NI 43-101 TECHNICAL REPORT

ON THE

HILDA 30 CONCESSION

SONORA STATE, MEXICO

FOR

FIRST MEXICAN GOLD CORP.

By

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SUMMARY

First Mexican Gold Corp. ("**First Mexican**") acquired an option agreement (the "**Original Option**") from 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 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.

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

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 (**Fig.1**) 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 (**Fig.1**).
- 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 confirmed and possibly other mineral occurrences of interest. The style of the occurrences **-** 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)** utilize 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)** utilize a consultant to review the data and determine where the drilling should be extended, and **e)** carry out additional core drilling to test the structures, geochemical anomalies and mineralisation tracked through the geophysics. These items of work are broken into two phases with the road-work, surface surveys, sampling and mapping taking place in the first Phase to determine where best to place the follow-up drilling. The cost of these two phases will be approximately **$1,493,000 U.S.**

INTRODUCTION AND TERMS OF REFERENCE

Background, Authorization and Purpose

First Mexican Gold Corp. ("**First Mexican**") acquired an option agreement (the "**Original Option**") from 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.

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 a personally acquired data:

- Data supplied by First Mexican
- 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 Estadistica Geografia y Informatica (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
- Supervision by J.C. Archibald, P.Geo., of a seven hole reverse circulation drill program from Nov.1-8th, 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

First Mexican's 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.

DISCLAIMER

For the technical information contained in this report the Authors have relied upon those reports cited in the **References**. The exploration history was provided verbally by the original Hilda 30 Concession holder, Sr. Guadalupe Rocha Tineo, who is a former resident (but still a property holder) of Guadalupe Tayopa. No documents are available to verify either the completeness or accuracy of this information.

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, and 4) the ammended Option Agreement between First Mexican Gold Corp. and MIM dated December 10, 2009.

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 First Mexican 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**

(NAD 27 Mexico Datum, Zone 12)

Point	**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
	681,269.395	3,136,438.873
Southeast Corner	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

First Mexican Gold Corp.(FMG) has assumed the contractural responsibilities of MIM who arranged the original agreement on the Hilda 30 Concession and FMG now holds an option an option to acquire 100% interest in the Hilda 30 property.


MEXICO
1:12 000 000
FIGURE 1: GENERAL LOCATION MAP
Property
GULF OF MEXICO
PACIFIC OCEAN
UNITED STATES
REFERENCE TO NUMBERS
PANAMA CANAL

Figure 1


SAN DIEGO
USA
MEXICO
MULATOS DEPOSIT
HERMOSILLO
FIRST MEXICAN
LICENSE AREA
La Colorada
Dolores
Pino Altos
Ocampo
Morris
Palmajero
Piedras Verdes
Sauzal
Alamos Dorado
Gulf of California
Tijuana
Ensenada
Tucson
Nogales
Guaymas
FIRST MEXICAN RESOURCES
Vancouver, British Columbia
HILDA PROJECT
GENERAL LOCATION

Figure 2

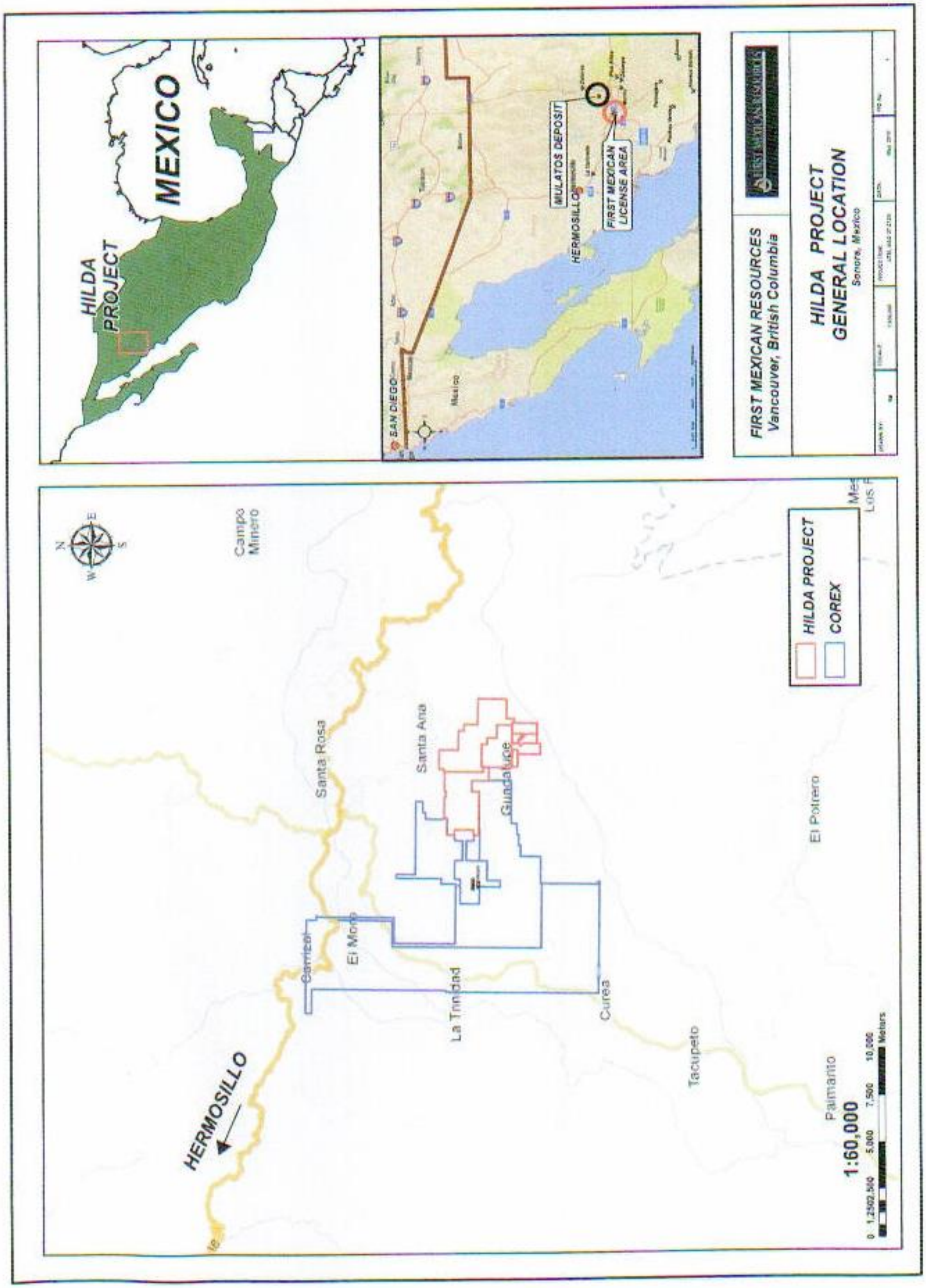

HILDA PROJECT
MEXICO
SAN DIEGO
HERMOSILLO
MULATOS DEPOSIT
FIRST MEXICAN LICENSE AREA
FIRST MEXICAN RESOURCES
Vancouver, British Columbia
HILDA PROJECT
GENERAL LOCATION
Sonora, Mexico
HILDA PROJECT
COREX
Campo Minero
Santa Rosa
Santa Ana
Guadalupe
El Potrero
El Moro
Carrizal
La Trinidad
Curea
Tacupeto
Palmarito
HERMOSILLO
1:60,000
Meters

Figure 3

The 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.

FMG subsequently entered into a purchase and sale agreement dated Jan. 23, 2012, pursuant to the terms which Minera Internacional Milenio and International Millenium Mining agreed to sell the remaining 20% interest in the Guadalupe property package in the consideration of the First Mexican Gold issuing four million shares to IMMC and agreeing to pay a 2% net Smelter Royalty to International Millenium Mining, 1 % of which may be purchase for the sum of 1 Million Dollars U.S. The four million shares are subject to a hold period expiring on June 16,2012. This agreement has benn completed with the TSX Venture Exchange acceptance as per bulletin dated Feb. 13, 20122.

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**").

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.).

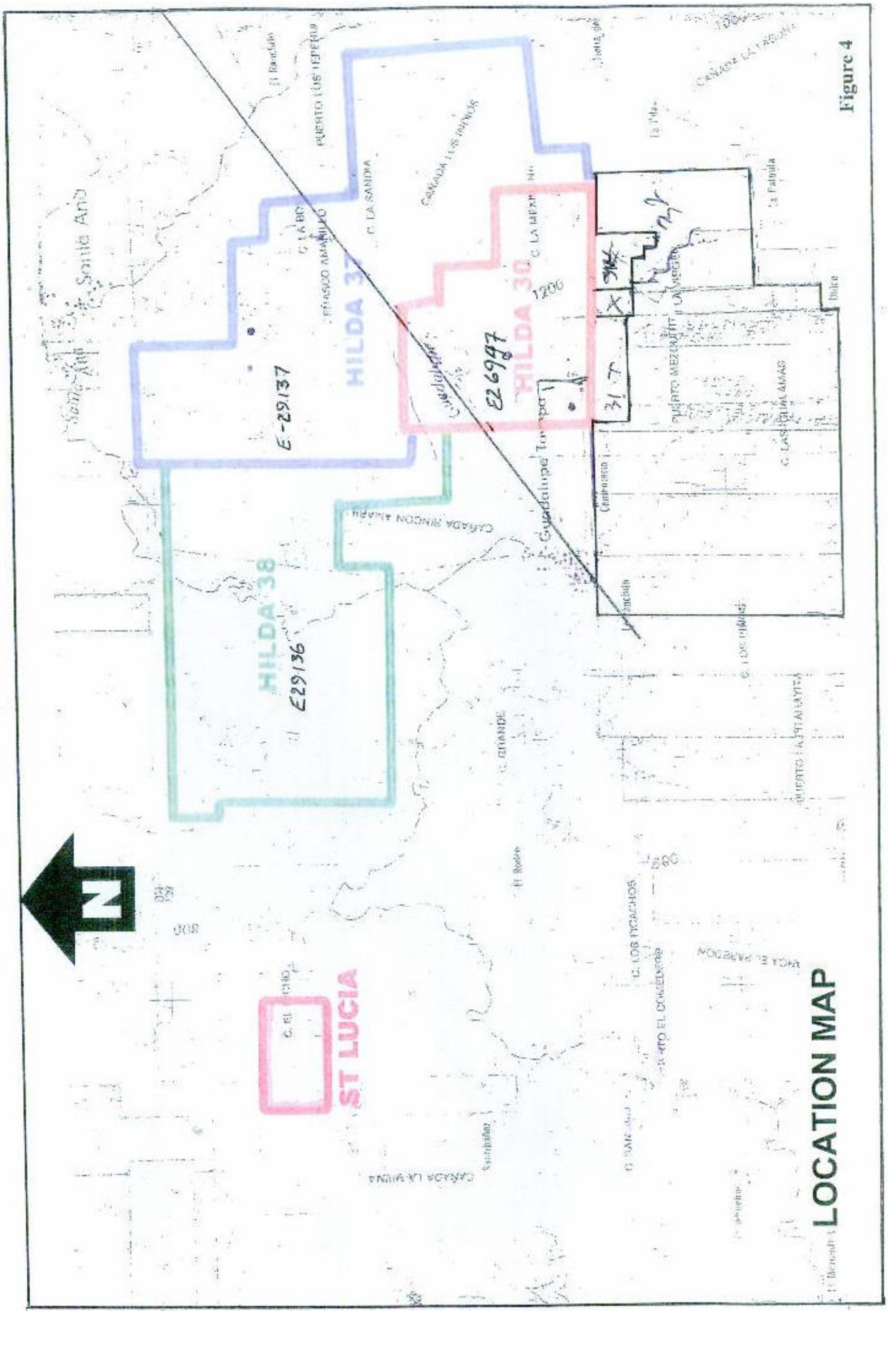
The area in and around the Hilda 30 concession is used primarily for cattle grazing. Surface Rights covering the Hilda 30 concession are held by the community of Guadalupe Tayopa. Permission from the land owner is required to enter upon the land to conduct basic exploration. A letter of agreement/contract, 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.).

There are no environmental liabilities attached to the concession (B. Lee, pres. 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.

ACCESS, 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


LOCATION MAP
Figure 4
N
HILDA 37
E-29137
HILDA 38
E29136
HILDA 30
E26997
ST LUCIA
Guadalupe Tovar
CAÑADA RINCON
C. GRANDE
C. LOS PICACHOS
C. LA SANDIA
PUERTO LOS TEPEPUS

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. 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 (the latest data available) 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 4 & 5)**.

??? 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 Labrotorio Escuela de CESUES, a technical school in Hermosillo. Anomalous gold +/- silver +/- copper values were returned for samples from 5 areas on the property **(Figure 4)**.

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 Groupo 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 6, 7, 15, 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 **(Figures 6 & 7)** 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 Gold Corp.: (FMR)

The exploration work carried out by First Mexican from 2008-2009 is fully described in a subsequent sections of this report. Work prior to 2008 is described in J.G. Burns' 2008 report on the property.

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)

NBGM 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 8**.

2000 Instituto Nacional de Estadistica Geografia y Informatica : (INEGI)

"Sintesis de Informacion Geografica del Estato 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. A portion of this map is presented as **Figure 9**.

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 10**. 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 5**. 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.

2008-2010 Diamond Drilling of the Karen and Diana Zones: (FMG Internal Reports)

In the ensuing years, twenty-six diamond drill holes (Tabled below), 5 by reverse circulation and twenty-one utilizing diamond drilling cored a significant mineralized zone over what is known as the Karen and Diana Zones encountered significant gold, silver and copper values. **Tables 3, 4** and **4a** describes the drill hole intercepts and interpretation of the grades and tonnages cut to certain gold ounce equivalents based on an inferred estimation of the tonnages indicated. Further drilling and calculations would have to be made to bring this resource into a probable or indicated reserve. A core of higher grade values was intersected and analysis indicated that values were continuous in the holes/intercepts drilled. The following is a summary of the inferred resource indicated by the drilling to date (see Results and Recommendations in the Drilling Section of this report).

Table 2

Hole	North	Easting	HASL	Zone	Depth
K09-001	680723.918	3137406.904	1008.159		92
K09-002	680723.573	3137406.043	1008.185		110
K09-003	680731.639	3137453.857	1030.121		104
K09-004	680771.749	3137424.411	1041.536		110
K09-005	680771.556	3137425.119	1041.594		92
K09-006	680689.486	3137459.646	1003.420		101
K09-007	680714.813	3137412.975	1007.914		89
HDH10-04	680692	3137432	1005	KAREN	121.01
HDH10-05	680692	3137432	1005	KAREN	134.11
HDH10-06	680717	3137469	1028	KAREN	137.16
HDH11-07	680777	3137467	1036	KAREN	79.25
HDH11-08	680775	3137392	1041	KAREN	146.3
HDH11-09	678498	3139313	916	DIANA	97.54
HDH11-10	678135	3139129	884	DIANA	152.04
HDH11-11	678149	3139140	875	DIANA	121.92
HDH-11-12	681038	3136455	1038	**ERICA**	195.00
HDH-11-13	681474	3135960	1045	**LUCE**	250.55
HDH-11-14	681510	3135994	1075	**LUCE**	204.35
HDH-11-15	680771	3135075	890	**BAILEY**	79.25
HDH-11-16	680729	3137471	1037	**KAREN**	115.75

HDH-11-17A	680729	3137471	1037	**KAREN**	76.25
HDH-11-18	677725	3138961	886	**DIANA**	254.35
HDH-11-19	677486	3139404	739	**DIANA**	250.20
HDH-11-20	681387	3136583	1161	**ERICA**	250.25
HDH-11-21	681010	3137474	1176	**KAREN ESTE**	157.50
HDH-11-22	681106	3137513	1241	**KAREN ESTE**	164.40
HDH-11-23	680921	3137473	1093	**KAREN ESTE**	203.60
HDH-11-23B	680921	3137473	1093	**KAREN**	58.20
HDH-11-24	680811	3135032	886	**BAILEY**	50.05
HDH-11-25	680811	3135028	885	**BAILEY**	53.75
HDH-11-26	678879	3136947	807	**CAMP**	59.95

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 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.

<u>Local and Property Geology</u>

A geological map (1:50,000 scale) for the Santa Rosa map sheet (H12-D76) was published by CRM in 2005 and 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 depicted on several government map sheets**,** numerous faults and other lineaments have been mapped / inferred / interpreted in close proximity to the concession.

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 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 **(Photos 4, 5)**.

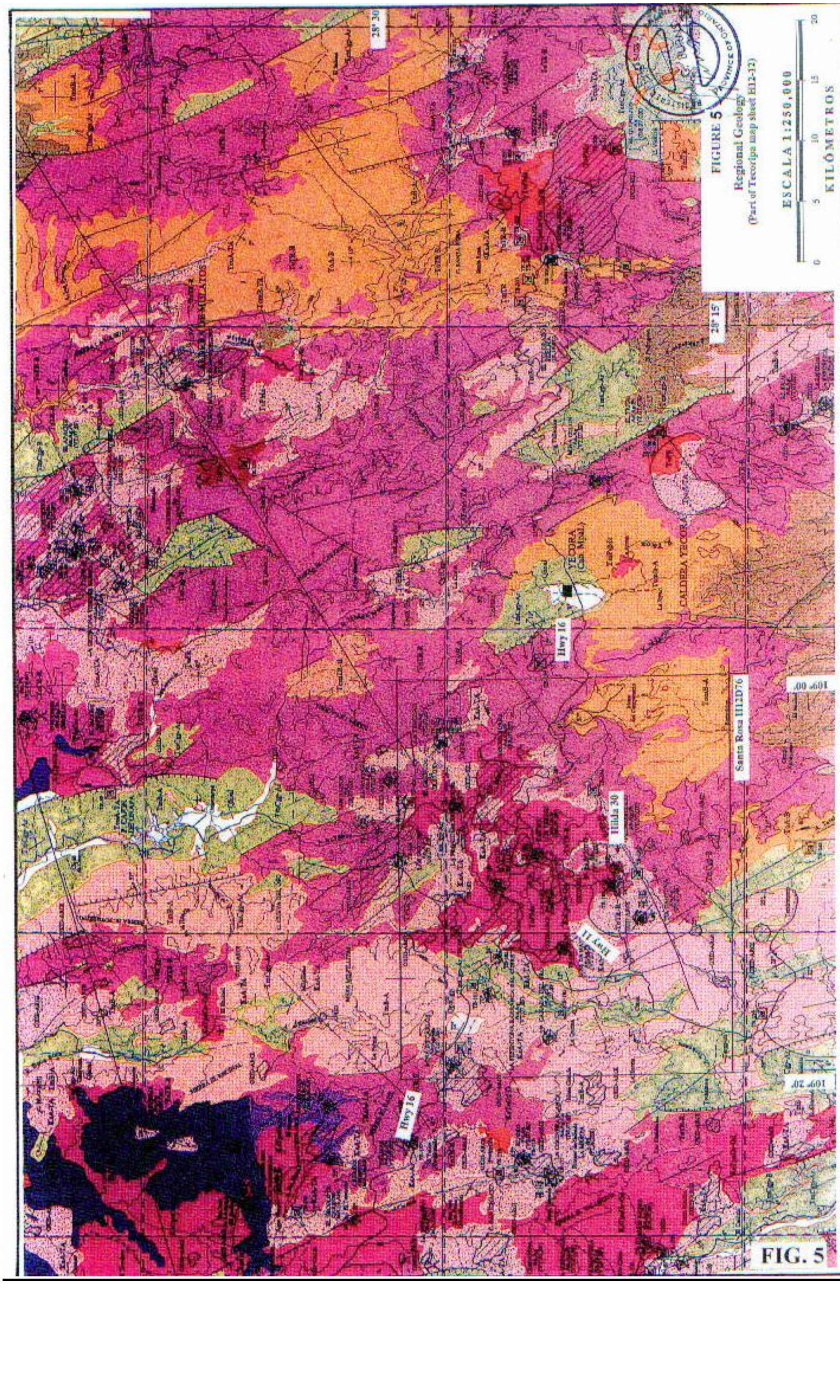


FIGURE 5
Regional Geology
(Part of Tecoripa map sheet H12-12)
ESCALA 1:250,000
0 5 10 15 20
KILÓMETROS
28°30'
28°15'
109°00'
109°20'
Hwy 16
Hwy 16
Hilda 30
Santa Rosa H12D76
YECORA
CALDERA YECORA
FIG. 5

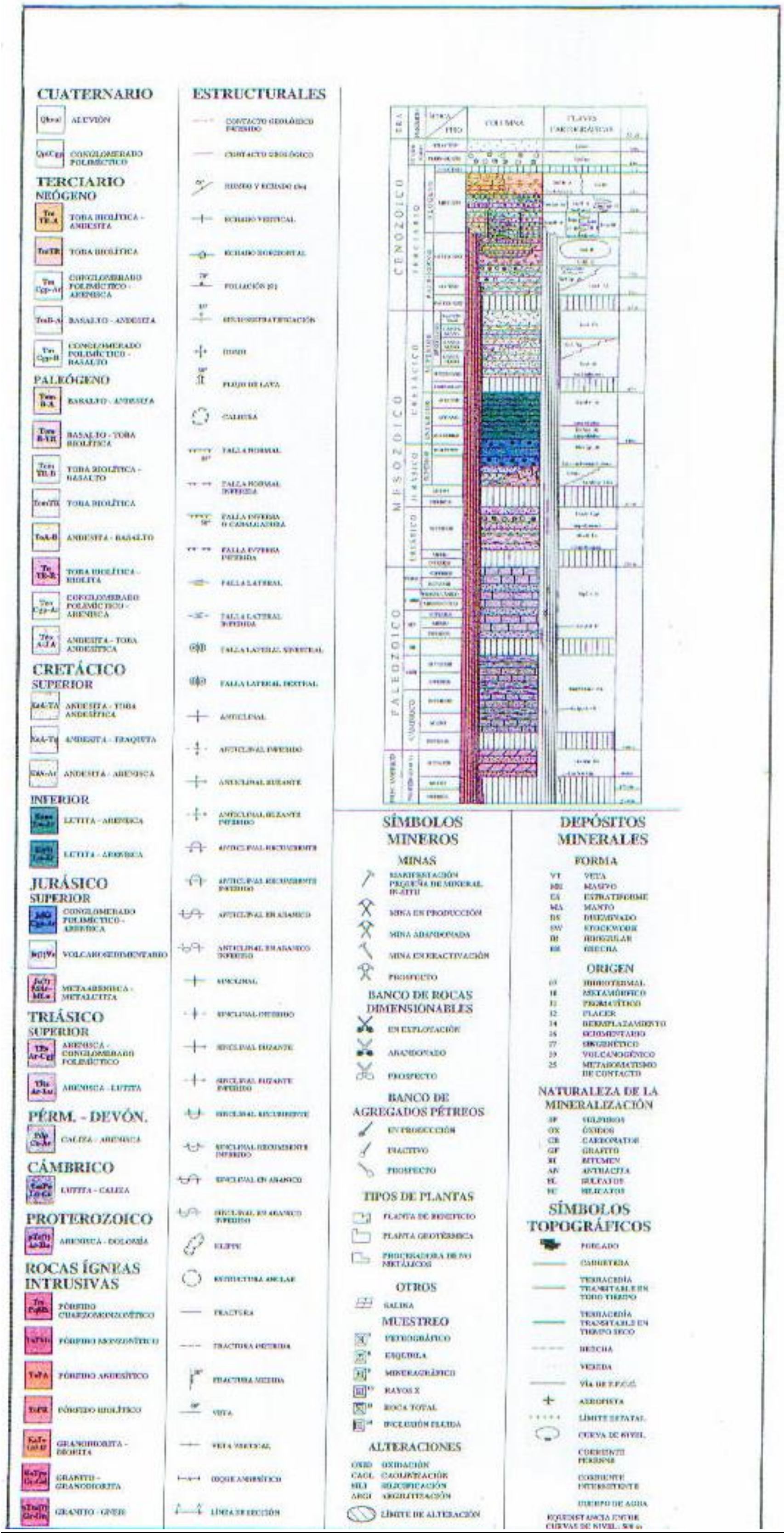
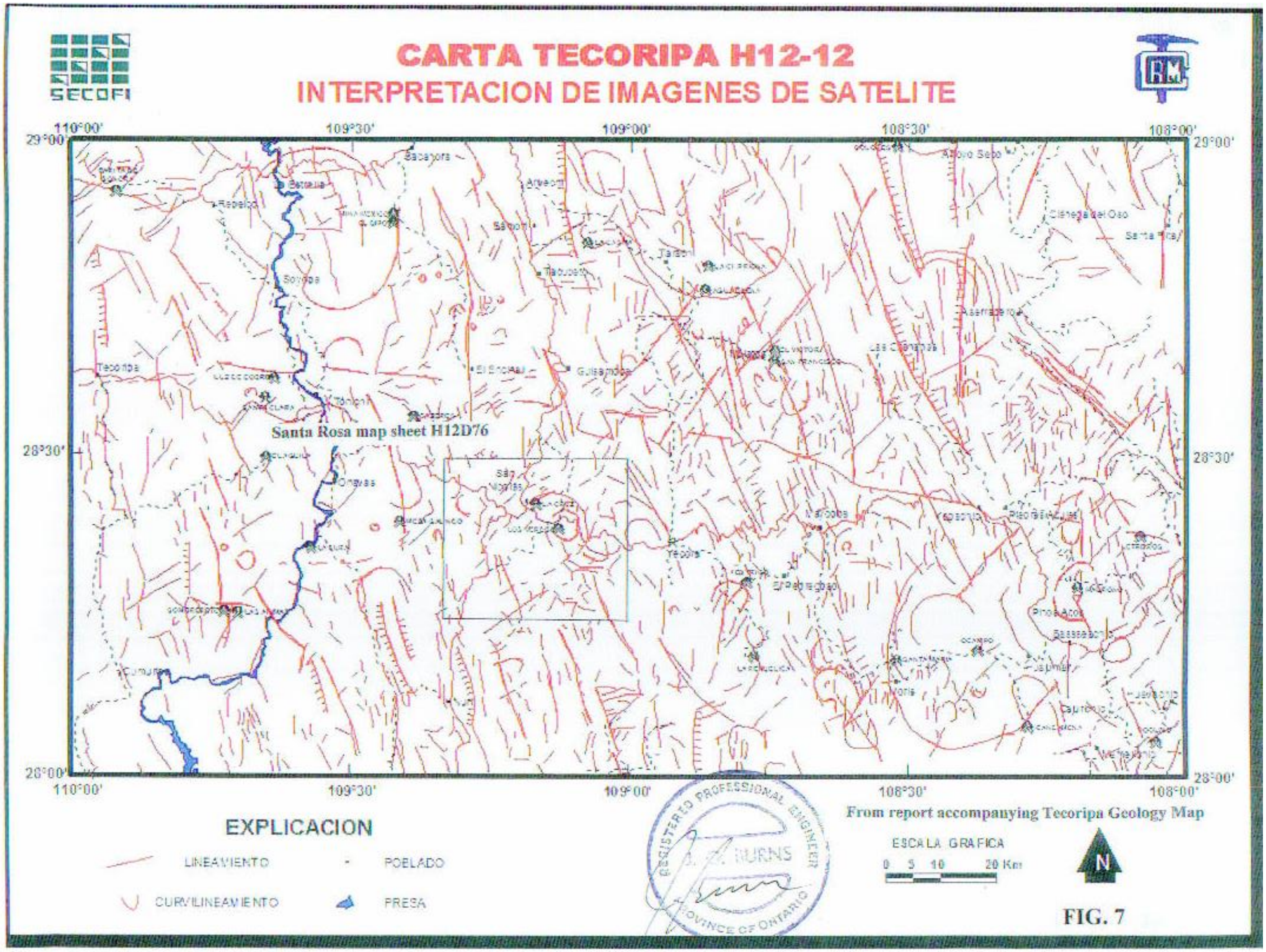

CUATERNARIO
ESTRUCTURALES
TERCIARIO
NEÓGENO
PALEÓGENO
CRETÁCICO
SUPERIOR
INFERIOR
JURÁSICO
SUPERIOR
TRIÁSICO
SUPERIOR
PÉRM. - DEVÓN.
CÁMBRICO
PROTEROZOICO
ROCAS ÍGNEAS
INTRUSIVAS
SÍMBOLOS
MINEROS
MINAS
BANCO DE ROCAS
DIMENSIONABLES
BANCO DE
AGREGADOS PÉTREOS
TIPOS DE PLANTAS
OTROS
MUESTREO
ALTERACIONES
DEPÓSITOS
MINERALES
FORMA
ORIGEN
NATURALEZA DE LA
MINERALIZACIÓN
SÍMBOLOS
TOPOGRÁFICOS

Figure 6



From report accompanying Tecoripa Geology Map

FIG. 7

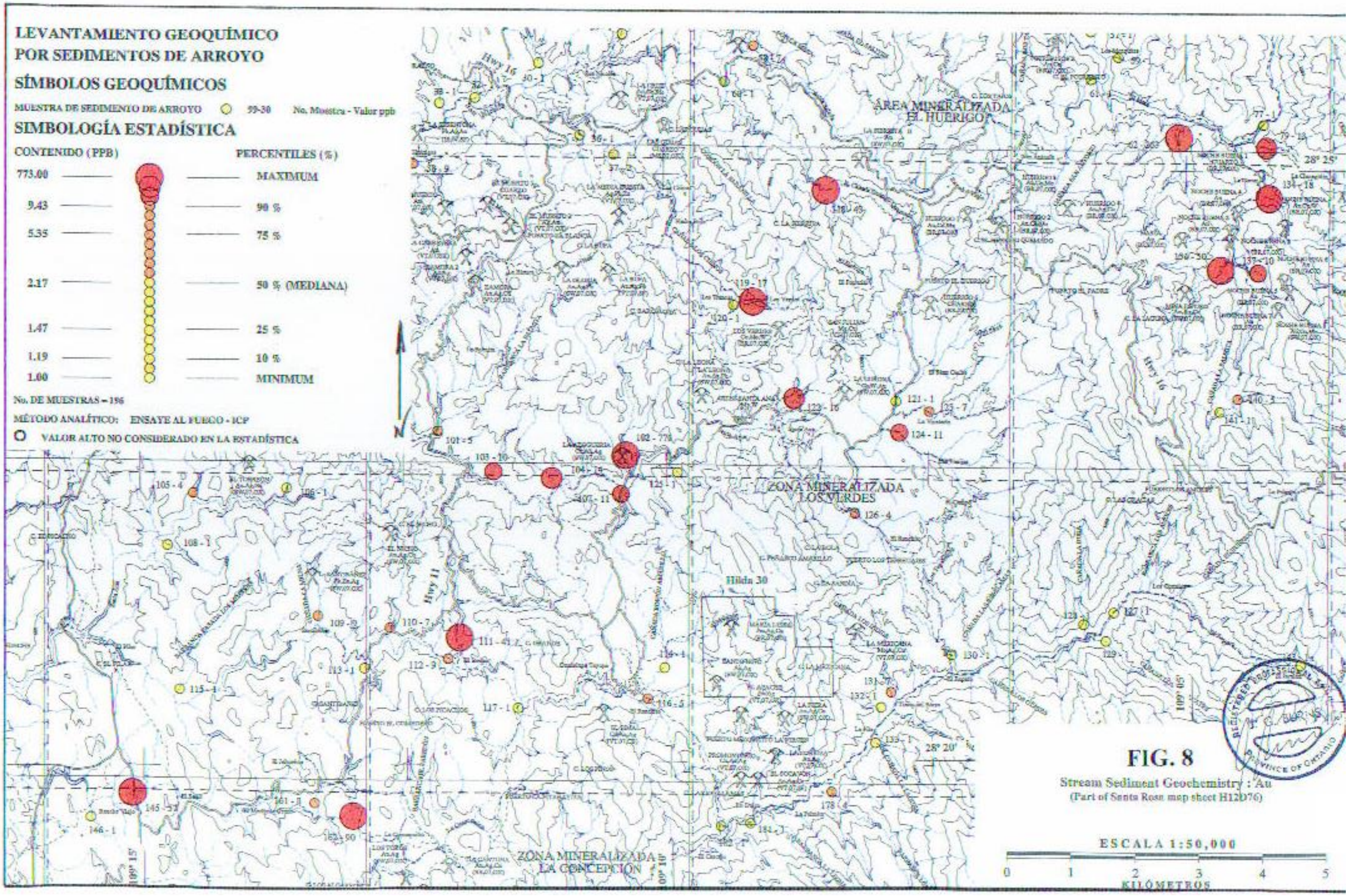
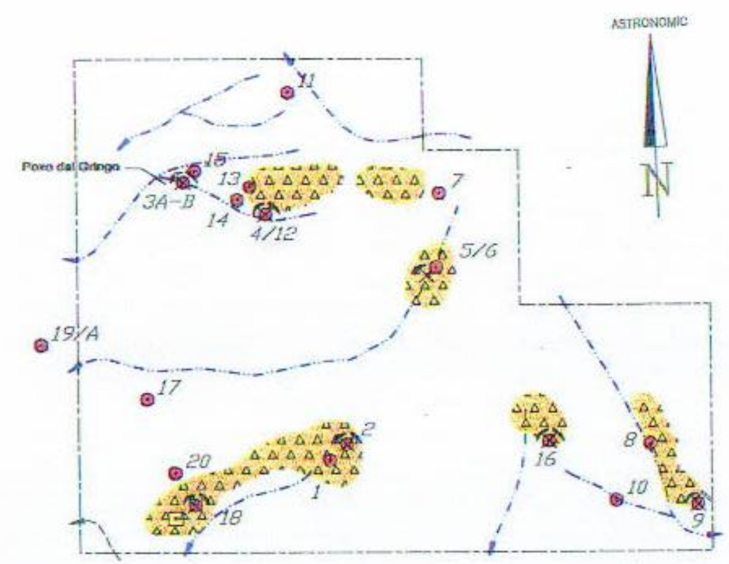


FIG. 8

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



	Au. g/t	Ag. g/t	Cu. %
H-1	0.42	60	
HD-2	0.60	30	
HD-3	0.42	120	0.20
HD-4	4.70	150	0.04
HD-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
- 17 Rock sample
- Survey monument
- Road
- Breccia

REGISTERED PROFESSIONAL ENGINEER
J. G. BURNS
PROVINCE OF ONTARIO

First Mexican Resources Inc.

Hilda 30
Sample Sites & Results
Sampled by G. Rocha

DRAWN G.R.T DATE May 02/05 DWG. No. FIGURE4
Scale 1:20000
0 200 400 600 800 1000M

FIG. 9

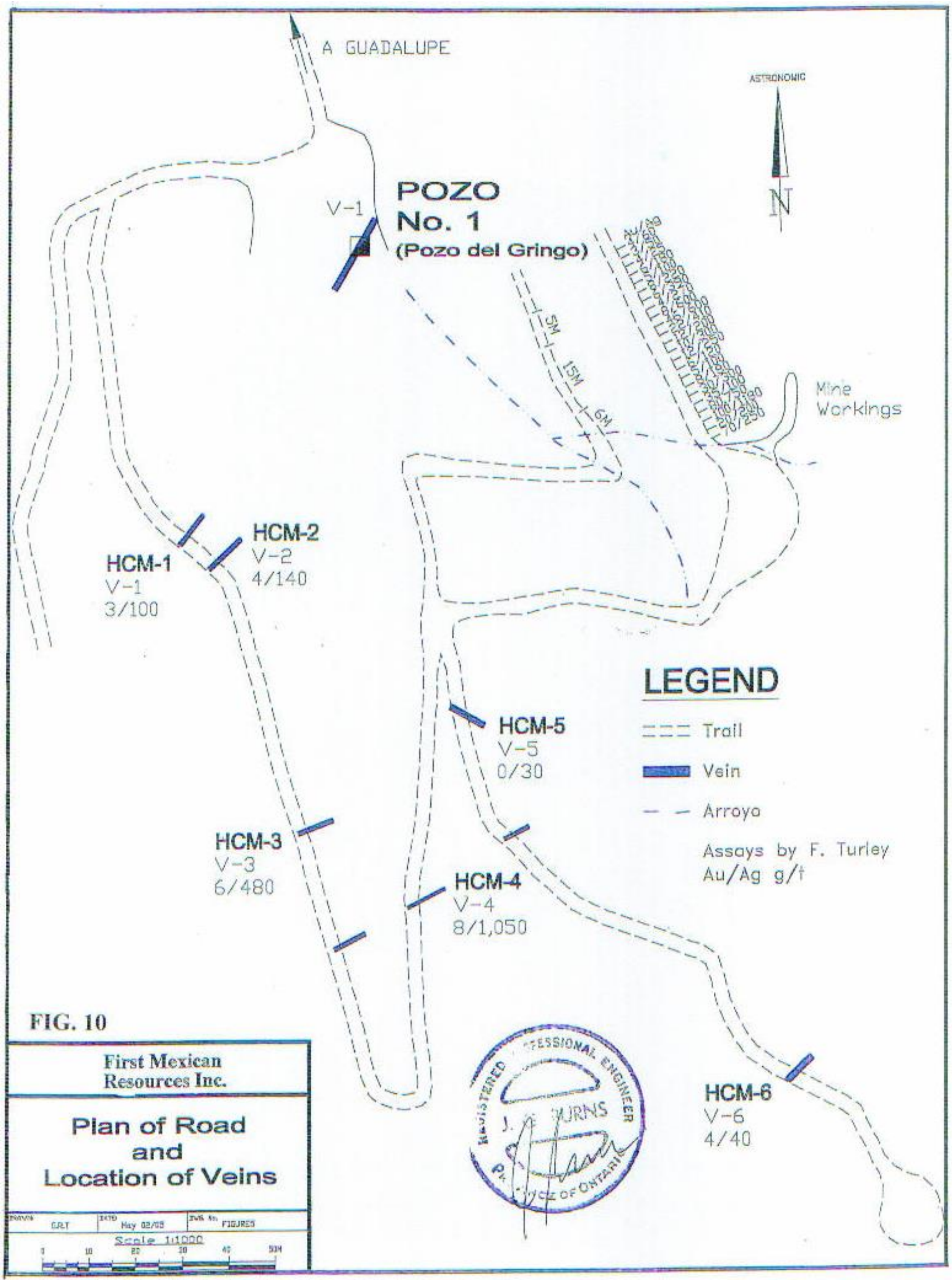

A GUADALUPE
ASTRONOMIC
N
POZO
No. 1
(Pozo del Gringo)
V-1
5M
15M
6M
Mine
Workings
HCM-1
V-1
3/100
HCM-2
V-2
4/140
HCM-3
V-3
6/480
HCM-4
V-4
8/1,050
HCM-5
V-5
0/30
HCM-6
V-6
4/40
LEGEND
Trail
Vein
Arroyo
Assays by F. Turley
Au/Ag g/t
First Mexican
Resources Inc.
Plan of Road
and
Location of Veins
Scale 1:1000

FIG. 10

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 7**. Characteristics of these deposits are as follows:

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 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.

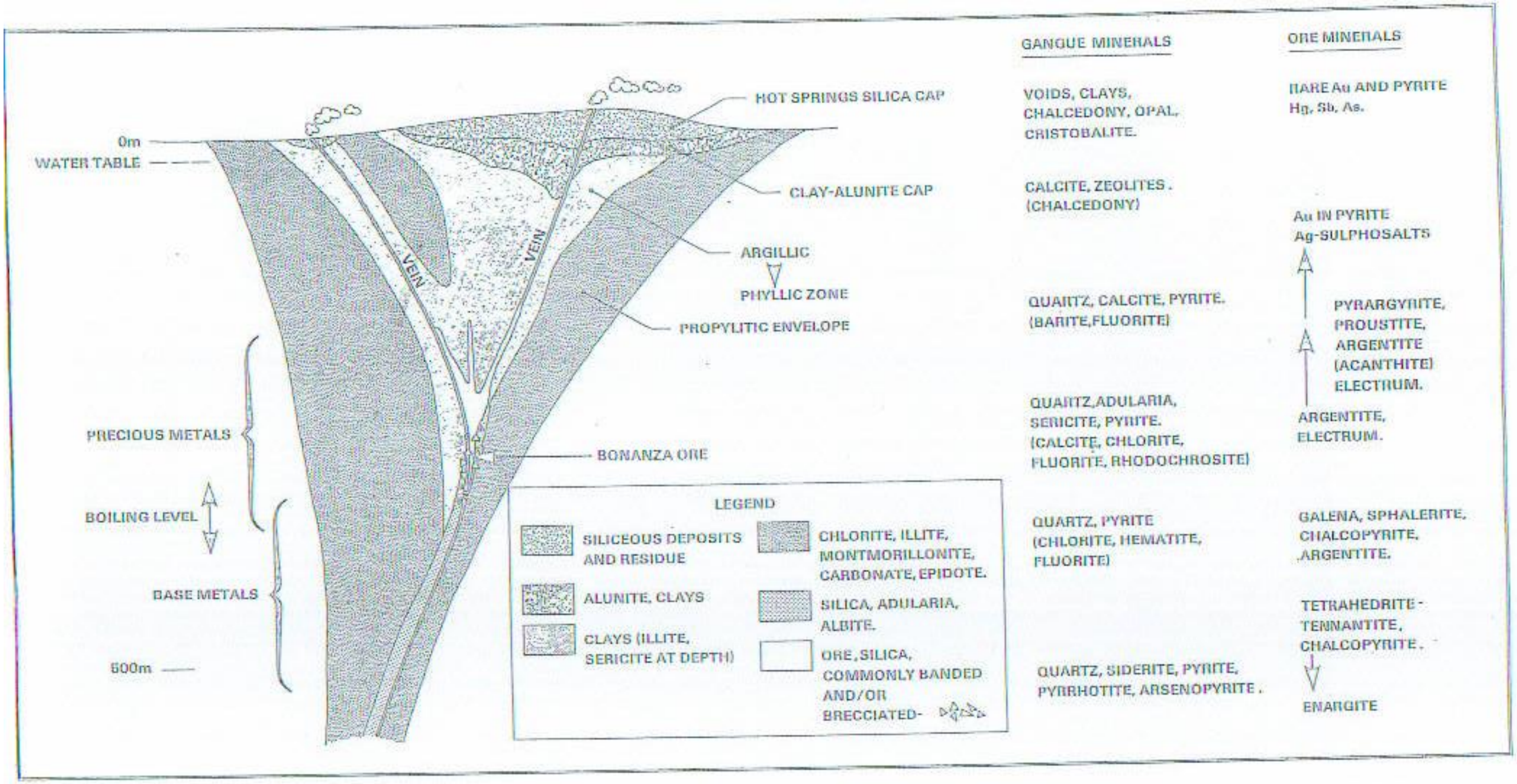


Fig. 11 *Idealized section of a bonanza epithermal deposit. (After Buchanan, 1981). Real systems are commonly more complex because this single-stage model is overprinted by several stages of mineralization related to migration of fluid boiling or degassing levels.*

(From The Geological Association of Canada, Ore Deposit Models Reprint Series 3, page 34.)

J. C. BURNS

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 amethestine quartz, but also as opal, chalcedony and christobalite.

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.

Table 3

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				
	La Bufa	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			

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 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						
Santa Rosa	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						
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			
	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		

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
	El Mesquite	0.099-0.399	1-42	0.003-0.022				
10 de Mayo	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				
	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 Torreon	0.133-0.284	182-1562	0.161-0.201				
	El Muerto I	0.060						
Noche Buena	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						

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 2	0.029-0.041						
	Noche Buena 3	0.030-0.041						
	Noche Buena 4	0.028						
	Noche Buena 8	0.399		0.549				
	Noche Buena 1	0.046-0.093						
Potreritos	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

Note: Information contained in Table 2 above was obtained from Public Archives and SEDAR and represents approximate location s of occurrences adjacent to the Hilda 30, 37, and 38 Properties (Fig.3) and on the Map "Location of Mineral Districts" (Fig. 4) -this map shows the related mineral occurrences in the area in relation to the Subject Properties and in some cases exact locations and distances may not be accurate or to scale.

MINERALIZATION

The main mineral occurrence is situated in the vicinity of the Pozo del Gringo (**Figure 9**). 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, that was 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 3-5)**. 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., along the road cut, corresponded to First Mexican samples 813906 to 813930 respectively (Burns, 2008). As may be noted in a Table located in **Appendix II** of the Burns' 2008 report, 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 745g/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** in the report by Burns, 2008).

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 8)**. 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.

Another mineral occurrence is situated in the southwest corner of the concession in the vicinity of Rocha samples 18 & 20 **(Figure 8)**. 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. The other anomalous areas as noted by Rocha remain to be assessed.

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 initiated an exploration program that included:

- bulldozed roads to various portions of the property not only to provide access, but also to expose outcrop for sampling (as reported by Burns, 2008);
- sampled the rock along the road outcrops in a systematic manner (reported by Burns, 2008);
- road sampling (236 samples) in April 19-30, 2008 (reported by W. Snoddy, 2008);
- accurately surveyed the roads and other notable features using differential GPS instrumentation (reported by Burns, 2008);
- carried out a small diamond drill program using a portable diamond drill, contracted from a local sub-contractor Planet Explotation S.A., for three short holes (for 189.55 m.) in the area around the adit to test the gold-silver mineralization outcropping on the road cut just west of the adit (supervised by A. Paredon, Geologist, 2008.);
- 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 dozer cut just north of the adit area (supervised by J. Archibald, P.Geo., Nov. 2009).

Billiken Management Services Inc. (Billiken) from Toronto, Canada managed the exploration program for First Mexican Gold Corp., and used the services of Mr. William Snoddy, B.Sc. Geol., in 2008-2009, and Mr. John Archibald, P. Geo., to oversee the Reverse Circulation drilling program in November, 2009.

Layne Drilling of Mexico was contracted to carry out the Reverse Circulation drilling which was completed from Nov.1st.-8th, 2009, in which 698 samples were submitted for multi-element analysis and gold and silver content. A complete description of the drill-hole results follows in the subsequent section of this report.

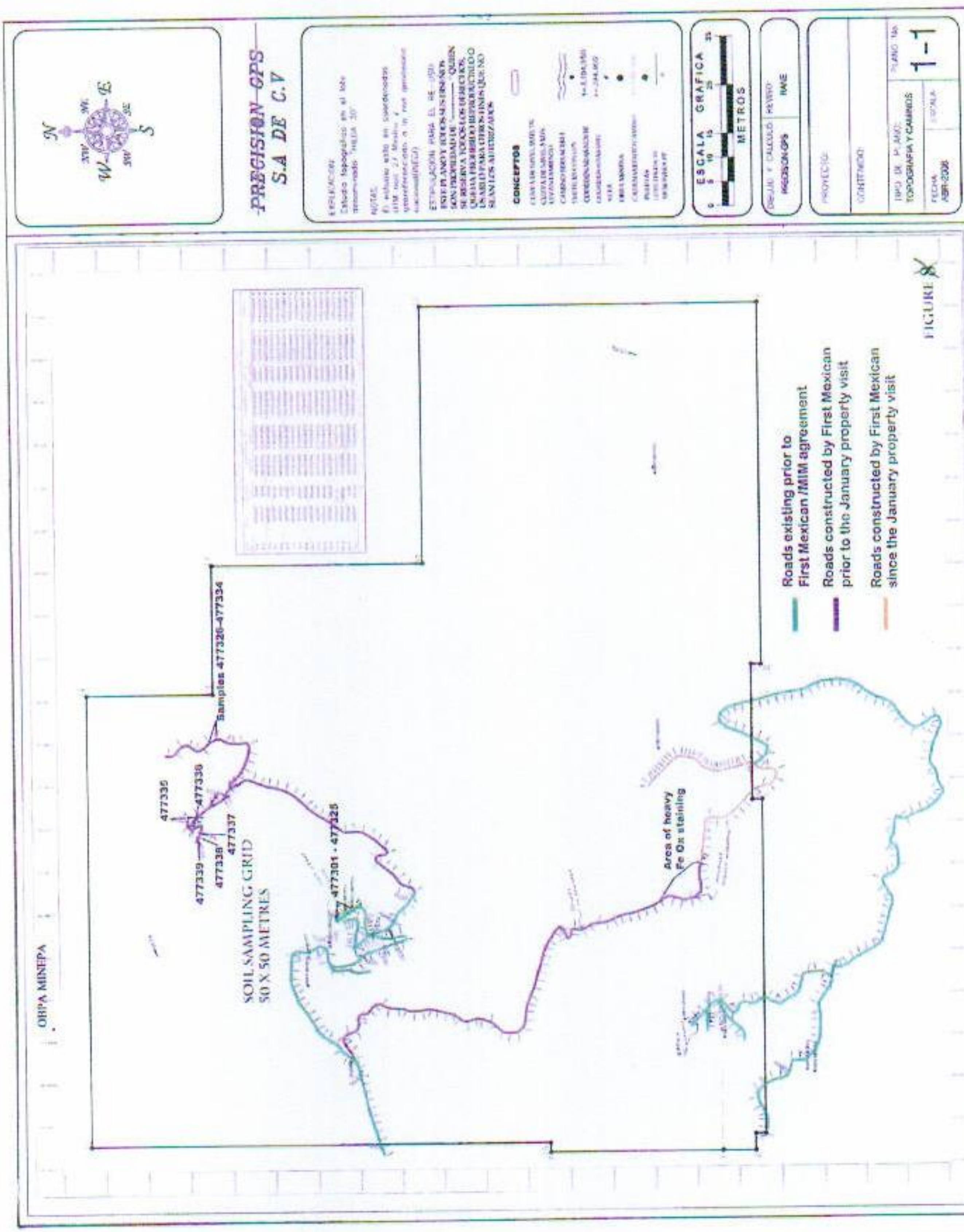

PRECISION GPS
S.A DE C.V
CONCEPTOS
ESCALA GRAFICA
METROS
1-1
SOIL SAMPLING GRID
50 X 50 METRES
Samples 477326-477334
477335
477336
477337
477338
477339
477301 - 477325
Area of heavy Fe Ox staining
Roads existing prior to First Mexican /MIM agreement
Roads constructed by First Mexican prior to the January property visit
Roads constructed by First Mexican since the January property visit
FIGURE

Fig. 12

SAMPLING PROGRAM

Road Sampling Program

Prior to the drilling, a systematic sampling and GPS mapping program was carried out on Hilda 30 over the roads above and below the Pozo del Gringo shaft and adit areas in order to determine if significant gold and silver values were evident in the rock units that were exposed on surface. The sampling was done through Billiken Management Services and overseen by William Snoddy, Geologist, in April, 2008, on the property. 328 samples were taken at 2 m. intervals along the inside face of the road-cuts and bagged, tagged and sent into ALS-Chemex Lab in Hermosillo using standard Chain of Custody and lab analysis protocols that included check analyses done on every tenth sample and standards introduced internally to determine if the samples were being cross-contaminated on the lab level. The results of this survey and a location map of where the samples were taken is appended as **Fig. 17**.

The results of the road cuts program determined that a number of areas/veins sampled returned significant values in gold, silver, copper and zinc and other associated minerals such as arsenopyrite and bismuth (Fig. 5). 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 (**Fig. 5, 8 and Photo 1).**

DRILLING

Core Drilling Program

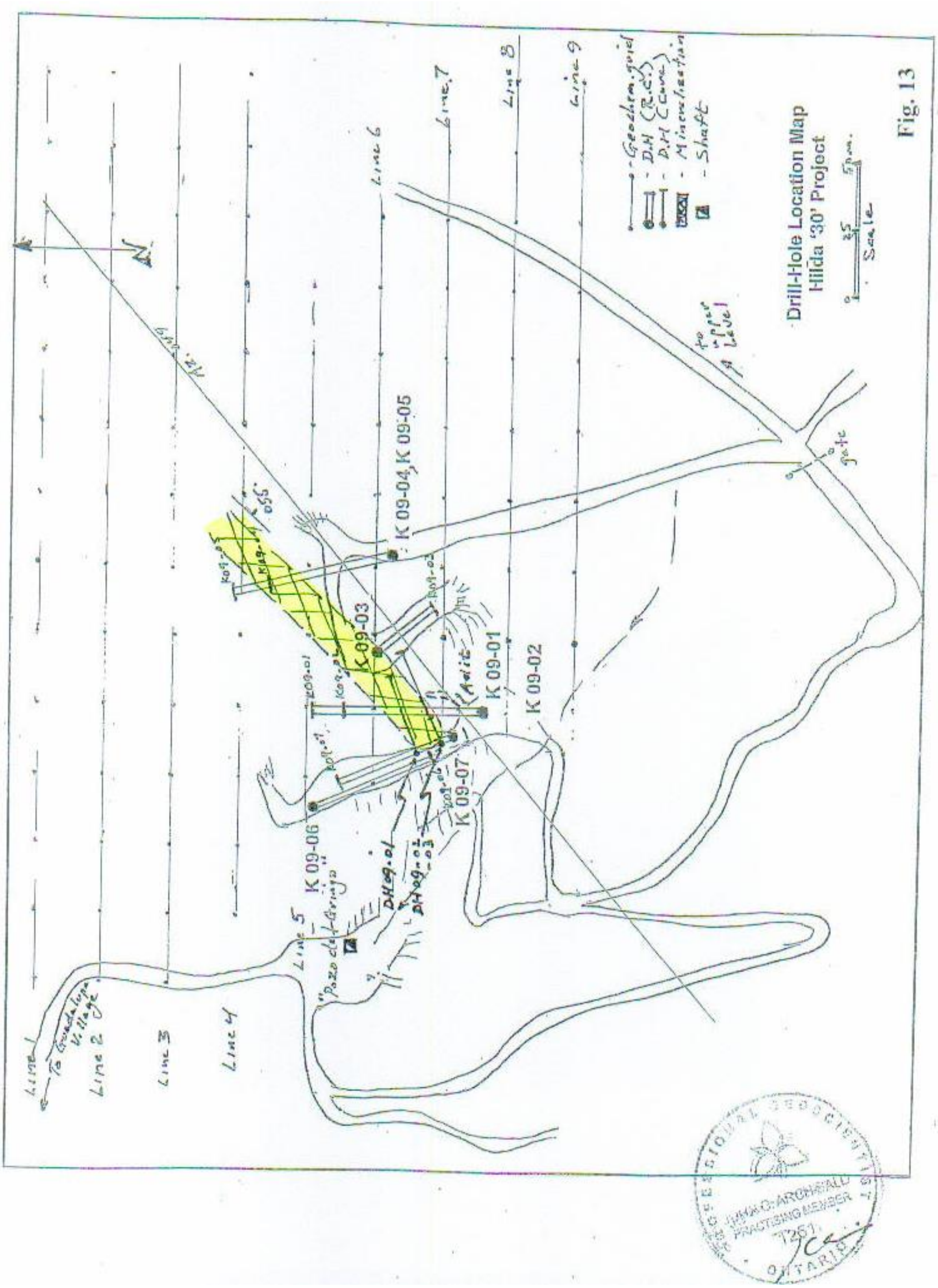
The core holes were aligned and set up to drill perpendicular into the hillside and used to obtain a quick analysis and lithological determination of the geological units in an area adjacent to the small adit (‘mine workings’) on Hilda 30 (**Fig. 6**). A total of 97 samples were taken in three holes and the samples were sent to the University Laboratory in Hermosillo, Mexico (a non-accredited lab facility and non-compliant by N.I. 43-101 definitions) for analysis. The drilling was supervised in the field by a local geologist, Mr. Antonio Paredon, after the set-ups were located and GPS’d by Mr. William Snoddy, consulting geologist. Both geologists were on contract with First Mexican Gold Corp. and standard sampling protocols and Chains of Custody were used. The core was photographed and sawn in half by using a tile saw in the field. Samples were bagged, tagged and properly labelled under supervision by Mr. Antonio Paredon at intervals that were taken between a metre and 4 meters depending on the litholgy and mineralization content. Portion of the oxidized zone were only intermittently sampled as they appeared to not be well mineralized. The three holes measured a total of 189.55 metres and were done by Minera Planet using BQ thin walled piping. A plan of the holes is located in **Fig. 9** of this report.

The drill results was a qualified success as it indicated a continuous zone in Hole **H30-01-09** from 15.55-21.35 m (5.8 m) of 3.67 g/ton in gold and 753.80 g/ton in silver when averaged (**Fig.14**). Hole **H 30-02-09** had a continuous run from 3.05-18.25 m.(15.25 m) that averaged 2.58 g/ton in gold and 47.42 g/ton in silver (**Fig. 15**). Hole **H30-03-09** had the longest and most consistent values, the best over a 16.9 m section (10.65-29.10 m) which returned an average of 10.61 g/ton in gold and 1416.11 gm/ton in silver (**Fig. 16**). The hole was mineralized from surface to 37.8 m in depth before it graded out of the mineralization. All the holes returned significant gold and silver values ranging from background of less than 1 gm./ton up to a high of 19.4 gm/ton in gold and a background value of less than 5 gm/ton to a high of 2,153 gm/ton in silver. A13 multi-element determination was done 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. Although the results were not N.I. 43-101 compliant as the supervising geologist (Mr. Antonio Paredon) was not a P.Geo. or a Q.P. as per the Guidelines, and the Lab at the University of Hermosillo was not accredited, it none-the-less showed the presence of higher grades in these elements over continuous intervals. These same samples (the pulps) were later subjected to re-analysis in November, 2009 at the ALS-Chemex Lab in Hermosillo using similar protocols and analytical techniques used on the reverse circulation drill samples. These more recent results showed a close relationship to the gold/silver numbers from the first set of samples as well as showing similar trends and contiguity to the values in the core that was analyzed. Unfortunately the samples were not supervised by a Q.P. and security of the pulps and Chains of Custody were not followed as per the N.I. 43-101 Guidelines.

Reverse Circulation Drilling Program

The reverse circulation drill program was supervised and directed by Mr. John Archibald, P.Geo., LayneDrilling of Mexico (based in Hermosillo) provided **a**) large wheel mounted reverse circulation drill 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 dip angles to the vertical (see **Table 3**). The principle of this drill method is to use a down-hole rotary hammer (tungsten-carbide tipped) to create a 4.5 inch hole from surface to the intended depth and blow the cuttings up the inside of the drill stem (**Photo 2**) and collect the same in a sample collection unit set up alongside the drill on surface.

The drill comes complete with a large capacity air compressor that assists lifting the ¼-1/2 inch chips and powdered rock dust. The procedure was continuous and efficient, and a sample was collected each meter drilled, sorted through a riffle box and bagged in two lots; one was marked and sealed for the lab analysis and the other was archived on-site. Each sample took about a


Drill-Hole Location Map
Hilda '30' Project
Fig. 13
Scale
N
Geochem. grid
D.H (R.C.)
D.H (Core)
Mineralization
Shaft
Line 1
Line 2
Line 3
Line 4
Line 5
Line 6
Line 7
Line 8
Line 9
To Guadalupe Village
"Pozo del Gringo"
K 09-06
K 09-07
K 09-01
K 09-02
K 09-03
K 09-04, K 09-05
Adit
Gate
DH09-01
DH09-02
-03
To "Upper" Level
PRACTISING MEMBER
ONTARIO

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 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.

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 sections and a drill-hole plan are shown in Figs. 17 and 18 in this report. 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 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. Photos of the drilling and sampling during the reverse circulation program are shown in Photo1 in this report. 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 the spring of 2008.

Reverse Circulation Drill-Holes

Table 4

Hole Number	**Location** **NAD 27**	**Dip**	**Az.**	**Lgth.** **(m.)**	**Start/** **Fin.**	**Samp Nos.**	**#** **Samp.**
K 09-01	GPS: 12R0680720 3137401	-45	0	92 m.	Nov3/ Nov3	843301 -392	92
K 09-02	GPS: 12R0680720 3137401	-65	0	110 m	Nov3/ Nov4	843393 -500 +001+ 002	110
K 09-03	GPS: 12R0680732 3137448	-75	140	104 m	Nov5/ Nov5	843004 -107	104
K 09-04	GPS: 12R0680797 3137413	-65	N20W	110 m	Nov5/ Nov6	843108 -207	110
K 09-05	GPS: 12R06800797 3137413	-45	N20W	92 m	Nov6/ Nov6	843208 -300	92
K 09-06	GPS: 12R0680644 3137455	-65	140	101 m	Nov7/ Nov7	843611 -711	101
K 09-07	GPS: 12R0680716 3137410	-50	N40W	89 m	Nov8/ Nov8	843721 -809	89
Totals				698 m.		698 samples	

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.

Hole K 09-01 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,** 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. A complete list of intercepts can be viewed on the analytical sheets appended to this report. **The best gold value 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,** 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,** 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 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.

<u>Hole K 09-06</u> 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.

<u>Hole K 09-07</u> 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 retuning 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 un-recognizeable 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 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 roughly Az. 35 degrees and appears to widen to depth as one steps northeasterly and down-dip. 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. After intersecting at least three faults on 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 the plumbing of conduit for mineralizing fluids that enriched the fracturing 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. The geochemical surveys also appear to have some merit so long as they are done consistently and

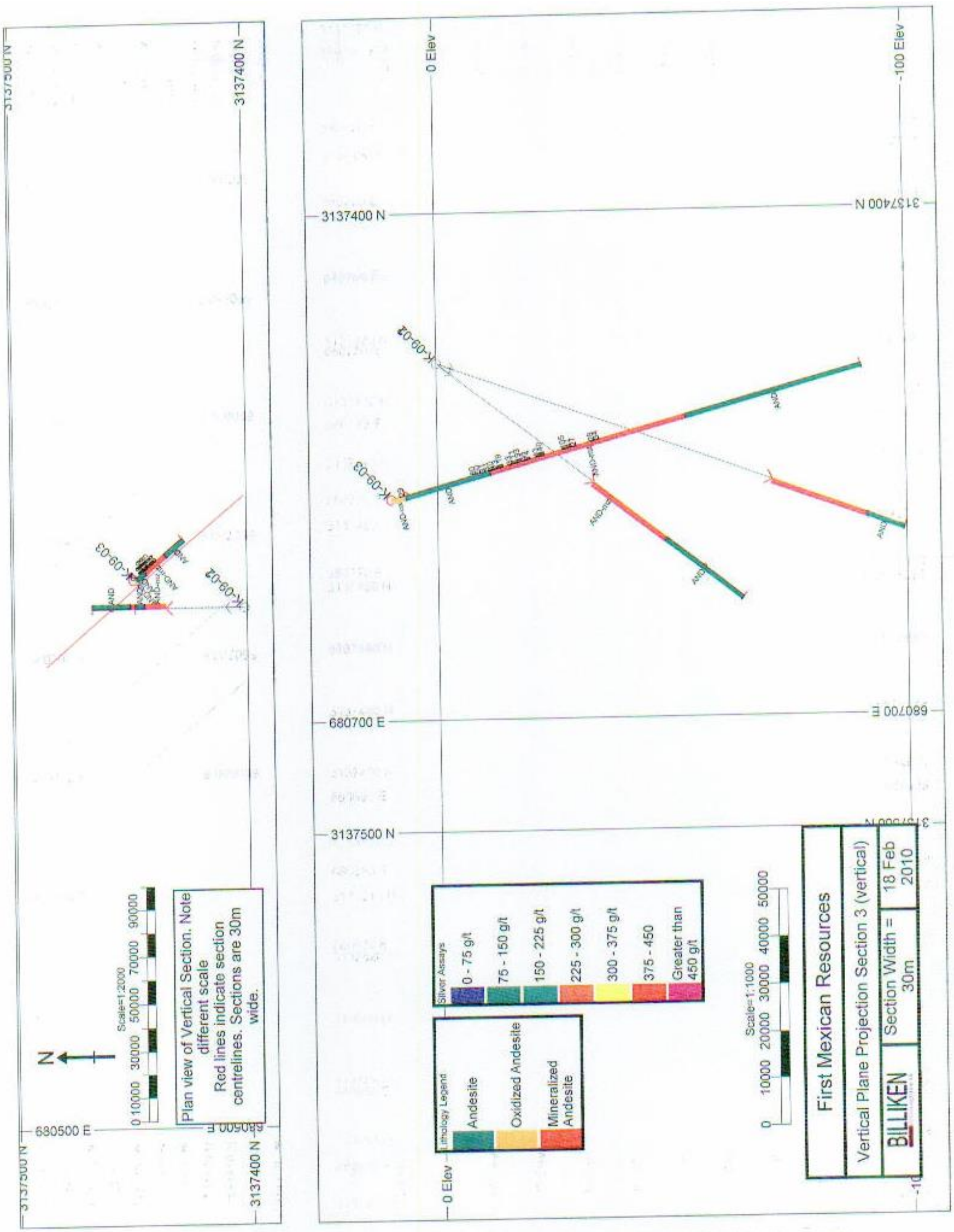


Fig. 14 R.C. Drill-Hole Cross-Sections - D.H. K 09-01, 02, and 03

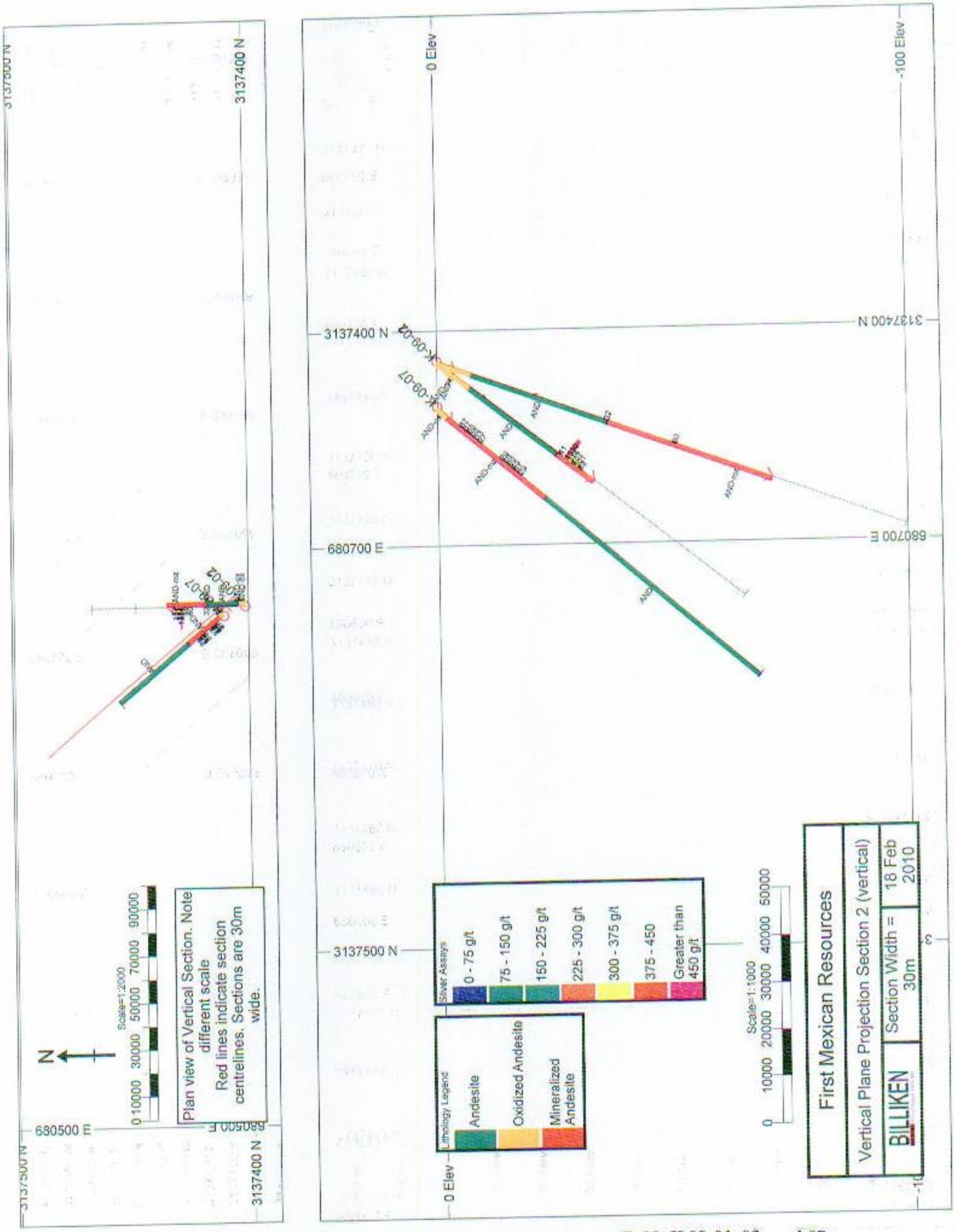


Fig. 15 R.C. Drill-Hole Cross-Sections - D.H. K 09-01, 02, and 07

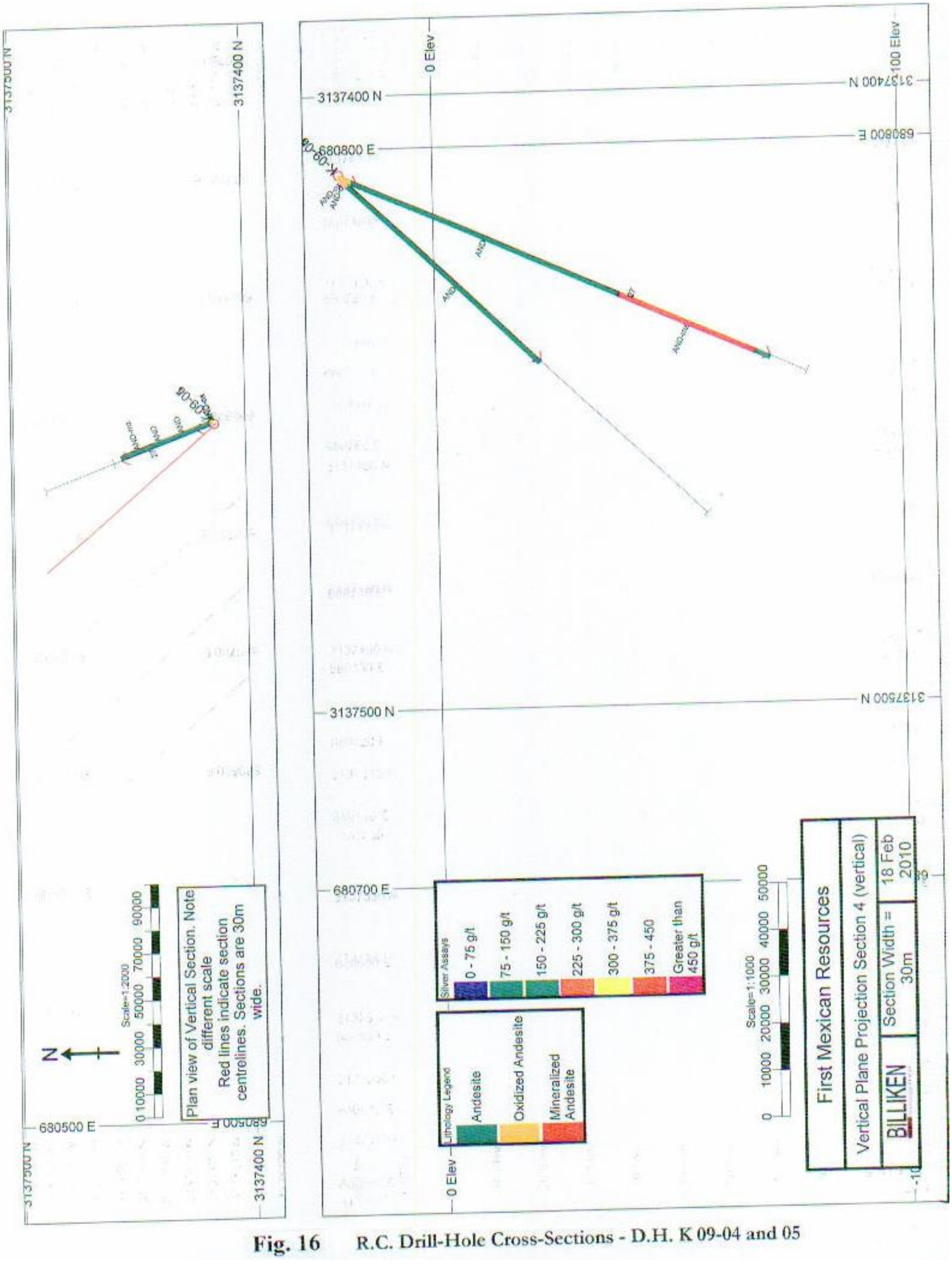


Fig. 16 R.C. Drill-Hole Cross-Sections - D.H. K 09-04 and 05

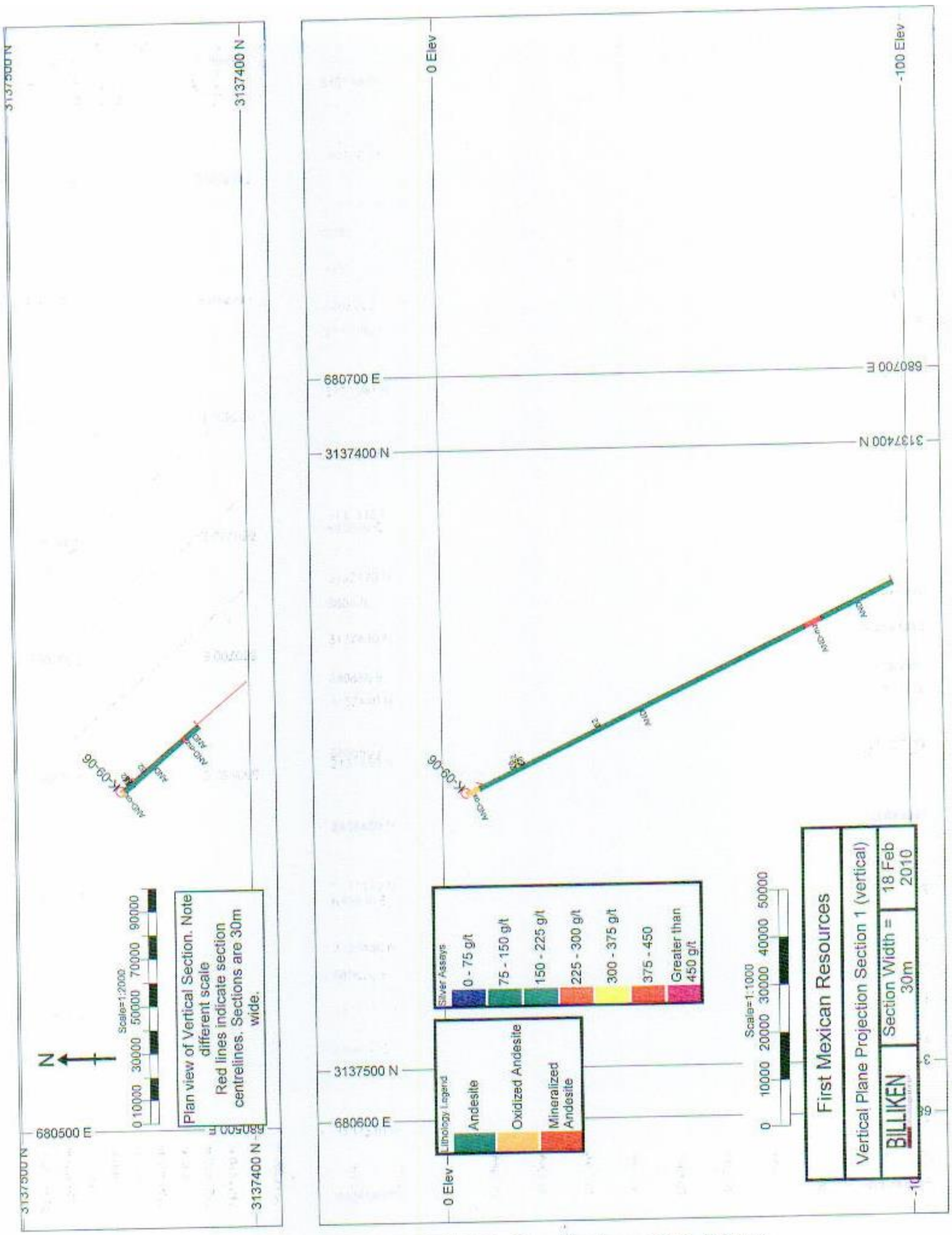


Fig. 17 R.C. Drill-Hole Cross-Sections – D.H. K 09-06

sampled at the same depth all through the survey. Minor variations in relief and slope have to be taken into 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.

The following are the ‘ Results and Recommendations’ based on the drill intercepts of the mineralization presently in the inferred category. The values can be plotted and categorized by their cut-off grades to give them an inherent, in-situ value. With additional close interval drilling this resource could likely be upgraded to the proven and probable category under the NI 43-101 Guidelines - it is presently non-compliant.

Results and Recommendations

The resource at varying Au Equivalent cutoffs is summarized in Table 4. For an Au Eqv. Cutoff of 0.2 gpt the model indicates 1.10 M tonnes at an average grade Au Equivalent. grade of 6.57 gpt.

Table 5 - Inferred Resource at varying Au Eqv. Cutoff Grades

Au Eqv. Cutoff (gpt)	In Situ					
	tonnes	Average Grades above Cutoff			Contained Metal	
		Au Eqv. (gpt)	Au (gpt)	Ag (gpt)	Au (oz)	Ag (000 oz)
0.1	1,511,000	4.679	1.376	198.2	66,803	9,626
0.2	1,067,000	6.566	1.920	278.8	65,842	9,559
0.5	600,000	11.434	3.312	487.3	63,929	9,407
1	445,000	15.191	4.379	648.7	62,598	9,273
2	316,000	20.829	6.002	889.6	60,959	9,036
3	278,000	23.324	6.735	995.4	60,257	8,905
4	263,000	24.506	7.077	1045.7	59,740	8,828
5	241,000	26.268	7.557	1122.6	58,636	8,711

AuEqv=Au+Ag/60

It is recommended to pursue the definition of the high grade cores to further define the mineralization. In particular - drilling to the northeast for Domain 3 and to the southwest for Domain 4. Drilling, along strike of the deposit and targeting the high grades cores as interpreted will help determine the extent of each zone of mineralization.

Procedure

The resource estimate is based on drill-hole data provided by Fist Mexican Gold for twelve (12) exploration drill-holes, for which drill collar survey locations, down-hole surveys and gold and silver assays were available. The relevant data was formatted for import and loaded into MineSight mining/modeling software.

The mineralization is interpreted to occur in two main domains, each with a “high grade” core defined as having a Au Equivalent grade above 5 gpt. The “low-grade” (Domain 1 & 2) and “high-grade” (Domain 3 & 4) shells confined the interpolation of grade to within each domain.

The topography was estimated by creating a triangulated surface from the drill hole collar locations.

Figure 1 illustrates the mineralization boundaries in a section looking N 50 degrees East in the approximate center of the modelled mineralization. (Domain 1 & 2 are the "low-grad" shells, Domain 3 & 4 are the "high-grade" shells. The drill holes plotted are showing the Au Eqv. grades for the assays.

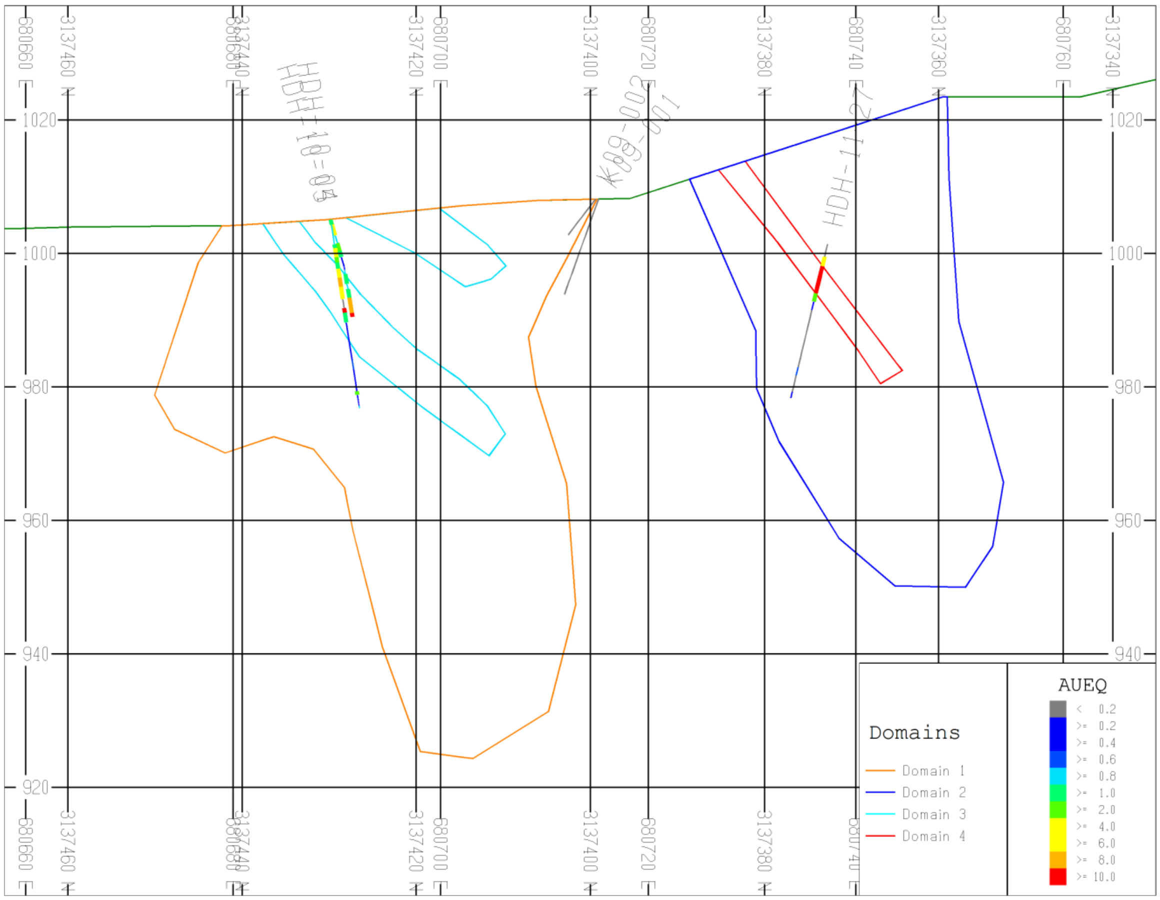


Figure 18 - Assay Au Eqv. Grades and Domain - Section looking N 50 degrees

Figure 2 plots a three dimensional view of these mineralized solids - looking N 30 degrees East. (Blue = Domain1, Green = Domain2, Red (high grade core)= Domain3 and 4).

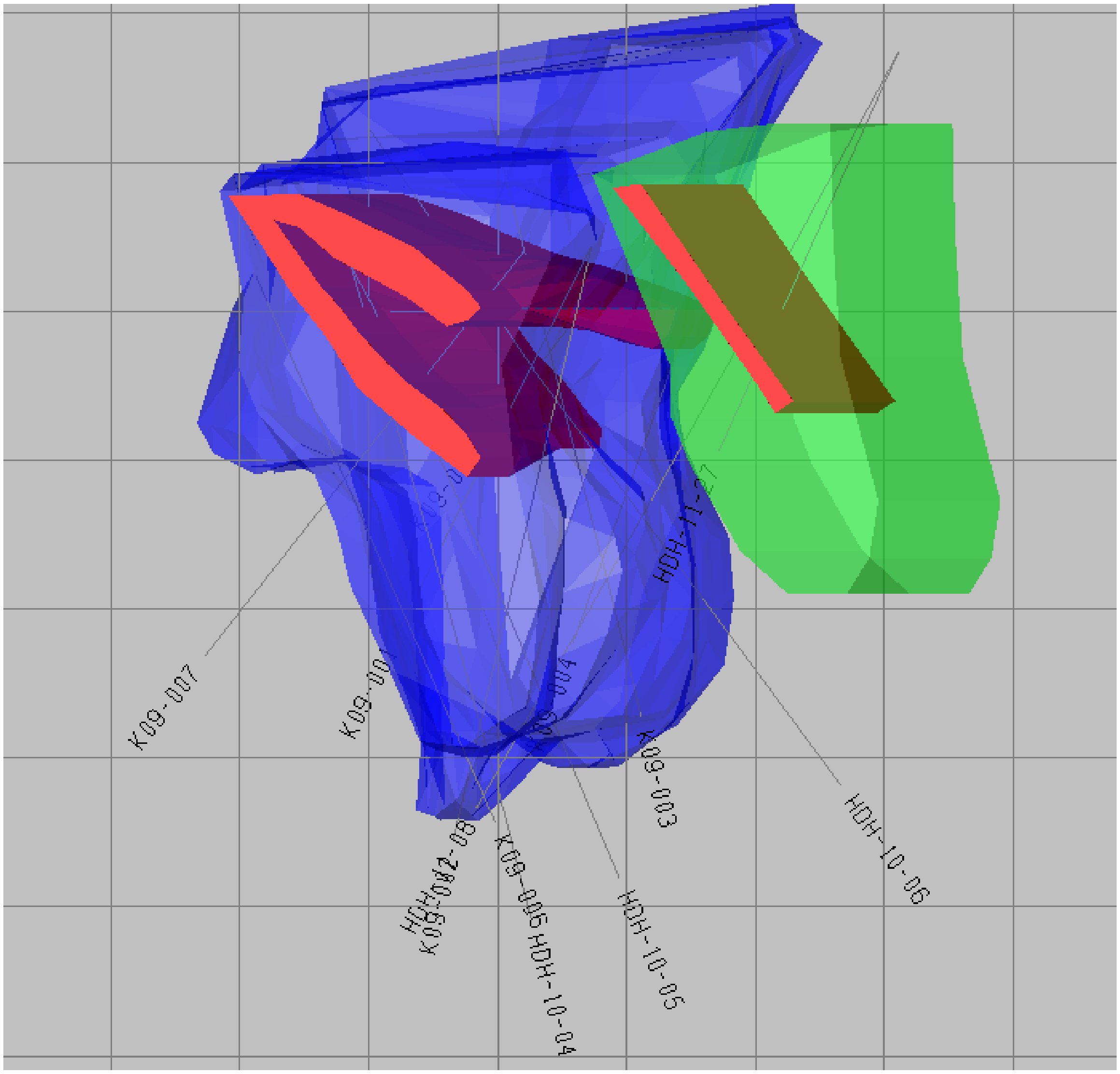


Figure 19 – 3D View of these Mineralized solids - looking N 30 degrees East with High Grade Core in red

The assay data has been composited by fixed length, 2.5 m compositing honoring the domain boundaries. Gold and silver grades were interpolated to a 3D block-model using inverse-distance squared weighting restricted to the four domains. The block model encompassed all drilling, with a block size of 5mx5mx5m.

The “gold equivalent” (AUEQ) grade was calculated assuming that silver content has a value ratio of 1:60 to gold (i.e. AUEQ(gpt) = AU(gpt) + 1/60*AG(gpt)).

Figure 6 below illustrates the block modelled Au Eqv. grades above a 0.2 gpt Au Eqv. cutoff showing the higher grade cores and disseminated zone surrounding each core.

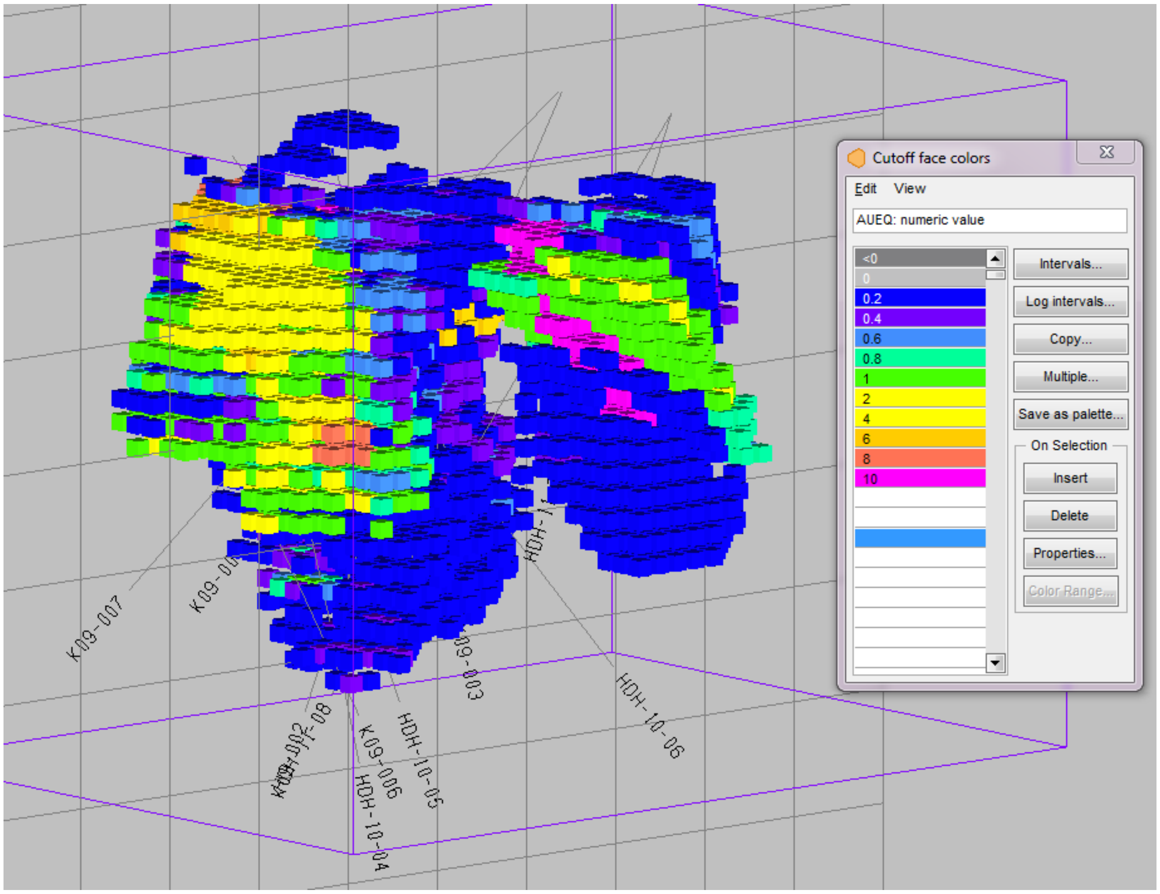


Figure 20 – Block Modelling Au Equivalent Grades @ 0.2gpt cut-off

<u>SAMPLING METHOD AND APPROACH</u>

Road Sampling Program

The samples taken during the road cut survey and sampling program were taken every 2 m. along specific road cuts which were located above and below the Pozo del Gringo and adit areas or where veining was indicated from the bulldozer work. Each sample was taken as a series of chips across the two meter interval, bagged, tagged and described by the supervising geologist Mr. William Snoddy. These 328 samples were then grouped in batches of 10 and sealed with lockable seals in large rice bags which were subsequently shipped to the ALS-Chemex Lab in Hermosillo for gold-silver and multi-element determinations. These were analyzed using the standard lab protocols (ME-ICP 61 for multi-element and ME-GRA-21 for Fire assay with an AA finish for gold and silver) and using an in-house standard to check cross-contamination and reproducibility on every tenth sample.

ALS-Chemex normally does their initial preparation in Hermosillo and sends the pulps to Vancouver for final lab determinations and uses a very stringent analysis protocol, QA/QC and is checked both internally and by independent evaluators for their methodology and lab practises. This lab is fully accredited and recognized the Exchange Commission across Canada and the U.S.

Core Drilling Program

The samples taken during the core drilling period were taken at specific intervals along the core that corresponded to lithological changes (contact zones) or sections that contained significant mineralization. Mr. Antonio Paredon, geologist, sampled the core by cutting the returning section with a tile saw on site, bagging one half along defined parameters using both visual and lithological parameters, bagging, tagging and sealing the samples in grouping of ten per rice bag to be shipped off to the non-accredited lab at the University of Hermosillo where they were analyzed. Each sample was tested for its gold and silver content using standard fire assay methods and A.A. finish and any high analyses were subjected to two analytical tests where the results were then averaged. Analytical results were shown in parts per billion in gold and silver values. Since the lab at the university was not accredited, the pulps for these samples were later shipped to ALS-Chemex to be further tested for their reproducibility using their protocols and QA/QC. The results were anomalous and certainly indicated elevated numbers in both gold, silver and copper values.

Reverse Circulation Drilling Program

During the reverse circulation program, 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 remains on the property under lock and key for future analysis or verification that the drilling had been done.

Each sample weighed roughly 5-8 kilograms and all were placed in marked and secured 6 millimeter, clear plastic bags, grouped in sets of 8-10 and then placed in large rice bags for trans-shipment to the lab by a bonded/secure truck. 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). The seven holes produced at least 5,000 kilograms of sample product and at least half of this weight was sent into the lab for analysis for their gold and silver content and 41 element ICP-multi-element analysis.

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 lithological make-up, sulphide content and 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.

SAMPLE PREPARATION, ANALYSES AND SECURITY

Road Sampling Program

During the road cut sampling and GPS mapping program, 328 samples were taken by William Snoddy, Consulting Geologist. Each of these samples was bagged, tagged and sealed in lockable sealed rice bags and sent in to ALS-Chemex lab in Hermosillo for fire assay for gold and silver with an A.A. finish. The proper Chains of Custody forms were adhered to and the lab protocols, systems of internal Standards and checks were administered as well as checks done on every tenth sample for reproducibility. Samples were prepped in Hermosillo and pulps sent to Chemex's Vancouver lab for final analysis. The results of this program can be considered reliable and compliant under the N.I. 43-101 Guidelines as it was supervised and secured during its entirety. No officer, director or associate of First Mexican assisted in the sampling, handling or preparation of the samples in the field or in its transportation to the ALS-Chemex Lab facility in Hermosillo.

Core Drilling Program

The core drilling program was carried out in the spring of 2009 and supervised by a local geologist, Mr. Antonio Paredon, who took 97 samples at various intervals over the 189.55 m. of core drilled based on visual and lithological parameters. The core was logged, cut in half using a tile saw on the property, bagged, tagged and sealed in rice bags for shipment to the University of Hermosillo's lab facility under the direction of the professor, Mr. Rolando Bueras A., who runs the lab. Each sample was crushed, pulverized and subjected to a 12-element ICP analysis and then fire assayed for gold and silver and checked using an A.A. finish. Unfortunately, the lab is not ISO accredited and Mr. Antonio Paredon is not a Q.P. under the N.I 43-101 Guidelines thus the sampling and analysis is not N.I. 4-101 compliant. Any of the higher results in silver and gold were run again for reproducibility and averaged for the final determinations. The results were tabulated and appended to this report (Figs.14-16). Due to the significance of some of the numbers, the better pulps were subsequently sent to ALS-Chemex Lab in Hermosillo in November, 2009, for re-analysis to see how they compared to the reverse circulation and original assay values. These assays did show significant elevations in values in gold, silver and copper and although they could not be deemed reliable under the 43-101 protocols, they were none-the-less significance in demonstrating significant gold and silver mineralization on the Hilda 30 property which was subsequently drilled using the reverse circulation drill equipment in November 2009. During the core drilling program, no officer, director or associate of First Mexican assisted in the sampling, handling or preparation of the samples in the field or in its transportation to the University Lab in Hermosillo.

Reverse Circulation Drilling Program

In the Reverse Circulation Drill Program, 698 samples were sent in for multi-element ICP analysis (ME-ICP61 and ME-GRA-21) at the ALS-Chemex Lab in Hermosillo for preparation and then air shipped to their facility in Vancouver using the same stringent protocols and security as was used in the previous sampling programs (Burns 2005 and 2008). Each sample was analyzed for gold and silver and every tenth sample was put in for whole rock geochemistry which produced a spectrum of 34 elements showing the relative amounts of other associated minerals such as copper, lead, zinc, arsenic, tin , bismuth and molybdenum. Each sample was prepared according to ALS Chemex "prep 31" code and assayed under the ME-ICP61 for 34multi-element analysis and ME-GRA-21 for gold and silver fire assay with a gravimetric finish . This procedure involved the following steps; logging the sample into the ALS Chemex tracking system by assigning the sample a unique bar code number, then drying, weighing, fine crushing the sample to better than 70% <2 mm, splitting off a 250 gm. sub sample, and pulverizing the sub sample to better than 85% passing through a 75 micron screen. The pulped sample was then packaged and shipped by air to the ALS Chemex laboratory in Vancouver, B.C.

In Vancouver, all of the 688 pulps were analysed for gold by ALS Chemex code Au-AA23. By this method a 30 gm sample is fire assayed with the final gold determination made by 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 g/t Au was re-assayed by method Au-GRA21 by which the final gold determination is made by weighing the gold bead. The pulps were also analysed for a suite of 33 major and trace elements including Ag, Cu, Pb, Zn, As, Sb, and Hg by method code ME-ICP61 which involves digesting the sample pulp with a mixture of 4 acids and determining metal content by ICP (Induced Coupled Plasma) instrumentation. Any sample with an element value greater than the maximum detection limit was re-analysed 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 between samples is in place. Elements of the system include the use of barren wash material between sample preparation batches and where necessary between highly mineralized samples, the thorough cleaning of all glassware and the tracking of samples with high gold values and discarding crucibles used for such samples. To ensure quality control and quality assurance, ALS Chemex employs on a routine basis a program that uses blanks, sample duplicates and sample standards. Details regarding ALS Chemex's analytical procedures, and QA / QC programs may be found on their website at www.alschemex.com.

For the reverse circulation program, no officer, employee, director or associate of First Mexican assisted in the sampling, handling or preparation of the samples in the field or in its transportation to the lab in Hermosillo or for its final determination in Vancouver, Canada.

It is both the Authors' opinions that the sampling, sample security, sample preparation and Sample analysis procedures for the road sampling and reverse circulation sampling programs were sound. The core drilling phase was not supervised by a Q.P. or P. Geo.and thus was not fully compliant with the N.I.43-101 Guidelines.

During the reverse circulation drilling and road sampling programs, proper Chains of Custody and Security tags were applied to every batch of samples (8 Bags) that were sent to ALS-Chemex Lab in Hermosillo and to every grab sample individually taken during the programs. Proper 'Chain of Custody' protocols were followed by Mr. W. Snoddy and Mr. J. Archibald, throughout the sampling, bagging, tagging and shipping procedures until the samples reached the Lab in Hermosillo.

DATA VERIFICATION

Road Sampling Program

The small road sampling program done in the spring of 2008, whereby 328 samples were taken by William Snoddy along bulldozer road cuts crossing the Hilda 30 property in the area of the Pozo del Gringo shaft and the adit area, was not followed up. There was no subsequent sampling done after this point and no re-sampling was done of any of the locations that appeared significance or anomalous. The results did determine that a small core drilling program was warranted to check out an area of elevated gold and silver values which coincided with a well brecciated andesitic volcanic units and a geological unconformity that appeared just north of the adit in one of the road-cuts. Elevated gold and silver values also coincided with a number of quartz-carbonate vein systems that cross-cut the area around the adit and shaft. Although the pulps and rejects were kept and archived at the lab for subsequent analysis, no samples were re-assayed or re-checked do to date. The initial samples were covered under ALS-

Chemex's internal lab QA/QC (standards and blanks) and every tenth sample was re-assayed for reproducibility.

Core Drilling Program

The small three-hole diamond drill program carried out in the late spring of 2009, produced roughly 189.55 m. of core, intersected the gold and silver mineralisation near the adit but results were non-compliant under the N.I. 43-101 Standards as the samples were taken without strict protocols and sent to a non-accredited lab run by the University of Mexico in Hermosillo. Results were significant in values of gold and silver but are suspect since footages and reproducibility of the assay numbers were in the order of a magnitude of ten and couldn't be duplicated at this time. Although the higher values were re-analyzed and averaged by the University lab and subsequently sent to the ALS-Chemex facility in Hermosillo for independent verification, these results were not used in any grade and tonnage calculations on the property and only used as a guide to direct the subsequent reverse circulation drilling. The number of the pulps sent to ALS-Chemex in November, 2009, as a re-check for their reproducibility, showed elevated values in gold and silver but did not correlate with exact values to the previous results and were not quoted in this report.

Reverse Circulation Drilling Program

The results of the seven hole reverse circulation drill program, formed the basis for the recommended work to be carried out over the Hilda 30 Property as presented later in the recommendation section of this report. A total of 698 rock samples were taken (of which 688 were ultimately analyzed) and sent to ALS-Chemex Labs in Hermosillo for analysis for gold and silver and multi-element whole rock analysis. Not only were the samples supervised during the entire program and followed strict Chain of Custody and security protocols until their delivery to the lab in Hermosillo, stringent protocols were used at the lab for all the samples, including running duplicates and check analyses on every tenth sample for reproducibility. ALS-Chemex has their own internal security and coding system in place and duplicates were run on every tenth sample to verify reproducibility. None of the samples were re-assayed at this point but both pulps and rejects are held in storage for a year in case of re- verification.

No records exist for the work completed prior to the time that MIM optioned the property and therefore, that work and the analytical results thereof could not be verified.

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 Concession, Hilda 37 (to the north and northeast of Hilda 30) and Hilda 38 (to the northwest of Hilda 30) shown in Fig. 17. Other than preliminary prospecting and GPS location work, no detailed exploration has been carried out over these two Concessions.

The Hilda '31' Concession (from W. Snoddy, 2008)

Hilda '31' is under the control of First Mexican Gold Corp.. The concession abuts Hilda 30 to the southwest and has two historic mines on the property, the La Fierra and the La Cubrisa. The 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 mines are underground workings that are reported (verbal from Guaqdalupe Rocha Tineo) to be very extensive and rich in silver. The main dump on the mine is quite large, reflecting some extensive workings. 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.

Photo 7 – Molybdenum in Quartz Veining

A prominent hill located near the La Cubrisa mines is covered with old workings ranging in size from prospect pits to seemingly extensive underground workings. The mines appear to be situated on parallel to sub-parallel faults that host vein deposits. There is very little dump material associated with these mines 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.

<u>The Hilda '37' Concession</u> (from W. Snoddy, 2008)

The Hilda '37' 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. (Photo 12) This vein is larger, about 2 meters wide, containing quartz with molybdenum in an extensive vein system. Mining on this vein exploited about 30 meters of the vein. It was reported that the operation ceased when the Verde mine in Santa Ana closed in the 1970s. This concession abuts the Hilda 30 Concession to the north.

Material mined from the La Mexicana was shipped to Santa Ana for processing since there was a mill in that village.

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. This mine should be a primary target of future exploration. 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. Some work in this area is advisable when exploration is carried out in the future.

<u>Other Areas of Interest</u>

Within a short distance of Guadalupe are several historic mining areas that are interesting and Likely significant to the regional mineralization. Research into their ownership and any available mining records should be considered. All of these would make good exploration areas if they are available for option or leasing.

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

Please refer to Page 54-60 and the resource calculations in this report.

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 indiginous 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 a 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. Accomodations 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.**

John C. Archibald, P.Geo.

For :

First Mexican Gold Corp.

Toronto, Canada.

Addendum added :

October 28, 2014.

PROFESSIONAL GEOSCIENTIST
JOHN C. ARCHIBALD
PRACTISING MEMBER
1251
ONTARIO

Proposed Exploration Budget – Hilda 30 (USD)

<u>Phase 1</u>

Additional Road Building: allow 10 km. @ $30,000/km.	$ 300,000
Sample Analysis: Rock samples..25,000 samples @ $60/ea.	$ 150,000
GPS Road Survey: every 5 m. intervals…(incl. maps/plates)	$ 15,000
Linecutting, flagging/chaining: 20 kms. @ $400/km.	$ 8,000
Soil Sample Analysis: allow 1600 soils @ 425/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	$ 10,000
Sub-total of above	$ 649,300.00
Contingency (12%)	$ 77,700.00

Total for Phase 1 **$ 727,000.00 U.S.**

PROFESSIONAL GEOSCIENTIST
JOHN C. ARCHIBALD
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Phase 2

Establish Field accommodations: geol.+ helpers + storage	$ 25,000
Field Costs: allow $5,000/mo for 2 months(food, propane/elect.)	$ 10,000
Core Saw and Gen. Set: allow	$ 6,000
Bulldozer: allow 20 days (roadcuts/drill roads):8 hr/day@ $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/day	$ 28,000
Helpers (2): 80 days @ $40/day/man	$ 6,400
Travel Expense: 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	$ 11,250
Sub-total for above Phase 2	$ 683,450
Contingency (12.1%)	$ 82,550
Total for Phase 2	**$ 766,000.00**

Grand Total for both Phases **$ 1,493,000.00 U.S.**

October 28, 2014

First Mexican Gold Corp.,

c/o Suite 304,

65 Front St. E.,

Toronto, Ontario

M5E 1B5

Dear Sir,

Please find enclosed a report dated October 28, 2014 and entitled:

NI 43-101 Technical Report on the Hilda 30 Concession, Sonora State, Mexico, for First Mexican Gold Corp.

It is evident, after careful study of the available information and having setup and supervised a seven hole Reverse Circulation Drilling program over one of the better gold-silver occurrences on the property, that this Hilda '30'Concession has the potential to host economic gold-silver mineralisation.

The reference material used to prepare this report is available in the office's of Billiken Management Services in Toronto and with both author of this report. The public information and maps are available at the Dept. of Geology and Geography located in Hermosillo, Sonora State, Mexico, known as Consejo de Recursos Minerales (CRM) and Instituto Nacional de Estadistica Geografia y Informatica (INEGI).

A diligent effort and a recommended, comprehensive exploration program has been outlined with two phases for a combined total of $1,493,000 US. for the next stage of work on the property in order to fully evaluate the potential of the gold-silver resources of the Hilda ' 30' Concession. To date over $1,354,996 Cdn. has been spent on the property prior to its formal application and listing on the TSX Venture Exchange in Canada.

Sincerely Yours,

John C. Archibald, P.Geo.

PROFESSIONAL GEOSCIENTIST
JOHN C. ARCHIBALD
PRACTISING MEMBER
1251
ONTARIO

John C. Archibald,

P.O. Box 181,

Rosemont, Ontario.

L0N 1R0

CONSENT of AUTHOR

To: TSX Venture Exchange,

I, John C. Archibald, do hereby consent to the filing, with the regulatory authorities referred to above, of the technical report titled " NI 43-101 Technical Report on the Hilda '30' Concession, Sonora State, Mexico for First Mexican Gold Corp." and dated October 28th, 2014 (the " Technical Report").

I also certify that I have read the written disclosure being filed and do not have any reason to believe that there are any misrepresentations in the information derived from the "Technical Report" or that the written disclosure in the October 28th news release of First Mexican Gold Corp. contains any misrepresentation of information contained in the " Technical Report" covering the Hilda'30' Concession, located in Sonora State, Mexico.

Dated this 28th Day of October, 2014.

John C. Archibald, P.Geo.

PROFESSIONAL GEOSCIENTIST
JOHN C. ARCHIBALD
PRACTISING MEMBER
1251
ONTARIO

John C. Archibald, Honours, B.Sc. Geology, P.Geo.

P.O. Box 181, Rosemont, Ontario.

L0N 1R0

Telephone: (905) 660-0501

Facsimile: (905) 660-7143

E-mail: archgeo@hotmail.com

CERTIFICATE of AUTHOR

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

1. I a 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 titled "N.I. 43-101 Technical Report on the Hilda '30'Concession, Sonora State, Mexico for First Mexican Gold Corp.", (the Technical Report), relating to the Hilda '30' Concession. I visited the property between the dates of January, 2012, 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.

October 28, 2014.

John C. Archibald, B.Sc. Geol., P.Geo.

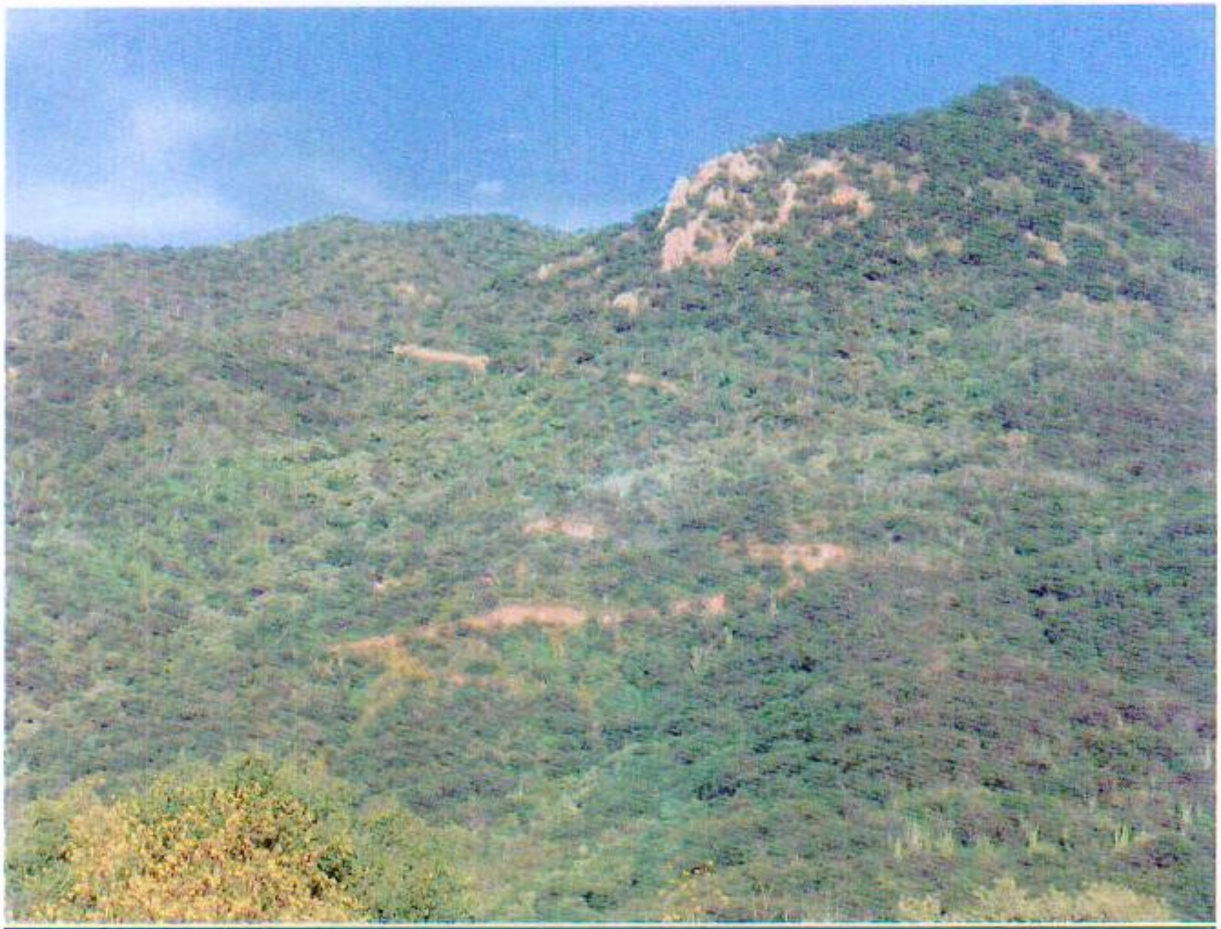

Photo 1 **Zone of Mineralization and Road Network under the Oxide Capping on Hilda '30'Property**

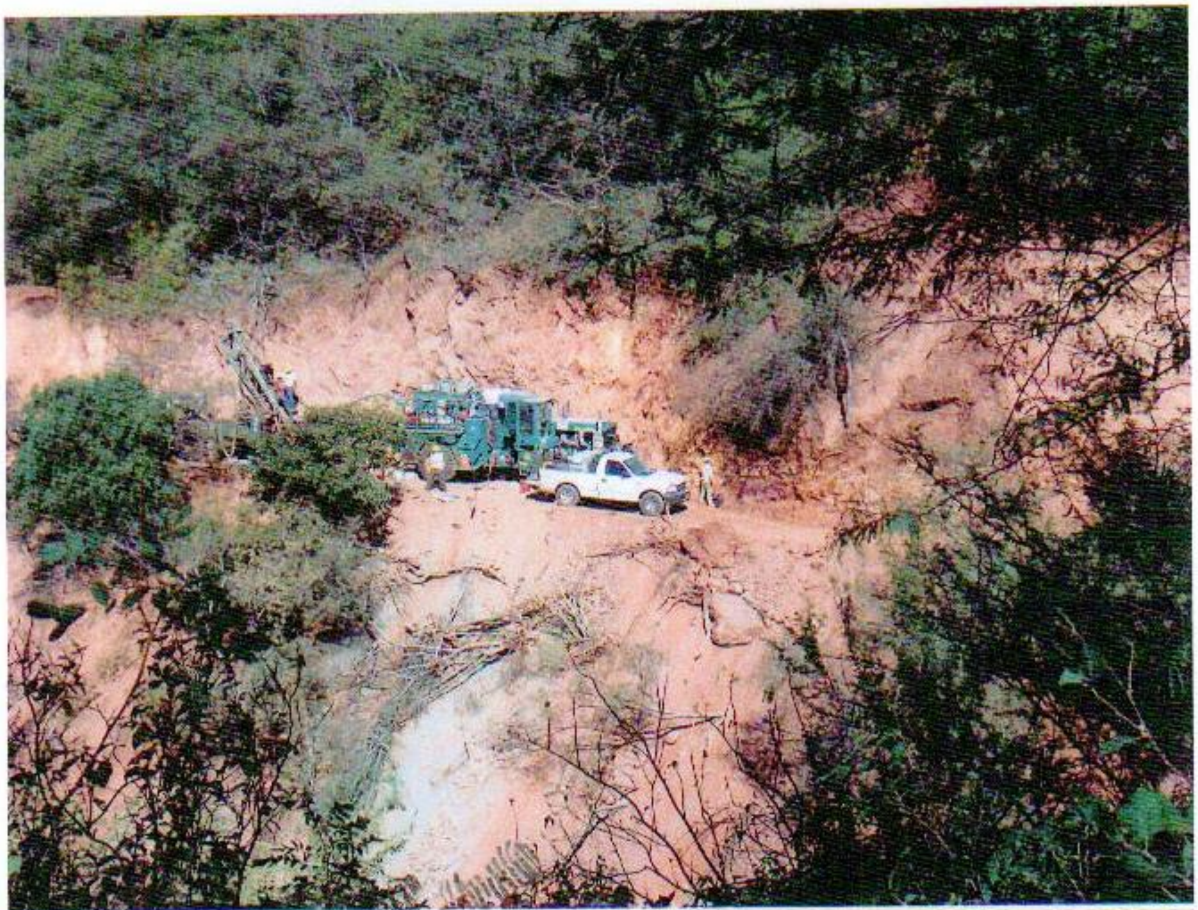

Photo 2 **R.C. Drill Rig @ K 09-06 drilling under the oxide Exposure close to the Adit**

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)**

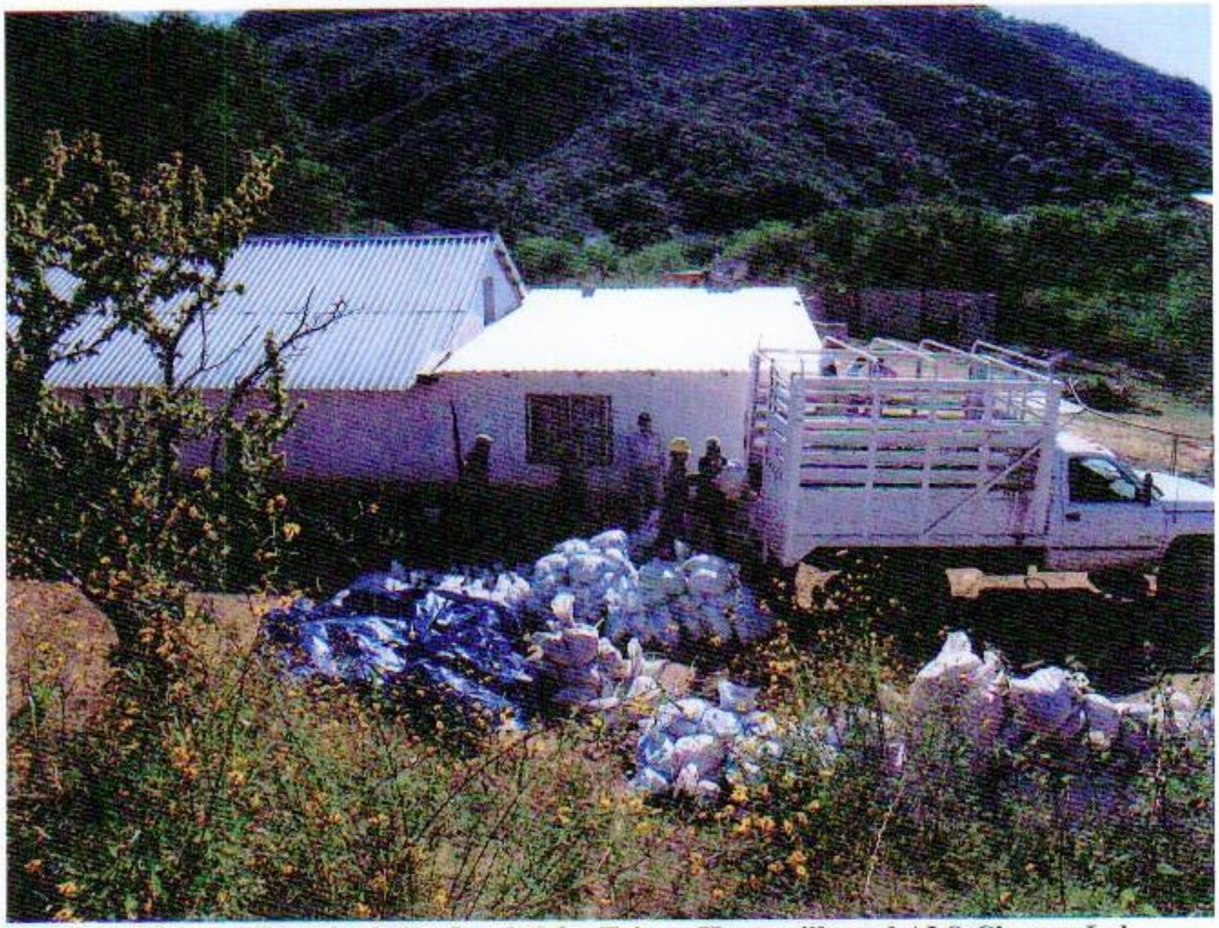

Photo 6 Sealed and Bagged Samples being Loaded for Trip to Hermosillo and ALS-Chemex Lab