TOMBSTONE EXPLORATION CORP

FORM 20-F/A

(Amended Annual and Transition Report (foreign private issuer))

Filed 03/24/23 for the Period Ending 12/31/21

Address	6529 E. FRIESS DRIVE SCOTTSDALE, AZ, 85254
Telephone	480-588-8920
CIK	0001072772
Symbol	TMBXF
SIC Code	1000 - Metal Mining
Industry	Precious Metals & Minerals
Sector	Basic Materials
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F/A

Amendment No. 2

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

☐ SHELL COMPANY PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number: 000-29922

TOMBSTONE EXPLORATION CORPORATION

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Canada
(Jurisdiction of incorporation or organization)

6529 E. Friess Drive
Scottsdale, AZ 85254
(Address of principal executive offices)

Alan Brown
6529 E. Friess Drive
Scottsdale, AZ 85254
(480) 588-8920
(Name, address and telephone of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Class	Name of exchange on which registered
Not Applicable	**Not Applicable**

Securities registered or to be registered pursuant to Section 12(g) of the Act

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

There were 12,210,746 Common Shares without par value issued and outstanding as at June 28, 2022.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ YES ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☒ Yes ☐ NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90

days. ☒ Yes ☐ NO

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ NO (Not Applicable)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated Filer	☒	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ YES ☒ NO

EXPLANATORY NOTE

This Amendment No. 2 to Form 20-F (the "Form 20-F/A") amends our annual report on Form 20-F for the year ended December 31, 2021 (the "Annual Report"), which was originally filed with the U.S. Securities and Exchange Commission on June 29, 2022, and amended January 31, 2023. The purpose of this Form 20-F/A is to revise and remove all references that may indicate that the Company's properties contain proven reserves. The filing has been amended accordingly, as reflected in "Item 4.B. Information on the Company — Tombstone Project" section of the Report.

This Form 20-F/A does not reflect events occurring after the filing of the Annual Report and does not modify or update the disclosure therein in any way except as described above. No other changes have been made to the Annual Report. The filing of this Form 20-F/A should not be understood to mean that any statements contained in the Annual Report, as amended by this Form 20-F/A, are true or complete as of any date subsequent to the original filing date of the Annual Report. Accordingly, this Form 20-F/A should be read in conjunction with the Annual Report.

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GENERAL

We use the U.S. dollar as our reporting currency. All references in this Annual Report to "dollars" or "$" are expressed in U.S. dollars, unless otherwise indicated. See also "Item 3. Key Information" for more detailed currency and conversion information. Our consolidated financial statements which form part of this Report are presented in U.S. dollars and are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, some information presented in this Report constitutes forward-looking statements. When used in this Report, the words "estimate", "project", "believe", "anticipate", "intend", "expect", "predict", "may", "should", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, changes in project parameters as plans continue to be refined, future prices of silver, as well as those factors discussed in the section entitled "Risk Factors". Although our Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause actual results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. The forward-looking statements in this Report speak only as to the date hereof. Our Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

As used in this report, the terms "we", "us", "our", "Tombstone", "Tombstone Exploration", and "TMBXF" means Tombstone Exploration Corporation, unless otherwise indicated.

PART I

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The consolidated financial statements and summaries of financial information contained in this document are reported in U.S. dollars ("$") unless otherwise stated. All such consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles.

The consolidated financial statements of the Company for the years ended December 31, 2021 have been audited by RBSM LLP, 770 East Warm Springs Road, Suite 225, Las Vegas, NV, 89119. The consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 were audited by Sadler, Gibb & Associates, 344 West 13800 South, Suite 250, Draper, UT 84020.

Item 1. Identity of Directors, Senior Management and Advisers

Not Required.

Item 2. Offer Statistics and Expected Timetable

Not Required.

Item 3. Key Information

A. Selected Financial Data

The following tables set forth the data of our fiscal years ended December 31, 2017 to December 31, 2021. We derived all figures from our financial statements as prepared by our management, approved by our audit committee. This information should be read in conjunction with our financial statements included in this annual report.

Our financial statements included in this Report have been prepared in accordance with accounting principles generally accepted ("GAAP") in the United States ("US"). All amounts are expressed in United States dollars.

SUMMARY OF FINANCIAL INFORMATION IN THE COMPANY'S FINANCIAL STATEMENTS

	2017[(1)] $	2018[(1)] $	2019[(1)] $	2020[(1)] $	2021[(1)] $
OPERATING DATA:					
Revenue	-	-	-	-	-
Gross Profit	-	-	-	-	-
Net Income (Loss)	(931,290)	(558,974)	(1,702,424)	(1,369,470)	(1,846,151)
Earnings (Loss) Per Share	(0.44)	(0.18)	(0.35)	(0.16)	(0.17)
BALANCE SHEET DATA:					
Cash	51,311	39,858	466,377	176,120	166,747
Total Assets	51,311	39,858	1,278,150	3,052,512	3,039,690
Total Liabilities	372,452	515,381	690,030	545,827	845,456
Stockholders' Equity (Deficit)	(321,141)	(475,523)	(588,120)	2,506,685	2,194,234

(1) As of December 31 of the respective fiscal year.

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk Factors

This Report contains forward-looking statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", or "potential" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks enumerated in this section entitled "Risk Factors", that may cause our Company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this Report. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this Report in evaluating our Company and our business before purchasing shares of our Company's common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below are not the only ones facing our Company. Additional risks not presently known to us may also impair our business operations. You could lose all or part of your investment due to any of these risks.

Risks Related to Pandemics

The near-term effects of the recent COVID-19 coronavirus pandemic are known, as they adversely affected our business. Longer term effects are not immediately known and may adversely affect our business, results of operations, financial condition, liquidity and cash flow.

While the negative impact of COVID pandemic is lessening, the impact of COVID-19 has had adverse effects on our business by slowing down our ability to work with third parties outside of Arizona throughout much of 2021. The Company suffered Covid related schedule delays in relation to the leach pad construction such as losing most of the liner crew for almost three months, permit delays in the final water well approval, and finding a water well driller, everything is finally coming together for start-up. We believe Covid related issues affected our schedule by as much as five months in 2020 and affected various aspect of our construction, purchase, and location of parts and equipment. It is difficult to predict what other adverse effects, if any, COVID-19 can have on our business, or against the various aspects of same.

General securities market uncertainties resulting from the COVID-19 pandemic.

Since the outset of the pandemic the United States and worldwide national securities markets have undergone unprecedented stress due to the uncertainties of the pandemic and the resulting reactions and outcomes of government, business and the general population. These uncertainties have resulted in declines in all market sectors, increases in volumes due to flight to safety and governmental actions to support the markets. As a result, until the pandemic has stabilized, the markets may not be available to the Company for purposes of raising required capital. Should we not be able to obtain financing when required, in the amounts necessary to execute on our plans in full, or on terms which are economically feasible we may be unable to sustain the necessary capital to pursue our strategic plan and may have to reduce the planned future growth and/or scope of our operations.

Risks Associated with Mining

We have not established proven or probable mineral reserves at our only producing property, the Bonanza Harquahala Mine project.

We are considered an exploration stage company under the SEC criteria because we have not established mineral reserves on any of our properties. Under Regulation S-K Section1300, the SEC defines a "mineral reserve" as "an estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project." To have mineral resources, there must be reasonable prospects for economic extraction. Per the SEC, "probable mineral reserves" are the economically mineable part of an indicated and, in some cases, a measured mineral resource and "proven mineral reserves" can only result from measured mineral resources. Mineral reserves cannot be considered proven or probable unless and until they are supported by a preliminary feasibility study or feasibility study, indicating that the mineral reserves have had the requisite geologic, technical, and economic work performed and are economically and legally extractable.

Due to the size of the Bonanza Harquahala Mine deposit, at the present time we do not believe it is necessary to incur the expense and delay involved in preparing a bankable feasibility study in order to bring the Bonanza Harquahala Mine project into production. Our production and after-tax cash flow estimates at the Bonanza Harquahala Mine are based in part on the mineralized material estimate, therefore, and because the estimate does not constitute proven reserves under Regulation S-K Section 1300, the production and after-tax cash flow estimates which are derived therefrom are inherently more uncertain than would otherwise be the case if the Bonanza Harquahala Mine were supported by a bankable feasibility study and estimate of proven reserves established in accordance with Regulation S-K Section 1300.

In making the decision to commence mining the Bonanza Harquahala Mine, we made certain assumptions regarding operating and capital costs and project economic returns. These estimates of average cash operating costs are based upon, among other things (i) anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed; (ii) anticipated recovery rates of silver and other metals from the ore; (iii) cash operating costs of comparable facilities and equipment; and (iv) anticipated climatic conditions. Actual cash operating costs, production and economic returns may differ significantly from those anticipated by our internal studies and estimates.

Our mineralized material estimates are inherently imprecise.

We have released estimates of mineralized material at the Bonanza Harquahala Mine. Mineralized material figures based on estimates made by geologists are inherently imprecise and depend on geological interpretation and statistical inferences drawn from drilling and sampling that may prove to be unreliable or inaccurate. We cannot assure you that these estimates are accurate, and even if the estimates are accurate, the economic viability of the project may not justify exploitation.

The exploration of all mineral properties is highly speculative in nature, involves substantial expenditures and is frequently non-productive.

Mineral exploration is highly speculative in nature and frequently results in no or very little return on amounts invested to evaluate a particular property. Substantial expenditures are required to (i) establish the existence of a potential ore body through drilling and metallurgical and other testing techniques; (ii) determine metal content and metallurgical recovery processes to process metal from the ore; (iii) determine the feasibility of mine development and production; and (iv) construct, renovate or expand mining and processing facilities. If we discover a deposit or ore at a property, it usually takes several years from the initial phases of exploration until production is possible, if at all. During this time, the economic feasibility of a project may change because of increased costs, lower metal prices or other factors. As a result of these uncertainties, our exploration programs may not result in the identification of proven and probable reserves in sufficient quantities to justify developing a particular property.

We face intense competition in the mineral exploration and exploitation industry, and we compete with our competitors for financing, for new mineral resource properties and for qualified managerial and technical employees.

Our competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than those available to us. As a result of this competition, we may have to compete for financing and be unable to acquire financing on terms we consider acceptable. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. We may also have to compete with other mining companies in the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for financing or for qualified employees, our exploration programs may be slowed down or suspended. If we are unable to successfully compete for the acquisition of suitable prospects for exploration in the future, there can be no assurance that we will acquire any interest in additional mineral resource properties. The occurrence of any of these things may cause us to cease operations as a company.

Because of the inherent dangers involved in mineral exploration and exploitation, there is a risk that we may incur liability or damages as we conduct our business.

The search for valuable minerals involves numerous hazards that may subject us to liability including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. At the present time, we have a general liability policy of $2 million for the Bonanza Harquahala Mine operations to insure against these hazards. The payment of such liabilities may have a material adverse effect on our financial position.

Title to our resource properties may be challenged by third parties which could result in the loss of substantial amounts of money and resources and could cause our interests in our properties to expire or be forfeited.

We have investigated the status of our titles to our mineral resource properties, and we are satisfied that the title to these properties is properly registered in the name of our Company, but we cannot guarantee that the rights to explore our claims will not be revoked or altered to our detriment. The ownership and validity of mining claims and concessions are often uncertain and may be contested. Should such a challenge to the boundaries or registration of ownership arise, the resolution of disputes or the process of clarifying the accuracy of our mining license registration could take substantial time and money. Further, the preservation of our title to our mineral claims requires that we continue to expend money or work the claims. If we fail to expend the necessary amount of money or if we fail to work our mineral claims, then our title to our mineral claims could expire or be forfeited.

Mineral prices are subject to dramatic and unpredictable fluctuations.

The market price of precious metals and other minerals is volatile and has fluctuated widely, particularly in recent years. The prices of various metals are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities, and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major mineral producing regions. Variations in the market prices of metals may have an impact on our ability to raise funding to continue exploration of our claims. In addition, any significant fluctuations in metal prices will impact our decision to accelerate or reduce our exploration activities. If the price of precious metals and other minerals should drop significantly, the cost of mineral extraction may be higher than is economically feasible. The marketability of minerals is also affected by numerous other factors beyond our control, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

Mineral operations are subject to government regulations which could have the effect of reducing or preventing us from exploiting any possible mineral reserves on our claims.

Exploration activities are subject to national and local laws and regulations governing prospects, taxes, labor standards, occupational health, land use, environmental protection, mine safety, and others which may in the future have a substantial adverse impact on our Company's prospects. In order to comply with applicable laws, we may be required to make capital expenditures until a particular problem is remedied. Existing and possible future environmental legislation, regulation and action could cause additional expense, capital expenditure, restriction, and delay in the activities of our Company, the extent of which cannot be reasonably predicted. If we violate any applicable law or regulation, we could be forced to stop work and we could be fined. If we are forced to suspend our activities or if we are required to pay a large fine for a violation of these applicable laws and regulations, our business could be adversely affected.

Our operations may be subject to environmental regulations which may result in the imposition of fines and penalties.

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. Environmental legislation is evolving in a manner which means stricter standards, and enforcement; fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Risks Related to Our Company

The fact that we have not generated any operating revenues for the last ten years raises substantial doubt about our ability to continue as a going concern.

We have not generated any operating revenues since our inception and, in all likelihood, will continue to incur operating expenses without revenues until our mining claims are fully developed and in commercial production. As a result, we need to generate significant revenues from our operations or obtain financing. We cannot assure that we will be able to successfully explore and develop our mining claims or assure that viable reserves exist on the claims for extraction. These circumstances raise substantial doubt about our ability to continue as a going concern. It is unlikely that we will generate any funds internally until we discover commercially viable quantities of precious metals and other minerals. If we are unable to generate revenue from our business in the next twelve months, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these actions were to become necessary, we may not be able to continue to explore our properties or operate our business and if either of those events happen, then there is a substantial risk our business would fail.

We have not generated any revenue from our business, and we may need to raise additional funds in the near future. If we are not able to obtain future financing when required, we might be forced to discontinue our business.

Because we have not generated any revenue from our business and we cannot anticipate when we will be able to generate revenue from our business, we will need to raise additional funds for the further exploration and future development of our mining claims and to respond to unanticipated requirements or expenses. Although we have been successful in the past in obtaining financing, there can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in a delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Canada Business Corporations Act provides for the indemnification of our officers and directors against all costs, charges and expenses incurred by them in respect of any civil, criminal, administrative, investigative or other proceeding.

The Canada Business Corporations Act contains provisions limiting the liability of our officers and directors for their acts and failures to act and for any loss, damage or expense incurred by our Company which shall happen in the execution of their duties of such officers or directors, unless the officers or directors did not act honestly and in good faith with a view to the best interests of our Company. Such limitations on liability may reduce the likelihood of derivative litigation against our officers and directors and may discourage or deter our shareholders from suing our officers and directors based upon breaches of their duties to our Company, though such an action, if successful, might otherwise benefit our Company and our shareholders.

Risks Relating to our Securities

Investors' interests in our Company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.

We are currently without a source of revenue and will most likely be required to issue additional shares to finance our operations and, depending on the outcome of our exploration programs, may issue additional shares to finance additional exploration programs of any or all of our projects or to acquire additional properties. If we are required to issue additional shares to raise financing, your interests in our Company will be diluted and you may suffer dilution in your net book value per share depending on the price at which such securities are sold. Further, if we issue any share purchase warrants or share purchase options, and they are exercised, there will be a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the market price of our common shares.

Investors' interests in our Company will be diluted and investors will suffer dilution in their net book value per share if we issue employee/director/consultant options.

We may in the future grant to some or all of our directors, officers, insiders, and key employees, options to purchase our common shares as non-cash incentives to those persons. Such options may be granted at exercise prices equal to market prices, or at such other price as may be permitted under the policies of any stock exchange upon which our securities are traded (currently, our common shares are listed for trading on the OTCQB Venture Market), when the public market is depressed. The issuance of additional shares will cause our existing shareholders to experience dilution of their ownership interests.

We do not plan to pay any Dividends in the foreseeable future.

The Company has never paid a dividend and it is unlikely that the Company will declare or pay a dividend until warranted based on the factors outlined below. The declaration, amount, and date of distribution of any dividends in the future will be decided by the Board of Directors from time-to-time, based upon, and subject to, the Company's earnings, financial requirements and other conditions prevailing at the time.

In the event that key employees leave the Company, the Company would be harmed since we are heavily dependent upon them for all aspects of our activities.

The Company is heavily dependent on our officers and directors, key employees and contractors, the loss of whom could have, in the short-term, a negative impact on our ability to conduct our activities and could cause a decline in profitability of our properties or additional costs from a delay in development or exploration of properties. The Company has consulting agreements with key employees and contractors, and an employment agreement with our President and CEO, Alan Brown.

We face exposure to fluctuations in the price of our common stock due to the very limited cash resources we have.

The Company has very limited resources to pay its professionals. If we are unable to pay professionals in order to perform various professional services for the Company, it may be difficult, if not impossible, for the Company to maintain its reporting status under the Exchange Act. If the Company is not able to maintain its reporting status, it would become "delisted" and this would potentially cause an investor or an existing shareholder to lose all or part of his investment.

The Company does not anticipate any contingency upon which it would voluntarily cease filing reports with the SEC, even though it may cease to be required to do so.

It is in the compelling interest of the Company to report its affairs annually and currently, as the case may be, generally to provide accessible public information to interested parties, and also specifically to maintain its qualification for the OTCQB, if and when the Company's intended application for submission is effective.

The success of the Company will depend on the developments of an active trading market.

While the Company's common shares are included on Over the Counter Markets (OTCQB), there can be no assurance that an active trading market for the common shares will develop. In the absence of such a market, investors may be unable to readily liquidate their investment in the common shares. The market for equity securities in general has been volatile and the trading price of the common shares could be subject to wide fluctuations in response to general market trends, changes in general conditions in the economy, the financial markets and other factors that may be unrelated to the Company's performance.

Low-Priced Stocks are subject to greater Disclosure Requirements.

The Securities and Exchange Commission adopted rules ("Penny Stock Rules") that regulate broker-dealer practices in connection with transactions in penny stocks. The common shares of the Company fall within the Commission's definition of a penny stock. Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current prices and volume information with respect to transactions in such securities is provided by the exchange or system). The Penny Stock Rules require a broker-dealer, prior to effecting a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the Penny Stock Rules require that prior to a transaction in a penny stock not otherwise exempt from such rules, the broker-dealer must receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to the Penny Stock Rules. At any time when the Company's common stock is subject to the Penny Stock Rules, shareholders may find it more difficult to sell their shares.

Item 4. Information on the Company

A. History and Development of the Company

The Company was incorporated as a federal company pursuant to the laws of Canada under the *Canada Business Corporations Act* (the "Act") on October 30, 1997, under the name 3430502 Canada Ltd. In December 1997, the Company changed its name to Four Crown Foods Inc. At the time, the Company was involved in the food and beverage retail business. Then in June 2000, the Company changed its name to Universal Domains Incorporated and operated in the domain registration business upon the acquisition of the license rights to a domain registration agreement for the ".cc" internet registration domain.

In November 2003, the Company ceased all operations and in September 2004, the Company changed its name to Pure Capital Incorporated. From that time until November 1, 2006, the Company's goals were to continue to reduce the liabilities of the Company in an effort to obtain additional financing and explore the possibilities of starting a new operating business, and/or merge with or become acquired by another company or entity.

On November 27, 2006, the Company acquired full rights and title to certain mining and exploration claims located in the State of Arizona along with other equipment and properties from Redhawk Exploration & Development, Inc., a Texas corporation.

Then on February 6, 2007, the Company changed its name to Tombstone Exploration Corporation to reflect its current operations in the mining and exploration industry. Since that time, we have been operating in the mineral resource business and the primary focus of operations has been to generate revenue from the production of silver and gold, as well as additional base minerals such as copper, lead and zinc. The goal is to produce metals and minerals at or below standard industry costs. The historical nature of mining activities of our present holdings and the acceptance of governmental agencies will enable easier startup here than in non-mining oriented locations.

Following identification of suitable areas during our drilling programs, which we anticipate will continue in the future, the Company may initiate mineral extraction if sufficient funding and permitting are secured. These efforts will provide an operating financial base from which to expand. Continuing geological research, testing and drilling is planned based on the initial geological report. This will assist in the identification of key target areas, as well as establish reserve categories.

Discussions with precious metal processing and consulting companies to assist in the design of the overall operation of our mining claims have been initiated. Relationships have already been established with refineries, assay companies and engineering firms supporting worldwide mineral processing operations.

B. Business Overview

We are a mining company, holding a 40% interest in the Bonanza Project property in Salome, Arizona ("Bonanza Property"), a 100% interest in the Stardust Project in Yuma County, Arizona (the "Stardust Property"), and a 100% interest in the Tombstone Project in Tombstone, Arizona ("Tombstone Property"). The Bonanza Property, Stardust Property, and the Tombstone Property are the Company's only material properties as determined pursuant to Item 1303(a) of Regulation S-K as we have a direct economic intertest in these properties.

This business generally consists of three stages: exploration, development, and production. We are a mineral resource company in the exploration stage because we have not yet found mineral resources in commercially exploitable quantities and are engaged in exploring land in an effort to discover them. Mineral resource companies that have located a mineral resource in commercially exploitable quantities and are preparing to extract that resource are in the development stage, while those engaged in the extraction of a known mineral resource are in the production stage.

Mineral resource exploration can consist of several stages. The earliest stage usually consists of the identification of a potential prospect through either the discovery of a mineralized showing on that property or as the result of a property being in proximity to another property on which exploitable resources have been identified, whether or not they are or have in the past been extracted.

After the identification of a property as a potential prospect, the next stage would usually be the acquisition of a right to explore the area for mineral resources. This can consist of the outright acquisition of the land or the acquisition of specific, but limited, rights to the land (e.g., a license, lease, or concession). After acquisition, exploration would probably begin with a surface examination by a prospector or professional geologist with the aim of identifying areas of potential mineralization, followed by detailed geological sampling and mapping of this showing with possible geophysical and geochemical grid surveys to establish whether a known trend of mineralization continues underground, possibly trenching in these covered areas to allow sampling of the underlying rock. Exploration also commonly includes systematic regularly spaced drilling in order to determine the extent and grade of the mineralized system at depth and over a given area, as well as gaining underground access by ramping or shafting in order to obtain bulk samples that would allow one to determine the ability to recover various commodities from the rock. If minerals are found, exploration might culminate in a feasibility study to ascertain if the mining of the minerals would be economic. A feasibility study is a study that reaches a conclusion with respect to the economics of bringing a mineral resource to the production stage.

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The Bonanza Project

LOCATION:	Salome, Arizona lat. 33° 40.131'N long. 113° 35.177'W
OWNERSHIP:	40% Tombstone 60% Goldrock Resources, Inc.
MINERALS:	Gold, Silver, and Copper
PROPERTY SIZE:	2,656 acres
ANNUAL PRODUCTION:	2021 = See "Bonanza Mine Production Statistics" table on page 14 below. 2020 = Zero 2019 = Zero
TITLES, MINERAL RIGHTS, LEASES OR OPTIONS:	BLM Land Claims, 2,065 acres
PROJECTSTAGE:	Production;
KEY PERMIT CONDITIONS:	ADEQ Permit to Process good until 2027
MINE TYPES/MINERALIZATION STYLES:	Gold and Silver
PROCESSING PLANTS AND OTHER AVAILABLE FACILITIES:	Heap Leach Carbon Processing Facility

Gold was discovered in the Harquahala area in 1862. There were a reported 120,560 ounces of gold from the mine from 1891 to 1929. Grades of gold were reported to be over an ounce per ton of gold from the Bonanza mine. The disclosure of the estimates set forth herein, including, but not limited to, volumetric calculations, sampling, and metallurgic testing are derived directly from the "Technical Report on the Preliminary Economic Assessment of the Harquahala Project, La Paz County, Arizona"(the "Technical Report") which was last updated June 2018, (a copy of which is included as an exhibit 96.1 to this Report). We believe these estimations are accurate and that all tonnage and grade estimations are exploration targets.

The TR was prepared on behalf of the Company by Todd S Fayram, QP and Peter Mejstrick of Continental Metallurgical Services, LLC Geological Consultant.

- The Bonanza Mine Area is 5 miles North of I-10 Exit 53 (Hovatter Rd), ~110 miles West of Phoenix Airport.
- +180,000 oz Au (Gold) mined 1880s-early 1900s, @ 1+ oz Au/ton: high angle shear zones on thrust sheets
- Mine water table at ~200'; Gold Zone continued; mill could not process sulfides, so not mined
- Potential low-grade targets along miles long thrust plate.
- Bonanza mine/mill left 500,000+ tons dumps/tails @ 0.04-0.10 oz Au/ton
- Previous/current leach test-work on tailings/dumps indicate recovery of Au @ 88%+; Ag @ 25% +
- The tonnage and grade estimates are all reported as exploration targets.

The Bonanza Project is Tombstone's latest acquisition, and the property includes the Harquahala and Golden Eagle mines, located approximately eight miles south of Salome, Arizona. The project totals 2,656 acres and has significant underground workings, from which some 180,000-200,000 ounces of gold were reportedly produced from high-grade ore in the late 1800's and early 1900's. Mined rock and tailings from previous operations represent an additional potential. The project will be in partnership with Richard Moores, CEO and Director of Goldrock Resources, Inc., and Todd Fayram, Director of Goldrock Resources, Inc., who have a 60% majority investment in the project, and Tombtsone owns a 40% interest.

- $3 MM Bonanza Heap Leach to generate US$20-35+ million within 12 months of startup.
- 2-4 months final conformations/design/bids, condemnation drill/trench, initiate permitting.
- Permitting to take 9-15 months, US$125-150,000; similar to nearby heap leach (Phase 1 – Moss Mine).
- +/- US$3.0 MM capital (Vendor bids,+0.5MM Contingency), 4-6 months construction, 4-8 months operation.
- 3.5k oz Au (Gold) of 20-30k+oz Au projected, yields capital/ops break-even; US$1,200/oz Au; $16 /oz Ag
- –Additional nearby dumps & tailings could add 4-6,000+ oz Au to leach pad inventory.

Note on Exploration Targets: The ranges of potential tonnage and grade (or quality) of the exploration target are conceptual in nature; there has been insufficient exploration of the relevant property or properties to estimate a mineral resource; it is uncertain if further exploration will result in the estimation of a mineral resource; and, (iv) the exploration target therefore does not represent, and should not be construed to be, an estimate of a mineral resource or mineral reserve.

Facility Description:

Bonanza Mining Company (Bonanza) will operate the Harquahala Mine to reprocess historical (pre-1986) surface gold bearing ores and tailings. The operation will collect the historic ores and tailings to extract and recover the gold.

Approximately 242,000 cubic yards of historic ores and tailings will be consolidated in controlled areas prior to being sized and placed onto a newly constructed double-lined heap leach pad (approximately 314,000 square feet (sq. ft)). The gold will be extracted in the newly constructed 4,126,239-gallon double-lined pregnant solution pond, with a maximum operational storage requirement estimated to be 3,965,780 gallons. The extraction operation will consist of loading and hauling; primary and secondary crushing; agglomeration and stacking; heap leaching using cyanide solution, storage of process solutions in ponds; and precious metals recovery using granular activated carbon (GAC). The final phase of the gold extraction from the GAC will be performed off-site. The facility will includes an intermediate stockpile that will be permitted under a Type 2.02 general permit.

Update to the permitting:

The three permits necessary to operate are: Aquifer Protection Permit (APP), BLM Mine Plan of Operations for Public Land (MPO), and a Reclamation Plan for private property are all well into the permitting process. All permits are considered administratively complete as of December 31, 2020.

In January 2020, Arizona State Mining Inspector concluded the Company met all criteria required to commence operations on the Bonanza Mining Project. Tombstone has completed all steps of the permitting process and is awaiting the approval of the final necessary permit to begin construction.

This letter states, “The Reclamation Plan submittal for the Bonanza Mining Company - Harquahala Mine Project operation has been found to meet the applicable requirements of the Mined Land Reclamation Act and the Rules and plan approval criteria as established under A.R.S. Title 27, Chapter 5, 27-971. The site is located approximately 8 miles south of Salome, La Paz County, Arizona, within Sections 15, 16, 21-23, 27 and 28, Township 4 North, Range 13 West, of the Gila and Salt River Baseline and Meridian. The site is accessed via Harquahala Mine Road and Hovatter Road from Interstate 10.”

In February 2020, The Company announced the Arizona Department of Environmental Quality (ADEQ) proposes to issue an Aquifer Protection Permit (APP) for the subject facility that covers the life of the facility, including operational, closure, and post-closure periods unless suspended or revoked pursuant to Arizona Administrative Code (A.A.C.) R18-9-A213. The requirements contained in this Permit will allow the permittee to comply with the two key requirements of the Aquifer Protection Program: 1) meet Aquifer Water Quality Standards (AWQS) at the Point of Compliance (POC); and 2) demonstrate Best Available Demonstrated Control Technology (BADCT). BADCT’s purpose is to employ engineering controls, processes, operating methods or other alternatives, including site-specific characteristics (i.e., the local subsurface geology), to reduce discharge of pollutants to the greatest degree achievable before they reach the aquifer or to prevent pollutants from reaching the aquifer.

Best Available Demonstrated Control Technology (BADCT):

Facilities regulated by this permit shall be designed, constructed, operated, and maintained to meet requirements specified by A.R.S. §49-243(B) and A.A.C. R18-9-A202(A)(5).

Heap Leach Pad:

Heap leaching is an industrial mining process used to extract precious metals and other compounds from ore using a series of chemical reactions that absorb specific minerals and re-separate them after their division from other earth materials. Similar to in situ mining, heap leach mining differs in that it places ore on a liner, then adds the chemicals via drip systems to the ore, whereas in situ mining lacks these liners and pulls pregnant solution up to obtain the minerals. Heap leaching is widely used in modern large-scale mining operations as it produces the desired concentrates at a lower cost compared to conventional processing methods such as flotation, agitation, and vat leaching.

This facility will cover an area of approximately 314,000 square feet. The ore and tailings will be consolidated into controlled areas prior to being sized and placed on the lined leach pad. The liner system for the leach pad shall be placed on 6 inches of prepared subgrade.The bottom liner shall consist of 30-mil scrim laminated low-density polyethylene (LDPE) with LDPE film geomembrane that is equivalent to 60 mil HDPE geomembrane. The upper liner shall consist of an ultra violet (UV) resistant 45-mil double scrim high-density polyethylene (HDPE) with LDPE coating geomembrane. A uniaxial geonet shall be placed between the two liners. The liners shall be secured around the perimeter of the leach pad in an anchor trench that is 2 feet wide and 2 feet deep. A minimum of 18 inches of ¾-inch minus drain rock shall be placed on upper liner. To promote pregnant solution transfer, 3-inch and 6-inch perforated collection pipes will terminate adjacent to the 12-inch pipe, and solution will pass through the drain rock and into the 12-inch collection pipe. Two 12-inch HDPE perforated pipes shall be located in a solution collection channel near the center of the leach pad to convey solutions to the Pregnant Solution Pond. A containment berm shall be constructed 12 feet from and 2 feet higher than the adjacent toe of the leach pad. The containment berm shall be capable of containing run off a 100-year, 24-hour storm and solution drain down and routing the fluids to the Pregnant Solution Pond. Liquid collected in the containment berm will flow by gravity over the double-lined liner system before cascading over this double liner system into the pregnant solution pond. Surface water run-on shall be collected in channels capable of handling stormwater from a 100 year, 24-hour storm event and diverted around the facility. The finish grade (maximum elevation) of the heap leach pile shall not exceed 1,760 feet above mean sea level (AMSL).

Pregnant Solution Pond:

This facility shall be located adjacent to the west side of the Heap Leach Pad. Pregnant solution shall be collected in a double-lined pond having a capacity of 4,126,239 gallons including 2 feet of freeboard. The liner system for the lead pond shall be placed on 6 inches of prepared subgrade overlaid by 6 inches of geosynthetic clay liner. The bottom liner shall consist of 30-mil scrim laminated LDPE with LDPE film geomembrane that is equivalent to 60 mil HDPE geomembrane. The upper liner shall consist of an UV resistant 45-mil double scrim HDPE with LDPE coating geomembrane. A uniaxial geonet shall be placed between the two liners. The liners shall be secured around the perimeter of the pond in an anchor trench that is 2 feet wide and 2 feet deep. An LCRS sump shall be constructed between the two liners near the southeastern portion of the pond. The LCRS shall be equipped with a dedicated, automatic, fluid-level activated pump capable of pumping 15,500 gallons per day. Surface water run-on shall be collected in channels capable handling stormwater from a 100 year, 24-hour storm event and diverted around the facility.

Compliance with Aquifer Water Quality Standards (AWQS):

To ensure that site operations do not result in violation of Aquifer Water Quality Standards, the point of compliance well located 200 feet west of the Leach pad shall be sampled and analyzed for the parameters listed in Section 4.2, Table 4.2.4 in the permit. Facility inspection and operational monitoring shall be performed on a routine basis in Section 4.2, Table 4.2.1, in the permit for the Pregnant Solution Pond and the Heap Leach Pad.

Recent Developments on Operations:

In 3rd quarter 2019, the Bonanza Mining Company (Joint Venture Company) (Bonanza) identified that their permitting engineers, CDM Smith, submitted the Air Quality permit on July 2nd and received a determination of completeness letter the same day. The completeness determination effectively starts the clock for air permit engineering review with expectations of completing the air permitting in November 2019.

The Arizona Department of Environmental Quality (ADEQ) received the required Aquifer Protection Permit (APP) for the Bonanza Mining Company. The Department considered the application administratively complete on August 12, 2019.

February 27, 2020, the Company announced the ADEQ received the mandatory cash deposit for financial assurance for the approved cost estimate in the amount of Two hundred and Eight Thousand, Five Hundred and Fourteen dollars ($208,514**)** for the Aquifer Protection Permit for the Harquahala Mine Permit.

On April 15, 2020, the Company announced that it had received the final permit necessary to launch construction, and shortly after, active gold production at the Harquahala Mine. The ADEQ specifically authorized Bonanza Mining Company to "operate the Harquahala Mine, a gold mine located in an unincorporated area 8 miles south of the Town of Salome, La Paz County, Arizona" based on the issuance of AQUIFER PROTECTION PERMIT NO. P-512944, which will remain effective for the life of the facility.

The issuance of this permit allows for the construction of a 242,000 cubic yard heap leach pad and a 4,126,239 gallon double-lined pregnant solution pond, where consolidated historic ores and tailings at Harquahala will be subject to gold extraction through conventional cyanide leaching.

The initial portion of the Phase One leach pad is expected to accommodate 500,000 tons of already mined material that have been tested to show upwards or more of 26,000 - 50,000oz of gold. The foregoing tonnage and grade estimations are exploration targets derived from the Technical Report (see Exhibit 96.1, attached hereto and incorporated herein by reference).

Further, on April 21, 2020, the Company provided an update as to the status as construction begins.

- Location of On-site Water Well. The Company is excited to report that the Partners have discovered an on-site water well capable of fully supplying the construction and production process at Harquahala, including the leaching extraction process following the construction of the heap leach pad. Management notes that this discovery will significantly reduce the cost of production on a per-unit basis and shorten total time to market extracted gold.

- Full Permissions in Place. Further to the Company's release dated April 15, the Arizona Department of Environmental Quality ("ADEQ") has now confirmed that all permissions are in place to allow for full development and Construction at the Harquahala Mine site.

- Construction Timeline. Construction of the 242,000 cubic yard heap leach pad and 4,126,239 gallon double-lined pregnant solution pond are slated to begin in May. Management now expects the construction phase to last 60-90 days, after which time the Company will begin to extract tangible gold from the site and bring it to market.

On May 20, 2020, the Company announced the execution of a contract with 5D Mining & Construction, Inc. ("5D") for the building of the heap leach pad for the Bonanza Harquahala Mine. Phase One construction of the Bonanza Heap Leach Project is anticipated to start on or about May 25, 2020, with full project completion expected by mid-September. Per the contract, 5D will supply labor, equipment and materials to perform all of the civil work and liner installation for phase one. Phase Two, currently under consideration, includes a much bigger package where we have potentially identified 150,000 – 300,000 oz of Au in defined underground targets in and around the old Harquahala mine with significant upside potential. The 5D contract for construction for this first phase of the Bonanza Heap Leach Project includes all survey work required for layout and grading, debrushing the work area, demolishing obstructing concrete structures, relocating and stockpiling the existing tailings, mass grading for the PLS pond and leach pad, all trenching and backfill for the liner anchor trench, fine grading for the liner, installation of the liner and perforated drain pipe, including required support work.

In June 2020, the Company announced construction has begun on the leach pad at the Harquahala Mine in La Paz County, Arizona. The 5D Mining and Construction Company effectively grubbed and staked the whole pad area and was halfway through the excavation of the leach pond by end of June 2020. The completion of the construction phase is on track for completion by the end of the summer and production will commence immediately after that.

2021 updates:

In February 2021, the Company announced that construction of the pad is complete with the finish of the liner installation. Field Lining Systems Inc. were able to complete the liner install and the final report will be sent to the Arizona Department of Environmental Quality. Crushing material and laying of the 18-inch liner protection layer has started using low grade material from the south side of the mine area. Stacking will commence towards the end of next week with completion of laying the protection layer and leaching will commence shortly thereafter. The carbon columns required for gold recovery are now set-up with all piping and electrical installation to be completed this week. The cyanide tank was also delivered and is being set-up and prepped for production. The long-awaited water well has been drilled to 706 feet and produces approximately 310 gallons per minute; the well however will potentially produce twice this amount of water. The pipeline and well pumps are being installed and should be ready to pump water towards the end of next week. Items such as the office trailer and storage are in transit to the location.

In April 2021, the Company announced approximately 25,000 tons of rock have been crushed to the appropriate size; the crushing is a precursor to stacking. The crushed rock is the highest known gold grade material on the site and will allow for a quick start to leaching and recovery.

An agglomerator for ore agglomeration was located approximately four weeks ago and moved to site and set-up for operation. All ore feeding equipment, conveyors, cement silo, stacker and feeder will be put in place early this week with electrical being installed shortly thereafter. The agglomerator was the final piece of equipment needed at the site and agglomeration and pad stacking will start towards the end of the week.

The leach pad and all of the associated piping and processing equipment have been installed. Final electrical installation will be completed this week. Testing of the pumps and equipment will take place early in the week with no problems expected. The water well was finished and provides well over 250 gallons per minute. The water infrastructure is in place and water is now being provided to the Harquahala site through our permitted pipeline system. An automated water filling system for the onsite tank is being installed. All cyanide related infrastructure is on site and in place. An office trailer has also been placed on site for administrative functions.

The Bonanza Mine was completely built out and commenced production June 3, 2021, when the pH levels increased to allow for safe sustained leaching. Approximately 35,000 tons of rock have been placed on the leach pad with the entire area under leach. Carbon has been placed in all four carbon columns and is collecting gold & silver from solution. Bonanza expects to ship its first carbon in approximately two weeks depending on how fast the rock leaches and how quickly the carbon loads.

In July 2021, the Company announced first results were received from production in June that started at the Bonanza Harquahala Mine. Production of 83.7 oz of Dore was stripped from the Bonanza's activated carbon by Metals Research and sent to Metalore Inc. for final disposition. First payment from the Dore is expected during the week beginning on July 12, 2021.

In August, 2021, the Company announced the second pour from production of 262.59 oz of Dore was stripped from the Bonanza's activated carbon by Metals Research and sent to Metalor USA Refining Corp. for final disposition. This is more than a 300% increase from the 83.7 oz of Dore from the first pour announced on July 13, 2021. At or around July-August 2021, the price of gold remained stable and strong at the price $1,780/oz.

In October 2021, the Company announced the third pour production of 210 oz of Dore stripped from the Bonanza's activated carbon by Metals Research and sent to Metalor USA Refining Corp. for final disposition.

The table below indicates the aggregate annual production from Bonanza Mine in the last three fiscal years:

Bonanza Mine Production Statistics:

Year	Tonnage	Gold Recovered/Sold (oz)	Silver Recovered/Sold (oz)
2019	Nil	Nil	Nil
2020	Nil	Nil	Nil
2021	25,000	174.105	160.692

The Company owns 40% of the Bonanza Mine which is disclosed in our 20-F Financial Statements and identified in note 3, thereto. The Company has recorded its investment in Bonanza in accordance with ASC 323-10, *Investments – Equity Method and Joint Ventures*"

2022 updates:

In January 2022, the Company announced that as of the end of January 2022 the processing facility at the Bonanza Harquahala Mine will be operating 24/7. Between July 2021 and January 2022, the Company and the Bonanza Mining Corporation had six successful pours of gold and silver since starting its Heap Leach Operation in Arizona, July 2021, and work is continuing to build the much bigger operation going into 2022. The crushing contract has been awarded to DV Gravel and Exploration of Eureka, NV. DV Gravel has begun to move their equipment to site. Conveyors and dozer have arrived on site, and the remaining equipment is to be transported this week and ready to start. The site preparation for the crusher and set up to follow. We will start the rock crushing and expect to be putting 25,000 tons monthly of rock on the pad over the next three months and then increasing to 50,000 tons per month

In March 2022, the Company announced its first ore shipment in 2022 with approximately five tons of carbon that carried the Gold and Silver to Metals Research in Kimberly, Idaho for final processing of the minerals. The results of the processed material from March 17, 2022 produced 341.98 oz of ore which delivered 70.42 oz of Au and 63.77 oz of Ag.

In April 2022, the Company announced its second shipment in 2022 of approximately five tons of carbon that carried the Gold and Silver to Metals Research in Kimberly, Idaho for final processing of the minerals. The results of the processed material from April 7, 2022 produced 456.80 oz of dore which delivered 83.34 oz of Au and 78.66 oz of Ag.

In May 2022, the results of the third shipment on May 3, 2022 of processed material produced 303.85 oz of dore which delivered 65.96 oz of Au and 58.51 oz of Ag.

Stardust Project. *The Stardust Mine, Yuma County Arizona, Eagletail Mining District*

LOCATION:	Yuma County, Arizona (Eagletail Mining District)
OWNERSHIP:	100% Tombstone
MINERALS:	Gold, Silver, Copper and Molybdenum
PROPERTY SIZE:	400 acres
ANNUAL PRODUCTION:	2021 = Zero 2020 = Zero 2019 = Zero
TITLES, MINERAL RIGHTS, LEASES OR OPTIONS:	BLM Land Claims (See Below)
PROJECT STAGE:	Exploration
KEY PERMIT CONDITIONS:	None
MINE TYPES/MINERALIZATION STYLES:	Gold, Silver, Copper
PROCESSING PLANTS AND OTHER AVAILABLE FACILITIES:	None.

The Company holds the mineral rights to approximately 400 acres of BLM lode claims which includes the Stardust Mine in Yuma County Arizona, the Eagletail Mining District. Exploration work began on the property starting in October 1, 2015. The Stardust Mine is a disseminated Gold Property.

Tombstone holds US Federal unpatented lode claims over the Stardust project area. Tombstone has staked these claims by locations.

Stardust Project, Yuma Co AZ: 100% interest in 20 unpatented federal lode claims found within Sections 1,2, T2S,R11W, Yuma County, Arizona, USA.

Stardust claims acquired by staking of lode claims. Surface and mineral rights are authorized under United States locatable mining rights - The General Mining Law of 1872. An annual Maintenance fee system under which federal claims are held is established by section 314 of the FLPMA (43 USC 1744 and 43 CFR 3833).

The current lode claims “Star1 – Star20” held from dates:

- Location date of Claims Star1 thru Star4 - located Star4 May 19, 2015 to Sept 1 2021.
- Location of Claims Star5 thru Star20 - located Sept 12th,2015 to Sept 1st 2021.
- Stardust claims (Star1 –Star20) are United States federal unpatented lode claims.
- Stardust project is an Exploration project.
- Project name: Stardust
- Claim names: Star1 through Star20
- List of claims at Stardust project included in below compiled listing of Stardust project claims:

These claims can be found recorded in the Phoenix BLM system and accessed through the online LR2000 system found at: https://www.blm.gov/lr2000/

AMC Number	*Name*	*Loc Date*	*Maintenance Paid to*	*Type*	*Surface Owner*	*Mineral Owner*
AMC433664	Star1	5/19/2015	1-Sep-22	Lode	BLM	BLM
AMC433665	Star2	5/19/2015	1-Sep-22	Lode	BLM	BLM
AMC433666	Star3	5/19/2015	1-Sep-22	Lode	BLM	BLM
AMC433667	Star4	5/19/2015	1-Sep-22	Lode	BLM	BLM
AMC433914	Star5	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433915	Star6	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433916	Star7	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433917	Star8	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433918	Star9	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433919	Star10	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433920	Star11	9/12/2015	1-Sep-22	Lode	BLM	BLM

AMC433921	Star12	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433922	Star13	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433923	Star14	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433924	Star15	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433925	Star16	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433926	Star17	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433927	Star18	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433928	Star19	9/12/2015	1-Sep-22	Lode	BLM	BLM
AMC433928	Star20	9/12/2015	1-Sep-22	Lode	BLM	BLM

- A yearly maintenance payment is due prior to Sept 1st of each year.
- Tombstone Exploration Corporation responsible for paying fees.
- Stardust project currently has area of approximately 413.2 acres.
- Stardust Project / property: A block of continuous claims (a claim block) of 20 claims called Star claims (Star1 – Star20).
- The Star claims are found within Sections 1 & 2, T2S,R11W, Gila and Salt Base and Meridian, Yuma County, Arizona, USA.

See attached Stardust Project maps:

- A State scale map titled *"Tombstone Exploration Corporation, State Index map & location of Stardust project."* – This map shows an inset US map, as well as a larger scale Arizona map showing relative position of the Stardust project area within the State.
- A regional scale map titled: *"Regional Access Map – Stardust Project – Tombstone Exploration Corp." with the Stardust claims, county, Interstate, and regional urban areas displayed, as well as 100k scale USGS topographic background.*
- A project scale map plotted at 1" = 1000' - Map Titled "*Tombstone Exploration, Stardust claims, Yuma Co."* shows the Stardust project area and lode claims held by Tombstone Exploration Corporation. Additionally, a USGS quadrangle 7.5 minute background image is present within the map showing planimetric, topographic features, and roads within and outside the project area.

An Application to conduct exploration trenching and drilling on the Stardust Claim block was received by the Bureau of Land Management on March 18, 2016. This work program started mid 2017 subsequent to the Company's Reclamation Bond's acceptance by the US Bureau of Land Management on May 17, 2017. Prior to May 2017, the Company's Notice Application to conduct exploration drilling plan was accepted. The Company has engaged Harris Exploration Drilling and Associates, Inc., a Nevada company, to commence drilling on the Stardust Claim.

This property lies along the northern flanks of the Gila Bend Mountains, which are underlain by Precambrian schist and granitic rocks of probable Cretaceous age, uncomformably overlying and intruding the older rocks are Tertiary volcanic rocks.

The geology of the Stardust claims is dominated by three types or phases of granitic rocks. The age of the intrusive rocks is probably Cretaceous, but they could be Precambrian or mid-Tertiary; we currently believe they are most likely to be Cretaceous. Ninety-five percent of the mapped area is encompassed by granitic rocks. The other five percent is divided evenly between Precambrian chlorite schist and mid-Tertiary andesite dikes.

The granitics are subdivided into three units. They may all be related to the same magma or be of different ages or a combination of the two. All three are easily identifiable in the field bases on their megascopic characteristics. The first and most abundant unit is leucocratic granite. It is white in color, fine to medium-grained, and does not contain mafic minerals. The presence of chlorite is almost ubiquitous in the leuco-granite, and occurs mainly along fracture surfaces. Chlorite is probably an alteration product associated with fracturing and/or mineralization. The second granitic unit is quartz monzonite. It forms the main portion of South Hill (see Plate 1). It is equigranular and contains hornblende and biotite. Narrow (1-3) silicified and brecciated zones are hosted by this unit; and are commonly anomalous in gold. The third unit is also quartz monzonite in composition, but contains anhedral pink feldspars which distinguish it from the other two units. Alteration and mineralization are completely lacking in this unit.

Chlorite schist crops out at three localities which average about 50-75 feet in width and 300 feet in length. The schist unit is a roof pendant and probably continues at depth for only a few hundred feet. The age of the chlorite schist is probably Precambrian, based on its resemblance to other Precambrian schist units in western Arizona. Mineralization does occur within the schist, generally near andesite dikes.

The andesite dikes crop out as narrow (5-10 feet), sinuous bodies and crosscut the leucogranite and chlorite schist. Intrusion of the dikes is tentatively dated as Oligocene to early-Miocene. In the north-central position of the mapped area, the andesite seems to "blossom" into a stock-like body with minimum dimensions of 100 feet by 400 feet; see section B-B', Plate 3 for configuration. Strike direction of the dikes varies from east-west to N70 degrees West and dips average 70 degrees to the North. Alteration of the andesite consists of silicification, brecciation, and iron-oxides; however, some andesite is devoid of alteration, especially in the eastern portion of mapped area.

Due to the paucity of outcrop on the property, structures were difficult to define. In a broad sense, the entire mapped area has been intensely fractured along an east-west structure, this fracturing is at least a ½ mile in length and 300-500 feet in width. The zone could be much wider, but colluvium to the north covers any extension.

Gold and silver mineralization with copper occurs along an east-west trend and is spatially related to an andesite dike. The dike is variably silicified and iron-stained. Silicification consists of silica replacement and drusy quart crystals in open-space veins. Hematite staining and vein fillings are commonly associated with gold.

On November 25, 2015, Zonge International completed ground geophysics across the 400 Acre claim block owned by Tombstone in the Eagletail Mining District, Yuma County, Arizona. Zonge has been well respected for geophysical data acquisition in the minerals industry since 1970. They are an industry leader in methods such as IP (induced polarization) and CSEM/AMT, as well as SP, seismic, and gravity/magnetic data acquisition.

Zonge has performed a ground magnetic survey across the claim block to determine the extent of the Stardust Fault. Previous reports state that the two shafts on the property were sunk along a high angled structure which trends E-NE across the area of outcrop. This structure is thought to be the 'feeder' for the Gold Silver mineralization in the project area. Several reports reference 'free milling gold' from drifts along this fault. Abundant dump material contains anomalous gold and silver values as well as visible copper oxides. Due to the extensive surface disturbance in this area, performing a ground magnetic survey will give a better understanding of the subsurface character of the fault. This method details changes in density in the subsurface and is used to define faults, fractures, and changes in rock types. As a result, this geophysical data will be used to better define the Phase I scope of work, which will involve detailed surface mapping, rock/soil sampling, and delineation of drill targets.

The Stardust property has two shafts on this property that are secured with wire fencing. We have not entered either of these shafts at this time. There has been minimal surface disturbance on this property and we are not aware of any trenching, mine dumps, ponds or any contaminations released by former processing or assay/testing activities.

The encouraging results from the rock sampling program over the Stardust project indicate the presence of a high angle detachment related precious metals vein system. The mineralization present at the Stardust project appears to be located within detachment related veins & locally intensively chloritic and hematitic host rocks. The vein system has been sampled over a strike of approximately 3,200 feet (975 meters). These veins appear to be a feeder system of an extensive partially eroded low angle fault system over the Stardust.

The results of the latest tranche of rock samples combined with field observations, and existing data, appear to fit the USGS detachment fault model of USGS Bulletin 2004 by Long, K.R.: Preliminary Descriptive Deposit Model for Detachment-Fault-Related Mineralization. Other productive detachment fault related precious and base metal systems occur through the Basin and Range areas of Southern California, Western Arizona, and Southern Nevada. An example in Arizona includes the Copperstone Mine, previously mined by Cypress which produced one half million ounces of gold by open pit methods from 1987-1993. Copperstone is currently being evaluated for additional resources.

Quartz veins are present in outcrop, subcrop, float, & in historical mining dumps. In addition to these strong precious metal values found in samples, additional observations at Stardust include:

- The presence of chalcedonic quartz veins.
- Crushed veins & and multi-phase cemented - banded silica veins, & silicification.
- Abundant drusy textures (boiling level and vapor phase)

Footwall host rocks are a metasediment matrix with strong hematite & intensive chloritic alteration + copper oxides.

The Property is without known Reserves and the property is exploratory in nature based on prior work on this property over many years.

The current service on this claim block has disturbances of which has been identified in our exploration plan previously filed with the BLM. Any further surface disturbance from the result of our Exploration Work that has been filed with the Bureau of Land Management will be required to be remediated.

Stardust Mine Events for years ended December 31, 2017 - 2021:

- As announced on May 30, 2017, the Company's Reclamation Bond was accepted on May 17, 2017, by the BLM, and prior to this, the Notice Application to conduct exploration drilling plan was accepted. The Company has engaged Harris Exploration Drilling and Associates Inc. (Harris Drilling), a Nevada company to commence drilling on the Stardust property the first week of June. Harris Drilling has been in business for over fifty years and has worked for many of the top mining and exploration companies in the world. This first phase drilling program is designed to establish strike length and test grades over a large enough width within the defined chlorite hematite hosted vein system. The drilling will attempt to define structural continuity (vein continuity along strike), grade of veins and hosting chl-hem zone, and find the width of structures. The program, as designed, should also demonstrate grade at reasonably shallow depths. The lowest drilling angle -45 degrees is envisioned for this program. This phase will include approximately 3000 ft of drilling. The mineralization present at the Stardust Project appears to be located within detachment related veins hosted by intensively chloritic and hematitic host rocks. The vein system has been sampled over a strike of approximately 3200 feet (975 meters). These veins appear to be a feeder system of an extensive partially eroded low angle fault system regionally present.

- As announced on July 5, 2017, the first two holes Core(HQ) of drilling were completed. The first hole (SDD1) was completed at a depth of 350 ft and the second hole (SDD2) was completed at 290ft at the 100% owned Stardust claim block located in Yuma County, Arizona. This first drill program is expected to drill 6–8 holes totaling 3000 ft. The Stardust drilling campaign is targeting an epithermal precious metals (gold, silver) system. Harris Exploration Drilling and Associates Inc. (Harris Drilling), a Nevada company, commenced drilling on June 10th. The core samples from the first two holes were delivered to Skyline Assayers and Laboratories in Tucson, Arizona on July 3rd. The samples will be crushed and pulverized with standard steel and then proceed to be fire assayed for Gold and a 24 multi-element Geochemistry for Silver and multiple other trace elements. This first phase drilling program is designed to establish strike length and test grades over a large enough width within the defined chlorite hematite hosted vein system. The drilling will attempt to define structural continuity (vein continuity along strike), grade of veins and hosting chl-hem zone, and find the width of structures. The program, as designed, should also demonstrate grade at reasonably shallow depths. The lowest drilling angle -45 degrees is envisioned for this program.

- As announced on August 30, 2017, the third and fourth holes Core(HQ) of drilling were completed by Harris Drilling and Associates Inc. on July 26, 2017. The third hole (SDD3) was completed at a depth of 175 ft and the fourth hole (SDD4) was completed at 293 ft at the 100% owned Stardust claim block located in Yuma County, Arizona. Phase 2 drilling is scheduled for September. The Stardust drilling campaign is targeting an epithermal precious metals (gold, silver) system. The core samples from the third and fourth holes were delivered to Skyline Assayers and Laboratories in Tucson, Arizona, on July 28th. The samples will be crushed and pulverized with standard steel and then proceed to be fire assayed for gold and a 24 multi-element Geochemistry for silver and multiple other trace elements.

- This first phase drilling program is designed to establish strike length and test grades over a large enough width within the defined chlorite hematite hosted vein system. The drilling will attempt to define structural continuity (vein continuity along strike), grade of veins and hosting chl-hem zone, and find the width of structures. The program, as designed, should also demonstrate grade at reasonably shallow depths. The lowest drilling angle -45 degrees is envisioned for this program.

  Holes 3 and 4 are designed to test projection of gold mineralization in outcrop veins and silicification found just NE of one of the original shafts on the property. We look forward to receiving and reviewing the assay results and sharing with our shareholders, as there have been multiple locations of veins throughout the core that we have sent for assay."

- As announced on December 5, 2017, Nine RC drill holes totaling 5000' were completed at the Stardust project in November. Drilling focused mostly on the western half of the property with -45 degree inclined holes. The main Stardust Mine structure, which strikes just north of due east, and secondary NE fault splays on its north side were primary targets. Drill holes across these structures consistently intercepted intervals of quartz veining, strong silicification, and associated iron oxide minerals, all prospective for gold-silver mineralization. Wall rocks to the veins included propylitically altered monzonite intrusive, meta-volcanic, and meta-sedimentary rocks. Most of the 2017 drilling occurred in an area of thin (25-90') gravel cover created by downward offset on the N and NW sides of E-W and NE structures. Blind structural drill targets were partly resolved with the 2015 Zonge Engineering ground magnetic data, and partly discernible from detailed air photos and geologic mapping. Though the gravel contains angular fragments of gold-silver bearing, banded epithermal quartz vein material, it hindered historic development work at Stardust during the 1920's, by obscuring in place quartz veins.

The overall Stardust epithermal system appears differentially eroded from east to west. East of the historic mine shafts, exposures are good. Rock chip gold-silver results improve nearer to the historic Stardust mine shafts, which are located in a central corridor where the precious metals zone is better preserved from erosion, but incompletely covered by gravel. Drill holes SDR 5 and 6 tested this corridor. Drill holes SDR 7 through SDR 13 targeted quartz veins beneath gravel cover up to 300' north and 1500' west of the historic shafts. These holes encountered the strongest quartz vein intervals, up to 55' thick. Quartz vein intervals were encountered through a depth range from just below the gravel cover to downhole depths up to 615', suggesting good preservation of the precious metals zone at depth. About 1300' west of the Stardust shaft, a prominent NE structure further down-drops tertiary volcanic rocks into fault contact with older intrusive and metamorphic rocks that host the known quartz veins. SDR 12 was collared in the hanging wall of this structure and encountered a thicker gravel sequence, tertiary volcanic rocks, and quartz veining at the fault contact between the tertiary volcanic rocks and pre-tertiary basement rocks, as well as additional quartz veins and silicification in the basement rocks. Strong alteration and structurally-controlled quartz veining continue to the western extent of the 2017 drilling, leaving the Stardust epithermal system open to the west and potentially still strengthening to the west. This drill program clearly shows the Stardust project contains an epithermal alteration system much larger and stronger than indicated by the restricted historic workings and surface exposures and requires further drilling to determine its size. The strength and extent of quartz veining and silicification observed during the drill program suggest excellent potential for significant gold and silver results.

In summary, the completed 9-hole drill program at Stardust has successfully confirmed the presence of quartz veins outside of previously tested areas at the Stardust property. The drilling identified strong quartz vein structures along the trend for over 1500 feet west of the historic Stardust shafts. Drilling encountered quartz veins and metallic mineralization in the area outside the historic underground workings. This suggests that there could be additional precious metal resources in known structures west of the historic mines.

- As announced on February 8, 2018, the Company announced the results from the phase two drill on the Stardust Gold Project as follows. Tombstone Exploration completed 13 holes totaling 6200' at the Stardust project in 2017. Drilling focused mostly on the western half of the property with -45degree inclined holes. The main Stardust Mine structure, which strikes just north of due east, and secondary NE fault splays on its north side were primary targets. Drill holes across these structures consistently intercepted intervals of quartz veining, strong silicification, and associated iron oxide minerals, all prospective for gold-silver mineralization. Wall rocks to the veins included propylitically altered monzonite intrusive, meta-volcanic, and meta-sedimentary rocks. Most of the 2017 drilling occurred in an area of thin (25-90') gravel cover created by downward offset on the N and NW sides of E-W and NE structures.

- The overall Stardust epithermal system appears differentially eroded from east to west. East of the historic mine shafts, exposures are good. Rock chip gold-silver results improve nearer to the historic Stardust mine shafts, which are located in a central corridor where the precious metals zone is better preserved from erosion, but incompletely covered by gravel. Drill holes SDR 5 and 6 tested this corridor. Drill holes SDR 7 through SDR 13 targeted quartz veins beneath gravel cover up to 300' north and 1500' west of the historic shafts. These holes encountered the strongest quartz vein intervals, up to 55' thick. Quartz vein intervals were encountered through a depth range from just below the gravel cover to downhole depths up to 615', suggesting good preservation of the precious metals zone at depth. About 1300' west of the Stardust shaft, a prominent NE structure further down-drops tertiary volcanic rocks into fault contact with older intrusive and metamorphic rocks that host the known quartz veins. SDR 12 was collared in the hanging wall of this structure and encountered a thicker gravel sequence, tertiary volcanic rocks, and quartz veining at the fault contact between the tertiary volcanic rocks and pre-tertiary basement rocks, as well as additional quartz veins and silicification in the basement rocks. Strong alteration and structurally-controlled quartz veining continue to the western extent of the 2017 drilling, leaving the Stardust epithermal system open to the west and potentially still strengthening to the west. To date all drill results had lower grade gold than expected on this small area of drilling. Tombstone has drilled through incredible large quartz vein intercepts with this drill campaign and nearly every section sent for assay carried gold, leaving Tombstone highly optimistic on identifying greater quantities on the remaining 396 acres of the Stardust Property.

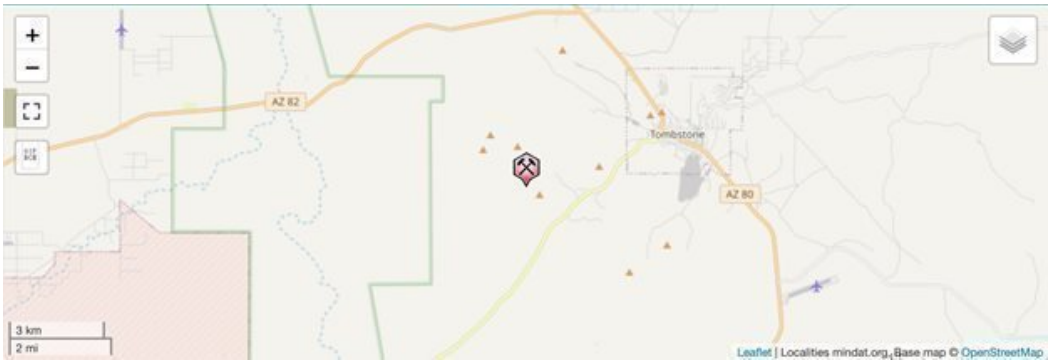
  In addition to the gold assays Tombstone also had its lab prepare Analysis of 29 additional elements which included lithium. There were interesting lithium numbers in all the drill holes of which we did not expect. Although the lithium numbers are also considered low grade it will now be added to our exploration plan. Lithium is hosted in a pregmatite composition that is similar to granite with abundant quartz. The third phase drill area has a number of pregmatite outcrops of which we will be included in our next drill targets.

  The first two phases of drilling were designed to establish strike length and test grades over a large enough width within the defined chlorite hematite hosted vein system. The drilling was to define structural continuity (vein continuity along strike), grade of veins and hosting chl-hem zone, and find the width of structures.

  The Company has not conducted any work at the Stardust Mine since 2018, however, the Company still holds all of the claims.

The Tombstone Project. *The State of Main Mine and others as well as Section 16 of the Tombstone Mining District Copper Exploration, Cochise County, Tombstone Arizona*

LOCATION:	Tombstone, Arizona
OWNERSHIP:	100% Tombstone
MINERALS:	Gold, Silver and Copper
PROPERTY SIZE:	641 acres
ANNUAL PRODUCTION:	2021 =Zero 2020 =Zero 2019 =Zero
TITLES, MINERAL RIGHTS, LEASES OR OPTIONS:	Arizona State Mining Lease
PROJECT STAGE:	Exploration
KEY PERMIT CONDITIONS:	None
MINE TYPES/MINERALIZATION STYLES:	Gold, Silver, Copper
PROCESSING PLANTS AND OTHER AVAILABLE FACILITIES:	None



The Property is without known Reserves and the State of Main Mine is exploratory in nature based on prior work completed on this property over many years. There are multiple areas that were worked on the State of Maine Mine from the 1930's, they have been described in many reports that previous geologists have rendered that are historic in nature. Most of this work was completed underground and access was through mine shafts and decline entrance ways. We have not completed any work in the interior of this property. We have not encountered any previous contamination on these properties related to former processing or assay testing activities.

The Company holds the mineral rights to approximately 640 acres in the historical western Tombstone silver mining district. Our property area lies within the historic Tombstone Mining District Cochise County, Arizona. The town of Tombstone, Arizona is approximately 70 miles (miles, 110 kilometers (km)) southeast of Tucson and 24 miles (40 km) northwest of Bisbee, Arizona. The San Pedro River lies about 2 miles (3 km) west of the property's westernmost boundary.

The Tombstone mining district is one of 12 mining districts in Cochise County, Arizona. Copper, lead, zinc, silver, and gold were the principal metals produced from the different mines in the County. Management has structured and positioned the Company to capitalize on today's increasing demand and prices for precious metals and base metals such as copper, lead and zinc.

The Tombstone property is composed of three non-contiguous parcels totaling approximately 640 acres. The parcels consist of 8 patented lode claims totaling 145.6 acres (58.9 ha) in Section 16, and 1 Arizona State Land Department (ASLD) exploration permits totaling 495 acres. The Company owns the mineral rights to the patented claims; the surface rights are owned by various individuals. The Arizona state trust lands exploration permits grant the Company the exclusive exploration rights for up to 5 years from the date the exploration applications were filed. Surface and mineral rights are variously owned by the U.S. federal government, the State of Arizona, and individual persons.

The Company has conducted several drilling programs on the Tombstone property in the past, as described in greater detail below. However, the reader is cautioned that the following summaries are historical in nature and that currently the Company is not now and does not have imminent plan to commence material exploration activities on our Tombstone Property. As we own the Tombstone Property, we will continually reassess and evaluate recommencing activities on the property.

2009/2010 Drill Program - Phase II

In February 2009, the Company extracted six additional samples from the Tombstone property which were sent to Copper State Analytical for assay for gold, silver, manganese, copper, lead and zinc. Three of the samples were taken from the State of Maine Mine and three from Randolph Mine, both located on the Tombstone property. The Company suspended the 2009 Drill Program due to general economic factors leading to difficulty in obtaining the requisite financing to fund the program.

In April 2010, the Company resumed the 2009 Drill Program, with the two targets drilled and both having intersected mineralized zones. The Company utilized a portable x-ray diffraction (XRF) machine to get on-site reading of metal levels in the drill cuttings. The results helped the exploration team manage the drilling program. Tombstone's property is underlain by Uncle Sam porphyry and units of the Bisbee Group. Mineralized fissures strike consistently northeast, and many of the fissures exhibit consistent orientation for hundreds of feet along strike. Many fissures have parallel orientations, forming fissure sets. The main mines in this area occur along these northeast-striking fissures. The State of Maine mine occurs in fissures that cut both Bisbee sediments and Uncle Sam porphyry. These structural mineralized fissures are the primary focus of the current exploration program.

As of June 30, 2010, 4,080 feet of drilling had been completed. Also, during this period, additional geologist investigation was undertaken to further assess the potential for porphyry copper exploration targets on the Tombstone property. The Company has been in contact with geophysical contractors to develop a plan, budget, and timeline for this phase of the project. Planning is on-going and work may include geochemical surveys as well.

The Company has not conducted further drilling on the Tombstone Property since June 2010. The State of Main mine is without known Reserves and the property is exploratory in nature based on prior work on this property over many years.

2010 Report on a Helicopter-Borne Z-Axis Tipper Electromagnetic (ZTEM) and Aero Magnetic Geophysical Survey

From June 29, 2010 to July 4, 2010, Geotech Ltd. carried out a helicopter-borne geophysical survey for the Company over the Tombstone project area. Principal geophysical sensors included a Z-Axis Tipper electromagnetic (ZTEM) system, and a caesium magnetometer. Ancillary equipment included a GPS navigation system and a radar altimeter. ZTEM was selected for its ability to achieve unparalleled resolution and depth of investigation. The system is well suited to imaging buried porphyry deposits and is capable of gathering data over 6,000 feet (1.25 miles) below ground surface.

The airborne ZTEM survey covered over 200 line miles and most of the Tombstone Mining District. A total of 373.5 line kilometers of geophysical data were acquired during the survey. In a ZTEM survey, a single vertical-dipole air-core receiver coil is flown over the survey area in a grid pattern, similar to regional airborne EM surveys. Two orthogonal, air-core horizontal axis coils are placed close to the survey site to measure the horizontal EM reference fields. Data from the three coils are used to obtain the Z/X and Z/Y Tipper (Vozoff, 1972) components at six frequencies in the 30 to 720 Hz band. The ZTEM was used to map geology using resistivity contrasts and magnetometer data were also collected to help map geology using magnetic susceptibility contrasts.

The crew was based in Tombstone, Arizona for the acquisition phase of the survey. Survey flying started on June 29, 2010 and was completed on July 4, 2010. Data quality control and quality assurance, and preliminary data processing were carried out on a daily basis during the acquisition phase of the project. Final reporting, data presentation and archiving were completed from the Aurora office of Geotech Ltd. in October, 2010. A quality control step consisted of re-examining all data in order to validate the preliminary data processing and to allow for final adjustments to the data. Attitude corrections were re-evaluated, and re-applied, on component by component, flight by flight, and frequency by frequency bases. Any remaining line to line system noise was removed by applying a mild additional levelling correction.

As a result of the survey, Geotech identified a number of conductive structures across the property that resemble known porphyry deposits and reported that the magnetic results also contained worthwhile information in support of exploration targets of interest. Based on the geophysical results obtained, Geotech recommended a more detailed interpretation of the available geophysical data, including Versatile Time-Domain Electromagnetic survey (VTEM), in conjunction with the geology, prior to ground follow up and drill testing.

2012 Technical Report

In January 2012, SRK completed a Technical Report on the Tombstone property.

SRK made the following conclusions in the Report:

The Tombstone property represents a beginning exploration project with a limited amount of historical and current data. The data are insufficient to take the property to resource classification by current industry standards at this time.

The historic silver deposits in the central mining district are well documented through various reports in the literature and several master- and doctoral-level theses. Although west of the largest historical ore deposits, the Tombstone West Area property nonetheless represents an opportunity to target a resource by current methodologies of mapping, drilling, and geophysical surveys that may be successfully extracted with present-day mining techniques. In light of silver commodity price increases in recent years, the recent emphasis on potential porphyry copper and gold targets in the Tombstone area, and recent gold and copper commodity prices, the Tombstone Project warrants a current evaluation.

SRK made the following recommendations in the Report:

- ☐ Compile and analyze all available district-wide data and use that analysis to define and prioritize future targets.
- ☐ Convert historical and current drill logs to digital format logs, re-logging holes that have incomplete logs.
- ☐ Digitize all geochemical data.
- ☐ Use industry-standard software for mapping and record-keeping.
- ☐ Conduct surface geophysical surveys over targets identified by the ZTEM airborne survey.
- ☐ Compile all data in a GIS database, and analyze coincident anomalies to define drill targets.
- ☐ Define a drill program and budget.

Summary of Exploration Activities

SUMMARY OF EXPLORATION HISTORY AND FUTURE EXPLORATION PLANS				
Year	**Expenditures / Budget**	**Source of Funding**	**Exploration Activities**	**Persons Conducting Exploration and Qualifications**
2020-21	$4,320,000	Private Placement/ Private Investors	Build out of Heap Leach Pad for Bonanza Staking of Mining Claims at Stardust Mine; drilling and bond reclamation Geophysical Mapping & Sampling Additional Sampling and Trenching of properties Drilling Assays Strategic joint ventures	Professional Geologists sampling of Stardust Various Professional Engineers and Geologists from the State of Arizona
2021-22	$5,000,000	Private Placement/ Private Investors	Build out of Heap Leach Pad for Bonanza Production Phase 1 at Bonanza Stardust Mine; additional drilling Additional Drilling at Tombstone Assays Strategic joint ventures	Professional Geologists conducting exploration Various Professional Engineers building and processing at Bonanza Mine
2022-23	$5,000,000 (1)(2)	Private Placement/ Private Investors	Production at Bonanza General Operations Assays Strategic joint ventures	Professional Geologists conducting exploration Various Professional Engineers building and processing at Bonanza Mine

(1) Our budget for 2022-2023 consists of the following expenses for a total of $5,000,000 which are based on management's best estimates:

- Production at Bonanza Mine $2,000,000;
- General Operations at Tombstone $2,000,000
- Management, Office and Employee Expenses: $500,000;
- Professional Service Expenses: Legal, Accounting, Audits: $250,000;
- BLM Claims and Permit Expenses: $150,000
- Miscellaneous $100,000

(2) We raised approximately $1,089,000 during the year ended December 31, 2021 to cover the operating expenses of the Company and require an additional ~$4M for our proposed 2022-2023 activities.

Revenues

To date we have not generated any revenues, however, with commencement of production at the Bonanza Mine we anticipate revenues to commence in the third quarter of fiscal 2022.

Principal Market

We do not currently have any market, as we have not yet identified mineral resources that are of a commercially exploitable quantity. While production at the Bonanza mine produced 219oz of gold in 2021, we cannot predict whether the production will continue in exploitable quantities. If we succeed in identifying a mineral resource in commercially exploitable quantities, our principal markets should consist of metal refineries and base metal traders and dealers.

Seasonality of our Business

Our mineral exploration activities are not subject to extreme seasonal variation since the Tombstone Property and Bonanza mines are located in Arizona. Field work, however, is best carried out in temperatures averaging 10 to 15 degrees Celsius. Our other operations, such as metallurgical review and analysis of geochemical survey results, can be carried out all year round.

Local Resources

Tombstone, Arizona is the nearest town to the Tombstone Project. Services at Tombstone are marginally adequate to support the requirements of a mining exploration and development project, but other nearby towns (Wilcox, Benson, Bisbee, and Sierra Vista) have services such as drilling contractors, equipment rental and services, engineering services, and a labor force that are more able to support our drilling program. Sierra Vista is about 18 miles from the project area. The nearest large city, Tucson —located 70 miles northwest of Tombstone along Interstate 10—has a population of more than 526,116 (2013 U.S. Census Bureau estimate) and has company, service, and contractor resources that may not be available locally. Other cities at a greater distance (Phoenix, Arizona; Las Cruces and Albuquerque, New Mexico) also are able to provide services to support exploration and mining in the area.

Surface water is scarce and groundwater supplies are somewhat limited. Walnut Gulch to the north is an ephemeral stream, as is the San Pedro River to the west. In 1882 a pipeline was constructed to bring drinking water to Tombstone from the Huachuca Mountains, 27 miles to the west. The town has municipal wells that supply the needs of the town population. Ranchers in outlying areas obtain domestic and stock water from private wells. Water supplies for development and mining would come from groundwater sources in the area. Arizona Department of Water Resources (ADWR) well records for the area indicate the water table is generally shallow, 200 to 400 feet below ground surface.

Telephone and electric power are available to the area, providing service to local ranchers and small service companies located outside of the town. Telephone service is provided by Qwest. Internet and television services also are available locally. Electric power is supplied through Sulphur Springs Valley Electric Cooperative, with 440V, three-phase lines nearby. One-ten and 220 power lines cross the property. Postal services are available by post office boxes and ground delivery. UPS, DHL, and Federal Express also are available locally.

Gas and diesel stations are 2 miles from the property, and major fuel supply stations are 15 miles away in Sierra Vista. El Paso Gas has a gas line that crosses the northeast corner of Sec. 7, T20S-R22E. Section 7 is held by Arizona State Exploration Permit 08-111864. The Southern Pacific railroad line parallels the San Pedro River.

Patents and Licenses; Industrial, Commercial and Financial Contracts; and New Manufacturing Processes

In conducting our business operations, we are not dependent on any patented or licensed processes, technology, industrial, commercial or financial contract or new manufacturing processes.

Competitive Conditions

We compete with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral interests, as well as for the recruitment and retention of qualified employees.

The mineral property exploration business, in general, is intensely competitive and there is not any assurance that even if commercial quantities of ore are discovered, a ready market will exist for sale of the same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations; the proximity and capacity of natural resource markets and processing equipment; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of mineral and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may make it difficult for us to receive an adequate return on investment.

We compete with many companies possessing greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. Low metal prices and an instable market, even among competition, leads us to assume that we will not face any difficulties retaining geologists or other consultants compared to our competition.

Competition in the usual context, and as experienced by manufacturers of automobiles, durable goods, clothing, electronics, and the providers of most services simply is not a factor in the minerals market. The demand for minerals always exceeds supply, and historically prices have consistently risen. The only major factor for competition is the cost of production.

Although competition over cost of production exists, there is little competition in the marketplace for the Company's products. The market absorbs all precious metals and most base metals produced at prevailing prices. Larger producers can hedge future production to enable easier management of expected revenue in times of price fluctuation, whereas junior companies usually sell at market prices. In today's market larger producers have pulled back from hedging.

The primary competition in the precious metals market is for talent in the workforce. As prices have risen many new companies have started operations or are in the midst of exploration. It is in this area that competition exists for experienced geologists, project managers, and mining executives. In many areas there also is a shortage of mining labor.

The Company believes it can overcome this competition due to its location in a historical mining area, year-round working conditions and nearness to major population centers of Tucson and Phoenix, Arizona. Additionally, experienced mining professionals have assisted in developing the corporation and have many contacts in the industry.

Environmental Regulations

Mineral property exploration in Arizona is governed by the State of Arizona Office of Mine Inspector as well as Title 30 of the Code of Federal Regulations, both seek to regulate and promote the development of safe and environmentally conscious mining operations. To date, our compliance with these regulations has had no material effect on our operations, capital, earnings, or competitive position, and the cost of such compliance has not been material. We are unable to assess or predict at this time what effect additional regulations or legislation could have on our activities.

Governmental Regulations

Mining operations are subject to a wide range of government regulations such as restrictions on production, price controls, tax increases, expropriation of property, environmental protection, protection of agricultural territory or changes in conditions under which minerals may be marketed. Mining operations may also be affected by claims of native peoples, any of which could have the effect of reducing or preventing us from exploiting any of our properties. We will be required to comply with all regulations, rules and directives of governmental authorities and agencies applicable to the exploration of minerals in the State of Arizona and in the United States generally. Our mineral claims entitle our Company to continue exploration activities on our properties, subject to our compliance with various United States federal and state laws governing land use, the protection of the environment and related matters.

To maintain state mineral exploration permits in good standing, the permit holder must renew each permit annually (up to four times, for 5 years total) for a fee of $500.00 per application for renewal. A maximum of 640 acres or one whole section is allowed per application. Additionally, an initial rental fee of $2.00 per acre is due within thirty days upon notification of the intent to issue the permit. The $2.00 rental fee is for the first and second year of the permit. However, although the rent is prepaid for the second year, the permit must still be renewed for that year. Rental fees for years three thru five are $10.00 per acre per year and due annually when the permit is renewed. A bond (typically in the amount of $3,000 for a single permit or a blanket bond of $15,000 for five or more permits held by an individual or company) is also due within thirty days upon notification of the intent to issue the permit. Bond amounts may be increased during the life of the permit as determined by the Arizona State Land Department ("ASLD") upon review of the proposed exploration activities as detailed in the Exploration Plan of Operation that must be submitted and approved by the ASLD prior to the startup of any exploration activities.

The state lands are covered by Arizona State Mineral Exploration Permits, which are administered by the ASLD. Permits to conduct drilling in Arizona are administered by the Arizona Department of Water Resources (ADWR). Permits to conduct exploration drilling on BLM lands require either a Notice of Intent or a Plan of Operations, depending upon the amount of new surface disturbance that is planned. A Notice of Intent is for planned surface activities that anticipate less than 5.0 acres of surface disturbance, and usually can be obtained within a 30 to 60 day time period. A Plan of Operations will be required if there is greater than 5.0 acres of new surface disturbance involved with the planned exploration work. A Plan of Operations can take several months to be approved, depending on the nature of the intended work, the level of reclamation bonding required, the need for archeological surveys, and other factors as may be determined by the BLM. No other permits are required for exploration drilling.

The Company has a Notice of Intent – Mineral Exploration Drilling AZA33591 to conduct drilling on BLM claims in Secs. 9 and 10, T20S-R22E. The permitted drilling was partially completed in 2007 with the drilling of holes TEM 1, TEM 2, and TEM 3. The Company also has received conditional approval, upon completion of archaeological and cultural resource surveys, to drill in Sec. 16, T20SR22E under Arizona State Exploration Permit 08-111868.

C. Organizational Structure

We have one wholly owned subsidiary, Tombstone Exploration and Mining Corporation, a Nevada corporation ("TEMC") that is qualified to do business in the State of Arizona. All of our operations are conducted through TEMC. Tombstone Exploration Corp. owns 40% of the Bonanza Mining Company, an entity incorporated in Nevada and qualified to do business in the State of Arizona.

D. Property, Plants and Equipment

Our principal executive office is located at 6529 E. Friess Drive, Scottsdale, AZ 85254. Additionally, we share this space with our wholly owned subsidiary, TEMC. We currently do not pay any rent. We believe that this existing space is adequate for our current needs. Should we require additional space, we believe that such space can be secured on commercially reasonable terms.

Our Properties

SUMMARY OF THE COMPANY'S MINING CLAIMS						
Number / Type of Claims	**Ownership / Interest in Property**	**Duration of Interest**	**Location**	**Acreage**	**Agreements / Royalties**	**Annual Fees / Maintenance / Permits**
8 Patented Lode Claims	Undivided 100 percent mineral interest in the claims as both the record mineral owner and the assessed mineral owner No surface rights	Claims are valid as long as the Company continues to hold title.	Private Land	145.58 acres	--	None
1 State of Arizona Mineral Exploration Permits	Exclusive right to explore for and develop minerals on the lands. State of Arizona is the record surface and mineral owner of land. Company is the record permittee of the state lands.	These permits are valid and each must be renewed every year.	Arizona state lands	450 acres	State mineral exploration permits, if converted to mining leases, will have royalties assigned to them by the State of Arizona.	Must be renewed each year, for up to 5 years, for a fee of $500.00 / permit. Additionally, an initial rental fee of $2.00 / acre is due within 30 days upon notification of the intent to issue the permit, for the 1st and 2nd year. Rental fees for the 3rd thru 5th years are $10.00/acre/year and due annually when the permit is renewed. A bond (typically $3,000 for a single permit or a blanket bond of $15,000 for 5 or more permits) is due within 30 days upon notification of the intent to issue the permit.
20 Unpatented Lode Claims	Fully controlled by the Company. Company has the right to enter for exploration purposes. No surface rights.	These claims are valid and each must be renewed each year.	U.S. federal lands administered by U.S. Bureau of Land Management (BLM).	400 acres	No royalty agreements on federal mining claims.	Annual maintenance fees for the claims, as follows: $155 for claim annual maintenance renewal fee to the BLM, in lieu of annual assessment work.

THE COMPANY'S PATENTED MINING CLAIMS		
CLAIM NAME	**MINERAL SURVEY NO.**	**CLAIM ACREAGE**
Maine	M.S. # 579	18.33
Merrimac	M.S. # 175	20.61
Clipper	M.S. # 273	13.41
Triple X	M.S. # 577	15.27
Brother Jonathan	M.S. # 578	17.28
Lowell	M.S. # 797	20.59
May	M.S. # 317	19.43
Red Top	M.S. # 190	20.66
TOTAL ACREAGE OF PATENTED MINING CLAIMS:		**145.58**

Industry of Interest

The precious metals and base metals industry produces over $100B in metal production per year. The industry is essentially two sectors: the major producers and the junior exploration and mining companies.

The major producers such as Freeport McMoran, Rio Tinto, and BHP Billiton produce the majority of precious and base metals from large scale, geologically scattered operations. Property expansion by the majors typically comes from joint venture, consolidation or acquisition with junior exploration and mining companies. This occurs usually because a junior finds it difficult to initiate full scale operations due to the significant front end development costs. The majors can absorb and develop the newly discovered fields with little impact to overhead operations and can fund direct operations through forward sale of metals.

Juniors typically spend the majority of their money locating new potential areas, proving up a portion of reserves through geological studies, analyses and drilling, and then initialing small scale operations. During that period most successful juniors draw the attention of and team up in some way with a major producer.

Cost of operations/production is the driver in the industry. All product produced, particularly in the precious metals industry, is absorbed by the market. Demand exceeds supply. The most profitable companies have the lowest per ounce/pound cost of production. The highest return to investors, however, comes from junior companies, when successful, where per share prices are lower until a viable project is proven. Risk, though, is often higher with junior companies, unless and until they locate and acquire viable projects and adequate funding.

The prime customers for the precious metals sector of the industry are the refiners such as Englehart, Johnson Maffey, etc. These companies serve as the distributor of product between the producers and the consumers. The majority of precious metals produced are utilized by the industrial and electronics industry, the automotive industry, the jewelry industry and the investment community.

As metal prices have risen, so too has the interest in new areas for exploration and eventual production. The past two decades have seen a significant expansion of interest into Central and South America, as well as developing third world countries. Today's price levels combined with the political uncertainties of many foreign projects, and the inability for year-round operations in portions of Alaska and northern Canada, have produced a resurgence of junior companies in the mainland United States. However, many juniors target only one or two categories of metals. This model of operation limits their chance of success for production or buyout.

The keys to success for today's junior exploration and mining companies are four: 1. Property holdings and potential; 2. location; 3. metal diversity; and 4. cost of development and operation.

The Tombstone Property

Most of the historic mines in the Tombstone Mining District were polymetallic, with the principal ores produced being silver from bonanza grade deposits. However, anomalous copper, lead, zinc, manganese, and gold have been identified, and some of these metals have been produced from different mines in Cochise County (i.e., copper from Bisbee, lead from the Charleston Mining District, and silver and manganese from the Tombstone Mining District).

The principal exploration concept pursued by the Company since 2010 is for low-grade, large tonnage porphyry copper mineralization, largely buried beneath basin fill. The concept is based upon the regional geology that includes the Tombstone caldera complex with related intrusives and complex fault systems; porphyry copper mineralization intersected at depths greater than 3,000 ft by Asarco and other major mining companies that drilled the area in the 1970s, 1980s, and 1990s; and geochemically anomalous values and zoning patterns of Cu, Ag, Pb, and Zn ratios in rock chip samples from mine dumps in the western part of the district that broadly coincide with the Lowell and Guilbert (1970) porphyry copper model.

Silver mineralization also is an exploration target, in particular in the western area of the Company's landholdings. The silver exploration concept is seeking to tie together the northeast-striking mineralized fissures into silver deposits that are projected to connect historic deposits and prospects along strike and to extend the depths of mineralization to perhaps hundreds of feet beneath the water table; the exploration potential below the water table was minimally explored and/or mined in the past. The horizontal and vertical extensions of the fissure veins are expected to be more definable by current exploration methods and would be amenable to underground or open pit mining methods.

Gold exploration is a concept based upon historic geochemical and geophysical exploration, shallow drilling, and reported gold grades in the Stardust area from the 1900s intermittently through the 1990s.

Stratigraphy

Rocks in the Tombstone area range from Precambrian to Quaternary in age. The oldest rock is fine- grained, grayish Precambrian Pinal schist, intruded by Precambrian granitic and porphyritic rocks, and unconformably overlain by a thick sequence of Paleozoic sedimentary rocks that change from mainly limestone to mainly sandstone and shale. The uppermost unit, the Naco limestone is an erosion surface unconformably overlain by the Mesozoic Bisbee group, a series of conglomerate, sandstone, quartzite, shale, and limestone with two or three lenses of soft, bluish-gray limestone.

The deposition of the Mesozoic sedimentary rocks was followed by a period of deformation and igneous activity. Late Cretaceous time was marked by eruptive and intrusive activity associated with the Tombstone volcanic center that probably formed within a continental-margin arc. The Tombstone volcanic center erupted the Uncle Sam Tuff at 73.5 +/- 2.8 Ma, and an irregularly shaped caldera formed as a consequence of collapse into the evacuated magma chamber. These events were accompanied by emplacement of the Schieffelin granodiorite, diorite stocks and plugs, and andesite dikes. Silver mineralization is directly associated with the folding, faulting, igneous intrusions, and fissuring of this period: north-south (dike) fissures, faults, anticlines and rolls, and—in the western area in particular—with the north-south trending dikes and cross-cutting northeast-trending fissures. Most of the silver deposits are associated with at least two structural features, often at their intersection. Rocks of the Tombstone volcanic center postdate Laramide thrust faulting and are little deformed.

The Basin and Range province was formed during the Cenozoic Era when east-west crustal extension resulted in vertical movement on generally north-south trending faults. Extension gave rise to the emplacement of extensive granitic stocks and batholiths with associated volcanic activity. Locally steep tilting and minor normal faulting occurred during Basin and Range block faulting.

Bromeyerite is the main supergene silver mineral; the main hypogene silver-bearing minerals are hessite, tetrahedrite, and galena. Base metal mineralization, often oxidized, occurs in fault and fracture zones in Laramide volcanics and the Uncle Sam tuff. The most common base minerals are sphalerite, galena, and chalcopyrite. Chalcopyrite is widespread, most commonly as exsolution blebs in sphalerite. Manganese mineralization is widespread throughout the Tombstone district and has occurred in various amounts with most of the oxidized silver-lead mineralization. The manganiferous mineralization exists as replacements in limestone.

Development Strategy & Plan of Operations for the Next Twelve Months

The Company's development strategy is to focus on the fundamental keys to success for a junior exploration and mining concern. These keys were identified in the Industry discussion.

Property holdings and potential.

Plan: Continue geological analyses including mapping, and identification of drill targets. Focus on these targets for drilling, sampling and identifying potential reserves. Expand target areas as drilling progresses and studies expand knowledge of properties.

1. Location

Plan: The Company's Tombstone property is located in a known metal and mineral area with easy access, historical production, mining friendly community and ease of permitting puts the Company in a position for success. The Company will continue to identify areas on the properties for mill site operation, improve off-road access and work closely with the community at large to offer employment opportunities. The Company will also interface with the state level in Arizona to establish itself as a significant contributor to the state economy.

2. Metal diversity

Plan: A significant number of metals and minerals have already been identified on the Tombstone property including silver and gold. The Company, with the help of consulting organizations, will further explore the range of metals and minerals, and the ability to extract/produce product for market. In the non-precious metals areas, the Company will likely seek joint venture partners who will add to the success and financial returns for our shareholders.

3. Cost of development and operation

Plan: The Company may establish a small production operation, subject to permitting, financing and sufficient resources, to begin silver and gold production with material from existing known sites. As drill targets identify key areas for drilling, the operation will be expanded to two large scale mill sites. The Company firmly believes from the sampling and historical production in the area, that a low cost / high profit operation will be developed.

Item 4A Unresolved Staff Comments

Not required.

Item 5. Operating and Financial Review and Prospects

The following discussion and analysis of our financial condition and results of operations for the fiscal years ended December 31, 2021, 2020, and 2019, should be read in conjunction with our financial statements and related notes included in this Report. Our financial statements included in this Report were prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

A. Operating Results

Our results of operations have been, and may continue to be, affected by many factors of a global nature, including economic and market conditions, the availability of capital, the level and volatility of prices and interest rates, currency values, commodities prices and other market indices, technological changes, the availability of credit, inflation and legislative and regulatory developments. Factors of a local nature, which include the political, social, financial and economic stability, the availability of capital, technology, workers, engineers and management, geological factors and weather conditions, also affect our results of operations. See "Key Information – Risk Factors". As a result of the economic and competitive factors discussed above, our results of operations may vary significantly from period to period.

Year Ended December 31, 2021 compared to Years Ended December 31, 2020 and 2019

For the years ended December 31, 2021, 2020, and 2019, we did not receive any revenue from various mining claims and properties.

Year ended December 31,	Net Loss	Loss per Share
2021	$ 1,846,151	$ 0.17
2020	$ 1,369,470	$ 0.16
2019	$ 1,702,424	$ 0.35

The net loss for the year ended December 31, 2021 of $1,846,151 was attributed to directors and management fees of $669,800 which was primarily related to management fees of $144,000 to the President and Director of the Company along with the issuance of common shares of the Company to officers and directors of the Company, consulting services of $274,950 related to ancillary services for its mineral property exploration costs, professional fees of $51,581 for audit, accounting, and legal fees incurred by the Company in its operations, and a proportionate loss on the Company's investment in Bonanza Project of $783,165.

The net loss for the year ended December 31, 2020 was attributed to directors and management fees of $762,947 which was primarily related to the issuance of common shares of the Company, consulting services of $556,760, professional fees of $41,318 for audit, accounting, and legal fees incurred by the Company in its operations, a loss on settlement of debt of $43,068, and a proportionate loss on the Company's investment in Bonanza Project of $85,028. The loss was offset by a gain of $198,801 relating to the forgiveness of non-recourse loans that were issued in the prior year.

The net loss for the year ended December 31, 2019 was attributed to directors and management fees of $825,177 which was primarily related to the issuance of common shares of the Company, $355,991 of mineral property costs including the impairment of the Bahamas Aggregate investment of $350,000, consulting services of $111,392, professional fees of $71,264 for audit, accounting, and legal fees incurred by the Company in its operations, a loss on settlement of debt of $243,065 which included $228,750 loss on the settlement of a loan payable with the issuance of common shares, and interest expense of $65,870 which included accrued interest on promissory notes payable of $397,500 which included $362,000 of new notes payable issued during the year that bear interest at 15% per annum.

Overall, the Company continues to incur operating losses while it continues its development of its projects and properties, with no significant changes in the nature of our operations, with the exception of fiscal 2021 which saw the first full year of operating results related to the Bonanza Project. As more costs are being invested into Bonanza, we have relied less on external consultants and no longer have floating rate convertible debentures to fund our operations, as was evident in fiscal 2018 and previous years.

B. Liquidity and Capital Resources

Since our incorporation, we have financed our operations almost exclusively through the sale of our common shares to investors and issuance of convertible notes payable. As we are now focusing on mining exploration with no producing resource properties, we do not generate operating income or cash flow from our business operations. Until a significant body of ore is found, our working capital requirements are not significant, and we expect to continue to finance operations through the sale of equity in future years. There is no guarantee that we will be successful in arranging financing on acceptable terms.

To a significant extent, our ability to raise capital is affected by trends and uncertainties beyond our control. These include the market prices for base and precious metals and results from our exploration programs. Our ability to attain our business objectives may be significantly impaired if prices for metals such as gold and uranium fall or if results from our intended exploration programs on our properties are unsuccessful.

December 31, 2021, 2020, and 2019

At December 31, 2021, we had cash on hand of $166,747 as compared to $176,120 as at December 31, 2020. The decrease in cash was due to the net effect of use of cash raised from financing activities for its operations and additional $780,000 of investment into the Bonanza Project. We had total assets of $3,039,690 at December 31, 2021 compared to total assets of $3,052,512 at December 31, 2020. Overall, our total assets were consistent with the prior year.

We had current liabilities of $845,456 at December 31, 2021 compared to current liabilities of $545,827 at December 31, 2020. The increase in current liabilities is due to additional issuances of notes payable during the current year of $279,000 from related parties. We also saw an increase in accounts payable and accrued liabilities of $20,929 due to timing differences in the payment of outstanding obligations as they become due.

We had a working capital deficit of $498,709 at December 31, 2021 compared to a deficit of $369,707 at December 31, 2020 The decrease in the working capital was due to the use of the loan proceeds to support its ongoing cash investment in Bonanza Project as well as for general and operating expenditures incurred during the year.

Application of Critical Accounting Policies

The preparation of financial statements in conformity with applicable generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain. As the number of variables and assumptions affecting the probable future resolution of the uncertainties increase, these judgments become even more subjective and complex. Our significant accounting policies are disclosed in the Notes to our financial statements included in this Report.

C. Research and Development, Patents and Licenses, etc.

We do not currently, and did not previously, have research and development policies in place. Over the past five fiscal years, we have not expended any material amounts on research or development.

D. Trend Information

Our business is the exploration for and development of mineral deposits. The market price of precious metals and other minerals is volatile and has fluctuated widely, particularly in recent years. The prices of various metals are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The commodity price of precious metals has a direct impact on our revenue prospects and our ability to raise capital. Although there is no assurance that this trend will continue, management is optimistic that the current price level will continue for the foreseeable future.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resource that is material to investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations by specified categories as of December 31, 2021.

Contractual Obligations	Total	Less than 1 year	1-3 years	3-5+ years
Notes payable	$ 577,500	$ 577,500	-	-
Total	**$ 577,500**	**$ 577,500**	**-**	**-**

Other than the contractual obligations set forth above, we do not have any contractual obligations that are long-term debt obligations, capital (finance) lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet.

G. Safe Harbor

Forward Looking Statements

This annual report contains forward-looking statements that reflect our current expectations and views of future events. These forward-looking statements can be identified by words or phrases such as "shall," "may," "will," "expect," "should," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to our goals and strategies, our competitive strengths, our expectations and targets for our results of operations, our business prospects and our expansion strategy. Those statements appear in a number of places and include statements regarding our intent, belief or current expectations with respect to:

- our direction and future operation;
- the implementation of our principal operating strategies, including our potential participation in acquisition, divestiture or joint venture transactions or other investment opportunities;
- the implementation of our financing strategy and capital expenditure plans;
- the exploration of mineral reserves and development of mining facilities;
- trends in commodity prices and demand for commodities;
- the future impact of competition and regulation;
- the payment of dividends or interest on shareholders' equity;
- industry trends, including the direction of prices and expected levels of supply and demand; and
- other factors or trends affecting our financial condition or results of operations.

We have based these forward-looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Although we believe that we have a reasonable basis for each forward-looking statement contained in this annual report, we caution shareholders that these statements are based on our projections of the future that are subject to known and unknown risks and uncertainties and other factors that may cause our actual results to differ materially from those in the forward-looking statements.

The forward-looking statements included in the annual report are subject to risks, uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of risk factors described under "Risk Factors" and elsewhere in this annual report. These risks are not exhaustive. It is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statement. An investor in our Company should not rely upon forward looking statements as predictions of future events. Unless required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or otherwise.

Item 6 Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth the names, business experience and function/areas of expertise of each of our directors and officers as of the date of this report:

Name, Office Held, Age	Area of Experience and Functions in Our Company
Alan M. Brown CEO, CFO, Director & President Age 55	As President, Chief Executive Officer, Chief Financial Officer, and a Director, Mr. Brown is responsible for the development of our strategic direction and the management and supervision of our overall business.
Daniel A. Cistone(1) Director Age 72	Chairman of the Board of Directors of the Company
Donald Rauch(2) Director Age 75	Director of the Company
Mark Mehok(3) Director Age 54	Director of the Company

(1) Mr. Cistone was appointed as a member of the Board of Directors on January 7, 2016.
(2) Mr. Rauch was appointed as a member of the Board of Directors on October 12, 2017
(3) Mr. Mehok was appointed as a member of the Board of Directors on July 1, 2018

Alan M. Brown, President & CEO – Mr. Brown is the company's President and Chief Executive Officer. He has an extensive background in accounting and mining exploration, along with experience in corporate mergers and acquisitions, real estate acquisitionand development. Prior to founding TMBXF, Mr. Brown spent several years working for a Chartered Accounting firm on Vancouver Island. He was also the chief controller for a Canadian real estate development company involved in multi-million dollar projects. Mr. Browns has been involved in the Public Markets since 2001 as senior board member of all companies that he has worked with.

Daniel A. Cistone, Chairman of the Board - Mr. Cistone brings his broad technical background and proven boardroom leadership experience to the role of Chairman. He has strong experience and expertise in finance, which includes acquisitions and startups both domestically and abroad, as well as management of those companies, and will be a huge asset to the Company. Mr. Cistone is the President of Daniel A. Cistone's Consulting LLC. and serves as a Director on several corporate and local boards in his community. Previously, he spent 40 years with M&C Specialties Co., a global fabrication company as CFO/CEO. He received his BSBA in Accounting from Villanova University, Villanova, PA.

Donald Rauch, Director - Mr. Rauch graduated in 1969 from Michigan State University cum laude in Business Administration. Mr. Rauch was President and CEO from 1995-2007 of M & C Specialties Co, a leading global fabricator/converter of pressure sensitive materials. He grew the business from a one plant operation in Philadelphia to an international business with plants in Ireland, Mexico, China and California. M & C Specialties was sold to ITW in June of 2007. His Board experience is extensive being M&C Specialties 1973 through 2007, Creative Financial Group Advisory Council, Warminster Hospital, Gasket Fabricators Assoc., Delaware Valley Industrial Resource Center, Laminators Inc., and Airline Hydraulics Inc.

Mr. Mark Mehok – Mr. Mehok graduated in 1991 from the University of Pittsburgh with a BS in Sports Medicine. He then went on to obtain his Master of Science from Widener University in 1996 and then his MBA from Penn State University in 2001. He was a practicing Physical Therapist prior to establishing 2M Sales and Development which is an independent Sales and Distribution company in the Healthcare and Medical device space. He still acts as the President of 2M Sales and Development. He is an Investor in numerous start up companies, many of which he acts as an advisor to.

Additional Information

There are no familial relationships between our officers and directors.

The above listed officers and directors were not selected as directors or members of senior management pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

B. Compensation

During the fiscal year ended December 31, 2021, 2020, and 2019 the aggregate remuneration paid to directors in their capacity as directors of our Company was $144,000, $144,000, and $156,000, respectively. Management fees totaling $669,800, $762,947, and $825,177, was paid to directors and officers for each of the years ended December 31, 2021, 2020, and 2019, respectively.

Executive Compensation

The following table provides a summary of compensation paid by us during the fiscal years ended December 31, 2021, 2020, and 2019, to our executive officers who received a salary:

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation		
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Securities Under Options/ SARs Granted**	**Shares or units subject to resale restrictions[1]**	**All other Compensation**
Alan M. Brown [2]	2021	$ 144,000	NIL	NIL	NIL	60,000	NIL
President, CEO, CFO and Director	2020	$ 144,000	NIL	NIL	NIL	100,000	NIL
	2019	$ 150,000	NIL	NIL	NIL	141,667	NIL
Daniel A. Cistone[3]	2021	NIL	NIL	NIL	NIL	80,000	NIL
Director	2020	NIL	NIL	NIL	NIL	133,334	NIL
	2019	NIL	NIL	NIL	NIL	241,667	NIL
Donald Rauch[4]	2021	NIL	NIL	NIL	NIL	40,000	NIL
Director	2020	NIL	NIL	NIL	NIL	66,667	NIL
	2019	NIL	NIL	NIL	NIL	108,333	NIL
Mark Mehok[5]	2021	NIL	NIL	NIL	NIL	40,000	NIL
Director	2020	NIL	NIL	NIL	NIL	66,667	NIL
	2019	NIL	NIL	NIL	NIL	108,333	NIL

(1) The shares have been adjusted to reflect the 200-for-1 reverse stock split effective July 24, 2019.

(2) On June 1, 2019, the Company entered into a Consulting Agreement (the "Agreement") with Alan Brown, and addendum thereto, which supersedes the prior Employment Agreement between the Company and Mr. Brown. Pursuant to the Agreement, Mr. Brown shall continue to be employed as President, Chief Executive Officer and Chief Financial Officer of the Company and to continue to perform any and all duties relevant to such positions. The initial term of the Agreement is for two (2) years (the "Term"). In exchange for his services, Mr. Brown shall receive a base salary of $12,000 per month during the Term. Under the Agreement, Mr. Brown shall receive additional compensation in the form of the Company's common stock per year during the Term and thereafter until the Agreement is terminated. As of June 1, 2020, 100,000 shares were issued as compensation through May 31, 2021. As of December 31, 2021, 60,000 shares were issued as compensation through May 31, 2022.

(3) Mr. Cistone was appointed as a member of the Board of Directors on January 7, 2016.

(4) Mr. Rauch was appointed as a member of the Board of Directors on October 12, 2017.

(5) Mr. Mehok was appointed as a member of the Board of Directors on July 1, 2018.

C. Board Practices

All of the directors of the Company are elected annually by the shareholders and hold office until the next annual meeting of shareholders or until their successors are duly elected and qualified, unless they sooner resign or cease to be directors in accordance with our Certificate of Incorporation and Bylaws. Our incumbent directors continue their service, in their current capacity, until they either resign or are removed and until their successors are elected. The Company's last annual regular general meeting was held on September 6, 2001, at which time Alan Brown was elected as a Director. Mr. Brown has continued in his office as Director since his election in 2001. Director vacancies may be filled by a majority of the remaining directors or by a sole remaining director. On January 28, 2010, Steven Radvak was elected to serve as a member of the Board of Directors by the sole remaining director, Alan Brown. Mr. Radvak resigned from all positions on August 13, 2015. On May 18, 2011, Laird Cagan was elected as a Director to the Company. On December 31, 2012, Laird Cagan resigned as a Director of the Company. On August 22, 2014, Mr. Barry Klein was appointed to serve as a member of the Board of Director and served until June 1, 2015 when he resigned. On August 1, 2015 Mr. Schnur was appointed as a member of the Board of Directors. On January 7, 2016, Mr. Cistone was appointed as a member of the Board of Directors February 1, 2016 on January 7, 2016, Mr. Hughes was appointed as a member of the Board of Directors. On August 1, 2016, the Company elected not to renew Mr. Schnur's agreement to provide services and he was terminated as a director of the company. On March 2, 2017 Mr. Hughes resigned as a member of the board of directors. On October 12, 2017, Mr. Rauch was appointed as a member of the Board of Directors. On July 1, 2018 Mr. Mehok was appointed as a member of the Board of Directors.

Members of the Board of Directors are elected by the holders of the Company's shares to represent the interests of all shareholders. The Board of Directors meets periodically to review significant developments affecting the Company and to act on matters requiring Board approval. Although the Board of Directors delegates many matters to others, it reserves certain powers and functions to itself. The only standing committee of the Board of Directors of the Company is the Audit Committee. The Audit Committee of the Company's Board of Directors currently consists of Alan Brown. This committee is directed to review the scope, cost and results of the independent audit of the Company's books and records, the results of the annual audit with management and the adequacy of the Company's accounting, financial and operating controls; to recommend annually to the Board of Directors the selection of the independent auditors; to consider proposals made by the Company's independent auditors for consulting work; and to report to the Board of Directors, when so requested, on any accounting or financial matters. The Company does not have an Executive Committee.

The Company's executive officers are appointed by and serve at the pleasure of the Board of Directors.

D. Employees

As of December 31, 2021, 2020, and 2019, we had 1 employee, Alan Brown. The Company engages various consultants as independent contractors to assist the Company with its drilling programs. The Company has no relationship with any labor/trade unions.

E. Share Ownership

There were 12,210,746 common shares issued and outstanding as of June 28, 2022 and 11,540,746 as of December 31, 2021. Of the shares issued and outstanding, our directors and officers owned the following common shares:

Name and Position	Number of Common Shares Beneficially Owned as of June 28, 2022[1]	Percentage
Alan M. Brown		
President, CEO, CFO and Director	756,720(2)	6.20%
Daniel A. Cistone		
Director	830,002(3)	6.80%
Donald Rauch		
Director	540,002(4)	4.42%
Mark Mehok		
Director	933,753(5)	7.64%
Aggregate owned by Officers and Directors	2,060,477	25.06%

(1) The voting rights attached to the common shares owned by our officers and directors do not differ from those voting rights attached to shares owned by people who are not officers or directors of our Company.

(2) The beneficial ownership of Alan Brown includes shares directly held by Mr. Brown and 142,763 common shares owned by his wife.

(3) The beneficial ownership of Daniel Cistone includes shares indirectly held in trust for benefit of Mr. Cistone and by his wife.

(4) The beneficial ownership of Donald Rauch includes shares directly held by Mr. Rauch and 50,000 shares held by Cama Sdira LLC fbo Bonnie Rauch IRA.

(5) The beneficial ownership of Mark Mehok includes shares directly held by Mr. Mehok, and 283,334 shares held by Cama Sdira LLC fbo Mark Mehok IRA and 18,750 common shares owned by his three children, for which he has dispositive voting control.

Item 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

There were 12,210,746 common shares issued and outstanding as of June 28, 2022. As of June 28, 2022, the following table shows beneficial owners of more than five (5%) of our common shares. The shareholders listed below have the same voting rights as all other shareholders.

Name	Number of Common Shares Beneficially Owned	Percentage
See Item 6, for Officers and directors	2,060,477	25.06%

Aside from our officers and directors, there are no beneficial owners of more than five (5%) of our common shares.

B. Related Party Transactions

As at December 31, 2021, the Company owed $206,928 (2020 - $207,228) to the President of the Company for management fees and financing of day-to-day operations. The amounts owing are unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2021, the Company incurred $144,000 (2020 - $144,000; 2019 - $156,000) to the President of the Company for management fees.

During the year ended December 31, 2021, the Company incurred $525,800 (2020 - $618,947; 2019 - $669,176) to directors of the Company for services.

As at December 31, 2021, the Company owed $147,500 (2020- $147,500) of notes payable to a significant shareholder of the Company which is unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2021, the Company received advances of $nil (2020 - $100,000).

As at December 31, 2021, the Company owed $150,000 (2020- $50,000) of notes payable to a significant shareholder of the Company which is unsecured, bears interest at 10% per annum upon maturity, of which $50,000 was due on January 1, 2021 and $100,000 was due on May 26, 2021. During the year ended December 31, 2021, the Company received an additional $100,000 of funding and recorded accrued interest of $10,956 (2020 - $nil).

As at December 31, 2021, the Company owed $50,000 (2020- $50,000) of notes payable to a director and shareholder which is unsecured, bears interest at 10% per annum upon maturity, and was due on December 31, 2020. As at December 31, 2021, the Company has recorded accrued interest of $4,986 (2020 - $nil).

As at December 31, 2021, the Company owed $230,000 (2020- $50,000) of notes payables to a significant shareholder of the Company which is unsecured, bears interest at 10% per annum upon maturity, of which $50,000 was due on December 31, 2020, $100,000 is due on June 3, 2022, and $80,000 is due on April 5, 2022. As at December 31, 2021, the Company has recorded accrued interest of $4,986 (2020 - $nil).

C. Interests of Experts and Counsel

None.

Item 8 Financial Information

A. Financial Statements and Other Financial Information

The Company's financial statements can be found on page F-1 of this Report, are incorporated into this Report by reference.

Legal Proceedings

On August 21, 2014, the Company filed a lawsuit in the United States District Court for the District of Utah against EuroGas Utah, EuroGas, A.G., a Swiss stock corporation ("EuroGas Swiss"), ZB Capital, A,G., a Swiss corporation and Riata Minerals, Inc., *et al.* (collectively, the "Defendants") for breaches of various agreements, including the Stock-for-Stock Exchange Agreement dated December 10, 2013 and Defendants financing commitment to the Company. The Company engaged in settlement negotiations to resolve the matter. In November 2014, the lawsuit against EuroGas Swiss was dismissed as a result of the parties' agreement to certain terms for EuroGas, Inc. to continue with its financing commitment. Subsequently, in March 2015, the Company refiled the lawsuit as a result of non-performance by the defendants. The litigation against Eurogas was settled in 2018. On November 20, 2018, the judge entered an order in favor of Tombstone for $190,248 in attorney's fees and costs. To date Eurogas has not attempted to pay the judgment voluntarily and the Company has not taken any formal action to enforce the judgment but intends to pursue collection and other legal remedies. There is no certainty the Company will be successful in collecting on the judgment.

Other than the foregoing, we know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Dividends

The Company has not and does not currently intend to pay any dividends on any of its shares. The Company intends to follow a policy of retained earnings to finance the growth of the business. Any future determination to pay dividends will be at the discretion of the Board of Directors of the basis of earnings, financial requirements and other relevant factors.

B. Significant Changes

Except as otherwise disclosed in this annual report or in the reports filed on Form 6-K filed to date, no significant changes have occurred since December 31, 2021.

Item 9 The Offer and Listing

The following table lists the high and low closing sale prices for the Company's common stock for the periods indicated as reported by the Over the Counter Markets:

YEAR/PERIOD	HIGH[(1)]	LOW[(1)]
Q1 2019	1.38	.60
Q2 2019	1.70	.52
Q3 2019	3.04	1.02
Q4 2019	1.99	1.49
Q1 2020	2.99	1.77
Q2 2020	2.98	1.50
Q3 2020	3.00	1.95
Q4 2020	2.80	1.90
Q1 2021	2.80	2.03
Q2 2021	2.50	2.11
Q3 2021	2.38	1.80
Q4 2021	2.00	1.02

(1) All prior periods reflect the 1-for-200 reverse stock split made effective July 24, 2019.

Markets

The shares of the Company commenced trading on the Over the Counter Bulletin Board on July 14, 1999. The Company's common shares began trading on the OTCQB on August 27, 2019.

Item 10. Additional Information

A. Share Capital

Not Applicable.

B. Articles of Incorporation & By-Laws

Directors

A director who is, in any way, directly or indirectly interested in a proposed contract or transaction, shall disclose the nature and extent of his interest at a meeting of the directors in accordance with the provisions of the Canada Business Corporations Act ("CBCA"). A director shall not vote in respect of any contract or transaction with our Company in which he is interested, and any such proposed contract or transaction shall be referred to the Board of Directors or shareholders for approval even if such contract or transaction is one that the ordinary course of the Company's business would not require approval by the Board of Directors or shareholders.

(1) Subject to the provisions of any unanimous shareholder agreement, the remuneration of the directors may from time to time be determined by the directors themselves, and such remuneration may be in addition to any reimbursement for travel and other expenses.

(2) The directors may, at their discretion and subject to the provisions of any unanimous shareholder agreement or By-Laws or the CBCA, authorize the Company to borrow any sum of money or incur indebtedness for the purpose of the Company and may raise or secure the repayment of such sum of money in such manner and upon such terms and conditions as the directors think fit.

(3) There are no provisions with respect to the retirement of a director or the non-retirement of a director under an age requirement.

(4) A director is not required to hold a share in the capital of our Company as qualification for his office.

With respect to the above noted matters, there are generally no significant differences between Canadian and U.S. law.

Objects and Purposes of the Company

Our Certificate of Incorporation places no restrictions upon our objects and purposes.

Rights, Preference and Restrictions

Common Shares

All of the authorized common shares of the Company, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of common shares are entitled to one vote for each common share held of record on all matters to be acted upon by the shareholders. Holders of common shares are entitled to receive such dividends as may be declared from time to time by the board of directors, in its discretion, out of funds legally available therefore. The Company's By-Laws do not provide for cumulative voting.

Upon liquidation, dissolution or winding up of the Company, holders of common shares are entitled to receive pro rata our assets, if any, remaining after payments of all debts and liabilities. No common shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. There are no restrictions on the repurchase or redemption of common shares by our Company while there is any arrearage in the payment of dividends or sinking fund installments.

With respect to the rights, preferences and restrictions attaching to the Company's common shares, there are generally no significant differences between Canadian and United States law as the board of directors, or the applicable corporate statute, will determine the rights, preferences and restrictions attaching to each class of a Company's shares.

Changes to Common Shares

Provisions as to the modification, amendment or variation of the rights attaching to the common shares are contained in the CBCA. The CBCA requires approval by a special resolution (i.e. approved by at least two-thirds of the votes cast at a meeting of the shareholders of our Company or consented to in writing by each of our shareholders) of our Company's shareholders in order to effect any of the following changes:

(1) change any maximum number of shares that the Company is authorized to issue;

(2) create new classes of shares;

(3) reduce or increase its stated capital, if its stated capital is set out in the articles;

(4) change the designation of all or any of its shares and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued;

(5) change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series;

(6) divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof;

(7) authorize the directors to divide any class of unissued shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof;

(8) authorize the directors to change the rights, privileges, restrictions and conditions attached to unissued shares of any series;

(9) revoke, diminish or enlarge any authority conferred under paragraphs (7) and (8); and,

(10) add, change or remove restrictions on the issue, transfer or ownership of shares.

Generally, there are no significant differences between Canadian and United States law with respect to changing the rights of shareholders as most state corporation statutes require shareholder approval (usually a majority) for any such changes that affect the rights of shareholders.

Annual General Meetings and Extraordinary General Meetings

Annual General Meetings (an "AGM") must be held once every fiscal year, within 15 months of the previous AGM. If the Company fails to hold an AGM, the Supreme Court of British Columbia may, on the application of a director or shareholder of the Company, call or direct an AGM. Under the CBCA, we must give our shareholders written notice of an AGM not less than 21 days before the AGM is to be held.

Our directors may, whenever they think fit, convene an Extraordinary General Meeting (an "EGM").

An AGM or EGM may also be requisitioned by one or more shareholders of our Company so long as such shareholders own not less than 5% of the issued and outstanding shares at the date such shareholders requisition an EGM. After receiving such requisition, our directors must within 21 days call the meeting.

All shareholders entitled to attend and vote at an AGM or an EGM will be admitted to the meeting.

Most state corporation statutes require a public company to hold an annual meeting for the election of directors and for the consideration of other appropriate matters. The state statutes also include general provisions relating to shareholder voting and meetings. Apart from the timing of when an AGM must be held and the percentage of shareholders required to call a AGM or EGM, there are generally no material differences between Canadian and United States law respecting AGMs and EGMs.

Rights to Own Securities

There are no limitations on the rights of non-resident or foreign shareholders to hold or exercise voting rights.

Except as provided in the Investment Canada Act, there are no limitations under the applicable laws of Canada or by the Company's charter or other constituent documents of the Company on the right of foreigners to hold or vote common shares or other securities of the Company.

The Investment Canada Act will prohibit implementation, or if necessary, require divestiture of an investment deemed "reviewable" under the Investment Canada Act by an investor that is not a "Canadian" as defined in the Investment Canada Act (a "non-Canadian"), unless after review the Minister responsible for the Investment Canada Act ("the Minister") is satisfied that the "reviewable" investment is likely to be of net benefit to Canada. An investment in our common shares by a non-Canadian would be reviewable under the Investment Canada Act if it was an investment to acquire control of our Company and the value of our assets was $5 million or more. A non-Canadian would be deemed to acquire control of our Company for the purposes of the Investment Canada Act if the non-Canadian acquired a majority of our outstanding common shares (or less than a majority but controlled our Company in fact through the ownership of one-third or more of our outstanding common shares) unless it could be established that, on the acquisition, our Company was not controlled in fact by the acquirer through the ownership of such common shares. Certain transactions in relation to our common shares would be exempt from review under the Investment Canada Act, including, among others, the following:

(1) acquisition of common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;

(2) acquisition of control of our Company in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the Investment Canada Act; and

(3) acquisition of control of our Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control of our Company, through the ownership of voting interests, remains unchanged.

The Investment Canada Act was amended with the World Trade Organization Agreement to provide for special review thresholds for "WTO Investors" of countries belonging to the World Trade Organization, among others, nationals and permanent residents (including "WTO Investor controlled entities" as defined in the Investment Canada Act). Under the Investment Canada Act, as amended, an investment in our common shares by WTO Investors would be reviewable only if it was an investment to acquire control of our Company and the value of our assets was equal to or greater than a specified amount (the "Review Threshold"), which published by the Minister after its determination for any particular year. The Review Threshold for Private sector WTO investments as of 2022 is 1.141 billion in enterprise value.

Change in Control

There are no provisions in the Company's By-Laws that would have the effect of delaying, deferring or preventing a change in control of our Company, and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

The CBCA does not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company. Generally, there are no significant differences between Canadian and United States law in this regard, as many state corporation statutes also do not contain such provisions and only empower a company's board of directors to adopt such provisions.

Ownership Threshold

There are no provisions in our Certificate of Incorporation or Bylaws or in the CBCA governing the threshold above which shareholder ownership must be disclosed. The Securities Act (British Columbia) requires that the Company disclose, in its annual general meeting proxy statement, holders who beneficially own more than 10% of the Company's issued and outstanding shares. Most state corporation statutes do not contain provisions governing the threshold above which shareholder ownership must be disclosed. United States federal securities laws require a company to disclose, in its Annual Report on Form 20-F, holders who own more than 5% of a company's issued and outstanding shares.

Changes in the Capital of our Company

There are no conditions imposed by our By-Laws which are more stringent than those required by the CBCA.

C. Material Contracts

With the exception of the contracts listed below, or those described elsewhere in this Form 20-F or in the Company's Form 6-K filings, we have not entered into any material contracts during the last twenty-four months other than those in the ordinary course of business.

D. Exchange Controls

Except as discussed in Item E below, the Company is not aware of any Canadian federal or provincial laws, decrees, or regulations that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-Canadian holders of common shares. The Company is not aware of any limitations on the right of non-Canadian owners to hold or vote common shares imposed by Canadian federal or provincial law or by the Company. However, the Investment Canada Act (Canada) (the "Investment Act") has rules regarding certain acquisitions of shares by non-Canadians, along with other requirements under that legislation.

The following discussion summarizes the principal features of the Investment Act for a "non-Canadian" (as defined under the Investment Act) who proposes to acquire common shares of our Company. The discussion is general only; it is not a substitute for independent legal advice from an investor's own advisor; and it does not anticipate statutory or regulatory amendments.

The Investment Act is a federal statute of broad application regulating the establishment and acquisition of Canadian businesses by non-Canadians, including individuals, governments or agencies thereof, corporations, partnerships, trusts or joint ventures (each an "entity"). Investments by non-Canadians to acquire control over existing Canadian businesses or to establish new ones are either reviewable or notifiable under the Investment Act. If an investment by a non-Canadian to acquire control over an existing Canadian business is reviewable under the Investment Act, the Investment Act generally prohibits implementation of the investment unless, after review, the Minister of Innovation, Science and Economic Development Canada (the "Minister") is satisfied that the investment is likely to be of net benefit to Canada.

A non-Canadian would acquire control of our Company for the purposes of the Investment Act through the acquisition of common shares if the non-Canadian acquired a majority of the common shares of our Company.

Further, the acquisition of less than a majority but one-third or more of the common shares of our Company by a non-Canadian would be presumed to be an acquisition of control of our Company unless it could be established that, on the acquisition, our Company was not controlled in fact by the acquirer through the ownership of common shares.

For a direct acquisition that would result in an acquisition of control of our Company, subject to the exception for "WTO-investors" that are controlled by persons who are nationals or permanent residents of World Trade Organization ("WTO") member nations, a proposed investment generally would be reviewable where the value of the acquired assets is CAD$5 million or more.

For a proposed indirect acquisition by an investor other than a so-called "WTO investor" that would result in an acquisition of control of our Company through the acquisition of a non-Canadian parent entity, the investment generally would be reviewable where the value of the assets of the entity carrying on the Canadian business, and of all other entities in Canada, the control of which is acquired, directly or indirectly is CAD$50 million or more.

In the case of a direct acquisition by a WTO investor, the threshold is significantly higher. An investment in common shares of our Company by a WTO investor that is not a state-owned enterprise would be reviewable only if it was an investment to acquire control of the company and the enterprise value of the assets of the company was equal to or greater than a specified amount, which is published by the Minister after its determination for any particular year. For 2022, this amount is CAD$1.141 billion (unless the investor is controlled by persons who are nationals or permanent residents of countries that are party to one of a list of certain free trade agreements, in which case the amount is CAD$1.711 billion for 2022); each January 1, both thresholds are adjusted by a GDP (Gross Domestic Product) based index.

The higher WTO threshold for direct investments and the exemption for indirect investments do not apply where the relevant Canadian business is carrying on a "cultural business". The acquisition of a Canadian business that is a "cultural business" is subject to lower review thresholds under the Investment Act because of the perceived sensitivity of the cultural sector.

In 2009, amendments were enacted to the Investment Act concerning investments that may be considered injurious to national security. If the Minister has reasonable grounds to believe that an investment by a non-Canadian "could be injurious to national security," the Minister may send the non-Canadian a notice indicating that an order for review of the investment may be made. The review of an investment on the grounds of national security may occur whether or not an investment is otherwise subject to review on the basis of net benefit to Canada or otherwise subject to notification under the Investment Act.

Certain transactions, except those to which the national security provisions of the Investment Act may apply, relating to Common Shares of the Company are exempt from the Investment Act, including:

(a) the acquisition of our Common Shares by a person in the ordinary course of that person's business as a trader or dealer in securities;

(b) the acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Act, if the acquisition is subject to approval under the *Bank Act, Cooperative Credit Associations Act, the Insurance Companies Act or the Trust and Loan Companies Act; and*

(c) the acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the Company through the ownership of Common Shares, remained unchanged.

E. Taxation

The following summary of the material Canadian federal income tax consequences generally applicable in respect of the common stock reflects the Company's opinion. The tax consequences to any particular holder of common stock will vary according to the status of that holder as an individual, trust, corporation or member of a partnership, the jurisdiction in which that holder is subject to taxation, the place where that holder is resident and, generally, according to that holder's particular circumstances. This summary is applicable only to holders who are resident in the United States, have never been resident in Canada, deal at arm's length with the Company, hold their common stock as capital property and who will not use or hold the common stock in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a United States holder that is an issuer that carries on business in Canada and elsewhere.

This summary is based upon the provisions of the Income Tax Act of Canada and the regulations thereunder (collectively, the "Tax Act" or "ITA")and the Canada-United States Tax Convention (the "Tax Convention") as at the date of the Annual Report and the current administrative practices of Canada Customs and Revenue Agency. This summary does not take into account provincial income tax consequences.

MANAGEMENT URGES EACH HOLDER TO CONSULT HIS OWN TAX ADVISOR WITH RESPECT TO THE INCOME TAX CONSEQUENCES APPLICABLE TO HIM IN HIS OWN PARTICULAR CIRCUMSTANCES.

CANADIAN INCOME TAX CONSEQUENCES

Disposition of Common Stock.

The summary below is restricted to the case of a holder (a "Holder") of one or more common shares ("Common Shares") who for the purposes of the Tax Act is a non-resident of Canada, holds his Common Shares as capital property and deals at arm's length with the Company.

Dividends

A Holder will be subject to Canadian withholding tax ("Part XIII Tax") equal to 25%, or such lower rates as may be available under an applicable tax treaty, of the gross amount of any dividend paid or deemed to be paid on their common shares. Under the Tax Convention, the rate of Part XIII Tax applicable to a dividend on common shares paid to a Holder who is a resident of the United States is, if the Holder is a company that beneficially owns at least 10% of the voting stock of the Company, 5% and, in any other case, 15% of the gross amount of the dividend. The Company will be required to withhold the applicable amount of Part XIII Tax from each dividend so paid and remit the withheld amount directly to the Receiver General for Canada for the account of the Holder.

Disposition of Common Shares

A Holder who disposes of common shares, including by deemed disposition on death, will not be subject to Canadian tax on any capital gain thereby realized unless the common share constituted "taxable Canadian property" as defined by the Tax Act. Generally, a common share of a public corporation will not constitute taxable Canadian property of a Holder unless he held the common share as capital property used by him carrying on a business in Canada, or he or persons with whom he did not deal at arm's length alone or together held or held options to acquire, at any time within the 60 months preceding the disposition, 25% or more of the issued shares of any class of the capital stock of the Company.

A Holder who is a resident of the United States and realizes a capital gain on disposition of common shares that was taxable Canadian property will nevertheless, by virtue of the Treaty, generally be exempt from Canadian tax thereon unless (a) more than 50% of the value of the common shares is derived from, or from an interest in, Canadian real estate, including Canadian mineral resources properties, (b) the common shares formed part of the business property of a permanent establishment that the Holder has or had in Canada within the 12 months preceding disposition, or (c) the Holder (i) was a resident of Canada at any time within the ten years immediately preceding the disposition, and for a total of 120 months during any period of 20 consecutive years, preceding the disposition, and (ii) owned the common shares when he ceased to be resident in Canada.

A Holder who is subject to Canadian tax in respect of a capital gain realized on disposition of common shares must include one half of the capital gain ("taxable capital gain") in computing his taxable income earned in Canada. The Holder may, subject to certain limitations, deduct one half of any capital loss ("allowable capital loss") arising on disposition of taxable Canadian property from taxable capital gains realized in the year of disposition in respect to taxable Canadian property and, to the extent not so deductible, from such taxable capital gains of any of the three preceding years or any subsequent year.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material United States Federal income tax consequences, under the law, generally applicable to a U.S. Holder (as defined below) of common shares of the Company. This discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended ("the Code"), Treasury Regulations, published Internal Revenue Service ("IRS) rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possible on a retroactive basis, at any time. In addition, the discussion does not consider the potential effects, both adverse and beneficial, or recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares of the Company.

Each holder and prospective holder of common shares of the Company is advised to consult their own tax advisors about the federal, state, local, and foreign tax consequences of purchasing, owning and disposing of common shares of the Company applicable to their own particular circumstances.

U.S. Holders

As used herein, a ("U.S. Holder") includes a holder of common shares of the Company who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or of any political subdivision thereof, an estate whose income is taxable in the United States irrespective of source or a trust subject to the primary supervision of a court within the United States and control of a United States fiduciary as described in Section 7701(a)(30) of the Code. This summary does not address the tax consequences to, and U.S. Holder does not include, persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, persons or entities that have a "functional currency" other than the U.S. dollar, shareholders who hold common shares as part of a straddle, hedging or conversion transaction, and shareholders who acquired their common shares through the exercise of employee stock options or otherwise as compensation for services.

This summary is limited to U.S. Holders who own common shares as capital assets. This summary does not address the consequences to a person or entity holding an interest in a shareholder or the consequences to a person of the ownership, exercise or disposition of any options, warrants or other rights to acquire common shares.

Distribution on Common Shares of the Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions equal to the U.S. dollar value of such distributions on the date of receipt (based on the exchange rate on such date), to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States Federal Income tax liability or, alternatively, individuals may be deducted in computing the U.S. Holder's United States Federal taxable income by those individuals who itemize deductions. (See more detailed discussion at "Foreign Tax Credit" below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the common shares and thereafter as gain from the sale or exchange of the common shares. Dividend income will be taxed at marginal tax rates applicable to ordinary income while preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

In the case of foreign currency received as a dividend that is not converted by the recipient into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally any gain or loss recognized upon a subsequent sale of other disposition of the foreign currency, including the exchange for U.S. dollars, will be ordinary income or loss.

Dividends paid on the common shares of the Company will not generally be eligible for the dividends received or deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a "foreign personal holding company" or a "passive foreign investment company", as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. The availability of this deduction is subject to several complex limitations which are beyond the scope of this discussion.

Under current Treasury Regulations, dividends paid on the Company's common shares, if any, generally will not be subject to information reporting and generally will not be subject to U.S. backup withholding tax. However, dividends and the proceeds from a sale of the Company's common shares paid in the U.S. through a U.S. or U.S. related paying agent (including a broker) will be subject to U.S. information reporting requirements and may also be subject to the 31% U.S. backup withholding tax, unless the paying agent is furnished with a duly completed and signed Form W-9. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

Foreign Tax Credit

For individuals whose entire income from sources outside the United States consists of qualified passive income, the total amount of creditable foreign taxes paid or accrued during the taxable year does not exceed $300 ($600 in the case of a joint return) and an election is made under section 904(j), the limitation on credit does not apply.

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign income taxes (or taxes in lieu of income tax) paid by (or withheld from) the U.S. Holder during the year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his/her or its worldwide taxable income in the determination of the application of this limitation. The various items of income and deduction must be classified into foreign and domestic sources.

Complex rules govern this classification process. In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. Dividends distributed by the Company will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and management urges holders and prospective holders of common shares of the Company to consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares of the Company

A U.S. Holder will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares of the Company. Preferential tax rates apply to long-term capital gains of U.S. Holders, which are individuals, estates or trusts. This gain or loss will be capital gain or loss if the common shares are capital assets in the hands of the U.S. Holder, which will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders, which are not corporations, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted, but individuals may not carry back capital losses. For U.S. Holders, which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations

In the following circumstances, the above sections of the discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of common shares of the Company.

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Company's outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% (50% after the first tax year) or more of the Company's gross income for such year was derived from certain passive sources (e.g. from interest income received from its subsidiaries), the Company would be treated as a "foreign personal holding company." In that event, U.S. Holders that hold common shares of the Company would be required to include in gross income for such year their allocable portions of such passive income to the extent the Company does not actually distribute such income.

The Company does not believe that it currently has the status of a "foreign personal holding company". However, there can be no assurance that the Company will not be considered a foreign personal holding company for the current or any future taxable year.

Foreign Investment Company

If 50% or more of the combined voting power or total value of the Company's outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31), and the Company is found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Company might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging common shares of the Company to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company

As a foreign corporation with U.S. Holders, the Company could potentially be treated as a passive foreign investment company ("PFIC"), as defined in Section 1297 of the Code, depending upon the percentage of the Company's income which is passive, or the percentage of the Company's assets which is held for the purpose of producing passive income.

The rule governing PFICs can have significant tax effects on U.S. shareholders of foreign corporations who are subject to U.S. Federal income taxation under alternative methods at the election of each such U.S. shareholder. As a PFIC, each U.S. shareholder's income or gain, with respect to a disposition or deemed disposition of the PFIC's shares or a distribution payable on such shares will generally be subject to tax at the highest marginal rates applicable to ordinary income and certain interest charges, unless the U.S. shareholder has timely made a "qualified electing fund" election or a "mark-to-market" election for those shares.

A U.S. shareholder who elects to treat the PFIC as a Qualified Electing Fund ("QEF"), as defined in the Code, (an "Electing U.S. Holder") will be required to currently include in his income, for any taxable year in which the corporation qualifies as a PFIC, his pro-rata share of the corporation's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder, and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) the corporation's taxable year ends, regardless of whether such amounts are actually distributed. A QEF election also allows the Electing U.S. Holder to generally treat any gain realized on the disposition of his common shares (or deemed to be realized on the pledge of his common shares) as capital gain; treat his share of the corporation's net capital gain, if any, as long-term capital gain instead of ordinary income, and either avoid interest charges resulting from PFIC status altogether, or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of the corporation's annual realized net capital gain and ordinary earnings

The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which the corporation is a PFIC. If the U.S. shareholder makes a QEF election in such first year, then the U.S. shareholder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files a tax return for such first year. If, however, the corporation qualified as a PFIC in a prior year during the U.S. shareholder's holding period, then the U.S. shareholder may make a retroactive QEF election, provided he has preserved his right to do so under the protective statement regime or he obtains IRS permission.

If a U.S. shareholder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to gains realized on the disposition (or deemed to be realized by reason of a pledge) of his common shares, and certain "excess distributions" by the corporation. An excess distribution is a current year distribution received by the U.S. shareholder on PFIC stock to the extent that the distribution exceeds its ratable portion of 125% of the average amount received by the U.S. shareholder during the preceding three years.

A Non-electing U.S. shareholder generally would be required to pro-rate all gains realized on the disposition of his common shares and all excess distributions over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. shareholder (other than years prior to the first taxable year of the corporation during such U.S. Holder's holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest marginal tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. shareholder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing non-corporate U.S. shareholder must treat this interest charge as "personal interest" which is wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If a corporation is a PFIC for any taxable year during which a Non-electing U.S. shareholder holds common shares, then the corporation will continue to be treated as a PFIC with respect to such common shares, even if it is no longer by definition a PFIC. A Non-electing U.S. shareholder may terminate this deemed PFIC status by electing to recognize a gain, which will be taxed under the rules for Non-Electing U.S. Holders, as if such common shares had been sold on the last day of the last taxable year for which it was a PFIC. If the corporation no longer qualifies as a PFIC in a subsequent year, then normal Code rules and not the PFIC rules will apply with respect to a U.S. shareholder who has made a QEF election.

In certain circumstances, a U.S. Holder of stock in a PFIC can make a "qualified electing fund election" to mitigate some of the adverse tax consequences of holding stock in a PFIC by including in income its share of the corporation's income on a current basis. However, we do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. Management urges U.S. persons to consult with their own tax advisors with regards to the impact of these rules.

Controlled Foreign Corporation

A Controlled Foreign Corporation (CFC) is a foreign corporation more than 50% of whose stock by vote or value is, on any day in the corporation's tax year, owned (directly or indirectly) by U.S. Shareholders. If more than 50% of the voting power of all classes of stock entitled to vote is owned, actually or constructively, by citizens or residents of the United States, United States domestic partnerships and corporations or estates or trusts other than foreign estates or trusts, each of whom own actually or constructively 10% or more of the total combined voting power of all classes of stock of the Company could be treated as a "controlled foreign corporation" under Subpart F of the Code. This classification would affect many complex results, one of which is the inclusion of certain income of a CFC, which is subject to current U.S. tax. The United States generally taxes United States Shareholders of a CFC currently on their pro rata shares of the Subpart F income of the CFC. Such United States Shareholders are generally treated as having received a current distribution out of the CFC's Subpart F income and are also subject to current U.S. tax on their pro rata shares of the CFC's earnings invested in U.S. property.

The foreign tax credit described above may reduce the U.S. tax on these amounts. In addition, under Section 1248 of the Code, gain from the sale or exchange of shares by a U.S. Holder of common shares of the Corporation which is or was a United States Shareholder at any time during the five-year period ending with the sale or exchange is treated as ordinary income to the extent of earnings and profits of the Company (accumulated in corporate tax years beginning after 1962, but only while the shares were held and while the Company was "controlled") attributable to the shares sold or exchanged. If a foreign corporation is both a PFIC and a CFC, the foreign corporation generally will not be treated as a PFIC with respect to the United States Shareholders of the CFC. This rule generally will be effective for taxable years of United States Shareholders beginning after 1997 and for taxable years of foreign corporations ending with or within such taxable years of United States Shareholders. The PFIC provisions continue to apply in the case of PFIC that is also a CFC with respect to the U.S. Holders that are less than 10% shareholders. Because of the complexity of Subpart F, a more detailed review of these rules is outside of the scope of this discussion.

The amount of any backup withholding will not constitute additional tax and will be allowed as a credit against the U.S. Holder's federal income tax liability.

Filing of Information Returns. Under a number of circumstances, United States Investor acquiring shares of the Company may be required to file an information return with the Internal Revenue Service Center where they are required to file their tax returns with a duplicate copy to the Internal Revenue Service Center, Philadelphia, PA 19255. In particular, any United States Investor who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply, and management urges United States Investors to consult their own tax advisors concerning these requirements.

ALL PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING THE COMMON SHARES OF OUR COMPANY.

F. Dividends and Paying Agents

Not required.

G. Statement by Experts

The financial statements of our Company included in this report have been audited by RBSM LLP ("RBSM") for the year ended December 31, 2021 and Sadler, Gibb & Associates, LLC for the years ended December 31, 2020 and 2019, as stated in the report appearing in this filing and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

H. Documents on Display

We are subject to the informational requirements of the *Securities Exchange Act of 1934*, as amended, and, as such, we file reports and other information with the SEC. You may read and copy any of our reports and other information at, and obtain copies upon payment of prescribed fees from, the Public Reference Room maintained by the SEC located at 100 F Street, N.E., Washington, DC 20549. You can also access these reports and other filings electronically on the SEC's web site, www.sec.gov. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this report (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us in writing at our address.

I. Subsidiary Information

We conduct all operations through our wholly owned subsidiary, Tombstone Exploration and Mining Corporation, a Nevada corporation, and Bonanza Mining Company, a Nevada corporation of which we own a 40% interest.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Our Tombstone and Bonanza property are located within the United States, currently at the exploration stage and our operations are limited to exploring these properties. Therefore, our market risks are minimal. We may, however, have future property exploration requirements due in currencies other than United States dollars. As a Canadian company, our cash balances are kept in Canadian funds, and then converted to United States funds for accounting purposes. Therefore, we may become exposed to some interest rate risks. We consider the amount of risk to be manageable and do not currently, nor will we likely in the foreseeable future, conduct hedging to reduce our market risks.

Furthermore, changes in the regulatory environment in the U.S. may affect the costs of operating, mineral exploration and other factors having a material impact upon the business. The Company works diligently and in good faith to meet or exceed all applicable permitting requirements, reclamation obligations, and other regulations, but is subject to the authoritative changes.

Item 12. Description of Securities Other Than Equity Securities

Not Applicable.

PART II

Item 13 Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14 Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not Applicable.

Item 15 Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

Based on an evaluation as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Exchange Act Rule 13a-15. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

During the year ended December 31, 2021, management identified the following weaknesses, which were deemed to be material weaknesses in internal controls:

1. Certain entity level controls establishing a "tone at the top" were considered material weaknesses. Due to the size of the Company and available resources, there are limited personnel to assist with the accounting and financial reporting function, which results in a lack of segregation of duties. Additionally, the Company does not have an audit committee financial expert serving on its audit committee. A whistleblower policy is not necessary given the small size of the organization.

2. Due to the significant number and magnitude of adjustments identified during the year-end closing process, management has concluded that the controls over the period-end financial reporting process were not operating effectively. Specifically, controls were not effective to ensure that significant non-routine transactions, accounting estimates, and other adjustments were appropriately reviewed, analyzed, and monitored on a timely basis.

Management's Annual Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed by, or under the supervision of, our chief executive officer and chief financial officer, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 2013 *Internal Control-Integrated Framework*. Based on its evaluation, management has concluded that the Company's internal control over financial reporting was not effective as of December 31, 2021.

Pursuant to Regulation S-K Item 308(b), this Annual Report on Form 20-F does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. A control system, no matter how well designed and operated can provide only reasonable, but not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their cost.

Changes in Internal Control and Financial Reporting.

There have been no changes in our internal control over financial reporting in the fiscal year ended December 31, 2021, which were identified in connection with our management's evaluation required by paragraph (d) of rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report

Continuing Remediation Efforts to address deficiencies in Company's Internal Control over Financial Reporting

Once the Company has sufficient personnel available, then our Board of Directors, in particular and in connection with the aforementioned deficiencies, will establish the following remediation measures:

1. We will appoint additional personnel to assist with the preparation of the Company's monthly financial reporting.

2. Establish written documentation of the company's policies and procedures, to use as a tool for monitoring and reviewing employees' best practices.

3. We plan to adopt an Audit Committee Charter as a part of our continuing remediation efforts to address deficiencies in the Company's internal control over financial reporting and to seek a qualified financial expert to join the Audit Committee.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The Company does not have an audit committee financial expert serving on its audit committee due to its inability to attract such a person.

Item 16B. Code of Ethics

The Company has a Code of Business Conduct and Ethics that was approved by the Company's Board of Directors on June 1, 2007. A written copy of the Code is available on written request to the Company and was filed with the SEC on August 10, 2007 as part of the Company's Amended Annual Report on Form 20-F/A and is incorporated herein by reference.

Item 16C. Principal Accountant Fees and Services

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees[1]	Audit Related Fees[2]	Tax Fees[3]	All Other Fees[4]
2019	$ 13,000	$ 0	$ 0	$ 0
2020	$ 15,000	$ 0	$ 0	$ 0
2021	$ 52,000	$ 0	$ 0	$ 0

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements which are not included under the heading ''Audit Fees''.

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed for products and services other than as set out under the headings ''Audit Fees'', ''Audit Related Fees'' and ''Tax Fees''.

The Board of Directors must approve in advance any non-audit related services provided by the auditor to the Company, and the fees for such services, with a view to ensure independence of the Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the auditors; and as necessary, taking or recommending appropriate action to oversee the independence of the auditors.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not Applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not Applicable.

Item 16F. Change in Registrant's Certifying Accountant.

On April 27, 2022, the Board of Directors of the Company approved the dismissal of Sadler, Gibb & Associates, LLC ("SGA") as its independent certifying accountants. SGA has served as the Company's independent certifying accountants since March 4, 2019.

The reports of SGA on the Company's consolidated financial statements for the fiscal years ended December 31, 2020 and 2019 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that such report contained an explanatory paragraph in respect to uncertainty as to the Company's ability to continue as a going concern.

During the Company's two most recent fiscal years and any subsequent interim period preceding the dismissal of SGA, there were (i) no disagreements (as that term is described in Item 304 (a)(1)(iv) of Regulation S-K and the related instructions) with SGA on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s) if not resolved to the satisfaction of SGA, would have caused SGA to make reference to the subject matter of the disagreement(s) in connection with its report, and (ii) no reportable events of the type required to be disclosed by Item 304(a)(1)(v) of Regulation S-K.

On April 27, 2022, the Company engaged RBSM LLP ("RBSM") to be its independent certifying accountants for the year ended December 31, 2021.

During the Company's most recent two fiscal years and through the subsequent interim period on or prior to April 27, 2022, neither the Company nor anyone on its behalf has consulted with RBSM on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v)(A) through (D) of Form 20-F.

Prior to April 27, 2022, the Company did not consult with RBSM regarding (1) the application of accounting principles to specified transactions, either completed or proposed, (2) the type of audit opinion that might be rendered on the Company's financial statements, (3) written or oral advice was provided that would be an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issues, or (4) any matter that was the subject of a disagreement between the Company and its predecessor auditor as described in Item 304(a)(1)(iv) or a reportable event as described in Item 304(a)(1)(v) of Regulation S-K.

On May 2, 2022, the Company provided SGA with a copy of the disclosures it is making on this Report on Form 6-K, and requested that SGA furnish it with a letter addressed to the SEC stating whether it agrees with the above statements. A copy of the letter from SGA dated May 2, 2022, is filed as Exhibit 99.1 to our Report on Form 6-K file with the SEC on May 2, 2022.

Item 16G. Corporate Governance.

Currently, our common shares are listed for trading on the OTCQB. We were uplisted from the OTCPK to the OTCQB on August 27, 2019. As a "foreign private issuer," as defined by the SEC, we are permitted to follow home country corporate governance practices, instead of certain corporate governance practices required by the SEC for U.S. domestic issuers. In the opinion of management, the Company's corporate governance practices do not differ in any significant way from those followed by U.S. domestic companies listed on the OTCQB.

Item 16H. Mine Safety Disclosures.

Not Applicable.

PART III

Item 17. Financial Statements

Balance sheets of the Company as at December 31, 2021, 2020, and 2019, the Statements of Operations and Stockholders' Deficit and Cash Flows for each of the years ended December 31, 2021, 2020, and 2019, begin on page F-1 of this Form 20-F.

Item 18. Financial Statements

Not Applicable.

Item 19. Exhibits

Exhibits Required by Form 20-F.

Exhibit Number	Description of Exhibit	Filing
1.01	Certificate of Incorporation under the Canada Business Corporations Act dated October 30, 1997.	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on August 19, 2002.
1.02	Bylaws	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on August 19, 2002.
1.03	Certificate of Name Change dated June 5, 2000.	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on August 19, 2002.
1.04	Certificate of Name Change dated September 20, 2004.	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on August 15, 2005.
1.05	Certificate of Name Change dated February 6, 2007.	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on February 8, 2007.
2.01	Form of U.S. Private Placement Subscription Agreement and Common Stock Purchase Warrant	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on July 19, 2011.
2.02	Form of Non-U.S. Private Placement Subscription Agreement and Common Stock Purchase Warrant	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on July 15, 2011.
4.01	Employment Agreement by and between the Company and Alan Brown dated January 1, 2009.	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on July 10, 2009.
4.02	Director Service Agreement between the Company and Laird Cagan dated May 18, 2011.	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on May 25, 2011.
4.03	Settlement Agreement by and among the Company, RedStone Communications, LLC and Marlin Molinaro dated August 16, 2011	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on August 29, 2011.
4.04	Employment Agreement by and between the Company and Alan Brown dated November 15, 2013.	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on May 16, 2014
4.05	Stock-for-Stock Exchange Agreement by and among the Company, EuroGas, Inc. and EuroGas AG dated December 10, 2013	Incorporated herein by reference to our Current Report on Form 6-K filed with the SEC on December 16, 2013.
4.06	First Amendment to the Stock-for-Stock Exchange Agreement by and among the Company, EuroGas, Inc. and EuroGas AG dated January 13, 2014	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on May 16, 2014
4.07	Second Amendment to the Stock-for-Stock Exchange Agreement by and among the Company, EuroGas, Inc, and Eurogras AG, dated May 13, 2014	Incorporated herein by reference to our current report on Form 6-K filed with the SEC on May 30, 2014
8.01	Subsidiaries of the Company	Incorporated herein by reference to our Annual Report on Form 20-F filed with the SEC on July 19, 2011.
96.1	Technical Report on the Preliminary Economic Assessment of the Harquahala Project, dated June 30, 2017, updated June 25, 2018	Filed herewith.
11.01	Code of Ethics	Incorporated herein by reference to our Amended Annual Report on Form 20-F/A filed with the SEC on August 10, 2007.
12.01	Certification of Chief Executive Officer of the Company required by rule 13A-14(A) or rule 15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.

12.02	Certification of Chief Financial Officer of the Company required by rule 13A-14(A) or rule 15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
13.01	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.
101.INS*	Inline XBRL Instance Document	Filed herewith.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Filed herewith.

*Pursuant to Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

TOMBSTONE EXPLORATION CORPORATION

Date: March 24, 2023

/s/ Alan Brown
Alan Brown
President, Chief Financial Officer (Principal Financial and Accounting Officer), Chief (Principal) Executive Officer, and Director

Date: March 24, 2023

/s/ Daniel A. Cistone
Daniel A. Cistone
Director

Date: March 24, 2023

/s/ Donald Rauch
Donald Rauch
Director

Date: March 24, 2023

/s/ Mark Mehok
Mark Mehok
Director

Tombstone Exploration Corporation

December 31, 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Tombstone Exploration Corp

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Tombstone Exploration Corp (The "Company") as of December 31, 2021 and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the fiscal year ended December 31, 2021, and the related consolidated notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the fiscal year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has sustained significant operating losses and needs to obtain additional financing to continue its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The company is not required to have, nor were we engaged to perform, an audit of the Company's internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

PCAOB ID 587
RBSM LLP

We have served as the Company's auditor since 2022
Las Vegas, Nevada
June 29, 2022

New York | Washington, DC | California | Nevada
China | India | Greece
Member of ANTEA International with offices worldwide

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Tombstone Exploration Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Tombstone Exploration Corporation ("the Company") as of December 31, 2020, the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company's auditor since 2019.

Draper, UT
May 5, 2021

Tombstone Exploration Corporation
Consolidated Balance Sheets
(Expressed in U.S. dollars)

	December 31, 2021 $	December 31, 2020 $
ASSETS		
Current assets		
Cash	166,747	176,120
Loan receivable (Note 3)	180,000	-
Total current assets	346,747	176,120
Non-current assets		
Investment (Note 3)	2,691,807	2,874,972
Property and equipment, net	1,136	1,420
Total non-current assets	2,692,943	2,876,392
Total assets	**3,039,690**	**3,052,512**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	61,028	40,099
Due to related parties (Note 7)	206,928	207,228
Notes payable to related parties, current (Note 5)	577,500	298,500
Total liabilities	**845,456**	**545,827**
Nature of Operations and Continuance of Business (Note 1)		
Subsequent Events (Note 9)		
Stockholders' Equity		
Common stock		
Authorized: unlimited common shares, with no par value Issued and outstanding: 11,540,746 and 10,472,079 shares, respectively	28,656,154	27,638,254
Common stock issuable	675,800	160,000
Additional paid-in capital	5,339,652	5,339,652
Accumulated deficit	(32,477,372)	(30,631,221)
Total stockholders' equity	**2,194,234**	**2,506,685**
Total liabilities and stockholders' equity	**3,039,690**	**3,052,512**

(The accompanying notes are an integral part of these consolidated financial statements)

Tombstone Exploration Corporation
Consolidated Statements of Operations
(Expressed in U.S. dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating expenses			
Consulting services	274,950	556,760	111,392
General and administrative	33,854	17,239	29,665
Impairment of mineral property	-	-	350,000
Management and directors' fees (Note 7)	669,800	762,947	825,177
Mineral property costs	11,872	9,791	5,991
Professional fees	51,581	41,318	71,264
Total operating expenses	**1,042,057**	**1,388,055**	**1,393,489**
Loss before other income (expense)	**(1,042,057)**	**(1,388,055)**	**(1,393,489)**
Other income (expense)			
Accretion and interest expense	(20,929)	(52,120)	(65,870)
Forgiveness of loans payable and accrued interest	-	198,801	-
Gain (loss) on settlement of debt	-	(43,068)	(243,065)
Proportionate loss on equity-method investment (Note 3)	(783,165)	(85,028)	-
Total other income (expense)	**(804,094)**	**18,585**	**(308,935)**
Net loss	**(1,846,151)**	**(1,369,470)**	**(1,702,424)**
Net loss per share – basic and diluted	**(0.17)**	**(0.16)**	**(0.35)**
Weighted average shares outstanding	**11,118,595**	**8,784,726**	**4,849,806**

(The accompanying notes are an integral part of these consolidated financial statements)

Tombstone Exploration Corporation
Consolidated Statement of Stockholders' Equity (Deficit)
From January 1, 2019 to December 31, 2021
(Expressed in U.S. dollars)

	Common Stock Shares	Common Stock	Additional Paid-In Capital	Common Stock Issuable	Accumulated Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2018	3,333,256	22,117,962	4,965,842	-	(27,559,327)	(475,523)
Issuance of common stock for cash	2,601,898	1,561,000	-	10,000	-	1,571,000
Issuance of common stock for services and settlement of related party debt and accounts payable	867,893	1,044,228	(170,411)	-	-	873,817
Issuance of common stock for services	125,000	303,750	-	-	-	303,750
Shares issuable for interest	–	-	-	17,500	-	17,500
Net loss for the year	–	-	-	-	(1,702,424)	(1,702,424)
Balance, December 31, 2019	6,928,047	25,026,940	4,795,431	27,500	(29,261,751)	588,120
Issuance of common stock for cash	2,896,677	1,830,000	-	150,000	-	1,980,000
Issuance of common stock for services and settlement of related party debt and accounts payable	647,355	781,314	544,221	(17,500)	-	1,308,035
Net loss for the year	–	-	-	-	(1,369,470)	(1,369,470)
Balance, December 31, 2020	10,472,079	27,638,254	5,339,652	160,000	(30,631,221)	2,506,685
Issuance of common stock for cash	943,667	820,250	-	(160,000)	-	660,250
Share subscriptions received	–	-	-	150,000	-	150,000
Shares issuable for director's fees	–	-	-	525,800	-	525,800
Shares issued for service	125,000	197,650	-	-	-	197,650
Net loss for the year	–	-	-	-	(1,846,151)	(1,846,151)
Balance, December 31, 2021	**11,540,746**	**28,656,154**	**5,339,652**	**675,800**	**(32,477,372)**	**2,194,234**

(The accompanying notes are an integral part of these consolidated financial statements)

Tombstone Exploration Corporation
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	For Years Ended		
	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Operating Activities			
Net loss	(1,846,151)	(1,369,470)	(1,702,424)
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services	197,650	997,158	698,766
Common stock issuable for directors' fee	525,800	-	-
Depreciation expense	284	353	61
Gain on forgiveness of loans payable	-	(198,801)	-
Impairment of mineral property	-	-	350,000
Loss (gain) on settlement of debt	-	43,068	243,065
Proportionate loss on equity-method	783,165	85,028	-
Changes in operating assets and liabilities:			
Accounts payable and accrued liabilities	20,929	72,032	65,106
Due to related parties	(300)	-	779
Net cash used in operating activities	**(318,623)**	**(370,632)**	**(344,647)**
Investing Activities			
Advance on investments	(780,000)	(2,150,000)	(810,000)
Acquisition of mineral property rights	-	-	(350,000)
Purchase of property and equipment	-	-	(1,834)
Net cash used in investing activities	**(780,000)**	**(2,150,000)**	**(1,161,834)**
Financing Activities			
Proceeds from issuance of common stock	810,250	1,980,000	1,571,000
Proceeds from issuance of notes payable	-	150,000	362,000
Advances from related parties	279,000	100,375	-
Net cash provided by financing activities	**1,089,250**	**2,230,375**	**1,933,000**
Change in cash	**(9,373)**	**(290,257)**	**426,519**
Cash, beginning of year	**176,120**	**466,377**	**39,858**
Cash, end of year	**166,747**	**176,120**	**466,377**
Non-cash Investing and Financing Activities			
Common stock issued to settle accounts payable	-	62,980	25,051
Common stock issued to settle CEO loan	-	-	150,000
Common stock issued to settle shareholder loan	-	-	303,750
Common stock issuable for interest expense	-	-	17,500
Non-recourse loans and interest applied as paid-in capital	-	255,397	-
Settlement of common stock issuable	-	10,000	-
Supplemental Disclosures			
Interest paid	-	-	-
Income tax paid	-	-	-

(The accompanying notes are an integral part of these consolidated financial statements)

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

1. Nature of Operations and Continuance of Business

Tombstone Exploration Corporation (the "Company") was incorporated under the Canada Business Corporations Act on October 30, 1997 as 3430502 Canada Ltd. On December 4, 1997, the Company changed its name to Four Crown Foods Inc. On June 5, 2000, the Company changed its name to Universal Domains Incorporated. In 2001, the Company withdrew from the domain registration business and acquired 100% of the issued and outstanding common shares of VCL Communications Corp. ("VCL"), a teleconferencing services company that targeted clients throughout North America. In November 2003, given the Company's liabilities and the lack of profitability, the Company ceased all operations. On September 20, 2004, the Company changed its name to Pure Capital Inc., and focused its operations on the exploration and production of crude oil and natural gas properties. On November 1, 2006, the Company acquired 100% of the mineral claims located in Tombstone, Arizona in exchange for $100,000 and the issuance of 8,000,000 common shares of the Company. Effectively, on February 6, 2007, the Company changed its name to Tombstone Exploration Corporation.

These consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated no revenues to date and has never paid any dividends and is unlikely to pay dividends or generate significant earnings in the immediate or foreseeable future. As at December 31, 2021, the Company did not record any revenues, and an accumulated deficit of $32,477,372. During the year ended December 31, 2021, the Company incurred a net loss of $1,846,151. In addition, the Company has defaulted on various notes payable from creditors due to insufficient cash flow to repay principal balances when they became due (refer to Note 5). The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's plan of action over the next twelve months is to raise capital financing to conduct exploration and drilling on its mineral property claims held in Tombstone, Arizona as well as exploring for new mineral property claims in the United States.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. Although the impact of COVID-19 on the Company's operations was not material, the Company continues to monitor the potential impacts of the pandemic on future operations and business opportunities.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation and Principles of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The consolidated financial statements include the accounts of the Company and its subsidiary, Tombstone Exploration and Mining Corporation. All inter-company accounts and transactions have been eliminated. The Company's fiscal year-end is December 31.

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

2. Summary of Significant Accounting Policies (continued)

(b) Use of Estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of property and equipment, impairment of intangible assets, fair value of stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. As at December 31, 2021 and 2020, the Company had no cash equivalents.

(d) Property and Equipment

Property and equipment are recorded at the lower of cost or net book value, and are amortized based on the following rates:

Equipment	5 years straight-line

(e) Impairment of Long-Lived Assets

In accordance with ASC 360, *Property Plant and Equipment*, management tests long-lived assets to be held and used for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(f) Mineral Properties

Mineral property acquisition and exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

(g) Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Share-Based Payments*, using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

(i) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740, *Accounting for Income Taxes,* as of its inception. Pursuant to ASC 740, the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

2. Summary of Significant Accounting Policies (continued)

(j) Comprehensive Loss

ASC 220, *Comprehensive Income,* establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at December 31, 2021 and 2020, the Company has no items that represent comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

(k) Beneficial Conversion Features

From time to time, the Company may issue convertible notes that may contain an embedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

(l) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, *Earning per Share*. ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. At December 31, 2021 and 2020, the Company had no potentially dilutive shares

(n) Financial Instruments

Pursuant to ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

2. Summary of Significant Accounting Policies (continued)

(n) Financial Instruments (continued)

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, notes payable, and amounts due to related parties. Pursuant to ASC 820 and 825, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The Company's operations are in Canada, which results in exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2021 and 2020, the Company had no outstanding derivative liabilities.

(o) Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 830 *Foreign Currency Translation Matters,* using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

(p) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. There were no recent accounting pronouncements that would have a material impact on the financial statements, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Investment

On April 1, 2019, the Company entered into an option agreement (the "Agreement") with Goldrock Resources Inc. ("Goldrock"), a non-related party incorporated in the state of Nevada, for a 40% interest in the Bonanza Project. Under the terms of the Agreement, the Company would earn its 40% interest by: (i) pay Goldrock $310,000 for funding of the project on the closing date of the agreement (paid); (ii) pay $500,000 for additional funding within 3 months of the closing date of the agreement (paid); and (iii) pay $2,750,000 of additional funding within 6 months of the closing date of the agreement. As the Company has made initial payments of $2,960,000 within the time frames of the Agreement, the Company can receive their initial investment back from Goldrock, without interest, from 20% of any net proceeds received from the Bonanza Project and the Agreement is still in good standing.

On December 10, 2020, the Company were issued 4,000 shares of Bonanza Mining Company ("Bonanza"), which entitled the Company for 40% interest in the Bonanza Project and significant influence in Bonanza. The Company has recorded its investment in Bonanza in accordance with ASC 323-10, *Investments – Equity Method and Joint Ventures*.

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

3. Investment (continued)

During the year ended December 31, 2021, the Company completed its final investment of $600,000 to satisfy the initial terms of the Agreement. In addition, the Company invested a further $180,000 to the Bonanza Project for cost overruns and additional expenditures incurred. As at December 31, 2021, the Company has not amended the Agreement terms with Goldrock and the additional investment has been treated as a loan receivable from Bonanza until such time the Agreement has been amended for the Company's proportionate interest into Bonanza. The loan receivable is unsecured, non-interest bearing, and due on demand.

	$
Balance, December 31, 2019	810,000
Cash investment	2,150,000
Proportionate net loss from December 10, 2020 to December 31, 2020	(85,028)
Balance, December 31, 2020	2,874,972
Cash investment	600,000
Proportionate net loss for the year	(783,165)
Balance, December 31, 2021	**2,691,807**

4. Mineral Property

In January 2019, the Company acquired royalty rights from Bahamas Aggregates Inc. ("BAI"), a non-related party, where the Company would earn a royalty fee of $0.50 per tonne of aggregate minerals owned by BAI in exchange for $500,000. During the year ended December 31, 2019, the Company made total payments of $350,000 and the royalty fee was amended from $0.50 per tonne to $0.35 per tonne.

During the year ended December 31, 2019, the Company received $nil from BAI as production on the property was halted due to a natural disaster. BAI is currently seeking legal advice to recover the lost value of aggregate minerals that were damaged due to the effects of the natural disaster. As a result, the Company recorded an impairment loss of $350,000 for the year ended December 31, 2019 which is recorded in the consolidated statement of operations.

5. Notes Payable – Related Party

(a) As at December 31, 2021, the Company owed $147,500 (2020 - $147,500) of notes payable to a significant shareholder of the Company which is unsecured, non-interest bearing, and is due on demand. During the year ended December 31, 2021, the Company received advances of $nil (2020 - $100,000).

(b) As at December 31, 2021, the Company owed $150,000 (2020 - $50,000) of notes payable to a significant shareholder of the Company which is unsecured, bears interest at 10% per annum upon maturity, of which $50,000 was due on January 1, 2021 and $100,000 was due on May 26, 2021. During the year ended December 31, 2021, the Company received an additional $100,000. As at December 31, 2021, the Company has recorded accrued interest of $10,956 (2020 - $nil).

(c) As at December 31, 2021, the Company owed $50,000 (2020 - $50,000) of notes payable to a significant shareholder of the Company which is unsecured, bears interest at 10% per annum upon maturity, and was due on December 31, 2020. As at December 31, 2021, the Company has recorded accrued interest of $4,986 (2020 - $nil).

(d) As at December 31, 2021, the Company owed $230,000 (2020 - $50,000) of notes payable to a significant shareholder of the Company which is unsecured, bears interest at 10% per annum upon maturity, of which $50,000 was due on December 31, 2020, $100,000 is due on June 3, 2022, and $80,000 is due on April 5, 2022. As at December 31, 2021, the Company has recorded accrued interest of $4,986 (2020 - $nil).

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

6. Common Stock

The fair value of common shares issued for services or settlement of debt is based on the end of day trading price of the Company's common stock on the date of issuance. The Company has an unlimited number of authorized common shares with no par value.

Year Ended December 31, 2021

(a) On January 7, 2021, the Company issued 213,333 common shares at $0.75 per share for proceeds of $160,000, which was received as at December 31, 2020.

(b) On January 21, 2021, the Company issued 227,000 common shares at $0.75 per share for proceeds of $170,250.

(c) On January 21, 2021, the Company issued 5,000 common shares with a fair value of $12,450 to third party consultants for consulting services.

(d) On February 8, 2021, the Company issued 53,334 common shares at $0.75 per shares for proceeds of $40,000.

(e) On February 22, 2021, the Company issued 10,000 common shares at $1.00 per shares for proceeds of $10,000.

(f) On May 12, 2021, the Company issued 75,000 common shares at $1.00 per shares for proceeds of $75,000

(g) On June 1, 2021, the Company agreed to issue 220,000 common shares with a fair value of $525,800 for compensation services to officers and directors of the Company as at June 1, 2021. As at December 31, 2021, the amounts are recorded as shares issuable. Refer to Note 9.

(h) On July 29, 2021, the Company issued 100,000 common shares at $1.00 per shares for proceeds of $100,000.

(i) On August 2, 2021, the Company issued 40,000 common shares with a fair value of $86,000 to third party consultants for consulting services.

(j) On October 21, 2021, the Company issued 150,000 common shares at $1.00 per share for proceeds of $150,000.

(k) On November 5, 2021, the Company issued 80,000 common shares for services with a fair value of $99,200.

(l) On November 10, 2021, the Company issued 50,000 common shares at $1.00 per share for proceeds of $50.000.

(m) On November 18, 2021, the Company issued 25,000 common shares at $1.00 per share for proceeds of $25,000.

(n) On November 23, 2021, the Company issued 40,000 common shares at $1.00 per share for proceeds of $40,000.

(o) On December 20, 2021, the Company received share subscription proceeds of $150,000 for common shares issued subsequent to December 31, 2021.

Year Ended December 31, 2020

(a) On January 13, 2020, the Company issued 358,334 common shares at $0.60 per share for proceeds of $215,000, of which $10,000 was received as at December 31, 2019.

(b) On February 27, 2020, the Company issued 41,667 common shares at $0.60 per share for proceeds of $25,000.

(c) On March 20, 2020, the Company issued 16,521 common shares with a fair value of $31,390 to settle outstanding accounts payable.

6. Common Shares (continued)

Year Ended December 31, 2020 (continued)

(d) On March 25, 2020, the Company issued 333,335 common shares at $0.60 per shares for proceeds of $200,000.

(e) On June 1, 2020, the Company issued 366,668 common shares with a fair value of $320,835 for compensation services to officers and directors of the Company.

(f) On June 9, 2020, the Company issued 125,000 common shares with a fair value of $198,750 to third party consultants for consulting services.

(g) On June 9, 2020, the Company issued 183,334 common shares at $0.60 per share for proceeds of $110,000.

(h) On July 2, 2020, the Company issued 473,337 common shares at $0.60 per share for proceeds of $284,000.

(i) On July 24, 2020, the Company issued 693,335 common shares at $0.60 per share for proceeds of $416,000.

(j) On August 27, 2020, the Company issued 100,000 common shares at $0.60 per share for proceeds of $60,000.

(k) On August 28, 2020, the Company issued 125,000 common shares with a fair value of $198,750 to third party consultants for consulting services.

(l) On August 31, 2020, the Company issued 100,000 common shares at $0.60 per share for proceeds of $60,000.

(m) On September 3, 2020, the Company issued 66,667 common shares at $0.60 per share for proceeds of $50,000.

(n) On September 23, 2020, the Company issued 280,000 common shares at $0.60 per share for proceeds of $210,000.

(o) On October 7, 2020, the Company issued 14,166 common shares for consulting services with a fair value of $31,500.

(p) On October 8, 2020, the Company issued 133,334 common shares at $0.60 per share for proceeds of $100,000.

(q) On October 23, 2020, the Company issued 133,334 common shares at $0.60 per share for proceeds of $100,000.

(r) On December 31, 2020, the Company received proceeds of $160,000 for common shares issued subsequent to December 31, 2020. As at December 31, 2020, the amounts are recorded as shares issuable.

Year Ended December 31, 2019

(s) On May 31, 2019, the Company issued 725,000 common shares at $0.60 per share for proceeds of $435,000, of which 333,333 common shares for proceeds of $200,000 were issued to directors of the Company.

(t) On May 31, 2019, the Company issued 17,893 common shares with a fair value of $25,051 to settle debt of $10,736, resulting in a loss on settlement of debt of $14,315.

(u) On May 31, 2019, the Company issued 250,000 common shares to settle debt owed to the President and Director of the Company of $150,000. The Company used a fair value of $350,000, being the end of day trading price of the Company's common shares on the date of issuance, to value the shares issued which resulted in the excess charge of $200,000 recorded against additional paid-in capital.

(v) On June 18, 2019, the Company issued 416,667 common shares at $0.60 per share for proceeds of $250,000, of which 83,333 common shares for proceeds of $50,000 were issued to a director of the Company.

(w) On June 18, 2018, the Company issued 600,000 common shares with a fair value of $669,176 to directors and officers of the Company for services.

(x) On August 5, 2019, the Company issued 133,333 common shares at $0.60 per share for proceeds of $80,000, of which 100,000 common shares for proceeds of $60,00 were issued to a director of the Company.

(y) On August 30, 2019, the Company issued 311,668 common shares at $0.60 per share for proceeds of $187,000, of which 70,000 common shares for proceeds of $42,000 were issued to a director of the Company.

(z) On September 27, 2019, the Company issued 358,335 common shares at $0.60 per share for proceeds of $215,000, of which 108,333 common shares for proceeds of $65,000 were issued to a director or family member of a director of the Company.

(aa) On November 7, 2019, the Company issued 50,000 common shares at $0.60 per share for proceeds of $30,000.

(bb) On November 20, 2019, the Company issued 83,334 common shares at $0.60 per share for proceeds of $50,000.

(cc) On December 5, 2019, the Company issued 420,000 common shares at $0.60 per share for proceeds of $252,000.

(dd) On December 20, 2019, the Company issued 103,334 common shares at $0.60 per share for proceeds of $62,000, of which 50,000 common shares for proceeds of $30,000 were issued to a director of the Company.

(ee) On December 20, 2019, the Company issued 125,000 common shares with a fair value of $303,750 to a shareholder of the Company to settle shareholder loan with a fair value of $75,000, resulting in a loss on settlement of debt of $228,750.

7. Related Party Transactions

(a) As at December 31, 2021, the Company owed $206,928 (2020 - $207,228) to the President of the Company for management fees and financing of day-to-day operations. The amounts owing are unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2021, the Company incurred $144,000 (2020 - $144,000; 2019 - $156,000) to the President of the Company for management fees.

(b) During the year ended December 31, 2021, the Company incurred $525,800 (2020 - $618,947; 2019 - $669,176) to directors of the Company for services.

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

8. Income Taxes

The Company has $16,925,200 of net operating losses to carry forward to offset taxable income in future years which expire through fiscal 2041.

The components of the net deferred tax asset at December 31, 2021 and 2020, the statutory tax rate, the effective tax rate and the amount of the valuation allowance for the years ended December 31, 2021, 2020, and 2019 are indicated below:

	2021 $	2020 $	2019 $
Loss Before Taxes	(1,846,151)	(1,369,470)	(1,702,424)
Statutory rate	21%	21%	21%
Computed expected tax recovery	(387,692)	(287,589)	(357,509)
Non-deductible expenses	60	(32,631)	51,044
Change in valuation allowance	387,632	320,220	306,465
Income tax expense	-	-	-

	2021 $	2020 $
Deferred tax asset		
Cumulative net operating losses	3,566,071	3,178,439
Less valuation allowance	(3,566,071)	(3,178,439)
Net deferred tax asset	-	-

The following table lists the fiscal year in which the loss was incurred and the expiration date of the operating:

Period Incurred	Net Loss $	Expiry Date of Operating Losses
December 31, 2006	159,600	2026
December 31, 2007	2,310,000	2027
December 31, 2008	2,638,800	2028
December 31, 2009	1,665,000	2029
December 31, 2010	944,400	2030
December 31, 2011	631,600	2031
December 31, 2012	391,900	2032
December 31, 2013	252,000	2033
December 31, 2014	444,900	2034
December 31, 2015	365,600	2035
December 31, 2016	971,100	2036
December 31, 2017	799,000	2037
December 31, 2018	521,100	2038
December 31, 2019	1,459,400	2039
December 31, 2020	1,524,900	2040
December 31, 2021	1,845,900	2041
	16,925,200	

Tombstone Exploration Corporation
Notes to the Consolidated Financial Statements
(expressed in U.S. dollars

9. Subsequent Events

(a) On January 11, 2022, the Company issued 250,000 common shares at $1.00 per share for proceeds of $250,000, of which $150,000 was received as of December 31, 2021

(b) On January 12, 2022, the Company contributed an additional capital investment of $100,000 to the Bonanza Project.

(c) On January 18, 2022, the Company issued 220,000 common shares to officers and directors of the Company relating to fiscal 2021 compensation. Refer to Note 6(g).

(d) On January 18, 2022, the Company issued 100,000 common shares with a fair value of $146,000 to a third party for consulting services. The fair value of common shares was based on the end of day trading price of the Company's common stock on the date of issuance.

(e) On January 22, 2022, the Company issued 50,000 common shares with a fair value of $83,500 to the spouse of the Chief Executive Officer of the Company for consulting services. The fair value of common shares was based on the end of day trading price of the Company's common stock on the date of issuance.

(f) On January 22, 2022, the Company issued 50,000 common shares at $1.00 per share for proceeds of $50,000.

EXHIBIT 12.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14

I, Alan Brown, certify that:

1. I have reviewed this Annual Report on Form 20-F of Tombstone Exploration Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial 66 reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2023

/s/ Alan Brown

By: Alan Brown

Its: Chief Executive Officer

EXHIBIT 12.02

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14

I, Alan Brown, certify that:

1. I have reviewed this Annual Report on Form 20-F of Tombstone Exploration Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial 66 reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2023

/s/ Alan Brown

By: Alan Brown

Its: Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 13.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Tombstone Exploration Corporation (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan Brown, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Alan Brown
By: Alan Brown
Chief (Principal) Executive Officer and Chief Financial Officer (Principal Financial and Accounting Officer)

Date: March 24, 2023

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Technical Report on the Preliminary Economic Assessment of the Harquahala Project La Paz County, Arizona

3,728,442mN and 260,208mE, Zone 12S (UTM - NAD 83)

Report Date: June 30, 2017

Updated: June 25, 2018

Prepared for:

GRI Resources, Inc.
65 East Broadway Street, NE Corner, 3rd Floor
Butte, Montana 59701

Prepared by:

Qualified Person	**Company**
Todd S Fayram, QP	Continental Metallurgical Services, LLC
Peter Mejstrick	Geological Consultant

NOTICE

This report was prepared using the Canadian National Instrument 43-101 Technical Report format, in accordance with Form 43-101F1.

Note that this report was only formatted in accordance with Form 43-101F1. **It is not a 43-101 qualified report.**

The quality of information, conclusions and estimates contained herein is based on: (i) information available at the time of preparation; (ii) data supplied by outside sources, and (iii) the assumptions, conditions and qualifications set forth in this report.

GRI Resources, Inc. (NV and GRI Resources LLC (DE) are authorized to use this report. Use of this report by any third party is at that party's sole risk.

Contents

1.0 Executive Summary

1.1 Introduction

Continental Metallurgical Services, LLC (CMS) was hired by GRI Resources (GRI) to prepare an independent report "in the form" of a Canadian National Instrument 43-101 (NI 43-101) compliant technical report for the Harquahala Project (Project) located in La Paz County, Arizona.

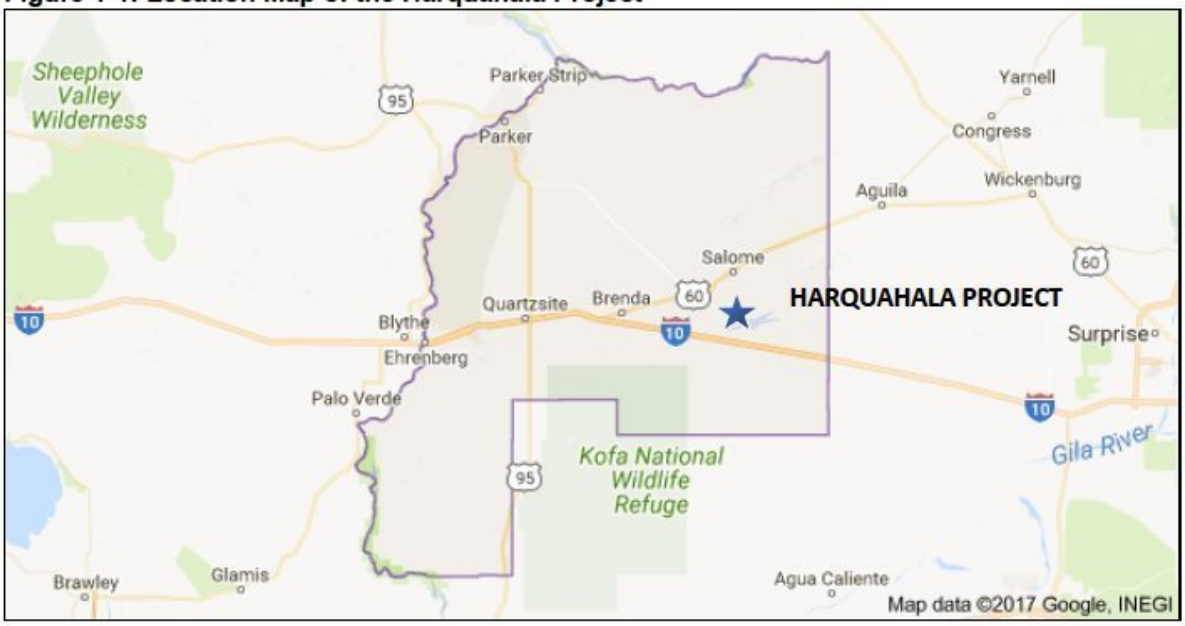
CMS was assisted in the writing of this report by Peter Mejstrick (Independent Geological Consultant)

The report includes Mineral Resource estimates and represents an economically viable, technically credible and environmentally sound development plan for the Project.

1.2 Property Description and Ownership

The Harquahala Property is located south of the municipality of Salome in southcentral Arizona as shown on Figure 1-1. The property lies in sections 15, 16, 21-23, 27, 28, T4N R13W, Gila Prime Meridian is centered at 33° 40.131'N Latitude, 113° 35.177'W Longitude (3,728,442mN and 260,208mE, Zone 12S (UTM - NAD 83)). Average elevation is 1687 ft. The climate is hot and dry. The project is approximately 8 road miles south of Salome.

Figure 1-1: Location Map of the Harquahala Project



The Project property consists of some 122-contiguous unpatented and placer claims and 5 patented claims totaling approximately 2,656 acres. The property has significant underground works and tailings from previous operations. GRI owns 100% of the unpatented claims with agreements in place to operate on and/or purchase all patented property.

GRI holds its 100% interest in the Harquahala Project pursuant to 2017 assignment of rights to the

staked claims and a 6-year mining lease with purchase option agreement dated December 17, 2016, (the "Butt Agreement"), with Jim C. Butt ("Butt").

To maintain the agreement, GRI agreed to pay to Butt advance royalty payments of $5,000 on signing and on/by agreement anniversaries in 2017 and 2018, $10,000 in 2019 and $20,000 thereafter during the 6-year term of the lease with a 2% royalty on metals produced. The Butt Agreement is subject to an agreement among Patricia Grant and Kathleen Cummings (collectively, the "Vendors") and Butt dated effective February 1, 2018 (the "Underlying Patented Claim Owners Agreement"). GRI may purchase all rights to the Property held by Butt, including the Butt royalty, for a sum of $200,000 prior to the 3rd anniversary, and for $300,000 thereafter.

Pursuant to the Underlying Patented Claim Owners Agreement and upon the commencement of commercial production of gold from the Patented Claims, the Vendors shall be paid a 5% net smelter return royalty ("NSR") to a maximum of $200,000 ("Vendors' Royalty").

1.3 Geology and Mineralization

The purpose of this document is to identify the potential clean-up possibilities of the Harquahala mine. There is significant material both in mineralized waste rock, tailings, and old leach pads that were never processed or the gold and silver never fully recovered from the material. Non NI43-101 estimates of material identified in the old reports identify significant material remaining from the old mined areas ranging in tonnage and grade from 200,000 tons @ 0.065 oz/tn gold to 9.9 million tons @ 0.112 oz/tn gold.

The geology identified in this report is that of the overall deposit and area.

The following is an excerpt from the Hunsaker 43-101 (2009):

The Little Harquahala Mountains of west-central Arizona contain major Mesozoic thrust faults that juxtapose a complex assemblage of Mesozoic sedimentary and volcanic rocks, Paleozoic cratonic strata, and Jurassic and/or Precambrian crystalline rocks. The geology of the area around the Bonanza Project consists primarily of Paleozoic rocks (Cambrian Bolsa Quartzite, Cambrian Abrigo Formation, Devonian Martin Formation, and Mississippian Redwall limestone). These units typically are in low-angle fault contact with the underlying Precambrian granite (to quartz monzonite). This fault has been interpreted as either low-angle normal or a detachment-type fault. Northwest trending faults are vertical or dip steeply east-northeast and have normal, dipslip motion offsetting the lithologic contacts with apparent left-lateral sense of motion.

These faults also offset the granite-sediment fault contact. The north trending, high angle faults form one of the primary controls to gold mineralization. The historic mining appears concentrated at intersections of the north-trending, high-angle structures with low angle reverse and normal faulting. The north trending faults are vertical to steeply dipping and have pronounced silicification and brecciation on the surface.

There are two types of gold deposits that are being explored for:

- Detachment-related deposits
- Fault controlled, epithermal-type deposits

1.4 History and Exploration

Gold was initially discovered in the Harquahala Mine area in approximately 1862 with subsequent placer gold exploration and operations in the region. The original locators of the Harquahala Mine were Wharton, Stein, and Sullivan. These individuals subsequently sold ownership to a combined Gray, Kirkland, Corcoran, and Hubbard syndicate and within a year the total ownership was consolidated by Hubbard. Hubbard subsequently bought and sold the property several times and sold ultimately sold the property in 1909 to the Bonanza and Golden Eagle Mining Company. The Bonanza and Golden Eagle Mining Company operated several mines in the area from 1909 to 1929. In a 1934 report by Wilson, the reported cumulative historic production between 1891 and 1929 of 142,200 pounds of lead and 120,560 ounces of gold. Grades were reported to be over an ounce per ton of gold from the Bonanza mine. This historic reporting provides no grade or tonnage context with which to estimate its economics or viability and does not meet current categories as defined by NI 43-101. An official territorial report by Bancroft, based on a 1909 visit, reported more than 180,000 ounces of gold produced from the Harquahala and Golden Eagle mines by the time of his visit. Official recordation of some of this and other production may have been lost to this discrepancy, since Arizona did not become a State until 1912. Bancroft also reported only oxide ore was processed, although high grade mineralization potentially continues below the 170' and 200' water tables at the 2 mines.

There was very little production from the mine after 1929.

No mineral resources or mineral reserves are defined on the Project.

Based on the historical data, little or no work has been completed on any potential low grade open pit targets.

1.5 Mineral Processing and Metallurgical Testing

There are two sources of gross metal value (GMV) from the Harquahala resources. They are gold and silver from the previous mined waste repositories and old tailings.

GRI intends on using a cyanide heap leach facility with gold and silver collected in carbon. The carbon will be processed off-site to extract a salable dore product.

Expected recovery for the gold will range from 80% to 90% depending on the agglomerate stability with silver recoveries approaching 25%. Table 1-1 is the summary of the metallurgical criteria.

Table 1-1: Metallurgical Design Criteria Summary

Product	Unit	Value
Resource Grade		
Gold	oz/t	0.046
Silver	oz/t	0.26
Recovery		
Gold	%	88.0
Silver	%	25.0

1.6 Mineral Resource Estimate

The mineral resource estimate was calculated in 2017 from the waste dumps and tailings material still left on site. This material was estimated using a polygonal method. The deposit was defined by domains based on material type and material boundaries. The following table documents the Measured Mineral Resources of the deposits at US $12.21/t equivalent value NSR cut-off. Table 1-2 identifies the measured and indicated resource.

Table 1-2: Mineral Resources at US$15.00/t Equivalent Value Cut-Off

Area	Type	tons	Average Grade	AU Ounces	Remarks
Harquahala					
Leach Pad #1	Leach Tails	50491	0.074	3749	Leach Pad Main Area
Leach Pad #1 Clean-up	Leach Tails	5049	0.074	375	Leach Pad Main Area
Small Pile North Leach Pad	Rock	6836	0.020	137	Pile North of Leach Pad
Tailings #1	Tailings	80286	0.035	2810	Tailings SW of Leach Pad
Tailings #2	Tailings	36983	0.024	888	West of Leach Pad
Tailings #2 Clean-up	Tailings	20022	0.024	481	Clean-up around Leach Pad
Tailings #3	Tailings	4622	0.010	46	Far West Tailings
Tailings #4	Tailings	29126	0.039	1126	Far South Tailings
Tailings #4 Clean-up	Tailings	2913	0.039	114	
Rock #1	Rock	89527	0.098	8774	Main Mine Rock
Rock #2	Rock	25777	0.095	2449	Middle North Rock
Rock #1 and #2 Cleanup	Rock	11530	0.048	556	
Rock #3	Rock	75445	0.013	981	Middle South Rock
Rock #4	Rock	51906	0.019	986	South Rock
Rock #5	Rock	4550	0.020	91	Far South Rock
Rock #6	Rock	7030	0.018	127	Far South on Hill Rock
Rock #6 Clean-up	Rock	703	0.018	13	
Rock #7	Rock	30838	0.025	771	South of Main Mine Rock
Total		533633	0.046	24472	
Golden Eagle					
GE Rock #1	Rock	11218	0.036	404	Mid Way Between Har and GE
GE Rock #2	Rock	14218	0.060	853	GE Bottom
GE Rock #3 and Clean-up	Rock	2831	0.097	273	GE Top
Total		28267	0.054	1530	
SW Target					
SW Target and Clean-up					
SW Target and Clean-up	Rock	1732	0.097	167	SW Target and Clean-up
Total		1732	0.0965	167	
Total All		563631	0.046	26169	

*Assumptions used to calculate the resource:

- Ag Price US$ 16.00/oz, Au Price US$ 1,200/oz,
- Ag Recovery – 25%, Au Recovery – 88%

*Mineral resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into Mineral Reserves. Numbers may not add up due to rounding errors.

1.7 Mineral Reserve Estimate

There are no existing mineral reserves known on the property.

1.8 Mining Methods

Mining of the Harquahala surface repositories and tailings is planned as follows:

- The Harquahala Project will mine the tailings and waste rock using a conventional truck and loader operation.
- The current mine plan will remove all of the old tailings and waste rock from their current location and place them on an approved heap leach pad. The areas will be cleaned and reclaimed.
- Mining will start the top of the Harquahala Mine area. A D9 will push waste rock to specific locations at the bottom of the mine area to mix with tailings. The tailings will also be moved via truck to loading areas so the material is thoroughly mixed prior to crushing and agglomeration.
- Loading is planned using diesel-powered Caterpillar (CAT) 980-wheel loader, 769D trucks. The production equipment would be supported by a fleet consisting of a tracked dozer, motor grader, and a water truck.
- It was assumed that the owner would lease and operate the majority of the earthmoving equipment.
- The owner would employ maintenance personnel with support from major suppliers.
- Six months have been allocated for construction of the leach pad and other infrastructure.
- The current mine plan moves 5000 ton/day to the leach pad.

Six months were allocated for construction of both the mill and site infrastructure. Mining during that period would be focused on supplying sufficient start-up ore in preparing the area for full-scale operation. Production would begin immediately afterwards, and continue for 4 months.

A total of 0.563 Mt of material would be mined at an average daily rate of 5,000 ton/day.

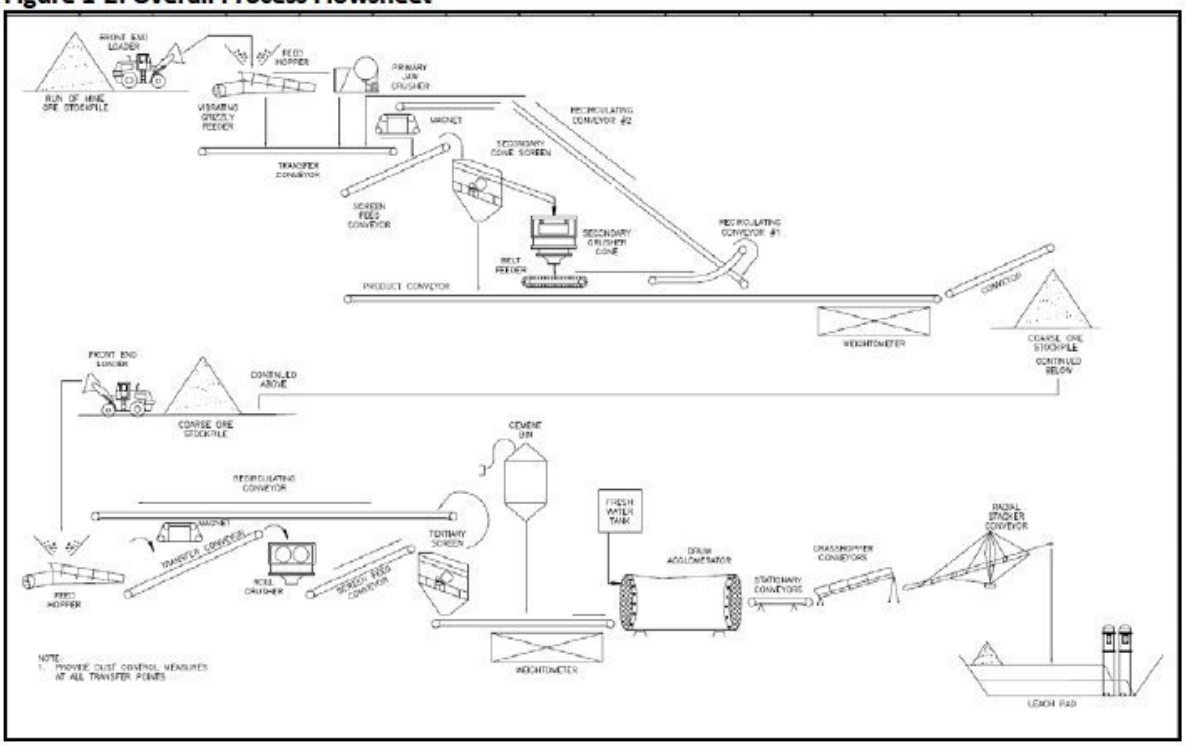
The mine plan uses a fleet of diesel equipment supplied by Caterpillar. The fleet includes: three 980H wheel loaders, two 769D trucks, and Two D9T Dozers as the primary mining equipment. The primary mining equipment would be supported by a motor grader and water truck.

1.9 Recovery Methods

Ore will be processed by using cyanide heap leach. The overall process flowsheet can be found in Figure 1-2. Ore will be processed at a rate of 5000 ton/day for 180 days. The ore will be crushed and agglomerated by an on-site crusher (jaw, cone, and screen) at a rate of 5000 ton/day to minus ½". The crusher is expected to operate one shift per day.

Gold and silver will be recovered using a standard cyanide heap leach methods and carbon recovery. The carbon will be processed off-site for recovery of the gold and silver.

Figure 1-2: Overall Process Flowsheet



1.10 Project Infrastructure

The Harquahala Project infrastructure will be developed as a relatively short, one-off project on the order of one year. The infrastructure will be typically mobile/portable. Mining, hauling, and crushing will be performed by a contract miner and contractors. Agglomerating, conveying, heap stacking and leaching, as well as precious metal processing/recovery, will be performed by contractors or GRI Resources. GRI will lease used agglomeration, conveying, and stacking equipment.

GRI will purchase a used or new GAC adsorption system and its associated infrastructure. All other facilities will be required to be built or installed to meet the project needs. The majority of these facilities are planned to be constructed in the six-month construction period prior to mining or mineral processing taking place. Commissioning would occur in the 2 months following completion of construction.

1.11 Environment and Permitting

The Project is located within a recognized historic mining area and is planned to remain on patented land for most activities. There may be some movement of waste rock from other mines but only after full discussions with the appropriate agencies.

Based on the description of summarized permitting requirements described below, the permit process should be limited to recognized and conventional permitting programs within the state of Arizona.

Mining and processing operations will require a Plan of Operations, Aquifer Protection Permit, Air Quality Authorization, Mined Land Reclamation Permit and Storm Water Discharge Authorization from the State of Arizona. No federal permits are required because operations are located solely on private (patented) property and no waters of the US are affected by operations. The Bureau of Land Management (BLM) may also be involved since the site access road crosses BLM lands and several small dumps may be accessed as part of the clean-up.

Waste Characterization should be limits as the material being leached is part of a clean-up. No known ARD waste has been identified. As the material being moved is already sitting uncontained on the ground, there should be limited issues is the clean-up and placement of the material on a leach pad.

The development of an environmental management plans would be important for this project including waste, water, air (dust), hazardous materials, and security plans.

1.12 Capital Costs

Capital Costs Estimates

The capital cost estimate was prepared using first principles, applying project experience, and using cost estimation software and material. The estimate is derived from engineers, contractors, and suppliers who have provided similar services to existing operations. The accuracy of the estimate and/or ultimate construction costs arising from the engineering work is ±15%.

Costs are expressed in US dollars with no escalation unless stated otherwise.

Total life of mine capital costs for the 0.56-million-ton heap leach pad are estimated to be $3.5M. Only $2.9M will be spent in Year 1 with remaining required in Year 2 to expand the leach pad liner. The capital costs do not include mining fleet as it is accounted for in operating costs through leasing. Contingency for the project totals $0.49M. Some of the capital costs did not have any contingency applied as direct quotes were obtained from suppliers. This resulted in a blended contingency rate of 14%.

Table 1.3: Capital Cost Summary – Heap Leach Plant ($M)

Category	Construction	% of Total
Contract Mob/Demob	0.045	1.3
Process Plant	1.540	43.6
Misc. GA	0.087	2.5
First Fill	0.129	3.6
Surface Rights/Access	0.056	1.6
Owners Costs	0.240	6.8
Engineering/Permitting/Bond	0.375	10.6
Construction/Contractor	0.120	3.4
Working Capital	0.450	12.7
Contingency	0.493	13.9
Total Capital Costs	**3.542**	**100.0**

1.13 Reclamation/Closure & Salvage Cost Estimate

Closure cost for the project is estimated to be US$0.250M. This is the cost of drain down and the capping of the final capping of the leach pad and ponds. The capped pad will be harrowed to allow for natural plant growth.

The material removal areas will be closed as they are mined. When all the material is removed, they will be harrowed to allow for plant growth.

1.14 Operating Cost Estimates

The operating cost estimate was prepared using first principles and applying project experience. Factors were applied as needed. Inputs are derived from engineers, contractors and suppliers who have provided similar services to other projects.

Operating costs in this section of the report include mining, processing (carbon treatment), and general administration. No costs are capitalized.

Operating costs are presented in 2017 US dollars on a calendar year basis. No escalation or inflation is included. Operating costs over the life of mine are $7M and are summarized in Table 1-4.

Table 1-4: Average Annual Operating Costs

Category	$M	Cost/Ton
Mining	3.4	5.94
Processing	2.8	5.01
G&A	0.7	1.26
Total Operating Costs	6.9	$12.21

1.15 Economic Analysis

A pre-tax engineering economic model was developed to estimate annual cash flows and sensitivities of the project.

Sensitivity analyses were performed for variations in metal prices, ore production, grades, operating costs, capital costs and discount rates to determine their relative importance as project value drivers.

This technical report contains forward-looking information regarding projected mine production rates, construction schedule and forecast of resulting cash flows as part of this study. The mill head grades are based on sufficient sampling that is reasonably expected to be representative of the realized grades from actual mining operations. Factors such as the ability to obtain permits to construct and operate a mine, or to obtain major equipment or skilled labor on a timely basis, to achieve the assumed mine production rates at the assumed grades, may cause actual results to differ materially from those presented in this economic analysis.

The estimates of capital and operating costs have been developed specifically for this project and are summarized in Section 21 of this report and are presented in 2018 dollars. The economic

analysis has been run with no inflation (constant dollar basis).

Metal Price Scenarios

Table 1-5 outlines the metal prices scenario that was used in the economic analysis.

Table 1-5: Metal Prices Scenario (Sep 14, 2017)

Parameter	Units	Current Spot Metal Price	Base Case Metal Pricing	20% Lower Metal Pricing	20% Higher Metal Pricing
Gold Price	USD $/oz	1,324	1,200	960	1,440
Silver Price	USD $/oz	17.68	16.00	12.8	19.2

The reserve estimates used in the economic analysis are outlined in the Section 1.7 of the Executive Summary.

Gold, Silver Production

Recovered metals are shown in Table 1-6. The amount of metal produced during the mine life is estimated at 69,400 ounces.

Table 1-6: LOM Payable Metal

Category	Unit	Ounces
Payable Au	LOM k oz	32.5
Payable Ag	LOM k oz	37.0

1.16 Taxes

The project has been evaluated on an pre-tax basis in order to reflect a more indicative value of the project.

1.17 Financial Performance

The project is economically viable with an pre-tax internal rate of return (IRR) of 682% and a net present value at 8% (NPV) of $21.2M which was calculated on the Base Case Metal pricing.

The scenario using Base Case Metal Pricing resulted in a conservative project value that is likely to be obtained by the project. Metal prices at 80% below the Base Case still show significant economic value and positive returns.

Table 1-7: Base Case NPV for Various Discount Rates

Discount Rate Sensitivity	Pre-Tax NPV ($M)
0%	25.1
5%	22.6
10%	20.4
15%	18.5
20%	16.8

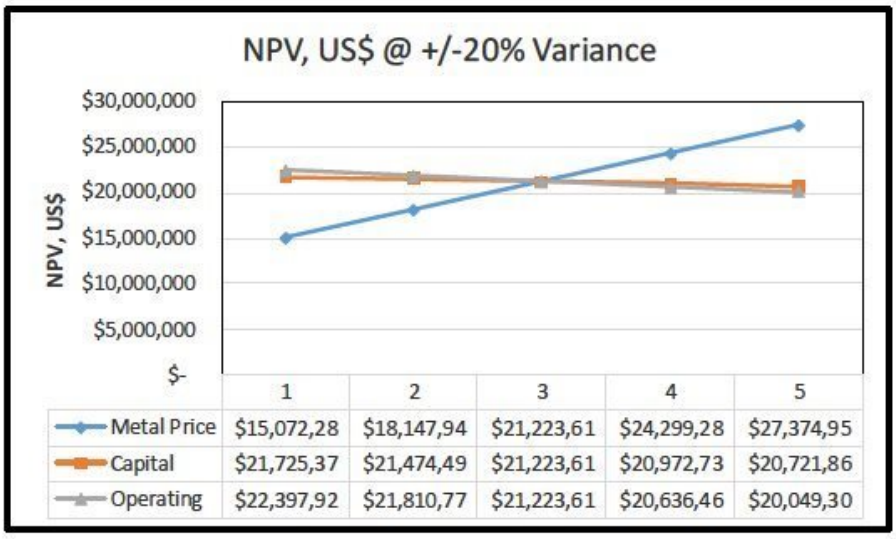
1.18 Sensitivity Analyses

The sensitivity chart in Tables 1.8, below, show NPV variations from the Base Case with respect to changes in metal prices, ore production, head grades, operating costs and capital costs, holding all other inputs constant. The results below show that the project is most sensitive to metal price and head grade and least sensitive to changes in capital costs in all four scenarios.

Table 1.8: Base Case Pre-Tax NPV8% Sensitivity Results – Pre-Tax ($M)

Variable	-20%	100%	+20%
Metal Price	15.1	21.2	27.3
Recovery	15.1	21.2	
Head Grade	15.1	21.2	27.3
Operating Costs	22.4	21.2	20.0
Capital Costs	21.7	21.2	20.7

Figure 1.3: Base Case Pre-Tax NPV Sensitivity Results (5% Discount)



1.19 Conclusions and Recommendations

The financial analysis of the prefeasibility study demonstrates that the project has positive economics and warrants consideration for advancement to construction.

In testing, the back calculated gold grade on the test work has shown a significant increase and has averaged approximately 2.0 grams/ton in testing. This is significant increase in the average material grade of 1.5 grams of gold. This would lead to an approximate increase of 8,000 to 10,000 more gold ounces being recovered or approximately 16.0 million in more revenue.

Standard industry practices, equipment and processes were used in this study. The personnel used for this report are not aware of any unusual significant risks or uncertainties that could affect the reliability or confidence in the project based on the data and information available to date.

The estimated cost of the next stage of work is presented in Table 1-9.

Table 1-9: Summary of Estimated Costs of Recommended Work Programs

Item	Cost in US$
Geology and Drilling	150,000
Processing and Metallurgy	25,000
Miscellaneous	75,000
Environment and Social	25,000
Additional Environmental Requirements	50,000
TOTAL	**325,000**

2.0 Introduction and Terms of Reference

2.1 Basis of Technical Report

Continental Metallurgical Services, LLC (CMS) was hired by GRI Resources (GRI) to prepare an independent report **"in the form"** of a Canadian National Instrument 43-101 (NI 43-101) compliant technical report for the Harquahala Project (Project) located in La Paz County, Arizona.

CMS was assisted in the writing of this report by Peter Mejstrick (Independent Geological Consultant)

2.2 Scope of Work

This report is the work carried out by several consulting companies. The scope of work for each company is listed below.

Continental Metallurgical Services, LLC scope of work included:

- Compile a technical report that includes the data and information provided by other consulting companies.
- Develop a resource estimate on the potential surface laying heap leach able material.
- Review mining costs and develop a material movement plan.
- Select equipment.
- Review metallurgical data and formulate a metallurgical plan including material balance, specifications, and selection of metallurgical equipment.
- Identify proper sites for heap leach and project facilities.
- Estimate all initial and sustaining capital expenditures requirements and operating costs for a small heap leach project.
- Develop capital and operating costs.
- Summarize capital and operating costs.
- Prepare a financial model and conduct an economic evaluation including sensitivity and project risk analysis.
- Make recommendations to improve value, reduce risks and move the project toward a feasibility- level of confidence.

Peter Mejstrick's scope of work included:

- Review available geological data and develop a report for such data.

2.3 Qualifications & Responsibilities

Table 2-1 list the qualifications of each author, as well as the section(s) of the report for which they are responsible.

Table 2-1: Harquahala Project Author Responsibility

Author	Company	Report Section(s) of Responsibility
Mr. Todd S. Fayram	CMS	All – Exclusive of Section 7
Mr. Peter Mejstrick	Self	Section 7

2.4 Site Visits

Mr. Todd S Fayram of CMS and Peter Mejestrick visited the Harquahala project site in 2017.

2.5 Currency

Unless otherwise specified, all costs in this report are presented in US Dollars (US$).

2.6 Units of Measure & Abbreviations

All units in this report are based on the International System of Units (SI), except industry standard units, such as troy ounces for the mass of precious metals and pounds for the mass of base metals.

A list of main abbreviations and terms used throughout this report is presented in Table 2.2.

Table 2-2: Units of Measure & Abbreviations Units of Measure

'	Foot
"	Inch
µm	Micron (micrometer)
Amp	Ampere
Ac	Acre
Ag	Silver
Au	Gold
Cfm	Cubic feet per minute
cm	Centimeter
Cu	Copper
dmt	Dry metric ton
ft	Foot
ft^3	Cubic foot
g	Gram
hr	Hour
ha	Hectare
hp	Horsepower
In	Inch
kg	Kilogram
km	Kilometer
km^2	Square kilometer
KPa	Kilopascal
kt	Thousand tons
Kw	Kilowatt

KWh	Kilowatt hour
L	Liter
lb or lbs	Pound(s)
m	Meter
M	Million
m^2	Square meter
m^3	Cubic meter
mi	Mile
min	Minute
mm	Millimeter
Mpa	Mega Pascal
mph	Miles per hour
Mtpa	Million tons per annum
Mt	Million tons
MXP	Mexican pesos
ºC	Degree Celsius
oz	Troy ounce
ppb	Parts per billion
ppm	Parts per million
s	Second
t	Ton
tpd	Ton per day
tph	Ton per hour
US$	US dollars
V	Volt
W	Watt
wmt	Wet metric ton

Abbreviations & Acronyms

% or pct	Percent
AAS	Atomic absorption spectrometer
ABA	Acid base accounting
Amsl	Above mean sea level
ADEQ	Arizona Department of Environmental Quality
ANFO	Ammonium Nitrate/Fuel Oil
AP	Acid potential
ARD	Acid rock drainage
Btu	British Thermal Unit
BWI	Bond work index
CAPEX	Capital costs
CAT	Caterpillar
CN	Cyanide
CIM	Canadian Institute of Mining
CLU	Change of land-use authorization
Elev	Elevation above sea level
EA	Environmental Assessment
FA/grav	Fire assay with gravimetric finish

FLOT	Flotation
GMV	Gross metal value
GPS	Global positioning system
H:V	Horizontal to vertical
HDPE	High density polyethylene
ICP-MS	Inductively coupled plasma mass spectrometry
IRA	Inter-ramp angles
IRR	Internal rate of return
LOM	Life of mine
MARC	Maintenance and repair contract
MIA	Environmental impact manifest
MIBC	Methyl isobutyl carbinol
ML/ARD	Metal leaching/acid rock drainage
MSE	Mechanically stabilized earth
N,S,E,W	North, South, East, West
NI 43-101	National Instrument 43-101
NAG	Non-potentially acid generating
NP	Neutralization potential
NPV	Net present value
NSR	Net Smelter Return
Ø	Diameter
OEM	Original equipment manufacturer
OPEX	Operating costs
PAG	Potentially acid generating
PAX	Potassium Amyl Xanthate
PLS	Pregnant leach solution
PM	Project management
QA/QC	Quality Assurance/Quality Control
QMS	Quality Management System
RFS	Rock Storage Facility
ROM	Run-of-the-mill
S.G.	Specific gravity
TSF	Tailings storage facility
UPS	Uninterrupted power system
UTM	Universal Transverse Mercator
X,Y,Z	Cartesian Coordinates, also Easting, Northing and Elevation

3.0 Reliance on Other Experts

Preparation of this report is based upon public and private information provided by GRI and other third parties.

The authors have carried out due diligence reviews of the information provided to them by GRI and others for preparation of this report and are satisfied that the information was accurate at the time of the report and that the interpretations and opinions expressed in them were reasonable and based on current understanding of mining and processing techniques and costs, economics, mineralization processes and the host geologic setting. The authors have made reasonable efforts to verify the accuracy of the data relied on in this report.

The results and opinions expressed in this report are conditional upon the aforementioned information being current, accurate, and complete as of the date of this report, and the understanding that no information has been withheld that would affect the conclusions made herein the authors reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to the authors subsequent to the date of this report.

4.0 Property Description and Location

4.1 Property Description and Location

The Harquahala Property is located south of the municipality of Salome in southcentral Arizona as shown on Figure 1-1. The property lies in sections 15, 16, 21-23, 27, 28, T4N R13W, Gila Prime Meridian is centered at 33° 40.131'N Latitude, 113° 35.177'W Longitude (3,728,442mN and 260,208mE, Zone 12S (UTM - NAD 83)). Average elevation is 1687 ft. The climate is hot and dry. The project is approximately 8 road miles south of Salome.

Figure 4-1: Location Map of the Harquahala Project

The Project property consists of some 122-contiguous unpatented and placer claims and 5 patented claims totaling approximately 2,656 acres. The property has significant underground works and tailings from previous operations. GRI owns 100% of the unpatented claims with agreements in place to operate on and/or purchase all patented property.

GRI holds its 100% interest in the Harquahala Project pursuant to 2017 assignment of rights to the staked claims and a 6-year mining lease with purchase option agreement dated December 17, 2016, (the "Butt Agreement"), with Jim C. Butt ("Butt"). To maintain the agreement, GRI agreed to pay Butt advance royalty payments of $5,000 on signing and on/by agreement anniversaries in 2017 and 2018, $10,000 in 2019 and $20,000 thereafter during the 6-year term of the lease, with a 2% royalty on metals produced. The Butt Agreement is subject to an agreement among Patricia Grant and Kathleen Cummings (collectively, the "Vendors") and Butt dated effective February 1, 2018 (the "Underlying Patented Claim Owners Agreement"). GRI may purchase all rights to the Property held by Butt, including the Butt royalty, for a sum of $200,000 prior to the 3rd anniversary, and for $300,000 thereafter.

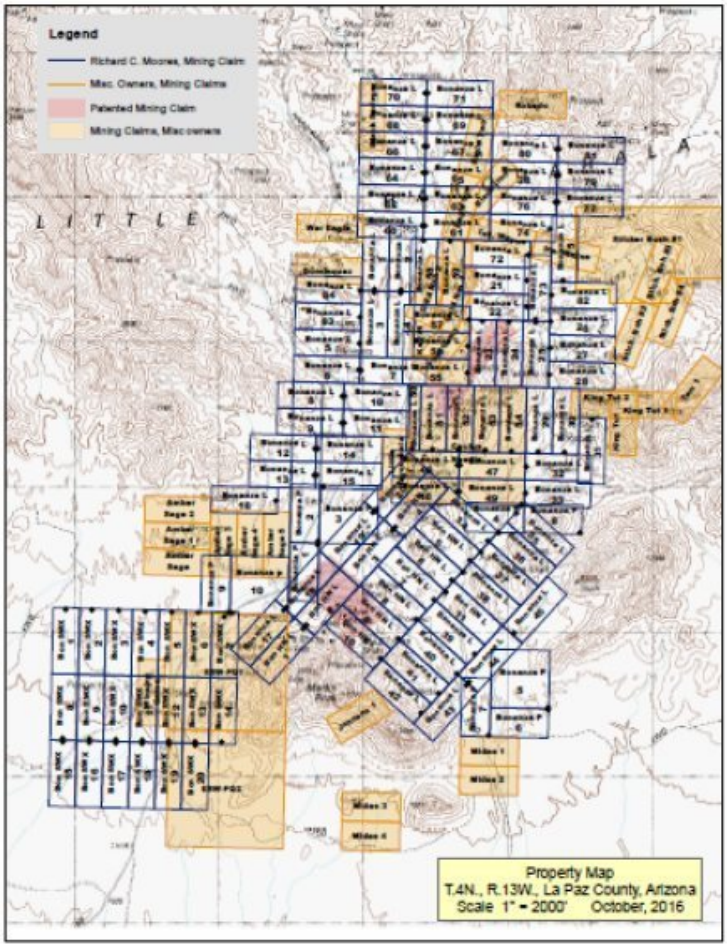
Pursuant to the Underlying Patented Claim Owners Agreement and upon the commencement of commercial production of gold from the Patented Claims, the Vendors shall be paid a 5% net smelter

return royalty ("NSR") to a maximum of $200,000 ("Vendors' Royalty").

Table 4-1: Harquahala Project

CLAIMS	CLAIMS	AREA(ac)	TYPE	OWNER
Bonanza L	81	1,674	Unpatented	GRI Resources
Bon HN L	11	227	Unpatented	GRI Resources
Bon SWX L	20	413	Unpatented	GRI Resources
Bonanza P	10	227	Placer	GRI Resources
Harquahala	5	115	Patented	Lease – Jim Butts
Total	**127**	**2,656**		

Figure 4-2: Harquahala Property Map



5.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility

The Harquahala property is located in sections 14,15,16, 21, 22, 27 & 28, R4N T13W, Gila Prime Meridian on both Bureau of Land Management and patented mining claims land located approximately 8.0 miles south of Salome in La Paz County, Arizona.

The property can be accessed year-round from Phoenix on Interstate 10 to Exit 53 (Hovatter/Harquahala Road) and then North on Harquahala Road to the Harquahala Mine area. The mine location is located 4.5 miles north of Exit 53 turnoff on improved dirt roads.

All highways are suitable for legal load tractor/trailer transportation.

One international airport services the area. The Phoenix International Airport is approximately a 1.5-hour drive east of the property.

The nearest town to the property is Salome, Arizona with a permanent population of 1,421 (Census 2015 data).

5.2 Climate

The area is a hot dry desert with occasional high winds. Heavy rains during the rainy season can prevent easy access to the property by turning the dirt roads into mud and/or producing wash outs and high-water levels in arroyos in places.

Average annual precipitation is approximately 6.31 inches (Western Regional Climate Center). The daytime temperatures range from 62°F in January to 125°F in June with an average annual daytime temperature approximately 85ºF.

5.3 Physiography

The topography of the project area is that of the American semi-desert and desert province typical of the Mojave, Colorado, and Sonoran deserts. This topography is characterized by extensive sandy desert plains, most gently undulating, from which isolated low mountains and buttes abruptly rise.

At the site property, several large northeast and northwest trending mountains are prominent in the area. Surface elevations range from 1650 to 1840 feet above sea level with mountains to the south approaching 2,300 feet above sea level.

Figure 5-1: Looking South in Project Area

5.4 Weather Station Data

The area is classified as a hot, dry desert where high wind conditions produce periods of naturally blowing sand with predominate wind conditions of east and west. Water resources in the region are derived from precipitation or from surface water recharge. The region is part of the driest area in the United States with large areas categorized as arid and semiarid.

Meteorological records for the immediate vicinity were obtained from the Salome, Arizona weather station (Station Number – 027462) located approximately 7.5 miles to north of site at a latitude of 33.41 North and a longitude of 113.29 West. The elevation of this site is 1,600 feet above mean sea level (msl). This site is located at the same approximate elevation as the mine site and is located within a similar desert province.

A site located at Bouse, Arizona (Station Number – 020949) was also reviewed due to its location being approximately 29 miles to the west northeast. The Bouse site had slightly higher temperature with slightly different precipitation and wind characteristics due to its near mountain location and lower elevation.

Other weather stations in the area include Harquahala Plains, Tonopah, Aguila, and Kofa Mine. All of these sites are further than 25 miles in distance from the Harquahala minesite.

Because of the similarities in sites to the Salome 17 SE station, the Salome station was identified and used for climate data. Meteorological records have been kept at this station since 1961 and are complete with minimal missing data. Data identified in the following sections was taken from the Western Regional Climate Center.

5.4.1 Temperature

The region has hot summers and mild winters. The Harquahala site temperatures are estimated from 1961 to 2017 Salome data with average minimum low temperatures usually occurring in December, averaging 36.0˚F with maximum daily high temperatures usually occurred in July, averaging 105.3˚F. Approximately 164 days per year have temperatures over 90°F.

Average daily maximum temperature, April to October 93.9°F
Extreme annual temperatures,

(Max) 125°F
(Min) 17°F

5.4.2 Precipitation

Water resources in the region are derived from precipitation or from surface water recharge. The region is part of the driest area in the United States and large areas are categorized as arid and semiarid. Annual precipitation generally is related to altitude of the land surface.

Annual average precipitation for the Salome area is estimated at approximately 6.31 inches (in) per year. Most of the precipitation recorded at the Salome station fell relatively equally during the months of July through March with the most falling in August (0.83 inches). The months with the least recorded precipitation are April, May, and June with May recording less than 0.02 inches on average. Only minor snowfall, less than 0.1 inches on average, has been recorded at the Salome weather station.

The 100-year 24-hour storm event for Salome is calculated using NOAA Point Precipitation Frequency estimates using NOAA atlas 14 and based on the Upper Bound of the 90% Confidence interval. The estimated 100-year 24-hour storm event for the site is 4.25 inches.

5.4.3 Hydrology

Surface Water

The project is located in the Little Harquahala Mountains. Specifically, the project is on the north face of Martin Peak. The project is located in one of the driest regions in the United States and is classified as arid and semiarid. The Colorado River which runs from North to South approximately 50 miles west of the project is the only river that flows through the area. No natural source of surface water at the site is readily available. No permanent streams or ephemeral drainages are present on the property. Surface drainage generally passes the property from the north and west in small unnamed arroyos and washes. The nearest significant surface drainage is the Bouse Wash located 15 miles to the west. Annual average rainfall for the area is estimated at approximately 6.31

inches per year with August averaging 0.85 inches or approximately 15% of the rain for the year. No navigable waters as defined by the Army Corp of Engineers exist within the property.

Ground Water

The Harquahala Project is located within the Ranegras Plain basin. The basin-fill alluvium is the main aquifer in the Little Harquahala basin. Minor amounts of groundwater occur in the thin veneer of alluvium found in the mountain washes. Groundwater in the alluvium generally is unconfined, however, localized clay layers create some semiconfined to confined conditions. A number of perched water table areas have formed as a result of irrigation water percolating down onto the clay layers. Perched water is most prevalent in the east central and southeastern parts of the basin where agricultural development is greatest.

Groundwater underlying the site is typically found at depths that range from 50 to 6000 feet below surface in the basins. The ground water is typically located in the alluvium overlying the bedrock, at the overburden-bedrock contact. Perched aquifers are believed to be present in the project area. Groundwater level information is based on exploration drill holes in the open pit and surrounding project area.

The major water bearing units in the project area are the sand and gravel alluvium zones of the Bouse Formation. One well penetrates this stratum 1 miles to the north and several mine exploration holes penetrate this strata in an area of approximately 2 circular miles around the project. The nearest non-project wells are approximately 7 miles to the north and northeast of the site in the Salome area. Registered ownership of the Salome area wells indicates that they were drilled to provide water for drinking and agricultural.

There are no known registered active water wells at the site or in approximately 1 mile of the mine location. A shallow, ~75' deep well lies midway between the Bonanza and Golden Eagle Mines has been located but is not registered.

Local groundwater flow direction at the mine site is most likely structurally and stratigraphically controlled and is projected to flow from the northwest to the southeast with some southward component. The local lateral and vertical movement of groundwater is controlled by lithologic and permeability changes that are related to depositional environment and geologic structure. Local gradients may be highly irregular.

5.5 Groundwater Quality

Data collected by the Arizona Department of Environmental Quality in the Harquahala Mountains – Ambient Groundwater Quality of the Ranegras Basin (2008-2011) identified the following:

Excerpt taken from document:

"To characterize regional groundwater quality, samples were collected from 55 sites (53 wells and 2 springs). The wells were predominantly used for stock (20 wells), domestic (16 wells), irrigation (10 wells), and semi-public supply (7 wells) purposes. The 2 springs provide water for wildlife. Inorganic constituents and two isotopes (oxygen and deuterium) were collected from all 55 sites. At selected sites, radon (33 sites), radiochemistry (18 sites) and nitrogen isotope (10 sites) samples were also collected.

Health-based, Primary Maximum Contaminant Levels (MCLs) were exceeded at 39 of the 55 sites (71 percent). These enforceable standards define the maximum concentrations of constituents allowed in water supplied for drinking water purposes by a public water system and are based on a lifetime daily consumption of two liters. Constituents exceeding Primary MCLs include arsenic (35 sites), chromium (4 sites), fluoride (28 sites), and nitrate (12 sites). Elevated concentrations of arsenic, chromium, and fluoride likely occur naturally. Elevated nitrate concentrations at isolated stock wells also appear to be naturally occurring based on nitrogen isotope results. However, high nitrate concentrations in agricultural areas are likely influenced by nitrogen-laden recharge from irrigation applications. Aesthetics-based, Secondary MCLs were exceeded at 51 of 55 sites (93 percent). These are unenforceable guidelines that define the maximum constituent concentration that can be present in drinking water without an unpleasant taste, color, or odor. Constituents above Secondary MCLs include chloride (16 sites), fluoride (40 sites), manganese (1 site), pH (4 sites), sulfate (25 sites), and total dissolved solids (TDS) (44 sites).

Groundwater in the basin is typically slightly-alkaline, fresh or slightly saline, and soft to extremely hard, based on pH levels along with TDS and hardness concentrations. Evaporates in the lower part of the aquifer account for the relatively high salinity of groundwater in the basin. Sodium was the dominant cation in most samples while the anion composition varied from a mixture to one dominated by either chloride or sulfate.

Oxygen and deuterium isotope values at 31 sites were generally lighter and more depleted than would be expected from recharge originating at the basin's elevation. These "old recharge" sites appear to consist of paleowater predominantly recharged 8,000-12,000 years ago when the basin was cooler and subject to much less evaporation. Ten "mixed recharge" sites had slightly less depleted isotope values and may contain small amounts of more recently recharged groundwater. Enriched isotope values were found at 10 sites and appear to consist of "recent" mountain front recharge occurring in the Kofa, New Water, Plomosa, Granite Wash, and Little Harquahalas.

Groundwater constituent concentrations are strongly influenced by recharge age. Constituents such as pH-field, specific conductivity (SC), TDS, sodium, chloride, sulfate, arsenic, boron, chromium, and fluoride had significantly greater concentrations in "old recharge" than "recent recharge"; hardness, magnesium, and bicarbonate had the opposite pattern (Kruskal-Wallis test, $p \leq 0.05$). Because of these water quality differences, recent recharge is generally preferred over old recharge as a water source for domestic and public water supply uses; however, this source is spatially limited and was found only in some peripheral areas of the basin near the higher mountain ranges. Water quality at sites having a mixed recharge was slightly improved compared with sites having old recharge; however, mixed recharge sites were also spatially limited usually located downgradient of recent recharge sites."

5.6 Infrastructure

Salome is the nearest population center and can be reached by traveling approximately 37 miles southwest on Arizona State Highway 72 from Parker, Arizona and then proceeding 7 miles northeast on U.S. Highway 60. Salome can also be reached by traveling 52 miles westward from Wickenburg on U.S. Highway 60.

Salome has a population of approximately 500. Services available in Salome include lodging, a number of small restaurants, gasoline stations, a variety of small hardware, grocery, retail stores, and land development/excavation companies.

Phoenix is the capital of Arizona and has a population of approximately 1.5 million and is located approximately 1.5 hours east of the project area. As the capital of Arizona, many regional government, environmental, and utility offices are located Phoenix. Phoenix has an international airport with daily connections throughout North and Central America. The Harquahala Mine is located one and one-half hours by car west of Phoenix on Interstate 10.

There is no power located at the site. All power generation will require generated power.

Water for the mine will come from water wells and recycled water. The Project is located in Ranegras Basin. The wells in the area typically have a hardness of 200 to 300 and are 100 to 500 feet deep.

There are limited water wells and water usage in the area. Water well permits for project water are not seen as being an issue.

The dominant land use centered in and around the deposit is non-agricultural due to the steep terrain and limited vegetation. In areas to the North in and around Salome, significant farming and ranching are completed using irrigation water.

6.0 History

The following excerpts on history were taken from the 2009 HunsakerTerraco 43-101 Report:

The gold initially exploited at the Harquahala Mine was discovered late in the mineral development of the region. Bancroft (1911) reported that the original prospect was located on November 14, 1888 and placer gold exploration began as early as 1862 in the region. The original locators (Wharton, Stein, and Sullivan) subsequently sold to Messrs. Gray, Kirkland, Corcoran, and Hubbard and within a year total ownership was consolidated by Hubbard. Hubbard bought and sold the property several times during the ensuing years until the year 1909 when the property was controlled by the Bonanza and Golden Eagle Mining Company. In that 21-year period the total value of gold produced reportedly reached $3,631,000 or about 180,000 ounces of gold (Bancroft, 1911).

In his 1934 report Wilson reported cumulative historic production between 1891 and 1929 of 142,200 pounds of lead and 120,560 ounces of gold. This historic reporting provides no grade or tonnage context with which to estimate its economics or viability and does not meet current categories as defined by NI 43-101. No mineral resources or mineral reserves are defined on the Project.

Several examinations (Bancroft, 1911; Butler, 1933; and Wilson, Cunningham, and Butler, 1937) were completed during the 1911 to 1937 period. Numerous reports included recommendations to conduct exploration and/or exploitation; however, it does not appear that any of these recommendations were ever acted upon. No data was found that indicates any of the proposed surface exploration or underground exploration was completed.

During the early 1980's St. Joe American Corp. completed an underground panel sampling program. The primary data available for this work is a copy of a map showing gold values plotted on a map of the underground workings. This data outlines numerous areas in old drifts and stopes with greater than 0.020 opt gold as well as outlining a large zone of greater than 0.10 opt gold in workings at the 71 foot level in altered Bolsa Quartzite near and along a low angle fault contact with the underlying granite. This information was observable underground; sample sites were marked by panels outlined on the workings and sample numbers painted beside the outline. Twelve verification samples were collected.

Although some of this data reflects sampling on the margins of existing (presumably, mined out) stopes; some of the samples reviewed underground appear to outline areas on the east that were not mined during the operations carried out in the late 1800's and early 1900's. Starting in the early 1980's Cave Creek Mining Co. gained control of the project and completed extensive sampling, mapping and compilation. Based on that work, seven reverse circulation holes (1,722.5 feet) were drilled by Cave Creek Mining in 1982. Some positive results as well as enigmas resulted from this program. Two holes, targeting the 71-foot level, drilled through the altered sandstones that host the underground gold mineralization (RCB #3 & #6) but the pertinent samples were not assayed

.

Hole RCB #7, though not assayed for most of its 302.5-foot length, yielded 30 ft/ 0.167 opt gold/237.5 to 267.5 feet Including:

- 2.5 ft/0.4 opt gold/237.5 -240 feet
- 5 ft/0.335 opt gold/247.5 - 252.5 feet,
- 2.5 ft/0.6 opt/257.5 - 260 feet

Assays in this hole started at 237.5 ft (the 0.400 opt intercept.), 190 ft below the altered sediment/intrusive contact.

Cave Creek reported that the drill holes were sampled on a 2.5 foot interval. Review of the assay certificates and available logs indicate that 1,047.5 feet (61%) of the drill holes completed were not assayed.

No further work was completed.

Throughout the early-to mid-1980's a number of companies and individuals either reviewed data or controlled the property for limited time periods. No reports or additional data are available. Arizona Department of Mineral Resources noted the following (Phillips and Niemuth, 1986-1992):

- In the mid 1980's, Peter Kiewit started drilling in the Harquahala area. A resource of approximately 2 to 3 million tons was identified at 0.12 ounces Au/ton. References to permitting of a heap leach were found but further information is unavailable.
- 2/7/86 Harquahala Mine optioned by George Milburn.
- 5/2/86 Ray Wreggit has control of unpatented claims portion of Harquahala Mine.
- 1/22/88 Socorro Mining Inc. reportedly planning to heap leach historic tailings. No mineralized resources or reserves defined.
- 2/25/88 Billiton Minerals USA Inc. drilled 9 or 10 holes; however no data is available for this drilling. Socorro Mining acquired rights to tailings and developed a heap leach operation on those materials.
- 6/20/1990 Harqpro rehabilitating underground workings and mapping at Golden Eagle and Harquahala mines.
- 5/5/92 Manhattan Minerals reportedly completed a permit for a drill program at the Harquahala Mine (No data known for this drilling).

Based on a review of the mine history other than Peter Kiewit, the exploration and mine focus seems to have always been on the high-grade underground target with little or no emphasis on a potential open pit target. A 2016 report written by Charles Sulfrian, VP Exploration for Terraco Minerals and Project Geologist for Bonanza/Harquahala while held by Terraco, indicated a 1+ million-ounce gold potential for the Bonanza/Harquahala area, with an initial target potential of 300-500 thousand ounces at 1-2 gpt.

7.0 Geology

The purpose of this document is to identify the potential clean-up possibilities of the Harquahala mine. There is significant material both in mineralized waste rock, tailings, and old leach pads that were never processed or the gold and silver never fully recovered from the material. Non NI43-101 estimates of material identified in the old reports identify significant material remaining from the old mined areas ranging in tonnage and grade from 200,000 tons @ 0.065 oz/tn gold to 9.9 million tons @ 0.112 oz/tn gold.

The geology of the mine and area are identified as follows.

7.1 Regional Geology (Richard, 1982)

The oldest rocks in west-central Arizona are 1.4 to 1.7-billion-year-old metamorphic and granitic rocks that constitute the crystalline basement of the region (Figure 4). Paleozoic rocks were deposited on the craton east of the Cordilleran miogeocline. Disconformities in the Paleozoic section represent periods of uplift and erosion or non-deposition. Mesozoic rocks accumulated and were deformed in intra-arc and back-arc settings dominated by compressional and probable strike-slip tectonics. Jurassic volcanic and intrusive rocks and Jurassic or Cretaceous clastic rocks, locally associated with Paleozoic rocks, occur in a west-trending belt extending from the Little Harquahala and Granite Mountains to the Dome Rock Mountains. Two clastic sequences have been recognized in this assemblage: the McCoy Mountains Formation and the Apache Wash Formation.

A complex zone of thrust faults bound McCoy Mountains Formation outcrops on the north, in southeast California and in the Dome Rock Mountains of Arizona. In the southern Plomosa Mountains and western Harquahala Mountain region, sub-horizontal faults juxtapose the McCoy Mountains and Apache Wash Formations, and other faults place sheets of Precambrian crystalline rocks above the sedimentary rocks.

Late Cretaceous and early Tertiary plutons cut these low-angle faults.

Extensional deformation during the mid-Tertiary is characterized by low-angle normal or detachment faults.

Northeast-trending ranges in west-central Arizona are truncated on the southwest along a prominent northwest-trending linear zone. Right separation of Paleozoic rocks between the southern Plomosa Mountains and the Little Harquahala Mountains suggests strike-slip movement.

7.2 Local Geology (Spencer, Richard, Reynolds, 1985 and Richard 1982)

The Little Harquahala Mountains of west-central Arizona contain major Mesozoic thrust faults that juxtapose a complex assemblage of Mesozoic sedimentary and volcanic rocks, Paleozoic cratonic strata, and Jurassic and/or Precambrian crystalline rocks. The structurally lowest rocks, referred to as the Harquar Plate, consist of a Jurassic volcanic and sedimentary sequence depositionally overlain by sedimentary rocks of the Jurassic to Cretaceous McCoy Mountains Formation. The Hercules Thrust separates these rocks from the structurally overlying Hercules Plate, which is composed of a variety of crystalline rocks of Precambrian or Jurassic (?) age. In turn, the structurally

higher Centennial Thrust places Precambrian crystalline, Paleozoic sediments, and Mesozoic sediments (a different suite than those of the Harquar Plate) of the Centennial Plate over those units caught up in the Hercules Plate. In late Cretaceous time, previously deformed crystalline rocks were thrust over Mesozoic clastic, volcaniclastic and volcanic rocks along the Hercules and Centennial thrust faults.

Mesozoic strata below the Hercules Thrust are lithologically and stratigraphically different from Mesozoic strata above the fault. Note: The Centennial Thrust is an intracrystalline thrust and is difficult to recognize as a separate feature within the Bonanza Project area.

Mesozoic structures are strongly overprinted by post-late Cretaceous or possible Tertiary northwest-dipping, moderate to low-angle, normal separation faults and associated northerly trending faults. The youngest structures are north- to northwest-trending, near vertical oblique- or strike-slip faults with an associated northeast-dipping normal fault (Spencer, Richard, & Reynolds, 1985 and Richard, 1982).

7.3 Property Geology (Hunsaker 2009)

The following is excerpts from the HunsakerTerraco 43-101 Report:

> *The geology of the area around the Bonanza Project (Figure 5) consists primarily of Paleozoic rocks (Cambrian Bolsa Quartzite, Cambrian Abrigo Formation, Devonian Martin Formation, and Mississippian Redwall limestone). These units typically are in low-angle fault contact with the underlying Precambrian granite (to quartz monzonite). This fault has been interpreted as either low-angle normal or a detachment-type fault. Northwest and north trending high-angle faults cut the sedimentary and intrusive rock package. The northwest trending faults are vertical or dip steeply east-northeast and have normal, dip-slip motion offsetting the lithologic contacts with apparent left-lateral sense of motion. These faults also offset the granite-sediment fault contact. The north trending faults appear to form one of the primary controls to gold mineralization. The historic mining appears concentrated at intersections of the high-angle structures with low angle reverse and normal faulting. The Bolsa Quartzite is a maroon to grey feldspathic sandstone that varies from grit and pebble conglomerate at the base to medium-to fine-grained sandstone and silt going up section.*
>
> *Locally, the unit can be weakly calcareous and is indurate enough to be identified as a quartzite. The Bolsa is one of two main gold-bearing formations. The Abrigo Formation typically weathers recessively and is a dark gray to maroon and grey-green sandy shale; locally there are thin, bioturbated siltstone units. Although not typically reported as a good ore-host, the Abrigo does contain base metal mineralization in the southern part of the mineralized and altered areas around the Golden Eagle Mine.*
>
> *The Abrigo Formation is not always present between the Bolsa Quartzite and the overlying Martin Formation. It appears that it may be locally cut out by low-angle normal faults. The Devonian Martin Formation forms prominent cliffs and erosion resistant slopes. Locally it is a grey, massive- to thick-bedded dolomitic limestone. The unit varies from grey to brown and tan*

dolomite and also can contain some coarse sandstone beds as well as more carbonate rich clastic beds.

The Mississippian Redwall Limestone also forms prominent cliffs. It is locally comprised of medium to thick-bedded and massive limestone; it is not as dolomitic as the Martin. Its surface is often stained to a pinkish to light red-brown appearance; below this weathering rind the color can be a light to medium grey. The litho-tectonic package comprised of the granite (quartz-monzonite) and overlaying Paleozoic sedimentary sequence is probably a portion of a regional allocthonous package that was emplaced over Mesozoic schist and gneiss by the Hercules Thrust system during the Late Cretaceous to Early Tertiary (Reynolds, 1982).

Faulting within the project area consists of:

- *Hercules (and Centennial?) Thrust Fault emplacing the Precambrian through Paleozoic litho-tectonic package (Hercules Plate) on top of Mesozoic volcanic, metamorphic, and sedimentary rocks of Harquar Peak,*
- *A low-angle normal (detachment) fault separating the granite and overlying Paleozoic sedimentary package and*
- *Pronounced high-angle faults comprised of the north-trending gold-bearing set, or northeast and northwest faults that generally have more stratigraphic displacement than the north-trending gold-bearing faults.*

Both the Hercules Thrust and the low-angle detachment fault trend east-west to northeasterly and dip towards the south and southeast in outcrop (Figure 5). The northtrending, often gold bearing, high angle faults dip as shallow as 45° east and/or west in the Harquahala Mine area and appear to be close to vertical at the Golden Eagle Mine. Northwest-trending faults generally have moderate 65° to 80° dips towards the northeast. The northeast trending faults appear to dip primarily southeasterly.

At the Harquahala Mine, the Paleozoic sedimentary sequence is separated from the granite by an undulating low-angle fault that generally strikes east-west and dips 20° to 55° south. Exposures of the fault suggest a listric nature to this fault. The Paleozoic sequence is strongly contorted with strikes ranging from east-west to northwest; generally, the units dip <10° to >80° north to northeast. Many outcroppings are overturned. On the hill occupied by many of the workings, beds of the Bolsa are tightly folded and overturned. The contorted nature appears to be broad drag folding and compressional type fold features.

The Paleozoic sedimentary sequence at the Golden Eagle Mine area is separated from the granite by a low-angle fault that generally strikes northeast and dips 30° to 78° southeast. The Paleozoic sequence is moderately contorted with strikes ranging from east-west to northwest;

generally the units dip 40° to 70° south to southeast. The contorted nature appears to be broad drag folding and compressional type fold features.

The north trending faults are vertical to steeply dipping and have pronounced silicification and brecciation on the surface. Historic underground workings and stopes, while often within the low angle fault zones, are oriented along the north trending faults.

Figure 7.1: Regional Geology Map

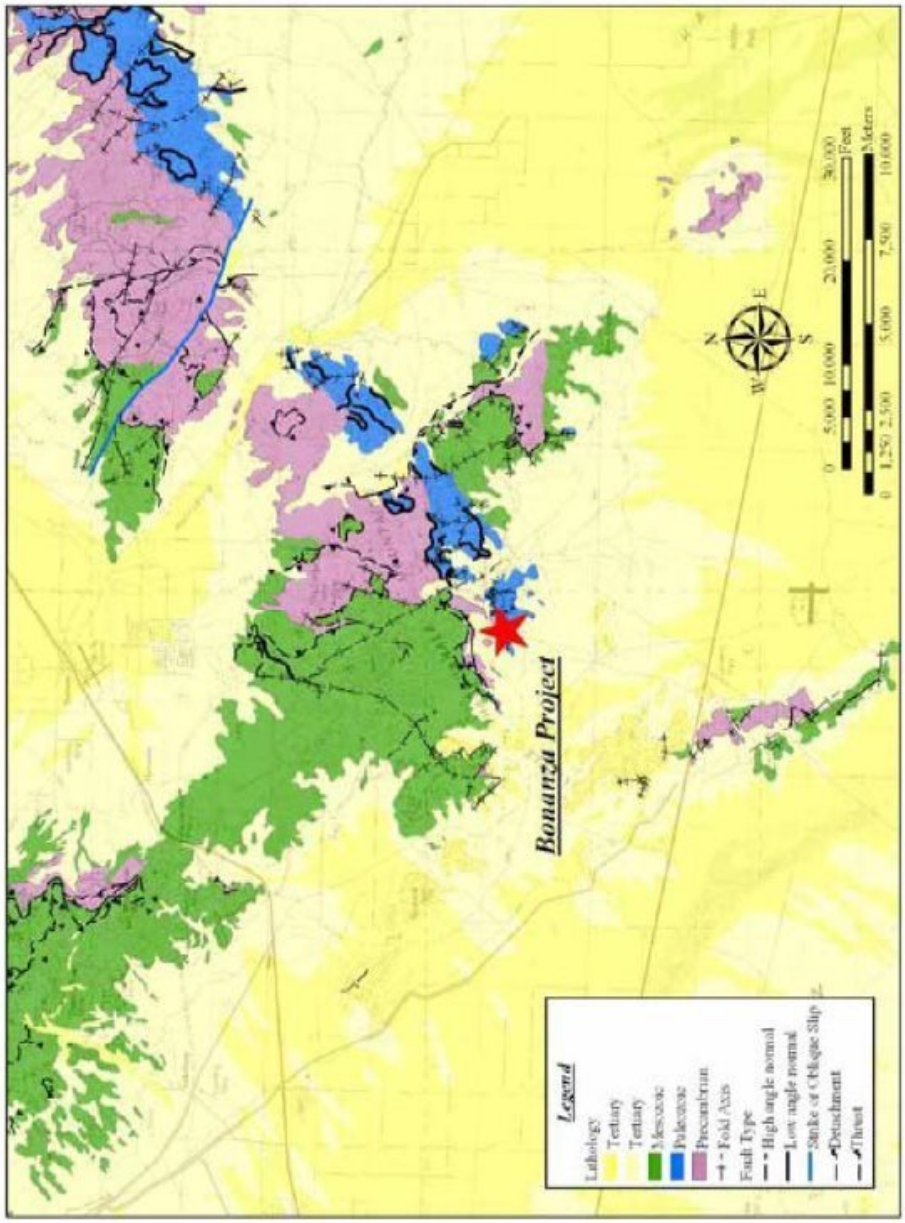
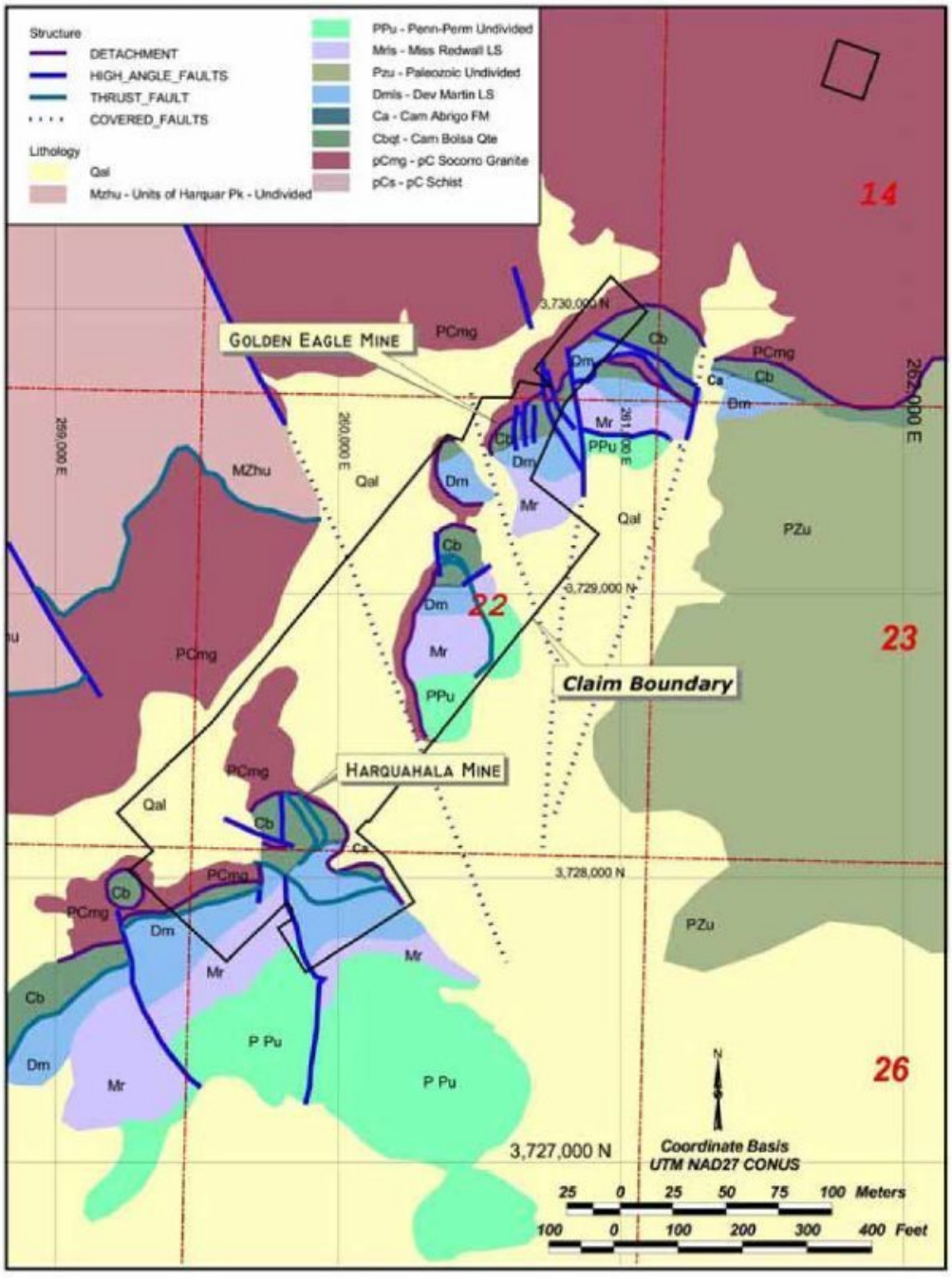


Figure 7.2: Project Geology Map



8.0 DEPOSIT TYPES

Mineralization on the GRI property is most likely high grade and disseminated gold along low angle faults and is described by Singer and Cox (1986) model 37b, Descriptive Model of Au on Flat Faults by Bouley.

The document is summarized as follows:

Mineral deposits are typically intensely brecciated zones along low angle faults, steep normal faults, and sheeted veins. The mineralization related to these faults is typically gold, hematite, chalcopyrite, minor bornite, barite and fluorite. These deposits can also contain quantities of minor metals such as sphalerite, galena, and sulfosalts. Significant quantities of gold and silver may be present.

Typically, the low-angle faults in crystalline and volcanic terrane including detachment faults related to some metamorphic core complexes and thrust faults related to earlier compressive regimes. Rock analyses may show Au, Cu, Fe, F, Ba and very low-level anomalies in Ag, As, Hg, and W.

The following excerpt was taken from HunsakerTerraco 43-101:

There are two types of gold deposits that are being explored for:

- *Detachment-related deposits*
- *Fault controlled, epithermal-type deposits*

No mineral reserves or mineral resources are defined on the Bonanza Project; however, the geologic setting is similar to other gold deposits in southwestern Arizona. Detachment-related gold mineralization occurs primarily along the principle detachment fault zones and the hanging wall listric faults as well as in the reactive or porous lithologies, and breccias associated with these structural features. Associated minerals include iron, manganese, and copper, with quartz, calcite, barite, fluorite, and gypsum as well as a chlorite alteration halo.

These deposits occur in allocthonous thrust plates in the Chocolate Mountains (Johnson,1987). Mineralization is localized in breccia zones associated with the (post-thrusting) Chocolate Mountains Detachment Fault. This zone includes the detachment fault and hanging-wall high angle faults. Alteration associated with gold-mineralization is primarily hematite and pyrite with associated sericite. Some of the ore-bearing breccias are intensely silicified and others are not.

Gold mineralization in fault controlled, epithermal-type deposits are primarily associated with a high angle set of faults. The mineralization is interpreted as an epithermal-deposit (Mutschler and McCollum, 1989) in a high-angle fault zone. Other workers (Drobeck and others, 1986) have interpreted the presence of low-angle features to indicate that the deposits are detachment-type gold deposit. Willis and Holm (1987) point out the strong high-angle fault control of the gold and the lack of gold on the low-angle features.

Structurally controlled epithermal-type deposits occur in an allocthonous thrust plate also in the Chocolate Mountains. Gold mineralization occurs within a sequence of schist, granite, and gneiss

rocks. Some phases of the granitic rocks have intruded the schistose and gneissic sequences. The structure is dominated by two sets of major faults (Willis and Holm, 1987); a steeply dipping (55° to 80°) north trending set, and a shallow dipping (20° to 40°) northwesterly set with a more arcuate trace. These low angle features appear to indicate detachment tectonics active throughout the region.

Mineralization on the Bonanza Project is described based on:

- *The exploration work completed and described by the sources of data*
- *The author's field observations*

Sampling is not of sufficient density to determine the distribution of gold and no mineral resource or reserve has been defined on the Project.

A zone of mineralization is indicated by the historic mines (Harquahala and Golden Eagle) and prospects in sections 15, 22, 27, and 28 T4N, R13W (Figure 2). This zone is approximately 5,000 feet long and 800 feet wide and occurs in an arcuate shape. The gold developed at the Harquahala & Golden Eagle mines was primarily fault-related, gold in the sedimentary and intrusive rocks. Mineralizing fluids are inferred to have moved along high and low angle faults and migrated up to and across the detachment fault where structural preparation and reactive host rock chemistry concentrated gold in zones in sufficient quantities that historic owners and lessors mined those zones.

Recent surface and underground rock chip sampling and surface mapping indicate the gold mineralization is typically found along faults and at fault intersections. The rock is sometimes silicified and/or veined with open space textured quartz veins; although not always. Most typically, the gold-bearing samples contain moderate to strong iron-oxide and sometimes they can also show copper staining or manganese oxide staining. Argillization is found in a few of the gold-bearing samples.

9.0 Exploration

Prior to 2005, there have been cursory reviews of the Harquahala mine. Many companies have reviewed the high-grade underground of the project. There is limited information available at the Arizona Department of Mines from these reviews. Because there is limited information, most of the information has no context and is considered unreliable.

Since 2005, the Bonanza Project has been controlled by Terraco. Their work included surface geologic mapping, surface and underground rock sampling, geophysical surveys, and core drilling.

Surface geologic mapping was completed by Terraco personnel and by the author (under consulting contract to Terraco in 2005). Mapping focused on the Harquahala and the Golden Eagle Mine area (Figure 5). Geology, structure, and alteration were mapped using published US Geologic Survey topographic map bases. The mapping identified the high angle nature of the fault controls to mineralization and the propensity for favorable alteration to occur at fault intersections and within the Bolsa Quartzite.

Surface and underground sampling was completed by a Terraco geologist and Hunsaker (under consulting contract to Terraco in 2005). Seventy samples were collected in total (Table 9-1 and Figure 9-1). Fifty-eight samples were collected for exploration and twelve samples were collected to verify and evaluate the reliability of underground sampling by St. Joe American Corp. in the Harquahala underground workings.

In the Harquahala Mine area 30 samples were collected from surface and underground (Figure 6). Gold values range from less than 0.005 ppm to 8.23 ppm Au (Figure 7 and Appendix B). In the Golden Eagle Mine area, 37 samples were collected from surface and underground (Figure 6). Gold values range from less than 0.005 ppm to 271 ppm (7.9 opt) Au (Figure 7 and Appendix B). Anomalous silver, arsenic copper, lead, molybdenum, and zinc were also returned.

Terraco completed an IP/Resistivity survey comprised of fourteen lines spaced one hundred to two hundred meters apart; Figure 8 shows the property and the locations of the lines. The survey was conducted in August and September 2005 by Gradient Geology and Geophysics of Missoula, Montana. Practical Geophysics (Spring Creek, Nevada) completed additional interpretation and evaluation of the data. Preliminary interpretation during the execution of the data collection by Gradient outlined chargeability anomalies which were considered during drill targeting. In late 2016, Charles Sulfrian, Terraco'sVP Exploration/Project Geologist issued an exploration report indicating an overall potential of +1 million ounces of gold for the American Eagle-Harquahala/Bonanza area.

In 2016, GRI hired Continental Metallurgical Services to come to the Harquahala site and sample the waste rock dumps and old tailings piles. Thirty samples were taken from all of the dumps and tailing pile in a manner to identify the potential grade of the surface material. The material was sieved to remove any organic material from the samples, sealed in plastic bags, and assayed for gold and silver. The sample locations were identified via GPS.

9.1 Interpretation of Terraco Work Results

The initial surface and underground mapping and sampling exploration program completed by Terraco outlined good geologic evidence for high angle fault control of gold mineralization. Gold is found in the surface and underground sampling where the north trending high angle faults intersect with low angle faults and other high angle faults. The historic workings appear to be localized along

these zones as well at the Harquahala and Golden Eagle Mines. The Bolsa Quartzite is the most favorable host however, the structures seem to be the primary control and gold is also found in the granites and the Abrigo Formation.

Higher grade gold values (greater than 1 ppm) appear to generally occur in these structural settings typically in brecciated, crackled, or highly fractured rocks. The alteration can consist of very weak to strong silicification plus or minus iron oxidation and also can include manganese oxide, quartz veining, calcite veining, copper staining or sericite.

Surface observations of dumps and scattered prospect pits suggested a possible sulfide zone beginning several hundred feet below the surface. The results of the IP/Resistivity survey and subsequent interpretations do not definitively support this. Variable interpretations of the IP/Resistivity data suggest that sulfide mineralization may not be as strong as originally interpreted or may be more closely controlled by faults and fault intersections (Figures 9 and 10).

Gold intersected in the drilling indicates faults and fault intersections in the Bolsa Quartzite are primary controls to mineralization with alteration similar to that above. The drilling also intersected anomalous gold values (greater than 0.01 opt) along faults and possibly fault intersections in the Precambrian granite beneath the thrusts. The drilling also intersected probable dikes cutting the granite which have anomalous gold.

Drilling tested zones that contain conductivity and chargeability anomalies however, the results of the IP/Resistivity survey did not correlate well with the alteration and mineralization in the drilling.

Table 9-1 Terraco Rock Sample Descriptions

Sample No.	Area	Type	Location	Method	Width (Ft)	Lith	Veins	Alteration Description
GE 11200	Golden Eagle	Rock	Cut	Chip	1	Qte		Red, clay rich fracture zone, hw side of 300/77 silicified shear zone
GE 11201	Golden Eagle	Rock	Cut	Chip	10	Qte		Pervasively silicified 300/77 fault zone, scattered white quartz veinlets.
GE 11202	Golden Eagle	Rock	Prospect	Chip	2	Qte		White silicified fault zone; pervasively silicified quartzite w/ white quartz vits & strong red iron oxide on fractures late . 5-1 mm black & gray carbonate v
GE 11203	Golden Eagle	Rock	Outcrop	Chip	3	Qte	Qtz	White quartz vein & pervasive silicification along 300/85 structure
GE 11204	Golden Eagle	Rock	Outcrop	Select	15	Qte	Qtz	White bull quartz & pervasively silicified structure, some blobs of iron oxide w/carbonate
GE 11205	Golden Eagle	Rock	Dump	Select	5	Grnt		Very strong pyrite, possibly silicified
GE 11206	Golden Eagle	Rock	Stope	Chip	5	Qte		Footwall. Reddish brown to white, pervasively silicified, moderately sericitized quartzite, strong iron oxide on stkwk type fractures. Silicification decrease
GE 11207	Golden Eagle	Rock	Stope	Chip	1	Qte		Hanging wall, same as 11206, except alteration decreases after 1'
GE 11208	Golden Eagle	Rock	Stope	Channel	2	Qte		Red to white clay gouge w/ fragments & layers of quartzite?
GE 11209	Golden Eagle	Rock	Stope	Chip	5	Ls		Massive iron (hematite?) replaced bed(s), adjacent to main structure
GE 11210	Golden Eagle	Rock	Outcrop	Chip	3	Ls		Massive iron-replaced bed(s) & argillized siltstone & fault gouge
GE 11211	Golden Eagle	Rock	Outcrop	Chip	6	Sltst		decalcified w/ beds w/ stronger iron stain-replacement
GE 11212	Golden Eagle	Rock	Outcrop	Chip	3	Sltst		Strongly iron oxidized & argillized fracture zone, some drag along movement. Footwall down toward south.
GE 11213	Golden Eagle	Rock	Outcrop	Chip	10	Sltst		weak decalcification & iron oxide
GE 11214	Golden Eagle	Rock	Prospect	Chip	5	GLC		& argillization
GE 11215	Golden Eagle	Rock	Prospect	Chip	2	LST		silicified limestone; argillized/decalcified siltstone-shale
GE 11216	Golden Eagle	Rock	Prospect	Chip	2	Qte		weak; along fracture, moderate iron stain
GE 11217	Golden Eagle	Rock	Prospect	Channel	2	Ls		w/ very strong iron oxide
GE 11218	Golden Eagle	Rock	Prospect	Chip	3	Qte	Car	highly shattered with weak silicification & black carbonate vits on footwall
GE 11219	Golden Eagle	Rock	Outcrop	Chip	20	Grnt	Qtz	bull quartz
GE 11220	Golden Eagle	Rock	Prospect	Channel	1	Grnt		strongly argillized & sheared fault zone; strong iron oxide
GE 11221	Golden Eagle	Rock	Prospect	Channel	1	Grnt	Qtz	open space quartz & clay vein; strong iron oxide
GE 11222	Golden Eagle	Rock	Prospect	Chip	3	Grnt	Qtz	& strong iron oxide; quartz veinlets; adjacent to GE 11221
GE 11223	Golden Eagle	Rock	Prospect	Chip	0	Grnt		strong iron oxide; scattered Cu on fractures
GE 11224	Golden Eagle	Rock	Trench	Channel	1	GQC		fault gouge, strong iron oxide
GE 11225	Golden Eagle	Rock	Prospect	Channel	2	Qte		Red, iron stained clay gouge, milled fragments of quartzite (1-3 mm)
GE 11226	Golden Eagle	Rock	Decline	Chip	1	Qte	Qtz	white to red quartz vein w/ moderate iron oxide & barite
GE 11227	Golden Eagle	Rock	Prospect	Channel	2	Qte		Low angle fault, strong clay rich gouge & iron oxide
GE 11228	Golden Eagle	Rock	Prospect	Chip	3	Grnt		& silicification, epidote?, highly sheared
GE 11229	GE Big Stope S.	Rock	GE Big Stope S.	Select	1	Qte		
GE 11230	GE Big Stope S.	Rock	GE Big Stope S 3	Select	1	Qte	Qtz	quartz vein, carbonate?, open space texture
GE 11231	GE Underground	Rock	GE Big Stope S 1	Channel	2	Qte		strongly iron oxide, ground quartzite in hematitic matrix
GE 11232	GE Underground	Rock	GE Big Stope N 3	Chip	1	Qte		& strong iron oxide
GE 11233	GE Underground	Rock	GE Big Stope N 2	Chip	5	Qte		white fault gouge, sericitic with silicified? quartzite fragments, zones of iron oxide
GE 11234	GE Underground	Rock	long adit north	Chip	5	Qte		strongly sericitic & silicified quartzite
HQ 11235	Harq Underground	Rock	Harq Underground	Panel - Dup	0	9999		
HQ 11236	Harq Underground	Rock	Level 4 end	Panel - Dup	6	9999		
HQ 11237	Harq Underground	Rock	Level 4 end	Panel - Dup	6	Qte		
HQ 11238	Harq Underground	Rock	Level 4	Panel - Dup	6	9999		
HQ 11239	Harq Underground	Rock	Level 4	Panel - Dup	3	9999		
HQ 11240	Harq Underground	Rock	Decline	Panel - Dup	2	Grnt		
ZELW 10023	Big Johnson	Rock	Dump	Select	0	Qte		
ZELW-10030	West of Harq	Rock	Prospect	Channel	8	QLC	Qtz	Qte drusy & late epithermal Qte vnlt Qtelt & fault contact. LS locally jasperoidal
HQ 11300	Harquahala	Rock	Open Cut	Channel	12	Qte		Shattered bolsa Qte

Sample No.	Area	Type	Location	Method	Width (Ft)	Lith	Veins	Alteration Description
ZELW-10030	West of Harq	Rock	Prospect	Channel	8	QLC	Qtz	Qtz druze & late epithermal Qtz vn'd Qte/Ls fault contact. LS locally jasperoidal
HQ 11300	Harquahala	Rock	Open Cut	Channel	12	Qte		Shattered bolsa Qte
HQ 11301	Harquahala	Rock	Open Cut	Channel	8	QLC	Cct/Qtz	Argd Thrust Fault - gently upper plate/ H.W. altrd Bolsa Qte
HQ 11302	Harquahala	Rock	Open Cut	Channel	8	QLC	Cct/Qtz	Argd Thrust Fault w/intns fault decalcified LS blocks
HQ 11303	Harquahala	Rock	Open Cut	Channel	8	QLC		Argd Thrust Fault
HQ 11304	Harquahala	Rock	Ourtcrop	Select	5	Qte		gossa
HQ 11305	Harquahala	Rock	Road Cut	Select	3	Qte		FeOx pseudos after pyr. Strongly Frac'd
HQ 11306	Harquahala	Rock	Outcrop	Select	5	Grnt		Strong FeOx and Chlorite brecciated Y Granite sliver in fault zone
HQ 11307	Harquahala	Rock	Outcrop	Select	2	Qte		Bolsa Qte Breccia
HQ 11308	Harquahala	Rock	Outcrop	Select	3	GQC	Qtz	Spotty silicification and FeOx, minor qtz veining
HQ 11309	Harquahala	Rock	Adit	Channel	9	Qte		FeOx, Silic, & argin localized along shearing and bedding.
HQ 11310	Harquahala	Rock	Adit	Channel	18	QLC		Altrd LS within sub-parallel thrust splays.
HQ 11311	Harquahala	Rock	Adit	Channel	6	QLC		Strongly brecciated fault zone/shear w/ MnOx, FeOx, spotty silic & mod leaching/dol-calc.
HQ 11312	Harquahala	Rock	Shaft - Dump	Select	0	Sltst		Strongly folded, Phyllitic,
HQ 11313	Harquahala	Rock	Shaft - Dump	Cut	0	SLC		Gossanous, boxworked LS/SH/Slt fault contact, local Spec Hematitie
HQ 11314	Harquahala	Rock	Shaft	Channel	5	QLC	Qtz	Qtz vn 6", along normal fault contact b'twn Qte FW /LS HW & Slt-Sh FW/LS HW. Qte & Slt-sh invrt.
HQ 11315	Harquahala	Rock	Shaft - Dump	Cut	0	Ls		Gossanous, boxworked LS/SH/Slt fault contact, local Spec Hematitie
GE 11316	GE Underground	Rock	Big Stope 2 - NE	Channel	6	Qte		Bolsa Qte at struc intersect w/ FeOx pseudo's after pyrite & strong FeOx along fracs/structs.
GE 11317	GE Underground	Rock	Big Stope 1 - SW	Channel	4	Qte		Bolsa Qte crackle breccia with str FeOx
GE 11318	GE Underground	Rock	Rock Pile Stope	Chip	2	FLT	Qtz	Minor Qtz veinlets in FeOx stained FW? Splay of struct/breccia zone a nest/moseing vert thru stope
GE 11319	GE Underground	Rock	Rock Pile Stope	Channel	8	Qte	Qtz	Shattered Qte pillar HW? To struc sampled in 11318
GE 11320	GE Underground	Rock	Rock Pile Stope	Chip	3	Qte		Intensely FeOx/MnOx gossanous calcite cemnt vuggy/spongy qte ("gossan") FW? To struc in 11318
GE 11321	GE Underground	Rock	Low Drift - North	Channel	4	Qte	Qtz	Shattered Qte in NNW Struct
HQ 11322	Harq Underground	Rock	Level 4 - L Drift e	Panel - Dup	3	Qte		Strongly fractured or shattered Qte cut by FeOx stained fracs.
HQ 11323	Harq Underground	Rock	Level 4 - L Drift e	Panel - Dup	3	Qte		Strongly fractured or shattered Qte cut by FeOx stained fracs.
HQ 11324	Harq Underground	Rock	Level 4 - L Drift e	Panel - Dup	3	Qte		Strongly fractured or shattered Slt-SS in/bds & Qte cut by FeOx & CuOx stained fracs.
HQ 11325	Harq Underground	Rock	Level 4 - L Drift e	Channel	6	Qte		Strongly fractured or shattered Qte cut by FeOx stained fracs.
HQ 11326	Harq Underground	Rock	Level 4 - Middle	Panel - Dup	3	GQC		Faulted, CuOx stained, argillized, chloritic Y Granite/Bolsa Qte contact
HQ 11327	Harq Underground	Rock	Level 3 - Plank Sto	Chip	8	Grnt	Qtz	Strongly fract'd "Stockworked" Y Granite at intsect of v. stly FeOx stained struct. Wk Qtz veinlets.
GE 11328	Golden Eagle	Rock	Main Adit Dump	Select	0	Grnt	Qtz	Partially oxd pyritic YT Granite from GE dump. Loc V Str FeOx coatings.

Figure 9-1 – Rock Sample Locations

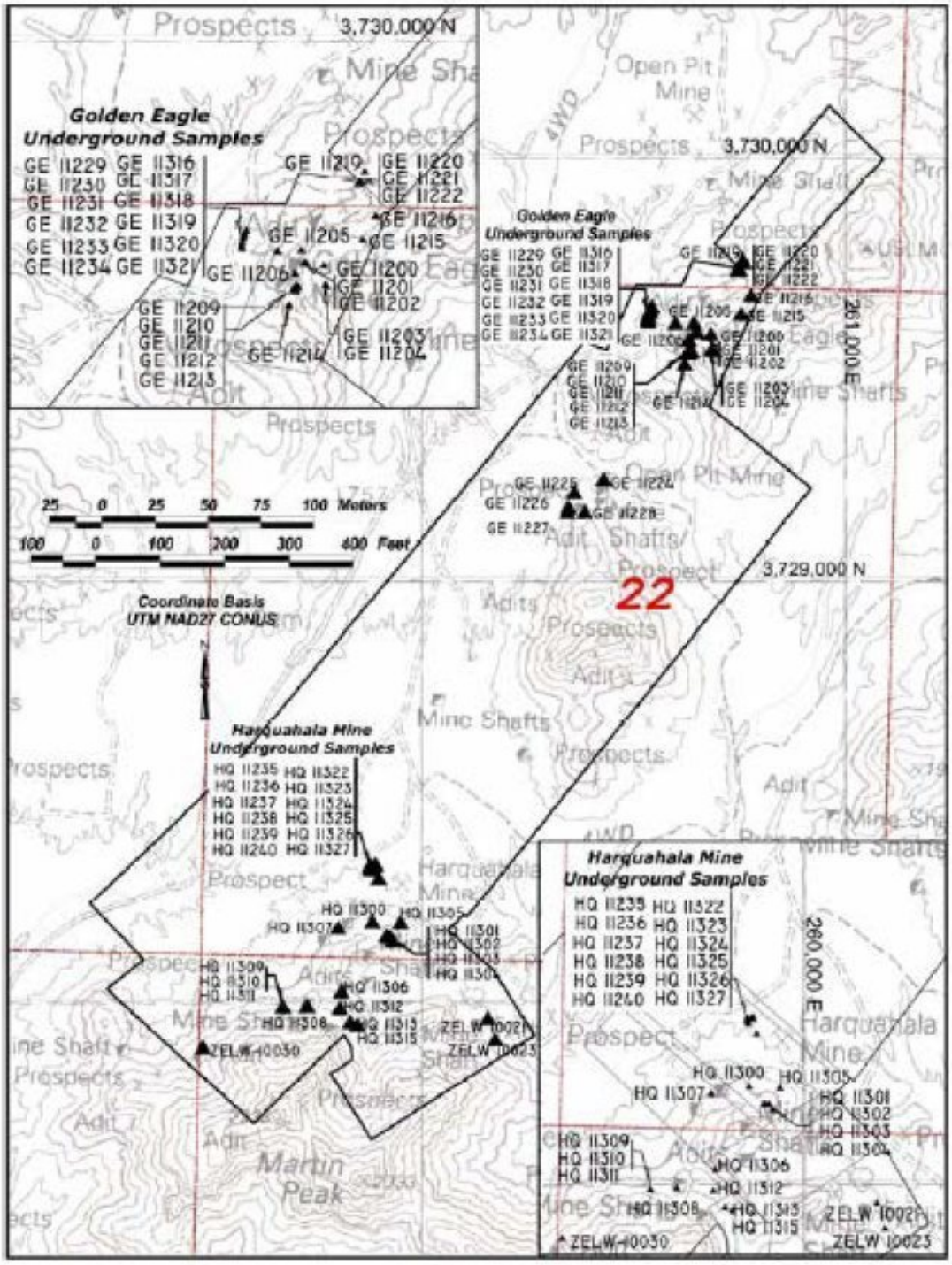


Figure 9-2 - Rock Chip Samples in PPM

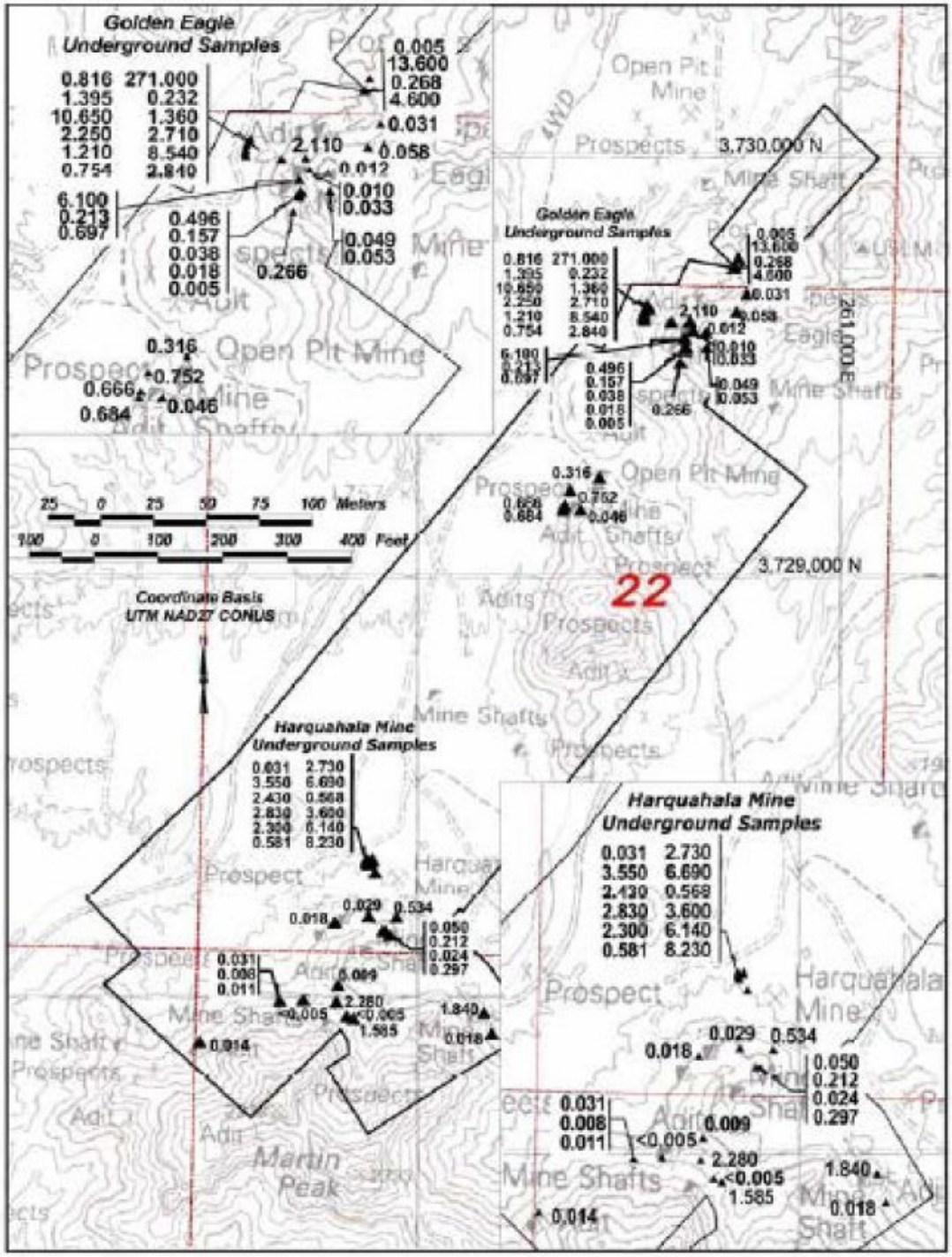


Figure 9-3 – Location of IP/Resistivity Lines

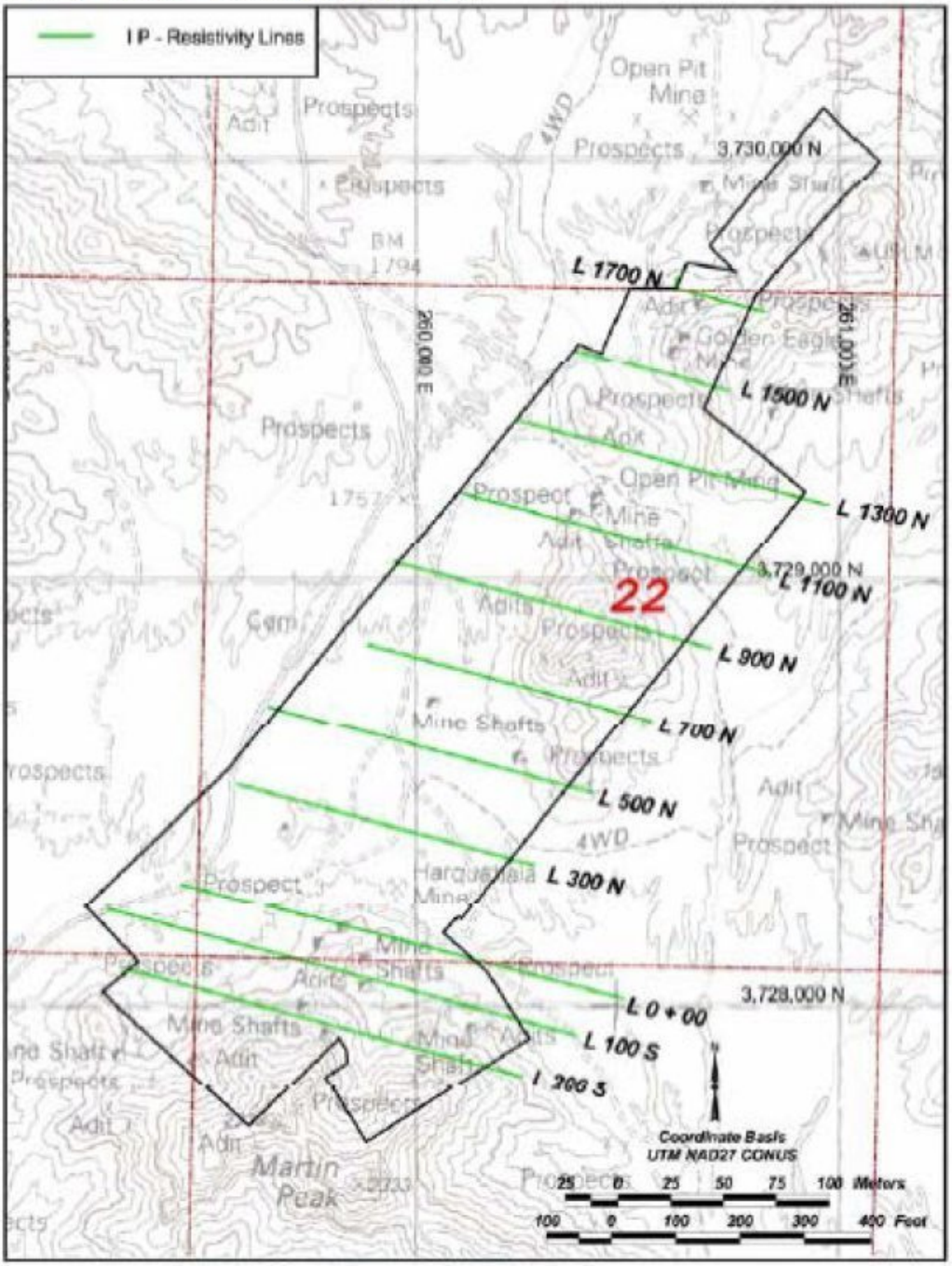


Figure 9-4 – Resistivity

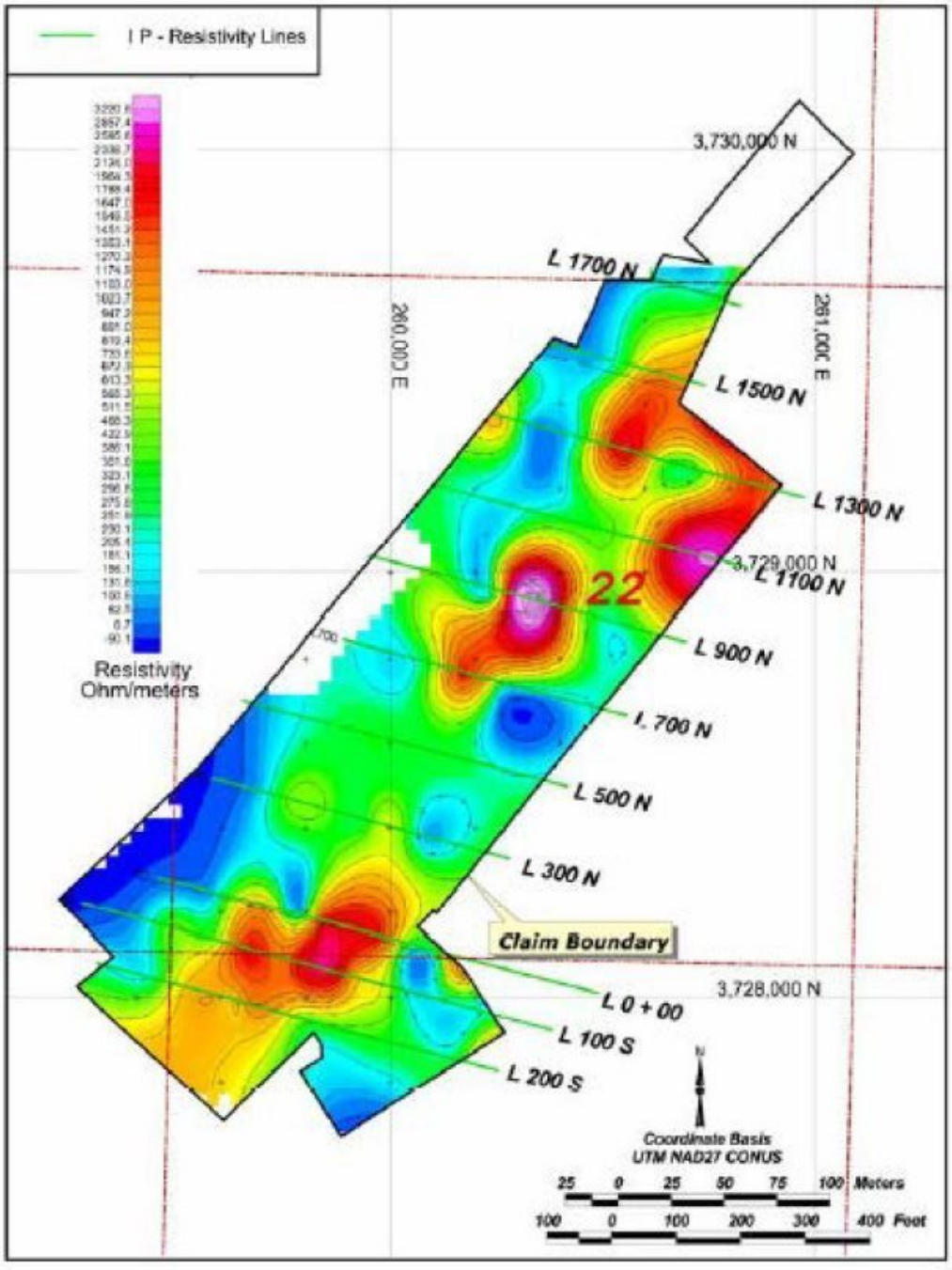
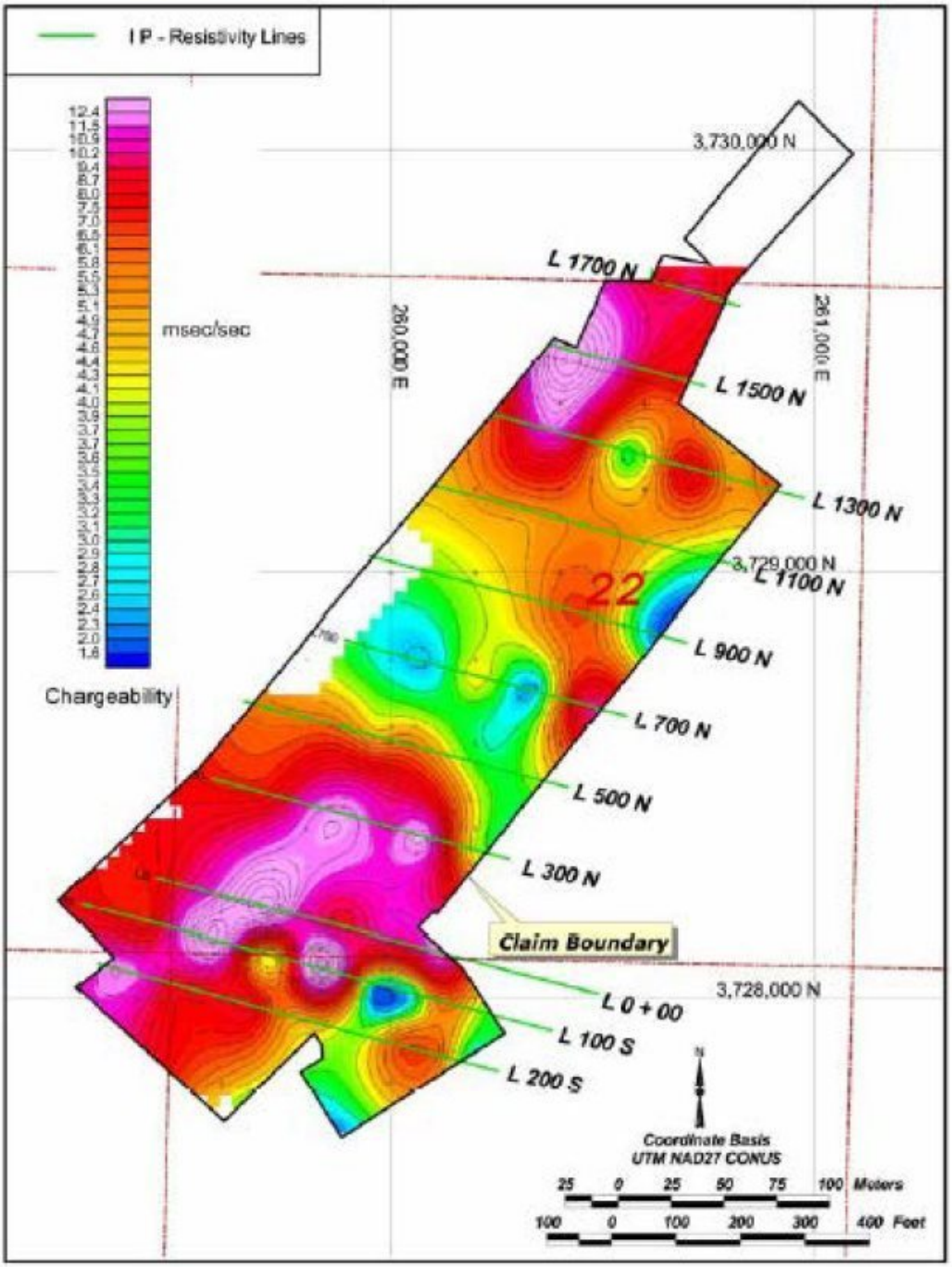


Figure 9-5: – Chargeability



9.2 GRI Exploration Interpretation

GRI reviewed the area for the potential of small resources contained within the waste rock and tailings located on the mine site. Twenty-Eight samples were taken and assayed for gold and silver. The assay results are identified as follows:

Table 9 – 2: GRI Sample Results

Sample Location	Au (oz/tn)	Ag (oz/tn)
HR #1	.015	.12
HR #2	.260	.38
HR #3	.106	.30
HR #4	.040	.18
HR #5	.087	.20
HR #6	.080	.22
HR #7	.010	.05
HR #8	.016	.10
HR #9	.015	.12
HR #10	.018	.15
HR #12	.020	.10
HR #13	.095	.25
HR #14	.020	.10
G-1	.193	.50
G-2	.060	.50
G-3	.060	.35
Leach #1	.040	.25
Leach #2	.172	.45
Leach #3	.030	.40
Leach #4	.055	.65
Tails #1	.042	.60
Tails #2	.044	.66
Tails #3	.030	.80
Tails #4	.035	.46
Tails #5	.024	.45
Tails #6	.010	.40
HS #1	.060	.40
GE Sample #1	.036	.70

The areas for each sample were analyzed and tonnages identified for each location. Bulk densities were calculated for each type of material. These bulk densities are identified as follows:

Table 9-3 Bulk Densities

Material Type	
Tailings, Leach Pad Material	105.0 #/ft3
Rock (Average)	168.5 #/ft3

The bulk density was calculated using NRCS bulk density testing methods.

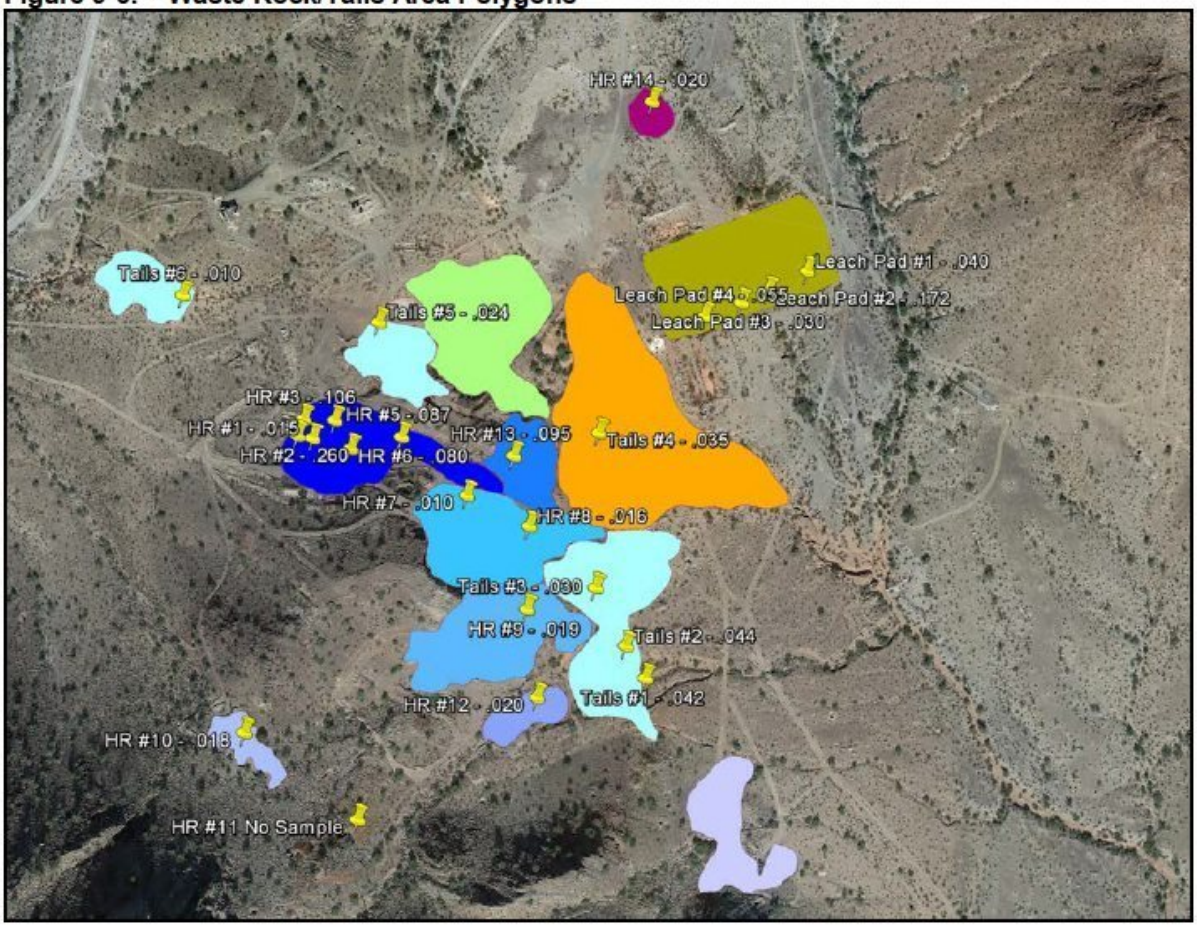
After the bulk density was determined, each area was spatially identified and a cubic footage assigned to the specific area. The cubic footage was then multiplied by the bulk density and a tonnage calculated. Each area was assayed and assigned a grade. Based on the tonnage and grade, an overall weighted average grade of the surface material was identified. Table 9.4 outlines the grade, tonnage, and estimated ounces of the surface waste rock, tails, and leach pad area.

Table 9-4: Assay and Tonnage Results

Area	Type	tons	Average Grade	AU Ounces	Remarks
Harquahala					
Leach Pad #1	Leach Tails	50491	0.074	3749	Leach Pad Main Area
Leach Pad #1 Clean-up	Leach Tails	5049	0.074	375	Leach Pad Main Area
Small Pile North Leach Pad	Rock	6836	0.020	137	Pile North of Leach Pad
Tailings #1	Tailings	80286	0.035	2810	Tailings SW of Leach Pad
Tailings #2	Tailings	36983	0.024	888	West of Leach Pad
Tailings #2 Clean-up	Tailings	20022	0.024	481	Clean-up around Leach Pad
Tailings #3	Tailings	4622	0.010	46	Far West Tailings
Tailings #4	Tailings	29126	0.039	1126	Far South Tailings
Tailings #4 Clean-up	Tailings	2913	0.039	114	
Rock #1	Rock	89527	0.098	8774	Main Mine Rock
Rock #2	Rock	25777	0.095	2449	Middle North Rock
Rock #1 and #2 Cleanup	Rock	11530	0.048	556	
Rock #3	Rock	75445	0.013	981	Middle South Rock
Rock #4	Rock	51906	0.019	986	South Rock
Rock #5	Rock	4550	0.020	91	Far South Rock
Rock #6	Rock	7030	0.018	127	Far South on Hill Rock
Rock #6 Clean-up	Rock	703	0.018	13	
Rock #7	Rock	30838	0.025	771	South of Main Mine Rock
Total		533633	0.046	24472	
Golden Eagle					
GE Rock #1	Rock	11218	0.036	404	Mid Way Between Har and GE
GE Rock #2	Rock	14218	0.060	853	GE Bottom
GE Rock #3 and Clean-up	Rock	2831	0.097	273	GE Top
Total		28267	0.054	1530	
SW Target					
SW Target and Clean-up					
SW Target and Clean-up	Rock	1732	0.097	167	SW Target and Clean-up
Total		1732	0.0965	167	
Total All		563631	0.046	26169	

A review of Table 9-4 identifies a potential of 563,000 tons of material at an average grade of 0.046 oz/tn of gold. There is approximately 26,000 contained ounces.

Figure 9-6: – Waste Rock/Tails Area Polygons



10.0 Drilling

There have been several courses of drilling in the area. Most of the drilling data cannot be found or is incomplete. The only complete data is samples and material developed by Terraco.

10.1 Terraco

Terraco focused on drilling of the high grade targets at both the Harquahala and Golden Eagle Mines. Limited or no focus was placed on identifying a low grade high tonnage target. The following excerpt is from the Hunsaker Terraco 43-101 (2015):

> *Drill samples collected by Terraco were taken from core by two different methods. The first involved chip sampling of ten foot intervals ("grabs") from which Terraco personnel cut core chips from random spots through the ten foot interval. The intervals were not selected to be representative and the grabs were taken only to identify mineralization. In intervals with greater than or equal to 0.010 opt gold, core was split and sampled on five foot or smaller sample intervals. Samples cut from less than five foot intervals were based on geologic features in the core. Core was split and sampled at least ten feet either side of mineralized grab samples.*
>
> *Footages for each sample are given with the sample assay sheets attached as Appendix C. The true thickness and orientation of mineralization is unknown. Terraco completed 3,338 feet of core drilling in seven holes at both the Harquahala and Golden Eagle mine areas (Table 4). The program consisted of HQ3 core holes drilled to depths ranging from 328 feet to 662 feet. Drilling was conducted by Marcus and Marcus Exploration, a contractor to Terraco in the fall of 2005 and the spring of 2007.*
>
> *Three holes were drilled at the Harquahala Mine and four at the Golden Eagle (Figure 11). At the Harquahala mine area THQ-01C drilled along the eastern edge of the historic workings, THQ-02C drilled on the western edge of the historic workings and THQ-03C drilled to the south and down-dip of the historic workings (Figure 12). THQ-01C was drilled to offset Cave Creek drill holes RCB-3 and 6. THQ-02C was drilled close to RCB-7. All three holes crossed IP/Resistivity anomalies interpreted from the survey; however, no distinctive geologic causes or significant gold results were correlative with the IP/Resistivity anomalies.*
>
> *At the Golden Eagle mine area TGE-05C, -06C, and -07C were designed to explore for mineralization at the margins of mapped stopes (Figure 13). TGE-04C was drilled to intersect an IP anomaly. Significant results are reported (below) for intervals that cumulatively average 0.02 opt gold (Table 5). Drill holes THQ-01C and THQ-02C had anomalous results which did not meet the criteria of 0.02 opt gold; however within the assays for each hole were distinctly anomalous (Appendix C).*
>
> *THQ-01C: 5 feet/ 95 to 100 ft/ 0.012 opt gold (410 ppb)*
> *THQ-02C: 5 feet/ 200 to 205 ft/ 0.015 opt gold (513 ppb)*

Table 10 – 1: Terraco Drill Hole Summary

Table 4: Terraco Drill Hole Summary

Drill Hole	East	North	Elev.	Azimuth	Angle	Total Depth (ft)	Date Drilled
THQ-01C	259,965	3,728,220	1,725	0	-90	357	07 Nov 2005
THQ-03C	259,850	3,728,090	1,790	0	-90	502	14 Nov 2005
THQ-02C	259,805	3,728,243	1,758	0	-90	497	20 Nov 2005
TGE-04C	260,472	3,728,553	1,725	220	-70	662	12 Dec 2005
TGE-05C	260,655	3,729,565	1,880	0	-90	328	22 March 2007
TGE-06C	260,655	3,729,615	1,850	0	-90	435	28 March 2007
TGE-07C	260,710	3,279,650	1,840	225	-75	557	12 April 2007

Table 10-2: Terraco Summary of Significant Drill Hole Results

Table 5: Terraco Summary of Significant Drill Assay Results

Hole ID	Gold Interval (ft)	From (feet)	To (feet)	Gold (opt)	Gold (ppb)	Silver Interval (ft)	From (feet)	To (feet)	Silver (opt)	Silver (ppm)
THQ-01C	No Significant Mineralization									
THQ-02C	No Significant Mineralization									
THQ-03C	No Significant Mineralization									
TGE-04C	3.5	201.5	205.0	0.108	37,100	3.5	201.5	205.0	0.32	11.0
TGE-05C	10.0	115.0	125.0	0.019	647					
	9.7	155.0	164.7	0.036	1,234					
	3.0	257.8	260.8	0.21	736					
TGE-06C	5.0	65.0	70.0	0.022	767					
	17.0	80.0	97.0	0.080	2,740					
including	*5.0*	*85.0*	*90.0*	*0.078*	*2,679*					
and	*3.5*	*93.5*	*97.0*	*0.233*	*7,996*					
	3.5	190.0	193.5	0.027	932					
	8.3	292.7	301.0	0.019	616	7.3	292.7	301.0	0.34	12.0
TGE-07C						4.3	159.7	164.0	1.03	35.2
	4.0	379.0	383.0	0.047	1,626	4.0	379.0	383.0	0.92	31.6

Figure 10-1: Drill hole and Zone Locations

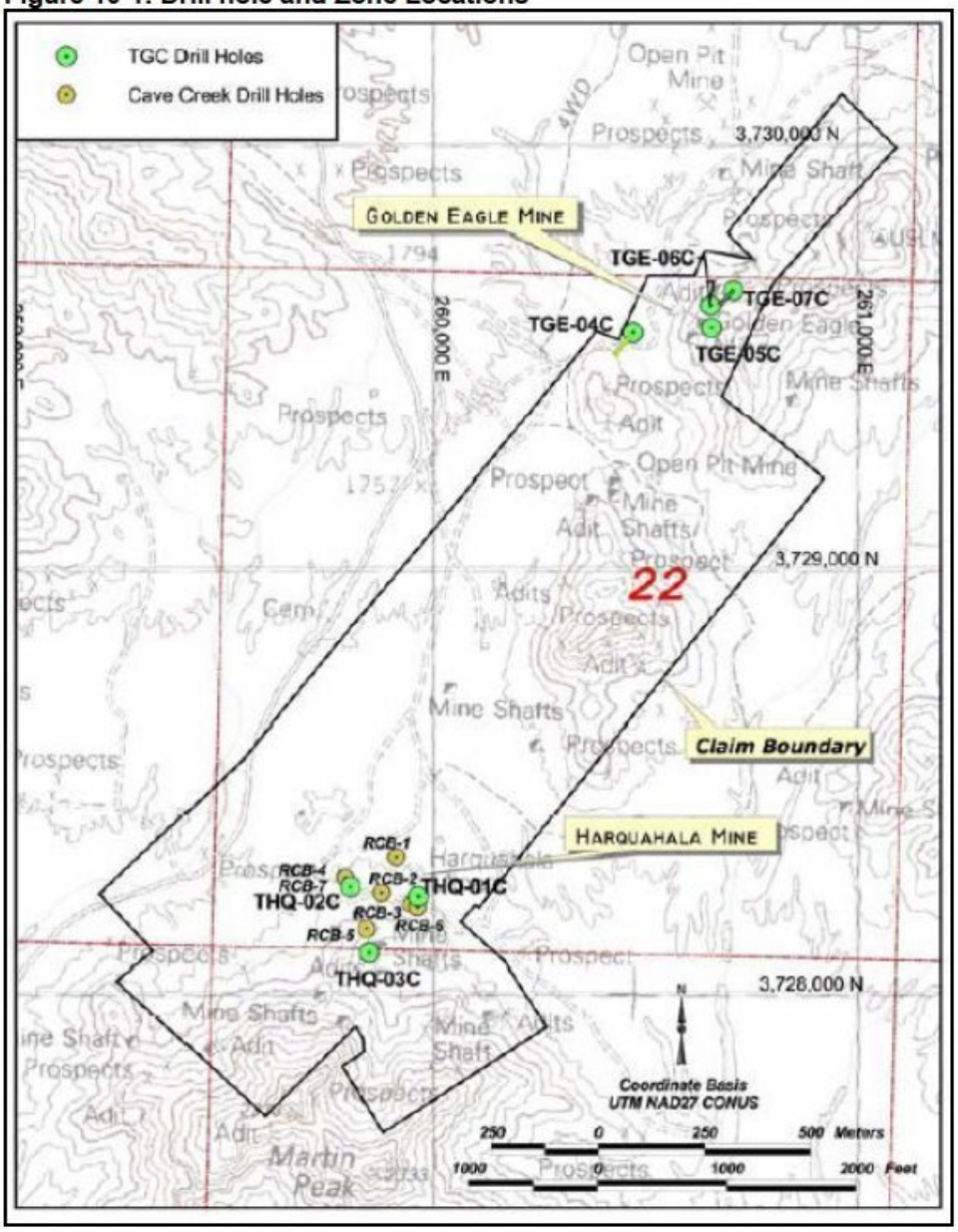


Figure 10-2: Harquahala Drill Locations

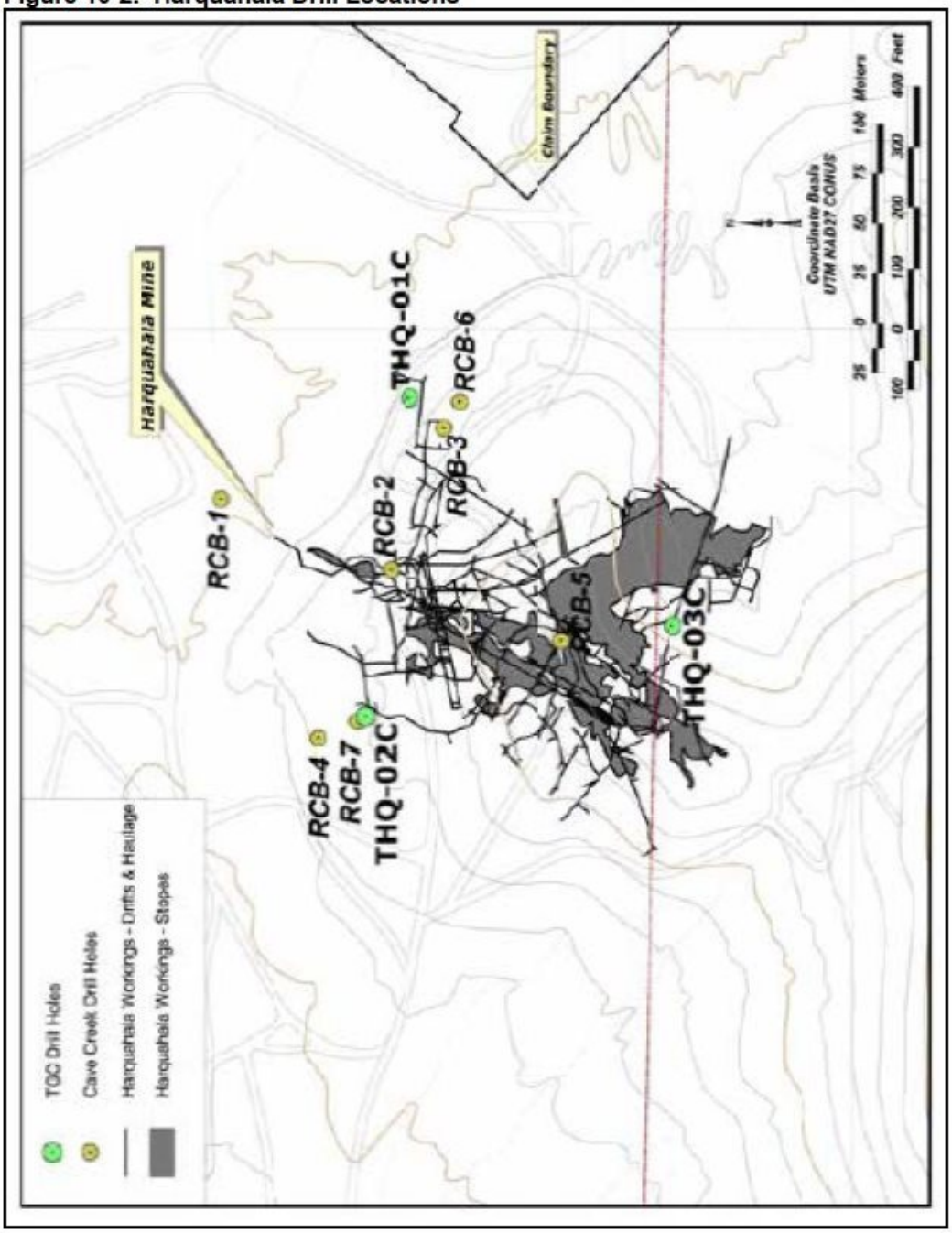
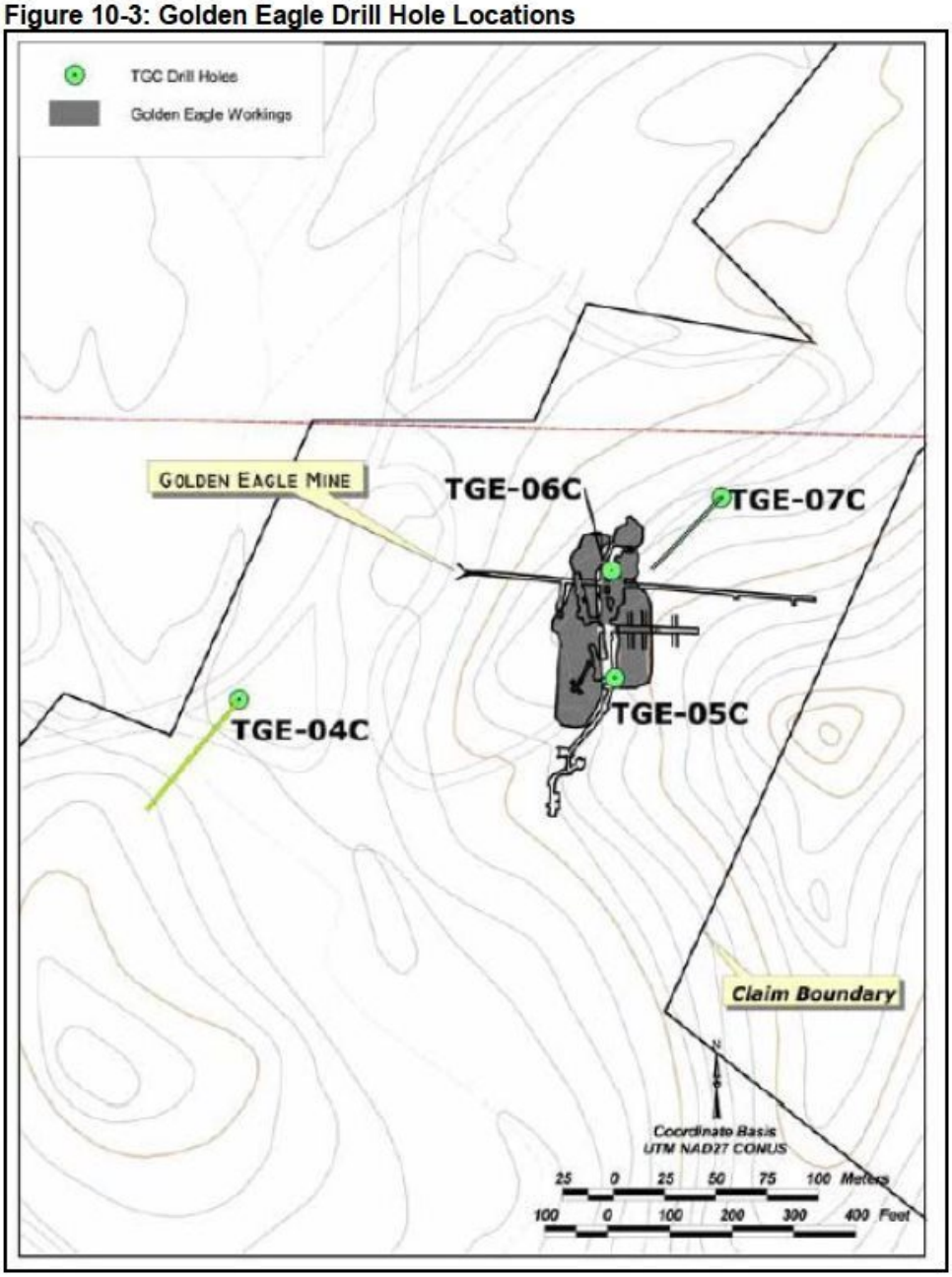


Figure 10-3: Golden Eagle Drill Hole Locations



11.0 Sample Preparation, Analyses and Security

The following section identifies the sample preparation and analysis completed on the drilling and sampling from the Harquahala Project.

11.1 Previous Sampling

Cave Creek reported that the drill holes were sampled on a 2.5-foot interval. No other reports or data describing the sampling methods or approach prior to Terraco were available for review or verification.

Terraco rock chip samples were collected as representative ("channel"), specifically selected ("select"), or as "chip" samples. Channel samples consist of a continuous sample across the zone; select samples were chips collected from a specific geologic feature, and the chip sample is a series of chips from the zone of interest.

Specific samples were collected at some of the locales of St. Joe American Corp. These samples were collected as channels within panels painted by St. Joe American Corp. which were still present on underground workings. This sample was a representative rock chip sample from that panel weighing an average of approximately 2 pounds.

Controls to mineralization have only been generally identified as structural intersections in favorable rocks thus, no mineralized resources or reserves have been defined and true widths cannot be determined.

11.2 GRI

GRI samples were rock chip and bulk samples taken from various areas of the waste dumps and tailings piles. All sample areas were located by GPS. Samples in the waste rock area were taken in random areas using a bucket and shovel. The samples in the tailings and leach pad were channel samples that were mixed thoroughly and quartered. All samples were placed in sealed plastic bags, and placed in sealed buckets until opened.

All samples were crushed to minus 3/8 inch and thoroughly mixed using circular pile and shovel mixing system. Samples from each area were then cut using a Wilfley type splitter. The sample was then rebagged and sealed and sent to Chris Christopherson Inc. for assaying. All assays were analyzed for gold and silver.

12.0 Data Verification

Limited data verification was completed for the project

12.1 Quality Control/Assurance

Due to the non-public nature of the company and the project, a limited quality assurance and quality control (QA/QC) program was implemented.

The review of sampling and assaying procedures indicates that an adequate system was in place to maximize the quality of samples and to assess the reliability, accuracy and precision of subsequent assay data for use in resource estimation.

Assaying was completed by a competent assayer using standard methods for analysis of Silver and Gold. Although limited blanks and checks were used, the author feels that sufficient care was used to be confident in the assay precision and accuracy.

The review of sampling and assaying procedures indicates that an adequate system was in place to maximize the quality of samples and to assess the reliability, accuracy and precision of subsequent assay data for use in dump estimation.

13.0 Mineral Processing and Metallurgical Testing

13.1 Background

The only current source of metal value in the Harquahala mine area is from gold and silver values located in the previously milled tails and mine waste repositories. As identified previously, the estimated resource in the surface dumps and tails is approximately 563,000 tons at an average grade 0.046 ounce of gold or approximately 26,100 ounces of gold.

13.2 Historical Metallurgical Testing

Historical metallurgical work included the gravity processing of approximately 120,000 ounces of gold and 142,000 pounds of lead. Very little is known about the process, recovery, or other metallurgical factors associated with the previous milling.

Limited metallurgical testing has been undertaken since. In the 1980's, Socorro Mining optioned the property to try and heap leach the tailings. Based on a review of the tailings and experience in heap leaching, the author estimates that little if any material was leached due to percolation issues in the tailings.

In 1981, Bill Haight had G.E McClelland complete a number of agitated cyanide experiments on the Harquahala material. Results of the testwork showed that run of mine and pulverized agitated leach tests obtained 87.5 to 88.9% gold recovery in 72 hours and that size did not make a significant impact on the testing.

In 1982, Kappes Cassiday, completed testwork for Cave Creek Mining. The results of the testwork identified that the material tested had a significant response to cyanide leaching. The results also identified a significant scatter which was attributed to significant coarse gold. A further result identified an "ASH" component, the ash was very gold absorbent. Cassiday recommended that selective processing of the dumps will be required to minimize any ash contamination.

Other testing was identified in different reports but only numbers ranging from 85 to 93% recovery of gold were identified. No actual results or locations were identified.

In, 2016 and 2017, Continental metallurgical services undertook a short metallurgical program that consisted of bottle roll testing, agglomeration, and column testing.

13.3 Bottle Roll Testing

13.3.1 Composite Development

Composites were developed by splitting each individual sample with ½ inch Riffle Splitter until the approximate required sample weight for the sample was obtained. The required samples were then combined and mixed, split, and mixed again to try and obtain a homogenous sample. The homogenous sample was then split with a ½ inch splitter to obtain the appropriate sample weight.

Waste Rock

The waste rock composite consisted of samples HR#1 through HR#14 with no sample for HR #13.

Approximately 50 grams of material were taken from each individual sample for a total weight of 691.2 grams. A 507.9 gram sample for leaching was split from this sample. A 183.3 gram sample was sent to the assay lab for assaying. The sample size was 100% passing 3/8 inch.

Leach Pad

The leach pad composite consisted of samples Leach#1 through Leach #4 that were taken from the old leach pad. Approximately 150 grams of material were taken from each individual sample for a total weight of 625 grams. A 502.5 gram sample for leaching was split from this sample. A 122.5 gram sample was sent to the assay lab for assaying. The sample size was 80% passing 40 mesh.

13.3.2 Tailings Material

The tailings composite consisted of samples Tails#1 through Tails#6. This material was tailings that were across the site but were not associated with the leach pad material. Approximately 125 grams of material were taken from each individual sample for a total weight of 728.4 grams. A 553.4 gram sample for leaching was split from this sample. A 175.0 gram sample was sent to the assay lab for assaying. The sample size was 80% passing 40 mesh.

Table 13-1 are the estimated head assays based on composite results of sampling program.

Table 13-1: Tailings Material Head Assay

Sample	Au (oz/tn)	Ag (oz/tn)
Waste Rock	.060	.17
Leach Pad	.074	.44
Tailings Material	.031	.56

13.3.3 Bottle Roll Leaching

Standard 72-hour bottle roll testing was completed on the 3 composites. Results are attached to this report. The following parameters were used:

- Sample Weight – Approximately 500 grams
- Leach Time – 72 Hours
- Pulp Density – 50% Solids by Weight
- Cyanide Concentration – 2 lbs/tn
- Lime Concentration – 3 lbs/tn – Maintain pH above 10.0.
- Silver results were based on recovery from heads and tail results as solution assays were completed using lead boat samples which skew the silver results.

Table 13-2 are the results of the Bottle Roll Testing:

Table 13:2 Bottle Roll Recovery

Sample	Recovery Au (oz/tn)	Recovery Ag (oz/tn)
Waste Rock	88.6	60.0
Leach Pad	80.3	50.0
Tailings Material	50.6	50.0

Table 13-3 are the back calculated head grades from the Bottle Roll testing.

Table 13.3: Back Calculated Head Grades of Bottle Roll Tests

Sample	Au (oz/tn)	Ag (oz/tn)
Waste Rock	0.061	0.301
Leach Pad	0.051	0.300
Tailings Material	0.032	0.501

The final cyanide usage was low at less than 1 kg/tn and the final lime usage was approximately 1.8 kg/tn for all samples.

Conclusions

There is significant scatter in the head grades, composite head grades, and back calculated head grades. The Harquahala mine was noted for extremely coarse gold with grades over 1 oz/tn. This coarse gold would account for the scattered nature of the head samples. Larger samples will be required in the future to minimize this scatter.

The preliminary bottle roll tests show that the Harquahala material has significantly positive cyanide leaching characteristics.

The average gold recovery of all the samples combined was approximately 72% with silver recovery approaching 55% in 72 hours. Even more significant was the waste rock and leach pad material obtained gold recoveries over 80% in 72 hours, while the tailings material gold recovery was approximately 50%. The lower recovery in the tailings may be associated with the slower leaching kinetics of leaching coarse gold and may be significantly improved with the longer leach cycles of heap leaching.

Due to the potential of coarse gold in the samples, the recoveries of all the samples would most likely be significantly increased with the longer leach times associated with agglomerated heap leaching.

Recommendations

The following recommendations are identified:

- A Mineral Liberation Analysis (MLA) of the tailings material should be completed to identify the lower bottle roll recoveries associated with this material.
- Because of the fine nature of the leach and tailings material, agglomeration testing should be undertaken to ensure that a heap leach pad with sufficient percolation can be constructed.
- Column leaching studies of the agglomerated material should be pursued with a focus on percolation and recovery.

13.3.4 Agglomeration Review

In November of 2016, a series of agglomerations testing was completed. The material was tested

with the following parameters:

- Cement – 20 lbs/tn
- Tailings – 50% by Weight
- Rock – Crushed to minus 3/8" – 50% by Weight
- Water – 0.2 liters per kilogram
- Time – 2 minutes

The agglomerates were made in a standard desk type drum agglomerator. The material was mixed based on the above noted parameters and rolled in the agglomerator for two minutes. Figure 13-1 identifies the rolled agglomerates:

Figure 13-1: Harquahala Agglomerates

The agglomerates were dried for 24 hours and reviewed. The agglomerates were placed in a small column and left to settle for 24 hours. There was little to no settling or agglomerate breakage in the column material.

13.3.5 Column Testing

Column #1

An initial leach column was tested to review agglomerate stability and initial recovery testing. A small column was charged with 2 kilograms of material with an estimated grade of 0.067 ounces Au/ton and 0.31 ounces Ag/tn. The test was for 33 days with the following parameters:

- pH – 11.5 (controlled with lime)
- Cyanide – 1 gram/liter
- Percolation Rate - .005 gal/ft2/min

The test was run for 33 days, rinsed with one pore volume and tested.

The following are the results of the column:

- Gold Recovery – 82.9% (Gold was still leaching when the column was taken off-line)
- Silver Recovery – 14.9%
- Final Solution Grade – Au 0.064 Gms/liter, Ag 0.096 gms/liter
- Back Calculated Head Grade – Au – 0.117 oz/tn, Ag – 0.47 oz/tn

The following comments were made based on the column data:

- The agglomerates were stable with only 5.1% slump in 33 days. There was no degradation of agglomerates of fine migration.
- The gold and silver contents were substantially higher than assayed. Significant coarse gold is expected in the material.
- Gold recoveries project into the 90% range as the column continues to leach after 33 days.
- Further review of the silver will be required to see if higher recoveries can be obtained.
- There were no percolation issues with the column.
- Cyanide usage was low. Lime usage was low.

Column #2

A second leach column was tested to review the overall leachability of the resource at the Harquahala mine. A 6-inch column was charged with 33.6 kilograms of material with an estimated grade of 0.046 ounces Au/ton and 0.31 ounces Ag/tn. The test was for run for 119 days with the following parameters:

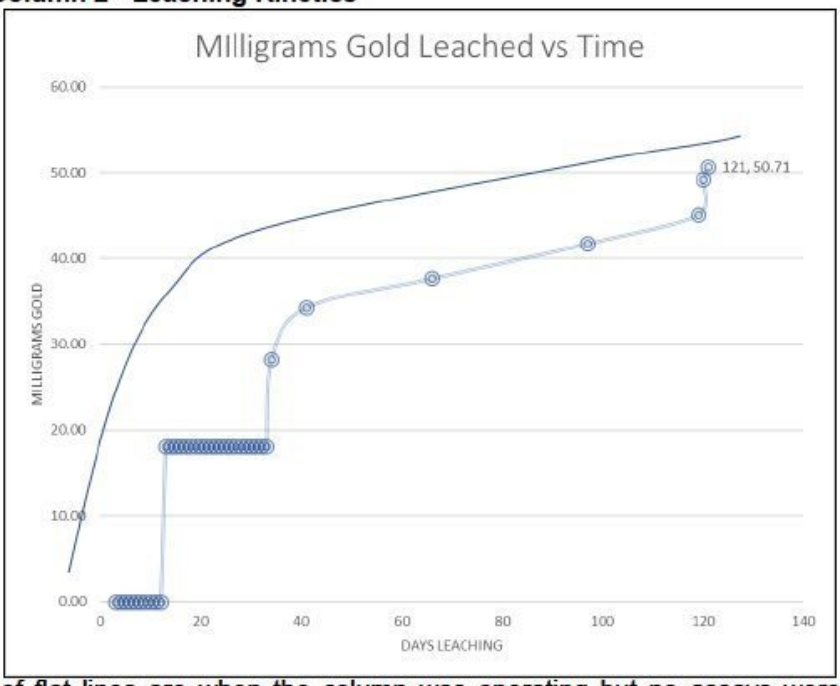
- pH – 11.5 (controlled with lime)
- Cyanide – 1 gram/liter
- Percolation Rate - .005 gal/ft2/min

The leach test was run for 119 days and rinsed for 2 days with one pore volume and tested.

The following are the results of the column:

- Gold Recovery – 88.1% (Gold was still leaching when the column was taken off-line at 119 days. Solution recovery is based off of head grade and solution recovery. The tails assays are pending.).

Figure 13.2: Column 2 - Leaching Kinetics



Note: Areas of flat lines are when the column was operating but no assays were taken due to laboratory availability.

- Silver Recovery – 12.9%
- Final Solution Grade – Au 0.200 Gms/liter, Ag 0.15 gms/liter
- Back calculated head grade: Still awaiting final head grade.

The following comments were made based on the column data:

- Due to laboratory commitments, the column was brought off-line while the column was still leaching. At current leach rates and kinetics, the column is estimated to leach well in excess of 62 milligrams of gold in about 160 days. At a column head grade of 0.046, this would push the column recovery in excess of 100%. At 62 grams of gold recovered at 90% recovery, this would back-calculate a head grade of approximately 0.055 oz/tn Au (1.76 grams/tn of gold).
- The agglomerates were stable with only 4.9% slump in 121 days. There was no degradation of agglomerates or fine migration.
- Gold recoveries project to the 90% as the column continues to leach after 119 days.
- Further review of the silver will be required to see if higher recoveries can be obtained.
- There were no percolation issues with the column.
- Cyanide usage was low. Lime usage was low.

14.0 Mineral Resource Estimates

There is no NI 43-101 compliant resource on the property.

There is a significant potential resource in the waste rock and old tailings material.

14.1 CIM Definitions

To categorize the resource estimates, criteria from the CIM Definition Standards were applied to each domain area. The drillhole data from which they were prepared were the primary focus of the resource reclassification effort. The CIM Definition Standards state that a mineral resource is known, estimated or interpreted from specific geological evidence and knowledge. A resource is further subdivided into categories based on increasing geological confidence, such that inferred resources have a lower level of confidence than that applied to an indicated resource. An indicated resource has a higher level of confidence than inferred resources but has a lower level of confidence than a measured resource. CIM resource definitions are as follows:

> **Inferred Mineral Resource** - An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes.
>
> **Indicated Mineral Resource** - An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
>
> **Measured Mineral Resource** - A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough to confirm both geological and grade continuity.

As previously discussed in Section 12.0 - Data Verification, the author believes that the exploration techniques used by Goldrock to delineate these resources were reliable, accurate and appropriate. To complete the categorization process, the results of the drilling was examined to verify that the mineralization at the Triangulo Project fit into an accepted depositional environment model. As previously discussed in this report, the copper mineralization is deposited in structurally prepped large magmatic or intrusive area that was reviewed to establish a level of confidence for the domain areas. These criteria apply to the geological and grade continuity of the resource areas, as well as the drillhole spacing within individual resource areas.

14.2 Waste Rock and Tailings Resource Estimate

GRI reviewed the area for the potential of small resources contained within the waste rock and tailings located on the mine site. Twenty-Eight samples were taken and assayed for gold and silver. The assay results are identified as follows:

Table 14 – 1: Goldrock Assays

Sample Location	Au (oz/tn)	Ag (oz/tn)
HR #1	.015	.12
HR #2	.260	.38
HR #3	.106	.30
HR #4	.040	.18
HR #5	.087	.20
HR #6	.080	.22
HR #7	.010	.05
HR #8	.016	.10
HR #9	.015	.12
HR #10	.018	.15
HR #12	.020	.10
HR #13	.095	.25
HR #14	.020	.10
G-1	.193	.50
G-2	.060	.50
G-3	.060	.35
Leach #1	.040	.25
Leach #2	.172	.45
Leach #3	.030	.40
Leach #4	.055	.65
Tails #1	.042	.60
Tails #2	.044	.66
Tails #3	.030	.80
Tails #4	.035	.46
Tails #5	.024	.45
Tails #6	.010	.40
HS #1	.060	.40
GE Sample #1	.036	.70

The areas for each sample were analyzed and tonnages identified for each location. Bulk densities were calculated for each type of material. These bulk densities are identified as follows:

Table 14-2: Bulk Densities

Material Type	Bulk Density
Tailings, Leach Pad Material	105.0 #/ft3
Rock (Average)	168.5 #/ft3

The bulk density were calculated using NRCS bulk density testing methods.

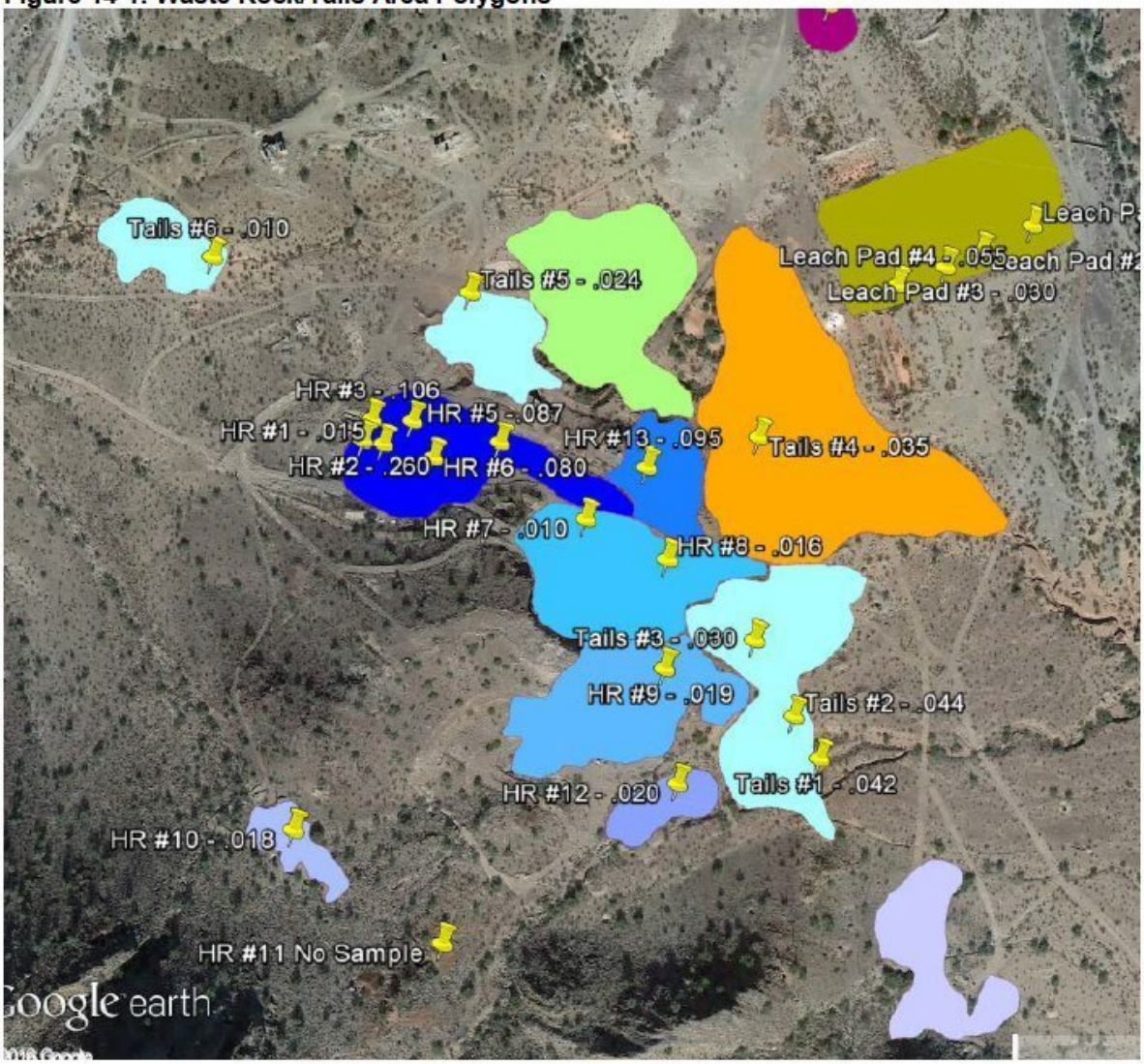
After the bulk density was determined, each area was spatially identified and a cubic footage assigned to the specific area. The cubic footage was then multiplied by the bulk density and a tonnage calculated. Each area was assayed and assigned a grade. Based on the tonnage and grade, an overall weighted average grade of the surface material was identified. Table 9.4 outlines the grade, tonnage, and estimated ounces of the surface waste rock, tails, and leach pad area.

Table 14-3: Assay and Tonnage Results

Area	Type	tons	Average Grade	AU Ounces	Remarks
Harquahala					
Leach Pad #1	Leach Tails	50491	0.074	3749	Leach Pad Main Area
Leach Pad #1 Clean-up	Leach Tails	5049	0.074	375	Leach Pad Main Area
Small Pile North Leach Pad	Rock	6836	0.020	137	Pile North of Leach Pad
Tailings #1	Tailings	80286	0.035	2810	Tailings SW of Leach Pad
Tailings #2	Tailings	36983	0.024	888	West of Leach Pad
Tailings #2 Clean-up	Tailings	20022	0.024	481	Clean-up around Leach Pad
Tailings #3	Tailings	4622	0.010	46	Far West Tailings
Tailings #4	Tailings	29126	0.039	1126	Far South Tailings
Tailings #4 Clean-up	Tailings	2913	0.039	114	
Rock #1	Rock	89527	0.098	8774	Main Mine Rock
Rock #2	Rock	25777	0.095	2449	Middle North Rock
Rock #1 and #2 Cleanup	Rock	11530	0.048	556	
Rock #3	Rock	75445	0.013	981	Middle South Rock
Rock #4	Rock	51906	0.019	986	South Rock
Rock #5	Rock	4550	0.020	91	Far South Rock
Rock #6	Rock	7030	0.018	127	Far South on Hill Rock
Rock #6 Clean-up	Rock	703	0.018	13	
Rock #7	Rock	30838	0.025	771	South of Main Mine Rock
Total		533633	0.046	24472	
Golden Eagle					
GE Rock #1	Rock	11218	0.036	404	Mid Way Between Har and GE
GE Rock #2	Rock	14218	0.060	853	GE Bottom
GE Rock #3 and Clean-up	Rock	2831	0.097	273	GE Top
Total		28267	0.054	1530	
SW Target					
SW Target and Clean-up					
SW Target and Clean-up	Rock	1732	0.097	167	SW Target and Clean-up
Total		1732	0.0965	167	
Total All		563631	0.046	26169	

A review of Table 9-4 identifies a potential of 560,000 tons of material at an average grade of 0.046 oz/tn of gold. There is approximately 26,000 contained ounces.

Figure 14-1: Waste Rock/Tails Area Polygons



14.3 C.C. Thompson Report

CC Thompson completed a reconnaissance report in 1934. The report consisted sampling assaying and mine details relating to the Harquahala mine and surrounding area. In the report, Thomson sampled a significant area around the center of the mine called the Glory Hole. The Glory Hole is the area where the Iron Vein stope collapsed creating a large depression in the surface. This area is currently located at the top of the mine area and has a large cliff area with a flat area where material has been removed.

Although not completed as a NI 43-101 compliant resource calculation, Thompson came up with a resource of **approximately 9.5 million tons at an average grade of approximately 0.112 oz/Au**

per ton. Thompson felt that the mine could be operated with little waste using steam shovels and belt conveyors to a 1,000 ton per day mill.

As identified in the Thomson Report, a significant amount of high grade material was identified in the area of the "Glory Hole". See Figure 14-2.

FIGURE 14-2: Glory Hole Area

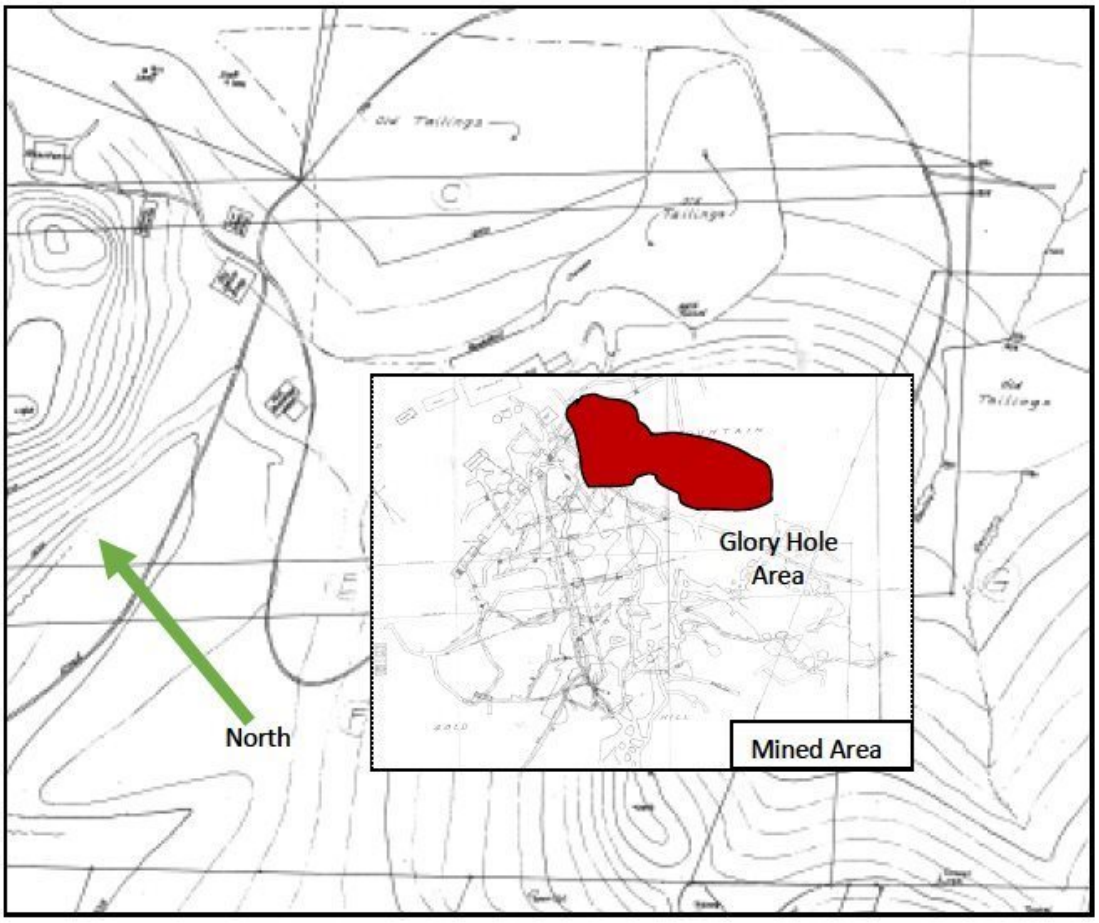


Table 14-4: Thompson – Probable Resource Detailed Estimate

Zone	Tons	Au Grade (Oz/Tn)
A	1,000,000	0.092
B	980,000	0.126
C	100,000	0.188
D	1,000,000	0.092

E	2,808,000	0.090
F	3,421,440	0.090
G	273,400	0.106
Total	**9,582,840**	**0.122**

Although is very difficult to identify exact locations of the zones, significant sampling and assaying went into the estimate and mine plan. It is not difficult to perceive that a mine that produced approximately 300,000 ounces of gold from 250,000 to 300,000 tons would have significant remnants, pillars, unmined areas, unmined wall rock, small feeders, low grade, and other that would only be mined via open pit.

Significant sampling, assaying, and drilling should be completed to identify this potential.

14.4 Peter Kiewit & Sons

In the mid 1980's, the Arizona Department of Mines (ADM) identified that Peter Kiewit drilled several holes into the center of the Harquahala mine area. ADM identified that these holes identified a potential non-compliant resources of approximately 200,000 to 300,000 ounces of gold at grades approaching 0.08 oz/tn to 0.10 oz/tn gold.

Based on the ADM records, Peter Kiewit started the initial permitting process to bring this project into operation. Further information from Peter Kiewit is being sought.

15.0 Mineral Reserves Estimate

No none reserves exist on the Gold Rock property.

16.0 Mining Methods

16.1 Summary

- The Harquahala Project will mine the tailings and waste rock using a conventional truck and loader operation.
- The current mine plan will remove all of the old tailings and waste rock from their current location and place them on an approved heap leach pad. The areas will be cleaned and reclaimed.
- Mining will start the top of the Harquahala Mine area and push waste rock with a D9 to specific locations at the bottom of the mine area to mix with tailings. The tailings will also be moved via truck to loading areas so the material is thoroughly mixed prior to crushing and agglomeration.
- Loading is planned to be carried out using diesel-powered Caterpillar (CAT) 980 wheel loader, 769D trucks. The production equipment would be supported by a fleet consisting of a tracked dozer, motor grader, and a water truck.
- It was assumed that the owner would lease and operate the majority of the earthmoving equipment.
- The owner would employ maintenance personnel with support from major suppliers.
- Six months have been allocated for construction of the leach pad and other infrastructure.
- The current mine plan moves 5000 ton/day to the leach pad.

16.2 Geotechnical Criteria

16.2.1 Geotechnical Characterization

As all of the waste rock and is located on the surface from old mining disturbance no major Geotechnical characterization was completed.

The average angle of repose for stockpiles on site is approximately 36-38 degrees.

16.2.2 Slope Stability Analyses

No pit slope evaluation was completed. The waste rock and tailings will be removed to the original ground level. The original ground level has shown no slippage or other geotechnical issues over the last 100 years.

16.2.3 Seismicity

The Arizona Department of Environmental Quality has published guidelines for mining project design criteria in the "Arizona Mining Guidance Manual, BADCT (Best Available Demonstrated Control Technology)." This manual sets forth recommendations for minimum standard design criteria with the interest of protecting the groundwater aquifers in the State of Arizona. Accordingly, the BADCT manual recommends design criteria for seismic hazards as follows:

The minimum design earthquake is the maximum probable earthquake (MPE). The MPE is defined as the maximum earthquake that is likely to occur during a 100-year interval (80% probability of not being exceeded in 100 years) and shall not be less than the maximum historical event. This design earthquake may apply to structures with a relatively short design life (e.g., 10 years) and minimum

potential threat to human life or the environment.

Where human life is potentially threatened, the maximum credible earthquake (MCE) should be used. MCE is the maximum earthquake that appears capable of occurring under the presently known tectonic framework.

In accordance with these recommendations, two distinct levels of ground motion are defined for the Harquahala site: the MPE and the MCE. The MCE maximum ground acceleration expected at the mine site is 0.60 to 0.80g associated with a maximum credible earthquake of Intensity VIII-IX produced by a surface rupturing event along a local basin or range fault with a distance of 0 to 10 miles from the epicenter.

The MPE definition requires the larger of the maximum historical event, or one having a return period of approximately 448 years. It must correspond to the 80% probability of non-exceedance event in 100 years. The seismic hazard curve for the Harquahala site indicates that the 80% probability of a non-exceedance event in 100 years corresponds to a peak ground acceleration of 0.02 to 0.40g. This is based on a magnitude 8.0 earthquake on any fault in the San Andreas System, California with no ground rupture in La Paz County.

Being that the Harquahala project is located in eastern La Paz County in an area of lower ground acceleration expectations, the MCE design peak ground acceleration (PGA) is estimated at 0.60g. The MPE design peak ground acceleration (PGA) is estimated at 0.20g. The ultimate design parameters should have a design peak ground acceleration of 0.60g.

The site seismicity study was based on work prepared by the Arizona Earthquake Information Center, Northern Arizona University, Flagstaff, Arizona – Titled – Earthquake Hazard Evaluation, La Paz County, Arizona, 1997.

16.2.4 Dewatering

No dewatering will occur as there is no surface water.

Groundwater water table is between 20 and 150 meters below the surface. Typically, water is found to be in the valleys bottoms between ridges and in the large basins to the south of the project.

16.2.5 Material Movement Design

Material movement designs will be completed using AutoCAD. Material will be trapped and moved to loadout locations. The trapped material will be only as deep as the original surface level. Haul road widths are discussed below.

16.2.6 Haul Road Design

Haul roads and in-pit ramps are designed at 10% gradient and 10m width. 10m width is sufficient for one-lane CAT 769D traffic (1 x 5.0m truck width), a safety berm (75% of the height of a 29.00R25 tire) and drainage ditch.

Trucks will be equipped with radios for use on the haul roads and mine areas.

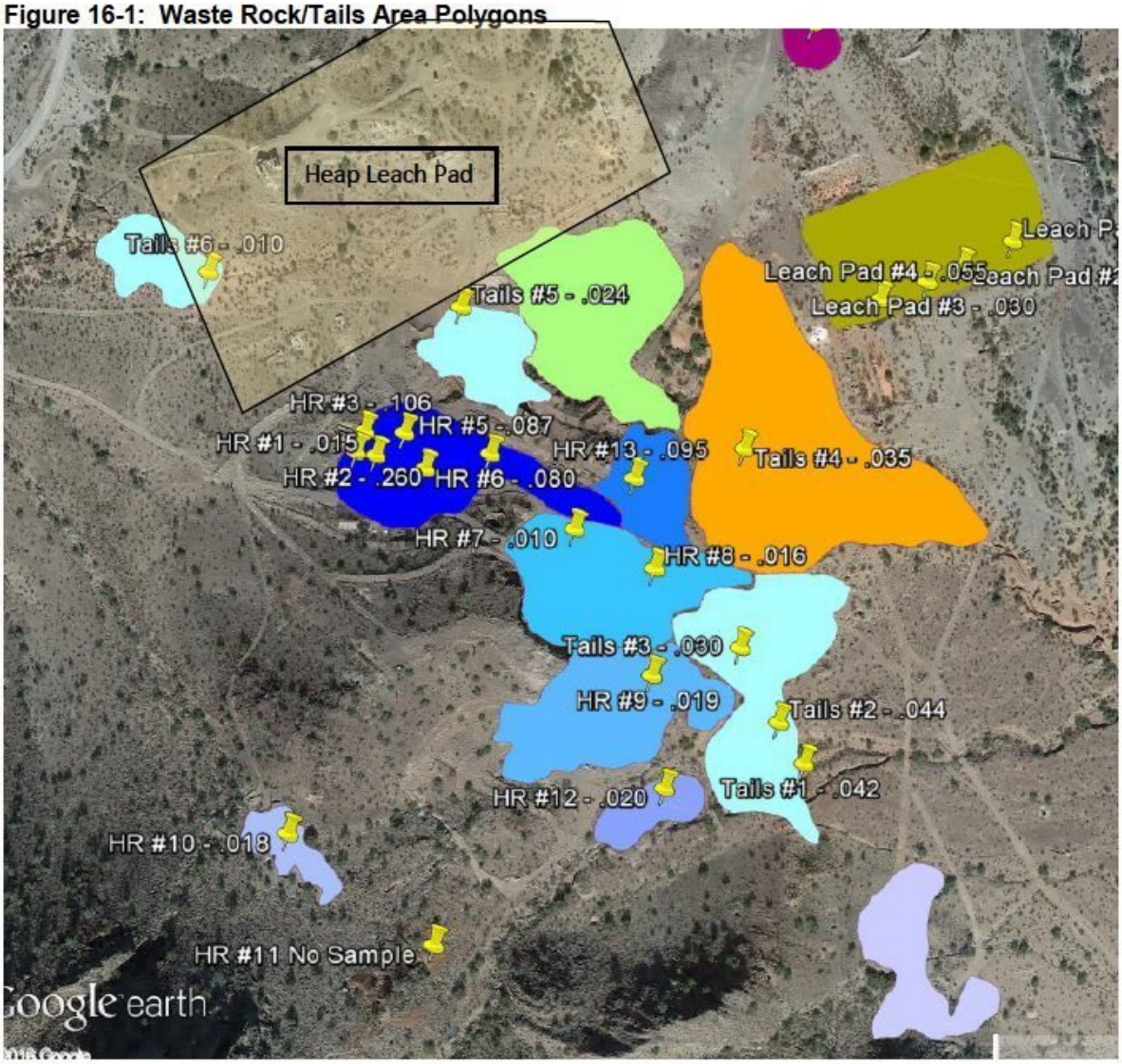
The width of the road and height of the safety berm height complies with mining regulations as well as best practices.

16.2.7 Material Movement Design

The material will be removed from the colored areas not in Figure 16-2 and placed in the final heap leach pad as located. The material will be taken from the appropriate areas to combine the fines with the coarse rock to optimize agglomerate production.

The areas will be mined to original ground topography where possible. Areas where there are small drop-offs and holes will be smoothed as much as possible to minimize safety issues.

Figure 16-1: Waste Rock/Tails Area Polygons



Any material found in arroyos will be removed to minimize any further migration of material.

Table 16-4 identifies the assays and tonnage of each individual area.

Table 16-1 Assay and Tonnage Results

Area	Type	tons	Average Grade	AU Ounces	Remarks
Harquahala					
Leach Pad #1	Leach Tails	50491	0.074	3749	Leach Pad Main Area
Leach Pad #1 Clean-up	Leach Tails	5049	0.074	375	Leach Pad Main Area
Small Pile North Leach Pad	Rock	6836	0.020	137	Pile North of Leach Pad
Tailings #1	Tailings	80286	0.035	2810	Tailings SW of Leach Pad
Tailings #2	Tailings	36983	0.024	888	West of Leach Pad
Tailings #2 Clean-up	Tailings	20022	0.024	481	Clean-up around Leach Pad
Tailings #3	Tailings	4622	0.010	46	Far West Tailings
Tailings #4	Tailings	29126	0.039	1126	Far South Tailings
Tailings #4 Clean-up	Tailings	2913	0.039	114	
Rock #1	Rock	89527	0.098	8774	Main Mine Rock
Rock #2	Rock	25777	0.095	2449	Middle North Rock
Rock #1 and #2 Cleanup	Rock	11530	0.048	556	
Rock #3	Rock	75445	0.013	981	Middle South Rock
Rock #4	Rock	51906	0.019	986	South Rock
Rock #5	Rock	4550	0.020	91	Far South Rock
Rock #6	Rock	7030	0.018	127	Far South on Hill Rock
Rock #6 Clean-up	Rock	703	0.018	13	
Rock #7	Rock	30838	0.025	771	South of Main Mine Rock
Total		533633	0.046	24472	
Golden Eagle					
GE Rock #1	Rock	11218	0.036	404	Mid Way Between Har and GE
GE Rock #2	Rock	14218	0.060	853	GE Bottom
GE Rock #3 and Clean-up	Rock	2831	0.097	273	GE Top
Total		28267	0.054	1530	
SW Target					
SW Target and Clean-up					
SW Target and Clean-up	Rock	1732	0.097	167	SW Target and Clean-up
Total		1732	0.0965	167	
Total All		563631	0.046	26169	

The Harquahala project is considered a large reclamation project. No waste dumps will be created. All waste material and tailings material is expected to be placed on the heap leach pad.

16.3 Mine Production Schedule

Six months have been allocated for movement of waste and tailings material. Production will be designed for 5,000 tons per day and operate in the day light hours only. Each area will use a loader to push to a loadout area. Material will be moved from the highest-grade piles first and then to the lowest grade.

16.3.1 Mine Equipment

16.3.1.1 Mine Equipment Parameters

The mine is planned to operate 100 days in 12-hour shifts per day. Equipment is expected to have long-term mechanical availability of 85%. Utilization or use of available hours has been assumed to be 90%. This would give a total of utilization of major equipment of 76.5%.

It should be noted that 85% mechanical availability is an overall accepted standard for mining operations that perform their own maintenance. Maintenance and repair contract (MARC) structures would be considered during final project execution and would likely increase the average equipment availability.

The operations efficiency is assumed to be 80%. The net (or effective) operating hours per shift were estimated to be 9.6 hours, and accounts for breaks, travel, and other non-productive time.

Detailed equipment productivity calculations were identified. Support equipment was factored on an annual basis according to material movement and / or assumed operating requirements.

16.3.1.2 Mine Equipment Requirements

Mining equipment has been selected based on the following criteria:

- Ore production requirement
- Design parameters and working bench height
- Productivity and operating costs.

A single original equipment manufacturer (OEM) lease was planned for trucks and support equipment. A single supplier serves to reduce maintenance and supply chain direct and indirect costs. On-site OEM maintenance support personnel would be reduced to one supplier; parts procurement, shipping and storage is minimized; shop space and tooling are reduced; personnel safety and training requirements are reduced; and parts are interchangeable between units.

Major mining equipment required for the operation is recorded in Table 16-2. Annual mine support equipment required is shown in Table 16-3.

Table 16-2: Production Equipment Fleet

Equipment	#
CAT 980H Wheel Loader	3
CAT MD 5050 Drill	0
CAT 769D Haul Trucks	2
CAT D9T Track Dozer	2
CAT 824H Rubber Tire Dozer	0
CAT 14M Motor Grader	1
CAT 769 Water Truck	1

Table 16-4: Owner's Support Equipment Fleet

EQUIPMENT	1
Excavator	0
Skid Steer Loader	1
Welding Service Truck	1
Fuel/Lube Truck	1
35 t Crane	0
Fork Lift	1
Flat Deck	1
Light Plants	1
Pickups	2

16.3.1.3 Loading Equipment

The primary loading fleet would be leased or contracted and consist of three CAT 980 wheel loaders. The loaders are planned to load rock and tails as necessary. One of the loaders would supply ore to the crusher and stockpile.

The bucket on the loaders has been sized to six-pass load CAT 769D haul trucks in a cycle time of approximately four and half minutes.

The wheel loader would be fueled and serviced on site.

16.3.1.4 Haul Trucks

Leased CAT 769D diesel haul trucks would be used to haul material to the crusher.

Haul profiles have been estimated at 7.5 minutes from the load areas to the crusher dump area.

Two trucks are required for the operation.

16.3.1.5 Drilling Equipment

No drilling is required.

16.3.1.6 Mine Support Equipment

Major mine support equipment would consist of track dozers, motor graders and water trucks.

Track Dozers – Primary production dozing requirements would include heap leach pad construction, material trapping, and road construction. A total of one CAT D9T track dozers would be required for full production through the mine life.

Motor Graders – The importance of haul road maintenance to increase production and reduce tire costs would be critical. To achieve this, steady haul road grading efforts would be necessary to remove spill debris, place surface material, and repair roads after inclement weather. The planned haul roads would require one leased or contracted CAT 14M grader to maintain the road running

surface.

Water Trucks – Water trucks would operate to keep dust levels to a minimum in order to improve safety and productivity (through improved visibility and reduced dust exposure) and reduce environmental impact. The water truck would also serve as an auxiliary fire truck. One CAT 769 water truck would be required through the mine life.

16.3.2 Mine Equipment Maintenance

The focus of the equipment selection was on minimizing product variability, service, support technicians, on-site maintenance, and overall performance and reliability.

The small equipment truck shop facility will be constructed and maintained by the owner. This facility would house the production, light vehicle, welding, and tire shop. Any wash and lubrication will be completed off-site.

Other OEM suppliers would be required in the following areas:

- Production and civil construction fleet
- Tires
- Light vehicles

Ongoing routine services, wash bay, and maintenance labor would remain the responsibility of the contractor and will be coordinated to meet the overall equipment supplier's maintenance needs.

16.3.2.1 Explosives

No explosives are expected to be used on-site. A rock breaker will be used to break any large rocks.

16.3.2.2 Mine Personnel

This section describes the methods used to estimate mine operations, maintenance and technical services personnel requirements. Excluded are personnel required to operate the processing plant, warehouse and site general administration.

16.3.2.3 Organization Structure

For costing purposes, personnel are subdivided into three main categories as summarized in the Table 16-5.

Table 16-5: Mine Operations Organizational Summary

Area	Total Personnel	Per Shift
Units	#	#
Mine Operations	9	9
Mine Maintenance	Contractor	Contractor
Technical Services	2	2
Total Mine Personnel	**11**	11

16.3.2.4 Mine Operations

Mine Operations as proposed consists of four areas:

Supervision – Would be responsible for the direction of the mine equipment, safety and welfare of the equipment operators.

Load and Haul – The Load and Haul area would include equipment operators skilled in running loaders, trucks, tracked dozers and graders.

Support Equipment and Mine Services – Support and mine services personnel would be required to support mining operations. They would include supervisors, laborers and equipment operators.

Mine operations personnel are summarized in Table 16-6.

Table 16-6: Mine Operations Personnel

POSITION	QUANTITY	SCHEDULE
Supervision		
Manager	1	5 x 8
Supervisors	1	5 x 8
Load & Haul		
Loader Operators	3	1 x 12
Truck Drivers	2	1 x 12
Support Equipment Operators	4	1 x 12
Total	11	

16.3.2.5 Mine Maintenance

The Mine Maintenance will be completed by the contractor with the contracts own personnel.

16.3.2.6 Technical Services

Technical services personnel would be responsible for mine engineering, geology, surveying and IT / communication services. The number of personnel required is recorded in Table 16-7.

Table 16-7: Technical Services Personnel

POSITION	QUANTITY	SCHEDULE
Project Engineers	1	1 x 12
Geology Chief	1	1 x 12
Surveyors	2	1 x 12
Total	4	

17.0 Recovery Methods

Completed (see Section 13) mineral processing and metallurgical testing of the Harquahala Project mineralized rock indicate that it is amenable to precious metal extraction by cyanidation. Accordingly, the selected recovery method is to construct a mineralized rock heap, leach the mineralized rock with a cyanide solution and recover the precious metal from the pregnant leach solution (PLS) using a granulated activated carbon (GAC) adsorption system for recovery of precious metals. Descriptions of the methods follow:

- The stockpiled mineralized rock on the crushing pad will be run through a two-stage crushing circuit to produce a finely crushed mineralized rock. This two-stage circuit consists of coarse crushing followed by fine crushing. Fine crushing will be provided by a cone crusher.
- The finely crushed mineralized rock will be processed in an agglomeration drum unit(s), equipped with spray bars for adding moisture. Portland type II cement or a combination of Portland cement and lime will be used as the agglomerating agent, and for pH control. Agglomeration coalesces groups of the finely crushed mineralized rock, thereby improving the material's characteristics for leaching.
- The agglomerated (pelletized) mineralized rock will be conveyed to a conveyor-stacker system and transported and placed on the heap leach pad using a radial arm stacker.
- The mineralized rock will be stacked in lifts with a lift thickness of approximately 30 feet, followed after curing by a limited amount of leveling to achieve a generally flat working surface.
- A cyanide solution application system, using drip emitters, will be installed and operated on the top of the heap.
- The cyanide solution will percolate through the mineralized rock heap, extracting precious metals in the process; the PLS will be collected in an underlying drain system.
- The PLS will report to, and be stored in, a PLS pond.
- The PLS will be pumped from the pond into a carbon adsorption system where the leached metals will be transferred from solution on to adsorption sites of granular activated carbon.
- The barren solution will be directed to the barren solution pond. The solution will be conditioned with cyanide, makeup water and sodium hydroxide, as necessary, and reapplied to the top of the heap leach pad.
- The loaded carbon columns will be replaced with regenerated carbon; the loaded carbon will be taken to an off-site facility for extraction of the precious metals.

17.1 Heap Leach Pad Construction

The heap leach pads will be constructed in accordance with the Arizona Best Available Demonstrated Control Technology (BADCT) Manual (ADEQ 2012). The heap leach disturbance area is approximately five acres.

The heap leach pad site preparation will include grubbing vegetation, stripping of topsoil, removal of debris and grading to design conditions. Following grading, the subgrade and liner will be constructed. The liner system will be constructed on an inspected and smooth-prepared subgrade consisting of 12 inches of local soil material, 3/8-inch minus, compacted in two 6-inch lifts. The material will be compacted to 95% of maximum dry density and within three percent of the optimum moisture content (ASTM Method D-698). The leach pad liner system will consist of composite 80-mil high density polyethylene (HDPE) geomembrane-supported geosynthetic clay liner with a saturated

hydraulic conductivity no greater than 10^{-6} cm/sec.

The geomembrane-supported geo-synthetic clay liner will be covered with a minimum of 18 inches of 3/4-inch minus well-draining material, tested and verified compatible with leachate solution. Pregnant leachate solution will be collected in HDPE perforated 3-inch diameter, or larger, pipes. The piping will be placed on 20-foot spacing. The liners will be secured with an engineered anchor trench. This trench will be a minimum of two feet deep and two feet wide. The trench will be backfilled with ½-inch material compacted in 6-inch lifts to 95% of maximum dry density per ASTM Method D-698. The liner system will extend across the trench bottom and will extend up the outer wall 12 inches.

There will be a collection channel around the toe of the heap leach pad. A containment berm that encloses the collection channel and heap leach pad will be adjacent to the channel. The setback of the top of the berm from the toe of the mineralized rock heap will be equal to or greater than the Arizona BADCT standard. The height of the berm will be designed to contain, at least, the design operating solution volume (including the average maximum seasonal volume plus the minimum operating volume), plus a 12-hour heap solution drain-down, plus the 24 hour-100 year precipitation event over the pad area, plus a two-foot freeboard.

Arizona BADCT Guidance Manual indicates that if no test data is available, heap leach pads should be designed for factors of safety of 1.5 and 1.1 for static and seismic conditions, respectively. These factor-of-safety standards are being used for this study. Following the aforementioned geotechnical field and laboratory investigations, structural features, such as the containment berm and the heap itself will undergo stability analysis and redesign, if necessary, to achieve the required factors of safety.

17.2 PLS and Barren Solution Pond Construction

The PLS pond and barren solution pond will also be constructed in accordance with the Arizona BADCT Manual. Pond site preparation will include grubbing vegetation, stripping topsoil, and removing debris and unsuitable material, and grading to design conditions. Following grading, the sub- grade and liner system will be constructed. The liner system will be constructed on an inspected and smooth-prepared minimum six-inch subgrade consisting of 3/8-inch minus local soil materials compacted to 95% of maximum dry density and within three percent of the optimum moisture content (ASTM Method D-698).

Each process pond will be constructed with a double-lined system with a leak detection and recovery system (LCRS) sandwiched between the liners. The upper liner will consist of an ultra violet (UV) resistant 80-mil HDPE geomembrane. A geonet will be installed beneath this liner to serve as the leak detection and recovery system. The lower geomembrane liner will be a composite 60-mil HDPE geomembrane and a geo-synthetic clay liner with a saturated hydraulic conductivity no greater than 10-6 cm/sec

The LCRS will consist of a HDPE geonet with a high transmissivity. The pond bottom will be graded at a minimum 3% slope to a collection sump. The sump will be monitored for leakage; if leakage is found, an environmental pump will be placed in the sump to remove the collected leakage and return it to the pond. The HDPE geo-net will be selected to be compatible with the leach solution. The liners will be secured with an engineered anchor trench. This trench will be a minimum of two feet deep and two feet wide. The trench will be backfilled with 1/2-inch material compacted in 6-inch lifts to 95% of maximum dry density per ASTM Method D-698. The liner system will extend across the trench bottom and will extend up the outer wall 12 inches.

The PLS and barren solution ponds will each be sized to contain the following events:

- The design operating solution volume (including the average maximum seasonal volume plus the minimum operating volume)
- The drain-down from process piping
- Runoff/rainfall from a 24 hour-100 year storm event over the contributing area of the pond; and
- Maintenance of a minimum two-foot freeboard within the ponds under all conditions Appendix G of the Arizona BADCT Guidance Manual indicates that if no test data is available, process solution ponds should be designed for factors of safety of 1.5 and 1.1 for static and seismic conditions, respectively. These factor-of-safety standards are being used for this study. Following the aforementioned geotechnical field and laboratory investigations, structural features, such as the pond slopes/embankments will undergo stability analysis and redesign, if necessary, to achieve the required factors of safety.

17.3 Mineralized Rock Crushing, Agglomeration and Placement

The stockpiled mineralized rock at the crushing pad will be brought to a liberator circuit followed by fine grinding, where the mineralized rock will be crushed to 95% less than 3/8". The ground mineralized rock will be conveyed to a barrel or drum agglomerator where it will be combined with Portland type II cement, with the addition of water and lime, as needed, for pH control. pH control is necessary because cyanide solutions must be kept around pH of 10.5 to 11, to prevent off-gassing.

Agglomeration improves heap stability and provides that the mineralized rock is more fully available to the cyanide solution. After agglomeration the mineralized rock will be conveyed to the heap leach pad and stacked in 20-30 foot lifts using a radial arm stacker. 500,000 tons heap will be stacked at a rate of about 5,000 tons per day.

Leaching will commence following a cure period estimated at three days, and as soon as an adequate surface for solution application is prepared (estimate about 30 days).

17.4 Heap Leaching and Precious Metal Recovery

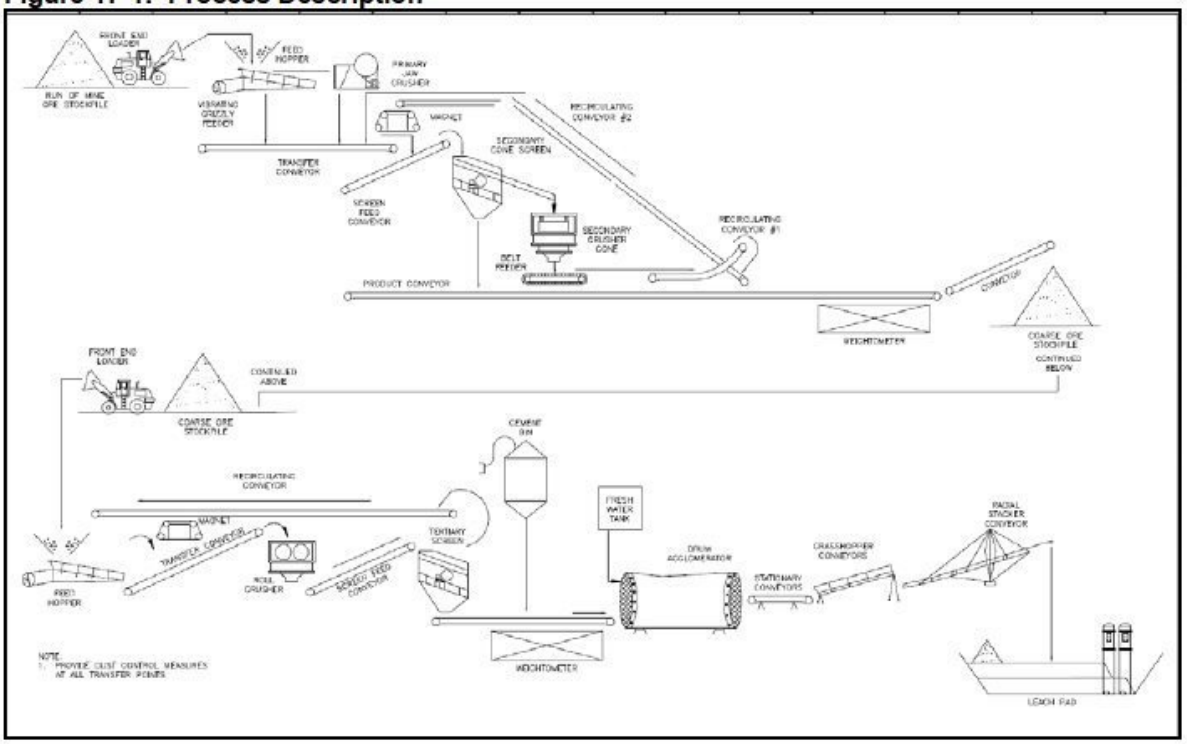
The heap leaching operation is the central process with cyanide solution at a concentration of approximately 500 mg/l applied to the heap at an approximate rate of 0.002 gpm/ft_2 by drip emitters or wobblers. The cyanide solution travels through the agglomerated material utilizing the porous channels to contact the mineralized rock and recover precious metals. The solution continues to travel through the heap utilizing the effective hydraulic conductivity and porosity of the agglomerated material.

The solution passes through a drain system overlying the liner system and collects within the bermed area at the pad face. The solution is routed to the pregnant leach solution (PLS) pond. The PLS pond volume is approximately 3.4 acre feet.

Recovery will be accomplished by a granular activated carbon (GAC) system. This system will consist of five vessels running in series, providing enough residence time to adsorb the precious

metals, of which carbon has an affinity for. As the upstream carbon vessel is fully loaded and experiencing breakthrough to the downstream carbon vessels, the loaded carbon will be removed from service and sent offsite for processing. Regenerated or new carbon will be loaded in the furthest downstream vessel following the sequential upstream advancement of carbon from other vessels. The barren solution will exit the GAC system and report to the barren solution pond. The solution in the barren pond will be conditioned with cyanide, makeup water and caustic, as necessary, and re-applied to the top of the heap leach pad.

Figure 17-1: Process Description



17.5 Energy, Water and Process Materials

Portable diesel or gasoline generators or motors will power the equipment and facility required for the recovery operations. A total of approximately 1000 kW of power is required for the crushing, agglomeration and stacking operations. A total of approximately 200 kW of power is required for leaching operations. Currently, onsite power generators are planned to be used for the Harquahala Project site.

Recovery operations process materials include, at least, the following materials:

- Portland cement for agglomeration
- Caustic for pH control and, possibly, agglomeration
- Cyanide for precious metal leaching
- Granular Activated Carbon
- Sodium Hydroxide for pH control

Amounts of materials will depend on the completed mineral processing and metallurgical testing results. These results will prescribe the process materials application rates. Process materials will be handled, stored and secured in accordance with industry-standard health and safety practices. There will be an initial period of increased water usage for wetting the heap and priming the ponds and recovery system. Based on the current-estimated solution application rate, operations will require a flow of 600 gpm with makeup rate of up to 90 gpm, depending upon the time of year and stage of work. Drip lines will be required to be buried to minimize evaporation.

17.6 Recovery Operations Closure/Reclamation

Closure notifications and procedures will be in compliance with appropriate Arizona statutory requirements. The following recovery operations closure items will occur following a measured and adequate period of heap leach rinsing:

- The heap leach pads will be rinsed thoroughly to remove residual cyanide to below 0.2 ppm WAD cyanide. The lowering of the cyanide will be completed by recirculating the solutions within the heap and allowing for natural degradation of the cyanide. This natural degradation has worked well for the Wharf mine in South Dakota for over 20 years. The contained solutions in the PLS and barren solution ponds will be evaporated or removed and properly disposed of following complete drain-down from the heap leach pad(s).
- The heap leach pads will be re-contoured by either reducing slopes with appropriate benching to manage overall slope length, or placing clean soil and rock fill against the heap faces to effect stable slopes and benches. Either of these procedures will create stable, maintainable slopes.
- The heap(s) will be covered with clean native rock and/or recovered soils.
- The lower pond liners and underlying soil will be inspected for damage and signs of leakage. Appropriate action will be taken to remediate the problem if leakage did occur.
- After the underlying soil is determined to be clean, liner materials can either be placed in the ponds or disposed of off-site. The ponds will be backfilled and capped with clean soil and/or rock.
- The process plant area will be graded; diversion/drainage ditches will be revised as necessary.
- Any remaining process materials will be removed from the site.
- Buildings and equipment will be secured or otherwise decommissioned.
- Safety berms and run-on control ditches will be constructed around the perimeter.
- Areas reclaimed with salvaged cover soil will be seeded and revegetated as necessary.
- Post-closure monitoring of the site is estimated to occur for a period of ten years after mine closure.

18.0 Project Infrastructure

The Harquahala Project infrastructure will be developed as a relatively short, one-off project on the order of one year. The infrastructure will be typically mobile/portable. Mining, hauling, and crushing will be performed by a contract miner and contractors. Agglomerating, conveying, heap stacking and leaching, as well as precious metal processing/recovery, will be performed by contractors or GRI. GRI will lease used or new agglomeration, conveying and stacking equipment.

GRI will purchase a used or new GAC adsorption system and its associated infrastructure.

18.1 Roads

The main access road to the Harquahala Mine Project is an existing, unpaved, unimproved local road on U.S. Bureau of Land Management (BLM) administered lands.

Other roads are on-site and include haul roads for transport of mineralized rock and native rock, and service roads for access to all site facilities. The haul roads and service roads will be maintained by the Harquahala Project for the duration of the project. Several existing haul roads will need to be widened and some new haul roads will need to be constructed to accommodate the mine traffic from the material to the heap leach pads and/or native rock disposal areas.

18.2 Operations Sites

The major sites of operations include the waste rock, tailings piles, crushing pad and native rock disposal areas, heap leach pads, PLS and barren solution ponds, and the recovery/ refining structures/buildings (Section 17).

18.3 Support Facilities

The support facilities are limited. The mining contractor will opt to keep the support facilities limited and mobile because of the relatively short duration. Support facilities for mining and crushing will be at the contract miner's discretion, for the most part.

Support facilities for agglomerating, conveying, heap stacking and leaching, as well as precious metal processing and recovery will be in the control of GRI. Representative facilities follow:

- Office trailer
- Day room and first aid trailer
- Mechanic's trailer
- Storage trailer
- Reagent containment storage
- Water well
- Water tank/water truck
- Fire extinguishers
- Fuel tank(s)
- Diesel/gasoline generators/motors

18.4 Pipelines

No transmission pipelines are planned at this time to deliver fluids to or take fluids from the Harquahala Project site. On-site pipelines will be used for (1) the transport of process fluids to and from the heap leach and recovery/refinery facilities, and (2) water distribution.

18.5 Energy and Water

Portable diesel or gasoline generators or motors will power the equipment and facility required for the recovery operations. A total of approximately 1000 kW of power is required for crushing, agglomeration and stacking operations. A total of approximately 200 kW of power is required for leaching operations.

There are limited water wells and no industry or housing development within the Harquahala Mine Basin. Any wells will not impact any agriculture or industry use.

18.6 Safety Requirements

GRI will ensure current and planned activities remain compliant with Mine Safety and Health Administration (MSHA) requirements. MSHA requirements and best management practices will be utilized to ensure site safety and safety to operational personnel. A comprehensive training and action plan, based on metal mining, hauling, milling, processing and recovery industry and agency standards will be developed to govern the Harquahala Project safety practices.

19.0 Market Studies and Contracts

19.1 Harquahala Project PEA Market Study and Contracts.

19.1.1 Physical Product

The Harquahala Project's production will be in the form of gold and silver contained in carbon pulp, to be further processed off site. Moreover, the transportation and refinery charges for dore' represent a small fraction of the bar's value, typically being 90%+ gold. However, capital cost is involved, with a short time available for amortization. Life-of-mine production is calculated to be about 26,000 ounces) of gold, and 34,000 ounces of silver, based on mineralized rock grades, mining rates, and recovery factors.

19.1.2 Marketing of Moss Mine Project Gold and Silver, and Contracts

Scotia Engineering of Salt Lake City has expressed interest in processing carbon. Carbon would be stripped at their facility and dore' produced for further refining. Sale of gold produced by the Harquahala Project is feasible. Presently Harquahala has not developed a formal contract, letter of intent, or memorandum of understanding for processing of products.

19.1.3 Market Prices and Trends

The price of gold has been relatively flat over the past couple of years, with some short periods of volatility. Current prices are in the US$1,300/oz. range. This PEA uses a price of $1200/oz for the base-case economic analysis, with prices of $960 and $1440/oz also being tested. Silver prices are modeled at 20% above and below $16.00/oz.

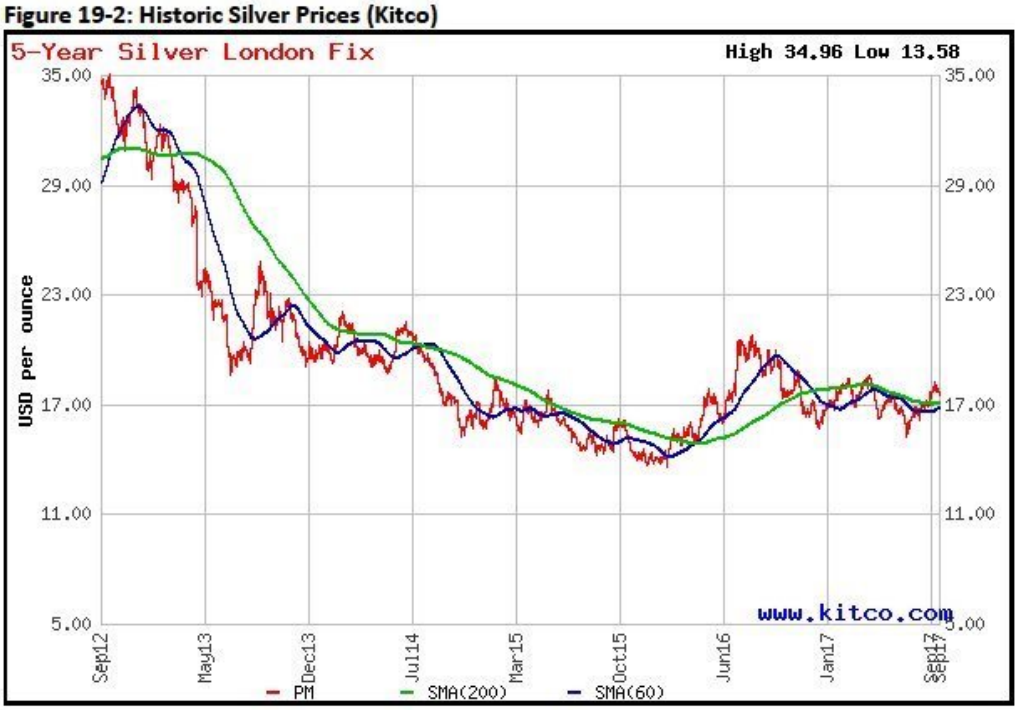
The price that the Harquahala Project will be paid for its gold and silver will be specified in a contract to a refinery, again, price received will reflect market prices. A substantial reduction in gold price will not affect the project as the estimated production cost of $258/Au eq. oz. is significantly below the trading range observed during the previous five years.

Hedging or forward selling strategies would not be necessary.

The price of silver moves virtually in lock-step with gold. Silver is more of an industrial metal than gold, resulting in price changes that do not exactly mimic gold. The current price of silver is in the $16.50/oz range. The PEA uses a price of $16.00/oz for the base-case analysis.

Figure 19-1: Historic Gold Prices (Kitco)

Figure 19-2: Historic Silver Prices (Kitco)



To summarize, the Harquahala Project's marketing options are more limited if it sells gold-in-carbon, than if it sells gold/silver dore'. The carbon is currently planned to be processed off-site and dore' returned. The long-term trends for gold and silver have been very favorable for gold miners over the

past decade, suggesting underlying strength for currently prices that are likely to continue for the next several years.

19.2 Harquahala Mine Market Analysis: Gold Supply Overview

19.2.1 Global Perspectives: Mining Cost

The world supply of gold comes from a few large-scale, world-class mines and companies, many more medium-scale, and a large number of smaller-scale, often with a single-property. Given the size of the market and the huge number of producers, no one company can dominate the market. Gold miners are therefore "price takers," prices being determined by factors outside the physical and economic considerations of gold mining itself. The rise in gold prices over the past decade has served to convert low-grade deposits into mineable ore bodies, the attendant higher marginal production cost per ounce being covered by the higher gold price.

About 1/3 of current production, with only a few exceptions, comes from small to medium sized mines with cash costs much higher than the median cost. If current market prices are not sustained, the smaller high-cost mines will be the first to close, as revenue falls to the point where not even cash costs are covered, not to mention return on investment.

The cost curve has a typical broad S-shape, with a few very low-cost producers, very few high cost producers, and most mines in the band between 20% and 80% on the cumulative cost curve. The sharp kick-up at the extreme high end reflects the very high cost of squeezing a little more production from scarcer and scarcer resources, including not just the scarcity of mineable deposits, but also of heavy equipment and supplies, made worse by a weakened U.S. dollar.

19.2.2 Global Perspective: Outlook for 2018

Regardless of where this project sits on the industry cost curve, every mine and mining company is affected by the world economy, most importantly by the economies of the industrial and expanding nations. Taken all together, gradual, slow growth will characterize the global economy in 2018. The gold price is forecast by most banks and markets to remain stable this year with a slight down turn to $1,200 for 2019 with a recovery to $1,300 levels for 2020.

Although the price outlook reflects a slowing of the world economy, that downward pressure on price due to less demand is offset by reduced production (i.e., reduced supply) from many existing mines, and a scarcity of new large or small properties mineable at current or realistic near-term prices.

19.2.3 Conclusions

Small and medium sized projects should not experience a barrier to market entry if strong financials are in place. None of the market analysts mentioned above anticipate prices of the "worst-case" levels used in this PEA.

Project should be competitive as compared to current producers. Moreover, the proposed levels of gold and silver production are not large enough to significantly impact the supply side of the market and cause prices to decline.

20.0 Environmental Studies, Permitting and Social or Community Impact

20.1 Biological Resource Plan

A summary of the biological resources occurring on the Property, as well as anticipated mitigation for impacts to these resources, are summarized below.

20.1.1 Vegetation and Habitat Description

The topography of the project area is that of the American semi-desert and desert province typical of the Mojave, Colorado, and Sonoran deserts. This topography is characterized by extensive sandy desert plains, most gently undulating, from which isolated low mountains and buttes rise abruptly.

At the site property, the arroyos and surrounding plains steeply rise to low elevation mountains. Surface elevations range from 1,550 to 1,650 feet above sea level with mountains to the South approaching 2,300 feet above sea level.

The Project is located in the Lower Sonoran Desert Scrub Major Land Resource Unit, whose upland plant communities are dominated by desert shrubs and cacti. (NRCS 2005, BLM 2007).

The project site supports a creosotebush-bursage community (BLM 2007), which is the most common plant community in the Lake Havasu Field Office (LHFO) planning area (BLM 1986). This community is characterized by sparse cover of shrubs dominated by creosotebush (*Larrea tridentata*), white bursage (*Ambrosia dumosa*), triangle-leaf bursage (*Ambrosia deltoidea*), ocotillo (*Fouquieria splendens*), white ratany (*Krameria grayi*), and jumping cholla (*Opuntia fulgida*). The understory is typically sparse but may be seasonally abundant with ephemerals (BLM 2007).

The Project is located in the Desert MU any LHFO Vegetation Management Area or other area where vegetation use is restricted (BLM 2007). The Project is located in an area classified as LHFO Allocation 2 (BLM 2007) where fire historically never played a large role in the development and maintenance of the eco-system. There are few or no constraints on use of fire.

Riparian Vegetation and Wetlands

Surface water flows in the vicinity of the Project are restricted to dry washes that only flow following sufficient precipitation events. Creosotebush, bursage (*Ambrosia* spp.), and brittlebush (*Encelia* spp.) are common to all desert washes. Trees such as paloverde (*Parkinsonia* spp.), ironwood, catclaw acacia (*Acacia greggii*), and mesquite (*Prosopis* spp.) are confined primarily to major washes (BLM 2007). Desert washes are present in the immediate vicinity of the Project Area. The closest typical riparian vegetation, i.e., streamside communities supporting native obligate riparian trees such as cottonwoods (*Populus* spp.) and willows (*Salix* spp.), occurs along the Colorado River, approximately 50 miles to the west (BLM 2007). There are no wetlands in the vicinity of the Project Area, and no wetland vegetation has become established around the existing waste or tailings areas.

Special Status Plants

Special status plants are those species listed by the USFWS, the BLM, or the State of Arizona. No plant species listed by the USFWS as threatened, endangered, or candidate species are known to occur in the LHFO planning area (BLM 2007) or in La Paz County (USFWS 2007). One BLM-sensitive species, the scaly sandplant (*Pholisma arenarium*), is known to occur in La Paz County (SEINet 2007). This species is endemic to sand dunes and may be present on sand dunes in the vicinity of the Project area. Because the proposed project is completely contained within a previously disturbed area, this species would not be expected to occur there. Many plant species on the Arizona Native Plant Law list are widely distributed throughout the LHFO planning area.

A complete list of BLM-sensitive and Arizona state-protected plant species may be found in Appendix 3 of the LHFO RMP (BLM 2007). The list also includes nine plant species that are considered priority species due to their ecological importance, rarity, or human interest.

Wildlife

Habitats in the vicinity of the Project are used by a variety of desert wildlife common to the widespread creosotebush-bursage communities of the desert Southwest. The most common mammals include the kangaroo rat (*Dipodomys* spp.), pocket mouse (*Perognathus* spp.), blacktail jackrabbit (*Lepus californicus*), desert cottontail (*Sylvilagus audubonii*), and coyote (*Canis latrans*) (BLM 1986). Mule deer (*Odocoileus hemionus*) and desert bighorn sheep (*Ovis canadensis mexicanus*) occupy the nearby mountain ranges and associated washes. These big game species make use of desert habitats such as those in the vicinity of the Project only during cooler months and after seasonal rainstorms (BLM 2007). Special habitat features used by bighorn sheep, including lambing grounds, are not known to be present in the vicinity of the Project (BLM 2007).

The most common birds include the black-throated sparrow (*Amphispiza bilineata*), sage sparrow (*Amphispiza belli*), red-tailed hawk (*Buteo jamaicensis*), and turkey vulture (*Cathartes aura*) (BLM 1986). Other birds that may frequent the area include the black-tailed gnatcatcher (*Piloptila melanura*), verdin (*Auriparus flaviceps*), and yellow-rumped warbler (*Dendroica dominica*).

Common reptile species include the sidewinder (*Crotalus crastes*), western diamondback rattlesnake (*Crotalus atrox*), and side-blotched lizard (*Uta stansburiana*) (BLM 1986).

Of the special habitat features (cliffs, sand dunes, snags, springs, reservoirs, rivers, marshes, lakes, and islands) and key habitat features (riparian habitats, sand dunes, mountain ranges, wildlife watering sites, braided-channel floodplains, and valley desert wash woodlands, abandoned mines, and natural caves) that are present in the LHFO planning area, only sand dunes, cliffs, and the former Project underground mine occur in the vicinity of the proposed Project site. Sand dunes, a sensitive and unusual habitat in the low deserts of the planning area, host a variety of wildlife species, many of which, including Cowle's fringe-toed lizard (*Uma notata rufopunctata*), and flat-tailed horned lizard (*Phrynosoma mcallii*), occur in no other habitat (BLM 2007).

Abandoned mines and natural caves are particularly important to bats for roosts and maternity colonies, and many of the bat species occurring in the LHFO planning area use abandoned mines at least part of the year. Horizontal mine shafts and natural caves also provide shelter for other wildlife, such as ringtail cats (*Bassariscus astutus*) and fox (*Vulpes* spp.) (U.S. Army 1998, BLM 2007).

Neither sand dunes nor caves occur on the proposed project site. No riparian, wetland, or aquatic wildlife habitats are present in the vicinity of the proposed project site, and, therefore, no wildlife

species that are restricted to these habitats occur there.

A review of the underground decline to be used for mining has identified a small number of roosting Bats. The bats are considered common and are expected to move to a new roost upon start-up of the operation. An exclusion plan will be developed to allow for easy removal of the bats with a door closure minimizing return.

No surface water occurs in the area.

The project site is not located in any LHFO Wildlife Habitat Management Area or in any LHFO Wild Horse and Burro Herd Area or Herd Management Area (BLM 2006).

Wildlife Special Status Species/Endangered Species Act

Only three listed species potentially occur in the project area (Ipac 2017). These species, Yellow-Billed Cuckoo (Coccyzus americanus), Northern Mexican Garter Snake (Thamnophis eques magalops), and the Roundtail Chub (Gila robusta) are identied by Ipac as being in the area. The species are typically restricted to riparian or aquatic habitat, none of which occurs at the proposed project site or in the immediate vicinity.

Species of concern including the banded Gila monster and Desert tortoise may occur within the project area, and the peregrine falcon may visit the area at times. None of these species is known to use the proposed site specifically.

Construction and operation of the Project on previously disturbed land are not likely to adversely impact federally listed or BLM-sensitive animal species. There would be no further disturbance of undisturbed land thus there is no expected loss of potential habitat.

All the special status animal species that might occur at the site are capable of moving rapidly enough to avoid construction activities and would leave the immediate area. To avoid potential impacts to banded Gila monsters, construction workers would be advised of appropriate procedures to follow should a Gila monster or desert tortoise be encountered at the site.

If a banded Gila monster or desert tortoise is found in a project area, activities would be modified to avoid injuring or harming it or disturbing it in any way if at all possible. If activities cannot be modified, it would be carefully transported a few hundred yards away and released unharmed. It would be moved in the direction it was originally traveling or facing and would be handled only as long as it takes to move it.

Noxious Weeds

Sahara mustard (*Brassica tornefortii*) is an invasive non-native annual weed that is common in the Sonoran Desert. It is most common in wind-blown sand deposits and in disturbed sites such as roadsides and abandoned fields.

As necessary, the Project will initiate and maintain a program to control noxious weeds occurring within the boundary of the Project. Any reseeding activity will use exclusively certified seed, weed-free straw, and any equipment from outside the area will be cleaned prior to use.

BLM approval will be obtained prior to initiating any weed control program on federal land. Weed control will be limited to chemicals and procedures approved by the BLM. The purpose of the

program will be to control the growth and dissemination of noxious weeds on disturbed sites and soil stockpiles. A written annual report summarizing the noxious weed control program for the previous year will be submitted to the BLM as necessary.

20.2 Prominent Drainage Features

The drainages in the area were analyzed to assess their potential to qualify as jurisdictional waterways subject to regulation by the US Army Corps of Engineers (Corps) under the Clean Water Act (CWA). Project personnel interpreted aerial images to identify drainage systems and performed field reconnaissance to evaluate the characteristics of the present drainages. It was suggested that some of the drainage features exhibited the characteristics of jurisdictional waterways (i.e. the presence of an ordinary high-water mark).

CMS performed a preliminary jurisdictional analysis as well to specifically identify potential jurisdictional waterways using Corps delineation procedures. From that analysis, it was noted that the drainage running to southeast, just north of the Project may be considered jurisdictional and subject to the Section 404 Dredge and Fill permitting requirements. Other drainages that would be impacted in future mine phases that would need to be permitted under Section 404 to the extent that they may be impacted.

20.3 Cultural Resources

A reconnaissance-level research and field inspections of the Project property will be completed to assess potential for the presence of heritage resources meeting the eligibility criteria for listing in the National Register of Historic Places (National Register). Due to the disturbed nature of the area in question little in the way of prehistoric remains would be likely remain at the site.

Due to the mine's operational history, dating back to approximately 1875, it is likely that materials remaining from past mining activities (e.g. architectural remains) could be considered heritage resources and may be eligible for listing in the National Register. The Project is developing a plan for addressing cultural resources at the site. The plan will focus on assessing cultural resources at the mine site property and communicating and coordinating with stakeholders.

20.4 Waste Disposal, Site Monitoring, Water Management and Post Mine Closure

No waste rock will be generated from the Project area. All rock from the disturbed areas will be placed on the approved heap leach pad.

There will be groundwater monitoring wells on site, which will be used to monitor impacts to groundwater to comply with APP regulations.

There will be no wastewater discharged from any of the facilities. The site will run as a zero discharge facility. Storm water falling directly onto the heap leach pad and process ponds will not be discharged but incorporated into the process operations. Storm water run-on will be diverted around the leach pad facilities via storm water ditches. Storm water that is impacted by other activities will be controlled in accordance with the Storm water Pollution Prevention Plan that will be developed for the site. In the case of a major storm event, there is also the option to install additional water

evaporators or an evaporation pond used specifically for excess storm water.

After the mine has been closed, facilities will be reclaimed so that any discharges from the facilities will have negligible impacts on any receiving waters. The reclaimed facilities will be graded and provided with an appropriate cover to provide a compatible surface for post mining use and erosion protection.

20.5 Permitting

The Project is located within a recognized historic mining area and is planned to remain on patented land for most activities. There may be some movement of waste rock from other mines but only after full discussions with the appropriate agencies.

Based on the description of summarized permitting requirements described below, the permit process should be limited to recognized and conventional permitting programs within the state of Arizona.

Mining and processing operations will require a Plan of Operations, Aquifer Protection Permit, Air Quality Authorization, Mined Land Reclamation Permit and Stormwater Discharge Authorization from the State of Arizona. No federal permits are required because operations are located solely on private (patented) property and no waters of the US are affected by operations. The Bureau of Land Management (BLM) may also be involved since the site access road crosses BLM lands and several small dumps may be accessed as part of the clean-up.

20.5.1 Aquifer Protection Permit

An Aquifer Protection Program (APP) permit will be required to be issued through the Arizona Department of Environmental Quality (ADEQ). This permit is established to minimize affects to groundwater quality in Arizona where a reasonable probability exists that pollutants may reach an aquifer. The Arizona Administrative Code (A.A.C.) R18-9-A202(A)(5) requires that an application for an APP include a description of the Best Available Demonstrated Control Technology (BADCT) to be employed at a specific mining facility. There are five demonstrations required for obtaining an APP permit:

- The facility will be designed, constructed, and operated in accordance with BADCT requirements;
- The facility will not cause or contribute to an exceedance of Aquifer Water Quality Standards (AWQS) at the point of compliance or, if an AWQS for a pollutant has been exceeded in an aquifer, that no additional degradation will occur (A.A.C. R18-9-A202(A)(8)(a and b));
- The person applying for the APP is technically capable of carrying out the conditions of the permit (A.A.C. R18-9-A202(B));
- The person applying for the APP is financially capable of constructing, operating, closing, and assuring proper post-closure care of the facility (A.A.C. R18-9-A203); and
- The facility complies with applicable municipal or county zoning ordinances and regulations (A.A.C. R18-9-A201(A)(2)(c)).

A permittee or applicant is required to propose an applicable point of compliance (i.e. monitoring well) or multiple points of compliance (depending on the operation) to monitor impacts from the operations on groundwater and to ensure that BADCT provisions are effective. Typically, the monitoring is conducted for eight consecutive quarterly observations to establish baseline conditions

during the early stages of mine facility development. Alert levels are then established based on this monitoring to signal when impacts may threaten groundwater quality and intervention may be required.

Financial assurance is required prior to issuance of an APP permit. The permit process typically takes eight to twelve months, depending on the complexity of the hydrogeology and mining operations as well as the workload/budget restrictions in place at the ADEQ office in Phoenix Arizona.

20.5.2 Air Permit

Analysis indicates that estimates for uncontrolled maximum air pollution emissions are less than significant pollutant levels as defined by Arizona Administrative Code (A.A.C.) and that the proposed operation does not trigger the requirement to obtain an air quality permit under NESHAPS.

ADEQ has established a systematic approach for obtaining air quality permits for affected facilities. Obtaining the requisite air quality permit will involve the following approach:

- Confirming the necessity for an air quality permit;
- Establishing the jurisdiction of agencies;
- Defining the permit rules and applicable requirements;
- Confirming the appropriate air quality permit class;
- Securing the permit criteria, obligations, provisions and checklists from the applicable regulatory agency(s);
- Preparing the permit application draft outline;
- Reviewing air dispersion modeling regulatory requirements;
- Defining and selecting approved AERMOD, AERMET, and AERMAP protocols and guidance;
- Examining input criteria, availability of site-specific model inputs, data gaps, and overall approach to air modeling;
- Assembling the air dispersion modeling draft outline; and
- Meeting with ADEQ personnel to confirm permit application and modeling approach.

20.5.3 Mined Land Reclamation Permit

A Mined Land Reclamation Permit in Arizona is issued through the Arizona Mine Inspector's office. An applicant is required, through the application process, to identify 1) the nature of the operations, 2) anticipated impacts and mitigation measures, 3) anticipated post mining land use, and 4) reclamation measures required to achieve the post mining land use. Reclamation typically involves those measures necessary to stabilize reclaimed lands (e.g. rock armor or revegetation) and provide public safety protection (e.g. reduce high walls or fence open pits).

The Reclamation Permit requires financial assurance to ensure that the costs for reclamation will be available if the permittee becomes insolvent. The amount of the financial assurance required will be adjusted if there is any overlap between the costs of reclamation and the costs for APP closure. The review of a permit application typically takes approximately four months, including a public comment period.

20.5.4 Stormwater Discharge Authorization

Either an individual National Pollutant Discharge Elimination System (NPDES) or a Multi-Sector General Permit (MSGP) is required for mining operations in Arizona, depending on the individual operation. The MSGP requires preparation of a Storm water Pollution Prevention Plan (SWPPP).

20.5.5 Section 404 Dredge and Fill Permit

A permit is required through the Army Corps of Engineers (Corps) under Section 404 of the Clean Water Act (CWA) for the discharge of dredged or fill material into jurisdictional waters of the U.S. The permit application process involves conducting baseline surveys to define these waters (a Corps determination) and for the presence or absence of any threatened or endangered species or habitats, significant cultural resources, or otherwise sensitive lands or habitats that may be impacted within those jurisdictional waters.

Any jurisdictional waters (which include ephemeral drainages in the southwest) that are impacted by mining operations must be mitigated under the permit. The permit process can take several years as it invokes NEPA provisions, which require the preparation of an Environmental Assessment (EA) or Environmental Impact Statement (EIS), agency consultation, and public involvement. A successful permittee will be required under the permit to mitigate impacts to jurisdictional waters through rehabilitation or replacement. A bond is also required to cover the costs for mitigation.

20.5.6 Mine Plan of Operations

Any impact to BLM lands for the extraction of resources requires the preparation and submittal of a Mine Plan of Operations (MPO) to demonstrate compliance with 43 C.F.R. § 3809. The BLM is required to complete either an EA or an EIS depending on the complexity of the operation, its impacts, and public sentiment. Typically, the EA or EIS is completed by a third-party contractor that is directed by the BLM and paid by the applicant, which helps to facilitate the process. Depending on the NEPA requirement, the process can take several months to several years and a bond is required to cover the costs of reclamation as presented in the MPO.

20.5.7 Reclamation Bonding Requirements

Financial assurance for reclamation is required by the ADEQ under the APP program and by the Arizona Mine Inspector for the Mined Land Reclamation Permit. ADEQ requires bonding for closure of the APP-regulated facilities prior to issuing the permit. The leach pad and process ponds would fall under the ADEQ requirements. The Arizona Mine Inspector requires bonding for reclamation of mining facilities not covered under the APP. This would include staging areas, crushing pads, process buildings, haul roads, native rock or mineralized rock storage areas.

20.6 Social and Community Impact

GRI is currently developing a community information plan associated with the proposed and potential activities at the Project. Implementation of the plan is expected to center on information disbursement of current and planned activities and collection and response to inquiries or concerns. The plan will also evaluate recreational land uses in the area and communications and coordination with stakeholders. The impact of jobs in the area will be a great benefit.

20.7 Mine Closure

The closure of the Project includes both permitted and other facilities on the mine site. In accordance with the APP, a closure and post-closure plan will be drafted and submitted to the ADEQ for approval within ninety (90) days of notifying ADEQ of the intent to permanently cease operations.

The closure plan strategy will eliminate, to the greatest extent practicable, any reasonable probability of further discharge from the facility and of exceeding Aquifer Water Quality Standards (AWQS) at the applicable point of compliance. The closure plan will outline management strategies for the facilities and those strategies may include:

- Prior to closure, leach pad mineralized rock will continue to be leached until concentrations of gold in the leach solutions fall below economical levels. At this time, the leach solutions will be recirculated until they reach appropriate cyanide levels. The pad will then be drained and the solution evaporated. At that time, the leach pad will be contoured and covered with clean mine native rock and the mined areas contoured consistent with reclamation requirements.
- Process ponds solutions will be evaporated. Any solid residues on the upper liner will be removed and disposed appropriately. The lower liner and underlying soils will be inspected for visual signs of liner damage, defects, or leakage through the liner. If visual signs of leakage are found, additional investigation and soil remediation may be required. Once the underlying soil is determined to be clean, the liner can be placed back into the excavation and the area backfilled. If removed, the liner will be disposed off site. The area will be graded to drain surface runoff and minimize precipitation infiltration and capped with clean borrow or rock. There will be limited re-vegetation associated with reclamation as the Harquahala Mine Project site is a desert climate and clean native rock cover will be used where appropriate.

21.0 Economic Analysis

21.1 Explanation of Input Data

21.1.1 Purpose and Methodology

The purpose of the economic analysis is to provide a preliminary evaluation of the GRI Heap Leach of the waste rock and tailings.

21.1.2 Financial Analysis

CMS developed estimated capital, operating and maintenance (O&M) costs for the heap leach project development. Costs detailed in this section support the economic analysis presented in Section 21. The reader is cautioned that mineral resources contained herein are not mineral reserves, and as such, do not have demonstrated economic viability.

Cost estimates are based on cost comparisons from other mine evaluations, mine contractor and manufacturer quotations, contractor bids, discussions with staff from other mines, standard engineering and construction unit costs, and professional experience. In particular, CMS used information as provided in the Phase 1 – Moss Mine evaluation as this project is recent, of similar size, and within 100 miles of location.

Engineering, Procurement, and Construction Management (EPCM) costs include insurance, overhead and profit and contingencies are applied where considered appropriate to both capital and operations and maintenance costs. Cost estimates also include use of the InfoMine 2015 Mine Cost database. InfoMine compiles a comprehensive mine cost and mine model database commonly used by professionals in the mining industry that is updated at least once per year to stay current.

Table 21-1 provides a summary of cost sources and references. Over 30 separate bids, documents from other mines, and previous cost evaluations have been reviewed for major cost items.

21.1.3 Capital Costs Summary

The capital cost estimate was prepared using first principles, applying project experience, and using cost estimation software and material. The estimate is derived from engineers, contractors, and suppliers who have provided similar services to existing operations. The accuracy of the estimate and/or ultimate construction costs arising from the engineering work is ±15%.

Costs are expressed in US dollars with no escalation unless stated otherwise.

Total life of mine capital costs for the 0.56 million ton heap leach pad are estimated to be 3.4$M. The capital costs do not include mining fleet as it is accounted for in operating costs through leasing. Contingency for the project totals $0.43M. Some of the capital costs did not have any contingency applied as direct quotes were obtained from suppliers. This resulted in a blended contingency rate of 14%.

Table 21-1: Capital Cost Summary – Heap Leach Plant ($M)

Category	Construction	% of Total
Contract Mob/Demob	0.045	1.3
Process Plant	1.540	43.6
Misc. GA	0.087	2.5
First Fill	0.129	3.6
Surface Rights/Access	0.056	1.6
Owners Costs	0.240	6.8
Engineering/Permitting/Bond	0.375	10.6
Construction/Contractor	0.120	3.4
Working Capital	0.450	12.7
Contingency	0.493	13.9
Total Capital Costs	**3.542**	**100.0**

21.1.4 Direct Costs

Construction Labor

Labor costs include offloading, handling, installation, testing, and commissioning of equipment and materials, carried out on the basis of a scheduled "5 x 10 hour" work week.

Contractor Purchases, Materials
Material costs are Delivery Duty Paid to the Mill-site unless noted otherwise.

Civil/Structural
Civil/Structural costs are allowances based on volumes established by equipment size, weight, and type.

Equipment
Mechanical equipment costs are based on purchased major equipment, flow diagrams and any other lists, notes, etc. Supplier cost information used in the estimate is identified with the equipment description. Quotes were received or reviewed from reputable vendors for all major equipment.

Piping
Piping costs are based on flow sketches and estimated from equivalent type projects.

Pump costs are from quoted pricing as part of the plant purchase. Pump sizes were estimated from information gathered in the flow sheets and equipment list for sizing and power requirements from appropriate sized projects.

Electrical
Electrical costs are based on an estimated number of motors and total connected horsepower and an estimate of the usage rates and demand. Non-process items, such as lighting are mostly in-place.

Building and Site Costs Services
Building costs are estimated based on capital needs for office space. The mill building is in place and

only requires footers for heavy equipment to be installed.

Taxes and Duties
Taxes are included in equipment cost, where applicable.

Suppliers Supervision and Commissioning Assistance
Suppliers' services, wherever included in their quotations, include supervision of equipment installation by the contractor, training services and manuals, as well as support for commissioning of the equipment and systems.

21.1.5 Mining Capital Costs

The mining capital estimate includes mobile production and support equipment, and non-mobile equipment. Estimates for production equipment were developed from first principals and a factor added for contracting equipment. The estimate includes shipping, assembly, commissioning, fire suppression, tires, first-fills, etc. All mine equipment is to be leased. The lease cost is established as a cost per ton.

Non-equipment includes engineering office equipment (Global positioning system (GPS), computers, etc.), voice-radios, etc. is assumed to be leased and is considered in the operating costs of the project for the purpose of the economic analysis.

21.1.6 Processing & Infrastructure

A heap leach facility has been identified for this project. The total installed capital cost estimate for the process plant is $1.56M. These costs occur in the production period Years 1. A summary of these costs is presented in Table 21-2.

Table 21-2: Processing & Infrastructure Capital Cost Breakdown

Category	Total Cost ($)	% of Total
Heap Leach Liner and Piping	609,665	30.1
Heap Leach Ponds, Pumps, and Piping	326,611	16.1
Carbon System	222,928	11.0
Water/Generators/Office	368,071	18.2
EPCM	100,000	4.9
Contingency (20%)	399,389	19.7
Total Process Plant Capital Costs	**2,399,933**	100.0

21.1.7 Indirect Costs

Indirect capital costs such as freight, carbon, chemicals, and other start-up materials are included in the capital costs.

EPCM will be completed internally by CMS personnel.

Operations start-up personnel will be identified as needed and provided. CMS will provide plant start-up assistance. The equipment providers and on-site trainer will provide assistance for the mine start-up and safety requirements.

21.1.8 Owner's Costs

Operating spares and first fills are provided in the capital cost. Operating spares and other items necessary for operation are costed in the working capital requirement and do not amount to more than US$130,000. Owners cost for Project construction are estimated at US$350,400

Contingency for the project total US$429,722. The contingency for the plant was calculated at 14%. The contingency of the rest of the facility is estimated 14%. The contingencies were calculated individually by the parties estimating each capital cost category.

21.1.9 Closure Cost

Closure cost for the project is estimated to be US$250,000. All of this is allocated for the closure and demo of leach pad facility and reclaim of mined areas. Closure costs are set to occur in Year 3, one year after the end of production. A salvage of $125,000 has been identified for the carbon column plant and pumps. This amounts to 7% of the process plant capital costs.

Closure costs consist of closing and reclaiming the facilities as currently identified. Closure consists of removing all equipment and buildings, re-contour of the land, and revegetation of disturbed areas.

The environmental work will be done concurrently as the mine progresses.

21.1.10 Vendor and Supplier Quotations

All major mining and milling equipment have a fixed price quotation. Contractor quotations derived from design drawings have been received for the majority of construction costs and tailings facility construction. A listing of the supplier quotes received for the project can be found on Table 21-3.

Table 21-3: Vendor and Supplier Quotations

Type of Equipment	Quotation	Status
Mining Equipment	Contractor, Phoenix	Identifying Contractor
Crushing Equipment	Contractor, Phoenix	Identifying Contractor
Plant Liner	Agru America	
Pumps	Estimated Cost based 800 gpm	
Carbon Plant	Scotia Engineering, Salt Lake City	
Generators	Caterpillar, Infomine	
Misc.	Infomine	

Consumables	Supplier/Contractor Quotation	
Cyanide	Cyanco	Delivered on Site
Cement	Cemex	Delivered on Site
Fuel	Mine Contractor	Delivered on Site
Lubricants	Mine Contractor	Delivered on Site

21.2 Operating Cost Estimates

Operating Cost Summary

The operating cost estimate was prepared using first principles and applying project experience. Factors were applied as needed. Inputs are derived from engineers, contractors and suppliers who have provided similar services to other projects.

Operating costs in this section of the report include mining, processing (Carbon treatment), and general administration. No costs are capitalized.

Operating costs are presented in 2017 US dollars on a calendar year basis. No escalation or inflation is included. Operating costs over the life of mine are $8M and are summarized in Table 21-4.

Table 21-4: Average Annual Operating Costs

Category	$M	Cost/Ton
Mining	3.4	5.94
Processing	2.8	5.01
G&A	0.7	1.26
Total Operating Costs	6.9	$12.21

Labor

Labor is a significant portion of annual operating cost. Labor rates are included in contractor costs as necessary include base wage and allowances for overtime, insurance, tax, benefits, and bonuses.

Labor costs assume that operating personnel would work 12 hour shifts on a two week on, one week off schedule. Supervisory, technical and administration personnel are assumed to work on a ten day on, four day off schedule.

Labor is identified for the length of the project – 120 days.

Employee organization, number of personnel and total expenditure are recorded in Table 21-5.

Table 21-5: Planned Workforce

Department	Average number of personnel during production
Mining	32
Processing	18
G&A	7.5
Total	57.5

Mining Costs

Mining cost totaled an average of $4.95/ton mined with a $0.99 contractor rate cost/ton added to the mining costs for a total cost of $5.94/ton. Total life of project mining operating costs total $3.3M. There are drilling and blasting costs as the material is dump and tailings only. Table 21-6 breaks down the cost by category of the mining costs.

Table 21-6: Average Mine Operating Costs

Category	Cost/Ton
Drilling	0.00
Blasting	0.00
Loading	1.01
Hauling	0.70
Auxiliary	1.80
General Mine	0.34
General Maintenance	0.02
Mine G&A	1.09
Total Average Annual Operating Costs	**4.95**
Contractor Mark-up	0.99
Total Mine Operating Cost	**5.94**

Fuel requirements were estimated throughout the life of the project and at a rate of $0.765/L.

Processing

The processing operating costs totaled an average of $5.01 ton. The total life of project leaching costs total $2.8M. Table 21-7 breaks down the cost by category of the plant costs.

Table 21-7: Average Plant Operating Costs

Category	Cost/Ton
Crushing/Agglomeration	1.05
Stacking	0.38
Heap Leach	0.11
Gold Recovery	0.31
Reagents	0.90
Laboratory	0.35
Support Services	0.12
G&A	1.98
Total Average Annual Operating Costs	**4.01**
Contract Markup	1.00
Total Processing Operating Cost	**5.01**

Power is based on a review of the local area and is estimated at $012/kWhr. Power usage is estimated at 8.8MkW.

General and Administration

Average annual G&A costs during production total $0.71M. This includes labor and supplies for site administration, human resources, materials management, finance, and security. Table 21-8 shows a breakdown of the average total G&A costs broken down by labor and support materials and services.

Table 21-8: Average G&A Cost

Category	Per Ton G&A Cost ($M)	Cost/Ton
G&A Labor	0.435	0.77
G&A Support	0.275	0.39
Total per Ton G&A Cost	0.710	1.26

Economic Analysis

A pre-tax economic model was developed to estimate annual cash flows and sensitivities of the project and are likely to approximate the true investment value.

Sensitivity analyses were performed for variations in metal prices, ore production, grades, operating costs, capital costs and discount rates to determine their relative importance as project value drivers.

This technical report contains forward-looking information regarding projected mine production rates, construction schedule and forecast of resulting cash flows as part of this study. The mill head grades are based on sufficient sampling that is reasonably expected to be representative of the realized grades from actual mining operations. Factors such as the ability to obtain permits to construct and operate a mine, or to obtain major equipment or skilled labor on a timely basis, to achieve the assumed mine production rates at the assumed grades, may cause actual results to differ materially from those presented in this economic analysis.

The estimates of capital and operating costs have been developed specifically for this project and are summarized in Section 21 of this report and are presented in 2015 dollars. The economic analysis has been run with no inflation (constant dollar basis).

21.3 Assumptions

All costs, metal prices and economic results are reported in US dollars (USD). All cases use the LOM plan tonnage and grade estimates as developed in Chapter 14 and 15. On-site and off-site costs and production parameters were also held constant for each scenario evaluated.

Table 21-9: LOM Mine Plan Summary

Category	Units	Value
Total Ore	**tons**	**568**
Waste	tons	0
Total Mined	**tons**	**568**
Strip Ratio	w:o	0.00
Ore Head Grade		
Au	g/t	1.43
Ag	g/t	8.09
LOM Payable Metals		
Au	k oz	22.8
Ag	k oz	36.6

Other economic factors common to all three cases include the following:

- Discount Rate of 5% (sensitivities using other discount rates have been calculated for each scenario)
- Closure cost of $0.25M
- A salvage value $0.125M
- Nominal 2017 dollars
- No inflation
- Revenues, costs, taxes are calculated for each period in which they occur rather than actual outgoing/incoming payment
- Working capital calculated as two months of total operating costs
- All pre-development and sunk costs are excluded (i.e. exploration and resource definition costs, engineering fieldwork and studies costs, environmental studies costs, etc.).

Table 21-10 outlines the metal prices for scenarios used in the various scenarios of the economic analysis. Prices are as of September 14, 2017

Table 21-10: Metal Prices Scenario

Parameter	Units	Current Spot Metal Price	Base Case Metal Pricing	20% Lower Metal Pricing	20% Higher Metal Pricing
Gold Price	USD $/oz	1,324	1,200	960	1,440
Silver Price	USD $/oz	17.68	16.00	12.8	19.2

21.4 Revenues & NSR Parameters

Mine revenue is derived from the sale of doré into the international marketplace. No contractual arrangements for concentrate smelting or refining exist at this time.

21.5 Summary of Capital Cost Estimates

Total life of mine capital costs for the 0.56 million ton heap leach pad are estimated to be $3.5M. Only $2.9M or in Year 1 with remaining required in Year 2 to expand the leach pad liner. The capital costs do not include mining fleet as it is accounted for in operating costs through leasing. Contingency for the project totals $0.49M. Some of the capital costs did not have any contingency applied as direct quotes were obtained from suppliers. This resulted in a blended contingency rate of 14%.

The mine contractor costs incurred to calculate the project value are accounted for in the mine's operating costs.

Closure costs amount to $0.250M and occur in 2019. This includes funding site closure and for the closure of leach pad.

A salvage of $0.125M is identified at the end of the project.

Table 21-10: Capital Cost Summary – Heap Leach Plant ($M)

Category	Construction	% of Total
Contract Mob/Demob	0.045	1.3
Process Plant	1.540	43.6
Misc. GA	0.087	2.5
First Fill	0.129	3.6
Surface Rights/Access	0.056	1.6
Owners Costs	0.240	6.8
Engineering/Permitting/Bond	0.375	10.6
Construction/Contractor	0.120	3.4
Working Capital	0.450	12.7
Contingency	0.493	13.9
Total Capital Costs	**3.542**	**100.0**

Detailed information on capital costs are found in Section 21 of this report.

21.6 Summary of Operating Cost Estimates

Total operating costs amount to $6.9M (including leasing of mine equipment fleet).

This translates to an average cost of $12.21/ton of ore mined. The breakdown of these costs is shown in Tables 21-11.

Table 21-11: Average Annual Operating Costs

Category	$M	Cost/Ton
Mining	3.3	5.94
Processing	2.8	5.01
G&A	0.7	1.26
Total Operating Costs	**6.8**	**$12.21**

Contracting

The economic analysis assumes that all mine equipment fleet would be contracted through a local contractor with sufficient equipment to move and crush the site material.

21.7 Taxes

The project has been evaluated on a pre-tax basis in order to reflect a more indicative value of the project.

21.8 Economic Results

The project is economically viable with a pre-tax internal rate of return (IRR) of 682% and a net present value at 8% (NPV) of $21.2M which was calculated on the Base Case Metal pricing.

The scenario using Base Case Metal Pricing resulted in a conservative project value that is likely to be obtained by the project. Metal prices at 80% below the Base Case still show significant economic value and positive return with a net present value at 5% (NPV) of $15.0M.

Table 21-12: Base Case NPV for Various Discount Rates

Discount Rate Sensitivity	Pre-Tax NPV ($M)
0%	25.1
5%	22.6
10%	20.4
15%	18.5
20%	16.8

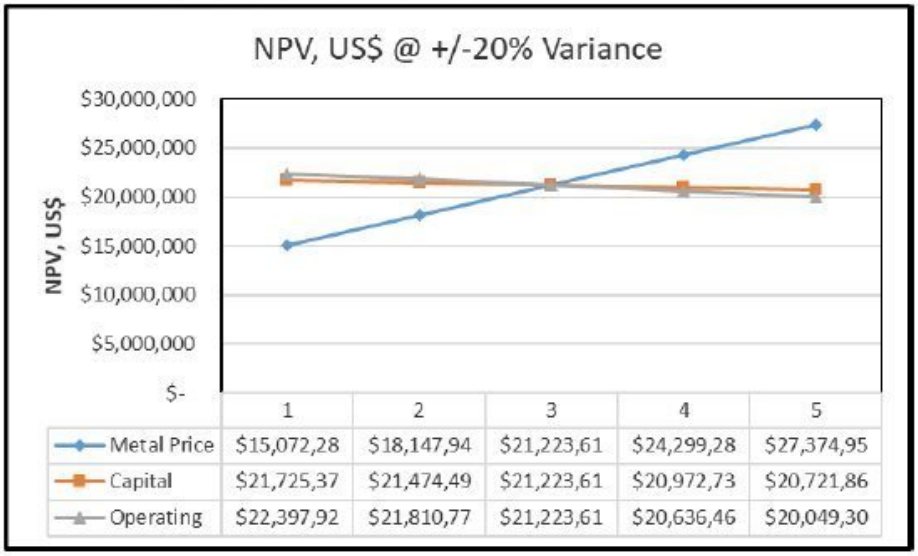
21.9 Sensitivity

The sensitivity chart in Tables 21-13, below, show IRR and NPV variations from the Base Case with respect to changes in metal prices, ore production, head grades, operating costs and capital costs, holding all other inputs constant. The results below show that the project is most sensitive to metal price and head grade and least sensitive to changes in capital costs in all four scenarios.

Table 21-13: Base Case Pre-Tax NPV8% Sensitivity Results – Pre-Tax ($M)

Variable	-20%	100%	+20%
Metal Price	15.1	21.2	27.3
Recovery	15.1	21.2	
Head Grade	15.1	21.2	27.3
Operating Costs	22.4	21.2	20.0
Capital Costs	21.7	21.2	20.7

Figure 21-2: Base Case Pre-Tax NPV Sensitivity Results (8% Discount)



21.10 Metal Price/Grade Sensitivity Analysis

A sensitivity analysis was performed to test the volatility of the project based on the changes of a specific commodity price in the Base Case calculation.

The prices of gold and silver were each tested to show the changes in NPV and IRR. Table 21-14 shows the results of these sensitivity tests.

Table 21-14: Metal Price Sensitivity Analysis (holding gold and silver prices constant)

Sensitivity	Pre-Tax NPV($M)	Pre-Tax IRR
80%	$15.1	474%
Base case	$21.2	682%
120%	$27.4	889%

21.11 Project Proforma

Table 21-15 identifies the Project Proforma completed for this analysis:

Table 21-15: Harquahala Cash Flow Summary

HARQUAHALA PROFORMA								6/25/2018
PRIVILEDGED AND CONFIDENTIAL								Internal
			Year -2	Year -1	Year 1	Year 2	Year 3	Total
PRODUCTION								
Waste Mined	tns							-
Ore Mined, to pads	tns				568,000			568,000
Ore Grade Au	gm/tn	2.0217			2.0217			2.0217
Ore Grade Ag	gm/tn	8.0868			8.0868			8.0868
Gold Contained in Ore	grams			-	1,148,323	-	-	1,148,323
Silver Contained in Ore	grams				4,593,291	-	-	4,593,291
Gold Recovered from Leaching	grams			-	1,010,524	-	-	1,010,524
Silver Recovered from Leaching	grams				1,148,323	-	-	1,148,323
Average Recovery Au	%	88.00%			88%			
Average Recovery Ag	%	25.00%			25%			
Au Ounces Recovered	oz				32,489	-	-	32,489
Ag Ounces recovered	oz				36,919	-	-	36,919
TOTAL SALABLE OUNCES				-	69,408	-	-	69,408
INCOME FROM SALES								
Gold Price	$/oz	1100		1100	1100	1100	1100	
Gold Revenue	$			$ -	$ 35,737,985	$ -	$ -	$ 35,737,985
Silver Price	$/oz	16		16	16	16	16	
Silver Revenue	$			$ -	$ 590,711	$ -	$ -	$ 590,711
Refining Cost	/oz	$ 5.00		$ -	$ 347,042	$ -	$ -	$ 347,042
NET INCOME FROM SALES				$ -	$ 35,981,654	$ -	$ -	$ 35,981,654
OPERATING COSTS								
OPERATING COSTS	Escalator							
Mining Waste	100.0%			$ -	$ -	$ -	$ -	
Mining Ore	100.0%				$ 5.94			
Processing Ore	100.0%				$ 5.01			
Processing Oz Now on Heap	0.0%				$ -	$ -	$ -	
G & A	100.0%				$ 1.26			
G & A after mining	100.0%							$ -
Mining Waste				$ -	$ -	$ -	$ -	$ -
Mining Ore				$ -	$ 3,373,920	$ -	$ -	$ 3,373,920
Processing				$ -	$ 2,845,680	$ -	$ -	$ 2,845,680
G&A				$ -	$ 715,680	$ -	$ -	$ 715,680
TOTAL DIRECT OPERATING COSTS				$ -	$ 6,935,280	$ -	$ -	$ 6,935,280
Royalty	0%				$ -	$ -	$ -	$ -
Property Tax					$ 38,836			$ 38,836
Depreciation								$ -
Severence Tax	2.5%				$ 363,080	$ -	$ -	$ 363,080
NET INCOME BEFORE TAXES				$ -	$ 28,644,458	$ -	$ -	$ 28,644,458

CAPITAL INVESTMENTS								
	Escalator							
CAPITAL INVESTMENTS								$ -
Contractor Mob/Demob	100.0%			$ 65,000				$ 65,000
Plant/Crusher/Pad Equipment	100.0%			$ 1,277,818	$ 525,000			$ 1,802,818
Furniture , Communication, Computers	100.0%			$ 37,250				$ 37,250
Light Vehicles	100.0%			$ 50,000				$ 50,000
First Fill	100.0%			$ 129,234				$ 129,234
PROPERTY PAYMENTS								
Surface Rights Agreement	100.0%							$ -
Other Holding Costs				$ 8,000	$ 8,000			$ 16,000
Property Payment								$ -
								$ -
OWNERS COSTS								$ -
Roads and Access	100.0%			$ 20,000	$ 35,000			$ 55,000
Owner Cost	100.0%			$ 350,000	$ 150,000			$ 500,000
Engineering Permitting				$ 125,000				$ 125,000
Construction and Contractor				$ 200,000				$ 200,000
Reclamation Bond	100.0%			$ 250,000		$ (250,000)		$ -
Reclamation and Closure						$ 250,000		$ 250,000
Salvage	100.0%					$ (125,000)		$ (125,000)
Working Capital	100.0%			$ 550,000	$ 350,000	$ (900,000)		$ -
Sub-Total			$ -	$ 3,062,302	$ 1,068,000	$ (1,025,000)		$ 3,105,302
Contingency	14%			$ 428,722				$ 428,722
TOTAL INVESTMENT			$ -	$ 3,491,024	$ 1,068,000	$ (1,025,000)		$ 3,534,024
NET INCOME			$ -	$ (3,491,024)	$ 27,576,458	$ 1,025,000		$ 25,110,434
CUMULATIVE NET PRE TAX CASH FLOW			$ -	$ (3,491,024)	$ 24,085,434	$ 25,110,434		
NPV AFTER TAX		8%		$ 21,223,616				
IRR AFTER TAX				682%				

22.0 Adjacent Properties

CMS is aware of several minor properties on the periphery of the Harquahala claim group within the same structural domain. These are not consequential to the current project.

There are no known active exploration projects with a five-mile radius.

There are numerous active projects within 30-mile radius. Some of these projects include Copperstone (Kerr Mining) and Fancher Project (Luxcor) amongst others. There are no major operating mining operations within the general area.

23.0 Other Relevant Data & Information

23.1 Project Execution

23.1.1 Introduction & Philosophy

The project execution plan for the Harquahala project is based on principles tested and proven in the development of small projects. Understanding the small size of the project, these principles include:

- Safety in design, construction and operations
- Simple solutions; minimizing cost and disturbance footprint
- Fit-for-purpose design, construction, and operation
- Efficient operations that minimize site labor requirements
- No nonsense project management; decisive decision making
- Elimination of unnecessary management red tape

23.1.2 Project Management Team

Project management would be provided by an integrated team comprised of the Owners project management personnel and project management consultants as necessary. The project management team would oversee the engineering, procurement, and construction management activities for the project.

The team would be responsible for all project activities from detailed design through commissioning and to operations. The PM team would be available to backstop the operations teams with key supervision and management assistance when the operations personnel assume control of project components as they are completed.

23.1.3 Project Controls Systems

In keeping with the "fit for purpose" execution philosophy, a suitable owner approved cost and budget control system with minimum complexity would be utilized. As the Owner is embedded into the team, it is envisioned that project reporting would be concise and contain pertinent project information only. Project reporting would track costs, committed, actual and forecasted quantities and costs.

A detailed accounting system will be set-up to track construction and operating costs.

23.1.4 Procurement Strategy

In general, the construction manager (with owner approval) would oversee the selection and tendering of all remaining equipment, bulk materials and commodities. Bulk materials are items such as concrete and steel necessary for finishing construction.

Process equipment considered to be will be reviewed and approved for completeness and shipping. The construction manager will also complete engineering necessary to finish necessary concrete and steel structures for the mill equipment.

23.1.5 Freight & Logistics

A Freight and Logistics Plan would be identified for the project. The plan would address the requirements for freight, as well as personnel transport to support the project schedule.

23.1.6 Contracting Strategy

A contracting strategy would be established by the Project Management team at the onset of the project, which would address the detailed scope of work and the cost structure of each contract. Simple contract packages will be developed and awarded to contractors "best fit" for the work. Contractors would be pre-qualified by the Project Management team based on their ability to execute the work in a safe and efficient manner, as demonstrated by past performance. Opportunities for qualified local contractors would be given consideration when determining the work packages, providing that they can meet bid requirements and are available to provide value to the project through competitive pricing.

23.1.7 Development Schedule

The construction schedule would be premised on the Owner procuring and engaging their operations equipment fleet upon commencement of construction, supplemented by contractor's equipment as required to execute the schedule. The anticipated construction schedule should take 6 months or less.

The mine infrastructure construction activities would commence in parallel with the site development activities: administration and maintenance facilities should commence as soon as possible to support the construction activities. The site power distribution systems would also need to commence as soon as permitted after project financing approval to ensure the success of the schedule.

24.0 Interpretations & Conclusions

24.1 Mineral Resources

Industry standard exploration practices have been used to evaluate the Harquahala Project. There is adequate geological and other pertinent data available to have generated the waste dump and tailings estimate.

There is a future opportunity to expand the mineral inventory to the surrounding area and undoubtedly discovery further mineralization. The high-grade mineralization is also open at depth in both the Harquahala and Golden Eagle Mines.

24.2 Mining Methods

Harquahala is proposed to be a conventional mining operation that will remove only the surface disturbance material.

The mine plan is based on a fleet of diesel equipment supplied by Caterpillar. The fleet would include: 980H wheel loaders, 777D trucks and D9T track dozer.

Six months are allocated for construction of both the mill and site infrastructure. Mining during this time would be focused preparing the old waste dumps and tailings areas. Production would begin immediately afterward construction is complete.

Harquahala project would employ industry standard mining methods and equipment.

24.3 Metallurgy

The metallurgical testwork performed for this prefeasibility study has followed industry standard practices. Further testing is required to optimize the recovery of the gold and silver. There are no fatal flaws or deleterious elements identified in the metallurgy.

24.4 Processing

Based on the metallurgical results, a crush/agglomeration, cyanide heap leach will be used.

There is significant potential due to the nugget effect the grade will be higher than actually stated.

The purchased process plant will employ industry standard design and equipment.

24.5 Leach Residue

The project would generate a total of approximately 0.6Mt of leach residue that will be left in place. The waste leach residue will be leveled and planted and capped as necessary.

The proposed Heap Leach pad employs industry standard design methods.

24.6 Environment and Social

A similar project was recently permitted and operated approximately 100 kilometers to the north (Moss Mine). The author of this report also recently permitted the Copperstone mine some 50 kilometers to the east. There are no environmental or social risks identified that would prevent project permitting. Continued waste characterization and water management will be essential components in ongoing project planning to minimize long-term liabilities for the project.

24.7 Capital & Operating Costs

The capital cost estimate was prepared using first principles, using recent project cost estimates, and applying project experience. Given that assumptions and current purchases, the target accuracy of the estimate is ±15%.

Costs are expressed in US dollars with no escalation unless stated otherwise.

The operating cost estimate was prepared using first principles and applying project experience. Inputs are derived from engineers, contractors and suppliers who have provided similar services to other projects.

Operating costs in this section of the report include mining, processing and administration up to the production of carbon from the site.

24.7.1 Financial Analysis

An engineering economic model was developed to estimate annual cash flows and sensitivities of the project. Pre-tax estimates were developed and are likely to approximate the true investment value.

The economic modeling developed for this project followed industry standard methods.

24.7.2 Conclusions

The financial analysis of the prefeasibility study demonstrates that the project has positive economics and warrants advancement to production.

Standard industry practices, equipment and processes were used in this study. The Qualified Persons for this report are not aware of any unusual significant risks or uncertainties that could affect the reliability or confidence in the project based on the data and information available to date.

24.8 Risks

As with most mining projects, many risks could affect the economic outcome of the project. Most of these risks are external and largely beyond the control of the project proponents. They can be difficult to anticipate and mitigate, although, in many instances, some risk reduction can be achieved. Table 25-1 identifies what are currently deemed the most important internal project risks, potential impacts, and possible mitigation approaches, excluding those external circumstances that are generally applicable to all mining projects (e.g., changes in metal prices, exchange rates, smelter

terms, transport costs, investment capital availability, government regulations, local and regional project support, etc.).

Factors such as the ability to obtain permits to construct and operate a mine, or to obtain major equipment or skilled labor on a timely basis, to achieve the assumed mine production rates at the assumed grades, may cause actual results to differ materially from those presented in this economic analysis.

Table 24-1: Preliminary Project Risks

Risk	Explanation/Potential Impact	Possible Risk Mitigation
Water Supply	A source of water supply has been identified but not fully investigated. A lack of water supply could delay project start-up or cause cost overruns.	A well drilling and testing program needs to be undertaken to ensure an adequate supply. Additional wells need to be drilled or alternate sources of water found to mitigate potential shortfalls
Metallurgical Recoveries	The metallurgical recoveries in this study are based on numerous tests but results may vary when the actual orebody is processes.	Continued test work and optimization during construction would further optimize chemical requirements.
Development Schedule	The project development could be delayed for a number of reasons and a change in schedule would alter the project economics.	Well-developed and controlled construction and operating plans, along with experienced personnel would greatly mitigate potential schedule overruns.
Permits	The ability to secure all of the permits to build and operate the project is of paramount importance. Failure to secure the necessary permits could stop or delay the project.	The development of close relationship with the communities and government along with a thorough Environmental and Social Impact Assessment and a project design that gives appropriate consideration to the environment and local people is required.
Ability to Attract Experienced Professionals	The ability to attract and retain competent, experienced professionals is a key success factor for the project. High turnover or the lack of appropriate technical and management staff at the project could result in difficulties meeting project goals.	The early search for professionals as well as the potential to provide living arrangements other than in a camp may help identify and attract critical people. A well-planned, comprehensive training program for local people would help

24.8.1 Opportunities

Some opportunities exist that could improve the economics, timing, and/or permitting potential of the project. Most of these opportunities are also potential risks, as explained in the previous section. For example, metallurgical recoveries present both a risk and opportunity.

Opportunities not previously mentioned are presented in Table 24-2, excluding those that are typical to all mining projects, such as increases in metal prices. Further information and evaluation is required before these opportunities can be included in the project economics.

Table 24-2: Project Opportunities

Opportunity	Explanation	Potential Benefit
High Potential Benefit		
Exploration Potential	The expansion of known mineral resources and the addition of new deposits may be possible with further resource drilling and could potentially change the mining structure. Based on preliminary results, the Harquahala area has several exploration targets that justify drilling.	The expansion of the deposit resources could potentially lead to a longer project life and/or greater operating flexibility and potentially higher throughput justification.
Project Strategy and Optimization	Typically, feasibility study mine planning and scheduling can be improved upon with detailed engineering.	Detailed optimization of the mine plan could result in improved economics.

25.0 Recommendations

The financial analysis of the prefeasibility study demonstrates that the project has positive economics and warrants consideration for production.

25.1 Geotechnical

A geotechnical review should undertaken to identify the substrata within the mining and leach areas. The review should encompass the structural integrity of the rock as necessary to support equipment and the leach pad.

25.2 Processing and Metallurgical Testing

Additional process studies are being completed to optimize chemical use and recovery. This testing should be completed during construction and be finalized by mill start-up.

25.3 Environment and Social

Additional testwork is recommended to help further define the potential for acid generation and metal leaching from waste and tailings and refine segregation and mining sequencing strategies. Waste rock testwork should include synthetic precipitation leaching, meteoric water mobility leaching, and humidity cell tests with samples chosen based on current results. Tailings testwork should include leaching tests and humidity cell tests on samples from future metallurgical testing.

It is recommended that a Social Risk Assessment be completed during the project construction so that appropriate issues, such as land owner risk can be identified and mitigated early in the project life.

25.4 Estimated Cost of Recommended Work Programs

The estimated cost of the next stage of work is presented in Table 25-1.

Table 25-1: Summary of Estimated Costs of Recommended Work Programs

Item	Cost in US$
Geology and Drilling	150,000
Processing and Metallurgy	25,000
Miscellaneous	75,000
Environment and Social	25,000
Additional Environmental Requirements	50,000
TOTAL	325,000

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