TECHNICAL REPORT

Taviche Project
Resource Estimate & Preliminary Economic Assessment for the Higo Blanco Project Oaxaca, Mexico

Report for NI 43-101
Effective Date: September 28, 2011
Amended Date: September 5, 2013

ON BEHALF OF

AURA SILVER RESOURCES INC.
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BY
G. S. CARTER, *P. ENG*.
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Date and Signature Page

CERTIFICATE of AUTHOR

I, Geoffrey S. Carter P. Eng., do hereby certify that:

1 I am a Principal of:
Broad Oak Associates
365 Bay Street, Suite 304
Toronto, Ontario,
Canada, M5H 2V1

2. I graduated with an Honours Bachelor of Science (1968) degree in Mining Engineering from University of Wales, University College Cardiff, South Wales, UK in 1968

3. I am a member of the Professional Engineering Association of Manitoba, (5341) and I am a Professional Engineer in Ontario, (100084354). I am also a member of the Canadian Institute of Mining and Metallurgy.

4. I have practiced my profession in excess of forty 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 and past relevant work experience, I fulfill with requirements to be a "qualified person" for the purposes of NI 43-101. This report is based on my personal review of information provided by the Issuer and on discussions with the Issuer's representatives. My relevant experience for the purpose of this report is:

   - Anglo American Corporation 1968-1983, Mine Engineer, General Mine Foreman, Hudson Bay Mining and Smelting Limited, Vice President Operations Inspiration Coal.
   - Senior Mining Engineer - Project Technical Evaluation Hudson Bay Mining and Smelting Co. Limited 1980-1981
   - Mining Analyst, Midland Doherty, 1983-1986
   - Author of several Technical Reports, 2002-2011

6. I am responsible for the preparation of the technical report titled Resource Estimate and Preliminary Economic Assessment at the Higo Blanco Project dated September 28, 2011 (the "Technical Report"), as amended September 5, 2013 (the "Amended Technical Report"), related to The Higo Blanco Project. I visited the property on January 23, 2010, and again on June 29, 2011.

7. I have had prior involvement with the properties that are the subject of the Amended Technical Report. I provided a due diligence report to Union Securities dated February 5, 2010.

8. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

9. I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.

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

11. I consent to the filing of the Amended 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 Amended Technical Report.

Dated the 5th day of September, 2013.

Signature of Geoffrey S. Carter, P. Eng.

Seal or Stamp

Geoffrey S. Carter

Printed name of Geoffrey S. Carter, P. Eng.

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1.0 Summary

The Higo Blanco Project forms a part of the Taviche Project and is the subject of an option agreement dated June 8, 2009 (the “Option Agreement”) between Aura Silver Resources Inc. (“Aura Silver” or the “Company”), Plata Panamericana S.A. de C.V. (“Plata”, a wholly-owned Mexican subsidiary of Pan American Silver Corp. (“PanAm”)) and Intrepid Mines Limited (“Intrepid”, including their subsidiaries). Under the terms of the Option Agreement, Aura Silver and Intrepid have the ability to earn up to a 70% collective interest in the Taviche Project. As at August 31, 2011, Aura Silver has earned a working interest of 48.5% in the Taviche Project. Vesting of this working interest remains subject to final exercise of the earn-in option in accordance with the terms of the Option Agreement.

Drilling to date at the Higo Blanco Project has consisted of 35 holes totalling 7,924.7 metres of HQ core. The holes were located from the Santo Nino prospect (southeast) to the Piedra del Sapo prospect (northwest), a distance of about 5 kilometres. The following is a summary of the work in the Mezcal prospect area conducted from June, 2009 through August, 2011.

All core has been logged on site, cut by a Core Cut saw, bagged, sealed and shipped to SGS Mineral Services labs in Durango, Mexico. Standards and blanks have been inserted into the sample stream throughout the entire program. Analysis of the QA/QC program does not reveal any systematic biases or errors.

Exploration at the Higo Blanco Project area has focused on targets defined by extensive silver + antimony-bearing, silicified limestone hosting pyrargyrite and quartz-sulphide stockwork and breccia deposits hosting gold and arsenic. These areas, previously defined by geologic mapping, trenching, geochemistry, and geophysics, consisted of the following prospects: Santo Nino, Mezcal, Cerro La Mina and Piedra del Sapo.

At least two geochemically and temporally distinct styles of mineralization have been documented in this drilling program. Structurally controlled Au-As-(Sb) anomalies hosted in broad stockwork zones containing local hydrothermal and vein breccias. This style of mineralization is referred to as ‘Mezcal-type’ mineralization owing to its close association with the NW-trending Mezcal structure. A second style of mineralization is widespread throughout the project area and consists of silicified limestone forming stratabound ‘mantos’ at the upper contact of the limestone with overlying sedimentary, volcaniclastic and volcanic rocks. This mineral style is characterized by antimony (as stibnite) at higher elevations and increasing silver (as pyrargyrite) with depth hosted mostly in comb quartz veinlets and breccia matrix. A potential third style, a hybrid of the two styles mentioned above, was tentatively identified in Hole No. HBET24 and occurs as gold-bearing, silicified limestone breccias replacing thermally metamorphosed limestone at the contact with feldspar porphyry dikes; arsenic is widely anomalous, antimony is locally very anomalous and silver values are low.

The majority of drilling has been focused along the Mezcal structure where several holes have encountered significant widths and grades of silver-bearing silicified breccias developed in limestone and/or fault breccia and sulphidized volcanic debris flows. Drilling to date suggests that this silver occurrence is both vertically and laterally restricted, i.e. cylindrical, formed at the contact between steeply dipping structures and the upper contact of the limestone sequence. Additional drilling, however, is justified to extend this deposit to the NW and SE and explore for possible extensions to depth.

Drilling over a 300 metre strike length of the Mezcal structure has identified both types of mineral as distinct deposits yet spatially proximal. Their geometries have been crudely modelled and their grades estimated. The inferred resources at Higo Blanco project are:

Silver	865,000 tonnes at a grade of 119 g/t for 3.3 million ounces of contained silver at a cut-off grade of 30.77 g/t silver
Gold	3.3 million tonnes at a grade of 0.51g/t for 54,000 ounces of contained gold at a cut-off grade of 0.33 g/t gold

The gold and silver inferred resources have the potential to be expanded with further exploration.

Based on the geologic potential of the Higo Blanco property the following potential mineral inventory could be identified as a potential target warranting further exploration:

Mineral Potential

Silver	2-6 million tonnes at grade of 100-150 g/t, or 6 to 29 million ounces
Gold	10-20 million tonnes at a grade of 0.4-0.7 g/tor 108, 000 to 450,000 ounces

It should be noted that a potential resource is based on the geologic information available and is only conceptual in nature and that there has been insufficient exploration to date to define this as mineral resource and that further exploration of this target may or may not identify any further resources on this property.

The preliminary economic assessment in this report is preliminary in nature, and has been prepared using inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. This section of the report does not comply with CIM Definition Standards (Nov. 22, 2005) for Mineral Resources and Mineral Reserves, and therefore does not meet CIM best practices.

Quote from CIM definitions and standards:

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parametres or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral

Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Preliminary Economic Assessment

This preliminary economic assessment is preliminary in nature, and has been prepared using inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The preliminary economic analysis section of the 43-101 Report does not comply with CIM Definition Standards (Nov. 22, 2005) for Mineral Resources and Mineral Reserves, and therefore does not meet CIM best practices. A Quote from CIM definitions and standards is as follows:

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

A summary of the significant assumptions and results of the preliminary economic assessment are as follows:

Input parameters for Base Case:

Operating costs	$83.00 per tonne
Mill silver recovery	80%
Silver price	$35 per ounce
Capital costs	$7.29 million
Working capital	$3.00 million (3 months of operating costs)
Reclamation	$0.50 million

Base Case Cash Flow Model:
A 6 year mine life at 500 tonnes per day has been assumed, along with a reconditioned mill. Net present values (NPV) derived in the base case cash flow model are summarized as follows:

NPV @ 5%	-$1.433 million
NPV @ 7%	-$1.987 million
NPV @ 10%	-$2.674 million

This preliminary economic analysis indicates the project would be quite difficult to finance at its present stage of exploration. It is necessary to upgrade the small inferred resource in order to support a positive economic analysis.

2.0 Introduction and Report Amendment

Broad Oak Associates ("Broad Oak") was engaged by Aura Silver Resources Inc. to provide an independent technical report. This report was prepared under the direction of Geoffrey S. Carter, P. Eng., a principal of Broad Oak and a Qualified Person. A site visit was made to the property on February 5, 2010 and again on June 23, 2011 when 6 sections of core were quartered from drill holes on the Higo Blanco Project. The extensive database that Aura Silver has assembled in their offices both in Ocotlan de Morelos, Oaxaca, Mexico, and in Canada has been made fully available to Broad Oak.

This technical report has an effective date of September 28, 2011. All assumptions and information disclosed in this technical report were formulated as at the effective date. This technical report was amended as of September 5, 2013 as follows: (i) Section 1.0 'Summary' was amended to include a summary of the results of the preliminary economic assessment; and (ii) Section 14.0 'Mineral Resource Estimates' was amended under the sub-heading 'Grade Estimate' to add disclosure regarding the cut-off grades utilized in the mineral resource estimates.

3.0 Reliance on Other Experts

Broad Oak relied upon Aura Silver personnel and consultants and their corporate counsel for information regarding the current status of legal title of the property, property agreements, corporate structure, permits and any outstanding environmental orders.

4.0 Property Description and Location

Plata holds title to the West Taviche and East Taviche concessions. Intrepid Mines Mexico S.A. de C.V. (a wholly-owned subsidiary of Intrepid) holds title to the Alma Delia concession. Collectively these three concessions are referred to as the Taviche Project and are subject of the Option Agreement. The concessions are located in the Taviche District in central Oaxaca, approximately 50 kilometres south of the City of Oaxaca (Figure 1). The Higo Blanco project is located within the East Taviche and Alma Delia concessions as shown in Figure 2. The nearest significant population centre is the town of Ocotlan de Morelos with a population of about 10,000 inhabitants which is situated approximately 12 kilometres north of the West Taviche concession and 12 kilometres west of the East Taviche concession.

The West and East Taviche concessions, shown in Figure 2, total 13,724 hectares (Table 1). The Alma Delia concession, also shown in Figure 2, totals 38,616 hectares. As of July 31, 2011 all concessions are in good standing with all fees and duties paid. Subsequent concession fee payments are not due until January 31, 2012.

The Option Agreement of June 8, 2009 superseded all prior agreements which had been in place between Plata and Intrepid and Intrepid and Aura Silver. The Option Agreement sets out the earn-in requirements for Aura Silver and Intrepid (the "Taviche JV") to vest their potential collective 70% interest in the Taviche Project. These requirements include total cash option payments of US$790,000 over the term of the Option Agreement. These cash option payments have been made except for the last payment of US$250,000 due on or before September 30, 2011. Additionally, required exploration expenditures of a minimum of US$4 million are to be spent by September 1, 2011. As at August 31, 2011 exploration expenditures on the Taviche Project totalled US$5,364,851.

Intrepid has not been participating in the cash option payments or the funding of exploration expenditures since March 2010. Therefore, as of August 31, 2011, Aura Silver holds a 69.3% interest in the 70% earn-in, equating to a 48.5% working interest in the Taviche Project. Aura Silver funding of the final cash option payment would further increase this working interest.

Upon completion of the earn-in, Plata will retain a 30% interest in the Taviche Project unless Plata is able to exercise its back-in right under the terms of the Option Agreement. Plata's back-in right is for an additional 40% of the Taviche Project which is exercisable if 50 million ounces of contained silver in the measured and indicated mineral resource categories are defined in NI 43-101 upon the completion of the earn-in. If the back-in right were exercisable, Plata would be required to fund exploration expenditures equal to three times the expenditures funded by Aura Silver and Intrepid to the date of the earn-in, over a period not exceeding four years from the exercise of the back-in right.

Table 1**. List of Concessions in the Taviche Property.**

Concession	Title Number	Claim Type	Area in Hectares	Owner	Date of Title
West Taviche	215542	Exploration	6,254	Plata Panamericana	March 5, 2002
East Taviche	215541	Exploration	7,470	Plata Panamericana	March 5, 2002
Alma Delia	233877	Exploration	38,616	Intrepid Mines, Mexico	Nov. 22, 2007

Figure 1: Location Map of the Taviche Project, Oaxaca, Mexico *and*

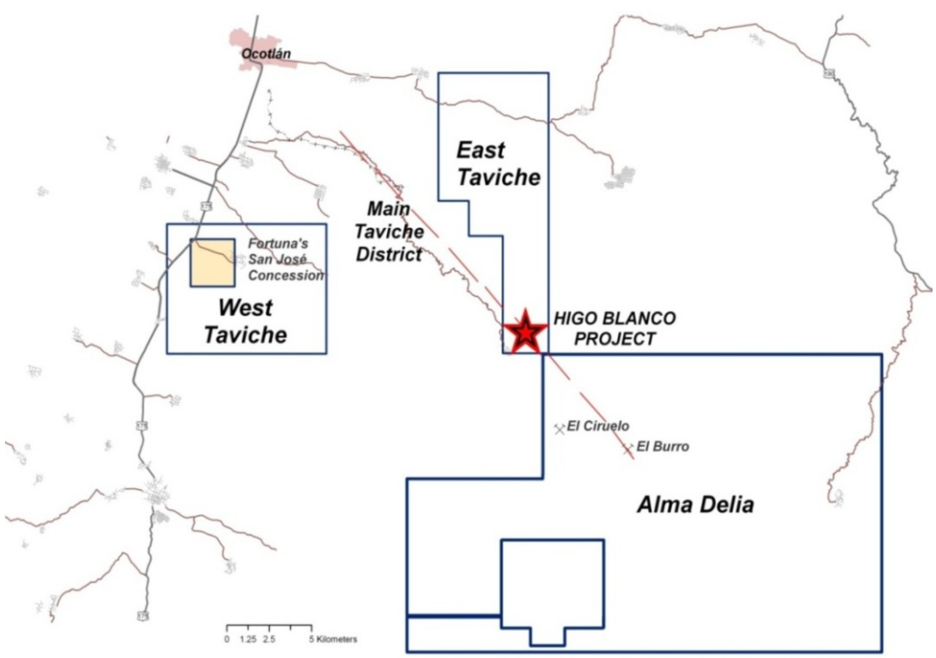

Figure 2: Location Map of the Higo Blanco Project in Reference to the Concessions

The East Taviche concession falls within three municipalities as shown in Figure 3. The Higo Blanco Project is located in the municipality of San Pedro Taviche.

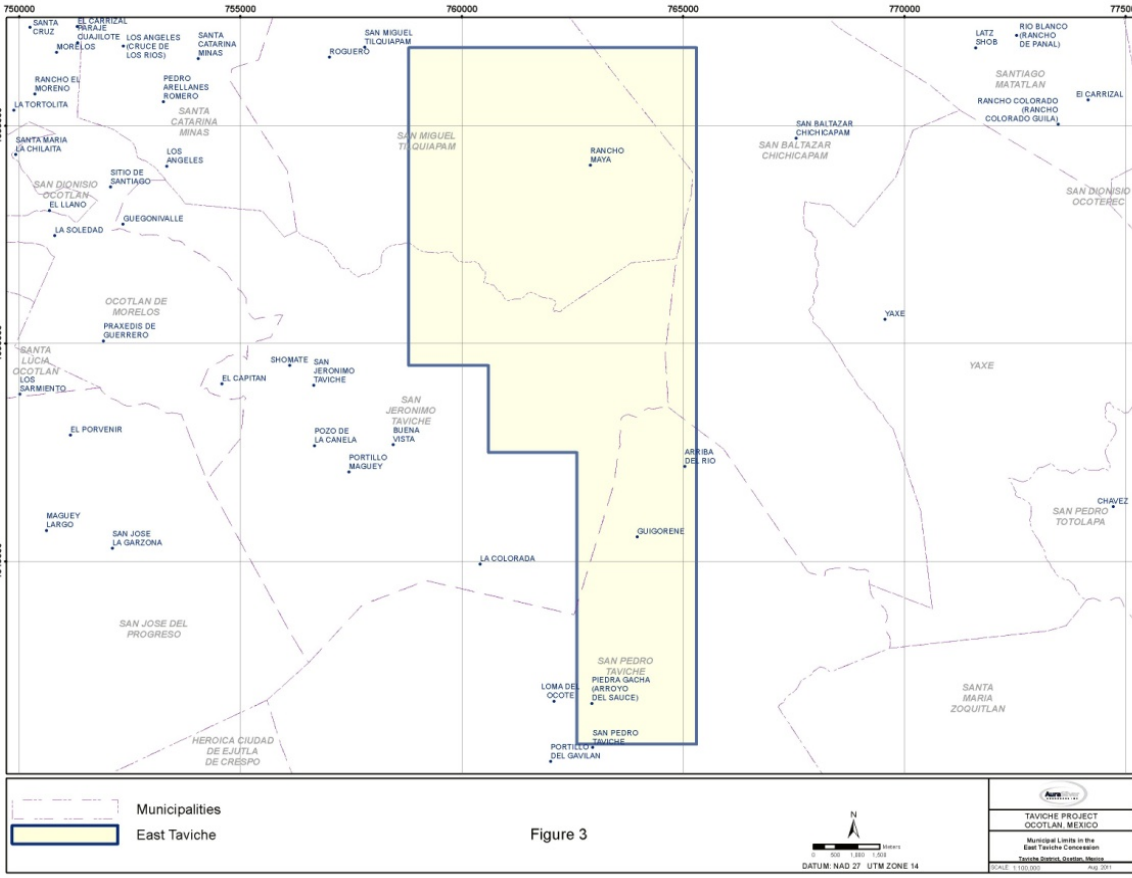

Figure 3. Map of the East Taviche Concession showing municipal jurisdictions.

4.1 San Pedro Taviche

Following the identification of extensive areas of silicified limestone in late 2006 during reconnaissance activities, the community of San Pedro Taviche was approached for permission to explore within their municipality. On January 23, 2007 the General Assembly of San Pedro Taviche decided not to accept the Taviche JV's proposal to explore in their jurisdiction. On February 3, 2007, the Taviche JV's manager of Community Relations, Jorge Mario Rios, attended a general assembly on February 3 which was attended by more than 70 Ejido members. Following a lengthy discussion, the assembly agreed to approve the exploration program in writing, grant the Taviche JV a one-year permit and requested of the Taviche JV to support the construction of a 30-metre wall around their historic Catholic church built in 1517.

Every year the Taviche JV has negotiated an agreement with the Ejido to continue mineral exploration within their jurisdiction and commits to the execution of projects selected by the community and approved by the General Assembly. The agreements are simple, contained within a single page and briefly describe the terms. In 2010, the agreement was signed by the Ejido and the Taviche JV representatives at the offices of the Procuraduria Agraria, the federal institution that administrates the Ejidos and their communal lands in Mexico; a registered copy of this agreement is on file in their offices in Oaxaca.

The Taviche JV have invested more than US$60,000 in community projects for San Pedro Taviche including: the wall around the Catholic church; installation of satellite internet at Secondary School; reforestation of communal land; a wall around the local cemetrey; construction of retaining walls for the road to access the Communal lands and exploration areas; a large water storage facility at the Santo Nino area (used for drilling); donated a 4x4 pickup truck to the Ejido council; donated equipment and medicines to the local clinic; and has provided support for sporting, social and cultural events for both the local schools and community.

Since 2007, the Taviche JV trained and provided employment to about 400 men from the community in its exploration activities including trenching, sampling, topographic surveying, geophysical surveys, environmental restoration and mitigation and road construction as well as the execution of the community-oriented projects mentioned above. During inactive periods, the Taviche JV maintains a 5-man crew maintaining roads, performing reforestation and reclamation.

At the request of the community leaders, the workers rotate every week allowing nearly all of the men in the community an opportunity for employment. Since 2007, the Taviche JV has paid approximately US$100,000 in wages to the community which has aided in the building of a strong relationship.

Due to local traditions, women are not consulted about the decisions related to the exploration activities; however, the JV has worked to keep the women informed and has supported their cultural activities. Aura has promoted the crafts produced by the women from San Pedro Taviche, known as " alebrijes", at the PDAC in Toronto, Canada.

In 2010, San Pedro Taviche requested of Taviche JV a water reservoir needed to irrigate their low lying lands during the dry season. Taviche JV has spent US$20,000 in the design of this project conducted by a Oaxacan consulting firm and was presented to the community, leaders and Water Board in February, 2011. Mexican law requires both State and Federal permits for such projects so the community has to appoint a committee to visit the Federal and State agencies to obtain these permits prior to seeking financing for the project. The Taviche JV's remaining commitment for this project is to provide assistance in acquiring financing and to provide transportation and to fund expenses for the water committee. At the time of this report, the water committee had not been organized.

5.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The West Taviche concession lies approximately 47 kilometres south of the City of Oaxaca along Mexico Ruta 175. Travel time from the Oaxaca international airport to the concession is approximately 45 minutes. The nearest, large population centre is Ocotlán de Morelos (population 10,000) and is situated approximately 12 kilometres north of the concession (Figure 2). Vehicular access to the prospects identified to date in the West Taviche concession is excellent owing to the large number of small villages and surrounding agricultural land.

The Higo Blanco Project is contained within two concessions, East Taviche and Alma Delia, shown in Figure 2, and is best accessed from Ocotlán de Morelos, the most significant population center (population 10,000) in the area and home to the Taviche JV's local field office. Travel time from the Oaxaca international airport to the office is approximately 30 minutes.

The Higo Blanco Project is located east and adjacent to the remote agricultural community of San Pedro Taviche which is the project's source of all local labour and home to the local municipal and Ejido authorities. Access from the Ocotlan to San Pedro Taviche is via an improved dirt road and can be driven in about one hour. Access within the Higo Blanco Project is good as numerous drill roads have been constructed over the past 3 years.

The local climate is semi-arid with temperatures ranging from 10°C in the winter mornings to +30°C in the summer. The rainy season is from April to September with an average annual precipitation of 750 mm. Rainfall, however, tends to be irregular in nature with some areas receiving more precipitation than others. The vegetation is open grassland mixed with thorny brush and cactus. The climate is amenable to year round exploration and mining operations.

The concessions are easily accessed with major and secondary highways traversing portions of the two concessions. There is also a well developed network of gravel roads and trails extending throughout the two concessions. There is a 155 kV electrical transmission line running through the West Taviche concession. Water is available from several local, community dams. Local communities have traditionally provided skilled labour for mining operations. The local economy is dominated by small-scale, subsistence agriculture and greenhouse vegetable operations.

The East Taviche concession is characterized more by gentle, rolling hills punctuated by occasional mountains (up to 1,900 metres) and locally dissected by steep-walled canyons. Elevations lie between 1,600 metres and 2,800 metres above sea level and vegetation is characteristic of high desert terrain.

6.0 History

Although a concise historical sketch of the mining history of the Taviche District has not been recorded as much of the information is verbal, the following series of events are presented below (Falce, J.E.I., 2002):

(1580) The Dominican Order of the Roman Catholic Church colonized the valleys of Central Oaxaca and mentioned that the Zapotec Indians were producing gold and silver from the Taviche district. At this time, Spanish expeditions officially "discovered" the Taviche district and, in the absence of iron, they were producing horseshoes made of silver;

(1836) The first registered mining activity was from the veins of "San Pedro Taviche" including San Martin and Los Ocotes which produced "kilos of silver and 40% copper" from shallow workings;

(1890-1913) The Taviche District saw an increase in production with more than 64 mines being operated by Mexican, North American and British companies including Oaxaca Consolidated Mining Company (Illinois), Vickery-Thompson Mining Company (British), Taviche Mining and Milling Company (New York) and La Compania Minera de San Martin (Mr. Gustavo Stein of Oaxaca);

(1913-1936) Mining activity was suspended due to social problems;

(1936-1970) Small, intermittent mining activities;

(1976) A group of Canadian miners processed a majority of mine dumps in the region. The dumps of the San Juan mine (San Jeronimo Taviche) were reported to contain 4 g/t Au and 450 g/t Ag;

(1980-2001) MIOXSA had small and intermittent production from mines of the San Jeronimo Taviche area and the San Jose and San Ignacio mines in the West Taviche concession;

(1980-1993) The district was evaluated by the Consejo de Recursos Naturales and a significant number of reports on mines and prospects were prepared;

(1999) Plata Panamericana, S.A. de C.V. initiated reconnaissance activities in the district;

(2001) Plata conducted a preliminary drilling program in the San Jose area;
and
(2002) Plata acquired the West and East Taviche concessions and conducted preliminary exploration activities.

Prior to the initiation of exploration activities at Higo Blanco in 2008, it is likely that the Project had never been explored using modern exploration models or techniques. There had clearly been prospecting as evidenced by the numerous (i.e. hundreds) prospect pits located in the silicified carbonates or 'jasperoid'. In only one area, Santo Nino, does there appear to have been silver production, albeit minor.

6.1 Pre-2008 Taviche JV Exploration

Exploration conducted by the Taviche J.V. commenced in the Fall of 2006 and consisted of reconnaissance-type studies over the West and East Taviche concessions. This work, along with the ensuing detailed mapping, sampling and drilling programs at the La Noria, San Martin and Portillo prospects, were summarized in Aura Silver's summary report entitled "**Geology, Mineral Potential and Exploration Summary"** (March 2008; P. Toth, Q.P.). The following is a brief summary of that report:

Geological and mineralogical studies conducted to date in the district, along with published information, reveal that the gold-silver occurrences fall into the traditional subdivision of "low sulphidization"-type mineralization (LS). More specifically, the West Taviche deposits most likely belong to the "banded chalcedony-ginguro Au-Ag" style of LS mineralization. High grade banded quartz-chalcedony-sulphide mineralization is most commonly associated with bimodal volcanism with a clear association with felsic magmatism although it is commonly hosted by andesitic and basaltic sequences.

In addition to the extensive vein systems identified in the West Taviche concession, numerous quartz-carbonate-sulphide veins have been identified in the East Taviche concession. These are distinct from the West Taviche veins and have significantly higher Ag/Au ratios and carbonate contents.

Within and adjacent to both concessions, several "porphyry'-type prospects have been identified and are characterized by extensive areas of alteration including sericitie-illite-pyrite, silicification and propylitization. Veins in these areas are typically base-metal rich.

Exploration activities conducted to date by the Taviche JV have been generally conducted in the following manner:

1. Reconnaissance-type mapping and sampling of mineralized areas as defined by historical prospecting and mining activities, e.g. Garzona, Alma Delia;
2. Follow-up mapping and sampling of areas deemed 'interesting' in the reconnaissance stage, e.g. East Taviche veins; and
3. Preliminary drilling along veins which have hosted limited production or where "ore-grade" values have been identified at the surface, eg. Portillo and Noria prospects; and
4. In-depth studies including extensive drilling and preliminary resource estimate, i.e. Mezcal prospect in the Higo Blanco Project.

6.1.1 Prospect Geology

The gold-silver mineralization in the West Taviche district is hosted by quartz veins with variable adularia, carbonate and amethyst. Ore-related minerals consist of pyrite, gold, silver, argentite and silver-bearing sulphosalts; base metal contents are typically low. A mineralogical study conducted by Miller and Associates (2008) of seven selected vein samples from the West and East Taviche veins reveals several precious metal-bearing species including electrum (>20% Ag), acanthite, jalpaite, polybasite, argentotennantite, pearceite, pyrargyrite along with pyrite, chalcopyrite, sphalerite and galena in a quartz-adularia-(barite) gangue. In the one sample from the Vichache vein (East Taviche concession), ferroan dolomite was identified in the gangue and appears to be a characteristic component of the precious metal veins in the East Taviche concession.

The West Taviche Block contains two significant vein systems: the West System and the East System (Figure 5).The West System is developed along northerly trend over 6.5 kilometres and consists of four distinct veins: La Noria (East and West); El Viejo; San Antonio; and San Martin. The East System can be followed along a NNW-trend of anastomozing veins for about 5.5 kilometres and contains the Portillo, Donaji/Marias and San Jose/Corona vein segments. The northern 3 kilometres of the East System (the San Jose/Corona segment) is controlled by Fortuna Silver Mines Inc. who have recently (press release dated August 10, 2011) commissioned the San Jose mine with a projected annual production rate of 1.7 million ounces of silver and 15,000 ounces of gold.

Several additional prospects were identified in the eastern part of the West Taviche concession including Cerro Copales (Au-Ag-base metal veins), Cerro Garzona (Au-bearing quartz stockwork associated with rhyolite dikes) and MoJo Mountain which hosts extensively silicified volcanics, fluorite- and base metal-bearing veins and large areas of quartz-sericite-pyrite alteration.

The East Taviche Block contains over 10 significant veins (>500 metres long) encompassing an area of about 15 square kilometres. These veins host at least limited mine development with strongly anomalous gold and/or silver values from nearly all of the dumps. Some of the veins, i.e. Cubilete and Rosario, may contain extensive workings and limited resources. The absence of significant gold and silver values from surface exposures sampled to date relative to the dump samples suggest vertical metal zonation over a short vertical range. Production/development data (1908) from the Rosario vein indicates a sharp increase in gold and silver values within 100 metres of the surface.

In the southernmost part of the East Taviche concession, several extensive areas of silicified limestone have been mapped and sampled and are here referred to as the Higo Blanco Project area. Numerous prospect pits have been identified and host massive to vuggy quartz replacement of limestone, quartz stockwork and hydrothermal breccias with minor pyrite, stibnite and arsenopyrite; samples collected to date are anomalous in gold, silver, arsenic and antimony.

From October, 2007 through January, 2008, a Phase I drilling program was conducted at three of the more closely examined prospects: La Noria; San Martin; and Portillo and consisted of 20 holes totalling 4,059 metres. A summary of this program was presented in an 43-101 Report entitled **Geology, Mineral Potential and Exploration Summary** (March, 2008; P. Toth, QP).

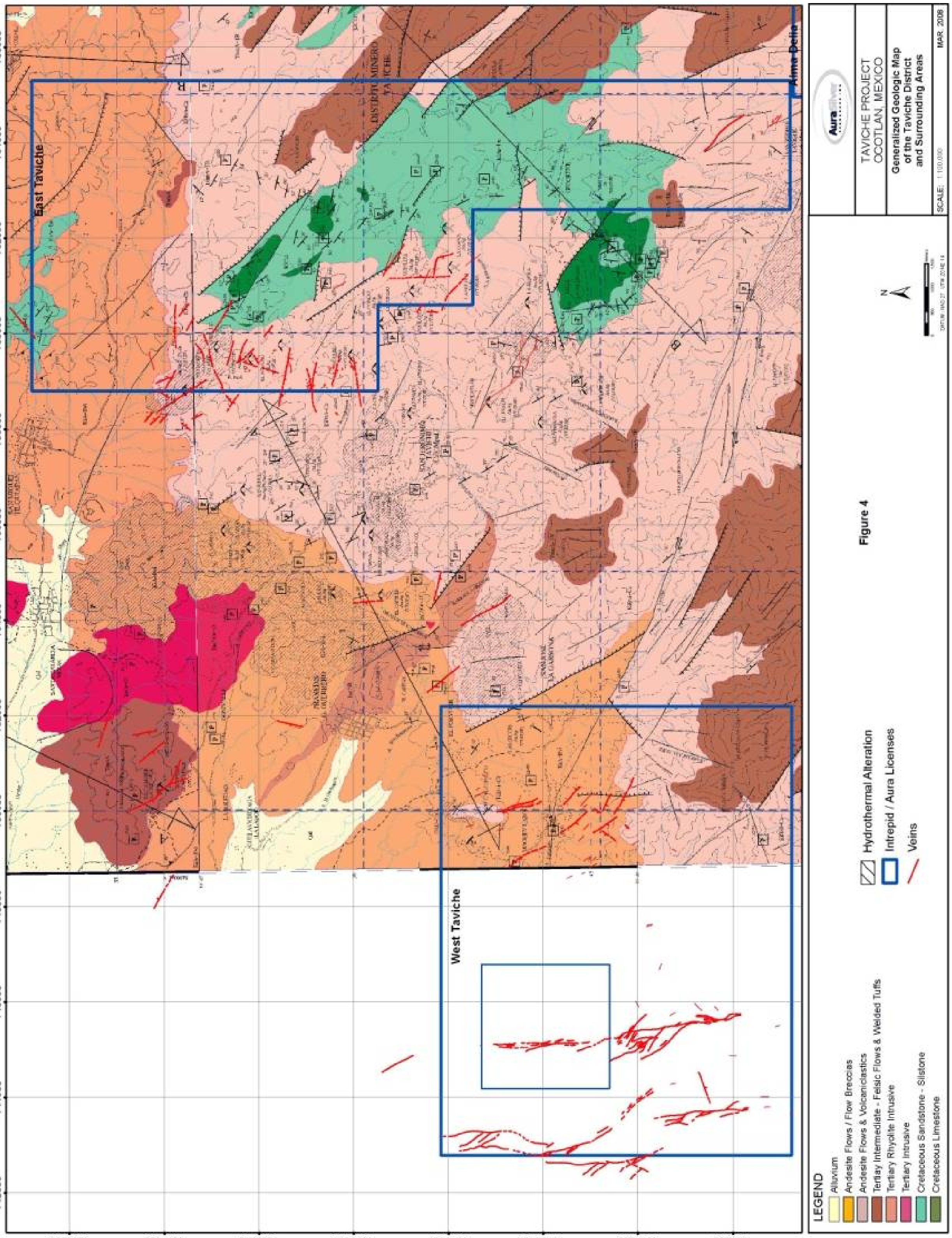

Figure 4. Generalized geologic map of the Taviche District including the West and East Taviche concessions.

Table 2. Summary of the 2007-2008 drilling programs at the Noria, San Martin and Portillo prospects.

Hole No.	Bearing/Angle	Total Depth	Location
La Noria Prospect			
LN01-07	270/-50	315.8 m	West Noria south of shaft
LN02-07	270/-45	140.3 m	West Noria
LN03-07	270/-70	167.9 m	West Noria (below LN02)
LN04-07	270/-60	257.75 m	East Noria
LN05-07	270/-60	226.15 m	East Noria
LN06-07	270/-60	236.5 m	East Noria
San Martin Prospect			
SM01-07	270/-45	144.65 m	Profile 1: S. of mine
SM02-07	270/-70	221.00 m	Profile 1
SM03-07	270/-45	125.00 m	Profile 2: Immed. S. of mine
SM04-07	270/-65	140.45 m	Profile 2 (lost hole)
SM04A-07	270/-65	131.15 m	Profile 2: Re-drilled
SM05-07	280/-45	148.65 m	Profile 3: Immed. N. of mine
SM06-07	280/-65	182.60 m	Profile 3
SM07-07	240/-45	207.75 m	Profile 4: Beneath Zopilote workings
SM08-07	240/-70	222.90 m	Profile 4
El Portillo Prospect			
EP01-08	90/-60	128.2 m	Immed south of mine workings
EP02-08	90/-60	209.2 m	Below EP01-08 (same profile)
EP03-08	90/-60	200.9 m	Immed north of mine workings
EP04-08	90/-50	161.5 m	~ 125m south of mine workings
EP05-08	55/-50	69.4 m	Beneath mine workings; hole lost
EP05A-08	55/-60	184.5 m	As above
EP06-08	270/-50	266.7 m	In saddle ~275m north of mine

6.1.1.1 La Noria Prospect

Following initial field inspections of the La Noria prospect (located in Figure 5) in late 2006 along with check sampling of Plata sample sites, it was decided that the existing geologic map was sufficiently detailed and accurate for the design of a preliminary drilling program to be conducted in 2007. About 80 surface rock samples have been collected from the La Noria prospect by both Plata and Taviche JV personnel. The Noria prospect is comprised of two main north-south trending veins, between 250 and 400 metres apart, connected by several northwest trending “en echelon” style extensional veins. Widening of the main veins has been observed where they are intersected by the “en echelon” veins.

The West Noria vein has been mapped over a distance of about 600 metres and disappears below overburden both to the north and south. The vein complex consists of massive to weakly banded quartz-chalcedony veinlets and hydrothermal breccia (up to 3 metres wide) in a silicified andesite porphyry. Several small shafts (probably less than 50 metres deep) and pits were developed at the intersections of the West Noria vein and the “en echelon” veins. Samples from dumps at the old shafts contain up to 17.1 grams per tonne gold (g/t Au) and 751 grams per tonne silver (g/t Ag). Rock chip samples along strike of the main vein and adjacent “en echelon” veins gave values from 0.015 to 1.52 g/t Au and 1.4 to 100 g/t Ag.

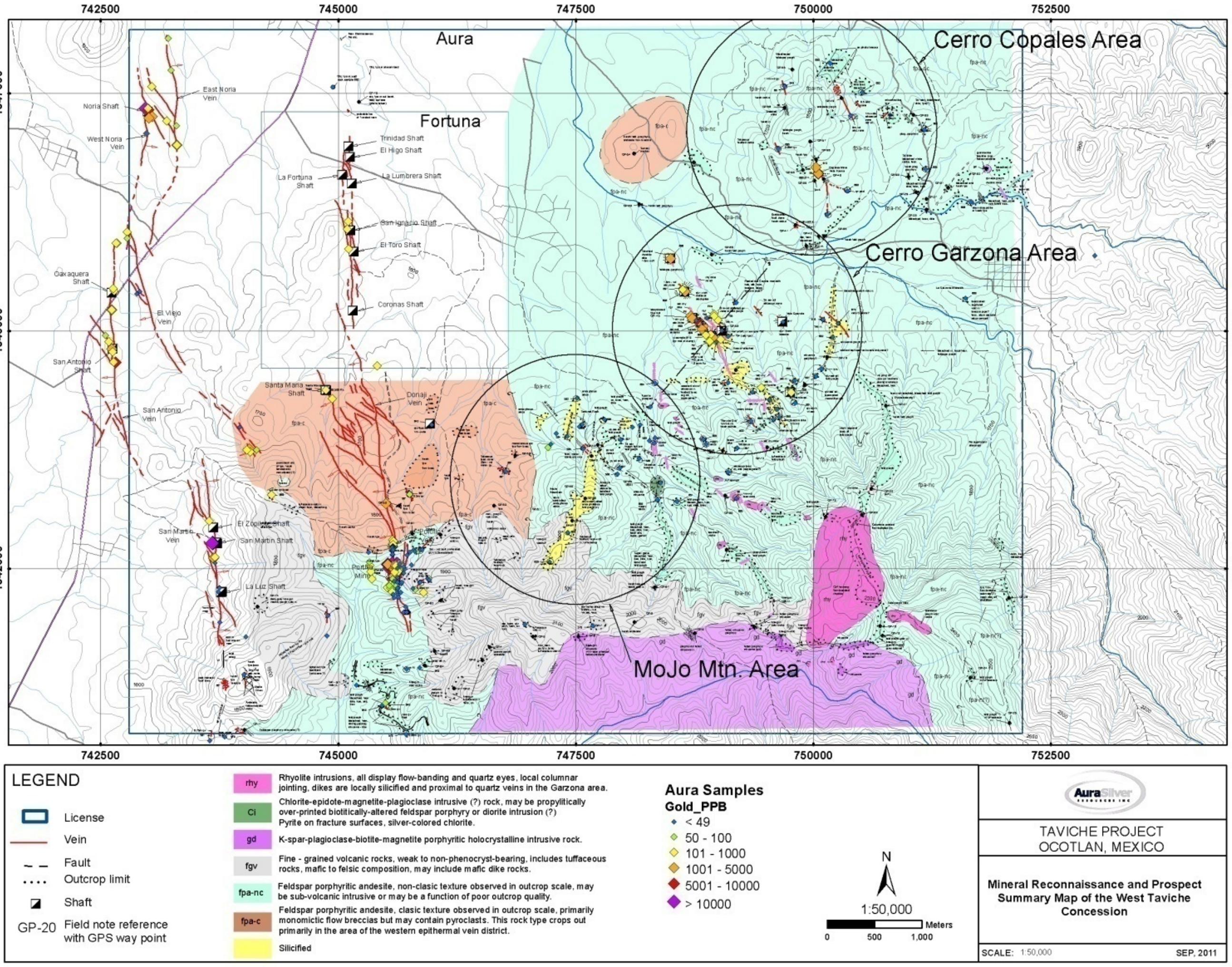

Figure 5. Generalized geologic map of the West Taviche concession showing propects

The East Noria vein has been traced for over 1 kilometre (Figure 5). It dips steeply to the east and is dominated by vein breccia and silicification up to 20 metres wide. Relative to the West Noria vein, there is more vein breccia, less quartz/chalcedony vein material and lower gold and silver values. In the southernmost 300 metres of the vein, rock chip samples have returned values up to 4 g/t Au and 210 g/t Ag. The Noria prospect is located approximately 2 kilometres west of the San Jose Project.

The first three core holes at La Noria, Hole Nos. LN01-07 thru LN03-07 targeted the West Noria vein(s) and encountered significant hydrothermal vein breccias and quartz stockwork hosted in narrow selvages of quartz-illitie-pyrite-(adularia?) alteration. Vein textures and alteration suggest a high position in the system, i.e. low temperature.

Drilling across the East Noria vein has identified a significant mineralized and altered package that ranges from 15.5 metres in the northern hole (LN04-07) to 126 metres in the south (LN06-07). All intervals are defined by strong quartz-(adularia?)-pyrite and quartz-illite-pyrite alteration with widespread intervals of moderate to strong, multistage quartz-sulphide-adularia veinlets as well as hydrothermal vein breccias up to 8 metres wide. The geologic environment seems to be that of a north-trending shear zone defined by multiple, steeply, east-dipping faults. Gold and locally silver values are anomalous across all three zones and range up to 1.32 g/t Au and 77 g/t Ag.

6.1.1.2. San Martin Prospect

The San Martin prospect, was mapped at a scale of 1:1,000 providing sufficient detail for the design of the 2007 drilling program. The San Martin vein can be traced over a strike length of 1,500 metres and trends NNW. Throughout the entire strike length of the vein, the hanging wall is composed of dominantly andesite flow breccia (or agglomerate) while the footwall is dominated by lithic tuff. It is noteworthy that the immediate host of the vein is a fine-grained, massive to finely laminated tuff which may be part of the footwall package or, possibly, a dike. The spatial coincidence between the San Martin vein and this fine-grained unit is difficult to explain and a few possibilities need to be considered: 1. Hydrothermal alteration associated with the vein is texturally destructive; 2. The vein is preferentially hosted by a fine-grained volcaniclastic unit; and 3. A dike and associated thermal metamorphism of the adjacent volcaniclastics. Careful consideration needs to be given to this potentially important relationship.

From the San Martin shaft, the vein can be traced due south for about 640 metres where it abruptly terminates against a nearly east-west trending fault. There is no evidence of vein or alteration immediately south of this fault suggesting that displacement may be significant or that it may be pre-mineral in origin. Approximately 225 metres north of the San Martin shaft, another east-west trending fault appears to displace the vein in a left-lateral fashion. Upon closer inspection, the lithologic package is offset yet some of the vein appears to be through going suggesting intra- to post-mineral movement.

An undetermined amount of production has occurred from the San Martin shaft which was developed to a depth of about 190 metres. Historical mine sections reveal that gold-silver production occurred to a depth of about 100 metres and approximately 50 metres to the north and south of the Main Shaft. Smaller workings have been developed along the vein including the Zopilote Shaft and Pozo 1 north of the shaft and the Huaje shaft and pits, La Luz shaft and tunnel to the south. On the surface, there is evidence of a complete mining facility including headframe, a surface ore haulage system, a flotation mill and office/living facilities.

Extensive dump material surrounds the Main Shaft but it is probable that the majority was hauled off for processing or road ballast. In 2007, a suite of mineralized material was collected from the dump including massive to colloform banded quartz with variable base–metal sulphides. The gold and silver values ranged up to 94.7 g/t Au and 1,845 g/t Ag.

Detailed mapping at the San Martin prospect, completed in October, reveals a well developed quartz-sulphide vein, hydrothermal breccias and silicification over a strike length of 1.2 kilometres. At the San Martin shaft, production occurred at the surface resulting in a "glory hole"-type feature. Vein material adjacent to this feature is dominantly hydrothermal breccia with colloform-banded quartz vein fragments hosted in a quartz stockwork with banded quartz veinlets. Individual sucrosic quartz veins, up to one metre wide, have also been observed.

Both to the north and south of the shaft, quartz veining appears to give way to a hydrothermal breccia where a matrix of white to gray sucrosic quartz hosts fragments of silicified wallrock as well as quartz vein. This vein style can be traced north to the vein offset just north of the Zopilote Shaft and also to the south to the El Huaje pit. A small area of vein breccia is also exposed in a topographical depression just north of the La Luz shaft. Gold values in the vein breccia range from about 100 ppb Au up to 5 g/t Au.

Both the northern and southern extents of the San Martin vein consist of quartz stockwork and sheeted quartz veinlets hosted in a quartz-pyrite altered, fine-grained rock, i.e. tuff or dike, up to 30 metres wide at the southern limit of the vein. Gold values from the stockwork zone are generally less than 50 ppb Au but may reach 1 g/t Au.

The first phase of drilling at the San Martin prospect consisted of eight core holes, totalling 1,524 metres, drilled along four roughly east to west profiles over a north-northwesterly strike length of at least 400 metres. Drilling revealed broad zones of quartz-clay-illite-pyrite alteration up to 30 metres wide hosting extensively developed quartz-base metal sulphide stockwork and disseminations with local quartz-cemented hydrothermal breccias and base metal sulphides. Gold and silver values are mostly restricted to the hydrothermal breccias and range up to 0.85 metres of 3.48 g/t Au and 49 g/t Ag and 1.60m of 2.62 g/t Au and 125 g/t Ag.

The 2007 drilling campaign at San Martin identified a well developed alteration package and broad zones of quartz-sulphide veining. It did not identify strong veins or gold-silver values comparable to those obtained in the dump sampling. Additional detailed mapping should be done in order to better define the suspected dike and interpret structural relations observed in the core that are currently poorly understood.

6.1.1.3 Portillo Prospect

The Portillo prospect, is located at the southern end of the East Vein system of the West Taviche concession. The prospect was originally mapped and sampled by Plata over a strike length of about 1,200 metres. The focus of the prospect has been the Portillo mine which appears to have been developed over a strike length of about 200 metres and exploited the vein from the surface to a depth of probably less than 50 metres. Sampling conducted in 2007 reveals high grade gold values in both the dumps and surface vein exposures.

The Portillo vein, south of 1,842,600N is a broad zone of anastomozing veins over a width of about 100 metres and trending NNW for about 1 kilometre. The vein system has been mapped southward to 1,841,600N (minor workings) but is known to continue to the south for at least a few hundred additional metres. Over this one kilometre or so of strike length, the vein system is hosted by andesite porphyry and intercalated lithic and fine-grained tuff. It is possible that the broad dispersion of veins and veinlets, i.e. anastomozing, is related to the contrasting physical character of these host rocks. Throughout this area, the pyroclastic units are strongly broken, clay altered and iron stained in close proximity to the veins whereas the porphyry unit typically displays more restricted alteration and oxidation. Numerous faults and fault breccias have been mapped within and sub-parallel to the Portillo vein system.

North of the Portillo mine area, the Portillo vein, as defined by trenches, is composed of several metres of quartz-clay-FeOx replaced andesite porphyry hosting varying degrees of quartz stockwork. Sampling reveals low gold and silver values (<0.082 ppm and 2.1 ppm, respectively), as well as base metals, but generally strong arsenic enrichment up to 578 ppm. North of the trenches, as shown in Figure 5, a prominent silicified ridge cored by hydrothermal vein breccia and quartz stockwork trends approximately Due North and is referred to as the Donaji vein by Plata. Recent sampling of these extensive outcrops shows gold values up to 1.32 g/t and nearly 1,000 ppm arsenic. The vein over this 200 metre plus zone is compact and entirely hosted by andesite porphyry.

Sampling along nearly 300 metres of strike length over the Portillo mine area has identified numerous vein exposures containing >10 g/t gold. Individual vein samples reveal up to 1.1 metres of 45.4 g/t Au and, in one 15cm veinlet, up to 964 g/t Au and 400 g/t Ag. In contrast to the other prospects described above, the silver to gold ratios at Portillo are markedly lower and generally less than 5:1. Base metal values in the Portillo mine veins are also anomalous and range up to 1,950 ppm Cu, 5,050 ppm Pb and 2,250 ppm Zn and may contain a few percent combined base metal sulphides. Another style of vein mineralization has been observed a few hundred metres to the east, and above, the Portillo mine and consists of fine – coarse-grained euhedral quartz with significant chalcopyrite (<2.4% Cu), galena and sphalerite and is referred to as “Ocotes”-style mineralization after the Ocotes mines located several kilometres to the south. This style of mineralization is clearly higher temperature, relatively deficient in gold and silver and appears to paragenetically older than the “Portillo” style of mineralization.

Vein textures at the Portillo mine range from chalcedonic (massive to banded) to sucrosic (fine- to medium-grained) white to gray quartz. Veins exposed in the Portillo surface workings are commonly colloform-banded and occur as fragments in a hydrothermal breccia. The degree of banding decreases to the south, along with gold values, where a broad (<100 metres) zone of anastomozing, quartz-chalcedony-specular hematite veins has been identified between 1,842,100N and 1,841,600N (500 metres). These veins are only locally anomalous in gold and silver.

In January, six core holes were drilled at the Portillo prospect for a total of 1220.4 metres. Four of the holes, Nos. EP01, EP02, EP03, EP05/5A, were drilled immediately adjacent to or below the Portillo mine workings while Hole No. EP04-08 is located about 120 metres south and Hole No. EP06-08 is about 275 metres north of the mine.

High grade gold and silver values observed in surface exposures at and adjacent to the Portillo mine were only locally observed in the core. Additionally, the core displayed significant enrichment in base metals which, due to surface oxidation, were not apparent in the surface samples. The core also reveals multiple styles of mineralization with an early base metal-rich stage veined and cemented by a later banded quartz-chlorite stage with elevated gold values. Recommendations for further drilling include that drilling beneath Hole No. EP03-08, north of Hole No. EP06-08 and the broad zone of quartz-hematite veining at the south end of the prospect.

6.1.1.4 Cerro Garzona Prospect

Mapping in the Cerro Garzona Area has identified a 2 km by 1.5 km northwest-trending zone where numerous structurally-controlled zones of silicified and sericitized andesite porphyry, quartz veins, specular hematite-infilled breccia veins, and silicified rhyolite dikes crop out. An extremely high density of historical prospect pits and underground workings are also found here. Hydrothermal activity appears to be related to the emplacement of the rhyolite dikes. In total, about 48 samples were collected from this area and reveal widely elevated Cu-Pb-Zn values and strongly anomalous gold values (up to 9.53 g/t Au) in quartz veins and silicified wallrock associated with the rhyolite dikes.

6.1.1.5 Cerro Copales Prospect

The Cerro Copales area, located in the NE corner of the West Taviche concession, contains the Copales (Karina) Mine situated on the southern flank of Cerro Copales. The mine exploited a NNW-striking, moderate west-dipping brecciated quartz-sulphide vein from 1 to 2 metres in width. The vein system is well defined for about 400 metres of strike length on the southern flank of the hill but also crops out on the north flank of the hill, one kilometre to the north of the Copales Mine. The vein is hosted by andesite porphyry with weakly developed quartz stockwork locally developed up to 2 metres away from the vein. The Copales (Karina) mine reportedly exploited a Cu-Pb-Zn-Ag-bearing quartz vein but sampling reveals gold values up to 6.34 g/t and up to 64 g/t Ag. Extensive zones of bleached rock, present on the north and east flank of Cerro Copales, appear to be the product of supergene acid leaching of disseminated pyrite in the sub-volcanic rocks and the presence of ferricrete breccias lying directly upon essentially unaltered rocks.

Although the area is grossly under sampled, sampling to date reveals a strong gold + Cu-Pb-Zn + silver signature in the Copales vein. Additionally, vein textures observed on the mine dump suggest a 'phreatomagmatic' origin, i.e. pebble dike, with rounded base metal sulphide and wallrock fragments in a cockade quartz matrix. Nearby 'sub-volcanic' breccias and widespread alteration suggest the presence of a concealed porphyry system in the area.

6.1.1.6 MoJo Mountain Prospect

The MoJo Mountain area, contains extensive structurally-controlled silicified andesite porphyry which caps the ridgeline forming the northern and central portions of the mountain. Below the silica cap, the feldspar porphyry is intensely acid-leached. All ferromagnesian minerals have been converted to iron oxides and plagioclase phenocrysts are altered to illite or coarse-grained sericite. Transported limonite occurs on fracture surfaces. Locally, quartz/iron oxide stockwork and sheeted veinlets are observed in the sericitized andesite porphyry immediately below the 'silicified cap'.

In, and adjacent to the intensely silicified rocks, several prospect pits and outcrops have been observed to contain coarsely crystalline fluorite. A few small veins have been identified and contain galena, sphalerite and pyrite in a quartz-fluorite gangue.

In the canyon where a new dam has been constructed, extensively silicified and sericitized andesite contains broad zones of quartz stockwork and sheeted veinlets with minor amounts of sulphide. A sample collected from this zone contained 125 ppm Mo and was enriched in K (1.22%).

The MoJo Mountain area deserves additional attention owing to a combination of features including:

- Several intrusive/sub-volcanic phases;
- Extensive, strong silicification and local quartz veining;
- Widespread quartz-sericite-pyrite alteration;
- Peripheral quartz-fluorite-base metal occurrences; and
- Quartz-sulphide stockwork (anomalous in Mo) associated with strong sericite-quartz alteration.

6.1.1.7 Cubilete-Vichache-Rosario-San Carlos-Rio Calabaza Prospect

The Cubilete-Vichache-Rosario-San Carlos-Rio Calabaza veins, located in the northwest portion of the East Taviche concession, appears to lie within the eastern margin of the Main Taviche district and cover about 7.5 by 2.5 kilometres (18km^2). Within this area, numerous veins have been identified and nearly all contain at least minor workings. The majority of the veins are hosted by massive andesite porphyry flows with local tuffaceous lenses. North-northwest trending rhyolite dikes are widespread and in several cases are spatially coincident with the veins, i.e. Cubilete vein. Mineralogically, these veins are distinct from those observed in the West Taviche concession in that they locally host up to several percent base metal sulphides and

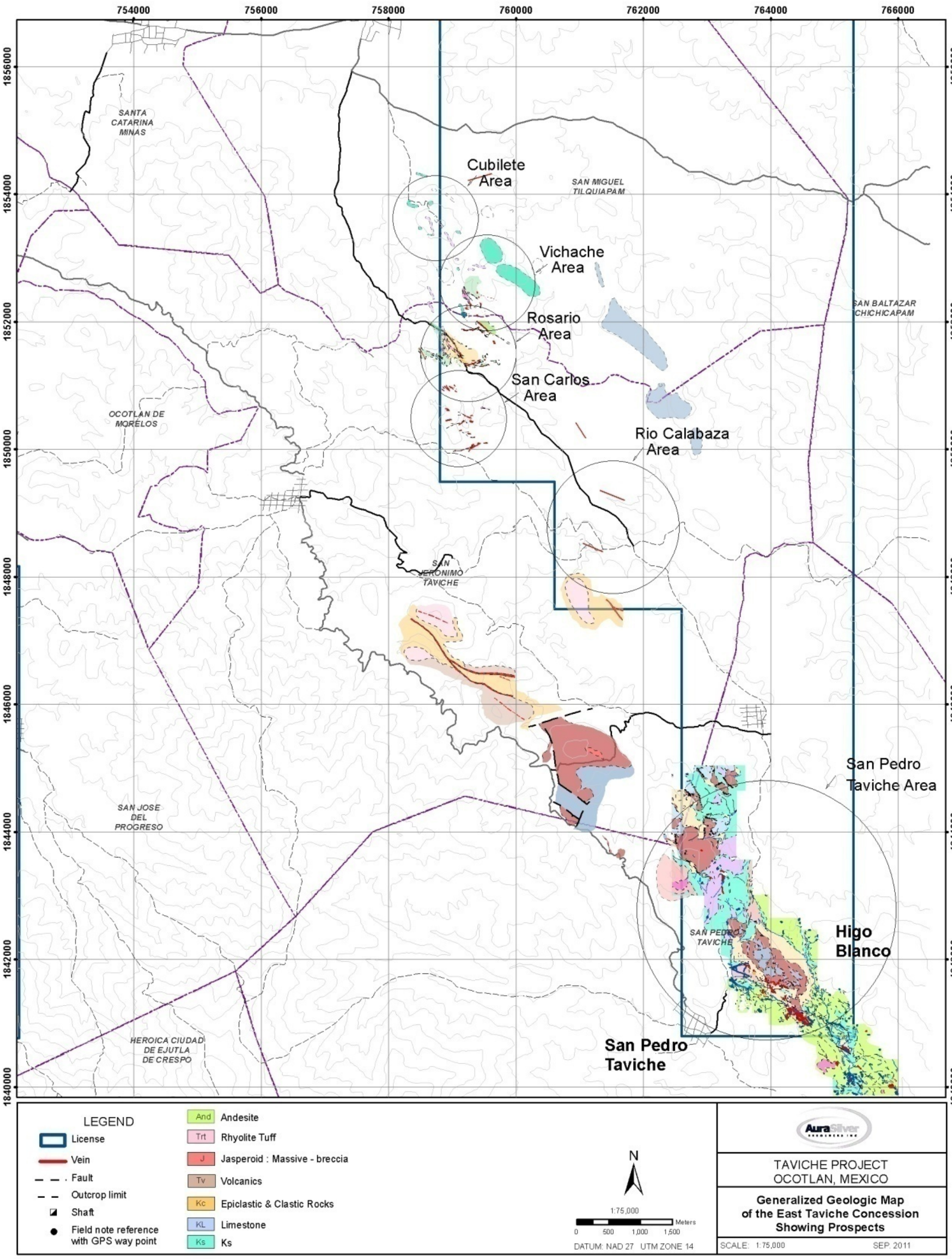

Figure 6. Generalized geologic map of the Taviche District including the West and East Taviche concessions

are crosscut by an iron-bearing carbonate (ferroan dolomite) and coarsely crystalline quartz assemblage. The highest silver and gold grades identified to date are in a fine-grained, massive to weakly banded light to dark gray quartz with visible, fine-grained pyrite, galena and

sphalerite. Preliminary sampling reveals gold values up to 6.87 g/t, silver up to 1,600 g/t and combined copper-lead-zinc values up to several percent.
Although veining is relatively continuous over this large area, it has been divided into five areas for the purposes of mapping: Cubilete, Vichache, Rosario, San Carlos and Rio Calabaza. At least 15 veins have been identified with a strike length greater than 500 metres.

6.1.1.8 San Pedro Taviche (Higo Blanco)

The second area of interest is located in the southernmost part of the East Taviche Concession, and consists of extensively silicified limestone with varying amounts of quartz stockwork, including a quartz-pyrite-stibnite stage, and local hydrothermal breccias. The overall area is referred to as San Pedro Taviche. The geometry of these silicified and mineralized zones is not understood and awaits more thorough and detailed investigation. The zone can be traced along a northwest strike for several kilometres and may reflect the uppermost extent of a concealed mineralized system. Numerous prospect pits have been located along the extent of this silicified zone and may contain significant amounts of pyrite, stibnite and, probably, arsenopyrite. Preliminary sampling (2008) revealed up to 1.53 g/t Au, 503 g/t Ag, 6,090 ppm and 4,650 ppm Sb.

7.0 Geological Setting and Mineralization

The Taviche District is located within an allochtonous block accreted in the upper Cretaceous and is referred to as the “Oaxaca Terrain” (Campa and Coney, 1983) and is composed of a Proterozoic basement. Basement rocks are covered by the Jurassic-Cretaceous Todos Santos Formation composed of red beds and turbidites. This sequence is overlain unconformably by a thick sequence of andesitic tuffs, flows and flow breccias of probable early Tertiary age. Finally, this terrain was invaded by Eocene granodiorite intrusives and later, possibly Miocene, rhyolite dikes and covered by felsic flows and tuffs.

7.1 Property Geology

The surface geology of the East Taviche concession is dominated by mid-Tertiary andesitic flows and flow breecias; these are widely dissected by felsic (rhyolitic) dikes in the northern half and are, in general, in spatial proximity to numerous Ag and Au-bearing quartz-ankerite veins. Over 10 significant veins (>500 metres long) encompassing an area of about 15 square kilometres have been delineated. These veins host at least limited mine development with strongly anomalous gold and/or silver values from nearly all of the dumps. Some of the veins, i.e. Cubilete and Rosario, may contain extensive workings and limited resources.

In the southernmost part of the East Taviche concession, several extensive areas of silicified limestone adjacent to quartz-pyrite-illite-altered volcanic hosted quartz-pyrite-arsenopyrite stockwork and hydrothermal breccias have been mapped and sampled and are heretofore referred to as the Higo Blanco prospect. Numerous prospect pits have been identified and host massive to vuggy quartz replacement of limestone, quartz stockwork and hydrothermal breccias with

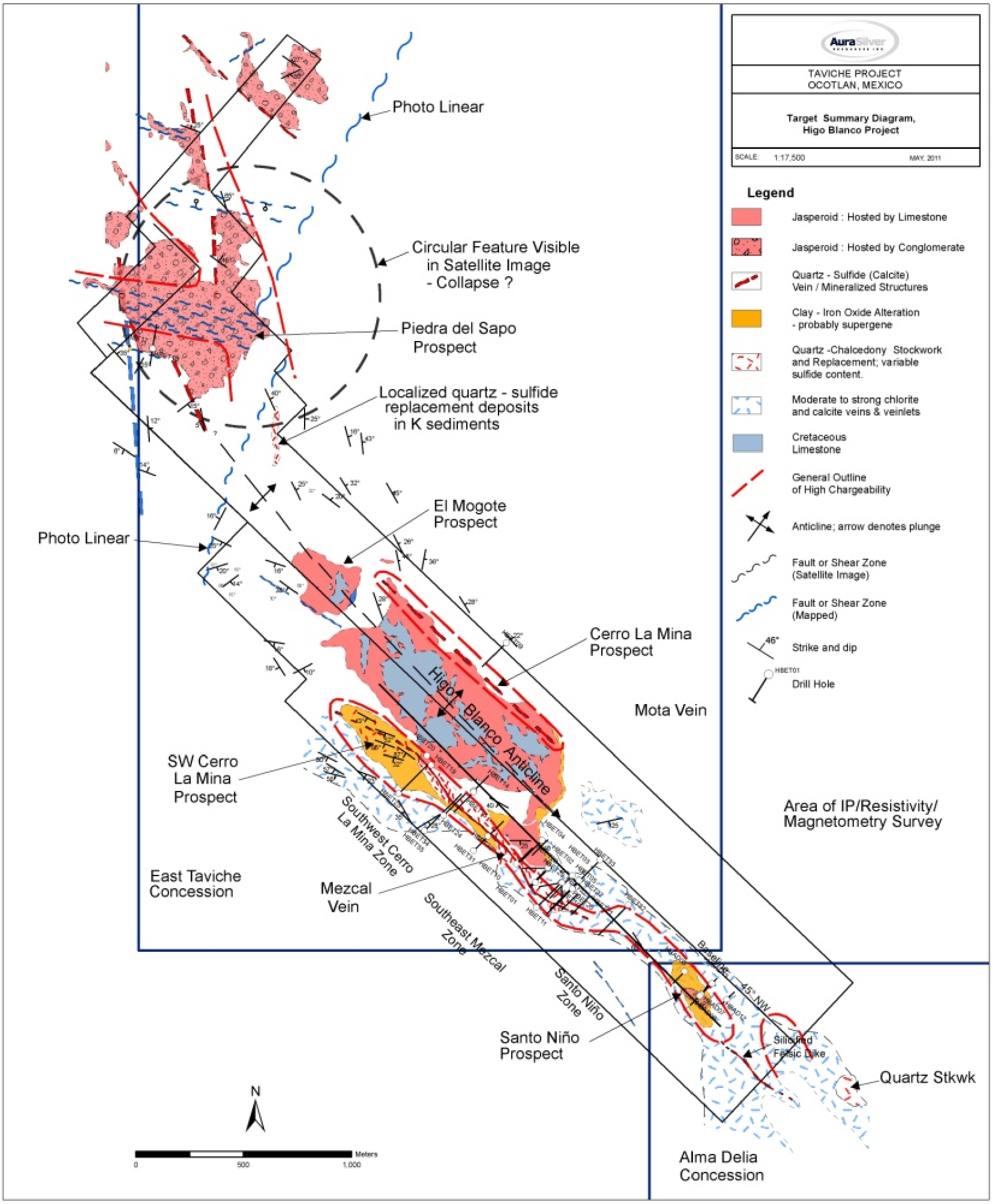

Figure 7. Generalized geologic map of the Higo Blanco Project.

minor pyrite, stibnite and arsenopyrite. Early reconnaissance studies (2007) in the area identified strongly anomalous values of gold, silver, arsenic and antimony.

7.2 Mineralization – Higo Blanco Project

Drilling conducted between 2009 and 2011 (7,924.7 metres in 35 holes) has provided the Taviche JV with considerable data on the Higo Blanco Project's geology and, more specifically, the Mezcal fault/vein system. Southwest of Cerro La Mina, all work conducted to date points to the Mezcal structure as being the primary structural break and hydrothermal conduit in the Higo Blanco Project area. Further to the north, in the El Mogote and Piedra del Sapo areas, a 'plumbing' system for the extensive silicification and local silver mineralization has not been identified as well as for the Piedra del Sapo area.

The initial exploration work at Higo Blanco suggested that the Mezcal vein, breccias and stockwork zone were the uppermost manifestation of the structure. Although this may be partially correct, the most recent drilling has provided additional insight into the overall Mezcal structural-magmatic-hydrothermal system. It appears that the principal structure in the Mezcal system is a NW-trending sub-vertical shear zone which has juxtaposed Tertiary volcanic (SW side) rocks against dominantly Cretaceous carbonate rocks. Each section between Lines 1600 and 2000 reveals that the Mezcal is a composite structure composed of several near parallel/vertical fault planes which appear to be laterally discontinuous, i.e. strike-slip fault. A common characteristic of these faults , when observed in or adjacent to the limestone, is the development of limestone recrystallization, sparry calcite clots and veinlets, stylolites (pressure solution fronts), and 'carbonaceous', black 'residue' that resembles fault gouge containing variable limestone fragments. These are referred to as "Compression Breccias" where an undetermined amount of limestone has gone into solution as a result of compression during strike- or oblique-slip movement. These were initially referred to as "Black Breccias" and are a precursor to the earliest stages of mineralization. It is likely that these structures were the initial conduits for rising hydrothermal fluids and 'energy' associated with the suspected boiling processes at depth. It is also likely that these structures, with up to several metres of carbonaceous residue, acted as impermeable barriers or 'aquatards' and guided fluids to the stratigraphic 'traps' at the top of the limestone.

Subsequent to the development of the Mezcal structure (strike- to oblique-slip movement), the fault zones were invaded by heterolithic breccias containing a mixture of limestone, andesite and, locally, rhyolitic fragments. These breccias have been identified in all holes between L1700 and L2400, are closely associated with the aforementioned fault and may contain variably altered fragments. They are likely pre-mineral (gold and silver stages) in age since they are widely silicified and locally veined by quartz-pyrargyrite. In a few instances, the heterolithic breccia's core contain fragments of pumice and flow-banded rhyolite, eg. Holes Nos. HBET02, -03, -04 and -11. It is suspected that the rhyolite fragments represent deeper seated dikes that are commonly seen associated with mineralization throughout the main Taviche district may be interpreted to be the thermal 'driver' for hydrothermal convection. The term 'phreatic breccias' are applied to these features and represent the explosive reaction between an upwelling felsic magma and the water table. The resultant breccias tend to be heterolithic and contains fragments of rocks traversed between the initial brecciation and their present site. Some of the breccias include silicified and vein fragments suggesting a temporal overlap between phreatic explosions and, at least, the early stages of mineralization.

In a few of the holes, i.e. HBET04 and -05, the phreatic breccias appear to have been emplaced into silicified limestone breccias. The close association between these phreatic breccias and wholesale silicification of the carbonate-hosted breccias, as well as limestone, in the upper extent of the limestone sequence suggest a shared plumbing system. The Stage 1 ‘jasperoid’, which is very widespread throughout the Higo Blanco Project, may be a precursor to the ‘phreatic’ event.

Stage 1 Silicification (Jasperoid)

Original reconnaissance of the Higo Blanco Project focused on the widely silicified limestone developed over an area of several square kilometres. Within the project area, several prospects are defined by extensive outcrops of silver-bearing, silicified limestone breccias including: Santo Nino, South Cerro La Mina, Cerro La Mina, El Mogote, Piedra del Sapo and satellitic deposits to the north.

Stage 1 silicification is primarily developed in the Cretaceous limestone and limestone conglomerate at the upper contact with overlying Cretaceous sediments and volcanics and Tertiary andesite flows. Textures suggest that the silicification occurred within pre-existing breccias developed along this contact. Breccia widths range from a couple metres (HBET12) to > 30 metres along the east flank of Cerro La Mina; at Piedra del Sapo, the limestone conglomerate has been silicified along selective, i.e. favorable, horizons, to a minimum depth of 100 metres.

Gold and Silver Mineralization

Two styles of mineralization have been identified at Higo Blanco: Mezcal- (Au-As) and Silicified Limestone Breccias (Ag-Sb).

Mezcal-Type (Au-As) Mineralization

Mezcal-type mineralization is characterized by broad zones of quartz-chalcedony stockwork and hydrothermal breccias hosted by silicified to quartz-pyrite-illite altered wallrock. Where unoxidized, the Mezcal event contains several percent fine-grained pyrite-marcasite-arsenopyrite. These broad packages of altered and mineralized rock are best developed in the andesite porphyry flows immediately adjacent to the Mezcal structure(s) and host vein breccias (hydrothermal breccias) up to several metres wide. These breccias are characterized by a black quartz-sulfide matrix.

The Mezcal-type mineralization is geochemically characterized by gold and arsenic. In Table 3, the analytical results for 537 core samples reveal an average gold content of 0.316 g/t Au and 0.58% As. These anomalous concentrations are developed over a strike length of at least 2 kilometres (see Figure 7) and are developed over a vertical range of at least 300 metres. Antimony is also anomalous (313 ppm Sb) with values up to 3.1% Sb.

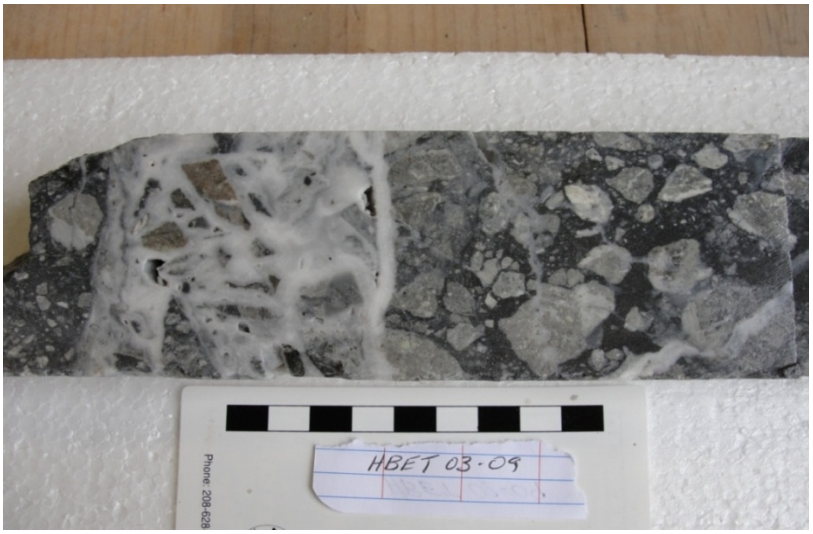

Figure 8. Mezcal-type mineralization consisting of veined and altered andesite fragments in a black, sulfidic chalcedony matrix; crosscut by pyrargyrite-bearing comb quartz veinlets.

Figure 9A. Silicified limestone breccias cemented & crosscut by quartz-pyrargyrite, Hole No. HBET03.

Figure 9B. Comb quartz-pyrargyrite disseminated in silicified limestone breccias, Hole No. HBET03.

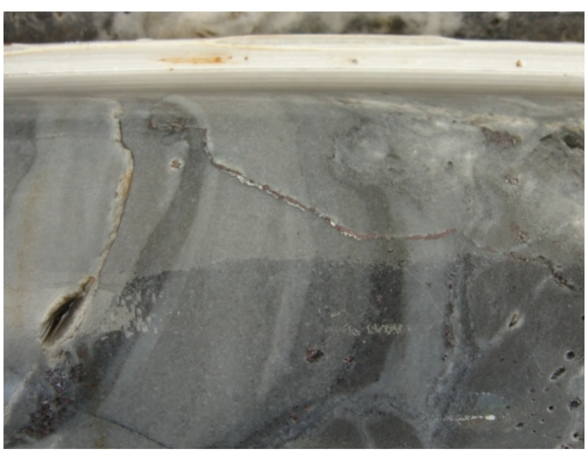

Figure 9C. Pyrargyrite veinlet (red; ~1mm) crosscutting banded grey chalcedony, HBET03.

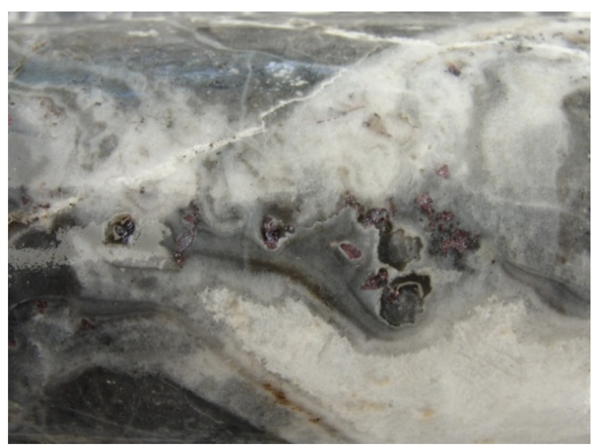

Figure 9D. Clots of pyrargyrite (<1cm) in white, comb quartz crosscutting grey chalcedony.

Silicified Limestone Breccias (Ag + Sb)

Silver mineralization observed in the drillholes consists of trace to minor amounts of finely disseminated pyrargyrite grains (<0.5cm) hosted by white, chalcedonic to comb quartz-cemented breccias and stockwork in silicified limestone breccias, silicified phreatic breccias and locally crosscutting Mescal-type mineralization. Surface exposures of silicified limestone breccias, i.e. jasperoid, in close proximity to the Mezcal structure widely contain elevated silver values up to about 1.7 kg Ag/t (Line 2000). Drilling has observed similar grades in the silicified limestone breccias in close proximity to the Mezcal structure. A summary of the intercepts is presented in Table 3.

Hydrothermal Leaching or "Karsting"

The Silicified Limestone Breccia-type mineralization is geochemically characterized by silver and antimony (at higher elevations). In Table 3, the analytical results for 360 core samples reveal an average silver content of 83.95 g/t Ag; arsenic and antimony contents are 472 ppm As and 125 ppm Sb, respectively. The vertical range of the silver mineralization is much more restricted than gold but is much more laterally extensive than the gold and not spatially restricted to the Mezcal structure. The age of the silver event is later than both the widespread silicification and Mezcal-type mineralization.

Table **3. Geochemical summary (Au-Ag-As-Sb) for Mezcal- and Silicified Limestone Breccia-type mineralization.**

Mineral Type	Count	Gold (Au; g/t)			
		Minimum	Maximum	Mean	Std. Dev.
Mezcal-Type	537	0.002	4.9	0.316	0.397
Silicified Limestone Breccias	360	0.002	3.37	0.1	0.2082

Mineral Type	Count	Silver (Ag; g/t)			
		Minimum	Maximum	Mean	Std. Dev.
Mezcal-Type	537	0.1	397	9.058	25.033
Silicified Limestone Breccias	360	0.25	3730	83.953	269.3

Mineral Type	Count	Arsenic (As; ppm)			
		Minimum	Maximum	Mean	Std. Dev.
Mezcal-Type	537	40	27500	5754.8	4652.2
Silicified Limestone Breccias	360	5	9240	471.6	908.3

Mineral Type	Count	Antimony (Sb; ppm)			
		Minimum	Maximum	Mean	Std. Dev.
Mezcal-Type	537	2.5	31100	312.7	1676
Silicified Limestone Breccias	360	2.5	3460	124.7	310.4

Along the east flank of Cerro La Mina, extensive caves, up to several metres across, have been developed in the limestone immediately beneath the upper silicified horizon. Other caves, observed throughout the Higo Blanco Project both in surface exposures and in the core, have been documented and are typically lined by drusy quartz crystals and large, euhedral calcite crystals. These crystals, along with the intra-mineral limestone dissolution, point to a hydrothermal origin. This leaching event is ubiquitously associated with comb quartz veinlets and vug linings; this comb quartz event appears to be the host for the silver event consisting of finely disseminated grains of pyrargyrite.

Figure 10A. Hydrothermal cave, Cerro La Mina

Figure 10B. Leached comb quartz breccias Cerro La Mina

Figure 10C. Vuggy silica boxwork, Cerro La Mina

Figure 10D. Vuggy silica in limestone

Fluorite Event (Piedra del Sapo)

Limited drilling at Piedra del Sapo in 2009 identified widespread green fluorite as veinlets and vug fillings in the widely silicified limestone conglomerate. Fluorine values were up to 0.96% F and appear to decrease with depth

8.0 Deposit Types

8.1 Ore Deposit Models

Geological and mineralogical studies conducted to date in the district reveal that the gold-silver prospects (with the exception of Higo Blanco occurrence), fall into the traditional subdivision of "low sulphidization"-type mineralization). In comparison to the other end-member subdivision "high sulphidization"-type mineralization, the low-sulphidization style is characterized by the primary sulphide assemblages galena and sphalerite, vs. enargite which is typically associated with the high sulphidization-type. More specifically, the West Taviche deposits most likely belong to the "banded chalcedony-ginguro Au-Ag" style of low-sulphidization mineralization (previously referred to as the "adularia-sericite"-type). This term has been abandoned owing to the absence of adularia in several cases and the more common presence of illite vs. sericite in the wallrock alteration selvages. High grade banded quartz-chalcedony-sulphide mineralization is most commonly associated with bimodal volcanism with a clear association with felsic magmatism although it is commonly hosted by andesitic and basaltic sequences.

The "banded chalcedony-ginguro Au-Ag" style of mineralization is characterized by bands of chalcedony, commonly opaline, with lesser amounts of adularia, quartz pseudomorphs of platy calcite (lattice texture), and black sulphidic 'ginguro' bands which may contain electrum, Ag sulphosalts and Au. Overall sulphide contents are generally less than 1% and in addition to the above, may include pyrite/marcasite, minor chalcopyrite, sphalerite and galena. Alteration halos are generally narrow and consist of illite or chlorite, with chlorite dominant in the mdEore mafic host rocks (John, 2001). These deposits tend to form at less than 220^{o}C and within several hundred metres of the paleo-surface. The boiling of a bisulphide-complex bearing ore fluid is the process most likely to precipitate metals such as gold and silver. This along with the simultaneous, and rapid, cooling of the ore fluid also relates to several features including colloform-banded quartz, adularia and bladed calcite.

This style of mineralization typically displays pronounced vertical zonation. At the surface, laminated silica sinter deposits may be deposited above or adjacent to fluid conduits such as breccias (phreatic or eruption) and dilatant fractures. Although sinter deposits are commonly barren, or nearly so, in gold, they may contain anomalous levels of Mercury (Hg; highest), Arsenic (As) and Antimony (Sb) which typically occupy a vertical position above the zone of precious-metal deposition. Alternatively, a silica cap can be formed during the initial mixing of near-neutral ore fluids rising rapidly after boiling and cooling. This cap is a silica replacement of the meteoric water-rich aquifer rock and typically has a limited geochemical expression.

Most precious-metal ore systems occur deeper in the vein system localized within dilatant structures within competent rocks. Wall rock "clay" alteration varies from smectite higher in the system giving way to increasing illite with depth.

In most deposits of this type, combined base metal values within the ore zone are typically less than a few hundred ppm. In some deposits, especially the Ag-rich end members, the base metal values may increase with depth to economic concentrations. The bottoms of precious-metal ore shoots may be defined by the concomitant decrease in Au-Ag and increase in total base metal content vs. a decrease in open space. The superposition of the precious and base metal-rich zones, i.e. telescoping, is typically due to the rapid change in the water table's elevation and superposition of boiling ore fluids onto previously deposited minerals assemblages.

8.2 Taviche Joint Venture Project

The Higo Blanco prospect belongs to a "limestone hosted", vein/breccia deposit with similarities to that of other replacement deposits. In the previous section, mineral style and paragenesis were reviewed.

9.0 Exploration

Exploration conducted at Higo Blanco since 2008 has consisted of geologic mapping (Figures 4, 5, and 6) and sampling, trenching and sampling, Induced Polarization (IP), Resistivity and Magnetic surveys. Collectively considered, the data indicate:

- A large hydrothermal system defined by very extensive silicification of the Cretaceous limestone;
- A broad zone of NW-trending structures (faults and veins) which extend NW into the historic Taviche District and SE into an area of limited knowledge (Alma Delia concession);
- Strong and widespread silver-antimony anomalies in the silicified carbonates and equally pronounced gold-arsenic anomalies along a potential hydrothermal conduit, the Mezcal structure;
- Geochemistry, mineral styles, mineral textures and hydrothermal alteration suggest that surface exposures are high in the hydrothermal system;
- Robust, but poorly delineated, silver mineralization and broad zones of low-grade gold (0.5 to 1.0 g/t) mineralization that are mutually exclusive but spatially proximal;
- Chargeability highs coincident with identified gold – arsenic anomalies; and
- A spatial, and possibly genetic, link with igneous rocks including rhyolitic fragments in fluidized breccias and gold – arsenic mineralization replacing weakly metamorphosed limestone at feldspar porphyry dike contacts.

The design of the initial holes described below was based upon the recognition of coincident through-going structure, widespread visible mineralization hosting both strong silver and gold anomalies (as well as As + Sb), the likelihood of favourable hosts rocks at a shallow depths and coincident chargeability highs. Early drill successes (HBET02 and -03). allowed these observations to become important components of the exploration model. The drilling of Hole Nos. HBET04 and -05 indicated that there were other components to the model that were not yet understood. Similar results were encountered in the Santo Nino area with the drilling of HBAD06, -07, -08, -12, and -13. Widespread silver mineralization, and locally very high grade, at the top of the Cretaceous limestone sequence and 'floored' by hydrothermal breccias suggest that exploration to date has only tested a very restricted vertical range of a large system.

The drilling of Hole Nos. HBET09, -14, -19 and 20 supported the suspicion that the Mezcal structure was a critical component to the exploration model and that drilling resistivity highs beneath the jasperoid on the flank of Cerro La Mina did not provide the desired results; nonetheless, they were informative. Hole Nos. HBET17 and -18 at Piedra del Sapo, however, did encounter broad zones of silicification supported by resistivity highs and locally impressive pathfinder geochemistry (Sb + F) that support a vertical position in the uppermost levels of a large hydrothermal system. The remainder of the program focused along the Mezcal structure (Hole Nos.HBET15, -16, -21, -22 thru -27) where several successes were obtained. The most recent phase of drilling in the first half of 2011 attempted to extend both the silver and gold deposits to the NW and SE but was not able to do so.

In conclusion, considerable exploration has been conducted over the Mezcal zone which has been roughly defined over the strike length of about 350 metres. Positive drilling results correspond spatially with a broad zone of gold and silver mineralization defined by surface mapping, trenching, sampling and geophysics. Additional exploration is warranted here but needs to consider an alternative structural model as exploration attempts to expand the emerging resource to depth.

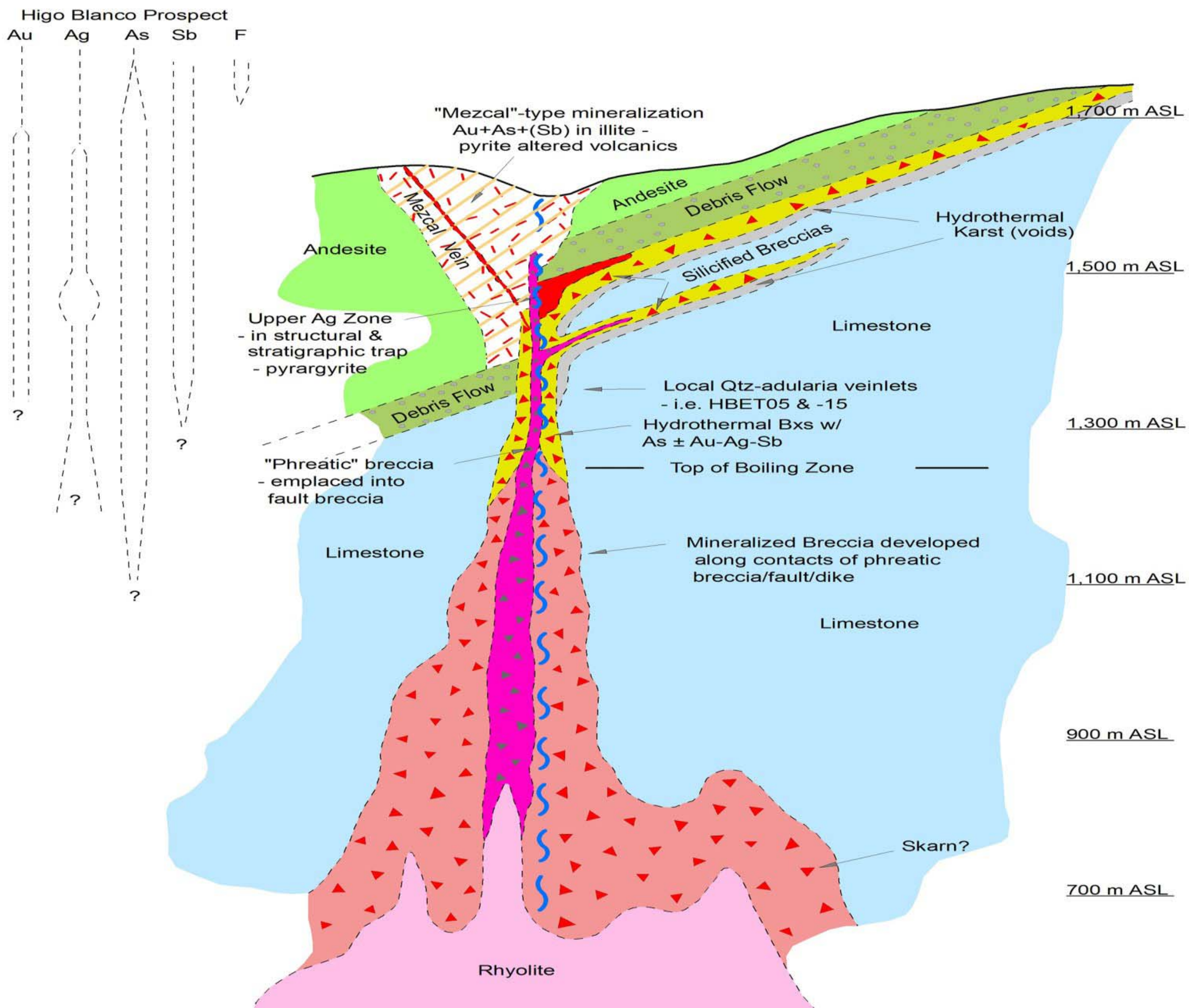

Figure 11. Exploration model developed for the Higo Blanco Project.

10.0 Drilling

From June 25, 2009 thru June 9, 2011, four drilling campaigns were conducted in the Higo Blanco Project area and consisted of 35 holes totalling 7,924.7 metres. A summary of this program is presented below in Table 4. The collar locations and surface projections of these holes are shown, the holes are dispersed over a distance of about 3 kilometres (N-S) testing the

Santo Nino, Mezcal, Cerro La Mina and Piedra del Sapo prospects and all within the Higo Blanco Project area. The summary presented below describes all drill holes in the Higo Blanco Project area and provides information utilized in the design of subsequent holes. Geologic sections are also provided. Geologic logs,analytical logs geotechnical logs and certified assay reports are available in Aura's files.

Table 4. Location and description of drill holes, Higo Blanco Project.

Hole No.	Northing	Easting	Az./Incl.	Total Depth (m)	Location	Lab Job No.
HBET01-09	1,841,108	764,440	225/-60	60.8	HW Mezcal	7723
HBET02-09	1,841,169	764,498	225/-60	175.4	HW Mezcal Vein	7763, -64, -65, 8321
HBET03-09	1,841,105	764,559	225/-60	166.7	HW Mezcal	7787, 7799, 8321
HBET04-09	1,841,303	764,471	225/-60	265.05	HW Mezcal	7943, 7944
HBET05-09	1,841,140	764,612	225/-60	292.4	HW Mezcal	7945,8321, -22, 9587
HBAD06-09	1,840,583	765,202	225/-60	112.2	Santo Nino	7983
HBAD07-09	1,840,589	765,209	225/-60	99.55	Santo Nino	7984
HBAD08-09	1,840,696	765,134	225/-60	150.6	Santo Nino	8019
HBET09-09	1,842,214	764,305	225/-50	238.5	E. Cerro La Mina	NA
HBET10-09	1,841,194	764,353	45/-45	146.3	FW Mezcal Vein	8420
HBET11-09	1,840,993	764,447	45/-44	221.55	FW Mezcal Vein	8421, 8422
HBAD12-09	1,840,466	765,328	45/-75	198.25	SE Santo Nino	8423
HBAD13-09	1,840,640	765,258	225/-60	263.7	Santo Nino	8655
HBET14-09	1,841,532	764,156	45/-50	150.8	SW C. La Mina	8656
HBET15-09	1,841,526	764,156	225/-60	256.1	SW C. La Mina	8657, 9431
HBET16-09	1,841,106	764,564	180/-65	234.3	HW Mezcal Vein	8658
HBET17-09	1,843,578	762,667	10/-60	215.1	Piedra del Sapo	8902
HBET18-09	1,843,575	762,668	190/-60	160.65	Piedra del Sapo	8903, 8904
HBET19-09	1,841,646	763,960	0/90	86	SW Cerro La Mina	8905
HBET20-09	1,841,694	763,939	0/90	92.2	SW C. La Mina	8906
HBET21-09	1.841,058	764,706	225/-60	219.65	SW HW Mezcal	9588, 10306
HBET22-09	1,841,107	764,565	260/-60	212.9	HW Mezcal Vein	9103,-04, 9432, 10140, 10305
HBET23-09	1,841,065	764,646	225/-60	242.95	HW Mezcal Vein	10307, 10406
HBET24-09	1,841,418	764,017	45/-50	217.75	NW Mezcal Zone	10565
HBET25-09	1,841,518	763,807	45/-55	325.55	NW Mezcal Zone	11082
HBET26-09	1,841,082	764,611	225/-45	200.3	HW Mezcal Vein	11083
HBET27-09	1,841,117	764,644	225/-56	338.3	HW Mezcal Vein	11084, -85,11133
HBET28-11	1,841,175	764,501	270/-50	184.8	HW Mezcal Zone	13596, -97, -98, 13687
HBET29-11	1,841,176	764,499	225/-45	165	HW Mezcal Zone	13594, -95
HBET30-11	1,841,321	764,222	45/-50	90.3	FW Mezcal Vein	13595, -96
HBET31-11	1,841,255	764,156	48/-60	381.9	FW Mezcal Vein	13685, -86, -87
HBET32-11	1,841,003	764,872	225/-49	252.5	SE Mezcal Zone	13915
HBET33-11	1,841,212	764,742	225/-50	602.2	SE Mezcal Zone	
HBET34-11	1,841,347	763,928	45/-57	440.2	NW Mezcal Zone	14093, -94
HBET35-11	1,841,347	763,923	45/-75	464.25	NW Mezcal Zone	14464
Total				**7924.7**	**2009 thru 2011**	

10.1 Section L1900 (HBET01, -02 & -29)

Section 1900, shown in Figure 20, contains Hole Nos. HBET01, -02-09 and -29-11; all were oriented at 225 degrees. This section was selected as the initial drill profile owing to strong Au+As-bearing quartz stockwork and breccias in the volcanics and significant silver mineralization in the adjacent carbonate rocks.

Hole No. HBET01-09 was drilled to a total depth of 60.80 metres and was entirely hosted by andesite porphyry. To a depth of 29.55 metres, the porphyry is strongly altered to illite + pyrite and veined by multiple stages of chalcedony and quartz (comb, drusy and sucrosic textures) along with at least few distinct stages of hydrothermal breccias. Sulphide content is variable but locally up to several percent and consists of pyrite, marcasite, arsenopyrite and an unidentified "black" sulphide. Iron oxides, mixed with sulphides, were present to a depth of 23.1 metres (water table). The Mezcal vein/structure is at 33.1 to 36.5 (3.4m) metres and consists of silicified andesite and vein fragments in a multistage quartz-sulphide matrix. Strong quartz – sulfide stockwork continued to a depth of 38.95 metres where a pronounced fault was encountered (1.3m). Below this, the andesite is weakly altered with calcite-quartz-illite-pyrite veinlets.

Geochemically, the hole is characterized by gold and arsenic; gold values averaged 0.50 g/t from 0.0 to 29.55 metres and ranged up to 1.89 g/t. This gold-rich interval also contained 108 g/t silver associated with comb quartz veinlets; however, silver content over the 29.55 metre interval was only 15.4 g/t. Arsenic values were generally over 0.5% (up to 2.58% As) over the entire mineralized interval while antimony was greater than 200 ppm (up to 633 ppm Sb). This hole serves as a type section of "Mezcal"-type mineralization which is characterized by high Au + As, elevated sulfide content and generally low silver values.

Hole No. HBET02-09 was drilled along the same section but adjacent to the creek which formed along the contact between the "jasperoid" of southern Cerro La Mina and the volcanic rocks to the southwest. The hole was drilled to a depth of 175.4 metres and was mineralized from 12 to 166.45 metres. The volcaniclastic/limestone contact is at 7.6 to 12.0 metres and consists of faulted shale containing jasperoid fragments, minor quartz and selenite veinlets. Black shale continues to 15.85 metres and is intercalated with Stage 1 silicified limestone ("jasperoid"). From 15.85 to 41.3 metres, the sequence is a mix of limestone and silicified limestone. The limestone is a light gray to gray micrite that has been widely recrystallized as evidenced by 'sparry' calcite veinlets and breccias and abundant stylolites (pressure solution). When silicified, colors range from beige to dark gray and are cut by drusy, comb and banded quartz veinlets. Trace pyrargyrite was identified and corresponds with silver values up to 379 g/t (15.9 to 16.4 metres). Arsenic and gold are moderately anomalous in this interval with values up to 2,890 ppm and 0.652 g/t, respectively.

Mineralization intensity increases at 41.3 metres where silicified limestone displays increased brecciation and multistage vein quartz-sulfide introduction. This continues down to 61.65 metres with silver values up to 853 g/t (51.38 to 52.72 m). At 61.65 to 66.6 metres, a massive to weakly banded quartz-calcite vein was cut and contains minor (<1%) disseminated pyrargyrite with silver values up to 667 g/t Ag (0.65m). The vein passes into a hydrothermal breccias characterized by multiple stages of quartz and minor, but widely disseminated pyrargyrite containing silver values up to 743 g/t (1.2 metres). The overall grade for the interval of 61.65 to 73.05 metres (13.55m) is 157.30 g/t Ag and 0.15 g/t Au. It is noteworthy that both arsenic and antimony values here are only locally elevated.

From 73.05 to 79.85 metres, a multistage hydrothermal breccias is present with local silicified andesite fragments suggesting departure from the carbonate section and possibly within the

Mezcal structure. Gold and silver values are generally low here. From 79.85 to 88.9 metres, a heterolithic, possibly phreatic, breccia was encountered and is characterized by its dark coloration (carbonaceous material and sulphides) and "flow-banding" in matrix. This breccia is anomalous in arsenic with values up to 1,970 ppm. From 88.9 to 119.8 metres, the rock is a breccia composed of mostly silicified andesite fragments in a multistage quartz-pyrite-marcasite-arsenopyrite-stibnite matrix. This zone abuts against a fault from 119.8 to 123.55 metres which may correlate with the FW of the Mezcal structure. Strong quartz-sulphide stockwork and hydrothermal breccias in pyrite-illite altered andesite continue to 129.55 metres. Minor veinlets (as above) continue to a depth of 166.85 metres. All of the quartz-sulphide veining in the FW of the Mezcal structure is strongly anomalous in gold (up to 1.47 g/t) and arsenic (up to 1.76%).

The pronounced breccias in the HW of the Mezcal structure, from 79.85 to 119.8 metres (39.95 metres), are strongly anomalous in gold and arsenic. The most significant interval occurs at 107.65 to 117.45 metres (9.8m) and contains 0.87 g/t Au and probably in excess of 0.5% arsenic. This zone is similar to the HW of the Mezcal structure in HBET01-09 and is referred to as 'Mezcal'-type mineralization.

Hole No. HBET29-11 was drilled immediately above (-45 degrees) Hole Nos. HBET02-09 and was designed to provide information about the SW extent of the silver zone observed in HBET02 and, in particular, the position of the Mezcal structure. Silicified limestone was entered at 21.15 metres immediately below a lithic tuff. The silicified limestone is predominantly a breccia with variable amounts of comb quartz as veinlets and breccias matrix and continues to a depth of 76.5 metres where a 9.85 metres fault was encountered. Silver values were up to 250 g/t Ag and the entire interval averaged 40.25 g/t Ag. Immediately below the Mezcal fault, strong Mezcal-type mineralization was encountered and continued to a depth of 158.4 metres. Gold values were up to 0.696 g/t Au and from 89.0 to 118.95 metres (29.96m) contained 0.351 g/t Au.

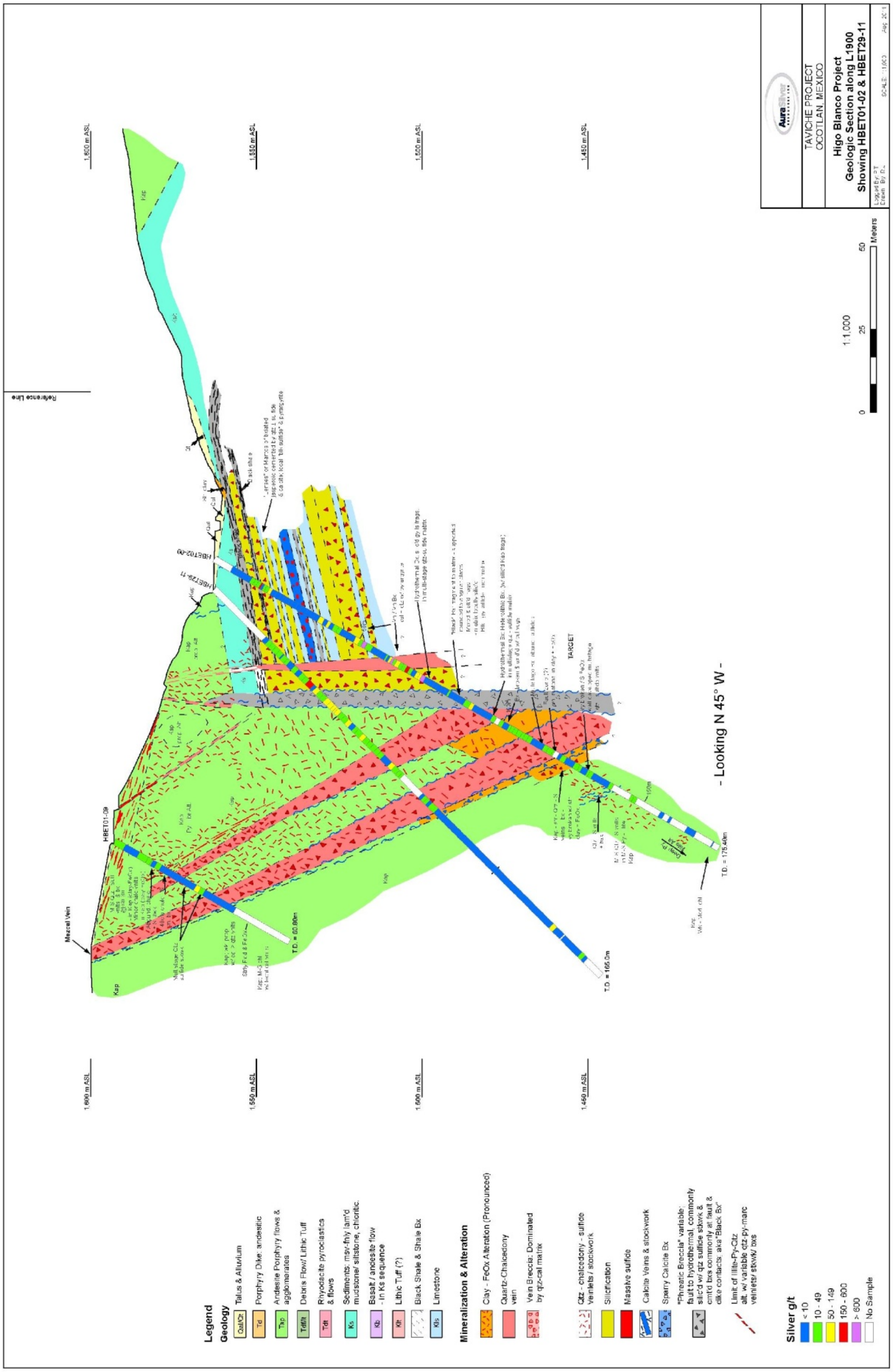

Figure 12. Section L1900 Showing Geology and Drill Hole Nos. HBET01, -02 & - 29

10.2 Section L1800 (HBET03, -05 & -11)

Section 1800, contains Hole Nos. HBET03, -05 and -11-09. Both HBET03 and -05 were drilled at 225 degrees and inclined at minus 60 degrees to traverse the southeastern projection of the mineral identified in Hole Nos. HBET01 and -02. Hole No. HBET11-09 was oriented at 45 degrees and drilled from the southwest side (footwall) of the Mezcal system and traverse the highgrade zone identified in HBET03.

Hole No. HBET03-09, was drilled to a depth of 166.7 metres. Andesite porphyry is present to 49.55 metres with illite-pyrite alteration increasing with depth. From 49.55 to 51.3 metres, a thin lense of siltstone was encountered. Below this, to a depth of 77.1 metres, a sheared lithic unit, consisting of shale and limestone fragments, was traversed. From 77.1 to 84 metres, limestone was encountered mixed with black shale. The limestone is widely silicified and locally with drusy quartz vugs and banded quartz veinlets with trace amounts of Native Ag (78.75 to 79.45; 0.7m at 237 g/t Ag). From 84 to 119.2 metres, the rock is dominantly silicified limestone breccia with varying amounts of drusy quartz vugs, comb and banded quartz veinlets and minor sulphides. Widespread pyrargyrite grains up to 7mm occur throughout the interval. Within this broad, mineralized interval several samples contained significant silver values up 2,450 g/t; the interval from 107.1 to 119.2 metres (12.1m) contained 519 g/t Ag and 0.24 g/t Au. The Mezcal zone (14.1 metres) further down the hole averaged 0.56 g/t Au.

Hole No. HBET05-09 was designed to test the mineralized interval observed in HBET03 by ‘stepping-out’ to the northeast about 55 metres and drilling beneath the zone; the hole was drilled to a depth of 292.4 metres (Figure 22). The upper part of the hole is similar to HBET03 and the lithic unit – shale contact (sheared) was encountered at 100.35 to 100.75 metres. The limestone beneath this contact is strongly silicified to a depth of 112.7 metres. Although the interval contained up to 620 ppm arsenic, silver and gold values were not anomalous. One component missing in this zone relative to HBET03 is the absence of multistage quartz veining, especially comb quartz. The hole continued in recrystallized limestone to a depth 215.95 metres.

From 215.95 to 282.8 metres, a broad zone of silicified limestone, hydrothermal breccia and heterolithic breccias (possible phreatic/magmato-hydrothermal origin) was traversed and is shown in Figure 22 as the downdip extension of the of the Mezcal structure. Although the zone is widely anomalous in arsenic (up to 4850 ppm), both gold and silver are not anomalous. In fact, this zone does not resemble the Mezcal structure about 100 metres above and it is possible that the Mezcal structure has seen a dip reversal and, dips to the southwest. Regardless, it appears that the mineralized environment observed in Hole No. HBET03 is restricted vertically on Section 1800.

Hole No. HBET11-09 was drilled from the FW of the Mezcal vein and was designed to intersect the silver mineralization identified in Hole No. -03 from the opposite direction (i.e. ‘scissor’) to assist in geometric modeling and confirmation. Hole No. HBET11 was collared in andesite porphyry and encountered increasing illite-pyrite alteration with depth. From 70.8 to 122.35 metres, strongly developed quartz-chalcedony-pyrite-marcasite stockwork, sheeted veinlets and hydrothermal breccias were observed. The entire interval is anomalous in gold (up to 1.06 g/t Au), silver (up to 243 g/t Ag), arsenic (up to 1.88% As) and antimony (up to 656 ppm); the gold-arsenic values are characteristic of Mezcal-type mineralization. From 122.35 to 133.85 metres, only moderate amounts of quartz-sulphide veining were observed in the andesite but contained gold values up to 1.16 g/t Au. Nonetheless, the entire interval of Mezcal-type mineralization is strongly anomalous in Au-As-Sb. A carbonaceous fault breccia (Mezcal fault?) occurs at 133.85 to 143.75 metres and marks the limit of the Au-As-Sb assemblage and the beginning of the silicified limestone breccias. From 143.75 to 166.25 metres, a multistage silicified breccia, with locally up to 70% comb quartz and chalcedony matrix, has been emplaced into the limestone and contains silver values up 334 g/t. Widespread pyrargyrite, albeit in trace to minor amounts, was observed throughout this interval. From 166.25 to 185.0 metres, vuggy, multistage quartz breccias (silicified limestone fragments) continue but with diminished silver values, i.e. <50 g/t Ag.

At 185.0 to 198.2 metres, a densely silicified, vuggy, dark gray to 'black breccias' was traversed and contained pumice/rhyolite fragments similar to what was observed in Hole Nos. HBET04 and -10. The presence of felsic fragments may support a direct link with a rhyolitic event at some greater depth. From 198.2 to 201.13, the hole passed through a black, sheared (one of the Mezcal structures) silicified limestone adjacent to a massive calcite vein (>1.5 metres). The hole continued in weakly recrystallized limestone to a final depth of 221.55 metres.

Figure 22 reveals that HBET11 was close to 'scissoring' HBET03 at the desired point but appears to have been about 15 metres above the high-grade zone identified in -03. Although similar multistage, hydrothermal breccias were identified in the limestone, silver values were considerably lower in this hole (<334g/t; 158.05 to 161.6m, 3.6m at 149.14 g/t Ag) and may place additional geometric limits on the highgrade zone observed in HBET03.

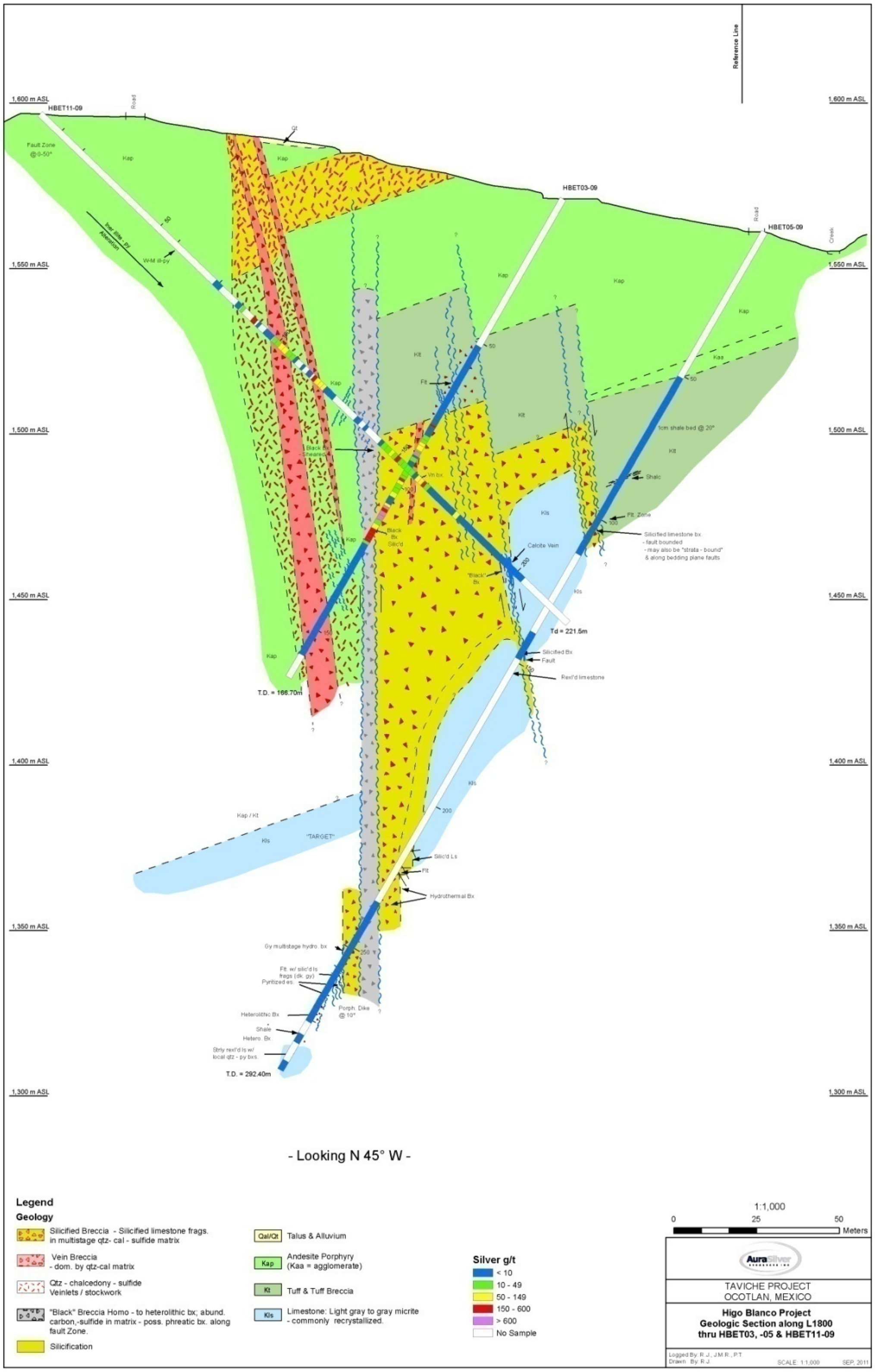

Figure 13. Section L1800 Showing Geology and Drill Hole Nos. HBET03, -05 &-11

10.3 Section L2000 (HBET04 & -10)

Hole No. HBET04-09 was drilled along Line 2000 and collared immediately east of the Cerro La Mina jasperoid. The goal of this hole was to test the thickness of the Cerro La Mina jasperoid, test for "feeders" beneath Cerro La Mina and observe the Mezcal structure at depth. The hole was drilled at 225 degrees to a depth of 265.05 metres.

The hole encountered silicified limestone at 7.2 to 13.3 metres with only weakly anomalous silver values, i.e. < 22.2 ppm. Limestone was traversed to a depth of 116.1 metres. From 116.1 to 149.25 metres, the limestone is widely brecciated, silicified, leached and cut by large (up to 1.7 m) calcite veins. Silicified breccias between 122.85 and 136.8 metres consist of nearly black, very fine grained silica with limestone fragments grading inwards to pumice-like fragment (<10%) which may again suggest a direct igneous link to the epithermal system.

Below this zone, a significant void, i.e. cave, was traversed from 176.2 to 189 (12.8m) metres with significant carbonate leaching continuing to a strong fault at 201.2 to 204.05 metres. From this fault to a depth of 242.4 metres, the limestone is widely brecciated and silicified. Arsenic and antimony values are significantly anomalous throughout this breccia zone with the highest values closest to the fault. Gold values are also anomalous and range up to 0.295 g/t. The lower 20 metres of the hole were in recrystallized limestone.

Hole No. HBET10-09 was oriented 45, -48 degrees along Line 2000 and collared in the immediate FW of the Mezcal vein complex. The geology of this section are shown in Figure 23. The goal of this hole was to traverse the Mexcal vein system to test the immediate HW where Ag-mineralization, similar to that observed in Hole Nos. HBET02 and -03, was suspected.

The hole immediately encountered quartz/chalcedony stockwork, sheeted veinlets and local hydrothermal breccias hosted in a illite-pyrite-marcasite altered andesite porphyry (Tap). This Mezcal-type mineralization, characterized by strongly anomalous gold-arsenic mineralization, extended to a depth of 59.25 metres where a pronounced fault (0.5 m of black, carbonaceous material) was encountered. The Mezcal-type mineralization adjacent to the fault contained hydrothermal breccias with a flow fabric suggesting the presence of a 'hydrothermal conduit'. Strongly recrystallized limestone occurs immediately adjacent to the fault with early, massive silicification occurring at 60.85 to 64.95 metres. The hole continued in limestone to a depth of 104.65 metres and encountered silicified breccias consisting of nearly black, very fine grained silica with limestone fragments grading inwards to flow-banded rhyolite fragments (<10%) which may again suggest a direct igneous link to the epithermal system. This is noteworthy since Hole No. HBET04 encountered similar breccias but with pumice fragments. Consequently, the figure shows both intercepts defining a shallow-plunging silicified breccia manto. Both the HW and FW contacts of this manto consist of voids lined by coarsely crystalline white-yellow-green calcite; the dissolution and calcite appear to be late. From the FW contact to the TD at 146.3 metres, the hole consists of gray micritic limestone.

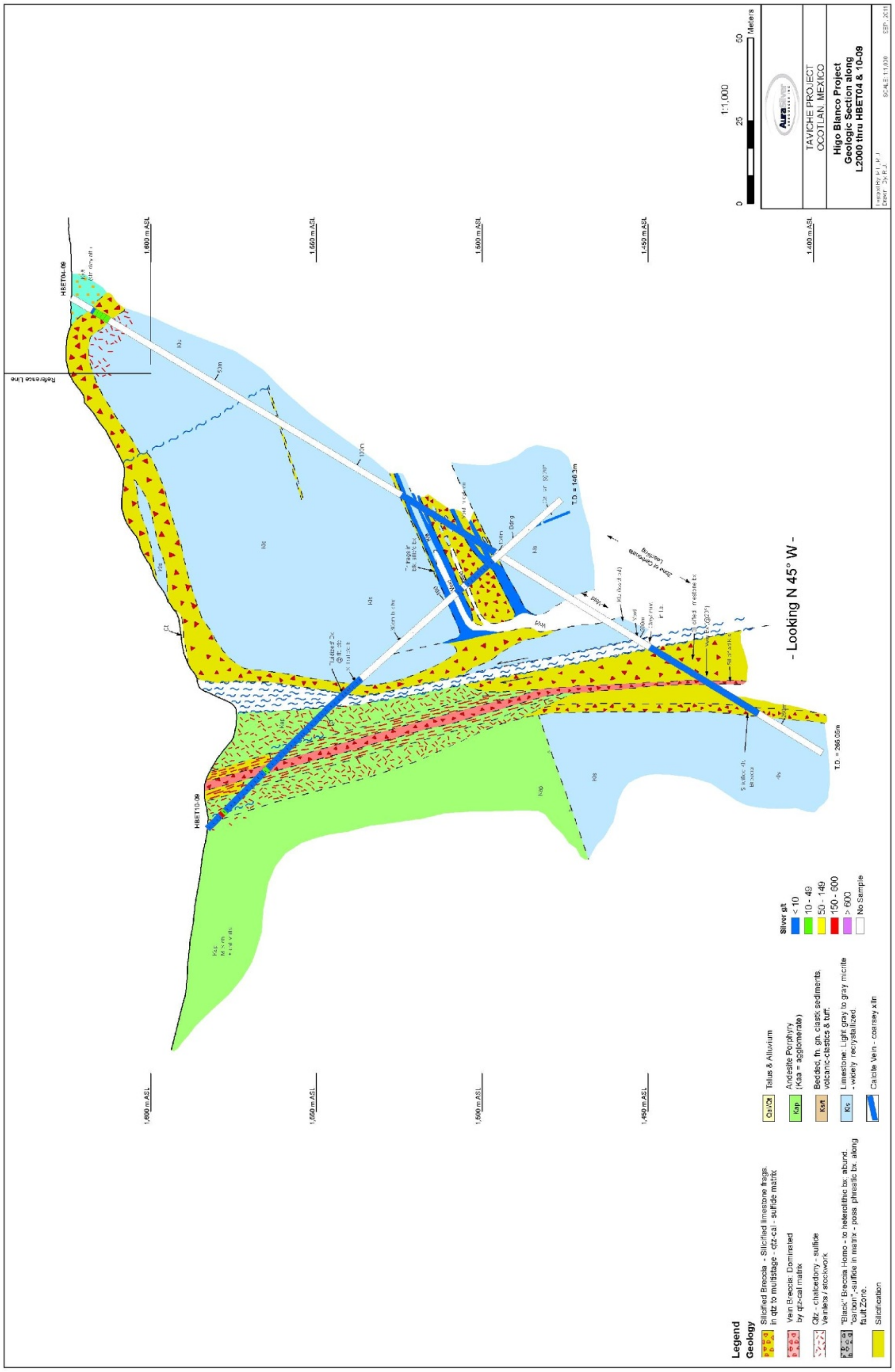

Figure 14. Section L2000 Showing Geology and Drill Hole Nos. HBET04 & -10

The manto complex developed in the hanging wall of the Mezcal complex is locally anomalous in Au-As-Sb and appears to be composed mostly of Stage 1 silicification ("jasperoid") with only local Stage 2 comb quartz breccias. The identification of rhyolite fragments within the interior part of the manto suggests a magmatic relationship at depth common to many carbonate-hosted replacement deposits in Mexico. In addition, considerable limestone dissolution has been observed on this section suggesting the presence of a later low pH fluid or gas. The Mezcal fault, may have been subjected to significant post-mineral movement or served as an aquatard for upwardly migrating fluids.

10.4 Section L960 (HBAD06, -07 & -13)

The initial drill tests of the Santo Nino zone were located along this section for mostly logistical reasons although the site provided a good test of the widespread surface mineralization. Hole No. HBAD06-09 was drilled at 225, -60 degrees to a depth of 112.2 metres. Three distinct mineralized zones were encountered in this hole. The first extends from the surface down to about 10.75 metres and consists of brecciated Stage 1 gray silicified limestone cemented and veined by Stage 2 comb quartz. Although trace amounts of pyrargyrite were tentatively identified, silver values were generally low, i.e. < 66.3 g/t. Variably silicified limestone, with minor quartz veinlets, was drilled to a depth of 41.2 metres. From 41.2 to 60.4 metres, a zone of hydrothermal breccias and multistage quartz stockwork was traversed and contained up to 339 g/t Ag over 1.2 metres within a 5.45 metre zone averaging 201 g/t Ag. The third zone, from 60.4 to 78.55 metres, consisted of mostly multiple stages of quartz-sulfide veinlets and breccias. The sulphides consisted of pyrite, marcasite and arsenopyrite and is similar to 'Mezcal'-type mineralization observed to the northwest. Arsenic values were up to 2.7% and gold to 0.945 g/t. As observed elsewhere, this style of mineralization was entirely hosted in andesite porphyry which extended to the bottom of the hole. The geologic section for this hole is presented in Figures 8A/8B and shows the Ag-rich breccia extending to the surface where sampling reveals a quartz-cemented breccia several metres in width with widespread pyrargyrite in comb quartz-cemented breccias.

Hole No. HBAD07-09 was collared several metres NE of HBAD06 and drilled at 45 degrees, -60 degrees to a depth of 99.50 metres. From the surface to a depth of 58 metres, a thick package of hydrothermal breccias with gray silicified limestone fragments in a multistage vuggy quartz matrix were drilled. The strongest brecciation and veining occurred at 11.25 to 39.40 metres with anomalous silver values throughout the interval; the highest sample was 165 g/t over 1.5 metres at 37.9 to 39.4 metres. Trace amounts of pyrargyrite were observed throughout this interval. This broad zone of breccias may be conformable to the upper limestone/volcanic contact or may be discordant.

Hole No. HBAD13-09, was drilled along Line 950 at 225, -60 degrees. The hole was designed to test the down-dip extensions of mineralization identified in Hole Nos. HBAD06 and -07 (Figure 24). The hole was collared in andesite porphyry and entered a lithic unit at 22.4 metres. The base of the lithic tuff is at 38.85 metres (basal 0.45m are silicified) where the limestone sequence begins. From 38.85 to 66.1 metres, an alternating sequence of recrystallized and silicified limestone, silicified breccias and vein breccias was traversed. For the most part, silver values were less than 10 g/t Ag; however, at the top of the silicified zone

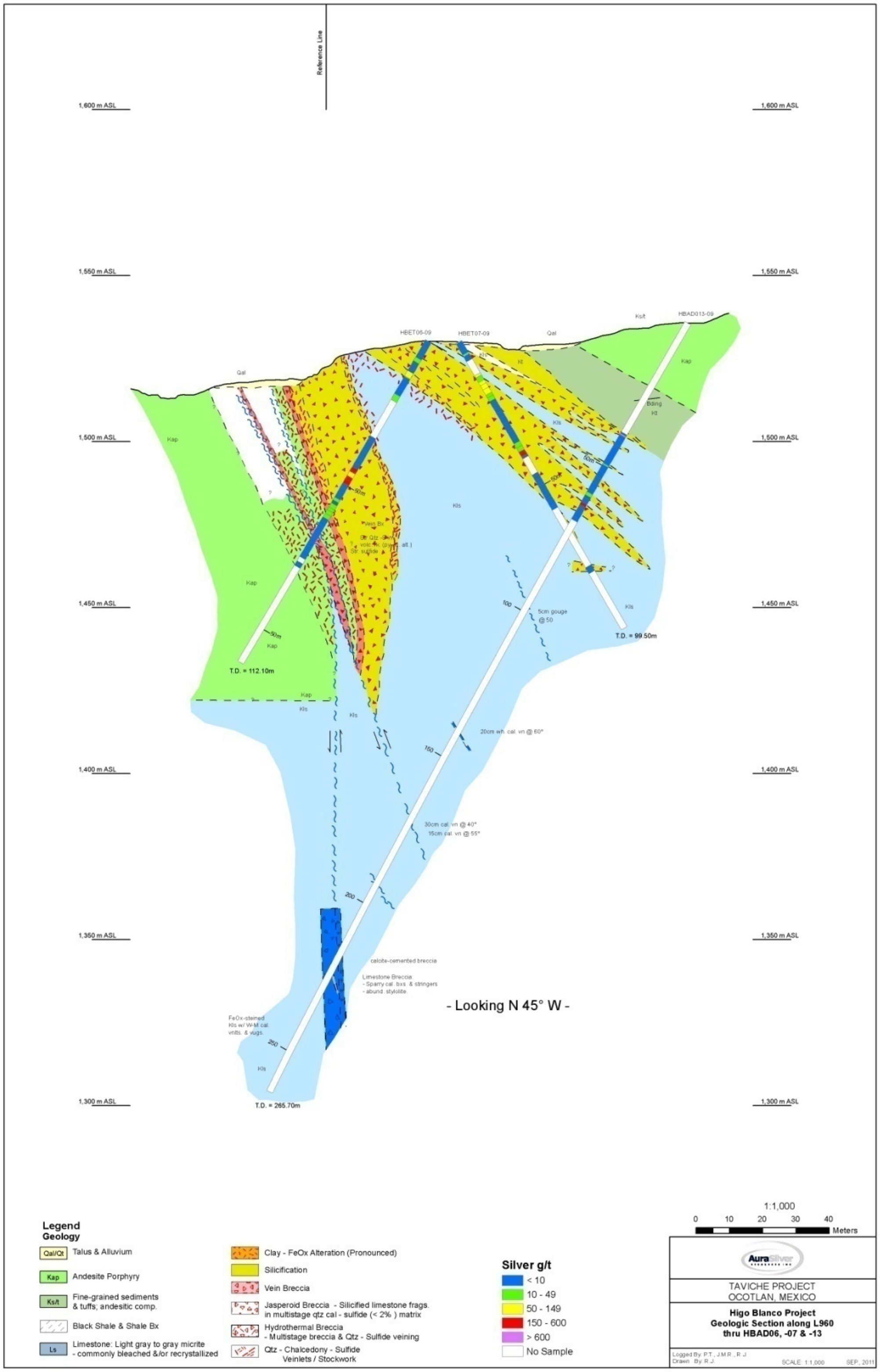

Figure 15. Section L960 Showing Geology and Drill Hole Nos. HBAD06, -07 & -13

(38.85 – 39.35m), a 0.5 metre wide vein breccia with abundant sulphides, including about 1% pyrargyrite, contained 3,730 g/t Ag and 3.37 g/t Au while both As and Sb were strongly anomalous. In the lower part of the silicified interval (62.6-63.5m), a 0.9m interval contained 241 g/t Ag. From 67.6 to the holes's TD at 263.7 metres, only limestone was encountered. As shown in Figure 24, a couple structures were identified and may be down-dip manifestations of the FW of the mineralized zone (Santo Nino) drilled in HBAD06. The calcite breccias observed at 219.2 to 222.1 metres appear to represent a strong fault and may correlate with one of the structures in the FW on the Santo Nino zone.

10.5 Section L1100 (HBAD08)

Hole No. HBAD08-09 was located in a corn field about 100 metres north of the Santa Nino zone and was designed to test for the NW extension of the mineralization intersected in Hole Nos. HBAD06 and -07. The hole was drilled at 225 degrees to a depth of 150.6 metres.

The geology of Hole No. HBAD08-09 as described. Andesite porphyry was traversed to a depth of 9.45 metres. From 9.45 to 47.35 metres, andesitic lithic tuffs were drilled with clay-pyrite alteration increasing with depth. At 47.35 to 47.75 (0.4m) metres, a fault/shale contacted was encountered immediately above the silicified and mineralized limestone. Silicified and quartz-veined limestone, with local trace pyrargyrite, is present to a depth of 54.35 metres; silver values were less than 23.7 g/t. From 54.35 to 73.10 metres, the hole crosses a section of limestone with local silicification and quartz veinlets. At 63.85 to 64.80 metres, a 0.95 m sheeted quartz-pyrargyrite (~1%) vein hosted in the limestone contained 1,140 g/t Ag. From about 73.10 to 90.70 metres, the limestone has been widely silicified, brecciated and cemented by several stages of quartz, calcite and minor pyrite-marcasite. Unreplaced lenses of limestone occur throughout the interval which may be truncated by a fault. From this contact to a total depth of 150.6 metres, widely recrystallized limestone was encountered; it is possible that the structure (limestone/andesite) identified in HBAD06 was not traversed in this hole.

10.6 Section L2750 (HBET09)

Hole No. HBET09-09 was drilled to a depth of 238.5 metres and was designed to test the volcanic – limestone contact down dip from significant exposures of silicified limestone hosting widespread prospects with anomalous silver values. The IP/Resistivity survey identified a chargeability high at depth supporting the idea of a "feeder" structure along the east flank of Cerro La Mina referred to as the Mota vein.

The hole traversed 47.65 metres of well bedded volcanic sediments (Ks) and entered andesite porphyry to a depth of 70.7 metres. Chloritic alteration in the andesite was moderate along with calcite veinlets. From 70.7 to 129.3 metres, a massive to laminated andesite agglomerate unit with several internal mudstone units ("cycles") was traversed. Below this, a lithic unit (tuff?) with internal fine-grained clastic beds occurs to a depth of 142.95 metres. Moderate chlorite-pyrite-illite alteration was observed in the lower metre of this interval. From 142.95 to 145.8 metres, a sheared zone was encountered consisting of shale breccias, limestone breccias and fault gouge. From the lower contact to 238.5 metres (TD), a light gray to gray, fine-

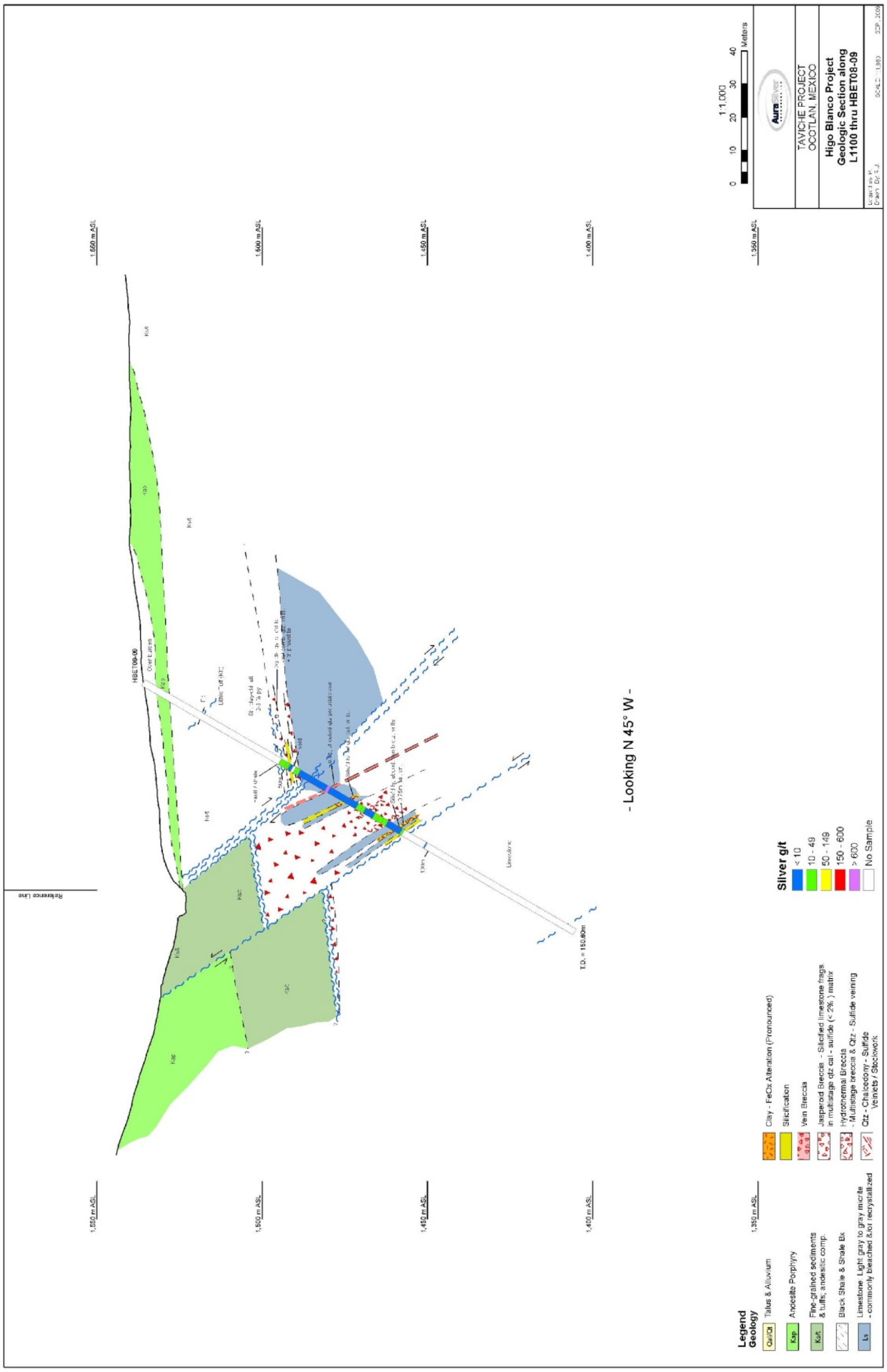

Figure 16. Section L1100 Showing Geology and Drill Hole No. HBAD08

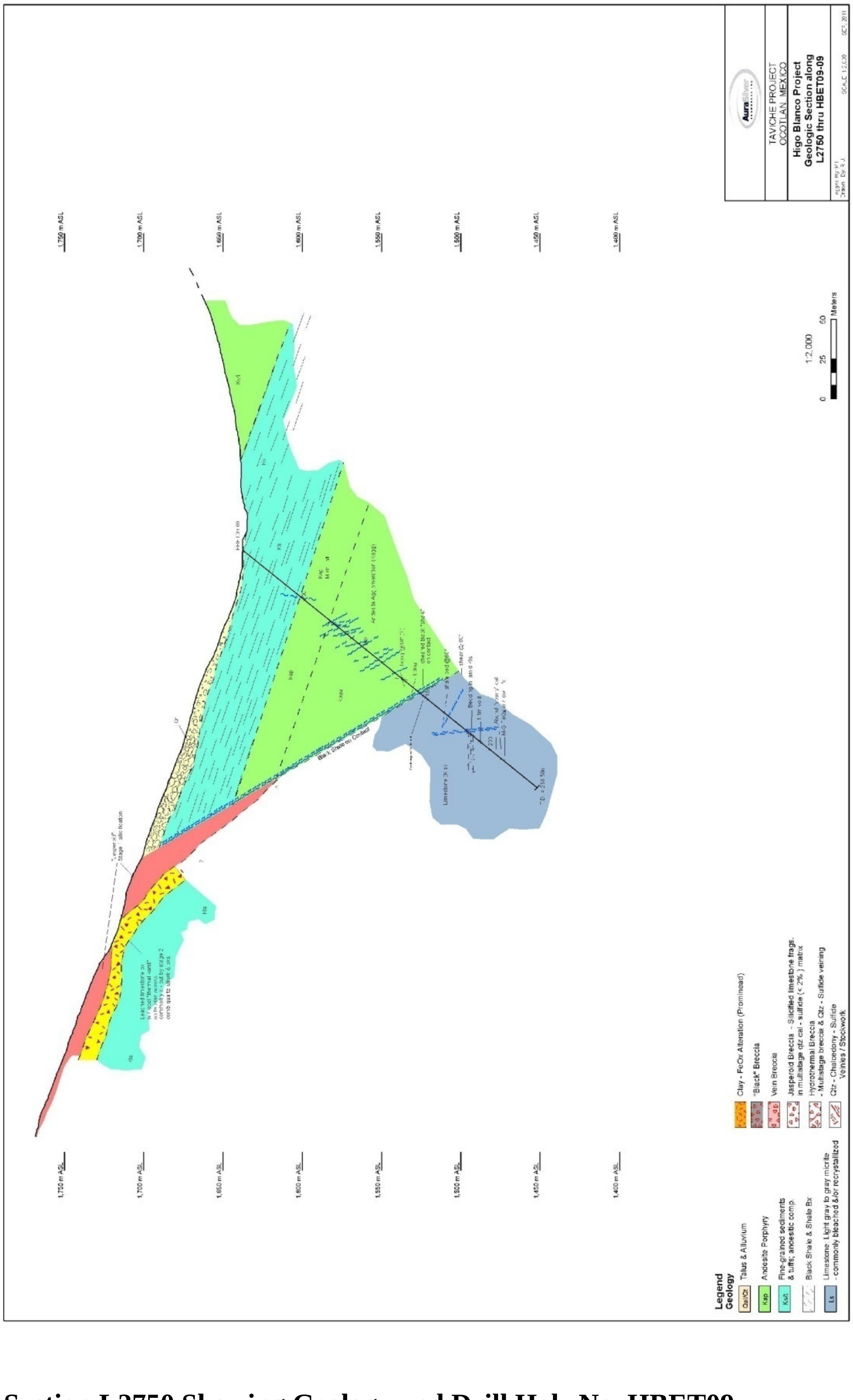

Figure 17. Section L2750 Showing Geology and Drill Hole No. HBET09

grained limestone with widespread sparry calcite veinlets and breccias occurs and contains local fine-grained clastic sediment lenses. The sparry calcite, along with widespread 'stylolites', suggest that the rock has undergone deformation. Evidence of hydrothermal fluid flow is relatively minor throughout the hole.

10.7 Section L800 (HBAD12)

Hole No. HBAD12 is located along Line 800. The hole was oriented at 45, -75 degrees and drilled to a depth of 198.25 metres. The goal of this hole was to test a moderately strong chargeability anomaly that traverses the area and is on-strike with the mineralized zone at Santo Nino, about 100 metres to the northwest.

The hole traversed andesite porphyry (Tap) down to a depth of 31.5 metres; alteration ranged from moderate to strong chlorite-calcite to a texturally destructive chlorite-illite alteration at the lower fault contact from 31.5 to 36.35 metres. Below the fault, a volcaniclastic/debris flow was traversed to a depth of 114.75 metres. This bedded unit contained moderate amounts of calcite-pyrite-marcasite stringers and averaged about 0.5% sulphide. Sampling of the more sulfide-rich intervals did not identify anomalous values of Au, Ag, As or Sb.

At 114.75 to 120.8 metres, a fault zone was encountered with the lower (FW) 2.4 metres being a silicified breccia containing abundant quartz vein fragments and cut by comb quartz veinlets. Up to 1% pyrite + arsenopyrite were observed along with trace pyrargyrite; silver values were up to 75.1 g/t, gold up to 0.48 g/t and arsenic less than 3,090 ppm. Limestone occurs below this 'contact manto' down to a depth of 131.55 metres where a narrow interval of silicifiation (0.75 metres) contained less than 21.2 g/t Ag. Weakly recrystallized limestone with minor calcite veins and veinlets continued to a final depth of 198.25 metres.

10.8 Section L2375 (HBET14, -15, -24, -34 & -35)

Hole HBET14, was drilled at 45, -50 degrees to test the projected down-dip extension of the ~N70-80W zone of silver prospects located along the SW flank of Cerro La Mina. The hole was drilled to a depth of 150.3 metres and encountered manto-style mineralization at the sediment (Ks) – limestone contact. The zone consists of fractured and brecciated Stage 1 gray silicified limestone breccia veined and cemented by comb quartz containing trace amounts of pyrargyrite (up to 66.1 g/t Ag). This silicified breccia is interpreted as a 'contact'-type manto which is probably continuous with the silicified zones observed in the overlying tunnel and on the flanks of Cerro La Mina (and observed in many of the holes drilled to date). Further down the hole, from 46.5 to 59.85 metres, a couple additional silicified breccias were intersected and have been interpreted as structurally controlled "veins" but, instead, may also be 'mantos'; the deeper zone may connect with the workings observed on the surface. Both zones are silicified limestone breccias veined by pyrargyrite-bearing (trace amounts) comb quartz; values up to 93 g/t Ag were observed. The remainder of the hole consisted of light gray micritic limestone with intervals of oolitic and fossiliferous limestone and green glauconitic shale lenses. The resistivity high observed on this section was not confirmed at depth.

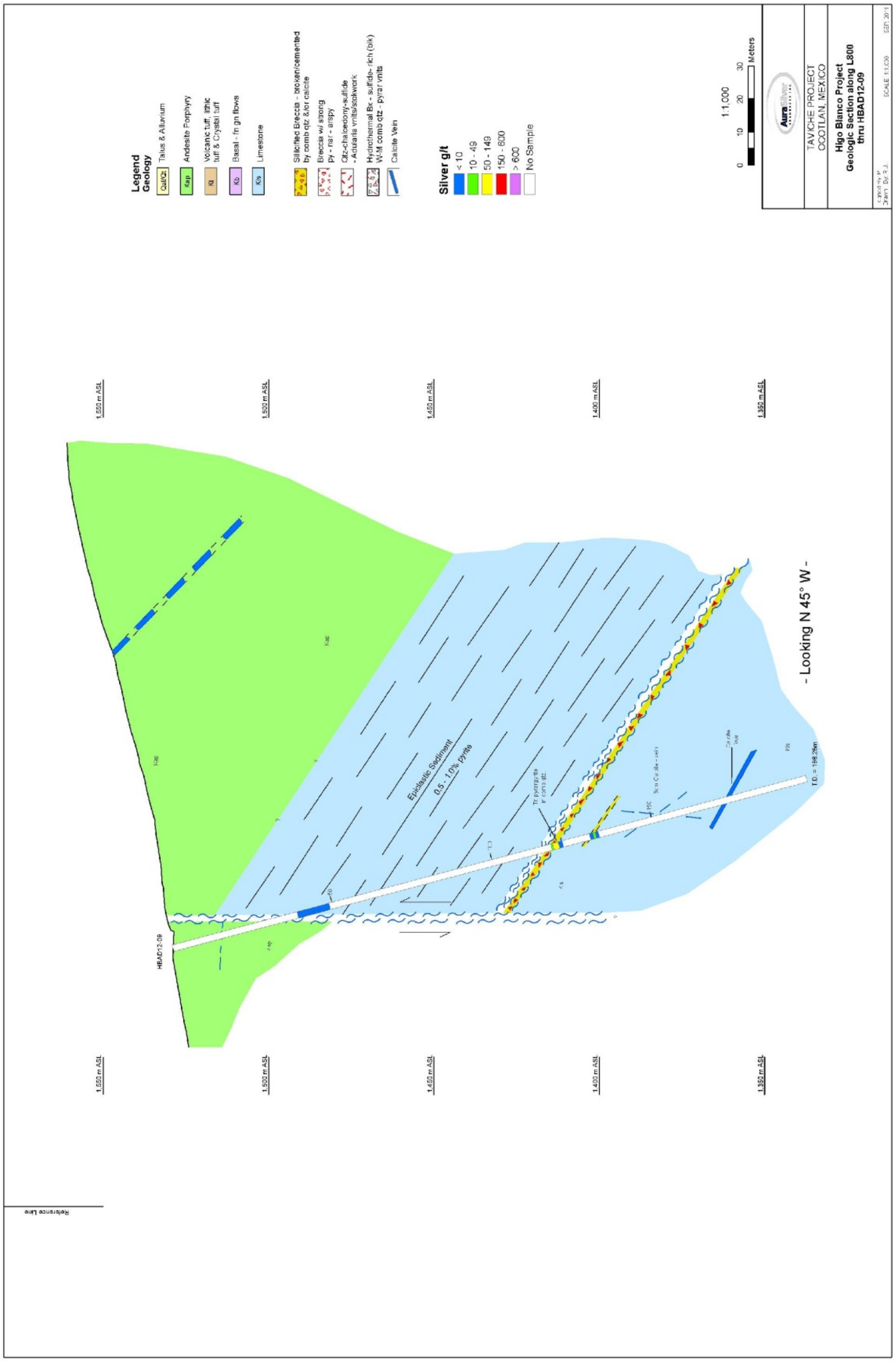

Figure 18. Section L800 Showing Geology and Drill Hole Nos. HBAD12

Hole HBET15 was drilled along the same profile as HBET14 but oriented at 225, -60 degrees. The goals were two-fold: 1. Test the limestone section in the hanging wall of the Mezcal structure and 2. Test a "deeper" chargeability anomaly apparently in the footwall of the Mezcal structure. The figure reveals that the limestone section was never encountered suggesting a significant fault in close proximity to the hole's collar. The hole traversed a sequence of fine grained sediments (Ks) and intercalated porphyry flows (dikes?) with little evidence of mineralization to a depth of about 100 metres. From about 100 to 120 metres, a zone of moderately well developed 'Mezcal'-type mineralization was encountered in the lithic tuff/debris flow peripheral to an andesite dike; it consisted of M-S pyrite-illite alteration in lithic tuffs with locally strong quartz-pyrite-marcasite-arsenopyrite veinlets and cemented-breccias (67.7-69.5m: 0.38 g/t Au, 42.3 g/t Ag, 1.57% As and 524 ppm Sb). The hole continued in strong pyrite-illite alteration to 165 m with local quartz-marcasite replacement of limestone lithics in the tuff, massive marcasite lenses and local ferroan carbonate veinlets. From 165 to 185 metres, a zone of hydrothermal breccia was traversed which contained weak to moderate, but widespread, multiple-stage quartz veinlets including comb quartz-pyrargyrite (up to a few percent sulfide in the quartz veinlets) and 'fragments' of massive stibnite/quartz. This entire interval was strongly anomalous in gold (up to 0.817 g/t Au), silver (up to 156 g/t Ag), arsenic (averaged ~1% As) and antimony (up to 2%). In addition to the veinlets, the zone is strongly altered to pyrite-illite and replaced by marcasite. As shown in Figure 27, this brecciated and mineralized zones appears to be the Mezcal vein/breccia which is well developed at the surface, about 120 metres above. Below this zone (185.95m), the hole enters a strongly faulted andesite porphyry which is both altered to pyrite-illite and hosts widespread quartz-pyrite-ferroan carbonate veinlets. This faulted, altered and veined zone continues to a depth of about 240 metres. The hole was terminated in weakly altered andesite with abundant massive to banded, granular, white-gray-green calcite veins 5 to 15 cm in width.

HBET24-10 was drilled at 45, -60 degrees to a depth of 217.75 metres and was designed to cross HBET15 at approximately 125 metres below the surface, traverse the main Mezcal zone at about 125 to 175 metres and continue into the limestone sequence to traverse the Mezcal structural complex to a TD of 325 metres. Owing to poor ground conditions at about 140 metres, the hole was lost at 217.75 metres.

From the surface to a depth of about 113 metres, andesite porphyry was traversed and is weakly to moderately chloritized with local faulting and illite-pyrite alteration. At 113 to 146.15 metres, the hole traversed a zone of feldspar porphyry dikes and fluidized phreatic breccias developed along the contacts; the dikes display moderate illite-pyrite alteration with variable amounts of quartz-chalcedony-pyrite-marcasite-arsenopyrite and ferroan carbonate veinlets. Gold is only locally anomalous (< 0.501 g/t) and arsenic is widely anomalous but generally less the 1% As. At 146.15m, recrystallized limestone was encountered and was traversed by several porphyry dikes to the bottom of the hole (217.75m). The limestone intervals are widely silicified and brecciated while the feldspar porphyry dikes are moderately altered to illite-pyrite and widely veined, in several stages, by quartz, chalcedony, calcite and ferroan carbonate with varying amounts of pyrite-marcasite-arsenopyrite. A vein breccia is present at 166.15 to 168.0 metres and consists of silicified dike and quartz-chalcedony vein fragments with up to a few percent stibnite (1 to 3.1% Sb). Arsenic is anomalous throughout the zone but less than 1% As. Gold is also widely anomalous throughout the interval (up to 4.9 g/t over 2.25m) and occurs mostly in the silicified limestone breccias adjacent to the feldspar porphyry dikes. It is also noteworthy that the limestone adjacent to the feldspar porphyry dikes is widely recrystallized resembling a light gray marble which is the first we have observed thermal metamorphism in the drilling program.

The results from Hole Nos. HBET15 and -24 have identified a geologic environment somewhat unique relative to results observed to the southeast. The combination of illite-pyrite altered feldspar porphyry dikes, fluidized phreatic breccias, gold-bearing silicified breccias at the limestone-dike contact, multiple stages of quartz-carbonate-sulfide veinlets and stockwork, strongly anomalous arsenic-antimony and thermally metamorphosed limestone support the need for additional drilling at depth.

In 2011, drilling continued along L2400 with Hole No. HBET34 designed to pass beneath Hole No. HBET24 by about 100 metres. From the surface down to 204.7 metres, a thick sequence of weakly altered andesite porphyry flows, agglomerates and welded tuffs was traversed. At 204.7 to 213.75 metres, a fault was encountered below which a sequence of tuff, lithic tuff and debris flow was observed to a depth of 285.0 metres; at 264.0 metres, there was an increase in alteration and pyrite-marcasite-arsenopyrite flooding and veining which graded into typical 'Mezcal'-type mineralization to a depth of 292.7 metres. Metal values are up 0.491 g/t Au, 53.1 g/t Ag and over 1% arsenic down to and across a felsic dike which extended to a depth of 298.4 metres. Mezcal-type mineralization continued from the dike down to a depth of 336.9 metres. Additional dikes are likely present within this interval of altered and veined volcanics. Gold values were up to 1.076 g/t, silver less than 5 g/t and arsenic typically over 0.5%. In all, this zone of quartz-pyrite-illite altered volcanics and felsic dikes hosting strong 'Mezcal'-type mineralization occurred over a down-hole length of 70 metres. From 336.9 to 374.95 metres, the hole traversed waterlain tuffs, tuff breccias and dark gray micritic limestone cut by several felsic dikes with little or no alteration or mineralization. An additional felsite dike occurs at 374.95 to 376.65 metres and appears to occupy a fault; a sample across this dike contained 1.143 g/t Au. At 376.65 metres, the Cretaceous limestone was encountered and extended down to 440.2 metres, the final depth of the hole. An additional felsite dike was crossed at 422.4 to 429.0 metres.

Upon the completion of Hole No. HBET34, analysis of the resulting section suggested that the structural zone hosting the felsite dikes and 'Mezcal'-type mineralization may be dipping more westerly than previously thought. To answer this question, Hole No. HBET35 was designed along the same section (45 degrees, -75) to test the suspected down-dip extension of the above zone about 150 metres below Hole No. HBET34.

From the surface down to 190.70 metres, the hole traversed the andesitic sequence composed of flows and flow breccias. This lower contact is a strong fault which continues down to 192.0 metres. From 192.0 to 230.55 metres, a waterlain tuff with local debris flow breccias were traversed. From 230.55 to 352.65 metres, the hole traversed a zone of dominantly volcanic breccias, possibly debris flows, with lesser amounts of andesite flows (porphyritic to aphanitic) and epiclastic lenses. From 353.65 to 407.25 metres, the volcanic sequence is dominated by

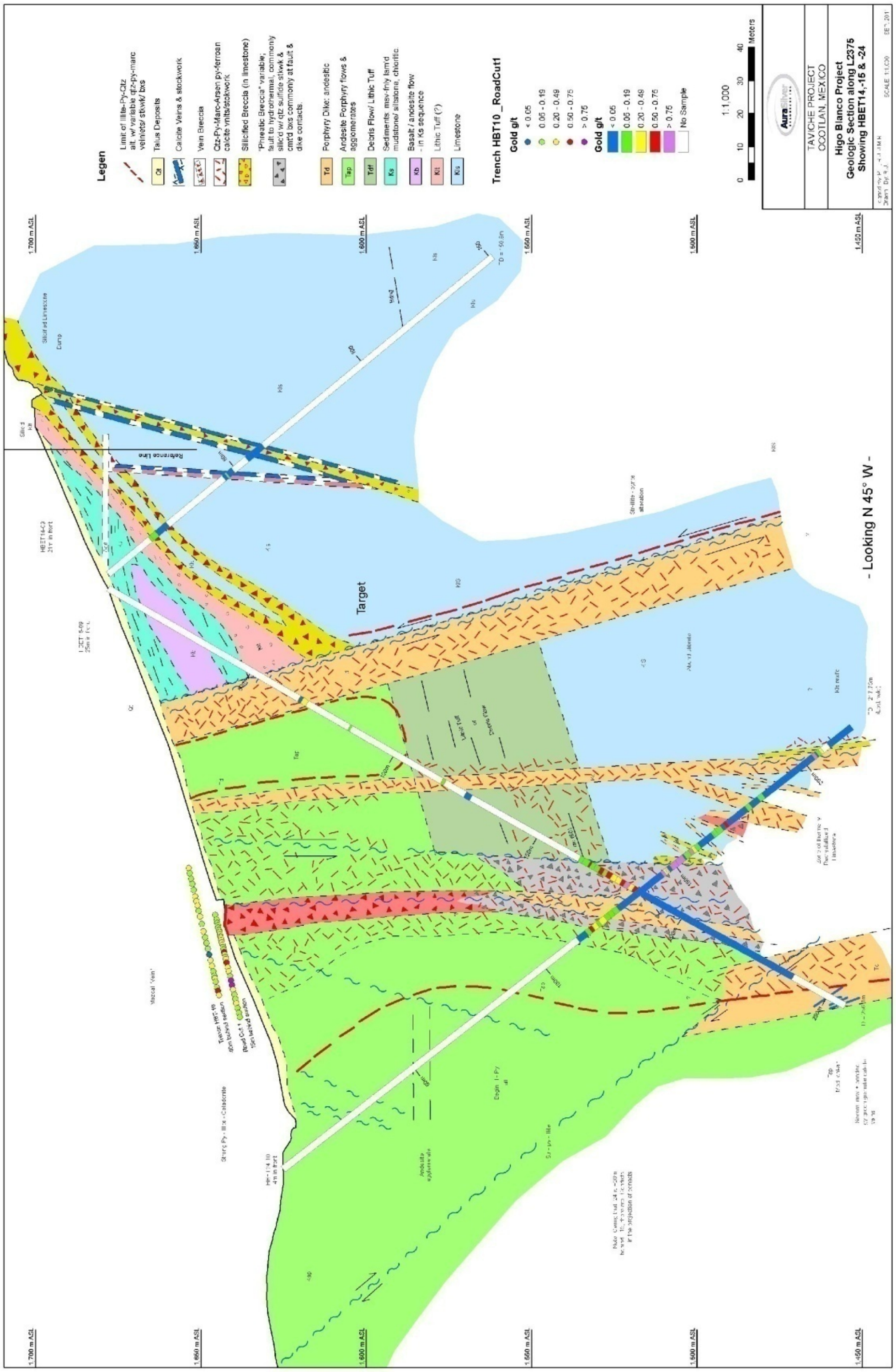

Figure 19. Section L2375 Showing Geology and Drill Hole Nos. HBET14, -15, -24, -34 & -35

epiclastic sediments, lithic tuffs and conglomeritic lenses. A pronounced fault zone was encountered from 407.25 to 422.50 metres and consisted of limestone, volcanics and epiclastics in a dark gray, sulfidic matrix. Below this fault, the Cretaceous limestone was encountered to a total depth of 464.25 metres and displayed little or no recrystallization.

A broad zone of clay to celadonitic alteration with locally strong massive to weakly banded, white, gray and green chalcedony stockwork and cemented breccias was observed from 278 to 335 metres. The analyses did not reveal anomalous Au-Ag-As-Sb values nor were dikes observed. There are a few significant faults which may have offset the down-dip extension of the Au-As zone observed in Hole No. HBET34.

10.9 Section L1800 (HBET16)

Hole No. HBET16, shown in Figure 28, was drilled Due South at -65 degrees from the same site as Hole No. HBET03 and -22 to a total depth of 234.3 metres. The goal of this hole was to test the southern extension of mineralization identified in Hole No. HBET03. From 0 to 48.8 metres, the hole traversed weak to moderately chloritized andesite porphyry with moderate calcite veinlets. A thin siltstone lense occurs at 48.8 to 50.55 metres at which point the hole entered a sheared, gray to dark gray (carbonaceous) lithic tuff or debris deposit to a depth of 94.0 metres. At 94.0 metres, the hole encountered a weakly silicified unit with minor comb quartz veinlets and up to 5% disseminated pyrite-marcasite. Silicification and quartz stockwork, with trace pyrargyrite, increase downward to a depth of 115.9 metres. It is noteworthy that this interval of sulfide-rich lithic tuff or breccia is highly anomalous in gold (up to 0.635 g/t Au), silver (up to 1,180 g/t Ag), arsenic (up to 3,940 ppm As) and antimony (up to 775 ppm Sb). From 115.9 to 141.6 metres, an intensely mineralized zone was encountered and consisted of gray to dark gray, multistage hydrothermal breccias with up to 40% comb quartz veinlets hosting minor amounts of pyrargyrite. Pyrite-marcasite ranged from 3 to 10% in the dark gray portions of the intercept. Silver values ranges up to 1,860 g/t and the interval averaged 365.6 g/t Ag over 26.8 metres. A strong fault was traversed from 141.6 to 145.35 metres after which quartz and calcite-cemented breccias continued to a depth of 148.0 metres.

Widely faulted and broken limestone occurs from 148.0 to 201.95 metres. A fault gouge containing silicified limestone and vein fragments (post-mineral?) was traversed from 201.95 to 205.3 metres followed by a mineralized zone from 205.3 to 221.1 metres. Vein breccias occur at both the HW and FW contacts and consist of limestone, silicified limestone and quartz vein fragments in a quartz-chalcedony-calcite matrix. Trace amounts of pyrargyrite were observed in the upper vein breccias and correspond to a value of 58.7 g/t Ag; the remainder of the vein breccias contained less than 15 g/t Ag. This suggests that this breccia is the down-dip extension of the Mezcal vein. Internal to the vein breccias is limestone with variable quartz-chalcedony-pyrite veinlets. The hole continued in limestone and fault breccias to a depth of 234.4 metres.

The section shown indicates that the silver zone is on the SW side of the “black breccias” as compared to Hole No. HBET03 where mineral was deposited on the NE side. Additionally, there appears to be significant divergence between the black breccias and the Mezcal vein which has steepened to nearly vertical.

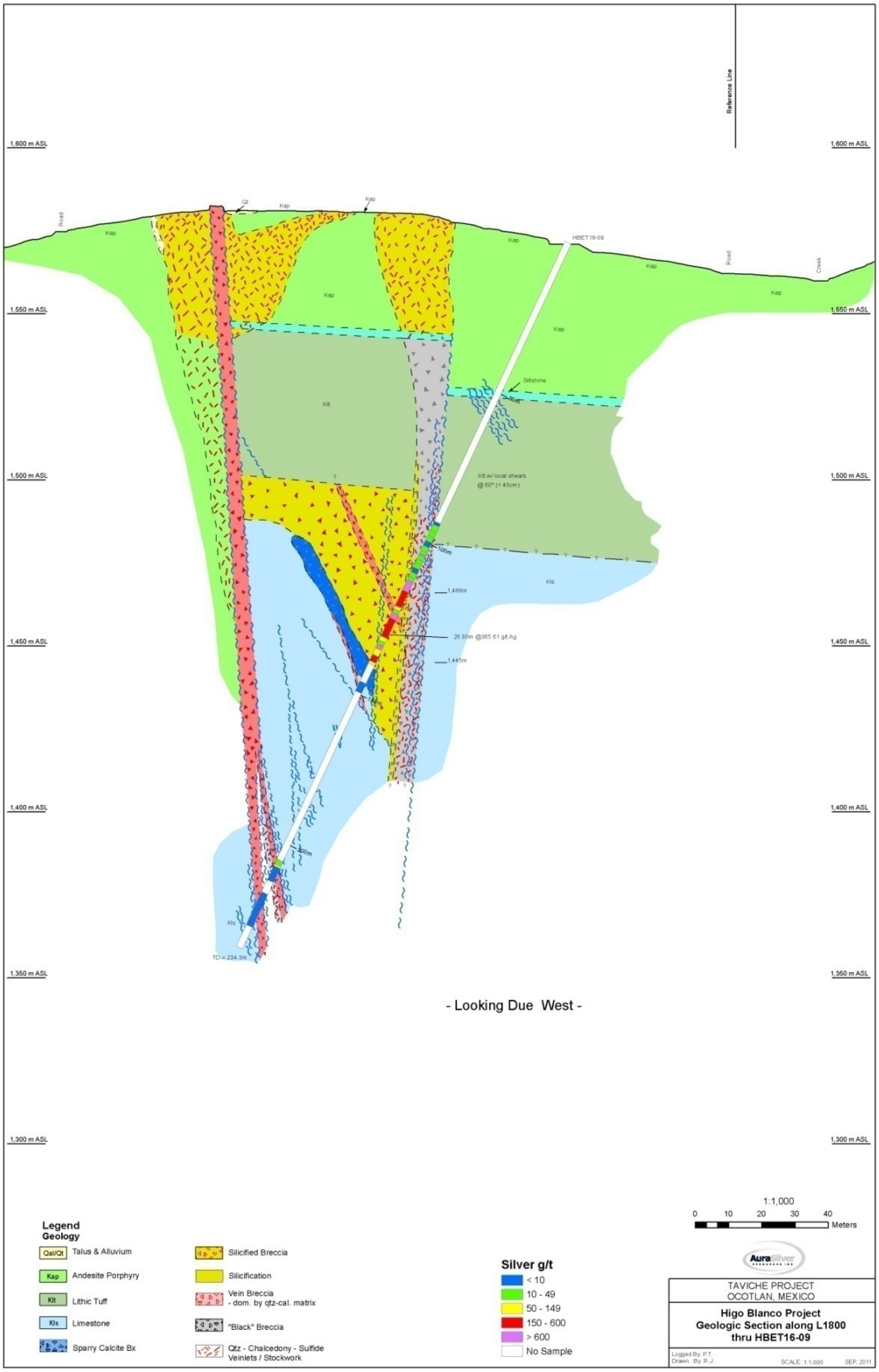

Figure 20. Section L1800 Showing Geology and Drill Hole Nos. HBET16

10.10 Section L4900 (HBET17 & -18; Piedra del Sapo)

The Piedra del Sapo prospect was tested with two holes located in the southwestern-most part of the prospect where surface samples revealed both elevated silver (>10 g/t) and antimony (>500ppm) along with coincident resistivity and chargeability highs. The location of Hole Nos. HBET17 and -18-09 also considered the proximity to a N75W structure and, in general, difficult access in the area. The holes were oriented along a N10E line which is perpendicular to the structural fabric in this part of the prospect.

Hole No. HBET17 was inclined to the NE at -60 degrees; the hole was terminated at 215.1 metres. From the surface to a depth of 182.25 metres, a thick sequence of limestone conglomerate was encountered. This unit consists dominantly of rounded to sub-angular, poorly sorted gray limestone cobbles and very local granite (probably Precambrian) and volcanic fragments. There is a notable absence of sorting or finer clastic matrix suggesting a higher energy environment, possibly a hydrothermal vent. This conglomerate/breccia is underlain, by a light gray, locally fossiliferous, limestone.

Both wholesale silicification and hydrothermal leaching of the limestone clasts (in a silicified matrix) were observed over much of the conglomerate interval. Several intensely silicified intervals were encountered in the upper 100 metres of hole while only locally silicified intervals were observed at depth. As shown in Figure 30, silicification ranges from wholesale (1.6-11.6m; 26.85-31.65m; and 90.55-91.25m) to replacement of the finer-grained, i.e. matrix, fraction. Much of the conglomerate sequence has been hydrothermally leached (subsequent to silicification) resulting in a vuggy, silica-rich rock containing quartz (drusy), fluorite (green, crystalline) and calcite filling. The more silicified intervals are commonly veined by comb quartz, chalcedony and/or a late stage of green fluorite.

Hole No. HBET18 was oriented 180 degrees to Hole No. HBET17 and drilled at -60 degrees to the south (Figure 30). To a final depth of 160.65 metres, the hole was composed of limestone conglomerate with widespread, but varying, silicification, veining and leaching. The geologic interpretation of both holes is shown in Figure 30. Hole -18 was dominated by silicified limestone ‘conglomerate’ down to a depth of 63.2 metres with intervening moderately silicified zones displaying locally strong limestone-clast leaching. At least minor comb quartz veinlets were present throughout along with green fluorite veinlets and vug filling; minor hydrothermal breccias were also present in the more silicified intervals. The densely silicified rocks observed at 62.1 to 63.2 metres are correlated with a vertical structure or ‘feeder’ observed at the surface. Weakly veined and locally silicified conglomerate/breccia continues to a depth of 83.0 metres where a ‘vein breccia’ with abundant comb quartz (<20%) veinlets with locally abundant coarsely crystalline stibnite cut a silicified interval. Several additional silicified and veined intervals occur down to a depth of 142.66 metres. Silicification was not observed down to the final depth of 160.65 metres.

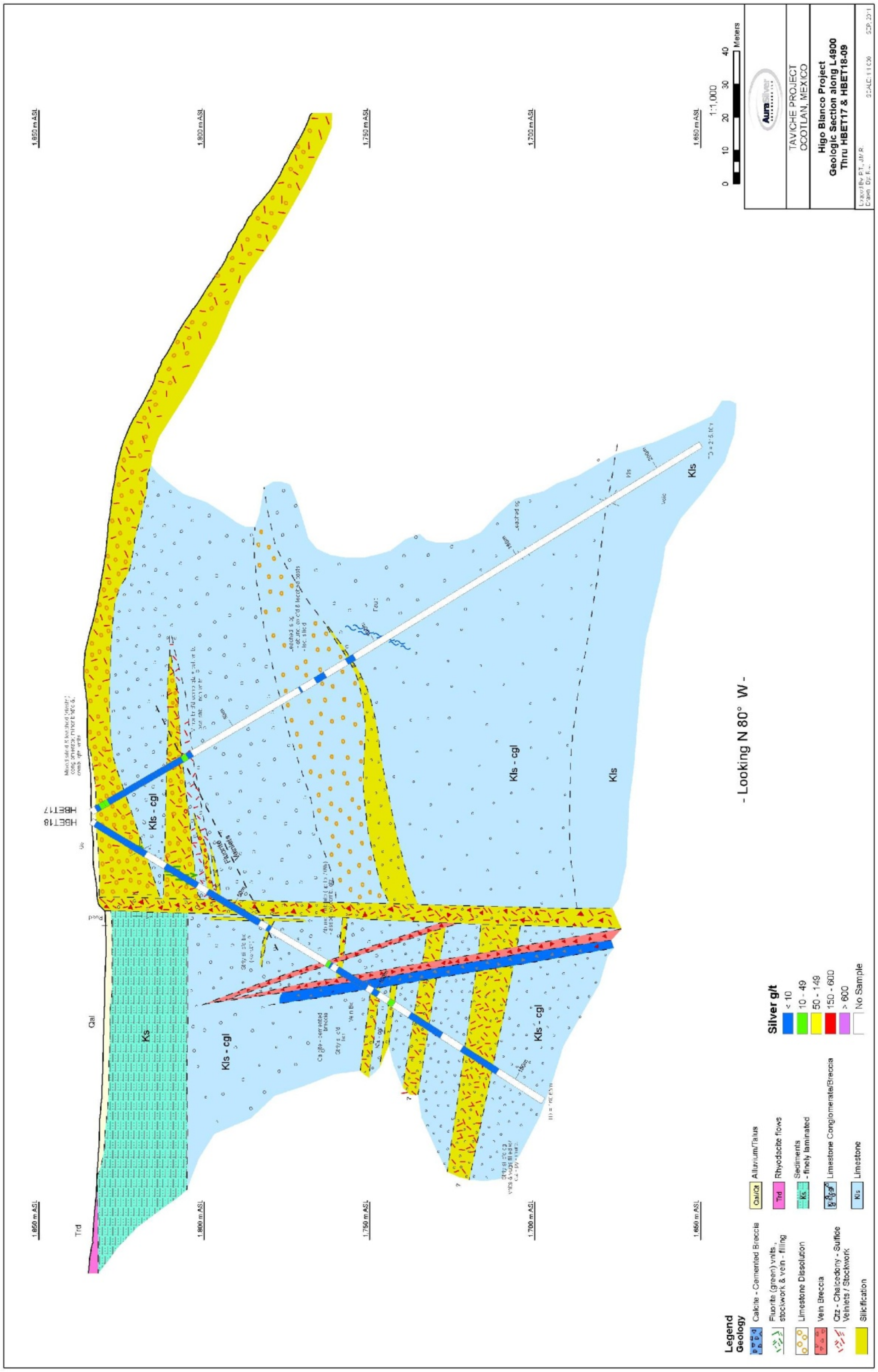

Figure 21. Section L4900 Showing Geology and Drill Hole Nos. HBET17 & -18

Both holes reveal geochemical similarities including:

- Gold is widely anomalous in the more densely silicified units where multiple quartz events can be documented; values up to 0.949 g/t were observed (HBET17) while several sample intervals in Hole No. HBET18 contained values up to 0.20 g/t Au;
- Silver was only weakly anomalous (<30.2 g/t Ag);
- Arsenic is widely anomalous in the silicified intervals but is generally less than 500ppm. The highest interval was 891 ppm (HBET18);
- Antimony has a similar distribution to arsenic and is generally less than 100 ppm. In several silicified intervals where stibnite was identified, values can range as high as 6,050 ppm Sb; and
- Fluorine (in fluorite) is strongly anomalous in both holes and ranges up to 9600 ppm.

10.11 Section L2600 (HBET19 & -20)

Hole Nos. HBET19 and -20-09 are located on the southwest flank of Cerro La Mina and were designed to test the extension of pyrargyrite-stibnite-bearing silicified breccias at depth in close proximity to the suspected Mezcal fault/vein system. Hole No. HBET19, was drilled vertically to a depth of 86.0 metres and is located 23 metres in front of the section (horizontal projection). The hole was collared in silicified sediments and entered ‘jasperoid’ at 1.3 metres and remained in a mixture of jasperoid (silicified limestone) and vein breccias cemented by comb quartz with locally trace amounts of pyrargyrite and minor pyrite-marcasite until 15.55 metres. Geochemically, the zone was locally anomalous in gold (up to 0.403 g/t), silver (up to 39.8 g/t), arsenic (up to 1,070 ppm) and antimony (up to 3,460 ppm) and is interpreted as a ‘contact manto’ correlating with the silicified breccias observed at the surface.

Recrystallized limestone was traversed from 15.55 to 56.95 metres where a second silicified limestone interval was identified. This interval extended to 63.0 metres and consisted of dark gray silicified limestone (local relict limestone) with variable amount of comb- to banded- quartz veinlets containing trace amounts of pyrargyrite and stibnite. Silver values were less than 40 g/t and antimony up to 2340 ppm. The hole continued in gray, micritic limestone to a final depth of 86.0 metres.

Hole No. HBET20, located about 50 metres north of Hole No. HBET19, was also drilled vertically to a depth of 92.2 metres. The hole is also shown in Figure 30 and is located about 23 metres behind the section (Line 2623). The objective of this hole was similar to that of -19 and was intended to test for the up-dip extension of silver-bearing silicified breccias exposed in several pits about 15 to 30 metres down slope. From the surface down to 3.6 metres, the hole encountered silicified sediments or tuff with a 0.8 metre ‘jasperoid’ lense. The zone averaged about 0.5 g/t Au and 2500 ppm arsenic with silver up to 48.5 ppm. From 3.6 to 9.15 metres, a vein breccia with silicified limestone fragments in a vuggy, comb quartz/chalcedony matrix was encountered; trace amounts of pyrargyrite were observed. This 5.55 metre interval averaged 122.3 g/t Ag with values up to 183 g/t Ag. The FW of this mineralized interval is recrystallized

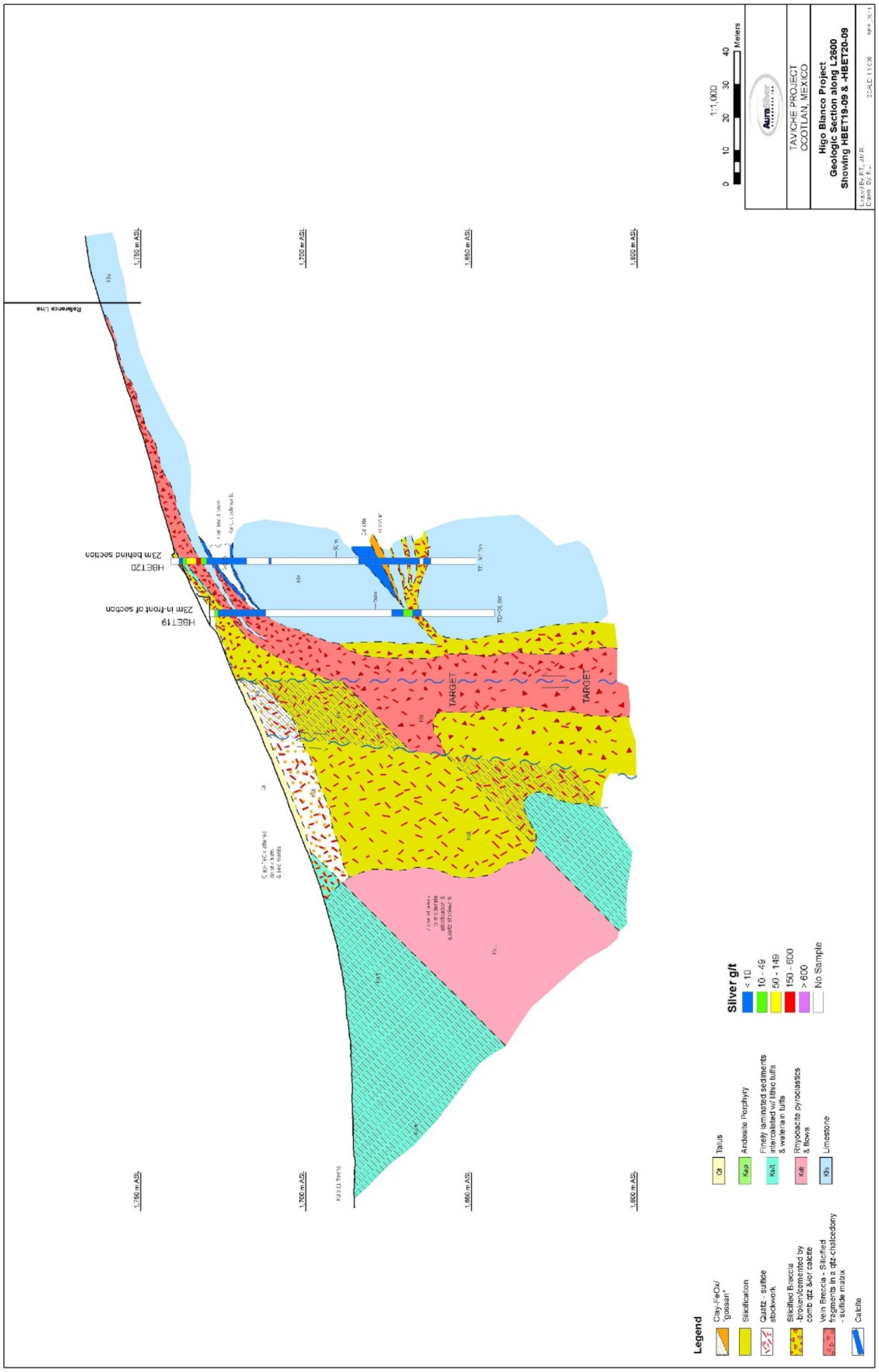

Figure 22. Section L2600 Showing Geology and Drill Hole Nos. HBET19 & -20

limestone to 12.2 metres where a ‘cavern’ was encountered to 18.3 metres; there appeared to be comb quartz veinlets in this cavern so it may be a ‘vuggy quartz’ zone as seen on top of Cerro La Mina along Line 2700. From 18.3 to 22.0 metres, the cavern seems to be ‘floored’ by iron oxide-rich sediments (hydrothermal karst sediments) on top of additional comb quartz veinlets and very coarsely crystalline calcite vug-filling. Gold, silver and arsenic values in this zone are only slightly anomalous.

Hole No. HBET20 continued in recrystallized limestone to a depth of 57.95 metres where 5.45 metres of crystalline calcite was cut; the floor of this calcite-filled void consists of 1.75 metres of intensely leached, gossanous limestone with local comb quartz veinlets; the oxide zone contained up to 744 ppm As. This zone is floored by vuggy, recrystallized limestone with druzy quartz linings. From 67.9 to 77.6 metres, a zone of vuggy, silicified limestone containing abundant comb quartz-cemented breccias and veinlets. All silver values were less than 5.7 ppm. The hole continued to a final depth of 92.2 metres in gray, micritic limestone.

10.12 Section L1650 (HBET21)

Hole No. HBET21-09, was designed to cross the Mezcal structure along Line 1650 about 20 metres southeast of the southernmost surface expression of the Mezcal vein complex. The hole was drilled at 225, -60 degrees to a depth of 219.65 metres. From the surface to 73.8 metres, the hole traversed variably chloritized and pyritized andesite porphyry. From 73.8 to 134.2 metres, a lithic tuff/debris flow with variable chlorite-illite alteration and local calcite-marcasite veinlets was encountered. A shear zone was intersected from 134.2 to 143.8 metres consisting of sheared lithic/volcanic breccias, recrystallized limestone and several gouge planes, i.e. ‘compression breccia’. Below this, limestone is present and has been widely faulted. This limestone extends to 205.55 metres where another fault was encountered and extended to a depth of 213.55 metres. The downhole side of the fault consists of moderately to strongly illite-pyrite altered andesite with variable quartz-pyrite veinlets; the hole was terminated at 219.65 metres. Analyses from the altered and vein andesite at the bottom of Hole No. HBET21 did not reveal significantly anomalous values but the presence of andesite flow (?) rocks at this depth indicated a very significant structure or, at least, the silicified limestone package beneath or adjacent to the andesite. About 3 months later, the hole was deepened to 282.15 metres.

The hole continued in weakly altered andesite to a depth of 256.1 metres where it is in fault contact with a narrow sliver of debris flow which, in turn, is in fault contact with “phreatic” breccia at 257 to 263.25 metres (heterolithic with possible Precambrian fragments). The next several metres were extremely faulted and recrystallized limestone. From 265 to 269.25 metres, a silicified limestone breccia was traversed and contained silver values up to 62.8 g/t. The hole was terminated at 282.15 metres in strongly recrystallized, weakly silicified limestone cut by minor white to gray quartz veinlets; the analyses did not reveal anomalous values of gold, silver, arsenic or antimony.

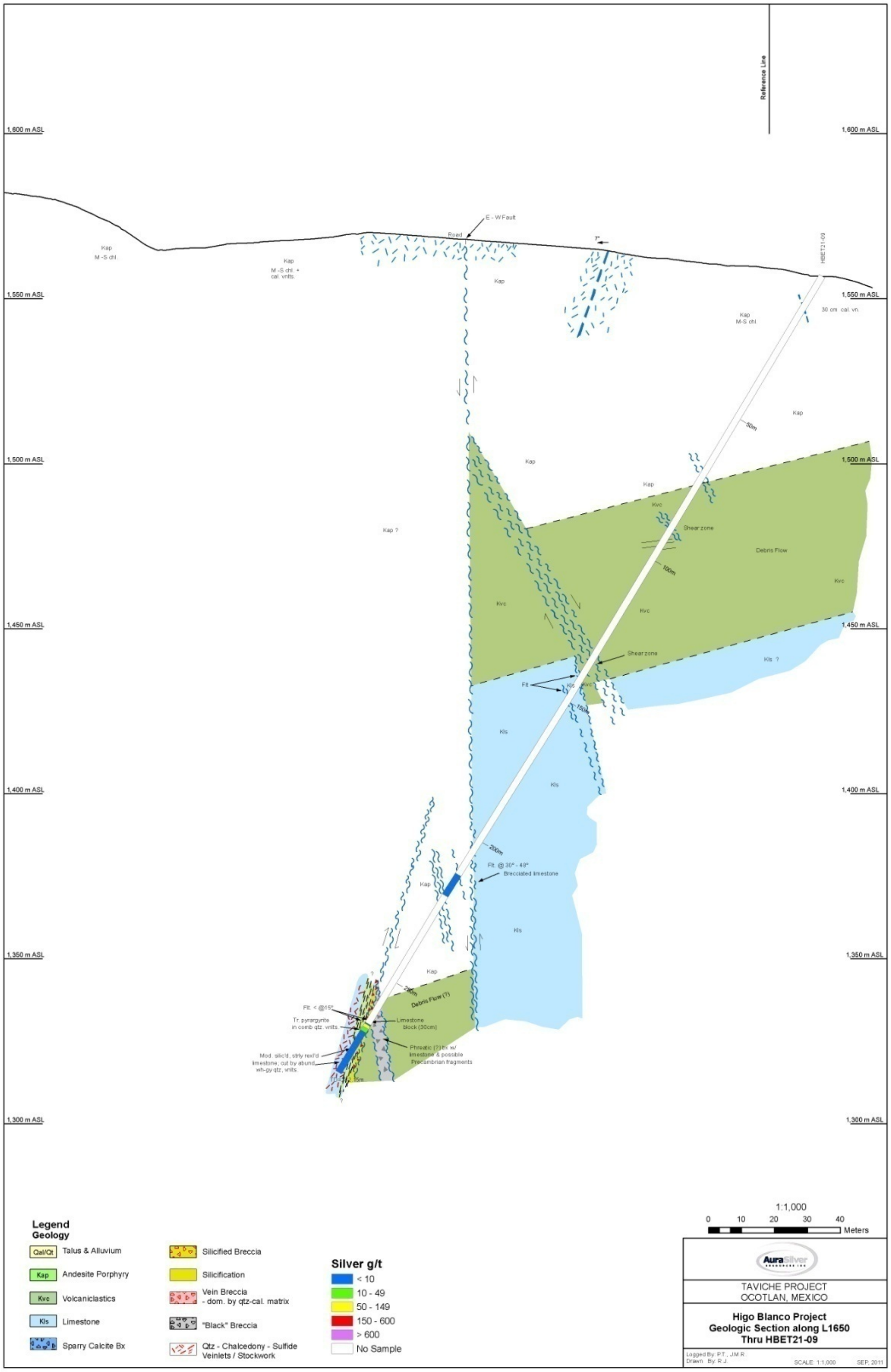

Figure 23. Section L1650 Showing Geology and Drill Hole No. HBET21

Hole No. HBET21 was drilled only 45 metres southeast of HBET16 which intersected 36.6 metres of 292.3 g/t Ag. The complete absence of significant alteration and any mineralization requires a major geologic break such as a post-mineral fault. Subsequent, and more careful, inspection of the surface geology has revealed what appears to be an east-west trending fault with low angle slickensides on silicified andesite. It is noteworthy that the IP survey reveals that the chargeability high continues to the southeast (toward the Santo Nino area) but seems to be shifted to the northeast some 50 metres.

10.13 Section L1800NW (HBET22)

Hole No. HBET22, was drilled from the same site as HBET03 and -16. The hole was oriented at S80W (260), -60 degrees and was designed to intersect the Mezcal silver zone between Hole Nos. HBET03 and -02. The hole traversed andesite porphyry from 0.0 to 22.7 metres and entered the debris flow unit; this unit was drilled to a depth of 74.6 metres. This enigmatic unit changes with depth and becomes more sheared, carbonaceous and pyritic closer to the lower contact. At 67.3 to 69.3 metres, a massive marcasite lense was encountered. The lower couple metres of the breccia unit is silicified.

A silicified, recrystallized limestone was traversed at 74.6 to 75.65 metres and a broad, strongly mineralized hydrothermal breccia was traversed to a depth of 131.0 (55.35m) metres. A detailed description of the interval is provided in the log (Appendix I). In general, the zone consists of dark gray, silicified limestone fragments in a white, comb quartz matrix ranging from 5 (stockwork) to 100% (vein). Down to about 112 metres, pyrargyrite grains were widely disseminated throughout the comb quartz; only trace amounts were observed in the quartz below that depth. Although the zone is widely anomalous in silver with several samples in the 150 to 340 g/t Ag range, the best interval (669 g/t Ag) was observed in the silicified volcaniclastic unit at 74.0 to 74.6 metres. Below 112 metres to the base of the breccia zone, silver values are less than 60 g/t Ag. Checks have been conducted and confirm the original values.

From 131.0 to 156.6 metres, a zone of faulted, silicified volcanic breccia contains strongly developed 'Mezcal'-type mineralization with 15.5 metres (136.7 to 152.2m) of 0.69 g/t Au, high arsenic (>0.5%) but with low (<60 g/t Ag) silver values. At 156.6 metres, the hole entered the andesite porphyry, and remained in strong Mezcal-type mineralization to 179.0 metres. Gold values in this interval were up to 1.55 g/t Au. The hole remained in andesite to a final depth of 212.9 metres where the rock is relatively fresh.

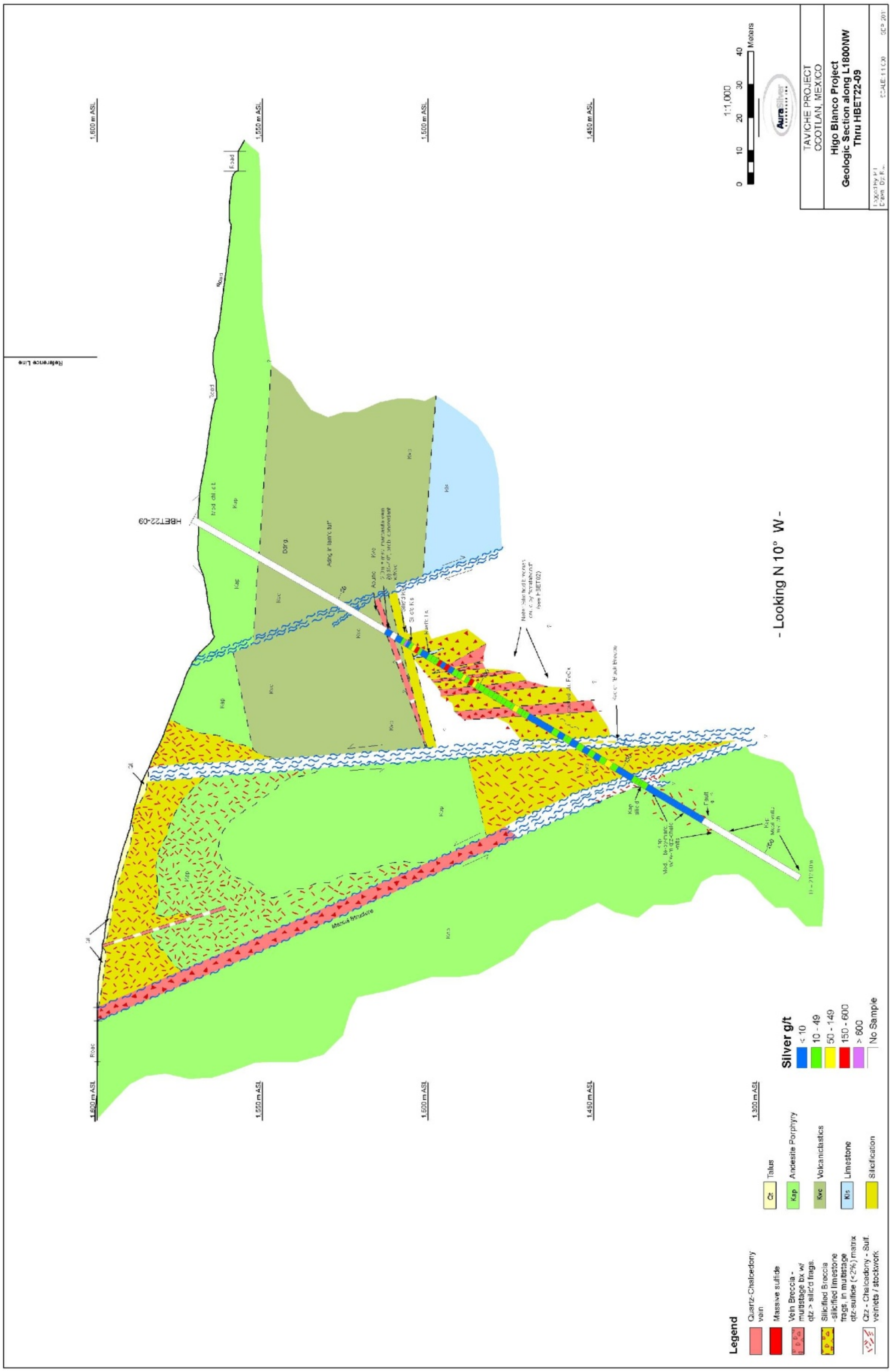

Figure 24. Section L1800NW Showing Geology and Drill Hole No. HBET22

10.14 Section L1700 (HBET23)

Hole No. HBET23,, was drilled at 225, -60 degrees along Section 1700 to a depth of 242.95 metres. The hole was designed to test the Mezcal structure (Ag-rich zone) about 40 metres southeast of HBET16 but at a slightly lower elevation owing to the postulated SE plunge of the silver zone. The geology of this hole is shown in Figure 33.

The hole traversed weakly altered andesite porphyry to a depth of 69.9 metres where it entered the debris flow unit. It remained in this unit until a depth of 130.4 metres. Between 109.95 metres (0.25m fault) and 130.4 metres, the unit is widely sheared, silicified with local drusy quartz stockwork hosting trace amounts of pyrargyrite; near the lower contact up to 30% botryoidal marcasite was observed. Metal values in this weakly mineralized zone were less than 0.313 g/t Au and 5.5 g/t Ag.

At 130.4 to 132.0 metres, a narrow phreatic/fault breccias was intersected and contained local pumice/rhyolite fragments, silicified limestone and limestone fragments in a marcasite-rich, silicified matrix cut by widespread comb quartz-pyrargyrite veinlets; silver was less than 140 g/t. From 132.0 to 145.35 metres, a silicified limestone breccia was encountered and contained minor amounts of marcasite, stibnite, and pyrargyrite with silver values up to 1,124 g/t; the overall interval (130.4 to 145.35 metres; 14.95 metres) averaged 256.8 g/t Ag. The lower contact of this mineralized zone (145.35 metres) is a phreatic or fault breccia which continued to 155.0 metres. The unit consisted of a moderately silicified, heterolithic mixture of limestone, andesite and felsic volcanics cut by comb quartz-marcasite-pyrargyrite; silver values were up to 370 g/t. From 155.0 to 169.4 metres, widely faulted and recrystallized limestone was encountered. A strong fault was observed from 169.4 to 181.8 metres with variably altered and quartz veined andesite and limestone fragments in a dark gray fault gouge. From 181.8 to 195.5 metres, a strongly altered and veined andesite porphyry ('Mezcal'-type mineralization) was traversed and was widely anomalous in gold (<0.858 g/t), arsenic (<1.4%) and antimony (<381 ppm). From 195.5 to 198.1 metres, a hydrothermal breccia (50% quartz vein/50% altered andesite) was cut and was equally anomalous in the above elements. Similar 'Mezcal'-type mineralization hosted by andesite continued to a depth of 214.7 metres and contained gold values up to 0.958 g/t and arsenic to 1.74%. The hole continued to a total depth of 242.95 metres in variably, but decreasingly, altered and veined andesite.

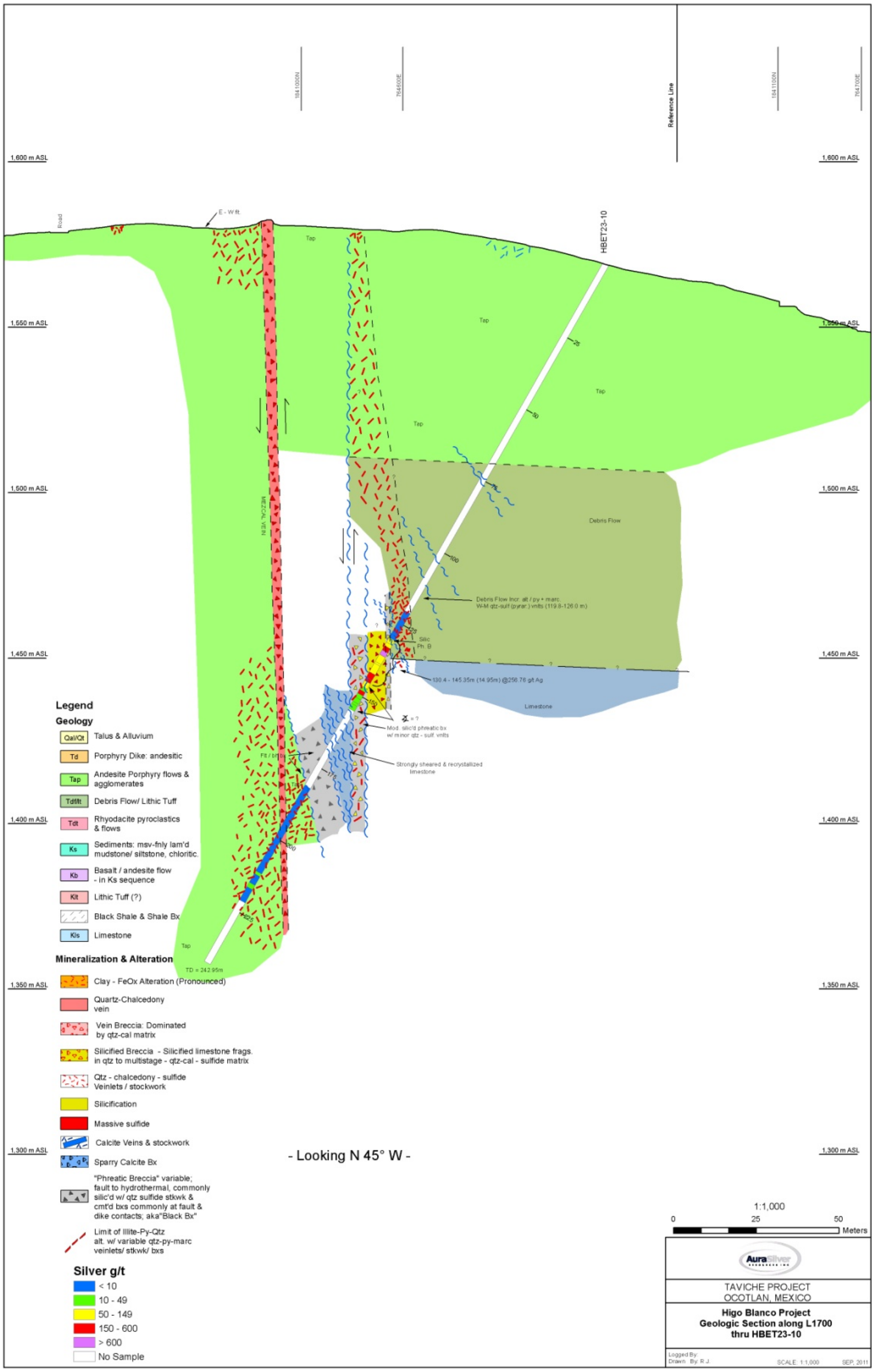

Figure 25. Section L1700 Showing Geology and Drill Hole No. HBET25

10.15 Section L2600 (HBET25)

Hole No. HBET25-10 was drilled along Section L2600 at 45, -50 degrees to a depth of 325.55 metres. The goal of this hole was to drill test the Mezcal structural package about 200 metres northwest of Hole Nos. HBET15 & -24 where a broad structural zone was encountered that hosted hydrothermal and phreatic breccias associated with widely anomalous Au, As and Sb. Hole No. HBET25 was also designed to cross the structural break which bounds the Cerro La Mina jasperoid on the southwest flank (see HBET19 and -20).

From 0 to 113 metres, the hole traversed andesite porphyry flows with alteration ranging from weak chlorite-pyrite above to strong illite-pyrite. A zone of moderate to strong quartz-pyrite-illite alteration was observed from 51.25 to 108.3 metres and contained local zones of blue-gray chalcedony stockwork with minor sulfide bands. Anomalous metals were not observed.

At 113.0 metres, the hole entered a sequence of alternating lithic and laminated tuffs to a depth of 156.9 metres. Andesite porphyry was again encountered, mixed with flow breccias, from 156.9 to 211.8 metres. The alteration ranged from strongly chloritized to weak to moderate illite-pyrite; in general, not strongly altered with only minor quartz-calcite (leached) veinlets. The tuff sequence (dominantly lithic tuff) was again entered at 211.8 metres and continued to a depth of 284.1 metres where a broad zone of faults and silicified breccias were observed. Quartz-illite-pyrite alteration increased with depth throughout the lithic tuffs.

From 284.1 to 297.5 metres, a zone of faulted and altered tuffs contains narrow quartz vein breccias up to 0.7 metres with gold and arsenic values up to 0.163 g/t and 2260 ppm, respectively. Limestone was encountered at 297.5 metres and continued to a total depth of 325.55 metres. The zone of faulting and minor vein breccias lies about 300 metres vertically below the silicified zone observed on the surface at the tuff/limestone contact indicating at least 300 metres of vertical displacement on this structure. Relative to Hole No. HBET24, there is a pronounced absence in faulting, alteration, hydrothermal brecciation and mineralization in Hole No. HBET25 along with significant changes in rock type including the absence of andesite dikes.

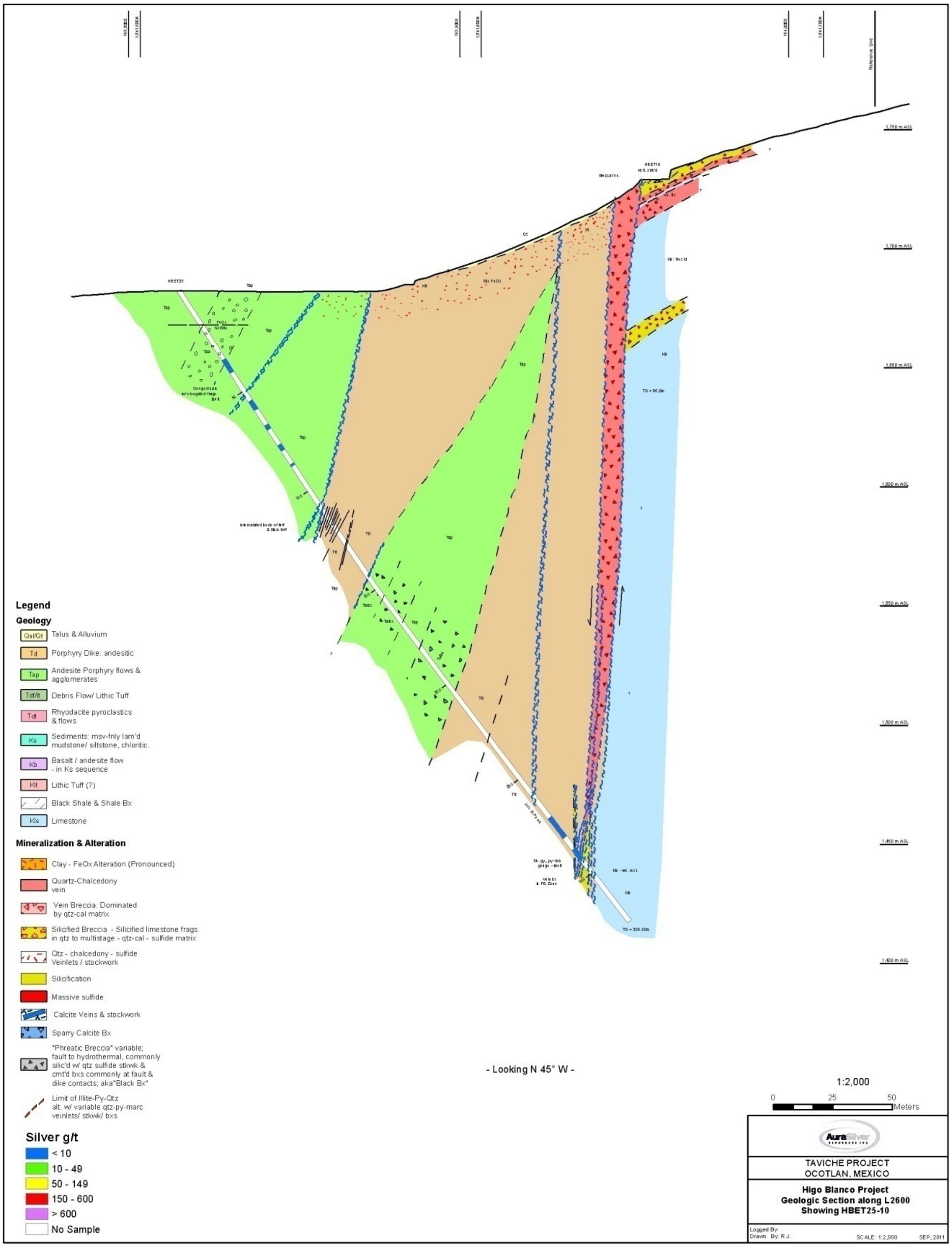

Figure 26. Section L2600 Showing Geology and Drill Hole No. HBET25

10.16 Section L1750 (HBET26 & -27)

Hole Nos. HBET26 and -27-10, were the final two holes drilled in the 2009-2010 drilling campaign and were designed to better define the silver-bearing limestone breccias identified along the Mezcal structure. Hole No. HBET26 was drilled at 225, -45 degrees to a depth of 200.3 metres. The goal of this hole was to determine the elevation of the limestone/volcanic contact considering that the strong silver mineralization observed in Hole No. HBET16 should be best developed beneath this contact.

Hole No. HBET26 was drilled entirely in the andesite porphyry. Well developed ‘Mezcal’-type mineralization was traversed from 62.25 to 151.0 metres with weaker alteration and veinlets extending to a depth of 186.3 metres. Within this broad interval of quartz-illite-pyrite alteration are extensively developed quartz (multiple stages)-marcasite-arsenopyrite veins, vein breccias and stockwork. The core of this interval, from 78.3 to 137.45 (59.15m) metres, contains 0.362 g/t Au and 0.87% As with gold and arsenic values up 1.75 g/t and 2.75%, respectively. This broad gold-arsenic anomaly sits approximately above the high grade (26.8 m at 366 g/t Ag) intercept in Hole No. HBET16.

Hole No. HBET27 was drilled beneath Hole No. HBET26 at -56 degrees to a depth of 338.3 metres (Figure 36). The hole cut weakly altered andesite porphyry flows to a depth of 67.2 metres where it entered the debris flow unit to a depth of 130.7 metres; the lower several metres of this unit are strongly faulted, widely silicified and locally quartz veined. At 130.7 to 145.0 metres, a zone of mostly multi-stage silicified breccias with quartz veinlets was traversed; silver values were less than 25.6 g/t. Figure 36 suggests that this silicified zone may be an extension of the zone traversed in Hole No. HBET16. From 145.0 to 244.45 metres, the hole traverses a sequence of variably recrystallized limestone with thin black shale horizons (< 2 metres) along with several faults. The shales are widely tectonized suggesting bedding plane movement. A couple silicified limestone breccias were observed in the lower part of this limestone sequence and contain trace amounts of pyrargyrite (< 52.1 g/t Ag).

A pronounced structural zone extends from 244.45 to 324.8 metres and consists of andesite porphyry (with well developed ‘Mezcal’-type mineralization from 244.45 to 301.7 metres) with hydrothermal breccia (9.55 metres) and a 15cm ‘pebble dike’. Lineation of the plagioclase phenocrysts may support the postulation that this is a dike emplaced into the Mezcal structural break. From 301.7 to 324.05 metres, a sequence of mudstone, siltstone and phreatic breccia (?) or/debris flow was observed. Adjacent to the lower contact with the limestone, a fault/phreatic breccias was observed to be silicified, marcasitic and cut by black chalcedony veinlets; both gold and arsenic are anomalous here. Within this structural zone, the andesite porphyry is strongly anomalous in gold with values up to 2.51 g/t Au and averaged 1.02 g/t Au and 1.15% As over 15.1 metres.

In summary, Hole Nos HBET26 and -27 clearly limit the vertical and lateral extent of the silver-bearing silicified breccias identified in previous drilling. A brief discussion of the deposit’s geometry will be given in a later section. Nonetheless, the drilling of these two holes has demonstrated that significant gold values extend to greater depths along a potential porphyry dike similar to what was observed in Hole No. HBET24.

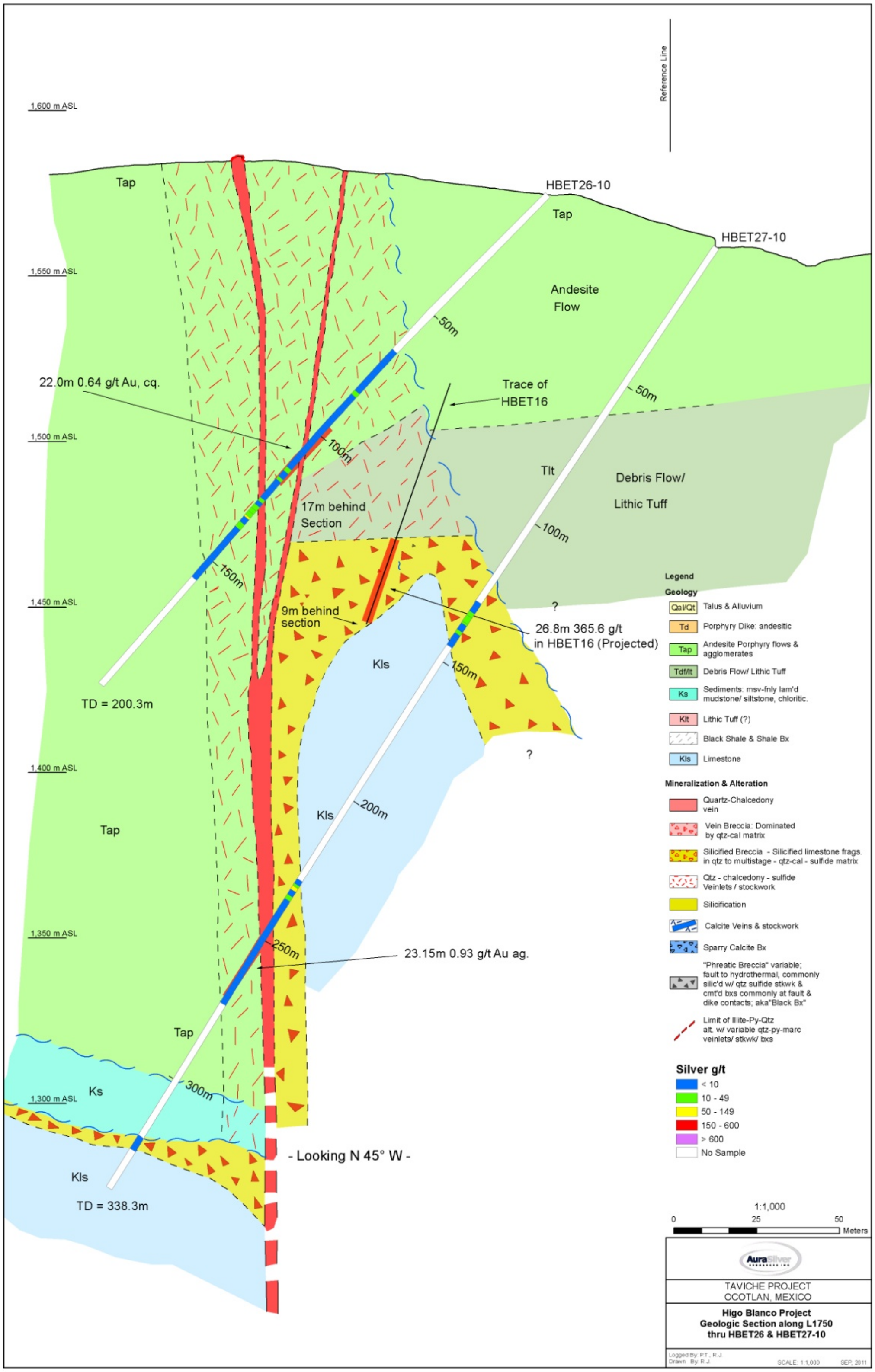

Figure 27. Section L1750 Showing Geology and Drill Hole Nos. HBET26 & -27.

10.17 Section L1900 West (HBET28)

Hole No. HBET28 was collared adjacent to Hole Nos. HBET02 and -29 but oriented to the west in order to test the limestone environment in the immediate hanging wall of the Mezcal structure. As observed in the adjacent holes, the Cretaceous limestone was encountered at 11.05 metres beneath deeply weathered/altered volcanics. From 11.05 to 41.0 metres, the limestone is strongly silicified, i.e. jasperoid, and brecciated with varying amounts of comb quartz veinlets, calcite-lined vugs and iron oxide coatings and vug filling. Silver values are consistently anomalous and ranged up to 230 g/t Ag. From 41.0 to 93.75 metres, the limestone is locally silicified and veined by comb quartz; silver values were generally less than 10 g/t but up to 131g/t Ag. The Mezcal fault was encountered from 93.75 to 107.0 metres below which andesite porphyry hosts well developed Mezcal-type mineralization to 142.50 metres; gold values were up to 1.335 g/t Au. From 107 to 120 metres (13.0m), the average grade was 0.624 g/t Au. The hole was terminated at184.8 metres in weakly altered andesite.

10.18 Section L2200 (HBET 30 & -31)

Hole Nos. HBET30 & -31 were drilled to traverse the Mezcal zone about 200 metres northwest of the silver-bearing jasperoids exposed above the creek on L2000. Mapping and trenching in the proximity of L2200 has identified extensive outcrops of 'Mezcal'-type mineralization on the NE side of the Mezcal structure. The goal of Hole No. HBET30 was to test the Mezcal structure within 50 metres of the surface exposures anticipating silicified limestone breccias adjacent to the structure.

Hole No. HBET30 traversed andesite porphyry flows cut by probable dikes of andesitic composition; weakly developed 'Mezcal'-type mineralization was developed in the lower extent of this package and increased down to the lower fault contact. A weakly mineralized fault zone was observed from 30.5 to 39.4 metres with a silicified/phreatic breccia developed on the lower contact. This breccia extended to 46.5 metres and contained silver values up to 48.3 g/t Ag. Upon leaving the silicified breccia, the hole continued in limestone to a final depth of 90.3 metres; abundant euhedral calcite-lined vugs and veins were observed throughout the limestone.

Hole No. HBET31 was designed to test the same structural zone (Mezcal structure) encountered in Hole No. HBET30 but about 150 metres deeper. The hole traversed andesitic volcanics to a depth of 199.8 metres without significant alteration or mineralization. From 199.8 to 219.1 metres, a strong fault was encountered and likely corresponds to the major structure observed in Hole No. HBET30. A narrow quartz veined silicified breccia extended down to 220.0 metres and was only slightly anomalous in Au, Ag, As and Sb. The limestone was entered at 220.0 metres and continued to a final depth of 381.9 metres. Within the limestone, several zones of quartz stockwork and silicified breccias (hydrothermal) were observed, with gold values up to 1.2 g/t Au but with silver values less than 12 g/t Ag.

10.19 Section L1500 (HBET32)

Hole No. HBET32-11 was designed to test the southeast extension of the Mezcal zone between the Mezcal and Santo Nino prospects (Figure 11). The potential extension of the Mezcal zone is manifested by NW-trending faults in the andesite porphyry, strong calcite veining and chloritic alteration and a pronounced chargeability high on trend with the Mezcal-Santo Nino trend. The hole was drilled to a depth 0f 252.4 metres.

Moderately altered andesite was encountered to a depth of 24.5 metres where the hole entered pyrite/marcasite-bearing volcanic sediments and tuffs to a depth of 63.5 metres where a fault was encountered to 68.0 metres. Below the fault, a debris flow unit was traversed to 124.7 metres and entered a clastic unit (tuffaceous sandstone) and gray, micritic limestone. A strong fault was traversed from 130.7 to 148.5 metres; the fault breccias consisted of limestone fragments in a graphitic-pyritic matrix. Massive, gray limestone was entered below the fault and continued to another fault at 233.4 metres. Below the fault at 241 metres, a tuffaceous unit was encountered to a depth of 252.4 metres.

Hole No. HBET32-11 identified a potential source for the chargeability high in the pyritic tuffs but did not identify significant alteration nor any gold or silver mineralization.

10.20 Section L1750 (HBET33)

Hole No. HBET33-11 was designed to intersect the well developed ‘Mezcal’-type mineralization identified in Hole Nos. HBET26 and -27 at about 150 metres below -27. Gold values observed along L1750 appear to increase with depth in the fault-bounded volcanics or andesite dike; Hole No. HBET27 contained 1.02 g/t Au over 15.1 metres. Hole No. HBET33 traversed weakly altered andesitic volcanic to a depth of 106.4 metres where it entered a calcareous tuff with local limestone lenses. A discreet fault was traversed from 214.0 to 217.6 metres below which a massive gray limestone was encountered to a Total Depth of 602.2 metres. From 404 to 465 metres, extensive hydrothermal karsting has occurred rendering the limestone vuggy with voids up to 8 metres across; these vugs may be similar to those observed in HBET04 and likely related to the mineralizing processes. Neither the andesite nor gold or silver mineralization were observed at depth bringing into doubt the vertical projection of the Mezcal structure.

Table 5. Summary of drill holes with significant gold and silver intercepts.

Hole No.	Section	Silver Mineralization				Gold Mineralization			
		From	To	Width	Ag (g/t)	From	To	Width	Au (g/t)
HBET01	L1900	Not Encountered				0	29.55	29.55	0.5
HBET02	L1900	59.5	73.05	13.55	137.5	107.65	129.55	20.35	0.625
HBET03	L1800	85	119.2	34.2	211.7	135	149.1	14.1	0.56
HBET04	L2000	Not Encountered				Not Encountered			
HBET05	L1800	Not Encountered				Not Encountered			
HBET10	L2000	Not Encountered				12.25	59.25	47	0.33
HBET11	L1800	143.75	161.6	17.95	62.9	114.5	135.35	20.85	0.6
HBET16	L1800S	103.7	140.3	36.6	292.3	Not Encountered			
HBET22	L1800W	74	100.25	26.25	67.3	136.7	152.2	15.5	0.69
HBET23	L1700	130.4	155	24.6	186.92	181.8	215.5	33.7	0.432
HBET26	L1750	Not Encountered				96.6	117.5	20.9	0.54
HBET27	L1750	Not Encountered				244.45	269.75	25.3	0.796
HBET28	L1900W	12	63.5	51.5	30.77	107	120	13	0.624
HBET29	L1900	21.15	80	58.85	40.25	89	118.95	29.96	0.351

11.0 Diamond Drilling, Sampling Method, Analyses and Security

At Higo Blanco, all core drilling was conducted Sierra/Alta Drilling of Reno, Nevada; the core size is HQ but was locally reduced to NQ-diametre when broken or squeezing conditions were encountered deeper in the hole. Downhole surveys (Pajari-type instrument) were conducted on all holes at 50 metres increments and/or at the holes TD (Total Depth). This data is presented on the first page of each geologic log (Appendix I) and are corrected for magnetic declination. All core was logged at the drill site including the marking (interval and cutting plane) and tagging of sample intervals. A Geotechnical Log was constructed for each hole including interval, recovery and RQD; these logs are in Aura's project files. The core boxes were then sealed and transported from the drill site to the Taviche JV's core logging and storage facility located on the outskirts of the village of La Noria for cutting and sampling. An electric Core Cut saw was utilized to cut the core (water coolant) with one-half being sent to the lab and the other half being stored in the core library. All core samples were inserted into plastic bags, sealed and inserted into sacks for air transport to the SGS sample preparation and analytical facility in Durango, Mexico.

All samples were analyzed at SGS Mineral's laboratory and preparation facility in Durango, Mexico. Drill core samples were dried, crushed to 75% passing 2mm mesh and a 250-gram split was pulverized to 85% passing 75µm mesh. Gold was analyzed by fire assay with a gravimetric finish (SGS method FAG313). Silver was analyzed by Atomic Absorption Spectrophotometre using an Aqua Regia Digest (SGS method AAS21E) with a gravimetric finish (SGS method FAG 313). A multi-element analysis was also completed for all samples using the ICP40B package.

12.0 Data Verification

On June 23rd, 2011 Mr. G. S. Carter visited the property again and took six core samples from six drill holes completed. Broad Oak had six of the remaining half cores split again and had these quarter cores assayed.

Assay results were hard to reproduce due to the course nature of the mineralization and that the silver is present in both pyrargyrite and as native silver in a breccia. Aura conducted a rigorous program for assaying which involved a check assay of the pulps along with a check assay of the rejects during phase 1 of the Higo Blanco drilling program. These results indicated significant variations in the results, however these differences were both positive and negative and due to the large number of assays reported they can be relied upon.

Broad Oak's samples were only from a quarter core making it more difficult to reproduce Aura's results.

Table 6. Assay Check Program, Higo Project Project, Oaxaca, Mexico

Drillhole	Original Sample #	Original Assay*		Check Assay (pulp)		Check Assay (reject)		Average		Second Assay #	Second Sample Assay**		% Change	
		Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)	Au (g/t)	Ag (g/t)		Au (g/t)	Ag (g/t)	Au	Ag
HBET02	2606	0.168	56.4	0.18	47.5	0.179	46.7	0.174	51.95	5077	0.149	22.7	-14%	-56%
HBET11	3155	0.068	166					0.068	166	5078	0.051	40	-25%	-76%
HBET16	3309	0.599	163	0.077	147			0.338	155	5079	0.031	115	-91%	35%
Blank										5080	<0.01	<0.5		
HBET22	3514	0.034	54.6	0.042	54.3			0.038	54.45	5081	0.042	60.6	11%	11%
HBET22	3515	0.128	339	0.132	322			0.13	330.5	5082	0.106	392	-23%	19%
HBET23	3723	0.036	79.8					0.036	79.8	5083	0.051	88.8	42%	11%

Notes: * Results of check assay program conducted on rejects and pulps in July, 2009.
**** Results of check assay program from 50% of remaining core (25% of total core; July, 2011).**

Broad Oak believes these confirm that Aura's procedures are appropriate. Differences are primarily due to course mineralization and half versus quarter core samples.

Broad Oak investigated the Higo Blanco Project database and found it to be well documented and maintained and did not identify any errors or omissions.

Throughout the drilling program at Higo Blanco, blanks and certified reference standards were inserted into the sample stream to control the quality of sample preparation and analysis at the lab. A total of 152 blank samples and 76 certified reference standards were inserted at a rate of 1 blank every 10 samples and 1 standard every 25 samples. All certified reference standards were supplied by Analytical Solutions Ltd., of Toronto, Ontario.

The assay data for the blanks and standards are presented in Tables. Performance gates for the various standards used have been tabulated showing the recommended assay value as well as the 1^{st}, 2^{nd} and 3^{rd} standard deviations. It should be noted that the standards 7Pb, 15Pa, 15Pb and 15Pc were gold standards only. Inspection of the data, shown in Table 8, for the gold standards, 54 out of the 76 samples fell within the 1^{st} standard deviation and 20 fell within two standard deviations; only 2 samples fell within three standard deviations. For the silver standards, only 3 of the samples were outside of two standard deviations. `

Table 7. Performance Gates for OREAS lab standards (1^{st}, 2^{nd} and 3^{rd} Standard Deviations).

OREAS Standard	Recommended Value (g/t)	1s		2s		3s	
		Low	High	Low	High	Low	High
7Pb (Au)	2.77	2.71	2.82	2.66	2.88	2.61	2.93
15Pa (Au)	1.02	0.99	1.04	0.96	1.07	0.94	1.09
15Pb (Au)	1.06	1.03	1.09	1.00	1.12	0.97	1.15
15Pc (Au)	1.61	1.56	1.65	1.51	1.7	1.46	1.75
60b (Au)	2.57	2.46	2.68	2.35	2.78	2.25	2.89
60b (Ag)	4.96	4.65	5.27	4.34	5.57	4.03	5.88
65a (Au)	0.52	0.503	0.537	0.486	0.554	0.469	0.571
65a (Ag)	7.8	7.1	8.5	6.3	9.2	5.6	9.9
66a (Au)	1.237	1.183	1.291	1.129	1.345	1.075	1.399
66a (Ag)	18.9	17.7	20.1	16.4	21.4	15.2	22.6
67a (Au)	2.238	2.142	2.334	2.046	2.43	1.95	2.526
67a (Ag)	33.6	31.6	35.6	29.6	37.6	27.6	39.6
H3 (Au)	2	1.92	2.08	1.84	2.17	1.76	2.25
H3 (Ag)	4.95	4.65	5.25	4.35	5.55	4.05	5.85

Table 8. Summary of Results for the Gold and Silver Standards, Higo Blanco Project.

DDH # Number	Sample # Number	Total Au (g/t)	Total Ag (g/t)	Cert # Number	OREAS Std.	DDH # Number	Sample # Number	Total Au (g/t)	Total Ag (g/t)	Cert # Number	OREAS Std.
HBET01-09	2525	1.030	0.8	DU07723	15Pb	HBET22-09	3550	0.988	0.1	DU09104	15Pa
HBET01-09	2550	2.460	5.3	DU07723	60b	HBET22-09	3575	1.010	0.5	DU09104	15Pa
HBET02-09	2575	2.450	0.1	DU07763	60b	HBET15-09	3600	2.780	5.0	DU09431	60b
HBET02-09	2600	2.590	4.8	DU07764	60b	HBET22-10	3625	1.700	0.3	DU09432	15Pc
HBET02-09	2625	1.030	0.1	DU07764	15Pb	HBET23-10	3725	2.585	0.6	DU10140	7Pb
HBET02-09	2650	1.060	0.1	DU07765	15Pb	HBET23-10	3750	0.997	0.3	DU10305	15Pa
HBET03-09	2675	2.640	5.2	DU07787	60b	HBET21-09	3775	2.786	0.3	DU10306	7Pb
HBET03-09	2700	1.000	0.1	DU07787	15Pa	HBET24-10	3800	0.977	0.3	DU10307	15Pa
HBET03-09	2725	1.010	0.1	DU07799	15Pa	HBET24-10	3825	0.541	6.7	DU10307	65a
HBET04-09	2750	2.570	5.1	DU07943	60b	HBET24-10	3900	2.057	4.5	DU08659	H3
HBET04-09	2775	1.070	0.5	DU07943	15Pb	HBET24-10	4000	0.532	7.2	DU10565	65a
HBET05-09	2800	1.100	0.1	DU07945	15Pb	HBET25-10	4050	2.294	32.5	DU11082	67a
HBET05-09	2825	2.770	0.1	DU07945	7Pb	HBET26-10	4075	2.040	4.7	DU11083	H3
HBAD06-09	2850	0.977	0.5	DU07983	15Pa	HBET26-10	4100	0.566	7.6	DU11083	65a
HBAD06-09	2875	2.460	5.2	DU07983	60b	HBET26-10	4125	1.243	18.5	DU11084	66a
HBAD07-09	2900	2.610	5.3	DU07984	60b	HBET27-10	4150	2.257	34.9	DU11085	67a
HBAD07-09	2925	1.010	0.1	DU07984	15Pb	HBET27-10	4175	0.536	7.5	DU11133	65a
HBAD08-09	2950	1.040	0.1	DU08019	15Pa	HBET29-11	4250	1.981	4.1	DU13594	H3
HBET10-09	3075	2.870	0.1	DU08420	7Pb	HBET29-11	4275	2.308	32.0	DU13594	67a
HBET10-09	3100	1.070	0.1	DU08420	15Pb	HBET29-11	4300	1.247	17.7	DU13595	66a
HBET10-09	3110	2.530	5.5	DU08420	60b	HBET29-11	4325	1.262	17.7	DU13595	66a
HBET11-09	3125	2.830	0.2	DU08421	7Pb	HBET29-11	4350	2.046	4.5	DU13595	67a
HBET11-09	3150	1.070	0.2	DU08421	15Pb	HBET30-11	4375	2.235	33.1	DU13596	67a
HBET11-09	3175	0.976	0.1	DU08422	15Pa	HBET30-11	4400	2.061	5.2	DU13596	H3
HBET11-09	3200	1.050	0.4	DU08422	15Pb	HBET28-11	4425	2.003	5.1	DU13596	H3
HBAD13-09	3225	2.800	0.1	DU08655	7Pb	HBET29-11	4450	2.046	4.5	DU13595	H3
HBET14-09	3250	2.700	0.1	DU08656	7Pb	HBET28-11	4500	0.529	7.1	DU13597	65a
HBET15-09	3275	1.070	0.1	DU08657	15Pa	HBET28-11	4525	1.257	18.3	DU13597	66a
HBET16-09	3300	1.000	0.3	DU08658	15Pa	HBET28-11	4550	0.517	7.7	DU13598	65a
HBET16-09	3325	0.973	0.2	DU08658	15Pa	HBET31-11	4600	1.993	4.4	DU13686	H3
HBET17-09	3350	2.810	0.2	DU08902	7Pb	HBET31-11	4625	1.235	17.8	DU13685	66a
HBET17-09	3375	1.020	0.3	DU08902	15Pa	HBET31-11	4650	2.314	34.4	DU13686	67a
HBET18-09	3400	1.050	0.3	DU08903	15Pa	HBET31-11	4725	0.530	7.3	DU13687	65a
HBET18-09	3425	4.790	9.6	DU08904	61 Pb	HBET32-11	4950	0.523	7.5	DU13915	65a
HBET18-09	3450	2.870	0.3	DU08904	7Pb	HBET32-11	4975	2.282	5.5	DU13915	67a
HBET19-09	3475	2.620	4.7	DU08905	60b	HBET34-11	9850	2.082	5.0	DU14093	H3
HBET20-09	3500	0.969	0.3	DU08906	15Pa	HBET34-11	9875	1.262	17.5	DU14093	66a
HBET22-09	3525	2.550	4.7	DU09103	60b	HBET34-11	9900	0.536	7.4	DU14094	65a

Table 9 is a summary of the blanks showing gold and silver assay data with respect to the minimum detection levels of the lab. For gold, the minimum detection level is 0.005 g/t and for silver, the minimum detection level is 0.3 g/t. The table shows that 138 of the 152 blank samples assayed at or below detection levels. Fourteen samples returned values above minimum detection levels but less than 0.122 g/t Au; one silver sample was 3.1 g/t. The blank material is local, crushed marble and the Company personnel are not certain about its history. It may also reflect an issue in the sample preparation procedure at SGS. Aside from this, the vast majority of the blanks and standards do not suggest any QC problems.

Table 9. Summary of Results for blanks inserted into the Higo Blanco drilling program.

DDH #	Sample No.	Au (g/t)	Ag (g/t)	Cert #	DDH #	Sample No.	Au (g/t)	Ag (g/t)	Cert #	DDH #	Sample No.	Au (g/t)	Ag (g/t)	Cert #
HBET01-09	2530	0.006	8.8	DU07723	HBET15-09	3270	0.007	0.1	DU08657	HBET26-10	4130	0.003	0.3	DU11084
HBET01-09	2540	0.003	0.1	DU07723	HBET15-09	3280	0.003	0.1	DU08657	HBET26-10	4140	0.003	0.3	DU11084
HBET02-09	2560	0.006	0.1	DU07763	HBET15-09	3290	0.007	0.1	DU08657	HBET27-10	4160	0.003	0.3	DU11133
HBET02-09	2570	0.003	1.1	DU07763	HBET16-09	3310	0.003	1.5	DU08658	HBET27-10	4170	0.003	0.3	DU11133
HBET02-09	2580	0.003	0.1	DU07763	HBET16-09	3320	0.122	3.1	DU08658	HBET27-10	4180	0.003	0.3	DU11133
HBET02-09	2590	0.003	0.1	DU07763	HBET16-09	3330	0.070	1.0	DU08658	HBET27-10	4190	0.003	0.3	DU11133
HBET02-09	2610	0.003	0.1	DU07764	HBET16-09	3340	0.003	0.1	DU08658	HBET29-11	4260	0.003	0.3	DU13594
HBET02-09	2620	0.003	0.1	DU07764	HBET17-09	3360	0.003	0.2	DU08902	HBET29-11	4270	0.003	0.3	DU13594
HBET02-09	2630	0.003	0.1	DU07764	HBET17-09	3370	0.003	0.1	DU08902	HBET29-11	4280	0.003	0.3	DU13594
HBET02-09	2640	0.003	0.1	DU07765	HBET17-09	3380	0.006	0.2	DU08902	HBET29-11	4290	0.003	0.3	DU13594
HBET02-09	2660	0.003	0.1	DU07765	HBET18-09	3390	0.003	0.6	DU08903	HBET29-11	4320	0.003	0.3	DU13595
HBET02-09	2670	0.006	0.1	DU07765	HBET18-09	3410	0.003	0.4	DU08903	HBET29-11	4330	0.003	0.3	DU13595
HBET03-09	2680	0.003	0.1	DU07787	HBET18-09	3420	0.003	0.1	DU08904	HBET29-11	4340	0.003	0.3	DU13595
HBET03-09	2690	0.003	0.1	DU07787	HBET18-09	3430	0.003	0.1	DU08904	HBET28-11	4360	0.003	0.3	DU13598
HBET03-09	2710	0.003	0.9	DU07787	HBET18-09	3440	0.003	0.3	DU08904	HBET28-11	4370	0.003	0.3	DU13598
HBET03-09	2720	0.003	0.1	DU07799	HBET19-09	3460	0.003	0.6	DU08905	HBET30-11	4380	0.003	0.3	DU13596
HBET03-09	2730	0.003	0.1	DU07799	HBET19-09	3470	0.003	0.5	DU08905	HBET30-11	4390	0.003	0.3	DU13596
HBET04-09	2740	0.003	0.1	DU07943	HBET20-09	3480	0.005	0.4	DU08906	HBET30-11	4410	0.003	0.3	DU13596
HBET04-09	2760	0.003	0.1	DU07943	HBET20-09	3490	0.003	0.3	DU08906	HBET28-11	4420	0.003	0.3	DU13596
HBET04-09	2770	0.003	0.1	DU07943	HBET22-09	3510	0.003	0.1	DU09103	HBET28-11	4430	0.003	0.3	DU13597
HBET04-09	2780	0.003	0.1	DU07943	HBET22-09	3520	0.003	0.1	DU09103	HBET28-11	4510	0.003	0.6	DU13597
HBET04-09	2790	0.003	0.1	DU07943	HBET22-09	3530	0.003	0.1	DU09103	HBET28-11	4520	0.003	0.3	DU13597
HBET05-09	2810	0.003	0.1	DU07945	HBET22-09	3540	0.011	0.1	DU09103	HBET28-11	4530	0.003	0.3	DU13597
HBET05-09	2820	0.016	0.1	DU07945	HBET22-09	3560	0.006	0.1	DU09104	HBET28-11	4540	0.003	0.3	DU13597
HBET04-09	2830	0.003	0.1	DU07944	HBET22-09	3570	0.003	0.1	DU09104	HBET28-11	4560	0.003	0.3	DU13598
HBAD06-09	2840	0.003	0.1	DU07983	HBET15-09	3580	0.003	0.2	DU09431	HBET31-11	4590	0.003	0.3	DU13686
HBAD06-09	2860	0.003	0.3	DU07983	HBET15-09	3590	0.003	0.2	DU09431	HBET31-11	4610	0.003	0.3	DU13685
HBAD06-09	2870	0.003	0.3	DU07983	HBET15-09	3610	0.003	0.2	DU09431	HBET31-11	4620	0.003	0.3	DU13685
HBAD06-09	2880	0.003	0.1	DU07983	HBET22-09	3620	0.003	0.2	DU09432	HBET31-11	4630	0.003	0.3	DU13685
HBAD06-09	2890	0.003	0.1	DU07983	HBET22-09	3630	0.003	0.2	DU09432	HBET31-11	4640	0.003	0.3	DU13685
HBAD07-09	2910	0.003	0.1	DU07984	HBET05-09	3660	0.003	0.2	DU09587	HBET31-11	4660	0.015	0.3	DU13686
HBAD07-09	2920	0.003	0.3	DU07984	HBET21-09	3670	0.003	0.2	DU09588	HBET31-11	4710	0.003	0.3	DU13687
HBAD07-09	2930	0.008	0.1	DU07984	HBET23-10	3720	0.003	0.8	DU10140	HBET31-11	4720	0.003	0.3	DU13685
HBAD08-09	2940	0.003	0.1	DU08019	HBET23-10	3730	0.003	1.3	DU10140	HBET32-11	4930	0.003	0.3	DU13915
HBAD08-09	2960	0.003	0.1	DU08019	HBET23-10	3740	0.003	0.3	DU10305	HBET32-11	4940	0.003	0.3	DU13915
HBET10-09	3060	0.003	0.1	DU08420	HBET23-10	3760	0.003	0.3	DU10305	HBET32-11	4970	0.003	0.3	DU13915
HBET10-09	3070	0.003	0.1	DU08420	HBET21-09	3770	0.003	0.6	DU10306	HBET32-11	4980	0.003	0.3	DU13915
HBET10-09	3080	0.003	0.1	DU08420	HBET21-09	3780	0.003	0.3	DU10306	HBET32-11	4990	0.003	0.3	DU13915
HBET10-09	3090	0.003	0.1	DU08420	HBET24-10	3790	0.003	0.3	DU10307	HBET35-11	5020	0.003	0.3	DU14464
HBET11-09	3120	0.003	0.2	DU08421	HBET24-10	3810	0.003	0.3	DU10307	HBET35-11	5030	0.003	0.3	DU14464
HBET11-09	3130	0.003	0.2	DU08421	HBET24-10	3820	0.003	0.3	DU10307	HBET35-11	5040	0.003	0.6	DU14464
HBET11-09	3140	0.003	0.9	DU08421	HBET24-10	3830	0.003	0.3	DU10406	HBET35-11	5060	0.003	0.3	DU14464
HBET11-09	3160	0.003	0.2	DU08421	HBET24-10	3980	0.003	0.3	DU10565	HBET28-11	5070	0.003	0.3	DU14465
HBET11-09	3170	0.003	0.1	DU08422	HBET24-10	3990	0.003	0.3	DU10565	HBET34-11	9840	0.003	0.3	DU14093
HBET11-09	3180	0.003	0.4	DU08422	HBET24-10	4010	0.003	0.9	DU10565	HBET34-11	9860	0.003	0.3	DU14093
HBET11-09	3190	0.003	0.1	DU08422	HBET25-10	4060	0.003	0.3	DU11082	HBET34-11	9870	0.003	0.3	DU14094
HBET11-09	3210	0.003	0.3	DU08422	HBET25-10	4070	0.003	0.3	DU11082	HBET34-11	9880	0.003	0.3	DU14094
HBAD12-09	3220	0.003	0.1	DU08423	HBET26-10	4080	0.003	0.3	DU11083	HBET34-11	9890	0.003	0.3	DU14094
HBAD13-09	3230	0.003	0.3	DU08655	HBET26-10	4090	0.003	0.3	DU11083	HBET34-11	29060	0.003	0.3	DU14095
HBAD13-09	3240	0.016	0.1	DU08655	HBET26-10	4110	0.003	0.3	DU11083	HBET34-11	29070	0.01	0.3	DU14095
HBET14-09	3260	0.003	0.1	DU08656	HBET26-10	4120	0.003	0.3	DU11084					

13.0 Mineral Processing and Metallurgical Testing

There has been no mineral processing or metallurgical testing done on this deposit.

14.0 Mineral Resource Estimates

In the section 7, mineral style and paragenesis were reviewed. The following more specifically describes and discusses the styles of mineralization: silicified limestone breccias (Ag-Sb) and Mezcal-type (Au-As). Throughout the drilling campaigns across the Mezcal zone, detailed geologic sections have been constructed for all drillholes. In Figures 29 through 35, these sections have been generalized to highlight both the limestone-hosted (Ag-rich; blue) and andesite porphyry-hosted (Au-rich; yellow) styles of mineralization. Both styles have been observed in surface exposures and in drill core over a very extensive area; however, significant concentrations of gold and silver have only been identified in the Mezcal area.

In the Mezcal zone, gold mineralization (defined above as the Mezcal-type) occurs in the immediate hanging wall of the Mezcal-vein breccias and ranges up to 70 metres wide. This package of quartz-sulphide stockwork and hydrothermal breccias is steeply dipping to the northeast. Significant (>0.5 g/t Au) have been observed up to 260 metres below the surface; in section, the stockwork envelope appears to diminish in width downwards.

Silver mineralization in the Mezcal zone is more vertically restricted but is closely associated with the same structures related to the Mezcal mineralization. Although significant silver values have been observed in the andesite-hosted Mezcal zone, the most significant silver intercepts observed to date are host in silicified limestone breccias. In section, the silver-enriched portion of the breccias is triangular in shape reflecting the structural and stratigraphic controls upon silicification and subsequent silver mineralization. For modelling purposes, the silver zone has been depicted as a shallow plunging wedge to the southeast with a maximum vertical dimension (adjacent to the controlling structure) of about 30 metres and extending outwards (up-dip) away from the structural for up to 70 metres. In most respects, the Mezcal silver deposit is essentially manto deposits developed below an impermeable horizon, i.e. shale, volcaniclastics, etc.

Drilling to date has identified two styles of mineralization that, for the purpose of this resource estimate, are distinct and separate yet spatially proximal. The data provided below represents those holes which penetrated the silver and gold zones within the geologic envelope. Additional holes were drilled across this geologic envelope both to the NW and SE but did not encounter significant mineralization and are utilized in this geometric model as physical limits to the mineral estimate here. There has not been sufficient exploration to define with any certainty the geometry of the deposits estimated below. This recognition supports the use of the methods used below.

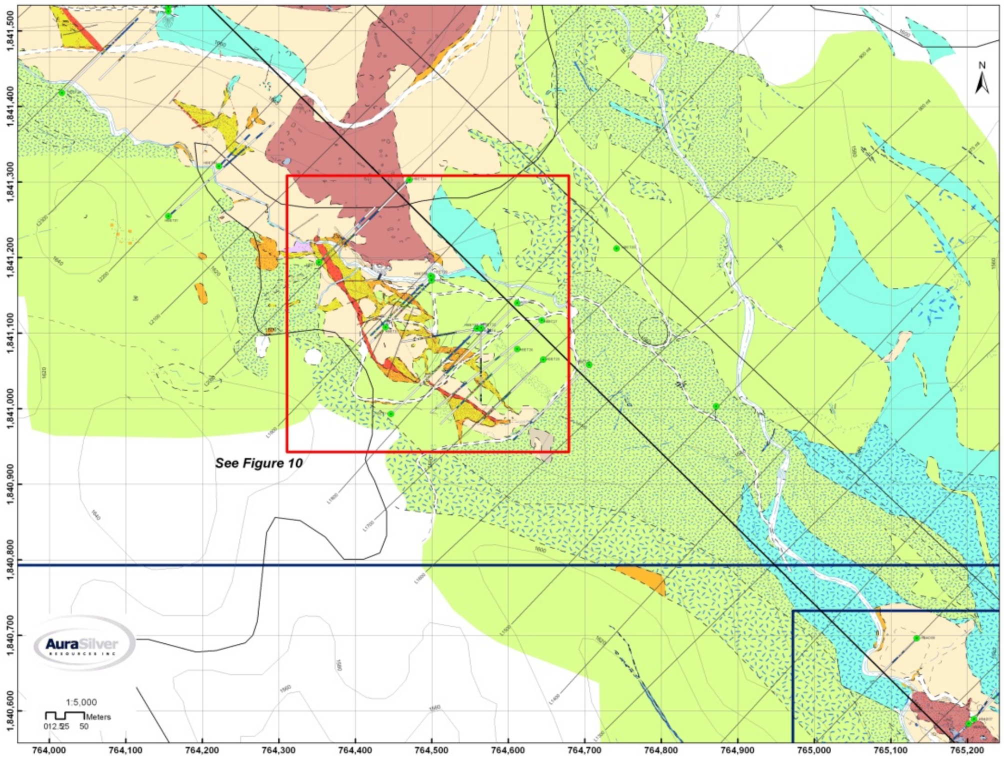

Figure 28. Geologic map of the Mezcal prospect area

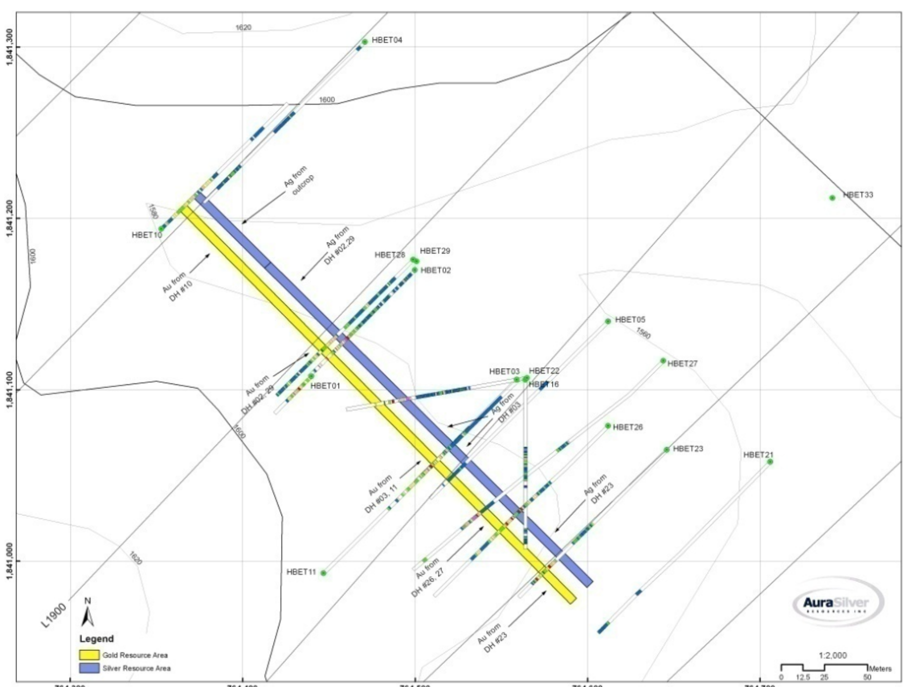

Figure 29. Plan view showing drill holes and polygons used for volume estimation.

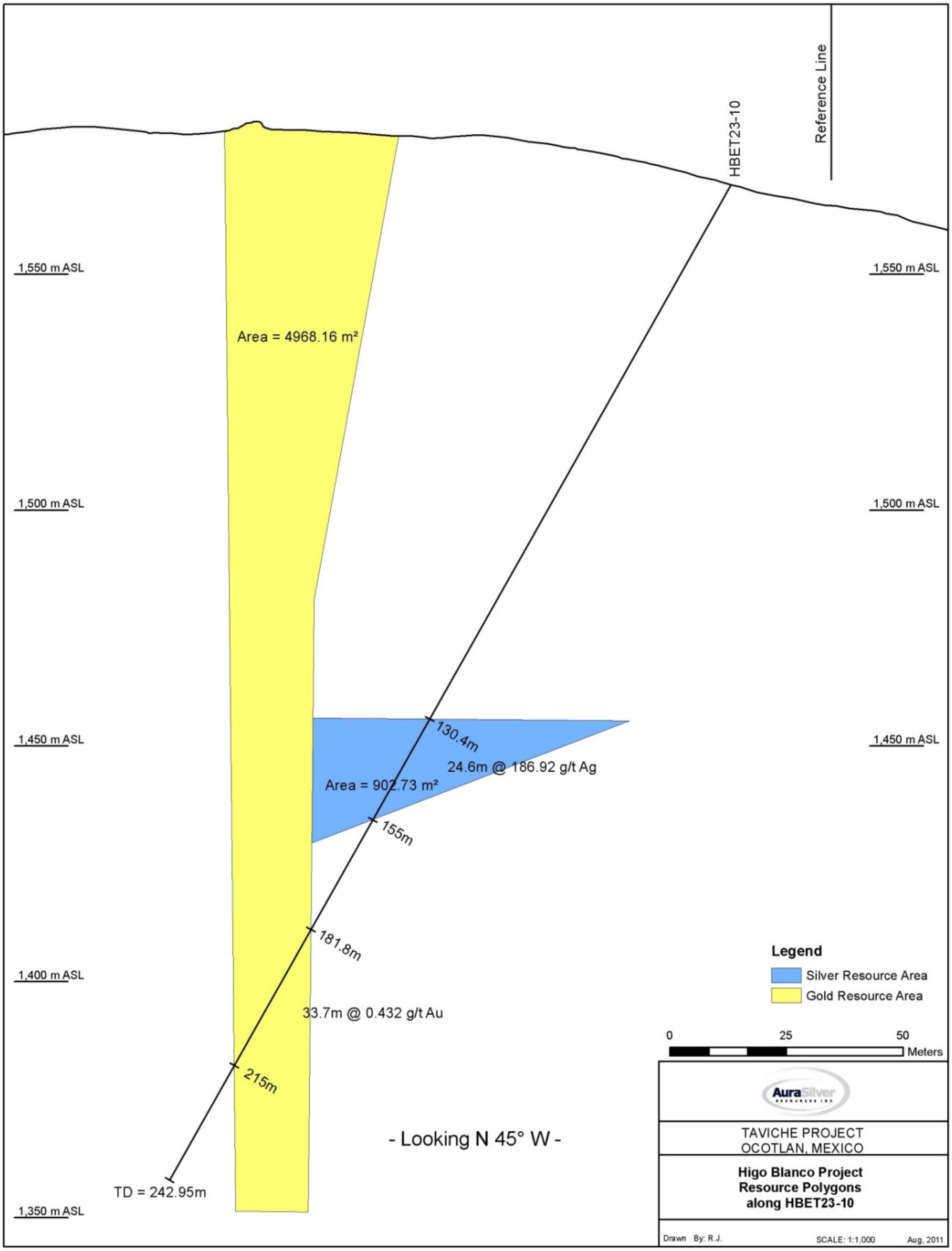

Figure 30. Section showing HBET23-10 and polygons used for Au/Ag volume estimation.

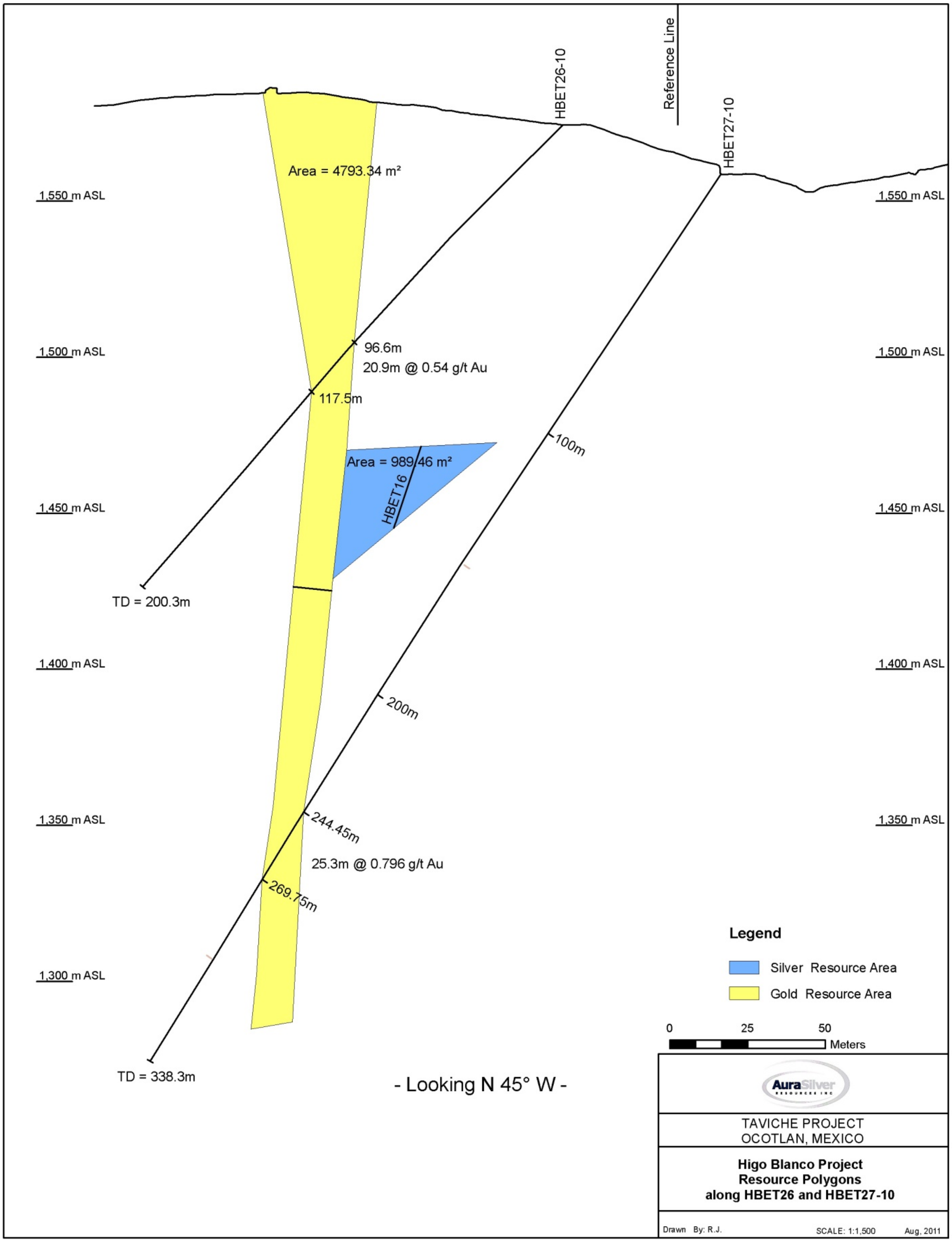

Figure 31. Section showing HBET26 and HBET27-10 with polygons used for Au/Ag volume estimation.

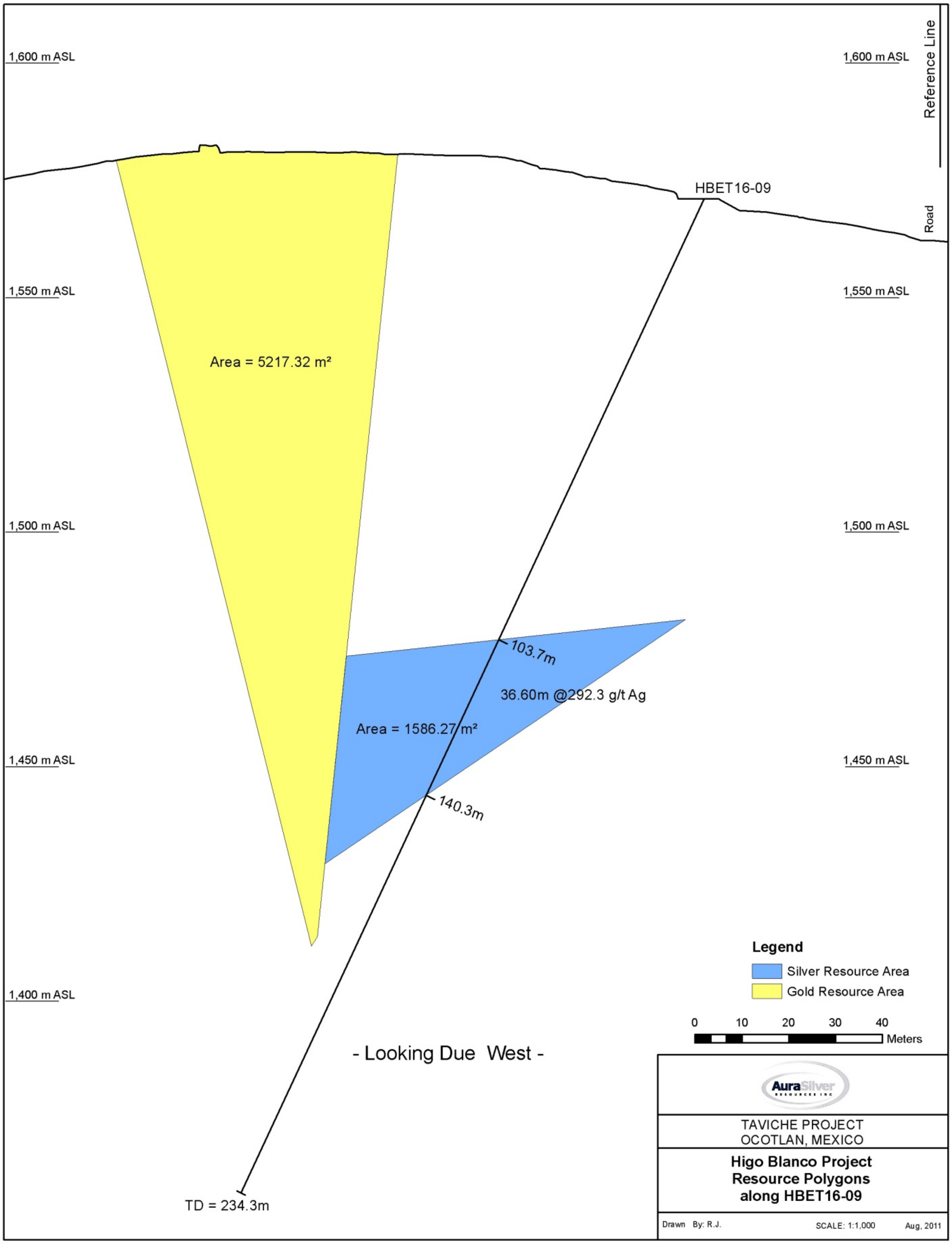

Figure 32. Section showing HBET16-09 and polygons used for Au/Ag volume estimation.

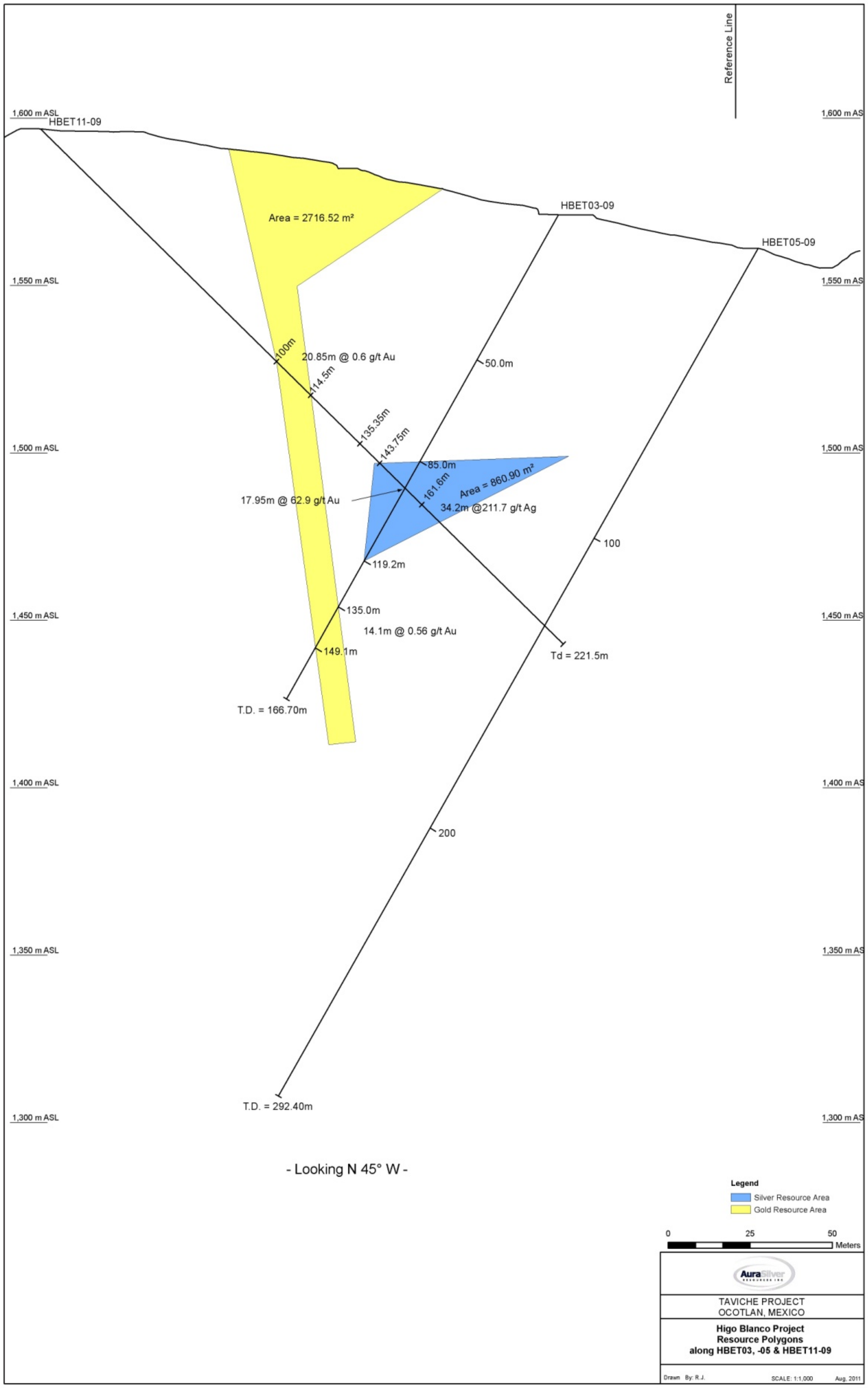

Figure 33. Section showing HBET03 and HBET11-09 with polygons used for Au/Ag volume estimation.

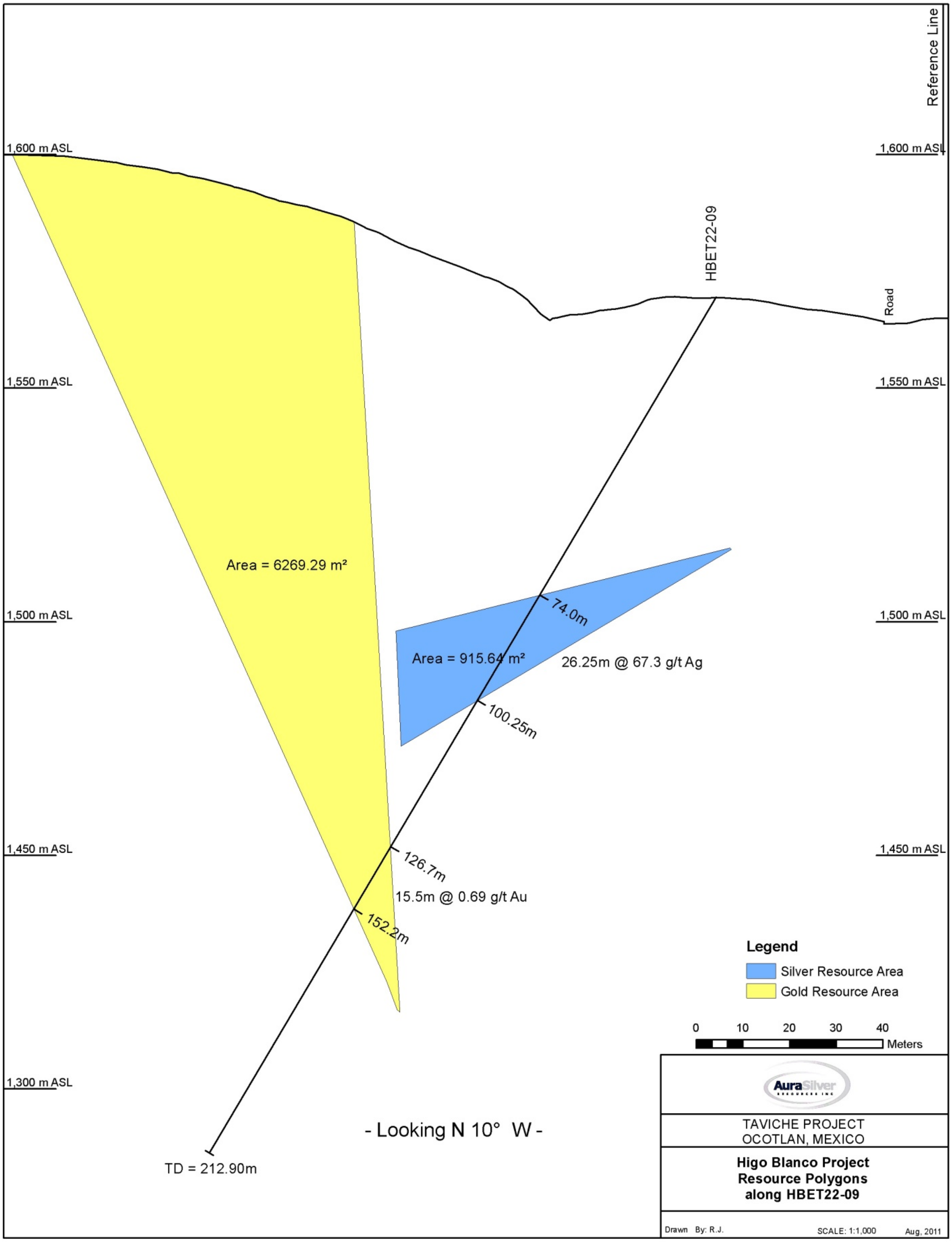

Figure 34. Section showing HBET22-09 and polygons used for Au/Ag volume estimation.

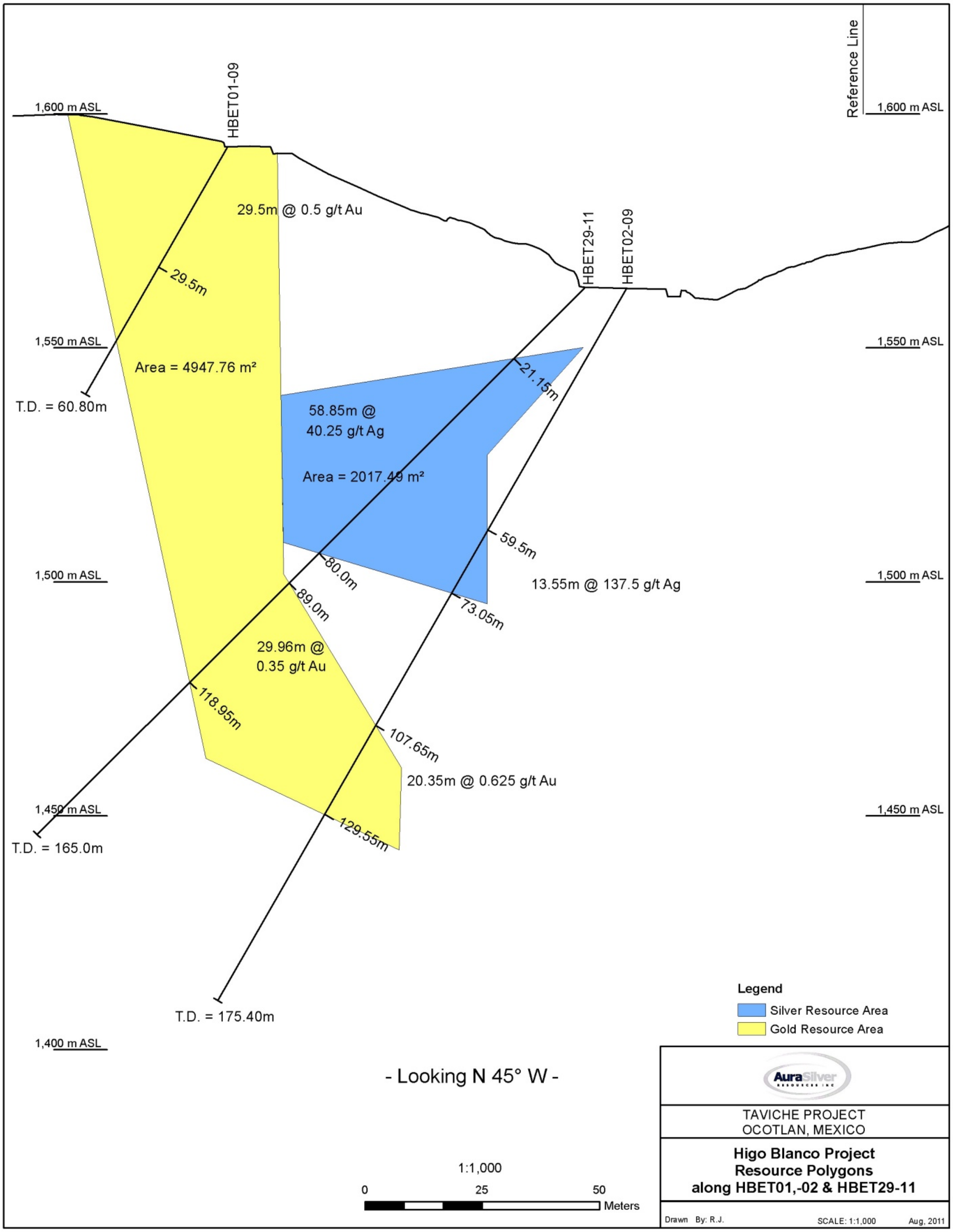

Figure 35. Section showing HBET01,-02 and HBET29-11 with polygons used for Au/Ag volume estimation.

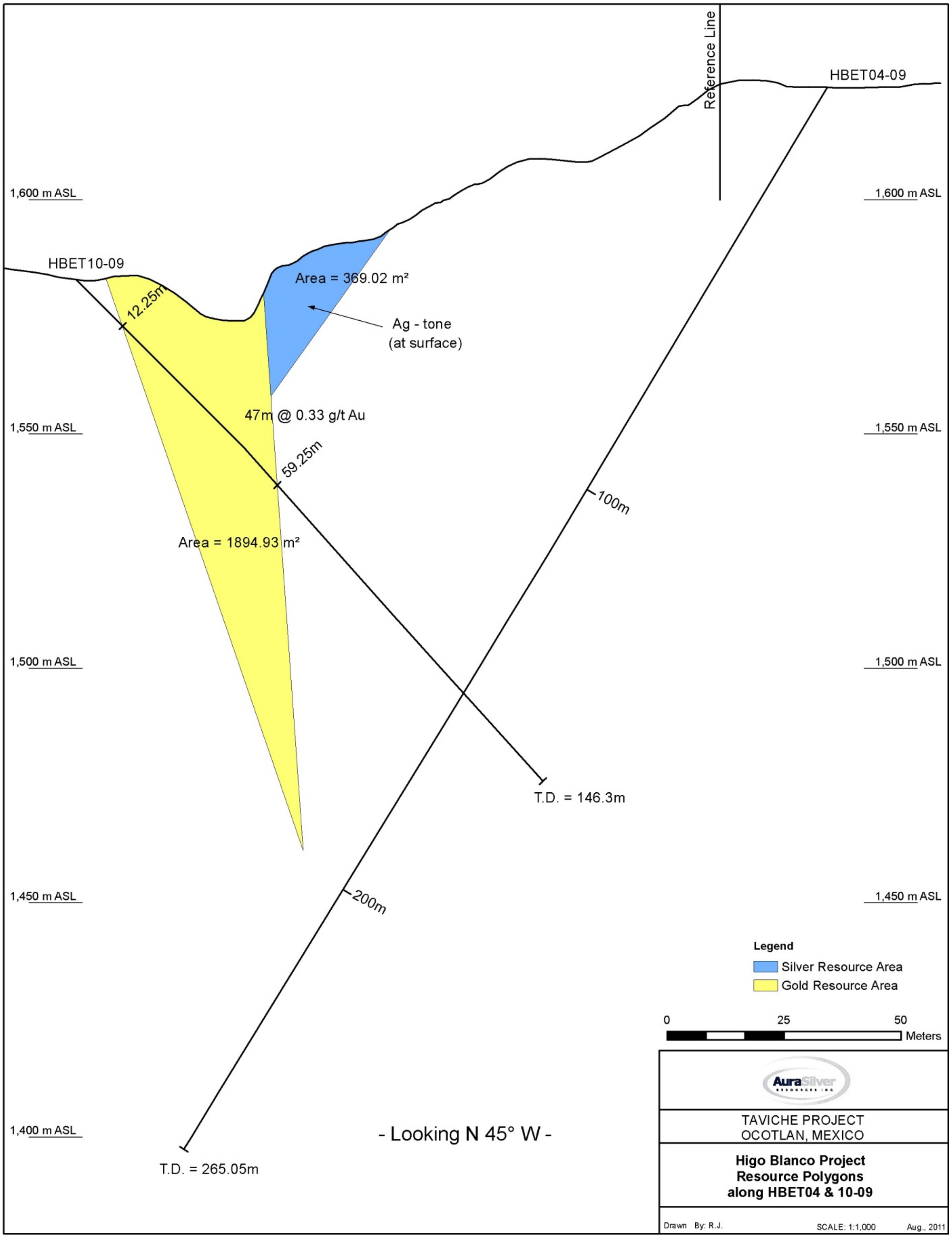

Figure 36. Section showing HBET04 and HBET10-09 with polygons used for Au/Ag volume estimation.

Table 10. Summary of intercepts utilized in the resource calculation, Mezcal Deposit.

Hole No.	Section	Silver Mineralization				Gold Mineralization			
		From	To	Width	Ag (g/t)	From	To	Width	Au (g/t)
HBET01	L1900	Not Encountered				0	29.55	29.55	0.5
HBET02	L1900	59.5	73.05	13.55	137.5	107.65	129.55	20.35	0.625
HBET03	L1800	85	119.2	34.2	211.7	135	149.1	14.1	0.56
HBET04	L2000	Not Encountered				Not Encountered			
HBET05	L1800	Not Encountered				Not Encountered			
HBET10	L2000	Not Encountered				12.25	59.25	47	0.33
HBET11	L1800	143.75	161.6	17.95	62.9	114.5	135.35	20.85	0.6
HBET16	L1800S	103.7	140.3	36.6	292.3	Not Encountered			
HBET22	L1800W	74	100.25	26.25	67.3	136.7	152.2	15.5	0.69
HBET23	L1700	130.4	155	24.6	186.92	181.8	215.5	33.7	0.432
HBET26	L1750	Not Encountered				96.6	117.5	20.9	0.54
HBET27	L1750	Not Encountered				244.45	269.75	25.3	0.796
HBET28	L1900W	12	63.5	51.5	30.77	107	120	7	0.624
HBET29	L1900	21.15	80	58.85	40.25	89	118.95	29.96	0.351

Grade Estimate

The intercept values for gold and silver provided in Table 10 have been weighted and summed as a global estimation of grade within a geometric envelope referred to as the ‘deposit’. The grades utilized in this estimate are 118.6 g/t Ag and 0.51 g/t Au. Each intercept has been selected on the basis of assay grades rather than geologic or mineralogic characteristics; there has not been any compositing of values within the selected intervals. Weighting of the individual intercepts has been done as an attempt to recognize broad, low grade zones as observed in L1900.

The cut-off grade for the silver deposit was 30.77 g/t. With the price of silver at US$35 per ounce it is assumed that if it was open pit mineable, easily processed and present in significant quantities that silver at this grade could be mined at a profit in association with higher grade material.

The cut-off grade for the gold deposit was 0.33 g/t. With the price of gold at over US$1,800 per ounce it is assumed that if it was open pit mineable, easily processed and present in significant quantities that gold at this grade could be mined at a profit in association with higher grade material.

Volume Estimate

The silver and gold zones have been modeled on the basis of detailed geologic sections constructed by Aura and boundaries and limits have been designed on the basis of “what appears to be reasonable” – no specific conventions have been applied. A polygon, thought to represent the ‘deposit’ on any given section, is assigned an estimate of area and an influence defined by adjacent holes to arrive at a volume estimate. The holes and polygons are presented in this report while the sections utilized in this estimate are provided are also presented.

Results and Discussion

The results of this preliminary estimation are presented in Tables 10 and 11. The envelopes modeled for both the silver and gold deposits contain 3.3 million ounces of silver and 53,708 ounces of gold. The geology of these small deposits is currently being evaluated and modifications to the structural model are being considered. Additional holes will be proposed which may significantly increase these inferred resources.

Table 11. Calculation sheet for the silver inferred resource in the Mezcal Deposit, Higo Blanco Project.

Section	Drillholes	Crossectional Area (m2)	Block Length (m)	Volume (m3)	Density (t/m3)	Tonnage	Grade (g/t Ag)	Contained Ag (grams)	Comments
1650	HBET21								No gold or silver intercept
1700	HBET23	846.24	57	48,236	2.5	120,589	118.6	14,301,879	
1750	HBET26, -27, -16								HBET16 drilled from L1800 (oblique to section)
1800	HBET03,-05,-11	817.05	100	81,705	2.5	204,263	118.6	24,225,533	
1850	HBET22								HBET22 drilled from L1800 (oblique to section)
1900	HBET01,-02,-29	1953.77	106	207,100	2.5	517,749	118.6	61,405,037	
1950	HBET28								HBET28 drilled from L1800 (oblique to section)
2000	Outcrop	324.8	28	9,094	2.5	22,736	118.6	2,696,490	Silver-bearing silicified breccia at surface
			291			**865,337**	**118.6**	**102,628,939**	**3,299,966 ounces Ag**

Table 12. Calculation sheet for the gold resource (inferred) in the Mezcal Deposit, Higo Blanco Project.

Section	Drillholes	Crossectional Area (m2)	Block Length (m)	Volume (m3)	Density (t/m3)	Tonnage	Grade (g/t Au)	Contained Au (grams)	Comments
1650	HBET21								No gold or silver intercept
1700	HBET23	5,231	41	214,468	2.5	536,170	0.51	273,447	
1750	HBET26, -27, -16	4,952	44	217,882	2.5	544,705	0.51		HBET16 drilled from L1800 (oblique to section)
1800	HBET03,-05,-11	2,834	82	232,359	2.5	580,898	0.51	296,258	
1850	HBET22								HBET22 drilled from L1800 (oblique to section)
1900	HBET01,-02,-29	5,001	106	530,104	2.5	1,325,260	0.51	675,882	
1950	HBET28								HBET28 drilled from L1800 (oblique to section)
2000	HBET10	1,987	58	115,239	2.5	288,098	0.51	146,930	Silver-bearing silicified breccia at surface
			331			**3,275,130**	**0.51**	**1,670,317**	**53,708 ounces Au**

In summary, the inferred resources at Higo Blanco Project are:

Silver	865,000 tonnes at a grade of119 g/t for 3.3 million ounces of contained silver at a cut-off grade of 30.77 g/t silver
Gold	3.3 million tonnes at a grade of 0.51g/t for 54,000 ounces of contained gold at a cut-off grade of 0.33 g/t gold

The gold and silver inferred resources have the potential to be expanded with further exploration.

Exploration conducted at Higo Blanco since 2008 has consisted of geologic mapping and sampling, trenching and sampling, Induced Polarization (IP), Resistivity and Magnetic surveys. Collectively considered, the data indicate:

- A large hydrothermal system defined by very extensive silicification of the Cretaceous limestone;
- A broad zone of NW-trending structures (faults and veins) which extend NW into the historic Taviche District and SE into an area of limited knowledge (Alma Delia concession);
- Strong and widespread silver-antimony anomalies in the silicified carbonates and equally pronounced gold-arsenic anomalies along a potential hydrothermal conduit, the Mezcal structure;
- Geochemistry, mineral styles, mineral textures and hydrothermal alteration suggest that surface exposures are high in the hydrothermal system;
- Robust, but poorly delineated, silver mineralization and broad zones of low-grade gold (0.5 to 1.0 g/t) mineralization that are mutually exclusive but spatially proximal;
- Chargeability highs coincident with identified gold – arsenic anomalies; and
- A spatial, and possibly genetic, link with igneous rocks including rhyolitic fragments in fluidized breccias and gold – arsenic mineralization replacing weakly metamorphosed limestone at feldspar porphyry dike contacts.

The extensive silicification and other minerals, along the strike length of the mineralizing hydrothermal system, and geologic model suggesting that the Higo Blanco Project is in the upper part of this extensive hydrothermal system, would indicate that there is significant potential for both mineralised material at depth, and along strike as well as further separate mineralized zones. Both the strike length of the hydrothermal alteration and depth potential of the hydrothermal system suggest that this is highly prospective area for both further exploration and perhaps a re-interpretation of all the geological data obtained to date.

Based on the geologic potential of the Higo Blanco Property the following potential mineral inventory could be identified as a potential target warranting further exploration:

Mineral Potential

Silver	2-6 million tonnes at grade of 100-150 g/t, or 6 to 29 million ounces
Gold	10-20 million tonnes at a grade of 0.4-0.7 g/tor 108, 000 to 450,000 ounces

It should be noted that a potential resource is based on the geologic information available and is only conceptual in nature and that there has been insufficient exploration to date to define this as mineral resource and that further exploration of this target may or may not identify any further resources on this property.

15.0 Mineral Reserve Estimates

There are no NI 43-101 compliant reserves on this property.

16.0 Mining Methods

This preliminary economic assessment is preliminary in nature, and has been prepared using inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized.

This section of the report does not comply with CIM Definition Standards (Nov. 22, 2005) for Mineral Resources and Mineral Reserves, and therefore does not meet CIM best practices.

Quote from CIM definitions and standards:

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parametres or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Due to the uncertainty of the geometry of the inferred resource, the mining methods given cannot be relied upon to be realized.

Mining is underground using mechanized trackless methods has been used for the preliminary economic assessment. A 1,200 – 1,500 metre decline would be driven at a 12% grade giving access to the inferred resource, and a ventilation raise, 120 - 150 metres would be driven. The material mined would be hauled up in diesel underground haulage trucks. Mining would be some form of modified glory hole using remote control scooptrams.

It is anticipated that mine dilution would be 15% at a zero grade.

17.0 Recovery Methods

From the data available it has been assumed that the mineralization would be recoverable using standard crushing, grinding and flotation. As with similar silver bearing minerals it is expected that the recovery would be in the 80% range, as is presently being achieved at other silver mines in Mexico. The concentrate produced would be shipped for processing and refining to a local smelter. The concentrate produced would likely be a low grade bulk sulphide with significant arsenic.

18.0 Project Infrastructure

The Company rents adequate staff housing in Ocotlan along with office facilities. The core and equipment to cut the core is in a rented secure building away from urban areas and this is sufficient

All required permits for this mine, mill and tailings pond would need to be obtained.

In this assessment it has been assumed that the Company can purchase a 500 tonne per day used flotation mill with crushing, grinding, thickening and dewatering equipment. It would be disassembled and reassembled close to the mine portal. The site would require preparation and some office buildings along with proper safety and mine rescue facilities would be required.

19.0 Market Studies and Contracts

The Company will ship the concentrate to a local smelter for the recovery of the silver, and silver is readily marketable commodity.

20.0 Environmental Studies, Permitting and Social or Community Impact

There are no environmental issues at the present as only surface exploration and drilling has been conducted. All drill pads have been thoroughly rehabilitated, and the Company has engaged in several environmentally friendly activities such as the planting of many trees.

There will need to be a lot of permits obtained to operate a mine, mill and tailings disposal facility.

The Company will require MIA (EIS) and operating permit from SEMARNAT which is the Mexican Department of Environment and Natural Resources. Prior to obtaining the permit, Aura Silver will need to complete approximately 12 months of environmental baseline work which will be the basis for the MIA and operating permit application.

Along with the MIA, major operating permits likely will include:

- CFE (Mexican Energy Commission) for power generation if grid power is unavailable.

- CONAGUA (Mexican Water Commission) for use of water.
- CONAFOR (Mexican Forest Service) for land disturbance and payment of timber removed.
- Mexican military for a Blasting Permit and licence for use.
- Municipal construction permit.

21.0 Capital and Operating Costs

All capital and operating costs are expected to be an order of magnitude of plus or minus 25%.

Permitting Costs
$500,000 is budgeted for this as at least a one year environmental database will be required.

Capital Costs
Mine development will require an access ramp of approximately 1,500 metres large enough to haul 500 tonnes per day from underground. A 120 metre ventilation and emergency exit will be via a raise or raise-bored opening.

A 500 tonne per day mill has been budgeted at $4 million, on the assumption that an existing mill can be acquired and moved to the site.

A tailings impoundment area will be required and $1 million has been allocated for engineering and construction.

Other surface facilities, such as an office building, safety area, and general site grading, has been budgeted at $500,000.

Operating Costs

Stoping is expected to be fairly high cost at $40 per tonne as the material to be mined is relatively flat lying. Stope development will also be high at $15 per tonne for the same reason. Milling and refining at $25 per tonne, is about the median achieved for this type of operation. On site General and Administration equates to about $500,000 annually again a fairly normal cost for this type of operation. This results in operating costs $83 per tonne, which is close to that being reported at similar operations in Mexico.

Working Capital
An allowance has been made of $3 million which is approximately 3 months of operating costs, the time before any payments can be expected.

Reclamation Costs
$500,000 has been estimated, as the primary reclamation will be the tailings impoundment area.

22.0 Economic Analysis

This preliminary economic assessment is preliminary in nature, and has been prepared using inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized.

This section of the report does not comply with CIM Definition Standards (Nov. 22, 2005) for Mineral Resources and Mineral Reserves, and therefore does not meet CIM best practices.

Quote from CIM definitions and standards:

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Input parameters for Base Case

Operating Costs	$83.00 per tonne
Mill Silver Recover	80%
Silver Price	$35 per ounce
Capital Costs	$7.29 million
Working Capital	$3.00 million
Reclamation	$0.50 million

Table 13. Base Case Cash Flow Model

HIGO BLANCO PROJECT								
Preliminary Economic Assessment								
(Expressed in US Dollars Unless Otherwise Stated)								
Data		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
Inferred Resources								
Tonnes	865,337	865,337	720,837	576,337	431,837	287,337	142,837	-1,663
Silver grade g/t	118.95							
Contained Silver grams	102,931,836							
Contained Silver ounces	3,309,335							
Silver price per ounce	$35.00							
Gross value of the Inferred Resource	$115,826,738							
500 tonnes per day Undergound Mine		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**
		Development						
Daily mining & milling tonnes per day			500	500	500	500	500	500
Days mined			340	340	340	340	340	340
Annual tonnage mined			170,000	170,000	170,000	170,000	170,000	170,000
Mine dilution			15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Diluted grade g/t			101.11	101.11	101.11	101.11	101.11	101.11
Contained Silver grams			17,188,275	17,188,275	17,188,275	17,188,275	17,188,275	17,188,275
Contained Silver ounces			552,616	552,616	552,616	552,616	552,616	552,616
Milling								
Recovery rate			80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Recovered silver ounces			442,093	442,093	442,093	442,093	442,093	442,093
Revenue per Tonne			$91.02	$91.02	$91.02	$91.02	$91.02	$91.02
Operating Costs per Tonne								
Stope mining			$40.00	$40.00	$40.00	$40.00	$40.00	$40.00
Stope development			$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
Milling & refining			$25.00	$25.00	$25.00	$25.00	$25.00	$25.00
On site general and administrative costs			$3.00	$3.00	$3.00	$3.00	$3.00	$3.00
Total Operating Costs per Tonne			$83.00	$83.00	$83.00	$83.00	$83.00	$83.00
Total Revenue			$15,473,244	$15,473,244	$15,473,244	$15,473,244	$15,473,244	$15,473,244
Operating Costs								
Stope mining			$6,800,000	$6,800,000	$6,800,000	$6,800,000	$6,800,000	$6,800,000
Stope development			$2,550,000	$2,550,000	$2,550,000	$2,550,000	$2,550,000	$2,550,000
Milling & refining			$4,250,000	$4,250,000	$4,250,000	$4,250,000	$4,250,000	$4,250,000
On site general and administrative costs			$510,000	$510,000	$510,000	$510,000	$510,000	$510,000
Total Operating Costs			$14,110,000	$14,110,000	$14,110,000	$14,110,000	$14,110,000	$14,110,000
Revenue per Ounce			$35.00	$35.00	$35.00	$35.00	$35.00	$35.00
Operating Costs per Ounce								
Stope mining			$15.38	$15.38	$15.38	$15.38	$15.38	$15.38
Stope development			$5.77	$5.77	$5.77	$5.77	$5.77	$5.77
Milling & refining			$9.61	$9.61	$9.61	$9.61	$9.61	$9.61
On site general and administrative costs			$1.15	$1.15	$1.15	$1.15	$1.15	$1.15
Total Operating Costs per Ounce			$31.92	$31.92	$31.92	$31.92	$31.92	$31.92
Operating Cash Flow			$1,363,244	$1,363,244	$1,363,244	$1,363,244	$1,363,244	$1,363,244
Capital Costs	Per Metre							
Permitting		-$500,000						
1,500 metre decline	$800.00	-$1,200,000						
120 metre ventilation raise	$750.00	-$90,000						
Flotation mill (500 tonnes per day)		-$4,000,000						
Tailings impoundment		-$1,000,000						
Surface facilities		-$500,000						
Total Capital Costs		-$7,290,000						
Working capital		-$3,000,000						$3,000,000
Reclamation								-$500,000
Net Cash Flow		-$10,290,000	$1,363,244	$1,363,244	$1,363,244	$1,363,244	$1,363,244	$3,863,244
Cumulative Net Cash Flow		-$10,290,000	-$8,926,756	-$7,563,511	-$6,200,267	-$4,837,022	-$3,473,778	$389,467
N.P.V. @ 10%	-$2,674,118.33							
N.P.V. @ 7%	-$1,987,089.41							
N.P.V. @ 5%	-$1,433,383.27							

The results for the **base case** assuming 1 year for development and a six year mine life:-

N.P.V. @ 5%	-$1.433 million
N.P.V. @ 7%	-$1.987 million
N.P.V. @ 10%	-$2.674 million

Several sensitivities to certain input parameters were explored:

RECOVERY

	75% Recovery	80% Recovery	85% Recovery
N.P.V. @ 5%	-$6.108 million	-$1.433 million	$3.241 million
N.P.V. @ 7%	-$6.295 million	-$1.987 million	$2.321 million
N.P.V. @ 10%	-$6.503 million	-$2.674 million	$1.155 million

CAPITAL COSTS

	20% less ($5.832 million)	20% more ($8.748 million)
N.P.V. @ 5%	-$0.045 million	-$2.822 million
N.P.V. @ 7%	-$0.624 million	-$3.350 million
N.P.V. @ 10%	-$1.349 million	-$4.000 million

OPERATING COSTS

	20% less ($66.40 per tonne)	20% more ($99.60 per tonne)
N.P.V. @ 5%	$12.208 million	-$15.075 million
N.P.V. @ 7%	$10.584 million	-$14.558 million
N.P.V. @ 10%	$8.499 million	-$13.847 million

SILVER PRICE

	$30.00 per ounce	$35.00 per Ounce	$40.00 per ounce
N.P.V. @ 5%	-$12.110 million	-$1.433 million	$9.252 million
N.P.V. @ 7%	-$11.834 million	-$1.987 million	$7.860million
N.P.V. @ 10%	-$11.426 million	-$2.674 million	$6.078 million

The above sensitivity analysis indicates that this project is very sensitive to mill recoveries, operating costs and silver prices. Capital costs are less significant.

This analysis would indicate the project as is, would be quite difficult to finance.

23.0 Adjacent Properties

The closest operating mine to the Higo Blanco Prospect is the San Jose mine owned and operated by Fortuna Silver Mines Inc. ("Fortuna"). The mine was commissioned in August, 2011 and is located in a small concession within the Taviche Joint Venture West Taviche concession.

The San Jose Mine is a high-grade silver- and gold-bearing epithermal vein system. The deposit is a low sulphidation epithermal vein system characterized by mineralized multiphase quartz-carbonate-sulfide veins, hydrothermal breccias and stockwork veining. The mineralized system is hosted within a sequence of Tertiary andesitic volcanic and volcaniclastic rocks. Several veins have been identified in exploration and collectively host a significant gold and silver resource.

This vein system is located on the East Vein system of the West Taviche concession and is the northern concession of the Portillo-Donaji-Marias vein system. Drilling by the Fortuna has identified a significant ore shoot on the Trinidad vein which abuts the concession boundary with the Taviche Joint Venture Project.

In September, 2011 Fortuna announced that the company began commercial production, with total construction capital investment of approximately US$55 million. By 2012 the mine is expected to produce 1.7 million ounces of silver and 15,000 ounces of gold at an estimated cash cost per silver ounce of US$5.04, net of by-products (http://www.fortunasilver.com).

24.0 Other Relevant Data and Information

There is no other relevant data and information.

25.0 Interpretation and Conclusions

The exploration program has identified a small inferred silver and gold resource at the Higo Blanco property. The geological model identified appears to be quite extensive, and has the potential to host more significant mineralization. However, drilling to date has only managed to identify, mineralization in localized areas.

As suggested in the recommendation section, all the data assembled should be subjected to thorough interpretation to assess where a small follow drill program could assist in identifying the more significant mineralization if it is present. As with all exploration this program may be successful, but there are no guarantees of success.

26.0 Recommendations

Geoffrey S. Carter, the Qualified Person preparing this Technical Report, believes that the character of Aura Silver Resources' Higo Blanco Project is of sufficient merit to justify the following exploration program over the next 6-9 months.

The program outlined envisages a full and thorough interpretation of all the data available including the geological model. Once this has identified drill targets either at depth or along strike of the mineralization, then a modest drill program will be carried out. This should assist in determining any future exploration on the Higo Blanco Project

All dollar figures are in United States currency.

Geophysics	$10,000
Geological Consultants	$100,000
Field Geologists	$130,000
Drilling (2,500 metres core)	$330,000
Office and other rentals	$10,000
Total	$580,000
Contingency (5%)	$30,000
Total Cost of this program	**$610,000**

27.0 References

Technical Report on the Geology, Mineral Potential and Exploration of West Taviche and East Taviche Concessions, Ocotlan de Morelos, State of Oaxaca, Mexico. Patrick Toth, P. Geo., Co-Author Robert Johansing, M.Sc., March 28, 2008

Option Agreement between Plata Panamicana S.A. de C.V., Intrepid Mines Limited, and Aura Silver Resources Inc., dated June 8, 2009.

CONSENT OF AUTHOR

To: securities commissions and exchanges where filed

I, Geoffrey S. Carter, do hereby consent to the filing of the written disclosure of the Technical Report titled Resource Estimate and Preliminary Economic Assessment at the Higo Blanco Project and dated September 28, 2011 (the Technical Report) related to The Higo Blanco Project and any extracts from or a summary of the Technical Report in the material change report of Aura Silver Resources Inc. and to the filing of the Technical Report with the securities regulatory authorities referred to above.

I also certify that I have read the written disclosure being filed and that it fairly and accurately represents the information in the Technical Report that supports the disclosure of Aura Silver Resources Inc.

Dated the 5th day of September, 2013

Signature of Geoffrey S. Carter, P. Eng.

Seal or Stamp

Geoffrey S. Carter

Printed name of Geoffrey S. Carter, P. Eng