

SUMMARY TECHNICAL REPORT

On the

SAN ANDRES PROJECT

Durango State, Mexico

For

Full Metal Zinc

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1.0 SUMMARY

The San Andrés project is comprised of 4 exploitation concessions totaling 5,768 hectares in the Sierra Madre, in the western part of Durango state, Mexico. The concessions are owned by Minera ISP. Full Metal Zinc has signed a binding letter of intent to acquire the San Andrés project from Minera ISP. The project lies in a prolific gold-silver-lead-zinc trend including the Bacís, La Sorpresa, Metates, La Ciénega and Topia deposits. Full Metal Zinc has optioned the San Andrés project from Minera ISP

High angle and subhorizontal veins containing argentiferous galena, argentite, and minor amounts of sphalerite and chalcopyrite were exploited at San Andrés de la Sierra during the period 1885 to 1910. An estimated 6 million troy ounces of silver were extracted from high grade ores. Little mining or exploration occurred at San Andrés from 1910 until 2009 when Minera ISP gained control of the property.

During 2009 and 2010, Minera ISP built and operated a crushing, milling, and flotation plant designed to process dump material left from the pre-revolution operations. ISP processed 34,000 tonnes of dump material and produced 454 tonnes of mineral concentrate containing 89,310 troy ounces of silver.

In 2009 Minera ISP contracted the Mexican subsidiary of Coast Mountain Geological Ltd. to conduct an exploration program consisting of mine opening, mapping and sampling, and surface geologic mapping and sampling. 306 chip-channel and 91 backfill samples were collected in the underground workings in 2009. The average values from the 126 samples collected on the Esperanza vein (the most thoroughly sampled vein) were 0.32 g/t Au, 578.25 g/t Ag, 3.0% Pb, and 1.27% Zn, over an average width of 0.38m. The highest values from different chip-channel samples from underground vein exposures were 4,280 g/t Ag, 22% Pb, 1.7% Zn and 0.96 g/t Au.

Minera Fresnillo (Frisco) operated a joint venture with Minera ISP during 2010-2012. During this period Frisco drilled 13 exploration core holes totaling 3,368 metres at San Andrés. Frisco's drilling focused on finding extensions to the known subhorizontal Tapia Colorada, De Enmedio, and Esperanza veins. In addition, Frisco's core drilling encountered a deeper subhorizontal vein, the Del Bajo vein, and tested bedding-parallel mineralization hosted by turbiditic flysch sediments of the San Juan de Camarones Formation.

The author of this report (Maynard) visited the project on 16-18 September, 2013 in the company of Minera ISP and Full Metal Zinc personnel. Data reviews were conducted in Durango and Albuquerque, NM.

A Tertiary to Upper Cretaceous dioritic intrusive body hosts the subhorizontal veins. The dioritic body intrudes the folded and thrust-faulted Jurassic(?) San Juan de Camarones Formation. High-angle monzonite-porphyry, quartz-porphyry, and aplite dykes cut the dioritic stock. The monzonite porphyry and quartz porphyry dykes, as well as a dark gray intrusive breccia dyke, contain veinlet and disseminated galena and pyrrhotite mineralization similar to that in the subhorizontal veins.

Structurally controlled epithermal silver-lead-zinc veins occur over a 2 km by 1.5 km area. Flysch sediments to the east and northeast of the diorite stock are extensively altered with strong limonite, hematite and clay and are host to a $>1\text{-km}^2$ K-Ba-Na anomaly. Some previous investigators suggest potential for a concealed SEDEX deposit on the basis of the K-Ba-Na anomaly. However the similarity of the reported mineral assemblage of the veins known from sedimentary rocks to that of stock-hosted veins and their proximity to the altered and mineralized stock suggest a common epithermal origin.

The San Andrés project shows clear potential for epithermal Ag, Pb, Zn vein deposits and deeper disseminated mineralization, as well as possible potential for SEDEX deposits.

A two-phase exploration program of work totaling CDN \$1.1 million is recommended to evaluate the San Andrés project. Phase 1 consists of developing drill targets by means of detailed and semi-detailed surface and underground geologic mapping in the area of the eastern part of the diorite stock and adjacent altered sedimentary rocks, re-logging of existing core samples, and construction of cross sections. In particular, mapping should address structural modeling of veins to develop tools to predict pinch-and-swell structures. Wider vein zones may contain higher grades. Also, the larger Los Dorados concessions in the southeastern part of the project area would be evaluated by a program of reconnaissance mapping and sampling. The estimated cost for Phase 1 is CDN\$174,000.

Contingent on the results of the Phase I program, a second phase of 3,000 metres of drilling would test extensions of known veins, structural models of vein swellings, mineralized dikes, and other concepts in the vicinity of the diorite stock and associated mineralization; as well as selected drill targets in the Los Dorados concessions. Phase 2 would cost approximately CDN\$900,000.

2.0 INTRODUCTION

This report provides an independent evaluation of the exploration potential of the San Andrés project, which is comprised of four mining concessions. It has been prepared under the terms set out in the NI 43-101 standard at the request of the directors of Full Metal Zinc, a public Canadian company.

The author completed information reviews, and conducted a single visit to the San Andrés property in Durango state, Mexico on September 18-20, 2013, accompanied by Ing. J. Camacho; helpers A. Guzmán, R. Castro, and J.L. González, of Minera ISP; and C. Quinn of Full Metal Zinc.

During the visit the author conducted a reconnaissance of the property, almost entirely on the San Andrés concession, including surface and underground exposures, review of selected drill holes, and a tour of the 300-tpd mineral-processing plant.

The information herein is derived from a review of the documents listed in the References and from information provided by Full Metal Zinc, which was received from Minera ISP. A complete list of the reports available to the author is found in the References section of this report. Published literature has been reviewed and is also referenced.

The report provides a summary of the exploration and mining history of the San Andrés project. Recommendations are contained herein for a two-phased exploration program to further define known areas of silver mineralization on the San Andrés project as well as discover new areas of mineralization.

The opinions, conclusions, and recommendations presented in this report are conditional upon the accuracy and completeness of the information supplied by Full Metal Zinc. The author reserves the right, but will not be obliged, to revise this report if additional information becomes known to him subsequent to the date of this report.

3.0 RELIANCE ON OTHER EXPERTS

This report has been prepared under the guidelines of National Instrument 43-101.

The author has relied on collected exploration data for the project area compiled from published literature, and from the technical files of Full Metal Zinc, which received them from Minera ISP. The accuracy of the data is not guaranteed.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Property description

The project mining concessions are in two separate blocks of two concessions each: the San Andrés block and the larger Los Dorados block. The blocks are separated by 1.3 km at their closest point (Figure 4-1).

Table 4.1. San Andrés project concessions.

Concession	File No	Title number	Size (hectares)	Issue date	Expiry date
San Andrés	321.1/9/681	184681	170.2792	22 Nov 1989	21 Nov 2039
3a. Ampliación de San Andrés	2/1.3/1300	210488	444	8 Oct 1999	7 Oct 2049
Los Dorados		232128	488	24 Jun 2008	23 Jun 2058
Los Dorados		232129	4,665.4367	24 Jun 2008	23 Jun 2058

Minera ISP indicated that mining concession taxes due for 2013 have been paid and concessions are in good standing. However, the author is not qualified to provide an opinion as to confirmation or security of title to the subject concessions, nor whether there are any liens or encumbrances against them.

Minera ISP reports that applicable permits are in place. Surface rights to 315 hectares are secured by a 30-year Temporary Occupation agreement with Ejido El Porvenir, and a right-of-way agreement with the Manzanillas y Anexos Community guarantees access. The Temporary Occupation agreement with Ejido El Porvenir is believed adequate for contemplated processing facilities, tailings, and waste-rock storage. Other permits cover explosives, water use and discharge.

The project has no known environmental liabilities.

There are no known significant factors or risks that may affect access, title, or the right or ability to perform work on the San Andrés property.

Subject to regulatory and shareholder approval, Full Metal Zinc will acquire 100% of the San Andrés property in mining/processing infrastructure by issuing 10 million shares and a one-time payment of US\$260,000. Minera ISP will retain a 2% NSR. Full Metal Zinc will have the right to acquire half of the royalty (1% NSR) at any time for a one-time payment of US\$5 million.

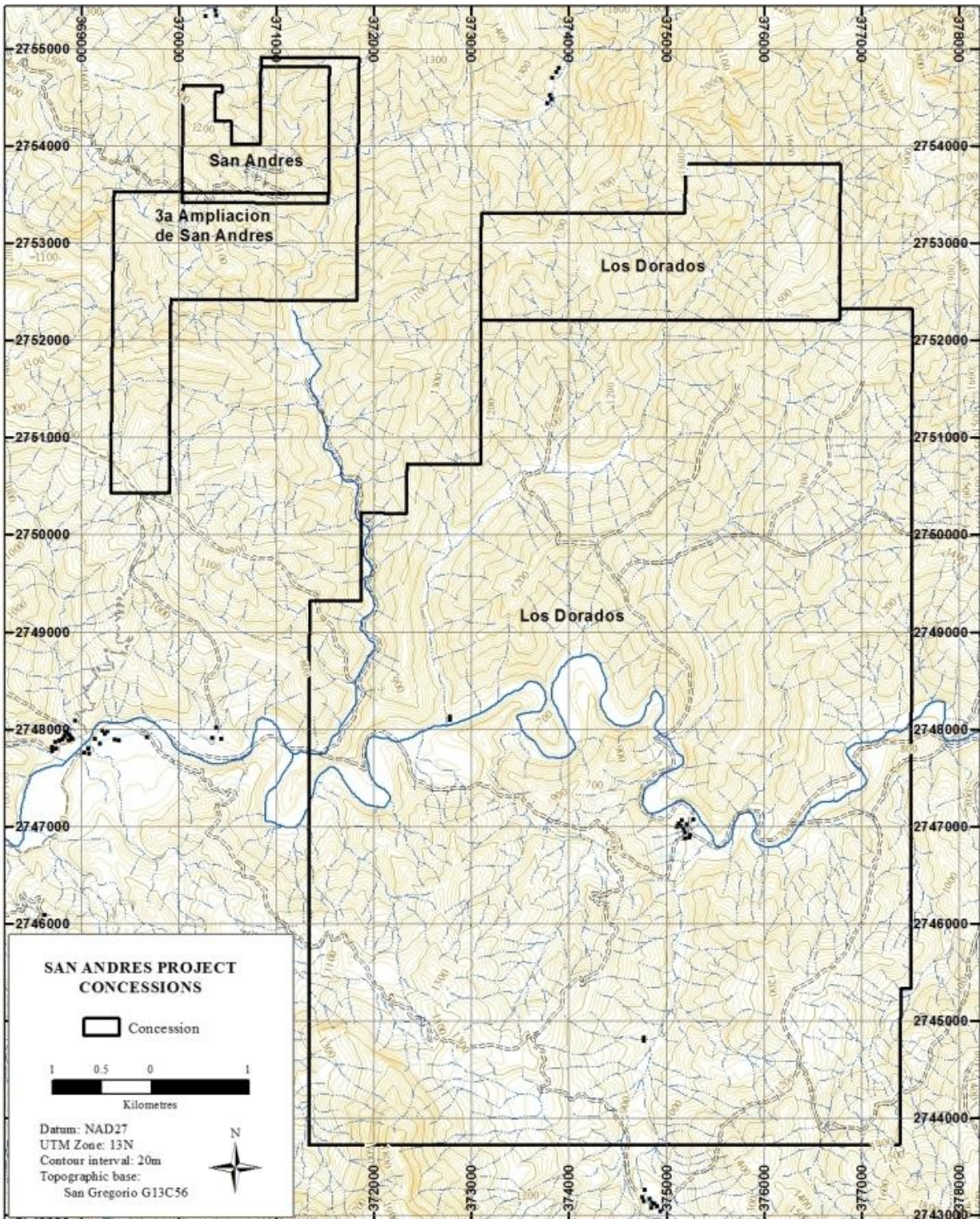


Figure 4.1. San Andrés project concessions. Details of the concessions are given in Table 4.1. The San Andrés block, the main subject of this report, is shown in Figure 4.2.

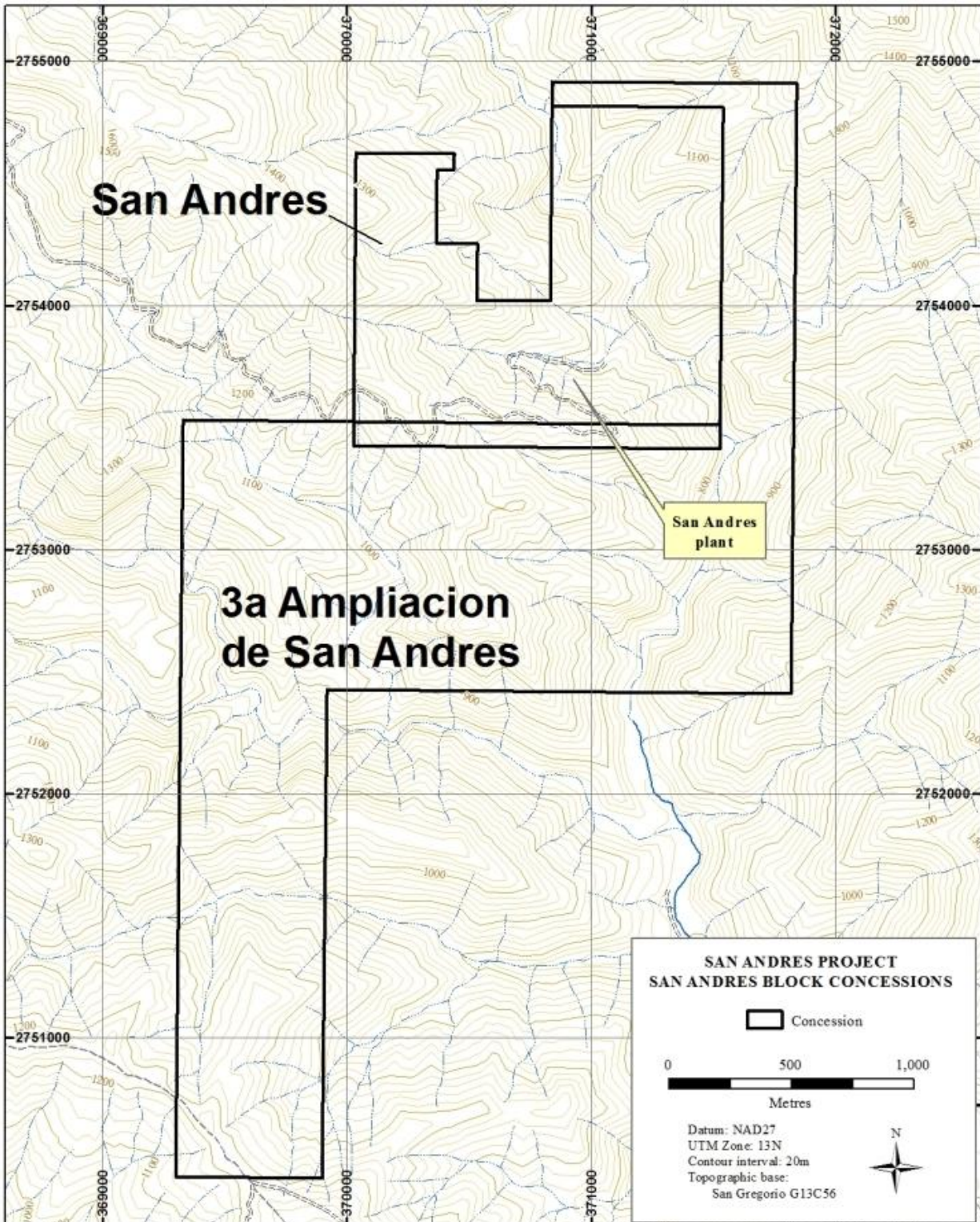


Figure 4.2. San Andrés block concessions.

4.2 Location

The San Andrés project lies in the western part of Durango state, Mexico, about 190 km northwest of Durango City (Figure 4-3). The project covers 4 mining concessions totaling approximately 5,757 hectares and lies within a well known and prolific “Trend” in the Sierra Madre in which are found numerous Au, Ag, Pb, Zn deposits and mines such as: Bacís, La Sorpresa, Metates, La Ciénega and Topia. (INEGI 1:50,000 map sheet: San Gregorio G13-C56.) UTM coordinates for the main workings and processing plant and camp are 371000E / 2753300N / NAD27 Mexico. Elevations range from approximately 720 to 1340 m.

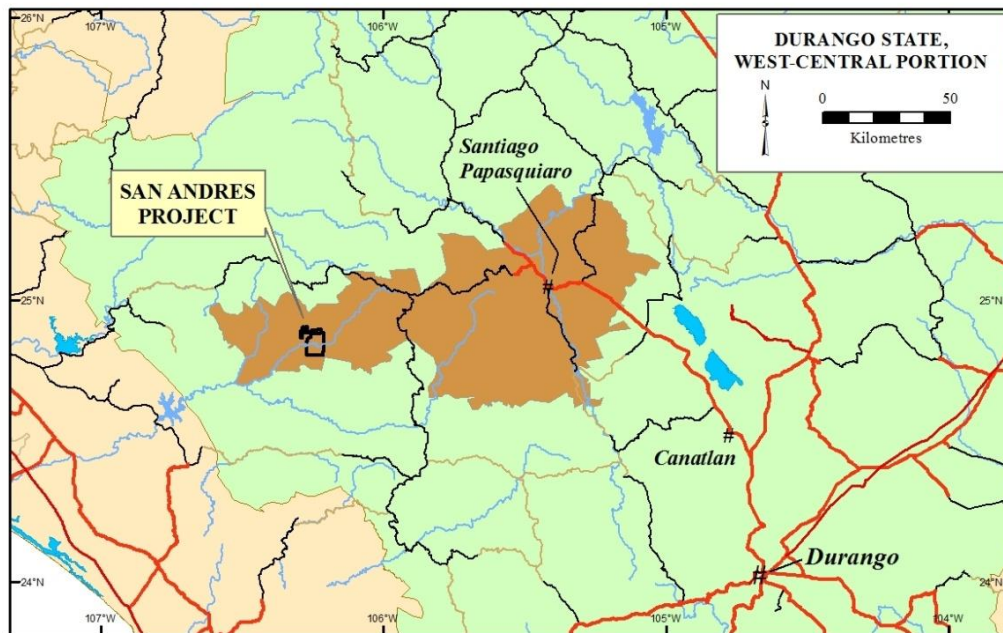
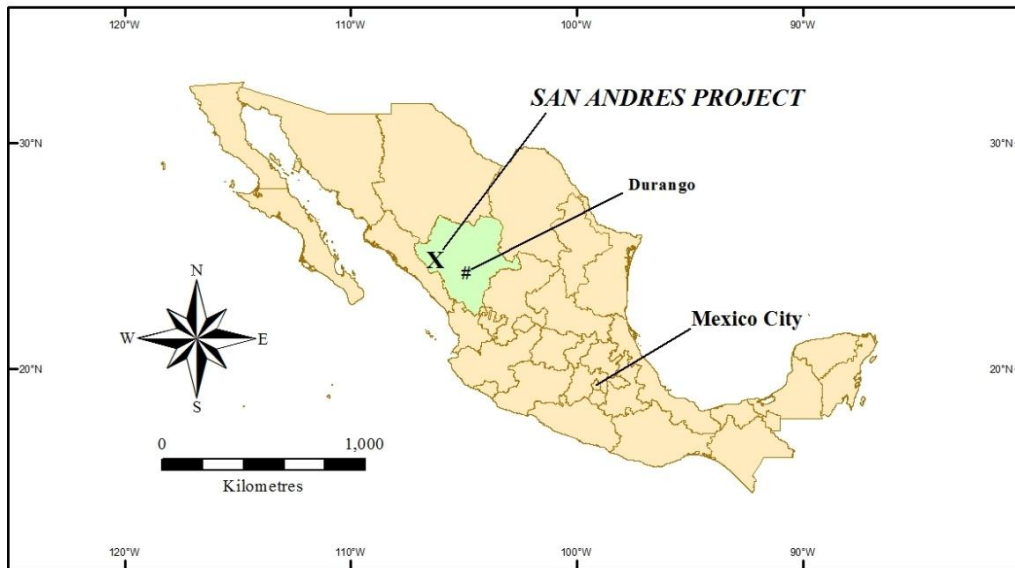


Figure 4.3. Location of San Andrés project.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

Road access is by driving north from Durango on paved highway 23 through Canatlán and Nuevo Ideal to Santiago Papasquiario, a distance of 190 kms. From there, one proceeds west on a paved highway towards Topia until reaching Ojito de Camellones, 140 km away. The motorist then takes a tertiary road south towards San Miguel de Cantil. Near San Miguel de Cantil the access branches southwestward on a tertiary road to San Andrés. Access in reasonable conditions is about 6.5 hours from Durango.

A small airplane may be chartered to fly from Durango to Ojito de Camellones and then proceed by car to the project.

The main access road enters the property and passes through the ore processing plant and camp area. The main road continues northward leading to the principal mine workings (ie: La Esperanza etc.), the pump house, and Arroyo Las Canelas. The road continues southward for 6 kms to the Rio San Gregorio and 2 more kms to the village and airstrip of El Comedero.

The topography in the area is rugged with steep slopes and narrow valleys deeply incised by small seasonal streams and rivers. Elevations range from 650 to 1,300 metres above sea level. Arroyo Las Canelas traverses the property from north to south and has flowing water except for the end of the dry season. The climate is hot and dry and vegetation is sparse during the dry season which generally occurs from October through May. The rainy season may bring thunderstorms and occasionally torrential rains. At the time of the visit, the area experienced heavy rainfall due to a tropical storm/hurricane (Hurricane Manuel) that made landfall off the coast of Sinaloa. Mining operations may be conducted year round.

The campsite and milling facilities have power and running water. Power is provided by generator, but the project may be connected to the national electrical grid at San Miguel Cantil, about 5 km to the northeast. Potable water is provided by a spring. Processing water comes from the Arroyo Las Canelas. Access to all-season water also exists from the Río San Gregorio which runs significant volume year-round.

6.0 HISTORY

6.1 Pre-Mexican Revolution

Mining activity at San Andrés began around 1890 when Minera San Andrés de la Sierra, S.A de C.V., a Mexican company, started operations at the site. By 1900, three Water Jacket furnaces were in operation smelting, respectively, 15, 30, and 50 metric tons per charge of high grade silver ore. A 5.2 km-long, 1 ½" cable conveyor transported charcoal from hardwood forests above the property to fuel the smelting furnaces. From 1890 to 1910 more than 6 million ounces of silver is estimated to have been extracted from high grade narrow veins and smelted in San Andrés. (During this period San Andrés was the second largest town in the state of Durango with 8,000 - 10,000 inhabitants.) From the mined material, ore grading more than 2 kg/t Ag was hand-sorted and sent to the smelter. The discarded rock was either dumped at the

mine entrances or left inside the mines as backfill.

In 1910 mining and smelting operations began to diminish due to attacks by the Mexican Revolutionary Army and were suspended completely by 1915, after the reported detonation of an explosives depot.

By the time of mine closure, an estimated 30 hectares of interconnected, room-and-pillar workings had been constructed to exploit the gently dipping veins. Two distinct, parallel and near horizontal veins were worked within the diorite intrusion: the lower vein La Esperanza and the upper vein called San Andrés. The majority of ore was taken from the lower La Esperanza vein. An unknown, but smaller, amount of ore was extracted from the La Inclínada and La Colorada mines which exploited high angle veins in open stopes, north-east of the La Esperanza mine.

Except for an unsuccessful attempt to re-open San Andrés by the San Andrés Mining Company in 1923 (Engineering and Mining Journal-Press, 1923) the property laid dormant due to destruction of the mining infrastructure and due to the uncertain nature of mineral titles following the Revolution. Studies conducted by the Consejo de Recursos Minerales in 1976 found the mines inaccessible and no other exploration or exploitation since 1915 is known (Alcalá, 1895; Aldasoro, 1896; Consejo de Recursos Minerales, 1993; Tinoco, 1894).

6.2 Mexican Geologic Survey Investigations

In addition to the 1976 investigation, the Mexican Geologic Survey summarized the history of San Andrés de la Sierra (Consejo de Recursos Minerales, 1993) and generated two technical reports on the camp during the 1990s (Cruz, 1993; and García, 1997).

Cruz (1993) described the general geology and vein mineralization of the San Andrés area, analyzed 71 samples from underground and surface exposures, and recommended a first-pass drill program to explore potential extensions of known veins.

6.3 Minera ISP

Minera ISP gained control of the San Andrés property, optioning the San Andrés and 3a Ampliación de San Andrés concessions in 2008. Minera ISP constructed 20 kms of road rehabilitation and access to the mines and mill site, constructed a tailings dam and impoundment, constructed a 150-tpd (later expanded to 300 tpd) flotation mill and a 60 man camp. ISP drilled three holes for geotechnical data during this period.

Minera ISP operated the plant for 10 months in 2009-2010, processing approximately 34,000 tonnes of material from dumps (primarily the Esperanza dump). A smaller amount of material was brought to the plant from backfill in the workings.

In 2009 Minera ISP contracted Coast Mountain Geological to conduct an exploration program consisting of surface and underground mapping, and rock chip and channel sampling of exposed underground veins. Backfill material was also sampled to determine grade for possible mill feed.

Minera Frisco (Fresnillo) optioned the property from Minera ISP from 2010-2012, drilling 3,368 m in 13 core holes. Details of Frisco's and CMG's programs are given in section 8 of this report.

7.0 GEOLOGIC SETTING

The San Andrés property is located in the Sierra Madre Occidental, a 1,200-km long, northwest-trending belt of Lower Tertiary to Upper Cretaceous volcanic rocks in north-western Mexico. Generally, the volcanic rocks are divided into a mid-Tertiary felsic Upper Volcanic Series and a lower Tertiary to Cretaceous intermediate Lower Volcanic Series. The belt forms a broad anticlinal structure with gently dipping eastern flanks, and more steeply dipping western flanks. Volcanic rocks rest unconformably on a basement of pre-Tertiary sedimentary and volcanic rocks that have undergone varying degrees of deformation and metamorphism.

7.1 Volcanic Rocks

In the vicinity of the San Andrés project, the Upper Volcanic Series rocks consist of rhyolite tuff and ignimbrite and have been assigned an Oligocene (Tertiary) age. These rocks unconformably overlie a Lower Cretaceous sequence of andesitic flows and pyroclastic rocks that in turn overlies a basal polymictic conglomerate (the Los Mayos Formation). The Lower Volcanic Series rocks host gold-silver mineralization at the La Sorpresa mine near San Miguel del Cantil, about 4 km northeast of the San Andrés project (Figure 7.1) (Servicio Geológico Mexicano, 1999). Gold-silver veins at Fresnillo's La Ciénega project, about 20 km northwest of San Andrés, are hosted by both Lower and Upper Volcanic Series rocks (de la Garza, 1994).

7.2 Sedimentary Rocks

Upper Jurassic sedimentary rocks comprised of a turbiditic flysch sequence of fine to medium grained sandstone, siltstone, and shale (San Juan de Camarones Formation) (Figure 6.2). The turbidite sequence is interpreted to have been deposited in a back arc basin. The maximum thickness of the San Juan de Camarones Fm. exceeds 400 m (Servicio Geológico Mexicano, 1999)

At San Andrés, sedimentary rocks are host to Pb-Ag-bearing veins which are emplaced along northwest-trending, high angle faults, parallel to bedding, as in the Colorada and Inclínada mines. These mines account for an unknown, but probably small portion of the total district production (Parrish, 2010; Motilla and Candelaria, 2009).

7.3 Intrusive Rocks

At Chesapeake Gold's Metates project, about 10 km WNW of the San Andrés project, a quartz latite body interpreted to be a subvolcanic to extrusive volcanic dome (M3 Engineering & Technology Corporation, 2013), intrudes sedimentary rocks of the San Juan de Camarones Fm. The Metates intrusion has a Lower Cretaceous U-Pb zircon date 108 million years (Ma). K/Ar dating of the Metates intrusion has yielded ages of 87 and 89 Ma on sericite, which is interpreted as an alteration age.

At the San Andrés project an igneous complex measuring 3.4 km by 1.2 km in surface exposure includes a diorite stock and monzonite, aplite, and quartz-porphyry dykes (Figures 7.4 and 7.5). The complex cuts the San Juan de Camarones Fm sedimentary section and is therefore considered younger than Late Jurassic. Parrish (2010) assigns an Eocene age to the complex and states that it is believed to have intruded a broad WNW-trending anticline.

The intrusive rocks are described as follows, from oldest to youngest based on cross-cutting relations:

- 1) Diorite – dark grey, medium grained, equigranular with some variation in grain size. Biotite is primary. Weakly to moderately magnetic. Hosts low angle veining

exploited in mines at San Andrés.

- 2) Quartz porphyry – white to cream colour, rounded quartz-eye phenocrysts in fine groundmass. Hosts narrow galena-pyrrhotite veinlets and disseminated sulphides. Cuts diorite. Forms dykes up to several metres thick.
- 3) Monzonite porphyry – Cream colour, crowded euhedral to subhedral feldspar phenocrysts with dark groundmass that includes primary and possibly secondary biotite. Hosts galena-pyrrhotite veinlets. Forms dykes to several metres thick. Cuts diorite; relationship with quartz porphyry not certain.
- 4) Black dyke – Fine grained with vague fluidized breccia texture. Contains disseminated galena and pyrrhotite. Cuts all other units. Possibly intimately related to mineralization.

Parish (2010) described the following igneous phases in from surface exposures:

- Aplitic dykes ranging from 0.3 to 2.0m wide, striking roughly N20E, intruding the diorite sub parallel to the San Andrés Arroyo.
- Several pale cream to white quartz porphyry rhyolite dykes from 5 to 15meters wide cutting both the diorite and marine sediments. The dykes exhibit moderate silicification and may be contemporaneous with the Upper Volcanic Series.
- monzonite porphyry exposed in lower elevation regions of the property, especially along San Andes Arroyo where it forms a dyke trending N30W. It contains disseminated pyrite(<1%) throughout.

Parish (2010) states that the diorite stock commonly exhibits moderate to strong silicification, especially adjacent the shallowly-dipping Ag-Pb veins. These veins have accounted for most of the production from the San Andrés district.

7.4 Faults and Folds

SGM mapping shows the flysch sequence to be cut by numerous reverse and thrust faults. Considerable folding is associated with faulting.

The dominant structural feature on the property is a prominent fault zone trending north-northwest, extending under San Andrés Arroyo. The fault is nowhere exposed, but is manifested by a strong alignment of San Andrés creek, parallel fault and fracture sets, and increased fracturing and deformation in the marine sediments along the arroyo. These faults and fractures are high angle to vertical. Flat lying veins hosted in the intrusive exhibit down-to-the-east normal displacement across north-northwest trending faults. Movement on these faults appears to be both earlier than and contemporaneous with the mineralizing event because mineralization is occasionally found within these offsetting faults. A secondary, and possibly related, fault set trends north-northeast as seen in the alignment of creeks, fractures and orientation of aplitic dykes. Ag-Pb bearing veins in the marine sediments are often emplaced along these faults. Both fault sets are likely the result of reactivation of an older basement structure during Tertiary tectonism.

7.5 Ore minerals Veins of the San Andrés project typically contain galena, and pyrrhotite, with lesser amounts of sphalerite, arsenopyrite, pyrite, argentite, chalcopyrite, and gold, with gangue of quartz, calcite +/- barite (Figure 7.1). Most of the silver appears to be contained in argentiferous galena. Galena (Pb₂S) is typically characterized by a purplish cast

and curved, irregular crystal faces, typical of galena with a high degree of replacement of lead by silver in the crystal lattice. Alteration associated with the intrusive-hosted veins consists of widespread, weak propylitic alteration and moderate patchy silicification proximal to the veins (Parish, 2010). Mined ore was hand sorted to a minimum grade of 2,000 g/t Ag.

Inspection of drill core shows that disseminated and veinlet mineralization is present in quartz-porphyry and monzonite-porphyry dykes that cut the main diorite stock.

7.6 Veins

The intrusive-hosted veins form laterally extensive, tabular bodies oriented N80W and dipping 10 to 20 degrees to the SSW. Where exposed in the mine workings, veins range from 5 to perhaps 20 cm thick (Figure 7.1a, b, & c). From underground exposures and drilling, it appears that there are at least 4 subhorizontal parallel veins: the Tapia Colorada, De Enmedio, Esperanza, and Del Bajo (in descending order) (Figure 7.2). The veins are exploited by numerous adits, leading to interconnected room-and-pillar workings, is the largest is the La Esperanza mine.

The Esperanza workings cover approximately continuous 20 to 30 hectares. According to Parish (2010) the veins are offset by several northeast-trending normal faults with 3 to 5m of down-to-the-east displacement. The faults appear to be largely post mineral. However, in the Esperanza mine several samples of mineralized fault breccia assayed 1g/t Au and 100 to 400 g/t Ag. A 0.5m white quartz vein occupies one of these faults, and appears to be the strike extension of the Colorado vein.

In many areas underground the back is 2 m or more high. The form of the workings suggests that there were subhorizontal ore shoots with thicknesses considerably greater (and possibly higher grades) than the thicknesses (and grades) preserved in the walls. It is possible that a predictable pattern of vein pinch and swell may be discerned and applied to drill targeting.

Crespo (2012), citing historical reports and observations in the “Cathedral” stope in the Esperanza mine, states that faults cutting subhorizontal veins are form mineralized breccias pipes. Sulphide-matrix breccia observed on dumps of the Pitayito mine are believed to have come from such structural intersections.

The author of this report visited the “Cathedral” stope, but did not see the high-angle structure described by Crespo.

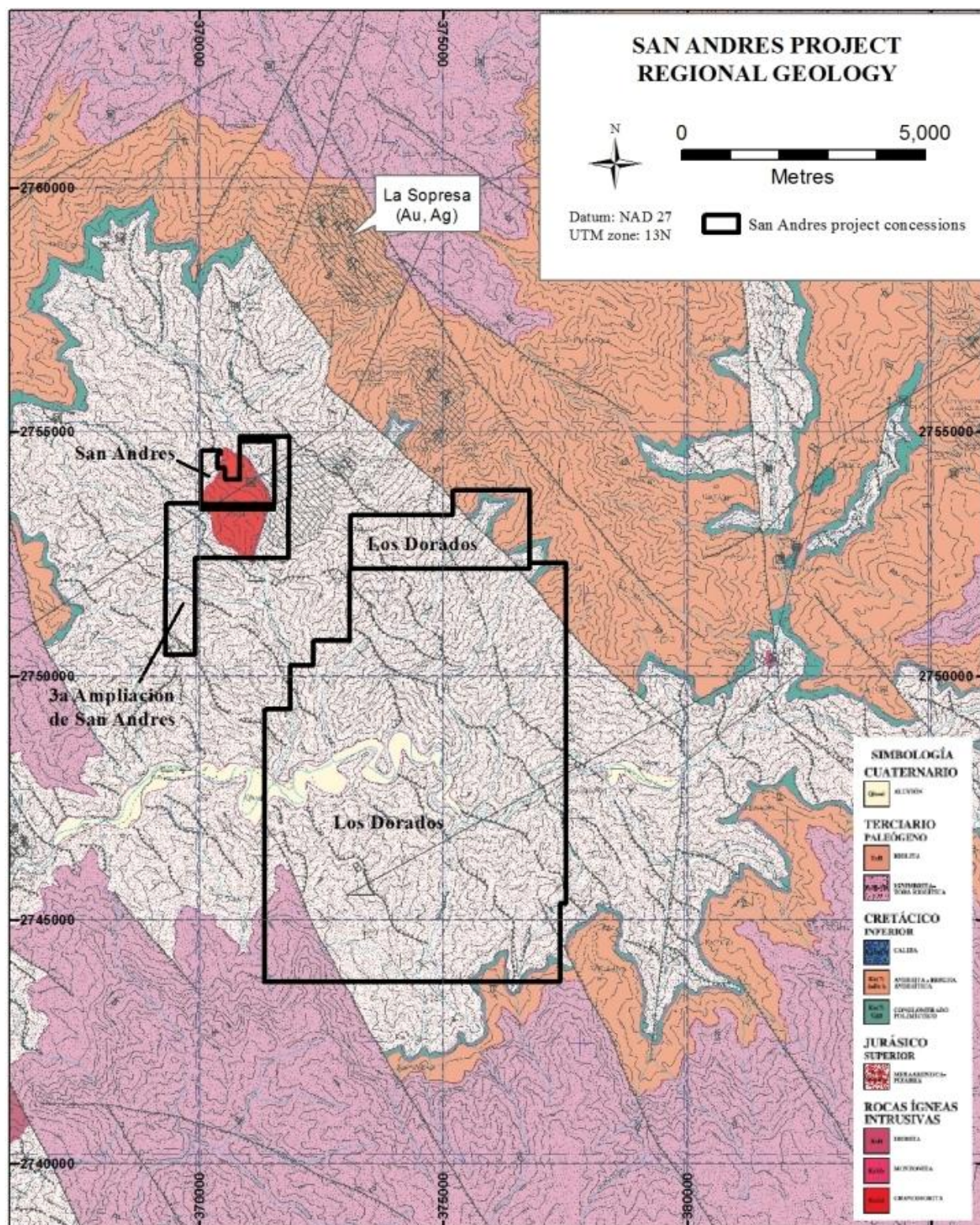


Figure 7.1 San Andrés project, regional geology. From Servicio Geológico Mexicano (1999). Contacts of San Andrés intrusive complex are highly generalized – compare to outline in Figures 7.4 and 7.5.



Figure 7.2 (a & b). Bedded flysch deposits of San Juan de Camarones Formation. Photos from Motilla y Candelaria (2009).

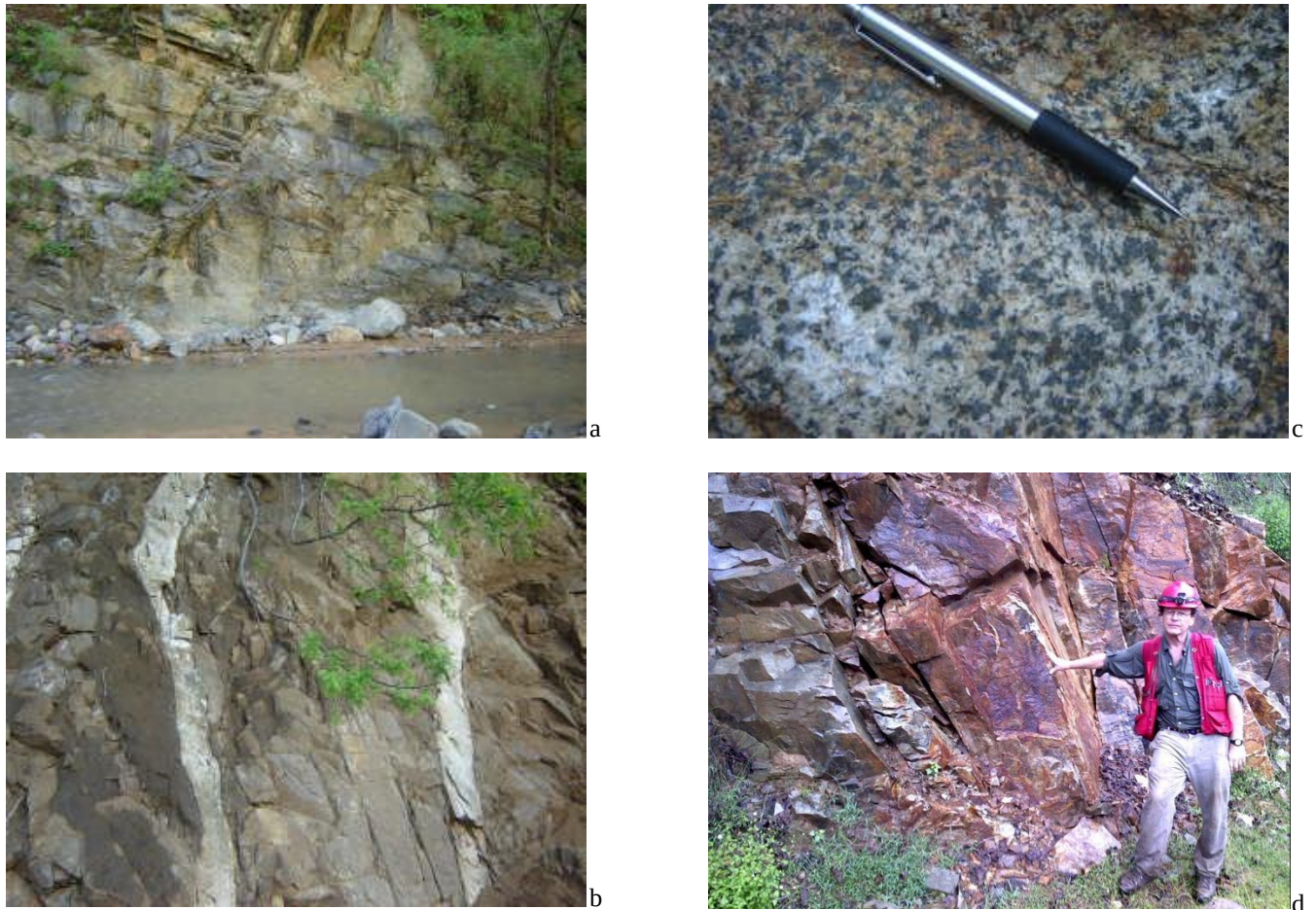


Figure 7.3. Surface exposures of igneous rocks from San Andrés project. Photos a, b, and c from Motilla y Candelaria (2009). a) Diorite exposure on San Andrés Arroyo. b) Aplite dykes (possibly same as quartz-porphyry dykes seen in core). c) Close up of monzonite porphyry. d) Author of this report stands in front of monzonite porphyry; high-angle contact of monzonite porphyry with diorite is about 1.5 m to viewer's left of author's right hand.

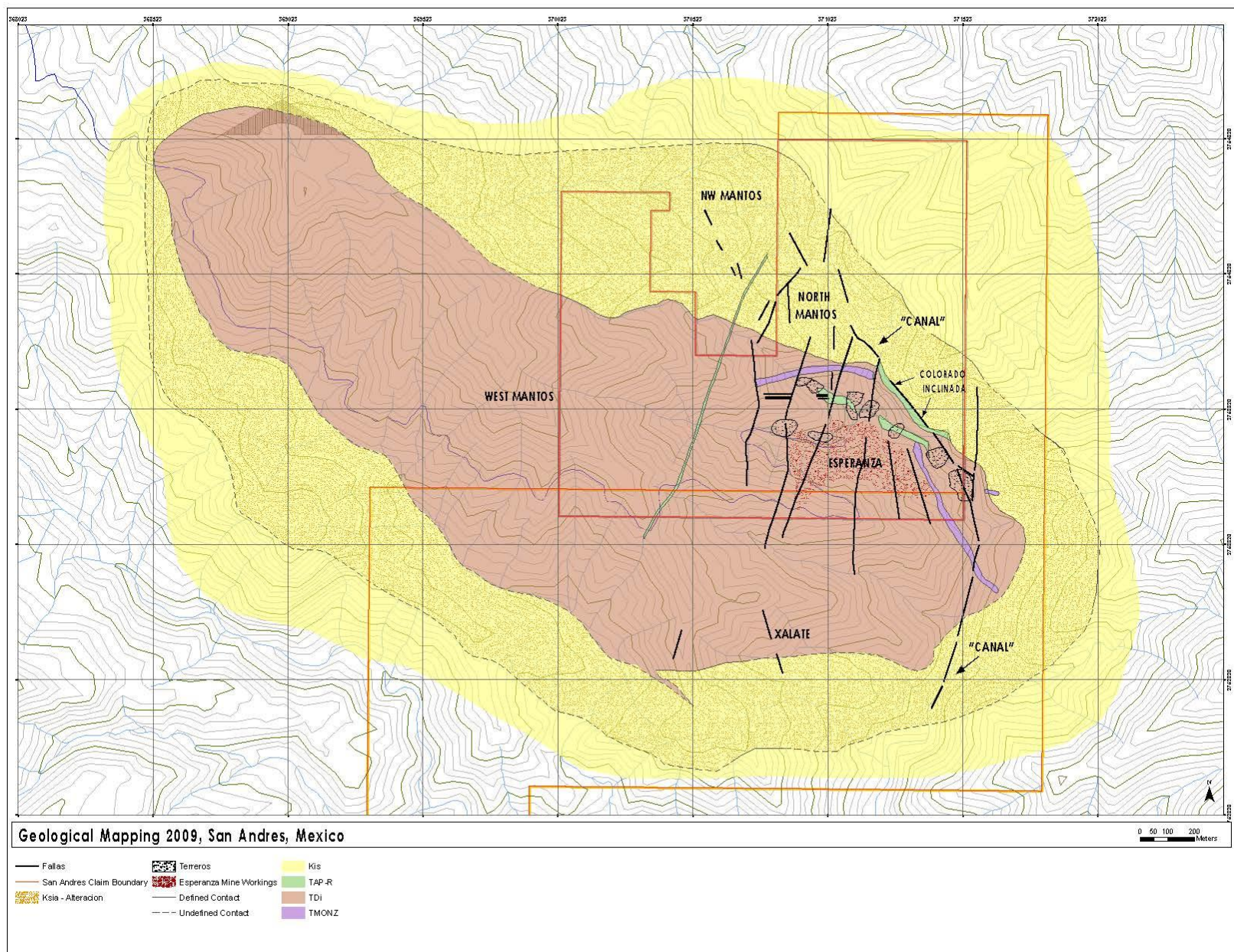


Figure 7.4. Geologic map of San Andrés project stock and surrounding altered sedimentary rocks. From Parish, 2010. Yellow represents flysch sequence, orange is diorite, green is aplite, and lavender is monzonite porphyry.

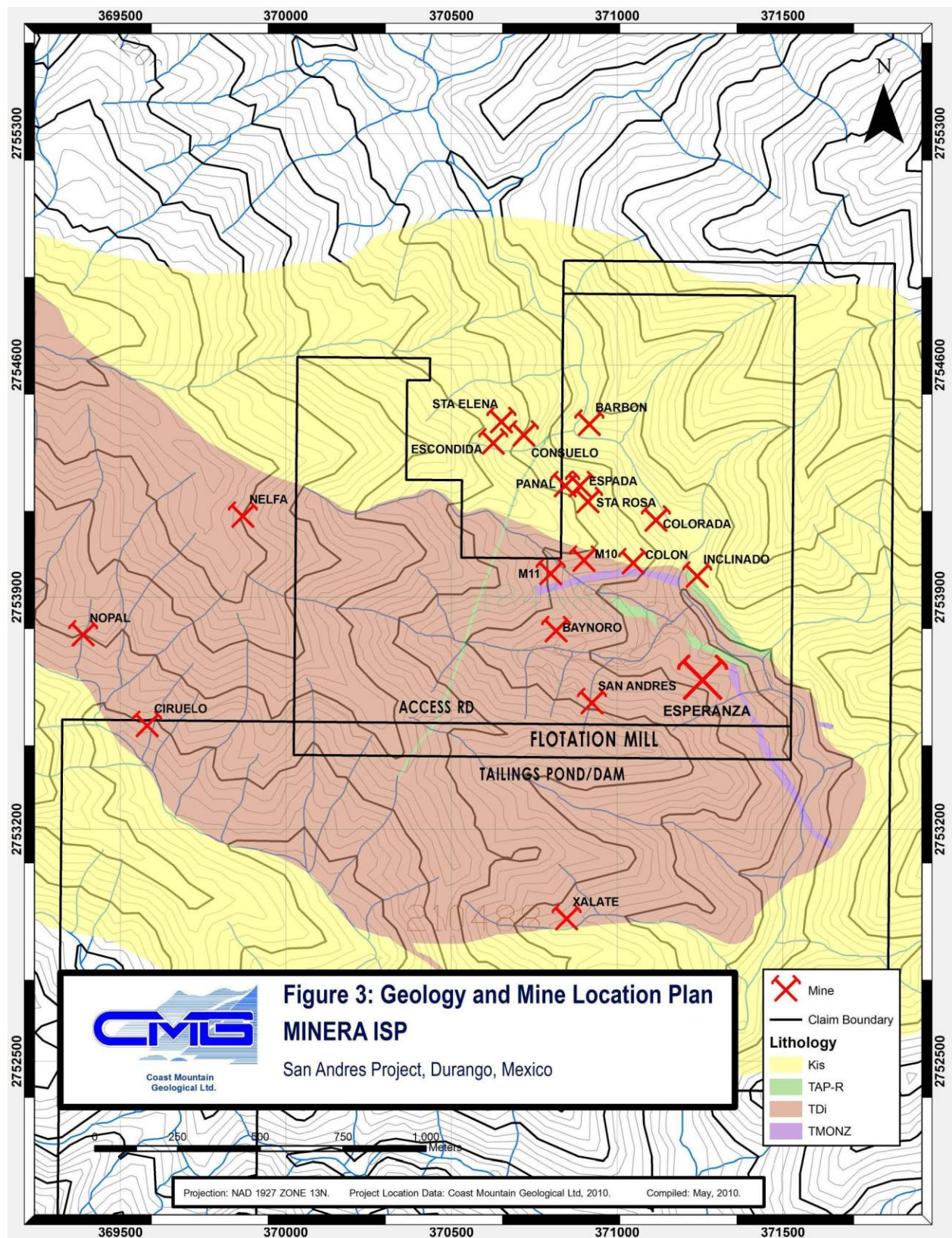


Figure 7.5. Geologic map of the eastern part of the San Andrés intrusive complex, showing mine opening locations. From Parish, 2010.



a



b



c

Figure 7.5. Esperanza vein. a) Pencil points to massive argentiferous galena. b) Pinch-and-swell structure. Arrows show possible stress field orientation leading to open-space vein filling. c) level 840, sigmoid fabric (photo from Crespo (2012)).

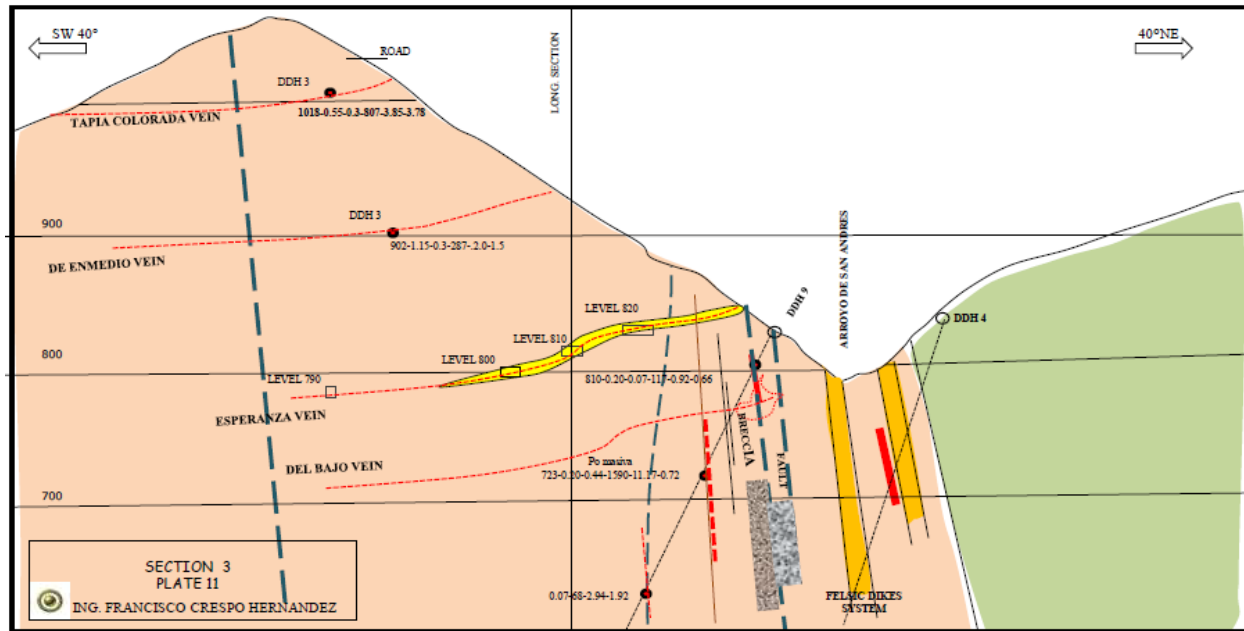


Figure 7.6. Schematic cross section showing subparallel and subhorizontal veins (from Crespo, 2012b). Del Bajo vein is known from drilling. Pink is diorite stock, green represents sedimentary rocks.

8.0 DEPOSIT TYPES

Mineralization at the San Andrés project is dominated by structurally controlled epithermal veins with style and grades similar to other occurrences in this portion of the Sierra Madre. Some of the investigators at San Andrés have speculated that mineralization in the eastern part of the project may be of the sedimentary-exhalative (SEDEX) type.

Epithermal deposits have silver, gold, copper, lead, or zinc-bearing minerals either disseminated through the ore-body, contained in a network of narrow veins, or in single discrete thicker veins. They are formed at relatively shallow depths, less than 1 km from the surface. They are generally believed to be derived from a deeper magmatic source. Epithermal deposits may be low-grade bulk tonnage deposits mined in open pits, or high-grade discrete veins amenable to underground mining.

SEDEX deposits are interpreted to have been formed by release of metal-bearing hydrothermal fluids on the sea floor. SEDEX deposits are stratiform, that is, they form layers in sedimentary rocks.

The great majority of production from the period 1890-1910 was from nearly horizontal veins hosted by diorite (e.g.: the Esperanza, de en Medio, and Tapia Colorada veins), with smaller production from bedding-parallel veins hosted by sedimentary rocks. Future exploration should be guided by the concepts of epithermal mineralization: low angle veins and high-angle dykes with disseminated and veinlet mineralization, potentially leading to bulk mineable mineralized intrusive bodies; and, more remotely, the SEDEX (sedimentary-exhalative) -type stratiform mineralization in the sedimentary rocks.

8.1 Low-angle epithermal veins

Some previous reports refer to veins at San Andrés as *mantos* (manto = mantle, or layer), referring to their nearly horizontal geometry. They are not to be confused with *mantos* as understood from sedimentary rock-hosted stratiform or stratabound deposits,

since the San Andrés veins are clearly epithermal and mostly hosted by igneous rocks. Mapping and sampling of the accessible workings suggests that the veins within the igneous host were emplaced along zones of low angle fracturing. Parish (2010) suggests that the low angle fractures were formed during cooling of the diorite stock. Motilla and Candelaria (2009) propose that VMS-type strataform (SEDEX) mineralization may occur in the San Juan de Camarones Fm. east of the intrusive complex contact.

8.2 Sediment-hosted mineralization

Sedimentary rocks exposed to the east and northeast of the Esperanza mine are extensively altered with strong limonite, hematite and argillic alteration. Geochemical sampling outlined a large (>1sq km) K-Ba-Na anomaly in this area, which has been interpreted to suggest potential for a concealed SEDEX deposit (Motilla and Candelaria, 2009; Parish, 2010; Crespo, 2012a & b).

The author of this report was unable to visit exposures of and prospects hosted by the San Juan de Camarones Fm. to the east of Arroyo Las Canelas due to high water during a passing tropical storm at the time of his visit.

Parish (2010) describes the sedimentary rocks to the north and east of the intrusive complex as having strong limonite and hematite alteration after pyrite and pervasive argillic alteration. Motilla and Candelaria (2009) documented a Ba and K geochemical anomaly in these rocks and described stratiform mineralization in the sedimentary rocks. They went on to postulate a volcanogenic massive sulphide (VMS) origin to mineralization at San Andrés, in large part on the basis of a factor analysis of results of geochemical sampling. Crespo (2012a and b) followed this line of reasoning, concluding that sediment-hosted mineralization was a hybrid VMS-SEDEX type.

In the opinion of the author of this report, the general similarity of mineralization hosted by the intrusive complex to mineralization hosted by the sedimentary rocks and their proximity to each other suggest a common epithermal origin. Further exploration should be done with an epithermal model as a basis, but should also test the SEDEX concept in the sedimentary rocks.

8.3 Mineralization hosted by dykes

Crespo (2012a) mentions dyke-hosted mineralization as an exploration target. The author of this report observed three intrusive types, apart from the main diorite body. Monzonite porphyry, quartz porphyry, and a dark grey to black, fine grained dyke with a possible fluidized texture cut the diorite stock and each contains veinlet and disseminated mineralization. The mineralized dykes may represent feeders of the low-angle veins, or may represent potentially bulk mineable mineralized intrusive bodies.

9.0 EXPLORATION

Exploration of the San Andrés project prior to the Mexican Revolution (1910-1920) resulted in the discovery and development of numerous veins as described in Section 6.0 of this report. In 1923 the San Andrés Mining Company attempted to restart the mine (Engineering and Mining Journal, 1923) but apparently was unsuccessful. No exploration work is recorded from the 1920s until the 1990s.

9.1 Consejo de Recursos Minerales (Mexican Geological Survey), 1990s

Consejo geologists conducted studies that resulted in two reports (Cruz, 1993; and García, 1997) on the San Andrés area, in addition to the publication of a 1:50,000 geologic map of the San Gregorio G13-C56 quadrangle.

Cruz (1993) described the general geology and vein mineralization of the San Andrés area and analyzed 71 samples from underground and surface exposures, and recommended a first pass drill program to explore potential extensions of known veins.

9.2 Minera ISP, 2008 – 2009

Minera ISP gained control of the San Andrés property, optioning the San Andrés and 3a Ampliación de San Andrés concessions in 2008. Minera ISP constructed and 20 kms of road, rehabilitated mine portals, cleared the mill site, constructed a tailings dam and impoundment, and constructed a 150-tpd (later expanded to 300 tpd) flotation mill and a 60-man camp. ISP drilled three holes for geotechnical data during this period.

Minera ISP operated the plant for 10 months in 2009-2010, processing approximately 34,000 tonnes of material from dumps (primarily the Esperanza dump). A smaller amount of material was brought to the plant from backfill in the workings.

9.2.1 Coast Mountain Geological program

In 2009 Minera ISP contracted Coast Mountain Geological to conduct an exploration program. Parish (2010) summarized Coast Mountain's program as follows:

Minera ISP contracted Coast Mountain Geological in 2009 to conduct an exploration program consisting of surface and underground geological mapping and sampling. Rock-chip and channel sampling was conducted of exposed surface underground veins and alteration zones. Backfill material and mine dumps were also sampled to determine grade for possible mill feed.

The initial efforts of this exploration program focused on locating the historical workings. With the exception of the Esperanza portal virtually all of the historical mine portals were caved in to some degree. The majority of these were cleared manually to allow safe access. More than 20 portals were opened exposing historical workings varying from 10's of metres to 10's of hectares in extent. The mine portals were located with a handheld GPS and topographic map control and the internal workings surveyed by chain and compass.

The flat lying veins exploited within the intrusive revealed the most extensive historical exploitation with the Esperanza and connected mines extending over a 30 hectare area. Approximately half of the 2009 exploration effort focused on the opening, mapping and sampling of these mines.

A total of 407 samples, including standards, blanks and duplicates were collected and shipped to SGS Laboratories in Durango. In-situ samples were collected as chip-channel samples with hammer and chisel over noted widths. Backfill-retaque-dump samples were collected as random grab samples over a 3 to 5 square meter area.

All samples were prepared and bagged on site by CMG personnel and then delivered by CMG to SGS Labs in Durango for analysis.

Geological mapping during this exploration program focused on the area around the Esperanza Mine, and to the north into the marine sediments and to the west to determine the outcropping extent of the granodiorite. Along the western limit of the property, some three kilometres west of Esperanza, the Ciruelo, Nopal and Nelfa mines were located and sampled. These exhibit flat, sub-horizontal silver-lead-zinc veins in the granodiorite host. This presents evidence that the Esperanza vein system within the granodiorite may have significant lateral extent that has yet to see exploitation.

Reconnaissance and orientation traverses were conducted to the south of the Esperanza

though this work was limited in extent.

CMG's sampling results are summarized in Table 9.1. Complete sample descriptions and results appear in Appendix II. CMG's sample locations are shown in Figures 9.1 and 9.2.

9.2.2 Remote Sensing study

Minera ISP commissioned a remote-sensing study of the region, which was able to generally identify general lithologic units, lineaments, and general presence of iron oxides and clay (Chee, 2009).

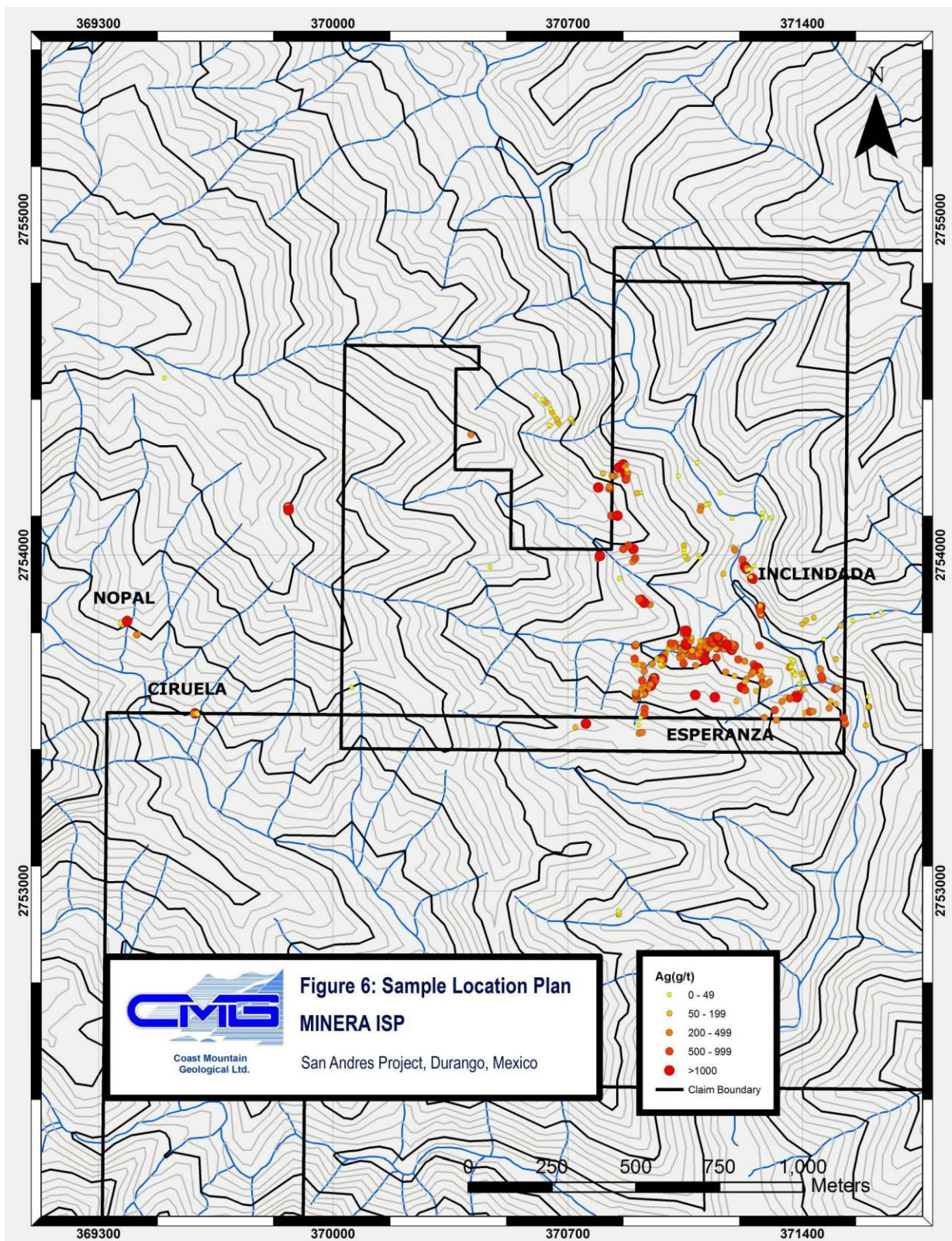


Figure 9.1. Rock sample location map from 2009 CMG program, San Andrés project.

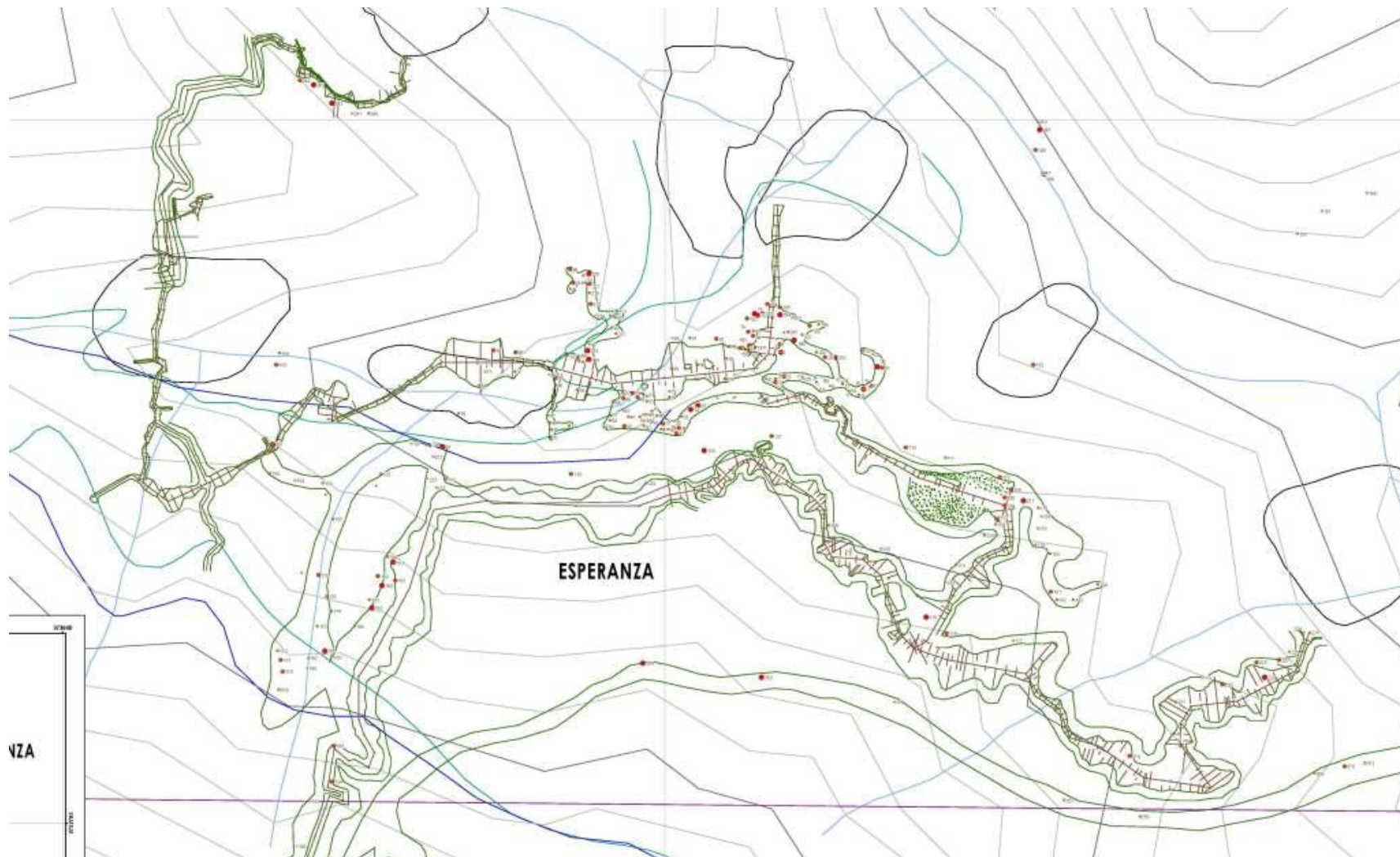


Figure 9.2. Portion of plan view of underground rock sample locations (tiny red dots) from CMG program (CMG 2009). North to top of map. Map covers area about 800m wide.

Table 9.1 Summary of results of CMG 2009 rock sampling program.

ESPERANZA MINE SAMPLING SUMMARY:									
Vein Sampling:		Samples:	126	Au	Ag	Pb	Zn	Width	
				g/t	g/t	%	%	m	
				Average:	0.32	578.25	3.07	1.27	0.38
				Std. Dev.:	0.46	583.13	3.19	1.22	0.23
High Vein Values:									
	Sample	East	North						
	77	371134.50	2753755.00	0.96	4280	22.60	1.76	0.20	
	253	371138.00	2753577.00	1.01	2470	17.70	3.56	0.15	
	204	371147.00	2753754.50	0.02	2430	7.36	2.49	0.40	
	209	371053.50	2753732.50	0.07	1990	5.59	3.09	0.20	
	229	371384.00	2753577.00	0.35	1320	5.51	0.40	0.30	
	245	371274.00	2753845.00	0.97	1640	3.83	0.06	0.30	
	275	371250.00	2753930.00	1.39	1030	9.96	0.13	0.40	
	76	370982.00	2753690.00	0.69	1290	7.42	4.96	0.30	
	31	371107.00	2753710.00	0.73	1650	1.59	4.42	0.30	
Esperanza Footwall Sampling:				Au	Ag	Pb	Zn	Width	
				g/t	g/t	%	%	m	
				Average:	0.02	17	0.09	0.04	0.88
High Footwall Values:									
				0.02	43	0.45	0.04	0.70	
				0.02	28	0.03	0.04	0.90	
Esperanza Other Samples:				Au	Ag	Pb	Zn	Width	
		Sample		g/t	g/t	%	%	m	
Fault within Esperanza		221		0.67	486	5.25	3.62	0.30	
Fault within Esperanza		222		1.07	122	0.83	0.23	0.20	

Esperanza Vein (Intrusive Hosted) - Mina 10 + 11:				Au	Ag	Pb	Zn	Width
	Sample	East	North	g/t	g/t	%	%	m
Mina 10	345	370895.00	2754018.00	0.26	1120	6.26	4.91	0.13
Mina 10	346	370881.00	2754029.00	0.15	888	7.78	2.52	0.12
Mina 11	349	370796.00	2753998.00	0.45	1830	4.36	2.90	0.35
Esperanza Retaques - Backfill Sampling				Au g/t	Ag g/t	Pb %	Zn %	Sample
Samples: 91			Average	0.24	490.03	2.50	1.57	
			St. Dev.	0.21	419.01	1.67	1.13	

WESTERN INTRUSIVE HOSTED VEINS:								
Nelfa, Nopal, Ciruela, Camino Mines				Au	Ag	Pb	Zn	Width
	Sample	East	North	g/t	g/t	%	%	m
Mina Nelfa	313	369868.00	2754139.00	0.23	458	3.00	0.45	0.20
Mina Nelfa	314	369867.00	2754142.00	1.05	1210	3.59	0.11	0.20
Terrero Nelfa	317	369868.00	2754134.00	0.36	2080	5.39	2.73	Dump
Mina Nopal	329	369414.00	2753763.00	0.31	321	0.08	0.12	0.80
Mina Ciruelo	319	369589.00	2753529.00	0.30	1540	10.20	1.76	0.60
Mina Ciruelo	322	369584.00	2753528.00	0.12	203	1.84	2.02	0.60
Mina Camino	356	369385.00	2753803.00	0.52	1090	3.50	0.94	0.40

Table 9.1 (continued). Summary of results of CMG 2009 rock sampling program.

SEDIMENT HOSTED VEINS								
Inclinada and Colorada Mines				Au	Ag	Pb	Zn	Width
	Sample	East	North	g/t	g/t	%	%	m
Inclinada	289	371221.00	2753986.00	0.28	910	3.46	2.15	0.50
Inclinada	290	371224.00	2753973.50	0.76	417	4.58	0.34	0.30
Inclinada	291	371228.00	2753965.50	4.51	1020	6.97	0.58	0.30
Inclinada	292	371232.00	2753959.50	1.30	1670	11.30	0.04	0.30
Mina Colorada	333	371097.00	2754144.00	0.16	345	1.25	0.10	Retaq.
Mina Colorada	334	371095.00	2754134.00	0.08	298	1.21	1.09	Retaq.
Mina del Agua	352	371198.00	2754015.00	0.27	459	1.93	0.02	0.50
Northern Veins: Panal, Espada, Sta. Rosa Mines				Au	Ag	Pb	Zn	Width
	Sample	East	North	g/t	g/t	%	%	m
Mantos Nte	279	370824.00	2754199.00	0.15	750	1.46	1.01	0.30
Mantos Nte	281	370791.00	2754201.00	0.42	2930	9.49	8.55	0.15
Veta Norte	283	370852.00	2754260.00	0.54	2040	6.00	1.58	0.40
Veta Norte	284	370865.00	2754270.00	0.86	3710	11.90	0.16	0.30
Mina Panal	370	370848.00	2754117.00	0.26	1900	6.42	1.10	0.40
Mina Espada	376	370871.00	2754263.00	0.15	463	0.67	0.11	0.40
Mina Espada	377	370872.00	2754242.00	0.28	1200	3.77	0.20	0.40
Mina Espada	379	370873.00	2754224.00	0.33	622	3.02	1.16	0.30
Northwestern Veins: Consuelo, Sta. Elena Mines				Au	Ag	Pb	Zn	Width
	Sample	East	North	g/t	g/t	%	%	m
Mina Consuelo	389	370711.00	2754401.00	0.65	117	3.62	0.07	1.10
Mina Consuelo	388	370710.00	2754401.00	0.07	15	0.34	0.01	1.10
Mina Sta Elena	394	370672.00	2754393.00	0.09	120	1.43	0.06	1.00
Mina Sta Elena	396	370667.00	2754405.00	0.13	118	2.99	0.06	1.00
Mina Sta Elena	402	370636.00	2754452.00	0.50	64	6.08	4.61	0.50

9.3 Minera Frisco (Fresnillo), 2010 – 2012

9.3.1 Drilling

Minera Frisco optioned the property from Minera ISP during 2010 and 2012, drilling 3,368 m in 13 core holes. Details of Frisco's program are given in section 10 of this report.

9.3.2 Ground Magnetic Survey

Fresnillo conducted a ground magnetic survey at San Andrés in 2009. C. Basil of Coast Mountain Geological interpreted the results as seen in Figure 9.3. Magnetic highs and lows appear to correspond to NNW-SSE structures, possibly related to mineralization feeder structures, to post mineral faulting, or to both.

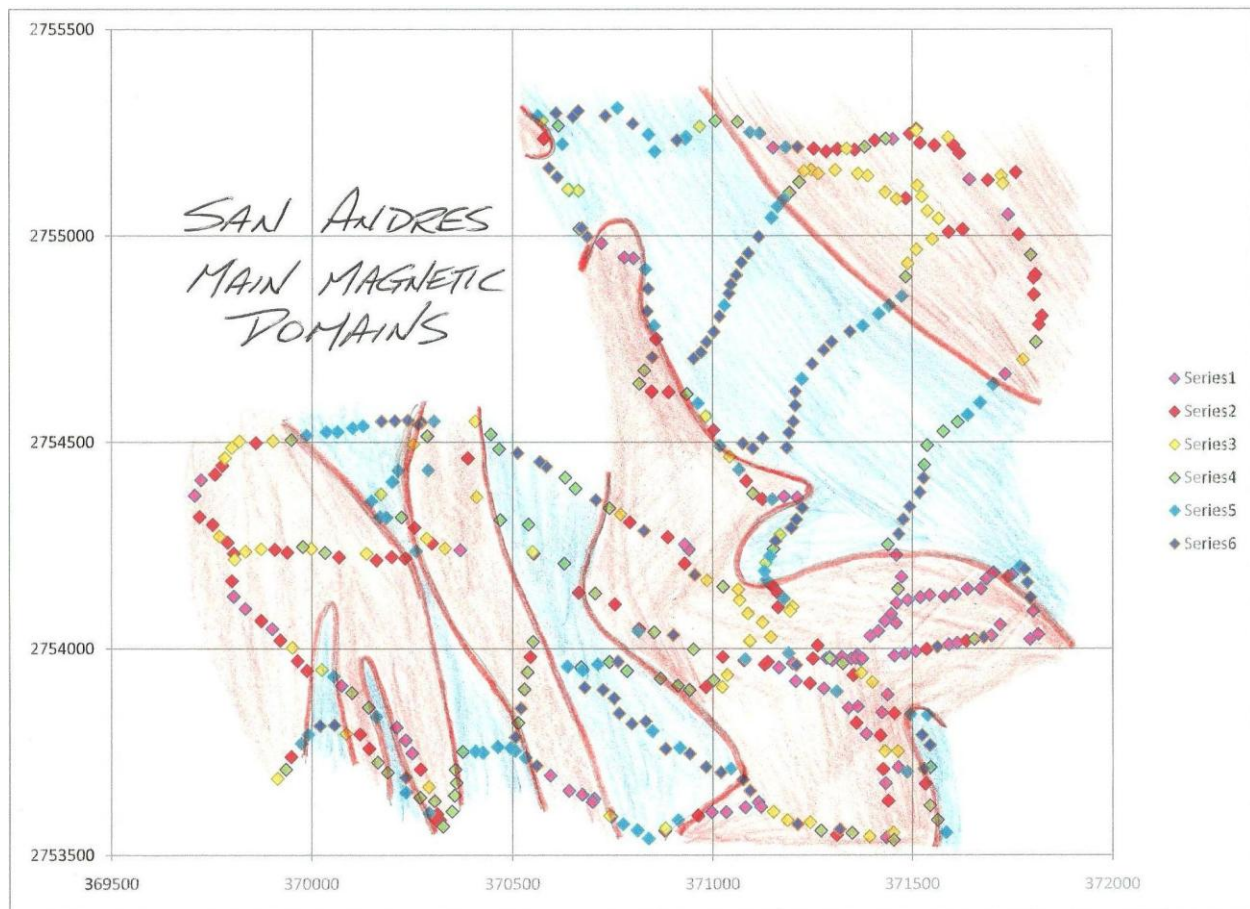


Figure 9.3. Interpreted results of ground magnetic survey, San Andrés project. Note general NNW-SSE trend of anomalies. From Minera ISP data files.

10.0 DRILLING

10.1 Geotechnical Core Drilling Program – Minera ISP, 2008

Three vertical geotechnical holes totaling 120m were completed by Minera ISP in 2008 in the area of the tailings pond and dam, about 200 metres south of the processing plant (Figure 7.5). The deepest of the holes was 55m. A review by CMG geologists report that the core stored on site showed all were within the granodiorite unit with no evidence of sulphide-bearing veins or significant mineralization. No samples were taken for analysis (Parish, 2010). The author of this report did not review these holes. Precise location coordinates of the hole collars were not available.

10.2 Core Drilling Program – Minera Frisco, 2010-2012

Minera Frisco drilled 13 core holes totaling 3,368 metres during the term of the ISP-Frisco joint venture (Table 10.1). Collar locations are shown in Figure 10.1. Collars are marked in the field by cement plugs that are flush with the ground surface. At the time of this report's author's visit, the cement plugs were covered with soil, but could be exposed with a shovel. Handwritten logs are presented in Appendix II. Core is stored in plastic boxes away from direct sunlight in buildings areas at the San Andrés processing plant (Figure 10.2).

In general, drilling was oriented to cut vein mineralization at angles between 50 and 90 degrees to core axes. True thicknesses of mineralized intervals therefore range from 75% to 100% of the drilled interval.

Table 10.1. Summary of 2010-2012 Minera Frisco drill campaign. Drilling results are summarized in Table 10.2.

Hole	UTM coordinates (NAD 27, UTM Zone 13N)		Collar Elevation (m)	Azimuth	Inclination	Total depth (m)	Elev. at TD (m)
	E	N					
BDSA-01	371 145	2 753 815	840	255°	-60°	303.45	577
BDSA-02	371 229	2 753 843	800	220°	-75°	185.5	621
BDSA-03	371 143	2 753 432	1040	320°	-70°	209.4	843
BDSA-04	371 393	2 753 780	815	270°	-65°	361.4	487
BDSA-05	370 700	2 753 743	947	70°	-80°	151.1	798
BDSA-06	371 050	2 753 720	840	15°	-75°	97.7	746
BDSA-07	371 546	2 753 526	846	220°	-60°	251.3	628
BDSA-08	371 025	2 753 153	885	0	-90°	330.9	885
BDSA-09	371 322	2 753 680	920	220°	-65°	254.6	689
BDSA-10	371 493	2 753 759	810	220°	-60°	298.9	607
BDSA-11	371 279	2 754 116	835	170°	-50°	300.45	605
BDSA-12	370 872	2 753 774	935	10°	-50°	300.45	705
BDSA-13	371 260	2 754 123	835	230°	-50°	323.3	587
Total metres drilled						3,368	

Table 10.2. Summary of mineralized intercepts, Minera Frisco 2010-2012 drill program at San Andrés.

Hole		From (m)	To (m)	Interval (m) @ Ag g/t
BDSA-01		21.85	23.40	1.50 m @ 58.11 g/t Ag
		53.65	59.20	5.60 m @ 35.75 g/t Ag
BDSA-02		3.15	23.20	20.10 m @ 57.61 g/t Ag
	<i>including</i>	13.20	14.95	1.80 m @ 213.37 g/t Ag
		28.90	32.95	4.10 m @ 80.55 g/t Ag
		45.65	55.80	10.15 m @ 26.57 g/t Ag
		58.20	59.85	1.80 m @ 119.30 g/t Ag
BDSA-03		59.85	68.55	8.80 m @ 54.61 g/t Ag
		23.95	24.50	0.50 m @ 733.71 g/t Ag
		147.85	148.20	0.35 m @ 799.99 g/t Ag
BDSA-04		82.65	93.90	11.25 m @ 21.46 g/t Ag
	<i>including</i>	91.80	93.90	2.10 m @ 60.21 g/t Ag
		116.50	125.50	9.00 m @ 36.85 g/t Ag
		193.60	198.50	4.90 m @ 221.07 g/t Ag
		201.55	209.50	7.95 m @ 42.57 g/t Ag
		223.90	225.45	1.60 m @ 877.15 g/t Ag
BDSA-05		258.45	258.80	0.40 m @ 421.6 g/t Ag
		35.93	37.92	1.99 m @ 60.95 g/t Ag
BDSA-06		67.71	70.35	2.64 m @ 83.09 g/t Ag
	<i>including</i>	69.07	69.32	0.25 m @ 821.09 g/t Ag
BDSA-07		164.00	164.30	0.30 m @ 273.49 g/t Ag
BDSA-08		127.00	127.20	0.20 m @ 489.14 g/t Ag
BDSA-09		22.45	22.60	0.15 m @ 117.33 g/t Ag
		118.20	118.95	0.75 m @ 220.70 g/t Ag
BDSA-10		180.15	189.10	8.95 m @ 59.26 g/t Ag
	<i>including</i>	180.15	181.95	1.80 m @ 166.05 g/t Ag
BDSA-11		174.95	176.50	1.55 m @ 147.48 g/t Ag
	<i>including</i>	175.70	175.95	0.25 m @ 848.83 g/t Ag
BDSA-12		144.35	145.75	1.40 m @ 160.79 g/t Ag
BDSA-13		194.05	198.70	4.65 m @ 35.32 g/t Ag
		289.10	290.80	1.70 m @ 57.60 g/t Ag

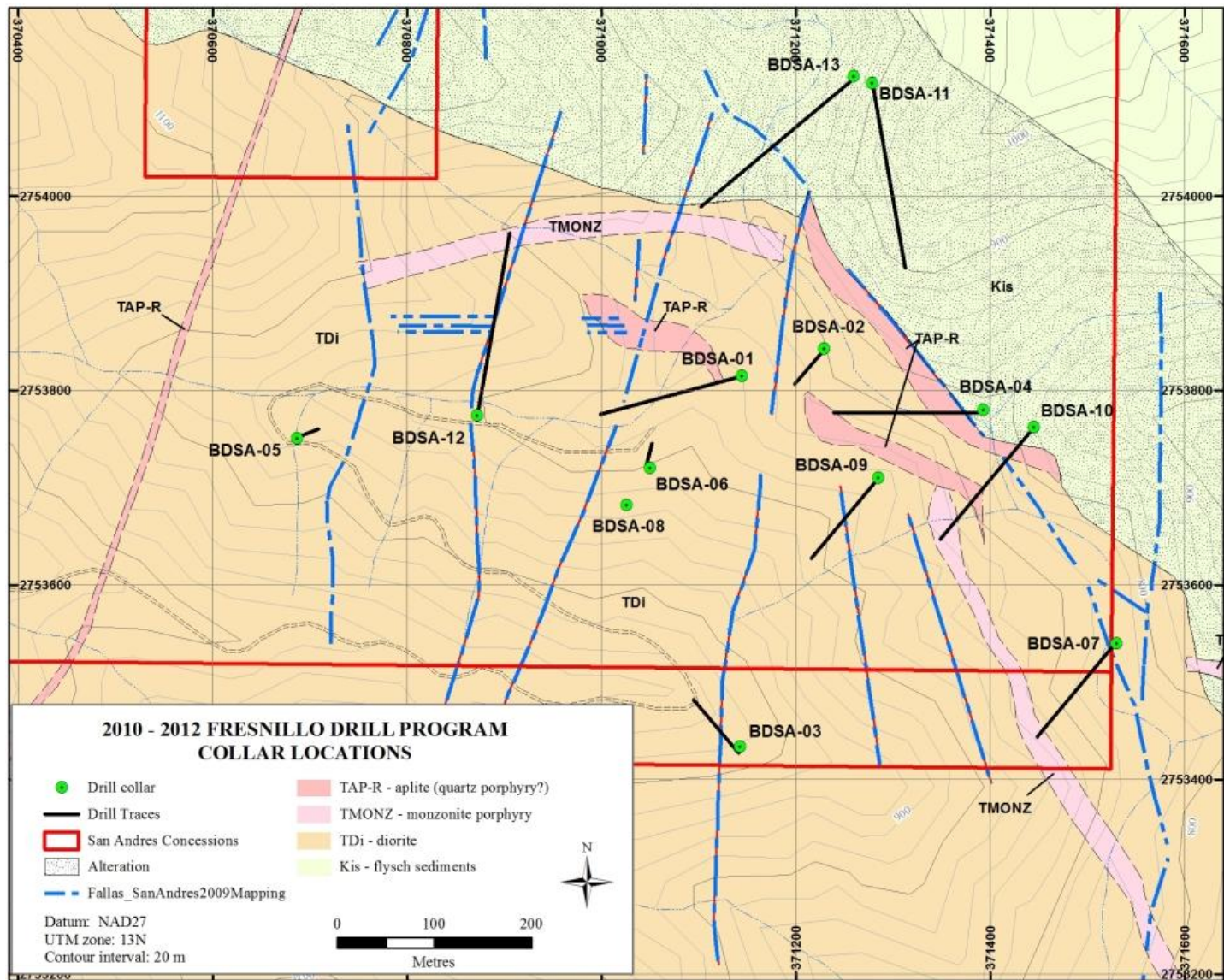


Figure 10.1 Drill-collar location map, 2010 – 2012 Fresnillo program, San Andrés project.



Figure 10.2. Core storage at the San Andrés processing plant. Holes 1 through 9 are stored in the generator bay at the processing plant. Holes 10-13 are stored in the assay laboratory (not pictured) about 20 m from the processing plant.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

In the opinion of this report's author, adequate quality control/quality assurance, sample-security measures, and sample preparation and analysis have been performed to warrant the report's conclusions. Future sampling should be done with a regular system of insertion of standards, duplicates, and blanks into the sample stream.

SGS Laboratories and CIDEDEC, the analytical laboratories used during the 2009 and 2010-2012 exploration programs, are independent of Full Metal Zinc, as well as of Minera ISP, Coast Mountain Geological, and Minera Frisco.

11.1 Coast Mountain Geological Program, 2009

During CMG's 2009 exploration program 407 samples, including standards, blanks, and duplicates were collected and shipped to SGS Laboratories in Durango. In-situ samples were collected as chip-channel samples with hammer and moil over noted widths. Backfill-retaque-dump samples were collected as random grab samples over a 3 to 5 square metre area. All samples were captured in plastic bags, tagged, and tied shut with locking zap straps. The bags were under the supervision of CMG personnel at all times until they were delivered to SGS Laboratories in Durango.

Parish (2010) described the CMG sample analysis protocol as follows:

Samples collected during the CMG exploration program were submitted for analysis by SGS Laboratories using industry standard preparation methods of crushing, splitting and pulverizing at their sample preparation facility in Durango. SGS Durango conducted 34 element analysis by 2-acid digest and Inductively Coupled Plasma Optical Emission Spectrometry (ICP). Sample pulps were then shipped by SGS to their laboratory in Guanajuato, Mexico, for analysis for As, Cu, Pb, Sb, and Zn by atomic absorption. Gold and silver were analyzed by fire assay with atomic absorption finish, and samples with values exceeding upper detection limits were subsequently re-assayed with a gravimetric finish. SGS Laboratories is ISO/IEC 17025:2005 accredited.

The results returned verified the historical and anecdotal evidence of high-grade silver-lead-zinc mineralization that supported the historical mining and smelting that occurred at San Andrés.

Summaries of the sampling results are presented in Table 9.1. Complete sample analyses appear in Appendix II.

11.2 Fresnillo Rock and Drill Sampling Program, 2010-2012

Details of Fresnillo's sampling procedure are not available. Inspection of selected core intervals showed that most of the core was split (rather than sawed), and that sample intervals ranged from 0.10 to 2.60 m. No information was available regarding shipment method, chain of custody, or quality control/quality assurance. Analyses were performed by Centro de Investigación y Desarrollo Carso (CIDEDEC) in Zacatecas. CIDEDEC is ISO 9001, ISO 14001, ISO/IEC 17025 accredited.

Fresnillo's drill core samples were analyzed for gold and silver using spectrometry method PPLM-6.15. Pb, Zn, Cu, Fe, and As were analyzed using spectrometry method PPLM 6.16. Summaries of mineralized intercepts are presented in Table 11.2. Complete analytical results appear in Appendices IV and V.

11.3 Maynard visit, 2013

The author of this report took three samples of mineralized veins to confirm results reported by Coast Mountain Geological's 2009 program. Samples were collected by the author, bagged, sealed, and personally delivered to the SGS prep lab in Durango. The samples were then sent to Vancouver for

preparation and analysis. SGS is ISO/IEC 17025:2005 accredited. SGS is independent of Minera ISP (the vendor), of Full Metal Zinc (this report's issuer), and of the author of this report.

Samples were weighed, dried, and crushed to 75% passing 2 mm. A split of 250 grams was then pulverized to 85% passing 75 microns. Thirty grams of the resulting pulp were analyzed for gold using fire assay with an atomic absorption finish. Silver was analyzed using fire assay with a gravimetric finish. A 4-acid digestion - sodium peroxide fusion - inductively coupled plasma analysis was done for 33 elements as well.

12.0 DATA VERIFICATION

The author of this report inspected the core intervals in Table 12.1 and visually confirmed silver-lead mineralization (veins, veinlets, and disseminations of argentiferous galena) that appears to be consistent with the grades reported:

Table 12.1. Core intervals inspected by SR Maynard on 19 September 2013.

Hole	From (m)	To (m)
BDSA-02	0	100
BDSA-03	15	30
	140	150
BDSA-04	110	135
BDSA-11	270	275
BDSA-12	50	60
	140	150
BDSA-13	180	210

The author of this report collected 3 rock samples from underground locations adjacent to CMG samples (Table 12.2). The results of the author's sampling confirm the results of CMG's sampling. Analytical results of the 3 rock samples are presented in Appendix III.

Table 12.2. Maynard sampling at San Andrés project, comparison with CMG samples.

Maynard Sample	Location	Description	Ag (g/t)	Pb (%)	Au (g/t)	CMG sample	Ag (g/t)	Pb (%)	Au (g/t)
101444	Esperanza vein	flat vein mina 10. White calcite gangue	635	2.38	0.126	M-344	616	2.02	0.14
101445	Esperanza vein	flat galena pyrrhotite vein 10 cm thick	4040	8.95	1.340	M-107	839	4.29	0.53
101446	De Enmedio vein	15 cm calcite, quartz, galena, pyrrhotite vein. Mina 1.	2460	10.1	0.962	M-22	117	0.88	0.05

The author of this report did not perform a systematic review of available assay certificates and reported sample results for the purpose of verification for lack of time. cursory comparison of sample results to assay certificates showed only minor errors.

It is the opinion of the author that the available data is adequate for the purposes of the report.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Mineral Processing

The following two sections are taken from Parish's (2010) report on San Andrés, citing Ramírez (2010).

The concentrator plant of Minera ISP was designed to process lead/silver ore. The company installed standard equipment for crushing, grinding and froth flotation with a nominal daily capacity of 300 metric tons of ore. SGS laboratories at Durango conducted metallurgical test work on dump samples obtained from the mine property, results of which were used to design the processing scheme. Minera ISP produced and sold a lead/silver concentrate for eleven months from February through December, 2009.

The plant was built at 1,020 meters above mean sea level, on a flat surface cleared by a bulldozer. A minor amount of explosives was needed to fracture solid rock. The plant's initial configuration had a capacity of 150 mtpd. Six months after start-up, a second mill was installed to double the capacity to 300 mtpd. The company built roads between the mining operations and the processing plant and to the site of the tailings dam and impoundment.

Two 600 kW diesel generators were installed for supplying the energy requirements for the plant (one in operation, one on stand-by). The option exists in the future to connect the mill to the national energy grid by way of constructing a 6-km long spur line from the currently active La Sorpresa mine at San Miguel del Cantil.

The plant initially processed dump ore from the old mining operations and later added mill feed from backfill dump material from within the Esperanza Mine.

Process Description:

Figure 13.1 shows a flow sheet of the crushing section of the concentrator plant.

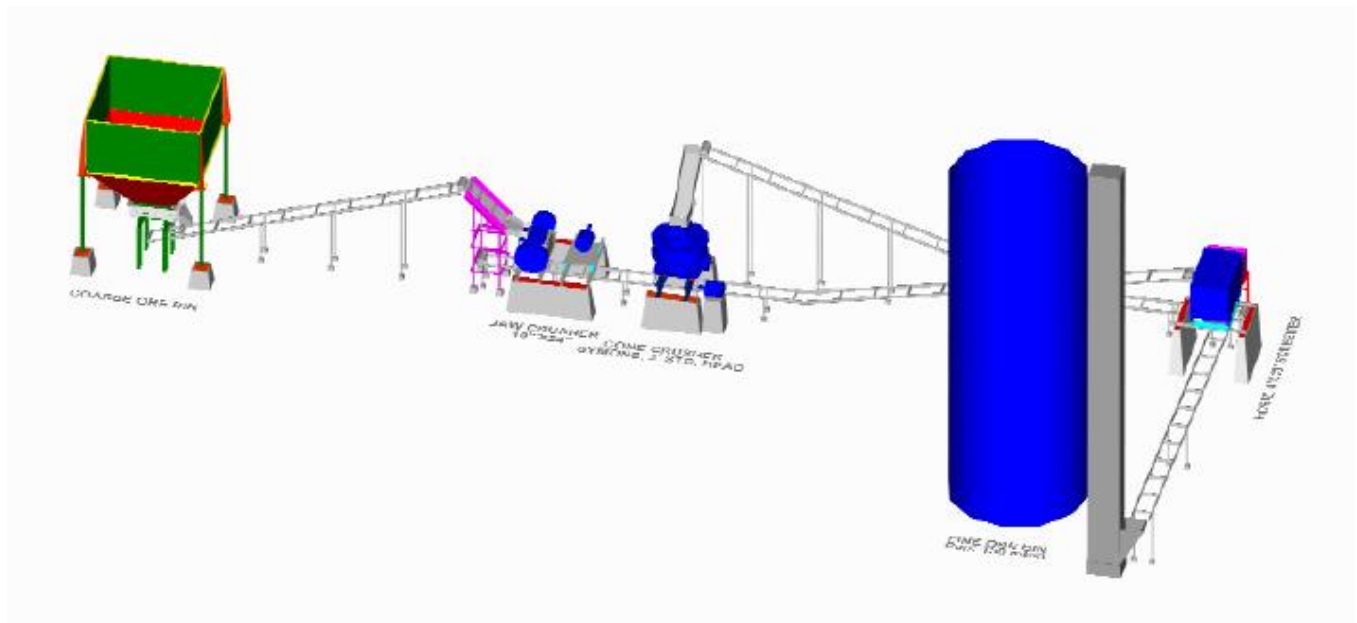


Figure 13.1. Schematic diagram of crushing plant at San Andrés project.

Dump trucks carry ore from mine dumps from historical workings and discharge the material to a 15 ton-capacity coarse bin. A grizzly consisting of parallel steel bars with 10 inches spacing is installed atop the bin. The retained coarse rock is

broken manually with a hammer. Below the bin an apron feeder is installed to regulate the ore discharge by means of variable speed gear reducer and motor drive; the ore discharges to belt conveyor No. 1, 24" wide, 14 mts long and at 12° incline to a static grizzly having 2" aperture; the minus 2" fraction conveyed to the screen classifier.

The plus 2" material is feed to a primary 10"x24" Pioneer jaw crusher, equipped with a 30 h.p. motor, adjusted to a 2 ½" closed side aperture. Belt conveyor No. 2, 26 mts long, 17° incline receives ore from the primary crusher and the minus 2" fraction from the grizzly. This belt conveyor discharges ore to a two deck, 4'x10' horizontal screener, and with a 10 h.p. motor. The control screen aperture is ¼"; the upper screen aperture is ¾". The plus ¼" material discharges to belt conveyor No. 3 and sent to a 3' Symons short head cone crusher, equipped with a 75 h.p. motor. Circulating load in this crushing/classifying circuit is around 120 %. Crushed ore coming from this crusher discharges to the belt conveyor No. 2.

Crushed ore to minus ¼" discharges from the screen to belt conveyor No.4. It discharges to a 13 mts high bucket elevator, equipped with a 3 h.p. motor and from this to the 150 tones capacity fine ore bin; dimensions of the bin are 10 mts high x 4 mts diameter.

Figure 13.2 shows the flow sheet of the grinding and flotation circuits. It also shows the tailings thickeners, water clarifier, concentrate thickener and concentrate filter.

Two identical Hardinge 7x4 conical ball mills grind 150 tpd each from a F80=6,350 microns to a P80=106 microns. Belt conveyors 5A and 5B, receive ore from the fine ore bin, each feeding a grinding mill. A belt scale is installed in one of these belt conveyors. The grinding circuits have two hydrocyclones Krebs type, size D10 each (one in operation, one in stand-by). Circulating load is in the order of 300%; cyclone slurry feed density is controlled with dilution water added to the sump (slurry sp.gr. is close to 1.06; solids density is 2.7 gr/cm³). Slurry density inside the mill is 72% solids. The cyclone overflow slurry density is around 28% solids. Each grinding circuit has two 2 ½"x2 ½" Denver SRL slurry pumps (one in operation, one in stand-by). Hardness of the ore is given by a work index of 14 kW-hr/sh tonne. Forged 2 ½" diameter steel balls are used as grinding media. Steel wear rate is in the order of 800 gr/mton. Power grinding consumption is in the order of 18 kW-hr/mton.

Slurry from the cyclone overflows are fed by gravity to a stirred conditioning tank. Residence time in this tank is 15 minutes. Flotation reagents (collector, promoter and frother reagents) are dosed at this point. The conditioned slurry is split equally to two rougher Galligher Agitair 40 ft³ flotation banks, total rougher capacity is 320 ft³. The rougher (primary) tails from the flotation banks flow by gravity to a single 320 ft³ cylindrical flotation cell. Flotation reagents are also added to this flotation cell. The scavenger concentrate (middlings) is pumped to the conditioning tank and fed to the roughing cells for reprocessing and the tails from this cell are final tailings, having a slurry density of 27% solids.

The concentrate from the rougher cells flows by gravity to a Denver Sub-A Model 18, 12 ft³ cleaning flotation bank; total cleaning capacity is 72 ft³. The tails from this bank (middlings) discharge by gravity to a sump and pumped to the conditioning tank and feed to the rougher cells. Two 2 ½" x 2" SRL pumps (one in operation, one in stand-by) are used. The concentrate from the scavenger flotation cell (middlings) are also sent to the conditioning tank and rougher cells.

The slurry of the final concentrate from the cleaning flotation bank flows by gravity to a concentrate thickener. The thickener underflow is pumped by two Denver simplex diaphragm pumps to a disk type vacuum filter. Water recovered from the thickener and filter is recycled to the mills and flotation banks. The concentrate with 12% humidity is sold and transported by truck to Manzanillo sea port in the Pacific coast, at around 600 km from the mine site.

The final tailings are thickened for process water recovery and disposal of a high density slurry to the tailings dam.

Tailings thickening is performed with three Sedcon thickeners. These units

work in parallel; a split box receives the pumped slurry from the scavenger flotation cell and equally splits the feed to the thickeners. Flocculant is diluted to 0.1% by weight and fed to the central cone of the thickeners and mixed with the incoming slurry in the central cone chamber. The Sedcon units work in similar fashion as the lamella settlers; the thickened underflow slurry is discharged through a pneumatic valve (AKO valve) and adjusted as to obtain maximum slurry density with minimum amount of slimes in the overflow. A fourth Sedcon unit (now used as water clarifier) receives the collected water overflow from the Sedcon thickeners.

No flocculant is needed for clear water overflow. Slurry density in the underflow is in the range of 35 to 45% solids by weight and intermittently discharged (45 minutes off, 5 minutes on). It is estimated that 60% (390 lts/min) of the water in the final tailings is recovered and recycled to the concentrator plant.

Figures 13.3 to 13.10 illustrate the concentrator plant and tailings dam.

There is a pumping station in a creek, 300 mts below the plant that has two water pumps, each with a capacity of 96 gpm. Each pump has a 40 h.p. electrical motor and there is a diesel engine for electrical generation. Water in the creek, for plant operation, is available approximately ten months per year; during the rest of the year (dry season), water for plant operation is obtained from a permanent river, San Gregorio, approximately 5 kms from the pumping station.



Figure 13.3. From right to left: coarse ore bin (apron feeder in green), belt conveyor No.1, grizzly, jaw crusher, cone crusher, and belt conveyors No. 2 and 3. Also shown is one rougher flotation bank.



Figure 13.4 Wider view of 16.3, showing horizontal vibrating screener along part of the ore bin. The mine office and lab appear in background.)



Figure 13.5. (Right to left) Fine ore bin and bucket elevator, belt conveyor 5a, Hardinge ball mills (yellow), and SEDCON final tailings thickeners (green).



Figure 13.6. Fine Ore Bin and SEDCON final tailings thickeners.



Figure 13.7. From left to right (in blue): cylindrical scavenger flotation cell, slurry conditioning tank, and rougher flotation banks.



Figure 13.8. From left to right: partial view of the concentrator thickener (gray), tailings sump, scavenging cylindrical flotation cell, ball mill discharge sumps, Hardinge mills and hydrocyclones (behind and up).



Figure 13.9. Tailings dam. Photograph taken three months after concentrator plant shut-off.

13.2 Recent Production History

Plant start-up commenced on the first days of January, 2009. Until February, continuous operation was possible for 12 hour daily shifts and to an equivalent feed tonnage of 150 mtpd. In June, a second grinding mill was installed and by the end of July both grinding and modified flotation circuits were fully operational for an average of 22 hours per day at an equivalent plant capacity of 300 tpd.

For the first four months of operation, a static screen was used close to the ore dumps in order to classify the minus 2 inches fraction. The coarse fraction was found to contain marginal silver values and thus rejected. The minus 2" material was transported to the plant by dump trucks. After the fourth month of operations, ore from mine backfill was selectively mined and transported to the plant for beneficiation. Previous sampling of the mine backfill showed higher silver grades than actual grades assayed in the plant head. For this reason, at the end of December it was decided to stop processing operations.

The average flotation reagents consumption during the entire operation of the plant was as follows:

- Promoter 7583, 34 g/t

- Promoter 7310, 83 g/t

- Frother, 82 g/t

Average final tailings density ranged from 55 to 58% solids by weight. Water recovery was around 70%.

Total average flocculant consumption was 28 g/t of final tails produced.

Summary of plant performance. The ore processed from February to December, 2009 totaled 34,331 tonnes. 454 tonnes of concentrate was produced assaying an average of 6,165 g/t of silver; average concentration ratio was 75.6:1. Average silver head grade during this time period was 116 g/t; average silver recovery was 69.63%; 89,310 ounces of silver were produced as concentrate during this period. Final tailings assayed an average of 36 g/t of silver.

Recovery estimates, as described in the above summary of plant performance, are based on comparisons of averages of head grades, assays of tails, and amount of silver recovered.

13.3 Metallurgical Testing

The following report is taken from Parish's (2010) summary of metallurgical testing as reported by Ramírez (2010), SGS Mineral Services (2009), and Minera ISP (2009). The samples were of dump material and are judged to be representative of the dumps. The dump material is partially oxidized, and is therefore not fully representative of unoxidized ore material. They are likely to be considerably lower grade than the material mined and processed in the pre-Mexican Revolution period.

The author of this report (Maynard) has no knowledge or indication of processing factors or deleterious elements that could have a significant effect on potential economic extraction.

Mineralogical analysis and metallurgical testing was conducted in January 2009 on dump samples obtained from the San Andres property. For mineralogical analysis, a sample of the dump ore was sent to SGS Mineral Services in Lakefield, Colorado. This was ground to 80% <200 Tyler mesh. A summary of the study is as follows:

Mineral Association:

Pyrite* (Py) Py*>Gn>Asp>Po>Cp>Sp>Td
 Galena (Gn) Py*>Gn>Asp>Po>Cp>Sp>Td
 Arsenopyrite (Asp) Py*>Gn>Asp>Sp
 Pyrrhotite (Po) Py*>Gn>Po>Cp>Td
 Chalcopyrite (Cp) Py*>Gn>Po>Cp>Td
 Sphalerite (Sp) Py*>Gn>Asp>Sp
 Tetrahedrite (Td) Py*>Gn>Po>Cp>Td
 • including marcasite & lepidocrocite

Table 13.1 Liberation of specific minerals.

Mineral	No. of Analyses	Liberated (%)	Attached (%)	Locked (%)
Pyrite (Py)*	242	64.00	7.00	29
Galena (Gn)	138	73.00	5.00	22
Arsenopyrite	129	69.00	69.00	25
Total	509			

*including marcasite & lepidocrocite

Metallurgical testing work conducted by SGS laboratories at Durango City on the mine dump samples obtained from the mine property by Minera ISP. The metallurgical test results were used to design the processing scheme.

A series of grinding/flotation tests were performed on composites of San Andres dump ore collected by Minera. Silver assays ranged from around 100 up to 350 grams per metric ton. Grinding/flotation preliminary tests indicated 80% minus 200 Tyler mesh is needed for optimal recoveries; however, a P80=106 microns was realistically chosen for economical liberation of values. After this preliminary testing work, a locked flotation test was conducted on sample of Esperanza dump ore.

The following data is a summary of the lock flotation testing used for process design:

- Head silver grade, gr/ton: 174
- Head gold grade, gr/ton: 0.12
- Head lead grade, %: 0.82
- Final concentrate silver grade, gr/ton: 3,255
- Final concentrate gold grade, gr/ton: 2.17
- Final concentrate lead grade, %: 11.803
- Final tailings silver grade, gr/ton: 0.41
- Final tailings gold grade, gr/ton: 0.04
- Final tailings lead grade, %: 0.424
- Silver recovery, %: 78
- Gold recovery, %: 70
- Lead recovery, %: 55
- Concentration ratio: 24.05
- ICP assaying on final concentrate gave the following additional results:
 - Arsenic, %: 1.137
 - Copper, %: 0.181
 - Cadmium, %: 0.064
 - Iron, %: 12.96
 - Zinc, %: 3.293

14.0 MINERAL RESOURCE ESTIMATES

No mineral resources have been determined that are compliant with current standards of disclosure, in any category.

15.0 ADJACENT PROPERTIES

San Andrés is located within the well known Sierra Madre Occidental Mineral Trend of north-western Mexico. Numerous Au, Ag, Pb, Zn deposits and mines are in the vicinity of the project (Consejo de Recursos Minerales, 1993). The author of this report did not independently verify the following specific information. The information about nearby mines and prospects is not necessarily indicative of the mineralization on the San Andrés property.

La Ciénega

The La Ciénega mine lies 13 kilometres to the northwest of San Andres. Industrias Peñoles commenced Ag, Au, Pb, and Zn production there in 1995 with a 800 ton/day plant. In 2008 Peñoles spun its precious metals division into Fresnillo PLC which then listed on the London Stock Exchange. The plant capacity has recently been expanded to 2500 tons/day and reported production for 2009 was 1,589,000 oz Ag, 103,510 oz Au, 6,118 tonnes Pb and 7,950 tonnes Zn (Fresnillo PLC, (2010).

La Sorpresa

Five kilometres to the northeast of San Andrés is the Au/Ag producing La Sorpresa mine at San Miguel del Cantil, which presently is operating a plant at 800 tonnes/day (J. Camacho, personal communication, 2013).

Montoros

The Au/Ag-producing Montoros Mining District lies 20 kilometres to the east of San Andrés (Consejo de Recursos Minerales, 1993).

Metates

About 10 kilometres to the west is the Metates Property. A NI 43-101 compliant mineral resource estimate for the Metates gold-silver project included a Measured and Indicated mineral resource of 1,149 million tonnes containing 18.5 million ounces of gold, 526 million ounces of silver, and 4.2 billion pounds of zinc (Chesapeake Gold Corp. 2013).

Bacís

The Bacís mining district and Grupo Bacís' El Herrero mine lies 50 kilometres to the southwest of San Andrés. The Ag/Au El Herrero mine has a production history dating back to the Spanish in the 1600s and presently is operating at 1,500 tonnes per day capacity (Consejo de Recursos Minerales, 1993).

16.0 OTHER RELEVANT DATA

No other data relevant to this report was found.

17.0 INTERPRETATION AND CONCLUSIONS

Structurally controlled subhorizontal epithermal Ag-Pb-Zn vein deposits occur over a 2 km by 1.5 km area at the San Andrés project along the northeastern margin of a diorite stock. Underground development prior to the 1910-1920 Mexican Revolution exploited high grade (>1 kg/t Ag) veins. Sampling and mapping by Coast Mountain Geological in 2009 and drilling by Fresnillo in 2010-2012, and inspection of drill core, and surface and underground exposures by the author of this report verify reported mineralization. Wide stopes may indicate a pinch-and-swell form to the veins, with wide ore shoots largely mined.

Flysch deposits of the San Juan de Camarones Fm. exposed to the east and northeast of the La Esperanza mine are reported to be extensively altered with strong limonite, hematite and argillic alteration. 2009 sampling outlined a large (>1 sq km) K-Ba-Na anomaly extending from southeast of the Inclínada mine northwestwards through the Colorada, Santa Rosa and Santa Elena mines. This anomaly has been interpreted to suggest potential for a concealed SEDEX deposit by some previous investigators. The author's preferred interpretation is that stratiform mineralization reported at La Inclínada is related to the event that mineralized the adjacent intrusive complex.

A set of high angle dykes contains veinlet and disseminated mineralization (galena-pyrrhotite) similar to that found in the subhorizontal veins. The author of this report considers these dykes to be possible important clues to deeper mineralization and feeders of known mineralization.

The San Andres project shows clear potential for epithermal Ag, Pb, Zn vein deposits and possible potential for discovery of SEDEX deposits. Minera ISP has significantly improved the access, and camp and processing plant development. Deposits of significance will ultimately be determined by the overall size of the mineralized body, whose dimensions, attitude and geometry will dictate economic viability together with commodity prices and infrastructure costs.

The existing information appears to be reliable and adequate for use as a basis of further exploration. Drill data, depending on re-logging and detailed verification of assay results, may be included in future resource estimates. There are no known risks or uncertainties that could reasonably affect the reliability or confidence in the exploration information.

The location of known mineralization in the lower slopes of a canyon suggests a high waste rock-to-ore ratio in an open pit-mining scenario.

18.0 RECOMMENDATIONS AND COST ESTIMATE

A 2-phase exploration program work totaling CDN \$924,000 is recommended to evaluate the San Andrés project. Phase 1 consists of detailed and semi-detailed geologic mapping and core logging with a view toward developing structural models of vein geometry that can be used in predicting the locations of ore shoots and drill targets to test these ideas. In addition, Phase 1 would include a program of reconnaissance geologic mapping and sampling in the Los Dorados concession area. The estimated cost for Phase 1 is CDN\$174,000 (Table 18.1).

The key components of Phase 1 are:

- Detailed underground and surface geologic mapping in the eastern part of the diorite stock and altered flysch sediments along the San Andrés Arroyo to define drill targets for epithermal vein and, possibly, SEDEX targets. In particular, this program is to follow up to the NW to determine if the Ba-K-Na anomaly and SEDEX evidence continues. Focus on structural modeling to identify major structures controlling mineralization.
- Semi-detailed geologic mapping within and on the margins of the diorite stock.
- Detailed re-logging of existing drill core, detailed verification of assay results against assay certificates, and integration of information into database.
- Construction of detailed cross sections and three-dimensional model.

Table 18.1. Recommended Phase 1 program estimated cost.

Item	Units	\$/units	\$CDN
Pre-Field			
Consulting Geologist/Supervisor	5	\$700	\$3,500
Data entry/GIS services			\$2,500
Orthophoto/Base Maps			\$5,000
Field Season			
Mob/Demob			\$10,000
Consulting Geologist/Supervisor	30	\$700	\$21,000
Structural/mapping geologist	30	\$700	\$21,000
Project Geologist	30	\$400	\$12,000
Geotechnicians x 4	30	\$400	\$12,000
Assays (incl. transport)	1,000	\$30	\$30,000
Camp Operations (mandays)	180	\$50	\$9,000
Road/access maintenance	80	\$50	\$4,000
Vehicles (days)	60	\$100	\$6,000
Administration			\$20,000
Subtotal Phase 1			\$145,000
Contingencies			\$29,000
TOTAL PHASE 1			\$174,000

Contingent on positive results from Phase 1, a core-drilling campaign totaling 3,000 metres is proposed for a Phase 2 program to test targets developed in Phase 1. The estimated cost for Phase 2 is CDN\$750,000 (3,000 metres @ \$250, all-in cost).

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