

NI 43-101 TECHNICAL REPORT

ON THE

HILDA 30 CONCESSION

SONORA STATE, MEXICO

OF

FIRST MEXICAN RESOURCES INC.

FOR

AURIC DEVELOPMENT CORPORATION

Effective Date : December 15, 2009
Signing Date : March 25, 2010

By

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SUMMARY

Auric Development Corporation (“**Auric**”), by means of a qualified transaction, intends to acquire all the issued share capital of First Mexican Resources Inc. (First Mexican). Previously, First Mexican had entered into an option agreement (the “**Original Option**”) with 2101927 Ontario Inc. (“**2101927**”) pursuant to which First Mexican could acquire a 60% interest in the Hilda 30 property (the “**Hilda 30 Property**”) from Minera Internacional Milenio S.A. de C.V. (“**MIM**”). In consideration for acquisition of the Original Option, First Mexican agreed to pay 2101927 Ontario a cash amount of CDN\$120,000 and to issue 2,000,000 common shares of First Mexican. First Mexican subsequently entered into an option agreement (the “**Second Option Agreement**”) with MIM, dated May 31, 2007, pursuant to which First Mexican could acquire a 60% interest in the Hilda 30 Property, a 256.7221 ha concession located in Sonora State, Mexico, and a 40% interest in another property (the “**La Esperanza Property**”). On December 10, 2009, First Mexican and MIM entered into an amended option agreement (the “**Amended Option**”) pursuant to which First Mexican agreed to amend the Second Option Agreement and surrender its option to acquire the La Esperanza Property in exchange for obtaining an option to acquire up to an 80% interest in the Hilda 30 Property and the two additional properties referred to as the Hilda 37 and Hilda 38 properties (collectively, the Hilda 30, Hilda 37 and Hilda 38 properties are referred to as the Hilda Properties”). Upon the payment of certain cash amounts, the expenditure of certain prescribed amounts on exploration of the Hilda Properties and the issuance of certain number of common shares of First Mexican, First Mexican and MIM will form a joint venture company to develop the Hilda Properties. Once the agreement between Auric and First Mexican closes, Auric will assume all First Mexican’s rights and obligations with respect to the Hilda 30 property.

To the best of the Author’s knowledge, as of the effective date of this report the property agreements remain in good standing as well as the exploration permits allowing First Mexican access onto Hilda 30 Concession in order to carry out further exploration.

There is road access onto, and across the Hilda 30 property.

The property is underlain by Cretaceous to Tertiary age andesite volcanic rocks that are part of the Sierra Madre Occidental province which is host to numerous epithermal gold-silver mines and mineral occurrences. Near the property, the volcanic rocks have been intruded by a monzonite porphyry, and the spatial relation of the occurrences to the porphyry suggests that the porphyry may have been the heat source for the mineralizing fluids.

In 1910, a 27 m shaft was sunk on the Hilda 30 property to access a 30 to 50 cm thick tetrahedrite

vein. More recently, a short incline was excavated to access the same vein, and two declines were commenced also targeting similar vein structures. In the same area, samples from a 46 m long breccia zone healed with drusy quartz veins exposed in a road cut averaged 3.07 g/t Au and 155 g/t Ag.

The Hilda 30 property is prospective as a potential setting for economic epithermal gold-silver deposits. Favourable factors include:

- The property is underlain by favourable Cretaceous-Tertiary andesite-rhyolite volcanic stratigraphy. These rocks are host to numerous small to large gold-silver deposits within the Sierra Madre Occidental physiographic province of northern Mexico.
- Numerous structural features, faults and lineaments have been mapped in the region and in the vicinity of the property. Some of these features are related to the emplacement of the Tertiary age monzonite porphyry pluton which lies adjacent to the property. In addition to the mappable features, the intrusion of the pluton would have caused micro-fracturing of the volcanic rocks which would act as channel ways for mineralising fluids.
- There are numerous known mineral occurrences in the immediate area, most of which are gold – silver. Silver appears to be equally as important as gold. These mineral occurrences are within Cretaceous to Tertiary age andesite-rhyolite volcanic rocks, and appear to be spatially related to a monzonite pluton that has been intruded into the volcanic stratigraphy.
- The property hosts one mineral occurrence (confirmed by the results for the 2009 reverse circulation drill program) plus other areas of interest. The style of the occurrence - veins and vein stockworks, the precious metals, base metals and trace metals present, the associated silica and argillite alteration and the presence of an interpreted silica cap are all consistent with the model for epithermal precious metal deposits.

- The breccia zone/quartz stockwork at Hilda 30 is exposed over a 46 m long section with an indicated grade in the order of 3.07 g/t Au and 155 g/t Ag. This suggests that a zone of bulk mineable material may exist on the property. Moreover, there are indications (the 0.5 m thick tetrahedrite vein at the Pozo del Gringo and the high-grade sample from the adit at the south end of the breccia zone) that there may be bonanza grade zones present within the main zone of mineralisation.
- An open pit mine has recently been developed on an epithermal deposit with a resource of about 2 million ounces in a similar geologic setting in the nearby Mulatos district located some 50 km to the northeast.

An exploration program consisting of two phases is recommended for this next stage of work on the property and should include **a)** further road construction followed by detailed sampling and geological mapping of the road cuts, **b)** extension of the soil geochemical surveys above the areas previously covered, uphill and above the adit area and to the northeast and southeast portions of the Hilda 30 Concession, **c)** Induced Polarization and down-hole Pulse Electromagnetic surveys to trace the mineralized zone found in the Reverse Circulation drill program along strike and to depth, **d)** a thorough review of all data to determine where the drilling should be extended, and **e)** additional core drilling to test mineral occurrence, plus any anomalies detected in the proposed geochemical and geophysical surveys. These items of work are broken into two phases with the road-work, surface surveys, sampling and mapping taking place in the first Phase and core drilling in the second phase. Estimated costs are **\$727,000 US for Phase I** and **\$766,000 US for Phase II**.

TECHNICAL REPORT ON THE
HILDA 30 CONCESSION
SONORA STATE MEXICO
OF
FIRST MEXICAN RESOURCES INC.
FOR
AURIC DEVELOPMENT CORPORATION

INTRODUCTION AND TERMS OF REFERENCE

Background, Authorization and Purpose

Auric Development Corporation (**Auric**), by means of a qualified transaction, intends to acquire all the issued share capital of First Mexican Resources Inc. (**“First Mexican”**). Previously, First Mexican had entered into an option agreement (the **“Original Option”**) with 2101927 Ontario Inc. (**“2101927”**) pursuant to which First Mexican could acquire a 60% interest in the Hilda 30 property (the **“Hilda 30 Property”**) from Minera Internacional Milenio S.A. de C.C. (**“MIM”**). In consideration for acquisition of the Original Option, First Mexican agreed to pay 2101927 Ontario a cash amount of \$120,000 Cdn. and to issue 2,000,000 common shares of First Mexican. First Mexican subsequently entered into an option agreement (the **“Second Option Agreement”**) with MIM, dated May 31, 2007, pursuant to which First Mexican could acquire a 60% interest in the Hilda 30 Property, a 256.7221 ha concession located in Sonora State, Mexico, and a 40% interest in another property (the **“La Esperanza Property”**). On December 10, 2009, First Mexican and MIM entered into an amended option agreement (the **“Amended Option”**) pursuant to which First Mexican agreed to amend the Second Option Agreement and surrender its option to acquire the La Esperanza Property in exchange for obtaining an option to acquire up to an 80% interest in the Hilda 30 Property and the two additional properties referred to as the Hilda 37 and Hilda 38 properties (collectively, the Hilda 30, Hilda 37 and

Hilda 38 properties are referred to as the Hilda Properties”). Upon the payment of certain cash amounts, the expenditure of certain prescribed amounts on exploration of the Hilda Properties and the issuance of certain number of common shares of First Mexican, First Mexican and MIM will form a joint venture company to develop the Hilda Properties. Once the Auric / First Mexican agreement closes, Auric will assume all First Mexican’s rights and obligations with respect to the Hilda 30 property.

By a letter dated December 15, 2009, Mr. Robert Findlay, the President and CEO of Auric Development Corporation., requested the preparation of a technical report to the standards of National Instrument 43-101 for the Hilda 30 concession. This report is to be used by Auric to support Auric’s efforts as a Capital Pool Company in completing a Qualified Transaction with First Mexican as per TSX Exchange policy 2.4, as well as to better inform both existing shareholders and potential investors in support of future financings. A copy of the Letter of Authorization is included herein as **Appendix I**.

Scope and Limitations

This report evaluates the mineral potential of First Mexican’s Hilda 30 concession. Research of historic exploration was limited to the property per se. Data examined to determine the geological setting were sourced from a larger area within the district. The unit prices for drilling, geoscientific surveys, professional fees, and other exploration work have been researched, and are the going rates at the present time for Mexican based companies and individuals, and for expatriate professionals. Currency is expressed in United States dollars, Canadian dollars or Mexican pesos. Except where otherwise specified, metric units are used throughout this report.

Sources of Information

Sources of information are detailed below, and include those in the public domain as well as personally acquired data:

- Data supplied by First Mexican and Auric;
- Data supplied by MIM and IMMC (the parent company of MIM);
- Review of various geological reports and maps, or summaries thereof, produced by various departments of the Mexican government, namely Consejo de Recursos Minerales (CRM) and Instituto Nacional de Estadística Geografía e Informática (INEGI);

- Discussions with persons knowledgeable of the property and/or the area
- Various Internet websites;
- Research of technical papers produced in various journals;
- Previous visits to the property by J.G. Burns, P.Eng., on April 30-May 1, 2005 and January 06-07, 2008;
- Supervision by W. Snoddy, consulting geologist, of the road sampling work done in April-May, 2008;
- Supervision by A. Paredon, geologist, of a three hole coring program done in May-June, 2008; and
- Supervision by J.C. Archibald, P.Geo., of a seven hole reverse circulation drill program from Nov.1-8th, 2009.

Technical information cited in this report is effective as of December 15, 2009.

In addition to the two property visits by J.G. Burns, P. Eng., and on site supervision by J.C. Archibald, P.Geo., additional time was spent travelling to and from Mexico City, sourcing data at government offices in Hermosillo, Mexico, reviewing and collating all data, drafting figures and writing the report.

Plan of Presentation

The Hilda 30 property is described and evaluated in accordance with the guidelines specified in National Instrument 43-101. Recommendations for a staged multi-disciplined work program with cost estimates that are necessary and warranted to effectively advance the property towards a better understanding of its economic mineral potential are put forward. Maps that accurately display property location, exploration history, geology, exploration potential and proposed work program are also included.

RELIANCE ON OTHER EXPERTS

For the technical information contained in this report the Authors have relied upon those reports cited in the **References**. These documents have been carefully reviewed, but neither the completeness nor accuracy of the data could be verified. The exploration history was provided verbally by the original Hilda 30 Concession holder, Sr. Guadalupe Rocha Tineo, who is a former resident of (but still a property holder) Guadalupe Tayopa. No documents are available to verify either the completeness or accuracy of Sr. Rocha's information.

With the exception of the core drilling program, all exploration work undertaken by First Mexican on the Hilda 30 property and referenced in this report was completed under the auspices of Billiken Management Services Inc. (Billiken). Mr. B Newton, a principal of Billiken supervised the 2007 road cut sampling program, while Mr. W. Snoddy, Consulting Geologist, supervised the continuation of the road cut sampling program in 2008. The reverse circulation drill program completed in November 2009 was supervised by John C. Archibald, P.Geo., one of the co-authors of this report. Mr. J.G. Burns, P.Eng., made two visits to the property – the first in 2005 and the second in 2008. Mr. A. Paredon, Geologist, supervised the diamond drill program completed in June, 2008, and reported directly to First Mexican.

Details regarding the monetary aspects (payments and share considerations) of the agreements between the parties were summarized from copies of **1)** the agreement between IMMC and Guadalupe Rocha Tineo dated March 15, 2005, **2)** the agreement between IMMC and C.F. Turley, D.A. Burns & L.K. Mortensen dated April 21, 2005, **3)** the agreement between First Mexican and MIM dated May 31, 2007, **4)** the amended Option Agreement between First Mexican Resources and MIM dated December 10, 2009, and **5)** the agreement dated January 16, 2010 between Auric and First Mexican by which Auric is to acquire First Mexican.

To the best knowledge of the Authors, it is their belief that the property agreements are in good standing and valid as of the writing of this report.

A draft copy of this report was reviewed by Auric for factual errors. **Conclusions** and **Recommendations** are those of the Authors.

PROPERTY DESCRIPTION AND LOCATION

The 256.7221 ha. Hilda 30 concession is located in east central Sonora State, Mexico, some 190 km ESE of Hermosillo, the state capital. It lies within the 1:50,000 Santa Rosa map sheet H12D76. Approximate UTM coordinates for the centre of the Hilda 30 concession are 681,200 E by 3,137,000 N (NAD 27 Mexico Datum, Zone 12 R) (**Figures 1 & 2**). The boundary of the concession has not been surveyed and is not required to be surveyed, but in accordance with Mexican regulations a survey monument that identifies the concession has been erected on the property, and accurately located by survey. A detailed location map for the property is presented as **Figure 3**. Coordinates for the property corners and for the survey monument are presented in **Table 1**.

Table 1

Hilda 30 - UTM Boundary Coordinates

Point	(NAD 27 Mexico Datum, Zone 12)	
	Easting	Northing
Property Survey Monument	680,413.788	3,136,538.874
Southwest Corner	680,130.717	3,136,461.808
	680,169.395	3,136,461.808
	680,169.395	3,136,438.873
	680,954.033	3,136,438.873
	680,954.033	3,136,461.808
	681,269.395	3,136,461.808
Southeast Corner	681,269.395	3,136,438.873
	682,113.789	3,136,438.873
	682,113.789	3,137,238.873
	681,513.789	3,137,238.873
	681,513.789	3,137,738.873
	681,213.789	3,137,738.873
Northeast Corner	681,213.789	3,138,035.511
Northwest Corner	680,152.698	3,138,035.511
	680,152.698	3,136,946.829
	680,130.718	3,136,946.829

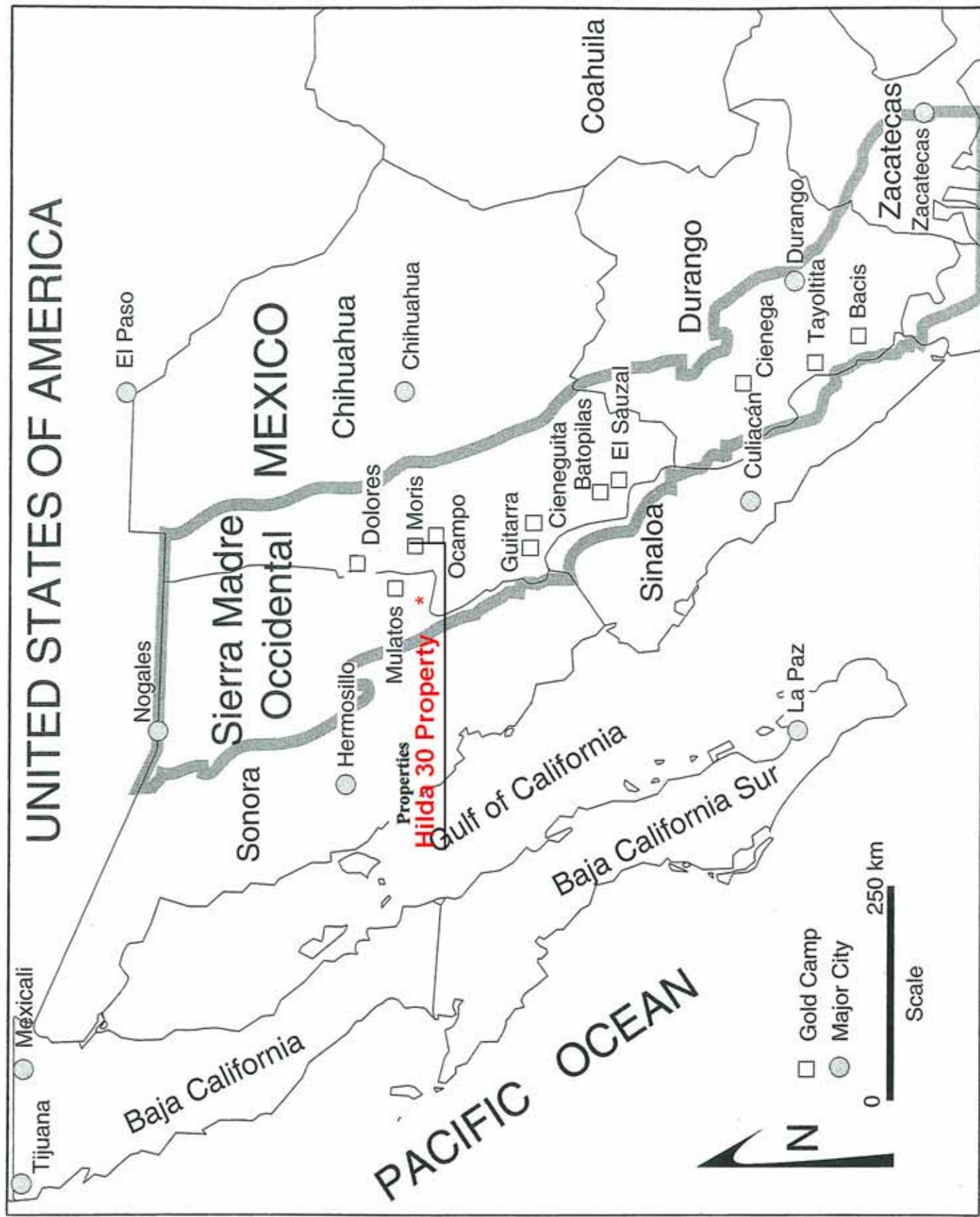


Figure 1: Approximate extent of the Sierra Madre Occidental
 (From Society of Economic Geologists, Special Publication Number 8, page 73)

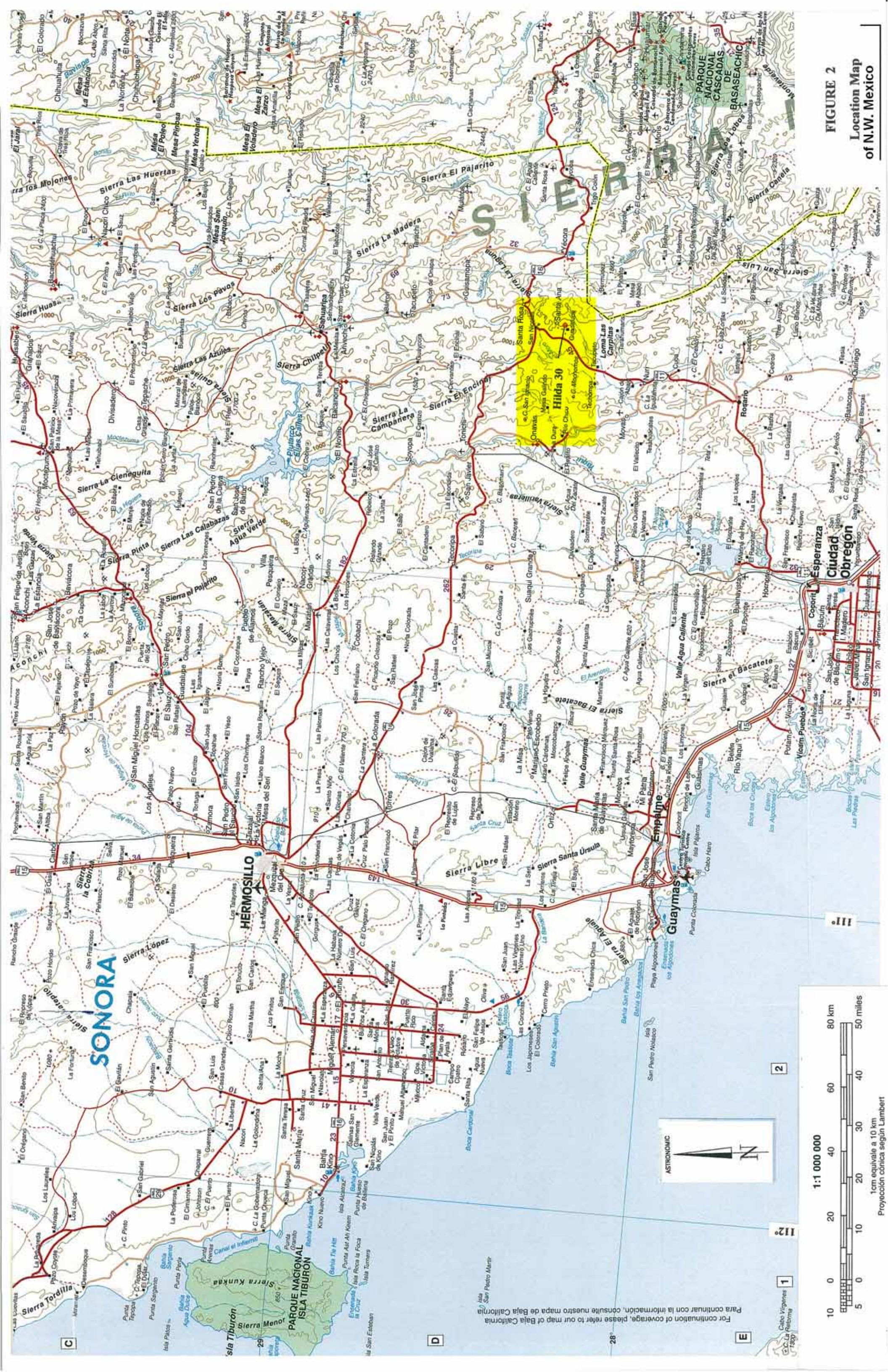
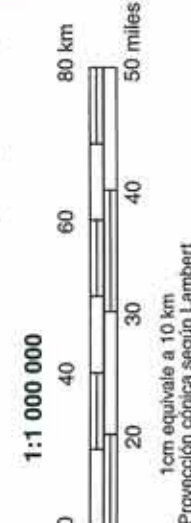
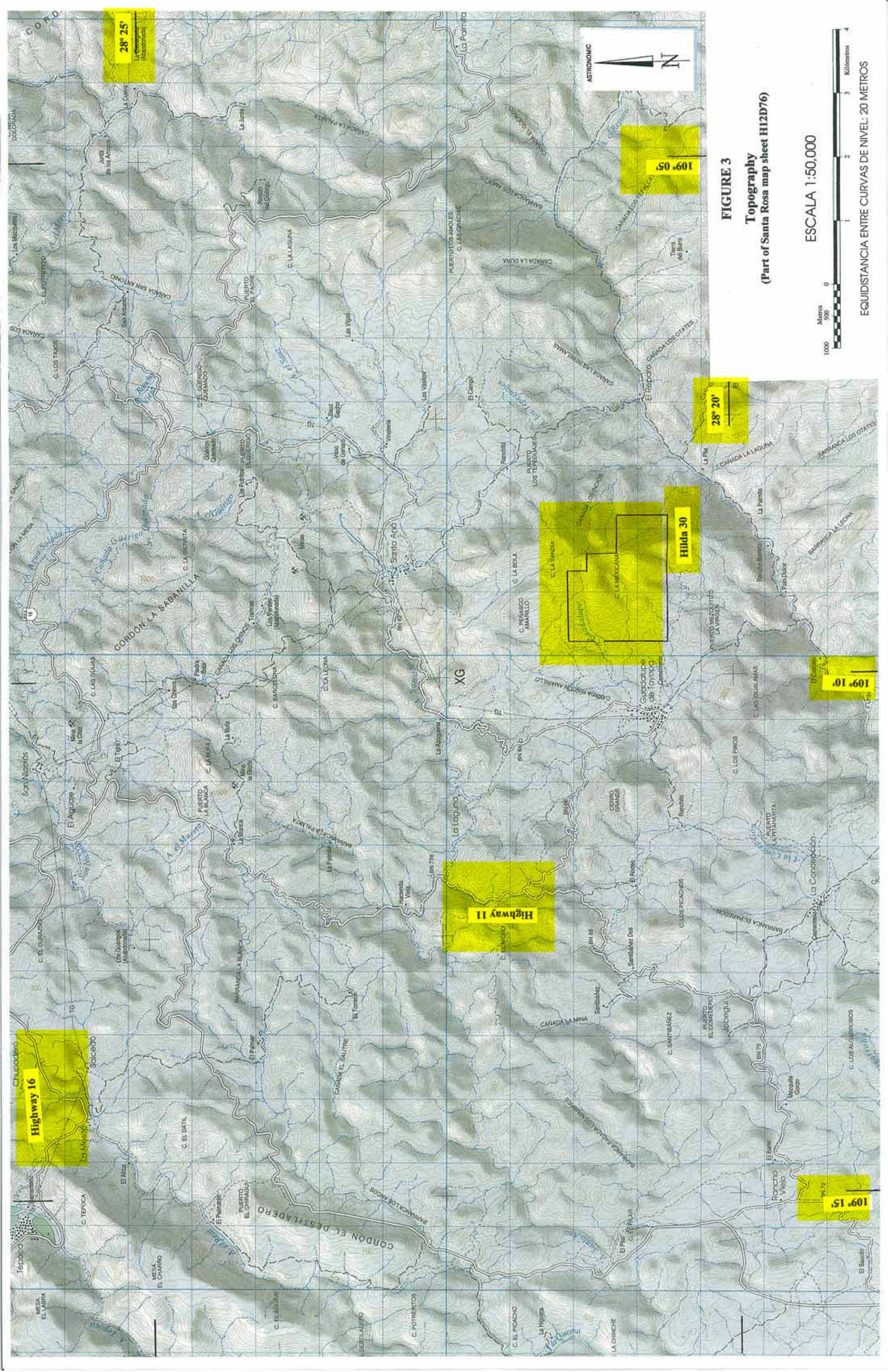


FIGURE 2
Location Map
of N.W. Mexico

For continuation of coverage, please refer to our map of Baja California
Para continuar con la informaci3n, consulte nuestro mapa de Baja California





28° 25'

109° 50'

28° 20'

109° 10'

Highway 16

Highway 11

Hilda 30

109° 15'

FIGURE 3
Topography
(Part of Santa Rosa map sheet H12D76)

ESCALA 1:50,000



EQUIDISTANCIA ENTRE CURVAS DE NIVEL: 20 METROS

MIM holds an option to acquire a 100% interest in the Hilda 30 Property. MIM's parent Company entered into separate option agreements with Guadalupe Rocha Tineo (the "**Rocha Agreement**" March 15, 2005) and with the Estate of C. Francisco Turley, Donald A. Burns, L. Keith Mortensen and Minera Cuesta S.A. de C.V. (the "**Turley Agreement**" dated January 12, 2006 and effective April 21, 2005 as amended by Addendum dated February 10, 2006) and assigned its interests in both the Rocha Agreement and Turley Agreement to MIM pursuant to the terms of an assignment agreement dated January 10, 2006.

Pursuant to the terms of the Rocha Agreement, MIM could acquire a 20% interest in the Hilda 30 Property by paying \$25,000 in equal installments over a two-year period expiring March 15, 2007. MIM has made the required payments. Pursuant to the terms of the Turley Agreement, MIM can acquire the remaining 80% interest in the Hilda 30 Property by paying US\$1,000,000 in escalating payments to the Turley group. As of the date hereof, MIM has paid \$219,000 Cdn. to March 15, 2010 (A.Caldwell, pers.comm.). Until such time as the US\$1,000,000 is paid, if the Hilda 30 Property is placed into commercial production, the greater amount of the US\$1,000,000 cash consideration or a 2.5% net smelter return is payable. Once the cash consideration is paid, no further royalties are payable under the Turley Agreement. There are no other royalties or residual payments stipulated in either the Rocha Agreement or the Turley Agreement.

Pursuant to an agreement (the "**Hilda Agreement**"), dated for reference January 31, 2008 and effective November 30, 2009, entered into between MIM and Guadalupe Rocha Tineo, Hilda Alicia Melendrez and Jose Felix Nieblas, MIM acquired an option to acquire a 100% interest in and to the Hilda 37 and Hilda 38 mining concessions (the Hilda 37 and Hilda 38 concessions fall within the Area of Interest provisions set out in the Original Option Agreement) (collectively, the Hilda 30, Hilda 37 and Hilda 38 properties are referred to as the "**Hilda Properties**").

2101927 Ontario entered into an option agreement with MIM pursuant to which 2101927 Ontario could earn a 60% interest in the Hilda 30 Property. First Mexican acquired the Original Option from 2101927 Ontario pursuant to an assignment agreement, dated for reference April 10, 2007. As a result of the assignment, First Mexican obtained an option to acquire a 60% interest in the Hilda 30 Property from MIM. In consideration for acquisition of the Original Option, First Mexican agreed to pay 2101927 Ontario a cash amount of \$120,000 Cdn. and to issue to 2101927 Ontario 2,000,000 common shares of First Mexican.

First Mexican subsequently entered into the Second Option Agreement with MIM, dated May 31, 2007, pursuant to which First Mexican could acquire a 60% interest in the Hilda 30 Property, a 256.7221 ha concession located in Sonora State, Mexico, and a 40% interest in the La Esperanza Property. In order to earn the 60% interest in the Hilda 30 Property, First Mexican had to expend a minimum of US\$1,000,000 in exploration on the Hilda 30 Property by August 31, 2010.

On December 10, 2009, First Mexican and MIM entered into an amended option agreement (the “**Amended Option**”) pursuant to which First Mexican agreed to amend the Second Option Agreement and surrender its option to acquire the La Esperanza Property in exchange for obtaining an option to acquire up to an 80% interest in one of the Hilda Properties and a 40% interest in the other Hilda Properties.

Pursuant to the terms of the Amended Option, First Mexican can earn a 60% undivided interest (the “**Initial First Mexican Option**”) in one (1) of the Hilda Properties and a 40% undivided interest in the other Hilda Properties by expending (the “**Initial Expenditures**”) the sum of US\$239,808 on or before August 31, 2010 on exploration of the Hilda Properties. Within thirty (30) days of First Mexican satisfying the Initial Expenditures, First Mexican must notify MIM that it has satisfied the Initial Expenditures and provide satisfactory evidence of such Initial Expenditures to MIM. Upon MIM accepting such Initial Expenditures, MIM and First Mexican shall hold a meeting at which time First Mexican shall select one (the “**Chosen Property**”) of the Hilda Properties for which it shall obtain the Initial First Mexican Option and First Mexican shall advise MIM whether First Mexican intends to exercise its option (the “**Second First Mexican Option**”) to acquire a further 20% interest in the Chosen Property.

In order to exercise the Second First Mexican Option, First Mexican must:

- (a) expend an aggregate total of US\$3,000,000 on exploration of the Hilda Properties as follows (excess expenditures incurred in a given year can be credited to the commitments for subsequent years):
 - (1) US\$250,000 on or before December 31, 2010;
 - (2) a further US\$600,000 on or before October 31, 2011;
 - (3) a further US\$650,000 on or before October 31, 2012;
 - (4) a further US\$700,000 on or before October 31, 2013; and
 - (5) a further US\$800,000 on or before October 31, 2014.

(c) make aggregate cash payments to MIM of US\$100,00 as follows:

- (1) US\$10,000 on or before October 31, 2009 (paid);
- (2) US\$10,000 on or before January 31, 2010;
- (3) US\$20,000 on or before October 31, 2010;
- (4) US\$20,000 on or before October 31, 2011
- (5) US\$20,000 on or before October 31, 2012; and
- (6) US\$20,000 on or before October 31, 2013.

(d) issue to MIM an aggregate of 1,400,000 common shares of First Mexican as follows:

- (1) 200,000 common shares on or before October 31, 2009 (issued);
- (2) 150,000 common shares on or before April 30, 2010;
- (3) 150,000 common shares on or before October 31, 2010;
- (4) 150,000 common shares on or before April 30, 2011;
- (5) 150,000 common shares on or before October 31, 2011;
- (6) 150,000 common shares on or before April 30, 2012;
- (7) 150,000 common shares on or before October 31, 2012;
- (8) 150,000 common shares on or before April 30, 2013;
- (9) 150,000 common shares on or before October 31, 2013;

Upon the completion of the Second First Mexican Option on or before October 31, 2014, First Mexican shall have acquired an 80% undivided interest in the Hilda Properties.

Following satisfaction of the Initial First Mexican Option and the earlier of the termination or exercise of the Second First Mexican Option, First Mexican and MIM shall enter into a joint venture agreement to develop the Hilda Properties.

Auric and First Mexican entered into an agreement dated January 16, 2010 whereby Auric intends to acquire all the issued share capital of First Mexican according to the following terms; 1) Auric will consolidate its issued shares from the current 9,035,000 to 6,000,000. 2) Auric will issue 15,000,000 post consolidated shares from treasury to First Mexican shareholder. 3) Auric will issue 6,000,000 special warrants to First Mexican shareholders to be paid out at thresholds of certain specified inferred ounces of gold equivalent being demonstrated on the property. Once the agreement closes, which will be five (5) business days after all regulatory and shareholder approvals have been obtained by Auric and First Mexican (or such other date as may be agreed by Auric and First Mexican), Auric will assume

all rights (including the right to earn an 80% interest in the Hilda 30 concession) and obligations of First Mexican as detailed above and below.

In Mexico, mining concessions are issued for a fifty (50) year period. Accordingly, the Hilda 30 concession is valid until September 5, 2051 (certificates received from the Direccion General de Minas office, dated January 13, 2008). Concession holders are required to pay a nominal duty to the Mexican government bi-annually in January and July. Duties are payable based upon a) the years elapsed since the inception of the concession and b) the total size of all concessions held in the country. The taxes payable in January, 2010 amounted to 16,235 pesos (\$1,295 U.S.) and these have been paid (A. Caldwell, pers.comm.).

The area in and around the Hilda 30 concession is used primarily for cattle grazing. Surface Rights covering the Hilda 30 concession are held by the community of Guadalupe Tayopa. Permission from the land owner is required to enter upon the land to conduct basic exploration. A letter of agreement/contract, which normally includes a small monetary consideration or an obligation payable to the surface land owners, will be required to drill, trench, construct roads, and carry out exploration work (Sanchez-Mejorada, 2005). Permission from the community of Guadalupe Tayopa has been obtained (G. Rocha Tineo, pers. comm.). Presently, First Mexican has no title to the surface rights of the Hilda 30 concession. Access to surface rights to construct a mine may be obtained by a) purchase, b) rental or c) expropriation. Direct purchase is the simplest option, rental payments may be subject rate increases and expropriation is a complicated process that may take several years to complete (R. Romero pers. comm.).

There are no environmental liabilities attached to the concession (B. Lee, pers. comm.).

A permit to conduct exploration is a requirement, and may be obtained by application to the Ministerio de Ambiente y los Recursos Naturales Renovables (MARNR). The required permit has been obtained (J.Voisin, pers. comm.) and it is the Authors' understanding that this permit is in force and valid at the writing of this report.

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE & PHYSIOGRAPHY

The property may be accessed by following Highway 16 (the main route from Hermosillo to Yecora and thence to Chihuahua) to a military inspection post at the junction of highways #16 and 11 some 241 km east of Hermosillo. From this junction, continue southward on Highway 11 approximately 18 km to an intersection with a gravel road. Continue eastward on the gravel road (a poorly and sporadically maintained, one lane community road) for a distance of about 17 km to the village of Guadalupe Tayopa (**Figures 3 & 4**). Local ranch trails from the village lead in a generally eastward direction to the concession east boundary, a distance of approximately 1 km. Ranch trails as well as recently bulldozed roads by First Mexican provide access to most parts of the property. Total driving time from Hermosillo to Guadalupe Tayopa is approximately 3.5 to 4 hours. The portion of Highway 16 from Tecoripa to the junction with Highway 11 and further eastward is particularly dangerous. There are many switch back turns, no guardrails, narrow shoulders and steep drop-offs. Rock falls are a common nuisance at any time of year, and landslides are a problem during the rainy season.

As interpreted from measurements recorded at the Santa Rosa weather station, located some 17 km NNE of the Hilda 30 property, this part of Sonora State experiences a semi hot, sub humid climate (INEGI). Average daily temperatures range from 14.0 C in December to 25.6 C in June. Yearly precipitation is of the order of 883 mm of which the bulk falls during the months of July, August and September, often during severe thunderstorms. Although heavy rainfall may temporarily affect exploration and mining operations, normally exploration and mining (both open pit and underground) may be conducted year round.

Supplies and services for both exploration and mining may be acquired at Hermosillo (population +/- 800,000) 190 km to the WNW. Skilled and semi-skilled labour and trades personnel are also available in the ranching centre of Yecora (population +/- 8,000) 30 km to the ESE, and in the local ranching communities of Santa Rosa, San Nicolas, Santa Ana and Guadalupe Tayopa. Recently, a high voltage power line has been constructed to Guadalupe Tayopa and the town has been connected to the national power grid. At Hermosillo, there is an international airport with daily scheduled flights, while at Yecora a dirt airstrip approximately 2 km long is used solely for private or chartered flights. The nearest railheads are at Hermosillo, Guaymas (175 km to the WSW) and Ciudad Obregon (110 km SW). On the property, the only road infrastructure at present are the ranch trails and the recently

bulldozed roads.

The property lies within the Sierra Madre Occidental physiographic region (**Figure 1**). Topography is rugged, and is dominated by NNW / SSE trending steep hills and incised valleys. Elevations on Hilda 30 range from 780 m to 1320 m (**Figure 3**). Residual soil cover on the hilltops and sides was observed to be generally less than 30 cm thick. Alluvium deposits along creek valley floors and colluvium at the toe of hills are expected to be thicker. Mesquite and scrub oak are the main tree species in the area and on the property. Underbrush generally consists of several varieties of thorn bushes and cacti.

Sufficient space exists on the property for an open pit or underground mine including an on site mill or leach pads, ancillary buildings, tailings ponds, waste piles, and other mining and milling related requirements. An adequate supply of water for milling or leaching operations could be sourced from rivers, creeks and reservoirs in the area, but on site holding ponds may be required to ensure an adequate water supply during the dry season.

EXPLORATION HISTORY

General

Sonora State hosts a variety of metallic and non-metallic mineral deposits that have been or are currently being mined, and within the country is a leading producer of gold, silver, copper, molybdenum and barite amongst others. The State has a long (~5 centuries) history of mineral exploration production. In 1657 Father Juan Nentvig produced a map of the mines in operation at the time (Cardenas, 1994 p. 19), in 1673 Don Domingo de la Paz and Pedro Coronado reported upon the Ostimuri gold - silver deposit in the Mulatos district (Cardenas, 1994 p.153), and in 1683 the Las Europa mine, commenced operation near the town of Alamos (Cardenas, 1994 p.165). Staude, however, states that gold mining began in the Mulatos district prior to 1635, but does not indicate by whom. There are indications that mining activities may have been carried out earlier by Jesuit priests (Dobie, 1928), who were forbidden by Spanish law to own or operate mines, and even earlier by the native indigenous peoples.

Up until sometime in the last century most mining activities, particularly for precious metals, were conducted on a small scale, and were frequently interrupted / terminated by raids from or wars with the native population, and from 1910 to 1917 by the Mexican revolution. In recent years the production of metals has increased dramatically. In the general region, a new heap leach, open pit, gold mine -

Mulatos - located 55 km NE of Hilda 30 (**Figure 1**), and operated by Alamos Gold Inc. (Alamos) head quartered in Vancouver, began production. Reserves at the mine as of December 31, 2008 were 47,654,000 tonnes grading 1.35 g/t Au or 2,045 million ounces of contained gold (Alamos website, March 25, 2010).

Property

Exploration history for the property was provided verbally by Sr. Guadalupe Rocha Tineo, a former resident of Guadalupe Tayopa, and the original holder of the Hilda 30 concession. To the Authors' knowledge, other than questioning the local inhabitants concerning previous exploration or mining activities in the area and possibly reviewing church archives, there are no other means either official or non-official to confirm the property history. Holders of previous concessions will be on government records, but as companies and individuals are not required to submit copies of technical work undertaken, any previous work conducted is only available by word-of-mouth unless documents can be obtained from former concession holders.

~1910 Unknown American

About 1910 an American from Douglas, Arizona (name unknown) sank a vertical, ~27 m (90 foot) shaft on a 30 to 50 cm thick tetrahedrite vein. A short drift (tunnel) was reportedly excavated at the bottom of the shaft. The shaft is now covered by a small rock slide. There are no known records of production, nor of why mining was not continued. The mine shaft is known locally as the "Pozo del Gringo" (**Figures 9 & 10**).

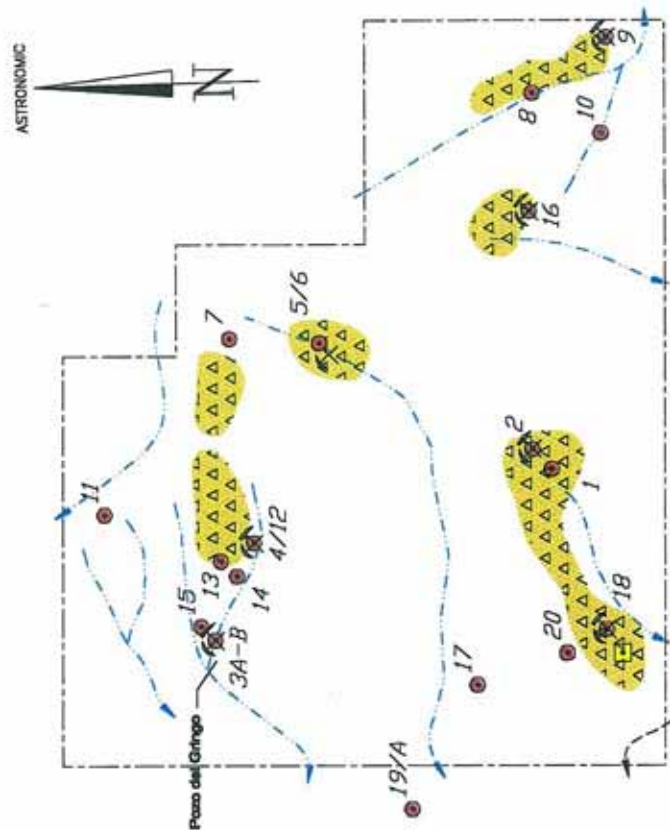
??? Unknown

At some time after the Pozo del Gringo was abandoned, local artisan miners known as "gambusinos" excavated two short adits in the northwestern section of the concession. The one adit is some 25 m long, and about 10 m into this adit a 5 m shaft was sunk. Rocha reports that a sample from the top of the shaft assayed 2 g/t Au and 300 g/t Ag, while one from the bottom assayed 1.5 g/t Au and 600 g/t Ag.

2001 - 2003 Francisco Turley & Guadalupe Rocha

Rocha acquired the concession in 2001, prospected along the arroyos crossing the property and collected 24 grab samples that were sent to Laboratorio Escuela de CESUES, a technical school

	$\frac{Au}{g/t}$	$\frac{Ag}{g/t}$	$\frac{Cu}{\%}$
H-1	0.42	60	
H0-2	0.60	30	
H0-3	0.42	120	0.20
H0-4	4.70	150	0.04
H0-5	0.27	60	
H-6	0.05	35	0.110
H-7	0.10	35	
H-8	0.28	10	0.5200
H-9	0.05	45	0.4800
H-10	0.05	40	0.90
H-3A	0.35	710	0.28
H-3B	0.70	5000	
H-11	0.40	605	0.35
H-12	1.0	515	
H-13	0.35	565	
H-14	0.55	605	0.48
H-15	0.30	620	
H-16	0.30	590	
H-17	7.52	375	
H-18	8.94	500	
H-19	6.62	225	
H-19A	7.04	258	
H-20	8.26	748	
H-3C	7.90	575	



LEGEND

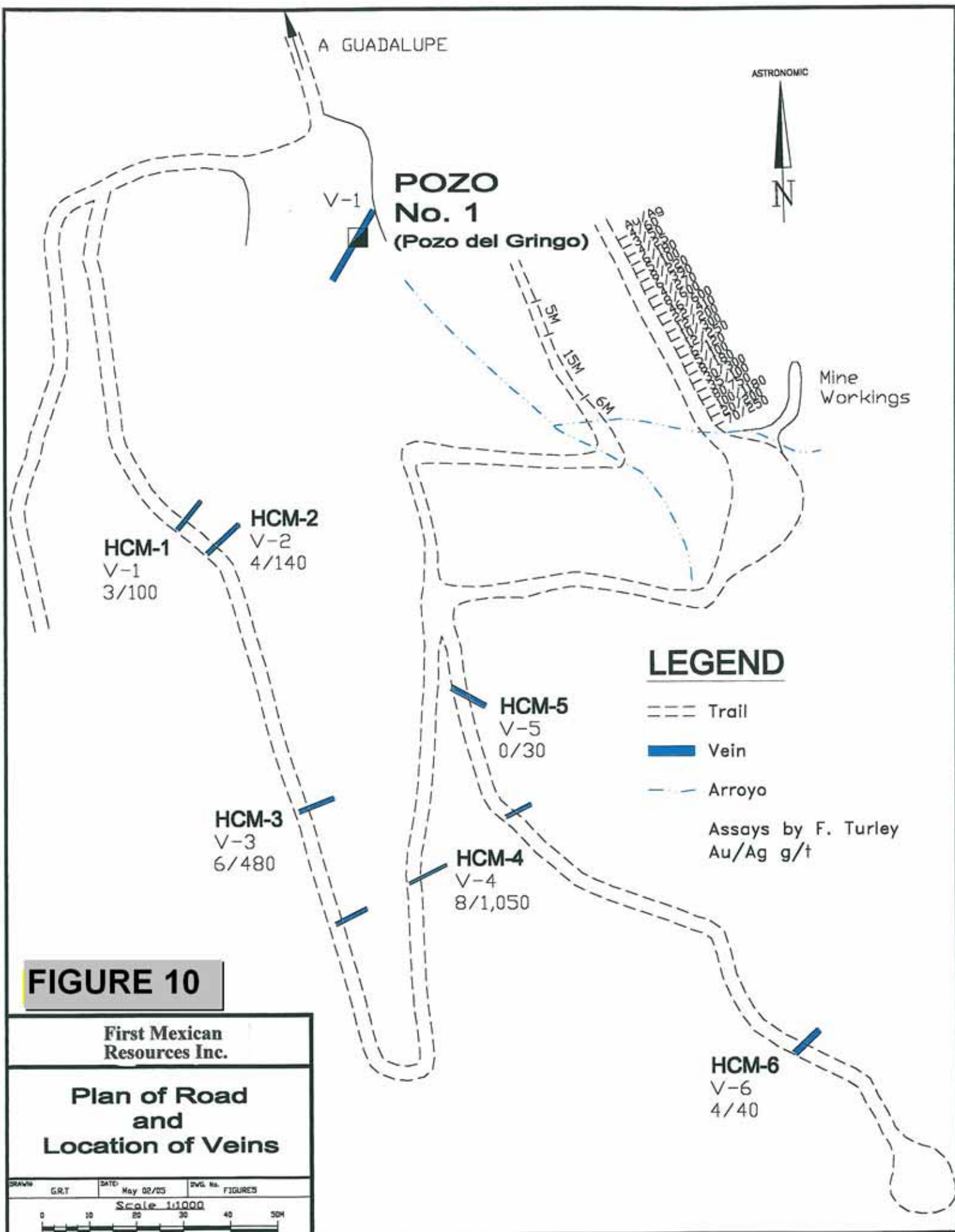
- Concession perimeter
- Arroyo
- Mine workings
- Rock sample
- Survey monument
- Road
- Breccia

FIGURE 9

First Mexican
Resources Inc.

Hilda 30
Sample Sites & Results
Sampled by G. Rocha

DRAWN	G.R.T.	DATE	NOV 02/02	SWS. No.	FIGURE 4
Scale		1:200,000			
0		200 400 600 800 1000M			



in Hermosillo. Anomalous gold +/- silver +/- copper values were returned for samples from 5 areas on the property (**Figure 9**).

Rocha brought the property to the attention of Turley who arranged private financing to develop the property. In 2002, a 60 degree decline shaft was sunk to a depth of 9 m (30 feet), and working levels established at 4.5 m and 9.0 m. Approximately 2 tonnes were mined from a bonanza pocket of a slightly east dipping tetrahedrite vein, and shipped to Grupo Mexico for processing. Exact records of production were not readily available as these were in the possession of Mr. Turley who is now deceased. MIM is endeavouring to obtain these records.

Also in 2002, a switchback road was bulldozed uphill east of the shaft area (**Figure 10 & 12, Photo 1**). Twenty - three (23), 2 m. samples were collected in a continuous line along the road cut and sent for assay at a private laboratory owned by Turley. Assay values ranged from 1 to 100 g/t gold and 25 to 1180 g/t silver. An approximate 5 tonne sample was excavated from a small pit in the side of the road, and shipped to a mill owned by Turley for concentration. The concentrate was then shipped to Grupo Mexico for processing. Exact records of production were not readily available.

In 2003, an attempt was made to drive a 10% decline from a lower elevation on the hillside to intersect the bottom of the Pozo del Gringo. At the same time, a decline was commenced into the hill at the Pozo del Gringo. The two workings were extended about 27 m and 5 m respectively before the financing difficulties forced the project's termination. Neither working may be entered due to cave-ins / rock slides.

2005 International Millennium Mining Corp : (IMMC)

IMMC commissioned J.G. Burns,(a co-author of this present report), to prepare a "Technical Report" to NI 43-101 standards for the Hilda 30 and Esperanza properties.

2005 International Millennium Mining Corp.: (IMMC)

IMMC conducted a small soil geochemical survey to the north and east of the Pozo de Gringo and of the anomalous values in rock cut along the switchback road described previously. Samples were collected at 25 m spacings along east - west lines spaced 25 m apart over an area measuring 300 m east - west by 200 m north - south. Anomalous values in both gold and silver (**Figure 13**) were obtained to the immediate east of and up hill from the switchback road over an area approximately 150 m long NW/SE by 70 m wide.

2007-2009 First Mexican Resources Inc.: (FMR)

The exploration work carried out by First Mexican is fully described in subsequent sections of this report.

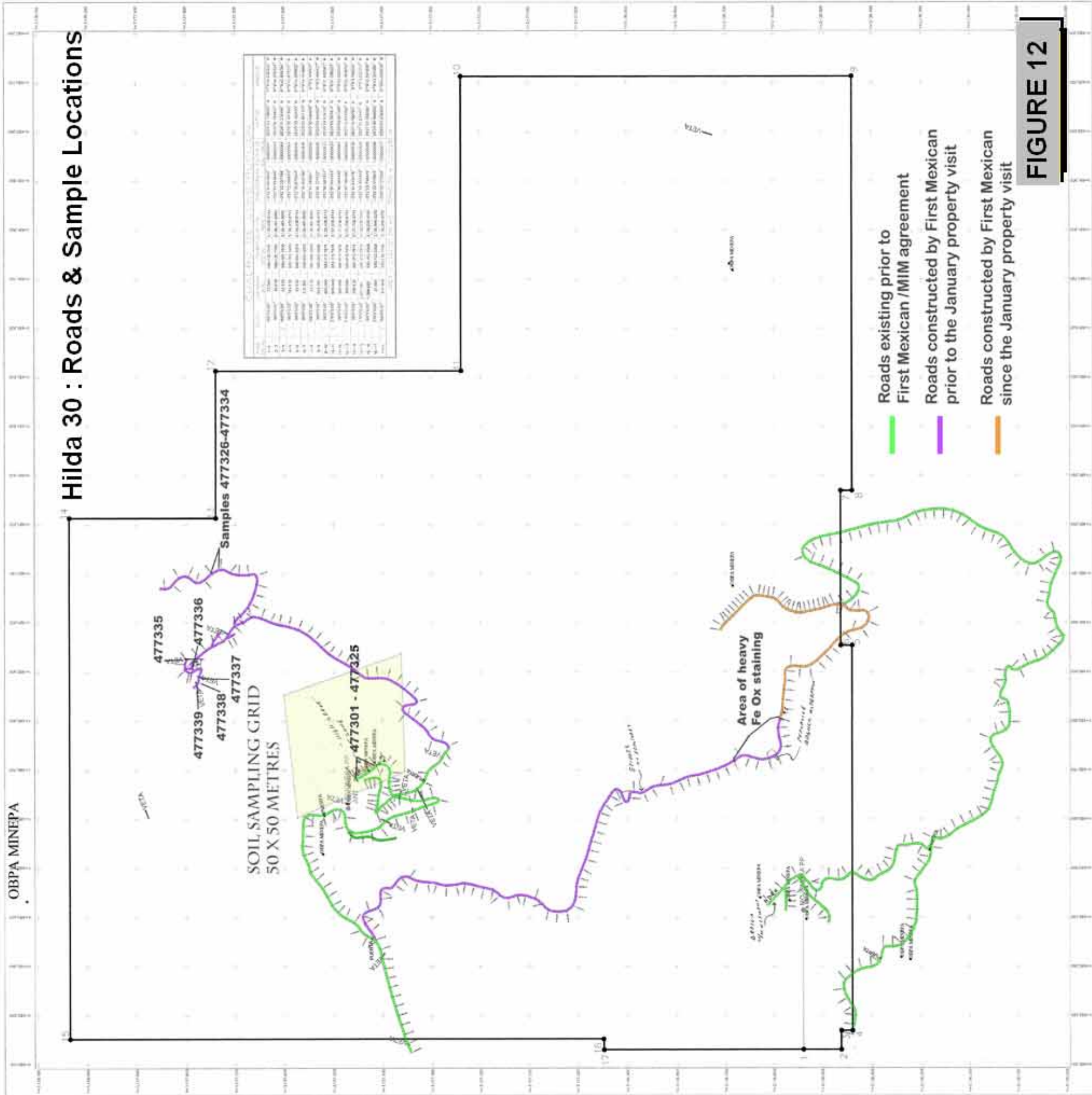


FIGURE 12



PRECISION GPS
S.A DE C.V

EXPLICACION:
Estudio topografico en el lote denominado "HILDA 30"

NOTAS:
El estudio esta en coordenadas UTM zona 27 Mexico y georeferenciado a la red geodetica nacional (INEGI)

ESTIPULACION PARA EL RE-USO:
ESTE PLANO Y TODOS SUS DISEÑOS SON PROPIEDAD DE "QUIEN SE RESERVA TODOS LOS DERECHOS, QUEDA PROHIBIDO REPRODUCIRLO O USARLO PARA OTROS FINES QUE NO SEAN LOS AUTORIZADOS"

- CONCEPTOS**
- CURVA DE NIVEL 5MTS EN LEVANTAMIENTO
 - CAMINO TERRACERIA
 - VERTICES CON GPS
 - COORDENADAS NORTE
 - COORDENADAS ESTE
 - VETTA
 - OBRA MINERA
 - CADENAMIENTO CAMINO
 - PUEBLOS
 - LOTE HILDA 30
 - MOJONERA PP



DIBUJO Y CALCULO: REVISO:
PRECISION-GPS RANE

PROYECTO:
CONTENIDO:

TIPO DE PLANO: PLANO No.
TOPOGRAFIA Y CAMINOS 1-1
FECHA: ABR-2008
ESCALA:

Government Reports

Numerous reports and maps published by Mexican or United States government agencies are available. Some that are pertinent to the area in general and to the property in particular include those listed below.

1964 - 1996 Consejo de Recursos Minerales : (CRM)

During this time frame geologists from CRM visited and reported on some of the many mineral occurrences within the Tecoripa map sheet area (Map H12-12)

1976 New Mexico Geological Society : (NMGS)

Special Publication No. 6, published by NMGS in 1976, contained articles on the geology and mineral deposits of northern Mexico.

1979 Nevada Bureau of Mines and Geology : (NBMG)

NBMG Report 33 titled "Papers on mineral deposits of western North America" edited by J.D. Ridge contained articles on deposits located in the USA, Canada and Mexico.

1994 Consejo de Recursos Minerales : (CRM)

In 1994, CRM published "Geological - Mining Monograph of the State of Sonora". In this 220 page volume the geology of Sonora State, descriptions of the deposits in the various mining districts are summarized.

2000 Consejo de Recursos Minerales : (CRM)

CRM published the geological map at a scale of 1:250,000 for the Tecoripa map sheet, H12-12, which includes the Santa Rosa map sheet and the Hilda 30 concession. A portion of this map is presented as **Figure 5**.

2000 Instituto Nacional de Estadística Geografía y Informática : (INEGI)

"Síntesis de Información Geográfica del Estado de Sonora" was released by INEGI in 2000. This publication presents an overview of the population, physiography, climate, geology, hydrology, soil, vegetation and agriculture for Sonora State.

2001 Consejo de Recursos Minerales : (CRM)

Between 1980 & 1982 CRM flew an aeromagnetic survey of the Santa Rosa map sheet H12-D76. The Hilda 30 property was covered by this survey. Flight lines were oriented in a general north - south direction, spaced 1000 m apart and flown at a mean ground clearance of 300m.

Legend

2004 Consejo de Recursos Minerales : (CRM)

CRM completed the 50,000 scale geological mapping of the Santa Rosa map Sheet H12D76 in 2004 and the report and map were subsequently published in 2005. A portion of the map sheet is presented herein as **Figure 6**. The geology of the area is discussed in a subsequent section of this report.

2004 Consejo de Recursos Minerales : (CRM)

In 2004, CRM collected stream sediment geochemical samples for the Santa Rosa map sheet. Results were subsequently published in 2005. Sample site location is shown on **Figure 8**. Four (4) sample sites are located on drainages that emanate from Hilda 30, but none are well positioned with respect to the property. The best results are only 7 ppb Au and 0.4 ppm Ag. Note that the Pozo del Gringo mineral occurrence is shown as “Guadalupe” on many of the map references.

GEOLOGICAL SETTING

Regional Geology: (*summarized from Clark, Dow & Knowling, 1979 and Clark & Roldan Q., 1992*)

Northern Mexico (Sonora and Chihuahua) can be divided into four physiographic provinces. From east to west these are a) the Basin and Range, b) the Sierra Madre Occidental, c) the Parallel Ranges and Valleys and d) the Coastal Plain.

The Basin and Range province lies in eastern Chihuahua, and is characterized by a series of northwest oriented ranges underlain by Tertiary aged igneous rock, and / or Mesozoic sedimentary rock sequences and rare Paleozoic strata. The ranges are separated by wide basins in-filled with lacustrine and eolian, clastic sedimentary deposits.

The Sierra Madre Occidental province, (Figure 1), is the largest physiographic area in Mexico. It is 200 to 300 km wide, extends for 1200 km in a southeasterly direction from the USA / Mexican frontier straddling the Sonora / Chihuahua border and continuing into central Mexico, and forms a dissected plateau with maximum elevation in excess of 3000 m. The Hilda 30 property lies within this physiographic province. Lithological units within this area comprise a lower volcanic sequence approximately 1 km thick, of andesitic composition and of late Cretaceous to mid Tertiary age (~63 - 31 m.y.) overlying folded Mesozoic or late Paleozoic strata. This volcanic sequence is in turn unconformably overlain by an upper volcanic sequence comprising mid-Tertiary (~37 - 23 m.y.) rhyolite ash, tuff and flow rocks approximately 1 km thick. Quartz diorite to granite batholiths intruded

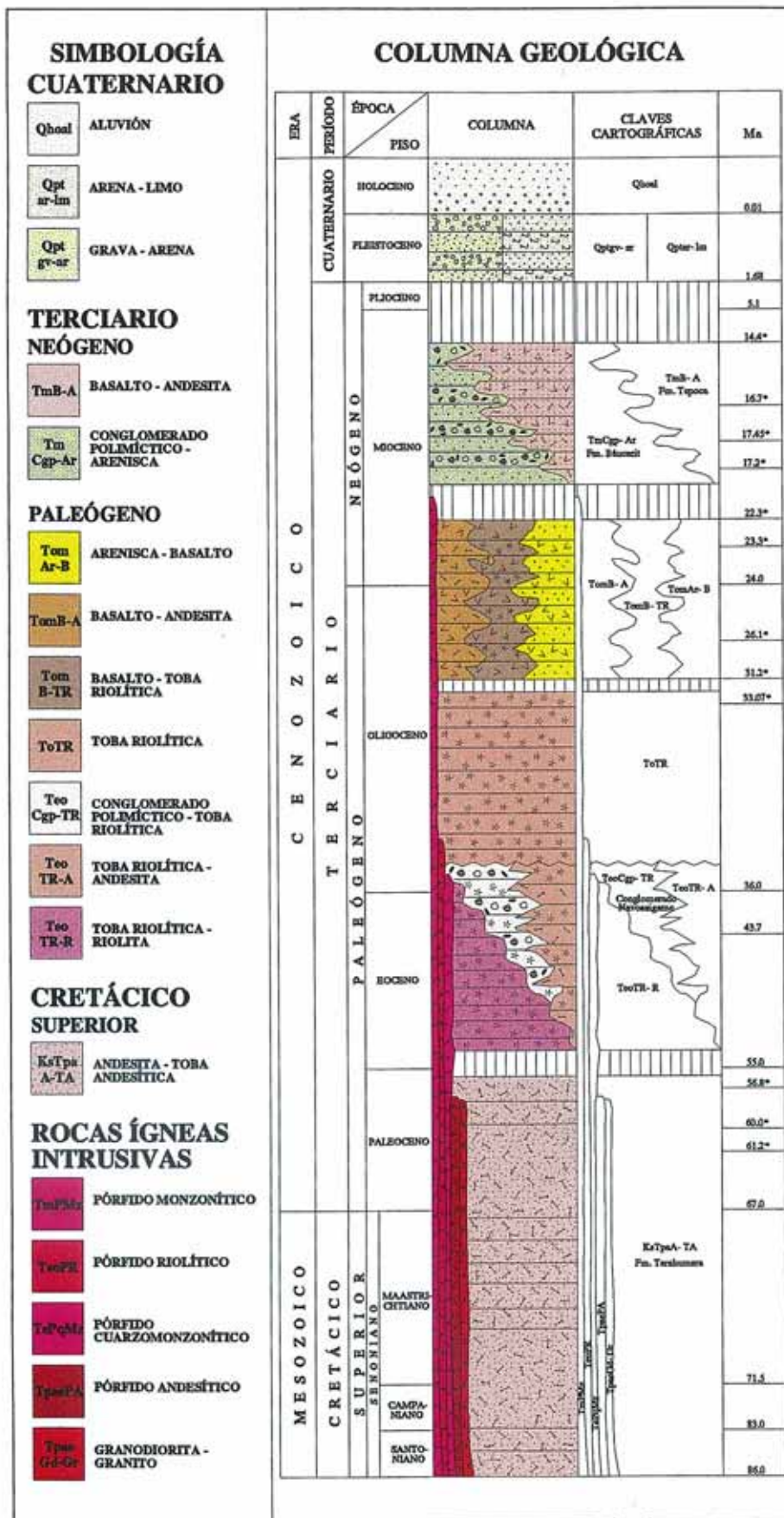


Figure 6a
Legend

LEVANTAMIENTO GEOQUÍMICO
POR SEDIMENTOS DE ARROYO

SÍMBOLOS GEOQUÍMICOS

MUESTRA DE SEDIMENTO DE ARROYO 99-30 No. Muestra - Valor ppb

SIMBOLOGÍA ESTADÍSTICA

CONTENIDO (PPB)	PERCENTILES (%)
773.00	MAXIMUM
9.43	90 %
5.35	75 %
2.17	50 % (MEDIANA)
1.47	25 %
1.19	10 %
1.00	MINIMUM

No. DE MUESTRAS = 196

MÉTODO ANALÍTICO: ENSAYE AL FUEGO - ICP

○ VALOR ALTO NO CONSIDERADO EN LA ESTADÍSTICA

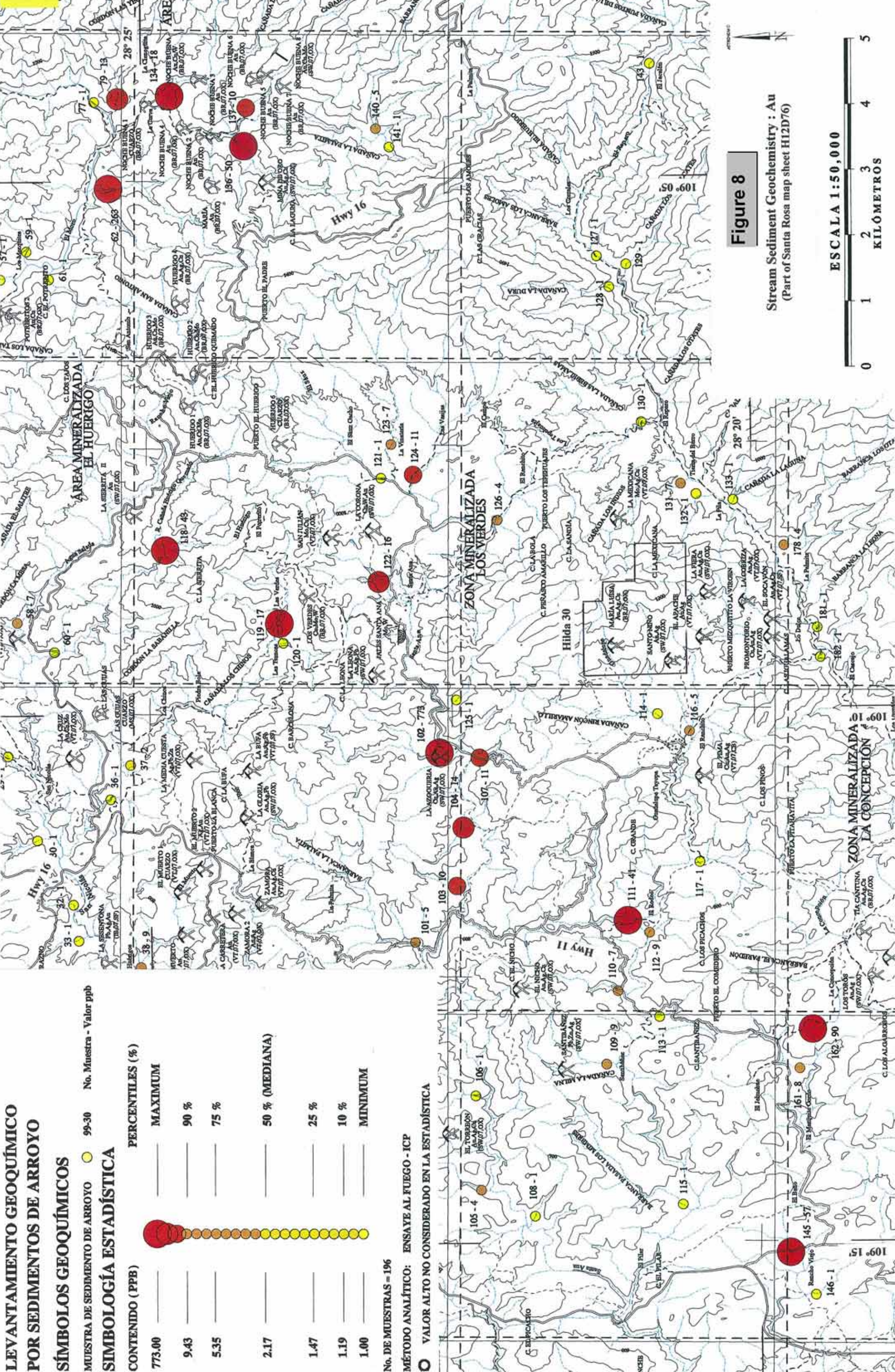


Figure 8

Stream Sediment Geochemistry : Au
(Part of Santa Rosa map sheet H12D76)

ESCALA 1:50,000



the lowermost part of the older andesites, whereas smaller stock sized bodies of siliceous and intermediate composition were emplaced as late as 30 - 28 m.y. The entire lower andesite and upper rhyolite sequences have been tilted to the east which has contributed to erosion and the creation of deep ravines, both of which have caused the andesite sequence to be exposed in the western part of the province in Sonora State. Block faulting was extensive throughout the province.

In central Sonora and to the west of the Sierra Madre Occidental province is **the Parallel Ranges and Valleys province**. It is similar in style to the Basin and Range province with two notable differences. First, it is much lower in elevation due to deeper level of erosion. Second, exposed within it are Mexico's oldest rocks, the 1.75 to 1.675 Ga Precambrian intrusions of northern Sonora and younger, although still Precambrian aged, dolomite, limestone, sandstone and shale. Ranges are isolated, surrounded by plains of clastic sediments.

The Coastal Plain is approximately 75 km wide. It is characterized by a flat-lying section comprising mainly of Tertiary and Quaternary gravels and alluvium.

Local and Property Geology

A geological map (1:50,000 scale) for the Santa Rosa map sheet (H12-D76) was published by CRM in 2005. As shown in **Figure 6** which covers a portion of the Santa Rosa geological map sheet; the Hilda 30 concession lies within a "window" (possible roof pendant) of andesite and andesite tuff of upper Cretaceous age that is almost surrounded by a granite to granodiorite intrusion with porphyritic phases. All of the andesitic rocks seen were white to greenish grey to purplish grey in colour, porphyritic / tuffaceous, and locally moderately to strongly silicic and argillic altered. No outcrops of granite - granodiorite were noted. As noted on **Figures 5 & 7**, numerous faults and other lineaments have been mapped / inferred / interpreted in close proximity to the concession.

As shown on Figure 6, numerous Au & Ag occurrences occur in the general area, most of which are hosted by andesite or rhyolite rocks, and all appear to be spatially related to the granite - granodiorite intrusion which itself hosts many base metal occurrences. The precious and base metal occurrences are listed in **Table 2** along with any significant assay data available for those reported upon by government geologists. Silver appears to be equally as important as gold.

The majority of the Hilda 30 concession flanks a magnetic high that occurs in the NE corner of the property. While the underlying cause for this magnetic feature remains to be determined, it may be

Table 2
Mineral Occurrences in the Santa Rosa Map Sheet Area
(From Garcia Cortez and Vasquez Mendoza, 2004)

Mineral District	Occurrence Name	Assay Data g/t Au	g/t Ag	% Cu	% Pb	% Zn	% Mo	%W
La Concepcion	Tia Cantuna	0.633 - 6.499	19-197	0.008-0.167				
	La Concordia	0.056 - 0.129	11-139	0.049-0.178				
	Promontorio	trace - 27.5	1.8-792	0.16-6.52				
	El Nicho	0.199 - 1.099	1-6	0.015-0.024				
	El Socavon	0.399 - 0.599	213-4629	0.095-1.61	0.701-158	0.131-0.257		
	Maria Luisa	0.035 - 1.049	10-49	0.029-0.51				
	El Apache	0.038 - 0.073	3-6	0.011-0.019				
	La Mexicana	0.031 - 0.072	4-26	0.014-0.046			0.0185-0.9098	
	La Cobriza	0.099 - 0.233	14-82	0.013-0.040				
	La Fiera	0.083 - 0.266	90-247	0.133-0.189				
	La Pima	0.038 - 1.699	2-43	0.556-1.33				
	Santo Nino	0.053	296					
	Santibanez	0.045 - 0.065	3-12	0.066-0.151				
	Los Toros	0.068 - 0.079	1	0.006-.008				
Los Verdes	La Cruz	0.036-10.36	136-438	0.180 - 0.976			0.30-1.73	0.301-0.622
	La Azogueria	0.054-2.15	2-138	0.038-5.80				

Table 2
Mineral Occurrences in the Santa Rosa Map Sheet Area
(From Garcia Cortez and Vasquez Mendoza, 2004)

Mineral District	Occurrence Name	Assay Data g/t Au	g/t Ag	% Cu	% Pb	% Zn	% Mo	%W
Santa Rosa	La Bufo	trace -4	44-4770	1.0-12.6				
	La Cuesta	trace - 2	30-616		1.0-4.5	0.22-1.66		
	San Julian	0.024-0.047		0.006-0.016			0.007-0.284	
	La Corona	0.021-0.100		0.790-0.836				0.005-0.067
	La Leona	0.199- 0.833	26-46		0.678-7.01			
	La Sierita II	0.020-0.299						
	Agua Salada	0.233	65		0.342			
	La Gloria	0.066-0.199	6-27					
	La Guijas	0.025-0.061						
	La Providencia	trace-0.056		0.22-3.24			0.13-0.761	
	La Prieta	26.6	828	0.323				
	Los Ocotes	trace -2	22-150		0.50-3.10			
	La Mantequilla	trace- 6.432	2-5					
	Los Tjos	0.071-0.236	132-315					
	La Junta	0.06	0.333					
	Los Picachos	0.055	9.83					
	Cason Colorado	0.029-0.050						

Table 2
Mineral Occurrences in the Santa Rosa Map Sheet Area
(From Garcia Cortez and Vasquez Mendoza, 2004)

Mineral District	Occurrence Name	Assay Data g/t Au	g/t Ag	% Cu	% Pb	% Zn	% Mo	%W
La Trinidad	La Trinidad	trace-0.233	27-239	0.010-0.415	0.333-1.44			
	Los Algarrobos	0.010-0.066		0.005-0.233				
	Mesa Colorado	0.093-0.399	1-2	0.006-0.010	0.012-0.013			
Canada del Oro	Ivonne	trace- 0.733	1-199	0.004-6.93				
	Canada del Oro	trace-3	6-72	0.025-0.099				
	El Pillado 1	0.11-0.266	6-108		0.080-4.67	0.969		
	El Cusi	0.266- 14.0	40-742	0.12-0.32	0.3-6.0			
10 de Mayo	El Inclain	0.050-0.233	8-11	0.005-0.007				
	Lupita	0.066-0.133	1-2		0.002-0.007	0.016		
	El Mesquite	0.099-0.399	1-42	0.003-0.022				
	Piacho	0.066	3-11		0.08	1.11		
	10 de Mayo	trace-2	40-130	0.20-0.80	0.60-1.30			
	La Prieta		217	0.501	0.121	1.61		
	El Muerto	0.044						
	El Muerto II	0.030-0.43	3-15					
	Salcedo	0.030-0.047	1	0.004-0.011				
	Zamora	0.034-0.200	14-362	0.014-1.49				

Table 2
Mineral Occurrences in the Santa Rosa Map Sheet Area
(From Garcia Cortez and Vasquez Mendoza, 2004)

Mineral District	Occurrence Name	Assay Data g/t Au	g/t Ag	% Cu	% Pb	% Zn	% Mo	%W
Noche Buena	Zamora II	0.096-0.399	35-722	0.014-0.077				
	La Sesentona	0.60	6					
	Los Sauces	0.026-0.033		0.002			0.009-	
	La Careterra	0.048-0.052		0.016				
	Penasco Blanco	0.046-0.750	5-74	0.024-0.168				
	El Torreón	0.133-0.284	182-1562	0.161-0.201				
	El Muerto I	0.060						
	Mina de Oro	0.133-5.60	8-71	0.066-1.39	0.031-0.207			
	Noche Buena	trace- 3.65		trace-10.4				trace-0.612
	Noche Buena 6	0.053-3.399						
	Maria	0.199-0.999						
	Noche Buena 7	0.039-0.166	1.0					
	Noche Buena 5	0.033						
	Noche Buena 2	0.029-0.041						
	Noche Buena 3	0.030-0.041						
	Noche Buena 4	0.028						
	Noche Buena 8	0.399		0.549				

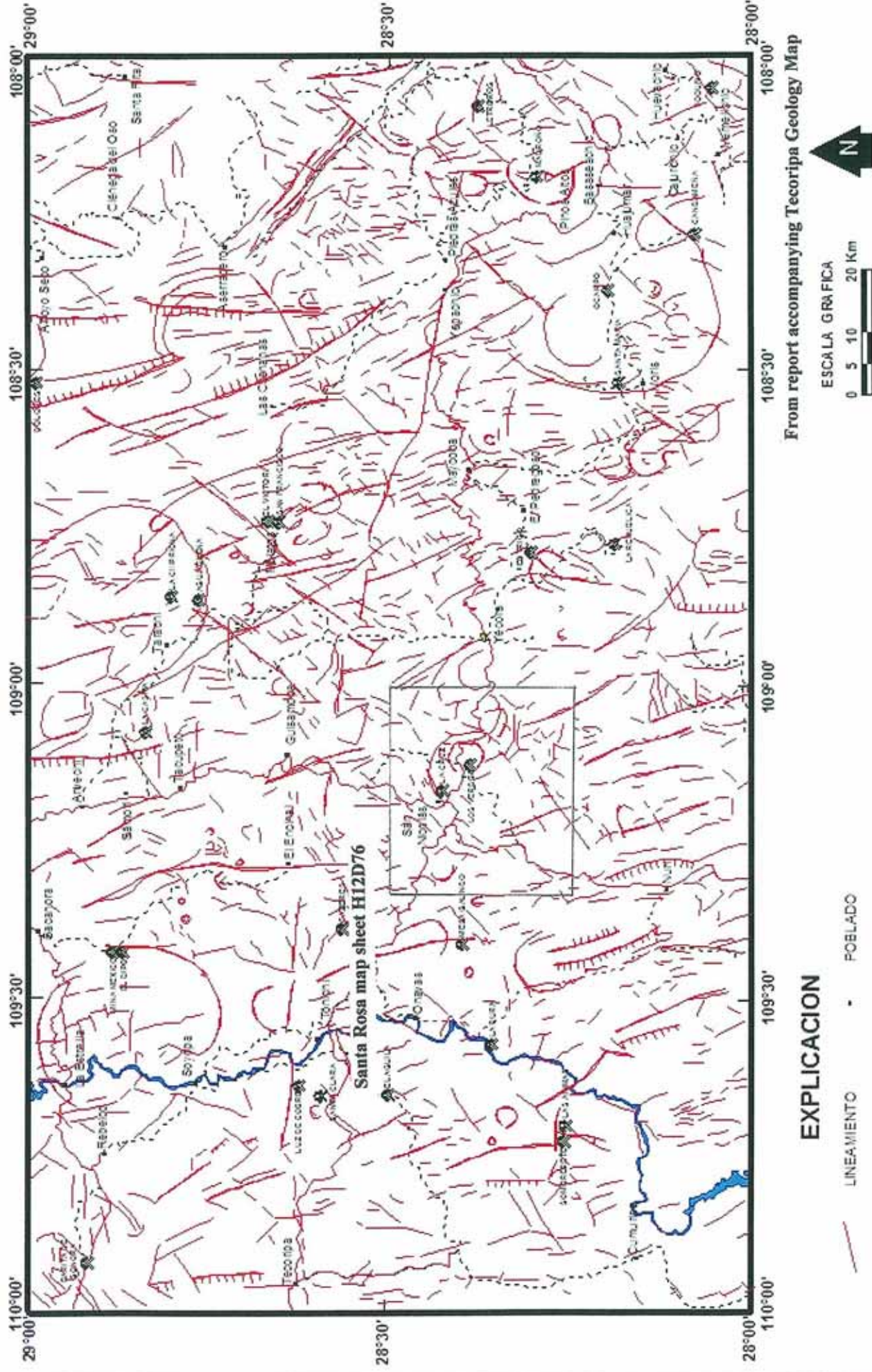
Table 2
Mineral Occurrences in the Santa Rosa Map Sheet Area
(From Garcia Cortez and Vasquez Mendoza, 2004)

Mineral District	Occurrence Name	Assay Data g/t Au	g/t Ag	% Cu	% Pb	% Zn	% Mo	%W
Potreritos	Noche Buena 1	0.046-0.093						
	Potreritos 1	0.028-0.055		0.002-0.003			0.002-0.004	
	Potreritos 2	trace-0.046		0.001-0.002			0.002-0.019	
	Potreritos 3	0.032-0.036		0.002-0.003			0.001-0.006	
	Potreritos 4	0.039-0.141	1-6	0.001-0.006			0.002-0.012	
Huerigo	Huerigo 1	0.026-0.069	1-5	0.004-0.013				
	Huerigo 2	0.038-0.050		0.004-0.026				
	Huerigo 3	0.037-0.133		0.004			0.003	0.002
	Huerigo 4	0.003-0.094	1-6	0.002-0.010				
	Huerigo 6	0.029-0.104						
Campanero	El Campanero		11 -40		0.021-0.666	0.017-0.450		

values > 0.50g/t Au and >15g/t Ag considered interesting
Mineralization on these properties is not necessarily indicative of the mineralization on the Hilda 30 property.

CARTA TECORIPA H12-12

INTERPRETACION DE IMAGENES DE SATELITE



due simply to the magnetic contrast between andesite and granite-granodiorite rocks. The peak of the magnetic high corresponds roughly to an approximate 100 m high hill, which is the source for boulders comprising quartz and specular hematite cementing andesite breccia found in the arroyos below.

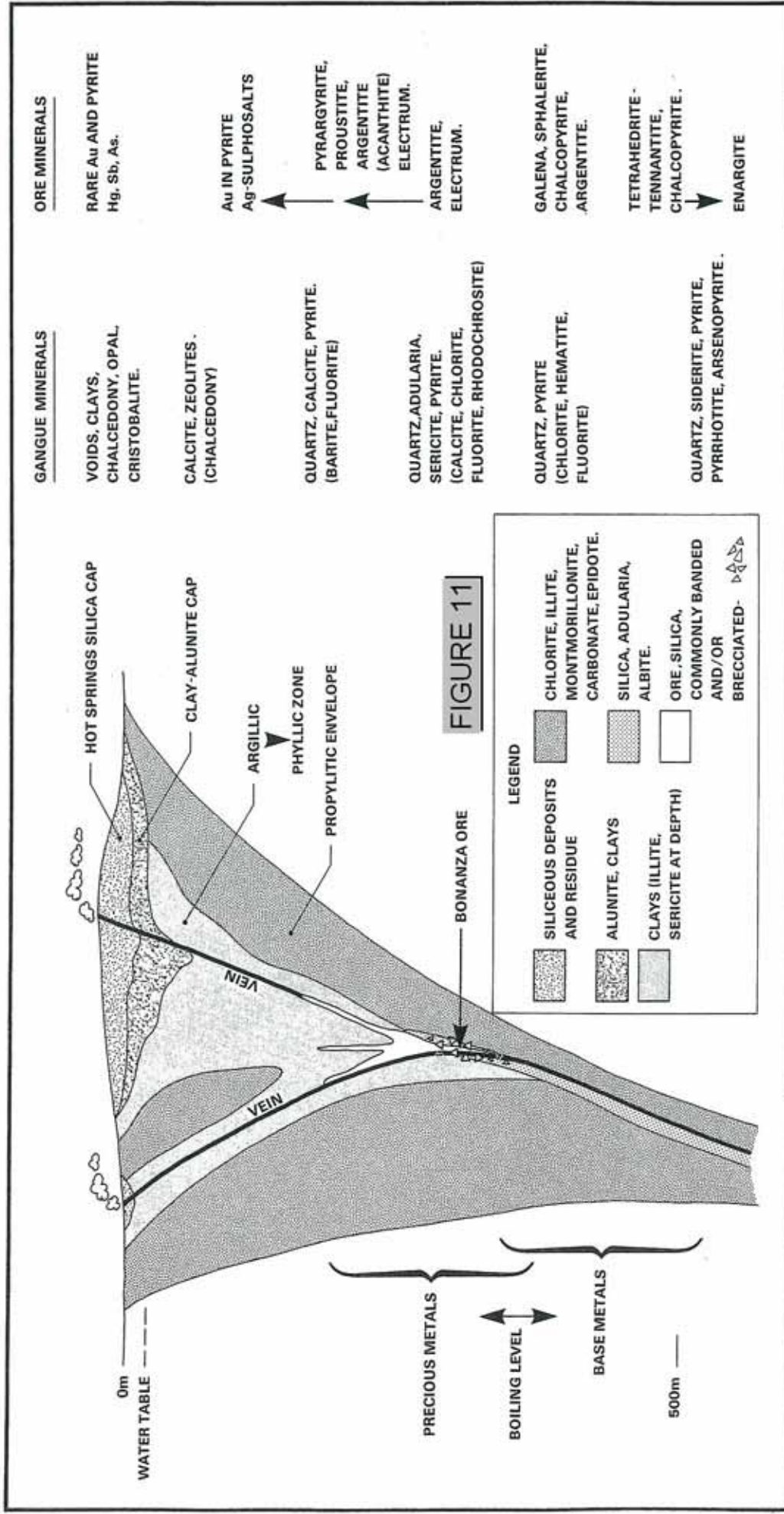
DEPOSIT TYPES *(Summarized or extracted from Panteleyev, 1988)*

Epithermal precious metal deposits are the target deposit type for the Hilda 30 property. Deposits of this type are attractive exploration targets as generally the contained precious metal value is high with low or no base metal content. Deposits occur as vein systems, tend to be small (<1 million tonnes) but may also be large (several 10's of million tonnes). Ore grade is generally good to high, and deposits may contain very high-grade (bonanza) ore shoots.

Epithermal deposits form from relatively dilute, near-neutral to weakly-alkaline chloride waters (hydrothermal solutions) that undergo boiling or degassing, fluid mixing, and oxidation at temperatures between 200 C and 300 C (most between 230 C - 260 C). These deposits occur in all rock types, particularly those that maintained primary or structurally induced permeability and thus permit focussed hydrothermal fluid flow and can provide sites for ore deposition. The heat source for hydrothermal activity is derived from structurally controlled sub-volcanic intrusions or deeper plutons.

A generalized model for epithermal deposits is shown as **Figure 11**. Characteristics of these deposits follow:

- 1) The deposits form near surface (within 1000 m). Ore can be developed over a considerable strike length, but is restricted in vertical extent to intervals varying from 100 to 1000 m. Average vertical range of ore is ~350 m, rarely exceeding 600 m. Ore zones bottom out in either barren rock or continue downward into sub-economic zones containing base metal sulphides.
- 2) Veins are the most common ore host. They tend to branch or flare upward into complicated wedge-like or cone-like features. Breccia zones, stockworks, and fine grained bedding replacements also occur. Larger zones of these types may extend to tens of millions of tonnes in size.
- 3) Deposits form in extensional tectonic settings, in areas with well-developed tension fracture systems and normal faults. The fracture systems are commonly, but not necessarily, associated with large-scale volcanic collapse structures.
- 4) Mineralization commonly occurs in volcanic terranes with well-differentiated, subaerial



Idealized section of a bonanza epithermal deposit. (After Buchanan, 1981). Real systems are commonly more complex because this single-stage model is overprinted by several stages of mineralization related to migration of fluid boiling or degassing levels. (From The Geological Association of Canada, Ore Deposit Models Reprint Series 3, page 34.)

pyroclastic rocks, and numerous sub-volcanic intrusions. Hot spring deposits and fumarolic volcanic phenomena are sometimes evident where centres of discharge have not been deeply eroded.

- 5) Ore and associated minerals are deposited dominantly as open spaced fillings with banded, crustiform, vuggy, drusy, colloform, and cockscomb textures. Repeated cycles of mineral deposition are evident. Ore minerals are generally fine-grained, but commonly have coarse-grained, well crystallized overgrowths of gangue minerals.
- 6) Silver and gold are the main economic minerals, and occur along with enhanced amounts of Hg, As, Sb and rarely Tl, Se and Te. Silver to gold ratios vary widely, but silver is typically more abundant than gold. Main ore minerals are native gold and silver, electrum, acanthite (argentite), and silver bearing arsenic-antimony sulphosalts. Tellurides are locally important. In addition, galena and sphalerite are common. Copper occurs generally as chalcopyrite, but in some deposits as enargite. Cinnabar, stibnite, tetrahedrite and selenides are important in some deposits.
- 7) Gangue minerals are mainly quartz and calcite with lesser fluorite, barite and pyrite. Chlorite, hematite, dolomite, rhodonite and rhodochrosite are less common. Silica occurs in many varieties, most commonly as quartz or amethystine quartz, but also as opal, chalcedony and cristobalite.
- 8) Hydrothermal alteration is pronounced. Precious metal mineralisation is frequently associated with silicification. Zones of silicification can be flanked by illite-sericite clay alteration, all occurring within larger zones of propylitic alteration. At depth, vein structures contain adularia while near surface broad argillic zones, some containing alunite, can predominate.

Deposits of this type include Mulatos (Sonora, Mexico), Sleeper, Round Mountain and Comstock lode (Nevada, USA) and Equity Silver (B.C. Canada).

The induced polarization (IP)/resistivity survey is the most common geophysical method employed in the search for epithermal precious metal deposits. A typical anomalous signature would consist of an IP chargeability high (due to the sulphide content in the deposit) and resistivity high (due to the quartz/silica alteration associated with mineralisation).

Soil geochemistry is an extremely useful exploration tool particularly if there is significant soil cover. Silver, gold and other elements are released from the rock and cycled into the soil. Depending upon topography, hydrological features, mobility of the elements, etc., anomalies may sit directly above a mineralized body or be displaced somewhat from it. Thus the geochemical results must be interpreted in conjunction with other geological and / or geophysical data.

MINERALIZATION

The main mineral occurrence is situated in the vicinity of the Pozo del Gringo (**Figure 10**). Very little could be seen in this area as the underground workings have been covered by rock and debris slides. A tetrahedrite vein, reportedly up to 0.5 m wide strikes in a 020 to 040 direction and dips near vertical. Sample JBH-06, collected by J.G. Burns, P. Eng., and comprising small grab pieces of vein material taken from the spoil pile beside the incline shaft, assayed 0.248 g/t Au, 1800 g/t Ag and 4.03% Cu (Burns, 2005). Assay values for Pb, Zn, As, Sb, Hg and Te were also anomalous (Fig. 5,6). The vein appears to occupy a tensional fracture in an andesitic volcanic flow.

Due east of the shaft and an estimated 50 m to 75 m higher in elevation, a 46 m long zone of brecciated andesite and lappilli tuffs is exposed in a road cut (**Photos 3, 4 & 5**). Thin (generally <5 mm), drusy, cock's comb, vuggy quartz veins at a variety of angles and comprising from 2 to 5% of the rock impart a brecciated appearance to the rock. Very fine sulphides constitute <2% of the veins. The dominant vein set dips steeply and strikes between 090 to 125°. Silica, hematite, limonite and argillite alteration accompany the veins. Twenty-five (25), either 1 or 2 m chip/channel samples (477301 – 477325), collected by J.G. Burns, P. Eng. in 2008 along the road cut, corresponded to First Mexican samples 813906 to 813930 respectively. As may be noted in a Table located in **Appendix II**, the gold and silver averages obtained by Burns and First Mexican (3.07 versus 3.60 g/t Au and 155 versus 208 g/t Ag respectively) are of the same general order of magnitude, are certainly significant, and are indicative of a potential economic zone of mineralization. There are, however, some significant differences between individual assays for the same sample interval, particularly for gold, which suggest a potential “nugget effect” that must be assessed when further evaluating the occurrence. The high Au and Ag assays (6.66 g/t Au and 471 g/t Ag for sample #477319 taken by Burns or 13.35 g/t Au and 745 g/t Ag for First Mexican sample 813924) suggests the possible presence of bonanza grade mineralisation. Anomalous As, Bi, Cu, Pb, Sb, Te, V and Zn values are associated with the Au-Ag mineralisation.

At a second locale, nine samples (477326 to 477334) were collected by Burns over a continuous 17 m interval, at the toe of a newly bulldozed section of a road near the north property boundary in an area not sampled previously by First Mexican (Burns, 2008). Samples were of strongly weathered (saprolitic), intensely altered felsic tuff. Limonite and hematite with lesser kaolin and silica are the main

alteration minerals. Quartz veins are rare. Very minor pyrite was also noted. Values for Ag were only slightly anomalous, and these were accompanied by weakly anomalous Ba results (Table in **Appendix II**).

Approximately 450 m NNE of the Pozo del Gringo, five additional samples (477335 477439) tested the possible extension of the Gringo vein in various road cut locales (**Figure 12**). Silver values varied from 1.49 to 22.1 g/t, and are thus definitely anomalous. The associated anomalous Pb, V and Zn values indicate that the mineralization is at least of the same genetic type as that in the breccia zone. Although the strike of the veins is similar to that of the Gringo vein, it is orthogonal to the direction of the Au and Ag geochemical anomalies (Burns, 2008).

During the 2005 property visit (Burns, 2005), samples JBH-4 and 5 were broken from large boulders situated within the arroyo just west of the Pozo del Gringo area. These boulders, which comprised quartz and specular hematite cementing an andesite breccia, had obviously rolled down from the hill top to the east above the Pozo del Gringo area and the breccia zone. Assay values for sample JBH-4 were highly anomalous for precious metals (0.138 g/t Au and 5.35 g/t Ag), as well as for As, Sb, Hg and Te, but only weakly anomalous for base metals.

The quartz veinlet stockwork, the alteration that accompanies the stockwork, and the precious metal, base metal and trace element mineralisation, are all indicative of epithermal style mineralisation, and the quartz-specular hematite mineralisation of the boulders and their trace metal content are consistent with a silica cap to an epithermal mineral system.

The results of the 2008 road cut samples indicate a number of areas/veins with significant values in gold, silver, copper and zinc and other associated minerals such as arsenopyrite and bismuth (**Figure 10**). The highest values were in the range of up to 2.02 and 9.32 p.p.m. in gold (from samples WS-17 and WS-29 respectively), greater than 100 p.p.m. in silver (from samples WS-5 and WS-29 respectively), up to 1150 and 1050 p.p.m. in zinc (from samples 477226 and 477475 respectively), up to 436 and 1630 p.p.m. in arsenopyrite (from samples 477636 and WS-29 respectively) and greater than 10,000 p.p.m. (>1%) in copper (from samples WS-3, WS-7 and WS-29 respectively) as well as anomalous values in manganese, barite, lead and tin. These samples coincided with areas of rusty, oxidized andesitic volcanics, silicified oxide capping, or where vein structures and mineralized quartz-carbonate breccias were noted on a number of the sites on the Hilda 30 and adjoining properties. The main road-work was done along the hillside (series 477151 to 477671 for 328 samples in total) from the

Pozo del Gringo area upwards to the crest of the hill under the siliceous capping covering the eastern ridge of the Hilda 30 property.

Another mineral occurrence is situated in the southwest corner of the concession in the vicinity of Rocha samples 18 & 20 (**Figure 9**). Samples JBH-1, 2 & 3 collected in the same general area during the 2005 property visit (Burns, 2005) from a 30 m to 40 m high, 75 m wide 150 m long, bare, rusty hill that strikes in a general 090 direction were of silicified andesite that was in part brecciated and cut by drusy quartz veinlets. Hematite and limonite staining were prevalent. Although the assay values for Au and Ag were not of the same order of magnitude as those of Rocha (probably due to not being from the exact same area), values Ag, As and Sb were highly anomalous (Ag values of 1.06, 1.40 & 4.01 g/t). This occurrence is possibly indicative of a second epithermal zone of mineralisation on this property.

Gold and silver mineralized area occurs in several locales on the property, however the main concentration appears to be in the Pozo del Gringo area. There, the best mineralization is represented by the 46m long road cut which averaged 0.248 g/t Au and 1800 g/t Ag. Elsewhere, significant values are generally limited to single samples. Insufficient work has been completed to define size and attitude of any mineralized zones present on the property.

This property is at the initial stage of exploration. Geological controls, continuity and distribution of mineralization as well as the size and geometry of any mineralized body remain to be determined. The 46 m length of mineralization obtained in the one road cut of 2.8 g/t Au and 228 g/t Ag is certainly significant and of potential economic grade.

EXPLORATION

Since acquiring an option on the Hilda 30 concession in 2007, First Mexican has incurred exploration expenses of \$1,706,020 Cdn. on exploration programs that included:

- Bulldozed roads to various portions of the property not only to provide access, but also to expose outcrop for sampling;
- Sampled the rock along the road outcrops in a systematic manner;
- Accurately surveyed the roads and other notable features using differential GPS instrumentation;
- Completed a small, 3 hole (189.55m) diamond drill program using a portable diamond drill, contracted from a local sub-contractor to test the gold-silver mineralization outcropping on the

road cut just west of the adit;

- Completed a seven-hole (698 m.) Reverse Circulation Drill program in order to trace the extension of the mineralized unconformity which shows up in the road cut just north of the adit area.

Billiken Management Services Inc. (Billiken) from Toronto, Canada managed the exploration program for First Mexican Resources except for the core drilling which was contracted directly by First Mexican.

Road Sampling Program

Roads were constructed in 2007 and early 2008 by a local contractor using an Allie Chalmers bulldozer (equivalent to a D-7) with a 13 foot (4m) wide blade. An approximate 3.0 km of new roads were built as shown. Precision GPS S.A. de C.V., a company based in Hermosillo, Sonora State, Mexico, was contracted to survey the roads. The survey was conducted during April, 2008 using differential GPS instrumentation. Road locations with respect to the property boundary are shown in **Figure 12**. From the road cuts, First Mexican collected a total of **894** samples during three (3) periods of sampling; the 3rd week of September 2007, the 1st week of November 2007, and the latter half of April 2008. Sampling during the first two sampling periods was conducted by Mr. B. H. Newton, a principal of Billiken, whereas sampling during the third period was completed by Mr. William Snoddy, a contract geologist in the employ of Billiken. Results for these sampling periods are detailed in the previous section titled **“MINERALIZATION”**. Sampling procedures are described in the following section titled **“SAMPLING METHOD AND APPROACH”**.

Core Drilling Program

A description of and the results for the 2008 core drilling program are presented in the following section titled **“DRILLING”**.

Reverse Circulation Drill Program

A description of and results for the 2009 reverse circulation drill program are presented in the following section titled **“DRILLING”**.

DRILLING

Core Drilling Program

Drilling was contracted to Minera Planet Explotation S.A. de C.V., a Mexican company based in Guadalajara. Drill hole location were spotted in the field by Mr. William Snoddy. Mr. Antonio Paredon, a local geologist based in Hermosillo, supervised the drill program, logged the holes and selected the samples for assay. [Note: At the time the drill program was undertaken, Mr Paredon was not a QP as defined by NI 43-101.]

The drill program comprised three (3), BQ thin wall (approximately 40.7 mm diameter core) size holes, (189.55m total length), and was conducted during June, 2009. Cumulative hole lengths amounted to 189.55 m. All three holes are located SE from the Pozo del Gringo (**Figure 13**) adjacent to the small adit along the road cut where previous road cut samples averaged 0.248 g/t Au and 1800 g/t Au across 46m. Holes were aligned to drill perpendicular into the hillside where significant gold and silver mineralization have been reported for a 46m length along a road cut, and were designed to verify the presence of gold & silver mineralization, to hopefully determine the extent of mineralization and to determine the lithological units hosting the mineralization.

Significant gold and or silver mineralization was encountered in all three holes. [Note The assay intercept values were averaged from the results obtained from non accredited laboratory at the University of Mexico in Hermosillo (UMH).] Values ranged from a background of less than 1 g/t up to a high of 19.4 g/t for gold and from a background value of less than 5 g/t to a high of 2,153 g/t for silver. A13 multi-element determination was completed for gold, silver and a number of other accessory elements such as copper, molybdenum, lead, and zinc. The results showed that the higher sulphide-rich units contained the higher precious metal and base metal contents.

The more significant gold and silver intercepts are as follows. Hole **H30-01-09** cut 5.8 m from 15.55 to 21.35 m that averaged 3.67 g/t Au and 753.80 g/t Ag (**Figure 18**). In hole **H 30-02-09**, a continuous run from 3.05-18.25 m.(15.25 m) averaged 2.58 g/t Au and 47.42 g/t Ag (**Figure 19**). Hole **H30-03-09** cored the longest and most consistent values, with a best intercept over a 16.9 m section (10.65-29.10 m) which averaged of 10.61 g/t Au and 1416.11 g/t Ag (**Figure 20**). The hole was mineralized from surface to 37.8 m in depth before it graded out of the mineralization. The intercepts quoted above are not necessarily indicative of true widths. True widths may vary due to changes in the geometry of the deposit and the angle at which the hole intersects the deposit. As such, true widths are

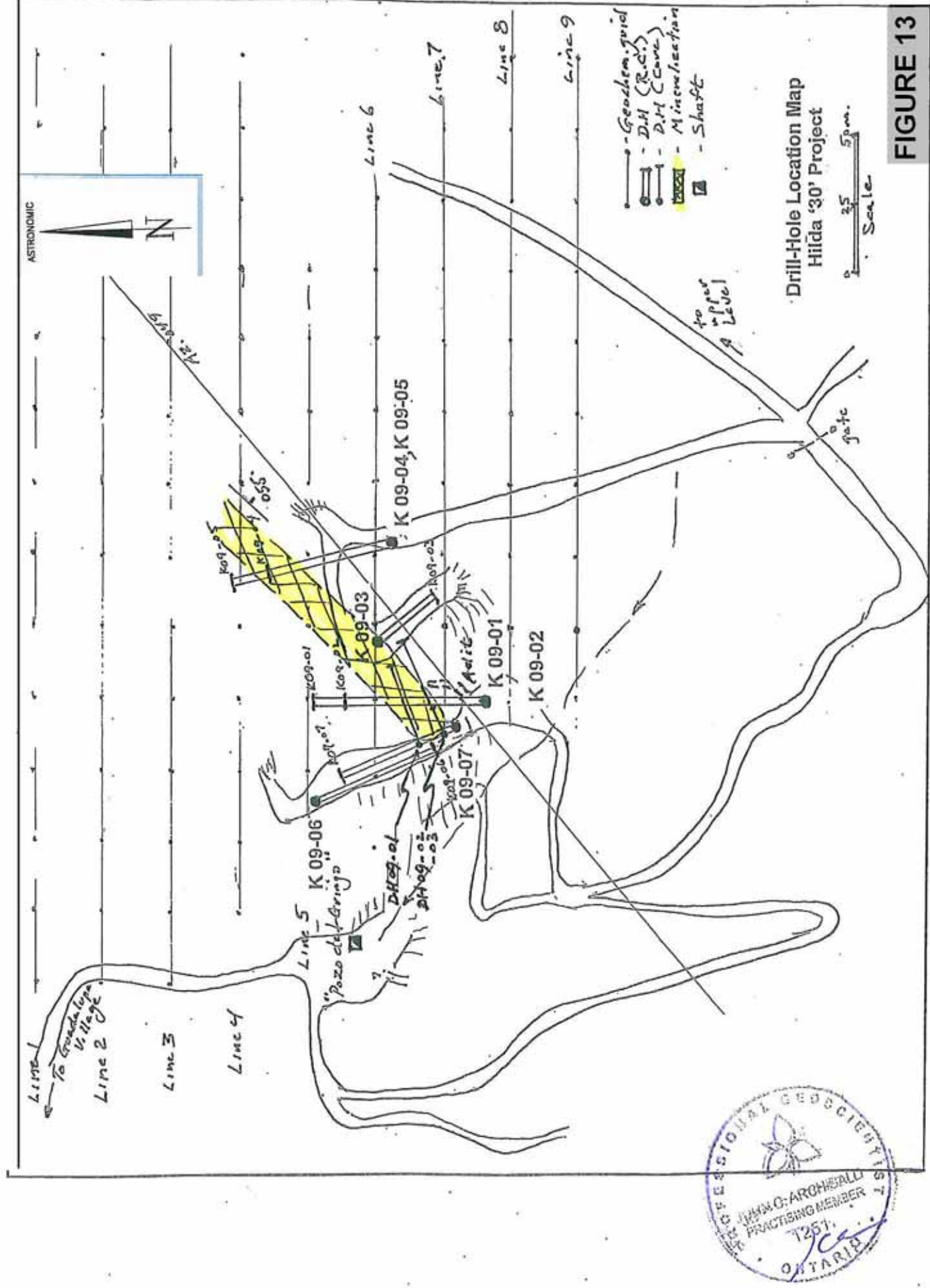


FIGURE 13

DRILL-HOLE H30-01-09 PROYECTO GUADALUPE

HOLE-ID	FROM	TO	LENGTH	SAMPLE No	Au gm/t	Ag gm/t
H30-01-09	0.00	3.65	3.65	615125	0.066	21.333
H30-01-09	3.65	6.10	2.45	615126	0.132	80.000
H30-01-09	6.10	9.50	3.40	615127	0.066	36.667
H30-01-09	9.50	11.55	2.05	615128	0.055	36.668
H30-01-09	11.55	13.10	1.55	615129	0.066	35.000
H30-01-09	13.10	14.25	1.15	615130	0.067	23.333
H30-01-09	14.25	15.55	1.30	615131	0.133	120.000
H30-01-09	15.55	16.85	1.30	615132	3.101	667.000
H30-01-09	16.85	19.45	2.60	615133	4.200	666.000
H30-01-09	19.45	21.35	1.90	615134	3.330	933.333
H30-01-09	21.35	25.55	4.20	615135	0.533	103.333
H30-01-09	25.55	27.45	1.90	615136	0.133	46.667
H30-01-09	27.45	28.60	1.15	615137	0.200	83.333
H30-01-09	28.60	30.00	1.40	615138	0.065	103.333
H30-01-09	30.00	31.40	1.40	615139	0.034	76.667
H30-01-09	31.40	32.55	1.25	615140	0.133	16.667
H30-01-09	32.55	33.80	1.15	615141	0.134	4.333
H30-01-09	33.80	35.00	1.20	615142	0.133	4.000
H30-01-09	35.00	36.35	1.35	615143	1.000	8.333
H30-01-09	36.35	37.75	1.40	615144	0.269	5.000
H30-01-09	37.75	39.05	1.30	615145	0.200	8.667
H30-01-09	39.05	40.20	1.15	615146	0.200	3.333
H30-01-09	40.20	41.50	1.30	615147	2.400	8.333
H30-01-09	41.50	42.70	1.20	615148	0.351	2.667
H30-01-09	42.70	44.15	1.45	615149	0.134	2.000
H30-01-09	44.15	45.50	1.35	615150	0.133	2.667
H30-01-09	45.50	46.90	1.40	615151	0.200	1.000
H30-01-09	46.90	48.55	1.65	615152	0.200	2.000
H30-01-09	48.55	50.60	2.05	615153	0.211	2.000
H30-01-09	50.60	51.85	1.25	615154	0.242	1.333
H30-01-09	51.85	53.50	1.65	615155	0.283	1.334
H30-01-09	53.50	63.05	9.55	N/S		

PROMEDIO PESADO

Ancho Au gm/t Ag gm/t
5.80 3.67 753.80

Zona de Alta ley
de Au y Ag

Au by Fire Assay with A.A. Finish

13 Multi-Element Determination
by Atomic Adsorption Method

FIGURE 18

Drill-Hole H30-01-09 - Assay Results

DRILL-HOLE H30-02-09 PROYECTO GUADALUPE

HOLE-ID	FROM	TO	LENGTH	SAMPLE No	Au gm/t	Ag gm/t
H30-02-09	0.00	1.50	1.50	615156	0.355	30.000
H30-02-09	1.50	3.05	1.55	615157	0.266	40.000
H30-02-09	3.05	4.55	1.50	615158	2.266	38.000
H30-02-09	4.55	6.10	1.55	615159	2.133	44.003
H30-02-09	6.10	7.60	1.50	615160	6.666	47.333
H30-02-09	7.60	9.15	1.55	615161	2.866	70.331
H30-02-09	9.15	10.65	1.50	615162	2.666	50.321
H30-02-09	10.65	12.20	1.55	615163	0.300	50.333
H30-02-09	12.20	13.70	1.50	615164	3.466	60.310
H30-02-09	13.70	15.25	1.55	615165	2.266	68.311
H30-02-09	15.25	18.30	3.05	615166	1.666	22.303
H30-02-09	18.30	21.00	2.70	N/S		

PROMEDIO PESADO

Ancho 15.25 Au gm/t 2.58 Ag gm/t 47.42

FIGURE 19

Drill-Hole H30-02-09 - Assay Results

DRILL-HOLE H30-03-09 PROYECTO GUADALUPE

HOLE-ID	FROM	TO	LENGTH	SAMPLE No	Au gm/t	Ag gm/t	Ancho	Au gm/t	Ag gm/t
H30-03-09	0.00	3.05	3.05	615167	2.73	73.66	12.20	3.79	119.79
H30-03-09	3.05	4.55	1.50	615168	2.00	58.10			
H30-03-09	4.55	6.10	1.55	615169	6.00	104.00			
H30-03-09	6.10	7.60	1.50	615170	4.70	111.66			
H30-03-09	7.60	9.15	1.55	615171	6.00	164.00	16.90	10.61	1416.11
H30-03-09	9.15	10.65	1.50	615172	2.33	104.10			
H30-03-09	10.65	12.20	1.55	615173	2.80	223.00			
H30-03-09	12.20	13.50	1.30	615174	9.20	2,097.00			
H30-03-09	13.50	15.25	1.75	615175	9.00	2,153.00			
H30-03-09	15.25	16.75	1.50	615176	8.00	1,486.00			
H30-03-09	16.75	18.30	1.55	615177	8.80	1,713.00			
H30-03-09	18.30	19.80	1.50	615178	12.30	1,798.00			
H30-03-09	19.80	21.35	1.55	615179	14.00	1,706.00			
H30-03-09	21.35	23.15	1.80	615180	8.00	1,048.00			
H30-03-09	23.15	24.60	1.45	615181	8.00	335.33			
H30-03-09	24.60	25.70	1.10	615182	11.14	439.00			
H30-03-09	25.70	26.40	0.70	615183	19.40	1,101.00			
H30-03-09	26.40	27.55	1.15	615184	10.00	240.00			
H30-03-09	27.55	29.10	1.55	615185	14.50	2,136.00			

PROMEDIO PESADO

Ancho	Au gm/t	Ag gm/t
29.1 m	8.36	900.00

FIGURE 20

Drill-Hole H30-03-09 - Assay Results (2 Pages)

DRILL-HOLE H30-03-09 PROYECTO GUADALUPE

Zona de ley baja
de Au y Ag

HOLE-ID	FROM	TO	LENGTH	SAMPLE No	Au gm/t	Ag gm/t
H30-03-09	29.10	30.40	1.30	615186	2.000	118.000
H30-03-09	30.40	31.15	0.75	615187	1.333	55.666
H30-03-09	31.15	32.65	1.50	615188	1.201	49.000
H30-03-09	32.65	33.55	0.90	615189	1.333	139.000
H30-03-09	33.55	34.95	1.40	615190	1.000	162.333
H30-03-09	34.95	36.30	1.35	615191	2.000	10.000
H30-03-09	36.30	37.80	1.50	615192	1.533	14.666

PROMEDIO PESADO

Ancho	Au gm/t	Ag gm/t
8.70 m	1.49	75.46

Zona de ley baja
de Au y Ag

normally determined once the deposit has been delineated and its geometry determined. Based on drilling to date, the attitude and azimuth of the mineralized breccia zone cannot be accurately ascertained, but a general strike and dip of the unconformable contact between the units located north of the adit showed a general strike of 035°-040° azimuth.

Reverse Circulation Drilling Program

The reverse circulation drill program was supervised and directed by Mr. John Archibald, P.Geo. Layne Drilling (Lane), based in Hermosillo, Mexico was contracted to conduct the drilling. Equipment used were **a)** large wheel mounted reverse circulation drill rig plus a rod and water self-carrying unit (each equipped with 4-wheel drive and low ratio gearing for steep climbs) and **b)** a crew comprising a driller and two technicians. Work was carried out between 7 a.m. and 4:30 p.m. daily from November 1 through November 8th, 2009. Seven, approximately 4.5 inch diameter, drill holes with a cumulative length of 698 meters length were completed in eight days. Hole depths ranged from 89 to 110 m. and were drilled at various azimuths and at various dip angles to the vertical (see **Table 3**). The reverse circulation drilling procedure involves drilling a 4.5 inch hole with a rotary hammer (tungsten-carbide tipped) drill bit.

The drill rig came complete with a large capacity air compressor that is used to blow the ¼-1/2 inch chips and powdered rock dust to surface where they are collected in a collection unit set along side the drill (**Photo 2**). The procedure was continuous and efficient. A sample was collected for each meter drilled, sorted through a riffle box and bagged in two lots; one lot was marked and sealed for delivery to the laboratory for analysis and the other was archived on-site. Each sample took about a minute to sort and process and each 3-meter rod was drilled in about five minutes. The average production rate was 20 meters per hour with each hole taking roughly 5 hours to drill. The benefit of using this type of drilling system is the fact that it is quick, consistent and actually homogenizes the sample prior to collecting it at the bottom of the riffle box. All samples were taken in exactly the same manner by five samplers or bagmen under the supervision of the geologist and the site supervisor. Due to the large diameter of drill stem, it is unlikely that the holes strayed off line once the casing was set and the drilling started. No in-hole tests were taken at the completion of each hole and the three-meter stabilization casing (approx. 8 inch diameter) used at the start of each hole was removed. Each hole location was marked by a 6 inch PVC pipe and permanent cement monument to mark the location, attitude and azimuth of each hole setup.

Table 3**Reverse Circulation Drill-Holes**

Hole Number	Location UTM Coords. NAD 27, Zone 12R	Dip	Azimuth	Length (m)	Start/Finish	Sample No.	No. of Samples
K 09-01	0680720 E 3137401 N	-45	0	92 m.	Nov3/Nov3	843301-392	92
K 09-02	0680720 E 3137401 N	-65	0	110 m	Nov3/Nov4	843393-500 +001+002	110
K 09-03	0680732 E 3137448 N	-75	140	104 m	Nov5/Nov5	843004-107	104
K 09-04	0680797 E 3137413 N	-65	340	110 m	Nov5/Nov6	843108-207	110
K 09-05	0680797 E 3137413 N	-45	340	92 m	Nov6/Nov6	843208-300	92
K 09-06	0680644 E 3137455 N	-65	140	101 m	Nov7/Nov7	843611-711	101
K 09-07	0680716 E 3137410 N	-50	320	89 m	Nov8/Nov8	843721-809	89
Total				698			698

Note: Out of the 698 samples sent to ALS-Chemex, ten were not assayed and were presumed lost in the process of receipt and delivery; none of these lost samples were used in the description, inventory or quoted values for the analytical results for this report.

Each of the reverse circulation drill holes were drilled along the dozer cuts where the targets were determined from the previous core drilling intercepts to cross-section areas where visual oxide and mineralized breccia was observed in outcroppings. Drill-hole locations are shown in **Figure 13**. **Figures 14 to 17** depict the holes in cross section. The first two holes were drilled from the same set-up at a location approximately ten meters southeast of the adit, and directed on a due north Azimuth to cross-section the perceived zone at a sixty-five and forty-five degree dip. Both holes intersected a highly pyritized semi to massive sulphide-rich mineralized zone which would coincide with the interpreted

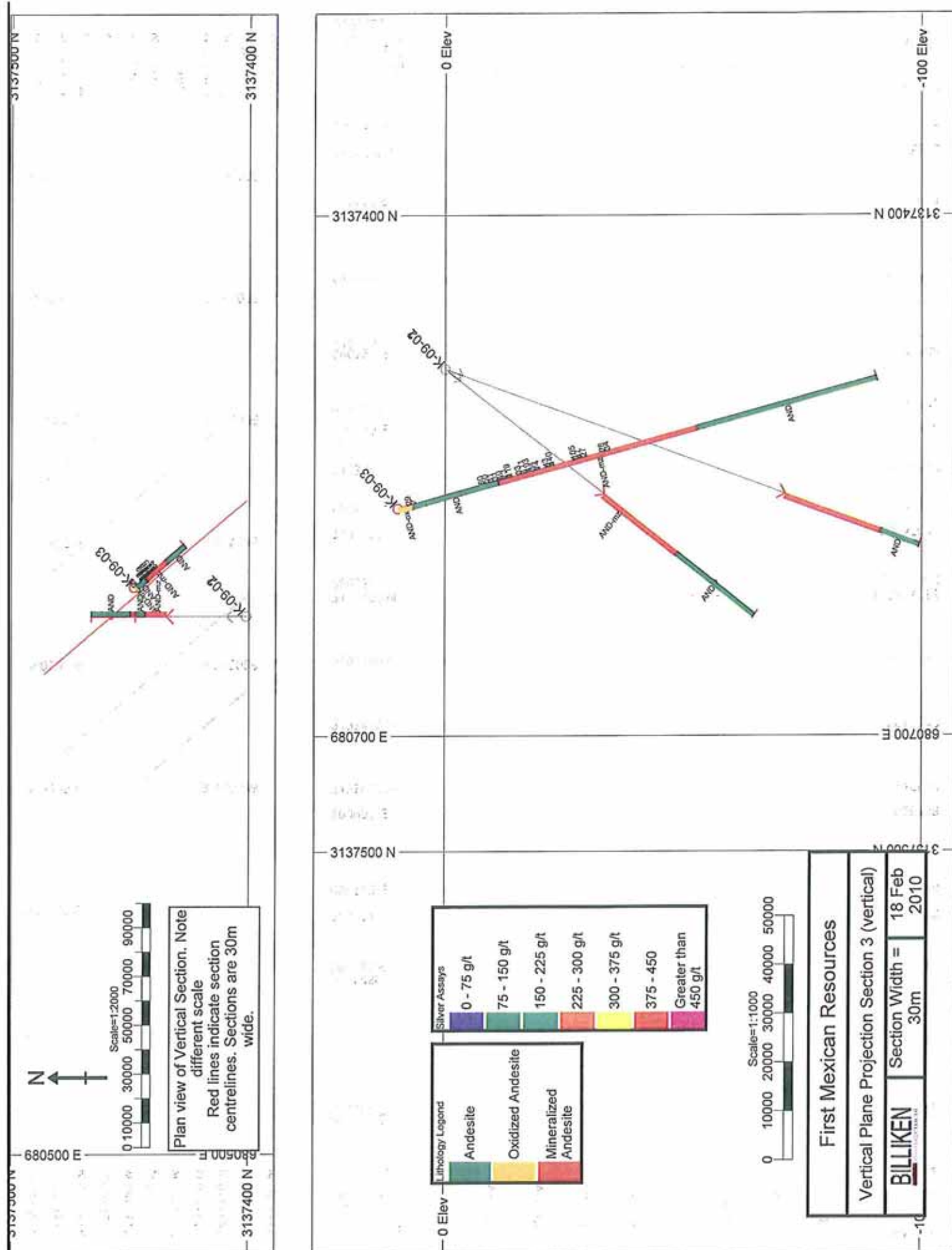


FIGURE 14

R.C. Drill-Hole Cross-Sections - D.H. K 09-01, 02, and 03

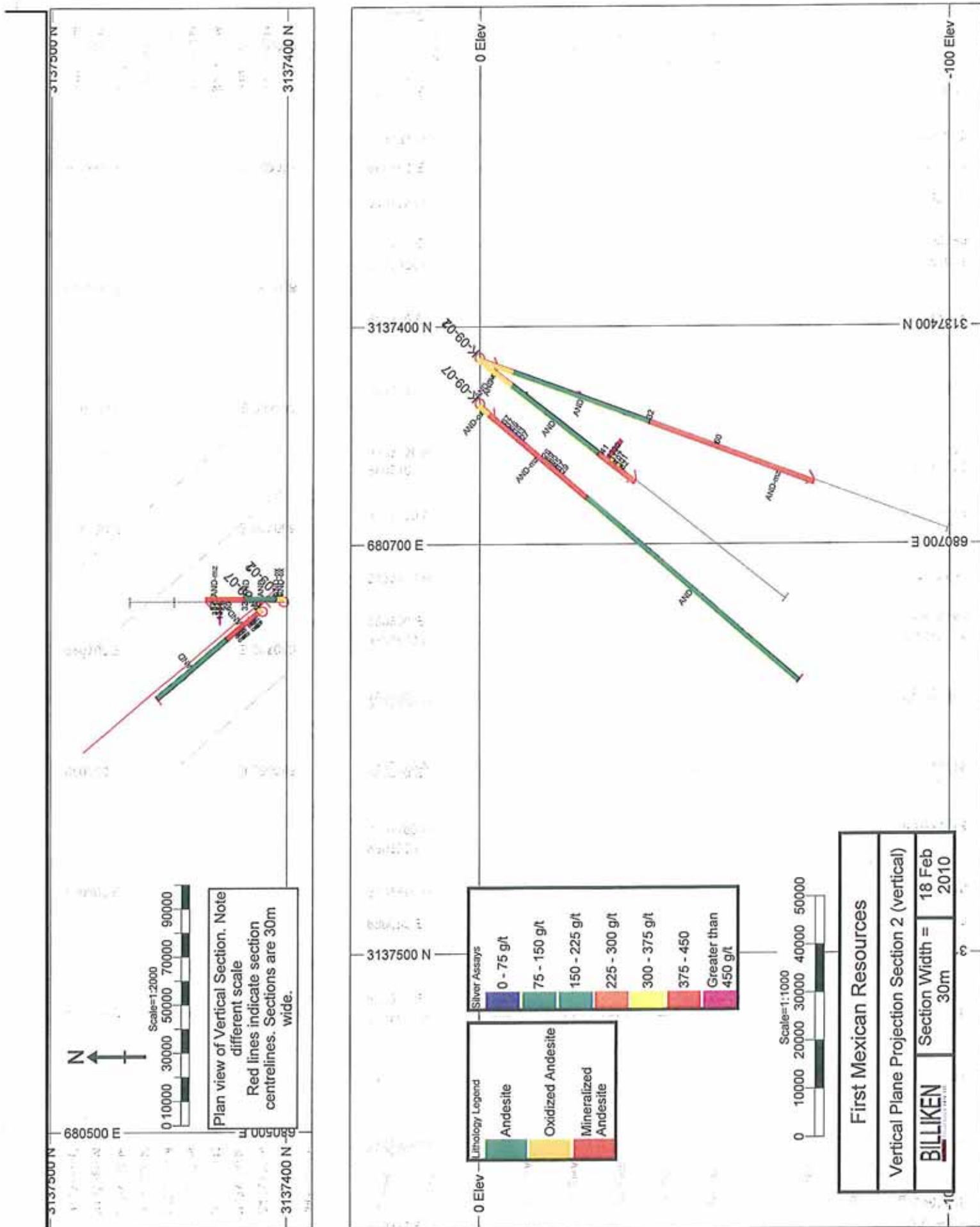


FIGURE 15

R.C. Drill-Hole Cross-Sections - D.H. K 09-01, 02, and 07

possible unconformity between the argillaceous-tuffaceous fragmental (**Photo 5**) and the quartz-rich andesite breccia (**Photo 4**). The description of the holes and the mineralized intersections are described below. The reverse circulation drilling was used to quickly determine the presence and attitude of the suspected sulphide mineralisation that was intersected in the previous core drilling program carried out near the adit in June, 2008.

Hole K 09-01 (Figure 14) returned a number of mineralized intercepts containing both significant gold and silver values but of primary interest was the continuous intercept from approximately 37 m. to 44 meters which returned coincident values in both gold and silver at a location mirroring the top portion of the sulphide zone which extended from 36 metres to 69 meters (roughly 39 meters in section). The other intercepts in gold were along one meter intervals likely coinciding with fractures or veining along faults (71-72 m.) or lithological contacts. The silver values were more widespread (likely more mobile in the oxidized and fracture zones) all along the core length and especially in the upper part of the hole (ie.7-14 m.; 20-29 m.; 36-48 m.). The best assays were **1.48 gms./ton in gold from 41-43 m.** and **1330 gm./ton in silver value from 38-39 m.** From 36-44 (8.0 m.) both the **gold and silver values averaged 0.61 gms./ton in Au and 274.88 gms./ton in silver.**

In **Hole K 09-02 (Figure 14)**, that was placed at –45 degrees dip at the same azimuth as the first hole, intersected the same pyritized (marcasite-type) mineralized zone. Values were interspersed all through the section which started at 42 to 101 m. (59 m.). The best values did occur in the upper part of the mineralized zone where a fairly consistent section from **33 m. to 57.0 m. ran in both gold and silver returning values of 0.12 gms./ton in gold and 11.79 gms./ton in silver respectively over the 24 meter section.** There were also minor gold intercepts from 33-36 m., 41-46 m., 52-57 m., 63-67 m., 79-84 m. and 87-97 m.; silver corresponded closely with intercepts from 34-36 m, 40-47 m., 52-57 m., 77-78 m., 81-82 m. 91-93 m. and at 101-102 m. **The best gold intercept returned an assay of 1.13 gms./ton over a one meter section from 91-92 m.(1 m.) and a silver value of 60 gms./ton from 55-56 m.(1 m.) in the hole.**

In **Hole K 09-03 (Figure 15)**, significant values in both gold and silver occur all through the hole, but the best values occurred in a continuous section from **18-36 m. (18 m. wide) which ran 6.52 gms/ton in gold and 61.06 gms./ton in silver** respectively which mirrored the oxide capping and upper portion of the mineralized sulphide-rich zone from 30-65 m. in the hole. There were other runs in gold

and silver but over shorter intervals further down the hole, and these were comparable in section but not always identical and not always corresponding to the higher sulphide sequences (likely associated with fractures or quartz/silicified sections). **The highest values in gold was a 16.05 gm./ton in gold over a meter (33-34 m.) and a sample that ran 193 grams/ton in silver in another 1 meter sample length (28-29 m.). The best section ran 14.40 gms./ton in gold from 32-34 m.(2.0 m.) and 152 gms./ton in silver from 27-29 m.(2.0m) respectively.**

In **Hole 09-04 (Figure 16)**, the values appeared to occur in the upper part of the mineralized sulphide zone that was intersected from 66-98 m. in the hole with the heavier sulphides (40-60%) occurring deeper in the hole. The hole was set up and drilled at an Azimuth of N 20W at –65 degrees to 110m. The gold occurred mainly from 68-69 m. and 76-85 meters with silver appearing as more transportable/mobile in the oxide fraction of the sulphides and throughout the lower part of the system. **The best gold values were 0.36 gms/ton (68-69 m.), 0.31 gms./ton (76-77 m.); 0.17 gms./ton (77-79 m.) and 0.14 gms./ton from 76-85 m.(9 m. width). The best silver values were 27 gms./ton (68-69 m.), 25 gms/ton (74-75 m.) and 21 gms./ton (75-76 m.) with an average grade of 15.5 gms./ton for a continuous section from 73-77 m. (4 m.).** This hole was not spectacular but did show that the mineralized pyrite extended up the hillside and to depth and the gold and silver values could be tracked across the upper section of the massive to semi-massive sulphide zone at least three levels up the hill and laterally for 50 meters.

Hole K 09-05 (Figure 16) was drilled at –45 dip at the same location as **Hole K 09-04** but at a shallower angle to intersect the same pyritized zone. It cut the mineralization from roughly 68-82 m. in the hole for a 14 m. section. The values in silver and gold also followed similar trends found in the **Hole K 09- 04** whereby the better values in these two elements occurred in the hanging-wall section of the sulphide zone from 68 to 75 meters or in discrete silicified fractures or veinlets. The best values returned significant gold values of 0.48 gms./ton from 49-50m. (a one meter interval), 0.29 gms./ton Au from 62-63m. (1 m.); **0.29 gms./ton from 68-75 meters** (a seven meter interval) and 0.11 gms./ton in Au from 78-81 meters (a three meter interval). Corresponding to this, silver values of 7 gms./ton from 49-50 m., 6 gms./ton from 62-63 m., **54.1 gms./ton Ag from 68-75 m.** and **7.67 gms./ton Ag from 78-81** showed that the high values in silver mirrored the gold mineralization. The highest values in gold was a one meter interval returning a value of **0.57 gms./ton in Au from 68-69 meters** and another of **0.45 gms./ton in Au across a 2 meter interval from 72-74 meters** in the hole. The best silver values saw

several high values of **65 gms., 63 gms., 67 gms./ton in Ag across a three meter interval from 68 to 71 meters** in the holes and another of **69 and 74 gms./ton in Ag from 72 to 74 meters** in the hole. The one observation that can be made is that the zone appears to widen to depth on this upper level and correspond to the previous hole K 09-04 drilled on section below this hole at –65 degrees dip.

Hole K 09-06 (Figure 17) was drilled at –65 degrees from a point on L5 N, the further point to the north and at an Azimuth of 140 degrees to try and follow the mineralized zone to depth and section it from roughly north to south. The drilling returned values in the upper oxidized andesite capping down to roughly 24 meters in depth and then gold and silver values became sporadic over a meter or two such as from 28-29 m. (0.34gms./ton Au-No silver), from 31-34 m. (1.34 gms./ton Au over 3 meters with 52 gms./ton in silver over 1 meter), from 60-61 meters (0.32 gms./ton in gold and negligible silver) and from 86-87 meters (0.11 gms./ton in gold but negligible silver). The best values occurred from roughly 5 meters to 34 meters in the hole where a high value of **3.57 gms./ton in gold** was returned over 1 meter (**from 31-32 m.**) and an assay of silver of **352 gms./ton in one meter (from 12-13 m.)**; an average grade **from 5-24 m. returned a value of 37.37 gms./ton in silver across the 19 meters.**

A suspected fault was intersected at about the 80-84 meter depth in the hole, but didn't show any elevated values in gold or silver as expected, however a small silicified fracture below this did return a gold intercept of 0.11 gms./ton in Au over 1 meter. The hole appears to bottom out in massive, undifferentiated, un-mineralized andesites and may have passed under the mineralized zone or started in the zone at the top of the hole. The same degree of pyrite mineralisation was not encountered anywhere in the hole with exception of the perceived fault from 80-84 meters into the hole, which returned no significant assays in either gold or silver. The oxides encountered at the beginning of the hole indicated better values and the possibility that the hole passed under the zone and that it protruded out through the hillside or was faulted/sheared off at this juncture is a distinct possibility.

Hole K 09-07 (Figure 15) was drilled from the lower level along the hillside northwest of the adit at –50 degrees to a depth of 89 m. and intersected a number of significant gold and silver values in the upper half of the hole. The best values occurred either close to surface or sporadically over a 3 meter section from 1-3 meters, 14-17 m., 21-30 m., 36-37 m., 40-41 m. and 48-49 m. (assays of **1.14 gms./ton in gold over three meters**, 0.61 gms./ton over three meters, 0.97 gms./ton Au over 9 m., 0.07 gms/ton Au over 1 meter, 0.24 gms./ton Au over 1 meter and 0.22 gms/tonAu over 1 meter respectively). The silver values were more wide-spread and occurred from 2-24 meters in the hole with **one continuous**

section from 5-14 meters returning an average value of 32.89 gms./ton in silver and from 14-24 meters returning an average value of 38.1 gms./ton in silver.

The mineralization in this hole corresponds to the oxide layer that was logged previously in holes K 09-01 and K 09-02 and may indicate that the sulphide zone was oxidized and altered and unrecognizable from the previous holes being too close to the edge of the hillside, that it was lower in overall sulphide content or that sulphides were not a factor in the presence of silver and gold values. From roughly 50 meters into the hole, the analysis showed little or no values in gold and silver indicating the hole may have undercut and missed the sulphide zone.

The results for the reverse circulation drilling did show a well mineralized zone of sulphides (mainly white cubic pyrite-marcasite) that was un-oxidized and plunged at a shallow direction into the hillside slope at an approximate 035° azimuth, and appears to widen at depth in a northeasterly and down-dip direction. The gold and silver values have not yet been determined to be directly related to the sulphide content of the mineralized zone (at first glance it appears that they are not directly related) but seem to hang in consistently to the upper rind or capping at the hangingwall of the sulphides or in the oxide capping just above the mineralized zone; the observation of a suspected unconformity between lithological units and the presence of an extensive quartz-resewed brecciated andesite in contact with a highly sheared-elongated felsic fragmental close to or within the mineralized zone seems to indicate a potential fault or (structural) hydrothermal/epithermal gold-silver enrichment. As at least three faults were intersected in the lower drill level (Holes K09-01, K 09-02 and K 09-6) and observing values of both gold and silver associated with this faulting, it may be that one or more of these faults was (were) the plumbing or conduit for the mineralizing fluids that enriched the fractures and breccia within the adjoining andesites.

The massive to semi-massive sulphide zone appears fairly consistent and continuous and may be a good marker by which Induced Polarization geophysical surveys may be used to determine the orientation and extent as it plunges into the hillside. Geochemical surveys also appear to have some merit so long as they are done consistently and sampled at the same depth all through the survey. Minor variations in relief and slope have to be taken in to account in interpreting the survey results and one must avoid sampling in area where the Reverse Circulation effluent was sprayed out over the hillside in the immediate area where the drilling was carried out due to cross-contamination by the sulphides.

Insufficient drilling has been completed to determine the orientation of the mineralization intersected. There appears to be a zone trending NE / SW, but neither the azimuth nor the dip of the zone cannot be estimated with confidence. The intercepts quoted above are not true widths.

SAMPLING METHOD AND APPROACH

Road Sampling Program

The 894 samples taken during the road cut survey and sampling program were taken normally every 2 m, but occasionally at 1m intervals in areas about old workings. Refer to **Figure 12** for the extent of the program. Each sample was taken as a series of chips across the sample interval, bagged, tagged and described by the supervising geologist. Normally, samples were taken at chest height, but varied locally to ensure that only outcrop material was sampled. For security and ease of transportation to the laboratory, samples were then placed in larger rice bags in batches of 5 to 10 and sealed with lockable, numbered security seals.

The samples are considered to be representative. Sample biases may occur due to the ease of sampling softer material as opposed to harder rock, however the supervising geologist scrutinized the sample collection procedure to ensure that sample consistency was maintained. No other factors that could materially impact the accuracy and reliability of the samples were identified.

No QA/QC was initiated in the field by First Mexican.

Core Drilling Program

Mr. Antonio Paredon, a local geologist from Hermosillo, logged the core, photographed the core, selected the samples for assay, and sampled the core on site by cutting the core in half with a knife (for the oxide material) or a tile saw for hard rock. Drill logs were sketchy, and inadequate to determine the controls and widths for mineralization.

A total of 97 samples were collected, secured and sealed in batches with a numbered security seal. The remaining half of the core is stored. Samples were selected based upon colour (in the oxide zone), whether the material was from the oxide or sulphide zone section of the hole, general lithological units, the presence and amount of sulphide mineralization, and core recovery (portions of the core were well broken up). All sections of core with significant sulphide mineralization were thoroughly sampled.

Sample lengths, although normally about 1.5m, varied from 0.7 to 4.2m in length. No QA/QC program was initiated in the field. Results are summarized earlier in the section titled EXPLORATION.

Photographs of the core indicate that core recovery, while not 100%, was acceptable, and would not have adversely affected the accuracy and reliability of the results. A bias in the sampling procedure may have resulted from the relative inexperience of the supervising geologist (who is not a Q.P. under the N.I 43-101 Guidelines), but there is nothing in the core logs to verify such an assumption. No other factors that might materially impact the accuracy and reliability of results were identified. The samples are considered by the Authors to be representative.

Samples were hand delivered to the UMH laboratory by Mr. Paredon.

Reverse Circulation Drilling Program

During the reverse circulation program, 698 samples were taken at one meter intervals along the total length of the seven holes completed. The sample material, chips and dust, was extruded using the compressed air as a flushing agent and were put through a riffle splitter. Half was discarded and the other half homogenized and split into two equal samples. One of the two samples was earmarked for delivery to the ALS-Chemex Laboratory in Hermosillo and the other is archived on the property under lock and key for future use or analysis if required.

Each roughly 5-8 kilogram sample was placed and secured in individually labelled in 6 millimeter, clear plastic bags, then grouped in sets of 8-10, then placed in large rice bags and secured with individually numbered security seals prior to shipment to the laboratory **(Photo 6)**. At the completion of each hole, another 8-10 rice bags were filled with the material that was discarded from the riffling process and stored for future possible bench test analysis of the mineralized zone (metallurgical and ore separation studies).

During the drilling process, the geologist supervised the sample collection procedures, set up each hole as to azimuth and dip and verified that the described depths were attained. The geologist also logged the chips and cuttings as they came out of the hole in one meter intervals as to their lithology, sulphide content, any associated alteration by-product observed with the volcanic units (such as the presence of quartz veining, sericite schist, carbonate), color, size and distribution of chip/powder fraction.

No factors were identified that could materially affect the accuracy and reliability of the results. The samples are considered to be representative. One draw back of the reverse sampling program is the retrieval of material as chips and dust. Therefore, it is impossible to select samples by geological parameters. On the other hand, the samples are homogenized.

No QA/QC program was initiated in the field by First Mexican.

SAMPLE PREPARATION, ANALYSES AND SECURITY

Road Sampling Program

Prior to delivery to the laboratory, samples were securely stored at the home of Sr. G. Rocha Tineo in Guadalupe Tayopa.

No aspect of the sample preparation was conducted by an employee, officer, director or associate of Auric or First Mexican.

The 336 samples of the first phase plus the 328 samples of the third phase for the road sampling program were hand delivered to the ALS Chemex preparation laboratory in Hermosillo. For the first phase of sampling, the Hermosillo facility was extremely busy. Therefore, to reduce turnaround time the samples were trucked to the ALS Chemex preparation facility in Guadalajara. Sample preparation for the third phase was completed in Hermosillo. In both Guadalajara and Hermosillo, each sample was prepared according to code “prep 31” code which involved the following process:

- Logging the sample into the ALS Chemex tracking system by assigning the sample a unique bar code number;
- Drying and weighing the sample the sample;
- Fine crushing the sample to better than 70% <2mm;
- Splitting off a 250 gm sub-sample; and
- Pulverizing the sample to better than 85% passing through a 75 micron screen.

Silica sand was used to clean equipment between samples to prevent cross contamination. The pulverized samples were then shipped by bonded courier to the ALS Chemex laboratory in Vancouver, Canada for assay / analysis.

In Vancouver all samples were analyzed for gold by ALS Chemex code Au-AA23. By this method a 30 gm sample is fire assayed with the final gold determination made with an AA (Atomic Absorption)

finish. The detection range for gold by this method is 0.005 to 10 gm/t. Any sample with a value greater than 10 gm/t was re-assayed by method AU-GRA21 by which the final gold determination is made by weighing the gold bead. The pulps were also analyzed for a suite of major and trace elements including Ag, Cu, Pb and Zn. The method code for the first phase was ME-ICP61 which involves digesting the sample with a mixture of 4 acids, whereas the code for the third phase was ME-ICP41 by which samples were digested using only one acid. Metal content was determined using by ICP (Induced Coupled Plasma. Any sample with a value greater than the maximum detection limit for the four elements was re-analyzed using an appropriate method to obtain a definitive value.

All ALS Chemex laboratories have attained ISO accreditation. A rigorous in-house system to prevent cross contamination is in place. To ensure quality control and quality assurance (QA/QC), ALS Chemex employs on a routine basis a program that uses blanks, sample duplicates and sample standards. Details may be found on the ALS Chemex website at www.alschemex.com. No QA/QC problems were reported.

Samples for the second phase were prepared at the Actlabs preparation facility in Hermosillo according to Actlabs code RX1. By this method samples are dried, weighed and crushed to 75% passing a 2mm screen. An approximate 250 gm sub sample is then split out using a riffle splitter, and then pulverized to 80% passing through a 75 micron screen. Silica sand was used to clean equipment between samples to prevent cross contamination. The pulverized sub samples were then shipped by bonded courier to Actlabs analytical laboratory in Ancaster, Ontario.

In Ancaster, the samples were analyzed for gold and silver according to Actlabs code 1A3, and for an additional major and trace elements by code 1E3. By code 1A3, 30gm of pulp are assayed by standard fire assay methodology with the resultant bead weighed. For method code 1E3, 0.5 gm of pulp is digested in aqua regia and analyzed with a Varian Vista ICP unit.

All Actlabs laboratories have attained ISO accreditation. A rigorous in-house system to prevent cross contamination is in place. To ensure quality control and quality assurance (QA/QC), Actlabs employs on a routine basis a program that uses blanks, sample duplicates and sample standards. Details may be found on the Actlabs website at www.actlabsint.com. No QA/QC problems were reported.

It is the opinion of both Authors that the sample preparation, security and analytical procedures were adequate.

Core Drilling Program

No aspect of the sample preparation was conducted by an employee, officer, director or associate of Auric or First Mexican.

At the UMH laboratory (a non ISO accredited laboratory), samples were crushed, pulverized assayed for gold and silver by standard fire assay methodology with an AA finish, and analyzed for an additional 12 trace elements including Cu, Pb & Zn by ICP. Those samples with higher gold and silver assays were re-assayed and the two values averaged for the final determinations. The laboratory's QA/QC protocols include an internal system of re-check analyses, audits and instrumentation standards in order to maintain accuracy and reproducibility.

Due to the significance of some assay values, pulps for selected samples were subsequently sent in November, 2009 to ALS-Chemex Lab in Hermosillo for comparative re-analysis. The check assays also showed significant elevations in values in gold, silver and copper thus demonstrating the presence of gold and silver mineralization on the Hilda 30 property.

It is the opinion of both Authors that since the person who selected and cut the samples was not a "Qualified Person" as defined in the NI 43-10 Guidelines, and since the UMH laboratory is not ISO accredited, then the sample preparation, security and analytical procedures were NOT adequate.

Reverse Circulation Drilling Program

No aspect of the sample preparation was conducted by an employee, officer, director or associate of either Auric or First Mexican.

For the Reverse Circulation Drill Program, 698 samples were submitted to the ALS Chemex laboratory in Hermosillo. Prior to the delivery, the samples were kept secure under lock and key by the supervising geologist. In Hermosillo, the samples were prepared according to code "prep 31" and then shipped by bonded courier to the ALS Chemex facility in Vancouver for gold assay by code "Au-GRA21, and for multi-element code ME-ICP61. Details regarding the methods followed in these codes have been described earlier in this section for road cut samples.

ALS Chemex laboratories have in place a rigorous in-house system to prevent cross contamination. Furthermore, to ensure quality control and quality assurance (QA/QC), ALS Chemex employs on a routine basis a program that uses blanks, sample duplicates and sample standards. Details may be found on the ALS Chemex website at www.alschemex.com. No QA/QC problems were reported.

It is the opinion of both Authors that the sample preparation, security and analytical procedures

were adequate.

DATA VERIFICATION

Road Sampling Program

The only data verification applied to the road cut samples was by Burns during his 2008 property visit. Of the 39 samples collected by Burns at that time, 25 duplicated samples taken by First Mexican during their first phase of sampling. Results are tabulated in **Appendix II**, and show that the assay values for the two data sets are of the same order of magnitude.

Neither the assay data nor the locations for the second phase of sampling was available to Burns at the time of the 2008 property visit, thus precluding his ability to conduct a proper check sampling program. Since all phases of the road sampling program were supervised by Qualified Persons, and since all assay data were generated at accredited laboratories, the Authors have relied upon the results of these programs.

Core Drilling Program

The drill core was not available for review or re-sampling by Archibald at the time he supervised the reverse circulation drill program. Since the geologist who supervised the drill program and selected and cut the samples is a not a Qualified Person, and since the assays were produced at a non accredited laboratory, the data are considered as not verified, and are included in this report only for the purpose of full disclosure. These data are not relied upon for any purpose other than to indicate that gold and silver mineralization exists on the property.

Reverse Circulation Drilling Program

Since J. Archibald P. Geo., a co-author of this report, supervised the reverse circulation program, and since the samples produced were assayed at an accredited laboratory, it is the opinion of Authors that there was little need to verify the data.

ADJACENT PROPERTIES

Except for the regional geological considerations and unless explicitly stated, all the data reported herein are for the Hilda 30 Concession. First Mexican has the right to earn an interest in the Hilda 37 concession (located to the north and northeast of Hilda 30) and Hilda 38 concession (located to the northwest of Hilda 30) shown in **Figure 4**. Other than preliminary prospecting and GPS location work, no detailed exploration has been carried out by First Mexican over these two concessions.

Table 2 lists and Figure 6 shows locations for numerous mineral occurrences and showings in the immediate area around the Hilda 30 property, however, the Authors have not been able to verify the information presented. Moreover, mineralization on these properties is not necessarily indicative of the mineralization on the Hilda 30 property that is the subject of this Technical Report.

The Hilda ‘31’ Concession

Neither co-author has visited this property or researched any data that may be available. The description that follows is from Snoddy, 2008.

The Hilda 31concession (**Figure 4**) abuts Hilda 30 to the southwest and has two historic mines on the property, the La Fierra and the La Cubrisa. La Fierra is an old open pit mine located on a hillside south and east of Guadalupe Tayopa. Reportedly (verbal from Guadalupe Rocha Tineo) there are some extensive underground workings associated with the pit, however the portals have collapsed and access to the underground workings is not possible. The La Cubrisa mine underground workings are reported (verbal from Guadalupe Rocha Tineo) to be very extensive and rich in silver. The main dump on the mine is quite large, reflecting some extensive workings.



Photo 7 – Molybdenum in Quartz Vein

Dump material exhibits staining by copper oxides and some visible chalcopyrite mineralization can be found. The portal of the main tunnel has collapsed and access is not possible for verification or mapping purposes. A prominent hill located near the La Cubrisa mine is covered with old workings

ranging in size from prospect pits to seemingly extensive underground workings. The mine appear to be situated on parallel to sub-parallel faults that host vein deposits. There is very little dump material associated with the mine workings indicating the material mined was considered to be all ore or that it was removed to be milled in another location. No records exist of the grades of material mined in these workings.

The Hilda ‘37’ Concession *(from W. Snoddy, 2008)*

Neither co-author has visited this property or researched any data that may be available. The description that follows is from Snoddy, 2008.

The Hilda ‘37’ abuts the Hilda 30 Concession to the north (**Figure 4**), and hosts vein systems similar to Hilda ‘30’ and ‘31’ with the notable exception of the La Mexicana mine. Mineralization in the La Mexicana consists of molybdenum associated with a steeply dipping quartz vein. This vein is large, about 2 meters wide, containing quartz with molybdenum in an extensive vein system. Mining on this vein exploited about 30 meters of the vein. Material mined from the La Mexicana was shipped to a mill in Santa Ana for processing until the mill closed in the 1970s.

The workings were designed to mine the vein in its entirety leaving only small portions of the vein on the hanging and footwalls of the tunnel. Exposed in the vein is an impressive amount of molybdenum. Waste rock shows abundant molybdenum but the grade of the material mined is unknown. It has been intimated by Guadalupe Rocha Tineo (verbal comm.) that significant copper mineralization exists on the part of the Hilda ‘37’ Concession near Santa Ana.

La Esperanza Concession *(from W. Snoddy, 2008)*

This concession, located approximately 10 km due north of Hilda 30, was visited and sampled by Burns in 2005. The description that follows is from Snoddy, 2008. The La Esperanza Concession is at very early exploration stage. The only evidence for historical mining activity on the concession is found in a steep sided ravine cut by perpendicular trending faults that acted as conduits for hydrothermal or epithermal hot springs. Mineralisation is principally iron oxide with varying amounts of copper oxides and sulfides with trace amounts of zinc minerals.

There are three prospect tunnels in the valley that tested the mineralized areas. Any production was limited as no tunnel exceeds 20 meters in length.

Located near these tunnels are the ruins of a small foundry. Production at the foundry was probably small as the slag pile consists of under a ton of material. Up slope from the hot springs and on strike with them are a series of prospect pits. These pits are no more than a few meters deep and no production occurred at these sites. Presently, First Mexican Resources has dropped its interest in this concession as part of its recent amendments to its Option Agreement dated Dec. 10, 2009.



Photo 8- Workings on La Esperanza Concession

MINERAL PROCESSING AND METALLURGICAL TESTING

Production from the ‘Pozo del Gringo’, if any, is not known. In 2002, approximately 2 tonnes of sample was mined from the inclined shaft next to the ‘Pozo del Gringo’ and another 5 tonne sample taken from the breccia zone near the adit on the property (G. Rocha Tineo-Verb.Comm.). Both samples were processed at local mills, but records as to the grade, metals recovered etc. are not available. Except for these samples, no mineral processing nor metallurgical test work is known to have been conducted by any individual or group from materials from this property.

MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

No mineral deposit has yet been delimited on the Hilda 30 Concession. Consequently, no mineral resource or mineral reserve has been estimated.

OTHER RELEVANT DATA AND INFORMATION

To the best of the Authors' knowledge, information, and belief, all relevant data has been included in this report.

INTERPRETATION AND CONCLUSIONS

First Mexican Resource's Hilda 30 Concession has substantial merit as a potential setting for epithermal gold-silver deposits. The supporting evidence includes the following:

- The property is underlain by favorable Cretaceous-Tertiary andesite-rhyolite volcanic stratigraphy. These rocks play host to numerous small to large gold-silver deposits within the Sierra Madre Occidental physiographic province of northern Mexico. Historically, there have been a number of significant gold-silver occurrences found and exploited even before the Conquistadors invaded this region for their Spanish Monarchs. The local indigenous tribes exploited many of these precious and base metal deposits for their own needs.
- Numerous structural features, faults and lineaments have been mapped in the region and in the vicinity of the property. Some of the features are related to the emplacement of the Tertiary age monzonite porphyry plutons that lie close to or within thrust faults that transect the Sierra Madre Province and adjacent to the Hilda 30 property. In addition to the mappable features, the intrusion of these plutons would have caused significant micro-fracturing of the adjacent volcanic rocks which would act as channel-ways for mineralizing fluids.
- There are numerous known mineral occurrences in the immediate area, most of which have significant gold-silver values. Silver appears to be as equally important as gold. These mineral occurrences are within the Cretaceous to Tertiary age andesite-rhyolite volcanic rocks, and appear to be spatially related to a monzonite pluton that has been intruded into the volcanic stratigraphy.
- The property hosts one confirmed and possibly several other mineral occurrences of interest. The style of the occurrences- veins and vein stockworks, the precious metals, base metals and trace elements present, the associated silica and argillite alteration and the presence of an interpreted silica cap are all consistent with the model for epithermal precious metal deposits found in the region.
- The breccia zone/quartz stockworks on the Hilda 30 Concession is exposed over a 46 metre long interval with an indicated grade in the order of 3.07 gms/tonAu and 155 gms/ton Ag. This suggests that zone may be bulk mineable if significant tonnages at this grade can be delineated. Moreover, there are indications (the .5 m. thick tetrahedrite vein at the 'Pozo del Gringo' location and the high-grade samples taken from within the adit at the south end of the breccia zone) that there may be bonanza grade zones present within the main zone of mineralization.

- An open pit mine has recently been developed on an epithermal deposit with a resource of approximately 2 million ounces in a similar geological setting in the nearby Mulatos District located some 50 kilometres to the north of this Concession. Also at the town of Santa Rosa, some 20 kilometres north of Guadalupe Tayopa, historical workings that exploited copper and molybdenum in sulphides related to a porphyry intrusion was recently being developed by Corex Resources of Vancouver.
- The 2008-2009 First Mexican core drilling and reverse circulation drilling programs indicated the potential for a gold/silver-rich mineralized zone that parallels or is associated with a geological unconformity between andesite flows; the contact is marked by extensive brecciation, quartz-carbonate re-sewing and semi to massive sulphides as cubic pyrite/marcasite. The gold-silver values, indicated in the assaying of the cores, were traced for at least 100 meters into the hillside and the mineralized zone remains open along strike and to depth. Of the seven holes drilled, all returned significant gold and silver values and five of the holes intersected long runs of significant values measuring from a sub-meter to 19 meters in section which bodes well for finding an economic deposit in the future.

The property is under explored. No evidence was noted (cut or flagged lines, trenching, pitting, drill pads or open pit workings) to indicate that the property had ever been systematic explored or that extensive exploitation had been conducted previously. Even though the property had been explored at various times in the past, it is apparent that up to the year 2002, the high-grade veins had only been sampled in a cursory fashion. Possible reasons for the lack of exploration would be **a)** the extreme rugged nature of the terrain and the lack of access roads into the local area **b)** the poor access by highway deterring the use of heavy equipment and bull-dozers for stripping, road-making and diamond drilling and **c)** the price of gold which has been severely depressed from 1998 to 2003.

It is the opinion of both co-authors of this report that the property merits further work and a thorough investigation by a number of ground exploration methods. The emphasis of the exploration program should be to further delineate the sulphide zone and the gold-silver mineralization that has been found in the recent drilling and surface geochemical soil surveys. There is a very high degree of potential of finding a significant epithermal gold-silver deposit(s) along strike to the known mineralized zone.

RECOMMENDATIONS

Elements for a two-phased exploration program for the Hilda 30 Concession are detailed below, which once completed, will determine whether the property has the potential to host one or more significant epithermal gold-silver deposits. The implementation of all or part of **Phase 2** is dependent on the results from **Phase 1**.

Phase 1

1. The road construction and road sampling program that was suspended in 2008 is to be resumed. Specifically, additional road work to access to the upper portions on the east side of the property and above the Pozo del Gringo area is needed. Once completed, the roads should be sampled and stations GPS'd in detail and roads added to the property-wide base plan. This area is important to the understanding of the Mineralized Zone found to date whereby its east and northeastern extension likely extends in this direction as determined by the recent Reverse Circulation drilling.
2. Additional road-work is required to access the far southeast and northeast sections of the Concession. Once roads are completed a reconnaissance geological mapping and sampling program should be carried out to evaluate the bedrock exposures and determine if further veins, stockworks, or mineralization are present. The GPS survey of any new road construction should be extended.
3. Concurrent with the road work and sampling, all new roads are to be mapped geologically for details such as lithologies, structural trends, alteration types, quartz/silicification, quartz vein stockworks, sulphide mineralisation etc.
4. Grids are to be established over areas not covered by the initial soil sampling grid to cover the extensions of the known mineralization/quartz stockworks and cover additional ground in the northeast and southeast portions of the Concession where access is poor and quartz capping is evident up along the heights of land. Several small trails exist to these areas but pushing further roads into these parts of the Concession will allow access for the exploration field parties,

survey groups and drilling equipment if targets are un-covered.

5. Geochemical Soil Surveys are to be extended off the ends of the present grid to cover the extension of the veins, quartz stockworks and mineralized zone and to determine if the quartz capping along the eastern portion of the property has any significance and bearing to the known mineralization.
6. A trial Induced Polarization Survey is to be run over the known quartz breccia and Mineralized Zone to determine if this method would target the mineralization. If successful, the method can be extended to other areas on the Concession. Once drill stations and casings are established through the known mineralized zone(s), the use of down-hole Pulse E.M. should be contemplated to track the mineralization to depth and along strike.
7. Although the satellite imagery study has been undertaken by government geologists for the Tecoripa Map Area, a detailed analysis of the structural features in the immediate vicinity of the property from both satellite imagery and aerial photographs could provide clues as to the potential structural sites for gold-silver epithermal emplacement. A study of the whole Concession and detailed geological mapping of all the outcrops on the access roads and along the upper ridges is recommended.
8. The mineralized zone immediately north and above the 'Pozo del Gringo' area is an important target area for further sampling, detailed mapping and diamond drilling. An attempt to track both the gold-silver mineralization and its association to the sulphide mineralization is crucial to the understanding of this area. A petrologic study of hand specimens and core samples to determine how the gold-silver relates to the sulphides would help in the understanding of the mineralogy.
9. Any zones defined as geochemically and/or geologically and/or geophysically interesting are to be followed-up with additional exploration work and ultimately become drill targets for the Phase 2 exploration program. The areas to the east, northeast and northwest of the 'Pozo Del Gringo' area towards the eastern sector of the Hilda 30 Concession is important to explore and determine just how far the mineralized zone extends. It is presumed that since the contact likely

stands vertically, that its surface extension can be traced using geochemical soil sampling methods, geophysics will likely trace out the massive sulphide content and the core drilling will determine how continuous the mineralization is along strike to the existing zone that was intersected.

10. Accommodations and other facilities to support the field survey crews and diamond drilling work will have to be established on the or near the property where there is power, water and communications facilities. The only other center that could support crews and room and board is in Yacora some 45 kilometres away along Hwy.16, located 15 kilometres north of Guadalupe Tayopa. A much larger diamond drilling program is envisaged to cover the extension of the mineralized zone discovered to date.

The cost of the Phase 1 exploration work includes most of items one through seven and depending on the results from this first phase, the second Phase 2 will include diamond drilling of all the geophysical/geochemical and geological ground targets including following up on drilling the Sulphide Zone which appears to follow the unconformable contact between the andesites and the lapilli tuff/brecciated argillaceous fragmentals just north of the adit entrance. The costs for **Phase 1** and **2** are broken down in **Table 4** in this report and consist of \$727,000 U.S. for **Phase 1** and \$766,000 U.S. for **Phase 2**. Combined the total cost for both programs including contingencies, reports, maps and engineering will be in the order of **\$1,493,000 U.S.**

Respectfully Submitted,

James G. Burns, P.Eng.

John C. Archibald, P.Geo.

Billiken Management Services
for First Mexican Resources Inc.
Toronto, Canada.
March 25, 2010.

TABLE 3
PROPOSED EXPLORATION BUDGET - HILDA 30 (US \$)

Phase I		
Additional Road Building: allow 10 km @ \$30,000/km.	\$300,000.	
Sample Analysis: Rock samples...25,000 samples at \$60/ea.	150,000.	
GPS Road Survey: every 5 m. intervals...(incl. maps/plates)	15,000.	
Line cutting, flagging/chaining: 20 kms. @ \$400/km	8,000.	
Soil Sample analysis: allow 1600 soils @ \$25/sample	40,000.	
Induce Polarization Survey: allow 20 kms. @ \$2000/km	40,000.	
Geologist: 60 days @ \$500/day	30,000.	
Geotechnician: 60 days @ \$350/day	21,000.	
Helpers (2): 60 days @ \$40/day (local assistance)	4,800.	
Room and Board : local for geol./helpers 60 days @ \$75/day	4,500.	
Travel Expenses: Airfares and transfers - allow	10,000.	
Travel Expenses: Local vehicle, transfers etc. - allow	6,000.	
Miscellaneous Expenses; hotels, equipment, supplies etc.	10,000.	
Reporting: reports, maps, plates - allow 15 days + expenses	<u>10,000.</u>	
Sub total	\$649,300.	
Contingency (12%)	<u>77,700.</u>	
Total	\$727,000.	\$727,000. US
Phase II		
Establish Field Accommodations: geol. + helpers + storage	\$ 25,000.	
Field Costs: allow \$5,000/mo. for 2 mo. (food, propane/elect.)	10,000.	
Core saw and Gen. Set: allow	6,000.	
Bulldozer: 20 days (roadcuts/drill roads) : @ 8 hr/d @ \$80/hr	12,800.	
Core Drilling: 3500 m @ \$125/m	437,000.	
Core Assaying: allow 1200 samples @ \$60/sample	72,000.	
Geologist: 80 days @ \$500/day	40,000.	
Geotechnician: 80 days @ \$350/d	28,000.	
Helpers (2) : 80 days @ \$40/day/man	6,400.	
Travel Expenses - airfares/transfers-allow	15,000.	
Travel Expenses- vehicle/local transfers-allow	10,000.	
Miscellaneous Expenses, supplies, hotels, equipment	10,000.	
Reporting: allow 15 days + expenses	<u>11,250.</u>	
Sub total	\$683,450.	
Contingency (9.9%)	<u>82,550.</u>	
Total	\$766,000.	766,000. US
Grand Total		<u>\$1,493,000. US</u>

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CERTIFICATE OF QUALIFIED PERSON

I, John C. Archibald, B.Sc. Geology, P.Geo. do hereby certify that:

1. I am currently self-employed as a consulting geologist.
2. I graduated with a degree in Honours, Bachelor of Science, from Carleton University, Ottawa, in 1973.
3. I am presently registered for full-time status with the APGO (Registration No. 1251) and also a member of the Ontario Prospectors Association (OPA - Southern Ontario Branch), and have been a member as a Fellow in the Geological Association of Canada (FGAC).
4. I have worked as a geologist for the past 37 years since my graduation from University.
5. I have read the definition of “Qualified Person” set out in the National Instrument 43-101 Guidelines (“NI 43-101”) and certify that by reason of my education, affiliation with a Professional Association (as defined in the N.I. 43-101 Guidelines) and past relevant experience, I fulfill the requirements to be a “Qualified Person” for the purpose of NI 43-101.
6. I am responsible for the preparation and content in this report along with the co-author, Mr. J.G. Burns, P. Eng., titled “N.I. 43-101 Technical Report on the Hilda ‘30’ Concession, Sonora State, Mexico of First Mexican Resources Inc. for Auric Development Corporation” and dated March 25, 2010, (the Technical Report), relating to the Hilda ‘30’ Concession. I visited the property between the dates of November 1st. and 8th, 2009, in order to view, sample and supervise bulldozer stripping and a Reverse Circulation drilling program. Over 700 samples were taken of the drilled material, and delivered under security to an accredited laboratory facility (ALS-Chemex Labs) in Hermosillo, Mexico, for preparation and sent to Vancouver for final analysis for gold, silver and multi-element determinations.

7. I have had geologist mapping, drilling and interpretation experience in the Cordilleran environment from Alaska, British Columbia, Nevada, Mexico, Costa Rica, and Venezuela in the past and feel that I have the relevant experience and qualifications to determine the geological significance of this mineralized occurrence. I have not had prior involvement with the property that is the subject of this technical report.
8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
9. I am independent of the issuer applying all of the tests in Section 1.5 of National Instrument 43-101.
10. I have read the National Instrument 43-101 Guidelines and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and the publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

John C. Archibald, B.Sc. Geol., P.Geo. {signed and sealed}

March 25, 2010.

CERTIFICATE OF QUALIFIED PERSON

I, James G. Burns, P.Eng., do hereby certify that:

1. I am an independent geologist residing at 405 Geraldine Street, Shediac, New Brunswick, Canada. E4P 1T3
2. I graduated with a B.Sc. Degree in Geological Sciences (Honours) from Queen's University in 1969. I have been practicing my profession continuously since graduation.
3. I am a member of the Association of Professional Engineers of Ontario.
4. I have relevant experience in that I have been involved in exploration for gold deposits since the early 1980s in various terrains in Canada, Ghana, Venezuela, and Indonesia. I am a qualified person for the purposes of this instrument.
5. I visited the property from April 30 to May 1, 2005 and again from January 6 to 7, 2008.
6. I am a co-author of this technical report titled "NI 43-101 Technical Report on the Hilda 30 Concession, Sonora State, Mexico of First Mexican Resources Inc. for Auric Development Corporation" (the Technical Report) and dated March 25, 2010. I am responsible or partly responsible for all sections of the Technical Report except: Drilling, and Adjacent Properties.
7. I am independent of the issuer as defined in section 1.4 of National Instrument 43-101.
8. Other than the property visits disclosed in section 5 above and in 2005 writing a NI 43-101 report on the Hilda 30 and Esperanza properties for International Millenium Corp., I have had no involvement with the property.
9. I have read National Instrument 43-101and Form 43-101F, and the Technical Report has been completed in compliance with that instrument and form.
10. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.
11. I consent to the filing of the technical report with any stock exchange and other regulatory authority and publication by them, including electronic publication, in the public company files on their websites accessible by the public, of the Technical Report.

"James G. Burns P.Eng." {signed and sealed}

March 25, 2010

APPENDIX 1

Letter of Authorization

December 15, 2009

Mr. J.G. Burns & Mr. J.C. Archibald

Dear Sirs:

Please regard this letter as formal authorization granted to you by Auric Development Corp. to carry out all necessary efforts to update a previously authored NI 43-101 compliant Technical Report by J.G. Burns (April 30, 2008) for the Hilda 30 Concession, Sonora state, Mexico, under your status as Independent Qualified Person(s) defined by National Instrument 43-101.

The purpose of this report is to support our efforts as a Capital Pool Company in completing a Qualifying Transaction with First Mexican Resources as per TSX Exchange Policy 2.4; as well as to better inform both existing shareholders and potential investors in support of any future financings.

Yours truly,


Robert Findlay
President & CEO

APPENDIX 11

Notes re Property Visit

Note - all coordinates for the property are in NAD 27 Mexico datum, Zone 12 R.

Site Visit - Hilda 30

Date : January 06 & 07, 2008

Drove to the property accompanied by Mr. James Voisin, the President of First Mexican, and Sr. Leonardo Rocha, the son of the original property vendor.

The property was accessed as follows:

- From the military inspection post at the junction of highways #16 and 11 some 241 km east of Hermosillo, drove southward approximately 18 km to the intersection with a gravel road.
- Continued eastward on the gravel road (a poorly and sporadically maintained, one lane community road) for a distance of about 17 km to the village of Guadalupe Tayopa.
- Local ranch trails from the community lead in a generally eastward direction to the east concession boundary, a distance of approximately 1 km.
- Trails recently bulldozed by First Mexican, as well as ranch trails, provide access to most parts of the property.

A total of 39 rock samples (numbers 477301 to 477339) were collected from bulldozed rock cuts. - Samples were chosen to either confirm previous results for samples collected by First Mexican or to sample newly exposed rock cuts.

Sample results are presented in the following table. The certificate of assay from ALS Chemex is also included.

Samples 477301 to 477325 represent a continuous 46 m interval, and correspond to First Mexican samples 813906 to 813930. Where possible, samples were collected along the same sample line. Material sampled comprised strongly weathered (saprolitic) felsic tuff that is intensely altered. Alteration products include silica, hematite, limonite and kaolin. Quartz veins from <1 mm to > 5 cm are common, may display cock's comb texture, may be vuggy and are at various angles. The density of veins at times impart a breccia texture to the rock. Fine grained pyrite and possibly tetrahedrite and enargite are visible in minor quantities in the veins.

Nine samples, 477326 to 477334, were collected over a continuous 17 m interval, at the toe of a newly bulldozed section of road near the north boundary. This area had not been sampled previously. Samples were of strongly weathered (saprolitic), intensely altered felsic tuff. Limonite and hematite with lesser kaolin and silica are the main alteration minerals. Quartz veins are rare. Very minor pyrite was also noted.

Samples 477335 to 477339 were each 2 m in length of slightly weathered felsic tuff. These samples were collected on various road cuts to the north of the "Gringo shaft", and included what is believed to be the extension of the Gringo vein, the vein mined at the "Gringo shaft".

Check samples - road cut breccia zone

Burns Sample No.	First Mexican Sample No.	UTM Coords	Type	Burns Assays Au (g/t)	Ag (g/t)	First Mexican Assays Au (g/t)	Ag (g/t)
477301	813906	See Figure 12	2m rock chip	8.05	19.55	0.133	11.8
477302	813907		2m rock chip	0.446	66.6	1.98	50.9
477303	813908		2m rock chip	1.19	81.7	2.11	66 .5
477304	813909		2m rock chip	0.705	146.	1.55	181.
477305	813910		2m rock chip	2.94	353.	2.99	625.
477306	813911		2m rock chip	1.545	107.	2.04	119.
477307	813912		2m rock chip	2.83	109.	4.32	101.
477308	813913		2m rock chip	0.38	20.8	2.57	39.3
477309	813914		2m rock chip	0.463	33.	0.979	44.2
477310	813915		2m rock chip	3.11	94.	1.73	89.4
477311	813916		2m rock chip	0.342	56.3	1.565	90.5
477312	813917		2m rock chip	0.089	19.05	0.706	33.6
477313	813918		2m rock chip	1.705	15.4	0.378	10.5
477314	813919		2m rock chip	0.324	12.3	1.04	13.8
477315	813920		2m rock chip	1.305	37.9	0.995	19.6
477316	813921		2m rock chip	1.36	98.3	2.49	126.
477317	813922		2m rock chip	3.39	181.	1.53	150.
477318	813923		2m rock chip	1.985	84.3	2.48	172.
477319	813924		1m rock chip	6.66	471.	13.35	745.
477320	813925		1m rock chip	0.893	59.4	0.951	72.5
477321	813926		1m rock chip	0.218	12.7	0.257	20.3
477322	813927		1m rock chip	0.267	8.66	1.095	16.
477323	813928		2m rock chip	1.	42.3	2.97	104.
477324	813929		2m rock chip	0.845	60.8	2.37	97.
477325	813930		2m rock chip	0.443	25.9	0.25	25.2
Avg.				3.07	155.	3.60	208.

Alteration zone north boundary area

Burns Sample No.	UTM Cords	Sample Type	Assay Values	
			Au (g/t)	Ag (g/t)
477326	See Figure 12	2m rock chip	0.013	0.86
477327	ditto	2m rock chip	0.003	0.14
477328	ditto	2m rock chip	0.003	0.1
477329	ditto	2m rock chip	0.004	0.09
477330	ditto	2m rock chip	0.003	0.08
477331	ditto	2m rock chip	0.004	0.12
477332	ditto	2m rock chip	0.004	0.17
477333	ditto	2m rock chip	0.004	0.21
477334	ditto	1m rock chip	0.004	0.27

Check samples : possible NE extension - Pozo del Gringo vein

Burns Sample #	UTM Coords Figure 16	Description	Assay Values	
			Au (g/t)	Ag (g/t)
477335	680930 E 3137804 N	35 cm shear + vein at 240° 70° SE in chloritic felsic tuff; malachite + manganese on fractures	0.037	17.8
477336	680907 E 3137783 N	80 cm thick sub vertical fracture / breccia zone	0.045	6.05
477337	680895 E 3137773 N	well fractured tuff; specular hematite in fracture on E contact	0.017	3.45
447338	680884 E 3137776 N	blob of argillic alteration with malachite in cross fracture to main fracture set at 290° 70° N	0.03	22.1
477439	680881 E 3137779 N	40 cm thick argillic alteration at 100°, sub vertical in chlorite & epidote altered felsic tuff	0.009	1.49

Sample Collection, Security and Analytical Procedures

The 39 samples were collected from various sites on the Hilda 30 property. All samples were taken by the Author, placed in individually labelled sample bags, and sealed with a plastic tie wrap. An average of 5 samples were placed in rice bags and sealed with an individually numbered security seal. All samples were kept secure in the possession of the Author prior to hand delivery to ALS Chemex laboratory in Hermosillo for preparation.

In Hermosillo, all samples were prepared according to ALS Chemex code "Prep 31". By this code each sample was logged into the tracking system, weighed, dried and fine crushed to better than 70% passing through a -2 mm screen. From this crushed material a 250 gm sub-sample was mechanically split and then pulverized to better than 85% passing a 75 micron screen. The 250 gm pulverized sub-sample was then shipped by air freight to the ALS Chemex laboratory in Vancouver, B.C.

In Vancouver each sub-sample was assayed for gold by code "Au-ICP 21". By this method a 30 gm sub-sample of the pulp was assayed by fire assay with the final gold content determined by ICP (Induced Coupled Plasma) instrumentation. Values for an addition 47 elements were determined by code ME-MS61 whereby a sub-sample of the pulp was digested in a four acid solution with the values determined from the solution by ICP instrumentation. From the same solution mercury was determined by cold vapour extraction. Any value for Au, Ag, Cu, Pb or Zn that was over limit was re-assayed by an appropriate method until a final determination was achieved. The ALS Chemex assay certificate is included in this Appendix . The ALS Chemex laboratories in Hermosillo and Vancouver are both ISO accredited.

HE08002590
CLIENT : "BIL
of SAMPLE"
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CERTIFICATI
PO NUMBER

SAMPLE DESCRIPTIC	ME-MS61 Hf	Hg-CV41 Hg	ME-MS61 In	ME-MS61 K	ME-MS61 La	ME-MS61 Li	ME-MS61 Mg	ME-MS61 Mn	ME-MS61 Mo	ME-MS61 Na	ME-MS61 Nb	ME-MS61 Ni	ME-MS61 P	ME-MS61 Pb	ME-MS61 Rb	ME-MS61 Re	ME-MS61 S	ME-MS61 %	
477301	3.2	0.06	6.96	3.37	23.3	26	9.4	0.47	388	2.47	0.04	5.6	9.4	500	138.5	409 <0.002	0.1		
477302	3.1	0.1	8.73	2.96	20.4	26	9.4	0.36	241	2.4	0.05	4.5	3.8	550	630	318 <0.002	0.21		
477303	4	0.1	1.89	2.38	20.4	9	9	0.28	143	1.89	0.06	4.6	3.5	390	618	295 <0.002	0.29		
477304	3.7	0.4	3.07	2.58	24.1	10.5	10.5	0.26	180	6.66	0.06	3.6	1.8	660	1110	345 <0.002	0.36		
477305	2.5	0.2	2.49	1.92	11.1	10.2	10.2	0.2	169	3.34	0.09	2	2	540	1390	247 <0.002	0.72		
477306	1.6	0.1	2.34	1.93	8.1	12.3	12.3	0.21	184	2.89	0.05	2.5	2	410	806	267 <0.002	0.37		
477307	1.5	0.6	6.68	2.31	12.6	19	19	0.29	245	2.83	0.04	2.7	3.9	520	787	325 <0.002	0.2		
477308	0.7	0.2	6.82	2.41	14.8	70.8	70.8	0.28	247	2.87	0.03	2.3	4.8	480	525	325 <0.002	0.1		
477309	0.7	0.3	8.53	2.09	11.9	41.2	41.2	0.29	220	1.47	0.04	3.3	6.6	370	122.5	296 <0.002	0.06		
477310	0.6	2.1	8.13	1.76	12.8	90.9	90.9	0.23	195	2.55	0.03	2.7	8.2	810	760	255 <0.002	0.13		
477311	0.8	1.9	1.23	2.98	16.7	128.5	128.5	0.39	365	2.59	0.05	4.4	11.2	770	777	427 <0.002	0.1		
477312	0.8	0.6	0.988	3.08	22	217	217	0.62	658	2.04	0.03	4.7	28.2	800	535	429 <0.002	0.09		
477313	0.9	0.5	1.265	2.98	15.1	199.5	199.5	0.39	320	1.6	0.03	4.8	13.3	400	231	417 <0.002	0.07		
477314	0.8	0.3	0.848	3.58	9.5	42	42	0.41	218	2.15	0.04	4.5	6.7	270	210	449 <0.002	0.05		
477315	1.4	0.5	1.375	2.84	13.3	70.4	70.4	0.31	286	4.54	0.07	3.2	5.9	620	1240	379 <0.002	0.13		
477316	1.2	0.3	1.26	2.07	8.9	69.2	69.2	0.26	183	4.62	0.04	3.1	5.6	610	1340	294 0.003	0.19		
477317	1.1	6.7	2.32	1.89	11.3	51.5	51.5	0.24	203	3.1	0.04	2.4	4.8	770	1620	272 <0.002	0.21		
477318	1.6	1.9	1.975	2.7	10.1	71.6	71.6	0.34	237	8.79	0.04	4.4	7	660	1130	385 <0.002	0.13		
477319	0.7	0.6	2.31	1.43	10.3	70.4	70.4	0.24	174	13.4	0.04	2.1	5.3	960	4670	195 <0.002	0.46		
477320	0.9	0.3	1.17	2.4	15.7	89.9	89.9	0.45	425	5.92	0.04	3.6	11.6	780	1070	331 <0.002	0.19		
477321	0.9	0.1	1.185	2.79	13.7	50.6	50.6	0.5	339	7.11	0.05	3.2	9.4	640	310	364 <0.002	0.07		
477322	0.6	0.2	1.505	2.93	14.4	91.3	91.3	0.59	639	5.74	0.04	3.7	19.5	720	401	382 <0.002	0.07		
477323	1.8	0.3	1.87	3.06	13.3	41.6	41.6	0.64	613	5.8	0.06	4.3	12.6	590	1280	381 <0.002	0.15		
477324	0.8	0.3	3.65	2.33	15.7	28.9	28.9	0.34	219	8.08	0.05	2.6	4.6	590	1130	259 <0.002	0.18		
477325	1.5	0.2	1.42	2.26	18.2	66	66	0.9	2410	8.82	0.04	4.3	23.4	860	424	267 0.006	0.04		
477326	2.7 <0.1		0.071	3.87	38.3	24.2	24.2	0.19	149	3.46	0.9	16.8	2.4	60	33.3	258 <0.002	0.01		
477327	2.6 <0.1		0.039	3.98	32.5	19.3	19.3	0.18	169	1.88	1.21	16.1	1.2	80	21.5	258 <0.002	<0.01		
477328	2.6 <0.1		0.04	3.86	39.3	20.1	20.1	0.18	158	1.58	0.81	16.2	1.6	70	22.4	245 <0.002	<0.01		
477329	2.7 <0.1		0.041	3.97	40.5	20	20	0.19	168	1.38	0.99	16.6	1.7	70	20.9	255 <0.002	<0.01		
477330	2.6 <0.1		0.041	3.67	35.2	20.7	20.7	0.19	134	1.76	0.93	16.7	1.7	80	20.2	236 <0.002	<0.01		
477331	2.6 <0.1		0.041	3.42	31.5	19.8	19.8	0.19	79	2.47	0.68	17.3	1.4	40	21.3	235 <0.002	0.01		
477332	2.6 <0.1		0.043	3.52	45.3	17.3	17.3	0.2	102	2.46	0.76	17.6	1.3	60	23.8	233 <0.002	<0.01		
477333	2.8 <0.1		0.044	3.27	43.5	27.6	27.6	0.2	100	3.02	0.35	17.2	1.5	60	23	227 <0.002	<0.01		
477334	3.1 <0.1		0.12	3.25	51.2	29.5	29.5	0.22	68	2.65	0.33	17.9	1.3	70	27.2	231 <0.002	<0.01		
477335	3.5	0.2	0.62	2.73	22	44.4	44.4	1.94	4340	0.95	0.07	10.9	17.2	670	1520	269 <0.002	0.02		
477336	4.5	0.5	0.798	2.76	30.9	46.6	46.6	1.85	4210	4.86	0.58	12.9	18.5	870	3190	182 <0.002	0.01		
477337	4.1	0.2	0.394	3.27	32.2	43.4	43.4	1.46	1790	0.96	0.81	12.4	17.7	720	1230	217 <0.002	<0.01		
477338	3.9	0.11	0.264	3.29	32.6	51.4	51.4	1.37	2550	2.45	0.17	10.3	13.1	950 >10000		311 <0.002	0.03		
477339	3.8	0.03	0.076	2.96	30	51	51	1.82	2090	0.69	0.63	10.9	18.7	900	1080	244 <0.002	<0.01		

CLIENT : "BILLIK - Billiken Management Services Inc."

DATE RECEIVED : 2008-01-08 DATE FINALIZED : 2008-02-18

PROJECT : " "

CERTIFICATE COMMENTS : "Hg-CV41:Detection limits on samples requiring dilutions due to interferences or high concentration levels have been increased according to the dilution factor. ME-MS61:REE's may not be totally soluble in this method.

All-

SAMPLE DESCRIPTION	Au ppm	Ag ppm	Al %	As ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Ce ppm	Co ppm	Cr ppm	Cs ppm	Cu ppm	Fe %	Ga ppm	Ge ppm	
477301	8.05		19.55	10.5	93.6	630	1.06	39.8	0.07	0.12	52.7	3.2	62	21.7	131.5	8.45	25	0.28
477302	0.446		66.6	7.99	154	930	0.73	187.5	0.04	0.07	52.2	2	61	15.65	951	8.45	30.7	0.31
477303	0.705		81.7	5.35	151.5	520	0.51	541	0.04	0.15	41	1.3	21	12.9	217	7.87	20.9	0.76
477304	1.19 >100			5.54	957	410	0.75	1450	0.03	0.59	47.9	1.7	28	17.35	883	18.75	22.5	1
477305	2.94 >100			4.01	1285	320	0.49	1725	0.04	0.69	22.2	4	54	11.1	819	13.05	14.1	0.68
477306	1.545 >100			4.2	853	420	0.39	850	0.04	0.18	16	2.6	68	13.2	787	12.2	15.95	0.58
477307	2.83 >100			5.66	2610	240	0.64	801	0.04	0.5	24.8	3	96	18.9	1205	13.05	18.8	0.7
477308	0.38		20.8	5.77	1045	190	0.65	379	0.03	0.17	29	1.5	105	18.3	1035	10.4	30.5	0.25
477309	0.463		33	5.44	271	190	0.74	24.9	0.03	0.08	24.5	1.8	118	14.9	645	5.62	16.35	0.19
477310	3.11		94	5.06	1270	220	0.7	91	0.04	0.5	28.1	1.9	102	15.25	1325	9.25	14.4	0.34
477311	0.342		56.3	7.64	468	240	1.12	332	0.05	0.3	36.4	3.3	130	22.5	1195	8.32	20.6	0.31
477312	0.089		19.05	9.38	105	360	1.32	103	0.06	0.21	45.1	6.7	147	25.2	2250	6.37	22.8	0.27
477313	1.705		15.4	7.65	192.5	970	1.14	45	0.04	0.17	31.9	2.8	121	24.8	712	4.65	19.5	0.18
477314	0.324		12.3	7.76	157	440	0.89	151	0.04	0.09	20.3	1.4	113	20.2	150.5	4.46	21.9	0.22
477315	1.305		37.9	6.69	533	250	0.89	1195	0.08	0.2	27.9	2.3	96	21.7	656	10.25	18.7	0.91
477316	1.36		93.8	4.89	463	210	0.57	1660	0.03	0.1	18.35	1.8	80	16.15	435	8.22	15.35	0.37
477317	3.39 >100			4.62	1780	190	0.29	2570	0.03	1.71	22.2	2.1	70	14.7	1105	11.5	15.65	0.38
477318	1.985		84.3	6.3	1230	160	0.47	1090	0.05	0.45	22.4	2.8	110	21.1	1325	13.55	19.15	0.35
477319	6.66 >100			4.15	4050	150	0.53	5830	0.06	1.1	21.1	3.9	67	13.6	2450	21.8	13.7	0.33
477320	0.893		59.4	6.25	434	220	0.91	1590	0.07	0.41	28.4	6.7	107	23.4	2920	10.75	18	0.22
477321	0.218		12.7	7.18	102	340	0.82	271	0.09	0.23	26.3	3.7	133	27.5	3020	10.05	19.2	0.13
477322	0.267		8.66	7.21	68.6	260	1.2	245	0.08	0.39	28.7	7.8	123	24.5	4360	9.27	20	0.14
477323	1		42.3	6.99	59.6	360	0.6	1385	0.07	0.29	26	5.1	115	17.4	2830	8.71	17.75	0.34
477324	0.845		60.8	5.31	70	370	0.62	990	0.09	0.5	27.6	3.2	81	15.55	2390	9.42	16.9	0.21
477325	0.443		25.9	6.87	69.8	370	1.16	81	0.08	1.17	33.5	18.4	71	23.5	4880	9.29	19.95	0.22
477326	0.013		0.86	8.03	26.6	1090	2.17	7.84	0.33	0.07	68	2.4	9	18.6	42.4	1.97	20.2	0.14
477327	0.003		0.14	7.52	20.8	1090	2.02	0.78	0.39	0.04	75.9	2.6	3	17.3	10.8	1.66	18.15	0.13
477328	0.003		0.1	7.67	19.3	1050	1.92	0.75	0.29	0.03	87	3.1	2	16	7.2	1.75	18.9	0.15
477329	0.004		0.09	7.93	19.3	1110	2	0.37	0.38	0.03	91.5	3.3	2	15.4	5.3	1.86	19.65	0.15
477330	0.003		0.08	8.16	21.1	1020	2.09	0.32	0.36	0.03	70.8	2.6	12	17.7	5.6	1.86	20.2	0.16
477331	0.004		0.12	8.65	20.7	960	2.26	0.3	0.21	0.03	64.9	2.3	2	22.4	6.7	1.86	22.5	0.15
477332	0.004		0.17	8.8	21.7	990	2.41	0.31	0.27	0.02	94.5	2.1	2	21.3	6.9	1.95	22.2	0.18
477333	0.004		0.21	8.17	22.7	850	2.4	0.38	0.16 <0.02		83.5	2	3	23.4	9.8	1.87	21.2	0.17
477334	0.004		0.27	8.52	27.1	690	2.24	1.07	0.18	0.03	90.4	1.8	3	23.1	15.3	1.92	22.6	0.19
477335	0.037		17.8	7.69	16.3	400	1.33	6.67	0.27	4.74	48.5	22.6	32	36.2	1045	5.31	18.55	0.19
477336	0.045		6.05	8.05	34.1	820	1.3	1.95	0.99	2.14	65.6	18.9	44	20.2	770	6.03	21.9	0.2
477337	0.017		3.45	7.54	38.6	940	1.59	2.57	1.49	1.96	67.5	17.7	37	21.2	263	4.5	21.1	0.2
477338	0.03		22.1	7.14	105	600	1.26	1.5	0.82	7.25	66.5	12.7	36	16.8	3430	3.57	19.6	0.15
477339	0.009		1.49	7.55	61.7	670	1.41	1.01	1.3	0.56	61.9	18.8	36	19	128	4.5	19.4	0.16

HE08002590
CLIENT : "BIL
of SAMPLE
DATE RECEI
PROJECT : "
CERTIFICATI
PO NUMBER

SAMPLE	ME-MS61 Sb	ME-MS61 Sc	ME-MS61 Se	ME-MS61 Sn	ME-MS61 Sr	ME-MS61 Ta	ME-MS61 Te	ME-MS61 Th	ME-MS61 Ti	ME-MS61 U	ME-MS61 V	ME-MS61 W	ME-MS61 Y	ME-MS61 Zn	ME-MS61 Zr	Ag-OG62 Ag
DESCRIPTION	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm
477301	56.9	23.1	3	1.8	78.8	0.45	0.66	17.3	0.296	4.85	3.1	206	22.6	9.8	84	97.5
477302	88.6	17.5	5	1.3	116.5	0.35	25.3	17.4	0.292	5.83	2.6	174	17.6	8.2	50	94.8
477303	112.5	12.2	5	2.5	38.3	0.37	11.1	12	0.286	3.85	3.2	101	18.6	7.5	29	122.5
477304	1125	13	30	4.2	18.2	0.24	50	14.5	0.212	4.49	4	130	36	8.3	50	109
477305	879	9.3	22	1.5	43.6	0.11	45.6	6.3	0.16	2.59	2	91	16.1	5.8	62	61.75
477306	1385	10.2	6	1.9	43.3	0.13	20.2	4.7	0.194	2.87	1.7	96	14.4	5.3	56	49.45
477307	4640	14.5	6	1.3	65.4	0.15	17.5	3	0.215	3.37	1.6	127	8.8	6	99	43.6
477308	429	12.4	2	0.9	43.2	0.13	18.6	3.6	0.219	2.99	1	127	5.7	5	57	23
477309	165	12.8	2	1	70.4	0.19	2.12	2.3	0.275	2.78	0.9	118	6.4	5	61	19.1
477310	3670	12.9	5	0.8	127.5	0.15	16.65	2.5	0.223	2.43	2.2	156	7.9	5.3	92	17.9
477311	1680	18.6	2	1.2	52.5	0.27	4.17	2.8	0.395	3.73	2.4	188	11.7	7.7	151	25
477312	93.6	27.3	1	1.3	49.8	0.29	1.43	2.8	0.41	4.17	3	203	16	11.7	175	23
477313	254	18.9	2	1.2	39.6	0.3	1.45	2.5	0.434	3.77	1.5	173	20.9	7.3	104	26.7
477314	100	19	2	1.9	13.2	0.27	5.5	2.5	0.393	4.41	0.9	159	9.9	5.7	63	22.6
477315	143.5	14.3	9	1.4	32.1	0.22	37.8	3.4	0.25	3.65	1.3	155	15.1	7.1	118	43.7
477316	166	10.9	8	0.3	24.6	0.26	20.3	2.6	0.282	2.2	1	143	12.1	5.4	92	47.5
477317	5670	9.8	10	1.4	31.3	0.14	27	3.1	0.192	2.25	2.9	149	8.4	4.7	117	62.2
477318	532	14	7	0.3	29.1	0.29	17.4	2.9	0.391	3.16	2.1	252	20.2	6.4	155	64.1
477319	1130	9.8	26 <0.2		48.9	0.17	95.5	2.7	0.192	1.46	2.7	189	13.2	5	156	29
477320	258	9.3	7 <0.2		28.1	0.23	18.6	2.4	0.307	3.25	2.3	201	6.9	9	162	59.2
477321	51	17.8	3	1	19.7	0.22	3.97	2.3	0.341	3.4	2.1	213	6.7	7.2	133	30.5
477322	89.8	20.4	4	1	17	0.27	3.84	2.5	0.355	3.88	2.9	190	5.4	8.3	217	18.1
477323	65.1	18.1	7	0.3	21.6	0.24	20.2	2.5	0.331	3.62	2.8	186	7.1	6.7	172	72.9
477324	66.7	15.1	6	1.3	28.9	0.18	18.95	2.9	0.221	3.17	2	208	6.9	5.8	139	26.1
477325	81.8	18.5	3	1.1	22.4	0.32	1.51	5.9	0.325	3.2	3.9	196	11.4	14.1	498	46.4
477326	9.56	7.2	2	2.7	137	1.32	0.29	24.4	0.22	1.17	10	30	3.5	20.6	36	82
477327	5.57	6.2	2	2.7	146.5	1.26	0.07	23.2	0.211	1.17	8.5	26	3.3	15.7	30	78.1
477328	5.43	6.4	2	2.7	123.5	1.3	0.219	24	0.219	1.1	9.1	26	3	22.3	31	79
477329	5.05	6.4	3	2.8	139	1.33	0.05	25.1	0.226	1.1	8.5	28	2.9	21.5	31	84.4
477330	4.62	7	2	2.7	130	1.32	0.05	24.7	0.226	1.04	8.3	27	2.9	21	31	78.3
477331	4.82	7.5	2	2.9	110	1.34 <0.05		24.4	0.225	1.07	10.8	29	3.4	24.2	27	77.7
477332	4.81	7.9	3	3	121	1.39	0.05	28.2	0.231	1.03	12	27	3	29.3	26	76.4
477333	6.11	7.7	2	2.9	90	1.39	0.07	26.4	0.223	1.05	11.1	30	3.9	28.9	26	81.1
477334	7.59	8.1	3	2.8	86	1.58	0.1	29.8	0.214	1.14	10.6	40	3.5	31.6	28	86.5
477335	38.2	16.7	4	3.3	27.1	0.82	0.13	14.8	0.494	3.01	4.6	155	11.3	19.8	1140	117
477336	96	17.2	3	3	166	0.95	0.13	19	0.5	2.44	5.8	151	4.9	22.6	812	146.5
477337	48.5	16.8	2	2.6	239	0.77	0.11	19.4	0.477	2.28	5.7	150	6.3	23.9	738	138.5
477338	738	15.4	3	2.3	104	0.77	0.2	18.6	0.453	2.86	5.4	161	7.8	25.5	2010	133.5
477339	49.1	17.1	2	1.7	164.5	0.79 <0.05		17.7	0.48	2.18	4.6	136	5.1	23.1	640	133.5

LIST OF PHOTOS

Photo 1	Zone of Mineralization and Rd. Network under the Oxide Capping- Hilda 30
Photo 2	R.C. Drilling Rig @ K09-06 under the Oxide Exposure close to the Adit
Photo 3	Oxide Zone capping with the Pyrite Mineralized Zone located between 06-07
Photo 4	Quartz Breccia in Andesite on Hangingwall of Unconformity
Photo 5	Unconformity/Contact between Andesite and Lapilli Tuff Fragmental
Photo 6	Sealed and Bagged samples being loaded for Trip to Hermosillo & ALS Lab

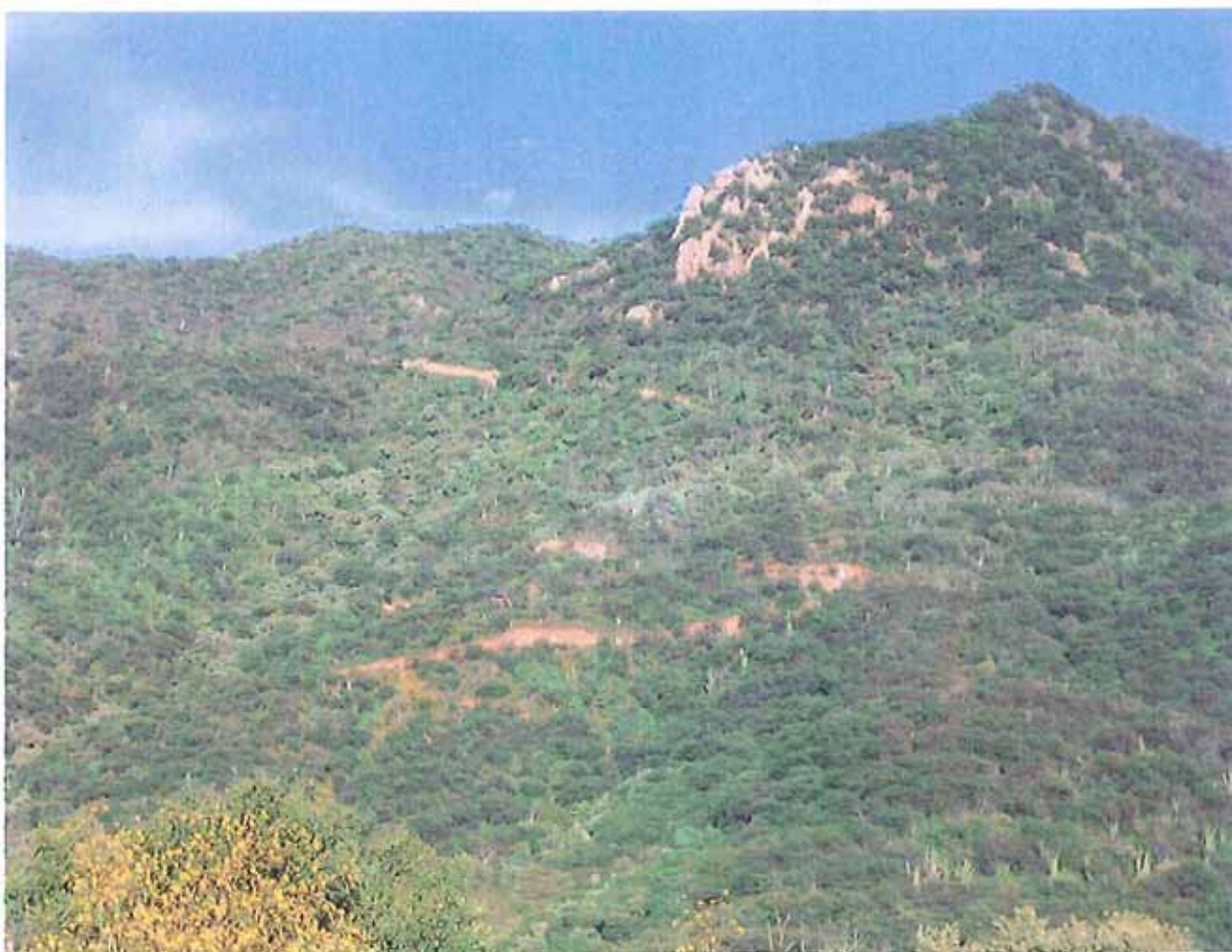


Photo 1 Zone of Mineralization and Road Network under the Oxide Capping on Hilda '30' Property



Photo 2 R.C. Drill Rig @ K 09-06 drilling under the oxide Exposure close to the Adit



Photo 3 Oxide Zone capping the Pyrite Mineralized Zone located between Holes K 09-06 and K 09-07

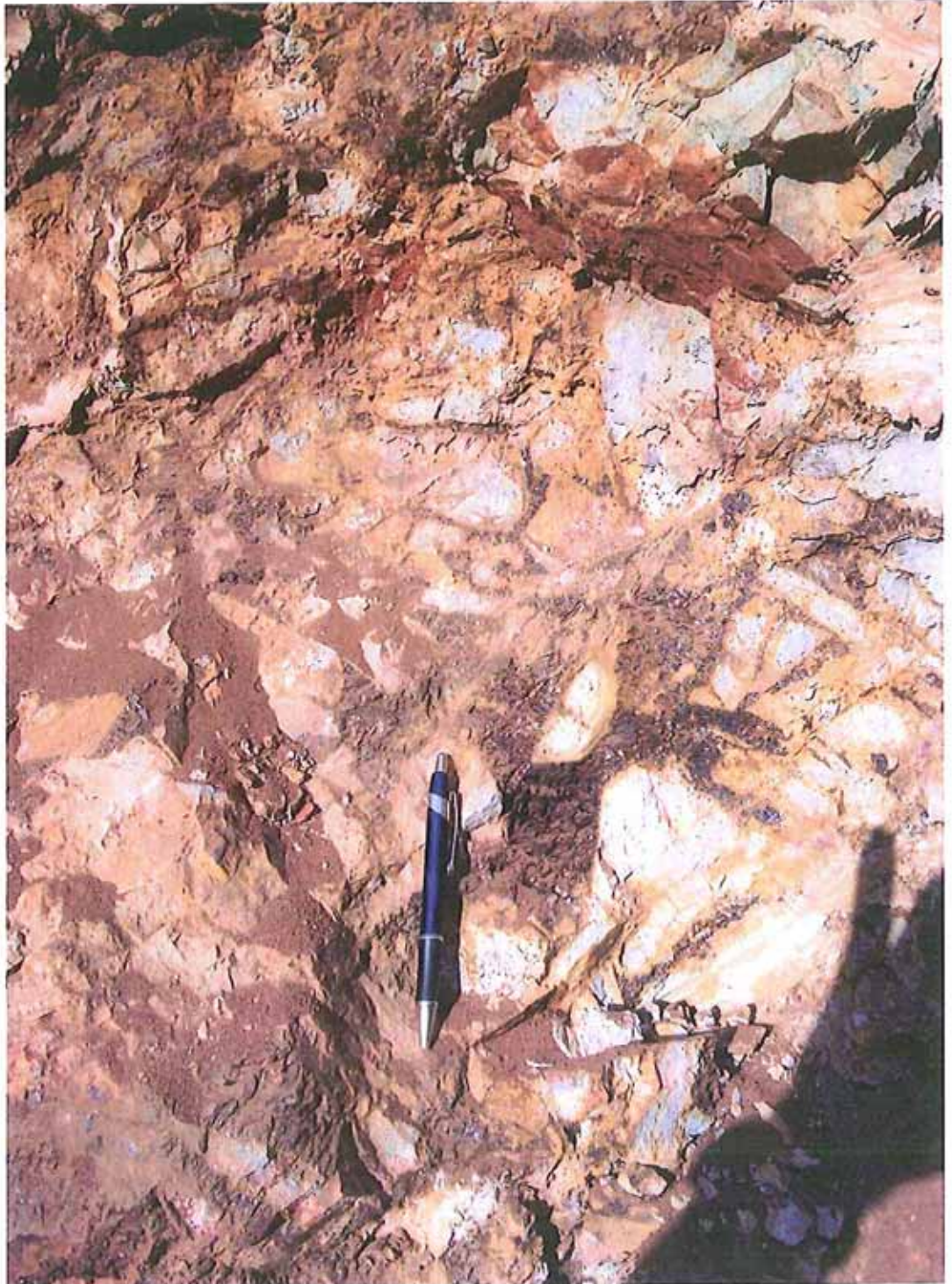


Photo 4 : Quartz Breccia in Andesite on Hanging Wall of Unconformity



Photo 5

Unconformity/Contact between Andesites and Lapilli Tuff/Tuffaceous Fragmentals
Welded by FeO and overlain by Qtz. Breccia (looking northeasterly into hillside)

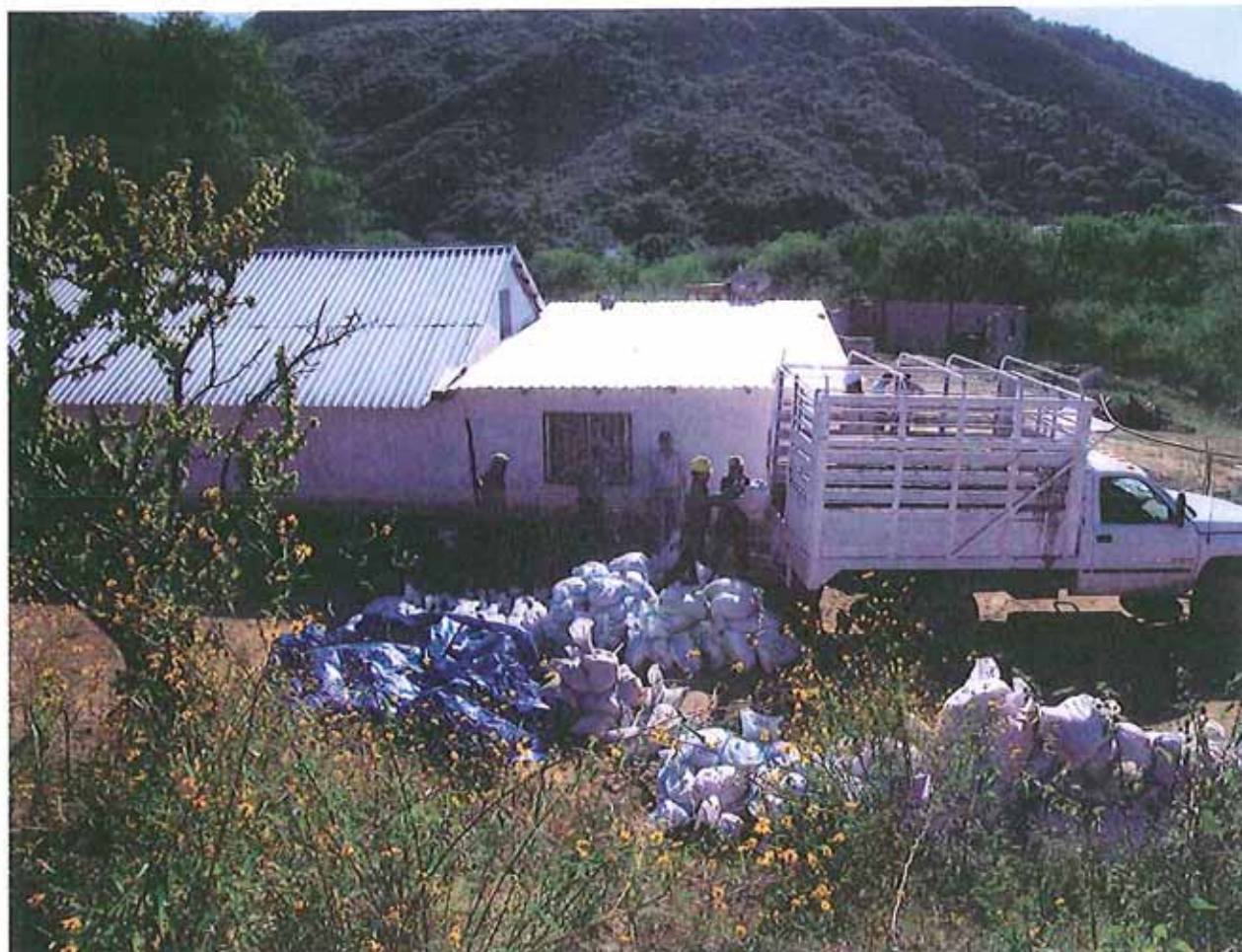


Photo 6 Sealed and Bagged Samples being Loaded for Trip to Hermosillo and ALS-Chemex Lab