# NI 43-101 TECHNICAL REPORT

**on the**

**Santo Domingo Silver-Gold Project,**

**Hostotipaquillo Area,**

**Jalisco State, Mexico**

**for**

**STROUD RESOURCES LTD.**

Dr. Derek McBride P. Eng.
Toronto, Ontario, Canada
17 November 2017

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## 1.0 Summary

The Santo Domingo silver-gold property (the "Property") of Stroud Resources Ltd. ("Stroud" or the "Company") has been explored by the Company over a period of 18 years with five drilling phases between 1999 and 2012 that totalled 45 diamond drill holes. Results from these drilling programs were used in a Technical Report in 2010 which has since been revised using the last drilling from 2011-2012 to a measured and indicated resource of 6.01 million tonnes containing 25.74 million ounces of silver equivalent and an inferred resource of 3.48 million tonnes containing 13.39 million ounces of silver equivalent.

Mineral Resource Estimate

| Classification | Tonnes | Gold ppm | Silver ppm | Silver Equ. Ppm | Ounces Gold | Ounces Silver | Oz Ag Equ. |
|---|---|---|---|---|---|---|---|
| Measured | 3,148,834 | 0.51 | 107.4 | 144.21 | 51,370 | 10,136,145 | 13,952,515 |
| Indicated | 2,932,967 | 0.43 | 94.07 | 124.93 | 40,242 | 8,874,620 | 11,785,663 |
| Meas and Ind | 6,081,799 | 0.47 | 100.97 | 134.91 | 91,612 | 19,010,765 | 25,738,178 |
| | | | | | | | |
| Inferred | 3,482,160 | 0.39 | 124.93 | 119.56 | 43,228 | 10,083,932 | 13,387,222 |

The Santo Domingo silver-gold deposit were exploited in the early seventeenth century as part of the San Pedro Analco mining area. Multiple stopes and tunnels were excavated over a prolonged period; the author has visited many of these underground workings and estimated that during this mining phase between 150,000 and 250,000 tonnes were mined at an estimated grade of 30 ounces of silver per tonne. The next period of investigation was in the early 1900s when some bypass tunnels were established to follow the veins further into the mountain. Some drilling was carried out in the 1950's through the 1970's by Noranda.

Stroud's acquisition of the property in 1989 led to the modern exploration phase. At present the properties are held by San Diego y La Espanola S.A. de C.V ("SDLE"). SDLE is a wholly owned subsidiary of Stroud Resources Ltd. and owns 100% of the mineral rights to the mining concessions.

Stroud acquired two mining concessions, Santo Domingo II (90) and Nombre de Dios (45) which together total 135 hectares. The annual concession fee is approximately 75,000 Mexican pesos (MXN). The Company has negotiated an agreement with the local Ejido (community) for use of the land for mineral exploration at a cost of US$4,000 per year.

## 2.0 Introduction and Terms of Reference

Stroud Resources Ltd. ("Stroud" or the "Company") is the wholly controlling shareholder of Compania Minera San Diego y La Espanola S.A. de C.V. a private Mexican company, which in turn holds encumbered titles rights as later described, to the Santo Domingo II and Nombre de Dios mining exploitation concessions (together the "Property"), located approximately 90 kilometres west of Guadalajara, State of Jalisco, Mexico. The concessions occur in an area of established silver-gold epithermal mineral occurrences and an historic Spanish mining production history, most prolific in the seventeenth and eighteenth centuries. Stroud has undertaken diamond drilling, geological studies and underground mapping to establish the mineral potential.

In January 2010, Behre Dolbear de Mexico, S.A. de C.V. prepared a National Instrument 43-101 ("NI 43-101") technical report for the Santo Domingo Property. Qualified Behre Dolbear technical personnel experienced in the district, completed a review of technical records, a property examination, review of the Stroud drill cores, and check sampling of mineralized sections of the drill core (Behre Dolbear, 2010).

Mr. Mirsad Jakubovic, CEO of Stroud Resources Ltd., has requested the author, Dr. Derek McBride, P. Eng. (the "author" or "McBride"), to update the Behre Dolbear, 2010, NI 43-101 Technical Report, incorporating additional drilling that was completed during 2011 and 2012.

## 3.0 Disclaimer

The author has received from Stroud information with respect to the concessions, titles and related ownership agreements, technical data concerning the mineral occurrences, geology and production history of past mining of the concessions and district. The author undertook certain reviews and written affirmations of the client-provided concession titles and ownership agreements and believes the information presented herein is valid at the report date; however, McBride is not qualified and does not represent legal opinion to such concession titles information, nor inter-related company agreements of the client.

Stroud had previously engaged Dr. Derek McBride P. Eng. as senior site project geologist and project manager from 2006 to 2008. His responsibilities included investigation of historical mine workings, many dating from the early 1600s. He reviewed the pertinent company project files and calculated the property resource estimate in accordance with NI 43-101 technical standards which was approved by and incorporated into the Behre Dolbear report of January 2010.

Diamond drilling carried out in 2011 and 2012 has been incorporated in the current resource using the 2010 criteria approved by Behre Dolbear (2010).

McBride has reviewed the technical data and analysis as part of the recent Stroud drilling program and archived the drill core. In a previous report, Behre Dolbear had completed a similar check sampling and analysis of the mineralized structures exhibited in several of the adits, and existing drill core (Behre Dolbear, 2003). Behre Dolbear affirmed that the technical data expressed in the 2010 herein is representative. No further analysis has been carried out since that time; additional drilling had been carried out in 2011and 2012 in order to expand the previous Technical Report.

## 4.0 Property Description and Location

Stroud Resources Ltd. owns 100 percent of the Santo Domingo II and Nombre de Dios mining concessions located in the mining district of Hostotipaquillo in Jalisco State, Mexico. Hostotipaquillo is located approximately 100 kilometres by road west of Guadalajara. (Figure 1)

The Property consists of two mining concessions named the Santo Domingo II and Nombre de Dios which are described as follows:

Santo Domingo II – Mining concession for exploitation number 186,469 covering the mining claim named “Santo Domingo II”, with a surface area of 40 hectares, located in the Municipality of Hostotipaquillo, State of Jalisco, Mexico, registered under entry number 349, page 88, volume 255, of the book of Mining Concessions of the Public Registry of Mining. The Santo Domingo II claim was staked under the name of Salvador Rodriguez Lopez, for production of gold, silver, lead, copper and zinc. The Santo Domingo II exploitation concession is fully paid up with the last semi-annual payment of 5,989 pesos made on February 8, 2017.

Nombre de Dios – Mining concession for exploitation number 187,901 covering the mining claim named “Nombre de Dios”, with a surface area of 95 hectares, located in the Municipality of Hostotipaquillo, State of Jalisco, Mexico, registered under entry number 301, page 76, volume 257, of the book of Mining Concessions of the Public Registry of Mining. The Nombre de Dios claim was staked under the name of Jose Manual Rodriguez Cabrales, for production of gold, silver, lead, copper and zinc. The Nombre de Dios exploitation concession is fully paid up with the latest semi-annual payment made on February 8, 2017 (Table 1). Behre Dolbear (2010) described the ownership as being secure; nothing has changed since then and the properties are in good standing subject to the annual payments

**Table 1**
**Property Descriptions**

| Name | Hectares | Title No. | Owner | Conc. Type | Expiry Date |
|---|---|---|---|---|---|
| Santo Domingo 11 | 40 | 186469 | SDLE | Exploitation | 02-Apr-40 |
| Nombre de dios | 95 | 187901 | SDLE | Exploitation | 21-Nov-40 |

These mining concessions are located along the south side of the Grand Rio de Santiago river valley.

### 4.1 Property Ownership

These properties are held in the name of San Diego y La Espanola S.A. de C.V ("SDLE").

SDLE is a subsidiary of Stroud which owns 100% of the mineral rights to the mining concessions of Santo Domingo II and Nombre de Dios.

SDLE entered into an option agreement with Stroud Resources Ltd. and the New Bullet Group Inc. ("NBG") on April 18, 2002 and amended on September 27, 2002 to purchase 91.3% ownership in SDLE. Stroud then entered into an option agreement whereby NBG could earn a 50 percent interest in all of Stroud's interest in SDLE by matching Stroud's $1,000,000 investment in the Property.

In their 2003 technical qualifying report, Behre Dolbear and Company describes a lien against the property by Fideicomiso de Formento Minero ("FIFOMI"). On March 8, 2004, an agreement was reached with FIFOMI in which SDLE paid FIFOMI a US$200,000 settlement which resulted in dismissal and removal of a lien and a claim against the property. Later, the New Bullet Group became Amerix Precious Metals Corporation ("Amerix"). Stroud and Amerix paid the original owners US$200,000 each and granted each company a 1 percent Net Smelter Return Royalty ("NSR") which was capped at US$2.45 million. On August 8, 2006 Stroud Resources Ltd. paid Amerix CAD $1,800,000 for their interest in the property subject to a 5 percent NSR from the sale of minerals. This NSR is capped at CAD $1,000,000. Subject to these interests, Stroud Resources Ltd. owns 100% of San Diego y La Espanola S.A. de C.V. (Behre Dolbear, 2010).

### 4.2 Surface Rights

The Ejido of Santo Domingo de Guzman owns the surface rights covering the Stroud mining properties and surrounding area. The Company entered into an agreement with the Ejido in accordance with Mexican regulations on November 3, 2002. This agreement extended until 2013 with a cost of US$2,593.72 in that year. Stroud has negotiated a new agreement with the Ejido covering the period November 2017 through November 2027 with a cost of approximately US$4,000 per annum.

## 5.0 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

The Property is accessed by paved road from Magdalena to Hostotipaquillo and then on to La Labor de Guadalupe. Magdalena is approximately 70 kilometres via autopista west of Guadalajara (Figure 1). From La Labor, a single lane, dirt road joins Santo Domingo De Guzman. The Property is approximately 5 kilometres from Santo Domingo de Guzman along a road that leaves the school and winds down into the Valley of the Grand Rio de Santiago. Old mine workings identify the target area and are centred on the La Raya Mine at UTM coordinates 13Q 606640E, N2334470 (Photo 1 and Figure 2)

Photo 2 is a Google Earth image looking north.   It shows the present lake that now fills the lower part of the valley to an elevation of 500 metres. This reservoir level is about 100 metres below the deepest known mineralization (Photo 2). The La Raya (LR) and Socavon III-Guadalupe (SG) vein systems are shown on Photo 2.

**Photo 1**

**Map showing Project Area and property looking east. Camp is on the left and the mineralization extends from the camp area across the top of the hill to beyond the edge of the photo. The trees in the centre of the photo mark an Ancient Shaft on the Socavon III-Guadalupe Vein System. Access road is in the front of the Photo. (McBride Photo, 2007)**

The project district climate is temporal and is made up of a dry season and a wet season which extends from June to October. Annual precipitation is 900 mm. Temperatures average 32C in the day time with the dry period showing; the highest day time temperature was 47C recorded at the camp in 2008. Night time temperatures fall to 10C in mid-winter and may reach freezing in the higher country (Table 2).

The concessions lie in a steep geologically recent valley. Rio Santiago was recently raised by the Yeska dam to form a lake which is about 500 metres above sea level (“ASL”) (Photo 2); the ridges rise to 1,500 metres ASL on the south side and 2,000 metres ASL on the north side of the river valley. Valley slopes range from 30 degrees to vertical and average of 45 to 50 degrees. Vertical cliffs up to 200 metres high are common (Photo 3).

**Figure 1**

**Location and property access map**

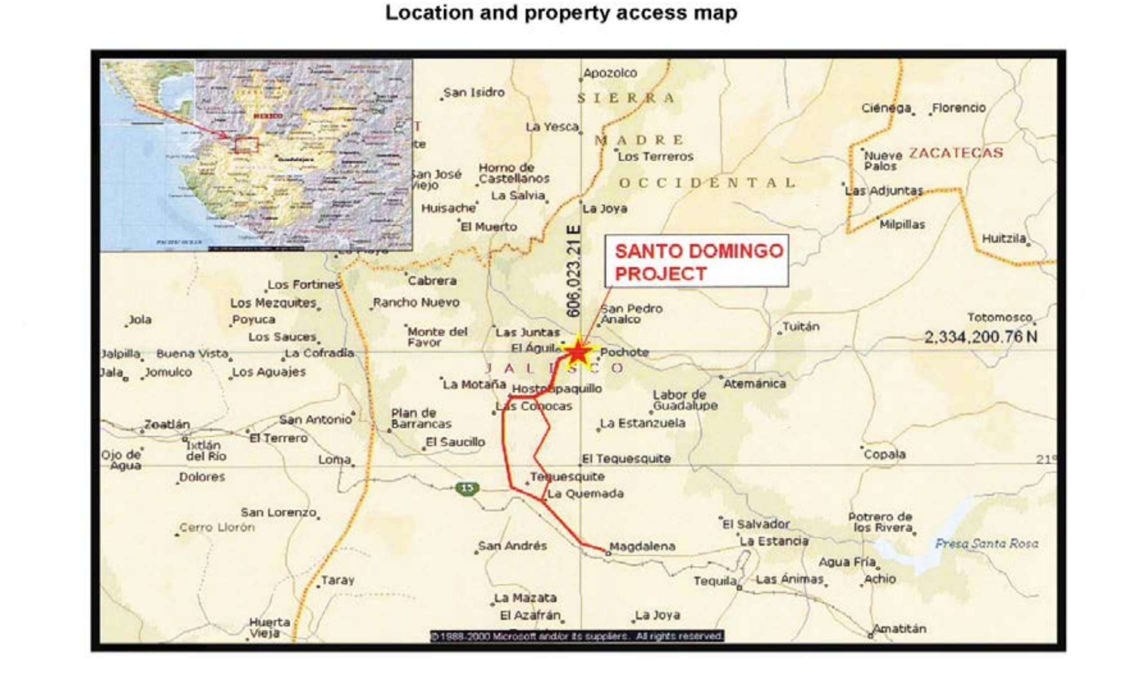



**Figure 2**

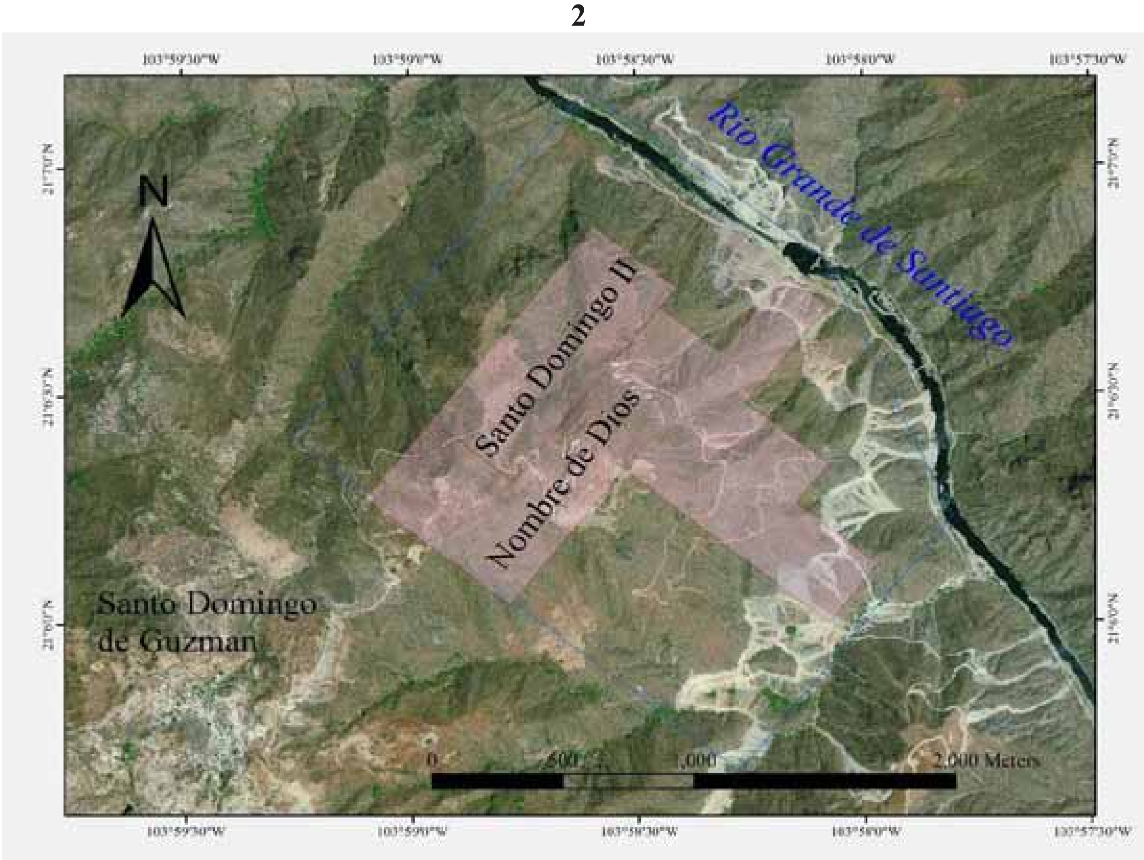
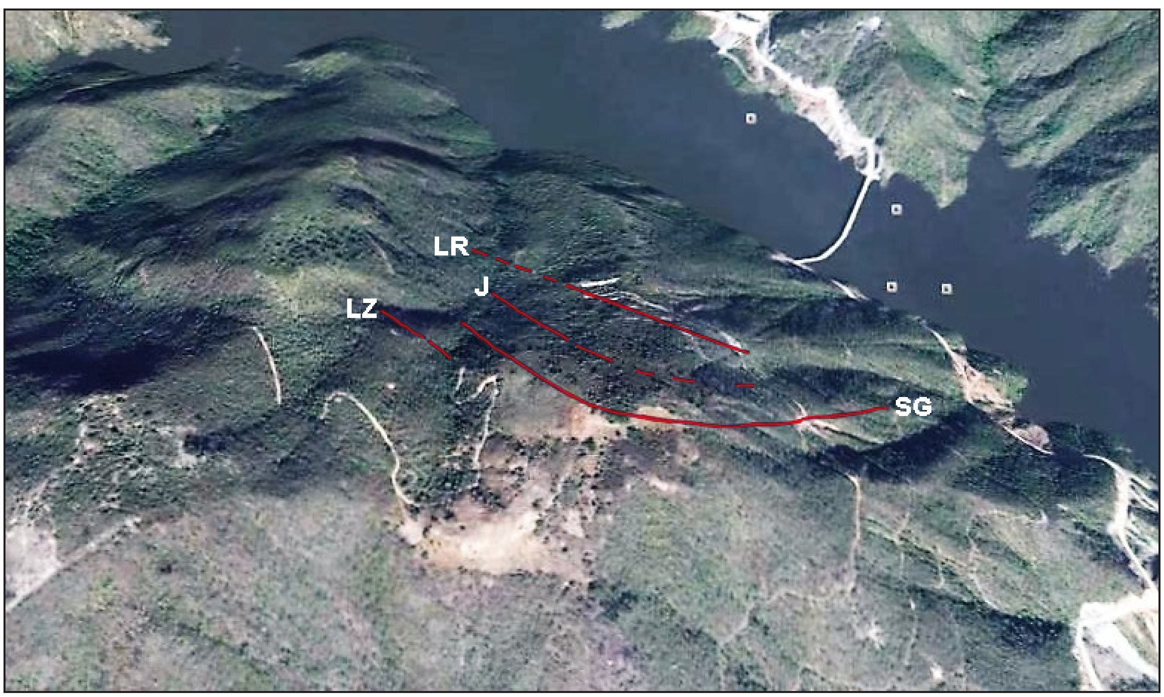


**Table 2**

| SUMMARY OF METERLOGICAL INFORMATION AND CLIMATE CLASSIFICATION | | | | | |
|---|---|---|---|---|---|
| Station | Altitude | Latitude | Longitude | Rainfall | Temperature |
| | metres | | | mm | C |
| Hostotipaquillo | 1,291 | 21, 03' | 104, 03' | 790.7 | 22.1 |
| Magdalena | 1401 | 20, 55' | 103, 59' | 996.8 | 21.1 |
| La Quemada | 1400 | 20, 58' | 104, 03' | 858.7 | 22.1 |
| **Source:** Modificaiones al sistema de Classification Climatica de Koppen, Behre Dolbert, 2010 | | | | | |

**Photo 2**

**Google image looking north across the Company's Mineralized System: La Raya (LR) Jazmine (J), Socavon III-Guadalupe (SG)and La Zopilote (LZ). The camp can be seen in the upper part and the hill with the shaft in the centre. The reservoir can be seen diagonally across the top right.**




Beyond the river valley, more moderate slopes are present and the limited flat ground are used to grow corn, beans and squash or for grazing. The land is not very fertile and only supports subsistence farming.

## 6.0 History

Mineral exploration and mining in the Hostotipaquillo region goes back to the beginning of seventeenth century. The town of Hostotipaquillo was settled and became the centre for mining activity. Few records exist of the mining activities, but the mining camp of San Pedro Analco was a main stop on the route from Guadalajara to the west. The boundaries of the active areas have changed. The town of Santo Domingo appears to have been settled about this time and was considered part of the San Pedro Analco mining camp until 1835.

Prior to the 1850s, considerable mining took place at the present property (Table 3). Remains of this infrastructure can be seen as mine workings, roads and some building sites. Initial prospecting identified high grade silver-gold veins made up of quartz, calcite, galena, sphalerite and chalcopyrite; barren iron sulphides were only present in minor amounts. Over the next few decades, these high-grade lenses were mined by hand; they can be differentiated from later late, eighteenth century workings by the lack of drill holes or blast patterns. Most of the investigated tunnels were excavated during this time. They followed the known mineralized shoots or crosscut into them to provide access and ventilation. The La Raya vein system was followed from the Nombre de Dios Mine on the east to the Bella Vista on the north, for 500 metres (Photo 3). Tunnels show that the mineralizing system is continuous over this length. Individual lenses of high grade material were mined in the San Salmon, San Pedro, San Pedro Alto, La Bonita (Photo 4), La Raya and Bella Vista adits. Drilling has intersected mine workings defined by voids and wood in the drill core. The continuity of the workings is demonstrated by air flow out of the lower workings.

Approximately 100 metres southwest of the La Raya Vein System, is the Socavon III-Guadalupe Vein System. Multiple mines are located along this structure. The most easterly is Socavon I and from it the mineralization can be traced through Socavon II, Socavon Intermedio (Photo 5) and Socavon III on the south side of the ridge. Caved tunnels and a shaft trace the vein system over the ridge and down the north side through La Espanola to the Guadalupe Mine, a horizontal distance of more than 800 metres.

Each vein system appears to be composed of multiple veins or lenses of various dimensions. Most were mined from surface exposures which were traced by adits as the systems were followed into the hillside; this is especially true of the La Raya System. Seldom do any of these workings go more than 150 metres into the hillside; El Cobre, La Esperanza, La Bonita and Bella Vista are four that are still accessible. None reach in to the Socavon III-Guadalupe System This system was accessed by adits along the vein system. Socavon III on the east side, is mainly a later by-pass tunnel that went around the old workings to search for vein extensions; several short crosscuts access the older workings which were 5 to 6 metres wide. On the west side, the Guadalupe and Espanola tunnels accessed the mineralization. They don’t join up which shows the nature of the knowledge in the seventeenth century; they could only follow their noses.

**Table 3**
**Existing Mine Workings on Santo Domingo Project**

| Name | Northing | Easting | Elevation | Details |
|---|---|---|---|---|
| **THE LA RAYA SYSTEM** | | | | |
| La Raya* | 2334370 | 606643 | 994 | entrance approximately 22 metres at 222 deg |
| San Pedro* | 2334259 | 606709 | 991 | entrance 7m at 033 deg,vein at 305 or 125 |
| San Salmon* | 2334259 | 606709 | 991 | entrance 9 m at 213 deg, vein at140 deg. |
| Nombre des Dios* | 2334201 | 606787 | 990 | entrance 8 m at 330 deg. |
| El mano | 2333984 | 606928 | 897 | small workings, road to Soc 11 |
| La Rosario* | 2334266 | 606189 | 1073 | est. below cattle grate on road and above Comp. |
| El Mono 1 | 2335790 | 606225 | 600 | est. location tunnel at 210 for 28 metres |
| El Mono 2 | 2335818 | 606251 | 573 | tunnel at 080 deg. For 50 metres |
| El Mono Abajo | 2335775 | 606200 | 555 | estimated - entrance, tunnel at 230 for 60 metres |
| Above San Salmon | 2334240 | 606724 | 1018 | workings above San Salmon |
| small tunnel at 350 | 2334229 | 606621 | 1048 | on Mina Jazmine system? |
| Stope on hill | 2334288 | 606626 | 1069 | stope comes out cliff |
| Poss. Soc. | 2334514 | 606432 | 1021 | below San Pedro |
| La Bonita | 2334233 | 606757 | 984 | 4 m to tunnel at 160 deg for 24 m, raise up |
| Bella Vista | 2334530 | 606577 | 948 | entrance at 224 deg for 130 metres |
| **JAZMINE SYSTEM** | | | | |
| Mina Jazmine | 2334381 | 606354 | 1066 | 0.5 metre stope on vein |
| small shaft & tunnel | 2334231 | 606570 | 1116 | on 10 cm vein |
| **THE GUADALUPE-SOCAVON 111 SYSTEM** | | | | |
| Socavon 111 | 2333991 | 606729 | 1004 | socavon at 330 deg. |
| Socavon 11 | 2334028 | 606847 | 930 | entrance at 280 deg. |
| Socavon 1 | 2334016 | 606996 | 845 | entrance at 260 deg. |
| Socavon Intermedio | 2333965 | 606783 | 960 | entrance here, behind caved for 20 metres |
| Los Zorro | 2334101 | 606560 | 1168 | caved workings |
| La Espanola | 2334551 | 606239 | 950 | entrance |
| Guadalupe | 2334590 | 606219 | 917 | Monument, entrance, 20 m at 215 deg. |
| On road to El Cobre | 2334027 | 606853 | 952 | entrance and stope |
| Dump lowest | 2333924 | 606888 | 901 | possible entrance Soc 11 |
| Poss. Soc. | 2334028 | 606721 | 1010 | Above Soc. 111 |
| Shaft on hill | 2334266 | 606300 | 1130 | caved shaft and dump |
| stope | 2334058 | 606686 | 1027 | |
| **CROSS CUTS** | | | | |
| El Cobre | 2334250 | 606828 | 926 | entrance |
| La Esperanza | 2334381 | 606893 | 841 | entrance 240 deg. for 6 metres |
| **LA SOPILOTE SYSTEM** | | | | |
| La Sopilotte | 2334456 | 606278 | 1034 | tunnel at 240 deg. stope in at 15 metres at 150, 60NE |
| La Sopilotte West | 2334692 | 606149 | 917 | small tunnel at 150 deg.25 metres |

**Photo 3**
**La Raya Vein System in the Bella Vista Tunnel:**
**Timbering Extends for 10 metres across the Vein System (McBride Photo)**

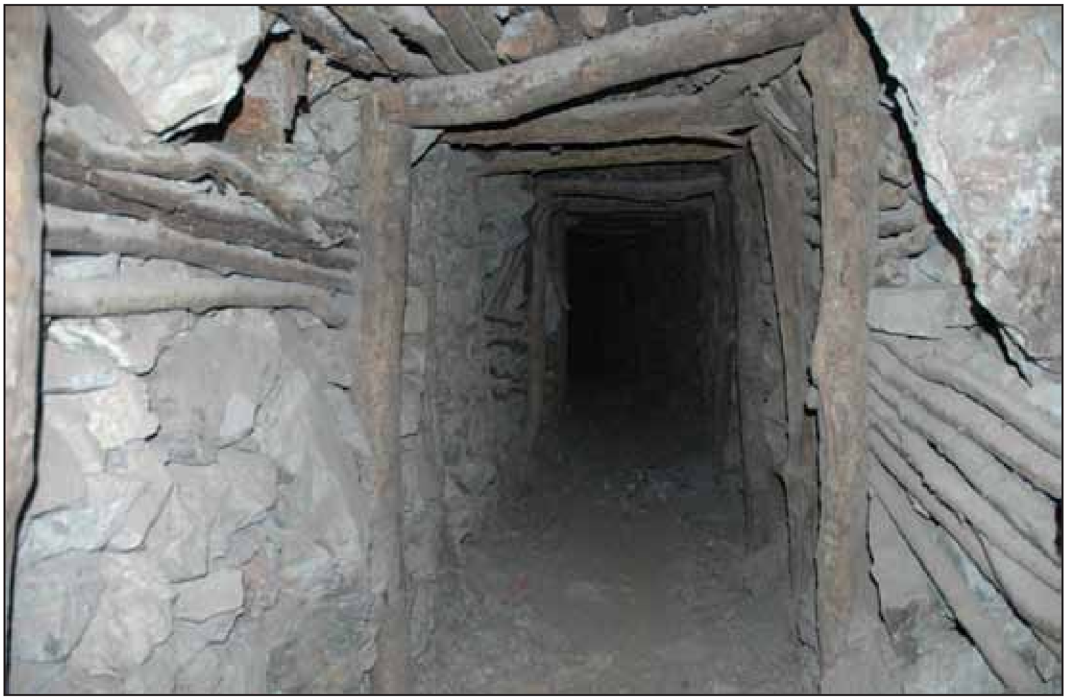


**Photo 4**
**Looking up Timbered Shaft at end of La Bonita Workings. These workings are below the Nombre de Dios System but do not connect (McBride Photo)**

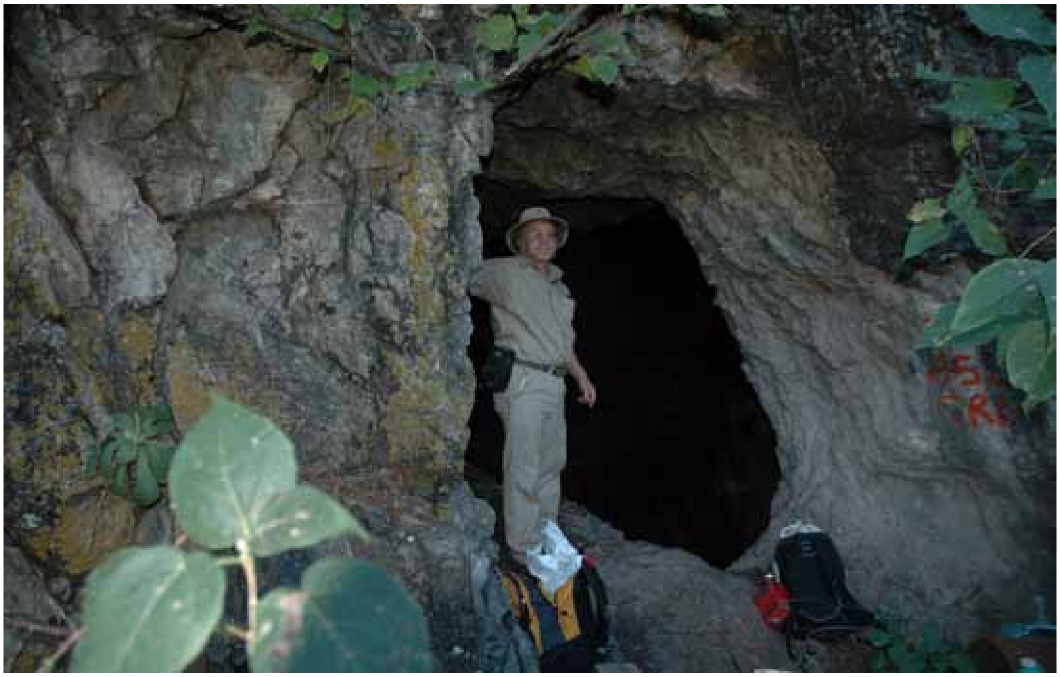
**Photo 5**
**Timber wall holding up backfill, Socavon Intermedio (McBride Photo)**

These photos were taken from the author's investigation of many mine tunnels and show timbering and stopes with timber retaining walls and cribbing for on-going mining. Mineralization has been traced in these workings for depths of approximately 100 metres from surface, to the end of the high-grade mineralization or to where hand mining was no longer possible. Many tunnels and mine workings have collapsed; those that remain provide an estimate of the mining carried out in the sixteenth and seventeenth centuries. The author estimates that during this period between 150,000 and 250,000 tonnes were mined.

More workings are found beyond the presently investigated area and under the capping felsic tuffs. The Santa Fe is found on an almost vertical cliff face and is on a lens that is 40 metres long and appears to be the top of a major vein system (Photo 6). Its importance is that it shows more vein systems are present under the capping tuffs.

Further evidence of the extent of activity is seen in the infrastructure left behind. All present roads follow old Spanish caminos. Stone walls and rock excavations attest to the road system developed. A fortified compound, approximately 25 by 40 metres, seems to have been the main control point. It has one and a half metre walls and two gates which lead to mine workings (Photo 7). Locally small flat areas and stone walls may mark

**Photo 6**
**Author in Entrance to the Santa Fe Workings**



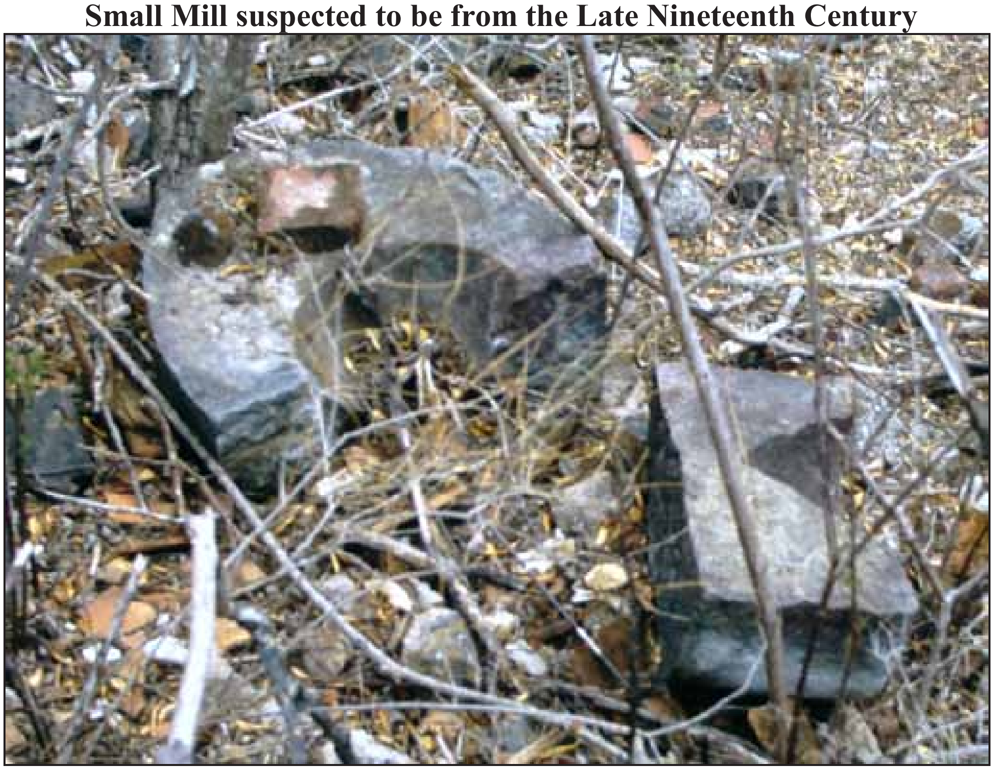
habitations; pottery fragments show that some are the Pre-Columbian Indian sites. There do not seem to be any written records of this activity.

A second period of exploration and mining is identified by the metal tools and drill holes. In some instances, tunnels bypass the Spanish mines and attempted to explore deeper into the mountain. Socavon III, Socavon Intermedio and Socavon II have these tunnels. Two major cross cut tunnels, El Cobre and La Esperanza are thought to have been excavated at this time. El Cobre is at the same elevation as Socavon II and was designed to gain access to the two vein systems deeper in the mountain. It crossed the La Raya system and intersects the Socavon III - Guadalupe System. Some mining was carried out on the Raya system and the Socavon III - Guadalupe System was followed for some distance. Approximately 85 metres below this tunnel, a parallel cross cut, La Esperanza, was driven as far as the La Raya system and some mining was carried out. Drilling in the 1950s tested the Socavon III - Guadalupe System from the end of this cross cut. Lower still is an unnamed tunnel that was not investigated due to the number of bats and amount of dry bat guano, but lacks an airflow suggesting that it does not intersect the higher workings.

A small processing plant was built on the road to the El Cobre tunnel. It has a stone grinding mill and some slag left over from attempts at smelting. Metal objects date this activity from the late nineteenth or early twentieth centuries. Slag at site demonstrates that Small Scale Refining was attempted, but there is no evidence that significant production was achieved (Photo 8).

**Photo 7**
**View of the Fortified Compound that was probably the control centre for the mining operations. Opening in wall is for a road to La Zopilote Mine**

**Photo 8**
**Small Mill suspected to be from the Late Nineteenth Century**



The next exploration attempt was a drilling program by Noranda Mines. In 1954 and 1973-1974 they drilled eleven holes of which three were underground from La Esperanza tunnel. Recorded results show values of economic interest (Table 4). Noranda did not do any follow up work.

During the latter 1970s and in 1988, the Comision de Formento Minero completed various technical studies and chip sampled some of the adits. From this information, certain tabulations of reserves and resources were made. The Consejo de Recursos Minerales ("CRM"), a government minerals resource agency, conducted a sampling of the existing mine dumps by pits and trenches. From 77 samples, the CRM estimated that the mine dumps contained 21,595 tonnes grading 308 grams per tonne of silver and 1.53 grams per tonne of gold (Table 5).

**Table 4**
**Noranda Drill Program Results**

| Drill Hole | Location | Core Length | Silver ppm | Gold ppm |
|---|---|---|---|---|
| E-1 | top of hill above La Raya | | no values | no values |
| E-2 | underground in La Esperanza | 5 metres | 48 | 1 |
| E-3 | underground in La Esperanza | 6 metres | 86 | 1.5 |
| E-4 | underground in La Esperanza | 37 metres | 47 | tr |
| | | 3 metres | 80 | tr |
| E-5 | location unknown | | | |
| E-6 | dump west of lower switch back | | no values | no values |
| E-7 | proximity to La Mina Jazmine | 10 metres | 44 | 0.3 |
| E-8 | In front of La Raya at 230 deg. | 2 metres | 1835 | 3.0 |
| | | 19 metres | 467 | 0.7 |
| E-8A | In front of La Raya at 280 deg. | 21metres | 219 | 0.7 |
| E-8B | In front of La Raya at 200 deg. | 13 metres | 242 | 0.8 |
| E-9 | north of La Raya near power line | 15 metres | 89 | 0.1 |

**Table 5**
**Santo Domingo Project**
**Dump Sampling Program by Consejo Recursos Minerales (CRM, 1994)**

| Dump | Pits | No. of Samples | Area | Depth | Tonnes | Ag/gm | Au/gm | S.G. |
|---|---|---|---|---|---|---|---|---|
| Socavon No. II 1st | 16 | 29 | 2686 | 1.85 | 7950 | 273 | 1.38 | 1.6 |
| Socavon No. II 2nd | 7 | 7 | 1600 | 2.21 | 5657 | 340 | 2.5 | 1.6 |
| Espanola | 17 | 17 | 976 | 1.57 | 2452 | 380 | 0.78 | 1.6 |
| Espanola Lower | 11 | 11 | 1144 | 1.36 | 2451 | 325 | 1.08 | 1.58 |
| La Raya | 7 | 7 | 750 | 1.57 | 1884 | 326 | 1.45 | 1.6 |
| Socavon III | 6 | 6 | 537 | 1.57 | 1201 | 179 | 0.6 | 1.42 |
| **Totals** | **64** | **77** | | | **21595** | **308** | **1.53** | |

FIFOMI lent US$93,000 to the previous owners who attempted to mine La Raya Mine. Milling equipment was brought to the site but never installed. Production was never achieved and the debt became a liability against the claims.

Stroud Resources Ltd. optioned the property in 1989, paid off this debt and carried out some tunnel and surface sampling. These results confirmed the potential of the mining concessions. Their initial drilling took place in 1999 when three holes were completed of five attempted holes. In 2003, a second drilling phase was terminated prior to the completion of a single hole. The next program commenced in 2005 and continued to July 2008, the last two years being managed by the author. Twenty-five drill holes were completed in this program (2005-2008) and La Raya and Soc.111-Guadalupe Vein Systems outlined for a length of 500 metres.

The last program commenced in late 2011, under the direction of S. Fumerton tested the mineralized systems in and to the west of the previous programs. Drill hole 2008-30, Section 5475N was extended and drill holes 2011-31 to 33 tested the same section above and below it. Drill holes 2011-34 and 35 tested sections 5550N and 5570N above drill hole SD-2005-08. The next section tested was 5625; holes SD-2011-36b, 39, 40 and 41 probed this section above a 2008 drill hole, SD-2008-29a. Drilling continued in section 5660N which was drilled before the previous section. Two holes, SD-2011-37 and 38 tested this section to a depth of 200 metres.

The last section drilled in the 2011 program was approximately 150 metres north on section, 5835N. This set up was on a flat at the core shack. Many old mine workings are indicated by tunnels, stone walls and mine dumps. Holes SD 2011-42 and SD 2011-45 probed this section above hole SD-2006-11. Numerous sections of no core recovery suggest that many old mine workings occur in this area. Some have openings to surface.

All exploration was suspended after this program and the property has remained dormant since 2012.

## 7.0 Geological Setting

### 7.1 Regional setting

This part of Mexico sits in the Sierra Madre Occidental ("SMO") Geological Province which extends from the United States Border in the north to Guadalajara as a series of young flat-lying volcanic rocks varying from basalts to rhyolites (Figure 3). These rocks date from the Middle Tertiary period, 60 million years ago until the present with many dormant volcanic cones; the youngest is Ceboruco situated about 60 kilometres northwest of the property. It last erupted approximately 200 years ago and is 10 km. in diameter and over a kilometer high (Photo 9). Older basement rocks are similar to the weathered vertically dipping mafic-ultramafic ones underlying the Nuevo Milenio prospect near Tepic (McBride, 2010).

Most seem to have been deposited on land and preserve depositional textures; obsidian is common. Near the project area rock compositions include rhyolites with lessor amounts of basalts and ultramafic volcanic rocks.

**Figure 3**
**Regional Geology**

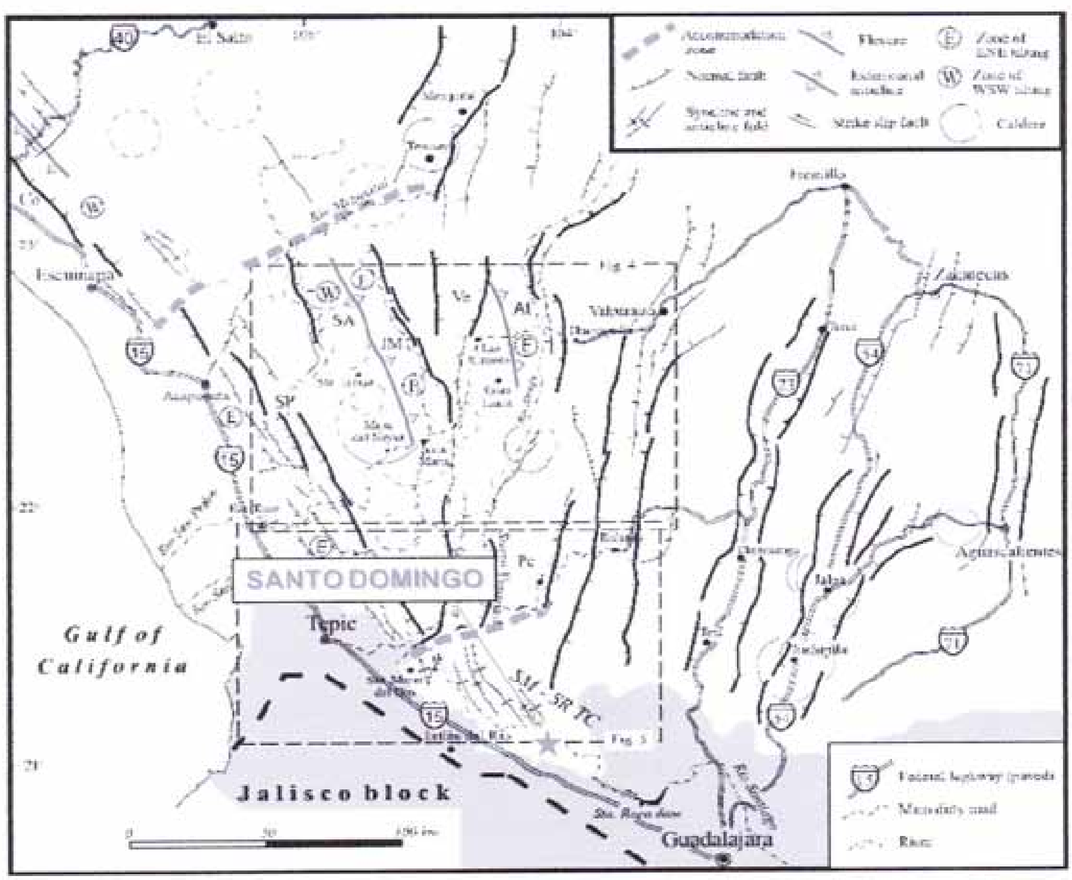


**Photo 9**
**Volcano Ceboruco situated about 60 kilometres northwest of the Stroud Property**


The Sierra Madre Occidental Geological Province ends a sort distance south against the east-west trending Trans-Mexican volcanic belt of similar age. The SMO belt hosts many silver-gold deposits including Minefinder's Deloro, Aurico Gold's O'Campo and Cream Minerals Nuevo Milenio mines and prospects. McBride (2008) has worked on all these deposits and sees many common features between them and the present Property. The mines have demonstrated tops and bottoms and the main mined area seem to be hosted by a single rock type above an unconformity.

## 7.2 Local Geology

The Santiago River cuts through the section and the oldest rocks are found along the river. These are termed andesites, but may be more basaltic. Layering shows these rocks to be generally flat, but dips of up to 30 degrees have been measured locally. Above the andesites, an essentially conformable sequence of rhyolitic rocks extends to just below the football field above the town of Santo Domingo. This sequence consists of local units that may or may not be present. They include a hard, fine-grained porphyritic tuff, a similar cherty looking rock that lacks the porphyritic character and rhyolite agglomerate. This last unit has an andesitic matrix but is termed rhyolite by the preponderance of polymict rhyolitic volcanic clasts.

**Photo 10**
**Cut on new road to Hostotipaquillo, illustrating the Complex Terrestrial Volcanic Stratigraphy**

This rhyolitic agglomerate is the most important rock to date because most of the better mineralization occurs within it. The La Raya, Jazmine, Guadalupe and La Zopilote veins seem to be capped by a thick rhyolitic ash unit (Photo 11). This ash unit is a cliff forming rock that is obvious south of the camp. Similar cliff forming ash sequences are common in this part of the Sierra Madre Occidental. The Santa Fe and Santa Clara vein systems seem to occur in this rhyolite agglomerate unit where it dips off to the northwest.

Above these rhyolites are andesites that form the rocks near Santo Domingo de Guzman. Along the road to La Labor, another thick rhyolitic tuff-ash fall unit is exposed. It is capped on the height of land by scoriaceous basaltic to ultramafic sequence which is diagnostic by its deep rusty weathering. From the various bedding angles, the entire sequence is generally flat lying. However local dips may be as steep as 30 degrees. Faulting has been widely quoted in the literature, but in the field, it is much harder to document. Major faulting is postulated along the Rio Santiago. It is difficult to see any regional structures in the river because the thick ash fall tuff units are not displaced either vertically or horizontally. Faulting and only a minor single one was noted in any of the mine workings and is not seen in the surrounding well-exposed mountain ridges. Similarly, the fresh, flat lying volcanic sequence eliminates the presence of shear zones. Mud seams are common in the drill core and have been observed in the mine workings.

**Photo 11**
**Cliff southwest of camp showing the Thick Capping Rhyolite Volcanic Ash. La Zopilote is at the bottom left of photo and La Zopilote Abajo is at bottom of cliff at right of photo.**

They seem to represent minor normal faults; displacement of a couple of metres was observed in the San Pedro Alto tunnel and all dip towards the Grand Rio de Santiago suggesting that they may originate as slump structures in to the river valley. The observed faults are post mineralization having displaced individual veins. Minor faults have been seen in road outcrops near Hostotipaquillo; these have displacement of less than a metre. Parallel faults occurring in close proximity suggest that these are minor compaction structures (Photo 12).

The author carried out a joint study along the mine roads in 2006; tectonic-style joints do not seem to be present and the joint patterns were controlled by the host rocks. It was Interesting to note that no joint direction was identified parallel to the vein systems. Mine workings illustrate that the high-grade shoots lie within broad zones of quartz veining. These may be up to 30 metres wide, trend in a northwest-southeast direction and dip at about 60 degrees to the east. Open mine stopes remain from the early mining, but intersections in drill holes SD-07-12 and 13, show 1 to 3 metre wide zones of semi massive galena and sphalerite with silver and gold values. Partially digested slag contains significant galena suggesting that the mined shoots were similar.

**Photo 12**
**Minor Compaction (?) Faulting on highway at Hostotipaquillo (McBride Photo)**

## 8.0 Deposit Types

Mineralization is found in various volcanic rocks throughout the Sierra Madre Occidental. The rock composition does not seem to be important, but a change in rock type does seem to be important for the localization of economic mineralization. At Santo Domingo, the Spanish mining was limited to the rhyolitic agglomerates overlying the river bottom andesites. Quartz-carbonate veins are concentrated within the rhyolitic agglomerate. Numerous vein systems have been identified and have been given names such as La Raya, Jazmine, Guadalupe, la Zopilote, Santa Fe and Santa Clara. Each system is distinct and separated from the others within the rhyolitic agglomerates. This rhyolitic agglomerate consists of three rock types; the lowest is a porphyritic fine-grained purplish rhyolite tuff. It seems to be related to the more restricted pale green-yellow cherty rock that may be interbedded or lie above it. However, it is the third type that has proven to be the best host for mineralization. This rock consists of a green to red fine-grained porphyritic matrix with polymict rhyolitic fragments. Recent drilling has returned widths in excess of 40 metres with 30 to 60 grams per tonne silver values in the agglomerate that is hard and appears to be fresh and lacks alteration. Combined with the higher values in the vein systems widths of up to 97 metres, economically significant values have been intersected. In most of these sections, the sulphide content is very low and barren iron sulphides are essentially absent. The veins have been traced down into the andesites where they may or may not continue as insignificant veinlets or stop completely. Drilling below the mined Socavon III-Guadalupe system did not detect significant mineralization or alteration in the underlying andesites and basalts even though the overlying agglomerate contains mined open stopes up to 6 metres wide.

The agglomerate is capped by the thick sequence of volcanic ash seen in Photo 6. At Zopilote, the upper margin of the vein contains iron or manganese oxides and lacks sulphides. The author has observed a similar pattern at the Delores, O'Campo and Nuevo Melenio deposits. It is interpreted that the rhyolite agglomerate was exposed on surface and the mineralizing systems vented producing the oxide minerals. The entire system was buried by the ashfall tuff. Drilling did not identify a source of mineralization in the footwall andesites directly below either the La Raya or Socavon II- Guadalupe Vein systems.

The mineralization is directly related to the volcanic host rocks. It appears to have been transported in circulating aqueous fluids from below and circulating within the rhyolite agglomerate. This upward migration of fluids follows a northwest-southeast, steeply east dipping trend. The author performed a joint study and noted that the joint patterns vary between rock layers and are locally controlled. The uniformity of the vein system direction does not appear to relate to any observable joint pattern.

## 9.0 Mineralization

Mineralization is concentrated on northwest-southeast steeply dipping quartz-carbonate vein systems and their halos. Vein textures are interesting. Veins are commonly laminated and vuggy; many show white quartz fragments in a pale brownish grey quartz matrix. They show brecciation of quartz in a matrix of calcite (Photo 13); in the Bella Vista tunnel one of the La Raya veins ends in massive calcite. Vugs are common throughout. Core banding angles vary, but overall seem to be vein-boundary parallel, however some suggest a parallelism to the host stratigraphy. Within individual vein systems the local veins can show considerable variation.

These angles are supported by observations in outcrops. The disseminated mineralization in the fresh-looking host rocks suggest fluids passing through or along accumulating surfaces at moderate temperatures. The alteration seen in documented vein systems is lacking here, but the presence of silica is demonstrated by the rock hardness. These textures are interpreted as the product of a combination of near surface vein formation coupled with simultaneous sinter formation at the proximal surface. Metallic minerals seem to be deposited throughout this process. Photo 13 shows fragments of andesite with galena-sphalerite mineralization and galena-sphalerite mineralization as part of a single fragment. These fragments are in a matrix of white quartz which suggests that the mineralization came through the lower andesite and some was precipitated there before being ripped apart and transported into the rhyolite agglomerates.

**Photo 13**
**Boulder from La Raya showing brecciation of quartz in calcite**

Greatest vein development is present in the rhyolite agglomerate. Below, the andesite possibly acted as the source for the economic metals, but not a locus of deposition. Metallic minerals were deposited in the porous rhyolite agglomerate at and/or near the existing volcanic surface. As the volcanic agglomerate accumulated, this depositing environment rose with it. The deposition was blocked by the rapid deposition of thick ash deposits that form the large plateaus seen throughout the Sierra Madre Occidental. Such a unit lies under the ridge behind camp and caps the hill containing the mine workings. It seems to be draped over a pre-existing paleosurface. This ash fall also seems to cap the Santa Fe and Santa Clara Mines. La Zopilote vein system lies along the base of this unit southwest of Guadalupe mine and consists of a rock breccia with a matrix of fine-grained specularite; lower in the vein structure, the vein contains some copper as seen by the malachite gossan. Similar oxide mineralization was seen by the author at the top of the San Francisco Vein of Minefinders at Delores, the O'Campo deposit of Aurico Gold, and the Nuevo Milenio prospect of Cream Minerals.

Some geologists have suggested that the opal mineralization in the felsic volcanic rocks near Magdelena may indicate similar mineralization deeper in the stratigraphy.

In conclusion, it can be said that the vein systems developed in preferred direction over a limited time span. The mineralizing system is probably driven by a nearby volcanic heat source and pulsed its way through the favourable host rock. Fluid pressures seem to have been low and easily blocked by the rapidly depositing thick rhyolitic ash fall units. No mineralization is known from these resistive units. The best guide for exploration is the presence of old Spanish mine workings and the stratigraphy that contains them. At Santo Domingo, the extent of these workings was not appreciated until Stroud investigated the known and located many unknown tunnels.

**Photo 14**
**Core showing fragments of Andesite-Galena-Sphalerite and Galena-Sphalerite Mineralization in White Quartz**

## 10.0 Exploration

Exploration by Stroud on the property has continued intermittently since 1999. Before that, the effort was to test the La Raya System with drill holes. Noranda had prospected the area, but left no records other than for the drilling. The author started to investigate the mine tunnels known from the CRM sampling program. Some, caved or blocked by surface falls, were opened. It rapidly became clear that the system was much larger than first thought. Once the pattern of veins became clearer, the mountain sides were traversed and the locations of legendary tunnels investigated. Now Spanish mine and/or exploration workings have been identified on six vein systems. Most have been located by UTM coordinates (Table 2).

## 11.0 Drilling programs

Stroud Resources Ltd. commenced drilling on the property in 1999. Four holes were drilled, three of which penetrated the La Raya vein system (Figure 5). The values returned demonstrated that the mineralized zone was much wider than indicated by the stopes in the La Raya tunnel.

Activity was renewed in 2003 with drill hole SD-03-05 which was located 100 metres down the mountain side from the La Raya tunnel. This drill hole proved to be very difficult and was lost before it reached the zone. Geological investigations at this time identified a second vein system called the Guadalupe System. It was found to have been traced by the Spanish across the ridge with numerous mined stopes, tunnel and shafts penetrating upwards of 100 metres into the mountain.

Drilling commenced in 2005 and continued to the middle of 2006. Drill hole SD-05-06 tested this new vein system. It intersected a core length of 17.4 metres grading 83.4 grams per tonne silver and 0.43 grams per tonne gold. The next drill hole, SD-06-07, tested the La Raya Vein System below the Nombre de Dios Mine and returned a core length of 7.8 metres which assayed 97.3 grams per tonne silver and 2.88 grams per tonne gold. It was followed by a vertical drill hole, SD-05-08, at the site of drill hole SD-99-02 and directly in front of the La Raya Tunnel. Ten metres grading 117.0 grams per tonne silver and 0.24 grams per tonne gold were intersected.

Drill hole SD-05-09 was down half way to the river on the road to the middle pump at the pump location. Its aim was to test La Raya mineralization well below the structure in La Esperanza Tunnel. This drill hole was abandoned before it reached the projected depth of the zones. The drill hole was to intersect the La Raya mineralization below the San Pedro Mine. It cut 4 metres of 109.8 grams per tonne silver and 0.31 grams per tonne gold at the 75 metre depth, within a larger, low grade zone.

Drill hole SD-06-11 was designed to test the north end of the Guadalupe and La Raya structures and was designed to test the continuity of these structures. La Raya structure was not intersected even through it occurs in the Bella Vista Tunnel some 75 metres to the south. A change in the character of the rhyolitic rocks may be responsible for this change. Deeper in the drill hole, the Guadalupe System was intersected and returned 10.5 metres of 65.4 grams per tonne silver and 0.43 grams per tonne gold.  A third vein system was cut 65 metres beyond the Guadalupe which returned 1.5 metres at 30 grams per tonne silver and 4.5 grams per tonne gold. This intersection was the first indication that an additional vein systems may occur west of the Guadalupe System.

The 2006 drilling program continued with drill holes SD-06-12 and SD-06-13. Both were drilled on the same section as SD-06-07 which had undercut the Nombre de Dios Mine. Drill hole SD-06-12 was at -65 degrees and returned an intersection of 4.5 metres at 105.3 grams per tonne silver and 0.93 grams per tonne gold and a second intersection of 4.5 metres at 92 grams per tonne silver and 0.84 grams per tonne gold. Drill hole SD-06-13 undercut the previous and

**Table 6**
**Drill Hole Record**
**Santo Domingo Project 1999-2008**

| Hole No. | UTM | | | | Dates | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | East | North | Direction | Dip | Started | Finished | Length metres | Cum Length (m) | Comments |
| BDW | | | | | | | | | |
| SD-99-01 | 606645 | 2334362 | 240 | -58 | | | 18 | 18 | abandoned |
| SD-99-02 | 606645 | 2334362 | 240 | -58 | | | 114 | 132 | |
| SD-99-03 | 606619 | 2334398 | 210 | -55 | | | 125 | 257 | |
| SD-99-04 | 606664 | 2334345 | 256 | -45 | | | 114 | 371 | |
| | | | | | | | | | |
| SD-03-05 | 606743 | 2334553 | 220 | - 55 | 2/1/2003 | 3/21/2003 | 102.5 | 473.5 | Not completed |
| CABO-MANCHUK | | | | | | | | | |
| SD-05-06 | 606771 | 2334114 | 230 | -45 | 6/23/2005 | 7/29/2005 | 109.2 | 582.7 | |
| SD-05-07 | 606779 | 2334201 | 230 | -45 | 8/1/2005 | 8/26/2005 | 235.2 | 817.9 | |
| SD-05-08 | 606631 | 2334362 | 230 | -86 | 8/30/2005 | 11/6/2005 | 251.2 | 1069.1 | |
| SD-05-09 | 606840 | 2334560 | 224 | -45 | 11/9/2005 | 11/16/2005 | 49 | 1118.1 | |
| SD-06-10 | 606711 | 2334303 | 230 | -86 | 5/24/2006 | 6/17/2006 | 192.5 | 1310.6 | |
| CABO-McBRIDE | | | | | | | | | |
| SD-06-11 | 606483 | 2334601 | 230 | -45 | 8/21/2006 | 9/15/2006 | 346.5 | 1657.1 | |
| SD-06-12 | 606779 | 2334201 | 230 | -60 | 9/28/2006 | 11/3/2006 | 203 | 1860.1 | |
| SD-06-13 | 606779 | 2334201 | 230 | -80 | 11/4/2005 | 11/17/2008 | 201.4 | 2061.5 | |
| STROUD McBRIDE | | | | | | | | | |
| SD-07-14 | 606771 | 233414 | 230 | -72 | 10/12/2008 | 10/19/2008 | 89.3 | 2150.8 | |
| SD-07-15 | 606771 | 2334114 | 230 | -85 | 10/19/2007 | 10/26/2008 | 93.3 | 2244.1 | |
| SD-07-16 | 606720 | 2334166 | 215 | -45 | 11/18/2007 | 11/29/2007 | 349.4 | 2593.5 | |
| SD-07-17 | 606771 | 2334114 | 215 | -87 | 9/29/2008 | 10/11/2007 | 140.7 | 2734.2 | |
| SD-08-18 | 606720 | 2334199 | 215 | -65 | 11/30/2007 | 12/7/2007 | 172.9 | 2907.1 | |
| SD-08-19 | 606720 | 2334199 | 240 | -45 | 12/9/2007 | 12/15/2008 | 170.7 | 3077.8 | |
| SD-08-20 | 606720 | 2334199 | 240 | -27 | 1/25/2008 | 2/1/2008 | 161.6 | 3239.4 | |
| SD-08-21 | 606720 | 2334199 | 235 | -65 | 2/1/2008 | 2/7/2008 | 111.9 | 3351.3 | |
| SD-08-22 | 606720 | 2334199 | 235 | -6 | 2/8/2008 | 2/13/2008 | 124.1 | 3475.4 | |
| SD-08-23 | 606534 | 2334399 | 235 | -45 | 2/18/2008 | 3/3/2008 | 194.8 | 3670.2 | |
| SD-08-24 | 606534 | 2334399 | 235 | -65 | 3/7/2008 | 3/22/2008 | 255.9 | 3926.1 | |
| SD-0825A | 606534 | 2334399 | 235 | -27 | 3/4/2008 | 3/6/2008 | 66 | 3992.1 | Abandoned in rubble |
| SD-08-25 | 606534 | 2334399 | 235 | -27 | 4/1/2008 | 4/9/2008 | 147.9 | 4140 | |
| SD-08-26 | 606534 | 2334399 | 235 | -87 | 3/24/2008 | 3/31/2008 | 223.9 | 4363.9 | |
| SD-08-27 | 606609 | 2334441 | 235 | -45 | 4/10/2008 | 5/4/2008 | 310.7 | 4674.6 | |
| SD-08-28 | 606609 | 2334441 | 235 | -70 | 4/5/2008 | 6/28/2008 | 376.9 | 5051.5 | |
| SD-08-29 | 606609 | 2334441 | 235 | -27 | 6/30/2008 | 7/16/2008 | 108.8 | 5160.3 | |
| SD-08-30 | 606692 | 2334313 | 230 | -45 | 11/5/2008 | | | | In progress July 30th |
| | | | | | | | | | |

**Table 7**
**Stroud Drilling 2011-2012**

| Hole No. | UTM | | | | Dates | | Length | Cum. | Cmm. |
|---|---|---|---|---|---|---|---|---|---|
| | East | North | Dir. | Dip | Started | Finished | m | Length (m) | |
| SD-11-30 | 606695.3 | 2334312.3 | 230.0 | -45.0 | 11/5/2008 | 1/3/2011 | 264.3 | 5424.6 | extended |
| SD-11-31 | 606694.8 | 2334312.0 | 230.0 | -70.0 | 1/3/2011 | 22/3/2011 | 186.2 | 5610.8 | |
| SD-11-32 | 606693.6 | 2334311.1 | 230.0 | -29.0 | 22/3/2011 | 30/3/2011 | 133.3 | 5744.1 | |
| SD-11-33 | 606691.5 | 2334309.3 | 230.0 | -2.0 | 31/3/2011 | 4/4/2011 | 107.5 | 5851.5 | |
| SD-11-34 | 606624.0 | 2334351.4 | 231.0 | 0.0 | 5/4/2011 | 6/4/2011 | 23.4 | 5874.9 | lost |
| SD-11-34a | 606624.0 | 2334361.4 | 231.0 | 0.0 | 7/4/2011 | 12/4/2011 | 130.1 | 6005.0 | |
| SD-11-35 | 606624.7 | 2334364.1 | 231.0 | -21.0 | 13/4/2011 | 19/4/2011 | 115.4 | 6120.4 | |
| SD-11-36 | 606602.1 | 2334433.3 | 235.0 | 1.0 | 20/4/2011 | 15/5/2011 | 41.5 | 6161.9 | lost |
| SD-11-36a | 606602.1 | 2334433.3 | 235.0 | 1.0 | 15/5/2011 | 16/5/2011 | 29.0 | 6190.9 | lost |
| SD-11-36b | 606602.1 | 2334433.7 | 237.0 | 0.0 | 16/5/2011 | 26/5/2011 | 168.4 | 6359.3 | |
| SD-11-37 | 606601.0 | 2334459.0 | 235.0 | -41.0 | 30/5/2011 | 6/6/2011 | 80.2 | 6439.5 | |
| SD-11-38 | 606598.1 | 2334465.0 | 235.0 | -60.0 | 6/6/2011 | 20/6/2011 | 216.1 | 6655.6 | |
| SD-11-39 | 606548.0 | 2334384.0 | 230.0 | -90.0 | 23/6/2011 | 30/6/2011 | 30.5 | 6686.1 | too short |
| SD-11-40 | 606548.0 | 2334348.0 | 230.0 | -76.0 | 28/8/2011 | 12/9/2011 | 187.2 | 6823.3 | |
| SD-11-41 | 606548.0 | 2334384.0 | 230.0 | -60.0 | 12/9/2011 | 20/9/2011 | 134.4 | 6957.7 | |
| SD-11-42 | 606399.0 | 2334524.0 | 230.0 | -20.0 | 11/10/2011 | 26/10/2011 | 239.6 | 7197.3 | |
| SD-11-43 | 606399.0 | 2334524.0 | 230.0 | -40.0 | 27/10/2011 | 25/11/2011 | 211.2 | 7408.5 | |
| SD-11-44 | 606399.0 | 2334524.0 | 230.0 | -55.0 | 25/11/2011 | 3/12/2011 | 211.8 | 7620.3 | |
| SD-11-45 | 606399.0 | 2334524.0 | 230.0 | -63.0 | 4/12/2011 | 12/12/2011 | 231.9 | 7852.2 | |

returned a 60 metre section of elevated silver-gold values including 18 metres at 37.6 grams per tonne silver and 0.67 grams per tonne gold. Both holes carried lead-zinc values in the combined +1 percent range over 1 to 3 metres. Lead, zinc and copper was added to the analyzed metals; copper was later dropped because the values were too low. High grade precious metal mineralization was lacking in the lead-zinc zones. It is thought that the ore shoots mined by the Spanish resembled these zones, but with higher silver-gold values.

In 2007, Stroud commenced a systematic drilling program to test the known vein systems from the main road or 980 metre level. Drill holes SD-06-14, 15 and 16 were drilled at the southeast of the Guadalupe System from the same location as drill holes SD-05-06. Drill holes SD-06-15 and SD-06-16 were drilled at an azimuth of 230 degrees to intersect the vein system on section 5300 N based on the distance from the known surface mining. Mineralization was intersected much closer to the top of the hole so the actual section is 5275N. Drill hole SD-06-14 assayed 12.1 metres at 149.4 grams per tonne silver and 0.75 grams per tonne gold. Below it, drill hole SD-06-15 returned 34 metres at 0.51 grams per tonne gold and 84.2 grams per tonne silver.

**Table 8**
**Summary of Values in Stroud's Drilling of the**
**Santo Domingo Silver-Gold Project: 1999 to 2011**

| Hole No. | Core Length m | True Width m | Au ppm | Ag ppm | Cu % | Pb % | Zn % |
|---|---|---|---|---|---|---|---|
| SD-99-01 | - | | | | | | |
| SD-99-02 | 24 | 22.6 | 0.62 | 228.5 | | | |
| SD-99-03 | 18.5 | 32 | 0.82 | 203.6 | | | |
| | 8 | | 0.51 | 203.8 | | | |
| | 11 | | 0.73 | 125.5 | | | |
| SD-99-04 | 11 | 11.2 | 0.25 | 109.7 | | | |
| | 5 | | 0.13 | 99.2 | | | |
| SD-03-05 | - | | | | | | |
| SD-05-06 | 17.4 | 16.4 | 0.43 | 83.4 | | | |
| SD-05-07 | 7.8 | 7.3 | 2.88 | 97.6 | 0.03 | 0.4 | 0.67 |
| SD-05-08 | 10 | 15.2 | 0.24 | 171 | 0.05 | 0.24 | 0.92 |
| SD-05-09 | - | | | | | | |
| SD-06-10 | 4 | - | 0.31 | 109.8 | 0.05 | 0.57 | 1.73 |
| SD-06-11 | 10.5 | 31 | 0.43 | 65.4 | | | |
| | 1.5 | | 4.5 | 30 | | | |
| SD-06-12 | 4.5 | 3.7 | 0.93 | 105.3 | 0.01 | 0.19 | 0.75 |
| | 4.5 | | 0.84 | 92 | 0.12 | 2.95 | 5.73 |
| SD-06-13 | 18 | 10.3 | 0.67 | 37.6 | 0.05 | 0.45 | 1.2 |
| | 3 | | 0.64 | 165 | 0.27 | 2.02 | 3.55 |
| SD-07-14 | 12.1 | 8.3 | 0.75 | 149.4 | | | |
| SD-07-15 | 34.6 | 17.3 | 0.51 | 84.2 | 0.05 | 0.54 | 0.82 |
| SD-07-16 | 12.7 | 11.1 | 1.52 | 252.8 | 0.02 | 0.39 | 0.63 |
| SD-07-17 | 39.2 | 18.4 | 0.53 | 136.9 | 0.05 | 0.56 | 0.89 |
| SD-07-18 | 3.05 | 2.1 | 11.82 | 74.1 | 0.02 | 0.31 | 2.47 |
| SD-07-19 | 19.8 | 17.9 | 0.61 | 153.3 | 0.01 | 0.53 | 0.62 |
| SD-08-20 | 19.8 | 14 | 1.25 | 170.6 | 0.02 | 0.31 | 0.64 |
| SD-08-21 | 9.15 | 9.1 | 0.96 | 203.5 | 0.02 | 0.25 | 0.48 |
| | 1.55 | | 2.21 | 142 | 0.01 | 0.07 | 0.07 |
| | 4.9 | | 0.58 | 60.4 | 0.11 | 1.11 | 2.74 |
| SD-08-22 | 16.8 | 16.8 | 1.12 | 124.2 | 0.02 | 0.21 | 0.75 |
| | 5.1 | | 0.3 | 46 | 0.01 | 0.03 | 0.09 |
| SD-08-23 | 47.55 | 30.5 | 0.22 | 79.5 | 0.01 | 0.08 | 0.14 |
| | Incl. 15.2 | | 0.32 | 100.8 | | 0.06 | 0.12 |
| | 22.9 | | 0.38 | 110.5 | | 0.17 | 0.31 |
| SD-08-24 | 4.6 | | 0.6 | 105.6 | | 0.11 | 0.06 |
| | 9.15 | | 0.13 | 90.2 | | 0.13 | 0.04 |
| | 16.75 | 12.9 | 0.47 | 55.49 | | 0.03 | 0.05 |

| Assay Summary Continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hole No. | Core Length m | True Width m | Au ppm | Ag ppm | Cu % | Pb % | Zn % |
| SD-08-25 | 18.95 | 19 | 0.51 | 122.6 | | 0.07 | 0.09 |
| | 6.1 | | 73 | 52.6 | | 0.02 | 0.02 |
| SD-08-26 | 12.2 | 5.7 | 0.79 | 281.2 | 0.04 | 0.4 | 0.54 |
| | 4.5 | | 0.92 | 122.4 | 0.01 | 0.05 | 0.08 |
| SD-08-27 | 97.6 | 58.6 | 0.49 | 158.8 | | 0.07 | 0.17 |
| | Incl. 61 | | 0.64 | 220.3 | | 0.09 | 0.21 |
| | Incl. 4.6 | | 1.15 | 1521.2 | | 0.18 | 0.21 |
| SD-08-28 | 32.6 | 23.5 | 0.12 | 42.1 | | 0.14 | 0.21 |
| | 3.05 | | 0.03 | 98.1 | | 0.06 | 0.17 |
| | 15.25 | | 0.48 | 73.1 | | 0.02 | 0.04 |
| | 4.6 | | 0.31 | 55.8 | | 0.02 | 0.06 |
| SD-08-29 | 26.55 | | 0.36 | 83.5 | | 0.04 | 0.1 |
| SD-08-29A | 80.75 | 57.3 | 0.16 | 61.4 | | 0.03 | 0.09 |
| | Incl. 9.15 | | 0.54 | 134.3 | | 0.03 | 0.08 |
| SD-08-30 | 53.3 | 60.1 | 0.26 | 49.8 | | 0.01 | 0.08 |
| | 53.3 | 60.1 | 0.26 | 49.8 | | 0.16 | 0.35 |
| | 53.3 | 60.1 | 0.26 | 49.8 | | | |
| SD-11-31 | 5 | 3.8 | 0.19 | 98 | | | |
| SD-11-31 | 4.5 | 3.4 | 0.43 | 148 | | | |
| SD-11-31 | 43 | 32.5 | 0.71 | 82.4 | | | |
| SD-11-31 | 5.7 | 4.3 | 0.89 | 110 | | | |
| SD-11-32 | 33.1 | 36.9 | 0.66 | 96.8 | | | |
| | 6 | 6.7 | 0.55 | 140 | | | |
| SD-11-33 | 55 | 56 | 0.2 | 46.2 | | | |
| SD-11-34 &34a | 46 | 49 | 0.16 | 46.1 | | | |
| SD-11-35 | 22.1 | 23.3 | 0.44 | 97.2 | | | |
| SD-11-36 & 36b | 0 | 0 | 0 | 0 | | | |

| Assay Summary Continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hole No. | Core Length m | True Width m | Au ppm | Ag ppm | Cu % | Pb % | Zn % |
| SD-11-37 | 21 | 23.3 | 1.52 | 250.4 | | | |
| SD-11-38 | 7 | 4 | 0.07 | 76.5 | | | |
| SD-11-39 | 0 | 0 | 0 | 0 | | | |
| SD-11-40 | 0 | 0 | 0 | 0 | | | |
| SD-11-41 | 4 | 0 | 0.11 | 82 | | | |
| SD-11-42 | 8 | 8.8 | 0.19 | 231 | | | |
| SD-11-43 | 7 | 7.5 | 0.24 | 93.8 | | | |
| SD-11-44 | 0 | 0 | | | | | |
| SD-11-45 | 4 | 3.4 | 0.18 | 122 | | | |

Only one drill hole was completed on section 5250 N. This drill hole, SD-08-17, was a steep hole and intersected 39.2 metres of 136.9 grams per tonne silver and 0.53 grams per tonne gold. Mine workings are known to be in proximity to these drill holes in Socavon Intermedio and Socavon III. Below these, Socavon II may have been too short to intersect the mineralization. Mineralization is present in a parallel zone, 50 metres to the east, which may be La Mina Jazmine Zone; however, the tunnel does not reach the Guadalupe vein system. Socavon I shows an extensive waste dump but this was not accessible.

Section 5375 N was the next section tested; the drill setup was at the entrance to the Nombre de Dios Mine and drilled at two azimuths to intersect the Guadalupe zone on sections 5350 N and 5400 N. Drill holes SD-07-16 and 18 were drilled at the azimuth of 215 degrees and drill holes SD-07-19 to 22 were drilled at 240 degrees (Photo 15). All holes cut La Raya mineralization within the top 30 metres. Drill holes SD-17-16 and SD-17-18 intersected core lengths of 12.7 metres and 3.05 metres with gold values of 252.8 grams per tonne gold and 74.1 grams per tonne silver and 1.52 and 11.82 grams of gold, respectively. Drill holes SD-08-19 to SD-08-22, were directed more northerly and intersected widths of 16.8 to 19.8 metres except in the vertical hole where the thickness was 9.25 metres. Values ranged from 124.2 to 203.5 grams of silver per tonne and 0.61 to 1.25 grams of gold per tonne. A second zone is present between 55 and 70 metres. Generally, the background values, between these zones, were elevated. This section was the first to indicate that the mineralization was vein controlled, but had an additional controlling parameter. Prior to these holes the only indication that something was different was the fact that the mineralization seemed to be concentrated at the andesite-rhyolite agglomerate contact, but at the same time occurred in steeply dipping vein systems.

On each section, the -45 degree holes were drilled beyond the projected down dip position of the Guadalupe Vein System. Drill hole SD-07-16 was drilled to 349.4 metres. In it the Guadalupe System is represented by a quartz vein which is anomalous in gold, silver, lead and zinc. Drill hole SD-07-19 drilled in a more westerly direction; minor quartz veins at 130 metres may represent the Guadalupe system.

Once these drill holes were completed, drilling continued on section 5600 N. Four holes, SD-07-23 to 26 (Photo 16), tested this section and showed that the rhyolitic agglomerate unit dips gently to the northwest. The -45 degree hole (SD-08-23) was drilled to 350 metres and shows continuous mineralization for 81 metres from the casing at 6.2 metres, with grades of 83.2 grams per tonne silver and 0.25 grams per tonne gold. Within this section were large voids and “wood core” indicating mine workings. Re-examination of the surface shows large areas of collapsed stopes nearby, but no evidence that the remaining rocks would contain significant silver. In drill hole SD-08-24, drilled at - 65 degrees, low grade mineralization extends from the end of the casing to 198 metres with three sections of which the best is 16.75 metres grading 55.49 grams per tonne silver and 0.51 grams per tonne gold. Drill hole SD-07-26 was a sub-vertical hole with a 12.2 metre intersection from the end of the casing, grading 281.2 grams per tonne silver and 0.79 grams per tonne gold. Anomalous values continue to 94 metres and spotty values thereafter to the end of the hole. The last drill hole, SD-07-25, drilled on this section was a shallow hole. It experienced many problems mainly due to the presence of mine workings. From the end of the casing at 29.9 metres, an 18.9 metre section averaging 122.6 grams per tonne silver and 0.51 grams per tonne gold, after which anomalous silver continues to 80 metres.

**Photo 15**
**Drilling Flat Hole SD-08-22**
**At Entrance to Nombre de Dios Mine**

This section illustrates the values in the rhyolite agglomerate and associated vein systems. Section 5650 N was the last section completed in the summer 2008 program. Drill hole SD-08-27 was drilled at -45 degrees and ended at 310.7 metres. It produced a

97.6 metre section grading 158.8 grams per tonne silver and 0.49 grams per tonne gold from the 5.2 metre length of the drill hole. Within this section, 60 metres assayed 220.3 grams per tonne silver and 0.61 grams per tonne gold. Drill hole SD-08-28 undercut this hole at -65 degrees. It intersected 31.1 metres of 43.9 grams per tonne silver and 0.61 grams per tonne gold near the top of the hole and a second section of 13.75 metres grading 78.8 grams per tonne silver and 0.52 grams per tonne gold. Spotty values occur between these sections. The last drill hole in this section was SD-08-29 drilled at -27 degrees. A 53.7 metre intersection grading 81.2 grams per tonne silver and 0.18 grams per tonne gold outlined the La Raya vein system. The hole was lost before it reached the Jazmine and Guadalupe vein systems.

Drill hole SD-08-30 was started on Section 5475 N in order to intersect the La Raya system at the west end of the San Pedro Mine; it intersected mineralization from 34 metres, including 10.65 metres grading 0.43 grams per tonne gold and 111.7 grams per tonne silver, plus 7.6 metres grading 0.38 grams per tonne gold and 69.9 grams per tonne silver. It passed into andesite at 80 metres and the values become erratic before dropping to background. In 2011, this drill hole was extended to 264.3 metres in pillowed basalts but no additional mineralization was encountered.

**Photo 16**
**Drilling Hole SD-08-23**

Drill hole SD-11-31 continued to investigate this section at -70 degrees. It intersected the La Raya Zone to 124.7 metres. The entire section in the rhyolite agglomerate is mineralized to some degree with elevated gold in some silver poor sections. The top intersection assayed 0.19 grams per tonne gold and 98 grams per tonne silver over 5.0 metres, and the lower zone assayed 1.01 grams per tonne gold and 85.1 gram per tonne silver over a 51 metre core length. Drill hole SD-11-32 continued to test this section with a -29 degree probe which passes through or very near old mine openings of the San Pedro mine. Intersections consisting of 33.9 metres grading 0.66 grams per tonne gold and 96.8 grams per tonne silver, starting from 34.2 metres, and 6.0 metres grading 0.55 grams per tonne gold and 140 grams per tonne silver from 88 metres were encountered. Below this latter intersection the rock changes to the un-mineralized basal basalt.

Hole SD-11-33 was the last hole and tested the section in proximity to the top of the San Pedro main stope. A broad section of low grade mineralization was intersected with a few short areas of elevated values including a section of 55 metres with 0.2 g/t gold and 46.2 g/t silver values. In the first 50 metres had numerous sections of little or no core recovery suggesting extensive workings. This hole is reported to end in basalt.

Drill holes SD-11-34 and 35 were located on section 5550 N to test above drill hole SD-05-06 and between the holes from the 1999 drilling campaign. This area was exploited by the Spanish in the 1600s and has many old mine stopes open and caved. It was the centre for early exploitation. The first 30 metres of drill hole SD-11-34 traverses a collapsed area and two known open stopes, horizontally. Beyond, the next 25 metres is low grade mineralization grading 0.16 grams per tonne gold and 46.1 grams per tonne silver after which there are short isolated sections grading 0.44 grams per tonne gold and 97.2 grams per tonne silver.

The drill was moved to section 5625 N and drill holes SD-11-36 and 39-41 were drilled above drill holes SD-08-27, 28 and 29. Old mine workings were suspected in the area. Drill hole SD-11-36 was drilled horizontally; the first 50 metres are in an un-mineralized andesite flow which is followed by a 21 metre mineralized section grading 1.52 grams per tonne gold and 250.4 grams per tonne silver. The last 10 metres are in andesite. These andesite sections may be part of a horizontal layer. Drill holes SD-11-39 to 41 were collared about 20 metres east of the water storage tank, about 60 metres above drill hole SD-11-36 in an area of talus. Drill holes SD-11-39 and 40 were steep holes which failed to return significant intersections and only the odd intersection of mineralization. Drill hole SD-11-41was drilled at -60 and intersected 4 metres grading 0.11 grams per tonne gold and 82 grams per tonne silver. This intersection may represent La Mina Jazmine zone. If so, then the entire section contains elevated silver values in the 20 to 40 grams per tonne silver range.

Drill holes SD-11-37 and 38 were drilled on section 5675 N, 50 metres to the west. Drill hole SD-11-37 was drilled at -45 degrees and intersected 21 metres grading 1.52 grams per tonne gold and 250.4 grams per tonne silver. Drill hole SD-11-38 intersected 7.2 metres of 0.07 grams per tonne gold and 75.5 grams per tonne silver, however many sections had very poor core recovery and the workings are known to extend from the La Raya system on section 5550 N to the Bella Vista on section 5750 N and 50 metres below. Two mined vein systems are present in the Bella Vista tunnel 38 metres apart; the most southerly one has air flow from above, but is caved.

The drill was moved to near the core shack on section 5825 N, 150 metres to the west. Drill holes SD-11-42 to 45, were drilled on this section. Drill hole SD-06-11 previously tested this section from an elevation of 965 metres ASL. This location is of interest because it is at the toe of a mine dump; a second mine dump is above this one, adjacent to the Compound in Photo 7. Drill hole SD-11-42 was drilled at -20 degrees; it intersected openings and 8 metres of 0.19 grams per tonne gold and 231 grams per tonne silver. Drill hole SD-11-43 was drilled at -40 degrees and hit similar openings with 7 metres grading 0.24 grams per tonne gold and 93.8 grams per tonne silver. Similar results were obtained from drill hole SD-11-44 at -55 degrees and drill hole SD-11-45 at -63 degrees. Drill hole SD-11-44 returned 6.0 metres at 0.03 grams per tonne gold and 34.00 grams per tonne silver, and 13.1 metres grading 0.34 grams per tonne gold and 29 grams per tonne silver. Drill hole SD-11-45 returned 4 metres at 0.18 grams per tonne gold and 122 grams per tonne silver. Mine workings are known in the area of this drill section; some have been investigated but others remain to be, which may account for the poor core recovery.

It is possible that all the drill holes from section 5275 N to section 5825 N intersected mine workings. Wood was cored in one hole and 1.5 to 2 metre voids were intersected in most. To the north, the Bella Vista Tunnel, section 5750 N, shows that at the 950 metre level, there are two parallel mined stopes extending to the south. They are known to come within 20 to 40 metres of section 5825 N and the second has air flowing from a southerly direction. The nearest openings are in the vicinity of the La Raya mine on section 5540N.

Together these drill sections and surface workings define the La Raya and Guadalupe Vein Systems. Both are continuous and together with other parallel vein systems show the length and width of the mineralized rocks. From these results, a calculation of the silver-gold resource has been determined. A few intersections may extend the continuity of La Mina Jazmine. Beyond these tested vein systems at least two more are known from surface prospecting. The pattern of these vein systems suggests that more may exist deeper in the hill as shown in Figures 4 through 14.

**Figure 4**
**Drill Plan**

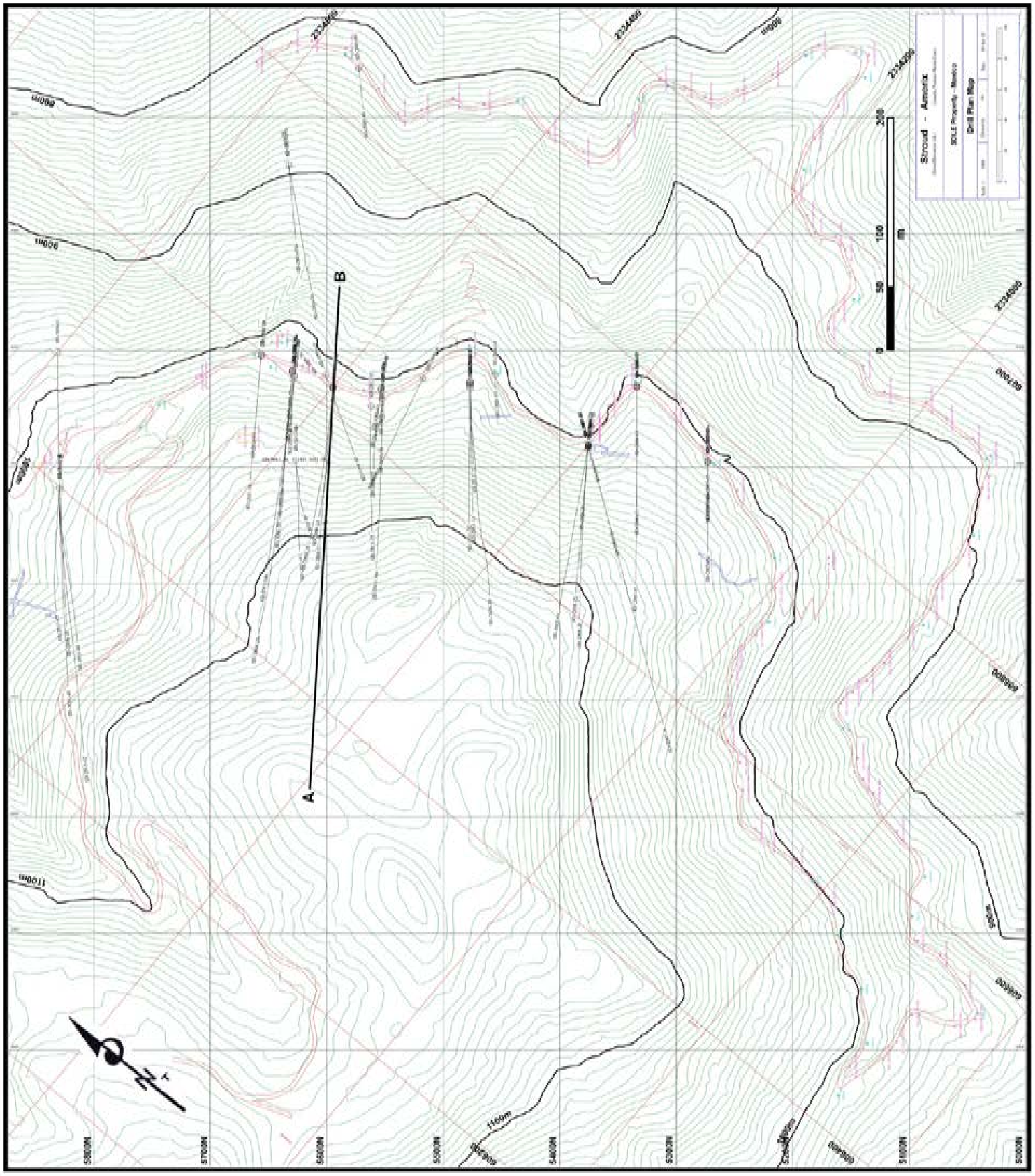


**Figure 5**
**Section 5275N**

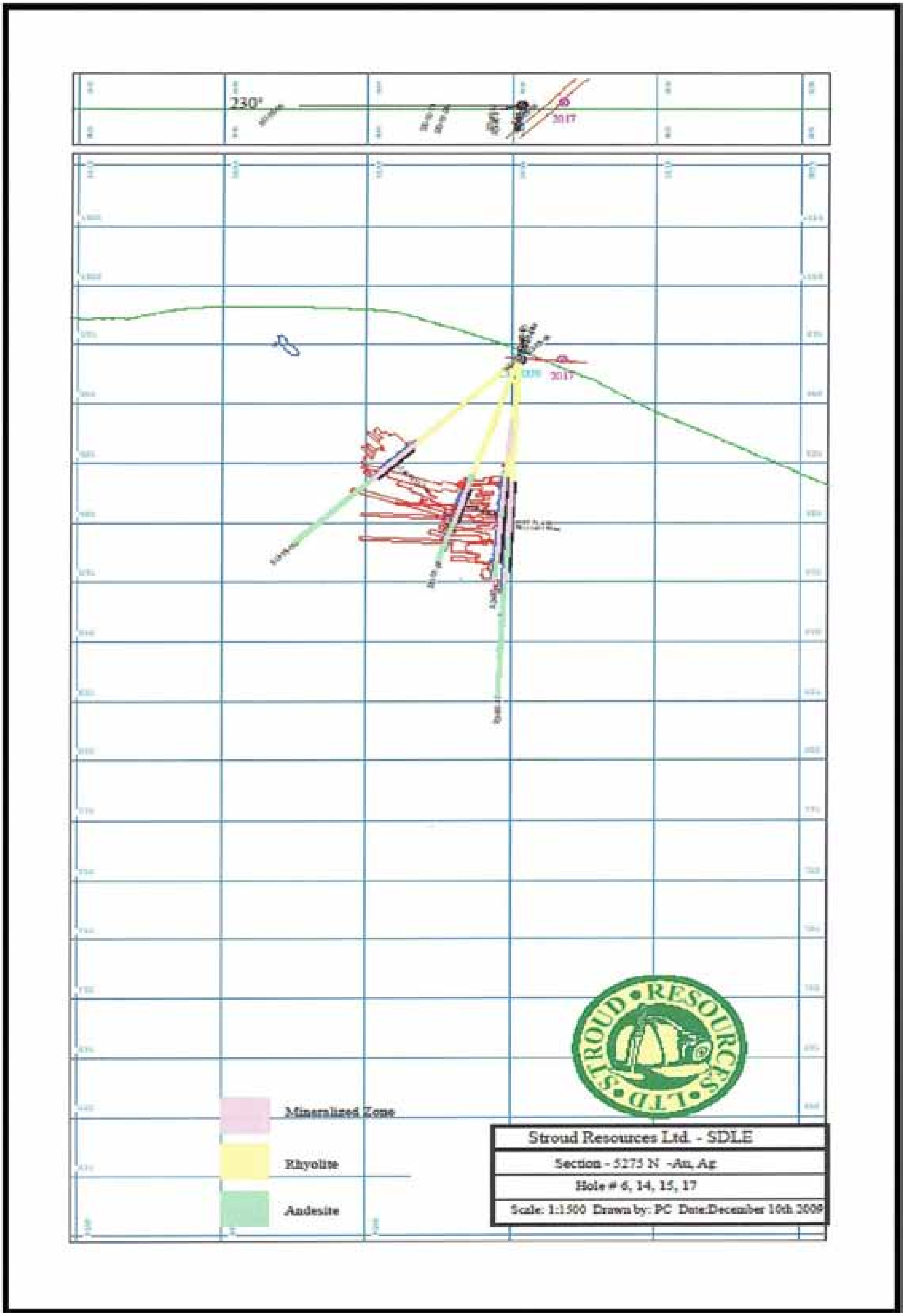


**Figure 6**
**Section 5345N**

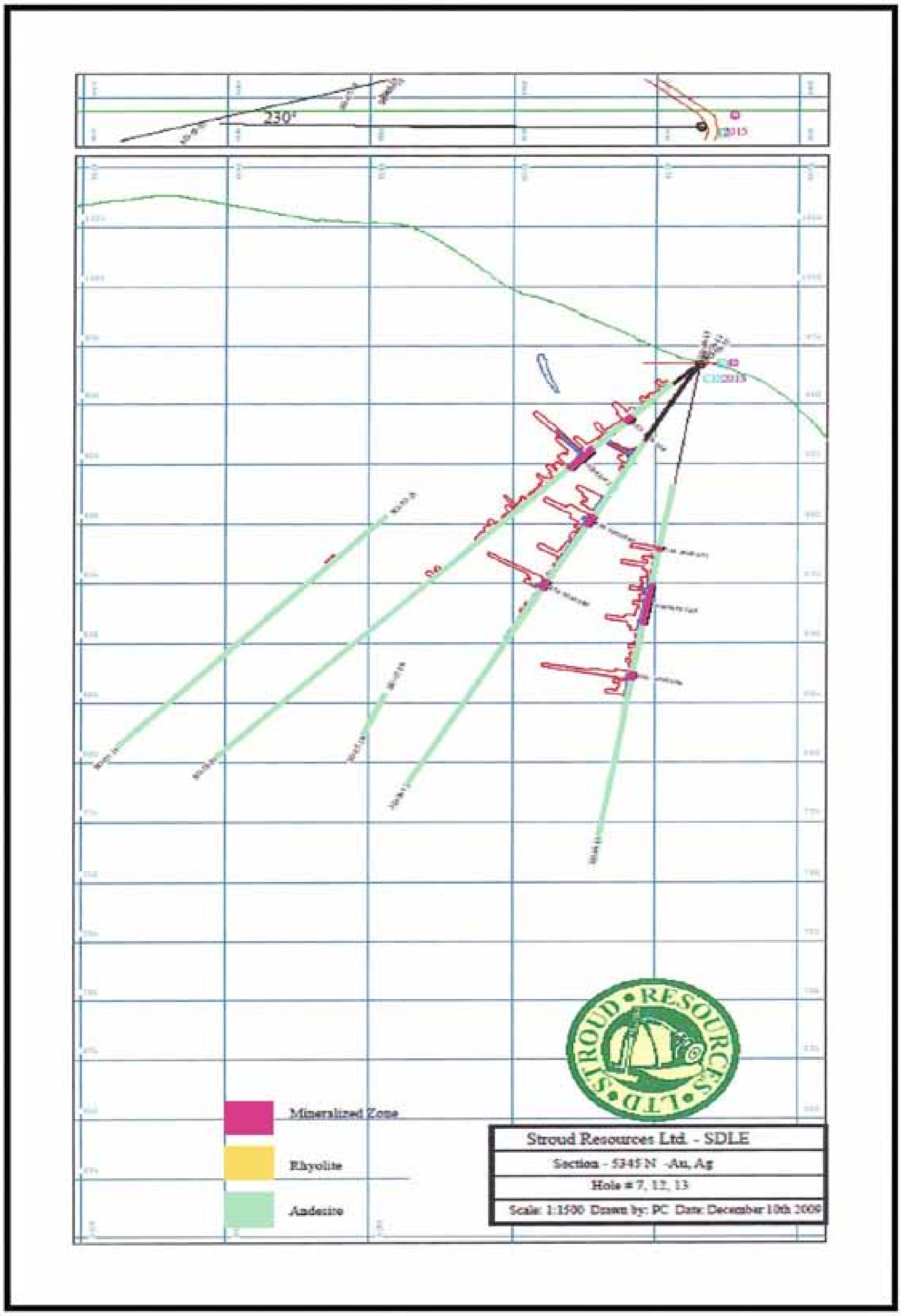


**Figure 7**
**Section 5365N**

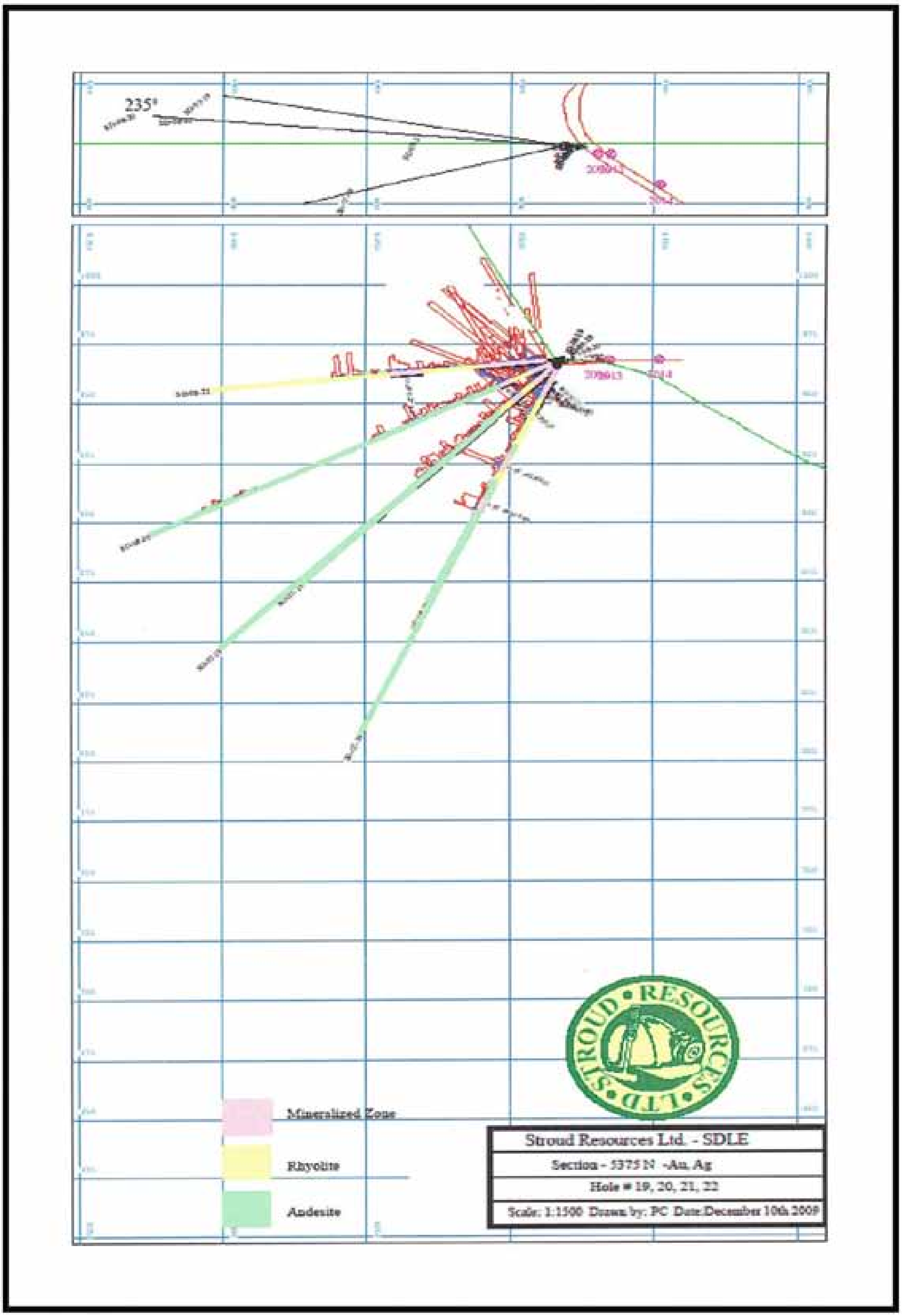


**Figure 8**
**Section 5475N**

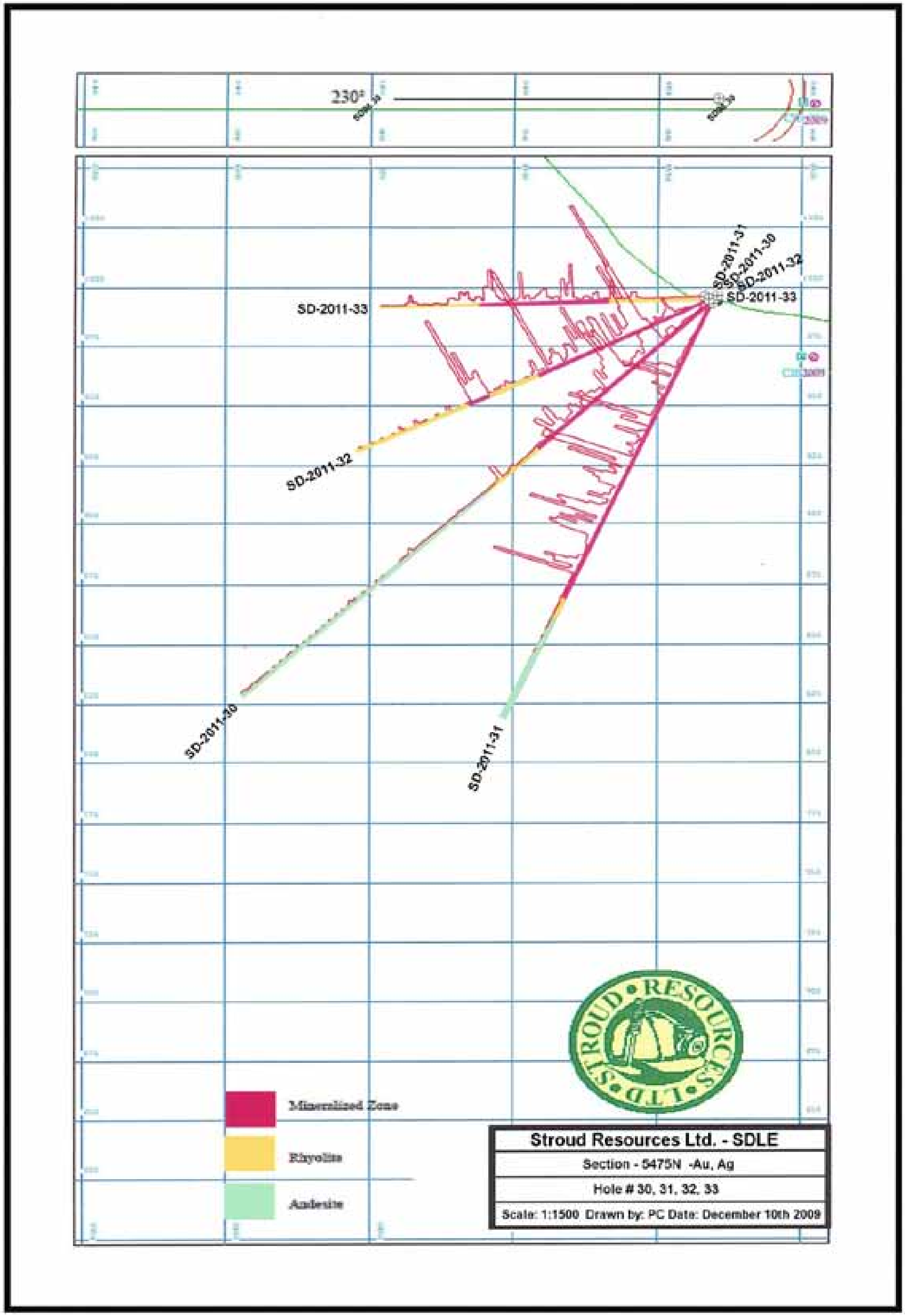


**Figure 9**
**Section 5530N**

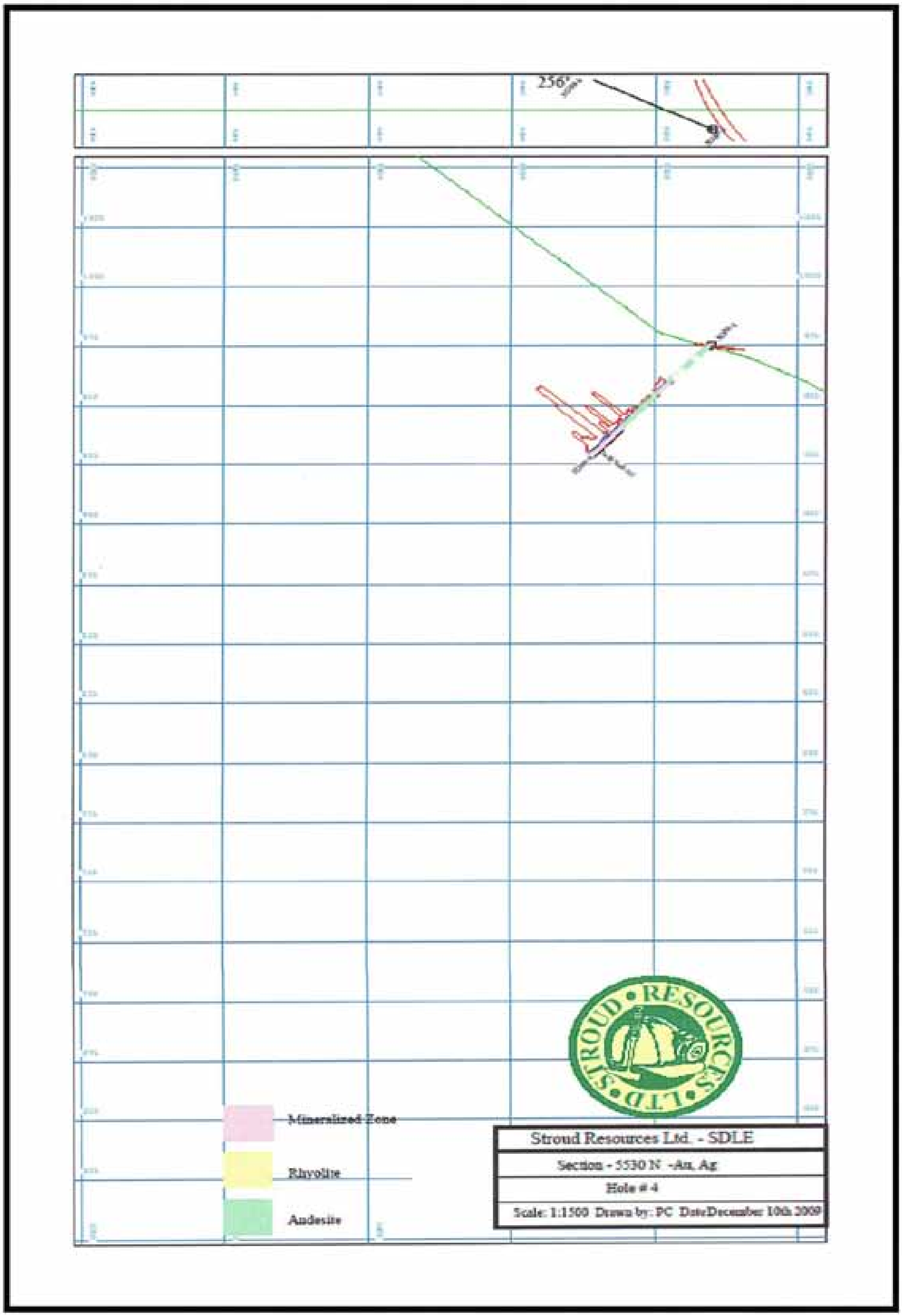


**Figure 10**
**Section 5555N**

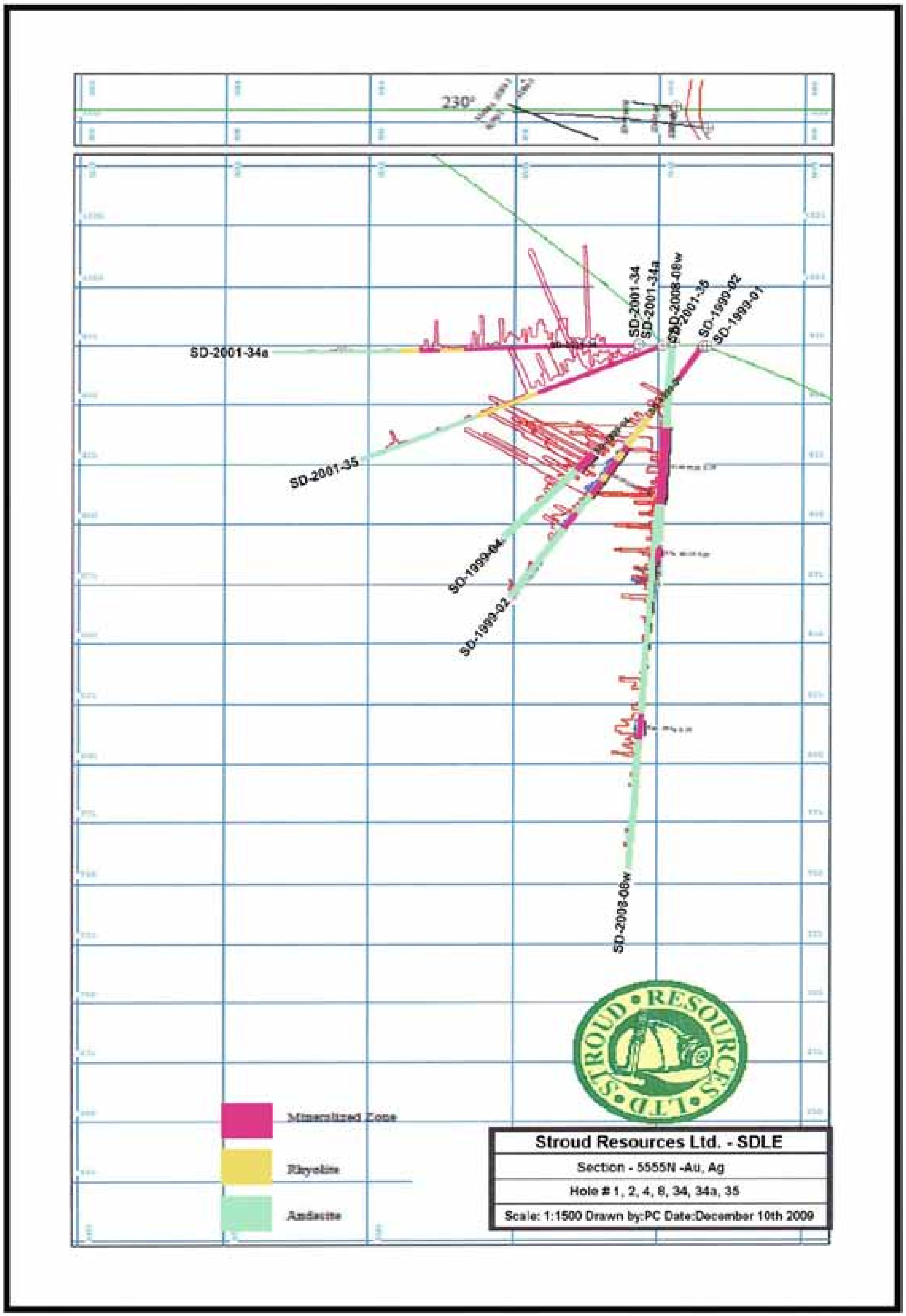


**Figure 11**
**Section 5600N**

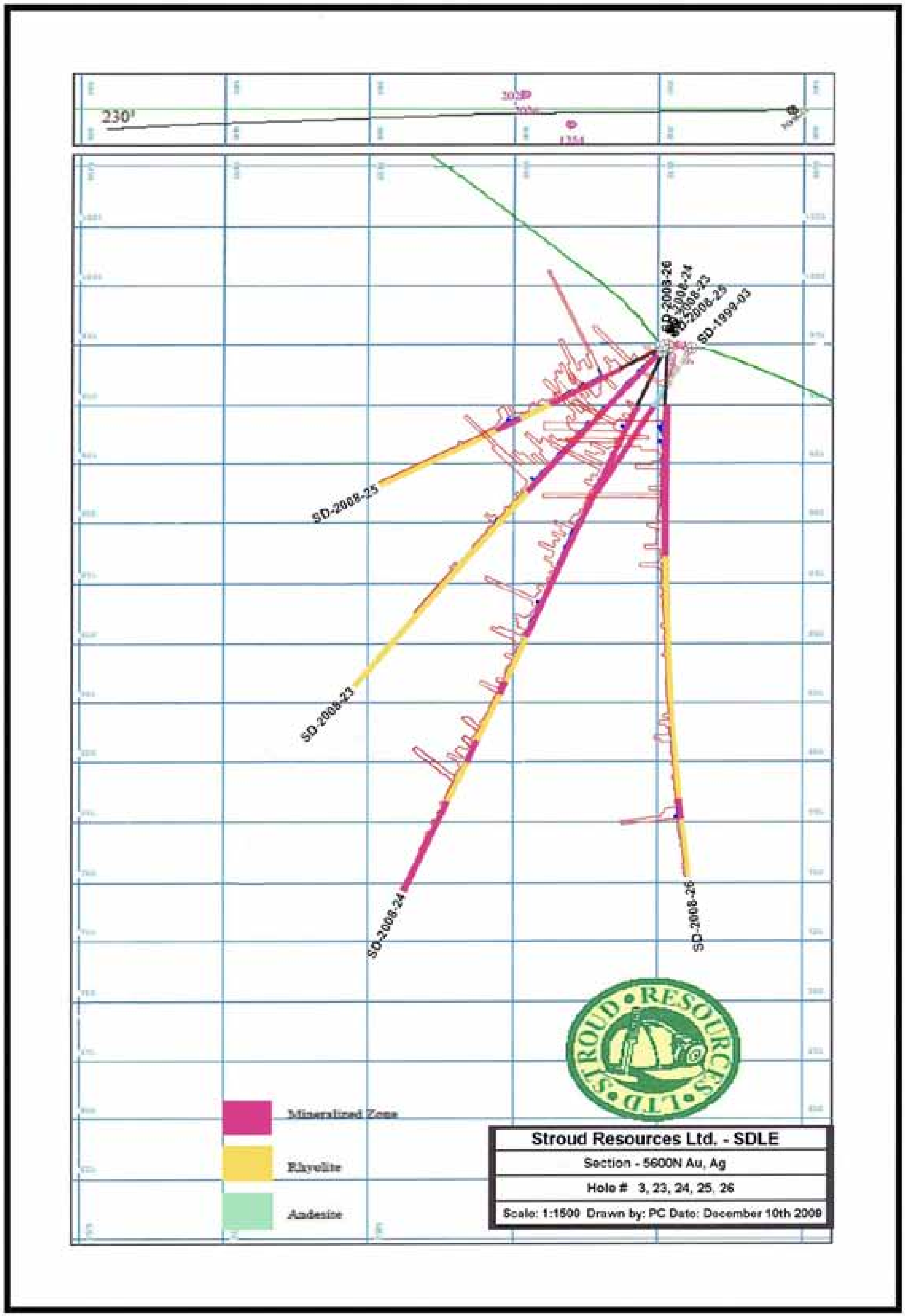


**Figure 12**
**Section 5640N**

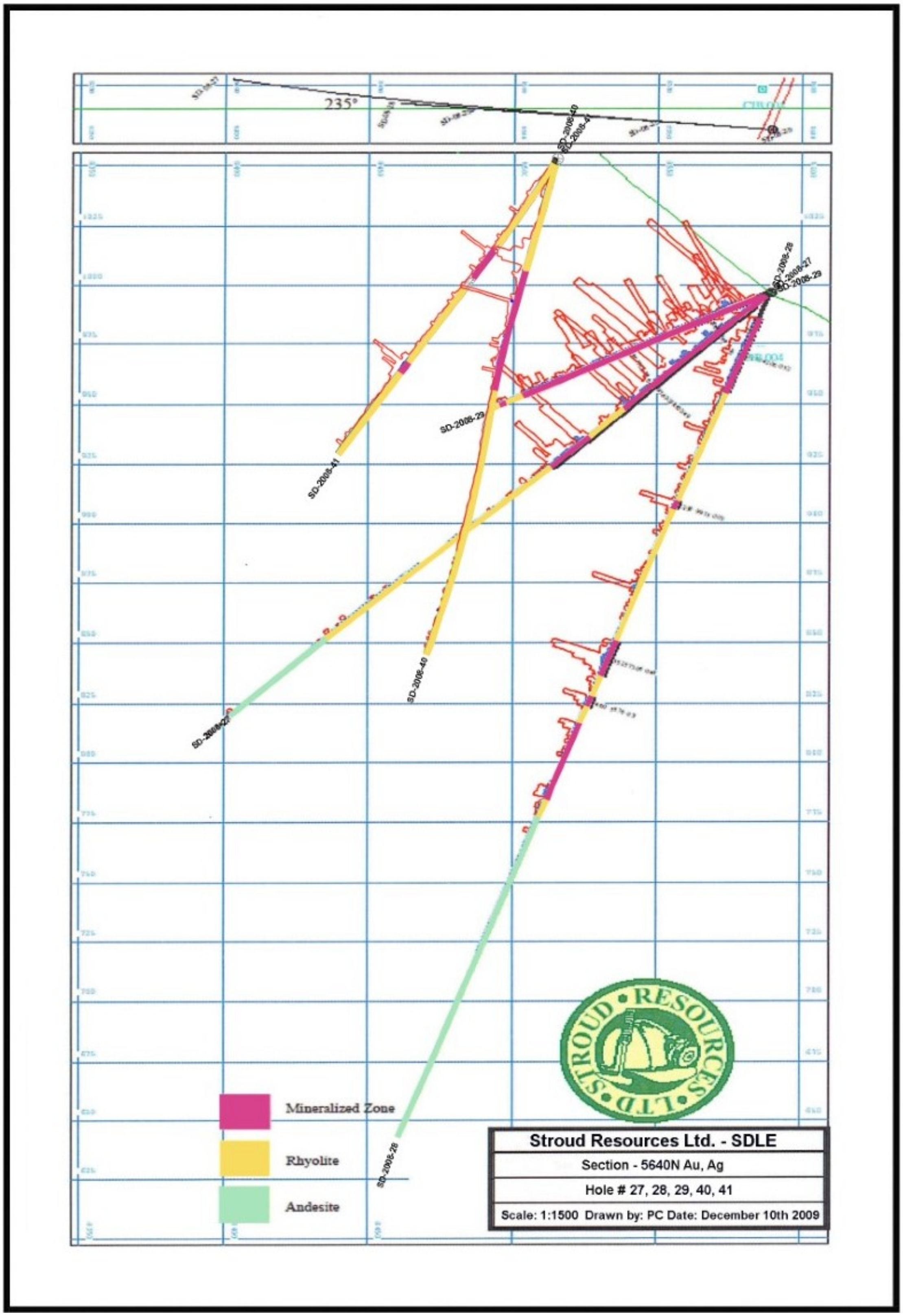


**Figure 13**
**Section 5665N**

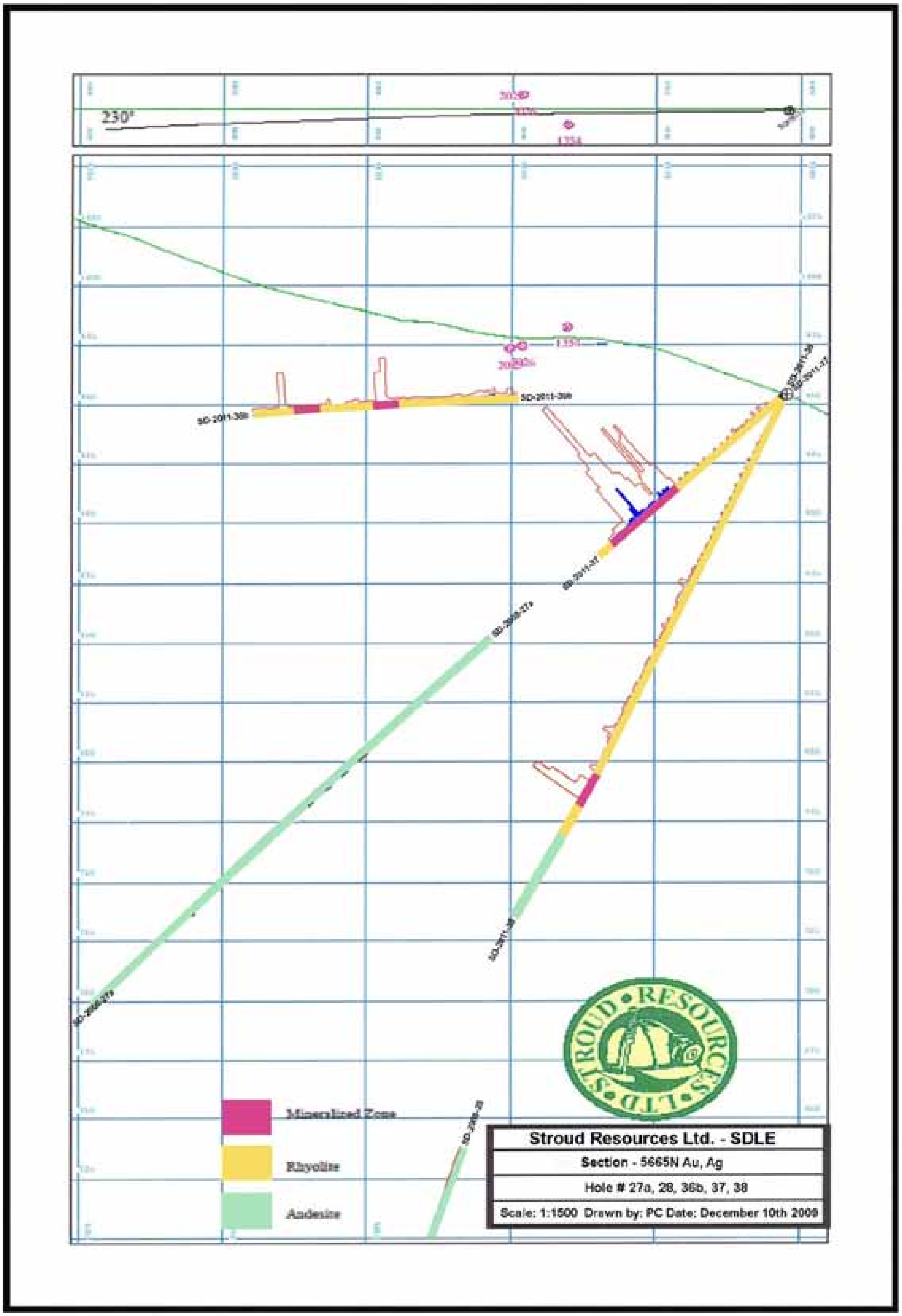
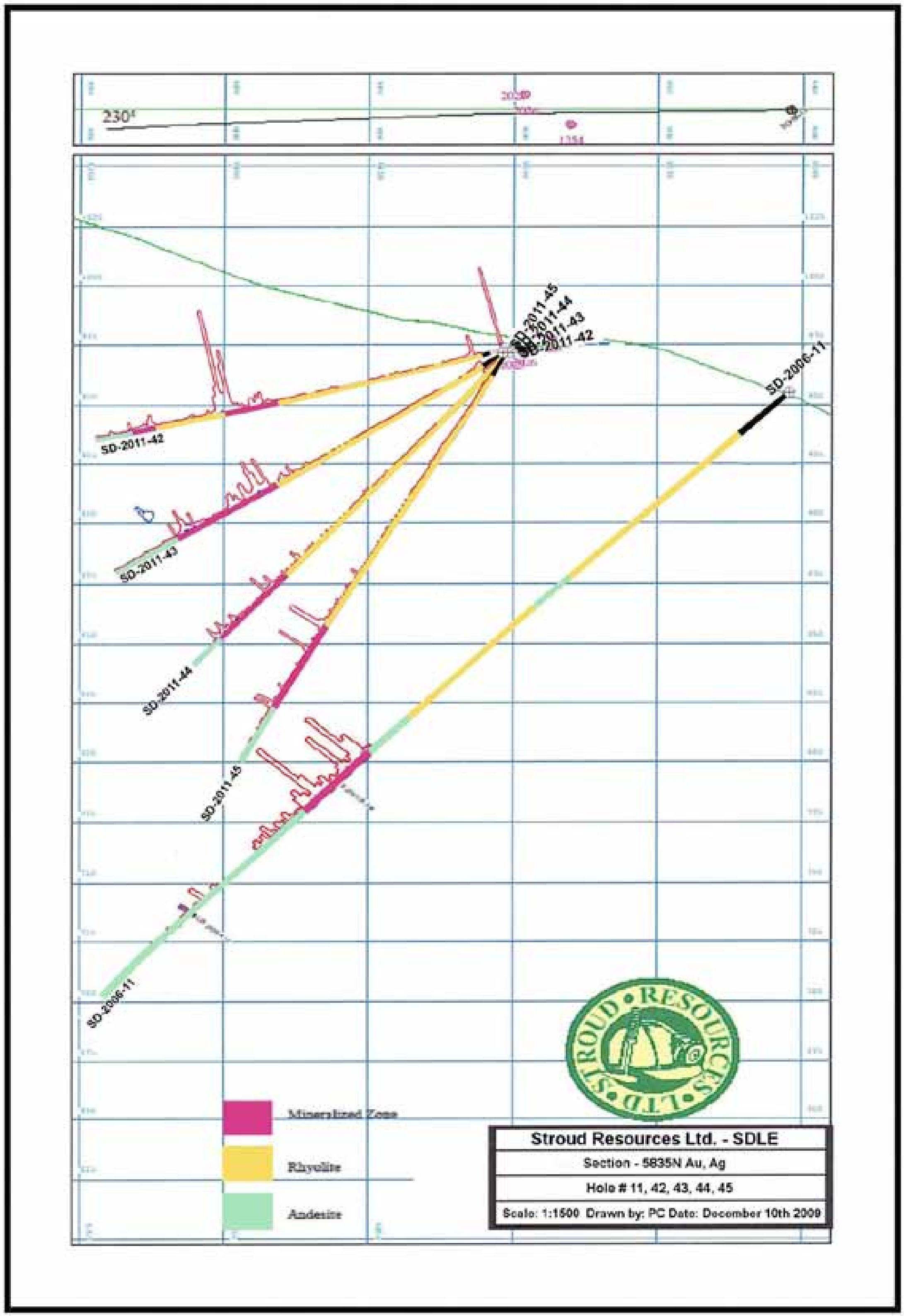
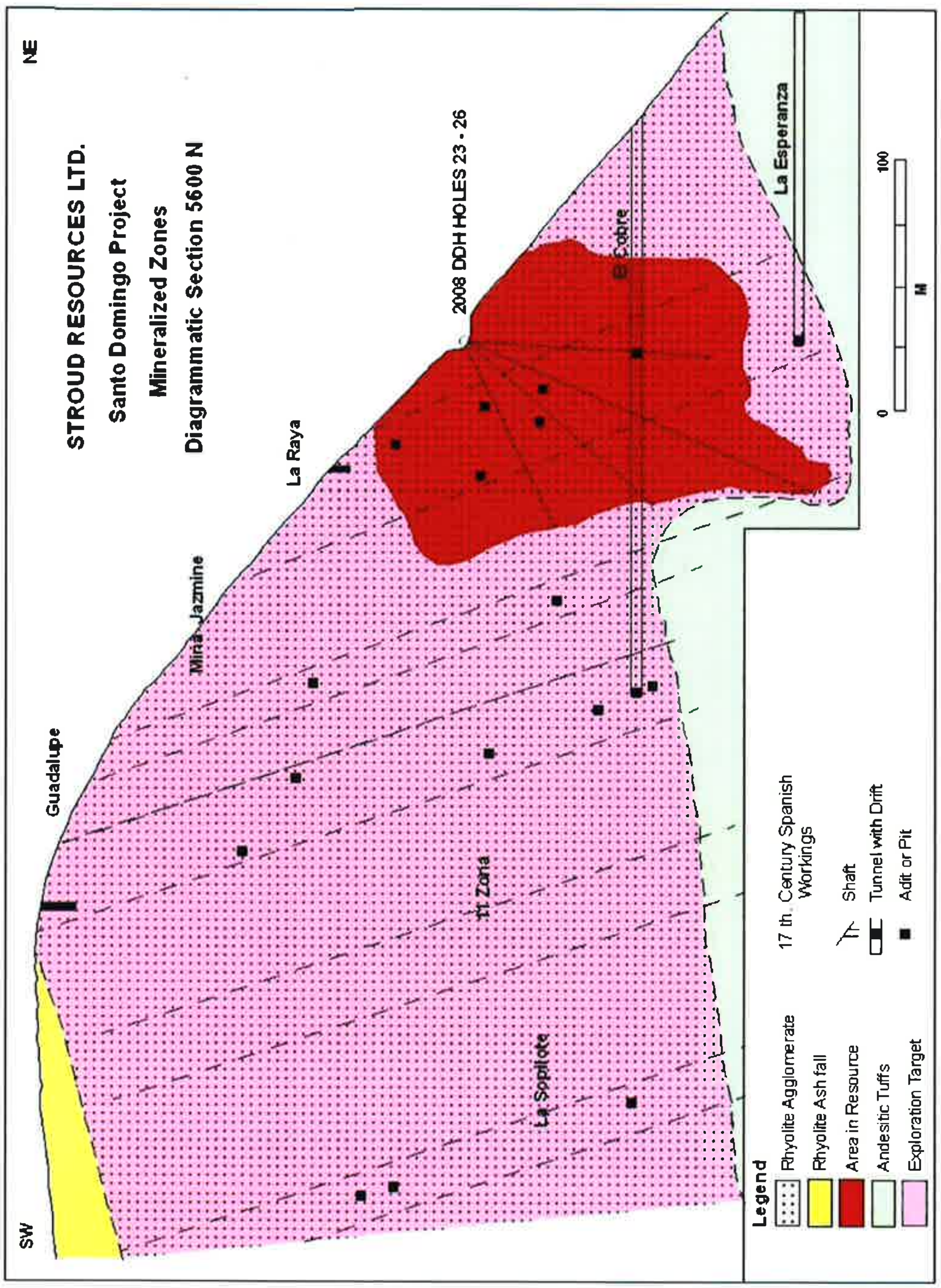


**Figure 14**
**Section 5835N**



A diagrammatic section has been constructed to show the known workings and the vein systems that they outline. They show that the exploration target area identified by the Spanish 400 years ago extends much further than first indicated by the modern explorers (Figure 15).

**Figure 15**
**Diagrammatic Cross Section, 5600, Showing Veins, Mine Workings Outlining Resource Potential and Present Drilled Mineral Resource**



## 12.0 Sampling Method and Approach (From Behre Dolbear, 2010)

### 12.1 Sampling Programs

During the latter 1970s and in 1988, the *Commison de Formento Minero* completed various technical studies and chip sampled some of the adits. From this information, certain tabulations of reserves and resources were made.

The concessions owners requested the *Consejo de Resourcos Minerales (CRM),* a government minerals resource agency, conduct a sampling of the existing mine dumps by pits and trenches. From 77 samples, the CRM estimated that the mine dumps contained 21,595 tonnes grading 308 grams of silver and 1.53 grams of gold per tonne. Behre Dolbear considers the results not acceptable for present resource standards and only refers to them as historical data.

Beginning in 1997, Stroud carried out a general surface and accessible underground mine sampling program, reported in the 2003 Technical Report. Sampling included, chip and grab samples following a protocol of sampling procedures developed by Mr. Bertram Starke, Stroud's Qualified Person (QP) at the time. General procedures, as reported by Stroud, included:

- Channel sampling controls including the recording the recording of sample size, channel sample and sample location;
- One every 15 samples were duplicated and sent to analysis;
- Every 15 samples one blank sample was inserted;
- Control and verification of sampling numbering; and,
- Sample shipping.

Similar to surface samples, mine samples were taken by local crews under the supervision of a geologist of SDLE, or one of their contractors. Chip samples were cut with a chisel and hammer, collected on a canvas and placed in a plastic bag to be labeled and shipped to the laboratory for assay.

### 12.2 Core Handling and Sampling

In the case of core sampling, Stroud, through their QP, developed a protocol of sampling procedures and sample preparation procedures and analyses, closely following those of Chemex Labs. Stroud sampled all drill holes by cutting the core in half on its long axis, originally with a mechanical core splitter, then with a diamond saw during the last drilling campaigns (Photo 11). A total of 30 drill holes were sampled at various intervals, depending on the geologic characteristics of the intersection and where structure was found. Samples were taken of the half-core splits (Photo 12), with lengths varying from 0.3 metre to 2.0 metres.

**Photo 17**

**Core splitting facilities – Diamond saw**
**(B. Solano, 2009)**

**Photo 18**

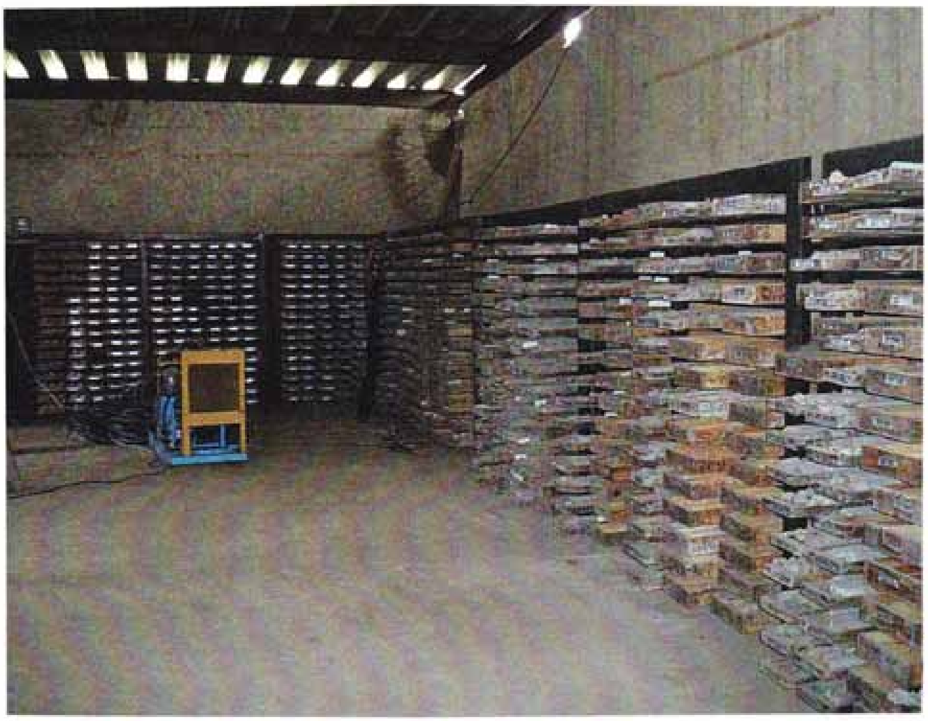
**Half core sample split**
**(B. Solano, 2009)**

metres, although samples were in the order of 1.0 metre for the 1999 campaign and 1.5 metres for 2003 and 2005-2008 campaigns. In all cases detailed sampling was carried out on intervals directed by geological criteria, with priority to test high grade zones in the vein structures and also for the purpose of establishing possible disseminated mineralization in the wall rock and alteration zones.

General procedures for core handling, security, sampling and shipping control, as discussed with Stroud's geo-technician and geologists, are summarized as follows:

- Stroud geo-technicians were present at the drill rig to ensure that core handling, recovery, core accommodation, box numbering and depth recording was properly made by the contraction and the core boxes and the core boxes were hauled to Stroud's sampling facilities in Santo Domingo.
- Depth marker wooden plugs were checked for completeness and depth accuracy.
- Assessment of core recoveries and RQD, measured by geo-technicians, as well as logging by Stroud geologists were completed before core splitting and sampling.
- RQD measurements, expressed as a percentage of core length were taken as a function of core diameter (using 12cm fragment size in the case of HQ and 9cm in the case of NQ and were recorded of the sum of fragments larger than 12 or 9 cm divided by the length of that particular run.
- Samples were marked by the geologist and tags were placed at the beginning and end of the interval to be sampled.
- Core boxes were photographed and records kept in Stroud's project and office files.
- Boxes of core were sent to be split, with a mechanical splitter during the first campaign then sawed by a diamond saw during the latter two campaigns.
- Half core splits were place in plastic bags and tied with plastic belts by the senior geo-technician under the supervision of Stroud's Senior Geologist Derek McBride, who maintained a recorded of the sampling tag books and transfer records to a sampling control and shipment sheet.
- Sample tags would have three portions for the box, the sample bag and the record booklet.
- Five to 10 sample bags would be put in larger bags and shipped to ALS Chemex lab in Guadalajara, directly by Stroud personnel under the geologist's supervision.
- The samples were then bar-coded in the lab and weighed prior to being processed. Once processed, pulps were shipped to ALS Chemex Laboratories in Vancouver, British Columbia; sample tracking is made electronically until assayed and reported.
- The remainder of the samples were returned to the core box and transferred to Stroud's core house in Labour de Guadalupe.
- Regarding security, all samples were collected and shipped by Stroud personnel. The core and samples remained under Stroud's supervision from time of collection of core boxes from the drill site until the time they were handed over to the ALS Chemex preparation lab in Guadalajara. All core and sample splits are kept in locked storage facilities in Labour de Guadalupe (Figure 18).

**Photo 19**



**Stroud's core storage facilities at Labor de Guadalupe**
**(B. Solano, 2009)**

### 12.3 Core Recoveries

Core recoveries were recorded for all drill holes, while RQD measurements were initiated with hole SD-14. It is noted that the core recoveries were sometimes not included in drill logs, but in the RQD reports and are commonly incomplete. A core review detected frequent small displacements in the location of depth marker tags and some core recoveries greater than 100%.

Taking this into consideration, Behre Dolbear made a rough estimate of core recoveries based on selected intersections coincident with Behre Dolbear check sampling. All measured core recoveries were made in mineralized or altered material; therefore, are considered representative of the different types of mineralization.

It was found that, in general, drill holes show good recovery – in order of 96% (Table 9), although varying from 78% to 100%, depending upon the degree of fracturing in mineralized zone intersections. Based on these estimates, Behre Dolbear considers core recoveries as being adequate for use in Mineral Resource calculation and reporting.

It is also believed that sampling procedures followed by Stroud are common to the industry and have been adequately followed through the campaign. It is therefore, concluded that samples are adequate for Mineral Resource calculation and reporting.

Due to topographic restrictions, several drill holes had to be fanned from single drill pads, therefore not all were perpendicular to the structures and projection to the nearest section had to be made, of the intersections both in the horizontal and vertical planes, to calculate the true width for volume calculations.

**Table 9**

CORE RECOVERIES OF MINERALIZED INTERSECTIONS
VERIFIED BY BEHRE DOLBEAR'S QUALIFIED PERSON

| STROUD RESOURCES LTD. | | | | | |
|---|---|---|---|---|---|
| SANTO DOMINGO PROJECT. HOSTOTIPAQUILLO, JAL. DDH CORE RECOVERY BD ESTIMATE | | | | | |
| HOLE | FROM | TO | INT. | CORE | % RECOV |
| SD-05-06 | 48.50 | 51.30 | 2.80 | 2.80 | 100% |
| SD-05-06 | 62.14 | 63.10 | 0.96 | 0.96 | 100% |
| SD-05-07 | 36.50 | 38.30 | 1.80 | 1.75 | 97% |
| SD-05-07 | 55.00 | 56.50 | 1.50 | 1.50 | 100% |
| SD-06-12 | 75.00 | 76.50 | 1.50 | 1.40 | 93% |
| SD-06-13 | 133.00 | 134.00 | 1.00 | 1.00 | 100% |
| SD-06-11 | 234.00 | 235.50 | 1.50 | 1.45 | 97% |
| SD-07-14 | 60.06 | 61.20 | 1.14 | 1.00 | 88% |
| SD-07-17 | 7.30 | 8.20 | 0.90 | 0.90 | 100% |
| SD-07-17 | 66.40 | 67.68 | 1.28 | 1.28 | 100% |
| SD-08-21 | 11.30 | 12.80 | 1.50 | 1.30 | 87% |
| SD-08-22 | 8.20 | 9.80 | 1.60 | 1.45 | 91% |
| SD-08-24 | 53.95 | 55.50 | 1.55 | 1.55 | 100% |
| SD-08-25 | 37.20 | 38.70 | 1.50 | 1.50 | 100% |
| SD-08-26 | 40.25 | 41.75 | 1.50 | 1.50 | 100% |
| SD-08-27 | 40.25 | 41.75 | 1.50 | 1.20 | 80% |
| SD-08-28 | 35.65 | 37.20 | 1.55 | 1.55 | 100% |
| SD-08-29 | 26.50 | 28.05 | 1.55 | 1.52 | 98% |
| SD-08-30 | 41.75 | 43.25 | 1.50 | 1.50 | 100% |
| AVERAGE | | | 1.48 | 1.43 | 96% |

## 12.4 Drill Hole Surveying

Stroud carried out control of drill deviation with depth, through the use of down hole single EZ-Shot instrument handled by the drill contractor during the first campaign. Reportedly, the majority of the 2005-2008 drilling campaign were surveyed by a down-hole Pajari Instrument, the hole locations were determined by GSP and will be surveyed in 2010 (G. Coburn, 2009).

Surveying information was obtained for only nine out of 30 holes drilled. Measurements were obtained irregularly, apparently trying to gather data from the hole collar and bottom of the hole and every 50 metres at depth. Measurements available to Behre Dolbear include hole numbers SD - 2-8, SD - 24 and SD - 27.

The length of the drill holes, excluding abandoned holes, varied from 89.3 to 376.9 metres with an average of 183.5 metres. Only two deep holes were reported, SD-24 at 255.9 metres and SD-27at 310.75 metres. Behre Dolbear noted that the inclination in this hole was a minimal 1.0 degree to the bottom of the hole, however the deviation in bearing was of 6 degrees. Similarly, in hole SD-24, that bearing deviation was up to 8 degrees at 160 metres depth. It is considered the deviation of the holes was minimal in shallow holes, but could be significant in holes over 150 metres in depth.

Behre Dolbear noted that hand held GPS measurements of DH locations were not accurate due to the inherent precision of the instrument. This along with the slight deviation of holes, implies that the projected location of the intersections to the cross sections and plan may be slightly different and may have a minor, but not quantified m affect in the block resources estimate by Stroud.

Behre Dolbear opines that, considering the mineral Resource estimate method used by Stroud (manual polygon method), the variation will be minimal. Nonetheless, Behre Dolbear recommends that the location of the drill holes be re-surveyed with high precision GPS station or a standard Total Station surveying instrument and all Tropari readings are to be included in the Exporpac data base to produce an updated set of cross sections and Technical Report.

## 13.0 Sample Preparation, Analyses and Security

### 13.1 ALS Chemex Labs Quality Assurance/Quality Control (QA/QC)

ALS Chemex Laboratory Group, based in Vancouver, Canada, was the primary analytical laboratory for all samples collected, with Bonder Clegg labs used as secondary check lab in 1999. A second lab was not used to check assays in the 2005-2008 drilling campaign.

ALS Chemex has developed and implemented a Quality Management System (QMS) at each of its locations, designed to ensure the delivery of consistently reliable data. As a result, the lab has received, including its sample preparation section in Guadalajara, the ISO 9000:2000 and ISO 17025 Quality Management System registration from OMI in North America. The ALS laboratory in Vancouver has also been accredited, conforming to the requirements of Canadian regulations. Detailed sample preparation procedures, assay protocols and quality controls can be consulted in www.alsglogal.com/mineral/.

Routine QC procedures require the analysis of quality control samples (reference material, duplicates and blanks) with all sample batches. As part of the assessment of every data set, results from the control samples are evaluated to ensure they meet standards determined by the precision and accuracy requirements of the assay method. In the event that any reference material or duplicate result falls outside the established control limits, an Error Report is automatically generated. This ensures the person evaluating the sample set for data release is made aware that a problem may exist with the data set and investigation can be initiated. All data generated from quality control samples are automatically captured and retained I a separate database used for Quality Assessment. Control charts for in-house reference materials from frequently used analytical methods are regularly generated and evaluated by senior technical staff at Quality Control meetings of the assay laboratory to ensure internal specifications for precision and accuracy are being met.

**13.2 Stroud Sample Preparation Procedures**

Core samples during the first drilling campaign of 1999 were prepared according to the following sample preparation and analysis procedures:

- Samples were sent the Chemex Laboratories in Guadalajara where they were crushed, split and pulverized;
- Procedures defined by Stroud included crushing, pulverizing and cleaning instructions (Chemex Codes 226, 1388, 1316);
- Au analysis was instructed (1.0 assay ton/FA-AA) and repetition of over limit assays with FA-Gravimetric methods (Chemex Code 997) assays with AA-Gravimetric methods (Chemex Code 384);
- One sample out of 15 was check assayed by Bondar Clegg in San Luis Potosi, Mexico;
- Ag analysis by aqua Regia-AA and repetition of over limit assays with AA-Gravimetric methods (Chemex Code 384); and,
- One sample in 15 was check assayed by Bondar Clegg Labs in San Luis Potosi, Mexico.

For the most recent drilling campaigns, in 2008-2009, samples were also sent to the ALS Chemex's sample preparation facility in Guadalajara, Mexico following the protocol below (D. McBride 2009).

- Samples were crushed, split and pulverized
- A 100 to 200 gram representative pulverized sample is air-shipped to the ALS Chemex assay facility in Vancouver, Canada where 50 gram samples are assayed.
- All reject material is returned to SDR's storage building in Labour de Guadalupe.
- Gold and silver are fired assayed with gravimetric finish following ALS Chemex procedures number ME-GRA21 (Appendix 2.0) gold and silver are assayed using a 50 gram sample which is fused with lead oxide, sodium carbonate, borax, silica and other agents to produce a lead button. This button is compelled to remove the lead. The remaining bead is weighed and the silver and gold are parted with dilute nitric acid and weighed to determine the gold. Silver weight is calculated by the weight difference.

- Copper, lead and zinc are assayed with Atomic Absorption (AA) following ALS Chemex procedures numbers Cu-AA46, PB-AA46, Zn-AA46 and /or ICP 41-ICP 61: copper, lead, and zinc are determined using a 0.4 gram sample which is digested in concentrated nitric acid. Hydrochloric acid is added to produce aqua regia and the mixture is digested for one hour and a half. The resulting solutions diluted to a fixed volume with de-mineralized water and analyzed by atomic absorption spectrometry against Matrix-matched standards.
- Security. Samples are retrieved form drill sites and subject to the logging and sampling process by Stroud personnel as described before. Bagged samples are subject to a chain of command process that includes fill-out and double verification of shipping format by sampling personnel and the geologist in charge and on duty. Sample bags are put in large plastic bags, marked, sealed and shipped by Stroud personnel directly from the sampling facilities at Santo Domingo to ALS Chemex facilities and an acknowledgement of the receipt of the samples is issued by the lab. The samples are then bar-coded and weighed prior to. Once processed, pulps are shipped to ALS Chemex laboratories in Vancouver, Canada; sample tracking is made electronically until the samples have been assayed and reported.
- Preliminary assay results are issued by the lab in electronic format and a final Assay Certificate mailed to the client.

Behre Dolbear concludes that the sample methods, sample preparations, analyses and check sampling procedures developed by Stroud are adequate and follow accepted industry standards

## 14.0 Data Verification

### 14.1 Stroud's 2011-2012 Drill Program

In 2011 and 2012 Stroud performed a drill campaign of 15 drill holes. Drilling continued to move northwest to define the mineralization in that direction. Four holes completed the program on the same section as drill hole SD-06-11 which is 150 metres northwest of the nearest section.

The same protocols were applied that had been approved by Behre Dolbear in their 2010 NI 43-101 Technical Report. Since their studies demonstrated that the verification protocols used by Stroud were acceptable, they were not repeated for the 2011-2012 drilling programs.  Similarly, the updated mineral resource estimate uses the same criteria. A description of the Behre Dolbear protocols is described below.

## 14.2 Stroud Quality Control

Prior to the beginning of the 1999 drilling campaign, Stroud prepared a protocol of Sampling Procedures that included QA/QC. A summary follows:

- Sample size 2.5 kg for channel-chip-grab samples and half split for core samples;
- Channel sample length 1.0 or 2.0 metres;
- Duplicate samples inserted every 15 samples;
- Blanks inserted approximately every 15 samples;
- Numbering system will ensure that inserted duplicates and blanks will not be detected by the lab;
- For the last drilling campaign, some modifications were made by Stroud to include a blank from a known rock source every tenth sample. Approximately 200 assays of this rock were determined;
- Periodically, a pre-assayed silver-gold sample was inserted instead of a blank. These control samples provided a control over contamination in the field;
- Three standard samples were prepared by ALS Chemex in 2006. An OREAS 61 Pa, an OREAS 61Pb, and a Blank; and,
- Additionally, ALS Chemex runs a series of standard samples with every batch submitted by Stroud. A review of the two sets of standards shows that the analyses are with accepted analytical precision.

## 14.3 Behre Dolbear Data Verification

Behre Dolbear made a review of available information derived from previous work. This information basically included geological reports, drill logs, sampling procedures and assay results. Verification consisted of field checking of geology as well as a review of all vein intersection sand detailed discussions of sample handling sampling, and security procedures established by Stroud. A random check of the location of the drill holes was also made, finding that the number, particularly from the first stages of exploration have been covered with dirt and are difficult to find or were not found (Figures 20 and 21). It was recommended to Stroud that the missing drill holes be relocated and marked again.

Behre Dolbear also reviewed the Technical Report calculations as described in Section 23, and the exploration program proposed by Stroud.

## 14.4 Behre Dolbear Check Sampling

Behre Dolbear carried out the verification of core samples of La Raya and Guadalupe vein systems by taking eighteen samples of core, which were split from remaining halves of the core (Photo 13, Table 7)

Behre Dolbear samples were taken by the QP and personally delivered to ALS Chemex preparation laboratories in Guadalajara and the pulps sent to ALS Chemex, Vancouver, Canada to be assayed for Au and Ag (fires assay/gravimetric finish, ALS Chemex Code GRA-21). Pb and Zn were assayed with Aqua-Regia digestion and AAS (ALS Chemex

Code AA-46). Considering that Cu was not routinely assayed during the Stroud drilling campaign, its analysis was not included in the BD verification (Table 8 to 10), (ALS Chemex assay certificates are attached in appendix 3, BD 2010 Report).

In all cases, assay methods were either the same or similar to the ones used for the Stroud samples.

The graphs of Figures 16 to 23, show very good correlation of gold assays between the samples taken by Behre Dolbear compared to Stroud results and good correlation for Pb and Zn. It is noticed that some samples were not assayed for Pb and Zn, therefore, not include in the graphs.

In the case of silver, the correlation is not very high, ranking on the order of $R^2$ =0.47; sample 460433 showed an assay of 62 grams per tonne Ag versus 562 grams per tonne Ag, therefore it was not included. In spite of these results, the average silver value for 18 samples is 225 grams per tonne Ag for Behre Dolbear versus 212 grams per tonne Ag for Stroud samples, or a 6 % difference, but with a large standard deviation of S =148 and 153 grams per tonne Ag, respectively. Values are more irregular in the upper quartile, particularly above 300 grams per tonne Ag.

**Table 10**

BEHRE DOLBEAR SAMPLE VERIFICATION

| STROUD RESOURCES LTD. | | | | | | | |
|---|---|---|---|---|---|---|---|
| SANTO DOMINGO PROJECT | | | | | | | |
| BD CORE SAMPLING VERIFICATION | | | | | | | |
| | | | | | Location | | |
| Behre Dolbear | | | Stroud | | From | To | Width |
| Sample Number | | | Drill hole | Sample Number | | (m) | |
| BDM | 1 | 460431 | SD-05-06 | 76013 | 62.14 | 63.10 | 0.96 |
| BDM | 2 | 460432 | SD-07-14 | 74786 | 60.06 | 61.20 | 1.14 |
| BDM | 3 | 460433 | SD-07-17 | 74751 | 66.40 | 67.68 | 1.28 |
| BDM | 4 | 460434 | SD-05-07 | 76053 | 55.00 | 56.50 | 1.50 |
| BDM | 5 | 460435 | SD-06-12 | 74628 | 75.00 | 76.50 | 1.50 |
| BDM | 6 | 460436 | SD-06-13 | 74718 | 133.00 | 134.00 | 1.00 |
| BDM | 7 | 460437 | SD-06-11 | 76467 | 234.00 | 235.50 | 1.50 |
| BDM | 8 | 460438 | SD-07-16 | 74858 | 7.30 | 8.20 | 0.90 |
| BDM | 9 | 460439 | SD-08-21 | 76641 | 11.30 | 12.80 | 1.50 |
| BDM | 10 | 460440 | SD-08-22 | 76668 | 8.20 | 9.80 | 1.60 |
| BDM | 11 | 460441 | SD-08-29 | 77661 | 26.50 | 28.05 | 1.55 |
| BDM | 12 | 460442 | SD-05-08 | 76121 | 36.50 | 38.30 | 1.80 |
| BDM | 13 | 460443 | SD-08-24 | 76899 | 53.95 | 55.50 | 1.55 |
| BDM | 14 | 460444 | SD-08-25 | 77169 | 37.20 | 38.70 | 1.50 |
| BDM | 15 | 460445 | SD-08-26 | 77029 | 40.25 | 41.75 | 1.50 |
| BDM | 16 | 460446 | SD-08-27 | 77271 | 40.25 | 41.75 | 1.50 |
| BDM | 17 | 460447 | SD-08-28 | 77438 | 35.65 | 37.20 | 1.55 |
| BDM | 18 | 460448 | SD-08-30 | 77729 | 41.75 | 43.25 | 1.50 |

## Table 11

BEHRE DOLBEAR VERIFICATION – ASSAY COMPARISON BETWEEN STROUD AND BDM REPORTS OF ALS CHEMEX LABS

| BD CHECK SAMPLING (July, 2009) ALS CHEMEX RESULTS | | | | | | | STROUD RESOURCES LTD. ALS CHEMEX RESULTS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of samples | BD Sample | ME-GRA21 | ME-GRA21 | | Pb-AA46 | Zn-AA46 | ME-GRA21 | ME-GRA21 | | Pb-AA46 | Zn-AA46 |
| | | Au | Ag | Cu | Pb | Zn | Au | Ag | Cu | Pb | Zn |
| | | g/t | | ppm | | | g/t | | ppm | | |
| 1 | 460431 | 0.83 | 89 | | 0.06 | 0.05 | 0.69 | 108 | | | |
| 2 | 460432 | 1.04 | 403 | | 1.47 | 1.93 | 0.93 | 270 | 0.03 | 1.04 | 1.34 |
| 3 | 460433 | 0.37 | 62 | | 0.08 | 0.23 | 0.7 | 562 | 0.08 | 0.07 | 0.21 |
| 4 | 460434 | 15.1 | 170 | | 1.64 | 0.90 | 13.25 | 239 | 0.06 | 1.40 | 0.96 |
| 5 | 460435 | 1.7 | 149 | | 0.10 | 0.35 | 1.88 | 170 | 0.01 | 0.12 | 0.53 |
| 6 | 460436 | 0.7 | 168 | | 0.26 | 0.47 | 0.81 | 306 | 0.03 | 0.09 | 0.30 |
| 7 | 460437 | 0.71 | 313 | | 0.28 | 0.11 | 0.28 | 277 | | | |
| 8 | 460438 | 1.32 | 491 | | 0.28 | 0.58 | 1.19 | 732 | 0.05 | 0.25 | 0.85 |
| 9 | 460439 | 3.36 | 381 | | 0.70 | 0.82 | 1.79 | 168 | 0.03 | 0.21 | 0.67 |
| 10 | 460440 | 0.77 | 140 | | 0.05 | 0.12 | 0.77 | 115 | <0.01 | 0.02 | 0.08 |
| 11 | 460441 | 0.29 | 41 | | 0.02 | 0.06 | 0.29 | 38 | | 0.02 | 0.07 |
| 12 | 460442 | 0.49 | 480 | | 0.53 | 1.09 | 0.46 | 242 | 0.14 | 0.73 | 1.66 |
| 13 | 460443 | 0.05 | 33 | | 0.04 | 0.22 | 0.11 | 101 | 0.02 | 0.21 | 0.05 |
| 14 | 460444 | 1.38 | 279 | | 0.17 | 0.13 | 1.02 | 215 | 0.01 | 0.15 | 0.12 |
| 15 | 460445 | 0.31 | 312 | | 1.44 | 3.09 | 0.22 | 186 | 0.03 | 0.25 | 0.90 |
| 16 | 460446 | 1.09 | 123 | | 0.04 | 0.05 | 1.32 | 139 | <0.01 | 0.04 | 0.05 |
| 17 | 460447 | 0.1 | 77 | | 0.22 | 0.27 | 0.2 | 99 | 0.03 | 0.22 | 0.39 |
| 18 | 460448 | 1.29 | 182 | | 0.34 | 1.02 | 1.68 | 197 | | 0.41 | 1.04 |
| Averages | | 1.72 | 216 | Note * | 0.43 | 0.64 | 1.53 | 231 | 0.04 | 0.33 | 0.58 |

Note * .- Copper assay not included

## Table 12

BEHRE DOLBEAR SAMPLE VERIFICATION ASSAY RESULTS – ALS CHEMEX CERTIFICATE OF ANALYSIS

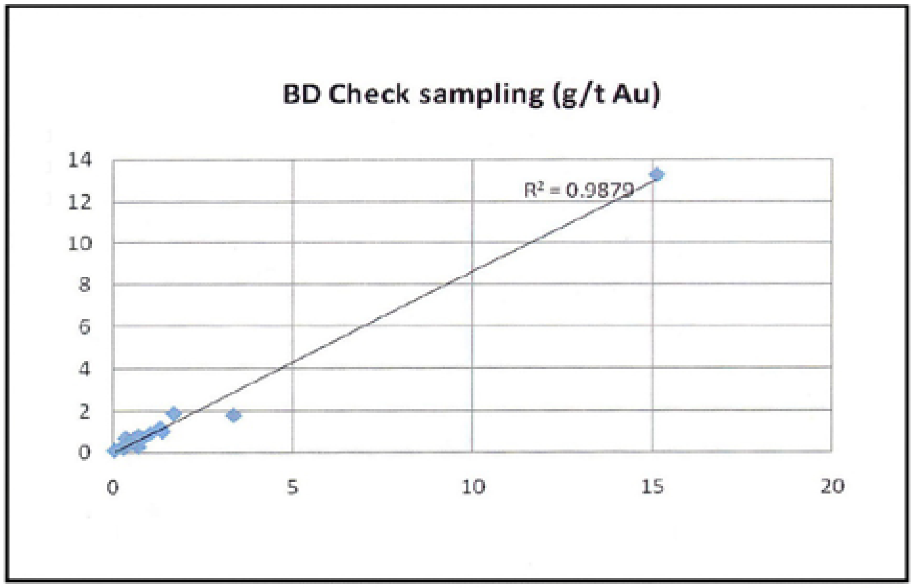
GU09071283 - Finalized
CLIENT : "OYN - Stroud Resources LTD."
# of SAMPLES : 18

DATE RECEIVED : 2009-07-16 DATE FINALIZED : 2009-07-21
PROJECT : "Santo Domingo"
CERTIFICATE COMMENTS : ""
PO NUMBER : " "

| ASSAY METHOD | ME-GRA21 | ME-GRA21 | Pb-AA46 | Zn-AA46 |
|---|---|---|---|---|
| SAMPLE | Au | Ag | Pb | Zn |
| DESCRIPTION | ppm | ppm | % | % |
| 460431 | 0.83 | 89 | 0.056 | 0.048 |
| 460432 | 1.04 | 403 | 1.47 | 1.93 |
| 460433 | 0.37 | 62 | 0.078 | 0.233 |
| 460434 | 15.1 | 170 | 1.64 | 0.904 |
| 460435 | 1.7 | 149 | 0.101 | 0.354 |
| 460436 | 0.7 | 168 | 0.258 | 0.468 |
| 460437 | 0.71 | 313 | 0.278 | 0.108 |
| 460438 | 1.32 | 491 | 0.279 | 0.577 |
| 460439 | 3.36 | 381 | 0.695 | 0.82 |
| 460440 | 0.77 | 140 | 0.049 | 0.118 |
| 460441 | 0.29 | 41 | 0.019 | 0.057 |
| 460442 | 0.49 | 480 | 0.533 | 1.09 |
| 460443 | <0.05 | 33 | 0.039 | 0.219 |
| 460444 | 1.38 | 279 | 0.167 | 0.128 |
| 460445 | 0.31 | 312 | 1.435 | 3.09 |
| 460446 | 1.09 | 123 | 0.043 | 0.049 |
| 460447 | 0.1 | 77 | 0.219 | 0.274 |
| 460448 | 1.29 | 182 | 0.336 | 1.015 |

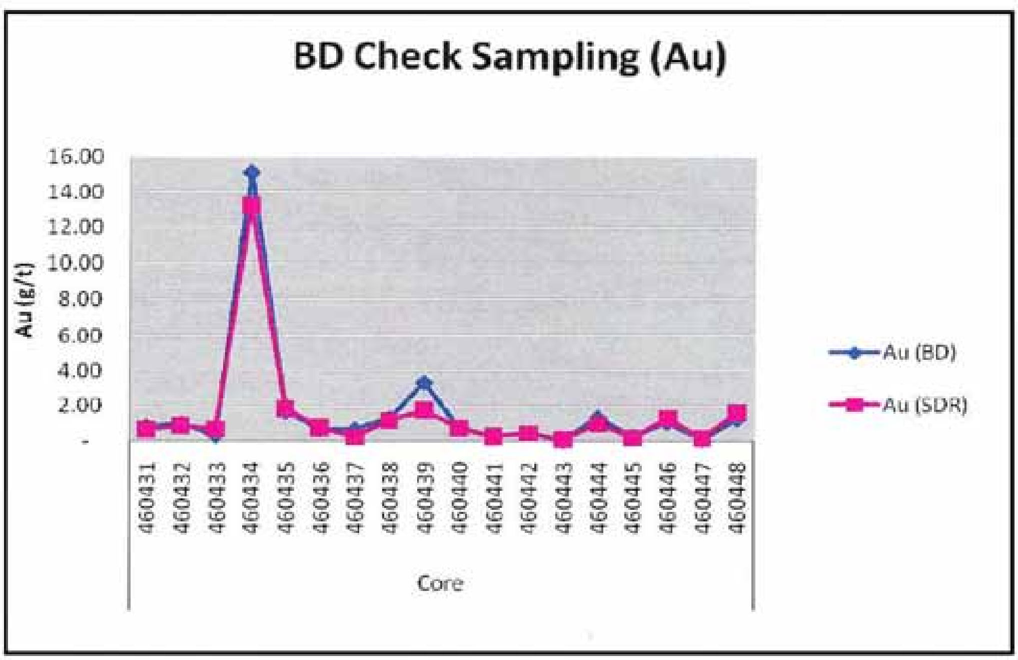
ALS Chemex electronic certificate assay results. July 21, 2009

**Figure 16**



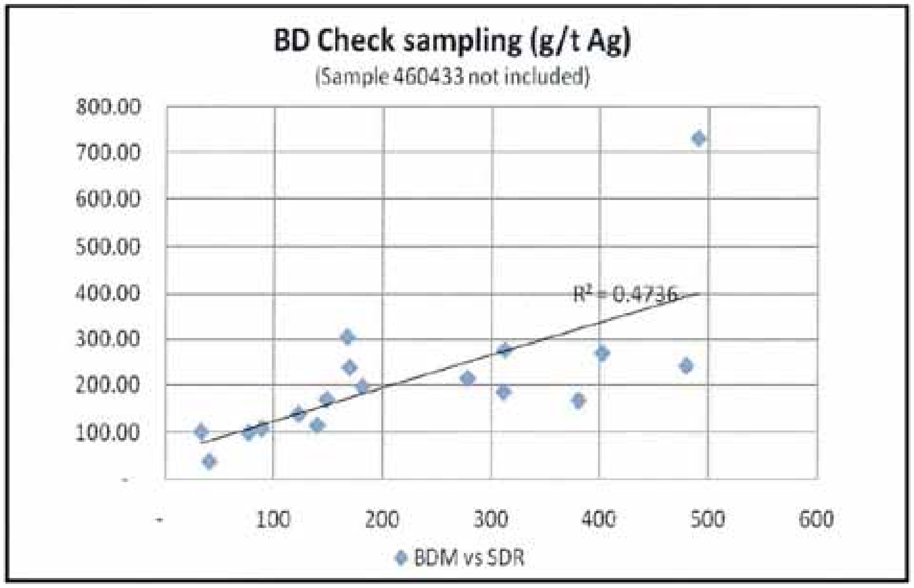

**BD Check Sampling (g/t Au)**

**Figure 17**



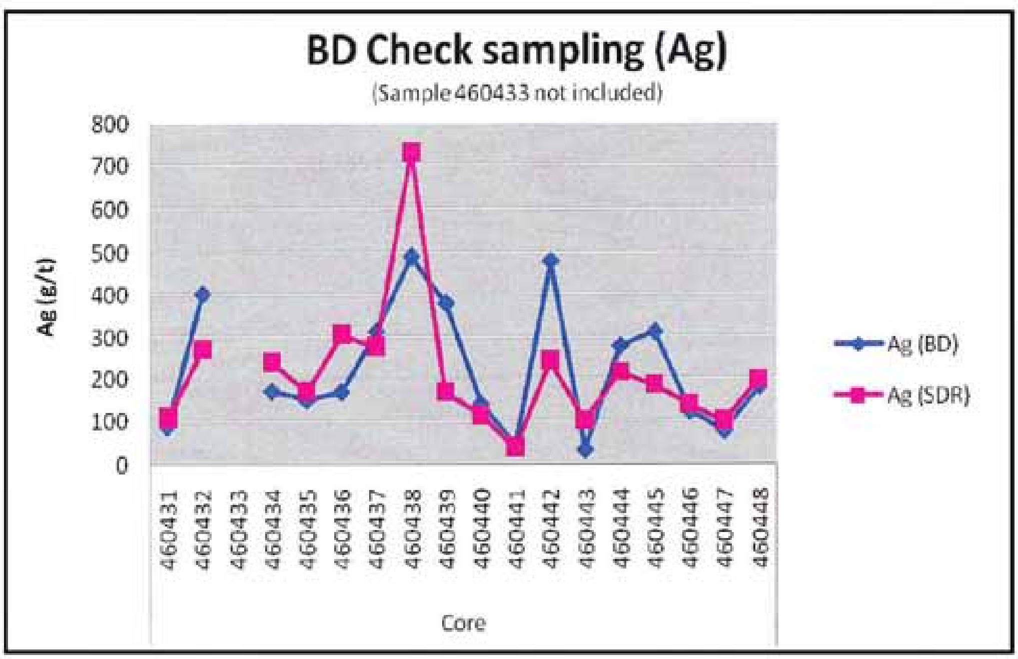

**BD Check Sampling (Au)**

## Figure 18



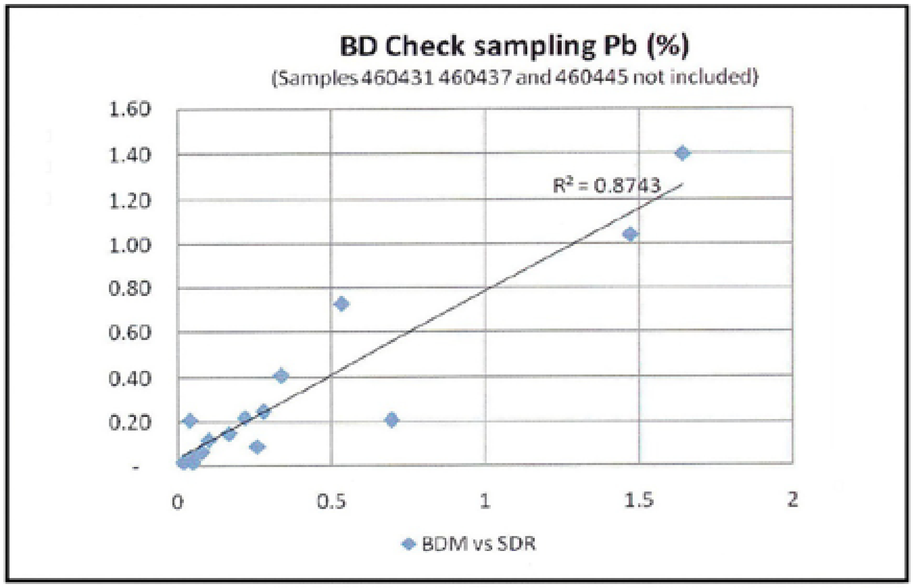

**BD Check Sampling (g/t Ag)**

## Figure 19



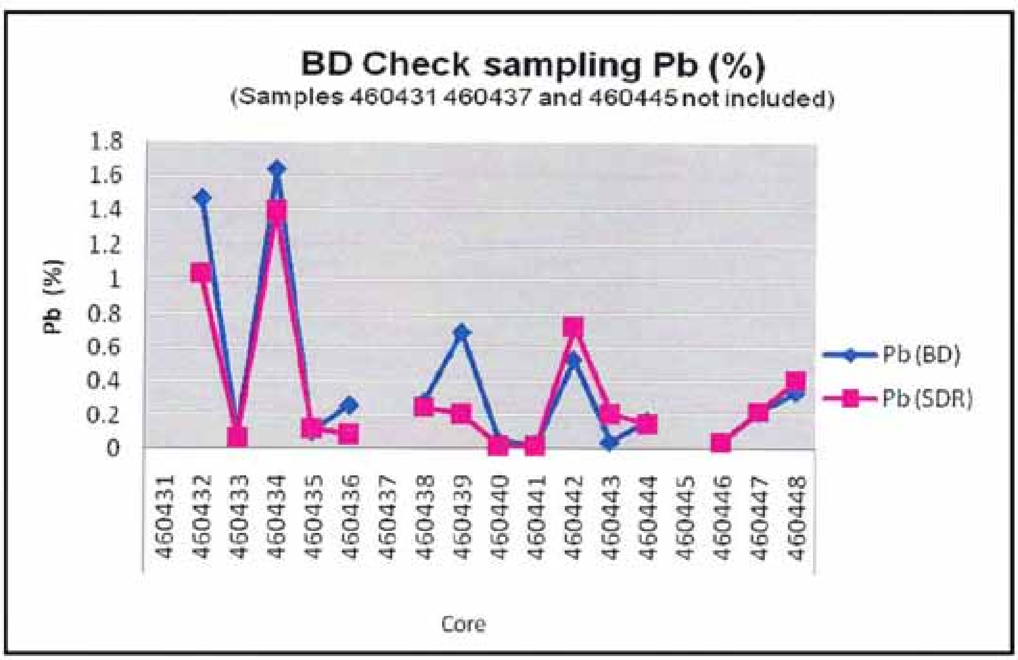

**BD Checking Sampling (Ag)**

**Figure 20**



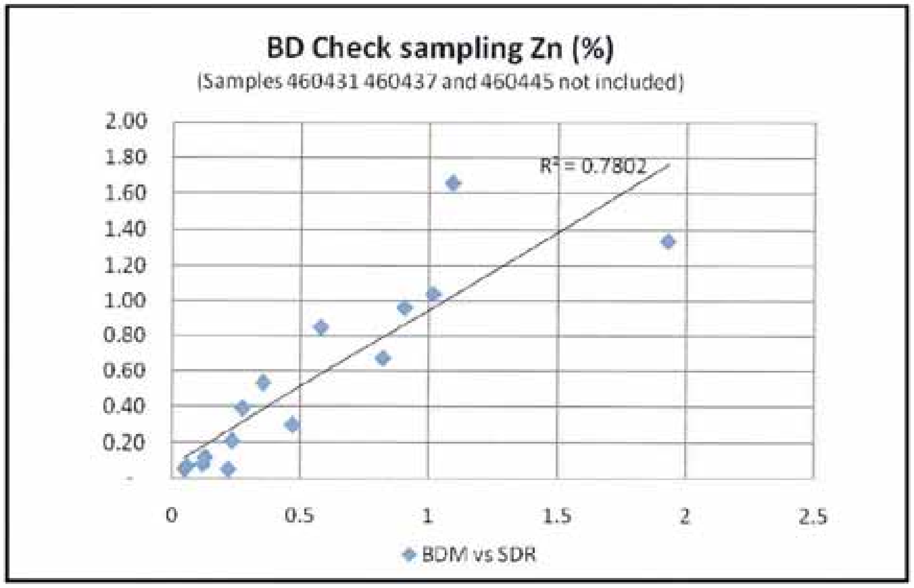

**BD Check Sampling Pb (%)**

**Figure 21**



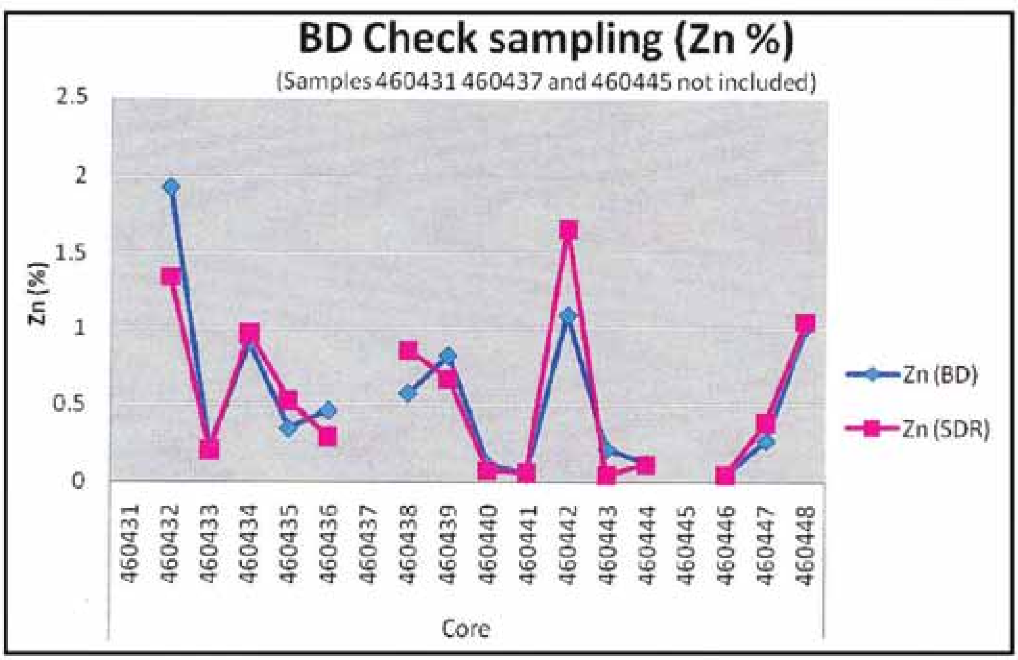

**BD Check Sampling Pb (%)**

**Figure 22**




**BD Check Sampling Zn (%)**

**Figure 23**




**BD Check Sampling Zn (%)**

Behre Dolbear (2010) concluded:

- Au, Pb and Zn analyses show high positive correlation values. In the case of silver, the correlation is not very high;
- Greater differences found in assays of the same core sample were due to the different core halves taken for analyses and irregularities in mineralization commonly known as the ("nugget effect");
- Considering the assay correlation between elements and the average silver value of the 18 samples, with low variation, it is concluded that the variations are probably caused by the irregular distribution of silver mineralization;
- It is suggested that silver mineralization is possibly associated to high-grade oxide minerals or native silver since most of the higher values are within the oxide zone, close to surface;
- Future sampling campaigns should consider larger samples in size and number. Also, higher assays, above 300 g/t, should be verified in a third laboratory until mineral graphic studies define the silver mineralogy and a better sample attack and analysis is deciphered.
- Behre Dolbear believes that the results reported are acceptable and therefore sampling by Stroud is considered reliable; and,
- Behre Dolbear recommends that a third laboratory be used for check samples until mineral graphic studies define the silver mineralogy and a better sample attack and analysis is deciphered.

## 15.0 Adjacent Properties

Mineral prospects are known throughout the Rio Santiago Valley and surrounding areas. Across the river to the northeast, the past producing San Pedro Analco mining camp has been optioned by Premium Exploration Inc. In a September 18, 2008 press release, the company said it was reviewing the historical data to plan a drill program and would be completing permits for this program. Premium dropped its interest in 2010 and the property reverted to the original owners. The present status of the venture is not known and the lower workings are under the reservoir water level.

To the southeast and north-west the land is controlled by Minera San Jorge and Bandera Gold Ltd. Considerable work is reported for the Cinco Minas project about 5 kilometres to the south of Santo Domingo and in similar geology. Cinco Minas had past production down 700 metres making it one of the deepest mines in the Sierra Madres. In May 2006, Bandera announced an indicated resource of 2.27 million tonnes grading 171.9 grams per tonne silver and 1.22 grams per tonne gold. Bandera and Minera San Jorge were in court proceedings and heading into the evidentiary phase. Bandera terminated its interest in 2016 citing lack of support from the Mexican authorities. According to local sources the project is inactive. The general geology, deposit type and controls of mineralization are similar to that of Stroud's Santo Domingo property.

## 16.0 Mineral Processing and Metallurgical Testing

No preliminary processing and /or metallurgical testing have been performed on samples of the Santo Domingo mineralization. Some historical processing and metallurgy were performed, but the results, while favourable, were not up to present standards.

## 17.0 Mineral Resource and Mineral Reserve Estimates (Figure 24)

An updated Technical Report has been calculated using diamond drill holes SD-99-02 to SD-11-45. The calculations were made by Dr. Derek McBride P. Eng., a Qualified Person using the Polygon Method. His experience in resource calculations goes back over 35 years when he taught the techniques as part of his course in Economic Geology at St. Francis Xavier University. These calculations meet the requirements for NI 43-101.

McBride used the following criteria for his calculation:

1) Cut-off grade was 45 grams silver equivalent using a gold-silver ratio of 72:1;

2) Minimum intersection was 3 metres true width;

3) The system was considered to have vertical and horizontal continuity over the block covered by the resource calculation. This continuity had been established by drilling on 50 metre centers;

4) The values were included as analyzed by ALS Chemex; they were not cut;

5) Resource classifications were defined by the distance from the drill holes in horizontal and vertical directions:
   Measured Resources were from 0 to 25 metres,
   Indicated Resources from 25 to 50 metres, and
   Inferred Resources from 50 to 75 metres; and,

6) A specific gravity of 2.65 was used for vein and host rock.

Calculations for the Technical Report include the La Raya vein system and the ends of the Guadalupe vein system. Measured Resources total 3,148,800 tonnes grading 107.4 grams per tonne silver and 0.51 grams per tonne gold, and Indicated Resources total 2,933,000 tonnes grading 94.07grams per tonne silver and 0.43 grams per tonne gold (Table 11; Figure 23). Combined Measured and Indicated resources are 6,082,000 tonnes averaging 100.97 grams per tonne silver and 0.47 grams per tonne gold. Inferred Resources are 3,482,160 tonnes grading 124.93 grams per tonne silver and 0.39 grams per tonne gold.

Copper, lead and zinc were not included in the Technical Report because their inclusion is not permitted for precious metal estimations.

**Table 13**
**Silver-Gold Resources**
**Stroud's Santo Domino Project (updated February 15, 2017)**

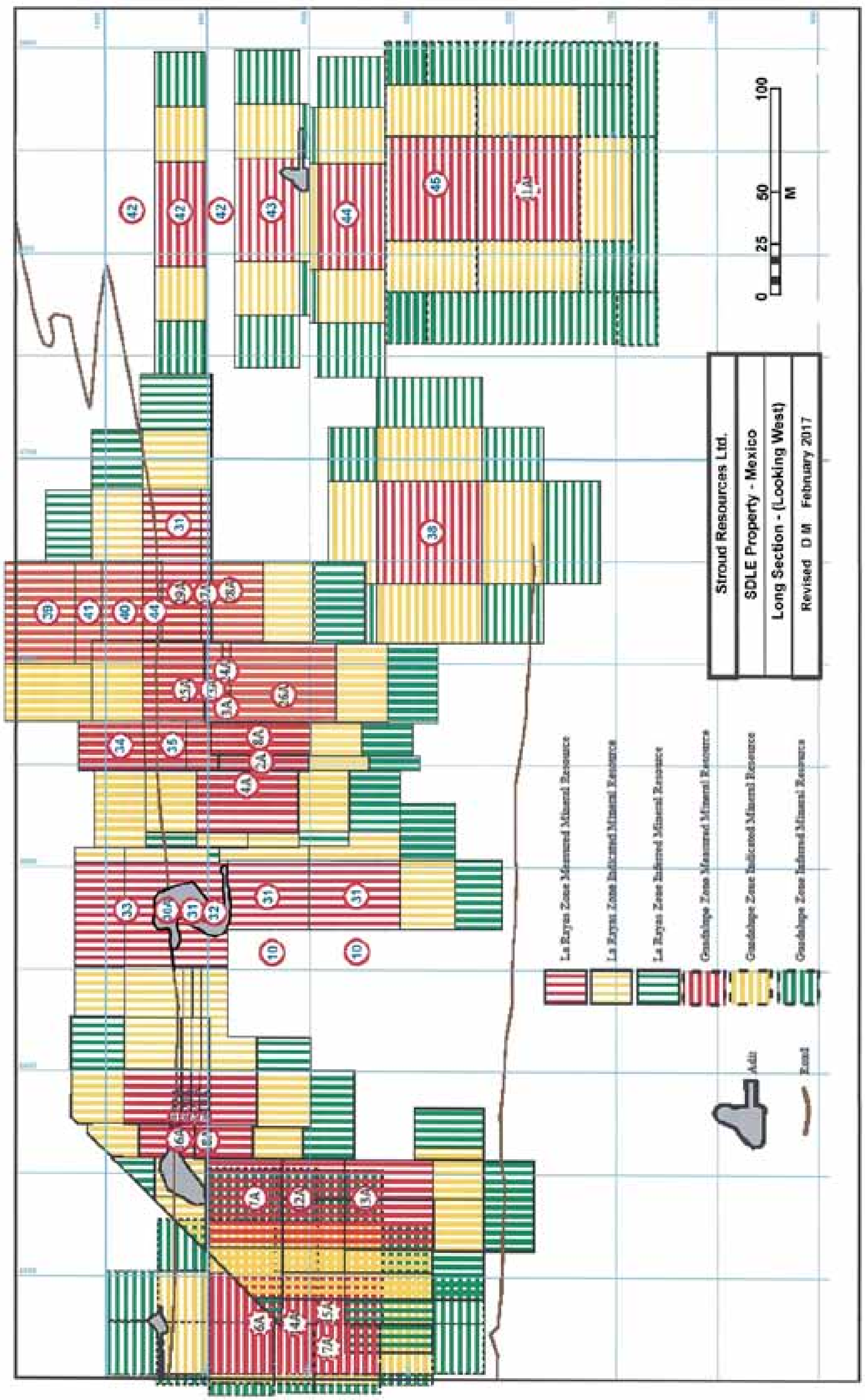
| Classification | Tonnes | Gold ppm | Silver ppm | Silver Equ. Ppm | Ounces Gold | Ounces Silver | Oz Ag Equ. |
|---|---|---|---|---|---|---|---|
| Measured | 3,148,834 | 0.51 | 107.4 | 144.21 | 51,370 | 10,136,145 | 13,952,515 |
| Indicated | 2,932,967 | 0.43 | 94.07 | 124.93 | 40,242 | 8,874,620 | 11,785,663 |
| Meas and Ind | 6,081,799 | 0.47 | 100.97 | 134.91 | 91,612 | 19,010,765 | 25,738,178 |
| | | | | | | | |
| Inferred | 3,482,160 | 0.39 | 124.93 | 119.56 | 43,228 | 10,083,932 | 13,387,222 |

The above mineral resources lie within a mining concession; under Mexican law the Company has the right to mine on these concessions, however no attempt has been made to establish the economic viability of these mineral resources. Upgrading them to reserves will require engineering and environmental studies, amongst other programs.

Surface access is guaranteed until 2027 by the agreement with the local Ejido. A limitation on the depth of surface mining may occur now that the Yesca reservoir is at capacity. The new water level will be about 150 metres above the historical river level or 630 ASL, and 350 metres below the present drill hole collars. To date, all intersections and historical mine workings have been above the present water level.

Mexico is one of the most mining-friendly countries in the Americas as well as a member of the North American Free Trade Agreement (NAFTA).

**Figure 24**
**Long Section Showing the Resource Blocks**






STROUD
RESOURCES LTD

# Table 14
# Resource Estimate Details

| Hole | Block No. | Class | Hor. Width | Average Height | Average Length | Vol in M 3 poss | SG | Tonnes Measured | Tonnes Indicated | Tonnes Inferred | Au | AU Con | Ag | Ag Equ. | Tonnes x AU Mes | Tonnes x Ag Mes | Tonnes x AG Equ. Mes | Tonnes x Au Ind | Tonnes x Aq Ind | Tonnes x Aq Equ. Ind | Tonnes x Au Infer. | Tonnes x AQ Infer. | Tonnes x Aq Equ. Infer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SD-2 | 2A | Measured | 24.5 | 50 | 7.5 | 9187.5 | 2.65 | 24346.875 | | | 0.58 | 72 | 228.5 | 270.26 | 14121.1875 | 5563260.938 | 6579986.438 | | | | | | |
| | 2B | Indicated | 24.5 | 50 | 7.5 | 9187.5 | 2.65 | | 24346.875 | | 0.58 | 72 | 228.5 | 270.26 | | | | 14121.1875 | 5563260.938 | 6579986.438 | | | |
| | 2C | Inferred | 24.5 | 50 | 7.5 | 9187.5 | 2.65 | | | 24346.875 | 0.58 | 72 | 228.5 | 270.26 | | | | | | | 14121.1875 | 5563260.938 | 6579986.438 |
| SD-3 | 3A | Measured | 18.4 | 12 | 49 | 10819.2 | 2.65 | 28670.88 | | | 0.73 | 72 | 227.2 | 279.76 | 20929.7424 | 6514023.936 | 8020965.389 | | | | | | |
| | 3B | Indicated | 18.4 | 0 | 0 | 0 | 2.65 | 0 | 0 | | 0.73 | 72 | 227.2 | 279.76 | | | | 0 | 0 | 0 | | | |
| | 3C | Inferred | 18.4 | 0 | 0 | 0 | 2.65 | 0 | | 0 | 0.73 | 72 | 227.2 | 279.76 | | | | | | | 0 | 0 | 0 |
| | 3A | Measured | 17.8 | 22 | 49 | 19188.4 | 2.65 | 50849.26 | | | 0.34 | 72 | 130.7 | 155.18 | 17288.7484 | 6645998.282 | 7890788.167 | | | | | | |
| | 3B | Indicated | 17.8 | 0 | 0 | 0 | 2.65 | 0 | 0 | | 0.34 | 72 | 130.7 | 155.18 | | | | 0 | 0 | 0 | | | |
| | 3C | Inferred | 17.8 | 0 | 0 | 0 | 2.65 | 0 | | 0 | 0.34 | 72 | 130.7 | 155.18 | | | | | | | 0 | 0 | 0 |
| SD-4 | 4A | Measured | 13.6 | 50 | 30 | 20400 | 2.65 | 54060 | | | 0.24 | 72 | 105.4 | 122.68 | 12974.4 | 5697924 | 6632080.8 | | | | | | |
| | 4B | Indicated | 13.6 | 75 | 25 | 25500 | 2.65 | | 67575 | | 0.24 | 72 | 105.4 | 122.68 | | | | 16218 | 7122405 | 8290101 | | | |
| | 4C | Inferred | 13.6 | 75 | 25 | 25500 | 2.65 | | | 67575 | 0.24 | 72 | 105.4 | 122.68 | | | | | | | 16218 | 7122405 | 8290101 |
| | 4A | Measured | 6.3 | 50 | 30 | 9450 | 2.65 | 25042.5 | | | 0.3 | 72 | 88.6 | 110.2 | 7512.75 | 2218765.5 | 2759683.5 | | | | | | |
| | 4B | Indicated | 6.3 | 75 | 25 | 11812.5 | 2.65 | | 31303.125 | | 0.3 | 72 | 88.6 | 110.2 | | | | 9390.9375 | 2773456.875 | 3449604.375 | | | |
| | 4C | Inferred | 6.3 | 75 | 25 | 11812.5 | 2.65 | | | 31303.125 | 0.3 | 72 | 88.6 | 110.2 | | | | | | | 9390.9375 | 2773456.875 | 3449604.375 |
| SD-6 | 6A | Measured | 21.6 | 32.5 | 50 | 35100 | 2.65 | 93015 | | | 0.43 | 72 | 83.4 | 114.36 | 39996.45 | 7757451 | 10637195.4 | | | | | | |
| | 6B | Indicated | 21.6 | 25 | 164 | 88560 | 2.65 | | 234684 | | 0.43 | 72 | 83.4 | 114.36 | | | | 100914.12 | 19572645.6 | 26838462.24 | | | |
| | 6C | Inferred | 21.6 | 25 | 214 | 115560 | 2.65 | | | 306234 | 0.43 | 72 | 83.4 | 114.36 | | | | | | | 131680.62 | 25539915.6 | 35020920.24 |
| SD-7 | 7A | Measured | 7.9 | 37.5 | 44 | 13035 | 2.65 | 34542.75 | | | 2.9 | 72 | 97.5 | 306.3 | 100173.975 | 3367918.125 | 10580444.33 | | | | | | |
| | 7B | Indicated | 7.9 | 25 | 54 | 10665 | 2.65 | | 28262.25 | | 2.9 | 72 | 97.5 | 306.3 | | | | 81960.525 | 2755569.375 | 8656727.175 | | | |
| | 7C | Inferred | 7.9 | 12 | 25 | 2370 | 2.65 | | | 6280.5 | 2.9 | 72 | 97.5 | 306.3 | | | | | | | 18213.45 | 612348.75 | 1923717.15 |
| SD-8 | 8A | Measured | 6.5 | 50 | 17 | 5525 | 2.65 | 14641.25 | | | 0.23 | 72 | 171 | 187.56 | 3367.4875 | 2503653.75 | 2746112.85 | | | | | | |
| | 8B | Indicated | 6.5 | 50 | 17 | 5525 | 2.65 | | 14641.25 | | 0.23 | 72 | 171 | 187.56 | | | | 3367.4875 | 2503653.75 | 2746112.85 | | | |
| | 8C | Inferred | 6.5 | 50 | 17 | 5525 | 2.65 | | | 14641.25 | 0.23 | 72 | 171 | 187.56 | | | | | | | 3367.4875 | 2503653.75 | 2746112.85 |
| SD-10 | 10A | Measured | | | | 0 | 2.65 | 0 | | | 0.3 | 72 | 108.8 | 130.4 | 0 | 0 | 0 | | | | | | |
| | 10B | Indicated | | | | 0 | 2.65 | | 0 | | 0.3 | 72 | 108.8 | 130.4 | | | | 0 | 0 | 0 | | | |
| | 10C | Inferred | | | | 0 | 2.65 | | | 0 | 0.3 | 72 | 108.8 | 130.4 | | | | | | | 0 | 0 | 0 |
| SD-11 | 11A | Measured | 39.1 | 25 | 25 | 24437.5 | 2.65 | 64759.375 | | | 0.14 | 72 | 67.2 | 77.28 | 9066.3125 | 4351830 | 5004604.5 | | | | | | |
| | 11B | Indicated | 39.1 | 75 | 25 | 73312.5 | 2.65 | | 194278.125 | | 0.14 | 72 | 67.2 | 77.28 | | | | 27198.9375 | 13055490 | 15013813.5 | | | |
| | 11C | Inferred | 39.1 | 75 | 50 | 146625 | 2.65 | | | 388556.25 | 0.14 | 72 | 67.2 | 77.28 | | | | | | | 54397.875 | 26110980 | 30027627 |
| SD-12 | 12A | Measured | 5.2 | 21 | 44 | 4804.8 | 2.65 | 12732.72 | | | 2.74 | 72 | 40 | 237.28 | 34887.6528 | 509308.8 | 3021219.802 | | | | | | |
| | 12B | Indicated | 5.2 | 0 | 25 | 0 | 2.65 | | 0 | | 2.74 | 72 | 40 | 237.28 | | | | 0 | 0 | 0 | | | |
| | 12C | Inferred | 5.2 | 0 | 9.5 | 0 | 2.65 | | | 0 | 2.74 | 72 | 40 | 237.28 | | | | | | | 0 | 0 | 0 |
| | 12A | Measured | 11.3 | 33.5 | 44 | 16656.2 | 2.65 | 44138.93 | | | 0.48 | 72 | 67.4 | 101.96 | 21186.6864 | 2974963.882 | 4500405.303 | | | | | | |
| | 12B | Indicated | 11.3 | 0 | 25 | 0 | 2.65 | | 0 | | 0.48 | 72 | 67.4 | 101.96 | | | | 0 | 0 | 0 | | | |
| | 12C | Inferred | 11.3 | 0 | 9.5 | 0 | 2.65 | | | 0 | 0.48 | 72 | 67.4 | 101.96 | | | | | | | 0 | 0 | 0 |
| SD-13 | 13A | Measured | 10.6 | 39 | 48 | 19843.2 | 2.65 | 52584.48 | | | 0.67 | 72 | 37.6 | 85.84 | 35231.6016 | 1977176.448 | 4513851.763 | | | | | | |
| | 13B | Indicated | 10.6 | 99 | 25 | 26235 | 2.65 | | 69522.75 | | 0.67 | 72 | 37.6 | 85.84 | | | | 46580.2425 | 2614055.4 | 5967832.86 | | | |
| | 13C | Inferred | 10.6 | 149 | 50 | 78970 | 2.65 | | | 209270.5 | 0.67 | 72 | 37.6 | 85.84 | | | | | | | 140211.235 | 7868570.8 | 17963779.72 |
| SD-14 | 14A | Measured | 17.2 | 48 | 50 | 41280 | 2.65 | 109392 | | | 0.83 | 72 | 142.7 | 202.46 | 90795.36 | 15610238.4 | 22147504.32 | | | | | | |
| | 14B | Indicated | 17.2 | 19 | 50 | 16340 | 2.65 | | 43301 | | 0.83 | 72 | 142.7 | 202.46 | | | | 35939.83 | 6179052.7 | 8766720.46 | | | |
| | 14C | Inferred | 17.2 | 19 | 50 | 16340 | 2.65 | | | 43301 | 0.83 | 72 | 142.7 | 202.46 | | | | | | | 35939.83 | 6179052.7 | 8766720.46 |
| SD-15 | 15A | Measured | 29 | 35 | 25 | 25375 | 2.65 | 67243.75 | | | 0.49 | 72 | 83.3 | 118.58 | 32949.4375 | 5601404.375 | 7973763.875 | | | | | | |
| | 15B | Indicated | 29 | 85 | 25 | 61625 | 2.65 | | 163306.25 | | 0.49 | 72 | 83.3 | 118.58 | | | | 80020.0625 | 13603410.63 | 19364855.13 | | | |
| | 15C | Inferred | 29 | 129 | 25 | 93525 | 2.65 | | | 247841.25 | 0.49 | 72 | 83.3 | 118.58 | | | | | | | 121442.2125 | 20645176.13 | 29389015.43 |
| SD-16 | 16A | Measured | 13.1 | 33 | 16 | 6916.8 | 2.65 | 18329.52 | | | 1.51 | 72 | 252.1 | 360.82 | 27677.5752 | 4620871.992 | 6613657.406 | | | | | | |
| | 16B | Indicated | 13.1 | 20 | 16 | 4192 | 2.65 | | 11108.8 | | 1.51 | 72 | 252.1 | 360.82 | | | | 16774.288 | 2800528.48 | 4008277.216 | | | |
| | 16C | Inferred | 13.1 | 0 | 0 | 0 | 2.65 | | | 0 | 1.51 | 72 | 152.1 | 260.82 | | | | | | | 0 | 0 | 0 |
| SD-17 | 17A | Measured | 31.6 | 34 | 25 | 26860 | 2.65 | 71179 | | | 0.53 | 72 | 136.9 | 175.06 | 37724.87 | 9744405.1 | 12460595.74 | | | | | | |
| | 17B | Indicated | 31.6 | 84 | 25 | 66360 | 2.65 | | 175854 | | 0.53 | 72 | 136.9 | 175.06 | | | | 93202.62 | 24074412.6 | 30785001.24 | | | |
| | 17C | Inferred | 31.6 | 130 | 25 | 102700 | 2.65 | | | 272155 | 0.53 | 72 | 136.9 | 175.06 | | | | | | | 144242.15 | 37258019.5 | 47643454.3 |
| SD-18 | 18A | Measured | 2.8 | 28 | 16 | 1254.4 | 2.65 | 3324.16 | | | 11.82 | 72 | 74.1 | 925.14 | 39291.5712 | 246320.256 | 3075313.382 | | | | | | |
| | 18B | Indicated | 2.8 | 25 | 16 | 1120 | 2.65 | | 2968 | | 11.82 | 72 | 74.1 | 925.14 | | | | 35081.76 | 219928.8 | 2745815.52 | | | |
| | 18C | Inferred | 2.8 | 25 | 16 | 1120 | 2.65 | | | 2968 | 11.82 | 72 | 74.1 | 925.14 | | | | | | | 35081.76 | 219928.8 | 2745815.52 |
| SD-19 | 19A | Measured | 21.4 | 4.3 | 28 | 2576.56 | 2.65 | 6827.884 | | | 0.62 | 72 | 151.3 | 195.94 | 4233.28808 | 1033058.849 | 1337855.591 | | | | | | |
| | 19B | Indicated | 21.4 | 4.3 | 25 | 2300.5 | 2.65 | | 6096.325 | | 0.62 | 72 | 151.3 | 195.94 | | | | 3779.7215 | 922373.9725 | 1194513.921 | | | |
| | 19C | Inferred | 21.4 | | | 0 | 2.65 | | | 0 | 0.62 | 72 | 151.3 | 195.94 | | | | | | | 0 | 0 | 0 |
| SD-20 | 20A | Measured | 22.4 | 5 | 28 | 3136 | 2.65 | 8310.4 | | | 1.25 | 72 | 170.6 | 260.6 | 10388 | 1417754.24 | 2165690.24 | | | | | | |
| | 20B | Indicated | 22.4 | 5 | 25 | 2800 | 2.65 | | 7420 | | 1.25 | 72 | 170.6 | 260.6 | | | | 9275 | 1265852 | 1933652 | | | |
| | 20C | Inferred | 22.4 | 0 | | 0 | 2.65 | | | 0 | 1.25 | 72 | 170.6 | 260.6 | | | | | | | 0 | 0 | 0 |
| SD-21 | 21A | Measured | 4.4 | 27 | 28 | 3326.4 | 2.65 | 8814.96 | | | 0.58 | 72 | 60.4 | 102.16 | 5112.6768 | 532423.584 | 900536.3136 | | | | | | |
| | 21B | Indicated | 4.4 | 52 | 25 | 5720 | 2.65 | | 15158 | | 0.58 | 72 | 60.4 | 102.16 | | | | 8791.64 | 915543.2 | 1548541.28 | | | |
| | 21C | Inferred | 4.4 | 50 | 25 | 5500 | 2.65 | | | 14575 | 0.58 | 72 | 60.4 | 102.16 | | | | | | | 8453.5 | 880330 | 1488982 |
| | 21A | Measured | 8.2 | 38 | 28 | 8724.8 | 2.65 | 23120.72 | | | 0.98 | 72 | 204.8 | 275.36 | 22658.3056 | 4735123.456 | 6366521.459 | | | | | | |
| | 21B | Indicated | 8.2 | 52 | 25 | 10660 | 2.65 | | 28249 | | 0.98 | 72 | 204.8 | 275.36 | | | | 27684.02 | 5785395.2 | 7778644.64 | | | |
| | 21C | Inferred | 8.2 | 50 | 25 | 10250 | 2.65 | | | 27162.5 | 0.98 | 72 | 204.8 | 275.36 | | | | | | | 26619.25 | 5562880 | 7479466 |
| SD-22 | 22A | Measured | 16.6 | 22.5 | 28 | 10458 | 2.65 | 27713.7 | | | 0.85 | 72 | 127.8 | 189 | 23556.645 | 3541810.86 | 5237889.3 | | | | | | |
| | 22B | Indicated | 16.6 | 53 | 25 | 21995 | 2.65 | | 58286.75 | | 0.85 | 72 | 127.8 | 189 | | | | 49543.7375 | 7449046.65 | 11016195.75 | | | |
| | 22C | Inferred | 16.6 | 25 | 25 | 10375 | 2.65 | | | 27493.75 | 0.85 | 72 | 127.8 | 189 | | | | | | | 23369.6875 | 3513701.25 | 5196318.75 |
| SD-23 | 23A | Measured | 85.3 | 13 | 28 | 31049.2 | 2.65 | 82280.38 | | | 0.28 | 72 | 83.3 | 103.46 | 23038.5064 | 6853955.654 | 8512728.115 | | | | | | |
| | 23B | Indicated | 85.3 | 0 | 25 | 0 | 2.65 | | 0 | | 0.28 | 72 | 83.3 | 103.46 | | | | 0 | 0 | 0 | | | |
| | 23C | Inferred | 85.3 | 0 | | 0 | 2.65 | | | 0 | 0.28 | 72 | 83.3 | 103.46 | | | | | | | 0 | 0 | 0 |
| SD-24 | 24A | Measured | 3.8 | 13 | 28 | 1383.2 | 2.65 | 3665.48 | | | 0.6 | 72 | 105.9 | 149.1 | 2199.288 | 388174.332 | 546523.068 | | | | | | |
| | 24B | Indicated | 3.8 | | | 0 | 2.65 | | 0 | | 0.6 | 72 | 105.9 | 149.1 | | | | 0 | 0 | 0 | | | |
| | 24C | Inferred | 3.8 | | | 0 | 2.65 | | | 0 | 0.6 | 72 | 105.9 | 149.1 | | | | | | | 0 | 0 | 0 |
| | 24A | Measured | 7.5 | 22 | 28 | 4620 | 2.65 | 12243 | | | 0.13 | 72 | 90.2 | 99.56 | 1591.59 | 1104318.6 | 1218913.08 | | | | | | |
| | 24B | Indicated | 7.5 | | | 0 | 2.65 | | 0 | | 0.13 | 72 | 90.2 | 99.56 | | | | 0 | 0 | 0 | | | |
| | 24C | Inferred | 7.5 | | | 0 | 2.65 | | | 0 | 0.13 | 72 | 90.2 | 99.56 | | | | | | | 0 | 0 | 0 |
| | 24A | Measured | 13.7 | 34 | 38 | 17700.4 | 2.65 | 46906.06 | | | 0.47 | 72 | 55.5 | 89.34 | 22045.8482 | 2603286.33 | 4190587.4 | | | | | | 0 |
| | 24B | Indicated | 13.7 | 3 | 38 | 1561.8 | 2.65 | | 4138.77 | | 0.47 | 72 | 55.5 | 89.34 | | | | 1945.2219 | 229701.735 | 369757.7118 | | | |
| | 24C | Inferred | 13.7 | 0 | | 0 | 2.65 | | | 0 | 0.47 | 72 | 55.5 | 89.34 | | | | | | | 0 | 0 | 0 |
| SD-25 | 25A | Measured | 21.9 | 31 | 39 | 26477.1 | 2.65 | 70164.315 | | | 0.51 | 72 | 122.6 | 159.32 | 35783.80065 | 8602145.019 | 11178578.67 | | | | | | |
| | 25B | Indicated | 21.9 | 25 | 39 | 21352.5 | 2.65 | | 56584.125 | | 0.51 | 72 | 122.6 | 159.32 | | | | 28857.90375 | 6937213.725 | 9014982.795 | | | |
| | 25C | Inferred | 21.9 | 25 | 39 | 21352.5 | 2.65 | | | 56584.125 | 0.51 | 72 | 122.6 | 159.32 | | | | | | | 28857.90375 | 6937213.725 | 9014982.795 |
| SD-26 | 26A | Measured | 7.7 | 31 | 39 | 9309.3 | 2.65 | 24669.645 | | | 0.79 | 72 | 281.2 | 338.08 | 19489.01955 | 6937104.174 | 8340313.582 | | | | | | |
| | 26B | Indicated | 7.7 | 25 | 39 | 7507.5 | 2.65 | | 19894.875 | | 0.79 | 72 | 281.2 | 338.08 | | | | 15716.95125 | 5594438.85 | 6726059.34 | | | |
| | 26C | Inferred | 7.7 | 25 | 39 | 7507.5 | 2.65 | | | 19894.875 | 0.79 | 72 | 281.2 | 338.08 | | | | | | | 15716.95125 | 5594438.85 | 6726059.34 |
| SD-27 | 27A | Measured | 69.7 | 11 | 49 | 37568.3 | 2.65 | 99555.995 | | | 0.63 | 72 | 215.6 | 260.96 | 62720.27685 | 21464272.52 | 25980132.46 | | | | | | |
| | 27B | Indicated | 69.7 | 11 | 25 | 19167.5 | 2.65 | | 50793.875 | | 0.63 | 72 | 215.6 | 260.96 | | | | 32000.14125 | 10951159.45 | 13255169.62 | | | |
| | 27C | Inferred | 69.7 | 11 | 25 | 19167.5 | 2.65 | | | 50793.875 | 0.63 | 72 | 215.6 | 260.96 | | | | | | | 32000.14125 | 10951159.45 | 13255169.62 |
| | 27A | Measured | 21 | 35 | 49 | 36015 | 2.65 | 95439.75 | | | 0.47 | 72 | 110.9 | 144.74 | 44856.6825 | 10584268.28 | 13813949.42 | | | | | | |
| | 27B | Indicated | 21 | 35 | 25 | 18375 | 2.65 | | 48693.75 | | 0.47 | 72 | 110.9 | 144.74 | | | | 22886.0625 | 5400136.875 | 7047933.375 | | | |
| | 27C | Inferred | 21 | 35 | 25 | 18375 | 2.65 | | | 48693.75 | 0.47 | 72 | 110.9 | 144.74 | | | | | | | 22886.0625 | 5400136.875 | 7047933.375 |
| SD-28 | 28A | Measured | 21.6 | 29.3 | 49 | 31011.12 | 2.65 | 82179.468 | | | 0.14 | 72 | 49.7 | 59.78 | 11505.12552 | 4084319.56 | 4912688.597 | | | | | | |
| | 28B | Indicated | 21.6 | 25 | 74 | 39960 | 2.65 | | 105894 | | 0.14 | 72 | 49.7 | 59.78 | | | | 14825.16 | 5262931.8 | 6330343.32 | | | |
| | 28C | Inferred | 21.6 | 25 | 103 | 55620 | 2.65 | | | 147393 | 0.14 | 72 | 49.7 | 59.78 | | | | | | | 20635.02 | 7325432.1 | 8811153.54 |
| SD-08-29 | 29A | Measured | 37.6 | 28.5 | 49 | 52508.4 | 2.65 | 139147.26 | | | 0.26 | 72 | 92.9 | 111.62 | 36178.2876 | 12926780.45 | 15531617.16 | | | | | | |
| | 29B | Indicated | 37.6 | 25 | 74 | 69560 | 2.65 | | 184334 | | 0.26 | 72 | 92.9 | 111.62 | | | | 47926.84 | 17124628.6 | 20575361.08 | | | |
| | 29C | Inferred | 37.6 | 25 | 103 | 96820 | 2.65 | | | 256573 | 0.26 | 72 | 92.9 | 111.62 | | | | | | | 66708.98 | 23835631.7 | 28638678.26 |
| SD-08-29 | 29A | Measured | 15.9 | 35 | 49 | 27268.5 | 2.65 | 72261.525 | | | 0.18 | 72 | 103.2 | 116.16 | 13007.0745 | 7457389.38 | 8393898.744 | | | | | | |
| | 29B | Indicated | 15.9 | 25 | 74 | 29415 | 2.65 | | 77949.75 | | 0.18 | 72 | 103.2 | 116.16 | | | | 14030.955 | 8044414.2 | 9054642.96 | | | |
| | 29C | Inferred | 15.9 | 25 | 103 | 40942.5 | 2.65 | | | 108497.625 | 0.18 | 72 | 103.2 | 116.16 | | | | | | | 19529.5725 | 11196954.9 | 12603084.12 |
| SD-08-30 | 30A | Measured | 60.1 | 8 | 50 | 24040 | 2.65 | 63706 | | | 0.26 | 72 | 49.8 | 68.52 | 16563.56 | 3172558.8 | 4365135.12 | | | | | | |
| | 30B | Indicated | 60.1 | 8 | 13 | 6250.4 | 2.65 | | 16563.56 | | 0.26 | 72 | 49.8 | 68.52 | | | | 4306.5256 | 824865.288 | 1134935.131 | | | |
| | 30C | Inferred | 60.1 | 0 | 52 | 0 | 2.65 | | | 0 | 0.26 | 72 | 49.8 | 68.52 | | | | | | | 0 | 0 | 0 |
| SD-11-31 | 31A-a | Measured | 3.8 | 35 | 61 | 8113 | 2.65 | 21499.5 | | | 0.19 | 72 | 98 | 111.68 | 4084.91 | 2106951 | 2401064.16 | | | | | | |
| | 31B-a | Indicated | 3.8 | 25 | 0 | 0 | 2.65 | | | | 0.19 | 72 | 98 | 111.68 | | | | | | | | | |
| | 31C-a | Inferred | 3.6 | 25 | 0 | 0 | 2.65 | | | | 0.19 | 72 | 98 | 111.68 | | | | | | | | | |
| SD-11-31 | 31A-b | Measured | 3.4 | 32 | 61 | 6636.8 | 2.65 | 17587.5 | | | 0.43 | 72 | 148 | 178.96 | 7562.625 | 2602950 | 3147459 | | | | | | |
| | 31B-b | Indicated | 3.4 | 25 | 0 | 0 | 2.65 | | | | 0.43 | 72 | 148 | 178.96 | | | | | | | | | |
| | 31C-b | Inferred | 3.4 | 25 | 0 | 0 | 2.65 | | | | 0.43 | 72 | 148 | 178.96 | | | | | | | | | |
| | 31A-c | Measured | 32.5 | 34 | 61 | 67405 | 2.65 | 178623.3 | | | 0.71 | 72 | 82.4 | 133.52 | 126822.543 | 14718559.92 | 23849783.02 | | | | | | |
| | 31B-c | Indicated | 32.5 | 25 | 0 | 0 | 2.65 | | | | 0.71 | 72 | 82.4 | 133.52 | | | | | | | | | |
| | 31C-c | Inferred | 32.5 | 25 | 0 | 0 | 2.65 | | | | 0.71 | 72 | 82.4 | 133.52 | | | | | | | | | |
| | 31A-d | Measured | 4.3 | 50 | 61 | 13115 | 2.65 | 34754.8 | | | 0.89 | 72 | 110 | 174.08 | 30931.7275 | 3823028 | 6050115.584 | | | | | | |
| | 31B-d | Indicated | 4.3 | 25 | 0 | 0 | 2.65 | | | | 0.89 | 72 | 110 | 174.08 | | | | | | | | | |
| | 31C-d35 | Inferred | 4.3 | 25 | 0 | 0 | 2.65 | | | | 0.89 | 72 | 110 | 174.08 | | | | | | | | | |
| SD-11-32 | 32A-a | Measured | 36.9 | 42 | 47 | 72840.6 | 2.65 | 193027.59 | | | 0.66 | 72 | 96.8 | 144.32 | 127398.41 | 18685070.71 | 27857741.79 | | | | | | |
| | 32B-a | Indicated | 36.9 | 0 | 0 | 0 | 2.65 | | 0 | | 0.66 | 72 | 96.8 | 144.32 | | | | | | | | | |
| | 32C-a | Inferred | 36.9 | 0 | 0 | 0 | 2.65 | | | 0 | 0.66 | 72 | 96.8 | 144.32 | | | | | | | | | |
| SD-11-32 | 32A-b | Measured | 6.7 | 33 | 61 | 13487.1 | 2.65 | 35740.6 | | | 0.55 | 72 | 140 | 179.6 | 19657.44 | 5003684 | 6419011.76 | | | | | | |
| | 32B-b | Indicated | 6.7 | 0 | 0 | 0 | 2.65 | | 0 | | 0.55 | 72 | 140 | 179.6 | | | | | | | | | |
| | 32C-b | Inferred | 6.7 | 0 | 0 | 0 | 2.65 | | | 0 | 0.55 | 72 | 140 | 179.6 | | | | | | | | | |
| SD-11-33 | 33A-a | Measured | 56 | 18 | 61 | 61488 | 2.65 | 162943.2 | | | 0.2 | 72 | 46.2 | 60.6 | 32588.6 | 7527975.84 | 9874347.92 | | | | | | |
| | 33B-a | Indicated | 56 | 25 | 61 | 85400 | 2.65 | | 226310 | | 0.2 | 72 | 46.2 | 60.6 | | | | 36209.6 | 10455522 | 13714386 | | | |
| | 33C-a | Inferred | 56 | 25 | 0 | 0 | 2.65 | | | 0 | 0.2 | 72 | 46.2 | 60.6 | | | | | | | | | |
| SD-11-34 &34a | 34A | Measured | 49 | 33 | 50 | 80850 | 2.65 | 214252.5 | | | 0.16 | 72 | 46.1 | 57.62 | 34280.4 | 9877040.25 | 12345229.05 | | | | | | |
| | 34B | Indicated | 49 | 50 | 50 | 122500 | 2.65 | | 324625 | | 0.16 | 72 | 46.1 | 57.62 | | | | 51940 | 14965212.5 | 18704892.5 | | | |
| | 34C | Inferred | 49 | 50 | 58 | 142100 | 2.65 | | | 376565 | 0.16 | 72 | 46.1 | 57.62 | | | | | | | 60250.4 | 17359646.5 | 21697675.3 |
| SD-11-35 | 35A | Measured | 23.3 | 36 | 41 | 34390.8 | 2.65 | 91135.6 | | | 0.44 | 72 | 97.2 | 128.88 | 40099.664 | 8858380.32 | 11745556.13 | | | | | | |
| | 35B | Indicated | 23.3 | 36 | 24 | 20131.2 | 2.65 | | 53347.7 | | 0.44 | 72 | 97.2 | 128.88 | | | | 23472.979 | 5185396.44 | 6875451.576 | | | |
| | 35C | Inferred | 23.3 | 0 | 0 | | 2.65 | | | 0 | 0.44 | 72 | 97.2 | 128.88 | | | | | | | | | |
| SD-11-36 & 36b | 36A | Measured | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| | 36B | Indicated | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| | 36C | Inferred | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| SD-11-37 | 37A | Measured | 23.3 | 37 | 38 | 32759.8 | 2.65 | 86813.5 | | | 1.52 | 72 | 250.4 | 359.84 | 131956.52 | 21738100.4 | 31238969.84 | | | | | | |
| | 37B | Indicated | 23.3 | 75.5 | 25 | 43878.75 | 2.65 | | 116543.69 | | 1.52 | 72 | 250.4 | 359.84 | | | | 177146.41 | 28806792.24 | 41397081.41 | | | |
| | 37C | Inferred | 23.3 | 63 | 25 | 36697.5 | 2.65 | | | 97248.4 | 1.52 | 72 | 250.4 | 359.84 | | | | | | | 147817.568 | 24350999.36 | 34993864.26 |
| SD-11-38 | 38A | Measured | 4 | 50 | 40 | 8000 | 2.65 | 21200 | | | 0.07 | 72 | 76.5 | 81.54 | 1484 | 1621800 | 1728648 | | | | | | |
| | 38B | Indicated | 4 | 25 | 90 | 9000 | 2.65 | | 23850 | | 0.07 | 72 | 76.5 | 81.54 | | | | 1669.5 | 1824525 | 1944729 | | | |
| | 38C | Inferred | 4 | 25 | 90 | 9000 | 2.65 | | | 23850 | 0.07 | 72 | 76.5 | 81.54 | | | | | | | 1669.5 | 1824525 | 1944729 |
| SD-11-39 | 39A | Measured | 0 | | | | 2.65 | | | | 0 | 72 | 0 | | | | | | | | | | |
| | 39B | Indicated | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| | 39C | Inferred | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| SD-11-40 | 40A | Measured | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| | 40B | Indicated | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| | 40C | Inferred | 0 | | | | 2.65 | | | | 0 | 72 | 0 | 0 | | | | | | | | | |
| SD-11-41 | 41A | Measured | 0 | | | | 2.65 | | | | 0.11 | 72 | 82 | 89.92 | | | | | | | | | |
| | 41B | Indicated | 0 | | | | 2.65 | | | | 0.11 | 71 | 82 | 89.81 | | | | | | | | | |
| | 41C | Inferred | 0 | | | | 2.65 | | | | 0.11 | 72 | 82 | 89.92 | | | | | | | | | |
| SD-11-42 | 42A | Measured | 8.8 | 48 | 50 | 21120 | 2.65 | 55968 | | | 0.19 | 72 | 231 | 244.68 | 10633.92 | 12928608 | 13694250.24 | | | | | | |
| | 42B | Indicated | 8.8 | 48 | 50 | 21120 | 2.65 | | 55968 | | 0.19 | 72 | 231 | 244.68 | | | | 10633.92 | 12928608 | 13694250.24 | | | |
| | 42C | Inferred | 8.8 | 50 | 100 | 44000 | 2.65 | | | 116600 | 0.19 | 72 | 231 | 244.68 | | | | | | | 22154 | 26934600 | 28529688 |
| SD-11-43 | 43A | Measured | 7.5 | 37.5 | 50 | 14062.5 | 2.65 | 37265.6 | | | 0.24 | 72 | 93.8 | 111.08 | 8943.744 | 3495513.28 | 4139462.848 | | | | | | |
| | 43B | Indicated | 7.5 | 37.5 | 50 | 14062.5 | 2.65 | | 37265.6 | | 0.24 | 72 | 93.8 | 111.08 | | | | 8943.744 | 3495513.28 | 4139462.848 | | | |
| . | 43C | Inferred | 7.5 | 37.5 | 50 | 14062.5 | 2.65 | | | 37265.6 | 0.24 | 72 | 93.8 | 111.08 | | | | | | | 8943.744 | 3495513.28 | 4139462.848 |
| SD-11-44 | 44A | Measured | 0 | 0 | 0 | | 2.65 | | | | | 72 | | | | | | | | | | | |
| | 44B | Indicated | | | | | 2.65 | | | | | 72 | | | | | | | | | | | |
| | 44C | Inferred | | | | | 2.65 | | | | | 72 | | | | | | | | | | | |
| SD-11-45 | 45A | Measured | 3.4 | 25 | 25 | 2125 | 2.65 | 5631.25 | | | 0.18 | 72 | 122 | 134.96 | 1013.63 | 687012.5 | 759993.5 | | | | | | |
| | 45B | Indicated | 3.4 | 57.5 | 25 | 4887.5 | 2.65 | | 12951.875 | | 0.18 | 72 | 122 | 134.96 | | | | 2331.34 | 1580128.75 | 1747985.05 | | | |
| | 45C | Inferred | 3.4 | 65 | 25 | 5525 | 2.65 | | | 14641.25 | 0.18 | 72 | 122 | 134.96 | | | | | | | 2635.43 | 1786232.5 | 1975983.1 |
| TOTALS | | | | | | | | 2797301.932 | 2592070.07 | 3038305 | | | | | 1477561.917 | 297018933.1 | 403403364.1 | 1154687.371 | 258787269.9 | 342412281.5 | 1232554.456 | 299346164.3 | 388090084.8 |
| | | | | | | | | | | | | | Avg | | 0.53 | 99.75 | 144.21 | 0.45 | 99.91 | 132.11 | 0.41 | 98.52 | 127.73 |

No work has been performed to determine the influence of mining method, metallurgy or infrastructure. Mining would most likely use open pit methods. Mineralization is on a spur that sticks out into the main Rio Santiago Valley. Workings occur on either side of this spur and suggest that the mineralizing system is best developed within 300 metres down from the hill top and through the spur.

No mining infrastructure exists. Magdalena and Guadalajara supply most services for general contracting except for these specifically oriented towards mining.

Core logging has provided some insight into the metallurgical character of the mineralization. The main minerals are galena, sphalerite, chalcopyrite and fine black silver sulphosalts. Pyrite and pyrrhotite are rare. Such a combination indicates that a flotation circuit followed by cyanidation could provide good recovery of the metals. This view must be supported by metallurgical testing.

## 18.0 Other Relevant Data and Information

Not Applicable.

## 19.0 Interpretation and Conclusions

The author managed the Stroud Santo Domingo silver-gold project from August 2006 to July 2008. The following presents the author's understanding of the geology and the relationship of mineralization to it. Spanish mine workings followed the high-grade ore shoots exposed at surface. Cross cuts were driven at this time to access ends of the zones or projected extensions along strike and down dip. A century ago, a few by pass tunnels were excavated to investigate the ore-bearing structures beyond the Spanish mines.

Investigation of these tunnels has demonstrated the distribution of mined zones and exploration efforts. Generally, the mined areas lie above the 900 metre level. Exploration workings, commonly with test stopes extend for 100 metres below to the 800 metre level on the south and 550 metre level on the north as the favourable host rocks appear to dip that way. Mine workings can be traced almost to the top of the spur in the case of La Raya or to a shaft on the top of the hill at the 1,175 metre level, in the case of Socavon III- Guadalupe. Parallel vein systems have been identified further in the mountain from to the southwest where they are buried by the capping volcanic ash fall above.

To date, five parallel vein systems make up the area of interest; four were investigated by the Spanish, of which one was identified in drill hole SD-06-11 and two were mined by the Spanish to depths of 100 metres from surface. In the 17$^{th}$ century, the Spanish mined between 150,000 and 250,000 tonnes by hand without drills or explosives (McBride, 2008). Their stopes were narrow which shows that they only mined the high- grade lenses. Stroud's drill results show that in the rhyolite agglomerate, silver mineralization is present over significant distances from the vein structures. Combined with the remaining vein mineralization, widths of 50 to 97 metres of continuous mineralization have been encountered in recent drilling.

Stroud's systematic exploration has been ongoing since 2005; initially the drilling was contracted out. In early 2006 the company had their own drill constructed. It began work in September 2006 and continued intermittently until December 2011. Forty holes were drilled in this program and the mineralization was tested over a strike length of 400 metres. The program was successful in demonstrating that a continuous silver-gold mineralization is present with a measured and indicated resource of 6.1 million tonnes containing 25.7 million ounces of silver equivalent and an inferred of 3.5 million tonnes containing 13.4 million ounces of silver equivalents.

The investigation of old mine workings from El Mano to Bella Vista and from Socavon II to Guadalupe plus Mina Jazmine and El Sopilote, indicate that the system is much larger than indicated by drilling. Many of the drill holes passed through mine workings of the La Raya vein system; it is expected that drilling into veins beyond and parallel veins behind the present investigations will produce improved metal values. If the recommended program is performed, there is potential to increase the mineral resources significantly (Figure 25).

## 20.0 Recommendations

The Santo Domingo project has progressed well beyond the primary exploration phase and the updated Technical Report has demonstrated the potential for a large silver-gold deposit. Most of the future exploration should be used to expand the resource by drilling. On the road level (approx. 980ASL) sections 5725N and 5775N should be completed with a minimum of three holes per section. To the north, drilling can't be carried out on the road level and three holes should he drilled from the road bend at the 1010 metre level on section 5720N. A second tier of holes on 50 metre centres are proposed for the "Pileta" or 1040 metre level. A road is proposed from the Pileta to section 5450N to complete investigation behind La Raya. A second road at this elevation will be pushed up from the site of holes SD- 6, 14, 15 and 17 to drill sections 5300N to 5400N. To complete this program will require drilling with approximately 1,000 metres per section or a total of approximately 11,000 metres of drilling. Some old roads provide access to La Mina Jazmine elevation and above from below the shaft on top of the hill. Drilling from these sites would probe further into the mountain where unexplored veins are known to exist. Access to this potential can be achieved by the two tiers of drill holes above the present exploration level. The cost of this exploration program is estimated to be approximately US$2,800,000. (Figure 23; Table 12).

**Figure 25**
**Cross Section Showing Vein Structure and Proposed Drilling Tiers**

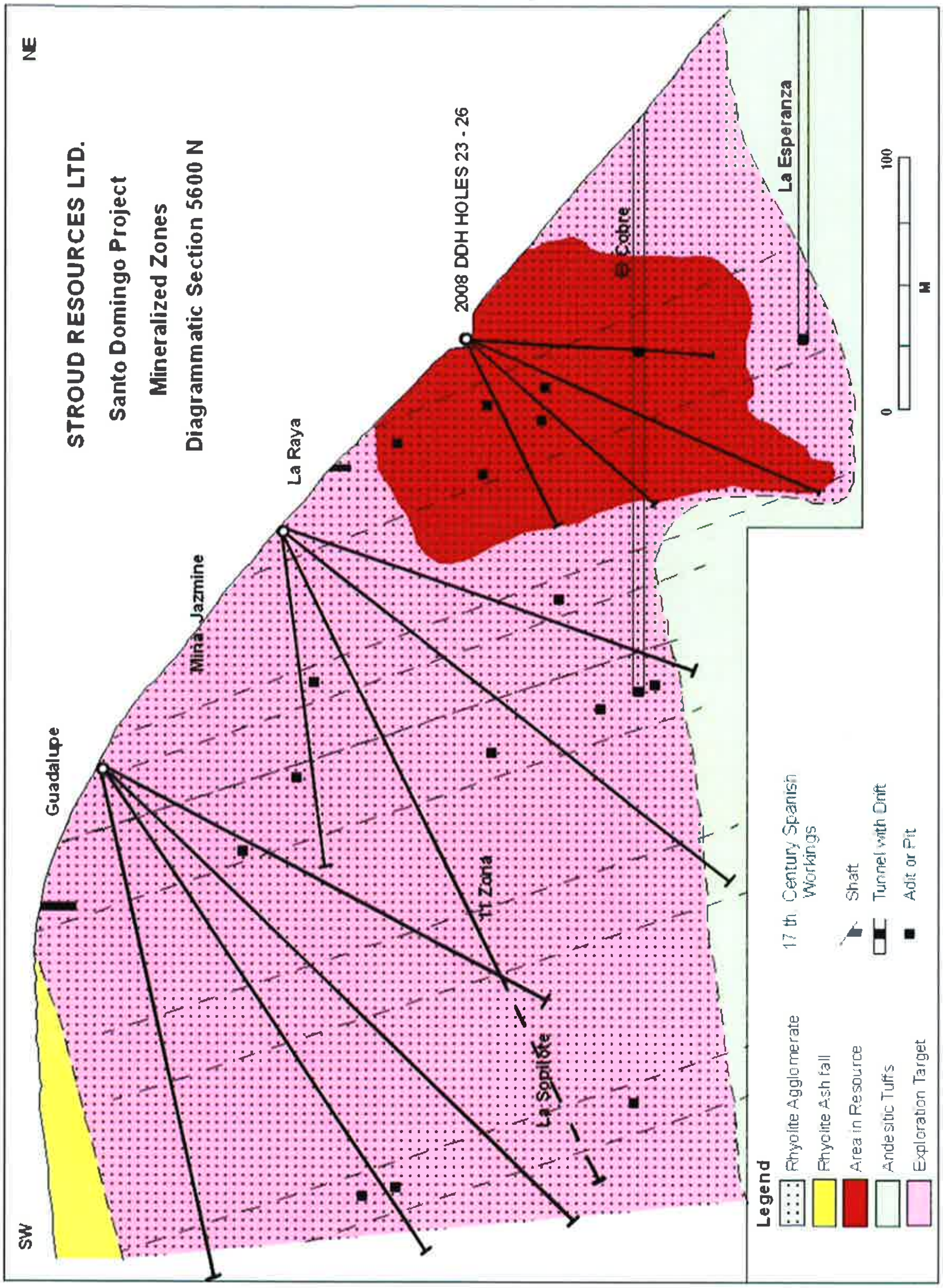


**Table 15**
**Phase 1 – Recommended Program and Budget**
**Santo Domingo Silver-Gold Project**

| Item | Essential services | Cost USD |
|---|---|---|
| 1 | Access and site roads 500m. | 75,000 |
| | Pumps and Electrics incl. electricity | 300,000 |
| | Rehab. of Facilities | |
| | | |
| 2 | **Personnel** | |
| | Project Manager and Senior Geologist | 112,500 |
| | Assistant Geologist | 52,500 |
| | Trucks-3 Operating Costs | 37,500 |
| | Local personal labour and benefits | 150,000 |
| 3 | **Drilling Program** | |
| | 11,000 metres | 1,375,000 |
| | Core boxes, racks and storage | 25,000 |
| | | |
| 4 | **Analyses** | |
| | Core Assays: gold, silver, lead and zinc | 75,000 |
| | Analyses: bench mark assays, petrographic and | 10,000 |
| | | |
| 5 | **Support Facilities** | |
| | Project Vehicles 2 | 75,000 |
| | Travel costs | 17,500 |
| | Accommodation, Telecom. | 55,000 |
| | Field Support, Land Rental etc. | 90,000 |
| | | |
| 6 | **Environmental, Consultants** | 25,000 |
| | | |
| 7 | **Office and overhead** | 225,000 |
| | | |
| 8 | **Contingency** | 250,000 |
| | | |
| | **Total drilling program** | 2,800,000 |

## 21.0 References

Behre Dolbear & Company Ltd. 2003: Compania Minera San Diego y La Espanola S.A. de C.V. Santo Domingo 11 and Nombre de Dios Concessions, Hostotipaquillo Area, State of Jalisco, Mexico: Technical Qualifying Report, Santo Domingo Silver-Gold Exploration Project; 35p.

Behre Dolbear de Mexico, S.A. de C.V. 2010: Santo Domingo11 & Nombre de Dios Concessions, Hostotipaquillo Ares, State of Jalisco, Mexico, NI 43-101 Technical Report, Santo Domingo Silver-Gold Exploration Project; 110p.

Kerr, D. 2001: Exploration Potential of the Santo Domingo Ag-Au Property in the Hostotipaquillo Mining District, State of Jalisco, Mexico. 11p.

McBride, D. E. 2014: NI 43-101 Technical Report on the Kaslo Property, Slocan Mining Camp, British Columbia for Agave Silver Corporation; www.sedar.com, 74p.

## 22.0 Statement of Qualifications, Date and Signature Page

1) I, Dr. Derek McBride P. Eng. of 20 Forsythia Drive, West Hill, Ontario, M1E 1Y1, hold a diploma of Mining Technology, B.Sc. Eng., M.Sc. Eng. and Doctoral Degrees in Geology.
2) I am the sole author of this report titled "NI 43-101 Technical Report, Santo Domingo Silver-Gold Project, Hostotipaquillo Area, Jalisco State, Mexico" for Compania Minera San Diego y La Espanola S.A. de C.V." a Wholly Owned Subsidiary of Stroud Resources Ltd.
3) I am a geological engineer and a member of the Association of Professional Engineers of Ontario and British Columbia. My experience spans 40 years in mineral exploration and I am attributed with the discovery of the Nugget Pond Gold Mine in the province of Newfoundland. My work has taken me to 15 countries and I have managed major projects in four of them in addition to Canada.
4) I have read the definition of "Qualified Person" set out in the National Instrument 43-10, and I certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements to be a "Qualified Person".
5) I have managed the exploration programs for Stroud Resources Ltd. from August 2006 to July 2008 and have been involved in the Project since March 2003. My last site visit was in July 2011 for a period of five days.
6) I am responsible for all sections of this Technical Report and I am the author of the Technical Report.
7) I am independent of the Issuer, Stroud Resources Ltd., applying the tests set out in Section 1.5 of NI 43-101.
8) I have read NI 43-101 and confirm that this Technical Report, for which I am responsible, has been prepared in compliance with NI 43-101 and Form 43-101F1.
9) As of the date of this certificate, as a Qualified Person, it is to my knowledge, information and belief, that the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report accurate and not misleading

LICENSED PROFESSIONAL ENGINEER
D. E. MCBRIDE
29879012
PROVINCE OF ONTARIO

Dr. Derek McBride P. Eng.
November 17, 2017

## 23.0 Consent of Author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Mr. Mirsad Jakubovic, President,
Stroud Resources Ltd.
Suite 404, 1090 Don Mills Rd.
Toronto, Ontario
M3C 3R6

November 17, 2017

Dear Mr. Jakubovic:

This letter is my consent for you and Stroud Resources Ltd. to file publicly, this Technical Report, extracts there from, or a summary of this Technical Report.

Yours sincerely,

LICENSED PROFESSIONAL ENGINEER
D. E. MCBRIDE
29879012
PROVINCE OF ONTARIO

Dr. Derek E. McBride P. Eng.

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