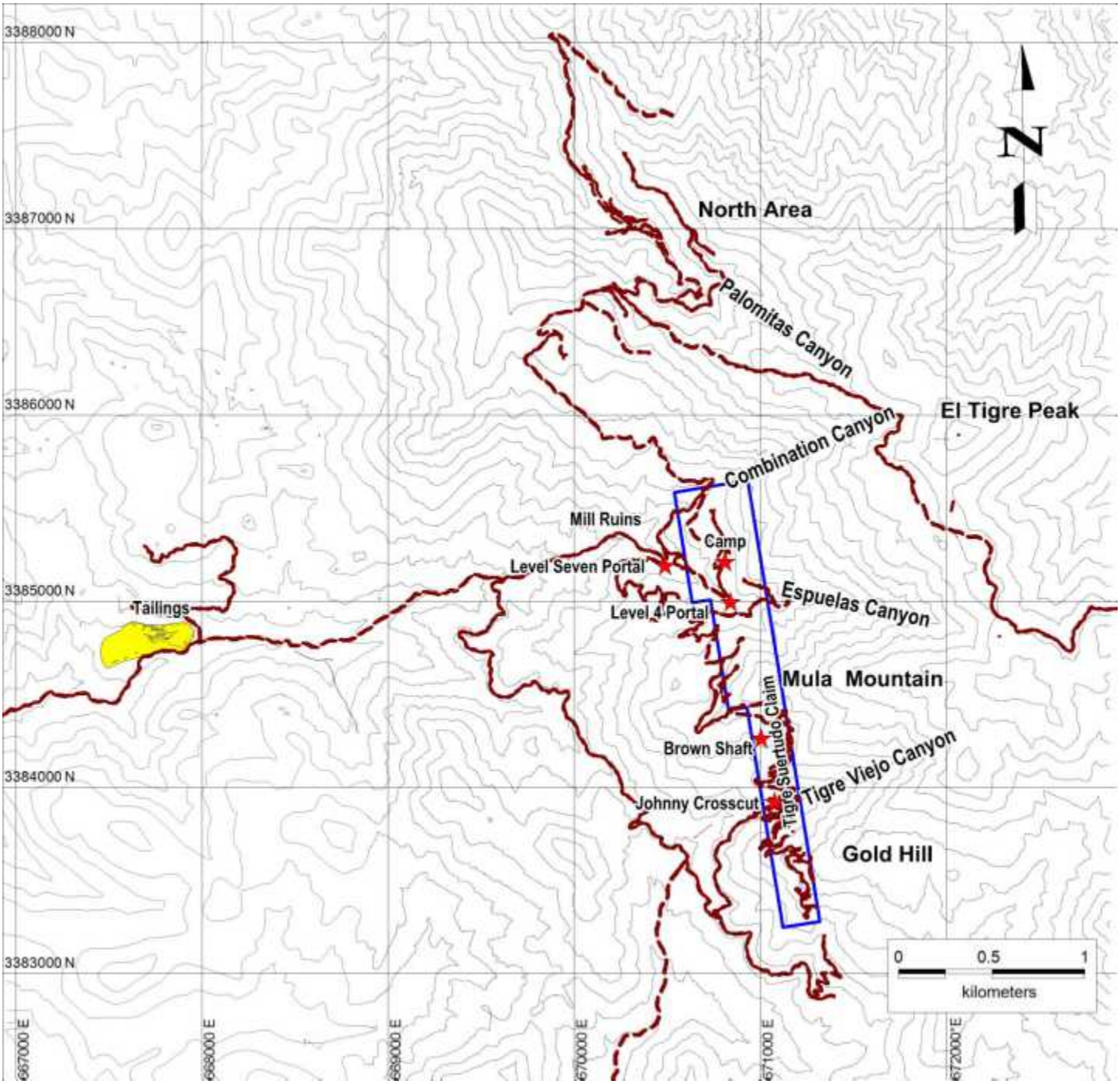


Figure 9-1: Site Layout

9.1 Anaconda Files

In 2008 and 2009, Pacemaker conducted data acquisition, drafting, mapmaking and file conversion of the various types of historic data files. Pacemaker recovered many of the old Anaconda exploration files from the Anaconda Collection at the University of Wyoming. These files were paper copies, and much of the data was converted into electronic format to provide the foundation for ETS's modern day exploration program.

After acquiring the historic data, Pacemaker contracted a number of geologists and engineers for data review and analysis in order to obtain recommendations as to how to proceed with further work on the property. Pacemaker also completed professional legal reviews of concession ownership and status, as well as concession maintenance fees.

In the fall of 2007, James A. Bradbury, P.E. (Bradbury, 2007), analyzed the Anaconda and other data and proposed a low-grade silver mineralization target between the El Tigre and Seitz-Kelly veins. Bradbury stated that Anaconda reports had proposed that a low-grade mineral potential may exist that could be a considered an exploration target. Bradbury analyzed sample data from Anaconda surface sampling in the Espuelas Canyon area, as well as pre-1939 sample results from underground sampling on the 400 and 700 levels of the El Tigre mine. This target has been the focus of ETS exploration with surface rock chip sampling and drilling.

In April and June of 2008, Herbert E. Bradshaw (2008) made a preliminary examination of the El Tigre property and the data that had been collected and recommended drilling exploration of three silver mineralization targets at the El Tigre mine. Bradshaw identified the three targets based on analysis of underground sample results collected in the 1930's and surface sample results collected by Anaconda in the Espuelas Canyon area (Bradshaw, 2008). He recommended a drilling program of 16 core holes for a total of 2400 meters to test the targets. El Tigre conducted this program in early 2011, completing 11 holes and is discussed in further detail in Item 10.

9.2 Satellite Imagery

9.2.1 El Tigre Mine Area

ETS contracted Photosat Information, Ltd (Photosat) of Vancouver, British Columbia, to generate a series of base maps for El Tigre. Using data from the Geoeye satellite, Photosat produced 100 km2 of digital imagery with a 0.5-meter pixel resolution as well as a 45 km2 of topographic coverage with a 10- cm vertical accuracy and 0.5 m x 0.5 m pixel size Digital Terrain Model (DTM). Contour maps with 1m, 5m and 10m contour intervals were produced in Mapinfo formats. All El Tigre work completed by ETS following receipt of the digital products from Photosat was completed using the World Geodetic System (WGS) 84, UTM zone 12 projection in meters.

9.2.2 Tailings Area

HRC was provided with a 1 meter resolution aerial topography file as a 3D AutoCAD dwg file. Additionally geo-referenced surface images covering the topographic surface were provided. The provided topography covered approximately 494.53 hectares. HRC created a 3D topography surface for the entire area, and draped the images over the topography to assist in delineating the boundaries of the tailings pile.

9.3 Geophysical Interpretation

Regional magnetics indicate two circular features possibly related to collapsed calderas to the east of the El Tigre property. The larger one trends through the camp area and the faults that host mineralization may be associated with or be caldera collapse structures. A second smaller potential caldera resides inside the larger one and is represented by a strong magnetic low. Several circular tectonic features, possibly collapsed calderas, and associated north-trending linear fractures, are readily observed on band 5, TM landsat images and on regional magnetics (Figure 9-2).

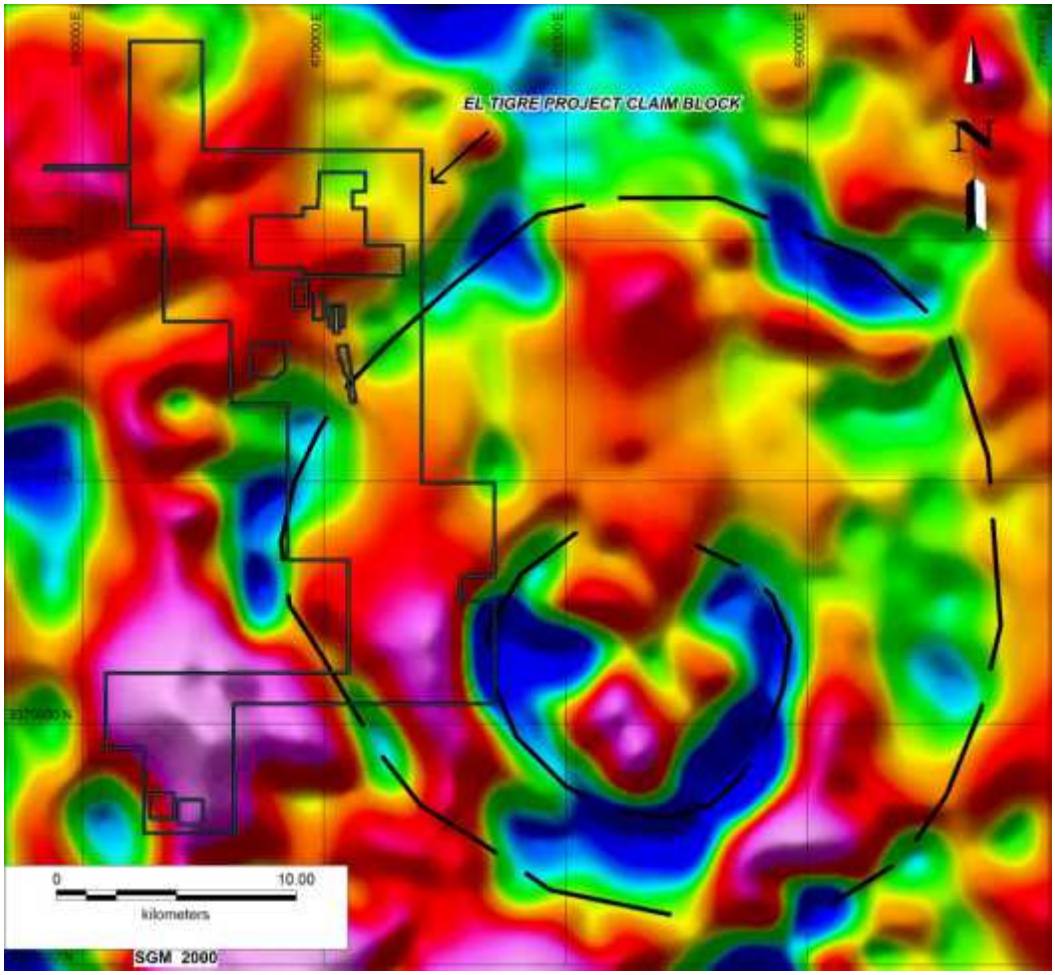


Figure 9-2 SGM Regional Magnetic Survey (SGM 2000)

9.4 Geologic Mapping Program

During October 2009, Lucas Ochoa Landin (2009) conducted a field review including mapping and sampling. He mapped the Espuelas Canyon area, where the veins cross the canyon bottom, and a portion of Mula Mountain and Gold Hill in order to better identify the geology and sources of mineralization.

El Tigre geologists observed intense silicification, sericitization, iron oxides and fine dark sulfide mineralization in faults, veinlets and shears semi-concordant to the El Tigre, Sooy and Seitz-Kelly veins. This alteration extends southward for two kilometers to Gold Hill and offers an encouraging new perspective on the potential size of the mineralized system.

9.5 ETS Sampling Method and Approach

In order to establish exploration drill hole targets and support mineral resource estimates within the 2 km strike length of the El Tigre vein system, ETS has collected surface outcrop, dump, underground channel, and surface channel samples. Additionally test pit and trench samples were collected on historical tailings impoundment.

9.5.1 Surface Channel Samples

Chip channel samples are marked by a line at each end of the channel and are collected across zones of mineralization, alteration, and structure by taking continuous (approximately 10 cm width) chips from a saw cut, geologically defined traverse. The sample is chipped from the face with a mallet and chisel and captured by a large canvas. The canvas is cleaned after each sample has been taken and a lithologic description is recorded. The samples range from 1 to 2 meters long, depending on degree of mineralization and weigh approximately 3 to 6 kilograms. Their location is recorded by a Garmin hand-held GPS unit

9.5.2 Underground Mine Channel Samples

Underground channel samples are marked by a line at each end of the channel and are separated by structure and rock type. The sample site is cleaned with a wire brush to remove any dust and a 3 to 6 kg sample is chipped from the face with a mallet and chisel and captured by a large canvas. The canvas is cleaned after each sample has been taken and a lithologic description is recorded. The sample bags are numbered and sealed with a sample tag inside. Individual samples are placed into numbered sacks of 10 each along with the appropriate blanks and standards and stored in a locked warehouse at the camp site until shipped. Samples are transported by ETS personnel to Hermosillo where they are shipped by a contractor to the assay lab facility. The samples are located on underground maps and usually associated with a surface point by GPS.

9.5.3 Rock Chip Samples

As with the channel samples, single point rock chip samples are collected from an area of 1 to 2 meters in diameter. Multiple chips are collected from different points in the sampling area with a resulting weight from 1 to 3 kilograms. The chips are bagged and the same protocol is applied as with the channel samples. The location is recorded with a hand held Garmin GPS unit.

9.5.4 Tailings Impoundment Test Pit Samples

Six test pits were either hand dug or a vertical channel of an eroded gully were sampled. These 6 samples were generally short due to poor access to either higher levels of the gully or depth to be hand dug. Samples were collected and placed into a large plastic bag. Samples generally weighed between 10 to 30 kilograms. Because of the size, they were taken to the camp storage facility and split with a Gilson splitter down to 5 kilograms. These smaller sample bags were then placed into a large transport bag along with the other tailing samples derived from the long channel sampling effort.

9.5.5 Tailings Impoundment Channel Samples

22 channel samples were collected down the flanks of the tailings pile. A total of 37 samples were collected. . The channel sampling consisted of digging a 10 cm wide by 10 cm deep channel from the top of the pile to the bottom. The sample interval was applied to the colored layer that the channel taken. Essentially, most of the channels crossed the

three color layers so each layer could be analyzed separately. The samples were taken to the camp storage facility and split down with a Gilson splitter to about 5 kilograms if they were too large. Once split, they were placed into a transport bag for delivery to the ALS sample prep lab in Hermosillo.

9.6 2010 Exploration Program

The Gold Hill area is an iron-stained, pyritized and weakly silicified wall rocks along the El Tigre vein that extends 1 km along strike and is up 0.7 km in exposed width. A high density of surface pits and shallow workings on Gold Hill, six assays ranging from 3.4 to 34.2 gpt gold in the Johnny Crosscut Mine, and anomalous 0.315 to 0.412 gpt gold in 80 to 118 meters intervals in historical Anaconda core holes T-2 and T-3 combine to support a strong gold target in the Gold Hill area.

ETS conducted a detailed, alteration and mineralization mapping program from July through September 2010. Rock chip samples were collected of individual altered and mineralized zones. Lithology, alteration, and mineralization are noted on maps and sample cards for geochemical analysis. Approximately 170 rock chip samples were collected in July 2010 and were sent to Skyline Laboratory in Tucson, Arizona. Reconnaissance sampling tested numerous targets over a 1.5 x 2.0 kilometer area covering Mula Mountain and Gold Hill. Four smaller targets within the Gold Hill area were identified from the 2010 exploration program;

- Johnny Crosscut Mine;
- Gold Hill – El Tigre vein hanging and foot wall mineralization;
- Porvenir Crosscut - Tabular and El Tigre formation contact on the southern end of Gold Hill;
- Mula Mountain dome (Tabular formation) just west of the Browns Shaft area.

ETS exploration was focused on Gold Hill and the Johnny Crosscut.

9.6.1.1 Johnny Crosscut

Mine records and level maps from the Lucky Tiger Combination Gold Mining Company show that the southern half of the El Tigre vein contains four mined-out historical ore shoots with a reported 1 opt average gold grade. The four areas extend over 550 meters through Mula Mountain from Brown's shaft on the northern side to the Johnny crosscut on the south. Seven surface samples were collected in the Johnny crosscut area during the 2010 sampling program. Both the hanging wall and footwall of the El Tigre vein was sampled with grades ranging from 0.144 to 1.465 gpt gold and 3 to 74 gpt silver. The samples are not representative of the thickness or average grades encountered at specific sample locations. This mineralization has been postulated to be the northern extension of the intercepts in the historical Anaconda holes T-2 and T-3, 400 meters to the south.

9.6.1.2 Gold Hill

Surface cover obscures the outcrop of the projected mineralization of historical Anaconda holes T-2 and T-3. However, three samples collected from the limited surface rock outcrops in the hanging wall of the El Tigre vein yielded assays from 0.169 to 0.284 gpt gold and 0.7 to 163 gpt silver. The samples are not representative of the thickness or average grades encountered at specific sample locations.

9.7 2011 Exploration Program

Field work continued to target the hanging wall alteration zone of the El Tigre vein structure at Gold Hill. 215 rock chip

samples were collected along this prospective zone ranging from 0.009 to 3.5 gpt gold and 1.0 to 412 gpt silver. The samples are not representative of the thickness or average grades encountered at specific sample locations.

Additionally, a large rock outcropping of stockwork fractures and brecciated zones within the hanging wall tuffs of the El Tigre vein was sampled. Table 9-1 summarizes the assay results from this surface zone.

Table 9-1: Selected Gold Hill rock chip sampling results

Rock Chip Sample #	Surface Width (meters)	Au gpt	Ag gpt
ET-286	5	0.32	1.6
ET-287	5	0.59	1.6
ET-288	5	0.69	4.5
ET-289	5	1.37	20.3
ET-290	5	0.45	9.0
ET-291	5	0.97	10.6
ET-292	5	1.66	10.9

During the 2010 and 2011 sampling program, 1,328 rock chip samples were collected. These were analyzed at Skyline Assayers and Laboratories in Tucson Arizona and ALS Minerals in Hermosillo, Mexico and Vancouver, Canada.

9.8 2012 Exploration Program

The 2012 exploration program was again focused on the 1 kilometer long zone centered on south Mula Mountain to Gold Hill. New sampling was done on several waste dumps to determine their average gold and silver grades. These dumps included the Level 7 main haulage dump, a second Level 7 waste dump past the old mill area, the Level 4 waste dump, and Tigre Viejo Canyon waste dump. Some of the sampling also included rock-sawed channel samples that were collected within the Johnny Crosscut Mine, along some road cuts, and the Level 4 portal area. The total number of samples collected during the year was 645 samples. These samples were sent to Inspectorate in Hermosillo, Mexico for sample prep and Reno, Nevada for gold and silver analysis.

9.9 Historical Mine Dumps

The Level 7 dump was first constructed with material from a portal designed to intersect the El Tigre vein and was later used as the main haulage level to transport ore from the Gold Hill area to the mill. Waste material was discarded near the portal entrance on the flanks of the canyon. The Level 7 dump contains considerable vein material that was mined but was either too low grade to go to the mill or was mixed with waste material. The Level 7 Dump is 145 meters long and 45 meters wide across the top and down to the creek drainage.

Rock chip sampling focused on the better exposed material on the top edge and down the flanks of the dump. The Sampling program of the level 7 dump was conducted over the top and front face of the dump and spaced every 10 to 20 meters. Each of the 44 samples consisted of 10 kilograms of representative material at each site. The average silver assay of the 44 samples was 230 gpt (6.7 oz/ton), and ranged from 16.3 to 937 gpt. Gold averaged 0.89 gpt (0.026 oz/ton) within a range of 0.064 to 5.3 gpt. The samples are not representative of the thickness or average grades encountered at specific sample locations. Table 9-2 summarizes the trace elements of the 44 samples analyzed in the rock chip sample program.

Table 9-2: Average Sample Grades of the Waste Dump Sample Program

Constituent	Average (gpt)	Max (gpt)	Minimum (gpt)
Copper	100	809	2
Lead	2780	24,300	97
Zinc	1620	9920	192
Minor Metals			
Antimony	275	1010	22
Arsenic	58	121	27
Cadmium	15	103	1.6
Molybdenum	5	17	1
Other Elements			
Iron	1.52%	2.87%	0.77%
Manganese	250	786	59
Sulfur	0.58 %	3.0%	0.18%

9.10 Historical Tailings Impoundment

In the summer of 2011 ETS collected 43 channel and pit samples. The sample material consists of very fine crushed rock with the consistency of coarse flour. Channel sampling was completed by channeling a total of 410 meters down the sides of the tailings pile at 25 meter spacing with 1.5 meter intervals from the top of the impoundment to the base. Sample intervals were broken at material color changes that correspond to different levels of oxidation from the original ores. These layers, from the bottom to the top, are red (fully oxidized, mined first), grey (partially oxidized), and yellow (sulfide, mined last). The following table reports the average silver and gold values from each layer reported in grams per ton. Silver values ranged from of 54 to 157 gpt, and gold values ranged from 0.164 to 0.988 gpt. Table 9-3 summarizes the average gold and silver grades by color.

Table 9-3: Average Sample Grades of the Historical Tailings Impoundment Channel Sample Program

Element	Red Layer	Grey Layer	Yellow Layer
Silver (gpt)	103.6	81.0	87.7
Gold (gpt)	0.425	0.336	0.264

Table 9-4 summarizes the trace elements of the historical channel sample program.

Table 9-4: Average Sample Grades of the Historical Tailings Impoundment Channel Sample Program

Constituent	Average (gpt)	Max (gpt)	Minimum (gpt)
Copper	185	370	100
Lead	1190	2590	720
Zinc	1380	4860	260
Minor Metals			
Antimony	115	220	70
Arsenic	58	100	-50
Cadmium	17	50	-10
Molybdenum	32	50	-10
Other Elements			
Iron	8100	14700	5200
Manganese	317	1120	60
Sulfur	3300	6800	1600

Samples were prepped in ALS Minerals Hermosillo, Mexico laboratory and shipped to ALS Minerals Vancouver, Canada laboratory for analytical test work.

10 Drilling

Parts of the following discussion are taken from the 2011 Technical Report (Gibson, 2011), with new information provided by ETS. The effective date of the database is July 1 2013; the database incorporated assay results through the drilling campaign ending in April 2013.

10.1 Type and Extent

Five drilling programs have been conducted to test various targets and veins on the El Tigre property. The first two drilling programs were completed prior to ETS' acquisition of El Tigre. In the 1980's Anaconda (Cobre de Hercules) completed 22 HQ and NQ diamond core holes (Figure 10-1) and in 1995 Minera de Cordillaras completed a four-hole Reverse Circulation (RC) drilling program for a total of 890 meters on behalf of a third party interest. The final three programs were completed by ETS in 2011, 2012, and 2013. A summary of the drilling campaigns on the El Tigre property is shown in Table 10-1. Figure 10-2 shows the spatial distribution of the holes from these drill campaigns in the area of the mineral resource estimation of the in-situ material contained within this Technical Report.

Table 10-1: El Tigre Drill Program Summary

Company	Year	Core Holes	Total Meters
Anaconda*	1982-83	22	7,812.65
Minera de Cordillaras**	1995	4 (RC)	890.00
El Tigre Silver	2011	10	2,313.35
El Tigre Silver	2012	11	2,235.77
El Tigre Silver	2013	38	4,861.90
Totals			17,223.67

* Subset of drilling used in the estimation of mineral resources

** Drill program not used in the mineral resource estimation

ETS conducted an additional two drilling campaigns on the material within the historical tailings impoundment. The first program was conducted in 2011 and consisted of 46 straight stem auger holes totaling 315.4 meters. The second campaign included 7 core holes completed in 2013 for 129.9 meters.

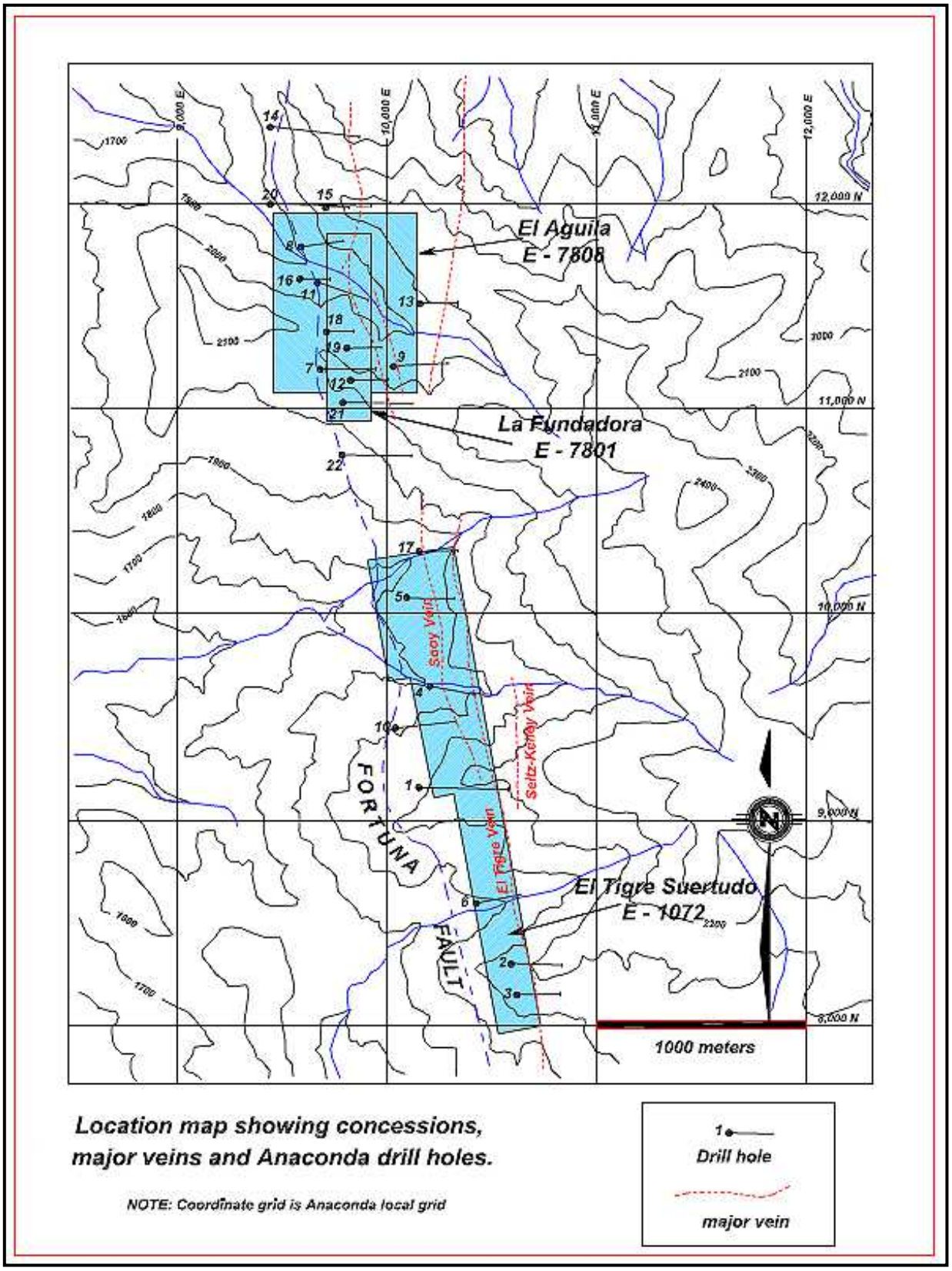


Figure 10-1: Anaconda Drill Hole Location Map

10.2 El Tigre 2011 Drilling

Based on the results of the 2010 exploration program, ETS drilled 10 core holes into four targets (Figure 10-2) along the southern projection of the El Tigre vein system in early 2011. Mineralization in the veins was projected at least 300 meters vertically below the surface to Level 7 of the El Tigre Mine. The results confirmed that the El Tigre vein, along with other intercepted veins and stockwork zones, continued both down dip and along strike of the overall mineralized system. The individual drill targets are described below:

- Espuelas Canyon - Disseminated argentite-galena mineralization encountered on the surface and in the Level 4 crosscut;
- Mule Mountain - Quartz-sericite-pyrite-galena stockwork, veins and veinlets in the hanging wall of the Seitz Kelly vein on Level 7;
- Tigre Viejo Canyon - Quartz-sericite-pyrite-galena stockwork, veins and veinlets near the intersection of the El Tigre, Seitz Kelly, and Sooy veins on Level 7;
- Gold Hill - Disseminated and quartz veinlet controlled gold mineralization outcropping in the Tigre Viejo Canyon, and mined in stopes on Gold Hill.

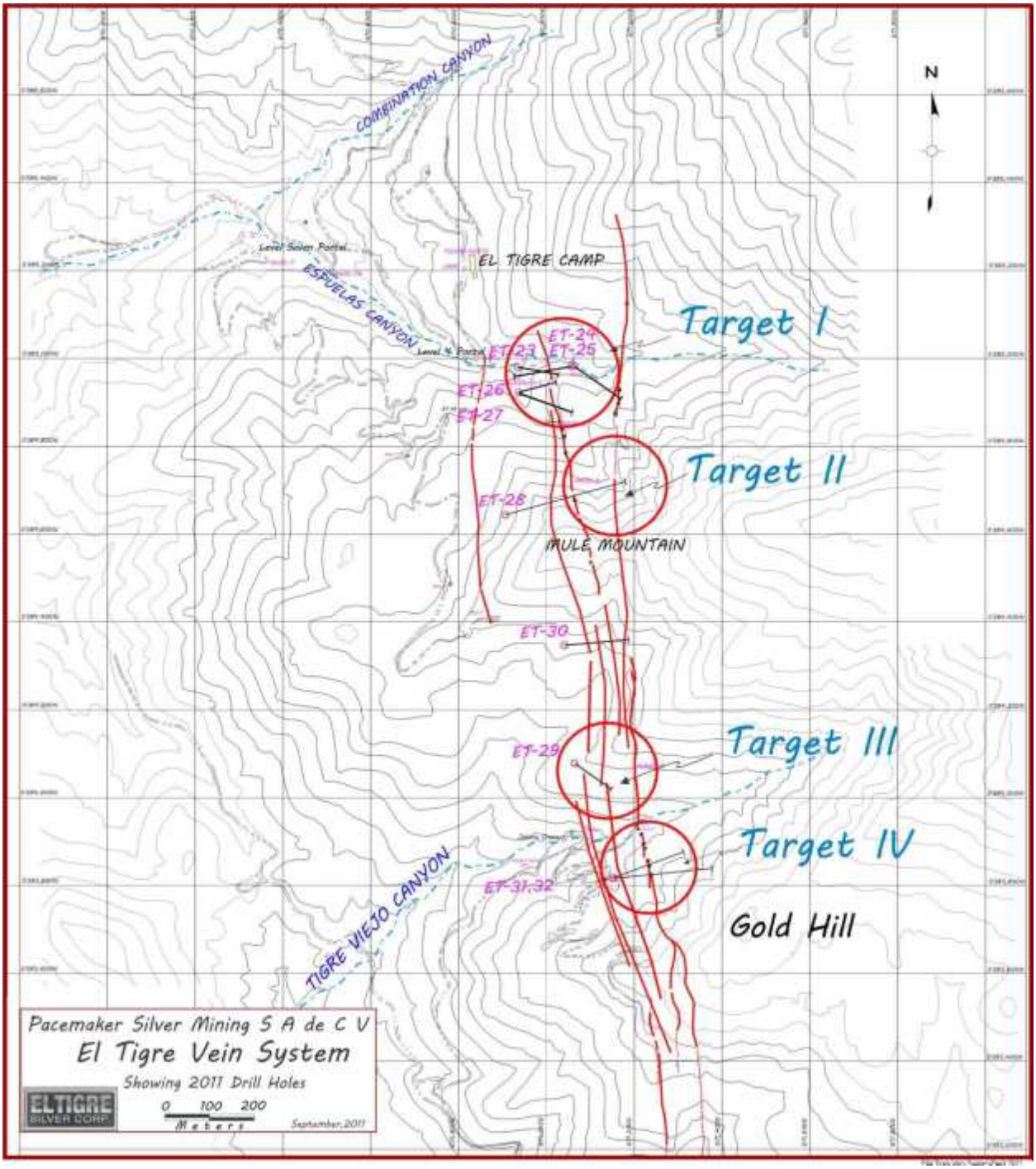


Figure 10-2 ETS 2011 Drill Program Targets

The drilling program was conducted by Major Drilling de Mexico SA de CV of Hermosillo, Sonora from January 27, 2011 to March 7, 2011. The drilling program consisted of 11 HQ diameter core holes totaling 2313.35 meters. Significant intercepts from the 2011 drilling program are presented in Table 10-2.

Table 10-2: ETS 2011 Drill Hole Significant Intercepts

Drill Hole	From	To	Core Length	True Width	Ag	Au
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-23	58.05	62.6	4.55	2.91	33	0.173
	103.90	105.00	1.10	0.71	216	0.415
	142.00	144.00	2.00	1.28	121	0.584
ET-24	50.00	51.00	1.00	0.64	68	0.019
	61	67	6.00	3.84	35	0.174
	69	78.25	9.25	5.92	136	0.217
	124.00	128.00	4.00	2.56	108	0.115
ET-25	40.00	50.00	10.00	5.70	188	0.346
	43.00	45.00	2.00	1.14	713	0.681
	54.00	55.00	1.00	0.57	189	0.192
	66.00	67.00	1.00	0.57	79	0.034
	68.00	69.00	1.00	0.57	41	0.028
	72.00	73.00	1.00	0.57	63	0.050
ET-26	56.00	57.00	1.00	0.64	141	0.550
	59.00	66.00	7.00	4.48	34	0.130
	80.00	83.00	3.00	1.92	53	0.550
	86.70	88.45	1.75	1.13	133	0.365
	90.15	91.90	1.75	1.13	142	0.231
	94.60	100.25	5.65	3.62	66	0.204
	102.60	120.10	15.50	11.69	180	0.217
	127.80	128.80	1.00	0.64	89	0.138
ET-27	33.00	34.00	1.00	0.70	41	0.547
	65.00	66.00	1.00	0.70	85	0.178
	107.00	111.00	4.00	2.80	242	3.170
	150.00	151.00	1.00	0.70	92	0.068
	152.00	153.00	1.00	0.70	37	0.060
ET-28	205.00	210.00	5.00	3.54	66	0.402
	215.00	216.00	1.00	0.71	138	3.390
	221.60	226.00	4.40	3.11	165	0.702
	229.00	233.00	4.00	2.84	67	0.106
	375.00	376.00	1.00	0.71	603	0.058
ET-29	138.00	139.50	1.50	1.80	2	1.320
	199.00	200.00	1.00	0.34	998	0.599
	202.00	203.00	1.00	0.34	1355	0.567
	206.55	209.65	3.10	1.06	84	0.112
ET-30	286.70	288.50	1.80	0.76	651	1.260

Drill Hole	From	To	Core Length	True Width	Ag	Au
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-31	16.50	43.00	19.30	12.36	11	0.486
	46.00	49.00	3.00	1.92	13	0.528
	50.50	53.50	3.00	1.92	15	0.446
	55.00	59.50	4.50	2.80	18	0.410
	64.00	67.00	3.00	1.92	3	0.252
	68.50	70.00	1.50	0.96	1	0.270
	74.50	80.50	6.00	3.84	6	0.904
	82.00	83.50	1.50	0.96	2	0.213
	85.00	102.50	17.50	11.24	129	0.861
	104.00	111.00	7.00	4.49	295	0.274
ET-32	22.00	23.50	1.50	0.96	1	0.302
	29.50	31.00	1.50	0.96	6	0.789
	35.50	37.00	1.50	0.96	3	0.511
	38.50	43.00	4.50	2.88	23	0.977
	46.00	50.50	4.50	2.88	22	0.479
	62.50	64.00	1.50	0.96	1	0.378
	65.50	70.00	4.50	2.88	6	1.018
	87.50	89.00	1.50	0.96	2	1.085
	92.00	93.50	1.50	0.96	162	0.710
	95.00	101.00	6.00	3.84	10	0.433
	104.00	108.50	4.50	2.88	146	0.076

10.3 El Tigre 2012 Drilling

The 2012 ETS drilling program was focused entirely on Gold Hill to follow up on the wide lower grade gold intercepts found in ET-31, ET-32 (Table 10-2) and the historic holes of T-2 and T-3 (Table 6-1). Land Drill International Mexico, SA de CV of Hermosillo, Sonora, Mexico was commissioned to complete the HQ diameter diamond core holes. The program began in March of 2012 and concluded in mid-May. The drilling program consisted of 10 HQ diameter core holes totaling 2235.77 meters. Significant intercepts from the 2011 drilling program are presented in Table 10-3.

Table 10-3: ETS 2012 Drill Hole Significant Intercepts

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-33	4.5	13.5	9	5.78	67.8	*
Includes	9	11.5	2.5	1.6	134.7	*
	67.9	85	17.1	11	168.7	1.11
Includes	76.8	77.8	1	0.64	1611	9.73
	85	92.5	7.5	4.82	23.3	*
	92.5	97	4.5	2.89	*	0.66
	98.5	100	1.5	0.96	*	0.82
	103	106	3	1.93	*	0.21
	107.5	110.5	3	1.93	*	0.26
	113.5	116.5	3	1.93	*	1.19
	136	149	13	8.36	*	0.41
Includes	144	145	1	0.64	*	1.13
	154	155	1	0.64	*	0.69
	168.5	170	1.5	0.96	*	0.56
	174	175	1	0.64	*	1.03
	180.5	182	1.5	0.96	*	1.07
	197	201	5.5	3.54	*	0.19
	201	203.7	2.7	1.74	10.2	1.14
ET-34	57.5	64.6	7.1	4.54	*	0.32
	90	101	11	7.04	*	0.34
	111.4	113	1.6	1.02	152.2	6.82
	188.5	226.5	38	24.32	36.2	0.56
Includes	216.75	217.5	0.75	0.48	809.4	9.51
Includes	217.5	218.25	0.75	0.48	581.8	1.65
	219	222	3	1.92	*	0.26
ET-35	29.5	31	1.5	0.96	*	0.95
	91.3	92.3	1	0.64	206.9	*
	92.3	93.3	1	0.64	515.6	0.95
	113.8	115.5	1.7	1.09	16.3	0.35
	115.5	117	1.5	0.96	*	0.57

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-36	8.4	10.4	2	1.03	*	0.64
	13	14	1	0.52	*	0.22
	37.9	39.3	1.4	0.72	18.8	0.29
	40	41	1	0.52	*	0.44
	43	44	1	0.52	20.5	0.42
	47	51	4	2.06	18.4	0.28
	52.5	63.5	11	5.66	*	0.28
	66	67.5	1.5	0.77	*	0.44
	72.5	74	1.5	0.77	*	0.23
	90	93.5	3.5	1.8	*	0.29
	149.5	151	1.5	0.77	122.4	
	152.5	155	2.5	1.29	64	
ET-37	31	33	2	0.35	*	1.63
	36	49	13	2.26	*	0.74
Includes	36	37	1	0.17	*	1.15
Includes	42	44	2	0.34	*	2.31
Includes	45	46.15	1.15	0.2	*	1.29
	61.5	64.7	3.2	0.55	*	0.31
	104	105	1	0.17	178.4	1.06
	158	160.5	2.5	0.43	*	0.2
	165.5	172.5	7	1.22	25.4	0.27
	113.5	116.5	3	0.52		1.19
Includes	172	172.5	0.5	0.09	280.2	0.12
	175.5	185.5	10	1.74	336.3	0.22
Includes	176.42	177	0.58	0.1	2013.6	1.15
Includes	183	184	1	0.17	506.1	0.22

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-38	39	44	5	3.14	*	0.27
	46.4	51	4.6	2.89	*	6.38
Includes	46.4	48	1.6	1	*	11.04
Includes	48	50	2	1.26	*	5.76
	81	84	3	1.89	*	0.39
	92.5	96	3.5	2.2	70.4	0.55
Includes	93.5	94.8	1.3	0.82	146.1	1.06
	127	128.5	1.5	0.94	*	0.22
	143.5	144.4	1	0.63	54.9	*
	146	147.5	1.5	0.94	46	*
	167.2	168.2	1	0.63	*	0.21
	175	176	1	0.63	*	0.53
	179	186	7	4.4	*	0.29
	193.5	198.4	4.9	3.08	*	0.36
ET-39	9.9	16.6	6.7	4.31	*	0.41
	41	42.06	1.06	0.68	*	2.48
	52.5	59.15	6.65	4.27	*	0.48
Includes	54.3	56	1.7	1.09	*	1.31
	65	80.5	15.5	9.97	*	0.48
Includes	66.5	68	1.5	0.96	*	1.06
Includes	77.5	79	1.5	0.96	*	1.25
	94	99.8	5.8	3.73	*	0.47
	116.8	155.25	27.2	17.48	*	0.68
Includes	116.8	118.4	1.6	1.03	*	1.55
	126	129.2	3.2	2.06	*	1.13
	151	152.1	1.1	0.71	*	1.13
	154.2	155.25	1.05	0.67	*	3.99
	181.5	191.5	10	6.75	36.6	0.71
Includes	184.5	186.5	2	1.29	63.7	1.4
	189.7	190	0.3	0.19	238.4	0.52
ET-40	56.5	63	6.5	4.17	*	0.32
	66	67	1	0.64	*	0.33
	112.5	114	1.5	0.96	*	0.32
	167.5	170.5	3	1.93	*	0.66
	187.5	192	4.5	2.89	*	0.51
	196.5	205	8.5	5.46	*	0.93
Includes	202.2	203.6	1.4	0.9	*	3.7

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET-41	11.5	13	1.5	0.75	*	0.22
	66	78.5	12.5	6.25	*	0.42
Includes	75	78.5	3.5	1.75	48.77	0.45
	109.5	116.5	7	3.5	*	0.32
	119.5	121	1.5	0.75	*	0.34
	156.5	158	1.5	0.75	*	2.7
ET-42	26	29	3	1.93	*	0.51
	33	37	4	2.57	*	0.385
	89	93.2	4.2	2.7	*	0.294
	95.25	110.5	15.25	9.8	26.51	0.55
Includes	95.25	98.9	3.65	2.35	12.89	1.309
Includes	107	108.9	1.9	1.22	133.61	1.004
	114.7	125	10.3	6.62	*	0.577
	129.3	135	5.7	3.66	32.64	0.164
Includes	129.3	130.4	1.1	0.71	81.01	0.538
	139.5	140.5	1	0.64	*	0.626
	169.5	171.3	1.8	1.15	*	0.58
	174.15	175.5	1.35	0.87	11.6	0.173
	178.5	181.5	3	1.93	*	0.309
	204	207	3	1.93	*	0.316
	214.5	225	10.5	6.75	*	0.29
Includes	222	225	3	1.93	23.3	0.539
ET-44	38	43	5	3.53	19.92	*
	46.75	50.5	3.75	2.65	26.75	0.267
Includes	48.25	48.85	0.6	0.42	59.8	1.348

* Denotes Below Detection Limit

10.4 El Tigre 2013 Drilling

An expanded drilling program was conducted over the northern portion of Gold Hill with most of the effort expended on the southern flank of Mule Mountain, both north and south of the Brown Shaft. The last drill hole of the 2013 campaign was drilled at near the summit of Mula Mountain overlooking the Camp area. The 2013 drilling program was conducted by Major Drilling de Mexico SA de CV of Hermosillo, Sonora from January 18, 2013 to April 10, 2013. The drilling program consisted of 38 HQ diameter core holes totaling 4,862 meters. Significant intercepts from the 2013 drilling program are presented in Table 10-4.

Table 10-4 EST 2013 Drill Hole Significant Intercepts

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET13-45	0	13.15	13.15	9.14	*	0.628
Includes	0	5.15	5.15	3.8	*	1.251
	18.76	67.5	48.74	33.87	*	0.595
Includes	25.46	33.7	8.24	5.72	*	0.941
	54.25	55.75	1.5	1.04	*	4.59
	60.05	61.5	1.45	1	*	1.58
	104.43	105.87	1.44	1	96.8	0.17
	108.98	109.73	0.75	0.52	69.4	0.45
	111.9	115.8	3.9	2.71	52.24	*
Includes	111.9	112.18	0.28	0.19	206	*
ET13-46	6	9	3	2.12	*	0.27
	24	33	9	6.36	*	1.308
Includes	27	30	3	2.12	11.75	3.28
	28.5	30	1.5	1.06	12.3	5.86
	38.5	41.5	3	2.12	22.37	0.351
	52.5	64	11.5	8.13	*	0.547
Includes	56.5	58	1.5	1.06	*	1.51
	71.5	74.5	3	2.12	117.7	0.27
	78.4	96.65	18.25	12.9	*	0.316
Includes	90	94.75	4.75	3.36	*	0.679
	98.4	101.8	3.4	2.4	*	0.208
ET13-47	12.5	14.45	1.95	1.37	3.5	0.17
	22	23.5	1.5	1.06	4.6	0.28
	41	48.5	7.5	5.3	6.12	0.234
	87.1	91	3.9	2.75	34.4	0.288
ET13-48	11.5	19.5	8	5.7	2.5	0.825
	22.5	24	1.5	1.07	3.5	0.4
	30	42	12	8.56	2	0.51
	45.17	47	1.83	1.3	5.9	0.36
	53.2	56	3.8	2.71	13.5	0.405
	81.35	82.25	0.9	0.64	182	0.18
	93.3	95.4	2.1	1.5	58.3	0.1
	105.7	107.2	1.5	1.07	93.35	*
Includes	105.7	106.75	1.05	0.75	123.2	*
	116	117.5	1.5	1.07	106.5	0.14
	132.65	133.6	0.95	0.68	23.8	0.31

Drill Hole	From (meters)	To (meters)	Interval (meters)	True Width (meters)	Silver gpt	Gold gpt
ET13-49	0	1.5	1.5	1.04	5.5	0.17
	3	22.5	19.5	13.55	29.52	1.211
Includes	4.5	13.67	9.17	6.37	58.77	1.056
Includes	9	10.5	1.5	1.04	194	3.05
Includes	15.15	16.5	1.35	0.94	4.9	2.82
	25.5	27	1.5	1.04	*	0.33
	33	35	2	1.39	4	2.491
Includes	33.7	35	1.3	0.9	4.2	3.72
	40	47.95	7.95	5.53	33.4	0.68
Includes	43.5	47.95	4.45	3.09	58.5	0.867
	51	53.9	2.9	2.02	89.11	0.396
	64	71.5	7.5	5.21	10.28	0.364
Includes	67	70	3	2.09	17.95	0.495
ET13-50	18	75.6	57.6	41.1	17.82	0.684
Includes	25	28.5	3.5	2.5	2.5	1.341
Includes	42	46	4	2.85	7.5	0.99
Includes	60.6	68.5	7.9	5.63	103.34	1.907
Includes	60.6	63.1	2.9	2.07	220.4	5.544
Includes	62.6	63.1	0.5	0.36	530	25.4
ET13-51	4	5.5	1.5	0.63	1.4	0.35
	7	8.5	1.5	0.63	*	0.27
	12	15	3	1.27	*	0.12
	15	18.15	3.15	1.33	33	0.92
	22.25	44.2	21.95	9.28	6.38	0.89
Includes	39	41	2	0.85	41.95	2.97
	48.5	73	25.5	10.79	20.9	2.93
Includes	55.5	60.5	5	2.11	38.1	5.58
Includes	57.5	58.5	1	0.42	82.1	11
	105.1	134.2	25.1	10.62	43.93	1.35
Includes	117.45	120.5	3.05	1.29	373	1.27
Includes	117.45	118.45	1	0.42	995	2.66
	142.5	144.6	2.1	0.89	42.56	0.21
ET13-52	115.2	146.1	32.9	22.01	17	0.59
ET13-53	0	46	46	22.31	14.37	0.74
Includes	43	43.8	0.8	0.39	153	0.65
	64.05	66.7	2.65	1.29	9.54	1.79
	71.6	81.6	10	4.85	109.55	1.26
Includes	75.5	80.15	4.65	2.25	427	2.42
ET13-54	10	41.65	31.65	22	44.71	0.54
Includes	33	41.65	8.65	6.01	129.72	0.96
Includes	35.75	37.35	1.6	1.11	548.8	0.91
	60	62	2	1.39	*	0.35
	64.75	65.8	1.05	0.73	297	0.63
	75.7	76.8	1.1	0.76	*	0.48

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET13-55	2.4	6.2	3.8	1.61	7.53	0.28
	12.5	60	47.5	20.09	34.71	0.53
Includes	41.5	46.35	4.85	2.05	201.82	0.76
Includes	43	44.5	1.5	0.63	372	1.2
ET13-56	0	70.4	70.4	43.37	55.8	1.04
Includes	35	51.3	16.3	10.04	129.79	0.61
Includes	41.45	43	1.55	0.95	370	1.17
Includes	55	60	5	3.08	17.04	3.5
Includes	63	69.4	6.4	3.94	231.2	0.54
Includes	63	64.5	1.5	0.57	651	0.58
ET13-57	52	64.8	12.8	8.73	16.22	1.08
Includes	54.5	55.7	1.2	0.82	81.8	4.7
	87.4	88.5	1.1	0.75	5.9	0.48
ET13-58	4	5.5	1.5	0.96	2.7	0.21
	7	8.5	1.5	0.96	2.4	0.46
	10.3	12	1.7	1.09	1.8	0.4
	20	23	3	1.93	1.5	0.34
	26	54.05	28.05	18.04	28.1	0.31
Includes	46.5	54.05	7.55	4.85	68.9	1.5
	54.05	59	4.95	3.18	204.7	2.02
Includes	54.05	54.75	0.7	0.45	1400	2.13
	62	80	18	11.57	7.2	1.21
Includes	69.5	72.5	3	1.93	35.8	2.77
	110.85	112.3	1.45	0.93	*	0.41
	117.7	125.8	8.1	5.21	60.9	0.43
Includes	117.7	122.15	4.45	2.86	107.4	0.24
ET13-59	5.25	14	8.75	6.24	55.5	0.47
Includes	10.8	11.65	0.8	0.57	294	0.79
	18.5	27.5	9	6.42	2.2	0.23
	44.5	48	3.5	2.5	1.3	0.3
	58.5	71.8	13.3	9.48	12	0.68
	103	107.5	4.5	3.21	4.2	0.2
	127	127.25	0.25	0.18	*	0.51
ET13-60	47.2	49.1	1.9	1.27	*	1.04
	78.5	83.5	5	3.35	*	0.44
	90.5	92	1.5	1	2	0.62
	95	121.5	26.5	17.75	*	0.74
	121.5	123.9	2.4	1.61	19.7	0.24
	123.9	137.5	13.6	9.11	*	0.63
Includes	123.9	126	2.1	1.41	61.8	0.21
	172.8	174	1.2	0.8	*	1.37
	180.3	190.95	10.65	7.14	187.5	0.6
Includes	181.3	185.1	3.8	2.55	519.9	0.81

Drill Hole	From (meters)	To (meters)	Interval (meters)	True Width (meters)	Silver gpt	Gold gpt
ET13-61	0	5.35	5.35	2.51	*	0.23
	68.9	75.9	7	3.28	*	0.33
	82	87.3	5	2.35	9.1	1.04
	90.85	107.5	16.65	7.81	10.8	1.29
Includes	92	96	4	1.88	8.2	2.61
Includes	98	99	1	0.47	115	2.29
	203.7	209.8	6.1	2.86	*	0.47
ET13-62	0	23.25	23.25	16.58	75.2	0.43
Includes	0	7	7	4.99	164.9	0.2
Includes	7	7.65	0.65	0.46	253	0.34
	41	48.5	17.5	12.48	7.8	0.65
Includes	45.5	50.15	4.65	3.32	22.1	1.01
ET13-63	3.05	9	5.95	4.06	5.2	0.8
	10	12	2	1.36	5.4	0.24
	15	16	1	0.68	34.5	*
	19	25	6	4.09	*	0.41
	25	27.45	2.45	1.67	15.8	0.13
	33	36	3	2.05	*	0.22
	41	44	3	2.05	*	0.32
	48	49.5	1.5	1.02	*	0.21
	51	52.5	1.5	1.02	*	0.89
ET13-64	0	42	42	28.63	32.4	1.1
Includes	0	4.5	4.5	3.07	4.3	2.01
Includes	7	10	3	1.39	88	1.78
Includes	7	8	1	0.68	200	2.47
Includes	13	18.7	5.7	3.89	60.7	1.89
ET13-65	0	3.05	3.05	1.88	*	0.24
	15	18	3	1.85	*	0.37
	26	39	13	8	*	0.98
	42.8	44.5	1.7	1.05	*	0.93
	46	47	1	0.62	7.9	1.1
	52	67	15	9.24	8	1.04
Includes	56.5	59.5	3	1.85	28.2	2.3
	72.5	75.5	3	1.85	9.1	0.4
	77.1	78.5	1.4	0.86	7.1	0.27
	80.9	91.6	10.7	6.59	19.1	0.42
Includes	80.9	83.1	2.2	1.35	69.4	0.8

Drill Hole	From (meters)	To (meters)	Interval (meters)	True Width (meters)	Silver gpt	Gold gpt
ET13-66	9	91.6	80.1	44.78	21.1	0.37
Includes	23	28	5	2.8	64.1	0.74
Includes	56	69	13	7.27	30.8	0.54
Includes	72	79	7	3.91	21.9	0.41
Includes	82.5	91.6	9.1	5.09	52.8	0.39
	91.6	93	1.4	0.78	2057.5	74.19
Includes	92.1	92.5	0.4	0.22	3030	235
Includes	92.5	93	0.5	0.28	2920	5.34
	93	106.7	13.7	7.65	39.8	0.35
Includes	93	96	3	1.68	85.8	0.45
	125.5	128	2.5	1.4	22.6	*
ET13-67	19	45	26	17.89	6.7	1.65
	47	48.2	1.2	0.83	9.8	0.55
	51.5	54.5	3	2.06	3.1	0.35
	57	132.5	85.5	58.62	28.5	0.31
Includes	75	110.2	35.2	24.21	49.6	0.26
Includes	81	83.5	2.5	1.72	235.6	0.45
Includes	82.9	83.5	0.6	0.41	668	0.79
Includes	108.25	110.2	1.95	1.34	133.3	0.23
Includes	129.8	132.5	2.7	1.85	42.7	1.21
Includes	131.7	132.5	0.8	0.55	127.4	0.31
ET13-68	0	54.9	54.9	39.47	18.2	0.53
Includes	3.05	9	5.95	4.28	40.4	0.64
	42	54.9	12.9	9.28	36.8	0.25
	58	83.4	22.9	16.47	*	0.44
Includes	59.5	60	0.5	0.36	254	0.38
Includes	77.5	80.5	3	2.16	*	1.41
ET13-69	1	7	6	4.44	*	0.34
	11.5	14.5	3	2.22	*	0.77
	20.5	38	17.5	12.95	*	0.8
	40	47	7	5.18	10.8	0.73
	50.05	53	2.95	2.18	*	0.23
	72	74	2	1.48	94.6	0.1
	92	102	10	7.4	157.2	0.17
Includes	98.5	100.65	2.15	1.59	571	0.45
	102	113	11	8.14	18.9	0.52
Includes	106.5	112	5.5	4.07	31.4	0.6
	122.8	124.2	1.4	1.07	67.1	0.15
ET13-70	6.15	16	9.85	7.39	14.1	0.16
	19.2	23.75	4.55	3.41	6.8	0.25
	32.45	50.7	18.25	13.69	4.6	0.38
	68.4	68.9	0.5	0.37	60.8	0.27
	70.8	77	6.2	4.65	14.4	0.23

Drill Hole	From (meters)	To (meters)	Interval (meters)	True Width (meters)	Silver gpt	Gold gpt
ET13-71	6	7.25	1.25	0.79	4.5	0.3
	8.7	10	1.3	0.82	3.6	0.48
	12	13	1	0.63	15.5	2.74
	20.4	24.5	4.1	2.58	5.4	0.49
	29	52	23	14.47	10.8	0.42
Includes	31	38.7	7.7	4.84	26.6	0.52
	56.5	81	24.5	15.4	3.2	0.44
	101.25	104.65	3.4	2.14	270.7	0.22
Includes	103.3	104.65	1.35	0.85	590.4	0.47
Includes	103.6	103.9	0.3	0.19	1940	1.88
	120	137.3	17.3	10.88	109.5	*
Includes	124.95	125.4	0.45	0.28	291	0.86
Includes	129.9	130.5	0.6	0.38	1320	0.17
ET13-72	0	2	2	1.38	*	1.46
	6.25	7.25	1	0.69	*	0.21
	9.4	10.4	1	0.69	*	0.24
	13.5	14.5	1	0.69	*	0.48
	33.55	35	1.45	1	*	0.45
	40	48	8	5.5	5.67	0.41
	50.5	57.5	7	4.81	*	0.38
	63	66	3	2.06	*	0.5
	72.5	74.5	2	1.38	*	6.03
	132	133	1	0.69	56	0.14
	138.5	140.4	1.9	1.31	18.9	*
	147.1	153	5.9	3.65	78.85	0.12
Includes	148	148.4	0.4	0.28	716	0.31
Includes	149.6	149.8	0.2	0.14	353	0.17
ET13-73	47.5	49.5	2	1.08	*	0.21
	93.5	94.5	1	0.54	27.5	*
ET13-74	7.5	9.5	2	0.6	*	0.43
	22.4	25.45	3.05	0.92	*	1.11
	34	35	1	0.3	*	0.96
	37	46.5	9.5	2.85	*	1.38
ET13-75	45	46	1	0.58	4.7	0.58
	54	93.5	39.5	22.94	4.63	0.7
Includes	65.5	68.5	3	1.74	7.93	2.05
	99	158	59	32.3	60.34	0.45
Includes	100	101.5	1.5	0.87	*	2.16
Includes	114.5	122.5	8	4.65	46.02	0.29
Includes	125.5	137.65	12.15	7.06	27.8	0.24
Includes	137.65	138.65	1	0.58	767.45	3.95
Includes	137.65	138.1	0.45	0.26	1,340.00	7.67
Includes	138.65	146.4	7.75	4.5	47.41	0.31
Includes	146.4	147.3	0.9	0.52	741	0.49
Includes	148.5	153.4	4.9	2.85	43.3	0.25
Includes	153.4	154.2	0.8	0.46	780	0.7
Includes	154.2	158	3.8	2.21	39.14	0.65

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET13-76	34.1	35.1	1	0.32	*	0.23
	36.1	45.5	9.4	2.98	14.28	0.76
Includes	37.1	38	0.9	0.29	55.1	1.53
Includes	42.2	42.7	0.5	0.16	24	1.72
Includes	44	45.5	1.5	0.48	7.5	1.75
	58.3	62.85	4.55	1.44	10.24	0.32
	69.8	72.65	2.85	0.9	6.52	0.47
	79.6	97.1	17.5	5.55	10.61	0.62
	100.7	114.35	13.65	4.32	504.77	1.05
Includes	102.85	104.25	1.4	0.44	4,143.21	5.41
Includes	103.8	104.25	0.45	0.14	8,660.00	6.97
	112.15	112.85	0.7	0.22	1,122.14	1.5
	117.35	120	2.65	0.84	6.89	0.24
ET13-77	0	19.6	19.6	5.57	6.4	1.32
Includes	8.5	10	1.5	0.43	8.6	3.98
	11.5	12.5	1	0.28	6.5	3.12
	13.8	15.8	2	0.56	7.5	2.37
	21.85	28.6	6.75	1.92	8.8	1.27
	36.2	37.5	1.3	0.37	16	0.24
	39.4	40.2	0.8	0.22	6.6	0.58
	42.4	44.65	2.25	0.64	7.2	1.22
	57.5	80	22.5	6.39	9.34	0.39
	83	84.4	1.4	0.4	8.2	0.21
	85.4	93.5	8.1	2.3	6.91	1.45
	97.35	99.7	2.35	0.67	*	1.51
	102.7	104.7	2	0.56	*	1.49
	108	142.15	34.15	9.7	*	0.92
Includes	110	111	1	0.28	*	1.89
Includes	114.5	116.5	2	0.56	*	1.79
Includes	119.7	121	1.3	0.37	*	2.43
Includes	133.5	135	1.5	0.47	18.3	2.47
Includes	138.5	139.15	0.65	0.18	*	2.13
ET13-78	7.5	9.4	1.9	0.28	*	0.89
	21.5	51.85	30.35	4.52	29.03	0.7
	55.2	82.35	27.15	4.05	*	0.8
	84.5	90.45	5.95	0.89	*	0.31
	104.15	105.35	1.2	0.18	*	0.48
	113	114.5	1.5	0.22	*	0.21
	121	122.1	1.1	0.16	*	2.13
	125.1	139	13.9	2.07	*	2.17
	140	141.8	1.8	0.27	56.6	2.13
	183	197.25	14.25	2.12	22.95	0.12
	207.4	210.7	3.3	0.49	31	0.36
	225.5	227	1.5	0.22	43.5	*
	247.75	250.1	3.35	0.5	105.8	*

Drill Hole	From	To	Interval	True Width	Silver	Gold
	(meters)	(meters)	(meters)	(meters)	gpt	gpt
ET13-79	0	18.6	18.6	2.77	8	0.93
	24.55	35	10.45	1.56	30.6	0.56
	43	68	25	3.75	22.2	0.79
Includes	43	46	3	0.45	65.65	2.33
Includes	61.2	68	6.8	1.01	32.85	0.97
	72.5	74.5	2	0.3	25.4	0.19
	75.5	85.3	9.8	1.46	*	0.64
	100.5	103.5	3	0.45	*	0.19
	111	115.5	4.5	0.67	*	1.04
ET13-80	123.5	125.5	2	1.46	*	0.36
	127	128	1	0.73	45.4	1.63
	163.5	164.9	1.4	1.02	*	0.75
	167.1	184.5	17.4	12.7	*	0.91
Includes	170.1	174.1	4	2.92	*	2.24
Includes	178	179	1	0.73	44	0.45
ET13-81	7	34	27	19.41	*	0.34
	69.25	69.8	0.55	0.4	*	0.21
	72.95	83.25	10.3	7.47	62.6	1.28
Includes	79.6	82.8	3.2	2.32	193.8	2.9
Includes	81.6	82.3	0.7	0.51	653	12.3
Includes	154.2	158	3.8	2.75	39.14	0.65
	96.45	101	4.55	3.3	*	0.24
	102.5	104	1.5	1.09	*	0.31
ET13-82	42.7	47.25	4.55	3.1	8.6	0.16
	54.6	71	16.4	11.18	8.16	0.14
	85.5	106.05	20.55	14	39.7	*
Includes	86.85	94.45	7.6	5.18	81.65	*
Includes	86.85	88	1.15	0.78	148.7	*

*Denotes below detection limit

True thicknesses were calculated on a model that depicts vertical structures with the “true” thicknesses projected onto a horizontal line. Because ETS has not fully evaluated the mineralized low grade stockwork zones or the high grade veins, it is not known if these calculated thicknesses represent the actual thicknesses found in the rock. Therefore, the reader is cautioned about interpreting this information.

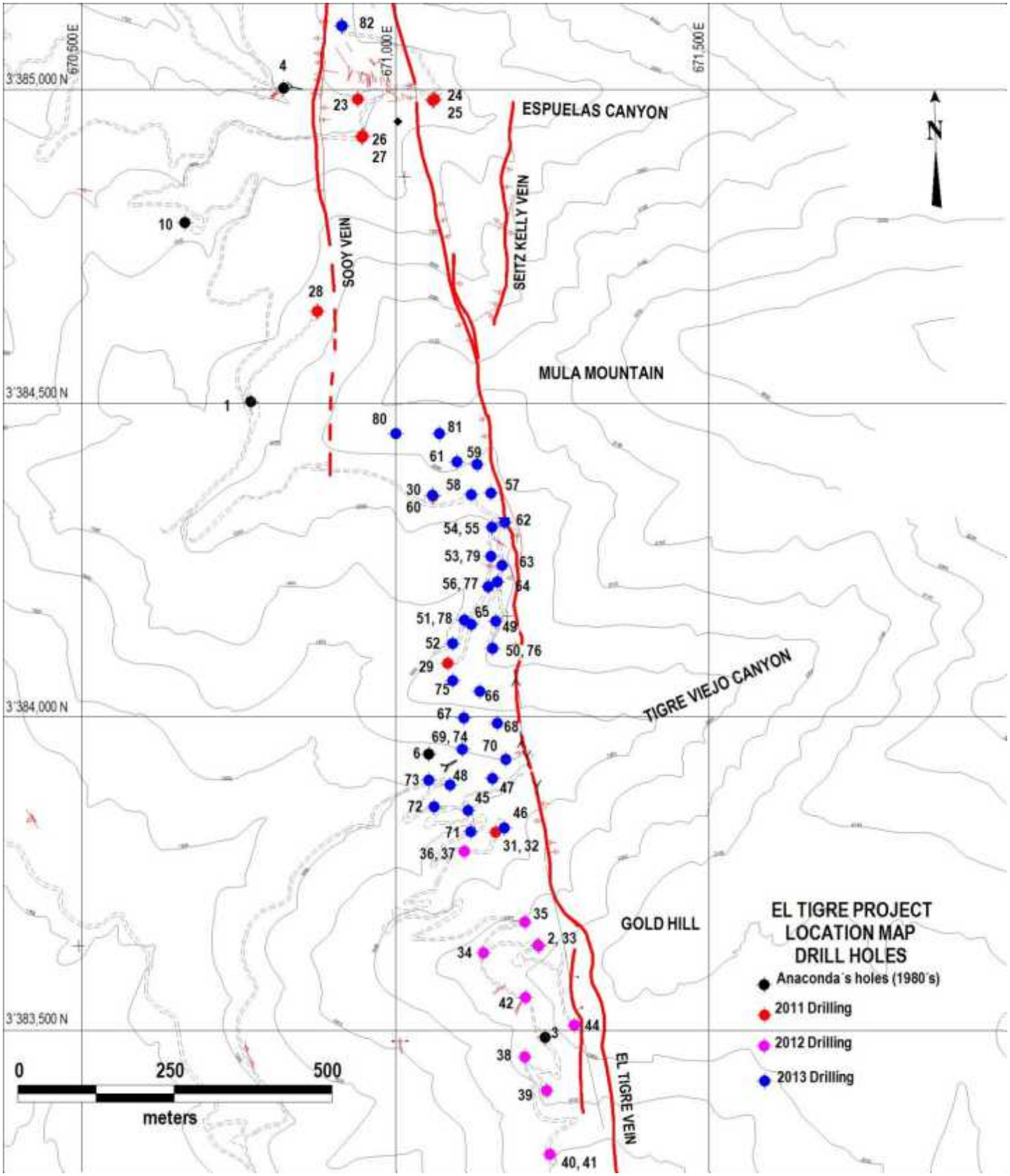


Figure 10-3: Drill Location Map of the Gold Hill and Mula Mountain area
(Hole designations shortened to the number only)

10.5 Tailings Impoundment Drilling

10.5.1 Hollow Stem Auger Drilling

As part of ETS' 2011 exploration program, a full examination of the tailings impoundment was continued. ETS drilled hollow stem auger holes to obtain samples in the thicker area of the impoundment. The tailings consist of three color types and from bottom to top are red oxide, grey mixed oxide-sulfide and yellow sulfide. The drilling program was designed to obtain sufficient samples from each of the color types to be composited for metallurgical test work.

At the end of November 2011, a 46-hole hollow stem auger drilling program was completed on the tailings pile. The holes were drilled with a 30 centimeter (one-foot) diameter auger bit and averaged about 7.5 meters deep.

Assays from the auger drilling program (silver, gold and other minor elements) were conducted by ALS Worldwide Labs, North Vancouver, Canada. This program produced 212 samples from the 46 auger holes totaling 315.4 meters. Due to the homogenous nature of the tailings pile the results from hole to hole were similar. Table 10-4 summarizes the average grades from the 212 samples submitted for analysis.

Table 10-5: Auger Hole Drill Program Analytical Summary

Element	Red Layer	Grey Layer	Yellow Layer
Silver (gpt)	103.6	81.0	87.7
Gold (gpt)	0.425	0.336	0.264

10.5.2 Diamond Core Drilling

At the completion of the 2013 in-situ vein area drilling, ETS moved the core rig down to the tailings impoundment to obtain additional samples for assaying and to intercept the contact of the tailings to the underlying soil horizon. This was done to assist in building a more reliable volume calculation for the resource model of the tailings pile. A total 7 HQ diameter diamond core holes totaling 132 meters were completed.

10.6 Waste Dump Auger Hole Drilling

Three auger holes were also drilled into the 700 level dump in a line 15 meters apart along the top edge. The holes were 1.5, 3.0 and 4.5 meters deep with each sample collected representing a 1.5 meter interval. The average silver assay of the 9 auger samples was 259 gpt (7.5 opt) within a range of 124 to 465 gpt. Gold averaged 0.71 gpt (0.021 opt) within a range of 0.26 to 1.26 gpt.

10.7 Procedures

10.7.1 In-Situ Drilling

All drill core for the ETS campaigns is HQ diameter. All drilling activities are monitored by an onsite geologist. Drilling sites are prepared by a contractor with heavy equipment suitable for making and maintaining exploration roads. Drill hole orientation is marked out with wooden stakes for the drill crew. Once the drill rig is in position the onsite geologist verifies the azimuth and inclination of the drill hole with the drilling contractor and the hole is initiated.

Drill core is retrieved as needed by ETS technicians under the direction of the geologist. The core is placed at the drill in

wax impregnated cardboard boxes holding 2m of core. An El Tigre technician transports the core boxes to a dedicated onsite core facility where it is processed for assaying. At the core shed, the core is washed and the technician writes the beginning and ending depths in meters of each core box on the front of each box with a marking pen.

Next, the technician examines measures and records geotechnical information including recovery and rock quality designation (RQD) >10 cm. Core recoveries are generally 90% or better.

Geologists describe the core on paper logs with graphic and prose entry methods. The paper log has sections for lithology and alteration description and another comment area for mineralization, veins, and structure. There is an area for sample interval and number. The geologist selects intervals for analytical sampling. Sample length varies with changes in lithology, alteration, and mineralization.

The geologist marks each sample interval in the core box and writes the sample number at the end of each interval. A sample tag is also stapled in the core box at the end of each sample interval. The geologist may mark a cut line longitudinally on the core to guide the sample technician in splitting the core.

Once this is completed the core is photographed by wetting the core and applying an identifying drill hole label. Core photos are taken a box at a time. The core photos have been poor on occasion and the protocol for taking photos should be reviewed with the onsite personnel. The core is then split by sawing by experienced technicians.

Altered, veined, or otherwise mineralized core were split with a diamond saw; other highly fractured intervals were split by hand or sawed. After splitting, the sample number is written on a poly bag and one half of the split core, along with a sample tag, is placed in the bag. The remaining ½ of the split core is returned to the core box. Sample bags are zip-tied shut and the individual bags are placed in a sample storage area near the covered core shed. The remaining ½ of the split core stays in the core box. Core boxes are taken to an on-site facility for storage.

The drill core samples are placed into pick-up trucks for transportation to Hermosillo.

10.7.1.1 Drill Hole Collar Surveys

ETS has surveyed all drill hole collars following the completion of the drilling program. The surveys were completed by various registered surveyors using a high quality and accurate GPS system that locates a point within a few centimeters. All this information is recorded in the Drill Hole Data Base under the “Collar” work sheet.

10.7.1.2 Down-Hole Surveys

Every core drill hole that ETS completed in its three campaigns of drilling were down-hole surveyed at the end of drilling each hole. The readings were taken every 50 meters, beginning at the first 50 meters below the collar. Depending on the depth of the hole, each hole has at least two surveys. The down-hole instruments recorded azimuth and declination of the holes and have been used to confirm the orientation of the drill rig at the surface. This information is recorded in an excel work sheet.

10.7.2 Tailings Impoundment

The recovered auger hole samples were split into two samples; a smaller one for assaying and a larger one for metallurgical testing. The samples were collected in 1.5 meter intervals or broken by color type. Each sample was placed into large sample bags at the drill site and were transported to the on-site core storage facility for preparation. Each sample was split using a Gilson splitter to obtain a representative sample for assaying. Four metallurgical samples were

prepared from the remaining material through a rigorous protocol of splitting and blending material by color type. Each of the metallurgical samples weighed approximately 70 kilograms and consisted of red, white and yellow material. A fourth sample type consisting of black sulfidic mud was found in the center of the yellow layer and submitted for testing separately. This black material forms a very small percentage of the overall tonnage of the material in the impoundment.

Diamond core drilling completed on the tailings impoundment was done through a combination of adding minor amounts of water while slowly turning the drill pipe and pushing it down into the impoundment. When the core barrel was full, the inner tube was retracted and placed on a wooden trough. The entire section of cored tailings was then pushed out of the core into the trough. The recovered core was placed into core boxes by rolling them into the each box to maintain the sample integrity, rather than picking them up. Core recovery was nearly 100% in the tailings impoundment.

Geologists describe the color, competency, and recovery of the core on paper logs with graphic and prose entry methods. There is an area for sample interval and number. The geologist selects intervals for analytical sampling based on color changes or at equal 1.5m intervals.

The geologist marks each sample interval in the core box and writes the sample number at the end of each interval. A sample tag is also stapled in the core box at the end of each sample interval. The geologist may mark a cut line longitudinally on the core to guide the sample technician in splitting the core.

Once this is completed the core is photographed using the same procedures for the in-situ core. The core is then split using a knife to cut the material into two equal halves. Each sample is placed into a plastic bag and the other half remains in the core box. The usual practice of tagging the sample was followed before transport to the lab.

10.8 Interpretation

Mr. Black of HRC visited the site and observed the core handling, logging and sampling procedures of ETS and concludes the procedures meet current industry standards. Locations and elevations of all ETS drill holes have been surveyed and the locations and elevations of historical drill holes have been resurveyed where available. HRC is of the opinion that ETS meets or exceeds industry best practice in conducting its drilling and logging programs.

11 Sample Preparation, Analysis and Security

The following information is taken from the 2011 El Tigre Report (Gibson 2011) with additional information provided by ETS or observed by HRC during the site visit.

11.1 Sampling Procedures

ETS has conducted extensive geochemical rock chip sampling and completed three core drilling campaigns since 2010. The Company has an active quality assurance-quality control (QA-QC) program in place.

Duplicates, blanks, and standards are submitted with both rock chip and core samples as an assay check procedure. The remaining half of the drill core is returned to the core boxes and stored in the steel core shed on site.

A shipment consists of 60 to 200 samples and these are sealed in large poly sacks. ETS personnel either transport the samples to ETS's Hermosillo office for temporary storage or directly to the lab's receiving facility in Hermosillo. On occasion the laboratories personal come to the Hermosillo office to transport the samples to their sample preparation facility. The prepared sample pulps are then sent by the prep facility to the lab's assaying facility in either Canada or the United States for gold and silver analysis.

11.2 Sample Preparation and Analysis

ETS used three different labs including Skyline in 2010, ALS Global in 2010 and 2011, Inspectorate in 2012 and Skyline in 2012. Sample preparation by each of these labs is generally the same in the analytical industry.

Once a sample arrives in the assay laboratory, it is given a unique bar code for tracking, weighed and dried. Original samples, field duplicates, and blanks were then prepared for assaying by crushing with a jaw crusher to >80% minus 10 mesh, split; and pulverized to >90% minus 150 mesh. This pulped material is then bagged and the samples are assayed from a 250 gram sample split. Gold is assayed by 30 gram fire assay followed by an AA analysis. Values over 10 ppm gold are fire assayed with gravimetric finish. For silver and other trace elements, pulp is digested either in an aqua regia solution or a four acid total digestion and leach followed by either an AA scan for silver and/or an ICP-AES ICP Scan for 33 elements. Silver over limits are fire assayed. Pulps and rejects are returned to El Tigre's office and stored.

11.3 Sample Security

Once the samples are collected from either the drill rig or field sites, they are taken to the on-site, fenced storage facility behind the main office/camp building. Here they are recorded onto a lab submittal sheet and bagged. Once they leave the camp area, they are under constant control of an ETS employee. These bagged samples are then taken by truck to Hermosillo to either the Pacemaker Silver office storage area or taken to the laboratory processing facility.

11.4 Quality Assurance/Quality Control

The one important fact that the company used over these past 4 years is that it always sent samples to well-known and internationally recognized reputable laboratories with ISO/IEC 17025:2005 certification in the necessary analytical methods. In 2010 and 2011 exploration programs ETS relied on the laboratory's in house QA/QC programs. Although

select duplicates and limited blanks were submitted.

The laboratory used in the first half of 2010 was Skyline Assayers and Laboratories Inc. of Tucson, Arizona ("Skyline") where about 300 rock chip samples were submitted for analysis. There is no evidence that standards were submitted with the samples. However, Skyline uses 20 cupola trays and they insert one to two internal standards for their control.

ETS changed laboratories mid-2010 to ALS Global Inc. in Vancouver British Columbia. With this change, ETS continued to submit numerous rock chip samples. Again, there is no evidence that ETS submitted standards, but ALS also had an internal quality control program in place.

In 2011 ETS conducted its first drilling program. ETS began inserting a limited number of standards, duplicates and blanks into the sample stream for analysis. In total, 20 blanks, 11 duplicates and 3 standards were submitted with the drill samples. The drilling program in 2011 was done by Major Drilling de Mexico SA de CV of Hermosillo, Mexico and all the assays were completed by ALS Global.

The 2012 drill sample QA/QC program was greatly improved over earlier efforts. A total of 18 blanks, 23 duplicates and 7 standards were submitted with the drill samples. Again, for the most part, these samples passed quality control. Assays were completed by Inspectorate America Corporation in Reno Nevada with sample preparation completed in Hermosillo.

The 2013 drilling program was significant in that the volume of QA/QC samples tripled when compared to earlier drilling programs. The number of standards and blanks increased for each submittal of drill samples. Initially, field duplicate sampling was started with only two holes testing this QC approach. It was stopped because it was not a true test of the assay lab repeatability but was a test of the disseminated characteristics of the mineralized material. Depending on how the original sample was split, repeatability of the original assay was good, with a just a few either marginally higher or lower. By the end of the sampling program, a total of 65 blanks, 4 duplicates and 65 standards were submitted with the drill samples to Skyline Assayers and Laboratories, Inc. of Tucson Arizona.

11.4.1 Standards

ETS has used three standards during the drilling programs. However, a single standard (CDN-ME-12) has been the primary standard submitted for analytical testing. The standard used was a commercially available, certified standard, purchased from CDN Resource Laboratories Ltd. (CDN) in Langley, British Columbia.

Standards are used to monitor laboratory consistency and to identify sample mix-ups. Generally, the performance range is approximately ±2 standard deviations (stdev or σ) from the mean of the standard, and the standard is expected to perform within this range 95% of the time. The standard deviation is determined from analyses of the standard in a number of laboratories and can include more than 28 separate analyses. Standards are certified for a specific analytical technique. Within set (samples run in sequence on the same day) shows homogeneity of the standard and the laboratory's ability to routinely reproduce the analytical method. Between-set considers the same factors as with-in set, but includes bias between laboratories and bias in the subsets of samples sent to the participating laboratories.

ETS used one main standard for the drilling programs and submitted 82 standard samples for analysis at Skyline, ALS, or Inspectorate. The CDN standard used was CDN-ME-12, which is certified for use with the following techniques:

- FA using a 30 g charge and AAS finish for gold; and
- AAS with a four acid digestion for silver.

Table 11-1 summarizes the other standards used a various times by ETS. These standards were introduced intermittently in each of the drill programs and not enough data are available for discussion of results. No apparent analytical failures have been identified.

Table 11-1: Summary of ETS Commercial Standards

Name	Abbreviation	Element	Mean	Size	Std. Dev.
CDN-ME-12	CDN-ME-12	Au_Sel (ppm)	0.348	13	0.04
CDN-ME-12	CDN-ME-12	Ag_Sel (ppm)	52.5	13	4.3
MEG-Au.12.25	MEG-Au.12.25	Au_Sel (ppm)	0.71	47	0.059
MEG-Au.12.25	MEG-Au.12.25	Ag_Sel (ppm)	4.442	40	0.9
OxG83	OxG83	Au_Sel (ppm)	1.002	37	0.027

HRC reviewed the standards employed by ETS to insure reliable assay information throughout the database. The individual standards were plotted against ±2 and ±3 standard deviations of the expected standard mean (Figures 11-1 and 11-2).

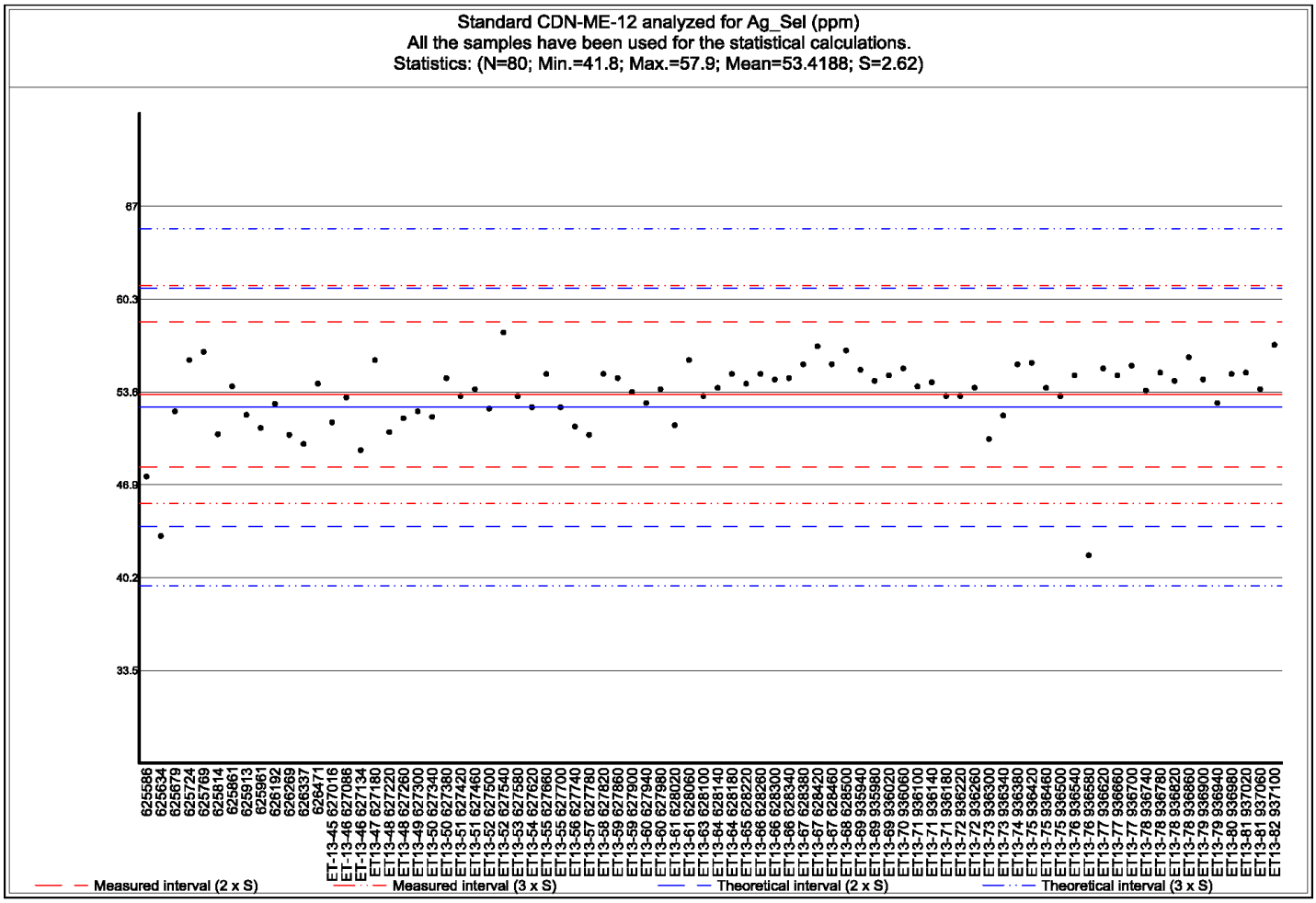


Figure 11-1: Silver Results for Standard CDN-ME-12

The standard CDN-ME-12 is performing as expected for silver. The mean of the analyzed standard silver is slightly higher than the certified mean, but the sample is performing with a tighter standard deviation. Two samples were reported abnormally low, but are considered to be outliers in the overall analysis and are within the theoretical distribution of the standard.

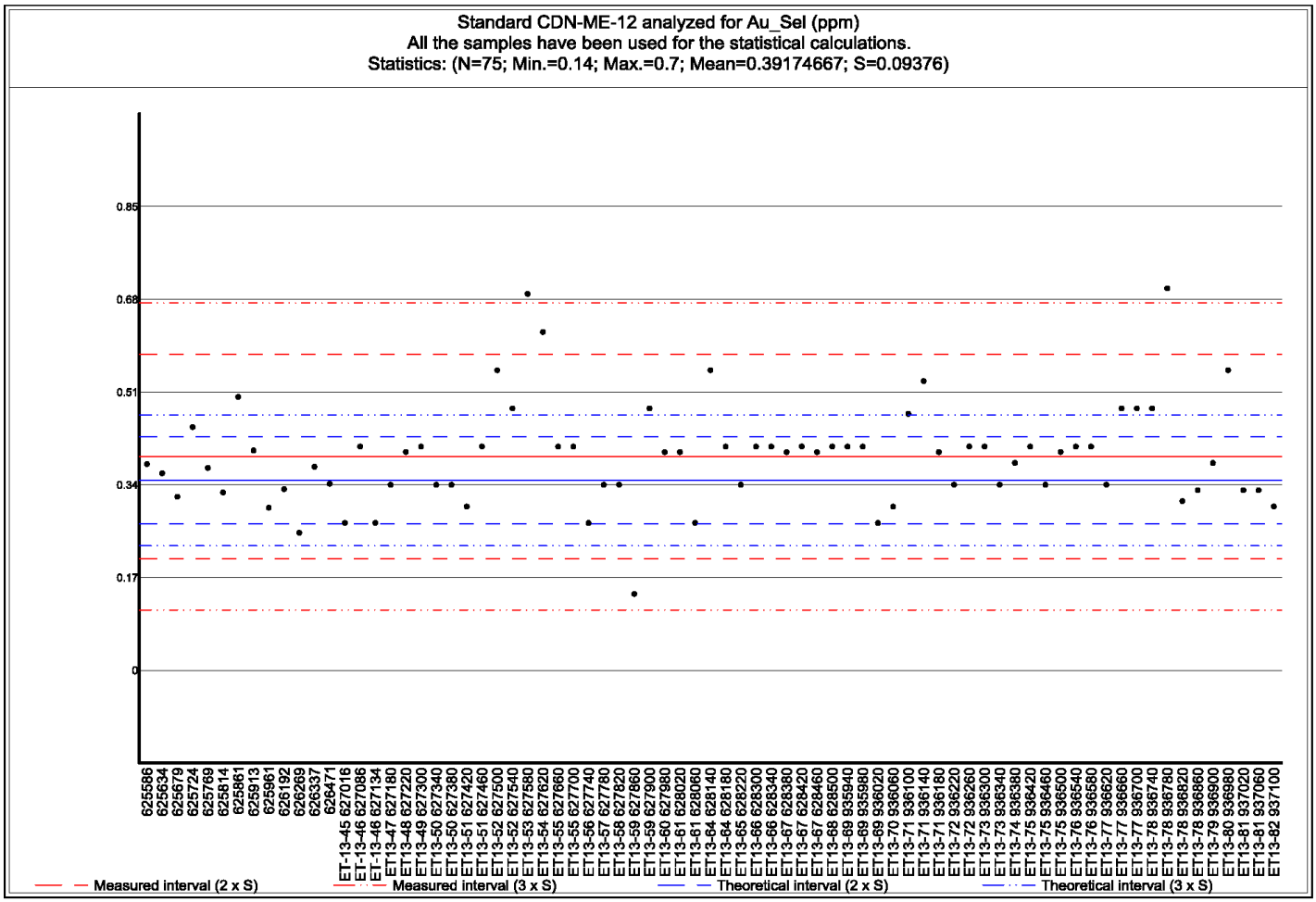


Figure 11-2: Gold Results for Standard CDN-ME-12

The standard CDN-ME-12 is performing fairly well for gold. The mean of the analyzed standard gold is again slightly higher than the certified mean; however, the sample returned a large number of results outside of the recommended ± 2 standard deviations. HRC reviewed the standard using a range based on the standards actual analytical performance (red lines in Figure 11-2). The standard performs high, but there are fewer failures.

HRC recommends that ETS continue to check and resubmit samples for re-analysis when a standard does not perform as expected. This should include the reanalysis of the failures within the standards following the protocol outlined for Type 1 and Type 2 failures:

- **Type 1 Failure** – Assays are outside ±3 standard deviations. Five samples before and five samples after the failed standard are re-assayed. A new standard should be submitted with each re-assay batch.

- **Type 2 Failure** – Two or more sequential standard assays are outside of ±2 standard deviations from their respective expected mean gold or silver grade. Five samples before and five samples after the failed standard are re-assayed. A new standard should be submitted with each re-assay batch.

11.4.2 Blanks

Coarse blanks monitor the integrity of sample preparation and are used to detect contamination during crushing and grinding of samples. Blank failures can also occur during laboratory analysis or as the result of a sample mix-up. A blank analysis ≥5 times the detection limit is considered a blank failure. For gold this is 0.025 gpt and for silver this is 2.5 gpt. Figures 11-3 and 11-4 summarize the blank analysis for silver and gold, respectively.

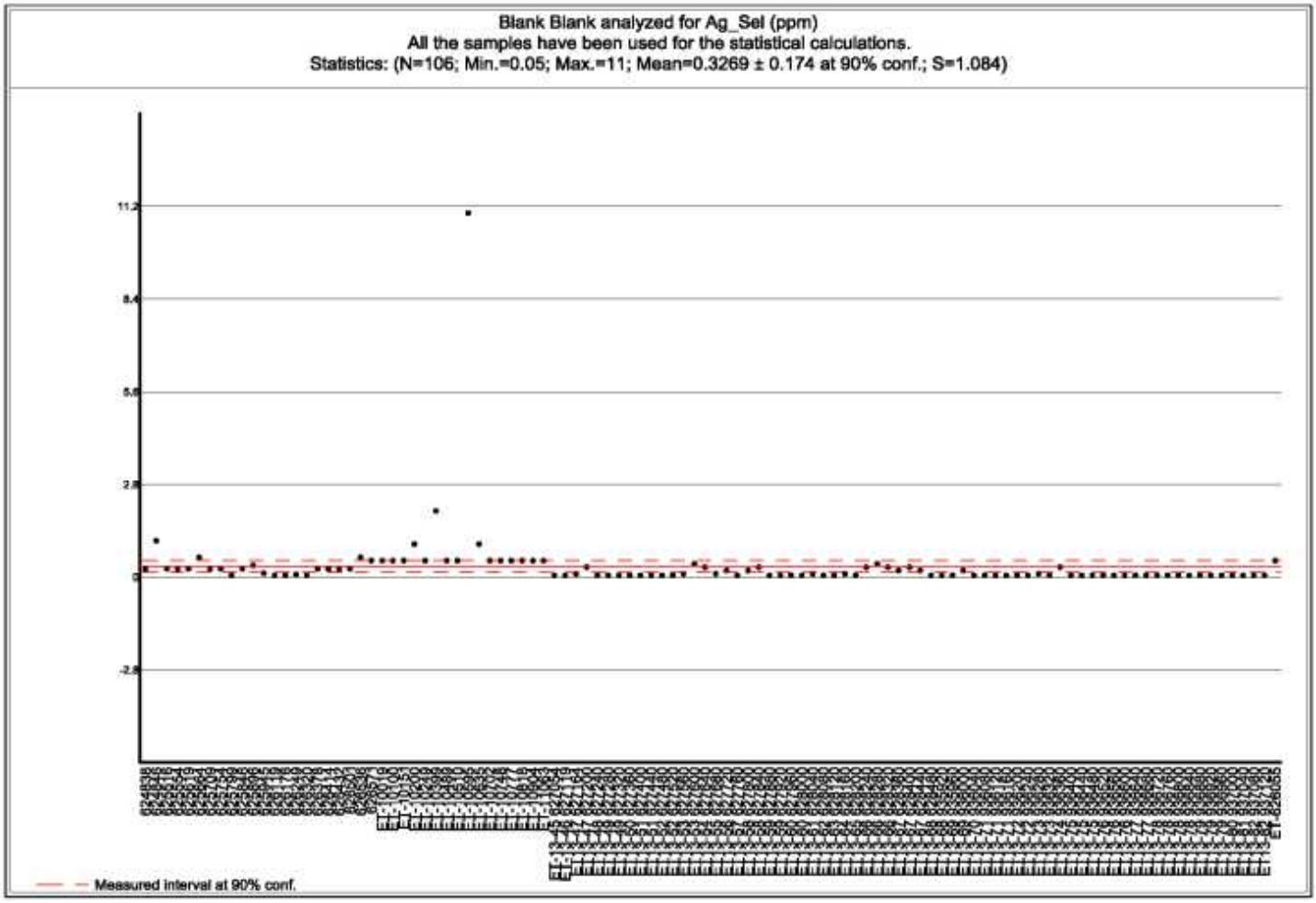


Figure 11-3: Blank Analysis for Silver

The silver blanks performed extremely well with the vast majority reporting within a 90% confidence interval (red lines Figure 11-3) and all but one sample reporting the below the 2.5 gpt silver. The single failure in sample ET-10595 of drill hole ET-27 was from the early 2011 drilling program and is assumed represent a sample mix up by ETS.

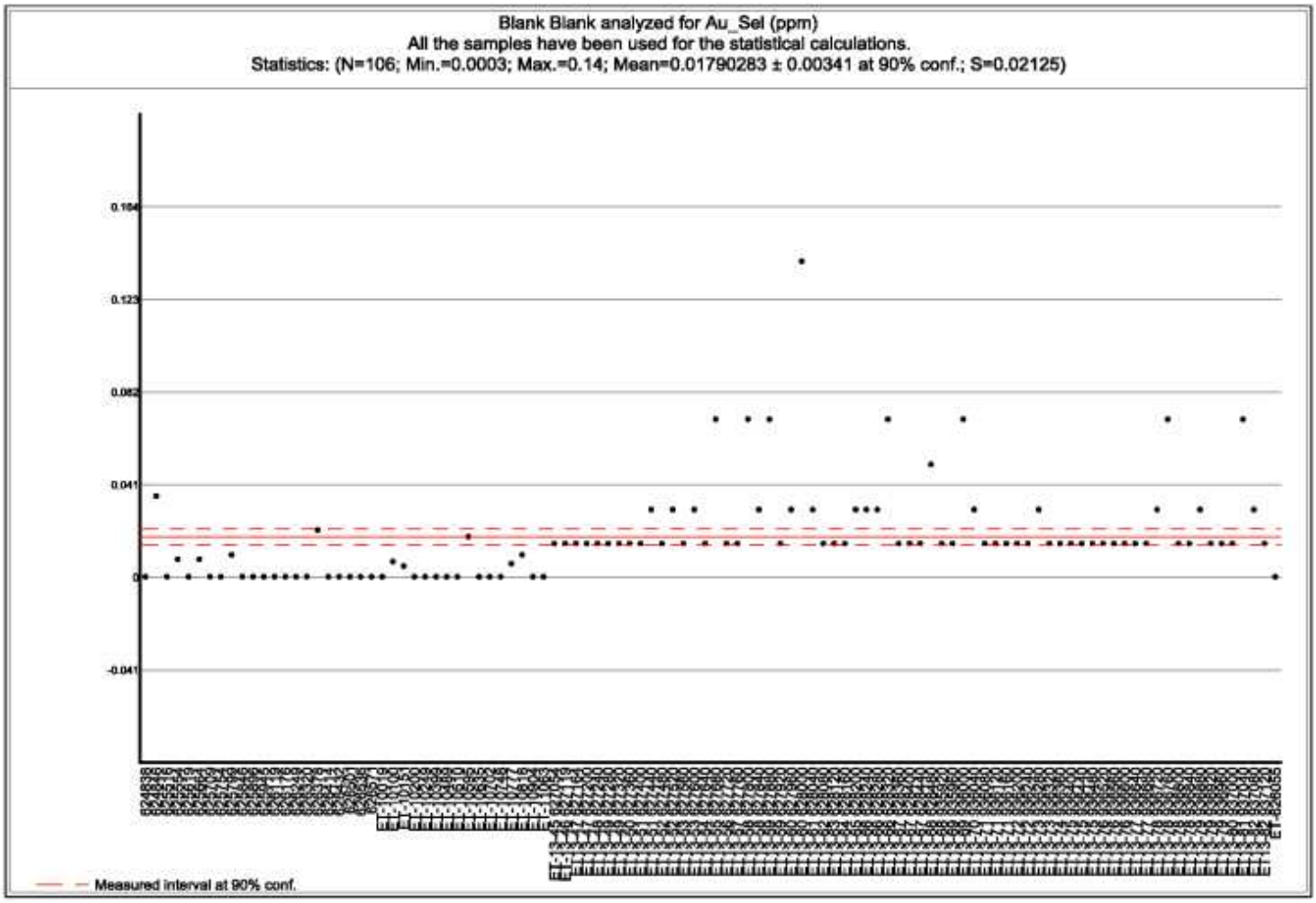


Figure 11-4: Blank Analysis for Gold

The gold blanks performed reasonably well with the majority of results reporting below a 0.025 gpt. However, there is a large sample population in the skyline analysis results that are reporting at or above the 0.025 gpt limit. This could be a result of the assaying method, a systematic failure, or a problem with the blank being submitted. Each of the failures is similar in value and probably represents a problem with the blank material.

All QA/QC failures must be investigated to determine why the failure occurred. Should it be discovered that the failure is the result of an analytical failure, the failure plus several samples on either side should be reanalyzed. If there is more than one type of QA/QC failure in a given batch, the entire batch must be reanalyzed.

11.4.3 Duplicates

Duplicates are used to monitor sample batches for sample mix-ups, data variability due to laboratory error and sample homogeneity at each step of preparation. Sample duplicates should be inserted at every sample split during sample preparation and they should not be placed in sequential order. When original and duplicates samples are plotted in a scatterplot, perfect analytical precision will plot on x=y (45°) slope. Core duplicates are expected to perform within ±30% of the x=y slope, coarse preparation duplicates should perform within ±20% of the x=y slope while pulp duplicates are expected to perform within ±10% of the x=y slope on a scatterplot. ETS used core duplicates during all drilling programs.

These were used to determine the correct sample size for analyses. Scatterplots for silver and gold are shown in Figures 11-5 and 11-6, respectively.

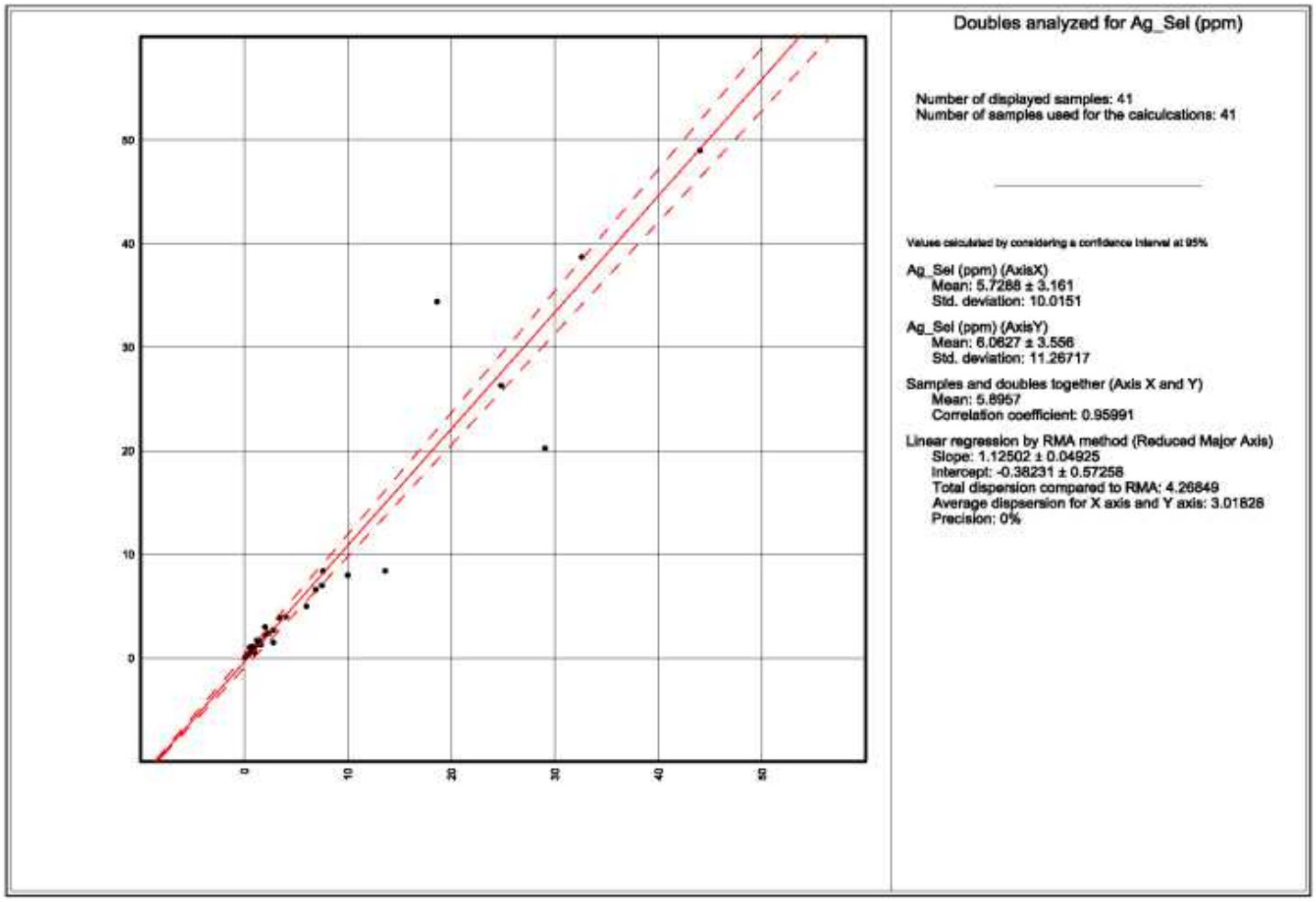


Figure 11-5: Silver Duplicate Analysis

In general, silver duplicates performed well with only 2 deviations. This represents only 4.8% of the sampled silver population. Silver failures are divided above and below 95% confidence intervals and relatively evenly clustered along the x=y axis.

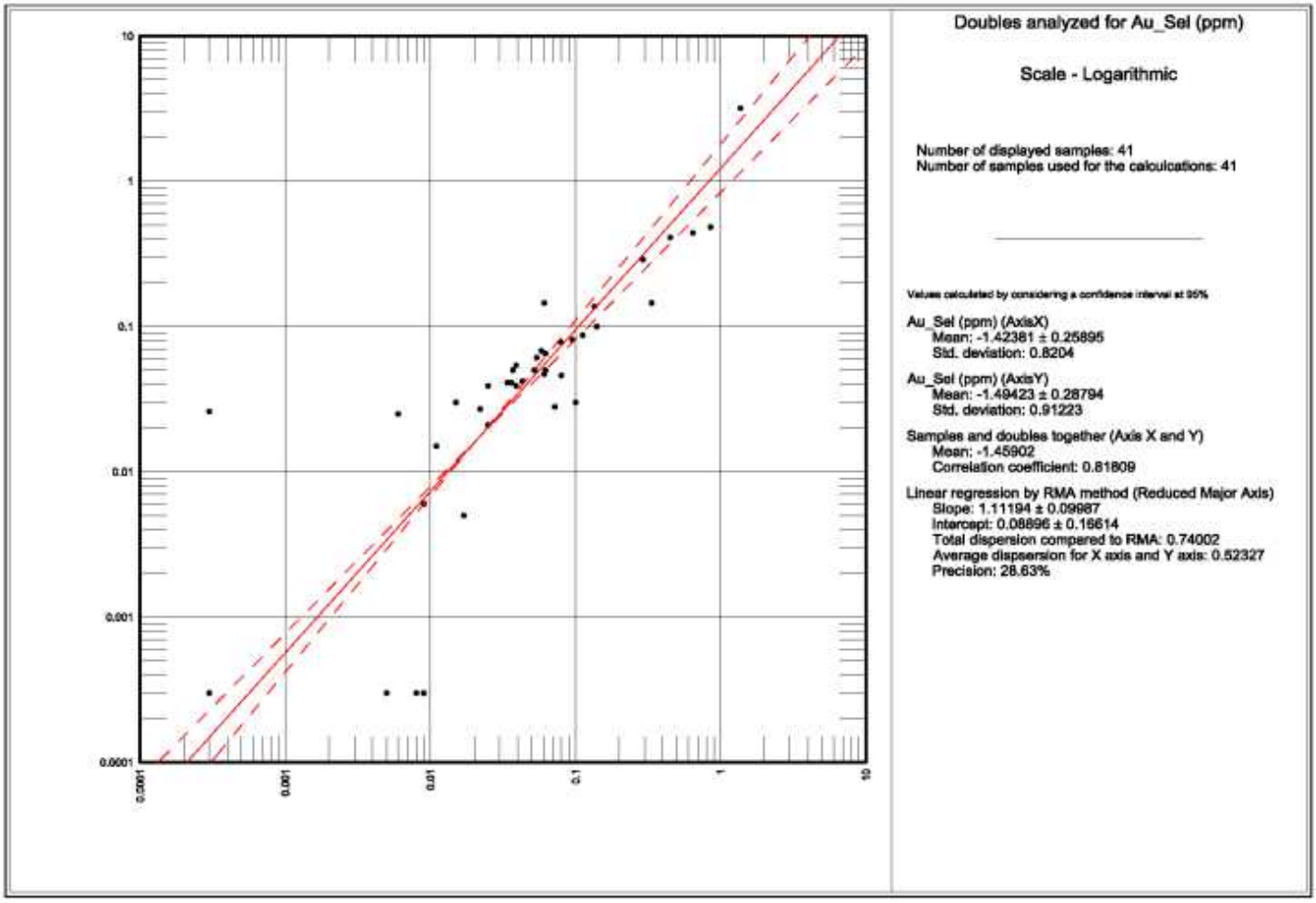


Figure 11-6: Gold Duplicate Analysis

There was noticeably more deviation in the gold duplicate analysis. The samples are generally evenly distributed above and below the x=y axis with the original assays performing slightly higher than the duplicate.

The core duplicate performance suggests that the sample size is adequate for silver, but may be too small for gold. The majority of deviations are all in samples less than 0.1 gpt Au, which would suggest this is not a nugget problem. Because of the standard performance, it may be too early to determine if this is a problem with the laboratory or with the samples.

11.5 ALS and Inspectorate Labs -Duplicate Check Assaying

A total of 40 coarse reject drill samples from the 2012 drilling program were selected and sent to ALS for pulp preparation in Hermosillo and assaying in the Vancouver lab. The original 40 drill samples were prepared at the Inspectorate facility in Hermosillo, and then sent to Reno for assaying. ETS completed this analysis as part of QA/QC measures to ensure sampling and assaying in the earlier campaigns were completed properly and to evaluate any coarse gold sampling bias. Figures 11-7 and 11-8 present the results of the silver and gold comparison analysis, respectively.

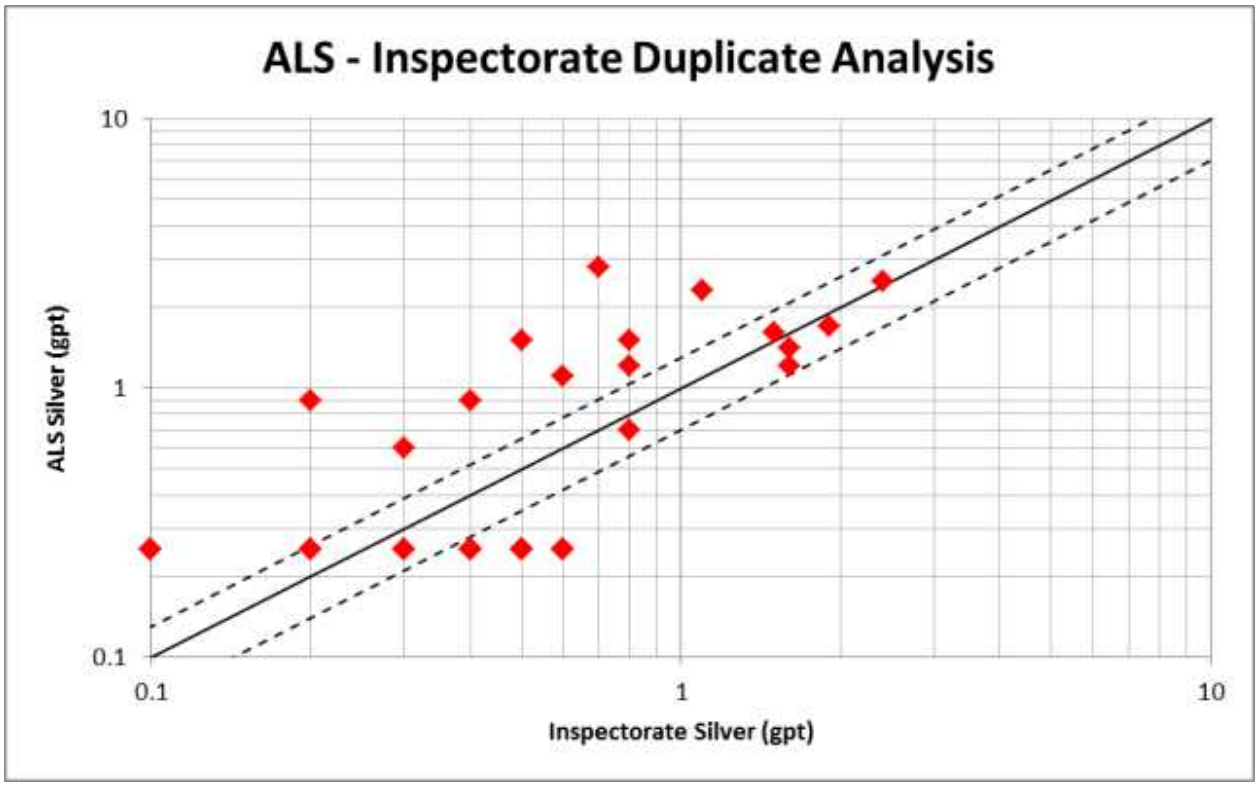


Figure 11-7: Silver Duplicate Inspectorate - ALS Comparison Analysis

The silver comparison showed significant deviation between samples, but the samples chosen for analysis are of lower grade intervals. The two laboratories utilized different analytical methods and may account for the deviations especially at the lower grades represented. Additional analysis should be completed on select higher grade silver samples to confirm that the deviation at the lower grades is due to analytical testing methods.

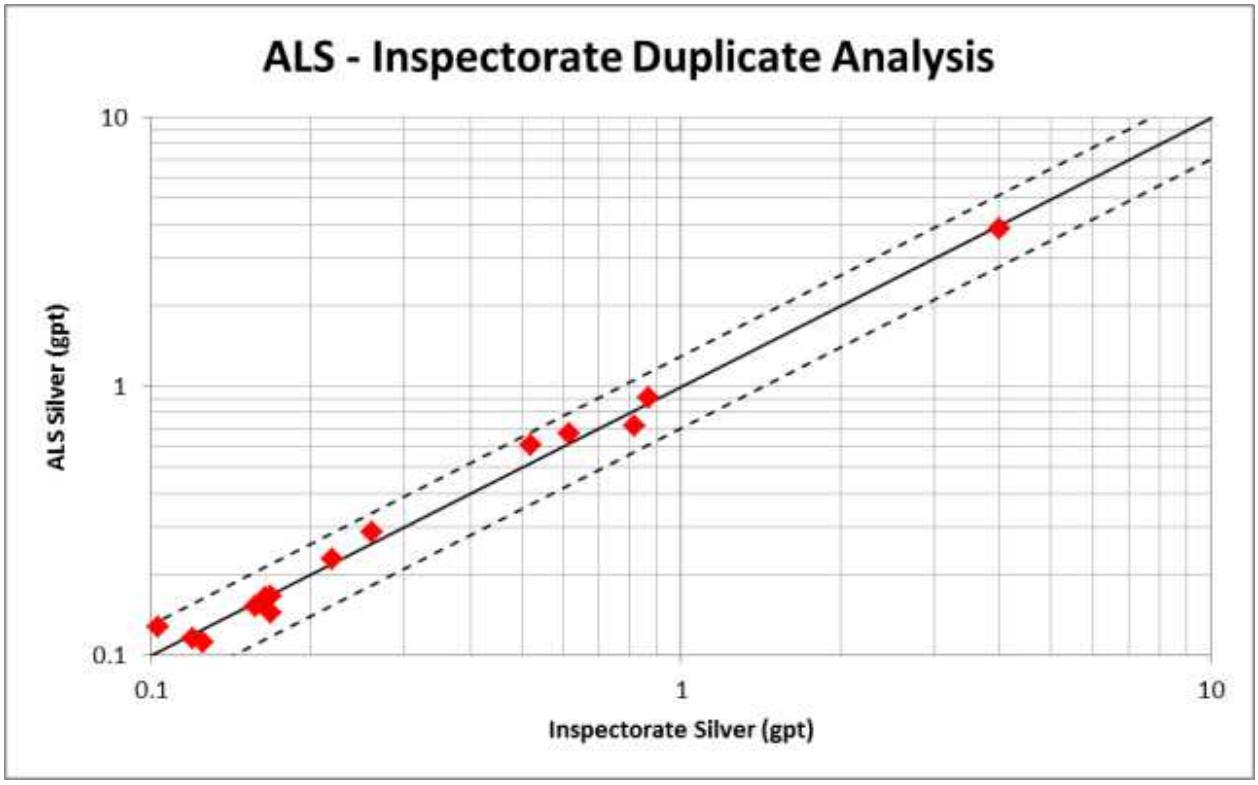


Figure 11-8: Gold Duplicate Inspectorate - ALS Comparison Analysis

The gold analysis performed within the typical ± 30% expected from a coarse duplicate analysis. This supports the theory that the gold and silver mineralization encountered at El Tigre is generally micron sized and evenly distributed throughout a wider mineralized system.

For assay control, the company inserted 4 standards and 4 duplicates to ensure the ALS results were done correctly. These control samples reproduced the same values that had been established for them.

11.6 Inspectorate Re-Assay of Eight ALS Certificates

In late 2012 mineralized drill hole pulps from eight separate assay certificates were selected from the 2011 drilling program originally analyzed by ALS. These were submitted to Inspectorate for reanalysis to check the ALS assay results for gold and silver. ETS discovered that the use of a contaminated container in four-acid digestion analysis for silver. Based on the fact that the contaminated tube is a serious lab issue, ETS made the decision to no longer use Inspectorate, and the results of the analysis have been determined to be inconclusive.

11.7 Skyline Re-Assays of ALS Pulps

As part of the ongoing QA/QC review, ETS submitted 83 sample pulps from the 2011 drilling program in which ALS did the original assaying to Skyline for re-analysis. Both laboratories reported results for both gold and silver within the expected ± 15% for a pulp duplicate analysis. Two deviations from the ± 15% were noted in the gold analysis. This has been attributed to the inherent sample deviation often encountered in the analysis of precious metals.

11.8 Summary Critique of Assay Laboratory

The QA/QC program that ETS performed provided several key observations that are important for the reader to understand. The three labs used by ETS since 2010 are all internationally recognized and reputable. ETS found that of the three, both ALS and Skyline provided the most accurate and repeatable assays in both gold and silver. Inspectorate made some small mistakes that were not acceptable to ETS for future work. The analysis work provided by inspectorate has been confirmed with ALS and is considered to be valid. ETS considers the impact of the errors identified in the individual laboratories on the overall resource model to be minimal.

11.9 Data Entry Validation Controls

HRC input the drill hole assay data into a project specific Microsoft Access® database. Custom software created by Geotic Geological Software was used to automatically import each digital assay file provided by the assay laboratory with the interval file created by ETS, with the sample number linking the two files.

Sample numbering errors were identified by the merging routine and HRC with ETS identified the samples and made the appropriate corrections.

11.10 Opinion on Adequacy

HRC concludes that the sample preparation, security and analytical procedures are correct and adequate for preparing this Report. The sample methods and density are appropriate and the samples are of sufficient quality to comprise a representative, unbiased database.

12 Data Validation

12.1 Tailings Impoundment Data Verification

12.1.1 Tailings Impoundment Exploration Database

HRC acquired the tailings impoundment exploration drill hole database on May 13, 2013. Drill hole data, including collar coordinates, ETS Brunton surveys, sample assay intervals, geologic logs (color), and QA/QC data were provided in an excel spreadsheet (Tails Master Database 5-13-13 Final.xlsx).

The present database has been updated to include 7 new core holes (ETT-47 – ETT-53). The drill hole database contains gold and silver assay analytical information for 314 sample intervals.

12.1.1.1 Database Audit

ETS commissioned HRC to construct an exploration database from sample interval tables and electronic assay results files provided directly from the independent analytical laboratories.

- Perform a mechanical audit of the database;
- Validated the assay values contained in the database with assay certificates provided by ETS.

12.1.1.1.1 Mechanical Audit

A mechanical audit of 4 of the tables from the database (Tails Collar, Tails Survey, Tails Assay, and Geology) was completed using Leapfrog mining software. The database was checked for overlaps, gaps, total drillhole length inconsistencies, non-numeric assay values, and negative numbers.

A total of 59 drill holes and 22 channel samples from the Tailings area were imported into Leapfrog for validation. Table 12-1 below summarizes the drill holes to be used in the estimation of mineral resources for the Tailings.

Table 12-1: Exploration Data Summary

Hole Identification Range	Type	Number of Collar Surveys	Meters Covered
ET-CT1 – ET-CT22	Channel	22	452.2
ET-Pit 1 – ET-Pit 6	Test Pits	6	22.0
ET-T01 – ET-T46	Auger	46	315.4
ETT-43 – ETT-53	Core	7	129.9

12.1.1.1.2 Overlaps and Gaps

A single data entry error in drill hole ETT-41 samples 937176 and 937177 was identified. The two intervals create a small gap in the data and were corrected to match the ETS sample ID logs in the Hermosillo office.

12.1.1.1.3 Non-numeric Assay Values, and Negative numbers

Table 12-2 below summarizes the assay data imported from the assay tables. The single Non-positive silver assay was sample ID ET-625137 from 0 to 1.5m. Assay certificate HE11264207 reports Sample ID ET-625137 as having a silver value of 93 gpt, and as such the interval was replaced by HRC.

Table 12-2: Interval Import Summary

Element	Missing Interval	Non-Positive Values	Assay Values
Silver	0	1	313
Gold	0	0	314

Additional minor data entry errors in the geology table were identified and corrected with ETS personnel.

12.1.1.2 Survey Data

No elevation data for the collar coordinates was provided. Each of the northing and easting elevations were pressed to the surface provided to HRC. At the request of HRC, ETS used a professional survey team to resurvey each collar location on the tailings impoundment. Each of the resurveyed collars was within the accuracy of a typical GPS and 1 m resolution topography provides a better measure of elevation. As such the collars survey information is considered to be of sufficient quality for use in the estimation of mineral resources.

All auger and core holes were vertical with a maximum depth of 22.9 meters. Down-the-hole surveys are not considered to be critical for the type and extent of drilling conducted on the tailings. The channel samples were mapped on the surface and the samples were taken along a strike as measured by a Brunton compass.

12.1.1.3 Table Depth Consistency

The maximum depth on the survey, assay, and geology tables was checked as compared to the maximum depth reported in the collar table for each drill hole. No intervals exceeded the reported drill hole depths.

12.1.2 Certificates

HRC received original assay certificates in a comma delimited format (CSV) for all samples included in the current drill hole database. A random manual check of 10% of the database against the original certificates was completed. No significant errors outside of the missing interval reported for silver in Sample ID ET-625137 were identified.

12.2 In-Situ Data Verification

12.2.1 In-Situ Exploration Database

HRC acquired the exploration drill hole data as each assay certificate was finalized. Drill hole data, including collar coordinates, reflex downhole surveys, sample assay intervals, geologic logs, and electronic assay certificates with QA/QC data were provided in an excel spreadsheets.

The present database has been built to include 59 HQ diameter core holes totaling 9,411.02 meters from the ETS drilling campaigns, 16 of 22 historical Anaconda holes totaling 5,546.15 meters, and a single underground channel sample from within the Johnny Crosscut Mine. The drill hole database contains gold and silver assay analytical information for 7592 sample intervals.

12.2.1.1 Database Audit

HRC conducted a thorough audit of the current ETS tailings exploration drill hole database. The following tasks were

completed as part of the audit:

- Create a direct assay certificate import from the unique sample numbers provided;
- Perform a mechanical audit of the database;
- Validated the assay values contained in the database with assay certificates provided by ETS.

12.2.1.1.1 Assay Certificate Import

Each assay certificate contains a unique sample number for each sample submitted to the analytical laboratory. This number is assigned by ETS geologist in the field during the sampling and logging of the core. HRC used a Microsoft Excel sheet provided by ETS with each of the unique sample ID's and the corresponding interval depths to populate a Microsoft access database through Geotic Geological Software. The database identified all non-unique sample ID's and overlapping sample intervals. All of the errors were corrected with ETS personnel and each assay certificate was imported directly into the database. The database automatically sorted the samples into the appropriate tables for validation and subsequent use in the mineral resources estimation.

12.2.1.1.2 Mechanical Audit

A mechanical audit of 4 of the tables from the database (Collar, Survey, and Assay) was completed using Leapfrog mining software. The database was checked for overlaps, gaps, total drill hole length inconsistencies, non-numeric assay values, and negative numbers.

A total of 75 drill holes and 1 channel sample from the in-situ drilling area were imported into Leapfrog for validation. Table 12-1 below summarizes the drill holes to be used in the estimation of mineral resources for the Tailings.

Table 12-3: Exploration Data Summary

Hole Identification Range	Type	Number of Holes	Meters Covered
ET-CT1 – ET-CT22	Channel	1	117.61
ET-23 – ET13-82	Core	46	9,411.02
DDHT-1-3,5-9,15,18,and 19	Core	16	5,546.15

12.2.1.1.3 Overlaps and Gaps

No additional overlaps were identified upon importing the data into leapfrog, and all of the gaps identified either correlated to mine workings and voids or to unassayed intervals.

12.2.1.1.4 Non-numeric Assay Values, and Negative numbers

Table 12-2 below summarizes the assay data imported from the assay tables. The missing silver assay was sample from an historical Anaconda hole and was not reported on the assay logs.

Table 12-4: Interval Import Summary

Element	Missing Interval	Non-Positive Values	Assay Values
Silver	105	0	7591
Gold	104	0	7592

12.2.1.2 Survey Data

Each drill hole in the database has been surveyed by a professional surveyor. Only the historical Anaconda holes with

readily identifiable collar markers have been used in the database.

Every core drill hole that ETS completed in its three campaigns of drilling were down-hole surveyed. The readings were taken using a reflex instruments survey tool every 50 meters, beginning at the first 50 meters below the collar. Depending on the depth of the hole, each hole has at least two surveys. The down-hole instruments recorded azimuth and declination of the holes and have been used to confirm the orientation of the drill rig at the surface. This information is recorded in an excel work sheet.

12.2.1.3 Table Depth Consistency

The maximum depth on the survey, assay, and geology tables was checked as compared to the maximum depth reported in the collar table for each drill hole. No intervals exceeded the reported drill hole depths.

12.2.2 Certificates

HRC received original assay certificates in CSV format and directly imported them into a database. This was checked against the ETS excel sheet detailing assay analytical information. All discrepancies were checked against the PDF assay certificate and corrected in both data sets.

12.3 Historical Data Comparison

12.3.1 Historical Twin Hole Comparison

ETS twined a single Anaconda hole in the 2012 drilling campaign. The twined holes show favorable correlation in a grade versus depth comparison (Figure 12-1). This comparison is useful in showing that higher grade zones occur at similar depths in both holes.

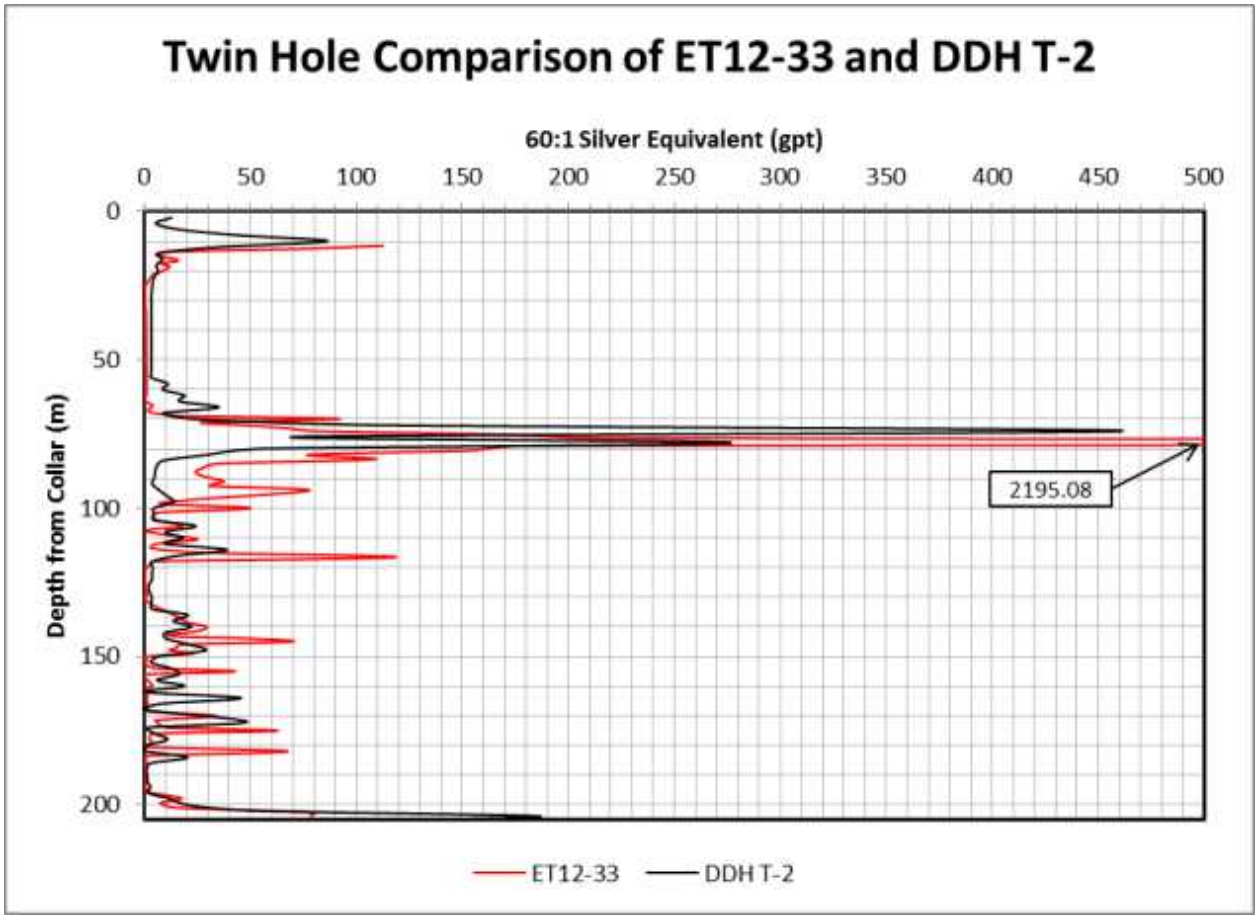


Figure 12-1: ET12-33 and DDH T-2 Twin Hole Comparison

Figure 12-2 displays the drill holes in section and demonstrates the similarities between the two drill holes.

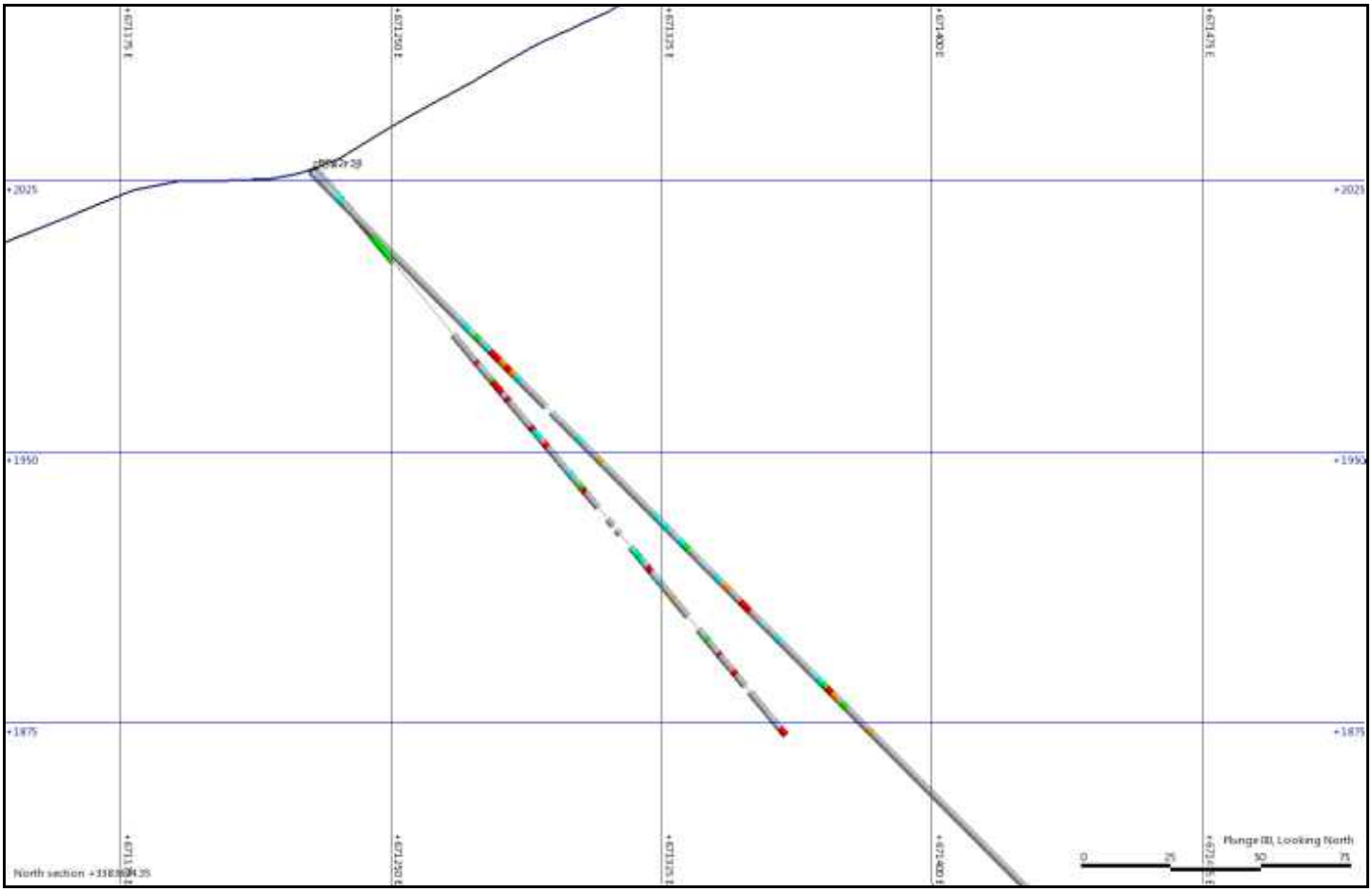


Figure 12-2: Twin Hole Comparison Section Looking North (ET12-33 is below DDH T-2)

12.3.2 Anaconda Core Duplicate Analysis

ETS completed the reanalysis of salvaged core from the Anaconda drill program. Thirty-two samples from 8 separate Historical drill holes were submitted to Skyline laboratory for analysis of gold and silver. Figures 12-3 and 12-4 summarize the duplicate analysis for gold and silver.

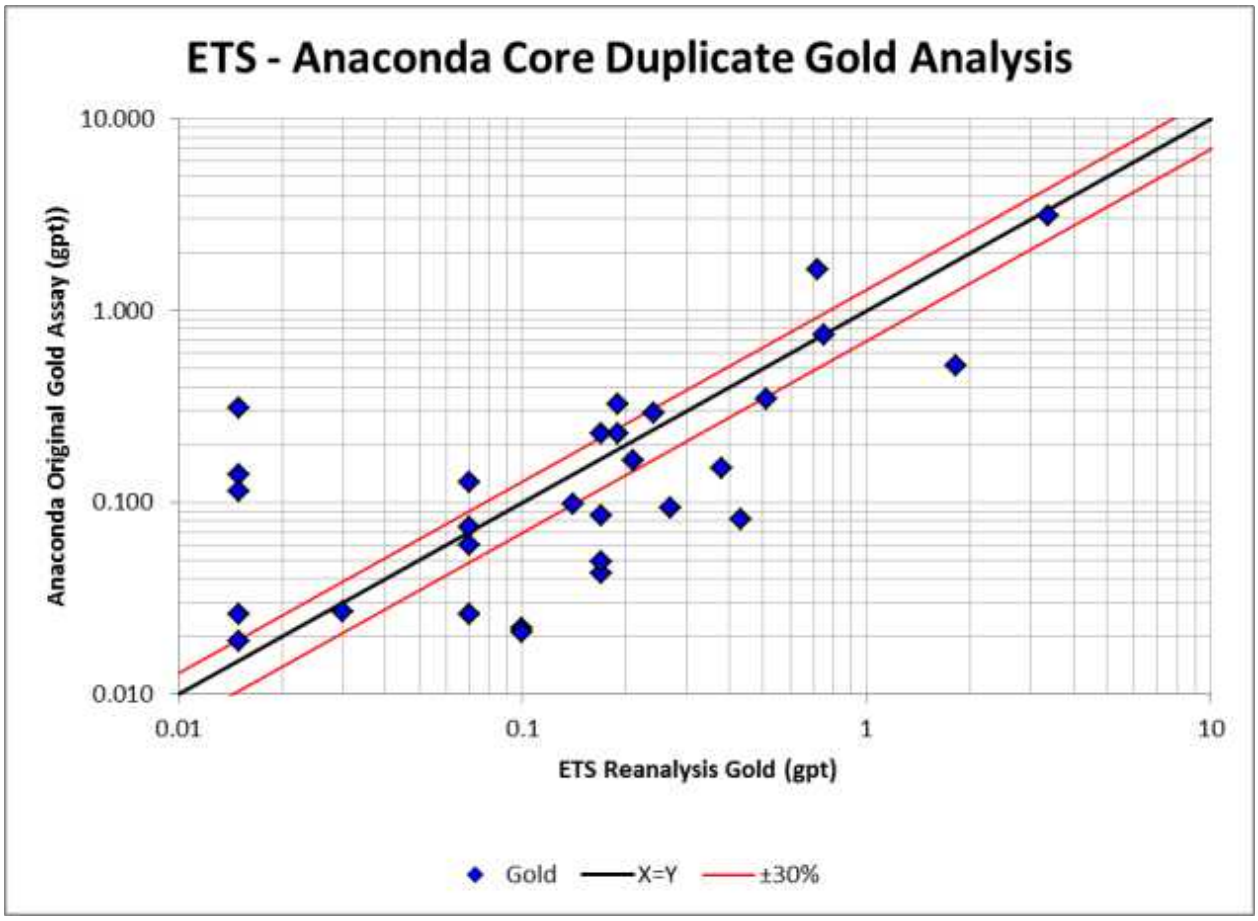


Figure 12-3 ETS: Anaconda Core Gold Duplicate Analysis

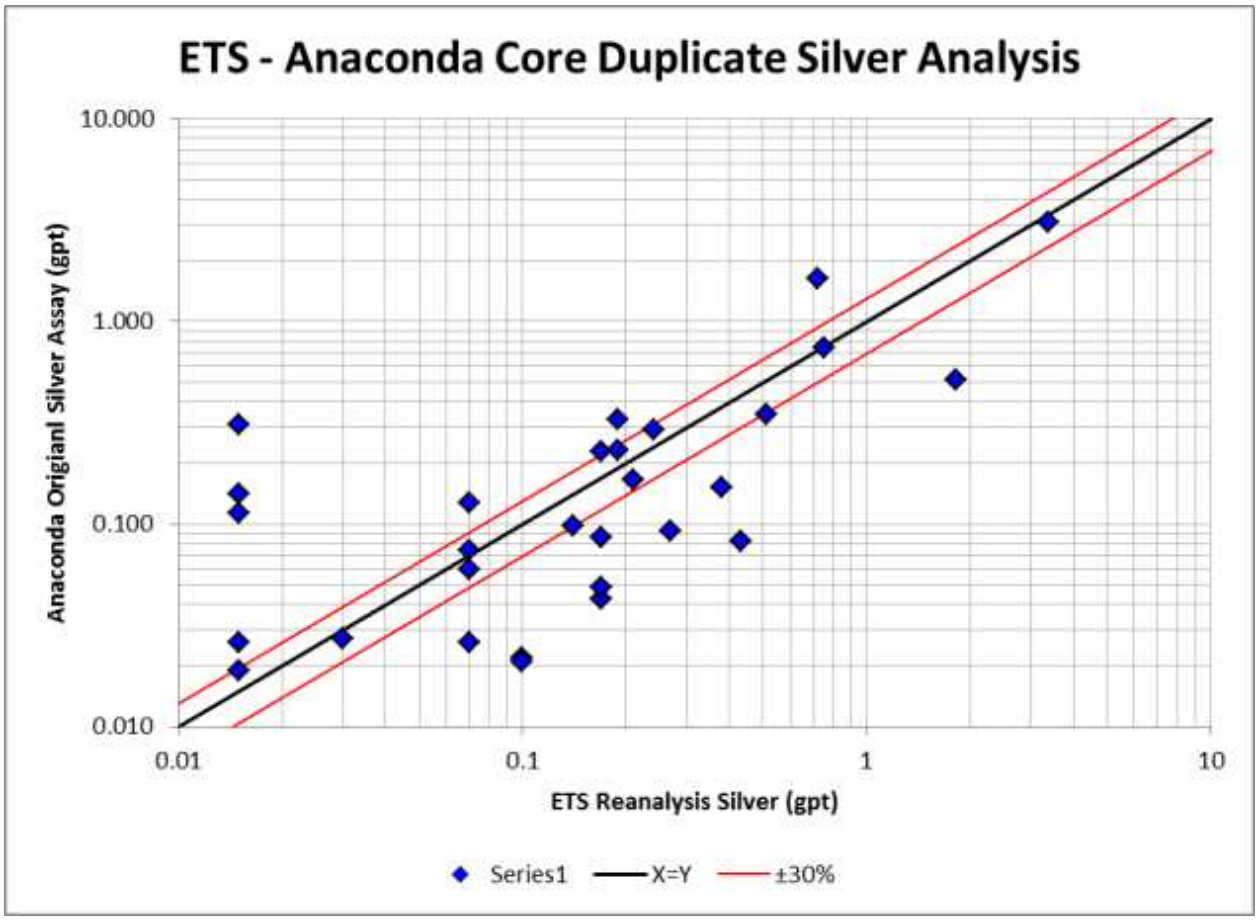


Figure 12-4: Anaconda Core Gold Duplicate Analysis

Overall both gold and silver duplicate samples performed slightly higher than the originals.

12.4 Conclusion

HRC concludes that the data is adequate for the purposes of preparing an NI 43-101 compliant report on resources.

13 Mineral Processing and Metallurgical Testing

Jeffrey W. Choquette, SME-RM, a Mining Engineer with HRC is responsible for the Metallurgical Testing and the designation of the Mineral Processing methodology for El Tigre. Mr. Choquette is a qualified person as defined by NI 43-101 and is independent of El Tigre Silver.

A metallurgical study of the material in the historical tailings pile was carried out in 2012 by Mr. Pedro Castillo of Mexico City, Mexico, which work was reviewed by Mr. Choquette. Four metallurgical samples were prepared from the tailings channel and auger hole samples through a rigorous protocol of splitting and blending material by color type. Each of the metallurgical samples weighed approximately 70 kilograms and consisted of red, white and yellow material. A fourth sample type consisting of black sulfidic mud was found in the center of the yellow layer and submitted for testing separately. This black material forms a very small percentage of the overall tonnage of the material in the impoundment, and has been excluded from further study.

Three metallurgical tests were performed to evaluate the most appropriate method for recovery of the remaining gold and silver within the tailings impoundment.

13.1 Testing and Procedures

The four samples were evaluated using the flow sheet in Figure 13-1.

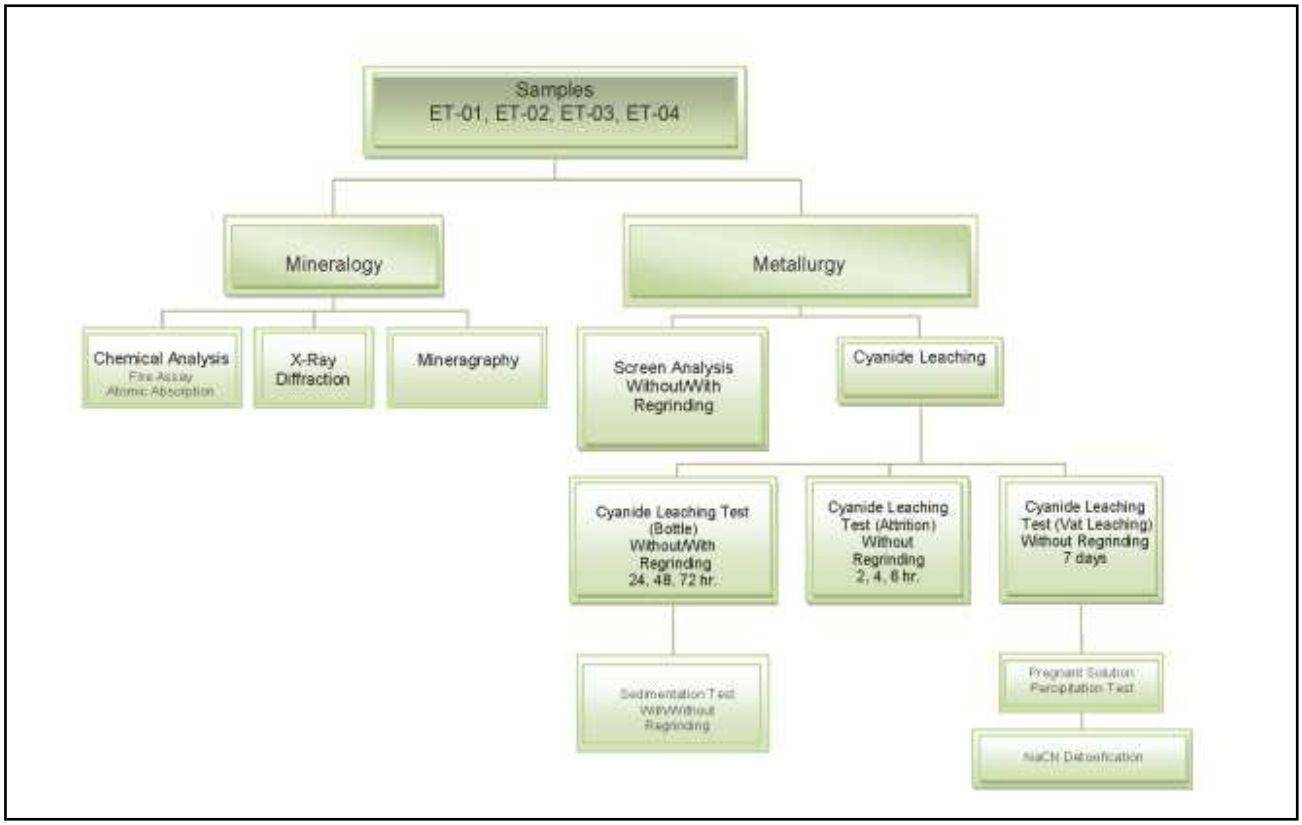


Figure 13-1: Metallurgical Testing Flow Sheet

The individual samples used for the analysis were composites collected from areas throughout the tailings pile, and

therefore the results of the analysis are considered representative of the types and styles of mineralization in the tailings pile and of the mineral deposit as a whole. Table 13-1 summarizes the samples submitted for analysis and their associated head grades.

Table 13-1: Metallurgical Sample Summary

Composite		Weight	Density	Au	Ag
Color	#	kgs	g/cm^3	g/t	g/t
Yellow	ET-01	64.6	2.5618	0.267	62.80
Gray	ET-02	64.3	2.5929	0.300	78.37
Red	ET-03	64.2	2.7586	0.500	103.53
Black	ET-04	51.2	2.2620	0.233	71.93

13.1.1 Mineralogy

The study first analyzed the minerals contained in the various constituents of the tailings pile by X-Ray Diffraction and identified the following mineral species – Quartz, Orthoclase, Muscovite and in some cases Pyrite. The particles of gold and silver mineral species were not separately identified by this study, but were indirectly observed as a result of the cyanidization tests. The conclusion reached is that free gold is present and that silver is largely occluded and in submicroscopic sizes within mineral particles that constitute the gangue.

13.1.2 Metallurgical Test Results

Three types of processes for the recovery of the gold and silver were tested – A) Cyanide Leaching using Bottles, B) Cyanide Leaching by Attrition, and C) Cyanide Leach in Vats. Each of these tests was performed without Regrinding the feed sample. Additionally, a Cyanide Leach test using Bottles after Regrind of the feed sample was performed.

The tests concluded that Cyanide Leaching in Bottles after Regrind produced the best result in recovery. A Precipitation Test with zinc powder was performed for the final recovery of materials from the leach solution, which test showed a content of 0.905 kg/tn Au and 307.4 kg/tn Ag in the final precipitate.

An overall recovery of Au and Ag values predicted by the Metallurgical Tests was calculated by starting with the results of the tests for each type of material, as seen in the Table below.

Table 13-2: Metallurgical Test Results by Tailings Type

	Dissolution %		***Consumption (kg/tn)***	
Sample	***Au***	***Ag***	***NaCN***	***CaO***
ET-01 (Yellow)	99.86	84.00	2.400	1.500
ET-02 (Gray)	99.83	69.64	2.250	1.000
ET-03 (Red)	90.29	81.82	2.910	0.500

From the results of the analysis, there are no apparent deleterious elements that would have a significant effect on potential economic extraction. The recommended process for beneficiation of the tailings material is in wide-spread commercial application.

13.2 Mineral Processing

As a result of the metallurgical testing, a regrind of the tailings from the tailings pile, followed by agitated cyanide leach and Merrill-Crowe zinc precipitation was chosen as the processing methodology for the historical tailings at El Tigre. The recovery percentages for silver and gold from the metallurgical testing, 77.78% and 93.25% respectively, are projected to be the weighted average recoveries achieved by the processing plant in operations.

14 Mineral Resource Estimates

Zachary J. Black, SME-RM, a Resource Geologist with HRC is responsible for the estimation of the mineral resource herein. Mr. Black is a qualified person as defined by NI 43-101 and is independent of ETS.

14.1 Tailing Impoundment Resource Estimation

HRC estimated the mineral resource for El Tigre from drill hole data, using controls from the color designations and a dual kriging approach to model the homogenous tailings material.

14.1.1 Volumetric Analysis

A model of the tailings impoundment's lower elevation was completed using Leapfrog mining software. An outline of the tailings impoundment boundary was mapped from the aerial photography provided. The boundary was combined with the 7 core holes' bottom depth to create a surface representing the bottom of the tailings pile. The surface was then checked against the auger holes to ensure that no auger holes penetrated the bottom surface. The surface was tagged to the bottom elevation of the auger holes if it was penetrated by the hole. The total volume of the tailings was estimated to be 632,790 m^3.

14.1.2 Color Model

Three colors representing metallurgical domains were established in the metallurgical study conducted in 2012. Red, Gray, and Yellow domains representing material of differing oxidation levels from the El Tigre mine have been logged in the geologic tailing database. HRC constructed 3D shapes representing each color within the database and assigned metallurgical recoveries and density based on the domain (Table 14-1). The density and recovery of the Red domain was applied to the Upper Red domain. Figure 14-1 below is an oblique view of the tailings model with the discrete color models displayed as the color from the database.

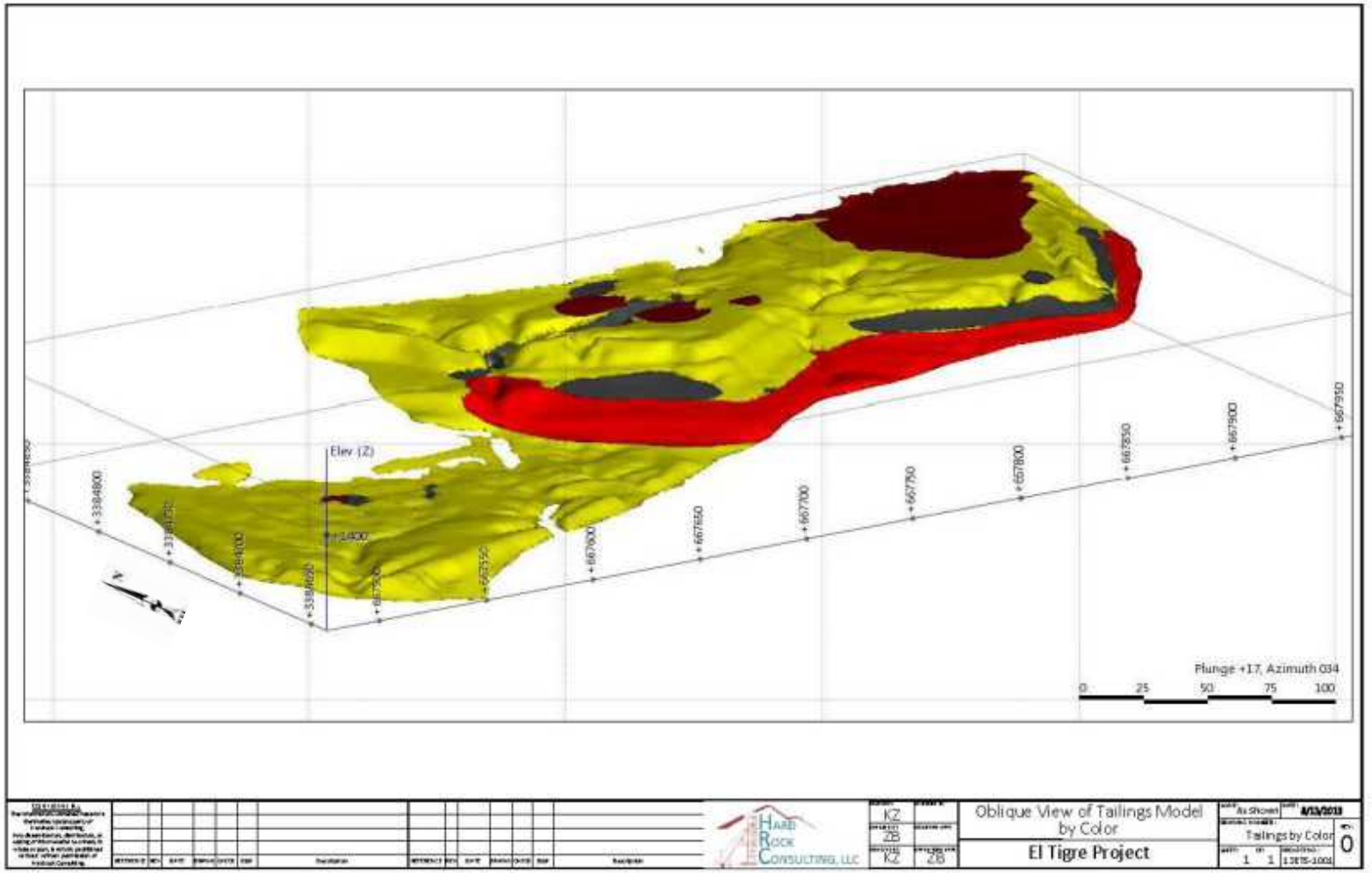


Figure 14-1: Oblique View of Tailings Model by Color

Table 14-1: Density and Recovery Factors

Domain	Density (kg/m^3)	Silver Recovery (%)	Gold Recovery (%)
Upper Red	2.7586	81.82	90.29
Yellow	2.5618	84.00	94.19*
Gray	2.5929	69.64	94.19*
Red	2.7586	81.82	90.29
* Gold recoveries have been capped to reflect the weighted average			

14.1.3 Descriptive Statistics

The descriptive statistics for gold and silver were calculated and are presented in Table 14-2. In the process of the exploratory data analysis it was observed by HRC that the upper most portion of the assay values for both gold and silver were spatially related on the top of the tailings pile in the north east. The majority of this data was also logged as red. HRC chose to separate this material into an Upper Red domain. Based on the location of the material it is assumed to have been from the end of production at the El Tigre mine.

Table 14-2: Descriptive Statistics

Metal	All Data		Upper Red		Gray		Red		Yellow	
	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)
Count	314	314	12	12	119	119	47	47	136	136
Min	41.1	0.015	139.0	0.494	42.2	0.015	41.5	0.100	41.1	0.109
Max	191.0	1.270	191.0	1.270	142.0	0.781	129.0	0.720	134.0	0.553
Mean	85.7	0.304	159.7	0.865	89.4	0.306	79.1	0.264	78.2	0.268
Median	82.0	0.270	156.0	0.863	87.0	0.280	80.0	0.258	76.0	0.252
Std. Dev.	24.6	0.154	15.4	0.191	17.5	0.097	21.2	0.139	19.8	0.086
COV*	28.7	50.497	9.7	22.108	19.6	31.621	26.8	52.512	25.4	31.920

* COV stands for Coefficient of Variation

14.1.4 Compositing

The samples were taken on even and regular intervals of 1.5m with a limited number of shorter intervals near color changes. As a result, HRC chose not composite the individual samples.

14.1.5 Capping

Prior to estimating resources HRC completed a Tukey outliers analysis in ioGAS. A box plot for each domain was created and samples greater than 1.5 times the interquartile range where flagged as potential outliers. Figures 14-2 and 14-3 below highlight the identified outliers in red. The flagged outliers were capped to 0.600 gpt and 160 gpt for gold and silver, respectively. Capping of gold grades was completed on 15 samples and resulted in a 2% reduction in metal. Capping of silver grades was completed on 5 samples and resulted in a 0.1% reduction in total metal.

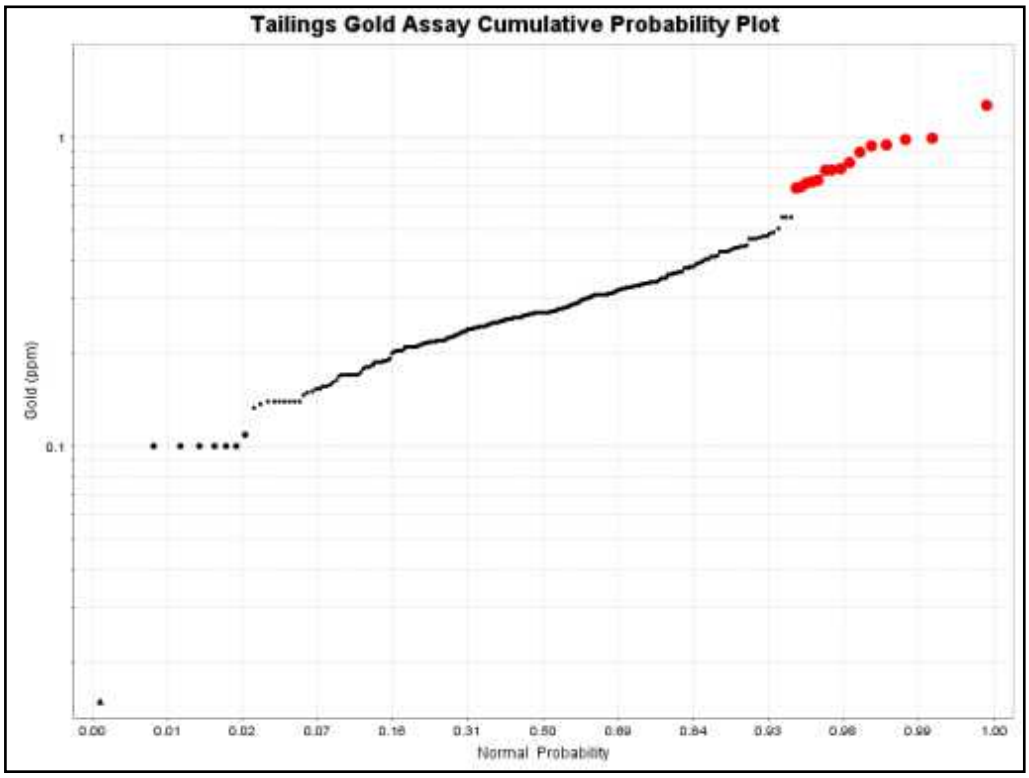


Figure 14-2: Gold Cumulative Probability Plot

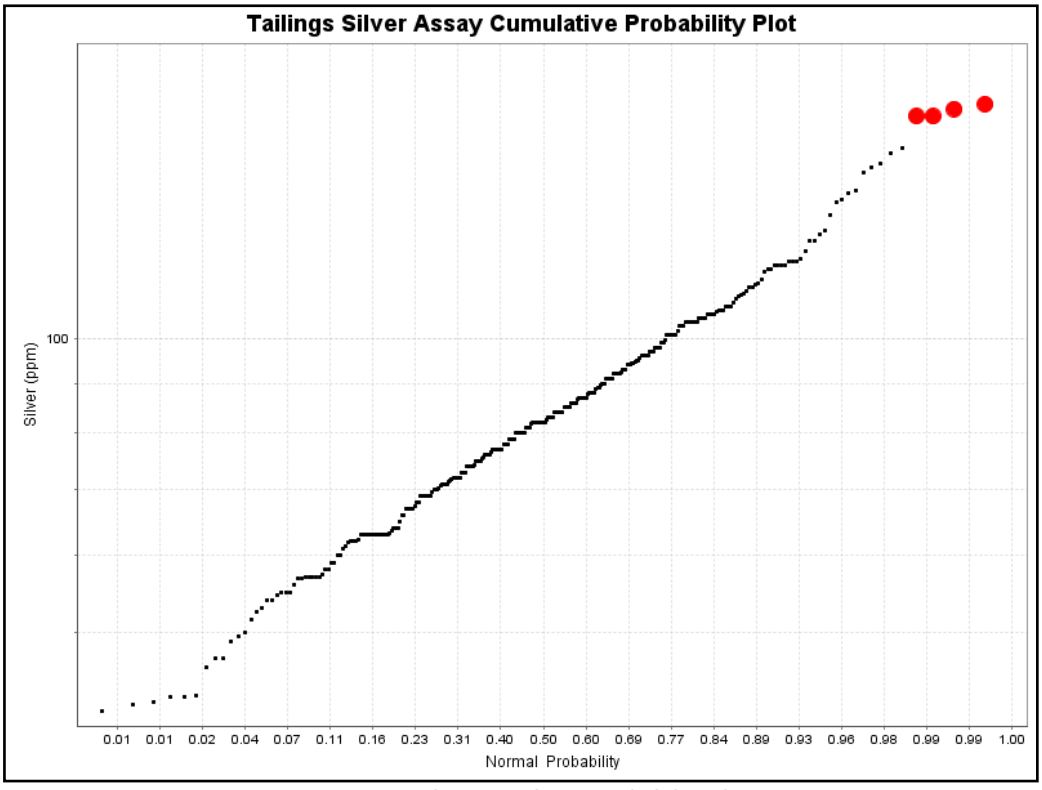


Figure 14-3: Silver Cumulative Probability Plot

14.1.6 Variography

Omni-directional normalized variograms for silver and gold were modeled using a least squares regression method. The parameters established by the variogram models were used in the kriging algorithm during estimation. Tables 14-3 and 14-4 summarize the variogram model parameters defined by the least squares regression method for gold and silver, respectively. The Figures 14-4 and 14-5 display each variogram and the resulting variogram models.

Table 14-3: Summary of Gold Variogram Model Parameters

Nugget (C0)	**C1**	**C2**	
0.696	0.019	0.284	
Axis	**Range (meters)**	**Azimuth**	**Dip**
First Structure Range	75	Omni-Directional	
Second Structure Range	76	Omni-Directional	
Modeling Criteria *Minimum number pairs required: 15* *Sample variogram points weighted by # pairs*			

Table 14-4: Summary of Silver Variogram Model Parameters

Nugget (C0)	**C1**	**C2**	
0.513	0.003	0.484	
Axis	**Range (meters)**	**Azimuth**	**Dip**
First Structure Range	68	Omni-Directional	
Second Structure Range	66	Omni-Directional	
Modeling Criteria *Minimum number pairs required: 15* *Sample variogram points weighted by # pairs*			

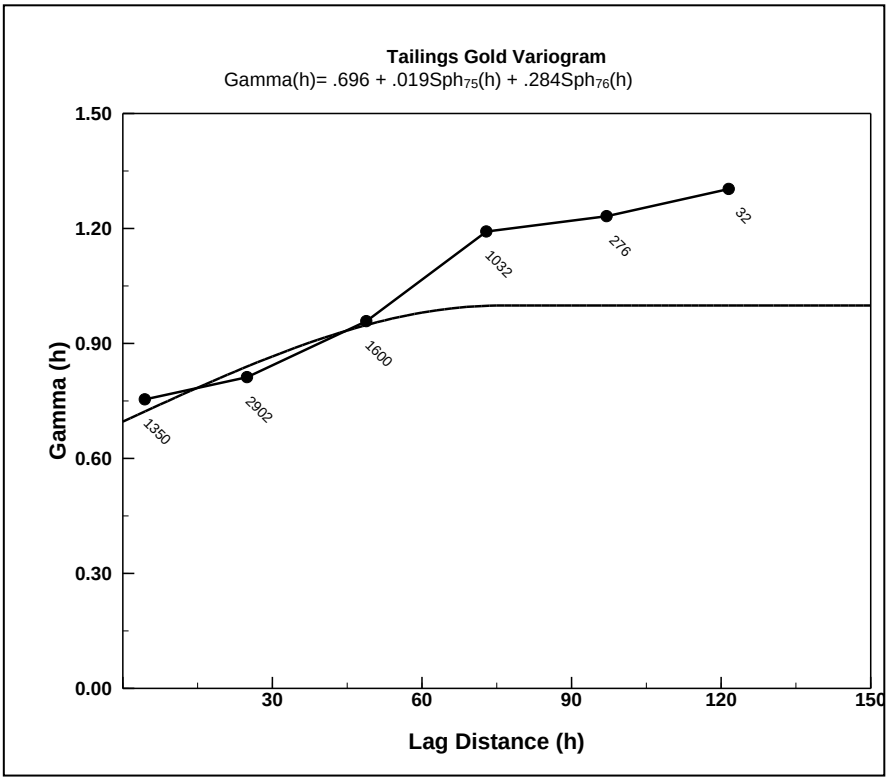


Figure 14-4: Gold Variogram Spherical Model

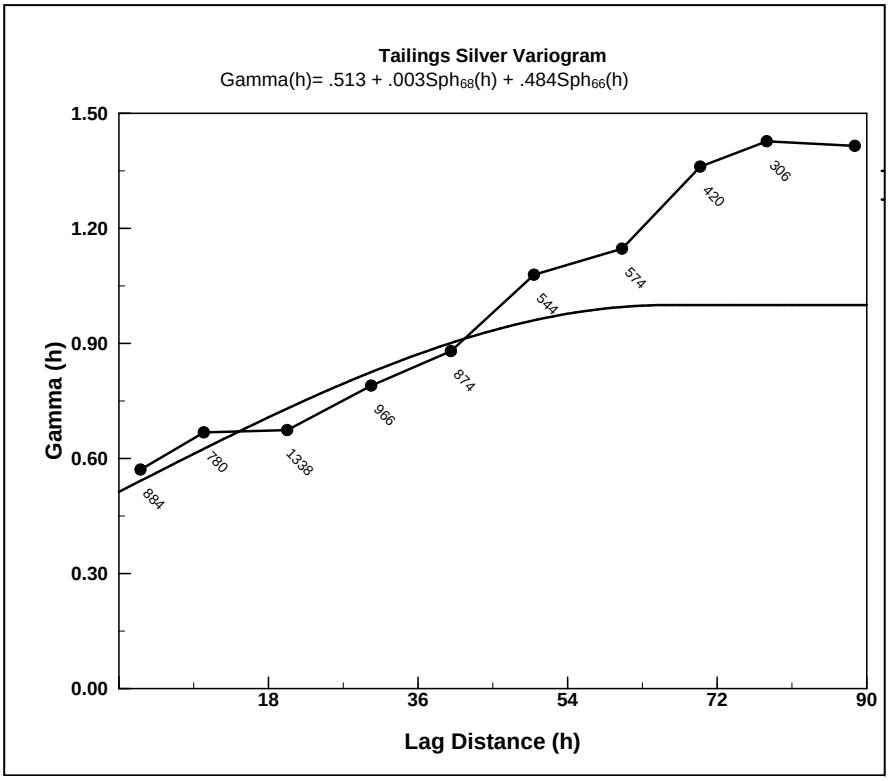


Figure 14-5: Silver Variogram Spherical Model

14.1.7 Estimation

A block model (Table 14-5) encompassing the tailings pile was constructed and attributes for gold and silver grades, recoveries, domain (color), and densities were assigned to each block.

Table 14-5: Block Model Extents

Axis	Origin	Block Size	Number	Extents
Easting	667450	10	52	520
Northing	3384600	10	31	310
Elevation	1300	3	50	150

The gold and silver grades for each block were estimated using a dual kriging algorithm. The variogram parameters were applied to the estimation using a 5:5:1 anisotropic ratio based on the variogram ranges to match the tabular layering of the material within the tailings impoundment. All available samples within the defined search neighborhood were used to estimate the grade of each block. The estimation of grades was limited to the modeled tailings impoundment boundary.

14.1.8 Validation

To validate the resource model, cross sections, plan views, and long sections were examined visually and compared to the drill hole samples. Descriptive statistics (Table 14-6), cumulative frequency plots, and swath plots (Figure 14-6 and Figure 14-7) were also used. Overall, there is good correlation between the grade models and the sample data, although deviations occur near the edges of the model and in areas where the density of drilling is less and material is classified as inferred resources.

Table 14-6: Block Model Descriptive Statistics

Metal	All Data		Upper Red		Gray		Red		Yellow	
	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)	Silver (ppm)	Gold (ppm)
Count	2090	2090	34	34	641	641	584	584	831	831
Min	55.9	0.161	89.1	0.328	60.6	0.185	60.8	0.161	55.9	0.170
Max	139.0	0.493	139.0	0.493	123.8	0.429	94.2	0.324	114.8	0.428
Mean	82.8	0.277	123.6	0.443	85.5	0.284	80.5	0.262	80.7	0.276
Median	82.4	0.275	126.8	0.454	83.5	0.276	83.0	0.270	80.7	0.274
Std. Dev.	11.6	0.047	12.1	0.041	11.6	0.044	8.1	0.042	10.1	0.037
COV	14.0	16.916	9.8	9.276	13.6	15.653	10.0	16.057	12.5	13.415

* COV stands for Coefficient of Variation

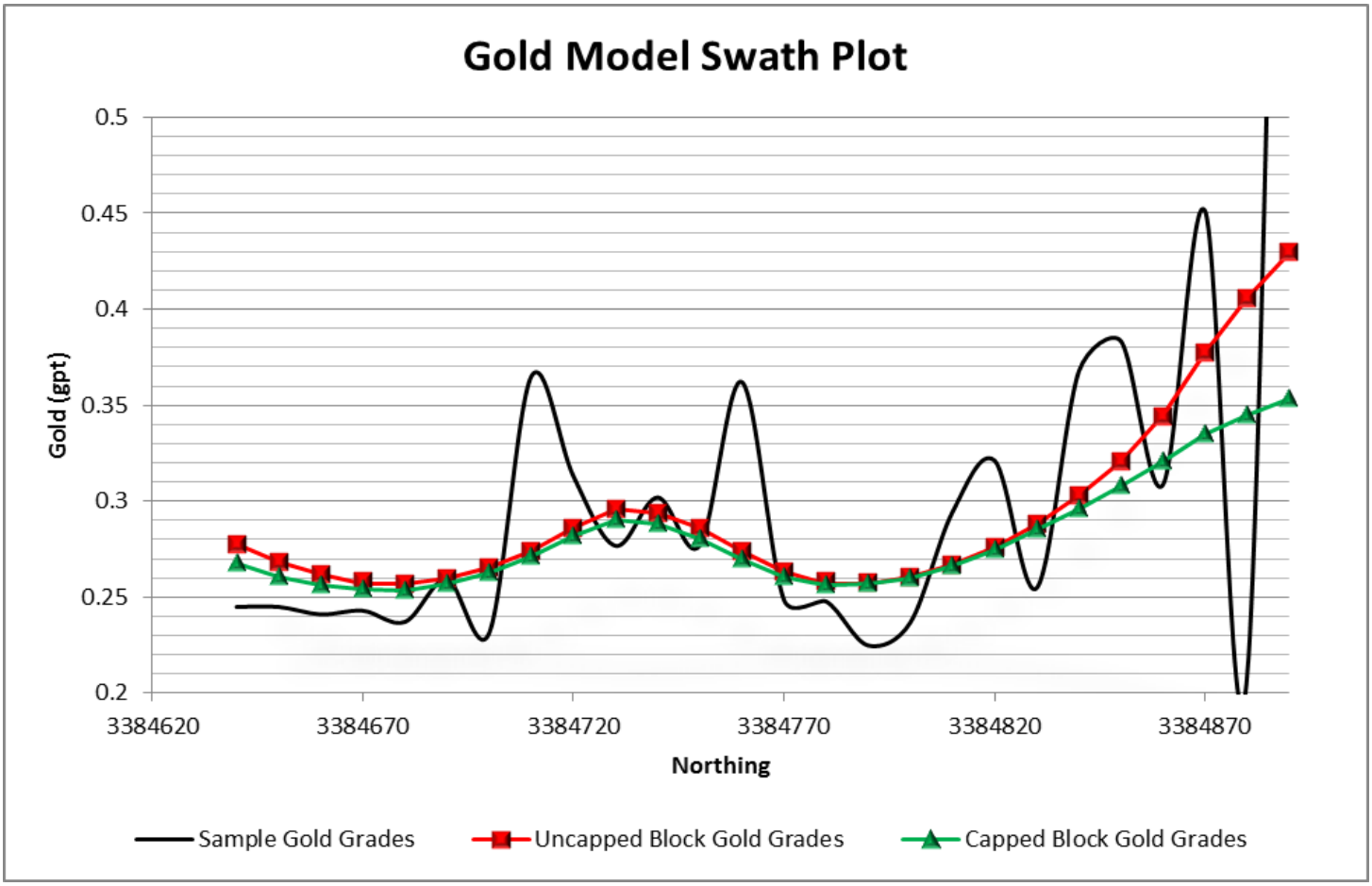


Figure 14-6: Gold Model Swath Plot

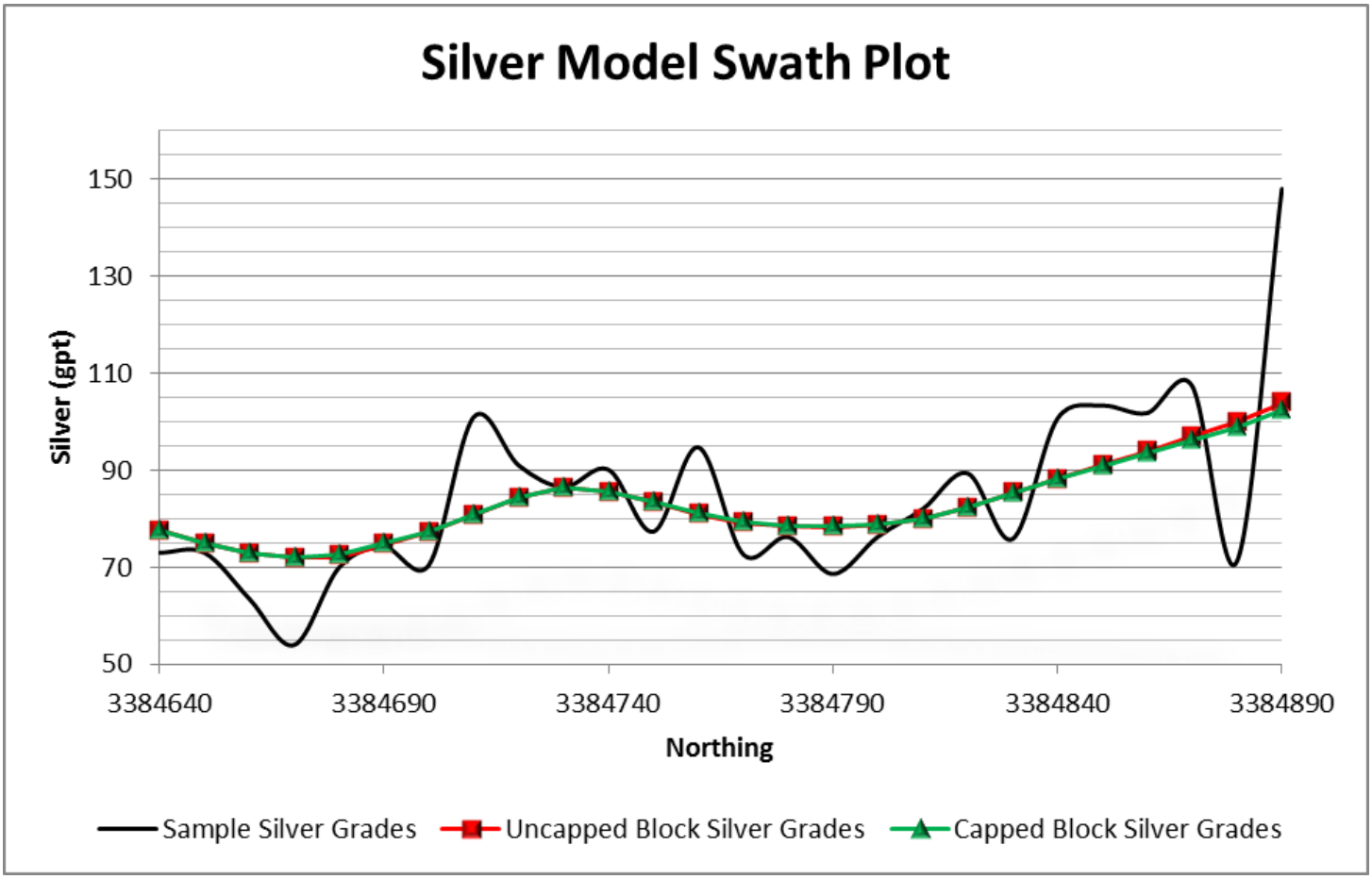


Figure 14-7: Silver Swath Plot

14.1.9 Mineral Resource Classification

The resources for the El Tigre Silver Tailings are classified as measured, indicated, and inferred in accordance with CIM Definition Standards for Mineral Resources and Reserves. Blocks were placed in the measured, indicated, and inferred categories based on the anisotropic distance to the closest sample. Blocks were classified as measured if the nearest sample was within 10 meters of the block centroid. Blocks were classified as indicated if the nearest sample was within 15 meters of the block centroid. The remaining unclassified blocks within the tailings pile were classified as inferred. Figure 14-8 below is an oblique view displaying the distribution of measured, indicated, and inferred material within the tailing impoundment.

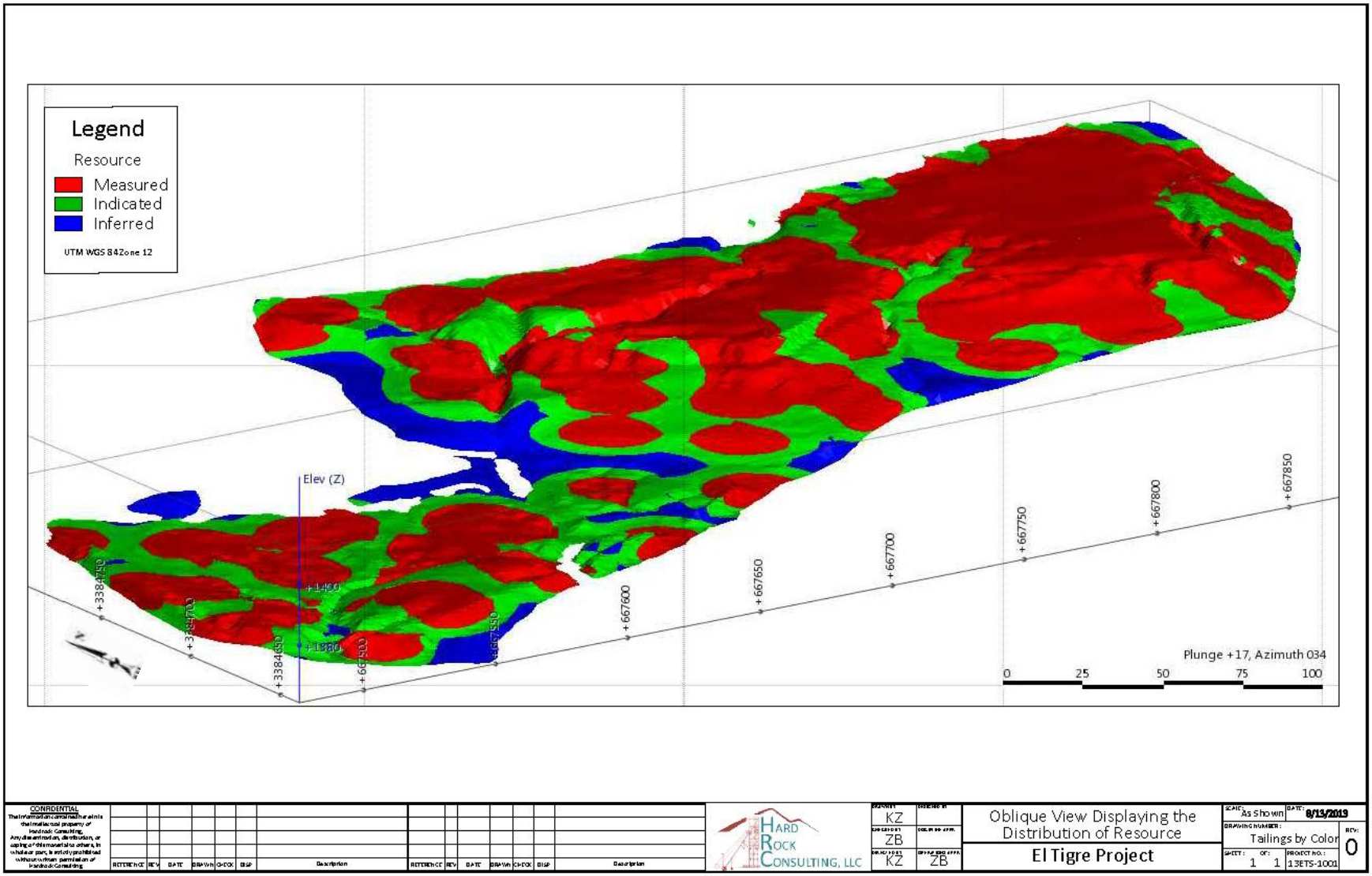


Figure 14-8: Oblique View of Measured (Red), Indicated (Green), and Inferred (Blue) Material

14.1.10 Mineral Resources

The mineral resource estimate for the tailings portion of El Tigre is summarized in Table14-7. Mineral resources are not mineral reserves and may be materially affected by environmental, permitting, legal, socio-economic, political, or other factors. In Table 14-7, mineral resources are reported above a silver equivalent cut-off of 40 gpt, assuming a three year trailing average gold to silver ratio of 60:1. The silver equivalent was calculated using the equation as follows:

$$Ageq = Ag(gpt) + Au(gpt) * 60$$

Table 14-7: Tailings Mineral Resources

Measured Resources								
Color	Volume	Tonnes	AgEq		Silver		Gold	
	m^3	(x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)
Red	52	143	95.9	441	80.1	368	0.263	1.21
Gray	131	340	104.9	1,147	87.4	955	0.293	3.20
Yellow	138	353	97.5	1,107	80.8	917	0.278	3.16
Upper Red	7	19	149.4	91	122.9	75	0.442	0.27
Total	**328**	**855**	**101.3**	**2,785**	**84.2**	**2,316**	**0.285**	**7.84**
Indicated Resources								
Color	Volume	Tonnes	AgEq		Silver		Gold	
	m^3	(x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)
Red	55	153	95.6	470	79.9	393	0.262	1.29
Gray	42	110	97.7	346	81.7	289	0.266	0.94
Yellow	68	175	96.6	544	80.3	452	0.272	1.53
Upper Red	0	1	158.6	5	130.8	4	0.463	0.01
Total	**165**	**439**	**96.7**	**1,364**	**80.6**	**1,138**	**0.267**	**3.77**
Measured + Indicated Resources								
Color	Volume	Tonnes	AgEq		Silver		Gold	
	m^3	(x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)
Red	107	296	95.7	911	80.0	761	0.262	2.50
Gray	173	450	103.1	1,492	86.0	1,244	0.286	4.14
Yellow	206	528	97.2	1,650	80.6	1,369	0.276	4.69
Upper Red	7	20	149.9	96	123.3	79	0.443	0.28
Total	**493**	**1294**	**99.7**	**4,150**	**83.0**	**3,454**	**0.279**	**11.61**
Inferred Resources								
Color	Volume	Tonnes	AgEq		Silver		Gold	
	m^3	(x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)	gpt	t.oz. (x1000)
Red	64	177	96.5	549	80.9	460	0.260	1.48
Gray	17	44	95.3	135	79.8	113	0.259	0.37
Yellow	26	68	96.2	210	80.2	175	0.267	0.58
Upper Red	---	---	---	---	---	---	---	---
Total	**107**	**289**	**96.3**	**894**	**80.6**	**749**	**0.262**	**2.43**

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(2) All resources are stated above a 40 g/t Au Equivalent cut-off.

(3) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and

numbers may not add due to rounding.
(4) Gold Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the gold equivalent calculation.

14.2 In-Situ Mineral Resource Estimation

HRC estimated the mineral resource for El Tigre from drill hole data, using controls from the main rock types and a single stage indicator approach to model the higher grade vein and lower grade disseminated styles of mineralization.

14.2.1 Block Model Physical Limits

HRC created a three dimensional (3D) block model in CAE Datamine mining software. The block model was created with individual block dimensions of 3x10x10 meters (xyz). The model origin is located at 670,500 east, 3,383,100 north, and at an elevation of 1,400 meters above sea level (masl). The block model extends 1,200 m (400 blocks) in the easting direction, 2,500 m (250 blocks) in the northing direction, and vertically 1,100 m (110 blocks) to an elevation of 2,500 masl. All of the block model coordinates are stored as UTM WGS 84, Zone 12 meters. All property and minerals within the block model extents are owned or claimed by ETS.

14.2.2 Data Used for the Grade Estimation

The present database has been built to include 59 HQ diameter core holes totaling 9,411.02 meters from the ETS drilling campaigns, 16 of 22 historical Anaconda holes totaling 5,546.15 meters, and a single underground channel sample from within the Johnny Crosscut Mine. The drill hole database contains gold and silver assay analytical information for 7592 sample intervals.

14.2.3 Geologic Model

Mineralization in the El Tigre District is controlled almost entirely by secondary structural features: faults and their concomitant breccias, fissures, fractures, and fracture zones. Lithologies of the volcanic sequence appear to have had little or no chemical control on mineralization. On the other hand, the various physical properties of volcanic sequence have influenced the nature and extent of openings available for mineralization. A structural analysis of the El Tigre vein has assisted in the understanding of the structure and its relation with ore shoots locations. The El Tigre vein, developed over 1950 meters laterally and 450 meters vertically, is a composite structure that comprises two alternating sets of faults with varying dips. The main set consists of three long segments striking N8° to 18°W, which are interconnected by two shorter segments striking N3°E to N2°W.The dislocations, or variations in strike, occur only within the lower level workings of the mine. The vein is relatively consistent at a strike of ~N8°W over the entire length of mine levels 2 and 3 (1,380 meters). Previously mined ore shoots, defined as “a pipelike, ribbonlike, or chimneylike mass of ore within a deposit (usually a vein) representing the more valuable part of the deposit”, occur largely on the NNW portions of the vein, in the lower levels of the historic mine workings, where dilation prior to mineralization resulted in greater vein width and increased potential for fluid flow. Where strike of the vein deflects to the north, in the upper levels of the mine, vein width (and width of mineralization) decreases significantly, representing ‘tighter’ portions of the vein structure that likely prevented the flow of mineralizing fluids.

14.2.4 Estimation Domains

In order to accommodate statistical search parameters appropriate for individual mineralization styles and structural

orientations, the block model was divided into 4 zones. The zones were delineated based on a structural interpretation of the major post mineralization faulting. Four domains were established based on the Fortuna fault and 3 northwest trending cross faults (Figure 14-9). The domain residing the west (Footwall) of the Fortuna fault has limited data and no mineral resources have been estimated in this domain. The remaining 3 domains have are referred to as north (dark green), central (light green), and south (grey). Finally 3D solids provided by ETS were used to code the individual blocks residing within the historical mine workings.

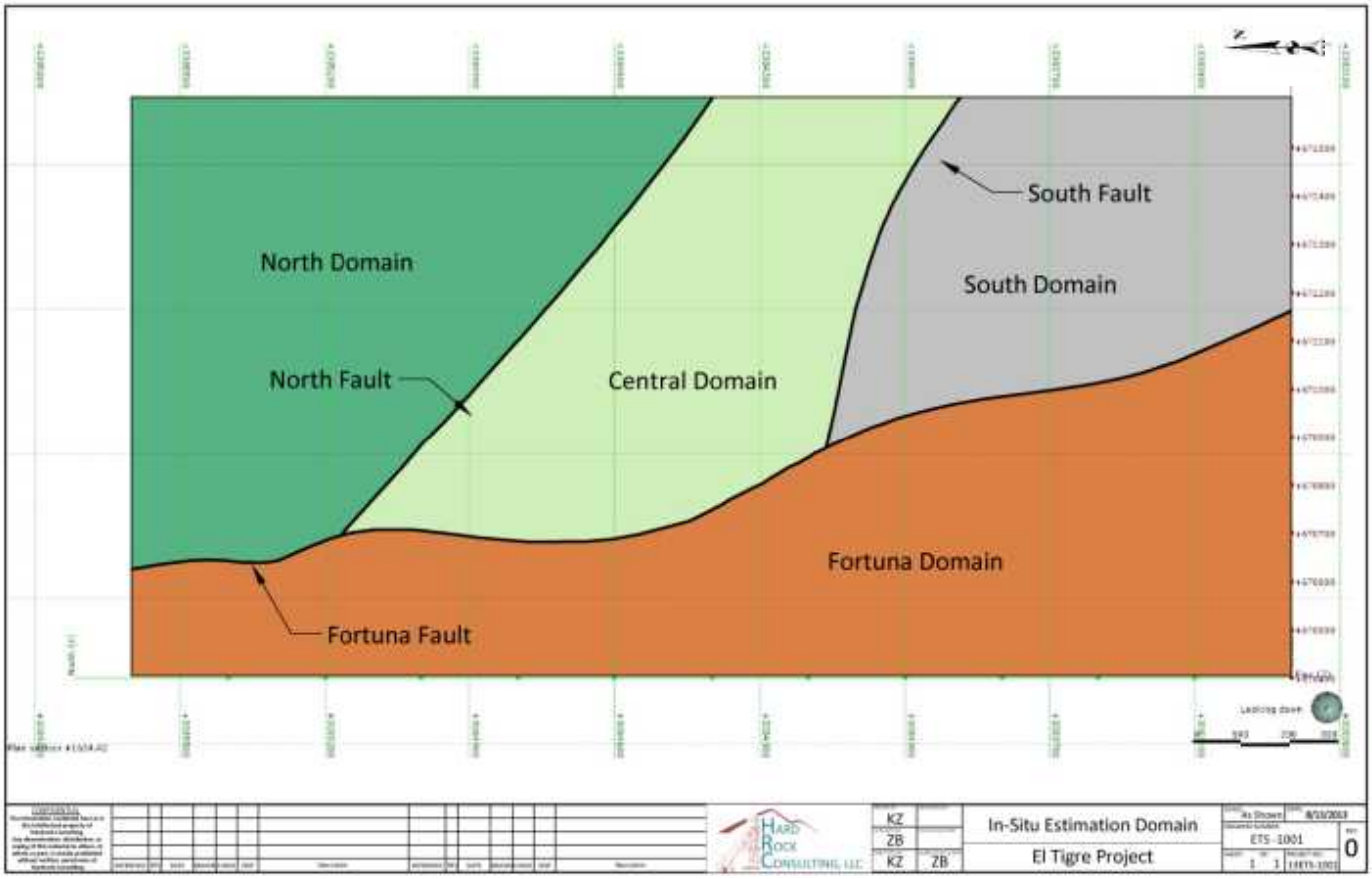


Figure 14-9: In-Situ Estimation Domains

14.2.4.1 South Domain

The South domain is the portion of the project adjacent to the Fortuna fault and to the south of the southernmost cross fault (grey). This domain contains the Gold Hill and Johnny Crosscut areas of the resource and is dominated by a wide structural zone (60-80m) of stockwork volcanic rocks propagating outward from the El Tigre vein. The vein strikes nearly true north and dips approximately 75 degrees to the west.

14.2.4.2 Central Domain

The central domain is the portion of the resource area adjacent to the Fortuna fault and between the southern and northern crossing fault (light green). This domain contains the Espuelas Canyon and Mula Mountain areas of the resource and is dominated multiple veins with structurally related stockwork mineralization between the individual veins. The El Tigre Vein strikes northerly and dips steeply (80 -85°) to the west. It is also offset and down dropped to the

east. Two additional vein splays start near the southern fault and strike approximately N5°E and dip steeply (60-80°) to the west and intersect the El Tigre vein down dip near the southern fault.

14.2.4.3 North Domain

The portion of the resource area adjacent to the Fortuna fault and to the north of the northern most cross fault (dark green). This domain contains the veins that were mined near the location of the exploration camp and is dominated multiple veins that are widely spaced. There are limited drill hole intercepts in this domain, and much of the structural information is taken from the surface mine workings. The veins strike nearly true north and dip between 60 – 80 degrees to the west.

14.2.5 Exploratory Data Analysis

HRC conducted an exploratory data analysis based on the domains outlined in Figure 14-9. The drill hole samples were split into the 3 main resources zones. As expected based on the drill hole location the majority of the samples are in the South domain which encompasses Gold Hill, ETS' main exploration target to date. Descriptive statistics were calculated by domain and metal (Tables 14-8 and 14-9). In both gold and silver the statistics of the entire sample population within each domain do not support a linear estimation process.

Table 14-8: Gold Exploratory Data Analysis Descriptive Statistics within the Block Model Extents

Gold Descriptive Statistics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
North	910	0.000	8.0	0.090	0.034	0.334	13.77
Central	1819	0.000	12.3	0.405	0.079	0.808	3.98
South	3182	0.000	235.0	0.384	0.095	4.247	122.32
Total	5911	0.000	235.0	0.345	0.070	3.152	83.47

Table 14-9: Silver Exploratory Data Analysis Descriptive Statistics within the Block Model Extents

Silver Descriptive Statistics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
North	910	0.1	919.0	16.6	2.0	69.2	17.34
Central	1819	0.1	1400.0	13.9	1.4	65.1	21.93
South	3182	0.0	8660.0	22.5	1.6	199.8	78.85
Total	5911	0.0	8660.0	18.9	1.6	153.5	65.96

The El Tigre resource is characterized by high grade silver and gold bearing veins, with a halo of relatively lower grade mineralization surrounding the veins, and low grade silver and gold disseminated between the veins. HRC chose a single stage indicator approach to model the portion of high grade vein material within each block, and then a separate estimate for the halo and inter-vein disseminated mineralization grade. This type of estimate limits the extrapolation of high grade mineralization into lower grade hanging wall and footwall units. Intervals with sample values greater than 0.77 gpt gold and 24 gpt silver were assumed to be vein material for this estimate. Tables 14-9 and 14-10 summarize the statistics of the indicator assay samples.

Table 14-10: Gold Indicator Descriptive Statistics

Gold Descriptive Statistics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
Wall Rock	5321	0.000	0.8	0.136	0.056	0.175	1.6
Vein	590	0.770	235.0	2.230	1.290	9.771	19.2

Table 14-11: Silver Indicator Descriptive Statistics

Silver Descriptive Statistics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
Wall Rock	5319	0.0	23.9	3.1	1.1	4.4	2.1
Vein	592	24.0	8660.0	161.4	53.1	461.3	8.2

14.2.6 Capping

Prior to estimating resources HRC completed a Tukey outliers analysis in ioGAS. A box plot for each domain (Figure 14-10) was created and samples greater than 1.5 times the interquartile range where flagged as potential outliers. Figures 14-11 and 14-12 below highlight the identified outliers as large open circles. The flagged outliers were capped to 12.5 gpt and 294 gpt for gold and silver, respectively. Capping of gold grades was completed on 4 samples and resulted in a 10% reduction in metal. Capping of silver grades was completed on 61 samples and resulted in a 25% reduction in total metal. Silver mineralization is not as prevalent in the disseminated stockwork zone as the gold. As a result silver statistical analysis completed on all assay values resulted in a more restrictive capping of the higher grades. Resulting in a larger reduction in total metal than gold and future work should include discrete modeling of the silver bearing veins.

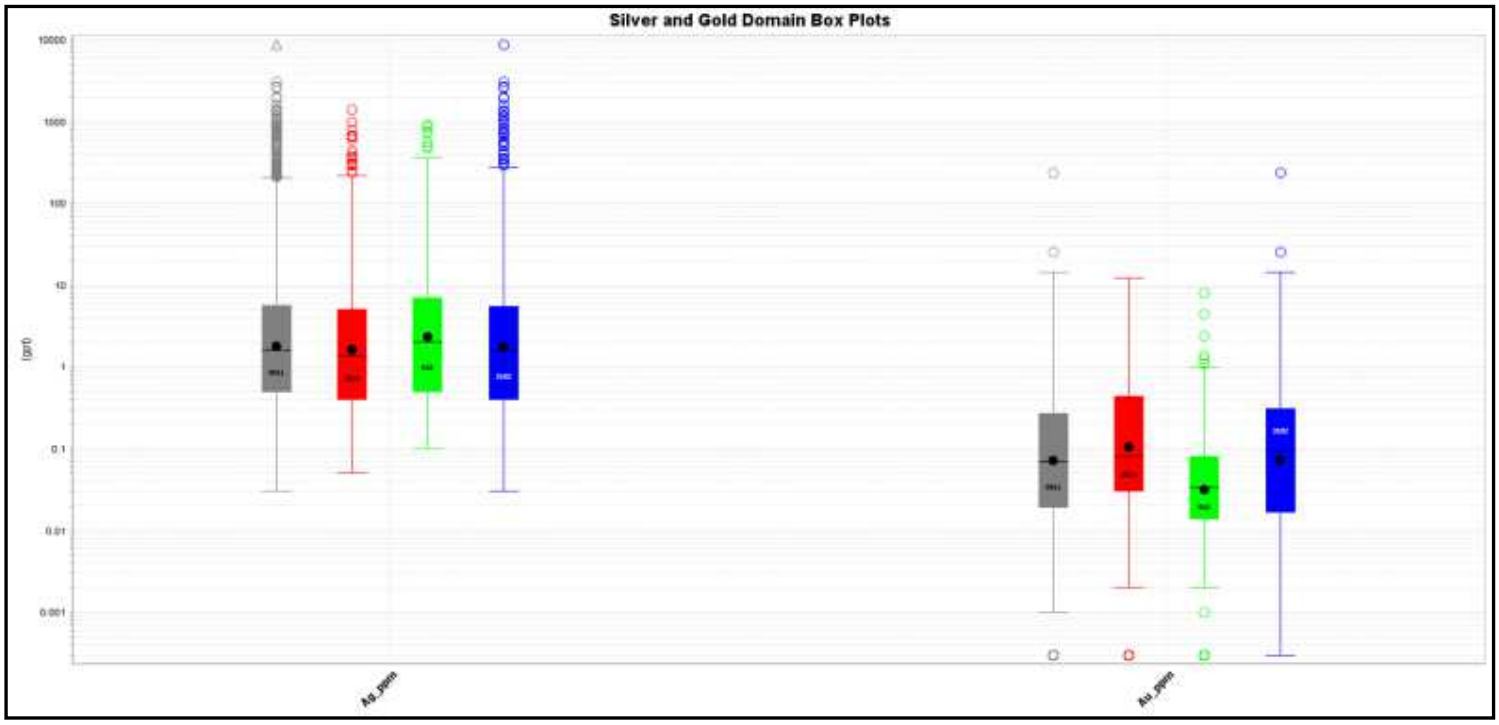


Figure 14-10: Gold and Silver Domain Box Plots
All Data – Grey, Central – Red, North – Green, South - Blue

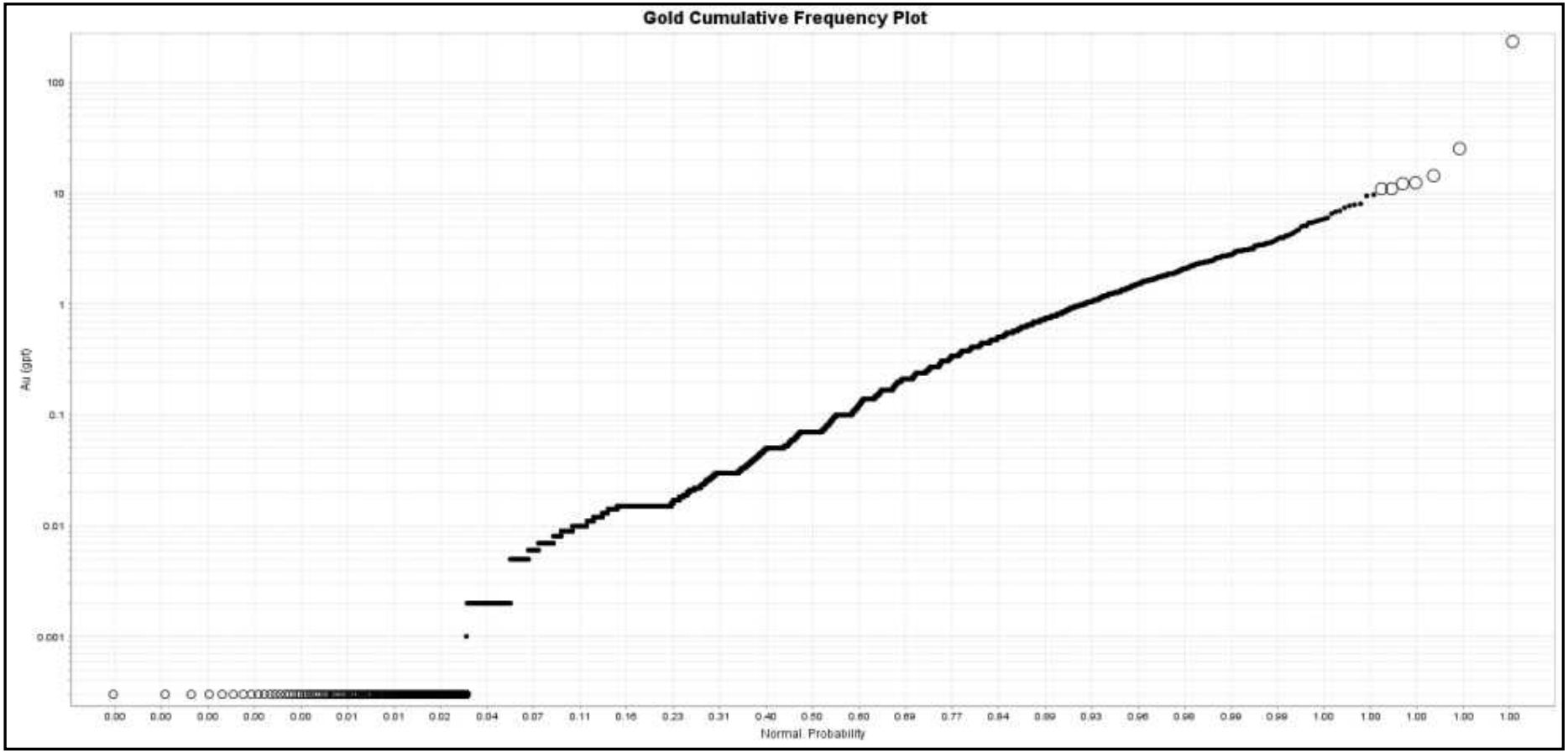


Figure 14-11: Gold Cumulative Frequency Plot

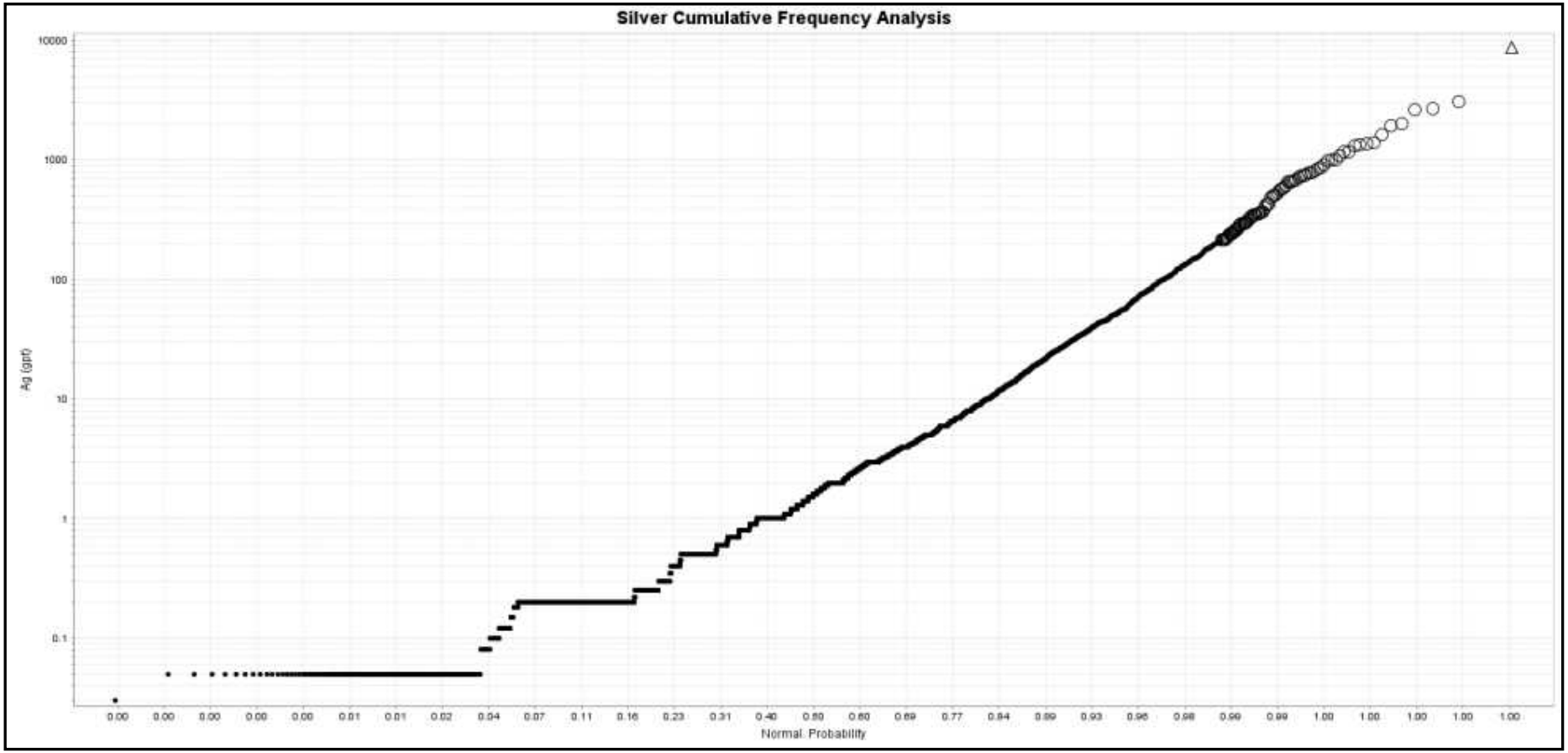


Figure 14-12: Silver Cumulative Frequency Plot

14.2.7 Compositing

HRC used down-hole compositing to standardize the drill hole and channel gold and silver assay data set. An analysis of the sample interval lengths identified that the mean sample length was 1.5 m and that 90% of the samples were less than 2 m (Figure 14-13). HRC selected a 2 m down-hole composite as it is larger in length than the longest sample intervals within the mineralized zone and represents data that are not averaging mixed population samples down-hole. The descriptive statistics for gold and silver composited data is presented in Tables 14-12 and 14-13, respectively.

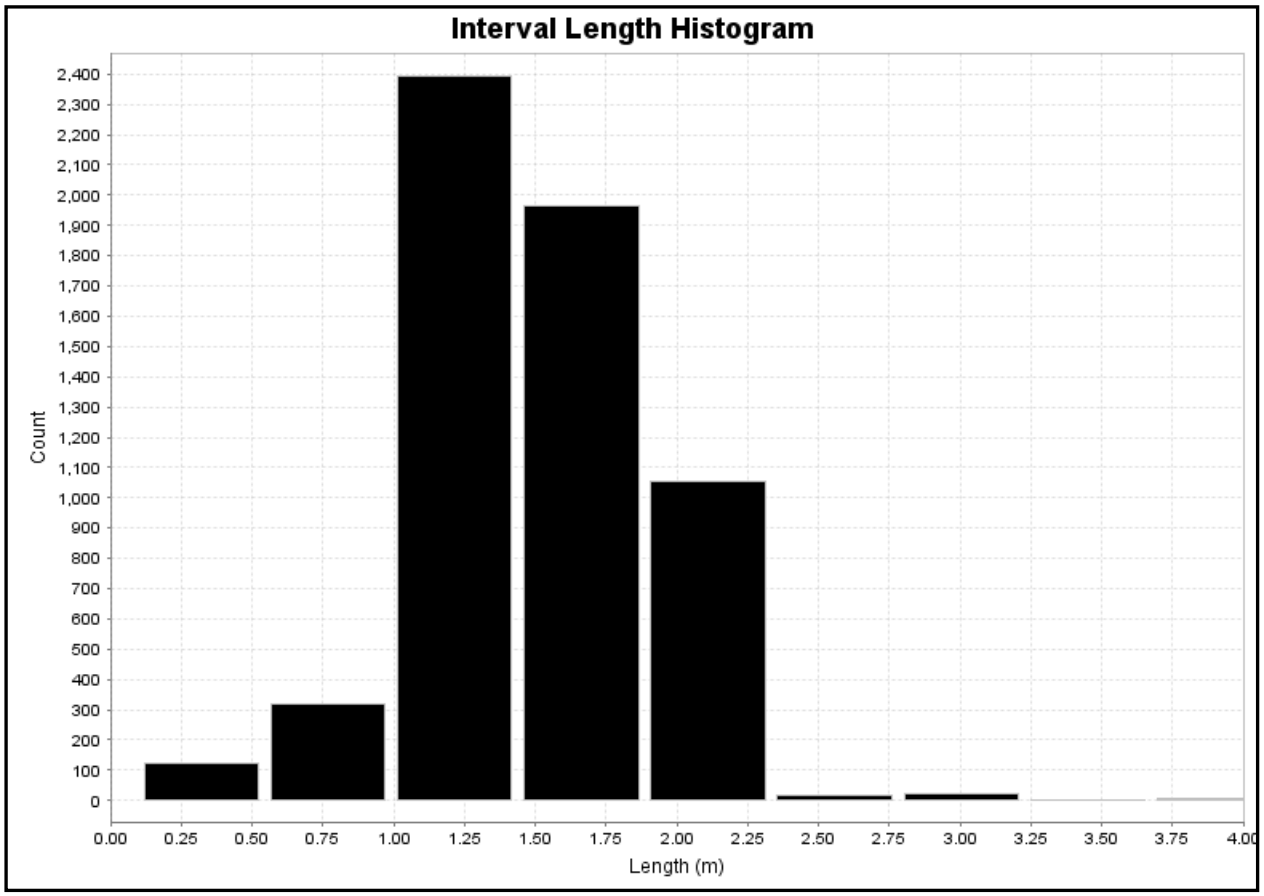


Figure 14-13: Sample Interval Length Histogram

Table 14-12: Gold Indicator Descriptive Statistics

Gold Descriptive Statistics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
Wall Rock	3696	0.000	0.769	0.141	0.057	0.174	1.24
Vein	398	0.771	50.816	2.715	1.190	2.715	1.62
Capped Vein	398	0.771	12.500	1.576	1.190	1.260	0.80

Table 14-13: Silver Indicator Descriptive Statistics

Silver Descriptive Statisics							
Domain	Number	Minimum	Maximum	Mean	Median	Std. Dev.	COV
		gpt	gpt	gpt	gpt	gpt	
Wall Rock	3701	0.03	23.95	3.1	1.1	4.7	1.50
Vein	393	24.1	2883.9	111.2	55.4	195.1	1.75
Capped Vein	393	24.1	290.0	87.6	55.4	79.0	0.90

14.2.8 Variograms

A variography analysis was completed to establish spatial variability of gold and silver values in the deposit. Variography establishes the appropriate contribution that any specific composite should have when estimating a block volume value within a model. This is performed by comparing the orientation and distance used in the estimation to the variability of other samples of similar relative direction and distance.

Indicator variograms were created for horizontal and vertical orientations in increments of 30° horizontally and 15° vertically. Search ellipsoid axis orientations were based on the results of the analysis. The sill and nugget values were taken from the omnidirectional and down-hole variograms, respectively. Table 14-14 and 14-15 summarize the variogram parameters used for the analysis. The resultant variograms were used to define the search ellipsoid responsible for the sample selection in the estimation of each block (Table 14-16). An example directional spherical gold variogram is shown in Figure 14-14.

Table 14-14: Summary of Gold Variogram Parameters

Nugget (C0)	**C1**		**C2**
0.442	0.386		0.173
Axis	**Range (meters)**	**Azimuth**	**Dip**
Z	11/232	268	40
Y’	138/152	178	1
X’	27/64	87	50
Modeling Criteria *Minimum number pairs required: 25* *Sample variogram points weighted by # pairs*			

Table 14-15: Summary of Silver Variogram Parameters

Nugget (C0)	C1	C2
0.194	0.703	0.103

Axis	Range (meters)	Azimuth	Dip
Z	11/465	4	34
Y'	13/108	47	-4
X'	9/35	88	-8

Modeling Criteria
Minimum number pairs required: 25
Sample variogram points weighted by # pairs

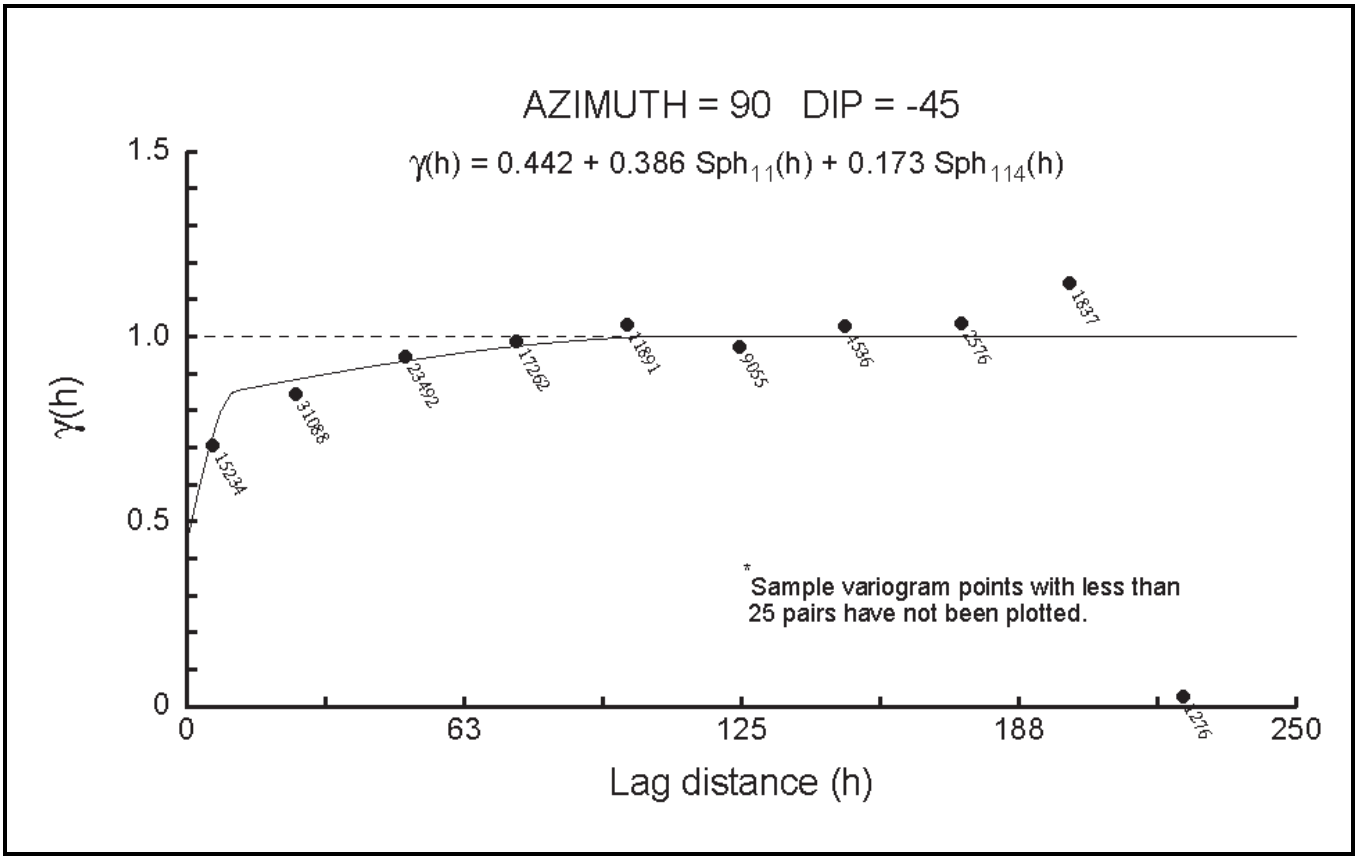


Figure 14-14: Spherical Gold Variogram (Rotated X Axis)

14.2.9 Estimation Methodology

Because of the narrow vein widths and high gold and silver grades, the estimation method selected to model the veins is an Ordinary Kriging using dynamic search ellipses. With this method, the orientation of the search ellipse changes on a block by block basis utilizing wireframe interpretations of the major vein orientations. In this model, 7 separate surfaces were created and utilized to model the structural fabric of the veins associated with the mineralization of the resource. These wireframes were created

based on surface geology maps, historical mine workings, domain bounding faults, and ETS drill hole intercepts.

HRC chose a single stage indicator approach to model the portion of high grade vein material within each block, and then a separate estimate for the halo and inter-vein disseminated mineralization grade. This type of estimate limits the extrapolation of high grade mineralization into lower grade hanging wall and footwall units. Additionally, a minor amount of dilution is incorporated into the resource estimate. Intervals with sample values greater than 0.77 gpt gold and 24 gpt silver were assumed to be vein material for this estimate.

The gold and silver grades were estimated from 2 meter down-hole composites using Ordinary Kriging. Composites were coded according to their domain and assigned a gold and silver vein code (0 or 1), where a value of 1 means the composite is vein, 0 meaning it was not vein (wall rock). The estimate of vein percentage within each block was performed from the 0 and 1 vein codes, for both gold and silver within each domain, separately. The grade of the vein portion of each block was estimated from the composites that had been coded with a 1 (vein), again for each domain and metal separately. Both metals and the vein indicator were estimated using the variogram parameters outlined in Tables 14-14 and 14-15 above. The search ellipsoid was established using a 10:10:1 anisotropy with a maximum range of 300 meters. Each block was estimated using a minimum of 1 composite with no more than 10 composites in a single pass.

The final estimate of the grade, the wall rock portion of the block, was estimated in a similar fashion, using only wall rock composites. The average grade of the block was then calculated using the percentage of the block that is vein, times the grade of the vein portion of the block, plus the percentage of the block that is wall rock, times the grade of the wall rock portion of the block.

14.2.10 Density

Two sets of density measurements for specific gravity have been performed on the El Tigre veins and mineralized volcanic tuffs by the University of Sonora in Hermosillo, Mexico (Universidad de Sonora, 2013). A total of 44 samples from drill core from 16 holes drilled in 2011 (ET-23 to 32) and in 2013 (ET-45, 49, 51, 53, 56, 57, and 61) were measured for bulk density determinations. The samples included 11 quartz veins and 33 mineralized rock intervals. Table 14-16 summarizes density measurements and the weighted average applied to the model. Blocks coded as within the mine working were given a density of zero and removed from the resource reporting.

Table 14-16: Density Averages

Rock Type	# of Samples	Average Density
Quartz Vein	11	2.43
Mineralized Rock	33	2.49
Weighted Average	**44**	**2.47**

14.2.11 Mineral Resource Classification

HRC used the anisotropic distance to the nearest composite of each block to classify mineral resources into indicated and inferred. Indicated resources are those blocks with a composite within 60 meters, and inferred resources are those blocks within 100 meters of the closets composite. Table 14-17 summarizes the mineral classification criteria.

Table 14-17: Mineral Resource Classification Criteria

Classification	X	Y	Z	Samples		
	meters	meters	meters	Min	Max	Max per Hole
Indicated	≤60	≤60	≤6	1	10	1
Inferred	≥60 and ≤100	≥60 and ≤100	≥6 and ≤10	1	10	1

14.2.12 Model Validation

Overall, HRC utilized several methods to validate the results of the estimation method. The combined evidence from these validation methods verifies the single indicator ordinary Kriging estimation model results.

14.2.12.1 Comparison with Inverse Distance and Nearest Neighbor Models

Inverse Distance (ID) and Nearest Neighbor (NN) models were run to serve as comparison with the estimated results from the OK method. Descriptive statistics for the OK method along with those for the ID, NN, and drill hole composites for gold and silver are shown in Tables 14-18 and 14-19, respectively.

Table 14-18: Gold Model Descriptive Statistical Comparison

Gold Model Descriptive Statistics						
Domain	Count	Min	Max	Mean	Std. Dev.	COV
Name	n	gpt	gpt	gpt	gpt	
Composite	4094	0.0003	12.5	0.280	0.602	2.15
ID	562277	0.0003	5.694	0.161	0.234	1.46
OK	562288	0.0003	5.693	0.158	0.213	1.34
NN*	562277	0.0003	50.816	0.154	0.535	3.48

*NN Models Estimated on Uncapped Composites

Table 14-19: Silver Model Descriptive Statistical Comparison

Silver Model Descriptive Statistics						
Domain	Count	Min	Max	Mean	Std. Dev.	COV
Name	n	gpt	gpt	gpt	gpt	
Composite	4094	0.03	294.0	11.2	35.2	3.14
ID2.5	562277	0.05	290.0	9.2	17.6	1.91
OK	562277	0.05	290.0	9.8	16.0	1.81
NN*	562277	0.02	2890.3	10.6	49.0	4.61

*NN Models Estimated on Uncapped Composites

The overall reduction of the maximum, mean, standard deviation, and coefficient of variation within the OK and ID models represent an appropriate amount of smoothing to account for the point to block volume variance relationship. This is confirmed in Figure 14-16 comparing the cumulative frequency plots of each of the models and drill hole composites. The cumulative frequency plot also indicated that the blocks are slightly diluted, as expected with a single indicator approach.

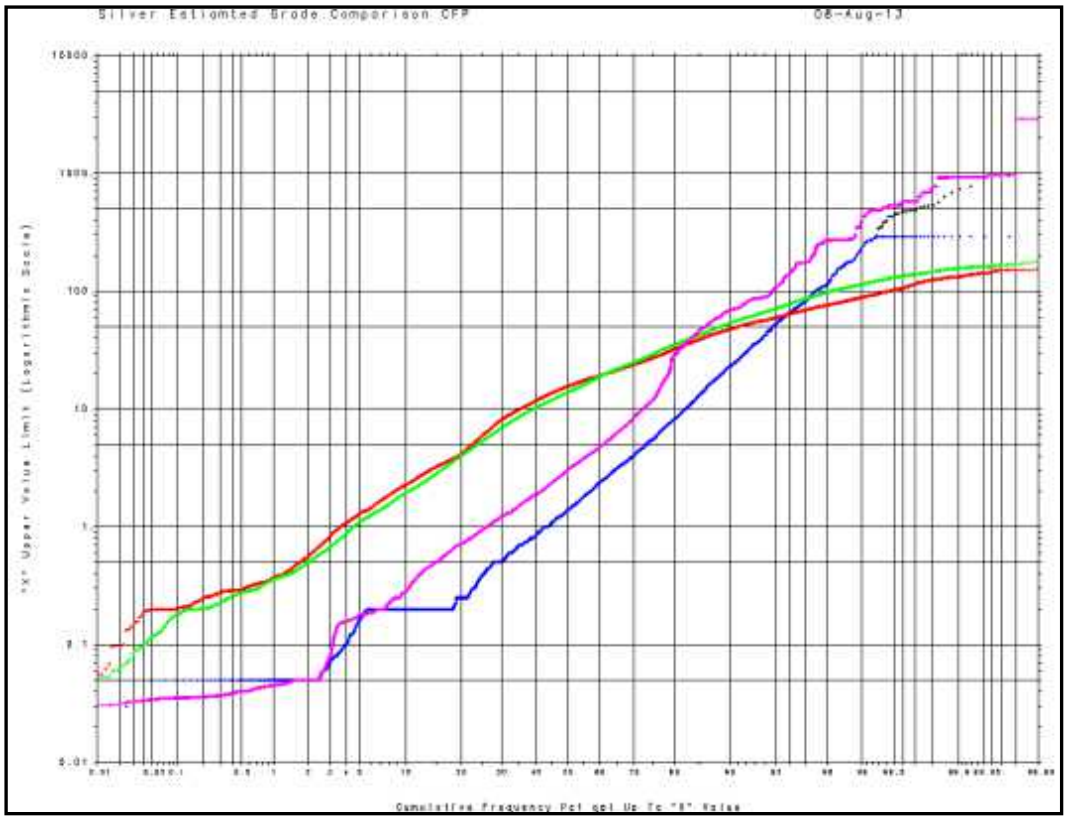


Figure 14-15: Cumulative Frequency Plot - Model Comparison
(Composites – Black, Capped Composites – Blue, NN – Magenta, ID – Green, OK – Red)

14.2.12.2 Swath Plots

Swath plots were generated to compare average estimated gold and silver grade from the OK method to the two validation model methods (ID and NN). The results from the OK model, plus those for the validation ID model method are compared using the swath plot to the distribution derived from the NN model.

Four swath plots were generated: Figure 14-17 shows average gold grade from west to east; Figure 14-18 shows average gold grade from south to north, Figure 14-19 shows average silver grade from west to east; and Figure 14-20 shows average silver grade from south to north.



Figure 14-16: Easting Gold Swath Plot

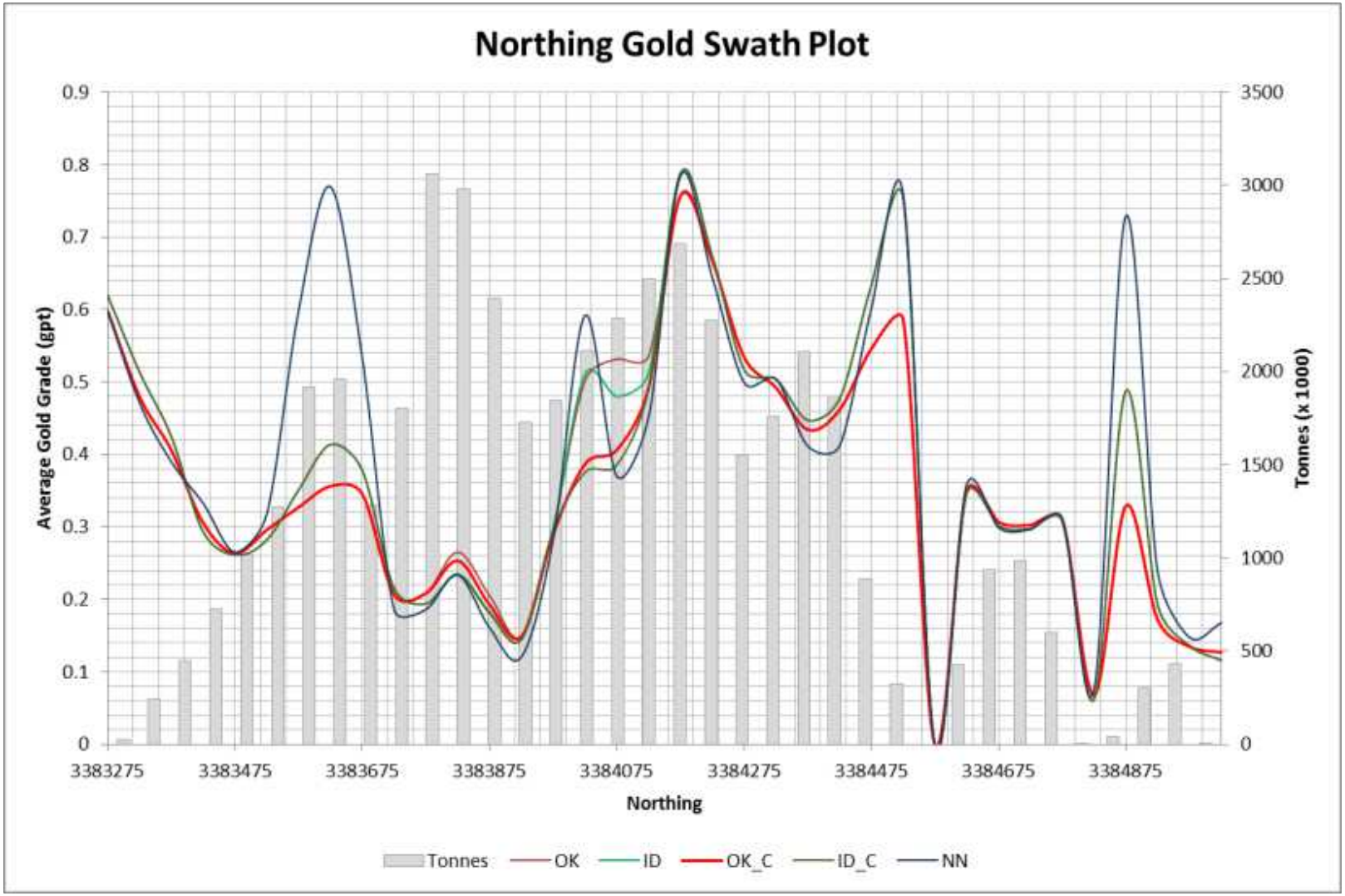


Figure 14-17: Northing Gold Swath Plot

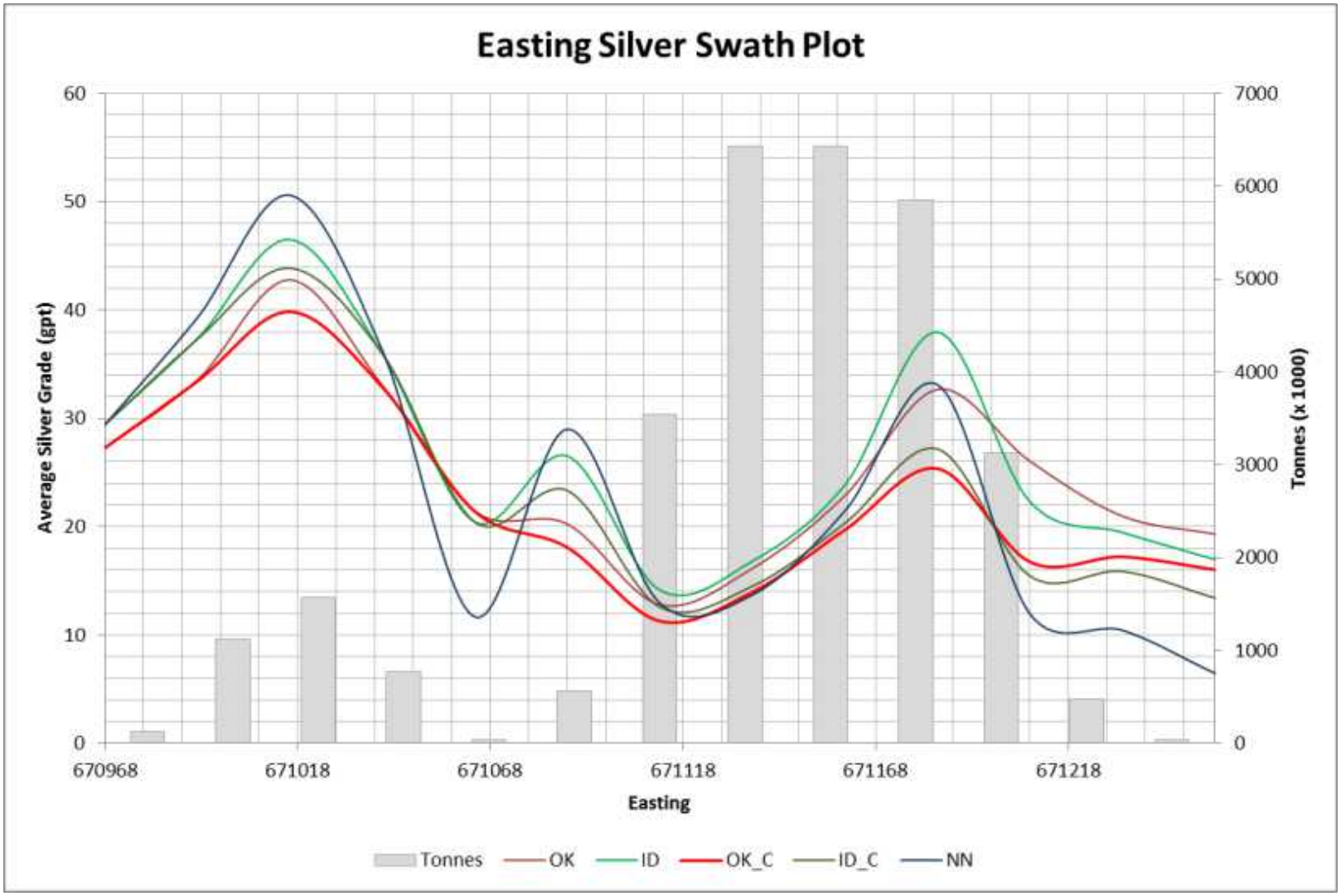


Figure 14-18: Easting Silver Swath Plot

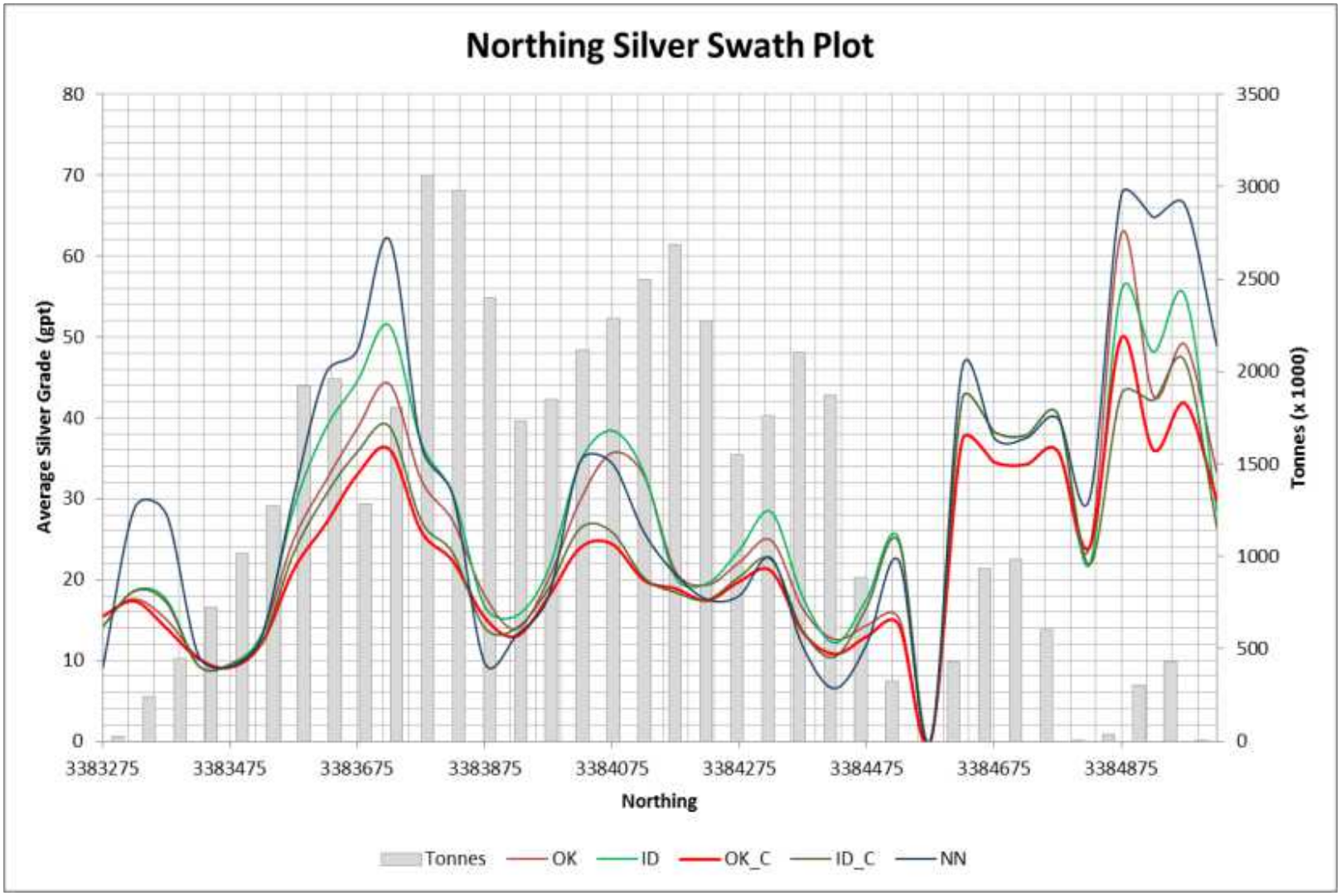


Figure 14-19: Northing Silver Swath Plot

On a local scale, the nearest neighbor model does not provide a reliable estimate of grade, but on a much larger scale, it represents an unbiased estimation of the grade distribution based on the total data set. Therefore, if OK model is unbiased, the grade trends may show local fluctuations on a swath plot, but the overall trend should be similar to the distribution of grade from the nearest neighbor.

Overall, there is good correlation between the grade models, although deviations occur near the edges of the deposit and in areas where the density of drilling is less and material is classified as Inferred resources.

14.2.12.3 Sectional Inspection

Bench plans, cross-sections, and long sections comparing modeled grades to the 2-meter composites were evaluated. Cross sections displaying silver equivalent calculated at 60:1, silver, and gold estimated grades are shown in Figures 14-20 through 14-22. The figures show good agreement between modeled grades and the composite grades. In addition, the modeled blocks display continuity of grades along strike and down dip.

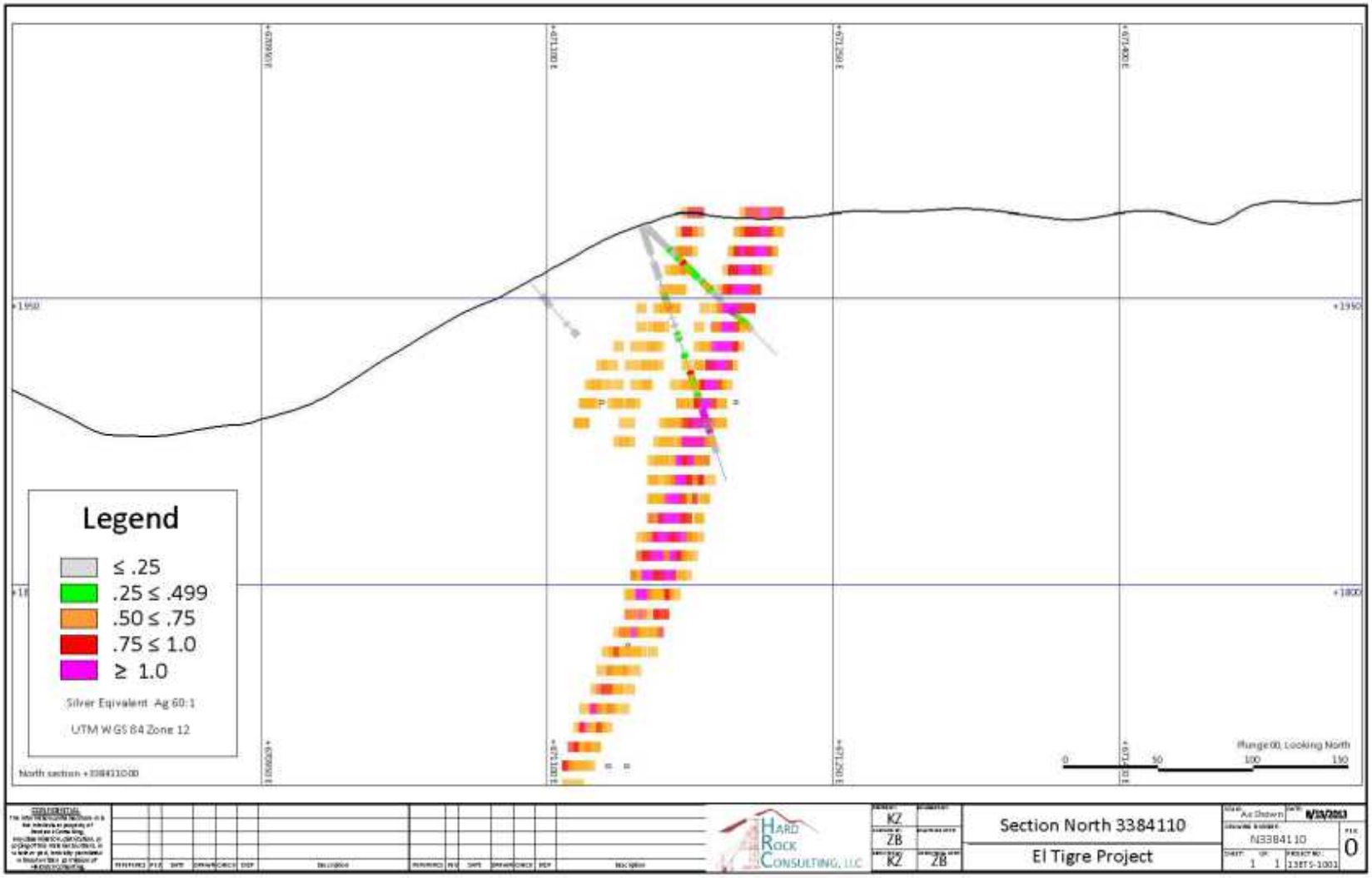


Figure 14-20: Silver Equivalent 60:1 Cross Section at 3384055 North

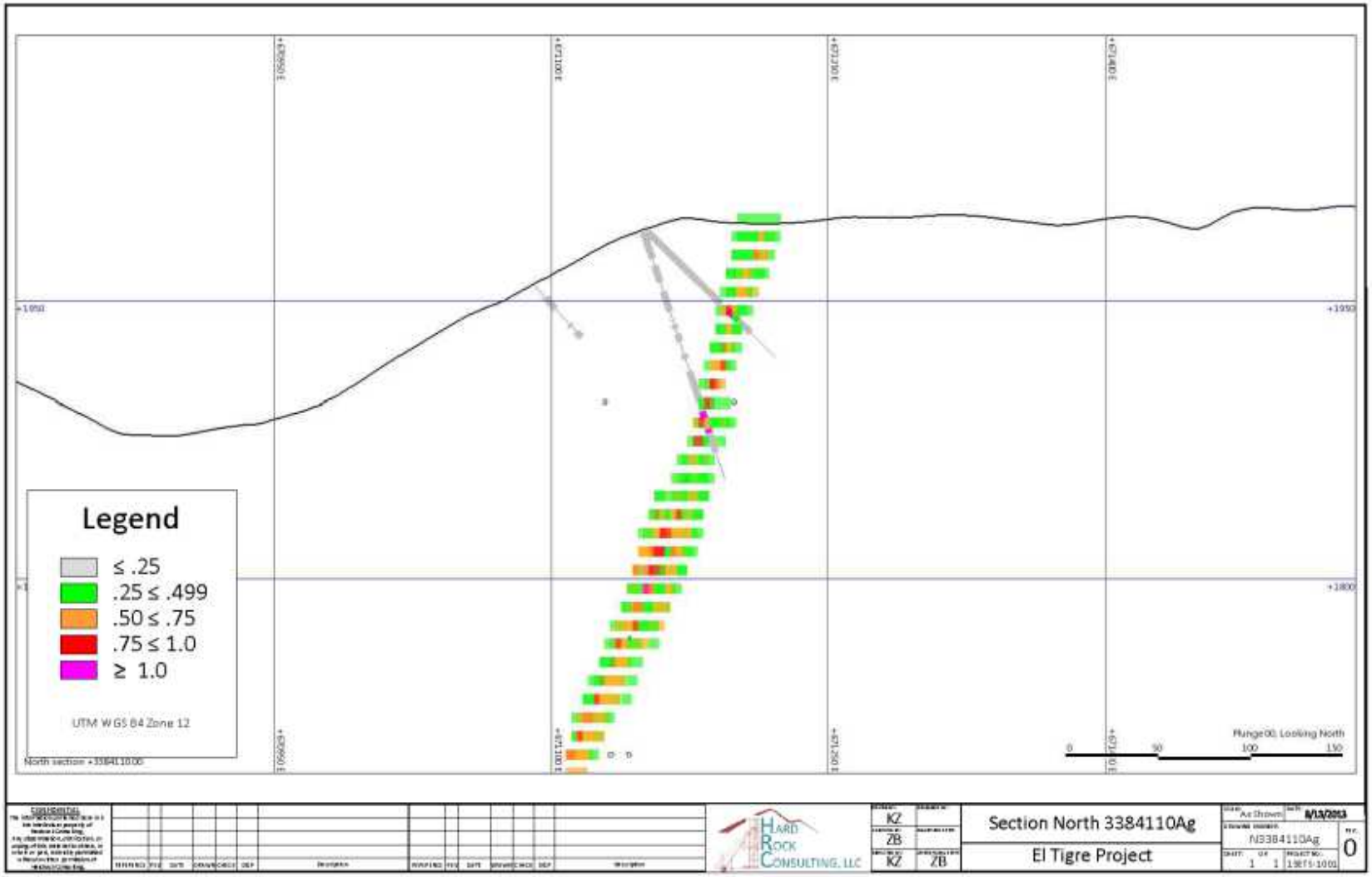


Figure 14-21: Silver Cross Section at 3384055 North

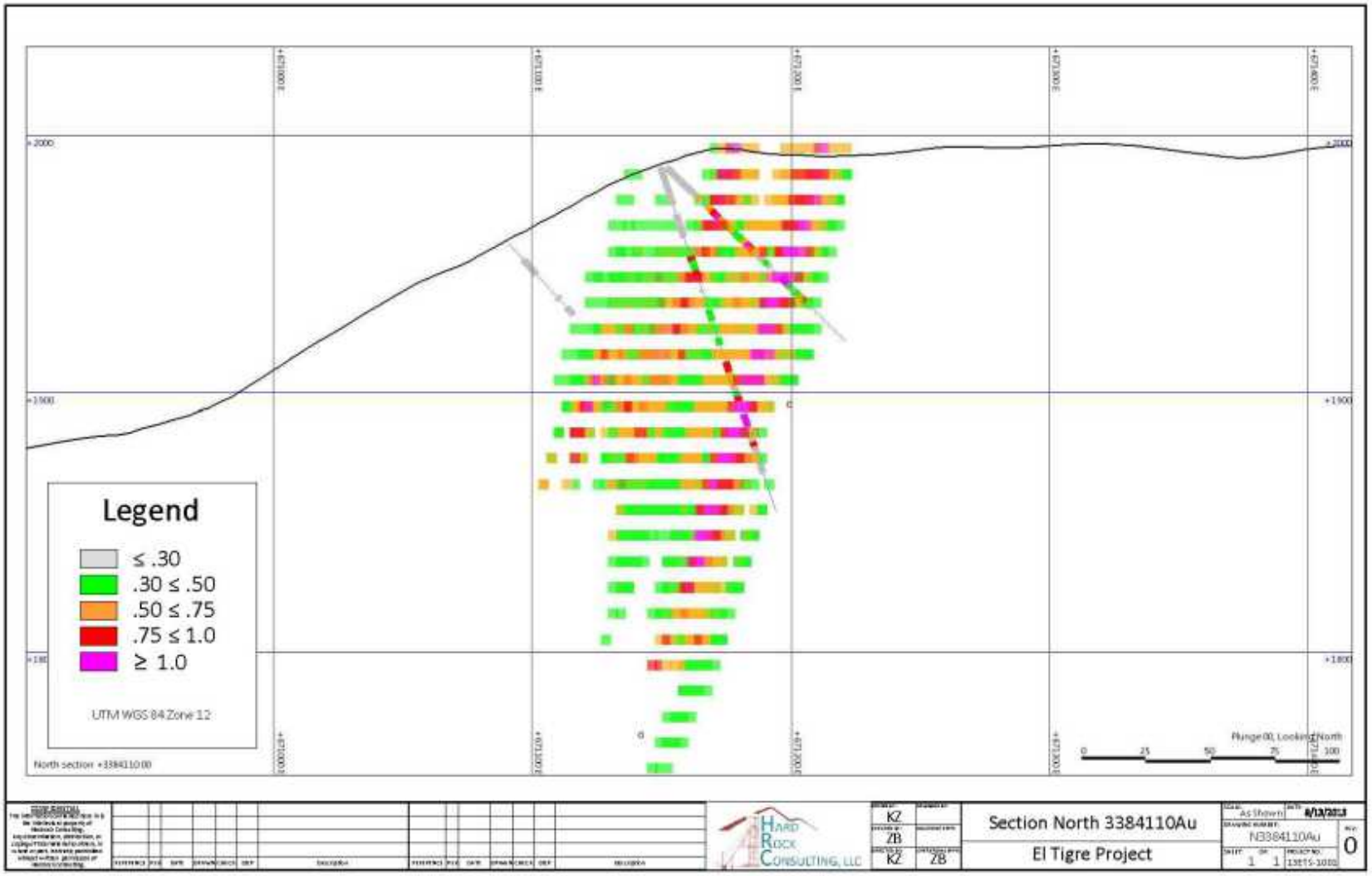


Figure 14-22: Gold Cross Section at 3384055 North

14.2.13 Mineral Resources

The mineral resource estimate for El Tigre in-situ material is summarized in Table 14-20. This mineral resource estimate includes all drill data obtained as of June 1, 2013, and has been independently verified by HRC. Mineral resources are not mineral reserves and may be materially affected by environmental, permitting, legal, socio-economic, political, or other factors. In Table 14-20, mineral resources are reported above a silver equivalent cut-off, assuming a three year trailing average gold to silver ratio of 60:1. The silver equivalent was calculated using the equation as follows:

$$Ageq = Ag(gpt) + Au(gpt) * 60$$

Table 14-20: Mineral Resource Statement for the El Tigre Silver Project

Indicated Resources							
Cutoff	Tonnage	AgEq	Ag	Au	Contained Metal (ounces) (x1000)		
					AgEq	Ag	Au
gpt	Tonnes(x1000)	gpt	gpt	gpt	t. oz.	t. oz.	t. oz.
100	1,500	126.4	67.6	0.980	6,097	3,259	47
75	4,203	99.8	53.6	0.771	13,486	7,241	104
50	**9,875**	**77.8**	**39.7**	**0.630**	**24,713**	**12,614**	**200**
30	15,538	63.6	32.4	0.527	31,794	16,202	263
Inferred Resources							
100	516	122.0	63.8	0.974	2,024	1,058	16
75	2,322	92.0	49	0.719	6,868	3,658	54
50	**7,042**	**71.0**	**36.1**	**0.589**	**16,075**	**8,173**	**133**
30	13,520	56.0	26.4	0.493	24,342	11,476	214

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
(2) A 50 g/t Ag Equivalent cut-off base case is applied.
(3) Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
(4) Gold Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the gold equivalent calculation.

15 Mineral Reserve Estimate

The Prefeasibility Study demonstrates the reprocessing of tailings portion of El Tigre is economically viable, therefore measured and indicated mineral resources within the tailings impoundment are considered Proven and Probable Reserves. No Reserves are estimated for the in-situ portion of the project at this time. The final reserves are reported using a 40 gpt Ag Equivalent cut-off which includes all the measured and indicated material inside the tailings impoundment. The portion of the tails that was classified as inferred resource was assumed to be set aside as waste in a stockpile.

15.1.1 Calculation Parameters

The mineral reserve estimate for El Tigre is based on mining the historic tailings and reprocessing the tailings by conventional mill and agitated cyanide leach methods. The mine plan is based on sequentially moving the tails from their current location to the plant site. The mine schedule is designed to progress from the upper levels of the current tailings impoundment to the bottom in 3 meter benches. Since the tailings impoundment is on the surface, there was no requirement to consider geotechnical, hydrological or other parameters in designing the mining production and surface operations.

15.1.2 Mineral Reserve Estimate

Proven and Probable Reserves of 1,294,000 tons at a grade of 83.0 gpt Ag and 0.279 gpt Au are contained within the mineral resource estimate on the tailings impoundment for a total of 4,151,000 AgEq oz of contained metal in the final reserves. Table 15-1 shows the contained reserves by classification category. At this time there are no known mining, metallurgical, infrastructure and permitting factors that could material affect the mineral reserves.

Table 15-1: El Tigre Mineral Reserves Estimate

Classification	Tonnes[2]	Ag Eq[4]	Ag	Au	Contained Metal (x 000)[2]		
					Ag Eq[4]	Ag	Au
	(x 000)	gpt	gpt	gpt	t. oz.	t. oz.	t. oz.
Proven[1],[3]	855	101.3	84.2	0.285	2,786	2,316	7.834
Probable[1],[3]	439	96.7	80.6	0.267	1,364	1,138	3.773
Proven + Probable	1,294	99.8	83.0	0.279	4,151	3,454	11.607

*Notes:
[1])Proven and probable reserves are based on assumed silver and gold prices of US$25/oz. and US$1,289/oz. respectively, on metallurgical recoveries for gold and silver of 93% and 78%, and on mining, processing and G&A cost of US$29.30 per tonne processed.
[2] Mineral reserve tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
[3]All reserves are stated above a 40 gpt Ag Equivalent cut-off
[4]Silver Equivalent stated using a ratio of 60:1 and ounces calculated using the following conversion rate: 1 troy ounce = 31.1035 grams. Metallurgical recoveries are not accounted for in the silver equivalent calculation.

15.1.3 Cuttoff Grade Equations

The mineral reserve estimate for the Tailings impoundment is based on surface excavation and drilling of the tailings impoundment. The calculated cutoff grade was based on assumed silver and gold prices of US$25/oz and US$1,289/oz respectively, and is shown in Table 15-2.

Table 15-2: El Tigre Cutoff Grade Calculation Parameters

Tailings Impoundment		
Economic Cutoff @		**$ 25.00**
Cost Center		
Mining	$/ore tonne	0.90
Processing	$/ore tonne	22.96
G&A	$/ore tonne	5.76
Reclamation Costs	$/ore tonne	0.36
Royalties @ 4%	Net of Costs	1.62
Shipping/Refining	$/ore tonne	3.85
Gold Credit	$/ore tonne	(10.47)
Total Cost	$/ore tonne	24.98
Recovery, Ag		78%
Silver Selling Cost	$/oz Ag	25.00
Cutoff Grade	**gpt**	**39.80**

16 MINING METHODS

16.1 Mining Design and Plans

For the tailings portion of El Tigre, the plan for mining involves moving materials that have been previously ground to sand consistency and subsequently placed on the ground surface. There is no overburden which would require stripping covering the tailings pile, and no drilling or blasting is planned for the mining.

The tailings pile is planned to be moved from its current site to the planned location of the processing plant. The method of material transport evaluated for this study is surface mining using a loader-backhoe and single 20 tonne dump truck. The dump truck would transport the material to be processed to the plant site and the loader-backhoe would transport waste to stockpile in the area of the current tailings. This scenario assumes that the operator owns, operates, and maintains all equipment.

Since the tailings pile is on the surface, there was no requirement to consider geotechnical, hydrological or other parameters in designing the mining production and surface operations. Equipment has been selected such that periodic scarifying could be undertaken if needed.

Ore production is planned at a nominal rate of 400 tonnes per day ("tpd"), equivalent to 136,000 tonnes per annum, to match the throughput of the plant. Mining and processing are planned to last approximately 10 years, and dilution was projected to be de-minimus. Mining is planned on a 7 day per week schedule, with one shift per day. Peak ore and waste production is estimated to be 667 tpd in the second to the last year. The average life of mine waste to ore ratio is 0.22:1.

16.2 Mine Layout

The mine plan is based on sequentially moving the tails from their current location to the plant site, an average distance of approximately 0.75 kilometers. The portion of the tails that was classified as inferred resource was assumed to be set aside as waste in a stockpile. The mining is designed to progress from the upper levels of the current tailings pile to the bottom in 3 meter benches. The mine plan layout is shown in Figure 16-1.



Figure 16-1: Mine and Facilities Plan Layout

16.3 Pre-Production

The preproduction requirements for the tailings area are minimal given the presence of local roads leading to and from the tailings pile and the existence of mineable grade material at ground surface. HRC concludes there is no additional work needed in the direct vicinity of the tailings to begin operations.

16.4 Mining and Mobile Equipment

A single, 1 cubic meter loader-backhoe can operate 7 days per week on a one-shift basis, loading a single 10.7 cubic meter dump truck for transfer of the material to the plant site in order to achieve the production requirements. HRC's economic model incorporates equipment productivity calculations in order to establish equipment numbers, hours, and operating costs for each mining area of the tailings pile. HRC used this data and cost information from the 2013 version of InfoMine's Cost Mine Data service as well as from other known local mining operations to determine operating and capital costs associated with load-haul operations.

A list of the mine equipment fleet for these surface operations is shown in Table 16-1.

Table 16-1 Equipment Requirements for Tailings Reprocessing

Mine Capital for 400 tpd	*Units*	*Quantity*
Backhoe Loader	Ea	1
Dump Truck	Ea	1
Bulldozer, 2.4 m blade	Ea	1
Motor Grader, 3.7 m blade	Ea	1
Service Truck, fuel/lubrication	Ea	1

16.5 Production Schedule

The mine production schedule is shown in Table 16-2. The production schedule provides the basis for equipment operating hours, manpower requirements, and costs.

Table 16-2: Tailings Yearly Production Schedule

Production Schedule Based on 400 TPD of Tailings Mined										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Ore Tonnes	77,680	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	128,300
Waste Tonnes	0	0	1,365	13,435	0	32,069	52,799	79,687	90,723	17,845
Ag Ounces	255,302	378,424	362,585	359,755	356,111	347,602	340,671	347,235	369,204	337,491
Au Ounces	914	1,315	1,221	1,196	1,174	1,134	1,104	1,149	1,260	1,140

16.6 Mining Manpower

The projected manpower required for the base case operations to transfer tailings to the plant site is shown in Table 16-3.

Table 16-3: Mining Manpower Requirements

Mine Manpower Requirements	*Phase 1 - 200 tpd Personnel*	*Phase 2 - 400 tpd Personnel*
Loader/Truck Operator	1	2
Pit Helper	1	1
Total	2	3

17 RECOVERY METHODS

17.1 Process Description

Silver grade distribution and the results of preliminary mineral processing tests indicate that ore from the tailings may be effectively processed by conventional mill and agitated cyanide leach methods. Material from the historical tailings pile is planned to be processed using a 400 tpd mill and cyanide agitation circuit. After the agitated cyanide circuit, processed ore would be sent to a tailings impoundment located in an area near the mill.

From a patio at the mill, a loader-backhoe would load ore into a hopper installed immediately upstream of the 400 tpd mill.

After milling, the ores would flow to agitator tanks where cyanide solution would be added for the leaching process. Leach solution would then report to a Merrill-Crowe circuit where zinc oxide would be added to tie up the precious metals. The precipitate from this circuit would pass to a pressure filter for solid/liquid separation. The filter cake would be melted in a furnace, and a doré containing silver and gold produced.

Barren solution would be added both at the mill and at the agitated cyanide leach tanks. Pregnant solutions are planned to be treated in a Merrill-Crowe circuit and would be subject to the following unit processes:

- Zinc Oxide addition tank
- Pressure filtration
- Refinery
- Reagent recharge/mixing and storage

The zinc oxide addition facility would be located in a building that also houses a control room, the furnace for refining, and storage of doré produced.

A block flow diagram of mine processing procedures is presented as Figure 17-1 and the locations of the processing facilities at the plant site are shown in Figure 17-2.

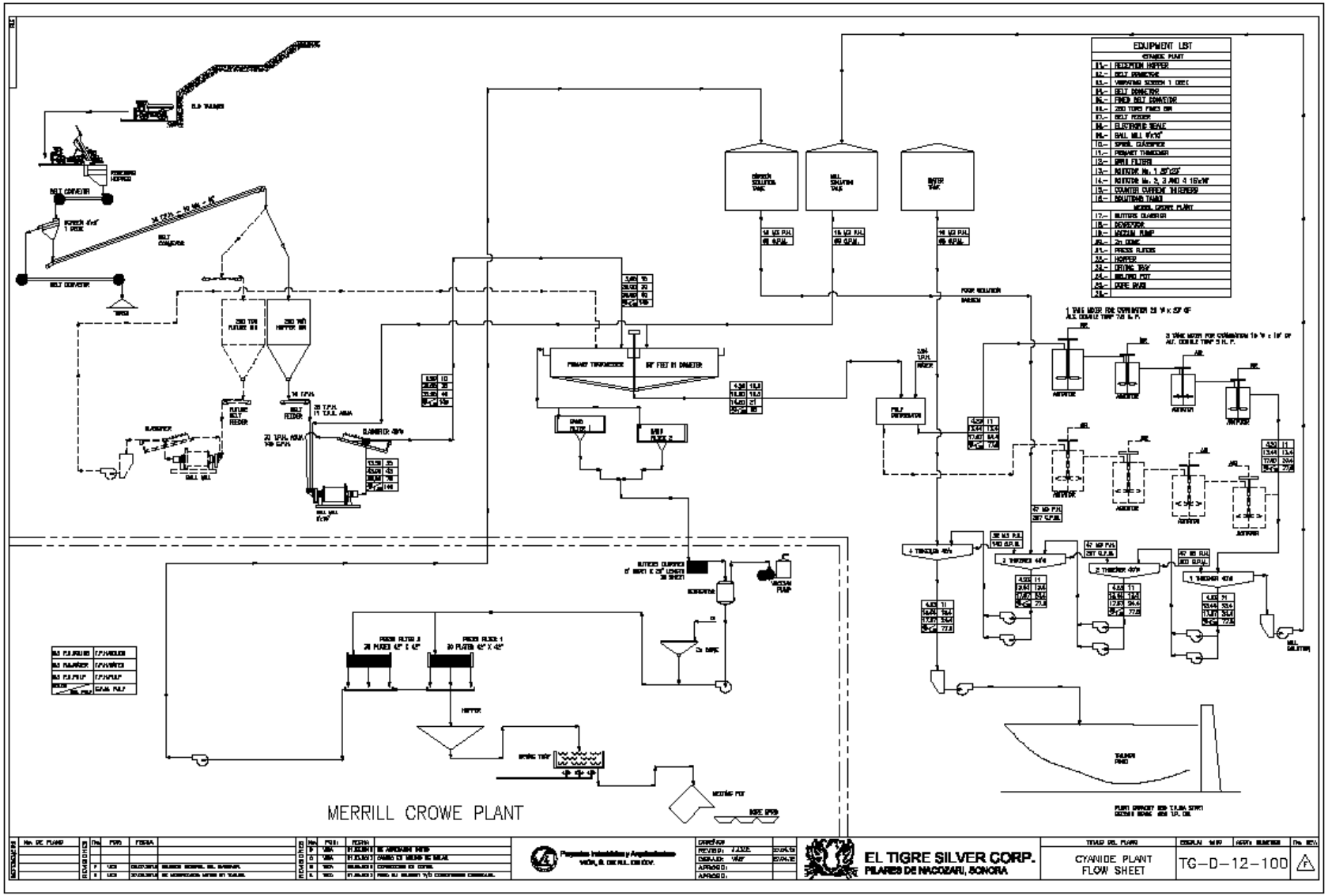


Figure 17-1: Process Flow Diagram

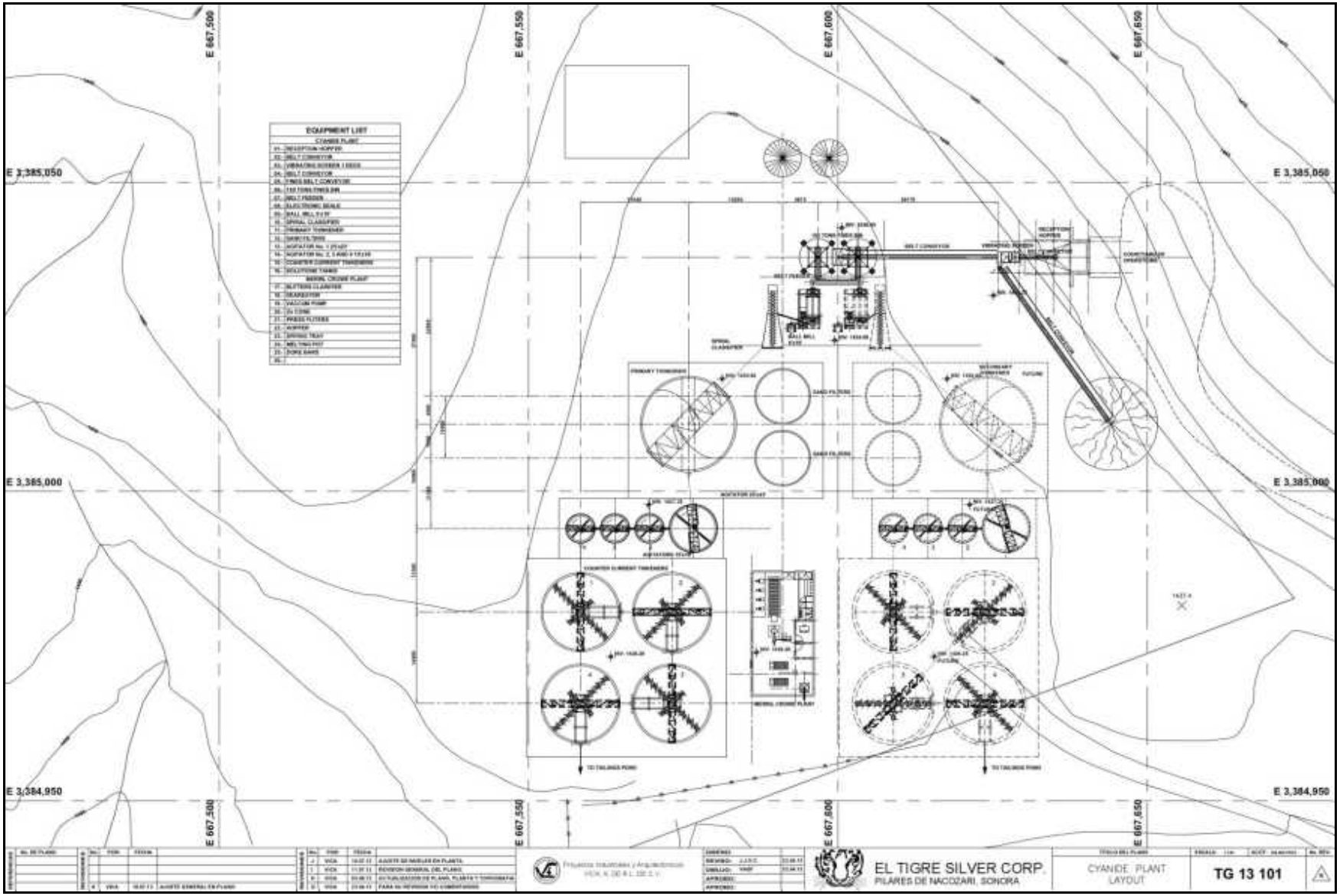


Figure 17-2: Plant Layout

17.2 Process Equipment and Facilities

The equipment and facilities necessary to process the planned throughput was estimated from the design parameters and from HRC's experience with similar mining and processing operations. Capital costs were projected from cost information in the 2013 version of InfoMine's Cost Mine Data service as well as from other known local mining operations. Operating costs associated with the planned equipment and facilities was determined from the same sources and from the planned operating parameters of El Tigre.

The projected processing capital expenditures for a 400 tpd plant are listed in Table 17-1.

Table 17-1: Requirements for Processing Plant Equipment and Facilities

	Phase 1 - 200 tpd		*Phase 2 - 400 tpd*	
Plant Capital for 400 tpd	***Units***	***Quantity***	***Units***	***Quantity***
Land Preparation	Lump Sum	1	Lump Sum	1
Hopper/Apron Feeder System	Ea	1	Ea	-
Screening/Transfer	Ea	1	Ea	-
Fine Ore Bin	Ea	1	Ea	1
Mill Area	Ea	1	Ea	1
Primary Thickener	Ea	1	Ea	1
Agitators Area	Ea	4	Ea	4
Secondary Thickener	Ea	4	Ea	4
Roofs	Lump Sum	2	Lump Sum	2
Sand Filters	Ea	2	Ea	-
Precipitation	Lump Sum		Lump Sum	
Pipes	Lump Sum	1	Lump Sum	1
Electric System	Lump Sum	1	Lump Sum	1
Tailings Pond	Lump Sum	1	Lump Sum	1
Backhoe Loader	Ea	1	Ea	-
Water Supply	Lump Sum	1	Lump Sum	1
Compressor	Ea	1	Ea	1
Generator (2)	Ea	2	Ea	-
Maintenance Shop Container (2)	Ea	2	Ea	-
Fence, Plant Site	Lump Sum	1	Lump Sum	-
Laboratory Building	Lump Sum	1	Ea	-
Laboratory Equipment	Lump Sum	1	Lump Sum	-
Supervision	Lump Sum	1	Lump Sum	-
Permits	Lump Sum	1	Lump Sum	-

17.3 Key Process Consumables

HRC projected the consumables for the mill and agitated leach circuit in its economic model. Power is projected to be the number one consumable, and a 400 kw generator is required to supply sufficient power for the plant and ancillary facilities. It would run continuously except for days of no operations, and is expected to cost around $5.60/tonne of ore.

Water requirements for the processing plant have been calculated to be approximately 278 liters per minute, and are expected to be provided from historic workings at El Tigre and from water rights to a local spring. Consumption for the major reagents predicted by the metallurgical test work indicates the following:

Table 17-2 Estimated Reagent Consumption

Reagent	Consumption
CYANIDE	2.438 kgs/tn ore
ZINC OXIDE	50 mg/l pregnant solution
LIME	0.99 kgs/tn ore

17.4 Process Manpower

The projected manpower required for the Base Case operations to process the tailings in the plant is shown in Table17-3.

Table 17-3: Processing Manpower Requirements

Plant Manpower Requirements	*Phase 1 - 200 tpd Personnel*	*Phase 2 - 400 tpd Personnel*
Shift Foreman	4	4
Coarse Ore Bin, Operator	2	4
Milling, Operator	4	4
Leach Tank, Operator	4	4
Precipitation, Operator	4	4
Plant Cleanup Laborer	4	4
Tailings Storage Laborer	3	3
Furnace Room Operator	2	2
Backhoe Operator	2	2
Maintenance Mechanic	1	1
Maintenance Helper	1	1
Welder	1	2
Welder Helper	1	2
Assayer	1	1
Assayer Helper	1	1
Plant Clerk	1	1
Plant Assistant	1	1
Total	37	41

18 PROJECT INFRASTRUCTURE

18.1 Access and Regional Transportation

Access to the El Tigre property is provided by 45 miles of dirt road from the town of Esqueda. Much of the road from Esqueda is intermittently maintained by local ranchers on either side of the lake. Alternate access routes include a crossing at the Lake Angostura dam to the south, or at Colonio Morelles to the north, though this northern alternate route is only viable when the Rio Bavispe is low or dry. In addition, there are backup crossings at La Playa and Fresno ranch.

Access during the monsoon season is periodically hindered by flash floods, which during the rainy season have washed out sections of road and generally caused very rough road conditions.

The last 5 kilometers of road leading to the property is steep but traversable, and road improvements have been completed in several places to allow safe passage of drilling and support equipment. Improvements included grading, widening the road in a few spots, adding minor fill in a few locations, and installing some ditches and water bars. Although the area is dry most of the year, provisions for drainage during the monsoon period are employed in order to maintain the road surface for long term use.

18.2 Site Transportation

The roads to move around the property, to transport tailings to the plant site and to deliver fuel and supplies to the working areas largely exist. They are to be expanded, to have berms added where needed and to have water drainage channels added. In addition, there would be a new section constructed with the dozer and grader to extend the road above the tailings pile up to the plant site. These upgrades would be made at the beginning of the site preparation activities during the construction phase.

18.3 Other Project Infrastructure

The infrastructure for El Tigre is planned to be consistent with capital investments in projects of similar extent and scope in the area, with facilities being scoped to provide the basic functional necessities and with constraint as to cost. The El Tigre plan anticipates constructing various needed facilities around the site to support operations, such as surface piping to deliver 278 liters/minute of water to the plant and 60 liters/minute to all other areas of El Tigre, a barracks-like camp with related utilities and sanitation facilities for staff, and a leveled and fenced area for warehousing and administration including mobile office structures. HRC and its associates estimated the extent and costs of these facilities from local market factors and included the costs in the appropriate processing plant or general & administrative capital categories.

18.3.1 Tailings Impoundment

The final storage of the tailings from the El Tigre Tailings Operations is planned to be in an impoundment constructed near to and northwest of the plant site. It would be a structure designed in compliance with SEMARNAT standards and sized to contain at least 1.3 million tonnes of material and would contain water decanting equipment to recapture reusable mill fluids and to pump them back to the plant. The costs were estimated from experience with similar facilities in mining projects in Mexico.

18.3.2 Mined Material Storage

As tailings are mined from the historic tailings pile and transferred to the plant site, they are planned to be stored on a pad at the beginning of the mill circuit. The pad is designed to be a leveled area of a size sufficient to store a few days' worth of production at full scale operations. As the mill operates, the tailings stored in this stockpile would be loaded into the circuit to maintain a steady feed rate.

18.3.3 Power

Since there is no electricity service to the site from the regional grid, power would need to be generated on site with diesel generators. Two 400 kw portable generators, with fuel storage, are planned to be utilized to generate all electricity needs for El Tigre. One generator would be in operation at all times, and one would be on standby. The generators would be centrally placed at the plant site, with power distribution from there to the plant and its circuits, the pumping equipment at the tailings impoundment, the warehouse area, the laboratory, the man-camp and the administration office.

18.3.4 Office, Warehousing, Security, Laboratory

The office facilities at the tailings reprocessing area of El Tigre are planned to be very simple, utilizing 3 containers to set up small offices, complete with power, temperature control and furnishings, for the general manager, administrative staff and accounting.

The plan for warehousing facilities is to utilize 3 containers for a small office and for storage of high value parts for the plant and mobile equipment. There would also be an outside laydown area for larger consumables and supplies and components, all protected by fencing and under the management of the Purchasing Department. Logistics would be provided by vendors or contracted carriers for delivery of needed supplies and parts to the project warehousing facilities.

Security would be provided by fencing around the plant and around the tailings impoundment. Since the reprocessing of the tailings is planned to be a modest operation, monitoring of ingress and egress would fall under the responsibility of administrative staff to monitor.

A small 70 square meter building to house the equipment for assaying would need to be built, complete with heating/cooling to maintain working conditions.

18.3.5 Water

There are two sources of water available at El Tigre – one is the historical underground mine access at the number 7 Level and the other is a local spring. It is expected that water from the underground mine location, which is currently available for operations, would be sufficient for the requirements to reprocess the tailings material at El Tigre, with the spring acting as a backup or augmenting supply. Potable water would be obtained at the spring and treated on-site for human consumption or for living requirements.

18.3.6 Fuel Storage

Diesel and gas storage will consist of two tanks, delivery pumps, and a containment berm at the plant site. Propane will be used to heat the office, the warehouse/laboratory, the maintenance shop, and the process building. Propane tanks

will be installed at each location and the tanks and associated piping and valves have been included in the capital costs.

19 MARKET STUDIES AND CONTRACTS

19.1 Market for Metals

The precious metals market is open and liquid. When products are refined to final product, they are immediately sellable into the market at then currently quoted prices. ETS does not at this time have any forward sales of silver or gold, nor does it have any hedging programs in place. ETS anticipates making sales of silver and gold through the refiner it eventually chooses.

19.2 Contracts

At this time, the Company has not entered into any contracts with contractors to build its processing facilities at El Tigre. Once a decision to construct is approved, ETS anticipates working with their advisors to schedule and complete the development of the mine through local contractors who have experience with plants similar to El Tigre's planned facilities.

The contract terms for the final refining of precious metals are fairly standard, and transportation of metal containing intermediate products, such as doré, would be arranged with experienced armored carriers on a periodic scheduled basis for delivery to the refiner chosen.

20 Environmental Liabilities

During preparation of this report, ETS identified current potential environmental liabilities, as follows:

1. Any new surface disturbances for roads, processing facilities, or buildings will need to be reclaimed.
2. The planned tailings impoundment will need to be reclaimed.
3. Any new disturbance in the area of the tailings to be mined will need to be reclaimed after mining is competed.

Necessary reclamation actions are planned to be undertaken by ETS to mitigate the above identified disturbances during or following the tailings operation, as well as to take appropriate actions to avoid environmental impacts during operations.

20.1 Tailings Area Remediation

The current tailings pile is planned to be mined, processed and placed onto a new tailings impoundment. The area that the old tailings occupied would then be contoured and recovered to proper standards at the end of the mining operation.

Remediation of the new tailings dam is to take place at the end of the reprocessing of the tailings and would consist of covering the entire surface of the dam with a layer of topsoil, water diversion away from the dam, and revegetation with indigenous flora of the region.

20.2 Remediation of the Operating Area

The disturbance for new roads, the processing plant and ancillary facilities, the infrastructure and the buildings and surface storage areas are scheduled to be reclaimed at the end of all operations. The lands would be contoured and reseeded. Structures would be dismantled and disposed of. Infrastructure would be removed or buried. Fencing would be removed and discarded.

20.3 Permitting

As of the effective date of this report, El Tigre Silver had or had in-process all the permits and registrations required to operate the tailings reprocessing as shown in Table 20-1. As of the subsequent receipt of the Authorization by the SEMARNAT on the 17th of July, 2013, all but one of the permits had been received. The final release letter from the Archeological Society (Instituto Nacional de Antropología e Historia) for documentation is anticipated soon.

Table 20-1: Permits Required for Full Scale Mining in Mexico

Permit	Agency	Status
Environmental Impact Statement DTU (MIA+ETJ)	SEMARNAT	In-process at effective date*
Land Use Change	SEMARNAT	In-process at effective date*
- Local Zoning for Tailings Dam	SEMARNAT	In-process at effective date*
- Contract for Land Use	Landowner	Contract dated September 6, 2011
Water Use Registry	CONAGUA	Registration In Process
- Water Rights Permit		Water owned by El Tigre Silver
Construction Permit	Local Government	In-process at effective date*
Mill Construction Permit	SEMARNAT	In-process at effective date*
Explosives Purchase and Use Permit (Expansion) - Permit No. 4042	Secretaria de la Defense Nacional (SEDENA)	Not Required or Needed
Archeological Release Letter	National institute of Archeology and History (INAH)	In Process

* - On July 17, 2013, SEMARNAT issued its Authorization to proceed on the El Tigre Silver Project – Tailing Reprocessing) approving the Environmental Impact Statement, the Change of Land Use, and the Local Zoning for the Tailings Impoundment, and b) granting the Permit to Operate, and the Mill Construction Permit. Information and a copy of the SEMARNAT Authorization was provided by El Tigre Silver (July 23, 2013).

21 Capital and Operating Costs

21.1 Tailings Project Capital ("CAPEX")

El Tigre is planned to be developed over an eleven month period, with site clearing and road construction occurring in the first two months, with foundation and civil work carried out in the next 3 months, and with plant and lab equipment placement and integration of all facilities completed in the final 6 months. The mineral resource estimate in this report was based on drilling and analysis completed through the Spring 2013 drilling program.

Environmental and operating permits are expected to be acquired before the conclusion of the construction phase. Detailed engineering and design, along with procurement of long-lead equipment, would proceed in parallel with these permitting efforts. Weather in this area of Mexico is not expected to be an impediment to development of El Tigre.

The capital cost estimate for El Tigre development was prepared from known costs of recently completed, similarly sized plants in the general area of El Tigre along with some equipment costs from InfoMine's Cost Mine service.

Cost estimates for the mine production equipment was derived from the Cost Mine service plus an allowance of approximately 25% for importation and transportation to site. Costs for the processing plant and equipment were estimated from costs of similar facilities at mining operations in the general vicinity while the laboratory equipment costs was obtained from a supplier's quote. The costs of general and administrative capital were determined by reference to similar costs in comparable operations, or by provision of an allowance.

A contingency of 15%, which is normal for a prefeasibility study, was applied to all capital items.

Total initial capital cost for El Tigre is summarized in Table 21-1:

Table 21-1: El Tigre Initial Capital Cost Summary

Initial Capital for 400 tpd	*Capital Cost CAD*	*Capital Cost & Contingency CAD*
Mine Capital	$573,400	$659,400
Plant Capital	2,364,300	2,718,900
G & A Capital	166,900	191,900
Working Capital	214,300	246,400
Total	$3,318,900	$3,816,600

El Tigre is expected to generate cash flows in the first 12 months of commencement and ramp-up, which is planned to be used for most of the remaining capital requirements for the full scale operations at 400 tonnes per day. The maximum negative cash flow (maximum investment) projected for the Base Case is $4.011 million. The total capital requirement, including working capital, sustaining capital and reclamation capital, expected to be $6.745 million as shown in Table 21-2:

Table 21-2: El Tigre Initial Capital Cost Summary

Total Project Capital for 400 tpd	*Capital Cost CAD*	*Capital Cost & Contingency CAD*
Mine Capital	$573,400	$659,400
Plant Capital	3,691,100	4,244,700
G & A Capital	166,900	191,900
Working Capital	508,700	585,000
Sustaining Mine Capital	333,600	383,600
Sustaining Project Capital	191,800	220,600
Reclamation Capital	400,000	460,000
Total	$5,865,500	$6,745,200

21.1.1 Mining CAPEX

Capital for the Mining Operations was estimated using 4th quarter 2012 costs for a basic materials transfer operation of the size of 400 tonnes per day of ore, as obtained from the InfoMine Cost Mine service. The capital includes the production equipment and the support equipment necessary for an operation of this size and scope.

Table 21-3: El Tigre Mining Capital Cost Estimate

Mine Capital for 400 tpd	*Capital Cost USD*	*Capital Cost @ 1.00:1 USD:CAD*
Backhoe Loader	$96,000	$96,000
Dump Truck	158,600	158,600
Bulldozer, 2.4 m blade	119,300	119,300
Motor Grader, 3.7 m blade	125,000	125,000
Service Truck, fuel/lubrication	74,500	74,500
Sub-Total	$573,400	$573,400
Contingency, @ 15%	$86,000	$86,000
Total	$659,400	$659,400

21.1.2 Mill and Agitated Cyanide Leach CAPEX

The mill and agitated cyanide leach plant was designed to be constructed and operated in two phases, the first a 200 tpd phase and the second to expand to 400 tpd, all over the first 12 months of tailings operations. The cost for phase two, the expansion phase, is scheduled to be incurred between the 4th and 9th months of initial operations. The projected capital costs for the mill and agitated cyanide leach plant are provided in Table 21-4:

Table 21-4: El Tigre Mill and Agitated Cyanide Leach Capital Cost Estimate

	Phase 1 - 200 tpd		*Phase 2 -Upgrade*		
Plant Capital for 400 tpd	*Capital Cost USD*	*Capital Cost @ 1.00:1 USD:CAD*	*Capital Cost USD*	*Capital Cost @ 1.00:1 USD:CAD*	*Total Capital Cost CAD*
Land Preparation	$25,200	$25,200	$12,000	$12,000	$37,200
Hopper/Apron Feeder System	30,000	30,000	0	0	30,000
Screening/Transfer	84,000	84,000	0	0	84,000
Fine Ore Bin	86,400	86,400	86,400	86,400	172,800
Mill Area	60,000	60,000	60,000	60,000	120,000
Primary Thickener	112,000	112,000	112,000	112,000	224,000
Agitators Area	255,500	255,500	255,500	255,500	511,000
Secondary Thickener	391,900	391,900	391,900	391,900	783,800
Roofs	80,000	80,000	65,000	65,000	145,000
Sand Filters	60,000	60,000	0	0	60,000
Precipitation	180,000	180,000	25,000	25,000	205,000
Pipes	24,000	24,000	24,000	24,000	48,000
Electric System	180,000	180,000	120,000	120,000	300,000
Tailings Pond	180,000	180,000	100,000	100,000	280,000
Backhoe Loader	96,000	96,000	0	0	96,000
Water Supply	50,000	50,000	50,000	50,000	100,000
Compressor	25,000	25,000	25,000	25,000	50,000
Generator (2)	144,000	144,000	0	0	144,000
Maintenance Shop Container (2)	9,400	9,400	0	0	9,400
Fence, Plant Site	7,200	7,200	0	0	7,200
Laboratory Building	25,700	25,700	0	0	25,700
Laboratory Equipment	60,000	60,000	0	0	60,000
Supervision	138,000	138,000	0	0	138,000
Permits	60,000	60,000	0	0	60,000
Sub-Total	$2,364,300	$2,364,300	$1,326,800	$1,326,800	$3,691,100
Contingency, @ 15%	$354,600	$354,600	$199,000	$199,000	$553,600
Total	$2,718,900	$2,718,900	$1,525,800	$1,525,800	$4,244,700

21.1.3 General and Administrative CAPEX

The administration of the tailings operation is expected to be a basic function, requiring very simple facilities consisting of warehousing, living accommodations, and a general office. The general costs incurred while the El Tigre is under construction are estimated using experience of similar facilities in the area. An allowance for Owner's Costs, general oversight and administrative functions during construction, is included. Estimated general and administrative capital costs are summarized in Table 21-5.

Table 21-5: El Tigre General and Administrative Capital Estimate

General & Administration Capital for 400 tpd	*Capital Cost USD*	*Capital Cost @ 1.00:1 USD:CAD*
Containers-Warehouse (3)	14,100	14,100
Containers-Administration (3)	14,100	14,100
Camp Housing	78,700	78,700
Owner's Costs	60,000	60,000
Sub-Total	166,900	166,900
Contingency, @ 15%	25,000	25,000
T O T A L	191,900	191,900

21.1.4 Working Capital

Working Capital was calculated to be $0.25 million, which represents the amount of expected funding of operating costs in the first 2 months net of collections of revenues from metal sales in the first 2 months. The remaining working capital is expected to be provided by collections of revenues from the sales of silver and gold produced in the normal course of operations. The total amount of projected Working Capital for full-scale operations is projected to be $0.585 million.

21.1.5 Sustaining Mine CAPEX

Projected hours of operations for the mining fleet, including support equipment, were used to schedule major rebuilds. An allowance of 20% of the original acquisition cost was applied for each overhaul. Total Sustaining Mine Capital, with 15% contingency, was projected to be $0.220 million, which is approximately 33% of the original cost.

21.1.6 Sustaining Processing CAPEX

An allowance of 5% per year for mobile equipment, screening equipment, compressors, generators and laboratory equipment was utilized along with an allowance of 1% per year for conveyors and fixed equipment, starting in year 2. Total Sustaining Mine Capital, with 15% contingency, was projected to be $0.384 million, which is approximately 12% of the original cost.

21.1.7 Reclamation CAPEX

HRC and its associates projected an allowance, with 15% contingency, of $0.460 million to reclaim the processing plant site, to reclaim the new tailings impoundment and to remove the administrative facilities and mobile equipment. No credit was taken for salvage value of any of the equipment, and work to reclaim the mining area was projected to be minimal as it would largely be taken care of in managing the mining area. This is approximately 9% of the original asset investments.

21.2 Tailings Impoundment Operating Costs ("OPEX")

Along with the capital for the operations, HRC estimated the cost of operating the tailings reprocessing. Costs were

developed from known operating costs at similar operations in Mexico, or from InfoMine's 2013 Cost Mine service. Consistent with studies of this level, a contingency of 15% was included with all operating costs.

21.2.1 Mining OPEX

Mine operating cost estimates are based on scheduled production, equipment requirements, operating hours, hourly equipment operating costs, and manpower requirements. One 8 hour shift operating 7 days a week would be utilized to mine tailings material using a 1 yard loader-backhoe and a 10 yard dump truck, the smallest production equipment utilized in similar mining locations and sizes. The projected utilization rate for all of the mine fleet ranges from 2% to 11%, allowing the mine equipment to be available for other tasks at the El Tigre, if needed. Equipment operating hours for all mining and support equipment were estimated allowing sufficient time for maintenance and repairs on non-scheduled shifts. Sufficient time has been anticipated for lunch and breaks for employees.

Mining of the tailings impoundment is designed with a 3-meter bench height. No blasting is expected for this material.

The projected manpower and labor costs required for the Base Case operations to transfer tailings to the plant site are shown in Table 21-6. Sufficient time has been anticipated for lunch and breaks for employees.

Table 21-6: Typical Mining Labor Costs

Mine Labor Costs @ 400 tpd	*#*	*Monthly Wage/Salary MxP*	*Payroll Burden @ 41% MxP*	*Annual Cost MxP*	*Annual Cost @ 12.66:1 MxP:CAD*	*Operating Cost CAD/tn*
Loader/Truck Operator	2	21,300	8,700	360,000	28,400	$0.209
Pit Helper	1	5,500	2,300	93,600	7,400	0.054
Sub-Total	3	26,800	11,000	453,600	35,800	$0.263
Contingency, @ 15%				68,000	5,400	$0.040
Total	3	26,800	11,000	521,600	41,200	$0.303

The non-labor mining costs for the Base Case mining activities include projections of materials, fuel, wear parts, tires and lubricants for the loading, hauling and support equipment. InfoMine's Cost Mine Service was used to calculate the mining costs as shown in Table 21-7.

Table 21-7: Typical Non-Labor Costs

Mine Operating Costs @ 400 tpd	*Annual Cost USD*	*Annual Cost @ 1.00:1 USD:CAD*	*Operating Cost CAD/tn*
Maintenance Parts	$4,200	$4,200	$0.031
Fuel	50,800	50,800	0.374
Lubricants	4,400	4,400	0.032
Tires	3,200	3,200	0.024
Wear Parts	3,600	3,600	0.026
Sub-Total	$66,200	$66,200	$0.487
Contingency, @ 15%	$9,900	$9,900	$0.073
Total	$76,100	$76,100	$0.560

21.2.2 Mill and Agitated Cyanide Leach OPEX

Processing plant operating cost estimates are based on scheduled production, equipment requirements, operating hours, known costs at similar Mexican operations, and manpower requirements. Two 12 hour shifts operating 7 days a week are planned to be utilized to process tailings material through the 400 tonne per day processing plant. Silver/gold refining to a doré is planned on a 5 day per week, 1 shift only basis.

Tailings transported from the mine are to be stored on a pad at the plant. From the storage pad, tailings would be rehandled periodically throughout the day by a 1 yard loader-backhoe, hopper, apron feeder, screens and a transfer conveyor feeding the fine ore bin. The screened product would pass from the fine ore bin to the mill. The milled product would be sent to agitated leach tanks where cyanide solution would leach the precious metals from the pulp. The pregnant solution would be decanted and the processed pulps would be sent to final storage in the new tailings facility.

The pregnant solution is planned to then be sent to the zinc oxide addition boxes at the beginning of the Merrill-Crowe circuit. The precipitate in these boxes would be loaded with the precious metals, would be sent to pressure filtration for the removal of fluid, would be passed to a drying oven, and then would be transferred to the furnace for melting into doré. The doré would then be sent for final refinement to an outside refiner.

The agitated cyanide leach/Merrill-Crowe plant is sized at 278 liters per minute at the full-scale rate of 400 tpd of tailings processed. Cyanide, zinc oxide and lime make up the major reagent costs. HRC has used 2.438 kgs of cyanide per tonne of ore, with 50 mg of zinc oxide per liter of pregnant solution, plus 0.99 kgs of lime per tonne of ore.

The projected manpower and labor costs required for the Base Case processing operations at the plant site are shown in Table 21-8. Sufficient time has been anticipated for lunch and breaks for employees.

Table 21-8: Processing Labor Costs

Plant Labor Costs @ 400 tpd	*#*	*Monthly Wage/Salary MxP*	*Payroll Burden @ 41% MxP*	*Annual Cost MxP*	*Annual Cost @ 12.66:1 MxP:CAD*	*Operating Cost CAD/tn*
Shift Foreman	4	40,000	16,400	676,800	$53,500	$0.393
Coarse Ore Bin, Operator	4	21,900	9,000	370,800	29,300	0.215
Milling, Operator	4	28,600	11,700	483,600	38,200	0.281
Leach Tank, Operator	4	28,600	11,700	483,600	38,200	0.281
Precipitation, Operator	4	28,600	11,700	483,600	38,200	0.281
Plant Cleanup Laborer	4	21,900	9,000	370,800	29,300	0.215
Tailings Storage Laborer	3	16,400	6,700	277,200	21,900	0.161
Furnace Room Operator	2	16,700	6,800	282,000	22,300	0.164
Backhoe Operator	2	15,200	6,200	256,800	20,300	0.149
Maintenance Mechanic	1	10,600	4,300	178,800	14,100	0.104
Maintenance Helper	1	5,500	2,300	93,600	7,400	0.054
Welder	2	15,200	6,200	256,800	20,300	0.149
Welder Helper	2	11,000	4,500	186,000	14,700	0.108
Assayer	1	9,100	3,700	153,600	12,100	0.089
Assayer Helper	1	5,500	2,300	93,600	7,400	0.054
Plant Clerk	1	9,100	3,700	153,600	12,100	0.089
Plant Assistant	1	6,100	2,500	103,200	8,200	0.060
Sub-Total	41	290,000	118,700	4,904,400	$387,500	$2.847
Contingency, @ 15%				735,700	$58,100	$0.427
Total	41			5,640,100	$445,600	$3.274

The non-labor costs for the Base Case processing activities include projections of materials and supplies, reagents, spare parts, energy supply, fuel, maintenance, tires and other costs for the milling, leaching and precipitation operations. Similar operations in the general area of El Tigre as well as InfoMine's Cost Mine Service were used to calculate the processing costs as shown in Table 21-9.

Table 21-9: Non-Labor Processing Costs

Plant Operating Costs @ 400 tpd	*Annual Cost MxP*	*Annual Cost @ 12.66:1 MxP:CAD*	*Operating Cost CAD/tn*
Ball and liners	2,835,300	$224,000	$1.647
Reagents	3,473,700	274,400	2.018
Cyanide	7,154,500	565,100	4.155
Spare Parts	1,583,800	125,100	0.920
Other	2,151,800	170,000	1.250
Power Supply	9,591,000	757,600	5.571
Fuel (Gas and Diesel)	534,600	42,200	0.310
Maintenance and Repairs	402,800	31,800	0.234
Tires	74,400	5,900	0.043
Safety/Office Expenses, Telephone	28,500	2,300	0.017
Tailings Pond Supplies and Costs	1,419,700	112,100	0.824
Sub-Total	29,250,100	$2,310,500	$16.989
Contingency, @ 15%	4,387,500	$346,600	$2.549
Total	33,637,600	$2,657,100	$19.538

21.2.3 General and Administrative OPEX

The general and administrative requirements are projected to be nominal for El Tigre. HRC has included allowances for items such as office supplies, computers, software, travel, insurance, security /safety, and worker accommodations, all normal expenses for a small agitated cyanide leach gold operation of this size.

The General and Administrative manpower and labor cost requirements for the Base Case administrative functions are expected to be in line with other modest sized mining operations in the vicinity, as shown in Table 21-10. Sufficient time has been anticipated for lunch and breaks for employees.

Table 21-10: G&A Manpower Requirements

G & A Labor Costs @ 400 tpd	*#*	*Monthly Wage/Salary MxP*	*Payroll Burden @ 41% MxP*	*Annual Cost MxP*	*Annual Cost @ 12.66:1 MxP:CAD*	*Operating Cost CAD/tn*
Operations Manager	1	75,000	30,800	1,269,600	$100,300	$0.738
Permit/Land Coordinator	1	40,000	16,400	676,800	53,500	0.393
Purchasing Agent	1	30,000	12,300	507,600	40,100	0.295
Warehouseman	1	27,400	11,200	463,200	36,600	0.269
Accounting Supervisor	1	35,000	14,400	592,800	46,800	0.344
Accounting Clerk	1	40,000	16,400	676,800	53,500	0.393
Sub-Total	6	247,400	101,500	4,186,800	$330,800	$2.432
Contingency, @ 15%				628,000	$49,600	$0.365
Total	6	247,400	101,500	4,814,800	$380,400	$2.797

The non-labor administrative costs for the Base Case include allowances for insurance, outside consultants (such as audit and tax), travel, communications, living accommodations, and normal office expenses for an operation of its size and location. Costs were estimated from similar operations in the general area of El Tigre, as shown in Table 21-11.

Table 21-11: Non-Labor G&A Costs

G & A Operating Costs @ 400 tpd	*Annual Cost MxP*	*Annual Cost @ 12.66:1 MxP:CAD*	*Operating Cost CAD/tn*
Insurance	1,290,300	$101,900	$0.749
Outside Contracts	1,139,600	90,000	0.662
Travel	379,900	30,000	0.221
Communications	189,900	15,000	0.110
Worker Accommodations	152,500	12,000	0.088
Office Supplies and Expenses	1,100,000	86,900	0.639
Sub-Total	4,252,200	$335,800	$2.469
Contingency, @ 15%	637,800	$50,400	$0.371
Total	4,890,000	$386,200	$2.840

21.3 OPEX Summary

The following Table 21-12 shows the estimated typical annual operating costs for El Tigre.

Table 21-12: Annual Operating Costs

Project Operating Costs @ 400 tpd, including 15% Contingency	*Annual Cost CAD*	*Annual Cost CAD/tn*
Mine - Tailings Pile		
Fuel	$61,300	$0.451
Equipment Costs	19,100	0.140
Labor	41,200	0.303
Processing Plant		
Power Supply	871,200	6.406
Cyanide	649,900	4.779
Reagents	315,600	2.321
Balls, Liners, Spare Parts	401,500	2.952
Tailings Pond Supplies and Costs	128,900	0.948
Other	290,000	2.132
Labor	445,600	3.276
G & A		
Insurance	117,200	0.862
Outside Contracts	103,500	0.761
Office Supplies and Expenses	165,500	1.217
Labor	380,400	2.797
Total	$3,990,900	$29.345

22 Economic Analysis

22.1 Summary

The design for the reprocessing of the tailings implements mining, processing and operations activities, completely contained on surface lands under agreement with a local rancher, of 1.3 million tonnes grading 83.0 gpt silver and .279 gpt gold, transferring tailings from the current location without drilling or blasting. All ores would be processed in a 400-ton per day mill and agitated cyanide leach plant employing a standard Merrill-Crowe circuit. Metal recoveries are expected to average around 78% for Silver and about 93% for Gold.

Economic analysis of the Base Case for El Tigre, at a price of US$25/oz for silver, which is approximately the mid-point of the three-year trailing average price of US$30/oz and the spot price as of June 1, 2013 and US$1,289/oz for gold, determined by applying the three year trailing average of the silver-to-gold ratio to the base silver price above, shows an After-Tax Net Present Value @ 8% ("NPV-8") of $10.7 million using a 50 gpt mining cutoff grade. This yields an After-Tax Rate of Return ("IRR") of 53%. Table 22-1 summarizes the projected maximum negative cash flow ("Cash Injection"); net present value, NPV-8; internal rate of return, IRR; years of positive cash flows to repay the negative cash flow ("Payback Period"); multiple of positive cash flows compared to the maximum negative cash flow ("Payback Multiple") for El Tigre:

Table 22-1: El Tigre Economic Performance versus Silver Price

Silver Equiv Price	Maximum Cash Injection	Net Present Value @ 8%	Internal Rate of Return	Payback Period, Yrs	Payback Multiple
$15.60	($4,802,000)	($1,370,000)	0.2%	9.16	1.0
20.00	(4,432,000)	4,289,000	28.0%	2.79	3.1
25.00	(4,011,000)	10,719,000	52.9%	1.50	5.9
30.00	(3,715,000)	17,149,000	76.5%	1.61	9.0
35.00	(3,733,000)	23,579,000	99.9%	1.33	11.8

The projected total lifespan to reprocess tailings at El Tigre tailings is 11 years: one year of construction and pre-production, and 10 years of full operations. Approximately 3.45 million ounces of silver are projected to be mined and 2.63 million ounces of silver recovered and produced for sale. In addition, it is projected that around 10,500 ounces of gold will be produced and sold from the tailings. A total capital investment of $6.16 million, including contingency and sustaining capital, is projected. Following the Gold Institute ("GI") guidelines, life-of-mine average Base Case cash operating cost is projected to be $16.45 per ounce of silver sold, before credits for gold sales, and 11.30 per ounce of silver after credits. The GI life-of-mine average Base Case total cash cost (including royalties) after credits would be $12.10 per ounce and the GI life-of-mine average Base Case total production cost after credits is expected to be $14.44 per ounce.

The silver price used in the economic evaluation (US$25/oz Ag) was approximately half-way between the three year trailing average and the spot price as of June 1, 2013. The gold price for each case was determined by multiplying the silver price by the three year trailing average gold:silver price ratio of 51.57:1.

22.2 Taxes

Mexican state, local, and federal taxes, including income taxes, have been considered in this Pre-Feasibility Study, and are included in the economic analysis.

22.3 Royalties

A 10 percent royalty, calculated on the gross proceeds less defined operating, refining, exploration, administrative, tax and depreciation costs, has been included for all of the metal produced, as required by the agreement El Tigre has with the owner of the tailings.

22.4 Corporate Income Taxes

Corporate taxes for the Mexican subsidiary holding the El Tigre has been considered in the economic analysis.

22.5 Economic Model

22.5.1 Basis of Evaluation

Mineral resources were incorporated in the model only if classified as Measured or Indicated Resources according to CIM definitions. The remaining mined tonnages, all Inferred Mineral Resource tonnes, were categorized as waste, which are planned to be sent to stockpile with no further processing or costs. A throughput of 400 tons per day is considered to be the optimum processing rate, and operations and capital factors were developed from this basis. Recoveries for silver are expected to range from 74.3% up to 79.5%, depending on the portion of the tailings pile providing the feed to the mill. A range of recoveries from 91.4% to 94.2% is expected for gold. Construction of the facilities is projected to begin at the start of Year 1, ramping-up to 200 tonnes per day during the first three months. It is expected to remain at that rate for the next 6 months needed to upgrade the mill to process 400 tonnes per day. Production of 400 tonnes per day is expected by the end of Year 1, and would remain at that rate for the succeeding 9 years.

After-Tax Cash Flows were calculated on a monthly basis for the year of start-up, on a quarterly basis for the year of construction and the second year of operations, and on an annual basis thereafter. Federal, state and local taxes were considered for this evaluation.

22.6 Sensitivity Analysis

22.6.1 Price

El Tigre, like almost all precious metals projects, is very responsive to changes in the price of its chief commodity, silver. From the Base Case, a change in the average silver price of US$5/oz Ag (assuming that the gold price maintains its three year trailing average to the silver price) would change the NPV-8 by 37%, or approximately $6.4 million (Figure 22-1).

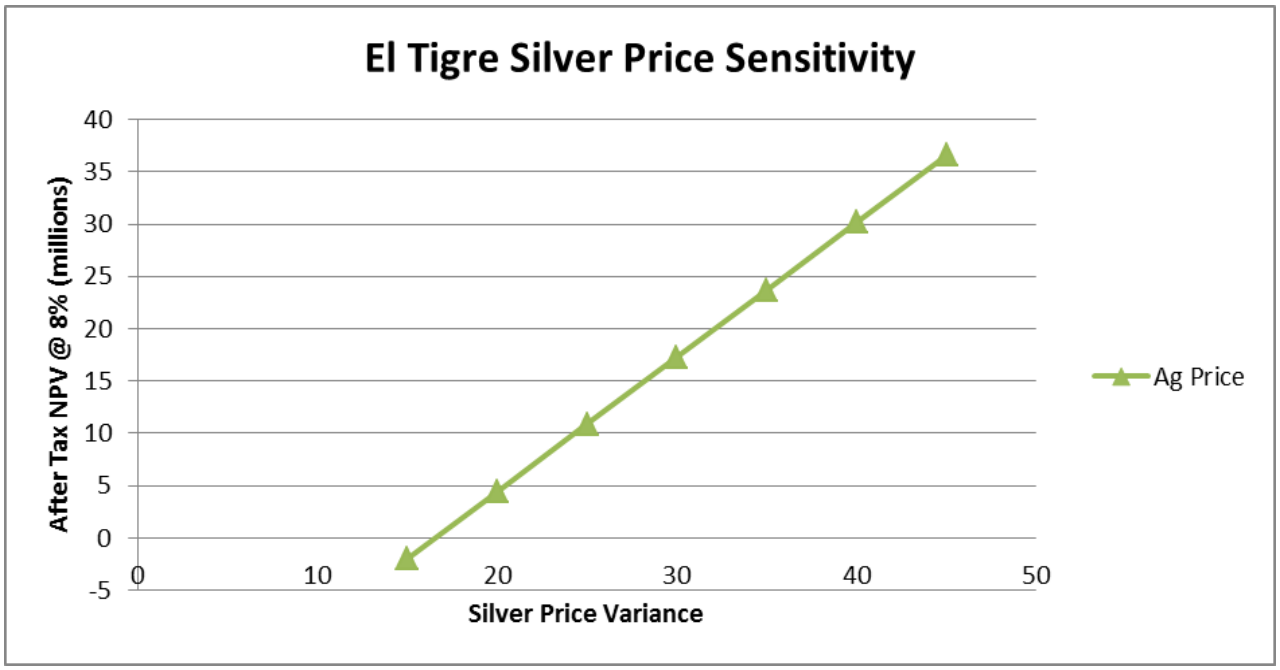


Figure 22-1: El Tigre Silver Price Sensitivity Analysis

22.7 Cost and Recovery

El Tigre is quite sensitive to the cost of operations, incurring a 14.4% decline in the NPV-8 for each increase of 10% in the operating costs, and experiencing a 22.8% increase in the NPV-8 for each increase of 10% in the silver recovery percentage in the processing plant. El Tigre is less sensitive to variances in the cost of capital, experiencing a 4.1% decline in the NPV-8 for each increase of 10% in the capital costs, as shown in Figure 22-2:

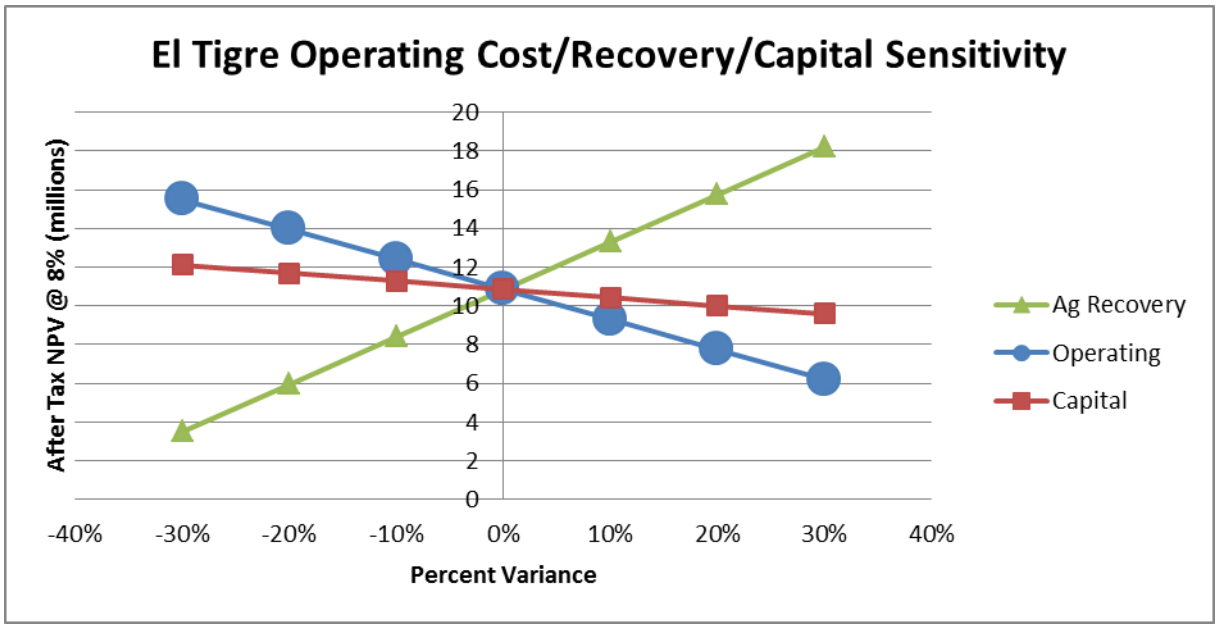


Figure 22-2: Tailings Reprocessing Operating Cost/Recovery Percentage/Capital Cost Sensitivity

22.8 Conclusion

El Tigre would be economically viable based on the parameters considered in this study. The Base Case scenario produces approximately 2.63 million salable ounces over a 10 year period. El Tigre is most sensitive to silver price, followed by silver recovery, operating costs and then capital costs.

The Base Case economic analysis of El Tigre at a silver price of US$25/oz shows an After-Tax NPV-8 of $10.7 million using a 400 tpd mill and agitated cyanide leach plant.

23 Adjacent Properties

HRC knows of no immediately adjacent properties that might materially affect El Tigre.

24 Other Relevant Data and Information

HRC knows of no additional relevant data that might materially impact the interpretations and conclusions presented in this report.

25 Interpretations and Conclusions

Potential mining and processing of tailings at the site demonstrates an economically robust project, and should be carried forward through permitting and construction. There are no impediments to El Tigre, and the economics of El Tigre indicate a viable mining operation.

ETS has thorough understanding of the El Tigre structures and associate mineralization. ETS is applying the appropriate deposit model for exploration. However; there is a need to construct a geologic model to support the conclusions being made. This will assist in the metallurgical classification, potentially identify preferential host rocks, and delineate additional exploration targets.

HRC is of the opinion that ETS is conducting exploration activities, drilling, and analytical procedures in manner that meets or exceeds industry best practice. Mineralization continues to be open both along strike and down dip.

HRC has reviewed ETS' QA/QC assay programs and believes the programs provide adequate confidence in the data. Samples that are associated with the standard failures and the samples associated with erroneous blank samples must be handled in the same manner each time. A QA/QC manual should be written to document ETS' handling of the program.

HRC finds that the density of data within the resource base adequate for El Tigre to advance. The mineral resource estimation is appropriate for the geology and assumed open pit mining method. Additional modeling should be conducted to define the geology and alteration of the host rocks to support further metallurgical testing.

The El Tigre deposit contains significant ore tonnage with attractive grades of silver and gold which would also support a mining and processing operation. The mining methods, processing methods, and El Tigre economics of the larger scale mining operation need to be further investigated.

While the risks of the In-Situ model are minimal, there is still concern that the historical mining operations are not accounted for properly. It is difficult to produce an estimate of the material back filled and left as open stopes within an inaccessible aging mine. As a result care should be taken to construct a model of the open stope material and detailed logs should be kept to account for areas where drilling as encountered back fill material.

The metallurgical recoveries of gold in the tailing impoundment indicate that coarse gold is present. As a result the head grade analysis may be affected.

26 Recommendations

26.1 In-Situ Blocks and Backfill

The mining cutoff grade in the old El Tigre Mine was about 15 oz/ton Ag. It is probable that substantial material grading in the range of 5 to 15 oz/ton Ag remains in the mine as un-mined blocks and backfill. Exploring for this material will be difficult but could be done by an aggressive drilling effort and opening up the underground workings for sampling.

El Tigre geologists have done a quality job of advancing El Tigre. HRC recommends the following tasks as part of the next phase of exploration:

- Continue rock chip and compilation efforts to define targets both near surface and underground. This target type includes high grade silver veins and low grade disseminated gold/silver halos to the veins.
- Re-access and rehabilitate existing underground workings at the 400 level to allow mapping and sampling for evaluating the potential for finding significant low grade material (5 to10 oz/ton Ag range) peripheral to the high grade vein material (30 to 50 oz/ton Ag range) left in the workings.
- Re-access and rehabilitate existing underground workings at the 700 level to allow mapping and sampling for evaluating the silver potential of material left in the workings.
- Continue drilling the Gold Hill target with a 2,500 m diamond core drilling program to test the extents of mineralization to the south and down dip of the known mineral resource. Additionally, surface channel samples should be taken across the alteration zone to identify the true thickness of the mineralized lower grade halo.
- Continue drilling the Mula Mountain and Espuelas Canyon targets with a 7,500 m diamond core drilling program to test the extents of mineralization to the north and down dip of the known mineral resource. Drilling should focus on infilling between the two areas and down dip in the Mula Mountain target. Additional, surface channel and underground samples should be taken across the alteration zone to identify the true thickness of the mineralization.
- An effort should be made to evaluate the structural orientation of the mineralization with detailed surface mapping and oriented core. This will assist in targeting “ore shoots” and defining geotechnical information for future studies.
- Construct a model of the open stope material using detailed logs for areas where drilling as encountered back fill material.

The exploration program is anticipated to cost approximately $2,096,250. A more exact budget estimate can be generated when it is known 1) how much re-habilitation will be necessary to access the underground workings, 2) how much necessary access road to build or rehabilitate, and 3) the amount of underground mapping and sampling El Tigre may elect to complete. Table 26-1 summarizes the recommended exploration budget.

Table 26-1: Recommended Exploration Budget

Exploration Budget			
Diamond Core Drilling	20	10000	$ 1,550,000.00
Channel Sampling	15	750	$ 26,250.00
Rehabilitaion of Underground Workings			$ 500,000.00
Geologic/Structural Mapping			$ 20,000.00
Total			**$ 2,096,250.00**

26.2 Metallurgical Study

ETS should complete a detailed metallurgical study conducted by rock type. This study should be designed to identify the most appropriate metallurgical recovery for El Tigre. A typical study of this nature will identify the best suited crush size and should include:

- Gold and Silver Particle Size Analysis
- Acid-Base Accounting
- Mineralogical Evaluation
- Bond Abrasion and Bond Impact Tests
- Bottle Roll Testing
- Agglomeration Testing
- Column Leach Tests

HRC recommends that this work be completed on all rock types with an effort made to evaluate changes in mineralogy. Additionally, work should be completed on elevation basis as there are reports that suggest a metal zonation change with depth.

Additional metallic screen analysis of the samples within the tailings impoundment should be completed to confirm the head grades of gold within the model and metallurgical test work completed.

26.3 Geotechnical and Hydrogeological Study

HRC Recommends that ETS begin to collect geotechnical information pertinent to the evaluation of the potential pit slope angles. This information will be used to identify any critical geotechnical areas and to define a geotechnical exploration program to support the final design of an open pit.

Additionally, HRC recommends that ETS conduct a preliminary hydrogeological study to support the future project water needs and to define a critical path process to achieving the water needs for development.

26.4 Environmental Permitting

HRC recommends that ETS continue to work towards meeting the requirements of the State of Sonora, Mexico to permit a mine.

26.5 Scoping Study of In-Situ Material

An evaluation of mining methods, approach, and processing methods should be undertaken to investigate the economics of the development of the larger scale mining and processing project. Metallurgical test work will need to be conducted to determine the recommended processing scheme necessary to recover the contained silver and gold from the minable resource. Once metallurgical test work has been completed, an economic analysis can then be prepared. HRC recommends that ETS continue to develop and collect the necessary data and information to bring the in-situ mineral resources to a preliminary feasibility study level. The metallurgical test work and preparation of an economic analysis for the El Tigre In-Situ large scale mine is likely to cost $250,000.

Finally, HRC recommends that ETS begin to complete final design work to support the development of the tailings impoundment reprocessing portion of El Tigre.

27 References

Armbrust, G. A., 1983. Visit to the El Tigre Project, Mexico, June 27-30, 1983, Internal Anaconda memo to J. Thoms, 3 pages

Avila, S. and Jacobs, S., 2008. Trip Report, Sierra El Tigre, Sonora, Mexico; Public Report of the Sky Island Alliance, Tucson, AZ, 14 pages.

Bradbury, J.A., 2007. El Tigre Project, Internal Report to Compania Minera Pitalla de Plata, R. de S.L., 39 pages.

Bradshaw, H. E., 2008. Preliminary Examination of the El Tigre Mine, Sonora Mexico, Internal report to Compania Minera Pitalla de Plata, R. de S. L, 19 pages.

Diaz, Buchot & Raya, May 31, 2013, Title Opinion: Compañia Minera Talaman, S.A. de C.V. and Pacemaker Silver Mining, S.A. de C.V. (the "Companies") mining concessions, per Lic. Laura Cristina Diaz Nieves.

Gee, W. R., 1982. El Tigre Reconnaissance Sediment and Soil Geochemical Survey: Internal Progress Report, Anaconda Minerals Company, 4 pages.

Gibson, T., 2011. National Instrument 43-101, El Tigre Silver Property Municipio de Nacozari de Garcia Sonora, Mexico, Amended Technical Report, prepared for El Tigre Corporation, October 28, 2011.

Guilbert, J.M. and Park, C.F., 1986, The geology of ore deposits: W.H. Freeman and Company, 985 pp.

INEGI (Instituto Nacional de Estadística, Geografía e Informática). 1998. H12B66 "Colonia Oaxaca" Topographic map. Scale1:50 000: Sonora, Mexico.

Irvin, D.F., 1912, Disposal of Tailing at El Tigre, Sonora, Unknown Publication, pages 435 to 439.

Luca, F., Valencia-Moreno, M., Bryan, S., 2007. Magmatism and Tectonics of the Sierra Madre Occidental and its relation with the evolution of the western margin of North America: Geological Society of America, Special Paper 422, 39 pages.

Landin, L. O., 2010. Pacemaker Memorandum to Eugene Schmidt, Report Espuelas Creek, 9 pages.

Lujan, M. A., Cervantes, J. A., Morrison, G., Ochoa, L. H., 1984. El Tigre Project Summary Report, Sonora, Mexico, Anaconda Minerals Company, Cobre de Hercules, SA, Unpublished Company Report, 87 pages.

Malcolmson, J.W., 1913, Electric Power installation at El Tigre, Sonora Mexico, Unknown Publication, pages 189 to 193.

Mining Journal, June 30, 1928, Update on El Tigre.

Mishler, R.T., 1920. Geology of the El Tigre District, Mexico, Mining and Scientific Press, Vol. 121, pages 583 to 591.

Mischler, R.T. and Budrow, L.R., 1925. Methods of Mining and Ore Estimation at the Lucky Tiger Mine, Trans. Am. Inst. Min. and Met. Eng., vol 72, pages 468 to 483.

Overbay, W.J., Page, T.C., Krasowski, D.J., Bailey, M.H. and Matthews, T.C., 2001, Geology, Structural Setting, and Mineralization of the Dolores District, Chihuahua, Mexico: in New Mines and Discoveries in Mexico and Central America, Tawn Albinson and C.E.

Nelson, edts., Society of Economic Geologists Special Publication No. 8, 362pp.

Park, G.M., 1982, Progress report on the work at the El Tigre mine, Sonora, Mexico.

Sedlock, R.L., Ortega-Gutierrez, F., Speed, R.C., 1993, Tectonostratigraphic Terranes and Tectonic Evolution of Mexico, Geological Society of America, Special Paper 278, p 142.Servicio Geológico Mexicano, 1996, H12B66 Carta Geológico-Minera, Colonia Oaxaca, Sonora, Mex. Scale 1:50,000: Sonora, Mexico

Servicio Geológico Mexicano, 2000, H12B66 Carta Magnética de Campo Total, Colonia Oaxaca, Sonora, Mex. Scale 1:50,000: Sonora, Mexico

Suter, M., 2008. Structural configuration of the Teras Fault (southern Basin and Range Province) and its rupture in the 3 May 1887 MW 7.5 Sonora, Mexico earthquake, Revista Mexicana de Ciencias Geológicas, v. 25, núm 1, pages 179 to 195.

Thoms, J. A., 1988. Summary Report: El Tigre Silver Property, Sonora, Mexico. Internal Report to Compania Minera Talaman S.A. de C.V., 35 pages.

Universidad de Sonora, 2013. Calculation of Specific Gravity Samples from El Tigre Mining District, Seccion Mecanica de Rocas Report, Internal Report to Pacemaker Silver, 5 pages

28 Glossary

28.1 Mineral Resources

The mineral resources and mineral reserves have been classified according to the "CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines" (November 27, 2010). Accordingly, the Resources have been classified as Measured, Indicated or Inferred, the Reserves have been classified as Proven, and Probable based on the Measured and Indicated Resources as defined below.

A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

28.2 Mineral Reserves

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

The following general mining terms may be used in this report.

DEFINITION OF TERMS

Term	Definition
Assay:	The chemical analysis of mineral samples to determine the metal content.
Capital Expenditure:	All other expenditures not classified as operating costs.
Composite:	Combining more than one sample assay to give an average result over a larger distance.
Concentrate:	A metal-rich product resulting from a mineral enrichment process such as gravity concentration or flotation, in which most of the desired mineral has been separated from the waste material in the ore.
Crushing:	Initial process of reducing ore particle size to render it more amenable for further processing.
Cut-off Grade (CoG):	The grade of mineralized rock, which determines as to whether or not it is economic to recover its gold content by further concentration.
Dike	A tabular body of igneous rock that cuts across the structure of adjacent rocks or cuts massive rocks.
Dilution:	Waste, which is unavoidably mined with ore.
Dip:	Angle of inclination of a geological feature/rock from the horizontal.
Fault:	The surface of a fracture along which movement has occurred.
Felsic	A rock type that is composed predominantly of silicic and potassic rock-forming silicate minerals. Contrasted with mafic.
Footwall:	The underlying side of a fault, orebody, or stope.
Gangue:	Non-valuable components of the ore.
Grade:	The measure of concentration of gold within mineralized rock.
Hanging wall:	The overlying side of a fault, orebody, or slope.
Haulage:	A horizontal underground excavation which is used to transport mined ore.
Hydrocyclone:	A process whereby material is graded according to size by exploiting centrifugal forces of particulate materials.
Igneous:	Primary crystalline rock formed by the solidification of magma or lava.
Kriging:	An interpolation method of assigning values from samples to blocks that minimizes the estimation error.

Term	Definition
Level:	Horizontal tunnel the primary purpose is the transportation of personnel and materials.
Lithological:	Geological description pertaining to different rock types.
LoM Plans:	Life-of-Mine plans.
LRP:	Long Range Plan.
Material Properties:	Mine properties.
Mafic:	A rock type that is composed predominantly of magnesian rock-forming silicate minerals; subsilicic. Contrasted with felsic.
Milling:	A general term used to describe the process in which the ore is crushed and ground and subjected to physical or chemical treatment to extract the valuable metals to a concentrate or finished product.
Mineral/Mining Lease:	A lease area for which mineral rights are held.
Mining Assets:	The Material Properties and Significant Exploration Properties.
Ongoing Capital:	Capital estimates of a routine nature, which is necessary for sustaining operations.
Ore Reserve:	See Mineral Reserve.
Pillar:	Rock left behind to help support the excavations in an underground mine.
RoM:	Run-of-Mine.
Sedimentary:	Pertaining to rocks formed by the accumulation of sediments, formed by the erosion of other rocks.
Shaft:	An opening cut downwards from the surface for transporting personnel, equipment, supplies, ore and waste.
Sill:	An intrusive body of relatively thin and tabularigneous rock which has been emplaced parallel to the bedding or schistosity of the intruded unit
Smelting:	A high temperature pyrometallurgical operation conducted in a furnace, in which the valuable metal is collected to a molten matte or doré phase and separated from the gangue components that accumulate in a less dense molten slag phase.
Stope:	Underground void created by mining.
Stratigraphy:	The study of stratified rocks in terms of time and space.
Strike:	Direction of line formed by the intersection of strata surfaces with the horizontal plane, always perpendicular to the dip direction.
Sulfide:	A metallic, sulfur bearing mineral.
Tailings:	Finely ground waste rock from which valuable minerals or metals have been extracted.

Term	Definition
Thickening:	The process of concentrating solid particles in suspension.
Total Expenditure:	All expenditures including those of an operating and capital nature.
Variogram:	A statistical representation of the characteristics (usually grade).

The following abbreviations may be used in this report.

ABBREVIATIONS

Abbreviation	Unit or Term
A	ampere
AA	atomic absorption
AGA	AngloGold Ashanti
A/m^2	amperes per square meter
ANFO	ammonium nitrate fuel oil
Ag	Silver
APMA	Annual Placer Mining Application
Au	gold
AuEq	gold equivalent grade
As	arsenic
AST	above ground storage tank
Bi	bismuth
BSE	backscatter electron
°C	degrees Centigrade
CCD	counter-current decantation
CIL	carbon-in-leach
CoG	cut-off grade
cm	centimeter
cm^2	square centimeter
cm^3	cubic centimeter

Abbreviation	Unit or Term
cfm	cubic feet per minute
ConfC	confidence code
CRec	core recovery
CSS	closed-side setting
CTW	calculated true width
Cu	copper
°	degree (degrees)
dia.	Diameter
EDX	energy dispersive x-ray
EIS	Environmental Impact Statement
EMP	Environmental Management Plan
FA	fire assay
ft	foot (feet)
ft^2	square foot (feet)
ft^3	cubic foot (feet)
g	gram
gal	gallon
g/L	gram per liter
g-mol	gram-mole
gpm	gallons per minute
g/t	grams per tonne, equivalent to 1 part per million
ha	hectares
HDPE	Height Density Polyethylene
Hp	Horsepower
HQ	drill core diameter of ~63.5 mm
HTW	horizontal true width
ICP-AES	inductively coupled plasma atomic emission spectroscopy

Abbreviation	Unit or Term
ICP-MS	inductively coupled plasma mass spectrometry
ID2	inverse-distance squared
ID3	inverse-distance cubed
IFC	International Finance Corporation
ILS	Intermediate Leach Solution
ITH	International Tower Hill
kA	kiloamperes
kg	kilograms
km	kilometer
km^2	square kilometer
koz	thousand troy ounce
kt	thousand tonnes
kt/d	thousand tonnes per day
kt/y	thousand tonnes per year
kV	kilovolt
kW	kilowatt
kWh	kilowatt-hour
kWh/t	kilowatt-hour per metric tonne
L	liter
L/sec	liters per second
L/sec/m	liters per second per meter
lb	pound
LHD	Long-Haul Dump truck
LLDDP	Linear Low Density Polyethylene Plastic
LOI	Loss On Ignition
LoM	Life-of-Mine
m	meter

Abbreviation	Unit or Term
m^2	square meter
m^3	cubic meter
Masl	meters above sea level
Ma	millions of years before present
MARN	Ministry of the Environment and Natural Resources
MDA	Mine Development Associates
mg/L	milligrams/liter
MLA	mineral liberation analysis
mm	millimeter
mm^2	square millimeter
mm^3	cubic millimeter
MME	Mine & Mill Engineering
Moz	million troy ounces
Mt	million tonnes
MTW	measured true width
MW	million watts
m.y.	million years
NGO	non-governmental organization
NI 43-101	Canadian National Instrument 43-101
NQ	drill core diameter of ~47.5 mm
opt	troy ounce per ton
OSC	Ontario Securities Commission
oz	troy ounce
%	Percent
Pb	lead
PGM	Pilot Gold Mill
PLC	Programmable Logic Controller

Abbreviation	Unit or Term
PLS	Pregnant Leach Solution
PMF	probable maximum flood
ppb	parts per billion
ppm	parts per million, equivalent to 1 gram / tonne
QA/QC	Quality Assurance/Quality Control
RC	rotary circulation drilling
RoM	Run-of-Mine
RQD	Rock Quality Description
Sb	antimony
SEC	U.S. Securities & Exchange Commission
sec	second
SEM	Scanning Electron Microscope
SG	specific gravity
SPCC	Spill Prevention, Control, and Countermeasure
SPT	standard penetration testing
st	short ton (2,000 pounds)
t	tonne (metric ton) (2,204.6 pounds)
t/h	tonnes per hour
t/d	tonnes per day
t/y	tonnes per year
TSF	tailings storage facility
TSP	total suspended particulates
µm	micron or microns
V	volts
VFD	variable frequency drive
W	tungsten
XRD	x-ray diffraction

Abbreviation	Unit or Term
XRF	x-ray fluorescence
Y	Year
Zn	zinc

1. Certificates of Author

CERTIFICATE of QUALIFIED PERSON

I, Zachary J. Black, SME-RM, do hereby certify that:

1. I am currently employed as Resource Geologist by:

   Hard Rock Consulting, LLC
   1746 Cole Blvd, Ste. 140
   Lakewood, Colorado 80401
   U.S.A.

2. I am a graduate of the University of Nevada, Reno with a Bachelor of Science in Geological Engineering, and have practiced my profession continuously since 2005. Engineering in 1995.

3. I am a registered member of the Society of Mining and Metallurgy and Exploration (No. 4156858RM):

4. I have worked as a Geological Engineer/Resource Geologist for a total of eight years since my graduation from university; as an employee of a major mining company, a major engineering company, and as a consulting geologist.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

6. I personally inspected the El Tigre Silver project on February 28 and March 1, 2013.

7. I am responsible for the preparation of the report titled "NI 43-101 Technical Report Preliminary Feasibility Study for the El Tigre Silver Project, Sonora, Mexico," dated August 15, 2013, with an effective date of June 1, 2013 (the "Technical Report"), with specific responsibility for sections 1 -12, 14, 26, and 27.

8. I have had no prior involvement with the property that is the subject of this Technical Report.

9. As of the date of this certificate and as of the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information required to be disclosed to make the report not misleading.

10. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.

11. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 15th day of August, 2013.

"signed" Zachary J. Black



Signature of Qualified Person

Zachary J. Black

Print name of Qualified Person



CERTIFICATE of QUALIFIED PERSON

I, Jeffery W. Choquette, P.E., do hereby certify that:

1. I am currently employed as Principal Engineer by:

   Hard Rock Consulting, LLC
   1746 Cole Blvd, Ste. 140
   Lakewood, Colorado 80401
   U.S.A.

2. I am a graduate of Montana College of Mineral Science and Technology and received a Bachelor of Science degree in Mining Engineering in 1995.

3. I am a:

   - Registered Professional Engineer in the State of Montana (No. 12265)
   - QP Member in Mining and Ore Reserves in good standing of the Mining and Metallurgical Society of America (No. 01425QP)

4. I have practiced mining engineering and project management for seventeen years. I have worked for mining and exploration companies for sixteen years and as a consulting engineer for two and a half years.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

6. I have not personally inspected the El Tigre Silver Project.

7. I am responsible for the preparation of the report titled "NI 43-101 Technical Report Preliminary Feasibility Study for the El Tigre Silver Project, Sonora, Mexico," dated August 15, 2013, with an effective date of June 1, 2013 (the "Technical Report"), with specific responsibility sections 13 and 15 through 25 of the report.

8. I have had no prior involvement with the property that is the subject of this Technical Report.

9. As of the date of this certificate and as of the effective date of the Technical Reprot, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information required to be disclosed to make the report not misleading.

10. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.

11. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 15th day of August, 2013.

"signed" Jeffery W. Choquette

Signature of Qualified Person

Jeffery W. Choquette

Print name of Qualified Person



2. *Legal Opinion on Status of Concessions*

Av. Nuevo León 202 Piso 9
Colonia Hipódromo
06100 México, D.F.
(55) 5207-2800

June 1, 2013

PACEMAKER SILVER MINING, S.A. DE C.V.
Dr. Aguilar 162
Col. Prados del Centenario
Hermosillo, Sonora.

Attn. Stuart Ross

Re: Compañía Minera Talaman, S.A. de C.V. and Pacemaker Silver Mining, S.A. de C.V. (the "Companies") mining concessions.

Dear Sirs:

Pursuant to your request, we are providing you with our title opinion and related matters to the mining concessions, that cover the mining claims mentioned herein-below, which are located in the Municipalities of Nacozari de Garcia and Villa Hidalgo, State of Sonora, Mexico and upon which the Companies, have interest and rights.

The information provided with respect to the mining concessions is based on a research done for that purpose, during the third week of May, 2013, at the General Bureau of Mining Regulation ("GBMR") and the Mining Public Registry (the "Registry") within the Ministry of Economy.

1

A. **The Concessions.**

1. **Compañia Minera Talaman, S.A. de C.V. ("Talaman")** is duly recorded in the Registry as the legal holder and beneficiary of the rights derived from the concessions, covering the mining claims listed below:

Name of the Mining Claim	Original Title Effective Date	Title Claim Number	Surface Area (Ha.)
Jorge	December 19, 1991	194087	188.4806
El Aguila	September 26, 1983	172113	38.0000
La Fundadora	September 26, 1983	172112	20.0000
Tigre Suertudo	June 26, 1981	168634	66.0000

The following data was also obtained at the Registry:

a) **"Jorge", title 194087**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;
2. Original concessionaire: Talaman, as recorded on December 19, 1991, under Entry 307, at Pages 78, Volume 267 of the Mining Concessions Book of the Registry;
3. Effective period: December 19, 1991 through December 18, 2041; and
4. Status: In force, and free of any liens or encumbrances.

b) **"El Aguila", title 172113**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2

2. Original concessionaire: Rafael Elias Ortega, as recorded on September 26, 1983, under Entry 13, at Pages 4, Volume 231 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Talaman, as recorded on August 8, 1984, under Entry 251, at Pages 159, Volume 230 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: September 26, 1983 through September 25, 2033; and

5. Status: In force, and free of any liens or encumbrances.

c) **"La Fundadora", title 172112**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaires: Rafael Elias Ortega and Alfredo Bernal Laborin, as recorded on September 26, 1983, under Entry 12, at Pages 4, Volume 231 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Talaman, as recorded on August 8, 1984, under Entry 251, at Pages 159, Volume 230 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: September 26, 1983 through September 25, 2033; and

5. Status: In force, and free of any liens or encumbrances

d) **"Tigre Suertudo", title 168634**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaire: Jaleros del Tigre, S.A. de C.V., as recorded on June 26, 1981, under Entry 574, at Pages 144, Volume 223 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Talaman, as recorded on January 26, 1986, under Entry 75, at Pages 53, Volume 222 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: June 26, 1981 through June 25, 2031; and

5. Status: In force, and free of any liens or encumbrances.

2. **Pacemaker Silver Mining, S. A. de C.V., ("Pacemaker")** is duly recorded in the Registry as a legal holder of the rights derived from the concessions, covering the mining claims listed below:

Name of the Mining Claim	Original Title Effective Date	Title Claim Number	Surface Area (Ha.)
Nik 1 Fracc. 1	July 5, 2007	230000	42,479.7018 *23,106.0000
Nik 1 Fracc. 2	July 5, 2007	230001	50.0000
San Juan	November 8, 2006	228337	32.0636
La Carabina Fracc. 1	March 29, 2007	229274	35.6339
La Carabina Fracc. 2	March 29, 2007	229275	188.2686

*On April 30, 2013 Pacemaker filed an application before General Bureau of Mining of Economy to reduce the surface regarding mining concession named Nik. 1 Fracc 1, in order to cover 23,106.0000 ha., instead of 42,479.7018 ha.

The following data was also obtained at the Registry:

a) **"Nik 1 Fracc. 1", title 230000**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaire: Minera Pitalla de Plata, S. de R.L. de C.V., as recorded on July 5, 2007, under Entry 20, at Pages 10, Volume 365 of the Mining Concessions Book of the Registry;

4

3. Present concessionaire: Pacemaker Silver Mining, S.A. de C.V., as recorded on July 1, 2010, under Entry 131, at Pages 71, Volume 27 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: July 5, 2007 through July 4, 2057;

5. This mining concession is subject to a Temporary Occupancy Agreement with Mr. Martin Lopez Laurentino, duly recorded on December 14, 2010, under Entry 296, Volume 1 of the Temporary Occupancy Book of the Registry; and

6. Status: In force, and free of any liens or encumbrances.

b) **"Nik 1 Fracc. 2", title 230001**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaire: Minera Pitalla de Plata, S. de R.L. de C.V., as recorded on July 5, 2007, under Entry 21, at Pages 11, Volume 365 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Pacemaker, as recorded on July 1, 2010, under Entry 131, at Pages 71, Volume 27 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: July 5, 2007 through July 4, 2057;

5. This mining concession is subject to a Temporary Occupancy Agreement with Mr. Martin Lopez Laurentino, duly recorded on December 14, 2010, under Entry 296, Volume 1 of the Temporary Occupancy Book of the Registry; and

6. Status: In force, and free of any liens or encumbrances.

c) **"San Juan", title 228337**

1. Location: Villa Hidalgo, State of Sonora, Mexico;

5

2. Original concessionaire: Minera Pitalla de Plata, S. de R.L. de C.V., as recorded on November 8, 2006, under Entry 157, at Pages 79, Volume 360 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Pacemaker, as recorded on July 1, 2010, under Entry 131, at Pages 71, Volume 27 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: November 8, 2006 through November 7, 2056; and

5. Status: In force, and free of any liens or encumbrances.

d) **"La Carabina Fracc. 1", title 229274**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaire: Minera Pitalla de Plata, S. de R.L. de C.V., as recorded on March 29, 2007, under Entry 14, at Pages 7, Volume 363 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Pacemaker, as recorded on July 1, 2010, under Entry 131, at Pages 71, Volume 27 of the Mining Acts, Contracts and Agreements Book of the Registry;

4. Effective period: March 29, 2007 through March 28, 2057; and

5. Status: In force, and free of any liens or encumbrances.

e) **"La Carabina Fracc. 2", title 229275**

1. Location: Nacozari de Garcia, State of Sonora, Mexico;

2. Original concessionaire: Minera Pitalla de Plata, S. de R.L. de C.V., as recorded on March 29, 2007, under Entry 15, at Pages 8, Volume 363 of the Mining Concessions Book of the Registry;

3. Present concessionaire: Pacemaker, as recorded on July 1, 2010, under Entry 131, at Pages 71, Volume 27 of the Mining Acts, Contracts and Agreements Book of the Registry;

6

4. Effective period: March 29, 2007 through March 28, 2057; and

5. Status: In force, and free of any liens or encumbrances.

I. Mining Obligations.

Classification. The obligations which the holders of mining concessions must comply in order to maintain their concessions in full force and effect, pursuant to the Mexican Mining Legislation and the Federal Fees Law are as follows:

a. **Assessment of Work Report.** During the month of May of each year, the concessionaires must file with the GBMR, the Work Assessment Reports made on each concession or group of concessions for the immediately preceding calendar year.

The Regulations of the Mining Law establish the tables containing the minimum investment amounts that must be made on a concession. The amount will be updated annually in accordance with the variation of the Consumer Price Index;

b. **Mining Duties.** During the months of January and July of each year, the concessionaries must pay the mining duties for the areas that pertain to each concession (on a per hectare basis), and file before the GBMR an evidence of the payment during the months of February and August of each year; and

c. **Production Report.** During the first 30 business days of each year, the concessionaires must file before the GBMR, the Production Reports made on each concession or group of concessions for the immediately preceding calendar year. The concessionaires are not required to begin the production at any time.

Assessment Work Report.

Talaman at this moment and pursuant to the Mining Legislation and its Regulations, the Mining Concessions listed in section 1 of this opinion are in good standing.

7

Pacemaker at this moment and pursuant to the Mining Legislation and its Regulations, the Mining Concessions listed in section 2 of this opinion are in good standing.

Mining Fees.

In accordance with the GBMR records and regarding the Mining Duties Payments, the Mining Concessions are in good standing.

Production Report.

Regarding the Production Reports, at this moment and pursuant to the Mining Legislation and its Regulations, the Concessions referenced in this opinion are in good standing.

Opinion.

Based on our research done at the GBMR and the Registry we inform you of the following:

i) **The Companies:** (i) have a corporate purpose that refers to exploration and exploitation of minerals or substances subject to the application of the Mining Law; (ii) have their legal addresses within the Mexican Republic; (iii) participation of foreign investors is adjusted to the provisions of the Foreign Investment Law; and (iv) are duly registered or licensed to be holders of the rights derived from mining concessions;

ii) **The Mining Concessions:** Based on our research done at the GBMR and the Registry we inform you of the following:

a) **Talaman** is the registered and beneficial owner of the Mining Concessions listed in section 1 of this opinion;

8

b) **Pacemaker** is the registered and beneficial owner of the Mining Concessions listed in section 2 of this opinion;

c) **"Nik 1 Fracc. 1" and "Nik 2 Fracc. 2"** are subject to a Temporary Occupancy Agreement with Mr. Martin Lopez Laurentino, duly recorded on December 14, 2010, under Entry 296, Volume 1 of the Temporary Occupancy Book of the Registry;

d) The Mining Concessions described in this opinion are free and clear of any lien or encumbrance; and

e) The Mining Concessions are in good standing.

iii) To the best of our knowledge, there are not outstanding legal issues related with the Companies and/or the Mining Concessions.

This opinion is solely for the benefit of the addressee, and no other entity or person shall be entitled to rely on its contents without the express written consent of Díaz, Bouchot y Raya.

Should you have any questions regarding this matter, please do not hesitate to call on us.

Very truly yours,

Díaz, Bouchot y Raya.

Per: **Laura Cristina Díaz Nieves**

9

3. Application for Environmental Permit and Permits for Operations

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

SECRETARIA DE MEDIO AMBIENTE Y RECURSOS NATURALES
DELEGACION FEDERAL EN EL ESTADO DE SONORA
ESPACHAD
D 18 JUL. 2013 O
CONTACTO CIUDADANO

"2013, Año de la Lealtad Institucional y Centenario del Ejército Mexicano"

PACEMAKER SILVER MINING S.A. DE C.V.
Lic. Ana Lilia Varela Reynoso, apoderado de la empresa
Calle Dr. Aguilar Nº 162. Colonia Los Arcos. C.P. 83250. Hermosillo, Sonora
01 (66) 22-13-15-54

En referencia a lo dispuesto en la Ley General del Equilibrio Ecológico y la Protección al Ambiente para las obras y actividades descritas en el articulo 28 fracción III, VII y 5 de su Reglamento en Materia de Evaluación del Impacto Ambiental y el correspondiente a la autorización de cambio de uso de suelo forestal previsto en el artículo 117 de la Ley General de Desarrollo Forestal Sustentable, así como del acuerdo por el que se expiden los lineamientos y procedimientos para solicitar en un trámite único ante la Secretaria de Medio Ambiente y Recursos Naturales las autorizaciones en materia de Impacto Ambiental y en Materia Forestal que se indican y se asignan las atribuciones correspondientes en los servidores públicos que se señalan , D.O.F. del 22 de Diciembre del 2010.Que la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** solicita a esta Secretaria la autorización del Documento Técnico Unificado del Trámite de Cambio de Uso de Suelo Forestal, modalidad B-particular para la realización del proyecto ***"Presa de Jales"***, que consta de tres componentes fundamentales: Los almacenes o presas de jales existentes en el área y los cuales serán materia de reproceso; La planta de beneficio; El confinamiento final o presa de Jales para el almacenamiento de los residuos del reproceso, a desarrollarse en el predio denominado "EL TIGRE", ubicado dentro del municipio de Nacozari de García, Son.

R E S U L T A N D O:

I.- Que el 09 de enero del 2013, fue recibida en esta Delegación el Documento Técnico Unificado del Trámite de Cambio de Uso de Suelo Forestal, modalidad B-particular para la realización del proyecto **"Presa de Jales"** el cual consiste en obras de explotación y beneficio de mineral de Oro, promovido por la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** para su correspondiente evaluación y resolución en materia de Evaluación del Impacto Ambiental de acuerdo a la Ley General del Equilibrio Ecológico y la Protección al Ambiente y su Reglamento en Materia de Evaluación del Impacto Ambiental y del Cambio de Uso del Suelo Forestal de acuerdo a la Ley General de Desarrollo Forestal Sustentable.

III.- Que la C. Ana Lilia Varela Reynoso, acreditó su personalidad como representante de la empresa denominada **PACEMEKER SILVER MINING, S. A. DE C. V.**, mediante copia certificada de la escritura pública número 5,318 volumen 131 de fecha 03 de Octubre de 2008 adjuntando copia simple de identificación oficial (Credencial para votar 0474063100927 folio 0000075312475).

IV.- Que se acreditó la relación jurídica con el terreno forestal que se pretenden cambiar de uso y el derecho para realizar las actividades de cambio de uso del suelo en terrenos forestales; situación que quedó asentada en dictamen emitido por la Unidad Jurídica de esta Delegación en oficio No. DFS-UJ-64/2013 fechado el 26 de Febrero de 2013.

V.- Que fue publicado el ingreso al procedimiento de evaluación el Documento Técnico Unificado Modalidad B del proyecto "Presa de Jales", en la Gaceta Ecológica Separata No. DGIRA/001/13, publicada el 10 de enero

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

del 2013, con el objetivo de dar cumplimiento a lo establecido en el Artículo 37 de la LGEEPA en su Reglamento en Materia de Evaluación del Impacto Ambiental.

VI.- Que con fecha 26 de noviembre del 2012 se publicó el Reglamento Interior de la Secretaría de Medio Ambiente y Recursos Naturales, el cual en su Artículo 40 fracción IX inciso c), faculta a las Delegaciones en las entidades, para otorgar autorizaciones y las respectivas modificaciones, suspensiones, cancelaciones, revocaciones o extinciones, de conformidad con lo previsto en las disposiciones jurídicas que resulten aplicables, siguiendo los lineamientos internos de carácter técnico y administrativo, sistemas y procedimientos establecidos por las unidades administrativas centrales de la Secretaría, en materia de Manifestaciones de Impacto Ambiental.

VII.- Que esta Delegación Federal es competente para conocer y resolver las solicitudes en materia de Cambio de Uso de Suelo en Terrenos Forestales, presentados por particulares, respecto de proyectos que se encuentren ubicados dentro de los límites territoriales del Estado de Sonora, tal como lo señalan las facultades conferidas en los artículos 38, 39 y 40 del Reglamento Interior de la SEMARNAT.

VII.- Que con fecha del 22 de Diciembre del 2010, se público en el Diario Oficial de la Federación el Acuerdo por el que se expiden los lineamientos y procedimientos para solicitar en un trámite único ante la Secretaria de Medio Ambiente y Recursos Naturales las autorizaciones en materia de Impacto Ambiental y en Materia Forestal que se indican y se asignan las atribuciones correspondientes en los servidores públicos que se señalan.

CONSIDERANDO:

I. Qué se anexa copia certificada de la Escritura pública No. 15,193 de fecha 29 de enero de 2008, notariada por el Lic. Rafael Gastélum Salazar, Notario Público No, 97 en Hermosillo Sonora, relativa a la conformación de la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** y que mediante la Escritura pública número 5,318 de fecha 3 de octubre de 2008, ante el Lic. Jesús José Francisco Arturo Lizárraga Murguía, Notario Público número 35, Suplente, con residencia en Hermosillo, Sonora, actuando en el protocolo de la titular, Lic. María Luisa Lizárraga García, donde se nombra a Ana Lilia Varela Reynoso como apoderada legal de la empresa.

II. Se anexa Titulo de Concesión Minera Numero 168634, Tigre Suertudo y Título de Concesión Minera Numero 230000 Nik 1 Fracción 1, ambas en el municipio de Nacozari de García, Sonora, que abarcan una superficie de 44,449-40-00 has.

II. Que de acuerdo a lo manifestado en el Documento Técnico Unificado del Trámite de Cambio de Uso de Suelo Forestal, modalidad B-particular del proyecto "Presa de Jales", las principales características del presente proyecto sobresalen la reactivación del beneficio del mineral contenido en los jales, que evitaran en su totalidad el agotamiento de un recurso no renovable y se obtendrá el beneficio de un deshecho almacenado sin impactar ecológicamente en lo más mínimo la zona.
Además se generará un número importante de empleos que beneficiarán directamente a los habitantes de las comunidades aledañas que podrán contar con un ingreso económico constante y serán provistos de atención médica y seguridad social en general.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

El proyecto beneficiará reconstruyendo las vías de acceso y mejorará las condiciones de vida de los habitantes de la zona. Se construirá en esta misma superficie una presa de jales en donde serán almacenados los residuos que se removerán se depositarán en un nuevo almacén o presa de jales lo largo del desarrollo del proyecto.
La Planta de beneficio será construida exactamente en el mismo lugar que ocupó anteriormente, esto es en el predio denominado "EL TIGRE", ubicado dentro del municipio de Nacozari de García, Son.
La Planta de Beneficio que se proyecta construir se encuentra dentro del rango de la mediana minería, utilizará el proceso de cianuración para el beneficio del mineral. Dicho proceso será utilizado, debido las características físicas y químicas del mineral con tenido en los jales existentes en el área.

Principales atributos del proyecto, se pueden señalar los siguientes:
a) Generación de 60 empleos directos, distribuidos entre el personal operativo de la planta de beneficio, mantenimiento, servicios, movimiento y manejo de jal y personal administrativo (oficinas).
b) Generación de al menos 85 empleos indirectos en la zona, los cuales incluyen trabajos de mantenimiento, a maquinaria, equipo e instalaciones, asesoría administrativa y ambiental, alimentación, etc.
c) Planeación estratégica en la explotación racional y programada de los almacenados en la presa de jales antigua.
d) Acceso a atención médica para los trabajadores y sus familias, los cuales serán inscritos al Instituto Mexicano del Seguro Social
e) Mantenimiento y mejoras en los caminos locales que dan servicio a las comunidades de la región, generando con ello beneficio a pequeños ganaderos y agricultores, incrementando así sus ingresos económicos.

III. Que las obras que pretende realizar la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** dentro del proyecto "Presa de Jales", consta de tres componentes fundamentales:
1) Los almacenes o presas de jales existentes en el área y los cuales serán materia de reproceso
2) La planta de beneficio
3) El confinamiento final o presa de Jales para el almacenamiento de los residuos del reproceso.

El proyecto consiste en el reproceso y beneficio de los jales almacenados en las presas de jales que se encuentran el área denominada El Tigre, las cuales están localizadas junto a las instalaciones en ruinas de la compañía que benefició el mineral explotado durante gran parte del siglo pasado.
Todas las áreas de beneficio de mineral antiguas se encuentran impactadas y con una vegetación totalmente alterada. Por tal motivo se pretende aprovechar las reservas que conforman el potencial minero existente en la zona y que antaño estuvo sujeta a la misma actividad minera que ahora se pretende reactivar y promover su respectivo cambio de uso de suelo.

IV. Que se manifiesta en el Documento Técnico Unificado del proyecto "Presa de Jales", es de pequeña magnitud y tomando en cuenta que ya existe camino de acceso y caminos interiores , y que en cuanto a la **VINCULACIÓN CON LOS ORDENAMIENTOS EN MATERIA AMBIENTAL Y EN SU CASO CON LA REGULACIÓN DEL USO DE SUELO** se manifiesta en el estudio los ordenamientos jurídicos aplicables, además de que la Ubicación del área en la que se pretende la implementación del proyecto respecto a las A.N.P.s, R.M.P.s, R.H.P.s, R.T.P.s y A.I.C.A.s, así como la vinculación del citado proyecto con las políticas aplicables de cada una.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

Región Terrestre Prioritaria.- El proyecto se ubica en la RTP número 44 Bavispe – El Tigre, Superficie: 14,580 km2, Valor para la conservación: 3 (mayor a 1,000 km2) Agua Prieta, Son.; Nacozari de García, Son.; Madera, Chih.; El Largo, Chih. En cuanto a sus aspectos bióticos su diversidad ecosistémica tiene un valor para la conservación de 3 (alto) ya que cuenta con Matorral desértico, bosque de táscate y pino-encino, la Integridad ecológica funcional tiene un valor de 4 (alto) ya que los ecosistemas están en buen estado de conservación, la función como corredor biológico es de 3 (alto) para las aves, los fenómenos naturales extraordinarios tiene valor de 2 (importante) ya que en a mesa Las Guacamayas se presentan los sitios de anidación más norteñas de Rhynchopsitta pachyrhyncha (cotorra serrana), y por ultimo la presencia de endemismo es de 3 (alto) principalmente mariposas diurnas, destacando la especie Apodemia phyciodoides,
la riqueza especifica es de 3 (alto), Respecto a los aspectos antropogénicos, no existe una problemática ambiental hasta el momento, por su incomunicación, esta sierra permanece en muy buen estado de conservación, lo que puede ser un punto para planificar su conservación a mediano plazo. El valor de la pérdida de superficie original es 1 (bajo) ya que permanece casi intacta, su nivel de fragmentación de igual manera es 1 (bajo) ya que aparentemente no existen causas por las que la región pueda sufrir fragmentación, los cambios en la densidad poblacional es 1 (estable) ya que no hay población, la presión sobre especies clave es 2 (medio) por cacería furtiva, pero de poco impacto, la concentración de especies en riesgo es 3 (alto) por aves
rapaces y grandes carnívoros, mientras que las prácticas de manejo inadecuado es 2 (medio) por la tala de impacto moderado y minería a cielo abierto.

Región Hidrológica Prioritaria.- El proyecto, de acuerdo al mapa de Regiones Hidrológicas Prioritarias, se ubica en la RHP 16 Río Yaqui – Cascada Basaseachic, Sonora y Chihuahua Extensión: 54 716.52 km2, Conservación: preocupa la contaminación, el sobrepastoreo, la alteración del patrón hidrológico, la alteración de la calidad del agua en la planicie costera, la intrusión salina, la erosión de la cuenca, azolvamiento de las costas y la erosión en la costa por presas.

Área de Importancia para la Conservación de Aves.- El proyecto se ubica en la AICA Baserac – Seirra Tabaco – Río Bavispe en el estado de Sonora, tiene una superficie de 245,494 no cuenta con plan de manejo. La tenencia de la tierra es ejidal y privada y el uso de la tierra y cobertura es ganadería, forestal e industria minera. Cuenta con solo dos amenazas que son la explotación inadecuada de recursos (cacería furtiva) y la deforestación.
Área Natural Protegida.- El proyecto no se ubica en ningún área natural protegida, ya que la más cercana en la Reserva de la biosfera de Janos en el estado de Chihuahua y se encuentra a 29,500 metros de la concesión minera.
Programa de Ordenamiento Ecológico Territorial del Estado.- Según la Formulación del Programa de Ordenamiento Ecológico Territorial de Sonora, el proyecto se encuentra localizado dentro de la región de Agua Prieta. Específicamente en la UGA 49 y de conformidad al Anexo II Matriz de Políticas, Lineamientos, Criterios y Estrategias Ecológicas para cada Unidad de Gestión Ambiental, le corresponde una Aptitud C1D1F1M1, con el Lineamiento Ecológico Aprovechamiento sustentable de la cacería, conservación de recursos naturales y minería, su Criterios de Regulación Ecológica; CRE-08, CRE-19; CRE- 29, CRE-30,CRE-31; CRE-35, CRE-36, CRE-37, CRE-38, CRE-39, CRE-40, CRE-41, CRE-42, CRE-43, CRE-44 y CRE-45, y con Estrategia Ecológica; C1, D2, D4, D6, M1, mismos que se detallan en el DTU, que serán observados por la empresa en los casos aplicables a su proyecto de acuerdo a la ubicación, extensión, obras y actividades propuestas.

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 4 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

V. Que se manifiesta que el proyecto Requiere Autorización para el Cambio de Uso de Suelo Forestal donde se instalarán las obras y actividades propuestas, en términos generales en toda la superficie del proyecto, por lo que Requiere el Cambio de Uso de Suelo Forestal que establece la Ley General de Desarrollo Forestal Sustentable y que se destinarán a las labores de explotación y extracción de materiales pétreos debido a las labores de minería que se pretende y que provocaron la eliminación de la vegetación de esa área.

VI.- Que la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** manifiesta en cuanto a los residuos peligrosos que se generen, tales como aceites gastados, sólidos impregnados con aceite, tierra impregnada con aceite, filtros de gasolina y aceite, etc., producto del mantenimiento preventivo y correctivo a la maquinaria, estos se almacenarán temporalmente en un sitio específico y aprobado por la Secretaría en su tiempo. Para la disposición final de dichos residuos, se contratará a la empresa que cuente con autorización correspondiente de la autoridad competente SEMARNAT.

VII.- Que no hubo solicitud por parte de las comunidades para llevar a cabo una consulta pública de conformidad con lo establecido en el párrafo tercero del Artículo 34 de la Ley General del Equilibrio Ecológico y Protección al Ambiente.

VIII.- Que como resultado del análisis y de la evaluación de la Documentación del Tramite Unificado de Impacto Ambiental y del cambio de Uso del Suelo del proyecto "Presa de Jales", se detectaron que para las principales obras y actividades que podrían generar impactos ambientales y en su caso riesgos al ambiente y se han contemplado medidas de prevención, control, mitigación y de seguimiento para las distintas etapas.

Que se describen los impactos por factores ambientales manifestados, en el estudio de impacto ambiental
Y se determina que los efectos adversos esperados durante la vigencia de este proyecto, son principalmente las afectaciones por retiro de la vegetación, extracción de material pétreo y en una menor proporción el depósito temporal del material edáfico, para su posterior utilización en la restauración de la superficie afectada, otros efectos negativos, se manifestará son la proliferación momentánea de polvos, ya sea por el tránsito vehicular o movimiento de la maquinaria para la carga del material, modificación de los patrones de drenaje superficial, entre otros, mismos que ya fueron identificados en el capítulo anterior. y relacionado con los impactos ambientales esperados se propone la descripción de las medidas o programa de medidas de mitigación o correctivas por componente ambiental identificado.

La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** designará un responsable de la supervisión ambiental en el sitio del proyecto, para detectar aspectos críticos desde el punto de vista ambiental y que pueda tomar decisiones, definir estrategias o modificar actividades que generen impactos al ambiente, así como que se cumplan las especificaciones establecidas en la normas oficiales mexicanas y demás condicionantes establecidas en la presente.

IX.- Que como resultado del análisis y la evaluación del Documento de Tramite Unificado de Impacto Ambiental y de cambio de Uso de Suelo del proyecto "Presa de Jales" , se concluye que es factible su autorización, siempre y cuando se sujete al cumplimiento de las medidas de mitigación propuestas, así como al cumplimiento de los términos y las condicionantes del presente oficio resolutivo, lo anterior con el objeto de prevenir, controlar, restaurar y compensar los posibles impactos ambientales que pudieran ser ocasionados durante su construcción, operación, mantenimiento y cierre, sobre los componentes ambientales del lugar y

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 5 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

que deberán observar en todas sus etapas las especificaciones de la debe realizar en estricto apego a los criterios establecidos en la NOM-141-SEMARNAT-2003, que establece el procedimiento para caracterizar los jales, así como las especificaciones y criterios para la caracterización y preparación del sitio, proyecto, construcción, operación y postoperación de presas de jales, en la que se incluyen los componentes de: Cortina Contenedora; vaso de Almacenamiento; Sistema Decantador Drenante; Vertedor de Excedencias; Pileta de Recolección, entre otras obras que la empresa deberá observar de manera previa.
Los estudios, proyectos de ingeniería y demás información técnica o científica utilizada, así como la evidencia de su cumplimiento; debe mantenerse clasificada y disponible en el sitio para que la autoridad verifique su existencia y contenido en el momento que lo considere necesario.
Los impactos ambientales pueden ser significativamente minimizados a través de la aplicación de las mejores tecnologías ambientales que permitan el adecuado diseño, construcción, operación y eliminación de toxicidad de las instalaciones; así como de prácticas para el cierre definitivo y la restauración de este tipo de operaciones.

EN MATERIA FORESTAL TENEMOS:

I.- Que la C. Ana Lilia Varela Reynoso, acreditó su personalidad como representante de la empresa denominada **PACEMEKER SILVER MINING, S. A. DE C. V.** mediante copia certificada de la escritura pública número 5,318 volumen 131 de fecha 03 de Octubre de 2008 adjuntando copia simple de identificación oficial (Credencial para votar 0474063100927 folio 0000075312475).

II.- Que **PACEMEKER SILVER MINING, S. A. DE C. V.** exhibió el Recibo bancario de pago de contribuciones, productos y aprovechamientos federales número 123520041518 bueno por la cantidad de $ 26,170.00 (Veintiséis mil ciento setenta pesos 00/100) expedido por SCOTIABANK INVERLAT S. A. el 17 de Diciembre de 2012.

III.- Que se acreditó la relación jurídica con el terreno forestal que se pretenden cambiar de uso y el derecho para realizar las actividades de cambio de uso del suelo en terrenos forestales; situación que quedó asentada en dictamen emitido por la Unidad Jurídica de esta Delegación en oficio No. DFS-UJ-64/2013 fechado el 26 de Febrero de 2013.

IV.- Que **PACEMEKER SILVER MINING, S. A. DE C. V.** exhibió original y copia impresa del DTU que comprende estudio técnico justificativo correspondiente al proyecto que nos ocupa, formulado por la. Mtra. Biol. Beatriz Herrera Alvarado, con Registro Forestal Nacional Libro Jalisco, Tipo UI, inscripción Volumen 2, Número 44.

V.- Que mediante oficio No. DFS/SGPA/UARRN/0029/01/13 de fecha 25 de Marzo de 2012, se envió un tanto del expediente que nos ocupa, al C. M. C. Héctor Ramon Valdez Aguayo en carácter de Director General Forestal y de Fauna de Interés Cinegético del Gobierno del Estado de Sonora y Coordinador del Comité Técnico de Cambio de Uso de Suelo y Aprovechamientos Forestales del Consejo Estatal Forestal de Sonora; a efecto de que posterior a su análisis, emita la opinión correspondiente, suplicándole considere el plazo de diez días hábiles siguientes a la recepción del expediente ya que en su defecto; en observancia del I artículo 6º del referido Reglamento de la Ley General de Desarrollo Forestal Sustentable, transcurrido el plazo sin que el Consejo emita su opinión, se entenderá que no tiene objeción alguna respecto a la solicitud de autorización

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 6 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

de cambio de uso de suelo en terreno forestal para llevar a cabo el proyecto denominado "Presa de Jales" con pretendida ubicación en el municipio de Nacozari de García, Sonora.

VI.- Que en el oficio No. DGFF/12/09/0595/13, expedido en Hermosillo, Sonora el146 de Mayo de 2013 el M. C. Héctor Ramón Valdez Aguayo, Director General Forestal y Fauna de Interés Cinegético del Gobierno del Estado de Sonora, informa que la Quinta Reunión Ordinaria 2013, celebrada el 13 de Mayo de 2013, el Comité Técnico para el Cambio de Uso del Suelo y Aprovechamientos Forestales emite opinión positiva para la realización del proyecto denominado "Presa de Jales" con pretendida ubicación en el municipio de Nacozari de García, Sonora, con pretendida ubicación en 05-54-63.63 hectáreas en el municipio de Nacozari de García, Sonora.

VII.- Que a la fecha no se han recibido peticiones o solicitudes relativas al proyecto que puedan limitar la realización de la obra.

VIII.- Que conforme a lo previsto por el artículo 122 fracción IV del Reglamento de la Ley General de Desarrollo Forestal Sustentable mediante el oficio No. DFS/SGPA/UARRN/0339/2013 de fecha 24 de Mayo de 2013, esta Delegación Federal le comunicó a **PACEMEKER SILVER MINING, S. A. DE C. V.** que el día 28 de Mayo de 2013, se llevaría a cabo visita técnica al área donde se pretende desarrollar el proyecto denominado "Presa de Jales" con pretendida ubicación en el municipio de Nacozari de García, Sonora, destacando que el objeto de la visita es conocer las características ambientales del sitio y tener la certeza de que la información técnica y legal exhibida corresponde a la señalada en el estudio técnico justificativo, así como para determinar si el uso propuesto es mas productivo que el uso actual.

IX.- Que el 28 de Mayo de 2013, se celebró la visita técnica de verificación a que hace referencia el artículo 122 fracción IV del Reglamento de la Ley General de Desarrollo Forestal Sustentable; llevando a cabo un análisis de la información contenida en el estudio técnico justificativo y donde se evaluaron las características del área y se valoró el uso propuesto, estimando que el terreno a intervenir es susceptible de ser destinado a un desarrollo minero, máxime que la superficie que se pretende intervenir se encuentra próxima a áreas con evidencias de actividad minera.

X.- Que en base a los criterios técnicos establecidos en el ACUERDO por el que se establecen los niveles de equivalencia para la compensación ambiental por el cambio de uso del suelo en terrenos forestales, los criterios técnicos y el método que deberá observarse para su determinación, publicado en el Diario Oficial de la Federación el día 28 de septiembre del 2005; se determinó un nivel de equivalencia para la compensación ambiental por el cambio de uso del suelo en terrenos forestales de 1:4.6 para 5.546363 hectáreas en un ecosistema templado frío, resultando una superficie a compensar de 25.5132698 hectáreas.

XI.- Que los artículos 118 de la Ley General de Desarrollo Forestal Sustentable, 123 y 124 de su Reglamento, refieren que como parte del procedimiento para obtener la autorización de cambio de uso de suelo en terrenos forestales, se debe depositar al Fondo Forestal Mexicano un monto para compensar una superficie equivalente a la superficie que se pretende intervenir; a fin de destinarlos a las actividades de reforestación o restauración y su mantenimiento, conforme al ACUERDO mediante el cual se emiten los costos de referencia para reforestación o restauración y su mantenimiento para compensación ambiental por cambio de uso del suelo en terrenos forestales y la metodología para su estimación, publicado en el Diario Oficial de la Federación el 25 de Febrero de 2011 y actualizado con la publicación del 30 de Abril de 2012.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

XII.- Que a través del oficio DFS/SGPA/UARRN/349/2013 fechado el 30 de Mayo de 2013 y despachado el 19 de Junio de 2013, de conformidad con los artículos 2 fracción I, 3 fracción II, 7 fracciones V y XIV, 16 fracción XX, 117, 118 de la Ley General de Desarrollo Forestal Sustentable y 123 y 124 de su Reglamento, esta Delegación Federal hizo del conocimiento de **PACEMEKER SILVER MINING, S. A. DE C. V.** que como parte del procedimiento para obtener la autorización de cambio de uso de suelo en terrenos forestales, debería depositar al Fondo Forestal Mexicano un monto para compensar una superficie de 25.5132698 hectáreas, en un ecosistema templado frío, lo que representa la cantidad de $ 441,393.85 (Cuatrocientos cuarenta y un mil trescientos noventa y tres pesos 85/100 M N), para ser destinados a las actividades de reforestación o restauración y su mantenimiento, conforme al ACUERDO mediante el cual se emiten los costos de referencia para reforestación o restauración y su mantenimiento para compensación ambiental por cambio de uso del suelo en terrenos forestales y la metodología para su estimación, publicado en el Diario Oficial de la Federación el 25 de Febrero de 2011 y actualizado con la publicación del 30 de Abril de 2012.

XIII.- Que el 11 de Junio de 2012 se recibió en esta Delegación, comunicado a través del cual **PACEMEKER SILVER MINING, S. A. DE C. V.** a través de su representante, la C. Ana Lilia Varela Reynoso informa del depósito realizado al Fondo Forestal Mexicano por la cantidad de $ 441,393.85 (Cuatrocientos cuarenta y un mil trescientos noventa y tres pesos 85/100 M N) correspondiente al concepto de compensación ambiental por cambio de uso del suelo en terrenos forestales en una superficie 05-54-63.63 hectáreas en el municipio de Nacozari de García, Sonora, exhibiendo el Comprobante Universal de Sucursales de fecha 24 de Junio de 2013, folio electrónico 66323175088217036873, expedido por Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Financiero BANORTE, sucursal 6632 Navarrete, en Hermosillo, Sonora.

Así mismo, se exhibió en copia simple:
a) Certificado 00001000000201774371, Año 2010, No. de aprobación de folios 268946, folio RBODINFFM01465 bueno por cantidad de $ 441,393.85 (Cuatrocientos cuarenta y un mil trescientos noventa y tres pesos 85/100 M N), expedido por la Comisión Nacional Forestal en Zapopan, Jalisco el 26 de Junio de 2013.

XIV.- Que con las constancias que obran en el expediente, se advierte que los requisitos de contenido del estudio técnico justificativo previstos por el artículo 121 del Reglamento de la Ley General de Desarrollo Forestal Sustentable fueron satisfechos por el interesado mediante la información contenida en el estudio técnico justificativo exhibido e información adicional presentada.

Por lo anterior, a partir de la información y documentación proporcionada, esta autoridad administrativa tuvo por satisfechos los requisitos de solicitud previstos por los artículos 120 y 121 del Reglamento de la Ley General de Desarrollo Forestal Sustentable, así como del artículo 15 párrafos segundo y tercero de la Ley Federal de Procedimiento Administrativo.

XV.- Que con el objeto de verificar y resolver lo relativo al cumplimiento de las hipótesis normativas que establece el artículo 117 de la Ley General de Desarrollo Forestal Sustentable, de cuyo cumplimiento depende pueda otorgarse la autorización solicitada, esta autoridad administrativa se avoco al estudio de la información y documentación que obra en el expediente, considerando que a esta autoridad administrativa solo le está permitido autorizar el cambio de uso del suelo en terrenos forestales por excepción, cuando el interesado demuestre a través de un estudio técnico justificativo que se actualizan las siguientes hipótesis normativas:

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 8 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

- Que no se comprometerá la biodiversidad.
- Que no se provocará la erosión de los suelos.
- Que no se provocará el deterioro de la calidad del agua o la disminución en su captación, y
- Que los usos alternativos del suelo que se propongan sean más productivos a largo plazo.

XVI.- Que en base al análisis de la información técnica proporcionada tenemos lo siguiente:
• Por lo que corresponde a la obligación de demostrar que no se comprometerá la biodiversidad, se observa lo siguiente:

1.- Los elementos naturales que conforman dichos ecosistemas, tienen representación en los ecosistemas forestales existentes en la región, por lo que no se estarán afectando ecosistemas raros o de distribución limitada, ya que la flora y la fauna presente tiene distribución en la entidad, además de que subsisten condiciones de hábitat y entorno propicio para asegurar que los ejemplares de fauna silvestre tengan condiciones para su migración, establecimiento y desarrollo.
2.- La zona del proyecto presenta diversas obras de carácter antropogenicas como caminos e infraestructura minera.
3.- En el predio no se identificaron especies vegetales contenidas en la NOM 059 SEMARNAT 2010.
4.- El uso del suelo en las colindancias del predio además de forestal, es minero y pecuario.
5.- Las especies presentes en las comunidades vegetales se encuentran bien representadas en la región por lo que no se afectarán ecosistemas frágiles.
6.- Se rescatarán las especies que por su tamaño e interés toleren el transplante, además en los linderos de los caminos se reforestará con especies que cubran doble propósito, el primero de éstos conservar la flora y el segundo que produzcan bienes o servicios para la comunidad por lo que se espera un impacto benéfico significativo.
7.- Dentro del sitio del Proyecto no se encontraron zonas de reproducción o conservación de especies en protección, ni áreas de distribución de especies frágiles y/o vulnerables de vida silvestre, ni zonas de aprovechamiento restringido o de veda forestal y de fauna.
8.- En las colindancias del sitio del proyecto la principal actividad es la relacionada a las actividades mineras y metalúrgicas, antiguas y recientes, llevando a cabo el minado y beneficio de la mineralización.
9.- De los resultados obtenidos con las observaciones de campo se desprende que la comunidad de fauna silvestre se encuentra impactada por la presión de modificaciones al ambiente por el desarrollo minero contiguo.
10.- Se considera que se presentan las condiciones de hábitat y entorno propicio para asegurar que los ejemplares de fauna silvestre tengan condiciones para su migración, establecimiento, reproducción y desarrollo.
11.- La biodiversidad del bosque de encino presenta amplia distribución en la cuenca y en el ecosistema por lo que, se considera que no se amenazaran ecosistemas forestales raros y/o frágiles y la afectación a la vegetación será compensada con el fomento, rescate y reubicación de individuos, así como, reforestación en áreas aledañas al sitio del proyecto
12.- El estado de conservación para albergar una alta biodiversidad en el área de influencia del proyecto se puede considerar como bajo debido a la fragmentación y deterioro de su hábitat, pérdida de la cobertura vegetal y el impacto de las actividades humanas que conllevan a la degradación del ecosistema.
13.- Los servicios ambientales que presta el predio en general, especialmente los relativos a la conservación de la biodiversidad y la protección y conservación de suelos y que serán afectados, se compensarán mediante las medidas establecidas en el estudio técnico justificativo

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 9 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

• Que respecto a la obligación de demostrar que no se provocará la erosión de los suelos se consideró lo siguiente:

1.- Implementaran obras de retención de suelos que garanticen que la erosión no rebase las 7.17 Ton/ha/año.
2.- La vegetación circundante al proyecto se conservará natural para que funcione como barrera natural e impida el arrastre del suelo hacia otras partes de la cuenca.
3- Se implementará un programa de protección de suelos el cual definirá una serie de obras y medidas para la conservación, resguardo y protección del suelo contra la erosión con actividades como rescate y resguardo de suelo, obras de control de erosión como bordos, gaviones, caminos, obras de estabilidad de taludes y control de cárcavas.
4.- Se implementará un programa de restauración y conservación de suelos.
5.- Para evitar la erodavilidad hídrica se construirán canales de desvío de aguas pluviales, dirigiendo el agua hacia escurrimientos naturales.
6.- Al final de la vida útil del proyecto se realizaran acciones de rehabilitación del sitio y reforestación de las áreas usadas para obras mineras.
7.- Se realizará un adecuado diseño de alcantarillas con capacidad de desahogar los escurrimientos.
8.- Se propiciará la revegetación de las áreas desprovistas de vegetación por medio de la reforestación.
9.- Las obras y actividades del proyecto no inciden, ni inician procesos de erosión, ya que los suelos donde se elimine la vegetación serán cubiertos por las obras.

• Que en relación a la obligación de demostrar que no se provocará el deterioro de la calidad del agua o la disminución en su captación, tenemos:
1.- El agua que se utilice para la perforación será obtenida directamente de los trabajos mineros antiguos, mismos que se encuentran inundados.
2.- NO existen cuerpos de agua continentales al interior del área donde se pretende desarrollar el proyecto.
3.- Para garantizar que se mantenga el patrón de escurrimientos en la zona; de ser necesario se implementaran obras para canalizar los escurrimientos pluviales en la periferia del terreno.
4-Se respetarán los escurrimientos intermitentes, y a fin de evitar la disminución de la calidad de agua de recarga no se derramaran aguas residuales.
5.- Se realizarán las obras civiles de control de escurrimientos de tal forma que se disminuya la velocidad y arrastre de partículas hacia los cauces naturales.(canales de desvío, cunetas, terrazas).

• Que en cuanto a la obligación de demostrar que los usos alternativos del suelo que se proponen sean más productivos a largo plazo, se observa:
1.- Se estima que el tiempo de vida útil del proyecto (explotación y beneficio) es DE alrededor de 30 años
2.- Se tiene contemplado la construcción de una presa de jales donde serán almacenados los residuos que se generen a partir del reprocesamiento des jales que se encuentran confinados en los almacenamientos existentes.
3.- El desarrollo de este proyecto generara diversos beneficios a la zona, como la generación de empleos directos e indirectos, lo cual incrementará el comercio y los servicios locales, mejoras en las condiciones de vida de los trabajadores de la planta e incremento de vías de comunicación.
Además, se brindará atención médica especializada y seguridad social a todos los trabajadores de la compañía y sus familias.

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 10 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

4.- El proyecto se ubica en una zona minera y consiste en el reproceso y beneficio de los jales almacenados en las presas de jales que se encuentran el área denominada El Tigre, junto a las instalaciones en ruinas de la compañía que benefició el mineral explotado durante gran parte del siglo pasado.
5.- Todas las áreas de beneficio de mineral antiguas se encuentran impactadas y con una vegetación totalmente alterada, por lo que se pretende aprovechar las reservas que conforman el potencial minero existente y que en antaño estuvo sujeta a la misma actividad minera que ahora se pretende reactivar y promover.
6.- Con la ejecución del proyecto se pretende generar 60 empleos directos, distribuidos entre el personal operativo de la planta de beneficio, mantenimiento, servicios, movimiento y manejo de jal y personal administrativo (oficinas); además de al menos 85 empleos indirectos en la zona, los cuales incluyen trabajos de mantenimiento, a maquinaria, equipo e instalaciones, asesoría administrativa y ambiental, alimentación, etc.
7.- Se dará mantenimiento y se harán mejoras en los caminos locales que dan servicio a las comunidades de la región, generando con ello beneficios a pequeños ganaderos y agricultores, incrementando así sus ingresos económicos, por lo que los beneficios no serán solo para las personas que trabajen directamente en el proyecto, sino que también se reducirán los tiempos de traslado de todos los habitantes de la región en general.
8.- La inversión total que se requerirá para el equipamiento del proyecto y para la operación se estima en 240 millones de pesos.
9.- El uso actual del terreno corresponde a forestal sin aprovechamiento comercial en donde se practica el pastoreo extensivo.
10.- La ejecución del proyecto favorece la diversificación de actividades productivas a nivel predio, con lo que se amplía el espectro de capitalización hacia el campo tradicionalmente agropecuario.
11- En relación al uso, valor y potencial de aprovechamiento de los recursos naturales del predio, la ubicación, entorno y características del sitio hacen del uso solicitado una alternativa adecuada, generando beneficios mayores a sus propietarios y a los habitantes de la región.
12.-Con la ejecución del proyecto no se verá comprometida la biodiversidad ya que las especies encontradas están distribuidas ampliamente en toda la cuenca hidrológico forestal.
13- El proyecto representa un efecto detonador de la economía local, sobre todo por la continuidad de proyectos de crecimiento del beneficio de mineral lo cual implica beneficios directos en la población, el municipio y el estado.
14.-Si bien las obras tendrán un impacto en el entorno natural, se aplicarán las medidas de mitigación adecuadas, en cumplimiento con la normatividad ambiental y haciendo uso de la mejor tecnología.

XVI.- Que en base a las consideraciones expresadas, esta autoridad administrativa estima que se encuentran acreditadas las hipótesis normativas establecidas por el artículo 117 párrafo primero de la Ley General de Desarrollo Forestal Sustentable, toda vez que:

• Los daños que se identifican serán mitigados con las medidas que se deberán aplicar; en especial las relacionadas a agua, conservación de suelos y el rescate de ejemplares de flora, el ahuyentamiento, la colecta, liberación, protección y manejo de la vida silvestre.
• La biodiversidad del sitio en el que se desarrollará el proyecto es propia de un bosque de encino, por lo que no se amenaza ni se pone en riesgo la conservación, protección o procesos ecológicos de este tipo de ecosistemas.

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 11 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

• El proyecto se realizará tomando en consideración las medidas de protección y conservación de suelos y no se removerá vegetación forestal en sitios que no sean necesarios.
• El valor y uso de la tierra vendrá a ser mayor con la realización del proyecto, favoreciendo el desarrollo ordenado de actividades económicas de mayor impacto en relación a la superficie.
• El sitio no ha sido afectado por incendios forestales, con excepción del intemperismo físico y químico natural a lo cual están plenamente adaptados los elementos naturales presentes en el mismo, así como el impacto ocasionado por las actividades que se desarrollan en los alrededores.
• Se generarán empleos y se producirá una demanda de mano de obra.
• La generación de empleos es de importancia para arraigar a la población, creando áreas de oportunidad y evitando que se congestionen los centros urbanos con problemas relativos a la generación de empleos.
• La realización del proyecto permitirá desarrollar otras actividades complementarias que pueden proveer en el corto y mediano plazo, un mejor desarrollo y calidad de vida a los habitantes de la región, propiciando servicios, apertura de nuevos mercados y en general otras actividades productivas.
• El proyecto promoverá el aprovechamiento potencial de los recursos existentes, contribuyendo al desarrollo regional a través de la generación de empleos directos e indirectos, la inversión y el arraigo de la población, propiciando mayores oportunidades, ayudando a reducir el crecimiento y expansión desordenada de actividades que potencialmente degraden del medio ambiente.

XVII.-Que en cumplimiento de la obligación que a esta autoridad le impone lo dispuesto por el artículo 117 párrafo cuarto de la LGDFS consistente en atender lo que dispongan los programas de ordenamiento ecológico correspondiente, las normas oficiales mexicanas y demás disposiciones legales y reglamentarias aplicables; derivado de la revisión del expediente se encontró lo siguiente:

• El área donde se pretende desarrollar el proyecto NO se encuentra considerado, decretado y/o publicado algún ordenamiento ecológico territorial de carácter, municipal, estatal o federal.

• Que el sitio que se pretende intervenir NO se ubica dentro o en la zona de influencia de Área Natural Protegida alguna.

Por lo que no se observaron lineamientos o criterios de manejo especifico con los que deba vincularse el proyecto o en su caso que impidan llevar a cabo las actividades de cambio de uso del suelo en terrenos forestales.

Con base en lo expuesto y con fundamento en los Artículos 8°, párrafo segundo, de la Constitución Política de los Estados Unidos Mexicanos; 32 Bis, fracción XI de la Ley Orgánica de la Administración Pública Federal 16, fracción X de la Ley Federal de Procedimiento Administrativo; en la Ley General del Equilibrio Ecológico y la Protección al Ambiente para las obras y actividades descritas en el artículo 28 fracción III, VII y 5 inciso L, fracción I, III; O) y 44, 45 fracción II y, 48, 49 y 57 de su Reglamento en Materia de Evaluación del Impacto Ambiental y el correspondiente a la autorización de cambio de uso de suelo forestal previsto en el artículo 117 de la Ley General de Desarrollo Forestal Sustentable, así como del acuerdo por el que se expiden los lineamientos y procedimientos para solicitar en un trámite único ante la Secretaria de Medio Ambiente y Recursos Naturales las autorizaciones en materia de Impacto Ambiental y en Materia Forestal que se indican y se asignan las atribuciones correspondientes en los servidores públicos que se señalan , D.O.F. del 22 de Diciembre del 2010; así como al 38 y 39° fracción IX inciso c) del Reglamento Interior de la Secretaría de Medio Ambiente y Recursos Naturales, publicado en el Diario Oficial de la Federación el 21 de enero del 2003;

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 12 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

esta Delegación Federal resuelve que el proyecto de referencia **ES PROCEDENTE** por lo que ha resuelto **AUTORIZAR DE MANERA CONDICIONADA** su desarrollo sujeto a los siguientes.

TÉRMINOS:

PRIMERO. - Se autoriza el Documento Técnico Unificado (DTU) en materia de impacto ambiental para las obras y actividades descritas en la fracción III y VII del artículo 28 de la Ley General del Equilibrio Ecológico y la Protección al Ambiente y el correspondiente a la autorización por excepción el cambio uso de suelo en terrenos previsto en el artículo 117 de la Ley General de Desarrollo Forestal Sustentable, para el desarrollo del proyecto "Presa de Jales" , que pretende llevar a cabo el desarrollo de una unidad minera de beneficio de mineral de Oro y Plata a mediana escala, a partir de un yacimiento mineral susceptibles de ser explotadas en un área proyectada de 65,673 m2, y promovida por la empresa PACEMAKER SILVER MINING S.A. DE C.V., el proyecto se ubica en el municipio de Nacozari de García en el estado de Sonora, a 11 km de la cabecera municipal en línea recta en dirección norte.

PRIMERO.- La superficie autorizada para que se realice el cambio de uso del suelo en terrenos forestales, comprende exclusivamente 05-54-63-63 ha, de bosque de encino en terrenos del municipio de Nacozari de García, Sonora, para lo cual se intervendrá un polígonos irregular destinado a la ubicación final de los jales; dicho polígono está delimitado por las coordenadas UTM WGS 84 siguientes:

Ubicación final de los Jales

Vértice	Este	Norte
1	667328.47	3385629.65
2	667351.46	3385393.74
3	667229.50	3385376.63
4	667126.26	3385372.35
5	667012.85	3385410.33
6	667055.64	3385510.36
7	667194.43	3385560.11

Ubicación de la Planta

Vértice	Este	Norte
1	667626.66	3384889.02
2	667658.02	3384785.03
3	667733.12	3384716.53
4	667521.86	3384632.36
5	667467.38	3384656.28
6	667467.18	3384761.48
7	667487.93	3384804.65

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 13 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

La superficie con cambio de uso de suelo y remoción de vegetación será de 05-54-63-63 ha, de bosque de encino y la superficie sin remoción de vegetación de pastizal inducido 03-86-35.12, hectáreas.

Etapa o Proceso Planta m2	m2
Patio de Almacenamiento de jal para reproceso	600
Pila de Almacenamiento de agua	300
Tanques de Soluciones	60
Bandas Transportadoras	200
Tolva de Finos y Molino	350
Espesador Primario y Filtros	220
Agitadores y Espesadores Secundarios	590
Precipitación (Proceso Merrill Crowe)	250
Cuarto de Máquinas y Compresores	60
Taller de Mantenimiento	130
Oficinas	170
Servicios	30
Almacenes permanentes de cianuro, aceites	110
y lubricantes y almacenes temporales de residuos	
Laboratorio de Ensaye Metalúrgico	60
Total	3,130

La presa de jales se ubicará en una superficie aproximada de 40,000 m². La presa de jales contará con los siguientes componentes.

COMPONENTE y DIMENSIONES.
Cortina contenedora.- 300 mt longitud, parte superior y 30 mt de altura en su parte central, en su etapa intermedia
Vaso de almacenamiento.- 12000 M3 en su etapa inicial.
Sistema decantador drenante.- 120 mt de longitud x 1.75 mt x 1.25 de sección portal, de etapa inicial a etapa intermedia.
Vertedor de excedencias.- Túnel sección portal de 1.75 mt x 1.25 mt.
Pileta de recuperación.- 10 mt x 10 mt de área x 3 mt altura

Del Programa General de trabajo para la Construcción de la Planta de Beneficio y Presas de Jales, en 8 Meses, se pretende realizar las obras y actividades de:
Reacondicionamiento de caminos ya existentes.
Preparación de sitio Construcción de áreas de trabajo (Obra Civil).
Montaje de maquinaria y equipo.
Etapa de Pruebas.
Preparación y sellado de terreno para presas de jales.

Obras y actividades provisionales del proyecto:
Se dispondrá de un área para prestar los primeros auxilios en el sitio de trabajo.

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 14 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

Se ha proyectado que esta área sea de aproximadamente 24 m2 (6 x 4 m) y se localizará en las inmediaciones de la planta de beneficio.
Un almacén de cianuro de 8.0 x 4.0 metros (32 m2). Este será de concreto armado en el piso, con diques de 30 cms. de altura alrededor que protejan completamente en caso de un evento derrame del producto.
El almacén para aceites y lubricantes será de 3.0 x 3.0 metros (9.0 m2), con piso de concreto armado, muros de tabique y malla con techo de lámina galvanizada.
Contará con una fosa de contención para caso de derrames.
El almacén para combustibles será de 4.0 x 3.0 metros (12 m2) con piso de concreto armado y diques de tabique de 50 cm de altura, con una fosa de contención para caso de derrames.

Etapa de operación y mantenimiento:
En la Planta de Beneficio se utilizará el proceso de Cianuración para la concentración de los minerales contenidos en los jales.
Las áreas o etapas en las cuales está dividida dicha Planta de Beneficio son:
- Patio de almacenamiento de jal para proceso
- Molienda y Tolva de Finos
- Espesador primario y filtros.
- Tanques espesadores de lavado a contracorriente y agitadores
- Precipitación
- Presa de Jales

SEGUNDO.- La presente autorización tendrá una vigencia de **11 AÑOS** para las actividades de preparación del sitio, construcción, operación, mantenimiento y actividades de cierre, abandono y restauración del proyecto "Presa de Jales" ,, dicho plazo dará inicio a partir del día siguiente de la recepción de la presente autorización y podrá ser prorrogado a juicio de esta Secretaría, siempre y cuando la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** lo solicite por escrito a esta Delegación Federal de la SEMARNAT, dentro de los treinta días naturales de antelación a la fecha de su vencimiento.

Así mismo, dicha solicitud debe acompañarse con el oficio emitido por la Delegación de la Procuraduría Federal de Protección al Ambiente (PROFEPA) en el Estado de Sonora, donde se valide que la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** ha dado cumplimiento a los Términos y Condicionantes establecidas en la presente autorización para desarrollar el Proyecto "Presa de Jales" ,.

TERCERO.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** queda sujeta a cumplir con las obligaciones contenidas en el Artículo 50 del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación de Impacto Ambiental, en caso de que desista de realizar las obras motivo de la presente autorización, para que esta Delegación determine las medidas que deban adoptarse, a efecto de que no se produzcan alteraciones nocivas al Ambiente.

CUARTO.- De acuerdo con lo señalado por el Artículo 28 del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental, la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe hacer del conocimiento de esta Delegación Federal de la SEMARNAT, de manera previa, cualquier eventual modificación o ampliación del proyecto en los términos previstos en el Artículo 28 del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental, así como cumplir con los requisitos del trámite de

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 15 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

homoclave SEMARNAT-04-008 inscrito por esta Secretaría en la Comisión Federal de Mejora Regulatoria, para que con toda oportunidad esta Secretaría determine lo procedente. Queda estrictamente prohibido desarrollar obras de preparación y construcción distintas a las señaladas en la presente autorización.

QUINTO.- De conformidad con el Artículo 35 de la Ley General del Equilibrio Ecológico y la Protección al Ambiente y 49 de su Reglamento en Materia de Evaluación del Impacto Ambiental, la presente autorización sólo se refiere única y exclusivamente a los aspectos ambientales de las obras y actividades descritas en el Término Primero. Por ningún motivo la presente autorización constituye un permiso de inicio de obras y actividades, ni reconoce o valida la legítima propiedad y/o tenencia de la tierra, por lo que quedan a salvo las acciones que determine la propia Secretaría, las autoridades Federales, Estatales y Municipales, ante la eventualidad de que la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** no pudiera demostrarlo en su oportunidad.

SEXTO.- La preparación, construcción, operación, manteniendo y abandono de las obras propuestas en el DTU y autorizadas del proyecto "Presa de Jales" , promovido por la empresa **PACEMAKER SILVER MINING S.A. DE C.V.**, de conformidad con lo dispuesto en el Artículo 47 primer párrafo del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental, estarán sujetas a la descripción contenida en el Documento de Trámite Unificado para el Cambio de Uso de Suelo y del Manifestación de Impacto Ambiental, a los planos del proyecto incluidos de las obras y actividades autorizadas, y de la información adicional presentada, así como a lo dispuesto en la presente autorización conforme a las siguientes:

CONDICIONANTES:

I. GENERALES

La empresa **PACEMAKER SILVER MINING S.A. DE C.V. debe:**

1. Cumplir con todas y cada una de las medidas de prevención, control, mitigación, compensación y restauración propuestas en el DTU del Proyecto Minero "Presa de Jales" , así como de las condicionantes establecidas en la presente resolución y de las demás disposiciones regulatorias que fueran emitidas por esta Secretaria a la empresa **PACEMAKER SILVER MINING S.A. DE C.V.**; ésta será responsable de que la calidad de la información presentada en los reportes e informes, permita a la autoridad correspondiente evaluar y en su caso certificar el cumplimiento de las condicionantes.

2.- Dentro de un plazo máximo de 10 días hábiles siguientes a la recepción del presente resolutivo se deberá notificar por escrito a esta Delegación Federal, quien será el responsable técnico forestal encargado de dirigir la ejecución del cambio de uso de suelo autorizado, el cual deberá establecer una bitácora de actividades, misma que formará parte de los informes de avance de las actividades y del informe de finiquito al termino de dichas actividades, con independencia de validar los avisos e informes que se refieren en la presente.

Dicha notificación deberá contener la protesta correspondiente del Responsable Técnico Forestal designado, además de acreditar la capacidad para fungir como tal.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

En caso de que existan cambios respecto a esta responsiva durante el desarrollo del proyecto, se deberá informar oportunamente a esta Unidad Administrativa.

3.- En cuanto a las actividades encaminadas a la conservación a la biodiversidad y los suelos, se apegaran a lo señalado en el estudio técnico justificativo; por lo cual se deberá presentar en esta Delegación Federal:

A. Un programa de reubicación y manejo de especies de flora de importancia de la zona, que complemente y puntualice (tiempo, espacio, forma y cantidad) lo asentado en el Estudio Técnico Justificativo, considerando las especies listadas en la **Norma Oficial Mexicana NOM-059-SEMARNAT-2010**, las especies de difícil regeneración y lento crecimiento, así como aquellas de interés biológico para su conservación.
Dicho programa deberá contener:
- Título.
- Antecedentes.
- Objetivos.
- Metas.
- Metodología.
- Sitios de reubicación
- Cronograma de actividades.
- Evaluación y seguimiento; y
- Acciones de mantenimiento y seguimiento respecto a especies rescatadas y en su caso las medidas a adoptar para no comprometer a la biodiversidad.

Para conservar y proteger los ejemplares de especies de flora y fauna nativa existentes, así como los que no se hubiesen detectado en los monitoreos elaborados, especialmente de aquellos bajo protección por la Norma Oficial Mexicana **NOM-059-SEMARNAT-2010**, en la medida de lo posible, se marcarán dichos sitios como medida preventiva para evitar su deterioro.

B. La información que puntualice lo señalado respecto al programa de protección de especies de fauna referido en el Documento exhibido, considerando las especies listadas en la Norma Oficial Mexicana NOM-059-SEMARNAT-2010, debiendo pormenorizar las acciones a realizar respecto a protección y ahuyentamiento de las especies de fauna presentes en el área de trabajo.

En caso de detectar especies de lento desplazamiento al momento de la ejecución del proyecto, éstas deberán ser capturadas por personal capacitado y reubicadas en sitios aledaños al área del proyecto que contengan hábitat con similares condiciones a las que existen en el sitio del que provienen.

C. Un programa en el que se describan las acciones a realizar a fin de garantizar que la vegetación circundante al proyecto se conservará debiendo especificar la forma en que se delimitará físicamente la superficie que comprende el proyecto para evitar la afectación de terrenos forestales aledaños.
D. Un programa de rehabilitación de áreas que se vayan abandonando paulatinamente que incluya la reforestación con individuos rescatados así como con vegetación producida en vivero.
E. Un programa detallado que pormenorice las acciones de protección de suelos, referidas en la información exhibida y que atienda a lo siguiente:

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jalisa"
Página 17 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

El horizonte orgánico del suelo se deberá rescatar para ser aprovechado para el arrope de taludes y reforestación en zonas afectadas y los residuos vegetales que se generen como resultado del desmonte serán acopiados, triturados y mezclados con el suelo de despalme rescatado para ser utilizado en la restauración de áreas afectadas.
Se establecerán obras de retención y captación de agua como bordos, canales de desvío, cunetas, presas filtrantes y/o terrazas a fin de reducir el arrastre de los sedimentos, además de realizar obras para canalizar los escurrimientos pluviales en la periferia del terreno.
Las obras deberán respetar las características de los patrones naturales de escurrimiento.
Dicho programa deberá garantizar que la erosión no rebase las 7.17 Ton/ha/año.

Las acciones propuestas deberán ser ubicables y cuantificables, a fin de que la autoridad correspondiente esté en condiciones de verificar el cumplimiento de las mismas en los tiempos y formas propuestos.
Dichos programas y documentos se deberán presentar en esta Delegación Federal en un plazo no mayor a 30 días hábiles después de recibida la autorización y los resultados de su ejecución se deberán integrar a los informes del avance correspondientes, destacando que dichos documentos deberán ser validados por el responsable técnico correspondiente.

5.- Se deberán comunicar por escrito a esta Delegación Federal, así como a la PROFEPA en esta Entidad, la fecha de inicio y término de los trabajos relacionados con el cambio de uso del suelo e impacto ambiental autorizado, dentro de los 10 días hábiles siguientes a que esto ocurra.

6.- Únicamente se podrá remover vegetación forestal en las áreas donde se realizaran las obras relativas al proyecto denominado "Presa de Jales" en terrenos forestales del municipio de Nacozari de García, Sonora.

7.- Bajo ninguna circunstancia se deberá remover vegetación forestal de terrenos forestales fuera de la superficie que comprenden los polígonos en que se autoriza el cambio de uso del suelo en terrenos forestales, por lo que de requerir mayor superficie para la misma actividad o cualquier otro tipo de obras y/o actividades que afecten vegetación forestal, se deberá solicitar previamente la autorización de cambio de uso de suelo correspondiente ante esta Delegación Federal.

8.- Se deberá remover la vegetación gradualmente a fin de que la superficie del suelo permanezca el menor tiempo posible expuesto a la acción del viento, disminuyendo con esto los procesos de erosión.

Para evitar problemas de erosión y calidad del agua, se evitará que el desmonte provoque alteraciones a los patrones naturales de escurrimiento y en su caso se establecerán obras de control como terrazas, cunetas o canales de desviación, realizando las acciones necesarias para evitar el arrastre de sedimentos a las partes bajas de la cuenca y la posible contaminación de los cauces naturales.

Se deberán implementar obras tendientes a canalizar los escurrimientos pluviales hacia las áreas de drenaje natural, garantizando que se mantenga el patrón de escurrimientos en la zona.

9.- Se asigna el código de identificación C 26 041 TIG 001/13.
Los residuos forestales resultantes de la remoción de la vegetación preferentemente deberán ser triturados o picados y destinados a la restauración y conservación de suelos.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

10.- Se deberá dar cumplimiento a las medidas de mitigación de impactos ambientales contemplados en el DTU, las Normas Oficiales Mexicanas aplicables y ordenamientos técnico – jurídicos aplicables, así como lo que indiquen otras instancias en el ámbito de sus respectivas competencias; haciéndole saber que la programación de estas acciones deberán reportarse al iniciar las actividades, mientras que los resultados de estas acciones deberán reportarse conforme a los informes de avance y cumplimiento de la presente autorización.

11.- Queda prohibido el uso de fuego y productos químicos durante las actividades de cambio de uso de suelo por excepción y en ninguna parte del proceso cuando implique daños a la vegetación forestal colindante al proyecto.

12.- Queda prohibida la cacería, captura y tráfico de especies de fauna silvestre así como la colecta y comercialización de especies de flora silvestre en el área del proyecto y áreas adyacentes a la misma.

13.- Se deberán presentar ante esta Delegación Federal de SEMARNAT con copia a la PROFEPA en esta entidad; informes trimestrales del avance de las actividades de cambio de uso del suelo, y grado de cumplimiento de los presentes lineamientos; así como un informe de finiquito al término de dichas actividades. Estos informes se deberán exhibir en la Delegación Federal dentro de los 10 días hábiles siguientes a que esto ocurra.

Dichos informes deberán incluir los avances y resultados del cumplimiento a los términos de esta autorización, así como de la aplicación de las medidas de prevención y mitigación contempladas en el DTU, debiendo incluir, en su caso, el número de individuos de vegetación arbórea removida, el nombre común y científico, la cantidad de obra de conservación de suelo así como un reporte del seguimiento respecto de cambios observados en la flora y fauna existente.
Se deberá incluir además en su caso, el número de individuos por especie y el volumen de extracción, así como los indicadores de éxito de las actividades de rescate; y en su caso las medidas a adoptar para garantizar la conservación de la biodiversidad.
Destacando que el informe deberá contener la bitácora de actividades que deberá implementar el responsable técnico designado.

14.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** es la única titular de los derechos y obligaciones de la presente autorización, por lo que queda bajo su responsabilidad la validez de los contratos civiles, mercantiles o laborales que se hayan firmado para la implementación y operación del proyecto, así como su cumplimiento y las consecuencias que corresponda aplicar a la SEMARNAT y a otras autoridades, federales, estatales y municipales.
En caso de pretender transferir los derechos y obligaciones derivados de la misma, se deberá informar de manera previa y por escrito a esta autoridad para que, en su caso, determine lo procedente, adjuntando para tal efecto la carta de aceptación de los derechos y obligaciones, así como los documentos legales que acrediten el derecho sobre los terrenos donde se efectuara el cambio de uso del suelo en terrenos forestales, de quien pretenda ser el nuevo titular.

15.- La Procuraduría Federal de Protección al Ambiente, podrá realizar en cualquier momento las visitas de inspección que considere pertinente para verificar que solo se afecte la superficie forestal autorizada, así como llevar a cabo una evaluación del proyecto para verificar el cumplimiento de las medidas de prevención y

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 19 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

mitigación establecidas en el estudio técnico justificativo y los términos señalados en la presente autorización, por lo cual se debe mantener en el sitio del proyecto el DTU, sus anexos, los planos del proyecto, la presente autorización y en su caso los informes correspondientes, a fin de mostrarlos a la autoridad competente cuando así se requiera.

16.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.**, queda obligada a restituir la condición original del sitio en el caso de que por alguna razón el proyecto no pudiese finiquitarse en los términos y plazos previstos; sin perjuicio de las sanciones que determine la autoridad competente.

17.- Esta autorización no exenta al titular de la misma de obtener aquellas otras autorizaciones, concesiones, licencias, registros o permisos previos que al respecto deban emitir las dependencias federales, estatales o municipales en el ámbito de sus respectivas competencias.

18.- El desarrollo del proyecto no incluye el cambio de uso del suelo en terrenos forestales para bancos de materiales o bancos de tiro, caminos de acceso ni establecimiento de campamentos fuera del polígono autorizado, por lo que de ser necesario e impliquen la afectación de vegetación forestal, se deberá contar con la autorización correspondiente de manera previa a su ejecución.

19.- Serán nulos de pleno derecho todos los actos que se efectúen en contravención a lo dispuesto en la presente autorización.

20.- Conforme lo dispuesto por el Artículo 51 fracción III de la Ley General de Desarrollo Forestal Sustentable en vigor y artículo 16 primer párrafo del Reglamento de la Ley General, se deberá inscribir la presente autorización en el Registro Forestal Nacional; trámite que se llevará a cabo por ésta Unidad Administrativa.

21.- La presa de jales que se pretenden construir como parte del proyecto, se debe realizar en estricto apego a los criterios establecidos en la **NOM-141-SEMARNAT-2003**, que establece el procedimiento para caracterizar los jales, así como las especificaciones y criterios para la caracterización y preparación del sitio, proyecto, construcción, operación y postoperación de presas de jales, en la que se incluyen los componentes de: Cortina Contenedora; vaso de Almacenamiento; Sistema Decantador Drenante; Vertedor de Excedencias; Pileta de Recolección, entre otras obras que la empresa deberá observar de manera previa.

Auditorías ambientales. Durante las operaciones, se deben llevar a cabo auditorías internas para evaluar el estado de cumplimiento respecto a las normas y criterios ambientales con los que se rigen las operaciones mineras, así como las condiciones de calidad del medio ambiente de los distintos resolutivos.
Programa de mantenimiento preventivo y correctivo del sistema de conducción de soluciones de proceso. Se dará énfasis en los sistemas de bombas, tuberías y válvulas que transportan soluciones de proceso, con el objetivo de eliminar o reducir el riesgo de fugas. Se asegurará de la disponibilidad permanente de bombas emergentes para recirculación de soluciones en caso de derrames o lluvias extraordinarias.

Planes de contingencia. La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe contar con un Programa para el presente proyecto, y adecuado para definir las medidas de respuesta a emergencia para los eventos de mayor riesgo que pudieran presentarse tales como:
-Derrame de soluciones cianuradas fuera de las áreas de proceso.

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

-Fugas o infiltraciones al subsuelo de soluciones de proceso.
-Derrame mayor de hidrocarburos.
-Derrame de sustancias químicas.
-Incendio o explosión dentro o cerca de las instalaciones mineras.
-Estos planes serán divulgados y revisados como parte de la capacitación de los empleados.
-Los estudios, proyectos de ingeniería y demás información técnica o científica utilizada, así como la evidencia de su cumplimiento, debe mantenerse clasificada y disponible en el sitio para que la autoridad verifique su existencia y contenido en el momento que lo considere necesario.
-Se deberá designar un responsable de la supervisión ambiental en el sitio del proyecto, para detectar aspectos críticos desde el punto de vista ambiental y que pueda tomar decisiones, definir estrategias o modificar actividades que generen impactos al ambiente, así como que se cumplan las especificaciones establecidas en esta norma.

Restauración durante las operaciones de áreas degradadas inactivas. realizar algunas actividades de restitución de obras en zonas inactivas de la mina como pueden ser caminos fuera de operación, pozos o barrenos fuera de uso, obras de explotación minera las actividades de restauración consistirán principalmente de:
• Remoción y disposición adecuada de residuos (peligrosos y no peligrosos).
• Remoción de equipo, maquinaria y materiales fuera de uso.
• Limpieza de suelo contaminado.
• Suavización de pendientes y escarificado del suelo.

22.- Instalar, en lugares visibles los señalamientos adecuados de prevención, restricción e información, mediante los cuales se haga referencia de los trabajos que se están realizando en el área. Estos señalamientos estarán dirigidos a la población en general.
23.- Con el fin de evitar impactos ambientales negativos al ecosistema circundante del proyecto, por fallas o accidentes durante la realización de cada una de las etapas que comprenden al proyecto y llevar un control, la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe considerar las obras y actividades en un Programa de Vigilancia Ambiental donde se contemplen las medidas a desarrollar en materia de prevención, supervisión, mantenimiento, inspección y vigilancia de todas las actividades que se realicen durante todas las etapas del proyecto en materia ambiental y de cambio de uso del suelo forestal así como del cumplimiento de las condicionantes establecidas en la presente salvo cuando se especifique otra periodicidad. El Programa debe desarrollarse y presentarse como reporte anual ante la Delegación de la PROFEPA con copia para esta Delegación, así como mantenerse en el sitio para cuando la autoridad competente lo requiera.

24.- Con fundamento en el Artículo 35 de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en su penúltimo párrafo faculta a esta Secretaría para exigir el otorgamiento de seguros ó garantías respecto del cumplimiento de las condiciones establecidas en esta autorización y toda vez que el Artículo 51 del Reglamento en Materia de Evaluación del Impacto Ambiental, establece que se podrá exigir en otorgamiento de seguros o garantías respecto del cumplimiento de las condiciones establecidas en las autorizaciones durante la realización de las obras puedan producirse daños graves a los ecosistemas cuando.... "I. Puedan liberarse sustancias que al contacto con el ambiente se transformen en tóxicas, persistentes y bioacumulables; II. En los lugares donde se pretenda desarrollar la obra ó actividad existan cuerpos de agua, especies de flora y fauna silvestre ó especies endémicas, amenazadas, en peligro de extinción o sujetas a protección especial".

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 21 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

La promovente debe presentar a esta Delegación en un plazo de 4 meses contados a partir de la fecha de recepción de esta autorización la propuesta de adquisición de un instrumento de garantía que asegure el debido cumplimiento de los términos y condicionantes enunciados en el presente resolutivo. El tipo, monto y mecanismo de adquisición de dicho instrumento responderá a los resultados de un estudio técnico económico que presente la promovente, atendiendo el costo económico que implica el cumplimiento de los términos y condicionantes, así como al valor de la reparación de los daños que pudieran ocasionarse por el incumplimiento de los mismos. Lo anterior a efecto de ser validado por esta Secretaria

25.- Cumplir con los siguientes lineamientos en función del tipo de residuos que serán generados en las diferentes etapas del proyecto, para la disposición adecuada de los mismos.
a) Los sólidos domésticos serán depositados en contenedores con tapa, ubicados estratégicamente en las áreas de generación. Su disposición final debe realizarse donde la autoridad local lo determine de manera adecuada y controlada a efecto de evitar tanto su dispersión como la proliferación de fauna nociva.
b) Los residuos de materiales que se utilicen para el montaje, la instalación, pruebas de equipo, tales como: contenedores vacíos impregnados con aceite, grasas, solventes y aceites gastados, provenientes de la lubricación del equipo y la maquinaria, deben ser consideradas como residuos peligrosos, de acuerdo con la Norma Oficial Mexicana NOM-052-SEMARNAT-1993, por lo que serán colectados y almacenados conforme a lo dispuesto en el Reglamento de la Ley General para la Prevención y Gestión Integral de Residuos y ser enviados posteriormente para su reuso, reciclaje, incineración y/o confinamiento en sitios autorizados por esta Secretaria.
26.- Implementar el programa y el resultado del rescate de las especies de cactáceas de lento crecimiento que se encuentren en el predio y/o que pudieran ser afectadas por el desarrollo del proyecto, así mismo aquellas especies que se observen al momento de los trabajos y que se encuentren en los listados de las especies en alguna de las categorías de protección de acuerdo con la NOM-059-SEMARNAT-2010, que establece la protección ambiental a especies nativas de México de flora y fauna silvestre – categorías de riesgo y especificaciones para su inclusión, exclusión o cambio – lista de especies en riesgo. Lo anterior debe reportar a esta Delegación indicando la información de nombre de las especies, número, técnicas de rescate y de replantación, mantenimiento y reporte del grado de supervivencia y desarrollo, debe incorporarse en el Programa de Vigilancia Ambiental.

Queda estrictamente prohibido a la empresa **PACEMAKER SILVER MINING S.A. DE C.V. de C.V.**:
27.- Depositar cualquier tipo de desecho en las inmediaciones del área del proyecto, arroyos, oquedades mineros antiguos, cuerpos de agua y zonas aledañas así como la quema de los mismos.

II. PREPARACIÓN DEL SITIO, CONSTRUCCIÓN y OPERACIÓN.
28.- Realizar la limpieza sólo en las zonas estrictamente necesarias y dentro del área propuesta para desarrollar el proyecto "Presa de Jales", así como de ser viable, conservar la capa edáfica superficial para su utilización en las actividades de restauración de áreas en la etapa de abandono.
29.- Evitar el derrame o fugas de aditivos que al contacto con el agua y/o suelo provoquen reacciones químicas nocivas.
30.- Implementar las obras tendientes a canalizar los escurrimientos pluviales hacia las áreas propuestas para encauzar al drenaje natural, garantizando que se mantenga el patrón de escurrimientos en la zona.
31.- Dar mantenimiento constante en el área de la Planta a los cercos instalados, con el objeto de tener un estricto control del acceso al área de planta y de presa de jales de personas y animales. Así como establecer

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 22 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

las medidas de seguridad en la operación de trituración de materiales y transporte a efecto de evitar accidentes del personal.
32.- Los camiones que transporten los materiales dentro del área del proyecto deben de transitar a una velocidad moderada, para evitar la dispersión del material y mitigar el levantamiento de partículas del suelo.
33.- Con el objeto de conservar la calidad del aire, se recomienda implementar un programa de mantenimiento preventivo para que el equipo y la maquinaria a utilizar durante las diferentes etapas del proyecto estén en óptimas condiciones de operación y cumpla con la normatividad ambiental relativa a niveles máximos de emisiones de ruido y de contaminantes.
34.- El equipo y la maquinaria utilizados durante las diferentes etapas del proyecto, deben estar en óptimas condiciones de operación, de tal manera que cumplan con lo establecido en las normas oficiales mexicanas: NOM-041-SEMARNAT/1993, NOM-042-SEMARNAT/1993, NOM-043-SEMARNAT/1993, NOM-44-SEMARNAT/1993 y NOM-045-SEMARNAT/1993, que establece los niveles máximos permisibles de opacidad del humo proveniente del escape de vehículos automotores en circulación que usan diesel como combustibles.

III. ABANDONO.
35.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** previo al término de la vida útil del proyecto "Presa de Jales", debe dar cumplimiento con las especificaciones que establece la NOM-141-SEMARNAT-2003, que establece el procedimiento para caracterizar los jales, así como las especificaciones y criterios para la caracterización y preparación del sitio, proyecto, construcción, operación y postoperación de presas de jales.
De igual forma debe notificar a esta Secretaría en caso de que la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** en las etapas de operación, pretenda dar inicio a la restauración de áreas que ya no se utilizarán en el proyecto.
36.- La empresa deberá observar lo establecido en la **NOM-157-SEMARNAT-2009**, que establece los elementos y procedimientos para instrumentar planes de manejo de residuos mineros.

SEPTIMO.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe elaborar y presentar en original a la Delegación de la PROFEPA en el Estado, un reporte del Programa de Vigilancia Ambiental sobre el cumplimiento de los Términos y Condicionantes que así lo ameriten en forma anual, con excepción de las condicionantes en las que de manera expresa se indique otra calendarización. Los reportes podrán complementarse con anexos fotográficos y/o vídeo, y enviar copia del documento y del acuse de recibo correspondiente a esta Delegación Federal de la SEMARNAT en el estado de Sonora, hasta la conclusión del proyecto.

OCTAVO.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe dar aviso a la Secretaría del inicio y la conclusión del proyecto, conforme con lo establecido en el Artículo 49, segundo párrafo, del Reglamento de la Ley General del Equilibrio Ecológico de la Protección al Ambiente en Materia de Evaluación de Impacto Ambiental. Para lo cual comunicará por escrito a la Delegación de la Procuraduría Federal de la Protección al Ambiente en el Estado la fecha de inicio de las obras autorizadas, dentro de los diez días siguientes a que hayan dado principio; así como la fecha de terminación de dichas obras, dentro de los diez días posteriores a que esto ocurra.

NOVENO.- La presente autorización a favor de la empresa **PACEMAKER SILVER MINING S.A. DE C.V.**, es personal. En caso de transferir los derechos y obligaciones contenidas en este documento, la empresa de

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

conformidad a lo establecido en el Artículo 49 del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental, debe dar aviso por escrito a esta autoridad. Así como cumplir con los requisitos del trámite de homoclave SEMARNAT-04-009 inscrito por esta Secretaría en la Comisión Federal de Mejora Regulatoria. Queda estrictamente prohibido desarrollar las actividades de preparación construcción y operación distintas a las señaladas en la presente autorización.

Es conveniente señalar que la transferencia de los derechos de la autorización a la que se refiere el párrafo anterior, se acordará única y exclusivamente, en el caso de que el promovente interesado en desarrollar el proyecto, ratifique en nombre propio ante esta Secretaría, la decisión de sujetarse, apegarse y responsabilizarse de los derechos y obligaciones impuestos a la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** para la realización del proyecto **"Presa de Jales"**.

DECIMO.- Esta resolución se emite sin perjuicio de que la empresa PACEMAKER SILVER MINING S.A. DE C.V. tramite y, en su caso, obtenga las autorizaciones, concesiones, licencias, permisos y análogos que sean requisito para la realización de las actividades motivo de la presente, cuando así lo consideren las leyes y los reglamentos que corresponde aplicar a esta Delegación Federal y a otras autoridades Federales, Estatales o Municipales.

DECIMO PRIMERO.- Serán nulos de pleno derecho todos los actos que se efectúen en contravención a lo dispuesto en la presente autorización.

DECIMO SEGUNDO.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** es la única responsable de realizar las obras y gestiones necesarias para mitigar, restaurar, compensar y controlar todos aquellos impactos ambientales atribuibles a la realización y operación de las obras autorizadas, que no hayan sido considerados en la presente resolución y en la Manifestación de Impacto Ambiental presentada.

Por lo tanto, la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** es la única responsable ante la Procuraduría Federal de Protección al Ambiente, de cualquier ilícito, en materia de Impacto Ambiental, en el que incurran las compañías o el personal que se contrate para efectuar la construcción y operación del proyecto. Por tal motivo, debe vigilar que las compañías o el personal que se contrate, acaten los Términos a los cuales queda sujeta la presenta autorización.
En caso de que las obras, ocasionaran afectaciones que llegasen a alterar el Equilibrio Ecológico, se ajustarán a lo previsto en el Artículo 56 del Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental.

DECIMO TERCERO.- La empresa **PACEMAKER SILVER MINING S.A. DE C.V.** debe mantener en el sitio del proyecto una copia del expediente del DTU, de los planos del proyecto, así como de la presente resolución, del proyecto "Presa de Jales", para efectos de mostrarlas a la autoridad competente que así lo requiera. Asi mismo, para futuras obras, dentro del mismo predio ó en terrenos aledaños al mismo, debe hacer referencia a esta resolución, con el objeto de que se consideren los impactos sinérgicos que se pudieran presentar.

DECIMO CUARTO.- La Secretaría de Medio Ambiente y Recursos Naturales, con fundamento en el Artículo 40 fracción IX inciso C) del Reglamento Interior de esta Secretaría, podrá modificar, suspender, anular ó revocar la Autorización en Materia de Impacto Ambiental, si estuviera en riesgo el Equilibrio Ecológico o se

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 24 de 25

SEMARNAT

DELEGACION FEDERAL EN SONORA
SUBDELEGACION DE GESTION PARA LA PROTECCION
AMBIENTALY RECURSOS NATURALES
UNIDAD DE GESTION AMBIENTAL
RFC: PSM080129Q27
Bitácora:26/MC-0029/01/13
Clave: 26SO2013MD002
OFICIO No. DS-SG-UGA-IA-0612-13
Hermosillo, Sonora, 17 de julio del 2013.

produjeran afectaciones nocivas imprevistas en el ambiente. La presente resolución ha sido otorgada por esta Unidad Administrativa con base en la dictaminación de la información proporcionada por el solicitante cuyo contenido se presume cierto atendiendo al principio de buena fe, salvo que la autoridad verificadora determine lo contrario.

DECIMO QUINTO.- La Secretaría de Medio Ambiente y Recursos Naturales, a través de la Procuraduría Federal de Protección al Ambiente, vigilará el cumplimiento de los términos establecidos en el presente instrumento, así como los ordenamientos aplicables en materia de Impacto Ambiental y de Cambio de Uso de Suelo para ello ejercitarán, entre otras, las facultades que le confieren el Reglamento de la Ley General del Equilibrio Ecológico y la Protección al Ambiente en Materia de Evaluación del Impacto Ambiental y de la Ley General de Desarrollo Forestal Sustentable.

El incumplimiento a las condicionantes fijadas en esta Resolución, la Ley General del Equilibrio Ecológico y la Protección al Ambiente, Ley General de Desarrollo Forestal Sustentable, Ley General para la Prevención y Gestión Integral de los Residuos y sus Reglamentos, las Normas Oficiales Mexicanas y otros instrumentos jurídicos vigentes que sean aplicables a la operación y funcionamiento de este tipo de proyecto, así como, la presentación de quejas hacia la misma en forma justificada y reiterada o la ocurrencia de eventos que pongan en peligro la vida humana o que ocasionen daños al medio ambiente y a los bienes particulares ó nacionales, podrán ser causas suficientes para que la Secretaría de Medio Ambiente y Recursos Naturales imponga a la empresa **PACEMAKER SILVER MINING S.A. DE C.V.** las sanciones que correspondan de conformidad al Titulo Sexto, Capítulo IV de la Ley General del Equilibrio Ecológico y la Protección al Ambiente.

DECIMO SEXTO.- Notifíquese la presente resolución al interesado por alguno de los medios legales previstos por el Artículo 35 y demás relativos y aplicables de la Ley Federal de Procedimiento Administrativo.

ATENTAMENTE
EL DELEGADO FEDERAL DE SEMARNAT EN SONORA

MTRO. HÉCTOR ULISES CRISTÓPULOS RÍOS

SECRETARIA DE MEDIO AMBIENTE Y RECURSOS NATURALES
DELEGACION FEDERAL EN EL ESTADO DE SONORA
ESPACHAD
D 18 JUL. 2013 O
CONTACTO CIUDADANO

C.c.p. M.C. ALFONSO FLORES RAMÍREZ.- Director General de Impacto y Riesgo Ambiental, México D.F.
C.c.p. LIC. JORGE CARLOS FLORES MONGE.- Delegado de PROFEPA Centro Negoplaza.2 piso, Hermosillo, Sonora.
C.c.p. Expediente Técnico.
HUCR/RMC/DMVL/GDGS/EEFB/ LAVV*2013
C:\ Gzonzalez \ Documentos \ Unidad de Gestión \ Resolutivos\ Resueltos 2013 \ PACEMAKER SILVER MINING S.A. DE C.V. "Presa de Jales".

PACEMAKER SILVER MINING S.A. DE C.V.
"Presa de Jales"
Página 25 de 25